

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 Third Quarter (12 April 2020) of the Fiscal Year 2019/20

Amount in NPR

	C		Amount in NPR			
Particulars	Gre	Immediate Previous		Bank This Court For Immediate Previous		
	This Quarter Ending	Year Ending	This Quarter Ending	Year Ending		
Assets	7.025.204.522	8,823,890,014	7,016,049,819	8,821,135,632		
Cash and Cash Equivalents	7,025,294,532					
Due from Nepal Rastra Bank	3,841,434,829	3,580,514,349	3,841,434,829	3,580,514,349		
Placement with Bank and Financial Institutions	2,073,145,784	384,382,797	2,073,145,784	384,382,797		
Derivative Financial Instruments	5,391,383,280	5,858,648,394	5,391,383,280	5,858,648,394		
Other Trading Assets	-	-	-	-		
Loans and Advances to BFIs	3,051,707,556	3,035,403,974	3,051,707,556	3,035,403,974		
Loans and Advances to Customers	89,705,014,570	73,017,913,052	89,705,014,570	73,017,913,052		
Investment Securities	11,688,522,669	9,301,568,177	11,497,491,169	9,121,568,177		
Current Tax Assets	-	63,985,694	-	63,985,694		
Investment in Subsidiaries	-	-	200,000,000	200,000,000		
Investment in Associates	73,599,392	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	901,718,213	662,104,656	899,110,051	662,104,656		
Goodwill and Intangible Assets	94,896,418	97,393,609	93,813,659	97,393,609		
Deferred Tax Assets	83,195,758	77,789,908	83,195,758	77,789,908		
Other Assets	460,464,052	286,947,574	458,692,098	284,981,292		
Total Assets	124,415,905,407	105,344,162,806	124,356,566,928	105,314,243,549		
Liabilities						
	14,636,876,106	12,146,455,539	14,644,942,743	12,168,482,092		
Due to Bank and Financial Institutions	661,676,721	1,433,248,037	661,676,721	1,433,248,037		
Due to Nepal Rastra Bank	5,670,066,158	5,715,359,938	5,670,066,158	5,715,359,938		
Derivative Financial Instruments	85,506,709,997	73,201,143,766	85,506,709,997	73,201,143,766		
Deposits from Customers	83,300,709,997	73,201,143,700	63,300,709,997	73,201,143,700		
Borrowings	100 205 015	-	00.012.272	-		
Current Tax Liabilities	100,205,915	2 221 750	99,812,273	2 221 750		
Provisions	364,125	2,231,750	364,125	2,231,750		
Deferred Tax Liabilities	-	-	-	- 4 054 024 042		
Other Liabilities	2,109,018,435	1,073,982,000	2,104,020,057	1,071,934,043		
Debt Securities Issued	2,995,502,761	-	2,995,502,761	-		
Subordinated Liabilities	-	-	-	-		
Total Liabilities	111,680,420,218	93,572,421,032	111,683,094,834	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	131,305,438	936,354,881	69,292,342	886,457,030		
Reserves	3,050,049,312	2,095,010,622	3,050,049,312	2,095,010,622		
Total Equity Attributable to Equity Holders	12,735,485,189	11,771,741,774	12,673,472,093	11,721,843,923		
Non Controlling Interest	-	-	-	-		
Total Equity	12,735,485,189	11,771,741,774	12,673,472,093	11,721,843,923		
Total Liabilities and Equity	124,415,905,407	105,344,162,806	124,356,566,928	105,314,243,549		

Condensed Consolidated Statement of Profit or Loss For the Third Quarter Ended (12 April 2020) of the Fiscal Year 2019/20

