



# Bank Supervision Report

2020/21



**Nepal Rastra Bank**

**Bank Supervision Department**

**Kathmandu, Nepal**

**July 2022**



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The Bank Supervision Report, 2020/2021 is the annual report of the Bank Supervision Department of the Nepal Rastra Bank. It reviews policy and operational issues affecting the banking sector and its regulators/supervisors and aims at disseminating information on the supervision of commercial banks and other issues affecting the financial sector. The Annual Report of Bank Supervision Department focuses mainly on the developments in 2020/21 A.D. However, selected developments up to the time of report finalization are also incorporated.

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## **Message from the Executive Director**

**Dear Valued Readers,**

Banking sector is central to a country's economy due to its crucial role in channeling resources from the surplus sector to the deficit sector. Sound and effective banking system is one of the major backbones of financial stability. NRB is committed in fulfilling its objective of maintaining financial stability through effective supervision of banks and financial institutions.

Safe, sound and self-regulated BFIs, transparent and consumer friendly banking transactions, adoption of international best prudential norms and best supervisory practices, mitigation of the systemic risks through advanced approach of supervision, and ultimately achieving the financial stability have always been the aim of NRB as regulator and supervisor.

NRB's bank supervision department is mandated for inspection and supervision of 'A' class licensed institutions and has been continuously endeavoring to adopt best practices in the areas of supervision. Risk based supervision, Stress testing mechanism, Merger and Acquisitions etc. are few of the initiatives taken that are expected to form stronger and more resilient banks.

The COVID-19 has posed an unprecedented challenge to the banking system. The challenges remain in ensuring the quality of assets, flowing financial resources to the employment generating sectors, managing liquidity and stabilizing the interest rate. The Department, through its continuous monitoring, plays an important role in dealing with these issues.

Further, NRB enjoys operational independence in the execution of its duties. To build trust among its stakeholders, adequate transparency and disclosures are very important. This report disseminates information in this regard.

I would like to express my sincere thanks to my colleagues at the Policy and Planning Unit for their effort in bringing this report in the present form. I would also like to thank all staffs of the Department for their continuous effort in fulfilling their responsibilities.

Thank you,

**Dev Kumar Dhakal**

**Executive Director**

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# CHAPTER I

## 1. NEPALESE BANKING INDUSTRY

The establishment of Nepal Bank Limited in 1937 AD marked the beginning of the formal banking sector in Nepal. Since then, the Nepalese banking industry has undergone significant changes in terms of size, complexity, functions, and roles in the economy.

In the late 1980s, financial liberalization policies were introduced in Nepal to spur the country's economic growth. Foreign investments poured in soon after, which led to the establishment of several joint venture banks in the country. Likewise, a large number of domestic investors also started investing in the banking industry. As a result, Banks and financial institutions (BFIs) proliferated after that with 218 BFIs by the end of the fiscal year 2011, (*Refer to Annex 1: Growth of Financial Institutions (numbers) for details*). However, a significant consolidation in the banking industry has taken place with the moratorium on new licenses, introduction of merger and acquisition policy and a mandatory provision to increase paid-up capital almost by four-fold.

As of mid-June 2022, there are a total of 127 BFIs in operation as licensed by NRB: 27 Commercial Banks, one Infrastructure Development Bank, 17 Development Banks, 17 Finance Companies and 65 Microfinance Financial Institutions. Similarly, the number of BFIs branches stands at 11,492 in mid-June 2022.

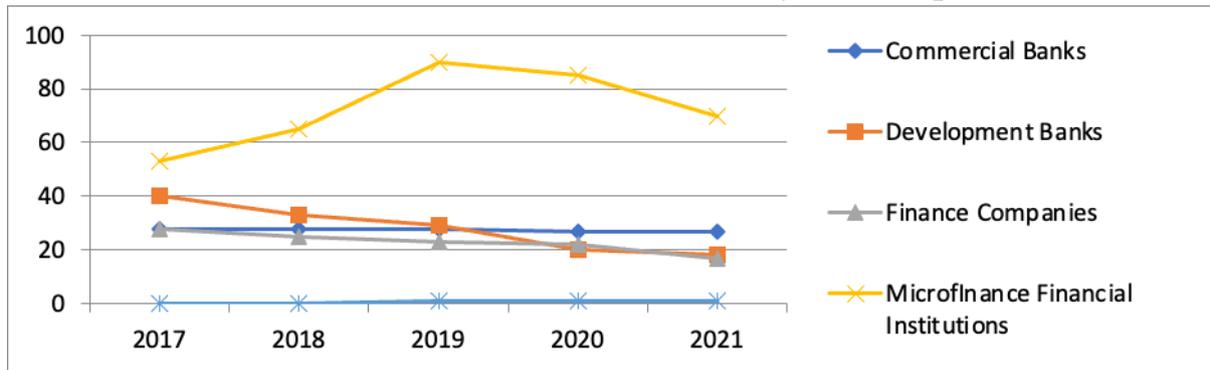
In FY 2020/21, the number of BFIs decreased from 155 to 133 and the total number of branches had increased from 9,765 to 10,683. After introduction of merger and acquisition policy, the number of BFIs involved in this process reached 229 as of mid-July 2021. Out of which, the licenses of 171 BFIs were revoked thereby forming 58 BFIs. And during F/Y 2020/21, 35 BFIs have been involved in the process of merger/acquisition, out of which license of 21 BFIs was revoked forming 14 BFIs.

There is a dominance of the banking sector in Nepal's financial system. Several large projects are being financed through bank loans. Likewise, banks' role is essential for the import and export of goods and services. Further, with technological advancement, more and more people are adopting electronic cards, digital wallets, internet, quick response (QR) code and mobile banking services to perform financial transactions which indicate that Nepal is moving towards a less cash economy.

**Table 1-1: Number of BFIs in last five years in Nepal (mid-July, 2021)**

BFIs	2017	2018	2019	2020	2021
Commercial Banks	28	28	28	27	27
Development Banks	40	33	29	20	18
Finance Companies	28	25	23	22	17
Microfinance Financial Institutions	53	65	90	85	70
Infrastructure Development Bank	0	0	1	1	1

**Chart 1-1: Number of BFIs in last five years in Nepal**



(Source: Bank and Financial Institutions Regulation Department, NRB)

### 1.1 Nepal Rastra Bank as a regulator and supervisor

Nepal Rastra Bank, the central bank of Nepal, has been entrusted with carrying out the duties of regulating and supervising banks and financial institutions in the country. There has been an adequate legislative provision in place that authorizes NRB to perform such duties. The Nepal Rastra Bank Act, 2002, has made NRB an autonomous institution empowered to regulate and supervise Nepalese banking industry. Similarly, the Bank and Financial Institution Act, 2017 reiterates that institutions established under this Act are subject to NRB's regulation and supervision.

NRB has been continuously issuing various directives, guidelines, and policies to the licensed institutions, considering domestic banking conditions and international best practices. There is a separate Department named Banks and Financial Institutions Regulation Department assigned with such responsibility.

NRB supervises the activities of banks and financial institutions based on the existing legal framework, regulations issued through the Banks and Financial Institutions Regulation Department, internal manuals, and major international guiding policies issued by the Basel Committee on Banking Supervision (BCBS). To make supervision more effective, NRB has set up four different supervision departments. Among the four supervision departments, Bank Supervision Department supervises commercial banks as well as Infrastructure Development Bank. Additionally, Financial Institutions Supervision Department, and Micro Finance Supervision Department supervise development banks, finance companies and microfinance institutions respectively.

NRB aims at becoming more proactive by applying supervisory methods that are forward-looking and analytical. Banks are supervised through onsite inspection and offsite surveillance. Since 2014, it has started conducting an onsite inspection under risk-based supervision (RBS) approach. While this approach has been applied fully on commercial banks, NRB is planning to gradually adopt this approach on all the BFIs. Under this method, major risk areas as well as other important areas of banks are assessed, risk profiles are developed/created on the basis of quantity of the risk, quality of the risk management procedures and direction of the risks, and significant issues are communicated to the

concerned bank for necessary corrective action and improvement in the coming days. Under the RBS approach major risk faced by banks are categorised into six different categories namely Credit risk, Liquidity risk, Market risk, Operational risk, Interest rate risk and Foreign exchange risk and the on-site examiners examines the quantity of these risks, risk management quality as well as assesses the direction of the risk and suggest the appropriate supervisory response. NRB's supervisory strategy with regards to the utilization of limited supervisory resources relies on the assessments made during these onsite inspections. Further, there have been major efforts in implementing Supervisory Information System (SIS) for onsite inspection process, offsite supervision; receiving regulatory returns/report from banks and analysing the returns/data receive. The system will gradually apply to most of the entities licensed by the NRB in the due course of time.

## 1.2 The Commercial Banking

There are 27 Commercial banks at present. Commercial banks comprise the largest share of assets in the banking industry. Due to the size and importance of these banks, they are more strictly regulated than other categories of institutions. Owing to the liberalization in the banking sector, there was a dramatic increase in the number of private sector commercial banks. However, three public sector commercial banks still have a considerable market share in the industry. Nevertheless, the share of private sector banks on total deposits, loans, and total assets has been increasing gradually.

**Table 1-2: List of Commercial banks in Nepal (mid-July, 2021)**

S. No.	Name	Operation Date (A.D.)	Head Office
1	Nepal Bank Ltd.	1937/11/15	Dharmapath, Kathmandu
2	Agricultural Development Bank Ltd.	1968/01/21	Ramshahpath, Kathmandu
3	Nabil Bank Ltd.	1984/07/12	Beena Marg, Kathmandu
4	Nepal Investment Bank Ltd.	1986/03/09	Durbarmarg, Kathmandu
5	Standard Chartered Bank Nepal Ltd.	1987/02/28	Nayabaneshwor, Kathmandu
6	Himalayan Bank Ltd.	1993/01/18	Kamaladi, Kathmandu
7	Nepal SBI Bank Ltd.	1993/07/07	Kesharmahal, Kathmandu
8	Nepal Bangladesh Bank Ltd.	1994/06/06	Kamaladi, Kathmandu
9	Everest Bank Ltd.	1994/10/18	Lazimpat , Kathmandu
10	Kumari Bank Ltd.	2001/04/03	Durbarmarg, Kathmandu
11	Laxmi Bank Ltd.	2002/04/03	Hattisar, Kathmandu
12	Citizens Bank International Ltd.	2007/04/20	Narayanhitipath, Kathmandu
13	Prime Commercial Bank Ltd.	2007/09/24	Kamalpokhari, Kathmandu
14	Sunrise Bank Ltd.	2007/10/12	Gairidhara, Kathmandu
15	Century Commercial Bank Ltd.	2011/03/10	Putalisadak , Kathmandu
16	Sanima Bank Ltd.	2012/02/15	Nagpokhari, Kathmandu
17	Machhapuchhre Bank Ltd.	2012/07/09*	Lazimpat, Kathmandu
18	NIC Asia Bank Ltd.	2013/06/30*	Thapathali, Kathmandu
19	Global IME Bank Ltd.	2019/09/04*	Kamaladi, Kathmandu
20	NMB Bank Ltd.	2015/10/18*	Babarmahal, Kathmandu

21	Prabhu Bank Ltd.	2016/02/12*	Babarmahal, Kathmandu
22	Siddhartha Bank Ltd.	2016/07/21*	Hattisar, Kathmandu
23	Bank of Kathmandu Ltd.	2016/07/14*	Kamalpokhari, Kathmandu
24	Civil Bank Ltd.	2016/10/17*	Kamaladi, Kathmandu
25	Nepal Credit and Commerce Bank Ltd.	2017/01/01*	Bagbazar, Kathmandu
26	Rastriya Banijya Bank Ltd.	2018/05/02*	Singhadurbar Plaza, Kathmandu
27	Mega Bank Nepal Ltd.	2018/05/13*	Kamaladi, Kathmandu
*Joint operation date after merger/acquisition.			

(Source: Bank and Financial Institutions Regulation Department, NRB)

### 1.3 Ownership and Control

Commercial banks in Nepal can be broadly categorized into two groups as public (state-owned) and private banks (non-state-owned) based on ownership and control. As of mid-July 2021, there were 3 public and 24 private sector banks in operation. Among 3 public banks Rastriya Banijya Bank Limited is one of the largest banks of Nepal in terms of deposit mobilization. Government of Nepal (GoN) owns 99.97 percent equity shares of Rastriya Banijya Bank Limited. Similarly GoN owns 51 percent ownership in the equity capital of Nepal Bank Limited (NBL) and Agricultural Development Bank Limited (ADBL) each. ADBL was initially established as a development bank, specialising in agricultural sector, with 100 percent government ownership and it was upgraded to commercial bank in 2006.

Privately-owned banks in Nepal can be further re-grouped into domestically-owned banks and foreign joint-venture banks. As on Mid-July 2021, there were five foreign joint ventures banks out of 24 privately-owned banks. Furthermore, as per the section 9 sub-section 1 of the Banks and Financial Institution Act, 2073, banks are required to issue minimum 30 percent of the issued share capital to the general public.

### 1.4 Scope of Operations: Public Vs. Private

Although the number of commercial banks have slightly decreased in the last few years due to the consolidation policy adopted by the NRB through the promotion of merger and acquisition, substantial increment in minimum capital requirement, increase in bank branches and the total volume of loans and deposits demonstrate a considerable increase in access/outreach and business. Total deposits of the commercial banks have increased from Rs. 3,423.02 billion in 2019/20 to Rs.4,086.20 billion in the 2020/21. The deposits of public banks grew by 14.22 percent while those of private banks (non-state owned banks) have increased by 20.29 percent.

Similarly, loans and advances of the Commercial banks have reached to Rs. 3687.65 billion as of mid-July 2021, compared to a total of Rs. 2924.79 billion as of mid-July 2020 with increment of 26.08 percentage. The loans and advances of public banks grew by 26.21 percent while those of private banks have increased by 26.06 percent.

The total assets of commercial banks have increased by 21.45 percent to Rs. 5,223.07 billion when compared to Rs. 4,300.47 billion of the previous years. Total assets grew by 18.49 percent in public banks while it grew by 21.97 percent in private banks.

### 1.5 Branch Network

The total number of branches of commercial banks increased from 4,436 in mid-July 2020 to 4,753 in mid-July 2021 (Refer to Annex 2: Province-Wise Distribution of BFIs branches (Mid-July 2020/21)) and it has reached to 4,847 at the mid-December 2021. NRB has been promoting financial access through policies that encourage banks to open a larger number of branches in rural areas. While the increase in bank branches is overwhelming, most banking services are still concentrated/confined in/to the urban and semi-urban areas.

**Table 1-3: Branches of Commercial banks**

S.No.	Name of Banks	2017	2018	2019	2020	2021	2021
		Mid-July					Mid-December
1	Nepal Bank Limited (NBL)	130	140	173	211	252	260
2	Rastriya Banijya Bank Limited (RBBL)	185	212	245	271	278	287
3	NABIL Bank Limited (NABIL)	52	74	81	124	153	141
4	Nepal Investment Bank Limited (NIBL)	61	89	105	109	116	119
5	Standard Chartered Bank Nepal Ltd. (SCBN)	15	15	15	15	15	15
6	Himalayan Bank Limited (HBL)	45	58	54	67	77	80
7	Nepal SBI Bank Limited (NSBI)	66	83	108	108	108	108
8	Nepal Bangladesh Bank Limited (NBBL)	46	72	97	105	108	111
9	Everest Bank Limited (EBL)	60	90	95	99	107	109
10	Bank of Kathmandu Limited (BOK)	75	83	96	99	101	103
11	Nepal Credit and Commerce Bank Limited (NCCBL)	96	108	129	133	143	148
12	NIC Asia Bank Limited (NICA)	118	237	330	424	427	429
13	Machhapuchchhre Bank Limited (MBL)	56	88	132	165	168	171
14	Kumari Bank Limited (KBL)	74	88	93	186	203	202
15	Laxmi Bank Limited (LBL)	66	96	110	126	138	149
16	Siddhartha Bank Limited (SBL)	70	121	156	186	189	189
17	Agriculture Development Bank (ADBL)*	249	250	264	268	282	286
18	Global IME Bank Limited (GIBL)#	113	132	163	294	321	336
19	Citizens Bank International Limited (CBIL)	60	79	75	110	190	175
20	Prime Commercial Bank Limited (PCBL)	53	63	67	198	186	183
21	Sunrise Bank Limited (SRBL)	70	92	118	145	152	152
22	NMB Bank Limited (NMB)	80	118	114	172	190	210
23	Janata Bank Nepal Limited (JBNL)	88	121	145	-	0	0
24	Mega Bank Nepal Limited (MBNL)	47	105	121	236	211	227
25	Civil Bank Limited (CBL)	51	69	90	115	123	125
26	Century Commercial Bank Limited (CCBL)	67	103	121	123	136	136
27	Sanima Bank Limited (SBL)	46	74	79	88	103	118
28	Prabhu Bank Limited (PRVU)	135	164	214	259	276	278
	<b>Total</b>	<b>2,274</b>	<b>3,024</b>	<b>3,590</b>	<b>4,436</b>	<b>4,753</b>	<b>4,847</b>

\* Also includes branches with development banking functions.

# Janata Bank Nepal Limited merged with Global IME Bank Limited

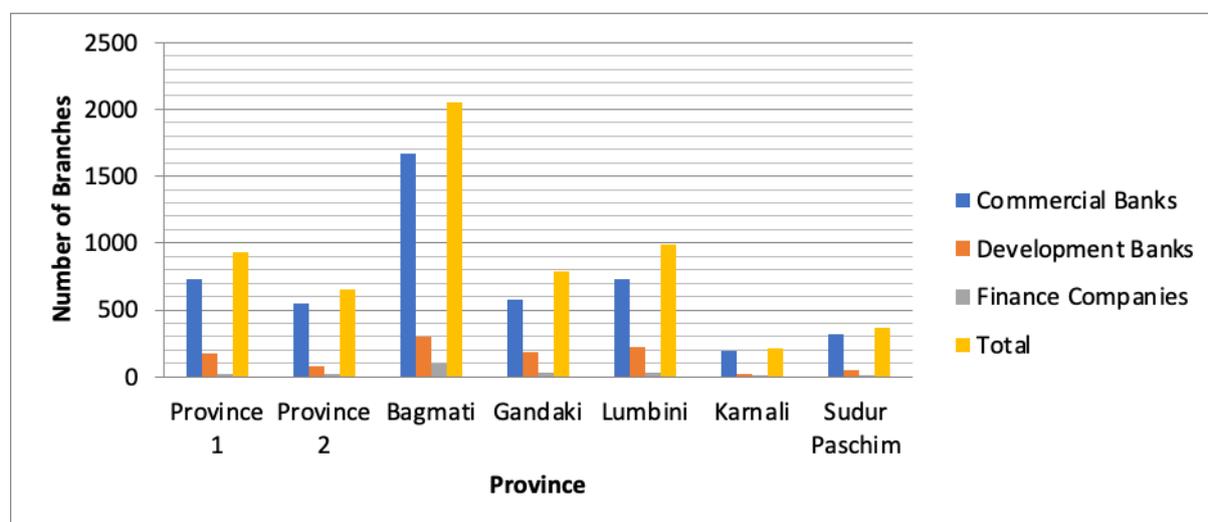
Note: The above data includes Commercial Banks' Banking Branch, City Office, Corporate Office, Extension Counter and Head Office.

(Source: Bank and Financial Institutions Regulation Department, NRB)

The private sector bank, namely NIC Asia Bank Limited has the largest number of branches (427) followed by GIBL (321). The public sector banks RBBL, ADBL and NBL has 278, 282 and 252 branches respectively. Commercial banks branches are concentrated in Bagmati Province with 1,664 branches (35.01 percent of total branches). This is followed by Province 1 with 728 and the Lumbini Province with 726 branches. Karnali Province has the lowest number of bank branches i.e.192 (only 4.04 percent of total bank branches). Due to higher level of economic activities at the Bagmati province bank's branches and services are concentrated here.

The chart below demonstrates the province-wise presence of BFIs.

**Chart 1-2: Number of BFIs Branches (As of mid-July 2021) Province-wise**



## 1.6 Asset Share of Banks and Financial Institutions

The respective shares of banks and financial institutions in the total assets of the banking industry as of mid-July for eight consecutive years are depicted in the Table 1-4.

**Table 1-4: Asset share of banks and financial institutions (mid-July, 2014 to 2021)**

Bank and Financial Institutions	% Share as on mid-July							
	2014	2015	2016	2017	2018	2019	2020	2021
Commercial	78.00	78.73	79.74	83.41	82.76	80.88	83.61	83.21
Development	13.60	13.34	12.81	9.71	9.99	10.67	7.83	8.01
Finance	5.80	4.79	3.78	2.63	2.56	2.47	2.40	1.94
Micro Finance	2.60	3.14	3.68	4.26	4.69	5.99	6.16	6.84
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

(Source: Bank and Financial Institutions Regulation Department, NRB)

Table 1-4 shows the dominance of Commercial banks, with the share of 83.21 percent of total assets of the Nepalese banking industry at the mid-July of 2021, such share was 83.61 percent in the previous year. Share of development banks has increased from 7.83 percent in FY 2019/2020 to 8.01 percent in FY 2020/2021. Likewise, the share of finance companies has decreased to 1.94 percent from 2.40 percent during the review period. The share of microfinance financial institutions increased from 6.16 percent to 6.84 percent in mid-July 2021. The decrease in the share of the Finance companies can be attributed to the merger and acquisition where several finance companies are merged with or get acquired either by development banks or commercial banks. The table above reveals that the consolidation of BFIs has the greatest impact on the finance companies by reducing its number as well as decreasing its shares in the total assets of the banking sector. Similarly, increase in the share of the microfinance institutions is due to the increasing number of microfinance financial institutions which has taken place as a result of the liberal licensing policy adopted by the NRB for the microfinance financial institutions.

### **1.7 Employment in the Banking Industry**

Commercial banks have employed 44,605 individuals as of mid-July 2021. The numbers of staff working in three public banks were 7,100 and the private bank employs 37,505 persons as on the date it shows that the three public sector banks still employ 15.92 percent of total people working in the commercial banking industry. The banking sector is considered as a lucrative sector for work after completing Management and Economics related degrees. Hence, many graduates aspire to enter this sector. However, there is still a lack of skilled manpower in the industry. The human resource in the industry is expected to improve once the industry gets fully matured.

### **1.8 Review of the Guiding Documents**

As the central bank of Nepal, NRB has been given a clear mandate to regulate and supervise banks and financial institutions in Nepal. To discharge its regulatory responsibilities, NRB issues directives and guidelines to the licensed BFIs. Likewise, NRB continuously conducts onsite inspections and offsite supervision both on regular and need-based ways to assess their risk profiles and their compliance with the existing laws, regulations, and prudential norms.

The following are the key documents which guide the NRB's regulatory and supervisory function:

- Nepal Rastra Bank Act, 2002,
- Bank and Financial Institutions Act, 2017
- Company Act, 2017
- Nepal Rastra Bank, Inspection and Supervision Bylaws, 2074
- Unified Directives published annually, and Circulars issued from time to time
- Capital Adequacy Frameworks
- Nepal Rastra Bank, Prompt Corrective Actions Bylaws, 2012
- Monetary Policy Announcements

- Assets (Money) Laundering Prevention Act, 2008
- Several Guidelines issued by Nepal Rastra Bank
- Risk-Based Supervision Manual, Volume I & II
- Off-site Supervision Manual, 2060

## **1.9 Access to Banking Services and Financial Inclusion**

NRB is the main agency that is involved in promoting financial access in the country. Through its policies, NRB has been working for expanding banking services and increasing financial inclusion of the general public. All commercial banks have been directed to open/expand their branches in all local bodies of the country. As of mid-July 2021, 750 out of 753 local levels had the presence of commercial bank branches. A provision has been made to allow BFIs to open a branch in Kathmandu valley only after opening three branches outside the Kathmandu valley. Two out of these three branches must be opened in municipality or rural municipality. Further, BFIs do not need to take permission from NRB to open a new branch in places other than metropolitan and sub-metropolitan cities.

Besides, NRB is working to promote branchless banking and mobile banking to increase access to the banking service/system by the rural and unbanked people. As of mid-July 2021, there were 1,706 branchless banking centres of 'A' class banks are in operation. Likewise, the number of mobile-banking customers reached to 12,638,366 as of mid-July 2021.

As of mid-July 2021, the total number of branches of commercial banks reached 4,753 and population per branch was 6,391<sup>1</sup>. The population per branch was 6,762 in the previous year. The population per branch when considering all categories of BFIs comes down to 2,844 as of mid-July 2021 compared to 3,072 as of mid-July 2020.

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<sup>1</sup> Population 30,378,054 calculated on yearly basis based on five yearly population projection Source : <http://cbs.gov.np/image/data/Population/Population%20projection%202011-2031/PopulationProjection2011-2031.pdf>

## **CHAPTER II**

### **2 BANK SUPERVISION**

#### **2.1 Supervision Function**

NRB regulates and supervises banks and financial institutions as mandated by the Nepal Rastra Bank Act, 2002 and the Bank and Financial Institutions Act, 2017. Regular supervision provides important insights and information about the banking system that feeds into the decision-making process such as formulation of monetary policy, updates on regulations, and for taking timely corrective measures of issues that may arise in BFIs. Continuous monitoring of the indicators related to financial soundness and stability as well as watching for the early warning signals and conducting on-site inspections to ensure that BFIs are managing all their material risks adequately along with the compliance of regulatory norms are the major supervisory functions performed by NRB.

#### **2.2 Bank Supervision Department (BSD)**

BSD is responsible for executing the supervisory policies and practices as per governing laws, regulations, and policies to all Commercial banks (Class 'A' Banks) and Infrastructure Development Bank. The Department prepares an annual supervision plan before the start of the new fiscal year and supervises banks as per the approved plan. The supervisory process includes full-scope on-site inspection, targeted inspection, special inspection and inspection related to the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT). The on-site inspection is supported by an off-site supervision function which is responsible for the analysis of data submitted by banks.

#### **2.3 Supervision Methodology**

BSD continues to adopt and implement the Core Principles prescribed by the Basel Committee. Supervision is done through both on-site and off-site programs. NRB's traditional on-site inspection was based on compliance check and CAMELS (Capital Adequacy, Asset Quality, Management competence, Earning, Liquidity, and Sensitivity to Market Risk) ratings. The Risk Based Supervision approach which was adopted by BSD since 2014 puts more emphasis on assessing the quantity of risks and the quality of risk management. However, the team of on-site examiners also examines other key areas including capital adequacy, AML/ CFT and compliance to prudential norms issued by the NRB from time to time. Further, on-site examiners also propose additional risk weights and provisioning under the Supervisory Review Process (SRP) if they are not satisfied with risk weights assigned and asset classification and provisioning provided by the Management.

On-site examiners rely on Onsite Inspection Manual for guidance with risk assessment and profiling. Risk profiling enables NRB to decide upon the supervisory regime for each bank and helps NRB to orient/focus/channel its resources in high-risk areas. Subsequent on-site inspections are being planned and conducted in accordance with the risk profile of the bank. This methodology mainly focuses on the 'probability/chance of failure' of the bank and the

risk management practices of the bank. Off-site surveillance function involves continuous monitoring of the banks by analysing the returns/reports received from banks. It is also an important source of input for onsite inspection process. Likewise, the Enforcement function oversees implementation of supervisory directions given for corrective action on issues identified during the on-site examination/inspection process.

## **2.4 Organization Structure of BSD**

The Department comprises On-site Inspection and Enforcement Unit, Off-site Supervision, and Money Laundering Monitoring and Special Inspection Unit. (*Refer to Annex 3: Organisation Chart of BSD*). These Units are further divided into various sections to facilitate effective execution of the Department's functions. On-site inspection team is formed under the leadership of Deputy Director of the Department team members include staffs from any units and the team is formed for the duration of assigned inspection.

### **2.4.1 Onsite Inspection and Enforcement Unit**

On-site inspections of banks are conducted as per the approved annual plan of the department. The department strive to conduct onsite inspection of each commercial bank at least once a year. NRB has initiated the practice of conducting targeted inspections from FY 2017-18 focusing on specific areas of risks/operation that have been identified as major risk areas during the previous full scope (comprehensive) inspection. Full-scope or targeted onsite inspections are performed in accordance with the risk profile of the banks. Onsite inspections are carried out as per the Risk Based Supervision (RBS) approach as guided by the prevailing RBS manual and inspection report of the bank is prepared accordingly. Generally, an inspection team comprises/includes a team leader (Deputy Director) and three to four others members (Assistant Directors). One IT Officer from IT Department is deployed for a limited number of days to examine IT-related areas of the concerned bank (*Annex 4: Onsite Inspections in FY 2020/21*).

The Onsite Inspection function is specially focused on conducting onsite examinations which include:

- Initial examination, which is generally conducted within six months of the commencement of operation by a new bank.
- Routine full-scope inspection is the regular examination, generally carried out once a year.
- Targeted inspection addresses specific areas of risks/operation of a bank e.g. credit, trade finance, etc. that have been identified as major risk areas in the previous full scope onsite inspection and is conducted as per the approved plan of the department.

There are currently nine officers working in three units of onsite inspection. All three units are headed by a Deputy Director who oversees works related to nine banks each.

Enforcement function is responsible for ensuring the compliance of supervisory directions given to the individual banks through the onsite reports, directions given to banks while

approving proposed dividend and providing NRB's consent on bank's financial statement to present it in the Annual General Meeting (AGM) for approval, and other directions, if any, given to bank from time to time. The Enforcement Unit prepares periodic enforcement reports to communicate the status of compliance by each concerned bank. Each unit also prepares quarterly report of the individual bank focusing on the major financial indicators and the compliance status of the given directions.

However, due to limited number of dedicated staff, officers from other units are mobilized from time to time to form an inspection team and conduct onsite examination.

## **2.4.2 Off-site Supervision Unit**

Off-site Supervision Unit comprises three sections: Compliance, Financial Analysis, and Evaluation & Monitoring. The Off-site Unit, especially compliance and financial analysis sections, carries out off-site surveillance of the banks. The Department is in the process of revising the off-site manual to guide the procedures of off-site function. The functions of each section are described below:

### **Compliance Section**

Compliance Section is responsible for supervising bank operations based on data and reports submitted by banks. This section ensures that bank comply with the provisions such as cash reserve ratio (CRR), statutory liquidity ratio (SLR), credit to deposit ratio (CD), capital adequacy ratio (CAR), interest rate spread, priority/targeted sector lending (agriculture, energy and small and medium enterprises sector lending) and deprived sector lending (DSL) and also initiate regulatory action for non-compliance. It also provides feedback to the onsite inspection teams and identifies red flag areas that need to be focused during onsite inspections.

- ***Cash Reserve Ratio (CRR)***

As an indirect monetary instrument, NRB uses CRR to control money supply in the economy, which was set at minimum 3 percent of total local currency deposit liabilities in the review period. While the minimum is to be kept for every two weeks, 70% of the minimum requirement (3%) has to be kept by each bank on daily basis. The average CRR maintained by the commercial banks in the last period of the review year is 4.82 percentage. Banks that fail to maintain such reserves face monetary penalties based on the bank rate. During the review period, 3 banks were penalised for not maintaining the required CRR.

- ***Deprived Sector Lending (DSL)***

Commercial banks are required to disburse 5 percent of their total loan portfolio in the deprived sector. The average deprived sector lending of the commercial banks stood at 7.5 percentage in the last quarter of the review year. Banks that fail to maintain the minimum requirement in deprived sector lending as prescribed by the NRB are

imposed monetary penalty on the basis of highest lending rate of the bank during the quarter in which shortfall are observed.

- ***Statutory Liquidity Ratio (SLR)***

Banks are required to maintain SLR of 10 percentages of their total domestic deposit liabilities. Failing to meet such obligation results in monetary penalties computed on the basis of the bank rate. During the review year, all banks complied with the Statutory Liquidity Ratio standard. The average SLR of the commercial banks in the last month of the review year was 21.97 percent.

- ***Capital Adequacy Ratio (CAR)***

The New Capital Adequacy Framework requires the banks to maintain minimum capital requirements based on total risk weighted assets. As per the framework, Commercial banks need to maintain at least 6 percent Tier I capital and 11 percent Total Capital Fund (Tier I & Tier II) including Capital Conservation buffer. The minimum capital adequacy requirements are based on the risk-weighted exposures (RWE) of banks to credit risk, market risk and operational risk. The capital adequacy ratios of banks are monitored on a monthly basis. The average capital adequacy ratio of the commercial banks in the last month of the review year was 14.14percent.

*Refer to Annex 6: Capital adequacy ratios of Commercial Banks during the last month of the review period.*

## **Financial Analysis Section**

Financial Analysis Section reviews and analyses the financial performance of banks using prudential reports, statutory returns and other relevant information. It monitors the trend and development of financial indicators of the banking sector as a whole and generates industry reports on a quarterly basis. This section helps with assessing the health of individual bank and the overall commercial banks. This section monitors, reviews, and analyses return of banks and prepare reports to detect emerging problems and early warning indicators/signals. The returns are used to evaluate the exposure to risks and the effect this could have on profits. The statutory returns are the basis for computing basic ratios to analyse capital adequacy, assets quality, earnings, liquidity and sensitivity to market risk (CAELS). The unit also compiles and analyses financial data and prepare reports on a regular, as well as specific case basis. Further, this section is also responsible for approving dividend proposed & providing NRB's consent on the bank's annual financial statement to present it in the Annual General Meeting of the bank.

