

Tangal, P.O. Box 21128, Kathmandu, Tel; 01-4443077, SWIFT: KMBLNPKA

Interim Financial Statements of the FY 2077/78

Condensed Consolidated Statement of Financial Position As at First Quarter (16^{th} October 2020) of the Fiscal Year 2020/21

Amount in NPR

	C	aun .	Amount in NPK Bank		
Particulars	This Quarter Ending	oup Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending	
Assets		Tear Ending		Tear Ending	
Cash and Cash Equivalents	10,675,574,491	9,167,710,010	10,661,558,727	9,154,311,271	
Due from Nepal Rastra Bank	4,195,574,505	5,821,520,113	4,195,574,505	5,821,520,113	
Placement with Bank and Financial Institutions	2,435,559,555	852,447,642	2,435,559,555	852,447,642	
Derivative Financial Instruments	8,138,451,604	7,416,210,368	8,138,451,604	7,416,210,368	
Other Trading Assets	-	-	-	-	
Loans and Advances to BFIs	4,868,817,847	3,796,212,739	4,868,817,847	3,796,212,739	
Loans and Advances to Customers	110,325,268,111	110,717,259,568	110,325,268,111	110,717,259,568	
Investment Securities	18,958,442,891	12,948,889,348	18,770,944,541	12,757,707,848	
Current Tax Assets	76,267,491	329,457,856	75,550,846	328,287,861	
Investment in Subsidiaries	-	-	220,000,000	220,000,000	
Investment in Associates	270,629,956	260,684,660	130,063,901	130,063,901	
Investment Property	97,800,444	60,348,333	97,800,444	60,348,333	
Property and Equipment	1,372,077,849	1,389,062,111	1,366,391,912	1,383,658,862	
Goodwill and Intangible Assets	139,845,955	119,049,519	138,884,756	118,027,540	
Deferred Tax Assets	8,648,401	9,891,409	8,758,689	10,001,697	
Other Assets	468,113,117	486,967,994	462,818,545	486,767,826	
Total Assets	162,031,072,219	153,375,711,669	161,896,443,983	153,252,825,569	
Liabilities					
Due to Bank and Financial Institutions	14,030,069,758	7,452,226,327	14,062,860,937	7,475,893,656	
Due to Nepal Rastra Bank	573,315,404	225,355,404	573,315,404	225,355,404	
Derivative Financial Instruments	7,926,126,162	7,369,687,548	7,926,126,162	7,369,687,548	
Deposits from Customers	117,026,017,965	116,547,033,196	117,026,017,965	116,547,033,196	
Borrowings	-	1	-	-	
Current Tax Liabilities	-	1	-	-	
Provisions	-	ı	1	-	
Deferred Tax Liabilities	-	ı	1	-	
Other Liabilities	1,473,417,749	1,466,300,133	1,451,240,395	1,460,369,865	
Debt Securities Issued	3,072,070,133	2,995,116,270	3,072,070,133	2,995,116,270	
Subordinated Liabilities	-	-	-	-	
Total Liabilities	144,101,017,171	136,055,718,878	144,111,630,996	136,073,455,939	
Equity					
Share Capital	12,520,049,469	12,520,049,469	12,520,049,469	12,520,049,469	
Share Premium	-	ı	1	-	
Retained Earnings	1,814,549,298	1,455,561,879	1,670,424,949	1,317,542,681	
Reserves	3,595,456,281	3,344,381,443	3,594,338,569	3,341,777,479	
Total Equity Attributable to Equity Holders	17,930,055,048	17,319,992,791	17,784,812,987	17,179,369,629	
Non Controlling Interest	-	-	-	-	
Total Equity	17,930,055,048	17,319,992,791	17,784,812,987	17,179,369,629	
Total Liabilities and Equity	162,031,072,219	153,375,711,669	161,896,443,983	153,252,825,569	

Condensed Consolidated Statement of Profit or Loss For the First Quarter Ended (16 October 2020) of the Fiscal Year 2020/21

