

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

# **Interim Financial Statements of the FY 2076/77**

# Condensed Consolidated Statement of Financial Position As at Second Quarter (14 January 2020) of the Fiscal Year 2019/20

Amount in NPR

	Gro	oup	Bank			
Particulars Particulars	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending		
Assets						
Cash and Cash Equivalents	8,190,452,097	8,823,890,014	8,179,599,918	8,821,135,632		
Due from Nepal Rastra Bank	4,236,160,520	3,580,514,349	4,236,160,520	3,580,514,349		
Placement with Bank and Financial Institutions	602,645,759	384,382,797	602,645,759	384,382,797		
Derivative Financial Instruments	5,713,485,975	5,858,648,394	5,713,485,975	5,858,648,394		
Other Trading Assets	-	-	-	-		
Loans and Advances to BFIs	3,515,444,496	3,035,403,974	3,515,444,496	3,035,403,974		
Loans and Advances to Customers	80,925,265,576	73,017,913,052	80,925,265,576	73,017,913,052		
Investment Securities	9,903,125,002	9,301,568,177	9,718,625,002	9,121,568,177		
Current Tax Assets	50,518,788	63,985,694	50,635,938	63,985,694		
Investment in Subsidiaries	-	-	200,000,000	200,000,000		
Investment in Associates	81,698,424	65,198,592	20,000,000	20,000,000		
Investment Property	25,528,354	88,422,015	25,528,354	88,422,015		
Property and Equipment	787,036,767	662,104,656	784,613,559	662,104,656		
Goodwill and Intangible Assets	99,411,331	97,393,609	98,228,243	97,393,609		
Deferred Tax Assets	75,449,758	77,789,908	75,449,758	77,789,908		
Other Assets	641,126,177	286,947,574	640,708,825	284,981,292		
Total Assets	114,847,349,024	105,344,162,806	114,786,391,924	105,314,243,549		
Liabilities						
Due to Bank and Financial Institutions	13,583,340,297	12,146,455,539	13,594,283,859	12,168,482,092		
Due to Nepal Rastra Bank	1,123,391,813	1,433,248,037	1,123,391,813	1,433,248,037		
Derivative Financial Instruments	5,631,401,207	5,715,359,938	5,631,401,207	5,715,359,938		
Deposits from Customers	80,675,255,880	73,201,143,766	80,675,255,880	73,201,143,766		
Borrowings	-	-	-	-		
Current Tax Liabilities	-	-	-	-		
Provisions	364,125	2,231,750	364,125	2,231,750		
Deferred Tax Liabilities	-	-	-	-		
Other Liabilities	1,284,419,464	1,073,982,001	1,279,851,220	1,071,934,043		
Debt Securities Issued	-	-	-	-		
Subordinated Liabilities	-	-	-	-		
Total Liabilities	102,298,172,786	93,572,421,033	102,304,548,103	93,592,399,626		
Equity						
Share Capital	9,554,130,440	8,685,573,112	9,554,130,440	8,685,573,112		
Share Premium	-	54,803,159	-	54,803,159		
Retained Earnings	750,157,835	936,354,881	682,825,417	886,457,030		
Reserves	2,244,887,963	2,095,010,622	2,244,887,963	2,095,010,622		
Total Equity Attributable to Equity Holders	12,549,176,238	11,771,741,774	12,481,843,821	11,721,843,923		
Non Controlling Interest	-	-	-	-		
Total Equity	12,549,176,238	11,771,741,774	12,481,843,821	11,721,843,923		
Total Liabilities and Equity	114,847,349,024	105,344,162,806	114,786,391,924	105,314,243,549		

# Condensed Consolidated Statement of Profit or Loss For the Second Quarter Ended (14 January 2020) of the Fiscal Year 2019/20

