



## UNAUDITED FINANCIAL RESULTS (QUARTERLY)

As at Third Quarter (31/12/2073) of the Fiscal Year 2073/2074 (2016/2017)

Rs in '000'

S. N.	Particulars	This Quarter Ending 31/12/2073 (13/04/2017)	Previous Quarter Ending 29/09/2073 (13/01/2017)	Corresponding Previous Year Quarter Ending 30/12/2072 (12/04/2016)
<b>1</b>	<b>Total Capital &amp; Liabilities (1.1 to 1.7)</b>	<b>84,108,998</b>	<b>84,196,865</b>	<b>50,046,954</b>
1.1	Paid-up Capital	5,629,576	5,629,576	2,671,468
1.2	Reserves and Surplus	3,036,762	2,752,621	1,676,766
1.3	Debtenture and Bond	1,000,000	1,000,000	1,000,000
1.4	Borrowings	50,000	1,294,400	1,693,520
<b>1.5</b>	<b>Deposits (a+b)</b>	<b>70,675,574</b>	<b>70,000,723</b>	<b>40,719,857</b>
a.	Domestic Currency	69,726,011	68,801,439	39,528,839
b.	Foreign Currency	949,563	1,199,284	1,191,017
1.6	Income Tax Liabilities	-	-	-
1.7	Other Liabilities	3,717,086	3,519,544	2,285,345
<b>2</b>	<b>Total Assets (2.1 to 2.7)</b>	<b>84,108,998</b>	<b>84,196,865</b>	<b>50,046,954</b>
2.1	Cash & Bank Balance	7,890,458	7,856,592	4,966,663
2.2	Money at call and short Notice	-	-	-
2.3	Investments	11,110,916	11,668,170	8,971,003
<b>2.4</b>	<b>Loans &amp; Advances (a+b+c+d+e+f)</b>	<b>62,740,705</b>	<b>62,788,945</b>	<b>34,855,218</b>
a.	Real Estate Loan	3,711,569	3,783,934	788,336
1.	Residential Real Estate Loan (Except Personal Home Loan upto Rs 10 million)	501,104	458,217	84,127
2.	Business Complex & Residential Apartment Construction Loan	113,089	113,809	115,144
3.	Income generating Commercial Complex Loan	245,973	274,914	234,568
4.	Other Real Estate Loan (Including Land Purchase & Plotting)	2,851,403	2,936,994	354,497
b.	Personal Home Loan of Rs. 10 million or less	3,918,366	3,942,555	2,138,307
c.	Margin Type Loan	778,814	570,501	57,037
d.	Term Loan	9,542,815	9,197,346	4,797,291
e.	Overdraft Loan / TR Loan / WC Loan	31,076,233	31,678,575	20,535,798
f.	Others	13,712,908	13,616,035	6,538,449
2.5	Fixed Assets	930,845	949,120	611,148
2.6	Non Banking Assets	25,858	25,858	278
2.7	Other Assets	1,410,216	908,178	642,644
<b>3</b>	<b>Profit and Loss Account</b>	<b>Upto This Quarter</b>	<b>Upto Previous Quarter</b>	<b>Upto Corresponding Previous Year Quarter</b>
3.1	Interest Income	4,250,788	2,661,045	2,262,220
3.2	Interest Expense	2,313,390	1,351,213	1,183,565
	<b>A. Net Interest Income (3.1-3.2)</b>	<b>1,937,398</b>	<b>1,309,832</b>	<b>1,078,655</b>
3.3	Fees, Commission and Discount	232,435	172,583	169,546
3.4	Other Operating Income	105,354	72,065	62,282
3.5	Foreign Exchange Gain/Loss (Net)	180,259	119,001	144,065
	<b>B. Total Operating Income (A+3.3+3.4+3.5)</b>	<b>2,455,447</b>	<b>1,673,481</b>	<b>1,454,547</b>
3.6	Staff Expenses	577,282	379,800	322,118
3.7	Other Operating Expenses	411,458	272,907	293,921
	<b>C. Operating profit Before Provision (B-3.6-3.7)</b>	<b>1,466,707</b>	<b>1,020,773</b>	<b>838,509</b>
3.8	Provision for Possible Loss	216,884	186,924	95,844
	<b>D. Operating profit (C-3.8)</b>	<b>1,249,823</b>	<b>833,849</b>	<b>742,666</b>
3.9	Non Operating Income/Expenses (Net)	7,421	7,523	16,438
3.10	Write Back of Provision for Possible Loss	107,048	92,780	5,592
	<b>E. Profit From Regular Activities (D+3.9+3.10)</b>	<b>1,364,292</b>	<b>934,152</b>	<b>764,696</b>
3.11	Extraordinary Income/Expenses (Net)	29,114	10,980	(4,891)
	<b>F. Profit Before Bonus and Taxes (E+3.11)</b>	<b>1,393,406</b>	<b>945,131</b>	<b>759,805</b>
3.12	Provision For Staff Bonus	126,673	85,921	69,073
3.13	Provision For Tax	380,020	257,763	207,220
	<b>G. Net Profit/Loss (F-3.12 -3.13)</b>	<b>886,713</b>	<b>601,447</b>	<b>483,513</b>
<b>4</b>	<b>Ratios</b>	<b>At the End of This Quarter</b>	<b>At the End of Previous Quarter</b>	<b>At the End of Corresponding Previous Year Quarter</b>
4.1	Capital Fund to RWA	13.33%	13.09%	13.40%
4.2	Non Performing Loan (NPL) to Total Loan	1.76%	1.51%	3.76%
4.3	Total Loan Loss Provision to total NPL	202.03%	233.54%	120.87%
4.4	Cost of Funds (Local Currency)	4.68%	4.15%	4.04%
4.5	CD Ratio (Calculated as per NRB Directives)	77.67%	78.97%	77.65%
4.6	Base Rate	9.35%	7.10%	6.31%
4.7	Average Interest Spread (Calculated as per NRB Circular)	4.07%	3.91%	3.93%
	<b>Additional Information</b>			
	Average Yield (Local Currency)	8.02%	7.61%	7.37%
	Net Interest Spread (Local Currency)	3.34%	3.46%	3.33%
	Return on Equity (Annualised)	14.31%	14.83%	15.59%
	Return on Assets (Annualised)	1.44%	1.49%	1.33%

