

Unaudited Financial Results (Quarterly)

As at Second Quarter (14 Jan 2015) of the Fiscal Year 2014/15

Rs '000

S.N.	Particulars	30.09.2071 / 14.01.2015 This Quarter Ending	31.06.2071 / 17.10.2014 Previous Quarter Ending	30.09.2070/14.01.2014 Corresponding Previous Year Quarter Ending
1	Total Capital and Liabilities (1.1 to 1.7)	34,375,221	34,068,956	31,338,482
1.1	Paid Up Capital	2,431,682	2,431,682	1,828,332
1.2	Reserve and Surplus	716,598	567,761	890,149
1.3	Debtenture and Bond	-	-	-
1.4	Borrowings	160,387	122,570	-
1.5	Deposits (a+b)	29,884,768	29,640,596	27,401,861
	a. Domestic Currency	29,254,073	28,574,517	26,042,627
	b. Foreign Currency	630,695	1,066,079	1,359,235
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	1,181,786	1,306,348	1,218,140
2	Total Assets (2.1 to 2.7)	34,375,221	34,068,956	31,338,482
2.1	Cash & Bank Balance	3,252,271	3,689,544	4,159,605
2.2	Money at Call and Short Notice	886,189	619,920	749,814
2.3	Investments	4,388,587	5,355,091	4,326,349
2.4	Loans and Advances (a+b+c+d+e+f)	25,289,247	23,846,139	21,510,541
	a. Real Estate Loan	2,106,112	2,061,639	2,105,607
	1. Residential Real Estate Loan	279,519	288,986	126,798
	2. Business Complex & Residential Apartment Construction Loan	632,392	617,044	616,005
	3. Income Generating Commercial Complex Loan	-	-	-
	4. Other Real Estate loan	1,194,201	1,155,609	1,362,803
	b. Personal Home Loan of Rs. 1 Crore or Less	2,354,131	2,091,108	1,672,134
	c. Margin Type Loan	739,049	675,447	261,777
	d. Term Loan	4,771,215	4,560,239	3,892,531
	e. Overdraft Loan/TR Loan/WC Loan	13,820,501	13,092,357	11,911,286
	f. Others	1,498,239	1,365,349	1,667,206
2.5	Fixed Assets	230,498	228,075	246,774
2.6	Non Banking Assets	-	-	-
2.7	Other Assets	328,428	330,187	345,400
3	Profit and Loss Account	Upto This Quarter End	Upto Previous Quarter End	Corresponding Previous Year Quarter End
3.1	Interest Income	1,148,213	545,070	1,167,345
3.2	Interest Expenses	714,103	365,292	815,550
	A. Net Interest Income (3.1-3.2)	434,110	179,779	351,795
3.3	Fees, Commission and Discount	79,689	42,413	101,739
3.4	Other Operating Income	22,300	10,223	22,602
3.5	Foreign Exchange Gain/ Loss (Net)	37,341	19,576	41,405
	B. Total Operating Income (A.+3.3+3.4+3.5)	573,440	251,990	517,541
3.6	Staff Expenses	134,658	64,046	113,030
3.7	Other Operating Expenses	114,756	54,482	107,449
	C. Operating Profit Before Provision (B.- 3.6-3.7)	324,025	133,462	297,062
3.8	Provision for Possible Losses	96,348	91,022	210,215
	D. Operating Profit (C-3.8)	227,677	42,440	86,848
3.9	Non Operating Income/Expenses (Net)	1,267	1,023	379
3.10	Write Back of Provision for Possible Loss	56,544	8,137	9,849
	E. Profit from Regular Activities (D+3.9+3.10)	285,487	51,600	97,075
3.11	Extraordinary Income/Expenses (Net)	-	-	-
	F. Profit before Bonus and Taxes (E. + 3.11)	285,487	51,600	97,075
3.12	Provision for Staff Bonus	25,953	4,691	8,825
3.13	Provision for Tax	77,860	14,073	26,475
	G. Net Profit/Loss (F.-3.12-3.13)	181,674	32,836	61,775
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	11.33%	11.29%	11.82%
4.2	Non Performing Loan (NPL) to Total Loan	3.84%	4.38%	4.26%
4.3	Total Loan Loss Provision to Total NPL	97.87%	95.01%	103.70%
4.4	Cost of Funds (annualized - LCY)	4.92%	5.03%	6.33%
4.5	Credit to Deposit Ratio (as per NRB directives)	77.65%	75.62%	74.79%
4.6	Base Rate (FTM)	8.05%	8.33%	9.01%
4.7	Average Interest Rate Spread (as per NRB directives)	3.60%	3.73%	5.67%
Additional Information (year to date annualized fig.)				
	Total Yield (LCY)	8.14%	7.84%	9.45%
	Spread (LCY)	3.21%	2.81%	3.11%
	Return on Equity (ROE) (Rolling Avg)	15.42%	11.39%	9.62%
	Return on Assets (ROA) (Rolling Avg)	1.40%	1.03%	0.87%

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 20.75 | 2. Market Price per Share – Npr. 375 |
| 3. Price Earnings Ratio (P/E ratio) – 18.08 | 4. Net Worth per Share (rolling avg.)– Npr 134.58 |
| 5. Liquidity Ratio – 27.60 | |

2. Management Analysis:

Under the review period, the bank worked upon increasing its deposit size and quality 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. –
- Borrower Mr. Rajaram Shakh filed a case against the Bank at Kathmandu District Court regarding review of his loan account maintained in the Bank. The case was decided in favor of the Bank.
 - Mr. Rabindra Awale and Chiri Maharjan filed the cases against including Bank stating to void auction process, to void transfer through auction, case of fraud, injunction, etc. to the Kathmandu District Court and appellate court at Patan.
 - Mr. Tilak Pd. Chaulagain filed a case against the Bank stating to void auction decision of the mortgage property in Kathmandu District Court.
 - Timila Shrestha filed an injunction against the Bank stating to hold the auction process of the Bank.
 - Shubharamba Shop Industries P. Ltd. filed an injunction at Biratnagar appellate court against the Bank stating not to pay the guarantee amount.
 - Mr. Dev Raj Chamlagain filed a case to void the auction decision and fraud case against the Bank at Jhapa District Court.
 - The Bank filed a case at Debt Recovery Tribunal against the borrower M/s. Silu Housing P. Ltd. and guarantors to recover the dues of the Bank.
- 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.600 | Min. Price - Rs.340 | Closing Price - Rs.375 | Total no. of Transactions - 1099 | Transacted Day - 58 days |
|---------------------|---------------------|------------------------|----------------------------------|--------------------------|

5. Problems and Challenges

- Slow economic activity of the country.
- Intense competition due to too many players in the market.
- Difficulty in retention of qualified manpower.

Strategy to Overcome Problems & Challenges

- Continually renovating the product & services to meet the changing need of the customers.
- Re-pricing of its interest sensitive assets and liabilities as per liquidity position of the market.
- Utilizing the assets in as much as high yield and low risk investment sector.
- 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:

- 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.
- 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.
- 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

- 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 14 Jan 2015.