

Kumari Bank Limited
Unaudited Financial Results (Quarterly)
As at Fourth Quarter (16-July-2010) of the Fiscal Year 2009/2010

Rs '000

S.N.	Particulars	32.03.2067/ 16.07. 2010 This Quarter Ending	31.12.2066 / 13.04. 2010 Previous Quarter Ending	31.03. 2066/ 15.07. 2009 Corresponding Previous Year Quarter Ending (audited)
1	Total Capital and Liabilities (1.1 to 1.7)	20,523,428	19,676,082	18,538,565
1.1	Paid Up Capital	1,306,016	1,304,936	1,186,099
1.2	Reserve and Surplus	637,045	545,846	438,854
1.3	Debtenture and Bond	400,000	400,000	400,000
1.4	Borrowings	429,740	861,200	293,420
1.5	Deposits (a+b)	17,432,253	16,085,699	15,710,396
	a. Domestic Currency	16,907,384	15,708,051	15,514,007
	b. Foreign Currency	524,869	377,648	196,389
1.6	Income Tax Liability	-	-	235
1.7	Other Liabilities	318,375	478,401	509,562
2	Total Assets (2.1 to 2.7)	20,523,428	19,676,082	18,538,565
2.1	Cash & Bank Balance	2,723,829	1,679,172	1,776,299
2.2	Money at Call and Short Notice	120,000	392,720	30,000
2.3	Investments	2,296,873	1,860,450	1,510,828
2.4	Loans and Advances (a+b+c+d+e+f)	14,766,119	15,028,978	14,593,347
	a. Real Estate	3,600,012	3,805,892	4,557,976
	b. Home/Housing Loan	1,138,564	1,144,811	999,105
	c. Margin Type Loan	369,177	405,945	245,527
	d. Term Loan	2,271,846	2,204,810	2,341,606
	e. Overdraft Loan/TR Loan/WC Loan	6,859,375	6,877,149	5,585,699
	f. Others	527,145	590,370	863,434
2.5	Fixed Assets	285,638	293,322	247,833
2.6	Non Banking Assets	-	-	-
2.7	Other Assets	330,969	421,440	380,258
3	Profit and Loss Account	Upto This Quarter	Upto Previous Quarter	At the end of Corresponding Previous Year Quarter
3.1	Interest Income	1,871,250	1,313,000	1,374,722
3.2	Interest Expenses	1,188,918	833,471	816,203
	A. Net Interest Income (3.1-3.2)	682,332	479,529	558,520
3.3	Fees, Commission and Discount	100,337	80,267	79,104
3.4	Other Operating Income	41,614	21,012	19,747
3.5	Foreign Exchange Gain/ Loss (Net)	37,925	28,935	41,295
	B. Total Operating Income (A.+3.3+3.4+3.5)	862,208	609,744	698,665
3.6	Staff Expenses	143,512	101,922	115,985
3.7	Other Operating Expenses	217,848	140,298	168,795
	C. Operating Profit Before Provision (B.- 3.6-3.7)	500,847	367,524	413,885
3.8	Provision for Possible Losses	13,087	33,347	57,403
	D. Operating Profit (C-3.8)	487,761	334,176	356,482
3.9	Non Operating Income/Expenses (Net)	699	232	1,112
3.10	Write Back of Provision for Possible Loss	15,040	20,819	47,021
	E. Profit from Regular Activities (D+3.9+3.10)	503,500	355,227	404,615
3.11	Extraordinary Income/Expenses (Net)	(352)	(352)	(876)
	F. Profit before Bonus and Taxes (E. + 3.11)	503,148	354,875	403,739
3.12	Provision for Staff Bonus	45,741	32,261	36,704
3.13	Provision for Tax	140,379	96,784	108,656
	G. Net Profit/Loss (F.-3.12-3.13)	317,028	225,830	258,379
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	13.80%	12.64%	11.56%
4.2	Non Performing Loan (NPL) to Total Loan	0.50%	0.64%	0.44%
4.3	Total Loan Loss Provision to Total NPL	267.87%	218.44%	312.84%
4.4	Cost of Fund (LCY-year to date annualized fig.)	7.51%	7.04%	5.81%
4.5	Credit to Deposit Ratio (as per NRB directives)	79.45%	86.87%	86.39%

Note: Figures regrouped as & where necessary

Above figures may vary with the audited figures if modified by the external auditors or regulators

Additional Information (year to date annualized fig.)

Ratios	At the End of This Quarter	At the End of Previous Quarter	At the End of Corresponding Previous Quarter
Total Yield (LCY)	10.80%	10.17%	9.98%
Spread (LCY)	3.28%	3.13%	4.17%
Return on Assets (ROA)	1.59%	1.54%	1.47%
Return on Equity (ROE)	17.43%	17.11%	16.86%

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. Earning Per Share	NPR.24.27	2. Market Value Per Share	NPR.468.00
3. Price Earnings Ratio (P/E ratio)	19.28 times	4. Liquidity (CRR)	8.02 %
5. Return to Total Assets (ROA)	1.59 %	6. Net Worth Per Share	NPR.148.78

2. Management Analysis

The period under review saw continued consolidation of the Bank's balance sheet mainly on the Assets side. The bank has been able to bring down its Real Estate exposure in the quarter under review while increasing its holding of Government Debt papers. In its effort to decrease its dependence on institutional deposits, the bank has been able to mobilize fresh retail deposits by introducing innovative products.

3. Details Regarding Legal Actions

- Case filed by or to Kumari Bank Ltd. during the quarter None
- Case filed by or against the promoter or director of Kumari Bank Ltd. regarding disobedience of prevailing law or commission of criminal offence. - None
- Case filed against any Promoter or Director of Kumari Bank Ltd. regarding commission of financial crime - None

4. Analysis of Share Transaction of Organized Institutions

- Management's view on share transactions of Kumari Bank Ltd. 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.
- Maximum, Minimum, and Closing price of shares including total transaction and transacted days during the quarter -

Maximum Price	Rs. 492
Minimum Price	Rs. 348
Closing Price	Rs. 468
Total Transaction	734
Transacted Day	72 days

5. Problems and Challenges

Internal Challenges

- Retention of competent and qualified employees.
- Increasing cost of operation on account of inflation.
- Increasing pressure on spread.

External Challenges

- Continued socio-political instability in the country.
- Competition.
- Lower economic growth.

Strategy to Overcome Problems & Challenges

- Diversification into new areas and services.
- Training and Development of employees for increased capacity development.
- Adopting a proactive internal culture which rewards cost control and increases productivity.
- Continuous reengineering of internal work processes to meet external challenges.

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 workings 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 Committee (MANCO), chaired by the CEO and comprising of officers directly reporting to the CEO, meets on a weekly basis to assess the performance of the Bank and take key decisions. Similarly, committees like Asset Liability Committee, Operations Committee etc meet at regular intervals to critically review performance and initiate proactive actions.

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 16 July 2010.

