कुमारी बैंक लिमिटेड
KUMARI BANK LIMITED
सबैका लागि, सधैंका लागि

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 on Fourth Quarter (16th July 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	19,847,953,245	17,724,374,394	19,840,098,812	17,609,892,391
Due from Nepal Rastra Bank	13,460,944,529	5,475,310,681	13,460,944,529	5,475,310,681
Placement with Bank and Financial Institutions	7,852,829,746	1,949,476,858	7,852,829,746	1,949,476,858
Derivative Financial Instruments	184,833,645	-	184,833,645	-
Other Trading Assets	-	-	-	-
Loans and Advances to BFIs	9,769,740,525	5,846,262,217	9,769,740,525	5,846,262,217
Loans and Advances to Customers	270,573,596,161	152,562,929,781	270,573,596,161	152,562,929,781
Investment Securities	42,953,680,295	23,196,679,434	42,542,370,929	22,815,085,583
Current Tax Assets	1,126,740,993	457,139,696	1,121,255,950	454,701,292
Investment in Subsidiaries	-	-	600,000,000	420,000,000
Investment in Associates	1,610,585,940	504,062,448	1,185,017,596	185,017,596
Investment Property	1,263,212,752	144,491,994	1,263,212,752	144,491,994
Property and Equipment	2,529,754,415	1,194,497,624	2,515,806,191	1,179,754,479
Goodwill and Intangible Assets	401,198,179	163,212,113	398,693,138	161,441,291
Deferred Tax Assets	-	-	-	-
Other Assets	7,507,555,976	3,320,846,636	7,476,302,145	3,304,074,228
Total Assets	**379,082,626,401**	**212,539,283,876**	**378,784,702,120**	**212,108,438,392**
Liabilities				
Due to Bank and Financial Institutions	8,632,950,928	6,028,947,435	9,233,574,989	6,194,529,106
Due to Nepal Rastra Bank	1,496,500,000	1,345,585,620	1,496,500,000	1,345,585,620
Derivative Financial Instruments	171,836,412	39,334,195	171,836,412	39,334,195
Deposits from Customers	316,047,054,527	176,767,665,556	316,047,054,527	176,767,665,556
Borrowings	2,648,786,184	-	2,648,786,184	-
Current Tax Liabilities	-	-	-	-
Provisions	550,000	2,500,000	550,000	2,500,000
Deferred Tax Liabilities	61,909,494	71,471,646	61,909,494	75,208,206
Other Liabilities	3,695,745,389	3,940,045,081	3,298,515,831	3,685,702,222
Debt Securities Issued	8,986,805,971	2,995,797,489	8,986,805,971	2,995,797,489
Subordinated Liabilities	-	-	-	-
Total Liabilities	**341,742,138,903**	**191,191,347,022**	**341,945,533,407**	**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	(359,859,042)	2,212,774,212	(848,305,972)	1,872,567,427
Reserves	11,385,681,158	4,335,175,275	11,372,809,304	4,329,561,203
Total Equity Attributable to Equity Holders	**37,340,487,498**	**21,347,936,854**	**36,839,168,713**	**21,002,115,997**
Non-Controlling Interest	-	-	-	-
Total Equity	**37,340,487,498**	**21,347,936,854**	**36,839,168,713**	**21,002,115,997**
Total Liabilities and Equity	**379,082,626,401**	**212,539,283,876**	**378,784,702,120**	**212,108,438,392**

Condensed Consolidated Statement of Profit or Loss
For the Fourth Quarter Ended (16 July 2023) of the Fiscal Year 2022/23

