



Bank Supervision Report

2019/20



Nepal Rastra Bank

Bank Supervision Department

Kathmandu, Nepal

June 2021



©Nepal Rastra Bank

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means- electronic, mechanical, photocopying, and recording without fully acknowledging the Annual Report of Bank Supervision Department of Nepal Rastra Bank (NRB) as a source. The contents of this publication are intended for general information only and are not intended to serve as financial or other advice.

The Bank Supervision Report, 2019/2020 is the annual report of the Bank Supervision Department of the Nepal Rastra Bank. It reviews policy and operational issues affecting the banking sector and its regulators/supervisors and aims at disseminating information on the supervision of commercial banks and other issues affecting the financial sector. The Annual Report of Bank Supervision Department focuses mainly on the developments in 2019/20 A.D. However, selected developments up to the time of report finalization are also incorporated.

All inquiries about this publication should be directed to the Policy and Planning Division and the Executive Director of the Bank Supervision Department.

Nepal Rastra Bank,

Bank Supervision Department

Central Office,

P.O. Box No.73

Baluwatar, Kathmandu, Nepal

Telephone: 00-977-14222127

Fax: 00-977-14412306

E-mail: bsd@nrb.org.np

Message from the Executive Director

Dear Valued Readers,

Bank supervision is one of the major functions of Nepal Rastra Bank (NRB). NRB is committed in fulfilling its objective of maintaining financial stability through effective supervision of banks and financial institutions. As per NRB organizational structure, Bank Supervision Department is responsible for supervising commercial banks, including Nepal Infrastructure Bank Limited.

Bank Supervision Department conducts supervision primarily through On-site inspection and Off-site surveillance. The On-site inspection is generally conducted once a year in each bank. The Department started adopting a risk-based approach in its On-site inspection since FY2014/15. Under this approach, On-site examiners evaluate the quantity of risk and quality of risk management for major risk types. Likewise, under Off-site surveillance, the Department analyses data sent by all banks and assesses their soundness.

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

NRB has adopted best practices to strengthen the domestic financial system. In pursuing these measures, it has inevitably come under pressure to lead by example through its adoption of improved management and transparency practices. Further, NRB enjoys operational independence in the execution of its duties. To build trust among its stakeholders, adequate transparency and disclosures are very important. This report disseminates information in this regard.

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

Thank you,

Dr. Gunakar Bhatta

Executive Director

Table of Contents

CHAPTER I.....	1
1. NEPALESE BANKING INDUSTRY.....	1
1.1 Nepal Rastra Bank as a regulator and supervisor.....	2
1.2 The Commercial Banking	3
1.3 Ownership and Control	4
1.4 Scope of Operations: Public Vs. Private	4
1.5 Branch Network	5
1.6 Asset Share of Banks and Financial Institutions.....	6
1.7 Employment in the Banking Industry	7
1.8 Review of the Guiding Documents	7
1.9 Access to Banking Services and Financial Inclusion.....	8
CHAPTER II.....	9
2 BANK SUPERVISION	9
2.1 Supervision Function.....	9
2.2 Bank Supervision Department (BSD).....	9
2.3 Supervision Methodology	9
2.4 Organization Structure of BSD	10
CHAPTER III	16
3 OPERATIONAL PERFORMANCES OF COMMERCIAL BANKS	16
3.1 Assets of the commercial banks.....	16
3.2 Composition of Assets	17
3.3 Composition of Liabilities	17
3.4 Capital.....	18
3.5 Deposit	18
3.6 Loan and Advances.....	19
3.7 Non-Performing Loans (NPL)	21
3.8 Non-Banking Assets (Investment in Property)	22
3.9 Investment.....	23
3.10 Earnings	24
3.11 Liquidity.....	25
3.12 Deprived Sector Lending	27
3.13 Electronic Banking.....	27

CHAPTER IV	30
4 CURRENT INITIATIVES IN SUPERVISION	30
4.1 International Initiatives:	30
4.1.1 Initiatives by Basel Committee on Banking Supervision (BCBS).....	30
4.1.2 Initiatives by Financial Stability Board (FSB).....	32
4.1.3 Initiatives by other authorities	33
4.2 National Initiatives:.....	35
4.3 Covid-19 Crisis	37
4.3.1 International Response (Central Bank’s Perspective).....	37
4.3.2 National Response (NRB’s perspective)	39
CHAPTER V	41
5 KEY ONSITE OBSERVATIONS, ISSUES AND CHALLENGES	41
5.1 Key Onsite Observations	41
5.1.1 Board and Senior Management Oversight.....	41
5.1.2 Capital and Earnings	41
5.1.3 Audit Function	42
5.1.4 Credit Risk	42
5.1.5 Liquidity Risk	43
5.1.6 Market Risk (including interest rate and foreign exchange risk).....	44
5.1.7 Operation risk.....	45
5.1.8 AML/CFT	46
5.2 Issues:.....	47
5.3 Challenges:.....	49
ANNEXURES	53
Annex 1: Growth of Financial Institutions (numbers)	53
Annex 2: Province-Wise Distribution of BFIs branches (Mid-July 2019/20)	53
Annex 3: Organisation Chart of BSD	54
Annex 4: Onsite Inspections in FY 2019/20	55
Annex 5: Circulars issued in FY 2019/20	56
Annex 6: Capital adequacy ratios of Commercial Banks	57
Annex 7: Special Inspection of Commercial Banks in FY 2019/20	57
Annex 8: International Training/Seminar Participation from BSD in FY 2019/20.....	58
Annex 9: Financial Figures of Banks.....	60

Annex 10: Financial Details of Commercial Banks.....	65
Annex 11: Useful websites for supervisors.....	112

List of Tables

Table 1-1: Number of BFIs in last 5 years in Nepal.....	1
Table 1-2: List of Commercial Banks in Nepal.....	3
Table 1-3: Branches of Commercial Banks.....	5
Table 1-4: Asset Share of Banks and Financial Institutions.....	6
Table 2-1: Important Directives regarding Capital, Credit and Liquidity.....	14
Table 3-1: Sector-wise loan and advances of the Commercial Banks.....	20
Table 3-2: Security-wise Loan and Advances of Commercial Banks.....	20
Table 3-3: Product wise Loan and Advances.....	21
Table 3-4: Electronic banking in Nepalese Commercial banking industry.....	27

List of Charts

Chart 1-1: Number of BFIs in last five years in Nepal.....	2
Chart 1-2: Number of Bank Branches (as of mid-July 2020).....	6
Chart 3-1: Total Assets of the Commercial Banks (mid-July, 2018 to 2020).....	16
Chart 3-2: Composition of Assets of Commercial Banks (mid-July 2020).....	17
Chart 3-3: Composition of Liabilities of Commercial Banks (mid-July 2020).....	17
Chart 3-4: Capital Funds of the Commercial Banks (mid-July, 2018 and 2020).....	18
Chart 3-5 (A): Deposit Mix of the Commercial Banks (mid-July, 2018 to 2020).....	18
Chart 3-5 (B): Deposit Mix of the Commercial Banks (mid-July 2020).....	19
Chart 3-6: Loan and Advances of the Commercial Banks (mid-July, 2018 to 2020).....	19
Chart 3-7 (A): NPL Ratio of the Commercial Bank (mid-July, 2018 to 2020).....	22
Chart 3-7 (B): Non-Performing Loan of Commercial Banks (mid-July, 2018 to 2020).....	22
Chart 3-8: Non-banking assets of the Commercial Banks (mid-July 2018 to 2020).....	23
Chart 3-9: Investment Portfolio of the Commercial Banks (mid-July 2020).....	24
Chart 3-10 (A): Operating Efficiency of the Commercial Banks (mid-July, 2018 to 2020).....	24
Chart 3-10 (B): Interest Spread of the Commercial Banks (mid-July, 2018 to 2020).....	25
Chart 3-11 (A): Liquid Assets to Total Deposit (mid-July, 2018 to 2020).....	26
Chart 3-11 (B): Liquid Assets to Total Assets (mid-July, 2018 to 2020).....	26

CHAPTER I

1. NEPALESE BANKING INDUSTRY

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

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

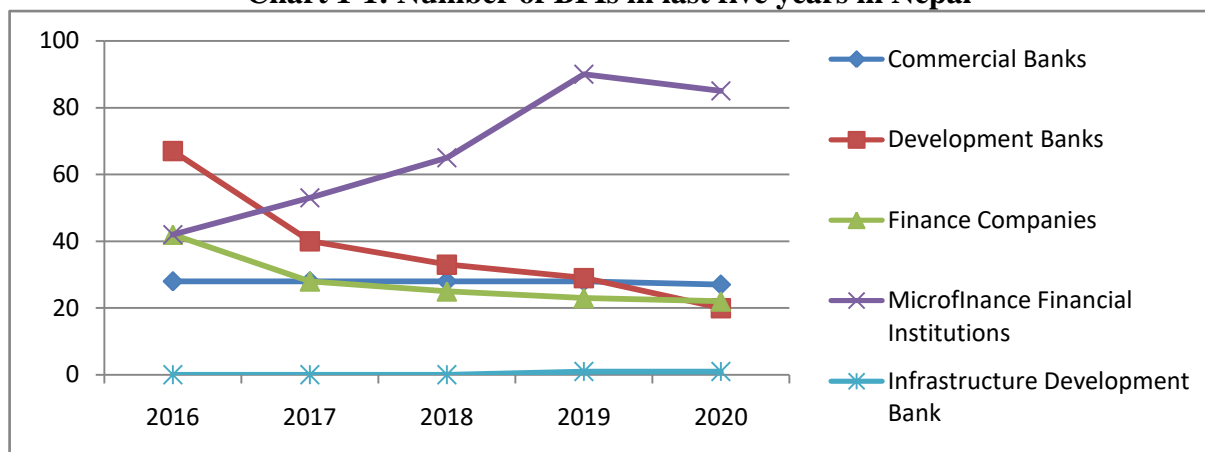
As of mid-April 2021, there are a total of 155 BFIs in operation (including 1 Infrastructure Development Bank). There are 27 Commercial Banks, 18 Development Banks, 20 Finance Companies and 74 Microfinance Financial Institutions. In FY 2019/20, the number of BFIs decreased from 171 to 155 and the total number of branches has increased from 8,686 to 9,765. And in the nine months of 2020/21, 30 BFIs have been merged/acquired. Similarly, the number of BFIs branches stand 10,546 in mid-April 2021.

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

Table 1-1: Number of BFIs in last five years in Nepal (mid-July, 2020)

BFIs	2016	2017	2018	2019	2020
Commercial Banks	28	28	28	28	27
Development Banks	67	40	33	29	20
Finance Companies	42	28	25	23	22
Microfinance Financial Institutions	42	53	65	90	85
Infrastructure Development Bank	0	0	0	1	1

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



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

1.1 Nepal Rastra Bank as a regulator and supervisor

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

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

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

NRB aims at becoming more proactive by applying supervisory methods that are forward-looking and analytical. Banks are supervised through onsite inspection and offsite surveillance. Since 2014, it has started conducting an onsite inspection under risk-based supervision (RBS) approach. While this approach has been applied fully on commercial banks, NRB is planning to gradually adopt this approach on all the BFIs. Under this method,

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

1.2 The Commercial Banking

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

Table 1-2: List of Commercial banks in Nepal (mid-July, 2020)

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

18	NIC Asia Bank Ltd.	2013/06/30*	Thapathali, Kathmandu
19	Global IME Bank Ltd.	2019/09/04*	Kamaladi, Kathmandu
20	NMB Bank Ltd.	2015/10/18*	Babarmahal, Kathmandu
21	Prabhu Bank Ltd.	2016/02/12*	Babarmahal, Kathmandu
22	Siddhartha Bank Ltd.	2016/07/21*	Hattisar, Kathmandu
23	Bank of Kathmandu Ltd.	2016/07/14*	Kamalpokhari, Kathmandu
24	Civil Bank Ltd.	2016/10/17*	Kamaladi, Kathmandu
25	Nepal Credit and Commerce Bank Ltd.	2017/01/01*	Bagbazar, Kathmandu
26	Rastriya Banijya Bank Ltd.	2018/05/02*	Singhadurbar Plaza, Kathmandu
27	Mega Bank Nepal Ltd.	2018/05/13*	Kamaladi, Kathmandu
	*Joint operation date after merger.		

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

1.3 Ownership and Control

Commercial banks in Nepal can be broadly categorized into two groups as public (state-owned) and private banks (non-state-owned) based on ownership and control. As of mid-April 2021, there are 3 public and 24 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, the Government of Nepal owns 51 percent equity shares of Agricultural Development Bank Limited which was initially established as a development bank, specialising in agricultural sector, with 100 percent government ownership and it was upgraded to commercial bank in 2006.

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

1.4 Scope of Operations: Public Vs. Private

Although the number of commercial banks have slightly decreased in the last few years due to the consolidation policy adopted by the Nepal Rastra Bank through the promotion of merger and acquisition, substantial increment in minimum capital requirement, increase in bank branches and the total volume of loans and deposits demonstrate a considerable increase in access/outreach and business. Total deposits of the commercial banks has increased from Rs.2,878.80 billion in 2018/19 to Rs. 3,489.39billion in the 2019/20 The deposits of public banks grew by 0.93 percent while those of private banks (non-state owned banks) has increased staggeringly by 25.63 percent.

Similarly, loans and advances of the Commercial banks has reached to Rs. 2,903.59 billion as of mid-July 2020, compared to a total of Rs. 2,482.16 billion as of mid-July 2019 and is the increment of 16.98 percentage. The loans and advances of public banks grew by 9.66 percent while those of private banks have increased by 18.20 percent.

The total assets of commercial banks have increased by 19.67 percent to Rs. 4,246.83 billion when compared to Rs. 3,548.82 billion of the previous year. Total assets grew by 14.95 percent in public banks while it grew by 20.54 percent in private banks.

1.5 Branch Network

The total number of branches of commercial banks increased from 3,585 in mid-July 2019 to 4,436 in mid-July 2020 (*Refer to Annex 2: Province-Wise Distribution of BFIs branches (Mid-July 2019/20)*) and it has reached to 4,632 at the mid-April 2021. NRB has been promoting financial access through policies that encourage banks to open a larger number of branches in rural areas. While the increase in bank branches is overwhelming, most banking services are still concentrated / confined in/to the urban and semi-urban areas.

Table 1-3: Branches of Commercial banks

S.No.	Name of Banks	2016	2017	2018	2019	2020	2021
		Mid-July					Mid-April
1	Nepal Bank Limited (NBL)	130	130	140	173	211	247
2	Rastriya Banijya Bank Limited (RBBL)	174	185	212	245	271	278
3	NABIL Bank Limited (NABIL)	52	52	74	81	124	125
4	Nepal Investment Bank Limited (NIBL)	46	61	89	105	109	116
5	Standard Chartered Bank Nepal Ltd. (SCBN)	19	15	15	15	15	15
6	Himalayan Bank Limited (HBL)	45	45	58	54	67	76
7	Nepal SBI Bank Limited (NSBI)	73	66	83	108	108	108
8	Nepal Bangladesh Bank Limited (NBBL)	35	46	72	97	105	107
9	Everest Bank Limited (EBL)	61	60	90	95	99	106
10	Bank of Kathmandu Limited (BOK)	69	75	83	96	99	101
11	Nepal Credit and Commerce Bank Limited (NCCBL)	22	96	108	129	133	137
12	NIC Asia Bank Limited (NICA)	67	118	237	330	424	428
13	Machhapuchchhre Bank Limited (MBL)	57	56	88	132	165	167
14	Kumari Bank Limited (KBL)	36	74	88	93	186	200
15	Laxmi Bank Limited (LBL)	50	66	96	110	126	133
16	Siddhartha Bank Limited (SBL)	62	70	121	156	186	189
17	Agriculture Development Bank (ADBL)*	245	249	250	264	268	282
18	Global IME Bank Limited (GIBL)#	87	113	132	163	294	318
19	Citizens Bank International Limited (CBIL)	56	60	79	75	110	110
20	Prime Commercial Bank Limited (PCBL)	32	53	63	67	198	199
21	Sunrise Bank Limited (SRBL)	67	70	92	118	145	152
22	NMB Bank Limited (NMB)	71	80	118	114	172	189
23	Janata Bank Nepal Limited (JBNL)	123	88	121	145	-	-
24	Mega Bank Nepal Limited (MBNL)	37	47	105	121	236	218
25	Civil Bank Limited (CBL)	40	51	69	90	115	121
26	Century Commercial Bank Limited (CCBL)	42	67	103	121	123	133
27	Sanima Bank Limited (SBL)	31	46	74	79	88	103
28	Prabhu Bank Limited (PRVU)	40	135	164	214	259	274
	Total	1,869	2,274	3,023	3,585	4,436	4,632

* Also includes branches with development banking functions.

Janata Bank Nepal Limited merged with Global IME Bank Limited

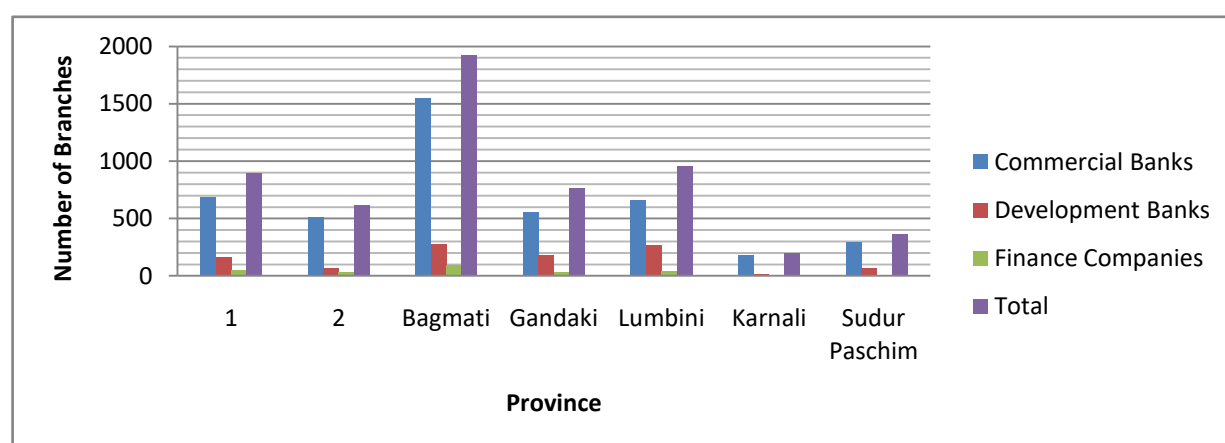
Note: The above data includes Commercial Banks' Banking Branch, City Office, Corporate Office, Extension Counter and Head Office.

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

The private sector bank NIC Asia Bank Limited has the largest number of branches (424) followed by GIBL (294). The public sector banks RBBL, ADBL and NBL has 271, 268 and 211 branches respectively. Commercial banks branches are concentrated in Bagmati Province with 1,553 branches (35.01 percent of total branches). This is followed by Province 1 with 687 and the Lumbini Province with 657 branches. Karnali Province has the lowest number of bank branches i.e. 177 (only 3.99 percent of total bank branches). Due to higher level of economic activities at the Bagmati province bank's branches and services are concentrated here.

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

Chart 1-2: Number of BFIs Branches (As of mid-July 2020) Province-wise



1.6 Asset Share of Banks and Financial Institutions

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

Table 1-4: Asset share of banks and financial institutions (mid-July, 2013 to 2020)

Bank and Financial Institutions	% Share as on mid-July							
	2013	2014	2015	2016	2017	2018	2019	2020
Commercial	78.20	78.00	78.73	79.74	83.41	82.76	80.88	83.61
Development	13.00	13.60	13.34	12.81	9.71	9.99	10.67	7.83
Finance	6.60	5.80	4.79	3.78	2.63	2.56	2.47	2.40
Micro Finance	2.20	2.60	3.14	3.68	4.26	4.69	5.99	6.16
Total	100	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 83.61 percent of total assets of the Nepalese banking industry at the mid-July of 2020, such share was 80.88 percent in the previous year. Share of development banks has decreased from 10.67 percent in FY

2018/2019 to 7.83 percent in FY 2019/2020. Likewise, the share of finance companies has decreased to 2.40 percent from 2.47 percent during the review period. The share of microfinance financial institutions increased from 5.99 percent to 6.16 percent in mid-July 2020. The decrease in the share of the Development banks and the Finance companies can be attributed to the merger and acquisition where several development banks are merged with or get acquired by commercial banks and finance companies are also merged with or get acquired either by development banks or commercial banks. The table above reveals that the consolidation of BFIs has the greatest impact on the development banks and finance companies by reducing its number as well as decreasing its shares in the total assets of the banking sector. Similarly, increase in the share of the microfinance institutions is due to the increasing number of microfinance financial institutions which has taken place as a result of the liberal licensing policy adopted by the NRB for the microfinance financial institutions.

1.7 Employment in the Banking Industry

Commercial banks have employed 40,938 individuals as of mid-July 2020. The numbers of staff working in three public banks were 6,300 and the private bank employs 34,638 persons as on the date it shows that the three public sector banks still employ 15.39 percent of total people working in the commercial banking industry. The banking sector is considered as a lucrative sector for work after completing Management and Economics related degrees. Hence, many graduates aspire to enter this sector. However, there is still a lack of skilled manpower in the industry. The human resource in the industry is expected to improve once the industry gets fully matured.

1.8 Review of the Guiding Documents

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

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

- Nepal Rastra Bank Act, 2002,
- Bank and Financial Institutions Act, 2017
- Company Act, 2017
- Nepal Rastra Bank Inspection and Supervision Bylaws, 2014
- Unified Directives published annually, and Circulars issued from time to time
- Capital Adequacy Frameworks
- Nepal Rastra Bank Prompt Corrective Actions Bylaws, 2012
- Monetary Policy Announcements,
- Assets (Money) Laundering Prevention Act, 2008
- Several Guidelines issued by Nepal Rastra Bank
- Risk-Based Supervision Manual, Volume I & II
- Off-site Supervision Manual, 2010

1.9 Access to Banking Services and Financial Inclusion

NRB is the main agency that is involved in promoting financial access in the country. Through its policies, NRB has been working for expanding banking services and increasing financial inclusion of the general public. All commercial banks have been directed to open/expand their branches in all local bodies of the country. As of mid-July 2020, 747 out of 753 local levels had the presence of commercial bank branches. A provision has been made to allow BFIs to open a branch in Kathmandu valley only after opening three branches outside the Kathmandu valley. Two out of these three branches must be opened in municipality or rural municipality. Further, BFIs do not need to take permission from NRB to open a new branch in places other than metropolitan and sub-metropolitan cities.

Besides, NRB is working to promote branchless banking and mobile banking to increase access to the banking service/system by the rural and unbanked people. As of mid-July 2020, there were 1,574 branchless banking centres of 'A' class banks are in operation. Likewise, the number of mobile-banking customers reached to 10,115,313 as of mid-July 2020.

As of mid-July 2020, the total number of branches of commercial banks reached 4,436 and population per branch was 6,762¹. The population per branch was 8,148 in the previous year. The population per branch when considering all categories of BFIs comes down to 3,072 as of mid-July 2020 compared to 3,363 as of mid-July 2019.

¹ Population 29,996,478 calculated on yearly basis based on five yearly population projection Source :

CHAPTER II

2 BANK SUPERVISION

2.1 Supervision Function

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

2.2 Bank Supervision Department (BSD)

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

2.3 Supervision Methodology

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

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

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

2.4 Organization Structure of BSD

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

2.4.1 Onsite Inspection and Enforcement Division

On-site Inspection and Enforcement Division has four On-site Inspection and Enforcement Units. On-site inspection of banks are conducted as per the approved annual plan of the department. The department strive to conduct onsite inspection of each commercial bank at least once a year. NRB has initiated the practice of conducting targeted inspections from FY 2017-18 focusing on specific areas of risks/operation that have been identified as major risk areas during the previous full scope (comprehensive) inspection. Full-scope or targeted onsite inspections are performed in accordance with the risk profile of the banks. Onsite inspections are carried out as per the Risk Based Supervision (RBS) approach as guided by the prevailing RBS manual and inspection report of the bank is prepared accordingly. Generally, an inspection team comprises/includes a team leader (Deputy Director) and three to four others members (Assistant Directors). One IT Officer from IT Department is deployed for a limited number of days to examine IT-related areas of the concerned bank (*Annex 4: Onsite Inspections in FY 2019/20*).

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

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

There are currently twelve officers working in these four units. All four units are headed by a Deputy Director who oversees works related to seven banks each.

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

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

2.4.2 Offsite Supervision Division

Off-site Supervision Division comprises four units: Compliance Unit, SIS Project, Financial Analysis Unit and Internal Administration Unit. The Off-site Division, especially compliance and financial analysis unit, carries out off-site surveillance of the banks. The Department is in the process of revising the offsite manual to guide the procedures of offsite function. The functions of each unit are described below:

Compliance Unit

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

Cash Reserve Ratio (CRR)

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 set at minimum 3 percent of total local currency deposit liabilities in the review period. While the minimum is to be kept for every two weeks, 70% of the minimum requirement (3%) has to be kept by each bank on daily basis. The average CRR maintained by the commercial banks in the last period of the review year is 6 percentage. Banks that fail to maintain such reserves face monetary penalties based on the bank rate. During the review period, one bank was penalised for not maintaining the required CRR.

Deprived Sector Lending (DSL)

Commercial banks are required to disburse 5 percent of their total loan portfolio in the deprived sector. The average deprived sector lending of the commercial banks stood at 6.26 percentage in the last quarter of the review year. Banks that fail to maintain the minimum

requirement in deprived sector lending as prescribed by the NRB are imposed monetary penalty on the basis of highest lending rate of the bank during the quarter in which shortfall are observed.

Statutory Liquidity Ratio (SLR)

Banks are required to maintain SLR of 10 percentage of their total domestic deposit liabilities. Failing to meet such obligation results in monetary penalties computed on the basis of the bank rate. During the review year, all banks complied with the Statutory Liquidity Ratio standard. The average SLR of the commercial banks in the last month of the review year was 24.02 percent.

Capital Adequacy Ratio (CAR)

The New Capital Adequacy Framework requires the banks to maintain minimum capital requirements based on total risk weighted assets. As per the framework, Commercial banks need to maintain at least 6 percent Tier I capital and 11 percent Total Capital Fund (Tier I & Tier II) including Capital Conservation buffer. The minimum capital adequacy requirements are based on the risk-weighted exposures (RWE) of banks to credit risk, market risk and operational risk. The capital adequacy ratios of banks are monitored on a monthly basis. The average capital adequacy ratio of the commercial banks in the last month of the review year was 14.01 percent.

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

SIS Project

SIS project is responsible for the development, implementation and the back-office support function of the Supervisory Information System (SIS) post implementation period. The project team includes three officers who coordinate with other NRB staff, support providers and the vendor. Currently, the System has gone live for the initial phase that involves submission of some returns/input by the commercial banks and use of On-site Module for the onsite inspection purpose. The team members have also been involved in training other NRB staff and bankers, as well as, collecting feedback for the continuous improvement and customization of the system.

Financial Analysis Unit

Financial Analysis Unit reviews and analyses the financial performance of banks using prudential reports, statutory returns and other relevant information. It monitors the trend and development of financial indicators of the banking sector as a whole and generates industry reports on a quarterly basis. The unit helps with assessing the health of individual bank and the overall commercial banks. The unit monitors, reviews, and analyses return of banks and prepares reports to detect emerging problems and early warning indicators/signals. The returns are used to evaluate the exposure to risks and the effect this could have on profits. The statutory returns are the basis for computing basic ratios to analyse capital adequacy, assets

quality, earnings, liquidity and sensitivity to market risk (CAELS). The unit also compiles and analyses financial data and prepare reports on a regular, as well as specific case basis. Further, the unit is also responsible for approving dividend proposed & providing NRB's consent on the bank's annual financial statement to present it in the Annual General Meeting of the bank.

