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13th Annual Report

2012-13



कुमारी बैंक लिमिटेड
KUMARI BANK LIMITED

सबैका लागि, सधैका लागि

Contents

2	Introduction
3	Chairman's Message
4	Board of Directors
5	Board of Director's Report
13	CEO's Message
14	Management Team
17	Product Review
18	Auditor's Report
21	Schedules
66	Significant Accounting Policies
68	Notes to Accounts
80	Disclosure as per Basel II
86	Kumari Bank Branch & Branch Heads
88	ATM Locations

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Introduction

Kumari Bank Limited started its banking operations from 3 April 2001 (21 Chaitra 2057 BS) as the fifteenth commercial bank in Nepal. Since its inception, Kumari Bank has been providing competitive and modern banking services to all Nepali consumers, and has stood as one of the most trusted banks in Nepal with paid up capital of Rs. 1,603,800,000 of which 70% is contributed from promoters and the rest 30% from the public.

Kumari Bank Limited has extended its services far and wide across the nation with 30 points of representations – 20 outside the Kathmandu valley and 10 inside the valley including the extension counters. Kumari Bank has become one of the most flexible banking service providers with its wide-range of modern banking services together with the latest and most lucrative banking services like Kumari Mobile Banking Services and Internet Banking Services. With changing times, technological advances have made their way into Kumari Bank's internal system – modern Globus (T24) Software, developed by Temenos NV, Switzerland and arrangement of centralized database system – enabling the customers with not just prompt and easily accessible services but equally confident secured transaction from any branch of Kumari Bank. With these systems, customers of Kumari Bank can access to its services anywhere, everywhere.

Kumari Bank has opened its doors to the customers for all 365 days of the year, and with extended banking hours up to 7 pm. Customers can make utility bill payments, online remit services, inward and outward remittance and other banking services just according to their requirement.

Kumari Bank has received national and international recognitions. The bank has been recognized for its innovative services conjoined with enhanced customer value via transparent business practice, professional management, corporate governance and total quality management. The mission of Kumari Bank is to provide services to all Nepalese – and whilst doing so, serve the customers to fulfill their needs, offer modernized banking services, bring innovative packages, newer and competitive banking products, and keep up with the global line of banking discoveries.

Vision

Our vision is to be the preferred financial partner to our customers, a center of career growth to our employees, and to maximize our shareholders' value, while contributing to our nation's financial sector and to its economic welfare.

Mission

Our mission is to deliver innovative products and services to our customers, use these innovative products to achieve financial inclusion, and do so by exemplifying good corporate governance, proactive risk management practices, and superior corporate social responsibility.

Chairman's Message



On behalf of the Board of Directors, I would like to welcome all our shareholders and take this opportunity to inform that the Bank has announced 14% stock dividend and 0.74% cash dividend from the profit of FY 2069/70 by the Board of Directors meeting held on 5 March 2014. Let me present before you the Bank's financial status, achievement and future prospects.

From the performance of the past years, it is evident that the Bank has had a significant increment in the financial business. Analyzing the financial statement of review period, the Bank has continually grown because of which, compared to the previous FY, the Bank's balance sheet size has grown by 12.30% reaching Rs. 28.22 billion. During the review period, the Bank has gained significant growth in loans, investments and deposits which reached NPR 20 billion, NPR 4 billion and NPR 25 billion which is a growth of 11.15%, 40.62% and 15.16% respectively. Similarly, on the income side, Net Interest Income and Fee and Commission Income during the review period were increased by 19.40% and 13.13% respectively. With 28.93% increase in foreign exchange income, Total Operating Income during the period has increased by almost 19%. Similarly, Operating Expenses have increased by 6.88% and Operating Profit before Provision for Loan Loss by 26.73%. Despite the

problems and issues of real estate sector remaining the same as previous FY, the Bank has succeeded in increasing its Net Profit by 5.80%. The Bank paid NPR 123 million as corporate tax to the Government during the review period. During the period, Bank has been able to manage most of graded credit relationships that are funded in real estate sector, we are confident that the profitability of the Bank will increase in the upcoming years.

I assure you that your Bank will remain focused on good corporate governance and excellent management thus adding to overall progress.

Finally, I would like to thank the Board Members for their cooperation and encouragement, the Central Bank and other regulatory bodies for support and guidance, respected shareholders and business partners for their trust and all the employees for their devotion and dedication.

Best wishes!

Mr. Noor Pratap J. B. Rana
Chairman



Board of Directors

From Left to Right

- Mr. Noor Pratap J.B. Rana, Chairman
- Prof. Dr. Rajan Bahadur Poudel, Director
- Dr. Shova Kant Dhakal, Director
- Mr. Uttam Prasad Bhattarai, Director
- Mr. Naresh Dugar, Director
- Mr. Amir Pratap J.B. Rana, Director
- Mr. Rishi Agrawal, Director
- Mr. Rashindra Bahadur Malla, Director

Board of Directors' Report

For thirteenth Annual General Meeting

Respected Shareholders,

On behalf of the Board of Directors, we would like to welcome all the shareholders to the thirteenth Annual General Meeting of Kumari Bank Ltd. We are delighted to present you this bank's financial status, its achievement and future prospects in this thirteenth Annual General Meeting. From its inception, this bank has been achieving continuous progress through modern banking technology and practices. In the days to come, we shall continuously put in effort to deliver our best services. We take your suggestions as our course of action so that the bank can be more successful and sustained. We take your permission to present you with the achievements attained in the fiscal year 2069/70.

1. A holistic view of the transactions in the past years

Table 1: Financial look at the bank's past 5 years' performance

Amount in Rs. million					
Fiscal year	065/66	066/67	067/68	068/69	069/70
Particulars					
Paid-up Capital	1,186.09	1,306.01	1,603.80	1,603.80	1,603.80
Deposit	15,710.93	17,432.25	16,986.28	21,985.20	25,318.57
Loans, Borrowings & Advances	14,795.26	14,966.08	14,926.23	18,101.34	20,119.79
Fixed Asset (Net)	247.83	285.64	306.28	277.27	255.86
Interest Income	1,374.72	1,871.07	2,251.79	2,441.58	2,464.31
Interest Expense	816.20	1,188.92	1,566.55	1,622.49	1,486.28
Net Interest Income	558.52	682.15	685.24	819.09	978.03
Other Income	157.85	164.35	190.06	203.36	237.05
Operating Expense	302.49	345.36	380.93	406.32	434.27
Operating Profit before loan loss provision	413.89	501.14	494.38	616.13	780.81
Net Profit/(Loss)	261.44	316.54	251.24	275.50	291.45

Looking at the performance of the past 5 years, it is evident that the bank has had a significant increment in this financial business. In the past years, the bank has had a good deposit collection and had increased the area of loan and to cope up with increased financial transaction, bank had increased the capital as well. The bank has been able to increase its profit along with its balance sheet size.

A comparison between the fiscal year 2069/70 and 2068/69 shows that bank's deposit and loan has increased respectively by 15.16% and 11.15%. Similarly, operating income and operating expenses has increased respectively by 18.84% and 6.88% and operational profit before loan by 26.73%. As the real state sector's problem remain same as previous fiscal year Net Profit increased just by 5.80%. During the period, bank has managed the most of problematic loans that are funded in real estate sector. So we are confident about the increase of bank profit in the upcoming years. With the experiences gained from the past, the bank shall strive to perform better in the days to come.

2. Reviewing national/international economy:

International Monetary Fund has estimated that the world economic growth in the year 2013 is to be at around 3%. At the same time, United States' economy is expected to grow around 1.9% and European economy is projected to contract by 0.4%. The impact of 2008 financial crisis which started from United States is mitigated and there is also some improvement in Europe's sovereign debt crisis. So the world economic scenario seems quite positive. In the year 2013, emerging and developing countries' economy are expected to grow at around 4.7%. At the same time, Indian and Chinese economies are expected to grow respectively at 4.4% and 7.7%. World Economy has moved towards improvement from recession but with persistent risks and challenges.

Demand side is still weak in the world economy. In this perspective, there is less pressure in global inflation. According to International Monetary Fund's projection in the year 2013 consumer inflation rate will be 1.4% in developed countries. Similarly, inflation rate will be at around 6.1% in emerging and developing countries. At the same time, inflation rate of neighboring country India is expected to be at 10.4%.

The world economy has little effect on Nepali economy, but the economic increment of Nepal itself is really low. According to the initial estimation of Central Bureau of Statistics in the fiscal year 2069/70, gross production in the basic cost and production cost is projected to be respectively around 3.6% and 3.7%. The increment rate for the same in previous year was 4.5% and 4.9% respectively. During the analysis period, agricultural and non-agricultural sector is expected to expand by 1.3% and 5% respectively, which was 5% and 4.2% in the previous fiscal year. During the review year, Industrial sector is expected to grow just by 1.6%. The increment rate in this sector in previous year was 3%. Structural head winds like untimely full budget, extensive load shedding, and industrial labor problem contributed to the Industrial sector's sluggish growth. In the fiscal year 2069/70, service sector's growth rate is expected to be 6.0%, which was 4.5% in the previous fiscal year. Expansion of sub-sectors like retail and wholesale business, hotel and restaurant, transportation, communication and financial mediator contributed to the improvement of overall service sector.

In the fiscal year 2069/70, the share of total consumption in Gross Domestic Product is 90.7% and total saving is 9.3%, which were respectively 88.5% and 11.5% in the previous year.

The annual average consumer price inflation (CPI) has increased by 9.9 percent in the fiscal year 2069/70, which was 8.3 percent in previous fiscal year.

Total goods export growth which was increased by 15.4% in the previous fiscal year, is expanded just by 3.6% in the review year. Export growth rate towards both India and other countries were less than previous year. Due to this export growth rate declined in the previous fiscal year. Likely, total goods import is increased by 20.6% which was 16.5% in the previous year. High increase in Indian import play vital role in making import rate higher. In this way, the export-import ratio which was 16.1% in the previous fiscal year came down to 13.8% in the review year.

Remittance income, which has been the main source of foreign exchange earnings since a decade, surged by 20.9% during FY 2069/70 compared to a growth of 41.8% during the corresponding period of the previous year.

In the fiscal year 2069/70 loan and investment of bank and financial institutions is increased by 18.6%. In the previous year increment rate of loan and investment was 13.2%. Likewise, in the review year, loan provided by bank and financial institution to the private sector was increased by 20.8%, which was 12.2% in the previous fiscal year. In the review year, bank and financial institution's deposit mobilization was expanded by 17.4%, which was 22.9% a year ago.

In the fiscal year 2069/70, bank and financial institutions' liquidity condition has eased. So, short term/temporary interest rates are quite low. The weighted average 91-day Treasury bill rate stood at 1.19% in the end of Ashad 2070, which was 1.15% a year ago. Commercial bank's weighed average inter-banking rate remained same as the previous year at 0.86%.

In the fiscal year 2069/70, there is significant improvement in stock market. In the end of Ashad 2070 NEPSE Index was increased by 33% and reached at 518.3 points. During the same period of previous fiscal year NEPSE index rose by 7.4% to 389.7 points. In the fiscal year 2069/70 stock market has tremendous growth in trading amount also.

According to the data of Ashadh End 2070, published by Nepal Rastra Bank, there are 31 A category, 86 B category, 59 C and 31 D category, altogether there are 207 bank & financial institutions. (Source: Nepal Rastra Bank Website)

3. Review of the Bank's operations in FY 2069/70:

National/International economic growth was not that easy during the review year. Just like the economic state from the past few years, last year was also not so positive. Nations' political instability, energy crisis, declining real estate business, problematic labor relation and inability to bring full budget in time and other many setbacks made the banking business drop low. But even with grim conditions, in the FY 2069/70, the bank has met with some significant successes in the deposit, loan, profit, service etc. Analyzing the financial statement of review period, the bank has continually grown – because of which, compared to the previous FY, the bank's size has grown by 12.30% reaching Rs. 28.22 billion.

A. Capital management: By the end of FY 2070/71, the total primary capital has to be Rs.2 billion (according to Nepal Rastra bank) – of which the bank has paid-up capital of Rs. 1.82 billion (inclusion of proposed bonus share). Also, the capital adequacy has to be a minimum of 10%, of which, by the end of review period, the total capital adequacy is 12.17%.

B. Deposit: Compared to the last FY, the increment in deposits is high. The deposit has increased by 15.16% and the total deposit reached at Rs. 25.31 billion.

Table 2: Comparative State of deposits:

Figures in million

Deposit	FY 2069/70	% of total deposits	FY 2068/69	% of total deposits
Current	1,175	4.64	1,135	5.16
Savings	6,823	26.95	5,887	26.78
Call	5,968	23.57	5,805	26.4
Fixed	11,353	44.84	9,158	41.66
Total	25,319	100	21,985	100

C. Lending and its management: In FY 2068/69, the bank's total loan was Rs. 18.10 billion, while at the end of review year, it increased by 11.15% reaching Rs. 20.11 billion. Even as the deposit has increased, the ratio of loan and deposit was too high, and thus during the review year, the loan has been increased carefully. The bank has distinguished its lending into personal loans, education loans, small business loans, organizational loans and development projects loan. During the review period, inactive loan was 2.89%, but the gross inactive loan ratio was only 0.63%. The bank suffered from the low movement in real estate, just like other banks. Because of this, the inactive loan has increased. We would like to inform you that we shall regulate these loans in the days to come.

In FY 2068/69 the loans of real estate amounted to Rs. 2.56 billion, which the bank brought down by 14.92% to Rs. 2.18 billion. Nepal Rastra Bank directed real estate loan to be dropped down to 25% by the end of FY 2069/70, which the bank has already made it to 10.86% by the end of 2070. All the commercial banks in Nepal have been able to bring down the percentage only by 5.80% (Source: Unpublished Financial Data), and the decline of 14.92% has been taken positively. In this context, the bank's management is working vigorously to minimize the risk of real estate loans.

D. Investment: In accordance with the bank's objective of getting returns from the overall resources by maintaining balanced liquidity, the bank has given continuity to its policy of investing in Nepal Government and Nepal Rastra Bank's risk free securities (treasury bills, development bond).

The bank has been carefully investing in local and international market and various organizations' share and bonds. The bank has invested Rs. 3.26 billion in NG's treasuring bills making the total investment of the bank to be Rs. 4.13 billion by the end of FY 2069/70.

E. Profit: During the review period, the bank has gained significant growth in both loans and deposits. Because of the nation's improving liquidity, the deposits' interest rate has decreased compared to the last FY. Due to this, the bank's net interest income raised by 19.40% compared to the previous FY. Regarding fee and commission, during the review period, the bank's earning from these were 13.13%. The increment in dollar's price during the review period made a positive impact, the forex earning increased by 28.93%.

Continued cost control policy resulted in growth of administrative expenses by 8.7% only. It is rather a challenging thing to safeguard the manpower and bring improvement in them when there are so many banks and financial institutions in the market. Because of this factor, during the review period, the salary provided to the staffs has increased and the manpower expenses have thus increased by 4.89%. According to this, the net operation expenses have reached a total of 6.88% during the review period. Operating Profit before loan loss has increased by 26.73% during the review period. But due to the decline in real estate business, the net loan loss management increased by 65.51% - which hampered in the bonus structure for the staffs and the profit before taxation reaching up to 6.38% only. By this, the bank's net profit during the review period came out to be only 5.80% increment.

F. Contribution to Government Revenue: The bank has already paid Rs. 123 million as corporate tax to the government during this year's review period in comparison to the entire FY 2068/69 when Rs.112 million was paid in tax.

G. Products and Services: The bank has continually expanded services beneficial for the customers during the review period. Considering the services towards the depositors, the bank has introduced Flexi Fix deposit scheme. Under this scheme, depositors could utilize all the facilities of saving account as well as could get interest as per Fixed deposit. The bank itself has been providing bill payment facility to NTC ADSL service users. This service facilitates the customers to pay for NTC ADSL services from any branch of Kumari bank, via Kumari Mobile Cash or internet banking as well. Also, the customers can make bill payments for NTC Prepaid Recharge Card, Worldlink Recharge Card, NTC Postpaid Bill, NTC Landline Bill, Ncell Postpaid Bill, and others. The bank has made agreement with the Russlav Bank of Russia for remittance transactions. As per the agreement, Russlav bank and its agents could ease in inward remit to Nepal from any part of the world through the bank or its agents. The bank has also made agreement with Bank of Kathmandu in order to expand the Kumari remit service. As per the agreement, the customers could access Kumari remit service through any of the branches of BOK.

The bank has been introducing newest and the most modern products and services since its inception. Technologically sound and modern services have helped the bank reach a respectable position in the financial market. The bank is even more resilient to bring newer services and added features for easier access of the products to people. Our products and service areas encompass education loan, exports-imports business, hybrid loan, remittance service, and various types of deposit services and others as well. Products that are introduced to cope up with the market competition like Visa Electron Debit Card, Internet Banking, eSewa, SMS Banking, Kumari Mobile Banking, and others have been very popular. Visa Electron, Dollar Debit cards can be accessed via VISA network in Nepal, India and any other part of the world. The Bank has been continuously working towards adding remittance agency in order to provide better access to sending and receiving funds from inside and outside the country via Kumari Remittance Software.

H. Branch and Network Expansion: Keeping the overall state of the country and the financial field in mind, the bank has not established any new branches, but for market expansion, the bank has established Extension Counter in Rastriya Beema Sansthan, Ramshah Path as well as installed 4 ATMs. We would like to inform that as the country's economic conditions starts escalating, we shall initiate the branch expansion process. To this day, the bank has a total of 28 branches, 2 extension counters and 39 ATMs.

I. Corporate governance: Banks and financial institutions are public organizations not only operated with shareholders' funds but also through institutional and public deposits. This means that moral character and good corporate governance are two extremely sensitive issues that the bank takes into account. Being aware that good corporate governance is the guiding path of the bank's operations, the board of directors is consistently giving effort to conduct its activities according to the same, and to develop strong and transparent good corporate governance also in other activities of the bank.

J. Risk Management: A separate risk management sub-committee has been established to identify, monitor and protect the bank from potential risks associated with different activities of the bank. Policies and regulations have also been formed and implemented to manage the numerous risks associated with banking activities as well as other potential risks. The bank has taken the policy to make the internal control system more effective and efficient by properly managing the bank's loans, operations, market and other risks.

The bank has executive management that formulates required policies, regulations, and documentation related to loan management, customer recognition, stress test and daily transactions activities.

a. Loan Risks Management: To manage loan risks, the bank has taken up a policy to determine the loan risk segments and invest in the least risky segment. And, the bank has given priority to concentrated risk minimization.

b. Operating Risks Management: All activities related to the bank's operations are based on given policies and guidelines and clearly stated work ethics and implementation. Because of this, we are confident that operating risks are being managed well.

c. Liquidity Risk Management: Considering the scenario of liquidity crunch in the past years and the risk associated with it, bank has focused on stable deposit mobilization. The bank has followed the policy to invest in riskless liquid assets like treasury bills, and development bonds sanctioned by Nepal Rastra Bank, to keep a balanced liquidity and to make profits from all the sources.

d. Market Risk Management: The bank has made policies and devised working methods to monitor the foreign exchange situation to minimize risks associated with fluctuations in foreign currency exchange rates. Similarly, arrangements have also been made for formulating the necessary policies and regulation by regular monitoring market interest rates.

K. Corporate Social Responsibility: The bank is aware of its social responsibilities along with this professional intent as well. In the review year, the bank provided scholarship to children via HOPAD Child and Women Promotion Society (NGO). Also, during the Hindu festivities of Teej, celebrated by women, the bank provided free health check-up camp at the Pashupatinath temple. Conserving our culture is our responsibility. With this regard, the bank made provisions in cash and T-shirts (kind) to the sponsors of Kumari Jatra.

L. Committees and sub-committees appointed by Board of Directors

According to popular law and the policies made under bank's authority, the following committees and sub-committees are in place:

a. Audit committee: In accordance with Section 164 of the Company Act, an audit committee was in place comprising of Directors Naresh Dugar and bank's internal audit chief member under the convenorship of Non-executive Director Prof. Rajan Bahadur Paudel. The bank's internal audit division reports directly to this committee.

b. Human resource sub-committee: To guide management in selection of able employees, recruitment, appointments, skill development and related services/facilities, and other such matters, a human resource sub-committee comprising of director Rashindra Bahadur Malla under the convenorship of Dr. Shobha Kant Dhakal is in place.

c. Risk management committee: To correctly identify and eradicate the risks of the bank, a committee comprising of director Prof. Rajan Bahadur Paudel, director Rishi Agrawal and director Uttam Prasad Bhattarai is in place that formulates policies, regulations for the same.

Such committees and sub-committees appointed by the board of directors have been conducting their activities within the premises set by the Board, Company Act 2063 and in accordance to the Nepal Rastra Bank's directives. This committees and sub-committees' work, duties and authority and the convenors and members of the stated committees and sub-committees have not been provided with any additional reimbursements and facilities except for meeting allowances.

d. Other management level committees: Besides the above mentioned committees and sub-committees appointed by the Board of Directors, the following have also been conducting their activities under convenorship of the CEO in order to implement the bank's activities more effectively: management committee, asset and liability management committee, labor relations, pricing committee, HR committee, discipline and performance review committee, and bad loans recovery committee.

M. Human resource: Executives/staffs play the key role for the overall development of any bank. The bank human resource policy appoints able and professional staffs while recruiting and to increase the efficiency, professional ability, managerial techniques and productivity of the staffs, the bank provides national and international level training as well. The bank is currently focused to increase the efficiency of the manpower and bring in new techniques, so that in the days to come, the ratio between risk and result is balanced. The bank continually amends the Executive Service Terms, 2064 so that the administration of the bank is always effective. Also, the bank's executive organizational structure is reviewed and new structure is put in its place so that the operation becomes more effective even so often. At the end of the review period, 377 staffs are working in the bank. During the review period, our staffs were involved in various sporting and social activities as well.

