KUMARII

15[™] JANUARY 2011 VOL- 1 ISSUE-2 **QUARTERLY NEWS**

Banking with Mobile Phones A Case for "Beyond Branch" Banking

The ubiquity of mobile phones today in Nepal as well as in other developing countries lends itself as a formidable medium to bring formal financial services to all, right at their door steps. With a push of a few buttons, users can not only deposit, withdraw and transfer cash from their mobile phones, but also use the stored cash value to make purchases at shops and stores. The mobile banking system requires a good ecosystem of agents and merchants in order to effectively serve the customer base. This method of banking is truly disruptive as it will bring down the barriers and cost of banking to everybody in Nepal.

Why is mobile banking relevant to Nepal? The explosive proliferation of mobile technology across Nepal means that this technology can be leveraged not only as a medium of connectivity, but can also serve as a medium to conduct financial transactions, with the ability to spur various entrepreneurial activities that contribute directly to the socio-economic development of the nation. In order to understand the transformative capability of mobile phones, it is instructive to look at the rapid spread of mobile phones all over Nepal. The year over year growth of mobile subscribers is estimated at 36% for 2009 and beyond. In 2007, of the 3,914 Village Development Committees (VDCs) across the country, 1,886 did not have access to a basic telephone service. Today all of the VDCs have telephone service, thanks to mobile phone technology. And most importantly, developing sustainable financial services in Nepal is fraught with complexities primarily due to the lack of needed infrastructure. Currently, Nepal has approximately the following penetration level of various services:

Penetration per 100,000 people: 1. Bank Branches 4.12 2. ATMs 3.40

3. Debit/Credit Cards 2000 4. Mobile Phones 25000

While looking at the statistics above, it is important to remember that formal banking era in Nepal started about 75 years ago, while mobile phones have only been around for approximately eight years and while only less than 30% of Nepali population has access to formal financial services, the number of mobile phone users in Nepal is currently 75 lakhs and is projected to reach 1.5 crores by 2014. Delivering financial services through mobile phones is a game changer. Traditional banking outlets will never adequately serve the remote areas of Nepal. The economics is simply not there. However, the challenges involved are enormous. In order for this service to realize its potential, it has to be supported

by an extensive awareness campaign. In Nepal, Bottom of the Pyramid (BOP) represents 86% of the economically active population. BOP population are those that live on less than USD 2 per day, have no access to financial resources, and are most vulnerable population because of their susceptibility to predatory lending, and are exposed to risks of carrying cash. Making mobile banking successful in Nepal requires this class of people to be made comfortable with technology, to help them overcome illiteracy and their resistance to change. In addition, the regulatory framework in the space is practically non-existent. Overcoming these challenges is a feat that one bank alone cannot achieve. The banks need to think beyond competing with each other and join hands in this quest for social transformation, which not only delivers tangible benefits to society, but also promises good profit potential, not with excessive fees, but with economies of

Announcement

कुमारी बैंक लिमिटेड

Kumari Bank Limited

BANKING PAR EXCELLENCE



Bhairawa Branch is the winner of "Branch of the Quarter Award" for the First Quarter of the Fiscal Year 2067/68.

The award was passed on to Bhairawa Branch from Birgunj Branch, the winner of the Fourth Quarter of the Fiscal year 2066/67.

Support to Indra Jatra

Kumari Bank Limited on the occasion of Indra Jatra, participates in organizing Kumari Jatra injoint hands with local social organization Sinha Swan Khala to preserve country's cultural heritage. Like previous year, as a part of corporate social responsibility, Kumari Bank Limited supports the event by providing 300 pcs of T-shirt to the volunteers and Rs. 50,000.00 to the social organization Sinha Swan Khala.

Similarly, Bank has been contineously involved in providing supports to areas; health, education, environment, cultural preservation etc as its CSR

Scholarship to HOPAD Children

Kumari Bank has been sponsoring school fee scholarship to orphan children from 'HOPAD', Child and Women Promotion society, Thasikhel-5, Lalitpur for their education at Eris Academy, Sovahity, Lalitpur. The scholarship has been provided to HOPAD Children; Misan Limbu and Sima KC from Baisakh 2065 with monthly School fees of NPR 800.00 each, payable to Eris Academy.





Humor

Solution for late comers

Tom had this problem of getting up late in the morning and was always late for work. His boss was mad at him and threatened to fire him if he didn't do something about it.

So Tom went to his doctor who gave him a pill and told him to take it before he went to bed.





OUTSIDE VALLEY BRANCHES: BAGLUNG: 068-522472, NARAYANGADH: 056-523091, BIRTAMOD: 023-541028, POKHARA: 061-540266 BIRATNAGAR: 021-537101, URLABARI: 021-541901, BIRGUNJ: 051-524812, BIRGUNJ DRYPORT: 051-621025 BIRGUNJ NATIONAL MEDICAL COLLEGE (EXTENSION COUNTER): 051-621890, BHAIRAHAWA: 071-521008, BUTWAL: 071-551546 ITAHARI: 025-58666, DAMAULI: 065-561787, NEPALGUNJ: 081-528061, SURKHET: 086-521256 SALYAN: 088-520317, KAWASOTI: 078-540524 TULSIPUR: 082-521775, DHANGADI: 091-526036, SAURAHA: 056-580491



CEO's message

Dear Customer,

We are delighted to come to you in the second issue of our newsletter. With the first quarter of the fiscal year 2010-11 behind us, I would like to share with you the achievements your bank made in the period.

