

**HIMALAYAN BANK LIMITED**  
**DISCLOSURES UNDER BASEL II AS ON POUH 2072 (14 JANUARY 2016)**  
Based on Unaudited Financials

**A. Capital Structure & Capital Adequacy as per Basel II**

**1. Tier 1 Capital and Breakdown of its Components:**

| <b>SN</b> | <b>Particulars</b>                              | <b>Amount</b>        |
|-----------|---|----------------------|
| <b>A</b>  | <b>Core Capital (Tier 1)</b>                    | <b>7,580,022,748</b> |
| 1         | Paid up Equity Share Capital                    | 4,499,145,000        |
| 2         | Statutory General Reserves                      | 1,986,169,281        |
| 3         | Retained Earnings                               | 114,997,190          |
| 4         | Current year profit/(loss)                      | 802,219,601          |
| 5         | Capital Adjustment Reserve                      | -                    |
| 6         | Debenture Redemption Reserve                    | 257,142,855          |
| 7         | Special Reserve                                 | 4,000,000            |
| 8         | Deferred Tax Reserve                            | 62,897,537           |
|           | Less: Miscellaneous expenditure not written off | 145,778              |
|           | Less: Deferred Tax Reserve                      | 62,897,537           |
|           | Less: Other Deductions                          | 83,505,401           |

**2. Tier 2 Capital and Breakdown of its Components**

| <b>SN</b> | <b>Particulars</b>                    | <b>Amount</b>        |
|-----------|---------------------------------------|----------------------|
| <b>B</b>  | <b>Supplementary Capital (Tier 2)</b> | <b>1,260,671,555</b> |
| 1         | Subordinated Term Debt                | 600,000,000          |
| 2         | General loan loss provision           | 626,123,788          |
| 3         | Exchange Equalization Reserve         | 32,534,533           |
| 4         | Investment Adjustment Reserve         | 2,013,234            |
| 5         | Other Reserves                        | -                    |

**3. Information on Subordinated Term Debt:**

|                                  |                      |
|----------------------------------|----------------------|
| Bond Issued                      | <b>HBL Bond 2077</b> |
| Outstanding amount               | 600,000,000.00       |
| Interest rate                    | 8%                   |
| Maturity Date                    | Ashad 2077           |
| Interest payment                 | Half yearly basis    |
| Tenor                            | 7 years              |
| Amount to be reckoned as capital | 600,000,000.00       |

**4. Total deductions from Capital: N/a**

**5. Total Qualifying Capital**

| <b>SN</b>    | <b>Particulars</b>             | <b>Amount</b>        |
|--------------|--------------------------------|----------------------|
| 1            | Core Capital (Tier 1)          | 7,580,022,748        |
| 2            | Supplementary Capital (Tier 2) | 1,260,671,555        |
| <b>Total</b> |                                | <b>8,840,694,302</b> |

**6. Capital Adequacy Ratio:**

| <b>CAPITAL ADEQUACY RATIOS</b>                             |  |               |
|--|--|---------------|
| Tier 1 Capital to Total Risk Weighted Exposures            |  | <b>9.65%</b>  |
| Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures |  | <b>11.26%</b> |

**B. Risk Exposures**

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

| <b>RISK WEIGHTED EXPOSURES</b>       |   | <b>Amount</b>         |
|--------------------------------------|---|-----------------------|
| <b>a</b>                             | Risk Weighted Exposure for Credit Risk      | 68,227,360,051        |
| <b>b</b>                             | Risk Weighted Exposure for Operational Risk | 5,746,774,453         |
| <b>c</b>                             | Risk Weighted Exposure for Market Risk      | 267,330,957           |
| <b>Adjustment under Pillar II</b>    |   |                       |
|                                      | Add 5% of gross income for operational risk | 2,064,437,000         |
|                                      | Add: 3% of total RWE for overall risk       | 2,227,243,964         |
| <b>Total Risk Weighted Exposures</b> |   | <b>78,533,146,425</b> |

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

| SN           | Particulars                                       | Amount                |
|--------------|---|-----------------------|
| 1            | Claims on government & central bank               | -                     |
| 2            | Claims on other official entities                 | 1,096,299,726         |
| 3            | Claims on banks                                   | 3,024,169,588         |
| 4            | Claims on domestic corporate and securities firms | 38,778,756,569        |
| 5            | Claims on regulatory retail portfolio             | 4,557,995,437         |
| 6            | Claims secured by residential properties          | 3,451,300,349         |
| 7            | Claims secured by commercial real estate          | 808,750,740           |
| 8            | Past due claims                                   | 979,972,774           |
| 9            | High risk claims                                  | 6,746,503,814         |
| 10           | Other assets                                      | 1,921,367,644         |
| 11           | Off balance sheet items                           | 6,862,243,409         |
| <b>TOTAL</b> |   | <b>68,227,360,051</b> |

