



Bank Supervision Report

2017



Nepal Rastra Bank

Bank Supervision Department

Baluwatar, Kathmandu, Nepal

April 2018



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The Bank Supervision Report, 2017 is the annual report of Bank Supervision Department of Nepal Rastra Bank. It reviews policy and operational issues affecting the banking sector and its regulators/supervisors and aims at disseminating information on supervision of commercial banks and other issues affecting the financial sector. This issue of the Annual Report of Bank Supervision Department Annual Report focuses mainly on the 12-month period ending July 15, 2017. 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,

Nepalese banking sector has come a long way since the start of formal banking in the country eight decades ago. The financial industry grew by leaps and bounds after financial liberalization in 1980s. The numbers of branches of financial institutions are increasing and so is the number of people receiving banking services. Bank loans are utilized in all major areas of the national economy including agriculture, hydroelectricity, tourism, and trading. Likewise, consumer loans from banks have enabled people to own homes, vehicles and start businesses. Also, improved technology has enhanced quality of banking services. The use of ATM cards, mobile banking and other IT based services has improved people's banking behaviour and standard of living. The banking sector has become an indispensable part of the functioning of the real sector, and its stability is crucial to the health of whole economy.

Along with preserving price stability, promoting financial stability is an important mandate conferred to Nepal Rastra Bank, the central bank of Nepal. Macro-prudential and micro-prudential policies are the major toolkits adopted by NRB to maintain stability of the banking sector. Directives and guidelines are issued to address common risks faced by the banks and financial institutions. Regulatory limits are established as safety nets keeping in mind the stability of the overall banking system. Individual institutions are supervised to examine the risks faced by these institutions and their ability to manage those risks. The supervision also checks for compliance with the acts, rules and regulations as well as adherence to banks' own policies and procedures. Maintaining safety and soundness of individual banks and the overall banking system through adoption of regulatory and supervisory practices based on best international norms and current domestic conditions are the major fundamentals of these prudential policies.

Nepal Rastra Bank is the agency responsible for implementing international measures aiming to strengthen domestic financial system. The role has encouraged NRB to promote international best practice in areas such as corporate governance, accountability of management, financial disclosure, and risk management for banks and financial institutions. In pursuing these measures, NRB has inevitably come under pressure to lead by example through its own adoption of improved management and transparency practices. Further, in line with international practices, NRB enjoys operational independence in execution of its duties. In order to build confidence and trust among its stakeholders, adequate transparency and disclosures are very important. This report is an effort to provide adequate information to the stakeholders including the general public about the activities of the Bank Supervision Department (BSD) in the fiscal year 2016/17.

Bank Supervision Department is responsible for supervising Class 'A' financial institutions, which are known as commercial banks of Nepal. Since commercial banks comprise of more than 80% of the assets of banking sectors, the role of this department is very significant for NRB. The failure of even a single commercial bank can produce contagious effect on the whole financial system. Hence, international best practices are usually introduced to

commercial banks in the beginning. These banks are larger and more complex than other types of financial institutions (Development Banks, Financial Companies and Micro Finance Development Banks), that's why it attracts higher supervisory focus. Risk Based Supervision (RBS) has been fully implemented for commercial banks. Full scope inspections based on RBS approach have been conducted for all the commercial banks and risk profiles for individual bank have been developed and updated. This annual report details the structure of the department to perform the department's functions effectively, overview and performance of the commercial banking industry in the fiscal year, national and international initiatives in the areas of banking supervision, and current issues and challenges in banking supervision.

I believe, this document fulfils the objective of providing a clear and comprehensive picture of the functions and activities of the department. It also adequately provides information on the performance of the commercial banks and developments in banking supervision during the fiscal year 2016/17. I would like to express my sincere thanks to my colleagues at Policy Planning Division for their effort in materializing this report in this form. Finally, I would like to thank all employees of Bank Supervision Department for their continuous effort in fulfilling their responsibilities.

Thank you,

Maheshwor Lal Shrestha

Executive Director

Nepal Rastra Bank

Bank Supervision Department

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CHAPTER I

1. NEPALESE BANKING INDUSTRY

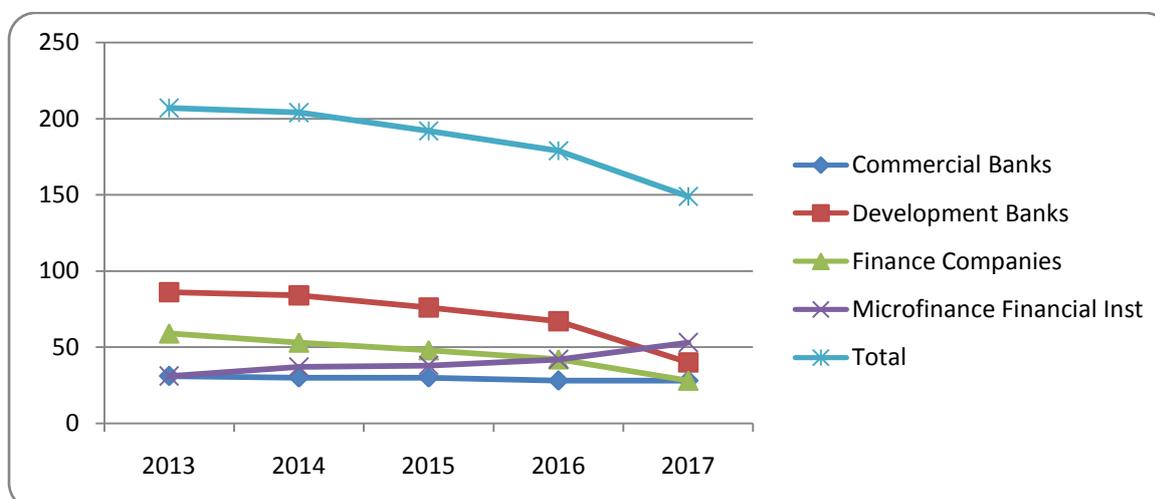
The establishment of Nepal Bank Limited in 1937 AD marked the beginning of formal banking sector in Nepal. Since then, the banking industry has undergone significant changes in terms of size, functions, and role in the economy.

In the late 1980s, financial liberalization policies were introduced in Nepal in order to spur the country's economic growth. Foreign investments poured in soon after, which led to establishment of several joint venture banks. Likewise, a large number of domestic investors also started investing in the banking industry. Banks and financial institutions (BFIs) proliferated. By the end of fiscal year 2011, there were 218 BFIs in Nepal (*Refer to Annex-1 for details of growth of BFIs*). However, after halting of new licenses, introduction of merger and acquisition policies, and mandatory requirement to increase paid up capital, some consolidation has taken place in the banking industry resulting in decline in number of BFIs.

As on mid-July 2017, there are a total of 149 BFIs in operation. There are 28 Class 'A' Commercial banks, 40 Class 'B' Development banks, 28 Class 'C' Finance companies and 53 Class 'D' Microfinance financial institutions. Although the number of BFIs decreased from 179 to 149 in FY 2016/17, the total number of branches increased from 4,272 to 5,068. Besides, 14 saving and credit co-operatives and 25 NGOs are also in operation with the licence for limited banking operations.

Nepalese banking sector plays a crucial role in the economy due to its dominant position in the financial system. Most transfer of funds between the deficit and surplus sectors take place through banking channel since other forms of financial intermediation are not well developed. A number of large projects are being financed through bank loans. Likewise, banks' role is essential for import and export of goods from and to other countries. Further, with technological advancement, more and more people are adopting plastic cards, internet banking services, and mobile banking services to perform financial transactions.

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



1.1 Nepal Rastra Bank as a regulator and supervisor

In line with international practice, Nepal Rastra Bank, as the central bank of Nepal, has been entrusted with carrying out the duties of regulating and supervising banks and financial institutions. There has been adequate legislative provision in place that authorize NRB to perform such duties. The Nepal Rastra Bank Act, 2002, has made NRB an autonomous institution empowered to regulate and supervise Nepal's banking industry.

Similarly, the Bank and Financial Institution Act, 2017 reiterate that institutions established under this act are subject to NRB's regulation and supervision.

To discharge its responsibilities as a regulator of BFIs, NRB has been continuously issuing various directives, guidelines, and policies to the licensed institutions, considering domestic banking condition and international best practices. A dedicated department – Bank and Financial Institutions Regulation Department – has been set up in NRB's organizational structure to manage development and issuance of such regulations.

NRB supervises the activities of the banks and financial institutions based on the existing legal framework, regulations issued through its own Regulation Department, the internal manuals, and major international guiding polices such as those of BCBS (Basel Committee on Banking Supervision). To make supervision more effective, NRB has set four different supervision departments, namely Bank Supervision, Development Bank Supervision, Finance Company Supervision and Micro Finance Promotion and Supervision Departments; each department supervising respective class of banks.

NRB aims at becoming more proactive with applying supervisory methods that are forward looking and analytical. Banks are supervised through onsite inspection and offsite surveillance. Since 2014, it has started conducting onsite inspection under risk based supervision (RBS) approach. While this approach has been applied fully on Commercial banks, NRB is planning to gradually apply this approach on all the BFIs. Under this method, major risk areas and other key areas of each bank are assessed, risk profiles are developed, and significant issues are communicated to the concerned banks for necessary correction or improvement. NRB's supervisory strategy with regard to utilization of limited supervisory resources relies on the assessments made during these onsite inspections. Further, there is also effort going on for integrating onsite inspection and offsite supervision.

1.2 The Commercial Banking

As on mid-July 2017, there are a total of 28 Commercial banks. The Class 'A' or Commercial banks comprise of 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 class banks. Owing to liberalization in the banking sector, there was a dramatic increase in the number of private sector owned commercial banks. However, the 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 1-1: List of Commercial banks in Nepal (mid-July, 2017)

S.No.	Name	Operation Date (A.D.)	Head Office
1	Nepal Bank Ltd.	1937/11/15	Dharmapath, Kathmandu
2	Rastriya Banijya Bank Ltd.	1966/01/23	Singhadurbar Plaza, Kathmandu
3	Agricultural Development Bank Ltd.**	1968/01/21	Ramshahpath, Kathmandu
4	Nabil Bank Ltd.	1984/07/12	Beena Marg, Kathmandu
5	Nepal Investment Bank Ltd.	1986/03/09	Durbarmarg, Kathmandu
6	Standard Chartered Bank Nepal Ltd.	1987/02/28	Nayabaneshwor, Kathmandu
7	Himalayan Bank Ltd.	1993/01/18	Kamaladi, Kathmandu
8	Nepal SBI Bank Ltd.	1993/07/07	Kesharmahal, Kathmandu
9	Nepal Bangladesh Bank Ltd.	1994/06/06	Kamaladi, Kathmandu
10	Everest Bank Ltd.	1994/10/18	Lazimpat , Kathmandu
11	Kumari Bank Ltd.	2001/04/03	Durbarmarg, Kathmandu
12	Laxmi Bank Ltd.	2002/04/03	Hattisar, Kathmandu
13	Citizens Bank International Ltd.	2007/04/20	Kamaladi, Kathmandu
14	Prime Commercial Bank Ltd.	2007/09/24	Newroad, Kathmandu
15	Sunrise Bank Ltd.	2007/10/12	Gairidhara, Kathmandu
16	Mega Bank Nepal Ltd.	2010/07/23	Kantipath, Kathmandu
17	Century Commercial Bank Ltd.	2011/03/10	Putalisadak , Kathmandu
18	Sanima Bank Ltd.	2012/02/15	Nagpokhari, Kathmandu
19	Machhapuchhre Bank Ltd.	2012/07/09*	New Road, Pokhara, Kaski
20	NIC Asia Bank Ltd.	2013/06/30*	Thapathali, Kathmandu
21	Global IME Bank Ltd.	2014/04/09*	Panipokhari, Kathmandu
22	NMB Bank Ltd.	2015/10/18*	Babarmahal, Kathmandu
23	Prabhu Bank Ltd.	2016/02/12*	Babarmahal, Kathmandu
24	Siddhartha Bank Ltd.	2016/07/21*	Hattisar, Kathmandu
25	Bank of Kathmandu Lumbini Ltd.	2016/07/14*	Kamaladi, Kathmandu
26	Civil Bank Ltd.	2016/10/17*	Kamaladi, Kathmandu
27	Nepal Credit and Commerce Bank Ltd.	2017/01/01*	Bagbazaar, Kathmandu
28	Janata Bank Nepal Ltd.	2017/04/07*	Thapathali, Kathmandu
	*Joint operation date after merger and/or acquisition.		
	** Started to operate as 'A' class Bank (from 2006/03) under BAFIA, 2006		

(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 and private banks on the basis of ownership and control. As of mid-July 2017, there are 3 public and 25 private sector banks in operation. Rastriya Banijya Bank Limited is the largest bank of Nepal in terms of deposit mobilization and is fully owned by the Government of Nepal. The Government of Nepal owns 62.21 percent ownership in the equity capital of Nepal Bank Limited, another public bank. Likewise, Government of Nepal owns 51 percent shares of Agricultural Development Bank Limited that was initially established as a development bank with 100 percent government ownership and 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. There are currently five foreign joint ventures out of 25 privately owned banks. Also, there is provision of minimum 40% share ownership by the general public in the banks.

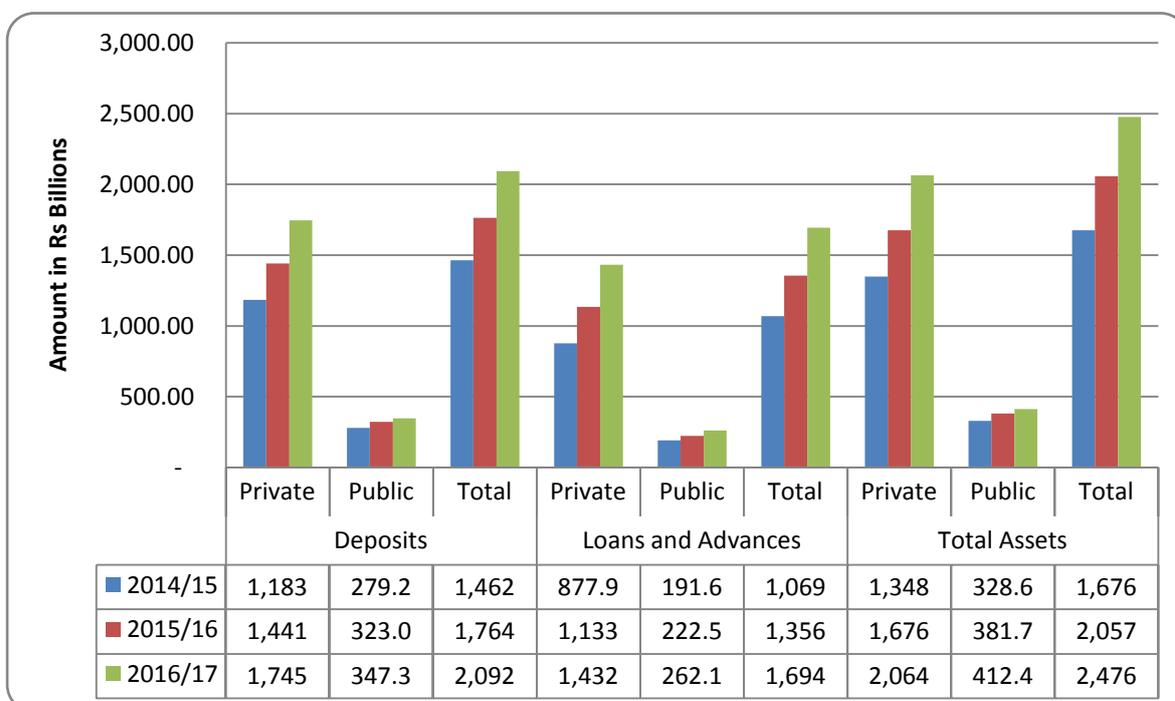
1.4 Scope of Operations: Public vs. Private

Although the number of Commercial banks slightly decreased in the last few years due to mergers, the increase in bank branches and total volume of loans and deposits demonstrate considerable increase in outreach and business. Total deposits of the Commercial banks increased from Rs. 1,764.37 billion to Rs. 2,092.59 billion (by 18.60%) in the review year. The deposits of public banks grew by 7.53 percent while those of private banks increased by 21.08 percent.

Similarly, loans and advances of the Commercial banks increased to Rs. 1,694.27 billion as of mid-July 2017, from a total of Rs. 1,356.03 billion (by 24.94%) in the previous year. The loans and advances of public banks grew by 17.79 percent while those of private banks significantly rose by 26.35 percent.

Likewise, total assets of the commercial banks increased by 20.37 percent to Rs. 2,476.97 billion when compared to Rs. 2,057.85 billion of previous year. Total assets grew by 8.06 percent in public banks while it grew by 23.17 percent in private banks.

Chart 1-2: Banking Operations: Public vs. Private (mid-July, 2015 to 2017)



1.5 Branch Network

The total number of branches of Commercial banks increased from 1,869 in mid-July 2016 to 2,274 in mid-July 2017 (*Refer to Annex-2 for region-wide branch distributions*). NRB has been promoting financial access through policies that lead to larger number of branches in rural areas. While the increase in bank branches is encouraging, most banking services are still confined to the urban areas.

Table 1-2: Branches of Commercial banks (mid-July, 2013 to 2017)

Name of Banks	2013	2014	2015	2016	2017
Nepal Bank Limited (NBL)	115	117	117	130	130
Rastriya Banijya Bank Limited (RBBL)	151	161	168	174	185
NABIL Bank Limited (NABIL)	49	48	48	52	52
Nepal Investment Bank Limited (NIBL)	43	44	46	46	61
Standard Chartered Bank Nepal Ltd. (SCBN)	15	15	15	19	15
Himalayan Bank Limited (HBL)	39	45	45	45	45
Nepal SBI Bank Limited (NSBI)	57	59	59	73	66
Nepal Bangladesh Bank Limited (NBBL)	21	27	30	35	46
Everest Bank Limited (EBL)	50	52	53	61	60
Bank of Kathmandu Limited (BOK) ^Φ	50	50	50	69	75
Nepal Credit and Commerce Bank Ltd. (NCCBL)	22	22	22	22	96
Lumbini Bank Limited (LBL) ^Φ	16	16	19	-	-
Nepal Industrial & Commercial Bank Ltd. (NIC) / NIC Asia Bank Limited ^S	54 ^S	54 ^S	54 ^S	67	118
Machhapuchchhre Bank Limited (MBL)	49	49	55	57	56
Kumari Bank Limited (KBL)	28	27	33	36	74
Laxmi Bank Limited (LXBL)	29	29	29	50	66
Siddhartha Bank Limited (SBL)	41	41	41	62	70
Agriculture Development Bank (ADBL)*	240*	231*	240*	245	249
Global Bank Limited / Global IME Bank Limited (GBL) [#]	67	85 [#]	86	87	113
Citizens Bank International Limited (CBIL)	34	36	54	56	60
Prime Commercial Bank Limited (PCBL)	30	30	30	32	53

Sunrise Bank Limited (SRBL)	49	49	51	67	70
Bank of Asia Nepal Limited (BOA) [§]	-	-	-	-	-
Grand Bank Limited	21	23	23	-	-
NMB Bank Limited (NMB)	21	29	29	71	80
Janata Bank Nepal Limited (JBNL)	25	29	34	123	88
Mega Bank Nepal Limited (MBNL)	28	28	28	37	47
Commerz& Trust Bank Nepal Limited (CTBNL) [#]	15	-	-	-	-
Civil Bank Limited (CBL)	20	40	41	40	51
Century Commercial Bank Limited (CCBL)	31	31	31	42	67
Sanima Bank Limited (SBL)	24	28	38	31	46
Prabhu Bank Limited ^{&}	NA	NA	113	40	135
Total	1486	1547	1682	1869	2247

* Also includes branches with development banking functions.

Commerz & Trust Bank Nepal Ltd. merged into Global Bank Ltd. (GBL) to form Global IME Bank Ltd.

§ Bank of Asia Nepal Limited (BOA) merged into Nepal Industrial & Commercial Bank Ltd. (NIC) to form NIC Asia Bank Ltd.

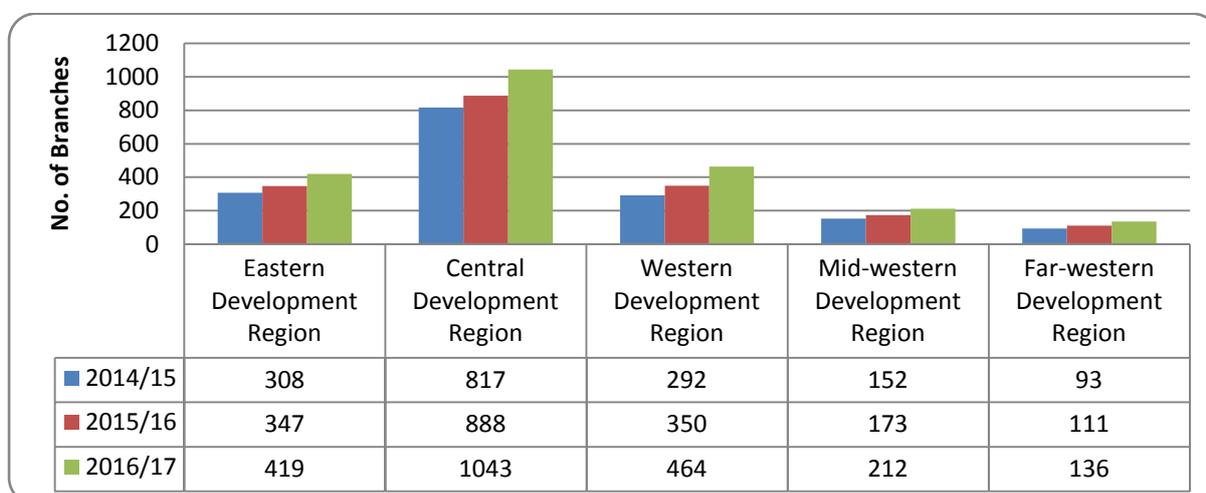
Φ Lumbini Bank Limited merged with Bank of Kathmandu Limited

& Kist Bank Limited merged with Prabhu Bikas Bank Limited to form Prabhu Bank Limited.

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

The ADBL has the largest number of branches (249) followed by RBBL (185). Prabhu Bank Ltd, which had Kist Bank and Grand Bank Ltd. merged into it, is the private sector bank with most number of branches (135) and has more number of branches than NBL (130). Commercial banking operations still seem to be concentrated in central region with 1,043 branches (45.86% of total branches). This is followed by Western Development Region with 464 and the Eastern Development Region with 419 branches respectively. The Far Western has the lowest number of bank branches i.e. 136 (6 % of total branches).

Chart 1-3: Number of Bank Branches (mid-July, 2015 to 2017)



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 seven consecutive years are depicted in the Table 1-3.

Table 1-3: Asset share of banks and financial institutions (mid-July, 2011 to 2017)

Bank and Financial Institutions	% Share as on mid-July						
	2011	2012	2013	2014	2015	2016	2017
Commercial Banks	75.3	77.3	78.2	78.0	78.73	79.74	83.41
Development Banks	12.0	12.4	13	13.6	13.34	12.81	9.71
Finance Companies	10.9	8.2	6.6	5.8	4.79	3.78	2.63
Micro Finance Institutions	1.8	2.2	2.2	2.6	3.14	3.68	4.26
Total	100	100	100	100	100	100	100

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

Table 1-3 shows the dominance of Commercial banks, with the share of 83.41 percent of total assets of Nepalese banking industry, which was 79.74 percent in the previous year. Share of development bank has decreased from 12.81 percent in FY 2015/2016 to 9.71 percent in FY 2016/2017. Likewise, the share of finance companies has decreased to 2.63 percent from 3.78 percent during the review period. The share of microfinance financial institutions increased from 3.68 percent to 4.26 percent in mid-July 2017. The increase in the share of the Commercial bank and decrease in the share of Development banks and Finance companies can be attributed to the merger and acquisition activities going on in the banking industry, where a number of Development banks and Finance companies are continuously merging with and are being acquired by Commercial banks. Similarly, the increase in the share of the Microfinance Institutions is because of the increasing number of microfinance financial institutions.

1.7 Employment in the Banking Industry

Commercial banks have provided employment to 27,908 numbers of individuals as of mid-July 2017, which is 17.8 % increment when compared to total employment of 23,692 of last year. The number of staff working in the three public banks decreased from 7,256 to 6,866 and the number of staff working in the private banks increased from 16,436 to 21,042 in the review period. However, the public sector banks still employs 24.60 percent of total people working in the commercial banking industry. Banking sector is considered as a lucrative area for work after completing Management or Economics related degrees. Hence, many graduates aspire to enter into this sector. However, there is still lack of skilled manpower in the industry. The human resource in the industry is expected to improve once the industry becomes fully mature.

1.8 Review of the Guiding Documents

As the central bank of Nepal, NRB has been given clear mandate to regulate and supervise banks and financial institutions in Nepal. In order to discharge its regulatory responsibilities, NRB issues directives and guidelines to the licensed BFIs. Likewise, NRB continuously

conducts onsite inspections and offsite supervisions both on a 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 supervision function:

- Nepal Rastra Bank Act, 2002,
- Bank and Financial Institutions Act, 2017
- Company Act, 2017
- Nepal Rastra Bank Inspection and Supervision By-laws, 2070
- Unified Directives published annually and Circular issued from time to time
- Capital Adequacy Framework, 2015
- NRB Prompt Corrective Actions byelaws, 2012
- Monetary Policy Announcements,
- Assets (Money) Laundering Prevention Act, 2008
- Several Guidelines issued by NRB
- Risk Based Supervision Manual, Volume I & II

1.9 Access to Banking Services and Financial Inclusion

NRB is the main agency that is involved with promoting access to finance in the country. Through its policies, NRB has been working for expanding banking services and increasing financial inclusion in the country. A provision of zero interest loan (Rs 5 to Rs 10 million) has been made for BFIs for opening branches in 14 specified remote districts, where presence of banks and financial institutions is dismal. Likewise, a provision has been made to allow BFIs to open branch in Kathmandu valley only after opening one branch in one of the 14 specified remote districts, and two branches in places other than the Kathmandu valley (one of which must not be in district headquarter or municipality). Further, BFIs do not need to take permission from NRB to open new branch in places other than Kathmandu valley, metropolitan and sub-metropolitan city headquarters, and municipality headquarters.

Besides, NRB is working to promote branchless banking and mobile banking to increase access to the banking system for the rural and unbanked people. As on mid-July 2017, there are 1,008 branchless banking centres of 'A' class Banks in operation. Likewise, number of mobile-banking customers has reached 2,438,222 as on mid-July 2017.

As on mid-July 2017, total number of branches of Commercial bank reached 2,274 and population per branch was 12,700¹. The population per branch was 15,001 in the previous year. The population per branch when considering all categories of BFIs comes down to 5,698 as on mid-July 2017.

¹ Population 28,879,636 is used, as per the projections 2011-31 (medium variant) of CBS. url: <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 the banks and financial institutions as mandated by the NRB Act, 2002 and Bank and Financial Institutions Act, 2017. Regular supervision function provides important information on the banking system that feeds into the decision-making process such as: formulation of monetary policy, updates on regulations and for the timely corrective measures of issues in BFIs. Continuous monitoring of the indicators related to financial soundness and stability as well as watching for the early warning signals and conducting onsite inspections to ensure that the BFIs are managing their all 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). 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, special inspection, and targeted inspection. The onsite inspection is supported by an offsite supervision function which is responsible for the analysis of data reported by the Commercial banks.

