

## 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 Second Quarter (14<sup>th</sup> January 2022) of the Fiscal Year 2021/22

Amount in NPR

			Amount in NPR			
Particulars	Gr	oup	Bank			
Particulars	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending		
Assets						
Cash and Cash Equivalents	7,205,931,859	7,591,048,102	7,204,559,026	7,580,241,082		
Due from Nepal Rastra Bank	6,469,821,271	8,486,453,288	6,469,821,271	8,486,453,288		
Placement with Bank and Financial Institutions	4,310,977,725	4,840,711,695	4,310,977,725	4,840,711,695		
Derivative Financial Instruments	115,915,346	-	115,915,346	-		
Other Trading Assets	-	-	-	-		
Loans and Advances to BFIs	5,839,260,960	5,123,681,172	5,839,260,960	5,123,681,172		
Loans and Advances to Customers	155,962,076,519	137,897,925,002	155,962,076,519	137,897,925,002		
Investment Securities	20,636,850,966	22,875,627,748	20,242,401,451	22,697,941,963		
Current Tax Assets	307,438,581	257,142,529	305,414,250	257,142,529		
Investment in Subsidiaries	-	-	420,000,000	220,000,000		
Investment in Associates	427,487,181	369,233,513	155,017,596	155,017,596		
Investment Property	212,517,557	128,112,878	212,517,557	128,112,878		
Property and Equipment	1,246,738,549	1,269,227,483	1,233,796,802	1,258,559,299		
Goodwill and Intangible Assets	179,470,950	198,985,021	177,455,470	197,573,361		
Deferred Tax Assets	-	-	-	-		
Other Assets	742,148,552	955,962,980	729,887,789	939,456,215		
Total Assets	203,656,636,016	189,994,111,410	203,379,101,763	189,782,816,080		
Total Assets						
Liabilities						
Due to Bank and Financial Institutions	8,232,327,224	14,623,378,395	8,402,583,051	14,731,924,737		
Due to Nepal Rastra Bank	10,352,590,672	5,088,973,668	10,352,590,672	5,088,973,668		
Derivative Financial Instruments	-	3,267,738	-	3,267,738		
Deposits from Customers	159,821,637,177	145,838,231,009	159,821,637,177	145,838,231,009		
Borrowings	-	-	-	-		
Current Tax Liabilities	-	-	-	-		
Provisions	-	2,334,810	-	2,334,810		
Deferred Tax Liabilities	59,902,878	146,241,319	59,247,714	145,625,275		
Other Liabilities	2,654,928,669	2,166,943,538	2,497,942,233	2,084,796,958		
Debt Securities Issued	2,995,614,178	2,995,439,829	2,995,614,178	2,995,439,826		
Subordinated Liabilities	-	-	-	-		
Total Liabilities	184,117,000,798	170,864,810,307	184,129,615,024	170,890,594,021		
Equity						
Share Capital	14,711,183,326	13,878,474,836	14,711,183,326	13,878,474,836		
Share Premium	88,804,041	88,804,041	88,804,041	88,804,041		
Retained Earnings	467,654,857	1,480,948,035	182,144,178	1,247,097,056		
Reserves	4,271,992,994	3,681,074,192	4,267,355,193	3,677,846,125		
Total Equity Attributable to Equity Holders	19,539,635,218	19,129,301,103	19,249,486,739	18,892,222,058		
Non-Controlling Interest	-	-	-	-		
Total Equity	19,539,635,218	19,129,301,103	19,249,486,739	18,892,222,058		
Total Liabilities and Equity	203,656,636,016	189,994,111,410	203,379,101,763	189,782,816,080		

# Condensed Consolidated Statement of Profit or Loss For the Second Quarter Ended (14 January 2022) of the Fiscal Year 2021/22