We opened a new branch in Sauraha, Chitwan in the first quarter, bringing our total points of representation now to 29 branches. Furthermore, we have added three new ATMs this quarter; in Nepalgunj, Dhangadi and Surkhet, bringing our total ATM points of service to also 29. With these additions, we continue to be more accessible to you for your banking needs.



In the first quarter, we made available Kumari Mobile Cash, an innovative mobile wallet system to all Ncell subscribers. Now those of our customers that subscribe to Ncell can also take advantage of this state of the art service that until now, had only been extended to NT subscribers.

The first quarter of this fiscal year saw a total deposit growth of Rs. 1.96 Billion compared to the same period last fiscal year, reducing our CD ratio to 85.49%. From a risk management perspective, the reduction in CD ratio was a necessary step in order to consolidate & strengthen our balance sheet. Our deposit composition last year included major concentration of highly volatile call deposits, which have been replaced this year with more stable savings & fixed deposits. With these changes, your bank is primed for long term sustain ability.

	First Quarter FY 09-10	Third Quarter FY 09-10	First Quarter FY 10-11
Savings:	28%	24%	40%
Call:	37%	29%	17 %
Fixed:	27%	41%	36%

Your bank's income from fees/commissions & foreign exchange during this year's first quarter was Rs 5.97 crores. Over the same period last year, the bank's total income from these categories was Rs. 3.74 crores. The bank did well in this category, increasing by Rs. 2.23 crores or almost 60 percent. Similarly, the bank's interest income generated from treasury activities showed a strong growth, going from Rs. 1.98 crores to Rs. 4.24 crores, an increase of 114 percent from first quarter last year to the same period this year.

As a concern, we see clear indications that trouble from the real estate sector will continue to prevail for the rest of the year. Your bank has been diligently working on reducing its exposure to this troubled sector and has done so going from 27.08% in first quarter last year to 22.33% first quarter this year. We will be working diligently to curtail this exposure to less than 15% by the end of this fiscal year.

The bank's total operating expenses in the first quarter of this year was Rs. 9.6 crores, an increase of 12% from Rs. 8.6 crores in the same period last year, and was down 19% from Rs. 11.9 crores in the fourth quarter last year. Cost efficiency will continue to be in our limelight as we move forward.

To wrap up, I would like to mention that your bank is focused on further enhancing its customer service capabilities. You, the customers, are the essence of what we do. Thank you for your support.

Kumari Insight

Kumari Bank in Sauraha, Chitwan

Kumari Bank Limited inaugurated its new branch at Sauraha, Chitwan. With a vision to provide access to complete banking services, KBL has commenced its services through the new branch from 2 November 2010. The branch aims to provide fullfledge banking services; Deposit, Loan, Remittances, Letter of Credit etc. to the people from Sauraha, Bharatpur Municipality and nearby rural areas. Similarly, tourist visiting can also have access to banking services.

With this addition of branch, KBL now has 28 branches, 1 Extension counter and 29 ATMs in the country.

Kumari Bank Limited 10th Annual General

The 10th Annual General Meeting (AGM) of Kumari Bank Ltd. held on Wednesday, 1 December 2010 approved to provide 12 percent cash dividend to its shareholders as proposed by the



At the meeting, the Chairman, Mr. Shiva Ratan Sharada, reiterated the bank's commitment on providing quality products and services to its customers and informed the meeting on the overall progress and the growth of the bank and

While talking about the bank's overall progress in the Fiscal Year 2066/067, Mr. Sharada stated that the bank was able to increase its net profit by 22.51 percent in comparison to last fiscal year. The total deposits at the end of the Fiscal Year 2066/067 reached NPR 17.43 Billion, an increment of 10.96 percent in comparison to the last Fiscal Year. Similarly, loans & advances increased by 1.15 percent with a total of NPR 14.96 Billion at the end of the Fiscal Year 2066/067. During the fiscal year 2066/67, the bank was also able to bring down the Non Performing Loans (NPLs) to 0.50 percent.

Kumari Mobile Cash now extended to Ncell **Subscribers**

Kumari Mobile Cash, a revolutionary service that uses mobile phones to provide access to financial services has now extended its service to Ncell network as well. Earlier the service was limited to Nepal Telecom mobile users only.

With expansion of this service, subscribers of Ncell and NTC network now have access to Kumari Mobile Cash services which enable users to deposit and withdraw cash from their mobile phones, use the stored cash value to remit to anyone, anytime,

anywhere, pay utility bills (Electricity Bills, Telephone Bills, Water Bills etc) and purchase merchandise from selected merchant outlets, with the push of a few buttons. Furthermore, Mobile users can also purchase pre-paid NTC mobile talk time pin in a few



seconds with Kumari mobile Cash and make payment of Post paid mobile bill instantly, both directly from their mobile phones. For enrolling in this service, one need not have a bank account with Kumari Bank.

