

# Ahead



Vol. 1 – Issue 1

Civil Bank Quarterly Newsletter

## “Message from the CEO”

It is my pleasure to welcome all readers – stakeholders and well-wishers alike to this first edition of our quarterly Civil newsletter. Civil Bank successfully completed one year of operation and celebrated its first anniversary on November 26, 2011. With deposits surpassing the NPR 5 billion mark and lending rising steadily in tandem with deposits, the Bank is well on its way to achieving its objectives and goals.

Our reputation is our most treasured asset and marks the foundation of our institution. We will continue to improve the Bank’s reputation by exceeding customer’s expectations and striving towards perfection in terms of customer services. We eagerly try to understand the needs of customers and find solutions to problems and concerns. This is how we are building our niche position and constructing lasting relationships.



At a time of political and challenging economic conditions, it gives me immense pride to say that we have grown and expanded our network of branches to a total of eleven with further plans for expansion in the near future. Besides attracting deposits and having a diversified lending portfolio, I am also excited in the plans for implementing mobile banking technology to offer our banking services to the unbanked population in remote areas of the country. What’s also exciting is that we are implementing the latest and one of the most modern banking software for a faster and smoother working of processes within the Bank.

This one year has been a successful year for us thanks to the hard work and perseverance of committed and talented staff members. At a time when the general public has lost some trust and credibility in our country’s banks and financial institutions, and with the presence of intense competition; the years to follow may be even more challenging. Though this is the case, we must carry on and continue performing our level best. With a goal, mission, and vision to adhere to, it is critical we think forward and move forward in unison to carry the Bank to newer heights with a determination to make the institution the best of the best in the industry.

## NEWS

### Civil Bank Limited Opens 11 Branches

Civil Bank Limited inaugurated its 4 branches in Barhabise, Dhading Besi, Birgunj and Biratnagar. Recently, the Bank has inaugurated 6 additional branches in the areas of Arughat, Melamchi, Bhairahawa, Pokhara, New Road (Kathmandu), and Sundhara (Patan), taking the total number of branches of the Bank to 11 in a span of less than a year. The branches were inaugurated by chairman of the Bank, Er. Ichchha Raj Tamang. The branches are established with a view of increasing the financial/business activities in the area and providing modern facilities or services to Small to Medium Enterprises (SMEs), agro-based businesses and retail customers.

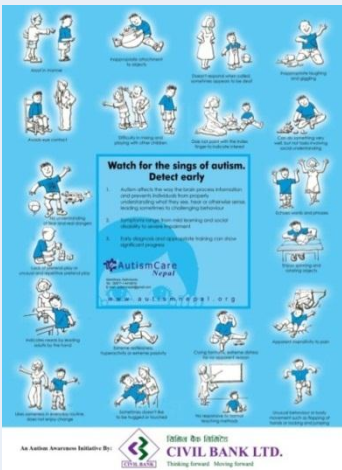


## Civil Bank Insures Deposits



Civil Bank entered into an agreement with Deposit Insurance and Credit Guarantee Corporation (DCGC). Customers of the Bank are now insured for up to NPR 200,000 on savings and fixed deposits. The agreement was signed by the Head of Risk Department, Mr. Suman Acharya and Mr. Bhola Prasad Sharma Adhikari on behalf of DCGC. The purpose of the insurance is to instill a sense of security and confidence with depositors of the Bank towards the institution besides the having the requirement to comply with the directive of the central bank. The Bank is only among a handful among commercial banks to have signed such an agreement.

## EVENTS/CORPORATE SOCIAL RESPONSIBILITY/SPONSORSHIPS



### Support to Autism Care Nepal

As part of Civil Bank's Corporate Social Responsibility, the Bank lent its support to Autism Care Nepal for production of pamphlets.

Autism Care Nepal is a non-profit organization that was found on 2<sup>nd</sup> April 2008 to support and provide information to parents that having children with Autism. Autism as such is defined as a 'lifelong development disability characterized by marked difficulties in social interaction, impaired communication, and restricted and repetitive interests and behaviors.' Presently there are no known cures for Autism. The Bank contributed towards the cause to raise awareness about the 'disability'. The printed posters (sample picture on the left) were printed in both English and Nepali languages and were to be distributed to parents residing within and outside the Kathmandu valley.

### Soaltee Crowne Plaza Super Sixes 2011

Civil Bank participated in the 'Soaltee Crown Plaza Super Sixes 2011' cricket tournament. The event was held from October 16, 2011 to October 22<sup>nd</sup>, 2011 at the Tribhuvan University Grounds in Kirtipur. A total of 32 teams participated in the event. The team from Civil Bank persevered to win several matches against tough opponents even though the team didn't go all the way to win the first prize. The team comprised of Mr. Bhola Bahadur Bista (Captain), Mr. Prasadha Raj Aryal, Mr. Paras Raj Kandel, Mr. Abin Raj Shrestha, Mr. Yugal Raj Aryal, Mr. Nishes K.C., and Mr. Raj Shrestha. The team manager was Mr. Suraj Shahi, and the coordinator for the event was Mr. Abhijeet Shrestha.