### **2.4.3 SIS Project Unit**

NRB has recently developed Supervisory Information System (SIS) with the primary objective of strengthening the offsite supervisory capacity of all supervision departments. As on mid-July 2021, significant components under this project have been developed, tested, and some of the modules are in operation in parallel with the existing platform. It is considered as

initial step of NRB's effort to develop a fully-functional sup-tech within NRB. Presently, SIS has been able to capture all the required information of licensed BFIs along with required policies, guidelines, product papers etc. so that onsite team can be well informed before starting the inspection. Similarly, BFIs have been successfully submitting the reporting requirements in Extended Business Reporting Language (XBRL) framework so that the system itself can recognize the data value and calculate standard reports as well as ad-hoc reports from within the system. Once it will be in full operation, offsite surveillance and onsite examination of BFIs could be made more strengthened. The project team includes four officers who coordinate with other NRB staff, support the staff of BFIs and coordinate with the vendor for the development of remaining activities and fixing the bugs.

#### **2.4.4 Money Laundering Monitoring Unit**

Money Laundering Monitoring Unit is a newly formed unit that is responsible for overseeing AML/CFT related compliance and risk assessment. The unit consists of two Deputy Directors and two Assistant Directors. The unit is responsible for developing ML/CFT risk profile of the banks, conducting risk-based onsite inspections, and also support national risk assessment task. The unit has started AML/CFT on-site inspection. The Unit also coordinates with Financial Information Unit (FIU), Office of the Prime Minister, Department of Money Laundering Investigation and other public sector agencies and public sector entities for their works.

#### **2.4.5 Policy and Planning Unit**

The Policy and Planning Unit regularly monitors the developments in international financial environment, the guidelines issued by the Basel Committee of Banking Supervision and emerging issues in banking regulation and supervision. It incorporates the findings to propose required changes in the existing policies and in preparing the annual plan of the Department, as well. The unit also undertakes studies for improving supervisory tools and techniques and coordinates with international regulators and supervisory agencies to share knowledge and bring best practices in the banking supervision in the country. The unit exchanges information with international regulators and supervisors in matters related to banking supervision.

Further, the unit also reviews and formulates the annual plans of the department in line with NRB's strategic plan, conducts and coordinates interaction programs, seminars and workshops on the supervision-related issues. However, due to Covid-19 pandemic, some of the scheduled programs were not conducted in the year 2021. It also prepares the annual report of the department as prescribed in the Inspection and Supervision Bylaw.

#### **2.4.6 Internal Administration Unit**

The Internal Administration Unit performs the functions related to management of human resources and internal administration within the department. Its tasks include providing logistics within the department, issuance of travel orders, maintaining leave records and also serving as the back office. It also keeps the records of the staff participation in international trainings and seminars (*Refer to Annex 8: International Training/Seminar Participation from BSD*

in FY 2020/21). This unit is responsible for looking after procurement for the BSD such as supply of office logistics and stationery in coordination with the Asset and Service Management Department of NRB. This unit also helps in coordination between other units to carry out the functions more smoothly and effectively. There are six personnel, including two support-level staff, fulfilling the unit's duties.

#### 2.4.7 Special Inspection Unit

The special inspection unit deals with, including inquiring and follow up, the banking-related complaints made directly at NRB, coming through public, media and government authorities as well as upon the findings of off-site surveillance and need felt by NRB. The unit arranges special inspection teams for onsite examination if found necessary. It also keeps the records of the special inspection reports. (Refer to Annex 7: Special Inspection of Commercial Banks in FY 2020/21).

The following table shows important directives for compliance during the review year: (Annex 5: Circulars issued in FY 2020/21).

**Table 2-1: Important Directives regarding Capital, Credit and Liquidity  
(Effective for the FY 2020-21)**

SN	Particulars	Current Rate or Percentage	Days/ Month	Remarks I	Remarks II
1.	Minimum Capital fund "IDB" and "A" class	<ul style="list-style-type: none"> <li>Core Capital = 6%</li> <li>Capital Fund including capital conservation buffer= 11% of Total Risk Weighted Exposure</li> </ul>		Minimum capital fund to be maintained based on the risk-weight assets (percent)	There are different Capital Adequacy Frameworks for A class banks, IDB, B, and C class institutions as follows: <ul style="list-style-type: none"> <li>For IDB, Capital Adequacy Framework, 2018</li> <li>for A class banks, Capital Adequacy Framework 2015</li> <li>for B and C class institutions, Capital Adequacy Framework, 2007 (Updated July 2008)</li> </ul>
	"B" class & "C" class	<ul style="list-style-type: none"> <li>Core Capital = 6%</li> <li>Capital Fund = 10% of Total Risk Weighted Exposure</li> </ul>			
2.	Refinance Facility (i) Micro, Cottage & Small Enterprises Refinance (limit up to 1.5million)	2%	Max. 1 year	Cannot charge more than 5%	i. Max. Limit per client is 50 million for wholesale refinance facilities provided via BFIs. ii. Max. Limit

	(ii) <u>Special Refinance</u> Export, Small business run by women, deprived community, differently able person and sectors affected by the natural calamities.	1%	For Covid-19 affected sector: Min. 6 months to max. 1 year.	Cannot charge more than 3%	per client is 200 million for client specific refinance facilities provided via BFIs. iii. Max. 10 % of total refinance facilities are provided to MFIs.
	(iii) General Refinance Refinances not included in (i) and (ii) and all other refinances which this bank asks to categorize into.	3%		Cannot charge more than 5%	
3.	Bank Rate	5%			
4.	SLF Rate (For A, B & C)	Bank rate (5%)	Max. 5 days	For Merger, 30 days	Up to 90% Against Govt. T-Bills and Govt. Bonds
5.	Lender of Last Resort	Bank rate (5%)	Max. 6 months		Against deposit at NRB for CRR Purpose / Govt. Securities and Pass Loan
6	Net Liquid asset to Total Deposit Ratio	20%			
7.	Repo & Reverse Repos	As determined by Open Market Operation Committee.			
8.	CRR "IDB" Class "A" class "B" class "C" class	1% 3% 3% 3%			
9.	SLR "IDB" Class "A" class "B" class (taking call and current deposit) "C" class (taking call and current deposit)	12% 10% 8% 7%			
10.	Deprived Sector "A" class, "B" class "C" class	5%			
11.	Priority Sector lending "A" class in: Agriculture, MSME, Energy & Tourism. "B" class in priority "C" class in priority	40% (Deadline BS 2080 Asar for Agriculture, 2081 Asar for others.) in Productive sector: min. 11% in Agriculture, 11% in MSME, 6% in Energy.			

## CHAPTER III

### 3 OPERATIONAL PERFORMANCE OF COMMERCIAL BANKS

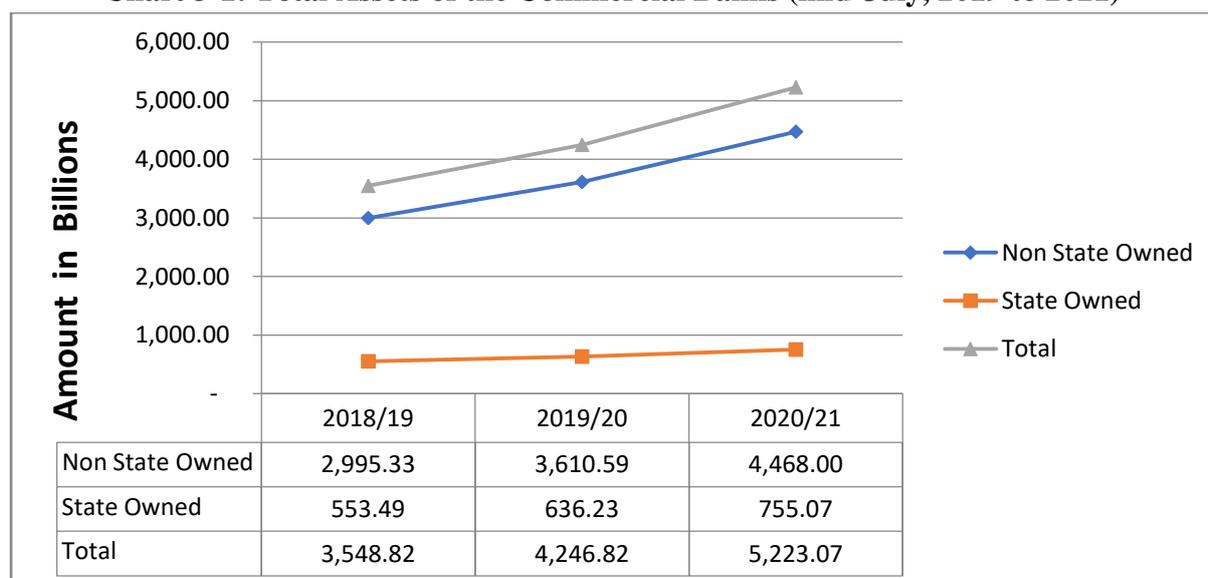
Nepal started the practice of publishing financial statements in conformity with the International Financial Reporting Standards (IFRS) from 2013 onwards. Local accounting standards have been converged with IFRS to form new standards, Nepal Financial Reporting Standards (NFRS). These NFRSs are developed and issued by Accounting Standard Board (ASB) and made effective by The Institute of Chartered Accountants of Nepal (ICAN).

NFRS currently practiced in Nepal comprises of broad standards covering Nepal Accounting Standards (NAS) developed by ASB before 2013, Nepal Financial Reporting Standards (NFRS) developed after 2013, Standard Interpretation Committee's (SIC) Interpretations by the then Standard Interpretation Committee (SIC) under IFRS Foundation and International Financial Reporting Interpretation Committee's (IFRIC) interpretations published by IFRIC. As per the direction of NRB, the Commercial Banks have started to publish their financial statements as per NFRS from FY 2017/18. The operational performance of the BFIs reported to and complied by the Offsite unit of BSD are as follows:

#### 3.1 Assets of the commercial banks

The total assets of the commercial banks have increased by 22.99 percent to Rs. 5,223.07 billion in the FY 2020/21 compared to a growth of 19.67 percent in FY 2019/20. In the review year, the total assets increased by 18.68 percent in state-owned banks and by 23.75 percent in the non-state owned banks. The major contribution in the increment in total assets of the Commercial banks comes from the increase in the total loan portfolio, which is the largest component of assets in the Commercial banks.

**Chart 3-1: Total Assets of the Commercial Banks (mid-July, 2019 to 2021)**

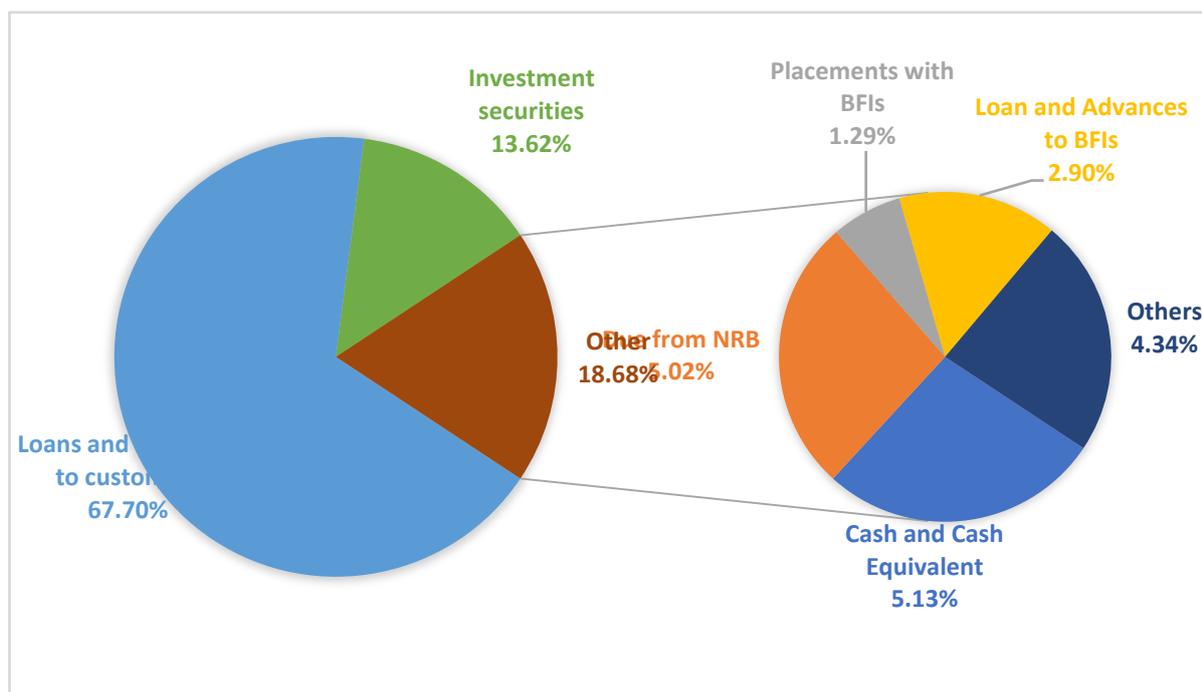


### 3.2 Composition of Assets

The major chunk of the assets of the commercial banks as on Mid July 2021 is loans & advances to customers which amounts total to Rs. 3,536.05 billion which is 67.70 % of total assets. The second and third largest components are investment in securities 13.62% and cash & cash equivalent 5.13% respectively.

Refer to Annex 9.2: Composition of Assets for details.

**Chart 3-2: Composition of Assets of Commercial Banks (mid-July 2021)**

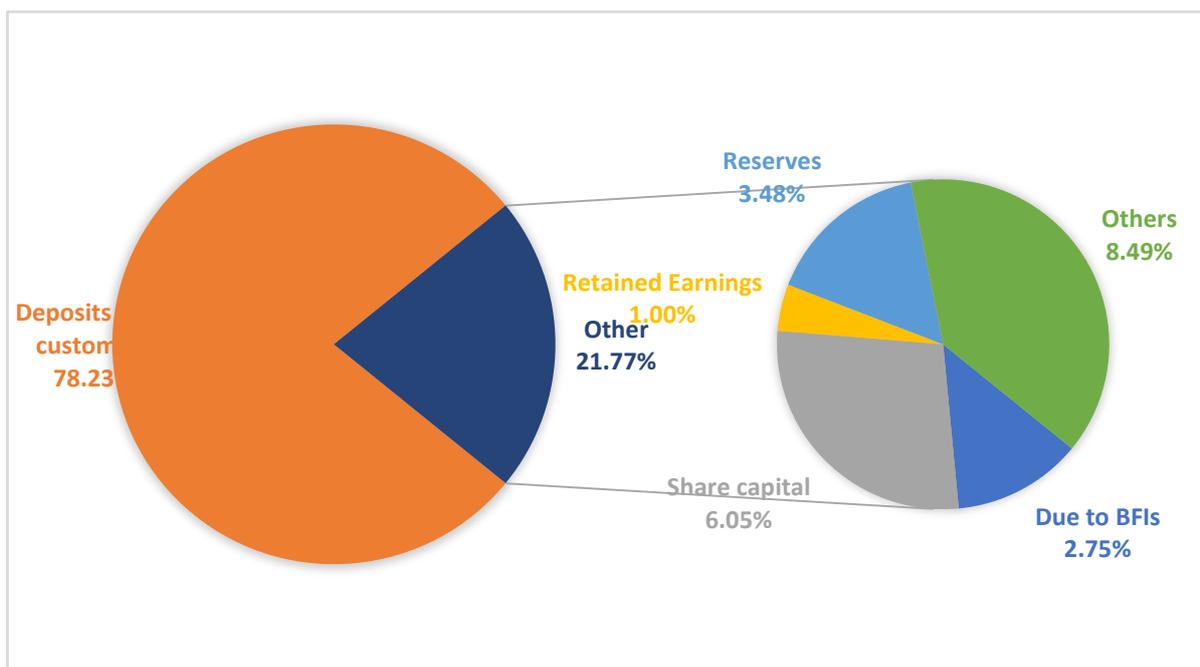


### 3.3 Composition of Liabilities

The largest source of fund of the Commercial banks in mid-July 2021 was Deposit from customers, which totals to Rs.4,086.19 billion (78.23%). The second and third largest sources were Share capital and Reserves, which is 6.05% and 3.48% respectively.

Refer to Annex 9.3: Composition of Liabilities and Equity for details.

**Chart 3-3: Composition of Liabilities of Commercial Banks (mid-July 2021)**

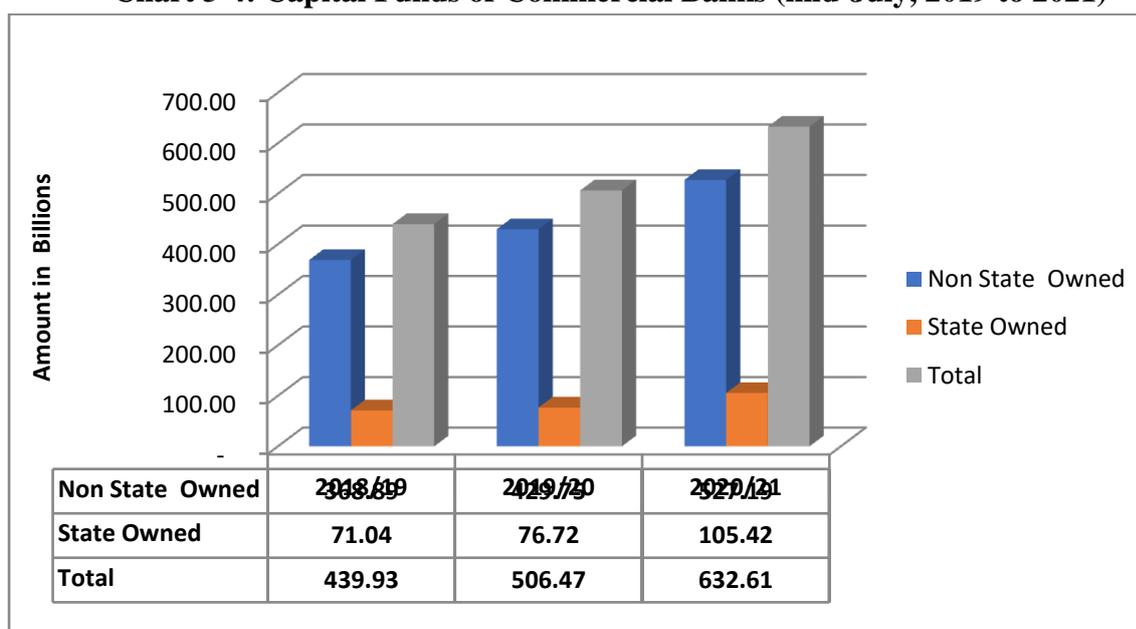


### 3.4 Capital Fund

The consolidated capital fund of the Commercial banks showed a significant growth during the review year. Capital fund increased by 24.91 percent to Rs. 632.61 billion in the review year. Capital fund of non-state-owned banks grew by 22.67 percent to Rs. 527.19 billion and that of the state-owned banks increased only by 37.41 percent to Rs 105.42 billion. The growth in such amount is mostly due to increment in profit of BFIs.

Refer to Annex 9.4: Capital Fund for details.

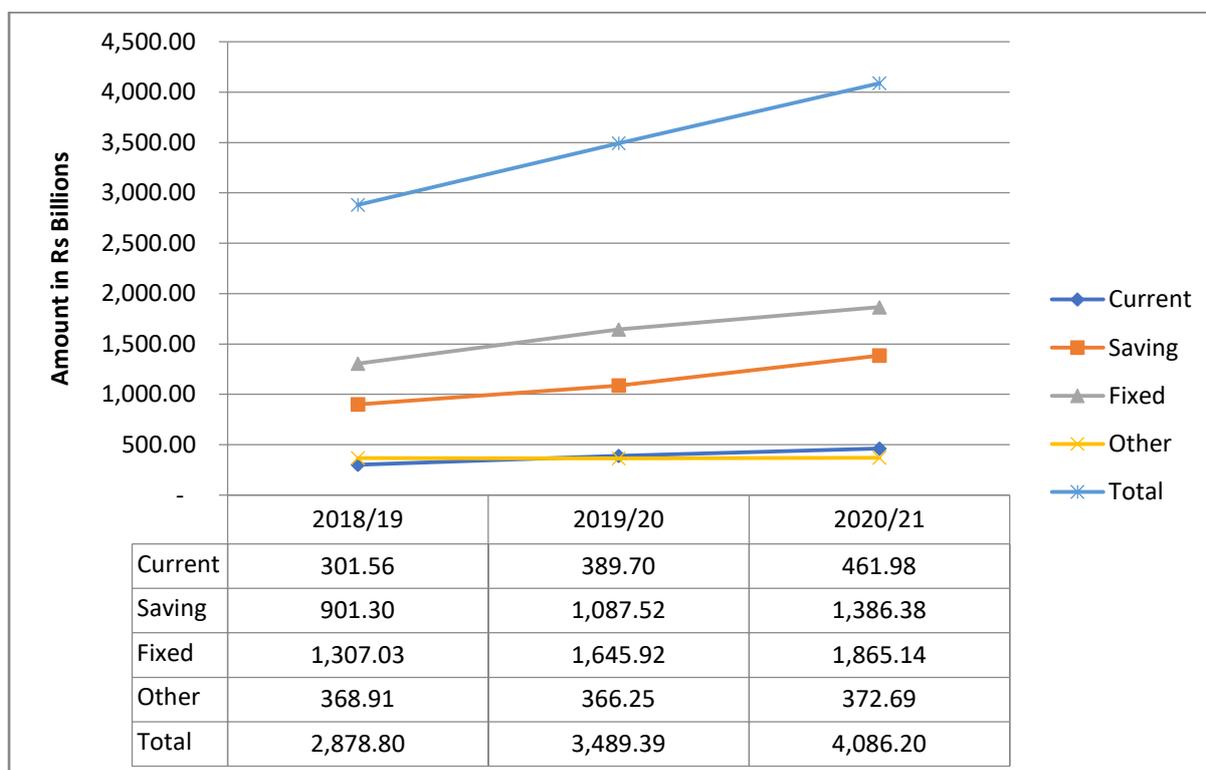
**Chart 3-4: Capital Funds of Commercial Banks (mid-July, 2019 to 2021)**



### 3.5 Deposit

Total deposits of the commercial banks as per unaudited figures increased significantly by 17.10 percent to Rs. 4,086.20 billion in the review year compared to a growth of 21.20 percent in the previous fiscal year.

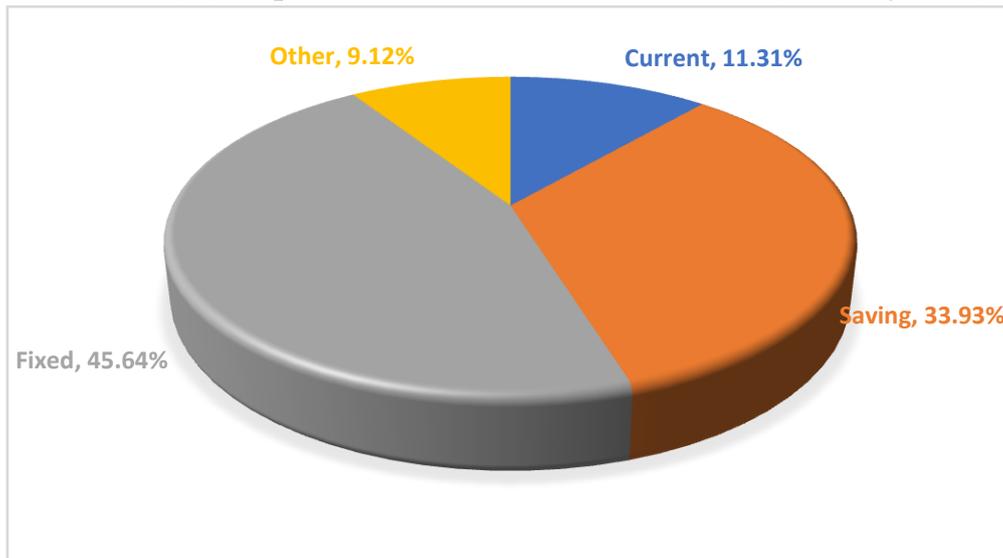
**Chart 3-5 (A): Deposit Mix of the Commercial Banks (mid-July, 2019 to 2021)**



Savings and fixed deposits are the major components in the deposits of the Commercial banks. In the review year, the saving deposits increased with the highest rate i.e., by 27.48 percent to Rs.1,386.38 billion followed by current deposits which increased by 18.55 percent to Rs. 461.98 billion. Across all the three years presented, fixed deposits have covered the highest portion of commercial banks' total deposits.

*Refer to Annex 9.5: Deposit Mix for details.*

**Chart 3-5 (B): Deposit Mix of the Commercial Banks (mid-July 2021)**

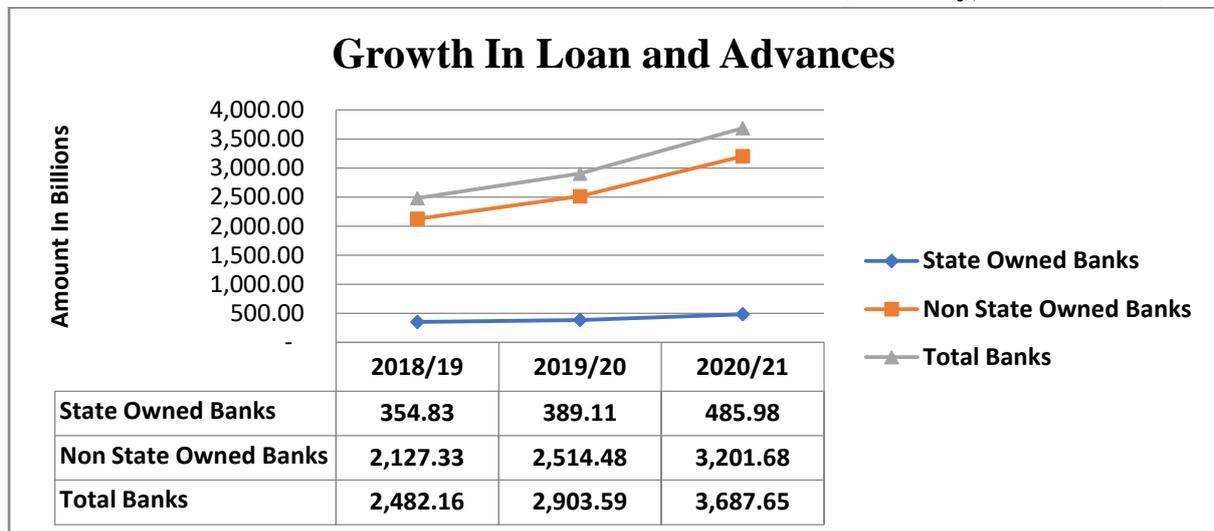


### 3.6 Loan and Advances

The total Loan and advances of the Commercial banks increased by 27 percent to Rs.3,687.65 billion in the FY 2020/21. Loans and advances of state-owned banks increased by 24.89 percent to Rs. 485.98 billion, and that of non-state-owned banks rose by 27.33 percent to Rs. 3,201.68 billion during the review year.

Refer to Annex 9.6 Loans and Advances for details.

**Chart 3-6: Loan and Advances of the Commercial Banks (mid-July, 2019 to 2021)**



#### 3.6.1 Sector-wise Loan and Advances

Commercial banks have disbursed the loans and advances to the different sectors of the economy. Wholesalers & Retailers sector is the dominant sector of lending with 20.55 percent share on total loans and advances, followed by Non-Food Production sector 12.32 percent and Construction 9.56 percent sector.

**Table 3-1: Sector-wise loan and advances of the Commercial Banks**

SN	Sector	% of Total Loan (mid-July)		
		2019	2020	2021
1	Agriculture Forest	5.26	5.75	6.52
2	Fishery	0.14	0.16	0.21
3	Mining	0.28	0.21	0.22
4	Agriculture, Forestry & Beverage Prod. Related	5.66	5.43	5.48
5	Non-food Production Related	13.7	13.17	12.32
7	Construction	10.06	10.16	9.56
8	Power, Gas and Water	4.79	5.40	5.45
9	Metal Products, Machineries, Elec. and Installation	1.29	1.48	1.61
10	Transport, Warehousing and Communication	2.55	2.60	2.12
11	Wholesalers and Retailers	22.06	20.84	20.55
12	Finance, Insurance and Real Estate	8.03	7.66	7.74
13	Hotel and Restaurant	4.24	4.61	4.44
14	Other Services	4.38	4.73	4.40
15	Consumable Loans	5.5	4.75	5.52
16	Local Government	0.06	0.05	0.04
17	Others	12	12.99	13.82
	<b>Total Loan</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Offsite Supervision Unit, BSD

### 3.6.2 Collateral-wise Loan and Advances

Almost all the loans and advances disbursed by the Commercial banks are secured by some form of collateral. As of mid-July 2021, about 87.97 percent of the total loans and advances are secured by the property. This category includes all those loans and advances that are provided against security of fixed assets like real estate and current assets like stocks and receivables as well.

**Table 3-2: Collateral-wise Loan and Advances of Commercial Banks**

S.N.	Security	% of Total Loan (mid-July)		
		2019	2020	2021
1	Gold and Silver	1.28	1.18	1.04
2	Government Securities	0.01	0.02	0.02
3	Non-Governmental Securities	1.11	1.10	1.98
4	Fixed Deposit Receipts	0.76	0.58	0.67
5	Collateral of Properties	89.53	89.50	87.97
6	Against security of Bill	0.93	1.16	1.28
7	Against Guarantee	3.21	3.02	3.51
8	Credit Card	0.07	0.06	0.06
9	Others	3.11	3.38	3.48
<b>Total</b>		<b>100</b>	<b>100</b>	<b>100</b>

Source: Offsite Supervision Unit, BSD

### 3.6.3 Product-wise Loan and Advances

Major part of the loan and advances, i.e. 23.04 percent of the total loan, as of mid-July 2021, is related to demand and other working capital nature. The portion of such loan in the previous year was 23.58 percent. Similarly, 21.54 percent and 14.76 percent of loans were extended as term loans and overdraft respectively. There is no significant change in the product-wise mix when compared to the previous year.

**Table 3-3: Product wise Loan and Advances**

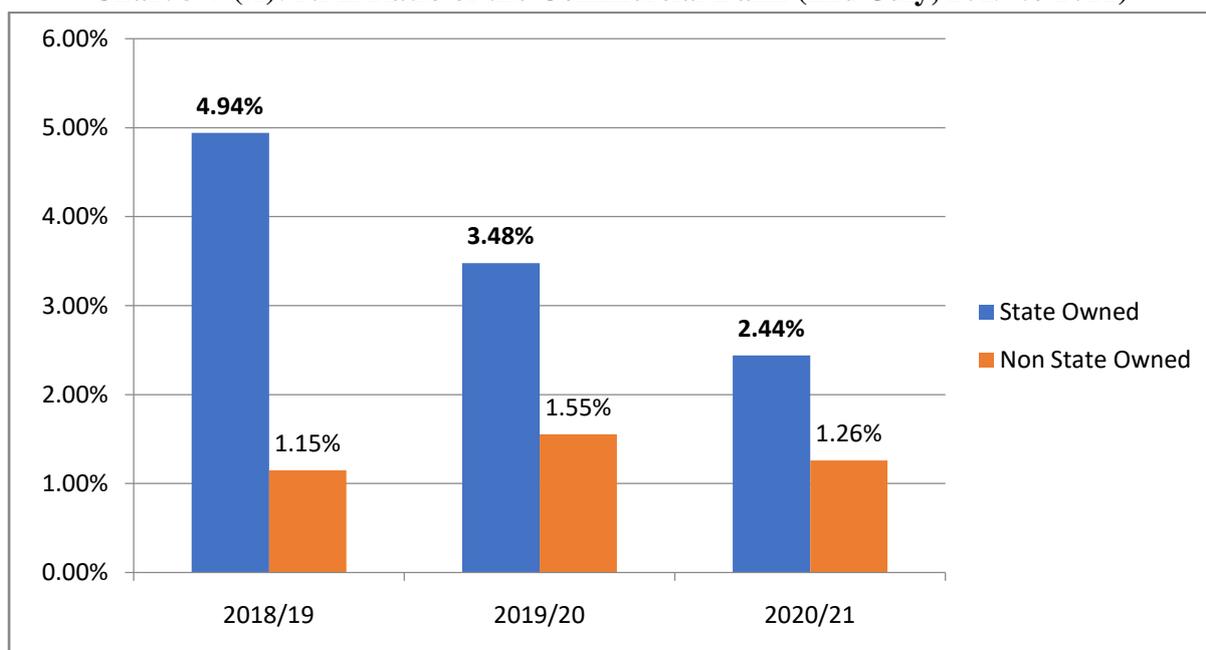
S.N.	Loan Products	% of total loan (Mid July)		
		2019	2020	2021
1	Term Loan	19.08	21.47	21.54
2	Overdraft	15	14.51	14.76
3	Trust Receipt Loan/Import Loan	5.09	4.76	5.53
4	Demand and Other Working Capital Loan	23.96	23.58	23.04
5	Personal Residential Home Loan	7.47	7.18	6.70
6	Real Estate Loan	4.76	4.87	4.28
7	Margin Nature Loan	1.42	1.42	2.45
8	Hire Purchase Loan	5.68	4.99	3.63
9	Deprived Sector Loan	5.69	5.82	6.45
10	Bills Purchased	0.13	0.11	0.12
11	Other Product	11.71	11.28	11.51
<b>Total</b>		<b>100</b>	<b>100</b>	<b>100</b>

Source: Offsite Supervision Unit, BSD

### 3.7 Non-Performing Loans (NPL)

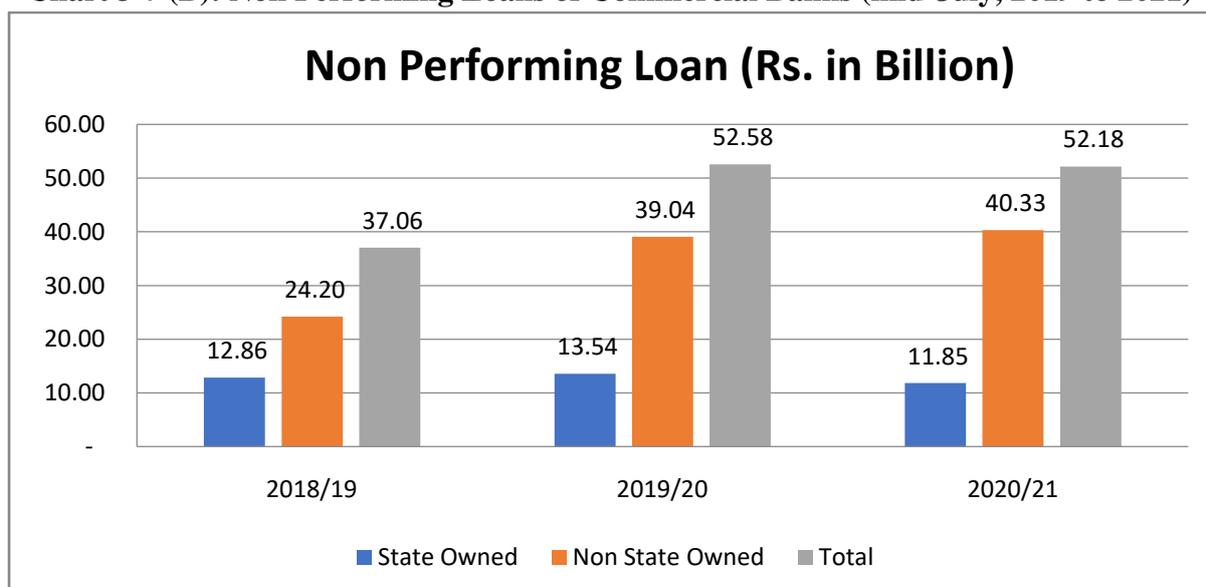
The total volume of non-performing loans of the Commercial banks decreased marginally by 0.76 percent in the fiscal year 2020/21 and reached to Rs. 52.18 billion. Non-performing loans of private sector banks increased by 3.29 percent to Rs. 40.33 billion and that of public sector banks decreased by 12.46 percent to Rs. 11.85 billion during the review period. The industry NPL ratio decreased to 1.41 percent from 1.81 percent during the review period.

