



कामना सेवा
विकास बैंक लि.
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Unaudited Financial Results (Quarterly)

As on 31 Ashwin 2082

Condensed Statement of Financial Position As on Quarter ended 31 Ashwin 2082

| (Amount in NPR) | | |
|--|-----------------------|--|
| Particulars | This Quarter ending | Immediate Previous Year Ending (Audited) |
| Assets | | |
| Cash and Cash Equivalent | 1,573,530,853 | 1,786,654,797 |
| Due from Nepal Rastra Bank | 2,551,731,352 | 2,724,031,338 |
| Placement with Bank and Financial Institutions | - | - |
| Derivative Financial Instruments | - | - |
| Other Trading Assets | - | - |
| Loans and Advances to BFIs | 1,996,572,678 | 2,537,879,119 |
| Loans and Advances to Customers | 51,449,026,505 | 50,077,497,277 |
| Investment Securities | 12,189,303,427 | 12,290,942,521 |
| Current Tax Assets | - | - |
| Investment in Subsidiaries | - | - |
| Investment in Associates | - | - |
| Investment Property | 340,472,729 | 354,180,029 |
| Property and Equipment | 921,030,758 | 932,123,307 |
| Goodwill and Intangible Assets | 11,858,554 | 13,304,569 |
| Deferred Tax Assets | 53,192,867 | 32,455,525 |
| Other Assets | 547,727,293 | 705,505,466 |
| Total Assets | 71,634,447,017 | 71,454,573,948 |
| Liabilities | | |
| Due to Bank and Financial Institutions | 741,017,557 | 667,439,221 |
| Due to Nepal Rastra Bank | - | - |
| Derivative Financial Instruments | - | - |
| Deposits from Customers | 63,040,703,213 | 62,834,301,164 |
| Borrowings | - | - |
| Current Tax Liabilities | 72,696,421 | 11,699,214 |
| Provisions | 26,346,175 | 26,950,201 |
| Deferred Tax Liabilities | - | - |
| Other Liabilities | 874,276,345 | 979,614,600 |
| Debt Securities Issued | 997,108,939 | 997,108,939 |
| Subordinated Liabilities | - | - |
| Total Liabilities | 65,752,148,650 | 65,517,113,338 |
| Equity | | |
| Share Capital | 3,861,930,815 | 3,510,846,195 |
| Share Premium | - | - |
| Retained Earnings | 135,221,287 | 587,575,801 |
| Reserves | 1,885,146,266 | 1,839,038,613 |
| Total Equity Attributable to Equity Holders | 5,882,298,367 | 5,937,460,610 |
| Non Controlling Interest | - | - |
| Total Equity | 5,882,298,367 | 5,937,460,610 |
| Total Liabilities and Equity | 71,634,447,017 | 71,454,573,948 |
| Net Assets Value per share | 152.31 | 169.12 |

Condensed Statement of Profit or Loss For the Quarter ended 31 Ashwin 2082

| (Amount in NPR) | | | | |
|---|--------------------|-------------------------|-----------------------------|-------------------------|
| Particulars | Current Year | | Corresponding Previous Year | |
| | This Quarter | Upto This Quarter (YTD) | This Quarter | Upto This Quarter (YTD) |
| Interest Income | 1,393,631,747 | 1,393,631,747 | 1,521,795,454 | 1,521,795,454 |
| Interest Expense | 775,995,134 | 775,995,134 | 1,003,054,282 | 1,003,054,282 |
| Net Interest Income | 617,636,613 | 617,636,613 | 518,741,171 | 518,741,171 |
| Fee and Commission Income | 90,632,014 | 90,632,014 | 81,411,517 | 81,411,517 |
| Fee and Commission Expense | 6,210,212 | 6,210,212 | 6,167,630 | 6,167,630 |
| Net Fee and Commission Income | 84,421,802 | 84,421,802 | 75,243,887 | 75,243,887 |
| Net Interest, Fee and Commission Income | 702,058,415 | 702,058,415 | 593,985,058 | 593,985,058 |
| Net Trading Income | 233,094 | 233,094 | 156,391 | 156,391 |
| Other Operating Income | 52,144,330 | 52,144,330 | 43,735,095 | 43,735,095 |
| Total Operating Income | 754,435,839 | 754,435,839 | 637,876,544 | 637,876,544 |
| Impairment Charge / (Reversal) for Loans and Other Losses | 110,693,770 | 110,693,770 | 48,734,495 | 48,734,495 |
| Net Operating Income | 643,742,069 | 643,742,069 | 589,142,049 | 589,142,049 |
| Operating Expense | | | | |
| Personnel Expenses | 242,813,097 | 242,813,097 | 221,435,696 | 221,435,696 |
| Other Operating Expenses | 98,309,805 | 98,309,805 | 91,071,493 | 91,071,493 |
| Depreciation & Amortisation | 17,990,684 | 17,990,684 | 19,878,556 | 19,878,556 |
| Operating Profit | 284,628,483 | 284,628,483 | 256,756,304 | 256,756,304 |
| Non Operating Income | 150,000 | 150,000 | - | - |
| Non Operating Expense | 2,515,428 | 2,515,428 | 6,785,880 | 6,785,880 |
| Profit Before Income Tax | 282,263,055 | 282,263,055 | 249,970,423 | 249,970,423 |
| Income Tax Expense | - | - | - | - |
| Current Tax | 84,678,917 | 84,678,917 | 74,991,127 | 74,991,127 |
| Deferred Tax | - | - | - | - |
| Profit for the Period | 197,584,139 | 197,584,139 | 174,979,296 | 174,979,296 |
| Profit Attributable to: | | | | |
| Equity-holders of the Bank | 197,584,139 | 197,584,139 | 174,979,296 | 174,979,296 |
| Non-Controlling Interest | - | - | - | - |
| Profit for the Period | 197,584,139 | 197,584,139 | 174,979,296 | 174,979,296 |

