

# 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 Second Quarter (13<sup>th</sup> January 2021) of the Fiscal Year 2020/21

Amount in NPR

	Gre	aun .	Amount in IVI K		
Particulars		Immediate Previous	Bank Immediate Previous		
	This Quarter Ending	Year Ending	This Quarter Ending	Year Ending	
Assets					
Cash and Cash Equivalents	11,716,214,021	9,167,710,010	11,692,283,882	9,154,311,271	
Due from Nepal Rastra Bank	6,197,835,818	5,821,520,113	6,197,835,818	5,821,520,113	
Placement with Bank and Financial Institutions	221,480,796	852,447,642	221,480,796	852,447,642	
Derivative Financial Instruments	8,292,189,784	7,416,210,368	8,292,189,784	7,416,210,368	
Other Trading Assets	-	-	-	-	
Loans and Advances to BFIs	5,229,059,914	3,796,212,739	5,229,059,914	3,796,212,739	
Loans and Advances to Customers	114,738,986,815	110,717,259,568	114,738,986,815	110,717,259,568	
Investment Securities	18,996,039,398	12,948,889,348	18,806,312,615	12,757,707,848	
Current Tax Assets	9,241,383	329,120,837	9,234,895	328,287,861	
Investment in Subsidiaries	-	-	220,000,000	220,000,000	
Investment in Associates	314,440,546	260,684,660	155,017,596	130,063,901	
Investment Property	73,354,698	60,348,333	73,354,698	60,348,333	
Property and Equipment	1,300,589,343	1,389,062,111	1,290,683,400	1,383,658,862	
Goodwill and Intangible Assets	218,477,906	207,853,560	217,577,487	206,831,581	
Deferred Tax Assets	-	9,891,409	-	10,001,698	
Other Assets	815,177,257	486,967,994	810,086,395	486,767,824	
Total Assets	168,123,087,679	153,464,178,692	167,954,104,094	153,341,629,610	
Liabilities					
Due to Bank and Financial Institutions	9,525,228,745	7,452,226,327	9,651,520,934	7,475,893,656	
	4,447,768,799	225,355,404	4,447,768,799	225,355,404	
Due to Nepal Rastra Bank	8,155,013,932	7,369,687,548	8,155,013,932	7,369,687,548	
Derivative Financial Instruments	122,728,828,089	116,547,033,196	122,728,828,089	116,547,033,196	
Deposits from Customers	122,720,020,009	110,547,055,190	122,720,020,009	110,547,055,190	
Borrowings				-	
Current Tax Liabilities				-	
Provisions	23,334,642		23,224,353	-	
Deferred Tax Liabilities	1.923.028.127	1,465,176,738	1.797.234.593	1,460,369,865	
Other Liabilities	2,995,273,996	2,995,116,270	2,995,273,996	2,995,116,270	
Debt Securities Issued	2,993,273,990	2,993,110,270	2,993,213,990	2,993,110,270	
Subordinated Liabilities	149,798,476,329	136,054,595,483	149,798,864,696	136,073,455,939	
Total Liabilities	149,/98,470,329	130,034,393,403	149,/90,004,090	130,073,433,939	
Equity	12 070 474 026	12 520 040 460	12 979 474 927	12 520 040 460	
Share Capital	13,878,474,836 88,804,041	12,520,049,469 571,628,069	13,878,474,836 88,804,041	12,520,049,469 571,628,069	
Share Premium					
Retained Earnings	853,369,405	1,457,834,507	685,115,166	1,317,542,681	
Reserves	3,503,963,068	2,860,071,164	3,502,845,355	2,858,953,451	
Total Equity Attributable to Equity Holders	18,324,611,350	17,409,583,208	18,155,239,398	17,268,173,670	
Non-Controlling Interest	10.224 (11.250	15 400 502 200	10 155 220 200	18 270 182 780	
Total Equity	18,324,611,350	17,409,583,208	18,155,239,398	17,268,173,670	
Total Liabilities and Equity	168,123,087,679	153,464,178,692	167,954,104,094	153,341,629,610	

