

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

Rs '000

S.N.	Particulars	29.09.2069/ 13.01.2013 This Quarter Ending	30.06.2069/ 16.10.2012 Previous Quarter Ending	30.09.2068/14.01.2012 Corresponding Previous Year Quarter Ending
1	<b>Total Capital and Liabilities (1.1 to 1.7)</b>	<b>27,403,974</b>	<b>26,417,638</b>	<b>23,588,691</b>
1.1	Paid Up Capital	1,603,800	1,603,800	1,603,800
1.2	Reserve and Surplus	982,658	905,506	635,167
1.3	Debenture and Bond	400,000	400,000	400,000
1.4	Borrowings	-	-	78,126
1.5	<b>Deposits (a+b)</b>	<b>23,423,356</b>	<b>22,542,701</b>	<b>20,091,092</b>
	a. Domestic Currency	22,418,279	21,591,132	19,300,489
	b. Foreign Currency	1,005,076	951,570	790,602
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	994,161	965,630	780,507
2	<b>Total Assets (2.1 to 2.7)</b>	<b>27,403,974</b>	<b>26,417,638</b>	<b>23,588,691</b>
2.1	Cash & Bank Balance	2,586,509	2,583,610	2,756,376
2.2	Money at Call and Short Notice	884,584	1,132,495	346,290
2.3	Investments	4,070,401	3,123,067	2,951,383
2.4	<b>Loans and Advances (a+b+c+d+e+f)</b>	<b>19,175,278</b>	<b>19,015,383</b>	<b>16,715,444</b>
	a. Real Estate Loan	2,395,155	2,414,263	2,864,481
	1. Residential Real Estate Loan	130,779	146,396	185,818
	2. Business Complex & Residential Apartment Construction Loan	558,485	475,298	559,075
	3. Income Generating Commercial Complex Loan	-	-	-
	4. Other Real Estate loan	1,705,891	1,792,569	2,119,588
	b. Personal Home Loan of Rs. 1 Crore or Less	1,569,849	1,506,240	1,303,326
	c. Margin Type Loan	252,259	311,032	305,679
	d. Term Loan	3,059,696	2,896,056	2,427,887
	e. Overdraft Loan/TR Loan/WC Loan	10,714,437	10,827,421	9,012,614
	f. Others	1,183,882	1,060,372	801,458
2.5	Fixed Assets	276,846	264,650	298,185
2.6	Non Banking Assets	-	-	-
2.7	Other Assets	410,356	298,432	521,013
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	1,175,406	603,838	1,129,900
3.2	Interest Expenses	743,917	392,036	795,060
	<b>A. Net Interest Income (3.1-3.2)</b>	<b>431,489</b>	<b>211,802</b>	<b>334,840</b>
3.3	Fees, Commission and Discount	60,828	33,397	52,929
3.4	Other Operating Income	23,393	11,974	23,110
3.5	Foreign Exchange Gain/ Loss (Net)	28,149	15,114	24,124
	<b>B. Total Operating Income (A.+3.3+3.4+3.5)</b>	<b>543,859</b>	<b>272,287</b>	<b>435,004</b>
3.6	Staff Expenses	100,228	50,411	97,462
3.7	Other Operating Expenses	105,451	52,256	94,155
	<b>C. Operating Profit Before Provision (B.- 3.6-3.7)</b>	<b>338,180</b>	<b>169,620</b>	<b>243,387</b>
3.8	Provision for Possible Losses	185,943	160,496	204,114
	<b>D. Operating Profit (C-3.8)</b>	<b>152,237</b>	<b>9,125</b>	<b>39,273</b>
3.9	Non Operating Income/Expenses (Net)	49	23	97
3.10	Write Back of Provision for Possible Loss	326	22,225	122
	<b>E. Profit from Regular Activities (D+3.9+3.10)</b>	<b>152,611</b>	<b>31,373</b>	<b>39,491</b>
3.11	Extraordinary Income/Expenses (Net)	-	-	-
	<b>F. Profit before Bonus and Taxes ( E. + 3.11)</b>	<b>152,611</b>	<b>31,373</b>	<b>39,491</b>
3.12	Provision for Staff Bonus	13,874	2,852	3,590
3.13	Provision for Tax	41,621	8,556	10,770
	<b>G. Net Profit/Loss (F.-3.12-3.13)</b>	<b>97,116</b>	<b>19,965</b>	<b>25,131</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%	12.78%	12.73%
4.2	Non Performing Loan (NPL) to Total Loan	4.38%	4.42%	4.04%
4.3	Total Loan Loss Provision to Total NPL	79.43%	74.33%	74.64%
4.4	Cost of Funds (annualized - LCY)	6.76%	7.02%	8.78%
4.5	Credit to Deposit Ratio (as per NRB directives)	77.07%	79.31%	77.64%
4.6	Base Rate (FTM)	9.92%	-	-
<b>Additional Information (year to date annualized fig.)</b>				
	Total Yield (LCY)	10.69%	10.99%	12.08%
	Spread (LCY)	3.93%	3.97%	3.30%
	Return on Assets (ROA) (Rolling Avg)	1.35%	1.02%	0.76%
	Return on Equity (ROE) (Rolling Avg)	14.22%	10.74%	7.42%

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 21.27 | 2. Market Value Per Share – Npr. 274 |
| 3. Price Earnings Ratio (P/E ratio) – 12.65      | 4. Net Worth Per Share – Npr. 161.27 |

**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. Sanjay Kachhapati has filed a case for injunction in Bara District court.
  - Mr. Jitendra Bahadur Shrestha has filed a case for contempt of court in Lalitpur Appellate 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. 301    Min. Price- Rs. 233    Closing Price- Rs.274    Total Transaction -1183    Transacted Day-50 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 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 13 Jan 2013.