**Chart 3-7 (A): NPL Ratio of the Commercial Bank (mid-July, 2019 to 2021)**



Refer to Annex 9.7 Non Performing Loans for details.

**Chart 3-7 (B): Non Performing Loans of Commercial Banks (mid-July, 2019 to 2021)**

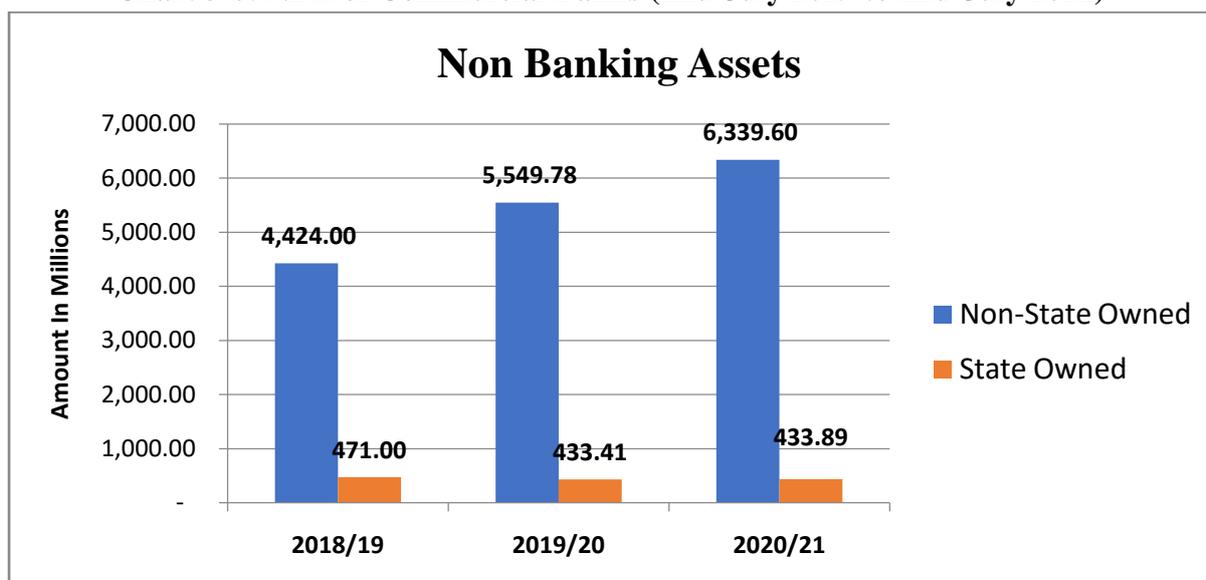


### 3.8 Non-Banking Assets (Investment in Property)

The level and structure of Non-Banking Assets (NBA) during the last three years is presented in the Chart 3-8. The overall NBA of the commercial banks increased by 13.21 percent in FY 2020/21. Non-state-owned banks accounted for the increase in NBA by 14.23 percent whereas the amount of state-owned bank increased by 0.11 percent.

*Refer to Annex 9.8 Non-Banking Assets for details.*

**Chart 3-8: NBA of Commercial Banks (mid-July 2019 to mid-July 2021)**

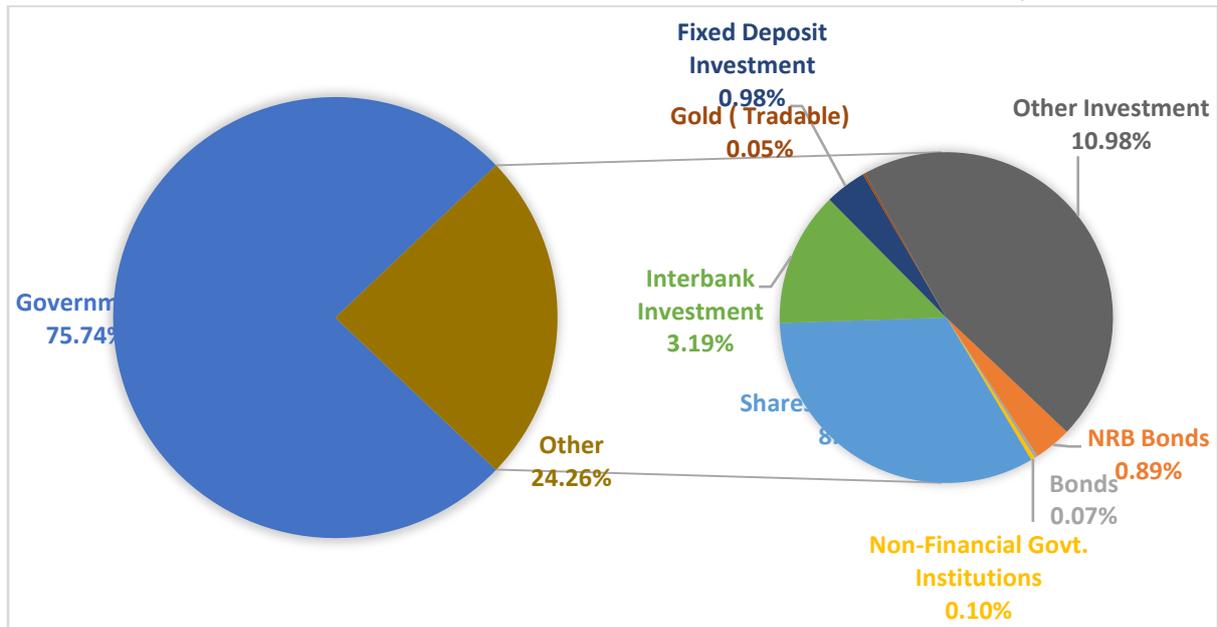


### 3.9 Investment

The composition of investment of Commercial banks shows a high concentration in government securities, which is 75.74 percent of the total investment, while shares and debentures, interbank investment, fixed deposit investment and other investment accounted for 8.00 percent, 3.19 percent, 0.98 percent and 12.09 percent respectively. The investment pattern in the portfolio is similar to that of the previous year. Banks are not allowed to invest in shares and debentures of BFIs licensed by the NRB, except that of D Class Financial institutions. Chart 3-9 shows the investment portfolio of the commercial banks in mid-July 2020.

*Refer to Annex 9.9: Investment Portfolios for details.*

**Chart 3-9: Investment Portfolio of the Commercial Banks (mid-July 2021)**

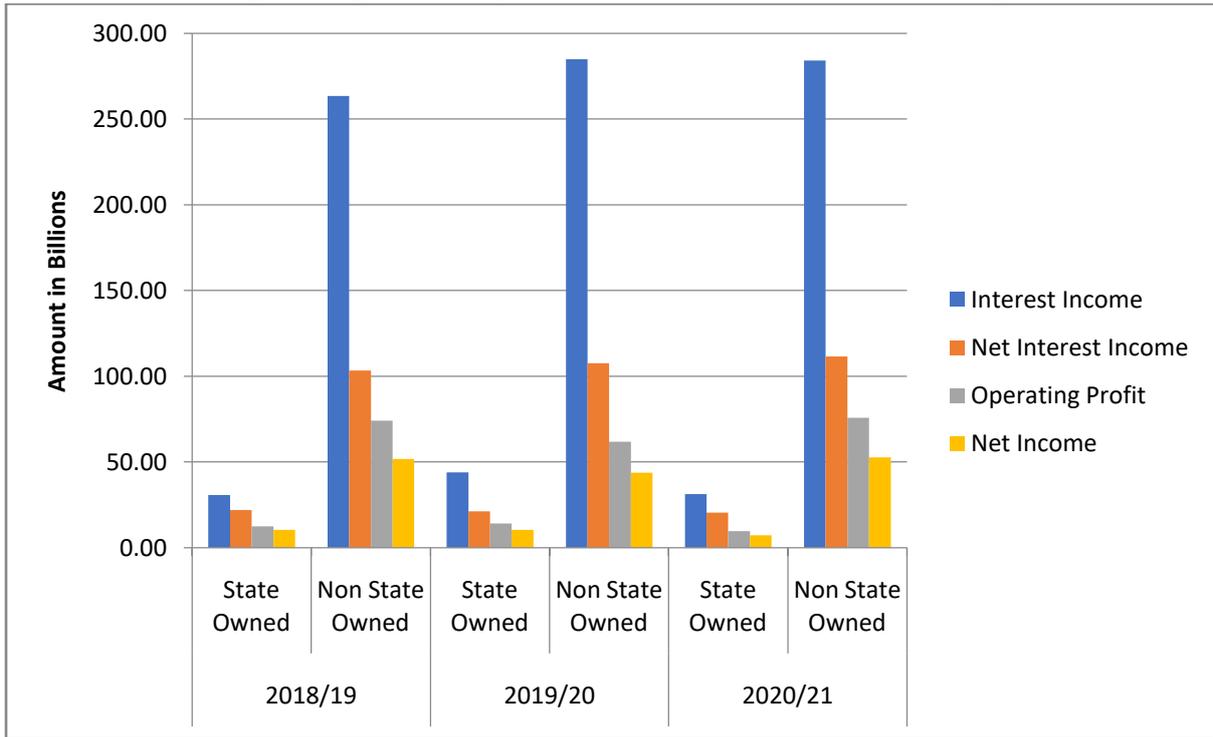


### 3.10 Earnings

The total net profit of Commercial banks increased by 10.33 percent and reached to Rs. 59.93 billion in FY 2020/21 from Rs. 54.32 billion of FY 2019/20. The net profit of non-state owned banks increased by 20.09 percent and state owned banks decreased by 30.47 percent. The total interest income, which is the largest component of total gross income, showed a negative growth of 0.24 percent. The total net interest income rose by 3.60 percent, whereas the operating profit increased by 22.73 percent in the review period.

*Refer to Annex 9.10: Operating Efficiency for details.*

**Chart 3-10 (A): Operating Efficiency of the Commercial Banks (mid-July, 2019 to 2021)**

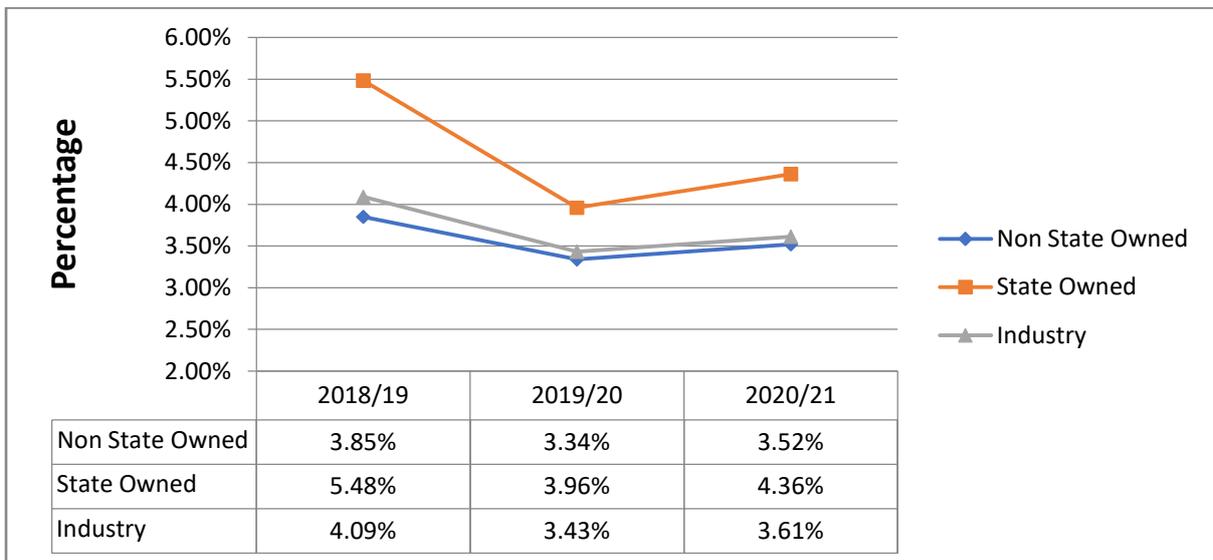


Interest income of the commercial banks is the main factor that contributes to their profitability. The net interest spread of the commercial banks increased from 3.43 percent to 3.61 percent in the FY 2020/21. The net interest spread of non-state owned banks and state owned banks is 3.52 percent and 4.36 percent respectively in the review period.

Source: Unaudited figures from Offsite Supervision Unit, BSD

Annex 9.11: Net Interest Spread for details.

**Chart 3-10 (B): Interest Spread of the Commercial Banks (mid-July, 2019 to 2021)**



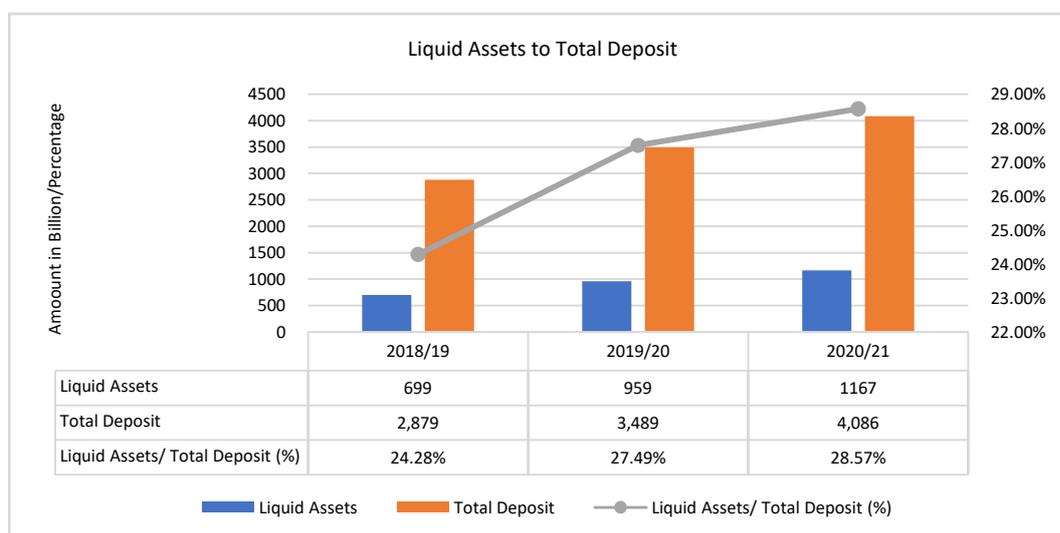
### 3.11 Liquidity

The cash balance, bank balance with NRB and other BFIs, money at call and the investment in the government securities are considered as the total liquid assets of the commercial banks. The total liquid assets of the Commercial banks increased significantly from Rs. 959 billion to Rs. 1,167 billion in FY 2020/21. Also, the total liquid assets to deposit ratio increased from 27.49 percent to 28.57 percent in the review period. Likewise, total liquid assets to total assets ratio decreased slightly from 22.59 percent to 22.35 percent in the period.

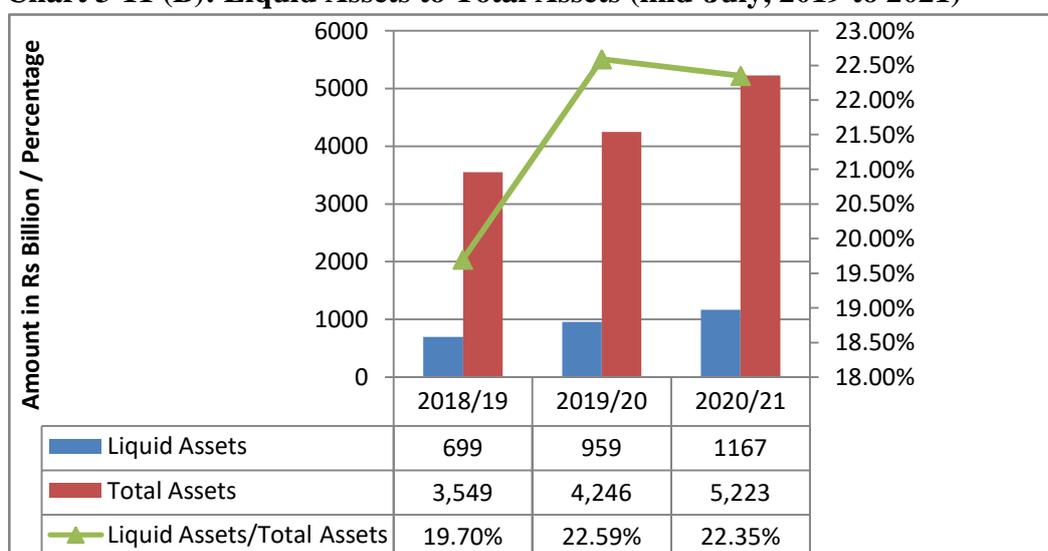
*Detailed figures are shown in Annex 9.12: Liquid Assets to Total Deposit and Annex 9.13 Liquid Assets to Total Assets.*

Chart 3-11 (A) and (B) show the liquidity position of the commercial banks to its total assets and total deposits respectively.

**Chart 3-11 (A): Liquid Assets to Total Deposit (mid-July, 2019 to 2021)**



**Chart 3-11 (B): Liquid Assets to Total Assets (mid-July, 2019 to 2021)**



### 3.12 Deprived Sector Lending

Deprived sector lending of Commercial banks for the last quarter of the FY 2020/21 was 7.5 percent. The deprived sector lending is above the NRB minimum requirement of 5 percent in the review year. (Refer to Annex 9.14 Deprived Sector Lending of Commercial Banks for details.)

### 3.13 Electronic Banking

Nepalese commercial banks are providing following types of electronic banking services:

- a) Internet Banking
- b) Mobile Banking
- c) Card Services (Debit Cards, Credit Cards, Prepaid Cards)
- d) Cash and Cheque Deposit Kiosks
- e) Automated Teller Machines (ATMs)
- f) Branchless Banking

Table below shows the present status of electronic banking in Nepalese commercial banking industry. This depicts a growing trend in the use of electronic banking services in the industry.

**Table 3-4: Electronic banking in Nepalese Commercial banking industry**

S.N.	Particulars	Mid-July				
		2017	2018	2019	2020	2021
1)	Number of branchless banking centre	1008	1248	1529	1574	1,706
2)	Number of mobile banking customer	2,438,222	4,711,097	7,406,802	10,115,313	12,638,366
3)	Number of Internet banking customer	766,958	810,674	888,268	1,001,866	1,115,532
4)	Total number of ATM	1,874	2,252	2,951	3,759	3,983
5)	Number of debit card holder	4,694,066	5,307,970	6,454,285	7,062,472	8,459,435
6)	Number of credit card holder	68,966	104,721	123,146	160,297	192,370
7)	Number of prepaid card holder	101,458	96,816	67,386	63,775	65,786

Source: Bank and Financial Institutions Regulation Department, NRB

### **3.13.1 Internet Banking**

Kumari Bank Limited was the first bank to introduce Internet Banking in Nepal (in 2002). Currently, all Commercial banks are offering Internet Banking services to their customers. As on mid-July 2021, there were 1,115,532 internet banking users of commercial banks in Nepal. The number was 1,001,866 in the last year. So far, commercial banks in Nepal are providing the service of mobile top up, utility payments, fund transfers within and between BFIs and the generation of account statements as internet banking services.

### **3.13.2 Mobile Banking**

Nepalese banks are providing services like balance inquiry, mini statement, last transactions information, withdrawal alerts, cheque book inquiry/request, inter-bank and intra-bank fund transfer, utility bill payments, payment via Quick Response (QR) code etc. through mobile banking. As of mid-July 2021, there were 12,638,366 users of mobile banking, which were 10,115,313 in the previous year. Since mobile service has a very high penetration ratio in the Nepalese population, it can be a very effective way to provide financial services to the domestic consumers.

### **3.13.3 Debit Card**

All Nepalese Commercial banks are providing debit card services to their customers. There are 8,459,435 debit card users in the commercial banks as on mid-July 2021, which were 7,062,472 in the previous year.

### **3.13.4 Automated Teller Machines (ATMs)**

Himalayan Bank Limited introduced the first ATM in Nepal in the year 1995. All Commercial banks have installed ATMs currently. Through ATMs, customers can withdraw cash up to certain limit at any time free of service or at minimal charge. As on mid-July 2021, there are 3,983 ATMs installed by Commercial banks in the country which was 3,759 as on Mid-July 2020.

### **3.13.5 Credit Card**

Credit card service in Nepal was first introduced by Nabil Bank Ltd (then Nepal Arab Bank Ltd) in the early 1990s. As on mid-July 2021, there are 192,370 active credit card customers in the Nepalese banking industry. There were 160,297 credit card customers as on mid-July 2020.

### **3.13.6 Branchless Banking**

Branchless banking is a distribution channel strategy used for delivering financial services without relying on bank branches. It is serviced through point of transaction (POT) machine by using smart cards. It is an agent-based service. The services include deposit, withdrawal, balance enquiry, and fund transfer. As on mid-July 2021, there are 1,706 branchless banking centres in Nepal, number of which were 1,574 in the previous year. Increasing number of banks introducing branchless banking, in the rural areas, has contributed to the growth in the number of branchless banking centres.

## CHAPTER IV

### 4 CURRENT INITIATIVES IN SUPERVISION

This chapter presents the initiatives taken in the field of banking supervision and regulation in both domestic as well as international arena. It provides a brief outlook to the valued readers about the developments regarding oversight in the financial sector recently.

#### 4.1 International Initiatives:

##### 4.1.1 Initiatives by Basel Committee on Banking Supervision (BCBS)<sup>2</sup>

###### 4.1.1.1 Revisions to the Principles for the Sound Management of Operational Risk

The Basel Committee on Banking Supervision (The Committee or BCBS) published “Principles for the Sound Management of Operational Risk” in 2011 to provide guidance to the banks on the management of operation risk. Later in 2014, the committee conducted review of the implementation of these principles. The 2014 review identified that several principles had not been adequately implemented, and further guidance would be needed. With the increase in scope and size of the banking activities, new risks are always rising in the banking operation. To address them, the committee made revision to the principles for the sound management of the operation risk in March 2021. The revision covered governance; the risk management environment; information and communication technology; business continuity planning; and the role of disclosure. These elements should not be viewed in isolation; rather, they are integrated components of the operational risk management framework (ORMF) and the overall risk management framework (including operational resilience) of the group. With this revision, 12 principles were formulated that addressed the following areas of operation.

Principle 1: Operation Risk Culture

Principle 2: Operational Risk Management Framework

Principle 3: Board of Directors

Principle 4: Operational Risk Appetite and Tolerance

Principle 5: Senior Management

Principle 6: Risk Identification and Assessment

Principle 7: Change Management

Principle 8: Monitoring and Reporting

Principle 9: Control and Mitigation

Principle 10: Information and Communication Technology

Principle 11: Business Continuity Planning

Principle 12: Role of Disclosure

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<sup>2</sup>Source: BIS, BCBS <http://www.bis.org>  
for the publications <http://www.bis.org/bcbs/publications.htm?m=3%7C14%7C566>

#### 4.1.1.2 Prudential Treatment of Crypto Asset Exposures:

On June 2021, BCBS published a consultation paper on preliminary proposals for the prudential treatment of banks' crypto asset exposures. This document builds on the contents of the Committee's 2019 discussion paper and responses received from a broad range of stakeholders, as well as ongoing initiatives undertaken by the international community.

The growth of crypto assets has the potential to raise financial stability concerns and increase risks faced by banks. Certain crypto assets have exhibited a high degree of volatility, and could present risks for banks as exposures increase, including liquidity risk; credit risk; market risk; operational risk (including fraud and cyber risks); money laundering / terrorist financing risk; and legal and reputation risks. To address these risks, in March 2019, the committee published a newsletter on the risks associated with crypto assets, outlining a set of minimum supervisory expectations for banks that are authorized, and decide, to acquire crypto assets and/or provide related services. Then, it published discussion paper in December 2019 seeking views of stakeholders on a range of issues related to the prudential treatment of crypto assets.

As per the consultation paper, the crypto assets has been categorized into Group 1 crypto assets and Group 2 crypto assets and prudential treatment of those crypto assets exposure is as:

	Group 1 Crypto assets		Group 2 Crypto assets
Prudential Requirements	Group 1a: Tokenised Traditional Assets	Group 1b: Crypto assets with Stabilization Mechanisms (eg, stable coin)	Crypto assets that do not qualify as Group 1 (eg, Bitcoin)
Credit and market risk requirements	Capital requirements at least equivalent to those of traditional assets (with further consideration for capital add-ons)	New guidance on application of current rules to capture the risks relating to stabilization mechanisms (with further consideration for capital add-ons)	New conservative prudential treatment based on a 1250% risk weight applied to the maximum of long and short positions

#### 4.1.2 Major Initiatives taken by SAARC Countries Central Banks:

##### 4.1.2.1 Comprehensive Framework for Grievance Redress Mechanism in Banks:

In January 2021, RBI released comprehensive framework to strengthen and improve the efficacy of the grievance redress mechanism of banks. This framework comprised of three major elements viz, (i) enhanced disclosures on complaints to be made by the banks; ii) recovery of the cost of redress of maintainable complaints from the banks against whom the number of complaints received in the Offices of Banking Ombudsman (OBOs) are in excess of their peer group averages; and iii) intensive review by RBI of the grievance redress mechanism of banks. The redress of complaints will continue to be cost-free for the customers of banks and members of public.

The framework aimed to provide greater understanding of the volume and nature of complaints received by the banks, the quality and turnaround time of redressal, promote satisfactory customer outcomes and improved customer confidence, and identify remedial steps to be taken by the banks having persisting issues in grievance redress mechanism.

#### **4.1.2.2 College of Supervisors (Cos)**

In order to enhance the effectiveness of the supervisory function of the bank, RBI had established a fully operationalized College of Supervisors (Cos). Cos helps in augmenting and reinforcing the supervisory skills among its regulatory and supervisory staffs both at entry level and on a continuous basis. Initially, it was functioning in a limited way in a virtual mode since May 2020. Now, full time Director lead the Cos, supported by Academic Advisory Council (AAC). The AAC will identify areas where skill building/up-skilling are required, plan and develop curricula of all programs, benchmark the programs with international standards/best practices, develop appropriate teaching methods, etc.

#### **4.1.2.3 Revision of Priority Sector Lending Guidelines**

RBI has comprehensively reviewed the Priority Sector Lending (PSL) Guidelines to align it with emerging national priorities and bring sharper focus on inclusive development, after having wide ranging discussions with all stakeholders. In the revised guidelines, RBI has added new categories which shall be eligible for financing under priority sector such as loan to startups (up to Rs.50 crore), loans to farmers for installation of solar power plants for solarization of grid connected agriculture pumps and loans for setting up Compressed Bio Gas (CBG) plants. Besides these, the revised guidelines has increased the loan limit for the existing sector under priority sector lending which includes renewable energy, health infrastructure and farmers producers organization/ farmers producers companies. In the same way, to address regional disparities in the flow of priority sector credit, higher weightage have been assigned to incremental priority sector credit in 'identified districts' where priority sector credit flow is comparatively low.

#### **4.1.2.4 Reserve Bank Innovation Hub:**

RBI has decided to set up Reserve Bank Innovation Hub (RBIH) to promote innovation across the financial sector by leveraging on technology and creating an environment which would facilitate and foster innovation. The hub would be guided and managed by Governing Council led by Chairperson. The RBIH shall create an eco-system that would focus on promoting access to financial services and products. This will also promote financial inclusion. The Hub will collaborate with financial sector institutions, technology industry and academic institutions and coordinate efforts for exchange of ideas and development of prototypes related to financial innovations. It would develop internal infrastructure to promote fin-tech research and facilitate engagement with innovators and start-ups.

#### **4.1.2.5 Guidelines on Country Risk Management for Banks**

Bangladesh Bank has prepared Guidelines on Country Risk Management for Banks to address the risk of loss of both on and off balance sheet exposures to banks caused by the adverse events in foreign country. This guideline has come into effect from January 2022. To comply with the international best practices and to build the banking industry more resilient to shocks, all the scheduled banks have to take necessary measures and maintain appropriate provisions against the country risk as per the instructions set out in this guidelines. This guideline sets out the minimum requirements and supervisory perspective of the Bangladesh Bank (BB) with regard to ensuring that banks have adequate structures, policies and processes in place to identify, measure, evaluate, monitor, report and control or mitigate country risk in their cross-border placements, lending and investments and for maintaining appropriate capital and/or reserves against such risks on a timely basis.

#### **4.1.2.6 Revision of Guidelines on Stress Testing of the Banking Sector**

State Bank of Pakistan (SBP) has revised guidelines on stress testing on September 2, 2020, which replaced the earlier guidelines issued in 2012. The revised guidelines is expected to further strengthen the risk management capacity of financial institutions (FIs) in line with the evolving international best practices and changing local economic and financial dynamics. With this revision, the scope has been broadened to incorporate macro-stress testing besides sensitivity analysis with an enhanced number of shock scenarios. In terms of coverage, microfinance banks are also required to perform sensitivity analysis along with other FIs. Further, domestic systemically important banks (D-SIBs) has to conduct macro-stress testing annually. Similarly, the data submission requirements have been rationalized and financial institutions will now be required to furnish data on a minimal number of variables. The guidelines also envisage supervisory engagement with banks based on SBP's in-house assessment to ensure that appropriate risk mitigation measures are taken for strengthening the resilience of the individual institutions and the banking system.

#### **4.1.2.7 Amendment in Capital Adequacy Regulation to Boost Housing and Construction Sector**

The risk weight assigned to banks investment in units of Real Estate Investment Trusts (REIT) has been significantly lowered from 200% to 100% by State Bank of Pakistan (SBP) in order to support the development of real estate sector. With this change, the banks will now be able to increase their investments in REITs without the need to allocate relatively large amount of capital. The increment in participation of the financial institutions, backed by regulatory initiatives, would encourage REIT management companies to launch new REITs, providing further boost to the government's agenda for development of housing and construction sectors. Earlier

SBP has amended the provision relating to the investment of banks in REITs to the tune of 15% of their equity as against the previous limit of 10%.

#### **4.1.2.8 Licensing and Regulatory Framework for Digital Banks**

For the enhancement of financial inclusion, provision of affordable/cost effective digital financial services especially to un served and underserved segment of the society and fostering a new set of customer experience, State Bank of Pakistan (SBP) has developed a licensing and regulatory framework for setting up digital banks in Pakistan. This framework, which has been divided into two parts supplemented with six appendices, provides complete guidance to the applicants regarding licensing requirements, eligibility criteria for sponsors of digital banks, regulatory capital requirements, guiding regulations for digital banks, business operations allowed during different phases and list of documents required with the licensing application. Initially, SBP has limited the number of digital bank up to 5 and application for the licensing shall be accepted till March 31, 2022.

#### **4.1.2.9 Corporate Governance Regulatory Framework**

State Bank of Pakistan (SBP) has formulated comprehensive corporate governance regulatory framework for banks on November 22, 2021, which consolidated all the instructions/guidelines/circulars, issued from time to time related to corporate governance. This framework has aligned the corporate governance requirements with international standards/principles on corporate governance, domestic laws/rules/regulations and industry best practices. The existing Fit and Proper Test (FPT) criteria and other corporate governance regulatory requirements for the sponsor shareholders, members of Board of Directors, Presidents/CEOs and key executives of the banks have been reviewed in this framework. Banks are required to comply with this framework with immediate effect. Moreover, the board composition shall be in accordance with this framework, whenever it is reconstituted after the expiry of the current term. The banks are also required to provide the information of prospective sponsor shareholders, board members, presidents/CEOs and key executives on a revised FPT proforma. In case of any discrepancy in the information provided, appropriate enforcement action may be taken against banks or the concerned person submitting the FPT documents.

