

**Civil Bank Limited**  
Disclosure under BASEL II  
Ashwin End 2071

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	2,698,925
Capital Redemption Reserves	189,226
Statutory General Reserves	133,226
Retained Earnings	54,735
Un-audited current year cumulative profit/(loss)	(9,600)
Share Premium	1,077
<b>Total Core Capital</b>	<b>3,067,589</b>

(B) Tier 2 Capital and Its Breakdown:

	<i>Amount '000s</i>
Supplementary Capital (Tier 2)	Amount in NPR
General loan loss provision	204,828
Exchange Equalization Reserve	6,405
Investment Adjustment Reserve	1,500
<b>Total Supplementary Capital</b>	<b>212,732</b>

(C) Detail of Subordinated Term Debts:

There is no Subordinated Term Debts as of Ashwin End 2071

(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	1,383
Total	1,383

(E) Total Qualifying Capital:

	<i>Amount '000s</i>
Particulars	Amount in NPR
Core Capital (Tier 1)	3,066,206
Supplementary Capital (Tier 2)	212,732
<b>Total Qualifying Capital</b>	<b>3,278,939</b>

(F) Capital Adequacy Ratio:

Particulars	Percentage of Total RWE
Capital Adequacy Ratio – Core Capital	12.46%
Capital Adequacy Ratio – Capital Fund	13.32%

2. Risk Exposures :

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

	<i>Amount '000s</i>
<b>Risk Weighted Exposures</b>	<b>Current Year</b>
Risk Weighted Exposure for Credit Risk	23,064,988
Risk Weighted Exposure for Operational Risk	883,133
Risk Weighted Exposure for Market Risk	15,681
<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	171,700
Add : Additional Risk Weight as per Capital Adequacy Framework 6.4 a 9	479,276
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)	
<b>Total Risk Weighted Exposures (After Bank's adjustments of Pillar II)</b>	<b>24,614,778</b>

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

	<i>Amount '000s</i>
<b>Category of Credit Risk</b>	<b>Risk Exposure in NPR</b>
Claims on Government and Central Bank	424,785
Claims on other Official Entities	-
Claims on Banks	545,743
Claims on Corporate and Securities Firms	12,317,133
Claims on Regulatory Retail Portfolio (Not Overdue)	2,098,740
Claims fulfilling all criterion of regulatory retail except granularity	975,525
Claims secured by Residential Properties	600,049
Claims secured by residential properties (Overdue)	10,943
Claims secured by Commercial Real Estate	871,679
Past Due Claims	1,702,657
High Risk Claims	796,323
Investments in equity and other capital instruments of institutions not listed in the stock exchange	12,380
Staff Loan Secured by Residential Property	53,430
Cash in transit and other cash items in the process of collection	17,474
Other Assets	763,132
Off Balance Sheet Items	1,874,995
<b>Total Credit Risk Exposure</b>	<b>23,064,988</b>

**(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)	Amount '000s
						Risk Weighted Exposures (f=d*e)
Cash Balance	550,725	-	-	550,725	0%	-
Balance With Nepal Rastra Bank	2,128,971	-	-	2,128,971	0%	-
Gold	-	-	-	-	0%	-
Investment in Nepalese Government Securities	2,260,425	-	-	2,260,425	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 on Multilateral Development Banks (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)	424,785	-	-	424,785	100%	424,785
Claims on Public Sector Entity (ECA 7)	-	-	-	-	150%	-
Claims on domestic banks that meet capital adequacy requirements	983,395	-	-	983,395	20%	196,679
Claims on domestic banks that do not meet capital adequacy requirements	209,041	-	-	209,041	100%	209,041
Claims on foreign bank (ECA Rating 0-1)	520,295	-	-	520,295	20%	104,059
Claims on foreign bank (ECA Rating 2)	46,213	-	-	46,213	50%	23,107
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	64,285	-	-	64,285	20%	12,857
Claims on Domestic Corporates	12,343,323	-	26,190	12,317,133	100%	12,317,133
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)	2,798,440	120	-	2,798,320	75%	2,098,740
Claims fulfilling all criterion of regulatory retail except granularity	975,525	-	-	975,525	100%	975,525
Claims secured by residential properties	1,000,082	-	-	1,000,082	60%	600,049
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	14,286	3,343	-	10,943	100%	10,943
Claims secured by Commercial real estate	871,679	-	-	871,679	100%	871,679
Past due claims (except for claim secured by residential properties)	1,440,551	305,447	-	1,135,105	150%	1,702,657
High Risk claims (Venture capital, private equity investments, personal loans and credit card receivables)	663,421	-	132,539	530,882	150%	796,323
Investments in equity and other capital instruments of institutions listed in the stock exchange	-	-	-	-	100%	-
Investments in equity and other capital instruments of institutions not listed in the stock exchange	8,554	300	-	8,254	150%	12,380
Staff Loan Secured by Residential Property	89,050	-	-	89,050	60%	53,430
Interest Receivable/claim on Government Securities	7,206	-	-	7,206	0%	-
Cash in Transit and Other Cash Items in the Process of Collection	87,371	-	-	87,371	20%	17,474
Other Assets (as per attachment)	957,866	194,734	-	763,132	100%	763,132
<b>TOTAL</b>	<b>28,445,487</b>	<b>503,943</b>	<b>158,728</b>	<b>27,782,815</b>	<b>0%</b>	<b>21,189,993</b>