Internal Administration Unit

The Internal Administration Unit performs the functions related to management of human resources and internal administration within the department. Its tasks include providing logistics within the department, issuance of travel orders, maintaining leave records and also serving as the back office. It also keeps the records of the staff participation in international trainings and seminars (*Refer to Annex 8: International Training/Seminar Participation from BSD in FY 2019/20*). This unit is responsible for looking after procurement for the BSD such as supply of office logistics and stationery in coordination with the Asset and Service Management Department of NRB. This unit also helps in coordination between other units to carry out the functions more smoothly and effectively. There are seven personnel, including two support-level staff, fulfilling the unit's duties.

2.4.3 Money Laundering Monitoring and Special Inspection Division

Money Laundering Monitoring and Special Inspection Division comprise three units: Money Laundering Monitoring Unit, Policy and Planning Unit and Special Inspection Unit.

Money Laundering Monitoring Unit

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

Policy and Planning Unit

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

Further, the unit also reviews and formulates the annual plans of the department in line with NRB's strategic plan, conducts and coordinates interaction programs, seminars and workshops on the supervision-related issues. However, due to Covid-19 pandemic, none of the scheduled programs were conducted in the year 2020. It also prepares the annual report of the department as prescribed in the Inspection and Supervision Bylaw.

Special Inspection Unit

The special inspection unit deals with, including inquiring and follow up, the banking-related complaints made directly at NRB, coming through public, media and government authorities as well as upon the findings of 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. (*Refer to Annex 7: Special Inspection of Commercial Banks in FY 2019/20*).

The following table shows important directives for compliance during the review year: (*Annex 5: Circulars issued in FY 2019/20*).

**Table 2-1: Important Directives regarding Capital, Credit and Liquidity
(Effective for the FY 2019-20)**

SN	Particulars	Current Rate or Percentage	Days/ Month	Remarks I	Remarks II
1.	Minimum Capital fund "IDB" and "A" class	Core Capital = 6% & Capital Fund including capital conservation buffer= 11% of Total Risk Weighted Exposure		Minimum capital fund to be maintained based on the risk- weight assets (percent)	As per Capital Adequacy Framework, 2018 for IDB, Capital Adequacy Framework 2015 for for Class 'A' Banks and Capital Adequacy Framework, 2007 (Updated July 2008) for "B" and "C" class.
	"B" class & "C" class	Core Capital = 6% & Capital Fund = 10% of Total Risk Weighted Exposure			
2.	Refinance Facility (i) Micro, Cottage & Small Enterprises Refinance (limit up to 1.5million)	2%	Max. 1 year	Cannot charge more than 5%	i. Max. Limit per client is 50 million for wholesale refinance facilities provided via BFIs. ii. Max. Limit

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

CHAPTER III

3 OPERATIONAL PERFORMANCES OF COMMERCIAL BANKS

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

NFRSs comprises broad standards covering Nepal Accounting Standards (NAS) developed by ASB before 2013, Nepal Financial Reporting Standards (NFRS) developed after 2013, Standard Interpretation Committee's (SIC) Interpretations by the then Standard Interpretation Committee (SIC) under IFRS Foundation and International Financial Reporting Interpretation Committee's (IFRIC) interpretations published by IFRIC.

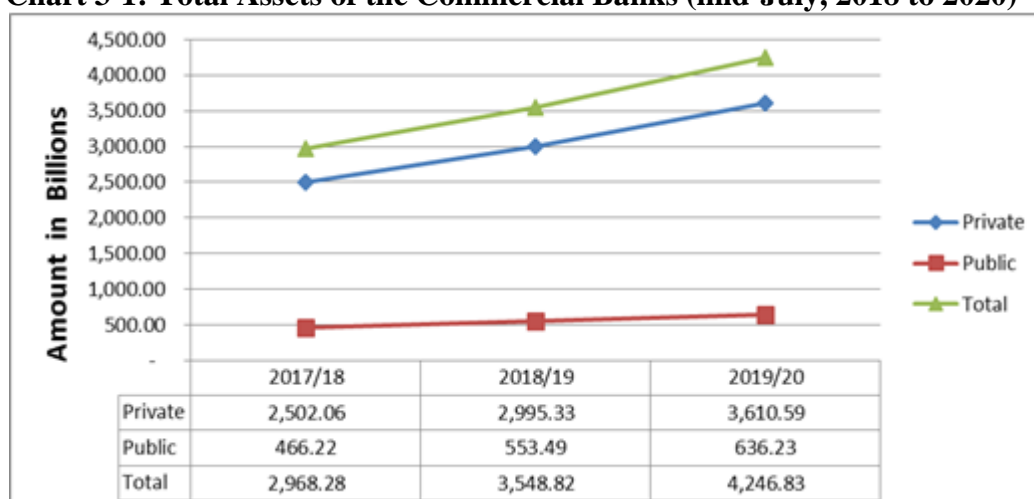
As per the directive issued by the NRB, Commercial Banks have started to publish their financial statements as per Nepal Financial Reporting Standards (NFRSs) since FY 2017/18 A.D. The operational performance of the commercial banks as reported to the BSD are as follows:

3.1 Assets of the commercial banks

The total assets of the commercial banks have increased by 19.67 percent to Rs. 4,246.83 billion in the FY 2019/20 compared to a growth of 19.56 percent in FY 2018/19. In the review year, the total assets increased by 14.95 percentage in public banks and by 20.54 percentage in case of the privately owned banks. The major contribution in the increment in total assets of the Commercial banks comes from the increase in the total loan portfolio, which is the largest component of assets in the Commercial banks.

Please refer to Annex 9.1: Banking Operation for details.

Chart 3-1: Total Assets of the Commercial Banks (mid-July, 2018 to 2020)

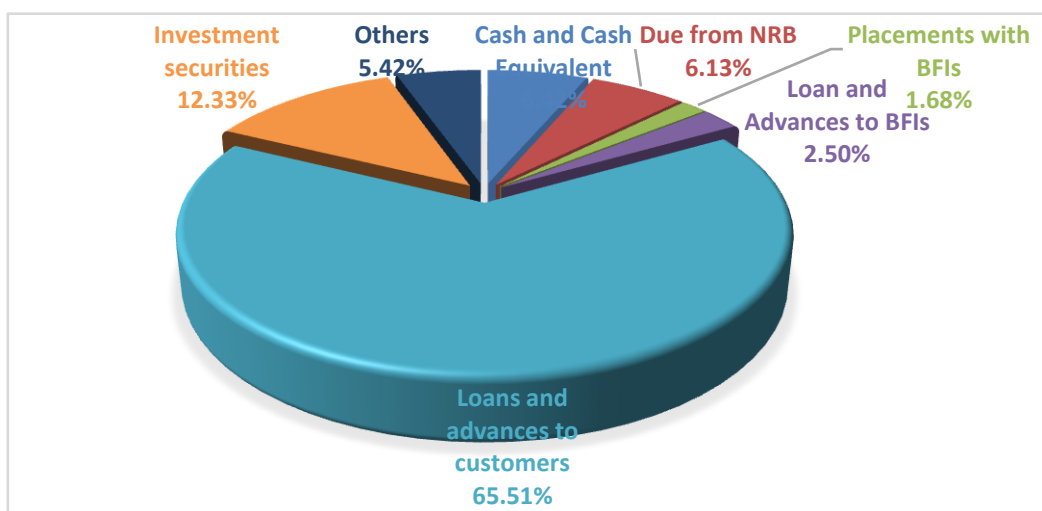


3.2 Composition of Assets

The major portion/chunk of the assets of the commercial banks is in the form of loans & advances which amounts to Rs.2,903.59 billion (Rs.2,888.39 billion as per Nepal Financial Reporting Standards which is 68.01% of total assets). The second and third largest components are investment in securities (12.33%) and cash and cash equivalent (6.42%) respectively.

Refer to Annex 9.2: Composition of Assets for details.

Chart 3-2: Composition of Assets of Commercial Banks (mid-July 2020)

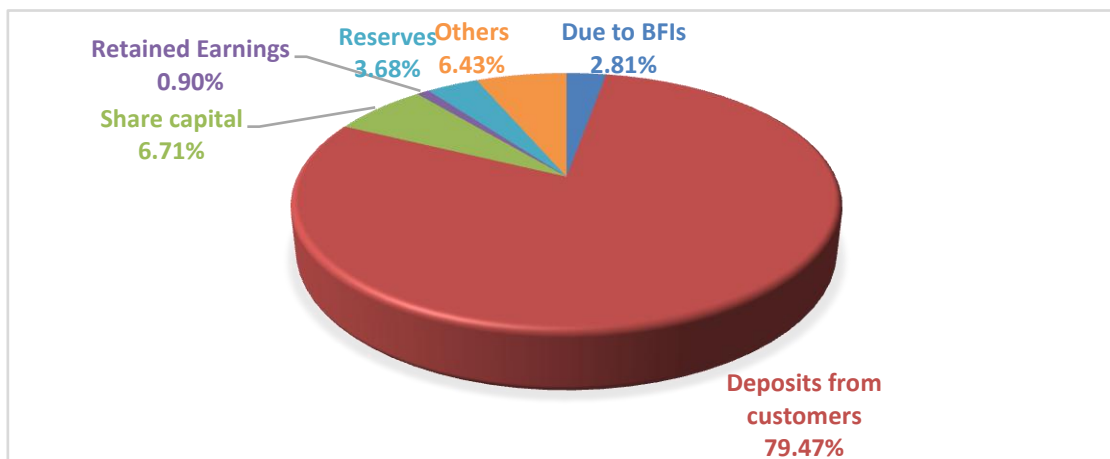


3.3 Composition of Liabilities

The largest source of fund of the Commercial banks in mid-July 2020 was deposit, which amounts to Rs.3,489.39 billion (82.16%) the total deposit was Rs.2,906.56 billion at the mid-July 2019. In the review period deposit has increased by 20.22 percentage compared to the FY ended on mid-July 2019. The second and third largest sources of resources were Share capital and Reserves which amounts to Rs. 284.81 billion (6.71%) and Rs.156.32 billion (3.68%) respectively in the review period.

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

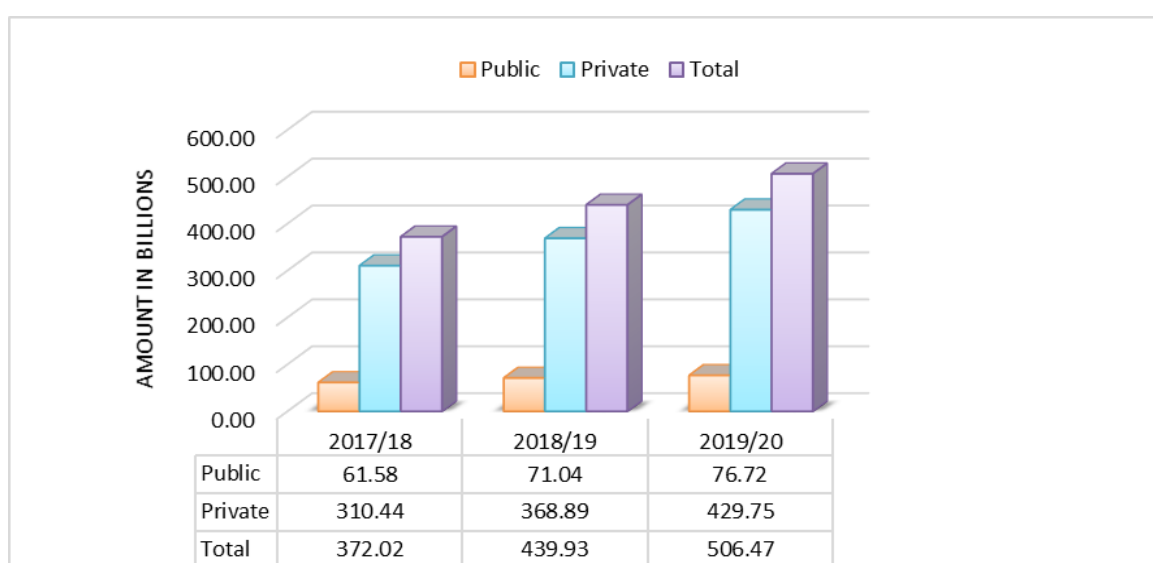
Chart 3-3: Composition of Liabilities of Commercial Banks (mid-July 2020)



3.4 Capital

The consolidated capital fund of the Commercial banks showed a significant growth during the review year. Capital fund has increased by 15.12 percentage to Rs.506.47 billion in the review year. Capital fund of privately owned banks grew by 16.50 percent to Rs. 429.75 billion and that of the public banks has increased only by 7.99 percentage and reached to Rs 76.72 billion. Increment in the paid-up capital due to issuance of bonus shares and increase in the statutory reserves have mostly contributed to such growth in the capital funds of the bank. Refer to Annex 9.4: Capital Fund for details.

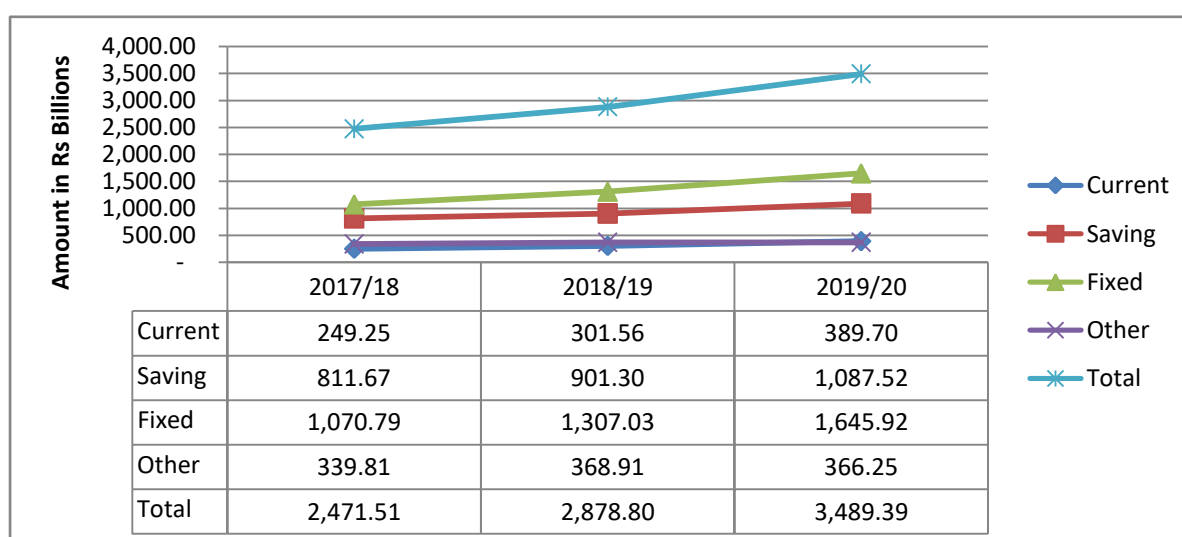
Chart 3-4: Capital Funds of the Commercial Banks (mid-July, 2018 and 2020)



3.5 Deposit

Total deposits of the commercial banks as per unaudited figures increased significantly by 21.21 percentage to Rs.3,489.39 billion in the review year compared to a growth of 16.48 percent in the previous fiscal year.

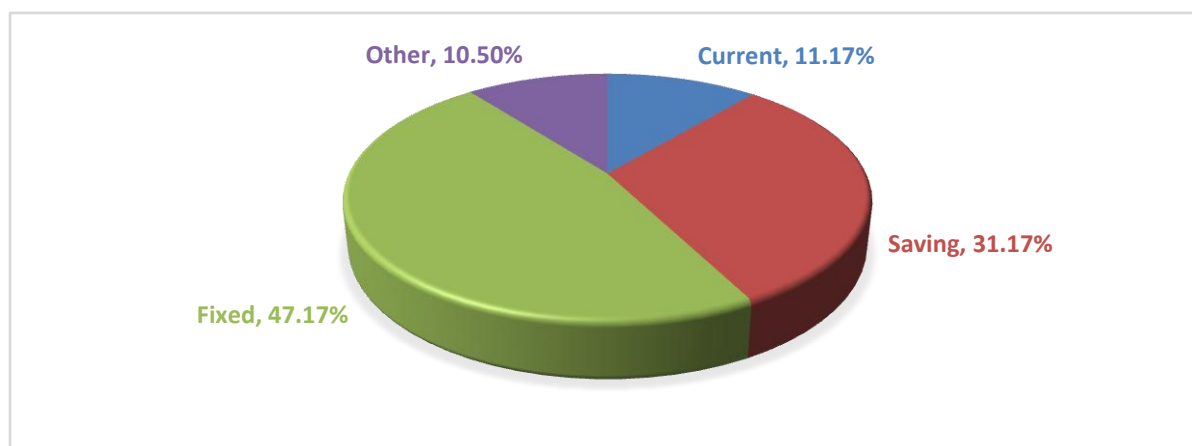
Chart 3-5 (A): Deposit Mix of the Commercial Banks (mid-July, 2018 to 2020)



The above chart depicts that savings and fixed deposits are the major components in the deposits of the banks. In the review year, the current deposits increased with the highest rate of 29.23 percentage and reached to Rs.3,89.70 billion followed by fixed deposits which increased by 25.93 percentage and reached to Rs.1,645.92 billion. Across all the three years presented, fixed deposits have covered the highest portion of commercial banks' total deposits.

Refer to Annex 9.5: Deposit Mix for details.

Chart 3-5 (B): Deposit Mix of the Commercial Banks (mid-July 2020)

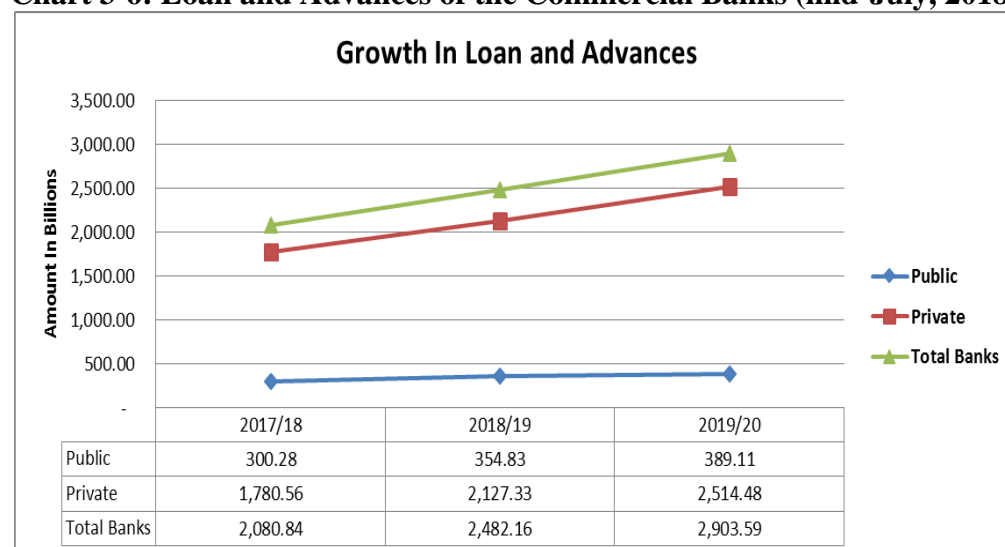


3.6 Loan and Advances

Loan and advances of the banks has increased by 16.98 percentage and stood at Rs.2,903.59 billion at the end of FY 2019/20 compared to growth of 19.29 percentage in the previous fiscal year. Loans and advances of public banks) banks (state-owned banks) has increased by 9.66 percent to Rs.389.11 billion, and that of private banks (non-state-owned banks) rose by 18.20 percent to Rs. 2,514.48 billion during the review year compared to the previous year.

Refer to Annex 9.6 Loans and Advances for details.

Chart 3-6: Loan and Advances of the Commercial Banks (mid-July, 2018 to 2020)



3.6.1 Sector-wise Loan and Advances

Commercial banks have disbursed loans and advances to different sectors of the economy. Wholesalers & Retailers sector is the dominant sector of lending with a share of 20.84 percentage in the total loans and advances, followed by Non-Food Production sector (13.17%) and Construction (10.16%) sector at the end of FY2019/20.

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

SN	Sector	% of Total Loan (mid-July)		
		2018	2019	2020
1	Agriculture Forest	4.60	5.26	5.75
2	Fishery	0.11	0.14	0.16
3	Mining	0.21	0.28	0.21
4	Agriculture, Forestry & Beverage Prod. Related	6.00	5.66	5.43
5	Non-food Production Related	12.85	13.70	13.17
7	Construction	10.06	10.06	10.16
8	Electricity, Gas and Water	3.89	4.79	5.40
9	Metal Products, Machineries, Elec. and Installation	1.41	1.29	1.48
10	Transport, Warehousing and Communication	2.71	2.55	2.60
11	Wholesalers and Retailers	22.90	22.06	20.84
12	Finance, Insurance and Real Estate	8.51	8.03	7.66
13	Hotel and Restaurant	3.77	4.24	4.61
14	Other Services	4.50	4.38	4.73
15	Consumable Loans	6.69	5.50	4.75
16	Local Government	0.07	0.06	0.05
17	Others	11.72	12.00	12.99
	Total Loan	100	100	100

Source: Offsite Supervision Division, BSD

3.6.2 Security-wise Loan and Advances

Almost all the loans and advances disbursed by the Commercial banks are secured by some form of collateral. As of mid-July 2020, about 89.50 percent of the total loans and advances are secured by the property. This category includes all those loans and advances that are provided against security of fixed assets like real estate and current assets like stocks and receivables as well.

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

S.N.	Security	% of Total Loan (mid-July)		
		2018	2019	2020
1	Gold and Silver	1.54	1.28	1.18
2	Government Bonds	0.02	0.01	0.02
3	Non-Government Securities	1.44	1.11	1.10
4	Fixed Deposit Receipts	0.64	0.76	0.58
5	Property as Collateral	88.29	89.53	89.50
6	Security of Bills	0.86	0.93	1.16
7	Guarantee	3.04	3.21	3.02

8	Credit Card	0.06	0.07	0.06
9	Others	4.11	3.11	3.38
Total		100	100	100

Source: Offsite Supervision Division, BSD

3.6.3 Product-wise Loans and Advances

Major part of the loan and advances, i.e. 23.58 percent of the total loan, as of mid-July 2020, is related to demand and other working capital nature. The proportion of such loan in the previous year was 23.96 percent. Similarly, 21.47 percent and 14.51 percent of loans were extended as term and overdraft loans respectively. There is no significant change in the product-wise mix when compared with the previous year.

Table 3-3: Product wise Loan and Advances

S.N.	Loan Products	% of total loan (Mid July)		
		2018	2019	2020
1	Term Loan	17.46	19.08	21.47
2	Overdraft	16.53	15.00	14.51
3	Trust Receipt Loan/Import Loan	5.41	5.09	4.76
4	Demand and Other Working Capital Loan	22.74	23.96	23.58
5	Personal Residential Home Loan	7.91	7.47	7.18
6	Real Estate Loan	5.43	4.76	4.87
7	Margin Loan	1.57	1.42	1.42
8	Hire Purchase Loan	6.50	5.68	4.99
9	Deprived Sector Loan	5.41	5.69	5.82
10	Bills Purchased	0.14	0.13	0.11
11	Other Product	10.9	11.71	11.28
	Total	100	100	100

Source: Offsite Supervision Division, BSD

3.7 Non-Performing Loans (NPL)

The total volume of non-performing loans of the commercial banks increased by 41.85 percent in the fiscal year 2019/20 and reached to Rs. 52.57 billion. Non-performing loans of private sector banks increased by 61.31 percentage to Rs. 39.04 billion and that of public sector banks increased by 5.25 percent to Rs. 13.54 billion during the review period. The non-performing loan of the banking industry has increased from 1.49 percent to 1.81 percentage during the review period.

Refer to annex 9.7: Non-Performing Loans for the details.

Chart 3-7 (A): NPL Ratio of the Commercial Bank (mid-July, 2018 to 2020)

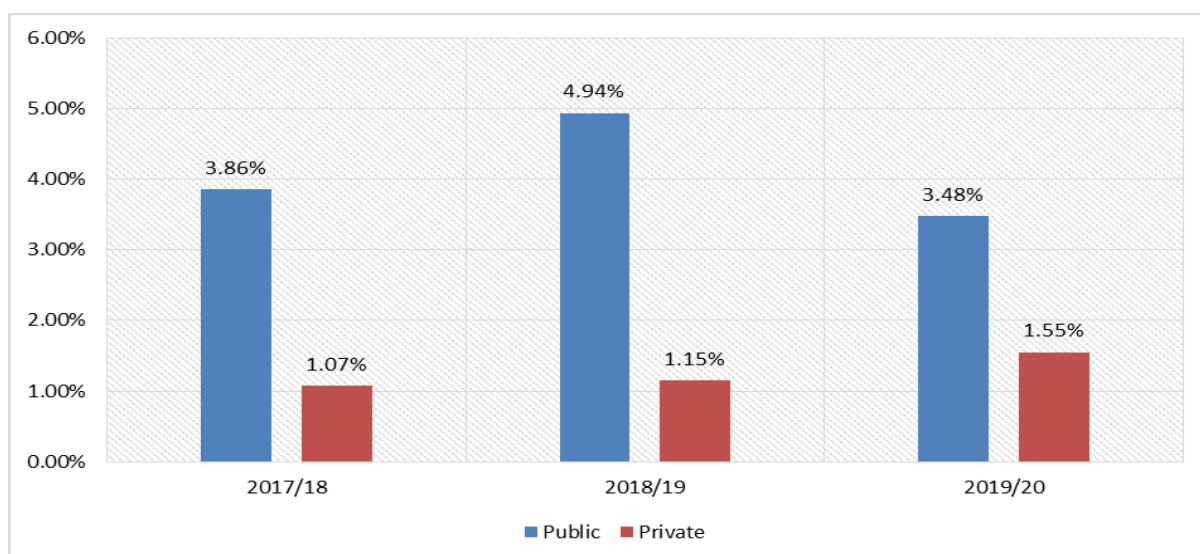
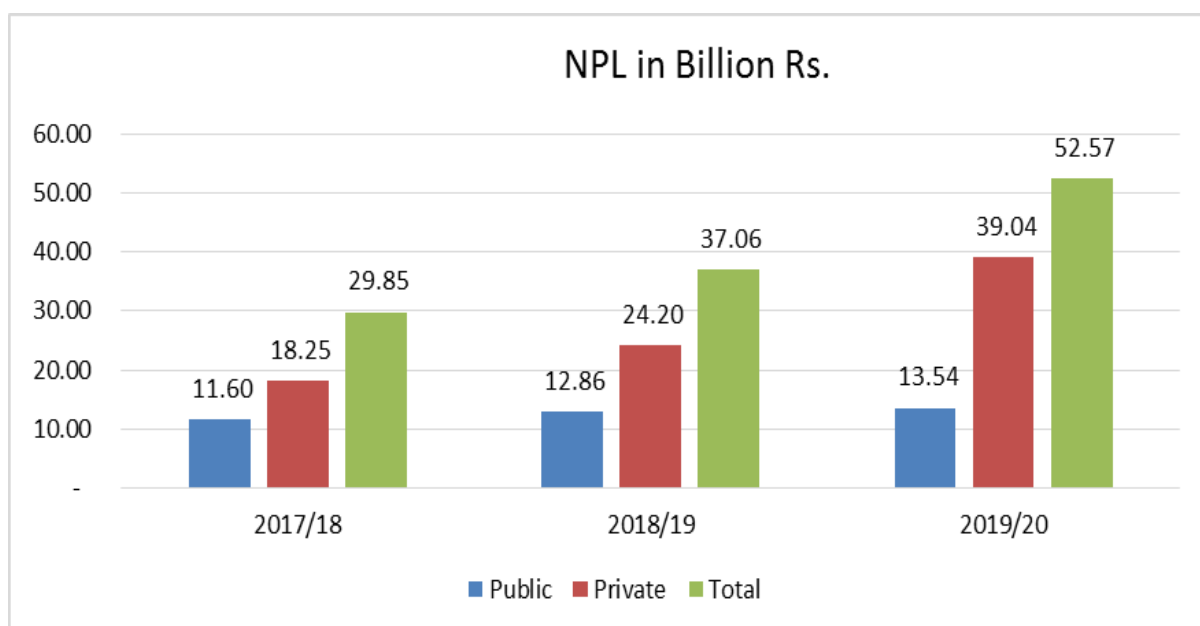


Chart 3-7 (B): Non-Performing Loan of Commercial Banks (mid-July, 2018 to 2020)

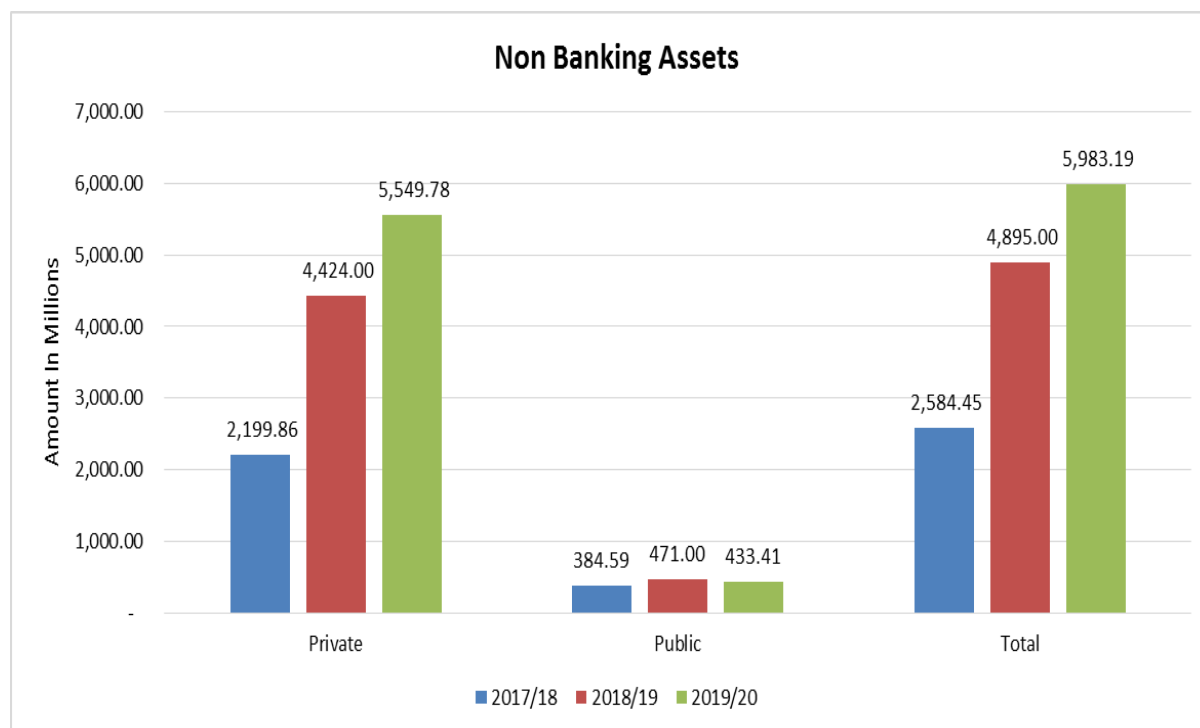


3.8 Non-Banking Assets (Investment in Property)

The level and structure of Non-Banking Assets (NBA) during the last three years is presented in the Chart 3-8. The overall NBA of the Commercial banks increased by 22.23 percentage in the FY 2019/20. Privately owned banks accounted for the increase in NBA by 25.45 percent to Rs.5.55 billion, whereas state owned banks accomplished decrease in NBA by 7.98 percent to Rs.433.42 Million.

