Head Office: Babarmahal, Kathmandu, Nepal
Tel: 977-1-5719000
E-mail:info@prabhubank.com

Interim Financial Statement of 2nd Quarter, F.Y. 2082/83

Condensed Consolidated Statement of Financial Position

As on Quarter ended 30 Poush 2082

NPR in '000

Assets	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Cash and cash equivalent	8,335,070	8,716,775	8,319,304	8,695,200
Due from Nepal Rastra Bank	46,633,227	20,873,856	46,633,227	20,873,856
Placement with Bank and Financial Institutio	8,789,939	282,430	8,789,939	242,430
Derivative Financial Instruments	10,598,750	7,217,243	10,598,750	7,217,243
Other Trading Assets	697,113	890,029	192,966	197,869
Loan and advances to B/FIs	7,342,165	7,829,686	7,342,165	7,829,686
Loan and advances to Customers	227,321,174	225,455,923	227,321,174	225,455,923
Investment Securities	85,035,525	120,769,218	83,782,419	119,483,759
Current Tax Assets	161,745	299,384	139,190	275,618
Investment in Subsidiaries	-	-	795,729	795,729
Investment in Associates	136,254	136,254	179,188	179,188
Investment Property	1,749,469	1,654,263	1,749,469	1,654,263
Property & Equipment	5,020,206	5,123,906	4,188,283	4,292,137
Goodwill and Intangible Assets	320,413	327,030	290,169	298,192
Deferred Tax Assets	932,910	750,198	1,051,929	869,217
Other Assets	9,767,059	7,763,441	9,203,187	7,247,916
Total Assets	**412,841,017**	**408,089,635**	**410,577,089**	**405,608,227**
Liabilities				
Due to Bank and Financial Institutions	5,674,484	5,899,651	5,674,484	5,899,651
Due to Nepal Rastra Bank	-	-	-	-
Derivative Financial Instruments	10,608,499	7,224,752	10,608,499	7,224,752
Deposit from customer	340,449,744	342,041,177	340,737,320	342,188,540
Borrowings	721,000	700,731	721,000	687,750
Current Tax Liabilities	-	-	-	-
Provisions	105,679	105,679	105,679	105,679
Deferred Tax Liabilities	-	-	-	-
Other Liabilities	12,137,221	9,686,039	10,474,631	8,091,718
Debt Securities Issued	7,842,431	7,841,669	7,842,431	7,841,669
Subordinated Liabilities	-	-	-	-
Total Liabilities	**377,539,059**	**373,499,698**	**376,164,045**	**372,039,760**
Equity				
Share Capital	23,542,490	23,542,490	23,542,490	23,542,490
Share Premium	-	-	-	-
Retained Earnings	(3,210,348)	(2,369,316)	(3,356,448)	(2,565,482)
Reserves	14,498,768	12,886,759	14,227,002	12,591,459
Total Equity Attributable to equity holder	**34,830,909**	**34,059,933**	**34,413,045**	**33,568,467**
Non-controlling interest	471,050	530,005		
Total Equity	**35,301,959**	**34,589,938**	**34,413,045**	**33,568,467**
Total Liabilities and equity	**412,841,017**	**408,089,635**	**410,577,089**	**405,608,227**

