

Kumari Bank Limited
Unaudited Financial Results (Quarterly)
As at Fourth Quarter (15-Jul-2013) of the Fiscal Year 2012/2013

Rs '000

S.N.	Particulars	31.03.2070 / 15.07.2013 This Quarter Ending	31.12.2069 / 13.04.2013 Previous Quarter Ending	31.03.2069/15.07.2012 Corresponding Previous Year Quarter Ending
1	Total Capital and Liabilities (1.1 to 1.7)	28,942,684	27,937,617	25,618,389
1.1	Paid Up Capital	1,603,800	1,603,800	1,603,800
1.2	Reserve and Surplus	1,064,823	941,520	773,275
1.3	Debtenture and Bond	-	400,000	400,000
1.4	Borrowings	-	-	5,403
1.5	Deposits (a+b)	25,318,569	23,923,568	21,985,198
	a. Domestic Currency	24,102,282	22,818,833	21,157,725
	b. Foreign Currency	1,216,287	1,104,735	827,474
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	955,492	1,068,730	850,712
2	Total Assets (2.1 to 2.7)	28,942,684	27,937,617	25,618,389
2.1	Cash & Bank Balance	3,406,883	2,817,093	3,722,628
2.2	Money at Call and Short Notice	753,410	827,619	321,243
2.3	Investments	4,135,142	3,944,511	2,940,557
2.4	Loans and Advances (a+b+c+d+e+f)	20,119,789	19,761,617	18,101,337
	a. Real Estate Loan	2,185,842	2,311,052	2,569,080
	1. Residential Real Estate Loan	127,538	129,687	177,930
	2. Business Complex & Residential Apartment Construction Loan	590,274	575,882	487,536
	3. Income Generating Commercial Complex Loan	-	-	-
	4. Other Real Estate loan	1,468,030	1,605,483	1,903,615
	b. Personal Home Loan of Rs. 1 Crore or Less	1,637,162	1,621,862	1,417,776
	c. Margin Type Loan	338,866	318,554	266,060
	d. Term Loan	3,251,548	3,174,814	2,921,659
	e. Overdraft Loan/TR Loan/WC Loan	11,324,489	11,102,883	9,926,989
	f. Others	1,381,882	1,232,452	999,773
2.5	Fixed Assets	256,316	266,914	277,269
2.6	Non Banking Assets	-	-	-
2.7	Other Assets	271,144	319,864	255,356
3	Profit and Loss Account	Upto This Quarter	Upto Previous Quarter	Upto Corresponding Previous Year Quarter
3.1	Interest Income	2,464,307	1,788,145	2,441,580
3.2	Interest Expenses	1,486,280	1,094,530	1,622,492
	A. Net Interest Income (3.1-3.2)	978,027	693,616	819,088
3.3	Fees, Commission and Discount	138,001	94,012	110,866
3.4	Other Operating Income	41,862	35,273	48,331
3.5	Foreign Exchange Gain/ Loss (Net)	56,993	41,142	44,206
	B. Total Operating Income (A.+3.3+3.4+3.5)	1,214,884	864,043	1,022,491
3.6	Staff Expenses	203,809	154,588	194,296
3.7	Other Operating Expenses	230,275	162,504	212,011
	C. Operating Profit Before Provision (B.- 3.6- 3.7)	780,799	546,950	616,184
3.8	Provision for Possible Losses	316,780	283,220	187,045
	D. Operating Profit (C-3.8)	464,020	263,731	429,139
3.9	Non Operating Income/Expenses (Net)	(11,131)	328	3,427
3.10	Write Back of Provision for Possible Loss	5,259	326	133
	E. Profit from Regular Activities (D+3.9+3.10)	458,147	264,384	432,700
3.11	Extraordinary Income/Expenses (Net)	-	-	-
	F. Profit before Bonus and Taxes (E. + 3.11)	458,147	264,384	432,700
3.12	Provision for Staff Bonus	41,650	24,035	39,336
3.13	Provision for Tax	124,949	72,105	117,859
	G. Net Profit/Loss (F.-3.12-3.13)	291,548	168,244	275,505
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	12.23%	11.52%	12.20%
4.2	Non Performing Loan (NPL) to Total Loan	2.91%	4.83%	2.21%
4.3	Total Loan Loss Provision to Total NPL	128.34%	80.14%	121.76%
4.4	Cost of Funds (annualized - LCY)	6.61%	6.60%	8.43%
4.5	Credit to Deposit Ratio (as per NRB directives)	75.19%	77.95%	76.95%
4.6.2	Base Rate (FTM)	10.36%	10.00%	
Additional Information (year to date annualized fig.)				
	Total Yield (LCY)	10.82%	10.68%	12.39%
	Spread (LCY)	4.21%	4.08%	3.97%
	Return on Assets (ROA) (Rolling Avg)	1.05%	1.34%	1.16%
	Return on Equity (ROE) (Rolling Avg)	11.31%	14.25%	12.02%

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.)

1. Earnings Per Share (Rolling Avg.) – Npr 18.18

2. Market Price per Share – Npr. 260

3. Price Earnings Ratio (P/E ratio) – 14.30%

4. Net Worth per Share – Npr. 166.39

5. Liquidity Ratio – 31.19%

2. Management Analysis:

Under the review period, the bank worked upon increasing its deposit size and quality lending. It has been successful in reducing its real estate exposure in comparison to corresponding previous quarter. In the coming days, the bank will be on 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. –
 - Mr. Prabir Shamsheer JBR has filed a case for Mandamus and Injunction in Lalitpur Appellate Court.
 - M/S World link Communication P. Ltd has filed a case for Certiorari and Mandamus in Lalitpur Appellate Court.
 - Case filed against Large Tax Payers' Office (LTO) for its tax reassessment for the FY 2063/64.
- 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 transaction and transacted days during the quarter
Max. Price - Rs. 280 Min. Price - Rs. 241 Closing Price - Rs.260 Total Transaction - 463 Transacted Day - 61 days

5. Problems and Challenges

- a. Dismal economic growth of the country due to political instability.
- b. Intense competition due to too many players in the market.
- c. 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. Reducing the real estate exposure of the bank and diverting the assets in the productive sector of the economy.
- 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 workings 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 acting CEO.
- c. Management Committee (MANCO), chaired by the acting CEO and comprising of officers directly reporting to the acting CEO, meets on a weekly basis to assess the performance of the Bank and take key decisions. Similarly, committees like Asset Liability Committee, Risk Management Committee etc meet at regular intervals to critically review performance and initiate proactive actions.

7. 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 2013.