3. Current year's achievements and programs: These are the financial status of the current year (till the end of Falgun month).

Table No. 3, Current year's financial glimpse:

Amount in Rs. million				
Titles	2070 Falgun month's end	2069 Falgun month's end	Change (Rs.)	Change %
Paid-up Capital	1,604	1,604	-	0.00%
Deposit	27,254	22,950	4,304	19%
Loans, Borrowings and Advances	21,964	19,161	2,802	15%
Fixed Assets	4,899	4,497	403	9%
Interest Income*	1,634	1,653	(19)	-1%
Interest Expense	1,071	968	103	11%
Net Interest Income	563	684	(121)	-18%
Other Income	223	148	75	51%
Operating Expense	299	278	21	8%
Operating Profit/(Loss) before the loan loss provision	487	555	(68)	-12%

*On the basis of Accruals against Loans.

Programs for Current Year:

In the current fiscal year, bank has targeted to increase its loan and investment respectively to 24 billion and 5.76 billion. Likewise, deposit amount is targeted to keep at 29.34 billion. In the current fiscal year, bank has set target of earning 1.45 billion revenue, 860 million operating profit and 458 million net profit. Meanwhile, the operating expense is expected to be 585 million. In the current fiscal year bank has target to add 6 new branches and branchless banking. We want to inform you that regarding this feasibility study is going on. In the current fiscal year, bank has target of constructing its own building in Naxal. To make the bank more efficient, the bank has planned to increase the potential of its assets, bring changes to deposit structure, increase staffs' productivity and also introduce quality services for the benefit of people. The bank has also planned to fulfill the financial requirements of customers by developing newer and modern services, to bring in financially deprived population into the circle of banking, disburse loans to small industries and thus controlling the risk factor and above all, contribute to the economic development of the nation. The bank plans to extend its banking activities to the semi-urban and rural areas via Kumari Mobile Banking services and Kumari Branch Less Banking Services. The bank looks forward to newer technological advances and to study the prospects of merging or being merged to a bank or financial institution via Nepal Rastra Bank's approval and with shareholders' suggestion, discussion and proposition to tackle the challenges in the banking sector, and other such programs.

4. Bank's industrial and business relations: The bank has been maintaining cordial relationships with all concerned industrial and professional bodies and is committed to continue doing so in the future as well, in the process, making use of the same in the Bank's favor.

5. Changes in Board of Directors and the reasons: None.

6. Major issues affecting business: Unstable government, stagnant economical condition, declining peace and security and the creation of competition as a result of increase in number of service providers, low real estate business, etc.

7. Board of Directors' responses to the auditor's report: Except for normal comments concerning the bank's regular business, no especially negative comments have been observed in the audit report. Instructions have also been given to the management to implement the suggestions and advice of the audit report. Because the financial details of FY 069/70 were accepted by Nepal Rastra bank on 2070/12/13, the received comments and instructions have been included in the annual report. Bank has already given direction to its management team for implementation of received comments and instructions.

8. Dividend Declaration: Kumari Bank announces 14% Stock dividend declared of paid-up capital from the profit of FY 2069/70 by the Board of Directors meeting held on 5 March 2014.

9. Forfeited shares: In the reported year, no shares have been forfeited.

10. Progress of the bank and its subsidiary companies: The progress of the bank has been presented under various headings in this report. The bank does not have any subsidiary companies.

11. Major businesses conducted by the bank and its subsidiary companies in FY2069/70 and any important changes in business activities: The bank does not have any subsidiary companies.

12. Important information provided by valued shareholder: None.

13. Details of share holding by the company's directors and office-bearers in the previous FY and information provided by them about their involvement in the trading of company shares, if any: No information as such.

14. Information about any agreements concerning the bank that service the self interest of any director or people close to them: None.

15. Details about re-purchase of shares: None.

16. Details about Internal Control System: There is a separate department to maintain the bank's internal control systems. This department is always active to minimize risks associated with the Bank's loans, operations and market risks. Monitoring of the effectiveness of the internal control systems is done on a regular basis by the Audit Department while conducting its regular audit.

17. Details of the Bank's total operating costs: The Bank's operating costs in FY 2069/70 were as follows:

Staff expenses: Rs. 20,38,05,242

Other operating costs: Rs. 23,04,69,644

Detailed description of the bank's total operating costs has been stated in Annexure 4.23 and 4.24 of the Annual Report.

18. Information about audit committee: According to the Company Act, Section 164, the audit committee is comprised of Directors Naresh Dugar and bank's internal audit head, Niraj Rai, as member under the converynship of Non-Executive Director Prof. Dr. Rajan Bahadur Poudel. This committee has had 14 sittings in FY 2069/70. Members of this committee have been provided with meeting allowance at par with other Board Members. This committee's activities are conducted in accordance with Nepal Rastra Bank's directives and Company Act regulations. No serious remarks on the Bank's operations have been observed in the internal audit report. The audit committee has been conducting regular monitoring of the internal control systems and regularly providing suggestions concerning implementation to the management besides providing information on the same to the board of directors. The bank's internal audit department reports directly to the audit committee.

19. Information about any cash balance to be paid to the Bank by Director, Managing Director, Chief Executive Officer, Bank's Promoters or their close relatives or firm associated with them, company or organization: None.

20. Details about salaries, allowances and facilities provided to directors, managing director, CEO and other executives:

a. Directors: The bank's directors are paid meeting allowances for taking part in meetings of committees and sub-committees as set up according to applicable rules at the rate of Rs. 10,000 to the chairperson and Rs. 8,000 to the members. Also, Rs. 2,000 per month is being provided for media and daily newspapers. The bank has not provided the directors with any other facilities than the above. In FY 2069/70, Rs. 26,98,000 (in words, Rs. 2.69 million) has been paid as meeting and media allowances to the directors.

b. Annual Salary, Allowances and services for CEO and other executives/managers for the F/Y 2069/70:
Table No. 4

Amount in NPR.

S. No.	Salary and services	CEO	Managers
1.	Salary		2,87,14,277
2.	Allowances		89,10,028
3.	Provident Fund		28,71,428
4.	Vehicle maintenance		6,64,102
5.	Medical Treatment		20,54,795
6.	Dashain Allowance		30,43,825
7.	Annual Leave		49,29,228
8.	Insurance		18,60,673
9.	Bonus and Welfare		1,20,23,999
10.	Gratuity		51,53,534
12.	Water, Telephone and Electricity		-
13.	Existing Allowance		6,00,000
	Total		7,08,25,888

Note: In the managers' expenses of Rs.65,12,578 has been included for Acting CEO, Udaya Krishna Upadhyay. Other than the above mentioned salary and allowances, the CEO and other managers are also provided with:

1. Vehicle along with driver, fuel, and repair and maintenance to the CEO; vehicle loan, driver, fuel, and repair and maintenance to DGM and AGM and vehicle loan, fuel, and repair expenses according to the bank's policy on transportation vehicles to other management office bearers.

2. Home and real estate loans/personal loans to all permanent office bearers as per the bank's staff service regulations.

3. Journals and telephone facilities as per the bank's human resource policy.

21. Dividend yet to be taken by shareholders: Out of 12% cash dividend distributed in the fiscal year 2066/67 and 7% cash dividend distributed in the fiscal year 2068/69, the share holders are yet to collect the remaining amount of Rs. 1,51,10,813 (in words, Rs. 15.1 million) from the distributed cash dividend till Ashadh end 2070.

22. Details of asset sales and purchases as per Section 141 of the Company Act, 2063: None

23. Details of business with associated companies as per Section 175 of the Company Act, 2063: None

24. Any other information necessary to be revealed in the Directors Report as per the Company Act, 2063, and applicable laws:
None

25. Other information: The board committee's meeting 02/2070-71 which was held at 2070/05/20 has nominated bank's Acting CEO Udaya Krishna Upadhyay as CEO.

Vote of Thanks

We would like to extend our heartfelt gratitude to respected shareholders, customers, executives from Nepal Rastra Bank, Office of Company Registrar, Nepal Securities Board, Nepal Stock Exchange Ltd., general public and all other concerned who have continuously provided their support, encouragement and guidance. We would also like to thank our statutory auditors Mr. GP Rajbahak and Company for conducting the audit on time and providing the bank with realistic professional advice. In addition, we wish to thank the bank's management and staff members for considering the bank's progress to be their own by providing dedicated services. Finally, by incorporating as its main principle the fact that bank and its customers are two sides of the same coin, and that it is due to our customers' affection and trust that the bank has succeeded in reaching its present position. We offer our heartfelt gratitude to them with the promise to be still more committed to increase our strong relationship with our customers in the future.

Thank you,

On behalf of the Board of Directors

Noor Pratap J.B. Rana
(Chairman)

Prof. Dr. Rajan Bahadur Paudel
(Director)

Date: 2070/12/14

CEO's Message

I am pleased to inform you that Kumari Bank has successfully completed its 13 years of operation. It is with no doubt that Kumari Bank has continuously put up a good performance till date and hoping to do all the more better in future. I would like to add further that the Bank has been able to increase its profit along with its balance sheet size as given in the financial statement.

We at Kumari Bank believe in providing high-yielding products and services to our customer. Thereby in the review period, the Bank launched Kumari Flexi-Fix Scheme enabling depositors to utilize the facilities of saving account and enjoy higher rate of return like that of fixed deposit. We put in our effort to make the best utilization of technology and automated processing to improvise our service standards. Hence, Bank plans to extend its Banking activities to the semi-urban and rural areas via Kumari Branchless Banking and Kumari Mobile Banking services. The Bank is providing online bill payment, fund transfer and recharge card facilities of Telecom Providers, ISPs, DTHs and other service providers from Kumari Mobile Banking and Internet Banking service.

The Bank has been expanding its reach in the remittance field by joining hands with various remittance service providers both overseas and domestic, and to make the service more efficient, Kumari Remit software has been introduced for effective and secure transactions.

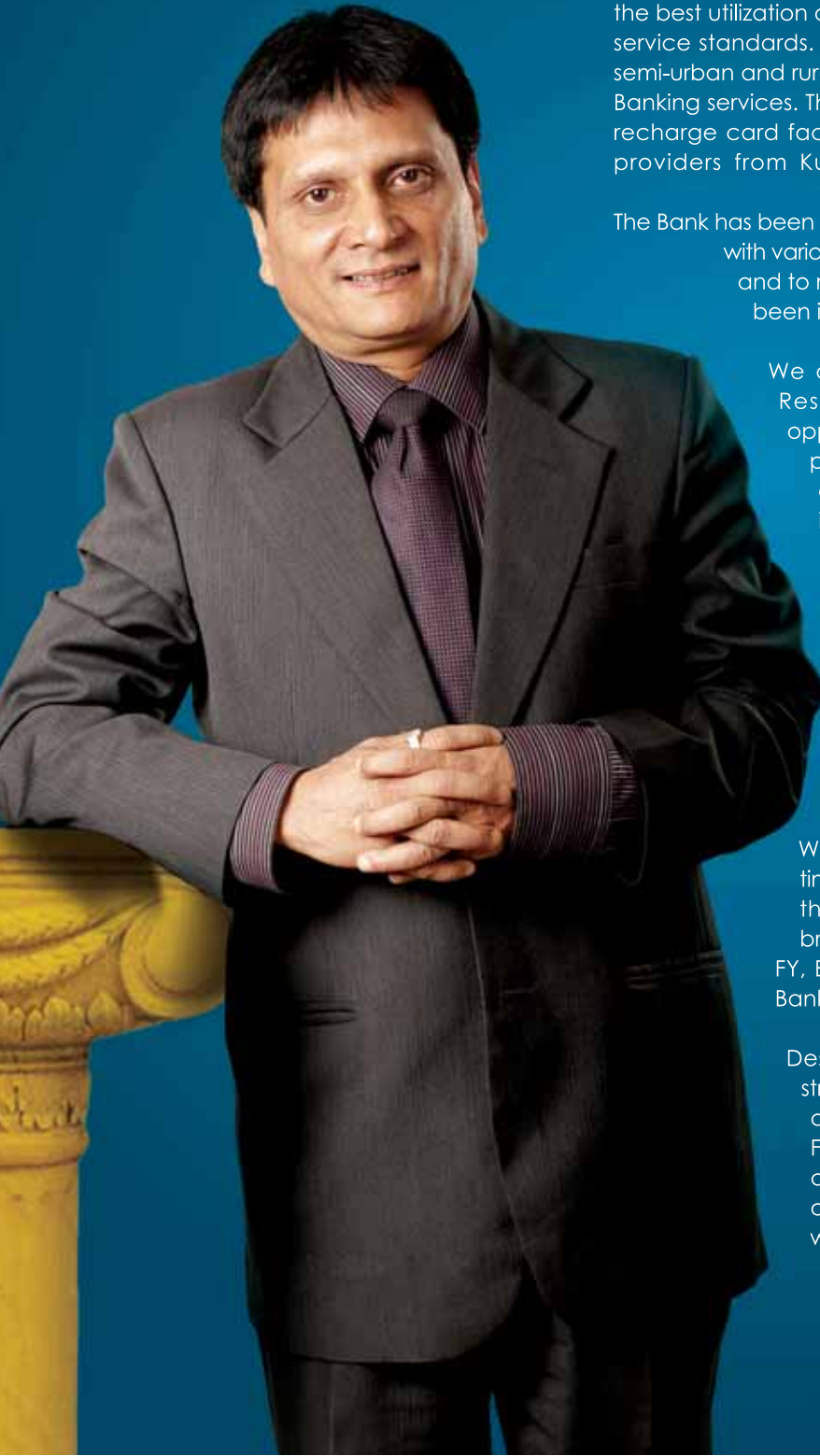
We are committed in strengthening our Corporate Social Responsibility (CSR) activities by providing education opportunities to the underprivileged children from the remote parts of the country, organizing health camps in the areas deprived of medical facilities, offering education materials including computers to the community schools, making social contributions to support Living Goddess Kumari on various occasions. The Bank has strategies to expand its CSR programs in the field of health, education, environment and heritage programs. We are trying to establish the Kumari Culture essence in our service delivery standard to meet our customers' expectations through the culture of smile, the culture of innovations, the culture of fulfilling promises and to contribute to the nation through the culture of preserving heritage.

We have dedicated team of professionals in the Bank and timely trainings and workshops are being conducted to groom the talent of the employees. The Bank at present has 28 branches, 2 extension counters and 39 ATMs. In the current FY, Bank has plans to add 8 more branches and Branchless Banking services.

Despite the challenges, we shall strive and move forward strategically incorporating the policy of honesty, dedication and hard work leading to sustainable growth. Finally, on behalf of Kumari Bank, I would like to express my deepest gratitude to all the shareholders, Central Bank and other regulatory bodies, customers, employees and all the well-wishers for your continued trust and support.

Thank you all,

Udaya Krishna Upadhyay
CEO



Management Team

From Left Standing

Mr. Bikash Khanal - Head Corporate Credit

Mr. Rajesh Shrestha - Branch Manager, Newroad

Mr. Ajit P. Bhattarai - Head Operation

Mr. Narendra P. Chhatkuli - Head Legal and Compliance / Company Secretary

Mr. Binod N. Shrestha - Head Central Logistics/Treasury Back Office

Mr. Suresh K. Karna - Chief Marketing Officer

Mr. Tika Ram Chapagain - Chief Regional Officer (Eastern)

Mr. Narayan P. Bhuju - Head of Information Technology

Seated

Mr. Udaya K. Upadhyay - Chief Executive Officer

Mr. Geha N. Dhungana - Chief Credit Officer



Bishwa Mani Regmi, Head - Retail | **Ashish Bhattarai**, Head - Human Resources |
Pankaj SJB Rana, Head - Card | **Yemi Karki**, Head - Credit Risk Management |
Rena Rijal, Head - Institutional Banking & Remittance |
Sipa Regmi, Head - Marketing & Corporate Communication |
Nirmal K. Khatiwada, Head - Finance & Treasury |
Ishor Gurung, Head - SME | **Niraj Rai**, Head - Internal Audit |
Dinesh Nidhi Tiwari, Head - Recovery |
Vishal Rauniyar, Head - Credit Administration & Compliance |
Namita Shakya, Head - Branch Operations | **Milan Kumar Maskey**, Head - Foreign Trade |



The culture of innovations



welcome to 
kumari culture
Smile | Innovations | Fulfilling promises | Preserving heritage

Product Review

Kumari Big Savings Khata

Kumari Big Savings Khata as the name suggests, provides higher rate of interest & additional banking benefits.

Kumari Smart Bachat Khata

Kumari Smart Bachat Khata offers account opening facility at Zero balance. We believe in providing banking access to all hence this is a very suitable account for everyone.

50 Plus Savings

As the name suggests, this saving account is targeted to all the individuals of 50 years and above. Interest rate is calculated on daily balance and provided on quarterly basis. There are attractive features associated with this account like special privilege counter service, 25% discount on locker, ATM debit card, Internet/ Mobile banking facilities etc.

Subha Laxmi Savings

This saving account is especially designed for the women of 16 years and above. Attractive interest rate on daily balance is provided to the women to encourage savings. Besides, number of other features like 50% discount in locker, ATM debit card, accidental death insurance and internet / mobile banking facilities to name a few are offered to the customers.

Twinkle Star Savings

Twinkle Star Savings is a saving account targeted to the children 16 years and below. This is an ideal account for children to inculcate saving habit from a very young age. Account holders are offered interest on daily balance. Children receive special gifts for maintaining their account with Kumari Bank and are eligible for special discount on education loan as per the bank's rule.

Kumari Remit

Kumari Remit was introduced in the year 2007 with the formation of Central Remittance Department which incorporates both international as well as domestic remittance.

Kumari Flexi- Fix Scheme

Kumari Flexi- Fix Scheme gives you facility of saving account and interest rate of Fixed Deposit account.



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Nepal

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devassociates@ntc.net.np
www.bakertillydev.com

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS' OF
M/s Kumari Bank Ltd.**

1. We have audited the accompanying financial statements of **M/s Kumari Bank Ltd.**, which comprise the balance sheet as at Ashad 31, 2070 (corresponding to July 15, 2013), and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion on Financial Statement

In our opinion and to the best of our information and according to the explanation given to us, read together with significant accounting policies and Notes to the Accounts forming part of financial statements, the financial statements give a true and fair view of the financial position of the bank as of Ashad 31, 2070, and of the results of its operations and its cash flow for the year then ended in accordance with Nepal Accounting Standards or relevant practices, so far as applicable in compliance with prevailing laws.

5. Regulatory and Other Reporting

Based on our examination of the financial statements, we report that:

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- The accounts and records of the bank have been maintained as required by law and practice.
- The Balance Sheet, Profit & Loss Account & Cash Flow Statement dealt with by this report are in agreement with the books of account.
- The capital fund, risk bearing fund and the provisions for possible impairment of assets of the bank are adequate as per the Directives issued by Nepal Rastra Bank.
- As per the requirement of Institute of Chartered Accountants of Nepal, our audit included the audit of branches of the bank whose deposit or loan exceeded 2% of total deposit or gross loan and advances of the bank. In case of other branches, though the branches were not independently audited, the details received were adequate for purpose of audit.
- In our opinion and to the best of our information and according to the explanation given to us, the Board of Directors, the representative or any employee of the bank has not acted contrary to the provision of law relating to accounts nor caused direct loss or damage to the bank deliberately or acted in a manner that would jeopardized the interest and security of the bank and the business of the bank appears to have been conducted satisfactorily.




CA. Rajnish Dahal
Partner
For Dev Associates, Chartered Accountants

Date: March 7, 2014
Place: Lalitpur



The culture of fulfilling promises



welcome to 
kumari culture
Smile | Innovations | Fulfilling promises | Preserving heritage

The culture of taking
responsibility



welcome to 
kumari culture
Smile | Innovations | Fulfilling promises | Preserving heritage

KUMARI BANK LIMITED

Balance Sheet

As at Ashad end 2070 (15 July 2013)

Capital and Liabilities	Schedule	Current Year (Rs.)	Previous Year (Rs.)
1. Share Capital	4.1	1,828,332,000	1,603,800,000
2. Reserves and Funds	4.2	828,374,231	773,275,338
3. Debentures & Bonds	4.3	-	400,000,000
4. Borrowing Outstanding	4.4	-	5,403,000
5. Deposit Liabilities	4.5	25,318,568,802	21,985,198,276
6. Bills Payable	4.6	21,348,138	20,698,657
7. Proposed Dividend Payable	-	11,817,474	112,266,000
8. Income Tax Liabilities	-	-	-
9. Other Liabilities	4.7	214,129,111	230,759,700
Total Capital and Liabilities		28,222,569,756	25,131,400,971

Assets	Schedule	Current Year (Rs.)	Previous Year (Rs.)
1. Cash Balance	4.8	638,769,784	584,140,254
2. Balance with Nepal Rastra Bank	4.9	2,537,960,922	2,862,923,783
3. Balance with Banks/Financial Institution	4.10	230,152,674	275,563,556
4. Money at Call and Short Notice	4.11	753,410,000	321,243,141
5. Investment	4.12	4,135,142,087	2,940,556,674
6. Loans, Advances and Bills Purchase	4.13	19,369,317,883	17,614,348,989
7. Fixed Assets	4.14	255,864,841	277,268,923
8. Non Banking Assets	4.15	-	-
9. Other Assets	4.16	301,951,565	255,355,651
Total Assets		28,222,569,756	25,131,400,971

Contingent Liabilities	Schedule 4.17
Directors' Declaration	Schedule 4.29
Statement of Capital Fund	Schedule 4.30 (A)
Statement of Risk Weighted Assets	Schedule 4.30 (B)
Principal Indicators	Schedule 4.31
Significant Accounting Policies	Schedule 4.32
Notes to Accounts	Schedule 4.33

Schedules 4.1 to 4.17 and 4.32 to 4.35 form an integral part of the Balance Sheet.

