

Disclosure under Basel III
Machhapuchhre Bank Limited
As at 2nd Quarter End (Poush) 2075 -76

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	1,114.12
e	Retained Earnings	2.19
f	Un-audited current year cumulative profit	803.67
g	Capital Redemption Reserve	0.00
h	Capital Adjustment Reserve	0.00
i	Dividend Equalization Reserve	0.00
j	Other Free Reserve	0.00
k	Less : Goodwill	0.00
l	Less: Intangible Assets	46.68
m	Less :Deferred Tax Assets	0.00
n	Less : Fictitious Assets	2.46
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	37.07
Total Tier 1 Capital		9,900.47

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	Stock Premium	0.00
e	General Loan Loss Provision	739.43
f	Exchange Equalization Reserve	10.72
g	Investment Adjustment Reserve	15.00
h	Assets Revaluation Reserve	0.00
i	Other Reserves	0.00
Total Tier 2 Capital		765.15

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	46.68
b	Deferred Tax Assets	0.00
c	Miscellaneous Expenditure not written off	2.46
d	Investment in equity of institutions with Financial interests	15.00
e	Purchase of Land & building in excess of limit and unutilized	4.88
f	Other Deduction	37.07
Total		106.08

4. Total qualifying capital

NPR(In Million)

Particulars		Amount
a	Core Capital (Tier 1)	9,900.47
b	Supplementary Capital (Tier 2)	765.15
Total Capital Fund		10,665.62

5. Capital adequacy ratio

12.83%

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	76,458.27
b	Risk Weighted Exposure for Operational Risk	4,316.84
c	Risk Weighted Exposure for Market Risk	57.01
Add RWE equivalent to reciprocal of capital charge of 2 % of gross income.		681.30
Add: 2% of the total RWE add by Supervisory Review		1,616.64
Total Risk Weighted Exposures		83,130.07

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	2,511.77
4	Claims on corporate and securities firm	31,360.72
5	Claims on regulatory retail portfolio	26,813.09
6	Claim secured by residential properties	3,909.51
7	Claims secured by commercial real state	1,388.16
8	Past due Claims	918.77
9	High risk claims	1,766.53
10	Other Assets	2,923.75
11	Off Balance sheet Items	4,865.97
Total		76,458.27

8. Total risk weighted exposure calculation table

NPR(In Million)

S.N.	Particulars	Amount
1	Total Risk Weighted Exposure	83,130.07
2	Total Core Capital Fund (Tier 1)	9,900.47
3	Total Capital Fund (Tier 1 & Tier 2)	10,665.62
4	Total Core Capital to Total Risk Weighted Exposures	11.91%
5	Total Capital to Total Risk Weighted Exposures	12.83%

9. Amount of NPAs (both Gross and Net)

NPR(In Million)

S.N.	Loan Classification	Gross Amount	Provision	Net Amount
1	Restructured Loan	2.31	0.29	2.02
2	Substandard Loan	124.73	31.18	93.55
3	Doubtful Loan	72.76	36.38	36.38
4	Loss Loan	126.11	126.11	0.00
Total		325.92	193.96	131.96

10. NPA Ratios

Gross NPA to Gross Loans and Advances	0.44%
Net NPA to Net Loans and Advances	0.18%

11. Movement of NPA

S. N	Loan Classification	This Quarter	Previous Quarter	Change (%)
1	Restructured Loan	2.31	2.34	-1.19%
2	Sub-standard Loan	124.73	169.67	-26.48%
3	Doubtful Loan	72.76	66.80	8.92%
4	Loss Loan	126.11	98.15	28.49%
	Total	325.92	336.96	-3.28%

NPA Decreased (in million) 11.05

12. Write off of loans & Interest suspense

NPR(In Million)

S.N.	Particulars	Amount
1	Write Off of Loans	13.88
2	Write Off of interest suspense	22.33
	Total	36.21

13. Movement in Loan loss provisions and interest suspense

NPR(In Million)

S.N.	Particulars	This quarter	Previous Quarter	Change (%)
1	Loan Loss provision	963.68	909.82	5.92%
2	Interest Suspense	0.00	0.00	0.00%

14. Detail of additional Loan Loss provision

NPR(In Million)

S.N.	Loan Loss provision	This quarter	Previous Quarter	Change
1	Pass loan	739.43	700.76	38.67
2	Watchlist	30.29	34.80	-4.51
2	Restructured Loan	0.29	0.29	0.00
3	Substandard Loan	31.18	42.42	-11.23
4	Doubtful Loan	36.38	33.40	2.98
5	Loss Loan	126.11	98.15	27.96
	Total	963.68	909.82	53.86

15. Segregation of investment portfolio

NPR(In Million)

S.N.	Particulars	Gross Amount
1	Held For Trading	Nil
2	Held To Maturity:	13,159.18
2.1	Investment in treasury bills	1,350.92
2.2	Investment in Govt. bonds	6,671.90
2.3	Investment in Other bonds	0.00
2.4	Investment others	5,136.36
3	Available For Sale:	133.59
3.1	Investment in equity	133.59