

Unaudited Financial Results (Quarterly)

As on 32 Ashadh 2082

Condensed Statement of Financial Position As on Quarter ended 32 Ashadh 2082

(Amount in NPR)

Particulars	This Quarter ending	Immediate Previous Year Ending (Audited)
Assets		
Cash and Cash Equivalent	1,786,621,404	1,774,367,964
Due from Nepal Rastra Bank	2,724,031,338	2,396,952,186
Placement with Bank and Financial Institutions	-	-
Derivative Financial Instruments	-	-
Other Trading Assets	-	-
Loans and Advances to BFIs	2,589,078,226	3,121,680,410
Loans and Advances to Customers	49,967,284,128	45,979,607,704
Investment Securities	12,290,527,688	11,696,213,887
Current Tax Assets	8,131,691	-
Investment in Subsidiaries	-	-
Investment in Associates	-	-
Investment Property	354,180,029	352,139,820
Property and Equipment	937,737,752	991,491,994
Goodwill and Intangible Assets	12,155,621	13,641,132
Deferred Tax Assets	31,795,494	54,013,504
Other Assets	701,433,167	808,919,471
Total Assets	71,402,976,536	67,189,028,073
Liabilities		
Due to Bank and Financial Institutions	667,439,221	626,690,715
Due to Nepal Rastra Bank	-	-
Derivative Financial Instruments	-	-
Deposits from Customers	62,834,301,164	59,066,711,728
Borrowings	-	-
Current Tax Liabilities	-	24,761,859
Provisions	27,468,525	16,494,486
Deferred Tax Liabilities	-	-
Other Liabilities	973,942,705	1,073,795,173
Debt Securities Issued	997,108,939	996,230,755
Subordinated Liabilities	-	-
Total Liabilities	65,500,260,553	61,804,684,716
Equity		
Share Capital	3,510,846,195	3,281,164,669
Share Premium	-	-
Retained Earnings	607,401,843	411,201,538
Reserves	1,784,467,945	1,691,977,150
Total Equity Attributable to Equity Holders	5,902,715,983	5,384,343,357
Non Controlling Interest	-	-
Total Equity	5,902,715,983	5,384,343,357
Total Liabilities and Equity	71,402,976,536	67,189,028,073
Net Assets Value per share	168.13	164.10

Condensed Statement of Profit or Loss For the Quarter ended 32 Ashadh 2082

(Amount in NPR)

Particulars	Current Year		Corresponding Previous Year (Audited)	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest Income	1,480,248,235	5,874,639,181	1,840,107,894	7,040,454,206
Interest Expense	900,072,621	3,630,170,436	1,165,620,537	4,907,911,294
Net Interest Income	580,175,614	2,244,468,744	674,487,357	2,132,542,912
Fee and Commission Income	93,514,324	335,521,209	84,067,868	298,473,799
Fee and Commission Expense	8,657,669	25,496,010	13,059,681	28,983,983
Net Fee and Commission Income	84,856,655	310,025,199	71,008,187	269,489,816
Net Interest, Fee and Commission Income	665,032,269	2,554,493,943	745,495,545	2,402,032,728
Net Trading Income	219,501	755,484	127,086	489,908
Other Operating Income	5,672,601	77,423,623	36,476,642	124,312,147
Total Operating Income	670,924,371	2,632,673,050	782,099,273	2,526,834,784
Impairment Charge / (Reversal) for Loans and Other Losses	100,315,909	417,478,974	11,641,692	358,202,048
Net Operating Income	570,608,462	2,215,194,075	770,457,581	2,168,632,737
Operating Expense				
Personnel Expenses	191,058,487	781,796,238	253,004,323	761,180,563
Other Operating Expenses	10,338,639	287,013,817	(11,801,600)	266,925,030
Depreciation & Amortisation	98,328,141	159,397,969	102,050,601	172,640,675
Operating Profit	270,883,195	986,986,051	427,204,258	967,886,469
Non Operating Income	3,794,945	3,794,945	700,000	700,000
Non Operating Expense	40,653,866	51,353,617	49,404,080	69,987,244
Profit Before Income Tax	234,024,275	939,427,380	378,500,178	898,599,225
Income Tax Expense				
Current Tax	91,911,764	304,130,300	128,961,866	317,697,683
Deferred Tax	-	-	(930,281)	(930,281)
Profit for the Period	142,112,511	635,297,080	250,468,593	581,831,823
Profit Attributable to:				
Equity-holders of the Bank	142,112,511	635,297,080	250,468,593	581,831,823
Non-Controlling Interest	-	-	-	-
Profit for the Period	142,112,511	635,297,080	250,468,593	581,831,823