Condensed Statement of Other Comprehensive Income For the Quarter ended 31 Ashwin 2082

| (Amount in NPR) | | | | |
|---|---------------------|-------------------------|-----------------------------|-------------------------|
| Particulars | Current Year | | Corresponding Previous Year | |
| | This Quarter | Upto This Quarter (YTD) | This Quarter | Upto This Quarter (YTD) |
| Profit for the year | 197,584,139 | 197,584,139 | 174,979,296 | 174,979,296 |
| 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 | (69,124,473) | (69,124,473) | 29,407,739 | 29,407,739 |
| Gains/(losses) on revaluation | - | - | - | - |
| Actuarial gains/(losses) on defined benefit plans | - | - | - | - |
| Income tax relating to above items | 20,737,342 | 20,737,342 | (8,822,322) | (8,822,322) |
| Net other comprehensive income that will not be reclassified to profit or loss | (48,387,131) | (48,387,131) | 20,585,417 | 20,585,417 |
| 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, | (48,387,131) | (48,387,131) | 20,585,417 | 20,585,417 |
| Net of Income Tax | | | | |
| Total Comprehensive Income for the Period | 149,197,008 | 149,197,008 | 195,564,714 | 195,564,714 |
| Total Comprehensive Income attributable to: | | | | |
| Equity-Holders of the Bank | 149,197,008 | 149,197,008 | 195,564,714 | 195,564,714 |
| Non-Controlling Interest | - | - | - | - |
| Total Comprehensive Income for the Period | 149,197,008 | 149,197,008 | 195,564,714 | 195,564,714 |
| Earnings per Share | | | | |
| Basic Earnings per Share | | 20.46 | | 19.94 |
| Diluted Earnings per Share | | 20.46 | | 19.94 |

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 | | 12.26% | | 12.38% |
| Tier 1 Capital to RWA | | 9.61% | | 9.43% |
| CET 1 Capital to RWA | | 9.61% | | 9.43% |
| Annualized Return on Equity | | 13.37% | | 11.87% |
| Annualized Return on Assets | | 1.10% | | 0.94% |
| Non-Performing Loan (NPL) to Total Loan | | 4.41% | | 3.96% |
| Net Non-Performing Loan (NPL) to Total Loan | | 1.24% | | 1.64% |
| Total Loan Loss Provision to Total NPL | | 107.69% | | 104.30% |
| Cost of Funds | | 4.59% | | 6.14% |
| Credit to Deposit Ratio (CD) | | 86.35% | | 83.71% |
| Base Rate | | 6.55% | | 8.23% |
| Interest Rate Spread | | 4.32% | | 4.59% |

Statement of Distributable Profit or Loss For the Quarter ended 31 Ashwin 2082 (As per NRB Regulation)

| (Amount in NPR) | | |
|---|------------------------------------|---|
| Particulars | Current Year Upto this Quarter YTD | Previous Year Corresponding Quarter YTD |
| Net profit or (loss) as per statement of profit or loss | 197,584,139 | 174,979,296 |
| Appropriations: | | |
| a. General reserve | (43,668,947) | (34,995,859) |
| b. Foreign exchange fluctuation fund | (58,942) | (18,422) |
| c. Capital redemption reserve | (35,714,286) | (35,714,286) |
| d. Corporate social responsibility fund | (1,975,841) | (1,749,793) |
| e. Employees' training fund | - | - |
| f. Other | | |
| Investment adjustment reserve | 3,000,000 | - |
| Fair Value Reserve | 20,760,597 | - |
| Profit or (loss) before regulatory adjustment | 139,926,720 | 102,500,937 |
| Regulatory adjustment : | | |
| a. Interest receivable (-)/previous accrued interest received (+) | (44,758,297) | 43,294,086 |
| 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 (+) | 6,822,123 | 46,588,098 |
| e. Deferred tax assets recognized (-)/ reversal (+) | - | - |
| f. Goodwill recognized (-)/ impairment of Goodwill (+) | - | - |
| g. Bargain purchase gain recognized (-)/reversal (+) | - | - |
| h. Actuarial loss recognized (-)/reversal (+) | - | - |
| i. Fair value Loss on investment | - | - |
| j. Other (+/-) | - | - |
| Net Profit for the quarter end available for distribution | 101,990,546 | 192,383,121 |
| Opening retained earnings | 587,575,801 | 411,201,538 |
| Adjustment/Restatement | - | - |
| Distribution: | | |
| Bonus Share issued | (351,084,620) | (229,681,527) |
| Cash dividend paid | (203,260,440) | (164,058,233) |
| Total Distributable profit or loss as on quarter end date | 135,221,287 | 209,844,899 |
| Annualised Distributable Profit/Loss per share | 14.01 | 23.91 |

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 the first quarter of current FY accumulated figure of Debenture Redemption reserve is Rs. 32.14 crore.
- 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 1st Quarter Report Fiscal Year 2082/083

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 | 20.46 |
| Price Earnings Ratio (P/E Ratio) | 20.18 |
| Net worth Per Share | 152.31 |
| Liquidity Ratio | 23.80% |
| Total Assets per share | 1,854.89 |
| Capital Adequacy Ratio | 12.26% |

2. Management Analysis

- The bank has registered NPR 197.58 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 1st Quarter of Fiscal year 2082-83.

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 | 577.51 | Total Days Transacted | 51 |
| Minimum Price | 413 | Total Share Transacted | 7,406,740 Shares |
| Closing Price | 413 | Total Transactions | NRs. 3,942,529,503 |

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 Assets.
- 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
- 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.