

HIMALAYAN BANK LIMITED
KAMALADI, KATHMANDU
UNAUDITED FINANCIAL RESULTS (QUARTERLY)
AS AT FOURTH QUARTER (16/07/2015) 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)	84,912,988	79,449,866	74,718,815
1.1	PAID UP CAPITAL	3,332,700	3,332,700	3,332,700
1.2	RESERVE AND SURPLUS	3,846,306	3,652,226	2,750,711
1.3	DEBENTURE AND BOND	600,000	1,100,000	1,100,000
1.4	BORROWINGS	-	-	-
1.5	DEPOSITS (A + B)	73,523,334	68,307,233	64,674,848
	A. DOMESTIC CURRENCY	64,510,023	58,785,055	55,935,740
	B. FOREIGN CURRENCY	9,013,311	9,522,178	8,739,108
1.6	INCOME TAX LIABILITY	-	-	57,576
1.7	OTHER LIABILITIES	3,610,648	3,057,707	2,802,980
2.	TOTAL ASSETS (2.1 TO 2.7)	84,912,988	79,449,866	74,718,815
2.1	CASH AND BANK BALANCE	8,387,412	8,333,843	5,542,590
2.2	MONEY AT CALL AND SHORT NOTICE	1,063,950	261,272	196,100
2.3	INVESTMENTS	17,113,389	12,361,830	19,842,060
2.4	LOANS AND ADVANCES (GROSS)	55,428,007	55,500,982	46,449,329
	a. Real Estate Loan	2,942,354	3,236,405	2,735,573
	1. Residential Real Estate (except Personal Home Loan upto Rs. 10 Mil)	882,387	891,836	665,907
	2. Business Complex & Residential Apartment Construction	345,947	369,170	397,346
	3. Income Generating Commercial Complex Loan	40,826	44,999	60,741
	4. Other Real Estate Loan (including Land Purchase & Plotting)	1,673,194	1,930,400	1,611,579
	b. Personal Home Loan of Rs. 10 Mil or less	4,232,643	4,110,783	3,525,954
	c. Margin Type Loan	557,120	427,812	549,964
	d. Term Loan	7,173,486	6,995,414	5,676,510
	e. Overdraft Loan/TR Loan/WC Loan	30,812,799	30,378,562	25,490,539
	f. Others	9,709,605	10,352,006	8,470,789
2.5	FIXED ASSETS	1,319,092	1,273,971	1,322,814
2.6	NON BANKING ASSETS	-	-	-
2.7	OTHER ASSETS	1,601,138	1,717,968	1,365,922
3.	PROFIT AND LOSS ACCOUNT			
3.1	INTEREST INCOME	4,626,793	3,384,674	4,742,975
3.2	INTEREST EXPENSE	1,956,513	1,450,691	2,248,798
	A. NET INTEREST INCOME (3.1 - 3.2)	2,670,280	1,933,983	2,494,178
3.3	FEES, COMMISSION AND DISCOUNT	710,744	548,599	657,298
3.4	OTHER OPERATING INCOME	200,860	149,704	206,814
3.5	FOREIGN EXCHANGE GAIN/LOSS (NET)	474,312	310,539	385,102
	B. TOTAL OPERATING INCOME (A+3.3+3.4+3.5)	4,056,196	2,942,825	3,743,392
3.6	STAFF EXPENSES	910,246	609,677	713,830
3.7	OTHER OPERATING EXPENSES	1,066,891	773,536	966,120
	C. OPERATING PROFIT BEFORE PROVISION (B-3.6-3.7)	2,079,059	1,559,612	2,063,442
3.8	PROVISION FOR POSSIBLE LOSSES (Net)	1,413,568	173,793	1,080,863
	D. OPERATING PROFIT (C - 3.8)	665,491	1,385,819	982,579
3.9	NON OPERATING INCOME / EXPENSES (NET)	23,209	18,201	17,487
3.10	WRITE BACK OF PROVISION FOR POSSIBLE LOSSES	895,300	-	774,565
	E. PROFIT FROM REGULAR ACTIVITIES (D + 3.9 + 3.10)	1,584,000	1,404,020	1,774,631
3.11	EXTRAORDINARY INCOME / EXPENSES (NET)	16,331	12,648	8,646
	F. PROFIT BEFORE BONUS AND TAXES (E + 3.11)	1,600,331	1,416,668	1,783,277
3.12	PROVISION FOR STAFF BONUS	145,485	128,788	162,116
3.13	PROVISION FOR TAX	359,251	386,364	662,054
	G. NET PROFIT / LOSS (F - 3.12 - 3.13)	1,095,595	901,516	959,107
4.	RATIOS			
4.1	CAPITAL FUND TO RWA	11.45	11.02	11.23
4.2	NON PERFORMING LOAN (NPL) TO TOTAL LOAN	3.22	2.02	1.96
4.3	TOTAL LOAN LOSS PROVISION TO TOTAL NPL	109.41	115.64	123.85
4.4	COST OF FUNDS	3.36	3.38	4.26
4.5	CREDIT TO DEPOSIT RATIO (As per NRB Directives)	73.51	79.12	70.67
4.6	Base Rate	7.78	7.32	8.63
5	ADDITIONAL INFORMATION			
5.1	AVERAGE YIELD	7.71	7.66	8.80
5.2	NET INTEREST SPREAD	4.35	4.28	4.54
5.3	AVERAGE INTEREST SPREAD (As per NRB Directives)	4.58	4.83	4.93
5.4	RETURN ON EQUITY - ROE	16.53	18.40	18.85
5.5	RETURN ON ASSETS - ROA	1.37	1.56	1.60

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)
4th Quarter Report, F.Y 2071/72

1. Major Indicators:

Earning per share	:	32.87
P/E Ratio of the Bank	:	24.73
Net worth per share	:	215.41
Assets per share	:	2,547.87
Liquidity ratio	:	30.32

2. Management Analysis:

- a. Results of fourth quarter reveal that the profitability of the Bank has improved as compared to the corresponding quarter of previous year and the third 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. The guarantee amount has been paid by NRB to the beneficiary by debiting the account of the bank and the bank has accordingly provided for the full amount so paid which has adversely affected the profitability of the bank.
- 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	:	877
Minimum Share Price	:	705
Last Share Price	:	813
Total no. of transaction days	:	45
Total no. of transactions	:	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 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
- Economic slowdown due to recent earthquake
- Regulatory requirement to enhance the paid-up capital of the bank in the next 2 years.

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 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 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.