prabhu bank

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INTERIM FINANCIAL STATEMENT OF 4TH QUARTER, F.Y. 2082/83

Condensed Consolidated Statement of Financial Position

As on Quarter ended on 32 Ashadh 2083 (16 July 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	8,716,027	8,716,775	8,661,329	8,695,200
Due from Nepal Rastra Bank	14,501,005	20,873,856	14,501,005	20,873,856
Placement with Bank and Financial Institutions	8,114,392	282,430	8,114,392	242,430
Derivative Financial Instruments	9,040,492	7,217,243	9,040,492	7,217,243
Other Trading Assets	913,046	890,029	185,315	197,869
Loan and advances to B/FIs	6,947,231	7,829,686	6,947,231	7,829,686
Loan and advances to Customers	214,546,544	225,455,923	214,546,544	225,455,923
Investment Securities	131,982,081	120,769,218	130,724,421	119,483,759
Current Tax Assets	127,711	299,384	113,086	275,618
Investment in Subsidiaries	-	-	795,729	795,729
Investment in Associates	428,321	136,254	471,255	179,188
Investment Property	2,328,821	1,654,263	2,328,821	1,654,263
Property & Equipment	4,668,301	5,123,906	3,823,440	4,292,137
Goodwill and Intangible Assets	271,833	327,030	242,349	298,192
Deferred Tax Assets	1,278,132	750,198	1,406,666	869,217
Other Assets	10,516,073	7,763,441	10,185,559	7,247,916
Total Assets	**414,380,009**	**408,089,635**	**412,087,635**	**405,608,227**
Liabilities				
Due to Bank and Financial Institutions	5,191,537	5,899,651	5,191,537	5,899,651
Due to Nepal Rastra Bank	-	-	-	-
Derivative Financial Instruments	9,082,102	7,224,752	9,082,102	7,224,752
Deposit from customer	348,003,201	342,041,177	348,043,138	342,188,540
Borrowings	728,964	700,731	-	687,750
Current Tax Liabilities	-	-	-	-
Provisions	105,679	105,679	105,679	105,679
Deferred Tax Liabilities	-	-	-	-
Other Liabilities	9,220,686	9,686,039	8,645,949	8,091,718
Debt Securities Issued	7,843,229	7,841,669	7,843,229	7,841,669
Subordinated Liabilities	-	-	-	-
Total Liabilities	**380,175,399**	**373,499,698**	**378,911,634**	**372,039,760**
Equity				
Share Capital	23,542,490	23,542,490	23,542,490	23,542,490
Share Premium	-	-	-	-
Retained Earnings	(6,077,465)	(2,369,316)	(6,313,117)	(2,565,482)
Reserves	16,206,622	12,886,759	15,946,628	12,591,459
Total Equity Attributable to equity holders	**33,671,648**	**34,059,933**	**33,176,001**	**33,568,467**
Non-controlling interest	532,963	530,005	-	-
Total Equity	**34,204,610**	**34,589,938**	**33,176,001**	**33,568,467**
Total Liabilities and equity	**414,380,009**	**408,089,635**	**412,087,635**	**405,608,227**

Condensed Consolidated Statement of Profit or Loss

For the Quarter ended on 32 Ashadh 2083 (16 July 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	5,156,898	21,978,960	4,112,321	23,241,558	5,157,257	21,976,924	4,110,432	23,229,499
Interest Expenses	(3,084,415)	(12,759,035)	(4,018,323)	(16,056,955)	(3,073,399)	(12,711,142)	(3,998,245)	(16,031,635)
Net Interest income	**2,072,484**	**9,219,925**	**93,999**	**7,184,604**	**2,083,858**	**9,265,782**	**112,187**	**7,197,864**
Fees and commission income	643,974	2,521,021	816,843	2,640,161	598,732	2,424,139	751,383	2,461,853
Fees and commission expenses	(42,244)	(214,954)	(211,571)	(285,068)	(51,908)	(206,870)	(191,717)	(249,219)
Net Fees and commission income	**601,730**	**2,306,067**	**605,272**	**2,355,093**	**546,824**	**2,217,269**	**559,665**	**2,212,633**
Net Interest, fee and commission income	**2,674,214**	**11,525,992**	**699,270**	**9,539,696**	**2,630,681**	**11,483,051**	**671,853**	**9,410,498**
Net trading income	(292,652)	645,885	191,590	696,827	100,309	618,572	128,909	542,600
Other operating income	287,410	846,910	165,699	636,664	116,087	569,875	152,822	619,535
Total operating income	**2,668,972**	**13,018,786**	**1,056,559**	**10,873,187**	**2,847,077**	**12,671,499**	**953,583**	**10,572,632**
Impairment (charge)/reversal for loans and other losses	(2,170,905)	(4,944,353)	(1,164,856)	(2,402,868)	(2,170,905)	(4,944,353)	(1,164,856)	(2,402,868)
Net operating income	**498,067**	**8,074,433**	**(108,297)**	**8,470,319**	**676,172**	**7,727,146**	**(211,273)**	**8,169,764**
Operating expense								
Personnel expenses	(966,142)	(4,250,497)	(973,740)	(4,200,392)	(969,957)	(4,172,647)	(952,466)	(4,129,920)
Other operating expense	(22,370)	(1,339,032)	8,156	(1,498,258)	13,186	(1,275,088)	3,077	(1,465,482)
Depreciation & Amortisation	(393,638)	(697,428)	(421,617)	(729,511)	(390,571)	(686,263)	(414,782)	(714,536)
Operating profit	**(884,083)**	**1,787,477**	**(1,495,497)**	**2,042,159**	**(671,170)**	**1,593,147**	**(1,575,444)**	**1,859,826**
Non operating income	1,496	4,233	446	25,038	1,496	4,233	446	25,038
Non operating expenses	(86)	(392)	(783)	(2,691)	(86)	(392)	(783)	(2,691)
Profit before income tax	**(882,673)**	**1,791,318**	**(1,495,835)**	**2,064,505**	**(669,760)**	**1,596,988**	**(1,575,782)**	**1,882,172**
Income tax expense								
Current tax	(758,177)	(2,326,093)	162,291	(1,612,400)	(746,140)	(2,310,871)	169,786	(1,578,784)
Deferred tax	341,110	435,924	395,796	559,479	323,134	472,639	402,262	568,938
Profit/(loss) for the period	**(1,299,740)**	**(98,851)**	**(937,748)**	**1,011,584**	**(1,092,766)**	**(241,243)**	**(1,003,734)**	**872,326**
Condensed Consolidated Statement of Comprehensive Income								
Profit/(loss) for the period	(1,299,740)	(98,851)	(937,748)	1,011,584	(1,092,766)	(241,243)	(1,003,734)	872,326
Other Comprehensive Income	(196,195)	(182,897)	159,881	318,826	(164,521)	(151,223)	(102,517)	56,428
Total Comprehensive Income	**(1,495,935)**	**(281,748)**	**(777,867)**	**1,330,410**	**(1,257,287)**	**(392,466)**	**(1,106,251)**	**928,754**
Basic earnings per share		(0.42)		4.30		(1.02)		3.71
Diluted earnings per share		(0.42)		4.30		(1.02)		3.71
Profit attributable to:								
Equity holders of the Bank	(1,395,905)	(329,461)	(810,673)	1,267,680	(1,257,287)	(392,466)	(1,106,251)	928,754
Non-controlling interest	(100,030)	47,713	32,806	62,730	-	-	-	-
Total	**(1,495,935)**	**(281,748)**	**(777,867)**	**1,330,410**	**(1,257,287)**	**(392,466)**	**(1,106,251)**	**928,754**

