

**Disclosure under Basel III**  
**Machhapuchhre Bank Limited**  
**As at 1st Quarter End (Ashwin) 2074 -75**

**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	8,039.62
b	Share Premium	0.00
c	Proposed Bonus Equity Share	0.00
d	Statutory General Reserve	864.19
e	Retained Earnings	17.83
f	Un-audited current year cumulative profit	280.97
g	Capital Redemption Reserve	0.00
h	Capital Adjustment Reserve	0.00
i	Dividend Equalization Reserve	0.00
j	Other Free Reserve	18.63
k	Less : Goodwill	0.00
l	Less: Intangible Assets	45.04
m	Less :Deferred Tax Assets	18.63
n	Less : Fictitious Assets	4.08
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
<b>Total Tier 1 Capital</b>		<b>9,133.61</b>

**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	569.69
e	Exchange Equalization Reserve	9.28
f	Investment Adjustment Reserve	16.95
g	Assets Revaluation Reserve	0.00
h	Other Reserves	0.00
<b>Total Tier 2 Capital</b>		<b>595.93</b>

**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	Intangible Assets	45.04
b	Deferred Tax Assets	18.63
c	Miscellaneous Expenditure not written off	4.08
d	Investment in equity of institutions with Financial interests	15.00
e	Purchase of Land & building in excess of limit and unutilized	4.88
<b>Total</b>		<b>87.63</b>

4. Total qualifying capital

NPR(In Million)

Particulars		Amount
a	Core Capital (Tier 1)	9,133.61
b	Supplementary Capital (Tier 2)	595.93
<b>Total Capital Fund</b>		<b>9,729.53</b>

5. Capital adequacy ratio

16.63%

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

NPR(In Million)

RISK WEIGHTED EXPOSURES		Amount
a	Risk Weighted Exposure for Credit Risk	52,653.80
b	Risk Weighted Exposure for Operational Risk	3,488.74
c	Risk Weighted Exposure for Market Risk	79.09
Add RWE equivalent to reciprocal of capital charge of 2 % of gross income.		588.40
Add: 3% of the total RWE add by Supervisory Review		1,686.65
<b>Total Risk Weighted Exposures</b>		<b>58,496.68</b>

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	0.00
2	Claims on other official entities	0.00
3	Claims on Banks	1,592.14
4	Claims on corporate and securities firm	28,090.49
5	Claims on regulatory retail portfolio	11,299.19
6	Claim secured by residential properties	4,090.30
7	Claims secured by commercial real state	822.76
8	Past due Claims	99.23
9	High risk claims	2,226.89
10	Other Assets	1,623.49
11	Off Balance sheet Items	2,809.32
<b>Total</b>		<b>52,653.80</b>

8. Total risk weighted exposure calculation table

NPR(In Million)

S.N.	Particulars	Amount
1	Total Risk Weighted Exposure	58,496.68
2	Total Core Capital Fund (Tier 1)	9,133.61
3	Total Capital Fund (Tier 1 & Tier 2)	9,729.53
4	Total Core Capital to Total Risk Weighted Exposures	15.61%
5	Total Capital to Total Risk Weighted Exposures	16.63%

9. Amount of NPAs (both Gross and Net)

NPR(In Million)

S.N.	Loan Classification	Gross Amount	Provision	Net Amount
1	Restructured Loan	3.59	0.45	3.14
2	Substandard Loan	70.26	17.57	52.70
3	Doubtful Loan	39.19	19.60	19.60
4	Loss Loan	133.57	133.57	0.00
<b>Total</b>		<b>246.62</b>	<b>171.18</b>	<b>75.44</b>

10. NPA Ratios

Gross NPA to Gross Loans and Advances	0.45%
Net NPA to Net Loans and Advances	0.14%

11. Movement of NPA

S. N	Loan Classification	This Quarter	Previous Quarter	Change (%)
1	Restructured Loan	3.59	3.69	-2.63%
2	Sub-standard Loan	70.26	38.36	83.19%
3	Doubtful Loan	39.19	30.10	30.21%
4	Loss Loan	133.57	121.73	9.73%
		246.62	193.87	27.21%

NPA increased (in million) -52.75

12. Write off of loans & Interest suspense

		NPR(In Million)	
S.N.	Particulars	Amount	
1	Write Off of Loans		0.00
2	Write Off of interest suspense		0.00
	<b>Total</b>		<b>0.00</b>

13. Movement in Loan loss provisions and interest suspense

		NPR(In Million)		
S.N.	Particulars	This quarter	Previous Quarter	Change (%)
1	Loan Loss provision	743.66	692.77	7.35%
2	Interest Suspense	192	192.81	-0.21%

14. Detail of additional Loan Loss provision

		NPR(In Million)		
S.N.	Loan Loss provision	This quarter	Previous Quarter	Change
1	Pass loan	537.39	509.4	27.97
2	Watchlist	35.09	36.5	-1.43
2	Restructured Loan	0.45	0.5	-0.01
3	Substandard Loan	17.57	9.6	7.98
4	Doubtful Loan	19.60	15.0	4.55
5	Loss Loan	133.57	121.7	11.85
	<b>Total</b>	<b>743.66</b>	<b>692.77</b>	<b>50.89</b>

15. Segregation of investment portfolio

		NPR(In Million)	
S.N.	Particulars	Gross Amount	
1	<b>Held For Trading</b>	<b>Nil</b>	
2	<b>Held To Maturity:</b>	<b>7,082.24</b>	
2.1	Investment in treasury bills	887.51	
2.2	Investment in Govt. bonds	4,771.90	
2.3	Investment in Other bonds	208.10	
2.4	Investment others	1,214.73	
3	<b>Available For Sale:</b>	<b>117.75</b>	
3.1	Investment in equity	117.75	