

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

## **Interim Financial Statements of the FY 2075/76**

# Condensed Consolidated Statement of Financial Position As at Fourth Quarter (16 July 2019) of the Fiscal Year 2018/19

Amount in NPR

	Gre	nun	Bank		
Particulars	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending	
Assets		J		· ·	
Cash and Cash Equivalents	8,823,890,014	3,780,643,820	8,821,135,632	3,780,643,820	
Due from Nepal Rastra Bank	3,580,514,349	5,582,760,819	3,580,514,349	5,582,760,819	
Placement with Bank and Financial Institutions	384,382,797	714,095,685	384,382,797	714,095,685	
Derivative Financial Instruments	143,288,455	i	143,288,455	-	
Other Trading Assets	-	-	-	-	
Loans and Advances to BFIs	3,066,054,519	1,778,934,583	3,066,054,519	1,778,934,583	
Loans and Advances to Customers	73,120,310,169	60,596,575,817	73,120,310,169	60,596,575,817	
Investment Securities	9,301,568,177	8,802,903,890	9,121,568,177	8,802,903,890	
Current Tax Assets	16,114,389	113,783,100	16,114,389	113,783,100	
Investment in Subsidiaries	-	i	200,000,000	200,000,000	
Investment in Associates	68,240,600	44,567,797	20,000,000	20,000,000	
Investment Property	88,422,015	134,171,003	88,422,015	134,171,003	
Property and Equipment	661,726,420	434,304,421	661,726,420	434,304,421	
Goodwill and Intangible Assets	97,393,607	110,453,429	97,393,607	110,453,429	
Deferred Tax Assets	47,804,087	-	47,804,087	-	
Other Assets	889,934,146	454,639,100	887,967,863	454,924,100	
Total Assets	100,289,643,743	82,547,833,464	100,256,682,479	82,723,550,667	
Liabilities					
Due to Bank and Financial Institutions	12,146,455,539	9,904,187,331	12,168,482,092	10,104,187,331	
Due to Nepal Rastra Bank	1,433,248,037	539,557,578	1,433,248,037	539,557,578	
Derivative Financial Instruments	-	6,111,249	-	6,111,249	
Deposits from Customers	73,201,353,705	59,546,335,519	73,201,353,705	59,546,335,519	
Borrowings	-	1	-	-	
Current Tax Liabilities	-	1	-	-	
Provisions	2,231,750	2,231,750	2,231,750	2,231,750	
Deferred Tax Liabilities	-	20,755,147	1	20,755,147	
Other Liabilities	1,585,598,313	1,963,702,048	1,583,823,271	1,963,673,797	
Debt Securities Issued	-	-	-	-	
Subordinated Liabilities	-	-	-	-	
Total Liabilities	88,368,887,344	71,982,880,622	88,389,138,853	72,182,852,371	
Equity					
Share Capital	8,685,573,112	7,163,394,973	8,685,573,112	7,163,394,973	
Share Premium	54,803,159	54,803,159	54,803,159	54,803,159	
Retained Earnings	1,030,669,117	1,551,893,608	977,456,343	1,527,639,061	
Reserves	2,149,711,011	1,794,861,101	2,149,711,011	1,794,861,101	
Total Equity Attributable to Equity Holders	11,920,756,400	10,564,952,842	11,867,543,626	10,540,698,296	
Non Controlling Interest	-	-	-	-	
Total Equity	11,920,756,400	10,564,952,842	11,867,543,626	10,540,698,296	
Total Liabilities and Equity	100,289,643,743	82,547,833,464	100,256,682,479	82,723,550,667	

# Condensed Consolidated Statement of Profit or Loss For the Fourth Quarter Ended (16 July 2019) of the Fiscal Year 2018/19

