

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 Fourth Quarter (16^{th} July 2022) of the Fiscal Year 2021/22

Amount in NPR

			Amount in NPR			
Particulars	Gı	roup	Bank			
Taracamis	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending		
Assets						
Cash and Cash Equivalents	17,614,124,823	7,591,048,102	17,611,221,553	7,580,241,082		
Due from Nepal Rastra Bank	5,473,992,720	8,486,453,288	5,473,992,720	8,486,453,288		
Placement with Bank and Financial Institutions	1,945,942,959	4,840,711,695	1,945,942,959	4,840,711,695		
Derivative Financial Instruments	-	-	-	-		
Other Trading Assets	-	-	-	-		
Loans and Advances to BFIs	5,846,262,217	5,123,681,172	5,846,262,217	5,123,681,172		
Loans and Advances to Customers	153,369,812,601	137,897,925,002	153,369,812,601	137,897,925,002		
Investment Securities	23,188,421,712	22,875,627,748	22,806,827,861	22,697,941,963		
Current Tax Assets	345,164,953	257,142,529	338,614,688	257,142,529		
Investment in Subsidiaries	-	-	420,000,000	220,000,000		
Investment in Associates	514,550,183	369,233,513	185,017,596	155,017,596		
Investment Property	144,491,994	128,112,878	144,491,994	128,112,878		
Property and Equipment	1,194,671,653	1,269,227,483	1,179,928,661	1,258,559,299		
Goodwill and Intangible Assets	163,212,113	198,985,021	161,441,291	197,573,361		
Deferred Tax Assets	-	-	-	-		
Other Assets	1,330,826,564	955,962,980	1,313,991,876	939,456,215		
Total Assets	211,131,474,491	189,994,111,410	210,797,546,017	189,782,816,080		
Liabilities			, , ,			
Due to Bank and Financial Institutions	6,042,498,463	14,623,378,395	6,194,529,106	14,731,924,737		
Due to Nepal Rastra Bank	1,345,585,620	5,088,973,668	1,345,585,620	5,088,973,668		
Derivative Financial Instruments	152,433,555	3,267,738	152,433,555	3,267,738		
Deposits from Customers	176,767,665,556	145,838,231,009	176,767,665,556	145,838,231,009		
Borrowings	-	-	-	-		
Current Tax Liabilities	-	-	-	-		
Provisions	2,500,000	2,334,810	2,500,000	2,334,810		
Deferred Tax Liabilities	108,346,980	146,241,319	107,691,816	145,625,275		
Other Liabilities	2,174,199,641	2,166,943,538	2,045,338,488	2,084,796,958		
Debt Securities Issued	2,995,623,137	2,995,439,829	2,995,623,137	2,995,439,826		
Subordinated Liabilities	-	-	-	-		
Total Liabilities	189,588,852,952	170,864,810,307	189,611,367,278	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	2,124,716,780	1,480,948,035	1,773,917,680	1,247,097,056		
Reserves	4,617,917,392	3,681,074,192	4,612,273,693	3,677,846,125		
Total Equity Attributable to Equity Holders	21,542,621,539	19,129,301,103	21,186,178,740	18,892,222,058		
Non-Controlling Interest	-	-	-	-		
Total Equity	21,542,621,539	19,129,301,103	21,186,178,740	18,892,222,058		
Total Liabilities and Equity	211,131,474,491	189,994,111,410	210,797,546,017	189,782,816,080		

Condensed Consolidated Statement of Profit or Loss For the Fourth Quarter Ended (16 July 2022) of the Fiscal Year 2021/22

