

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 Fourth Quarter (15 July 2021) of the Fiscal Year 2020/21

Amount in NPR

		Group	Amount in NPR			
		roup	Bank			
Particulars	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending		
Assets						
Cash and Cash Equivalents	7,590,686,653	9,167,710,010	7,580,241,082	9,154,311,271		
Due from Nepal Rastra Bank	8,486,453,288	5,821,520,113	8,486,453,288	5,821,520,113		
Placement with Bank and Financial Institutions	4,840,700,494	852,447,642	4,840,700,494	852,447,642		
Derivative Financial Instruments	9,664,502,951	7,416,210,368	9,664,502,951	7,416,210,368		
Other Trading Assets	-	-	-	-		
Loans and Advances to BFIs	5,123,681,172	3,796,212,739	5,123,681,172	3,796,212,739		
Loans and Advances to Customers	137,998,572,212	110,717,259,568	137,998,572,212	110,717,259,568		
Investment Securities	22,799,302,119	12,948,889,348	22,621,608,204	12,757,707,848		
Current Tax Assets	317,426,017	329,120,837	317,426,017	328,287,861		
Investment in Subsidiaries	-	-	220,000,000	220,000,000		
Investment in Associates	420,825,354	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	1,284,667,941	1,389,062,111	1,273,999,757	1,383,658,862		
Goodwill and Intangible Assets	198,985,021	207,853,560	197,573,361	206,831,581		
Deferred Tax Assets	-	9,891,409	-	10,001,698		
Other Assets	927,442,087	486,967,993	911,226,984	486,767,824		
Total Assets	199,752,350,726	153,464,178,691	199,490,108,534	153,341,629,610		
Liabilities						
Due to Bank and Financial Institutions	11,267,538,599	7,452,226,327	11,376,084,941	7,475,893,656		
Due to Nepal Rastra Bank	5,088,973,668	225,355,404	5,088,973,668	225,355,404		
Derivative Financial Instruments	9,667,770,689	7,369,687,548	9,667,770,689	7,369,687,548		
Deposits from Customers	148,694,070,806	116,547,033,196	148,694,070,806	116,547,033,196		
Borrowings	-	-	-	-		
Current Tax Liabilities	-	-	-	-		
Provisions	-	-	-	-		
Deferred Tax Liabilities	48,416,790	-	48,275,856	-		
Other Liabilities	2,702,994,416	1,465,176,738	2,621,212,851	1,460,369,865		
Debt Securities Issued	2,995,439,828	2,995,116,270	2,995,439,826	2,995,116,270		
Subordinated Liabilities	-	-	-	-		
Total Liabilities	180,465,204,795	136,054,595,483	180,491,828,637	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	1,429,514,808	1,457,834,507	1,141,766,487	1,317,542,681		
Reserves	3,890,352,246	2,860,071,164	3,889,234,533	2,858,953,451		
Total Equity Attributable to Equity Holders	19,287,145,931	17,409,583,208	18,998,279,897	17,268,173,670		
Non-Controlling Interest	-	-	-	-		
Total Equity	19,287,145,931	17,409,583,208	18,998,279,897	17,268,173,670		
Total Liabilities and Equity	199,752,350,726	153,464,178,691	199,490,108,534	153,341,629,610		

Condensed Consolidated Statement of Profit or Loss For the Fourth Quarter (15 July 2021) of the Fiscal Year 2020/21

