

Disclosure under Basel III
Machhapuchchhre Bank Limited
As at 2nd Quarter End (Poush) 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	8,055.69
b	Share Premium	30.88
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	471.88
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	47.77
m	Less :Deferred Tax Assets	18.63
n	Less : Fictitious Assets	3.65
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	9,369.17

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	621.14
e	Exchange Equalization Reserve	9.28
f	Investment Adjustment Reserve	16.95
g	Assets Revaluation Reserve	0.00
h	Other Reserves	0.00
	Total Tier 2 Capital	647.37

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	47.77
b	Deferred Tax Assets	18.63
c	Miscellaneous Expenditure not written off	3.65
d	Investment in equity of institutions with Financial interests	15.00
e	Purchase of Land & building in excess of limit and unutilized	4.88
	Total	89.93

4. Total qualifying capital

NPR(In Million)

	Particulars	Amount
a	Core Capital (Tier 1)	9,369.17
b	Supplementary Capital (Tier 2)	647.37
	Total Capital Fund	10,016.54

5. Capital adequacy ratio

15.67%

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	57,965.21
b	Risk Weighted Exposure for Operational Risk	3,488.74
c	Risk Weighted Exposure for Market Risk	27.20
	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	1,844.43
	Total Risk Weighted Exposures	63,913.98

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	29,215.80
4	Claims on corporate and securities firm	4,606.02
5	Claims on regulatory retail portfolio	12,229.76
6	Claim secured by residential properties	4,115.67
7	Claims secured by commercial real state	779.14
8	Past due Claims	69.86
9	High risk claims	2,646.69
10	Other Assets	1,887.38
11	Off Balance sheet Items	2,414.90
	Total	57,965.21

8. Total risk weighted exposure calculation table

NPR(In Million)

S.N.	Particulars	Amount
1	Total Risk Weighted Exposure	63,913.98
2	Total Core Capital Fund (Tier 1)	9,369.17
3	Total Capital Fund (Tier 1 & Tier 2)	10,016.54
4	Total Core Capital to Total Risk Weighted Exposures	14.66%
5	Total Capital to Total Risk Weighted Exposures	15.67%

9. Amount of NPAs (both Gross and Net)

NPR(In Million)

S.N.	Loan Classification	Gross Amount	Provision	Net Amount
1	Restructured Loan	2.43	0.30	2.12
2	Substandard Loan	37.51	9.38	28.13
3	Doubtful Loan	29.64	14.82	14.82
4	Loss Loan	130.32	130.32	0.00
	Total	199.90	154.82	45.08

10. NPA Ratios

Gross NPA to Gross Loans and Advances	0.33%
Net NPA to Net Loans and Advances	0.08%

11. Movement of NPA

S. N	Loan Classification	This Quarter	Previous Quarter	Change (%)
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1	Restructured Loan	2.43	3.59	-32.35%
2	Sub-standard Loan	37.51	70.26	-46.61%
3	Doubtful Loan	29.64	39.19	-24.36%
4	Loss Loan	130.32	133.57	-2.43%
		199.90	246.61	-18.94%

NPA Decreased (in million) **46.71**

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
	Total	0.00

13. Movement in Loan loss provisions and interest suspense

NPR(In Million)

S.N.	Particulars	This quarter	Previous Quarter	Change (%)
1	Loan Loss provision	777.78	743.66	4.59%
2	Interest Suspense	215.01	192.41	11.74%

14. Detail of additional Loan Loss provision

NPR(In Million)

S.N.	Loan Loss provision	This quarter	Previous Quarter	Change
1	Pass loan	595.73	537.39	58.34
2	Watchlist	25.71	35.09	-9.38
2	Restructured Loan	1.82	0.45	1.37
3	Substandard Loan	9.38	17.57	-8.19
4	Doubtful Loan	14.82	19.60	-4.77
5	Loss Loan	130.32	133.57	-3.25
	Total	777.78	743.66	34.11

15. Segregation of investment portfolio

NPR(In Million)

S.N.	Particulars	Gross Amount
1	Held For Trading	Nil
2	Held To Maturity:	9,105.32
2.1	Investment in treasury bills	990.46
2.2	Investment in Govt. bonds	6,671.90
2.3	Investment in Other bonds	203.60
2.4	Investment others	1,239.37
3	Available For Sale:	127.75
3.1	Investment in equity	127.75