

Civil Bank Limited
Disclosure under BASEL II
Chaitra End 2070

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	2,000,000
Statutory General Reserves	29,945
Retained Earnings	214
Current Year Profit/Loss	119,193
Other Free Reserves	3,436
Total Core Capital	2,152,788

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

	<i>Amount '000s</i>
Supplementary Capital (Tier 2)	Amount in NPR
General loan loss provision	155,723
Exchange Equalization Reserve	4,566
Total Supplementary Capital	160,289

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

There is no Subordinated Term Debts as of Poush End 2070

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

(E) **Total Qualifying Capital:**

	<i>Amount '000s</i>
Particulars	Amount in NPR
Core Capital (Tier 1)	2,152,788
Supplementary Capital (Tier 2)	160,289
Total Qualifying Capital	2,313,077

(F) **Capital Adequacy Ratio:**

	Percentage of Total RWE
Capital Adequacy Ratio – Core Capital	11.06%
Capital Adequacy Ratio – Capital Fund	11.88%

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	18,429,797
Risk Weighted Exposure for Operational Risk	516,160
Risk Weighted Exposure for Market Risk	245,96
<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	379,411
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)	19,469,664

(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	415,509
Claims on Corporate and Securities Firms	11,402,772
Claims on Regulatory Retail Portfolio (Not Overdue)	818,252
Claims fulfilling all criterion of regulatory retail except granularity	5,250
Claims secured by Residential Properties	357,094
Claims secured by residential properties (Overdue)	-
Claims secured by Commercial Real Estate	1,102,807
Past Due Claims	643,829
High Risk Claims	805,307
Staff Loan Secured by Residential Property	49,950
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	6,864
Other Assets	516,644
Off Balance Sheet Items	2,302,065
Total Credit Risk Exposure	18,429,797

(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)	Amount '000s	
					Risk Weight (e)	Risk Weighted Exposures (f=d*e)
Cash Balance	286,377			286,377	0%	-
Balance With Nepal Rastra Bank	1,682,559			1,682,559	0%	-
Gold	1,094			1,094	0%	-
Investment in Nepalese Government Securities	1,495,295			1,495,295	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)			-	-	100%	-
Claims on Public Sector Entity (ECA 7)			-	-	150%	-
Claims on domestic banks that meet capital adequacy requirements	301,521		-	301,5201	20%	60,304
Claims on domestic banks that do not meet capital adequacy requirements	100,864		-	100,864	100%	100,864
Claims on foreign bank (ECA Rating 0-1)	882,014		-	882,014	20%	176,403
Claims on foreign bank (ECA Rating 2)	-		-	-	50%	-
Claims on foreign bank (ECA Rating 3-6)	70,514		-	70,514	100%	70,514
Claims on foreign bank (ECA Rating 7)	-		-	-	150%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1%	37,119		-	37,119	20%	7,424
Claims on Domestic Corporates	11,479,933	64,750	12,411	11,402,772	100%	11,402,772

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)	1,092,768	1,765	-	1,091,003	75%	818,252
Claims fulfilling all criterion of regularity retail except granularity	5,250		-	5,250	100%	5,250
Claims secured by residential properties	595,157		-	595,157	60%	357,094
Claims not fully secured by residential properties			-	-	150%	-
Claims secured by residential properties (Overdue)			-	-	100%	-
Claims secured by Commercial real estate	1,102,807		-	1,102,807	100%	1,102,807
Past due claims (except for claims secured by residential properties)	487,463	58,244	-	429,219	150%	643,829
High Risk claims	797,997	1,650	259,476	536,871	150%	805,307
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	2,303		-	2,303	150%	3,454
Staff loan secured by residential property	83,250			83,250	60%	49,950
Interest Receivable/claim on government securities	26,951			26,951	0%	-
Cash in transit and other cash items in the process of collection	34,320	-		34,320	20%	6,864
Other Assets (as per attachment)	604,216	87,572	-	516,644	100%	516,644
TOTAL (A)	21,169,771	213,981	271,887	20,683,902		16,127,732

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	89,891		-	89,891	10%	8,989
LC Commitments With Original Maturity Upto 6 months domestic counterparty	977,849		55,965	921,884	20%	184,377
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	784,152		-	784,152	50%	392,076
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	974,371		70,552	903,819	50%	451,910
Foreign counterparty (ECA Rating 0-1)	338,542		270,833	67,708	20%	13,542
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	449,148		31,736.95	417,411	100%	417,411
Financial Guarantee	-		-	-	100%	-
Acceptances and Endorsements	200,856		16,319.58	184,537	100%	184,537
Unpaid portion of Partly paid shares and Securities	-		-	-	100%	-
Irrevocable Credit commitments (short term)	3,246,120		-	3,246,120	20%	649,224
Irrevocable Credit commitments (long term)	-		-	-	50%	-
" 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 (B)	7,060,929	-	445,407	6,615,522		2,302,065
Total RWE for credit Risk Before Adjustment (A) +(B)	28,230,700	213,981	717,294	27,299,424		18,429,797
Adjustments under Pillar II						
SRP 6.4a(3) - Add 10% of the loans & facilities in excess of Single Obligor Limits to RWE						-
SRP 6.4a(4) - Add 1% of the contract (sale) value in case of the sale of credit with recourse to RWE						-
Total RWE for Credit Risk after Bank's adjustments under Pillar II	28,230,700	213,981	717,294	27,299,424		18,429,797

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	11,587	18,548	18,548
USD	217	20,908	20,908
GBP	15	2,418	2,418
EUR	13	1,765	1,765
THB	-	-	-
CHF	2	195	195
AUD	11	1,014	1,014
CAD	8	679	679
SGD	3	263	263
JPY	2,413	2,280	2,280
HKD	-	-	-
DKK	-	-	-
SEK	-	-	-
SAR	32	813	813
QAR	3	81	81
AED	1	24	24
MYR	5	132	132
KRW	-	-	-
CNY	5	72	72
Total Open position (a)			49,192
Fixed Percentage (b)			5.00%
Capital Charge for Market Risk [c=(axb)]			2,460
Risk weight (reciprocal of capital requirement of 10%) in times (d)			10.00
Equivalent Risk Weight Exposure[e=(cx d)]			24,596

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

<i>Amount '000s</i>	
Particulars	Amount in NPR
Gross NPA	249,121
Net NPA	122,713

(E) Classification of Loans:

<i>Amount '000s</i>	
Particulars	Amount in NPR
Restructure Loan	0
Substandard Loan	37,695
Doubtful Loan	188,427
Bad Loan	23,000.00
Pass Loan	15,572,254
Total Loan	15,821,376

(F) NPA Ratios

<i>Amount '000s</i>	
Particulars	Amount in NPR
Gross NPA	249,121
Total Loan and Advances	15,821,376
Gross NPA/Total Loan & Advances	1.5746%
Net NPA	122,713
Net Loan and Advances	15,539,245
Net NPA/Net Loan & Advances	0.7897%

(G) Movement of Non – Performing Assets

<i>Amount '000s</i>			
Particulars	Last Quarter	This Quarter	% Change
Non-Performing Loans	225,331	249,121	10.56%

(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	272,542	282,131	3.52%
Interest Suspense	67,556	87,572	29.63%

(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	1,495,294.52
Available for Sale	2,302.60
Total Investments	1,497,597.12

(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.