

# Kumari Bank Limited

## Unaudited Financial Results (Quarterly)

As at Third Quarter (12-April-2012) of the Fiscal Year 2011/2012

Rs '000

S.N.	Particulars	30.12.2068/ 12.04.2012 This Quarter Ending	30.09.2068/ 14.01.2012 Previous Quarter Ending	30.12.2067/ 13.04. 2011 Corresponding Previous Year Quarter Ending
1	<b>Total Capital and Liabilities (1.1 to 1.7)</b>	<b>24,178,104</b>	<b>23,588,691</b>	<b>20,446,247</b>
1.1	Paid Up Capital	1,603,800	1,603,800	1,485,000
1.2	Reserve and Surplus	696,001	635,167	662,588
1.3	Debtenture and Bond	400,000	400,000	400,000
1.4	Borrowings	26,945	78,126	748,985
1.5	<b>Deposits (a+b)</b>	<b>20,665,627</b>	<b>20,091,092</b>	<b>16,636,573</b>
	a. Domestic Currency	19,871,175	19,300,489	15,701,495
	b. Foreign Currency	794,452	790,602	935,078
1.6	Income Tax Liability	-	-	-
1.7	Other Liabilities	785,732	780,507	513,101
2	<b>Total Assets (2.1 to 2.7)</b>	<b>24,178,104</b>	<b>23,588,691</b>	<b>20,446,247</b>
2.1	Cash & Bank Balance	2,469,449	2,756,376	1,825,159
2.2	Money at Call and Short Notice	510,000	346,290	328,000
2.3	Investments	3,360,235	2,951,383	2,273,938
2.4	<b>Loans and Advances (a+b+c+d+e+f)</b>	<b>16,822,933</b>	<b>16,715,444</b>	<b>15,357,773</b>
	a.Real Estate Loan	2,683,275	2,864,481	3,170,424
	1. Residential Real Estate Loan	168,508	185,818	128,911
	2. Business Complex & Residential Apartment Construction Loan	521,617	559,075	483,464
	3. Income Generating Commercial Complex Loan	-	-	-
	4. Other Real Estate loan	1,993,150	2,119,588	2,558,049
	b. Personal Home Loan of Rs. 1 Crore or Less	1,392,289	1,303,326	1,173,725
	c.Margin Type Loan	305,499	305,679	280,484
	d.Term Loan	2,503,057	2,427,887	2,260,901
	e.Overdraft Loan/TR Loan/WC Loan	9,176,637	9,012,614	7,624,353
	f. Others	762,177	801,458	847,886
2.5	Fixed Assets	281,070	298,185	320,172
2.6	Non Banking Assets	-	-	-
2.7	Other Assets	734,417	521,013	341,204
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	1,740,570	1,129,900	1,615,967
3.2	Interest Expenses	1,193,633	795,060	1,159,497
	<b>A. Net Interest Income (3.1-3.2)</b>	<b>546,937</b>	<b>334,840</b>	<b>456,470</b>
3.3	Fees, Commission and Discount	77,537	52,929	74,748
3.4	Other Operating Income	33,512	23,213	40,250
3.5	Foreign Exchange Gain/ Loss (Net)	33,203	24,124	30,017
	<b>B. Total Operating Income (A.+3.3+3.4+3.5)</b>	<b>691,189</b>	<b>435,107</b>	<b>601,485</b>
3.6	Staff Expenses	146,826	97,462	120,446
3.7	Other Operating Expenses	146,128	94,258	151,990
	<b>C. Operating Profit Before Provision (B.- 3.6-3.7)</b>	<b>398,235</b>	<b>243,387</b>	<b>329,049</b>
3.8	Provision for Possible Losses	266,634	204,114	68,331
	<b>D. Operating Profit (C-3.8)</b>	<b>131,601</b>	<b>39,273</b>	<b>260,717</b>
3.9	Non Operating Income/Expenses (Net)	3,358	97	294
3.10	Write Back of Provision for Possible Loss	127	122	24,436
	<b>E. Profit from Regular Activities (D+3.9+3.10)</b>	<b>135,087</b>	<b>39,491</b>	<b>285,447</b>
3.11	Extraordinary Income/Expenses (Net)	-	-	(342)
	<b>F. Profit before Bonus and Taxes (E. + 3.11)</b>	<b>135,087</b>	<b>39,491</b>	<b>285,104</b>
3.12	Provision for Staff Bonus	12,281	3,590	25,919
3.13	Provision for Tax	36,842	10,770	77,756
	<b>G. Net Profit/Loss (F.-3.12-3.13)</b>	<b>85,964</b>	<b>25,131</b>	<b>181,430</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	12.72%	12.73%	13.73%
4.2	Non Performing Loan (NPL) to Total Loan	4.46%	4.04%	1.08%
4.3	Total Loan Loss Provision to Total NPL	75.55%	74.64%	147.05%
4.4	Cost of Funds (annualized - LCY)	8.61%	8.78%	9.46%
4.5	Credit to Deposit Ratio (as per NRB directives)	75.91%	77.64%	86.11%
<b>Additional Information (year to date annualized fig.)</b>				
	Total Yield (LCY)	12.20%	12.08%	12.18%
	Spread (LCY)	3.60%	3.30%	2.72%
	Return on Assets (ROA)	0.69%	0.76%	1.34%
	Return on Equity (ROE)	6.93%	7.42%	14.29%

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 9.71            | 2. Market Value Per Share – Npr. 189.00 |
| 3. Price Earnings Ratio (P/E ratio) – 19.46 | 4. Net Worth Per Share – Npr. 143.40    |

#### 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 Mr. Binod Singh Thakuri in Kathmandu District Court for void of mortgage deed 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 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. 211    Min. Price- Rs. 162    Closing Price- Rs.189    Total Transaction -376    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, 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 till the date 12 Apr 2012.