

Civil Bank Limited
Disclosure under BASEL II
Ashwin End 2072

1. Capital Structure and Capital Adequacy:

(A) Tier 1 Capital and Its Breakdown:

	<i>Amount '000s</i>
Core Capital (Tier 1)	Amount in NPR
Paid up Equity Share Capital	2,887,849
Share Premium	1,077
Statutory General Reserves	179,056
Retained Earnings	226,745
Current Year Profit/Loss	58,752
Capital Adjustment Reserves	301
Less: Deferred Tax Assets	3,171
Total Core Capital	3,356,952

(B) Tier 2 Capital and Its Breakdown:

	<i>Amount '000s</i>
Supplementary Capital (Tier 2)	Amount in NPR
General loan loss provision	267,603
Exchange Equalization Reserve	9,276
Investment Adjustment Reserve	1,580
Total Supplementary Capital	278,460

(C) Detail of Subordinated Term Debts:

There is no Subordinated Term Debts as of Ashadh End 2072

(D) Deductions from Core Capital:

Adjustments under Pillar II	Amount in NPR
SRP 6.4a(2) Loans & Facilities extended to related parties and restricted lending	230
Total	230

(E) Total Qualifying Capital:

	<i>Amount '000s</i>
Particulars	Amount in NPR
Core Capital (Tier 1)	3,350,380
Supplementary Capital (Tier 2)	278,460
Total Qualifying Capital	3,628,840

(F) Capital Adequacy Ratio:

Particulars	Percentage of Total RWE
Capital Adequacy Ratio – Core Capital	11.94%
Capital Adequacy Ratio – Capital Fund	12.93%

2. Risk Exposures :

(G) Risk Weighted Exposures for Credit Risk, Market Risk and Operational Risk

	<i>Amount '000s</i>
Risk Weighted Exposures	Current Year
Risk Weighted Exposure for Credit Risk	25,959,029
Risk Weighted Exposure for Operational Risk	1,294,228
Risk Weighted Exposure for Market Risk	35,151
<i>Adjustments under Pillar II</i>	
Add : Additional Risk Weight as per Capital Adequacy Framework 6.4 a 5	
Add : Additional Risk Weight as per Capital Adequacy Framework 6.4 a 7	226,200
Add : Additional Risk Weight as per Capital Adequacy Framework 6.4 a 9	545,768
Add : 3% of the Total RWE due to non-compliance to Disclosure (6.4 a 10)	
Add : ...% of the total deposits due to insufficient Liquid Assets (6.4 a 6)	
Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)	28,060,376

(H) Risk Weighted Exposure under each of 11 categories of Credit Risk

	<i>Amount '000s</i>
Category of Credit Risk	Risk Exposure in NPR
Claims on Government and Central Bank	632,575
Claims on other Official Entities	-
Claims on Banks	698,606
Claims on Corporate and Securities Firms	15,256,347
Claims on Regulatory Retail Portfolio (Not Overdue)	2,589,278
Claims fulfilling all criterion of regulatory retail except granularity	7,216
Claims secured by Residential Properties	630,844
Claims secured by residential properties (Overdue)	26,190
Claims secured by Commercial Real Estate	560,019
Past Due Claims	1,461,746
High Risk Claims	1300,154
Investments in equity and other capital instruments of institutions not listed in the stock exchange	12,380
Staff Loan Secured by Residential Property	57,870
Cash in transit and other cash items in the process of collection	-
Other Assets	578,022
Off Balance Sheet Items	2,147,784
Total Credit Risk Exposure	25,959,031

(I) Total Risk Weighted Exposure Calculation Table:
Risk Exposure Calculation for Credit Risk

A. Balance Sheet Exposures	Gross Book Value (a)	Specific Provision (b)	Eligible CRM (c)	Net Value (d=a-b-c)	Risk Weight (e)	<i>Amount '000s</i>
						Risk Weighted Exposures (f=d*e)
Cash Balance	557,051	-	-	557,051.17	0%	-
Balance With Nepal Rastra Bank	2,430,834	-	-	2,430,833.65	0%	-
Gold	-	-	-	-	0%	-
Investment in Nepalese Government Securities	2,589,906	-	-	2,589,905.90	0%	-
All Claims on Government of Nepal	-	-	-	-	0%	-
Investment in Nepal Rastra Bank securities	-	-	-	-	0%	-
All claims on Nepal Rastra Bank	-	-	-	-	0%	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-	-	-	-	0%	-
Claims on Foreign Government and Central Bank (ECA -2)	-	-	-	-	20%	-
Claims on Foreign Government and Central Bank (ECA -3)	-	-	-	-	50%	-
Claims on Foreign Government and Central Bank (ECA-4-6)	-	-	-	-	100%	-
Claims on Foreign Government and Central Bank (ECA -7)	-	-	-	-	150%	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework	-	-	-	-	0%	-
Claims on Other Multilateral Development Banks	-	-	-	-	100%	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	20%	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	50%	-
Claims on Public Sector Entity (ECA 3-6)	632,575	-	-	632,574.76	100%	632,574.76
Claims on Public Sector Entity (ECA 7)	-	-	-	-	150%	-
Claims on domestic banks that meet capital adequacy requirements	779,048	-	-	779,047.83	20%	155,809.57
Claims on domestic banks that do not meet capital adequacy requirements	163,975	3,347	-	160,628.65	100%	160,628.65
Claims on foreign bank (ECA Rating 0-1)	374,128	-	-	374,127.62	20%	74,825.52
Claims on foreign bank (ECA Rating 2)	594,868	-	-	594,868.16	50%	297,434.08
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	100%	-
Claims on foreign bank (ECA Rating 7)	-	-	-	-	150%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	49,538	-	-	49,538.42	20%	9,907.68
Claims on Domestic Corporates	15,285,252	-	28,905.50	15,256,346.61	100%	15,256,346.61
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	20%	-