At present, this service is available through all of Kumari Bank's 28 branches and its authorized agent locations



Product review

Kumari Smart Bachat Khata

Kumari Bank Ltd. is proud to offer a high yielding savings product named as "Kumari Smart Bachat Khata". This product offers you the convenience of opening account in '0' minimum balance and earn interest as much as 7.25% on your deposit. The product is very suitable for those who seek affordable banking services as the product features offer most of the banking services FREE and at a lower cost. Some of the feature highlights are as below:





Features:

- Account opening facility in zero balance
- Unlimited withdrawals
- · No charges on account statements
- Free cheque book (upon request)
- Free VISA Debit Card*
- No ledger fees
- · Free E-banking
- Free Mobile/ SMS banking
- Free ABBS (No charge for transaction amount up to NPR.100,000/-)
- Locker facility 25% discount on applicable charges
- Evening counter available (Putalisadak, New Road, Gongabu & Butwal Branches)
- 365 Days banking*
- Mobile bill payment service
- Balance certificate- 25% discount on applicable charges
- Home loan/ Education loan/ Auto loan/ Personal loan Concessional rate of interest and applicable charges.

New Feature added in Kumari Mobile Cash

Kumari Mobile Cash is a mobile phone based payment system that allows users to send money to family and friends, withdraw and deposit cash from/to bank account, easy payment of Utility bills and quick recharge of NTC prepaid airtime minutes etc. Kumari Bank has now added up following additional

NTC Post paid mobile bill and PSTN (landline) Phone bill Payment through Kumari Mobile Cash:

Kumari Mobile Cash subscribers can now make NTC Post paid mobile bill and PSTN (landline) Phone bill payment through their mobile phone using the service. Earlier the service was limited to purchase NTC prepaid airtime minutes only.

The syntax for NTC post paid mobile bill payment is:

<PIN><space><UBP><space><Amount><space><NTPOS><space>

The syntax for NTC PSTN (landline) bill payment is:

<PIN><space><UBP><space><Amount><space><NTPSTN><space> <Phone No>

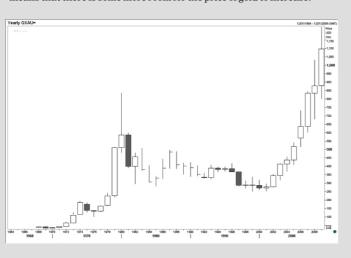
Market watch



THE GOLD RUSH

Over the past Four Decades Gold Prices has risen by 3,248%. So, if you had invested One Million Rupees in Gold in 1968 your Investment value today would be worth around 32 Million Rupees, a return unmatched by most of available investment avenues. Indeed, gold has proven to be the Story for the decade. A rally which started on 2002 still seems to be advancing towards new highs.

One thing we need to understand is that why has the Gold risen so rapidly over the decades. Is it because of the increase in actual physical demand or is there more to it than meets the eye. Has the demand of Physical Gold risen so sharply that the price has reacted? These questions are not that difficult to answer; yes the demand for Gold has increased over the decades but has not risen to the extent to cause such upward moves in the price of gold, many factors beside the physical demand are in play. With imbalance in the world growing at a rapid pace, countries seem to be exceedingly riskier day by day. The Debt levels which persist in economies today are at historic highs. Hence, investors have been in a lookout for avenues to invest, and they found Gold. Gold unlike other forms of investment protects you from the country risk which you have to assume for any investments. This concept has further been amplified by the 2007-2008 Financial crises which emerged out of the United States. Today, with Europe on a verge of debt crisis and country failure, the benefit which people see in investing in gold surpasses the price it has today, what this means; this means that there is some more room for the price of gold to increase.



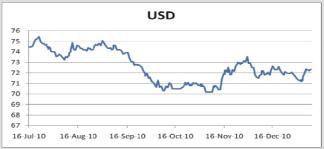
But with such rally on Gold, one can easily assume that prices of Gold will have to fall. What goes up has to come down, but the question is when, this today is the million dollar question on everyone's mind. Traders and Technical Analyst around the world are watching the move on Gold very very closely.

Hence in order to understand the relationship between price and demand let's assume an example, let's take the Price of Salt. What if, from tomorrow the Price of Salt starts to increase in tandem with the rise in price of gold over the decades? What will be the reaction from the consumers, will the demand of salt in the market go down drastically or will the demand for salt have a minimal impact. The most probable scenario will be that people will start taking low quantity of salt, but such fall in demand will not have a major impact on the price of Salt. Now, let's take another example, let's take the price of Tea, what will be the effect on Demand for Tea if the prices rise rapidly, will tea consumption fall or will it stay the same. The most probable scenario in this case is that people will start to cut back on tea consumption and replace it with a more similar substitute, or one that would cost much less. This will ultimately cause the price of tea to fall to the level where a rise in demand is guaranteed. Hence, based on the nature of the product the market re-adjusts price in respect to the gap in demand and supply. Now if we take gold, as price of gold continues to rise over the year's people are going to realize that the price required for buying Gold lacks invariably to the benefit one can derive from it. This is when the substitution effect will take place; People will switch their Gold needs to a less expensive alternative. On the other hand if there was major finding of new Gold mines which could increase the supply of gold rapidly than this can also cause the price of gold to fall. So, will these factors alone be able to control the rapid rise in price of gold, the answer is NO, the most important factor today for the price of gold is the risk associated with economies, US deficit is not getting any smaller,

European nations are fighting with Debt crisis every day and high growth economies like China are battling with massive imbalances in the books due to huge trade surplus and controlled currencies. Hence, unless we see a positive picture emerge out of the world economies, the price of gold will keep on marching to levels not seen before.

