

HIMALAYAN BANK LIMITED
DISCLOSURES UNDER BASEL III AS ON ASHWIN 2075 (17 OCTOBER 2018)
Based on Unaudited Financials

A. Capital Structure & Capital Adequacy as per Basel III

1. Tier 1 Capital and Breakdown of its Components:

| SN | Particulars | Amount |
|----------|---|-----------------------|
| A | Core Capital (Tier 1) | 14,105,192,846 |
| 1 | Paid up Equity Share Capital | 8,114,529,375 |
| 2 | Share Premium | - |
| 3 | Statutory General Reserves | 3,243,364,823 |
| 4 | Retained Earnings | 1,938,809,802 |
| 5 | Current year profit/(loss) | 475,865,122 |
| 6 | Capital Adjustment Reserve | - |
| 7 | Debenture Redemption Reserve | 514,285,713 |
| 8 | Special Reserve | - |
| 9 | Deferred Tax Reserve | - |
| | Less: Miscellaneous expenditure not written off | - |
| | Less: Deferred Tax Reserve | - |
| | Less: Investment in equity of institutions with financial interests | 98,124,000 |
| | Less: Purchase of land & building in excess of limit and unutilized | 83,537,989 |
| | Less: Other Deductions | - |

2. Tier 2 Capital and Breakdown of its Components

| SN | Particulars | Amount |
|----------|---------------------------------------|----------------------|
| B | Supplementary Capital (Tier 2) | 1,373,819,798 |
| 1 | Subordinated Term Debt | 240,000,000 |
| 2 | General loan loss provision | 1,025,701,997 |
| 3 | Exchange Equalization Reserve | 34,636,311 |
| 4 | Investment Adjustment Reserve | 2,013,234 |
| 5 | Other Reserves | 71,468,256 |

3. Information on Subordinated Term Debt:

| | |
|----------------------------------|----------------------|
| Bond Issued | HBL Bond 2077 |
| Outstanding amount | 600,000,000 |
| Interest rate | 8% |
| Maturity Date | Ashad 2077 |
| Interest payment | Half yearly basis |
| Tenor | 7 years |
| Amount to be reckoned as capital | 240,000,000 |

4. Total deductions from Capital: N/a

5. Total Qualifying Capital

| SN | Particulars | Amount |
|--------------|--------------------------------|-----------------------|
| 1 | Core Capital (Tier 1) | 14,105,192,846 |
| 2 | Supplementary Capital (Tier 2) | 1,373,819,798 |
| Total | | 15,479,012,644 |

6. Capital Adequacy Ratio:

| CAPITAL ADEQUACY RATIOS | | |
|--|--|---------------|
| Tier 1 Capital to Total Risk Weighted Exposures | | 11.15% |
| Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures | | 12.24% |

B. Risk Exposures**1. Risk Weighted Exposures for Credit Risk, Market Risk & Operational Risks)**

| RISK WEIGHTED EXPOSURES | | Amount |
|--------------------------------------|---|------------------------|
| a | Risk Weighted Exposure for Credit Risk | 111,502,778,720 |
| b | Risk Weighted Exposure for Operational Risk | 7,964,594,997 |
| c | Risk Weighted Exposure for Market Risk | 522,129,665 |
| Adjustment under Pillar II | | |
| | Add 5% of gross income for operational risk | 2,917,882,050 |
| | Add: 3% of total RWE for overall risk | 3,599,685,101 |
| Total Risk Weighted Exposures | | 126,507,070,533 |

2. Risk Weighted Exposures under each of 11 categories of Credit Risk

| SN | Particulars | Amount |
|--------------|---|------------------------|
| 1 | Claims on government & central bank | 584,496,492 |
| 2 | Claims on other official entities | 1,510,009,293 |
| 3 | Claims on banks | 2,357,678,042 |
| 4 | Claims on domestic corporate and securities firms | 71,542,390,906 |
| 5 | Claims on regulatory retail portfolio | 5,935,585,899 |
| 6 | Claims secured by residential properties | 3,404,858,706 |
| 7 | Claims secured by commercial real estate | 1,819,683,528 |
| 8 | Past due claims | 947,197,832 |
| 9 | High risk claims | 6,763,770,909 |
| 10 | Other assets | 3,946,576,089 |
| 11 | Off balance sheet items | 12,690,531,024 |
| TOTAL | | 111,502,778,720 |

