

Unaudited Financial Results (Quarterly)

As at 4th Quarter end on 31 Ashad

Fiscal Year 2073/74 (2016/17)

Rs. In '000'

S.N.	Particulars	This Quarter Ending		Previous Quarter Ending	Corresponding Previous Year Quarter Ending
		Group	PBL		
1	Total Capital and Liabilities (1.1 to 1.7)	93,922,630	93,858,363	83,877,971	72,680,028
1.1	Paid up Capital	5,881,402	5,881,402	5,881,402	5,881,402
1.2	Reserves and Surplus	2,064,590	2,051,535	1,892,548	366,323
1.3	Debentures and Bonds	-	-	-	-
1.4	Borrowings	252,387	252,387	76,497	15,243
1.5	Deposits (a+b)	81,291,139	81,349,540	71,602,950	60,940,869
a.	Domestic Currency	79,699,038	79,757,438	70,067,708	59,434,502
b.	Foreign Currency	1,592,102	1,592,102	1,535,242	1,506,367
1.6	Income Tax Liabilities	-	-	-	-
1.7	Other Liabilities	4,386,269	4,323,499	4,424,573	5,476,191
1.8	Non Controlling Interest	46,843	-	-	-
2	Total Assets (2.1 to 2.7)	93,922,630	93,858,363	83,877,971	72,680,028
2.1	Cash and Bank Balance	13,510,046	13,493,669	11,376,991	12,377,709
2.2	Money at Call and Short Notice	900,000	900,000	850,000	1,750,000
2.3	Investments	11,719,177	11,692,107	5,823,909	5,660,578
2.4	Loans and Advances (a+b+c+d+e+f)	61,979,529	61,979,529	59,594,614	48,212,758
a.	Real Estate Loan	5,003,898	5,003,898	5,357,038	4,935,315
1.	Residential Real Estate Loan above Rs 10 million	690,500	690,500	844,010	752,879
2.	Business Complex & Residential Apartment Construction Loan	1,030,999	1,030,999	1,053,864	1,016,159
3.	Income generating Commercial Complex Loan	137,043	137,043	145,992	198,691
4.	Other Real Estate Loan (Including Land Purchase & Plotting)	3,145,357	3,145,357	3,313,172	2,967,586
b.	Personal Home Loan upto Rs 10 million or Less	8,899,207	8,899,207	8,709,702	5,981,695
c.	Margin Type Loan	2,361,264	2,361,264	2,191,282	2,207,132
d.	Term Loan	14,270,138	14,270,138	12,035,648	9,796,381
e.	Overdraft Loan/TR Loan/WC Loan	20,245,637	20,245,637	20,780,638	18,765,267
f.	Other Loan	11,199,384	11,199,384	10,520,306	6,526,968
2.5	Fixed Assets	2,163,027	2,153,654	2,144,437	2,136,067
2.6	Non Banking Assets	518,301	518,301	552,434	118,690
2.7	Other Assets	3,132,551	3,121,103	3,535,585	2,424,226
3	Profit and Loss Account	This Quarter Ending		Previous Quarter Ending	Corresponding Previous Year Quarter Ending
		Group	PBL		
3.1	Interest Income	5,492,530	5,487,060	3,758,041	3,590,924
3.2	Interest Expense	(2,950,338)	(2,957,637)	(1,806,363)	(1,622,497)
A.	Net Interest Income (3.1-3.2)	2,542,192	2,529,423	1,951,678	1,968,427
3.3	Fees, Commission and Discount	191,928	182,987	128,546	108,963
3.4	Other Operating Income	455,596	436,596	315,531	293,348
3.5	Foreign Exchange Gain/Loss (Net)	190,461	190,461	138,350	153,557
B.	Total Operating Income (A+ 3.3+3.4+3.5)	3,380,176	3,339,467	2,534,104	2,524,295
3.6	Staff Expenses	(820,012)	(810,537)	(533,920)	(703,683)
3.7	Other Operating Expenses	(819,254)	(809,296)	(536,106)	(673,750)
C.	Operating Profit Before Provision (B. - 3.6-3.7)	1,740,910	1,719,635	1,464,078	1,146,862
3.8	Provision for Possible Losses	(349,899)	(349,899)	(291,470)	(270,658)
D.	Operating Profit (C. - 3.8)	1,391,011	1,369,736	1,172,608	876,204
3.9	Non Operating Income/Expenses (Net)	41,570	40,196	38,665	72,717
3.1	Write Back of Provision for Possible Loss	1,721,751	1,721,751	1,400,459	1,052,465
E.	Profit from Regular Activities (D.+3.9+3.10)	3,154,332	3,131,682	2,611,732	2,001,386
3.11	Extraordinary Income/Expenses (Net)	(349,352)	(349,352)	(305,783)	(38,606)
F.	Profit before Bonus and Taxes (E.+3.11)	2,804,979	2,782,330	2,305,949	1,962,780
3.12	Provision for Staff Bonus	254,998	252,939	209,632	178,435
3.13	Provision for Tax	784,558	777,814	650,457	636,507
	Current Year	236,945	231,798	206,500	177,717
	Prior Period	5,972	4,376	-	8,939
	Deferred Tax	541,641	541,641	443,956	449,851
G.	Net Profit/Loss (F. -3.12-3.13)	1,765,423	1,751,576	1,445,860	1,147,838
3.14	Share of Non controlling interest in the P/L of Subsidiary	6,033	-	-	-
H.	Net Profit/Loss (G-3.14)	1,759,390	1,751,576	1,445,860	1,147,838
4	Ratios	This Quarter Ending		Previous Quarter Ending	Corresponding Previous Year Quarter Ending
		Group	PBL		
4.1	Capital Fund to RWA	11.05%	11.05%	11.06%	12.13%
4.2	Non Performing Loan (NPL) To Total Loan	4.29%	4.29%	4.32%	8.38%
4.3	Total Loan Loss Provision to Total NPL	94.14%	94.14%	107.27%	101.56%
4.5	Credit to Deposit Ratio (Calculated as per NRB Directive)	71.10%	71.10%	71.81%	73.54%
4.6	Base Rate	10.51%	10.51%	8.26%	6.31%
4.7	Average Interest Spread (Calculated as per NRB Circular)	3.27%	3.27%	3.74%	5.09%
Additional Information					
1	Average Yield	8.46%	8.46%	7.78%	8.32%
2	Average cost	4.33%	4.33%	3.65%	3.28%
3	Return on Equity	22.22%	22.08%	24.80%	18.37%
4	Return on Assets	1.88%	1.87%	2.30%	1.58%

