



UNAUDITED FINANCIAL RESULTS (QUARTERLY)

'As at Second Quarter (29/09/2073) of the Fiscal Year 2073/2074 (2016/2017)

Rs in '000'

S. N.	Particulars	This Quarter Ending 29/09/2073 (13/01/2017)	Previous Quarter Ending 30/06/2073 (16/10/2016)	Corresponding Previous Year Quarter Ending 30/09/2072 (14/01/2016)
1	Total Capital & Liabilities (1.1 to 1.7)	84,196,865	83,875,276	49,228,057
1.1	Paid-up Capital	5,629,576	4,576,891	2,671,468
1.2	Reserves and Surplus	2,752,621	4,206,366	1,515,371
1.3	Debtenture and Bond	1,000,000	1,000,000	1,000,000
1.4	Borrowings	1,294,400	1,944,400	43,000
1.5	Deposits (a+b)	70,000,723	69,326,377	41,811,017
a.	Domestic Currency	68,801,439	68,108,047	40,494,255
b.	Foreign Currency	1,199,284	1,218,330	1,316,762
1.6	Income Tax Liabilities	-	-	-
1.7	Other Liabilities	3,519,544	2,821,242	2,187,202
2	Total Assets (2.1 to 2.7)	84,196,865	83,875,276	49,228,057
2.1	Cash & Bank Balance	7,856,592	8,188,120	4,486,586
2.2	Money at call and short Notice		30,481	585,140
2.3	Investments	11,668,170	11,719,742	10,585,107
2.4	Loans & Advances (a+b+c+d+e)	62,788,945	61,476,338	32,286,478
a.	Real Estate Loan	3,783,934	3,740,087	791,516
1.	Residential Real Estate Loan (Except Personal Home Loan upto Rs 10 million)	458,217	381,432	52,772
2.	Business Complex & Residential Apartment Construction Loan	113,809	113,742	96,582
3.	Income generating Commercial Complex Loan	274,914	273,978	291,087
4.	Other Real Estate Loan (Including Land Purchase & Plotting)	2,936,994	2,970,934	351,075
b.	Personal Home Loan of Rs. 10 million or less	3,942,555	3,813,911	2,141,806
c.	Margin Type Loan	570,501	506,573	56,373
d.	Term Loan	9,197,346	9,118,730	4,689,891
e.	Overdraft Loan / TR Loan / WC Loan	31,678,575	32,120,259	18,075,231
f.	Others	13,616,035	12,176,777	6,531,660
2.5	Fixed Assets	949,120	964,041	603,227
2.6	Non Banking Assets	25,858	24,658	278
2.7	Other Assets			681,242
3	Profit and Loss Account	Upto This Quarter	Upto Previous Quarter	Upto Corresponding Previous Year Quarter
3.1	Interest Income	2,661,045	1,269,787	1,511,327
3.2	Interest Expense	1,351,213	644,781	814,203
	A. Net Interest Income (3.1-3.2)	1,309,832	625,006	697,124
3.3	Fees Commission and Discount	172,583	88,751	107,361
3.4	Other Operating Income	72,065	40,585	40,283
3.5	Foreign Exchange Gain/Loss (Net)	119,001	57,755	95,029
	B. Total Operating Income (A+3.3+3.4+3.5)	1,673,481	812,097	939,797
3.6	Staff Expenses	379,800	184,734	209,872
3.7	Other Operating Expenses	272,907	138,747	195,447
	C. Operating profit Before Provision (B-3.6-3.7)	1,020,773	488,616	534,477
3.8	Provision for Possible Loss	154,775	97,693	34,391
	D. Operating profit (C-3.8)	865,998	390,923	500,086
3.9	Non Operating Income/Expenses (Net)	7,523	535	14,467
3.10	Write Back of Provision for Possible Loss	60,631	33,858	2,752
	E. Profit From Regular Activities (D+3.9+3.10)	934,152	425,316	517,305
3.11	Extraordinary Income/Expenses (Net)	10,980	500	
	F. Profit Before Bonus and Taxes (E+3.11)	945,131	425,816	517,305
3.12	Provision For Staff Bonus	85,921	38,711	47,028
3.13	Provision For Tax	257,763	116,132	141,083
	G. Net Profit/Loss (F-3.12-3.13)	601,447	270,974	329,194
4	Ratios	At the End of This Quarter	At the End of Previous Quarter	At the End of Corresponding Previous Year Quarter
4.1	Capital Fund to RWA	13.09%	13.07%	13.93%
4.2	Non Performing Loan (NPL) to Total Loan	1.51%	1.12%	3.93%
4.3	Total Loan Loss Provision to total NPL	233.54%	176.89%	120.09%
4.4	Cost of Funds (Local Currency)	4.15%	4.11%	4.22%
4.5	CD Ratio (Calculated as per NRB Directives)	78.97%	78.72%	70.15%
4.6	Base Rate	7.10%	6.43%	6.93%
4.7	Average Interest Spread (Calculated as per NRB Circular)	3.91%	3.94%	3.61%
	Additional Information			
	Average Yield (Local Currency)	7.61%	7.50%	7.53%
	Net Interest Spread (Local Currency)	3.46%	3.39%	3.31%
	Return on Equity (Annualised)	14.83%	12.37%	16.25%
	Return on Assets (Annualised)	1.49%	1.38%	1.37%

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.

Bank of Kathmandu Lumbini Limited
Securities Registration and Issuance Rules 2065
(Rule # 22 (2), Annexure 14)
2nd Quarter Report – FY 2073-74

1. Financial Indicators

Earning Per Share (Annualized)	21.37
Price Earning Ratio (Annualized)	28.74
Net Worth Per Share	148.57
Assets Per Share	1495.62
Liquidity Ratio	25.65

2. Management Analysis

a. The credit & deposit volume of the Bank has increased in the second quarter of FY 2073-74 by NPR 1,312 million (2.09%) & NPR 674 million (0.96%) respectively in comparison of the first quarter of FY 2073-74. The bank achieved net profit of NPR 601 million by the end of the second 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.
Kartik 2073	770	666	698	17	3412
Mangsir 2073	700	595	650	21	5727
Poush 2073	650	578	614	19	2951

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 declared bonus shares of NPR 1,052,685,000 (23% of paid up capital of Fiscal Year 2072-73) for the Fiscal Year 2072-72. The dividend will be distributed after the approval of Annual General Meeting and other necessary approvals.

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.