



कुमारी बैंक लिमिटेड

KUMARI BANK LIMITED

सबैका लागि, सबैका लागि

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 First Quarter (16<sup>th</sup> October 2020) of the Fiscal Year 2020/21**

*Amount in NPR*

Particulars	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
<b>Assets</b>				
Cash and Cash Equivalents	10,675,574,491	9,167,710,010	10,661,558,727	9,154,311,271
Due from Nepal Rastra Bank	4,195,574,505	5,821,520,113	4,195,574,505	5,821,520,113
Placement with Bank and Financial Institutions	2,435,559,555	852,447,642	2,435,559,555	852,447,642
Derivative Financial Instruments	8,138,451,604	7,416,210,368	8,138,451,604	7,416,210,368
Other Trading Assets	-	-	-	-
Loans and Advances to BFIs	4,868,817,847	3,796,212,739	4,868,817,847	3,796,212,739
Loans and Advances to Customers	110,325,268,111	110,717,259,568	110,325,268,111	110,717,259,568
Investment Securities	18,958,442,891	12,948,889,348	18,770,944,541	12,757,707,848
Current Tax Assets	76,267,491	329,457,856	75,550,846	328,287,861
Investment in Subsidiaries	-	-	220,000,000	220,000,000
Investment in Associates	270,629,956	260,684,660	130,063,901	130,063,901
Investment Property	97,800,444	60,348,333	97,800,444	60,348,333
Property and Equipment	1,372,077,849	1,389,062,111	1,366,391,912	1,383,658,862
Goodwill and Intangible Assets	139,845,955	119,049,519	138,884,756	118,027,540
Deferred Tax Assets	8,648,401	9,891,409	8,758,689	10,001,697
Other Assets	468,113,117	486,967,994	462,818,545	486,767,826
<b>Total Assets</b>	<b>162,031,072,219</b>	<b>153,375,711,669</b>	<b>161,896,443,983</b>	<b>153,252,825,569</b>
<b>Liabilities</b>				
Due to Bank and Financial Institutions	14,030,069,758	7,452,226,327	14,062,860,937	7,475,893,656
Due to Nepal Rastra Bank	573,315,404	225,355,404	573,315,404	225,355,404
Derivative Financial Instruments	7,926,126,162	7,369,687,548	7,926,126,162	7,369,687,548
Deposits from Customers	117,026,017,965	116,547,033,196	117,026,017,965	116,547,033,196
Borrowings	-	-	-	-
Current Tax Liabilities	-	-	-	-
Provisions	-	-	-	-
Deferred Tax Liabilities	-	-	-	-
Other Liabilities	1,473,417,749	1,466,300,133	1,451,240,395	1,460,369,865
Debt Securities Issued	3,072,070,133	2,995,116,270	3,072,070,133	2,995,116,270
Subordinated Liabilities	-	-	-	-
<b>Total Liabilities</b>	<b>144,101,017,171</b>	<b>136,055,718,878</b>	<b>144,111,630,996</b>	<b>136,073,455,939</b>
<b>Equity</b>				
Share Capital	12,520,049,469	12,520,049,469	12,520,049,469	12,520,049,469
Share Premium	-	-	-	-
Retained Earnings	1,814,549,298	1,455,561,879	1,670,424,949	1,317,542,681
Reserves	3,595,456,281	3,344,381,443	3,594,338,569	3,341,777,479
<b>Total Equity Attributable to Equity Holders</b>	<b>17,930,055,048</b>	<b>17,319,992,791</b>	<b>17,784,812,987</b>	<b>17,179,369,629</b>
Non Controlling Interest	-	-	-	-
<b>Total Equity</b>	<b>17,930,055,048</b>	<b>17,319,992,791</b>	<b>17,784,812,987</b>	<b>17,179,369,629</b>
<b>Total Liabilities and Equity</b>	<b>162,031,072,219</b>	<b>153,375,711,669</b>	<b>161,896,443,983</b>	<b>153,252,825,569</b>



## Statement of Distributable Profit or Loss

Amount in NPR

<b>Net Profit for the period end Ashoj 2077</b>	<b>602,543,008</b>
<b>1. Appropriations</b>	
<b><u>1.1 Profit required to be appropriated to statutory reserve</u></b>	
a. General Reserve	(120,508,602)
b. Capital Redemption Reserve	(93,750,000)
c. Exchange Fluctuation Fund	(144,146)
d. Corporate Social Responsibility Fund	(4,784,680)
e. Employees Training Fund	(5,875,860)
f. Other	-
<b><u>1.2 Profit required to be transfer to Regulatory Reserve</u></b>	<b>(118,347,449)</b>
a. Transfer to Regulatory Reserve	(122,490,811)
b. Transfer from Regulatory Reserve	4,143,361
<b>Distributable Profit / (Loss)</b>	<b>259,132,271</b>

## 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		14.93%		11.57%		14.93%		11.57%
Non-performing loan (NPL) to total loan		1.43%		1.05%		1.43%		1.05%
Total loan loss provision to Total NPL		161.38%		169.39%		161.38%		169.39%
Cost of Funds	6.28%		7.22%		6.28%		7.22%	
Credit to Deposit Ratio	75.31%		79.80%		75.31%		79.80%	
Base Rate	8.40%		10.68%		8.40%		10.68%	
Interest Rate Spread	4.36%		3.75%		4.36%		3.75%	

### 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; 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, KBL Securities Ltd and National Microfinance Bittiya Sanstha Limited, First Microfinance Laghu Bittiya Sanstha Ltd, Mero Microfinance Bittiya Sanstha Ltd, and General Insurance Co. 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.
- Figures have been regrouped and rearranged wherever necessary.
- Loan and Advances include interest receivables and are presented net of impairment charges, where impairment has been computed as per the norms prescribed by Nepal Rastra Bank.
- 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.
- Interest income on loans and advances to customers are shown on accrual basis.
- The detail Interim report has been published in the Bank's website [www.kumaribank.com](http://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 – 19.25               | 2. Market Price per Share – Rs.223 |
| 3. Price Earnings Ratio (P/E ratio) – 11.58 | 4. Net Worth per Share – Rs.142.05 |
| 5. Liquidity Ratio – 21.11                  |                                    |

#### 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 0.41% and loans & advances to BFIs and Customers in total have increased by 0.59% 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 183 branches all over the country with 12 extension counters; also the bank has currently setup 22 Branchless Banking units (BLBs).

#### 3. Details Regarding Legal Actions

- 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
- 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.

- b. Maximum, minimum and closing price of shares including total transactions and transacted days during the quarter  
Max. Price - Rs. 240 Min. Price - Rs. 180 Closing Price - Rs. 223 Total no. of Transactions – 22,342 Transacted Day - 64 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.
- 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**

No such particulars/ transactions have been identified as per the Securities and Issuance Regulation, 2073 during the interim period as on Asoj end 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.