

HIMALAYAN BANK LIMITED  
KAMALADI, KATHMANDU  
UNAUDITED FINANCIAL RESULTS (QUARTERLY)  
AS AT FIRST QUARTER (17/10/2015) OF THE FISCAL YEAR 2015/16

RS. IN '000

S.N.	PARTICULARS	THIS QUARTER ENDING	PREVIOUS QUARTER ENDING	CORRESPONDING PREVIOUS YEAR QUARTER ENDING
<b>1.</b>	<b>TOTAL CAPITAL AND LIABILITIES (1.1 TO 1.7)</b>	<b>89,299,395</b>	<b>84,753,328</b>	<b>80,979,391</b>
1.1	PAID UP CAPITAL	3,332,700	3,332,700	2,898,000
1.2	RESERVE AND SURPLUS	4,185,782	3,862,997	3,644,846
1.3	DEBENTURE AND BOND	600,000	600,000	1,100,000
1.4	BORROWINGS	-	0	1,400,033
1.5	DEPOSITS (A + B)	77,529,981	73,538,200	68,912,484
	A. DOMESTIC CURRENCY	67,863,149	64,524,890	56,916,946
	B. FOREIGN CURRENCY	9,666,832	9,013,311	11,995,538
1.6	INCOME TAX LIABILITY	40,942	-	92,551
1.7	OTHER LIABILITIES	3,609,990	3,419,431	2,931,477
<b>2.</b>	<b>TOTAL ASSETS (2.1 TO 2.7)</b>	<b>89,299,395</b>	<b>84,753,328</b>	<b>80,979,391</b>
2.1	CASH AND BANK BALANCE	11,544,680	8,387,412	9,677,431
2.2	MONEY AT CALL AND SHORT NOTICE	1,659,451	1,063,950	273,448
2.3	INVESTMENTS	15,670,661	17,113,389	17,438,301
2.4	LOANS AND ADVANCES (GROSS)	57,494,720	55,428,007	50,548,652
	a. Real Estate Loan	2,933,676	2,942,354	2,603,121
	1. Residential Real Estate (except Personal Home Loan upto Rs. 10 Mil)	894,196	882,387	564,546
	2. Business Complex & Residential Apartment Construction	408,250	345,947	378,757
	3. Income Generating Commercial Complex Loan	38,684	40,826	47,995
	4. Other Real Estate Loan (including Land Purchase & Plotting)	1,592,546	1,673,194	1,611,823
	b. Personal Home Loan of Rs. 10 Mil or less	4,225,749	4,232,643	3,910,596
	c. Margin Type Loan	909,683	557,120	413,059
	d. Term Loan	7,366,680	7,173,486	6,151,160
	e. Overdraft Loan/TR Loan/WC Loan	32,978,619	30,812,799	28,981,466
	f. Others	9,080,313	9,709,605	8,489,250
2.5	FIXED ASSETS	1,310,417	1,321,272	1,315,763
2.6	NON BANKING ASSETS	-	-	-
2.7	OTHER ASSETS	1,619,466	1,439,298	1,725,796
<b>3.</b>	<b>PROFIT AND LOSS ACCOUNT</b>			
3.1	INTEREST INCOME	1,149,115	4,627,751	1,087,063
3.2	INTEREST EXPENSE	451,865	1,954,263	496,686
	<b>A. NET INTEREST INCOME (3.1 - 3.2)</b>	<b>697,250</b>	<b>2,673,488</b>	<b>590,377</b>
3.3	FEES, COMMISSION AND DISCOUNT	145,779	710,744	172,899
3.4	OTHER OPERATING INCOME	46,028	199,455	45,118
3.5	FOREIGN EXCHANGE GAIN/LOSS (NET)	139,362	474,312	87,695
	<b>B. TOTAL OPERATING INCOME (A+3.3+3.4+3.5)</b>	<b>1,028,419</b>	<b>4,057,999</b>	<b>896,089</b>
3.6	STAFF EXPENSES	208,757	897,135	183,209
3.7	OTHER OPERATING EXPENSES	224,838	1,067,735	237,652
	<b>C. OPERATING PROFIT BEFORE PROVISION (B-3.6-3.7)</b>	<b>594,824</b>	<b>2,093,129</b>	<b>475,228</b>
3.8	PROVISION FOR POSSIBLE LOSSES (Net)	88,348	1,413,568	60,215
	<b>D. OPERATING PROFIT (C - 3.8)</b>	<b>506,476</b>	<b>679,561</b>	<b>415,013</b>
3.9	NON OPERATING INCOME / EXPENSES (NET)	208	23,209	-
3.10	WRITE BACK OF PROVISION FOR POSSIBLE LOSSES	-	895,300	-
	<b>E. PROFIT FROM REGULAR ACTIVITIES (D + 3.9 + 3.10)</b>	<b>506,684</b>	<b>1,598,070</b>	<b>415,013</b>
3.11	EXTRAORDINARY INCOME / EXPENSES (NET)	549	2,302	7,120
	<b>F. PROFIT BEFORE BONUS AND TAXES (E + 3.11)</b>	<b>507,233</b>	<b>1,600,372</b>	<b>422,133</b>
3.12	PROVISION FOR STAFF BONUS	46,112	145,488	38,376
3.13	PROVISION FOR TAX	138,336	342,597	115,127
	<b>G. NET PROFIT / LOSS (F - 3.12 - 3.13)</b>	<b>322,785</b>	<b>1,112,287</b>	<b>268,630</b>
<b>4.</b>	<b>RATIOS</b>			
4.1	CAPITAL FUND TO RWA	11.09	11.14	11.03
4.2	NON PERFORMING LOAN (NPL) TO TOTAL LOAN	3.35	3.22	2.18
4.3	TOTAL LOAN LOSS PROVISION TO TOTAL NPL	102.40	109.41	107.99
4.4	COST OF FUNDS	2.79	3.36	3.53
4.5	CREDIT TO DEPOSIT RATIO (As per NRB Directives)	73.46	73.51	75.99
4.6	Base Rate	5.98	7.78	7.33
<b>5</b>	<b>ADDITIONAL INFORMATION</b>			
5.1	AVERAGE YIELD	7.28	7.71	7.85
5.2	NET INTEREST SPREAD	4.48	4.35	4.32
5.3	AVERAGE INTEREST SPREAD (As per NRB Directives)	4.94	4.58	4.74
5.4	RETURN ON EQUITY - ROE	17.84	16.53	17.02
5.5	RETURN ON ASSETS - ROA	1.48	1.37	1.38

