

Prabhu Bank Ltd.
Disclosure under Basel III
14th January 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	5,881,402,224
aa	Calls in Advance	652,011,880
b	Share Premium	123,748,914
c	Statutory General Reserves	875,182,013
d	Retained Earnings	566,789,265
e	Unaudited current year cumulative profit	634,953,051
f	Other Reserves	186,489,153
	Sub-total	8,920,576,500
g	Less: Fictitious Assets	-
h	Less: Investment in subsidiaries	123,743,880
i	Less: Deferred Tax Assets	186,489,153
	Total Tier I Capital	8,610,343,467

1.2 Tier II Capital and Breakdown of its Components:

SN	Particular	Amount (NPR)
a	General loan loss provision	769,585,656
b	Investment Adjustment Reserve	465,001,946
c	Exchange Equalisation Reserve	5,733,330
	Total Tier II Capital	1,240,320,932

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	186,489,153
	Total	310,233,033

1.5 Qualifying Capital

SN	Particular	Amount (NPR)
a	Core Capital (Tier I)	8,610,343,467
b	Supplementary Capital (Tier II)	1,240,320,932
	Total Capital Fund (Tier I and Tier II)	9,850,664,399

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	1,663,283,978
d	Claims on corporate and securities firms	36,660,421,185
e	Claims on regulatory retail Portfolio	8,394,493,458
f	Claims secured by residential properties	5,839,829,476
g	Claims secured by commercial real estate	3,037,284,498
h	Past due claims	2,026,390,023
i	High risk claims	6,971,422,864
j	Other Assets	7,678,177,142
k	Off Balance - sheet items	8,227,795,313
	Total Risk Weighted Exposures	80,499,097,936

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

SN	Particular	Amount (NPR)
a	Risk Weighted Exposure for Credit Risk	80,499,097,936
b	Risk Weighted Exposure for Operational Risk	4,400,361,863
c	Risk Weighted Exposure for Market Risk	223,672,810
	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	2,553,693,978
	Total Risk Weighted Exposures	87,676,826,588

2.3 Capital Adequacy Calculation Table:

SN	Particular	Amount (NPR)
	Total Core Capital to Total Risk Weighted Exposure	9.82%
	Total Capital Fund to Total Risk Weighted Exposure	11.24%

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	1,780,651,246	448,413,055	1,332,238,191
c	Doubtful	108,549,787	54,274,894	54,274,894
d	Loss	1,065,671,798	1,065,671,798	-
	Total	2,954,872,831	1,568,359,746	1,386,513,085

3.2 Non Performing Assets Ratios

SN	Particular	Amount (NPR)
a	Gross NPA to Gross Loan & Advances	4.12%
b	Net NPA to Net Advances	2.00%

3.3 Movement of Non Performing Assets

SN	Particular	This Quarter	Previous Quarter	Movement
a	Restructured	-	-	-
b	Sub-standard	1,780,651,246	1,251,960,313	528,690,933
c	Doubtful	108,549,787	195,718,885	(87,169,098)
d	Loss	1,065,671,798	1,373,812,046	(308,140,248)
	Total	2,954,872,831	2,821,491,244	133,381,587
	Non Performing Assets (%)	4.12%	4.23%	-0.10%

4 Write off of Loans and Interest in the quarter

SN	Particular	Amount (NPR)
a	Write off Loans during the Year	171,935,095
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	2,353,080,198	2,512,692,074	(159,611,876)
b	Interest Suspense	1,456,358,615	1,574,538,471	(118,179,856)

6 Segregation of Investment Portfolio

SN	Particular	Amount (NPR)
a	Held for Trading	-
b	Held to Maturity	8,509,275,378
c	Available for Sale	967,214,469
	Total Investment	9,476,489,846

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.