Amount in NPR

Particulars	Group				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	10,991,929,323	34,123,043,748	5,536,784,801	18,389,616,329	10,970,228,343	34,052,700,462	5,524,799,487	18,355,159,241
Interest expense	7,435,326,948	23,041,289,944	3,732,563,067	12,137,978,793	7,435,948,548	23,041,304,396	3,732,563,067	12,137,993,244
Net interest income	**3,556,602,375**	**11,081,753,804**	**1,804,221,734**	**6,251,637,536**	**3,534,279,796**	**11,011,396,067**	**1,792,236,419**	**6,217,165,997**
Fee and commission income	619,442,543	1,784,343,892	300,162,259	962,856,296	619,442,543	1,784,343,892	300,162,259	962,856,296
Fee and commission expense	91,458,288	267,856,882	88,895,648	144,683,738	91,458,288	267,856,882	88,895,648	144,683,738
Net fee and commission income	**527,984,255**	**1,516,487,010**	**211,266,611**	**818,172,558**	**527,984,255**	**1,516,487,010**	**211,266,611**	**818,172,558**
Net interest, fee and commission Income	**4,084,586,630**	**12,598,240,814**	**2,015,488,344**	**7,069,810,094**	**4,062,264,051**	**12,527,883,077**	**2,003,503,030**	**7,035,338,555**
Net trading income	111,853,781	355,818,746	76,964,144	377,867,068	111,853,781	355,818,746	76,964,144	377,867,068
Other operating income	29,532,742	340,379,835	229,634,549	673,162,414	(4,498,429)	144,569,556	193,991,159	527,950,068
Total operating income	**4,225,973,153**	**13,294,439,395**	**2,322,087,038**	**8,120,839,576**	**4,169,619,402**	**13,028,271,379**	**2,274,458,334**	**7,941,155,691**
Impairment charge/ (reversal) for Loans and other losses	1,775,629,751	5,735,843,083	552,511,269	812,100,287	1,775,629,751	5,735,843,083	552,511,269	812,100,287
Net operating income	**2,450,343,403**	**7,558,596,313**	**1,769,575,769**	**7,308,739,289**	**2,393,989,652**	**7,292,428,296**	**1,721,947,064**	**7,129,055,404**
Operating expense							-	
Personnel expenses	710,038,220	2,656,234,912	381,966,880	2,352,194,304	699,623,030	2,625,522,684	376,734,598	2,332,987,934
Other operating expenses	315,483,348	996,359,757	27,054,500	699,395,490	305,117,448	973,302,989	22,362,585	683,386,361
Depreciation & Amortization	217,845,206	664,039,723	322,786,616	537,311,627	217,177,245	661,469,450	322,185,605	535,205,469
Operating Profit	**1,206,976,629**	**3,241,961,921**	**1,037,767,772**	**3,719,837,868**	**1,172,071,928**	**3,032,133,174**	**1,000,664,278**	**3,577,475,641**
Non-operating income	49,776,498	55,446,493	5,704,275	18,320,846	49,776,498	55,446,493	5,704,275	18,320,846
Non-operating expense	7,552,673	13,770,484	1,977,399	1,981,949	7,552,673	13,770,484	1,977,399	1,981,949
Profit before income tax	**1,249,200,454**	**3,283,637,930**	**1,041,494,648**	**3,736,176,765**	**1,214,295,753**	**3,073,809,183**	**1,004,391,154**	**3,593,814,538**
Income tax expense	569,436,006	1,146,429,196	230,112,605	1,023,401,014	558,847,697	1,116,701,726	227,352,890	1,014,004,706
Current Tax	417,696,340	994,689,530	249,914,866	1,043,203,275	409,958,721	967,812,750	242,770,917	1,029,422,733
Deferred Tax	151,739,666	151,739,666	(19,802,261)	(19,802,261)	148,888,976	148,888,976	(15,418,027)	(15,418,027)
Profit/(loss) for the period	**679,764,448**	**2,137,208,734**	**811,382,044**	**2,712,775,752**	**655,448,056**	**1,957,107,457**	**777,038,264**	**2,579,809,832**
Condensed Consolidated Statement of Comprehensive income								
Profit/(loss) for the period	**679,764,448**	**2,137,208,734**	**811,382,044**	**2,712,775,752**	**655,448,056**	**1,957,107,457**	**777,038,264**	**2,579,809,832**
Other Comprehensive income	185,254,616	147,501,461	(76,225,270)	(150,701,679)	185,254,616	147,501,461	(76,225,270)	(150,701,679)
Total Comprehensive income for the period	**865,019,064**	**2,284,710,196**	**735,156,774**	**2,562,074,073**	**840,702,672**	**2,104,608,918**	**700,812,994**	**2,429,108,153**
Basic earnings per share		8.15		18.44		7.46		17.54
Diluted earnings per share		8.15		18.44		7.46		17.54
Profit attributable to:								
Equity holders of the Bank	**865,019,064**	**2,284,710,196**	**735,156,774**	**2,562,074,073**	**840,702,672**	**2,104,608,918**	**700,812,994**	**2,429,108,153**
Non-controlling interest	**-**	**-**		**-**	**-**	**-**	**-**	**-**

