



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

**Interim Financial Statements of the FY 2076/77**  
**Condensed Consolidated Statement of Financial Position**  
**As at First Quarter (17 October 2019) of the Fiscal Year 2019/20**

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	10,892,690,469	8,823,890,014	10,885,989,771	8,821,135,632
Due from Nepal Rastra Bank	2,052,973,732	3,580,514,349	2,052,973,732	3,580,514,349
Placement with Bank and Financial Institutions	354,500,180	384,382,797	354,500,180	384,382,797
Derivative Financial Instruments	5,437,917,428	5,858,648,394	5,437,917,428	5,858,648,394
Other Trading Assets	-	-	-	-
Loans and Advances to BFIs	3,319,162,374	3,035,403,974	3,319,162,374	3,035,403,974
Loans and Advances to Customers	77,248,479,883	73,017,913,052	77,248,479,883	73,017,913,052
Investment Securities	9,293,757,685	9,301,568,177	9,113,757,685	9,121,568,177
Current Tax Assets	-	63,985,694	-	63,985,694
Investment in Subsidiaries	-	-	200,000,000	200,000,000
Investment in Associates	73,599,392	65,198,592	20,000,000	20,000,000
Investment Property	25,528,354	88,422,015	25,528,354	88,422,015
Property and Equipment	727,800,422	662,104,656	725,762,595	662,104,656
Goodwill and Intangible Assets	99,893,259	97,393,609	98,919,415	97,393,609
Deferred Tax Assets	77,930,975	77,789,908	77,930,975	77,789,908
Other Assets	499,750,509	286,947,574	498,760,617	284,981,292
<b>Total Assets</b>	<b>110,103,984,663</b>	<b>105,344,162,805</b>	<b>110,059,683,010</b>	<b>105,314,243,549</b>
<b>Liabilities</b>				
Due to Bank and Financial Institutions	10,605,095,659	12,146,455,539	10,619,861,420	12,168,482,092
Due to Nepal Rastra Bank	2,465,800,274	1,433,248,037	2,465,800,274	1,433,248,037
Derivative Financial Instruments	5,474,304,545	5,715,359,938	5,474,304,545	5,715,359,938
Deposits from Customers	78,302,898,866	73,201,143,766	78,302,898,866	73,201,143,766
Borrowings	-	-	-	-
Current Tax Liabilities	109,673,028	-	109,427,880	-
Provisions	2,231,750	2,231,750	2,231,750	2,231,750
Deferred Tax Liabilities	-	-	-	-
Other Liabilities	1,012,278,039	1,073,982,000	1,010,126,645	1,071,934,043
Debt Securities Issued	-	-	-	-
Subordinated Liabilities	-	-	-	-
<b>Total Liabilities</b>	<b>97,972,282,162</b>	<b>93,572,421,032</b>	<b>97,984,651,380</b>	<b>93,592,399,626</b>
<b>Equity</b>				
Share Capital	9,554,130,440	8,685,573,112	9,554,130,440	8,685,573,112
Share Premium	-	54,803,159	-	54,803,159
Retained Earnings	335,791,382	936,354,881	279,120,510	886,457,030
Reserves	2,241,780,679	2,095,010,622	2,241,780,679	2,095,010,622
<b>Total Equity Attributable to Equity Holders</b>	<b>12,131,702,501</b>	<b>11,771,741,774</b>	<b>12,075,031,629</b>	<b>11,721,843,923</b>
Non Controlling Interest	-	-	-	-
<b>Total Equity</b>	<b>12,131,702,501</b>	<b>11,771,741,774</b>	<b>12,075,031,629</b>	<b>11,721,843,923</b>
<b>Total Liabilities and Equity</b>	<b>110,103,984,663</b>	<b>105,344,162,805</b>	<b>110,059,683,010</b>	<b>105,314,243,549</b>



## Statement of Distributable Profit or Loss

Amount in NPR

<b>Net Profit for the period end Asoj 2076</b>	<b>401,988,789</b>
<b>1. Appropriations</b>	
<i><b>1.1 Profit required to be appropriated to statutory reserve</b></i>	
a. General Reserve	(80,397,758)
b. Capital Redemption Reserve	-
c. Exchange Fluctuation Fund	(1,565,751)
d. Corporate Social Responsibility Fund	(1,939,801)
e. Employees Training Fund	-
f. Other	-
<i><b>1.2 Profit required to be transfer to Regulatory Reserve</b></i>	
a. Transfer to Regulatory Reserve	(126,089,566)
b. Transfer from Regulatory Reserve	62,893,661
<b>Distributable Profit / (Loss)</b>	<b>254,889,575</b>

## Ratios as per NRB

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to this Quarter (YTD)	This Quarter	Up to this Quarter (YTD)
Capital fund to RWA		11.57%		12.98%		11.57%		12.98%
Non-performing loan (NPL) to total loan		1.05%		1.14%		1.05%		1.14%
Total loan loss provision to Total NPL		169.39%		160.14%		169.39%		160.14%
Cost of Funds	7.22%		7.91%		7.22%		7.91%	-
Credit to Deposit Ratio	79.80%		79.91%		79.80%		79.91%	-
Base Rate	10.68%		11.09%		10.68%		11.09%	-
Interest Rate Spread	3.75%		3.37%		3.75%		3.37%	-

### 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 on 20<sup>th</sup> September 2018; subject to change upon otherwise directions of Statutory Auditor and/or Regulatory Authorities.
- Group represents the Bank and its wholly owned subsidiary Kumari Capital Limited and an Associate National Microfinance Bittiya Sanstha Limited.
- 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.
- Loan Administration Fees that are integral part of effective interest rate (EIR) is treated immaterial and not considered while calculating the Effective Interest Rate as per the carve-out (optional) pronounced.
- 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 – 16.83              | 2. Market Price per Share – Rs.181 |
| 3. Price Earnings Ratio (P/E ratio) –10.75 | 4. Net Worth per Share – Rs.126.39 |
| 5. Liquidity Ratio – 21.37                 |                                    |

#### 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 8.01% and loans & advances to BFIs and Customers in total have increased by 13.88% in this quarter with reference to the last year corresponding quarter end.
- 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 111 branches all over the country with 3 extension counters; also the bank has currently setup 8 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.
- Maximum, minimum and closing price of shares including total transactions and transacted days during the quarter  
Max. Price - Rs. 227    Min. Price - Rs. 174    Closing Price - Rs. 181    Total no. of Transactions – 5598    Transacted Day - 63 days

#### 5. Problems and Challenges

##### Internal

- Attaining reasonable level of cost of operation.
- 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.

**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. Re-pricing of its interest sensitive assets and liabilities as per liquidity position of the market.
- d. Understanding the expectations and motivating factors of employees in order to retain them; providing intense training for enhancement of skills and knowledge.
- e. Proper Risk Management on operational, market, business and other risk segments.
- f. Better cost management practices with high focus on operational efficiency through innovation and process reengineering.

**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**

The 19<sup>th</sup> AGM of Kumari Bank Limited was concluded on 28 September 2019, the AGM had approved the proposed Bonus Share of 10% and cash dividend for tax purpose of 0.526% from the distributable profit of FY 2075-76.

**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.