

Civil Bank Limited
Disclosure under BASEL II
Poush 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	33,983
Other Free Reserves	3,436
Total Core Capital	2,067,578

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

	<i>Amount '000s</i>
Supplementary Capital (Tier 2)	Amount in NPR
General loan loss provision	153,402
Exchange Equalization Reserve	4,566
Total Supplementary Capital	157,968

(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)	2,067,578
Supplementary Capital (Tier 2)	157,968
Total Qualifying Capital	2,225,546

(F) **Capital Adequacy Ratio:**

Particulars	Percentage of Total RWE
Capital Adequacy Ratio – Core Capital	10.78%
Capital Adequacy Ratio – Capital Fund	11.60%

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	18,136,850
Risk Weighted Exposure for Operational Risk	516,160
Risk Weighted Exposure for Market Risk	33,782
<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	373,736
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)	19,180,228

(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	430,888
Claims on Corporate and Securities Firms	11,257,491
Claims on Regulatory Retail Portfolio (Not Overdue)	611,900
Claims fulfilling all criterion of regulatory retail except granularity	119,128
Claims secured by Residential Properties	317,912
Claims secured by residential properties (Overdue)	268,087
Claims secured by Commercial Real Estate	1,218,648
Past Due Claims	319,759
High Risk Claims	829,381
Staff Loan Secured by Residential Property	41,790
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	292
Other Assets	445,562
Off Balance Sheet Items	2,272,559
Total Credit Risk Exposure	18,136,850

(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)	Amount '000s
						Risk Weighted Exposures (f=d*e)
Cash Balance	306,676	-	-	306,676	0%	-
Balance With Nepal Rastra Bank	2,453,922	-	-	2,453,922	0%	-
Gold	-	-	-	-	0%	-
Investment in Nepalese Government Securities	1,556,906	-	-	1,556,906	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	333,134	-	-	333,134	20%	66,627
Claims on domestic banks that do not meet capital adequacy requirements	144,821	-	-	144,821	100%	144,821
Claims on foreign bank (ECA Rating 0-1)	472,323	-	-	472,323	20%	94,465
Claims on foreign bank (ECA Rating 2)	-	-	-	-	50%	-
Claims on foreign bank (ECA Rating 3-6)	124,976	-	-	124,976	100%	124,976
Claims on foreign bank (ECA Rating 7)	-	-	-	-	150%	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1%	(2,737)	-	-	-	20%	-
Claims on Domestic Corporates	11,338,641	58,644	22,506	11,257,491	100%	11,257,491

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)	816,158	291	-	815,867	75%	611,900
Claims fulfilling all criterion of regularity retail except granularity	119,128	-	-	119,128	100%	119,128
Claims secured by residential properties	531,398	1,545	-	529,853	60%	317,912
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	308,829	40,742	-	268,087	100%	268,087
Claims secured by Commercial real estate	1,218,648	-	-	1,218,648	100%	1,218,648
Past due claims (except for claims secured by residential properties)	231,090	17,917	-	213,173	150%	319,759
High Risk claims	741,674	-	188,754	552,921	150%	829,381
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	69,650	-	-	69,650	60%	41,790
Interest Receivable/claim on government securities	21,056	-	-	21,056	0%	-
Cash in transit and other cash items in the process of collection	1,458	-	-	1,458	20%	292
Other Assets (as per attachment)	513,118	67,556	-	445,562	100%	445,562
TOTAL	21,303,172	186,696	211,260	20,907,954		15,864,291

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	2,216,164	-	-	2,216,164	10%	221,616
LC Commitments With Original Maturity Up to 6 months domestic counterparty	733,726	-	38,407	695,319	20%	139,064
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	805,745	-	-	805,745	50%	402,873
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	1,025,041	-	62,651	962,390	50%	481,195
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	402,827	-	32,233	370,594	100%	370,594
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsements	169,891	-	15,998	153,893	100%	153,893
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-
Irrevocable Credit commitments (short term)	2,516,620	-	-	2,516,620	100%	503,324
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	7,870,014	-	149,289	7,720,725	2,272,559
Total RWE for credit Risk (A) +(B)	29,173,186	186,696	360,549	28,628,679	18,136,850
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)	29,173,186	186,696	360,549	28,628,679	18,136,850

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	17,920	28,686	28686
USD	(304)	(29,867)	29867
GBP	10	1,633	1633
EUR	16	2,160	2160
THB	-	-	0
CHF	6	628	628
AUD	16	1,430	1430
CAD	6	525	525
SGD	2	175	175
JPY	1,872	1,776	1776
HKD	-	-	0
DKK	-	-	0
SEK	-	-	0
SAR	17	431	431
QAR	3	82	82
AED	2	39	39
MYR	3	79	79
KRW	-	-	0
CNY	3	51	51
Total Open position (a)			67,563
Fixed Percentage (b)			5.00%
Capital Charge for Market Risk [c=(a×b)]			3,378
Risk weight (reciprocal of capital requirement of 10%) in times (d)			10.00
Equivalent Risk Weight Exposure[e=(c×d)]			33,782

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

<i>Amount '000s</i>	
Particulars	Amount in NPR
Gross NPA	225,331
Net NPA	106,191

(E) Classification of Loans:

<i>Amount '000s</i>	
Particulars	Amount in NPR
Restructure Loan	0
Substandard Loan	20,103
Doubtful Loan	182,229
Bad Loan	23,000.00
Pass Loan	15,340,235
Total Loan	15,565,567

(F) NPA Ratios

<i>Amount '000s</i>	
Particulars	Amount in NPR
Gross NPA	225,331
Total Loan and Advances	15,565,567
Gross NPA/Total Loan & Advances	1.4476%
Net NPA	106,191
Net Loan and Advances	15,293,024
Net NPA/Net Loan & Advances	0.6944%

(G) Movement of Non – Performing Assets

<i>Amount '000s</i>			
Particulars	Last Quarter	This Quarter	% Change
Non-Performing Loans	209,644	225,331	7.48%

(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	216,343	272,542	25.98%
Interest Suspense	68,459	67,556	-1.32%

(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	1,556,906.40
Available for Sale	2,302.60
Total Investments	1,559,209.00

(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.