

**Prabhu Bank Ltd.**  
**Disclosure under Basel III**  
**13th January 2017**

**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	5,881,402,224
b	Share Premium	123,748,914
c	Statutory General Reserves	875,182,013
d	Retained Earnings	(1,717,477,403)
e	Unaudited current year cumulative profit	1,112,328,245
f	Other Reserves	871,821,895
	<b>Sub-total</b>	<b>7,147,005,887</b>
g	Less: Fictitious Assets	-
h	Less: Deferred Tax Assets	478,737,269
	<b>Total Tier I Capital</b>	<b>6,668,268,618</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	650,332,181
b	Investment Adjustment Reserve	288,174,298
c	Exchange Equalisation Reserve	5,733,330
	<b>Total Tier II Capital</b>	<b>944,239,809</b>

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

**1.4 Deduction from Tier I**

<b>SN</b>	<b>Particular</b>	<b>Amount (NPR)</b>
a	Fictitious Assets	-
b	Deferred Tax Assets	478,737,269
	<b>Total</b>	<b>478,737,269</b>

**1.5 Qualifying Capital**

<b>SN</b>	<b>Particular</b>	<b>Amount (NPR)</b>
a	Core Capital (Tier I)	6,668,268,618
b	Supplementary Capital (Tier II)	944,239,809
	<b>Total Capital Fund (Tier I and Tier II)</b>	<b>7,612,508,427</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	1,940,518,766
d	Claims on corporate and securities firms	27,161,755,724
e	Claims on regulatory retail Portfolio	5,286,088,020
f	Claims secured by residential properties	4,857,699,477
g	Claims secured by commercial real estate	2,565,181,825
h	Past due claims	3,506,657,322
i	High risk claims	7,327,964,754
j	Other Assets	4,507,494,986
k	Off Balance - sheet items	5,317,271,758
	<b>Total Risk Weighted Exposures</b>	<b>62,470,632,633</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	62,470,632,633
b	Risk Weighted Exposure for Operational Risk	3,864,116,901
c	Risk Weighted Exposure for Market Risk	222,534,416
	<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	1,996,718,519
	<b>Total Risk Weighted Exposures</b>	<b>68,554,002,469</b>

### 2.3 Capital Adequacy Calculation Table:

SN	Particular	Amount (NPR)
	Total Core Capital to Total Risk Weighted Exposure	9.73%
	Total Capital Fund to Total Risk Weighted Exposure	11.10%

## 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	476,468,223	120,435,280	356,032,944
c	Doubtful	339,910,954	170,529,426	169,381,527
d	Loss	1,941,920,612	1,942,620,612	(700,000)
	<b>Total</b>	<b>2,758,299,790</b>	<b>2,233,585,319</b>	<b>524,714,471</b>

### 3.2 Non Performing Assets Ratios

SN	Particular	Amount (NPR)
a	Gross NPA to Gross Loan & Advances	4.88%
b	Net NPA to Net Advances	0.98%

### 3.3 Movement of Non Performing Assets

SN	Particular	This Quarter	Previous Quarter	Movement
a	Restructured	-	-	-
b	Sub-standard	476,468,223	244,717,840	231,750,384
c	Doubtful	339,910,954	450,790,697	(110,879,743)
d	Loss	1,941,920,612	3,207,275,457	(1,265,354,844)
	<b>Total</b>	<b>2,758,299,790</b>	<b>3,902,783,993</b>	<b>(1,144,484,203)</b>
	<b>Non Performing Assets (%)</b>	<b>4.88%</b>	<b>7.54%</b>	<b>-2.66%</b>

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

SN	Particular	Amount (NPR)
a	Write off Loans during the Year	266,967,473
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	2,899,223,429	3,960,179,987	(1,060,956,558)
b	Interest Suspense	1,562,568,954	2,107,399,256	(544,830,302)

### 6 Segregation of Investment Portfolio

SN	Particular	Amount (NPR)
a	Held for Trading	-
b	Held to Maturity	7,285,992,800
c	Available for Sale	289,581,105
	<b>Total Investment</b>	<b>7,575,573,905</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.