Claims on Foreign Corporates (ECA 2)	-	-	-	-	50%	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	100%	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	150%	-
Regulatory Retail Portfolio (Not Overdue)	3,452,371	-	-	3,452,370.89	75%	2,589,278.17
Claims fulfilling all criterion of regularity retail except granularity	7,216	-	-	7,215.90	100%	7,215.90
Claims secured by residential properties	1,051,407	-	-	1,051,406.55	60%	630,843.93
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	33,067	6,877	-	26,189.54	100%	26,189.54
Claims secured by Commercial real estate	560,019	-	-	560,018.57	100%	560,018.57
Past due claims (except for claims secured by residential properties)	1,331,776	357,279	-	974,497.01	150%	1,461,745.52
High Risk claims	1,066,291	10,532	188,989.89	866,769.22	150%	1,300,153.82
Investments in equity and other capital instruments of institutions listed in stock exchange	-	-	-	-	100%	-
Investments in equity and other capital instruments of institutions not listed in the stock exchange	8,554	300	-	8,253.60	150%	12,380.40
Staff loan secured by residential property	96,450	-	-	96,450.00	60%	57,870.00
Interest Receivable/claim on government securities	6,003	-	-	6,003.39	0%	-
Cash in transit and other cash items in the process of collection	-	-	-	-	20%	-
Other Assets (as per attachment)	884,269.05	306,246.90	-	578,022.15	100%	578,022.15
TOTAL (A)	31,954,597	684,582	217,895	31,052,120		23,811,245

B. Off Balance Sheet Exposures	Gross Book Value (a)	Specific Provision (b)	Eligible CRM (c)	Net Value (d=a-b-c)	Risk Weight	Risk Weighted
Revocable Commitments				-	0%	-
Bills Under Collection	220,360.92			220,360.92	0%	-
Forward Exchange Contract Liabilities	196,451.41		-	196,451.41	10%	19,645.14
LC Commitments With Original Maturity Up to 6 months domestic counterparty	801,132.68		59,931.39	741,201.28	20%	148,240.26
Foreign counterparty (ECA Rating 0-1)	-		-	-	20%	-
Foreign counterparty (ECA Rating 2)	-		-	-	50%	-
Foreign counterparty (ECA Rating 3-6)	-		-	-	100%	-
Foreign counterparty (ECA Rating 7)	-		-	-	150%	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	817,797.59		2,558.00	815,239.59	50%	407,619.79
Foreign counterparty (ECA Rating 0-1)	-		-	-	20%	-
Foreign counterparty (ECA Rating 2)	-		-	-	50%	-
Foreign counterparty (ECA Rating 3-6)	-		-	-	100%	-
Foreign counterparty (ECA Rating 7)	-		-	-	150%	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	981,663.99		80,023.46	901,640.52	50%	450,820.26
Foreign counterparty (ECA Rating 0-1)	-		-	-	20%	-
Foreign counterparty (ECA Rating 2)	164,890.31		82,445.16	82,445.16	50%	41,222.58
Foreign counterparty (ECA Rating 3-6)	190,150.51		-	190,150.51	100%	190,150.51
Foreign counterparty (ECA Rating 7)	-		-	-	150%	-
Underwriting commitments	-		-	-	50%	-
Lending of Bank's Securities or Posting of Securities as collateral	-		-	-	100%	-
Repurchase Agreements, Assets sale with recourse	-		-	-	100%	-
Advance Payment Guarantee	589,345.28		49,957.63	539,387.65	100%	539,387.65
Financial Guarantee	-		-	-	100%	-
Acceptances and Endorsements	230,030.00		17,636.30	212,393.70	100%	212,393.70
Unpaid portion of Partly paid shares and Securities	-		-	-	100%	-
Irrevocable Credit commitments (short term)	678,875.22		-	678,875.22	20%	135,775.04
Irrevocable Credit commitments (long term)	5,059.14		-	5,059.14	50%	2,529.57

