

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

Interim Financial Statements of the FY 2078/79

Amount in NPR

Condensed Consolidated Statement of Financial Position

As at Third Quarter (13th April 2022) of the Fiscal Year 2021/22

	Gi	roup	Bank			
Particulars	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending		
Assets						
Cash and Cash Equivalents	12,316,170,973	7,591,048,102	12,312,071,409	7,580,241,082		
Due from Nepal Rastra Bank	5,966,846,120	8,486,453,288	5,966,846,120	8,486,453,288		
Placement with Bank and Financial Institutions	3,161,477,121	4,840,711,695	3,161,477,121	4,840,711,695		
Derivative Financial Instruments	-	-	-	-		
Other Trading Assets	-	-	-	-		
Loans and Advances to BFIs	5,716,872,328	5,123,681,172	5,716,872,328	5,123,681,172		
Loans and Advances to Customers	155,933,556,065	137,897,925,002	155,933,556,065	137,897,925,002		
Investment Securities	21,002,270,307	22,875,627,748	20,618,980,288	22,697,941,963		
Current Tax Assets	297,084,102	257,142,529	292,251,310	257,142,529		
Investment in Subsidiaries	-	-	420,000,000	220,000,000		
Investment in Associates	482,632,728	369,233,513	185,017,596	155,017,596		
Investment Property	225,435,756	128,112,878	225,435,756	128,112,878		
Property and Equipment	1,219,667,893	1,269,227,483	1,204,532,473	1,258,559,299		
Goodwill and Intangible Assets	170,993,838	198,985,021	169,111,626	197,573,361		
Deferred Tax Assets	-	-	-	-		
Other Assets	1,188,507,855	955,962,980	1,173,818,516	939,456,215		
Total Assets	207,681,515,088	189,994,111,410	207,379,970,607	189,782,816,080		
Liabilities						
Due to Bank and Financial Institutions	5,665,952,600	14,623,378,395	5,813,465,075	14,731,924,737		
Due to Nepal Rastra Bank	10,100,885,620	5,088,973,668	10,100,885,620	5,088,973,668		
Derivative Financial Instruments	167,217,357	3,267,738	167,217,357	3,267,738		
Deposits from Customers	165,403,677,578	145,838,231,009	165,403,677,578	145,838,231,009		
Borrowings	-	-	-	-		
Current Tax Liabilities	-	-	-	-		
Provisions	-	2,334,810	-	2,334,810		
Deferred Tax Liabilities	123,949,371	146,241,319	123,294,206	145,625,275		
Other Liabilities	2,656,555,260	2,166,943,538	2,525,854,653	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	187,113,851,963	170,864,810,307	187,130,008,667	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	1,089,352,636	1,480,948,035	776,554,039	1,247,097,056		
Reserves	4,678,323,122	3,681,074,192	4,673,420,534	3,677,846,125		
Total Equity Attributable to Equity Holders	20,567,663,125	19,129,301,103	20,249,961,940	18,892,222,058		
Non-Controlling Interest	-	-	-	-		
Total Equity	20,567,663,125	19,129,301,103	20,249,961,940	18,892,222,058		
Total Liabilities and Equity	207,681,515,088	189,994,111,410	207,379,970,607	189,782,816,080		

Condensed Consolidated Statement of Profit or Loss For the Third Quarter Ended (13 April 2022) of the Fiscal Year 2021/22