Amount in NPR

Particulars		Gr	oup		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	5,700,131,836	18,552,963,364	3,283,245,610	12,793,002,002	5,688,183,245	18,518,543,000	3,283,205,756	12,776,387,133	
Interest Expense	3,732,388,715	12,137,804,441	2,032,909,904	7,698,859,070	3,732,388,715	12,137,818,892	2,032,909,904	7,698,873,522	
Net Interest Income	1,967,743,121	6,415,158,923	1,250,335,706	5,094,142,931	1,955,794,530	6,380,724,107	1,250,295,852	5,077,513,611	
Fee And Commission Income	299,622,006	962,316,043	210,873,724	822,620,181	299,622,006	962,316,043	210,873,724	822,620,181	
Fee And Commission Expense	87,725,256	143,513,346	12,000,733	38,901,965	87,725,256	143,513,346	12,000,733	38,901,965	
Net Fee And Commission Income	211,896,750	818,802,697	198,872,991	783,718,216	211,896,750	818,802,697	198,872,991	783,718,216	
Net Interest, Fee And Commission Income	2,179,639,871	7,233,961,620	1,449,208,697	5,877,861,148	2,167,691,280	7,199,526,804	1,449,168,843	5,861,231,827	
Net Trading Income	78,981,062	379,883,986	125,646,274	420,833,394	78,981,062	379,883,986	125,646,274	420,833,394	
Other Operating Income	251,037,436	694,565,301	89,682,262	514,374,560	211,590,471	545,549,380	71,476,295	390,328,416	
Total Operating Income	2,509,658,369	8,308,410,907	1,664,537,233	6,813,069,102	2,458,262,813	8,124,960,171	1,646,291,412	6,672,393,638	
Impairment Charge/ (Reversal) For Loans And Other Losses	302,636,044	562,225,062	480,421,066	475,280,357	302,636,044	562,225,062	480,421,066	475,280,357	
Net Operating Income	2,207,022,325	7,746,185,845	1,184,116,167	6,337,788,745	2,155,626,769	7,562,735,109	1,165,870,346	6,197,113,281	
Operating Expense									
Personnel Expenses	389,991,056	2,360,218,480	406,348,608	2,037,803,896	385,212,992	2,341,466,329	405,627,154	2,023,918,383	
Other Operating Expenses	283,938,000	956,278,989	276,827,468	897,319,029	279,643,812	940,667,588	276,670,102	884,098,269	
Depreciation & Amortization	80,024,286	294,549,297	74,597,245	284,533,640	79,423,121	292,442,985	74,557,381	283,304,555	
Operating Profit	1,453,068,983	4,135,139,079	426,342,846	3,118,132,181	1,411,346,844	3,988,158,207	409,015,709	3,005,792,073	
Non-Operating Income	5,646,326	18,262,897	12,150,455	33,895,859	5,646,326	18,262,897	12,150,455	33,895,859	
Non-Operating Expense	27,399	31,949	1,459	290,729	27,399	31,949	1,459	290,729	
Profit Before Income Tax	1,458,687,910	4,153,370,027	438,491,842	3,151,737,310	1,416,965,771	4,006,389,155	421,164,704	3,039,397,203	
Income Tax Expense	387,483,809	1,180,772,218	258,425,277	1,077,337,646	384,503,283	1,171,155,100	258,918,078	1,068,667,046	
Current Tax	361,798,926	1,155,087,335	118,564,482	937,476,851	358,857,520	1,145,509,337	119,563,039	929,312,008	
Deferred Tax	25,684,883	25,684,883	139,860,795	139,860,795	25,645,763	25,645,763	139,355,038	139,355,038	
Profit/(Loss) For The Period	1,071,204,102	2,972,597,809	180,066,565	2,074,399,664	1,032,462,487	2,835,234,056	162,246,627	1,970,730,157	
Condensed Consolidated Statement Of Comprehensive In	come								
Profit/(Loss) For The Period	1,071,204,102	2,972,597,809	180,066,565	2,074,399,664	1,032,462,487	2,835,234,056	162,246,627	1,970,730,157	
Other Comprehensive Income	(96,245,691)	(170,722,100)	(95,930,268)	37,967,845	(96,245,691)	(170,722,100)	(95,930,268)	37,967,845	
Total Comprehensive Income For The Period	974,958,410	2,801,875,710	84,136,297	2,112,367,509	936,216,796	2,664,511,956	66,316,359	2,008,698,001	
Basic Earnings Per Share		20.21		14.95		19.27		14.20	
Diluted Earnings Per Share		20.21		14.95		19.27		14.20	
Profit Attributable To:									
Equity Holders Of The Bank	974,958,410	2,801,875,710	84,136,297	2,112,367,509	936,216,796	2,664,511,956	66,316,359	2,008,698,001	
Non-Controlling Interest	-	-	-	-	-	-	-	-	

Statement of Distributable Profit or Loss For the Quarter end Ashad 2079

Amount in NPR

Opening Retained Earning	43,833,287			
Net Profit for the period end Ashad 2079 quarter	2,835,234,056			
1. Appropriations				
1.1 Profit required to be appropriated to statutory reserve				
a. General Reserve	(567,046,811)			
b. Capital Redemption Reserve	(333,333,333)			
c. Exchange Fluctuation Fund	(5,648,231)			
d. Corporate Social Responsibility Fund	(18,122,453)			
e. Employees Training Fund	(20,022,783)			
f. Other				
1.2 Profit required to be transfer to Regulatory Reserve	(160,976,057)			
a. Transfer to Regulatory Reserve	(201,606,948)			
b. Transfer from Regulatory Reserve	40,630,891			
Total Distributable Profit / (Loss)	1,773,917,676			

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		12.98%		13.71%		12.98%		13.71%
Non-performing loan (NPL) to total loan		0.96%		0.96%		0.96%		0.96%
Total loan loss provision to Total NPL		241.09%		226.57%		241.09%		226.57%
Cost of Funds	7.76%		5.55%		7.76%		5.55%	
Credit to Deposit Ratio	85.12%		81.01%		85.12%		81.01%	
Base Rate (FTM) (As per NRB)	10.57%		7.90%		10.57%		7.90%	
Interest Rate Spread	4.36%		3.13%		4.36%		3.13%	

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 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.
- 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 -19.27
- 3. Price Earnings Ratio (P/E ratio) -9.92
- 5. Liquidity Ratio -24.81

- 2. Market Price per Share -Rs.191
- 4. Net Worth per Share Rs.144.01

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 21.21% and loans & advances to BFIs and Customers in total have increased by 11.48% 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 24 extension counters; also the bank has currently setup 48 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.
- Maximum, minimum and closing price of shares including total transactions and transacted days during the quarter
 Max. Price Rs. 228 Min. Price Rs. 187.20 Closing Price Rs. 191 Total no. of Transactions 16,601 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. 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

Appointment of CEO Mr. Ram Chandra Khanal effective from Baisakh 14, 2079.

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.