

Unaudited Financial Results (Quarterly)

As at Third Quarter (12 Apr 2016) of the Fiscal Year 2015/16

Rs '000

S.N.	Particulars	30.12.2072/12.04.2016 This Quarter Ending	30.09.2072/14.01.2016 Previous Quarter Ending	30.12.2071/13.04.2015 Corresponding Previous Year Quarter Ending
1	Total Capital and Liabilities (1.1 to 1.7)	39,933,760	39,601,255	35,789,691
1.1	Paid Up Capital	2,699,167	2,431,682	2,431,682
1.2	Reserve and Surplus	1,003,133	1,139,907	786,272
1.3	Debtenture and Bond	-	-	-
1.4	Borrowings	292,910	350,000	2,456
1.5	Deposits (a+b)	34,821,620	34,531,231	31,224,317
a.	Domestic Currency	33,343,130	33,065,560	30,346,488
b.	Foreign Currency	1,478,490	1,465,671	877,829
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	1,116,931	1,148,436	1,344,964
2	Total Assets (2.1 to 2.7)	39,933,760	39,601,255	35,789,691
2.1	Cash & Bank Balance	3,067,534	3,315,774	2,871,899
2.2	Money at Call and Short Notice	948,023	364,962	879,040
2.3	Investments	6,512,047	7,763,086	4,520,963
2.4	Loans and Advances (a+b+c+d+e+f)	28,695,897	27,505,974	26,699,294
a.	Real Estate Loan	1,835,598	1,884,202	2,036,179
1.	Residential Real Estate Loan	511,378	546,116	419,746
2.	Business Complex & Residential Apartment Construction Loan	281,743	283,013	502,372
3.	Income Generating Commercial Complex Loan	-	-	-
4.	Other Real Estate loan	1,042,477	1,055,074	1,114,062
b.	Personal Home Loan of Rs. 1 Crore or Less	3,169,019	3,054,526	2,667,011
c.	Margin Type Loan	865,979	825,500	854,582
d.	Term Loan	6,141,761	6,042,087	5,221,304
e.	Overdraft Loan/TR Loan/WC Loan	15,149,277	14,298,555	14,597,365
f.	Others	1,534,262	1,401,105	1,322,852
2.5	Fixed Assets	262,595	265,805	241,982
2.6	Non Banking Assets	-	-	-
2.7	Other Assets	447,664	385,654	576,513
3	Profit and Loss Account	Upto This Quarter End	Previous Quarter Ending	Corresponding Previous Year Quarter End
3.1	Interest Income	1,897,429	1,271,620	1,742,797
3.2	Interest Expenses	1,146,949	806,914	1,072,107
A.	Net Interest Income (3.1-3.2)	750,480	464,706	670,690
3.3	Fees, Commission and Discount	109,860	74,088	121,753
3.4	Other Operating Income	49,586	33,244	32,777
3.5	Foreign Exchange Gain/ Loss (Net)	81,092	52,933	71,343
B.	Total Operating Income (A.+3.3+3.4+3.5)	991,018	624,970	896,563
3.6	Staff Expenses	213,576	143,997	206,281
3.7	Other Operating Expenses	180,056	115,599	175,975
C.	Operating Profit Before Provision (B.- 3.6-3.7)	597,385	365,374	514,307
3.8	Provision for Possible Losses	159,190	70,033	198,341
D.	Operating Profit (C-3.8)	438,195	295,341	315,967
3.9	Non Operating Income/Expenses (Net)	(37,432)	919	(8,087)
3.10	Write Back of Provision for Possible Loss	157,068	33,054	87,095
E.	Profit from Regular Activities (D+3.9+3.10)	557,831	329,315	394,975
3.11	Extraordinary Income/Expenses (Net)	-	-	-
F.	Profit before Bonus and Taxes (E. + 3.11)	557,831	329,315	394,975
3.12	Provision for Staff Bonus	50,712	29,938	35,907
3.13	Provision for Tax	152,136	89,183	107,720
G.	Net Profit/Loss (F.-3.12-3.13)	354,984	210,194	251,348
4	Ratios	At the End of This Quarter	At the End of Previous Quarter	At the End of Corresponding Previous Year Quarter
4.1	Capital Fund To RWA	11.53%	11.50%	10.98%
4.2	Non Performing Loan (NPL) to Total Loan	2.03%	2.55%	3.98%
4.3	Total Loan Loss Provision to Total NPL	133.60%	123.69%	94.31%
4.4	Cost of Funds (annualized - LCY)	4.50%	4.69%	4.91%
4.5	Credit to Deposit Ratio (as per NRB directives)	76.95%	75.35%	79.63%
4.6	Base Rate (FTM)	6.76%	7.09%	8.10%
4.7	Average Interest Rate Spread (as per NRB directives)	4.02%	3.93%	3.22%
Additional Information (year to date annualized fig.)				
	Total Yield (LCY)	7.66%	7.67%	8.10%
	Spread (LCY)	3.16%	2.98%	3.19%
	Return on Equity (ROE) (Rolling Avg)	14.21%	12.50%	12.99%
	Return on Assets (ROA) (Rolling Avg)	1.27%	1.11%	1.18%

