

HBLहिमालयन बैंक लिमिटेड
Himalayan Bank Ltd.**Unaudited Financial Results (Quarterly)**
First Quarter ended of Fiscal Year 2075/2076

Rs in '000

Statement of Financial Position	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Quarter Ending
Assets			
Cash and Cash Equivalent	4,119,172	4,741,359	6,531,428
Due from NRB and placements with BFIs	8,834,568	10,148,785	12,882,720
Loans and Advances	94,240,786	86,360,544	79,338,474
Investment Securities	12,064,624	11,654,172	8,217,470
Investments in Subsidiaries and Associates	195,786	195,786	195,786
Goodwill and Intangible Assets	87,902	85,853	65,819
Other Assets	4,113,892	3,439,729	4,587,033
Total Assets	123,666,730	116,626,228	111,818,730
Capital and Liabilities			
Paid Up Capital	8,114,529	8,114,529	6,491,624
Reserves and surplus	6,893,602	6,337,975	5,686,669
Deposits	102,459,114	98,988,791	95,484,835
Borrowings	-	-	-
Bond and Debenture	606,428	623,358	606,103
Other Liabilities and Provisions	5,583,057	2,561,575	3,549,499
Total Capital and Liabilities	123,666,730	116,626,228	111,818,730

Statement of Profit or Loss	Upto this Quarter	Upto this Previous Quarter	Upto Corresponding Previous Quarter
Interest Income	2,811,403	9,724,871	2,137,024
Interest Expense	(1,498,599)	(5,403,047)	(1,361,566)
Net Interest Income	1,312,805	4,321,824	775,458
Fee and Commission Income	205,030	772,038	148,240
Fee and Commission Expenses	(18,159)	(64,237)	(17,025)
Net Fee and Commission Income	186,871	707,801	131,215
Other Operating Income	259,541	823,753	187,582
Total Operating Income	1,769,217	5,853,378	1,094,254
Impairment (charges)/reversal for Loans and Other losses	(261,899)	(479,586)	(203,158)
Net Operating Income	1,497,318	5,373,792	891,097
Personnel Expenses	(377,412)	(1,381,256)	(316,568)
Other Operating Expenses	(193,676)	(861,351)	(187,538)
Operating Profit	926,230	3,131,185	386,991
Non Operating income/(expense)	1,950	(41,339)	198,840
Profit before Tax	928,179	3,089,846	585,830
Income Tax	(278,520)	(918,011)	(175,718)
Profit/(loss) for the period	649,659	2,171,835	410,113
Other comprehensive income	(6,397)	39,137	-
Total Comprehensive Income	643,262	2,210,972	410,113

Distributable Profit			
Net profit/(loss) as per profit or loss	649,659	2,171,835	410,113
Add/Less: Regulatory adjustment as per NRB Directive	(173,794)	(50,088)	-
Free profit/(loss) after regulatory adjustments	475,865	2,121,747	410,113

Ratios			
CAPITAL FUND TO RWA	12.24	12.92	11.98
NON PERFORMING LOAN (NPL) TO TOTAL LOAN (As per NRB Directive)	1.46	1.11	1.24
TOTAL LOAN LOSS PROVISION TO TOTAL NPL (As per NRB Directive)	143.72	179.71	144.84
COST OF FUNDS	6.14	6.42	6.59
CREDIT TO DEPOSIT RATIO (As per NRB Directive)	78.77	77.02	77.74
Base Rate	9.22	9.66	9.45
Basic Earning Per Share	32.02	27.25	25.27
Diluted Earning Per Share	32.02	27.25	25.27

Notes to Unaudited Financial Statement:

- Above financials have been prepared in accordance with Nepal Accounting Standard, Nepal Financial Reporting Standard, Carve-outs issued by Institute of Chartered Accountants of Nepal and the guidelines of Nepal Rastra Bank.
- The bank has not restated corresponding previous quarter end figures. However figures have been reclassified/regrouped as per NFRS.
- Bank has assessed and measured impairment on loan and advances as the higher of Loan Loss Provision prescribed by Nepal Rastra Bank and amount determined as per Para 63 of NAS 39.
- Liability of the bank towards leave encashment and gratuity for the current quarter has been estimated through estimated actuarial valuation and may vary from the final report issued by the actuary at the year end.
- Other Assets includes Property, Plant & Equipment and Investment properties.
- Investment in associate are accounted at cost considering the carve-out issued by Institute of Chartered Accountants of Nepal for Para 35 of NAS 28.
- The above figures are subject to change if instructed otherwise by the Statutory auditors or the Supervising authority.

Segmental Reporting:

The Bank has branches operating in different provinces across the country. The Bank has therefore identified reporting segments on the basis of provinces in which the branches are located. However, two independent profit centers, namely, Remittance Center and Card Center have been reported as a separate segment along with the Corporate Office.

(Rs.'000)

Particulars/Province	1	2	3	4	5	6	7	Head Office and other profit center	Total
Deposit	3,947,371	1,811,060	85,139,194	3,057,405	5,418,191	43,939	337,207	3,634,091	103,388,458
Gross Loans and Advances	7,393,985	10,928,258	59,146,238	1,645,930	14,345,835	22,027	1,193,935	72,711	94,748,919
Less: Impairment	92,554	115,309	1,569,474	17,453	158,587	220	12,825	21,874	1,988,296
Net Loan and Advances	7,301,431	10,812,948	57,576,763	1,628,477	14,187,249	21,807	1,181,109	50,837	92,760,621
Fixed Assets	85,862	29,273	148,008	60,538	48,257	7,268	12,642	1,955,538	2,347,386
Net Interest Income	159,029	190,740	171,864	16,674	319,070	(73)	34,071	134,750	1,026,125
Net Operating Profit	58,544	11,732	438,379	35,411	100,635	(1,174)	6,989	111,102	761,618

Securities Registration and Issue Regulation 2073, (Rule # 26 (1), Annex -14)
1st Quarter Report, F.Y 2075/76**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 Habib Bank Limited 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	: 32.02
P/E Ratio of the Bank	: 17.17
Net worth per share	: 184.95
Assets per share	: 1,523.89
Liquidity ratio	: 20.32

2. Management Analysis:

- Results of first 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 of the financial year.
- 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:

- 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.
- No legal suit related to criminal activity has been filed by or against the directors and promoters of the Bank during the period.
- 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:

- 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.
- 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 : 578
Minimum Share Price : 524
Last Share Price : 550
Total no. of transaction days : 62
Total units of shares traded : 124,830

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
- 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
- The constraint faced by the industry as regards loanable 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 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.

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.

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.