### SAARC Business Leaders Conclave (SBLC)

Civil Bank co-sponsored the 4<sup>th</sup> SBLC with the primary objective of creating synergies for regional integration and cooperation through effective networking of the business community. The event witnessed high profile business persons, government representatives, development partners, academia and delegates from member states. The event was organized by SAARC Chamber of Commerce and Industry in collaboration with Federation of Nepalese Chamber of Commerce and Industry under the theme 'Regional Peace and Prosperity through Regional Connectivity.' The Bank was the 'Bronze' sponsor of the event.

## Money Expo 2011



Civil Bank participated in the Money Expo 2011 held on September 12<sup>th</sup>, 2011 to 14<sup>th</sup> September, 2011. The event was organized by Jamb Technologies in association with Morningstar Investment Services Pvt. Ltd. and Minds Nepal Pvt. Ltd., and took place at the Army Officers Club, Bhadrakali, Sundhara, Kathmandu. The objective of the event was to provide financial institutions with a platform to meet customers and enable one-on-one interaction with them to inform them of the importance of strategic financial planning and the benefits of investment. The Bank set up two stalls at the event branding them with the corporate logo and colour. The event witnessed the presence of the nation's top experts in the financial sector, and other well-known dignitaries.

### Support for “Sumadhur Sangeetik Prastuti 2068”

‘Sumadhur Sangeetik Prastuti 2068’ served as a platform for especially abled artists to showcase their talents and abilities and supported the opportunity deprived children. The Bank supported the event by contributing a financial sum. The event was held at the Russian Cultural Center in Kamalpokhari.

### Walkathon and Health Camp

Rotaract Club of Dillibazar, Kathmandu organized a Walkathon followed by a health camp with a theme “Sound Health-My First Priority” and slogan “I walk every day to remain healthy and would you company me”. Civil Bank supported the event as a part of its Corporate Social Responsibility. The Walkathon was followed by a health camp with free Checkup for blood sugar levels, blood pressure and distribution of medicines for the participants for free.

## Civil Bank Human Resource

Human Resource (HR) Department today is considered to be one of the vital pillars of any institution. The Bank's HR Department has played a commendable role in the selection and recruitment of talented and qualified personnel for its smooth functioning. Within a short span of less than a year the strength of the staff of the Bank has grown to around 200, and with plans for further expansion in terms of branches, this number is set to go even higher.

The implementation of the latest HR software ‘Endeavour’ has brought about a discreet level of efficiency in the Bank's system and processes. Routine functions of HR that would otherwise consume much of the institution's resources (such as attendance and applying/approval for leaves); have gone into the virtual world in its entirety through the use of the software thereby saving time and paperwork for the Bank.

The HR Department in coordination and conjunction with other departments of the Bank has been providing rigorous

### Moto Madness

The Bank sponsored a motorbike stunt reality show that aired on ‘Terai’ Television (TTV). In the show, young Nepalese stunt bikers from different parts of the country were selected for the show to compete for the title of “Best Stunt Man”. Additionally, the show also provided a platform for girls who were selected as group leaders and assisted stunt men in their performance as well as overall management of their respective teams. The best stunt assistant was crowned “Motor Diva”.

trainings at least twice a week to new and existing staff of the Bank. Trainings include those that are ad-hoc (as per the requirement of a particular department) apart from the already scheduled ones. The trainings conducted are mostly in-house while some are also outsourced to a third party and are focused on clarifying reservations on topics ranging from directives issued by the central bank, to legal/compliance, AML (Anti-Money Laundering), risk, and credit among others. These trainings are considered to be vitally important for the proper functioning of the Bank and are expected to be an on-going process.

The Bank believes in maintaining a diversified work culture. With a strong leadership and carefully chosen staff from varied backgrounds, castes and ethnicities, the culture at the Bank is well on its way of becoming one that conforms to the vision, mission, and objectives set by the Bank. The culture at Civil Bank will be a powerful driver for attaining set goals and having a distinct edge over her contemporaries.