Hence it is eminent as the price of Gold rises to new highs, consumers around the world will start to cut back on the consumption of gold but this alone will not bring back the price of gold to levels which we are comfortable with. One more event is necessary; an event which can assure investors around the world that imbalance in economies like US, Europe and China has been corrected and it is safe to invest once again on growth and future rather than risk.

Currency Watch











Kumari Bank Limited Unaudited Financial Results (Quarterly)

Rs '000

As at First Quarter (17-October-2010) of the Fiscal Year 2010/2011

S.N.	Particulars	31.06.2067 / 17.10. 2010 This Quarter Ending	32.03.2067 / 16 .07. 2010 Previous Quarter Ending (audited)	17.10. 2009 Corresponding Previous Year Quarter Ending
1	Total Capital and Liabilities (1.1 to 1.7)	20,180,351	20,522,475	18,604,989
1.1	Paid Up Capital	1,306,800	1,306,016	1,186,099
1.2	Reserve and Surplus	498,566	479,743	520,673
1.3	Debenture and Bond	400,000	400,000	400,000
1.4	Borrowings	490,900	429,740	650,000
1.5	Deposits (a+b)	16,784,422	17,432,253	14,715,675
	a.Domestic Currency	16,276,295	16,907,384	14,529,291
	b.Foreign Currency	508,128	524,869	186,384
1.6	Income Tax Liability	-	-	26,187
1.7	Other Liabilities	699,663	474,723	1,106,355
2	Total Assets (2.1 to 2.7) Cash & Bank Balance	20,180,351	20,522,475	18,604,989
2.1		2,011,112	2,723,829	1,267,827
2.2	Money at Call and Short Notice Investments	277,000 2,259,677	120,000 2,296,873	688,667 1,547,005
2.4	Loans and Advances (a+b+c+d+e)	14,855,630	14,765,912	14,451,764
2.4	a.Real Estate Loan	4,475,560	4,738,369	5,079,394
	1.Residential Real Estate loan	1,171,521	1,138,357	1,148,687
	2.Business Complex & Residential Apartment	1,171,321	1,130,337	1,140,007
	Construction Loan	490.449	507,561	464.112
	3.Income generating Commercial Complex Loan	470,449	307,301	404,112
	4.Other Real Estate Loan			
	(Including Land purchase & plotting)	2.813.591	3.092.450	3,466,550
	b.Margin Type Loan	329,880	369,177	411,820
	c.Term Loan	2,226,001	2.271.846	2,128,084
	d.Overdraft Loan/TR Loan/WC Loan	7.223.155	6.859.375	5.635.538
	e.Others	601,034	527,145	1,196,974
2.5	Fixed Assets	293,860	285,638	250,294
2.6	Non Banking Assets	-	-	-
2.7	Other Assets	483,072	330,222	399,433
				Up to Corresponding
		Upto	Upto	Previous
3	Profit and Loss Account	Upto This Quarter	Upto Previous Quarter	Previous Year Quarter
3.1		This Quarter	Previous Quarter	Year Quarter
3.1	Interest Income		Previous Quarter 1,871,066	
	Interest Income Interest Expenses	This Quarter 495,643 397,438	1,871,066 1,188,918	Year Quarter 399,790
3.1	Interest Income	This Quarter 495,643	Previous Quarter 1,871,066	Year Quarter 399,790 231,686
3.1	Interest Income Interest Expenses A. Net Interest income (3.1-3.2)	This Quarter 495,643 397,438 98,206	Previous Quarter 1,871,066 1,188,918 682,148	Year Quarter 399,790 231,686 168,104
3.1 3.2 3.3	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount	This Quarter 495,643 397,438 98,206 26,701	1,871,066 1,188,918 682,148 100,337	Year Quarter 399,790 231,686 168,104 23,625
3.1 3.2 3.3 3.4 3.5	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (A+3.3+3.4+3.5)	This Quarter 495,643 397,438 98,206 26,701 23,846 9,212 157,964	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558
3.1 3.2 3.3 3.4 3.5	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (A.+3.3+3.4+3.5) Staff Expenses	This Quarter 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193
3.1 3.2 3.3 3.4 3.5	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (A.+3.3+3.4+3.5) Staff Expenses Other Operating Expenses	This Quarter 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965 56,458	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278 217,606	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193 41,647
3.1 3.2 3.3 3.4 3.5 3.6 3.7	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (A.+3.3+3.4+3.5) Staff Expenses Other Operating Expenses C. Operating Profit Before Provision (B 3.6-3.7)	This Quarter 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965 56,458 61,542	Previous Quarter 1,87,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278 217,606 501,140	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193 41,647 119,718
3.1 3.2 3.3 3.4 3.5	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (A.+3.3+3.4+3.5) Stoff Expenses Other Operating Expenses C. Operating Profit Before Provision (B3.6-3.7) Provision for Possible Losses	This duarter 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965 56,458 61,542 32,057	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278 217,606 501,140 1,747	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193 41,647 119,718
3.1 3.2 3.3 3.4 3.5 3.6 3.7	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (A.+3.3+3.4+3.5) Staff Expenses Cher Operating Expenses C. Operating Profit Before Provision (B 3.6-3.7) Provision for Possible Losses D. Operating Profit (C-3.8)	This Guorier 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965 56,458 61,542 32,057 29,484	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278 217,606 501,140 (1,747) 502,887	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193 41,647 119,718 1,149
3.1 3.2 3.3 3.4 3.5 3.6 3.7	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (A.+3.3+3.4+3.5) Staff Expenses Other Operating Expenses C. Operating Profit Before Provision (B 3.6-3.7) Provision for Possible Losses D. Operating Income/Expenses (Net)	This duarter 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965 56,458 61,542 32,057	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278 217,606 501,140 1,747	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193 41,647 119,718
