

Kamana Sewa Bikas Bank Limited

Statement of Financial Position

As on 30th Poush 2078

Particulars	Note	Current Year	Previous Year
Assets			
Cash and Cash Equivalent	4.1	5,492,365,839	4,401,235,416
Due from Nepal Rastra Bank	4.2	1,835,545,039	940,622,266
Placement with Bank and Financial Institutions	4.3	-	-
Derivative Financial Instruments	4.4	-	-
Other Trading Assets	4.5	-	-
Loans and Advances to BFIs	4.6	861,019,987	952,703,267
Loans and Advances to Customers	4.7	43,015,537,301	38,580,550,842
Investment Securities	4.8	5,458,572,269	4,972,529,625
Current Tax Assets	4.9	14,471,283	46,952,495
Investment in Subsidiaries	4.10	-	-
Investment in Associates	4.11	-	-
Investment Property	4.12	29,500,000	34,810,000
Property and Equipment	4.13	580,141,780	613,077,820
Goodwill and Intangible Assets	4.14	105,716,788	100,534,705
Deferred Tax Assets	4.15	28,379,326	28,379,326
Other Assets	4.16	398,819,072	633,508,463
Total Assets		57,820,068,684	51,304,904,226

Particulars	Note	Current Year	Previous Year
Liabilities			
Due to Bank and Financial Institutions	4.17	1,194,505,917	1,106,024,820
Due to Nepal Rastra Bank	4.18	3,232,004,242	599,786,423
Derivative Financial Instruments	4.19	-	-
Deposits from Customers	4.20	47,732,478,966	44,200,605,720
Borrowings	4.21	-	-
Current Tax Liabilities	4.9	-	-
Provisions	4.22	29,982,651	25,824,308
Deferred Tax Liabilities	4.15	-	-
Other Liabilities	4.23	457,715,146	541,440,648
Debt Securities Issued	4.24	992,982,007	992,982,007
Subordinated Liabilities	4.25	-	-
Total Liabilities		53,639,668,928	47,466,663,926
Equity			
Share Capital	4.26	3,142,577,022	2,651,963,732
Share Premium		-	-
Retained Earnings		96,792,034	527,521,035
Reserves	4.27	941,030,700	658,755,534
Total Equity Attributable to Equity Holders		4,180,399,756	3,838,240,300
Non Controlling Interest		-	-
Total Equity		4,180,399,756	3,838,240,300
Total Liabilities and Equity		57,820,068,684	51,304,904,226
Net Assets Value per share		133.02	144.73

Kamana Sewa Bikas Bank Limited

Statement of Profit or Loss

For the year ended 30th Poush 2078

Particulars	Note	Current Year		Previous Year	
		This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest Income	4.29	1,324,883,668	2,560,166,705	914,884,519	1,921,604,834
Interest Expense	4.30	876,438,353	1,654,205,937	608,365,296	1,233,515,127
Net Interest Income		448,445,315	905,960,768	306,519,223	688,089,707
Fee and Commission Income	4.31	59,622,987	168,183,093	54,501,948	137,745,046
Fee and Commission Expense	4.32	3,386,449	5,999,707	334,641	2,227,641
Net Fee and Commission Income		56,236,538	162,183,385	54,167,308	135,517,404
Net Interest, Fee and Commission Income		504,681,853	1,068,144,153	360,686,531	823,607,111
Net Trading Income	4.33	18,622	25,532	6,969	18,039
Other Operating Income	4.34	18,925,048	25,318,413	7,017,525	20,472,683
Total Operating Income		523,625,523	1,093,488,098	367,711,024	844,097,833
Impairment Charge / (Reversal) for Loans and Other Losses	4.35	37,542,988	98,234,463	(121,638,674)	24,714,983
Net Operating Income		486,082,535	995,253,635	489,349,698	819,382,850
Operating Expense					
Personnel Expenses	4.36	145,813,526	302,393,242	160,907,642	290,583,403
Other Operating Expenses	4.37	73,361,619	147,027,573	39,145,670	127,576,330
Depreciation & Amortisation	4.38	27,001,198	54,858,886	27,256,514	54,266,493
Operating Profit		239,906,192	490,973,934	262,039,873	346,956,625
Non Operating Income	4.39	-	-	9,291,028	210,254,450
Non Operating Expense	4.40	-	-	-	-
Profit Before Income Tax		239,906,192	490,973,934	271,330,901	557,211,075
Income Tax Expense					
Current Tax	4.41	71,971,858	147,292,180	81,399,270	167,163,322
Deferred Tax		-	-	-	-
Profit for the Period		167,934,335	343,681,754	189,931,630	390,047,752
Profit Attributable to:					
Equity-holders of the Bank		167,934,335	343,681,754	189,931,630	390,047,752
Non-Controlling Interest		-	-	-	-
Profit for the Period		167,934,335	343,681,754	189,931,630	390,047,752
Earnings per Share					
Basic Earnings per Share			21.87		30.71
Diluted Earnings per Share			21.87		29.42