2.3 Supervision Methodology

BSD continues to adopt and implement the Core Principles prescribed by the Basel Committee. Supervision is done through both onsite and offsite programs. NRB's traditional onsite inspection was based on compliance check and CAMELS (Capital Adequacy, Asset Quality, Management competence, Earning, Liquidity, and Sensitivity to Market Risk) ratings. The RBS approach puts more emphasis on assessing the quantity of risks and quality of risk management. However, inspectors who are deputed as team also examine other key areas including capital adequacy, AML/ CFT and compliance. Further, onsite examiners propose additional risk weights and provisioning under SRP (Supervisory Review Process) if they are not satisfied with risk weights and provisioning assigned by the Management.

Inspectors 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 channel its resources in high risk areas. Subsequent supervisions are being conducted on the basis of the risk profile of the banks. This methodology mainly focuses on the 'chance of failure' of the bank and the risk management practices of the bank. Offsite function involves continuous monitoring of the banks by analysing the reports received from the banks. It is also an important source of input for onsite inspection. Likewise, the Enforcement

function oversees enforcement of supervisory directions for correction of issues identified during onsite inspections.

2.4 Organization of BSD

The department comprises of Onsite Inspection Unit, Enforcement Unit, Offsite Unit, Policy Planning and Forward-looking Analysis Unit, Special Inspection Unit and Internal Administration Unit (*Refer to Annex-3 for the Organisation Chart of the department*). These functions are further complemented by different task-forces, working groups and a High Level Co-ordination Committee (HLCC) for sharing information among other regulatory authorities of Nepal. Such task-forces are formed as needed for certain tasks and are generally of temporary nature.

2.4.1 Onsite Inspection Unit

Onsite inspection of Commercial banks is conducted as per the approved annual plan where an onsite inspection is conducted at least once a year for every Commercial bank. Full scope or targeted inspections are performed as necessary. Onsite inspections are carried out and reports are prepared on the basis of RBS manual approved for the same purpose. Generally, an inspection team includes a team leader (Deputy Director) and three to four other team members (Assistant Directors). One IT Officer from IT Department is deployed for limited number of days to examine IT related areas of the concerned bank (*Refer to Annex-4 for the onsite inspections conducted in FY 2073/74*).

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

- Initial examination, generally conducted within six months of 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 operation of a bank e.g. credit, trade finance etc. and conducted as needed.

There are currently 12 officers working in the Onsite Inspection Unit. However, due to limited number of dedicated staff, officers from other units are mobilized from time to time to conduct onsite examinations.

2.4.2 Enforcement Unit

In the past, Onsite and Enforcement functions were being performed by the same unit in the BSD. However, BSD has now segregated these functions into separate units as Onsite Inspection Unit and Enforcement Unit. Enforcement Unit is responsible for ensuring the compliance of supervisory directions given to the individual banks through the onsite reports, and preparing periodic enforcement reports to communicate the status of compliance to the concerned bank. This unit also prepares quarterly report of individual banks focusing on the major financial indicators and the compliance status of the given directions. There are also 12

personnel working in the unit. There are three teams in the unit; each team headed by a Deputy Director oversees works related to nine to ten banks.

2.4.3 Offsite Supervision Unit

The Offsite Unit carries out offsite surveillance of the Commercial banks. The core objective of this unit is to conduct periodic financial reviews of banks in order to identify potential risks and to assess compliance of prevailing regulatory provisions. It also provides feedback to the onsite inspection teams and identifies red flag areas that need to be focused during onsite inspections. The BSD is developing an Offsite Manual to guide the procedures of offsite function.

The Offsite Unit is responsible for supervising bank operations on the basis of data and reports submitted by the banks. It reviews and analyses the financial performance of banks using prudential reports, statutory returns and other relevant information. It also monitors trends and developments of financial indicators of the banking sector as a whole and generates industry reports on quarterly basis. The unit also checks compliance provisions such as cash reserve ratio (CRR), statutory liquidity ratio (SLR), credit to core capital and deposit ratio (CCD), capital adequacy ratio (CAR) and deprived sector lending (DSL), and recommends penalties in case of non-compliance. The following table shows important directives for compliance during the review year (*Refer to Annex-5 for circulars issued in FY 2073/74*).

**Table 2-1: Important Directives regarding Capital, Credit and Liquidity
(Effective for the FY 2016-17)**

SN	Particulars	Current Rate or Percentage	Days/ Month	Remarks I	Remarks II
1.	Minimum Capital fund "A" class	Core Capital = 6% & Capital Fund = 11% of Total Risk Weighted Exposure		Minimum capital fund to be maintained based on the risk- weight assets (percent)	As per Capital Adequacy Framework, 2015 for Class 'A' Banks
	"B" class & "C" class	Core Capital = 5.5% & Capital Fund = 11% of Total Risk Weighted Exposure			
2.	Refinance Facility (i) General Refinance Hydro, Agro, productive and, infrastructure industry or business run by youths returned from abroad. Also for opening standard hotels in selected tourism destinations	4%	Max. 6 months	Cannot charge more than 9%	i. provided against good loan. ii. not exceed the 80% of core capital of BFIs iii. max. of 6 months.

	(ii) <u>Special Refinance</u> Sick industries, Cottage & small industries, foreign emp. Small business run by Dalits, janajati, utpidit, women, deprived community. Export from Ostrich farming, beekeeping and cardamon farming	1%		Cannot charge more than 4.5%	
	(iii) Export credit refinance	1%		Cannot charge more than 4.5%	
	(iv) Small & Medium Ent. Refinance (limit up to 10 lakhs)	5%		Cannot charge more than 10%	
3.	Bank Rate	7%			
4.	SLF Rate (For A, B & C)	Bank rate (7%)	Max. 5 days	For Merger, 30 days	upto 90% Against Govt. T-Bills and Govt. Bonds
5.	Lender of Last Resort	Bank rate (7%)	Max. 6 months		Against deposit at NRB for CRR Purpose / Govt. Securities and Pass Loan
6.	Repo & Reverse Repos	Max. 21days			
7.	CRR "A" class "B" class "C" class	6% 5% 4%			
8.	SLR "A" class "B" class (taking call n current deposit) "C" class (taking call n current deposit) "B" & "C" class (not taking call n current deposit)	12% 9% 8% 6%			
9.	Deprived Sector "A" class "B" class "C" class	5% 4.5% 4%			
10.	Productive Sector lending "A" class in productive & Agriculture +Energy "B" class in productive "C" class in productive	20% & 12% 15% 10%			
11.	Net Liquidity Ratio	20%			

The unit monitors, reviews, and analyses returns of Commercial banks and prepares reports to detect emerging problems and early warning 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, special case basis. Further, the unit is responsible for providing AGM clearance for banks by examining the credibility of their annual reports. There are currently nine officers working in this unit.

Cash Reserve Ratio (CRR)

Commercial banks are the backbone of the payment system and are the main conduits of monetary policy. As an indirect monetary instrument, NRB uses CRR to control money supply in the economy, which was minimum 6 percent of total local currency deposit liabilities in the review period. While the minimum is to be kept for every two week period, 70% of the minimum ratio has to be kept by each bank every day. The average CRR maintained by the commercial banks in the last period of the review year is 9.12 percent. Banks that fail to maintain such reserves face monetary penalties based on the bank rate.

Deprived Sector Lending (DSL)

Nepalese 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 5.89 percent in the last quarter of the review year. Commercial banks that fail to maintain the minimum requirement in deprived sector lending as prescribed by the NRB is penalized.

Statutory Liquidity Ratio (SLR)

Banks are required to maintain SLR of 12 percent of their total domestic deposit liabilities. Failing to meet such obligation results in monetary penalties computed on the basis of bank rate. During the review year all the banks complied with the Statutory Liquidity Ratio norm. The average SLR of the commercial banks in the last month of the review year was 23.34 percent.

Capital Adequacy Ratio (CAR)

The New Capital Adequacy Framework requires the banks to maintain minimum capital requirements. As per the framework, Commercial banks need to maintain at least 6 percent Tier I capital and 11 percent Total Capital (Tier I & Tier II). The minimum capital adequacy requirements are based on risk-weighted exposures (RWE) of the banks. The capital adequacy ratios of banks are monitored on monthly basis. The average capital adequacy ratio of the Commercial banks in the last month of the review year was 14.72 percent (*Refer to Annex-6 for capital adequacy ratios during the last month of the review period*).

2.4.4 Policy, Planning and Forward Looking Analysis Unit

The Policy, Planning and Forward-looking Analysis Unit regularly monitors the developments in international financial environment, the guidelines issued by the Basel Committee and emerging issues in banking regulation and supervision, and incorporates the findings to propose required changes in the existing policies and in preparing the annual plan for the department, as well. The unit also reviews policy and 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 Nepal. 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 BSD in line with NRB's strategic plan, conducts and coordinates interaction programs, seminars and workshops on the supervision-related issues (*Refer to Annex-7 for the programs organised by BSD in FY 2073/74*). It also prepares the annual report of the department as prescribed in the Inspection and Supervision Bylaw. The unit also acts as secretariat for the High Level Co-ordination Committee. Currently, there are four officers fulfilling the unit's functions.

2.4.5 Special Inspection Unit

The special inspection unit coordinates, including making inquiry and follow up, on the banking-related complaints made directly at NRB, coming through public media and government authorities as well as upon the findings of offsite 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. There are three employees currently working in the unit (*Refer to Annex-8 for the list of special inspections conducted in FY 2073/74*).

2.4.6 Internal Administration Unit

The Internal Administration Unit performs the functions related to human resources and internal administration within the BSD. Its tasks include distribution of documents within the department, issuance of travel orders, maintaining leave records and also serving as the back office. It also keeps the records of the department's staff leaving for international trainings and seminars (*Refer to Annex-9 for the participation of the department's staff in international trainings and seminars in FY 2073/74*). This unit is responsible for looking after procurement for the BSD such as supply of office logistics and stationery in coordination with the General Services Department of NRB. This unit also helps coordination between other units to carry out the functions more smoothly and effectively. There are five personnel, including two support-level staff, fulfilling the unit's duties.

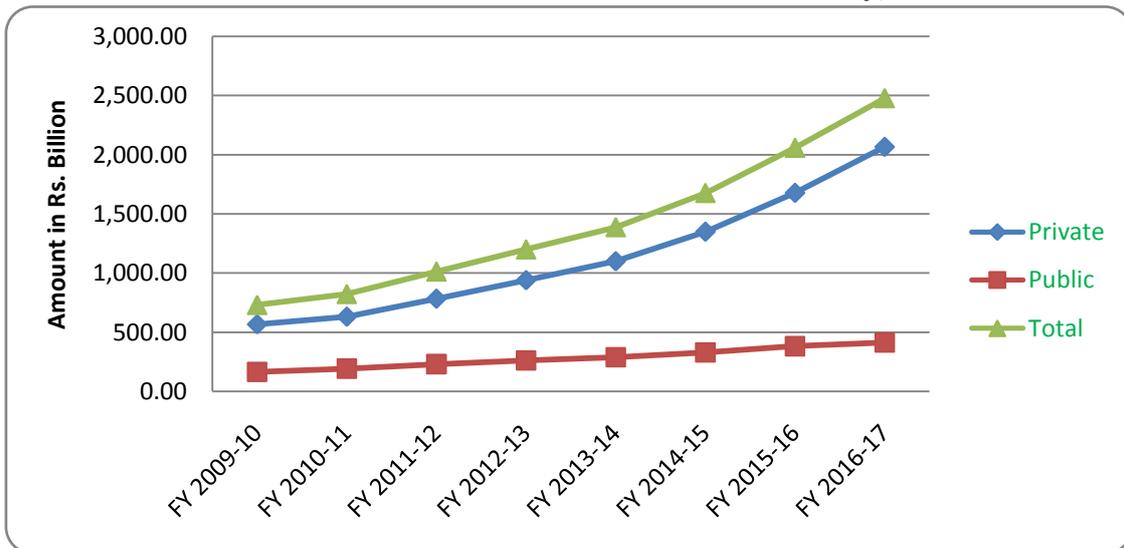
CHAPTER III

3 OPERATIONAL PERFORMANCE OF COMMERCIAL BANKS

3.1 Assets of the commercial banks

The total assets of the commercial banks have increased by 20.37 percent to Rs. 2,476.97 billion in the FY 2016/17 compared to a growth of 22.73 percent in FY 2015/16. In the review year, the total assets increased by only 8.06 percent in public banks and by 23.17 percent in the private banks. *Please refer to Annex-10.1 for details.*

Chart 3-1: Total Assets of the Commercial Banks (mid-July, 2010 to 2017)

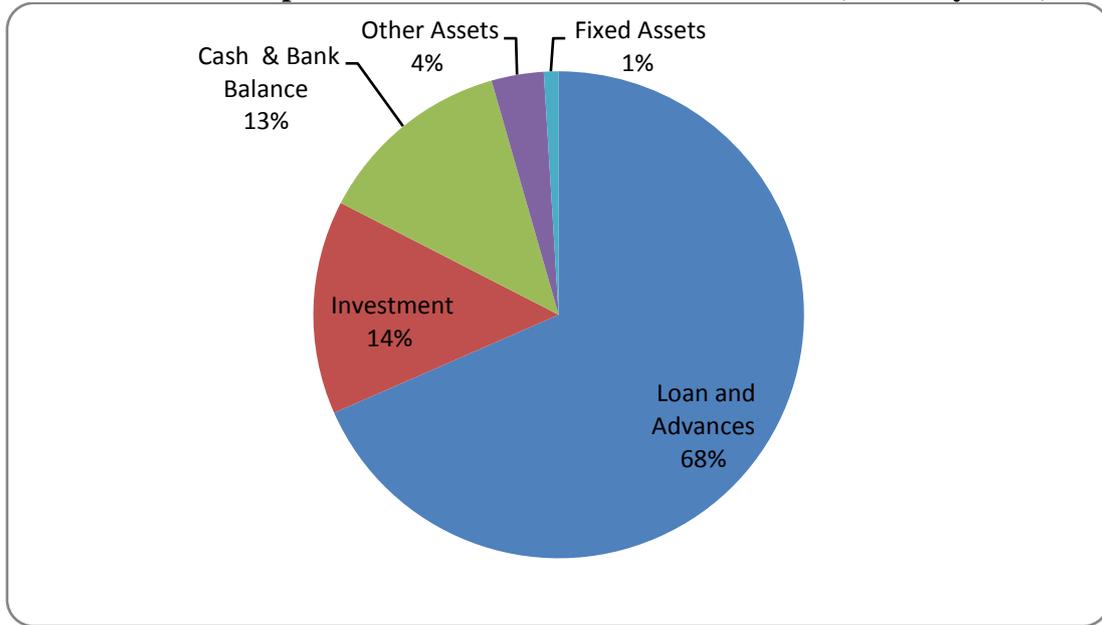


The major contribution in the increment in total assets of the Commercial banks comes from the increase in total loan portfolio, which is the largest component of assets in the Commercial banks. In the review period, the bank's loan portfolio was increased by 24.94% to Rs. 1,694.27 billion. That means, out of Rs. Rs.419.12 billion total growth in total assets in the period, Rs. 338.24 (80%) was increase in total loans.

3.2 Composition of Assets

The major portion of the assets of the Commercial banks is covered by the loans & advances (68.40 percent) which totals to Rs 1,694.26 billion. The second and third largest components are investment (14.20 percent) and cash/bank balance (12.99 percent) respectively. *Refer to Annex 10.2 for details.*

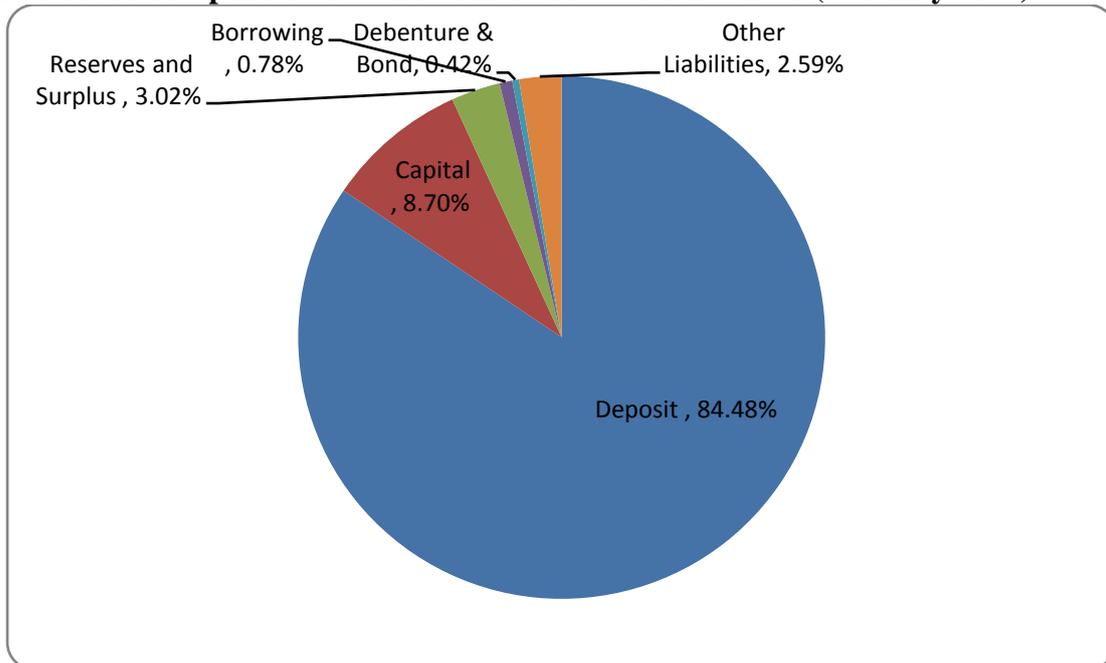
Chart 3-2: Composition of Assets of Commercial Banks (mid-July 2017)



3.3 Composition of Liabilities

The largest source of fund of the Commercial banks in mid-July 2017 was from deposit, which totals to Rs. 2,092.58 billion (84.48 percent). The second and third largest sources are Share capital and Reserve and Surplus, which amount to Rs. 215.61 billion (8.7 percent) and Rs.74.85 billion (3.02%). Refer to Annex 10.3 for details.

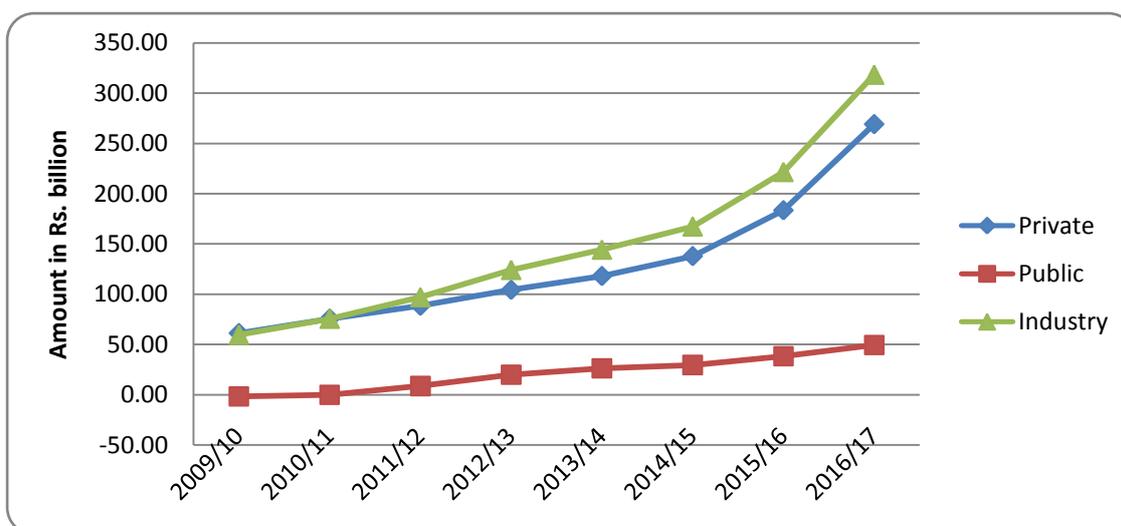
Chart 3-3: Composition of Liabilities of Commercial Banks (mid-July 2017)



3.4 Capital

The consolidated capital fund of the Commercial banks showed a remarkable growth during the review year. Capital fund increased by 43.68 percent to Rs. 318.40 billion in the review year compared to increment by 32.41 percent to Rs. 221.60 billion in the previous fiscal year. Likewise, capital fund of private banks grew by 46.68 percent to Rs. 269.08 billion and that of the public banks increased by 29.28 percent from Rs 38.15 billion to Rs. 49.32 billion. Increment in paid up capital has mostly contributed in such growth of capital fund. Refer to Annex 10.4 for details.

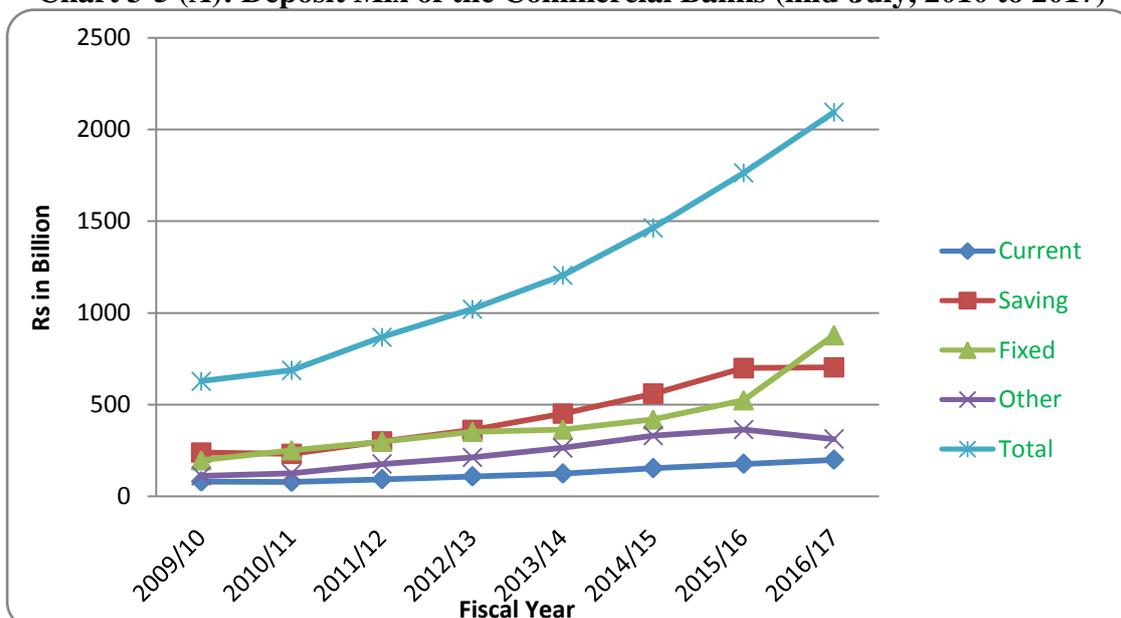
Chart 3-4: Capital Funds of the Commercial Banks (mid-July, 2010 to 2017)



3.5 Deposit

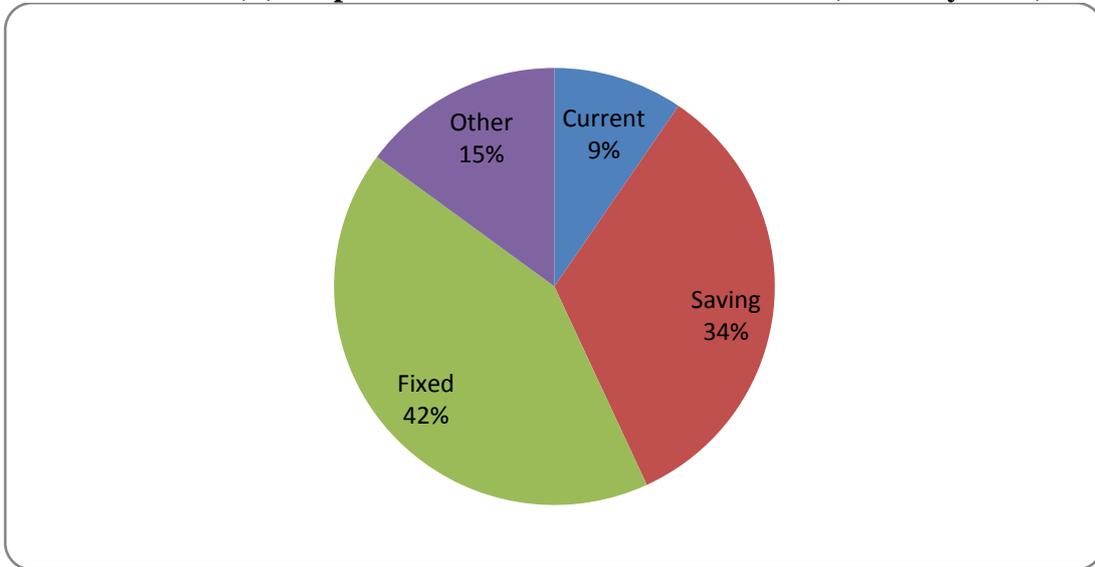
Total deposits of the commercial banks increased by 18.60 percent to Rs. 2,092.59 billion in the review year compared to a growth of 20.60 percent in the previous fiscal year.

Chart 3-5 (A): Deposit Mix of the Commercial Banks (mid-July, 2010 to 2017)



Savings and fixed deposits are the major categories in the deposit mix of the Commercial banks. In the review year, fixed deposits soared by 67.63 percent to Rs.879.14 billion surpassing the saving deposits, which has been historically higher than the fixed deposits. The saving deposits increased only dimly (0.63%) to reach Rs.703.03 billion. Refer to Annex-10.5 for details.

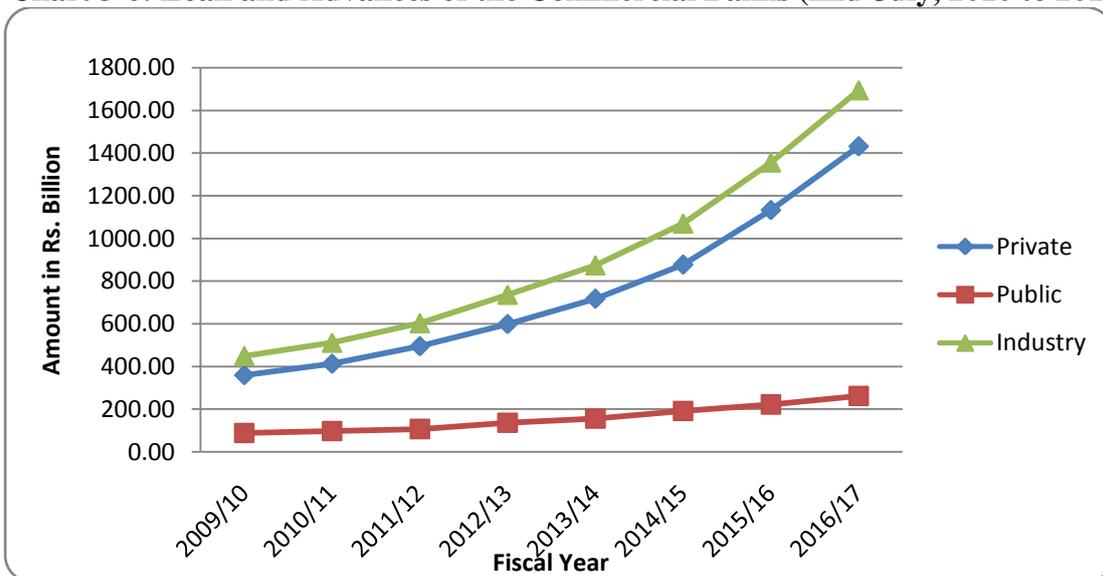
Chart 3-5 (B): Deposit Mix of the Commercial Banks (mid-July 2017)



3.6 Loan and Advances

Loan and advances of the Commercial banks increased by 24.94 percent to Rs. 1,694.27 billion in the FY 2016/17 compared to growth of 26.78 percent in the last fiscal year. Loans and advances of public banks increased by 17.79 percent to Rs.262.11 billion, and that of private banks rose by 26.35 percent to Rs. 1,432.15 billion during the year. Refer to Annex-10.6 for details.

