

Unaudited Financial Results (Quarterly)

As at Fourth Quarter (15 Jul 2016) of the Fiscal Year 2015/16
As per NRB Directive form no. 9.14

Rs '000

| S.N. | Particulars | 31.03.2073/ 15.07.2016 This Quarter Ending | 30.12.2072/ 12.04.2016 Previous Quarter Ending | 31.03.2072/16.07.2015 Corresponding Previous Year Quarter Ending |
|--|---|--|---|---|
| 1 | Total Capital and Liabilities (1.1 to 1.7) | 43,041,775 | 39,933,760 | 38,198,863 |
| 1.1 | Paid Up Capital | 2,699,167 | 2,699,167 | 2,699,167 |
| 1.2 | Reserve and Surplus | 1,388,260 | 1,003,133 | 648,150 |
| 1.3 | Debenture and Bond | - | - | - |
| 1.4 | Borrowings | - | 292,910 | 328,000 |
| 1.5 | Deposits (a+b) | 37,950,525 | 34,821,620 | 33,421,911 |
| | a. Domestic Currency | 36,569,097 | 33,343,130 | 32,542,064 |
| | b. Foreign Currency | 1,381,428 | 1,478,490 | 879,847 |
| 1.6 | Income Tax Liability | - | - | - |
| 1.7 | Other Liabilities | 1,003,823 | 1,116,931 | 1,101,636 |
| 2 | Total Assets (2.1 to 2.7) | 43,041,775 | 39,933,760 | 38,198,863 |
| 2.1 | Cash & Bank Balance | 4,511,196 | 3,067,534 | 4,990,975 |
| 2.2 | Money at Call and Short Notice | 1,600,000 | 948,023 | 436,881 |
| 2.3 | Investments | 6,142,966 | 6,512,047 | 4,862,590 |
| 2.4 | Loans and Advances (a+b+c+d+e+f) | 30,111,445 | 28,695,897 | 27,070,390 |
| | a. Real Estate Loan | 1,720,735 | 1,835,598 | 2,010,181 |
| | 1. Residential Real Estate Loan | 621,586 | 511,378 | 491,529 |
| | 2. Business Complex & Residential Apartment Construction Loan | 278,533 | 281,743 | 373,819 |
| | 3. Income Generating Commercial Complex Loan | - | - | - |
| | 4. Other Real Estate loan | 820,616 | 1,042,477 | 1,144,833 |
| | b. Personal Home Loan of Rs. 1 Crore or Less | 3,421,760 | 3,169,019 | 2,885,047 |
| | c. Margin Type Loan | 993,761 | 865,979 | 852,523 |
| | d. Term Loan | 6,468,669 | 6,141,761 | 5,542,243 |
| | e. Overdraft Loan/TR Loan/WC Loan | 15,850,226 | 15,149,277 | 14,311,637 |
| | f. Others | 1,656,296 | 1,534,262 | 1,468,760 |
| 2.5 | Fixed Assets | 265,389 | 262,595 | 259,463 |
| 2.6 | Non Banking Assets | - | - | - |
| 2.7 | Other Assets | 410,780 | 447,664 | 578,563 |
| 3 | Profit and Loss Account | Upto This Quarter End | Previous Quarter Ending | Corresponding Previous Year Quarter End |
| 3.1 | Interest Income | 2,692,489 | 1,897,429 | 2,433,131 |
| 3.2 | Interest Expenses | 1,517,056 | 1,146,949 | 1,507,365 |
| | A. Net Interest Income (3.1-3.2) | 1,175,433 | 750,480 | 925,766 |
| 3.3 | Fees, Commission and Discount | 166,752 | 109,860 | 154,635 |
| 3.4 | Other Operating Income | 62,706 | 49,586 | 47,668 |
| 3.5 | Foreign Exchange Gain/ Loss (Net) | 108,988 | 81,092 | 95,251 |
| | B. Total Operating Income (A.+3.3+3.4+3.5) | 1,513,879 | 991,018 | 1,223,320 |
| 3.6 | Staff Expenses | 316,477 | 213,576 | 284,257 |
| 3.7 | Other Operating Expenses | 261,230 | 180,056 | 253,823 |
| | C. Operating Profit Before Provision (B.- 3.6-3.7) | 936,172 | 597,385 | 685,240 |
| 3.8 | Provision for Possible Losses | 153,037 | 159,190 | 284,492 |
| | D. Operating Profit (C-3.8) | 783,135 | 438,195 | 400,748 |
| 3.9 | Non Operating Income/Expenses (Net) | (31,791) | (37,432) | (7,021) |
| 3.10 | Write Back of Provision for Possible Loss | 432,019 | 157,068 | 228,688 |
| | E. Profit from Regular Activities (D+3.9+3.10) | 1,183,362 | 557,831 | 622,416 |
| 3.11 | Extraordinary Income/Expenses (Net) | - | - | - |
| | F. Profit before Bonus and Taxes (E. + 3.11) | 1,183,362 | 557,831 | 622,416 |
| 3.12 | Provision for Staff Bonus | 107,578 | 50,712 | 56,583 |
| 3.13 | Provision for Tax | 335,673 | 152,136 | 171,044 |
| | G. Net Profit/Loss (F.-3.12-3.13) | 740,111 | 354,984 | 394,788 |
| 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 | 12.02% | 11.53% | 10.84% |
| 4.2 | Non Performing Loan (NPL) to Total Loan | 1.11% | 2.03% | 2.49% |
| 4.3 | Total Loan Loss Provision to Total NPL | 178.78% | 133.60% | 122.31% |
| 4.4 | Cost of Funds (annualized - LCY) | 4.41% | 4.50% | 5.00% |
| 4.5 | Credit to Deposit Ratio (as per NRB directives) | 74.31% | 76.95% | 75.71% |
| 4.6 | Base Rate (FTM) | 7.15% | 6.76% | 8.66% |
| 4.7 | Average Interest Rate Spread (as per NRB directives) | 3.70% | 4.02% | 3.11% |
| Additional Information (year to date annualized fig.) | | | | |
| | Total Yield (LCY) | 8.00% | 7.66% | 8.17% |
| | Spread (LCY) | 3.59% | 3.16% | 3.16% |
| | Return on Equity (ROE) | 18.11% | 14.21%** | 11.79% |
| | Return on Assets (ROA) | 1.72% | 1.27%** | 1.03% |

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.

**Rolling Average

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 – NPR 27.42 | 2. Market Price per Share – NA |
| 3. Price Earnings Ratio (P/E ratio) – NA | 4. Net Worth per Share – 151.43 |
| 5. Liquidity Ratio – 30.07 | |

2. Management Analysis:

Under the review period, the main focus has been put on recovery along with portfolio consolidation.
Overall financial indicators of the bank seem satisfactory and more improved.

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 fourth quarter of the FY 2072/73 due to merger process.

5. Problems and Challenges

- a. Inadequate investment opportunities
- b. Fluctuating political and economic environment of the country
- c. Unexpected fluctuation in market liquidity
- d. Intense competition due to too many players in the market.
- e. 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 bank's special AGM held on 15 July 2016 has decided against the merger process which the bank had initiated with other 5 financial institutions. .

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 15 Jul 2016.