Amount in NPR

Particulars		Gro	up		Amount in NPK Bank				
	Current Year		Previous Year		Current Year		Previous Year		
	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	3,417,012,779	12,926,769,171	2,666,908,547	10,590,079,668	3,416,990,462	12,910,171,839	2,661,916,079	10,569,829,224	
Interest expense	2,007,253,008	7,673,202,174	1,841,402,030	6,996,079,831	2,007,253,008	7,673,216,625	1,841,402,030	6,996,630,749	
Net interest income	1,409,759,771	5,253,566,997	825,506,517	3,593,999,837	1,409,737,455	5,236,955,214	820,514,048	3,573,198,475	
Fee and commission income	201,585,933	813,332,390	95,853,811	529,322,874	201,585,933	813,332,390	95,853,811	529,322,874	
Fee and commission expense	11,734,724	38,635,956	9,517,876	35,833,499	11,734,724	38,635,956	9,517,876	35,833,499	
Net fee and commission income	189,851,209	774,696,434	86,335,935	493,489,375	189,851,209	774,696,434	86,335,935	493,489,375	
Net interest, fee and commission Income	1,599,610,980	6,028,263,431	911,842,452	4,087,489,212	1,599,588,664	6,011,651,648	906,849,983	4,066,687,850	
Net trading income	97,296,447	392,483,567	120,197,720	355,323,689	97,296,447	392,483,567	120,197,720	355,323,689	
Other operating income	152,159,323	576,851,622	(44,232,314)	42,131,686	82,666,169	401,518,290	(60,024,578)	15,435,693	
TotaI operating income	1,849,066,751	6,997,598,620	987,807,857	4,484,944,586	1,779,551,280	6,805,653,505	967,023,125	4,437,447,231	
Impairment charge/ (reversal) for Loans and other losses	549,660,870	544,520,161	280,015,687	461,786,171	549,660,870	544,520,161	280,015,687	461,786,171	
Net operating income	1,299,405,881	6,453,078,459	707,792,170	4,023,158,415	1,229,890,409	6,261,133,344	687,007,437	3,975,661,060	
Operating expense							-		
PersonneI expenses	620,207,909	2,251,663,197	287,006,792	1,415,867,151	619,880,786	2,238,172,015	284,953,498	1,408,600,989	
Other operating expenses	279,750,518	900,242,079	152,440,566	704,854,537	279,732,489	887,160,656	152,072,907	703,066,709	
Depreciation & Amortization	74,999,794	284,936,188	53,284,450	178,390,629	74,959,929	283,707,103	52,807,783	177,913,962	
Operating Profit	324,447,660	3,016,236,995	215,060,362	1,724,046,097	255,317,205	2,852,093,570	197,173,250	1,686,079,399	
Non-operating income	6,213,132	27,958,536	1,462,605	22,586,294	6,213,132	27,958,536	2,212,605	23,336,294	
Non-operating expense	1,459	290,729	(352,708)	32,238	1,459	290,729	(352,708)	32,238	
Profit before income tax	330,659,333	3,043,904,802	216,875,675	1,746,600,153	261,528,878	2,879,761,377	199,738,563	1,709,383,455	
Income tax expense	68,390,472	887,302,841	54,967,166	555,239,679	68,866,944	878,615,913	53,946,355	550,877,499	
Current Tax	68,398,947	887,311,316	64,113,137	564,385,650	68,866,944	878,615,913	63,202,614	560,133,759	
Deferred Tax	(8,475)	(8,475)	(9,145,971)	(9,145,971)	-	-	(9,256,260)	(9,256,260)	
Profit/(loss) for the period	262,268,861	2,156,601,961	161,908,509	1,191,360,475	192,661,933	2,001,145,464	145,792,208	1,158,505,956	
Condensed Consolidated Statement of	of Comprehensive Inco	me	<u>"</u>	<u>l</u>	I.				
Profit/(loss) for the period	262,268,861	2,156,601,961	161,908,509	1,191,360,475	192,661,933	2,001,145,464	145,792,208	1,158,505,956	
Other Comprehensive Income	2,082,847	135,980,960	139,258,029	144,718,378	2,082,847	135,980,960	139,258,029	144,718,378	
Total Comprehensive Income for the period	264,351,708	2,292,582,920	301,166,538	1,336,078,853	194,744,781	2,137,126,423	285,050,237	1,303,224,334	
Basic earnings per share		15.54		12.43		14.42		12.08	
Diluted earnings per share		15.54		12.43		14.42		12.08	
Profit attributable to: Equity holders of the Bank	264,351,708	2,292,582,920	301,166,538	1,336,078,853	194,744,781	2,137,126,423	285,050,237	1,303,224,334	
1 0	, ,	4,494,384,940	301,100,338	1,330,078,833	174,/44,/81	2,137,120,423	, ,	1,303,444,334	
Non-controlling interest	-	-		-	-	-	-	-	

Statement of Distributable Profit or Loss

Amount in NPR

	Amount in 141 K			
Net Profit for the period end Ashad 2078 quarter	2,001,145,464			
1. Appropriations				
1.1 Profit required to be appropriated to statutory reserve				
a. General Reserve	(400,229,093)			
b. Capital Redemption Reserve	(375,000,000)			
c. Exchange Fluctuation Fund	(7,385,443)			
d. Corporate Social Responsibility Fund	12,099,652			
e. Employees Training Fund	-			
f. Other	-			
1.2 Profit required to be transfer to Regulatory Reserve	(136,423,884)			
a. Transfer to Regulatory Reserve	(170,477,014)			
b. Transfer from Regulatory Reserve	34,053,130			
Distributable Profit / (Loss)	1,094,206,696			

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		13.71%		15.35%		13.71%		15.35%
Non-performing loan (NPL) to total loan		1.08%		1.39%		1.08%		1.39%
Total loan loss provision to Total NPL		205.38%		164.71%		205.38%		164.71%
Cost of Funds	5.55%		6.77%		5.55%		6.77%	
Credit to Deposit Ratio	81.01%		75.85%		81.01%		75.85%	
Base Rate	7.90%		10.08%		7.90%		10.08%	
Interest Rate Spread	3.13%		4.07%		3.13%		4.07%	

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.
- 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 −14.42
- 3. Price Earnings Ratio (P/E ratio) –25.72
- 5. Liquidity Ratio -23.25

- 2. Market Price per Share –Rs.371
- 4. Net Worth per Share Rs.136.89

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 27.58% and loans & advances to BFIs and Customers in total have increased by 24.98% 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 194 branches all over the country with 13 extension counters; also the bank has currently setup 28 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. 405 Min. Price Rs. 304 Closing Price Rs. 371 Total no. of Transactions 79,328 Transacted Day 65 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) outbreak 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.
- 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

- Completion of tenure of CEO Mr. Surender Bhandari on Ashadh end 2078.
- Appointment of Acting CEO Mr. Anuj Timilsina effective form Shrawan 1, 2078

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.