

Civil Bank Limited
Disclosure under BASEL II
Ashwin End 2070

1. **Capital Structure and Capital Adequacy:**

(A) **Tier 1 Capital and Its Breakdown:**

	<i>Amount '000sk</i>
Core Capital (Tier 1)	Amount in NPR
Paid up Equity Share Capital	2,000,000
Statutory General Reserves	5,680
Retained Earnings	143,876
Current Year Profit/Loss	12,466
Other Free Reserves	3,436
Total Core Capital	2,165,458

(B) **Tier 2 Capital and Its Breakdown:**

	<i>Amount '000s</i>
Supplementary Capital (Tier 2)	Amount in NPR
General loan loss provision	137,548
Exchange Equalization Reserve	107
Total Supplementary Capital	137,655

(C) **Detail of Subordinated Term Debts:**

There is no Subordinated Term Debts as of Ashwin End 2070

(D) **Deductions from Capital: NIL**

(E) **Total Qualifying Capital:**

	<i>Amount '000s</i>
Particulars	Amount in NPR
Core Capital (Tier 1)	2,165,458
Supplementary Capital (Tier 2)	137,655
Total Qualifying Capital	2,303,113

(F) **Capital Adequacy Ratio:**

	Percentage of Total RWE
Capital Adequacy Ratio – Core Capital	13.50%
Capital Adequacy Ratio – Capital Fund	14.36%

2. Risk Exposures :

(A) 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	15,085,454
Risk Weighted Exposure for Operational Risk	516,160
Risk Weighted Exposure for Market Risk	9,416
<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	119,700
Add : Additional Risk Weight as per Capital Adequacy Framework 6.4 a 9	312,220
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)	16,042,950

(B) 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	-
Claims on other Official Entities	-
Claims on Banks	396,390
Claims on Corporate and Securities Firms	10,231,331
Claims on Regulatory Retail Portfolio (Not Overdue)	405,660
Claims fulfilling all criterion of regulatory retail except granularity	231,466
Claims secured by Residential Properties	304,055
Claims secured by residential properties (Overdue)	1,455
Claims secured by Commercial Real Estate	1,287,005
Past Due Claims	31,301
High Risk Claims	900,483
Staff Loan Secured by Residential Property	38,490
Investments in equity and other capital instruments of institutions not listed in stock exchange	3,454
Cash in transit and other cash items in the process of collection	3,296
Other Assets	440,827
Off Balance Sheet Items	810,241
Total Credit Risk Exposure	15,085,454

(C) 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	374,482	-	-	374,482	0%	-
Balance With Nepal Rastra Bank	1,655,068	-	-	1,655,068	0%	-
Gold	-	-	-	-	0%	-
Investment in Nepalese Government Securities	1,432,504	-	-	1,432,504	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)	-	-	-	-	20%	-
Claims on Foreign Government and Central Bank (ECA -2)	-	-	-	-	50%	-
Claims on Foreign Government and Central Bank (ECA -3)	-	-	-	-	100%	-
Claims on Foreign Government and Central Bank (ECA-4-6)	-	-	-	-	150%	-
Claims on Foreign Government and Central Bank (ECA -7)	-	-	-	-	0%	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework	-	-	-	-	100%	-
Claims on Other Multilateral Development Banks	-	-	-	-	20%	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	50%	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	100%	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	150%	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	20%	-
Claims on domestic banks that meet capital adequacy requirements	373,711	-	-	373,711	100%	74.74
Claims on domestic banks that do not meet capital adequacy requirements	132,094	-	-	132,094	20%	132.09
Claims on foreign bank (ECA Rating 0-1)	509,156	-	-	509,156	50%	101.83
Claims on foreign bank (ECA Rating 2)	-	-	-	-	100%	-
Claims on foreign bank (ECA Rating 3-6)	60,436	-	-	60,436	150%	60.44
Claims on foreign bank (ECA Rating 7)	-	-	-	-	20%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1%	136,440	-	-	136,440	100%	27.29
Claims on Domestic Corporates	10,290,774	46,675	12,768	10,231,331	20%	10,231.33

Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	50%	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	100%	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	150%	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	75%	-
Regulatory Retail Portfolio (Not Overdue)	540,880	-	-	540,880	100%	405.66
Claims fulfilling all criterion of regularity retail except granularity	231,466	-	-	231,466	60%	231.47
Claims secured by residential properties	508,605	1,846	-	506,758	150%	304.05
Claims not fully secured by residential properties	-	-	-	-	100%	-
Claims secured by residential properties (Overdue)	1,816	362	-	1,455	100%	1.45
Claims secured by Commercial real estate	1,287,005	-	-	1,287,005	150%	1,287.00
Past due claims (except for claims secured by residential properties)	50,779	29,912	-	20,867	150%	31.30
High Risk claims	853,150	-	252,828	600,322	100%	900.48
Investments in equity and other capital instruments of institutions listed in stock exchange	-	-	-	-	150%	-
Investments in equity and other capital instruments of institutions not listed in the	2,303	-	-	2,303	60%	3.45
Staff loan secured by residential property	64,150	-	-	64,150	0%	38.49
Interest Receivable/claim on government securities	13,471	-	-	13,471	20%	-
Cash in transit and other cash items in the process of collection	16,483	-	-	16,483	100%	3.30
Other Assets (as per attachment)	509,287	68,460	-	440,827		440.83
TOTAL	19,044,057	147,255	265,596	18,631,206		14,275.21

