

Prabhu Bank Ltd.
Disclosure under Basel II
As at 17 October 2014 (1st 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	221,580,164
c	Retained Earnings	(686,517,981)
d	Unaudited current year cumulative profit	(116,831,615)
e	Deferred Tax Reserve	32,735,695
	Sub-total	2,663,259,897
f	Less: Fictitious Assets	4,897,472
	Total Tier I Capital	2,658,362,425

1.2 Tier II Capital and Breakdown of its Components:

SN	Particular	Amount (NPR)
a	General loan loss provision	202,262,852
b	Investment Adjustment Reserve	9,761,826
c	Exchange Equalisation Reserve	469,732
	Total Tier II Capital	212,494,410

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	4,897,472
	Total	4,897,472

1.5 Qualifying Capital

SN	Particular	Amount (NPR)
a	Core Capital (Tier I)	2,658,362,425
b	Supplementary Capital (Tier II)	212,494,410
	Total Capital Fund (Tier I and Tier II)	2,870,856,835

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	638,423,595
d	Claims on corporate and securities firms	8,609,785,573
e	Claims on regulatory retail Portfolio	4,214,693,234
f	Claims secured by residential properties	1,668,841,876
g	Claims secured by commercial real estate	985,435,458
h	Past due claims	1,280,009,402
i	High risk claims	2,266,663,962
j	Other Assets	4,022,306,042
k	Off Balance - sheet items	672,310,610
	Total Risk Weighted Exposures	24,358,469,752

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

SN	Particular	Amount (NPR)
a	Risk Weighted Exposure for Credit Risk	24,358,469,752
b	Risk Weighted Exposure for Operational Risk	2,634,597,524
c	Risk Weighted Exposure for Market Risk	145,973,546
	Adjustments under Pillar-II	
	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	814,171,225
	Total Risk Weighted Exposures	27,953,212,047

2.3 Capital Adequacy Calculation Table:

SN	Particular	Amount (NPR)
	Total Core Capital to Total Risk Weighted Exposure	9.51%
	Total Capital Fund to Total Risk Weighted Exposure	10.27%

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	430,576,166	107,644,042	322,932,125
c	Doubtful	827,862,512	413,931,256	413,931,256
d	Loss	2,493,874,388	2,493,874,388	-
	Total	3,752,313,067	3,015,449,686	736,863,381

3.2 Non Performing Assets Ratios

SN	Particular	Amount (NPR)
a	Gross NPA to Gross Loan & Advances	15.65%
b	Net NPA to Net Advances	3.55%

3.3 Movement of Non Performing Assets

SN	Particular	Previous Quarter	This Quarter	Movement
a	Restructured		-	-
b	Sub-standard	78,045,761	430,576,166	352,530,405
c	Doubtful	1,174,082,860	827,862,512	(346,220,348)
d	Loss	2,068,823,655	2,493,874,388	425,050,733
	Total	3,320,952,277	3,752,313,067	431,360,790
	Non Performing Assets (%)	24.18%	15.65%	-8.53%

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	3,006,119,981	3,221,178,233	215,058,252
b	Interest Suspense	455,489,520	681,395,803	225,906,283

6 Segregation of Investment Portfolio

SN	Particular	Amount (NPR)
a	Held for Trading	-
b	Held to Maturity	4,056,896,404
c	Available for Sale	99,292,952
	Total Investment	4,156,189,356

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.