HBL | हिमालयन बैंक लिमिटेड Himalayan Bank Ltd.

Unaudited Financial Results

Condensed Consolidated Statement of Financial Position
As on Quarter ended 32nd Ashad 2083

Amount in NPR

Particulars	Group		Bank	
	This Quarter Ending	Immediate Previous Year Ending	This Quarter Ending	Immediate Previous Year Ending
Assets				
Cash and Cash Equivalents	9,737,212,475	10,175,570,293	9,409,531,486	9,705,883,458
Due from Nepal Rastra Bank	62,943,011,627	36,953,167,270	62,917,011,627	36,929,167,270
Placements with Bank and Financial Institutions	25,431,851,694	18,387,056,372	25,416,248,975	18,383,887,735
Derivative financial instruments	14,347,848	40,320,668	14,347,848	40,320,668
Other trading assets	119,223,589	124,145,870	-	-
Loans & Advances to B/FIs	9,171,072,179	8,482,608,874	11,657,497,450	10,405,889,589
Loans & Advances to Customers	232,479,138,925	235,334,957,776	227,773,034,329	230,637,296,252
Investment Securities	54,838,064,127	41,894,591,653	54,409,902,286	41,475,262,245
Current Tax Assets	471,263,127	329,297,514	457,016,022	308,637,299
Investments in subsidiaries	-	-	1,060,063,200	1,060,063,200
Investments in Associates	1,549,174,973	1,549,174,973	35,508,948	37,109,197
Investment Property	6,489,239,220	5,664,754,343	6,489,239,220	5,664,754,343
Property & Equipment	8,035,959,883	8,363,709,780	7,884,145,013	8,196,319,233
Goodwill and Intangible Assets	1,066,072,809	971,969,155	1,060,815,715	968,351,868
Deferred Tax Assets	4,242,894,739	3,266,697,631	4,207,945,365	3,228,504,821
Other Assets	6,381,580,620	5,594,930,201	5,202,969,269	4,827,508,106
Total Assets	**422,970,107,835**	**377,132,952,373**	**417,995,276,753**	**371,868,955,284**
Liabilities				
Due to Bank and Financial Institutions	4,599,797,597	3,448,278,203	5,109,381,448	3,900,913,848
Due to Nepal Rastra Bank	-	-	-	-
Derivative financial instruments	158,314,777	60,382,578	158,314,777	60,382,578
Deposits from Customers	351,451,084,381	309,306,392,108	351,577,090,386	309,158,672,474
Borrowing	1,533,218,628	1,905,468,637	-	-
Current Tax Liabilities	-	-	-	-
Provisions	16,500,000	-	-	-
Deferred Tax Liabilities	-	-	-	-
Other Liabilities	14,465,406,113	14,566,585,359	12,759,813,513	13,166,747,882
Debt Securities Issued	8,312,752,965	8,387,698,065	8,312,752,965	8,387,698,065
Subordinated Liabilities	-	-	-	-
Total Liabilities	**380,537,074,461**	**337,674,804,950**	**377,917,353,089**	**334,674,414,847**
Equity				
Share Capital	22,581,662,532	21,656,615,632	22,581,662,532	21,656,615,632
Share Premium	527,276,733	-	527,276,733	-
Retained Earnings	(7,857,258,670)	(6,910,223,903)	(9,840,149,792)	(8,854,298,008)
Reserves	26,827,787,771	24,410,251,342	26,809,134,191	24,392,222,814
Total Equity attributable to Equity Holders	**42,079,468,366**	**39,156,643,071**	**40,077,923,664**	**37,194,540,437**
Non- Controlling Interest	**353,565,008**	**301,504,352**	**-**	**-**
Total Equity	**42,433,033,374**	**39,458,147,423**	**40,077,923,664**	**37,194,540,437**
Total Liabilities and Equity	**422,970,107,835**	**377,132,952,373**	**417,995,276,753**	**371,868,955,284**

Condensed Consolidated Statement of Profit or Loss
For the Quarter ended 32nd Asad 2083