Condensed Statement of Other Comprehensive Income For the Quarter ended 32 Ashadh 2082

(Amount in NPR)

Particulars	Current Year		Corresponding Previous Year (Audited)	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Profit for the year	142,112,511	635,297,080	250,468,593	581,831,823
Other Comprehensive Income, Net of Income Tax	-	-	-	-
a) Items that will not be reclassified to profit or loss				
Gains/(losses) from investment in equity instruments measured at fair value	44,933,861	74,060,036	40,322,442	85,301,857
Gains/(losses) on revaluation	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	12,789,694	12,789,694
Income tax relating to above items	(13,480,158)	(22,218,011)	(15,933,641)	(29,427,465)
Net other comprehensive income that will not be reclassified to profit or loss	31,453,703	51,842,025	37,178,495	68,664,086
b) Items that are or may be reclassified to profit or loss				
Gains/(losses) on cash flow hedge	-	-	-	-
Exchange gains/(losses)(arising from translating financial assets of foreign operation)	-	-	-	-
Income tax relating to above items	-	-	-	-
Reclassify to profit or loss	-	-	-	-
Net other comprehensive income that are or may be reclassified to profit or loss	-	-	-	-
c) Share of other comprehensive income of associate accounted as per equity method				
Other Comprehensive Income for the year, Net of Income Tax	31,453,703	51,842,025	37,178,495	68,664,086
Total Comprehensive Income for the Period	173,566,214	687,139,105	287,647,088	650,495,909
Total Comprehensive Income attributable to:				
Equity-Holders of the Bank	173,566,214	687,139,105	287,647,088	650,495,909
Non-Controlling Interest	-	-	-	-
Total Comprehensive Income for the Period	173,566,214	687,139,105	287,647,088	650,495,909
Earnings per Share				
Basic Earnings per Share		18.10		17.73
Diluted Earnings per Share		18.10		17.73
Ratio as per NRB Directive				
Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Capital Fund to RWE		13.20%		12.50%
Tier 1 Capital to RWA		10.55%		9.61%
CET 1 Capital to RWA		10.55%		9.61%
Annualized Return on Equity		11.26%		11.50%
Annualized Return on Assets		0.92%		0.90%
Non-Performing Loan (NPL) to Total Loan		3.38%		3.36%
Net Non-Performing Loan (NPL) to Total Loan		0.19%		0.91%
Total Loan Loss Provision to Total NPL		136.72%		123.70%
Cost of Funds		5.09%		6.94%
Credit to Deposit Ratio (CD)		85.37%		83.28%
Base Rate		7.07%		9.20%
Interest Rate Spread		4.27%		4.59%

Statement of Distributable Profit or Loss For the Quarter ended 32 Ashadh 2082 (As per NRB Regulation)

(Amount in NPR)

Particulars	Current Year Upto this Quarter YTD	Previous Year Corresponding Quarter YTD (Audited)
Net profit or (loss) as per statement of profit or loss	635,297,080	581,831,823
Appropriations:		
a. General reserve	(127,059,416)	(116,366,365)
b. Foreign exchange fluctuation fund	(275,527)	(67,539)
c. Capital redemption reserve	(142,857,143)	(142,857,143)
d. Corporate social responsibility fund	(6,352,971)	(5,818,318)
e. Employees' training fund	4,091,428	(590,674)
f. Other	-	-
Investment adjustment reserve	-	-
Deferred Tax	-	-
Merger	-	-
CSR Expenses	-	-
Fair Value Reserve	10,663,602	(11,232,995)
Profit or (loss) before regulatory adjustment	373,507,052	304,898,789
Regulatory adjustment:		
a. Interest receivable (-)/previous accrued interest received (+)	170,860,326	(31,107,340)
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	45,572,686	13,959,778
e. Deferred tax assets recognized (-)/ reversal (+)	-	28,497,184
f. Goodwill recognized (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognized (-)/reversal (+)	-	-
h. Actuarial loss recognized (-)/reversal (+)	-	8,952,786
i. Fair value Loss on investment	-	31,099,538
j. Other (+/-)	-	-
Net Profit for the quarter end available for distribution	589,940,065	356,300,736
Opening retained earnings	411,201,538	52,756,328
Adjustment/Restatement	-	2,144,474
Distribution:		
Bonus Share issued	(229,681,527)	-
Cash dividend paid	(164,058,233)	-
Total Distributable profit or loss as on quarter end date	607,401,843	411,201,538
Annualised Distributable Profit/Loss per share	17.30	12.53

