



बैंक अफ काठमाण्डू लिमिटेड  
BANK OF KATHMANDU LTD.

UNAUDITED FINANCIAL RESULTS (QUARTERLY)

'As at Fourth Quarter (31/03/2074) of the Fiscal Year 2073/2074 (2016/2017)

Rs in '000'

S. N.	Particulars	This Quarter Ending 31/03/2074 (15/07/2017)	Previous Quarter Ending 31/12/2073 (13/04/2017)	*Corresponding Previous Year Quarter Ending 31/03/2073 (15/07/2016)
<b>1</b>	<b>Total Capital &amp; Liabilities (1.1 to 1.7)</b>	<b>86,299,541</b>	<b>84,108,998</b>	<b>81,786,861</b>
1.1	Paid-up Capital	5,629,576	5,629,576	5,629,576
1.2	Reserves and Surplus	3,320,513	3,036,762	2,149,243
1.3	Debtenture and Bond	1,000,000	1,000,000	1,000,000
1.4	Borrowings	4,000	50,000	2,247,000
<b>1.5</b>	<b>Deposits (a+b)</b>	<b>72,136,797</b>	<b>70,675,574</b>	<b>67,836,391</b>
a.	Domestic Currency	71,230,736	69,726,011	66,725,386
b.	Foreign Currency	906,061	949,563	1,111,004
1.6	Income Tax Liabilities	-	-	-
1.7	Other Liabilities	4,208,654	3,717,086	2,924,651
<b>2</b>	<b>Total Assets (2.1 to 2.7)</b>	<b>86,299,541</b>	<b>84,108,998</b>	<b>81,786,861</b>
2.1	Cash & Bank Balance	9,516,809	7,890,458	9,788,452
2.2	Money at call and short Notice	-	-	150,000
2.3	Investments	11,761,210	11,110,916	9,785,316
<b>2.4</b>	<b>Loans &amp; Advances (a+b+c+d+e)</b>	<b>62,549,988</b>	<b>62,740,705</b>	<b>60,317,707</b>
a.	Real Estate Loan	3,671,373	3,711,569	3,227,750
1.	Residential Real Estate Loan (Except Personal Home Loan upto Rs 10 million)	473,375	501,104	394,630
2.	Business Complex & Residential Apartment Construction Loan	112,509	113,089	275,429
3.	Income generating Commercial Complex Loan	312,212	245,973	508,950
4.	Other Real Estate Loan (Including Land Purchase & Plotting)	2,773,277	2,851,403	2,048,740
b.	Personal Home Loan of Rs. 10 million or less	3,867,204	3,918,366	3,439,849
c.	Margin Type Loan	740,653	778,814	535,368
d.	Term Loan	9,841,850	9,542,815	8,290,396
e.	Overdraft Loan / TR Loan / WC Loan	30,675,699	31,076,233	31,300,044
f.	Others	13,753,209	13,712,908	13,524,302
2.5	Fixed Assets	943,157	930,845	967,671
2.6	Non Banking Assets	25,858	25,858	24,658
2.7	Other Assets	1,502,518	1,410,216	753,056
<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	6,116,948	4,250,788	3,087,313
3.2	Interest Expense	3,550,877	2,313,390	1,544,407
	<b>A. Net Interest Income (3.1-3.2)</b>	<b>2,566,070</b>	<b>1,937,398</b>	<b>1,542,906</b>
3.3	Fees Commission and Discount	318,977	232,435	258,974
3.4	Other Operating Income	151,068	105,354	105,088
3.5	Foreign Exchange Gain/Loss (Net)	230,345	180,259	178,562
	<b>B. Total Operating Income (A+3.3+3.4+3.5)</b>	<b>3,266,461</b>	<b>2,455,447</b>	<b>2,085,529</b>
3.6	Staff Expenses	750,859	577,282	429,813
3.7	Other Operating Expenses	581,053	411,458	404,510
	<b>C. Operating profit Before Provision (B-3.6-3.7)</b>	<b>1,934,550</b>	<b>1,466,707</b>	<b>1,251,206</b>
3.8	Provision for Possible Loss	306,330	216,884	258,561
	<b>D. Operating profit (C-3.8)</b>	<b>1,628,220</b>	<b>1,249,823</b>	<b>992,645</b>
3.9	Non Operating Income/Expenses (Net)	20,881	7,421	16,378
3.10	Write Back of Provision for Possible Loss	177,771	107,048	39,482
	<b>E. Profit From Regular Activities (D+3.9+3.10)</b>	<b>1,826,872</b>	<b>1,364,292</b>	<b>1,048,506</b>
3.11	Extraordinary Income/Expenses (Net)	121,230	29,114	6,273
	<b>F. Profit Before Bonus and Taxes (E+3.11)</b>	<b>1,948,102</b>	<b>1,393,406</b>	<b>1,054,778</b>
3.12	Provision For Staff Bonus	177,100	126,673	95,889
3.13	Provision For Tax	531,926	380,020	303,614
	<b>G. Net Profit/Loss (F-3.12-3.13)</b>	<b>1,239,075</b>	<b>886,713</b>	<b>655,276</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	13.97%	13.33%	13.01%
4.2	Non Performing Loan (NPL) to Total Loan	1.46%	1.76%	2.51%
4.3	Total Loan Loss Provision to total NPL	245.88%	202.03%	138.26%
4.4	Cost of Funds (Local Currency)	5.37%	4.68%	4.03%
4.5	CD Ratio (Calculated as per NRB Directives)	75.34%	77.67%	78.88%
4.6	Base Rate	10.57%	9.35%	6.89%
4.7	Average Interest Spread (Calculated as per NRB Circular)	3.00%	4.07%	4.14%
	<b>Additional Information</b>			
	Average Yield (Local Currency)	8.60%	8.02%	7.51%
	Net Interest Spread (Local Currency)	3.24%	3.34%	3.49%
	Return on Equity (Annualised)	14.74%	14.31%	13.56%
	Return on Assets (Annualised)	1.50%	1.44%	1.30%

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.  
\*Figures of corresponding previous year quarter are audited figures.

Bank of Kathmandu Limited  
Securities Registration and Issuance Rules 2065  
(Rule # 22 (2), Annexure 14)  
4th Quarter Report – FY 2073-74

1. Financial Indicators

Earning Per Share (Annualized)	22.01
Price Earning Ratio (Annualized)	20.99
Net Worth Per Share	158.98
Assets Per Share	1532.97
Liquidity Ratio	28.57%

2. Management Analysis

a. The deposit volume of the Bank has increased in the fourth quarter of FY 2073-74 by NPR 1,461 million (2.07%) however the credit volume has remained almost same throughout the review quarter. The bank achieved net profit of NPR 1,239 million by the end of the fourth 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.
Baishakh 2074	563	490	502	17	1718
Jestha 2074	512	452	470	21	1800
Ashadh 2074	476	443	462	19	1530

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

Mr. Ajay Shrestha, former CEO resigned from the bank with effect from 30 Ashadh 2074 & as per the decision of 37th Board Meeting held on 10 July 2017 (26 Ashad 2074), Mr. Shrawan Lal Maskay, Deputy Chief Executive Officer has been designated as the "Officiating Chief Executive Officer" from 31 Ashad 2074 corresponding to 15 July 2017.

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.