## **4.2 National Initiatives**

### **4.2.1 Revision of ICAAP Guidelines**

Nepal Rastra Bank (NRB) is in the process of amendment of Internal Capital Adequacy Assessment Process (ICAAP) Guidelines applicable for commercial banks and national level development banks. Now the guideline is under final review from the concerned stakeholders and will be finalized by incorporating their feedback. Initially, this guideline was issued in 2012.

ICAAP is a procedure and measure adopted by bank for identification and measurement/quantification of all material risks to which it is exposed, allocating an appropriate level of internal capital in relation to the bank's risk profile, and implementing suitable risk management systems in the bank. Besides, the risks cover in Pillar 1 of Basel II framework, banks are required to determine the capital requirement capital adequacy in relation to all material inherent business risks and other risks related to external economic environment. So, the scope and coverage of ICAAP is much beyond the Pillar 1 because it not only covers the Pillar 1 risks (credit risk, market risk & operational risk) but also encompasses all material risks.

#### **4.2.2 Revision of Stress Testing Guideline**

Bank Supervision Department (BSD) of Nepal Rastra Bank (NRB) has reviewed the existing Stress Testing Guideline 2012 and prepared the final draft for updating the guideline. This final draft has been circulated among the concerned stakeholders for their feedback. The guideline shall be issued and come into effect after the receipt of the feedback and making amendment accordingly if necessary. The revised guideline also covers the macro economic factors along with micro variables for stress testing. Stress testing is tool that measures the resilience of the bank in terms of solvency, liquidity and profitability, even in the adverse scenario (entity specific and industry specific) which might occur in the future. Stress testing complements a bank's other quantitative risk management tools that may use quantitative models based on historical data and estimated statistical relationships and informs on the bank's risk profile and alerts management on vulnerabilities to exceptional events. Therefore, it forms an integral part of Risk Management Guideline.

#### **4.2.3 Reporting through SIS in parallel with exiting reporting portal (reporting.nrb.org.np)**

Nepal Rastra Bank (NRB) has directed bank and financial institutions (BFIs) to submit various returns through Supervisory Information System (SIS) in parallel with the existing reporting portal (reporting.nrb.org.np). The parallel reporting is required to validate the reliability and accuracy of the data submitted by BFIs in both reporting portal and the ultimate goal is to replace the existing one with SIS. SIS is a very advanced reporting platform, which does not only consolidate the data of the banking industry, but also has the capability to analyze those data and prepare various useful reports for decision making process.

#### **4.2.4 Establishment of Evaluation and Monitoring Unit**

Nepal Rastra Bank (NRB) has created new unit in Bank Supervision Department, namely, Evaluation and Monitoring Unit. The major function of this unit is to summarize and analyze the new and controversial issues of banking sectors for the purpose of effective supervision and regulation of those issues. It also provides banking related data and reports to the top management as and when required to support in decision making. Besides, the unit is also supposed to conduct meeting

with board members of commercial bank as a part of Supervisory Review and Evaluation Process (SREP).

#### **4.2.5 Grievance Management System**

In order to address financial services related complaints/grievances, Nepal Rastra Bank (NRB) has introduced Grievance Management System, where financial consumers can directly lodge a complaint/grievance relating to bank and financial institutions (BFIs) regulated by NRB. The major objective of this system is to protect the financial consumer right through fair, reliable and quality financial services. NRB has placed financial consumer protection portal in its official website: [nrb.org.np](http://nrb.org.np). For any complaint/grievance, it should be registered in that portal. Once registered, complaint registration number will be generated through which a consumer can track the complaint. The final decision on the complaint shall be notified to the consumer through email.

#### **4.2.6 MOU with other Supervisory Authorities**

Bank and financial institutions (BFI) has been making financial transactions across the borders and providing the financial services through their outlets in other jurisdictions. In order to establish an arrangement for the sharing of supervisory information and the

enhancing of cooperation in the area of banking supervision., Nepal Rastra Bank (NRB) has been coordinating with other supervisory authorities. It has signed Memorandum of Understanding (MOU) with number of central banks such as Reserve Bank of India (RBI), State Bank of Pakistan (SBP), Bangladesh Bank (BB) and China Banking Regulatory Commission. Currently, NRB is exercising to sign MOU with Central Bank of United Arab of Emirates.

#### **4.2.7 AML/CFT Targeted Inspection.**

Money laundering is the global issue and Nepal is not isolated from it since Nepalese bank and financial institutions (BFIs) are involved in cross-border financial transactions. Nepal Rastra Bank (NRB) has established a separate money laundering monitoring unit at Bank Supervision Department (BSD) to ensure more effective compliance of AML/CFT related guidelines and provisions by BFIs. From this fiscal year (FY 2020/21), this unit has started targeted inspection focusing on how BFIs are working to comply with national and international provisions of AML/CFT and ensuring the adequacy of such compliance. Till the end of FY 2020/21, AML/CFT target inspection of 20 commercial banks has been completed.

### **4.3 COVID – 19 Relief Measures**

To minimize the impact of COVID-19 on financial health of BFIs and their customers, NRB proactively came out with different concessions and forbearances on classifications, provisioning, enhancements and extensions on the loan and advances extended by BFIs. BFIs also exercised these measures which helped them to maintain

their financial health and also prevent them from financial distress. These measures also gave a relief to credit customer whose business was severely affected by impact of COVID-19.

NRB is always cautious to ensure that these measures are properly utilized by BFIs and is provided to those customers who are in genuine need. To make the utilization of these measures more transparent and quantifiable, NRB directed BFIs to keep record of utilization of forbearance measures. They are required to report such data to NRB on regular basis and also disclose the amount in their annual report. The consolidated amount of such forbearance utilized by commercial banks which is disclosed in their annual report for the financial year 2077/78 is as follows:

<b>Particulars</b>	<b>Amount (Rs. in Millions)</b>
Extension of moratorium period of loan provided to Industry or Project under construction	39,766.61
Restructured/Rescheduled Loan with 5% Loan Loss Provision	101,471.59
Enhancement of Working Capital Loan by 20% to COVID affected borrowers	10,661.10
Enhancement of Term Loan by 10% to COVID affected borrowers	5,555.57
Expiry Date of Additional 20% Working Capital Loan (COVID Loan) extended for up to 1 year with 5% provisioning	455.21
Expiry Date of Additional 10% Term Loan (COVID Loan) extended for up to 1 year with 5% provisioning	2,333.25
Time Extension provided for repayment of Principal and Interest for up to two years as per clause 41 of NRB Directives No. 2	34,956.26

## CHAPTER V

### 5 KEY ONSITE OBSERVATIONS, ISSUES AND CHALLENGES

#### 5.1 Key Onsite Observations

##### 5.1.1 Board and Senior Management Oversight

1. Identification, measurement, monitoring, and controlling of inherent risks as guided by NRB Internal Capital Adequacy Assessment Process (ICAAP) were found inadequate in some of the banks. Similarly, Bank's Board were mostly found involved in business functions like credit approval processes rather than focusing more on policy formulation/implementation and risk management processes of the bank.
2. Some bank's board have not approved the risk tolerance and appetite limits
3. Many banks do not have the practice of making self-assessments regarding the effectiveness of their governance practices, management of conflicts of interest, strengths, and weaknesses in terms of Strategic Value Management.
4. Some banks have not developed separate policy/procedure regarding corporate social responsibility.

##### 5.1.2 Capital and Earnings

1. Inappropriate assignment of Risk weight for loan exposure was noted in some banks.
2. Instances of assigning risk weights of long term credit commitments improperly and lack of proper MIS to calculate unpaid claims have resulted in overstated capital ratios of some banks.
3. Few banks haven't maintained capital conservation buffer (CCB) of 2.5% as per capital adequacy framework, 2015.

##### 5.1.3 Audit Function

1. Many banks lack effective mechanism to resolve observations raised in internal and external audit reports, which has resulted in repetition of similar comments in every audit reports.
2. Some banks have not followed the process of recommendation of three auditors to Annual General Meeting (AGM) for statutory audit of Bank.
3. Some banks do not have policy to select and appoint statutory auditor as required.
4. Some banks do not have adequate staffs with required skills to perform internal audit function of the bank.
5. Internal audit of most of the banks does not have practice of offsite surveillance.

#### **5.1.4 Credit Risk**

1. Instances were noted in some banks where banks have not properly assessed the need and repayment capacity of the borrower. Over reliance on projected financials and collateral based lending are common.
2. Instances were noted where additional working capital loan provided as a Covid 19 relief measure has been used to pay overdue interest and principle of other loans.
3. Instances were noted in some banks where approved facility were drawn by sister concerns/proprietors themselves.
4. Instances were noted where some banks have fixed interest rate of some credit products without following the concept of Base Rate plus Risk Premium.
5. In some cases, loans disbursed were not found to be used for the intended purpose. Also banks have not monitored the utilization of fund for the intended purpose strictly.
6. In most cases borrowers having debt to equity ratio above 4:1 were not categorized properly as required by the unified directives.
7. Auditor-certified NTA reports were not obtained by some of the banks in some loans above NRs. 250 million, as required by regulatory provision.
8. Credit rating reports of borrowers availing credit facility above NRs. 500.00 million were not obtained by many banks.
9. In many banks, risk premium were not tied with credit risk grading and credit rating score of the borrowers.
10. Credit policies, guidelines and manuals were not reviewed periodically.
11. Most of the banks did not have adequate automated MIS report generation software that could provide information on the risk profile and the structure of credit portfolios (including off-balance sheet items also).

#### **5.1.5 Liquidity Risk**

1. Assets Liability Committees (ALCO) were found more involved in status reporting and lacked proactive orientation regarding assets liability management. Also off-balance sheet items were not considered while assessing liquidity position.
2. ALCO of few banks were found to have Chief Risk Officer (CRO) as a member. CROs involvement in ALCO and hence in business decision have jeopardized the independent functioning of risk-management functions.
3. In some banks, Stress testing scenarios and assumptions as well as the results of the stress tests had not been adequately discussed in ALCO.

### **5.1.6 Market Risk (including interest rate and foreign exchange risk)**

1. Majority of banks have not developed a separate comprehensive policy for assessing and addressing the risk emanating from the interest risk fluctuation.
2. Few banks do not use interest rate risk measurement system for minimizing market risk except gap analysis.
3. Proper segregation of duties and functions were missing in treasury management function of some banks.
4. While calculating net open position on a daily basis, some banks were found netting off long position of one currency with short position of another currency thereby understating overall net open position and foreign exchange risk.
5. Some banks have kept FCY placement in high risk countries. Also, some banks do not have practice of obtaining quotations of interest rate from more than one counterparty while making FCY placement.

### **5.1.7 Operational risk**

1. Level of oversight exercised by the Board and senior management on operational activities were noted weak in some banks. A number of instances such as, non-compliance of internal policies, weak follow-ups of instructions were noted. Also, the internal and the external auditor's reports have raised number of similar operational issues on regular basis.
2. Most of the banks have not conducted Information Security and system Audit as required.
3. Few banks do not have specific and clear key handover and takeover policy or guideline.
4. In most of the cases, bank's video surveillance setup were not sophisticated enough to help investigating misconduct, fraud check, reporting suspicious activities etc. Also, in most of the cases, packets and bundles could not be identified through the CCTV capturing teller area.
5. In many cases account opening forms were not duly filled and additional documentation such as PEP verification, self – declaration forms, etc were missing.
6. In multiple cases, Cheques were found to be delivered to the person other than account holder/ account holder's agent.
7. In most of the branch offices of the banks, single staff was found solely responsible for distributing both ATM cards and PIN together and single staff prints, authorizes and distributes cheque book.

### 5.1.8 AML/CFT

1. Customer acceptance, identification and due diligence practice of the banks are not carried out properly by few banks as required by the provision of Unified Directives.
2. EDD processes of some of the banks did not adequately assess the level of ML/TF risk associated with high-risk customer.
3. Findings of the Risk Assessment Report of most of the banks were neither reflected on the Policy nor on the Guidelines, as required by the provision of the Unified Directives #19 (9-3).
4. Customer risk classification mechanism of some of the banks did not completely satisfy the provision of Unified Directive #19 (9).
5. Few Banks did not have adequate process of assessing the ML/TF risks associated with the lending activities. Risk management process did not assess adequately the way the launderers could exploit the lending facilities.
6. The suspicious transaction monitoring system of few banks did not monitor the suspicious transactions adequately, as required by Unified Directive #19 (16). For instance, outward remittance, possibility of trade based money laundering, wallets and IPS transaction and the like were not appropriately monitored in few banks.

## **5.2 Issues:**

### **5.2.1 Risk Management in Banks**

BSD has fully implemented the Risk Based Supervision of the commercial banks. The risk profile of banks is being prepared and updated during the full scope on-site inspection. The on-site inspection reports reveal that banks fall short of adopting recommendations outlined in the Risk Management Guidelines issued by the NRB. Most of the risk management practices are found to be traditional, and hence effective risk management mechanisms are in early stages of development. While most banks have now formulated risk-related policies, their implementation remains weak. Both the Board and senior management need to develop and promote risk management culture in all banks.

### **5.2.2 Digital Banking and Technology Risk**

Nepal's banking sector is transitioning towards a less cash society through promotion of digital banking. Internet banking, mobile banking and QR payment are gaining momentum among the customers. The ongoing covid-19 pandemic has also propelled the rapid growth of digital banking and has helped to create less cash society. Digital banking has made it easier and cheaper to expand the consumer base for financial services providers. It is believed that the promotion of digital banking will discourage the growth of the informal economy which has become the major challenge for the Nepalese economy. But digital finance also exposes less financially literate customers to greater risks. The issue of the digital dividend and consumer privacy are also evolving as a major issue with the growth in the digital banking. NRB has adopted the policy of balancing the need for risk management without stifling innovation and growth in this area. Hence, enhancing and supporting the growth of digital banking as well as properly managing the technology and cyber related risks are the issues for supervisors and BFIs.

### **5.2.3 AML/CFT Compliance**

Complying with AML/CFT rules and standards remains one of the major priorities in the recent years. Failure to abide by AML related rules can result in various kinds of risks. NRB has issued AML/CFT related directive (Directive No.19), which supplements the Money Laundering Prevention Act and Rules. NRB expects that bank's board members and senior management officials have adequate knowledge and awareness in this area. NRB also believe that banks have taken adequate initiative to train staffs to acknowledge the importance of AML/CFT compliance. However bank staffs are not adequately trained in the subject. Further, banks lack information systems infrastructure to identify and monitor money laundering activities that are not conducted through banking channels.

### **5.2.4 Shortage of loanable funds**

Banks are facing the shortfall in availability of the loanable funds. The banks are facing problem of maintaining the credit to deposit ratio of 90 percent as required by the regulator. Most of the banks have either reached close to the limit or surpassed it making

further lending nearly impossible. The problem of shortage of loanable funds is due to the past excessive lending against the poor deposit collections. The stress on liquidity has triggered the sudden rise in the interest rates, further increasing the cost of borrowing which eventually is passed on to the end consumer. Such problem was further worsened by the soaring imports, flow of credit to the unproductive sector and shrinkage in inward remittance flow. Amid shortage of loanable funds, even productive and priority sectors are not being able to get enough loans. At such situation, banks should adopt for selective lending so as to ensure that their scarce resources go to those sectors which help to propel the national economy forward.

#### **5.2.5 Utilization of the credit facilities**

Excessive and aggressive lending in the past by the banks has resulted in current shortage of the loanable fund. However, inspection observation of some of the banks have questioned on whether such disbursed loans were being used into targeted sector and whether the loans have been used in intended purposes as well. As claims of the monetary sector on the private sector grew by 26.3 percent in 2020/21, the contribution of the same has not been reflected on the economic growth. Proper utilization of the credit facilities for its intended purpose has emerged as a major issue in the banking sector as a whole. It has been noted that the credit expansion is mainly fueling haphazard import of non-essential items and the growth of consumption rather than supporting productive and priority sector. The scantiness of the available resources in the productive sector and diversion of abundant resources in the non-productive sector only increases the import bill of non-essential items and consumption which eventually retards actual growth of the economy. To some extent the pre-approval screening of the borrower and post disbursement monitoring of the credit facilities provided to the customer seems neglected or inadequate.

#### **5.2.6 Practices of settling loans imprudently**

The major proportion of the loans and advances of the banking industry is of the revolving nature. Moreover, banks have the practice of lending some short-term loans on an ad-hoc basis as well as extending the maturity dates and renewing the facilities that ultimately help in meeting the debt-service needs of the borrower. Practice of clean-up for the revolving loans is poor due to which problems such as maturity mismatch and settling defaulted loans by creating new loans from other BFIs are still prevalent in the banking system.

#### **5.2.7 Consolidation of BFIs**

The consolidation of the BFIs has been one of the major agenda in the banking industry. More specifically, consolidation of the commercial banks through merger and acquisition (M&A) has been highly encouraged by the NRB. There is reluctance and delay in accelerating merger and acquisition process by the banks. The wait-and-see approaches of the banks have made only little progress in M & A process of commercial banks. The

latest merger of few commercial banks has shown some silver lining in the M & A of the commercial banks. NRB has been successful in lowering the number of development banks and finance companies. However, there were only a few mergers among commercial banks. NRB has announced forbearances for commercial banks and microfinance financial institutions taking part in merger with other commercial banks and microfinance financial institutions respectively.

### **5.2.8 Human Resource and associated risk**

Now the Nepalese banking industry has become more complex with the development of new products and the adoption of advanced information and communication technology (ICT). Additionally, the international and national prudential norms, regulatory standards as well as risk management practices are also demanding proactive efforts from the bank management. This has resulted in the need for a competent skill set in the industry. It is crucial that banks have taken initiative to adequately train and develop their employees to adapt to emerging technology and innovation in the financial services industry.

Incidents regarding the fraud, financial embezzlement and activities related to the banking offence carried out by bank employee have emerged as major problems. Due to ill intention of the few employees, whole banking sector might face the reputational risk. The intend to get rich quickly and becoming over ambitious and issues related to morality seems to be the major reason behind such deed by the bank employees. Banks are facing major fraudulent risk from very within. There must be zero tolerance regarding frauds carried out by the bank employee and should be dealt with the iron fist.

### **5.2.9 Green financing**

Building the sustainable economy is of paramount importance when it seems everything is going green at least in the lip service. To build resilient and sustainable economy, greening the financial system is the issue that needs to be addressed promptly. Risk posed by the climate change and environmental risk may have direct impact on the price stability, infrastructure and business risk. Nepal is highly vulnerable to climate change impacts and recent studies by the Asian Development Bank suggested that Nepal faced losing 2.2% of annual GDP due to climate change by 2050.

According to the 2021 Global Climate Risk Index, Nepal is ranked as the 10th most vulnerable country in the world to the climate crisis. Nepal needs to green its economy for several reasons. The financial system is dominated by banks with most of their assets invested in the brown sectors such as construction, and real estate, all with environmental hazards and high climate risk.

This means Nepal needs to think in the long-term, realize its potential in hydropower and renewable energy, and demonstrate the financial benefits of investing in green projects.

Nepal's banking industry should be prepared to tackle the adverse impact of climate change on its business and on its customers. NRB has already introduced and updated

Guidelines on Environment and Social Risk Management (ESRM) 2022 for BFIs which will act as a steppingstone towards the greener economy. The proper implementation and proactive initiative to deal with climate change is the major challenge. The network of the 83 central banks, namely Network for Greening the Financial System (NGFS) has started green initiative for development of environment and climate risk management in the financial sector and to mobilize mainstream finance to support the transition toward a sustainable economy. The Nepalese banking industry should move towards green financing by mobilizing the fund towards the sector having low carbon or zero carbon emission.

### **5.2.10 Co-ordination with other Regulators**

Enhancing coordination between banking supervisors and other regulators of the financial sector is important. Supervisory effectiveness can be further enhanced through proper coordination among different regulators and the concerned authorities such as the Ministry of Finance (Government), Securities Board of Nepal (SEBON), Insurance Board, Credit Information Bureau (CIB), Debt Recovery Tribunal (DRT), and Credit Rating Agencies. With the growing complexity in the financial system, systemic risks are also building up due to which the need for coordination among regulators and policymakers is becoming a must.

## **5.3 Challenges:**

### **5.3.1 Deterioration of the asset quality and default**

The economic activities around the globe have started recovering and are stretching its muscles to reach the pre-pandemic level. Nepal also witnessed the re-bounce in business activities due to which demand for credit facilities skyrocketed resulting in sudden increase in loan and advances to the private sector. The accumulation of loanable fund and drive to increase the earnings encouraged banks for the aggressive lending making compromises in customer due diligences and associated risks. The inadequate financial analysis, risk and repayment capacity assessment and poor credit worthiness might increase the likelihood of customer defaulting their repayments. The risk of degradation of the asset quality and customer default is largely looming. Further, the gradual relaxation of the regulatory forbearances might put extra pressure on those deteriorated asset qualities making defaults imminent.

### **5.3.2 Promoting Innovation**

Continuous improvements and innovations have taken modern banking to the next level offering tailored products and services to meet and exceed customer's expectations. The innovation can open the doors of the unprecedented opportunities to the banks. Nepalese banks have made continuous effort in walking in tandem with the latest changes and advances made in the global banking industry. There have been certain innovations in the Nepalese banks but the remarkable innovations are yet to happen. The products offered and services catered by the banks are more or less similar if not the same. The product

and services provided by the most of the banks seem like the clone product and services making lack of innovation are clearly visible. In the world of consumerism, only few banks offer customer tailored product and services which show that Nepalese banking industry have ample areas for the innovation.

### **5.5.2 IT Risk supervision**

The adoption and introduction of the new technology has made banking services faster and easier than ever before. The convenience and facilities brought by the technology has also made the banking sector vulnerable to the Information Technology (IT) related risks including cyber crimes. Nepalese banking industry has witnessed the incidence of cyber-attack and hacking. The incidence of tempering ATMs, hacking SWIFT system and credit cards has been recorded in Nepalese banking industry. Phishing and password attack has alarmed cyber security of the banking industry. The utmost priority of the banking industry should be strengthening the cyber security level. Nepalese banks have also been extensively using the IT system in the areas of Core Banking System, Management Information System, Payment System, and data management. Banks need to ensure that these IT systems are adequately secured and robust. IT losses can be huge and may even endanger the stability of the whole financial system, in addition to the soundness of the individual banks.

### **5.3.3 Crypto-currency transaction**

Crypto currency has evolved as one of the major challenges for the global financial stability which was also pointed out by the IMF in Global Financial Stability Report (GFSR). Even though in Nepal, crypto currency transaction is illegal but it poses real threat for the Nepalese economy. Illegal transaction of the crypto currency and network marketing is making tracking of capital movement very difficult. Fraud and tax evasion might occur via crypto currency. In addition, there are instances of defrauding the general people along with consumer protection issue. Supervising the banks to ensure that transaction of crypto currencies and network marketing is not happening is very challenging task.

### **5.3.4 Enhancing Consumer Protection**

It is a well-known fact that the banking industry is built on trust and confidence. The unshakeable belief and trust towards the banking sector is very important for the financial sector stability and for overall economic growth. In this regard, NRB has the major responsibility of the consumer protection which ensures that there is equitable and fair treatment, adequate complaints handling and redressal mechanisms, protection of consumer data and privacy and broad-based financial education and information dissemination mechanism in functioning of banks' operation. In the absence of the conduct supervision, consumer protection has emerged as a challenge for NRB to protect the interest of the vulnerable people and groups. The promotion and advertisement issued by the banks may sometime mislead such customers with exaggerated advantages and

benefits of the offered product and services. We do not expect the customers having capacity or even focused concentration to read all the terms and conditions before signing contracts with the banks. This will create a major problem when contracts have any special covenants and consumers are unaware of it. So, the banks should clearly communicate all the terms and conditions before offering any products and services to the consumer. It has been noted that in many cases, consumers are unaware of the appropriate procedures for lodging complaints and grievance redressal structures and their functions. Therefore, for consumer protection, educating the consumer is utmost important.

### **5.3.5 Specified sector Lending**

The liberalization in the banking industry of Nepal has provided greater freedom for banks to make major business decisions. This has created competition among banks which has benefitted the ultimate customers. On the contrary, directed lending is one of the major characteristics of the banking sector of the developing countries. Generally, there is unbalanced development in developing countries. Banks are not much motivated to allocate their funds in the less profitable sector which results in the shortage of the fund in that sector which are already backward and vulnerable. In order to address this problem, NRB has directed banks for mandatory lending in some of the sectors. The major challenge for NRB is to find the optimum balance between directed lending and lending made on bank's own discretion.

### **5.3.6 Minimization of Shadow banking and interconnectedness of financial system**

In contrary with the banking sector which are one of the most regulated sectors globally, shadow banking activities are carried out by the institutions which are less regulated or not regulated at all. It operates under the shadow of the traditional banking system. These institutions are not authorized, licensed and thus not regulated. Shadow banking products are mainly appreciated by households who are deprived of credit worthiness. The shadow banking system represents a special policy challenge for central banks, since its growth is closely linked to the regulation of the banking system. Some of the shadow banking has been observed due to transactions made under legal framework but not under the purview of NRB's regulation and supervision. For example, banking transaction created by Saving and Credit cooperatives, - and non banking but monetary transactions under non bank financial institutions like Employee Provident Fund (EPF), Citizen Investment Trust (CIT), Social Security Fund (SSF), etc. have been undertaken based on license/permit from Government of Nepal but still not covered under broad money aggregates. Most importantly, shadow banking due to illegal financial activities such as dhukuti and hundi are posing real threat to the stability of financial system as a whole. Easily accessible of the general public has made these activities prone to the money laundering.

The central bank has realized this challenge and discussing alternative institution's to be a regulatory/supervisory body. The transmission of monetary policy is also affected by the size and behaviour of the shadow banking system.

Nepalese financial system is interconnected in myriad of ways and financial stress in one sector may have contagious effect in the system and brings adversities in the financial stability. The shadow banking activities which are not or less regulated and are not adequately and regularly scrutinized hence there is the risk of financial mismanagement and irregularities. In addition, big corporate houses and borrowers who are more or less self-regulated are financially intertwined in the system. If financial stress appears in these institutions/entities, there will be a greater chance of spillover effect being felt by the banking sector. As a guardian of the banking sector this is a challenge for NRB to minimize the adverse impact of such potential spillover from non-banking financial institutions.

### **5.3.7 Supervising non-funded exposure**

Supervising non-funded exposure is emerging as a major challenge for NRB and banking sector as a whole. Inadequate monitoring, technological advance, lack of skilled and capable human capital in BFIs has posed real challenge for the banking sector. In addition, limited supervisory resources and time constraints have further added complication for central bank to supervise and regulate non-funded transactions. Less than required/expected level of supervision and monitoring of non-funded exposure might result illegitimate and unlawful activities being unchecked. There are equal chances of making non-funded transactions as a means for the capital flight from the country.

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# Bank Supervision Report, 2021

## ANNEXURES

### Annex 1: Growth of Financial Institutions (numbers)

Types of Financial Institutions	Mid-July													
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Commercial Banks	25	26	27	31	32	31	30	30	28	28	28	28	27	27
Development Banks	58	63	79	87	88	86	84	76	67	40	33	29	20	18
Finance Companies	78	77	79	79	69	59	53	48	42	28	25	23	22	17
Micro-finance Financial Institutions	12	15	18	21	24	31	37	38	42	53	65	90	85	70
Infrastructure Development Bank	-	-	-	-	-	-	-	-	-	-	-	1	1	1
<b>Total</b>	<b>173</b>	<b>181</b>	<b>203</b>	<b>218</b>	<b>213</b>	<b>207</b>	<b>204</b>	<b>192</b>	<b>179</b>	<b>149</b>	<b>151</b>	<b>172</b>	<b>155</b>	<b>133</b>

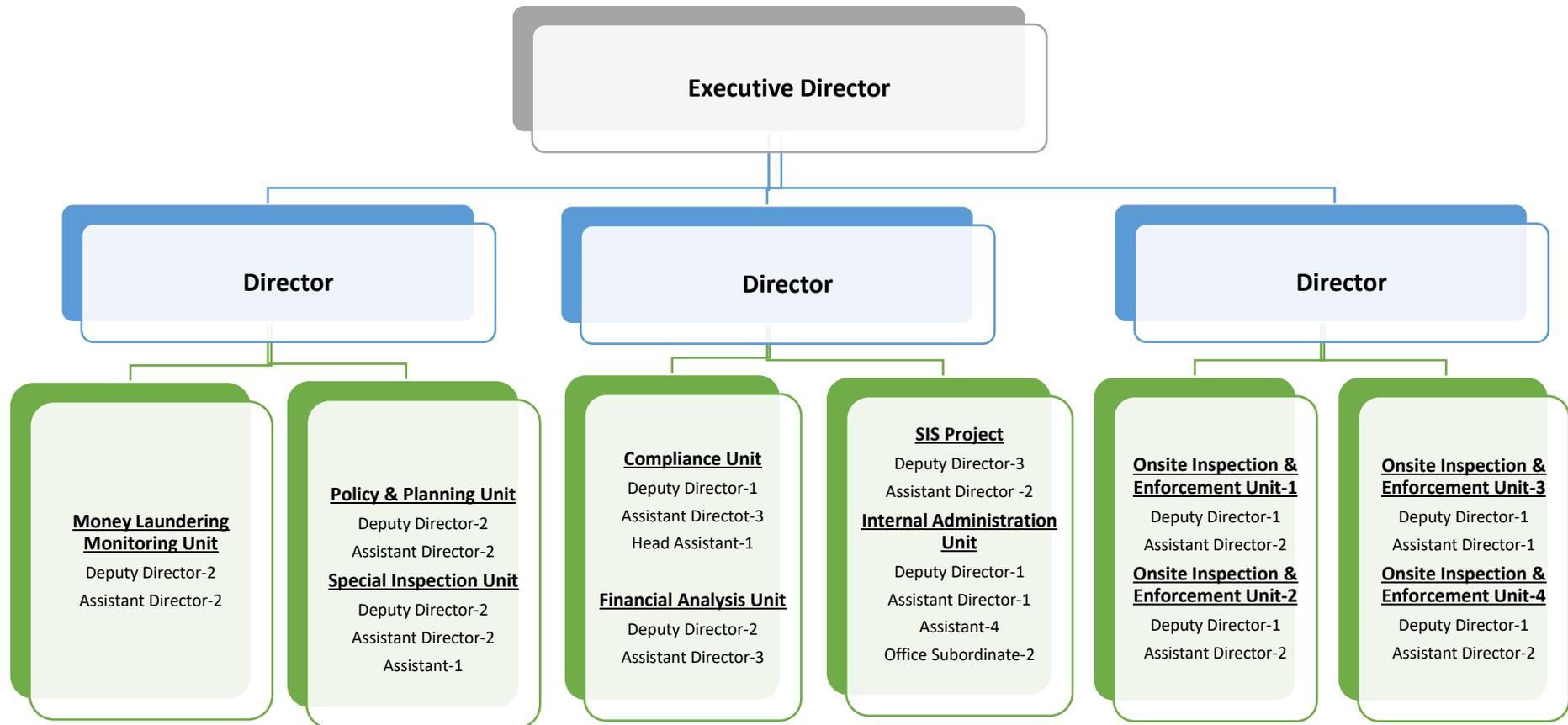
Source: Bank and Financial Institutions Regulation Department, NRB

### Annex 2: Province-Wise Distribution of BFIs branches (Mid-July 2020/21)

S. N.	Province	Class A	Class B	Class C	Class D
1	Province – 1	728	177	25	783
2	Province – 2 (Madhesh)	549	79	25	954
3	Province - 3 (Bagmati)	1664	295	95	681
4	Province - 4 (Gandaki)	577	182	33	574
5	Province – 5	726	227	35	1085
6	Province - 6 (Karnali)	192	17	3	200
7	Province -7 (Sudur Paschim)	317	46	6	408
<b>Total</b>		<b>4,753</b>	<b>1,023</b>	<b>222</b>	<b>4,685</b>

Source: Bank and Financial Institutions Regulation Department, NRB

### Annex 3: Organisation Chart of BSD



## Annex 4: Onsite Inspections in FY 2020/21

### A. Full-Scope Onsite Inspection

FY 2020/21				
SN	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1	Covid-19 Pandemic		Citizens Bank International Bank Ltd.	Bank of Kathmandu Ltd.
2			Century Bank Ltd.	Laxmi Bank Ltd.
3			Civil Bank Ltd.	Nabil Bank Ltd.
4			Global IME Bank Ltd.	

### B. Targeted Onsite Inspection

FY 2020/21				
SN	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1	Covid-19 Pandemic	Nepal Bangladesh Bank Ltd.	Siddhartha Bank Ltd.	NCC Bank Ltd.
2		Prime Commercial Bank Ltd.		
3		Mega Bank Ltd.		

