

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

Interim Financial Statements of the FY 2079/80

Amount in NPR

Condensed Consolidated Statement of Financial Position

As at Third Quarter (13th April 2023) of the Fiscal Year 2022/23

	Gr	oup	Bank			
Particulars		Immediate Previous	Immediate Previou			
	This Quarter Ending	Year Ending	This Quarter Ending	Year Ending		
Assets Cash and Cash Equivalents	16,640,282,478	17,724,374,394	16,634,314,624	17,609,892,391		
Due from Nepal Rastra Bank	11,238,914,339	5,475,310,681	11,238,914,339	5,475,310,681		
Placement with Bank and Financial Institutions			174,803,840			
Derivative Financial Instruments	- 174,803,840	1,949,476,858	-	1,949,476,858		
Other Trading Assets	-	-	_	-		
Loans and Advances to BFIs	9,921,142,353	5,846,262,217	9,921,142,353	5,846,262,217		
Loans and Advances to Customers	275,855,911,801	152,562,929,781	275,855,911,801	152,562,929,781		
Investment Securities	45,622,746,692	23,196,679,434	45,232,540,985	22,815,085,583		
Current Tax Assets	935,341,633	457,139,696	935,226,759	454,701,292		
Investment in Subsidiaries	-	-	600,000,000	420,000,000		
Investment in Associates	580,585,940	504,062,448	155,017,596	185,017,596		
Investment Property	1,098,715,008	144,491,994	1,098,715,008	144,491,994		
Property and Equipment	2,614,621,076	1,194,497,624	2,596,856,219	1,179,754,479		
Goodwill and Intangible Assets	382,065,206	163,212,113	380,698,288	161,441,291		
Deferred Tax Assets	-	-	-	-		
Other Assets	4,773,536,235	3,320,846,636	4,744,016,174	3,304,074,228		
Total Assets	369,838,666,601	212,539,283,876	369,568,157,986	212,108,438,392		
Liabilities						
Due to Bank and Financial Institutions	7,947,112,452	6,028,947,435	8,720,724,614	6,194,529,106		
Due to Nepal Rastra Bank	4,098,405,000	1,345,585,620	4,098,405,000	1,345,585,620		
Derivative Financial Instruments	188,838	39,334,195	188,838	39,334,195		
Deposits from Customers	303,286,788,283	176,767,665,556	303,286,788,283	176,767,665,556		
Borrowings	1,325,283,174	-	1,325,283,174	-		
Current Tax Liabilities	-	-	-	-		
Provisions	-	2,500,000	-	2,500,000		
Deferred Tax Liabilities	96,183,062	71,471,646	96,183,062	75,208,206		
Other Liabilities	6,602,897,136	3,940,045,081	6,036,644,200	3,685,702,222		
Debt Securities Issued	9,210,429,436	2,995,797,489	9,210,429,436	2,995,797,489		
Subordinated Liabilities	-	-	-	-		
Total Liabilities	332,567,287,381	191,191,347,022	332,774,646,608	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	470,155,802	2,212,774,212	2,486,292	1,872,567,427		
Reserves	10,486,558,036	4,335,175,275	10,476,359,704	4,329,561,203		
Total Equity Attributable to Equity Holders	37,271,379,220	21,347,936,854	36,793,511,378	21,002,115,997		
Non-Controlling Interest	-	-	-	-		
Total Equity	37,271,379,220	21,347,936,854	36,793,511,378	21,002,115,997		
Total Liabilities and Equity	369,838,666,601	212,539,283,876	369,568,157,986	212,108,438,392		

Condensed Consolidated Statement of Profit or Loss For the Third Quarter Ended (13 April 2023) of the Fiscal Year 2022/23

