

Disclosure under Basel III
Machhapuchchhre Bank Limited
As at 1st Quarter End (Ashwin) 2073 -74

1. Capital Structure and Capital Adequacy

Tier 1 Capital and a breakdown of its components;

| | | NPR(In Million) |
|---|--|-----------------|
| | Particulars | Amount |
| a | Paid up Equity Share Capital | 3,864.54 |
| b | Share Premium | |
| c | Proposed Bonus Equity Share | 801.89 |
| d | Statutory General Reserve | 603.69 |
| e | Retained Earnings | 2.55 |
| f | Un-audited current year cumulative profit | 246.95 |
| g | Capital Redemption Reserve | |
| h | Capital Adjustment Reserve | |
| i | Dividend Equalization Reserve | |
| j | Other Free Reserve | 43.65 |
| k | Less : Goodwill | |
| l | Less: Intangible Assets | 44.93 |
| m | Less :Deferred Tax Assets | 43.65 |
| n | Less : Fictitious Assets | 7.12 |
| o | Less : Investment in equity in licensed Financial Institutions | |
| p | Less : Investment in equity of institutions with Financial interests | 15.00 |
| q | Less : Investment in equity of institutions in excess of limits | |
| r | Less : Investments arising out of underwriting commitments | |
| s | Less : Reciprocal crossholdings | |
| t | Less : Purchase of Land & building in excess of limit and unutilized | 4.88 |
| u | Less: Cash Flow Hedge | |
| v | Less: Defined Benefits Pension Assets | |
| w | Less: Unrecognized Defined Benefit Pension Liabilities | |
| x | Less : Other Deductions | |
| | Total Tier 1 Capital | 5,447.69 |

Tier 2 Capital and a breakdown of its components;

| | | NPR(In Million) |
|---|--|-----------------|
| | Particulars | Amount |
| a | Cumulative and/or Redeemable Preference Shares | 0.00 |
| b | Subordinated Term Debt | 0.00 |
| c | Hybrid Capital Instruments | 0.00 |
| d | General Loan Loss Provision | 523.72 |
| e | Exchange Equalization Reserve | 8.79 |
| f | Investment Adjustment Reserve | 15.10 |
| g | Assets Revaluation Reserve | 0.00 |
| h | Other Reserves | 0.00 |
| | Total Tier 2 Capital | 547.61 |

2. Information about Subordinated Term Debts

The Bank has not issued any Subordinated Term Debts

3. Deductions from capital

| | | NPR(In Million) |
|---|---|-----------------|
| | Particulars | Amount |
| a | Miscellaneous Expenditure not written off | - |
| | Total | - |

4. Total qualifying capital

NPR(In Million)

| | Particulars | Amount |
|---|--------------------------------|-----------------|
| a | Core Capital (Tier 1) | 5,447.69 |
| b | Supplementary Capital (Tier 2) | 547.61 |
| | Total Capital Fund | 5,995.29 |

5. Capital Adequacy Ratio 11.29%

6. RiskWeighted Exposures for Credit Risk, Market Risk and Operational Risk

NPR(In Million)

| | RISK WEIGHTED EXPOSURES | Amount |
|---|--|---------------|
| a | Risk Weighted Exposure for Credit Risk | 48,290.33 |
| b | Risk Weighted Exposure for Operational Risk | 2,721.73 |
| c | Risk Weighted Exposure for Market Risk | 91.46 |
| | Add RWE equivalent to reciprocal of capital charge of 2 % of gross income. | 463.00 |
| | Add: 3% of the total RWE add by Supervisory Review | 1,533.11 |
| | Total Risk Weighted Exposures | 53,100 |

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

NPR(In Million)

| S.N. | Categories | Risk Weighted Exposures |
|------|---|-------------------------|
| 1 | Claims on government and central Bank | - |
| 2 | Claims on other official entities | - |
| 3 | Claims on Banks | 1,243.34 |
| 4 | Claims on corporate and securities firm | 26,800.28 |
| 5 | Claims on regulatory retail portfolio | 9,606.93 |
| 6 | Claim secured by residential properties | 3,867.37 |
| 7 | Claims secured by commercial real state | 644.82 |
| 8 | Past due Claims | 157.03 |
| 9 | High risk claims | 1,259.19 |
| 10 | Other Assets | 2,020.63 |
| 11 | Off Balance sheet Items | 2,690.74 |
| | Total | 48,290.33 |

