

**DISCLOSURE AS PER BASEL II:
As of Poush End 2065 (13 January 2009)**

1. Capital structure and capital adequacy

- **Tier 1 capital and a breakdown of its components;**

Particulars	NPR
Paid Up Capital	700,000,000
Statutory General Reserves	892,332
Retained Earnings	3,313,650
Un-audited current year cumulative profit	18,713,613
Core Capital	722,919,595

- **Tier 2 capital and a breakdown of its components;**

Particulars	NPR
General Loan Loss Provision	51,194,493
Exchange Equalization Reserves	255,676
Supplementary Capital	51,450,169

- **Detailed information about the Subordinated Term Debts with information on the outstanding amount, maturity, amount raised during the year and amount eligible to be reckoned as capital funds.**

- The bank does not have any Subordinated Term Debts

- **Deductions from capital;**

- There is no item to be deducted from capital.

- **Total qualifying capital;**

Particulars	NPR
Core Capital	722,919,595
Supplementary Capital	51,450,169
Total Qualifying Capital (Total Capital Fund)	774,369,763

- **Capital Adequacy Ratio;**

- 12.97%

- **Risk weighted exposures for Credit Risk, Market Risk and Operational Risk;**

Particulars	Amount in NPR
Risk weighted exposures for Credit Risk	5,788,657,329
Risk weighted exposures for Market Risk	61,665,235
Risk weighted exposures for Operational Risk	118,194,717
Total	5,968,517,281

- **Risk Weighted Exposures under each of 11 categories of Credit Risk;**

a) Claims on government & central bank	-
b) Claims on other official entities	-
c) Claims on banks	192,770,287
d) Claims on corporate & securities firms	2,806,076,273
e) Claims on regulatory retail portfolio	183,030,872
f) Claims secured by residential properties	114,913,031
g) Claims secured by commercial real state	1,568,864,878
h) Past due claims	-
i) High risk claims/Other Loans	456,572,081
j) Other assets	140,429,231
k) Off balance sheet items	326,000,676
Total	5,788,657,329

- **Total Risk Weighted Exposure calculation table;**

Particulars	Amount in NPR
Risk weighted exposures for Credit Risk	5,788,657,329
Risk weighted exposures for Market Risk	61,665,235
Risk weighted exposures for Operational Risk	118,194,717
Total Risk Weighted Exposure	5,968,517,281
Total Capital Fund	774,369,763
Total Capital to Total Risk Weighted Exposures	12.97%

- **Amount of NPAs (both Gross and Net)**

- Restructure/Reschedule Loan
 - Nil
- Substandard Loan
 - Nil
- Doubtful Loan
 - Nil
- Loss Loan
 - Nil

- **NPA ratios**

- Gross NPA to gross advances
 - Not Applicable

- Net NPA to net advances
 - Not Applicable

- **Movement of Non Performing Assets**

- Nil

- **Write off of Loans and Interest Suspense**

- Nil

- **Movements in Loan Loss Provisions and Interest Suspense**

	Last Quarter	This Quarter	Increase/ (Decrease)
Loan Loss Provision	41,156,430	51,194,492	10,038,062
Interest Suspense	3,495,088	2,014,600	(1,480,488)

Being a new bank, Bank of Asia Nepal Limited has all pass loans so far, for which 1% loan loss provision has been provided for. All settled loans during the year were also from pass loans. Similarly, all interest suspense include interest accrued but not due on all pass loans which has been and being settled in due course of business.

- **Details of additional Loan Loss Provisions**

All loans are pass loans. There has been no additional loan loss provision.

- **Segregation of Investment Portfolio into held for trading, Held to maturity and available for sale Category.**

- All investments of the bank fall under ‘Held to Maturity’ category. These investments have been made with the positive intent and ability to hold until maturity.

- **Summary of the bank’s internal approach to assess the adequacy of its capital to support current and future activities, if applicable;**

- Bank’s current capital is NPR 700M which will be increased to NPR 1 Billion after issuance of shares of NPR 300M to general public. As per the licensing condition of NRB, Bank is required to have paid up capital of NPR 2 billion by FYE 2066/2067.

Bank’s activities are weighed in terms of risk and return in light of capital requirement. Bank has established a culture whereby return on capital is justified in light of risk involved in each investing and operating activity. In order to assess the adequacy of capital, all major risks such as credit, credit concentration, operational, market, liquidity, reputational etc are identified, measured and reported on periodic basis. These are monitored by the Bank’s board and senior management in addition to internal control review periodically.

- **Summary of the terms, conditions and main features of all capital instruments, especially in case of subordinated term debts including hybrid capital instruments.**

- The bank has all free capital without any terms and conditions associated with the capital.