

HIMALAYAN BANK LIMITED
KAMALADI, KATHMANDU
UNAUDITED FINANCIAL RESULTS (QUARTERLY)
AS AT THIRD QUARTER (13/04/2014) OF THE FISCAL YEAR 2013/14

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)	73,753,417	70,114,713	59,344,348
1.1	PAID UP CAPITAL	2,898,000	2,760,000	2,760,000
1.2	RESERVE AND SURPLUS	3,194,561	3,320,963	2,590,070
1.3	DEBENTURE AND BOND	1,100,000	1,100,000	500,000
1.4	BORROWINGS	192,500	688,450	3,000,092
1.5	DEPOSITS (A + B)	62,917,185	59,767,196	47,916,210
	A. DOMESTIC CURRENCY	54,922,521	53,435,033	43,787,275
	B. FOREIGN CURRENCY	7,994,664	6,332,163	4,128,935
1.6	INCOME TAX LIABILITY	-	1,702	-
1.7	OTHER LIABILITIES	3,451,171	2,476,402	2,577,976
2.	TOTAL ASSETS (2.1 TO 2.7)	73,753,417	70,114,713	59,344,348
2.1	CASH AND BANK BALANCE	5,961,787	8,063,753	5,429,695
2.2	MONEY AT CALL AND SHORT NOTICE	625,625	348,361	32,981
2.3	INVESTMENTS	17,971,768	14,956,094	10,716,136
2.4	LOANS AND ADVANCES (GROSS)	45,715,752	43,957,460	40,180,991
	a. Real Estate Loan	2,886,065	3,060,881	3,126,363
	1. Residential Real Estate (except Personal Home Loan upto Rs. 10 Mil)	555,450	483,285	330,351
	2. Business Complex & Residential Apartment Construction	602,383	640,741	956,264
	3. Income Generating Commercial Complex Loan	68,090	122,767	152,339
	4. Other Real Estate Loan (including Land Purchase & Plotting)	1,660,142	1,814,088	1,687,409
	b. Personal Home Loan of Rs. 10 Mil or less	3,257,623	3,016,291	2,421,913
	c. Margin Type Loan	951,626	552,907	626,819
	d. Term Loan	5,501,983	5,412,439	6,152,851
	e. Overdraft Loan/TR Loan/WC Loan	25,295,170	24,505,505	22,337,663
	f. Others	7,823,285	7,409,437	5,515,382
2.5	FIXED ASSETS	1,307,174	1,296,281	1,297,730
2.6	NON BANKING ASSETS	-	-	-
2.7	OTHER ASSETS	2,171,311	1,492,764	1,686,815
3.	PROFIT AND LOSS ACCOUNT			
3.1	INTEREST INCOME	3,528,870	2,372,978	3,333,398
3.2	INTEREST EXPENSE	1,733,624	1,195,824	1,551,904
	A. NET INTEREST INCOME (3.1 - 3.2)	1,795,246	1,177,154	1,781,494
3.3	FEEs, COMMISSION AND DISCOUNT	456,148	297,504	394,286
3.4	OTHER OPERATING INCOME	130,050	92,974	118,946
3.5	FOREIGN EXCHANGE GAIN/LOSS (NET)	297,302	216,792	217,565
	B. TOTAL OPERATING INCOME (A+3.3+3.4+3.5)	2,678,746	1,784,424	2,512,291
3.6	STAFF EXPENSES	480,054	317,792	420,717
3.7	OTHER OPERATING EXPENSES	673,046	428,148	592,017
	C. OPERATING PROFIT BEFORE PROVISION (B-3.6-3.7)	1,525,646	1,038,484	1,499,557
3.8	PROVISION FOR POSSIBLE LOSSES (Net)	299,182	184,946	378,856
	D. OPERATING PROFIT (C - 3.8)	1,226,464	853,538	1,120,701
3.9	NON OPERATING INCOME / EXPENSES (NET)	14,653	460	2,165
3.10	WRITE BACK OF PROVISION FOR POSSIBLE LOSSES	258	-	5,770
	E. PROFIT FROM REGULAR ACTIVITIES (D + 3.9 + 3.10)	1,241,375	853,998	1,128,636
3.11	EXTRAORDINARY INCOME / EXPENSES (NET)	5,298	2,388	1,003
	F. PROFIT BEFORE BONUS AND TAXES (E + 3.11)	1,246,673	856,386	1,129,639
3.12	PROVISION FOR STAFF BONUS	113,334	77,853	102,694
3.13	PROVISION FOR TAX	340,487	234,045	308,885
	G. NET PROFIT / LOSS (F - 3.12 - 3.13)	792,852	544,488	718,060
4.	RATIOS			
4.1	CAPITAL FUND TO RWA	11.21	12.21	11.03
4.2	NON PERFORMING LOAN (NPL) TO TOTAL LOAN	2.84	3.46	3.91
4.3	TOTAL LOAN LOSS PROVISION TO TOTAL NPL	112.76	88.83	86.97
4.4	COST OF FUNDS	4.42	4.67	4.77
4.5	CREDIT TO DEPOSIT RATIO (As per NRB Directives)	70.56	69.51	78.66
4.6	Base Rate	7.78	7.87	8.60
4.7	AVERAGE INTEREST SPREAD FOR POUH (AS PER NRB DIRECTIVES)	6.38	6.71	-
5	ADDITIONAL INFORMATION			
5.1	AVERAGE YIELD	8.99	9.28	9.75
5.2	NET INTEREST SPREAD	4.58	4.61	4.98
5.3	RETURN ON EQUITY - ROE	18.57	18.68	19.19
5.4	RETURN ON ASSETS - ROA	1.55	1.64	1.67

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)
3rd Quarter Report, F.Y 2070/71

1. Major Indicators:

Earning per share	:	36.48
P/E Ratio of the Bank	:	22.73
Net worth per share	:	210.23
Assets per share	:	2,544.97
Liquidity ratio	:	36.68

2. Management Analysis:

- a. Results of third quarter reveal that the profitability of the Bank has improved as compared to the corresponding quarter of previous year indicating a healthy growth. This is primarily due to increase in the loan portfolio as well as regularization of some of the classified loan accounts and recovery of interest suspense.
- 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 the Kathmandu District Court.
- 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	:	991
Minimum Share Price	:	791
Last Share Price	:	829
Total no. of transaction days	:	55
Total no. of transactions	:	543

5. Problems and Challenges

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

- Excess liquidity in the market owing to lack of adequate investment opportunities
- Risk concentration on both asset and liability sides has increased owing to lack of adequate diversified 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

6. Corporate Governance

- **Board of Directors:**

Board level committees like Risk Management Committee, Human Resources Committee and management committees like Management Credit Committee, Assets Liabilities Management 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 branches and 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. Further the bank has Compliance and Internal Control Department for continuous review of the control system and its compliance at all levels of operation.

- **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.