Refer to Annex 9.8 Non-Banking Assets for details.

Chart 3-8: NBA of the Commercial Banks (mid-July 2018 to mid-July 2020)



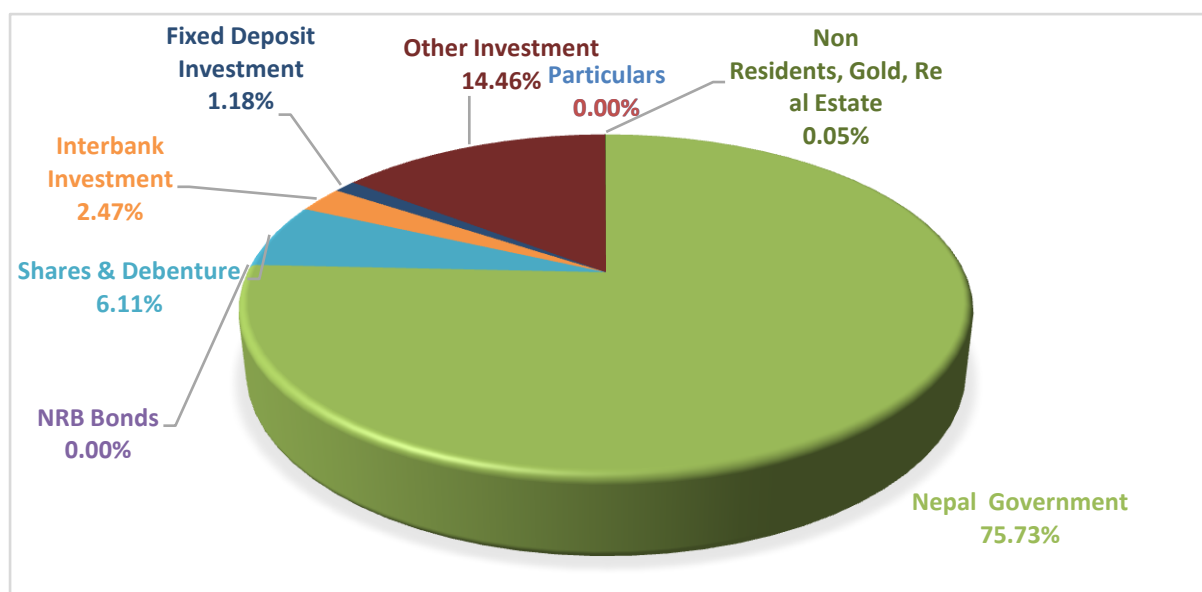
3.9 Investment

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

The composition of investment of commercial banks shows a high concentration in government securities, with 75.73 percentage of the total investment, while investment in shares, debentures, interbank lending, fixed deposit and other investment accounted for 6.11 percent, 2.47 percent, 1.18 percent and 14.46 percentage respectively. Banks have the similar investment pattern in the portfolio of the previous year. Banks are not allowed to invest in shares and debentures of Banks and Financial Institutions licensed by the NRB, except that of D Class Microfinance Financial Institutions. Chart 3-9 shows the investment portfolio of the commercial banks at the FY ended in mid-July 2020.

Refer to Annex 9.9: Investment Portfolios for details.

Chart 3-9: Investment Portfolio of the Commercial Banks (mid-July 2020)

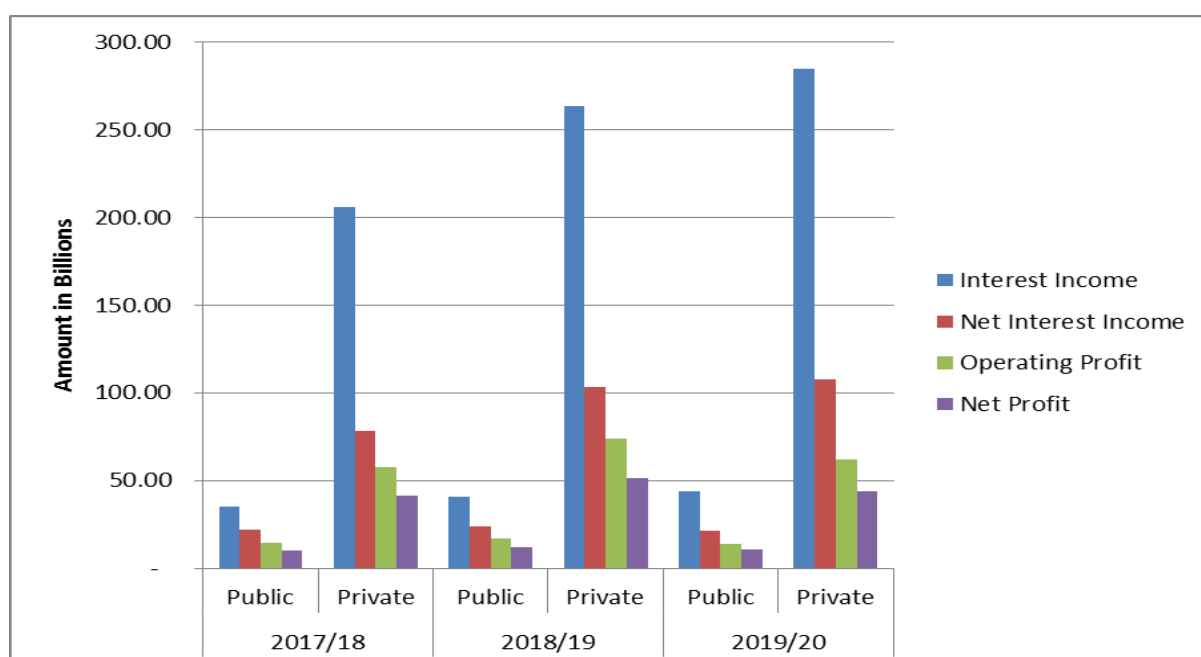


3.10 Earnings

The total net profit of commercial banks decreased from Rs. 63.80 billion to Rs. 54.32 billion (decrement of 14.87%) in FY 2019/20. The net profit of private banks were decreased by 15.17 percentage whereas that of the public banks has decreased by 13.56 percentage. The total interest income, which is the largest component of total income of banks showed growth of 7.97 percent. The total net interest income rose by 1 percent, whereas the operating profit decreased by 16.63 percent in the review period.

Refer to Annex 9.10: Operating Efficiency for details.

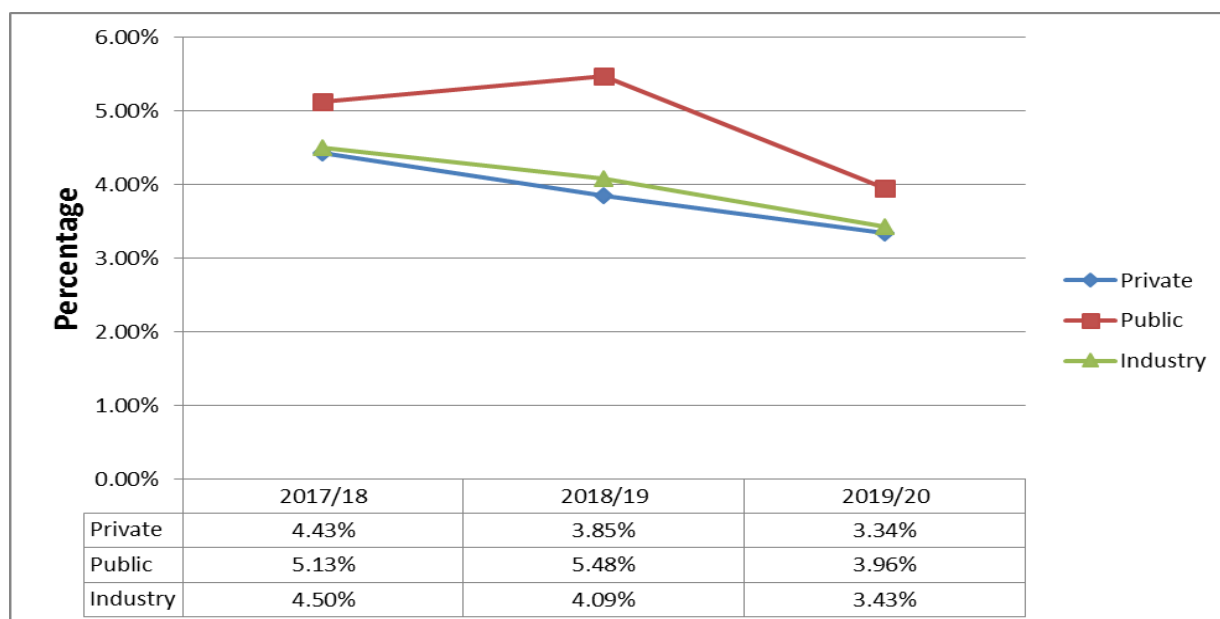
Chart 3-10 (A): Operating Efficiency of the Commercial Banks (mid-July, 2018 to 2020)



Interest income of the commercial banks is the main source and the contributors in their profitability. The net interest spread of the banks has decreased from 4.09 percent in the previous FY 2018/19 and reached to 3.43 percentage in the FY 2019/20. The net interest spread of private banks and public banks is 3.34 percent and 3.96 percentage respectively in the review period.

Refer to Annex 9.11: Net Interest Spread for details.

Chart 3-10 (B): Interest Spread of the Commercial Banks (mid-July, 2018 to 2020)



3.11 Liquidity

The sum of cash balance, balance at NRB and other BFIs, money at call and the investment in the government securities are considered as the total liquid assets of the banks. The total liquid assets of the banks increased significantly from Rs.699 billion at the end of FY 2018/19 to Rs.959 billion at the end of FY 2019/20. Furthermore, the total liquid asset to deposit ratio has also increased from 23.89 percent to 27.49 percent in the review period. Likewise, total liquid assets to total assets ratio has increased from 19.12 percent to 21.95 percent in the period.

Detailed figures are shown in:

Annex 9.12: Liquid Assets to Total Deposit and Annex 9.13 Liquid Assets to Total Assets. Chart 3-11 (A) and (B) show the liquidity position of the commercial banks to its total assets and total deposits.

Chart 3-11 (A): Liquid Assets to Total Deposit (mid-July, 2018 to 2020)

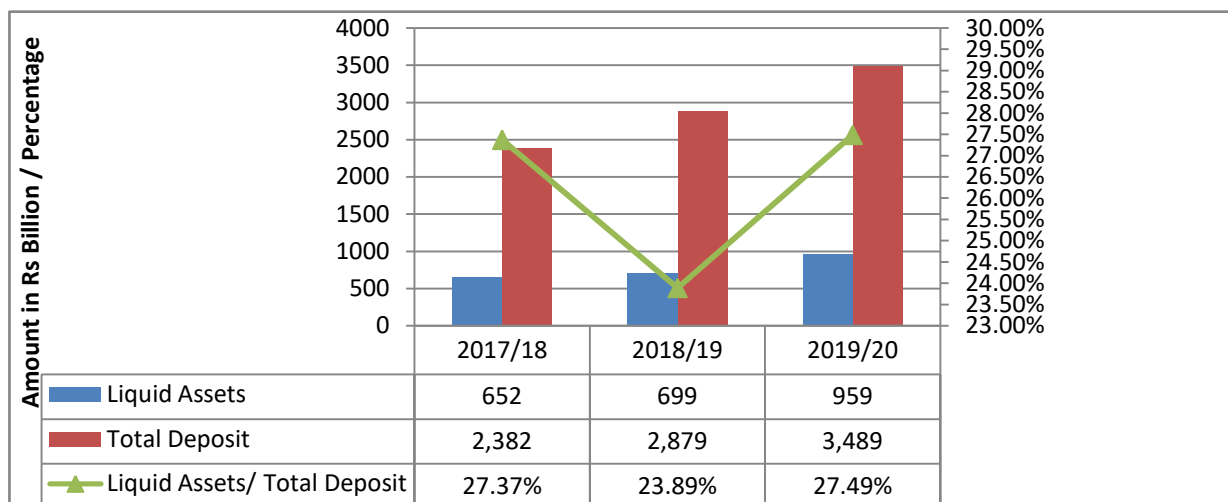
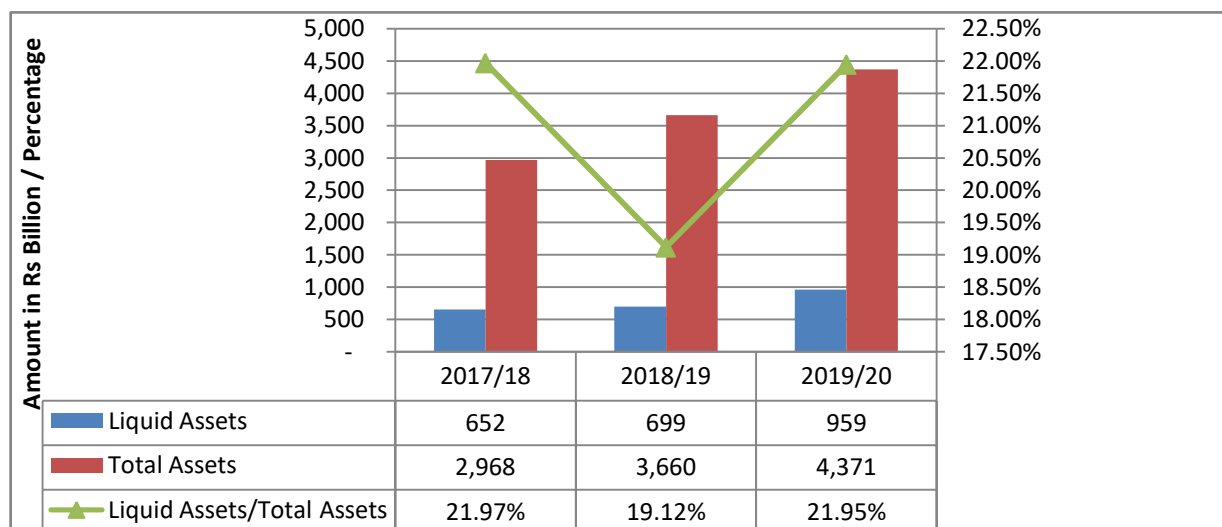


Chart 3-11 (B): Liquid Assets to Total Assets (mid-July, 2018 to 2020)



3.12 Deprived Sector Lending

The average deprived sector lending of commercial banks for the last quarter of FY 2019/20 stood at 6.26 percentage. The deprived sector lending is above the NRB's minimum requirement of 5 percent in the review year.

Refer to Annex 9.14 Deprived Sector Lending of Commercial Banks for details.

3.13 Electronic Banking

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

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

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

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

S.N.	Particulars	Mid-July				
		2016	2017	2018	2019	2020
1)	Number of branchless banking centre	812	1008	1248	1529	1574
2)	Number of mobile banking customer	1,604,578	2,438,222	4,711,097	7,406,802	10,115,313
3)	Number of Internet banking customer	489,835	766,958	810,674	888,268	1,001,866
4)	Total number of ATM	1,661	1,874	2,252	2,951	3,759
5)	Number of debit card holder	4,142,390	4,694,066	5,307,970	6,454,285	7,062,472
6)	Number of credit card holder	52,014	68,966	104,721	123,146	160,297
7)	Number of prepaid card holder	82,797	101,458	96,816	67,386	63,775

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 2020, there were 1,001,866 internet banking users of commercial banks in Nepal. The number was 888,268 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, current transactions information, withdrawal alerts, cheque book inquiry/request, inter-bank and intra-bank fund transfer, utility bill payments, payment via Quick Response (QR) code etc. through mobile banking. As of mid-July 2020, there were 10,115,313 users of mobile banking, which were 7,406,802 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 banks are providing debit card services to their customers. There are 7,062,472 debit card users in the commercial banks as on mid-July 2020, which were 6,454,285 in the previous year. The debit card issued by the banks can also be used in India.

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 and allowed customer to access it. Through ATMs, customers can withdraw cash up to certain limit at any time free of service or at minimal charge. As at the mid-July of 2020, there are 3,759 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 2020, there are 160,297 active credit card customers in the Nepalese banking industry. There were 123,146 credit card customers as on mid-July 2019. Domestic currency credit issued by banks can also be used in India.

3.13.6 Branchless Banking

Branchless banking is a distribution channel strategy used for delivering financial services without relying on bricks and mortar branches. Banks provide service 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 2020, there are 1574 branchless banking outlet/centres in the country, number of which were 1529 in the previous year. Increasing number of banks introducing branchless banking services especially in the rural areas which has contributed to the growth in the number of branchless banking outlet/centres and access to the formal financial services for those people who were unbanked previously.

CHAPTER IV

4 CURRENT INITIATIVES IN SUPERVISION

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

4.1 International Initiatives:

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

4.1.1.1 Supplemental notes to External audits of banks

The Basel Committee on Banking Supervision (BCBS) issued the supplemental note, *External audits of banks* in December 2020 to contribute to the high-quality audit of banks. This note deals with the audit of the expected credit loss (ECL) accounting estimate within the overall financial statement audit. ECL frameworks bring significant change for banks and their external auditors. High-quality implementation and ongoing application require considerable effort from all involved parties – management, audit committees and external auditors.

The Committee is issuing this supplemental note to help banks' audit committees in their role of overseeing banks' external audits (including the audit work on ECL), which is one of their key responsibilities. The note does so by first setting out,

- (i) The Committee's expectations for the external auditor, alongside questions that an audit committee may ask the external auditor.
- (ii) Then elaborates on those expectations in the context of key components of ECL (models, for example).

Credit loss provisioning is a key accounting issue because it reflects changing exposure to credit risk and impact reported profits and regulatory capital. It is also a key area of focus for external auditors and users of financial statements. Credit loss provisioning has typically been a source of significant rRisks Of Material Misstatement (ROMM) in a bank's financial statements. ECL frameworks, however, change the accounting for credit losses and also require changes to the work that external auditors carry out. ECL frameworks raise new challenges for a bank's management (amounts and disclosures may require significant judgment to make estimate and present fairly), as well as for auditors (amounts and disclosures are difficult to objectively evaluate and are at greater risk of material misstatement from management bias or error). These changes bring new challenges to audit committees. An effective audit of the ECL estimate and related disclosures is an important aspect of high-quality financial reporting and disclosure by banks.

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

4.1.1.2 Benchmark rate reforms

The Basel Committee on Banking Supervision issued Benchmark rate reforms in February 2020 which fully supports the global efforts to strengthen the robustness and reliability of existing Inter-Bank Offered Rates (IBORs) and promote the development of alternative reference rates. It is critically important that banks consider the effects of benchmark rate reform on their businesses and make the necessary preparations for the transition to the alternative rates. In doing so, they should maintain a close dialogue with their supervisory authorities regarding their plans and transition progress, including impediments that may be identified. In this regard, as the London Inter-Bank Offered Rate (LIBOR) is not expected to exist past year-end 2021, market participants should consider carefully the economic, legal and reputational risks associated with continuing to write new contracts based on LIBOR. Public authorities may also wish to consider the actions they can take to help ensure a smooth transition.

In cases where banks continue to use IBORs, the Basel Committee encourages them to include in their contracts robust fallback language that determines how the replacement of a discontinued reference rate would be handled. Banks should also plan carefully to ensure that internally developed and vendor-provided systems and services that they use are prepared fully to accommodate the alternative reference rates.

4.1.1.3 The digital economy and financial innovation

The monetary and economic department of BIS has published BIS Papers on *The digital economy and financial innovation* in February 2020. It highlighted about personal data protection. Nowadays, a lot of financial firms are processing customers' data and how the economic value derived from use of personal data, or the "digital dividend", is shared. At the moment, it is not shared with the customers whose data are being used. This is something we should think about. The paper also stressed the challenges of the big techs' entry into finance, this will require a more comprehensive approach in public policy that draws on financial regulation, competition policy and data privacy regulation, and these three levels of authorities will have to really come together and talk. It also argued that the digital innovations affect vulnerabilities and the resilience of the financial system. In this regard, it is interesting to note that some new providers of digital financial services, such as big techs, are not funded through deposits and are well capitalized. This may – a priori – mitigate financial stability concerns. However, these companies might venture into the realm of "traditional" financial services such as deposit-taking and lending or innovatively bundle existing services and products to create a new product.

4.1.1.4 Revisions of the principles for sound management of operational risk

In August 2020, the Basel committee issued consultative version of revisions to the principles for the sound management of operational risk. The purpose of this review was to (i) assess the extent to which banks had implemented the principles; (ii) identify significant gaps in implementation; and (iii) highlight emerging and noteworthy operational risk management

practices at banks not currently addressed by the Principles. The 2014 review identified that several principles had not been adequately implemented, and further guidance would be needed to facilitate their implementation in the following areas:

- a) Risk identification and assessment tools, including risk and control self-assessments (RCSA), key risk indicators, external loss data, business process mapping, comparative analysis, and the monitoring of action plans generated from various operational risk management tools.
- b) Change management programs and processes (and their effective monitoring).
- c) Implementation of the three lines of defense, especially by refining the assignment of roles and responsibilities.
- d) Board of directors and senior management oversight.
- e) Articulation of operational risk appetite and tolerance statements; and
- f) Risk disclosures.

4.1.2 Initiatives by Financial Stability Board (FSB)³

4.1.2.1 FSB reports on its work to develop a roadmap to enhance global cross-border payments.

In April 2020, the Financial Stability Board (FSB) published the Stage 1 report of its project to develop a roadmap to enhance cross-border payments. This report, which is being delivered to the G20 provides an assessment of existing arrangements and challenges for global cross-border payments.

Enhancing cross-border payments requires addressing frictions in existing cross-border payment processes. These frictions include: fragmented data standards or lack of interoperability; complexities in meeting compliance requirements, including for Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT), and data protection purposes; different operating hours across different time zones; and outdated legacy technology platforms. A number of public sector initiatives have sought to address these challenges and frictions by enhancing existing payment arrangements.

Financial innovation is creating opportunities to make payment mechanism more efficient. Technological innovation could build on existing cross-border and domestic payment arrangements or take the form of new structures and ecosystems. However, the use of new technologies and business models in cross-border payments also involves challenges and risks.

Global cross-border payments are carried out through a diverse multi-layered set of networks. A roadmap for enhancing cross-border payments, therefore, will need to encompass a variety of approaches and time horizons.

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

4.1.2.2 FSB sets out progress on interest rate benchmark reform

The FSB roadmap sets out a timetable of actions in November 2020 for financial and non-financial sector firms to take in order to ensure a smooth LIBOR transition by end-2021.

With only one year left, all market participants—both financial and non-financial firms across the globe must now ensure they follow the necessary steps to avoid disruption to the performance of their contracts. For transition to occur on time, market participants will need to cease use of LIBOR as a benchmark in all new activity across global markets as soon as possible and this needs to be a key priority for the months ahead.

There have been a number of proposals by authorities and national working groups including in the US, UK and EU to help manage an orderly wind-down of LIBOR and, in particular, provide a legislative solution for tough legacy contracts. However, market participants should continue to progress their transition efforts and plans proactively, particularly through active conversion and the insertion of robust and workable fallbacks where feasible.

4.1.3 Initiatives by other authorities⁴

4.1.3.1 European Central Bank (ECB) launches public consultation on its guide on climate-related and environmental risks

In May 2020, the European Central Bank (ECB) published a guide for consultation that explains how it expects banks to safely and prudently manage climate-related and environmental risks and disclose such risks transparently under the current prudential framework. The ECB wants banks to account for these risks given that they drive existing prudential risk categories and can substantially impact the real economy and banks.

The guide specifies how ECB Banking Supervision expects banks to consider climate-related and environmental risks in their governance and risk management frameworks and when formulating and implementing their business strategy. It also outlines how the ECB expects banks to become more transparent by enhancing their climate-related and environmental disclosures.

The ECB acknowledges that banks face significant challenges as a consequence of the coronavirus (COVID-19) pandemic. While the ECB's immediate attention is on the pandemic, it remains committed to further advancing the management and disclosure of climate-related and environmental risks in the banking sector.

⁴Source: ECB, <https://www.ecb.europa.eu/pub/pubbydate/2018/html/index.en.html>
PRA, <http://www.bankofengland.co.uk/pr/Pages/default.aspx>
RBI, <https://www.rbi.org.in/>

4.1.3.2 European Central Bank (ECB) finalizes guide to assessing how banks calculate counterparty credit risk

The European Central Bank (ECB) published (on September 2020) the finalized guide outlining the methodology it uses to assess how euro area banks calculate their exposure to Counterparty Credit Risk (CCR) and advanced Credit Valuation Adjustment (CVA) risk.

