

**Kumari Bank Limited**  
**Unaudited Financial Results (Quarterly)**  
As at Third Quarter (13-April-2011) of the Fiscal Year 2010/2011

Rs '000

S.N.	Particulars	30.12.2067/13.04.2011 This Quarter Ending	30.09.2067 / 14 .01. 2011 Previous Quarter Ending	31 .12. 2066/ 13.04. 2010 Corresponding Previous Year Quarter Ending
<b>1</b>	<b>Total Capital and Liabilities (1.1 to 1.7)</b>	<b>20,317,119</b>	<b>19,709,669</b>	<b>19,676,082</b>
1.1	Paid Up Capital	1,485,000	1,306,800	1,304,936
1.2	Reserve and Surplus	662,588	591,883	545,846
1.3	Debenture and Bond	400,000	400,000	400,000
1.4	Borrowings	748,985	972,350	861,200
1.5	<b>Deposits (a+b)</b>	<b>16,636,573</b>	<b>16,042,037</b>	<b>16,085,699</b>
	a. Domestic Currency	15,701,495	15,457,379	15,708,051
	b. Foreign Currency	935,078	584,659	377,648
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	383,974	396,599	478,401
<b>2</b>	<b>Total Assets (2.1 to 2.7)</b>	<b>20,317,119</b>	<b>19,709,669</b>	<b>19,676,082</b>
2.1	Cash & Bank Balance	1,825,159	1,160,890	1,679,172
2.2	Money at Call and Short Notice	328,000	471,945	392,720
2.3	Investments	2,273,938	2,371,134	1,860,450
2.4	<b>Loans and Advances (a+b+c+d+e)</b>	<b>15,113,710</b>	<b>14,935,380</b>	<b>15,028,978</b>
	a. Real Estate Loan	3,310,377	3,509,044	4,088,792
	1. Residential Real Estate Loan	332,946	318,016	282,900
	2. Business Complex & Residential Apartment Construction Loan	478,629	486,980	526,018
	3. Income Generating Commercial Complex Loan	-	-	-
	4. Other Real Estate loan	2,498,801	2,704,048	3,279,874
	b. Personal Home Loan of Rs. 60 Lacs or Less	954,386	904,036	861,911
	c. Margin Type Loan	288,893	288,101	405,945
	d. Term Loan	2,227,466	2,212,202	2,204,810
	e. Overdraft Loan/TR Loan/WC Loan	7,535,592	7,276,413	6,877,149
	f. Others	796,996	745,583	590,370
2.5	Fixed Assets	317,201	321,513	293,322
2.6	Non Banking Assets	-	-	-
2.7	Other Assets	459,111	448,809	421,440
<b>3</b>	<b>Profit and Loss Account</b>	<b>Upto This Quarter</b>	<b>Upto Previous Quarter</b>	<b>Upto Corresponding Previous Year Quarter</b>
3.1	Interest Income	1,615,967	1,067,297	1,313,000
3.2	Interest Expenses	1,159,497	777,794	833,471
	<b>A. Net Interest Income (3.1-3.2)</b>	<b>456,470</b>	<b>289,502</b>	<b>479,529</b>