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Amount	ın	NPR

Particulars	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	This Quarter	Upto this Quarter (YTD)						
Interest Income	4,954,961,350	12,852,831,528	3,116,373,113	9,509,756,392	4,944,999,260	12,830,359,755	3,115,794,729	9,493,181,377
Interest Expense	3,143,574,215	8,405,415,725	1,786,366,341	5,665,949,166	3,143,574,215	8,405,430,177	1,786,366,341	5,665,963,618
Net Interest Income	1,811,387,135	4,447,415,802	1,330,006,772	3,843,807,226	1,801,425,045	4,424,929,578	1,329,428,388	3,827,217,759
Fee And Commission Income	225,856,987	662,694,037	258,776,505	611,746,457	225,856,987	662,694,037	258,776,505	611,746,457
Fee And Commission Expense	18,226,080	55,788,090	11,884,266	26,901,232	18,226,080	55,788,090	11,884,266	26,901,232
Net Fee And Commission Income	207,630,907	606,905,947	246,892,239	584,845,225	207,630,907	606,905,947	246,892,239	584,845,225
Net Interest, Fee And Commission Income	2,019,018,042	5,054,321,749	1,576,899,011	4,428,652,451	2,009,055,952	5,031,835,525	1,576,320,627	4,412,062,984
Net Trading Income	94,405,163	300,902,924	106,929,690	295,187,120	94,405,163	300,902,924	106,929,690	295,187,120
Other Operating Income	48,267,381	443,527,864	201,537,273	424,692,298	20,344,261	333,958,909	129,360,726	318,852,121
Total Operating Income	2,161,690,587	5,798,752,538	1,885,365,973	5,148,531,869	2,123,805,376	5,666,697,357	1,812,611,042	5,026,102,226
Impairment Charge/ (Reversal) For Loans And Other Losses	(62,665,562)	259,589,018	36,524,189	(5,140,709)	(62,665,562)	259,589,018	36,524,189	(5,140,709)
Net Operating Income	2,224,356,149	5,539,163,520	1,848,841,784	5,153,672,578	2,186,470,938	5,407,108,340	1,776,086,853	5,031,242,935
Operating Expense							-	
Personnel Expenses	689,088,584	1,970,227,424	653,016,974	1,631,455,288	685,006,745	1,956,253,336	645,135,408	1,618,291,229
Other Operating Expenses	225,365,609	672,340,989	212,681,191	620,491,561	220,717,175	661,023,776	204,517,095	607,428,167
Depreciation & Amortization	73,356,917	214,525,011	70,908,889	209,936,395	72,786,323	213,019,864	70,181,509	208,747,174
Operating Profit	1,236,545,039	2,682,070,096	912,234,730	2,691,789,335	1,207,960,695	2,576,811,363	856,252,841	2,596,776,365
Non-Operating Income	7,805,834	12,616,571	3,936,505	21,745,404	7,805,834	12,616,571	3,936,505	21,745,404
Non-Operating Expense	4,550	4,550	289,270	289,270	4,550	4,550	289,270	289,270
Profit Before Income Tax	1,244,346,323	2,694,682,117	915,881,965	2,713,245,469	1,215,761,979	2,589,423,384	859,900,076	2,618,232,499
Income Tax Expense	365,760,233	793,288,409	274,069,756	818,912,369	364,728,594	786,651,816	267,975,023	809,748,969
Current Tax	365,760,233	793,288,409	274,069,756	818,912,369	364,728,594	786,651,816	267,975,023	809,748,969
Deferred Tax	-	-	-		-	-	-	
Profit/(Loss) For The Period	878,586,091	1,901,393,708	641,812,209	1,894,333,100	851,033,385	1,802,771,568	591,925,053	1,808,483,530
Condensed Consolidated Statement Of Comprehensive In								
Profit/(Loss) For The Period	878,586,091	1,901,393,708	641,812,209	1,894,333,100	851,033,385	1,802,771,568	591,925,053	1,808,483,530
Other Comprehensive Income	149,441,816	(74,476,409)	56,370,660	133,898,112	149,441,816	(74,476,409)	56,370,660	133,898,112
Total Comprehensive Income For The Period	1,028,027,907	1,826,917,299	698,182,869	2,028,231,212	1,000,475,201	1,728,295,160	648,295,714	1,942,381,643
Basic Earnings Per Share		17.23		18.20		16.34		17.37
Diluted Earnings Per Share		17.23		18.20		16.34		17.37
Profit Attributable To:							1	
Equity Holders Of The Bank	1,028,027,907	1,826,917,299	698,182,869	2,028,231,212	1,000,475,201	1,728,295,160	648,295,714	1,942,381,643
Non-Controlling Interest	-	-		-	-	-		-

Statement of Distributable Profit or Loss For the Quarter end Chaitra 2078

	Amount in NPR		
Opening Retained Earning	43,833,287		
Net Profit for the period end Chaitra 2078 quarter	1,802,771,568		
1. Appropriations			
1.1 Profit required to be appropriated to statutory reserve			
a. General Reserve	(360,554,314)		
b. Capital Redemption Reserve	(250,000,000)		
c. Exchange Fluctuation Fund	(5,662,152)		
d. Corporate Social Responsibility Fund	(11,216,841)		
e. Employees Training Fund	(21,814,139)		
f. Other	-		
1.2 Profit required to be transfer to Regulatory Reserve	(325,680,611)		
a. Transfer to Regulatory Reserve	(325,680,611)		
b. Transfer from Regulatory Reserve			
Total Distributable Profit / (Loss)	871,676,799		

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		12.18%		13.98%		12.18%		13.98%
Non-performing loan (NPL) to total loan		0.96%		1.09%		0.96%		1.09%
Total loan loss provision to Total NPL		218.07%		178.95%		218.07%		178.95%
Cost of Funds	7.24%		5.09%		7.24%		5.09%	
Credit to Deposit Ratio	91.77%		81.23%		91.77%		81.23%	
Base Rate (FTM) (As per NRB)	9.85%		7.63%		9.85%		7.63%	
Interest Rate Spread	3.97%		3.19%		3.97%		3.19%	

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.
- 2. Group represents the Bank and its wholly owned subsidiary Kumari Capital Ltd and KBL Securities Ltd; National Microfinance Laghubitta Bittiya Sanstha Limited, First Microfinance Laghubitta Bittiya Sanstha Ltd, Mero Microfinance Laghubitta Bittiya Sanstha Ltd, General Insurance Co. Ltd, Aviyan Laghubitta Bittiya Sanstha Ltd and Solar Farm Pvt. 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
- 6. 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.

Market Price per Share –Rs.222
Net Worth per Share – Rs.137.65

- 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 –16.34

- 3. Price Earnings Ratio (P/E ratio) -13.58
- 5. Liquidity Ratio -18.23
- 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 13.42% and loans & advances to BFIs and Customers in total have increased by 13.03% 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 197 branches all over the country with 16 extension counters; also the bank has currently setup 43 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, Ps. 296 50 Min Price, Ps. 217 Closing Price, Ps. 222 Total no. of Transactions, 24 397 Transacted Day
- Max. Price Rs. 296.50 Min. Price Rs. 217 Closing Price Rs. 222 Total no. of Transactions 24,397 Transacted Day 58 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 overcome the pressure of recovery in current highly liquid crunch situation.
- d. Intense pressure in liquidity in the overall economy leading hardship in maintaining the liquid position.

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

- Separation of then Acting CEO Mr. Anuj Mani Timilsina on Magh 24, 2078.
- Appointment of Acting CEO Mr. Ram Chandra Khanal effective from Magh 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.