



Kumari Bank Limited
Unaudited Financial Results (Quarterly)
As at First Quarter (17-October-2010) of the Fiscal Year 2010/2011

Rs '000

S.N.	Particulars	31.06.2007 / 17.10. 2010 This Quarter Ending	32.03.2007 / 16 .07. 2010 Previous Quarter Ending (audited)	31.06. 2006/ 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	Debtenture 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)	20,180,351	20,522,475	18,604,989
2.1	Cash & Bank Balance	2,011,112	2,723,829	1,267,827
2.2	Money at Call and Short Notice	277,000	120,000	688,667
2.3	Investments	2,259,677	2,296,873	1,547,005
2.4	Loans and Advances (a+b+c+d+e)	14,855,630	14,765,912	14,451,764
	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 Construction Loan	490,449	507,561	464,112
	3.Income generating Commercial Complex Loan	-	-	-
	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
3	Profit and Loss Account	Upto This Quarter	Upto Previous Quarter	Up to Corresponding Previous Year Quarter
3.1	Interest Income	495,643	1,871,066	399,790
3.2	Interest Expenses	397,438	1,188,918	231,686
	A. Net Interest Income (3.1-3.2)	98,206	682,148	168,104
3.3	Fees, Commission and Discount	26,701	100,337	23,625
3.4	Other Operating Income	23,846	41,614	5,584
3.5	Foreign Exchange Gain/ Loss (Net)	9,212	37,925	8,245
	B. Total Operating Income (A.+3.3+3.4+3.5)	157,964	862,024	205,558
3.6	Staff Expenses	39,965	143,278	44,193
3.7	Other Operating Expenses	56,458	217,606	41,647
	C. Operating Profit Before Provision (B.- 3.6-3.7)	61,542	501,140	119,718
3.8	Provision for Possible Losses	32,057	(1,747)	1,149
	D. Operating Profit (C-3.8)	29,484	502,887	118,569
3.9	Non Operating Income/Expenses (Net)	82	699	(340)
3.10	Write Back of Provision for Possible Loss	-	-	-
	E. Profit from Regular Activities (D+3.9+3.10)	29,566	503,586	118,228
3.11	Extraordinary Income/Expenses (Net)	-	(352)	-
	F. Profit before Bonus and Taxes (E. + 3.11)	29,566	503,234	118,228
3.12	Provision for Staff Bonus	2,688	45,749	10,748
3.13	Provision for Tax	8,063	140,943	32,244
	G. Net Profit/Loss (F.-3.12-3.13)	18,815	316,542	75,236
4	Ratios			
4.1	Capital Fund To RWA	11.87%	12.34%	12.30%
4.2	Non Performing Loan (NPL) to Total Loan	1.18%	0.50%	0.61%
4.3	Total Loan Loss Provision to Total NPL	130.51%	265.09%	227.40%
4.4	Cost of Fund (annualized - LCY)	9.22%	7.50%	5.73%
4.5	Credit to Deposit Ratio (as per NRB directives)	83.51%	80.12%	90.33%
	Additional Information (year to date annualized fig.)			
	Total Yield (LCY)	10.83%	10.80%	9.10%
	Spread (LCY)	1.61%	3.30%	3.37%
	Return on Assets (ROA)	0.36%	1.59%	1.60%
	Return on Equity (ROE)	4.09%	17.79%	17.93%

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. 5.65 | 2. Market Value Per Share — Npr. 352 |
| 3. Price Earnings Ratio (P/E ratio) — 62.29 times | 4. Net Worth Per Share — Npr. 138 |
| 5. Return to Total Assets (ROA) — 0.36% | 6. Liquidity (CRR) - 5.52% |

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

- Case filed by or to Kumari Bank Ltd. during the quarter. - None
- Case filed by or against the promoter or director of Kumari Bank Ltd. regarding disobedience of prevailing law or commission of criminal offence. - None
- 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

- 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 days

5.Problems and Challenges

Internal Challenges

- Retention of competent and qualified employees.
- Increasing cost of operation on account of inflation.
- Increasing pressure on spread.

External Challenges

- Competition & limited market.
- 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

In order to increase the standard of corporate governance, following actions has been initiated by the bank:

- 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.
- 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 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 October 2010.



BANKING PAR EXCELLENCE