3.1 3.2 3.3 3.4 3.5 3.6 3.7	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (A.+3.3+3.4+3.5) Staff Expenses Other Operating Expenses C. Operating Profit Before Provision (B 3.6-3.7) Provision for Possible Losses D. Operating Profit (C-3.8) Non Operating Income/Expenses (Net) Write Back of Provision for Possible Loss	This duarter 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965 56,458 61,542 32,057 29,484 82	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278 217,606 501,140 (1,747) 502,887 699	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193 41,647 119,718 1,149 18,569 [340]
3.1 3.2 3.3 3.4 3.5 3.6 3.7 3.8 3.9 3.10	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (A.+3.3+3.4+3.5) Staff Expenses Other Operating Expenses C. Operating Profit Before Provision (B3.6-3.7) Provision for Possible Losses D. Operating Profit (C-3.8) Non Operating Income/Expenses (Net) Write Back of Provision for Possible Loss E. Profit from Regular Activities (D+3.9+3.10)	This Guorier 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965 56,458 61,542 32,057 29,484	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278 217,606 501,140 (1,747) 502,887 699	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193 41,647 119,718 1,149
3.1 3.2 3.3 3.4 3.5 3.6 3.7	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (A.+3.3+3.4+3.5) Staff Expenses Other Operating Expenses C. Operating Profit Before Provision (B3.6-3.7) Provision for Possible Losses D. Operating Profit (C-3.8) Non Operating Income/Expenses (Net) Write Back of Provision for Possible Loss E. Profit from Regular Activities (D+3.9+3.10) Extraordinary Income/Expenses (Net)	This Guarter 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965 56,458 61,542 32,057 29,484 82 - 29,566	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278 217,606 501,140 (1,747) 502,887 699 - 503,586 (352)	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193 41,647 119,718 1,149 118,569 (340)
3.1 3.2 3.3 3.4 3.5 3.6 3.7 3.8 3.9 3.10	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (A.+3.3+3.4+3.5) Staff Expenses Other Operating Expenses C. Operating Expenses C. Operating Profit Before Provision (B 3.6-3.7) Provision for Possible Losses D. Operating Profit (C-3.8) Non Operating Income/Expenses (Net) Write Back of Provision for Possible Loss E. Profit from Regular Activities (D+3.9+3.10) Extraordinary Income/Expenses [Net] F. Profit before Bonus and Taxes (E. + 3.11)	This duarter 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965 56,458 61,542 32,057 29,484 82 29,566	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278 217,606 501,140 (1,747) 502,887 699 - 503,586 (352) 503,234	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193 11,149 118,569 (340)
3.1 3.2 3.3 3.4 3.5 3.6 3.7 3.8 3.9 3.10	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (A+3.3+3.4+3.5) Staff Expenses Other Operating Expenses C. Operating Profit Before Provision (B3.6-3.7) Provision for Possible Losses D. Operating Profit (C-3.8) Non Operating Income/Expenses (Net) Write Back of Provision for Possible Loss E. Profit from Regular Activities (D+3.9+3.10) Extraordinary Income/Expenses (Net) F. Profit before Bonus and Taxes (E. + 3.11) Provision for Staff Bonus	This Guorier 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965 56,458 61,542 32,057 29,484 82 29,566 2,688	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278 217,606 501,140 11,747) 502,887 699 503,586 (352) 503,234 45,749	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193 41,647 119,718 1,149 18,569 (340) 118,228 18,228
3.1 3.2 3.3 3.4 3.5 3.6 3.7 3.8 3.9 3.10	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (A.+3.3+3.4+3.5) Staff Expenses Other Operating Expenses C. Operating Profit Before Provision (B3.6-3.7) Provision for Possible Losses D. Operating Profit (C-3.8) Non Operating Income/Expenses (Net) Write Back of Provision for Possible Loss E. Profit from Regular Activities (D+3.9+3.10) Extraordinary Income/Expenses (Net) F. Profit before Bonus and Taxes (E. + 3.11) Provision for Staff Bonus Provision for Tax	This duarter 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965 56,458 61,542 32,057 29,484 82 29,566 2,688 8,063	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278 217,606 501,140 (1,747) 502,887 699 - 503,586 (352) 503,234 45,749 140,943	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193 41,647 119,718 1,149 118,569 (340) 118,228 118,228 10,748 32,244
3.1 3.2 3.3 3.4 3.5 3.6 3.7 3.8 3.9 3.10 3.11	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (A.+3.3+3.4+3.5) Staff Expenses Other Operating Expenses C. Operating Profit Before Provision (B3.6-3.7) Provision for Possible Losses D. Operating Profit (C-3.8) Non Operating Income/Expenses (Net) Write Back of Provision for Possible Loss E. Profit from Regular Activities (D+3.9+3.10) Extraordinary Income/Expenses (Net) F. Profit Pefore Bonus and Taxes (E. + 3.11) Provision for Staff Bonus Provision for Staff Bonus Provision for Fotal	This Guorier 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965 56,458 61,542 32,057 29,484 82 29,566 2,688	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278 217,606 501,140 11,747) 502,887 699 503,586 (352) 503,234 45,749	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193 41,647 119,718 1,149 18,569 (340) 118,228 18,228
