

Prabhu Bank Ltd.
Disclosure under Basel II
As at 13 April 2015 (3rd Quarter End of FY 2014/15)

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	3,208,885,224
b	Share Premium	3,408,411
b	Statutory General Reserves	255,840,838
c	Retained Earnings	(735,718,689)
d	Unaudited current year cumulative profit	694,450,450
e	Deferred Tax Reserve	35,218,459
	Sub-total	3,462,084,692
f	Less: Fictitious Assets	2,870,920
	Total Tier I Capital	3,459,213,772

1.2 Tier II Capital and Breakdown of its Components:

SN	Particular	Amount (NPR)
a	General loan loss provision	265,857,917
b	Investment Adjustment Reserve	2,552,041
c	Exchange Equalisation Reserve	638,532
	Total Tier II Capital	269,048,490

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	2,870,920
	Total	2,870,920

1.5 Qualifying Capital

SN	Particular	Amount (NPR)
a	Core Capital (Tier I)	3,459,213,772
b	Supplementary Capital (Tier II)	269,048,490
	Total Capital Fund (Tier I and Tier II)	3,728,262,262

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	748,513,593
d	Claims on corporate and securities firms	12,186,895,174
e	Claims on regulatory retail Portfolio	4,278,084,336
f	Claims secured by residential properties	2,566,058,126
g	Claims secured by commercial real estate	845,055,634
h	Past due claims	1,202,316,046
i	High risk claims	2,526,241,002
j	Other Assets	5,072,048,717
k	Off Balance - sheet items	967,131,321
	Total Risk Weighted Exposures	30,392,343,949

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

SN	Particular	Amount (NPR)
a	Risk Weighted Exposure for Credit Risk	30,392,343,949
b	Risk Weighted Exposure for Operational Risk	2,634,597,524
c	Risk Weighted Exposure for Market Risk	59,186,157
	<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	992,583,829
	Total Risk Weighted Exposures	34,078,711,459

2.3 Capital Adequacy Calculation Table:

SN	Particular	Amount (NPR)
	Total Core Capital to Total Risk Weighted Exposure	10.15%
	Total Capital Fund to Total Risk Weighted Exposure	10.94%

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	728,773,759	182,193,440	546,580,319
c	Doubtful	403,437,014	201,718,507	201,718,507
d	Loss	1,960,340,798	1,960,340,798	-
	Total	3,092,551,571	2,344,252,744	748,298,826

3.2 Non Performing Assets Ratios

SN	Particular	Amount (NPR)
a	Gross NPA to Gross Loan & Advances	10.78%
b	Net NPA to Net Advances	2.87%

3.3 Movement of Non Performing Assets

SN	Particular	Previous Quarter	This Quarter	Movement
a	Restructured	-	-	-
b	Sub-standard	408,603,231	728,773,759	320,170,528
c	Doubtful	402,365,442	403,437,014	1,071,572
d	Loss	2,144,208,566	1,960,340,798	(183,867,769)
	Total	2,955,177,239	3,092,551,571	137,374,332
	Non Performing Assets (%)	10.86%	10.78%	-0.08%

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	Previous Quarter	This Quarter	Movement
a	Loan Loss Provision	2,696,653,090	2,630,009,493	(66,643,597)
b	Interest Suspense	609,584,280	590,521,524	(19,062,756)

6 Segregation of Investment Portfolio

SN	Particular	Amount (NPR)
a	Held for Trading	-
b	Held to Maturity	2,549,254,902
c	Available for Sale	150,777,046
	Total Investment	2,700,031,948

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.