		Group			Bank				
Particulars	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	3,327,685,069	3,327,685,069	2,638,781,580	2,638,781,580	3,325,884,651	3,325,884,651	2,633,603,100	2,633,603,100	
Interest expense	2,010,173,303	2,010,173,303	1,714,743,951	1,714,743,951	2,010,187,755	2,010,187,755	1,715,053,859	1,715,053,859	
Net interest income	1,317,511,766	1,317,511,766	924,037,629	924,037,629	1,315,696,896	1,315,696,896	918,549,241	918,549,241	
Fee and commission income	151,066,843	151,066,843	176,095,823	176,095,823	151,066,843	151,066,843	176,095,823	176,095,823	
Fee and commission expense	5,699,989	5,699,989	9,202,684	9,202,684	5,699,989	5,699,989	9,202,684	9,202,684	
Net fee and commission income	145,366,854	145,366,854	166,893,139	166,893,139	145,366,854	145,366,854	166,893,139	166,893,139	
Net interest, fee and commission Income	1,462,878,620	1,462,878,620	1,090,930,768	1,090,930,768	1,461,063,750	1,461,063,750	1,085,442,380	1,085,442,380	
Net trading income	94,159,446	94,159,446	73,724,796	73,724,796	94,159,446	94,159,446	73,724,796	73,724,796	
Other operating income	62,282,155	62,282,155	28,387,085	28,387,085	47,280,655	47,280,655	19,971,733	19,971,733	
Total operating income	1,619,320,221	1,619,320,221	1,193,042,648	1,193,042,648	1,602,503,850	1,602,503,850	1,179,138,909	1,179,138,909	
Impairment charge/ (reversal) for Loans and other losses	13,475,147	13,475,147	69,556,797	69,556,797	13,475,147	13,475,147	69,556,797	69,556,797	
Net operating income	1,605,845,073	1,605,845,073	1,123,485,852	1,123,485,852	1,589,028,703	1,589,028,703	1,109,582,112	1,109,582,112	
Operating expense	, , ,		· · · · ·				-		
Personnel expenses	465,804,539	465,804,539	347,174,302	347,174,302	463,389,365	463,389,365	346,190,202	346,190,202	
Other operating expenses	197,344,424	197,344,424	161,698,026	161,698,026	195,807,154	195,807,154	161,272,996	161,272,996	
Depreciation & Amortization	69,553,961	69,553,961	35,824,603	35,824,603	69,331,370	69,331,370	35,824,603	35,824,603	
Operating Profit	873,142,150	873,142,150	578,788,921	578,788,921	860,500,815	860,500,815	566,294,311	566,294,311	
Non operating income	515,097	515,097	7,975,736	7,975,736	515,097	515,097	7,975,736	7,975,736	
Non operating expense	-	-	348	348	-	-	348	348	
Profit before income tax	873,657,247	873,657,247	586,764,309	586,764,309	861,015,912	861,015,912	574,269,699	574,269,699	
Income tax expense	259,281,715	259,281,715	173,332,753	173,332,753	258,472,903	258,472,903	172,280,910	172,280,910	
Current Tax	259,281,715	259,281,715	173,332,753	173,332,753	258,472,903	258,472,903	172,280,910	172,280,910	
Deferred Tax	-	-	-		-	-	-	-	
Profit/(loss) for the period	614,375,531	614,375,531	413,431,556	413,431,556	602,543,008	602,543,008	401,988,789	401,988,789	
Condensed Consolidated Statement of Co	mprehensive Income								
Profit/(loss) for the period	614,375,531	614,375,531	413,431,556	413,431,556	602,543,008	602,543,008	401,988,789	401,988,789	
Other Comprehensive Income	2,900,353	2,900,353	(329,157)	(329,157)	2,900,353	2,900,353	(329,157)	(329,157)	
Total Comprehensive Income for the period	617,275,884	617,275,884	413,102,400	413,102,400	605,443,361	605,443,361	401,659,632	401,659,632	
Basic earnings per share		19.63		17.31		19.25		16.83	
Diluted earnings per share		19.63		17.31		19.25		16.83	
Profit attributable to:									
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Non-controlling interest

Statement of Distributable Profit or Loss

Amount in NPR

Net Profit for the period end Ashoj 2077	602,543,008
1. Appropriations	
1.1 Profit required to be appropriated to statutory reserve	
a. General Reserve	(120,508,602)
b. Capital Redemption Reserve	(93,750,000)
c. Exchange Fluctuation Fund	(144,146)
d. Corporate Social Responsibility Fund	(4,784,680)
e. Employees Training Fund	(5,875,860)
f. Other	-
1.2 Profit required to be transfer to Regulatory Reserve	(118,347,449)
a. Transfer to Regulatory Reserve	(122,490,811)
b. Transfer from Regulatory Reserve	4,143,361
Distributable Profit / (Loss)	259,132,271

Ratios as per NRB

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		14.93%		11.57%		14.93%		11.57%
Non-performing loan (NPL) to total loan		1.43%		1.05%		1.43%		1.05%
Total loan loss provision to Total NPL		161.38%		169.39%		161.38%		169.39%
Cost of Funds	6.28%		7.22%		6.28%		7.22%	
Credit to Deposit Ratio	75.31%		79.80%		75.31%		79.80%	
Base Rate	8.40%		10.68%		8.40%		10.68%	
Interest Rate Spread	4.36%		3.75%		4.36%		3.75%	

Notes to the Interim Financial Statements

- 1. Above figures are prepared in accordance with Nepal Financial Reporting Standards, including the carve-outs as issued by the Institute of Chartered Accountants of Nepal; subject to change upon otherwise directions of Statutory Auditor and/or Regulatory Authorities.
- 2. Group represents the Bank and its wholly owned subsidiary Kumari Capital Ltd, KBL Securities Ltd and National Microfinance Bittiya Sanstha Limited, First Microfinance Laghu Bittiya Sanstha Ltd, Mero Microfinance Bittiya Sanstha Ltd, and General Insurance Co. Ltd as Associates.
- 3. The NFRS reporting has been complied by adopting appropriate accounting judgment, those having potential material impact on the financial statements and had made appropriate judgment in making accounting estimates.
- 4. Figures have been regrouped and rearranged wherever necessary.
- Loan and Advances include interest receivables and are presented net of impairment charges, where impairment has been computed as per the norms prescribed by Nepal Rastra Bank.
- 6. Loan Administration Fees that are integral part of effective interest rate (EIR) is treated immaterial and not considered while calculating the Effective Interest Rate
- Personnel Expenses include employment bonus provision calculated at 10 percent of profit and amortization of prepayment amount of subsidized loans provided to the
 employees of the bank.
- 8. Interest income on loans and advances to customers are shown on accrual basis.
- 9. The detail Interim report has been published in the Bank's website www.kumaribank.com

