

Kumari Bank Limited
Unaudited Financial Results (Quarterly)

As at First Quarter (17-October-2011) of the Fiscal Year 2011/2012

Rs '000

S.N.	Particulars	30.06.2068/ 17.10.2011 This Quarter Ending	32.03.2068/ 16 07.2011 Previous Quarter Ending	31.06.2067/ 17.10. 2010 Corresponding Previous Year Quarter Ending
1	Total Capital and Liabilities (1.1 to 1.7)	21,454,176	20,517,234	20,011,138
1.1	Paid Up Capital	1,485,000	1,485,000	1,306,800
1.2	Reserve and Surplus	800,532	757,975	498,566
1.3	Debtenture and Bond	400,000	400,000	400,000
1.4	Borrowings	520,557	660,925	490,900
1.5	Deposits (a+b)	18,006,627	16,986,279	16,784,422
	a. Domestic Currency	17,087,784	16,140,683	16,276,295
	b. Foreign Currency	918,843	845,596	508,128
1.6	Income Tax Liability	1,541	-	-
1.7	Other Liabilities	239,920	227,056	530,449
2	Total Assets (2.1 to 2.7)	21,454,176	20,517,234	20,011,138
2.1	Cash & Bank Balance	2,537,379	1,168,524	2,011,112
2.2	Money at Call and Short Notice	526,102	451,520	277,000
2.3	Investments	2,130,723	3,532,285	2,259,677
2.4	Loans and Advances (a+b+c+d+e)	15,569,380	14,666,309	14,855,630
	a. Real Estate Loan	2,909,097	2,954,712	3,466,301
	1. Residential Real Estate Loan	239,442	227,540	162,262
	2. Business Complex & Residential Apartment Construction Loan	555,381	557,298	490,449
	3. Income Generating Commercial Complex Loan	-	-	-
	4. Other Real Estate loan	2,114,274	2,169,873	2,813,591
	b. Personal Home Loan of Rs. 80 Lacs or Less	1,125,288	1,064,957	1,009,259
	c. Margin Type Loan	292,905	257,204	329,880
	d. Term Loan	2,358,556	2,189,220	2,226,001
	e. Overdraft Loan/TR Loan/WC Loan	8,139,625	7,424,229	7,223,155
	f. Others	743,909	775,987	601,034
2.5	Fixed Assets	297,273	306,278	316,335
2.6	Non Banking Assets	-	-	-
2.7	Other Assets	393,321	392,318	291,384
3	Profit and Loss Account	Upto This Quarter	Upto Previous Quarter	Upto Corresponding Previous Year Quarter
3.1	Interest Income	557,249	2,251,469	495,643
3.2	Interest Expenses	390,412	1,566,552	397,438
	A. Net Interest Income (3.1-3.2)	166,836	684,917	98,206
3.3	Fees, Commission and Discount	27,550	100,035	26,701
3.4	Other Operating Income	8,638	53,312	17,231
3.5	Foreign Exchange Gain/ Loss (Net)	11,476	36,719	9,212
	B. Total Operating Income (A.+3.3+3.4+3.5)	214,501	874,983	151,350
3.6	Staff Expenses	48,750	168,352	39,965
3.7	Other Operating Expenses	46,646	212,032	49,859
	C. Operating Profit Before Provision (B.- 3.6-3.7)	119,105	494,599	61,526
3.8	Provision for Possible Losses	61,099	61,133	32,057
	D. Operating Profit (C-3.8)	58,006	433,467	29,469
3.9	Non Operating Income/Expenses (Net)	58	497	97
3.10	Write Back of Provision for Possible Loss	8,448	1,376	-
	E. Profit from Regular Activities (D+3.9+3.10)	66,512	435,340	29,566
3.11	Extraordinary Income/Expenses (Net)	-	(342)	-
	F. Profit before Bonus and Taxes (E. + 3.11)	66,512	434,997	29,566
3.12	Provision for Staff Bonus	6,047	39,545	2,688
3.13	Provision for Tax	18,140	118,636	8,063
	G. Net Profit/Loss (F.-3.12-3.13)	42,326	276,817	18,815
4	Ratios			
4.1	Capital Fund To RWA	13.43%	14.45%	11.87%
4.2	Non Performing Loan (NPL) to Total Loan	2.20%	1.12%	1.18%
4.3	Total Loan Loss Provision to Total NPL	89.53%	154.81%	130.51%
4.4	Cost of Funds (annualized - LCY)	8.83%	9.56%	9.22%
4.5	Credit to Deposit Ratio (as per NRB directives)	82.02%	81.22%	83.51%
Additional Information (year to date annualized fig.)				
	Total Yield (LCY)	12.00%	12.63%	10.83%
	Spread (LCY)	3.17%	3.07%	1.61%
	Return on Assets (ROA)	0.81%	1.37%	0.36%
	Return on Equity (ROE)	7.75%	13.68%	4.09%

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 11.19 | 2. Market Value Per Share – Npr. 215.00 |
| 3. Price Earnings Ratio (P/E ratio) – 19.22 | 4. Net Worth Per Share – Npr. 153.91 |
| 5. Liquidity (CRR) – 6.44% | |

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 jointly filed by Mr. Ashok Pratap Rana and Mrs. Bidhya Laxmi Rana in Kathmandu District Court for void of mortgage deed against the bank.
 - A case has been filed by Mr. Durga Prasad Poudel in Morang District Court for fraud and void of auction against the bank.
 - Bank has filed a case for review of tax assessment against the Large Tax Payer and Inland Revenue office in Revenue Tribunal.
- 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. 284 Min. Price- Rs. 208 Closing Price- Rs.215 Total Transaction -341 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 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 17 Oct 2011.