

**Disclosure under Basel III**  
**Machhapuchchhre Bank Limited**  
**As at 1st Quarter End (Ashwin) 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	1,117.85
e	Retained Earnings	954.70
f	Un-audited current year cumulative profit	386.99
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	46.68
m	Less :Deferred Tax Assets	18.63
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	0.00
<b>Total Tier 1 Capital</b>		<b>10,477.10</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	Stock Premium	0.00
e	General Loan Loss Provision	700.76
f	Exchange Equalization Reserve	10.72
g	Investment Adjustment Reserve	15.00
h	Assets Revaluation Reserve	0.00
i	Other Reserves	0.00
<b>Total Tier 2 Capital</b>		<b>726.47</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	46.68
b	Deferred Tax Assets	18.63
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
<b>Total</b>		<b>87.65</b>

4. Total qualifying capital

NPR(In Million)

Particulars		Amount
a	Core Capital (Tier 1)	10,477.10
b	Supplementary Capital (Tier 2)	726.47
<b>Total Capital Fund</b>		<b>11,203.57</b>

5. Capital adequacy ratio

14.36%

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	71,461.51
b	Risk Weighted Exposure for Operational Risk	4,324.12
c	Risk Weighted Exposure for Market Risk	30.09
Add RWE equivalent to reciprocal of capital charge of 2 % of gross income.		678.20
Add: 2% of the total RWE add by Supervisory Review		1,516.31
<b>Total Risk Weighted Exposures</b>		<b>78,010.24</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	1,823.38
4	Claims on corporate and securities firm	29,298.40
5	Claims on regulatory retail portfolio	25,319.44
6	Claim secured by residential properties	4,065.21
7	Claims secured by commercial real state	1,049.09
8	Past due Claims	918.62
9	High risk claims	2,180.85
10	Other Assets	2,182.77
11	Off Balance sheet Items	4,623.75
<b>Total</b>		<b>71,461.51</b>

8. Total risk weighted exposure calculation table

NPR(In Million)

S.N.	Particulars	Amount
1	Total Risk Weighted Exposure	78,010.24
2	Total Core Capital Fund (Tier 1)	10,477.10
3	Total Capital Fund (Tier 1 & Tier 2)	11,203.57
4	Total Core Capital to Total Risk Weighted Exposures	13.43%
5	Total Capital to Total Risk Weighted Exposures	14.36%

9. Amount of NPAs (both Gross and Net)

NPR(In Million)

S.N.	Loan Classification	Gross Amount	Provision	Net Amount
1	Restructured Loan	2.34	0.29	2.05
2	Substandard Loan	169.67	42.42	127.25
3	Doubtful Loan	66.80	33.40	33.40
4	Loss Loan	98.15	98.15	0.00
<b>Total</b>		<b>336.96</b>	<b>174.26</b>	<b>162.70</b>

10. NPA Ratios

Gross NPA to Gross Loans and Advances	0.47%
Net NPA to Net Loans and Advances	0.23%

11. Movement of NPA

S. N	Loan Classification	This Quarter	Previous Quarter	Change (%)
1	Restructured Loan	2.34	2.37	-1.20%
2	Sub-standard Loan	169.67	84.76	100.18%
3	Doubtful Loan	66.80	28.80	131.96%
4	Loss Loan	98.15	127.90	-23.26%
		<b>336.96</b>	<b>243.83</b>	<b>38.20%</b>

NPA Increased (in million) 93.13

12. Write off of loans & Interest suspense

NPR(In Million)

S.N.	Particulars	Amount
1	Write Off of Loans	9.08
2	Write Off of interest suspense	12.57
	<b>Total</b>	<b>21.64</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	909.82	817.62	<b>11.28%</b>
2	Interest Suspense	235.92	281.63	<b>-16.23%</b>

14. Detail of additional Loan Loss provision

NPR(In Million)

S.N.	Loan Loss provision	This quarter	Previous Quarter	Change
1	Pass loan	700.76	638.07	62.69
2	Watchlist	34.80	15.76	19.04
2	Restructured Loan	0.29	0.30	-0.01
3	Substandard Loan	42.42	21.19	21.23
4	Doubtful Loan	33.40	14.40	19.00
5	Loss Loan	98.15	127.90	-29.75
	<b>Total</b>	<b>909.82</b>	<b>817.62</b>	<b>92.20</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>13,271.73</b>
2.1	Investment in treasury bills	2,054.75
2.2	Investment in Govt. bonds	6,671.90
2.3	Investment in Other bonds	0.00
2.4	Investment others	4,545.08
3	<b>Available For Sale:</b>	<b>114.66</b>
3.1	Investment in equity	114.66