Publication of Information as Required by Securities Registration and Issuance Regulation 2073 (Related to Sub Rule (1) of Rule 26)

1. Major Financial Indicators (annualized fig.)

- 1. Earnings per Share –19.25
- 3. Price Earnings Ratio (P/E ratio) -11.58
- 5. Liquidity Ratio 21.11

- 2. Market Price per Share -Rs.223
- 4. Net Worth per Share Rs.142.05

2. Management Analysis:

- The bank has been continuously pioneering in introducing new products and re-innovating its existing products and services as per the
 market needs
- The bank has been focusing on cost management, diversified investments, technological up gradation, optimum utilization of resources and automation of work.
- The deposits from customers have increased by 0.41% and loans & advances to BFIs and Customers in total have increased by 0.59% in this quarter with reference to the last year.
- The bank has formulated strategic plan to widen the branch network, along with broadening the electronic banking and digitization of the bank transactions. Currently, the bank has branch network of 183 branches all over the country with 12 extension counters; also the bank has currently setup 22 Branchless Banking units (BLBs).

3. Details Regarding Legal Actions

- a. Case filed by or to Kumari Bank Ltd. during the quarter -
 - Apart from the case related to credit recovery in the normal course of business operation, no other cases were file by or to Kumari Bank Ltd. during the quarter.
- b. Case filed by or against the promoter or director of Kumari Bank Ltd. regarding disobedience of prevailing law or commission of criminal offence
 - No such information has been received
- c. Case filed against any Promoter or Director of Kumari Bank Ltd. regarding commission of financial crime -
 - No such information has been received

4. Analysis of Share Transaction of Organized Institutions

a. Management's view on share transactions of Kumari Bank Ltd. at Securities Market: Since the price of the stock is determined by open market operation, the management's view is neutral in this regard. Maximum, minimum and closing price of shares including total transactions and transacted days during the quarter
 Max. Price - Rs. 240 Min. Price - Rs. 180 Closing Price - Rs. 223 Total no. of Transactions - 22,342 Transacted Day - 64 days

5. Problems and Challenges

Internal

- a. Attaining reasonable level of cost of operation.
- b. Retention of qualified and trained human resources.
- c. Improving operational efficiencies to minimize inherent risks.

External

- a. Improving overhead efficiency.
- b. Intense competition from banks and financial institutions with increasing capital and thereby business capacity.
- c. High cost deposits. Challenge to pass on cost growth to revenue stream.
- d. Coronavirus (COVID-19) outbreak causing widespread concern and economic hardship for consumers, businesses and communities across the globe and thereby affecting overall business of banking.

Strategy to Overcome Problems & Challenges

- a. Continually renovating and diversifying the product & services to meet the changing need of the customers.
- b. Utilizing the assets in as much as high yield and low risk investment sector.
- c. Proper Risk Management on operational, market, business and other risk segments.
- d. Better cost management practices with high focus on operational efficiency through innovation and process reengineering.
- e. Understanding the expectations and motivating factors of employees in order to retain them; providing intense training for enhancement of skills and knowledge.
- f. Re-pricing of its interest sensitive assets and liabilities as per liquidity position of the market.
- g. Digitalization of banking systems, stimulating and educating employees working on online platforms to make every banking service available online.

6. Corporate Governance

In order to increase the standard of corporate governance, following actions has been initiated by the bank:

- a. The Board of Directors of the bank is the top most body responsible and accountable to ensure that the bank has embraced superior standard of corporate governance. Further, various sub-committees of the Board including the Audit Committee, continuously review the activities of various areas of the Bank and provide direction and support where necessary.
- b. Clear demarcation has been made in the Bank between various conflicting areas of the Bank like Credit, Risk and Operations, with each unit being headed by senior personnel directly accountable to the CEO.
- c. Management Committee chaired by the CEO and comprising of heads of key units of the bank, meets on a regular basis to assess the performance of the Bank and take key decisions. Similarly, committees like Asset Liability Committee, Risk Management Committee, and Recovery Committee etc meet at regular intervals to critically review performance and initiate proactive actions.

7. Particulars relating to Annexure – 16 of Securities Registration and Issuance Regulation, 2073

No such particulars/ transactions have been identified as per the Securities and Issuance Regulation, 2073 during the interim period as on Asoj end 2077.

8. Declaration by CEO

I hereby declare that the data and information provided in this report is true, complete, and factual to the extent of my knowledge. No attempt has been made to misguide the investors. I personally take the responsibility and accountability regarding the truthfulness of the information provided in the report as of quarter end.