Amount in NPR

Particulars	Group				Amount in NPR 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	4,148,084,416	7,897,870,178	3,065,698,210	6,393,383,279	4,140,237,064	7,885,360,495	3,051,501,998	6,377,386,648	
Interest Expense	2,803,666,306	5,261,841,510	1,869,409,522	3,879,582,825	2,803,666,306	5,261,855,962	1,869,409,522	3,879,597,277	
Net Interest Income	1,344,418,111	2,636,028,667	1,196,288,688	2,513,800,454	1,336,570,758	2,623,504,533	1,182,092,476	2,497,789,372	
Fee And Commission Income	175,275,151	436,837,050	201,903,109	352,969,952	175,275,151	436,837,050	201,903,109	352,969,952	
Fee And Commission Expense	18,829,105	37,562,010	9,316,977	15,016,966	18,829,105	37,562,010	9,316,977	15,016,966	
Net Fee And Commission Income	156,446,046	399,275,040	192,586,132	337,952,986	156,446,046	399,275,040	192,586,132	337,952,986	
Net Interest, Fee And Commission Income	1,500,864,157	3,035,303,707	1,388,874,820	2,851,753,440	1,493,016,804	3,022,779,573	1,374,678,608	2,835,742,358	
Net Trading Income	100,125,128	206,497,761	94,097,985	188,257,430	100,125,128	206,497,761	94,097,985	188,257,430	
Other Operating Income	124,013,423	395,260,483	160,872,871	223,155,026	81,601,640	313,614,647	142,210,741	189,491,395	
<b>Total Operating Income</b>	1,725,002,708	3,637,061,951	1,643,845,675	3,263,165,896	1,674,743,573	3,542,891,981	1,610,987,333	3,213,491,183	
Impairment Charge/ (Reversal) For Loans And Other Losses	189,482,027	322,254,579	(55,140,046)	(41,664,899)	189,482,027	322,254,579	(55,140,046)	(41,664,899)	
Net Operating Income	1,535,520,681	3,314,807,372	1,698,985,721	3,304,830,794	1,485,261,546	3,220,637,402	1,666,127,379	3,255,156,082	
Operating Expense									
Personnel Expenses	588,422,477	1,281,138,840	512,633,775	978,438,314	583,508,038	1,271,246,591	509,766,457	973,155,821	
Other Operating Expenses	235,415,186	446,975,380	210,465,946	407,810,370	232,534,377	440,306,601	207,103,918	402,911,072	
Depreciation & Amortization	70,332,934	141,168,094	69,473,545	139,027,506	69,851,661	140,233,541	69,234,295	138,565,665	
Operating Profit	641,350,084	1,445,525,056	906,412,455	1,779,554,605	599,367,470	1,368,850,669	880,022,709	1,740,523,524	
Non-Operating Income	848,217	4,810,737	17,293,802	17,808,899	848,217	4,810,737	17,293,802	17,808,899	
Non-Operating Expense	-	-	-	-	-	-	-	-	
Profit Before Income Tax	642,198,301	1,450,335,793	923,706,257	1,797,363,504	600,215,687	1,373,661,406	897,316,511	1,758,332,423	
Income Tax Expense	192,951,070	427,528,176	285,560,898	544,842,613	189,597,427	421,923,223	283,301,042	541,773,946	
Current Tax	192,951,070	427,528,176	285,560,898	544,842,613	189,597,427	421,923,223	283,301,042	541,773,946	
Deferred Tax	-	-	-		-	-	-		
Profit/(Loss) For The Period	449,247,231	1,022,807,617	638,145,359	1,252,520,891	410,618,260	951,738,183	614,015,469	1,216,558,477	
Condensed Consolidated Statement Of Comprehensive In									
Profit/(Loss) For The Period	449,247,231	1,022,807,617	638,145,359	1,252,520,891	410,618,260	951,738,183	614,015,469	1,216,558,477	
Other Comprehensive Income	(21,252,003)	(223,918,225)	74,627,099	77,527,452	(21,252,003)	(223,918,225)	74,627,099	77,527,452	
<b>Total Comprehensive Income For The Period</b>	427,995,228	798,889,393	712,772,459	1,330,048,343	389,366,256	727,819,958	688,642,568	1,294,085,929	
Basic Earnings Per Share		13.91		18.05		12.94		17.53	
Diluted Earnings Per Share		13.91		18.05		12.94		17.53	
Profit Attributable To:	100000000000000000000000000000000000000	=00.000.000		1.000 6 : 2.5 : 5	200 255555			1.001.00=000	
<b>Equity Holders Of The Bank</b>	427,995,228	798,889,393	712,772,459	1,330,048,343	389,366,256	727,819,958	688,642,568	1,294,085,929	
Non-Controlling Interest	-	-		•	-	-		-	

# Statement of Distributable Profit or Loss For the Quarter end Poush 2078

## Amount in NPR

Net Profit for the period end Poush 2078 quarter	951,738,183			
1. Appropriations				
1.1 Profit required to be appropriated to statutory reserve				
a. General Reserve	(190,347,637)			
b. Capital Redemption Reserve	(166,666,667)			
c. Exchange Fluctuation Fund	(3,885,711)			
d. Corporate Social Responsibility Fund	(4,135,507)			
e. Employees Training Fund	(5,187,533)			
f. Other	-			
1.2 Profit required to be transfer to Regulatory Reserve	(443,204,238)			
a. Transfer to Regulatory Reserve	(443,204,238)			
b. Transfer from Regulatory Reserve				
Total Distributable Profit / (Loss)	138,310,890			

## 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		11.69%		14.91%		11.69%		14.91%
Non-performing loan (NPL) to total loan		1.06%		1.06%		1.06%		1.06%
Total loan loss provision to Total NPL		201.10%		204.12%		201.10%		204.12%
Cost of Funds	5.98%		5.28%		5.98%		5.28%	
Credit to Deposit Ratio	95.55%		76.15%		95.55%		76.15%	
Base Rate (FTM) (As per NRB)	8.93%		7.92%		8.93%		7.92%	
Interest Rate Spread	3.37%		3.58%		3.37%		3.58%	

#### **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 Laghubitta Bittiya Sanstha Ltmited,
  First Microfinance Laghubitta Bittiya Sanstha Ltd, Mero Microfinance Laghubitta 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
- 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 −12.94
- 3. Price Earnings Ratio (P/E ratio) -20.94
- 5. Liquidity Ratio -16.27

- 2. Market Price per Share –Rs.271
- 4. Net Worth per Share Rs.130.85

#### 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 9.59% and loans & advances to BFIs and Customers in total have increased by 13.13% 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 36 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. 293.70 Min. Price Rs. 223 Closing Price Rs. 271 Total no. of Transactions 28,197 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. 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 industry.

### **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.
- 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 6% of the bonus share and 2.67% cash dividend; approved from AGM on 16th Karthik 2078; bonus share of FY 2077-78 is listed on NEPSE on Poush 25, 2078.

#### 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.