

Disclosure under Basel III
Machhapuchchhre Bank Limited
As at 3rd Quarter End (Chaitra) 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 | 6,598.70 |
| b | Share Premium | 79.48 |
| c | Proposed Bonus Equity Share | 0.00 |
| d | Statutory General Reserve | 603.69 |
| e | Retained Earnings | 2.55 |
| f | Un-audited current year cumulative profit | 1,005.15 |
| g | Capital Redemption Reserve | 0.00 |
| h | Capital Adjustment Reserve | 0.00 |
| i | Dividend Equalization Reserve | 0.00 |
| j | Other Free Reserve | 43.65 |
| k | Less : Goodwill | 0.00 |
| l | Less: Intangible Assets | 47.31 |
| m | Less :Deferred Tax Assets | 43.65 |
| n | Less : Fictitious Assets | 5.96 |
| o | Less : Investment in equity in licensed Financial Institutions | 0.00 |
| p | Less : Investment in equity of institutions with Financial interests | 15.00 |
| q | Less : Investment in equity of institutions in excess of limits | 0.00 |
| r | Less : Investments arising out of underwriting commitments | 0.00 |
| s | Less : Reciprocal crossholdings | 0.00 |
| t | less : Purchase of Land & building in excess of limit and unutilized | 4.88 |
| u | Less: Cash Flow Hedge | 0.00 |
| v | Less: Defined Benefits Pension Assets | 0.00 |
| w | Less: Unrecognized Defined Benefit Pension Liabilities | 0.00 |
| x | less : Other Deductions | 0.00 |
| | Total Tier 1 Capital | 8,216.42 |

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 | 564.61 |
| 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 | 588.50 |

Information about Subordinated Term Debts

2. The Bank has not issued any Subordinated Term Debts

Deductions from capital

3. NPR(In Million)

| | Particulars | Amount |
|---|---|-------------|
| a | Miscellaneous Expenditure not written off | 0.00 |
| | Total | 0.00 |

Total qualifying capital

4. NPR(In Million)

| | Particulars | Amount |
|---|--------------------------------|-----------------|
| a | Core Capital (Tier 1) | 8,216.42 |
| b | Supplementary Capital (Tier 2) | 588.50 |
| | Total Capital Fund | 8,804.92 |

Capital adequacy ratio

5. **16.30%**

Risk weighted exposures for Credit Risk, Market Risk and Operational Risk

6. NPR(In Million)

| | RISK WEIGHTED EXPOSURES | Amount |
|---|--|------------------|
| a | Risk Weighted Exposure for Credit Risk | 49,236.56 |
| b | Risk Weighted Exposure for Operational Risk | 2,721.73 |
| c | Risk Weighted Exposure for Market Risk | 43.64 |
| | 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 | 1,560.06 |
| | Total Risk Weighted Exposures | 54,024.99 |

Risk Weighted Exposures under each of 11 categories of Credit Risk

7. NPR(In Million)

| S.N. | Categories | Risk Weighted Exposures |
|------|---|-------------------------|
| 1 | Claims on government and central Bank | 0.00 |
| 2 | Claims on other official entities | 0.00 |
| 3 | Claims on Banks | 1,021.12 |
| 4 | Claims on corporate and securities firm | 25,705.07 |
| 5 | Claims on regulatory retail portfolio | 11,328.64 |
| 6 | Claim secured by residential properties | 4,181.42 |
| 7 | Claims secured by commercial real state | 791.55 |
| 8 | Past due Claims | 37.30 |
| 9 | High risk claims | 1,321.91 |
| 10 | Other Assets | 2,258.64 |
| 11 | Off Balance sheet Items | 2,590.91 |
| | Total | 49,236.56 |

Total risk weighted exposure calculation table

8. NPR(In Million)

| S.N. | Particulars | Amount |
|------|---|-----------|
| 1 | Total Risk Weighted Exposure | 54,024.99 |
| 2 | Total Core Capital Fund (Tier 1) | 8,216.42 |
| 3 | Total Capital Fund (Tier 1 & Tier 2) | 8,804.92 |
| 4 | Total Core Capital to Total Risk Weighted Exposures | 0.15 |
| 5 | Total Capital to Total Risk Weighted Exposures | 0.16 |

Amount of NPAs (both Gross and Net)

9.

NPR(In Million)

| S.N. | Loan Classification | Gross Amount | Provision | Net Amount |
|------|---------------------|---------------|---------------|--------------|
| | Restructured Loan | 3.77 | 0.47 | 3.30 |
| | Substandard Loan | 54.04 | 13.51 | 40.53 |
| | Doubtful Loan | 18.21 | 9.11 | 9.11 |
| | Loss Loan | 113.29 | 113.29 | 0.00 |
| | Total | 189.31 | 136.38 | 52.94 |

NPA Ratios

10.

| | |
|---------------------------------------|-------|
| Gross NPA to Gross Loans and Advances | 0.37% |
| Net NPA to Net Loans and Advances | 0.10% |

Movement of NPA

11.

| S. N | Loan Classification | This Quarter | Previous Quarter | Change (%) |
|------|---------------------|--------------|------------------|------------|
| 1 | Restructured Loan | 3.77 | 1.41 | 0.00% |
| 2 | Sub-standard Loan | 54.04 | 136.92 | -60.53% |
| 3 | Doubtful Loan | 18.21 | 24.04 | -24.24% |
| 4 | Loss Loan | 113.29 | 105.09 | 7.80% |
| | | 189.31 | 267.46 | -29.22% |

NPA decreased (in million) 78.15

Write off of loans & Interest suspense

12.

NPR(In Million)

| S.N. | Particulars | Amount |
|------|--------------------------------|-------------|
| 1 | Write Off of Loans | 0.00 |
| 2 | Write Off of interest suspense | 0.00 |
| | Total | 0.00 |

Movement in Loan loss provisions and interest suspense

13.

NPR(In Million)

| S.N. | Particulars | This quarter | Previous Quarter | Change (%) |
|------|---------------------|--------------|------------------|------------|
| 1 | Loan Loss provision | 701 | 668 | 4.97% |
| 2 | Interest Suspense | 201 | 157 | 27.93% |

Detail of additional Loan Loss provision

14.

NPR(In Million)

| S.N. | Loan Loss provision | This quarter | Previous Quarter | Change |
|------|---------------------|--------------|------------------|-----------|
| 1 | Pass loan | 51,970.90 | 506.3 | 51,464.62 |
| 2 | Watchlist | 897.87 | 30.7 | 867.19 |

| | | | | |
|---|-------------------|------------------|---------------|------------------|
| 2 | Restructured Loan | 3.77 | 0.2 | 3.61 |
| 3 | Substandard Loan | 54.04 | 12.7 | 41.31 |
| 4 | Doubtful Loan | 18.21 | 10.0 | 8.18 |
| 5 | Loss Loan | 113.29 | 107.9 | 5.40 |
| | Total | 53,058.08 | 667.78 | 52,390.30 |

Segregation of investment portfolio

15.

NPR(In Million)

| S.N. | Particulars | Gross Amount |
|----------|------------------------------|-----------------|
| 1 | Held For Trading | Nil |
| 2 | Held To Maturity: | 5,098.60 |
| 2.1 | Investment in treasury bills | 782.97 |
| 2.2 | Investment in Govt. bonds | 3,671.90 |
| 2.3 | Investment in Other bonds | 206.00 |
| 2.4 | Investment others | 437.73 |
| 3 | Available For Sale: | 0.00 |
| 3.1 | Investment in equity | 0.00 |