Chart 3-6: Loan and Advances of the Commercial Banks (mid-July, 2010 to 2017)



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 22.92 percent share of total loans, followed by Non-food production related lending (11.75 percent) and then followed by Construction (10.30 percent).

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

SN	Sector	% of Total Loan (mid-July)							
		2010	2011	2012	2013	2014	2015	2016	2017
1	Agriculture Forest	3.05	2.68	3.75	4.11	4.19	4.29	4.29	4.23
2	Fishery	0	0.02	0.28	0.07	0.28	0.12	0.11	0.12
3	Mining	0.43	0.42	0.38	0.46	0.36	0.28	0.21	0.20
4	Agriculture, Forestry & Beverage Production Related	-	-	-	-	-	6.93	7.07	6.45
5	Non-food Production Related	-	-	-	-	-	14.67	13.02	11.75
6	Manufacturing*	20.14	21.2	23.09	23.67	22.96	-	-	-
7	Construction	10.56	9.29	9.8	9.58	9.86	10.36	10.15	10.30
8	Electricity, Gas and Water	1.59	1.32	1.92	2.42	2.41	2.79	3.05	3.42
9	Metal Products, Machineries, Electronics and Installation	1.32	1.68	1.48	1.32	1.21	1.11	1.18	1.30
10	Transport, Warehousing and Communication	5.28	5.11	6.16	3.24	2.80	2.53	3.11	3.02
11	Wholesalers and Retailers	18.67	18.51	18.1	21.16	22.80	23.03	23.83	22.92
12	Finance, Insurance and Real Estate	11.51	14.01	8.95	8.34	8.07	8.49	8.21	8.56
13	Hotel and Restaurant	2.84	2.13	2.66	2.53	2.75	3.26	3.12	3.29
14	Other Services	3.96	4.52	4.4	5.05	4.88	4.77	4.38	4.61
15	Consumable Loans	5.76	5.91	6	6.96	7.56	7.02	7.08	7.74
16	Local Government	0.22	0.23	1.83	0.09	0.12	0.14	0.11	0.09
17	Others	14.66	12.99	11.2	11	9.76	10.20	11.06	12.00
	Total Loan	100	100	100	100	100	100	100	100

Source: Offsite Supervision Report 2073/74

* Manufacturing has been replaced by Food and Non-food production related

3.6.2 Security-wise Loan and Advances

Almost all of the loans and advances, disbursed by the Commercial banks, are found to be secured by some form of securities. As on mid-July 2017, about 86.99 percent of the total loans and advances are secured by the property as collateral. 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.

Table 3-1: Security-wise Loan and Advances of Commercial Banks

S.N.	Security	% of Total Loan (mid-July)							
		2010	2011	2012	2013	2014	2015	2016	2017
1	Gold and Silver	2.26	2.96	3.41	3.3	3.00	2.17	1.89	1.89
2	Government Bonds	0.62	0.53	0.38	0.4	0.11	0.07	0.07	0.06

3	Non-Government Securities	1.43	1.07	0.81	0.64	1.01	1.28	1.66	1.71
4	Fixed Deposit Receipts	1.5	1.59	1.16	1.08	0.82	0.54	0.54	0.88
5	Property as Collateral	85.66	84.92	84.5	84.86	81.34	81.65	86.66	86.99
6	Security of Bills	0.98	1.26	1.58	1.01	1.32	1.23	1.09	0.91
7	Guarantee	1.84	1.79	2.31	2.47	2.89	3.14	3.16	3.04
8	Credit Card	0.08	0.07	0.06	0.05	0.05	0.04	0.03	0.05
9	Others	5.62	5.82	5.79	6.19	9.47	9.89	4.90	4.46
Total		100							

Source: Offsite Supervision Report 2073/74

3.6.3 Product-wise Loan and Advances

Major part of the loan and advances, i.e. 22.22 percent of the total loan, as of mid-July 2017 is of demand and other working capital nature. The portion of such loan in the previous year was 24.06 percent. Similarly, 17.89 percent and 16.16 percent of loans were extended as overdraft and term loans respectively. There has been decrease in import loan by 1.5 percentage points. There is no significant change in the product-wise mix when compared to the previous year.

Table 3-2: Product wise Loan and Advances

S.N.	Loan Products	% of total loan (Mid July)							
		2010	2011	2012	2013	2014	2015	2016	2017
1	Term Loan	14.16	14.33	14.01	14.85	15.85	17.05	16.34	16.16
2	Overdraft	16.27	17.31	17.26	19.85	18.93	17.79	17.26	17.89
3	Trust Receipt Loan/Import Loan	4.85	5.52	5.68	5.48	5.34	4.47	5.22	3.72
4	Demand and Other Working Capital Loan	22.36	23.39	24.96	24.48	23.94	24.06	24.04	22.22
5	Personal Residential Home Loan	7.5	5.48	5.73	6.24	7.17	8.12	7.85	8.09
6	Real Estate Loan	13.2	13.11	11.19	8.33	6.70	6.04	6.00	6.09
7	Margin Loan	2.07	1.35	1.01	0.98	1.33	1.62	2.04	1.98
8	Hire Purchase Loan	7.11	6.54	5.14	4.5	4.55	5.03	5.71	6.92
9	Deprived Sector Loan	3.65	3.44	3.79	4.28	4.54	4.69	4.72	5.35
10	Bills Purchased	0.45	0.91	1.57	1.06	1.11	1.18	0.90	1.00
11	Other Product	8.38	8.63	9.68	9.94	10.54	9.96	9.91	10.59
Total		100	100	100	100	100	100	100	100

Source: Offsite Supervision Report 2073/74

3.7 Non-Performing Loans (NPL)

The total volume of non-performing loans of the Commercial banks increased by 15.31 percent in the fiscal year 2016/17 and reached Rs. 28.86 billion, which is 1.70 percent of total outstanding loan and advances as on mid-July 2017. The non-performing loans of private sector banks increased by 14.75 percent to Rs. 18.57 billion and that of public sector banks

increased by 16.33 percent to Rs. 10.29 billion during the review period. Refer to Annex 10.7 for details.

Chart 3-7 (A): NPL Ratio of the Commercial Bank (mid-July, 2010 to 2017)

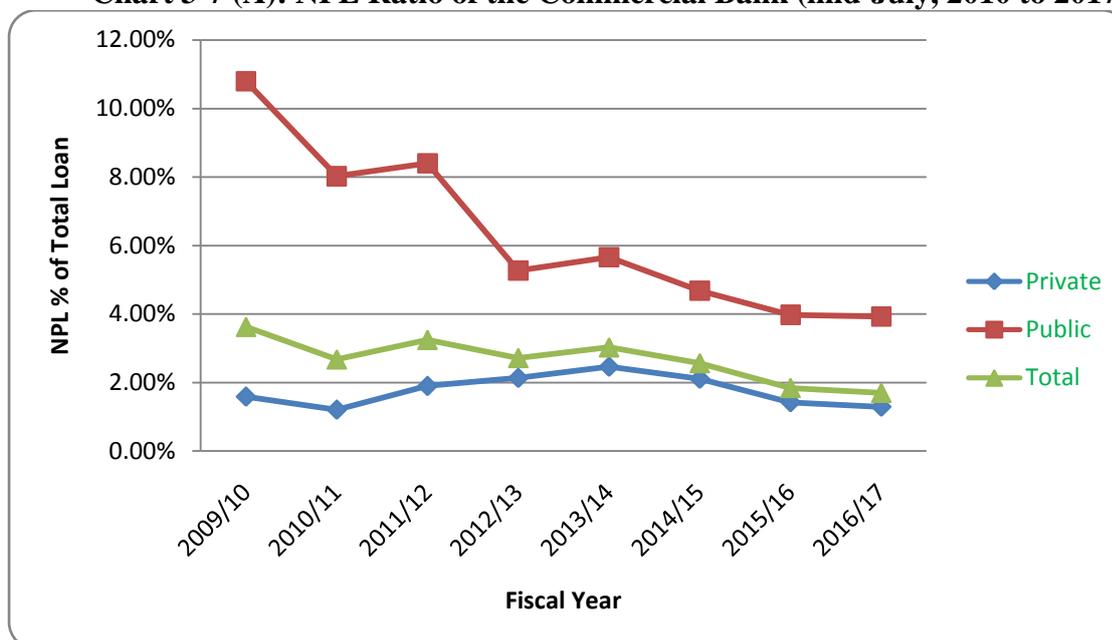
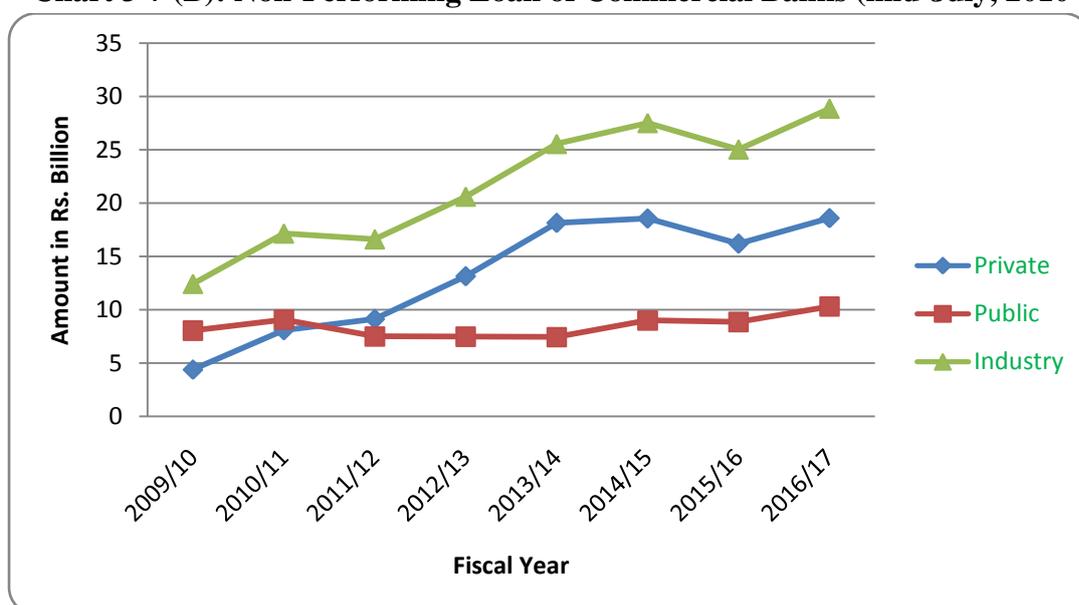


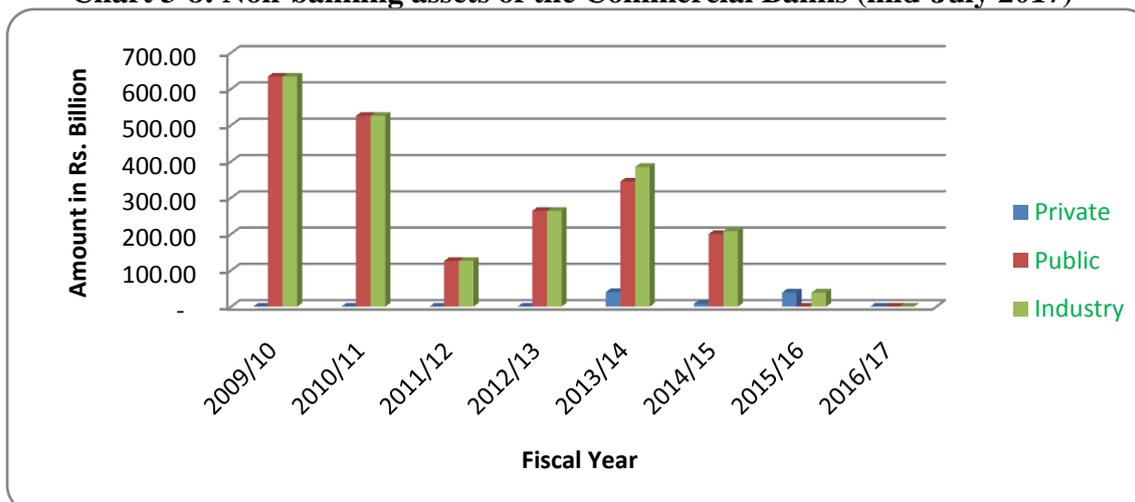
Chart 3-7 (B): Non-Performing Loan of Commercial Banks (mid-July, 2010 to 2017)



3.8 Non-Banking Assets (NBA)

The total amount of NBA (net of provision) has decreased to zero this fiscal year. The figure of NBA shown is the net of provision made for the NBA booked by the Commercial banks. The level and structure of NBA during the last seven years is presented in the Chart 3-8. Refer to Annex 10.8 for details.

Chart 3-8: Non-banking assets of the Commercial Banks (mid-July 2017)

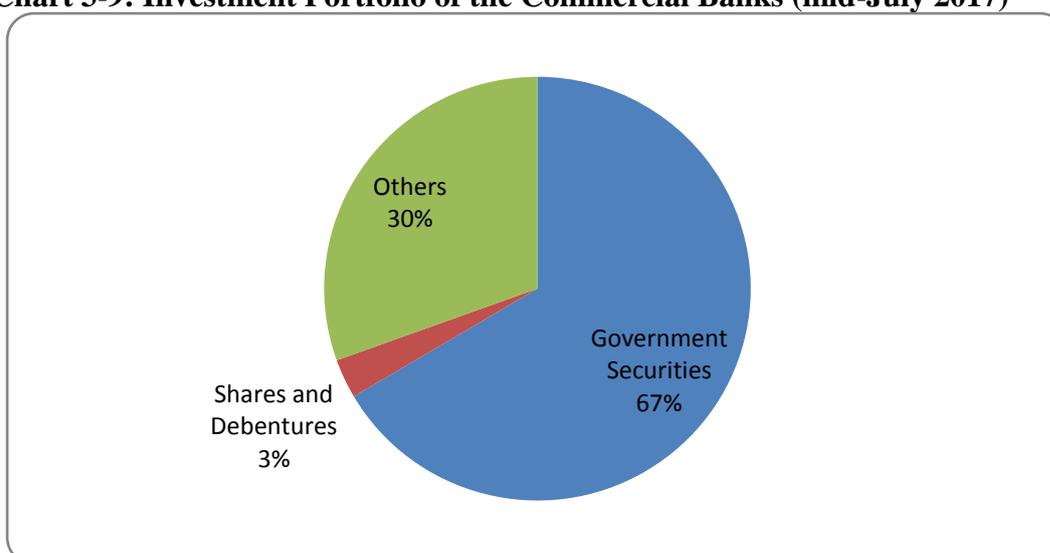


3.9 Investment

Commercial banks predominantly invested in government securities like treasury bills and government bonds. The other areas of investment include inter-bank placement and investment in shares and debentures.

The total investment of Commercial banks decreased from Rs. 358.83 billion to Rs.341.05 billion in the FY 2016/17. The composition of investment of Commercial banks shows a high concentration in government securities, which is 66.5 percent of the total investment, while shares and debentures and other investment accounted for 3 percent and 30.5 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 2017. Refer to Annex-10.9 for details.

Chart 3-9: Investment Portfolio of the Commercial Banks (mid-July 2017)

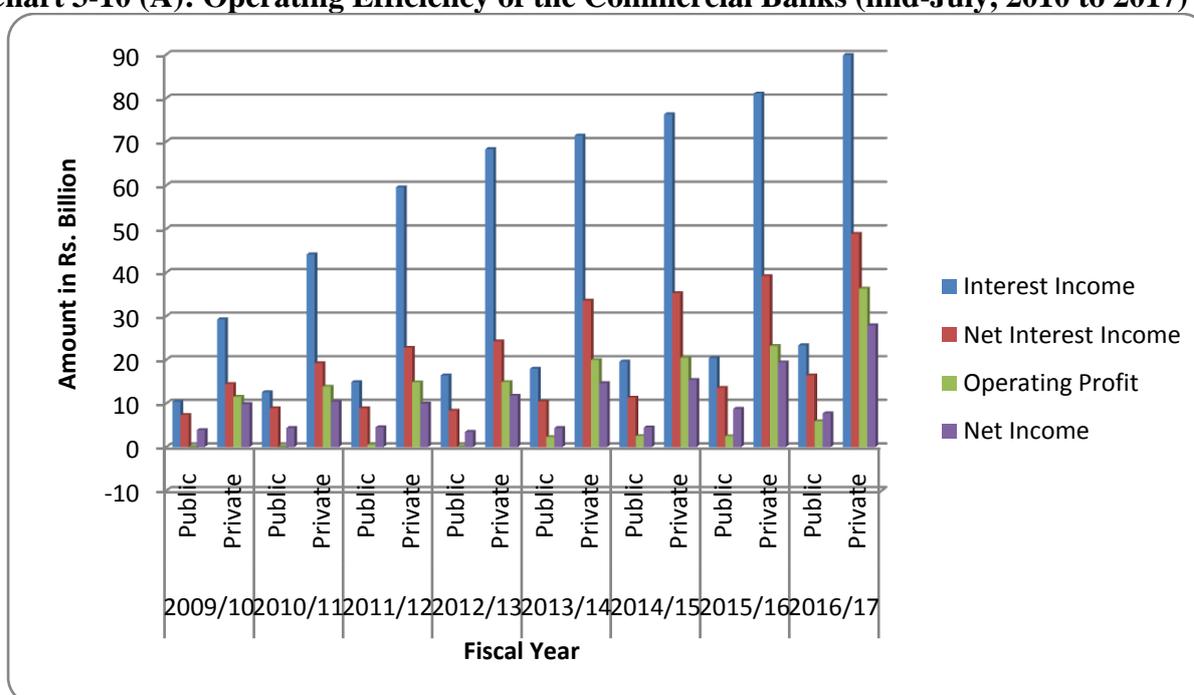


The total investment of the public banks comprises 92 percent of investment on government securities, which shows very high concentration in government securities. Similarly, the total investment of private banks comprises 61 percent of its investment on government securities. Refer to Annex-10.9 for details.

3.10 Earnings

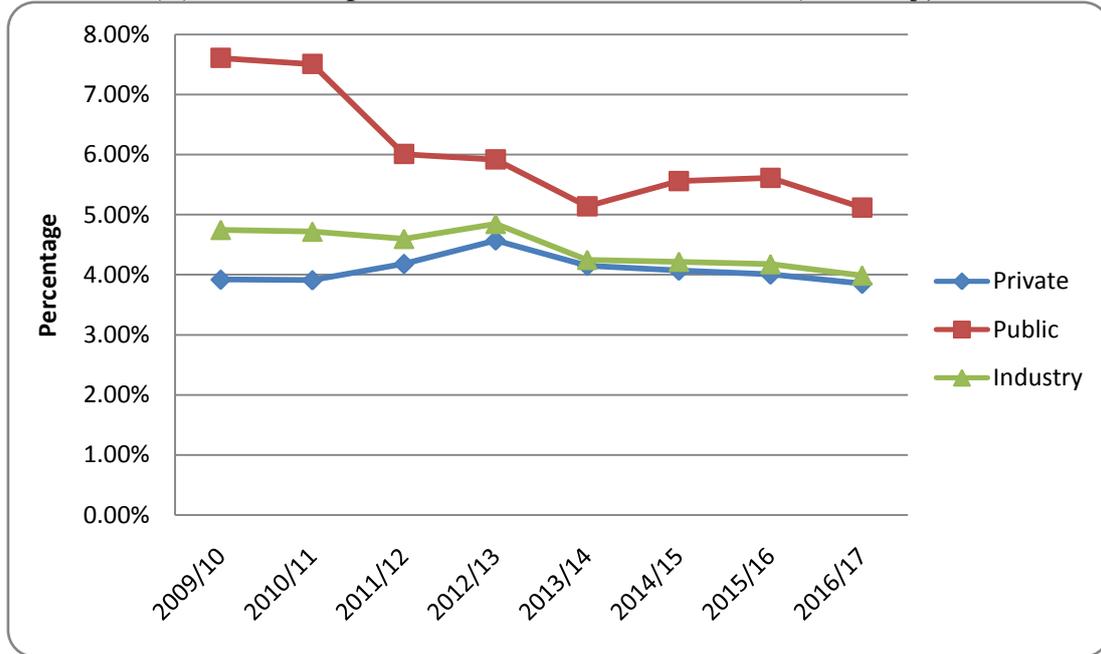
The total net profit of Commercial banks increased from Rs. 35.59 billion to Rs. 44.31 billion (by 24.50 percent) in the fiscal year 2016/17. The net profit of private banks increased by 28.54%, whereas, that of public banks grew only by 9.87%. The total interest income, which is the largest component of total gross income, showed robust growth of 42.78%. However, total net interest income rose only by 23.98% because of significant increase in interest expense that resulted from increased fixed deposit in the deposit mix. The operating profit increased by 28.40% in the review period. Refer to Annex-10.10 for details.

Chart 3-10 (A): Operating Efficiency of the Commercial Banks (mid-July, 2010 to 2017)



Interest income of the Commercial banks is the main factor that contributes to their profitability. The net interest spread of the commercial banks decreased from 3.91 percent to 3.73 percent in the FY 2016/17. The net interest spread of private sector banks and public sector banks is 3.57 percent and 5.12 percent respectively in the review period. Refer to Annex-10.11 for details.

Chart 3-10 (B): Interest Spread of the Commercial Banks (mid-July, 2010 to 2017)



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 from Rs. 494 billion to Rs.559 billion in the review year. However, the total liquid assets to deposit ratio decreased from 28.01% to 26.69% as the growth in total deposit was greater than growth in liquid assets. Similarly, total liquid assets to assets ratio decreased from 23.88% to 22.55%. Detailed figures are shown in Annex: 10.12 and Annex 10.13. Chart 3-11 (A) and (B) show the liquidity position of the commercial banks to its total assets and total deposits.

Chart 3-11 (A): Liquidity Position of the Commercial Banks (mid-July, 2010 to 2017)
Liquid Assets to Total Deposit

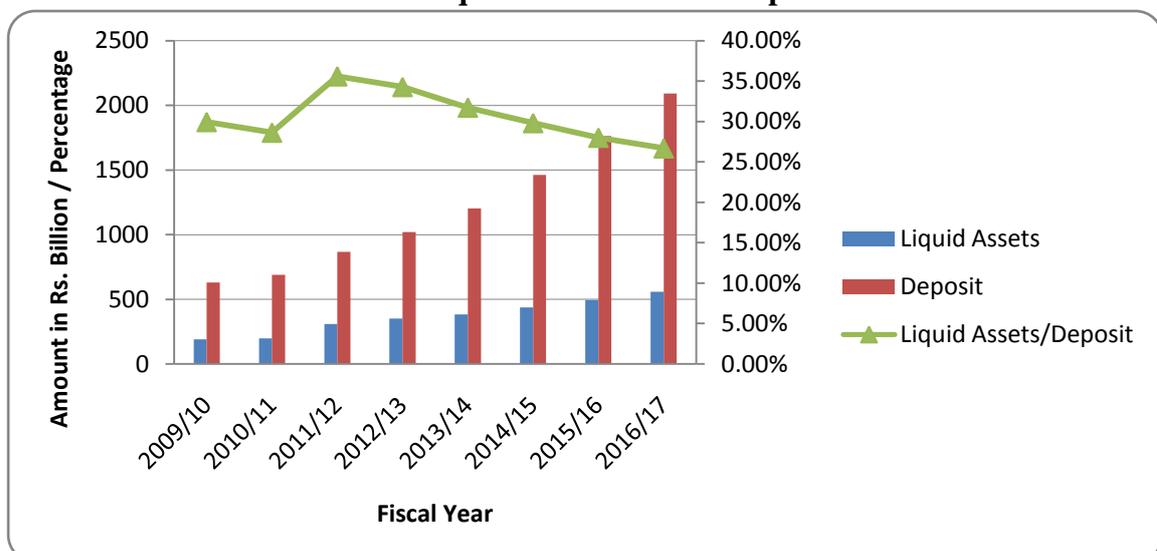
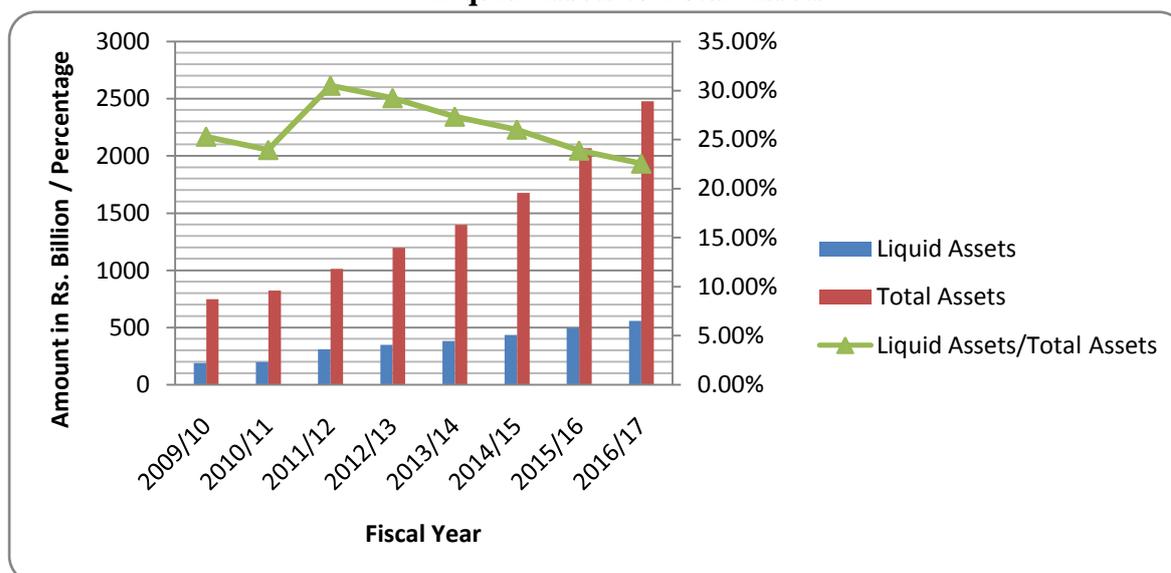


Chart 3-11 (B): Liquidity Position of the Commercial Banks (mid-July, 2010 to 2017)
Liquid Assets to Total Assets



3.12 Productive and Deprived Sector Lending

The productive sector lending (considering loan limit) as on fiscal year end 2016/17 was 16.87 percent for Agriculture and Energy only, and was 26.29 percent for all specified productive sectors. Likewise, the productive sector lending (considering outstanding loan) was 10.16 percent for Agriculture and Energy and 18.23 percent for all the productive sectors. The deprived sector lending of Commercial banks for the last quarter of the FY 2016/17 was 5.89 percent. The deprived sector lending is above the NRB minimum requirement of 5 percent in the review year. (*Refer to Annex-10.14 and Annex-10.15 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 3-1: Electronic banking in Nepalese Commercial banking industry

SN	Particulars	Mid-July				
		2013	2014	2015	2016	2017
1)	Number of branchless banking centre	205	504	503	812	1008
2)	Number of mobile banking customer	452,909	768,424	997,463	1,604,578	2,438,222
3)	Number of Internet banking customer	286,732	328,434	396,362	489,835	766,958
4)	Total number of ATM	1,239	1,303	1,483	1,661	1,874
5)	Number of debit card holder	3,193,137	3,641,960	4,146,237	4,142,390	4,694,066
6)	Number of credit card holder	38,587	57,898	43,895	52,014	68,966
7)	Number of prepaid card holder	57,453	66,204	69,322	82,797	101,458

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 the Commercial banks are offering Internet Banking services to their customers. As on mid-July 2017, there were 766,958 internet banking users of Commercial banks in Nepal. The number was 489,835 in the last year. So far, Commercial banks in Nepal are providing the service of utility payments, fund transfers within and between selected banks 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 etc. through mobile banking. As of mid-July 2017, there were 2,438,222 users of mobile banking, which is more than 50% growth from 1,604,578 users 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 4,694,066 debit card users of the commercial banks as on mid-July 2017, which is 13.31% growth from 4,142,390 users 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 anytime free of service or at minimal charge. As on mid-July 2017, there are 1,874 ATMs installed by Commercial banks.

