

Civil Bank Limited
Disclosure under BASEL II
Ashadh 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
Share Premium	189,226
Statutory General Reserves	133,190
Retained Earnings	54,591
Capital Redemption Reserves	1,077
Total Core Capital	3,077,009

(B) Tier 2 Capital and Its Breakdown:

	<i>Amount '000s</i>
Supplementary Capital (Tier 2)	Amount in NPR
General loan loss provision	187,019
Exchange Equalization Reserve	6,405
Investment Adjustment Reserve	1,500
Total Supplementary Capital	194,924

(C) Detail of Subordinated Term Debts:

There is no Subordinated Term Debts as of Ashadh 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	1,468
Total	1,468

(E) Total Qualifying Capital:

	<i>Amount '000s</i>
Particulars	Amount in NPR
Core Capital (Tier 1)	3,075,542
Supplementary Capital (Tier 2)	194,924
Total Qualifying Capital	3,270,466

(F) Capital Adequacy Ratio:

Particulars	Percentage of Total RWE
Capital Adequacy Ratio – Core Capital	13.94%
Capital Adequacy Ratio – Capital Fund	14.82%

2. Risk Exposures :

(G) 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	20,974,414
Risk Weighted Exposure for Operational Risk	516,160
Risk Weighted Exposure for Market Risk	27,223
<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	119,704
Add : Additional Risk Weight as per Capital Adequacy Framework 6.4 a 9	430,356
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)	22,067,855

(H) 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	452,754
Claims on Corporate and Securities Firms	12,877,536
Claims on Regulatory Retail Portfolio (Not Overdue)	1,843,408
Claims fulfilling all criterion of regulatory retail except granularity	39,707
Claims secured by Residential Properties	545,267
Claims secured by residential properties (Overdue)	4,223
Claims secured by Commercial Real Estate	856,787
Past Due Claims	367,598
High Risk Claims	1,029,105
Investments in equity and other capital instruments of institutions not listed in the stock exchange	12,380
Staff Loan Secured by Residential Property	50,850
Cash in transit and other cash items in the process of collection	38
Other Assets	779,011
Off Balance Sheet Items	2,115,749
Total Credit Risk Exposure	20,974,414

**(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	498,779	-	-	498,779	0%	-
Balance With Nepal Rastra Bank	3,446,970	-	-	3,446,970	0%	-
Gold	-	-	-	-	0%	-
Investment in Nepalese Government Securities	896,500	-	-	896,500	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)	-	-	-	-	100%	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	150%	-
Claims on domestic banks that meet capital adequacy requirements	540,978	-	-	540,978	20%	108,196
Claims on domestic banks that do not meet capital adequacy requirements	168,410	-	-	168,410	100%	168,410
Claims on foreign bank (ECA Rating 0-1)	695,505	-	-	695,505	20%	139,101
Claims on foreign bank (ECA Rating 2)	54,952	-	-	54,952	50%	27,476
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	47,857	-	-	47,857	20%	9,571
Claims on Domestic Corporates	13,011,747	121,010	13,202	12,877,536	100%	12,877,536
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)	2,460,574	2,697	-	2,457,877	75%	1,843,408
Claims fulfilling all criterion of regulatory retail except granularity	39,707	-	-	39,707	100%	39,707
Claims secured by residential properties	909,850	1,071	-	908,779	60%	545,267
Claims not fully secured by residential properties	-	-	-	-	150%	-
Claims secured by residential properties (Overdue)	4,433	210	-	4,223	100%	4,223
Claims secured by Commercial real estate	856,787	-	-	856,787	100%	856,787
Past due claims (except for claim secured by residential properties)	301,910	56,845	-	245,066	150%	367,598
High Risk claims (Venture capital, private equity investments, personal loans and credit card receivables)	1,001,632	37,288	278,274	686,070	150%	1,029,105
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	84,750	-	-	84,750	60%	50,850
Interest Receivable/claim on Government Securities	4,519	-	-	4,519	0%	-
Cash in Transit and Other Cash Items in the Process of Collection	189	-	-	189	20%	38
Other Assets (as per attachment)	889,286	110,276	-	779,011	100%	779,011
TOTAL	25,923,890	329,697	291,476	25,302,717		18,858,665

