



UNAUDITED FINANCIAL RESULTS (QUARTERLY)

As at Third Quarter (30/12/2074) of the Fiscal Year 2074/2075 (2017/2018)

In NPR '000

S.N.	Particulars	This Quarter Ending (30/12/2074) (13/04/2018)		Previous Quarter Ending (30/09/2074) (14/01/2018)		Corresponding Previous Year Quarter Ending (31/12/2073) (13/04/2017)
		Group	BOK	Group	BOK	BOK
1	Total Capital & Liabilities (1.1 to 1.7)	90,349,011	90,398,246	86,360,700	86,410,934	84,108,998
1.1	Paid-up Capital	7,072,896	7,072,896	6,245,383	6,245,383	5,629,576
1.2	Reserves and Surplus	4,440,504	4,438,001	4,897,466	4,897,507	3,036,762
1.3	Debenture and Bond	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
1.4	Borrowings	66,008	66,008	246,857	246,857	50,000
1.5	Deposits (a+b)	73,759,699	73,903,367	70,299,597	70,439,860	70,675,574
	a. Domestic Currency	72,217,865	72,361,533	68,994,765	69,135,028	69,726,011
	b. Foreign Currency	1,541,834	1,541,834	1,304,832	1,304,832	949,563
1.6	Income Tax Liabilities	-	-	-	-	-
1.7	Other Liabilities	3,939,805	3,917,974	3,602,571	3,581,327	3,717,086
1.8	Non-controlling Interest	70,099	-	68,826	-	-
2	Total Assets (2.1 to 2.7)	90,349,011	90,398,246	86,360,700	86,410,934	84,108,998
2.1	Cash & Bank Balance	7,442,112	7,420,205	7,686,156	7,664,919	7,890,458
2.2	Money at call and short Notice	816,214	816,214	304,500	304,500	-
2.3	Investments	11,793,853	11,879,153	11,282,165	11,367,466	11,110,916
2.4	Loans & Advances (a+b+c+d+e+f)	67,252,773	67,252,773	64,669,423	64,669,423	62,740,705
	a. Real Estate Loan	3,734,446	3,734,446	3,631,887	3,631,887	3,711,569
	1. Residential Real Estate Loan (Except Personal Home Loan upto Rs 10 million)	539,997	539,997	506,127	506,127	501,104
	2. Business Complex & Residential Apartment Construction Loan	115,455	115,455	114,897	114,897	113,089
	3. Income generating Commercial Complex Loan	339,066	339,066	268,861	268,861	245,973
	4. Other Real Estate Loan (Including Land Purchase & Plotting)	2,739,928	2,739,928	2,742,002	2,742,002	2,851,403
	b. Personal Home Loan of Rs. 10 million or less	3,811,932	3,811,932	3,781,646	3,781,646	3,918,366
	c. Margin Type Loan	660,776	660,776	685,329	685,329	778,814
	d. Term Loan	10,376,697	10,376,697	10,311,130	10,311,130	9,542,815
	e. Overdraft Loan / TR Loan / WC Loan	36,070,168	36,070,168	33,956,601	33,956,601	31,076,233
	f. Others	12,598,754	12,598,754	12,302,829	12,302,829	13,712,908
2.5	Fixed Assets	954,466	945,723	960,059	950,581	930,845
2.6	Non Banking Assets	25,858	25,858	25,858	25,858	25,858
2.7	Other Assets	2,063,735	2,058,320	1,432,539	1,428,187	1,410,216
3	Profit and Loss Account	At the End of This Quarter		At the End of Previous Quarter		At the End of Corresponding Previous Year Quarter
		Group	BOK	Group	BOK	BOK
3.1	Interest Income	5,956,508	5,953,946	3,889,176	3,888,286	4,250,788
3.2	Interest Expense	3,887,254	3,891,226	2,582,769	2,583,079	2,313,390
A	Net Interest Income (3.1-3.2)	2,069,254	2,062,720	1,306,407	1,305,207	1,937,398
3.3	Fees Commission and Discount	248,078	247,024	167,347	166,914	232,435
3.4	Other Operating Income	99,603	99,502	72,981	72,947	105,354
3.5	Foreign Exchange Gain/Loss (Net)	182,149	182,149	117,832	117,832	180,259
B	Total Operating Income (A+3.3+3.4+3.5)	2,599,084	2,591,395	1,664,567	1,662,900	2,455,447
3.6	Staff Expenses	595,572	594,502	402,107	401,282	577,282
3.7	Other Operating Expenses	405,540	402,957	269,992	269,089	411,458
C	Operating profit Before Provision (B-3.6-3.7)	1,597,972	1,593,936	992,468	992,529	1,466,707
3.8	Provision for Possible Loss	283,525	283,525	235,966	235,966	216,884
D	Operating profit (C-3.8)	1,314,447	1,310,411	756,502	756,563	1,249,823
3.9	Non Operating Income/Expenses (Net)	34,947	34,947	28,768	28,768	7,421
3.10	Write Back of Provision for Possible Loss	103,266	103,266	68,675	68,675	107,048
E	Profit From Regular Activities (D+3.9+3.10)	1,452,660	1,448,624	853,945	854,006	1,364,292
3.11	Extraordinary Income/Expenses (Net)	13,707	13,707	12,761	12,761	29,114
F	Profit Before Bonus and Taxes (E+3.11)	1,466,367	1,462,331	866,706	866,767	1,393,406
3.12	Provision For Staff Bonus	132,951	132,939	78,797	78,797	126,673
3.13	Provision For Tax	398,847	398,818	236,391	236,391	380,020
G	Net Profit/Loss (F-3.12 -3.13)	934,569	930,574	551,518	551,579	886,713
3.14	Share of Non-Controlling Interest on Profit of Subsidiary	1,252	-	(21)	-	-
H	Net Profit/Loss (G-3.14)	933,317	930,574	551,539	551,579	886,713
4	Ratios	At the End of This Quarter		At the End of Previous Quarter		At the End of Corresponding Previous Year Quarter
		Group	BOK	Group	BOK	BOK
4.1	Capital Fund to RWA	15.22%	15.02%	15.66%	15.45%	13.33%
4.2	Non Performing Loan (NPL) to Total Loan	1.82%	1.82%	1.86%	1.86%	1.76%
4.3	Total Loan Loss Provision to total NPL	118.02%	118.02%	117.19%	117.19%	124.68%
4.4	Cost of Funds	8.01%	8.01%	7.60%	7.60%	4.68%
4.5	CD Ratio (Calculated as per NRB Directives)	77.24%	77.24%	79.24%	79.24%	77.67%
4.6	Base Rate	10.78%	10.78%	10.38%	10.38%	9.35%
4.7	Average Interest Spread (Calculated as per NRB Directives)	4.04%	4.04%	3.84%	3.84%	4.07%
	Additional Information					
	Average Yield (Local Currency)	11.06%	11.06%	10.47%	10.47%	10.18%
	Return on Equity (Annualised)	12.20%	12.17%	11.57%	11.58%	14.31%
	Return on Assets (Annualised)	1.43%	1.43%	1.29%	1.29%	1.44%

