

Civil Bank Limited
Disclosure under BASEL II
Poush 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	301
Statutory General Reserves	131,547
Proposed Bonus Equity Shares	188,925
Retained Earnings	39,580
Un-audited current year cumulative profit/(loss)	176,973
Share Premium	1,077
Total Core Capital	3,237,328

(B) Tier 2 Capital and Its Breakdown:

	<i>Amount '000s</i>
Supplementary Capital (Tier 2)	Amount in NPR
General loan loss provision	211,437
Exchange Equalization Reserve	6,405
Investment Adjustment Reserve	1,580
Total Supplementary Capital	219,422

(C) Detail of Subordinated Term Debts:

There is no Subordinated Term Debts as of Poush 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	987
Total	987

(E) Total Qualifying Capital:

	<i>Amount '000s</i>
Particulars	Amount in NPR
Core Capital (Tier 1)	3,236,342
Supplementary Capital (Tier 2)	219,422
Total Qualifying Capital	3,455,763

(F) Capital Adequacy Ratio:

Particulars	Percentage of Total RWE
Capital Adequacy Ratio – Core Capital	13.10%
Capital Adequacy Ratio – Capital Fund	13.99%

2. Risk Exposures :

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

Risk Weighted Exposures	<i>Amount '000s</i> Current Year
Risk Weighted Exposure for Credit Risk	23,111,793
Risk Weighted Exposure for Operational Risk	883,133
Risk Weighted Exposure for Market Risk	57,233
<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	481,043
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)	24,704,903

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

Category of Credit Risk	<i>Amount '000s</i> Risk Exposure in NPR
Claims on Government and Central Bank	415,841
Claims on other Official Entities	-
Claims on Banks	509,003
Claims on Corporate and Securities Firms	14,062,556
Claims on Regulatory Retail Portfolio (Not Overdue)	2,251,435
Claims fulfilling all criterion of regulatory retail except granularity	273,142
Claims secured by Residential Properties	593,265
Claims secured by residential properties (Overdue)	76,87
Claims secured by Commercial Real Estate	518,709
Past Due Claims	978,611
High Risk Claims	1,034,974
Investments in equity and other capital instruments of institutions not listed in the stock exchange	12,380
Staff Loan Secured by Residential Property	55,230
Cash in transit and other cash items in the process of collection	-
Other Assets	602,943
Off Balance Sheet Items	1,796,017
Total Credit Risk Exposure	23,111,793

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

A. Balance Sheet Exposures	<i>Amount '000s</i>					
	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)
Cash Balance	605,938	-	-	605,938	0%	-
Balance With Nepal Rastra Bank	1,303,789	-	-	1,303,789	0%	-
Gold	-	-	-	-	0%	-
Investment in Nepalese Government Securities	2,037,895	-	-	2,037,895	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)	415,841	-	-	415,841	100%	415,841
Claims on Public Sector Entity (ECA 7)	-	-	-	-	150%	-
Claims on domestic banks that meet capital adequacy requirements	936,568	-	-	936,568	20%	187,314
Claims on domestic banks that do not meet capital adequacy requirements	113,922	-	-	113,922	100%	113,922
Claims on foreign bank (ECA Rating 0-1)	741,232	-	-	741,232	20%	148,246
Claims on foreign bank (ECA Rating 2)	100,422	-	-	100,422	50%	50,211
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	46,550	-	-	46,550	20%	9,310
Claims on Domestic Corporates	14,088,342	-	25,786	14,062,556	100%	14,062,556
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)	3,002,029	115	-	3,001,914	75%	2,251,435
Claims fulfilling all criterion of regularity retail except granularity	273,142	-	-	273,142	100%	273,142
Claims secured by residential properties	988,774	-	-	988,774	60%	593,265
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	10,851	3,164	-	7,687	100%	7,687
Claims secured by Commercial real estate	518,709	-	-	518,709	100%	518,709
Past due claims (except for claims secured by residential properties)	889,033	236,626	-	652,407	150%	978,611
High Risk claims	887,950	-	197,968	689,983	150%	1,034,974
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	-	8,254	150%	12,380
Staff loan secured by residential property	92,050	-	-	92,050	60%	55,230
Interest Receivable/claim on government securities	3,123	-	-	3,123	0%	-
Cash in transit and other cash items in the process of collection	-	-	-	-	20%	-
Other Assets (as per attachment)	784,193	181,249	-	602,943	100%	602,943
TOTAL (A)	27,848,908	421,455	223,753	27,203,699		21,315,777