Condensed Consolidated Statement of Profit or Loss

For the Quarter ended 30 Poush 2082

NPR in '000

Particulars	Group				Bank			
	Current Year		Previous Year corresponding		Current Year		Previous Year corresponding	
	This Quarter Ending	Upto this Quarter(YTD)	This Quarter Ending	Upto this Quarter(YTD)	This Quarter Ending	Upto this Quarter(YTD	This Quarter Ending	Upto this Quarter(YTD)
Interest Income	5,267,425	11,728,582	6,142,525	13,181,444	5,266,648	11,726,578	6,140,014	13,173,243
Interest Expenses	(3,189,443)	(6,766,976)	(3,901,821)	(8,307,225)	(3,177,924)	(6,742,578)	(3,900,724)	(8,305,338)
Net Interest Income	**2,077,982**	**4,961,605**	**2,240,704**	**4,874,219**	**2,088,724**	**4,984,000**	**2,239,291**	**4,867,905**
Fees & Commission Income	559,378	1,374,713	562,201	1,226,498	521,304	1,283,150	529,676	1,160,404
Fees & Commission Expenses	(56,168)	(119,332)	(25,310)	(47,155)	(52,269)	(109,363)	(20,722)	(38,155)
Net Fees & Commission Income	**503,211**	**1,255,381**	**536,891**	**1,179,343**	**469,034**	**1,173,787**	**508,954**	**1,122,249**
Net Interest, Fee & Commission Income	**2,581,193**	**6,216,986**	**2,777,595**	**6,053,562**	**2,557,758**	**6,157,787**	**2,748,245**	**5,990,154**
Net Trading Income	224,177	249,422	67,167	327,910	172,452	301,154	98,957	271,687
Other Operating Income	148,639	252,146	353,242	409,522	141,074	237,483	349,993	405,683
Total Operating Income	**2,954,008**	**6,718,554**	**3,198,003**	**6,790,994**	**2,871,284**	**6,696,424**	**3,197,195**	**6,667,524**
Impairment (Charges) /Reversal for Loans & Other Losses	(451,850)	(1,455,631)	(430,054)	(814,224)	(451,850)	(1,455,631)	(430,054)	(814,224)
Net Operating Income	**2,502,158**	**5,262,924**	**2,767,949**	**5,976,770**	**2,419,434**	**5,240,793**	**2,767,141**	**5,853,300**
Operating Expense								
Personnel Expenses	(1,106,187)	(2,240,753)	(1,077,111)	(2,189,263)	(1,096,000)	(2,215,132)	(1,067,903)	(2,156,315)
Other Operating Expense	(439,736)	(881,139)	(491,789)	(1,002,957)	(430,507)	(861,287)	(480,217)	(976,890)
Depreciation & Amortization	(100,585)	(201,834)	(104,170)	(203,973)	(98,502)	(197,865)	(100,166)	(197,259)
Operating Profit	**855,651**	**1,939,198**	**1,094,879**	**2,580,578**	**794,425**	**1,966,509**	**1,118,855**	**2,522,836**
Non Operating Income	1,573	2,123	2,409	2,409	1,573	2,123	2,409	2,409
Non Operating Expenses	(12)	(301)	(997)	(1,672)	(12)	(301)	(997)	(1,672)
Profit before Income Tax	**857,213**	**1,941,020**	**1,096,292**	**2,581,314**	**795,986**	**1,968,331**	**1,120,268**	**2,523,572**
Income Tax Expense								
Current Tax	(379,659)	(1,065,447)	(760,557)	(1,330,483)	(378,783)	(1,063,781)	(751,680)	(1,311,053)
Deferred Tax	38,771	109,907	(79,826)	126,892	38,771	109,907	(73,106)	123,618
Profit /(Loss) for the Period	**516,325**	**985,479**	**255,908**	**1,377,724**	**455,974**	**1,014,457**	**295,481**	**1,336,138**

Condensed Consolidated Statement of Comprehensive Income

Profit/(loss) for the Period	516,325	985,479	255,908	1,377,724	455,974	1,014,457	295,481	1,336,138
Other Comprehensive Income	22,807	(169,879)	111,549	111,549	22,807	(169,879)	(63,986)	111,549
Total Comprehensive Income	**539,132**	**815,600**	**367,457**	**1,489,272**	**478,781**	**844,578**	**231,495**	**1,447,686**
Basic Earnings per Share		8.37		11.70		8.62		11.35
Diluted Earnings per Share		8.37		11.70		8.62		11.35
Profit attributable to:								
Equity Holders of the Bank	513,938	829,801	174,444	1,471,794	478,781	844,578	231,495	1,447,686
Non-controlling Interest	25,194	(14,200)	17,479	17,479	-	-	-	-
Total	**539,132**	**815,600**	**191,923**	**1,489,272**	**478,781**	**844,578**	**231,495**	**1,447,686**

Ratios as per NRB Directive

Particulars	Group				Bank			
	Current year		Previous Year corresponding		Current year		Previous Year corresponding	
	This Quarter Ending	Upto this quarter(YTD)	This Quarter Ending	Upto this quarter(YTD)	This Quarter Ending	Upto this quarter(YTD	This Quarter Ending	Upto this quarter(YTD)
Capital Fund to RWA		12.38%		12.84%		12.38%		12.84%
Tier 1 Capital to RWA		8.68%		8.70%		8.68%		8.70%
CET 1 Capital to RWA		8.68%		8.70%		8.68%		8.70%
Non-Performing Loan (NPL) to Total Loan		7.94%		5.06%		7.94%		5.06%
Net Non-Performing Loan to Total Loan		2.71%		0.62%		2.71%		0.62%
Total Loan Loss Provision to Total NPL		111.71%		158.10%		111.71%		158.10%
Cost of Funds		3.58%		4.91%		3.58%		4.91%
Average Credit to Deposit Ratio		70.91%		74.95%		70.91%		74.95%
Base Rate		5.36%		7.06%		5.36%		7.06%
Average Base Rate (Three Months)		5.50%		7.26%		5.50%		7.26%
Interest Rate Spread		3.80%		3.98%		3.80%		3.98%
Average Return on Equity (Annualized)		5.56%		8.01%		5.56%		8.01%
Average Return on Assets (Annualized)		0.49%		0.73%		0.49%		0.73%

