

HIMALAYAN BANK LIMITED
KAMALADI, KATHMANDU
UNAUDITED FINANCIAL RESULTS (QUARTERLY)
AS AT THIRD QUARTER (12/04/2016) OF THE FISCAL YEAR 2015/16

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)	93,743,066	93,078,796	79,449,866
1.1	PAID UP CAPITAL	4,499,145	4,499,145	3,332,700
1.2	RESERVE AND SURPLUS	3,779,076	3,261,974	3,652,226
1.3	DEBENTURE AND BOND	600,000	600,000	1,100,000
1.4	BORROWINGS	-	0	-
1.5	DEPOSITS	80,877,838	81,137,740	68,307,233
	A. DOMESTIC CURRENCY	71,186,936	71,289,461	58,785,055
	B. FOREIGN CURRENCY	9,690,902	9,848,279	9,522,178
1.6	INCOME TAX LIABILITY	-	10,266.00	-
1.7	OTHER LIABILITIES	3,987,007	3,569,671	3,057,707
2.	TOTAL ASSETS (2.1 TO 2.7)	93,743,066	93,078,796	79,449,866
2.1	CASH AND BANK BALANCE	8,387,086	8,212,740	8,333,843
2.2	MONEY AT CALL AND SHORT NOTICE	293,196	1,411,666	261,272
2.3	INVESTMENTS	16,661,609	21,666,875	12,361,830
2.4	LOANS AND ADVANCES (GROSS)	65,288,179	58,997,068	55,500,982
	a. Real Estate Loan	3,313,132	2,561,463	3,236,405
	1. Residential Real Estate (except Personal Home Loan upto Rs. 10 Mil)	712,965	662,438	891,836
	2. Business Complex & Residential Apartment Construction	314,719	356,604	369,170
	3. Income Generating Commercial Complex Loan	576,042	38,684	44,999
	4. Other Real Estate Loan (including Land Purchase & Plotting)	1,709,406	1,503,737	1,930,400
	b. Personal Home Loan of Rs. 10 Mil or less	4,510,589	4,444,763	4,110,783
	c. Margin Type Loan	1,293,985	791,920	427,812
	d. Term Loan	7,757,743	7,309,804	6,995,414
	e. Overdraft Loan/TR Loan/WC Loan	37,486,204	34,479,384	30,378,562
	f. Others	10,926,526	9,409,734	10,352,006
2.5	FIXED ASSETS	1,385,343	1,298,326	1,273,971
2.6	NON BANKING ASSETS	-	-	-
2.7	OTHER ASSETS	1,727,653	1,492,121	1,717,968
3.	PROFIT AND LOSS ACCOUNT			
3.1	INTEREST INCOME	3,596,250	2,371,728	3,384,674
3.2	INTEREST EXPENSE	1,152,812	816,326	1,450,691
	A. NET INTEREST INCOME (3.1 - 3.2)	2,443,438	1,555,402	1,933,983
3.3	FEES, COMMISSION AND DISCOUNT	472,361	298,199	548,599
3.4	OTHER OPERATING INCOME	157,252	98,119	149,704
3.5	FOREIGN EXCHANGE GAIN/LOSS (NET)	435,373	286,513	310,539
	B. TOTAL OPERATING INCOME (A+3.3+3.4+3.5)	3,508,424	2,238,233	2,942,825
3.6	STAFF EXPENSES	644,656	411,762	609,677
3.7	OTHER OPERATING EXPENSES	735,837	456,284	773,536
	C. OPERATING PROFIT BEFORE PROVISION (B-3.6-3.7)	2,127,931	1,370,187	1,559,612
3.8	PROVISION FOR POSSIBLE LOSSES (Net)	72,387	108,412	173,793
	D. OPERATING PROFIT (C - 3.8)	2,055,544	1,261,775	1,385,819
3.9	NON OPERATING INCOME / EXPENSES (NET)	21,460	9,580	18,201
3.10	WRITE BACK OF PROVISION FOR POSSIBLE LOSSES	-	-	-
	E. PROFIT FROM REGULAR ACTIVITIES (D + 3.9 + 3.10)	2,077,004	1,271,355	1,404,020
3.11	EXTRAORDINARY INCOME / EXPENSES (NET)	2,646	801	12,648
	F. PROFIT BEFORE BONUS AND TAXES (E + 3.11)	2,079,650	1,272,156	1,416,668
3.12	PROVISION FOR STAFF BONUS	189,059	115,651	128,788
3.13	PROVISION FOR TAX	571,268	354,287	386,364
	G. NET PROFIT / LOSS (F - 3.12 - 3.13)	1,319,323	802,218	901,516
4.	RATIOS			
4.1	CAPITAL FUND TO RWA	10.95	11.26	11.02
4.2	NON PERFORMING LOAN (NPL) TO TOTAL LOAN	2.98	3.16	2.02
4.3	TOTAL LOAN LOSS PROVISION TO TOTAL NPL	107.56	106.64	115.64
4.4	COST OF FUNDS	2.26	2.45	3.38
4.5	CREDIT TO DEPOSIT RATIO (As per NRB Directives)	78.81	71.52	79.12
4.6	Base Rate	5.48	5.20	7.32
5	ADDITIONAL INFORMATION			
5.1	AVERAGE YIELD	6.80	6.96	7.66
5.2	NET INTEREST SPREAD	4.54	4.51	4.28
5.3	AVERAGE INTEREST SPREAD (As per NRB Directives)	5.14	4.79	4.83
5.4	RETURN ON EQUITY - ROE	23.09	21.80	18.40
5.5	RETURN ON ASSETS - ROA	1.97	1.80	1.56

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 2072/73

1. Major Indicators:

Earning per share	:	39.10
P/E Ratio of the Bank	:	33.51
Net worth per share	:	184
Assets per share	:	2,083.58
Liquidity ratio	:	25.47

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 financial year and first two quarters of the current financial year despite current difficult business environment.
- 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 a court in China. The amount under the said guarantee has already been paid to the beneficiary and duly provided for in the books of the bank in the previous financial year.
- 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, fluctuation in the share price during the quarter is within acceptable range and in line with the trend of the industry. Trading of shares in the capital market has been satisfactory during the quarter.
- 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	:	1,310
Minimum Share Price	:	958
Last Share Price	:	1,310
Total no. of transaction days	:	56
Total no. of transactions	:	1,372

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 and other business sectors
- 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
- The country is still reeling through an unprecedented economic crisis owing to impacts from the devastating earthquake of April 2015 and subsequent Nepal-India border blockade. Business circle is already facing the brunt of the crisis and the impact may continue for some time which may potentially affect the profitability of the bank in the coming days.

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 is 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.