**3. Total Risk Weighted Exposures calculation table:**

| SN | Particulars   | Amount                |
|----|---|-----------------------|
| 1  | Total Risk Weighted Exposure                        | <b>78,533,146,425</b> |
| 2  | Total Core Capital Fund (Tier 1)                    | 7,580,022,748         |
| 3  | Total Capital Fund (Tier 1 & Tier 2)                | 8,840,694,302         |
| 4  | Total Core Capital to Total Risk Weighted Exposures | <b>9.65%</b>          |
| 5  | Total Capital to Total Risk Weighted Exposures      | <b>11.26%</b>         |

**4 Amount of NPA**

| SN           | Loan Classification | Gross Amount         | Provision Held       | Net NPA            |
|--------------|---------------------|----------------------|----------------------|--------------------|
| 1            | Restructured Loan   | 281,394,785          | 57,722,993           | 223,671,792        |
| 2            | Substandard Loan    | 284,697,606          | 71,174,401           | 213,523,204        |
| 3            | Doubtful Loan       | 138,689,513          | 69,344,757           | 69,344,757         |
| 4            | Loss Loan           | 1,159,835,091        | 1,159,835,091        | -                  |
| <b>Total</b> |                     | <b>1,864,616,995</b> | <b>1,358,077,242</b> | <b>506,539,753</b> |

**5 NPA Ratios**

|                             |   |       |
|-----------------------------|---|-------|
| Gross NPA to Gross Advances | : | 3.16% |
| Net NPA to Net Advances     | : | 0.89% |

**6 Movement of Non Performing Assets (Aswin 2072 Vs Poush 2072)**

| S.N          | Loan Classification | Previous quarter<br>Aswin 2072 | This quarter Poush<br>2072 | Movement of non<br>performing Assets |
|--------------|---------------------|--------------------------------|----------------------------|--------------------------------------|
| 1            | Restructured Loan   | 311,949,265                    | 281,394,785                | <b>-9.79%</b>                        |
| 2            | Substandard Loan    | 270,483,827                    | 284,697,606                | <b>5.25%</b>                         |
| 3            | Doubtful Loan       | 223,077,035                    | 138,689,513                | <b>-37.83%</b>                       |
| 4            | Loss Loan           | 1,118,029,663                  | 1,159,835,091              | <b>3.74%</b>                         |
| <b>Total</b> |                     | <b>1,923,539,790</b>           | <b>1,864,616,995</b>       | <b>-3.06%</b>                        |

**7. Write Off of Loans & Interest Suspense upto Poush End 2072**

| SN | Principal  | Interest | Total      |
|----|------------|----------|------------|
| 1  | 19,358,182 | 6,065    | 19,364,247 |

**8 Movement in Loan Loss Provisioning:**

| SN           | Loan Loss Provision            | Previous quarter<br>Aswin 2072 | This quarter Poush<br>2072 | Movement in Loan<br>loss |
|--------------|--------------------------------|--------------------------------|----------------------------|--------------------------|
| 1            | Pass                           | 531,176,180                    | 548,188,353                | <b>3.20%</b>             |
| 2            | Watchlist                      | 72,532,096                     | 82,205,733                 | <b>13.34%</b>            |
| 2            | Restructured/ Rescheduled Loan | 68,870,205                     | 57,722,993                 | <b>-16.19%</b>           |
| 3            | Substandard Loan               | 67,620,957                     | 71,174,401                 | <b>5.25%</b>             |
| 4            | Doubtful Loan                  | 111,538,517                    | 69,344,757                 | <b>-37.83%</b>           |
| 5            | Loss Loan                      | 1,118,029,663                  | 1,159,835,091              | <b>3.74%</b>             |
| <b>Total</b> |                                | <b>1,969,767,619</b>           | <b>1,988,471,329</b>       | <b>0.95%</b>             |

ii. Movement in Interest Suspense

|   | Particular        | Previous quarter<br>Aswin 2072 | This quarter Poush<br>2072 | Movement during<br>the period |
|---|-------------------|--------------------------------|----------------------------|-------------------------------|
| 1 | Interest Suspense | 518,475,832                    | 482,541,344                | -6.93%                        |

9 Segregation of Investment Portfolio:

| Particulars                  | Poush 2072            |
|------------------------------|-----------------------|
| <b>Available for sale:</b>   |                       |
| Investment in equity         | 106,999,859           |
| <b>Held to maturity:</b>     |                       |
| Investment in treasury bills | 12,632,212,719        |
| Investment in Govt. bonds    | 606,764,761           |
| Investment in Foreign Bonds  | 221,153,338           |
| Placement                    | 9,512,625,437         |
| <b>Total</b>                 | <b>22,972,756,255</b> |
| <b>Held for Trading</b>      | -                     |