These two risk types arise in derivatives trading and in transactions where securities are used to borrow or lend cash, such as repurchase agreements. Both activities entail the possibility that the counterparty may default. The global financial crisis has shown this to be one of the key financial risks a bank faces, since counterparty defaults can unleash systemic effects.

Under European Union law, banks are allowed to use internal models to calculate the value of their exposures to CCR and CVA risk as long as these models meet regulatory requirements. The guide published explains the methodology the ECB uses to assess the validity of such models, especially in internal model investigations.

4.1.3.3 Bank of England publishes The Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation Process (SREP)

The Prudential Regulation Authority (PRA) published supervisory statement regarding, the Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation Process (SREP) in December 2020. It provides further detail in relation to the high-level expectations outlined in ‘PRA’s approach to banking supervision’.

‘Expectations of firms undertaking an ICAAP’ sets out the expectations the PRA has in relation to the ICAAP and the requirements set out in the Internal Capital Adequacy Assessment (ICAA) Part of the PRA Rulebook. It sets out the PRA’s expectations regarding firms’ coverage and treatment of interest rate risk in the non-trading book (more commonly referred to as interest rate risk in the banking book or IRRBB), market risk, group risk, operational risk, pension obligation risk and foreign currency lending to unhedged retail and SME borrowers.

It includes stress testing, scenario analysis, capital planning and reverse stress testing sets out in the PRA’s expectations of firms in relation to them.

‘The SREP’ sets out the factors that the PRA takes into consideration to assess a firm’s ICAAP. It explains the setting of firm specific capital requirements and the PRA buffer, the consequences in the event a firm fails to meet its Total Capital Requirement (TCR) or uses the PRA buffer, and disclosure. It also sets out the factors that the PRA takes into consideration to assess a firm’s reverse stress-testing approach including the PRA response to weaknesses in the process.

4.1.3.4 Bank of England sets out The PRA’s methodologies for setting Pillar 2 capital

Bank of England published the Statement of Policy in December 2020 that sets out the methodologies in that the Prudential Regulation Authority (PRA) uses to inform the setting of

Pillar 2 capital for all PRA-regulated banks, building societies, designated investment firms and all PRA-approved or PRA-designated holding companies.

- Pillar 2A methodologies sets out the methodologies the PRA will use to inform the setting of a firm's Pillar 2A capital requirement for credit risk, market risk, operational risk, counterparty credit risk, credit concentration risk, interest rate risk in the non-trading book (hereafter referred to as interest rate risk in the banking book (IRRBB)), pension obligation risk and group risk, including Ring Fenced Bank (RFB) group risk.
- Pillar 2B provides information on the purpose of the PRA buffer, how it is determined and how it relates to the Capital Requirements Directive (CRD) buffers. It also provides details on the PRA's approach to tackling weak governance and risk management under Pillar 2B and group risk, including RFB group risk.

Firms are required by the Reporting Pillar 2 part of the PRA Rulebook, or may be asked, to submit data to inform the PRA's approach to setting Pillar 2A capital requirements. Data may be requested on an individual, consolidated and/or sub-consolidated basis as applicable.

4.1.3.5 Reserve Bank of India (RBI) advises automation of income recognition, asset classification and provisioning processes in banks

In September 2020, RBI advised banks to have Automation of Income Recognition, Asset Classification and Provisioning Processes. Banks were asked to have appropriate Information Technology (IT) system in place for identification of Non-Performing Assets (NPA) and generation of related data/returns, both for regulatory reporting and bank's own Management Information System (MIS) requirements. All borrower accounts, including temporary overdrafts, irrespective of size, sector or types of limits, should be covered in the automated IT based system (System) for asset classification, upgradation, and provisioning processes. Banks' investments should also be covered under the System. Asset classification rules shall be configured in the System in compliance with the regulatory stipulations.

RBI further elaborates; the System should handle both down-grade and upgrade of accounts through Straight Through Process (STP) without manual intervention. The System based asset classification should be an ongoing exercise for both down-gradation and up-gradation of accounts. Banks should ensure that the asset classification status is updated as part of day end process. Banks should also be able to generate classification status report at any given point of time with actual date of classification of assets as NPAs.

4.2 National Initiatives:

4.2.1 Individual Bank Supervisor (IBS)

Since Covid-19 pandemic, NRB has adopted one bank one supervisor approach for effective bank surveillance. Each supervisor is assigned with one bank to communicate, supervise, monitor and for periodic reporting related to Key Financial Indicators (KFIs) which indicates the financial condition and health of the bank. It is expected to be instrumental mechanism

when on-site inspection of the bank is at pause due to lockdown and prohibitory orders issued by the government to prevent further spread of the corona virus are in place.

4.2.2 Stress Testing Guidelines

Stress testing is designed to test the resilience of banks to severe but plausible/probable shocks, and it will take into account hypothetical adverse macroeconomic and financial market scenarios e.g. severe recessions resulting credit downgrade, decrease in remittances or liquidity dried up in the market or financial crises on bank's profitability and balance sheets. Stress Testing is designed to determine whether the BFI's has enough capital to withstand the financial and economic shocks. To make this stress test more relevant by adopting pragmatic approach, NRB is in the process of revising and updating the Stress Testing Guideline 2012.

4.2.3 Money Laundering Monitoring Unit

To make money laundering prevention and compliance effective, NRB has established Money Laundering Monitoring Unit at the Bank Supervision Department. The Bank has also developed AML/CFT Supervision Manual which also includes Money Laundering Vulnerability Assessment Tool. NRB has also started AML/CFT targeted on-site inspection which helps to measure, analyze and help prevent underlying AML/CFT related risks in the banks.

4.2.4 ICAAP Guidelines

For banks internal assessment of capital to ascertain whether it is adequate to cover all material risks to which it is exposed is paramount. NRB is revising and updating the Internal Capital Adequacy Assessment Process (ICAAP) Guidelines, 2012 in a timely manner by adopting of the international best practices established especially in the areas of managing risk and capital level. The revision and update of the ICAAP Guidelines is also in its final stage.

4.2.5 Supervisory Information System (SIS)

NRB has developed a Supervisory Information System (SIS) with the financial assistance of DFID to enhance the timeliness and effectiveness of supervisory data collection and analysis process. The project is under pilot test phase with all reporting formats being finalized and being made available to the reporting entity. Class 'A' banks have been using the system since January 2020 in parallel to the existing reporting system (reporting.nrb.org.np). The system will be fully operationalized within FY 2020/21 by incorporating other Class of BFIs.

4.2.6 Financial Soundness Indicators (FSIs)

NRB is publishing the 12 set of core indicators and 8 set of encouraged FSIs of deposit takers, 2 sets of Other Financial Corporations (OFC), one indicator of households and 2 indicators related to real estate markets Financial Soundness Indicators (FSIs) on the website of the International Monetary Fund (IMF) on quarterly basis. These FSIs are prepared based on the Financial Soundness Indicators Compilation Guide, 2006 issued by the IMF. So far,

these FSIs covers the data from the commercial banks and the department is planning to include the data from the development banks and Other Financial Corporations (OFCs) e.g. Employee Provident Fund (EPF), Citizen Investment Trust (CIT), Insurance Companies etc. and compile FSIs in accordance with the updated Financial Soundness Indicators Compilation Guide, 2019 issued by the IMF.

4.2.7 NRB Handbook for Risk Based Supervision (RBS) Onsite Inspection, 2020

NRB has prepared *A Handbook for Risk Based Supervision Onsite Inspection 2020* to reinforce risk-based supervision practice. The supervisors can learn why RBS is necessary and what it demands for with the help of this handbook. This handbook provides guidance to the on-site examiners on the aspects of credit, liquidity, market, operational risk of BFIs. This also spells out the technique to follow for CAMELS rating.

4.2.8 Merger and Acquisition (M & A)

NRB has adopted the policy of consolidating the financial sector through promotion of mergers and acquisitions (M & A) between bank and financial institutions. M & A activities took place in the country after the bank and financial institutions were required by the NRB to raise their paid-up capital by up to fourfold. A total of 196 BFIs have undergone through the process as of mid-July 2020. Out of these, the license of 150 institutions has been revoked thereby forming 46 institutions. 22 BFIs are in the process of merger and acquisition. NRB has also provided forbearances to encourage big merger between commercial banks.

4.3 Covid-19 Crisis

4.3.1 International Response (Central Bank's Perspective)

4.3.1.1 Central Bank of Sri Lanka

In response to Covid-19 pandemic, the declaration of holidays, curfew, restricted public services and other measures were undertaken to contain human movement including the shutdown of airports and seaports and halt in the passenger traffic has affected several key economic factors/activities of the Sri Lanka.

In relation to monetary measures, the Central Bank of Sri Lanka, thus far, has reduced the key policy interest rates, namely the Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR). The Statutory Reserve Ratio (SRR) on all rupee deposit liabilities of licensed commercial banks was reduced by 1.00 percentage point thereby injecting permanent liquidity of around Rs. 65 billion to the market. A large surplus has been maintained in the domestic money market through open market operations of various types and maturities. In April 2020, the Central Bank reduced the bank rate by 500 basis points from 15 percent to 10 percent. In addition, measures have been introduced to reduce the pressure on the balance of payments (BOP) and the exchange rate. Financial institutions were requested to reschedule non-performing loans, while capital conservation buffers and loan classification rules have been relaxed. Accordingly, directions were issued to licensed banks to suspend the facilitation of importation of several categories of motor vehicles and other

non-essential goods. Thus, Central Bank of Sri Lanka has supported the efforts of government to implement relief measures while providing direct financing to the government, considering national interest.

4.3.1.2 Bangladesh Bank (BB)

The Covid-19 pandemic led the country wide lockdown till May 2020 which stalled the economic activities during the lockdown period as the government enforced closure of offices and factories including ban on transportation.

However, the government immediately undertook massive stimulus packages which acted as a buffer against economic losses. The main component of the stimulus packages was to channel fresh working capital at a subsidized rate to the industry and service sectors severely hit by the pandemic. The packages also included funds for workers' salary which aimed to uphold consumption demand of workers and employees. Special credit allocation was made for the agriculture sector. In order to ensure food grains availability to the low-income population, the government provided funds as subsidy.

BB announced its expansionary monetary policy which was accommodative for all growth support needs while ensuring inflation target as well. The prime objective of such monetary policy was to achieve economic recovery from the adversity of pandemic and rehabilitation of production capacity. BB further adopted various strategies to provide adequate financial support to the priority sectors like agriculture, Cottage, Micro, Small and Medium Enterprise (CMSMEs), and manufacturing industries.

In addition, BB has taken measures to delay non-performing loan classification, relax loan rescheduling policy for Non-BFIs, waive credit card fees and interests, suspend loan interest payments, impose restrictions on bank dividend payments, extend tenures of trade instruments, and ensure access to financial services. Recently, BB imposed an additional 1.0 percent general provision against loans that have enjoyed deferral/time extension facilities.

4.3.1.3 Reserve Bank of India (RBI)

In the wake of Covid-19, lockdowns and the requirement of social distancing have provided an impetus to the wider adoption of digital payments. The Reserve Bank has facilitated the promotion and development of offline payment solutions to further deepen the digital payments across the country. Other initiatives include encouraging authorized payment system operators to put in place Online Dispute Resolution (ODR) system for failed transactions. Another objective has been to drive down the cost of digital transactions.

In addition to this, RBI undertook liquidity management measures by reducing Cash Reserve Ratio (CRR) and widening of monetary policy rate corridor. RBI further announced special refinance facilities for All India Financial Institutions (AIFIs) and opened special liquidity facility for mutual funds. Moreover, regulatory measures were introduced to mitigate the burden of debt servicing brought about by disruption on account of Covid-19 and to ensure the continuity of viable business. These included rescheduling of payment of term loans and

working capital facilities, easing of working capital financing, deferment of implementation of Net Stable Funding Ratio (NSFR), deferment of last tranche of Capital Conservation Buffer, limit on group exposures of large exposure framework, etc.

4.3.1.4 State Bank of Pakistan

The State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate. The SBP has expanded the scope of existing refinancing facilities and introduced three new ones to: (i) support hospitals and medical centers to purchase COVID-19 related equipment; (ii) stimulate investment in new manufacturing plants and machinery, as well as modernization and expansion of existing projects; (iii) incentivize businesses to avoid laying off their workers during the pandemic. These facilities have been extended beyond their original deadline of June 2020 to September or December 2020.

Moreover, the SBP introduced temporary regulatory measures to maintain banking system soundness and sustain economic activity. These include: (i) reducing the capital conservation buffer by 100 basis points to 1.5 percent; (ii) increasing the regulatory limit on extension of credit to SMEs by 44 percent to PRs 180 million ; (iii) relaxing the debt burden ratio for consumer loans from 50 percent to 60 percent; (iv) allowing banks to defer clients' payment of principal on loan obligations by one year; (v) relaxing regulatory criteria for restructured loans for borrowers who require relief beyond the extension of principal repayment for one year; and (vi) suspending bank dividends for the first two quarters of 2020 to shore up capital. The SBP has also introduced mandatory targets for banks to ensure loans to construction activities account for at least 5 percent of the private sector portfolios by December 2021.

4.3.2 National Response (NRB's perspective)

Due to Covid-19 pandemic, the challenges for banks have intensified in the current fiscal year of 2019/20 as there were frequent restrictions on people movement due to which there is squeeze in economic activities. Post lockdown, major income sources of banks such as interest income, LC income, foreign exchange trading income, guarantee fees income, card income have slowed down and less letter of credit (LC) were issued. During the locked down and prohibitory restrictions period demand for loans have declined sharply and liquidity in the banking system kept on piling up which indeed was a great challenge for banks. Furthermore, non-repayment of loans caused increase in non-performing asset of the banks. Nevertheless, digital banking showed very promising improvements during this pandemic situation.

In order to lessen further impact of Covid-19 in the banking sector, NRB has taken some unconventional approaches as a COVID-19 response measures along with some regular ones which are listed below:

- 10% interest discount for those credit customers making regular payments of monthly/quarterly installment/interest by mid-April 2020. However, such discount should not be below the base rate.
- 100 basis point reduction in Cash Reserve Ratio (CRR) from 4% to 3%.
- Reduction of Countercyclical Capital Buffer (CCyB) to 0% from March 29, 2020. Such reduction frees up bank capital to support further lending to businesses and households and help alleviate adverse economic impact of COVID-19.
- 2% discount in the interest rate for COVID-19 impacted sectors given that discounted interest rate doesn't become lower than the base rate of the bank.
- Provision for the moratorium period of 1 year for highly affected sector, 9 months for moderately affected sector and 6 months for least affected sector.
- Moratorium period can be extended up to 2 years for the Tourist Standard Hotels.
- Restructuring and Rescheduling of the loan and allowing such restructured and rescheduled loan to be classified as good loan with 5% provisioning.
- Extension of the working capital loan by 20% and term loan by 10% for those not availing working capital loans.
- Loan classified under pass category in mid-Jan 2020 and loan disbursed thereafter can be categorized under pass category till mid-July 2020 by maintaining loan loss provisioning of 5%.
- Refinance facilities for COVID-19 impacted sectors.

CHAPTER V

5 KEY ONSITE OBSERVATIONS, ISSUES AND CHALLENGES

5.1 Key Onsite Observations

5.1.1 Board and Senior Management Oversight

1. Board level committees periodically submit their minutes to its Board Of Directors (BOD). Minutes of Board in almost all banks show that they are basically acknowledging the decision summary of such committees. It was observed that such decisions were perceived as information rather than making discussions on the identification, measurement, monitoring and control of inherent risks across the bank along with further direction to the management.
2. Board minutes of commercial banks present brief review of previous meeting's discussion. However, Board has no practice of making self-assessment considering the effectiveness of their governance practices, management of conflicts of interest, strengths and weaknesses in terms of strategic values.
3. BOD minutes of few banks revealed the involvement of BOD in operational activities such as HR activities, contract renewal activities of rental building, involvement in procurement process by being member of subcommittee.
4. Board of almost all banks have not reviewed and appraised the following tasks at least annually:
 - Effectiveness of the Board and Board-involved committees.
 - Chief Executive Officer's (CEO's) performance as per appointment contract/agreement.
 - Compliance status of the regulatory measures and internal controls, and existing policies/procedures/guidelines.

5.1.2 Capital and Earnings

1. Some banks have classified the loan to an individual person or persons or to a small business as RRP (regulatory retail portfolio) and assigned lower risk weight (75%) however such classification into RRP does not correspond with the criteria stipulated in the The Capital Adequacy Framework. In some cases where the counterparty is availing multiple credit facilities, bank has classified some facilities (under absolute threshold of Rs. 10 million) as RRP while other credit facilities has assigned different risk weight by classifying them in high risk or other categories such practice of classification into RRP does not meet the criteria outlined in the capital adequacy framework.
2. Credit files are reviewed based on sampling during the on-site inspections period. There is a possibility of inappropriate classification of the loan and provisioning

accordingly by the bank for those credit files which are not covered by the selected sample files and are not reviewed during on-site inspection. Thus, the inappropriate classification might result in overstatement of bank's profitability and understatement of bank's impaired assets.

5.1.3 Audit Function

1. One of the key responsibilities of the Audit Committee, as required by *NRB Unified Directive # 6 (7)/2075*, among others, is to review the status of implementation/compliance of the comments raised by NRB Inspection and inform the same to the Board. But in many banks, such committee has not discussed and reviewed the status of implementation of the comments satisfactorily that is evident from the repetition of the previous comments in each NRB Inspection Reports.
2. As per the Risk Management Guidelines 2018, clause number 1.3.3: Risk Governance & Organization—"the third line of defense viz. Internal Audit should perform independent periodic reviews of first two lines of defense, provide assurance and inform the two first lines of strengths and potential weaknesses." However, this practice has not been started yet in fewer banks.
3. Audit staff are not trained periodically and adequately in order to enable them in understanding the bank's business activities, operating procedures, risk management and internal control systems and MIS.
4. NRB Risk Management Guideline, 2018 requires that the internal auditor has to report status of risks assessment and risks monitoring to Risk Management Committee. However, internal auditors have not prepared and submitted such report to the Risk Management Committee in certain banks.

5.1.4 Credit Risk

1. Most of the banks have developed and implemented the Internal Credit Risk Grading (ICRG) for the risk assessment of all credit exposures. However, scores obtained through credit risk grading are not correlated with probability of default by the customer and hence pricing (interest rate) of credit facilities provided. In addition, such risk grades have no impact on the approval and monitoring level (frequency) of the customer after disbursement as this system is based on subjective only. Bank also has not identified number of customers that have assigned same grades, in accordance with ICRG, who have defaulted the credit facilities provided, simply banks are using customer grades to map it with the regulatory loan classification.
2. The timely stock inspection, calculation of drawing power and verification of genuineness of stock statement and receivables aged less than 90 days is found to be poor in most of the commercial banks.

3. Repayment sources of borrower are not properly assessed, analyzed and verified in fewer banks. Supporting documents substantiating sources of income are lacking. Further, fresh short term loan is disbursed to settle overdue trust receipt loan, which reflects ever-greening of loans in most of the banks.
4. Several instances were observed where fund have been frequently transferred to the director's account and in the accounts of sister concerns which states bank has poor monitoring on utilization of loan. The intended purpose of the loan is also not clear in many cases.
5. Credit assessment of the borrower has been made on the basis of unreliable financials in several instances. Sales and income figures in the audited, provisional and projected financials vary significantly but banks rarely examine such discrepancies.
6. Loan monitoring functions performed by some of the banks were found weak; for instance; loan provisioning is based on ageing of loans rather than actual quality of credit and performance of the business.
7. For some banks, monitoring of transactions and ensuring that the purchase limits haven't been breached by the foreign currency card holder enjoying such facilities is found to be very weak.
8. Credit administration and post disbursement monitoring functions were found to be inadequate in some banks. The proactive post disbursement loan monitoring is very rarely done by such banks.
9. There is delay in timely review and revision of the credit policies, guidelines and manual by few banks.
10. In some cases, it was found that credit facilities were given to the company owned by family members of employees.
11. Normally, most of the banks do not have adequate automated MIS report generation software that can provide information on the risk profile and the structure of credit portfolios (including off-balance sheet items also) so that the board and management get adequate and timely information on the performance of lending operations and activities. For example: Problem Loan report, Loan concentration report, Risk Rating Report, Exception report etc.

5.1.5 Liquidity Risk

1. Board oversight of most of the banks on managing the liquidity risk is considered to be weak since no periodic reports are submitted to the Board Level Risk Management Committee and the Board itself.
2. Review of ALCO minutes reveals that the meetings were mostly focused on interest rate determination and other charges. No other discussions related to liquidity position and liquidity management was observed in almost all of the commercial banks. Banks are found to be weak in having their short term and medium term liquidity plan.

3. Most of the banks have conducted stress testing as per the requirement of central bank. It has not customized bank specific stress testing parameters for comprehensive liquidity testing to identify potential liquidity crunch. Results of stress tests are not timely discussed in ALCO meeting.
4. Gap Analysis report and interest sensitive report are prepared monthly and quarterly to closely monitor composition of assets and liabilities to maintain liquidity at optimum level but there were instances whereby certain banks have made no comments and/ or taken any corrective measures noted in the ALCO minutes regarding the same.
5. Deposit growth rate of fewer banks is lower than the lending growth which is not favorable for the liquidity position and Credit to Core capital and Deposit (CCD) ratio.
6. MIS of certain banks were not adequate to analyze and monitor daily liquidity position and to control the risk rather it is being used to keep daily status of the liquidity position of the bank.

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

1. Most of the banks have not prepared policy for determination of interest rates, pricing is based on market trend and rates are determined through ad-hoc analysis based on prevailing market situation. Prevailing rates are more intuitive rather than analytical.
2. All banks adopt base rate plus premium model in case of loan pricing. Such banks, however, has no policy and procedure regarding fixing premium rate for the client; the level of premium is not based on associated risk of the customer but solely on management discretion.
3. Board oversight at banks seems to be weak regarding the market risks, foreign exchange and interest rate risk as board has not conducted enough discussions regarding the matter.
4. Banks do not use interest rate risk measurement system, except Gap Analysis as prescribed by the Nepal Rastra Bank. Further, few banks do not have practice of monitoring Risk Sensitive Assets (RSA), Risk Sensitive Liabilities (RSL) and its trend so as to analyse interest sensitivity accurately. Moreover, certain banks do not have clear assumptions while determining RSA and RSL.
5. Certain banks have recently established 'Middle Office' however it is yet to function to identify, measure and manage all treasury specific financial risk on a day to day basis as per *NRB circular dated 2074.08.13, Directive no. 5 (7)2*.

6. Foreign Exchange *Directives 2074 no. 20 Point no. 1 (Cha and Ja)* has not been complied with by few banks regarding independent foreign exchange risk identification, measurement, monitoring and control system. Such banks further do not monitor short term and long term foreign investment portfolio, long term foreign currencies investment to agency balance ratio, total Import L/C value and foreign currencies liabilities to agency balance ratio.
7. Many banks still do not have strategy, development plan and business plan relating to the foreign exchange operations of the bank. Furthermore, they do not have policy and procedures for using foreign currency products to hedge their investments or capital against foreign exchange risk.

5.1.7 Operation risk

1. Various remarks of the previous reports received from Nepal Rastra Bank, external auditor, internal audit department as well as special audit reports reveal that many banks still have several operational lapses and they are being repeated frequently over the period of time. This reflects negligence from the side of the bank to correct its lapses while conducting daily business operations.
2. No error reporting mechanisms and relevant system to identify potential vulnerabilities related to business operations.
3. There is no institutional memory or log sheet for loss occurred due to operational risk. Furthermore, there is no adequate database of operational loss for a specific period.
4. There is no business continuity plan which decreases chances of smooth functioning of bank if crisis situation occurs.
5. Non submission of the description/details of grievance received by the bank and solved cases within 15 days of each fiscal year to Bank Supervision Department and Bank and Financial Institutions Regulation Department and publish the details in the Annual Report of the bank as per *NRB Directive no 21 (10) (Ka) and (Gha)*.
6. There is no mid-term and long-term human resource plan in place. Succession plan is not in practice. HR related policies and procedure such as: Transfer Policy, Retention Policy, Staff Training Policy etc. are not available.
7. Approach of human resource management is traditional. Advanced HR practices such as: Talent Management, Competency Assessment, Satisfaction Survey etc. are not taken in practice yet.
8. Regular job rotation/transfer is crucial for career development, reducing operational risks and increasing employee morale in the bank. *NRB Unified Directives #5(5)* necessitates implementing effective HR practices including posting and transfer in

order to reduce HR related risks arising from over-dependence on particular employee/s and collusion among them. However, said provisions of Unified Directives and Staff by-law of the bank per se have not been complied with.

5.1.8 AML/CFT

1. There is still no separate AML/CFT unit or division in few banks as required by NRB Directive number 19. Many banks have kept AML /CFT under Compliance department.
2. There is no mechanism to ensure and identify Politically Exposed Person (PEP), high profile professionals, as per *NRB Unified Directives 2076 #19 (4) (1)* in certain banks. Moreover, there is no practice of obtaining and collecting public notices, self-declaration of account holders, extraction of professionally available data and data from public enterprises as per *NRB Unified Directives 2076 #19 (4) (2)*.
3. Non availability of updated uniform KYC form as per *NRB Directives 19 (Anusuchi 19.1)*. KYC form was not duly filled e.g. nominee details are not obtained, location map either blank or ambiguous, no annual expected turnover, name of organization, designation of customer, no risk categorization on KYC form has been observed.
4. Suspicious transaction reporting is very low in comparison to business network and business volume of the bank.
5. No periodic enhanced customer due diligence of all high-risk customers conducted in many banks.
6. Staff responsible for compliance function is unaware about generic terms related to compliance in most of the banks e.g. PEPs, STR, TTR, and Risk Categorization. The serious issue of KYC update was entrusted to interns in most of the branches who are completely unknown about the gravity and seriousness of the AML/CFT issues.
7. Current Core Banking System of certain banks does not generate live indicators (red flags, alerts) to detect suspicious transactions. Real time transaction surveillance is yet to be adopted. There is no appropriate software which can monitor day to day STR transactions on real time basis and generate red flags or alerts whenever unusual transactions take place. This is non-compliance of *NRB Unified Directives 2076 #19 (6) (1) (kha)*.

5.2 Issues:

5.2.1 Credit growth

In recent times the rapid growth in credit has been observed in the banking industry. Banks pursue for higher profitability and greater shareholder's return which may lead the banks to take risk beyond their risk-taking propensity. In order to increase business adequate due diligence of the customers and credit underwriting standards are found to be compromised. When the customer due diligence and credit underwriting standard is compromised, the risk of default becomes high at the same time the lending may turn into predatory in nature. Instead of short-term gain banks should go for the long-term value creation. The banks should increase the shareholder's value in a sustainable way by equally contributing to the financial sector stability.

5.2.2 Utilization of the subsidized loan

Proper utilization of the subsidized loan for its intended purpose has emerged as a major issue in the banking sector as a whole. It has been noted that the subsidized loan does not seem benefiting those for whom it has been targeted to. The objective of the subsidized loan is meagerly reflected in the projects financed by such loan. It has been observed that proper and adequate screening of the borrower applying for such loan is rarely done by the banks and post disbursement monitoring of such loans seems neglected to some extent.

5.2.3 Consolidation of BFIs

The consolidation of the BFIs has been one of the major agenda in the banking industry. More specifically, consolidation of the commercial banks through merger and acquisition (M&A) has been highly encouraged by the central bank. There is reluctance and delays in accelerating merger and acquisition process by the banks. The wait and see approach of the banks has made only little progress in M & A process of commercial banks. The latest merger of a few commercial banks has shown some silver lining in the M & A of the commercial banks. NRB has been successful in lowering the number of development banks and finance companies. However, there were only a few mergers among commercial banks. NRB has announced forbearances for commercial banks and microfinance financial institutions taking part in merger with other commercial banks and microfinance financial institutions respectively.

