

Information as required by securities Regulation and Issuance Rules 2065 related to Sub Rule (2) of Rule (22).

## 1. Financial Details

### Machhapuchchhre Bank Limited

Unaudited Financial Results ( Quarterly)

As at 3Rd Quarter (13/04/2009) of the Fiscal Year 2065/66 (2008/2009)

Rs. in,000

S.No.	Particular	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
<b>1</b>	<b>Total Capital and Liabilities (1.1 to 1.7)</b>	<b>14,883,932</b>	<b>14,123,185</b>	<b>11,430,654</b>
1.1	Paid Up Capital	1,314,642	1,314,642	821,651
1.2	Reserve and Surplus	301,657	285,964	226,872
1.3	Debenture and Bond	-	-	-
1.4	Borrowing	10,931	99,773	18,114
1.5	Deposits	<b>13,097,934</b>	<b>12,086,705</b>	<b>10,223,221</b>
	a. Domestic Currency	12,551,501	11,428,765	9,616,656
	b.. Foreign Currency	546,433	657,940	606,565
1.6	Income Tax Liability	-	0,000	-
1.7	Other Liabilities	158,768	336,101	140,796
<b>2</b>	<b>Total Assets (2.1 to 2.7)</b>	<b>14,883,932</b>	<b>14,123,185</b>	<b>11,430,654</b>
2.1	Cash & Bank Balance	1,324,224	1,563,817	1,079,926
2.2	Money at call and Short Notice	255,000	250,000	150,000
2.3	Investments	1,720,406	1,260,993	1,340,378
2.4	Loans and Advances(net)	10,687,284	10,011,497	8,343,138
2.5	Fixed Assets	606,417	570,065	308,231
2.6	Non Banking Assets	-	-	3,393
2.7	Other Assets	290,601	466,813	205,588
<b>3</b>	<b>Profit and Loss Account</b>	<b>Up to This Quarter</b>	<b>Previous Quarter Ending</b>	<b>Up to Corresponding Previous Year Quarter</b>
3.1	Interest Income	695,986	438,409	537,170
3.2	Interest Expense	404,455	257,616	292,252
	<b>A. Net Interest Income (3.1 - 3.2)</b>	<b>291,531</b>	<b>180,793</b>	<b>244,918</b>
3.3	Fee Commission and Discount	27,435	16,562	21,596
3.4	Other Operating income	34,994	20,787	22,222
3.5	Foreign Exchange Gain / Loss (Net)	52,980	42,437	30,290
	<b>B.Total Operating Income (A+3.3+3.4+3.5)</b>	<b>406,940</b>	<b>260,579</b>	<b>319,027</b>
3.6	Staff Expenses	63,546	40,005	49,911

3.7	Other Operating Expense	117,345	73,388	80,772
	<b>C. Operating Profit Before Provision (B-3.6-3.7)</b>	<b>226,048</b>	<b>147,186</b>	<b>188,344</b>
3.8	Provision for Possible Losses	163,646	109,541	117,727
	<b>D. Operating Profit (C-3.8)</b>	<b>62,402</b>	<b>37,645</b>	<b>70,617</b>
3.9	Non Operating Income / Expenses (Net)	-	-	(48,350.83)
3.10	Write Back of Provision for Possible Loss	-	-	0,000
	<b>E. Profit from Regular Activities (D+3.9+3.10)</b>	<b>62,402</b>	<b>37,645</b>	<b>70,568</b>
3.11	Extraordinary Income/Expenses (Net)	-0,97	-	-
	<b>F. Profit Before Bonus and Taxes (E+3.11)</b>	<b>62,305</b>	<b>37,645</b>	<b>70,568</b>
3.12	Provision for Staff Bonus	5,664	3,422	6,415
3.13	Provision For Tax	16,992	10,267	20,208
	<b>G. Net Profit/ Loss (F-3.12-3.13)</b>	<b>39,649</b>	<b>23,956</b>	<b>43,945</b>
<b>4</b>	<b>Ratios</b>	<b>At the End of This Quarter</b>	<b>Previous Quarter Ending</b>	<b>At the End of Corresponding Previous Year Quarter</b>
4.1	Capital Fund to RWA	12.68 *	13.63 *	11.14 **
4.2	Non Performing Loan To Total Loan	3.14	4.84	4.62
4.3	Total Loan Loss Provision to Total NPL	138.36	85.40	76.94

\* Calculated as per BASEL II Capital adequacy Framework

\*\* Calculated as per BASEL I Capital adequacy Framework

## 2. Management Analysis

- a. There is a change in Bank's Reserve position, Income and liquidity. Reserves have increased through retention of profits, income has been increasing over the period and liquidity position is comfortable.
- b. The Bank has been following a prudent and conservative approach in its business plan and continues to follow it in order to protect the interests of all stakeholders.
- c. The Bank is able to grow substantially in its total assets position together with strengthening its capital base to increase its risk appetite.
- d. The Bank is going aggressively and in a planned way to increase its network through branch expansion. .
- e. The bank is able to increase its net interest income and at the same time efficient utilization of fund to increase its treasury income.
- f. Adequate safeguards for the possible risk of assets portfolio.

- g. Reduction in NPA Level. .
- h. There were no incidents which have a direct impact on the reserves, cash flow position of the Bank.

**3. Details relating to legal action**

- a. Case filed by the Bank during the quarter-  
**NIL**
- b. Cases relating to disobedience of prevailing law or commission of criminal offence filed by or against the Promoter or Director of the Bank.-  
**NIL**

**4. Analysis of Share transaction and progress of the Bank**

- a. Management view on share transaction of the Bank happened at securities market:  
*Price and transactions of the Bank are determined by the open market. So, the management has neutral view in this regard.*
- b. Maximum, minimum and last share price of the Bank including total transacted number of shares and transacted days during the quarter.

Maximum Price	Rs 609
Minimum Price	Rs 400
Last Price	Rs 480
Total Transactions	584 nos.
Transacted days	56 Days

**5. Problem and Challenges**

**Internal Problems**

- a. Effect of inflation on cost of operation.
- b. Retention of talented personnel in a competitive market.

**External Problems**

- a. Unstable political situation in the country
- b. Growing competition amongst Bank and Financial Institutions
- c. Long hours of power outage.
- d. Frequent strikes
- e. Effect of Global financial crisis to some extent.

## **Strategies**

- a. Use of Cost control and cost reduction measures.
- b. In house and outside trainings, regular promotions and uplifting job enrichment.
- c. Closely monitoring the effect of Global financial crisis, conservative approach for risky ventures.
- d. Introduction of new products and services, making the policy of diversification and effective management of risk.
- e. Use of possible alternative source of power

## **6. Corporate Governance**

Details relating to the steps taken by the Bank for strengthening Corporate Governance:

- a. The Board of Directors of the Bank is responsible and accountable to the shareholders. It ensures proper maintenance of the standards of Corporate Governance.
- b. The Audit Committee meetings are held frequently to review the internal and external audit reports, internal controls and compliance issues and provide suggestion to the Board. (Management)
- c. The Management committee meeting represented by all department heads and branch managers, Chaired by the CEO is the apex body managing the day to day operation of the Bank. It meets frequently for formulating strategic plans.
- d. A good communication is made with shareholders at Annual General Meeting.
- e. The ultimate responsibility of effective Risk Management rests with the Board supported by Audit Committee, Credit Committee, Assets and Liabilities Committee.