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%		12.50%		11.83%		12.50%
Tier 1 Capital to RWA		8.17%		8.83%		8.17%		8.83%
CET 1 Capital to RWA		8.17%		8.83%		8.17%		8.83%
Non-Performing Loan (NPL) to Total Loan		15.55%		7.01%		15.55%		7.01%
Net Non-Performing Loan to Total Loan		6.21%		1.76%		6.21%		1.76%
Total Loan Loss Provision to Total NPL		69.27%		126.65%		69.27%		126.65%
Cost of Funds		3.25%		4.36%		3.25%		4.36%
Average Credit to Deposit Ratio		67.86%		70.78%		67.86%		70.78%
Base Rate		4.99%		6.67%		4.99%		6.67%
Average Base Rate (Three Months)		5.02%		6.66%		5.02%		6.66%
Interest Rate Spread		3.28%		3.73%		3.28%		3.73%
Average Return on Equity (Annualized)		-0.71%		2.60%		-0.71%		2.60%
Average Return on Assets (Annualized)		-0.06%		0.22%		-0.06%		0.22%

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 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 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 Quarter ended 32 Ashadh 2083 (16 July 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	**(241,243)**	**872,326**
Appropriations :		
a. General Reserve	-	(174,465)
b. Foreign Exchange Fluctuation Fund	(7,014)	(3,349)
c. Capital Redemption Reserve	(1,051,885)	(1,051,885)
d. Corporate Social Responsibility Fund	-	(8,723)
e. Employees' Training Fund	(24,697)	(3,297)
f. Investment Adjustment Reserves	-	-
g. Others	5,927	5,109
Profit or (Loss) before Regulatory Adjustment	**(1,318,912)**	**(364,284)**
Regulatory Adjustment :		
a. Interest Receivable (-)/Previous Accrued Interest Received (+)	(1,159,922)	1,520,686
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 (+)	(335,727)	(325,783)
e. Deferred Tax Assets Recognized (-)/Reversal (+)	(820,133)	(78,834)
f. Goodwill Recognized (-)/Impairment of Goodwill (+)	31,926	31,926
g. Bargain Purchase Gain Recognized (-)/Reversal (+)	-	-
h. Actuarial Loss Recognized (-)/Reversal (+)	(144,868)	(323,667)
i. Other (+/-)	-	-
Net Profit for the Quarter end 32 Ashadh 2083 available for distribution	**(3,747,635)**	**460,044**
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 Quarter end date	**(6,313,117)**	**(2,565,482)**
Annualised Distributable Profit/Loss per Share	-	-

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

Fourth 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:

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Particulars	Prabhu Capital Ltd.	Prabhu Stock Market Ltd.
Deposits held by Bank	39.14	0.79
Interest Paid	0.20	0.00

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

b) Key Financial Indicators:

Earnings per Share Rs.	(1.02)	Market Price per Share Rs.	189.60
Price Earnings Ratio	N/A	Return on Total Assets	(0.06%)
Net Worth per Share Rs.	140.92	Liquidity Ratio	43.22%

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 profit and reserves declined primarily due to higher loan loss provisions. 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.)	215.20	Minimum Price (Rs.)	180.00
Closing Price (Rs.)	189.60	Total Transaction Days	64
No. of Transactions	27,142		

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
   - Rising geopolitical tensions between Iran, Israel, and the USA has increased global oil and commodity prices, causing inflation, higher import costs, foreign exchange pressure, reduced remittance inflows, slower economic activity, weaker loan demand, and increased credit risk

   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
   - Focusing on recovery of impaired loans
   - 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.
   - 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.