3. Total Risk Weighted Exposures calculation table:

| SN | Particulars | Amount |
|----|---|------------------------|
| 1 | Total Risk Weighted Exposure | 126,507,070,533 |
| 2 | Total Core Capital Fund (Tier 1) | 14,105,192,846 |
| 3 | Total Capital Fund (Tier 1 & Tier 2) | 15,479,012,644 |
| 4 | Total Core Capital to Total Risk Weighted Exposures | 11.15% |
| 5 | Total Capital to Total Risk Weighted Exposures | 12.24% |

4. Amount of NPA

| SN | Loan Classification | Gross Amount | Provision Held | Net NPA |
|--------------|---------------------|----------------------|--------------------|--------------------|
| 1 | Restructured Loan | 5,969,125 | 5,308,749 | 660,376 |
| 2 | Substandard Loan | 420,105,945 | 105,026,486 | 315,079,459 |
| 3 | Doubtful Loan | 233,345,043 | 116,672,522 | 116,672,522 |
| 4 | Loss Loan | 723,973,517 | 723,973,517 | - |
| Total | | 1,383,393,630 | 950,981,273 | 432,412,356 |

5. NPA Ratios

| | | |
|-----------------------------|---|-------|
| Gross NPA to Gross Advances | | 1.46% |
| Net NPA to Net Advances | : | 0.47% |

6. Movement of Non Performing Assets (Ashad 2075 VS Ashwin 2075)

| S.N | Loan Classification | Previous quarter Ashad End 2075 | This quarter Ashwin End 2075 | Movement of non performing Assets |
|--------------|---------------------|---------------------------------|------------------------------|-----------------------------------|
| 1 | Restructured Loan | 6,289,782 | 5,969,125 | -5.10% |
| 2 | Substandard Loan | 206,528,505 | 420,105,945 | 103.41% |
| 3 | Doubtful Loan | 79,749,971 | 233,345,043 | 192.60% |
| 4 | Loss Loan | 668,042,947 | 723,973,517 | 8.37% |
| Total | | 960,611,205 | 1,383,393,630 | 44.01% |

7. Write Off of Loans & Interest upto Ashwin End 2075

| SN | Principal | Interest | Total |
|----|-----------|----------|---------|
| 1 | 463,692 | 2,024 | 465,716 |

8. Movement in Loan Loss Provisioning:

| SN | Loan Loss Provision | Previous quarter Ashad End 2075 | This quarter Ashwin End 2075 | Movement in Loan loss |
|--------------|--------------------------------|------------------------------------|---------------------------------|-----------------------|
| 1 | Pass | 848,165,764 | 922,119,534 | 8.72% |
| 2 | Watchlist | 113,077,274 | 115,195,893 | 1.87% |
| 2 | Restructured/ Rescheduled Loan | 5,510,020 | 5,308,749 | -3.65% |
| 3 | Substandard Loan | 51,632,126 | 105,026,486 | 103.41% |
| 4 | Doubtful Loan | 39,874,985 | 116,672,522 | 192.60% |
| 5 | Loss Loan | 668,042,947 | 723,973,517 | 8.37% |
| Total | | 1,726,303,116 | 1,988,296,701 | 15.18% |

ii. Movement in Interest Suspense

| | Particular | Previous quarter Ashad End 2075 | This quarter Ashwin End 2075 | Movement during the period |
|---|-------------------|------------------------------------|---------------------------------|-------------------------------|
| 1 | Interest Suspense | 681,321,143 | 944,830,000 | 38.68% |

9 Segregation of Investment Portfolio:

| Particulars | Ashwin 2075 |
|------------------------------|-----------------------|
| Available for sale: | |
| Investment in equity | 214,801,339 |
| Held to maturity: | |
| Investment in treasury bills | 5,592,169,874 |
| Investment in Govt. bonds | 4,880,950,000 |
| Investment in Foreign Bonds | 1,368,728,336 |
| Placement | 5,259,066,601 |
| Total | 17,100,914,812 |
| Held for Trading | - |