

HIMALAYAN BANK LIMITED
KAMALADI, KATHMANDU
UNAUDITED FINANCIAL RESULTS (QUARTERLY)
AS AT THIRD QUARTER (13/04/2018) OF THE FISCAL YEAR 2017/18

1. Unaudited Financial Results:

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)	113,730,095	111,315,061	107,913,120
1.1	PAID UP CAPITAL	8,114,529	8,114,529	6,491,624
1.2	RESERVE AND SURPLUS	5,202,468	4,696,545	4,633,125
1.3	DEBENTURE AND BOND	600,000	600,000	600,000
1.4	BORROWINGS	-	1,404,500	-
1.5	DEPOSITS	96,324,191	92,972,795	92,890,828
	A. DOMESTIC CURRENCY	88,679,583	86,158,662	83,401,006
	B. FOREIGN CURRENCY	7,644,608	6,814,133	9,489,822
1.6	INCOME TAX LIABILITY	-	13,962	-
1.7	OTHER LIABILITIES	3,488,907	3,512,730	3,297,543
2.	TOTAL ASSETS (2.1 TO 2.7)	113,730,095	111,315,061	107,913,120
2.1	CASH AND BANK BALANCE	8,257,575	8,492,408	10,076,868
2.2	MONEY AT CALL AND SHORT NOTICE	-	81,440	290,575
2.3	INVESTMENTS	14,929,476	15,425,973	15,027,102
2.4	LOANS AND ADVANCES (GROSS)	85,456,212	82,757,606	78,083,492
	a. Real Estate Loan	3,448,301	3,377,467	3,601,989
	1. Residential Real Estate (except Personal Home Loan upto Rs. 15 Mil)	436,823	453,962	692,410
	2. Business Complex & Residential Apartment Construction	349,057	252,706	256,624
	3. Income Generating Commercial Complex Loan	612,696	619,269	624,355
	4. Other Real Estate Loan (including Land Purchase & Plotting)	2,049,725	2,051,530	2,028,600
	b. Personal Home Loan of Rs. 10 Mil or less	4,688,851	4,829,575	4,786,560
	c. Margin Type Loan	1,434,444	1,483,970	2,249,972
	d. Term Loan	13,798,256	13,340,822	11,742,562
	e. Overdraft Loan/TR Loan/WC Loan	48,550,744	46,275,675	40,534,279
	f. Others	13,535,616	13,450,097	15,168,130
2.5	FIXED ASSETS	2,221,142	2,180,334	2,190,324
2.6	NON BANKING ASSETS	-	-	-
2.7	OTHER ASSETS	2,865,690	2,377,300	2,244,759
3.	PROFIT AND LOSS ACCOUNT			
3.1	INTEREST INCOME	6,871,036	4,506,780	4,692,774
3.2	INTEREST EXPENSE	3,960,452	2,637,273	1,923,181
	A. NET INTEREST INCOME (3.1 - 3.2)	2,910,584	1,869,507	2,769,593
3.3	FEES, COMMISSION AND DISCOUNT	474,033	309,739	484,567
3.4	OTHER OPERATING INCOME	97,790	120,223	71,629
3.5	FOREIGN EXCHANGE GAIN/LOSS (NET)	478,169	310,750	452,257
	B. TOTAL OPERATING INCOME (A+3.3+3.4+3.5)	3,960,576	2,610,219	3,778,046
3.6	STAFF EXPENSES	829,689	510,222	750,954
3.7	OTHER OPERATING EXPENSES	645,415	414,724	604,054
	C. OPERATING PROFIT BEFORE PROVISION (B-3.6-3.7)	2,485,472	1,685,273	2,423,038
3.8	PROVISION FOR POSSIBLE LOSSES (Net)	359,112	280,617	25,794
	D. OPERATING PROFIT (C - 3.8)	2,126,360	1,404,656	2,397,244
3.9	NON OPERATING INCOME / EXPENSES (NET)	47,179	45,293	5,895
3.10	WRITE BACK OF PROVISION FOR POSSIBLE LOSSES	272,224	272,224	-
	E. PROFIT FROM REGULAR ACTIVITIES (D + 3.9 + 3.10)	2,445,763	1,722,173	2,403,139
3.11	EXTRAORDINARY INCOME / EXPENSES (NET)	7,119	710	7,875
	F. PROFIT BEFORE BONUS AND TAXES (E + 3.11)	2,452,882	1,722,883	2,411,014
3.12	PROVISION FOR STAFF BONUS	222,989	156,626	219,183
3.13	PROVISION FOR TAX	618,091	460,380	656,680
	G. NET PROFIT / LOSS (F - 3.12 - 3.13)	1,611,802	1,105,877	1,535,151
4.	RATIOS			
4.1	CAPITAL FUND TO RWA	12.44	12.38	11.74
4.2	NON PERFORMING LOAN (NPL) TO TOTAL LOAN	1.19	1.32	0.90
4.3	TOTAL LOAN LOSS PROVISION TO TOTAL NPL	158.38	133.74	197.36
4.4	COST OF FUNDS	6.35	6.38	3.25
4.5	CREDIT TO DEPOSIT RATIO (As per NRB Directives without temporary relaxation relating to productive sector)	78.74	79.30	79.90
4.6	Base Rate	9.42	9.35	7.93
5	ADDITIONAL INFORMATION			
5.1	AVERAGE YIELD	10.34	10.43	7.82
5.2	NET INTEREST SPREAD	4.00	4.06	4.57
5.3	AVERAGE INTEREST SPREAD (As per NRB Directives)	4.55	4.51	4.91
5.4	RETURN ON EQUITY - ROE	17.18	18.05	20.52
5.5	RETURN ON ASSETS - ROA	1.93	2.00	1.96

- Note: 1. The above figures are subject to change if instructed otherwise by the Statutory Auditors or the Supervising Authority.
2. Residential real estate loan for the current year is as per the revised NRB guidelines.
3. 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 Issue Regulation 2073,
(Rule # 26 (1), Annex -14)
3rd Quarter Report, F.Y 2074/75

Related Party Disclosure:

Habib Bank Ltd. is a joint venture partner of the bank holding 20% of share capital. The bank maintains nostro account as well as makes placements at an arm's length with the joint venture partner in the course of normal business transactions. The bank has rented premises belonging to Karmachari Sanchaya Kosh, which holds 14% of share capital of the bank for the purpose of conducting business.

Major Indicators:

Earning per share	:	25.81
P/E Ratio of the Bank	:	23.63
Net worth per share	:	163.61
Assets per share	:	1,401.06
Liquidity ratio	:	21.85

2. Management Analysis:

- a. Results of third quarter reveal that the profitability of the Bank is satisfactory given the business environment; and the same is likely to improve in the last quarter of the 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	:	681
Minimum Share Price	:	560
Last Share Price	:	610
Total no. of transaction days	:	55
Total units of shares traded	:	191,614

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 still overcrowded with financial institutions with intensified competition
- Rise in inflation
- Lack of basic infrastructure such as roadways, connectivity, energy
- Policy uncertainties hence warding off investments
- Depressive global economy leading to slow down in remittance growth
- The continued effect of substantial increase in cost of fund
- The constraint faced by the industry as regards loanable fund

6. Corporate Governance

- **Board of Directors:**

Committees like Risk Management Committee, Human Resources Committee, AML / CFT Committee, 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 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.