

**Disclosure under Basel III**  
**Machhapuchhre Bank Limited**  
**As at 3rd Quarter End (Chaitra) 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                            | 815.10          |
| 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  | 51.14           |
| m                           | Less :Deferred Tax Assets  | 18.63           |
| n                           | Less : Fictitious Assets   | 3.74            |
| 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>9,708.94</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                    | 635.96          |
| 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>662.20</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   | 51.14           |
| b            | Deferred Tax Assets   | 18.63           |
| c            | Miscellaneous Expenditure not written off                     | 3.74            |
| 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>93.38</b>    |

4. Total qualifying capital

NPR(In Million)

| Particulars               |                                | Amount           |
|---------------------------|--------------------------------|------------------|
| a                         | Core Capital (Tier 1)          | 9,708.94         |
| b                         | Supplementary Capital (Tier 2) | 662.20           |
| <b>Total Capital Fund</b> |                                | <b>10,371.14</b> |

5. Capital adequacy ratio

15.72%

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      | 59,897.92        |
| b  | Risk Weighted Exposure for Operational Risk | 3,488.74         |
| c  | Risk Weighted Exposure for Market Risk      | 76.40            |
| 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                         |   | 1,903.89         |
| <b>Total Risk Weighted Exposures</b>                                       |   | <b>65,955.35</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                         | 1,030.14                |
| 4            | Claims on corporate and securities firm | 33,733.42               |
| 5            | Claims on regulatory retail portfolio   | 12,512.73               |
| 6            | Claim secured by residential properties | 4,131.76                |
| 7            | Claims secured by commercial real state | 822.14                  |
| 8            | Past due Claims                         | 60.65                   |
| 9            | High risk claims                        | 2,712.01                |
| 10           | Other Assets                            | 1,952.32                |
| 11           | Off Balance sheet Items                 | 2,942.74                |
| <b>Total</b> |   | <b>59,897.92</b>        |

8. Total risk weighted exposure calculation table

NPR(In Million)

| S.N. | Particulars   | Amount    |
|------|---|-----------|
| 1    | Total Risk Weighted Exposure                        | 65,955.35 |
| 2    | Total Core Capital Fund (Tier 1)                    | 9,708.94  |
| 3    | Total Capital Fund (Tier 1 & Tier 2)                | 10,371.14 |
| 4    | Total Core Capital to Total Risk Weighted Exposures | 14.72%    |
| 5    | Total Capital to Total Risk Weighted Exposures      | 15.72%    |

9. Amount of NPAs (both Gross and Net)

NPR(In Million)

| S.N.         | Loan Classification | Gross Amount  | Provision     | Net Amount   |
|--------------|---------------------|---------------|---------------|--------------|
| 1            | Restructured Loan   | 2.40          | 0.30          | 2.10         |
| 2            | Substandard Loan    | 50.38         | 12.60         | 37.79        |
| 3            | Doubtful Loan       | 20.76         | 10.38         | 10.38        |
| 4            | Loss Loan           | 141.82        | 141.82        | 0.00         |
| <b>Total</b> |                     | <b>215.36</b> | <b>165.10</b> | <b>50.27</b> |

10. NPA Ratios

|                                       |       |
|---------------------------------------|-------|
| Gross NPA to Gross Loans and Advances | 0.35% |
| Net NPA to Net Loans and Advances     | 0.08% |

11. Movement of NPA

| S. N | Loan Classification | This Quarter | Previous Quarter | Change (%) |
|------|---------------------|--------------|------------------|------------|
|------|---------------------|--------------|------------------|------------|

|   |                   |        |        |         |
|---|-------------------|--------|--------|---------|
| 1 | Restructured Loan | 2.40   | 2.43   | -1.13%  |
| 2 | Sub-standard Loan | 50.38  | 37.51  | 34.32%  |
| 3 | Doubtful Loan     | 20.76  | 29.64  | -29.96% |
| 4 | Loss Loan         | 141.82 | 130.32 | 8.83%   |
|   |                   | 215.36 | 199.90 | 7.74%   |

NPA Decreased (in million) -15.46

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 | 801.06          | 777.78           | 2.99%      |
| 2    | Interest Suspense   | 252.46          | 215.01           | 17.42%     |

14. Detail of additional Loan Loss provision

|      |                     | NPR(In Million) |                  |              |
|------|---------------------|-----------------|------------------|--------------|
| S.N. | Loan Loss provision | This quarter    | Previous Quarter | Change       |
| 1    | Pass loan           | 615.95          | 595.73           | 20.22        |
| 2    | Watchlist           | 20.01           | 25.71            | -5.70        |
| 2    | Restructured Loan   | 0.30            | 1.82             | -1.52        |
| 3    | Substandard Loan    | 12.60           | 9.38             | 3.22         |
| 4    | Doubtful Loan       | 10.38           | 14.82            | -4.44        |
| 5    | Loss Loan           | 141.82          | 130.32           | 11.50        |
|      | <b>Total</b>        | <b>801.06</b>   | <b>777.78</b>    | <b>23.29</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>9,327.22</b> |  |
| 2.1  | Investment in treasury bills | 862.29          |  |
| 2.2  | Investment in Govt. bonds    | 6,671.90        |  |
| 2.3  | Investment in Other bonds    | 208.80          |  |
| 2.4  | Investment others            | 1,584.22        |  |
| 3    | <b>Available For Sale:</b>   | <b>127.75</b>   |  |
| 3.1  | Investment in equity         | 127.75          |  |