Udaya Krishna Upadhyay
Chief Executive Officer

Noor Pratap JB Rana
Chairman

Prof. Dr. Rajan B. Paudel
Director

Nirmal Kumar Khatiwada
Head – Finance and Treasury

Dr. Shobha Kant Dhakal
Director

Uttam P. Bhattarai
Director

Naresh Dugad
Director

Amir Pratap JB Rana
Director

As per our report of even date
CA. Rajnish Dahal
Partner
Dev Associates
Chartered Accountants

Date – 2070-11-21
Place- Kathmandu

Rishi Agrawal
Director

Rashindra Bahadur Malla
Director

KUMARI BANK LIMITED

Profit and Loss Account

From 1st Shrawan 2069 to 31 Asadh 2070 (From 16 July 2012 to 15 July 2013)

Particulars	Schedule	Current Year (Rs.)	Previous Year (Rs.)
1. Interest Income	4.18	2,464,306,976	2,441,580,226
2. Interest Expenses	4.19	1,486,281,639	1,622,491,760
Net Interest Income		978,025,337	819,088,466
3. Commission and Discount	4.20	138,199,665	110,865,509
4. Other Operating Income	4.21	41,861,784	48,298,318
5. Exchange Fluctuation Income	4.22	56,993,498	44,205,749
Total Operating Income		1,215,080,284	1,022,458,041
6. Staff Expenses	4.23	203,805,242	194,295,522
7. Other Operating Expenses	4.24	230,469,644	212,028,561
8. Exchange Fluctuation Loss	4.22	-	-
Operating Profit before Provision for Possible Losses		780,805,397	616,133,959
9. Provision for Possible Losses	4.25	314,618,980	187,044,796
Operating Profit		466,186,417	429,089,163
10. Non Operating Income /(Expense)	4.26	(11,134,197)	3,477,443
11. Loan Loss Provision Written Back	4.27	5,258,602	133,156
Profit from Regular Activities		460,310,821	432,699,762
12. Profit/Loss from Extra-ordinary Activities	4.28	-	-
Net profit after Considering All Activities		460,310,821	432,699,762
13. Provision for Staff Bonus		41,846,438	39,336,342
14. Provision for Income Tax		127,016,018	117,858,750
• Current Year's		126,075,028	116,808,100
• Upto Previous year		-	-
• Deferred Tax		940,989	1,050,650
Net Profit/Loss		291,448,365	275,504,670

Schedule 4.18 to 4.28 and 4.32 to 4.35 form an integral part of Profit and Loss Account

Udaya Krishna Upadhyay
Chief Executive Officer

Noor Pratap JB Rana
Chairman

Prof. Dr. Rajan B. Paudel
Director

Nirmal Kumar Khatiwada
Head – Finance and Treasury

Dr. Shobha Kant Dhakal
Director

Uttam P. Bhattarai
Director

Naresh Dugad
Director

Amir Pratap JB Rana
Director

As per our report of even date

CA. Rajnish Dahal
Partner

Date – 2070-11-21
Place- Kathmandu

Rishi Agrawal
Director

Rashindra Bahadur Malla
Director

Dev Associates
Chartered Accountants

KUMARI BANK LIMITED

Profit and Loss Appropriation Account

From 1st Shrawan 2069 to 31 Asadh 2070 (From 16 July 2012 to 15 July 2013)

Particulars	Schedule	Current Year (Rs.)	Previous Year (Rs.)
Income			
1. Accumulated Profit up to Last Year		14,196,807	2,903,170
2. This Year's Profit		291,448,365	275,504,670
3. Exchange Fluctuation Fund		-	-
4. Bond Redemption Reserve		400,000,000	-
5. Share Premium		4,438,289	-
Total		710,083,461	278,407,840
Expenses			
1. Accumulated Loss up to Last Year		-	-
2. Current Year's Loss		-	-
3. General Reserve Fund		458,289,673	55,100,934
4. Contingent Reserve		-	-
5. Institution Development Fund		-	-
6. Dividend Equalization Fund		-	-
7. Staff Related Reserves		-	-
8. Proposed Dividend		11,817,474	112,266,000
9. Issue of Proposed Bonus Shares		224,532,000	-
10. Special Reserve Fund		-	-
11. Exchange Fluctuation Fund		2,714,918	2,894,750
12. Bond Redemption Reserve Fund		-	95,000,000
13. Capital Adjustment Fund		-	-
14. Previous Year's Tax Adjustment		-	-
15. Deferred Tax Fund		(940,989)	(1,050,650)
16. Investment Adjustment Reserve		8,970,000	-
Total		705,383,075	264,211,033
17. Accumulated Profit/(Loss)		4,700,386	14,196,807

Udaya Krishna Upadhyay
Chief Executive Officer

Noor Pratap JB Rana
Chairman

Prof. Dr. Rajan B. Paudel
Director

Nirmal Kumar Khatiwada
Head – Finance and Treasury

Dr. Shobha Kant Dhakal
Director

Uttam P. Bhattarai
Director

Naresh Dugad
Director

Amir Pratap JB Rana
Director

As per our report of even date

CA. Rajnish Dahal

Partner

Date – 2070-11-21
Place- Kathmandu

Rishi Agrawal
Director

Rashindra Bahadur Malla
Director

Dev Associates

Chartered Accountants

KUMARI BANK LIMITED

Statement of Changes in Equity

From 1st Shrawan 2069 to 31 Asadh 2070 (From 16 July 2012 to 15 July 2013)

Particulars	Share Capital	Accumulated Profit/Loss	General Reserve Fund	Capital Reserve Fund	Share Premium	Exchange Fluctuation Fund	Deferred Tax Fund	Other Reserve & Fund	Total Amount (Rs.)
Opening Balance	1,603,800,000	14,196,807	340,792,815	-	4,438,289	11,796,502	2,020,925	400,030,000	2,377,075,339
Adjustments	224,532,000	(9,496,421)	458,289,673	-	(4,438,289)	2,714,918	(940,989)	(391,030,000)	279,630,892
Net Profit for the Period	-	291,448,365	-	-	-	-	-	-	291,448,365
Transfer to General Reserve	-	(58,289,673)	58,289,673	-	-	-	-	-	-
Capital Adjustment Fund	-	-	-	-	-	-	-	-	-
Declaration of Dividend	-	(11,817,474)	-	-	-	-	-	-	(11,817,474)
Exchange Fluctuation Fund	-	(2,714,918)	-	-	-	2,714,918	-	-	-
Right Share Issued	-	-	-	-	-	-	-	-	-
Transfer to Retained Earnings	-	-	400,000,000	-	-	-	-	(400,000,000)	-
Proposed Bonus Share	224,532,000	(220,093,712)	-	-	(4,438,289)	-	-	-	-
Debiture Redemption Reserve	-	-	-	-	-	-	-	-	-
Previous Year tax Adjustment	-	-	-	-	-	-	-	-	-
Deferred Tax Fund	-	940,989	-	-	-	-	(940,989)	-	-
Investment Adjustment Reserve	-	(8,970,000)	-	-	-	-	-	8,970,000	-
Share Premium	-	-	-	-	-	-	-	-	-
Closing Balance	1,828,332,000	4,700,386	799,082,488	-	-	14,511,420	1,079,936	9,000,000	2,656,706,230

Udaya Krishna Upadhyay
Chief Executive Officer

Noor Pratap JB Rana
Chairman

Prof. Dr. Rajan B. Paudel
Director

Nirmal Kumar Khattiwada
Head – Finance and Treasury

Dr. Shobha Kant Dhakal
Director

Uttam P. Bhattarai
Director

Naresh Dugad
Director

Amir Pratap JB Rana
Director

Date – 2070-11-21
Place- Kathmandu

Rishi Agrawal
Director

Rashindra Bahadur Malla
Director

As per our report of even date

CA. Rajnish Dahal
Partner

Dev Associates
Chartered Accountants

KUMARI BANK LIMITED

Cash Flow Statement

From 1st Shrawan 2069 to 31 Asadh 2070 (From 16 July 2012 to 15 July 2013)

Particulars	Current Year (Rs.)	Previous Year (Rs.)
(A). Cash Flow from Operating Activities	79,266,237	3,037,995,278
1. Cash Received	2,643,075,766	2,604,155,708
1.1 Interest Income	2,408,500,581	2,405,462,882
1.2 Commission and Discount Income	176,527,316	154,266,971
1.3 Income from Foreign Exchange Transaction	56,993,498	44,205,749
1.4 Recovery of Loan Written off	-	-
1.5 Other Income	1,054,371	220,106
2. Cash Payment	(1,989,812,204)	(2,014,224,759)
2.1 Interest Expenses	(1,486,281,639)	(1,557,914,778)
2.2 Staff Expenses	(203,805,242)	(193,419,988)
2.3 Office Overhead Expenses	(176,725,322)	(149,779,120)
2.4 Income Tax Paid	(123,000,000)	(113,110,873)
2.5 Other Expenses	-	-
Cash Flow before Changes in Working Capital	(573,997,326)	2,448,064,328
Increase /(Decrease) of Current Assets	(3,735,405,440)	(2,189,210,745)
1.(Increase)/Decrease in Money at Call and Short Notice	(432,166,859)	130,276,859
2. (Increase)/Decrease in Short Term Investment	(1,208,180,926)	693,786,060
3. (Increase)/Decrease in Loans, Advances and Bills Purchase	(2,076,778,289)	(3,175,187,070)
4. (Increase)/Decrease in Other Assets	(18,279,366)	161,913,406
Increase /(Decrease) of Current Liabilities	3,161,408,114	4,637,275,073
1. Increase/(Decrease) in Deposits	3,333,370,526	4,998,918,819
2. Increase/(Decrease) in Certificates of Deposits	-	-
3. Increase/(Decrease) in Short Term Borrowings	(5,403,000)	(271,522,000)
4. Increase/(Decrease) in Other Liabilities	(166,559,412)	(90,121,746)
(B) Cash Flow from Investment Activities	4,989,550	(99,892,018)
1. (Increase)/Decrease in Long-term Investment	13,595,513	(100,719,826)
2. (Increase)/Decrease in Fixed Assets	(32,339,033)	(20,100,406)
3. Interest income from Long Term Investment	23,473,830	20,445,310
4. Dividend Income	259,241	482,904
5. Others	-	-
(C) Cash Flow from Financing Activities	(400,000,000)	(384,000,000)
1. Increase/(Decrease) in Long term Borrowings (Bonds, Debentures etc)	(400,000,000)	-
2. Increase/(Decrease) in Share Capital	-	-
3. Increase/(Decrease) in Other Liabilities	-	-
4. Increase/(Decrease) in Refinance/Facilities received from NRB	-	(384,000,000)
(D) Income/Loss from Change in Exchange Rate in Cash & Bank Balances	-	-
(E) This Year's Cash Flow from All Activities	(315,744,213)	2,554,103,260
(F) Opening Balance of Cash and Bank Balances	3,722,627,593	1,168,524,334
(G) Closing Balance of Cash and Bank Balances	3,406,883,380	3,722,627,593

KUMARI BANK LIMITED

Share Capital and Ownership

As at Ashad end 2070 (15 July 2013)

Schedule 4.1

Particulars	Current Year (Rs.)	Previous Year (Rs.)
1. Share Capital		
1.1 Authorized Capital	2,000,000,000	2,000,000,000
a) 20,000,000 Ordinary Shares of Rs. 100 each	2,000,000,000	2,000,000,000
b)Non-redeemable Preference Shares of Rs..... each	-	-
c)Redeemable Preference Shares of Rs..... each	-	-
1.2 Issued Capital	1,603,800,000	1,603,800,000
a) 16,038,000 Ordinary Shares of Rs. 100 each	1,603,800,000	1,603,800,000
b)Non-redeemable Preference Shares of Rs..... each	-	-
c)Redeemable Preference Shares of Rs..... each	-	-
1.3 Paid Up Capital	1,603,800,000	1,603,800,000
a) 16,038,000 Ordinary Shares of Rs.100 each	1,603,800,000	1,603,800,000
b)Non-redeemable Preference Shares of Rs..... each	-	-
c)Redeemable Preference Shares of Rs..... each	-	-
1.4 Proposed Bonus Share	224,532,000	-
1.5 Calls in Advance	-	-
1.6 Total (1.3 + 1.4 + 1.5)	1,828,332,000	1,603,800,000

Share Ownership

As at Ashad end 2070 (15 July 2013)

Particulars	Current Year (Rs.)		Previous Year (Rs.)	
	%	Amount (Rs.)	%	Amount (Rs.)
A. Local Shareholders				
1.1 Government of Nepal	-	-	-	-
1.2 "A" Class Licensed Institution	-	-	-	-
1.3 Other Licensed Institutions	-	-	-	-
1.4 Other Institutions (promoter and public both)	3.02	48,423,800	2.29	36,681,900
1.5 General Public (promoter and public both)	96.98	1,555,376,200	97.71	1,567,118,100
1.6 Others	-	-	-	-
B. Foreign Shareholders				
Total	100	1,603,800,000	100	1,603,800,000

**Total shareholding ratio of promoter and public shareholders is 51:49.

KUMARI BANK LIMITED

LIST OF SHAREHOLDERS HOLDING SHARE CAPITAL OF 0.5% OR MORE

As at Ashad end 2070 (15 July 2013)

SN	Name of the Shareholder	Current Year		Last Year	
		%	Share Capital in NPR.	%	Share Capital in NPR.
1	NOOR PRATAP J. B. RANA	6.50	104,247,000	6.50	104,247,000
2	AMIR PRATAP J. B. RANA	5.06	81,152,200	5.06	81,152,200
3	SABITRI GURUNG	4.00	64,152,000	4.00	64,152,000
4	BIMALA DEVI AGRAWAL	3.78	60,568,500	-	-
5	LAXMAN SHRESTHA	3.20	51,282,800	5.60	89,877,600
6	RISHI AGRAWAL	2.40	38,491,200	2.40	38,491,200
7	RAJENDRA PRASAD SHRESTHA	2.10	33,615,000	2.10	33,615,000
8	BIDHYA KRISHNA SHRESTHA	1.83	29,403,000	1.83	29,403,000
9	GOVINDA DAS SHRESTHA	1.50	24,057,000	1.50	24,057,000
10	MAHABIR PRASAD GOEL	1.32	21,170,100	1.32	21,170,100
11	YAGYA PRATAP RANA	1.31	21,057,800	1.31	21,057,800
12	SANTOSH KUMAR LAMA	1.23	19,674,300	1.23	19,674,300
13	MANJU TAPARIA	1.01	16,186,300	1.01	16,186,300
14	BHIM KRISHNA UDAS	1.00	16,038,000	1.00	16,038,000
15	PHURBA BANGDEL LAMA	1.00	16,038,000	1.00	16,038,000
16	ANIL DAS SHRESTHA	1.00	16,038,000	1.00	16,038,000
17	SANTOO SHRESTHA	1.00	16,038,000	1.00	16,038,000
18	JANUKI KUMARI J. B. RANA	1.00	16,038,000	1.00	16,038,000
19	SANJAY LAMA	0.99	15,930,000	0.99	15,930,000
20	ANUPAM RATHI	0.90	14,434,200	0.90	14,434,200
21	SHIVA SHANKER AGRAWAL	0.88	14,049,200	0.88	14,049,200
22	KUMUD KUMAR DUGAD	0.85	13,676,900	0.85	13,676,900
23	NIRMAL PRADHAN	0.84	13,406,900	0.83	13,350,700
24	SHREE NIWAS SHARDA	0.78	12,509,600	0.78	12,509,600
25	CIT CITIZEN UNIT SCHEME	0.75	12,028,500	0.75	12,028,500
26	LIFE INSURANCE CORPORATION NEPAL LTD	0.75	12,000,000	-	-
27	PRADEEP KUMAR MURARKA	0.70	11,226,600	0.70	11,226,600
28	PASHUPATI MURARKA	0.70	11,226,600	0.70	11,226,600
29	NARESH DUGAD	0.70	11,226,600	0.70	11,226,600
30	BIKASH DUGAD	0.70	11,226,600	0.70	11,226,600
31	ANTOO SHRESTHA	0.68	10,889,500	0.97	15,631,900
32	ASHOK KUMAR BAHETI	0.62	10,000,000	-	-
33	BIRENDRA KUMAR SHAH	0.62	10,000,000	-	-
34	ATMARAM MURARKA	0.60	9,639,000	0.70	11,226,600
35	JAGADISH PRASAD CHAUDHARY	0.60	9,622,800	0.60	9,622,800
36	SHARMILA ARYAL	0.60	9,622,800	0.60	9,622,800
37	DEV KISHAN MUDANDA	0.60	9,622,800	0.60	9,622,800
38	PRAVA LAXMI RANA	0.59	9,408,900	0.59	9,408,900
39	VIDUSHI RANA	0.58	9,302,000	0.58	9,302,000
40	JAMUNA MAHESWORI RATHI	0.55	8,835,500	0.55	8,888,600
41	RITA K.C.	0.52	8,415,700	0.52	8,415,700
42	SANDEEP LAMA	0.50	8,019,000	0.50	8,019,000
43	UTTAM PRASAD BHATTARAI	0.50	8,019,000	0.50	8,019,000
44	RAKSHYA PAHADI	0.50	8,019,000	0.50	8,019,000
45	SURENDRA BHANDARI	0.50	8,019,000	0.50	8,019,000
46	GANGA AMATYA	0.50	8,019,000	0.50	8,019,000

KUMARI BANK LIMITED

Reserves and Funds

As at Ashad end 2070 (15 July 2013)

Schedule 4.2

Particulars	Current Year Rs.	Previous Year Rs.
1. General/Statutory Reserve Fund	799,082,488	340,792,815
2. Capital Reserve Fund	-	-
3. Capital Redemption Fund	-	-
4. Capital Adjustment Fund	-	-
5. Other Reserve & Funds	10,079,936	402,050,925
a. Contingent Reserve	-	-
b. Institution Development Fund	-	-
c. Dividend Equalization Fund	-	-
d. Special Reserve Fund	-	-
e. Assets Revaluation Fund	-	-
f. Deferred Tax Reserve	1,079,936	2,020,925
g. Other Free Fund	-	-
h. Other Reserve Fund	-	-
i. Investment Adjustment Reserve	9,000,000	30,000
j. Bond Redemption Reserve	-	400,000,000
6. Accumulated Profit/Loss	4,700,386	14,196,807
7. Exchange Fluctuation Fund	14,511,420	11,796,502
8. Share Premium	-	4,438,289
Total	828,374,231	773,275,338

KUMARI BANK LIMITED

Debenture and Bond

As at Ashad end 2070 (15 July 2013)

Schedule 4.3

Particulars	Current Year (Rs.)	Previous Year (Rs.)
1. 8 % "KBL Bond 2070" of Rs. 1,000 each Issued on June 06, 2008 and matured on June 08, 2013	-	400,000,000
Total	-	400,000,000

Note: Assets of the Bank has not been placed as collateral while the issue of Kumari Bank Limited Bond 2070.

Outstanding Loan (Borrowings)

As at Ashad end 2070 (15 July 2013)

Schedule 4.4

Particulars	Current Year (Rs.)	Previous Year (Rs.)
A. Domestic		
1. Government of Nepal	-	-
2. Nepal Rastra Bank	-	-
3. Repo Obligations	-	-
4. Inter Bank and Financial Institutions	-	5,403,000
5. Other Organized Institutions	-	-
6. Others	-	-
Total (A)	-	5,403,000
B. Foreign		
1. Banks	-	-
2. Others	-	-
Total (B)	-	-
Total (A+B)	-	5,403,000

KUMARI BANK LIMITED

Deposit Liabilities

As at Ashad end 2070 (15 July 2013)

Schedule 4.5

Particulars	Current Year (Rs.)	Previous Year (Rs.)
1. Non-Interest Bearing Accounts		
A. Current Deposit	1,032,116,414	988,551,735
1. Local Currency	1,002,052,097	965,538,980
1.1 Government of Nepal	-	-
1.2 "A" Class Licensed Institutions	36,937,000	69,250,000
1.3 Other Licensed Financial Institutions	235,408,000	49,639,000
1.4 Other Organized Institutions	658,679,303	583,046,873
1.5 Individuals	71,027,794	263,603,107
1.6 Others	-	-
2. Foreign Currency	30,064,318	23,012,755
2.1 Government of Nepal	-	-
2.2 "A" Class Licensed Institutions	-	-
2.3 Other Licensed Financial Institutions	192,000	853,000
2.4 Other Organized Institutions	29,867,318	6,417,000
2.5 Individuals	5,000	15,742,755
2.6 Others	-	-
B. Margin Deposits	137,462,504	141,540,720
1. Employees Guarantee	-	-
2. Guarantee Margin	60,436,821	55,574,415
3. Margin on Letter of Credit	77,025,683	85,966,304
C. Others	5,607,153	5,093,575
1. Local Currency	5,607,153	5,093,575
1.1 Financial Institutions	-	-
1.2 Other Organized Institutions	-	-
1.3 Individuals	5,607,153	5,093,575
2. Foreign Currency	-	-
2.1 Financial Institutions	-	-
2.2 Other Organized Institutions	-	-
2.3 Individuals	-	-
Total of Non-Interest Bearing Accounts (1)	1,175,186,072	1,135,186,030

KUMARI BANK LIMITED

Deposit Liabilities (Continued....)

