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INTERIM FINANCIAL STATEMENT OF 1ST QUARTER, F.Y. 2083/84

Condensed Consolidated Statement of Financial Position

As on Quarter ended on 31 Ashwin 2083 (17 October 2026)

NPR in '000

Particulars	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Assets				
Cash and Cash Equivalent	9,082,604	8,716,139	9,007,734	8,661,329
Due from Nepal Rastra Bank	57,928,029	14,501,005	57,928,029	14,501,005
Placement with Bank and Financial Institutions	7,506,225	8,114,392	7,506,225	8,114,392
Derivative Financial Instruments	8,818,075	9,040,492	8,818,075	9,040,492
Other Trading Assets	820,104	925,894	195,880	185,315
Loan and Advances to B/FIs	5,776,108	6,947,231	5,776,108	6,947,231
Loan and Advances to Customers	211,130,632	214,546,544	211,130,632	214,546,544
Investment Securities	97,208,195	131,999,386	95,956,276	130,724,421
Current Tax Assets	-	129,527	-	107,578
Investment in Subsidiaries	-	-	795,729	795,729
Investment in Associates	428,321	428,321	471,255	471,255
Investment Property	3,048,545	2,328,821	3,048,545	2,328,821
Property & Equipment	4,601,011	4,669,090	3,756,940	3,823,440
Goodwill and Intangible Assets	250,280	271,447	221,531	242,349
Deferred Tax Assets	1,253,307	1,268,690	1,358,073	1,405,553
Other Assets	11,744,929	10,510,136	11,290,439	10,185,559
Total Assets	**419,596,365**	**414,397,113**	**417,261,470**	**412,081,014**
Liabilities				
Due to Bank and Financial Institutions	5,005,386	5,191,537	5,005,386	5,191,537
Due to Nepal Rastra Bank	-	-	-	-
Derivative Financial Instruments	8,681,598	9,082,102	8,681,598	9,082,102
Deposit from Customer	350,010,819	348,003,201	350,026,841	348,043,138
Borrowings	525,439	728,964	-	-
Current Tax Liabilities	470,516	-	453,640	-
Provisions	105,679	105,679	105,679	105,679
Deferred Tax Liabilities	-	-	-	-
Other Liabilities	12,026,301	9,229,380	11,328,314	8,645,949
Debt Securities Issued	7,843,229	7,843,229	7,843,229	7,843,229
Subordinated Liabilities	-	-	-	-
Total Liabilities	**384,668,968**	**380,184,092**	**383,444,687**	**378,911,634**
Equity				
Share Capital	23,542,490	23,542,490	23,542,490	23,542,490
Share Premium	-	-	-	-
Retained Earnings	(6,522,702)	(6,079,745)	(6,787,703)	(6,318,625)
Reserves	17,339,148	16,214,797	17,061,996	15,945,515
Total Equity Attributable to Equity Holders	**34,358,936**	**33,677,542**	**33,816,783**	**33,169,380**
Non-controlling Interest	568,461	535,479	-	-
Total Equity	**34,927,397**	**34,213,021**	**33,816,783**	**33,169,380**
Total Liabilities and Equity	**419,596,365**	**414,397,113**	**417,261,470**	**412,081,014**

Condensed Consolidated Statement of Profit or Loss

For the Quarter ended on 31 Ashwin 2083 (17 October 2026)