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 2017, there are 68,966 active credit card customers in the Nepalese banking industry. There were 52,014 credit card customers as on mid-July 2016.

3.13.6 Prepaid Card

As on mid-July 2017, there are 101,458 active prepaid card customers of the Commercial banks. The number was 82,797 as on mid-July 2016.

3.13.7 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 2017, there are 1008 branchless banking sectors in Nepal, which is 24.14% growth from 812 branchless banking centres in mid-July 2016. 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 international as well as domestic arena. It will give a brief outlook to the valued readers about the developments happening in the supervisory world.

4.1 International Initiatives:

4.1.1 Initiatives by Basel Committee on Banking Supervision (BCBS)²

4.1.1.1 Clearer rules on combating money laundering and terrorist financing in correspondent banking

The Basel Committee issued the final version of revision on guidelines for *Sound management of risks related to money laundering and financing of terrorism* on 7 June 2017. The revision aims to ensure that banks perform correspondent banking business with the best possible understanding of applicable rules on anti-money laundering and countering the financing of terrorism. It attempts to clarify certain parts of the existing guidelines so that banks wouldn't get discouraged to undertake activities that involve these risks. In fact, the revision was made in response to growing concerns that banks are withdrawing from corresponding banking to avoid money laundering and terrorist financing related risks.

The final version includes revisions to Annexes 2 (Correspondent banking) and 4 (General guide to account opening) of the Basel Committee's guidelines on the *Sound management of risks related to money laundering and financing of terrorism* that was first published in January 2014. The revisions guide the banks in the application of risk-based approach for correspondent banking relationship acknowledging that not all correspondent banking relationships bear the same level of risk. The revisions also include an updated list of risk indicators that correspondent banks should consider in their risk assessment.

4.1.1.2 Prudential treatment of problem assets- definitions of non-performing exposures and forbearance

In April 2017, the Basel committee issued the final guidance on *Prudential treatment of problem assets- definitions of non-performing exposures and forbearance*. The guideline helps the supervisors with consistency in their reports by promoting harmonisation in the measurement and application of two very important measures of asset quality: non-performing exposures and forbearances.

The definition of non-performing exposures introduces harmonised criteria for categorizing assets (loans and securities) that are centred on overdue status (90 days past due) or the unlikelihood of payment. It also clarifies the consideration of collateral in categorizing assets as

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

non-performing and introduces clear rules regarding the upgrading of a non-performing exposure to performing.

The definition of forbearance includes a harmonised view on the modification or refinancing of loans and debt securities that result from a borrower's financial difficulty. It allows forborne exposures to be categorized as performing or non-performing. It also sets out criteria for discontinuing the forbearance categorization and emphasises the need to ensure a borrower's financial soundness before the discontinuation.

4.1.1.3 Enhancement to the Pillar 3 disclosure framework

The Basel Committee on Banking Supervision issued *Pillar 3 disclosure requirements-consolidated and enhanced framework* in March 2017. The enhancement includes clarifications on the Pillar 3 disclosure framework which seeks to promote market discipline through regulatory disclosure requirements.

The enhancement consolidates all the existing Basel Committee disclosure requirements into the Pillar framework. It further introduces key prudential metrics and a disclosure requirement for banks which record prudent valuation adjustments. There are clarifications mainly pertaining to total loss absorbing capacity (TLAC) and revised market risk framework.

4.1.1.4 Financial Inclusion: Guidance on the regulation and supervision of institutions

Recognizing the pressing need for promoting financial inclusion, the Basel Committee has issued final *Guidance on the application of the Core Principles for Effective Banking Supervision to the regulation and supervision of institutions relevant to financial inclusion*.

The Guidance identifies 19 of the total 29 Basel Core Principles where additional guidance is needed in the application of the Core Principles to the supervision of financial institutions engaged in serving the financially un-served and underserved. The Guidance also specifies the "Essential Criteria" and "Additional Criteria" associated with the Core Principles that have specific relevance to financial inclusion. The problem of low level of financial inclusion is a global issue. In recognition of this, the Guidance is useful to both Basel Committee member and non-member jurisdictions. This includes those jurisdictions in which bank supervisors are striving to comply with the Core Principles and which may implement this Guidance gradually over time.

4.1.1.5 Proposed guidelines for the identification and management of step-in risk

In March 2017, the Basel Committee issued a consultative document on the identification and management of step-in risk. The proposed framework will help to mitigate potential problems at shadow banks from spilling over to banks. This work is part of the G20's initiative to strengthen the oversight and regulation of the shadow banking system with the aim of mitigating systemic risks, in particular, those arising from banks' involvement with shadow banking entities.

The proposed guidelines define the step-in risk that is potentially embedded in banks' relationships with unconsolidated entities. Step-in risk is the risk that a bank might support entities beyond its contractual obligations in order to protect itself from any adverse reputational risk stemming from its connection to the entities. If not appropriately anticipated, the materialization of step-in risk could affect a bank's capital and liquidity positions.

4.1.2 Initiatives by Financial Stability Board (FSB)³

4.1.2.1 Strengthening governance framework to mitigate misconduct risks

In the aftermath of the financial crisis, authorities and firms sought to strengthen financial institutions' governance. In spite of these efforts, a series of high profile misconduct cases in major financial institutions has come to light, focusing attention on the governance of conduct.

In May 2017, the Financial Stability Board (FSB) published a stock-take of efforts to strengthen the governance frameworks to mitigate misconduct risks. The report describes the findings of a stock-take of efforts underway by international bodies, national authorities, industry associations and firms on the use of governance frameworks to address misconduct risk, and includes a literature review on the root causes of misconduct. Drawing on these findings, it sets out next steps for the FSB's work in this area.

The FSB's work-plan to reduce misconduct risk consists of three elements: (i) examining whether reforms to incentives, for instance to governance and compensation structures, are having sufficient effect on reducing misconduct; (ii) improving global standards of conduct in the fixed income, commodities and currency markets; and (iii) reforming major financial benchmarks.

4.1.2.2 Financial stability implications from Fin-tech

There has been widespread use of financial technology in the banking sector. While benefits of usage of latest technologies have been widely recognized, their impact on financial stability is not well researched. The FSB is trying to address the issue. It has been analysing the potential financial stability implications from Fin-tech with a view to identifying supervisory and regulatory issues that merit authorities' attention. Ten areas have been identified, of which the following three are seen as priorities for international collaboration:

- the need to manage operational risk from third-party service providers,
- mitigating cyber risks, and
- monitoring micro-financial risks that could emerge as Fin-tech activities increase.

Addressing these priority areas is as essential to supporting authorities' efforts to safeguard financial stability while fostering more inclusive and sustainable finance.

³ Source: FSB, <http://www.financialstabilityboard.org/>

4.1.2.3 Cyber-security regulatory and supervisory practices

With the aim of enhancing cross-border cooperation, The FSB has taken up the issue of cyber security risks in the financial sector. It has been noted that cyber attacks have the potential to disrupt financial services that are crucial to both national and international financial systems and to endanger financial stability.

The FSB has taken stock of cyber-security regulations, guidance, and supervisory practices. It has been found that member jurisdictions have been active in addressing cyber security, with all member jurisdictions having released regulations or guidance that address cyber-security for the financial sector. Some elements commonly covered by regulations related to cyber-security include risk assessment, regulatory reporting, role of the board, third-party interconnections, system access controls etc.

4.1.3 Initiatives by other authorities⁴

4.1.3.1 European Central Bank (ECB) publishes guidance to banks on leveraged transactions

In May 2017, the ECB issued guidance to facilitate the identification of leveraged transactions so as to give senior management a comprehensive overview of banks' leveraged lending activities. It also outlines expectations regarding the risk management and reporting requirements for leveraged transactions. The ECB expects that the guidance should result in more stringent risk management of leveraged exposures, strengthen banks' ability to operate during an economic downturn and ultimately facilitate lending to leveraged borrowers through the business cycle. Safe and sound origination practices enable banks to contribute to a smooth financing of the real economy.

4.1.3.2 ECB publishes guide on materiality assessment for changes to counterparty credit risk models

The ECB has published guide on materiality assessment for changes or extensions to counterparty credit risk models. The guide indicates how the ECB intends to interpret the existing legal framework. It assists significant institutions directly supervised by the ECB in their self assessment of the materiality of changes and extensions to internal models used to calculate counterparty credit and credit evaluation adjustment risks of a business partner. The guide supports both financial institutions and supervisors with regard to ongoing model monitoring activities, and the introduction of material model changes and the respective model approval process.

4.1.3.3 The Prudential Regulation Authority (PRA) of Bank of England publishes policy statement regarding implementation of Markets in Financial Statements Directive

⁴Source: ECB, <https://www.ecb.europa.eu/pub/pubbydate/2017/html/index.en.html>
PRA, <http://www.bankofengland.co.uk/pr/Pages/default.aspx>

In April 2017, the PRA issued final policy as part of transposition of the Markets in Financial Instruments Directive (MiFID). The policy is relevant to banks, credit institutions, investment firms, and other financial institutions.

The implementation of MiFID is arranged as follows:

- Granting authorizations in respect of a new MiFID investment activity, “operation of an organized trading facility (OTF)”, a new MiFID financial instrument “emission allowances”, and regulated activities of dealing, advising, managing and arranging structured deposits.
- Notification to the PRA for firms wishing to carry out the following activities: Structured deposit in respect of the regulated activities; Dealing in investment as principle; Arranging deals in investment; Making arrangements with a view to transactions in investment; Managing investments; and Advising on investments.

4.2 National Initiatives:

4.2.1 Paid Up Capital Increment

NRB announced the increase in paid up capital requirements for BFIs through its Monetary Policy 2015/16. With the aim of strengthening individual banks and promoting stability of the financial system, NRB has required considerable increment of minimum required paid up capital amount for BFIs. Commercial banks are required to increase paid-up capital to Rs. 8 billion. Other BFIs are also required to increase their paid-up capital significantly. BFIs were required to meet this provision by mid-July 2017 with adequate planning. Most BFIs have met the regulatory requirement by the set deadline.

4.2.2 Migration to Basel III

In order to ensure smooth migration to Basel III without aggravating any near term stress, appropriate transitional arrangements have been made. NRB issued new Capital Adequacy Framework, 2015 for the 'A' Class commercial banks incorporating the provisions laid out in Basel III. It has replaced the earlier version of capital adequacy framework. It has adopted the provisions of Conservation buffer, countercyclical buffer (0-2.5%), leverage ratio (4%) and liquidity coverage ratio (100%). Class 'A' banks are mandated to maintain 4.5% of Minimum Common Equity Capital, 2.5% of conservation buffer, 6% of minimum tier 1 capital and 11% of minimum total capital. The ratios in the framework are being scheduled to be adopted gradually from 2016 to 2019.

4.2.3 Risk-Based Supervision (RBS)

With the aim of efficiently utilizing its limited supervisory resources, NRB has started conducting risk based supervision from 2014. Till mid-July 2017, all the Class 'A' banks have already been inspected under this approach at least once. Risk profiles of these banks are being prepared and are being updated through subsequent inspections. During onsite inspections conducted under RBS approach, NRB primarily focuses on six major risk areas: Credit Risk, Liquidity Risk, Operational Risk, Market Risk, Interest rate Risk, and Foreign

Exchange Risk. It also involves assessment of other key areas such as capital adequacy, AML/ CFT and compliance.

4.2.4 Supervisory Information System (SIS)

NRB is working towards implementing Supervisory Information System to enhance its off-site surveillance. IRIS Business Service Ltd., India has been selected as the vendor for development of the system. Currently, the system is development phase and the vendor has been conducting Requirement Analysis for the system. The system after implementation is expected to increase efficiency and effectiveness in data gathering and analysis.

4.2.5 Daily CCD Ratio monitoring

In the backdrop of fluctuating liquidity situations that have been repetitive in Nepalese banking sector, NRB has started monitoring the Credit to core Capital and Deposit (CCD) Ratio daily. As a part of prudent liquidity risk management framework, banks are allowed to provide loans only up to CCD ratio of 80%. However, the banking sector faced a situation where several banks crossed the limit and were facing difficulty to get back within the regulatory limit. Hence, NRB started daily monitoring of CCD as a proactive measure.

4.2.6 Transition to NFRS

On December 2014, Nepal Rastra Bank issued Nepal Financial Reporting Standard (NFRS) migration guideline to banks and financial institutions with an aim to migrate to NFRS by 2017. The implementation schedule has been slightly changed, and now Commercial banks have been directed to prepare NFRS compliant financial statements starting fiscal year end 2074/75. NRB is closely working with the concerned banks and ICAN (Institute of Chartered Accountants of Nepal) for its proper implementation. A committee has been formed to prepare Unified Charts of Accounts with BSD Executive Director as the Coordinator of the committee.

4.2.7 Financial Soundness Indicators (FSI)

NRB has started assessing soundness of the banking industry on the basis of 22 Financial Soundness Indicators. The Offsite Unit of BSD computes 12 Core Set and 12 Encouraged Set Indicators from the data received from Commercial Banks. It has also started sending the indicators to IMF starting from the first quarter of FY 2073/74.

4.2.8 MOU with International Authorities on Supervisory Cooperation

Cross border supervision of internationally active banks and sharing of supervisory information among the financial regulators is very important given the level of financial integration worldwide. NRB has also started such cooperation with other central banks. As on mid-July 2017, MOU has been executed with the central banks of China, India, Bangladesh and Pakistan. The department is also in the process of developing cross-border supervision framework.

CHAPTER V

5 ISSUES AND CHALLENGES

This section outlines major issues observed in banking industry and the challenges posed to the regulator and supervisor.

5.1 Issues:

5.1.1 Risk Management Culture of Banks

BSD has already fully implemented Risk Based Supervision for the Commercial banks. The risk profiles of the banks are being prepared and updated. The onsite inspection reports reveal that banks are not adopting the provisions of the Risk Management Guidelines issued by NRB. Most of the risk management practices are found to be traditional, and effective risk management mechanisms are in early stages of development. While most banks have now formulated risk-related policies, their implementation has been weak because of poor risk culture. The tone of risk culture starts from the top level, which includes the board and the senior management. But a major issue is that the top officials haven't really understood the importance of building and maintaining a strong risk culture in the banking organizations.

5.1.2 Control Environment in the Banks

With the adoption of RBS, BSD has been reviewing the control environment of the banks. It has been found that the control environment is not robust. Board and senior management oversight is not adequate. There are not sufficient policies and procedures in place, and adherence to these documents is not properly monitored. In some banks, risk management function is not independent of the business function. This shows a poor segregation of duties and responsibilities to ascertain checks and balances. Likewise, compliance functions are found to be limited to the AML/CFT functions rather than being comprehensive including regulatory provisions and internal policies. Furthermore, in some cases, the same individual is made responsible for business and control functions, which shows conflict of interest with respect to assigned roles. These findings reveal that the control environment in the banks needs to be strengthened.

5.1.3 Internal Capital Adequacy Assessment Process (ICAAP)

With the issuance of ICAAP Guidelines 2012, NRB has encouraged banks to strengthen their capital adequacy assessment process under pillar-2 considering all material risks inherent in their operations. NRB believes that a well thought out execution of ICAAP is crucial for banks to manage their capital level for adequate solvency. The guideline provides some principles and components of Supervisory Review Process and ICAAP established for the best practices. Banks are required to develop their own internal policy, procedures and structures to manage the risk inherent in their business, and link risks with capital. However, upon onsite examinations, it is found that ICAAP is being considered a mere document in most of the cases without adequate methodology to measure risk level and make appropriate linkage to capital. Need of appropriate ICAAP has been continuously reiterated during onsite inspections as well as via inspection reports to the concerned banks.

5.1.4 AML/CFT

Anti-money laundering and combating financing of terrorism has been a major issue that banks are poorly prepared to deal with. NRB has compiled AML/CFT related directives in its Directive No.19, which act as supplement to the laws related to the issue. The onsite inspections reveal that most staff, especially the front-line staff, are not adequately trained and taught to identify and monitor AML/CFT related risks adequately. There has been under-reporting of suspicious transactions (STR) and ineffective risk profiling of customers. Banks need to strengthen their internal policies and procedures regarding appropriate assessment of these risks, and ensure that the criminal activities related to these risks are not conducted using the banking channels. They need to train the concerned staff adequately and encourage staff at all levels to be vigilant regarding such activities.

5.1.5 Risk Assessment and Treatment

Under RBS approach, banks are made responsible to assess the risks inherent in their business and operations, and treat them as effectively as possible. Banks need to understand risks are a part of doing business for them, and avoiding these risks may not be the best solution. In fact, returns are reward for taking risks. But banks need to take risks knowingly and take necessary measures to treat unwarranted risks. NRB has provided some directives in dealing with risks, especially six major ones. But, proper assessment and effective treatment of these risks need framework and mechanisms to be set up by individual banks in commensurate with their own risk profiles. A major issue is that banks haven't developed their own risk profiles for adequate risk assessment and treatment.

5.1.6 Multiple Banking

A large number of loans are provided under multiple financing. Banks are required to execute *pari-passu* agreement in case of loans higher than Rs.10 million and those loan exposures above Rs.1 billion must be provided under consortium financing. The onsite inspection teams have observed that for loans lower than Rs.1 billion, even if *pari-passu* agreements have been done, there is no adequate information sharing among financing banks about the stock positions and outstanding loans. Chances of over-financing and crossing the drawing power remain, which can adversely affect the repayment capacity and collateral adequacy. Likewise, the issues of setting interest rates and common stock monitoring are observed in case of consortium financing.

5.1.7 Quality of Human Resource

Now the Nepalese banking industry has become more complex with the development of new products and 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 in the bank management. Definitely, this leads to the need for a competent skill set in the industry. However, almost every time the dearth of such skill-sets are encountered during onsite inspection and supervision.

5.1.8 Recognition of Asset Quality

Prevalent measures to recognise quality of the risk assets are mainly found to be based on ageing of the loan defaults, which is mandated by the regulatory provision. Beyond this, banks are not following other prudential measures to recognise the asset quality. They are not taking qualitative as well as other quantitative measures to check the impairment in such assets and recognise their quality prudently for the proper classification and adequate provisioning for the loss given default on such assets.

5.1.9 Ever-greening of Risk Assets

Ever-greening of the risk assets has been another major issue in the Nepalese banking industry with regard to regulation and supervision. The major chunk of the total risk assets of the industry is of revolving nature. On the other hand, banks have the practice of lending some short term loans on ad-hoc basis as well as extending the maturity dates and renewing the facilities that ultimately help in meeting the debt-service need of the borrower. Nepalese banking industry has no practice of clean-ups for the revolving loans due to which the problems such as: maturity mismatch and ever-greening are still prevalent in the banks.

5.1.10 Limits and Indicators

Limits and indicators play crucial role in monitoring and controlling of risks. The indicators enable the managers to assess direction of risk and expect the risk events. The responsible officials need to act timely in response to the indicators so as to minimize losses from risks. Likewise, risk limits help the management to keep the risk levels within the risk appetite set by the board. While regulatory limits act as safety valves and breach of such limits may invite penalty, the banks' own limits act as cushion to remain within banks' own tolerance level. The observations from onsite inspections reveal that not enough limits and indicators are put in place by banks for effective monitoring and control.

5.2 Challenges:

5.2.1 Proactive Banking Industry

It has been a supervisory challenge to develop a proactive and innovative banking industry in Nepal. BFIs are mainly focusing on the compliance of regulatory minimum standards, only, rather than taking these provisions as the mandatory minimum provisions and they can have proactive measures to have prudent practices. However, after the implementation of RBS from NRB, banks are observed to be initiating some prudent measures to enhance their risk management practices.

5.2.2 Capacity Building of Supervisors

RBS has been recently introduced and supervisors are not experienced enough to take this approach effectively. However, manual has been developed to assist supervisors and provide uniformity in report preparation. Supervisory resources have also been hampered by transfer of experienced supervisors to other departments. Since most of the international trainings are supply driven and domestic trainings have several limitations such as: time constraint,

budgetary constraint, limited scope of training and lack of trainers' skills in the required field, capacity development of supervisors has been a challenge.

5.2.3 Efficient Use of Supervisory Resources

NRB has limited supervisory resources. In case of human resources, not all the supervisors have adequate knowledge and skills to perform their job effectively. Under RBS approach, along with compliance, all the major risk areas are to be properly assessed and issues are to be properly identified. Likewise, in addition to full scope and targeted inspections, special inspections need to be performed as necessary. Hence, it is a challenge for NRB to utilize its limited available supervisory resources efficiently for maximum benefit to the organization and the banking industry.

5.2.4 Time Lag in Offsite Surveillance

Data compilation, processing and analysis are mostly performed manually by the Offsite Unit. As a result, there is an inevitable lag in the offsite surveillance. Delay in the submission of bank returns and manual compilation process coupled with the unavailability of properly mechanised data analysis system is making offsite process delayed and lax. This has led to surveillance and monitoring function of the supervisor less effective. To overcome this challenge, NRB is in the process of implementing Supervisory Information System (SIS) with the support of DFID (Department of International Development, UK).

5.2.5 Assessment of Aggregate risk and Direction of risk

The RBS approach assumes that quantity of risk and quality of risk management for all the major risks are appropriately assessed. However, it has been a challenge for supervisors to assess those levels on the basis of issues identified. While manuals are to be followed, the presumptions and experiences of supervisors have major influence on such assessment. Further, there is no adequate guideline for the assessment of direction of risk, which has an important role in determining the supervisory regime for the concerned bank.

5.2.6 Enforcement of Supervisory Directions

After onsite inspections are completed, reports are prepared and banks are given directions to make corrections on the issues identified. The Enforcement Unit is responsible for proper enforcement of such directions. However, it has been noted that banks usually find excuses and do not take corrective measures on time. Sometimes, banks make commitments to make corrections in some later date. It has been challenge for the department to follow up on all the commitments made by banks and ensure that appropriate corrections are made on time, especially because of limited supervisory resources.

5.2.7 Onsite and Offsite Integration

The department conducts supervision of Commercial banks through both onsite inspections and offsite surveillance. However, there hasn't been adequate integration between the two functions. As a result, there is redundancy in supervisory functions. Same analyses are being performed by the offsite analysts and onsite inspectors. Further, inputs from offsite are not considered while developing the risk profile of individual banks. And, onsite inspections do not adequately examine the data integrity of regulatory reports that are sent to Offsite Unit.

Currently, Offsite Manual is being prepared to facilitate integration which could help with more efficient use of supervisory resources. But full integration is still a challenge.

5.2.8 Coordination with other Regulators

Ensuring effective coordination between banking supervisors and other regulators of the financial sector still remains a challenge. Supervisory effectiveness can be further enhanced through proper coordination among different regulators and the concerned authorities such as 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 of coordination among regulators and policy makers is becoming a must.

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Annexures

Annex-1: Growth of Financial Institutions (numbers)

Types of Financial Institutions	Mid-July															
	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Commercial Banks	5	10	13	17	18	20	25	26	27	31	32	31	30	30	28	28
Development Banks	2	3	7	26	28	38	58	63	79	87	88	86	84	76	67	40
Finance Companies		21	45	60	70	74	78	77	79	79	69	59	53	48	42	28
Micro-finance Financial Institutions		4	7	11	11	12	12	15	18	21	24	31	37	38	42	53
Total	7	38	72	114	127	144	173	181	203	218	213	207	204	192	179	149

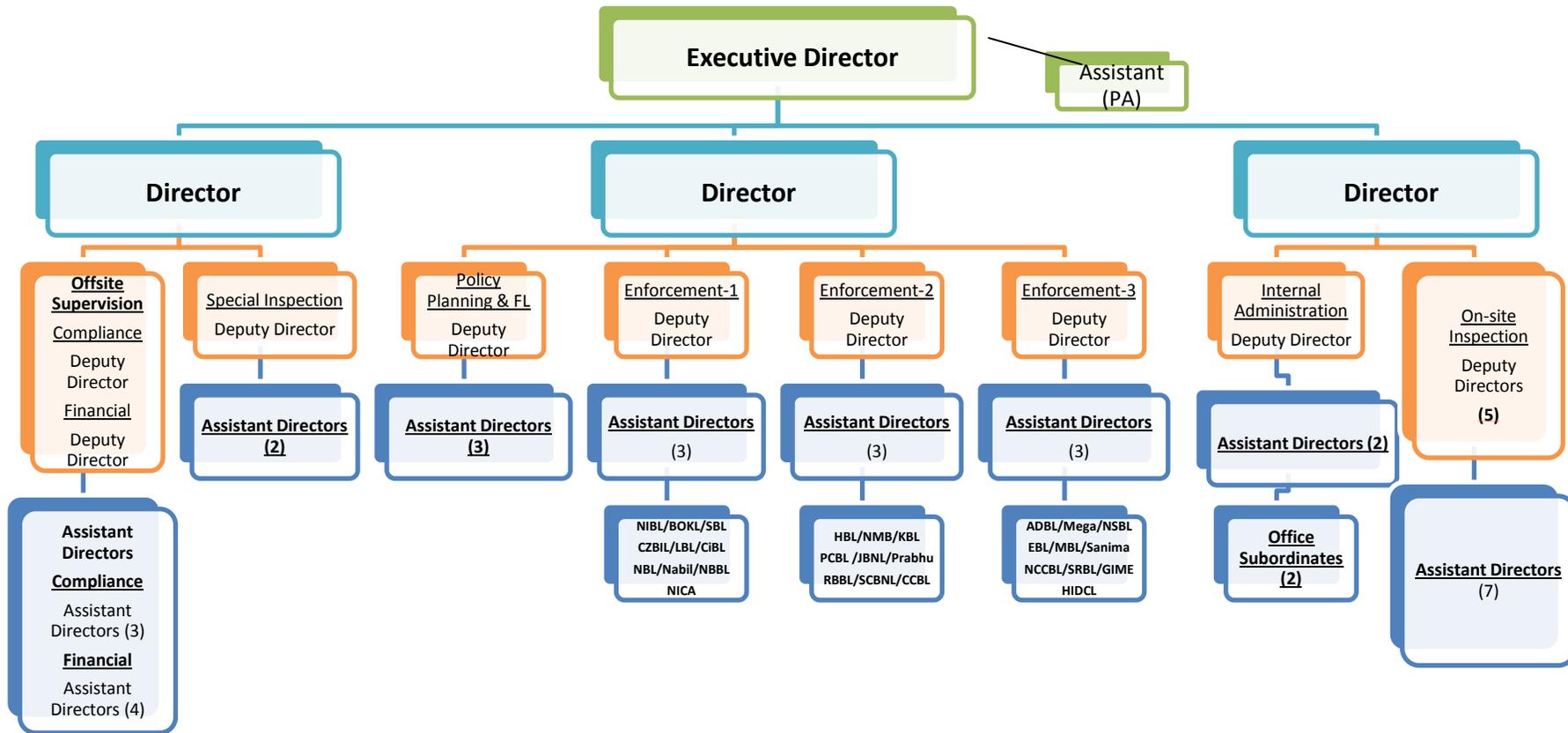
Source: Bank and Financial Institutions Regulation Department, NRB

Annex 2: Region-wide Distribution of bank branches

S. N.	Development Region	2012	2013	2014	2015	2016	2017
1	Eastern Development Region	255	272	287	308	347	419
2	Central Development Region	709	736	770	827	888	1043
3	Western Development Region	256	262	264	292	350	464
4	Mid-western Development Region	120	129	136	152	173	212
5	Far-western Development Region	85	87	90	93	111	136
Total		1425	1486	1547	1672	1869	2274

Source: Bank and Financial Institutions Regulation Department, NRB

Annex 3: Organisation Chart of BSD



Annex 4: Onsite Inspections in FY 2016/17

FY 2016/17				
SN	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1	Nepal Investment Bank Ltd.	Kumari Bank Ltd.	Nepal SBI Bank Ltd.	NIC Asia Bank Ltd.
2	Nabil Bank Ltd.	Bank of Kathmandu Ltd.	Century Commercial Bank Ltd.	Janata Bank Nepal Ltd.
3	Civil Bank Ltd.	NMB Bank Ltd.	Siddhartha Bank Ltd.	Sunrise Bank Ltd.
4	Nepal Bank Ltd.	[REDACTED]	[REDACTED]	Mega Bank Nepal Ltd.
5	NB Bank Ltd			Prime Commercial Bank Ltd.
6	Rastriya Banijya Bank Ltd.			Citizens Bank International Ltd.
7	Machhapuchchhre Bank Ltd.			Agriculture Dev Bank Ltd.