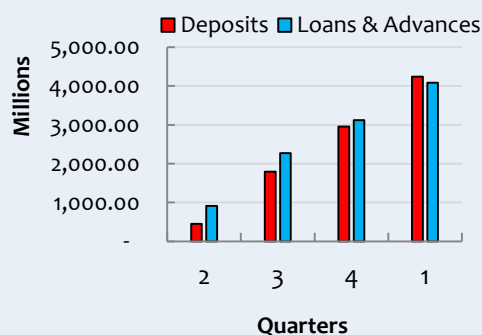
# Civil Bank Financial Highlights

## Growth Indicators & Major Ratios

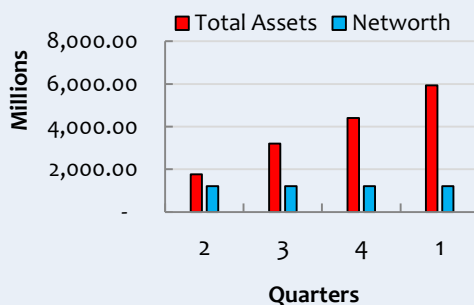
Ratio	As of 1 <sup>st</sup> Quarter, 2068/069
Capital Adequacy Ratio (CAR)	17.04%
CD Ratio (as per NRB)	72.68%
Cost of Funds	10.85%
NPL to Loan	0.00%
Net Interest Spread	2.58%
Return on Equity (ROE)	2.06%
Return on Total Assets (ROA)	0.42%
Average Yield (Loans + Investments)	13.43%

Growth Indicator	Growth	This Quarter (in '000 of NPR)	Last Quarter (in '000 of NPR)
Growth in Total Deposits	43.53%	4,237,524.78	2,952,328.00
Growth in Loans & Advances	30.69%	4,082,207.32	3,123,607.00
Growth in Total Assets	34.50%	5,933,719.35	4,411,847.00
Growth in Net-Worth	0.57%	1,213,822.53	1,206,922.00

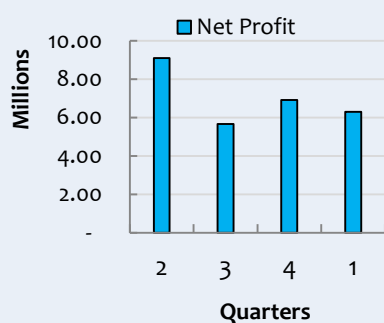
Compared to the previous quarter, as of the end of the 1<sup>st</sup> quarter of 2068/069, total deposits grew by approximately 43.5% from NPR 2,952 million to NPR 4,237 million and loans & advances grew by 30.7% from NPR 3,123 million to 4,082 million during the same period. While total assets grew by 34.50% from NPR 4,411 million to NPR 5,933 million in the period indicated above, Net-Worth of the Bank grew by 0.57%.



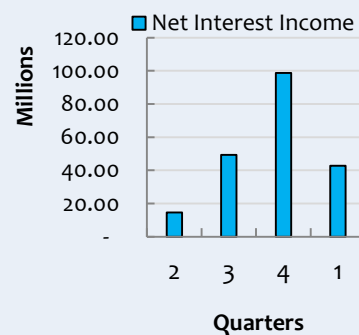
Meanwhile, the Non-performing loans (NPL) ratio reflect the amount of loans that have gone bad. These are loans that the financial institutions have been unable to recover during a stipulated time, especially those exceeding 90 days of the predetermined period. The non-performing loans to total loans is of Civil Bank is 0%, an indication that the Bank has good quality of credit. The higher the NPL ratio, the more vulnerable is the financial institution.



The CAR of the Bank as of the end of the 1<sup>st</sup> quarter 2068/069 was 17.04%. CAR is a ratio that measures the Bank's capital as a percentage of its risk weighted exposures. Nepal Rastra Bank (NRB) has set the CAR at a minimum of 10% for all commercial banks. The Bank's figures as can be seen are well above the requirement of the central bank.



The net interest spread is shown to be at 2.58%. The net interest spread indicates the profit margin for a bank. A spread is the difference between the income received from its lending activities and expenses made to pay for borrowings. The higher the spread the greater the profit for banks. Due to tight lending scenario and excess of liquidity in the markets, the spread of commercial banks in general have been low.



The Credit to Deposit ratio or CD ratio of the Bank is at 72.68%. NRB's requires the ratio to be no more than 80%. CD ratio indicates the health of a bank in terms of demand for credit in proportion to total deposit growth. A declining CD ratio implies that a bank is flush with funds without any corresponding demand for credit.

As shown in the table above, the cost of fund for the indicated period above is around 10.85%. This is the interest rate paid by financial institutions for the funds that they

Return on Equity (ROE) ratio of the Bank stood at 2.06% as of the end of the 1<sup>st</sup> quarter 2068/069, while Return on Assets (ROA) and average yield stood at 0.42% and 13.43% respectively. ROE is the amount of net income returned as a percentage of shareholder's equity and measures a company's profitability by revealing how much profit a company generates with the money shareholders have invested. ROA is an indicator of how profitable a company is relative to its total assets. The

ratio gives an idea as to how efficient management is at using their assets to generate earnings. A higher ROA and ROE are preferable in a business. The average yield for the Bank in the

period indicated above was 13.43%. The average yield has been calculated taking the interest on loans and investments earned by the Bank.