Note: Figures regrouped as & where necessary.

Above figures may vary with the audited figures if modified by the external auditors or regulators.

Loans and Advances has been presented at gross value. Total Loan Loss Provision is included in Other Liabilities.

Publication of Information as Required by Securities Registration and Issuance Regulation 2065 (Related to Sub Rule (2) of Rule 22)

1. Major Financial Indicators (annualized fig.)

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|--|---------------------------------|
| 1. Earnings Per Share (Rolling Avg.) – NPR 19.43 | 2. Market Price per Share – NA |
| 3. Price Earnings Ratio (P/E ratio) – NA | 4. Net Worth per Share – 137.16 |
| 5. Liquidity Ratio – 26.57 | |

2. Management Analysis:

Under the review period, the bank worked upon increasing the quality of its deposits and lending. The bank will continue putting extra effort on risk management and sustainable growth of profitability. Besides, it will be focusing on increasing its fee-based income from its balance sheet and off balance sheet exposure. Further, efficient utilization of its resources will be given due consideration for keeping its operating cost low.

3. Details Regarding Legal Actions

- a. Case filed by or to Kumari Bank Ltd. during the quarter –
- Except for the case related to credit recovery in the normal course of business operation, no other cases that could lead to financial obligation on the part of the bank were observed.
- b. 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
- c. 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

- a. Management's view on share transactions of Kumari Bank Ltd. at Securities Market :
Transaction of shares of Kumari Bank Limited in securities market is stopped since 29 Poush 2072 due to the merger agreement it has executed with other FIs. So, the bank has no comment on its share transactions.
- b. Maximum, minimum and closing price of shares including total transactions and transacted days during the quarter
No share has been traded in the market in the third quarter of the FY 2072/73 due to ongoing merger process.

5. Problems and Challenges

- a. Unfavorable economic and political activities of the country.
- b. Unexpected fluctuation in market liquidity
- c. Intense competition due to too many players in the market.
- d. Difficulty in retention of qualified manpower.

Strategy to Overcome Problems & Challenges

- a. Continually renovating the product & services to meet the changing need of the customers.
- b. Re-pricing of its interest sensitive assets and liabilities as per liquidity position of the market.
- c. Utilizing the assets in as much as high yield and low risk investment sector.
- d. Understanding the expectations and motivating factors of employees in order to retain them.

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 topmost 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 ACEO.
- c. Management Committee and Management Advisory Committee chaired by the ACEO 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 – 15 of Securities Registration and Issuance Regulation, 2065

- a. No such Information.

b. Declaration by Acting CEO

I hereby declare that the data and information provided in this report is true, complete, and factual. 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 12 Apr 2016.