



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

Interim Financial Statements of the FY 2080/81
Condensed Consolidated Statement of Financial Position
As on First Quarter (17th October 2023) of the Fiscal Year 2023/24

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	15,253,807,253	19,847,953,245	15,242,027,896	19,840,098,812
Due from Nepal Rastra Bank	14,091,044,487	13,460,944,529	14,091,044,487	13,460,944,529
Placement with Bank and Financial Institutions	10,510,790,287	7,852,829,746	10,510,790,287	7,852,829,746
Derivative Financial Instruments	193,649,250	184,833,645	193,649,250	184,833,645
Other Trading Assets	-	-	-	-
Loans and Advances to BFIs	9,452,132,187	9,769,740,525	9,452,132,187	9,769,740,525
Loans and Advances to Customers	276,582,285,607	270,573,596,161	276,582,285,607	270,573,596,161
Investment Securities	49,436,896,542	42,953,680,295	49,066,219,508	42,542,370,929
Current Tax Assets	1,397,799,366	1,126,740,993	1,397,254,314	1,121,255,950
Investment in Subsidiaries	-	-	600,000,000	600,000,000
Investment in Associates	1,729,830,138	1,610,585,940	1,185,017,596	1,185,017,596
Investment Property	1,477,626,853	1,263,212,752	1,477,626,853	1,263,212,752
Property and Equipment	2,470,952,584	2,529,754,415	2,451,528,251	2,515,806,191
Goodwill and Intangible Assets	407,437,667	401,198,179	405,132,801	398,693,138
Deferred Tax Assets	-	-	-	-
Other Assets	8,248,129,345	7,507,555,975	8,137,238,143	7,476,302,144
Total Assets	391,252,381,565	379,082,626,400	390,791,947,179	378,784,702,120
Liabilities				
Due to Bank and Financial Institutions	11,146,410,591	8,632,950,928	11,657,897,663	9,233,574,989
Due to Nepal Rastra Bank	1,952,200,000	1,496,500,000	1,952,200,000	1,496,500,000
Derivative Financial Instruments	178,917,248	171,836,412	178,917,248	171,836,412
Deposits from Customers	321,688,043,733	316,047,054,527	321,688,043,733	316,047,054,527
Borrowings	4,085,248,030	2,648,786,184	4,085,248,030	2,648,786,184
Current Tax Liabilities	-	-	-	-
Provisions	550,000	550,000	550,000	550,000
Deferred Tax Liabilities	45,507,203	61,909,494	45,507,203	61,909,494
Other Liabilities	5,524,527,838	3,695,745,388	5,134,507,872	3,298,515,831
Debt Securities Issued	8,984,243,602	8,986,805,971	8,984,243,602	8,986,805,971
Subordinated Liabilities	-	-	-	-
Total Liabilities	353,605,648,246	341,742,138,903	353,727,115,352	341,945,533,407
Equity				
Share Capital	26,225,861,340	26,225,861,340	26,225,861,340	26,225,861,340
Share Premium	88,804,041	88,804,041	88,804,041	88,804,041
Retained Earnings	(1,598,892,677)	(359,859,042)	(2,165,668,700)	(848,305,972)
Reserves	12,930,960,615	11,385,681,158	12,915,835,147	11,372,809,304
Total Equity Attributable to Equity Holders	37,646,733,319	37,340,487,498	37,064,831,828	36,839,168,713
Non-Controlling Interest	-	-	-	-
Total Equity	37,646,733,319	37,340,487,498	37,064,831,828	36,839,168,713
Total Liabilities and Equity	391,252,381,565	379,082,626,400	390,791,947,179	378,784,702,120

Statement of Distributable Profit or Loss
For the Quarter end of Asoj 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	263,935,120	1,001,459,381
<u>Appropriations:</u>		
<i>a. General reserve</i>	(52,787,024)	(200,291,876)
<i>b. Foreign exchange fluctuation fund</i>	(2,370,495)	(1,042,168)
<i>c. Capital redemption reserve</i>	(83,333,333)	(83,333,333)
<i>d. Corporate social responsibility fund</i>	(2,112,351)	(9,011,035)
<i>e. Employees' training fund</i>	(11,647,539)	(7,537,631)
<i>f. Other</i>	-	-
Profit or (loss) before regulatory adjustment	111,684,377	700,243,338
<u>Regulatory adjustment :</u>		
<i>a. Interest receivable (-)/previous accrued interest received (+)</i>	(1,255,694,211)	(429,670,562)
<i>b. Short loan loss provision in accounts (-)/reversal (+)</i>	-	-
<i>c. Short provision for possible losses on investment (-)/reversal (+)</i>	(38,272,011)	(38,416,927)
<i>d. Short loan loss provision on Non Banking Assets (-)/reversal (+)</i>	(135,080,883)	-
<i>e. Deferred tax assets recognised (-)/ reversal (+)</i>	-	-
<i>f. Goodwill recognised (-)/ impairment of Goodwill (+)</i>	-	-
<i>g. Bargain purchase gain recognised (-)/reversal (+)</i>	-	-
<i>h. Actuarial loss recognised (-)/reversal (+)</i>	-	-
<i>i. Other (+/-) Fair Value Gain</i>	-	-
Net Profit for the quarter ended Asoj 2080 available for distribution	(1,317,362,728)	232,155,849
Opening Retained Earnings as on Shrawan 1 2080	(848,305,972)	1,871,411,345
Adjustment:	-	-
<u>Distribution:</u>		
<i>Bonus Shares Issued</i>	-	
<i>Cash Dividend Paid</i>	-	(1,838,897,916)
Total Distributable Profit or (Loss) as on quarter ended Asoj 2080	(2,165,668,700)	264,669,279
Annualised Distributable Profit/Loss per share	(8.26)	7.20

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		12.08%		13.70%		12.08%		13.70%
Non-performing loan (NPL) to total loan		4.89%		1.28%		4.89%		1.28%
Total loan loss provision to Total NPL		111.34%		186.93%		111.34%		186.93%
Cost of Funds	8.58%		8.75%		8.58%		8.75%	
Credit to Deposit Ratio	86.01%		88.95%		86.01%		88.95%	
Base Rate (FTM)	10.91%		10.99%		10.91%		10.99%	
Interest Rate Spread (FTM)	4.30%		4.13%		4.30%		4.13%	

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 Avasar Equity Diversified Fund 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. Previous 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 = 4.03 | 2. Market Price per Share = Rs.155.7 |
| 3. Price Earnings Ratio (P/E ratio) = 38.63 | 4. Net Worth per Share = Rs.141.33 |
| 5. Liquidity Ratio = 25.46 | |

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 1.78% and loans & advances to BFIs and Customers in total have increased by 2.03% 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 308 branches all over the country with 48 extension counters; also the bank has currently setup 64 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. 195.8 Min. Price = Rs.153 Closing Price = Rs. 155.7 Total no. of Transactions = 29,251 Transacted Day = 61 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 and Risk Management 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, 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.