5.2.4 Digital Banking

Nepal's banking sector is transitioning towards a less cash society through promotion of digital banking. Internet banking, mobile banking and QR payment are gaining momentum among the customers. The ongoing pandemic has also propelled the rapid growth of digital banking and has helped to create less cash society. Digital banking has made it easier and cheaper to expand the consumer base for financial services providers. It is believed that the promotion of digital banking will discourage the growth of the informal economy which has become the major challenge for the Nepalese economy. But

digital finance also exposes less financially literate customers to greater risks. The issue of the digital dividend and consumer privacy is also evolving as a major issue with the growth in the digital banking. Hence, NRB has adopted the policy of balancing the need for risk management without stifling innovation and growth in this area.

5.2.5 AML/CFT Compliance

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

5.2.6 Ever-greening of Risk Assets

The major proportion of the loans and advances of the banking industry is of the revolving nature. Moreover, banks have the practice of lending some short-term loans on an ad-hoc basis as well as extending the maturity dates and renewing the facilities that ultimately help in meeting the debt-service needs of the borrower. Nepal's banking industry has no practice of clean-up for the revolving loans due to which problems such as: maturity mismatch and ever-greening are still prevalent in the banks.

5.2.7 Quality of Human Resource

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

5.2.8 Risk Management in Banks

BSD has fully implemented the Risk Based Supervision of the commercial banks. The risk profile of banks is being prepared and updated during the full scope on-site inspection. The on-site inspection reports reveal that banks fall short of adopting recommendations outlined in the Risk Management Guidelines issued by the NRB. Most of the risk management practices are found to be traditional, and effective risk management mechanisms are in early stages of development. While most banks have now

formulated risk-related policies, their implementation remains weak. Both the Board and senior management need to develop and promote risk management culture in all banks.

5.3 Challenges:

5.3.1 Deterioration of the asset quality and default

The ongoing global pandemic of the COVID-19 had brought economic activities at standstill. Shutdowns of the business, loss of the source of income and economic slowdown have shown adverse impact on the loan repayment which will eventually deteriorate the asset quality of the banks. Even though the central bank has provided a moratorium period for the COVID-19 impacted business, there still exists a probability of extensive default. The value of the collateral held by the banks has also weathered by the overall economic impact of the crisis. The major challenge for NRB is to safeguard the banking sector as well as its consumers who are severely affected by the ongoing pandemic.

5.5.2 IT Risk supervision

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

5.3.3 Operation amid crisis

The operation amid COVID-19 crisis is a serious challenge for the banks. The new normal of wearing masks, using sanitizers and maintaining social distance will continue in coming days as well. As banking facilities have been listed among most essential services by the government, it is highly likely that the banks can become hotspot of the corona virus infection which increases operational risk of banks. Therefore, catering banking services to the people and ensuring safety of the staff is a very challenging.

5.3.4 Implementation of SIS

For NRB to be more modern and dynamic digitization of the work process and reporting is of utmost importance. For that, full-scale implementation of the Supervisory Information System (SIS) is very crucial and challenging for NRB. The main challenges for the implementation of SIS is inculcating the feeling of ownership of SIS in Bank and Financial Institutions staff and preparing adequate manpower for operating this system smoothly. The successful implementation of SIS will bring some level of automation and changes be a paradigm shift in the supervisory function of the NRB.

5.3.5 Reliability and validity of the reported data

The reporting to NRB at various frequencies of time is the regular function of the banks. Inconsistencies in the data reported by banks have been observed at some instances. The challenge faced by NRB is in the verification of the data reported by banks. The data source considered and taken by banks as an input is very difficult to verify and validate whether it is correct or not. This makes reporting vulnerable to the data manipulations by banks.

5.3.6 Consumer Protection

It is a well-known fact that the banking industry is built on trust and confidence. The unshakeable belief and trust towards the banking sector is very important for the financial sector stability and for overall economic growth. In this regard, NRB has the major responsibility of the consumer protection which ensures that there is equitable and fair treatment, adequate complaints handling and redressal mechanisms, protection of consumer data and privacy and broad-based financial education and information dissemination mechanism are in place. In the absence of the conduct supervision, consumer protection has emerged as a challenge for the NRB to protect the interest of the vulnerable people and groups. The promotion and advertisement issued by the banks may sometime mislead such customers with exaggerated advantages and benefits of the offered product and services. The customers generally do not have a tendency to read all the terms and conditions before signing contracts with the banks. This will create a major problem when contracts have any special covenants and consumers are unaware of it. So, the banks should clearly communicate all the terms and conditions before offering any products and services to the consumer. It has been noted that in many cases, consumers are unaware of the appropriate procedures for lodging complaints and grievance redressal structures and their functions. Therefore, for consumer protection educating the consumer is utmost important.

5.3.7 Climate Change

Climate change is one of the most pressing issues which pose major risk to the economy and eventually to the financial sector. In Nepal, rapid urbanization, has contributed to pollution of the environment. The air and water quality of the urban area has deteriorated

to the hazardous level which will have severe impact on biodiversity as well. The poor solid waste and industrial emission management is a serious concern which will have a knock-on effect in the overall economy. Nepal's banking industry should be prepared to tackle the adverse impact of climate change on its business and on its customers. NRB has already introduced Guidelines on Environment and Social Risk Management (ESRM) for BFIs which will act as a steppingstone towards the greener economy. The proper implementation and proactive initiative to deal with climate change is the major challenge. The network of the 83 central banks, namely Network for Greening the Financial System (NGFS) has started green initiative for development of environment and climate risk management in the financial sector and to mobilize mainstream finance to support the transition toward a sustainable economy. The Nepalese banking industry should move towards green financing by mobilizing the fund towards the sector having low carbon or zero carbon emission.

5.3.8 Directed Lending

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

5.3.9 Non-banking Financial Institutions

The non-banking financial Institutions in Nepal like provident funds, investment trust and cooperative sectors are relatively less regulated. These sectors are not adequately and regularly scrutinized so there is the risk of financial mismanagement and irregularities. If financial stress appears in these non-banking financial institutions, there will be a greater chance of spillover effect being felt by the banking sector. As a guardian of the banking sector this is a challenge for NRB to minimize the adverse impact of such potential spillover from non-banking financial institutions.

5.3.10 Effective Enforcement of Supervisory Directions

Effective enforcement function is important to ensure that banks are complying with the supervisory directions and are making necessary changes and corrections. Sometimes, banks make commitments for corrections at a later date. It has been challenges for the BSD to follow up on all commitments made by banks and ensure that appropriate corrections are made on time, especially because of limited supervisory resources.

5.3.11 Co-ordination with other Regulators

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

Bank Supervision Report, 2020

ANNEXURES

Annex 1: Growth of Financial Institutions (numbers)

Types of Financial Institutions	Mid-July													
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Commercial Banks	20	25	26	27	31	32	31	30	30	28	28	28	28	27
Development Banks	38	58	63	79	87	88	86	84	76	67	40	33	29	20
Finance Companies	74	78	77	79	79	69	59	53	48	42	28	25	23	22
Micro-finance Financial Institutions	12	12	15	18	21	24	31	37	38	42	53	65	90	85
Infrastructure Development Bank	-	-	-	-	-	-	-	-	-	-	-	-	1	1
Total	144	173	181	203	218	213	207	204	192	179	149	151	172	155

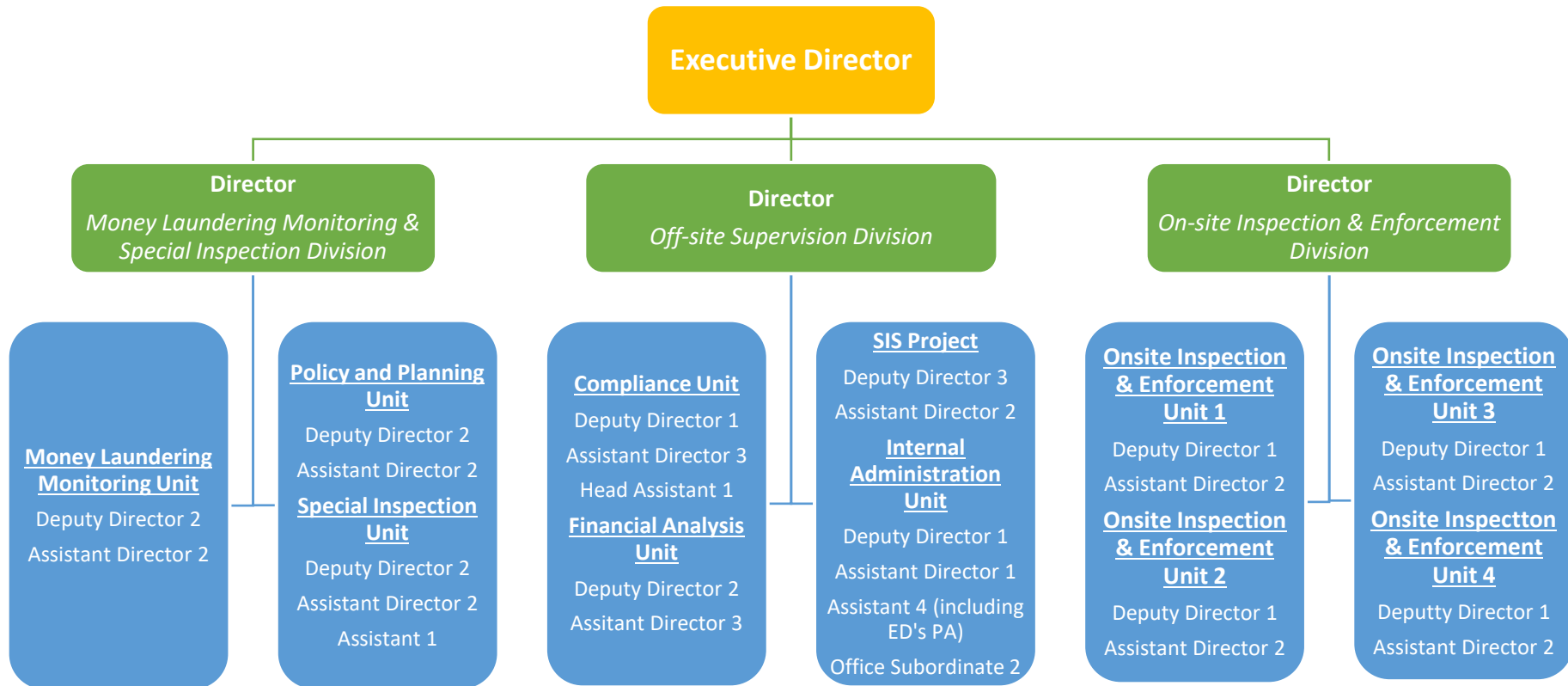
Source: Bank and Financial Institutions Regulation Department, NRB

Annex 2: Province-Wise Distribution of BFIs branches (Mid-July 2019/20)

S. N.	Province	Class A	Class B	Class C	Class D
1	Province – 1	687	165	45	682
2	Province – 2	514	69	31	790
3	Province - 3 (Bagmati)	1553	275	92	608
4	Province - 4 (Gandaki)	555	179	29	525
5	Province – 5	657	262	36	917
6	Province - 6 (Karnali)	177	17	4	186
7	Province -7 (Sudur Paschim)	293	62	6	349
Total		4,436	1,029	243	4,057

Source: Bank and Financial Institutions Regulation Department, NRB

Annex 3: Organisation Chart of BSD



Annex 4: Onsite Inspections in FY 2019/20

A. Full-Scope Onsite Inspection

FY 2019/20				
SN	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1	Himalayan bank Ltd.	Sunrise Bank Ltd.	Nepal Bank Ltd.	Covid-19 Pandemic
2	Sanima Bank Ltd.	NCC Bank Ltd.	Prabhu Bank Ltd.	
3	Everest Bank Ltd.	Nepal Investmant Bank Ltd.	Machhapuchchhre Bank Ltd.	
4		NIC Asian Bank Ltd.	Agriculture Dev. Bank Ltd.	
5				
6				
7				
8				
9				

B. Targeted Onsite Inspection

FY 2019/20				
SN	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1	Mega Bank Ltd.	Kumari Bank Ltd.	Civil Bank Ltd.	Covid-19 Pandemic
2	NMB Bank Ltd.	Laxmi Bank Ltd.	Nabil Bank Ltd.	
3	Bank of Kathmandu Ltd.	Nepal Infrastructure Bank Ltd.		
4		Standard Chartered Bank Ltd.		
5				
6				

Annex 5: Circulars issued in FY 2019/20

SN	Name and Link to the Circular Issued to A, B & C Class Financial Institutions
1	<u>Circular 01-Interest Income Recognition Related-new</u>
2	<u>Circular 02-Monetary Policy & BOD, CEO Age Related-new</u>
2.1	<u>Circular 02-Attachment Amendment to Directive to Microfinance FIs, 2075-new</u>
3	<u>Circular 03-Changes Unified Directive, 2075-new</u>
3.1	<u>Circular 03- Attachment Amendment to Unified Directive, 2075-new</u>
4	<u>Circular 04- Amendment to Unified Directive, 2075-new</u>
4.1	<u>Circular 04- Attachement Amendment to Unified Directive, 2075-new</u>
5	<u>Circular 05- Unified Directive, 2076-new</u>
6	<u>Circular 06-AMLCFT Merger and Retained Earnings Related-new</u>
7	<u>Circular 07-Amendment in Interest Subsidy-new</u>
8	<u>Circular 08-Interest Subsidy-new</u>
9	<u>Circular 09-DTI, Deprived Sector, & AML related</u>
10	<u>Circular 10-NRB Refinance Procedure related</u>
10.1	<u>Circular 10- Attachment To NRB Refinance Procedure related</u>
11	<u>Circular 11-DTI CCD related</u>
12	<u>Circular 12-Gold Deposit related</u>
13	<u>Circular 13-Monetary Policy Mid Term Review Related</u>
14	<u>Circular 14 – Circular for “ABC” Class BFIs</u>
15	<u>Circular 15 – Circular for “ABC” Class BFIs</u>

Annex 6: Capital adequacy ratios of Commercial Banks

S. No	Bank's name	Mid-July 2018		Mid-July 2019		Mid-July 2020	
		Capital					
		Core Capital	Total Capital Fund	Core Capital	Total Capital Fund	Core Capital	Total Capital Fund
1	Nepal Bank Limited	16.52%	17.58%	16.49%	17.41%	15.93%	16.68%
2	Rastriya Banijya Bank Limited	12.65%	14.02%	12.01%	13.19%	12.00%	12.68%
3	Nabil Bank Limited	11.99%	13.18%	11.58%	12.71%	10.69%	12.81%
4	Nepal Investment Bank Limited	12.17%	13.34%	11.74%	13.65%	11.52%	13.23%
5	Standard Chartered Bank Limited	22.12%	23.68%	18.52%	19.90%	16.92%	18.54%
6	Himalayan Bank Limited	11.95%	13.03%	11.77%	12.73%	11.76%	14.89%
7	Nepal SBI Bank Limited	13.51%	15.26%	12.63%	14.01%	12.28%	15.42%
8	Nepal Bangladesh Bank Limited	13.68%	14.36%	11.16%	13.75%	10.45%	13.17%
9	Everest Bank Limited	12.99%	14.56%	12.38%	13.75%	11.86%	13.32%
10	Bank of Kathmandu Limited	13.57%	15.05%	13.47%	14.58%	13.27%	14.16%
11	Nepal Credit and Commerce Bank Limited	10.44%	11.38%	13.22%	14.04%	12.38%	13.40%
12	NIC Asia Bank Limited	8.78%	12.37%	8.22%	13.28%	8.18%	13.16%
13	Machhapuchchhre Bank Limited	14.62%	15.60%	11.98%	12.88%	9.54%	13.00%
14	Kumari Bank Limited	12.99%	13.90%	11.20%	12.07%	11.13%	14.42%
15	Laxmi Bank Limited	11.55%	12.54%	10.33%	11.32%	10.02%	12.62%
16	Siddhartha Bank Limited	11.11%	12.43%	9.94%	12.49%	9.06%	12.97%
17	Agricultural Development Bank Nepal	19.16%	20.18%	19.29%	20.31%	17.63%	20.46%
18	Global IME Bank Limited	10.15%	11.67%	10.44%	12.31%	10.96%	12.41%
19	Citizens Bank International Limited	14.13%	15.48%	12.35%	13.19%	12.10%	15.45%
20	Prime Bank Limited	11.75%	12.53%	12.05%	12.78%	12.71%	13.40%
21	Sunrise Bank Limited	12.95%	13.93%	11.28%	13.14%	10.21%	14.60%
22	NMB Bank Limited	14.90%	15.88%	13.03%	15.32%	12.51%	14.56%
23	Prabhu Bank Limited	11.33%	12.66%	10.48%	11.58%	9.76%	11.59%
24	Mega Bank Limited	17.28%	18.35%	14.56%	15.48%	12.02%	12.88%
25	Civil Bank Limited	19.67%	20.65%	17.01%	17.97%	13.83%	15.00%
26	Century Commercial Bank Limited	15.28%	16.22%	13.30%	14.10%	13.80%	14.53%
27	Sanima Bank Limited	11.54%	12.90%	10.55%	13.11%	10.33%	12.97%

Annex 7: Special Inspection of Commercial Banks in FY 2019/20

SN	Name of Bank	No. of Inspections
1	Agricultural Development Bank Ltd	1
2	Bank Of Kathmandu Ltd	1
3	Century Commercial Bank Ltd	1
4	Citizens Bank International Bank	2
5	Global IME Bank Ltd	1
6	Himalayan Bank Limited	3
7	Janata Bank Nepla Ltd	1
8	Kumari Bank Limited	1
9	Laxmi Bank Limited	2
10	Mega Bank Nepal Ltd	2
11	Nabil Bank Limited	1
12	NCC Bank Ltd	1
13	Nepal Bangladesh Bank Ltd	1
14	Nepal Investmet Bank Ltd	2
15	NIC Asia Bank Ltd	3

16	NMB Bank Limited	1
17	Prime Commercial Bank Ltd	2
18	Rastriya Banijya Bank Limited	1
Total		27

Annex 8: International Training/Seminar Participation from BSD in FY 2019/20

SN	Course	Organizer	Country	Person	Days
1	Prudential supervision of The Banking Sector and Macroprudential Regulations	ISCB	Istanbul, Turkey	3	4
2	SEACEN Course on Bank Analysis and Supervision	SEACEN	Seoul, Korea	1	3
3	SEACEN Course on Off-site Monitoring	SEACEN	Taipei, Taiwan	1	6
4	Expected Credit Losses and Provisioning	SEACEN	Cambodia	1	5
5	Expected Credit Losses and Provisioning	SEACEN	Cambodia	1	5
6	SEACEN Course on Off-site Monitoring	SEACEN	Taipei, Taiwan	2	6
7	Proportionate Application of Global Standards Working Group Meeting	AFI	Kigali, Rwanda	1	4
8	Current Issues on Technological Risk Management in Financial System	Bank Indonesia	Bali, Indonesia	2	5
9	SEACEN Course on Financial Cycles and Crises	SEACEN	Mongolia	1	6
10	Anti-Money Laundering for Nepal	Yunnan Intl Center for Eco. & Tech. Exchange	Kunming, China	1	10
11	SEACEN Course on Off-site Monitoring	SEACEN	Taipei, Taiwan	2	6
12	Monetary Policy Strategies and Monetary Operations	SEACEN	Siem Reap, Cambodia	1	5
13	Emerging Trends in Good Governance of Banking Sector in	State Bank of Pakistan	Islamabad, Pakistan	1	3

	SAARC Region				
14	SEACEN Course on Financial Stability and Macroprudential Supervision	SEACEN	Yogyakarta, Indonesia	1	5
15	FSI-EMEAP Meeting on Implementation of Expected Credit Loss Provisioning: Implication for Regulation and Supervision	BIS	Jakarta, Indonesia	1	2
16	ST 1.26 Macro Stress Testing II (Advanced)	IMF STI	Singapore	3	5
17	SEACEN Course on Financial Stability and Macroprudential Supervision	SEACEN	Yogyakarta, Indonesia	1	5
18	SEACEN Course on Financial Liquidity Risk Measurement and Management	SEACEN	Cebu, Philippines	1	5
19	SEACEN-BOJ Course on Problem Bank Intervention and Resolution	SEACEN	Sri Lanka	1	6
20	SEACEN -Bank of Japan Course on Information and communication Tech.Risks	SEACEN	Vietnam	1	5

Annex 9: Financial Figures of Banks

Annex 9.1: Banking Operation

	Rs. in Billion			Percentage Change	
	2017/18	2018/19	2019/20	2018/19	2019/20
Deposits					
Private	2,014.18	2,363.75	2,969.54	17.36%	25.63%
Public	457.33	515.05	519.85	12.62%	0.93%
Total	2471.51	2878.80	3,489.39	16.48%	21.21%
Loans and Advances					
Private	1,780.08	2,127.33	2,514.48	19.51%	18.20%
Public	300.28	354.83	389.11	18.17%	9.6%
Total	2,080.36	2,482.16	2,903.59	19.29%	16.98%
Assets					
Private	2,429.33	2,995.33	3,610.59	23.30%	20.54%
Public	466.22	553.49	636.23	18.72%	14.95%
Total	2,968.28	3,548.82	4,246.83	19.56%	19.67%

Annex 9.2: Composition of Assets

Assets Category	2018/19 (Rs in Million)	2019/20 (Rs in Million)	Percentage Change
Cash and Cash Equivalent	252,806	272,716	7.88%
Due from NRB	195,296	260,534	33.40%
Placements with BFIs	68,732	71,532	4.07%
Loan and Advances to BFIs	91,041	106,218	16.67%
Loans and advances to customers	2,391,117	2,782,181	16.35%
Investment securities	365,124	523,541	43.39%
Others	184,701	230,106	24.58%
Total Assets	3,548,817	4,246,826	19.67%

Annex 9.3: Composition of Liabilities and Equity

Particulars	2018/19 (Rs in Million)	2019/20 (Rs in Million)	Percentage Change
Due to Bank and Financial Institutions	116,687	119,377	2.30%
Deposits from customers	2,789,871	3,489,390	25.07%
Share capital	252,260	284,811	12.90%
Retained Earnings	47,718	38,252	-19.84%
Reserves	132,990	156,316	17.54%
Others	209,291	158,681	-24.18%
Total	3,548,817	4,246,826	19.67%

Annex 9.4: Capital Fund

Particulars / Years	Rs. in Billion			Percentage Change	
	2017/18	2018/19	2019/20	2018/19	2019/20
Private	310.44	368.89	429.75	18.83%	16.50%
Public	61.58	71.04	76.72	15.37%	7.99%
Industry	372.02	439.93	506.47	18.25%	15.12%

Annex 9.5: Deposit Mix

Particulars	Rs. in Billion			Percentage Change	
	2017/18	2018/19	2019/20	2018/19	2019/20
Current	249.248	301.557	389.700	20.99%	29.23%
Saving	811.668	901.298	1087.517	11.04%	20.66%
Fixed	1070.787	1307.032	1645.920	22.06%	25.93%
Other	339.81	368.915	366.254	8.57%	-0.72%
Total	2,471.51	2,878.80	3,489.39	16.48%	21.21%

Source: Unaudited figures from Offsite Supervision Division, BSD

Annex 9.6 Loans and Advances

Particulars / Years	Rs. in Billion			Percentage Change	
	2017/18	2018/19	2019/20	2018/19	2019/20
Public Banks	300.28	354.83	389.11	18.16%	9.66%
Private Banks	1,780.56	2,127.33	2,514.48	19.48%	18.20%
Total Banks	2,080.84	2,482.16	2,903.59	19.29%	16.98%

Annex 9.7 Non Performing Loans

Banks/ Year	Rs. in Billion				Percentage change of Amount	
	2018/19		2019/20		2018/19	2019/20
	Rs.	NPL %	Rs.	NPL %		
Public Bank	24.2	6.82	39.04	10.03	32.62%	61.31%
Private Bank	12.86	0.60	13.54	0.54	10.83%	5.25%
Industry	37.06	1.49	52.57	1.81	24.16%	41.85%

Annex 9.8 Non-Banking Assets

Banks/ Year	Amount in Rs Millions			Percentage change	
	2017/18	2018/19	2019/20	2018/19	2019/20
Public	2,199.86	4,424	5,549.78	101.10%	25.45%
Private	384.59	471	433.41	22.47%	-7.98%
Industry	2,584.45	4,895	5,983.19	89.40%	22.23%

Source: Unaudited figures from Offsite Supervision Division, BSD

Annex 9.9: Investment Portfolios

Particulars	2019/20 Rs. in Million	Proportion
Nepal Government	496,959	75.73%
NRB Bonds	-	0.00%
Shares & Debenture	40,081	6.11%
Interbank Investment	16,217	2.47%
Fixed Deposit Investment	7,731	1.18%
Other Investment	94,880	14.46%
Gold, Real Estate	332	0.05%
Total Investments	656,200	100%

Source: Unaudited figures from Offsite Supervision Division, BSD

Annex 9.10: Operating Efficiency

Particulars/ Year	2018/19				2019/20			
	Public		Private		Public		Private	
	Rs. in Billion	% on Total Operating Income	Rs. in Billion	% on Total Operating Income	Rs. in Billion	% on Total Operating Income	Rs. in Billion	% on Total Operating Income
Interest Income	41.06	144.11%	263.41	195.95%	43.90	167.42%	284.85	204.30%
Net Interest Income	24.03	84.35%	103.44	76.95%	21.17	80.73%	107.58	77.16%
Operating Profit	16.79	58.91%	74.19	55.19%	14.06	53.62%	61.79	44.32%
Net Profit	12.12	42.53%	51.68	38.45%	10.48	39.95%	43.84	31.44%

Annex 9.11: Net Interest Spread

Banks/Year	2017/18	2018/19	2019/20
Private	4.43%	3.85%	3.34%
Public	5.13%	5.48%	3.96%
Industry	4.50%	4.09%	3.43%

Source: Unaudited figures from Offsite Supervision Division, BSD

Annex 9.12: Liquid Assets to Total Deposit

Particulars / Year	Rs. in Billion		
	2017/18	2018/19	2019/20
Liquid Assets	652	699	959
Total Deposit	2,382	2,879	3,489
Liquid Assets/ Total Deposit	27.37%	23.89%	27.49%

Source: Unaudited figures from Offsite Supervision Division, BSD

Annex 9.13 Liquid Assets to Total Assets

Particulars / Year	Rs. in Billion		
	2017/18	2018/19	2019/20
Liquid Assets	652	699	959
Total Assets	2,968	3,660	4,371
Liquid Assets/Total Assets	21.97%	19.12%	21.95%

Source: Unaudited figures from Offsite Supervision Division, BSD

Annex 9.14 Deprived Sector Lending of Commercial Banks

S.N.	BANKS	6 Months prior Loan & Advances	Required Lending in Deprived Sector (5%)	Rs.in Million		
				Actual Lending in Deprive Sector		Excess / Shortfall
				Amount	Amount	%
1	NBL	103,906	5,195	8.30%	8,619	3.30%
2	RBB	152,514	7,626	5.45%	8,309	0.45%
3	NABIL	140,556	7,028	5.21%	7,321	0.21%
4	NIBL	140,878	7,044	5.17%	7,288	0.17%
5	SCB	56,676	2,834	5.69%	3,227	0.69%
6	HBL	102,912	5,146	5.31%	5,467	0.31%
7	NSBI	98,051	4,903	5.82%	5,705	0.82%
8	NBB	60,015	3,001	5.43%	3,258	0.43%
9	EBL	120,253	6,013	6.22%	7,478	1.22%
10	BOKL	82,495	4,125	5.13%	4,235	0.13%
11	NCC	68,911	3,446	5.15%	3,547	0.15%
12	NIC Asia	165,247	8,262	13.06%	21,577	8.06%
13	MBL	90,055	4,503	5.05%	4,545	0.05%
14	Kumari	84,719	4,236	6.39%	5,411	1.39%
15	Laxmi	86,332	4,317	5.57%	4,809	0.57%
16	SBL	123,056	6,153	6.36%	7,822	1.36%
17	ADBL	117,756	5,888	7.90%	9,308	2.90%
18	Global	198,679	9,934	5.61%	11,142	0.61%
19	Citizens	75,513	3,776	5.76%	4,352	0.76%
20	Prime	113,895	5,695	5.11%	5,816	0.11%
21	Sunrise	77,488	3,874	6.65%	5,156	1.65%
22	NMB	19,919	996	5.35%	6,412	0.35%
23	Prabhu	98,681	4,934	5.17%	5,101	0.17%
24	Mega	105,646	5,282	6.93%	326	1.93%
25	Civil	50,016	2,501	5.71%	2,855	0.71%
26	Century	62,562	3,128	5.28%	3,305	0.28%
27	Sanima	91,488	4,574	5.60%	5,120	0.60%
Grand Total		2,688,219	134,411	6.26%	167,511	1.26%