3.1 3.2 3.3 3.4 3.5 3.6 3.7 3.8 3.9 3.10 3.11	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (A+3.3+3.4+3.5) Staff Expenses Other Operating Expenses C. Operating Profit Before Provision (B 3.6-3.7) Provision for Possible Losses D. Operating Profit (C-3.8) Non Operating Income/Expenses (Net) Write Back of Provision for Possible Loss E. Profit from Regular Activities (D+3.9+3.10) Extraordinary Income/Expenses (Net) F. Profit before Bonus and Taxes (E. + 3.11) Provision for Staff Bonus Provision for Staff Bonus Provision for Tax G. Net Profit/Loss (F3.12-3.13) Ratios	This Guorier 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965 56,458 61,542 32,057 29,484 82 29,566 2,688 8,063 18,815	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278 217,606 501,140 (1,747) 502,887 699 503,586 (352) 503,234 45,749 140,943 316,542	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193 41,647 119,718 1,149 118,569 (340) - 118,228 118,228 10,748 32,244 75,236
3.1 3.2 3.3 3.4 3.5 3.6 3.7 3.8 3.9 3.10 3.11 3.12 3.13	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (A.+3.3+3.4+3.5) Staff Expenses Other Operating Expenses C. Operating Expenses D. Operating Profit Before Provision (B 3.6-3.7) Provision for Possible Losses D. Operating Profit (C-3.8) Non Operating Income/Expenses (Net) Write Back of Provision for Possible Loss E. Profit from Regular Activities (D+3.9+3.10) Extraordinary Income/Expenses (Net) F. Profit Petore Bonus and Taxes (E. + 3.11) Provision for Staff Bonus Provision for Tax G. Net Profit/Loss (F-3.12-3.13) Ratios Capital Fund To RWA	This Guorier 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965 56,458 61,542 32,057 29,484 2 29,566 2,688 8,063 18,815	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278 217,606 501,140 1,7477 502,887 699 503,586 (352) 503,234 45,749 140,943 316,542	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193 11,149 118,569 (340) 41 118,228 118,228 10,748 32,244 75,236
3.1 3.2 3.3 3.4 3.5 3.6 3.7 3.8 3.9 3.10 3.11 3.12 3.13	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (A.+3.3+3.4+3.5) Staff Expenses Other Operating Expenses C. Operating Profit Defore Provision (B3.6-3.7) Provision for Possible Losses D. Operating Profit (C-3.8) Non Operating Income/Expenses (Net) Write Back of Provision for Possible Loss E. Profit from Regular Activities (D+3.9+3.10) Extraordinary Income/Expenses (Net) F. Profit before Bonus and Taxes (E. + 3.11) Provision for Staff Bonus Provision for Tax G. Net Profit/Loss (F3.12-3.13) Ratios Capital Fund To RWA Non Performing Loan (NPL) to Total Loan	This Guarter 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965 56,458 61,542 52,057 29,484 82 29,566 2,688 8,063 18,815 11.87%	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278 217,606 501,140 1,7477 502,887 699 503,586 (352) 503,234 45,749 140,943 316,542 12.34% 0.50%	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193 41,647 119,718 1,149 118,569 (340) 118,228 10,748 32,244 75,236 12,30% 0,61%
3.1 3.2 3.3 3.4 3.5 3.6 3.7 3.8 3.9 3.10 3.11 4.1 4.2 4.3	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income Foreign Exchange Gain/ Loss (Net) Staff Expenses Other Operating Expenses C. Operating Profit Before Provision (B 3.6-3.7) Provision for Possible Losses D. Operating Profit (C-3.8) Non Operating Income/Expenses (Net) Write Back of Provision for Possible Loss E. Profit from Regular Activities (D+3.9+3.10) Extraordinary Income/Expenses (Net) F. Profit from Regular Activities (D+3.9+3.10) Extraordinary Income/Expenses (Net) F. Profit Staff Bonus Provision for Staff Bonus Provision for Staff Bonus Provision for Tox G. Net Profit/Loss (F3.12-3.13) Rotios Capital Fund To RWA Non Performing Loan (NPL) to Total Loan Total Loan Loss Provision to Total NPL	This Guorier 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965 56,458 32,057 29,484 82 29,566 2,688 8,063 18,815 11.87% 130,51%	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278 217,606 501,140 (1,747) 502,887 699 503,586 (352) 503,234 45,749 140,943 316,542	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193 41,647 119,718 1,149 118,256 118,228 118,228 10,748 32,244 75,236
3.1 3.2 3.3 3.4 3.5 3.6 3.7 3.8 3.9 3.10 3.11 3.12 4.1 4.2 4.3 4.4	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (A.+3.3+3.4+3.5) Staff Expenses C. Operating Expenses C. Operating Profit Before Provision (B3.6-3.7) Provision for Possible Losses D. Operating Profit (C-3.8) Non Operating Income/Expenses (Net) Write Back of Provision for Possible Loss E. Profit from Regular Activities (D+3.9+3.10) Extraordinary Income/Expenses (Net) F. Profit Pebero Bonus and Taxes (E. + 3.11) Provision for Staff Bonus Provision for Staff Bonus Provision for Tax G. Net Profit/Loss (F3.12-3.13) Ratios Capital Fund To RWA Non Performing Loan (NPL) to Total Loan Total Loan Loss Provision to Total NPL Cost of Fund Ignnulazed - LCY)	This Guorier 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965 56,458 61,542 32,057 29,484 82 29,566 2,688 8,063 18,815 11.87% 130,51% 9,22%	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278 217,606 501,140 1,7477 502,887 699 - 503,586 (352) 503,234 45,749 140,943 316,542 12,34% 0,50% 265,09% 7,50%	Year Ouarler 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193 41,647 119,718 1,149 18,569 (340) 118,228 10,748 32,244 75,236
3.1 3.2 3.3 3.4 3.5 3.6 3.7 3.8 3.9 3.10 3.11 4.1 4.2 4.3	Interest Income Interest Expenses A. Net Interest income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (A+3.3+3.4+3.5) Staff Expenses Other Operating Expenses C. Operating Profit Defore Provision (B3.6-3.7) Provision for Possible Losses D. Operating Profit (C-3.8) Non Operating Income/Expenses (Net) Write Back of Provision for Possible Loss E. Profit from Regular Activities (D+3.9+3.10) Extraordinary Income/Expenses (Net) F. Profit before Bonus and Taxes (E. + 3.11) Provision for Staff Bonus Provision for Staff Bonus Provision for Tax G. Net Profit/Loss (F3.12-3.13) Ratios Capital Fund To RWA Non Performing Loan (NPL) to Total Loan Total Loan Loss Provision to Total NPL Cost of Fund (annualized - LCV) Credit to Deposit Ratio (as per NRB directives)	This Guorier 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965 56,458 32,057 29,484 82 29,566 2,688 8,063 18,815 11.87% 130,51%	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278 217,606 501,140 (1,747) 502,887 699 503,586 (352) 503,234 45,749 140,943 316,542	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193 41,647 119,718 1,149 118,256 118,228 118,228 10,748 32,244 75,236
