

HIMALAYAN BANK LIMITED
KAMALADI, KATHMANDU
UNAUDITED FINANCIAL RESULTS (QUARTERLY)
AS AT SECOND QUARTER (14/01/2015) OF THE FISCAL YEAR 2014/15

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)	78,095,476	80,979,391	70,114,713
1.1	PAID UP CAPITAL	3,332,700	2,898,000	2,760,000
1.2	RESERVE AND SURPLUS	3,340,210	3,644,846	3,320,963
1.3	DEBENTURE AND BOND	1,100,000	1,100,000	1,100,000
1.4	BORROWINGS	-	1,400,033	688,450.00
1.5	DEPOSITS (A + B)	67,025,508	68,912,484	59,767,196
	A. DOMESTIC CURRENCY	58,793,075	56,916,946	53,435,033
	B. FOREIGN CURRENCY	8,232,433	11,995,538	6,332,163
1.6	INCOME TAX LIABILITY	-	92,551.00	1,702.00
1.7	OTHER LIABILITIES	3,297,058	2,931,477	2,476,402
2.	TOTAL ASSETS (2.1 TO 2.7)	78,095,476	80,979,391	70,114,713
2.1	CASH AND BANK BALANCE	5,515,239	9,677,431	8,063,753
2.2	MONEY AT CALL AND SHORT NOTICE	633,667	273,448	348,361
2.3	INVESTMENTS	15,958,018	17,438,301	14,956,094
2.4	LOANS AND ADVANCES (GROSS)	52,944,631	50,548,652	43,957,460
	a. Real Estate Loan	2,766,529	2,603,121	3,060,881
	1. Residential Real Estate (except Personal Home Loan upto Rs. 10 Mil)	651,266	564,546	483,285
	2. Business Complex & Residential Apartment Construction	334,583	378,757	640,741
	3. Income Generating Commercial Complex Loan	47,001	47,995	122,767
	4. Other Real Estate Loan (including Land Purchase & Plotting)	1,733,679	1,611,823	1,814,088
	b. Personal Home Loan of Rs. 10 Mil or less	4,051,161	3,910,596	3,016,291
	c. Margin Type Loan	318,568	413,059	552,907
	d. Term Loan	6,257,674	6,151,160	5,412,439
	e. Overdraft Loan/TR Loan/WC Loan	30,062,929	28,981,466	24,505,505
	f. Others	9,487,770	8,489,250	7,409,437
2.5	FIXED ASSETS	1,294,368	1,315,763	1,296,281
2.6	NON BANKING ASSETS	-	-	-
2.7	OTHER ASSETS	1,749,553	1,725,796	1,492,764
3.	PROFIT AND LOSS ACCOUNT			
3.1	INTEREST INCOME	2,226,787	1,087,063	2,372,978
3.2	INTEREST EXPENSE	970,284	496,686	1,195,824
	A. NET INTEREST INCOME (3.1 - 3.2)	1,256,503	590,377	1,177,154
3.3	FEES, COMMISSION AND DISCOUNT	363,718	172,899	297,504
3.4	OTHER OPERATING INCOME	96,560	45,118	92,974
3.5	FOREIGN EXCHANGE GAIN/LOSS (NET)	185,013	87,695	216,792
	B. TOTAL OPERATING INCOME (A+3.3+3.4+3.5)	1,901,794	896,089	1,784,424
3.6	STAFF EXPENSES	360,822	183,209	317,792
3.7	OTHER OPERATING EXPENSES	502,609	237,652	428,148
	C. OPERATING PROFIT BEFORE PROVISION (B-3.6-3.7)	1,038,363	475,228	1,038,484
3.8	PROVISION FOR POSSIBLE LOSSES (Net)	121,375	60,215	184,946
	D. OPERATING PROFIT (C - 3.8)	916,988	415,013	853,538
3.9	NON OPERATING INCOME / EXPENSES (NET)	1,786	-	460
3.10	WRITE BACK OF PROVISION FOR POSSIBLE LOSSES	-	-	-
	E. PROFIT FROM REGULAR ACTIVITIES (D + 3.9 + 3.10)	918,774	415,013	853,998
3.11	EXTRAORDINARY INCOME / EXPENSES (NET)	7,582	7,120	2,388
	F. PROFIT BEFORE BONUS AND TAXES (E + 3.11)	926,356	422,133	856,386
3.12	PROVISION FOR STAFF BONUS	84,214	38,376	77,853
3.13	PROVISION FOR TAX	252,642	115,127	234,045
	G. NET PROFIT / LOSS (F - 3.12 - 3.13)	589,500	268,630	544,488
4.	RATIOS			
4.1	CAPITAL FUND TO RWA	11.06	11.03	12.21
4.2	NON PERFORMING LOAN (NPL) TO TOTAL LOAN	2.12	2.18	3.46
4.3	TOTAL LOAN LOSS PROVISION TO TOTAL NPL	110.80	107.99	88.83
4.4	COST OF FUNDS	3.42	3.53	4.67
4.5	CREDIT TO DEPOSIT RATIO (As per NRB Directives)	76.30	75.99	69.51
4.6	Base Rate	7.05	7.33	7.87
5.	ADDITIONAL INFORMATION			
5.1	AVERAGE YIELD	7.74	7.85	9.28
5.2	NET INTEREST SPREAD	4.32	4.32	4.61
5.3	AVERAGE INTEREST SPREAD (As per NRB Directives)	4.81	4.74	6.71
5.4	RETURN ON EQUITY - ROE	18.48	17.02	18.68
5.5	RETURN ON ASSETS - ROA	1.54	1.38	1.64

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

HIMALAYAN BANK LIMITED
Securities Registration and Issuance Rules 2065,
(Rule # 22 (2), Annex -14)
2nd Quarter Report, F.Y 2071/72

1. Major Indicators:

Earning per share	:	35.38
P/E Ratio of the Bank	:	23.35
Net worth per share	:	200.23
Assets per share	:	2,343.31
Liquidity ratio	:	29.87

2. Management Analysis:

- a. Results of second quarter reveal that the profitability of the Bank has improved as compared to the corresponding quarter of previous year and the first quarter of the current financial year.
- 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 in a court in China.
- 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	:	Rs. 920
Minimum Share Price	:	Rs. 680
Last Share Price	:	Rs. 826
Total no. of transaction days	:	55
Total no. of transactions	:	385

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 and changes in regulatory policies 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:**

The bank has a sound internal control system guided by various policies, procedures and manuals. Internal Audit Department, which is independent of all other banking operations, carries out audit of branches and 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.