Source: Unaudited figures from Offsite Supervision Division, BSD

Annex 10: Financial Details of Commercial Banks

1. Nepal Bank Limited Particulars	Rs. in Million		
	2017-18	2018-19	2019-20
Cash and cash equivalent	5,780.88	10,418.97	4,965.06
Due from Nepal Rastra Bank	6,283.66	10,178.32	2,472.90
Placement with Bank and Financial Institutions	2,965.49	5,427.68	6,117.45
Derivative financial instruments	18.63	5,594.62	6,526.46
Other trading assets	-	-	-
Loan and advances to B/FIs	2,739.47	3,303.28	3,223.30
Loans and advances to customers	75,556.51	92,421.64	104,588.24
Investment securities	16,247.77	16,425.73	32,083.79
Current tax assets	521.83	991.50	1,522.34
Investment in subsidiaries	-	-	-
Investment in associates	-	-	-
Investment property	87.01	113.31	103.11
Property and equipment	11,638.33	11,828.22	12,007.75
Goodwill and Intangible assets	14.24	25.99	39.45
Deferred tax assets	-	-	-
Other assets	11,613.37	14,786.38	16,776.71
TOTAL ASSETS	133467.201	171515.65	190,426.56
Due to Bank and Financial Institutions	290.65	1,074.50	874.96
Due to Nepal Rastra Bank	34.52	41.84	23.92
Derivative financial instruments	-	5,504.43	6,419.10
Deposits from customers	99,540.73	117,200.79	142,114.28
Borrowing	109.50	950.00	1,000.00
Current Tax Liabilities	-	-	-
Provisions	63.28	131.44	123.71
Deferred tax liabilities	3,226.45	3,650.97	3,782.50
Other liabilities	7,230.07	13,680.34	5,906.05
Debt securities issued	-	-	-
Subordinated Liabilities	-	-	-
Equity	22,971.99	29281.33	30,182.03
Share capital	8,042.66	9,811.15	11,282.82
Share premium	132.84	3,262.81	1,788.70
Retained earnings	(437.19)	2,895.69	4,125.07
Reserves	15,233.69	13,311.68	12,985.44
TOTAL EQUITY AND LIABILITIES	133,467.20	171,515.65	190,426.56
Interest Income	9,229.44	10,375.69	11,526.97
Interest Expenses	2,841.69	4,186.15	5,908.02

Particulars	2017-18	2018-19	2019-20
Net Interest Income	6,387.75	6,189.54	5,618.95
Fee and commission income	983.02	1,039.34	788.51
Fee and commission expense	76.76	45.36	43.96
Net Fee and commission income	906.26	993.98	744.56
Net Interest, Fee and commission income	7,294.01	7,183.52	6,363.50
Net trading income	207.28	342.41	412.56
Other operating income	18.89	210.78	369.98
Total operating income	7,520.18	7,736.72	7,146.05
Impairment charge/(reversal) for loans and other losses	(86.34)	477.10	545.16
Net operating income	7,606.52	7,259.61	6,600.89
Personnel expenses	2,148.83	2,077.40	2,199.64
Other operating expenses	511.32	549.79	683.74
Depreciation & Amortization	97.59	122.37	151.07
Operating Profit	4,848.78	4,510.05	3,566.43
Non-operating income	81.89	101.61	275.81
Non-operating expense	0.20	-	-
Profit before income tax	4,930.48	4,611.66	3,842.24
Income Tax Expense			1,285.80
Current Tax	1,479.49	1,080.43	877.61
Deferred Tax	235.30	934.49	408.20
Profit/Loss for the period	3,215.68	2,596.74	2,556.44

2. Rastriya Banijya Bank	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	28,333.12	27,028.52	7,093.86
Due from Nepal Rastra Bank	9,645.49	15,772.41	17,905.69
Placement with Bank and Financial Institutions	-	-	48.12
Derivative financial instruments	-	-	-
Other trading assets	-	-	-
Loan and advances to B/FIs	4,045.98	4,554.44	4,456.75
Loans and advances to customers	117,414.16	144,454.64	150,808.04
Investment securities	24,469.66	21,136.97	74,770.09
Current tax assets	624.46	1,882.58	2,635.53
Investment in subsidiaries	200.00	200.00	200.00
Investment in associates	230.09	202.01	97.86
Investment property	57.27	114.81	109.38

Particulars	2017-18	2018-19	2019-20
Property and equipment	919.04	1,068.69	1,550.87
Goodwill and Intangible assets	23.73	53.85	43.35
Deferred tax assets	1,102.28	341.10	471.99
Other assets	10,266.70	13,707.61	6,199.39
TOTAL ASSETS	197,332.00	230,517.62	266,390.91
Due to Bank and Financial Institutions	178,261.23	206,975.13	242,943.87
Due to Nepal Rastra Bank	5,291.53	7,953.35	2,278.46
Derivative financial instruments	92.97	352.04	251.99
Deposits from customers	-	-	-
Borrowing	164,210.30	190,031.47	230,827.71
Current Tax Liabilities	171.50	60.49	60.06
Provisions	-	-	-
Deferred tax liabilities	-	-	294.80
Other liabilities	-	-	-
Debt securities issued	8,494.93	8,577.78	9,230.84
Subordinated Liabilities	-	-	-
Equity	-	-	-
Share capital	19,070.77	23,542.49	23,447.05
Share premium	9,004.80	9,004.79	9,004.80
Retained earnings	-	-	-
Reserves	(3,936.37)	800.94	1,353.42
TOTAL EQUITY AND LIABILITIES	14,002.35	13,736.75	13,088.83
Interest Income	12,097.66	15,204.45	17,026.92
Interest Expenses	2,983.43	4,974.94	7,711.77
Net Interest Income	9,114.23	10,229.51	9,315.15
Fee and commission income	1,233.82	1,453.28	828.48
Fee and commission expense	183.71	141.05	174.58
Net Fee and commission income	1,050.11	1,312.23	653.90
Net Interest, Fee and commission income	10,164.34	11,541.74	9,969.05
Net trading income	58.90	69.35	54.73
Other operating income	(23.99)	120.58	578.02
Total operating income	10,199.25	11,731.67	10,601.80
Impairment charge/(reversal) for loans and other losses	1,293.05	452.42	85.15
Net operating income	8,906.20	11,279.24	10,516.66
Personnel expenses	3,132.45	3,119.08	2,911.89
Other operating expenses	783.52	1,042.66	1,356.99
Depreciation & Amortization	252.66	183.56	214.42

Particulars	2017-18	2018-19	2019-20
Operating Profit	4,737.57	6,933.94	6,033.35
Non-operating income	222.67	154.74	297.62
Non-operating expense	9.16	0.63	-
Profit before income tax	4,951.08	-	6,330.97
Income Tax Expense			1,878.44
Current Tax	2,455.71	968.80	1,313.95
Deferred Tax	(1,163.90)	790.88	564.49
Profit/Loss for the period	3,659.27	5,328.37	4,452.53

3. Nabil Bank Limited	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	7,952.35	12,479.70	19,371.81
Due from Nepal Rastra Bank	7,372.28	6,191.83	5,448.85
Placement with Bank and Financial Institutions	10,160.28	11,078.73	10,230.58
Derivative financial instruments	-	8,539.06	10,859.60
Other trading assets	-	-	-
Loan and advances to B/FIs	4,565.79	6,058.49	5,836.37
Loans and advances to customers	109,059.36	127,500.24	148,231.39
Investment securities	18,388.08	25,303.07	33,471.81
Current tax assets	246.38	137.52	283.02
Investment in subsidiaries	78.00	78.00	78.00
Investment in associates	40.00	80.00	80.00
Investment property	8.22	8.22	8.22
Property and equipment	986.26	1,051.79	1,318.39
Goodwill and Intangible assets	50.33	41.40	71.75
Deferred tax assets	-	-	-
Other assets	2,070.72	2,590.77	2,431.48
TOTAL ASSETS	160,978.07	201,138.82	237,721.26
Due to Bank and Financial Institutions	1,168.66	1,419.04	2,228.86
Due to Nepal Rastra Bank	32.52	88.47	53.29
Derivative financial instruments	53.84	8,335.07	10,764.20
Deposits from customers	134,810.67	162,953.99	190,806.47
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	1,009.76	851.54	1,320.92
Other liabilities	3,256.26	4,302.10	4,705.49
Debt securities issued	60.00	-	2,040.55
Subordinated Liabilities	-	-	-
Equity	20,586.36	23,188.61	25,801.48
Share capital	8,043.22	9,011.85	10,097.50
Share premium	0.07	0.07	0.07

Particulars	2017-18	2018-19	2019-20
Retained earnings	3,254.81	3,735.33	3,042.24
Reserves	9,288.25	10,441.36	12,661.67
TOTAL EQUITY AND LIABILITIES	160,978.07	201,138.82	237,721.26
Interest Income	11,349.87	15,243.80	16,499.52
Interest Expenses	5,087.81	8,084.53	9,479.25
Net Interest Income	6,262.06	7,159.25	7,020.27
Fee and commission income	1,053.29	1,291.01	1,305.23
Fee and commission expense	21.91	64.46	63.25
Net Fee and commission income	1,031.38	1,226.54	1,241.98
Net Interest, Fee and commission income	7,293.44	8,385.80	8,262.25
Net trading income	390.65	448.34	468.09
Other operating income	558.80	494.67	430.41
Total operating income	8,242.89	9,328.81	9,160.75
Impairment charge/(reversal) for loans and other losses	175.86	405.17	744.56
Net operating income	8,067.03	8,923.64	8,416.18
Personnel expenses	1,727.71	1,949.61	2,169.79
Other operating expenses	562.44	777.20	1,037.41
Depreciation & Amortization	123.92	170.17	115.36
Operating Profit	5,652.96	6,026.65	5,093.63
Non-operating income	11.19	17.01	4.45
Non-operating expense	6.81	2.34	(2.50)
Profit before income tax	5,657.34	6,041.32	5,095.57
Income Tax Expense			1,528.90
Current Tax	1,682.47	1,810.17	1,528.90
Deferred Tax	(7.02)	(7.71)	-
Profit/Loss for the period	3,981.89	4,238.85	3,566.67

4. Nepal Investment Bank Limited	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	10,610.89	13,520.57	10,013.89
Due from Nepal Rastra Bank	7,389.71	10,860.92	14,321.97
Placement with Bank and Financial Institutions	10,246.40	8,498.97	7,964.99
Derivative financial instruments	30.86	436.89	133.98
Other trading assets	-	-	-
Loan and advances to B/FIs	2,502.93	4,274.42	4,920.06
Loans and advances to customers	118,322.57	122,866.55	135,457.51
Investment securities	17,154.38	16,973.47	23,582.66
Current tax assets	346.85	501.18	748.91
Investment in subsidiaries	238.16	171.50	171.50
Investment in associates	33.29	82.36	82.36

Particulars	2017-18	2018-19	2019-20
Investment property	16.56	214.09	265.98
Property and equipment	3,727.97	4,042.46	4,010.76
Goodwill and Intangible assets	61.46	90.63	124.62
Deferred tax assets	-	-	-
Other assets	1,211.52	3,307.98	1,354.77
TOTAL ASSETS	171,893.55	185,841.99	203,153.97
Due to Bank and Financial Institutions	3,742.41	2,790.96	2,462.22
Due to Nepal Rastra Bank	505.85	940.27	2.72
Derivative financial instruments	-	-	-
Deposits from customers	136,585.58	149,392.28	166,362.13
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	868.93	865.21	973.60
Other liabilities	4,069.77	3,024.07	2,783.05
Debt securities issued	1,250.00	3,250.00	3,250.00
Subordinated Liabilities		-	-
Equity	24,871.02	25,579.20	27,320.25
Share capital	10,645.60	12,869.75	14,248.95
Share premium	1,718.45	105.65	32.60
Retained earnings	2,735.03	2,064.66	1,623.10
Reserves	9,771.94	10,539.14	11,415.59
TOTAL EQUITY AND LIABILITIES	171,893.55	185,841.99	203,153.97
Interest Income	13,574.10	14,975.21	15,183.85
Interest Expenses	7,723.92	8,801.71	9,423.66
Net Interest Income	5,850.18	6,173.51	5,760.20
Fee and commission income	1,429.75	1,442.87	1,513.16
Fee and commission expense	211.92	339.74	316.00
Net Fee and commission income	1,217.83	1,103.13	1,197.17
Net Interest, Fee and commission income	7,068.01	7,276.64	6,957.36
Net trading income	654.48	890.84	871.87
Other operating income	208.30	180.33	230.12
Total operating income	7,930.79	8,347.81	8,059.36
Impairment charge/(reversal) for loans and other losses	675.21	1,596.61	1,880.14
Net operating income	7,255.58	6,751.20	6,179.22
Personnel expenses	1,467.84	1,546.16	1,426.74
Other operating expenses	641.03	854.24	856.81
Depreciation & Amortization	187.80	217.42	259.53

Particulars	2017-18	2018-19	2019-20
Operating Profit	4,958.92	4,133.37	3,636.14
Non-operating income	48.28	650.92	3.32
Non-operating expense	66.98	297.76	6.29
Profit before income tax	4,940.22	4,486.53	3,633.17
Income Tax Expense			1,061.52
Current Tax	1,464.51	1,153.11	1,054.03
Deferred Tax	(183.61)	9.31	7.49
Profit/Loss for the period	3,659.32	3,324.11	2,571.65

5. Standard Chartered Bank Nepal Limited	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	22,048.33	12,626.99	39,248.55
Due from Nepal Rastra Bank	3,982.46	2,454.91	1,980.95
Placement with Bank and Financial Institutions	4,831.20	9,902.70	4,210.50
Derivative financial instruments	9.21	43.34	40.58
Other trading assets	-	-	-
Loan and advances to B/FIs	2,134.85	2,541.47	3,010.90
Loans and advances to customers	44,561.33	53,092.12	53,911.29
Investment securities	4,660.99	11,535.16	13,061.72
Current tax assets	936.87	50.08	173.88
Investment in subsidiaries	-	-	-
Investment in associates	-	-	-
Investment property	-	-	-
Property and equipment	115.90	147.74	175.51
Goodwill and Intangible assets	-	-	-
Deferred tax assets	75.55	71.80	35.17
Other assets	674.87	797.90	585.01
TOTAL ASSETS	84,031.55	93,264.18	116,434.05
Due to Bank and Financial Institutions	326.71	505.84	799.71
Due to Nepal Rastra Bank	-	-	-
Derivative financial instruments	-	-	-
Deposits from customers	67,061.05	75,731.53	98,467.60
Borrowing	-	-	-
Current Tax Liabilities	976.57	-	-
Provisions	120.68	42.38	36.62
Deferred tax liabilities	-	-	-
Other liabilities	1,621.05	2,057.37	2,028.55
Debt securities issued	-	-	-

Particulars	2017-18	2018-19	2019-20
Subordinated Liabilities	-	-	-
Equity	13,925.50	14,927.07	15,101.57
Share capital	8,011.43	8,011.43	8,011.43
Share premium	-	-	-
Retained earnings	1,403.04	1,807.88	1,521.08
Reserves	4,511.03	5,107.77	5,569.05
TOTAL EQUITY AND LIABILITIES	84,031.55	93,264.18	116,434.05
Interest Income	4,940.67	6,500.04	6,626.70
Interest Expenses	1,642.64	2,978.18	3,113.44
Net Interest Income	3,298.03	3,521.86	3,513.26
Fee and commission income	724.40	873.84	732.71
Fee and commission expense	60.64	45.10	40.96
Net Fee and commission income	663.76	828.75	691.75
Net Interest, Fee and commission income	3,961.79	4,350.61	4,205.01
Net trading income	594.27	729.05	580.80
Other operating income	124.50	131.95	179.23
Total operating income	4,680.56	5,211.61	4,965.05
Impairment charge/(reversal) for loans and other losses	74.89	88.24	439.07
Net operating income	4,605.67	5,123.37	4,525.98
Personnel expenses	997.88	1,084.36	1,102.47
Other operating expenses	564.32	525.70	530.17
Depreciation & Amortization	26.01	35.70	51.90
Operating Profit	3,017.46	3,477.63	2,841.44
Non-operating income	4.03	-	0.76
Non-operating expense	-	2.95	9.63
Profit before income tax	3,021.49	3,474.68	2,832.56
Income Tax Expense			848.64
Current Tax	976.68	1,022.94	808.85
Deferred Tax	(145.08)	17.07	39.79
Profit/Loss for the period	2,189.90	2,434.66	1,983.93

6. Himalayan Bank Limited	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	4,741.36	4,658.55	7,231.14
Due from Nepal Rastra Bank	5,159.26	4,883.54	12,407.82
Placement with Bank and Financial Institutions	4,989.52	5,231.24	6,342.17
Derivative financial instruments	33.44	127.14	115.62
Other trading assets	-	-	-

Particulars	2017-18	2018-19	2019-20
Loan and advances to B/FIs	3,685.22	4,772.75	4,998.08
Loans and advances to customers	82,474.99	92,697.32	101,653.35
Investment securities	11,654.17	16,466.20	18,241.67
Current tax assets	154.31	224.95	370.48
Investment in subsidiaries	-	200.00	200.00
Investment in associates	195.79	195.79	195.79
Investment property	2.30	109.13	379.80
Property and equipment	2,222.68	2,391.83	2,411.79
Goodwill and Intangible assets	85.85	117.68	151.10
Deferred tax assets	-	-	-
Other assets	1,063.41	1,075.02	1,125.82
TOTAL ASSETS	116,462.30	133,151.14	155,824.62
Due to Bank and Financial Institutions	754.25	3,702.92	6,595.87
Due to Nepal Rastra Bank	-	560.81	155.74
Derivative financial instruments	9.11	6.54	75.54
Deposits from customers	98,988.79	109,387.06	125,264.38
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	2.30	-	-
Deferred tax liabilities	131.26	98.84	95.97
Other liabilities	1,814.33	2,777.02	3,528.17
Debt securities issued	623.36	623.15	2,563.66
Subordinated Liabilities	-	-	-
Equity	14,138.90	15,994.80	17,545.30
Share capital	8,114.53	8,520.26	9,372.28
Share premium	-	-	-
Retained earnings	1,500.41	2,171.15	2,503.06
Reserves	4,523.96	5,303.39	5,669.96
TOTAL EQUITY AND LIABILITIES	116,462.30	133,151.14	155,824.62
Interest Income	9,724.87	11,625.42	12,113.63
Interest Expenses	5,403.05	6,594.07	7,356.99
Net Interest Income	4,321.82	5,031.35	4,756.65
Fee and commission income	772.04	821.31	748.67
Fee and commission expense	64.24	65.07	61.91
Net Fee and commission income	707.80	756.24	686.76
Net Interest, Fee and commission income	5,029.62	5,787.58	5,443.41
Net trading income	718.90	718.16	764.97
Other operating income	104.85	175.12	146.30

Particulars	2017-18	2018-19	2019-20
Total operating income	5,853.38	6,680.86	6,354.68
Impairment charge/(reversal) for loans and other losses	679.92	133.62	303.10
Net operating income	5,173.46	6,547.23	6,051.58
Personnel expenses	1,322.25	1,638.13	1,644.24
Other operating expenses	694.27	796.69	878.18
Depreciation & Amortization	168.28	170.19	180.32
Operating Profit	2,988.67	3,942.21	3,348.84
Non-operating income	309.53	49.33	398.08
Non-operating expense	533.01	58.38	251.58
Profit before income tax	2,765.18	3,933.16	3,495.33
Income Tax Expense			952.75
Current Tax	877.61	1,192.12	960.26
Deferred Tax	11.96	(22.81)	(7.52)
Profit/Loss for the period	1,875.61	2,763.85	2,542.59

7. Nepal SBI Bank Limited	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	10,480.24	8,243.37	15,111.52
Due from Nepal Rastra Bank	5,647.35	9,309.36	7,580.53
Placement with Bank and Financial Institutions	-	-	-
Derivative financial instruments	-	122.89	-
Other trading assets	20.40	23.77	50.98
Loan and advances to B/FIs	2,872.20	4,258.39	4,819.69
Loans and advances to customers	72,363.66	84,386.34	89,615.50
Investment securities	8,646.15	9,269.82	12,322.76
Current tax assets	219.49	261.70	293.92
Investment in subsidiaries	188.89	188.89	188.89
Investment in associates	-	-	-
Investment property	-	-	-
Property and equipment	843.97	941.03	913.29
Goodwill and Intangible assets	4.53	3.93	2.68
Deferred tax assets	236.21	315.10	325.77
Other assets	1,015.58	989.64	1,148.76
TOTAL ASSETS	102,538.67	118,314.23	132,374.29
Due to Bank and Financial Institutions	2,709.59	2,270.00	1,865.90
Due to Nepal Rastra Bank	-	761.43	-
Derivative financial instruments	6.81	-	20.61
Deposits from customers	84,227.33	97,924.44	110,445.87

Particulars	2017-18	2018-19	2019-20
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	-	-	-
Other liabilities	1,793.84	2,203.91	2,268.21
Debt securities issued	1,000.00	1,000.00	3,028.34
Subordinated Liabilities	-	-	-
Equity	12,801.10	14,154.45	14,745.35
Share capital	8,046.91	8,449.25	8,956.21
Share premium	381.76	-	-
Retained earnings	1,218.77	1,853.74	1,412.45
Reserves	3,153.67	3,851.46	4,376.70
TOTAL EQUITY AND LIABILITIES	102,538.67	118,314.23	132,374.29
Interest Income	9,069.78	11,276.81	11,644.87
Interest Expenses	4,924.81	6,571.72	7,395.11
Net Interest Income	4,144.97	4,705.08	4,249.76
Fee and commission income	912.86	993.64	884.59
Fee and commission expense	84.66	89.92	99.15
Net Fee and commission income	828.20	903.72	785.44
Net Interest, Fee and commission income	4,973.17	5,608.80	5,035.20
Net trading income	233.51	306.27	269.86
Other operating income	42.88	19.29	31.46
Total operating income	5,249.56	5,934.36	5,336.53
Impairment charge/(reversal) for loans and other losses	272.27	146.62	272.34
Net operating income	4,977.29	5,787.75	5,064.19
Personnel expenses	1,375.42	1,618.61	1,883.62
Other operating expenses	703.07	880.73	804.30
Depreciation & Amortization	137.13	164.52	180.05
Operating Profit	2,761.67	3,123.89	2,196.22
Non-operating income	38.87	196.08	27.52
Non-operating expense	-	3.75	3.33
Profit before income tax	2,800.54	3,316.22	2,220.41
Income Tax Expense			689.63
Current Tax	942.06	1,072.17	720.85
Deferred Tax	(165.03)	48.48	(31.23)
Profit/Loss for the period	2,023.51	2,292.52	1,530.78

8. Nepal Bangladesh Bank Limited	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	3,706.00	2,613.36	3,179.29
Due from Nepal Rastra Bank	6,890.13	6,762.11	13,485.57
Placement with Bank and Financial Institutions	2,259.78	3,535.63	2,503.88
Derivative financial instruments	30.81	31.23	29.99
Other trading assets	93.21	95.22	89.03
Loan and advances to B/FIs	1,380.57	1,768.83	1,686.99
Loans and advances to customers	40,878.52	52,729.58	58,966.52
Investment securities	4,766.33	5,923.67	7,023.08
Current tax assets	61.03	26.99	120.47
Investment in subsidiaries	200.00	200.00	220.00
Investment in associates	-	-	-
Investment property	87.83	346.44	367.78
Property and equipment	371.54	1,502.20	1,541.87
Goodwill and Intangible assets	23.84	20.43	48.45
Deferred tax assets	22.31	6.39	2.85
Other assets	605.25	2,562.48	500.08
TOTAL ASSETS	61,377.14	78,124.56	89,765.84
Due to Bank and Financial Institutions	-	-	6,757.60
Due to Nepal Rastra Bank	333.99	745.79	143.21
Derivative financial instruments	-	-	-
Deposits from customers	48,052.95	59,827.53	66,435.05
Borrowing	-	329.10	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	-	-	-
Other liabilities	1,252.65	2,780.66	1,339.89
Debt securities issued	-	1,992.98	1,993.68
Subordinated Liabilities	-	-	-
Equity	11,737.55	12,448.50	13,096.41
Share capital	8,088.30	8,088.30	8,495.81
Share premium	-	-	-
Retained earnings	941.46	1,039.76	488.39
Reserves	2,707.79	3,320.44	4,112.20
TOTAL EQUITY AND LIABILITIES	61,377.14	78,124.56	89,765.84
Interest Income	5,427.43	6,938.71	7,446.39
Interest Expenses	3,456.81	4,024.37	4,601.65

Particulars	2017-18	2018-19	2019-20
Net Interest Income	1,970.62	2,914.33	2,844.74
Fee and commission income	935.87	1,018.84	1,139.05
Fee and commission expense	36.99	47.93	41.41
Net Fee and commission income	898.88	970.91	1,097.64
Net Interest, Fee and commission income	2,869.50	3,885.24	3,942.38
Net trading income	157.89	228.80	229.06
Other operating income	40.25	93.71	50.71
Total operating income	3,067.63	4,207.75	4,222.15
Impairment charge/(reversal) for loans and other losses	298.88	357.49	796.48
Net operating income	2,768.75	3,850.26	3,425.67
Personnel expenses	755.66	1,015.22	1,069.02
Other operating expenses	340.73	394.08	433.91
Depreciation & Amortization	72.28	101.42	122.18
Operating Profit	1,600.08	2,339.53	1,800.56
Non-operating income	16.76	25.53	4.28
Non-operating expense	6.70	3.88	44.05
Profit before income tax	1,610.14	2,361.18	1,760.78
Income Tax Expense			516.20
Current Tax	494.78	708.35	528.24
Deferred Tax	(28.67)	33.31	(12.03)
Profit/Loss for the period	1,144.04	1,619.52	1,244.58

9. Everest Bank Limited	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	10,065.42	7,759.12	9,646.95
Due from Nepal Rastra Bank	18,938.75	23,304.57	19,972.67
Placement with Bank and Financial Institutions	3,291.00	548.50	3,125.20
Derivative financial instruments	-	1,486.22	14.54
Other trading assets	-	-	-
Loan and advances to B/FIs	4,254.68	7,362.98	6,857.50
Loans and advances to customers	89,927.57	104,644.20	112,195.37
Investment securities	15,292.31	21,434.20	28,813.51
Current tax assets	10.92	75.09	234.11
Investment in subsidiaries	-	-	-
Investment in associates	259.67	314.44	368.84
Investment property	2.20	21.04	21.04
Property and equipment	1,862.23	2,116.00	2,093.44
Goodwill and Intangible assets	12.93	37.77	45.15

