

**HIMALAYAN BANK LIMITED**  
**KAMALADI, KATHMANDU**  
**UNAUDITED FINANCIAL RESULTS (QUARTERLY)**  
**AS AT SECOND QUARTER (14/01/2018) 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
<b>1.</b>	<b>TOTAL CAPITAL AND LIABILITIES (1.1 TO 1.7)</b>	<b>111,315,061</b>	<b>113,172,132</b>	<b>106,797,969</b>
1.1	PAID UP CAPITAL	8,114,529	6,491,624	6,476,320
1.2	RESERVE AND SURPLUS	4,696,545	5,686,669	4,002,759
1.3	DEBENTURE AND BOND	600,000	600,000	600,000
1.4	BORROWINGS	1,404,500	311,405	1,350,053
1.5	DEPOSITS	92,972,795	96,136,781	91,098,628
	A. DOMESTIC CURRENCY	86,158,662	86,988,091	81,566,656
	B. FOREIGN CURRENCY	6,814,133	9,148,690	9,531,972
1.6	INCOME TAX LIABILITY	13,962	92,945	18,642
1.7	OTHER LIABILITIES	3,512,730	3,852,708	3,251,567
<b>2.</b>	<b>TOTAL ASSETS (2.1 TO 2.7)</b>	<b>111,315,061</b>	<b>113,172,132</b>	<b>106,797,969</b>
2.1	CASH AND BANK BALANCE	8,492,408	8,292,065	8,270,827
2.2	MONEY AT CALL AND SHORT NOTICE	81,440	1,541,238	450,034
2.3	INVESTMENTS	15,425,973	17,840,035	17,935,617
2.4	LOANS AND ADVANCES (GROSS)	82,757,606	80,788,349	75,567,818
	a. Real Estate Loan	3,377,467	3,116,083	3,652,267
	1. Residential Real Estate (except Personal Home Loan upto Rs. 15 Mil)	453,962	402,431	743,532
	2. Business Complex & Residential Apartment Construction	252,706	247,213	316,902
	3. Income Generating Commercial Complex Loan	619,269	631,892	627,915
	4. Other Real Estate Loan (including Land Purchase & Plotting)	2,051,530	1,834,547	1,963,918
	b. Personal Home Loan of Rs. 15 Mil or less	4,829,575	4,919,971	4,747,199
	c. Margin Type Loan	1,483,970	2,333,320	2,237,185
	d. Term Loan	13,340,822	13,037,879	10,733,721
	e. Overdraft Loan/TR Loan/WC Loan	46,275,675	43,520,776	39,580,227
	f. Others	13,450,097	13,860,320	14,617,219
2.5	FIXED ASSETS	2,180,334	2,177,081	2,185,540
2.6	NON BANKING ASSETS	-	-	-
2.7	OTHER ASSETS	2,377,300	2,533,364	2,388,133
<b>3.</b>	<b>PROFIT AND LOSS ACCOUNT</b>			
3.1	INTEREST INCOME	4,506,780	2,137,024	2,865,154
3.2	INTEREST EXPENSE	2,637,273	1,361,566	1,060,478
	<b>A. NET INTEREST INCOME (3.1 - 3.2)</b>	<b>1,869,507</b>	<b>775,458</b>	<b>1,804,676</b>
3.3	FEES, COMMISSION AND DISCOUNT	309,739	148,240	340,884
3.4	OTHER OPERATING INCOME	120,223	26,366	49,647
3.5	FOREIGN EXCHANGE GAIN/LOSS (NET)	310,750	160,988	321,102
	<b>B. TOTAL OPERATING INCOME (A+3.3+3.4+3.5)</b>	<b>2,610,219</b>	<b>1,111,052</b>	<b>2,516,309</b>
3.6	STAFF EXPENSES	510,222	257,985	475,988
3.7	OTHER OPERATING EXPENSES	414,724	204,336	396,208
	<b>C. OPERATING PROFIT BEFORE PROVISION (B-3.6-3.7)</b>	<b>1,685,273</b>	<b>648,731</b>	<b>1,644,113</b>
3.8	PROVISION FOR POSSIBLE LOSSES (Net)	280,617	203,407	35,042
	<b>D. OPERATING PROFIT (C - 3.8)</b>	<b>1,404,656</b>	<b>445,324</b>	<b>1,609,071</b>
3.9	NON OPERATING INCOME / EXPENSES (NET)	45,293	223	928
3.10	WRITE BACK OF PROVISION FOR POSSIBLE LOSSES	272,224	198,866	-
	<b>E. PROFIT FROM REGULAR ACTIVITIES (D + 3.9 + 3.10)</b>	<b>1,722,173</b>	<b>644,413</b>	<b>1,609,999</b>
3.11	EXTRAORDINARY INCOME / EXPENSES (NET)	710	-	6,160
	<b>F. PROFIT BEFORE BONUS AND TAXES (E + 3.11)</b>	<b>1,722,883</b>	<b>644,413</b>	<b>1,616,159</b>
3.12	PROVISION FOR STAFF BONUS	156,626	58,583	146,924
3.13	PROVISION FOR TAX	460,380	175,718	441,356
	<b>G. NET PROFIT / LOSS (F - 3.12 - 3.13)</b>	<b>1,105,877</b>	<b>410,112</b>	<b>1,027,879</b>
<b>4.</b>	<b>RATIOS</b>			
4.1	CAPITAL FUND TO RWA	12.38	11.98	11.25
4.2	NON PERFORMING LOAN (NPL) TO TOTAL LOAN	1.32	1.24	0.94
4.3	TOTAL LOAN LOSS PROVISION TO TOTAL NPL	133.74	144.84	196.79
4.4	COST OF FUNDS	6.38	6.59	2.71
4.5	CREDIT TO DEPOSIT RATIO (As per NRB Directives )	79.30	77.74	79.22
4.6	Base Rate	9.35	9.45	6.00
<b>5</b>	<b>ADDITIONAL INFORMATION</b>			
5.1	AVERAGE YIELD	10.43	10.72	7.17
5.2	NET INTEREST SPREAD	4.06	4.13	4.45
5.3	AVERAGE INTEREST SPREAD (As per NRB Directives)	4.51	4.73	4.95
5.4	RETURN ON EQUITY - ROE	18.05	13.69	21.34
5.5	RETURN ON ASSETS - ROA	2.00	1.48	1.98

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 and previous quarters is as per the new NRB guidelines.  
3. The above figures have been stated as per current practice & directives of NRB and may differ on remeasurmnt under NFRS.

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**HIMALAYAN BANK LIMITED**  
**Securities Registration and Issue Regulation 2073,**  
**(Rule # 26 (1), Annex -14)**  
**2<sup>nd</sup> 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	:	27.26
P/E Ratio of the Bank	:	24.21
Net worth per share	:	157.88
Assets per share	:	1,371.80
Liquidity ratio	:	21.88

**2. Management Analysis:**

- a. Results of second quarter reveal that the profitability of the Bank is satisfactory given the business environment; and the same is likely to improve in the coming quarters.
- 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:



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\*As published in the website of Nepal Stock Exchange

Maximum Share Price	:	900
Minimum Share Price	:	590
Last Share Price	:	660
Total no. of transaction days	:	57
Total units of shares traded	:	197,285

## 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
- 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 continued effect of substantial increase in cost of 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.