

Prabhu Bank Ltd.
Disclosure under Basel III
15th July 2021

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 | 11,347,057,299 |
| b | Share Premium | |
| c | Statutory General Reserves | 2,386,069,286 |
| d | Retained Earnings | (398,523,466) |
| e | Unaudited current year cumulative profit | 2,011,652,543 |
| f | Other Reserves | 167,671,233 |
| | Sub-total | 15,513,926,895 |
| g | Less: Fictitious Assets | - |
| h | Less: Investment in subsidiaries | 524,229,080 |
| i | Less: Deferred Tax Assets | - |
| | Total Tier I Capital | 14,989,697,815 |

1.2 Tier II Capital and Breakdown of its Components:

| SN | Particular | Amount (NPR) |
|----|-------------------------------|----------------------|
| a | General loan loss provision | 1,998,358,176 |
| b | Subordinated term debt | 5,637,074,011 |
| c | Investment Adjustment Reserve | 760,000.00 |
| d | Exchange Equalization Reserve | 9,311,541.26 |
| | Total Tier II Capital | 7,645,503,728 |

1.3 Deduction from Tier I

| SN | Particular | Amount (NPR) |
|----|----------------------------|--------------------|
| a | Fictitious Assets | - |
| b | Investment in subsidiaries | 524,229,080 |
| c | Deferred Tax Assets | - |
| | Total | 524,229,080 |

1.4 Qualifying Capital

| SN | Particular | Amount (NPR) |
|----|--|-----------------------|
| a | Core Capital (Tier I) | 14,989,697,815 |
| b | Supplementary Capital (Tier II) | 7,645,503,728 |
| | Total Capital Fund (Tier I and Tier II) | 22,635,201,543 |

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 | 3,561,640,556 |
| d | Claims on corporate and securities firms | 87,130,519,739.23 |
| e | Claims on regulatory retail Portfolio | 18,404,113,467 |
| f | Claims secured by residential properties | 6,311,955,689 |
| g | Claims secured by commercial real estate | 2,701,100,909 |
| h | Past due claims | 1,339,268,250 |
| i | High risk claims | 5,480,039,957 |
| j | Other Assets | 14,713,353,787 |
| k | Off Balance - sheet items | 20,226,661,714 |
| | Total Risk Weighted Exposures | 159,868,654,069 |

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

| SN | Particular | Amount (NPR) |
|----|---|------------------------|
| a | Risk Weighted Exposure for Credit Risk | 159,868,654,069 |
| b | Risk Weighted Exposure for Operational Risk | 6,611,114,957 |
| c | Risk Weighted Exposure for Market Risk | 145,437,759 |
| | Adjustments under Pillar-II | |
| | Add: 3% of the total RWE due to non compliance to Disclosure Requirement(6.4a 10) | 1,555,681,621 |
| | 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 | 4,998,756,204 |
| | Total Risk Weighted Exposures | 173,179,644,611 |

2.3 Capital Adequacy Calculation Table:

| SN | Particular | Amount (NPR) |
|----|--|--------------|
| | Total Core Capital to Total Risk Weighted Exposure | 8.66% |
| | Total Capital Fund to Total Risk Weighted Exposure | 13.07% |

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 | 787,086,341 | 195,942,366 | 591,143,975 |
| c | Doubtful | 648,333,983 | 322,591,744 | 325,742,238 |
| d | Loss | 950,914,928 | 950,591,942 | 322,986 |
| | Total | 2,386,335,251 | 1,469,126,052 | 917,209,199 |

3.2 Non Performing Assets Ratios

| SN | Particular | Amount (NPR) |
|----|------------------------------------|--------------|
| a | Gross NPA to Gross Loan & Advances | 1.68% |
| b | Net NPA to Net Advances | 0.66% |

3.3 Movement of Non Performing Assets

| SN | Particular | This Quarter | Previous Quarter | Movement |
|----|----------------------------------|----------------------|----------------------|--------------------|
| a | Restructured | - | - | - |
| b | Sub-standard | 787,086,341 | 829,392,847 | (42,306,507) |
| c | Doubtful | 648,333,983 | 467,687,748 | 180,646,235 |
| d | Loss | 950,914,928 | 799,351,352 | 151,563,577 |
| | Total | 2,386,335,251 | 2,096,431,946 | 289,903,305 |
| | Non Performing Assets (%) | 1.68% | 1.48% | 0.20% |

4 Write off of Loans and Interest in the quarter

| SN | Particular | Amount (NPR) |
|----|------------------------------------|--------------|
| a | Write off Loans during the Year | 194,361,175 |
| 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 | 3,592,116,401 | 3,090,363,825 | 501,752,576 |
| b | Interest Suspense | 1,766,116,889 | 1,489,035,291 | 277,081,598 |

6 Segregation of Investment Portfolio

| SN | Particular | Amount (NPR) |
|----|-------------------------|-----------------------|
| a | Held for Trading | 237,856,592 |
| b | Held to Maturity | 30,330,769,009 |
| c | Available for Sale | 3,549,959,283 |
| | Total Investment | 34,118,584,884 |

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.