Particulars	2017-18	2018-19	2019-20
Deferred tax assets	-	-	-
Other assets	893.47	973.41	1,630.48
TOTAL ASSETS	144,811.15	170,077.53	185,018.81
Due to Bank and Financial Institutions	916.08	609.22	1,182.83
Due to Nepal Rastra Bank	26.71	1,206.07	32.89
Derivative financial instruments	0.02	1,446.39	-
Deposits from customers	115,511.71	129,568.15	143,545.48
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	77.26	92.88	140.98
Other liabilities	11,076.02	18,460.92	20,426.68
Debt securities issued	1,068.85	1,068.85	1,068.85
Subordinated Liabilities	-	-	-
Equity	16,134.51	17,625.06	18,621.11
Share capital	8,106.86	8,106.86	8,510.21
Share premium	238.47	238.47	238.47
Retained earnings	1,739.04	2,324.15	1,727.53
Reserves	6,050.14	6,955.58	8,144.90
TOTAL EQUITY AND LIABILITIES	144,811.15	170,077.53	185,018.81
Interest Income	10,103.45	13,019.44	13,956.19
Interest Expenses	5,233.69	7,320.85	8,645.78
Net Interest Income	4,869.76	5,698.59	5,310.41
Fee and commission income	945.38	1,025.00	1,144.44
Fee and commission expense	123.29	133.61	128.50
Net Fee and commission income	822.09	891.39	1,015.93
Net Interest, Fee and commission income	5,691.85	6,589.99	6,326.35
Net trading income	195.90	306.92	263.57
Other operating income	92.64	99.54	110.42
Total operating income	5,980.39	6,996.45	6,700.33
Impairment charge/(reversal) for loans and other losses	132.12	136.76	548.47
Net operating income	5,848.28	6,859.69	6,151.86
Personnel expenses	1,492.67	1,653.30	1,636.28
Other operating expenses	584.53	726.83	793.32
Depreciation & Amortization	85.37	127.44	149.84
Operating Profit	3,685.70	4,352.12	3,572.43
Non-operating income	-	-	-
Non-operating expense	3.61	4.34	0.61

Particulars	2017-18	2018-19	2019-20
Profit before income tax	3,682.09	4,347.78	3,571.81
Income Tax Expense			1,071.82
Current Tax	1,137.56	1,298.36	1,071.82
Deferred Tax	(37.15)	(4.70)	-
Profit/Loss for the period	2,581.68	3,054.12	2,499.99

10. Bank of Kathmandu	Amt. in Rs. Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	3,422.84	3,115.53	2,373.97
Due from Nepal Rastra Bank	5,264.47	4,978.10	9,363.28
Placement with Bank and Financial Institutions	1,846.73	2,237.46	2,361.19
Derivative financial instruments	-	100.87	76.22
Other trading assets	25.26	355.32	10.26
Loan and advances to B/FIs	1,831.83	3,270.19	3,519.44
Loans and advances to customers	65,789.08	70,476.86	75,915.26
Investment securities	11,521.90	14,762.65	14,170.25
Current tax assets	114.04	-	141.31
Investment in subsidiaries	140.00	140.00	140.00
Investment in associates	-	-	-
Investment property	24.66	24.66	24.66
Property and equipment	935.25	831.36	832.88
Goodwill and Intangible assets	20.50	15.94	16.70
Deferred tax assets	-	-	-
Other assets	270.24	609.68	637.71
TOTAL ASSETS	91,206.81	100,918.63	109,583.13
Due to Bank and Financial Institutions	-	605.67	1,181.13
Due to Nepal Rastra Bank	18.60	1,110.84	162.26
Derivative financial instruments	-	-	-
Deposits from customers	76,913.75	82,722.03	92,103.30
Borrowing	-	-	-
Current Tax Liabilities	-	58.16	-
Provisions	17.44	15.17	18.09
Deferred tax liabilities	172.67	312.04	192.84
Other liabilities	571.90	1,088.68	990.14
Debt securities issued	-	1,040.02	624.82
Subordinated Liabilities	1,041.22	-	-
Equity	12,471.24	13,966.02	14,310.56
Share capital	7,072.90	8,063.10	8,546.89

Particulars	2017-18	2018-19	2019-20
Share premium	929.93	-	-
Retained earnings	858.23	1,374.92	955.20
Reserves	3,610.19	4,528.00	4,808.47
TOTAL EQUITY AND LIABILITIES	91,206.81	100,918.63	109,583.13
Interest Income	8,365.62	9,807.55	9,988.56
Interest Expenses	5,306.50	6,027.66	6,405.72
Net Interest Income	3,059.13	3,779.89	3,582.84
Fee and commission income	539.95	520.28	543.66
Fee and commission expense	50.32	60.13	54.35
Net Fee and commission income	489.64	460.16	489.32
Net Interest, Fee and commission income	3,548.76	4,240.05	4,072.16
Net trading income	225.71	322.25	322.27
Other operating income	140.66	100.23	52.22
Total operating income	3,915.13	4,662.53	4,446.65
Impairment charge/(reversal) for loans and other losses	465.94	64.56	537.68
Net operating income	3,449.19	4,597.98	3,908.97
Personnel expenses	1,030.30	1,159.36	1,114.24
Other operating expenses	442.10	528.45	564.08
Depreciation & Amortization	102.90	165.32	115.45
Operating Profit	1,873.89	2,744.84	2,115.20
Non-operating income	19.53	35.61	12.50
Non-operating expense	0.19	-	-
Profit before income tax	1,893.23	2,780.45	2,127.70
Income Tax Expense			652.13
Current Tax	566.14	905.19	676.17
Deferred Tax	5.90	(21.70)	(24.04)
Profit/Loss for the period	1,321.19	1,896.96	1,475.57

11. Nepal Credit and Commerce Bank Limited	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	3,461.98	5,125.40	8,606.16
Due from Nepal Rastra Bank	4,826.76	6,893.48	8,472.93
Placement with Bank and Financial Institutions		636.55	-
Derivative financial instruments		1,040.84	1,192.39
Other trading assets		-	-
Loan and advances to B/FIs	55,318.63	2,382.57	2,797.81
Loans and advances to customers		60,850.93	65,107.49
Investment securities	8,812.27	8,875.73	7,498.36

Particulars	2017-18	2018-19	2019-20
Current tax assets		-	73.81
Investment in subsidiaries		-	-
Investment in associates		34.50	54.66
Investment property		890.71	956.78
Property and equipment	716.78	942.41	867.44
Goodwill and Intangible assets	2.16	12.54	11.78
Deferred tax assets		130.67	70.50
Other assets	3,606.83	902.52	1,162.90
TOTAL ASSETS	76,745.41	88,718.84	96,873.01
Due to Bank and Financial Institutions		6,352.63	5,830.17
Due to Nepal Rastra Bank		1,244.46	975.71
Derivative financial instruments		962.69	1,134.47
Deposits from customers	63,519.76	67,035.62	73,786.88
Borrowing	684.91	-	-
Current Tax Liabilities		59.21	-
Provisions		-	-
Deferred tax liabilities		-	-
Other liabilities	2,699.37	1,056.17	1,965.30
Debt securities issued		-	-
Subordinated Liabilities		-	-
Equity		12,008.05	13,180.48
Share capital	4,679.85	7,018.59	9,353.92
Share premium		172.44	-
Retained earnings		1,320.60	888.73
Reserves	5,161.52	3,496.43	2,937.84
TOTAL EQUITY AND LIABILITIES	76,745.41	88,718.84	96,873.01
Interest Income	7,010.29	7,899.64	8,466.67
Interest Expenses	5,119.96	4,932.02	5,247.39
Net Interest Income	1,890.33	2,967.62	3,219.28
Fee and commission income	475.17	598.34	590.93
Fee and commission expense	21.65	25.80	23.84
Net Fee and commission income	453.52	572.54	567.09
Net Interest, Fee and commission income	144.14	3,540.16	3,786.37
Net trading income	2,487.99	129.09	184.76
Other operating income	747.10	63.81	60.84
Total operating income	3,235.08	3,733.06	4,031.98
Impairment charge/(reversal) for loans and other losses	747.10	(127.14)	328.24
Net operating income	3,235.08	3,860.20	3,703.74

Particulars	2017-18	2018-19	2019-20
Personnel expenses	967.10	1,243.87	1,261.26
Other operating expenses	516.82	542.02	561.93
Depreciation & Amortization		111.58	138.19
Operating Profit	1,751.16	1,962.73	1,742.35
Non-operating income		6.01	1.50
Non-operating expense		-	-
Profit before income tax	1,751.16	1,968.74	1,743.85
Income Tax Expense	510.55		612.87
Current Tax		749.76	553.74
Deferred Tax		197.75	59.13
Profit/Loss for the period	1,240.61	1,021.23	1,130.98

12. NIC Asia Bank Limited	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	8,132.49	20,214.54	12,294.51
Due from Nepal Rastra Bank	15,860.73	16,097.92	18,721.48
Placement with Bank and Financial Institutions	313.93	383.95	-
Derivative financial instruments	1,266.02	7,006.01	5,636.25
Other trading assets	-	-	9.44
Loan and advances to B/FIs	4,658.15	6,923.29	12,708.08
Loans and advances to customers	115,804.62	142,582.77	160,185.66
Investment securities	14,132.77	18,152.96	29,317.24
Current tax assets	-	-	4,889.07
Investment in subsidiaries	270.00	1,204.50	1,264.50
Investment in associates	-	-	-
Investment property	74.38	275.94	496.06
Property and equipment	1,759.42	2,583.72	3,223.64
Goodwill and Intangible assets	49.83	110.49	112.85
Deferred tax assets	-	-	-
Other assets	8,620.84	2,166.17	2,994.10
TOTAL ASSETS	170,943.18	217,702.26	251,852.89
Due to Bank and Financial Institutions	11,629.51	8,535.65	9,271.52
Due to Nepal Rastra Bank	742.27	314.54	-
Derivative financial instruments	1,721.81	6,913.41	5,601.04
Deposits from customers	139,589.61	176,820.69	201,630.38
Borrowing	-	-	-
Current Tax Liabilities	25.03	240.29	1,258.31
Provisions	-	-	-

Particulars	2017-18	2018-19	2019-20
Deferred tax liabilities	2.81	209.40	298.13
Other liabilities	2,073.78	1,992.37	6,902.32
Debt securities issued	3,487.91	7,710.10	9,655.64
Subordinated Liabilities	-	-	-
Equity	11,670.46	14,965.81	17,235.54
Share capital	8,031.12	8,834.23	9,717.65
Share premium	-	-	-
Retained earnings	943.65	2,251.12	1,693.78
Reserves	2,695.68	3,880.46	5,824.11
TOTAL EQUITY AND LIABILITIES	170,943.18	217,702.26	251,852.89
Interest Income	13,545.82	19,345.59	20,723.32
Interest Expenses	9,336.16	12,385.56	13,118.48
Net Interest Income	4,209.66	6,960.03	7,604.83
Fee and commission income	966.15	2,248.91	2,643.71
Fee and commission expense	96.50	127.60	159.90
Net Fee and commission income	869.65	2,121.31	2,483.80
Net Interest, Fee and commission income	5,079.31	9,081.34	10,088.63
Net trading income	195.21	348.92	339.61
Other operating income	83.62	75.97	298.16
Total operating income	5,358.14	9,506.24	10,726.41
Impairment charge/(reversal) for loans and other losses	304.83	590.15	1,120.47
Net operating income	5,053.30	8,916.09	9,605.94
Personnel expenses	1,782.11	2,486.79	2,913.81
Other operating expenses	1,237.09	1,649.86	1,971.78
Depreciation & Amortization	115.80	204.03	252.74
Operating Profit	1,918.29	4,575.41	4,467.61
Non-operating income	2.50	28.96	19.85
Non-operating expense	110.19	104.16	57.38
Profit before income tax	1,810.60	4,500.20	4,430.08
Income Tax Expense			1,308.59
Current Tax	525.43	1,366.00	1,265.59
Deferred Tax	(49.68)	80.90	43.00
Profit/Loss for the period	1,334.86	3,053.30	3,121.49

13. Machhapuchhre Bank Limited	Amt. in Rs. Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	3,706.00	9,442.90	9,778.36

Particulars	2017-18	2018-19	2019-20
Due from Nepal Rastra Bank	6,890.13	3,226.96	4,552.00
Placement with Bank and Financial Institutions	2,259.78	1,458.03	81.14
Derivative financial instruments	30.81	72.60	67.42
Other trading assets	93.21	358.70	212.02
Loan and advances to B/FIs	1,380.57	2,440.17	2,471.15
Loans and advances to customers	40,878.52	75,095.77	92,336.30
Investment securities	4,766.33	10,306.08	11,932.41
Current tax assets	61.03	209.98	277.85
Investment in subsidiaries	200.00	200.00	200.00
Investment in associates	-	-	-
Investment property	87.83	78.46	174.95
Property and equipment	371.54	1,122.93	1,335.80
Goodwill and Intangible assets	23.84	49.01	65.13
Deferred tax assets	22.31	21.42	35.13
Other assets	605.25	1,163.04	1,020.76
TOTAL ASSETS	61,377.14	105,246.05	124,540.41
Due to Bank and Financial Institutions	-	6,361.84	2,649.48
Due to Nepal Rastra Bank	333.99	1,020.52	13.72
Derivative financial instruments	-	-	-
Deposits from customers	48,052.95	85,198.40	104,098.90
Borrowing	-	-	1,214.22
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	-	-	-
Other liabilities	1,252.65	1,428.41	1,999.57
Debt securities issued	-	-	2,992.93
Subordinated Liabilities	-	-	-
Equity	11,737.55	11,236.88	11,571.59
Share capital	8,088.30	8,055.70	8,458.48
Share premium	-	30.88	30.88
Retained earnings	941.46	1,293.47	924.33
Reserves	2,707.79	1,856.83	2,157.91
TOTAL EQUITY AND LIABILITIES	61,377.14	105,246.05	124,540.41
Interest Income	5,427.43	10,177.52	11,352.89
Interest Expenses	3,456.81	6,627.77	7,490.99
Net Interest Income	1,970.62	3,549.76	3,861.90
Fee and commission income	935.87	790.52	947.59
Fee and commission expense	36.99	69.98	101.24

Particulars	2017-18	2018-19	2019-20
Net Fee and commission income	898.88	720.54	846.35
Net Interest, Fee and commission income	2,869.50	4,270.30	4,708.25
Net trading income	157.89	303.33	282.16
Other operating income	40.25	28.14	70.13
Total operating income	3,067.63	4,601.77	5,060.54
Impairment charge/(reversal) for loans and other losses	298.88	117.17	604.00
Net operating income	2,768.75	4,484.60	4,456.54
Personnel expenses	755.66	1,230.38	1,501.24
Other operating expenses	340.73	723.55	888.61
Depreciation & Amortization	72.28	130.39	161.26
Operating Profit	1,600.08	2,400.28	1,905.43
Non-operating income	16.76	121.90	8.07
Non-operating expense	6.70	94.89	67.52
Profit before income tax	1,610.14	2,427.29	1,845.98
Income Tax Expense	-	730.21	593.94
Current Tax	494.78	760.91	610.48
Deferred Tax	(28.67)	30.71	(16.54)
Profit/Loss for the period	1,144.04	1,697.09	1,252.04

14. Kumari Bank Limited	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	3,780.64	8,821.14	9,248.39
Due from Nepal Rastra Bank	5,582.76	3,580.51	5,914.62
Placement with Bank and Financial Institutions	714.10	384.38	852.45
Derivative financial instruments	-	143.29	7,416.21
Other trading assets	-	-	-
Loan and advances to B/FIs	1,778.93	3,066.05	3,796.21
Loans and advances to customers	60,596.58	73,120.31	111,092.71
Investment securities	8,802.90	9,121.57	12,747.00
Current tax assets	113.78	16.11	327.53
Investment in subsidiaries	200.00	200.00	220.00
Investment in associates	20.00	20.00	130.06
Investment property	134.17	88.42	60.35
Property and equipment	434.30	661.73	1,274.50
Goodwill and Intangible assets	110.45	97.39	122.08
Deferred tax assets	-	47.80	140.82
Other assets	454.92	887.97	468.53
TOTAL ASSETS	82,723.55	100,256.68	153,811.47

Particulars	2017-18	2018-19	2019-20
Due to Bank and Financial Institutions	10,104.19	12,168.48	7,475.89
Due to Nepal Rastra Bank	539.56	1,433.25	225.36
Derivative financial instruments	6.11	-	7,369.69
Deposits from customers	59,546.34	73,201.35	116,547.03
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	2.23	2.23	2.31
Deferred tax liabilities	20.76	-	-
Other liabilities	1,963.67	1,583.82	2,110.26
Debt securities issued	-	-	2,995.12
Subordinated Liabilities	-	-	-
Equity	10,540.70	11,867.54	17,085.81
Share capital	7,163.39	8,685.57	12,520.05
Share premium	54.80	54.80	-
Retained earnings	1,527.64	977.46	743.00
Reserves	1,794.86	2,149.71	3,822.76
TOTAL EQUITY AND LIABILITIES	82,723.55	100,256.68	153,811.47
Interest Income	6,804.01	9,217.98	10,588.88
Interest Expenses	4,771.33	6,198.52	6,958.73
Net Interest Income	2,032.68	3,019.46	3,630.15
Fee and commission income	396.82	454.87	529.32
Fee and commission expense	27.32	31.87	33.93
Net Fee and commission income	369.49	423.01	495.39
Net Interest, Fee and commission income	2,402.17	3,442.47	4,125.54
Net trading income	148.95	258.90	355.32
Other operating income	100.16	92.71	21.96
Total operating income	2,651.29	3,794.08	4,502.82
Impairment charge/(reversal) for loans and other losses	31.95	212.09	422.25
Net operating income	2,619.34	3,581.99	4,080.57
Personnel expenses	801.84	1,013.30	1,442.70
Other operating expenses	380.92	523.80	707.29
Depreciation & Amortization	79.21	120.10	177.91
Operating Profit	1,357.37	1,924.80	1,752.66
Non-operating income	24.53	11.84	23.34
Non-operating expense	-	1.03	(0.03)
Profit before income tax	1,381.90	1,935.61	1,776.03
Income Tax Expense	-	601.56	549.47
Current Tax	411.55	667.03	577.25

Particulars	2017-18	2018-19	2019-20
Deferred Tax	(71.55)	(65.47)	(27.78)
Profit/Loss for the period	1,041.89	1,334.05	1,226.56

15. Laxmi Bank Limited	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	6,324.17	10,425.00	9,423.98
Due from Nepal Rastra Bank	3,454.93	4,805.69	9,431.45
Placement with Bank and Financial Institutions	-	-	-
Derivative financial instruments	35.08	5,122.32	6,224.51
Other trading assets	23.52	67.52	16.12
Loan and advances to B/FIs	1,656.12	1,935.60	1,590.06
Loans and advances to customers	59,834.78	74,615.90	89,439.82
Investment securities	7,411.39	7,025.46	10,289.89
Current tax assets	53.88	14.20	83.96
Investment in subsidiaries	287.00	417.00	417.00
Investment in associates	-	-	-
Investment property	37.49	37.33	108.98
Property and equipment	1,241.94	1,345.86	1,391.83
Goodwill and Intangible assets	35.07	54.66	90.19
Deferred tax assets	-	-	-
Other assets	564.91	1,129.18	294.86
TOTAL ASSETS	80,960.28	106,995.72	128,802.65
Due to Bank and Financial Institutions	2,472.86	6,554.76	501.74
Due to Nepal Rastra Bank	677.80	1,229.86	500.46
Derivative financial instruments	-	5,046.11	6,181.98
Deposits from customers	65,561.48	80,324.63	100,864.40
Borrowing	-	-	3,618.81
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	142.16	98.91	211.52
Other liabilities	546.57	690.01	958.58
Debt securities issued	401.40	401.40	2,008.20
Subordinated Liabilities	-	-	-
Equity	11,158.01	12,650.04	13,956.97
Share capital	8,221.67	8,920.51	9,812.56
Share premium	-	-	-
Retained earnings	760.75	1,453.37	1,600.08
Reserves	2,175.59	2,276.16	2,544.33

Particulars	2017-18	2018-19	2019-20
TOTAL EQUITY AND LIABILITIES	80,960.28	106,995.72	128,802.65
Interest Income	7,063.78	8,942.67	10,132.08
Interest Expenses	4,731.49	5,772.99	6,720.07
Net Interest Income	2,332.29	3,169.67	3,412.00
Fee and commission income	585.97	740.71	809.23
Fee and commission expense	60.24	78.43	103.27
Net Fee and commission income	525.73	662.29	705.96
Net Interest, Fee and commission income	2,858.02	3,831.96	4,117.97
Net trading income	288.44	360.98	332.90
Other operating income	153.98	112.88	102.59
Total operating income	3,300.44	4,305.82	4,553.45
Impairment charge/(reversal) for loans and other losses	314.88	127.52	345.55
Net operating income	2,985.55	4,178.31	4,207.91
Personnel expenses	771.59	1,133.81	1,192.83
Other operating expenses	419.58	618.33	688.60
Depreciation & Amortization	111.31	133.82	179.29
Operating Profit	1,683.08	2,292.33	2,147.20
Non-operating income	5.72	10.62	14.72
Non-operating expense	43.81	61.81	47.04
Profit before income tax	1,644.98	2,241.14	2,114.88
Income Tax Expense		651.07	630.09
Current Tax	483.14	657.10	630.09
Deferred Tax	(19.25)	(6.03)	-
Profit/Loss for the period	1,181.09	1,590.07	1,484.79

16. Siddhartha Bank Limited	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	4,453.21	5,461.07	5,959.21
Due from Nepal Rastra Bank	6,454.93	6,037.59	9,507.95
Placement with Bank and Financial Institutions	1,611.13	2,250.09	1,067.03
Derivative financial instruments	3.71	124.87	11,972.84
Other trading assets	81.32	80.73	147.02
Loan and advances to B/FIs	2,841.17	3,395.45	4,004.35
Loans and advances to customers	83,236.09	104,768.97	123,448.09
Investment securities	18,592.94	18,875.54	22,502.83
Current tax assets	68.23	177.23	313.26
Investment in subsidiaries	51.00	51.00	51.00
Investment in associates	-	-	-

Particulars	2017-18	2018-19	2019-20
Investment property	154.64	123.35	136.61
Property and equipment	1,072.32	1,279.32	1,379.73
Goodwill and Intangible assets	12.09	33.94	101.99
Deferred tax assets	-	-	-
Other assets	1,236.45	1,820.60	2,076.91
TOTAL ASSETS	119,869.22	144,479.76	182,668.81
Due to Bank and Financial Institutions	279.86	8,422.83	6,759.24
Due to Nepal Rastra Bank	692.43	984.06	20.05
Derivative financial instruments	73.75	-	11,862.13
Deposits from customers	101,748.24	114,904.86	139,609.50
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	261.91	82.81	130.27
Other liabilities	1,906.67	2,030.93	3,149.24
Debt securities issued	1,203.52	2,966.80	5,162.56
Subordinated Liabilities	-	-	-
Equity	13,702.83	15,088.18	15,975.82
Share capital	8,464.39	8,887.60	9,787.77
Share premium	122.09	122.09	-
Retained earnings	1,184.43	1,663.63	944.69
Reserves	3,931.93	4,414.86	5,243.36
TOTAL EQUITY AND LIABILITIES	119,869.22	144,479.76	182,668.81
Interest Income	10,057.00	12,971.18	15,445.93
Interest Expenses	6,620.74	8,305.21	9,858.02
Net Interest Income	3,436.26	4,673.96	5,587.91
Fee and commission income	779.70	1,016.55	1,073.84
Fee and commission expense	127.90	171.26	188.58
Net Fee and commission income	651.80	845.29	885.26
Net Interest, Fee and commission income	4,088.06	5,519.25	6,473.17
Net trading income	258.68	461.66	511.72
Other operating income	308.50	111.88	161.59
Total operating income	4,655.24	6,092.80	7,146.47
Impairment charge/(reversal) for loans and other losses	230.39	180.59	727.82
Net operating income	4,424.84	5,912.20	6,418.65
Personnel expenses	1,085.84	1,693.34	2,236.95
Other operating expenses	490.92	762.40	919.11
Depreciation & Amortization	118.45	141.40	196.95

Particulars	2017-18	2018-19	2019-20
Operating Profit	2,729.62	3,315.06	3,065.64
Non-operating income	0.40	17.60	0.21
Non-operating expense	-	1.02	39.22
Profit before income tax	2,730.02	3,331.65	3,026.63
Income Tax Expense			933.86
Current Tax	819.70	1,035.90	981.44
Deferred Tax	6.26	13.11	(47.58)
Profit/Loss for the period	1,904.06	2,308.85	2,092.77

17. Agricultural Development Bank	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	11,227.27	11,500.46	8,504.50
Due from Nepal Rastra Bank	8,270.67	4,993.66	12,561.91
Placement with Bank and Financial Institutions	-	2,858.70	5,007.61
Derivative financial instruments	-	118.55	133.76
Other trading assets	-	-	37.21
Loan and advances to B/FIs	495.00	1,285.27	1,149.05
Loans and advances to customers	100,030.11	108,806.70	123,052.28
Investment securities	12,246.65	16,846.61	24,379.55
Current tax assets	-	206.42	853.53
Investment in subsidiaries	28.84	28.84	28.84
Investment in associates	69.38	69.38	69.38
Investment property	240.31	258.42	220.93
Property and equipment	1,213.60	1,264.19	1,292.66
Goodwill and Intangible assets	50.01	69.40	289.80
Deferred tax assets	-	-	-
Other assets	1,547.77	3,151.12	1,836.05
TOTAL ASSETS	135,419.61	151,457.73	179,417.06
Due to Bank and Financial Institutions	551.89	478.37	103.13
Due to Nepal Rastra Bank	195.16	38.42	9.67
Derivative financial instruments	-	-	-
Deposits from customers	104,216.46	118,884.92	143,648.27
Borrowing	360.45	60.92	12.06
Current Tax Liabilities	156.23	-	-
Provisions	-	-	-
Deferred tax liabilities	139.36	113.54	145.01
Other liabilities	2,881.77	3,528.83	4,544.83
Debt securities issued	460.00	-	2,494.65

Particulars	2017-18	2018-19	2019-20
Subordinated Liabilities	-	-	-
Equity	13,937.93	28,352.73	28,459.44
Share capital	-	14,448.24	14,989.17
Share premium	2,598.64	-	-
Retained earnings	9,921.74	3,422.04	2,100.46
Reserves	-	10,482.45	11,369.81
TOTAL EQUITY AND LIABILITIES	135,419.61	151,457.73	179,417.06
Interest Income	13,603.75	15,480.12	15,349.07
Interest Expenses	6,966.29	7,865.13	9,113.28
Net Interest Income	6,637.47	7,614.99	6,235.79
Fee and commission income	949.77	1,081.48	1,912.61
Fee and commission expense	6.06	11.01	99.14
Net Fee and commission income	943.71	1,070.47	1,813.47
Net Interest, Fee and commission income	7,581.18	8,685.46	8,049.26
Net trading income	188.13	318.87	391.15
Other operating income	45.98	18.90	34.85
Total operating income	7,815.28	9,023.23	8,475.26
Impairment charge/(reversal) for loans and other losses	(822.35)	(289.85)	344.65
Net operating income	8,637.64	9,313.08	8,130.62
Personnel expenses	3,060.56	2,928.86	2,540.62
Other operating expenses	712.32	876.31	914.52
Depreciation & Amortization	131.93	166.19	215.53
Operating Profit	4,732.83	5,341.72	4,459.95
Non-operating income	235.83	382.28	80.73
Non-operating expense	4.32	-	0.04
Profit before income tax	4,964.33	5,723.99	4,540.64
Income Tax Expense	1,522.01	1,532.41	1,072.61
Current Tax	1,500.23	1,565.73	1,071.41
Deferred Tax	21.78	(33.32)	1.21
Profit/Loss for the period	3,442.32	4,191.59	3,468.03

18. Global IME Bank Limited	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	8,027.50	11,531.56	8,722.43
Due from Nepal Rastra Bank	4,768.99	5,217.31	11,775.49
Placement with Bank and Financial Institutions	-	-	9,459.38
Derivative financial instruments	-	4,112.52	8,876.12
Other trading assets	-	-	-

