

HBL

हिमालयन बैंक लिमिटेड

Himalayan Bank Ltd.**Unaudited Financial Results (Quarterly)**

Second 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	6,524,454	4,119,172	3,551,818
Due from NRB and placements with BFs	8,859,439	8,834,568	9,482,077
Loans and Advances	98,836,632	94,240,786	82,085,507
Investment Securities	10,807,973	12,064,624	10,878,846
Investments in Subsidiaries and Associates	195,786	195,786	195,786
Goodwill and Intangible Assets	79,668	87,902	66,044
Other Assets	4,045,458	4,113,892	3,823,321
Total Assets	129,349,410	123,656,730	110,083,399
Capital and Liabilities			
Paid Up Capital	8,520,256	8,114,529	8,114,529
Reserves and surplus	6,086,040	6,893,602	4,696,545
Deposits	106,107,324	102,459,114	92,634,974
Borrowings	-	-	-
Bond and Debenture	627,374	606,428	627,223
Other Liabilities and Provisions	8,028,416	5,583,057	4,010,128
Total Capital and Liabilities	129,349,410	123,656,730	110,083,399

Statement of Profit or Loss	Upto this Quarter	Upto this Previous Quarter	Upto Corresponding Previous Quarter
Interest Income	5,572,143	2,811,403	4,506,780
Interest Expense	(3,078,705)	(1,498,599)	(2,637,273)
Net Interest Income	2,493,438	1,312,805	1,869,507
Fee and Commission Income	394,349	205,030	309,739
Fee and Commission Expenses	(35,008)	(18,159)	(32,042)
Net Fee and Commission Income	359,341	186,871	277,697
Other Operating Income	456,629	259,541	431,025
Total Operating Income	3,309,410	1,769,217	2,578,229
Impairment (charges)/reversal for Loans and Other losses	(186,398)	(261,899)	(8,393)
Net Operating Income	3,123,012	1,497,318	2,569,836
Personnel Expenses	(753,644)	(377,412)	(666,848)
Other Operating Expenses	(418,966)	(193,676)	(382,733)
Operating Profit	1,950,402	926,230	1,520,255
Non Operating income/(expense)	1,950	1,950	46,002
Profit before Tax	1,952,352	928,179	1,566,257
Income Tax	(585,309)	(278,520)	(460,380)
Profit/(loss) for the period	1,367,043	649,659	1,105,877
Other comprehensive income	(12,633)	(6,397)	-
Total Comprehensive Income	1,354,410	643,262	1,105,877
Distributable Profit			
Net profit/(loss) as per profit or loss	1,367,043	649,659	1,105,877
Add/Less: Regulatory adjustment as per NRB Directive	(205,872)	(173,794)	-
Free profit/(loss) after regulatory adjustments	1,161,171	475,865	1,105,877
Ratios			
CAPITAL FUND TO RWA	11.36	12.24	12.38
NON PERFORMING LOAN (NPL) TO TOTAL LOAN (As per NRB Directive)	1.25	1.46	1.32
TOTAL LOAN LOSS PROVISION TO TOTAL NPL (As per NRB Directive)	170.45	143.72	133.74
COST OF FUNDS	6.73	6.14	6.38
CREDIT TO DEPOSIT RATIO (As per NRB Directive)	78.45	78.77	79.30
Base Rate	9.11	9.22	9.35
Basic Earning Per Share	32.09	32.02	27.26
Diluted Earning Per Share	32.09	32.02	27.26

Notes to Unaudited Financial Statement:

- 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 of the Regulator.
- 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 ICAN 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 *	3,848,057	2,096,583	90,687,692	3,933,341	5,259,488	75,248	307,283	3,036,816	109,244,508
Gross Loan and Advances**	7,959,950	12,089,108	60,230,379	2,535,646	15,296,430	37,426	1,305,560	80,712	99,535,211
Less: Impairment	(106,040)	(122,305)	(1,654,293)	(27,884)	(166,562)	(374)	(13,440)	(22,221)	(2,113,119)
Net Loan and Advances	7,853,910	11,966,803	58,576,086	2,507,762	15,129,868	37,052	1,292,120	58,491	97,422,092
Fixed Assets	110,596	34,312	140,655	65,382	50,028	7,229	12,116	1,902,670	2,322,988
Net Interest Income	327,132	478,683	606,976	57,018	685,497	324	66,726	271,082	2,493,438
Profit Before Tax	110,364	99,411	1,370,396	83,632	231,053	(2,886)	9,324	51,058	1,952,352
Income Tax Expense									(585,309)
Net Profit for the Period									1,367,043

*Deposit includes deposit from Customers & Bank and Financial Institutions.

**Gross Loan and Advances includes loan and advances to Customers and Bank & Financial Institution excluding Accrued interest.

Securities Registration and Issue Regulation 2073, (Rule # 26 (1), Annex -14)**2nd 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	: 32.09
P/E Ratio of the Bank	: 17.64
Net worth per share	: 171.20
Assets per share	: 1,518.14
Liquidity ratio	: 20.43

2. Management Analysis:

- 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 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 of 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	: 566
Minimum Share Price	: 449
Last Share Price	: 456
Total no. of transaction days	: 60
Total units of shares traded	: 111,341

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 installed 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.