## Annex 5: Circulars issued in FY 2020/21

SN	Name and Link to the Circular Issued to A, B & C Class Financial Institutions
1	<a href="#">Circular 01- Monetary Policy, 2077/78 Related and Others</a>
2	<a href="#">Circular 02- Amendment in Unified Directive, 2076</a>
3	<a href="#">Circular 03- Unified Directive, 2077</a>
4	<a href="#">Circular 04- Subsidised Loan Related-new</a>
5	<a href="#">Circular 05- Business Continuity Loan Related</a>
6	<a href="#">Circular 06- Amendment in Unified Directive, 2077</a>
7	<a href="#">Circular 07- Amendment in Unified Directive, 2077 Firm No. 2.1</a>
8	<a href="#">Circular 08- Amendment in Unified Directive, 2077</a>
9	<a href="#">Circular 09- Amendment in Unified Directive, 2077</a>

## Annex 6: Capital adequacy ratios of Commercial Banks

S. No	Bank's name	Mid-July 2019		Mid-July 2020		Mid-July 2021	
		Capital					
		Core Capital	Total Capital Fund	Core Capital	Total Capital Fund	Core Capital	Total Capital Fund
1	Nepal Bank Limited	16.49%	17.41%	15.93%	16.68%	14.64%	17.91%
2	Rastriya Banijya Bank Limited	12.01%	13.19%	12.00%	12.68%	11.90%	14.31%
3	Nabil Bank Limited	11.58%	12.71%	10.69%	12.81%	10.82%	12.69%
4	Nepal Investment Bank Limited	11.74%	13.65%	11.52%	13.23%	11.03%	14.64%
5	Standard Chartered Bank Limited	18.52%	19.90%	16.92%	18.54%	15.53%	17.17%
6	Himalayan Bank Limited	11.77%	12.73%	11.76%	14.89%	11.16%	13.85%
7	Nepal SBI Bank Limited	12.63%	14.01%	12.28%	15.42%	11.09%	13.93%
8	Nepal Bangladesh Bank Limited	11.16%	13.75%	10.45%	13.17%	11.04%	13.94%
9	Everest Bank Limited	12.38%	13.75%	11.86%	13.32%	11.26	12.51
10	Bank of Kathmandu Limited	13.47%	14.58%	13.27%	14.16%	11.73	14.02

11	Nepal Credit and Commerce Bank Limited	13.22%	14.04%	12.38%	13.40%	10.35	13.80
12	NIC Asia Bank Limited	8.22%	13.28%	8.18%	13.16%	7.51	12.41
13	Machhapuchchhre Bank Limited	11.98%	12.88%	9.54%	13.00%	8.64	12.00
14	Kumari Bank Limited	11.20%	12.07%	11.13%	14.42%	10.53	13.69
15	Laxmi Bank Limited	10.33%	11.32%	10.02%	12.62%	9.27	11.85
16	Siddhartha Bank Limited	9.94%	12.49%	9.06%	12.97%	8.56	13.45
17	Agricultural Development Bank Nepal	19.29%	20.31%	17.63%	20.46%	14.76	23.31
18	Global IME Bank Limited	10.44%	12.31%	10.96%	12.41%	10.52	13.17
19	Citizens Bank International Limited	12.35%	13.19%	12.10%	15.45%	11.24	13.89
20	Prime Commercial Bank Limited	12.05%	12.78%	12.71%	13.40%	12.58	15.10
21	Sunrise Bank Limited	11.28%	13.14%	10.21%	14.60%	9.79	13.75
22	NMB Bank Limited	13.03%	15.32%	12.51%	14.56%	11.40	15.09
23	Prabhu Bank Limited	10.48%	11.58%	9.76%	11.59%	8.66	13.07
24	Mega Bank Limited	14.56%	15.48%	12.02%	12.88%	11.80	12.98
25	Civil Bank Limited	17.01%	17.97%	13.83%	15.00%	10.75	11.93
26	Century Commercial Bank Limited	13.30%	14.10%	13.80%	14.53%	11.18	12.34
27	Sanima Bank Limited	10.55%	13.11%	10.33%	12.97%	9.21	13.54

#### **Annex 7: Special Inspection of Commercial Banks in FY 2020/21**

SN	Name of Bank	No. of Inspections
1	Bank of Kathmandu Ltd.	1
2	Sunrise Bank Ltd.	1
3	Prabhu Bank Ltd.	1
4	Nepal Bangladesh Bank Ltd.	1
5	Machhapuchchhre Bank Ltd.	1
Total		5

#### **Annex 8: International Training/Seminar Participation from BSD in FY 2020/21**

SN	Course	Organizer	Country	Person	Days
	Participation in International Trainings/Seminars was nil due to Covid Pandemic.				

## Annex 9: Financial Figures of Banks

### Annex 9.1: Banking Operation

	Rs. In Billion			Percentage Change	
	2018/19	2019/20	2020/21	2019/20	2020/21
<b>Deposits</b>					
Non State Owned	2,363.75	2,969.54	3,496.73	25.63%	17.75%
State Owned	515.05	519.85	589.47	0.93%	13.39%
<b>Total</b>	<b>2,878.80</b>	<b>3,489.39</b>	<b>4,086.20</b>	<b>21.21%</b>	<b>17.10%</b>
<b>Loans and Advances</b>					
Non State Owned	2,127.332	2,514.480	3,201.676	18.20%	27.33%
State Owned	354.83	389.11	485.98	9.66%	24.89%
<b>Total</b>	<b>2,482.16</b>	<b>2,903.59</b>	<b>3,687.65</b>	<b>16.98%</b>	<b>27.00%</b>
<b>Assets</b>					
Non State Owned	2,995.33	3,610.59	4,468.00	20.54%	23.75%
State Owned	553.49	636.23	755.07	14.95%	18.68%
<b>Total</b>	<b>3,548.82</b>	<b>4,246.82</b>	<b>5,223.07</b>	<b>19.67%</b>	<b>22.99%</b>

Source: Unaudited figures from Offsite Supervision Unit, BSD

### Annex 9.2: Composition of Assets

Assets Category	2019/20 Rs. In Million	2020/21 Rs. In Million	Percentage Change
Cash and Cash Equivalent	272,716	267,713	-1.83%
Due from NRB	260,534	262,144	0.62%
Placements with BFIs	71,532	67,467	-5.68%
Loan and Advances to BFIs	106,218	151,606	42.73%
Loans and advances to customers	2,782,181	3,536,045	27.10%
Investment securities	523,541	711,317	35.87%
Others	230,106	226,778	-1.45%
<b>Total Assets</b>	<b>4,246,828</b>	<b>5,223,070</b>	<b>22.99%</b>

Source: Unaudited figures from Offsite Supervision Unit, BSD

### Annex 9.3: Composition of Liabilities and Equity

Particulars	2019/20 Rs. In Million	2020/21 Rs. In Million	Percentage Change
Due to Bank and Financial Institutions	119,377	143,418	20.14%
Deposits from customers	3,489,390	4,086,195	17.10%
Share capital	284,811	316,196	11.02%
Retained Earnings	38,252	52,063	36.11%
Reserves	156,316	181,763	16.28%
Others	158,681	443,433	179.45%
<b>Total</b>	<b>4,246,827</b>	<b>5,223,070</b>	<b>22.99%</b>

Source: Unaudited figures from Offsite Supervision Unit, BSD

#### Annex 9.4: Capital Fund

Particulars / Years	Amount in Rs Billion			Percentage Change	
	2018/19	2019/20	2020/21	2019/20	2020/21
Private	368.89	429.75	527.19	16.50%	22.67%
Public	71.04	76.72	105.42	7.99%	37.41%
Industry	439.93	506.47	632.61	15.12%	24.91%

Source: Unaudited figures from Offsite Supervision Unit, BSD

#### Annex 9.5: Deposit Mix

Particulars	Amount in Rs Billion			% Change	
	2018/19	2019/20	2020/21	2019/20	2020/21
Current	301.56	389.70	461.98	29.23%	18.55%
Saving	901.30	1,087.52	1,386.38	20.66%	27.48%
Fixed	1,307.03	1,645.92	1,865.14	25.93%	13.32%
Other	368.92	366.25	372.69	-0.72%	1.76%
<b>Total</b>	<b>2,878.80</b>	<b>3,489.39</b>	<b>4,086.20</b>	<b>16.48%</b>	<b>17.10%</b>

Source: Unaudited figures from Offsite Supervision Unit, BSD

#### Annex 9.6 Loans and Advances

Particulars	Amount in Rs Billion			Percentage Change	
	2018/19	2019/20	2020/21	2019/20	2020/21
State Owned Banks	354.83	389.11	485.98	9.66%	24.89%
Non State Owned Banks	2,127.33	2,514.48	3,201.68	18.20%	27.33%
Total Banks	2,482.16	2,903.59	3,687.65	16.98%	27.00%

Source: Unaudited figures from Offsite Supervision Unit, BSD

#### Annex 9.7 Non Performing Loans

Banks/ Year	Amount in Rs Billion		Percentage change
	2019/20	2020/21	2020/21
Non State Owned	39.04	40.33	3.31%
State Owned	13.54	11.85	-12.43%
Industry	52.57	52.18	-0.75%

Source: Unaudited figures from Offsite Supervision Unit, BSD

### Annex 9.8 Non-Banking Assets

Amount in Rs Millions				Percentage change	
Banks/ Year	2018/19	2019/20	2020/21	2019/20	2020/21
Non-state Owned	4,424.00	5,549.78	6,339.60	25.45%	14.23%
State Owned	471.00	433.41	433.89	-7.98%	0.11%
Industry	4,895.00	5,983.19	6,773.49	22.23%	13.21%

Source: Unaudited figures from Offsite Supervision Unit, BSD

### Annex 9.9: Investment Portfolios

Particulars	2020/21	
	Amount in Rs. Million	Proportion
Government	643,504	75.74%
NRB Bonds	7,541	0.89%
Bonds	635	0.07%
Non-Financial Govt. Institutions	816	0.10%
Shares & Debenture	67,982	8.00%
Interbank Investment	27,135	3.19%
Fixed Deposit Investment	8,306	0.98%
Gold (Tradable)	450	0.05%
Other Investment	93,281	10.98%
<b>Total Investments</b>	<b>849,651</b>	<b>100%</b>

Source: Unaudited figures from Offsite Supervision Unit, BSD

### Annex 9.10: Operating Efficiency

Particulars/ Year	2019/20				2020/21			
	State Owned		Non State Owned		State Owned		Non State Owned	
	Amount in Rs Million	% on Total Operating Income	Amount in Rs Million	% on Total Operating Income	Amount in Rs Million	% on Total Operating Income	Amount in Rs Million	% on Total Operating Income
Interest Income	43,900	167.42%	284,850	204.30%	31,353	156.55%	284,153	184.00%
Net Interest Income	21,170	80.73%	107,580	77.16%	20,541	102.57%	111,458	72.17%
Operating Profit	14,060	53.62%	61,790	44.32%	9,711	48.49%	75,833	49.11%
Net Income	10,480	39.95%	43,840	31.44%	7,286	36.38%	52,645	34.09%

Source: Unaudited figures from Offsite Supervision Unit, BSD

### Annex 9.11: Net Interest Spread

Banks/Year	2018/19	2019/20	2020/21
Non State Owned	3.85%	3.34%	3.52%
State Owned	5.48%	3.96%	4.36%
<b>Industry</b>	<b>4.09%</b>	<b>3.43%</b>	<b>3.61%</b>

Source: Unaudited figures from Offsite Supervision Unit, BSD

**Annex 9.12: Liquid Assets to Total Deposit**

<b>Particulars / Year</b>	<b>Amount in Rs Billion</b>		
	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Liquid Assets	699	959	1167
Total Deposit	2,879	3,489	4,086
Liquid Assets/ Total Deposit (%)	24.28%	27.49%	28.57%

Source: Unaudited figures from Offsite Supervision Unit, BSD

**Annex 9.13 Liquid Assets to Total Assets**

<b>Particulars / Year</b>	<b>Amount in Rs Billion</b>		
	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Liquid Assets	699	959	1167
Total Assets	3,549	4,246	5,223
Liquid Assets/Total Assets	19.70%	22.59%	22.35%

Source: Unaudited figures from Offsite Supervision Unit, BSD

Annex 9.14 Deprived Sector Lending of Commercial Banks in 2078 Ashad

Rs. in Million

S. No.	Bank	6 Months Prior Loans and Advances	Required Lending in Deprived Sector (5%)	Actual Lending in Deprived Sector		Excess (Shortfall) in %
				%	Amount	
1	Nepal Bank Ltd.	122,757.29	6,137.86	7.93	9,730.69	2.93
2	Rastriya Banijya Bank Ltd.	170,587.27	8,529.36	8.71	14,865.22	3.71
3	Nabil Bank Ltd.	178,532.12	8,926.61	6.80	12,131.47	1.80
4	Nepal Investment Bank Ltd.	147,718.44	7,385.92	5.82	8,592.76	0.82
5	Standard Chartered Bank Ltd.	56,032.25	2,801.61	7.56	4,234.62	2.56
6	Himalayan Bank Ltd.	115,281.48	5,764.07	5.63	6,489.73	0.63
7	Nepal SBI Bank Ltd.	92,888.41	4,644.42	6.63	6,159.63	1.63
8	Nepal Bangladesh Bank Ltd.	62,250.57	3,112.53	8.75	5,444.08	3.75
9	Everest Bank Ltd.	119,830.99	5,991.55	6.94	8,319.56	1.94
10	Bank of Kathmandu Ltd.	91,475.44	4,573.77	5.77	5,274.91	0.77
11	Nepal Credit and Commerce Bank Ltd.	82,806.16	4,140.31	7.00	5,798.41	2.00
12	NIC Asia Bank Ltd	233,080.94	11,654.05	5.57	12,984.28	0.57
13	Machhapuchhre Bank Ltd.	107,197.52	5,359.88	5.97	6,397.90	0.97
14	Kumari Bank Ltd.	120,410.67	6,020.53	6.57	7,906.90	1.57
15	Laxmi Bank Ltd.	95,522.55	4,776.13	7.27	6,946.30	2.27
16	Siddharth Bank Ltd.	144,124.47	7,206.22	8.13	11,711.12	3.13
17	Agriculture Development Bank Ltd.	132,174.16	6,608.71	18.74	24,767.49	13.74
18	Global IME Bank Ltd.	215,690.04	10,784.50	6.91	14,905.57	1.91
19	Citizens Bank International Ltd.	91,057.92	4,552.90	13.28	12,095.87	8.28
20	Prime Commercial Bank Ltd.	125,405.80	6,270.29	6.07	7,613.68	1.07
21	Sunrise Bank Ltd.	89,472.12	4,473.61	7.97	7,127.40	2.97
22	NMB Bank Ltd.	143,652.36	7,182.62	5.47	7,859.15	0.47
23	Prabhu Bank Ltd.	129,381.87	6,469.09	8.37	10,823.09	3.37
24	Mega Bank Nepal Ltd.	127,766.21	6,388.31	5.83	7,450.64	0.83
25	Civil Bank Ltd.	67,965.12	3,398.26	9.09	6,180.89	4.09
26	Century Commercial Bank Ltd.	72,033.68	3,601.68	5.40	3,891.73	0.40
27	Sanima Bank Ltd.	104,620.91	5,231.05	7.05	7,371.22	2.05
<b>Grand Total</b>		<b>3,239,716.76</b>	<b>161,985.84</b>	<b>7.50</b>	<b>243,074.32</b>	<b>2.50</b>

Source: Unaudited figures from Offsite Supervision Unit, BSD

## Annex 10: Audited Financial Details of Commercial Banks as on mid-July, 2020 & 2021

<b>1. Nepal Bank Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	10,418.97	4,971.64	6,528.39
Due from Nepal Rastra Bank	10,178.32	6,125.28	6,803.87
Placement with Bank and Financial Institutions	5,427.68	6,117.45	4,319.42
Derivative financial instruments	5,594.62	6,590.49	8,516.61
Other trading assets	-	-	101.20
Loan and advances to B/FIs	3,303.28	3,521.19	6,538.59
Loans and advances to customers	92,421.64	103,303.75	135,420.47
Investment securities	16,425.73	32,596.09	30,009.31
Current tax assets	991.50	1,580.92	1,642.24
Investment in subsidiaries	-	-	-
Investment in associates	-	-	-
Investment property	113.31	103.11	111.03
Property and equipment	11,828.22	12,008.02	12,240.08
Goodwill and Intangible assets	25.99	39.45	45.84
Deferred tax assets	-	-	-
Other assets	14,786.38	14,205.42	10,368.43
<b>TOTAL ASSETS</b>	<b>171,515.65</b>	<b>191,162.82</b>	<b>222,645.48</b>
		-	-
<b>Liabilities</b>	<b>142,234.31</b>	<b>161,131.83</b>	<b>189,430.33</b>
Due to Bank and Financial Institutions	1,074.50	1,458.87	809.13
Due to Nepal Rastra Bank	41.84	23.92	6,062.64
Derivative financial instruments	5,504.43	6,473.08	8,474.69
Deposits from customers	117,200.79	141,530.38	162,813.38
Borrowing	950.00	1,000.00	-
Current Tax Liabilities	-	-	-
Provisions	131.44	56.84	80.22
Deferred tax liabilities	3,650.97	3,825.76	4,435.21
Other liabilities	13,680.34	6,762.98	3,261.14
Debt securities issued	-	-	3,493.92
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>29,281.33</b>	<b>30,030.99</b>	<b>33,215.15</b>
Share capital	9,811.15	11,282.82	12,636.76
Share premium	3,262.81	1,789.92	431.88
Retained earnings	2,895.69	3,102.72	3,732.37
Reserves	13,311.68	13,855.54	16,414.13
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>171,515.65</b>	<b>191,162.82</b>	<b>222,645.48</b>

<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	10,375.69	11,526.84	11,887.17
Interest Expenses	4,186.15	5,908.02	5,466.72
<b>Net Interest Income</b>	<b>6,189.54</b>	<b>5,618.82</b>	<b>6,420.44</b>
Fee and commission income	1,039.34	790.34	953.78
Fee and commission expense	45.36	43.96	67.35
<b>Net Fee and commission income</b>	<b>993.98</b>	<b>746.39</b>	<b>886.43</b>
<b>Net Interest, Fee and commission income</b>	<b>7,183.52</b>	<b>6,365.21</b>	<b>7,306.87</b>
Net trading income	342.41	412.56	456.85
Other operating income	210.78	394.11	425.28
<b>Total operating income</b>	<b>7,736.72</b>	<b>7,171.88</b>	<b>8,189.00</b>

Impairment charge/(reversal) for loans and other losses	477.10	879.63	497.62
<b>Net operating income</b>	<b>7,259.61</b>	<b>6,292.25</b>	<b>7,691.38</b>
Personnel expenses	2,077.40	2,224.85	2,353.46
Other operating expenses	549.79	668.68	813.08
Depreciation & Amortization	122.37	150.80	177.18
<b>Operating Profit</b>	<b>4,510.05</b>	<b>3,247.92</b>	<b>4,347.66</b>
Non operating income	101.61	327.25	224.76
Non operating expense	-	-	-
<b>Profit before income tax</b>	<b>4,611.66</b>	<b>3,575.17</b>	<b>4,572.42</b>
Income Tax Expense			
Current Tax	1,080.43	820.47	1,275.94
Deferred Tax	934.49	421.81	335.25
<b>Profit/Loss for the period</b>	<b>2,596.74</b>	<b>2,332.89</b>	<b>2,961.23</b>

<b>2. Agricultural Development Bank Ltd.</b>	<b>Amount in Rs. Million</b>		
	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>Statement of Financial Position</b>			
<b>ASSETS</b>			
Cash and cash equivalent	11,500.46	8,489.43	10,636.73
Due from Nepal Rastra Bank	4,993.66	12,567.11	9,740.61
Placement with Bank and Financial Institutions	2,858.70	5,007.61	4,117.58
Derivative financial instruments	118.55	133.76	70.86
Other trading assets	-	17.42	1,666.53
Loan and advances to B/FIs	1,285.27	1,137.56	113.67
Loans and advances to customers	108,806.70	121,849.39	150,598.36
Investment securities	16,846.61	24,422.06	37,880.07
Current tax assets	206.42	897.72	1,214.56
Investment in subsidiaries	28.84	28.84	28.84
Investment in associates	69.38	69.38	69.38
Investment property	258.42	220.93	198.28
Property and equipment	1,264.19	1,293.54	1,480.62
Goodwill and Intangible assets	69.40	289.80	262.01
Deferred tax assets	-	-	-
Other assets	3,151.12	2,896.29	4,362.25
<b>TOTAL ASSETS</b>	<b>151,457.73</b>	<b>179,320.86</b>	<b>222,440.35</b>
		-	-
<b>Liabilities</b>	123,105.00	150,849.64	190,935.23
Due to Bank and Financial Institutions	478.37	103.13	175.32
Due to Nepal Rastra Bank	38.42	9.67	8,716.36
Derivative financial instruments	-	-	-
Deposits from customers	118,884.92	143,628.52	162,814.93
Borrowing	60.92	10.94	538.53
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	113.54	177.08	327.59
Other liabilities	3,528.83	4,425.33	3,886.28
Debt securities issued	-	2,494.95	14,476.21
Subordinated Liabilities	-	-	-
<b>Equity</b>	28,352.73	28,471.22	31,505.12
Share capital	14,448.24	9,556.46	10,989.93
Share premium	-	5,432.71	5,432.71
Retained earnings	3,422.04	2,273.77	3,654.51

Reserves	10,482.45	11,208.28	11,427.96
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>151,457.73</b>	<b>179,320.86</b>	<b>222,440.35</b>
		-	-
<b>STATEMENT OF PROFIT OR LOSS</b>		-	-
Interest Income	15,480.12	15,821.70	15,124.05
Interest Expenses	7,865.13	9,105.58	8,258.33
<b>Net Interest Income</b>	<b>7,614.99</b>	<b>6,716.12</b>	<b>6,865.72</b>
Fee and commission income	1,081.48	1,901.63	1,612.95
Fee and commission expense	11.01	25.81	46.88
<b>Net Fee and commission income</b>	<b>1,070.47</b>	<b>1,875.82</b>	<b>1,566.07</b>
<b>Net Interest, Fee and commission income</b>	<b>8,685.46</b>	<b>8,591.94</b>	<b>8,431.79</b>
Net trading income	318.87	392.18	994.30
Other operating income	18.90	35.93	452.41
<b>Total operating income</b>	<b>9,023.23</b>	<b>9,020.05</b>	<b>9,878.50</b>
Impairment charge/(reversal) for loans and other losses	(289.85)	517.22	121.43
<b>Net operating income</b>	<b>9,313.08</b>	<b>8,502.83</b>	<b>9,757.07</b>
Personnel expenses	2,928.86	3,025.47	3,311.39
Other operating expenses	876.31	942.16	1,132.68
Depreciation & Amortization	166.19	216.59	275.69
<b>Operating Profit</b>	<b>5,341.72</b>	<b>4,318.60</b>	<b>5,037.32</b>
Non operating income	382.28	81.28	28.24
Non operating expense	-	0.04	3.21
<b>Profit before income tax</b>	<b>5,723.99</b>	<b>4,399.85</b>	<b>5,062.34</b>
Income Tax Expense		1,068.11	1,534.81
Current Tax	1,565.73	1,027.22	1,344.77
Deferred Tax	(33.32)	40.89	190.04
<b>Profit/Loss for the period</b>	<b>4,191.59</b>	<b>3,331.74</b>	<b>3,527.54</b>

<b>3. Nabil Bank Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	12,479.70	4,799.63	7,285.64
Due from Nepal Rastra Bank	6,191.83	20,021.03	8,024.17
Placement with Bank and Financial Institutions	11,078.73	10,230.58	9,865.21
Derivative financial instruments	8,539.06	10,859.60	13,615.33
Other trading assets	-	-	-
Loan and advances to B/FIs	6,058.49	5,836.37	8,601.57
Loans and advances to customers	127,500.24	148,054.07	198,021.42
Investment securities	25,303.07	33,633.40	39,889.09
Current tax assets	137.52	260.80	307.01
Investment in subsidiaries	78.00	78.00	78.00
Investment in associates	80.00	80.00	80.00
Investment property	8.22	8.22	8.75
Property and equipment	1,051.79	1,318.11	1,692.63
Goodwill and Intangible assets	41.40	71.75	62.65
Deferred tax assets	-	-	-
Other assets	2,590.77	2,428.48	3,534.74
<b>TOTAL ASSETS</b>	<b>201,138.82</b>	<b>237,680.03</b>	<b>291,066.22</b>
		-	-
<b>Liabilities</b>	<b>177,950.21</b>	<b>211,824.37</b>	<b>257,208.12</b>
Due to Bank and Financial Institutions	1,419.04	2,228.86	4,502.71
Due to Nepal Rastra Bank	88.47	53.29	5,450.39

Derivative financial instruments	8,335.07	10,764.20	13,634.23
Deposits from customers	162,953.99	190,806.47	223,474.47
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	851.54	1,438.83	1,346.34
Other liabilities	4,302.10	4,496.85	6,703.35
Debt securities issued	-	2,035.87	2,096.63
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>23,188.61</b>	<b>25,855.66</b>	<b>33,858.11</b>
Share capital	9,011.85	10,097.50	13,844.45
Share premium	0.07	0.07	158.76
Retained earnings	3,735.33	3,576.42	4,162.93
Reserves	10,441.36	12,181.66	15,691.97
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>201,138.82</b>	<b>237,680.03</b>	<b>291,066.22</b>
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	15,243.80	16,462.91	17,188.72
Interest Expenses	8,084.53	9,479.25	9,112.83
<b>Net Interest Income</b>	<b>7,159.25</b>	<b>6,983.67</b>	<b>8,075.88</b>
Fee and commission income	1,291.01	1,305.23	1,565.80
Fee and commission expense	64.46	63.25	77.23
<b>Net Fee and commission income</b>	<b>1,226.54</b>	<b>1,241.98</b>	<b>1,488.57</b>
<b>Net Interest, Fee and commission income</b>	<b>8,385.80</b>	<b>8,225.64</b>	<b>9,564.45</b>
Net trading income	448.34	468.09	643.76
Other operating income	494.67	430.41	1,451.44
<b>Total operating income</b>	<b>9,328.81</b>	<b>9,124.14</b>	<b>11,659.65</b>
Impairment charge/(reversal) for loans and other losses	405.17	856.76	827.52
<b>Net operating income</b>	<b>8,923.64</b>	<b>8,267.38</b>	<b>10,832.13</b>
Personnel expenses	1,949.61	2,009.68	3,411.79
Other operating expenses	777.20	1,049.00	1,052.75
Depreciation & Amortization	170.17	115.63	141.57
<b>Operating Profit</b>	<b>6,026.65</b>	<b>5,093.07</b>	<b>6,226.02</b>
Non operating income	17.01	4.45	35.30
Non operating expense	2.34	2.50	5.87
<b>Profit before income tax</b>	<b>6,041.32</b>	<b>5,095.01</b>	<b>6,255.46</b>
Income Tax Expense		-	
Current Tax	1,810.17	1,551.12	2,258.55
Deferred Tax	(7.71)	80.64	(530.64)
<b>Profit/Loss for the period</b>	<b>4,238.85</b>	<b>3,463.24</b>	<b>4,527.55</b>

<b>4. Nepal Investment Bank Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	13,520.57	7,538.03	7,012.72
Due from Nepal Rastra Bank	10,860.92	14,321.97	7,417.25
Placement with Bank and Financial Institutions	8,498.97	7,964.99	8,136.78
Derivative financial instruments	436.89	133.98	36.75
Other trading assets	-	-	-
Loan and advances to B/FIs	4,274.42	4,920.06	5,094.85
Loans and advances to customers	122,866.55	135,082.10	156,816.68

Investment securities	16,973.47	26,078.44	35,168.05
Current tax assets	501.18	715.88	586.04
Investment in subsidiaries	171.50	171.50	171.50
Investment in associates	82.36	82.36	82.36
Investment property	214.09	265.98	601.85
Property and equipment	4,042.46	4,010.98	4,076.39
Goodwill and Intangible assets	90.63	124.62	112.24
Deferred tax assets	-	-	-
Other assets	3,307.98	1,613.01	2,616.67
<b>TOTAL ASSETS</b>	<b>185,841.99</b>	<b>203,023.90</b>	<b>227,930.13</b>
		-	
<b>Liabilities</b>	<b>160,262.79</b>	<b>175,850.73</b>	<b>195,695.22</b>
Due to Bank and Financial Institutions	2,790.96	2,462.22	4,840.27
Due to Nepal Rastra Bank	940.27	2.72	3,575.65
Derivative financial instruments	-	-	-
Deposits from customers	149,392.28	166,362.13	174,557.70
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	865.21	968.73	1,792.92
Other liabilities	3,024.07	2,804.94	4,178.68
Debt securities issued	3,250.00	3,250.00	6,750.00
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>25,579.20</b>	<b>27,173.16</b>	<b>32,234.91</b>
Share capital	12,869.75	14,248.95	16,257.33
Share premium	105.65	32.60	4.80
Retained earnings	2,064.66	2,622.39	1,836.62
Reserves	10,539.14	10,269.22	14,136.17
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>185,841.99</b>	<b>203,023.90</b>	<b>227,930.13</b>
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	14,975.21	15,201.33	13,712.05
Interest Expenses	8,801.71	9,423.66	8,118.99
<b>Net Interest Income</b>	<b>6,173.51</b>	<b>5,777.67</b>	<b>5,593.05</b>
Fee and commission income	1,442.87	1,513.16	1,362.04
Fee and commission expense	339.74	316.00	245.40
<b>Net Fee and commission income</b>	<b>1,103.13</b>	<b>1,197.17</b>	<b>1,116.64</b>
<b>Net Interest, Fee and commission income</b>	<b>7,276.64</b>	<b>6,974.83</b>	<b>6,709.69</b>
Net trading income	890.84	871.87	747.86
Other operating income	180.33	230.12	937.46
<b>Total operating income</b>	<b>8,347.81</b>	<b>8,076.83</b>	<b>8,395.02</b>
Impairment charge/(reversal) for loans and other losses	(1,596.61)	(1,997.25)	(441.67)
<b>Net operating income</b>	<b>6,751.20</b>	<b>6,079.59</b>	<b>7,953.35</b>
Personnel expenses	1,546.16	1,442.95	1,708.09
Other operating expenses	854.24	862.10	865.49
Depreciation & Amortization	217.42	259.30	260.24
<b>Operating Profit</b>	<b>4,133.37</b>	<b>3,515.24</b>	<b>5,119.52</b>
Non operating income	650.92	3.32	4.08
Non operating expense	297.76	6.29	64.73
<b>Profit before income tax</b>	<b>4,486.53</b>	<b>3,512.27</b>	<b>5,058.87</b>
Income Tax Expense		-	
Current Tax	1,153.11	1,087.06	1,531.31

Deferred Tax	9.31	2.02	(31.05)
<b>Profit/Loss for the period</b>	<b>3,324.11</b>	<b>2,423.19</b>	<b>3,558.61</b>

<b>5. Standard Chartered Bank Nepal Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	12,626.99	39,244.05	26,856.98
Due from Nepal Rastra Bank	2,454.91	1,985.45	2,236.48
Placement with Bank and Financial Institutions	9,902.70	4,210.50	-
Derivative financial instruments	43.34	41.75	0.27
Other trading assets	-	-	-
Loan and advances to B/FIs	2,541.47	4,124.86	9,065.23
Loans and advances to customers	53,092.12	52,810.89	62,408.70
Investment securities	11,535.16	13,058.68	12,816.34
Current tax assets	50.08	171.94	124.72
Investment in subsidiaries	-	-	-
Investment in associates	-	-	-
Investment property	-	-	-
Property and equipment	147.74	187.15	277.10
Goodwill and Intangible assets	-	-	-
Deferred tax assets	71.80	36.49	-
Other assets	797.90	566.51	952.94
<b>TOTAL ASSETS</b>	<b>93,264.18</b>	<b>116,438.27</b>	<b>114,738.76</b>
			-
<b>Liabilities</b>	<b>78,337.12</b>	<b>101,335.78</b>	<b>98,516.64</b>
Due to Bank and Financial Institutions	505.84	4,246.47	8,426.45
Due to Nepal Rastra Bank	-	-	621.51
Derivative financial instruments	-	1.17	20.81
Deposits from customers	75,731.53	95,020.84	87,564.22
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	42.38	37.40	19.60
Deferred tax liabilities	-	-	20.07
Other liabilities	2,057.37	2,029.90	1,844.00
Debt securities issued	-	-	-
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>14,927.07</b>	<b>15,102.50</b>	<b>16,222.12</b>
Share capital	8,011.43	8,011.43	8,572.23
Share premium	-	-	-
Retained earnings	1,807.88	1,517.92	1,776.75
Reserves	5,107.77	5,573.14	5,873.13
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>93,264.18</b>	<b>116,438.27</b>	<b>114,738.76</b>
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	6,500.04	6,569.46	5,320.63
Interest Expenses	2,978.18	3,113.44	2,726.84
<b>Net Interest Income</b>	<b>3,521.86</b>	<b>3,456.02</b>	<b>2,593.79</b>
Fee and commission income	873.84	797.74	739.04
Fee and commission expense	45.10	40.96	38.74
<b>Net Fee and commission income</b>	<b>828.75</b>	<b>756.78</b>	<b>700.30</b>
<b>Net Interest, Fee and commission income</b>	<b>4,350.61</b>	<b>4,212.79</b>	<b>3,294.10</b>

Net trading income	729.05	580.80	759.05
Other operating income	131.95	179.23	10.52
<b>Total operating income</b>	<b>5,211.61</b>	<b>4,972.83</b>	<b>4,063.66</b>
Impairment charge/(reversal) for loans and other losses	88.24	439.07	408.38
<b>Net operating income</b>	<b>5,123.37</b>	<b>4,533.76</b>	<b>3,655.28</b>
Personnel expenses	1,084.36	1,104.24	1,052.26
Other operating expenses	525.70	530.30	526.33
Depreciation & Amortization	35.70	51.86	64.11
<b>Operating Profit</b>	<b>3,477.63</b>	<b>2,847.37</b>	<b>2,012.59</b>
Non operating income	-	-	-
Non operating expense	2.95	9.85	5.00
<b>Profit before income tax</b>	<b>3,474.68</b>	<b>2,837.51</b>	<b>2,007.59</b>
Income Tax Expense			
Current Tax	1,022.94	810.79	598.72
Deferred Tax	17.07	39.34	10.04
<b>Profit/Loss for the period</b>	<b>2,434.66</b>	<b>1,987.39</b>	<b>1,398.84</b>