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

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	3,065,698,210	6,393,383,279	2,573,502,549	5,212,284,130	3,051,501,998	6,377,386,648	2,568,526,915	5,202,130,015	
Interest expense	1,869,409,522	3,879,582,825	1,663,982,564	3,378,726,514	1,869,409,522	3,879,597,277	1,664,133,991	3,379,187,850	
Net interest income	1,196,288,688	2,513,800,454	909,519,986	1,833,557,615	1,182,092,476	2,497,789,372	904,392,924	1,822,942,165	
Fee and commission income	201,903,109	352,969,952	159,061,860	335,157,683	201,903,109	352,969,952	159,061,860	335,157,683	
Fee and commission expense	9,316,977	15,016,966	9,339,902	18,542,586	9,316,977	15,016,966	9,689,902	18,892,586	
Net fee and commission income	192,586,132	337,952,986	149,721,958	316,615,097	192,586,132	337,952,986	149,371,958	316,265,097	
Net interest, fee and commission Income	1,388,874,820	2,851,753,440	1,059,241,944	2,150,172,712	1,374,678,608	2,835,742,358	1,053,764,882	2,139,207,262	
Net trading income	94,097,985	188,257,430	63,642,689	137,367,484	94,097,985	188,257,430	63,642,689	137,367,484	
Other operating income	160,872,871	223,155,026	29,583,758	57,970,843	142,210,741	189,491,395	20,678,580	40,650,313	
Total operating income	1,643,845,675	3,263,165,896	1,152,468,391	2,345,511,039	1,610,987,333	3,213,491,183	1,138,086,151	2,317,225,060	
Impairment charge/ (reversal) for Loans and other losses	(55,140,046)	(41,664,899)	61,422,692	130,979,488	(55,140,046)	(41,664,899)	61,422,692	130,979,488	
Net operating income	1,698,985,721	3,304,830,794	1,091,045,699	2,214,531,551	1,666,127,379	3,255,156,082	1,076,663,459	2,186,245,571	
Operating expense							-		
Personnel expenses	512,633,775	978,438,314	274,219,395	621,393,697	509,766,457	973,155,821	273,015,358	619,205,560	
Other operating expenses	210,465,946	407,810,370	195,538,133	357,236,159	207,103,918	402,911,072	195,161,998	356,434,994	
Depreciation & Amortization	69,473,545	139,027,506	40,910,393	76,734,996	69,234,295	138,565,665	40,698,346	76,522,949	
Operating Profit	906,412,455	1,779,554,605	580,377,778	1,159,166,699	880,022,709	1,740,523,524	567,787,758	1,134,082,068	
Non-operating income	17,293,802	17,808,899	3,671,814	11,647,550	17,293,802	17,808,899	5,171,814	13,147,550	
Non-operating expense	-	-	70,019	70,367	-	-	70,019	70,367	
Profit before income tax	923,706,257	1,797,363,504	583,979,573	1,170,743,882	897,316,511	1,758,332,423	572,889,553	1,147,159,251	
Income tax expense	285,560,898	544,842,613	172,965,086	346,297,839	283,301,042	541,773,946	171,866,866	344,147,775	
Current Tax	285,560,898	544,842,613	172,965,086	346,297,839	283,301,042	541,773,946	171,866,866	344,147,775	
Deferred Tax	-	-	-		-	-	-		
Profit/(loss) for the period	638,145,359	1,252,520,891	411,014,486	824,446,043	614,015,469	1,216,558,477	401,022,687	803,011,476	
Condensed Consolidated Statement of Cor	nprehensive Income								
Profit/(loss) for the period	638,145,359	1,252,520,891	411,014,486	824,446,043	614,015,469	1,216,558,477	401,022,687	803,011,476	
Other Comprehensive Income	74,627,099	77,527,452	5,789,506	5,460,349	74,627,099	77,527,452	5,789,506	5,460,349	
Total Comprehensive Income for the period	712,772,459	1,330,048,343	416,803,992	829,906,392	688,642,568	1,294,085,929	406,812,193	808,471,825	
Basic earnings per share		18.05		16.81		17.53		16.83	
Diluted earnings per share		18.05		16.81		17.53		16.83	
Profit attributable to:									
Equity holders of the Bank	712,772,459	1,330,048,343	416,803,992	829,906,392	688,642,568	1,294,085,929	406,812,193	808,471,825	
Non-controlling interest	=	-		-	-	=		=	

# **Statement of Distributable Profit or Loss**

Amount in NPR

Net Profit for the period end Poush 2077	1,216,558,477
1. Appropriations	
1.1 Profit required to be appropriated to statutory reserve	
a. General Reserve	(243,311,695)
b. Capital Redemption Reserve	(187,500,000)
c. Exchange Fluctuation Fund	(3,542,479)
d. Corporate Social Responsibility Fund	(8,479,692)
e. Employees Training Fund	(8,072,728)
f. Other	-
1.2 Profit required to be transfer to Regulatory Reserve	(128,096,504)
a. Transfer to Regulatory Reserve	(195,375,684)
b. Transfer from Regulatory Reserve	67,279,181
Distributable Profit / (Loss)	637,555,379

# 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		14.91%		11.52%		14.91%		11.52%
Non-performing loan (NPL) to total loan		1.06%		1.04%		1.06%		1.04%
Total loan loss provision to Total NPL		204.12%		169.34%		204.12%		169.34%
Cost of Funds	5.82%		7.50%		5.82%		7.50%	
Credit to Deposit Ratio	76.15%		78.51%		76.15%		78.51%	
Base Rate	7.92%		10.45%		7.92%		10.45%	
Interest Rate Spread	3.58%		4.37%		3.58%		4.37%	

### **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.
- 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
- 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 –17.53
- 3. Price Earnings Ratio (P/E ratio) -16.19
- 5. Liquidity Ratio -24.25

- 2. Market Price per Share –Rs.284
- 4. Net Worth per Share Rs.130.82

# 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 5.3% and loans & advances to BFIs and Customers in total have increased by 4.78% 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 192 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
- 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

- 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. 303 Min. Price Rs. 226 Closing Price Rs. 284 Total no. of Transactions 43,717 Transacted Day 56 days

## 5. Problems and Challenges

#### Internal

- a. Attaining reasonable level of cost of operation.
- b. Retention of qualified and trained human resources.
- . 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 causing widespread concern 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

Bank had declared 10.85% of the bonus share and 3.15% cash dividend; approved from AGM on 29th Mangsir 2077; bonus share of FY 2076-77 is listed on NEPSE on Poush 28, 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.