<b>B. Off Balance Sheet Exposures</b>	<b>Gross Book Value (a)</b>	<b>Specific Provision (b)</b>	<b>Eligible CRM (c)</b>	<b>Net Value (d=a-b-c)</b>	<b>Risk Weight</b>	<b>Risk Weighted</b>
Revocable Commitments	-	-	-	-	0%	-
Bills Under Collection	324	-	-	324	0%	-
Forward Exchange Contract Liabilities	14,122	-	-	14,122	10%	1,412
LC Commitments With Original Maturity Up to 6 months (domestic counterparty)	823,764	-	50,139	773,625	20%	154,725
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)	889,627	-	20,474	869,153	50%	434,576
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 counter party) "	950,698	-	65,390	885,308	50%	442,654
foreign counterparty ECA Rating 0-1	-	-	-	-	20%	-
foreign counterparty ECA Rating 2	158,683	-	79,341	79,341	50%	39,671
foreign counterparty ECA Rating 3-6	105,880	-	-	105,880	100%	105,880
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 (including repo/ reverse repo)	-	-	-	-	100%	-
Advance Payment Guarantee	437,648	-	31,946	405,702	100%	405,702
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsements	199,581	-	12,686	186,896	100%	186,896
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-
Irrevocable Credit commitments (Short term)	500,357	-	-	500,357	20%	100,071
Irrevocable Credit commitments (long term)	6,815	-	-	6,815	50%	3,408
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above	-	-	-	-	20%	-
Other Contingent Liabilities	-	-	-	-	100%	-

Unpaid Guarantee Claims	-	-	-	-	200%	-
<b>TOTAL (B)</b>	<b>4,087,498</b>	<b>-</b>	<b>259,976</b>	<b>3,827,522</b>		<b>1,874,995</b>
<b>Total RWE for credit Risk (A) +(B)</b>	<b>32,532,985</b>	<b>503,943</b>	<b>418,704</b>	<b>31,610,338</b>		<b>23,064,988</b>
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)		-	-	-	-	-
<b>Total RWE for credit Risk (After Bank's adjustments of Pillar II)</b>	<b>32,532,985</b>	<b>503,943</b>	<b>418,704</b>	<b>31,610,338</b>	<b>0%</b>	<b>23,064,988</b>

## Risk Exposure Calculation for Operational Risk

Particulars	Amount '000s		
	Year 1	Year 2	Year 3
Net Interest Income	199,107	440,302	612,776
Commission and Discount Income	32,092	33,825	55,006
Other Operating Income	38,198	53,306	64,589
Exchange Fluctuation Income	27,222	41,634	58,512
Additional/Deduction in Interest Suspense during the period	12,168	30,135	67,395
Gross income (a)	<b>308,788</b>	<b>599,202</b>	<b>858,277</b>
Alfa (b)	15%	15%	15%
Fixed Percentage of Gross Income [c=(a×b)]	46,318	89,880	128,742
Capital Requirement for operational risk (d) (average of c)	88,313		
Risk Weight (reciprocal of capital requirement of 10%) in times (e)	10		
Equivalent Risk Weight Exposure [f=(d×e)]	<b>883,133</b>		

## Risk Exposure Calculation for Market Risk

Currency	Amount '000s		
	Open Position (FCY)	Open Position (LCY)	Relevant Open Position
INR	(5,560.78)	(8,901.41)	8,901.41
USD	121.09	11,914.93	11,914.93
GBP	35.21	5,568.43	5,568.43
EUR	5.78	726.65	726.65
THB	7.18	21.25	21.25
CHF	5.75	599.14	599.14
AUD	0.75	64.64	64.64
CAD	6.52	570.88	570.88
SGD	0.65	49.95	49.95
JPY	2,695.68	2,486.77	2,486.77
HKD	-	-	-
DKK	-	-	-
SEK	-	-	-
SAR	6.01	156.19	156.19
QAR	1.58	42.30	42.30
AED	0.74	18.28	18.28
MYR	4.91	143.63	143.63
KRW	-	-	-
CNY	6.05	96.84	96.84
<b>Total Open position (a)</b>			<b>31,361</b>
<b>Fixed Percentage (b)</b>			<b>5%</b>
<b>Capital Charge for Market Risk [c=(axb)]</b>			<b>1,568</b>
<b>Risk weight (reciprocal of capital requirement of 10%) in times (d)</b>			<b>10</b>
<b>Equivalent Risk Weight Exposure[e=(cxd)]</b>			<b>15,681</b>

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

<i>Amount '000s</i>	
Particulars	Amount in NPR
Gross NPA	540,743
Net NPA	231,954

(K) Classification of Loans:

<i>Amount '000s</i>	
Particulars	Amount in NPR
Restructure Loan	0.00
Substandard Loan	220,512
Doubtful Loan	133,140
Loss Loan	187,092
Pass Loan	20,482,756

(L) NPA Ratios

<i>Amount '000s</i>	
Particulars	Amount in NPR
Gross NPA	540,743
Total Loan and Advances	21,023,500
Gross NPA/Total Loan & Advances	2.5721%
Net NPA	231,954
Net Loan and Advances	20,509,762
Net NPA/Net Loan & Advances	1.1309%

(M) Movement of Non – Performing Assets

<i>Amount '000s</i>			
Particulars	Last Quarter	This Quarter	% Change
Non-Performing Loans	306,200	540,743	76.60%

(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	411,898	513,737	24.72%
Interest Suspense	110,275	193,018	75.03%

(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	2,260,424.75
Available for Sale	8,553.60
Total Investments	2,268,978.35

**(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 2.69 billion after the merger of with Axis Development Bank Ltd and Civil Merchant Bittiya Sanstha Ltd during the previous quarter of the financial 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 Ashadh end 2070/71