Notes to Interim Financial Statement

1) Above financials are prepared in accordance with Nepal Financial Reporting Standard (NFRS) as issued by the Nepal Accounting Standard Board.
2) These figures are subject to change as per NRB and/or External Auditors.
3) Previous periods' figures have been revised/regrouped wherever necessary which may vary from previous year published/audited figure.
4) Impairment charges on credit exposure has been measured at higher of amount derived as per NFRS-9 Expected Credit Loss Related Guideline, 2024 issued by NRB and as per NRB Unifeied Directives where impairment charges as calculated as per NRB Unifeied Directives is higher than the impairment charges as calculated under NFRS 9.
5) Interest income has been recognized in accordance with NFRS-9 Expected Credit Loss Related Guideline, 2024 (first amendment) and Guidance Note on Interest Income Recognition, 2025 issued by NRB.
6) Loans & Advances are presented net of impairment charges and includes interest accruals net of interest suspense and staff loans.
7) Personnel Expenses include employee's bonus provision and amortization of prepaid benefit of subsidized staff loan provided as per Employee Bylaws of the Bank.
8) Group represents Prabhu Bank Limited and it's subsidiary, Prabhu Capital Limited and Prabhu Stock Market Limited.
9) Intercompany transactions among the Group have been eliminated in the above statement related to the Group.
10) The detailed interim report has been published in the bank's website www.prabhubank.com.

Statement of Distributable Profit or Loss

For the Month Ended 30 Poush 2082

(As per NRB Regulations)

NPR in '000

Particulars	Bank	
	Current Year Upto this Qtr YTD	Previous Year Corresponding Qtr YTD
Net Profit or (Loss) as per Statement of Profit or Loss	**1,014,457**	**1,336,138**
Appropriations		
a. General Reserve	(202,891)	(267,228)
b. Foreign Exchange Fluctuation Fund	(1,528)	(608)
c. Capital Redemption Reserve	(525,942)	(525,942)
d. Corporate Social Responsibility Fund	(10,145)	(13,361)
e. Employees' Training Fund	-	-
f. Investment Adjustment Reserves	-	-
g. Others	3,438	5,109
Profit or (Loss) before Regulatory Adjustment	**277,389**	**534,107**
Regulatory Adjustment :		
a. Interest Receivable (-)/Previous Accrued Interest Received (+)	(838,258)	(658,632)
b. Short Loan Loss Provision in Accounts (-)/Reversal (+)	-	-
c. Short Provision for Possible Losses on Investment (-)/Reversal (+)	-	-
d. Short Loan Loss Provision on Non Banking Assets (-)/Reversal (+)	(47,384)	(105,502)
e. Deferred Tax Assets Recognized (-)/Reversal (+)	(182,712)	(75,812)
f. Goodwill Recognized (-)/Impairment of Goodwill (+)	-	-
g. Bargain Purchase Gain Recognized (-)/Reversal (+)	-	-
h. Actuarial Loss Recognized (-)/Reversal (+)	-	-
i. Other (+/-)	-	-
Net Profit for the Qtr end 30 Poush 2082 available for distribution	**(790,966)**	**(305,838)**
Opening Retained Earnings as on Shrawan 1, 2082	(2,565,482)	(3,025,526)
Adjustment (+/-) :	-	-
Distributions:		
Bonus Share Issued	-	-
Cash Dividend Issued	-	-
Total Distributable Profit or (Loss) as on Qtr end date	**(3,356,448)**	**(3,331,364)**
Annualized Distributable Profit/Loss per Share	-	-

Annex-14 of Securities Registration and Issue Regulations, 2073 (Related to sub-rule (1) of Rule 26)

Second Quarter Report of FY 2082/83

1. Financial Statements

a) Statements related to Financial Position and Profit or Loss have been published along with this.

