

Unaudited Financial Results (Quarterly)

As at First Quarter (17 Oct 2014) of the Fiscal Year 2014/15

Rs '000

| S.N. | Particulars | 31.06.2011 / 17.10.2014 This Quarter Ending | 32.03.2011 / 16.07.2014 Previous Quarter Ending | 31.06.2010/17.10.2013 Corresponding Previous Year Quarter Ending |
|--|--|---|--|---|
| 1 | Total Capital and Liabilities (1.1 to 1.7) | 34,068,956 | 31,930,990 | 29,676,201 |
| 1.1 | Paid Up Capital | 2,431,682 | 2,431,682 | 1,828,332 |
| 1.2 | Reserve and Surplus | 567,761 | 534,924 | 874,837 |
| 1.3 | Debtenture and Bond | - | - | - |
| 1.4 | Borrowings | 122,570 | 201,952 | - |
| 1.5 | Deposits (a+b) | 29,640,596 | 27,578,376 | 25,899,464 |
| | a. Domestic Currency | 28,574,517 | 26,503,880 | 24,587,552 |
| | b. Foreign Currency | 1,066,079 | 1,074,496 | 1,311,912 |
| 1.6 | Income Tax Liability | - | - | - |
| 1.7 | Other Liabilities | 1,306,348 | 1,184,056 | 1,073,568 |
| 2 | Total Assets (2.1 to 2.7) | 34,068,956 | 31,930,990 | 29,676,201 |
| 2.1 | Cash & Bank Balance | 3,689,544 | 4,895,685 | 3,608,702 |
| 2.2 | Money at Call and Short Notice | 619,920 | 507,478 | 584,170 |
| 2.3 | Investments | 5,355,091 | 3,164,626 | 4,084,998 |
| 2.4 | Loans and Advances (a+b+c+d+e+f) | 23,846,139 | 22,808,503 | 20,864,133 |
| | a. Real Estate Loan | 2,061,639 | 2,040,879 | 2,128,398 |
| | 1. Residential Real Estate Loan | 288,986 | 234,772 | 128,118 |
| | 2. Business Complex & Residential Apartment Construction Loan | 617,044 | 617,892 | 610,411 |
| | 3. Income Generating Commercial Complex Loan | - | - | - |
| | 4. Other Real Estate loan | 1,155,609 | 1,188,215 | 1,389,869 |
| | b. Personal Home Loan of Rs. 1 Crore or Less | 2,091,108 | 1,948,109 | 1,585,392 |
| | c. Margin Type Loan | 675,447 | 538,887 | 262,264 |
| | d. Term Loan | 4,560,239 | 4,399,845 | 3,686,493 |
| | e. Overdraft Loan/TR Loan/WC Loan | 13,092,357 | 12,624,206 | 11,864,276 |
| | f. Others | 1,365,349 | 1,256,576 | 1,337,311 |
| 2.5 | Fixed Assets | 228,075 | 235,776 | 251,785 |
| 2.6 | Non Banking Assets | - | - | - |
| 2.7 | Other Assets | 330,187 | 318,921 | 282,415 |
| 3 | Profit and Loss Account | Upto This Quarter End | Upto Pervious Quarter End | Corresponding Previous Year Quarter End |
| 3.1 | Interest Income | 545,070 | 2,410,784 | 583,183 |
| 3.2 | Interest Expenses | 365,292 | 1,575,312 | 425,549 |
| | A. Net Interest Income (3.1-3.2) | 179,779 | 835,473 | 157,634 |
| 3.3 | Fees, Commission and Discount | 42,413 | 188,725 | 47,934 |
| 3.4 | Other Operating Income | 10,223 | 56,945 | 10,525 |
| 3.5 | Foreign Exchange Gain/ Loss (Net) | 19,576 | 85,155 | 20,004 |
| | B. Total Operating Income (A.+3.3+3.4+3.5) | 251,990 | 1,166,298 | 236,097 |
| 3.6 | Staff Expenses | 64,046 | 221,701 | 55,344 |
| 3.7 | Other Operating Expenses | 54,482 | 240,121 | 51,885 |
| | C. Operating Profit Before Provision (B.- 3.6-3.7) | 133,462 | 704,476 | 128,868 |
| 3.8 | Provision for Possible Losses | 91,022 | 236,312 | 62,689 |
| | D. Operating Profit (C-3.8) | 42,440 | 468,165 | 66,179 |
| 3.9 | Non Operating Income/Expenses (Net) | 1,023 | 2,540 | 255 |
| 3.10 | Write Back of Provision for Possible Loss | 8,137 | 76,151 | 6,579 |
| | E. Profit from Regular Activities (D+3.9+3.10) | 51,600 | 546,856 | 73,013 |
| 3.11 | Extraordinary Income/Expenses (Net) | - | - | - |
| | F. Profit before Bonus and Taxes (E. + 3.11) | 51,600 | 546,856 | 73,013 |
| 3.12 | Provision for Staff Bonus | 4,691 | 49,714 | 6,638 |
| 3.13 | Provision for Tax | 14,073 | 155,487 | 19,913 |
| | G. Net Profit/Loss (F.-3.12-3.13) | 32,836 | 341,655 | 46,463 |
| 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 | 11.29% | 11.81% | 11.92% |
| 4.2 | Non Performing Loan (NPL) to Total Loan | 4.38% | 4.03% | 3.59% |
| 4.3 | Total Loan Loss Provision to Total NPL | 95.01% | 99.14% | 107.67% |
| 4.4 | Cost of Funds (annualized - LCY) | 5.03% | 6.03% | 6.55% |
| 4.5 | Credit to Deposit Ratio (as per NRB directives) | 75.62% | 77.50% | 76.45% |
| 4.6 | Base Rate (FTM) | 8.33% | 8.86% | 9.61% |
| 4.7 | Average Interest Rate Spread (as per NRB directives) | 3.73% | 3.62% | |
| Additional Information (year to date annualized fig.) | | | | |
| | Total Yield (LCY) | 7.84% | 9.42% | 9.41% |
| | Spread (LCY) | 2.81% | 3.40% | 2.86% |
| | Return on Equity (ROE) (Rolling Avg) | 11.34% | 12.06% | 12.14% |
| | Return on Assets (ROA) (Rolling Avg) | 1.02% | 1.09% | 1.12% |