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	-	-	-	-	0%	-
Forward Exchange Contract Liabilities	166,213	-	-	166,213	10%	16,621
LC Commitments With Original Maturity Up to 6 months (domestic counterparty)	670,219	-	42,290	627,929	20%	125,586
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)	826,830	-	19,290	807,540	50%	403,770
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) "	974,809	-	76,907	897,902	50%	448,951
foreign counterparty ECA Rating 0-1	-	-	-	-	20%	-
foreign counterparty ECA Rating 2	159,755	-	79,877	79,877	50%	39,939
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	382,448	-	28,499	353,949	100%	353,949
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsements	203,742	-	11,328	192,414	100%	192,414
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-
Irrevocable Credit commitments (Short term)	544,526	-	-	544,526	20%	108,905
Irrevocable Credit commitments (long term)	2	-	-	2	50%	1
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above	-	-	-	-	20%	-
Other Contingent Liabilities	-	-	-	-	100%	-

Unpaid Guarantee Claims	-	-	-	-	200%	-
TOTAL (B)	4,034,423	-	258,191	3,776,232		1,796,017
Total RWE for credit Risk (A) +(B)	31,883,331	421,455	481,944	30,979,932		23,111,793
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)	31,883,331	421,455	481,944	30,979,932		23,111,793

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)	308,788	599,202	858,277
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)]	883,133		

Risk Exposure Calculation for Market Risk

Currency	Amount '000s		
	Open Position (FCY)	Open Position (LCY)	Relevant Open Position
INR	27,721.22	44,374.74	44,374.74
USD	(652.29)	(64,805.01)	64,805.01
GBP	(1.43)	(216.20)	216.20
EUR	9.87	1,152.77	1,152.77
THB	7.18	21.21	21.21
CHF	8.06	785.12	785.12
AUD	5.04	404.63	404.63
CAD	7.76	643.34	643.34
SGD	2.75	204.41	204.41
JPY	1,065.63	899.29	899.29
HKD	1.58	20.31	20.31
DKK	-	-	-
SEK	-	-	-
SAR	15.66	410.85	410.85
QAR	2.43	65.77	65.77
AED	2.06	51.62	51.62
MYR	11.23	303.54	303.54
KRW	-	-	-
CNY	6.75	107.87	107.87
Total Open position (a)			114,466.69
Fixed Percentage (b)			5%
Capital Charge for Market Risk [c=(axb)]			5,723.33
Risk weight (reciprocal of capital requirement of 10%) in times (d)			10
Equivalent Risk Weight Exposure[e=(cxd)]			57,233.34

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

Amount '000s

Particulars	Amount in NPR
Gross NPA	416,692
Net NPA	176,902

(K) Classification of Loans:

Amount '000s

Particulars	Amount in NPR
Restructure Loan	0.00
Substandard Loan	181,616
Doubtful Loan	82,100
Loss Loan	152,976
Pass Loan	21,141,390

(L) NPA Ratios

Amount '000s

Particulars	Amount in NPR
Gross NPA	416,692
Total Loan and Advances	21,558,082
Gross NPA/Total Loan & Advances	1.93%
Net NPA	176,902
Net Loan and Advances	21,106,739
Net NPA/Net Loan & Advances	0.83%

(M) Movement of Non – Performing Assets

Amount '000s

Particulars	Last Quarter	This Quarter	% Change
Non-Performing Loans	540,743	416,692	-22.94%

(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

Amount '000s

Particulars	Last Quarter	This Quarter	% Change
Loan Loss Provisions	513,737	451,342	-12.15%
Interest Suspense	193,018	167,169	-13.39%

(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

Amount '000s

Category	Amount in NPR
Held for Trading	-
Held to Maturity	2,552,652.08
Available for Sale	8,553.60
Total Investments	2,561,205.68

(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 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 Poush end 2071/72