As at Ashad end 2070 (15 July 2013)

Particulars	Current Year (Rs.)	Previous Year (Rs.)
2. Interest Bearing Accounts		
A. Saving Deposits	6,82,26,54,865	5,88,71,18,793
1. Local Currency	6,75,00,23,394	5,83,44,37,984
1.1 Organized Institutions	4,74,97,524	2,34,29,000
1.2 Individuals	6,702,525,870	5,811,008,984
1.3 Others	-	-
2. Foreign Currency	72,631,471	52,680,810
2.1 Organized Institutions	113,000	103,000
2.2 Individuals	72,518,471	52,577,810
2.3 Others	-	-
B. Fixed Deposits	11,353,147,320	9,158,053,731
1. Local Currency	10,327,813,570	8,442,143,256
1.1 Organized Institutions	8,866,004,000	5,979,926,000
1.2 Individuals	1,461,809,570	2,462,217,256
1.3 Others	-	-
2. Foreign Currency	1,025,333,750	715,910,475
2.1 Organized Institutions	1,022,932,750	88,250,000
2.2 Individuals	2,401,000	627,660,475
2.3 Others	-	-
C. Call Deposits	5,967,580,545	5,804,839,722
1. Local Currency	5,879,323,329	5,768,970,199
1.1 "A" Class Licensed Institutions	-	-
1.2 Other Licensed Financial Institutions	3,068,482,000	2,297,887,000
1.3 Other Organized Institutions	2,634,932,453	3,043,277,857
1.4 Individuals	175,908,876	427,805,343
1.5 Others	-	-
2. Foreign Currency	88,257,216	35,869,523
2.1 "A" Class Licensed Institutions	-	-
2.2 Other Licensed Financial Institutions	-	-
2.3 Other Organized Institutions	88,257,216	35,869,523
2.4 Individuals	-	-
2.5 Others	-	-
D. Certificate of Deposit	-	-
1. Organized Institutions	-	-
2. Individuals	-	-
3. Others	-	-
Total of Interest Bearing Accounts (2)	24,143,382,730	20,850,012,246
Total Deposits (1+2)	25,318,568,802	21,985,198,276

KUMARI BANK LIMITED

Bills Payable

As at Ashad end 2070 (15 July 2013)

Schedule 4.6

Particulars	Current Year (Rs.)	Previous Year (Rs.)
1. Local Currency	17,837,785	16,669,697
2. Foreign Currency	3,510,353	4,028,961
Total	21,348,138	20,698,657

Other Liabilities

As at Ashad end 2070 (15 July 2013)

Schedule 4.7

Particulars	Current Year (Rs.)	Previous Year (Rs.)
1. Pension/Gratuity Fund	-	-
2. Employees Provident Fund	-	-
3. Employees Welfare Fund	61,922	12,355
4. Provision for Staff Bonus	41,846,438	39,336,342
5. Interest Payable on Deposits	46,092,295	49,460,614
6. Interest Payable on Borrowings	-	15,116,368
7. Unearned Discount and Commission	3,528,063	7,062,196
8. Sundry Creditors	32,604,506	35,793,603
9. Branch Reconciliation Account	-	-
10. Deferred Tax Liability	-	-
11. Dividend Payable	15,110,813	7,806,419
12. Others	74,885,074	76,171,803
a. Audit Fees	384,200	367,272
b. Others	74,500,874	75,804,532
Total	214,129,111	230,759,700

KUMARI BANK LIMITED

Cash Balance

As at Ashad end 2070 (15 July 2013)

Schedule 4.8

Particulars	Current Year (Rs.)	Previous Year (Rs.)
1. Local Currency (Including Coins)	622,182,064	574,461,413
2. Foreign Currency	16,587,720	9,678,841
Total	638,769,784	584,140,254

Balance with Nepal Rastra Bank

As at Ashad end 2070 (15 July 2013)

Schedule 4.9

Particulars	Local Currency	Foreign Currency in equivalent Rs.			Current Year Total (Rs.)	Previous Year (Rs.)
		INR	Convertible FCY	Total		
1. Nepal Rastra Bank					2,537,960,922	2,862,923,783
a. Current Account	2,518,236,653	-	19,724,270	19,724,270	2,537,960,922	2,862,923,783
b. Other Account	-	-	-	-	-	-

KUMARI BANK LIMITED

Balance with Banks/Financial Institution

As at Ashad end 2070 (15 July 2013)

Schedule 4.10

Particulars	Local Currency	Foreign Currency in Rupee equivalent			Current Year (Rs.)	Previous Year (Rs.)
		INR.	Convertible FCY	Total		
1. Local Licensed Institutions	65,864,800	-	(2,135,207)	(2,135,207)	63,729,593	121,257,936
a. Current Account	65,864,800	-	(2,135,207)	(2,135,207)	63,729,593	121,257,936
b. Other Account	-	-	-	-	-	-
2. Foreign Banks	-	160,234,859	6,188,222	166,423,081	166,423,081	154,305,620
a. Current Account	-	160,234,859	6,188,222	166,423,081	166,423,081	154,305,620
b. Other Account	-	-	-	-	-	-
Total	65,864,800	160,234,859	4,053,015	164,287,874	230,152,674	275,563,556

Note: Total balance for which the confirmations are received from respective Banks is NPR. 195,815,141.97

Money at Call and Short Notice

As at Ashad end 2070 (15 July 2013)

Schedule 4.11

Particulars	Current Year (Rs.)	Previous Year (Rs.)
1. Local Currency	350,000,000	-
2. Foreign Currency	403,410,000	321,243,141
TOTAL	753,410,000	321,243,141

KUMARI BANK LIMITED

Investment

As at Ashad end 2070 (15 July 2013)

Schedule 4.12

Particulars	Purpose		Current Year (Rs.)	Previous Year (Rs.)
	Trading	Other		
1. Treasury Bills of Nepal Government	-	3,266,296,960	3,266,296,960	2,244,985,335
2. Saving Certificate of Nepal Government	-	-	-	-
3. Other Bonds of Nepal Government	-	325,522,661	325,522,661	329,633,174
4. Nepal Rastra Bank Bonds	-	-	-	-
5. Foreign Bonds	-	-	-	-
6. Local Licensed Institutions	-	49,081,550	49,081,550	77,767,665
7. Foreign Banks	-	480,305,416	480,305,416	264,750,000
8. Shares of Organized Institutions	-	13,935,500	13,935,500	6,435,500
9. Bonds and Debentures in Organized Institutions	-	-	-	16,985,000
10. Other Investment	-	-	-	-
Total Investment	-	4,135,142,087	4,135,142,087	2,940,556,674
Provision	-	-	-	-
Net Investment	-	4,135,142,087	4,135,142,087	2,940,556,674

KUMARI BANK LIMITED

Investment in Shares, Debentures and Bonds

As at Ashad end 2070 (15 July 2013)

Schedule 4.12 (A)

Particulars	Par value (Rs.)	Market Value (Rs.)	Provision (Rs.)	Current Year (Rs.)	Previous Year (Rs.)
1. Investment in Shares	13,935,500	-	-	13,935,500	6,435,500
1.1 Credit Information Centre Limited	1,235,500	-	-	1,235,500	1,235,500
30,499 Ordinary Shares of Rs. 100 each, fully paid	-	-	-	-	-
Primary Shares 3530 Kiitta of Rs. 100 each	-	-	-	-	-
Right Shares 8825 Kiitta of Rs. 100 each	-	-	-	-	-
Bonus Shares 18,144 Kiitta of Rs. 100 each	-	-	-	-	-
1.2 Nepal Clearing House Limited	2,500,000	-	-	2,500,000	2,500,000
1.3 National Banking Training Institute	1,200,000	-	-	1,200,000	1,200,000
1.4 National Micro Finance Bank Limited	9,000,000	-	-	9,000,000	1,500,000
60% of committed equity					
2. Investment in Debentures and Bonds	-	-	-	-	16,985,000
2.1 Nepal Electricity Authority, Electricity Bond					16,985,000
7.75 Percent 16,985 Bonds of Rs. 1,000 each	-	-	-	-	-
maturity on 14 Chaitra 2069					
Total Investment	13,935,500	-	-	13,935,500	23,420,500
3. Provision for Loss	-	-	-	-	-
3.1 Up to previous year	-	-	-	-	-
3.2 Change in current year	-	-	-	-	-
Total Provision	-	-	-	-	-
Net Investment	13,935,500	-	-	13,935,500	23,420,500

Particulars	Par Value	Last Market Price (A)	Current Market Price (B)	This Year Gain / Loss (B-A)	Previous Year Gain / Loss (Rs.)	Remarks
1. Treasury Bill of Nepal Government	-	-	-	-	-	
2. Saving Bond of Nepal Government	-	-	-	-	-	
3. Other Bond of Nepal Government	-	-	-	-	-	
4. NRB Bond	-	-	-	-	-	
5. Foreign Bond	-	-	-	-	-	
6. Shares of Domestic Licensed Institutions	-	-	-	-	-	
7. Debenture & Bonds of Domestic Licensed Institutions	-	-	-	-	-	
8. Shares, Debentures & Bonds of Domestic Institutions	-	-	-	-	-	
9. Placement in Foreign Banks	-	-	-	-	-	
10. Interbank Lending	-	-	-	-	-	
11. Other Investments	-	-	-	-	-	
Total Investment	-	-	-	-	-	

KUMARI BANK LIMITED

Investment Held to Maturity

As at Ashad end 2070 (15 July 2013)

Schedule 4.12.2

Particulars	Par Value (A)	Cumulative Loss (B)	Current Year Loss (C)	This Year Gain / Loss (A-B-C)	Previous Year Gain / Loss (Rs.)	Remarks
1. Treasury Bill of Nepal Government	3,266,296,960	-	-	-	-	
2. Saving Bond of Nepal Government	-	-	-	-	-	
3. Other Bond of Nepal Government	325,522,661	-	-	-	-	
4. NRB Bond	-	-	-	-	-	
5. Foreign Bond	-	-	-	-	-	
6. Shares of Local Licensed Institutions	-	-	-	-	-	
7. Debenture & Bonds of Local Licensed Institutions	-	-	-	-	-	
8. Shares, Debentures & Bonds of Local Organised Bodies	-	-	-	-	-	
9. Placement in Foreign Banks	480,305,416	-	-	-	-	
10. Other Investments	49,081,550	-	-	-	-	
Total Investment	4,121,206,587	-	-	-	-	

Particulars	Par Value (A)	Closing Market Price (A)	Prevailing Market Price (B)	Current Year Adjustment Reserve (B - A)	Previous Year Gain / Loss (Rs.)	Remarks
1. Treasury Bill of Nepal Government	-	-	-	-	-	
2. Saving Bond of Nepal Government	-	-	-	-	-	
3. Other Bond of Nepal Government	-	-	-	-	-	
4. NRB Bond	-	-	-	-	-	
5. Foreign Bond	-	-	-	-	-	
6. Shares of Domestic Licensed Institutions	-	-	-	-	-	
7. Debenture & Bonds of Domestic Licensed Institutions	-	-	-	-	-	
8. Shares, Debentures & Bonds of Domestic Corporate Bodies	13,935,500	-	-	-	-	
9. Placement in Foreign Banks	-	-	-	-	-	
10. Other Investments	-	-	-	-	-	
Total Investment	13,935,500	-	-	-	-	

Particulars	Loans & Advances						Bills Purchased/Discounted			Current Year (Rs.)	Previous Year (Rs.)
	Domestic			Other	Foreign	Total	Domestic	Foreign	Total		
	Priority Sector		Uninsured								
	Insured										
1. Performing Loan	-	773,648,536	18,532,917,730	-	19,306,566,266	5,819,000	30,756,989	36,575,989	19,343,142,255	17,701,376,531	
1.1 Pass	-	773,648,536	18,532,917,730	-	19,306,566,266	5,819,000	30,756,989	36,575,989	19,343,142,255	17,701,376,531	
2. Non-Performing Loan	-	664,706	775,981,940	-	776,646,646	-	-	-	776,646,646	399,960,499	
2.1 Restructured	-	-	-	-	-	-	-	-	-	2,605,984	
2.2 Sub-Standard	-	-	23,467,414	-	23,467,414	-	-	-	23,467,414	43,198,828	
2.3 Doubtful	-	-	404,012,981	-	404,012,981	-	-	-	404,012,981	110,613,730	
2.4 Loss	-	664,706	348,501,545	-	349,166,251	-	-	-	349,166,251	243,541,957	
A. Total Loan	-	774,313,243	19,308,899,670	-	20,083,212,912	5,819,000	30,756,989	36,575,989	20,119,788,901	18,101,337,031	
3. Loan Loss Provision											
3.1 Pass	-	7,736,485	185,329,177	-	193,065,663	58,190	307,570	365,760	193,431,423	177,013,765	
3.2 Restructured	-	-	-	-	-	-	-	-	-	325,748	
3.3 Sub-Standard	-	-	5,866,853	-	5,866,853	-	-	-	5,866,853	10,799,707	
3.4 Doubtful	-	-	202,006,491	-	202,006,491	-	-	-	202,006,491	55,306,865	
3.5 Loss	-	664,706	348,501,545	-	349,166,251	-	-	-	349,166,251	243,541,957	
B. Total Provisioning	-	8,401,192	741,704,066	-	750,105,258	58,190	307,570	365,760	750,471,018	486,988,042	
4. Provisioning up to previous year											
4.1 Pass	-	6,211,407	170,113,089	-	176,324,495	530,623	158,647	689,270	177,013,765	147,583,371	
4.2 Restructured	-	-	325,748	-	325,748	-	-	-	325,748	458,904	
4.3 Sub-Standard	-	-	10,799,707	-	10,799,707	-	-	-	10,799,707	2,476,604	
4.4 Doubtful	-	-	55,306,865	-	55,306,865	-	-	-	55,306,865	4,677,676	
4.5 Loss	-	664,706	242,877,251	-	243,541,957	-	-	-	243,541,957	144,962,926	
C. Total provision fill last year	-	6,876,113	479,422,659	-	486,298,773	530,623	158,647	689,270	486,988,042	300,159,481	
D. Written Back from last year provision	-	-	-	-	-	-	-	-	(5,258,602)	(133,156)	
E. Additional Provision in this year	-	-	-	-	-	-	-	-	268,741,577	186,961,717	
Change in this year	-	-	-	-	-	-	-	-	263,482,976	186,828,561	
Net Loan (A-B)		765,912,051	18,567,195,603	-	19,333,107,654	5,760,810	30,449,419	36,210,229	19,369,317,883	17,614,348,988	

KUMARI BANK LIMITED

Security for Loan Advances and Bills Purchased

Schedule 4.13 (A)

As at Ashad end 2070 (15 July 2013)

Particulars	Current Year (Rs.)	Previous Year (Rs.)
A. Secured	20,119,788,901	18,101,337,031
1. Against Security of Movable/Immovable Assets	19,527,447,782	16,865,800,131
2. Against Guarantee of Local Licensed Institutions	-	-
3. Against Government Guarantee	146,702,428	146,702,428
4. Against Guarantee of Internationally Rated Bank	-	-
5. Against Security of Export Documents	-	-
6. Against Security of Fixed Deposit Receipts	100,148,677	230,384,745
a. Own FDR	100,148,677	230,384,745
b. FDR of Other Licensed Institutions	-	-
7. Against Security of Government Bonds	-	-
8. Against Counter Guarantee	-	-
9. Against Personal Guarantee	-	-
10. Against Other Securities	345,490,013	858,449,726
B. Unsecured	-	-
Total	20,119,788,901	18,101,337,031

KUMARI BANK LIMITED

Fixed Assets

As at Ashad end 2070 (15 July 2013)

Schedule 4.14

Particulars	ASSETS						Current Year (Rs.)	Previous Year (Rs.)
	Building	Vehicles	Machinery	Office Equipment	Others			
1. Cost Price								
a. Previous Year's Balance	4,814,041	88,364,403	-	280,010,392	43,095,624	416,284,461	398,149,303	
b. Addition This Year	-	28,626,000	-	7,240,380	541,491	36,407,871	31,724,218	
c. Revaluation/Write Back This Year	-	-	-	-	-	-	-	
d. This Year Sold	-	(9,345,000)	-	(334,000)	-	(9,679,000)	(13,589,064)	
e. This Year Write Off	-	-	-	-	-	-	-	
Total Cost (a+b+c+d+e)	4,814,041	107,645,403	-	286,916,772	43,637,116	443,013,332	416,284,457	
2. Depreciation								
a. Up to previous year	1,213,195	40,489,560		187,238,918	26,777,868	255,719,542	220,359,948	
b. For this year	180,042	11,505,072		23,643,102	5,617,797	40,946,013	44,716,171	
c. Depreciation on Revaluation/Write off	-	(4,595,517)		(303,935)		(4,899,452)	-	
d. Depreciation Adjustment/Add back	-	-		-	-	-	(9,356,575)	
Total Depreciation (a+b+c+d)	1,393,237	47,399,115	-	210,578,085	32,395,665	291,766,102	255,719,545	
3. Book Value (WDV*) [1-2]	3,420,804	60,246,288	-	76,338,687	11,241,451	151,247,230	160,564,913	
4. Land	-	-	-	-	-	85,593,635	85,593,635	
5. Capital Work In Progress (pending Capitalization)	-	-	-	-	-	261,369	261,369	
6. Leasehold Assets	-	-	-	-	-	18,762,607	30,849,006	
Total (3+4+5+6)	-	-	-	-	-	255,864,841	277,268,923	

* Written Down Value.

Leasehold details	Current Year (Rs.)
Opening value - gross	94,145,963
Add - addition during the year	713,144
Less - write off/sales during the year	(73,700)
Total Cost	94,785,407
Accumulated depreciation up to last year	63,296,963
Depreciation for current year	12,798,309
Total depreciation on asset write off/sale	(72,472)
Total depreciation	76,022,800
Balance at the end of the year	18,762,607

KUMARI BANK LIMITED

Non Banking Assets

As at Ashad end 2070 (15 July 2013)

Schedule 4.15

Name & Address of Borrower or Party	Acquired Date of Non Banking Asset	Total Amount of Non Banking Asset	Provision for loss		Net Non Banking Asset (Rs.)	Previous Year (Rs.)
			Percent	Amount (Rs.)		
Sarita Vaidya (Rajbhandari), Kathmandu	4-Dec-12	5,216,247	100	5,216,247	-	-
Chija Adhikari, Chitwan	4-Dec-12	1,878,565	100	1,878,565	-	-
Shilu Housing & Developers Pvt. Ltd., Lalitpur	5-Jul-13	52,795,000	100	52,795,000	-	-
Grand Total		59,889,811		59,889,811	-	-

KUMARI BANK LIMITED

Other Assets

Schedule 4.16

As at Ashad end 2070 (15 July 2013)

Particulars		Current Year (Rs.)	Previous Year (Rs.)
1. Stock of Stationery	-	4,131,643	3,202,036
2. Income receivable on Investment	-	23,661,055	15,672,035
3. Accrued Interest Receivable on Loan	-	24,343,546	-
Accrued Interest Receivable on Loan	273,793,276	-	184,004,856
Less: Interest Suspense Account	(249,449,730)	-	(184,004,856)
4. Commission Receivable	-	-	-
5. Sundry Debtors	-	18,993,445	13,957,697
6. Staff Loan & Advances	-	161,194,393	145,639,351
7. Pre Payments	-	10,772,109	19,059,687
8. Cash in Transit	-	-	-
9. Other Transit items (including Cheques)	-	-	-
10. Drafts payment without notice	-	-	-
11. Expenses not written off	-	-	-
12. Branch Reconciliation Account	-	-	-
13. Deferred Tax Assets	-	1,079,936	2,020,925
14. Others	-	57,775,437	55,803,919
a. Advance Tax (net)	30,963,203	-	29,038,231
b. Others	26,812,235	-	26,765,688
Total	301,951,565	255,355,651	-

Other Assets (Additional Statement)

Schedule 4.16(A)

As at Ashad end 2070 (15 July 2013)

Particulars	Current Year (Rs.)				Previous Year (Rs.)
	Up to 1 Year	1 to 3 Year	Above 3 Years	Total	
1. Accrued Interest Receivable on Loan	152,104,437	85,222,020	36,466,819	273,793,276	184,004,856
2. Drafts Payment without notice	-	-	-	-	-
3. Branch Reconciliation Account	-	-	-	-	-
4. Domestic/Foreign Agency Account	-	-	-	-	-

KUMARI BANK LIMITED

Contingent Liabilities

Schedule 4.17

As at Ashad end 2070(15 July 2013)

Particulars	Current Year (Rs.)	Previous Year (Rs.)
1. Claims Lodged but not accepted by the Institution	-	-
2. Letter of Credit (Full Amount)	1,016,167,572	1,024,772,267
a. Maturity period up to 6 months	802,846,661	951,249,068
b. Maturity period more than 6 months	213,320,910	73,523,199
3. Rediscounted Bills	-	-
4. Unmatured Guarantees/Bonds	894,133,682	677,886,868
a. Bid Bonds	31,297,948	34,888,900
b. Performance Bonds	862,835,733	642,997,968
c. Other Guarantee/Bonds	-	-
5. Unpaid Shares Investment	11,000,000	13,500,000
6. Outstanding of Forward Exchange Contract Liabilities	182,603,573	310,022,489
7. Bills under Collection	-	-
8. Acceptance & Endorsement	483,918,277	510,383,784
9. Underwriting Commitment	-	-
10. Irrevocable Loan Commitment	917,104,596	1,165,380,134
11. Guarantees against Counter Guarantee of Internationally Rated Banks	-	-
12. Advance Payment Guarantee	162,091,686	131,962,678
13. Financial Guarantee for loan disbursement	-	-
14. Contingent Liabilities on Income Tax	-	2,494,080
15. Others	-	-