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	2,404	-	-	2,404	0%	-
Forward Exchange Contract Liabilities	13,820	-	-	13,820	10%	1,382
LC Commitments With Original Maturity Up to 6 months (domestic counterparty)	1,400,878	-	77,340	1,323,538	20%	264,708
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)	794,067	-	1,393	792,674	50%	396,337
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) "	955,145	-	68,749	886,396	50%	443,198
foreign counterparty ECA Rating 0-1	-	-	-	-	20%	-
foreign counterparty ECA Rating 2	156,312	-	78,156	78,156	50%	39,078
foreign counterparty ECA Rating 3-6	182,229	-	-	182,229	100%	182,229
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	466,400	-	33,117	433,283	100%	433,283
Financial Guarantee	-	-	-	-	100%	-
Acceptances and Endorsements	180,512	-	16,594	163,918	100%	163,918
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-
Irrevocable Credit commitments (Short term)	139,404	-	-	139,404	20%	27,881
Irrevocable Credit commitments (long term)	327,470	-	-	327,470	50%	163,735
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)	4,618,642	-	275,350	4,343,293		2,115,749
Total RWE for credit Risk (A) +(B)	30,542,533	329,697	566,825	29,646,010		20,974,414
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)	30,542,533	329,697	566,825	29,646,010		20,974,414

Risk Exposure Calculation for Operational Risk

Particulars	<i>Amount '000s</i>		
	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)	125,014	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	<i>Amount '000s</i>		
	Open Position (FCY)	Open Position (LCY)	Relevant Open Position
INR	27,274.12	43,659.04	43,659.04
USD	(31.07)	(2,991.99)	2,991.99
GBP	(19.65)	(3,246.93)	3,246.93
EUR	12.65	1,650.65	1,650.65
THB	-	-	-
CHF	2.99	320.53	320.53
AUD	14.50	1,302.25	1,302.25
CAD	5.32	476.00	476.00
SGD	0.65	50.05	50.05
JPY	344.45	325.10	325.10
HKD	-	-	-
DKK	-	-	-
SEK	-	-	-
SAR	8.84	225.07	225.07
QAR	2.11	55.25	55.25
AED	0.89	21.67	21.67
MYR	2.64	77.39	77.39
KRW	-	-	-
CNY	2.85	44.06	44.06
Total Open position (a)			54,446
Fixed Percentage (b)			5.00%
Capital Charge for Market Risk [c=(axb)]			2,722
Risk weight (reciprocal of capital requirement of 10%) in times (d)			10.00
Equivalent Risk Weight Exposure[e=(cxd)]			27,223

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

<i>Amount '000s</i>	
Particulars	Amount in NPR
Gross NPA	357,900
Net NPA	142,249

(K) Classification of Loans:

<i>Amount '000s</i>	
Particulars	Amount in NPR
Restructure Loan	0.00
Substandard Loan	58,457
Doubtful Loan	82,932
Loss Loan	216,511
Pass Loan	18,718,389

(L) NPA Ratios

<i>Amount '000s</i>	
Particulars	Amount in NPR
Gross NPA	357,900
Total Loan and Advances	19,076,288
Gross NPA/Total Loan & Advances	1.8762%
Net NPA	142,249
Net Loan and Advances	18,670,148
Net NPA/Net Loan & Advances	0.7619%

(M) Movement of Non – Performing Assets

<i>Amount '000s</i>			
Particulars	Last Quarter	This Quarter	% Change
Non-Performing Loans	249,121	357,900	43.67%

(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	282,131	406,141	43.95%
Interest Suspense	87,572	110,261	25.91%

(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	896,350.8
Available for Sale	8,553.6
Total Investments	904,904.4

(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