B. Off Balance Sheet Exposures	Gross Book Value (a)	Specific Provision (b)	Eligible CRM (c)	Net Value (d=a-b-c)	Risk Weight (e)	Risk Weighted Exposures (f=d*e)
Revocable Commitments	-	-	-	-	0%	-
Bills Under Collection	-	-	-	-	0%	-
Forward Exchange Contract Liabilities	-	-	-	-	10%	-
LC Commitments With Original Maturity Up to 6 months domestic counterparty	927,721	-	57,494	870,227	20%	174,045
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	807,679	-	2,115	805,564	50%	402,782
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	-	-	49,385	-	50%	-
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%	-
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	-	-	33,122	-	100%	-
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsements	253,762	-	20,348	233,413	100%	233,413
Unpaid portion of Partly paid shares and Securities	-	-	-	-	-	-
Irrevocable Credit commitments (short term)	-	-	-	-	100%	-
Irrevocable Credit commitments (long term)	-	-	-	-	-	-
" Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement"	-	-	-	-	20%	-
Other Contingent Liabilities	-	-	-	-	100%	-
Unpaid Guarantee Claims	-	-	-	-	200%	-

TOTAL	1,989,162	-	162,464	1,909,204	810,241
Total RWE for credit Risk (A) +(B)	21,033,219	147,255	428,060	20,540,411	15,085,454
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 4)	-	-	-	-	-
Total RWE for credit Risk (After Bank's adjustments of Pillar II)	21,033,219	147,255	428,060	20,540,411	15,085,454

Risk Exposure Calculation for Operational Risk

Particulars	Amount '000s		
	Year 1	Year 2	Year 3
Net Interest Income	98,743	199,107	440,302
Commission and Discount Income	8,798	32,092	33,142
Other Operating Income	12,804	38,198	53,306
Exchange Fluctuation Income	4,092	27,222	41,634
Additional/Deduction in Interest Suspense during the period	578	12,168	30,135
Gross income (a)	125,015	308,788	598,519
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a×b)]	18,752	46,318	89,778
Capital Requirement for operational risk (d) (average of c)	51,616		-
Risk Weight (reciprocal of capital requirement of 10%) in times (e)	10		
Equivalent Risk Weight Exposure [f=(d×e)]	516,160		

Risk Exposure Calculation for Market Risk

currency	Amount '000s		
	Open Position (FCY)	Open Position (LCY)	Relevant Open Position
INR	(605)	(968)	968
USD	(26)	(2,594)	2,594
GBP	16	2,469	2,469
EUR	16	2,147	2,147
THB	4	13	13
CHF	38	4,173	4,173
AUD	17	1,617	1,617
CAD	4	394	394
SGD	2	141	141
JPY	2,106	2,104	2,104
HKD	-	-	-
DKK	-	-	-
SEK	-	-	-
SAR	55	1,417	1,417
QAR	6	160	160
AED	5	112	112
MYR	15	463	463
KRW	-	-	-
CNY	4	58	58
Total Open position (a)			18,832
Fixed Percentage (b)			5.00%
Capital Charge for Market Risk [c=(axb)]			942
Risk weight (reciprocal of capital requirement of 10%) in times (d)			10.00
Equivalent Risk Weight Exposure[e=(cx d)]			9,416

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

<i>Amount '000s</i>	
Particulars	Amount in NPR
Gross NPA	209,644.43
Net NPA	130,849.60

(E) Classification of Loans:

<i>Amount '000s</i>	
Particulars	Amount in NPR
Restructure Loan	0
Substandard Loan	150,109.53
Doubtful Loan	36,534.89
Bad Loan	23,000.00
Pass Loan	13,754,829.90
Total Loan	13,964,474.32

(F) NPA Ratios

<i>Amount '000s</i>	
Particulars	Amount in NPR
Gross NPA	209,644.43
Total Loan and Advances	13,964,474.32
Gross NPA/Total Loan & Advances	1.50%
Net NPA	130,849.60
Net Loan and Advances	13,748,131.19
Net NPA/Net Loan & Advances	0.95%

(G) Movement of Non – Performing Assets

<i>Amount '000s</i>			
Particulars	Last Quarter	This Quarter	% Change
Non-Performing Loans	62,658	209,644	234.58%

(H) Write off of Loans and Interest Suspense

There are no Write off of Loans and Interest Suspense.

(I) Movement in Loan Loss Provisions and Interest Suspense

<i>Amount '000s</i>			
Particulars	Last Quarter	This Quarter	% Change
Loan Loss Provisions	154,393	216,343	40.12%
Interest Suspense	42,881	68,459	59.64%

(J) Details of Additional Loan Loss Provision

There is no Additional Loan Loss Provision.

(K) 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	1,432,503.86
Available for Sale	2,302.60
Total Investments	1,434,806.46

(L) 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 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.