



बैंक अफ काठमाण्डू लिमिटेड BANK OF KATHMANDU LTD.

UNAUDITED FINANCIAL RESULTS (QUARTERLY)

As at Fourth Quarter (32/03/2018) of the Fiscal Year 2074/2075 (2017/2018) as per NRB Directive No. 4

In NPR '000

S.N.	Particulars	This Quarter Ending (32/03/2018) (16/07/2018)		Previous Quarter Ending (30/12/2017) (13/04/2018)		Corresponding Previous Year Quarter Ending (31/03/2017) (15/07/2017)
		Group	BOK	Group	BOK	
1	Total Capital & Liabilities (1.1 to 1.7)	93,949,550	93,991,002	90,349,011	90,398,247	86,314,308
1.1	Paid-up Capital	7,072,896	7,072,896	7,072,896	7,072,896	6,457,089
1.2	Reserves and Surplus	5,059,074	5,055,666	4,440,504	4,438,001	2,578,367
1.3	Debt and Bond	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
1.4	Borrowings	18,597	18,597	66,008	66,008	4,000
1.5	Deposits (a+b)	76,637,650	76,774,248	73,759,699	73,903,367	72,137,397
a.	Domestic Currency	75,609,287	75,745,885	72,217,865	72,361,533	71,231,336
b.	Foreign Currency	1,028,363	1,028,363	1,541,834	1,541,834	906,061
1.6	Income Tax Liabilities	-	-	-	-	10,954
1.7	Other Liabilities	4,090,782	4,069,595	3,939,805	3,917,975	4,126,500
1.8	Non-controlling Interest	70,551	70,551	70,099	70,099	-
2	Total Assets (2.1 to 2.7)	93,949,550	93,991,002	90,349,011	90,398,247	86,314,308
2.1	Cash & Bank Balance	8,707,622	8,687,314	7,442,112	7,420,205	9,516,809
2.2	Money at call and short Notice	-	-	816,214	816,214	-
2.3	Investments	12,608,769	12,684,895	11,793,853	11,879,153	11,761,210
2.4	Loans & Advances (a+b+c+d+e+f)	69,463,294	69,463,294	67,252,773	67,252,773	62,549,725
a.	Real Estate Loan	3,766,280	3,766,280	3,734,446	3,734,446	3,671,373
	1. Residential Real Estate Loan (Except Personal Home Loan upto Rs 10 million)	585,528	585,528	539,997	539,997	473,375
	2. Business Complex & Residential Apartment Construction Loan	114,798	114,798	115,455	115,455	112,509
	3. Income generating Commercial Complex Loan	322,070	322,070	339,066	339,066	312,212
	4. Other Real Estate Loan (Including Land Purchase & Plotting)	2,743,883	2,743,883	2,739,928	2,739,928	2,773,277
	b. Personal Home Loan of Rs. 10 million or less	3,777,561	3,777,561	3,811,932	3,811,932	3,867,204
	c. Margin Type Loan	654,490	654,490	660,776	660,776	740,653
	d. Term Loan	10,732,888	10,732,888	10,376,697	10,376,697	9,841,850
	e. Overdraft Loan / TR Loan / WC Loan	37,446,950	37,446,950	36,070,168	36,070,168	30,675,699
	f. Others	13,085,125	13,085,125	12,598,754	12,598,754	13,752,947
2.5	Fixed Assets	980,811	972,784	954,466	954,466	946,047
2.6	Non Banking Assets	25,858	25,858	25,858	25,858	25,858
2.7	Other Assets	2,163,196	2,156,857	2,063,735	2,058,321	1,514,657
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	8,329,667	8,325,669	5,956,508	5,953,946	6,116,948
3.2	Interest Expense	5,298,643	5,306,499	3,887,254	3,891,226	3,550,903
A	Net Interest Income (3.1-3.2)	3,031,024	3,019,170	2,069,254	2,062,720	2,566,045
3.3	Fees Commission and Discount	193,032	191,577	128,089	127,035	167,026
3.4	Other Operating Income	314,149	312,647	219,592	219,491	301,293
3.5	Foreign Exchange Gain/Loss (Net)	241,201	241,201	182,149	182,149	230,345
B	Total Operating Income (A+3.3+3.4+3.5)	3,779,406	3,764,595	2,599,084	2,591,395	3,264,709
3.6	Staff Expenses	785,349	782,651	595,572	594,502	742,884
3.7	Other Operating Expenses	565,363	559,586	405,540	402,957	583,200
C	Operating profit Before Provision (B-3.6-3.7)	2,428,694	2,422,358	1,597,972	1,593,936	1,938,624
3.8	Provision for Possible Loss	273,733	272,907	283,525	283,525	211,063
D	Operating profit (C-3.8)	2,154,961	2,149,451	1,314,447	1,310,411	1,727,561
3.9	Non Operating Income/Expenses (Net)	124,107	124,107	34,947	34,947	21,820
3.10	Write Back of Provision for Possible Loss	121,731	121,731	103,266	103,266	219,848
E	Profit From Regular Activities (D+3.9+3.10)	2,400,799	2,395,289	1,452,660	1,448,624	1,969,229
3.11	Extraordinary Income/Expenses (Net)	19,343	19,343	13,707	13,707	120,968
F	Profit Before Bonus and Taxes (E+3.11)	2,420,142	2,414,632	1,466,367	1,462,331	2,090,196
3.12	Provision For Staff Bonus	219,677	219,512	132,951	132,939	190,018
3.13	Provision For Tax	646,658	646,452	398,847	398,818	587,828
G	Net Profit/Loss (F-3.12-3.13)	1,553,807	1,548,668	934,569	930,574	1,312,350
3.14	Share of Non-Controlling Interest on Profit of Subsidiary	1,704	-	1,252	-	-
H	Net Profit/Loss (F-3.14)	1,552,103	1,548,668	933,317	930,574	1,312,350
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	15.26%	15.07%	15.22%	15.02%	13.41%
4.2	Non Performing Loan (NPL) to Total Loan	1.32%	1.32%	1.82%	1.82%	1.29%
4.3	Total Loan Loss Provision to total NPL	153.84%	153.84%	118.02%	118.02%	127.04%
4.4	Cost of Funds	7.87%	7.87%	8.01%	8.01%	7.68%
4.5	CD Ratio (Calculated as per NRB Directives)	76.30%	76.30%	77.24%	77.24%	75.49%
4.6	Base Rate	10.67%	10.67%	10.78%	10.78%	10.57%
4.7	Average Interest Spread (Calculated as per NRB Circular)	4.43%	4.43%	4.04%	4.04%	3.00%
Additional Information						
	Average Yield (Local Currency)	12.03%	12.03%	11.06%	11.06%	10.18%
	Return on Equity (Annualised)	14.62%	14.59%	12.20%	12.17%	14.74%
	Return on Assets (Annualised)	1.76%	1.76%	1.43%	1.43%	1.50%