Claims on foreign bank incorporated in SAARC region operating with a buffer of	-	-	20%	-
Other Contingent Liabilities	-	-	100%	-
Unpaid Guarantee Claims	-	-	200%	-
TOTAL (B)	4,875,757	-	292,552	4,583,205
Total RWE for credit Risk Before Adjustment (A) +(B)	36,830,354	684,582	510,447	35,635,325
Adjustments under Pillar II				
Add: 10% of the loan and facilities in excess of Single Obligor Limits(6.4 a 3)	-	-	-	-
Add: 1% of the contract(sale) value in case of the sale of credit with recourse (6.4 a	-	-	-	-
Total RWE for Credit Risk after Bank's adjustments under Pillar II	36,830,354	684,582	510,447	35,635,325

25,959,031

Risk Exposure Calculation for Operational Risk

Particulars	<i>Amount '000s</i>		
	Year 1	Year 2	Year 3
Net Interest Income	440,301.61	612,776.22	851,611.47
Commission and Discount Income	33,825.15	55,005.66	54,545.84
Other Operating Income	53,305.68	64,588.74	67,976.95
Exchange Fluctuation Income	41,634.47	58,511.92	72,233.14
Additional/Deduction in Interest Suspense during the period	30,134.75	67,394.92	84,610.04
Gross income (a)	599,201.66	858,277.46	1,130,977.44
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a×b)]	89,880.25	128,741.62	169,646.62
Capital Requirement for operational risk (d) (average of c)	129,423		-
Risk Weight (reciprocal of capital requirement of 10%) in times (e)		10	
Equivalent Risk Weight Exposure [f=(d×e)]		1,294,228	

Risk Exposure Calculation for Market Risk

Currency	<i>Amount '000s</i>		
	Open Position (FCY)	Open Position (LCY)	Relevant Open Position
INR	33,285.29	53,281	53,281
USD	(75.06)	(7,799)	7,799
GBP	2.85	457	457
EUR	8.61	1,015	1,015
THB	4.14	12	12
CHF	3.05	333	333
AUD	2.86	216	216
CAD	11.73	947	947
SGD	0.36	27	27
JPY	6,091.87	5,335	5,335
HKD	3.18	43	43
DKK	-	-	-
SEK	-	-	-
SAR	9.95	271	271
QAR	6.66	190	190
AED	1.97	55	55
MYR	3.03	75	75
KRW	-	-	-
CNY	7.06	116	116
KWD	0.38	131	131
Total Open position (a)			70,302
Fixed Percentage (b)			5.00%
Capital Charge for Market Risk [c=(axb)]			3,515
Risk weight (reciprocal of capital requirement of 10%) in times (d)			10.00
Equivalent Risk Weight Exposure [e=(cxd)]			35,151

(J) Amount of NPAs (Both Gross and Net)

<i>Amount '000s</i>	
Particulars	Amount in NPR
Gross NPA	613,345
Net NPA	241,283

(K) Classification of Loans:

<i>Amount '000s</i>	
Particulars	Amount in NPR
Restructure Loan	0.00
Substandard Loan	310,036
Doubtful Loan	17,511
Loss Loan	285,798
Watch List Loan	3,238,252
Pass Loan	20,283,821

(L) NPA Ratios

<i>Amount '000s</i>	
Particulars	Amount in NPR
Gross NPA	613,345
Total Loan and Advances	24,135,418
Gross NPA/Total Loan & Advances	2.54%
Net NPA	241,283
Net Loan and Advances	23,493,126
Net NPA/Net Loan & Advances	1.03%

(M) Movement of Non – Performing Assets

<i>Amount '000s</i>			
Particulars	Last Quarter	This Quarter	% Change
Non-Performing Loans	742,335	613,345	(17.38%)

(N) Write off of Loans and Interest Suspense

There are no Write off of Loans and Interest Suspense.

(O) Movement in Loan Loss Provisions and Interest Suspense

<i>Amount '000s</i>			
Particulars	Last Quarter	This Quarter	% Change
Loan Loss Provisions	629,285	642,292	2.07%
Interest Suspense	195,573	293,190	49.91%

(P) Details of Additional Loan Loss Provision

There is no Additional Loan Loss Provision.

(Q) Segregation of Investments Portfolio into Held for Trading, Held to Maturity and Available for Sale Category

<i>Amount '000s</i>	
Category	Amount in NPR
Held for Trading	-
Held to Maturity	3171,834
Available for Sale	8,553
Total Investments	3,180,387

(R) Summary of Bank's Internal approach to assess Capital Adequacy to support current and future activities:

The Bank has planned the business volume so as to maintain the Capital Adequacy Ratio (CAR) well above minimum required. The Bank's paid up capital has reached NPR 2.89 billion after issuing 7% stock dividend after the merger of with Axis Development Bank Ltd and Civil Merchant Bittiya Sanstha Ltd during the previous year 2070/71.

The Bank regularly assesses the Capital Adequacy Ratio as per the Internal Capital Adequacy Assessment Process (ICAAP) approved by the BOD. The Risk Management Committee, formed as per directives of Nepal Rastra Bank, also assesses the maximum risk appetite of the Bank to maintain adequate CAR.

(S) Summary of the terms, conditions and main features of all capital instruments, especially in the case of Subordinated Term Debts including hybrid capital instruments

There are no subordinated term debts and hybrid capital instruments as of Ashwin end 2072.