



कुमारी बैंक लिमिटेड
KUMARI BANK LIMITED
BANKING PAR EXCELLENCE

Kumari Bank Limited
Unaudited Financial Results (Quarterly)
As at Second Quarter (14-January-2010) of the Fiscal Year 2009/2010

Rs '000

S.N.	Particulars	30.09.2066/ 14.01.2010 This Quarter Ending	31.06.2066 / 17.10.2009 Previous Quarter Ending	29.09.2065/13.01.2009 Corresponding Previous Year Quarter Ending
1	Total Capital and Liabilities (1.1 to 1.7)	20,965,674	18,604,989	16,351,666
1.1	Paid Up Capital	1,304,936	1,186,099	1,078,272
1.2	Reserve and Surplus	469,631	520,673	434,240
1.3	Debenture and Bond	400,000	400,000	400,000
1.4	Borrowings	1,474,000	650,000	262,640
1.5	Deposits (a+b)	16,714,593	14,715,675	13,808,181
	a. Domestic Currency	16,521,816	14,529,291	13,580,793
	b. Foreign Currency	192,777	186,384	227,387
1.6	Income Tax Liability		26,187	510
1.7	Other Liabilities	602,514	1,106,355	367,823
2	Total Assets (2.1 to 2.7)	20,965,674	18,604,989	16,351,666
2.1	Cash & Bank Balance	2,016,275	1,267,827	768,162
2.2	Money at Call and Short Notice	601,810	688,667	35,000
2.3	Investments	1,994,992	1,547,005	2,101,490
2.4	Loans and Advances (a+b+c+d+e+f)	15,626,093	14,451,764	12,834,429
	a. Real Estate	3,907,867	3,930,662	3,478,491
	b. Home/Housing Loan	1,159,989	1,148,687	985,850
	c. Margin Type Loan	424,177	411,820	300,327
	d. Term Loan	2,080,392	2,128,084	1,892,090
	e. Overdraft Loan/TR Loan/WC Loan	7,166,213	5,635,538	5,334,585
	f. Others	887,455	1,196,974	843,085
2.5	Fixed Assets	268,359	250,294	253,577
2.6	Non Banking Assets	0	0	0
2.7	Other Assets	458,145	399,433	359,009
3	Profit and Loss Account	Upto This Quarter	Upto Previous Quarter	At the end of Corresponding Previous Year Quarter
3.1	Interest Income	1,017,406	488,463	623,976
3.2	Interest Expenses	709,376	320,358	367,317

	A. Net Interest Income (3.1-3.2)	308,030	168,104	256,659
3.3	Fees, Commission and Discount	72,419	29,209	44,118
3.4	Other Operating Income			0
3.5	Foreign Exchange Gain/ Loss (Net)	22,189	8,245	25,490
	B. Total Operating Income (A.+3.3+3.4+3.5)	402,639	205,558	326,267
3.6	Staff Expenses	70,967	44,193	49,416
3.7	Other Operating Expenses	87,228	41,647	72,075
	C. Operating Profit Before Provision (B.-3.6-3.7)	244,443	119,718	204,776
3.8	Provision for Possible Losses	9,082	1,149	-4,142
	D. Operating Profit (C-3.8)	235,362	118,569	208,918
3.9	Non Operating Income/Expenses (Net)	-254	-340	1,281
3.10	Write Back of Provision for Possible Loss			
	E. Profit from Regular Activities (D+3.9+3.10)	235,108	118,228	210,199
3.11	Extraordinary Income/Expenses (Net)			-132
	F. Profit before Bonus and Taxes (E. + 3.11)	235,108	118,228	210,067
3.12	Provision for Staff Bonus	21,373	10,748	19,097
3.13	Provision for Tax	64,120	32,244	57,291
	G. Net Profit/Loss (F.-3.12-3.13)	149,614	75,236	133,679
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	11.85	12.30	13.22
4.2	Non Performing Loan (NPL) to Total Loan	0.44	0.61	1.06
4.3	Total Loan Loss Provision to Total NPL	299.66	227.40	135.67
4.4	Cost of Fund	6.24	5.67	5.45

*Note: Figures regrouped as and where necessary
Above figures may vary with the audited figures if modified by the external auditors or regulators*

Publication of Information as Required by Securities Registration and Issuance Regulation 2065 (Related to Sub Rule (2) of Rule 22)

