



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 Third Quarter (13th April 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 | 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 | 1,949,476,858 | 174,803,840 | 1,949,476,858 |
| Derivative Financial Instruments | - | - | - | - |
| Other Trading Assets | - | - | - | - |
| Loans and Advances to BFs | 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 |

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

Amount in NPR

| | |
|---------------------------------------------------------------------------|------------------------|
| Opening Retained Earning | 31,146,181 |
| Net Profit for the period end Chaitra 2079 quarter | 1,820,295,527 |
| 1. Appropriations | |
| <u>1.1 Profit required to be appropriated to statutory reserve</u> | |
| 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 | - |
| | |
| <u>1.2 Profit required to be transfer to Regulatory Reserve</u> | (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

- 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.
- 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 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).
- 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 subject to interest recognition guideline issued by Nepal Rastra Bank.
- Figures have been regrouped and restated 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 –9.25 | 2. Market Price per Share –Rs.176 |
| 3. Price Earnings Ratio (P/E ratio) –19.02 | 4. Net Worth per Share – Rs.140.29 |
| 5. Liquidity Ratio -20.90 | |

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

- 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.
- 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. 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.