

Kumari Bank Limited
Unaudited Financial Results (Quarterly)

As at Fourth Quarter (16-July-2011) of the Fiscal Year 2010/2011

Rs '000

S.N.	Particulars	32.03.2068/ 16.07.2011 This Quarter Ending	30.12.2067/ 13.04.2011 Previous Quarter Ending	32.03.2067/ 16.07.2010 Corresponding Previous Year Quarter Ending
1	Total Capital and Liabilities (1.1 to 1.7)	20,601,262	20,317,119	20,522,475
1.1	Paid Up Capital	1,485,000	1,485,000	1,306,016
1.2	Reserve and Surplus	757,975	662,588	479,743
1.3	Debiture and Bond	400,000	400,000	400,000
1.4	Borrowings	660,925	748,985	429,740
1.5	Deposits (a+b)	16,986,279	16,636,573	17,432,253
	a. Domestic Currency	16,140,683	15,701,495	16,907,384
	b. Foreign Currency	845,596	935,078	524,869
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	311,084	383,974	474,723
2	Total Assets (2.1 to 2.7)	20,601,262	20,317,119	20,522,475
2.1	Cash & Bank Balance	1,168,524	1,825,159	2,723,829
2.2	Money at Call and Short Notice	451,520	328,000	120,000
2.3	Investments	3,532,285	2,273,938	2,296,873
2.4	Loans and Advances (a+b+c+d+e)	14,666,309	15,113,710	14,765,912
	a. Real Estate Loan	2,954,712	3,199,563	3,783,661
	1. Residential Real Estate Loan	227,540	222,132	183,649
	2. Business Complex & Residential Apartment Construction Loan	557,298	478,629	507,561
	3. Income Generating Commercial Complex Loan	-	-	-
	4. Other Real Estate loan	2,169,873	2,498,801	3,092,450
	b. Personal Home Loan of Rs. 80 Lacs or Less	1,064,957	1,065,200	953,748
	c. Margin Type Loan	257,204	288,893	369,177
	d. Term Loan	2,189,220	2,227,466	2,271,846
	e. Overdraft Loan/TR Loan/WC Loan	7,424,229	7,535,592	6,860,335
	f. Others	775,987	796,996	527,145
2.5	Fixed Assets	305,755	317,201	285,638
2.6	Non Banking Assets	-	-	-
2.7	Other Assets	476,870	459,111	330,222
3	Profit and Loss Account	Upto This Quarter	Upto Previous Quarter	Upto Corresponding Previous Year Quarter
3.1	Interest Income	2,251,469	1,615,967	1,871,066
3.2	Interest Expenses	1,566,552	1,159,497	1,188,918
	A. Net Interest Income (3.1-3.2)	684,917	456,470	682,148
3.3	Fees, Commission and Discount	100,035	75,444	100,337
3.4	Other Operating Income	53,312	40,291	28,771
3.5	Foreign Exchange Gain/ Loss (Net)	36,719	30,017	37,925
	B. Total Operating Income (A.+3.3+3.4+3.5)	874,983	602,221	849,181
3.6	Staff Expenses	168,352	120,446	143,278
3.7	Other Operating Expenses	212,032	152,805	204,763
	C. Operating Profit Before Provision (B.- 3.6-3.7)	494,599	328,971	501,140
3.8	Provision for Possible Losses	61,133	68,331	13,078
	D. Operating Profit (C-3.8)	433,467	260,640	488,062
3.9	Non Operating Income/Expenses (Net)	497	371	699
3.10	Write Back of Provision for Possible Loss	1,376	24,436	14,825
	E. Profit from Regular Activities (D+3.9+3.10)	435,340	285,447	503,586
3.11	Extraordinary Income/Expenses (Net)	(342)	(342)	(352)
	F. Profit before Bonus and Taxes (E. + 3.11)	434,997	285,104	503,234
3.12	Provision for Staff Bonus	39,545	25,919	45,749
3.13	Provision for Tax	118,636	77,756	140,943
	G. Net Profit/Loss (F.-3.12-3.13)	276,817	181,430	316,542
4	Ratios			
4.1	Capital Fund To RWA	14.45%	13.73%	12.34%
4.2	Non Performing Loan (NPL) to Total Loan	1.12%	1.08%	0.53%
4.3	Total Loan Loss Provision to Total NPL	154.81%	147.05%	251.96%
4.4	Cost of Funds (annualized - LCY)	9.56%	9.46%	7.50%
4.5	Credit to Deposit Ratio (as per NRB directives)	81.22%	86.11%	80.12%
Additional Information (year to date annualized fig.)				
	Total Yield (LCY)	12.63%	12.18%	10.80%
	Spread (LCY)	3.07%	2.72%	3.30%
	Return on Assets (ROA)	1.37%	1.21%	1.57%
	Return on Equity (ROE)	13.68%	12.80%	17.52%

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 – Npr. 18.64 | 2. Market Value Per Share – Npr. 266.00 |
| 3. Price Earnings Ratio (P/E ratio) – 14.27 times | 4. Net Worth Per Share – Npr. 151.04 |
| 5. Return to Total Assets (ROA) – 1.37% | 6. Liquidity (CRR) – 5.74% |

2. Management Analysis:

Under the review period, the bank largely reduced its real estate exposure. It successfully increased its size of balance sheet by increasing its capital and reserves. However, due to tight liquidity in the market, the bank did not achieved large increase in its loan and deposit size. Instead it focused on maintaining the quality of assets and liquidity position of the bank.

3. Details Regarding Legal Actions

- a. Case filed by or to Kumari Bank Ltd. during the quarter. – None
- 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 falling down, with Kumari bank no exception to the market trend. 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. 297	Min. Price- Rs. 176	Closing Price- Rs. 266	Total Transaction -587	Transacted Day-52 days
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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 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 16 July 2011.