

Kumari Bank Limited
Unaudited Financial Results (Quarterly)
As at First Quarter (16-Oct-2012) of the Fiscal Year 2012/2013

Rs '000

S.N.	Particulars	30.06.2069/ 16.10.2012 This Quarter Ending	31.03.2069/ 15.07.2012 Previous Quarter Ending	30.06.2068/17.10.2011 Corresponding Previous Year Quarter Ending
1	Total Capital and Liabilities (1.1 to 1.7)	26,417,638	25,615,166	21,778,649
1.1	Paid Up Capital	1,603,800	1,603,800	1,603,800
1.2	Reserve and Surplus	905,506	885,658	652,363
1.3	Debtenture and Bond	400,000	400,000	400,000
1.4	Borrowings	-	5,403	520,557
1.5	Deposits (a+b)	22,542,701	21,985,198	18,006,626
	a. Domestic Currency	21,591,132	21,157,725	17,087,783
	b. Foreign Currency	951,570	827,474	918,843
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	965,630	735,106	595,303
2	Total Assets (2.1 to 2.7)	26,417,638	25,615,166	21,778,649
2.1	Cash & Bank Balance	2,583,610	3,722,628	2,537,379
2.2	Money at Call and Short Notice	1,132,495	321,243	526,102
2.3	Investments	3,123,067	2,940,557	2,130,723
2.4	Loans and Advances (a+b+c+d+e+f)	19,015,383	17,877,540	15,881,955
	a. Real Estate Loan	2,414,263	2,569,080	2,908,478
	1. Residential Real Estate Loan	146,396	177,930	144,052
	2. Business Complex & Residential Apartment Construction Loan	475,298	487,536	560,991
	3. Income Generating Commercial Complex Loan	-	-	-
	4. Other Real Estate loan	1,792,569	1,903,615	2,203,435
	b. Personal Home Loan of Rs. 1 Crore or Less	1,506,240	1,417,776	1,241,371
	c. Margin Type Loan	311,032	266,060	295,864
	d. Term Loan	2,896,056	2,921,659	2,393,306
	e. Overdraft Loan/TR Loan/WC Loan	10,827,421	9,926,989	8,247,128
	f. Others	1,060,372	775,977	795,807
2.5	Fixed Assets	264,650	274,814	297,273
2.6	Non Banking Assets	-	-	-
2.7	Other Assets	298,432	478,384	405,219
3	Profit and Loss Account	Upto This Quarter	Upto Previous Quarter	Upto Corresponding Previous Year Quarter
3.1	Interest Income	603,838	2,441,571	557,249
3.2	Interest Expenses	392,036	1,622,492	390,412
	A. Net Interest Income (3.1-3.2)	211,802	819,079	166,836
3.3	Fees, Commission and Discount	33,397	110,902	27,234
3.4	Other Operating Income	11,974	48,139	8,521
3.5	Foreign Exchange Gain/ Loss (Net)	15,114	44,206	11,476
	B. Total Operating Income (A.+3.3+3.4+3.5)	272,287	1,022,326	214,068
3.6	Staff Expenses	50,411	194,131	48,750
3.7	Other Operating Expenses	52,256	213,913	46,210
	C. Operating Profit Before Provision (B.- 3.6-3.7)	169,620	614,283	119,107
3.8	Provision for Possible Losses	160,496	184,724	61,099
	D. Operating Profit (C-3.8)	9,125	429,559	58,009
3.9	Non Operating Income/Expenses (Net)	23	3,427	56
3.10	Write Back of Provision for Possible Loss	22,225	133	8,448
	E. Profit from Regular Activities (D+3.9+3.10)	31,373	433,120	66,512
3.11	Extraordinary Income/Expenses (Net)	-	-	-
	F. Profit before Bonus and Taxes (E. + 3.11)	31,373	433,120	66,512
3.12	Provision for Staff Bonus	2,852	39,375	6,047
3.13	Provision for Tax	8,556	118,124	18,140
	G. Net Profit/Loss (F.-3.12-3.13)	19,965	275,622	42,326
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	12.78%	13.27%	13.43%
4.2	Non Performing Loan (NPL) to Total Loan	4.42%	2.24%	2.20%
4.3	Total Loan Loss Provision to Total NPL	74.33%	121.20%	101.06%
4.4	Cost of Funds (annualized - LCY)	7.02%	8.43%	8.83%
4.5	Credit to Deposit Ratio (as per NRB directives)	78.93%	75.63%	82.02%
Additional Information (year to date annualized fig.)				
	Total Yield (LCY)	10.99%	12.39%	12.00%
	Spread (LCY)	3.97%	3.97%	3.17%
	Return on Assets (ROA) (Rolling Avg)	1.02%	1.16%	1.33%
	Return on Equity (ROE) (Rolling Avg)	10.62%	11.87%	12.90%

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.)

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|--|--------------------------------------|
| 1. Earnings Per Share (Rolling Avg.) – Npr 15.79 | 2. Market Value Per Share – Npr. 233 |
| 3. Price Earnings Ratio (P/E ratio) – 14.75 | 4. Net Worth Per Share – Npr. 156.46 |
| 5. Liquidity (CRR) – 7.29% | |

2. Management Analysis:

Under the review period, the bank worked upon increasing its deposit size and quality lending. It has been successful in reducing its real estate exposure in comparison to corresponding previous quarter. In the coming days, the bank will be on 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. –
 - Mr. Binay shamsheer JBR has filed a case for financial transaction in Kathmandu District Court.
 - Mr. Jitendra Bahadur Shrestha has filed a case for injunction in Lalitpur Appeal Court.
 - Bank has filed a case for injunction in Supreme Court against Department of Revenue Investigation- Lalitpur, Land Revenue Office- Kaski, Department of Land Reform and Management, District Police Office -Kaski and Metropolitan Police Parisar- Lalitpur.
- b. Case filed by or against the promoter or director of Kumari Bank Ltd. regarding disobedience of prevailing law or commission of criminal offence. - None
- c. 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

- a. Management's view on share transactions of Kumari Bank Ltd. at Securities Market :
As overall stock index of banking sector has been improving with sign of improvement on our share's transaction too.
Since the price of the stock is determined by open market operation and Nepal Stock exchange, the management's view is neutral in this regards.
- b. Maximum, Minimum, and Closing price of shares including total transaction and transacted days during the quarter
Max. Price - Rs. 259 Min. Price- Rs. 222 Closing Price- Rs.233 Total Transaction -792 Transacted Day-63 days

5. Problems and Challenges

- a. Dismal economic growth of the country due to political instability.
- b. Intense competition due to too many players in the market.
- c. 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. Re-pricing of its interest sensitive assets and liabilities as per liquidity position of the market.
- c. Reducing the real estate exposure of the bank and diverting the assets in the productive sector of the economy.
- d. 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:

- 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 acting CEO.
- c. Management Committee (MANCO), chaired by the acting CEO and comprising of officers directly reporting to the acting 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 Acting 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 16 Oct 2012.