<b>6. Himalayan Bank Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	4,658.55	7,231.14	8,910.94
Due from Nepal Rastra Bank	4,883.54	12,407.82	7,535.70
Placement with Bank and Financial Institutions	5,231.24	6,342.17	3,780.74
Derivative financial instruments	127.14	115.62	92.63
Other trading assets	-	-	-
Loan and advances to B/FIs	4,772.75	4,998.08	6,045.81
Loans and advances to customers	92,697.32	101,728.47	126,048.13
Investment securities	16,466.20	18,241.67	20,433.63
Current tax assets	224.95	351.50	418.40
Investment in subsidiaries	200.00	200.00	200.00
Investment in associates	195.79	195.79	185.06
Investment property	109.13	379.80	379.80
Property and equipment	2,391.83	2,411.79	2,519.64
Goodwill and Intangible assets	117.68	151.10	222.39
Deferred tax assets	-	-	-
Other assets	1,075.02	1,129.98	1,718.04
<b>TOTAL ASSETS</b>	<b>133,151.14</b>	<b>155,884.92</b>	<b>178,490.93</b>
			-
<b>Liabilities</b>	<b>117,156.34</b>	<b>138,295.67</b>	<b>158,358.21</b>
Due to Bank and Financial Institutions	3,702.92	6,595.87	8,360.64
Due to Nepal Rastra Bank	560.81	155.74	3,025.60
Derivative financial instruments	6.54	75.54	52.94
Deposits from customers	109,387.06	125,264.38	141,021.07
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	98.84	95.90	114.57
Other liabilities	2,777.02	3,544.58	3,090.59
Debt securities issued	623.15	2,563.66	2,692.81
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>15,994.80</b>	<b>17,589.25</b>	<b>20,132.71</b>

Share capital	8,520.26	9,372.28	10,684.40
Share premium	-	-	-
Retained earnings	2,171.15	2,496.76	2,938.20
Reserves	5,303.39	5,720.21	6,510.11
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>133,151.14</b>	<b>155,884.92</b>	<b>178,490.93</b>
<b>STATEMENT OF PROFIT OR LOSS</b>			
	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	11,625.42	12,178.99	10,370.84
Interest Expenses	6,594.07	7,357.29	6,582.12
<b>Net Interest Income</b>	<b>5,031.35</b>	<b>4,821.70</b>	<b>3,788.72</b>
Fee and commission income	821.31	748.84	778.66
Fee and commission expense	65.07	62.10	80.48
<b>Net Fee and commission income</b>	<b>756.24</b>	<b>686.74</b>	<b>698.18</b>
<b>Net Interest, Fee and commission income</b>	<b>5,787.58</b>	<b>5,508.44</b>	<b>4,486.90</b>
Net trading income	718.16	764.97	655.01
Other operating income	175.12	145.40	2,227.73
<b>Total operating income</b>	<b>6,680.86</b>	<b>6,418.81</b>	<b>7,369.63</b>
Impairment charge/(reversal) for loans and other losses	133.62	305.63	145.32
<b>Net operating income</b>	<b>6,547.23</b>	<b>6,113.18</b>	<b>7,224.31</b>
Personnel expenses	1,638.13	1,651.12	1,859.37
Other operating expenses	796.69	870.17	870.90
Depreciation & Amortization	170.19	180.32	186.18
<b>Operating Profit</b>	<b>3,942.21</b>	<b>3,411.57</b>	<b>4,307.87</b>
Non operating income	49.33	398.08	18.34
Non operating expense	58.38	251.26	66.89
<b>Profit before income tax</b>	<b>3,933.16</b>	<b>3,558.39</b>	<b>4,259.31</b>
Income Tax Expense			
Current Tax	1,192.12	979.25	1,277.00
Deferred Tax	(22.81)	(7.59)	(16.31)
<b>Profit/Loss for the period</b>	<b>2,763.85</b>	<b>2,586.72</b>	<b>2,998.62</b>

<b>7. Nepal SBI Bank Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	8,243.37	15,111.52	8,426.35
Due from Nepal Rastra Bank	9,309.36	7,580.53	3,272.98
Placement with Bank and Financial Institutions	-	-	-
Derivative financial instruments	122.89	-	-
Other trading assets	23.77	50.98	90.56
Loan and advances to B/FIs	4,258.39	4,819.69	4,586.77
Loans and advances to customers	84,386.34	89,615.50	96,951.27
Investment securities	9,269.82	12,350.07	21,246.99
Current tax assets	261.70	294.39	410.02
Investment in subsidiaries	188.89	188.89	188.89
Investment in associates	-	-	-
Investment property	-	-	-
Property and equipment	941.03	913.29	873.43
Goodwill and Intangible assets	3.93	2.68	5.26
Deferred tax assets	315.10	325.62	389.99
Other assets	989.64	1,148.76	1,366.27

<b>TOTAL ASSETS</b>	<b>118,314.23</b>	<b>132,401.91</b>	<b>137,808.77</b>
<b>Liabilities</b>	<b>104,159.78</b>	<b>117,620.06</b>	<b>122,408.70</b>
Due to Bank and Financial Institutions	2,270.00	1,865.90	6,093.68
Due to Nepal Rastra Bank	761.43	-	4,265.51
Derivative financial instruments	-	20.61	20.18
Deposits from customers	97,924.44	110,445.87	106,238.47
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	-	-	-
Other liabilities	2,203.91	2,259.34	2,762.17
Debt securities issued	1,000.00	3,028.34	3,028.70
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>14,154.45</b>	<b>14,781.85</b>	<b>15,400.07</b>
Share capital	8,449.25	8,956.21	9,493.58
Share premium	-	-	-
Retained earnings	1,853.74	1,415.53	889.62
Reserves	3,851.46	4,410.12	5,016.87
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>118,314.23</b>	<b>132,401.91</b>	<b>137,808.77</b>
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	11,276.81	11,428.38	9,001.88
Interest Expenses	6,571.72	7,383.78	6,134.55
<b>Net Interest Income</b>	<b>4,705.08</b>	<b>4,044.60</b>	<b>2,867.34</b>
Fee and commission income	993.64	884.59	1,078.28
Fee and commission expense	89.92	100.15	84.28
<b>Net Fee and commission income</b>	<b>903.72</b>	<b>784.44</b>	<b>994.00</b>
<b>Net Interest, Fee and commission income</b>	<b>5,608.80</b>	<b>4,829.04</b>	<b>3,861.34</b>
Net trading income	306.27	269.77	343.70
Other operating income	19.29	31.55	20.24
<b>Total operating income</b>	<b>5,934.36</b>	<b>5,130.37</b>	<b>4,225.28</b>
Impairment charge/(reversal) for loans and other losses	146.62	272.34	379.62
<b>Net operating income</b>	<b>5,787.75</b>	<b>4,858.03</b>	<b>3,845.66</b>
Personnel expenses	1,618.61	1,677.34	1,567.06
Other operating expenses	880.73	793.03	740.91
Depreciation & Amortization	164.52	180.05	186.30
<b>Operating Profit</b>	<b>3,123.89</b>	<b>2,207.61</b>	<b>1,351.39</b>
Non operating income	196.08	27.52	9.78
Non operating expense	3.75	3.33	0.64
<b>Profit before income tax</b>	<b>3,316.22</b>	<b>2,231.80</b>	<b>1,360.53</b>
Income Tax Expense	-	-	-
Current Tax	1,072.17	721.01	451.97
Deferred Tax	48.48	(32.56)	(54.92)
<b>Profit/Loss for the period</b>	<b>2,292.52</b>	<b>1,543.35</b>	<b>963.48</b>

<b>8. Nepal Bangladesh Bank Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	2,613.36	3,179.29	5,995.67

Due from Nepal Rastra Bank	6,762.11	13,485.57	8,206.04
Placement with Bank and Financial Institutions	3,535.63	2,503.88	3,276.03
Derivative financial instruments	31.23	29.99	39.77
Other trading assets	95.22	106.14	78.10
Loan and advances to B/FIs	1,768.83	1,609.91	2,472.71
Loans and advances to customers	52,729.58	59,108.54	68,686.15
Investment securities	5,923.67	7,005.97	19,820.86
Current tax assets	26.99	82.87	90.93
Investment in subsidiaries	200.00	220.00	220.00
Investment in associates	-	-	-
Investment property	346.44	367.78	440.34
Property and equipment	1,502.20	1,541.87	1,470.14
Goodwill and Intangible assets	20.43	46.05	36.10
Deferred tax assets	6.39	-	-
Other assets	2,562.48	435.13	760.14
<b>TOTAL ASSETS</b>	<b>78,124.56</b>	<b>89,722.99</b>	<b>111,592.97</b>
<b>Liabilities</b>	<b>65,676.06</b>	<b>76,626.32</b>	<b>96,135.25</b>
Due to Bank and Financial Institutions	-	6,757.60	2,252.57
Due to Nepal Rastra Bank	745.79	143.21	3,173.16
Derivative financial instruments	-	-	-
Deposits from customers	59,827.53	66,435.05	87,127.87
Borrowing	329.10	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	-	1.11	162.80
Other liabilities	2,780.66	1,295.67	1,424.47
Debt securities issued	1,992.98	1,993.68	1,994.38
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>12,448.50</b>	<b>13,096.67</b>	<b>15,457.72</b>
Share capital	8,088.30	8,495.81	9,004.82
Share premium	-	-	0.10
Retained earnings	1,039.76	841.64	1,465.82
Reserves	3,320.44	3,759.22	4,986.98
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>78,124.56</b>	<b>89,722.99</b>	<b>111,592.97</b>
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	6,938.71	7,446.42	6,969.78
Interest Expenses	4,024.37	4,601.65	4,334.91
<b>Net Interest Income</b>	<b>2,914.33</b>	<b>2,844.77</b>	<b>2,634.87</b>
Fee and commission income	1,018.84	1,139.05	1,255.32
Fee and commission expense	47.93	41.89	55.45
<b>Net Fee and commission income</b>	<b>970.91</b>	<b>1,097.17</b>	<b>1,199.87</b>
<b>Net Interest, Fee and commission income</b>	<b>3,885.24</b>	<b>3,941.93</b>	<b>3,834.74</b>
Net trading income	228.80	229.05	456.84
Other operating income	93.71	50.71	155.75
<b>Total operating income</b>	<b>4,207.75</b>	<b>4,221.69</b>	<b>4,447.33</b>
Impairment charge/(reversal) for loans and other losses	357.49	801.54	(384.99)
<b>Net operating income</b>	<b>3,850.26</b>	<b>3,420.15</b>	<b>4,832.32</b>
Personnel expenses	1,015.22	1,024.47	1,210.45
Other operating expenses	394.08	436.43	428.85
Depreciation & Amortization	101.42	122.18	137.58

<b>Operating Profit</b>	<b>2,339.53</b>	<b>1,837.08</b>	<b>3,055.44</b>
Non operating income	25.53	4.28	54.42
Non operating expense	3.88	38.74	8.84
<b>Profit before income tax</b>	<b>2,361.18</b>	<b>1,802.62</b>	<b>3,101.02</b>
Income Tax Expense			
Current Tax	708.35	565.84	919.19
Deferred Tax	33.31	(8.07)	(4.12)
<b>Profit/Loss for the period</b>	<b>1,619.52</b>	<b>1,244.85</b>	<b>2,185.94</b>

<b>9. Everest Bank Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	7,759.12	10,368.15	9,163.41
Due from Nepal Rastra Bank	23,304.57	19,972.67	28,838.57
Placement with Bank and Financial Institutions	548.50	2,404.00	2,144.70
Derivative financial instruments	1,486.22	14.54	-
Other trading assets	-	-	-
Loan and advances to B/FIs	7,362.98	6,857.50	7,486.02
Loans and advances to customers	104,644.20	112,211.74	127,687.22
Investment securities	21,434.20	28,813.51	31,460.03
Current tax assets	75.09	226.71	441.08
Investment in subsidiaries	-	-	-
Investment in associates	314.44	379.02	502.32
Investment property	21.04	21.04	2.20
Property and equipment	2,116.00	2,151.05	2,737.91
Goodwill and Intangible assets	37.77	46.14	32.84
Deferred tax assets	-	-	-
Other assets	973.41	1,557.12	1,153.94
<b>TOTAL ASSETS</b>	<b>170,077.53</b>	<b>185,023.19</b>	<b>211,650.25</b>
<b>Liabilities</b>	<b>152,452.47</b>	<b>166,397.70</b>	<b>190,966.64</b>
Due to Bank and Financial Institutions	609.22	1,182.83	678.98
Due to Nepal Rastra Bank	1,206.07	32.89	2,112.18
Derivative financial instruments	1,446.39	-	27.93
Deposits from customers	129,568.15	143,545.48	160,220.26
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	92.88	127.37	410.46
Other liabilities	18,460.92	20,428.42	27,047.99
Debt securities issued	1,068.85	1,068.85	468.85
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>17,625.06</b>	<b>18,637.36</b>	<b>20,683.61</b>
Share capital	8,106.86	8,510.21	8,933.72
Share premium	238.47	238.47	238.47
Retained earnings	2,324.15	1,793.07	2,364.21
Reserves	6,955.58	8,095.61	9,147.21
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>170,077.53</b>	<b>185,023.19</b>	<b>211,650.25</b>
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	13,019.44	13,956.19	11,515.53

Interest Expenses	7,320.85	8,645.78	7,559.21
<b>Net Interest Income</b>	<b>5,698.59</b>	<b>5,310.41</b>	<b>3,956.32</b>
Fee and commission income	1,025.00	1,144.66	978.90
Fee and commission expense	133.61	128.50	210.74
<b>Net Fee and commission income</b>	<b>891.39</b>	<b>1,016.15</b>	<b>768.16</b>
<b>Net Interest, Fee and commission income</b>	<b>6,589.99</b>	<b>6,326.56</b>	<b>4,724.48</b>
Net trading income	306.92	263.57	367.24
Other operating income	99.54	122.21	214.28
<b>Total operating income</b>	<b>6,996.45</b>	<b>6,712.34</b>	<b>5,306.00</b>
Impairment charge/(reversal) for loans and other losses	136.76	548.47	262.37
<b>Net operating income</b>	<b>6,859.69</b>	<b>6,163.87</b>	<b>5,043.64</b>
Personnel expenses	1,653.30	1,646.84	1,611.06
Other operating expenses	726.83	784.50	724.31
Depreciation & Amortization	127.44	149.84	159.86
<b>Operating Profit</b>	<b>4,352.12</b>	<b>3,582.69</b>	<b>2,548.41</b>
Non operating income	-	-	-
Non operating expense	4.34	0.61	0.09
<b>Profit before income tax</b>	<b>4,347.78</b>	<b>3,582.08</b>	<b>2,548.32</b>
Income Tax Expense			
Current Tax	1,298.36	1,079.44	790.24
Deferred Tax	(4.70)	(13.61)	(12.86)
<b>Profit/Loss for the period</b>	<b>3,054.12</b>	<b>2,516.24</b>	<b>1,770.94</b>

<b>10. Kumari Bank Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	8,821.14	9,154.31	7,580.24
Due from Nepal Rastra Bank	3,580.51	5,821.52	8,486.45
Placement with Bank and Financial Institutions	384.38	852.45	4,840.71
Derivative financial instruments	143.29	46.52	-
Other trading assets	-	-	-
Loan and advances to B/FIs	3,066.05	3,796.21	5,123.68
Loans and advances to customers	73,120.31	110,717.26	137,897.93
Investment securities	9,121.57	12,757.71	22,697.94
Current tax assets	16.11	328.29	257.14
Investment in subsidiaries	200.00	220.00	220.00
Investment in associates	20.00	130.06	155.02
Investment property	88.42	60.35	128.11
Property and equipment	661.73	1,383.66	1,258.56
Goodwill and Intangible assets	97.39	206.83	197.57
Deferred tax assets	47.80	10.00	-
Other assets	887.97	486.77	939.46
<b>TOTAL ASSETS</b>	<b>100,256.68</b>	<b>145,971.94</b>	<b>189,782.82</b>
<b>Liabilities</b>	<b>88,389.13</b>	<b>128,703.77</b>	<b>170,890.59</b>
Due to Bank and Financial Institutions	12,168.48	7,475.89	14,731.92
Due to Nepal Rastra Bank	1,433.25	225.36	5,088.97
Derivative financial instruments	-	-	3.27
Deposits from customers	73,201.35	116,547.03	145,838.23
Borrowing	-	-	-
Current Tax Liabilities	-	-	-

Provisions	2.23	2.31	2.33
Deferred tax liabilities	-	-	145.63
Other liabilities	1,583.82	1,458.06	2,084.80
Debt securities issued	-	2,995.12	2,995.44
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>11,867.54</b>	<b>17,268.17</b>	<b>18,892.22</b>
Share capital	8,685.57	12,520.05	13,878.47
Share premium	54.80	571.63	88.80
Retained earnings	977.46	1,317.54	1,247.10
Reserves	2,149.71	2,858.95	3,677.85
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>100,256.68</b>	<b>145,971.94</b>	<b>189,782.82</b>
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	9,217.98	10,569.83	12,776.39
Interest Expenses	6,198.52	6,996.63	7,698.87
<b>Net Interest Income</b>	<b>3,019.46</b>	<b>3,573.20</b>	<b>5,077.51</b>
Fee and commission income	454.87	529.32	822.62
Fee and commission expense	31.87	35.83	38.90
<b>Net Fee and commission income</b>	<b>423.01</b>	<b>493.49</b>	<b>783.72</b>
<b>Net Interest, Fee and commission income</b>	<b>3,442.47</b>	<b>4,066.69</b>	<b>5,861.23</b>
Net trading income	258.90	355.32	420.83
Other operating income	92.71	15.44	390.33
<b>Total operating income</b>	<b>3,794.08</b>	<b>4,437.45</b>	<b>6,672.39</b>
Impairment charge/(reversal) for loans and other losses	212.09	461.79	475.28
<b>Net operating income</b>	<b>3,581.99</b>	<b>3,975.66</b>	<b>6,197.11</b>
Personnel expenses	1,013.30	1,408.60	2,023.92
Other operating expenses	523.80	703.07	884.10
Depreciation & Amortization	120.10	177.91	283.30
<b>Operating Profit</b>	<b>1,924.80</b>	<b>1,686.08</b>	<b>3,005.79</b>
Non operating income	11.84	23.34	33.90
Non operating expense	1.03	0.03	0.29
<b>Profit before income tax</b>	<b>1,935.61</b>	<b>1,709.38</b>	<b>3,039.40</b>
Income Tax Expense		-	
Current Tax	667.03	560.13	929.31
Deferred Tax	(65.47)	(9.26)	139.36
<b>Profit/Loss for the period</b>	<b>1,334.05</b>	<b>1,158.51</b>	<b>1,970.73</b>

<b>11. Laxmi Bank Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	10,425.00	9,423.98	10,940.57
Due from Nepal Rastra Bank	4,805.69	9,443.37	7,256.23
Placement with Bank and Financial Institutions	-	-	-
Derivative financial instruments	5,122.32	6,224.51	6,073.91
Other trading assets	67.52	16.12	-
Loan and advances to B/FIs	1,935.60	1,590.27	3,272.95
Loans and advances to customers	74,615.90	88,452.55	105,213.37
Investment securities	7,025.46	9,029.22	13,004.41
Current tax assets	14.20	114.15	72.56
Investment in subsidiaries	417.00	417.00	417.00
Investment in associates	-	1,396.41	2,818.22

Investment property	37.33	108.98	105.94
Property and equipment	1,345.86	1,391.83	1,335.67
Goodwill and Intangible assets	54.66	90.19	76.49
Deferred tax assets	-	-	-
Other assets	1,129.18	1,200.00	1,653.54
<b>TOTAL ASSETS</b>	<b>106,995.72</b>	<b>128,898.57</b>	<b>152,240.86</b>
		-	-
<b>Liabilities</b>	<b>94,345.68</b>	<b>114,923.51</b>	<b>135,344.10</b>
Due to Bank and Financial Institutions	6,554.76	2,979.39	2,826.27
Due to Nepal Rastra Bank	1,229.86	500.46	4,364.95
Derivative financial instruments	5,046.11	6,181.98	6,050.42
Deposits from customers	80,324.63	98,370.76	114,605.49
Borrowing	-	3,634.80	3,591.57
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	98.91	235.55	888.96
Other liabilities	690.01	1,012.39	1,008.23
Debt securities issued	401.40	2,008.20	2,008.22
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>12,650.04</b>	<b>13,975.06</b>	<b>16,896.76</b>
Share capital	8,920.51	9,812.56	10,695.69
Share premium	-	-	-
Retained earnings	1,453.37	1,310.24	1,262.94
Reserves	2,276.16	2,852.26	4,938.13
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>106,995.72</b>	<b>128,898.57</b>	<b>152,240.86</b>
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	8,942.67	10,182.24	9,377.43
Interest Expenses	5,772.99	6,720.07	5,920.59
<b>Net Interest Income</b>	<b>3,169.67</b>	<b>3,462.17</b>	<b>3,456.84</b>
Fee and commission income	740.71	809.23	979.86
Fee and commission expense	78.43	101.13	104.30
<b>Net Fee and commission income</b>	<b>662.29</b>	<b>708.10</b>	<b>875.56</b>
<b>Net Interest, Fee and commission income</b>	<b>3,831.96</b>	<b>4,170.26</b>	<b>4,332.40</b>
Net trading income	360.98	332.90	340.54
Other operating income	112.88	103.18	500.37
<b>Total operating income</b>	<b>4,305.82</b>	<b>4,606.34</b>	<b>5,173.31</b>
Impairment charge/(reversal) for loans and other losses	127.52	475.24	492.21
<b>Net operating income</b>	<b>4,178.31</b>	<b>4,131.10</b>	<b>4,681.10</b>
Personnel expenses	1,133.81	1,232.79	1,573.59
Other operating expenses	618.33	706.64	682.48
Depreciation & Amortization	133.82	166.91	188.94
<b>Operating Profit</b>	<b>2,292.33</b>	<b>2,024.75</b>	<b>2,236.09</b>
Non operating income	10.62	15.63	4.45
Non operating expense	61.81	47.94	11.45
<b>Profit before income tax</b>	<b>2,241.14</b>	<b>1,992.44</b>	<b>2,229.09</b>
Income Tax Expense			
Current Tax	657.10	598.33	674.67
Deferred Tax	(6.03)	(17.43)	(21.34)
<b>Profit/Loss for the period</b>	<b>1,590.07</b>	<b>1,411.55</b>	<b>1,575.76</b>

<b>12. Citizens Bank International Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	6,740.70	9,646.95	11,563.04
Due from Nepal Rastra Bank	2,596.97	19,972.67	3,796.49
Placement with Bank and Financial Institutions	394.77	3,125.20	2,874.87
Derivative financial instruments	44.10	14.54	47.01
Other trading assets	567.25	-	596.89
Loan and advances to B/FIs	1,581.90	6,857.50	3,247.17
Loans and advances to customers	62,911.97	112,211.74	118,912.04
Investment securities	10,822.60	28,813.51	22,017.42
Current tax assets	14.62	-	288.46
Investment in subsidiaries	167.20	379.02	167.20
Investment in associates	17.95	226.71	16.00
Investment property	222.55	21.04	141.15
Property and equipment	2,302.85	2,151.05	2,880.20
Goodwill and Intangible assets	93.35	46.14	83.56
Deferred tax assets	20.24	-	-
Other assets	1,622.34	1,557.12	1,697.54
<b>TOTAL ASSETS</b>	<b>90,121.36</b>	<b>185,023.19</b>	<b>168,329.05</b>
<b>Liabilities</b>	<b>77,626.74</b>	<b>166,385.83</b>	<b>149,441.03</b>
Due to Bank and Financial Institutions	3,926.66	1,182.83	2,765.00
Due to Nepal Rastra Bank	1,212.59	32.89	1,205.56
Derivative financial instruments		-	-
Deposits from customers	70,509.08	143,545.48	140,638.41
Borrowing		-	-
Current Tax Liabilities		-	-
Provisions	5.31	-	5.31
Deferred tax liabilities		127.37	217.49
Other liabilities	1,473.95	20,428.42	2,133.18
Debt securities issued	499.15	1,068.85	2,476.08
Subordinated Liabilities		-	-
<b>Equity</b>	<b>12,494.62</b>	<b>18,637.36</b>	<b>18,888.02</b>
Share capital	8,371.06	8,510.21	12,576.92
Share premium	46.82	238.47	-
Retained earnings	1,251.27	1,793.07	1,422.78
Reserves	2,825.47	8,095.61	4,888.32
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>90,121.36</b>	<b>185,023.19</b>	<b>168,329.05</b>
			0.00
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	8,532.28	13,956.19	10,839.53
Interest Expenses	5,843.82	8,645.78	7,189.14
<b>Net Interest Income</b>	<b>2,688.46</b>	<b>5,310.41</b>	<b>3,650.40</b>
Fee and commission income	568.57	1,144.66	825.37
Fee and commission expense	67.39	128.50	73.36
<b>Net Fee and commission income</b>	<b>501.18</b>	<b>1,016.15</b>	<b>752.01</b>
<b>Net Interest, Fee and commission income</b>	<b>3,189.64</b>	<b>6,326.56</b>	<b>4,402.41</b>
Net trading income	277.32	263.57	418.47
Other operating income	30.47	122.21	153.11
<b>Total operating income</b>	<b>3,497.43</b>	<b>6,712.34</b>	<b>4,973.98</b>
Impairment charge/(reversal) for loans and other losses	138.37	548.47	394.04

<b>Net operating income</b>	<b>3,635.80</b>	<b>6,163.87</b>	<b>4,579.94</b>
Personnel expenses	900.24	1,646.84	1,229.75
Other operating expenses	464.65	784.50	650.05
Depreciation & Amortization	170.50	149.84	244.88
<b>Operating Profit</b>	<b>2,100.40</b>	<b>3,582.69</b>	<b>2,455.27</b>
Non operating income	77.79	-	130.44
Non operating expense	0.58	0.61	-
<b>Profit before income tax</b>	<b>2,177.61</b>	<b>3,582.08</b>	<b>2,585.70</b>
Income Tax Expense			
Current Tax	776.35	1,079.44	780.30
Deferred Tax	61.95	(13.61)	1.06
<b>Profit/Loss for the period</b>	<b>1,463.22</b>	<b>2,516.24</b>	<b>1,804.34</b>

<b>13. Prime Commercial Bank Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	5,304.76	10,379.97	7,864.97
Due from Nepal Rastra Bank	7,807.98	8,716.15	10,497.99
Placement with Bank and Financial Institutions	1,118.73	2,260.12	4,766.88
Derivative financial instruments	-	-	-
Other trading assets	-	-	-
Loan and advances to B/FIs	3,014.81	4,116.32	6,097.77
Loans and advances to customers	72,545.40	110,435.79	135,383.78
Investment securities	10,142.16	13,684.28	23,426.85
Current tax assets	112.53	136.77	288.06
Investment in subsidiaries	-	-	-
Investment in associates	51.02	60.02	46.02
Investment property	242.56	496.49	365.78
Property and equipment	743.98	1,076.21	1,048.08
Goodwill and Intangible assets	7.71	16.00	22.77
Deferred tax assets	74.33	11.95	34.94
Other assets	1,089.86	792.93	693.32
<b>TOTAL ASSETS</b>	<b>102,255.83</b>	<b>152,182.99</b>	<b>190,537.22</b>
		-	-
<b>Liabilities</b>	<b>88,851.83</b>	<b>131,656.14</b>	<b>166,595.71</b>
Due to Bank and Financial Institutions	9,217.76	10,350.29	6,042.37
Due to Nepal Rastra Bank	1,269.35	121.20	2,360.81
Derivative financial instruments	-	-	-
Deposits from customers	77,040.07	119,441.61	154,139.51
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	-	-	-
Other liabilities	1,324.65	1,743.04	1,612.04
Debt securities issued	-	-	2,440.97
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>13,403.99</b>	<b>20,526.85</b>	<b>23,941.51</b>
Share capital	9,318.63	13,985.25	16,083.04
Share premium	-	0.64	-
Retained earnings	1,575.65	1,888.97	2,719.16
Reserves	2,509.72	4,651.99	5,139.31

<b>TOTAL EQUITY AND LIABILITIES</b>	<b>102,255.83</b>	<b>152,182.99</b>	<b>190,537.22</b>
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	9,822.37	12,233.26	14,009.66
Interest Expenses	6,237.76	7,592.64	8,060.77
<b>Net Interest Income</b>	<b>3,584.61</b>	<b>4,640.62</b>	<b>5,948.89</b>
Fee and commission income	766.87	902.77	1,408.06
Fee and commission expense	51.28	71.33	105.27
<b>Net Fee and commission income</b>	<b>715.60</b>	<b>831.43</b>	<b>1,302.79</b>
<b>Net Interest, Fee and commission income</b>	<b>4,300.20</b>	<b>5,472.05</b>	<b>7,251.68</b>
Net trading income	234.44	267.53	321.27
Other operating income	70.41	61.91	269.72
<b>Total operating income</b>	<b>4,605.05</b>	<b>5,801.49</b>	<b>7,842.66</b>
Impairment charge/(reversal) for loans and other losses	135.34	766.21	769.30
<b>Net operating income</b>	<b>4,469.71</b>	<b>5,035.28</b>	<b>7,073.37</b>
Personnel expenses	888.34	1,093.78	1,591.34
Other operating expenses	350.95	532.52	612.31
Depreciation & Amortization	80.92	140.44	184.38
<b>Operating Profit</b>	<b>3,149.52</b>	<b>3,268.54</b>	<b>4,685.33</b>
Non operating income	-	-	-
Non operating expense	-	-	-
<b>Profit before income tax</b>	<b>3,149.52</b>	<b>3,268.54</b>	<b>4,685.33</b>
Income Tax Expense		-	-
Current Tax	990.82	993.52	1,502.61
Deferred Tax	(40.09)	23.55	(85.67)
<b>Profit/Loss for the period</b>	<b>2,198.80</b>	<b>2,251.48</b>	<b>3,268.40</b>

<b>14. Sunrise Bank Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	6,356.73	8,011.84	4,145.73
Due from Nepal Rastra Bank	3,241.04	7,806.30	2,980.81
Placement with Bank and Financial Institutions	1,165.35	1,206.00	4,646.44
Derivative financial instruments	93.86	68.02	-
Other trading assets	-	-	-
Loan and advances to B/FIs	1,149.78	2,395.07	1,906.58
Loans and advances to customers	68,865.81	81,018.60	100,490.66
Investment securities	11,724.18	13,112.82	20,860.09
Current tax assets	84.94	206.80	262.56
Investment in subsidiaries	157.14	157.14	261.31
Investment in associates	-	-	-
Investment property	398.18	433.36	404.14
Property and equipment	918.84	1,064.58	1,026.71
Goodwill and Intangible assets	68.49	48.07	25.93
Deferred tax assets	2.85	-	-
Other assets	383.55	769.92	752.47
<b>TOTAL ASSETS</b>	<b>94,610.74</b>	<b>116,298.52</b>	<b>137,763.42</b>
		-	
<b>Liabilities</b>	<b>82,340.59</b>	<b>102,904.74</b>	<b>122,993.71</b>
Due to Bank and Financial Institutions	3,809.33	5,191.81	6,286.48
Due to Nepal Rastra Bank	839.81	743.47	2,995.98

Derivative financial instruments	-	-	10.47
Deposits from customers	75,432.15	90,223.27	106,432.37
Borrowing	-	1,202.50	1,192.50
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	-	94.35	220.38
Other liabilities	1,263.19	1,462.84	1,867.17
Debt securities issued	996.11	3,986.50	3,988.37
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>12,270.15</b>	<b>13,393.79</b>	<b>14,769.71</b>
Share capital	8,152.56	8,967.81	9,487.94
Share premium	127.16	-	-
Retained earnings	1,175.25	743.61	668.86
Reserves	2,815.18	3,682.37	4,612.90
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>94,610.74</b>	<b>116,298.52</b>	<b>137,763.42</b>
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	9,206.43	10,020.93	8,960.72
Interest Expenses	5,621.44	6,161.73	5,436.64
<b>Net Interest Income</b>	<b>3,584.99</b>	<b>3,859.21</b>	<b>3,524.08</b>
Fee and commission income	782.28	990.02	1,143.79
Fee and commission expense	120.23	129.65	178.62
<b>Net Fee and commission income</b>	<b>662.05</b>	<b>860.36</b>	<b>965.17</b>
<b>Net Interest, Fee and commission income</b>	<b>4,247.04</b>	<b>4,719.57</b>	<b>4,489.24</b>
Net trading income	264.60	222.77	242.21
Other operating income	64.61	73.67	194.48
<b>Total operating income</b>	<b>4,576.25</b>	<b>5,016.01</b>	<b>4,925.93</b>
Impairment charge/(reversal) for loans and other losses	103.52	849.83	254.68
<b>Net operating income</b>	<b>4,472.72</b>	<b>4,166.18</b>	<b>4,671.25</b>
Personnel expenses	1,150.27	1,359.17	1,518.14
Other operating expenses	630.40	684.95	689.33
Depreciation & Amortization	141.43	179.15	186.06
<b>Operating Profit</b>	<b>2,550.63</b>	<b>1,942.91</b>	<b>2,277.72</b>
Non operating income	1.18	4.03	45.83
Non operating expense	45.91	-	65.76
<b>Profit before income tax</b>	<b>2,505.89</b>	<b>1,946.94</b>	<b>2,257.78</b>
Income Tax Expense			
Current Tax	762.04	591.85	750.25
Deferred Tax	37.75	(4.39)	60.99
<b>Profit/Loss for the period</b>	<b>1,706.10</b>	<b>1,359.48</b>	<b>1,446.55</b>