## Civil Bank Interest Rates

### Deposit Rates

	Type of Deposit (LCY)	Minimum Balance	% Per Annum
<b>SAVINGS ACCOUNTS</b>	Civil Bank Mero Bachat Khata	Nil	9.00%
	Civil Bank Kishor Bachat Khata	NPR 1,000	9.25%
	Civil Bank Nari Bachat Khata	NPR 1,000	9.25%
	Civil Bank Ama Buwa Bachat Khata	NPR 10,000	10.25%
	Civil Bank Silver Saving Account	NPR 10,000	10.00%
	Civil Bank Gold Saving Account	NPR 50,000	11.00%
	Civil Bank Sansthapak Bachat Khata	NPR 50,000	11.00%
<b>FIXED DEPOSITS</b>	Civil Bank Self Loading Fixed Deposit		
	Saving Component	NPR 10,000	10.00%
	Fixed Component	NPR 100,000	12.00%
	Civil Bank Bonanza Fixed Deposit	NPR 100,000	12.00%
	Civil Bank Ama Buwa Muddhati Account	NPR 100,000	12.00%
	Civil Bank Utkrista Muddhati Khata:		
	2 months and above	NPR 10,000	12.00%
	Civil Bank Fixed Deposit	NPR 10,000	
	15 days		9.00%
30 days		10.00%	
45 days		11.00%	
<b>CURRENT CALL ACCOUNT</b>	Civil Bank Loyalty Call Account	NPR 1,000,000	11.50%

### Lending Rates\*

Type of Loan	Prime Category (% p.a.)	Others (% p.a.)
Demand Loan	14.50%	16.50%
Export Finance	14.00%	15.00%
Overdraft	15.50%	17.00%
Term Loan	16.00%	17.50%
Short Term Pledge Loan	15.00%	16.50%
Importer's Loan	14.50%	16.50%
Deprived Sector Loan	13.00%	-
Land Development Loan	18.00%	-
Housing Development Loan	16.00%	-
Margin Lending (against ordinary Shares of acceptable companies)	18.00%	-
Other Loans	18.00%	-



Type of Loan	% p.a.
<b>Civil Bank Home Loan (HL)</b>	
i. Upto 5 years	15.00%
ii. Upto 10 years	15.50%
iii. Upto 15 years	16.00%
iv. Upto 20 years	16.50%
v. Upto 25 years	17.00%
NOTE: For HL < 8.0 Million, 0.25% Rebate in Interest Rate	
<b>Civil Bank Hire Purchase Loan</b>	
i. Consumer Vehicle	16.00%
ii. Commercial Vehicle	18.00%
iii. Heavy Equipment	18.00%
iv. Other Equipment	16.00%
<b>Civil Bank Personal Mortgage Loan</b>	
i. Up to NPR 5 million	16.50%
ii. Above NPR 5 million	18.00%
<b>Civil Bank SME Loan</b>	
i. Term Loan	16.50%
ii. Working Capital Loan	15.50%
Loan against Bank Guarantee ( ECAI )	Rated Bank: 14.50 %
Loan against Government Bonds	14.00%
Loan against Civil FD	Plus 3.00 % (min. 13.00 %)
Loan against USD Deposits	13.00%
*Conditions Apply	
<b>Bills under Import LC</b>	
· Upto 15 days	TR Rate + 3.00%
· After 15 days	TR Rate + 6.00%
Penalty Interest	Plus 3.00 %
Current Account Debit Balance (Maximum Rate)	23.00%

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Biratnagar: 021-441041/42, Birgunj: 051-529943/59, Bahrabise: 011-489283, Dhadingbesi: 010-521068

## BRANCH LOCATIONS

### Head Office/Main Branch

Address: Classic Complex, Tindhara Road, Kamaladi, Kathmandu-31

Phone (P): 4169040, 4169030

Fax (F): 4169038

Barhabise, Sindhupalchok P: 011-489283 / F: 011-489283	Dhading Besi, Dhading P: 010-521068 / F: 010-521069	Birgunj Branch, Parsa P: 051-529943 / F: 051-529746	Biratnagar, Morang P: 021-441041 / Fax: 021-441043
New Road, Kathmandu P: 01-4232291	Arughat, Gorkha P: 061-622688	Pokhara, Kaski P: 061-539767	Patan (Sundhara) P: 01-5548682
Melamchi, Sindhupalchok P: 9751042305	Bhairahawa, Rupendehi P: 071-521161 / F: 071-521160		