

HIMALAYAN BANK LIMITED
KAMALADI, KATHMANDU
UNAUDITED FINANCIAL RESULTS (QUARTERLY)
AS AT FOURTH QUARTER (15/07/2017) OF THE FISCAL YEAR 2016/17

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)	108,497,222	107,913,120	99,863,008
1.1	PAID UP CAPITAL	6,491,624	6,491,624	5,848,889
1.2	RESERVE AND SURPLUS	5,274,461	4,633,125	2,974,880
1.3	DEBENTURE AND BOND	600,000	600,000	600,000
1.4	BORROWINGS	40,000	0	1,000,000.00
1.5	DEPOSITS	92,881,114	92,890,828	87,335,786
	A. DOMESTIC CURRENCY	84,096,096	83,401,006	77,279,482
	B. FOREIGN CURRENCY	8,785,018	9,489,822	10,056,304
1.6	INCOME TAX LIABILITY	-	-	-
1.7	OTHER LIABILITIES	3,210,023	3,297,543	2,103,454
2.	TOTAL ASSETS (2.1 TO 2.7)	108,497,222	107,913,120	99,863,008
2.1	CASH AND BANK BALANCE	8,915,386	10,076,868	7,874,984
2.2	MONEY AT CALL AND SHORT NOTICE	-	290,575	1,482,036
2.3	INVESTMENTS	17,929,265	15,027,102	19,306,073
2.4	LOANS AND ADVANCES (GROSS)	77,654,974	78,083,492	67,745,979
	a. Real Estate Loan	3,481,717	3,601,989	3,438,432
	1. Residential Real Estate (except Personal Home Loan upto Rs. 10 Mil)	707,207	692,410	809,296
	2. Business Complex & Residential Apartment Construction	251,163	256,624	186,959
	3. Income Generating Commercial Complex Loan	630,343	624,355	595,707
	4. Other Real Estate Loan (including Land Purchase & Plotting)	1,893,004	2,028,600	1,846,470
	b. Personal Home Loan of Rs. 10 Mil or less	4,649,307	4,786,560	4,497,754
	c. Margin Type Loan	2,465,737	2,249,972	1,978,490
	d. Term Loan	12,793,117	11,742,562	8,648,968
	e. Overdraft Loan/TR Loan/WC Loan	38,632,673	40,534,279	37,912,250
	f. Others	15,632,424	15,168,130	12,624,996
2.5	FIXED ASSETS	2,176,914	2,190,324	1,922,967
2.6	NON BANKING ASSETS	-	-	-
2.7	OTHER ASSETS	1,820,683	2,244,759	1,530,969
3.	PROFIT AND LOSS ACCOUNT			
3.1	INTEREST INCOME	6,936,742	4,692,774	5,015,844
3.2	INTEREST EXPENSE	3,173,334	1,923,181	1,565,896
	A. NET INTEREST INCOME (3.1 - 3.2)	3,763,408	2,769,593	3,449,948
3.3	FEES, COMMISSION AND DISCOUNT	713,468	484,567	599,642
3.4	OTHER OPERATING INCOME	129,518	71,629	105,108
3.5	FOREIGN EXCHANGE GAIN/LOSS (NET)	609,622	452,257	602,985
	B. TOTAL OPERATING INCOME (A+3.3+3.4+3.5)	5,216,016	3,778,046	4,757,683
3.6	STAFF EXPENSES	1,058,219	750,954	908,436
3.7	OTHER OPERATING EXPENSES	849,292	604,054	806,909
	C. OPERATING PROFIT BEFORE PROVISION (B-3.6-3.7)	3,308,505	2,423,038	3,042,337
3.8	PROVISION FOR POSSIBLE LOSSES (Net)	817,327	25,794	744,817
	D. OPERATING PROFIT (C - 3.8)	2,491,178	2,397,244	2,297,520
3.9	NON OPERATING INCOME / EXPENSES (NET)	26,807	5,895	22,276
3.10	WRITE BACK OF PROVISION FOR POSSIBLE LOSSES	915,257	-	1,401,387
	E. PROFIT FROM REGULAR ACTIVITIES (D + 3.9 + 3.10)	3,433,242	2,403,139	3,721,184
3.11	EXTRAORDINARY INCOME / EXPENSES (NET)	2,294	7,875	(697,479)
	F. PROFIT BEFORE BONUS AND TAXES (E + 3.11)	3,435,536	2,411,014	3,023,705
3.12	PROVISION FOR STAFF BONUS	312,321	219,183	274,882
3.13	PROVISION FOR TAX	946,728	656,680	812,915
	G. NET PROFIT / LOSS (F - 3.12 - 3.13)	2,176,487	1,535,151	1,935,907
4.	RATIOS			
4.1	CAPITAL FUND TO RWA	12.23	11.74	10.84
4.2	NON PERFORMING LOAN (NPL) TO TOTAL LOAN	0.87	0.90	1.23
4.3	TOTAL LOAN LOSS PROVISION TO TOTAL NPL	186.55	197.36	159.14
4.4	COST OF FUNDS	3.99	3.25	2.27
4.5	CREDIT TO DEPOSIT RATIO (As per NRB Directives without temporary relaxation relating to productive sector)	79.07	79.90	77.27
4.6	Base Rate	9.57	7.93	5.68
5.	ADDITIONAL INFORMATION			
5.1	AVERAGE YIELD	8.43	7.82	6.86
5.2	NET INTEREST SPREAD	4.44	4.57	4.59
5.3	AVERAGE INTEREST SPREAD (As per NRB Directives)	4.73	4.91	4.45
5.4	RETURN ON EQUITY - ROE	21.24	20.52	24.20
5.5	RETURN ON ASSETS - ROA	2.09	1.96	2.06

Note: 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 & directives of NRB and may differ on remeasurement under NFRS.

HIMALAYAN BANK LIMITED
Securities Registration and Issuance Rules 2065,
(Rule # 22 (2), Annex -14)
4th Quarter Report, F.Y 2073/74

1. Major Indicators:

Earning per share	:	33.53
P/E Ratio of the Bank	:	26.43
Net worth per share	:	181.25
Assets per share	:	1,671.34
Liquidity ratio	:	26.64

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.
- 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	:	1,035
Minimum Share Price	:	862
Last Share Price	:	886
Total no. of transaction days	:	57
Total no. of transactions	:	1,327

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; however, the process of consolidation in the financial sector as a result of enhancement of required minimum paid up capital is expected to help going forward.
- Rise in inflation
- Lack of basic infrastructure such as roadways, connectivity, energy
- 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 liquidity constraint in the market and the substantial increase in cost of fund

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 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.