KUMARI BANK LIMITED

Interest Income

Schedule 4.18

From 1st Shrawan 2069 to 31 Asadh 2070 (From 16 July 2012 to 15 July 2013)

Particulars	Current Year (Rs.)	Previous Year (Rs.)
A. On Loans, Advances and Overdraft	2,358,815,482	2,218,622,951
1. Loans & Advances	1,266,437,255	831,876,975
2. Overdraft	1,092,378,226	1,386,745,976
B. On Investment	89,586,192	212,074,062
1. Government Securities	88,661,099	210,757,724
a. Treasury Bills	66,112,362	191,628,752
b. Development Bonds	22,548,737	19,128,972
c. National Saving Certificates	-	-
2. Foreign Debt Papers	-	-
a.	-	-
b.	-	-
3. Nepal Rastra Bank Bonds	-	-
4. Debenture & Bonds	925,093	1,316,338
5. Interest on Interbank Investment	-	-
a. Bank/ Financial Institutions	-	-
b. Other Institutions	-	-
C. On Agency Balances	1,291,001	693,762
1. Domestic Banks/ Financial Institutions	-	-
2. Foreign Banks	1,291,001	693,762
D. On Money at Call and Short Notice	14,614,302	10,189,451
1. Domestic Banks/Financial Institutions	10,475,371	5,650,464
2. Foreign Banks	4,138,931	4,538,987
E. On Others	-	-
1. Certificate of Deposits	-	-
2. Inter-Bank/ Financial Institution Loan	-	-
3. Others	-	-
Total	2,464,306,976	2,441,580,226

KUMARI BANK LIMITED

Interest Expenses

Schedule 4.19

From 1st Shrawan 2069 to 31 Asadh 2070 (From 16 July 2012 to 15 July 2013)

Particulars	Current Year (Rs.)	Previous Year (Rs.)
A. On Deposit Liabilities	1,454,586,611	1,576,486,718
1. Fixed Deposits	791,147,585	874,689,080
1.1 Local Currency	760,736,380	850,599,945
1.2 Foreign Currency	30,411,205	24,089,135
2. Saving Deposits	348,281,688	329,281,022
2.1 Local Currency	347,041,922	328,062,185
2.2 Foreign Currency	1,239,766	1,218,836
3. Call Deposits	315,157,338	372,516,616
3.1 Local Currency	313,383,136	371,786,981
3.2 Foreign Currency	1,774,201	729,635
4. Certificate of Deposits	-	-
B. On Borrowings	31,695,028	46,005,042
1. Debentures & Bonds	28,756,164	32,000,000
2. Loan from Nepal Rastra Bank	-	-
3. Inter Bank /Financial Institutions Borrowing	2,938,864	14,005,042
4. Other Organized Institution	-	-
5. Other Loans	-	-
C. On Others	-	-
1.	-	-
2.	-	-
Total	1,486,281,639	1,622,491,760

KUMARI BANK LIMITED

Commission and Discount Income

Schedule 4.20

From 1st Shrawan 2069 to 31 Asadh 2070 (From 16 July 2012 to 15 July 2013)

Particulars	Current Year (Rs.)	Previous Year (Rs.)
A. Bills Purchase & Discount	1,302,335	1,817,225
1. Local	1,302,335	1,817,225
2. Foreign	-	-
B. Commission	44,271,223	40,037,303
1. Letters of Credit	16,990,751	18,462,974
2. Guarantees	13,179,544	12,326,335
3. Collection Fees	664,297	1,032,487
4. Remittance Fees	13,436,630	8,215,508
5. Credit Card	-	-
6. Share Underwriting/Issue	-	-
7. Government Transactions	-	-
8. E. Pra. Commission	-	-
9. Exchange Fee	-	-
C. Others	92,626,107	69,010,980
Total	138,199,665	110,865,509

Other Operating Income

Schedule 4.21

From 1st Shrawan 2069 to 31 Asadh 2070 (From 16 July 2012 to 15 July 2013)

Particulars	Current Year (Rs.)	Previous Year (Rs.)
1. Safe Deposit Lockers Rental	1,666,094	1,596,438
2. Issue & Renewals of Credit Cards	-	-
3. Issue & Renewals of ATM Cards	28,590,665	34,731,728
4. Telex / T. T./ SWIFT	3,803,769	3,174,105
5. Service Charges	-	3,367,049
6. Renewal Fees	-	-
7. Others	7,801,256	5,428,999
Total	41,861,784	48,298,318

KUMARI BANK LIMITED

Exchange Fluctuation Gain/Loss

From 1st Shrawan 2069 to 31 Asadh 2070 (From 16 July 2012 to 15 July 2013)

Schedule 4.22

Particulars	Current Year (Rs.)	Previous Year (Rs.)
a. From Revaluation	10,859,670	11,578,998
b. From Trading (except Exchange Fees)	46,133,828	32,626,750
Total Gain (Loss)	56,993,498	44,205,749

Expenses Relating to Employees

From 1st Shrawan 2069 to 31 Asadh 2070 (From 16 July 2012 to 15 July 2013)

Schedule 4.23

Particulars	Current Year (Rs.)	Previous Year (Rs.)
1. Salary	89,255,129	86,127,017
2. Allowances	58,212,817	55,921,886
a. Normal Allowance	30,050,200	26,618,769
b. Inchargeship Allowance	96,599	154,345
c. Relocation Allowance	164,705	181,380
d. Outstation Allowance	3,647,517	3,152,936
e. Dashain Allowance	9,518,653	9,523,830
f. Vehicle Maintenance Allowance	664,102	533,147
g. Leave Fare Allowance	14,071,041	15,757,480
3. Contribution to Provident Fund	8,713,612	8,182,639
4. Training Expenses	1,176,211	1,403,620
5. Uniform	467,204	1,383,062
6. Medical	6,700,304	6,515,481
7. Insurance	7,696,701	5,536,727
8. Gratuity Expenses	14,117,726	11,921,215
9. Others	17,465,538	17,303,875
a. Wages	6,442,337	7,079,728
b. Teller Risk Fund	845,676	824,958
c. Other Staff Benefits	3,590,833	3,541,973
d. Overtime	6,586,691	5,857,215
Total	203,805,242	194,295,522

KUMARI BANK LIMITED

Other Operating Expenses

Schedule 4.24

From 1st Shrawan 2069 to 31 Asadh 2070 (From 16 July 2012 to 15 July 2013)

Particulars		Current Year (Rs.)	Previous Year (Rs.)
1. House Rent	-	51,457,964	44,201,230
2. Electricity & Water	-	18,054,513	14,580,497
3. <u>Repair & Maintenance</u>	-	2,058,101	1,736,810
a. Building	616,277	-	351,303
b. Vehicles	1,441,825	-	1,385,506
c. Others	-	-	-
4. Insurance	-	10,246,482	7,743,339
5. Postage, Telex, Telephone & Fax	-	15,435,737	15,636,806
6. Office Equipment, Furniture and Repair	-	5,073,846	3,570,025
7. Travelling Allowances & Expenses	-	1,993,336	1,874,405
8. Stationery & Printing	-	5,402,866	5,208,108
9. Periodicals & Books	-	452,453	470,412
10. Advertisements	-	4,547,803	3,705,404
11. Legal Expenses	-	918,308	839,529
12. Donations	-	23,000	49,746
13. <u>Expenses relating to Board of Directors</u>	-	2,845,533	1,933,535
a. Meeting Fees	2,698,000	-	1,830,000
b. Other Expenses	147,533	-	103,535
14. Annual General Meeting Expenses	-	683,868	457,933
15. <u>Expenses relating to Audit</u>	-	841,668	785,298
a. Audit Fees	384,200	-	377,533
b. Other Expenses	457,468	-	407,765
16. Commission on Fund Transfer	-	-	-
17. Depreciation on Fixed Assets	-	53,744,322	58,273,823
18. Amortization of Pre-operating Expenses	-	-	-
19. Share Issue expenses	-	-	-
20. Technical Services Reimbursement	-	-	-
21. Entertainment Expenses	-	-	-
22. Written Off Expenses	-	-	-
23. Security Expenses	-	19,882,978	19,425,129
24. Credit Guarantee Premium	-	-	-
25. Commission & Discount	-	-	-
26. Others	-	36,806,864	31,536,533
a. Transport	8,578,462	-	7,836,684
b. Professional Fees	573,470	-	304,600
c. Public Relation Expenses	1,002,028	-	1,214,659
d. Correspondent Banking Charges	1,889,719	-	1,003,249
e. Fees and Taxes	21,343,288	-	18,040,541
f. Miscellaneous	1,141,963	-	1,099,833
g. Janitorial	2,277,933	-	2,036,967
Total	-	230,469,644	212,028,561

KUMARI BANK LIMITED

Provision for Possible Losses

Schedule 4.26

From 1st Shrawan 2069 to 31 Asadh 2070 (From 16 July 2012 to 15 July 2013)

Particulars	Current Year (Rs.)	Previous Year (Rs.)
1. Increase in Loss Provision on Loans	268,741,577	186,961,717
2. Increase in Provision for Loss on Investment	-	-
3. Provision for loss on Non-Banking Assets	45,877,403	-
4. Provision for Other Assets	-	83,079
Total	314,618,980	187,044,796

Write Back from Provision for Possible Losses

Schedule 4.27

(Fiscal Year 2012/13)

Particulars	Current Year (Rs.)	Previous Year (Rs.)
1. Provision for Loan Loss Written Back	5,258,602	133,156
2. Provision against Non Banking Assets Written Back	-	-
3. Provision for Investment Written Back	-	-
4. Provision for other Assets Written Back	-	-
Total	5,258,602	133,156

KUMARI BANK LIMITED

Income/ (Expenses) from Extra Ordinary Transactions

Schedule 4.28

From 1st Shrawan 2069 to 31 Asadh 2070 (From 16 July 2012 to 15 July 2013)

Particulars	Current Year (Rs.)	Previous Year (Rs.)
1. Recovery of Written Off Loan	-	-
2. Voluntary Retirement Expenses	-	-
3. Irrecoverable Loan Write Off (4.28 (A))	-	-
4. Other Expenses/Income	-	-
Total	-	-

KUMARI BANK LIMITED**Statement of Loan Written-Off**

Fiscal Year 2069/70 (2012/13)

Schedule 4.28(A)

S.N.	Types of Loan Amount	Written off Security & Value	Type of Valuation of Collateral	Basis of Authority & Level	Loan Approving for Recovery	Initiations Made	Remarks
1							
2							
Total							

Statement of Loans and Advances Extended to Directors/Chief Executive /Promoters/Employees and Shareholders

Schedule 4.29

31 Ashad 2070 (15 July 2013)

The Statement of amount included under total amount of Bills Purchased and Discounted, Loans, Advances and Overdraft, provided to the Directors, Chief Executive, Promoters, Employees, Shareholders and the individual members of ' their undivided family' or against the guarantee of such person or to the organisation or, companies in which such individual are 'managing agent' are as follows:

Name of Promoter/Director/ Chief Executive	Outstanding up to Last Year		Recovered in Current Year		Additional Lending in this year	Outstanding as of Ashad End 2070	
	Principal	Interest	Principal	Interest		Principal	Interest
A. Directors							
1.							
2.							
3.							
B. Chief Executive							
1.							
2.							
C. Promoter							
D. Employee							
E. Shareholders							
Total							

KUMARI BANK LIMITED

Table of Capital Fund

End of Ashad 2070 (15 July 2013)

Schedule 4.30(A)

1.1. RISK WEIGHTED EXPOSURES	Current Year (Rs.)	Previous Year (Rs.)
a Risk Weighted Exposure for Credit Risk	20,934,511	19,002,194
b Risk Weighted Exposure for Operational Risk	1,412,218	1,222,618
c Risk Weighted Exposure for Market Risk	177,557	102,370
Adjustments under Pillar II	22,524,285	20,327,182
Add: 3% of the total RWE due to non compliance to Disclosure Requirement	-	-
Addition to RWE as per supervisory review (3%)	675,729	609,815
Add RWE equivalent to reciprocal of capital charge of 2 % of gross income.	218,728	-
Add: ...% of Total Deposit due to Insufficient Liquid Assets	-	-
Total Risk Weighted Exposure (After Bank's adjustment of Pillar II)	23,418,742	20,936,998

1.2. CAPITAL	Current Year (Rs.)	Previous Year (Rs.)
Core Capital (Tier I)	2,633,195	2,365,249
a Paid Up Equity Share Capital	1,603,800	1,603,800
b Irredeemable Non- cumulative Preference Share	-	-
c Share Premium	-	4,438
d Proposed Bonus Equity Share	224,532	-
e Statutory General Reserves	799,082	340,793
f Retained Earnings/Loss till Previous Year	4,700	14,197
g Un-audited current period profit/(loss) (after all provision including tax)	-	-
h Bond Redemption Reserve	-	400,000
i Capital Adjustment Reserve	-	-
j Dividend Equalization Reserves	-	-
k Capital Redemption Reserve	-	-
l Other free Reserve (Deferred Tax Fund)	1,080	2,021
m Less: Goodwill	-	-
n Less: Miscellaneous Expenditure not written off	-	-
o Less: Investment in equity in licensed Financial Institutions	-	-
p Less: Investment in equity of institutions with financial interests	-	-
q Less: Investment in equity of institutions in excess of limits	-	-
r Less: Investments arising out of underwriting commitments	-	-
s Less: Reciprocal crossholdings	-	-
† Less: Other Deduction	-	-
Adjustments under Pillar II	-	-
Less: Shortfall in Provision	-	-
Less: Loans & Facilities Extended to Related Parties & Restricted Lending	-	-

Supplementary Capital (Tier II)	216,943	188,840
a Cumulative and/or Redemable Preference Share	-	-
b Subordinated term debt	-	-
c Hybrid Capital Instruments	-	-
d General Loan Loss provision	193,431	177,014
e Exchange Equalization Reserve	14,511	11,797
f Investment Adjustment Reserve	9,000	30
g Assets Revaluation Reserve	-	-
h Other Reserve	-	-
Total Capital Fund (Tier I and Tier II)	2,850,138	2,554,089

1.3 CAPITAL ADEQUACY RATIOS	Current Period	Previous Period
Tier I Capital to Total Risk Weighted Exposure (After Bank's adjustment of Pillar II)	11.24	11.30
Tier I and Tier II Capital to Total Risk Weighted Exposure (After Bank's adjustment of Pillar II)	12.17	12.20

On Balance Sheet Exposures (A)	Current Year						Previous Year	
	Gross Book Value (a)	Specific Provision (b)	Eligible CRM (c)	Net Value d=a-b-c	Risk Weight (e)	Risk Weighted Exposures (f)=(d)*(e)	Net Value Weighted	Risk Exposures
Cash Balance	638,770	-	-	638,770	0%	-	584,140	-
Balance With Nepal Rastra Bank	2,537,961	-	-	2,537,961	0%	-	2,862,924	-
Gold	-	-	-	-	0%	-	-	-
Investment in Nepalese Government Securities	3,591,820	-	-	3,591,820	0%	-	2,574,619	-
All Other Claims on Government of Nepal	146,702	-	-	146,702	0%	-	146,702	-
Investment in Nepal Rastra Bank Securities	-	-	-	-	0%	-	-	-
All Other Claims on Nepal Rastra Bank	-	-	-	-	0%	-	-	-
Claims in Foreign Government & Central Bank (ECA rating 0-1)	-	-	-	-	0%	-	-	-
Claims in Foreign Government & Central Bank (ECA rating 2)	-	-	-	-	20%	-	-	-
Claims in Foreign Government & Central Bank (ECA rating 3)	-	-	-	-	50%	-	-	-
Claims in Foreign Government & Central Bank (ECA rating 4-6)	-	-	-	-	100%	-	-	-
Claims in Foreign Government & Central Bank (ECA rating 7)	-	-	-	-	150%	-	-	-
Claims On BIS, IMF, ECB, EC and Claims On Multilateral Development Banks (MDB's) Recognised By Standard Framework	-	-	-	-	0%	-	-	-
Claims on Other MDB's	-	-	-	-	100%	-	-	-
Claims on Public Sector Entity (ECA 0 - 1)	-	-	-	-	20%	-	-	-
Claims on Public Sector Entity (ECA - 2)	-	-	-	-	50%	-	-	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	100%	-	-	-
Claims on Public Sector Entity (ECA - 7)	-	-	-	-	150%	-	16,985	25,478
Claims on Domestic Banks that meet Capital Adequacy requirements	552,107	-	-	552,107	20%	110,421	335,320	67,064
Claims on Domestic Banks that do not meet Capital Adequacy Requirements	18,100	-	-	18,100	100%	18,100	8,449	8,449
Claims on Foreign Bank (ECA Rating 0- 1)	702,219	-	-	702,219	20%	140,444	545,730	109,146
Claims on Foreign Bank (ECA Rating - 2)	221,568	-	-	221,568	50%	110,784	-	-
Claims on Foreign Bank (ECA Rating 3-6)	-	-	-	-	100%	-	65,313	65,313
Claims on Foreign Bank (ECA Rating - 7)	-	-	-	-	150%	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1 %above their respective regulatory capital requirement	18,955	-	-	18,955	20%	3,791	(15,488)	(3,098)

KUMARI BANK LIMITED

Credit Risk Exposures

End of Ashad 2070 (15 July 2013)

Schedule 4.30(B)

	Current Year							Previous Year	
	Gross Book Value (a)	Specific Provision (b)	Eligible CRM (c)	Net Value d=a-b-c	Risk Weight (e)	Risk Weighted Exposures (f)=(d)*(e)	Net Value Weighted	Risk Exposures	
Revocable Commitments	-	-	-	-	0%	-	-	-	
Bills Collection	-	-	-	-	0%	-	-	-	
Forward Exchange Contract Liabilities	182,604	-	-	182,604	10%	18,260	310,022	31,002	
LC Commitments With Original Maturity Up to 6 months									
Domestic counterparty	802,847	-	39,119	763,728	20%	152,746	908,505	181,701	
Foreign counterparty ECA Rating 0-1	-	-	-	-	20%	-	-	-	
Foreign counterparty ECA Rating 2	-	-	-	-	50%	-	-	-	
Foreign counterparty ECA Rating 3-6	-	-	-	-	100%	-	-	-	
Foreign counterparty ECA Rating 7	-	-	-	-	150%	-	-	-	
L C Commitments With Original Maturity over 6 months									
Domestic counterparty	213,321	-	6,157	207,164	50%	103,582	64,384	32,192	
Foreign counterparty ECA Rating 0-1	-	-	-	-	20%	-	-	-	
Foreign counterparty ECA Rating 2	-	-	-	-	50%	-	-	-	
Foreign counterparty ECA Rating 3-6	-	-	-	-	100%	-	-	-	
Foreign counterparty ECA Rating 7	-	-	-	-	150%	-	-	-	
Bid Bond, Performance Bond and Counter Guarantee									
Domestic Counterparty	894,134	-	64,849	829,284	50%	414,642	618,752	309,376	
Foreign counterparty ECA Rating 0-1	-	-	-	-	20%	-	-	-	
Foreign counterparty ECA Rating 2	-	-	-	-	50%	-	-	-	
Foreign counterparty ECA Rating 3-6	-	-	-	-	100%	-	-	-	
Foreign counterparty ECA Rating 7	-	-	-	-	150%	-	-	-	
Underwriting commitments	-	-	-	-	50%	-	-	-	
Lending of Bank's Securities or Posting of Securities as collateral									
Repurchase Agreements, Assets sale with recourse									
Advance Payment Guarantee	162,092	-	8,932	153,160	100%	153,160	125,364	125,364	
Financial Guarantee	-	-	-	-	100%	-	-	-	
Acceptance and Endorsements	483,918	-	26,014	457,904	100%	457,904	478,390	478,390	
Unpaid portion of Partly paid shares and securities	11,000	-	-	11,000	100%	11,000	13,500	13,500	
Irrevocable Credit Commitments (short term)	917,105	-	-	917,105	20%	183,421	1,165,380	233,076	

Continued...