Transactions with related parties:

i. Group comprises of Prabhu Bank Ltd. (The Bank), Prabhu Capital Ltd. (Subsidiary) and Prabhu Stock Market Ltd. (Subsidiary).

ii. Following are the details of intra-group transactions:

Particulars	Prabhu Capital Ltd.	Prabhu Stock Market Ltd.
Deposits held by Bank (NPR in mio)	284.24	3.34
Interest Paid (NPR in mio)	0.15	0.00

Above intra-group transactions have been eliminated in the financial statements of the group.

b) Key Financial Indicators:

Previous Year corresponding	8.62	Market Price per Share Rs.	183.30
Price Earnings Ratio	21.27	Return on Total Assets	0.49%
Net Worth per Share Rs.	146.17	Liquidity Ratio	39.31%

2. Managerial Analysis

a) Details relating to the change in the Bank's reserve, income and liquidity in the quarter and its main reason:

In the quarter, Bank's profit and reserve is improved primarily due to the write back of loan loss provision and increase in fees-based income. Similarly, mobilization of deposit liability to further strengthen its foundation enabled higher liquidity ratio.

b) Management's analytical details regarding future business plan:

Bank will be implementing strategic action plan for the recovery of impaired loans, business expansion with diversification, operational & business process improvement, risk management and service excellency by strengthening of technology infrastructure and capacity building of the employee.

c) Analytical details of the incidents that may have major impact on reserves, profit or cash flow (if any), based on previous experience:

There are no such incidents experienced during the period which might have adverse impact on the reserve, profit or cash flow.

3. Statement related to legal proceedings:

a) Case filed by or against the Bank in this quarter

There have been no legal cases except the cases which are related to recovery of loans and income tax cases in the ordinary business course.

b) Case relating to disobedience of prevailing law or commission of criminal offence filed by or against the promoter or director of the Bank

No such information has been received.

c) Case relating to commission of financial crime filed against any promoter or director of the Bank

No such information has been received.

4. Statements related to Share Transactions:

a) Management view on the transactions of the shares of the Bank in the share market

Movements in the share price are determined by the open market principles. Hence, management has neutral opinion regarding the share price movements.

b) Maximum, minimum and closing share price, total transaction days and total transacted number of shares in the quarter

Maximum Price (Rs.)	208.50	Minimum Price (Rs.)	180
Closing Price (Rs.)	183.30	Total Transaction Days	55
No. of Transactions	18,396		

5. Problems and Challenges:

Internal Problems and Challenges:

- Challenge to manage Operational Risk with the increase of branch network and business processing complexity
- Challenge to increase non-interest revenue
- Recovery of Impaired Loans
- Management of personnel

External Problems and Challenges:

- Challenges from the political and social environments
- Competition in the banking industry
- Challenge to manage information security risk
- Challenge to cope with changing business environment and legal framework
- Operational disruptions and security threats due to political unrest and riots affecting branch operations, ATM networks, and customer confidence

Bank's Strategy to mitigate problems and challenges:

- Expanding business activities with caution observing the changes in internal and external environment
- Providing trainings to staff to enhance skills and abilities.
- Introducing new products and services considering the interest of the customers
- Focusing on alternate delivery channels to increase non-interest income
- Effective risk management, monitoring and controlling on operational risk, market risk and credit risk.
- Focusing on further improvement on digitalization to improve products offerings and service excellency.
- Detailed analysis of the effect from the external changes that take place from time to time, to the overall business and formulation of strategic action plans to cope with. Among others, Bank's strategy is to continue safe banking practices with special focus on recovery of interest and impaired loan.
- Strengthening business continuity and crisis management plans to ensure uninterrupted operations during political unrest or riots.

6. Corporate Governance

Bank has been meticulously following the laws in force, directions issued by regulatory authorities like Nepal Rastra Bank, Securities Board of Nepal, etc. Bank has well equipped Compliance Department, Internal Audit Department and Risk Management Department to identify, monitor and control the possible risks in an independent manner. Besides, the Bank has board level Risk Management Committee and Audit Committee to supervise overall work of the Risk Management Department and Internal Audit Department respectively and provide guidelines.

7. CEO's declaration regarding truth and fairness

I, Acting CEO, take responsibility for the truth and fairness of the information and statements in this report till date. Besides, I declare that, to the extent of my knowledge and belief, the statements are true and fair and any information necessary for investors to take informed decisions has not been suppressed.