

## Unaudited Financial Results (Quarterly)

As at Second Quarter (14 Jan 2016) of the Fiscal Year 2015/16

Rs '000

S.N.	Particulars	30.09.2072/ 14.01.2016 This Quarter Ending	30.06.2072/ 17.10.2015 Previous Quarter Ending	30.09.2071/14.01.2015 Corresponding Previous Year Quarter Ending
<b>1</b>	<b>Total Capital and Liabilities (1.1 to 1.7)</b>	<b>39,601,255</b>	<b>39,297,809</b>	<b>34,375,221</b>
1.1	Paid Up Capital	2,431,682	2,431,682	2,431,682
1.2	Reserve and Surplus	1,139,907	974,325	716,598
1.3	Debtenture and Bond	-	-	-
1.4	Borrowings	350,000	-	160,387
<b>1.5</b>	<b>Deposits (a+b)</b>	<b>34,531,231</b>	<b>34,738,471</b>	<b>29,884,768</b>
	a. Domestic Currency	33,065,560	33,701,994	29,254,073
	b. Foreign Currency	1,465,671	1,036,477	630,695
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	1,148,436	1,153,332	1,181,786
<b>2</b>	<b>Total Assets (2.1 to 2.7)</b>	<b>39,601,255</b>	<b>39,297,809</b>	<b>34,375,221</b>
2.1	Cash & Bank Balance	3,315,774	4,419,590	3,252,271
2.2	Money at Call and Short Notice	364,962	1,363,606	886,189
2.3	Investments	7,763,086	5,424,691	4,388,587
<b>2.4</b>	<b>Loans and Advances (a+b+c+d+e+f)</b>	<b>27,505,974</b>	<b>27,467,481</b>	<b>25,289,247</b>
	a. Real Estate Loan	1,884,202	1,851,582	2,106,112
	1. Residential Real Estate Loan	546,116	521,783	279,519
	2. Business Complex & Residential Apartment Construction Loan	283,013	297,914	632,392
	3. Income Generating Commercial Complex Loan	-	-	-
	4. Other Real Estate loan	1,055,074	1,031,885	1,194,201
	b. Personal Home Loan of Rs. 1 Crore or Less	3,054,526	2,994,002	2,354,131
	c. Margin Type Loan	825,500	815,532	739,049
	d. Term Loan	6,042,087	5,982,064	4,771,215
	e. Overdraft Loan/TR Loan/WC Loan	14,298,555	14,358,524	13,820,501
	f. Others	1,401,105	1,465,778	1,498,239
2.5	Fixed Assets	265,805	263,518	230,498
2.6	Non Banking Assets	-	-	-
2.7	Other Assets	385,654	358,923	328,428
<b>3</b>	<b>Profit and Loss Account</b>	<b>Upto This Quarter End</b>	<b>Previous Quarter Ending</b>	<b>Corresponding Previous Year Quarter End</b>
3.1	Interest Income	1,271,620	607,161	1,148,213
3.2	Interest Expenses	806,914	429,247	714,103
	<b>A. Net Interest Income (3.1-3.2)</b>	<b>464,706</b>	<b>177,914</b>	<b>434,110</b>
3.3	Fees, Commission and Discount	74,088	40,422	79,689
3.4	Other Operating Income	33,244	15,272	22,300
3.5	Foreign Exchange Gain/ Loss (Net)	52,933	29,604	37,341
	<b>B. Total Operating Income (A.+3.3+3.4+3.5)</b>	<b>624,970</b>	<b>263,213</b>	<b>573,440</b>
3.6	Staff Expenses	143,997	71,708	134,658
3.7	Other Operating Expenses	115,599	54,916	114,756
	<b>C. Operating Profit Before Provision (B.- 3.6-3.7)</b>	<b>365,374</b>	<b>136,589</b>	<b>324,025</b>
3.8	Provision for Possible Losses	70,033	71,807	96,348
	<b>D. Operating Profit (C-3.8)</b>	<b>295,341</b>	<b>64,783</b>	<b>227,677</b>
3.9	Non Operating Income/Expenses (Net)	919	139	1,267
3.10	Write Back of Provision for Possible Loss	33,054	11,579	56,544
	<b>E. Profit from Regular Activities (D+3.9+3.10)</b>	<b>329,315</b>	<b>76,501</b>	<b>285,487</b>
3.11	Extraordinary Income/Expenses (Net)	-	-	-
	<b>F. Profit before Bonus and Taxes ( E. + 3.11)</b>	<b>329,315</b>	<b>76,501</b>	<b>285,487</b>
3.12	Provision for Staff Bonus	29,938	6,955	25,953
3.13	Provision for Tax	89,183	20,864	77,860
	<b>G. Net Profit/Loss (F.-3.12-3.13)</b>	<b>210,194</b>	<b>48,682</b>	<b>181,674</b>
<b>4</b>	<b>Ratios</b>	<b>At the End of This Quarter</b>	<b>At the End of Previous Quarter</b>	<b>At the End of Corresponding Previous Year Quarter</b>
4.1	Capital Fund To RWA	11.50%	11.34%	11.33%
4.2	Non Performing Loan (NPL) to Total Loan	2.55%	2.91%	3.84%
4.3	Total Loan Loss Provision to Total NPL	123.69%	111.25%	97.87%
4.4	Cost of Funds (annualized - LCY)	4.69%	4.89%	4.92%
4.5	Credit to Deposit Ratio (as per NRB directives)	75.35%	74.13%	77.65%
4.6	Base Rate (FTM)	7.09%	7.54%	8.05%
4.7	Average Interest Rate Spread (as per NRB directives)	3.93%	3.47%	3.60%
<b>Additional Information</b>				
	Total Yield (LCY)	7.67%	7.29%	8.14%
	Spread (LCY)	2.98%	2.40%	3.21%
	Return on Equity (ROE) (Rolling Avg)	11.28%	11.26%	15.43%
	Return on Assets (ROA) (Rolling Avg)	1.00%	1.00%	1.40%

Note: Figures regrouped as & where necessary.

Due interest as of Poush end 2072 that is recovered by the end of Magh end 2072 has been recognized as interest income for the period of 2<sup>nd</sup> quarter of FY 2072/73 as per NRB circular.

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.)**

- |  |                                      |
|--|--------------------------------------|
| 1. Earnings Per Share (Rolling Avg.) – Npr 15.68 | 2. Market Price per Share – Npr. 385 |
| 3. Price Earnings Ratio (P/E ratio) – 24.56      | 4. Net Worth per Share – 146.88      |
| 5. Liquidity Ratio – 30.81                       |                                      |

**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 :
- 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.440 Min. Price - Rs.353 Closing Price - Rs.385 Total no. of Transactions - 1871 Transacted Day - 56 days

**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. The Board of Directors meeting of the Bank has accepted the resignation of Mr. Noor Pratap J.B.Rana from the position of Chairman and Director of the bank's board with effect from 5 Jan 2016.

**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 14 Jan 2016.