Annex 5: Circulars issued in FY 2016/17

SN	Name and Link to the Circular Issued to A, B & C Class Financial Institutions
1	Circular 01-Addition-Amendments to Unified Directives 2072 & Guidelines
1.1	Circular 01-Attachment Addition-Amendments to Unified Directives 2072 & Guidelines
2	Circular 02-Cash Dividend & Refund through Bank Account
3	Circular 03-Basel II, Real Estate, Margin Lending, Multiple Banking & Refinance
4	Circular 04-Deprived Sector, Agriculture Project Loan & Branch Displaced in Insurgency related
5	Circular 05-CRR Related
6	Circular 06- Branch Opening Related
7	Circular 07-Unified Directives 2073
7.1	Circular 07-Attachment to Unified Directives Revised
8	Circular 08- Branch Opening During Dashain & Tihar Festival
9	Circular 09- Amendment in Arthik Punaruddar Kosh
10	Circular 10- Directors Education, Employees Training, Regional Office & Refinance
11	Circular 11-Corporate Social Responsibility Related
12	Circular 12-Supreme Court Direction
13	Circular 13-Productive Sector Related
14	Circular 14-Technical Service Agreement
15	Circular 15-Watchlist, TR, Revolving Loan LTV Ratio, CCD Ratio & Call Deposit Related
16	Circular 16-CCD Ratio Monitoring & Penalty Related
17	Circular 17-Supreme Court Direction 2
18	Circular 18-Interest Subsidy on Agriculture & Livestock Loan Bylaws, 2073
19	Circular 19-Clarification on General Saving, Deposit Account; & Processing & Commitment Fees Related
20	Circular 20-Interest Rate, LTV, Deprived Sector & Account Payee Cheque Related
21	Circular 21-Consortium of Loan to MFIs related
22	Circular 22-Bank Opening on Asar End, 2074 related
23	Circular 23-New Directive no. 19 related

Note: This annex contains hyperlink that will directly lead the reader to NRB's website.

Annex 6: Capital adequacy ratios of Commercial Banks

S.No	Bank's name	Mid-July 2015		Mid-July 2016		Mid-July 2017	
		Capital					
		Core Capital	Total Capital Fund	Core Capital	Total Capital Fund	Core Capital	Total Capital Fund
1	Nepal Bank Limited	6.61%	7.80%	10.15%	11.41%	13.37%	14.47%
2	Rastriya Banijya Bank Limited	9.91%	10.34%	9.96%	11.21%	9.15%	10.39%
3	Nabil Bank Limited	10.47%	11.86%	11.29%	12.55%	11.21%	12.42%
4	Nepal Investment Bank Limited	9.67%	11.99%	14.30%	16.17%	11.58%	13.02%
5	Standard Chartered Bank Limited	12.52%	13.89%	14.29%	15.82%	19.58%	21.08%
6	Himalayan Bank Limited	9.49%	11.45%	9.50%	10.91%	10.93%	12.15%
7	Nepal SBI Bank Limited	10.49%	13.34%	11.07%	13.54%	13.53%	15.71%
8	Nepal Bangladesh Bank Limited	10.59%	11.36%	10.31%	11.05%	14.39%	15.10%
9	Everest Bank Limited	10.70%	13.32%	10.46%	12.79%	12.72%	14.69%
10	Bank of Kathmandu Limited	8.50%	13.07%	10.62%	12.96%	11.75%	13.88%
11	Nepal Credit and Commerce Bank Limited	10.55%	11.39%	10.96%	11.80%	11.49%	12.43%
12	NIC Asia Bank Limited	11.07%	13.16%	10.81%	12.66%	12.38%	13.83%
13	Machhapuchchhre Bank Limited	11.39%	12.47%	11.20%	12.23%	15.78%	16.82%
14	Kumari Bank Limited	10.17%	11.12%	11.05%	12.02%	13.56%	14.50%
15	Laxmi Bank Limited	9.04%	10.87%	9.78%	11.15%	12.43%	13.58%
16	Siddhartha Bank Limited	7.68%	11.17%	8.81%	11.27%	11.02%	12.74%
17	Agricultural Development Bank Nepal	10.69%	12.55%	11.44%	12.84%	18.61%	20.41%
18	Global IME Bank Limited	11.12%	12.56%	11.09%	12.35%	10.23%	11.37%
19	Citizens Bank International Limited	10.64%	13.35%	11.46%	13.37%	15.37%	16.88%
20	Prime Bank Limited	11.42%	12.35%	10.89%	11.73%	12.45%	13.28%
21	Sunrise Bank Limited	10.24%	11.18%	11.07%	11.98%	13.39%	14.47%
22	NMB Bank Limited	8.93%	11.20%	9.47%	11.08%	12.51%	13.79%
23	Prabhu Bank Limited	10.37%	11.20%	10.96%	12.13%	9.49%	11.22%
24	Janata Bank Limited	10.89%	11.75%	11.28%	12.38%	16.92%	17.98%
25	Mega Bank Limited	14.05%	14.99%	11.99%	12.97%	13.80%	14.80%
26	Civil Bank Limited	12.56%	13.39%	11.46%	12.51%	18.34%	19.50%
27	Century Commercial Bank Limited	10.55%	11.42%	11.85%	12.79%	13.91%	14.85%
28	Sanima Bank Limited	10.14%	11.19%	10.72%	12.42%	14.07%	15.57%

Annex 7: Special-Inspection of Commercial Banks in FY 2016/17

SN	Name of Bank	No. of Inspections
1	Agricultural Development Bank Limited	3
2	Nabil Bank Limited	1
3	Nepal Investment Bank Limited	2
4	Himalayan Bank Limited	2
5	Nepal Bangladesh Bank Limited	1
6	Bank of Kathmandu Limited	1
7	Nepal Credit & Commerce Bank Limited	1
8	Machhapuchchhre Bank Limited	1
9	Kumari Bank Limited	1
10	Sunrise Bank Limited	2
11	Mega Bank Limited	1
12	Civil Bank Limited	2
13	Sanima Bank Limited	1
Total		19

Annex 8: Seminars/ Programmes organized by the department during FY 2016/17

S No.	Name of the Programme	Date and Venue
1.	SEANZA Central Banking Course and Governor's Symposium (with SEANZA)	21-25 August & 26 August, 2016, Kathmandu
2.	One day Workshop on KYC, AML/CFT, and RBS for stakeholders of Commercial Banks	09 September, 2016; Park Village, Budhanilkantha, Kathmandu
3.	Two-day Interaction Programme at outside valley location with officials of Commercial Banks on KYC and AML/CFT	11 November, 2016; Nepalgunj 02 June, 2017; Biratnagar
4.	Two-day Residential Interaction Programme among BSD officers on Risk Based Supervision and Basel III	04-05 November; Pataleban Vineyard Resort, Baadbhanjyang, Kathmandu

Annex 9: International Training/Seminar/Meeting Participation from BSD in FY 2016/17

SN	Course	Organizer	Country	Person	Days
1	SEACEN/ Bank of Japan Symposium on Achieving Accurate Bank Financial Reporting during Periods of Rising Credit Risk	SEACEN	Malaysia	1	2
2	The SEACEN Course on Macroprudential Policy	SEACEN	Papua New Guinea	1	5
3	Liquidity Analysis and Liquidity Management	Deutsche Bundesbank	Germany	1	3
4	FSI-SEANZA Regional Seminar on Implementation of Macroprudential Policies	SEANZA	Indonesia	3	3
5	Maintaining Regional Financial Stability during a Time of Uncertain Global Economic Performance	SEACEN	India	1	2
6	Meeting on the New Expected Loss Provisioning Framework and the Revised Standardised Approach for Credit Risk	SEACEN	Hong Kong, China	1	3
7	SEACEN Signature Course on Advanced Capital Planning and Stress Testing	SEACEN	Hong Kong, China	1	4
8	Meeting on Supervisory Priorities Including Implementing Basel III	Bank of International Settlements (BIS)	Switzerland	1	2
9	Best Practices in Commercial Banking Operations	Central Bank of Sri Lanka	Sri Lanka	1	4

10	Central Bank Governance Forum- Governance Bodies and Enabling Mechanisms	Institute for Corporate Governance	UAE	1	2
11	SEACEN-IMF Course on Financial Cycles and Crisis	SEACEN	India	1	6
12	Financial Soundness Indicators	Bank Indonesia	Singapore	1	12
13	Training on Basel II and Basel III- Practice of RBI	Reserve Bank of India	India	5	3
14	Onsite Banking Supervision	Deutsche Bundesbank	Germany	1	5
15	Financial Soundness Indicators	IMF	Thailand	1	4
16	MOU on Cooperation in the Field of Supervision and Exchange of Supervisory Info	State Bank of Pakistan	Pakistan	2	1
17	Meeting of Supervisory College	Reserve Bank of India	India	4	3
18	12 th Asia-Pacific High Level Meeting on Banking Supervision	Bank for International Settlements	Indonesia	1	2
19	Regional Seminar of Liquidity Risk Management	ADB and APEC	Hong Kong, China	1	5
20	SEACEN Seminar on Liquidity Risk Management and Supervision	SEACEN	Taiwan	2	5
21	Programme on Basel Regulations	Reserve Bank of India	India	1	4

Annex 10: Financial Figures of Banks

Annex 10.1: Banking Operation

Particulars / Years	Amount in Rs. Billion					Percentage Change					
	2012/13	2013/14	2014/15	2015/16	2016/17	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Deposits											
Private	802.55	961.78	1,183.71	1,441.36	1,745.24	27.67	21.76	19.84	23.07	21.77	21.08
Public	208.48	242.44	279.26	323.01	347.34	20.60	11.44	16.29	15.19	15.67	7.53
Total	1,011.03	1,204.21	1,462.96	1,764.37	2,092.59	26.04	19.48	19.11	21.49	20.60	18.60
Loans and Advances											
Private	590.59	718.16	877.94	1,133.52	1,432.15	19.62	23.61	21.60	22.25	29.11	26.35
Public	136.67	159.56	191.63	222.52	262.11	9.66	27.12	16.75	20.10	16.12	17.79
Total	727.26	877.72	1,069.56	1,356.03	1,694.27	17.66	24.25	20.69	21.86	26.78	24.94
Total Assets											
Private	925.42	1,098.38	1,348.02	1,676.16	2,064.50	24.38	22.33	18.69	22.73	24.34	23.17
Public	261.66	298.17	328.66	381.70	412.47	19.42	13.48	13.95	10.23	16.14	8.06
Total	1,187.07	1,396.55	1,676.68	2,057.85	2,476.97	23.19	20.27	17.65	20.06	22.73	20.37

Annex 10.2: Composition of Assets

Assets Category	2015/16 Amount in Rs. Mil	2016/17 Amount in Rs. Mil	2015/16 Percentage	2016/17 Percentage
Cash & Bank Balance	248,173.30	321,768.00	11.99	12.99
Money At call	21,037.01	19,039.00	1.02	0.77
Investment	358,060.80	351,665.00	17.30	14.20
Loan and Advances	1,363,698.10	1,694,265.00	65.90	68.40
Fixed Assets	20,077.82	23,993.00	0.97	0.97
Non- Banking Assets	776.36	-	0.04	-
Other Assets	57,364.63	66,243.00	2.77	2.67
Total Assets	2,069,188.02	2,476,973.00	100.00	100.00

Annex 10.3: Composition of Liabilities

Particulars	2015/16 Amount in Rs. Mil	2016/17 Amount in Rs. Mil	2015/16 Percentage	2016/17 Percentage
Deposit	1,764,244.72	2,092,585.00	85.26%	84.48%
Capital	140,392.74	215,614.00	6.78%	8.70%
Reserves and Surplus	57,803.07	74,849.00	2.79%	3.02%
Borrowing	28,388.12	19,338.00	1.37%	0.78%
Debenture & Bond	10,772.32	10,313.00	0.52%	0.42%
Other Liabilities	67,587.05	64,274.00	3.27%	2.59%
Total	2,069,188.02	2,476,973.00	100.00%	100.00%

Annex 10.4: Capital Fund

Particulars / Years	Amount in Rs Billion					Percentage Change				
	2012/13	2013/14	2014/15	2015/16	2016/17	2012/13	2013/14	2014/15	2015/16	2016/17
Private	104.39	118.09	137.87	183.45	269.08	17.97	13.12	16.75	33.06	46.68
Public	19.74	26.2	29.49	38.15	49.32	130.11	32.74	12.55	29.37	29.28
Industry	124.13	144.29	167.36	221.60	318.40	27.88	16.24	15.99	32.41	43.68

Source: BSD Offsite Report 2073/74

Annex 10.5: Deposit Mix

Particulars	Amount in Rs Billion						% Change				
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2012/13	2013/14	2014/15	2015/16	2016/17
Current	93.28	108.82	124.30	151.73	177.21	199.36	16.65	14.23	22.07	16.80	12.50
Saving	299.76	362.25	450.77	559.39	698.69	703.03	20.85	24.44	24.10	24.90	0.62
Fixed	298.76	352.69	365.05	419.88	524.46	879.14	18.05	3.50	15.02	24.91	67.63
Other	176.11	212.42	263.58	330.02	363.17	311.91	20.62	24.09	25.21	10.04	(14.12)
Total	867.90	1,036.17	1,203.70	1,461.03	1,763.54	2,093.44	19.39	16.17	21.38	20.71	18.71

Source: BSD Offsite Report 2073/74

Annex 10.6 Loans and Advances

Particulars / Years	Amount in Rs. Billion					Percentage Change				
	2012/13	2013/14	2014/15	2015/16	2016/17	2012/13	2013/14	2014/15	2015/16	2016/17
Private	599.43	718.16	877.94	1138.64	1,432.15	23.61	21.6	22.25	29.11	26.35
Public	136.67	155.70	191.63	225.06	262.11	27.12	16.74	23.08	16.12	17.79
Total	736.10	873.86	1069.56	1363.70	1694.27	24.25	20.69	22.40	26.78	24.94

Annex 10.7 Non Performing Loans

Banks/ Year	Amount in Rs Billion						% change					
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Private	9.12	13.13	18.12	18.53	16.18	18.57	13.07	43.93	37.95	2.27	(12.69)	14.75
Public	7.48	7.47	7.43	8.98	8.85	10.29	-17.57	-0.13	-0.50	20.88	(1.51)	16.33
Industry	16.60	20.60	25.55	27.51	25.03	28.86	-3.14	24.09	24.01	7.68	(9.04)	15.31

Source: BSD Offsite Report 2073/74

Annex 10.8 Non-Banking Assets

Banks/ Year	Amount in Rs Million						% change				
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2012/13	2013/14	2014/15	2015/16	2016/17
Private	0	0	40	8	632.96	0	-	-	(79.42)	7811.95	-
Public	126	264	345	200	143.40	0	109.54	30.54	(42.11)	-28.3	-
Industry	126	264	385	208	776.36	0	109.54	45.56	(45.99)	273.25	-

Annex 10.9: Investment Portfolios

Bank/ Investment	Amount in Rs Billion							
	2015/16				2016/17			
	Government Bond	Shares and Debentures	Others	Total	Government Bond	Shares and Debentures	Others	Total
Private	164.63	5.64	113.00	283.27	171.52	9.47	100.16	281.15
Public	61.23	0.48	13.85	75.57	55.29	0.75	3.86	59.9
Total	225.86	6.12	126.86	358.83	226.81	10.22	104.02	341.05

Source: BSD Offsite Report 2073/74

Annex 10.10: Net Interest Spread

Banks/Year	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Private	3.91%	4.18%	4.57%	4.15%	4.07%	3.71%	3.57%
Public	7.51%	6.01%	5.92%	5.14%	5.57%	5.61%	5.12%
Industry	4.72%	4.60%	4.85%	4.38%	4.22%	3.91%	3.73%

Annex 10.11: Operating Efficiency

Particulars/ Year	Amount in Rs Billion											
	2011/12		2012/13		2013/14		2014/15		2015/16		2016/17	
	Public	Private	Public	Private	Public	Private	Public	Private	Public	Private	Public	Private
Interest Income	16.42	68.31	17.92	71.41	19.56	76.29	20.41	81.02	23.31	89.84	27.74	133.82
Net Interest Income	8.32	24.21	10.42	33.54	11.31	35.27	13.55	39.18	16.42	48.85	19.88	61.04
Operating Profit	-0.02	14.87	2.25	19.93	2.50	20.46	2.44	23.15	5.87	36.28	8.04	46.08
Net Income	3.48	11.75	4.36	14.63	4.48	15.37	8.73	19.39	7.70	27.89	8.46	35.85

Annex 10.12 Liquid Assets to Total Deposit

Particulars / Year	Amount in Rs Billion						
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Liquid Assets	197	309	350	382	436	494	559
Total Deposit	688	868	1021	1204	1,463	1,764	2,093
Liquid Assets/ Total Deposit	28.63%	35.60%	34.28%	31.73%	29.82%	28.01%	26.69%

Annex 10.13 Liquid Assets to Total Assets

Particulars / Year	Amount in Rs Billion						
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Liquid Assets	197	309	350	382	436	494	559
Total Assets	823	1013	1197	1397	1,677	2,069	2,477
Liquid Assets/Total Assets	23.94%	30.50%	29.24%	27.34%	26.02%	23.88%	22.55%

Annex 10.14 Deprived Sector Lending of Commercial Banks

S.N.	BANKS	Amount in Rs. Million				
		6 Months prior Loan & Advances	Required Lending in Deprive Sector (5%)	Actual Lending in Deprive Sector		Excess / Shortfall
				Amount	Amount	
1	Nepal Bank Limited	70,816	3,541	10.19%	7,214	3,673
2	Rastriya Banijya Bank Limited	93,906	4,695	5.64%	5,292	597
3	Nabil Bank Limited	90,300	4,515	5.23%	4,725	210
4	Nepal Investment Bank Limited	96,710	4,836	5.55%	5,368	533
5	Standard Chartered Bank Nepal Limited	35,543	1,777	5.18%	1,840	63
6	Himalayan Bank Limited	75,568	3,778	5.11%	3,865	87
7	Nepal SBI Bank Limited	60,469	3,023	5.13%	3,105	82
8	Nepal Bangladesh Bank Limited	36,201	1,810	5.17%	1,870	60
9	Everest Bank Limited	72,618	3,631	6.50%	4,718	1,087
10	Bank of Kathmandu Lumbini Limited	62,789	3,139	5.25%	3,295	156
11	Nepal Credit & Commerce Bank Limited	48,423	2,421	5.43%	2,631	210
12	NIC Asia Bank Ltd.	67,496	3,375	6.33%	4,275	900
13	Machhapuchchhre Bank Limited	51,854	2,593	5.06%	2,622	29
14	Kumari Bank Limited	33,660	1,683	6.71%	2,257	574
15	Laxmi Bank Limited	46,710	2,336	5.69%	2,660	325
16	Siddhartha Bank Limited	63,966	3,198	5.03%	3,216	18
17	Agricultural Development Bank Limited	90,916	4,546	6.82%	6,200	1,654
18	Global IME Bank Limited	71,516	3,576	5.27%	3,767	191
19	Citizens Bank International limited	46,782	2,339	5.99%	2,800	461
20	Prime Commercial Bank Limited	46,913	2,346	5.64%	2,644	298
21	Sunrise Bank Limited	49,224	2,461	5.71%	2,813	352
22	NMB Bank Limited	60,404	3,020	5.40%	3,260	240
23	Prabhu Bank Limited	56,529	2,826	5.27%	2,978	152
24	Janata Bank Limited	22,979	1,149	8.90%	2,045	896
25	Mega Bank Limited	34,541	1,727	5.43%	1,876	149
26	Civil Bank Limited	30,713	1,536	6.22%	1,911	375
27	Century Commercial Bank Limited	29,016	1,451	7.48%	2,170	719
28	Sanima Bank Limited	47,465	2,373	5.27%	2,502	129
Grand Total		1,185,674.44	1,594,027	5.89%	93,919	14,218

Source: BSD Offsite Report 2073/74

Annex 10.15: Productive Sector Lending in Commercial Banks (In Rs. mil)

Industry/Sector	Outstanding Loan Amount	Percentage of Total Outstanding Loans
Agriculture	122,172.10	7.04%
Energy	54,168.21	3.12%
Tourism	57,351.89	3.30%
Cottage and Small Industries	82,760.72	4.77%
Agriculture + Energy	176,340.32	10.16%
All Productive Sectors	316,452.92	18.23%

Annex 11: Financial Details of Commercial Banks

1. Nepal Bank Limited				<i>Amt. in Rs. Million</i>		
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	1,773	3,716	6,465	6,465	6,465	8,043
Reserves and Surplus	(4,681)	(3,889)	(3,118)	(2,634)	249	3,409
Debenture & Bond	0	0	0	0	0	0
Borrowing	2,154	2,343	0	0	0	12
Deposit	56,052	62,989	69,338	77,999	89,410	93,944
Bills Payable	75	0	0	78	36	30
Proposed & Payable dividend	0	0	0	0	0	0
Tax Liabilities	0	0	0	0	0	0
Other Liabilities	3,242	8,623	7,721	6,303	7,320	6,619
Total Liabilities	58,616	73,782	80,405	88,211	103,480	112,057
Cash Balance	14,064	14,184	6,660	3,313	3,470	3,395
Balance with NRB	0	0	0	4,692	10,920	13,388
Balance with Banks	0	0	0	1,007	1,225	890
Money At call	0	200	0	250	4,900	1,200
Investment	8,392	10,977	22,664	16,902	12,843	12,181
Loan and Advances	27,671	37,855	41,218	50,971	61,250	71,746
Fixed Assets	351	386	390	418	437	475
Non- Banking Assets	0	264	242	0	0	0
Other Assets	8,138	9,916	9,232	10,659	8,435	8,782
Total Assets	58,616	73,782	80,405	88,211	103,480	112,057
Interest Income	4,051	4,716	5,011	5,122	6,263	7,527
Interest Expenses	2,197	2,194	2,188	1,811	1,659	1,729
Net Interest Income	1,854	2,522	2,824	3,311	4,605	5,798
Commission and discount	253	226	238	267	283	387
Other Operating Income	179	259	252	288	407	389
Exchange Income	60	85	42	0	35	122
Total Operating Income	2,346	3,092	3,357	3,866	5,329	6,696
Employees Expenses	1,903	1,868	2,496	2,417	2,224	2,367
Other Operating Expenses	401	499	614	593	649	660
Exchange Loss	0	0	0	15	0	0
Operating Profit Before Prov.	42	725	246	841	2,456	3,669
Provisions for possible losses	252	364	252	454	509	707
Operating Profit	(210)	361	(6)	387	1,947	2,962
Non-Op. Income/ Expenses	49	86	665	613	1,740	1,414
Return From LLP	332	440	360	308	711	283
Profit From Ord. activities	170	887	1,019	1,308	4,398	4,659
Extra ordinary Income /Exp.	4	335	57	62	112	136
Net Profit including all activities	174	1,223	1,076	1,369	4,510	4,795
Provision For Staff Bonus	16	111	0	73	370	351
Provision For Income Tax	(18)	320	359	812	1,257	1,326
-This Year	1	0	0	314	1,275	1,336
-Up to Last Year	0	0	0	481	0	0
Deferred Tax	(19)	0	0	18	(18)	(10)
Net Profit / Loss	176	792	717	484	2,883	3,118

2. Rastriya Banijya Bank Limited*	<i>Amt. in Rs. Million</i>					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital and Liabilities						
Capital	5,498	8,589	8,589	8,589	8,589	8,589
Reserves and Surplus	(8,295)	(7,316)	(6,202)	(1,913)	17	1,895
Debenture & Bond	0	0	0	0	0	0
Borrowing	2,923	2,167	1,779	1,305	944	593
Deposit	87,775	91,094	107,270	124,222	146,208	153,581
Bills Payable	0	0	16	15	153	142
Proposed & Payable dividend	0	0	0	0	0	-
Tax Liabilities	0	0	0	0	0	-
Other Liabilities	12,659	11,181	11,107	7,344	10,522	8,745
Total Liabilities	100,560	105,715	122,558	139,561	166,432	173,545
Cash Balance	19,263	2,401	3,028	3,831	4,488	4,199
Balance with NRB	0	11,974	20,847	17,990	20,720	14,807
Balance with Banks	0	684	531	624	1,235	1,511
Money At call	512	480	341	450	2,296	80
Investment	26,501	29,688	32,089	35,310	43,768	38,276
Loan and Advances	40,449	49,045	57,293	72,079	81,778	102,161
Fixed Assets	1,060	1,104	491	524	512	693
Non- Banking Assets	126	115	0	0	0	-
Other Assets	12,648	10,224	7,937	8,753	11,634	11,818
Total Assets	100,560	105,715	122,558	139,561	166,432	173,545
Interest Income	5,400	5,749	6,105	6,520	7,423	8,888
Interest Expenses	3,046	2,462	2,224	1,925	1,873	1,910
Net Interest Income	2,354	3,287	3,881	4,595	5,550	6,978
Commission and discount	427	430	411	456	465	512
Other Operating Income	211	321	371	486	553	630
Exchange Income	101	0	34	42	13	57
Total Operating Income	3,093	4,039	4,696	5,579	6,581	8,177
Employees Expenses	1,440	2,363	2,266	2,459	2,887	2,514
Other Operating Expenses	599	699	732	857	915	1,020
Exchange Loss	0	74	0	0	0	0
Operating Profit Before Provision	1,055	902	1,698	2,263	2,779	4,643
Provisions for possible losses	639	350	820	791	1,045	1,820
Operating Profit	415	552	878	1,472	1,734	2,823
Non-Operating Income/ Expenses	76	4	158	2,875	17	11
Return From Loan Loss Provision	995	806	838	657	1,103	1,212
Profit From Ordinary activities	1,486	1,363	1,873	5,005	2,855	4,046
Extra ordinary Income /Expenses	210	112	156	804	398	238
Net Profit including all activities	1,696	1,474	2,029	5,809	3,252	4,284
Provision For Staff Bonus	126	109	150	430	241	317
Provision For Income Tax	125	55	42	735	656	1,191
-This Year	0	0	0	729	647	895
-Up to Last Year	0	0	(28)	0	(0)	(1)
Deferred Tax	0	55	69	6	9	297
Net Profit / Loss	1,446	1,310	1,837	4,644	2,356	2,776