Irrevocable Credit Commitments (long term)	-	-	-	-	-	-	-	-	-	-	-	-
Other Contingent Liabilities	-	-	-	-	-	-	-	-	-	2,494	-	2,494
Unpaid Guarantee Claims	-	-	-	-	-	-	-	-	-	-	-	-
Total	3,667,019	145,070	3,521,949	1,494,715	3,686,791	1,407,095	1,494,715	3,686,791	1,407,095	1,407,095	1,407,095	1,407,095
Total RWE for Credit Risk before Adjustment (A + B)	33,705,374	1,623,632	31,602,561	20,934,511	28,764,821	19,002,194	20,934,511	28,764,821	19,002,194	19,002,194	19,002,194	19,002,194
Adjustment under Pillar II	-	-	-	-	-	-	-	-	-	-	-	-
Add: 10% of the loan & facilities in excess of Single Obligor Limits under 6.40(A) (3)	-	-	-	-	-	-	-	-	-	-	-	-
Add: 1% of the contract (sale) value in case of the sale under 6.40(A) (3) of credit with recourse	-	-	-	-	-	-	-	-	-	-	-	-
Total RWE for Credit Risk	33,705,374	1,623,632	31,602,561	20,934,511	28,764,821	19,002,194	20,934,511	28,764,821	19,002,194	19,002,194	19,002,194	19,002,194

Credit exposures	Deposit with Bank (a)	Deposits with other banks/ FI (b)	Gold (c)	Govt. & NRB Securities (d)	Govt. of Nepal (e)	Sec/G'tee of other Sovereigns (f)	G'tee of Domestic Banks (g)	G'tees of MDBs (h)	Sec/G'tee of Foreign Banks (i)	Total
On Balance Sheet Credit exposures										
Claims on Foreign government and Central Bank (ECA-2)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA-3)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA-4-6)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA-7)	-	-	-	-	-	-	-	-	-	-
Claim on Other Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA-0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA-2)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA-3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA-7)	-	-	-	-	-	-	-	-	-	-
Claims on domestic banks that meet capital adequacy requirement	-	-	-	-	-	-	-	-	-	-
Claims on domestic banks that do not meet capital adequacy requirement	-	-	-	-	-	-	-	-	-	-
Claims to a Foreign bank (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
Claims to a Foreign bank (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
Claims to a Foreign bank (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
Claims to a Foreign bank (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1 % above their respective regulatory capital requirements	-	-	-	-	-	-	-	-	-	-
Claims on Domestic Corporates	62,467	-	-	-	-	-	-	-	-	62,467
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	-	-	-	-	-	-
Regulatory Retail Portfolio (Not Overdue)	271,644	-	-	-	-	-	-	-	-	271,644
Claims fulfilling all criterion of regulatory retail except granularity	-	-	-	-	-	-	-	-	-	-
Claims secured by residential properties	-	-	-	-	-	-	-	-	-	-
Claims not fully secured by residential properties	-	-	-	-	-	-	-	-	-	-

Eligible Amount of Credit Risk Mitigation (CRM)

End of Ashad 2070 (15 July 2013)

Continued...

Schedule 4.30(C)
Rs. in '000

Credit exposures	Deposit with Bank (a)	Deposits with other banks/ FI (b)	Gold (c)	Govt. & NRB Securities (d)	Govt. of Nepal (e)	Sec/G'fee of other Sovereigns (f)	G'fee of Domestic Banks (g)	G'tees of MDBs (h)	Sec/G'fee of Foreign Banks (i)	Total
Claims secured by residential properties (Overdue)	-	-	-	-	-	-	-	-	-	-
Claims secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
Past due claims(except for claim secured by residential properties)	-	-	-	-	-	-	-	-	-	-
High Risk Claims	-	-	-	-	-	-	-	-	-	-
Investment in equity and other capital instruments of institutions listed in the stock exchange	-	-	-	-	-	-	-	-	-	-
Investment in equity and other capital instruments of institutions not listed in the stock exchange	-	-	-	-	-	-	-	-	-	-
Other Assets (as per attachment)	-	-	-	-	-	-	-	-	-	-
TOTAL	334,111	-	-	-	-	-	-	-	-	334,111
Off Balance Sheet Exposures										
Forward Exchange Contract Liabilities	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Up to 6 months domestic counterparty	39,119	-	-	-	-	-	-	-	-	39,119
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (eca rating 2)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (eca rating 3-6)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (eca rating 7)	-	-	-	-	-	-	-	-	-	-
L C Commitments With Original Maturity Over 6 months domestic counterparty	6,157	-	-	-	-	-	-	-	-	6,157
Foreign counterparty (eca rating 0-1)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (eca rating 2)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (eca rating 3-6)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (eca rating 7)	-	-	-	-	-	-	-	-	-	-
Bid bond and performance bond (domestic)	64,849	-	-	-	-	-	-	-	-	64,849
Foreign counterparty (eca rating 0-1)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (eca rating 2)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (eca rating 3-6)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (eca rating 7)	-	-	-	-	-	-	-	-	-	-
Underwriting commitments	-	-	-	-	-	-	-	-	-	-

KUMARI BANK LIMITED

Risk Weight Exposure for Operational Risk

End of Ashad 2070 (15 July 2013)

Schedule 4.30 (D)

Rs in '000

Particular	Year 1 (2009/10)	Year 2 (2010/11)	Year 3 (2011/12)	Previous year
Net Interest Income	682,148	685,240	819,088	-
Commission and Discount income	97,653	99,708	110,866	-
Other Operating Income	28,771	53,636	48,812	-
Exchange Fluctuation Income	37,925	36,719	44,206	-
Additonal Interest Suspense during the period	20,034	(11,038)	70,669	-
Total Gross Income (a)	866,530	864,264	1,093,641	-
Alfa (b)	15%	15%	15%	15%
Fixed Percentage of Gross Income {C= (axb)}	129,980	129,640	164,046	-
Capital Requirement for operational risk (d) = (average of c)	141,222	-	-	122,262
Risk Weight (reciprocal of capital requirement of 10 %) in times (e)	10	-	-	10
Equivalent Risk Weight Exposure {f=(dxe)}	1,412,218	-	-	1,222,618

KUMARI BANK LIMITED

Risk Weight Exposure for Market Risk

End of Ashad 2070 (15 July 2013)

Schedule 4.30 (E)

Rs in '000

S.No	Currency	Open Position (FCY)	Open Position (NPR)	Relevant Open Position	Previous Year
1	INR	107,736	172,458	172,458	76,190
2	USD	1,759	168,937	168,937	112,774
3	EUR	19	2,418	2,418	1,452
4	GBP	2	301	301	1,346
5	CHF	-	-	-	-
6	AUD	19	1,621	1,621	6,051
7	CAD	3	276	276	401
8	SGD	2	163	163	351
9	JPY	3,226	3,120	3,120	2,507
10	SEK	7	102	102	8
11	DKK	98	1,642	1,642	633
12	HKD	3	41	41	37
13	SAR	63	1,598	1,598	1,764
14	QAR	34	902	902	399
15	CNY	15	238	238	86
16	MYR	14	419	419	279
17	THB	3	9	9	41
18	AED	33	865	865	405
19	KRW	50	4	4	17
Total Open Position (a)		-	-	355,114	204,741
Fixed Percentage (b)		-	-	5%	5%
Capital Charge for Market Risk [c=(aXb)]		-	-	17,756	10,237
Risk Weight (reciprocal of capital requirement of 10%) in times (d)		-	-	10	10
Equivalent Risk Weight Exposure {e=(cXd)}		-	-	177,557	102,370

KUMARI BANK LIMITED

PRINCIPAL INDICATORS

(For 7 years)

Schedule 4.31

Particulars	Indicators	F. Y. 2006/07	F. Y. 2007/08	F. Y. 2008/09	F. Y. 2009/10	F. Y. 2010/11	F. Y. 2011/12	F. Y. 2012/13
1. Net Profit/Gross Income	%	36.18%	30.87%	36.98%	37.39%	28.70%	26.95%	23.99%
2. Earnings Per Share	Rs.	22.70	16.35	22.04	24.24	15.67	17.18	18.17
3. Market Value per Share	Rs.	830	1,005	700	468	266	242	260
4. Price Earning Ratio	Ratio	36.56	61.47	31.76	19.31	16.98	14.09	14.31
5. Stock Dividend on share capital	%	21.05%	10.53%	10.58%	12.00%	8.44%	0.00%	14.00%
6. Cash Dividend on share Capital	%	1.05%	0.53%	0.55%	12.00%	0.44%	7.00%	0.74%
7. Interest Income/Loans & Advances	%	7.63%	7.61%	8.34%	11.58%	13.75%	12.26%	11.72%
8. Employee Expenses/Total Operating Expenses	%	41.63%	37.68%	40.73%	41.49%	44.20%	47.82%	46.93%
9. Interest Expenses on Total Deposit and Borrowings	%	3.69%	3.87%	5.10%	6.66%	8.88%	7.38%	5.87%
10. Exchange Fluctuation Gain/Gross Income	%	4.31%	7.38%	5.91%	4.48%	4.20%	4.32%	4.69%
11. Staff Bonus/ Total Employee Expenses	%	25.08%	22.32%	24.04%	24.20%	17.55%	16.84%	17.03%
12. Net Profit/Loans & Advances	%	1.88%	1.52%	1.77%	2.12%	1.68%	1.52%	1.45%
13. Net Profit/ Total Assets	%	1.43%	1.16%	1.41%	1.59%	1.23%	1.10%	1.03%
14. Total Credit/Deposit	%	85.84%	90.20%	94.17%	79.45%	87.87%	82.33%	79.47%
15. Total Operating Expenses/Total Assets	%	1.50%	1.58%	1.54%	1.69%	1.86%	1.62%	1.54%
16. Adequacy of Capital Fund on Risk Weightage Assets								
a. Core Capital	%	10.26%	10.40%	9.08%	10.29%	12.35%	11.30%	11.24%
b. Supplementary Capital	%	0.96%	4.01%	2.47%	2.05%	1.41%	0.90%	0.93%
c. Total Capital Fund	%	11.22%	14.41%	11.56%	12.34%	13.76%	12.20%	12.17%
17. Liquidity (CRR)	Ratio	3.65%	1.91%	7.13%	8.02%	5.74%	13.52%	12.43%
18. Non Performing Loans/Total Loans	%	0.73%	1.32%	0.44%	0.50%	1.12%	2.21%	2.89%
19. Weighted Average Interest Rate Spread	%	4.67%	4.30%	4.17%	3.28%	3.92%	4.27%	4.62%
20. Book Net worth Per Share	Rs.	137	128	137	137	138	148	166
21. Total Shares	Number	7,500,000	10,700,000	11,860,992	13,060,159	16,038,000	16,038,000	16,038,000
22. Total Employees	Number	212	256	260	364	347	327	377

KUMARI BANK LIMITED

Significant Accounting Policies

Financial Year 16 July 2012 to 15 July 2013 (1 Shrawan 2069 to 31 Ashad 2070)

1. General Information

Kumari Bank Limited (the "Bank") is a public limited company, incorporated on 10 December 1999 and domiciled in Nepal. The address of its registered office is Durbar Marg, Kathmandu, Nepal. The Bank is listed in Nepal Stock Exchange Limited.

The Bank carries out commercial banking activities in Nepal under license from Nepal Rastra Bank (the central bank of Nepal) as Class "A" licensed institution.

2. Date of Authorization of Financial Statement

The Financial Statements for the year ended on 15 July 2013 is approved by Board of Directors (BOD) of the Bank on 21 Falgun 2070 (05 March 2014).

3. Summary of Significant Accounting Policies

The Significant accounting policies applied in the preparation of the financial statements of the bank are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Statement of Compliance

The financial statements have been prepared in accordance with Nepal Accounting Standards (NAS) issued by the Nepal Accounting Standard Board (NASB) except for exceptions as mentioned below, generally accepted accounting principles, and the provisions of Bank and Financial Institution Act, 2063, directives issued by Nepal Rastra Bank and the Company Act, 2063.

3.2 Basis of Preparation

The financial statements have been prepared under the historical cost convention. Use of certain critical accounting estimates and exercise judgement in the process of applying the Bank's accounting policies have been done, wherever required, in conformity with NAS and generally accepted accounting principles.

3.3 Interest Income

Interest income on loans and advances is recognised on cash basis as per the directive issued by NRB, which is not in accordance with Nepal Accounting Standards.

Interest for the moratorium period on some term loans as stated in point no 23 of Notes to Accounts has been recognised as income after capitalising it on loans which is in accordance with NRB approval.

3.4 Commission Income

Guarantee commission up to NPR. 100,000 is recognised as commission income on cash basis. Commission income on

guarantee covering more than one fiscal year and commission amount above NPR.100,000 is booked on accrual basis. Other commission incomes are recognised as income on accrual basis.

3.5 Dividend Income

Dividend is recognised as income when the bank's right to receive payment is established. It is recognised as income at net of withholding tax.

3.6 Foreign Exchange Incomes

- i. Foreign currency assets and liabilities as at the Balance Sheet date have been translated at the mid rate (average of buying and selling rate) of exchange rates prevalent as on the Balance Sheet date.
- ii. Foreign currency trading gain/loss realised in the foreign currency transactions is accounted for on the date of transaction and based on transaction rate.
- iii. Revaluation gain arising due to fluctuation in exchange rate of foreign currencies is accounted for and shown as "Revaluation Gain/Loss". Amount equivalent to 25% of revaluation gain of the current year is appropriated to Exchange Fluctuation Reserve as per directive issued by Nepal Rastra Bank.

3.7 Interest Expenses

Interest expense on deposit liabilities, bonds and borrowings are accounted for on accrual basis.

3.8 Loans and Advances, Overdraft and Bills Purchased

Loans and advances, overdrafts and bills purchased include direct finance provided to the customers as per the Bank's policy and product papers such as bank overdrafts, personal loans, term loans, hire purchase loans and loans to deprived sectors. All the loans are subject to regular review and are graded according to the level of credit risk and classified as per NRB Directives. Total Loans and advances are stated net of loan loss provisions in the Balance Sheet.

3.9 Staff Loans

Staff loan has been provided as per the bank's policy and shown under the head 'Other Assets' as per NRB Directives.

3.10 Loan Loss Provision

Provision is made for possible losses on loans and advances, overdraft and bills purchase at 1% to 100% in accordance with the directives issued by NRB.

3.11 Loans & Advances Write off

Unrecoverable loans and advances are written off in accordance with the by-laws of the Bank approved by Bank's BOD and NRB.

Amounts recovered against loans written off in earlier years are recognized as income in the year of recovery.

3.12 Investments

Investments in Government Securities are valued at cost. Placements with maturity period up to 7 days and more than 7 days are classified as money at call and investments respectively.

Investment in shares, debenture and bonds are valued at cost or market value, whichever is lower. Necessary reserves for certain investments have been created as per NRB directive.

3.13 Fixed Assets and Depreciation

- Fixed assets are stated at historical cost. Historical cost includes expenditures that are directly attributable to the acquisition of individual asset item.
- Below mentioned fixed assets are depreciated on Straight Line Method at the rates mentioned below:

Asset	Rate
Computer Software	20%
Leasehold	20%

- Depreciation on newly acquired fixed assets is charged from the next month of booking. Depreciation of an asset ceases when it is derecognised at the time of its disposal.
- Depreciation on below mentioned assets is charged on the basis of diminishing value method at the rates mentioned below:

Asset	Rate
Building	5%
Office Equipments	25%
Furniture & Fixtures (Wooden & Metal)	25%
Computer	25%
Vehicles	20%

- Assets costing more than NRs. 10,000 and/or having useful life more than 1 year are booked under fixed assets.

3.14 Amortisation of Software Cost and Leasehold Assets

- Computer software are capitalised on cost incurred to acquire specific software. Bank amortises such cost over a period of useful life, estimated as 5 years from the date of acquisition.
- Leasehold properties are capitalised on cost incurred to set up such assets. Such assets are amortised over the period of 5 years.

3.15 Lease Rental

The lease agreements entered into by the Bank for office buildings are operating lease agreements. The total payments made under operating leases are charged to Rent Expenses in the profit and loss account.

3.16 Employee Retirement Benefits

The Bank has schemes of retirement benefits namely Provident Fund and Gratuity Fund. Provision for expenses on account of Provident and Gratuity Funds is made on accrual basis with the amount of liabilities computed by the bank in accordance with its applicable schemes. Contributions to retirement fund are made on a regular basis as per its rules and regulations.

3.17 Income Tax

a. Current Income Tax

Provision for current income tax is made in accordance with the provisions of the prevailing Income Tax Act, 2058 and Rules as amended.

b. Deferred Income Tax

Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. It is determined using tax rates (and laws) that have been enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

3.18 Stationery

Stationery purchased for consumption is charged as expense on consumption basis. FIFO method of stationery valuation has been adopted by the bank.

3.19 Non-banking Assets

Non-banking Asset is booked at lower of market price or total dues, on the day before booking and provision for the asset has been made as per NRB directive.

The details of non-banking assets as on Ashad end 2070 have been stated in point no. 27 of Notes to Accounts.

3.20 Provisions and Contingent Liabilities

The Bank creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

3.21 Staff Bonus

Provision for staff bonus is made as per the NRB Directive.

KUMARI BANK LIMITED

Schedule 4.33

Notes to Accounts

Financial Year 16 July 2012 to 15 July 2013 (1 Shrawan 2069 to 31 Ashad 2070)

1. Provision for staff bonus

Provision for staff bonus has been provided at 10% of net profit before providing for income tax provision. This provision has been made as per NRB directive.

2. Staff Housing Fund

Staff Home Loan is provided as per the bank's policy. A separate housing fund in accordance with Labour Act, 2048 has not been created.

3. General Reserve

As per the requirement of Nepal Rastra Bank, 20% of the current year's profit has been transferred to General Reserve. Further to this, amount of Rs. 400 million in Bond Redemption Reserve, after redemption of "KBL Bond 2070" in FY 2069/70, is transferred to General Reserve as per NRB directive.

4. Tax Settlement Outstanding / Contingent Liability

Tax reassessment by Large Tax Payers' Office has been completed up to the FY 2065/66. We are in process of filing a case in Supreme Court against tax assessment order for the FY 2063/64. For tax reassessment of subsequent years, the bank is in process of filing cases against the decision of tax authorities.

5. Gratuity Expenses

During the year, the Bank has provided NPR. 14,117,726/- (Previous Year NPR 11,921,215/-) on account of gratuity.

6. Dividend and Bonus

Board meeting of the bank held on 21 Falgun 2070 has decided to propose 14% stock dividend from the profit of current fiscal year and completely utilising outstanding balance amount in share premium account. Tax on proposed bonus share has been decided to be borne by the bank utilising current year's profit and same is shown under the head "Proposed Dividend Payable" in balance sheet.

7. Unpaid Dividend

Out of total cash dividend proposed in FY 2066/67 & FY 2068/69 which were distributed in FY 2067/68 & FY 2069/70 respectively, cash dividend of NPR. 15,110,813 is still payable because shareholders have not yet collected the dividend.

8. Loan Disbursed, recovered and outstanding during the year.

The loan disbursed, recovered and outstanding during the year is given below:

NPR. In Million

Opening Balance	Total Disbursed	Total Settled	Outstanding
18,101	19,283	17,264	20,120

9. Summary of Changes in deposit during the year

Growth in deposits during the year is given below:

NPR. In Million

Particulars	Current Year (Rs)	Previous Year (Rs)	Changes in Amount
1) Current Deposit	1,038	994	44
a) Local Currency	1,008	971	37
b) Foreign Currency	30	23	7
2) Saving Deposit	6,823	5,887	936
a) Local Currency	6,750	5,834	916
b) Foreign Currency	73	53	20
3) Fixed Deposit	11,353	9,158	2,195
a) Local Currency	10,328	8,442	1,886
b) Foreign Currency	1,025	716	309
4) Call Deposit	5,968	5,805	163
a) Local Currency	5,879	5,769	110
b) Foreign Currency	88	36	52
5) Margin Deposit	137	142	(5)
a) Local Currency	137	142	(5)
b) Foreign Currency	-	-	-
Total Deposit	25,319	21,985	3,334

10. Average Interest Rate Spread

Particulars	Percentage
The weighted average yield rate on loans and investments	11.08
The weighted average cost rate on deposits and borrowings	6.46
The weighted average interest rate spread	4.62

11. Summary of amortizable expenses yet to be written off

No such item.

12. Summary of concentration of exposure

No balance sheet and off balance sheet transaction have been highly concentrated to a single person, firm, organization or to a particular sector. Detail of highest exposure to a single person or organization is as follows:

NPR. In Million

Particulars	Total Exposure	Maximum concentration to a single customer	
		Amount	%
Loans & Advances	20,120	423	2.10
Deposits	25,319	2,592	10.24
Off Balance Sheet Items	2,556	226	8.84

13. Classification of Assets and Liabilities based on Maturity

NPR. In Million

S.N. Particulars	1-90 days	91-180 days	181-270 days	271-365 days	More than 1 year	Total
Assets						
1 Cash Balance	639	-	-	-	-	639
2 Balance with Banks & FIs	2,768	-	-	-	-	2,768
3 Investment in Foreign Banks	-	288	-	192	-	480
4 Call Money	753	-	-	-	-	753
5 Government Securities	711	894	345	1,316	326	3,592
6 Nepal Rastra Bank Bonds	-	-	-	-	-	-
7 Inter Bank & FI Lending	-	49	-	-	-	49
8 Loans & Advances	8,388	3,066	2,228	675	5,762	20,120
9 Interest Receivable	281	10	5	1	-	297
10 Reverse Repo	-	-	-	-	-	-
11 Acceptance Receivable	-	-	-	-	-	-
12 Payments under S.No. 20,21 & 22	721	209	3	151	884	1,967
13 Others	127	42	42	42	270	524
Total (A)	14,388	4,559	2,623	2,378	7,241	31,190
Liabilities						
14 Current Deposits	529	176	176	176	118	1,175
15 Saving Deposits (including call)	3,198	640	640	640	7,674	12,790
16 Fixed Deposits	1,833	2,521	2,476	3,379	1,144	11,353
17 Debentures/Bonds	-	-	-	-	-	-
18 Borrowings	-	-	-	-	-	-
Call/Short Notice	-	-	-	-	-	-
Inter-bank/Financial Institutions	-	-	-	-	-	-
Refinance	-	-	-	-	-	-
Others	-	-	-	-	-	-
19 Other Liabilities and Provisions	77	6	6	6	-	95
Sundry Creditors	-	-	-	-	-	-
Bills Payable	11	4	4	4	-	21
Interest Payable	46	-	-	-	-	46
Provisions	-	-	-	-	-	-
Others	19	3	3	3	-	27
20 Acceptance Liabilities	437	47	-	-	-	484
21 Irrevocable Loan Commitment	138	195	195	195	195	917
22 Letter of Credit/Guarantee	1,013	547	187	252	73	2,072
23 Repo	-	-	-	-	-	-
24 Payable under S.No.11	-	-	-	-	-	-
25 Others	76	25	25	25	-	153
Total (B)	7,299	4,158	3,705	4,673	9,204	29,039
Net Financial Assets (A-B)	7,089	401	(1,082)	(2,295)	(1,962)	2,150
Cumulative Net Financial Assets	7,089	7,490	6,408	4,113	2,150	-

14. Borrowings by the bank against the collateral of own assets

The bank has no such borrowings.

