



1.

**Kumari Bank Ltd.**  
**Unaudited Financial Results (Quarterly)**  
**As at First Quarter (17 October, 2009) of FY 2009/10**

Rs in '000'

S.N.	Particulars	31.06. 2066 / 17.10. 2009 This Quarter Ending	31 .03. 2066/ 15.07. 2009 Previous Quarter Ending	30 .06. 2065/ 16.10. 2008 Corresponding Previous Quarter Ending
<b>1</b>	<b>Total Capital and Liabilities (1.1 to 1.7)</b>	<b>18,604,989</b>	<b>18,533,226</b>	<b>17,480,329</b>
1.1	Paid Up Capital	1,186,099	1,186,099	1,078,272
1.2	Reserve and Surplus	520,673	442,457	357,321
1.3	Debenture and Bond	400,000	400,000	400,000
1.4	Borrowings	650,000	293,420	251,548
1.5	Deposits (a+b)	<b>14,715,675</b>	<b>15,710,925</b>	<b>15,043,387</b>
	a. Domestic Currency	14,529,291	15,514,536	14,419,472
	b. Foreign Currency	186,384	196,389	623,915
1.6	Income Tax Liability	(6,057)	(624)	(9,666)
1.7	Other Liabilities	1,138,599	500,950	359,467
<b>2</b>	<b>Total Assets (2.1 to 2.7)</b>	<b>18,604,989</b>	<b>18,533,226</b>	<b>17,480,329</b>
2.1	Cash & Bank Balance	1,267,827	1,776,299	1,173,736
2.2	Money at Call and Short Notice	688,667	30,000	0
2.3	Investment	1,547,005	1,510,828	3,484,376
2.4	Loans and Advances	14,451,764	14,593,570	12,310,809
2.5	Fixed Assets	250,294	247,833	230,944
2.6	Non Banking Assets			3,141
2.7	Other Assets	399,433	374,696	277,323
<b>3</b>	<b>Profit and Loss Account</b>	<b>Up-to This Quarter</b>	<b>Up-to Previous Quarter</b>	<b>At the End of Corresponding Previous Year Quarter</b>
3.1	Interest Income	488,463	1,375,453	369,007
3.2	Interest Expenses	320,358	816,203	259,693
	<b>A. Net Interest Income</b>	<b>168,104</b>	<b>559,250</b>	<b>109,313</b>
3.3	Fees, Commission and Discount	29,209	79,104	20,915
3.4	Other Operating Income		19,747	
3.5	Foreign Exchange Gain/ Loss (Net)	8,245	59,002	14,484
	<b>B. Total Operating Income (A.+3.3+3.4+3.5)</b>	<b>205,558</b>	<b>717,103</b>	<b>144,713</b>
3.6	Staff Expenses	44,193	114,541	24,061

3.7	Other Operating Expenses	41,647	186,271	33,557
	<b>C. Operating Profit Before Provision (B.-3.6-3.7)</b>	<b>119,718</b>	<b>416,380</b>	<b>87,095</b>
3.8	Provision for Possible Losses	1149	10158	(4124)
	<b>D. Operating Profit (C-3.8)</b>	<b>118,569</b>	<b>406222</b>	<b>91219</b>
3.9	Non Operating Income/Expenses (Net)	-340	1,091	61
3.10	Write Back of Provision for Possible Loss			
	<b>E. Profit from Regular Activities (D+3.9+3.10)</b>	<b>118,228</b>	<b>407,313</b>	<b>91,280</b>
3.11	Extraordinary Income/Expenses (Net)		-876	-132
	<b>F. Profit before Bonus and Taxes ( E. + 3.11)</b>	<b>118,228</b>	<b>406,437</b>	<b>91,149</b>
3.12	Provision for Staff Bonus	10,748	36,949	8,286
3.13	Provision for Tax	32,244	111,026	26,102
	<b>G. Net Profit/Loss (F.-3.12-3.13)</b>	<b>75,236</b>	<b>258,462</b>	<b>56,761</b>
<b>4</b>	<b>Ratios</b>	<b>At the End of This Quarter</b>	<b>At the End of This Quarter</b>	<b>At the End of This Quarter</b>
4.1	Capital Fund To RWA	12.30	11.57	12.25
4.2	Non Performing Loan (NPL) to Total Loan	0.61	0.43	1.09
4.3	Total Loan Loss Provision to Total NPL	227.40	313.61	134.44

## 2. Major Financial Indicators

Earning Per Share	NPR. 6.34
Market Value Per Share	NPR.668
Price Earning Ratio (P.E ratio)	105 times
Liquidity (CRR)	7.74%
Return to Total Assets (ROA)	0.40%
Net Worth Per Share	NPR.143.90

## 3. Management Analysis

- a. Our bank has achieved good growth in net profit in this quarter compared to corresponding year's previous quarter ending. Our loan portfolio has also increased but there is slight decrease in deposit. This has resulted due to strategic decision of the bank to reduce high cost bearing deposits. Nevertheless, we have been contentedly liquid throughout the quarter to meet the need of our customers and as before our high quality assets has been the hallmark of our performance. This performance is the result of dedication of our staffs, right lending policy, and proper planning, and execution of our strategy.
- 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. The bank plans 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. There was no major incident having significant impact on deposits, profit and liquidity.

#### 4. Details Regarding Legal Actions

- a. Case filed by or to organized institution during the quarter –
  - Case filed by Mr. Reenet Angelika Rana for cancellation of mortgage deed against loan disbursed to Tej Mahal Housing Pvt. Ltd.
  - Mr. Yam Nath Dhakal has filed a case for getting stay order against Kumari Bank Ltd for not getting copy of document regarding his settled loan by the bank.
- 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

#### 5. 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. 880
Minimum Price	Rs. 617
Closing Price	Rs. 668
Total Transaction	1048
Transacted Day	55 days

#### 6. Problems and Challenges

##### Internal

- a. Increasing employee turnover due to opening of new banks.
- b. Increasing operational cost due to inflation and difficulty to maintain spread rate due to high cost of fund.

##### External

- a. Inflation in Nepalese economy.
- b. Limited market and primitive stage of Nepalese market.
- c. High competition among banks of Nepal.
- d. Lack of security and basic infrastructure in rural areas of Nepal.

### **Strategy to Overcome Challenges**

- a. Continuous development of the Human Resources through various training and development program. Revising HR policy in order to increase the motivation and retention of staff.
- 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.

### **7. 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 fortnightly 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 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.

### **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 till the date 17 October 2009.



**कुमारी बैंक लिमिटेड**  
**KUMARI BANK LIMITED**  
BANKING PAR EXCELLENCE