

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 Third Quarter (13 April 2021) of the Fiscal Year 2020/21

r (13 April 2021) of the Fiscal Year 2020/21	
	Amount in NPR

	0	Froup	Bank			
Particulars	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending		
Assets						
Cash and Cash Equivalents	7,700,644,421	9,167,710,010	7,615,420,851	9,154,311,271		
Due from Nepal Rastra Bank	4,489,076,329	5,821,520,113	4,489,076,329	5,821,520,113		
Placement with Bank and Financial Institutions	3,836,558,583	852,447,642	3,836,558,583	852,447,642		
Derivative Financial Instruments	10,410,129,152	7,416,210,368	10,410,129,152	7,416,210,368		
Other Trading Assets	-	-	-	-		
Loans and Advances to BFIs	5,692,761,561	3,796,212,739	5,692,761,561	3,796,212,739		
Loans and Advances to Customers	129,041,585,789	110,717,259,568	129,041,585,789	110,717,259,568		
Investment Securities	20,089,290,046	12,948,889,348	19,908,518,029	12,757,707,848		
Current Tax Assets	22,162,135	329,120,837	22,069,075	328,287,861		
Investment in Subsidiaries	-	-	220,000,000	220,000,000		
Investment in Associates	350,106,658	260,684,660	155,017,596	130,063,901		
Investment Property	99,105,416	60,348,333	99,105,416	60,348,333		
Property and Equipment	1,248,191,506	1,389,062,111	1,237,818,280	1,383,658,862		
Goodwill and Intangible Assets	209,037,632	207,853,560	207,531,292	206,831,581		
Deferred Tax Assets	-	9,891,409	-	10,001,698		
Other Assets	717,367,859	486,967,993	695,287,040	486,767,824		
Total Assets	183,906,017,087	153,464,178,691	183,630,878,993	153,341,629,610		
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Liabilities						
Due to Bank and Financial Institutions	15,551,906,465	7,452,226,327	15,579,599,428	7,475,893,656		
Due to Nepal Rastra Bank	6,191,210,605	225,355,404	6,191,210,605	225,355,404		
Derivative Financial Instruments	10,576,912,309	7,369,687,548	10,576,912,309	7,369,687,548		
Deposits from Customers	127,696,585,854	116,547,033,196	127,696,585,854	116,547,033,196		
Borrowings	-	-	-	-		
Current Tax Liabilities	-	-	-	-		
Provisions	-	-	-	-		
Deferred Tax Liabilities	47,493,496	-	47,383,208	-		
Other Liabilities	1,830,950,659	1,465,176,738	1,740,378,477	1,460,369,865		
Debt Securities Issued	2,995,273,996	2,995,116,270	2,995,273,996	2,995,116,270		
Subordinated Liabilities	-	-	-	-		
Total Liabilities	164,890,333,384	136,054,595,483	164,827,343,876	136,073,455,939		
Equity						
Share Capital	13,878,474,836	12,520,049,469	13,878,474,836	12,520,049,469		
Share Premium	88,804,041	571,628,069	88,804,041	571,628,069		
Retained Earnings	1,243,240,633	1,457,834,507	1,032,209,760	1,317,542,681		
Reserves	3,805,164,192	2,860,071,164	3,804,046,480	2,858,953,451		
Total Equity Attributable to Equity Holders	19,015,683,702	17,409,583,208	18,803,535,117	17,268,173,670		
Non-Controlling Interest						
Total Equity	19,015,683,702	17,409,583,208	18,803,535,117	17,268,173,670		
Total Liabilities and Equity	183,906,017,087	153,464,178,691	183,630,878,993	153,341,629,610		

Condensed Consolidated Statement of Profit or Loss For the Third Quarter Ended (13 April 2021) of the Fiscal Year 2020/21

