

Statement of Financial Position	This Quarter Ending	Previous Quarter Ending	Corresponding Year Previous Quarter Ending
Assets			
Cash And Cash Equivalent	3,136,028	3,353,911	3,058,629
Due From NRB And Placements with BFIs	5,854,342	6,723,854	6,595,613
Loan And Advances	67,824,218	61,954,905	46,292,223
Investment Securities	8,980,198	9,036,376	6,459,005
Property And Equipment	460,716	436,121	378,808
Goodwill And Intangible Assets	106,626	111,025	7,811
Other Assets	943,702	1,186,783	1,964,396
Total Assets	87,305,831	82,802,974	64,756,484
Capital And Liabilities			
Paid Up Capital	7,163,055	7,163,055	5,969,496
Reserves And Surplus	3,954,897	3,596,633	2,229,760
Deposits	72,498,235	69,677,722	54,824,179
Borrowings	2,524,741	539,116	352,655
Bond And Debenture	-	-	-
Other Liabilities And Provisions	1,164,902	1,826,449	1,380,394
Total Capital And Liabilities	87,305,831	82,802,974	64,756,484

Statement of Profit or Loss	Up to this Quarter	Up to Previous Quarter	Up to Corresponding Previous Year Quarter
Interest Income	2,247,788	6,819,637	1,455,192
Interest Expense	(1,430,097)	(4,771,172)	(1,059,856)
Net Interest Income	817,691	2,048,465	395,337
Fees and Commission Income	126,105	388,416	82,431
Fees and Commission Expense	(5,599)	(21,110)	(4,131)
Net Fees and Commission Income	120,507	367,306	78,300
Other Operating Income	56,813	208,885	37,435
Total Operating Income	995,011	2,624,656	511,071
Impairment Charge/ (Reversal) for Loans and Other Losses	(138,305)	16,068	(52,745)
Net Operating Income	856,706	2,640,724	458,326
Personnel Expenses	(234,495)	(786,127)	(177,909)
Other Operating Expenses	(122,200)	(453,009)	(89,488)
Operating Profit	500,011	1,401,588	190,930
Non-Operating Income/Expenses	2,565	40,901	1,492
Profit Before Tax	502,576	1,442,489	192,421
Income Tax	(150,773)	(429,211)	(48,041)
Profit /(Loss) For the Period	351,803	1,013,278	144,380
Other Comprehensive Income	1,155	(19,638)	(24,019)
Total Comprehensive Income	352,958	993,640	120,361
Distributable Profit			
Net Profit/ (Loss) as per Profit or Loss	352,958	993,640	120,361
Add/Less: Regulatory Adjustment as per NRB Directive	(101,931)	7,853	(8,265)
Free Profit/ (Loss) after Regulatory Adjustments	251,027	1,001,493	112,096

Distributable Profit

Net Profit/ (Loss) as per Profit or Loss	352,958	993,640	120,361
Add/Less: Regulatory Adjustment as per NRB Directive	(101,931)	7,853	(8,265)
Free Profit/ (Loss) after Regulatory Adjustments	251,027	1,001,493	112,096

Ratios

Capital Fund to RWA	12.98%	13.93%	15.25%
Non-Performing Loan (NPL) to Total Loan (As per NRB Directive)	1.14%	1.01%	1.97%
Total Loss Loan Provision to Total NPL (As per NRB Directive)	160.14%	177.12%	125.91%
Costs of Funds	7.91%	8.25%	7.75%
Credit to Deposit Ratio (As per NRB Directive)	79.91%	76.54%	77.59%
Base Rate	11.09%	11.60%	11.15%
Basic Earnings Per Share	19.71	13.87	8.07
Diluted Earnings Per Share	19.71	13.87	8.07

Additional Information

Net Interest Spread (As per NRB Directive)	3.37%	3.12%	3.27%
Return on Equity	12.70%	9.23%	5.87%
Return on Assets	1.62%	1.20%	0.74%

Notes

1. On Implementation of NFRS, the previous period's figure have been regrouped / rearranged / restated wherever necessary in accordance with the NFRS Compliant Financial Statement format as prescribed by NRB.
2. Above figures are subject to change upon otherwise directions of Statutory Auditor and/or Regulatory Authorities.
3. Figures vary due to the application of carve outs in NFRS as notified by the Institute of Chartered Accountants of Nepal.
4. Loan and Advances include interest receivables and are presented net of impairment charges.
5. Personnel Expenses include employment bonus provision calculated at 10 percent of profit calculated as per NFRS
6. Interest income on loans and advances to customers are shown on accrual basis
7. Property and Equipment line item has been inserted and disclosed separately in above financials.

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	80,773,092	6,460,315	55,836	16,589	87,305,831
Segment Liabilities	80,773,092	6,460,315	55,836	16,589	87,305,831
Interest Income	2,119,439	127,763	587	-	2,247,788
Interest Expense	(1,419,599)	(10,498)	-	-	(1,430,097)
Net Interest Income	699,840	117,265	587	-	817,691
Fees and Commission Income	72,344	12,613	34,937	6,212	126,105
Fees and Commission Expense	-	-	(5,599)	-	(5,599)
Net Fees and Commission Income	72,344	12,613	29,338	6,212	120,507
Net Interest, Fees and Commission Income	772,184	129,878	29,925	6,212	938,198
Net Trading Income	-	12,451	-	-	12,451
Other Operating Income	8,399	38,528	-	-	46,927
Total Operating Income	780,583	180,857	29,925	6,212	997,577
Impairment Charge (Reversal)For loans and Other Losses	(121,904)	-	(16,400)	-	(138,305)
Net Operating Income	658,678	180,857	13,524	6,212	859,272
Operation Expense					
Personnel Expenses	(224,457)	(2,952)	(5,019)	(2,067)	(234,495)
Other Operating Expenses	(114,632)	(2,523)	(2,523)	(2,523)	(122,200)
Operating Profit	319,590	175,382	5,982	1,623	502,576
Non-Operating Income / (Expenses)	-	-	-	-	-
Segment Result Before Income Tax	319,590	175,382	5,982	1,623	502,576
Income Tax	95,877	52,615	1,795	487	150,773
Segment Result After Income Tax	223,713	122,767	4,188	1,136	351,803

Reconciliation of Net Profit of Financial Statement as per NRB Directive No. 4 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	251,027	1,001,493	112,096
Reversal of difference in Interest Income on loans to customers due to accounting for as per accrual basis of accounting in accordance with NFRS	158,362	11,785	32,284
Interest Income on Staff Loans accrued as per NFRS	27,545	33,283	6,306
Amortization of Prepaid Employee Benefit on staff loan as per NFRS	(27,545)	(33,283)	(6,306)
Others (Bonus and Tax) Adjustments	(57,586)	-	-
Net NFRS Adjustments for the year	351,803	1,013,278	144,380
Profit after tax as per NFRS	351,803	1,013,278	144,380
Increase/(Decrease)	100,776	11,785	32,284

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 – 19.71 | 2. Market Price per Share – 254.00 |
| 3. Price Earnings Ratio (P/E ratio) – 12.89 | 4. Net Worth per Share – 155.21 |
| 5. Liquidity Ratio – 21.17 | |

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 3.98% and 9.39% 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.

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.
- 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. 268.00 Min. Price - Rs. 191.00 Closing Price - Rs. 254.00 Total no. of Transactions – 6043
Transacted Day - 50 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.
- 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

In the process of diversification of its existing operation, the bank has established 100% subsidiary company which is under process of final approval from Securities Board of Nepal.

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.