Statement of Distributable Profit or Loss
For the Quarter end of Ashad 2080
(As per NRB Regulation)

Amount in NPR

	Current Year Upto this Qtr YTD	Previous Year Corresponding Qtr YTD
Net profit or (loss) as per statement of profit or loss	**1,957,107,457**	**2,579,809,832**
Appropriations:		
a. General reserve	(391,421,491)	(515,961,966)
b. Foreign exchange fluctuation fund	(3,185,280)	(6,213,423)
c. Capital redemption reserve	(333,333,333)	(333,333,333)
d. Corporate social responsibility fund	(4,535,858)	(25,798,098)
e. Employees' training fund	11,969,163	(16,319,884)
f. Other	-	-
Profit or (loss) before regulatory adjustment	**1,236,600,657**	**1,682,183,127**
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	(60,506,387)	29,951,647
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	8,145,730	(8,145,730)
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(82,509,550)	3,281,140
e. Deferred tax assets recognised (-)/ reversal (+)	213,328,650	-
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Actuarial loss recognised (-)/reversal (+)	202,027,463	35,723,508
i. Other (+/-) Fair Value Gain	-	34,399,388
Net Profit for the quarter ended Ashad 2080 available for distribution	**1,517,086,562**	**1,777,393,080**
Opening Retained Earnings as on Shrawan 2079	**1,872,567,427**	**1,298,438,115**
Opening Retained Earnings from merger 16 Poush, 2079	**(2,397,905,960)**	
Adjustment:	(1,156,086)	
Distribution:		
Bonus Shares Issued	-	(832,708,490)
Cash Dividend Paid	(1,838,897,916)	(370,555,278)
Total Distributable Profit or (Loss) as on quarter ended Ashad 2080	**(848,305,972)**	**1,872,567,427**
Annualised Distributable Profit/Loss per share	**(3.23)**	**12.73**

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		12.65%		12.63%		12.65%		12.63%
Non-performing loan (NPL) to total loan		4.77%		1.11%		4.77%		1.11%
Total loan loss provision to Total NPL		100.76%		222.54%		100.76%		222.54%
Cost of Funds	8.50%		7.76%		8.50%		7.76%	
Credit to Deposit Ratio	86.38%		85.12%		86.38%		85.12%	
Base Rate (FTM)	10.90%		10.08%		10.90%		10.08%	
Interest Rate Spread (FTM)	4.98%		4.07%		4.98%		4.07%	

Notes to the Interim Financial Statements

1. **Above figures are prepared in accordance with Nepal Financial Reporting Standards, Nepal Accounting Standard 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 Bittiya Sanstha Limited, First Microfinance Laghu Bittiya Sanstha Ltd, Mero Microfinance Bittiya Sanstha Ltd, Sadhana Laghubitta Bittiya Sanstha Ltd , Aviyan Laghubitta Bittiya Sanstha Ltd, Solar Farm Pvt. Ltd and Avasar Equity 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. **Goodwill due to business combination has been recognized as per explanatory notes on accounting for business combination issued by ICAN.**
5. **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).**
6. **Loan Administration Fees that are integral part of effective interest rate (EIR) is treated immaterial and not considered while calculating the Effective Interest Rate**
7. **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.**
8. **Interest income on loans and advances to customers are shown on accrual basis subject to interest recognition guideline issued by Nepal Rastra Bank.**
9. **Figures have been regrouped and restated wherever necessary.**
10. **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 = 7.46
2. Market Price per Share = Rs.165
3. Price Earnings Ratio (P/E ratio) = 22.12
4. Net Worth per Share = Rs.140.47
5. Liquidity Ratio = 24.29

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 78.79% and loans & advances to BFIs and Customers in total have increased by 76.97% 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 49 extension counters; also the bank has currently setup 63 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 = Rs. 176.9 Min. Price = Rs.155 Closing Price = Rs. 165 Total no. of Transactions = 23,466 Transacted Day = 62 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.
d. Management of Non-Performing Assets (NPA).

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.
i. Stringent Recovery process for managing Non-Performing Assets (NPA)

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

- No such reportable events occurred during the period.

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.