

Kumari Bank Limited

Unaudited Financial Results (Quarterly)

As at Fourth Quarter (15-July-2012) of the Fiscal Year 2011/2012

Rs '000

S.N.	Particulars	31.03.2069/ 15.07.2012 This Quarter Ending	30.12.2068/ 12.04.2012 Previous Quarter Ending	32.03.2068/16 07.2011 Corresponding Previous Year Quarter Ending
1	Total Capital and Liabilities (1.1 to 1.7)	25,615,166	24,178,104	20,791,945
1.1	Paid Up Capital	1,603,800	1,603,800	1,603,800
1.2	Reserve and Surplus	885,658	696,001	610,037
1.3	Debtenture and Bond	400,000	400,000	400,000
1.4	Borrowings	5,403	26,945	660,925
1.5	Deposits (a+b)	21,985,198	20,665,627	16,986,279
	a. Domestic Currency	21,157,725	19,871,175	16,140,684
	b. Foreign Currency	827,474	794,452	845,596
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	735,106	785,732	530,904
2	Total Assets (2.1 to 2.7)	25,615,166	24,178,104	20,791,945
2.1	Cash & Bank Balance	3,722,628	2,469,449	1,168,524
2.2	Money at Call and Short Notice	321,243	510,000	451,520
2.3	Investments	2,940,557	3,361,350	3,533,623
2.4	Loans and Advances (a+b+c+d+e+f)	17,877,540	16,822,933	14,926,233
	a.Real Estate Loan	2,569,080	2,683,275	2,935,598
	1. Residential Real Estate Loan	177,930	168,508	141,051
	2. Business Complex & Residential Apartment Construction Loan	487,536	521,617	562,928
	3. Income Generating Commercial Complex Loan	-	-	-
	4. Other Real Estate loan	1,903,615	1,993,150	2,231,620
	b. Personal Home Loan of Rs. 1 Crore or Less	1,417,776	1,392,289	1,168,913
	c.Margin Type Loan	266,060	305,499	259,802
	d.Term Loan	2,921,659	2,503,057	2,222,153
	e.Overdraft Loan/TR Loan/WC Loan	9,926,989	9,176,637	7,514,412
	f. Others	775,977	762,177	825,354
2.5	Fixed Assets	274,814	281,070	306,277
2.6	Non Banking Assets	-	-	-
2.7	Other Assets	478,384	733,302	405,768
3	Profit and Loss Account	Upto This Quarter	Upto Previous Quarter	Upto Corresponding Previous Year Quarter
3.1	Interest Income	2,441,571	1,740,570	2,251,792
3.2	Interest Expenses	1,622,492	1,193,633	1,566,552
	A. Net Interest Income (3.1-3.2)	819,079	546,937	685,240
3.3	Fees, Commission and Discount	110,902	77,537	98,693
3.4	Other Operating Income	48,139	33,512	53,580
3.5	Foreign Exchange Gain/ Loss (Net)	44,206	33,203	36,719
	B. Total Operating Income (A.+3.3+3.4+3.5)	1,022,326	691,189	874,233
3.6	Staff Expenses	194,131	146,826	168,352
3.7	Other Operating Expenses	213,913	146,128	211,506
	C. Operating Profit Before Provision (B.- 3.6-3.7)	614,283	398,235	494,375
3.8	Provision for Possible Losses	184,724	266,634	113,780
	D. Operating Profit (C-3.8)	429,559	131,601	380,595
3.9	Non Operating Income/Expenses (Net)	3,427	3,358	270
3.10	Write Back of Provision for Possible Loss	133	127	13,788
	E. Profit from Regular Activities (D+3.9+3.10)	433,120	135,087	394,653
3.11	Extraordinary Income/Expenses (Net)	-	-	(342)
	F. Profit before Bonus and Taxes (E. + 3.11)	433,120	135,087	394,310
3.12	Provision for Staff Bonus	39,375	12,281	35,846
3.13	Provision for Tax	118,124	36,842	107,227
	G. Net Profit/Loss (F.-3.12-3.13)	275,622	85,964	251,237
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	13.27%	12.72%	13.76%
4.2	Non Performing Loan (NPL) to Total Loan	2.24%	4.46%	1.12%
4.3	Total Loan Loss Provision to Total NPL	121.20%	75.55%	154.81%
4.4	Cost of Funds (annualized - LCY)	8.43%	8.61%	9.56%
4.5	Credit to Deposit Ratio (as per NRB directives)	75.63%	75.91%	81.36%
Additional Information (year to date annualized fig.)				
	Total Yield (LCY)	12.39%	12.20%	12.63%
	Spread (LCY)	3.97%	3.60%	3.07%
	Return on Assets (ROA)	1.16%	0.69%	1.24%
	Return on Equity (ROE)	11.87%	6.92%	12.46%

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 17.19 | 2. Market Value Per Share – Npr. 242.00 |
| 3. Price Earnings Ratio (P/E ratio) – 14.08 | 4. Net Worth Per Share – Npr. 155.22 |
| 5. Liquidity (CRR) – 13.52% | |

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. –
 - A case has been filed by Ms Anu Gurung in Lalitpur Appeal Court for Injunction against the bank.
- 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. 310 Min. Price- Rs. 192 Closing Price- Rs.242 Total Transaction -1205 Transacted Day-60 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 15 Jul 2012.