3.1 3.2 3.3 3.4 3.5 3.6 3.7 3.8 3.9 3.10 3.11 3.12 4.1 4.2 4.3 4.4	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (4.+3.3+3.4+3.5) Stoff Expenses Other Operating Expenses C. Operating Expenses C. Operating Expenses D. Operating Profit Before Provision (83.6-3.7) Provision for Possible Losses D. Operating Profit (C-3.8) Non Operating Income/Expenses (Net) Write Back of Provision for Possible Loss E. Profit from Regular Activities (D+3.9+3.10) Extraordinary Income/Expenses (Net) F. Profit Before Bonus and Taxes (E. + 3.11) Provision for Stoff Bonus Provision for Tax G. Net Profit/Loss (F3.12-3.13) Ratios Capital Fund To RWA Non Performing Loan (NPL) to Total Loan Total Loan Loss Provision to Total Loan Total Loan Loss Provision to Total NPL Cost of Fund (annualized – LCY) Credit to Deposit Ratio (cs per NRB directives) Additional Information Iyear to date annualized fig.)	This Guorier 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965 56,458 61,542 32,057 29,484 82 29,566 2,688 8,063 18,815 11.87% 1,18% 1,18% 9,22% 83,51%	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278 217,606 501,140 1,7477 502,887 699 503,586 (352) 503,234 45,749 140,943 316,542 12,34% 0,50% 265,09% 7,50% 80,12%	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193 116,47 119,718 1,149 118,569 (340) 118,228 118,228 10,748 32,244 75,236
3.1 3.2 3.3 3.4 3.5 3.6 3.7 3.8 3.9 3.10 3.11 3.12 4.1 4.2 4.3 4.4	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (A.+3.3+3.4+3.5) Staff Expenses C. Operating Expenses C. Operating Profit Before Provision (B3.6-3.7) Provision for Possible Losses D. Operating Profit (C-3.8) Non Operating Income/Expenses (Net) Write Back of Provision for Possible Loss E. Profit from Regular Activities (D+3.9+3.10) Extraordinary Income/Expenses (Net) F. Profit Pefore Bonus and Taxes (E. + 3.11) Provision for Staff Bonus Provision for Tax G. Net Profit/Loss (F-3.12-3.13) Ratios Capital Fund To RWA Non Performing Loan (NPL) to Total Loan Total Loan Loss Provision to Total NPL Cost of Fund Iannualized - LCY) Credit to Deposit Ratio (as per NRB directives) Additional Information year to date annualized fig.)	This Guarter 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965 56,458 61,542 32,057 29,484 82 29,566 2,688 8,063 18,815 11.87% 130,51% 83,51%	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278 217,606 501,140 1,7477 502,887 699 503,586 (352) 503,234 45,749 140,943 316,542 12.34% 0.50% 265,09% 7,50% 80,12%	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193 41,647 119,718 1,149 118,569 (340) 118,228 10,748 32,244 75,236 12,30% 0,61% 227,40% 90,33%
3.1 3.2 3.3 3.4 3.5 3.6 3.7 3.8 3.9 3.10 3.11 3.12 4.1 4.2 4.3 4.4	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (A+3.3+3.4+3.5) Staff Expenses Other Operating Expenses C. Operating Profit Before Provision (B3.6-3.7) Provision for Possible Losses D. Operating Profit (C-3.8) Non Operating Income/Expenses (Net) Write Back of Provision for Possible Loss E. Profit from Regular Activities (D+3.9+3.10) Extraordinary Income/Expenses (Net) F. Profit Form Regular Activities (D+3.9+3.11) Provision for Staff Bonus Provision for Staff Bonus Provision for Tax G. Net Profit/Loss (F3.12-3.13) Ratios Capital Fund To RWA Non Performing Loan (NPU to Total Loan Total Loan Loss Provision to Total NPL Cost of Fund (annualized - LCY) Credit to Deposit Ratio (as per NPB directives) Additional Information (year to date annualized fig.) Total Yield (LCY)	This Guorier 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965 56,458 61,542 32,057 29,484 82 29,566 2,688 8,063 18,815 11.87% 130,51% 9,22% 83,51% 10,83% 1,61%	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278 217,606 501,140 (1,747) 502,887 699 503,586 (352) 503,234 45,749 140,943 316,542 12,34% 0,50% 265,09% 7,50% 80,12%	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193 41,647 119,718 1,149 118,569 (340) - 118,228 10,748 32,244 75,236 12,30% 0,61% 227,40% 5,73% 9,033%
3.1 3.2 3.3 3.4 3.5 3.6 3.7 3.8 3.9 3.10 3.11 3.12 4.1 4.2 4.3 4.4	Interest Income Interest Expenses A. Net Interest Income (3.1-3.2) Fees, Commission and Discount Other Operating Income Foreign Exchange Gain/ Loss (Net) B. Total Operating Income (A.+3.3+3.4+3.5) Staff Expenses C. Operating Expenses C. Operating Profit Before Provision (B3.6-3.7) Provision for Possible Losses D. Operating Profit (C-3.8) Non Operating Income/Expenses (Net) Write Back of Provision for Possible Loss E. Profit from Regular Activities (D+3.9+3.10) Extraordinary Income/Expenses (Net) F. Profit Pefore Bonus and Taxes (E. + 3.11) Provision for Staff Bonus Provision for Tax G. Net Profit/Loss (F-3.12-3.13) Ratios Capital Fund To RWA Non Performing Loan (NPL) to Total Loan Total Loan Loss Provision to Total NPL Cost of Fund Iannualized - LCY) Credit to Deposit Ratio (as per NRB directives) Additional Information year to date annualized fig.)	This Guarter 495,643 397,438 98,206 26,701 23,846 9,212 157,964 39,965 56,458 61,542 32,057 29,484 82 29,566 2,688 8,063 18,815 11.87% 130,51% 83,51%	Previous Quarter 1,871,066 1,188,918 682,148 100,337 41,614 37,925 862,024 143,278 217,606 501,140 1,7477 502,887 699 503,586 (352) 503,234 45,749 140,943 316,542 12.34% 0.50% 265,09% 7,50% 80,12%	Year Quarter 399,790 231,686 168,104 23,625 5,584 8,245 205,558 44,193 41,647 119,718 1,149 118,569 (340) 118,228 10,748 32,244 75,236 12,30% 0,61% 227,40% 90,33%