Amount in NPR

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Interest Income	5,641,240,890	23,391,371,024	6,915,641,818	28,381,585,737	5,476,486,443	22,758,925,817	6,688,792,309	27,699,716,517
Interest Expense	3,533,458,344	14,105,902,072	4,035,221,815	17,457,059,275	3,498,424,627	13,948,763,382	3,985,577,367	17,244,090,440
Net interest income	**2,107,782,546**	**9,285,468,952**	**2,880,420,003**	**10,924,526,462**	**1,978,061,816**	**8,810,162,435**	**2,703,214,942**	**10,455,626,077**
Fee and Commission Income	547,231,856	1,453,937,715	432,175,336	1,462,162,742	496,893,854	1,254,603,722	450,969,525	1,328,194,645
Fee and Commission Expenses	101,994,595	206,374,546	36,009,638	177,996,714	98,195,036	192,407,010	45,962,927	177,038,021
Net Fee and Commission Income	**445,237,261**	**1,247,563,169**	**396,165,698**	**1,284,166,028**	**398,698,818**	**1,062,196,712**	**405,006,598**	**1,151,156,624**
Net interest, fee and commission income	**2,553,019,807**	**10,533,032,121**	**3,276,585,701**	**12,208,692,490**	**2,376,760,634**	**9,872,359,147**	**3,108,221,540**	**11,606,782,701**
Net Trading Income	234,562,396	832,701,784	195,027,823	666,430,418	218,848,087	817,028,871	161,564,604	632,557,848
Other Operating Income	240,105,539	425,667,728	160,517,059	350,548,564	235,710,726	470,754,679	142,189,198	282,216,712
Total Operating Income	**3,027,687,742**	**11,791,401,633**	**3,632,130,583**	**13,225,671,472**	**2,831,319,447**	**11,160,142,697**	**3,411,975,342**	**12,521,557,261**
Impairment charges/ (reversal) for Loans and Other losses	(201,860,612)	2,957,270,362	2,467,926,456	3,794,267,609	(228,890,267)	2,896,498,124	2,436,520,437	3,756,038,655
Net operating income	**3,229,548,354**	**8,834,131,271**	**1,164,204,127**	**9,431,403,863**	**3,060,209,714**	**8,263,644,573**	**975,454,905**	**8,765,518,606**
Operating expense		-		-		-		-
Personnel Expenses	1,118,963,753	3,911,460,978	925,493,706	3,670,052,464	1,051,373,187	3,656,373,229	857,585,209	3,418,457,493
Other Operating Expenses	180,630,517	1,397,995,744	128,493,797	1,340,201,346	155,929,804	1,299,818,498	102,803,995	1,247,458,908
Depreciation & Amortisation	392,161,976	713,312,991	396,775,398	693,284,152	383,013,055	681,375,529	389,146,211	662,151,207
Operating Profit	**1,537,792,108**	**2,811,361,558**	**(286,558,774)**	**3,727,865,901**	**1,469,893,668**	**2,626,077,317**	**(374,080,510)**	**3,437,450,998**
Non operating income	108,639,554	124,680,359	142,146,235	148,188,185	108,639,554	124,680,359	7,175,941	13,217,891
Non operating expense	529,135,232	648,007,730	259,090,668	3,363,396,375	516,635,232	635,507,730	259,052,860	3,363,358,567
Profit before income tax	**1,117,296,430**	**2,288,034,187**	**(403,503,207)**	**512,657,711**	**1,061,897,990**	**2,115,249,946**	**(625,957,429)**	**87,310,322**
Income Tax Expense								
Current Tax	449,338,247	1,675,719,310	481,093,733	1,796,324,138	429,066,242	1,593,165,374	455,195,326	1,709,557,781
Deferred Tax	(85,910,115)	(959,193,608)	(706,592,483)	(1,748,674,099)	(85,017,395)	(958,300,888)	(710,830,646)	(1,751,973,491)
Profit\ (Loss) for the period	**753,868,298**	**1,571,508,485**	**(178,004,457)**	**465,007,672**	**717,849,143**	**1,480,385,460**	**(370,322,109)**	**129,726,032**
Condensed Consolidated Statement of Comprehensive Income								
Profit/(Loss) for the Period	753,868,298	1,571,508,485	(178,004,457)	465,007,672	717,849,143	1,480,385,460	(370,322,109)	129,726,032
Other Comprehensive Income	(41,047,532)	(47,962,230)	(38,919,009)	(33,312,718)	(42,378,743)	(49,325,866)	(41,974,118)	(36,043,225)
Total Comprehensive Income	**712,820,766**	**1,523,546,255**	**(216,923,466)**	**431,694,954**	**675,470,400**	**1,431,059,594**	**(412,296,227)**	**93,682,807**
Basic Earning Per Share		6.96		2.15		6.56		0.60
Diluted Earning Per Share		6.96		2.15		6.56		0.60
Profit attributable to:								
Equity holders of the Bank	699,009,868	1,467,946,017	(228,107,113)	390,922,432	675,470,400	1,431,059,594	(412,296,227)	93,682,807
Non-Controlling Interest	13,810,898	55,600,238	11,183,647	40,772,522	-	-	-	-
Total	**712,820,766**	**1,523,546,255**	**(216,923,466)**	**431,694,954**	**675,470,400**	**1,431,059,594**	**(412,296,227)**	**93,682,807**