<b>15. Century Commercial Bank Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	5,402.67	5,340.43	5,062.73
Due from Nepal Rastra Bank	5,447.29	7,549.39	10,282.85
Placement with Bank and Financial Institutions	1,099.00	604.06	837.30
Derivative financial instruments	-	-	-
Other trading assets	-	-	70.49

Loan and advances to B/FIs	2,140.93	2,373.90	2,227.27
Loans and advances to customers	57,089.33	58,152.21	78,078.29
Investment securities	5,060.14	6,821.38	12,356.26
Current tax assets	263.12	130.03	258.29
Investment in subsidiaries	171.50	171.50	171.50
Investment in associates	27.50	27.50	27.50
Investment property	17.66	17.66	17.66
Property and equipment	620.72	632.84	628.08
Goodwill and Intangible assets	13.73	11.94	12.04
Deferred tax assets	25.84	9.84	55.92
Other assets	929.20	1,245.91	1,542.03
<b>TOTAL ASSETS</b>	<b>78,308.62</b>	<b>83,088.59</b>	<b>111,628.20</b>
		-	-
<b>Liabilities</b>	68,316.31	72,523.05	100,717.31
Due to Bank and Financial Institutions	5,212.10	5,053.84	3,500.21
Due to Nepal Rastra Bank	834.59	417.14	1,994.80
Derivative financial instruments	37.54	157.11	241.16
Deposits from customers	60,276.50	65,314.89	93,496.63
Borrowing	800.00	-	-
Current Tax Liabilities	-	-	-
Provisions	51.04	88.67	86.74
Deferred tax liabilities	-	-	-
Other liabilities	1,104.54	1,491.40	1,397.77
Debt securities issued	-	-	-
Subordinated Liabilities	-	-	-
<b>Equity</b>	9,992.31	10,565.54	10,910.89
Share capital	8,415.47	8,415.47	9,034.43
Share premium	34.37	34.37	-
Retained earnings	533.85	926.59	551.80
Reserves	1,008.62	1,189.11	1,324.66
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>78,308.62</b>	<b>83,088.59</b>	<b>111,628.20</b>
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	7,888.55	7,845.89	7,608.42
Interest Expenses	5,296.51	5,150.65	5,176.09
<b>Net Interest Income</b>	<b>2,592.04</b>	<b>2,695.24</b>	<b>2,432.33</b>
Fee and commission income	352.03	274.27	413.97
Fee and commission expense	29.48	25.40	35.80
<b>Net Fee and commission income</b>	<b>322.55</b>	<b>248.87</b>	<b>378.17</b>
<b>Net Interest, Fee and commission income</b>	<b>2,914.59</b>	<b>2,944.11</b>	<b>2,810.50</b>
Net trading income	180.42	174.50	176.56
Other operating income	36.36	54.74	67.03
<b>Total operating income</b>	<b>3,131.37</b>	<b>3,173.35</b>	<b>3,054.09</b>
Impairment charge/(reversal) for loans and other losses	574.32	422.71	638.57

<b>Net operating income</b>	<b>2,557.04</b>	<b>2,750.65</b>	<b>2,415.52</b>
Personnel expenses	854.94	902.91	940.52
Other operating expenses	553.54	490.88	523.02
Depreciation & Amortization	122.60	141.17	146.54
<b>Operating Profit</b>	<b>1,025.97</b>	<b>1,215.69</b>	<b>805.43</b>
Non operating income	39.30	41.43	53.12
Non operating expense	68.18	5.57	15.65
<b>Profit before income tax</b>	<b>997.08</b>	<b>1,251.56</b>	<b>842.90</b>
Income Tax Expense			
Current Tax	306.75	440.10	285.29
Deferred Tax	13.93	6.93	(71.71)
<b>Profit/Loss for the period</b>	<b>676.41</b>	<b>804.53</b>	<b>629.32</b>

<b>16. Sanima Bank Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	4,636.42	5,190.30	4,771.14
Due from Nepal Rastra Bank	2,781.20	5,325.68	6,053.73
Placement with Bank and Financial Institutions	827.70	2,827.09	1,740.71
Derivative financial instruments	85.07	40.22	16.02
Other trading assets	484.42	443.45	224.41
Loan and advances to B/FIs	2,020.42	2,844.21	4,094.02
Loans and advances to customers	81,418.86	90,850.35	119,071.40
Investment securities	13,611.19	15,018.42	20,922.51
Current tax assets	-	-	-
Investment in subsidiaries	250.00	250.00	250.00
Investment in associates	-	-	-
Investment property	-	-	-
Property and equipment	1,150.52	1,177.21	1,196.39
Goodwill and Intangible assets	70.32	60.55	48.08
Deferred tax assets	14.77	25.57	-
Other assets	1,713.60	2,260.28	2,362.18
<b>TOTAL ASSETS</b>	<b>109,064.49</b>	<b>126,313.33</b>	<b>160,750.58</b>
		-	-
<b>Liabilities</b>	<b>97,074.93</b>	<b>113,494.73</b>	<b>145,827.17</b>
Due to Bank and Financial Institutions	3,694.46	3,275.97	4,920.87
Due to Nepal Rastra Bank	1,018.92	86.29	3,651.30
Derivative financial instruments	-	-	-
Deposits from customers	89,373.73	107,250.20	128,425.87
Borrowing	-	-	1,787.25
Current Tax Liabilities	24.77	2.35	62.45
Provisions	27.17	32.43	31.37
Deferred tax liabilities	-	-	42.07
Other liabilities	1,211.17	1,122.77	2,134.26
Debt securities issued	1,724.71	1,724.71	4,771.72
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>11,989.56</b>	<b>12,818.60</b>	<b>14,923.41</b>
Share capital	8,001.26	8,801.38	9,681.52
Share premium	-	-	-

Retained earnings	1,751.51	1,197.04	1,737.20
Reserves	2,236.79	2,820.19	3,504.69
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>109,064.49</b>	<b>126,313.33</b>	<b>160,750.58</b>
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	10,757.98	11,469.73	10,762.83
Interest Expenses	6,549.28	7,280.03	6,237.84
<b>Net Interest Income</b>	<b>4,208.70</b>	<b>4,189.69</b>	<b>4,524.99</b>
Fee and commission income	785.12	698.26	875.12
Fee and commission expense	73.25	78.53	60.96
<b>Net Fee and commission income</b>	<b>711.87</b>	<b>619.73</b>	<b>814.16</b>
<b>Net Interest, Fee and commission income</b>	<b>4,920.56</b>	<b>4,809.42</b>	<b>5,339.15</b>
Net trading income	392.82	420.66	426.74
Other operating income	44.23	59.73	51.67
<b>Total operating income</b>	<b>5,357.62</b>	<b>5,289.81</b>	<b>5,817.55</b>
Impairment charge/(reversal) for loans and other losses	218.24	797.02	248.28
<b>Net operating income</b>	<b>5,139.38</b>	<b>4,492.78</b>	<b>5,569.27</b>
Personnel expenses	1,259.77	1,234.69	1,439.20
Other operating expenses	515.55	572.71	656.14
Depreciation & Amortization	139.17	155.53	162.98
<b>Operating Profit</b>	<b>3,224.90</b>	<b>2,529.85</b>	<b>3,310.96</b>
Non operating income	2.08	1.41	1.32
Non operating expense	6.83	1.52	3.04
<b>Profit before income tax</b>	<b>3,220.16</b>	<b>2,529.74</b>	<b>3,309.23</b>
Income Tax Expense		-	
Current Tax	957.82	751.73	978.18
Deferred Tax	4.27	1.75	13.23
<b>Profit/Loss for the period</b>	<b>2,258.07</b>	<b>1,776.26</b>	<b>2,317.82</b>

<b>17.Machhapuchhre Bank Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	9,442.90	9,778.03	8,679.17
Due from Nepal Rastra Bank	3,226.96	4,552.00	8,908.18
Placement with Bank and Financial Institutions	1,458.03	81.14	477.09
Derivative financial instruments	72.60	67.42	21.85
Other trading assets	358.70	212.02	17.41
Loan and advances to B/FIs	2,440.17	2,471.15	3,714.54
Loans and advances to customers	75,095.77	92,529.23	113,572.01
Investment securities	10,306.08	11,932.41	19,603.81
Current tax assets	209.98	275.81	419.11
Investment in subsidiaries	200.00	200.00	200.00
Investment in associates	-	-	-
Investment property	78.46	174.95	273.91
Property and equipment	1,122.93	1,335.80	1,474.09
Goodwill and Intangible assets	49.01	65.13	126.03
Deferred tax assets	21.42	35.23	35.14
Other assets	1,163.04	809.25	691.21
<b>TOTAL ASSETS</b>	<b>105,246.05</b>	<b>124,519.57</b>	<b>158,213.55</b>
		-	-
<b>Liabilities</b>	94,009.17	112,934.87	145,349.42

Due to Bank and Financial Institutions	6,361.84	2,649.48	2,863.54
Due to Nepal Rastra Bank	1,020.52	13.72	4,159.29
Derivative financial instruments	-	-	-
Deposits from customers	85,198.40	104,098.90	131,617.96
Borrowing	-	1,202.50	1,202.31
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	-	-	-
Other liabilities	1,428.41	1,823.14	2,358.67
Debt securities issued	-	3,147.12	3,147.64
Subordinated Liabilities	-	-	-
Equity	11,236.88	11,584.70	12,864.13
Share capital	8,055.70	8,458.48	9,053.09
Share premium	30.88	30.88	30.88
Retained earnings	1,293.47	981.27	1,271.64
Reserves	1,856.83	2,114.08	2,508.52
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>105,246.05</b>	<b>124,519.57</b>	<b>158,213.55</b>
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	10,177.52	11,352.89	11,155.48
Interest Expenses	6,627.77	7,490.99	6,803.99
<b>Net Interest Income</b>	<b>3,549.76</b>	<b>3,861.90</b>	<b>4,351.49</b>
Fee and commission income	790.52	947.49	1,142.90
Fee and commission expense	69.98	100.67	131.04
<b>Net Fee and commission income</b>	<b>720.54</b>	<b>846.82</b>	<b>1,011.86</b>
<b>Net Interest, Fee and commission income</b>	<b>4,270.30</b>	<b>4,708.71</b>	<b>5,363.35</b>
Net trading income	303.33	282.16	258.09
Other operating income	28.14	70.13	196.39
<b>Total operating income</b>	<b>4,601.77</b>	<b>5,061.01</b>	<b>5,817.83</b>
Impairment charge/(reversal) for loans and other losses	117.17	587.92	497.80
<b>Net operating income</b>	<b>4,484.60</b>	<b>4,473.08</b>	<b>5,320.03</b>
Personnel expenses	1,230.38	1,502.91	1,769.51
Other operating expenses	723.55	888.44	890.79
Depreciation & Amortization	130.39	161.26	190.20
<b>Operating Profit</b>	<b>2,400.28</b>	<b>1,920.47</b>	<b>2,469.53</b>
Non operating income	121.90	8.07	9.77
Non operating expense	94.89	67.52	198.96
<b>Profit before income tax</b>	<b>2,427.29</b>	<b>1,861.02</b>	<b>2,280.34</b>
Income Tax Expense			
Current Tax	760.91	612.52	676.12
Deferred Tax	30.71	(16.65)	(3.25)
<b>Profit/Loss for the period</b>	<b>1,697.09</b>	<b>1,265.15</b>	<b>1,607.47</b>

<b>18. NIC Asia Bank Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	20,214.54	12,294.51	23,902.66
Due from Nepal Rastra Bank	16,097.92	18,721.48	9,072.90
Placement with Bank and Financial Institutions	383.95	-	-
Derivative financial instruments	7,006.01	5,636.25	5,359.38
Other trading assets	-	9.44	11.80

Loan and advances to B/FIs	6,923.29	12,708.08	14,289.46
Loans and advances to customers	142,582.77	160,184.31	248,770.35
Investment securities	18,152.96	29,317.24	33,293.73
Current tax assets	-	3,627.91	297.11
Investment in subsidiaries	1,204.50	1,264.50	1,264.50
Investment in associates	-	-	-
Investment property	275.94	496.06	1,275.46
Property and equipment	2,583.72	3,223.64	3,038.16
Goodwill and Intangible assets	110.49	112.85	91.55
Deferred tax assets	-	-	-
Other assets	2,166.17	2,994.10	5,480.46
<b>TOTAL ASSETS</b>	<b>217,702.26</b>	<b>250,590.38</b>	<b>346,147.52</b>
		-	-
<b>Liabilities</b>	<b>202,736.45</b>	<b>233,348.21</b>	<b>325,243.90</b>
Due to Bank and Financial Institutions	8,535.65	9,271.52	13,329.47
Due to Nepal Rastra Bank	314.54	-	3,238.62
Derivative financial instruments	6,913.41	5,601.04	5,337.92
Deposits from customers	176,820.69	201,630.38	287,024.80
Borrowing	-	-	-
Current Tax Liabilities	240.29	-	-
Provisions	-	-	-
Deferred tax liabilities	209.40	298.13	459.54
Other liabilities	1,992.37	6,891.49	4,884.18
Debt securities issued	7,710.10	9,655.64	10,969.37
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>14,965.81</b>	<b>17,242.17</b>	<b>20,903.62</b>
Share capital	8,834.23	9,717.65	11,564.01
Share premium	-	-	-
Retained earnings	2,251.12	1,975.81	1,599.55
Reserves	3,880.46	5,548.71	7,740.06
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>217,702.26</b>	<b>250,590.38</b>	<b>346,147.52</b>
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	19,345.59	20,723.32	23,562.13
Interest Expenses	12,385.56	13,118.48	14,334.63
<b>Net Interest Income</b>	<b>6,960.03</b>	<b>7,604.83</b>	<b>9,227.50</b>
Fee and commission income	2,248.91	2,642.78	1,840.70
Fee and commission expense	127.60	159.90	216.90
<b>Net Fee and commission income</b>	<b>2,121.31</b>	<b>2,482.87</b>	<b>1,623.81</b>
<b>Net Interest, Fee and commission income</b>	<b>9,081.34</b>	<b>10,087.70</b>	<b>10,851.31</b>
Net trading income	348.92	339.61	277.78
Other operating income	75.97	255.90	225.28
<b>Total operating income</b>	<b>9,506.24</b>	<b>10,683.21</b>	<b>11,354.37</b>
Impairment charge/(reversal) for loans and other losses	590.15	1,113.71	1,225.62
<b>Net operating income</b>	<b>8,916.09</b>	<b>9,569.51</b>	<b>10,128.75</b>
Personnel expenses	2,486.79	2,910.17	3,347.94
Other operating expenses	1,649.86	1,971.78	1,614.43
Depreciation & Amortization	204.03	252.74	368.15
<b>Operating Profit</b>	<b>4,575.41</b>	<b>4,434.83</b>	<b>4,798.23</b>
Non operating income	28.96	19.85	6.15
Non operating expense	104.16	57.38	158.22
<b>Profit before income tax</b>	<b>4,500.20</b>	<b>4,397.29</b>	<b>4,646.17</b>

Income Tax Expense		-	
Current Tax	1,366.00	1,268.43	1,388.70
Deferred Tax	80.90	30.32	(1.47)
<b>Profit/Loss for the period</b>	<b>3,053.30</b>	<b>3,098.54</b>	<b>3,258.93</b>

<b>19. Global IME Bank Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	11,531.56	20,083.66	15,593.94
Due from Nepal Rastra Bank	5,217.31	11,775.49	25,336.11
Placement with Bank and Financial Institutions	-	-	-
Derivative financial instruments	4,112.52	8,876.12	5,663.65
Other trading assets	-	-	-
Loan and advances to B/FIs	4,054.63	7,672.04	10,367.18
Loans and advances to customers	108,977.61	190,336.85	228,651.43
Investment securities	13,153.15	26,401.40	48,901.73
Current tax assets	1,259.70	1,639.87	2,232.79
Investment in subsidiaries	219.78	557.10	370.70
Investment in associates	319.58	404.22	644.19
Investment property	118.69	335.30	354.65
Property and equipment	1,373.57	2,543.21	3,252.01
Goodwill and Intangible assets	28.29	240.27	239.74
Deferred tax assets	212.08	281.57	279.39
Other assets	1,075.10	2,729.48	3,535.75
<b>TOTAL ASSETS</b>	<b>151,653.57</b>	<b>273,876.59</b>	<b>345,423.26</b>
<b>Liabilities</b>	<b>135,321.39</b>	<b>245,042.19</b>	<b>312,702.84</b>
Due to Bank and Financial Institutions	4,410.88	14,327.70	14,914.79
Due to Nepal Rastra Bank	1,231.80	1,339.36	10,894.00
Derivative financial instruments	3,879.90	8,773.44	5,440.37
Deposits from customers	120,088.44	212,315.39	268,433.79
Borrowing	-	2,404.00	2,371.77
Current Tax Liabilities	1,202.57	1,294.60	1,845.21
Provisions	-	-	-
Deferred tax liabilities	-	-	-
Other liabilities	3,011.35	3,090.64	4,310.91
Debt securities issued	1,496.45	1,497.06	4,492.00
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>16,332.18</b>	<b>28,834.40</b>	<b>32,720.42</b>
Share capital	10,310.52	18,975.88	21,632.50
Share premium	-	5.39	-
Retained earnings	2,663.62	1,673.61	2,990.20
Reserves	3,358.04	8,179.51	8,097.71
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>151,653.57</b>	<b>273,876.59</b>	<b>345,423.26</b>
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	13,530.88	20,489.40	21,693.58
Interest Expenses	8,288.54	12,267.39	12,554.46
<b>Net Interest Income</b>	<b>5,242.35</b>	<b>8,222.01</b>	<b>9,139.13</b>
Fee and commission income	1,181.10	1,472.14	1,914.29
Fee and commission expense	216.43	242.01	380.25

<b>Net Fee and commission income</b>	<b>964.66</b>	<b>1,230.13</b>	<b>1,534.04</b>
<b>Net Interest, Fee and commission income</b>	<b>6,207.01</b>	<b>9,452.14</b>	<b>10,673.16</b>
Net trading income	412.13	579.52	666.46
Other operating income	163.06	196.81	611.28
<b>Total operating income</b>	<b>6,782.19</b>	<b>10,228.47</b>	<b>11,950.90</b>
Impairment charge/(reversal) for loans and other losses	198.19	1,954.43	1,125.26
<b>Net operating income</b>	<b>6,584.00</b>	<b>8,274.04</b>	<b>10,825.64</b>
Personnel expenses	1,579.66	2,474.64	3,164.82
Other operating expenses	859.41	1,248.83	1,369.43
Depreciation & Amortization	238.30	304.12	333.86
<b>Operating Profit</b>	<b>3,906.63</b>	<b>4,246.46</b>	<b>5,957.53</b>
Non operating income	27.29	0.64	10.55
Non operating expense	-	79.21	-
<b>Profit before income tax</b>	<b>3,933.92</b>	<b>4,167.89</b>	<b>5,968.08</b>
Income Tax Expense			
Current Tax	1,202.57	1,294.60	1,844.54
Deferred Tax	(30.61)	(35.38)	(41.62)
<b>Profit/Loss for the period</b>	<b>2,761.95</b>	<b>2,908.66</b>	<b>4,165.15</b>

<b>20. NMB Bank Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	8,096.35	11,098.35	13,887.37
Due from Nepal Rastra Bank	10,829.18	15,250.00	19,218.51
Placement with Bank and Financial Institutions	2,172.97	3,304.23	2,717.15
Derivative financial instruments	8,595.48	10,066.30	17,161.39
Other trading assets	340.39	266.89	2.66
Loan and advances to B/FIs	3,317.96	4,665.86	5,194.47
Loans and advances to customers	88,485.03	115,668.47	151,014.12
Investment securities	10,316.35	14,998.76	17,453.56
Current tax assets	-	61.46	92.75
Investment in subsidiaries	248.55	372.49	372.49
Investment in associates	-	-	-
Investment property	102.92	79.65	97.94
Property and equipment	1,577.90	1,755.79	1,741.91
Goodwill and Intangible assets	115.42	125.85	112.54
Deferred tax assets	70.04	264.42	249.01
Other assets	1,201.87	1,473.39	2,230.98
<b>TOTAL ASSETS</b>	<b>135,470.41</b>	<b>179,451.91</b>	<b>231,546.86</b>
<b>Liabilities</b>	<b>118,067.39</b>	<b>158,516.53</b>	<b>207,603.08</b>
Due to Bank and Financial Institutions	624.36	3,150.01	1,964.52
Due to Nepal Rastra Bank	3,203.52	4,832.50	7,597.98
Derivative financial instruments	8,458.37	10,008.21	17,127.04
Deposits from customers	97,892.30	131,660.37	164,489.29
Borrowing	3,468.06	3,416.31	7,443.81
Current Tax Liabilities	35.58	-	-
Provisions	-	-	-
Deferred tax liabilities	-	-	-
Other liabilities	2,145.96	3,169.29	3,686.46
Debt securities issued	2,239.24	2,279.83	5,293.99

Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>17,403.02</b>	<b>20,935.39</b>	<b>23,943.77</b>
Share capital	9,618.16	13,950.99	16,325.96
Share premium	2,512.80	120.17	-
Retained earnings	1,780.33	1,737.22	2,515.34
Reserves	3,491.73	5,127.01	5,102.47
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>135,470.41</b>	<b>179,451.91</b>	<b>231,546.86</b>
<b>STATEMENT OF PROFIT OR LOSS</b>			
	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	11,082.06	14,442.97	13,983.69
Interest Expenses	6,838.04	8,946.75	8,323.03
<b>Net Interest Income</b>	<b>4,244.02</b>	<b>5,496.22</b>	<b>5,660.66</b>
Fee and commission income	1,003.53	914.37	1,177.64
Fee and commission expense	93.96	107.92	138.02
<b>Net Fee and commission income</b>	<b>909.58</b>	<b>806.45</b>	<b>1,039.62</b>
<b>Net Interest, Fee and commission income</b>	<b>5,153.60</b>	<b>6,302.67</b>	<b>6,700.28</b>
Net trading income	352.05	384.16	364.11
Other operating income	210.37	215.36	351.97
<b>Total operating income</b>	<b>5,716.02</b>	<b>6,902.19</b>	<b>7,416.36</b>
Impairment charge/(reversal) for loans and other losses	166.27	1,627.17	382.41
<b>Net operating income</b>	<b>5,549.75</b>	<b>5,275.03</b>	<b>7,033.95</b>
Personnel expenses	1,415.79	1,647.50	2,089.70
Other operating expenses	708.66	935.57	853.75
Depreciation & Amortization	176.80	241.68	269.48
<b>Operating Profit</b>	<b>3,248.50</b>	<b>2,450.27</b>	<b>3,821.02</b>
Non operating income	17.10	18.51	39.07
Non operating expense	17.60	33.98	15.21
<b>Profit before income tax</b>	<b>3,248.00</b>	<b>2,434.80</b>	<b>3,844.88</b>
Income Tax Expense			
Current Tax	994.17	725.59	1,185.62
Deferred Tax	(3.44)	(3.56)	(51.82)
<b>Profit/Loss for the period</b>	<b>2,257.28</b>	<b>1,712.78</b>	<b>2,711.07</b>

<b>21. Prabhu Bank Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	15,163.38	8,446.07	8,371.90
Due from Nepal Rastra Bank	6,668.57	20,184.42	16,537.18
Placement with Bank and Financial Institutions	-	-	595.75
Derivative financial instruments	82.87	5,353.76	6,116.14
Other trading assets	-	-	237.86
Loan and advances to B/FIs	3,931.85	3,897.66	7,362.45
Loans and advances to customers	86,415.90	99,397.72	135,117.77
Investment securities	14,572.08	20,318.13	33,356.50
Current tax assets	5.99	156.81	159.31
Investment in subsidiaries	116.96	524.23	524.23
Investment in associates	-	-	-
Investment property	439.18	512.41	349.03
Property and equipment	2,280.26	2,358.89	2,305.37
Goodwill and Intangible assets	39.77	180.22	143.71
Deferred tax assets	-	302.96	427.34

Other assets	4,189.34	5,884.02	3,908.98
<b>TOTAL ASSETS</b>	<b>133,906.16</b>	<b>167,517.30</b>	<b>215,513.53</b>
			-
<b>Liabilities</b>	<b>119,339.59</b>	152,129.53	<b>198,402.26</b>
Due to Bank and Financial Institutions	-	8,280.43	5,591.19
Due to Nepal Rastra Bank	801.79	4,794.41	11,261.51
Derivative financial instruments	-	5,311.76	6,082.41
Deposits from customers	112,393.45	128,740.77	164,850.50
Borrowing	1,100.40	-	-
Current Tax Liabilities	-	-	-
Provisions	23.33	23.32	23.32
Deferred tax liabilities	417.76	-	-
Other liabilities	4,602.86	3,980.52	4,956.25
Debt securities issued	-	998.32	5,637.07
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>14,566.58</b>	<b>15,387.77</b>	<b>17,111.27</b>
Share capital	8,892.68	10,315.51	11,347.06
Share premium	-	-	-
Retained earnings	1,795.54	1,216.50	1,599.39
Reserves	3,878.37	3,855.76	4,164.83
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>133,906.16</b>	167,517.30	<b>215,513.53</b>
			-
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	10,934.93	11,797.45	12,899.28
Interest Expenses	6,365.00	7,276.49	7,875.97
<b>Net Interest Income</b>	<b>4,569.32</b>	<b>4,520.96</b>	<b>5,023.30</b>
Fee and commission income	731.92	926.17	1,140.53
Fee and commission expense	72.38	104.58	120.30
<b>Net Fee and commission income</b>	<b>659.55</b>	<b>821.59</b>	<b>1,020.24</b>
<b>Net Interest, Fee and commission income</b>	<b>5,228.87</b>	<b>5,342.55</b>	<b>6,043.54</b>
Net trading income	366.92	393.48	507.23
Other operating income	197.66	94.75	163.30
<b>Total operating income</b>	<b>5,793.45</b>	<b>5,830.77</b>	<b>6,714.07</b>
Impairment charge/(reversal) for loans and other losses	84.44	536.66	115.97
<b>Net operating income</b>	<b>5,877.89</b>	<b>5,294.12</b>	<b>6,598.10</b>
Personnel expenses	1,789.21	2,156.70	2,509.06
Other operating expenses	994.46	1,058.20	1,185.56
Depreciation & Amortization	226.52	273.89	300.21
<b>Operating Profit</b>	<b>2,867.69</b>	<b>1,805.32</b>	<b>2,603.28</b>
Non operating income	8.71	4.45	47.09
Non operating expense	167.32	48.02	194.36
<b>Profit before income tax</b>	<b>2,709.09</b>	<b>1,761.75</b>	<b>2,456.01</b>
Income Tax Expense		-	
Current Tax	622.95	594.87	895.32
Deferred Tax	35.58	(27.32)	(160.19)
<b>Profit/Loss for the period</b>	<b>2,050.56</b>	<b>1,194.20</b>	<b>1,720.87</b>

<b>22. Siddhartha Bank Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	5,461.07	5,959.19	5,976.06

Due from Nepal Rastra Bank	6,037.59	9,507.95	7,740.64
Placement with Bank and Financial Institutions	2,250.09	1,067.07	3,308.71
Derivative financial instruments	124.87	110.72	52.42
Other trading assets	80.73	147.02	-
Loan and advances to B/FIs	3,395.45	4,004.35	6,027.86
Loans and advances to customers	104,768.97	123,572.73	158,579.24
Investment securities	18,875.54	22,502.83	41,825.29
Current tax assets	177.23	159.62	127.22
Investment in subsidiaries	51.00	51.00	51.00
Investment in associates	-	-	-
Investment property	123.35	136.61	291.04
Property and equipment	1,279.32	1,422.34	1,451.93
Goodwill and Intangible assets	33.94	101.99	81.50
Deferred tax assets	-	-	-
Other assets	1,820.60	1,841.75	3,429.05
<b>TOTAL ASSETS</b>	<b>144,479.76</b>	<b>170,585.16</b>	<b>228,941.96</b>
		-	-
<b>Liabilities</b>	<b>129,392.29</b>	<b>154,573.89</b>	<b>208,540.15</b>
Due to Bank and Financial Institutions	8,422.83	6,759.24	7,717.01
Due to Nepal Rastra Bank	984.06	20.05	5,859.91
Derivative financial instruments	-	-	-
Deposits from customers	114,904.86	139,609.50	180,924.01
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	82.81	159.22	966.72
Other liabilities	2,030.93	2,863.33	4,909.95
Debt securities issued	2,966.80	5,162.56	8,162.56
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>15,088.18</b>	<b>16,011.27</b>	<b>20,401.81</b>
Share capital	8,887.60	9,787.77	10,962.30
Share premium	122.09	-	-
Retained earnings	1,663.63	1,245.99	1,808.63
Reserves	4,414.86	4,977.52	7,630.88
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>144,479.76</b>	<b>170,585.16</b>	<b>228,941.96</b>
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	12,971.18	15,432.15	14,949.21
Interest Expenses	8,305.21	9,858.01	9,439.00
<b>Net Interest Income</b>	<b>4,673.96</b>	<b>5,574.14</b>	<b>5,510.21</b>
Fee and commission income	1,016.55	1,073.84	1,337.10
Fee and commission expense	171.26	151.30	204.49
<b>Net Fee and commission income</b>	<b>845.29</b>	<b>922.53</b>	<b>1,132.61</b>
<b>Net Interest, Fee and commission income</b>	<b>5,519.25</b>	<b>6,496.67</b>	<b>6,642.81</b>
Net trading income	461.66	511.72	777.64
Other operating income	111.88	161.59	1,042.36
<b>Total operating income</b>	<b>6,092.80</b>	<b>7,169.98</b>	<b>8,462.82</b>
Impairment charge/(reversal) for loans and other losses	180.59	686.42	793.07
<b>Net operating income</b>	<b>5,912.20</b>	<b>6,483.55</b>	<b>7,669.75</b>
Personnel expenses	1,693.34	2,156.19	2,368.24
Other operating expenses	762.40	962.77	932.14
Depreciation & Amortization	141.40	196.95	202.64

<b>Operating Profit</b>	<b>3,315.06</b>	<b>3,167.65</b>	<b>4,166.73</b>
Non operating income	17.60	0.21	0.54
Non operating expense	1.02	39.22	0.02
<b>Profit before income tax</b>	<b>3,331.65</b>	<b>3,128.64</b>	<b>4,167.24</b>
Income Tax Expense			
Current Tax	1,035.90	997.72	1,327.72
Deferred Tax	13.11	(12.69)	(15.30)
<b>Profit/Loss for the period</b>	<b>2,308.85</b>	<b>2,143.61</b>	<b>2,854.83</b>

<b>23. Bank of Kathmandu Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	3,115.53	2,373.97	2,994.91
Due from Nepal Rastra Bank	4,978.10	9,363.29	6,974.37
Placement with Bank and Financial Institutions	2,237.46	2,361.19	2,721.37
Derivative financial instruments	100.87	67.30	32.54
Other trading assets	355.32	10.26	42.21
Loan and advances to B/FIs	3,270.19	3,519.47	3,170.51
Loans and advances to customers	70,476.86	75,881.61	93,808.16
Investment securities	14,762.65	14,170.25	20,123.06
Current tax assets	-	140.00	194.37
Investment in subsidiaries	140.00	-	140.00
Investment in associates	-	147.68	-
Investment property	24.66	24.66	24.66
Property and equipment	831.36	832.88	828.87
Goodwill and Intangible assets	15.94	16.70	34.93
Deferred tax assets	-	-	-
Other assets	609.68	646.64	891.76
<b>TOTAL ASSETS</b>	<b>100,918.63</b>	<b>109,555.90</b>	<b>131,981.71</b>
<b>LIABILITIES</b>	<b>86,952.61</b>	<b>95,270.91</b>	<b>115,462.43</b>
Due to bank and financial institutions	605.67	1,181.13	910.96
Due to Nepal Rastra Bank	1,110.84	162.26	6,059.02
Derivative financial instruments	-	-	-
Deposits from customers	82,722.03	92,103.30	103,413.43
Borrowing	-	-	1,198.24
Current Tax Liabilities	58.16	-	-
Provisions	15.17	18.09	13.77
Deferred tax liabilities	312.04	192.84	497.73
Other liabilities	1,088.68	988.48	1,080.12
Debt securities issued	1,040.02	624.82	2,289.16
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>13,966.02</b>	<b>14,284.99</b>	<b>16,519.28</b>
Share capital	8,063.10	8,546.89	9,658.18
Share premium	-	-	-
Retained earnings	1,374.92	977.70	1,357.82
Reserves	4,528.00	4,760.40	5,503.29
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>100,918.63</b>	<b>109,555.90</b>	<b>131,981.71</b>
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>

Interest Income	9,807.55	9,980.92	8,552.92
Interest Expenses	6,027.66	6,405.72	5,291.36
<b>Net Interest Income</b>	<b>3,779.89</b>	<b>3,575.21</b>	<b>3,261.56</b>
Fee and commission income	520.28	543.67	637.34
Fee and commission expense	60.13	54.35	76.42
<b>Net Fee and commission income</b>	<b>460.16</b>	<b>489.33</b>	<b>560.92</b>
<b>Net Interest, Fee and commission income</b>	<b>4,240.05</b>	<b>4,064.53</b>	<b>3,822.48</b>
Net trading income	322.25	322.27	309.28
Other operating income	100.23	52.22	109.59
<b>Total operating income</b>	<b>4,662.53</b>	<b>4,439.03</b>	<b>4,241.34</b>
Impairment charge/(reversal) for loans and other losses	64.56	563.66	(127.15)
<b>Net operating income</b>	<b>4,597.98</b>	<b>3,875.36</b>	<b>4,368.49</b>
Personnel expenses	1,159.36	1,111.88	1,154.87
Other operating expenses	528.45	554.08	564.38
Depreciation & Amortization	165.32	115.45	121.37
<b>Operating Profit</b>	<b>2,744.84</b>	<b>2,093.95</b>	<b>2,527.86</b>
Non operating income	35.61	12.50	11.86
Non operating expense	-	-	-
<b>Profit before income tax</b>	<b>2,780.45</b>	<b>2,106.45</b>	<b>2,539.72</b>
Income Tax Expense			
Current Tax	905.19	669.80	840.38
Deferred Tax	(21.70)	(24.04)	(27.07)
<b>Profit/Loss for the period</b>	<b>1,896.96</b>	<b>1,460.70</b>	<b>1,726.41</b>

