

HIMALAYAN BANK LIMITED
KAMALADI, KATHMANDU
UNAUDITED FINANCIAL RESULTS (QUARTERLY)
AS AT FOURTH QUARTER (15/07/2016) OF THE FISCAL YEAR 2015/16

RS. IN '000

S.N.	PARTICULARS	THIS QUARTER ENDING	PREVIOUS QUARTER ENDING	CORRESPONDING PREVIOUS YEAR QUARTER ENDING (AUDITED)
1.	TOTAL CAPITAL AND LIABILITIES (1.1 TO 1.7)	101,180,098	93,743,066	84,753,328
1.1	PAID UP CAPITAL	4,499,145	4,499,145	4,499,145
1.2	RESERVE AND SURPLUS	4,375,384	3,779,076	2,459,755
1.3	DEBENTURE AND BOND	600,000	600,000	600,000
1.4	BORROWINGS	1,000,000	-	-
1.5	DEPOSITS	87,323,146	80,877,838	73,538,201
	A. DOMESTIC CURRENCY	77,266,842	71,186,936	64,524,890
	B. FOREIGN CURRENCY	10,056,304	9,690,902	9,013,311
1.6	INCOME TAX LIABILITY	-	-	-
1.7	OTHER LIABILITIES	3,382,423	3,987,007	3,656,227
2.	TOTAL ASSETS (2.1 TO 2.7)	101,180,098	93,743,066	84,753,328
2.1	CASH AND BANK BALANCE	7,874,984	8,387,086	8,387,412
2.2	MONEY AT CALL AND SHORT NOTICE	1,482,036	293,196	1,063,950
2.3	INVESTMENTS	19,306,073	16,661,609	17,113,389
2.4	LOANS AND ADVANCES (GROSS)	69,100,890	65,288,179	55,428,007
	a. Real Estate Loan			
	1. Residential Real Estate (except Personal Home Loan upto Rs. 10 Mil)	3,438,432	3,313,132	2,942,354
		809,296	712,965	882,387
	2. Business Complex & Residential Apartment Construction	186,959	314,719	345,947
	3. Income Generating Commercial Complex Loan	595,707	576,042	40,826
	4. Other Real Estate Loan (including Land Purchase & Plotting)	1,846,470	1,709,406	1,673,194
	b. Personal Home Loan of Rs. 10 Mil or less	4,497,754	4,510,589	4,232,643
	c. Margin Type Loan	1,978,490	1,293,985	557,120
	d. Term Loan	8,648,968	7,757,743	7,173,486
	e. Overdraft Loan/TR Loan/WC Loan	37,912,250	37,486,204	30,812,799
	f. Others	12,624,996	10,926,526	9,709,605
2.5	FIXED ASSETS	1,922,967	1,385,343	1,321,272
2.6	NON BANKING ASSETS	-	-	-
2.7	OTHER ASSETS	1,493,148	1,727,653	1,439,298
3.	PROFIT AND LOSS ACCOUNT			
3.1	INTEREST INCOME	4,974,339	3,596,250	4,627,751
3.2	INTEREST EXPENSE	1,565,896	1,152,812	1,954,263
	A. NET INTEREST INCOME (3.1 - 3.2)	3,408,443	2,443,438	2,673,488
3.3	FEES, COMMISSION AND DISCOUNT	594,296	385,289	557,627
3.4	OTHER OPERATING INCOME	116,901	83,123	119,841
3.5	FOREIGN EXCHANGE GAIN/LOSS (NET)	603,065	435,373	474,312
	B. TOTAL OPERATING INCOME (A+3.3+3.4+3.5)	4,722,705	3,347,223	3,825,268
3.6	STAFF EXPENSES	908,344	658,295	917,500
3.7	OTHER OPERATING EXPENSES	806,452	560,997	814,639
	C. OPERATING PROFIT BEFORE PROVISION (B-3.6-3.7)	3,007,909	2,127,931	2,093,129
3.8	PROVISION FOR POSSIBLE LOSSES (Net)	17,229	72,387	518,268
	D. OPERATING PROFIT (C - 3.8)	2,990,680	2,055,544	1,574,861
3.9	NON OPERATING INCOME / EXPENSES (NET)	22,276	21,460	23,209
3.10	WRITE BACK OF PROVISION FOR POSSIBLE LOSSES	-	-	-
	E. PROFIT FROM REGULAR ACTIVITIES (D + 3.9 + 3.10)	3,012,956	2,077,004	1,598,070
3.11	EXTRAORDINARY INCOME / EXPENSES (NET)	10,253	2,646	2,302
	F. PROFIT BEFORE BONUS AND TAXES (E + 3.11)	3,023,209	2,079,650	1,600,372
3.12	PROVISION FOR STAFF BONUS	274,837	189,059	145,488
3.13	PROVISION FOR TAX	832,744	571,268	342,597
	G. NET PROFIT / LOSS (F - 3.12 - 3.13)	1,915,628	1,319,323	1,112,287
4.	RATIOS			
4.1	CAPITAL FUND TO RWA	10.91	10.95	11.14
4.2	NON PERFORMING LOAN (NPL) TO TOTAL LOAN	1.23	2.98	3.22
4.3	TOTAL LOAN LOSS PROVISION TO TOTAL NPL	159.02	107.56	91.40
4.4	COST OF FUNDS	2.27	2.26	3.36
4.5	CREDIT TO DEPOSIT RATIO (As per NRB Directives)	77.27	78.81	73.51
4.6	Base Rate	5.68	5.48	7.78
5	ADDITIONAL INFORMATION			
5.1	AVERAGE YIELD	6.86	6.80	7.71
5.2	NET INTEREST SPREAD	4.59	4.54	4.35
5.3	AVERAGE INTEREST SPREAD (As per NRB Directives)	4.45	5.14	4.58
5.4	RETURN ON EQUITY - ROE	24.20	23.09	16.53
5.5	RETURN ON ASSETS - ROA	2.06	1.97	1.37

Notes: 1. The above figures are subject to change if instructed otherwise by the Statutory Auditors or the Supervising Authority.
2. The above figures have been stated as per current practice and may differ on remeasurement under NFRS
3. Prior period figures have been regrouped to facilitate comparison

HIMALAYAN BANK LIMITED
Securities Registration and Issuance Rules 2065,
(Rule # 22 (2), Annex -14)
4th Quarter Report, F.Y 2072/73

1. Major Indicators:

Earning per share	:	42.58
P/E Ratio of the Bank	:	35.23
Net worth per share	:	197.25
Assets per share	:	2,248.87
Liquidity ratio	:	28.74

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 financial year and first three quarters of the current financial year despite 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.
- 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	:	1,632
Minimum Share Price	:	1,310
Last Share Price	:	1,500
Total no. of transaction days	:	64
Total no. of transactions	:	2,945

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 still facing the brunt of the crisis and the impact may continue for some time which may affect 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 Resource 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.