Ratios as per NRB Directive

Particulars	Group				Bank			
	Current Year		Previous Year Corresponding		Current Year		Previous Year Corresponding	
	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)	This Quarter	Upto This Quarter (YTD)
Capital fund to RWA						11.69		10.60
Tier 1 Capital to RWA						8.19		7.69
CET 1 Capital to RWA						8.19		7.69
Return on Equity						3.83		0.35
Return on Assets						0.37		0.03
Non-performing loan (NPL) to total loan						7.96		7.97
Total loan loss provision to Total NPL						119.77		108.80
Cost of Funds						3.63		4.84
Credit to Deposit Ratio (Average for the month)						72.74		81.35
Base Rate (Average)						5.31		6.63
Interest Rate Spread						2.83		3.29

Statement of Distributable Profit As on Quarter Ending 32nd Asar 2083

Amount in NPR

Particulars	Current Year Upto This Qtr YTD	Previous Year Corresponding Qtr YTD
Net profit or (loss) as per statement of profit or loss	**1,480,385,460**	**129,726,032**
Appropriations:		
a. General reserve	(296,077,092)	(25,945,206)
b. Foreign exchange fluctuation fund	-	(530,801)
c. Capital redemption reserve	(875,000,000)	(875,000,000)
d. Corporate social responsibility fund	(11,620,298)	6,189,756
e. Employees' training fund	(19,738,608)	(29,203,743)
f. Other (Investment Adjustment Reserve)	(46,029,746)	(138,055,785)
Profit or (loss) before regulatory adjustment	**231,919,716**	**(932,819,746)**
Regulatory adjustment :		
a. Interest receivable (-)/previous accrued interest received (+)	186,804,696	2,039,784,642
b. Short loan loss provision in accounts (-)/reversal (+)	-	-
c. Short provision for possible losses on investment (-)/reversal (+)	-	-
d. Short loan loss provision on Non Banking Assets (-)/reversal (+)	(410,346,124)	(1,297,941,031)
e. Deferred tax assets recognised (-)/ reversal (+)	(979,440,544)	(1,060,994,141)
f. Goodwill recognised (-)/ impairment of Goodwill (+)	-	-
g. Bargain purchase gain recognised (-)/reversal (+)	-	-
h. Acturial loss recognised (-)/reversal (+)	(14,789,529)	(150,597,143)
i. Other (+/-)	-	-
Net Profit for the Fourth Qtr end available for Distribution	**(985,851,785)**	**(1,402,567,419)**
Opening Retained Earning As on Shrawan 1	**(8,854,298,008)**	**(7,441,526,420)**
Adjustment (+/-)	-	**(10,204,170)**
Distribution		
Bonus Shares Issued	-	-
Cash Dividend Paid	-	-
Total Distributable Profit or (Loss) as on Qtr end	**(9,840,149,793)**	**(8,854,298,008)**
Annualized Distributable Profit/Loss per share	**-**	**-**

Notes to Unaudited Financial Statement:

1. Above financials have been prepared in accordance with Nepal Financial Reporting Standard, Carve-outs issued by Institute of Chartered Accountants of Nepal and the guidelines issued by NRB.
2. Group includes Himalayan Capital Limited,Himalayan Laghubitta Bittiya Sanstha Limited, Himalayan Securities Limited. Intercompany Transactions have been eliminated while preparing group financial statements.
3. Prior period figures have been reclassified/regrouped/restated to make them comparable.
4. Bank has assessed and measured impairment on loans and advances under rules prescribed by Nepal Rastra Bank as it is higher than that calculated in accordance with guidelines on ECL issued by NRB.
5. Investment in associate are accounted at cost while preparing standalone financial statement of the bank. In presenting the group position, associates have been accounted using equity method based on last audited financial statements. Similarly, performance of subsidiaries Himalayan Capital Limited, Himalayan Laghubitta Bittiya Sanstha Limited, Himalayan Securities Limited have been included in the group financials on the basis of unaudited quarterly results.
6. Accured Interest for the quarter on non performing loans (Stage 3 loans) has been suspended in line with guidelines issued by NRB.
7. The above figures are subject to change if instructed otherwise by the Statutory auditors or the Supervising authority.
8. Detailed interim report is available in the Bank's website.

Securities Registration and Issue Regulation 2073, (Rule # 26 (1), Annex -14)
4th Quarter Report, F.Y 2082/83

1. **Related Party Disclosure:**
   The bank has leased premises at Thamel which come under the purview of related party transaction, however these agreement has been done at an arm's length. Himalayan Capital Limited and Himalayan Securities Limited are subsidiaries of the bank operating from premises jointly leased with the bank. The bank holds 92.5% shares in Himalayan Capital Limited and 51% shares in Himalayan Laghubitta Bittiya Sansthan Limited whereas Himalayan Securities Limited is a wholly owned subsidiary of the bank. The bank has been conducting business with its promoter companies namely Karmachari Sanchaya Kosh and National Life Insurance Company Limited and its three subsidiaries under fair market terms.
2. **Major Indicators:**

Earnings per share	:	6.56
P/E Ratio of the Bank	:	29.67
Net worth per share	:	177.48
Assets per share	:	1,851.04
Liquidity ratio	:	35.32

3. Management Analysis:

a. Substantial amount still remains blocked in provision for possible losses on loans and advances which has adversely affected profitability for the quarter. The management is closely reviewing classified accounts & working out feasible means for recovery/regularization of those accounts and targeting reversal of major portion of provision in FY 2083/84.
b. The bank has computed impairment charges in line with the ECL guidelines issued by NRB and it being lower, impairment under directives issued by NRB has been charged to profit.
c. Interest income has been recognized in line with guidelines issued by NRB.
d. Substantial amount of provision for possible loan loss and requirement to maintain Regulatory Reserve for uncollected interest and Non-banking assets has significantly affected capital adequacy position and distributable profit of the bank.
e. Considering the trust of 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.

4. 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 other than those relating to recovery of classified and written off Loan accounts.
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 of actions related to financial crime.

5. Analysis pertaining to share transactions of the organization:

a. Maximum share price, minimum share price, last share price and total number of share trading days for the Bank during the quarter are as follows:

*As published in the website of Nepal Stock Exchange

Maximum Share Price	:	223
Minimum Share Price	:	186.20
Last Share Price	:	194.50
Total no. of transaction days	:	64
Total units of shares traded	:	3,117,844

6. Problems and Challenges

The Bank has considered the following domestic and international impediments as problems and challenges:

- Risk concentration on both asset and liability sides continues 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
- Policy uncertainties hence warding off investments and also affecting core business activities of the bank.
- Cut-throat competition in the remittance and services sector
- The continued effect of pressure to lower the lending rates and challenges to maintain cost of fund at lower level.
- Unexpected changes in regulation is a challenge in perceiving long term approach.
- Parking of substantial portion of interest income in regulatory reserve thereby limiting the distributable profit
- Management of NPL and NBA in the present difficult industry and economic environment.
- The increasing stress on Capital Adequacy due to higher NPL and NBA and uncollected interest on loan.

7. Corporate Governance

- **Board of Directors:**
  Committees like Risk Management Committee, Human Resources Committee, AML / CFT Committee, Management Credit Committee, Assets Liabilities Management Committee and other management level risk committees have been constituted to carry out banking operations 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. The management via Internal Control Committee reviews and amends the prevalent control system to address any new loopholes or vulnerabilities identified in the course of operation.
- **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, manuals and guidelines which are reviewed on a regular basis to address new developments / requirements. The Bank has a system to monitor compliance with all regulatory and statutory requirements.

8. **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.