Amount in NPR

	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	2,487,901,552	9,222,801,377	2,068,916,088	6,804,011,381	2,484,232,500	9,217,980,501	2,068,916,088	6,804,011,381	
Interest expense	1,694,248,122	6,194,931,873	1,426,083,719	4,771,333,239	1,697,840,378	6,198,524,129	1,426,083,719	4,771,333,239	
Net interest income	793,653,430	3,027,869,504	642,832,370	2,032,678,141	786,392,122	3,019,456,372	642,832,370	2,032,678,141	
Fee and commission income	131,334,586	454,875,235	146,497,902	396,815,439	131,334,586	454,875,235	146,497,902	396,815,439	
Fee and commission expense	12,330,153	31,866,063	13,874,648	27,322,461	12,330,153	31,866,063	13,874,648	27,322,461	
Net fee and commission income	119,004,433	423,009,172	132,623,254	369,492,978	119,004,433	423,009,172	132,623,254	369,492,978	
Net interest, fee and commission Income	912,657,863	3,450,878,676	775,455,624	2,402,171,119	905,396,556	3,442,465,544	775,455,624	2,402,171,119	
Net trading income	44,878,858	258,904,627	31,787,895	148,951,414	44,878,858	258,904,627	31,787,895	148,951,414	
Other operating income	79,510,417	92,724,047	59,660,059	100,163,792	79,510,417	92,713,335	51,617,084	92,120,818	
Total operating income	1,037,047,138	3,802,507,350	866,903,577	2,651,286,325	1,029,785,830	3,794,083,506	858,860,603	2,643,243,351	
Impairment charge/ (reversal) for Loans and other losses	(24,305,257)	212,086,554	86,721,300	31,946,183	(24,305,257)	212,086,554	86,721,300	31,946,183	
Net operating income	1,061,352,395	3,590,420,796	780,182,278	2,619,340,142	1,054,091,088	3,581,996,952	772,139,304	2,611,297,167	
Operating expense							-		
PersonneI expenses	369,247,782	1,013,327,288	285,282,747	801,840,723	370,796,393	1,013,301,865	285,282,747	801,840,723	
Other operating expenses	152,379,017	525,173,079	134,662,197	381,230,622	152,307,072	523,801,134	134,348,947	380,917,372	
Depreciation & Amortization	34,824,700	120,098,121	24,701,775	79,214,269	34,824,700	120,098,121	24,701,775	79,214,269	
Operating Profit	504,900,897	1,931,822,308	335,535,559	1,357,054,527	496,162,923	1,924,795,832	327,805,835	1,349,324,803	
Non operating income	(13,730,696)	11,842,000	28,820,708	59,185,879	2,147,108	11,842,000	2,206,885	32,572,057	
Non operating expense	1,029,812	1,029,812	-	-	1,029,812	1,029,812	-	-	
Profit before income tax	490,140,389	1,942,634,496	364,356,267	1,416,240,406	497,280,219	1,935,608,020	330,012,720	1,381,896,860	
Income tax expense	164,014,238	603,302,782	24,438,914	340,004,156	166,523,077	601,561,729	24,438,914	340,004,156	
Current Tax	229,487,344	668,775,889	95,985,133	411,550,374	231,996,183	667,034,836	95,985,133	411,550,374	
Deferred Tax	(65,473,107)	(65,473,107)	(71,546,219)	(71,546,219)	(65,473,107)	(65,473,107)	(71,546,219)	(71,546,219)	
Profit/(loss) for the period	326,126,152	1,339,331,714	339,917,353	1,076,236,251	330,757,142	1,334,046,290	305,573,806	1,041,892,704	
Profit/(loss) for the period  Condensed Consolidated Statement of Con	nprehensive Income	, , , , ,	, ,	, , ,	, ,	, , ,	, ,		
Profit/(loss) for the period	326,126,152	1,339,331,714	339,917,353	1,076,236,251	330,757,142	1,334,046,290	305,573,806	1,041,892,70	
Other Comprehensive Income	1,845,205	(7,200,962)	13,219,419	(8,878,818)	1,845,205	(7,200,962)	13,219,419	(8,878,818)	
Total Comprehensive Income for the period	327,971,356	1,332,130,752	353,136,772	1,067,357,433	332,602,347	1,326,845,328	318,793,225	1,033,013,886	
Basic earnings per share		15.42		15.02		15.36		14.54	
Diluted earnings per share		15.42		15.02		15.36		14.54	

353,136,772

1,067,357,433

332,602,347

1,326,845,328

318,793,225

1,033,013,886

Profit attributable to:

Equity holders of the Bank Non-controlling interest 327,971,356

1,332,130,752

# **Statement of Distributable Profit or Loss**

Amount in NPR

Net Profit for the period end Ashad 2076 quarter	1,334,046,290
1. Appropriations	
1.1 Profit required to be appropriated to statutory reserve	
a. General Reserve	(266,809,258)
b. Capital Redemption Reserve	-
c. Exchange Fluctuation Fund	(5,498,558)
d. Corporate Social Responsibility Fund	(207,682)
e. Employees Training Fund	2,516,200
f. Other	(10,000,000)
1.2 Profit required to be transfer to Regulatory Reserve	
a. Transfer to Regulatory Reserve	
b. Transfer from Regulatory Reserve	(86,950,249)
Distributable Profit / (Loss)	967,096,744

# 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		12.07%		13.93%		12.07%		13.93%
Non-performing loan (NPL) to total loan		0.97%		1.01%		0.97%		1.01%
Total loan loss provision to Total NPL		182.22%		177.12%		182.22%		177.12%
Cost of Funds	8.35%		8.25%		8.35%		8.25%	-
Credit to Deposit Ratio	78.32%		76.54%		78.32%		76.54%	-
Base Rate	10.82%		11.60%		10.82%		11.60%	-
Interest Rate Spread	3.54%		3.37%		3.54%	-	3.37%	-

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

- 1. Above figures are prepared in accordance with Nepal Financial Reporting Standards 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.
- Figures have been regrouped and rearranged wherever necessary.
- 5. Loan and Advances include interest receivables and are presented net of impairment charges.
- 6. 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.
- 7. Interest income on loans and advances to customers are shown on accrual basis
- 8. 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 –15.36
- 3. Price Earnings Ratio (P/E ratio) –14.32
- 5. Liquidity Ratio 23.17

- 2. Market Price per Share Rs.220
- 4. Net Worth per Share Rs.137

#### 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 22.93% and loans & advances to BFIs and Customers in total have increased by 22.14% in this quarter with reference to the last year corresponding quarter end.
- 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 99 branches all over the country with 3 extension counters; also the bank has currently setup 3 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.
- b. Maximum, minimum and closing price of shares including total transactions and transacted days during the quarter
  - Max. Price Rs. 269 Min. Price Rs. 208 Closing Price Rs. 220 Total no. of Transactions 7502 Transacted Day 64 days

### 5. Problems and Challenges

#### Internal

- 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. Re-pricing of its interest sensitive assets and liabilities as per liquidity position of the market.
- d. Understanding the expectations and motivating factors of employees in order to retain them; providing intense training for enhancement of skills and knowledge.
- e. Proper Risk Management on operational, market, business and other risk segments.
- f. Better cost management practices with high focus on operational efficiency through innovation and process reengineering.

#### **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

In the current quarter the AGM of the bank for the FY 2073-74 and 2074-75 conducted on 26<sup>th</sup> Baisakh 2076, and election for BOD held on 31<sup>st</sup> Jestha 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.