NPR in '000

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest Income	5,245,288	5,245,288	6,461,157	6,461,157	5,245,178	5,245,178	6,459,930	6,459,930
Interest Expenses	2,922,701	2,922,701	3,577,533	3,577,533	2,910,454	2,910,454	3,564,654	3,564,654
Net Interest Income	**2,322,588**	**2,322,588**	**2,883,624**	**2,883,624**	**2,334,725**	**2,334,725**	**2,895,276**	**2,895,276**
Fees and Commission Income	754,882	754,882	815,335	815,335	730,437	730,437	761,846	761,846
Fees and Commission Expenses	46,463	46,463	63,164	63,164	41,938	41,938	57,093	57,093
Net Fees and Commission Income	**708,419**	**708,419**	**752,170**	**752,170**	**688,498**	**688,498**	**704,753**	**704,753**
Net Interest, Fee and Commission Income	**3,031,007**	**3,031,007**	**3,635,795**	**3,635,795**	**3,023,223**	**3,023,223**	**3,600,029**	**3,600,029**
Net Trading Income	193,843	193,843	25,246	25,246	193,338	193,338	128,702	128,702
Other Operating Income	288,639	288,639	103,507	103,507	154,106	154,106	96,409	96,409
Total Operating Income	**3,513,489**	**3,513,489**	**3,764,548**	**3,764,548**	**3,370,667**	**3,370,667**	**3,825,140**	**3,825,140**
Impairment (charge)/reversal for loans and other losses	588,693	588,693	1,003,781	1,003,781	588,693	588,693	1,003,781	1,003,781
Net Operating Income	**2,924,796**	**2,924,796**	**2,760,767**	**2,760,767**	**2,781,974**	**2,781,974**	**2,821,359**	**2,821,359**
Operating Expense								
Personnel Expenses	1,133,206	1,133,206	1,134,566	1,134,566	1,105,448	1,105,448	1,119,132	1,119,132
Other Operating Expense	431,478	431,478	441,404	441,404	421,061	421,061	430,780	430,780
Depreciation & Amortisation	103,536	103,536	101,249	101,249	100,939	100,939	99,362	99,362
Operating Profit	**1,256,577**	**1,256,577**	**1,083,547**	**1,083,547**	**1,154,527**	**1,154,527**	**1,172,085**	**1,172,085**
Non Operating Income	3,452	3,452	550	550	3,452	3,452	550	550
Non Operating Expenses	-	-	290	290	-	-	290	290
Profit Before Income Tax	**1,260,029**	**1,260,029**	**1,083,807**	**1,083,807**	**1,157,979**	**1,157,979**	**1,172,345**	**1,172,345**
Income Tax Expense								
Current Tax	582,672	582,672	685,788	685,788	525,499	525,499	684,998	684,998
Deferred Tax	(3,337)	(3,337)	(71,136)	(71,136)	28,759	28,759	(71,136)	(71,136)
Profit/(loss) for the Period	**680,695**	**680,695**	**469,155**	**469,155**	**603,721**	**603,721**	**558,483**	**558,483**
Condensed Consolidated Statement of Comprehensive Income								
Profit/(loss) for the Period	680,695	680,695	469,155	469,155	603,721	603,721	558,483	558,483
Other Comprehensive Income	43,681	43,681	(192,686)	(192,686)	43,681	43,681	(192,686)	(192,686)
Total Comprehensive Income	**724,376**	**724,376**	**276,469**	**276,469**	**647,402**	**647,402**	**365,797**	**365,797**
Basic Earnings Per Share		11.57		7.97		10.26		9.49
Dituted Earnings Per Share		11.57		7.97		10.26		9.49
Profit Attributable to:								
Equity Holders of the Bank	691,395	691,395	315,863	315,863	647,402	647,402	365,797	365,797
Non-controlling Interest	32,981	32,981	(39,394)	(39,394)	-	-	-	-
Total	**724,376**	**724,376**	**276,469**	**276,469**	**647,402**	**647,402**	**365,797**	**365,797**

Ratios as per NRB Directive

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Capital Fund to RWA		11.83%		13.60%		11.83%		13.60%
Tier 1 Capital to RWA		8.18%		9.86%		8.18%		9.86%
CET 1 Capital to RWA		8.18%		9.86%		8.18%		9.86%
Non-Performing Loan (NPL) to Total Loan		14.80%		5.78%		14.80%		5.78%
Net Non-Performing Loan to Total Loan		5.02%		1.59%		5.02%		1.59%
Total Loan Loss Provision to Total NPL		76.13%		115.71%		76.13%		115.71%
Cost of Funds		3.19%		3.86%		3.19%		3.86%
Average Credit to Deposit Ratio		65.07%		69.46%		65.07%		69.46%
Base Rate		4.95%		5.68%		4.95%		5.68%
Average Base Rate (Three Months)		4.93%		5.83%		4.93%		5.83%
Interest Rate Spread		3.19%		3.28%		3.19%		3.28%
Average Return on Equity (Annualized)		7.21%		5.83%		7.21%		5.83%
Average Return on Assets (Annualized)		0.58%		0.54%		0.58%		0.54%

Notes to Interim Financial Statement

1) Above financials are prepared in accordance with Nepal Financial Reporting Standard (NFRS) including the carve-outs as issued by the Institute of Chartered Accountants of Nepal.
2) These figures are subject to change as per direction from 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 on credit exposure have been measured at higher of amount derived as per NFRS-9 Expected Credit Loss Related Guideline, 2024 issued by NRB and as per NRB Directive number 2 where impairment charges as calculated as per NRB directive number 2 is higher than the impairment charges as calculated under NFRS 9.
5) Interest income has been recognized in accordance with the NFRS 9 Expected Credit Loss Related Guidelines, 2024 (First Amendment), and the Guidance Note on Interest Income Recognition, 2025, issued by NRB. The Bank has assessed the impact of applying the Effective Interest Rate (EIR) method and determined it to be insignificant for the first quarter of FY 2083/84. The Bank will continue to assess its impact in subsequent quarters of FY 2083/84.
6) Loans & Advances are presented net of impairment charges and includes interest accruals net of interest suspense and staff loans.
7) Actuarial valuation for employee benefits is done on annual basis only
8) Personnel Expenses include employee's bonus provision and amortization of prepaid benefit of subsidized staff loan provided as per Employee Bylaws of the Bank.
9) Group represents Prabhu Bank Limited and it's subsidiary, Prabhu Capital Limited and Prabhu Stock Market Limited.
10) Intercompany transactions among the Group have been eliminated in the above statement related to the Group.
11) The detailed interim report has been published in the bank's website www.prabhubank.com.