3.3	Fees, Commission and Discount	75,444	48,342	80,267
3.4	Other Operating Income	40,291	30,660	11,840
3.5	Foreign Exchange Gain/ Loss (Net)	30,017	21,696	28,935
	<b>B. Total Operating Income (A.+3.3+3.4+3.5)</b>	<b>602,221</b>	<b>390,199</b>	<b>600,571</b>
3.6	Staff Expenses	120,446	79,408	101,922
3.7	Other Operating Expenses	152,805	100,966	131,126
	<b>C. Operating Profit Before Provision (B.- 3.6-3.7)</b>	<b>328,971</b>	<b>209,825</b>	<b>367,523</b>
3.8	Provision for Possible Losses	68,331	58,242	33,347
	<b>D. Operating Profit (C-3.8)</b>	<b>260,640</b>	<b>151,584</b>	<b>334,176</b>
3.9	Non Operating Income/Expenses (Net)	371	264	232
3.10	Write Back of Provision for Possible Loss	24,436	24,360	20,819
	<b>E. Profit from Regular Activities (D+3.9+3.10)</b>	<b>285,447</b>	<b>176,208</b>	<b>355,228</b>
3.11	Extraordinary Income/Expenses (Net)	(342)	-	(352)
	<b>F. Profit before Bonus and Taxes ( E. + 3.11)</b>	<b>285,104</b>	<b>176,208</b>	<b>354,875</b>
3.12	Provision for Staff Bonus	25,919	16,019	32,261
3.13	Provision for Tax	77,756	48,057	96,784
	<b>G. Net Profit/Loss (F.-3.12-3.13)</b>	<b>181,430</b>	<b>112,132</b>	<b>225,830</b>
<b>4</b>	<b>Ratios</b>			
4.1	Capital Fund To RWA	13.73%	12.45%	12.64%
4.2	Non Performing Loan (NPL) to Total Loan	1.08%	0.89%	0.64%
4.3	Total Loan Loss Provision to Total NPL	147.05%	172.65%	218.44%
4.4	Cost of Fund (annualized - LCY)	9.46%	9.37%	7.04%
4.5	Credit to Deposit Ratio (as per NRB directives)	86.11%	87.47%	86.87%
	<b>Additional Information (year to date annualized fig.)</b>			
	Total Yield (LCY)	12.18%	11.95%	10.17%
	Spread (LCY)	2.72%	2.58%	3.13%
	Return on Assets (ROA)	1.21%	1.12%	1.56%
	Return on Equity (ROE)	12.80%	12.25%	17.41%

*Note: Figures regrouped as & 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 (annualized fig.)**

- |  |                                  |
|--|----------------------------------|
| 1. Earnings Per Share - Npr. 16.46<br>290.00                     | 2. Market Value Per Share – Npr. |
| 3. Price Earnings Ratio (P/E ratio) – 17.62 times<br>Npr. 144.62 | 4. Net Worth Per Share –         |
| 5. Return to Total Assets (ROA) – 1.21%                          | 6. Liquidity (CRR) -5.68%        |

### **2. Management Analysis:**

The liquidity in the banking sector has been gloomy ever since the last year. Due to this, the bank has been able to achieve small growth in deposit and loans. Further, the hike in the cost of fund in the market has also narrowed the profit margin of the bank. However, the bank has been able to maintain satisfactory level of liquidity throughout the review period and strengthen its capital base and reserve. In the coming days, bank plans to off load its real estate exposure and increase its productive sector lending. Bank plans to bring more people under banking arena through its revolutionary product “Kumari Mobile Cash”.

### **3. Details Regarding Legal Actions**

- Case filed by or to Kumari Bank Ltd. during the quarter. –
  - Mr. Pemba Dorje Gurung has filed a case in Kathmandu District court to void the mortgage deed.
  - Shilu Housing and Development Private Limited has filed a case for injunction in Lalitpur Appellate Court.
- 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 :  
Since last several months there has been substantial reduction in number of share transaction and its price in stock market. This effect has been observed in Kumari Bank’s share transaction too. The main reasons for such reduction are adverse liquidity situation and policies adopted by regulators. However, our right share has been auctioned at maximum of Rs. 300 per share during recent auction carried out by the Bank on Chaitra.
- Maximum, Minimum, and Closing price of shares including total transaction and transacted days during the quarter  
Max. Price - Rs. 326    Min. Price- Rs. 234    Closing Price- Rs. 290    Total Transaction -312    Transacted Day-49 days

### **5. Problems and Challenges**

- Dismal economic growth of the country due to political instability.
- Lack of investment opportunity.
- Intense competition due to too many players in the market.
- Narrowing spread.
- 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. Continuous reengineering of internal work processes to meet external challenges.
- c. Understanding the expectations & 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 workings 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 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 13 April 2011.