Kamana Sewa Bikas Bank Limited

Statement of Other Comprehensive Income

For the year ended 30th Poush 2078

Particulars	Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter(YTD)	This Quarter	Upto This Quarter(YTD)
Profit for the year	167,934,335	343,681,754	189,931,630	390,047,752
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	(14,633,989)	(42,147,247)	(19,136,372)	5,964,435
Gains/(losses) on revaluation	-	-	-	-
Actuarial gains/(losses) on defined benefit plans	-	-	-	-
Income tax relating to above items	4,390,197	12,644,174	5,740,912	(1,789,330)
Net other comprehensive income that will not be reclassified to profit or loss	(10,243,793)	(29,503,073)	(13,395,461)	4,175,104
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	(10,243,793)	(29,503,073)	(13,395,461)	4,175,104
Total Comprehensive Income for the Period	157,690,542	314,178,682	176,536,170	394,222,857
Total Comprehensive Income attributable to:				
Equity-Holders of the Bank	157,690,542	314,178,682	176,536,170	394,222,857
Non-Controlling Interest	-	-	-	-
Total Comprehensive Income for the Period	157,690,542	314,178,682	176,536,170	394,222,857

Kamana Sewa Bikas Bank Limited
Statement of Distributable Profit or Loss
For the year ended 30th Poush 2078
(As per NRB Regulation)

Particulars	Current Year
Opening balance in retained earnings	527,521,035
Adjustment/Restatement	27,348,404
Net profit or (loss) as per statement of profit or loss	343,681,754
<u>Appropriations:</u>	
a. General reserve	(68,736,351)
b. Foreign exchange fluctuation fund	47,177
c. Capital redemption reserve	(62,500,000)
d. Corporate social responsibility fund	(3,436,818)
e. Employees' training fund	-
f. Other	
> <i>Investment adjustment reserve</i>	-
> <i>Deferred Tax</i>	-
> <i>Bonus Share</i>	(490,613,290)
> <i>Cash dividend</i>	(25,822,171)
> <i>Merger</i>	-
> <i>CSR Expenses</i>	-
> <i>Training expense</i>	-
Profit or (loss) before regulatory adjustment	247,489,740
<u>Regulatory adjustment :</u>	
a. Interest receivable (-)/previous accrued interest received (+)	(108,550,459)
b. Other (+/-)	(42,147,247)
Distributable Profit or (Loss)	96,792,034

Kamana Sewa Bikas Bank Limited

Ratio as per NRB Directive

As on 30th Poush 2078

Particulars	Current Year	Previous Year
	Upto This Quarter(YTD)	Corresponding Upto This Quarter(YTD)
Capital Fund to RWA	12.32%	12.44%
Non-Performing Loan (NPL) to Total Loan	1.77%	2.64%
Total Loan Loss Provision to Total NPL	130.00%	98.52%
Cost of Funds	7.24%	6.87%
Credit to Deposit Ratio (CD)	88.26%	87.26%
Base Rate	9.27%	9.28%
Interest Rate Spread	4.12%	4.98%

Notes to account:

1. Above financial statement is prepared in accordance with NRB Directives 4 and applicable Nepal Financial Reporting Standards (NFRS) issued by Institute of Chartered Accountants of Nepal.
2. Loans and advances are presented net of Loan Impairments. Loans and advances also include interest receivable on loan.
3. Actuarial valuation of gratuity and leave and gratuity is done in annual basis only.
4. The above figures are subject to change if directed by the regulatory authority or external audit.
5. Figures has been rearranged and regrouped wherever necessary.
6. 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.

**Additional Disclosure as per
Securities Registration and Issue Regulation, 2073 (Rule 26(1), Annexure 14)
2nd Quarter Report Fiscal Year 2078/79**

1. Financial Statement

- a. 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.

- b. Key financial indicators and ratios

Earnings Per Share	21.87
Price Earnings Ratio (P/E Ratio)	25.74
Net worth Per Share	133.02
Liquidity Ratio	20.04%
Total Assets per share	1,839.89
Capital Adequacy Ratio	12.32%

2. Management Analysis

- a. The bank has registered NPR 343.68 million in net profit.
- b. There has been change in the bank's reserve, profit and liquidity position in line with the growth in business volume.

3. Details relating to legal action

- a. Case filed against the bank

There were no major cases except those arising during the normal course of the bank's business

- b. 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

- c. 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

- a. 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.

- b. Maximum, minimum, closing price, total traded days and total share transacted during the quarter
(Source www.nepalstock.com)

Maximum Price	770	Total Days Transacted	59 Days
Minimum Price	398	Total Share Transacted	5,829,948 Shares
Closing Price	563	Total Transactions	Nrs. 3,440,984,491.20

5. Problems and challenges

Internal

- Recruitment and retention of quality manpower.
- Increasing cost of operation.
- Attraction of low cost deposit.
- Management of increased operational risk with the increase in business volume and number of branches.

External

- Adverse impact of COVID-19 on the national economy and sectors like travel & tourism, manufacturing, remittances, transportation, SMEs etc.
- Competitive banking business.
- Limited credit opportunities in productive sectors.
- High fluctuations in liquidity.

Strategy

- Focus on activities to cope and navigate through the impact of COVID-19.
- Identification of new possibilities for business development.
- Strong risk management approach and portfolio diversification.
- Reinforcement of prudent banking practices.
- Re-pricing of assets and liabilities keeping in view the market fluctuations.

6. Corporate Governance

The bank follows zero tolerance governance and compliance culture. 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.