Note: Figures regrouped as & where necessary Nove 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)

I. Maior Financial Indicators (annualized fig.)

2. Management Analysis:

Under the review period, the bank has strengthened its capital base and deposit and worked to alleviate its real state exposure. The bank was sufficiently liquid throughout the period. Decline in profit has been observed in the quarter. Nevertheless, bank will offset the observed decline in profit in the following months by increasing its lending in SME & other productive sector & increasing fees base income by bringing innovative products in the market. 3. Details Regarding Legal Actions
a. Case filed by or to Kumari Bank Ltd. during the quarter. - None
b. Case filed by or commission of criminal offence. - None
c. Case filed against any 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

C. Case filed against any Promoter or Director of Kuman Bank Ltd. regarding commission of tinancial crime. - None
 Analysis of Share Transaction of Organized Institutions
 a. 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 Max. Price - Rs. 460 Min. Price- Rs. 340 Closing Price- Rs. 352 Total Transaction - 298 Transacted Day-54 day

5. Problems and Challenges
Internal Challenges
a. Retention of competent and qualified employees.

Increasing cost of operation on account of inflation

External Challenges

a. Competition & limited market.

b. 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

rder to increase the standard of corporate aovernance, following actions has been initiated by the bank

nder to increase mestandard or corporate governance, tollowing actions has been militated by 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

Thereby 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 fill the date 17 October 2010.