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.)

Segmental Result Disclosure:

The bank has categorised its segment on the basis of presence in the geographical provinces of the country. Segment assets, segment liabilities, total revenue, total expenses and operating profit are disclosed. Branches of the bank are classified under the regional operating structure for monitoring and supervision. The transaction between the branches are charged at transfer price decided by Asset Liability Management Committee of the bank. The disclosure has been prepared in accordance with the requirements of NFRS however, interim segment results for the period has not been prepared.

Particulars	Amount in NPR '000							
	Province 1	Province 2	Province 3	Province 4	Province 5	Province 6	Province 7	Total
Segment Assets	5,715,812	3,209,622	66,547,162	3,066,588	9,447,683	960,133	3,921,965	92,868,965
Segment Liabilities	2,258,967	2,151,048	63,073,135	2,199,881	6,595,690	936,877	2,227,506	79,443,104
Total Revenue	398,959	299,190	6,938,368	234,326	868,248	113,297	329,507	9,181,895
Total Expenses	177,172	133,626	5,850,617	129,203	389,641	61,732	139,326	6,881,317
Operating Profit	160,768	165,045	1,044,598	104,955	460,831	50,688	182,236	2,169,121

Related Party Disclosures:

- Group includes Bank of Kathmandu Ltd. and Kathmandu Capital Markets Ltd. (Subsidiary of Bank of Kathmandu Ltd.)
- All transactions between bank and subsidiary company are executed on arms length basis. Effects of all intra company transactions are eliminated in group financial statements.
- Bank and subsidiary have entered into a service agreement under which bank has deputed its staff as CEO of subsidiary and expense is reimbursed at cost.