Amount in NPR

		Group	1		Bank				
Particulars	Current Year		Previous Year		Current Year		Previous Year		
	This Quarter	Upto this Quarter (YTD)							
Interest income	3,116,373,113	9,509,756,392	2,710,886,991	7,923,171,120	3,115,794,729	9,493,181,377	2,705,783,130	7,907,913,145	
Interest expense	1,786,366,341	5,665,949,166	1,775,951,286	5,154,677,800	1,786,366,341	5,665,963,618	1,776,040,868	5,155,228,718	
Net interest income	1,330,006,772	3,843,807,226	934,935,705	2,768,493,320	1,329,428,388	3,827,217,759	929,742,262	2,752,684,426	
Fee and commission income	258,776,505	611,746,457	98,311,380	433,469,063	258,776,505	611,746,457	98,311,380	433,469,063	
Fee and commission expense	11,884,266	26,901,232	7,773,037	26,315,623	11,884,266	26,901,232	7,423,037	26,315,623	
Net fee and commission income	246,892,239	584,845,225	90,538,343	407,153,440	246,892,239	584,845,225	90,888,343	407,153,440	
Net interest, fee and commission Income	1,576,899,011	4,428,652,451	1,025,474,048	3,175,646,760	1,576,320,627	4,412,062,984	1,020,630,605	3,159,837,866	
Net trading income	106,929,690	295,187,120	97,758,485	235,125,969	106,929,690	295,187,120	97,758,485	235,125,969	
Other operating income	201,537,273	424,692,298	28,393,157	86,364,000	129,360,726	318,852,121	34,809,957	75,460,271	
Total operating income	1,885,365,973	5,148,531,869	1,151,625,690	3,497,136,729	1,812,611,042	5,026,102,226	1,153,199,047	3,470,424,107	
Impairment charge/ (reversal) for Loans and other losses	36,524,189	(5,140,709)	50,790,996	181,770,484	36,524,189	(5,140,709)	50,790,996	181,770,484	
Net operating income	1,848,841,784	5,153,672,578	1,100,834,694	3,315,366,245	1,776,086,853	5,031,242,935	1,102,408,051	3,288,653,622	
Operating expense							-		
PersonneI expenses	653,016,974	1,631,455,288	507,466,662	1,128,860,360	645,135,408	1,618,291,229	504,441,932	1,123,647,492	
Other operating expenses	212,681,191	620,491,561	195,177,812	552,413,971	204,517,095	607,428,167	194,558,808	550,993,802	
Depreciation & Amortization	70,908,889	209,936,395	48,371,183	125,106,179	70,181,509	208,747,174	48,583,230	125,106,179	
Operating Profit	912,234,730	2,691,789,335	349,819,037	1,508,985,735	856,252,841	2,596,776,365	354,824,081	1,488,906,150	
Non operating income	3,936,505	21,745,404	9,476,139	21,123,689	3,936,505	21,745,404	7,976,139	21,123,689	
Non operating expense	289,270	289,270	314,579	384,946	289,270	289,270	314,579	384,946	
Profit before income tax	915,881,965	2,713,245,469	358,980,597	1,529,724,478	859,900,076	2,618,232,499	362,485,641	1,509,644,893	
Income tax expense	274,069,756	818,912,369	153,974,674	500,272,513	267,975,023	809,748,969	152,783,369	496,931,145	
Current Tax	274,069,756	818,912,369	153,974,674	500,272,513	267,975,023	809,748,969	152,783,369	496,931,145	
Deferred Tax	-	-	-		-	-	-		
Profit/(loss) for the period	641,812,209	1,894,333,100	205,005,923	1,029,451,966	591,925,053	1,808,483,530	209,702,272	1,012,713,748	
		-				-			
Condensed Consolidated Statement of Comprehensive Income	•								
Profit/(loss) for the period	641,812,209	1,894,333,100	205,005,923	1,029,451,966	591,925,053	1,808,483,530	209,702,272	1,012,713,748	
Other Comprehensive Income	56,370,660	133,898,112	(18,074,000)	(12,613,651)	56,370,660	133,898,112	(18,074,000)	(12,613,651)	
Total Comprehensive Income for the period	698,182,869	2,028,231,212	186,931,923	1,016,838,315	648,295,714	1,942,381,643	191,628,272	1,000,100,097	
Basic earnings per share		18.20		14.37		17.37		14.13	
Diluted earnings per share		18.20		14.37		17.37		14.13	
Profit attributable to:									
Equity holders of the Bank	698,182,869	2,028,231,212	186,931,923	1,016,838,315	648,295,714	1,942,381,643	191,628,272	1,000,100,097	
Non-controlling interest	-	-		-	-	-		-	

Statement of Distributable Profit or Loss

Amount in NPR

Net Profit for the period end Chaitra 2077 quarter	1,808,483,530
1. Appropriations	
<u>1.1 Profit required to be appropriated to statutory reserve</u>	
a. General Reserve	(361,696,706)
b. Capital Redemption Reserve	(281,250,000)
c. Exchange Fluctuation Fund	(5,554,596)
d. Corporate Social Responsibility Fund	(11,694,069)
e. Employees Training Fund	(8,395,839)
f. Other	-
1.2 Profit required to be transfer to Regulatory Reserve	(155,242,351)
a. Transfer to Regulatory Reserve	(246,680,387)
b. Transfer from Regulatory Reserve	91,438,035
Distributable Profit / (Loss)	984,649,968

Ratios as per NRB

	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)
Capital fund to RWA		13.98%		13.06%		13.98%		13.06%
Non-performing loan (NPL) to total loan		1.09%		0.98%		1.09%		0.98%
Total loan loss provision to Total NPL		178.95%		172.29%		178.95%		172.29%
Cost of Funds	5.09%		7.56%		5.09%		7.56%	
Credit to Deposit Ratio	81.23%		79.80%		81.23%		79.80%	
Base Rate	7.63%		10.65%		7.63%		10.65%	
Interest Rate Spread	3.19%		4.65%		3.19%		4.65%	

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 and KBL Securities Ltd; National Microfinance Bittiya Sanstha Limited, First
- Microfinance Laghu Bittiya Sanstha Ltd, Mero Microfinance Bittiya Sanstha Ltd, General Insurance Co. Ltd, and Aviyan Laghubitta Bittiya Sanstha 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.
 Loan and Advances include interest receivables and are presented net of impairment charges where impairment has been computed as higher of amount derived as per
- 4. Loan and Advances include interest receivables and are presented net of impairment charges where impairment has been computed as higher of amount derived as per the norms prescribed by Nepal Rastra Bank and as per para 63 of NAS 39 whichever is higher according to the carve out issued by Institute of Chartered Accountants of Nepal (ICAN).
- 5. Loan Administration Fees that are integral part of effective interest rate (EIR) is treated immaterial and not considered while calculating the Effective Interest Rate
- 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. Figures have been regrouped and rearranged wherever necessary.
- 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 -17.37
- 3. Price Earnings Ratio (P/E ratio) –18.88
- 5. Liquidity Ratio -20.15

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 9.57% and loans & advances to BFIs and Customers in total have increased by 17.66% 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 193 branches all over the country with 13 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

- 2. Market Price per Share -Rs.328
- 4. Net Worth per Share Rs.135.49

- 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. 332 Min. Price - Rs. 274 Closing Price - Rs. 328 Total no. of Transactions – 61,941 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. Challenge to pass on cost growth to revenue stream.
- d. Coronavirus (COVID-19) second phase outbreak and starting to rise is causing concerns 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

Appointment of Company Secretary Mr. Bhola Nath Dhungana effective form Magh 1, 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.