



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

Interim Financial Statements of the FY 2079/80
Condensed Consolidated Statement of Financial Position
As at Second Quarter (14th January 2023) of the Fiscal Year 2022/23

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	20,587,480,119	17,724,374,394	20,579,437,996	17,609,892,391
Due from Nepal Rastra Bank	11,012,266,600	5,475,310,681	11,012,266,600	5,475,310,681
Placement with Bank and Financial Institutions	2,763,052,550	1,949,476,858	2,763,052,550	1,949,476,858
Derivative Financial Instruments	26,575,469	-	26,575,469	-
Other Trading Assets	-	-	-	-
Loans and Advances to BFIs	9,469,486,575	5,846,262,217	9,469,486,575	5,846,262,217
Loans and Advances to Customers	275,761,355,553	152,562,929,781	275,761,355,553	152,562,929,781
Investment Securities	39,923,186,581	23,196,679,434	39,557,953,696	22,815,085,583
Current Tax Assets	399,637,528	457,139,696	399,790,480	454,701,292
Investment in Subsidiaries	-	-	600,000,000	420,000,000
Investment in Associates	587,594,038	504,062,448	155,017,596	185,017,596
Investment Property	1,135,157,165	144,491,994	1,135,157,165	144,491,994
Property and Equipment	2,616,889,093	1,194,497,624	2,602,345,177	1,179,754,479
Goodwill and Intangible Assets	341,966,166	163,212,113	340,464,613	161,441,291
Deferred Tax Assets	-	-	-	-
Other Assets	6,558,059,097	3,320,846,636	6,526,060,019	3,304,074,228
Total Assets	371,182,706,534	212,539,283,876	370,928,963,489	212,108,438,392
Liabilities				
Due to Bank and Financial Institutions	5,306,295,767	6,028,947,435	5,982,374,311	6,194,529,106
Due to Nepal Rastra Bank	7,715,273,000	1,345,585,620	7,715,273,000	1,345,585,620
Derivative Financial Instruments	-	39,334,195	-	39,334,195
Deposits from Customers	299,691,753,456	176,767,665,556	299,691,753,456	176,767,665,556
Borrowings	1,314,500,214	-	1,314,500,214	-
Current Tax Liabilities	-	-	-	-
Provisions	-	2,500,000	-	2,500,000
Deferred Tax Liabilities	140,898,549	71,471,646	140,898,549	75,208,206
Other Liabilities	8,952,067,672	3,940,045,081	8,491,492,004	3,685,702,222
Debt Securities Issued	8,995,797,489	2,995,797,489	8,995,797,489	2,995,797,489
Subordinated Liabilities	-	-	-	-
Total Liabilities	332,116,586,147	191,191,347,022	332,332,089,024	191,106,322,395
Equity				
Share Capital	26,225,861,340	14,711,183,326	26,225,861,340	14,711,183,326
Share Premium	88,804,041	88,804,041	88,804,041	88,804,041
Retained Earnings	684,905,194	2,212,774,212	224,441,337	1,872,567,427
Reserves	12,066,549,811	4,335,175,275	12,057,767,747	4,329,561,203
Total Equity Attributable to Equity Holders	39,066,120,387	21,347,936,854	38,596,874,465	21,002,115,997
Non-Controlling Interest	-	-	-	-
Total Equity	39,066,120,387	21,347,936,854	38,596,874,465	21,002,115,997
Total Liabilities and Equity	371,182,706,534	212,539,283,876	370,928,963,489	212,108,438,392

**Statement of Distributable Profit or Loss
For the Quarter end Poush 2079**

Amount in NPR

Opening Retained Earning	32,513,429
Opening Retained Earning – (then NCC)	1,422,900
Total Opening	33,936,329
Net Profit for the period end Poush 2079 quarter	1,530,707,072
1. Appropriations	
<u><i>1.1 Profit required to be appropriated to statutory reserve</i></u>	
a. General Reserve	(306,141,414)
b. Capital Redemption Reserve	(166,666,667)
c. Exchange Fluctuation Fund	(3,841,233)
d. Corporate Social Responsibility Fund	(9,262,707)
e. Employees Training Fund	(14,420,797)
f. Other	-
<u><i>1.2 Profit required to be transfer to Regulatory Reserve</i></u>	(839,869,247)
a. Transfer to Regulatory Reserve	(848,014,977)
b. Transfer from Regulatory Reserve	8,145,730
Total Distributable Profit / (Loss)	224,441,337

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		12.73%		12.14%		12.73%		12.14%
Non-performing loan (NPL) to total loan		3.15%		1.06%		3.15%		1.06%
Total loan loss provision to Total NPL		104.28%		201.10%		104.28%		201.10%
Cost of Funds	9.05%		5.98%		9.05%		5.98%	
Credit to Deposit Ratio (FTQ)	89.58%		95.55%		89.58%		95.55%	
Base Rate (FTM)	11.73%		8.93%		11.73%		8.93%	
Interest Rate Spread (FTM)	4.42%		3.37%		4.42%		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; 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 Bittiya Sanstha Limited, First Microfinance Laghu Bittiya Sanstha Ltd, Mero Microfinance 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.
- 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).
- 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.
- Figures have been regrouped and rearranged wherever necessary.
- 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 –11.67 | 2. Market Price per Share –Rs.190 |
| 3. Price Earnings Ratio (P/E ratio) –16.28 | 4. Net Worth per Share – Rs.147.17 |
| 5. Liquidity Ratio -20.09 | |

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 69.54% and loans & advances to BFIs and Customers in total have increased by 80.06% in this quarter with reference to the last year due to merger with then NCC Bank.
- 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 304 branches all over the country with 47 extension counters; also the bank has currently setup 62 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 filed 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

- 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. 198.90 Min. Price - Rs. 176.5 Closing Price - Rs. 190 Total no. of Transactions – 4,016 Transacted Day - 19 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. Post Pandemic situation is causing concerns and economic hardship for consumers, businesses and communities across the globe and thereby affecting overall business of banking.

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

- Joint operation of Kumari Bank Ltd (KBL) and Nepal Credit and Commerce Bank (NCCB) has commenced under the name 'Kumari Bank Ltd' following merger of the two commercial banks on 1st January, 2023.
- Appointment of CEO Mr. Ramesh Raj Aryal effective from 1st January, 2023.

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.