

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

Interim Financial Statements of the FY 2078/79

Condensed Consolidated Statement of Financial Position As at First Quarter (17th October 2021) of the Fiscal Year 2021/22

Amount in NPR

	Gr	oup	Bank			
Particulars	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending		
Assets		-				
Cash and Cash Equivalents	7,537,892,422	7,591,048,102	7,534,550,456	7,580,241,082		
Due from Nepal Rastra Bank	6,583,491,426	8,486,453,288	6,583,491,426	8,486,453,288		
Placement with Bank and Financial Institutions	6,189,685,409	4,840,711,695	6,189,685,409	4,840,711,695		
Derivative Financial Instruments	-	-	-	-		
Other Trading Assets	-	-	-	-		
Loans and Advances to BFIs	5,005,034,990	5,123,681,172	5,005,034,990	5,123,681,172		
Loans and Advances to Customers	152,376,169,775	137,897,925,002	152,376,169,775	137,897,925,002		
Investment Securities	20,194,079,627	22,875,627,748	20,085,684,582	22,697,941,963		
Current Tax Assets	69,279,716	257,142,529	69,279,716	257,142,529		
Investment in Subsidiaries	-	-	420,000,000	220,000,000		
Investment in Associates	369,233,513	369,233,513	155,017,596	155,017,596		
Investment Property	199,211,755	128,112,878	199,211,755	128,112,878		
Property and Equipment	1,255,103,688	1,269,227,483	1,243,318,754	1,258,559,299		
Goodwill and Intangible Assets	188,992,066	198,985,021	187,449,085	197,573,361		
Deferred Tax Assets	-	-	-	-		
Other Assets	1,752,012,602	955,962,980	1,489,679,184	939,456,215		
Total Assets	201,720,186,990	189,994,111,410	201,538,572,729	189,782,816,080		
Total Assets						
Liabilities						
Due to Bank and Financial Institutions	11,563,918,282	14,623,378,395	11,683,409,428	14,731,924,737		
Due to Nepal Rastra Bank	10,142,620,831	5,088,973,668	10,142,620,831	5,088,973,668		
Derivative Financial Instruments	42,722,602	3,267,738	42,722,602	3,267,738		
Deposits from Customers	155,182,644,214	145,838,231,009	155,182,644,214	145,838,231,009		
Borrowings	-	-	-	-		
Current Tax Liabilities	-	-	-	-		
Provisions	-	2,334,810	-	2,334,810		
Deferred Tax Liabilities	69,010,879	146,241,319	68,355,715	145,625,275		
Other Liabilities	2,268,822,498	2,166,943,538	2,192,704,359	2,084,796,958		
Debt Securities Issued	2,995,439,826	2,995,439,829	2,995,439,826	2,995,439,826		
Subordinated Liabilities	-	-	-	-		
Total Liabilities	182,265,179,133	170,864,810,307	182,307,896,975	170,890,594,021		
Equity						
Share Capital	13,878,474,836	13,878,474,836	13,878,474,836	13,878,474,836		
Share Premium	88,804,041	88,804,041	88,804,041	88,804,041		
Retained Earnings	1,545,290,902	1,480,948,035	1,324,764,701	1,247,097,056		
Reserves	3,942,438,078	3,681,074,192	3,938,632,175	3,677,846,125		
Total Equity Attributable to Equity Holders	19,455,007,857	19,129,301,103	19,230,675,754	18,892,222,058		
Non-Controlling Interest	-	-	-	-		
Total Equity	19,455,007,857	19,129,301,103	19,230,675,754	18,892,222,058		
Total Liabilities and Equity	201,720,186,990	189,994,111,410	201,538,572,729	189,782,816,080		

Condensed Consolidated Statement of Profit or Loss For the First Quarter Ended (17 October 2021) of the Fiscal Year 2021/22