15. Related Parties

Key Management Personnel

Key Management Personnel of the Bank includes Chief Executive Officer and members of the Board of Directors of the Bank, as follows:

Mr. Noor Pratap JB Rana	-	Chairman (Promoter)
Prof. Dr. Rajan B. Paudel	-	Director (Professional)
Dr. Shobha Kant Dhakal	-	Director (Public)
Mr. Uttam P. Bhattarai	-	Director (Promoter)
Mr. Naresh Dugad	-	Director (Promoter)
Mr. Amir Pratap JB Rana	-	Director (Promoter)
Mr. Rishi Agrawal	-	Director (Promoter)
Mr. Rashindra Bahadur Malla	-	Director (Public)
Mr. Uday Krishna Upadhyaya	-	Chief Executive Officer

■ Compensation to the Key Management Personnel (Acting CEO) of the Bank

Amount in NPR.

Categories	Current Year
Short-term employee benefits	6,512,578
Signing bonus	-
Post-employment benefits	-
Other long-term benefits	-
Termination benefits	-
Share-based benefits	-
Total	6,512,578

In addition to the above, bank bears the expenses relating to mobile bill and fuel for the vehicle.

■ Transaction with Key Management Personnel (BOD) of the Bank

The following provides transactions between the Bank and the Key Management Personnel (Directors) of the Bank during the year.

Nature of Transaction	Current Year
Meeting Allowances	2,698,000
Other expenses	147,533
Total	2,845,533

16. Paid up Share Capital

Paid up share capital of the Bank has changed over the years as follows:

Fiscal Year	Cumulative Paid up Capital	Remarks
2057/58	350,000,000	
2058/59	350,000,000	
2059/60	350,000,000	
2060/61	500,000,000	Initial Public Offering of NPR. 150 million
2061/62	625,000,000	Right share issue of NPR. 125 million (25%)
2062/63	750,000,000	Bonus share issue of NPR. 125 million (20%)
2063/64	900,000,000	Bonus share issue of NPR. 150 million (20%)
2064/65	1,070,000,000	Right share issue of NPR. 180 million (20%). NPR. 170 million capitalized on balance sheet date and balance on subsequent year.
2065/66	1,186,099,200	In the fiscal year 2064/65, the bank had proposed 10 % bonus share and 15 % right share. 10 % bonus share had been capitalized as on balance sheet date pending issuance of right share.
2066/67	1,306,015,920	In the FY 2065/66, the bank had issued 10% bonus share including to those who were released from black list during the year. Further, right share of NPR. 1,080,000 issued on FY 2064/65 relating to blacklisted shareholders are included in current year's capital subsequent to their release from black list.
2067/68	1,603,800,000	In the FY 2067/68, the bank capitalized NPR. 178,200,000 (15%) share capital which was approved for issuance in fiscal year 2064-65. Further, the bank auctioned 7841 numbers of shares that include right and bonus shares of subsequent years relating to right share approved in FY 2064-65 but issued only in FY 2067-68. Bonus share at the rate of 8% (NPR. 118,800,000) had been proposed in the FY 2067/68.
2068/69	1,603,800,000	-
2069/70	1,828,332,000	14% bonus share of Rs. 224.532 million proposed in the FY 2069/70.

17. Sale of Land and Building

Bank has not sold its land or building during the year.

18. KBL Bond 2070

"KBL Bond 2070" worth NPR. 400 million issued by the bank on June 06, 2008 is matured on June 08, 2013. Redemption reserve of Rs. 400 million created for the bond has been transferred to General Reserve account as per NRB directive.

19. Deferred Tax

Component of Deferred Tax Assets.

Amount in NPR.

Particulars	As per financial statement	As per Income Tax act	Taxable temporary difference
Fixed assets base	170,009,837	173,609,623	3,599,786
Total	170,009,837	173,609,623	3,599,786
Current Deferred Tax Assets	-	-	1,079,936
Opening Deferred Tax Asset	-	-	2,020,925
Adjustment	-	-	(940,989)

Deferred tax is calculated considering the existing tax rate of 30%. As prescribed by NRB Directives, total deferred tax assets up to July 15, 2013 amounting Rs. 1,079,936 have been earmarked as deferred tax reserve.

20. Reconciliation Status

NPR. In Million

Particular	Up to 1 Year	Above 1 Year to 3 Years	More than 3 Years	Total
Statement Credit	252.97	0.01	0.07	253.04
Ledger Debit	282.47	0.55	-	283.02
Statement Debit	352.79	0.29	0.31	353.39
Ledger Credit	380.85	2.79	0.84	384.47
Total	1,269.08	3.63	1.21	1,273.92

21. Details of Software Application

Amount in NPR.

Net Opening Balance	Additions during the year	Amortization during the year	Net Closing Balance
16,317,756	541,491	5,617,797	11,241,450

22. Detail of interest accrual stopped

Following table exhibits list of customers whose interest accrual has been stopped:

Name of customer	Interest accrual stopped date	Regular Interest Rate before accrual stop
Devina Store	10-Dec-08	9.00%
Tikaram Kandel	13-Nov-09	10.50%
Crystal Drink and Beverage Pvt. Ltd.	18-Nov-09	11.50%
NEPE Unesco Club Nepal	17-Jul-10	5.00%
Rodden Enterprises Pvt. Ltd.	8-Apr-11	13.00%
Rodden Enterprises Pvt. Ltd.	8-Apr-11	14.00%
Amrit Kumar Karki	1-Sep-11	10.50%
Shilu Housing and Developers Pvt. Ltd.	2-Mar-12	16.00%
Arju Enterprises Pvt. Ltd.	16-Jul-12	14.00%
Anu Gurung	30-Nov-12	14.00%
Narsingha Giri	13-Jun-13	10.00%
Kohinoor Hill Housing Pvt. Ltd.	19-Jun-13	15.00%
Aayusha Developers Pvt. Ltd.	19-Jun-13	15.50%

23. Interest Capitalisation

Following are the loans, interest on which is capitalised to recognise income in accordance with NRB approval. These loans are the project loans interest on which were capitalised for moratorium period. Detail of such loans and interest recognised in FY 2069/70 is as follows:

Amount in NPR.

Customer name	Loan type	Interest capitalized	NRB approval Date
Electrocom and Research Centre P. Ltd.	Term Loan	13,726,008	2068/07/01
Radhi Bidhyut P. Ltd.	Term Loan	2,854,259	2069/05/25
Sanima Mai Hydropower P. Ltd.	Term Loan	5,021,244	2068/08/12
Mailung Khola Hydropower P. Ltd.	Term Loan	6,068,820	2068/07/01
Joshi Hydropower Development Company P. Ltd.	Term Loan	2,485,647	2069/09/27
Total		30,155,978	

24. Interest income recognised on Deferred Cash basis

Of the total amount of interest due as on Ashad end 2070, interest of Rs. 24,343,546 realised in cash by 15 of Shrawan 2070 has been recognised as interest income on balance sheet date which complies NRB directive regarding recognition of interest income on deferred cash basis.

25. Staff Leave Encashment

Bank has not made any provision for accumulated leave encashment. However, any encashment of leave in excess of minimum accumulation as per bank's rule has been charged as an expense in the year of encashment. As per the 'Personnel Policy Guideline' of the Bank, staffs are entitled to encash accumulated leave on retirement. As per NAS 14, 'Employee Benefits' (Voluntary Compliance for now) bank is required to account for such liability on accrual basis.

26. Non-banking assets (NBA) Disclosure

Bank has booked NBA in FY 2069-70 amounting NPR. 59,889,812. The details of NBA booked are given below:

Amount in NPR.	
Name	Total NBA Booked
Sarita Vaidya (Rajbhandari)	5,216,247
Chija Adhikari	1,878,565
Shilu Housing & Developers Pvt. Ltd.	52,795,000
TOTAL	59,889,812

The bank has booked loss provision on NBA as per NRB directive.

27. Capital Work in Progress (WIP)

Carrying amount of capital work-in-progress includes cost incurred for the soil testing work for building construction site at Naxal. As of the balance sheet date, the carrying amount of WIP is NPR. 261,369.

28. Lending to National Trading Limited and problematic Fls

The bank has no lending against National Trading Limited. The bank has no inter-bank placements and/or other claims against the Fls that are declared problematic by NRB.

29. Mortgaged property under Rokka from NRB

The mortgaged property relating to following loans are under Rokka from NRB:

Name of Borrower	Loan Amount (Ashad end 2070)			Loan Classification	Loan Loss Provision	Rokka		Remarks
	Principal	Interest	Total			Letter No.	Date	
Aayusha Developers Pvt. Ltd.	121,014,176	13,832,464	134,846,640	Good	60,507,088	Bai.Su.Bi./Bi.Ni./ /069/70	2070-03-25	Additional provision made
Kohinoor Hill Housing (P). Ltd.	73,614,353	12,237,757	85,852,110	Good	36,807,176	Bai.Su.Bi./Bi.Ni./ /069/70	2070-03-25	

30. Rounding off and Comparative Figures

Figures are rounded to nearest rupees. Previous year's figure has been regrouped or rearranged where necessary.

KUMARI BANK LIMITED

Statement of loan availed by bank's promoter/promoters'

group from other bank and financial institutions by pledging their shares.

as on 31 Ashad 2069 (15 July 2013)

Schedule 4.34

S.No.	Promoter's/ Shareholder's Name	Shares under the ownership of promoters		Lending Bank	Details of Loan			Remarks
		Total Shares	% of Paid-up capital		Loan Amount (Rs.)	Number of Share Pledge		
1	SANDEEP LAMA	80190	0.50	SIDDHARTHA BANK LIMITED	5,175,971	80190		
2	SANJAY LAMA	159300	0.99	SIDDHARTHA BANK LIMITED	8,945,501	159300		
3	MISU SHRESTHA	50259	0.31	GUHESHWORI MERCHANT BANKING AND FINANCE LIMITED	-	33748		
4	RAJENDRA DAS SHRESTHA	16100	0.10	CENTRAL FINANCE LIMITED MACHHAPUCHHERE BANK LIMITED	267,413	10160		
5	BHIM KRISHNA UDAS	160380	1.00	JANATA BANK NEPAL LIMITED	4,945,361	82060		
6	SANTOSH KUMAR LAMA	196743	1.23	SIDDHARTHA BANK LIMITED YETI DEVELOPMENT BANK LIMITED	- 7,369,720	196743		
7	PHURBA BANGDEL LAMA	160380	1.00	NABIL BANK LIMITED	-	82380		
11			-	SIDDHARTHA BANK LIMITED	5,983,965	-		
8	GOVINDA DAS SHRESTHA	240570	1.50	LUMBINI BANK LIMITED NABIL BANK LIMITED	75,642,092 55,944,211	222750		
9	BIDHYA KRISHNA SHRESTHA	294030	1.83	LUMBINI BANK LIMITED PRIME COMMERCIAL BANK NEPAL LIMITED NABIL BANK LIMITED	75,642,092 3,314,072 55,944,211	272250		
10	ANIL DAS SHRESTHA	160380	1.00	LUMBINI BANK LIMITED NABIL BANK LIMITED	75,642,092 55,944,211	136000		
11	LAXMAN SHRESTHA	512828	3.20	GURKHA DEVELOPMENT BANK NEPAL LIMITED	18,602,000	90000		
12	ANTOO SHRESTHA	108895	0.68	GURKHA DEVELOPMENT BANK NEPAL LIMITED SUPREME DEVELOPMENT BANK LIMITED GUHESHWORI MERCHANT BANKING AND FINANCE LIMITED	- 3,000,000 -	80787		
13	SUNIL NANDA SINGH PRADHAN	16038	0.10	SUBHALAXMI FINANCE LIMITED	2,352,124	9000		
14	MADHAV KUMAR BASNET	16038	0.10	SUBHALAXMI FINANCE LIMITED	2,352,124	9000		
15	SHIVA SHANKAR AGRAWAL	140492	0.88	NMB BANK LIMITED	-	25518		
16	SOPHIE UPADHAYA	76982	0.48	LUMBINI LEASING AND FINANCE COMPANY LIMITED CENTURY COMMERCIAL BANK LIMITED	3,539,955 6,899,479	33200		
17	TARA RANA	16038	0.10	SIDDHARTHA BANK LIMITED	-	16038		

KUMARI BANK LIMITED

Statement of loan availed by bank's promoter/promoters'

group from other bank and financial institutions by pledging their shares.

as on 31 Ashad 2069 (15 July 2013)

Schedule 4.34

S.No.	Promoter's/ Shareholders' Name	Shares under the ownership of promoters		Lending Bank	Details of Loan		Remarks
		Total Shares	% of Paid-up capital		Loan Amount (Rs.)	Number of Share Pledge	
18	KAMAL BIKRAM SINGH	6415	0.04	NEPAL HOUSING AND MERCHANT FINANCE LIMITED	963,614	4752	
19	PEGI PANDEY	19457	0.12	YETI DEVELOPMENT BANK LIMITED	847,490	14457	
20	BIKRAM BIST	2245	0.01	CLEAN ENERGY DEVELOPMENT BANK LIMITED	-	1632	
21	SURENDRA BHANDARI	80190	0.50	CLEAN ENERGY DEVELOPMENT BANK LIMITED	6,250,348	74250	
22	SITA GURUNG	48114	0.30	HIMALAYAN BANK LIMITED SANIMA BANK LIMITED	1,984,901 1,478,828	44550 -	
23	KANCHAN SHARMA	3207	0.02	H & B DEVELOPMENT BANK LIMITED	512,685	3207	
24	RAJENDRA PRASAD SHRESTHA	336150	2.10	BUSINESS UNIVERSAL DEVELOPMENT BANK LIMITED	9,950,000	166490	
25	KUMUD KUMAR DUGAR	136769	0.85	H & B DEVELOPMENT BANK LIMITED	13,922,156	120269	
26	BIKASH DUGAR	112266	0.70	H & B DEVELOPMENT BANK LIMITED	-	112266	
27	BACHHA RAJ TATER	64152	0.40	NIC ASIA BANK LTD	4,118,214	59400	
28	ANANDA KUMAR RUNGATA	48114	0.30	NEPAL SBI BANK LIMITED	78,062,000	22500	
29	JEEVAN KUMAR AGRAWAL	32076	0.20	SANIMA BANK LIMITED	-	26136	
30	JEEVAN NEPAL	32076	0.20	SRIJANA FINANCE LIMITED	1,000,000	24166	
31	NAVIN AGRAWAL	48114	0.30	NMB BANK LIMITED	3,950,024	27900	
32	DEVAKI NANDAN AGRAWAL	51321	0.32	NMB BANK LIMITED	-	34560	
33	BALRAM NEUPANE	32076	0.20	PRIME COMMERCIAL BANK NEPAL LIMITED SIDDHARTHA BANK LIMITED	842,494 297,935	29700 -	
34	GANGA AMATYA	80190	0.50	PRIME COMMERCIAL BANK NEPAL LIMITED	2,749,125	38090	
35	NURA AMATYA	16038	0.10	SUPREME DEVELOPMENT BANK LIMITED	-	10318	
36	BIJAY BAHADUR MANANDHAR	16020	0.10	UNION FINANCE LIMITD	4,325,054	5760	
37	DEVI LAL BIST	800	0.00	BHIMESHOR CO-OPERATIVE LIMITED	60,723	741	
38	BHUWANESHORI PANT	56453	0.35	ICFC FINANCE LIMITED	3,327,180	51701	
	TOTAL	3627886	22.62		203,440,430	2411969	

Comparison of Unaudited and Audited Financial Statement as of FY 2069/70

Fiscal Year 2069/70 (2012/13)

Schedule 4.35

Rs. in 000

S.N.	Particulars	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
				In Amount	In %	
1	Total Capital and Liabilities (1.1 to 1.7)	28,942,684	28,973,081	31,357	0.10%	Reasons mentioned below
1.1	Paid Up Capital	1,603,800	1,828,332	224,532	14.00%	Proposed bonus shares
1.2	Reserve and Surplus	1,064,823	828,374	(236,449)	-22.21%	proposed dividend and change in profit
1.3	Debtenture and Bond	-	-	-	-	
1.4	Borrowings	-	-	-	-	
1.5	Deposits (a+b)	25,318,569	25,318,569	-	0.00%	
	a. Domestic Currency	24,102,282	24,102,282	-	0.00%	
	b. Foreign Currency	1,216,287	1,216,287	-	0.00%	
1.6	Income Tax Liability	-	-	-	-	
1.7	Other Liabilities	955,492	997,766	42,274	4.42%	Adjustment of advance tax and expense provision
2	Total Assets (2.1 to 2.7)	28,942,684	28,973,041	30,357	0.10%	
2.1	Cash & Bank Balance	3,406,883	3,406,883	-	0.00%	
2.2	Money at Call and Short Notice	753,410	753,410	-	0.00%	
2.3	Investments	4,135,142	4,135,142	-	0.00%	
2.4	Loans and Advances (a+b+c+d+e+f)	20,119,789	20,119,789	-	0.00%	
	a.Real Estate Loan	2,185,842	2,185,842	-	0.00%	
	1. Residential Real Estate Loan	127,538	127,538	-	0.00%	
	2. Business Complex & Residential Apartment Construction Loan	590,274	590,274	-	0.00%	
	3. Income Generating Commercial Complex Loan	-	-	-	-	
	4. Other Real Estate loan	1,468,030	1,468,030	-	0.00%	
	b. Personal Home Loan of Rs. 10 million	1,637,162	1,637,162	-	0.00%	
	c.Margin Type Loan	338,866	338,866	-	0.00%	
	d.Term Loan	3,251,548	3,251,548	-	0.00%	
	e.Overdraft Loan/TR Loan/WC Loan	11,324,489	11,324,489	-	0.00%	
	f. Others	1,381,882	1,381,882	-	0.00%	
2.5	Fixed Assets	256,316	255,865	(451)	-0.18%	Depreciation adjustment.
2.6	Non Banking Assets	-	-	-	0.00%	
2.7	Other Assets	271,144	303,192	32,048	11.82%	Adjustment of advance tax, income receivable and deferred tax

Comparison of Unaudited and Audited Financial Statement as of FY 2069/70

Fiscal Year 2069/70 (2012/13)

Schedule 4.35

Rs. in 000

S.N.	Particulars	As per Unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
				In Amount	In %	
3	Profit and Loss Account					
3.1	Interest Income	2,464,307	2,464,307	-	0.00%	
3.2	Interest Expenses	1,486,280	1,486,282	2	0.00%	Adjustment entry
	A. Net Interest Income (3.1-3.2)	978,027	978,025	(2)	0.00%	
3.3	Fees, Commission and Discount	138,001	138,200	199	0.14%	Recognition of income relating to FY 69-70
3.4	Other Operating Income	41,862	41,862	-	0.00%	
3.5	Foreign Exchange Gain/ Loss (Net)	56,993	56,993	-	0.00%	
	B. Total Operating Income (A.+3.3+3.4+3.5)	1,214,884	1,215,080	197	0.02%	
3.6	Staff Expenses	203,809	203,805	(4)	0.00%	Provision adjustment
3.7	Other Operating Expenses	230,275	230,470	195	0.08%	Expense provision adjustment with actual
	C. Operating Profit Before Provision (B.- 3.6-3.7)	780,799	780,805	6	0.00%	
3.8	Provision for Possible Losses	316,780	314,619	(2,161)	-0.68%	NPL totally settled
	D. Operating Profit (C-3.8)	464,020	466,186	2,166	0.47%	
3.9	Non Operating Income/Expenses (Net)	(11,131)	(11,134)	(3)	0.02%	Expense adjustment
3.10	Write Back of Provision for Possible Loss	5,259	5,259	0	0.00%	
	E. Profit from Regular Activities (D+3.9+3.10)	458,147	460,311	2,164	0.47%	
3.11	Extraordinary Income/Expenses (Net)	-	-	-	-	
	F. Profit before Bonus and Taxes (E. + 3.11)	458,147	460,311	2,164	0.47%	
3.12	Provision for Staff Bonus	41,650	41,846	197	0.47%	Change in profit
3.13	Provision for Tax	124,949	127,016	2,067	1.65%	Change in profit
	G. Net Profit/Loss (F.-3.12-3.13)	291,548	291,448	(100)	-0.03%	

KUMARI BANK LIMITED

Unaudited Financial Results (Quarterly)

