

HIMALAYAN BANK LIMITED
KAMALADI, KATHMANDU
UNAUDITED FINANCIAL RESULTS (QUARTERLY)
AS AT FIRST QUARTER (17/10/2014) 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)	80,979,391	74,992,922	69,197,914
1.1	PAID UP CAPITAL	2,898,000	2,898,000	2,760,000
1.2	RESERVE AND SURPLUS	3,644,846	3,504,515	3,051,941
1.3	DEBENTURE AND BOND	1,100,000	1,100,000	1,100,000
1.4	BORROWINGS	1,400,033	0	88,429.00
1.5	DEPOSITS (A + B)	68,912,484	64,674,848	59,361,451
	A. DOMESTIC CURRENCY	56,916,946	55,935,740	51,648,760
	B. FOREIGN CURRENCY	11,995,538	8,739,108	7,712,691
1.6	INCOME TAX LIABILITY	92,551	-	54,590.00
1.7	OTHER LIABILITIES	2,931,477	2,815,559	2,781,503
2.	TOTAL ASSETS (2.1 TO 2.7)	80,979,391	74,992,922	69,197,914
2.1	CASH AND BANK BALANCE	9,677,431	5,542,590	9,912,625
2.2	MONEY AT CALL AND SHORT NOTICE	273,448	196,100	250,000
2.3	INVESTMENTS	17,438,301	19,842,060	14,151,726
2.4	LOANS AND ADVANCES (GROSS)	50,548,652	46,449,329	41,725,807
	a. Real Estate Loan	2,603,121	2,735,573	3,491,953
	1. Residential Real Estate (except Personal Home Loan upto Rs. 10 Mil)	564,546	665,907	501,060
	2. Business Complex & Residential Apartment Construction	378,757	397,346	908,965
	3. Income Generating Commercial Complex Loan	47,995	60,741	136,677
	4. Other Real Estate Loan (including Land Purchase & Plotting)	1,611,823	1,611,578	1,945,251
	b. Personal Home Loan of Rs. 10 Mil or less	3,910,596	3,525,954	2,803,410
	c. Margin Type Loan	413,059	549,964	568,218
	d. Term Loan	6,151,160	5,676,510	5,723,499
	e. Overdraft Loan/TR Loan/WC Loan	28,981,466	25,490,539	22,021,209
	f. Others	8,489,250	8,470,789	7,117,518
2.5	FIXED ASSETS	1,315,763	1,322,778	1,308,903
2.6	NON BANKING ASSETS	-	-	-
2.7	OTHER ASSETS	1,725,796	1,640,065	1,848,853
3.	PROFIT AND LOSS ACCOUNT			
3.1	INTEREST INCOME	1,087,063	4,744,599	1,144,344
3.2	INTEREST EXPENSE	496,686	2,248,798	638,054
	A. NET INTEREST INCOME (3.1 - 3.2)	590,377	2,495,801	506,290
3.3	FEES, COMMISSION AND DISCOUNT	172,899	657,823	138,908
3.4	OTHER OPERATING INCOME	45,118	206,450	43,309
3.5	FOREIGN EXCHANGE GAIN/LOSS (NET)	87,695	385,102	116,975
	B. TOTAL OPERATING INCOME (A+3.3+3.4+3.5)	896,089	3,745,176	805,482
3.6	STAFF EXPENSES	183,209	713,823	162,092
3.7	OTHER OPERATING EXPENSES	237,652	965,894	194,348
	C. OPERATING PROFIT BEFORE PROVISION (B-3.6-3.7)	475,228	2,065,459	449,042
3.8	PROVISION FOR POSSIBLE LOSSES (Net)	60,215	278,546	177,362
	D. OPERATING PROFIT (C - 3.8)	415,013	1,786,913	271,680
3.9	NON OPERATING INCOME / EXPENSES (NET)	-	15,033	492
3.10	WRITE BACK OF PROVISION FOR POSSIBLE LOSSES	-	297	-
	E. PROFIT FROM REGULAR ACTIVITIES (D + 3.9 + 3.10)	415,013	1,802,243	272,172
3.11	EXTRAORDINARY INCOME / EXPENSES (NET)	7,120	18,338	1,240
	F. PROFIT BEFORE BONUS AND TAXES (E + 3.11)	422,133	1,820,581	273,412
3.12	PROVISION FOR STAFF BONUS	38,376	165,507	24,856
3.13	PROVISION FOR TAX	115,127	552,268	75,052
	G. NET PROFIT / LOSS (F - 3.12 - 3.13)	268,630	1,102,806	173,504
4.	RATIOS			
4.1	CAPITAL FUND TO RWA	11.03	11.58	11.91
4.2	NON PERFORMING LOAN (NPL) TO TOTAL LOAN	2.18	2.58	2.65
4.3	TOTAL LOAN LOSS PROVISION TO TOTAL NPL	107.99	117.93	105.21
4.4	COST OF FUNDS	3.53	4.26	5.13
4.5	CREDIT TO DEPOSIT RATIO (As per NRB Directives)	75.99	70.67	68.13
4.6	Base Rate	7.33	8.63	8.38
5	ADDITIONAL INFORMATION			
5.1	AVERAGE YIELD	7.85	8.80	9.84
5.2	NET INTEREST SPREAD	4.32	4.54	4.71
5.3	AVERAGE INTEREST SPREAD (As per NRB Directives)	4.74	4.93	-
5.4	RETURN ON EQUITY - ROE	17.02	18.85	12.08
5.5	RETURN ON ASSETS - ROA	1.38	1.60	1.05

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)
1st Quarter Report, F.Y 2071/72

1. Major Indicators:

Earning per share	:	37.08
P/E Ratio of the Bank	:	23.46
Net worth per share	:	225.77
Assets per share	:	2,794.32
Liquidity ratio	:	34.28

2. Management Analysis:

- a. Results of first quarter reveal that the profitability of the Bank has improved as compared to the corresponding period of previous year. There has been significant growth in loans and advances as well as deposit portfolio of the bank during the review period.
- 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.
- 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	:	Rs. 1,010
Minimum Share Price	:	Rs. 831
Last Share Price	:	Rs. 870
Total no. of transaction days	:	52
Total no. of transactions	:	603

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 and probable changes in regulating policies leading to slow down in remittance business

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 with 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.