

HIMALAYAN BANK LIMITED
KAMALADI, KATHMANDU
UNAUDITED FINANCIAL RESULTS (QUARTERLY)
AS AT SECOND QUARTER (13/01/2017) 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)	106,797,969	107,024,722	93,078,796
1.1	PAID UP CAPITAL	6,476,320	4,964,357	4,499,145
1.2	RESERVE AND SURPLUS	4,002,759	4,813,778	3,261,974
1.3	DEBENTURE AND BOND	600,000	600,000	600,000
1.4	BORROWINGS	1,350,053	-	-
1.5	DEPOSITS	91,098,628	93,226,213	81,137,740
	A. DOMESTIC CURRENCY	81,566,656	80,528,253	71,289,461
	B. FOREIGN CURRENCY	9,531,972	12,697,960	9,848,279
1.6	INCOME TAX LIABILITY	18,642	130,293	10,266
1.7	OTHER LIABILITIES	3,251,567	3,290,081	3,569,671
2.	TOTAL ASSETS (2.1 TO 2.7)	106,797,969	107,024,722	93,078,796
2.1	CASH AND BANK BALANCE	8,270,827	10,217,696	8,212,740
2.2	MONEY AT CALL AND SHORT NOTICE	450,034	228,340	1,411,666
2.3	INVESTMENTS	17,935,617	20,125,010	21,666,875
2.4	LOANS AND ADVANCES (GROSS)	75,567,818	72,183,928	58,997,068
	a. Real Estate Loan	3,652,267	3,430,982	2,561,463
	1. Residential Real Estate (except Personal Home Loan upto Rs. 10 Mil)	743,532	742,256	662,438
	2. Business Complex & Residential Apartment Construction	316,902	204,798	356,604
	3. Income Generating Commercial Complex Loan	627,915	536,417	38,684
	4. Other Real Estate Loan (including Land Purchase & Plotting)	1,963,918	1,947,511	1,503,737
	b. Personal Home Loan of Rs. 10 Mil or less	4,747,199	4,600,056	4,444,763
	c. Margin Type Loan	2,237,185	2,116,644	791,920
	d. Term Loan	10,733,721	9,318,016	7,309,804
	e. Overdraft Loan/TR Loan/WC Loan	39,580,227	40,378,888	34,479,384
	f. Others	14,617,219	12,339,342	9,409,734
2.5	FIXED ASSETS	2,185,540	1,929,001	1,298,326
2.6	NON BANKING ASSETS	-	-	-
2.7	OTHER ASSETS	2,388,133	2,340,747	1,492,121
3.	PROFIT AND LOSS ACCOUNT			
3.1	INTEREST INCOME	2,865,154	1,334,006	2,371,728
3.2	INTEREST EXPENSE	1,060,478	507,824	816,326
	A. NET INTEREST INCOME (3.1 - 3.2)	1,804,676	826,182	1,555,402
3.3	FEES, COMMISSION AND DISCOUNT	340,884	162,236	298,199
3.4	OTHER OPERATING INCOME	49,647	25,788	98,119
3.5	FOREIGN EXCHANGE GAIN/LOSS (NET)	321,102	154,510	286,513
	B. TOTAL OPERATING INCOME (A+3.3+3.4+3.5)	2,516,309	1,168,716	2,238,233
3.6	STAFF EXPENSES	475,988	240,855	411,762
3.7	OTHER OPERATING EXPENSES	396,208	190,884	456,284
	C. OPERATING PROFIT BEFORE PROVISION (B-3.6-3.7)	1,644,113	736,977	1,370,187
3.8	PROVISION FOR POSSIBLE LOSSES (Net)	35,042	52,608	108,412
	D. OPERATING PROFIT (C - 3.8)	1,609,071	684,369	1,261,775
3.9	NON OPERATING INCOME / EXPENSES (NET)	928	119	9,580
3.10	WRITE BACK OF PROVISION FOR POSSIBLE LOSSES	-	-	-
	E. PROFIT FROM REGULAR ACTIVITIES (D + 3.9 + 3.10)	1,609,999	684,488	1,271,355
3.11	EXTRAORDINARY INCOME / EXPENSES (NET)	6,160	5,715	801
	F. PROFIT BEFORE BONUS AND TAXES (E + 3.11)	1,616,159	690,203	1,272,156
3.12	PROVISION FOR STAFF BONUS	146,924	62,746	115,651
3.13	PROVISION FOR TAX	441,356	188,996	354,287
	G. NET PROFIT / LOSS (F - 3.12 - 3.13)	1,027,879	438,461	802,218
4.	RATIOS			
4.1	CAPITAL FUND TO RWA	11.25	11.27	11.26
4.2	NON PERFORMING LOAN (NPL) TO TOTAL LOAN	0.94	1.17	3.16
4.3	TOTAL LOAN LOSS PROVISION TO TOTAL NPL	196.79	167.32	106.64
4.4	COST OF FUNDS	2.71	2.62	2.45
4.5	CREDIT TO DEPOSIT RATIO (As per NRB Directives)	79.22	78.16	71.52
4.6	Base Rate	6.00	5.45	5.20
5.	ADDITIONAL INFORMATION			
5.1	AVERAGE YIELD	7.17	7.02	6.96
5.2	NET INTEREST SPREAD	4.45	4.40	4.51
5.3	AVERAGE INTEREST SPREAD (As per NRB Directives)	4.95	4.70	4.79
5.4	RETURN ON EQUITY - ROE	21.34	18.81	21.80
5.5	RETURN ON ASSETS - ROA	1.98	1.68	1.80

Note: 1.The above figures are subject to change if instructed otherwise by the Statutory Auditors or the Supervising Authority.
2.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)
2nd Quarter Report, F.Y 2073/74

1. Major Indicators:

Earning per share	:	35.15
P/E Ratio of the Bank	:	25.66
Net worth per share	:	179.16
Assets per share	:	1,825.95
Liquidity ratio	:	22.63

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 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	:	1,640
Minimum Share Price	:	790
Last Share Price	:	902
Total no. of transaction days	:	57
Total no. of transactions	:	2,206

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
- Frequent 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 liquidity constraint in the market and the subsequent increase in cost of fund

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.