

HIMALAYAN BANK LIMITED
KAMALADI, KATHMANDU
UNAUDITED FINANCIAL RESULTS (QUARTERLY)
AS AT THIRD QUARTER (13/04/2015) 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)	79,449,866	78,095,476	73,753,417
1.1	PAID UP CAPITAL	3,332,700	3,332,700	2,898,000
1.2	RESERVE AND SURPLUS	3,652,226	3,340,210	3,194,561
1.3	DEBENTURE AND BOND	1,100,000	1,100,000	1,100,000
1.4	BORROWINGS	-	-	192,500
1.5	DEPOSITS (A + B)	68,307,233	67,025,508	62,917,185
	A. DOMESTIC CURRENCY	58,785,055	58,793,075	54,922,521
	B. FOREIGN CURRENCY	9,522,178	8,232,433	7,994,664
1.6	INCOME TAX LIABILITY	-	-	-
1.7	OTHER LIABILITIES	3,057,707	3,297,058	3,451,171
2.	TOTAL ASSETS (2.1 TO 2.7)	79,449,866	78,095,476	73,753,417
2.1	CASH AND BANK BALANCE	8,333,843	5,515,239	5,961,787
2.2	MONEY AT CALL AND SHORT NOTICE	261,272	633,667	625,625
2.3	INVESTMENTS	12,361,830	15,958,018	17,971,768
2.4	LOANS AND ADVANCES (GROSS)	55,500,982	52,944,631	45,715,752
	a. Real Estate Loan	3,236,405	2,766,529	2,886,065
	1. Residential Real Estate (except Personal Home Loan upto Rs. 10 Mil)	891,836	651,266	555,450
	2. Business Complex & Residential Apartment Construction	369,170	334,583	602,383
	3. Income Generating Commercial Complex Loan	44,999	47,001	68,090
	4. Other Real Estate Loan (including Land Purchase & Plotting)	1,930,400	1,733,679	1,660,142
	b. Personal Home Loan of Rs. 10 Mil or less	4,110,783	4,051,161	3,257,623
	c. Margin Type Loan	427,812	318,568	951,626
	d. Term Loan	6,995,414	6,257,674	5,501,983
	e. Overdraft Loan/TR Loan/WC Loan	30,378,562	30,062,929	25,295,170
	f. Others	10,352,006	9,487,770	7,823,285
2.5	FIXED ASSETS	1,273,971	1,294,368	1,307,174
2.6	NON BANKING ASSETS	-	-	-
2.7	OTHER ASSETS	1,717,968	1,749,553	2,171,311
3.	PROFIT AND LOSS ACCOUNT			
3.1	INTEREST INCOME	3,384,674	2,226,787	3,528,870
3.2	INTEREST EXPENSE	1,450,691	970,284	1,733,624
	A. NET INTEREST INCOME (3.1 - 3.2)	1,933,983	1,256,503	1,795,246
3.3	FEES, COMMISSION AND DISCOUNT	548,599	363,718	456,148
3.4	OTHER OPERATING INCOME	149,704	96,560	130,050
3.5	FOREIGN EXCHANGE GAIN/LOSS (NET)	310,539	185,013	297,302
	B. TOTAL OPERATING INCOME (A+3.3+3.4+3.5)	2,942,825	1,901,794	2,678,746
3.6	STAFF EXPENSES	609,677	360,822	480,054
3.7	OTHER OPERATING EXPENSES	773,536	502,609	673,046
	C. OPERATING PROFIT BEFORE PROVISION (B-3.6-3.7)	1,559,612	1,038,363	1,525,646
3.8	PROVISION FOR POSSIBLE LOSSES (Net)	173,793	121,375	299,182
	D. OPERATING PROFIT (C - 3.8)	1,385,819	916,988	1,226,464
3.9	NON OPERATING INCOME / EXPENSES (NET)	18,201	1,786	14,653
3.10	WRITE BACK OF PROVISION FOR POSSIBLE LOSSES	-	-	258.00
	E. PROFIT FROM REGULAR ACTIVITIES (D + 3.9 + 3.10)	1,404,020	918,774	1,241,375
3.11	EXTRAORDINARY INCOME / EXPENSES (NET)	12,648	7,582	5,298
	F. PROFIT BEFORE BONUS AND TAXES (E + 3.11)	1,416,668	926,356	1,246,673
3.12	PROVISION FOR STAFF BONUS	128,788	84,214	113,334
3.13	PROVISION FOR TAX	386,364	252,642	340,487
	G. NET PROFIT / LOSS (F - 3.12 - 3.13)	901,516	589,500	792,852
4.	RATIOS			
4.1	CAPITAL FUND TO RWA	11.02	11.06	11.21
4.2	NON PERFORMING LOAN (NPL) TO TOTAL LOAN	2.02	2.12	2.84
4.3	TOTAL LOAN LOSS PROVISION TO TOTAL NPL	115.64	110.80	112.76
4.4	COST OF FUNDS	3.38	3.42	4.42
4.5	CREDIT TO DEPOSIT RATIO (As per NRB Directives)	79.12	76.30	70.56
4.6	Base Rate	7.32	7.05	7.78
5	ADDITIONAL INFORMATION			
5.1	AVERAGE YIELD	7.66	7.74	8.99
5.2	NET INTEREST SPREAD	4.28	4.32	4.58
5.3	AVERAGE INTEREST SPREAD (As per NRB Directives)	4.83	4.81	6.38
5.4	RETURN ON EQUITY - ROE	18.40	18.48	18.57
5.5	RETURN ON ASSETS - ROA	1.56	1.54	1.55

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 2071/72

1. Major Indicators:

Earning per share	:	36.07
P/E Ratio of the Bank	:	23.15
Net worth per share	:	209.59
Assets per share	:	2,383.95
Liquidity ratio	:	24.49

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 and the second 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. 990
Minimum Share Price	:	Rs. 825
Last Share Price	:	Rs. 835
Total no. of transaction days	:	55
Total no. of transactions	:	569

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
- Recent Earthquake that can have negative impact in the country's economy

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 in 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 with all the regulatory and statutory requirements.

7. Declaration of true and fair status by Officiating 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.