

Prabhu Bank Ltd.
Disclosure under Basel II
12th April 2016

1 Capital Structure and Capital Adequacy:

1.1 Tier I Capital and Breakdown of its Components:

SN	Particular	Amount (NPR)
a	Paid Up Equity Share Capital	5,239,625,224
b	Share Premium	3,408,411
c	Statutory General Reserves	634,691,591
d	Retained Earnings	(2,477,954,525)
e	Unaudited current year cumulative profit	757,829,915
f	Other Reserves	857,414,257
	Sub-total	5,015,014,873
g	Less: Fictitious Assets	792,380
h	Less: Deferred Tax Assets	-
	Total Tier I Capital	5,014,222,493

1.2 Tier II Capital and Breakdown of its Components:

SN	Particular	Amount (NPR)
a	General loan loss provision	435,766,982
b	Investment Adjustment Reserve	43,376,615
c	Exchange Equalisation Reserve	3,491,151
	Total Tier II Capital	482,634,748

1.3 The bank has not issued any Subordinated Term Debt instrument.

1.4 Deduction from Tier I

SN	Particular	Amount (NPR)
a	Fictitious Assets	792,380
b	Deferred Tax Assets	-
	Total	792,380

1.5 Qualifying Capital

SN	Particular	Amount (NPR)
a	Core Capital (Tier I)	5,014,222,493
b	Supplementary Capital (Tier II)	482,634,748
	Total Capital Fund (Tier I and Tier II)	5,496,857,241

2 Risk Exposures:

2.1 Risk weighted exposures under each 11 categories of Credit Risk:

SN	Particular	Amount (NPR)
a	Claims on government and central bank	
b	Claims on other official entities	
c	Claims on banks	1,358,899,923
d	Claims on corporate and securities firms	20,333,351,860
e	Claims on regulatory retail Portfolio	3,941,571,627
f	Claims secured by residential properties	3,058,490,423
g	Claims secured by commercial real estate	2,117,133,278
h	Past due claims	3,707,612,979
i	High risk claims	4,990,794,279
j	Other Assets	4,156,428,394
k	Off Balance - sheet items	2,749,315,397
	Total Risk Weighted Exposures	46,413,598,161

2.2 Risk weighted exposures for Credit Risk, Market Risk and Operational Risk:

SN	Particular	Amount (NPR)
a	Risk Weighted Exposure for Credit Risk	46,413,598,161
b	Risk Weighted Exposure for Operational Risk	2,861,189,525
c	Risk Weighted Exposure for Market Risk	183,220,302
	<u>Adjustments under Pillar-II</u>	
	Add: 3% of the total RWE due to non compliance to Disclosure Requirement(6.4a 10)	-
	Add:1% of the total deposit due to in sufficient Liquid Assets(6.4a 6)	-
	Add: 3% of Overall Risk Weighted Exposure as per Supervisory Adjustment	1,483,740,240
	Total Risk Weighted Exposures	50,941,748,229

2.3 Capital Adequacy Calculation Table:

SN	Particular	Amount (NPR)
	Total Core Capital to Total Risk Weighted Exposure	9.84%
	Total Capital Fund to Total Risk Weighted Exposure	10.79%

3 Non Performing Assets

3.1 Statement of Non Performing Assets (Gross and Net)

SN	Particular	Amount (NPR)	Provision	Net NPA
a	Restructured	-	-	-
b	Sub-standard	225,973,121	57,286,955	168,686,166
c	Doubtful	366,533,417	183,326,708	183,206,708
d	Loss	3,861,642,619	3,861,642,619	-

	Total	4,454,149,157	4,102,256,283	351,892,875
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3.2 Non Performing Assets Ratios

SN	Particular	Amount (NPR)
a	Gross NPA to Gross Loan & Advances	10.04%
b	Net NPA to Net Advances	0.88%

3.3 Movement of Non Performing Assets

SN	Particular	This Quarter	Previous Quarter	Movement
a	Restructured	-	-	-
b	Sub-standard	225,973,121	164,120,314	61,852,807
c	Doubtful	366,533,417	386,551,331	(20,017,915)
d	Loss	3,861,642,619	1,208,916,039	2,652,726,581
	Total	4,454,149,157	1,759,587,684	2,694,561,473
	Non Performing Assets (%)	10.04%	5.53%	4.51%

4 Write off of Loans and Interest in the quarter

SN	Particular	Amount (NPR)
a	Write off Loans during the Year	-
b	Write off Interest during the Year	-

5 Movement of Loan Loss Provision and Interest Suspense

SN	Particular	This Quarter	Previous Quarter	Movement
a	Loan Loss Provision	4,547,064,391	1,753,499,765	2,793,564,626
b	Interest Suspense	1,980,806,663	583,998,985	1,396,807,678

6 Segregation of Investment Portfolio

SN	Particular	Amount (NPR)
a	Held for Trading	-
b	Held to Maturity	6,575,057,540
c	Available for Sale	359,015,265
	Total Investment	6,934,072,805

7 Summary of the bank's internal approach to assess the adequacy of its capital

The bank has system in place for monitoring and managing the risks undertaken by the bank, assess the capital adequacy and formulating capital as required in order to support its business growth. For risk diversification of its asset base, the bank is following the strategic focus of mapping business and gradually reducing high risk assets and increasing low risk exposure.