Schedule 4 A

As at Fourth Quarter (15/July/2013) of the Fiscal Year 2012/2013

Amount in Rs. '000

S.N. Particulars	31.03.2070/15.07.2013 This Quarter Ending	31.12.2069/13.04.2013 Previous Quarter Ending	31.03.2069/15.07.2012 Corresponding Previous Year Quarter Ending
1 Total Capital and Liabilities (1.1 to 1.7)	28,942,684	27,937,617	25,618,389
1.1 Paid Up Capital	1,603,800	1,603,800	1,603,800
1.2 Reserve and Surplus	1,064,823	941,520	773,275
1.3 Debenture and Bond	-	400,000	400,000
1.4 Borrowings	-	-	5,403
1.5 Deposits (a+b)	25,318,569	23,923,568	21,985,198
a. Domestic Currency	24,102,282	22,818,833	21,157,725
b. Foreign Currency	1,216,287	1,104,735	827,474
1.6 Income Tax Liability	-	-	-
1.7 Other Liabilities	955,492	1,068,730	850,712
2 Total Assets (2.1 to 2.7)	28,942,684	27,937,617	25,618,389
2.1 Cash & Bank Balance	3,406,883	2,817,093	3,722,628
2.2 Money at Call and Short Notice	753,410	827,619	321,243
2.3 Investments	4,135,142	3,944,511	2,940,557
2.4 Loans and Advances (a+b+c+d+e+f)	20,119,789	19,761,617	18,101,337
a. Real Estate Loan	2,185,842	2,311,052	2,569,080
1. Residential Real Estate Loan	127,538	129,687	177,930
2. Business Complex & Residential Apartment Construction Loan	590,274	575,882	487,536
3. Income Generating Commercial Complex Loan	-	-	-
4. Other Real Estate Loan	1,468,030	1,605,483	1,903,615
b. Personal Home Loan of Rs. 1 Crore or Less	1,637,162	1,621,862	1,417,776
c. Margin Type Loan	338,866	318,554	266,060
d. Term Loan	3,251,548	3,174,814	2,921,659
e. Overdraft Loan/TR Loan/WC Loan	11,324,489	11,102,883	9,926,989
f. Others	1,381,882	1,232,452	999,773
2.5 Fixed Assets	256,316	266,914	277,269
2.6 Non Banking Assets	-	-	-
2.7 Other Assets	271,144	319,864	255,356
3 Profit and Loss Account	Upto This Quarter	Upto Previous Quarter	Upto Corresponding Previous Year Quarter
3.1 Interest Income	2,464,307	1,788,145	2,441,580
3.2 Interest Expenses	1,486,280	1,094,530	1,622,492
A. Net Interest Income (3.1-3.2)	978,027	693,616	819,088
3.3 Fees, Commission and Discount	138,001	94,012	110,866
3.4 Other Operating Income	41,862	35,273	48,331
3.5 Foreign Exchange Gain/ Loss (Net)	56,993	41,142	44,206
B. Total Operating Income (A.+3.3+3.4+3.5)	1,214,884	864,043	1,022,491
3.6 Staff Expenses	203,809	154,588	194,296
3.7 Other Operating Expenses	230,275	162,504	212,011
C. Operating Profit Before Provision (B.- 3.6-3.7)	780,799	546,950	616,184
3.8 Provision for Possible Losses	316,780	283,220	187,045

KUMARI BANK LIMITED

Unaudited Financial Results (Quarterly)

As at Fourth Quarter (15/July/2013) of the Fiscal Year 2012/2013

Schedule 4 A

Amount in Rs. '000

S.N. Particulars	31.03.2070/15.07.2013 This Quarter Ending	31.12.2069/13.04.2013 Previous Quarter Ending	31.03.2069/15.07.2012 Corresponding Previous Year Quarter Ending
D. Operating Profit (C-3.8)	464,020	263,731	429,139
3.9 Non Operating Income/Expenses (Net)	(11,131)	328	3,427
3.10 Write Back of Provision for Possible Loss	5,259	326	133
E. Profit from Regular Activities (D+3.9+3.10)	458,147	264,384	432,700
3.11 Extraordinary Income/Expenses (Net)	-	-	-
F. Profit before Bonus and Taxes (E. + 3.11)	458,147	264,384	432,700
3.12 Provision for Staff Bonus	41,650	24,035	39,336
3.13 Provision for Tax	124,949	72,105	117,859
G. Net Profit/Loss (F.-3.12-3.13)	291,548	168,244	275,505
4 Ratios	At the End of This Quarter	At the End of Previous Quarter	At the End of Year Corresponding Previous Quarter
4.1 Capital Fund To RWA	12.23%	11.52%	12.20%
4.2 Non Performing Loan (NPL) to Total Loan	2.91%	4.83%	2.21%
4.3 Total Loan Loss Provision to Total NPL	128.34%	80.14%	121.76%
4.4 Cost of Funds (annualized - LCY)	6.61%	6.60%	8.43%
4.5 Credit to Deposit Ratio (as per NRB directives)	75.19%	77.95%	76.95%
4.6 Base Rate (FTM)	10.36%	10.00%	-

KUMARI BANK LIMITED

Disclosure Under Basel II as at 15 July 2013

(For F/Y 2012/13)

Capital Structure and Capital Adequacy

Tier I Capital and a breakdown of its components

		Amount in Rs.
S.N.	Particular	Current Year
a	Paid Up Equity Share Capital	1,603,800,000
b	Irredeemable Non- cumulative preference share	-
c	Share premium	-
d	Proposed Bonus Equity Share	224,532,000
e	Statutory General Reserves	799,082,488
f	Retained Earnings	4,700,386
g	Un-audited current period profit (after all provision including tax)	-
h	Bond Redemption Reserve	-
i	Capital Adjustment Reserve	-
j	Dividend Equalization Reserves	-
k	Other free Reserve	1,079,936
Total Tier I Capital		2,633,194,811

Tier 2 Capital and a breakdown of its components

		Amount in Rs.
S.N.	Particular	Current Year
a	Cumulative and/or Redeemable Preference Share	-
b	Subordinated term debt	-
c	Hybrid Capital Instruments	-
d	General Loan Loss provision	193,431,423
e	Exchange Equalisation Reserve	14,511,420
f	Investment Adjustment Reserve	9,000,000
g	Assets Revaluation Reserve	-
h	Other Reserve (Deferred Tax Reserve)	-
Total of Tier 2 Capital		216,942,843

KUMARI BANK LIMITED

Disclosure Under Basel II as at 15 July 2013

(For F/Y 2012/13)

Deductions from Capital:

The bank does not hold any amount as stipulated in the Capital Adequacy Framework that qualifies for deduction from Capital.

Total Qualifying Capital

		Amount in Rs.
S.N.	Particular	Current Year
a	Tier I Capital	2,633,194,811
b	Tier II Capital	216,942,843
	Total Capital Fund	2,850,137,653

Capital Adequacy Ratios

		Amount in %
S.N.	Particular	Current Year
a	Tier 1 Capital to total RWA	11.24
b	Total Capital Fund (Tier 1 + Tier 2) to Total RWA	12.17

Bank's Internal Approach to Access Capital Adequacy

Bank's management regularly reviews Bank's Capital Adequacy. Plans and budgets are prepared on the basis of current and projected capital adequacy. Bank's plan and investment decision are based on the level of capital adequacy it feels comfortable.

Risk weighted exposures for Credit Risk, Market Risk and Operational Risk

		Amount in Rs.
S.N.	Particular	Current Year
1	Risk Weighted Exposure for Credit Risk	20,934,510,673
2	Risk Weighted Exposure for Operational Risk	1,412,217,679
3	Risk Weighted Exposure for Market Risk	177,556,925
	Total	22,524,285,277

Continued...

Risk weighted exposures under each of 11 categories of Credit Risk

		Amount in Rs.
S.N.	Particular	Current Year
11	Claims on government and central bank	-
2	Claims on other official entities	-
3	Claims on banks	383,540,593
4	Claims on corporate and securities firms	12,004,022,414
5	Claims on regulatory retail portfolio	2,016,323,476
6	Claims secured by residential properties	1,063,615,057
7	Claims secured by commercial real estate	1,025,128,078
8	Past due claims	851,740,279
9	High risk claims	1,595,363,083
10	Other Assets	500,062,248
11	Off balance sheet items	1,494,715,444
	Total	20,934,510,673

Total risk weighted exposure calculation table

		Amount in Rs.
S.N.	Particular	Current Year
1	Risk Weighted Exposure for Credit Risk	20,934,510,673
2	Risk Weighted Exposure for Operational Risk	1,412,217,679
3	Risk Weighted Exposure for Market Risk	177,556,925
	Total Risk Weighted Exposure	22,524,285,277
	Add: 3% of the total RWE due to non compliance to Disclosure Requirement	-
	Addition to RWE as per supervisory review (3%)	675,728,558
	Add RWE equivalent to reciprocal of capital charge of 2 % of gross income.	218,728,197
	Add: ...% of Total Deposit due to Insufficient Liquid Assets	-
	Total Risk Weighted Exposure (After Bank's adjustment of Pillar II)	23,418,742,032

Amount of NPAs (Non Performing Assets) both gross and net

		Current Year's Amount in Rs.	
S.N.	Particular	Gross Amount	Net Amount
1	Restructured / Rescheduled	-	-
2	Substandard	23,467,414	17,600,560
3	Doubtful	209,384,452	104,692,226
4	Loss	349,166,251	-
	Total	582,018,117	122,292,786

NPA Ratios

S.N.	Particulars	Amount in Rs.	
		Current Year (%)	
1	Gross NPA to gross advances	2.89%	
2	Net NPA to net advances	0.63%	

Movement of Non Performing Assets

S.N.	Non Performing Assets	Previous Year	Change	Amount in Rs.	
				Current Year	
1	Restructured / Rescheduled	2,605,984	(2,605,984)	-	
2	Substandard	43,198,828	(19,731,414)	23,467,414	
3	Doubtful	110,613,730	98,770,723	209,384,452	
4	Loss	243,541,957	105,624,294	349,166,251	
	Total	399,960,499	182,057,618	582,018,117	

Write Off of Loan and Interest Suspense

S.N.	Particular	Amount in Rs.	
		Current Year	
1	Loan Write Off	-	
2	Interest Suspense Write Off	-	

Movement of Loan Loss Provision and Interest Suspense

S.N.	Particular	Previous Year	Change	Amount in Rs.	
				Current Year	
1	Loan Loss Provision	486,988,042	263,482,976	750,471,018	
2	Interest Suspense	184,004,856	65,444,874	249,449,730	

Details of additional loan loss provision

Current year's amount in Rs.

S.N.	Loan Classification	Additional provision
1	Good	113,731,922
2	Restructured / Rescheduled	(325,748)
3	Substandard	(4,932,854)
4	Doubtful	49,385,361
5	Loss	105,624,294
	Total	263,482,976

Segregation of investment portfolio

Amount in Rs.

S.N.	Investment category	Current Year
1	Held for trading	-
2	Held to maturity	4,121,206,587
3	Available for sale	13,935,500
	Total	4,135,142,087

Risk Management Function

Risk Assessment/Mitigation Practices at Kumari Bank Limited

Considering the need to establish effective Risk Management and Risk Mitigation practices at Kumari Bank Ltd, we have developed a system of continuous improvement of processes wherein each member of the Bank works towards balancing profitability with prudence. The system encompasses all banking functions from client interface, to back office operation, to the strategic decision formulated by the management committees and the Board of Directors. Each area has its own check and balance procedure to assess and mitigate risks involved. The practices thus observed are as follows:

KBL Organization Structure

The bank's lending approval authority is divided into two distinct units, namely Business and Risk Management. While the Business Unit concentrates more on optimum utility of assets, every lending decision of this Unit is re-assessed and reevaluated by the Credit Risk Management Unit for final approval. The Credit Risk Management Unit applies its objective judgment on risk variables deemed appropriate in each instance of lending decision. For this purpose, the Credit Risk Management Unit has two distinct subunits, the Credit Risk Management Department, which facilitates final lending decision after duly adjusting risks as mitigated to an acceptable level, and the Credit Administration and Compliance Department, which evaluates the endorsed paperwork prior to actual sanction, and also after it.

Depending upon the volume of loans and the nature of risk associated, lending decision are subject to validation and approval by various levels of the hierarchy, in which some lending decision are to be approved by CEO, and other by even the Board of Directors as each case may require.

Risk Measurement Criteria and Mitigation Process

Credit risks are evaluated from the initial customer interface on an array of risk variables by the Credit Policy Guidelines of the Bank, as well as on the individual intuition of experienced officers. As proposals are escalated for approval, judgmental and analytical criteria become broader and more conceptual.

Kumari Bank Ltd. uses the best practices in banking, to make its operation secure through a system of procedural crosschecking mechanism in each operational transaction. An Internal Audit Department, which also doubles as the Concurrent Audit Department system, continuously functions to alert bank personnel to the meticulousness required in handling operations in every functional department. A credit monitoring system is well established in the Bank, which periodically checks on credit quality, compliance, and level of risk exposure. This practice has created a continuous learning and improvement environment, and the Bank's efficiency goal has been to move towards the most prudent practices in the industry.

Types of eligible credit risk mitigants used and the benefits availed under CRM

Particular	Eligible CRM
Deposit with Bank & Cash Margin	479,181,234

Kumari Bank Branches & Branch Heads



Outside Kathmandu Valley (Left to Right Indication)

Biratnagar Branch

Goshwara Road, Biratnagar-9
Morang

Mr. Milan Kuinkel

Tel: 021-537101
021-537102
Fax : 021-537105

Birgunj Branch

Adarsha Nagar, Birgunj

Mr. Prabin Jha

Tel: 051-524812
051-524813
Fax: 051-521641

Kawasoti Branch

Sabhapatichowk, Kawasoti-5,
Nawalparasi

Mr. Nirmal Shahi

Tel: 078-540524
078-540525
Fax: 078-540526

Butwal Branch

Rammandir Line, Butwal - 6,
Rupandehi

Mr. Purna Bahadur Gurung

Tel: 071-551546
071-551547
Fax: 071-551545

Itahari Branch

Pathivaraa Market, Itahari
Sunsari

Mr. Manish Shrestha

Tel: 025-586661
025-586659
Fax: 025-586658

Dryport Branch

Salbatola, Sirsiya, Parsa

Mr. Mahesh Kumar Mahato

Tel: 051-590022
Fax: 051-590023

Pokhara Branch

Newroad, Pokhara, Kaski

Mr. Bhupendra Khadka

Tel: 061-540266
061-540267
Fax: 061-541717

Bhairahawa Branch

Narayanpath
Siddharthanagar - 8
Rupandehi

Mr. Jog Lal Bhusal

Tel: 071-521008
071-521009
Fax: 071-521000

Birtamode Branch

Purano Bhadrapur Line
Anarmani, Jhapa

Mr. Abhishek Adhikari

Tel: 023-541028
Fax: 023-543822

Narayangadh Branch

Maiyadevi Marga,
Bharatpur, Chitwan

Mr. Sharad Upadhyay

Tel: 056-571092
056-572091
Fax: 056-571090

Damauli Branch

Newroad, Vyasagar-2,
Tanahun

Mr. Ram Mani Adhikari

Tel: 065-561787
Fax: 065-561788

Nepalgunj Branch

Dhambhoji Chowk,
Nepalgunj-1, Banke

Mr. Sudarshan Jung Rana

Tel: 081-528062
081-528063
Fax: 081-528061

Urlabari Branch

Itahara Road, Urlabari-4
Morang

Mr. Sujan Dhungana

Tel: 021-541901
Fax: 021-541902

Sauraha Branch

Barchhauri, Sauraha-2,
Chitwan

**Mr. Madhav Prasad
Upadhaya**

Tel: 056-580491
Fax: 056-580490

Baglung Branch

Mahendrapath, Baglung

Mr. Deepak Mahat

Tel: 068-522472
068-522473
Fax: 068-522474

Dhangadi Branch

Ratopul, Dhangadi-7, Kailali

Mr. Jeet Bahadur Rokaya

Tel: 091-526036
091-526037
Fax: 091-526038

**Corporate Office**

Durbarmarg, Kathmandu

Mr. Bikas Khanal

Tel: 01-4221311

01-4221314

Fax: 01-4226644

Putali Sadak BranchGovinda Bhawan, Putali Sadak,
Kathmandu**Mr. Surendra Lunia**

Tel: 01-4232112

01-4232113

Fax: 01-4231960

New Road BranchPratap Bhawan, New Road,
Kathmandu**Mr. Rajesh Shrestha**

Tel: 01-4238388

01-4238385

Fax: 01-4238365

Kumaripati Branch

Kumaripati, Lalitpur

Mr. Biswas Raj Aryal

Tel: 01-5556025

01-5556026

Fax: 01-5556027

Gongabu BranchKantipur Mall, Gongabu,
Kathmandu**Mr. Dev Raj Nepal**

Tel: 01-4385807

01-4385809

Fax: 01-4385644

Baneshwor BranchBaburam Acharya Sadak
Old Baneshwor, Kathmandu**Ms. Kanchan Sharma**

Tel: 01-4499322

Fax: 01-4497120

Chabahil BranchChuchepati, Chabahil,
Kathmandu**Mr. Suwash Khadka**

Tel: 01-4484434

Fax: 01-4490978

Koteshwor Branch

Koteshwor, Kathmandu

Ms. Renu Koirala

Tel: 01-4492921

01-4499316

Fax: 01-4497325

Budhanilkantha BranchNarayanthan Milan Chowk
Budhanilkantha, Kathmandu**Ms. Samjhana Rana**

Tel: 01-4377718

Fax: 01-4372278

Rastriya Beema Sansthan

(Extension Counter)

Ramshah Path, Kathmandu

Tel: 01-4262520

Fax: 01-4262610

Surkhet BranchTallo Bazaar, Birendra
Nagar-7, Surkhet**Mr. Rishikesh Adhikari**

Tel: 083-521256

083-522256

Fax: 083-521109

Salyan BranchKhalanga-5, Old Buspark
Salyan**Mr. Deepak Adhikari**

Tel: 088-520317

088-520318

Fax: 088-520319

Tulsipur Branch

'Ka' Line, Tulsipur-5, Dang

Mr. Birendra Kunwar

Tel: 082-521775

082-521776

Fax: 082-521778

National Medical CollegeBirgunj, Parsa
(Extension Counter)

Tel: 051-621890

ATM Locations

INSIDE KATHMANDU VALLEY

Putalisadak ATM I

Kumari Bank Limited, Main Entrance
Putalisadak, Kathmandu

Putalisadak ATM II

Kumari Bank Limited, Main Entrance
Putalisadak, Kathmandu

Putalisadak ATM III

Kumari Bank Limited, Ground Floor
(Lobby), Putalisadak, Kathmandu

New Road ATM

Kumari Bank Limited, New Road,
Kathmandu

New Baneshwor ATM

New Baneshwor, Nava Durga
Department Store, Kathmandu

Ratna Park ATM

Nepal Electricity Authority Building,
Ratna Park, Kathmandu

Thamel ATM

Fire Club Building, Thamel
Kathmandu

Kantipur Mall ATM

Kumari Bank Limited, Kantipur Mall
Gongabu

Koteshwor ATM

Kumari Bank Limited, Koteshwor,
Kathmandu

Durbarmarg ATM

Kumari Bank Limited, Durbarmarg,
Kathmandu

Chuchepati ATM

Kumari Bank Limited, Chuchepati,
Chabahil

Budhanilkantha ATM

Kumari Bank Limited, Budhanilkantha,
Kathmandu

Old Baneshwor ATM

Kumari Bank Limited, Old
Baneshwor, Kathmandu

Kumaripati ATM

Kumari Bank Limited, Kumaripati,
Lalitpur

Naxal ATM

Opposite Police Head Quarter,
Naxal, Kathmandu

Lazimpat ATM

Big Mart Building (Way to Hotel
Radisson), Lazimpat, Kathmandu

Jhamsikhel ATM

8 Degrees Fine Dine & Venues (opposite
St. Mary's Bus Stop), Jhamsikhel, Lalitpur

Mangal Bazaar ATM

Yala Guest House premise, Patan
Durbar Square (Near Honacha), Lalitpur

Balkhu ATM

Balkhu Chowk, Kathmandu

OUTSIDE KATHMANDU VALLEY

Bhairahawa ATM

Kumari Bank Limited, Bhairahawa
Branch, Narayan Path, Bhairahawa

Pokhara ATM

Chiple Dhunga, Pokhara, Kaski

POKHARA ATM II

Lakeside, Opposite to Lalupate Marga

Jhapa ATM

Kumari Bank Limited, Birtamode Jhapa

Baglung ATM

Kumari Bank Limited, Mahendra Path
Baglung

Narayangadh ATM

Kumari Bank Limited, Narayangadh
Branch, Pulchowk, Narayangadh

Biratnagar ATM

Kumari Bank Limited, Goshwara Road
Morang Byapaar Sangh Building,
Biratnagar, Morang

Birgunj ATM I

Kumari Bank Limited, Adarsha Nagar
Birgunj, Parsa

Birgunj ATM II

National Medical College

Itahari ATM

Kumari Bank Limited, Pathivara Market
Dharan Road, Itahari, Sunsari

Urlabari ATM

Kumari Bank Limited, Urlabari, Morang

Butwal ATM

Infront of Kumari Bank Limited, Ram
Mandir Line, Butwal

Nepalgunj ATM

Surkhet Road, Dhambhoji, Nepalgunj

Dhangadi ATM

Ratopul, Dhangadi, Kailali

Surkhet ATM

Birendra Nagar, Surkhet

Damauli ATM

Kumari Bank Limited, Damauli-2

Sauraha ATM

Barchhauri-2, Sauraha, Chitwan

Salyan ATM

Kumari Bank Limited, Khalanga, Salyan

Tulsipur ATM

B.P. Chowk, Tulsipur, Dang

Kawasoti ATM

Kumari Bank Limited, Sabhapati Chowk
Kawasoti



कुमारी बैंक लिमिटेड

KUMARI BANK LIMITED

सबैका लागि, सधैका लागि

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