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 16.58 | 2. Market Price per Share – Npr. 570.00 |
| 3. Price Earnings Ratio (P/E ratio) – 34.38 | 4. Net Worth per Share – Npr. 123.35 |
| 5. Liquidity Ratio – 32.11 | |

2. Management Analysis:

Under the review period, the bank worked upon increasing its deposit size and quality lending. 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. –
- The borrower Mrs. Anu Gurung filed a writ petition at Kathmandu District Court against the Bank regarding the mortgaged property of her loan. The bank has submitted the written statement to the court and same is under hearing process.
 - Mr. Rabindra Awale filed a writ petition at Kathmandu District Court against the Bank regarding the auction property against the loan availed by Ms. Prama Developers Pvt. Ltd. The Bank has submitted the written statement and same is under hearing process of the Court.
 - The borrower Mr. Tilak Pd. Chaulagain has filed a writ petition at Appellate Court Patan against the Bank regarding the auction process of property mortgaged. He also filed a case of fraud and to void the auction process of his mortgaged property at Kathmandu District Court against the Bank. The Bank has submitted the rejoinder and same is under hearing process.
 - The borrower Ms. Jisako Housing Pvt. Ltd. filed a writ petition at Appellate Court Patan against the Bank to stop the auction process mortgaged by the Company. The Bank has submitted the written statement and it is under hearing process.
 - Mrs. Narbada Khadka filed a case of fraud at Kathmandu District Court against the Bank regarding the mortgaged property of loan availed by Mrs. Surekha Thapa. The Bank has submitted the rejoinder and same is under hearing process.
- 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.672 | Min. Price - Rs.502 | Closing Price - Rs.570 | Total no. of Transactions - 5595 | Transacted Day - 57 days |
|---------------------|---------------------|------------------------|----------------------------------|--------------------------|

5. Problems and Challenges

- a. Slow economic activity of the country.
- 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. 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 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, 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. No such information.

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 2014.