

Unaudited Financial Results (Quarterly)

As at First Quarter (17 Oct 2017) of the Fiscal Year 2017/18

As per NRB Directive form no. 9.14

Rs '000

S.N.	Particulars	31.06.2017 /17.10.2017 This Quarter Ending	31.03.2017/ 15.07.2017 Previous Quarter Ending	30.06.2017/16.10.2016 Corresponding Previous Year Quarter Ending
1	Total Capital and Liabilities (1.1 to 1.7)	66,013,600	62,639,263	46,112,797
1.1	Paid Up Capital	5,969,496	5,969,496	2,699,167
1.2	Reserve and Surplus	2,740,780	2,112,466	1,501,686
1.3	Debenture and Bond	-	-	-
1.4	Borrowings	352,655	7,217	184,200
1.5	Deposits (a+b)	54,648,930	52,071,282	40,356,967
	a. Domestic Currency	52,807,153	50,065,555	38,462,475
	b. Foreign Currency	1,841,777	2,005,727	1,894,492
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	2,301,740	2,478,802	1,370,777
2	Total Assets (2.1 to 2.7)	66,013,600	62,639,263	46,112,797
2.1	Cash & Bank Balance	6,536,196	7,772,938	5,460,908
2.2	Money at Call and Short Notice	600,000	515,500	1,180,000
2.3	Investments	8,891,013	7,526,858	6,019,064
2.4	Loans and Advances (a+b+c+d+e+f)	47,471,234	45,195,171	32,411,102
	a. Real Estate Loan	2,243,821	2,220,154	1,817,722
	1. Residential Real Estate Loan	768,615	739,408	670,756
	2. Business Complex & Residential Apartment Construction Loan	285,211	286,897	281,192
	3. Income Generating Commercial Complex Loan	-	-	-
	4. Other Real Estate loan	1,189,995	1,193,849	865,774
	b. Personal Home Loan of Rs. 1.5 Crore or Less	5,594,344	5,549,534	3,704,126
	c. Margin Type Loan	1,535,105	1,437,723	1,257,095
	d. Term Loan	10,646,986	10,428,359	6,901,352
	e. Overdraft Loan/TR Loan/WC Loan	23,482,329	21,779,122	16,781,289
	f. Others	3,968,649	3,780,280	1,949,519
2.5	Fixed Assets	386,619	403,508	261,596
2.6	Non Banking Assets	85,530	85,530	-
2.7	Other Assets	2,043,009	1,139,757	780,127
3	Profit and Loss Account	Upto This Quarter End	Previous Quarter Ending	Corresponding Previous Year Quarter End
3.1	Interest Income	1,416,602	3,596,442	674,901
3.2	Interest Expenses	1,059,856	2,299,277	412,377
	A. Net Interest Income (3.1-3.2)	356,747	1,297,165	262,524
3.3	Fees, Commission and Discount	61,369	208,568	51,702
3.4	Other Operating Income	19,564	73,689	16,997
3.5	Foreign Exchange Gain/ Loss (Net)	34,801	106,449	26,183
	B. Total Operating Income (A.+3.3+3.4+3.5)	472,482	1,685,871	357,407
3.6	Staff Expenses	155,589	374,669	79,971
3.7	Other Operating Expenses	89,488	296,529	59,767
	C. Operating Profit Before Provision (B.- 3.6-3.7)	227,405	1,014,672	217,670
3.8	Provision for Possible Losses	149,821	212,985	62,683
	D. Operating Profit (C-3.8)	77,584	801,687	154,987
3.9	Non Operating Income/Expenses (Net)	1,492	16,323	3,150
3.10	Write Back of Provision for Possible Loss	97,076	282,578	57,834
	E. Profit from Regular Activities (D+3.9+3.10)	176,151	1,100,587	215,971
3.11	Extraordinary Income/Expenses (Net)	-	-	-
	F. Profit before Bonus and Taxes (E. + 3.11)	176,151	1,100,587	215,971
3.12	Provision for Staff Bonus	16,014	100,053	19,634
3.13	Provision for Tax	48,041	300,160	58,901
	G. Net Profit/Loss (F.-3.12-3.13)	112,096	700,374	137,436
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	15.25%	16.15%	11.33%
4.2	Non Performing Loan (NPL) to Total Loan	1.97%	1.86%	1.26%
4.3	Total Loan Loss Provision to Total NPL	125.91%	130.81%	164.93%
4.4	Cost of Funds (annualized - LCY)	7.75%	5.93%	4.38%
4.5	Credit to Deposit Ratio (as per NRB directives)	77.59%	78.00%	75.77%
4.6	Base Rate (FTM)	11.15%	11.31%	7.50%
4.7	Average Interest Rate Spread (as per NRB directives)	3.27%	2.90%	3.40%
Additional Information (year to date annualized fig.)				
	Total Yield (LCY)	10.33%	9.19%	7.26%
	Spread (LCY)	2.58%	3.26%	2.88%
	Return on Equity (ROE)	5.15%	8.67%	13.09%
	Return on Assets (ROA)	0.68%	1.12%	1.19%

Note:
Kumari Bank Ltd. has acquired Kashmandap Development Bank Ltd., Mahakali Bikash Bank Ltd., Kankre Bihar Bikash Bank Ltd. and Paschimanchal Finance Co. Ltd. in the FY 2073-74 and the joint operation has started from 16 Ashadh 2074.

Corresponding previous year quarter ending related to Kumari Bank Limited before acquisition.

Figures are 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 2073 (Related to Sub Rule (1) of Rule 26)

1. Major Financial Indicators (annualized fig.)

- | | |
|---|------------------------------------|
| 1. Earnings per Share – 7.51 | 2. Market Price per Share – 308.00 |
| 3. Price Earnings Ratio (P/E ratio) – 41.01 | 4. Net Worth per Share – 145.91 |
| 5. Liquidity Ratio – 25.34 | |

2. Management Analysis:

- Post-acquisition, the bank is focused in consolidating the business of acquired institutions.
- As usual, the bank will be focusing on cost management, diversified investments, technological upgradation, optimum utilization of resources and automation of work.

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 :
Since the price of the stock is determined by open market operation, the management's view is neutral in this regard.
- b. Maximum, minimum and closing price of shares including total transactions and transacted days during the quarter
Max. Price - Rs. 341.00 Min. Price - Rs. 280.00 Closing Price - Rs. 308.00 Total no. of Transactions – 4246 Transacted Day - 56 days

5. Problems and Challenges

Internal

- a. Attaining reasonable level of cost of operation.
- b. Retention of qualified and trained human resources.

External

- a. Improving overhead efficiency.
- b. Intense competition from banks and financial institutions with increasing capital and thereby business capacity.
- c. High cost deposits. Challenge to pass on cost growth to revenue stream.
- d. Unpredictable political scenario.

Strategy to Overcome Problems & Challenges

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

- a. The BOD Meeting held on 9th Bhadra 2074 had decided to appoint director Mr. Krishna Prasad Gyawali, and he has taken oath of secrecy on 12th Bhadra 2074.
- b. The bank on 5th of Asoj 2074 entered into an agreement with Edgeverve Systems Limited to procure Finacle Systems as banks Core Banking Software.

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 31 Asoj 2074.