Amount in NPR

	Group				Bank			
Particulars	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	10,311,551,082	23,131,114,425	4,577,151,599	12,475,021,777	10,291,579,416	23,082,472,119	4,567,189,509	12,452,550,004
Interest expense	7,055,107,490	15,605,962,997	3,143,574,215	8,405,415,725	7,055,107,490	15,605,355,848	3,143,574,215	8,405,430,177
Net interest income	3,256,443,592	7,525,151,428	1,433,577,384	4,069,606,051	3,236,471,926	7,477,116,271	1,423,615,294	4,047,119,827
Fee and commission income	594,119,961	1,164,901,349	225,856,987	662,694,037	594,119,961	1,164,901,349	225,856,987	662,694,037
Fee and commission expense	82,572,987	176,398,594	18,226,080	55,788,090	82,572,987	176,398,594	18,226,080	55,788,090
Net fee and commission income	511,546,974	988,502,755	207,630,907	606,905,947	511,546,974	988,502,755	207,630,907	606,905,947
Net interest, fee and commission Income	3,767,990,566	8,513,654,183	1,641,208,291	4,676,511,998	3,748,018,900	8,465,619,026	1,631,246,201	4,654,025,774
Net trading income	101,982,505	243,964,965	94,405,163	300,902,924	101,982,505	243,964,965	94,405,163	300,902,924
Other operating income	28,417,247	310,847,093	48,267,381	443,527,864	15,263,502	149,067,985	20,344,261	333,958,909
Total operating income	3,898,390,317	9,068,466,242	1,783,880,836	5,420,942,787	3,865,264,907	8,858,651,976	1,745,995,626	5,288,887,607
impairment charge/ (reversal) for Loans and other losses	2,525,555,562	3,960,213,332	(62,665,562)	259,589,018	2,525,555,562	3,960,213,332	(62,665,562)	259,589,018
Net operating income	1,372,834,755	5,108,252,910	1,846,546,398	5,161,353,769	1,339,709,345	4,898,438,644	1,808,661,187	5,029,298,589
Operating expense							-	
Personnel expenses	568,170,071	1,946,196,692	311,278,833	1,592,417,673	561,221,288	1,925,899,653	307,196,994	1,578,443,586
Other operating expenses	199,429,987	680,876,408	61,679,255	508,654,636	194,963,827	668,185,541	57,030,821	497,337,422
Depreciation & Amortization	297,541,309	446,194,517	237,043,270	378,211,365	296,855,600	444,292,205	236,472,677	376,706,218
Operating Profit	307,693,388	2,034,985,292	1,236,545,039	2,682,070,096	286,668,630	1,860,061,245	1,207,960,695	2,576,811,363
Non-operating income	3,693,338	5,669,995	7,805,834	12,616,571	3,693,338	5,669,995	7,805,834	12,616,571
Non-operating expense	3,322	6,217,811	4,550	4,550	3,322	6,217,811	4,550	4,550
Profit before income tax	311,383,404	2,034,437,476	1,244,346,323	2,694,682,117	290,358,646	1,859,513,429	1,215,761,979	2,589,423,384
Income tax expense	93,415,021	576,993,190	365,760,233	793,288,409	87,107,594	557,854,029	364,728,594	786,651,816
Current Tax	93,415,021	576,993,190	365,760,233	793,288,409	87,107,594	557,854,029	364,728,594	786,651,816
Deferred Tax	-	-	-	-	-	-	-	-
Profit/(loss) for the period	217,968,383	1,457,444,286	878,586,091	1,901,393,708	203,251,053	1,301,659,401	851,033,385	1,802,771,568
Profit of (then NCC Bank till16 Poush 2079 before Merger)	-	518,636,126	-	-	-	518,636,126	-	-
Total Profit for the period	217,968,383	1,976,080,412	878,586,091	1,901,393,708	203,251,053	1,820,295,527	851,033,385	1,802,771,568
Condensed Consolidated Statement of Comprehensive in								
Profit/(loss) for the period	217,968,383	1,976,080,412	878,586,091	1,901,393,708	203,251,053	1,820,295,527	851,033,385	1,802,771,568
Other Comprehensive income	(104,336,136)	(37,753,155)	149,441,816	(74,476,409)	(104,336,136)	(37,753,155)	149,441,816	(74,476,409)
Total Comprehensive income for the period	113,632,246	1,938,327,257	1,028,027,907	1,826,917,299	98,914,916	1,782,542,372	1,000,475,201	1,728,295,160
Basic earnings per share		10.05		17.23		9.25		16.34
Diluted earnings per share		10.05		17.23		9.25		16.34
Profit attributable to:								
Equity holders of the Bank	113,632,246	1,938,327,257	1,028,027,907	1,826,917,299	98,914,916	1,782,542,372	1,000,475,201	1,728,295,160
Non-controlling interest	-	-		-	-	-	-	-

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

For the Quarter the Chartra 2019	Amount in NPR
Opening Retained Earning	31,146,181
Net Profit for the period end Chaitra 2079 quarter	1,820,295,527
1. Appropriations	
1.1 Profit required to be appropriated to statutory reserve	
a. General Reserve	(364,059,105)
b. Capital Redemption Reserve	(250,000,000)
c. Exchange Fluctuation Fund	(6,815,794)
d. Corporate Social Responsibility Fund	(8,755,919)
e. Employees Training Fund	828,831
f. Other	-
1.2 Profit required to be transfer to Regulatory Reserve	(1,220,153,423)
a. Transfer to Regulatory Reserve	(1,241,277,475)
b. Transfer from Regulatory Reserve	21,124,052
Total Distributable Profit / (Loss)	2,486,297

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		12.90%		12.18%		12.90%		12.18%
Non-performing loan (NPL) to total loan		3.97%		0.96%		3.97%		0.96%
Total loan loss provision to Total NPL		103.91%		218.07%		103.91%		218.07%
Cost of Funds	8.95%		7.24%		8.95%		7.24%	
Credit to Deposit Ratio	89.69%		91.77%		89.69%		91.77%	
Base Rate (FTM)	10.93%		9.85%		10.93%		9.85%	
Interest Rate Spread (FTM)	5.19%		3.97%		5.19%		3.97%	

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 Bittiya Sanstha Limited, First Microfinance Laghu Bittiya Sanstha Ltd, Mero Microfinance Bittiya Sanstha Ltd, Sadhana Laghubitta Bittiya Sanstha 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 5 of Carve-Out Alternatives provided for Bank and Financial Institution under NFRS 9, 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.
- 7. Interest income on loans and advances to customers are shown on accrual basis subject to interest recognition guideline issued by Nepal Rastra Bank.
- 8. Figures have been regrouped and restated 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 –9.25
- 3. Price Earnings Ratio (P/E ratio) -19.02
- 5. Liquidity Ratio -20.90

- 2. Market Price per Share -Rs.176
- 4. Net Worth per Share Rs.140.29

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 71.57% and loans & advances to BFIs and Customers in total have increased by 80.40% 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 48 extension counters; also the bank has currently setup 62 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
 Maximum, Diana Data (Minimum 27,700 The state)

Max. Price - Rs. 211.6 Min. Price - Rs. 166 Closing Price - Rs. 176 Total no. of Transactions - 25,799 Transacted Day - 53 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

• Change in Article of Association approved from Office of Company Registrar subsequent to changes required after merger.

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.