* From Unaudited Financials

3. Nabil Bank Limited			<i>Amt. in Rs. Million</i>			
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	2,436	3,046	3,657	4,755	6185	8,041
Reserves and Surplus	3,015	3,643	3,984	4,731	5410	6,054
Debenture & Bond	300	300	300	300	300	300
Borrowing	311	0	0	0	1900	3,056
Deposit	55,024	63,610	75,389	104,238	110267	118,896
Bills Payable	179	530	214	243	293	319
Proposed & Payable dividend	812	975	1,371	250	712	1,114
Tax Liabilities	51	67	3	1	0	0
Other Liabilities	1,072	1,071	2,357	1,468	2233	2,552
Total Liabilities	63,200	73,241	87,275	115,986	127,300	140,332
Cash Balance	1,051	1,140	1,468	1,820	1641	1,637
Balance With NRB	3,682	4,789	7,068	12,925	5826	10,274
Bank Balance with Banks	(457)	(47)	1,457	1,259	2796	1,180
Money At call	826	1,634	738	324	390	0
Investment	14,056	16,332	18,277	30,972	36528	32,594
Loan and Advances	41,606	46,370	54,692	65,502	76106	89,877
Fixed Assets	888	872	843	812	770	791
Non- Banking Assets	0	0	0	0	0	0
Other Assets	1,549	2,150	2,732	2,372	3243	3,979
Total Assets	63,200	73,241	87,275	115,986	127300	140,332
Interest Income	6,134	5,702	5,636	5,762	6,156	8,066
Interest Expenses	3,155	2,186	1,940	2,236	1,830	2,606
Net Interest Income	2,978	3,516	3,696	3,526	4,326	5,460
Commission and discount	364	393	466	480	485	580
Other Operating Income	201	210	265	240	333	382
Exchange Income	447	489	530	512	586	647
Total Operating Income	3,990	4,608	4,958	4,759	5,730	7,069
Employees Expenses	501	647	628	743	775	932
Other Operating Expenses	429	469	543	613	605	653
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Prov.	3,061	3,492	3,787	3,403	4,349	5,484
Provisions for possible losses	414	27	238	167	5	19
Operating Profit	2,647	3,465	3,549	3,236	4,344	5,465
Non-Operating Income/ Expenses	14	13	35	44	59	148
Return From Loan Loss Provision	0	25	15	2	52	31
Profit From Ordinary activities	2,661	3,503	3,599	3,282	4,456	5,644
Extra ordinary Income /Expenses	(3)	(17)	34	(3)	(47)	11
Net Profit indulging all activities	2,658	3,486	3,633	3,279	4,408	5,655
Provision For Staff Bonus	242	316	330	298	401	514
Provision For Income Tax	720	951	983	888	1,188	1,528
-This Year	728	947	981	897	1,199	1,538
-Up to Last Year	0	6	1	0	0	0
Deferred Tax	(8)	(2)	2	(9)	(10)	(10)
Net Profit / Loss	1,696	2,219	2,320	2,094	2,819	3,613

4. Nepal Investment Bank Limited	<i>Amt. in Rs. Million</i>					
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	3,766	4,145	4,769	6,346	8,707	10,626
Reserves and Surplus	2,284	2,876	3,157	3,461	7,581	8,082
Debenture & Bond	1,050	800	1,050	1,550	1,550	1,550
Borrowing	568	311	424	263	250	241
Deposit	57,011	62,429	73,831	90,631	108,627	125,669
Bills Payable	3	3	0	0	139	144
Proposed & Payable dividend	151	942	1,037	83	1,524	2,310
Tax Liabilities	0	0	0	0	0	0
Other Liabilities	924	1,647	1,906	2,011	1,405	2,196
Total Liabilities	65,756	73,152	86,174	104,345	129,783	150,818
Cash Balance	1,964	2,173	2,171	2,661	2,286	2,478
Balance With NRB	8,503	8,753	12,653	8,993	7,767	11,382
Bank Balance with Banks	1,337	2,327	1,921	2,661	2,973	4,037
Money At call	205	267	232	0	149	40
Investment	10,438	11,435	15,384	21,463	29,227	25,616
Loan and Advances	41,637	46,400	52,020	66,219	85,461	104,625
Fixed Assets	1,056	1,069	1,058	1,054	1,050	1,304
Non- Banking Assets	0	0	0	0	0	0
Other Assets	615	729	735	1,294	869	1,336
Total Assets	65,756	73,152	86,174	104,345	129,783	150,818
Interest Income	5,983	5,878	5,816	5,786	6,777	9,249
Interest Expenses	3,814	2,775	2,820	2,807	2,856	4,465
Net Interest Income	2,168	3,103	2,996	2,979	3,921	4,784
Commission and discount	320	336	479	497	604	815
Other Operating Income	158	199	211	237	305	385
Exchange Income	264	360	460	458	533	621
Total Operating Income	2,910	3,999	4,146	4,172	5,364	6,605
Employees Expenses	340	380	438	480	570	666
Other Operating Expenses	469	516	539	572	658	699
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	2,101	3,104	3,169	3,120	4,136	5,240
Provisions for possible losses	744	958	277	574	436	510
Operating Profit	1,357	2,145	2,892	2,546	3,700	4,730
Non-Operating Income/ Expenses	14	10	12	16	19	80
Return From Loan Loss Provision	268	930	139	538	359	96
Profit From Ordinary activities	1,639	3,086	3,043	3,099	4,078	4,906
Extra ordinary Income /Expenses	(2)	(74)	1	0	0	20
Net Profit including all activities	1,637	3,011	3,043	3,099	4,078	4,926
Provision For Staff Bonus	149	274	277	282	371	448
Provision For Income Tax	449	823	827	856	1,157	1,364
-This Year	448	823	829	846	1,110	1,335
-Up to Last Year	13	0	0	10	47	36
Deferred Tax	(12)	(1)	(3)	(1)	0	7
Net Profit / Loss	1,039	1,915	1,940	1,962	2,551	3,114

5. Standard Chartered Bank Nepal Limited				<i>Amt. in Rs. Million</i>		
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	1,852	2,039	2,246	2,810	3,750	8,011
Reserves and Surplus	2,270	2,578	2,842	3,138	3,774	3,853
Debenture & Bond	0	0	0	0	0	0
Borrowing	0	0	0	0	500	0
Deposit	35,966	39,466	46,299	57,286	55,727	63,873
Bills Payable	86	50	67	177	310	77
Proposed & Payable dividend	725	742	847	432	49	211
Tax Liabilities	0	0	0	0	0	0
Other Liabilities	778	756	1,023	1,083	1,075	1,384
Total Liabilities	41,677	45,631	53,324	64,927	65,186	77,409
Cash Balance	510	688	614	786	799	812
Balance With NRB	4,834	4,588	6,862	9,308	1,515	7,068
Bank Balance with Banks	1,023	1,129	1,712	1,479	1,658	1,049
Money At call	2,126	3,009	7,960	11,974	6,070	12,624
Investment	12,938	12,754	9,391	12,971	23,095	15,632
Loan and advances	19,576	22,829	25,977	27,681	31,303	39,263
Fixed Assets	90	82	69	84	71	103
Non- Banking Assets	0	0	0	0	0	0
Other Assets	581	553	739	644	675	858
Total Assets	41,677	45,631	53,324	64,927	65,186	77,409
Interest Income	2,871	2,535	2,584	2,575	2,416	3,061
Interest Expenses	1,007	611	576	661	566	864
Net Interest Income	1,864	1,924	2,008	1,914	1,850	2,197
Commission and discount	268	295	384	363	358	489
Other Operating Income	38	43	44	38	48	52
Exchange Income	469	515	478	614	630	610
Total Operating Income	2,638	2,777	2,913	2,928	2,885	3,348
Employees Expenses	387	422	482	506	484	548
Other Operating Expenses	349	382	368	407	439	513
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	1,902	1,973	2,063	2,016	1,962	2,287
Provisions for possible losses	208	110	84	189	261	301
Operating Profit	1,694	1,862	1,979	1,827	1,701	1,986
Non-Operating Income/ Expenses	1	1	52	64	38	8
Return From Loan Loss Provision	191	50	64	150	258	230
Profit From Ordinary activities	1,886	1,914	2,094	2,041	1,997	2,224
Extra ordinary Income /Expenses	(43)	2	(2)	18	2	8
Net Profit including all activities	1,843	1,916	2,093	2,058	1,999	2,232
Provision For Staff Bonus	168	174	190	187	182	203
Provision For Income Tax	507	524	566	581	525	607
-This Year	511	527	572	587	502	595
-Up to Last Year	4	0	2	8	1	0
Deferred Tax	(8)	(3)	(8)	(13)	21	12
Net Profit / Loss	1,169	1,218	1,337	1,290	1,292	1,422

6. Himalayan Bank Limited				<i>Amt. in Rs. Million</i>		
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	2,760	2,898	3,333	4,499	5,849	8,114
Reserves and Surplus	1,872	2,402	2,751	2,460	2,975	3,591
Debenture & Bond	500	1,100	1,100	600	600	600
Borrowing	0	88	0	0	1,000	40
Deposit	47,731	53,072	64,675	73,538	87,336	92,881
Bills Payable	19	24	95	96	504	83
Proposed & Payable dividend	322	276	175	237	71	85
Tax Liabilities	0	33	58	0	0	0
Other Liabilities	1,160	1,259	1,403	1,372	1,528	1,861
Total Liabilities	54,364	61,153	73,590	82,802	99,863	107,255
Cash Balance	951	865	1,112	1,349	1,498	1,558
Balance With NRB	3,979	2,427	3,766	5,873	5,678	6,141
Bank Balance with Banks	1,432	356	664	1,165	699	1,216
Money At call	265	2,062	196	1,064	1,482	0
Investment	10,032	12,992	19,842	17,113	19,306	17,929
Loan and Advances	34,965	39,724	45,320	53,476	67,746	76,394
Fixed Assets	1,305	1,309	1,323	1,321	1,923	2,176
Non- Banking Assets	0	0	0	0	0	0
Other Assets	1,435	1,418	1,366	1,439	1,531	1,841
Total Assets	54,364	61,153	73,590	82,802	99,863	107,255
Interest Income	4,725	4,627	4,743	4,628	5,016	6,938
Interest Expenses	2,816	2,119	2,249	1,954	1,566	3,173
Net Interest Income	1,908	2,508	2,494	2,673	3,450	3,765
Commission and discount	511	550	657	711	599	714
Other Operating Income	182	165	207	199	105	129
Exchange Income	310	300	385	474	602	609
Total Operating Income	2,911	3,524	3,743	4,058	4,756	5,217
Employees Expenses	634	683	714	897	908	1,081
Other Operating Expenses	714	852	966	1,068	807	850
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	1,563	1,989	2,063	2,093	3,041	3,286
Provisions for possible losses	505	843	1,081	1,414	744	836
Operating Profit	1,057	1,146	983	680	2,297	2,450
Non-Operating Income/ Expenses	8	6	17	23	22	27
Return From Loan Loss Provision	860	369	775	895	1,401	933
Profit From Ordinary activities	1,925	1,521	1,775	1,598	3,720	3,410
Extra ordinary Income /Expenses	(397)	(7)	9	2	(697)	2
Net Profit including all activities	1,528	1,514	1,783	1,600	3,023	3,412
Provision For Staff Bonus	139	138	162	145	275	310
Provision For Income Tax	430	433	662	343	813	924
-This Year	451	472	646	351	810	946
-Up to Last Year	0	1	1	7	10	1
Deferred Tax	(20)	(40)	15	(15)	(7)	(23)
Net Profit / Loss	959	944	959	1,112	1,935	2,178

7. Nepal SBI Bank Limited				<i>Amt. in Rs. Million</i>		
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	2,356	2,650	3,049	3,884	4,973	8,000
Reserves and Surplus	842	1,149	1,487	1,762	1,947	2,398
Debenture & Bond	600	800	1,000	1,000	1,000	1,000
Borrowing	0	0	0	0	4,185	5,309
Deposit	53,337	58,920	54,493	51,628	65,214	81,665
Bills Payable	79	165	156	178	263	220
Proposed & Payable dividend	105	177	186	43	57	57
Tax Liabilities	3	0	0	0	0	0
Other Liabilities	738	935	712	781	876	1,180
Total Liabilities	58,060	64,796	61,083	59,277	78,515	99,829
Cash Balance	1,187	1,239	1,527	1,754	1,799	1,985
Balance With NRB	3,270	4,957	3,891	4,662	6,428	7,313
Bank Balance with Banks	1,052	1,517	1,237	2,019	2,162	3,932
Money At call	178	139	0	0	0	0
Investment	24,463	25,906	17,722	9,320	19,291	21,043
Loan and Advances	26,142	28,788	35,280	39,979	46,976	63,025
Fixed Assets	716	662	607	630	630	751
Non- Banking Assets	0	0	0	0	0	0
Other Assets	1,052	1,588	819	913	1,229	1,780
Total Assets	58,060	64,796	61,083	59,277	78,515	99,829
Interest Income	3,769	4,111	3,977	3,821	3,981	5,911
Interest Expenses	2,771	2,487	2,232	1,774	1,565	2,994
Net Interest Income	999	1,624	1,745	2,047	2,416	2,917
Commission and discount	255	314	320	340	466	487
Other Operating Income	142	158	217	308	318	448
Exchange Income	101	102	108	119	136	221
Total Operating Income	1,497	2,197	2,391	2,815	3,336	4,073
Employees Expenses	289	417	443	552	549	790
Other Operating Expenses	456	477	506	516	617	755
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	752	1,303	1,441	1,747	2,170	2,528
Provisions for possible losses	78	128	83	117	111	188
Operating Profit	674	1,175	1,358	1,630	2,059	2,340
Non-Operating Income/ Expenses	2	(0)	9	11	10	6
Return From Loan Loss Provision	92	44	72	52	43	28
Profit From Ordinary activities	768	1,219	1,439	1,693	2,112	2,374
Extra ordinary Income /Expenses	(12)	2	4	20	0	19
Net Profit including all activities	755	1,221	1,443	1,713	2,112	2,393
Provision For Staff Bonus	69	111	131	156	192	218
Provision For Income Tax	207	338	389	492	588	652
-This Year	229	364	406	504	579	686
-Up to Last Year	1	1	0	23	14	0
Deferred Tax	(23)	(26)	(17)	(35)	(5)	(35)
Net Profit / Loss	480	771	923	1,065	1,332	1,523

8. Nepal Bangladesh Bank Limited					<i>Amt. in Rs. Million</i>	
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	2,009	2,210	2,431	3,039	4,012	8,086
Reserves and Surplus	945	1,363	1,679	1,853	2,028	2,353
Debenture & Bond	0	0	0	0	0	0
Borrowing	0	0	0	176	32	1,594
Deposit	16,953	17,845	25,707	33,833	39,874	43,713
Bills Payable	28	17	6	14	16	68
Proposed & Payable dividend	0	159	424	32	51	274
Tax Liabilities	0	0	0	0	6	0
Other Liabilities	235	207	626	536	666	832
Total Liabilities	20,170	21,802	30,874	39,484	46,684	56,920
Cash Balance	570	852	966	948	1,306	1,286
Balance With NRB	4,094	3,748	6,437	5,702	6,869	8,979
Bank Balance with Banks	346	498	692	727	1,089	551
Money At call	0	0	50	0	0	0
Investment	3,869	3,104	3,020	5,755	4,499	7,995
Loan and Advances	10,330	12,810	18,641	25,331	31,975	36,880
Fixed Assets	228	203	318	207	187	241
Non- Banking Assets	0	0	0	0		0
Other Assets	733	586	750	813	760	988
Total Assets	20,170	21,802	30,874	39,484	46,684	56,920
Interest Income	1,529	1,623	2,032	2,351	2,919	3,654
Interest Expenses	1,038	937	1,180	1,261	1,456	2,129
Net Interest Income	491	686	853	1,090	1,462	1,525
Commission and discount	198	223	304	386	486	779
Other Operating Income	54	84	147	161	183	210
Exchange Income	64	62	92	113	141	150
Total Operating Income	807	1,054	1,395	1,750	2,272	2,664
Employees Expenses	201	238	315	332	402	465
Other Operating Expenses	165	196	234	304	281	387
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	440	620	847	1,115	1,590	1,812
Provisions for possible losses	71	66	84	90	70	40
Operating Profit	369	554	762	1,025	1,520	1,772
Non-Operating Income/ Expenses	75	14	(13)	2	41	14
Return From Loan Loss Provision	1,364	326	82	114	51	26
Profit From Ordinary activities	1,808	894	831	1,140	1,612	1,812
Extra ordinary Income /Expenses	(775)	138	148	24	166	39
Net Profit including all activities	1,033	1,032	979	1,165	1,777	1,851
Provision For Staff Bonus	94	94	89	106	162	168
Provision For Income Tax	129	160	148	245	418	483
-This Year	150	204	210	245	419	469
-Up to Last Year	(2)	(9)	1	0	2	3
Deferred Tax	(19)	(34)	(63)	0	(3)	(11)
Net Profit / Loss	809	779	742	814	1,198	1,200

9. Everest Bank Limited	<i>Amt. in Rs. Million</i>					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital and Liabilities						
Capital	1,761	1,921	2,137	2,743	4,606	7,733
Reserves and Surplus	2,416	2,907	3,320	4,148	3,908	3,812
Debenture & Bond	0	469	469	1,069	1,069	1,069
Borrowing	0	402	0	0	3	15
Deposit	50,006	57,720	62,108	83,094	93,735	95,094
Bills Payable	692	393	371	350	1,365	472
Proposed & Payable dividend	31	820	920	141	106	110
Tax Liabilities	9	24	0	0	0	0
Other Liabilities	897	1,084	1,120	7,609	9,092	8,205
Total Liabilities	55,813	65,741	70,445	99,153	113,885	116,510
Cash Balance	1,701	1,723	2,050	2,066	2,515	3,061
Balance With NRB	8,160	8,205	9,447	17,126	13,356	14,577
Bank Balance with Banks	503	1,287	1,676	5,925	7,246	3,746
Money At call	0	0	0	0	0	0
Investment	7,864	9,264	6,504	15,103	18,199	11,964
Loan and Advances	35,911	43,393	47,572	54,482	67,955	77,288
Fixed Assets	548	631	627	630	679	728
Non- Banking Assets	0	0	0	0	0	0
Other Assets	1,127	1,237	2,569	3,821	3,935	5,146
Total Assets	55,813	65,741	70,445	99,153	113,885	116,510
Interest Income	4,960	4,937	5,178	4,996	5,057	6,747
Interest Expenses	2,873	2,179	2,259	2,117	1,828	3,010
Net Interest Income	2,087	2,758	2,919	2,879	3,229	3,737
Commission and discount	234	267	255	304	286	346
Other Operating Income	180	249	309	389	510	566
Exchange Income	110	99	67	87	112	94
Total Operating Income	2,610	3,373	3,550	3,659	4,137	4,743
Employees Expenses	352	462	512	688	700	882
Other Operating Expenses	467	509	544	555	603	681
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	1,790	2,402	2,494	2,417	2,834	3,180
Provisions for possible losses	252	99	156	164	168	90
Operating Profit	1,538	2,303	2,338	2,253	2,666	3,090
Non-Operating Income/ Expenses	25	8	10	12	25	16
Return From Loan Loss Provision	150	0	90	207	93	43
Profit From Ordinary activities	1,714	2,311	2,438	2,472	2,783	3,149
Extra ordinary Income /Expenses	0	(0)	(0)	0	4	0
Net Profit including all activities	1,714	2,311	2,438	2,472	2,787	3,149
Provision For Staff Bonus	156	210	222	225	253	286
Provision For Income Tax	467	630	666	673	804	857
-This Year	478	655	671	649	752	853
-Up to Last Year	0	0	2	0	45	0
Deferred Tax	(11)	(26)	(7)	24	7	4
Net Profit / Loss	1,091	1,471	1,550	1,574	1,730	2,006

10. Bank of Kathmandu Limited*	<i>Amt. in Rs. Million</i>					
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	1,684	1,920	2,120	2,671	5,630	5,630
Reserves and Surplus	1,016	1,384	1,428	1,183	2,149	3,399
Debenture & Bond	200	400	400	1,000	1,000	1,000
Borrowing	183	639	136	131	2,247	4
Deposit	24,991	27,701	34,116	39,457	67,836	72,137
Bills Payable	28	29	22	42	97	44
Proposed & Payable dividend	342	12	11	29	0	0
Tax Liabilities	0	0	0	0	0	15
Other Liabilities	437	459	801	457	688	1,387
Total Liabilities	28,882	32,546	39,034	44,970	79,647	83,616
Cash Balance	751	813	934	963	1,527	1,706
Balance With NRB	1,971	2,219	2,828	3,299	6,508	6,612
Bank Balance with Banks	661	1,258	1,235	1,408	1,753	1,199
Money At call	519	0	0	14	150	0
Investment	5,247	4,758	4,580	6,027	9,785	11,761
Loan and Advances	18,814	22,556	28,304	31,894	58,222	60,480
Fixed Assets	546	560	567	574	950	932
Non- Banking Assets	0	0	0	0	0	0
Other Assets	374	381	585	791	752	926
Total Assets	28,882	32,546	39,034	44,970	79,647	83,616
Interest Income	2,621	2,450	2,609	2,845	3,087	6,117
Interest Expenses	1,485	1,219	1,390	1,464	1,544	3,551
Net Interest Income	1,136	1,231	1,219	1,381	1,543	2,566
Commission and discount	193	206	223	265	142	167
Other Operating Income	68	68	66	65	222	301
Exchange Income	138	126	146	162	179	230
Total Operating Income	1,535	1,630	1,654	1,874	2,086	3,264
Employees Expenses	249	286	382	407	430	743
Other Operating Expenses	308	342	376	394	405	583
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	979	1,002	895	1,073	1,251	1,938
Provisions for possible losses	96	112	532	941	258	154
Operating Profit	883	890	363	132	993	1,784
Non-Operating Income/ Expenses	3	10	9	5	16	22
Return From Loan Loss Provision	78	127	44	420	39	179
Profit From Ordinary activities	964	1,027	416	556	1,048	1,985
Extra ordinary Income /Expenses	0	(54)	0	(14)	6	121
Net Profit including all activities	964	973	416	542	1,054	2,106
Provision For Staff Bonus	88	88	38	49	96	191
Provision For Income Tax	269	267	124	158	303	592
-This Year	266	270	243	35	284	592
-Up to Last Year	1	4	5	5	15	1
Deferred Tax	2	(6)	(124)	118	4	(1)
Net Profit / Loss	608	617	254	335	655	1,323

* From Unaudited Financials

11. Nepal Credit and Commerce Bank Limited*				<i>Amt. in Rs. Million</i>		
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	1,470	1,470	2,029	2,353	2,353	5,667
Reserves and Surplus	453	810	598	608	1,316	1,597
Debenture & Bond	0	0	0	0	0	0
Borrowing	0	651	0	0	3	779
Deposit	16,485	21,651	22,257	26,661	30,364	58,795
Bills Payable	14	14	7	4	17	18
Proposed & Payable dividend	4	0	29	17	0	0
Tax Liabilities	0	8	0	0	0	0
Other Liabilities	169	311	304	297	297	868
Total Liabilities	18,595	24,915	25,224	29,940	34,349	67,724
Cash Balance	647	742	714	711	834	1,978
Balance With NRB	1,340	3,208	1,782	3,391	2,441	10,482
Bank Balance with Banks	295	393	396	676	657	857
Money At call	108	277	406	570	1,443	561
Investment	3,081	4,094	3,589	2,841	3,466	5,875
Loan and Advances	12,443	15,451	17,267	20,832	24,430	45,792
Fixed Assets	343	422	422	417	508	721
Non- Banking Assets	0	0	0	0	0	0
Other Assets	338	328	648	502	570	1,458
Total Assets	18,595	24,915	25,224	29,940	34,349	67,724
Interest Income	1,519	1,968	2,082	1,935	2,315	4,402
Interest Expenses	1,050	1,155	1,298	1,132	1,125	2,690
Net Interest Income	469	813	784	804	1,189	1,712
Commission and discount	56	74	86	105	166	213
Other Operating Income	67	86	81	80	85	148
Exchange Income	18	5	10	25	52	37
Total Operating Income	609	978	961	1,014	1,492	2,110
Employees Expenses	146	148	231	216	310	483
Other Operating Expenses	157	176	204	224	234	412
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	306	653	525	574	948	1,215
Provisions for possible losses	179	225	187	86	201	741
Operating Profit	127	427	339	488	747	474
Non-Operating Income/ Expenses	(13)	3	18	31	3	15
Return From Loan Loss Provision	171	88	187	108	232	1,347
Profit From Ordinary activities	286	519	543	627	983	1,836
Extra ordinary Income /Expenses	(23)	20	3	5	9	3
Net Profit including all activities	263	539	546	631	991	1,839
Provision For Staff Bonus	24	48	50	57	90	167
Provision For Income Tax	61	136	104	226	193	482
-This Year	68	141	116	166	168	91
-Up to Last Year	0	0	2	29	27	17
Deferred Tax	(6)	(5)	(14)	30	(1)	374
Net Profit / Loss	178	355	392	348	708	1,190

