



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 Second Quarter (14<sup>th</sup> January 2024) 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
<b>Assets</b>				
Cash and Cash Equivalents	16,347,232,890	19,929,337,199	16,329,423,389	19,921,482,766
Due from Nepal Rastra Bank	12,959,649,416	13,460,944,529	12,959,649,416	13,460,944,529
Placement with Bank and Financial Institutions	11,509,390,076	7,771,445,793	11,509,390,076	7,771,445,793
Derivative Financial Instruments	814,321,543	184,833,645	814,321,543	184,833,645
Other Trading Assets	-	-	-	-
Loans and Advances to BFIs	9,450,517,607	9,754,306,460	9,450,517,607	9,754,306,460
Loans and Advances to Customers	275,438,710,318	270,937,308,309	275,438,710,318	270,937,308,309
Investment Securities	53,321,929,841	43,107,904,409	52,813,400,261	42,696,595,043
Current Tax Assets	1,136,572,361	1,395,257,170	1,136,244,968	1,389,772,126
Investment in Subsidiaries	-	-	600,000,000	600,000,000
Investment in Associates	1,553,832,638	1,544,898,131	1,185,017,596	1,185,017,596
Investment Property	1,550,013,226	1,263,212,752	1,550,013,226	1,263,212,752
Property and Equipment	2,428,634,077	2,529,802,227	2,404,836,936	2,515,854,003
Goodwill and Intangible Assets	188,858,719	191,175,099	186,677,564	188,670,059
Deferred Tax Assets	107,516,744	63,919,161	107,516,744	63,033,290
Other Assets	9,487,048,638	8,622,678,231	9,312,821,515	8,592,310,272
<b>Total Assets</b>	<b>396,294,228,093</b>	<b>380,757,023,115</b>	<b>395,798,541,160</b>	<b>380,524,786,643</b>
<b>Liabilities</b>				
Due to Bank and Financial Institutions	12,715,713,786	8,632,950,928	13,122,751,669	9,233,574,989
Due to Nepal Rastra Bank	1,820,804,057	1,496,500,000	1,820,804,057	1,496,500,000
Derivative Financial Instruments	773,317,245	170,104,982	773,317,245	170,104,982
Deposits from Customers	318,765,722,420	316,047,054,527	318,765,722,420	316,047,054,527
Borrowings	4,124,059,211	2,645,517,880	4,124,059,211	2,645,517,880
Current Tax Liabilities	-	-	-	-
Provisions	3,000,000	3,000,000	3,000,000	3,000,000
Deferred Tax Liabilities	-	-	-	-
Other Liabilities	7,792,950,204	7,023,487,286	7,319,139,135	6,626,257,729
Debt Securities Issued	13,987,500,412	8,987,974,650	13,987,500,412	8,987,974,650
Subordinated Liabilities	-	-	-	-
<b>Total Liabilities</b>	<b>359,983,067,334</b>	<b>345,006,590,253</b>	<b>359,916,294,149</b>	<b>345,209,984,757</b>
<b>Equity</b>				
Share Capital	26,225,861,340	26,225,861,340	26,225,861,340	26,225,861,340
Share Premium	-	-	-	-
Retained Earnings	(3,360,404,319)	(1,780,150,026)	(3,771,834,834)	(2,202,909,147)
Reserves	13,445,703,738	11,304,721,548	13,428,220,505	11,291,849,693
<b>Total Equity Attributable to Equity Holders</b>	<b>36,311,160,759</b>	<b>35,750,432,862</b>	<b>35,882,247,011</b>	<b>35,314,801,886</b>
Non Controlling Interest	-	-	-	-
<b>Total Equity</b>	<b>36,311,160,759</b>	<b>35,750,432,862</b>	<b>35,882,247,011</b>	<b>35,314,801,886</b>
<b>Total Liabilities and Equity</b>	<b>396,294,228,093</b>	<b>380,757,023,115</b>	<b>395,798,541,160</b>	<b>380,524,786,643</b>