**Note:** 1. The unaudited financial figure may change if directed by Statutory Auditor/ Supervisory Authorities  
2. Figures of previous periods have been regrouped wherever necessary as per NRB Directives.  
3. CCD Ratio has been computed without considering the exemption given by NRB Circular No. 15/073/74 dated 2073/11/19.

### Securities Registration and Issuance Rules 2065 (Rule # 22 (2), Annexure 14) 3rd Quarter Report – FY 2073-74

#### 1. Financial Indicators

Earning Per Share (Annualized)	21.00
Price Earning Ratio (Annualized)	25.19
Net Worth Per Share	153.94
Assets Per Share	1494.06
Liquidity Ratio	25.96%

#### 2. Management Analysis

a. The deposit volume of the Bank has increased in the third quarter of FY 2073-74 by NPR 675 million (0.95%) however the credit volume has been decreased by NPR 48 million (0.08%) compared to the second quarter of FY 2073-74. The bank achieved net profit of NPR 886 million by the end of third quarter.

b. No specific incident observed that could have impact on deposit volume, profitability and cash flow of the bank.

#### 3. Details Pertaining to Legal Proceedings

- a. There were no major legal cases filed by or filed against the Bank during the review quarter period.  
b. There were no legal cases filed by or filed against promoters or directors of the Bank during the review quarter period.  
c. There were no legal cases filed against promoter or directors of the Bank regarding financial misappropriation.

#### 4. Analysis of Bank's Share Transactions

- a. No abnormal incidents occurred during the review quarter period that could have a material effect on the Bank.  
b. Share Transaction Detail of the Review Quarter Period

Months	Maximum Share Price	Minimum Share Price	Last Share Price	Total Traded Days	Total Transaction Nos.
Magh 2073	616	510	526	19	1814
Falgun 2073	564	401	417	19	3050
Chaitra 2073	560	406	529	21	2813

#### 5. Problems and Challenges

##### Internal

- Maintaining interest spread
- Managing increased operation cost

##### External

- Competitive environment with growing financial institutions
- Limited market
- Changing liquidity condition
- Volatile foreign exchange market
- Change in policies and regulations having direct impact in the business
- Political instability marring the business environment
- Adverse investment climate discouraging foreign direct investment

#### Bank's Strategy to mitigate problems and challenges

- Focus on new and high yielding services by optimum utilization of funds
- Provide quality and latest technology based services to customers
- Expand network so as to broaden the reach to targeted markets
- Explore new prospective lending sectors so as to broaden the scope of lending
- Closely monitor the cost component to remain competitive in the market
- Proactive approach in providing provisions
- Closely follow activities in international market

#### 6. Corporate Governance

- **High Public Shareholding:** Public shareholders' own 54.36% share of this bank where as Promoter shareholders' own 45.64% of this bank.
- **Safeguard of depositors and shareholders rights and interests:** The Bank has been providing timely and regularly all the necessary financial information to all the stakeholders.
- **Effective Audit Committee:** The independent audit committee has ensured the establishment of effective internal controls and provides suggestions and guidance to the management if necessary.
- **Effective Compliance:** To ensure that the prevalent laws and rules are followed, the Bank has developed policies and clear authorities to guide the function of management which is coordinated by Integrated Risk Management and Compliance Department and monitored by Internal Audit Department.

#### 7. Details as per Rule 22 (5) related to special incident or condition

The Bank has conducted its 22nd Annual General Meeting (AGM) on 16 March 2017 & elected the new Board of Directors. The AGM has approved increase in authorized capital of the Bank from NPR 6 billion to NPR 10 billion & also approved bonus share of 23% of the paid up capital. AGM also approved the proposal of changing the existing name of Bank to "Bank Of Kathmandu Ltd." & issuance of FPO (further public offering) of promoter share for maintaining its proportion to 51%. The share transaction book was closed from 26 February 2017 to 16 March 2017 for the 22nd AGM.

#### 8. Declaration by CEO regarding True Financial Information

I personally take the responsibility for the correctness of the information disclosed in the report. I also declare that as far as I understand the information provided in the report are true, fair and complete and have not concealed any factual information and notices from investors to take investment decisions.