

Prabhu Bank Ltd.
Disclosure under Basel III
16th July 2023

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	23,542,489,832
b	Share Premium	-
c	Statutory General Reserves	4,632,375,284
d	Retained Earnings	161,655,597
e	Unaudited current year cumulative profit	-
f	Other Reserves	-
	Sub-total	28,336,520,713
g	Less: Fictitious Assets	-
h	Less: Investment in subsidiaries	795,729,080
i	Less: Investment in equity of institutions in excess of limits	71,335,250
j	Less: Deferred Tax Assets	-
	Total Tier I Capital	27,469,456,383

1.2 Tier II Capital and Breakdown of its Components:

SN	Particular	Amount (NPR)
a	General loan loss provision	4,612,849,979
b	Exchange Equalisation Reserve	27,325,976
c	Investment Adjustment Reserve	12,280,000
d	10.25% Debenture	7,838,953,248
	Total Tier II Capital	12,491,409,203

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	795,729,080
c	Investment in equity of institutions in excess of limits	71,335,250
d	Deferred Tax Assets	-
	Total	867,064,330

1.5 Qualifying Capital

SN	Particular	Amount (NPR)
a	Core Capital (Tier I)	27,469,456,383
b	Supplementary Capital (Tier II)	12,491,409,203
	Total Capital Fund (Tier I and Tier II)	39,960,865,586

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	3,212,736,735
d	Claims on corporate and securities firms	151,267,357,455
e	Claims on regulatory retail Portfolio	19,812,363,562
f	Claims secured by residential properties	8,947,372,112
g	Claims secured by commercial real estate	3,670,774,345
h	Past due claims	12,035,326,160
i	High risk claims	30,331,049,562
j	Claim on TR Loans Trading Purpose	1,764,694,521
k	Other Assets	21,573,093,484
l	Off Balance - sheet items	31,129,930,356
	Total Risk Weighted Exposures	283,744,698,291

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

SN	Particular	Amount (NPR)
a	Risk Weighted Exposure for Credit Risk	283,744,698,291
b	Risk Weighted Exposure for Operational Risk	9,563,695,220
c	Risk Weighted Exposure for Market Risk	487,554,139
	<u>Adjustments under Pillar-II</u>	
	Add: 4% of the Gross Revenue for operational risk (6.4a 7)	2,924,135,809
	Add: ...% of the total deposit due to in sufficient Liquid Assets (6.4a 6)	-
	Add: 4% of Overall Risk Weighted Exposure as per Supervisory Adjustment	11,751,837,906
	Total Risk Weighted Exposures	308,471,921,366

2.3 Capital Adequacy Calculation Table:

SN	Particular	Amount (NPR)
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a	Risk Weighted Exposure for Credit Risk	283,744,698,291
b	Risk Weighted Exposure for Operational Risk	9,563,695,220
c	Risk Weighted Exposure for Market Risk	487,554,139
	Adjustments under Pillar-II	
	Add: 4% of the Gross Revenue for operational risk	2,924,135,809
	Add:% of the total deposit due to in sufficient Liquid Assets(6.4a 6)	-
	Add: 4% of the Risk Weighted Exposure as per Supervisory Adjustment	11,751,837,906
	Total Core Capital to Total Risk Weighted Exposure	8.91%
	Total Capital Fund to Total Risk Weighted Exposure	12.95%

3 Non Performing Assets

3.1 Statement of Non Performing Assets (Gross and Net)

SN	Particular	Amount (NPR)	Provision	Net NPA
a	Restructured	6,400,908	800,113	5,600,794
b	Sub-standard	4,390,390,443	1,093,254,196	3,297,136,247
c	Doubtful	2,461,744,902	1,212,838,955	1,248,905,947
d	Loss	3,205,725,665	3,192,546,890	13,178,775
	Total	10,064,261,918	5,499,440,155	4,564,821,763

3.2 Non Performing Assets Ratios

SN	Particular	Amount (NPR)
a	Gross NPA to Gross Loan & Advances	4.16%
b	Net NPA to Net Advances	1.97%

3.3 Movement of Non Performing Assets

SN	Particular	This Quarter	Previous Quarter	Movement
a	Restructured	6,400,908	146,600,000	(140,199,092)
b	Sub-standard	4,390,390,443	3,102,425,352	1,287,965,092
c	Doubtful	2,461,744,902	2,422,510,407	39,234,495
d	Loss	3,205,725,665	2,902,285,790	303,439,875
	Total	10,064,261,918	8,573,821,549	1,490,440,369
	Non Performing Assets (%)	4.16%	3.48%	0.68%

4 Write off of Loans and Interest in the quarter

SN	Particular	Amount (NPR)
a	Write off Loans during the Year	5,305,545
b	Write off Interest during the Year	150,676,881

5 Movement of Loan Loss Provision and Interest Suspense

SN	Particular	This Quarter	Previous Quarter	Movement
a	Loan Loss Provision	10,177,641,582	8,744,037,310	1,433,604,272
b	Interest Suspense	7,425,830,823	7,072,007,806	353,823,016

6 Segregation of Investment Portfolio

SN	Particular	Amount (NPR)
a	Held for Trading	193,252,037
b	Held to Maturity	64,736,727,249
c	Available for Sale	5,010,732,309
	Total Investment	69,940,711,595

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.