Amount in NPR

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	2,710,886,991	7,923,171,120	2,305,744,112	6,734,899,825	2,705,783,130	7,907,913,145	2,305,669,581	6,733,748,001	
Interest expense	1,775,951,286	5,154,677,800	1,589,714,008	4,500,683,751	1,776,040,868	5,155,228,718	1,589,714,008	4,500,683,751	
Net interest income	934,935,705	2,768,493,320	716,030,104	2,234,216,074	929,742,262	2,752,684,426	715,955,573	2,233,064,249	
Fee and commission income	98,311,380	433,469,063	95,603,760	323,540,649	98,311,380	433,469,063	95,603,760	323,540,649	
Fee and commission expense	7,773,037	26,315,623	4,053,848	19,535,910	7,423,037	26,315,623	4,053,848	19,535,910	
Net fee and commission income	90,538,343	407,153,440	91,549,912	304,004,739	90,888,343	407,153,440	91,549,912	304,004,739	
Net interest, fee and commission Income	1,025,474,048	3,175,646,760	807,580,017	2,538,220,813	1,020,630,605	3,159,837,866	807,505,485	2,537,068,988	
Net trading income	97,758,485	235,125,969	86,169,643	214,025,769	97,758,485	235,125,969	86,169,643	214,025,769	
Other operating income	28,393,157	86,364,000	(989,746)	13,213,631	34,809,957	75,460,271	(989,746)	13,202,918	
Total operating income	1,151,625,690	3,497,136,729	892,759,914	2,765,460,212	1,153,199,047	3,470,424,107	892,685,383	2,764,297,676	
Impairment charge/ (reversal) for Loans and other losses	50,790,996	181,770,484	66,632,710	236,391,811	50,790,996	181,770,484	66,632,710	236,391,811	
Net operating income	1,100,834,694	3,315,366,245	826,127,205	2,529,068,401	1,102,408,051	3,288,653,622	826,052,673	2,527,905,864	
Operating expense							-		
Personnel expenses	507,466,662	1,128,860,360	180,993,063	644,079,506	504,441,932	1,123,647,492	180,542,630	642,505,472	
Other operating expenses	195,177,812	552,413,971	152,949,412	372,794,062	194,558,808	550,993,802	152,949,412	371,494,062	
Depreciation & Amortization	48,371,183	125,106,179	29,990,952	85,273,421	48,583,230	125,106,179	29,990,952	85,273,421	
Operating Profit	349,819,037	1,508,985,735	462,193,778	1,426,921,412	354,824,081	1,488,906,150	462,569,680	1,428,632,909	
Non operating income	9,476,139	21,123,689	14,124,696	25,572,696	7,976,139	21,123,689	9,694,892	9,694,892	
Non operating expense	314,579	384,946	-	-	314,579	384,946	-	-	
Profit before income tax	358,980,597	1,529,724,478	476,318,474	1,452,494,107	362,485,641	1,509,644,893	472,264,573	1,438,327,801	
Income tax expense	153,974,674	500,272,513	146,435,854	439,288,544	152,783,369	496,931,145	145,219,684	435,038,653	
Current Tax	153,974,674	500,272,513	146,435,854	439,288,544	152,783,369	496,931,145	145,219,684	435,038,653	
Deferred Tax	-	-	-	-	-	-	-		
Profit/(loss) for the period	205,005,923	1,029,451,966	329,882,620	1,013,205,563	209,702,272	1,012,713,748	327,044,889	1,003,289,148	
Condensed Consolidated Statement of Cor	mprehensive Income								
Profit/(loss) for the period	205,005,923	1,029,451,966	329,882,620	1,013,205,563	209,702,272	1,012,713,748	327,044,889	1,003,289,148	
Other Comprehensive Income	(18,074,000)	(12,613,651)	396,817	(9,046,167)	(18,074,000)	(12,613,651)	396,817	(9,046,167)	
Total Comprehensive Income for the period	186,931,923	1,016,838,315	330,279,437	1,004,159,396	191,628,272	1,000,100,097	327,441,706	994,242,982	
Basic earnings per share		14.37		15.55		14.13		15.40	
Diluted earnings per share		14.37		15.55		14.13		15.40	
Profit attributable to:									
Equity holders of the Bank	186,931,923	1,016,838,315	330,279,437	1,004,159,396	191,628,272	1,000,100,097	327,441,706	994,242,982	
Non-controlling interest	-	_		-	_				

Statement of Distributable Profit or Loss

Amount in NPR

Net Profit for the period end Chaitra 2076	1,012,713,748
1. Appropriations	
1.1 Profit required to be appropriated to statutory reserve	
a. General Reserve	(202,542,750)
b. Capital Redemption Reserve	-
c. Exchange Fluctuation Fund	(5,813,554)
d. Corporate Social Responsibility Fund	5,308,299
e. Employees Training Fund	-
f. Other	-
1.2 Profit required to be transfer to Regulatory Reserve	(764,604,336)
a. Transfer to Regulatory Reserve	(764,604,336)
b. Transfer from Regulatory Reserve	
Distributable Profit / (Loss)	45,061,407

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		13.06%		12.73%		13.06%		12.73%
Non-performing loan (NPL) to total loan		0.98%		1.41%		0.98%		1.41%
Total loan loss provision to Total NPL		172.29%		133.57%		172.29%		133.57%
Cost of Funds	7.56%		8.29%		7.56%		8.29%	-
Credit to Deposit Ratio	79.80%		78.59%		79.80%		78.59%	-
Base Rate	10.65%		11.02%		10.65%		11.02%	-
Interest Rate Spread	4.65%		3.61%		4.65%		3.61%	-

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 –14.13
- 3. Price Earnings Ratio (P/E ratio) –12.52
- 5. Liquidity Ratio 20.03

- 2. Market Price per Share –Rs.177
- 4. Net Worth per Share Rs.132.65

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 16.81% and loans & advances to BFIs and Customers in total have increased by 21.96% 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 126 branches all over the country with 6 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.
- 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. 240Min. Price Rs. 172Closing Price Rs. 177 Total no. of Transactions 11,430Transacted Day 46 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.
- 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.

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

- a. Bank had issued and subscribed 10.25% KBL Debenture, 2086 of NPR 3 Billion.
- b. Bank had signed Memorandum of Understanding (MOU) for acquisition of Deva Bikas Bank Limited (DBBL) and has obtained Letter of Intent (LOI) from Nepal Rastra Bank on 20 Falgun 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.