

Statement of Financial Position	Group	Bank	Group	Bank	Bank
	This Quarter Ending		Previous Quarter Ending		Corresponding Year Previous Quarter Ending
Assets					
Cash And Cash Equivalent	3,647,662	3,647,662	3,136,028	3,136,028	1,713,996
Due From NRB And Placements with BFIs	5,076,852	5,025,937	5,904,736	5,854,342	8,158,852
Loan And Advances	70,772,203	70,772,203	67,824,218	67,824,218	50,759,255
Investment Securities	7,880,604	8,024,339	8,820,147	8,980,198	5,544,419
Property And Equipment	473,540	473,540	460,716	460,716	370,152
Goodwill And Intangible Assets	101,855	101,855	106,626	106,626	10,287
Other Assets	914,507	914,334	943,772	943,702	925,589
Total Assets	88,867,223	88,959,870	87,196,243	87,305,831	67,482,552
Capital And Liabilities					
Paid Up Capital	7,163,395	7,163,395	7,163,055	7,163,055	5,969,496
Reserves And Surplus	4,332,841	4,290,946	4,000,215	3,954,897	2,632,783
Deposits	75,309,867	75,448,539	72,348,235	72,498,235	57,849,357
Borrowings	1,140,405	1,140,405	2,524,741	2,524,741	325,916
Bond And Debenture	-	-	-	-	-
Other Liabilities And Provisions	920,715	916,586	1,159,996	1,164,902	705,000
Total Capital And Liabilities	88,867,223	88,959,870	87,196,243	87,305,831	67,482,552

Statement of Profit or Loss	Group	Bank	Group	Bank	Bank
	Up to this Quarter		Up to Previous Quarter		Up to Corresponding Previous Year Quarter
Interest Income	4,429,156	4,428,078	2,248,251	2,247,788	3,019,176
Interest Expense	(2,910,970)	(2,910,970)	(1,430,097)	(1,430,097)	(2,110,517)
Net Interest Income	1,518,186	1,517,109	818,154	817,691	908,660
Fees and Commission Income	227,937	227,937	126,105	126,105	191,353
Fees and Commission Expense	(15,482)	(15,482)	(5,599)	(5,599)	(12,115)
Net Fees and Commission Income	212,455	212,455	120,507	120,507	179,238
Other Operating Income	142,060	142,049	59,378	59,378	74,228
Total Operating Income	1,872,700	1,871,612	998,039	997,576	1,162,125
Impairment Charge/ (Reversal) for Loans and Other Losses	(169,759)	(169,759)	(138,305)	(138,305)	137,576
Net Operating Income	1,702,941	1,701,853	859,734	859,271	1,299,702
Personnel Expenses	(463,086)	(461,963)	(225,020)	(234,495)	(388,385)
Other Operating Expenses	(275,127)	(273,827)	(122,200)	(122,200)	(195,908)
Operating Profit	964,728	966,063	512,515	502,576	715,409
Non-Operating Income/Expenses	11,448	-	5,294	-	30,365
Profit Before Tax	976,176	966,063	517,809	502,576	745,774
Income Tax	(292,853)	(289,819)	(155,343)	(150,773)	(223,732)
Profit /(Loss) For the Period	683,323	676,244	362,466	351,803	522,042
Other Comprehensive Income	(9,443)	(9,443)	1,155	1,155	(10,620)
Total Comprehensive Income	673,880	666,801	363,621	352,958	511,422
Share of Non-Controlling Interest on Profit of Subsidiary	-	-	-	-	-
Total Comprehensive Income after Share of NCI	673,880	666,801	363,621	352,958	511,422

Distributable Profit

Net Profit/ (Loss) as per Profit or Loss	683,323	676,244	362,466	351,803	511,422
Add/Less: Regulatory Adjustment as per NRB Directive	(72,431)	(72,431)	(100,776)	(100,776)	(31,216)
Free Profit/ (Loss) after Regulatory Adjustments	610,892	603,813	261,690	251,027	480,206

Ratios

Capital Fund to RWA	12.81%	12.81%	12.98%	12.98%	14.48%
Non-Performing Loan (NPL) to Total Loan (As per NRB Directive)	1.22%	1.22%	1.14%	1.14%	1.61%
Total Loss Loan Provision to Total NPL (As per NRB Directive)	150.34%	150.34%	160.14%	160.14%	119.74%
Costs of Funds	8.12%	8.12%	7.91%	7.91%	7.83%
Credit to Deposit Ratio (As per NRB Directive)	78.07%	78.07%	79.91%	79.91%	76.82%
Base Rate (For the Month)	11.55%	11.55%	11.09%	11.09%	11.17%
Basic Earnings Per Share	18.81	18.62	20.31	19.71	16.09
Diluted Earnings Per Share	18.81	18.62	20.31	19.71	16.09
Additional Information					
Net Interest Spread (As per NRB Directive)	3.38%	3.38%	3.37%	3.37%	2.80%
Return on Equity	11.72%	11.64%	13.03%	12.70%	11.22%
Return on Assets	1.52%	1.50%	1.67%	1.62%	1.40%

Notes

- Above figures are prepared in accordance with Nepal Financial Reporting Standards subject to change upon otherwise directions of Statutory Auditor and/or Regulatory Authorities.
- Group represents the Bank and its wholly owned subsidiary Kumari Capital Limited and an Associate National Microfinance Bittiya Sanstha Limited.
- 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.
- Figures have been regrouped and rearranged wherever necessary.
- Loan and Advances include interest receivables and are presented net of impairment charges.
- 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
- Property and Equipment line item has been inserted and disclosed separately in above financials. Net book value of software purchased by the bank has been disclosed under goodwill and intangible assets.

