

**Prabhu Bank Ltd.**  
**Disclosure under Basel III**  
**12th April 2020**

**1 Capital Structure and Capital Adequacy:**

**1.1 Tier I Capital and Breakdown of its Components:**

<b>SN</b>	<b>Particular</b>	<b>Amount (NPR)</b>
a	Paid Up Equity Share Capital	10,315,506,635
b	Share Premium	
c	Statutory General Reserves	2,037,730,478
d	Retained Earnings	798,180,000
e	Unaudited current year cumulative profit	
f	Other Reserves	308,969,049
	<b>Sub-total</b>	<b>13,460,386,162</b>
g	Less: Fictitious Assets	-
h	Less: Investment in subsidiaries	116,960,880
i	Less: Deferred Tax Assets	308,969,049
	<b>Total Tier I Capital</b>	<b>13,034,456,233</b>

**1.2 Tier II Capital and Breakdown of its Components:**

<b>SN</b>	<b>Particular</b>	<b>Amount (NPR)</b>
a	General loan loss provision	1,248,897,839
b	Subordinated term debt	1,000,000,000
c	Investment Adjustment Reserve	117,720,880
	<b>Total Tier II Capital</b>	<b>2,366,618,719</b>

**1.3 Deduction from Tier I**

<b>SN</b>	<b>Particular</b>	<b>Amount (NPR)</b>
a	Fictitious Assets	-
b	Investment in subsidiaries	116,960,880
c	Deferred Tax Assets	308,969,049
	<b>Total</b>	<b>425,929,929</b>

**1.4 Qualifying Capital**

<b>SN</b>	<b>Particular</b>	<b>Amount (NPR)</b>
a	Core Capital (Tier I)	13,034,456,233
b	Supplementary Capital (Tier II)	2,366,618,719
	<b>Total Capital Fund (Tier I and Tier II)</b>	<b>15,401,074,952</b>

## 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	2,492,045,220
d	Claims on corporate and securities firms	63,479,157,848
e	Claims on regulatory retail Portfolio	10,255,399,497
f	Claims secured by residential properties	6,281,773,273
g	Claims secured by commercial real estate	2,826,062,886
h	Past due claims	1,511,787,537
i	High risk claims	5,050,746,601
j	Other Assets	13,064,697,542
k	Off Balance - sheet items	17,490,088,722
	<b>Total Risk Weighted Exposures</b>	<b>122,451,759,126</b>

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

SN	Particular	Amount (NPR)
a	Risk Weighted Exposure for Credit Risk	122,451,759,126
b	Risk Weighted Exposure for Operational Risk	5,266,211,343
c	Risk Weighted Exposure for Market Risk	268,315,404
	<u>Adjustments under Pillar-II</u>	
	Add: 3% of the total RWE due to non compliance to Disclosure Requirement(6.4a 10)	1,436,220,000
	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	3,839,588,576
	<b>Total Risk Weighted Exposures</b>	<b>133,262,094,451</b>

### 2.3 Capital Adequacy Calculation Table:

SN	Particular	Amount (NPR)
	Total Core Capital to Total Risk Weighted Exposure	9.78%
	Total Capital Fund to Total Risk Weighted Exposure	11.56%

## 3 Non Performing Assets

### 3.1 Statement of Non Performing Assets (Gross and Net)

SN	Particular	Amount (NPR)	Provision	Net NPA
a	Restructured	74,902,179	9,362,772	65,539,407
b	Sub-standard	596,055,880	149,013,970	447,041,910
c	Doubtful	1,061,529,346	530,764,673	530,764,673
d	Loss	1,252,380,736	1,252,380,736	-
	<b>Total</b>	<b>2,984,868,141</b>	<b>1,941,522,152</b>	<b>1,043,345,989</b>

### 3.2 Non Performing Assets Ratios

SN	Particular	Amount (NPR)
a	Gross NPA to Gross Loan & Advances	2.95%
b	Net NPA to Net Advances	1.07%

### 3.3 Movement of Non Performing Assets

SN	Particular	This Quarter	Previous Quarter	Movement
a	Restructured	74,902,179	74,901,698	481
b	Sub-standard	596,055,880	616,292,458	(20,236,579)
c	Doubtful	1,061,529,346	1,010,776,844	50,752,503
d	Loss	1,252,380,736	1,376,932,422	(124,551,685)
	<b>Total</b>	<b>2,984,868,141</b>	<b>3,078,903,422</b>	<b>(94,035,281)</b>
	<b>Non Performing Assets (%)</b>	<b>2.95%</b>	<b>3.12%</b>	<b>-0.17%</b>

### 4 Write off of Loans and Interest in the quarter

SN	Particular	Amount (NPR)
a	Write off Loans during the Year	31,042,026
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	3,192,908,195	3,175,229,426	17,678,769
b	Interest Suspense	2,400,164,509	1,345,497,710	1,054,666,799

### 6 Segregation of Investment Portfolio

SN	Particular	Amount (NPR)
a	Held for Trading	-
b	Held to Maturity	14,334,344,449
c	Available for Sale	2,485,176,198
	<b>Total Investment</b>	<b>16,819,520,647</b>

### 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.