

Kumari Bank Limited
Unaudited Financial Results (Quarterly)
As at First Quarter (17-Oct-2013) of the Fiscal Year 2013/2014

Rs '000

S.N.	Particulars	31.06.2070/17.10.20 13 This Quarter Ending	31.03.2070/15.07.2 013 Previous Quarter Ending	30.06.2069/16.10.2012 Corresponding Previous Year Quarter Ending
1	Total Capital and Liabilities (1.1 to 1.7)	29,676,201	28,974,281	26,438,120
1.1	Paid Up Capital	1,603,800	1,603,800	1,603,800
1.2	Reserve and Surplus	1,112,426	1,065,964	905,506
1.3	Debenture and Bond	-	-	400,000
1.4	Borrowings	-	-	-
1.5	Deposits (a+b)	25,899,464	25,318,569	22,542,701
	a. Domestic Currency	24,587,552	24,102,282	21,591,132
	b. Foreign Currency	1,311,912	1,216,287	951,570
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	1,060,511	985,948	986,112
2	Total Assets (2.1 to 2.7)	29,676,201	28,974,281	26,438,120
2.1	Cash & Bank Balance	3,608,702	3,406,883	2,583,610
2.2	Money at Call and Short Notice	584,170	753,410	1,132,495
2.3	Investments	4,084,998	4,135,142	3,123,067
2.4	Loans and Advances (a+b+c+d+e+f)	20,864,133	20,119,789	19,015,383
	a. Real Estate Loan	2,128,398	2,185,842	2,414,263
	1. Residential Real Estate Loan	128,118	127,538	146,396
	2. Business Complex & Residential Apartment Construction Loan	610,411	590,274	475,298
	3. Income Generating Commercial Complex Loan	-	-	-
	4. Other Real Estate loan	1,389,869	1,468,030	1,792,569
	b. Personal Home Loan of Rs. 1 Crore or Less	1,585,392	1,637,162	1,506,240
	c. Margin Type Loan	262,264	338,866	311,032
	d. Term Loan	3,686,493	3,251,548	2,896,056
	e. Overdraft Loan/TR Loan/WC Loan	11,864,276	11,324,489	10,827,421
	f. Others	1,337,311	1,381,882	1,060,372
2.5	Fixed Assets	251,785	255,865	264,650
2.6	Non Banking Assets	-	-	-
2.7	Other Assets	282,415	303,192	318,914
3	Profit and Loss Account	Upto This Quarter	Upto Previous Quarter	Upto Corresponding Previous Year Quarter
3.1	Interest Income	583,183	2,464,307	603,838
3.2	Interest Expenses	425,549	1,486,282	392,036
	A. Net Interest Income (3.1-3.2)	157,634	978,025	211,802
3.3	Fees, Commission and Discount	47,934	138,200	33,397
3.4	Other Operating Income	10,525	41,862	11,995
3.5	Foreign Exchange Gain/ Loss (Net)	20,004	56,993	15,114
	B. Total Operating Income (A.+3.3+3.4+3.5)	236,097	1,215,080	272,308
3.6	Staff Expenses	55,344	203,805	50,411
3.7	Other Operating Expenses	51,885	230,470	52,277
	C. Operating Profit Before Provision (B.- 3.6-3.7)	128,868	780,805	169,620
3.8	Provision for Possible Losses	62,689	383,051	148,265
	D. Operating Profit (C-3.8)	66,179	397,754	21,355
3.9	Non Operating Income/Expenses (Net)	255	(11,134)	23
3.10	Write Back of Provision for Possible Loss	6,579	73,691	9,995
	E. Profit from Regular Activities (D+3.9+3.10)	73,013	460,311	31,373
3.11	Extraordinary Income/Expenses (Net)	-	-	-
	F. Profit before Bonus and Taxes (E. + 3.11)	73,013	460,311	31,373
3.12	Provision for Staff Bonus	6,638	41,846	2,852
3.13	Provision for Tax	19,913	125,776	8,556
	G. Net Profit/Loss (F.-3.12-3.13)	46,463	292,689	19,965
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	11.92%	12.23%	12.78%
4.2	Non Performing Loan (NPL) to Total Loan	3.59%	2.89%	4.42%
4.3	Total Loan Loss Provision to Total NPL	107.67%	128.94%	74.33%
4.4	Cost of Funds (annualized - LCY)	6.55%	6.61%	7.02%
4.5	Credit to Deposit Ratio (as per NRB directives)	76.45%	75.19%	79.31%
4.6.2	Base Rate (FTM)	9.61%	10.36%	-
Additional Information (year to date annualized fig.)				
	Total Yield (LCY)	9.41%	10.82%	10.99%
	Spread (LCY)	2.86%	4.21%	3.97%
	Return on Assets (ROA) (Rolling Avg)	1.12%	1.06%	1.02%
	Return on Equity (ROE) (Rolling Avg)	12.14%	11.35%	10.74%

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 19.90 | 2. Market Price per Share – Npr. 301 |
| 3. Price Earnings Ratio (P/E ratio) – 15.12 | 4. Net Worth per Share – Npr. 169.36 |
| 5. Liquidity Ratio – 31.15 | |

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. –
 - No such information has been received
- 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. 334 Min. Price - Rs. 253 Closing Price - Rs.301 Total Transaction - 2227 Transacted Day - 60 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 CEO.
- c. Management Advisory Committee, chaired by the CEO and comprising of heads of key units of the bank, meets on a monthly 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. Particulars relating to Annexure – 15 of Securities Registration and Issuance Regulation, 2065

- a. BOD meeting of the Bank held on 20th Bhadra 2070 has decided to appoint Mr. Uday Krishna Upadhyaya as a Chief Executive Officer of the Bank with effect from 20th Bhadra 2070.
- b. Additional and write back of loss provision on loans for previous period has been restated to make comparable with current period. Current presentation of additional and write back of loss provision on loans is based on account wise comparison of loss provision on loans. Loan loss provision presented on previously published quarterly highlights is based on the comparison of total loans under each loss provision category.

8. Declaration by 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 17 Oct 2013.