

**Kumari Bank Limited**  
**Unaudited Financial Results (Quarterly)**  
As at Third Quarter (13-Apr-2013) of the Fiscal Year 2012/2013

Rs '000

S.N.	Particulars	31.12.2069/ 13.04.2013 This Quarter Ending	29.09.2069/ 13.01.2013 Previous Quarter Ending	30.12.2068/12.04.2012 Corresponding Previous Year Quarter Ending
1	<b>Total Capital and Liabilities (1.1 to 1.7)</b>	<b>27,937,617</b>	<b>27,403,974</b>	<b>24,178,104</b>
1.1	Paid Up Capital	1,603,800	1,603,800	1,603,800
1.2	Reserve and Surplus	941,520	982,658	696,001
1.3	Debtenture and Bond	400,000	400,000	400,000
1.4	Borrowings	-	-	26,945
1.5	<b>Deposits (a+b)</b>	<b>23,923,568</b>	<b>23,423,356</b>	<b>20,665,627</b>
	a. Domestic Currency	22,818,833	22,418,279	19,871,175
	b. Foreign Currency	1,104,735	1,005,076	794,452
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	1,068,730	994,161	785,732
2	<b>Total Assets (2.1 to 2.7)</b>	<b>27,937,617</b>	<b>27,403,974</b>	<b>24,178,104</b>
2.1	Cash & Bank Balance	2,817,093	2,586,509	2,469,449
2.2	Money at Call and Short Notice	827,619	884,584	510,000
2.3	Investments	3,944,511	4,070,401	3,361,350
2.4	<b>Loans and Advances (a+b+c+d+e+f)</b>	<b>19,761,617</b>	<b>19,175,278</b>	<b>16,822,933</b>
	a. Real Estate Loan	2,311,052	2,395,155	2,683,275
	1. Residential Real Estate Loan	129,687	130,779	168,508
	2. Business Complex & Residential Apartment Construction Loan	575,882	558,485	521,617
	3. Income Generating Commercial Complex Loan	-	-	-
	4. Other Real Estate loan	1,605,483	1,705,891	1,993,150
	b. Personal Home Loan of Rs. 1 Crore or Less	1,621,862	1,569,849	1,392,289
	c. Margin Type Loan	318,554	252,259	305,499
	d. Term Loan	3,174,814	3,059,696	2,503,057
	e. Overdraft Loan/TR Loan/WC Loan	11,102,883	10,714,437	9,176,637
	f. Others	1,232,452	1,183,882	762,177
2.5	Fixed Assets	266,914	276,846	281,070
2.6	Non Banking Assets	-	-	-
2.7	Other Assets	319,864	410,356	733,302
3	<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	1,788,145	1,175,406	1,740,570
3.2	Interest Expenses	1,094,530	743,917	1,193,633
	<b>A. Net Interest Income (3.1-3.2)</b>	<b>693,616</b>	<b>431,489</b>	<b>546,937</b>
3.3	Fees, Commission and Discount	94,012	60,828	77,537
3.4	Other Operating Income	32,890	23,393	33,017
3.5	Foreign Exchange Gain/ Loss (Net)	43,525	28,149	33,203
	<b>B. Total Operating Income (A.+3.3+3.4+3.5)</b>	<b>864,043</b>	<b>543,859</b>	<b>690,694</b>
3.6	Staff Expenses	154,588	100,228	146,826
3.7	Other Operating Expenses	162,504	105,451	145,633
	<b>C. Operating Profit Before Provision (B.- 3.6-3.7)</b>	<b>546,950</b>	<b>338,180</b>	<b>398,235</b>
3.8	Provision for Possible Losses	283,220	185,943	266,634
	<b>D. Operating Profit (C-3.8)</b>	<b>263,731</b>	<b>152,237</b>	<b>131,601</b>
3.9	Non Operating Income/Expenses (Net)	328	49	3,358
3.10	Write Back of Provision for Possible Loss	326	326	127
	<b>E. Profit from Regular Activities (D+3.9+3.10)</b>	<b>264,384</b>	<b>152,611</b>	<b>135,087</b>
3.11	Extraordinary Income/Expenses (Net)	-	-	-
	<b>F. Profit before Bonus and Taxes ( E. + 3.11)</b>	<b>264,384</b>	<b>152,611</b>	<b>135,087</b>
3.12	Provision for Staff Bonus	24,035	13,874	12,281
3.13	Provision for Tax	72,105	41,621	36,842
	<b>G. Net Profit/Loss (F.-3.12-3.13)</b>	<b>168,244</b>	<b>97,116</b>	<b>85,964</b>
4	<b>Ratios</b>	<b>At the End of This Quarter</b>	<b>At the End of Previous Quarter</b>	<b>At the End of Corresponding Previous Year Quarter</b>
4.1	Capital Fund To RWA	11.61%	11.61%	12.72%
4.2	Non Performing Loan (NPL) to Total Loan	4.83%	4.38%	4.46%
4.3	Total Loan Loss Provision to Total NPL	80.14%	79.43%	75.55%
4.4	Cost of Funds (annualized - LCY)	6.60%	6.76%	8.61%
4.5	Credit to Deposit Ratio (as per NRB directives)	77.95%	77.07%	75.91%
4.6.2	Base Rate (FTM)	10.00%	9.92%	
<b>Additional Information (year to date annualized fig.)</b>				
	Total Yield (LCY)	10.68%	10.69%	12.20%
	Spread (LCY)	4.08%	3.93%	3.60%
	Return on Assets (ROA) (Rolling Avg)	1.34%	1.35%	0.69%
	Return on Equity (ROE) (Rolling Avg)	14.25%	14.22%	6.92%

Note: Figures regrouped as & where necessary.

Above figures may vary with the audited figures if modified by the external auditors or regulators.

Loans and Advances has been presented at gross value. Total Loan Loss Provision is included in Other Liabilities.

**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 (Rolling Avg.) – Npr 22.25

3. Price Earnings Ratio (P/E ratio) – 12.59

5. Liquidity – 29.22

2. Market Price per Share – Npr. 280

4. Net Worth per Share – Npr. 158.71

**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. –
  - Mrs Timila Shrestha has filed a case for injunction, void of mortgage deed, fraud and contempt of court in Lalitpur District Court.
  - Mr. Binod Singh Thakuri has filed a case for void of mortgage deed in Lalitpur Appeal Court.
  - Bank has filed a case for certiorari in Lalitpur Appeal Court against Land Revenue Office and Department of Foreign Employment.
  - Mr. Jitendra Bahadur Shrestha has filed a case for injunction in Lalitpur Appeal court.
  - Mr. Sanjay Kachhapati has filed a case for injunction in Lalitpur Appeal Court.
- b. Case filed by or against the promoter or director of Kumari Bank Ltd. regarding disobedience of prevailing law or commission of criminal offence. –
  - No such information has been received
- c. Case filed against any Promoter or Director of Kumari Bank Ltd. regarding commission of financial crime. –
  - No such information has been received

### **4. Analysis of Share Transaction of Organized Institutions**

- a. Management's view on share transactions of Kumari Bank Ltd. at Securities Market :  
Since the price of the stock is determined by open market operation, the management's view is neutral in this regard.
- b. Maximum, Minimum, and Closing price of shares including total transaction and transacted days during the quarter  
Max. Price - Rs. 312    Min. Price- Rs. 246    Closing Price- Rs.280    Total Transaction -633    Transacted Day-54 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, Risk Management Committee etc meet at regular intervals to critically review performance and initiate proactive actions.

### **7. Declaration by Deputy General Manager**

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 13 Apr 2013.