Segment Reporting

The Bank has identified segment on the basis of nature of banking operations of the bank. The segment identified are Banking Operations (including loan, deposit and corporate office), Financial Market (Treasury), Card and Remittance.

Segment Results

Particulars	Banking	Treasury	Card	Remittance	Total
Segment Assets	81,882,510	7,028,868	36,738	11,755	88,959,870
Segment Liabilities	81,882,510	7,028,868	36,738	11,755	88,959,870
Interest Income	4,206,598	220,202	1,278	-	4,428,078
Interest Expense	(2,891,607)	(19,363)	-	-	(2,910,970)
Net Interest Income	1,314,992	200,839	1,278	-	1,517,109
Fees and Commission Income	167,804	-	48,130	12,003	227,937
Fees and Commission Expense	(2,547)	-	(12,936)	-	(15,482)
Net Fees and Commission Income	165,258	-	35,195	12,003	212,455
Net Interest, Fees and Commission Income	1,480,249	200,839	36,472	12,003	1,729,564
Other Operating Income	5,569	136,479	-	-	142,049
Total Operating Income	1,485,819	337,319	36,472	12,003	1,871,612
Impairment Charge (Reversal)For loans and Other Losses	(168,816)	-	(943)	-	(169,759)
Net Operating Income	1,317,003	337,319	35,529	12,003	1,701,853
Operation Expense					
Personnel Expenses	(441,524)	(5,275)	(10,549)	(4,615)	(461,963)
Other Operating Expenses	(259,389)	(4,813)	(4,813)	(4,813)	(273,827)
Operating Profit	616,090	327,232	20,167	2,575	966,063
Non-Operating Income / (Expenses)	-	-	-	-	-
Segment Result Before Income Tax	616,090	327,232	20,167	2,575	966,063
Income Tax	184,827	98,169	6,050	772	289,819
Segment Result After Income Tax	431,263	229,062	14,117	1,802	676,244

Reconciliation of Net Profit of Financial Statement as per NRB Directive 2074 and NFRS compliant Financial Statements

Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Year Previous Quarter Ending
Profit after tax as per NRB Directive No. 4	603,813	251,027	480,206
Reversal of difference in Interest Income on loans to customers due to accounting for as per accrual basis of accounting in accordance with NFRS (after affecting bonus and taxes)	72,431	100,776	41,836
Interest Income on Staff Loans accrued as per NFRS	3,948	27,545	12,960
Amortization of Prepaid Employee Benefit on staff loan as per NFRS	(3,948)	(27,545)	(12,960)
Net NFRS Adjustments for the year	676,244	351,803	522,042
Profit after tax as per NFRS	676,244	351,803	522,042
Increase/(Decrease)	72,431	100,776	41,836

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 – 18.62 | 2. Market Price per Share – 253 |
| 3. Price Earnings Ratio (P/E ratio) – 13.59 | 4. Net Worth per Share – 159.90 |
| 5. Liquidity Ratio – 20.11 | |

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 deposit and loans & advances have increased by 4.20% and 3.90% in this quarter with reference to the last quarter end.
- 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 88 branches all over the country with 2 extension counters; also the bank has currently setup 3 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, other cases that could lead to financial obligation on the part of the bank were related to the tax issues at Revenue Tribunal office for the FY 2067/68, 2068/69 and 2069/70. And for the FY 2070/71, the bank has filed case for review at Administrative Review. Apart from these, the bank had acquired Kasthamandap Development Bank on 15th Asadh 2074, whose case is filed at Administrative Review against tax assessment of FY 2066/67 and 2067/68.
- 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

- 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
Max. Price - Rs. 261.00 Min. Price - Rs. 237.00 Closing Price - Rs. 253.00 Total no. of Transactions – 3811
Transacted Day - 60 days

5. Problems and Challenges

Internal

- Attaining reasonable level of cost of operation.
- Retention of qualified and trained human resources.
- Improving operational efficiencies to minimize inherent risks.

External

- Improving overhead efficiency.
- Intense competition from banks and financial institutions with increasing capital and thereby business capacity.
- High cost deposits. Challenge to pass on cost growth to revenue stream.

Strategy to Overcome Problems & Challenges

- Continually renovating and diversifying the product & services to meet the changing need of the customers.
- Utilizing the assets in as much as high yield and low risk investment sector.
- Re-pricing of its interest sensitive assets and liabilities as per liquidity position of the market.
- Understanding the expectations and motivating factors of employees in order to retain them; providing intense training for enhancement of skills and knowledge.
- Proper Risk Management on operational, market, business and other risk segments.

f. Better cost management practices with high focus on operational efficiency through innovation and process reengineering.

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

Director Mr. Puna Ram Bhandari (representing from public shareholder) has resigned from the post of director from 28 December 2018. Similarly, Dr. Ganesh Prasad Pathak has been appointed as Independent director of the bank with effect from 28 December 2018.

In the process of diversification of its existing operation, the bank has established 100% subsidiary company; the bank had received final approval from Securities Board of Nepal and in process of obtaining certificate of incorporation from Company Registrar Office.

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.