Statement of distributable profit or loss

For the Quarter ended on 31 Ashwin 2083 (17 October 2026)
(As per NRB Regulations)

NPR in '000

Particulars	Bank	
	Current Year Upto this Quarter (YTD)	Previous Year Corresponding Quarter (YTD)
Net Profit or (Loss) as per Statement of Profit or Loss	**603,721**	**558,483**
Appropriations :		
a. General Reserve	(120,744)	(111,697)
b. Foreign Exchange Fluctuation Fund	(781)	(585)
c. Capital Redemption Reserve	(262,971)	(262,971)
d. Corporate Social Responsibility Fund	(6,037)	(5,585)
e. Employees' Training Fund	-	-
f. Investment Adjustment Reserves	-	-
g. Others	2,797	2,431
Profit or (Loss) before Regulatory Adjustment	**215,984**	**180,076**
Regulatory Adjustment :	-	
a. Interest Receivable (-)/Previous Accrued Interest Received (+)	(382,317)	(652,479)
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 (+)	(358,207)	(12,906)
e. Deferred Tax Assets Recognized (-)/Reversal (+)	47,480	(153,716)
f. Goodwill Recognized (-)/Impairment of Goodwill (+)	7,982	-
g. Bargain Purchase Gain Recognized (-)/Reversal (+)	-	-
h. Actuarial Loss Recognized (-)/Reversal (+)	-	-
i. Other (+/-)	-	-
Net Profit for the Quarter end 32 Ashadh 2083 available for distribution	**(469,078)**	**(639,025)**
Opening Retained Earnings as on Shrawan 1, 2083	(6,318,625)	1,045,108
Adjustment (+/-) :	-	-
Distributions:		
Bonus Share Issued	-	-
Cash Dividend Issued	-	-
Total Distributable Profit or (Loss) as on Quarter end date	**(6,787,703)**	**406,083**
Annualised Distributable Profit/Loss per Share	-	-

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

First Quarter Report of FY 2083/84

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:

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Particulars	Prabhu Capital Ltd.	Prabhu Stock Market Ltd.
Deposits held by Bank	15.82	0.20
Interest Paid	0.00	0.00

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

b) Key Financial Indicators:

Earnings per Share Rs.	10.26	Market Price per Share Rs.	192.80
Price Earnings Ratio	18.80	Return on Total Assets	0.58%
Net Worth per Share Rs.	143.64	Liquidity Ratio	45.42%

2. Managerial Analysis

a) Details relating to the change in the Bank's reserve, income and liquidity in the quarter and its main reason:
During the quarter, the Bank's retained earnings declined primarily due to regulatory adjustments on uncollected accrued interest receivables and non-banking assets. The Bank maintained a relatively higher liquidity position in line with the prevailing liquidity surplus in the Nepalese banking sector, characterized by ample liquidity, subdued credit growth and lower interest rates.

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 against the promoter or director of the Bank.

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.)	208.00	Minimum Price (Rs.)	169.70
Closing Price (Rs.)	192.80	Total Transaction Days	61
No. of Transactions	26,205		

5. Problems and Challenges:

Internal Problems and Challenges:

- Managing and mitigating operational risks arising from the growing digitalization
- 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
- Coping with continuous natural disasters, such as recent flash floods and landslides
- Rising geopolitical tensions and conflict in middle east and other region; disrupting supply chain and impacting pricing volatility of commodity /oil, higher import costs, foreign exchange pressure, causing inflation, slower economic activity, weaker loan demand, and increased credit risk,

Bank's Strategy to mitigate problems and challenges:

- Strengthen operational risk management through enhanced cybersecurity, robust internal controls, regular risk assessments
- Providing trainings to staff to enhance skills and abilities
- Introducing new products and services considering the interest of the customers
- Focusing on alternate delivery channel (services /products) 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.
- Enhance business continuity and disaster preparedness through effective contingency planning, disaster recovery mechanisms, and coordination with relevant authorities to minimize the impact of natural disasters.
- 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.
- Adopt prudent liquidity and foreign exchange management practices, strengthen credit risk assessment and loan monitoring and maintain adequate capital and contingency plans to withstand inflationary and geopolitical shocks.

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, 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.