Bank of Kathmandu Limited Securities Registration and Issuance Regulation, 2073 (Rule # 26 (1), Annexure 14) 4th Quarter Report – FY 2074-75

1. Financial Statements

a. Related Party Disclosure

- Group represents Bank of Kathmandu Ltd. (the Bank) & Kathmandu Capital Market Ltd. (Subsidiary)
- Subsidiary is a Merchant Banker licensed under Securities Business person (Merchant Banker) Rules, 2064 from the Securities Board of Nepal (SEBON).
- All transactions between the Bank & Subsidiary are executed on arm's length principal. Effects of all inter-company transaction and outstanding balances are excluded in group statements.
- Bank & 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 136,598 mn in its account with the bank. The bank paid net interest of NPR 7.86 mn.

b. Major Financial Indicators

Earning Per Share (Annualized)	: 21.84
Price Earning Ratio (Annualized)	: 12.09
Net Worth Per Share	: 189.82
Assets Per Share	: 1,313
Liquidity Ratio	: 27.04%

2. Management Analysis

- The total deposit volume of Bank is NPR 77.30 bn whereas loans and advances is NPR 68.86 bn and Net profit of bank is NPR 1,544.67mn at the end of 4th Quarter of FY 074/75.
- No specific incident observed that could have impact on deposit volume, profitability and cash flow of the bank.

3. 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 against promoter or directors of the Bank regarding financial misappropriation.

4. 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 Detail of the Review Period:

4th Quarter Results of Fiscal Year 2074/2075 as per Nepal Financial Reporting Standards (NFRS)

Rs. in '000

Statement of Financial Position	This Quarter Ending 16-Jul-2018		Previous Quarter Ending 13-Apr-2018		Corresponding Previous Year Quarter Ending 15-Jul-2017
	Group	BOK	Group	BOK	
Assets	Group	BOK	Group	BOK	BOK
Cash and cash equivalent	3,443,148	3,422,840	3,971,907	3,950,000	2,905,205
Due from NRB and placements with BFIs	7,111,205	7,111,205	5,990,397	5,990,397	8,623,953
Loan and advances	68,865,152	68,865,152	66,949,820	66,949,820	62,119,176
Investments Securities	11,388,234	11,324,360	10,796,636	10,742,523	10,682,350
Investment in subsidaries and associates	-	140,000	-	140,000	-
Goodwill and intangible assets	22,803	20,497	13,445	11,139	-
Other assets	1,996,972	1,984,911	2,463,511	2,451,512	1,377,250
Total Assets	92,827,514	92,868,965	90,185,716	90,235,391	85,707,934
Capital and Liabilities					
Paid up Capital	7,072,896	7,072,896	7,072,896	7,072,896	5,629,576
Reserves and surplus	6,356,373	6,352,965	6,028,147	6,025,937	4,918,130
Deposits	77,168,230	77,304,829	74,204,721	74,348,389	72,922,285
Borrowings	18,597	18,597	66,008	66,008	4,000
Bond and Debenture	1,041,216	1,041,216	1,020,920	1,020,920	1,041,099
Other liabilities and provisions	1,170,202	1,078,462	1,793,024	1,701,241	1,192,844
Total Capital and Liabilities	92,827,514	92,868,965	90,185,716	90,235,391	85,707,934
Statement of Profit or Loss	Group Up to this Quarter	BOK Up to this Quarter	Group Up to Previous Quarter	BOK Up to Previous Quarter	Up to Corresponding Previous Year Quarter
Interest income	8,420,933	8,416,935	6,080,754	6,078,192	6,229,137
Interest expense	5,298,643	5,306,499	3,887,254	3,891,226	3,552,499
Net interest income	3,122,290	3,110,436	2,193,500	2,186,966	2,676,638
Fee and commission income	507,181	504,224	347,681	346,527	468,319
Fee and commission expense	33,676	33,676	23,008	23,008	47,227
Net fee and commission income	473,505	470,548	324,673	323,519	421,092
Other operating income	365,309	365,309	217,096	217,096	252,166
Total operating income	3,961,104	3,946,293	2,735,269	2,727,581	3,349,896
Impairment charge/(reversal) for loans and other losses	237,047	236,221	94,232	94,232	(3,389)
Net operating income	3,724,057	3,710,072	2,641,037	2,633,349	3,353,285
Personnel expenses	1,017,904	1,015,041	737,006	735,925	916,324
Other operating expenses	531,686	525,910	382,532	379,949	534,377
Operating profit	2,174,467	2,1			