Notes:

- Unaudited Financial Figures are subject to change from supervisory authority and statutory audit.
- Provision for loan loss and NBA has been reported under other liabilities. So, loans and advances and NBA are reported in gross figure.
- Group company represents Prabhu Bank Ltd. (The Bank) and Prabhu Capital Ltd. (Subsidiary)
- All inter company transaction and outstanding balance among group companies have been eliminated in the above statement related to group.
- CCD ratio has been calculated without considering the relaxation provided by NRB circular No. Bai.Bi.Ni/Niti/Paripatra/KaKHaGa/15/73/074 dated 2073-11-09

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1. Financial Statements

a) Statements related to Balance Sheet and Profit and Loss has been published on

Transactions with related parties:

- Group company represents Prabhu Bank Ltd. (The Bank) and Prabhu Capital Ltd. (Subsidiary)
- Subsidiary is the Bank's share registrar and paid NPR 1.5 Million in share registrar fee to the subsidiary for the period.
- The Bank held NPR. 58.4 million In deposit account of the subsidiary at the reporting date and paid interest amount of NPR 2.48 Million to the subsidiary for the reporting period.

b) Key Financial Indicators:

Earnings per Share Rs.	29.78	Market Price per Share Rs.	406
Price Earnings Ratio	13.63	Return on Total Assets	1.87
Net Worth per Share Rs.	134.88	Liquidity Ratio	30.25%

2. Managerial Analysis

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

Bank has been able to earn Operating Profits of Rs. 1,370m, Operating Profits before Loan Loss Provision of Rs. 1,720m and Net Profits of Rs. 1,752m. NPA management continues to be the top priority of the management. There has been progress on recovery of non-performing loans in the current quarter and hence, it is expected that there will be further increase in the profits of the Bank.

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

Besides NPA management, Bank has adopted the strategy to expand Small and Medium Enterprises (SMEs) Loans, Productive Loans as Agriculture, Energy sectors with effective management of assets and liabilities.

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

There have been no incidents or conditions which may have impact on the Bank's position, profits and 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 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.)	460	Minimum Price (Rs.)	388	Closing Price (Rs.)	406
Total Transaction Days	57	No. of Transactions	10,940		

5. Problems and Challenges:

Internal Problems and Challenges:

- Challenge to manage Operational Risk with the increase in business volume
- Challenge to manage Interest Spread
- Reduction in Operating Expenses
- Management of personnel

External Problems and Challenges:

- Challenges from the Political and Social Environments
- Competition in the Banking Industry specially pricing

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
- Effective risk management, monitoring and controlling on operational risk, market risk and interest rate risk.

6. Corporate Governance

Bank has been meticulously following the laws in force, directions issued by regulatory authorities like Nepal Rastra Bank, Securities Board. Bank has created environment for Compliance Department, Internal Audit Department and Operation Risk Management Department to perform their responsibilities in an independent manner. Risk Management Department, Risk Management Committee, Internal Audit Department and Audit Committee have also been working to mitigate the risks arising from the business activities of the Bank.

7. CEO's declaration regarding truth and fairness

I am responsible 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, the statements are true and fair and any information necessary for investors to take decisions has not been suppressed.