1. Major Financial Indicators

Earning Per Share	NPR. 11.47
Market Value Per Share	NPR. 539
Price Earnings Ratio (P/E ratio)	47 times
Liquidity (CRR)	5.67 %
Return to Total Assets (ROA)	0.71 %

2. Management Analysis

- a. The bank achieved a growth of 13.6% in deposit in comparison to previous quarter and the profitability was up by 11.9% in comparison to previous year's corresponding quarter. The bank made concentrated effort to increase its deposit base. Different marketing strategies were used to attract low cost deposit and increase the profitability of bank. The bank was able to substantially increase its fees and commission based income in this quarter on account of sustained effort of the bank.
- b. We aspire to position ourselves as the most preferred bank for the banking services by the customers. In order to achieve this market standing, we will be focusing more on customer service excellence, higher customer satisfaction through increase in service efficiency and delivering high performance through our employees. We plan to come up with innovative products and services which will increase convenience, trust and reliance of customers on our service. We will be availing our service to more people through increased service network throughout the country. Further we will concentrate on ensuring growth as well as sustainability of business through proper risk management and corporate governance. Productivity improvement and cost control will be given high significance. Our focus will be more on small and medium enterprises and new areas like microfinance, mutual fund and deposit insurance. Shareholders' value maximization will be given high significance by our bank.
- c. The quarter under review saw liquidity tightening in the economy which put upward pressure on cost of funds for all the financial institutions. On account of this, the bank was forced to mobilize funds at higher rate which in turn affected the cost of fund of the bank. However the bank continued to invest adequate amounts in liquid assets to protect the interest of the customers.

3. Details Regarding Legal Actions

- a. Case filed by or to organized institution during the quarter – None
- b. Case filed by or against the promoter or director of organized institution regarding disobedience of prevailing law or commission of criminal offence. - None
- c. Case filed against any Promoter or Director of organized institution regarding commission of financial crime - None

4. Analysis of Share Transaction of Organized Institutions

- a. Management's view on share transactions of organized institution at Securities Market :

Factors like demand and supply of shares, performance of the bank, dividend policy, decision to distribute bonus and right shares, initial public offering by new banks, government policies, new rules and regulations imposed by regulatory bodies, economic performance play major role in determining the price of shares in the market.

- b. Maximum, Minimum, and Closing price of shares of organized institutions including total transaction and transacted days during the quarter -

Maximum Price	Rs. 670
Minimum Price	Rs. 485
Closing Price	Rs. 539
Total Transaction	410
Transacted Day	58 days

5. Problems and Challenges

Internal

- a. Increasing cost of deposit and difficulty to maintain spread rate due to high cost of fund
- b. Increasing operational cost
- c. Employee turnover

External

- a. Inflation in Nepalese economy.
- b. Load shedding
- c. Acute liquidity crunch in the market and changes in regulation of NRB.
- d. Limited market
- e. High competition among financial institutions for human and other various resources.
- f. Lack of security and basic infrastructure in rural areas of Nepal.

Strategy to Overcome Challenges

- a. Development of marketing strategies to attract low cost of fund.
- b. Focus on increasing the bank's reach across the country.
- c. Operational cost minimization activities and developing the culture of cost consciousness in the bank.
- d. Continuous product and service innovation to ensure better customer service.
- e. Searching and entering new areas with better products and services.
- f. Strengthening marketing of products and services.
- g. Continuous review and implementation of good HR practices.

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. The board prepares various plans and polices that ensures balance between business expansion and compliance.
- b. The Audit Committee, comprising all non executive directors, ensures that the bank prudently complies with all external and internal rules and regulations of the bank via reviewing internal and

- external audit reports, inspection report of regulatory body and providing necessary feedback to the Board as appropriate.
- c. The Executive Sub Committee is concerned with credit, operational and administrative matters of the bank in order to ensure the actions are carried properly and timely.
 - d. The Assets Liability Management Committee (ALCO) is concerned with proper management of assets and liability in order to mitigate the solvency and market risk. The committee meets at regular interval to prepare strategic plans to properly manage gap between assets and liabilities and analyze the sensitivity of market risk and prepare course of action for safeguarding bank from market risk
 - e. Further Credit Risk Management, Risk Approval and Credit Administration & Control Department continuously monitor the credit risk of the bank and prepare various courses of action in order to safeguard the bank from various risks.

7. 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 till the date 14 January 2010.



कुमारी बैंक लिमिटेड
KUMARI BANK LIMITED
BANKING PAR EXCELLENCE