Notes to Interim Financial Statements:

- The above financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) in line with NRB Directives. In compliance with NRB's ECL Guidelines, Bank has de-recognized interest income on loans and advances classified as Lifetime ECL under Stage-3. Bank has considered the impairment on credit exposures as the higher of total ECL provision as per NFRS 9 and existing regulatory provision in Unified Directives. Separate reporting of ECL shall be done to NRB by the Bank.
- Loans and advances include interest receivable on loans and are presented net of loan impairments.
- Bank has set aside Rs. 14.29 crore per year starting from Fiscal year 2080-81 for Debenture Redemption Reserve fund. Till current FY accumulated figure of Debenture Redemption reserve is Rs. 28.57.
- Above figures are subject to change if directed by regulator or external audit.
- Wherever necessary, figures have been regrouped and rearranged.
- There are no related party transactions for the quarter with related parties apart from BOD allowance to BOD members and salary and allowances to CEO and DCEO.
- The interim unaudited financial statement has been updated in Bank's website <https://www.kamanasewabank.com>.

Additional Disclosure as per Securities Registration and Issue Regulation - 2073 (Sub-Rule (1) of Rule 26, Annex 14) for 4th Quarter of FY 2081/82

1. Financial Statement

- Statement of Financial Position and Statement of Profit and Loss as per Nepal Financial Reporting Standard: Published along with this report. There has been no transaction between related parties.
- Key financial indicators and ratios

Earnings Per Share	18.10
Price Earnings Ratio (P/E Ratio)	27.69
Net worth Per Share	168.13
Liquidity Ratio	24.49%
Total Assets per share	2,033.78
Capital Adequacy Ratio	13.20%

2. Management Analysis

- The bank has registered NPR 635.30 million in net profit.
- There has been change in the bank's reserve, profit and liquidity position in line with the growth in business volume.
- The bank has been able to generate satisfactory financial results as of 4th Quarter of Fiscal year 2081-82.

3. Details relating to legal action

- Case filed against the bank
There were no major cases except those arising during the normal course of the bank's business.
- Case relating to disobedience of prevailing law or commission of criminal offence filed by or against the promoter or director of the bank
No such information has been received.
- Case relating to financial crime filed against any promoter or director
No such information has been received.

4. Analysis of share transaction and progress of the bank

- Management's view on share transaction of bank in the secondary market
As the prices in the secondary market is determined by open share market operations, management view is neutral on this.
- Maximum, minimum, closing price, total traded days and total share transacted during the quarter (Source www.nepalstock.com)

Maximum Price	422	Total Days Transacted	63
Minimum Price	505	Total Share Transacted	3,052,292 Shares
Closing Price	501	Total Transactions	NRS. 1,417,901,491

5. Problem and Challenges

Internal

- Recruitment and retention of quality manpower.
- Increasing cost of operation.
- Management of increased operational risk with the increase in business volume and no. of branches.
- Increasing trend of Non-Performing.
- Limited scope for increasing non-interest income

External

- Slowdown in country's economic activities.
- Competitive banking business.
- Limited credit opportunities in productive sectors.
- Excess availability of liquid funds in market
- Regulatory challenges including complexity in implementation of ECL guidelines.
- Political instability.
- Increasing cyber frauds and information security risks.
- Current trend of selection of foreign countries for better opportunity by the youths.

Strategy

- Identification of new possibilities for business development.
- Focus on quality onboarding of customers/ borrowers.
- Strong risk management approach and portfolio diversification.
- Reinforcement of prudent banking practices.
- Re-pricing of assets and liabilities keeping in view the market fluctuations.
- Prioritization of digitization in banking services to enhance efficiency.
- Robust recovery management.

6. Corporate Governance

The bank follows zero tolerance culture on governance and compliance. It ensures absolute compliance of directives and guidelines issued by Nepal Rastra Bank. To ensure adequate compliance and risk management the bank has developed strong policy and procedural framework along with dedicated independent compliance, audit and risk management function.

The board of directors, audit committee, risk management committee, human resource management committee, recruitment committee and all other management committee are committed to enforce highest standard of corporate governance within the bank

7. Declaration by CEO

I hereby declare that the data and information provided in this report is true, complete and factual to the best of my knowledge. No any conscious attempt has been made to misguide the investors.