



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 Second Quarter (14 January 2020) 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
Assets				
Cash and Cash Equivalents	8,190,452,097	8,823,890,014	8,179,599,918	8,821,135,632
Due from Nepal Rastra Bank	4,236,160,520	3,580,514,349	4,236,160,520	3,580,514,349
Placement with Bank and Financial Institutions	602,645,759	384,382,797	602,645,759	384,382,797
Derivative Financial Instruments	5,713,485,975	5,858,648,394	5,713,485,975	5,858,648,394
Other Trading Assets	-	-	-	-
Loans and Advances to BFIs	3,515,444,496	3,035,403,974	3,515,444,496	3,035,403,974
Loans and Advances to Customers	80,925,265,576	73,017,913,052	80,925,265,576	73,017,913,052
Investment Securities	9,903,125,002	9,301,568,177	9,718,625,002	9,121,568,177
Current Tax Assets	50,518,788	63,985,694	50,635,938	63,985,694
Investment in Subsidiaries	-	-	200,000,000	200,000,000
Investment in Associates	81,698,424	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	787,036,767	662,104,656	784,613,559	662,104,656
Goodwill and Intangible Assets	99,411,331	97,393,609	98,228,243	97,393,609
Deferred Tax Assets	75,449,758	77,789,908	75,449,758	77,789,908
Other Assets	641,126,177	286,947,574	640,708,825	284,981,292
Total Assets	114,847,349,024	105,344,162,806	114,786,391,924	105,314,243,549
Liabilities				
Due to Bank and Financial Institutions	13,583,340,297	12,146,455,539	13,594,283,859	12,168,482,092
Due to Nepal Rastra Bank	1,123,391,813	1,433,248,037	1,123,391,813	1,433,248,037
Derivative Financial Instruments	5,631,401,207	5,715,359,938	5,631,401,207	5,715,359,938
Deposits from Customers	80,675,255,880	73,201,143,766	80,675,255,880	73,201,143,766
Borrowings	-	-	-	-
Current Tax Liabilities	-	-	-	-
Provisions	364,125	2,231,750	364,125	2,231,750
Deferred Tax Liabilities	-	-	-	-
Other Liabilities	1,284,419,464	1,073,982,001	1,279,851,220	1,071,934,043
Debt Securities Issued	-	-	-	-
Subordinated Liabilities	-	-	-	-
Total Liabilities	102,298,172,786	93,572,421,033	102,304,548,103	93,592,399,626
Equity				
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	750,157,835	936,354,881	682,825,417	886,457,030
Reserves	2,244,887,963	2,095,010,622	2,244,887,963	2,095,010,622
Total Equity Attributable to Equity Holders	12,549,176,238	11,771,741,774	12,481,843,821	11,721,843,923
Non Controlling Interest	-	-	-	-
Total Equity	12,549,176,238	11,771,741,774	12,481,843,821	11,721,843,923
Total Liabilities and Equity	114,847,349,024	105,344,162,806	114,786,391,924	105,314,243,549

Statement of Distributable Profit or Loss

Amount in NPR

Net Profit for the period end Poush 2076	803,011,476
1. Appropriations	
<i><u>1.1 Profit required to be appropriated to statutory reserve</u></i>	
a. General Reserve	(160,602,295)
b. Capital Redemption Reserve	-
c. Exchange Fluctuation Fund	(2,917,380)
d. Corporate Social Responsibility Fund	(3,013,653)
e. Employees Training Fund	-
f. Other	-
<i><u>1.2 Profit required to be transfer to Regulatory Reserve</u></i>	22,116,335
a. Transfer to Regulatory Reserve	22,116,335
b. Transfer from Regulatory Reserve	
Distributable Profit / (Loss)	658,594,483

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		11.52%		12.81%		11.52%		12.81%
Non-performing loan (NPL) to total loan		1.04%		1.22%		1.04%		1.22%
Total loan loss provision to Total NPL		169.34%		150.34%		169.34%		150.34%
Cost of Funds	7.50%		8.12%		7.50%		8.12%	-
Credit to Deposit Ratio	78.61%		78.07%		78.61%		78.07%	-
Base Rate	10.45%		11.55%		10.45%		11.55%	-
Interest Rate Spread	4.37%		3.38%		4.37%		3.38%	-

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 20th 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
- 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

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 – 16.76 | 2. Market Price per Share – Rs.190 |
| 3. Price Earnings Ratio (P/E ratio) – 11.30 | 4. Net Worth per Share – Rs.130.64 |
| 5. Liquidity Ratio – 21.13 | |

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 10.21% and loans & advances to BFIs and Customers in total have increased by 11.08% 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 120 branches all over the country with 6 extension counters; also the bank has currently setup 19 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. 196 Min. Price - Rs. 190 Closing Price - Rs. 190 Total no. of Transactions – 4,136 Transacted Day - 59 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.

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.

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

Kumari Bank Limited had issued 10.25% KBL Debenture, 2086 of NPR 3 Billion; where issue was opened on 14th Poush 2076.

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.