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. Group includes Bank of Kathmandu Ltd. and Kathmandu Capital Markets Ltd. (Subsidiary of Bank of Kathmandu Ltd.).
4. Paid-up Capital of 30/12/2074 includes proposed bonus shares of FY 2073-74 of NPR 827,513,208.

Securities Registration and Issuance Rules 2065 (Rule # 22 (2), Annexure 14)

3rd Quarter Report – FY 2074-75

1. Financial Indicators

Earning Per Share (Annualized) : 17.54
Price Earning Ratio (Annualized) : 19.04
Net Worth Per Share : 162.75
Assets Per Share : 1,278.09
Liquidity Ratio : 26.49%

2. Related Party Disclosure

- Group represents Bank of Kathmandu Ltd. (the Bank) and Kathmandu Capital Market Ltd.(Subsidiary).
- Subsidiary is a Merchant Banker licensed under Securities Businessperson (Merchant Banker) Regulation, First Amendment 2074 from the Securities Board of Nepal (SEBON).
- All transactions between the Bank and Subsidiary are executed on arm's length principal. Effects of all inter-company transactions and outstanding balances are excluded in group statements.
- The Bank and Subsidiary have entered into a Management Service Agreement (MSA) under which the Bank has deputed its staff as Subsidiary's CEO and expense is reimbursed at cost.
- Subsidiary held deposit balance of NPR 143.67 million in its accounts with the Bank. The Bank paid net interest of NPR 3.97 million.

3. Management Analysis

- The total deposit volume of Bank is NPR 73.90 billion whereas loans and advances is NPR 67.25 billion and net profit of bank is NPR 930.57million at the end of 3rd Quarter of FY 2074/75.
- No specific incident observed that could have impact on deposit volume, profitability and cash flow of the bank.

4. Details Pertaining to Legal Proceedings

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

5. Analysis of Bank's Share Transactions

- No abnormal incidents occurred during the review period that could have a material effect on the Bank.
- Share Transaction Details of the review period:

Months	Maximum Share Price	Minimum Share Price	Last Share Price	Total Traded Days	Total Transaction Nos.
Magh 2074	409	370	375	18	1077
Falgun 2074	400	348	362	18	1273
Chaitra 2074	365	294	334	20	1536

6. Problems and Challenges

Internal

- Maintaining interest spread
- Managing increased operation cost

External

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

Bank's Strategy to mitigate problems and challenges

- Focus on new and high yield 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

7. Corporate Governance

- 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 as well as Compliance Department and monitored by Internal Audit Department.

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

The Bank has declared to distribute bonus shares of 13.25% from the profit generated in fiscal year 2073/74. The dividend will be distributed after the approval of Annual General Meeting and other necessary approval from Nepal Rastra Bank.

9. Declaration by CEO regarding True Financial Information

I 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.