Amount in NPR

Particulars		Gr	oup		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	3,749,785,761	3,749,785,761	3,327,685,069	3,327,685,069	3,745,123,431	3,745,123,431	3,325,884,651	3,325,884,651	
Interest expense	2,458,175,205	2,458,175,205	2,010,173,303	2,010,173,303	2,458,189,656	2,458,189,656	2,010,187,755	2,010,187,755	
Net interest income	1,291,610,557	1,291,610,557	1,317,511,766	1,317,511,766	1,286,933,775	1,286,933,775	1,315,696,896	1,315,696,896	
Fee and commission income	261,561,899	261,561,899	151,066,843	151,066,843	261,561,899	261,561,899	151,066,843	151,066,843	
Fee and commission expense	18,732,905	18,732,905	5,699,989	5,699,989	18,732,905	18,732,905	5,699,989	5,699,989	
Net fee and commission income	242,828,994	242,828,994	145,366,854	145,366,854	242,828,994	242,828,994	145,366,854	145,366,854	
Net interest, fee and commission Income	1,534,439,551	1,534,439,551	1,462,878,620	1,462,878,620	1,529,762,769	1,529,762,769	1,461,063,750	1,461,063,750	
Net trading income	106,372,632	106,372,632	94,159,446	94,159,446	106,372,632	106,372,632	94,159,446	94,159,446	
Other operating income	271,247,060	271,247,060	62,282,155	62,282,155	232,013,007	232,013,007	47,280,655	47,280,655	
Total operating income	1,912,059,243	1,912,059,243	1,619,320,221	1,619,320,221	1,868,148,408	1,868,148,408	1,602,503,850	1,602,503,850	
impairment charge/ (reversal) for Loans and other losses	132,772,552	132,772,552	13,475,147	13,475,147	132,772,552	132,772,552	13,475,147	13,475,147	
Net operating income	1,779,286,691	1,779,286,691	1,605,845,073	1,605,845,073	1,735,375,856	1,735,375,856	1,589,028,703	1,589,028,703	
Operating expense							-		
Personnel expenses	692,716,364	692,716,364	465,804,539	465,804,539	687,738,553	687,738,553	463,389,365	463,389,365	
Other operating expenses	211,560,194	211,560,194	197,344,424	197,344,424	207,772,224	207,772,224	195,807,154	195,807,154	
Depreciation & Amortization	70,835,161	70,835,161	69,553,961	69,553,961	70,381,880	70,381,880	69,331,370	69,331,370	
Operating Profit	804,174,972	804,174,972	873,142,150	873,142,150	769,483,199	769,483,199	860,500,815	860,500,815	
Non-operating income	3,962,520	3,962,520	515,097	515,097	3,962,520	3,962,520	515,097	515,097	
Non-operating expense	-	-	-	-	-	-	-	-	
Profit before income tax	808,137,492	808,137,492	873,657,247	873,657,247	773,445,719	773,445,719	861,015,912	861,015,912	
Income tax expense	234,577,106	234,577,106	259,281,715	259,281,715	232,325,796	232,325,796	258,472,903	258,472,903	
Current Tax	234,577,106	234,577,106	259,281,715	259,281,715	232,325,796	232,325,796	258,472,903	258,472,903	
Deferred Tax	-	-	-		-	=	-		
Profit/(loss) for the period	573,560,386	573,560,386	614,375,531	614,375,531	541,119,923	541,119,923	602,543,008	602,543,008	
Condensed Consolidated Statement of Comprehensive									
Profit/(loss) for the period	573,560,386	573,560,386	614,375,531	614,375,531	541,119,923	541,119,923	602,543,008	602,543,008	
Other Comprehensive income	(202,666,221)	(202,666,221)	2,900,353	2,900,353	(202,666,221)	(202,666,221)	2,900,353	2,900,353	
Total Comprehensive Income for the period	370,894,165	370,894,165	617,275,884	617,275,884	338,453,702	338,453,702	605,443,361	605,443,361	
Basic earnings per share		16.53		19.63		15.60		19.25	
Diluted earnings per share		16.53		19.63		15.60		19.25	
Profit attributable to:									
Equity holders of the Bank	370,894,165	370,894,165	617,275,884	617,275,884	338,453,702	338,453,702	605,443,361	605,443,361	
Non-controlling interest	-	-		-	-	-		-	

Statement of Distributable Profit or Loss For the Quarter end Asoj 2078

Amount in NPR

Opening Retained Earning	1,247,097,056			
Net Profit for the period end Asoj 2078 quarter	541,119,923			
1. Appropriations				
1.1 Profit required to be appropriated to statutory reserve				
a. General Reserve	(108,223,985)			
b. Capital Redemption Reserve	(83,333,333)			
c. Exchange Fluctuation Fund	(2,001,636)			
d. Corporate Social Responsibility Fund	(1,304,539)			
e. Employees Training Fund	-			
f. Other	-			
1.2 Profit required to be transfer to Regulatory Reserve	(487,043,250)			
a. Transfer to Regulatory Reserve	(487,043,250)			
b. Transfer from Regulatory Reserve	•			
Total Distributable Profit / (Loss)	1,106,310,236			

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		12.14%		14.93%		12.14%		14.93%
Non-performing loan (NPL) to total loan		0.82%		1.43%		0.82%		1.43%
Total loan loss provision to Total NPL		249.94%		161.38%		249.94%		161.38%
Cost of Funds	5.46%		6.28%		5.46%		6.28%	
Credit to Deposit Ratio	92.13%		75.31%		92.13%		75.31%	
Base Rate (FTM) (As per NRB)	7.88%		8.40%		7.88%		8.40%	
Interest Rate Spread	2.71%		4.36%		2.71%		4.36%	

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.
- 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 –15.60
- 3. Price Earnings Ratio (P/E ratio) –18.46
- 5. Liquidity Ratio -18.80

- 2. Market Price per Share -Rs.288
- 4. Net Worth per Share Rs.138.56

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 6.41% and loans & advances to BFIs and Customers in total have increased by 10.04% 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 196 branches all over the country with 14 extension counters; also the bank has currently setup 33 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. 413 Min. Price Rs. 281 Closing Price Rs. 288 Total no. of Transactions 64,898 Transacted Day 57 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.
- 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 Acting CEO Mr. Anuj Timilsina effective from Shrawan 1, 2078.
- 100% Subsidiary, Kumari Capital issued 100% right share; which is fully invested by Kumari Bank Limited amounting to Rs. 20 Crore.

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.