Note: The above figures are subject to change if instructed otherwise by the Statutory Auditors or the Supervising Authority.

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**HIMALAYAN BANK LIMITED**  
**Securities Registration and Issuance Rules 2065,**  
**(Rule # 22 (2), Annex -14)**  
**1<sup>st</sup> Quarter Report, F.Y 2072/73**

**1. Major Indicators:**

Earning per share	:	38.74
P/E Ratio of the Bank	:	32.27
Net worth per share	:	225.60
Assets per share	:	2,679.49
Liquidity ratio	:	31.32

**2. Management Analysis:**

- a. Results of first quarter reveal that the profitability of the Bank has improved as compared to the corresponding quarter of previous financial year despite current difficult business environment.
- b. Considering the trust of the Customers, the Bank plans to enhance its service standards, explore launching of new products and services, strengthening network, leverage out on the technology and work on solicitation of new business.

**3. Details pertaining to legal action:**

- a. No legal suit (having major impact on banking operation) has been filed by or against the organization during the review quarter period. However, a legal suit in relation to a performance bond guarantee issued by the bank involving a substantial amount is ongoing in Kathmandu district Court and a court in China. The amount under the said guarantee has already been paid to the beneficiary.
- b. No legal suit related to criminal activity has been filed by or against the directors and promoters of the Bank during the period.
- c. No legal suit has been filed against any director of the organization for any kind actions related to financial crime.

**4. Analysis pertaining to share transactions of the organization:**

- a. Since shares of the organization are traded on the basis of the trust of investors towards the organization and analysis of its returns, no major fluctuations are noted in the share price of the Bank and there has been satisfactory trading of shares in the capital market.
- b. Maximum share price, minimum share price, last share price and total number of share trading days for the Bank are as follows:

\*As published in the website of Nepal Stock Exchange

Maximum Share Price	:	1,480
Minimum Share Price	:	815
Last Share Price	:	1,250
Total no. of transaction days	:	56
Total no. of transactions	:	2,169

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## 5. Problems and Challenges

The Bank has considered the following domestic and international impediments as its problems and challenges:

- Risk concentration on both asset and liability sides has increased owing to lack of adequate business sectors
- The market is overcrowded with financial institutions further intensifying competition
- Rise in inflation and slack in real estate business
- Lack of basic infrastructure
- Regular power cuts leading to increase in cost of operations
- Policy uncertainties hence warding off investments
- Depressive global economy leading to slow down in remittance growth
- The country is reeling through an unprecedented economic crisis owing to impacts from the devastating earthquake in April 2015 and now the blockade resulting from ongoing protests in the Nepal-India bordering districts. Businesses are already facing the brunt of the crisis as a consequence of which cash flows have dried up and profits are expected to plummet going forward which may potentially affect the profitability of the bank in the coming days.

## 6. Corporate Governance

- **Board of Directors:**

Committees like Risk Management Committee, Management Credit Committee, Assets Liabilities Management Committee, Human Resources Committee have been constituted to carry out banking operations related decisions and these committees have been actively involved in major policy/plans related decisions.

- **Internal Control System:**

In order to strengthen the internal control mechanism of the Bank, a separate independent internal audit department has been established. The internal audit department carries out audits of various departments on a continuous manner and makes necessary recommendations to the Audit Committee. Accordingly, Audit Committee holds regular meetings to analyze the recommendations and bring about necessary changes.

- **Internal policies, regulations and directives:**

In order to carry out various functionalities smoothly and to mitigate risks emanating from business functions, the Bank has instilled a sound operations system. All activities of the Bank are guided by strong internal policies. The Bank is fully compliant of all the regulatory and statutory requirements.

## 7. Declaration of true and fair status by CEO:

I hereby declare that all the information provided in this document is true, complete and factual and that I take personal responsibility to any deviations thereof. I also declare that the Bank's information or data that assists investors make their investment decisions have not been concealed in any way.