* From Unaudited Financials

12. NIC Asia Bank Limited	<i>Amt. in Rs. Million</i>					
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	1,312	2,312	2,658	3,695	5,776	8,031
Reserves and Surplus	751	2,077	2,215	1,804	1,607	2,085
Debenture & Bond	200	0	500	500	500	500
Borrowing	132	204	0	0	1,850	500
Deposit	22,112	39,909	44,984	53,477	69,488	86,697
Bills Payable	39	89	47	41	91	69
Proposed & Payable dividend	328	462	347	55	63	71
Tax Liabilities	0	0	0	0	0	0
Other Liabilities	706	1,483	750	948	1,081	1,321
Total Liabilities	25,580	46,535	51,500	60,519	80,456	99,274
Cash Balance	609	873	776	1,042	1,168	1,840
Balance With NRB	1,659	4,222	5,187	4,763	4,396	10,262
Bank Balance with Banks	487	588	1,221	868	2,165	1,640
Money At call	0	10	0	0	0	0
Investment	3,993	6,812	6,485	10,124	12,890	11,524
Loan and Advances	17,242	31,560	36,325	42,144	58,451	71,584
Fixed Assets	406	465	523	567	537	1,063
Non- Banking Assets	0	0	0	0	0	0
Other Assets	1,183	2,006	983	1,012	849	1,361
Total Assets	25,580	46,535	51,500	60,519	80,456	99,274
Interest Income	2,432	2,663	3,995	3,918	4,401	6,904
Interest Expenses	1,622	1,420	2,197	2,340	2,444	4,362
Net Interest Income	810	1,243	1,798	1,577	1,957	2,542
Commission and discount	84	82	143	132	144	154
Other Operating Income	70	98	196	267	344	552
Exchange Income	92	110	101	126	167	185
Total Operating Income	1,056	1,534	2,239	2,102	2,612	3,433
Employees Expenses	180	224	378	422	543	840
Other Operating Expenses	211	242	385	452	509	744
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	665	1,067	1,475	1,229	1,560	1,849
Provisions for possible losses	49	89	259	360	190	149
Operating Profit	615	978	1,216	868	1,370	1,700
Non-Operating Income/ Expenses	2	4	8	13	28	35
Return From Loan Loss Provision	0	1	135	183	335	454
Profit From Ordinary activities	617	983	1,359	1,065	1,733	2,189
Extra ordinary Income /Expenses	0	0	-50	3	-47	108
Net Profit including all activities	617	983	1,309	1,068	1,686	2,297
Provision For Staff Bonus	56	89	119	97	153	209
Provision For Income Tax	169	252	358	290	466	615
-This Year	176	257	357	287	463	626
-Up to Last Year	-7	-5	1	3	-6	0
Deferred Tax	1	0	0	0	9	-11
Net Profit / Loss	392	642	832	680	1,067	1,473

13. Machhapuchchhre Bank Limited	<i>Amt. in Rs. Million</i>					
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	2,479	2,479	2,776	3,484	4,666	7,717
Reserves and Surplus	169	318	459	507	674	947.00
Debenture & Bond	0	0	0	0	0	0
Borrowing	0	61	0	0	1,234	161
Deposit	21,546	27,137	37,132	44,206	52,292	58,629
Bills Payable	31	19	11	13	0	3
Proposed & Payable dividend	0	0	16	28	42	443
Tax Liabilities	0	0	0	0	0	0
Other Liabilities	131	283	330	515	547	1,026
Total Liabilities	24,357	30,296	40,724	48,753	59,455	68,926
Cash Balance	1,306	1,522	1,749	2,097	2,107	1,963
Balance With NRB	3,082	2,932	3,165	4,616	3,808	5,461
Bank Balance with Banks	1,050	590	1,632	1,674	2,082	2,252
Money At call	0	0	0	0	0	0
Investment	1,705	2,415	3,461	4,479	6,011	6,143
Loan and Advances	15,603	21,165	29,053	34,261	43,636	51,168
Fixed Assets	865	805	778	756	759	697
Non- Banking Assets	0	0	0	0	0	0
Other Assets	747	866	886	870	1,052	1,242
Total Assets	24,357	30,296	40,724	48,753	59,455	68,926
Interest Income	1,926	2,430	2,836	3,109	3,495	5,118
Interest Expenses	1,501	1,486	1,720	1,753	1,638	2,791
Net Interest Income	425	944	1,116	1,356	1,857	2,327
Commission and discount	45	59	61	92	91	125
Other Operating Income	68	148	181	179	226	301
Exchange Income	52	38	51	79	119	133
Total Operating Income	590	1,189	1,409	1,706	2,293	2,886
Employees Expenses	165	233	280	350	470	495
Other Operating Expenses	309	366	381	412	426	473
Exchange Loss	0	3	5	0	2	0
Operating Profit Before Provision	116	587	743	944	1,395	1,918
Provisions for possible losses	7	450	171	197	137	142
Operating Profit	109	137	572	748	1,258	1,776
Non-Operating Income/ Expenses	205	7	19	92	32	120
Return From Loan Loss Provision	63	271	181	151	126	134
Profit From Ordinary activities	377	414	772	991	1,416	2,030
Extra ordinary Income /Expenses	(367)	(175)	(63)	6	6	16
Net Profit including all activities	10	239	708	997	1,422	2,046
Provision For Staff Bonus	0	22	64	91	129	186
Provision For Income Tax	(29)	69	189	290	395	558
-This Year	61	92	90	223	372	528
-Up to Last Year	0	0	0	18	14	5
Deferred Tax	(90)	(23)	99	49	9	25
Net Profit / Loss	38	149	455	616	898	1,302

14. Kumari Bank Limited*	<i>Amt. in Rs. Million</i>					
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	1,604	1,828	2,432	2,699	3,266	5,969
Reserves and Surplus	773	828	535	648	768	2,111
Debenture & Bond	400	0	0	0	0	0
Borrowing	5	0	202	328	0	7
Deposit	21,985	25,319	27,578	33,422	37,951	52,038
Bills Payable	21	21	22	0	52	41
Proposed & Payable dividend	112	12	32	0	30	0
Tax Liabilities	0	0	0	0	0	0
Other Liabilities	231	214	219	1,102	350	828
Total Liabilities	25,131	28,223	31,021	38,199	42,417	60,994
Cash Balance	584	639	778	829	861	1,421
Balance With NRB	2,863	2,538	3,829	3,349	3,104	4,911
Bank Balance with Banks	276	230	288	813	546	1,441
Money At call	321	753	507	437	1,600	515
Investment	2,941	4,135	3,165	4,863	6,143	7,525
Loan and Advances	17,614	19,369	21,898	27,070	29,487	44,088
Fixed Assets	277	256	236	259	265	358
Non- Banking Assets	0	0	0	0	0	0
Other Assets	255	302	319	579	411	735
Total Assets	25,131	28,223	31,021	38,199	42,417	60,994
Interest Income	2,442	2,464	2,411	2,433	2,692	3,596
Interest Expenses	1,622	1,486	1,575	1,507	1,517	2,299
Net Interest Income	819	978	835	926	1,175	1,297
Commission and discount	111	138	189	155	167	209
Other Operating Income	49	42	57	48	63	74
Exchange Income	44	57	85	95	109	106
Total Operating Income	1,023	1,215	1,166	1,223	1,514	1,686
Employees Expenses	194	204	222	284	316	367
Other Operating Expenses	213	230	240	254	264	292
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	616	781	704	685	933	1,027
Provisions for possible losses	187	315	236	284	178	210
Operating Profit	429	466	468	401	755	817
Non-Operating Income/ Expenses	3	(11)	3	(7)	(32)	16
Return From Loan Loss Provision	0	5	76	229	432	286
Profit From Ordinary activities	433	460	547	622	1,155	1,119
Extra ordinary Income /Expenses	0	0	0	0	0	0
Net Profit including all activities	433	460	547	622	1,155	1,119
Provision For Staff Bonus	39	42	50	57	105	101
Provision For Income Tax	118	127	155	171	334	357
-This Year	117	126	148	169	330	312
-Up to Last Year	0	0	5	0	8	0
Deferred Tax	1	1	2	2	(4)	5
Net Profit / Loss	276	291	342	395	716	661

* From Unaudited Financials

15. Laxmi Bank Limited			<i>Amt. in Rs. Million</i>			
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	1,694	1,948	2,338	2,893	4,800	8,220
Reserves and Surplus	606	780	837	1,253	849	1,371
Debenture & Bond	350	750	750	750	400	400
Borrowing	28	0	0	0	0	258
Deposit	22,832	25,944	30,592	39,992	48,154	59,320
Bills Payable	2	3	2	6	11	25
Proposed & Payable dividend	169	0	21	0	0	39
Tax Liabilities	0	0	0	0	4	0
Other Liabilities	347	383	380	446	445	756
Total Liabilities	26,029	29,808	34,919	45,340	54,663	70,389
Cash Balance	408	358	504	688	1,032	1,369
Balance With NRB	3,845	2,872	4,339	3,944	3,759	4,092
Bank Balance with Banks	196	236	488	303	660	675
Money at call	659	446	722	681	34	118
Investment	3,758	5,340	4,700	6,454	7,423	9,440
Loan and Advances	16,477	19,696	22,724	30,971	39,634	51,887
Fixed Assets	308	475	435	501	1,024	1,156
Non- Banking Assets	0	0	0	0	0	0
Other Assets	377	385	1,006	1,798	1,098	1,652
Total Assets	26,029	29,808	34,919	45,340	54,663	70,389
Interest Income	2,289	2,387	2,489	2,578	3,073	4,683
Interest Expenses	1,646	1,449	1,667	1,618	1,765	3,028
Net Interest Income	644	939	822	960	1,307	1,655
Commission and discount	150	141	195	216	231	271
Other Operating Income	56	89	104	151	165	227
Exchange Income	108	117	120	120	145	194
Total Operating Income	958	1,286	1,241	1,447	1,849	2,347
Employees Expenses	178	217	240	273	327	413
Other Operating Expenses	195	247	266	322	364	486
Exchange Loss	0	0	0	0		0
Operating Profit Before Provision	585	822	735	852	1,158	1,448
Provisions for possible losses	31	186	74	244	196	99
Operating Profit	554	636	662	608	962	1,349
Non-Operating Income/ Expenses	6	17	26	24	20	161
Return From Loan Loss Provision	0	10	54	16	109	49
Profit From Ordinary activities	560	664	741	648	1,091	1,559
Extra ordinary Income /Expenses	0	1	0	0		6
Net Profit including all activities	560	665	741	648	1,091	1,565
Provision For Staff Bonus	51	60	67	59	99	142
Provision For Income Tax	152	182	199	173	315	417
-This Year	155	186	204	168	300	412
-Up to Last Year	0	0	0	0	21	0
Deferred Tax	(2)	(5)	(4)	5	(6)	5
Net Profit / Loss	356	423	475	416	677	1,006

16. Siddhartha Bank Limited			<i>Amt. in Rs. Million</i>			
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	1,619	1,814	2,031	2,437	4,496	7,585
Reserves and Surplus	564	686	969	1,309	1,746	2,296
Debenture & Bond	628	931	931	1,431	1,204	1,204
Borrowing	45	787	106	65	910	506
Deposit	25,949	28,383	35,414	44,741	64,934	77,318
Bills Payable	8	13	105	13	40	26
Proposed & Payable dividend	136	164	202	21	0	0
Tax Liabilities	27	7	0	0	0	0
Other Liabilities	603	905	519	630	1,073	967
Total Liabilities	29,579	33,691	40,278	50,647	74,403	89,902
Cash Balance	813	762	1,122	1,156	1,941	2,574
Balance With NRB	2,925	2,657	5,954	3,753	3,847	6,672
Bank Balance With Banks	554	87	182	199	487	785
Money At call	647	1,375	1,150	1,130	951	521
Investment	3,394	4,469	3,328	6,642	9,823	11,272
Loan and Advances	20,218	23,087	27,187	36,340	55,351	65,986
Fixed Assets	359	465	440	410	619	732
Non- Banking Assets	0	0	0	0	0	0
Other Assets	670	790	916	1,018	1,385	1,360
Total Assets	29,579	33,691	40,278	50,647	74,403	89,902
Interest Income	2,906	2,902	3,056	3,295	4,118	6,652
Interest Expenses	2,049	1,741	1,709	1,859	2,001	3,998
Net Interest Income	857	1,160	1,347	1,436	2,118	2,654
Commission and discount	108	113	159	188	174	169
Other Operating Income	95	189	204	244	317	380
Exchange Income	116	157	132	142	167	165
Total Operating Income	1,176	1,620	1,843	2,009	2,775	3,368
Employees Expenses	174	222	242	328	373	590
Other Operating Expenses	336	386	436	460	490	598
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	665	1,012	1,164	1,222	1,912	2,180
Provisions for possible losses	156	245	423	249	259	429
Operating Profit	510	766	741	972	1,653	1,751
Non-Operating Income/ Expenses	1	1	93	39	160	199
Return From Loan Loss Provision	8	0	266	198	157	286
Profit From Ordinary activities	519	767	1,101	1,209	1,971	2,236
Extra ordinary Income /Expenses	0	(13)	(0)	1	1	(74)
Net Profit including all activities	519	754	1,101	1,210	1,971	2,162
Provision For Staff Bonus	47	69	100	110	179	197
Provision For Income Tax	141	204	300	333	537	579
-This Year	147	215	305	349	535	585
-Up to Last Year	1	1	3	1	3	7
Deferred Tax	6	11	(8)	(17)	(1)	(13)
Net Profit / Loss	330	481	701	767	1,255	1,386

17. Agricultural Development Bank Limited				<i>Amt. in Rs. Million</i>		
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	9,474	9,637	9,861	10,374	11,556	13,938
Reserves and Surplus	4,849	5,758	3,173	5,808	6,572	7,859
Debenture & Bond	2,300	2,300	2,300	1,840	1,380	920
Borrowing	927	1,139	695	679	561	668
Deposit	43,239	54,397	65,898	77,035	87,387	99,816
Bills Payable	0	0	0	0	0	0
Proposed & Payable dividend	0	0	943	0	724	677
Tax Liabilities	2,119	0	110	0	0	0
Other Liabilities	8,486	8,929	3,531	5,150	3,605	2,989
Total Liabilities	71,395	82,160	86,512	100,887	111,785	126,867
Cash Balance	6,285	9,524	2,672	2,927	3,328	3,694
Balance With NRB	0	0	4,172	5,919	4,707	9,928
Bank Balance With Banks	0	0	2,022	2,582	2,624	1,990
Money At call	0	132	135	142	151	2
Investment	10,809	9,188	13,344	13,501	13,983	15,899
Loan and Advances	39,393	49,770	57,186	68,578	79,490	88,207
Fixed Assets	1,442	1,434	1,347	1,222	1,176	1,112
Non- Banking Assets (*Net of Provision)	0	0	0	0	0	0
Other Assets	13,465	12,113	5,634	6,015	6,326	6,035
Total Assets	71,395	82,160	86,512	100,887	111,785	126,867
Interest Income	6,966	7,458	8,462	8,765	9,620	11,325
Interest Expenses	2,851	2,846	3,840	3,121	3,359	4,225
Net Interest Income	4,115	4,612	4,622	5,645	6,261	7,100
Commission and discount	121	130	175	198	232	336
Other Operating Income	458	546	535	593	667	611
Exchange Income	26	(5)	131	224	263	138
Total Operating Income	4,720	5,282	5,463	6,660	7,423	8,185
Employees Expenses	2,389	2,328	3,320	2,873	3,031	3,313
Other Operating Expenses	491	585	710	762	748	843
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	1,839	2,368	1,433	3,025	3,644	4,029
Provisions for possible losses	2,068	1,033	878	2,442	1,456	1,772
Operating Profit	(229)	1,335	555	584	2,188	2,257
Non-Operating Income/ Expenses	80	185	74	175	133	543
Return From Loan Loss Provision	2,176	1,252	901	3,518	1,136	1,013
Profit From Ordinary activities	2,027	2,772	1,531	4,276	3,457	3,813
Extra ordinary Income /Expenses	629	384	624	383	271	222
Net Profit including all activities	2,656	3,156	2,155	4,659	3,728	4,035
Provision For Staff Bonus	197	234	160	345	276	299
Provision For Income Tax	599	662	474	710	987	1,171
-This Year	0	0	482	723	1,000	1,188
-Up to Last Year	0	0	0	0	0	0
Deferred Tax	0	0	(7)	(13)	(13)	(17)
Net Profit / Loss	1,861	2,260	1,521	3,603	2,465	2,565

18. Global IME Bank Limited				<i>Amt. in Rs. Million</i>		
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	2,250	2,781	4,977	6,164	7,151	8,888
Reserves and Surplus	286	450	1,150	1,159	1,555	2,416
Debenture & Bond	400	400	400	400	400	400
Borrowing	87	107	143	103	2,400	39
Deposit	26,914	34,111	52,292	60,176	74,683	101,911
Bills Payable	18	20	95	72	45	29
Proposed & Payable dividend	218	0	166	0	0	808
Tax Liabilities	0	3	0	0		0
Other Liabilities	490	1,147	796	1,112	1,467	2,101
Total Liabilities	30,664	39,018	60,018	69,186	87,701	116,592
Cash Balance	624	930	1,373	1,467	2,055	2,256
Balance With NRB	2,250	3,190	3,923	4,751	5,436	14,809
Bank Balance With Banks	2,095	1,424	2,444	1,438	1,151	1,870
Money At call	0	16	0	0	0	0
Investment	4,247	5,549	8,681	10,717	17,991	16,235
Loan and Advances	20,297	26,212	41,778	48,937	59,219	78,965
Fixed Assets	661	692	821	897	935	1,031
Non- Banking Assets	0	0	0	0	0	0
Other Assets	491	1,005	998	979	914	1,426
Total Assets	30,664	39,018	60,018	69,186	87,701	116,592
Interest Income	2,226	3,207	3,810	4,661	4,988	7,366
Interest Expenses	1,587	1,827	2,052	2,371	2,099	3,799
Net Interest Income	640	1,380	1,758	2,290	2,889	3,567
Commission and discount	105	172	215	294	312	375
Other Operating Income	121	216	261	382	493	517
Exchange Income	51	73	138	203	251	279
Total Operating Income	916	1,841	2,373	3,169	3,945	4,738
Employees Expenses	158	290	374	636	659	768
Other Operating Expenses	304	485	638	744	829	906
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	453	1,066	1,361	1,789	2,457	3,064
Provisions for possible losses	133	474	439	549	606	366
Operating Profit	321	591	922	1,240	1,851	2,698
Non-Operating Income/ Expenses	0	(0)	50	4	8	63
Return From Loan Loss Provision	218	143	411	472	252	386
Profit From Ordinary activities	539	735	1,383	1,716	2,111	3,147
Extra ordinary Income /Expenses	(120)	(17)	33	(175)	47	32
Net Profit including all activities	419	718	1,416	1,541	2,158	3,179
Provision For Staff Bonus	38	65	129	140	196	289
Provision For Income Tax	116	203	313	440	580	884
-This Year	127	220	367	415	598	889
-Up to Last Year	0	0	(54)	25	0	0
Deferred Tax	(11)	(17)	(0)	(1)	(18)	(5)
Net Profit / Loss	265	449	974	961	1,382	2,006

19. Citizens Bank International Limited				<i>Amt. in Rs. Million</i>		
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	2,102	2,102	2,375	3,065	4,401	8,029
Reserves and Surplus	180	278	378	675	904	1,360
Debenture & Bond	0	0	500	500	500	500
Borrowing	88	336	457	902	1,119	1,533
Deposit	17,355	22,743	27,963	35,782	47,394	52,719
Bills Payable	1	4	4	16	93	67
Proposed & Payable dividend	177	315	125	27	40	69
Tax Liabilities	7	25	0	0	0	0
Other Liabilities	159	176	419	527	611	1,128
Total Liabilities	20,069	25,980	32,222	41,493	55,062	65,405
Cash Balance	692	784	1,046	1,462	1,884	2,033
Balance With NRB	2,635	2,923	3,828	2,850	3,150	2,842
Bank Balance with Banks	442	874	999	1,373	859	1,051
Money At call	21	244	121	95	247	152
Investment	1,530	2,720	2,710	5,668	7,478	8,450
Loan and Advances	14,130	17,562	22,485	28,481	39,636	47,085
Fixed Assets	324	555	588	907	1,108	1,765
Non- Banking Assets	0	0	0	0	0	0
Other Assets	294	318	444	656	700	2,027
Total Assets	20,069	25,980	32,222	41,493	55,062	65,405
Interest Income	1,980	2,212	2,456	2,767	3,443	4,927
Interest Expenses	1,406	1,177	1,383	1,499	1,824	3,170
Net Interest Income	574	1,035	1,073	1,268	1,619	1,757
Commission and discount	40	53	55	62	98	126
Other Operating Income	72	134	206	181	272	353
Exchange Income	23	55	80	99	143	182
Total Operating Income	710	1,277	1,414	1,611	2,132	2,418
Employees Expenses	109	144	166	248	295	439
Other Operating Expenses	213	245	269	334	373	539
Exchange Loss	0	28	4	0	0	0
Operating Profit Before Provision	388	860	975	1,028	1,464	1,440
Provisions for possible losses	123	292	561	236	355	404
Operating Profit	265	568	415	793	1,109	1,036
Non-Operating Income/ Expenses	10	10	0	46	144	64
Return From Loan Loss Provision	79	131	316	237	432	716
Profit From Ordinary activities	355	709	731	1,076	1,685	1,816
Extra ordinary Income /Expenses	0	(82)	7	48	7	(80)
Net Profit including all activities	355	627	739	1,123	1,692	1,736
Provision For Staff Bonus	32	57	67	102	154	158
Provision For Income Tax	98	157	173	301	459	496
-This Year	101	176	168	146	465	265
-Up to Last Year	0	(0)	0	1	0	0
Deferred Tax	(3)	(19)	6	153	(6)	231
Net Profit / Loss	225	413	498	720	1,079	1,082

20. Prime Commercial Bank Limited				<i>Amt. in Rs. Million</i>		
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	2,336	2,574	3,140	3,705	4,557	8,033
Reserves and Surplus	251	377	477	628	846	1,402
Debenture & Bond	0	0	0	0		0
Borrowing	22	220	0	0		1,495
Deposit	23,991	28,798	34,045	41,006	48,342	65,856
Bills Payable	72	11	64	80	75	118
Proposed & Payable dividend	170	117	26	30	45	0
Tax Liabilities	0	0	0	0	24	0
Other Liabilities	316	311	278	353	509	799
Total Liabilities	27,158	32,409	38,031	45,801	54,399	77,703
Cash Balance	1,278	1,628	1,496	1,588	2,002	2,520
Balance With NRB	3,909	3,055	5,540	4,277	5,156	8,300
Bank Balance with Banks	406	759	232	759	667	1,572
Money At call	144	369	48	48	448	202
Investment	2,021	4,895	2,960	5,743	5,070	6,146
Loan and Advances	18,902	21,227	27,104	32,617	40,272	57,712
Fixed Assets	190	183	158	377	371	580
Non- Banking Assets	0	0	0	8		0
Other Assets	308	294	493	385	412	671
Total Assets	27,158	32,409	38,031	45,801	54,399	77,703
Interest Income	2,774	2,786	2,871	3,243	3,557	5,208
Interest Expenses	2,057	1,744	1,811	1,855	1,968	3,304
Net Interest Income	716	1,042	1,060	1,388	1,588	1,904
Commission and discount	54	80	71	104	151	362
Other Operating Income	121	140	241	257	331	420
Exchange Income	15	0	36	74	101	123
Total Operating Income	907	1,262	1,409	1,823	2,171	2,809
Employees Expenses	91	111	134	176	209	279
Other Operating Expenses	188	211	231	248	253	293
Exchange Loss	0	6	0	0		0
Operating Profit Before Provision	628	934	1,044	1,399	1,709	2,237
Provisions for possible losses	218	271	310	388	274	246
Operating Profit	409	664	734	1,011	1,435	1,991
Non-Operating Income/ Expenses	0	0	5	2	12	128
Return From Loan Loss Provision	16	87	131	216	310	185
Profit From Ordinary activities	425	751	870	1,228	1,756	2,304
Extra ordinary Income /Expenses	0	(0)	0	(56)	0	0
Net Profit including all activities	425	751	870	1,172	1,756	2,304
Provision For Staff Bonus	39	68	79	107	160	209
Provision For Income Tax	117	205	237	320	481	627
-This Year	131	222	236	325	486	628
-Up to Last Year	(1)	0	0	0	2	2
Deferred Tax	(13)	(17)	1	(5)	(7)	(3)
Net Profit / Loss	269	478	553	746	1,116	1,468

21.Sunrise Bank Limited				<i>Amt. in Rs. Million</i>		
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	2,015	2,237	2,237	2,973	5,301	8,081
Reserves and Surplus	136	214	461	375	1,023	1,386
Debenture & Bond	0	0	0	0	0	0
Borrowing	0	0	0	0	0	0
Deposit	18,759	23,271	26,617	33,487	51,650	61,013
Bills Payable	9	16	12	9	20	17
Proposed & Payable dividend	106	12	0	28	0	0
Tax Liabilities	0	0	0	0	0	0
Other Liabilities	253	380	335	517	745	958
Total Liabilities	21,279	26,129	29,661	37,389	58,739	71,455
Cash Balance	668	608	863	868	1,168	1,473
Balance With NRB	3,223	3,758	4,366	1,891	3,810	7,496
Bank Balance with Banks	517	325	698	300	1,605	587
Money At call	101	680	113	0	0	0
Investment	1,809	2,454	3,055	7,260	8,351	9,554
Loan and Advances	14,307	17,731	19,938	26,380	42,869	50,677
Fixed Assets	349	313	292	310	435	535
Non- Banking Assets	0	0	0	0	0	0
Other Assets	306	261	336	381	502	1,133
Total Assets	21,279	26,129	29,661	37,389	58,739	71,455
Interest Income	2,001	2,240	2,424	2,403	3,096	5,306
Interest Expenses	1,411	1,251	1,329	1,296	1,592	3,113
Net Interest Income	591	989	1,095	1,106	1,504	2,193
Commission and discount	70	95	104	119	161	210
Other Operating Income	70	125	141	187	279	330
Exchange Income	39	51	63	80	115	130
Total Operating Income	770	1,259	1,404	1,493	2,059	2,863
Employees Expenses	194	218	264	272	356	451
Other Operating Expenses	280	331	361	356	426	546
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	295	711	779	865	1,277	1,866
Provisions for possible losses	290	368	466	459	322	282
Operating Profit	5	342	313	406	955	1,584
Non-Operating Income/ Expenses	0	4	2	3	1	32
Return From Loan Loss Provision	299	209	94	417	556	280
Profit From Ordinary activities	304	555	409	826	1,513	1,896
Extra ordinary Income /Expenses	(131)	(52)	(15)	(92)	(3)	(85)
Net Profit including all activities	173	504	394	734	1,510	1,811
Provision For Staff Bonus	16	46	36	67	137	165
Provision For Income Tax	46	146	112	196	421	470
-This Year	48	149	124	189	421	446
-Up to Last Year	1	1	0	2	6	1
Deferred tax	(2)	(4)	(12)	5	(6)	23
Net Profit / Loss	111	312	247	471	951	1,176