Amount in NPR

	Group				Bank			
Particulars	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to this Quarter (YTD)
Interest income	2,573,502,549	5,212,284,130	2,180,904,583	4,429,155,713	2,568,526,915	5,202,130,015	2,180,290,257	4,428,078,420
Interest expense	1,663,982,564	3,378,726,514	1,480,873,067	2,910,969,743	1,664,133,991	3,379,187,850	1,480,873,067	2,910,969,743
Net interest income	909,519,986	1,833,557,615	700,031,516	1,518,185,970	904,392,924	1,822,942,165	699,417,190	1,517,108,677
Fee and commission income	159,061,860	335,157,683	101,831,456	227,936,889	159,061,860	335,157,683	101,831,456	227,936,889
Fee and commission expense	9,339,902	18,542,586	9,883,350	15,482,062	9,689,902	18,892,586	9,883,350	15,482,062
Net fee and commission income	149,721,958	316,615,097	91,948,106	212,454,826	149,371,958	316,265,097	91,948,106	212,454,826
Net interest, fee and commission Income	1,059,241,944	2,150,172,712	791,979,622	1,730,640,796	1,053,764,882	2,139,207,262	791,365,296	1,729,563,503
Net trading income	63,642,689	137,367,484	72,179,508	127,856,125	63,642,689	137,367,484	72,179,508	127,856,125
Other operating income	29,583,758	57,970,843	10,502,102	14,203,376	20,678,580	40,650,313	13,056,407	14,192,664
Total operating income	1,152,468,391	2,345,511,039	874,661,232	1,872,700,298	1,138,086,151	2,317,225,060	876,601,210	1,871,612,292
Impairment charge/ (reversal) for Loans and other losses	61,422,692	130,979,488	31,454,387	169,759,102	61,422,692	130,979,488	31,454,387	169,759,102
Net operating income	1,091,045,699	2,214,531,551	843,206,845	1,702,941,196	1,076,663,459	2,186,245,571	845,146,823	1,701,853,191
Operating expense							-	
Personnel expenses	274,219,395	621,393,697	238,066,923	463,086,443	273,015,358	619,205,560	227,467,542	461,962,843
Other operating expenses	195,538,133	357,236,159	123,701,094	219,844,650	195,161,998	356,434,994	122,401,094	218,544,650
Depreciation & Amortization	40,910,393	76,734,996	29,225,834	55,282,469	40,698,346	76,522,949	29,225,834	55,282,469
Operating Profit	580,377,778	1,159,166,699	452,212,993	964,727,633	567,787,758	1,134,082,068	466,052,353	966,063,228
Non operating income	3,671,814	11,647,550	6,153,600	11,448,000	5,171,814	13,147,550	(2,565,013)	-
Non operating expense	70,019	70,367	-	-	70,019	70,367	-	-
Profit before income tax	583,979,573	1,170,743,882	458,366,593	976,175,633	572,889,553	1,147,159,251	463,487,341	966,063,228
Income tax expense	172,965,086	346,297,839	137,509,979	292,852,690	171,866,866	344,147,775	139,046,202	289,818,969
Current Tax	172,965,086	346,297,839	137,509,979	292,852,690	171,866,866	344,147,775	139,046,202	289,818,969
Deferred Tax	-	-	-		-	-	-	
Profit/(loss) for the period	411,014,486	824,446,043	320,856,614	683,322,943	401,022,687	803,011,476	324,441,139	676,244,260
Condensed Consolidated Statement of Cor	nnrahansiya Incoma							
Profit/(loss) for the period	411,014,486	824,446,043	320,856,618	683,322,943	401,022,687	803,011,476	324,441,139	676,244,260
Other Comprehensive Income	14,506,516	5,460,349	(10,598,028)	(9,442,984)	14,506,516	5,460,349	(10,598,028)	(9,442,984)
Total Comprehensive Income for the period	425,521,002	829,906,392	310,258,591	673,879,959	415,529,203	808,471,825	313,843,111	666,801,276
Town comprehensive meaning on the period	, ,	, ,	, ,	, ,	, ,	, ,	, ,	, ,
Basic earnings per share		17.26		15.73		16.81		15.57
Diluted earnings per share		17.26		15.73		16.81		15.57
Profit attributable to:								
Equity holders of the Bank	425,521,002	829,906,392	310,258,591	673,879,959	415,529,203	808,471,825	313,843,111	666,801,276
Non-controlling interest	-	-		-	-	-		-

# **Statement of Distributable Profit or Loss**

Amount in NPR

Net Profit for the period end Poush 2076	803,011,476
1. Appropriations	
1.1 Profit required to be appropriated to statutory reserve	
a. General Reserve	(160,602,295)
b. Capital Redemption Reserve	-
c. Exchange Fluctuation Fund	(2,917,380)
d. Corporate Social Responsibility Fund	(3,013,653)
e. Employees Training Fund	-
f. Other	-
1.2 Profit required to be transfer to Regulatory Reserve	22,116,335
a. Transfer to Regulatory Reserve	22,116,335
b. Transfer from Regulatory Reserve	
Distributable Profit / (Loss)	658,594,483

# Ratios as per NRB

Particulars	Group				Bank				
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding		
	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to this Quarter (YTD)	
Capital fund to RWA		11.52%		12.81%		11.52%		12.81%	
Non-performing loan (NPL) to total loan		1.04%		1.22%		1.04%		1.22%	
Total loan loss provision to Total NPL		169.34%		150.34%		169.34%		150.34%	
Cost of Funds	7.50%		8.12%		7.50%		8.12%	-	
Credit to Deposit Ratio	78.61%		78.07%		78.61%		78.07%	-	
Base Rate	10.45%		11.55%		10.45%		11.55%	-	
Interest Rate Spread	4.37%		3.38%		4.37%		3.38%	-	

### **Notes to the Interim Financial Statements**

- 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 on 20th September 2018; 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 Limited and an Associate National Microfinance Bittiya Sanstha Limited.
- 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.
- 5. Loan and Advances include interest receivables and are presented net of impairment charges.
- 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
- 7. 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 –16.76
- 3. Price Earnings Ratio (P/E ratio) -11.30
- 5. Liquidity Ratio 21.13

- 2. Market Price per Share Rs.190
- 4. Net Worth per Share Rs.130.64

#### 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 10.21% and loans & advances to BFIs and Customers in total have increased by 11.08% 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 120 branches all over the country with 6 extension counters; also the bank has currently setup 19 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
- 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.
- b. Maximum, minimum and closing price of shares including total transactions and transacted days during the quarter
- Max. Price Rs. 196 Min. Price Rs. 190 Closing Price Rs. 190 Total no. of Transactions 4,136 Transacted Day 59 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.

#### **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.
- 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.

### 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

Kumari Bank Limited had issued 10.25% KBL Debenture, 2086 of NPR 3 Billion; where issue was opened on 14th Poush 2076.

### 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.