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

Amount in NPR

Particulars	Current Year Upto this Qtr YTD	Previous Year Corresponding Qtr YTD
<b>Net profit or (loss) as per statement of profit or loss</b>	<b>867,211,479</b>	<b>1,012,070,946</b>
<b><u>Appropriations:</u></b>		
<i>a. General reserve</i>	(173,442,296)	(306,141,414)
<i>b. Foreign exchange fluctuation fund</i>	(4,034,890)	(3,841,233)
<i>c. Capital redemption reserve</i>	(166,666,667)	(166,666,667)
<i>d. Corporate social responsibility fund</i>	(6,043,477)	(9,262,707)
<i>e. Employees' training fund</i>	(17,561,475)	(14,420,797)
<i>f. Other</i>	-	-
<b>Profit or (loss) before regulatory adjustment</b>	<b>499,462,675</b>	<b>511,738,129</b>
<b><u>Regulatory adjustment :</u></b>		
<i>a. Interest receivable (-)/previous accrued interest received (+)</i>	(1,548,771,055)	(846,180,470)
<i>b. Short loan loss provision in accounts (-)/reversal (+)</i>	-	-
<i>c. Short provision for possible losses on investment (-)/reversal (+)</i>	(103,794,732)	8,145,730
<i>d. Short loan loss provision on Non Banking Assets (-)/reversal (+)</i>	(180,684,302)	(1,834,507)
<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>	-	-
<i>j. Other (+/-) Interest Capitalization</i>	-	-
<b>Net Profit for the quarter ended Poush 2080 available for distribution</b>	<b>(1,333,787,415)</b>	<b>(328,131,118)</b>
<b>Opening Retained Earnings as on Shrawan 2080</b>	<b>(2,202,909,143)</b>	<b>1,871,411,345</b>
<b>Addition from NCC Merger 16 Poush, 2079 (Unaudited)</b>		<b>520,059,026</b>
Adjustment:	(235,138,275)	-
<b><u>Distribution:</u></b>		
<i>Bonus Shares Issued</i>	-	-
<i>Cash Dividend Paid</i>	-	(1,838,897,916)
<b>Total Distributable Profit or (Loss) as on quarter ended Poush 2080</b>	<b>(3,771,834,833)</b>	<b>224,441,337</b>
<b>Annualised Distributable Profit/Loss per share</b>	<b>(14.38)</b>	<b>0.86</b>

## 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%		12.73%		12.08%		12.73%
Non-performing loan (NPL) to total loan		4.97%		3.15%		4.97%		3.15%
Total loan loss provision to Total NPL		130.70%		104.28%		130.70%		104.28%
Cost of Funds	7.91%		9.05%		7.91%		9.05%	
Credit to Deposit Ratio	85.19%		89.58%		85.19%		89.58%	
Base Rate (FTM)	10.28%		11.73%		10.28%		11.73%	
Interest Rate Spread (FTM)	3.98%		4.42%		3.98%		4.42%	

### 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 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](http://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 = 6.61                | 2. Market Price per Share = Rs.159.4 |
| 3. Price Earnings Ratio (P/E ratio) = 24.11 | 4. Net Worth per Share = Rs.136.82   |
| 5. Liquidity Ratio = 26.81                  |                                      |

#### 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 0.86% and loans & advances to BFIs and Customers in total have increased by 1.50% 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 302 branches all over the country with 49 extension counters; also the bank has currently setup 65 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. 171 Min. Price = Rs.148.20 Closing Price = Rs. 159.40 Total no. of Transactions = 14,922 Transacted Day = 49 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

- Separation of then CEO Mr. Ramesh Raj Aryal on 16<sup>th</sup> November 2023.
- Appointment of CEO Mr. Ram Chandra Khanal effective from 17<sup>th</sup> November 2023.
- Appointment of Independent Director Mr. Bijay Sthapit as an Independent Director effective from 27<sup>th</sup> December 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.