<b>24. Civil Bank Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	3,958.59	4,725.49	5,027.71
Due from Nepal Rastra Bank	3,525.08	3,949.89	4,480.09
Placement with Bank and Financial Institutions	659.10	803.36	630.68
Derivative financial instruments	1,732.50	3,361.08	2,564.82
Other trading assets	-	-	-
Loan and advances to B/FIs	1,805.00	1,770.05	3,698.02
Loans and advances to customers	42,593.69	52,204.26	79,037.70
Investment securities	6,755.98	8,199.00	12,712.81
Current tax assets	16.88	99.87	97.03
Investment in subsidiaries	201.87	260.06	260.06
Investment in associates	-	-	-
Investment property	227.98	115.10	57.79
Property and equipment	501.01	611.00	587.00
Goodwill and Intangible assets	38.38	33.94	30.99
Deferred tax assets	-	-	-
Other assets	451.69	712.42	778.26
<b>TOTAL ASSETS</b>	<b>62,467.74</b>	<b>76,845.52</b>	<b>109,962.96</b>
		-	-
<b>Liabilities</b>	<b>52,316.40</b>	<b>66,675.52</b>	<b>99,269.25</b>
Due to Bank and Financial Institutions	6,517.06	3,130.18	1,710.05
Due to Nepal Rastra Bank	531.25	728.57	3,624.71
Derivative financial instruments	1,673.81	3,376.68	2,583.71
Deposits from customers	41,993.30	57,512.41	88,634.88
Borrowing	-	-	-

Current Tax Liabilities	-	-	-
Provisions	-	82.98	55.65
Deferred tax liabilities	155.43	113.71	75.35
Other liabilities	1,445.55	1,731.00	2,584.90
Debt securities issued	-	-	-
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>10,151.34</b>	<b>10,170.00</b>	<b>10,693.71</b>
Share capital	8,003.39	8,003.39	8,643.66
Share premium	-	-	-
Retained earnings	540.23	723.00	493.70
Reserves	1,607.72	1,443.61	1,556.35
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>62,467.74</b>	<b>76,845.52</b>	<b>109,962.96</b>
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	5,727.89	6,199.06	7,065.78
Interest Expenses	3,526.41	3,962.53	4,849.59
<b>Net Interest Income</b>	<b>2,201.47</b>	<b>2,236.53</b>	<b>2,216.19</b>
Fee and commission income	221.89	300.68	411.51
Fee and commission expense	24.00	27.03	34.53
<b>Net Fee and commission income</b>	<b>197.89</b>	<b>273.66</b>	<b>376.98</b>
<b>Net Interest, Fee and commission income</b>	<b>2,399.36</b>	<b>2,510.19</b>	<b>2,593.17</b>
Net trading income	197.96	229.85	226.43
Other operating income	51.74	97.70	166.09
<b>Total operating income</b>	<b>2,649.06</b>	<b>2,837.74</b>	<b>2,985.70</b>
Impairment charge/(reversal) for loans and other losses	58.89	223.65	344.69
<b>Net operating income</b>	<b>2,590.17</b>	<b>2,614.10</b>	<b>2,641.01</b>
Personnel expenses	792.92	1,040.79	1,098.91
Other operating expenses	556.11	554.66	540.46
Depreciation & Amortization	66.52	109.84	118.34
<b>Operating Profit</b>	<b>1,174.62</b>	<b>908.81</b>	<b>883.29</b>
Non operating income	16.95	-	29.72
Non operating expense	120.84	29.75	157.17
<b>Profit before income tax</b>	<b>1,070.73</b>	<b>879.06</b>	<b>755.85</b>
Income Tax Expense			
Current Tax	350.52	368.93	281.96
Deferred Tax	12.80	(44.93)	(53.90)
<b>Profit/Loss for the period</b>	<b>707.41</b>	<b>555.06</b>	<b>527.78</b>

<b>25. Nepal Credit and Commerce Bank Ltd.</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	5,125.40	8,606.16	6,928.20
Due from Nepal Rastra Bank	6,893.48	8,472.93	8,491.31
Placement with Bank and Financial Institutions	636.55	-	1,609.88
Derivative financial instruments	1,040.84	1,192.39	1,506.03
Other trading assets	-	-	-
Loan and advances to B/FIs	2,382.57	2,797.52	3,735.16
Loans and advances to customers	60,850.93	65,021.93	94,582.17
Investment securities	8,875.73	7,502.69	13,885.83
Current tax assets	-	120.42	9.42
Investment in subsidiaries	-	-	-

Investment in associates	34.50	54.66	20.00
Investment property	890.71	956.78	902.95
Property and equipment	942.41	917.96	994.49
Goodwill and Intangible assets	12.54	11.78	14.48
Deferred tax assets	130.67	69.35	-
Other assets	902.52	1,157.60	2,050.12
<b>TOTAL ASSETS</b>	<b>88,718.84</b>	<b>96,882.16</b>	<b>134,730.02</b>
<b>Liabilities</b>	<b>76,710.78</b>	<b>83,721.16</b>	<b>120,085.73</b>
Due to Bank and Financial Institutions	6,352.63	6,801.22	4,134.08
Due to Nepal Rastra Bank	1,244.46	975.71	2,225.27
Derivative financial instruments	962.69	1,134.47	1,500.84
Deposits from customers	67,035.62	72,815.83	106,667.15
Borrowing	-	-	-
Current Tax Liabilities	59.21	-	-
Provisions	-	-	-
Deferred tax liabilities	-	-	52.51
Other liabilities	1,056.17	1,993.93	2,435.04
Debt securities issued	-	-	3,070.85
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>12,008.05</b>	<b>13,161.00</b>	<b>14,644.29</b>
Share capital	7,018.59	9,353.92	10,314.52
Share premium	172.44	-	-
Retained earnings	1,320.60	1,048.16	868.86
Reserves	3,496.43	2,758.93	3,460.91
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>88,718.84</b>	<b>96,882.16</b>	<b>134,730.02</b>
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	7,899.64	8,456.94	8,575.66
Interest Expenses	4,932.02	5,247.39	5,425.77
<b>Net Interest Income</b>	<b>2,967.62</b>	<b>3,209.55</b>	<b>3,149.89</b>
Fee and commission income	598.34	592.29	682.41
Fee and commission expense	25.80	23.98	30.32
<b>Net Fee and commission income</b>	<b>572.54</b>	<b>568.30</b>	<b>652.10</b>
<b>Net Interest, Fee and commission income</b>	<b>3,540.16</b>	<b>3,777.85</b>	<b>3,801.98</b>
Net trading income	129.09	184.76	241.02
Other operating income	63.81	70.98	437.28
<b>Total operating income</b>	<b>3,733.06</b>	<b>4,033.59</b>	<b>4,480.28</b>
Impairment charge/(reversal) for loans and other losses	(127.14)	405.62	313.35
<b>Net operating income</b>	<b>3,860.20</b>	<b>3,627.97</b>	<b>4,166.93</b>
Personnel expenses	1,243.87	1,249.76	1,555.07
Other operating expenses	542.02	567.40	555.09
Depreciation & Amortization	111.58	137.69	136.75
<b>Operating Profit</b>	<b>1,962.73</b>	<b>1,673.12</b>	<b>1,920.03</b>
Non operating income	6.01	1.50	-
Non operating expense	-	-	-
<b>Profit before income tax</b>	<b>1,968.74</b>	<b>1,674.62</b>	<b>1,920.03</b>
Income Tax Expense			
Current Tax	749.76	507.15	557.28
Deferred Tax	197.75	58.99	32.13
<b>Profit/Loss for the period</b>	<b>1,021.23</b>	<b>1,108.47</b>	<b>1,330.63</b>

<b>26. Rastriya Banijya Bank</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	27,028.52	7,093.86	15,735.16
Due from Nepal Rastra Bank	15,772.41	17,934.76	20,128.50
Placement with Bank and Financial Institutions	-	48.12	-
Derivative financial instruments	-	-	1.50
Other trading assets	-	-	-
Loan and advances to B/FIs	4,554.44	4,456.75	15,434.07
Loans and advances to customers	144,454.64	150,797.85	177,870.98
Investment securities	21,136.97	74,769.66	71,061.22
Current tax assets	1,882.58	2,648.12	3,341.89
Investment in subsidiaries	200.00	200.00	200.00
Investment in associates	202.01	97.86	206.11
Investment property	114.81	109.38	124.57
Property and equipment	1,068.69	1,555.72	1,844.29
Goodwill and Intangible assets	53.85	42.89	57.87
Deferred tax assets	341.10	647.03	-
Other assets	13,707.61	6,364.26	3,981.29
<b>TOTAL ASSETS</b>	<b>230,517.62</b>	<b>266,766.26</b>	<b>309,987.46</b>
<b>Liabilities</b>	<b>206,975.13</b>	<b>243,736.72</b>	<b>281,313.16</b>
Due to Bank and Financial Institutions	7,953.35	2,278.45	2,369.24
Due to Nepal Rastra Bank	352.04	281.07	3,794.08
Derivative financial instruments	-	-	-
Deposits from customers	190,031.47	230,902.64	263,836.77
Borrowing	60.49	60.06	60.00
Current Tax Liabilities	-	-	-
Provisions	-	375.14	436.94
Deferred tax liabilities	-	-	847.76
Other liabilities	8,577.78	9,839.36	7,450.91
Debt securities issued	-	-	2,517.47
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>23,542.49</b>	<b>23,029.54</b>	<b>28,674.30</b>
Share capital	9,004.79	9,004.80	10,184.89
Share premium	-	-	-
Retained earnings	800.94	761.61	3,453.80
Reserves	13,736.75	13,263.13	15,035.60
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>230,517.62</b>	<b>266,766.26</b>	<b>309,987.46</b>
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	15,204.45	17,160.17	16,229.11
Interest Expenses	4,974.94	7,711.77	8,019.66
<b>Net Interest Income</b>	<b>10,229.51</b>	<b>9,448.40</b>	<b>8,209.45</b>
Fee and commission income	1,453.28	828.48	978.00
Fee and commission expense	141.05	174.58	258.24
<b>Net Fee and commission income</b>	<b>1,312.23</b>	<b>653.90</b>	<b>719.76</b>
<b>Net Interest, Fee and commission income</b>	<b>11,541.74</b>	<b>10,102.30</b>	<b>8,929.21</b>
Net trading income	69.35	54.73	161.28
Other operating income	120.58	541.22	633.44
<b>Total operating income</b>	<b>11,731.67</b>	<b>10,698.26</b>	<b>9,723.93</b>
Impairment charge/(reversal) for loans and other losses	452.42	160.53	723.38

<b>Net operating income</b>	<b>11,279.24</b>	<b>10,537.73</b>	<b>9,000.55</b>
Personnel expenses	3,119.08	3,103.92	3,031.78
Other operating expenses	1,042.66	1,276.22	1,234.09
Depreciation & Amortization	183.56	217.93	237.67
<b>Operating Profit</b>	<b>6,933.94</b>	<b>5,939.66</b>	<b>4,497.01</b>
Non operating income	154.74	295.10	391.04
Non operating expense	0.63	-	-
<b>Profit before income tax</b>	<b>-</b>	<b>6,234.76</b>	<b>4,888.05</b>
Income Tax Expense		-	-
Current Tax	968.80	1,304.37	589.44
Deferred Tax	790.88	553.07	874.96
<b>Profit/Loss for the period</b>	<b>5,328.37</b>	<b>4,377.32</b>	<b>3,423.65</b>

<b>27. Mega Bank Nepal Limited</b>	<b>Amount in Rs. Million</b>		
<b>Statement of Financial Position</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>ASSETS</b>			
Cash and cash equivalent	8,109.86	18,741.58	17,870.22
Due from Nepal Rastra Bank	2,964.97	3,599.95	3,825.79
Placement with Bank and Financial Institutions	739.54	51.20	58.69
Derivative financial instruments	1,057.62	77.12	18.91
Other trading assets	-	-	-
Loan and advances to B/FIs	2,675.25	3,333.68	2,638.09
Loans and advances to customers	69,861.33	110,493.34	137,355.43
Investment securities	11,496.08	15,466.89	15,089.72
Current tax assets	50.53	325.41	157.84
Investment in subsidiaries	200.00	200.00	200.00
Investment in associates	13.60	38.60	-
Investment property	201.48	219.90	116.46
Property and equipment	734.92	1,589.88	1,458.99
Goodwill and Intangible assets	53.97	276.31	284.70
Deferred tax assets	78.19	42.81	11.08
Other assets	528.42	989.30	2,139.16
<b>TOTAL ASSETS</b>	<b>98,765.76</b>	<b>155,446.00</b>	<b>181,225.08</b>
<b>Liabilities</b>	85,253.86	137,434.42	160,917.64
Due to Bank and Financial Institutions	3,858.04	4,214.93	10,700.58
Due to Nepal Rastra Bank	731.80	614.53	3,802.24
Derivative financial instruments	973.92	-	-
Deposits from customers	78,684.86	127,894.61	136,893.59
Borrowing	-	2,440.27	7,185.84
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	-	-	-
Other liabilities	1,005.24	2,270.07	2,335.40
Debt securities issued	-	-	-
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>13,511.90</b>	<b>18,011.58</b>	<b>20,307.44</b>
Share capital	10,388.62	13,138.62	14,654.96
Share premium	-	235.75	306.37
Retained earnings	1,221.87	1,710.94	1,673.67
Reserves	1,901.41	2,926.27	3,672.43
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>98,765.76</b>	<b>155,446.00</b>	<b>181,225.08</b>

<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	9,374.68	10,389.43	13,301.68
Interest Expenses	5,578.93	6,212.02	7,508.60
<b>Net Interest Income</b>	<b>3,795.75</b>	<b>4,177.41</b>	<b>5,793.08</b>
Fee and commission income	531.12	522.73	673.59
Fee and commission expense	46.49	51.43	74.94
<b>Net Fee and commission income</b>	<b>484.62</b>	<b>471.30</b>	<b>598.65</b>
<b>Net Interest, Fee and commission income</b>	<b>4,280.37</b>	<b>4,648.71</b>	<b>6,391.73</b>
Net trading income	277.92	328.09	297.13
Other operating income	102.53	163.02	390.18
<b>Total operating income</b>	<b>4,660.83</b>	<b>5,139.82</b>	<b>7,079.04</b>
Impairment charge/(reversal) for loans and other losses	426.62	806.44	820.93
<b>Net operating income</b>	<b>4,234.21</b>	<b>4,333.38</b>	<b>6,258.11</b>
Personnel expenses	1,154.14	1,260.16	1,858.64
Other operating expenses	629.16	692.33	879.01
Depreciation & Amortization	116.44	145.61	231.83
<b>Operating Profit</b>	<b>2,334.46</b>	<b>2,235.28</b>	<b>3,288.63</b>
Non operating income	8.15	17.53	39.30
Non operating expense	19.67	8.15	44.54
<b>Profit before income tax</b>	<b>2,322.95</b>	<b>2,244.66</b>	<b>3,283.39</b>
Income Tax Expense			
Current Tax	709.30	669.78	1,010.97
Deferred Tax	16.04	(11.33)	(53.00)
<b>Profit/Loss for the period</b>	<b>1,629.69</b>	<b>1,586.21</b>	<b>2,325.43</b>

<b>Consolidated Financials of the Non State Owned Banks</b>	<b>Amount in Rs. Million</b>		
	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>Statement of Financial Position</b>			
<b>ASSETS</b>			
Cash and cash equivalent	203,857.99	246,726.58	234,812.28
Due from Nepal Rastra Bank	164,351.43	259,787.53	225,470.84
Placement with Bank and Financial Institutions	60,446.11	52,199.25	59,029.71
Derivative financial instruments	40,308.53	52,397.74	58,418.82
Other trading assets	2,379.52	1,262.32	1,372.37
Loan and advances to B/FIs	81,897.93	103,979.83	129,520.13
Loans and advances to customers	2,045,434.11	2,435,740.25	3,072,155.43
Investment securities	310,714.29	409,228.68	572,366.52
Current tax assets	3,536.77	9,627.31	7,592.20
Investment in subsidiaries	4,983.89	5,882.43	5,728.38
Investment in associates	1,200.35	3,223.04	4,576.68
Investment property	4,367.47	5,232.11	6,339.60
Property and equipment	34,456.68	38,003.06	40,153.77
Goodwill and Intangible assets	1,320.44	2,087.07	2,098.11
Deferred tax assets	1,156.06	1,415.81	1,482.80
Other assets	34,914.23	36,429.85	46,879.02
<b>TOTAL ASSETS</b>	<b>2,995,325.78</b>	<b>3,663,222.85</b>	<b>4,467,996.64</b>
<b>Liabilities</b>	<b>2,636,826.68</b>	<b>3,258,189.61</b>	<b>4,004,675.11</b>
Due to Bank and Financial Institutions	107,180.96	120,615.63	140,064.61
Due to Nepal Rastra Bank	24,636.04	15,995.76	102,608.92

Derivative financial instruments	37,733.75	51,406.21	58,133.67
Deposits from customers	2,363,753.39	2,906,954.92	3,496,729.98
Borrowing	5,697.56	14,300.38	25,973.29
Current Tax Liabilities	1,620.58	1,296.95	1,907.67
Provisions	166.63	285.21	238.10
Deferred tax liabilities	3,184.82	3,853.09	7,413.52
Other liabilities	65,843.99	94,380.46	92,830.56
Debt securities issued	27,008.95	49,089.13	78,774.81
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>358,499.81</b>	<b>405,045.10</b>	<b>463,321.52</b>
Share capital	218,996.15	248,954.21	282,384.79
Share premium	3,445.55	1,508.44	828.19
Retained earnings	40,599.02	36,730.97	41,222.79
Reserves	95,459.14	117,851.48	138,885.77
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,995,325.78</b>	<b>3,663,222.85</b>	<b>4,467,996.64</b>
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	263,411.41	288,786.28	284,153.81
Interest Expenses	159,980.82	179,338.15	172,695.78
<b>Net Interest Income</b>	<b>103,437.93</b>	<b>109,448.13</b>	<b>111,458.03</b>
Fee and commission income	21,368.85	22,817.95	25,184.84
Fee and commission expense	2,196.71	2,346.41	2,796.74
<b>Net Fee and commission income</b>	<b>19,172.17</b>	<b>20,471.53</b>	<b>22,388.11</b>
<b>Net Interest, Fee and commission income</b>	<b>122,610.09</b>	<b>129,919.66</b>	<b>133,846.13</b>
Net trading income	8,999.53	9,040.98	10,245.23
Other operating income	2,816.57	3,058.96	10,337.84
<b>Total operating income</b>	<b>134,425.40</b>	<b>142,019.60</b>	<b>154,429.20</b>
Impairment charge/(reversal) for loans and other losses	3,128.91	14,053.49	9,960.87
<b>Net operating income</b>	<b>128,548.89</b>	<b>123,971.62</b>	<b>143,585.00</b>
Personnel expenses	33,538.52	36,946.10	43,653.28
Other operating expenses	17,188.93	19,234.85	19,292.00
Depreciation & Amortization	3,626.95	4,109.36	4,805.77
<b>Operating Profit</b>	<b>74,194.46</b>	<b>63,681.31</b>	<b>75,833.95</b>
Non operating income	1,419.07	606.73	585.03
Non operating expense	1,083.24	731.49	1,016.73
<b>Profit before income tax</b>	<b>74,530.32</b>	<b>63,556.55</b>	<b>75,402.25</b>
Income Tax Expense	-	-	-
Current Tax	22,799.54	19,519.02	23,736.21
Deferred Tax	387.75	(38.88)	(979.45)
<b>Profit/Loss for the period</b>	<b>51,683.58</b>	<b>44,076.42</b>	<b>52,645.49</b>

Consolidated Financials of the State Owned Banks	Amount in Rs. Million		
	2018-19	2019-20	2020-21
<b>Statement of Financial Position</b>			
<b>ASSETS</b>			
Cash and cash equivalent	48,947.95	20,554.93	32,900.28
Due from Nepal Rastra Bank	30,944.39	36,627.15	36,672.98
Placement with Bank and Financial Institutions	8,286.38	11,173.18	8,437.00
Derivative financial instruments	5,713.17	6,724.25	8,588.97
Other trading assets	-	17.42	1,767.74
Loan and advances to B/FIs	9,142.99	9,115.50	22,086.33

Loans and advances to customers	345,682.98	375,950.99	463,889.80
Investment securities	54,409.31	131,787.82	138,950.60
Current tax assets	3,080.50	5,126.76	6,198.68
Investment in subsidiaries	228.84	228.84	228.84
Investment in associates	271.39	167.24	275.50
Investment property	486.54	433.41	433.89
Property and equipment	14,161.10	14,857.29	15,564.98
Goodwill and Intangible assets	149.24	372.14	365.71
Deferred tax assets	341.10	647.03	-
Other assets	31,645.11	23,465.98	18,711.98
<b>TOTAL ASSETS</b>	<b>553,491.00</b>	<b>637,249.94</b>	<b>755,073.28</b>
		-	
<b>Liabilities</b>	472,314.44	555,718.19	661,678.72
Due to Bank and Financial Institutions	9,506.22	3,840.45	3,353.69
Due to Nepal Rastra Bank	432.30	314.66	18,573.08
Derivative financial instruments	5,504.43	6,473.08	8,474.69
Deposits from customers	426,117.18	516,061.54	589,465.08
Borrowing	1,071.41	1,071.00	598.53
Current Tax Liabilities	-	-	-
Provisions	131.44	431.98	517.16
Deferred tax liabilities	3,764.51	4,002.84	5,610.56
Other liabilities	25,786.95	21,027.68	14,598.33
Debt securities issued	-	2,494.95	20,487.60
Subordinated Liabilities	-	-	-
<b>Equity</b>	81,176.55	81,531.75	93,394.56
Share capital	33,264.18	29,844.08	33,811.58
Share premium	3,262.81	7,222.63	5,864.60
Retained earnings	7,118.67	6,138.10	10,840.69
Reserves	37,530.88	38,326.95	42,877.70
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>553,491.00</b>	<b>637,249.94</b>	<b>755,073.28</b>
		<b>#REF!</b>	
<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	30,684.57	32,981.88	31,353.15
Interest Expenses	23,215.76	28,344.19	28,165.15
<b>Net Interest Income</b>	<b>22,030.65</b>	<b>22,072.55</b>	<b>20,541.89</b>
Fee and commission income	8,724.30	8,348.93	9,011.39
Fee and commission expense	1,191.40	990.74	1,258.90
<b>Net Fee and commission income</b>	<b>2,428.06</b>	<b>2,573.68</b>	<b>2,353.18</b>
<b>Net Interest, Fee and commission income</b>	<b>21,221.18</b>	<b>19,440.63</b>	<b>18,247.42</b>
Net trading income	7,571.74	6,812.12	8,462.44
Other operating income	481.89	989.71	1,542.71
<b>Total operating income</b>	<b>20,965.68</b>	<b>20,112.42</b>	<b>20,027.70</b>
Impairment charge/(reversal) for loans and other losses	7,899.29	7,849.63	9,033.80
<b>Net operating income</b>	<b>21,069.42</b>	<b>19,920.19</b>	<b>19,255.24</b>
Personnel expenses	13,307.55	12,421.64	14,034.54
Other operating expenses	3,996.37	4,443.23	4,720.23
Depreciation & Amortization	899.54	1,103.20	1,326.43
<b>Operating Profit</b>	<b>12,398.03</b>	<b>10,409.06</b>	<b>9,711.51</b>
Non operating income	5,047.07	3,624.30	4,766.94
Non operating expense	102.24	327.29	227.97
<b>Profit before income tax</b>	<b>5,723.99</b>	<b>10,634.60</b>	<b>9,950.39</b>
Income Tax Expense	4,611.66	4,643.28	6,107.23

Current Tax	2,534.53	2,331.59	1,934.21
Deferred Tax	1,837.99	1,414.43	2,340.93
<b>Profit/Loss for the period</b>	<b>10,454.45</b>	<b>8,130.87</b>	<b>7,286.44</b>

<b>Consolidated Financials of Commercial Banks</b>	<b>Amount in Rs. Million</b>		
	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>Statement of Financial Position</b>			
<b>ASSETS</b>			
Cash and cash equivalent	252,805.94	267,281.51	267,712.56
Due from Nepal Rastra Bank	195,295.82	296,414.68	262,143.82
Placement with Bank and Financial Institutions	68,732.49	63,372.42	67,466.71
Derivative financial instruments	46,021.70	59,121.99	67,007.79
Other trading assets	2,379.52	1,279.74	3,140.11
Loan and advances to B/FIs	91,040.92	113,095.33	151,606.46
Loans and advances to customers	2,391,117.09	2,811,691.25	3,536,045.23
Investment securities	365,123.60	541,016.50	711,317.12
Current tax assets	6,617.27	14,754.07	13,790.88
Investment in subsidiaries	5,212.73	6,111.27	5,957.22
Investment in associates	1,471.74	3,390.28	4,852.18
Investment property	4,854.01	5,665.52	6,773.49
Property and equipment	48,617.78	52,860.35	55,718.75
Goodwill and Intangible assets	1,469.68	2,459.21	2,463.82
Deferred tax assets	1,497.16	2,062.84	1,482.80
Other assets	66,559.34	59,895.83	65,591.00
<b>TOTAL ASSETS</b>	<b>3,548,816.78</b>	<b>4,300,472.78</b>	<b>5,223,069.92</b>
<b>Liabilities</b>	3,109,141.12	3,813,907.80	4,666,353.83
Due to Bank and Financial Institutions	116,687.18	124,456.08	143,418.30
Due to Nepal Rastra Bank	25,068.34	16,310.42	121,182.00
Derivative financial instruments	43,238.18	57,879.29	66,608.36
Deposits from customers	2,789,870.57	3,423,016.46	4,086,195.06
Borrowing	6,768.97	15,371.38	26,571.82
Current Tax Liabilities	1,620.58	1,296.95	1,907.67
Provisions	298.07	717.19	755.26
Deferred tax liabilities	6,949.33	7,855.93	13,024.08
Other liabilities	91,630.94	115,408.13	107,428.89
Debt securities issued	27,008.95	51,584.08	99,262.40
Subordinated Liabilities	-	-	-
<b>Equity</b>	<b>439,676.36</b>	<b>486,576.85</b>	<b>556,716.09</b>
Share capital	252,260.33	278,798.28	316,196.37
Share premium	6,708.36	8,731.07	6,692.78
Retained earnings	47,717.69	42,869.08	52,063.47
Reserves	132,990.02	156,178.42	181,763.47
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,548,816.78</b>	<b>4,300,472.78</b>	<b>5,223,069.92</b>

<b>STATEMENT OF PROFIT OR LOSS</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Interest Income	294,095.98	321,768.16	315,506.97
Interest Expenses	183,196.58	207,682.34	200,860.94
<b>Net Interest Income</b>	<b>125,468.58</b>	<b>131,520.68</b>	<b>131,999.92</b>
Fee and commission income	30,093.15	31,166.88	34,196.24
Fee and commission expense	3,388.11	3,337.15	4,055.64
<b>Net Fee and commission income</b>	<b>21,600.23</b>	<b>23,045.21</b>	<b>24,741.28</b>
<b>Net Interest, Fee and commission income</b>	<b>143,831.27</b>	<b>149,360.30</b>	<b>152,093.56</b>
Net trading income	16,571.27	15,853.09	18,707.67
Other operating income	3,298.46	4,048.68	11,880.55
<b>Total operating income</b>	<b>155,391.08</b>	<b>162,132.03</b>	<b>174,456.90</b>
Impairment charge/(reversal) for loans and other losses	11,028.20	21,903.12	18,994.67
<b>Net operating income</b>	<b>149,618.31</b>	<b>143,891.82</b>	<b>162,840.24</b>
Personnel expenses	46,846.07	49,367.74	57,687.83
Other operating expenses	21,185.30	23,678.08	24,012.23
Depreciation & Amortization	4,526.49	5,212.56	6,132.20
<b>Operating Profit</b>	<b>86,592.49</b>	<b>74,090.37</b>	<b>85,545.45</b>
Non operating income	6,466.14	4,231.04	5,351.97
Non operating expense	1,185.48	1,058.78	1,244.70
<b>Profit before income tax</b>	<b>80,254.31</b>	<b>74,191.16</b>	<b>85,352.64</b>
Income Tax Expense	4,611.66	4,643.28	6,107.23
Current Tax	25,334.07	21,850.61	25,670.42
Deferred Tax	2,225.74	1,375.55	1,361.49
<b>Profit/Loss for the period</b>	<b>62,138.03</b>	<b>52,207.28</b>	<b>59,931.93</b>

## Annex 11: Useful websites for supervisors

Name of Agency	Web address
Australian Prudential Regulatory Authority	<a href="http://www.apra.gov.au">www.apra.gov.au</a>
Asian Development Bank	<a href="http://www.adb.org">www.adb.org</a>
Association for financial professionals	<a href="http://www.afponline.org">www.afponline.org</a>
American Bankers Association	<a href="http://www.aba.com">www.aba.com</a>
Association of German Banks	<a href="http://www.german-banks.com">www.german-banks.com</a>
Asian Clearing Union	<a href="http://www.asianclearingunion.org">www.asianclearingunion.org</a>
Bank Administration Institute (BAI)	<a href="http://www.bai.org">www.bai.org</a>
Banking Federation of the European Union	<a href="http://www.fbe.be">www.fbe.be</a>
Bank for International Settlement	<a href="http://www.bis.org">www.bis.org</a>
Bank Negara Malaysia	<a href="http://www.bnm.gov.my">www.bnm.gov.my</a>
Conference of State Bank Supervisors, USA	<a href="http://www.csbsdal.org">www.csbsdal.org</a>
China Banking Regulatory Commission	<a href="http://www.cbrc.gov.cn">www.cbrc.gov.cn</a>
European Committee for Banking Standards (ECBS)	<a href="http://www.ecbs.org">www.ecbs.org</a>
European Bank for Reconstruction and Development	<a href="http://www.ebrd.org">www.ebrd.org</a>
European Banking Authority	<a href="http://www.eba.europa.eu">www.eba.europa.eu</a>
Financial Services Authority UK	<a href="http://www.fsa.gov.uk">www.fsa.gov.uk</a>
Federal Reserve Board USA	<a href="http://www.federalreserve.gov">www.federalreserve.gov</a>
Federal Reserve Bank Boston	<a href="http://www.bos.frb.org">www.bos.frb.org</a>
Federal Reserve Bank St. Louis	<a href="http://www.stls.frb.org">www.stls.frb.org</a>
Federal Reserve Bank Kansas City	<a href="http://www.kc.frb.org">www.kc.frb.org</a>
Federal Reserve Bank Philadelphia	<a href="http://www.phil.frb.org">www.phil.frb.org</a>
Federal Reserve Bank Minneapolis	<a href="http://www.mpls.frb.fed.us">www.mpls.frb.fed.us</a>
Federal Reserve Bank San Francisco	<a href="http://www.frbsf.org">www.frbsf.org</a>
Federal Reserve Bank Richmond	<a href="http://www.richmondfed.org">www.richmondfed.org</a>
Federal Reserve Bank Atlanta	<a href="http://www.frbatlanta.org">www.frbatlanta.org</a>
Federal Reserve Bank New York	<a href="http://www.newyorkfed.org">www.newyorkfed.org</a>
Federal Reserve Bank Dallas	<a href="http://www.dallasfed.org">www.dallasfed.org</a>
Federal Reserve Bank Cleveland	<a href="http://www.clevelandfed.org">www.clevelandfed.org</a>
Federal Deposit Insurance Corporation, USA	<a href="http://www.fdic.gov">www.fdic.gov</a>
Federal Financial Institutions Examination Council, USA	<a href="http://www.ffiec.gov">www.ffiec.gov</a>
Financial Services Agency, Japan	<a href="http://www.fsa.go.jp">www.fsa.go.jp</a>
FSI Connect	<a href="http://www.fsiconnect.org">www.fsiconnect.org</a>
International Accounting Standard Board	<a href="http://www.iasb.org">www.iasb.org</a>
International Monetary Fund (IMF)	<a href="http://www.imf.org">www.imf.org</a>
Korea Financial Supervisory Commission	<a href="http://www.fsc.go.kr">www.fsc.go.kr</a>
Monetary Authority of Singapore	<a href="http://www.mas.gov.sg">www.mas.gov.sg</a>
Office of the superintendent of financial institutions, Canada	<a href="http://www.osfi-bsif.gc.ca">www.osfi-bsif.gc.ca</a>
Office of the Comptroller of the Currency, USA	<a href="http://www.occ.treas.gov">www.occ.treas.gov</a>
Reserve Bank of India	<a href="http://www.rbi.org.in">www.rbi.org.in</a>
SEACEN Center, Malaysia	<a href="http://www.seacen.org">www.seacen.org</a>
The Risk Management Association, USA	<a href="http://www.rmahq.org">www.rmahq.org</a>
World Bank Group	<a href="http://www.worldbank.org">www.worldbank.org</a>

**The End**