

Prabhu Bank Ltd.
Disclosure under Basel III
16th July 2018

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	8,233,948,524
b	Share Premium	167,264,245
c	Statutory General Reserves	1,194,772,523
d	Retained Earnings	39,456,706
e	Unaudited current year cumulative profit	1,129,661,165
f	Other Reserves	441,966,657
	Sub-total	11,207,069,819
g	Less: Fictitious Assets	-
h	Less: Investment in subsidiaries	123,743,880
i	Less: Deferred Tax Assets	238,627,732
	Total Tier I Capital	10,844,698,207

1.2 Tier II Capital and Breakdown of its Components:

SN	Particular	Amount (NPR)
a	General loan loss provision	855,821,363
b	Exchange Equalisation Reserve	3,527,216
c	Investment Adjustment Reserve	421,366,426
	Total Tier II Capital	1,280,715,006

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	-
b	Investment in subsidiaries	123,743,880
c	Deferred Tax Assets	238,627,732
	Total	362,371,612

1.5 Qualifying Capital

SN	Particular	Amount (NPR)
a	Core Capital (Tier I)	10,844,698,207
b	Supplementary Capital (Tier II)	1,280,715,006
	Total Capital Fund (Tier I and Tier II)	12,125,413,213

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	2,434,102,464
d	Claims on corporate and securities firms	39,157,209,381
e	Claims on regulatory retail Portfolio	8,846,228,836
f	Claims secured by residential properties	5,812,585,733
g	Claims secured by commercial real estate	3,191,835,369
h	Past due claims	2,703,262,725
i	High risk claims	6,747,428,528
j	Other Assets	9,953,204,931
k	Off Balance - sheet items	9,558,962,617
	Total Risk Weighted Exposures	88,404,820,583

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

SN	Particular	Amount (NPR)
a	Risk Weighted Exposure for Credit Risk	88,404,820,583
b	Risk Weighted Exposure for Operational Risk	4,400,361,863
c	Risk Weighted Exposure for Market Risk	163,590,204
	<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	2,789,063,180
	Total Risk Weighted Exposures	95,757,835,830

2.3 Capital Adequacy Calculation Table:

SN	Particular	Amount (NPR)
	Total Core Capital to Total Risk Weighted Exposure	11.33%
	Total Capital Fund to Total Risk Weighted Exposure	12.66%

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	743,554,108	201,022,098	542,532,009
c	Doubtful	1,065,247,565	540,796,149	524,451,416
d	Loss	888,244,088	888,244,088	-
	Total	2,697,045,761	1,630,062,336	1,066,983,426

3.2 Non Performing Assets Ratios

SN	Particular	Amount (NPR)
a	Gross NPA to Gross Loan & Advances	3.55%
b	Net NPA to Net Advances	1.45%

3.3 Movement of Non Performing Assets

SN	Particular	This Quarter	Previous Quarter	Movement
a	Restructured	-	-	-
b	Sub-standard	743,554,108	1,881,486,231	(1,137,932,123)
c	Doubtful	1,065,247,565	138,191,192	927,056,373
d	Loss	888,244,088	832,410,291	55,833,798
	Total	2,697,045,761	2,852,087,713	(155,041,952)
	Non Performing Assets (%)	3.55%	3.90%	-0.35%

4 Write off of Loans and Interest in the quarter

SN	Particular	Amount (NPR)
a	Write off Loans during the Year	398,278,373
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	2,503,067,991	2,154,110,347	348,957,644
b	Interest Suspense	1,498,711,172	1,429,260,589	69,450,583

6 Segregation of Investment Portfolio

SN	Particular	Amount (NPR)
a	Held for Trading	-
b	Held to Maturity	16,741,878,915
c	Available for Sale	1,242,863,742
	Total Investment	17,984,742,657

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.