22. NMB Bank Limited*	<i>Amt. in Rs. Million</i>					
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	2,000	2,000	2,400	2,732	5,519	6,462
Reserves and Surplus	264	324	413	564	1,343	4,266
Debenture & Bond	0	0	0	500	500	500
Borrowing	0	0	0	438	1,488	1,166
Deposit	15,983	22,186	27,087	36,723	64,781	73,224
Bills Payable	5	8	3	22	0	0
Proposed & Payable dividend	0	300	21	17	54	0
Tax Liabilities	0	0	0	0	0	0
Other Liabilities	244	308	287	341	928	1,245
Total Liabilities	18,495	25,126	30,212	41,337	74,613	86,863
Cash Balance	324	517	498	818	1,491	1,703
Balance With NRB	2,992	4,805	3,044	3,391	6,391	9,243
Bank Balance with Banks	251	425	1,027	2,097	2,299	1,336
Money At call	21	26	62	723	558	408
Investment	2,440	2,246	4,191	5,984	8,504	10,598
Loan and Advances	12,071	16,491	20,467	27,289	53,021	61,213
Fixed Assets	279	345	383	374	1,346	1,453
Non- Banking Assets	0	0	0	0	0	0
Other Assets	116	272	540	662	1,004	909
Total Assets	18,495	25,126	30,212	41,337	74,613	86,863
Interest Income	1,706	1,831	2,005	2,315	4,053	6,073
Interest Expenses	1,256	1,078	1,216	1,348	2,040	3,505
Net Interest Income	450	753	789	967	2,013	2,568
Commission and discount	39	53	83	113	198	361
Other Operating Income	54	56	96	112	218	288
Exchange Income	50	65	98	120	160	208
Total Operating Income	592	927	1,066	1,312	2,589	3,425
Employees Expenses	92	127	149	202	471	598
Other Operating Expenses	160	189	251	288	474	659
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	339	610	665	822	1,644	2,168
Provisions for possible losses	278	131	113	97	576	181
Operating Profit	61	479	552	725	1,068	1,987
Non-Operating Income/ Expenses	8	7	22	17	56	54
Return From Loan Loss Provision	15	59	205	42	650	215
Profit From Ordinary activities	85	546	779	784	1,774	2,256
Extra ordinary Income /Expenses	2	(0)	(137)	0	(11)	88
Net Profit including all activities	87	546	642	784	1,763	2,344
Provision For Staff Bonus	8	50	58	71	160	213
Provision For Income Tax	27	136	174	212	488	623
-This Year	25	170	177	207	314	598
-Up to Last Year	0	(5)	0	0	7	1
Deferred Tax	2	(29)	(3)	4	167	24
Net Profit / Loss	52	360	410	501	1,115	1,508

* From Unaudited Financials

23. Prabhu Bank Limited*	<i>Amt. in Rs. Million</i>					
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	2,000	2,000	2,000	3,209	5,881	5,881
Reserves and Surplus	244	(561)	(866)	485	552	2,421
Debenture & Bond	0	0	0	0	0	0
Borrowing	8	696	0	25	15	252
Deposit	20,174	21,093	19,835	42,144	60,941	81,350
Bills Payable	4	12	23	28	47	39
Proposed & Payable dividend	0	0	0	0		0
Tax Liabilities	10	16	0	0		0
Other Liabilities	194	175	199	620	901	1,067
Total Liabilities	22,633	23,431	21,191	46,510	68,338	91,010
Cash Balance	696	743	788	1,706	2,965	3,238
Balance With NRB	2,072	2,412	899	5,986	7,505	9,121
Bank Balance with Banks	178	228	272	1,624	1,907	1,135
Money At call	129	198	100	1,001	1,750	1,055
Investment	3,117	2,798	5,808	4,513	5,827	11,957
Loan and Advances	14,645	14,792	10,884	27,726	43,909	59,215
Fixed Assets	1,215	1,426	1,353	1,729	2,136	2,149
Non- Banking Assets	0	0	0	0		0
Other Assets	581	835	1,085	2,226	2,338	3,140
Total Assets	22,633	23,431	21,191	46,510	68,338	91,010
Interest Income	2,175	2,303	1,865	2,815	3,591	5,492
Interest Expenses	1,588	1,287	1,136	1,271	1,622	2,957
Net Interest Income	587	1,016	729	1,544	1,968	2,535
Commission and discount	43	76	67	70	110	207
Other Operating Income	80	100	87	190	293	412
Exchange Income	15	24	34	89	154	190
Total Operating Income	725	1,216	918	1,893	2,524	3,344
Employees Expenses	235	264	273	495	700	818
Other Operating Expenses	305	333	359	539	674	813
Exchange Loss	0	0	0	0		0
Operating Profit Before Provision	186	619	286	858	1,150	1,713
Provisions for possible losses	72	1,959	994	678	476	1,065
Operating Profit	114	(1,340)	(708)	180	674	648
Non-Operating Income/ Expenses	(4)	(21)	67	25	73	40
Return From Loan Loss Provision	86	240	223	1,810	1,058	2,203
Profit From Ordinary activities	197	(1,121)	(419)	2,015	1,805	2,891
Extra ordinary Income /Expenses	(43)	(17)	0	(468)	(39)	(350)
Net Profit including all activities	154	(1,138)	(419)	1,546	1,766	2,541
Provision For Staff Bonus	14	0	0	141	161	231
Provision For Income Tax	40	(333)	(114)	388	488	694
-This Year	62	38	158	70	185	251
-Up to Last Year	0	0	14	0	9	4
Deferred Tax	(22)	371	286	318	294	439
Net Profit / Loss	100	(805)	(305)	1,018	1,117	1,616

*From Unaudited Financials

24. Janata Bank Nepal Limited				<i>Amt. in Rs. Million</i>		
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	2,000	2,060	2,060	2,060	2,307	8,001
Reserves and Surplus	61	62	147	298	171	797
Debenture & Bond	0	0	0	0	0	0
Borrowing	173	305	241	11	23	83
Deposit	7,723	13,546	18,442	22,920	24,068	48,575
Bills Payable	12	4	29	0	38	56
Proposed & Payable dividend	74	108	0	0	13	0
Tax Liabilities	0	0	0	0	0	0
Other Liabilities	141	122	90	708	255	626
Total Liabilities	10,183	16,208	21,009	25,997	26,874	58,138
Cash Balance	381	447	511	669	641	1,696
Balance With NRB	603	1,211	2,988	3,120	1,399	4,342
Bank Balance with Banks	137	197	416	775	1,004	1,794
Money At call	0	0	0	0	0	0
Investment	1,291	1,986	911	2,301	3,276	3,851
Loan and Advances	7,387	11,946	15,730	18,517	19,789	44,695
Fixed Assets	188	176	185	234	214	794
Non- Banking Assets	0	0	0	1	0	0
Other Assets	197	245	268	380	551	966
Total Assets	10,183	16,208	21,009	25,997	26,874	58,138
Interest Income	809	1,233	1,490	1,701	1,785	2,843
Interest Expenses	546	750	952	1,096	1,038	1,699
Net Interest Income	264	483	537	605	748	1,144
Commission and discount	34	39	53	56	61	52
Other Operating Income	29	49	40	51	121	160
Exchange Income	14	1	0	51	61	57
Total Operating Income	340	571	630	762	991	1,413
Employees Expenses	81	105	138	213	205	312
Other Operating Expenses	136	142	176	224	234	327
Exchange Loss	0	0	62	0	0	0
Operating Profit Before Provision	124	325	253	325	552	774
Provisions for possible losses	32	93	198	230	390	189
Operating Profit	92	231	55	95	162	585
Non-Operating Income/ Expenses	1	1	11	9	6	16
Return From Loan Loss Provision	0	38	70	140	55	413
Profit From Ordinary activities	93	270	137	244	223	1,014
Extra ordinary Income /Expenses	0	0	0	0	(1)	(4)
Net Profit including all activities	93	270	137	244	222	1,010
Provision For Staff Bonus	8	25	12	22	20	92
Provision For Income Tax	27	75	39	71	68	285
-This Year	27	76	41	77	67	298
-Up to Last Year	0	0	0	8	4	2
Deferred Tax	(0)	(1)	(2,391)	(14)	(3)	(16)
Net Profit / Loss	57	170	85	150	134	633

25. Mega Bank Nepal Limited	<i>Amt. in Rs. Million</i>					
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	1,631	2,330	2,610	2,871	3,772	5,279
Reserves and Surplus	154	122	133	204	405	586
Debenture & Bond	0	0	0	0	0	0
Borrowing	303	2,003	380	148	4,441	0
Deposit	9,193	12,533	17,148	21,131	30,750	38,937
Bills Payable	19	86	47	73	61	45
Proposed & Payable dividend	0	210	15	14	28	0
Tax Liabilities	0	7	11	5	2	0
Other Liabilities	100	116	228	262	406	796
Total Liabilities	11,400	17,408	20,571	24,707	39,866	45,643
Cash Balance	250	400	439	539	880	1,246
Balance With NRB	1,197	1,772	1,154	2,203	2,828	2,101
Bank Balance with Banks	154	305	239	294	361	400
Money At call	132	1,623	881	1,067	2,688	1,561
Investment	1,297	1,326	2,507	1,994	4,708	4,484
Loan and Advances	7,934	11,463	14,496	17,543	27,359	34,597
Fixed Assets	290	234	214	177	263	302
Non- Banking Assets	0	0	0	0	0	0
Other Assets	147	286	642	890	778	952
Total Assets	11,400	17,408	20,571	24,707	39,866	45,643
Interest Income	1,140	1,393	1,628	1,805	2,142	4,123
Interest Expenses	750	713	807	914	1,016	2,399
Net Interest Income	391	680	821	891	1,126	1,724
Commission and discount	18	24	27	35	46	70
Other Operating Income	34	41	82	110	119	180
Exchange Income	28	59	95	102	68	122
Total Operating Income	470	804	1,025	1,138	1,360	2,096
Employees Expenses	113	137	167	186	246	361
Other Operating Expenses	179	237	250	273	294	369
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	179	431	608	679	819	1,366
Provisions for possible losses	66	152	136	155	99	178
Operating Profit	113	279	472	523	720	1,188
Non-Operating Income/ Expenses	1	0	2	1	12	18
Return From Loan Loss Provision	0	0	6	31	137	35
Profit From Ordinary activities	113	279	480	556	869	1,241
Extra ordinary Income /Expenses	0	0	0	(9)	0	0
Net Profit including all activities	113	279	480	547	869	1,241
Provision For Staff Bonus	10	25	44	50	79	113
Provision For Income Tax	31	76	131	151	24	335
-This Year	34	80	133	151	239	347
-Up to Last Year	0	0	0	0	0	0
Deferred Tax	(3)	(4)	(2)	(0)	0	(12)
Net Profit / Loss	72	177	306	346	766	793

26. Civil Bank Limited*				<i>Amt. in Rs. Million</i>		
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	1,200	2,000	2,888	3,083	3,215	5,185
Reserves and Surplus	32	38	180	205	260	1,523
Debenture & Bond	0	0	0	0	0	0
Borrowing	461	326	0	0	0	403
Deposit	8,808	15,633	22,049	26,656	31,564	34,111
Bills Payable	2	5	14	15	5	23
Proposed & Payable dividend	0	115	40	10	7	0
Tax Liabilities	0	0	0	0	0	0
Other Liabilities	199	108	262	454	218	498
Total Liabilities	10,701	18,226	25,434	30,424	35,269	41,743
Cash Balance	207	355	499	568	763	842
Balance With NRB	828	2,466	3,450	1,918	2,709	3,004
Bank Balance with Banks	289	365	388	522	760	617
Money At call	0	185	0	245	200	0
Investment	1,328	2,070	1,535	3,856	4,584	6,584
Loan and Advances	7,752	12,367	18,657	22,534	25,485	29,519
Fixed Assets	222	276	360	313	263	279
Non- Banking Assets	0	0	0	0	0	0
Other Assets	75	141	545	468	505	898
Total Assets	10,701	18,226	25,434	30,424	35,269	41,743
Interest Income	762	1,256	1,868	2,192	2,410	3,208
Interest Expenses	563	816	1,256	1,341	1,415	2,085
Net Interest Income	199	440	613	851	995	1,123
Commission and discount	32	34	63	55	68	87
Other Operating Income	38	53	55	66	87	115
Exchange Income	27	42	59	72	90	99
Total Operating Income	297	569	790	1,044	1,240	1,424
Employees Expenses	87	115	157	208	231	315
Other Operating Expenses	120	187	211	260	280	322
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	90	267	422	575	729	787
Provisions for possible losses	47	76	280	385	691	676
Operating Profit	43	191	142	190	38	111
Non-Operating Income/ Expenses	0	(0)	0	2	0	8
Return From Loan Loss Provision	0	0	232	175	281	467
Profit From Ordinary activities	43	191	374	367	319	586
Extra ordinary Income /Expenses	0	0	(1)	(5)	(16)	(99)
Net Profit including all activities	43	191	373	362	302	487
Provision For Staff Bonus	4	17	34	33	27	44
Provision For Income Tax	12	52	101	99	81	76
-This Year	8	53	100	99	88	97
-Up to Last Year	0	0	0	0	0	0
Deferred tax	4	(1)	1	0	(7)	(21)
Net Profit / Loss	27	121	238	230	194	367

* From Unaudited Financials

27. Century Commercial Bank Limited				<i>Amt. in Rs. Million</i>		
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	1,080	1,080	2,120	2,311	3,210	5,774
Reserves and Surplus	76	139	36	101	192	521
Debenture & Bond	0	0	0	0	0	0
Borrowing	0	400	67	0	0	13
Deposit	4,457	11,396	18,394	24,949	28,968	42,594
Bills Payable	9	2	6	14	55	65
Proposed & Payable dividend	0	0	69	10	0	384
Tax Liabilities	0	4	0	0	13	0
Other Liabilities	33	130	120	219	286	707
Total Liabilities	5,654	13,151	20,812	27,603	32,724	50,058
Cash Balance	120	520	628	644	889	1,483
Balance With NRB	364	456	3,868	2,859	3,994	4,143
Bank Balance with Banks	30	231	185	813	932	2,348
Money At call	39	57	0	0	0	0
Investment	595	2,285	605	2,410	1,184	1,973
Loan and Advances	4,160	8,975	14,827	20,093	24,768	38,871
Fixed Assets	179	293	285	258	258	356
Non- Banking Assets	0	0	0	0	39	0
Other Assets	166	333	413	526	660	884
Total Assets	5,654	13,151	20,812	27,603	32,724	50,058
Interest Income	376	898	1,408	1,862	2,013	3,120
Interest Expenses	259	589	980	1,206	1,133	1,980
Net Interest Income	116	308	428	656	880	1,140
Commission and discount	8	23	52	67	54	61
Other Operating Income	26	62	92	103	133	187
Exchange Income	3	27	83	81	89	104
Total Operating Income	154	419	654	907	1,155	1,492
Employees Expenses	40	87	125	188	217	305
Other Operating Expenses	82	162	265	249	270	323
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	32	171	265	471	668	864
Provisions for possible losses	31	69	160	141	83	90
Operating Profit	2	102	105	330	585	774
Non-Operating Income/ Expenses	1	1	14	(1)	8	9
Return From Loan Loss Provision	0	0	29	78	57	24
Profit From Ordinary activities	3	102	148	408	650	807
Extra ordinary Income /Expenses	0	0	0	0	0	0
Net Profit including all activities	3	102	148	408	650	807
Provision For Staff Bonus	0	9	13	37	59	74
Provision For Income Tax	2	27	47	110	178	232
-This Year	0	27	49	117	186	229
-Up to Last Year	0	0	0	(1)	1	15
Deferred Tax	2	(0)	(2)	(7)	(9)	(12)
Net Profit / Loss	1	66	87	261	413	501

28. Sanima Bank Limited				<i>Amt. in Rs. Million</i>		
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	2,016	2,218	2,550	3,060	4,711	8,001
Reserves and Surplus	114	206	283	370	642	1,059
Debenture & Bond	0	0	0	0	370	370
Borrowing	88	1,480	898	1,687	3,282	611
Deposit	11,179	17,789	24,874	34,045	46,423	58,229
Bills Payable	0	0	0	0	0	0
Proposed & Payable dividend	111	11	18	27	36	0
Tax Liabilities	0	0	0	0	0	0
Other Liabilities	215	272	754	1,111	501	1,726
Total Liabilities	13,722	21,977	29,377	40,301	55,965	69,996
Cash Balance	256	313	538	691	683	908
Balance With NRB	1,005	1,284	2,811	687	2,575	5,265
Bank Balance with Banks	112	89	162	393	155	738
Money At call	0	364	0	0	0	0
Investment	2,106	3,848	3,716	7,744	10,735	9,164
Loan and Advances	9,532	15,093	20,371	28,264	40,455	51,265
Fixed Assets	479	469	502	615	647	716
Non- Banking Assets	0	0	0	0	0	0
Other Assets	233	516	1,276	1,907	715	1,940
Total Assets	13,722	21,977	29,377	40,301	55,965	69,996
Interest Income	1,172	1,679	2,019	2,549	3,263	5,060
Interest Expenses	754	1,023	1,200	1,409	1,541	2,818
Net Interest Income	419	656	819	1,139	1,722	2,242
Commission and discount	11	24	40	53	89	155
Other Operating Income	45	69	85	131	236	301
Exchange Income	0	27	147	179	154	194
Total Operating Income	474	775	1,091	1,503	2,201	2,892
Employees Expenses	80	100	134	182	259	339
Other Operating Expenses	152	159	206	275	327	422
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	242	517	750	1,045	1,615	2,131
Provisions for possible losses	52	58	95	119	135	133
Operating Profit	190	459	655	926	1,480	1,998
Non-Operating Income/ Expenses	1	3	22	7	63	48
Return From Loan Loss Provision	0	20	2	42	16	3
Profit From Ordinary activities	191	481	678	975	1,559	2,049
Extra ordinary Income /Expenses	0	0	0	1	0	0
Net Profit including all activities	191	481	678	974	1,559	2,049
Provision For Staff Bonus	17	44	62	89	142	186
Provision For Income Tax	52	132	188	261	421	559
-This Year	52	129	183	259	427	562
-Up to Last Year	0	4	2	0	1	0
Deferred Tax	0	0	3	2	7	(3)
Net Profit / Loss	122	305	428	624	996	1,304

A. Consolidated Financials of the Public Banks				<i>Amt. in Rs. Million</i>		
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	16,745	21,942	24,915	25,428	26,610	30,570
Reserves and Surplus	(8,126)	(5,447)	(6,147)	1,261	6,838	13,163
Debenture & Bond	2,300	2,300	2,300	1,840	1,380	920
Borrowing	6,004	5,649	2,474	1,984	1,505	1,273
Deposit	187,066	208,480	242,506	279,256	323,005	347,341
Bills Payable	75	0	16	93	189	172
Proposed & Payable dividend	0	0	943	0	724	677
Tax Liabilities	2,119	0	110	0	0	0
Other Liabilities	24,388	28,734	22,358	18,797	21,447	18,353
Total Liabilities	230,570	261,657	289,475	328,659	381,697	412,469
Cash Balance	39,612	26,109	12,359	10,071	11,286	11,288
Balance With NRB	0	11,974	25,019	28,601	36,347	38,123
Bank Balance with Banks	0	684	2,553	4,213	5,084	4,391
Money At call	512	812	476	842	7,347	1,282
Investment	45,702	49,852	68,097	65,714	70,594	66,356
Loan and Advances	107,513	136,671	155,698	191,628	222,518	262,114
Fixed Assets	2,854	2,923	2,228	2,164	2,125	2,280
Non- Banking Assets	126	379	242	0	0	0
Other Assets	34,251	32,253	22,803	25,426	26,395	26,635
Total Assets	230,570	261,657	289,475	328,659	381,697	412,469
Interest Income	16,417	17,923	19,578	20,407	23,306	27,740
Interest Expenses	8,094	7,502	8,251	6,856	6,890	7,864
Net Interest Income	8,323	10,421	11,327	13,551	16,415	19,876
Commission and discount	800	786	824	921	980	1,235
Other Operating Income	848	1,126	1,158	1,366	1,627	1,630
Exchange Income	187	79	207	266	311	317
Total Operating Income	10,159	12,413	13,516	16,105	19,333	23,058
Employees Expenses	5,732	6,559	8,083	7,749	8,142	8,194
Other Operating Expenses	1,492	1,784	2,056	2,212	2,312	2,523
Exchange Loss	0	74	0	15	0	0
Operating Profit Before Provision	2,935	3,996	3,377	6,129	8,879	12,341
Provisions for possible losses	2,959	1,748	1,950	3,686	3,010	4,299
Operating Profit	(24)	2,248	1,428	2,443	5,870	8,042
Non-Operating Income/ Expenses	205	276	897	3,663	1,890	1,968
Return From Loan Loss Provision	3,502	2,498	2,099	4,483	2,950	2,508
Profit From Ordinary activities	3,683	5,022	4,423	10,588	10,710	12,518
Extra ordinary Income /Expenses	843	831	836	1,248	781	596
Net Profit including all activities	4,527	5,853	5,260	11,837	11,491	13,114
Provision For Staff Bonus	338	454	310	849	887	967
Provision For Income Tax	705	1,037	875	2,257	2,900	3,688
-This Year	1	0	482	1,765	2,922	3,419
-Up to Last Year	0	0	(28)	481	(0)	(1)
Deferred Tax	(19)	55	62	11	(22)	270
Net Profit / Loss	3,484	4,362	4,074	8,731	7,704	8,459

B. Consolidated Financials of the Private Banks				<i>Amt. in Rs. Million</i>		
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	56,433	61,832	71,363	87,843	119,095	185,044
Reserves and Surplus	20,580	26,113	28,177	33,021	44,624	61,686
Debenture & Bond	4,628	5,950	7,400	9,600	9,392	9,393
Borrowing	2,548	9,075	3,055	4,928	26,890	18,065
Deposit	680,836	812,308	961,775	1,183,708	1,441,364	1,745,244
Bills Payable	1,411	1,541	1,438	1,549	3,637	2,068
Proposed & Payable dividend	4,392	5,937	6,193	1,531	2,929	5,975
Tax Liabilities	108	194	71	6	49	15
Other Liabilities	11,259	15,323	18,941	25,837	28,175	37,014
Total Liabilities	782,194	938,272	1,098,412	1,348,024	1,676,155	2,064,504
Cash Balance	19,808	22,791	26,369	30,951	36,734	45,066
Balance With NRB	82,874	92,400	122,026	128,549	120,255	184,892
Bank Balance with Banks	14,443	17,021	23,615	32,481	38,673	38,008
Money At call	6,711	14,318	13,287	19,621	18,160	17,757
Investment	135,131	159,926	158,061	214,803	283,393	285,309
Loan and Advances	495,543	599,434	718,160	877,935	1,133,515	1,432,151
Fixed Assets	13,044	13,853	14,233	15,237	17,950	21,713
Non- Banking Assets	0	0	40	9	39	0
Other Assets	14,640	18,528	22,622	28,438	27,437	39,608
Total Assets	782,194	938,272	1,098,412	1,348,024	1,676,156	2,064,504
Interest Income	68,314	71,409	76,291	81,021	89,841	133,824
Interest Expenses	44,105	37,870	41,018	41,836	40,988	72,789
Net Interest Income	24,209	33,539	35,272	39,185	48,853	61,035
Commission and discount	3,432	3,946	4,823	5,312	5,745	7,584
Other Operating Income	2,286	3,015	3,766	4,441	5,805	7,418
Exchange Income	2,635	3,047	3,696	4,341	5,065	5,690
Total Operating Income	32,562	43,547	47,557	53,279	65,468	81,727
Employees Expenses	5,672	6,783	7,842	9,728	11,006	14,280
Other Operating Expenses	7,403	8,444	9,467	10,631	11,135	13,645
Exchange Loss	0	37	72	0	2	0
Operating Profit Before Provision	19,487	28,283	30,176	32,921	43,325	53,802
Provisions for possible losses	4,617	8,350	9,716	9,775	7,049	7,718
Operating Profit	14,870	19,934	20,460	23,146	36,277	46,084
Non-Operating Income/ Expenses	387	90	492	491	825	1,347
Return From Loan Loss Provision	4,118	3,247	4,084	7,450	7,318	9,049
Profit From Ordinary activities	19,374	23,270	25,036	31,087	44,420	56,480
Extra ordinary Income /Expenses	(1,894)	(352)	(26)	(674)	(614)	(219)
Net Profit including all activities	17,480	22,917	25,010	30,413	43,806	56,261
Provision For Staff Bonus	1,588	2,185	2,457	2,824	3,981	5,114
Provision For Income Tax	4,604	6,106	7,179	8,200	11,939	15,296
-This Year	4,829	6,753	7,603	7,764	11,298	14,178
-Up to Last Year	12	3	(3)	144	231	95
Deferred Tax	(224)	116	(2,239)	292	411	973
Net Profit / Loss	11,287	14,627	15,374	19,389	27,886	35,851

C. Consolidated Financials of the Commercial Banks			<i>Amt. in Rs. Million</i>			
Capital and Liabilities	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Capital	73,178	83,774	96,278	113,271	145,705	215,614
Reserves and Surplus	12,454	20,666	22,030	34,282	51,462	74,849
Debenture & Bond	6,928	8,250	9,700	11,440	10,772	10,313
Borrowing	8,552	14,724	5,528	6,912	28,395	19,338
Deposit	867,902	1,020,787	1,204,281	1,462,964	1,764,368	2,092,585
Bills Payable	1,485	1,541	1,454	1,642	3,826	2,240
Proposed & Payable dividend	4,392	5,937	7,136	1,531	3,653	6,652
Tax Liabilities	2,227	194	181	6	49	15
Other Liabilities	35,647	44,057	41,299	44,634	49,622	55,367
Total Liabilities	1,012,764	1,199,929	1,387,888	1,676,683	2,057,852	2,476,973
Cash Balance	59,419	48,900	38,728	41,022	48,020	56,354
Balance With NRB	82,874	104,374	147,045	157,150	156,602	223,015
Bank Balance with Banks	14,443	17,706	26,167	36,694	43,757	42,399
Money At call	7,223	15,129	13,763	20,463	25,507	19,039
Investment	180,833	209,778	226,159	280,516	353,987	351,665
Loan and Advances	603,056	736,105	873,858	1,069,564	1,356,033	1,694,265
Fixed Assets	15,898	16,776	16,461	17,400	20,076	23,993
Non- Banking Assets	126	379	282	9	39	0
Other Assets	48,892	50,781	45,425	53,864	53,832	66,243
Total Assets	1,012,764	1,199,929	1,387,888	1,676,683	2,057,853	2,476,973
Interest Income	84,731	89,332	95,868	101,429	113,147	161,564
Interest Expenses	52,199	45,372	49,269	48,693	47,878	80,653
Net Interest Income	32,533	43,960	46,599	52,736	65,268	80,911
Commission and discount	4,232	4,732	5,647	6,234	6,726	8,819
Other Operating Income	3,133	4,141	4,924	5,807	7,431	9,048
Exchange Income	2,822	3,126	3,903	4,607	5,376	6,007
Total Operating Income	42,720	55,959	61,073	69,384	84,801	104,785
Employees Expenses	11,404	13,342	15,925	17,477	19,148	22,474
Other Operating Expenses	8,894	10,228	11,523	12,842	13,447	16,168
Exchange Loss	0	110	72	15	2	0
Operating Profit Before Provision	22,422	32,279	33,554	39,050	52,205	66,143
Provisions for possible losses	7,576	10,097	11,666	13,461	10,058	12,017
Operating Profit	14,845	22,182	21,888	25,589	42,146	54,126
Non-Operating Income/ Expenses	592	366	1,389	4,154	2,716	3,315
Return From Loan Loss Provision	7,620	5,744	6,183	11,933	10,267	11,557
Profit From Ordinary activities	23,058	28,292	29,459	41,676	55,129	68,998
Extra ordinary Income /Expenses	(1,051)	478	810	575	167	377
Net Profit including all activities	22,006	28,770	30,269	42,250	55,296	69,375
Provision For Staff Bonus	1,926	2,639	2,767	3,672	4,868	6,081
Provision For Income Tax	5,309	7,143	8,054	10,457	14,839	18,984
-This Year	4,830	6,753	8,085	9,530	14,221	17,597
-Up to Last Year	12	3	(30)	625	230	94
Deferred Tax	(243)	171	(2,177)	303	389	1,243
Net Profit / Loss	14,771	18,988	19,448	28,120	35,590	44,310

Annex 12: Useful websites for supervisors

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