8. Total Risk Weighted Exposure Calculation Table

NPR(In Million)

| S.N. | Particulars | Amount |
|------|---|-----------|
| 1 | Total Risk Weighted Exposure | 53,099.63 |
| 2 | Total Core Capital Fund (Tier 1) | 5,447.69 |
| 3 | Total Capital Fund (Tier 1 & Tier 2) | 5,995.29 |
| 4 | Total Core Capital to Total Risk Weighted Exposures | 10.26% |
| 5 | Total Capital to Total Risk Weighted Exposures | 11.29% |

9. Amount of NPAs (both Gross and Net)

NPR(In Million)

| S.N. | Loan Classification | Gross Amount | Provision | Net Amount |
|------|---------------------|---------------|---------------|---------------|
| | Restructured Loan | 1.41 | 0.18 | 1.23 |
| | Substandard Loan | 136.92 | 34.23 | 102.69 |
| | Doubtful Loan | 24.0 | 12.02 | 12.02 |
| | Loss Loan | 105.09 | 105.09 | 0.00 |
| | Total | 267.45 | 151.51 | 115.94 |

10. NPA Ratios

| | |
|---------------------------------------|-------|
| Gross NPA to Gross Loans and Advances | 0.54% |
| Net NPA to Net Loans and Advances | 0.24% |

11. Movement of NPA

| S. N | Loan Classification | This Quarter | Previous Quarter | Change (%) |
|------|---------------------|---------------|------------------|---------------|
| 1 | Restructured Loan | 1.41 | 1.47 | -4.37% |
| 2 | Sub-standard Loan | 136.92 | 122.19 | 12.05% |
| 3 | Doubtful Loan | 24.04 | 15.14 | 58.84% |
| 4 | Loss Loan | 105.09 | 102.70 | 2.32% |
| | | 267.45 | 241.50 | 10.75% |

Increased by million

25.96

12. Write off of loans & Interest suspense

NPR(In Million)

| S.N. | Particulars | Amount |
|------|--------------------------------|--------|
| 1 | Write Off of Loans | |
| 2 | Write Off of interest suspense | |
| | Total | - |

13. Movement in Loan loss provisions and interest suspense

NPR(In Million)

| S.N. | Particulars | This quarter | Previous Quarter | Change (%) |
|------|---------------------|--------------|------------------|------------|
| 1 | Loan Loss provision | 675 | 598 | 12.90% |
| 2 | Interest Suspense | 163 | 168 | -3.29% |

14. Detail of additional Loan Loss provision

NPR(In Million)

| S.N. | Loan Loss provision | This quarter | Previous Quarter | Change |
|------|---------------------|---------------|------------------|--------------|
| 1 | Pass loan | 488.2 | 434.22 | 53.95 |
| 2 | Watchlist | 35.5 | 22.83 | 12.70 |
| 2 | Restructured Loan | 0.2 | 0.18 | -0.01 |
| 3 | Substandard Loan | 34.2 | 30.55 | 3.68 |
| 4 | Doubtful Loan | 12.0 | 7.57 | 4.45 |
| 5 | Loss Loan | 105.1 | 102.70 | 2.39 |
| | Total | 675.22 | 598.05 | 77.17 |

15. Segregation of Investment Portfolio

NPR(In Million)

| S.N. | Particulars | Gross Amount |
|------|------------------------------|----------------|
| 1 | Held For Trading | Nil |
| 2 | Held To Maturity: | 6129.65 |
| 2.1 | Investment in treasury bills | 1579.88 |
| 2.2 | Investment in Govt. bonds | 3171.90 |
| 2.3 | Investment in Other bonds | 1353.01 |
| 2.4 | Investment others | 24.87 |
| 3 | Available For Sale: | 0.00 |
| 3.1 | Investment in equity | 0.00 |