

HIMALAYAN BANK LIMITED
KAMALADI, KATHMANDU
UNAUDITED FINANCIAL RESULTS (QUARTERLY)
AS AT FIRST QUARTER (16/10/2016) OF THE FISCAL YEAR 2016/17

RS. IN '000

S.N.	PARTICULARS	THIS QUARTER ENDING	PREVIOUS QUARTER ENDING	CORRESPONDING PREVIOUS YEAR QUARTER ENDING
1.	TOTAL CAPITAL AND LIABILITIES (1.1 TO 1.7)	107,024,722	101,180,098	89,299,395
1.1	PAID UP CAPITAL	4,964,357	4,499,145	3,332,700
1.2	RESERVE AND SURPLUS	4,813,778	4,375,384	4,185,782
1.3	DEBENTURE AND BOND	600,000	600,000	600,000
1.4	BORROWINGS	-	1,000,000	-
1.5	DEPOSITS	93,226,213	87,323,146	77,529,981
	A. DOMESTIC CURRENCY	80,528,253	77,266,842	67,863,149
	B. FOREIGN CURRENCY	12,697,960	10,056,304	9,666,832
1.6	INCOME TAX LIABILITY	130,293	-	40,942.00
1.7	OTHER LIABILITIES	3,290,081	3,382,423	3,609,990
2.	TOTAL ASSETS (2.1 TO 2.7)	107,024,722	101,180,098	89,299,395
2.1	CASH AND BANK BALANCE	10,217,696	7,874,984	11,544,680
2.2	MONEY AT CALL AND SHORT NOTICE	228,340	1,482,036	1,659,451
2.3	INVESTMENTS	20,125,010	19,306,073	15,670,661
2.4	LOANS AND ADVANCES (GROSS)	72,183,928	69,100,890	57,494,720
	a. Real Estate Loan	3,430,982	3,438,432	2,933,676
	1. Residential Real Estate (except Personal Home Loan upto Rs. 10 Mil)	742,256	809,296	894,196
	2. Business Complex & Residential Apartment Construction	204,798	186,959	408,250
	3. Income Generating Commercial Complex Loan	536,417	595,707	38,684
	4. Other Real Estate Loan (including Land Purchase & Plotting)	1,947,511	1,846,470	1,592,546
	b. Personal Home Loan of Rs. 10 Mil or less	4,600,056	4,497,754	4,225,749
	c. Margin Type Loan	2,116,644	1,978,490	909,683
	d. Term Loan	9,318,016	8,648,968	7,366,680
	e. Overdraft Loan/TR Loan/WC Loan	40,378,888	37,912,250	32,978,619
	f. Others	12,339,342	12,624,996	9,080,313
2.5	FIXED ASSETS	1,929,001	1,922,967	1,310,417
2.6	NON BANKING ASSETS	-	-	-
2.7	OTHER ASSETS	2,340,747	1,493,148	1,619,466
3.	PROFIT AND LOSS ACCOUNT			
3.1	INTEREST INCOME	1,334,006	4,974,339	1,149,115
3.2	INTEREST EXPENSE	507,824	1,565,896	451,865
	A. NET INTEREST INCOME (3.1 - 3.2)	826,182	3,408,443	697,250
3.3	FEES, COMMISSION AND DISCOUNT	162,236	594,296	145,779
3.4	OTHER OPERATING INCOME	25,788	116,901	46,028
3.5	FOREIGN EXCHANGE GAIN/LOSS (NET)	154,510	603,065	139,362
	B. TOTAL OPERATING INCOME (A+3.3+3.4+3.5)	1,168,716	4,722,705	1,028,419
3.6	STAFF EXPENSES	240,855	908,344	208,757
3.7	OTHER OPERATING EXPENSES	190,884	806,452	224,838
	C. OPERATING PROFIT BEFORE PROVISION (B-3.6-3.7)	736,977	3,007,909	594,824
3.8	PROVISION FOR POSSIBLE LOSSES (Net)	52,608	17,229	88,348
	D. OPERATING PROFIT (C - 3.8)	684,369	2,990,680	506,476
3.9	NON OPERATING INCOME / EXPENSES (NET)	119	22,276	208
3.10	WRITE BACK OF PROVISION FOR POSSIBLE LOSSES	-	-	-
	E. PROFIT FROM REGULAR ACTIVITIES (D + 3.9 + 3.10)	684,488	3,012,956	506,684
3.11	EXTRAORDINARY INCOME / EXPENSES (NET)	5,715	10,253	549
	F. PROFIT BEFORE BONUS AND TAXES (E + 3.11)	690,203	3,023,209	507,233
3.12	PROVISION FOR STAFF BONUS	62,746	274,837	46,112
3.13	PROVISION FOR TAX	188,996	832,744	138,336
	G. NET PROFIT / LOSS (F - 3.12 - 3.13)	438,461	1,915,628	322,785
4.	RATIOS			
4.1	CAPITAL FUND TO RWA	11.27	10.91	11.09
4.2	NON PERFORMING LOAN (NPL) TO TOTAL LOAN	1.17	1.23	3.35
4.3	TOTAL LOAN LOSS PROVISION TO TOTAL NPL	167.32	159.02	102.40
4.4	COST OF FUNDS	2.62	2.27	2.79
4.5	CREDIT TO DEPOSIT RATIO (As per NRB Directives)	78.16	77.27	73.46
4.6	Base Rate	5.45	5.68	5.98
5.	ADDITIONAL INFORMATION			
5.1	AVERAGE YIELD	7.02	6.86	7.28
5.2	NET INTEREST SPREAD	4.40	4.59	4.48
5.3	AVERAGE INTEREST SPREAD (As per NRB Directives)	4.70	4.45	4.94
5.4	RETURN ON EQUITY - ROE	18.81	24.20	17.84
5.5	RETURN ON ASSETS - ROA	1.68	2.06	1.48

Notes:

- The above figures are subject to change if instructed otherwise by the Statutory Auditors or the Supervising Authority.
- The above figures have been stated as per current practice & directives of NRB and may differ on remeasurement under NFRS.

HIMALAYAN BANK LIMITED
Securities Registration and Issuance Rules 2065,
(Rule # 22 (2), Annex -14)
1st Quarter Report, F.Y 2073/74

1. Major Indicators:

Earnings per share	:	38.98
P/E Ratio of the Bank	:	41.61
Net worth per share	:	217.33
Assets per share	:	2,378.78
Liquidity ratio	:	27.24

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.
- b. Considering the trust of the Customers, the Bank is doing the needful 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	:	1,714
Minimum Share Price	:	1,393
Last Share Price	:	1,622
Total no. of transaction days	:	55
Total no. of transactions	:	2,413

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; however, the process of consolidation in the financial sector as a result of enhancement of required minimum paid up capital is expected to help going forward.
- Rise in inflation
- Lack of basic infrastructure such as roadways, connectivity, energy
- 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

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 audit 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 has a system to monitor compliance with all 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.