Particulars	2017-18	2018-19	2019-20
Loan and advances to B/FIs	3,474.26	4,054.63	7,660.46
Loans and advances to customers	88,878.10	108,977.61	189,388.66
Investment securities	16,320.65	13,153.15	28,018.61
Current tax assets	1,010.33	1,259.70	1,639.87
Investment in subsidiaries	219.78	219.78	557.10
Investment in associates	298.06	319.58	404.22
Investment property	91.92	118.69	335.30
Property and equipment	1,324.47	1,373.57	2,543.21
Goodwill and Intangible assets	31.95	28.29	240.27
Deferred tax assets	177.85	212.08	279.84
Other assets	1,223.60	1,075.10	4,181.97
TOTAL ASSETS	125,847.43	151,653.57	274,082.96
Due to Bank and Financial Institutions	1,659.93	4,410.88	14,327.70
Due to Nepal Rastra Bank	1,034.65	1,231.80	1,339.36
Derivative financial instruments	45.26	3,879.90	8,773.44
Deposits from customers	104,850.51	120,088.44	212,315.39
Borrowing	-	-	2,404.00
Current Tax Liabilities	948.52	1,202.57	1,294.77
Provisions	-	-	-
Deferred tax liabilities	-	-	-
Other liabilities	3,329.90	3,011.35	3,113.28
Debt securities issued	400.00	1,496.45	1,497.06
Subordinated Liabilities	-	-	-
Equity	13,578.68	16,332.18	29,017.95
Share capital	8,888.38	10,310.52	18,975.88
Share premium	-	-	5.39
Retained earnings	1,460.83	2,663.62	1,618.56
Reserves	3,229.47	3,358.04	8,418.12
TOTAL EQUITY AND LIABILITIES	125,847.43	151,653.57	274,082.96
Interest Income	11,481.73	13,530.88	20,459.46
Interest Expenses	7,604.85	8,288.54	12,267.39
Net Interest Income	3,876.88	5,242.35	8,192.08
Fee and commission income	933.46	1,181.10	1,472.14
Fee and commission expense	174.78	216.43	242.01
Net Fee and commission income	758.68	964.66	1,230.13
Net Interest, Fee and commission income	4,635.56	6,207.01	9,422.21
Net trading income	261.96	412.13	579.52
Other operating income	198.16	163.06	206.65

Particulars	2017-18	2018-19	2019-20
Total operating income	5,095.69	6,782.19	10,208.37
Impairment charge/(reversal) for loans and other losses	(289.84)	198.19	1,740.62
Net operating income	5,385.52	6,584.00	8,467.75
Personnel expenses	1,314.22	1,579.66	2,486.11
Other operating expenses	766.48	859.41	1,272.27
Depreciation & Amortization	243.74	238.30	304.12
Operating Profit	3,061.07	3,906.63	4,405.25
Non-operating income	1.89	27.29	0.64
Non-operating expense	150.98	-	58.52
Profit before income tax	2,911.98	3,933.92	4,347.37
Income Tax Expense	-	-	1,259.33
Current Tax	948.52	1,202.57	1,294.77
Deferred Tax	(137.90)	(30.61)	(35.44)
Profit/Loss for the period	2,101.36	2,761.95	3,088.04

19. NMB Bank Limited	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	5,183.94	8,096.35	11,101.11
Due from Nepal Rastra Bank	6,840.51	10,829.18	15,250.10
Placement with Bank and Financial Institutions	276.41	2,172.97	3,304.24
Derivative financial instruments	7,506.75	8,595.48	10,066.30
Other trading assets	321.72	340.39	266.89
Loan and advances to B/FIs	2,497.57	3,317.96	4,641.00
Loans and advances to customers	72,711.77	88,485.03	115,703.26
Investment securities	9,448.45	10,316.35	14,998.76
Current tax assets	763.88	-	55.89
Investment in subsidiaries	248.55	248.55	372.49
Investment in associates	-	-	-
Investment property	59.77	102.92	79.65
Property and equipment	1,559.57	1,577.90	1,758.44
Goodwill and Intangible assets	22.05	115.42	122.87
Deferred tax assets	66.87	70.04	270.79
Other assets	4,883.61	1,201.87	1,431.60
TOTAL ASSETS	112,391.43	135,470.41	179,423.37
Due to Bank and Financial Institutions	1,036.27	624.36	3,150.01
Due to Nepal Rastra Bank	660.07	3,203.52	4,832.50
Derivative financial instruments	7,477.48	8,458.37	10,008.21
Deposits from customers	83,970.87	97,892.30	131,660.37

Particulars	2017-18	2018-19	2019-20
Borrowing	-	3,468.06	3,416.31
Current Tax Liabilities	824.30	35.58	-
Provisions	9.08	-	-
Deferred tax liabilities	-	-	-
Other liabilities	1,406.00	2,145.96	3,209.68
Debt securities issued	517.55	2,239.24	2,279.83
Subordinated Liabilities	-	-	-
Equity	16,489.81	17,403.02	20,866.45
Share capital	7,603.29	9,618.16	13,950.99
Share premium	4,061.37	2,512.80	120.17
Retained earnings	2,339.18	1,780.33	964.01
Reserves	2,485.97	3,491.73	5,831.29
TOTAL EQUITY AND LIABILITIES	112,391.43	135,470.41	179,423.37
Interest Income	8,728.70	11,082.06	14,472.37
Interest Expenses	5,824.69	6,838.04	8,946.75
Net Interest Income	2,904.01	4,244.02	5,525.61
Fee and commission income	794.25	1,003.53	914.17
Fee and commission expense	62.71	93.96	106.92
Net Fee and commission income	731.54	909.58	807.25
Net Interest, Fee and commission income	3,635.56	5,153.60	6,332.86
Net trading income	299.61	352.05	384.16
Other operating income	164.96	210.37	218.04
Total operating income	4,100.12	5,716.02	6,935.05
Impairment charge/(reversal) for loans and other losses	(219.65)	166.27	1,619.61
Net operating income	4,319.78	5,549.75	5,315.45
Personnel expenses	1,021.57	1,415.79	1,706.50
Other operating expenses	589.39	708.66	932.26
Depreciation & Amortization	147.70	176.80	242.02
Operating Profit	2,561.12	3,248.50	2,434.66
Non-operating income	43.14	17.10	627.15
Non-operating expense	37.94	17.60	59.90
Profit before income tax	2,566.32	3,248.00	3,001.91
Income Tax Expense	-	-	731.24
Current Tax	829.62	994.17	731.24
Deferred Tax	(117.09)	(3.44)	-
Profit/Loss for the period	1,853.79	2,257.28	2,270.67

20. Citizens Bank International Limited	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	5,046.24	6,740.70	10,841.97
Due from Nepal Rastra Bank	3,690.19	2,596.97	2,430.00
Placement with Bank and Financial Institutions	1,989.88	394.77	302.68
Derivative financial instruments	36.39	44.10	-
Other trading assets	76.24	567.25	83.33
Loan and advances to B/FIs	1,420.65	1,581.90	1,534.10
Loans and advances to customers	55,601.77	62,911.97	79,169.82
Investment securities	5,616.86	10,822.60	11,834.47
Current tax assets	114.65	14.62	147.09
Investment in subsidiaries	117.20	167.20	167.20
Investment in associates	17.95	17.95	18.95
Investment property	287.55	222.55	195.53
Property and equipment	2,121.59	2,302.85	2,491.64
Goodwill and Intangible assets	70.53	93.35	77.83
Deferred tax assets	-	20.24	-
Other assets	1,502.27	1,622.34	1,169.87
TOTAL ASSETS	77,709.95	90,121.36	110,464.48
Due to Bank and Financial Institutions	3,335.29	3,926.66	3,688.90
Due to Nepal Rastra Bank	695.04	1,212.59	567.58
Derivative financial instruments	-	-	0.55
Deposits from customers	60,696.03	70,509.08	88,516.23
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	5.31	5.31	5.31
Deferred tax liabilities	17.68	-	3.03
Other liabilities	1,447.98	1,473.95	1,340.50
Debt securities issued	498.72	499.15	2,974.16
Subordinated Liabilities	-	-	-
Equity	11,013.91	12,494.62	13,368.23
Share capital	8,033.24	8,371.06	9,089.82
Share premium	0.43	46.82	4.12
Retained earnings	132.23	1,251.27	877.47
Reserves	2,848.01	2,825.47	3,396.81
TOTAL EQUITY AND LIABILITIES	77,709.95	90,121.36	110,464.48
Interest Income	7,109.39	8,532.28	9,486.24
Interest Expenses	4,887.32	5,843.82	6,604.55
Net Interest Income	2,222.07	2,688.46	2,881.69

Particulars	2017-18	2018-19	2019-20
Fee and commission income	559.88	568.57	582.24
Fee and commission expense	50.84	67.39	65.88
Net Fee and commission income	509.05	501.18	516.36
Net Interest, Fee and commission income	2,731.12	3,189.64	3,398.05
Net trading income	181.07	277.32	270.84
Other operating income	120.70	30.47	99.67
Total operating income	3,032.89	3,497.43	3,768.56
Impairment charge/(reversal) for loans and other losses	89.32	138.37	677.30
Net operating income	2,943.57	3,635.80	3,091.26
Personnel expenses	784.06	900.24	928.37
Other operating expenses	347.36	464.65	496.38
Depreciation & Amortization	126.53	170.50	211.77
Operating Profit	1,685.63	2,100.40	1,454.74
Non-operating income	37.96	77.79	122.57
Non-operating expense	16.72	0.58	-
Profit before income tax	1,706.87	2,177.61	1,577.31
Income Tax Expense	-	-	461.27
Current Tax	536.35	776.35	462.85
Deferred Tax	63.59	61.95	(1.58)
Profit/Loss for the period	1,234.10	1,463.22	1,116.04

21. Prime Commercial Bank Limited	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	4,502.74	5,304.76	10,379.97
Due from Nepal Rastra Bank	8,815.84	7,807.98	8,716.15
Placement with Bank and Financial Institutions	1,960.45	1,118.73	2,260.12
Derivative financial instruments	-	-	-
Other trading assets	-	-	-
Loan and advances to B/FIs	2,829.04	3,014.81	4,122.88
Loans and advances to customers	67,137.82	72,545.40	110,454.30
Investment securities	8,428.08	10,142.16	13,684.28
Current tax assets	153.62	112.53	172.84
Investment in subsidiaries	-	-	-
Investment in associates	28.00	51.02	60.02
Investment property	15.53	242.56	495.84
Property and equipment	606.76	743.98	1,065.44
Goodwill and Intangible assets	5.28	7.71	16.00
Deferred tax assets	33.16	74.33	48.83

Particulars	2017-18	2018-19	2019-20
Other assets	527.67	1,089.86	743.01
TOTAL ASSETS	95,043.98	102,255.83	152,219.67
Due to Bank and Financial Institutions	8,668.49	9,217.76	10,350.29
Due to Nepal Rastra Bank	1,269.89	1,269.35	121.20
Derivative financial instruments	-	-	-
Deposits from customers	72,635.99	77,040.07	119,441.61
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	-	-	-
Other liabilities	1,261.90	1,324.65	1,760.63
Debt securities issued	-	-	-
Subordinated Liabilities	-	-	-
Equity	11,207.71	13,403.99	20,545.94
Share capital	8,033.30	9,318.63	13,985.25
Share premium	-	-	0.64
Retained earnings	1,335.89	1,575.65	1,764.35
Reserves	1,838.52	2,509.72	4,795.69
TOTAL EQUITY AND LIABILITIES	95,043.98	102,255.83	152,219.67
Interest Income	8,559.69	9,822.37	12,210.42
Interest Expenses	5,893.78	6,237.76	7,592.61
Net Interest Income	2,665.92	3,584.61	4,617.81
Fee and commission income	666.14	766.87	902.55
Fee and commission expense	46.53	51.28	69.66
Net Fee and commission income	619.61	715.60	832.89
Net Interest, Fee and commission income	3,285.53	4,300.20	5,450.70
Net trading income	177.88	234.44	267.53
Other operating income	161.73	70.41	61.86
Total operating income	3,625.14	4,605.05	5,780.08
Impairment charge/(reversal) for loans and other losses	223.99	135.34	782.96
Net operating income	3,401.15	4,469.71	4,997.12
Personnel expenses	631.65	888.34	1,080.28
Other operating expenses	273.54	350.95	505.88
Depreciation & Amortization	70.13	80.92	140.73
Operating Profit	2,425.84	3,149.52	3,270.23
Non-operating income	21.59	-	-
Non-operating expense	-	-	-

Particulars	2017-18	2018-19	2019-20
Profit before income tax	2,447.42	3,149.52	3,270.23
Income Tax Expense	-	-	977.43
Current Tax	728.86	990.82	977.43
Deferred Tax	(7.68)	(40.09)	-
Profit/Loss for the period	1,726.25	2,198.80	2,292.80

22. Sunrise Bank Limited	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	2,442.01	6,356.73	8,011.84
Due from Nepal Rastra Bank	5,033.06	3,241.04	7,806.30
Placement with Bank and Financial Institutions	3,869.63	1,165.35	1,206.00
Derivative financial instruments	-	93.86	68.02
Other trading assets	-	-	-
Loan and advances to B/FIs	999.59	1,149.78	2,395.07
Loans and advances to customers	59,213.55	68,865.81	81,040.37
Investment securities	9,720.46	11,724.18	13,112.95
Current tax assets	43.09	84.94	206.38
Investment in subsidiaries	157.14	157.14	157.14
Investment in associates	-	-	-
Investment property	119.25	398.18	433.36
Property and equipment	730.25	918.84	1,064.64
Goodwill and Intangible assets	76.42	68.49	48.07
Deferred tax assets	53.15	2.85	15.49
Other assets	325.33	383.55	1,065.78
TOTAL ASSETS	82,782.91	94,610.74	116,631.41
Due to Bank and Financial Institutions	2,126.89	3,809.33	5,191.81
Due to Nepal Rastra Bank	526.57	839.81	743.47
Derivative financial instruments	23.32	-	-
Deposits from customers	67,366.13	75,432.15	90,223.27
Borrowing	-	-	1,202.50
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	-	-	-
Other liabilities	1,185.66	1,263.19	1,754.87
Debt securities issued	-	996.11	3,986.60
Subordinated Liabilities	-	-	-
Equity	11,554.34	12,270.15	13,528.90
Share capital	8,152.56	8,152.56	8,967.81

Particulars	2017-18	2018-19	2019-20
Share premium	127.16	127.16	-
Retained earnings	941.86	1,175.25	1,091.29
Reserves	2,332.77	2,815.18	3,469.80
TOTAL EQUITY AND LIABILITIES	82,782.91	94,610.74	116,631.41
Interest Income	7,647.36	9,206.43	10,038.11
Interest Expenses	4,776.43	5,621.44	6,160.01
Net Interest Income	2,870.93	3,584.99	3,878.10
Fee and commission income	619.91	782.28	990.03
Fee and commission expense	159.34	120.23	130.26
Net Fee and commission income	460.57	662.05	859.77
Net Interest, Fee and commission income	3,331.50	4,247.04	4,737.87
Net trading income	-	264.60	222.77
Other operating income	227.69	64.61	76.96
Total operating income	3,559.19	4,576.25	5,037.60
Impairment charge/(reversal) for loans and other losses	48.59	103.52	837.21
Net operating income	3,510.60	4,472.72	4,200.39
Personnel expenses	908.49	1,150.27	1,363.28
Other operating expenses	442.24	630.40	686.13
Depreciation & Amortization	112.41	141.43	179.16
Operating Profit	2,047.45	2,550.63	1,971.83
Non-operating income	68.20	1.18	5.56
Non-operating expense	164.38	45.91	4.87
Profit before income tax	1,951.27	2,505.89	1,972.51
Income Tax Expense	-	-	579.63
Current Tax	615.00	762.04	592.28
Deferred Tax	(140.71)	37.75	(12.65)
Profit/Loss for the period	1,476.97	1,706.10	1,392.88

23. Civil Bank Limited	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	2,334.38	3,958.59	4,725.49
Due from Nepal Rastra Bank	2,337.62	3,525.08	3,949.89
Placement with Bank and Financial Institutions	663.70	659.10	803.36
Derivative financial instruments	0.48	1,732.50	3,361.08
Other trading assets	-	-	-
Loan and advances to B/FIs	1,868.15	1,805.00	1,767.33
Loans and advances to customers	38,254.79	42,593.69	51,512.72
Investment securities	5,526.47	6,755.98	8,197.29

Particulars	2017-18	2018-19	2019-20
Current tax assets	21.51	16.88	274.53
Investment in subsidiaries	120.62	201.87	260.06
Investment in associates	-	-	-
Investment property	177.16	227.98	208.58
Property and equipment	255.89	501.01	611.87
Goodwill and Intangible assets	40.58	38.38	34.02
Deferred tax assets	-	-	-
Other assets	323.87	451.69	1,493.08
TOTAL ASSETS	51,925.23	62,467.74	77,199.29
Due to Bank and Financial Institutions	6,549.78	6,517.06	3,130.18
Due to Nepal Rastra Bank	548.72	531.25	728.57
Derivative financial instruments	-	1,673.81	3,381.45
Deposits from customers	34,222.60	41,993.30	57,512.41
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	1.06	-	-
Deferred tax liabilities	149.02	155.43	151.48
Other liabilities	604.13	1,445.55	2,222.99
Debt securities issued		-	-
Subordinated Liabilities		-	-
Equity	9,849.92	10,151.34	10,072.21
Share capital	7,259.31	8,003.39	8,003.39
Share premium	36.39		-
Retained earnings	1,069.62	540.23	264.74
Reserves	1,484.60	1,607.72	1,804.08
TOTAL EQUITY AND LIABILITIES	51,925.23	62,467.74	77,199.29
Interest Income	4,441.86	5,727.89	6,198.10
Interest Expenses	3,033.46	3,526.41	3,959.67
Net Interest Income	1,408.40	2,201.47	2,238.43
Fee and commission income	242.34	221.89	299.05
Fee and commission expense	23.10	24.00	27.03
Net Fee and commission income	219.24	197.89	272.02
Net Interest, Fee and commission income	1,627.64	2,399.36	2,510.45
Net trading income	156.58	197.96	229.85
Other operating income	43.15	51.74	50.88
Total operating income	1,827.37	2,649.06	2,791.18
Impairment charge/(reversal) for loans and other losses	(125.83)	58.89	442.03
Net operating income	1,953.20	2,590.17	2,349.15

Particulars	2017-18	2018-19	2019-20
Personnel expenses	558.41	792.92	1,014.73
Other operating expenses	351.55	556.11	551.35
Depreciation & Amortization	59.61	66.52	108.78
Operating Profit	983.62	1,174.62	674.29
Non-operating income	42.09	16.95	-
Non-operating expense	130.46	120.84	29.75
Profit before income tax	895.25	1,070.73	644.54
Income Tax Expense	-	-	187.54
Current Tax	273.31	350.52	193.36
Deferred Tax	(7.96)	12.80	(5.82)
Profit/Loss for the period	629.90	707.41	457.00

24. Prabhu Bank Limited	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	13,155.09	15,163.38	7,677.02
Due from Nepal Rastra Bank	6,172.04	6,668.57	20,028.38
Placement with Bank and Financial Institutions	2,215.41	-	769.05
Derivative financial instruments	-	82.87	5,353.76
Other trading assets	-	-	-
Loan and advances to B/FIs	3,181.81	3,931.85	3,897.66
Loans and advances to customers	72,990.23	86,415.90	99,692.11
Investment securities	8,035.89	14,572.08	20,280.79
Current tax assets	38.57	5.99	50.22
Investment in subsidiaries	116.96	116.96	116.96
Investment in associates	-	-	-
Investment property	464.80	439.18	517.58
Property and equipment	2,107.74	2,280.26	2,355.48
Goodwill and Intangible assets	17.23	39.77	47.76
Deferred tax assets	-	-	257.05
Other assets	4,090.39	4,189.34	6,682.67
TOTAL ASSETS	112,586.17	133,906.16	167,726.50
Due to Bank and Financial Institutions	-	-	7,785.25
Due to Nepal Rastra Bank	702.21	801.79	4,794.41
Derivative financial instruments	45.85	-	5,311.76
Deposits from customers	97,259.66	112,393.45	128,494.35
Borrowing	-	1,100.40	495.18
Current Tax Liabilities	-	-	-
Provisions	23.32	23.33	23.32

Particulars	2017-18	2018-19	2019-20
Deferred tax liabilities	387.17	417.76	-
Other liabilities	1,597.70	4,602.86	4,215.40
Debt securities issued	-	-	1,000.00
Subordinated Liabilities	-	-	-
Equity	-	14,566.58	15,606.82
Share capital	8,233.95	8,892.68	10,315.51
Share premium	151.95	-	-
Retained earnings	773.63	1,795.54	1,105.82
Reserves	3,410.72	3,878.37	4,185.50
TOTAL EQUITY AND LIABILITIES	112,586.17	133,906.16	167,726.50
Interest Income	8,244.60	10,934.93	11,920.87
Interest Expenses	5,426.59	6,365.00	7,275.06
Net Interest Income	2,818.00	4,569.32	4,645.81
Fee and commission income	614.14	731.92	925.05
Fee and commission expense	70.96	72.38	105.84
Net Fee and commission income	543.18	659.55	819.20
Net Interest, Fee and commission income	3,361.18	5,228.87	5,465.02
Net trading income	341.15	366.92	393.48
Other operating income	54.69	197.66	73.56
Total operating income	3,757.02	5,793.45	5,932.05
Impairment charge/(reversal) for loans and other losses	(154.55)	84.44	252.94
Net operating income	3,911.58	5,877.89	5,679.12
Personnel expenses	1,348.63	1,789.21	2,090.16
Other operating expenses	617.80	994.46	1,228.72
Depreciation & Amortization	201.13	226.52	267.55
Operating Profit	1,744.01	2,867.69	2,092.68
Non-operating income	6.50	8.71	5.58
Non-operating expense	400.06	167.32	31.07
Profit before income tax	1,350.45	2,709.09	2,067.19
Income Tax Expense	-	-	700.22
Current Tax	288.04	622.95	701.46
Deferred Tax	95.37	35.58	(1.25)
Profit/Loss for the period	967.03	2,050.56	1,366.97

25. Mega Bank Nepal Limited	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	6,604.22	8,109.86	18,717.43
Due from Nepal Rastra Bank	5,349.40	2,964.97	3,599.95

Particulars	2017-18	2018-19	2019-20
Placement with Bank and Financial Institutions	883.61	739.54	51.33
Derivative financial instruments	3,284.58	1,057.62	517.81
Other trading assets	-	-	-
Loan and advances to B/FIs	1,591.79	2,675.25	3,323.59
Loans and advances to customers	55,528.64	69,861.33	110,604.13
Investment securities	7,068.83	11,496.08	15,451.74
Current tax assets	22.06	50.53	350.65
Investment in subsidiaries	200.00	200.00	200.00
Investment in associates	-	13.60	38.60
Investment property	243.94	201.48	219.90
Property and equipment	673.14	734.92	1,379.78
Goodwill and Intangible assets	25.95	53.97	67.68
Deferred tax assets	-	78.19	102.59
Other assets	588.80	528.42	499.68
TOTAL ASSETS	82,064.95	98,765.76	155,124.85
Due to Bank and Financial Institutions	986.65	3,858.04	4,214.93
Due to Nepal Rastra Bank	603.57	731.80	614.53
Derivative financial instruments	3,258.18	973.92	440.70
Deposits from customers	63,499.00	78,684.86	127,894.61
Borrowing	-	-	2,440.27
Current Tax Liabilities	-	-	-
Provisions	11.49	-	-
Deferred tax liabilities	73.53	-	-
Other liabilities	998.29	1,005.24	1,915.51
Debt securities issued	-	-	-
Subordinated Liabilities	-	-	-
Equity	12,634.23	13,511.90	17,604.29
Share capital	10,285.53	10,388.62	13,138.62
Share premium	2.56	-	27.90
Retained earnings	708.63	1,221.87	1,117.18
Reserves	1,637.51	1,901.41	3,320.59
TOTAL EQUITY AND LIABILITIES	82,064.95	98,765.76	155,124.85
Interest Income	6,022.14	9,374.68	10,383.07
Interest Expenses	3,648.58	5,578.93	6,212.02
Net Interest Income	2,373.56	3,795.75	4,171.05
Fee and commission income	320.27	531.12	522.19
Fee and commission expense	24.55	46.49	50.85
Net Fee and commission income	295.72	484.62	471.34

Particulars	2017-18	2018-19	2019-20
Net Interest, Fee and commission income	2,669.28	4,280.37	4,642.39
Net trading income	152.10	277.92	328.09
Other operating income	52.00	102.53	140.14
Total operating income	2,873.38	4,660.83	5,110.61
Impairment charge/(reversal) for loans and other losses	12.41	426.62	888.54
Net operating income	2,860.96	4,234.21	4,222.08
Personnel expenses	698.94	1,154.14	1,250.83
Other operating expenses	370.67	629.16	665.68
Depreciation & Amortization	79.24	116.44	151.07
Operating Profit	1,712.11	2,334.46	2,154.50
Non-operating income	145.14	8.15	9.95
Non-operating expense	14.25	19.67	8.15
Profit before income tax	1,843.00	2,322.95	2,156.29
Income Tax Expense	-	-	635.70
Current Tax	454.05	709.30	646.06
Deferred Tax	71.59	16.04	(10.36)
Profit/Loss for the period	1,317.35	1,629.69	1,520.59

26. Century Commercial Bank Limited	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	4,437.24	5,402.67	5,297.28
Due from Nepal Rastra Bank	6,897.64	5,447.29	7,549.39
Placement with Bank and Financial Institutions	1,192.32	1,099.00	635.95
Derivative financial instruments	7.25	-	-
Other trading assets	-	-	-
Loan and advances to B/FIs	1,634.59	2,140.93	2,373.90
Loans and advances to customers	52,844.02	57,089.33	58,044.42
Investment securities	3,961.47	5,060.14	6,734.57
Current tax assets	58.90	263.12	177.86
Investment in subsidiaries	171.50	171.50	171.50
Investment in associates	-	27.50	27.50
Investment property	22.79	17.66	17.66
Property and equipment	483.28	620.72	632.84
Goodwill and Intangible assets	10.04	13.73	11.94
Deferred tax assets	37.93	25.84	16.89
Other assets	978.93	929.20	1,466.85
TOTAL ASSETS	72,737.90	78,308.62	83,158.55
Due to Bank and Financial Institutions	7,989.93	5,212.10	5,028.34

Particulars	2017-18	2018-19	2019-20
Due to Nepal Rastra Bank	586.57	834.59	417.14
Derivative financial instruments	-	37.54	288.47
Deposits from customers	53,331.62	60,276.50	65,340.39
Borrowing	-	800.00	-
Current Tax Liabilities	-	-	-
Provisions	-	51.04	88.67
Deferred tax liabilities	-	-	-
Other liabilities	1,359.71	1,104.54	1,328.49
Debt securities issued	-	-	-
Subordinated Liabilities	-	-	-
Equity		9,992.31	10,667.05
Share capital	8,063.43	8,415.47	8,415.47
Share premium	7.44	34.37	34.37
Retained earnings	480.78	533.85	682.10
Reserves	918.41	1,008.62	1,535.10
TOTAL EQUITY AND LIABILITIES	72,737.90	78,308.62	83,158.55
Interest Income	6,174.04	7,888.55	8,012.65
Interest Expenses	(4,254.75)	5,296.51	5,150.65
Net Interest Income	1,919.28	2,592.04	2,862.00
Fee and commission income	346.54	352.03	265.37
Fee and commission expense	(13.62)	29.48	16.61
Net Fee and commission income	332.92	322.55	248.75
Net Interest, Fee and commission income	2,252.20	2,914.59	3,110.75
Net trading income	176.32	180.42	174.50
Other operating income	24.28	36.36	28.14
Total operating income	2,452.79	3,131.37	3,313.39
Impairment charge/(reversal) for loans and other losses	(38.23)	574.32	534.60
Net operating income	2,414.57	2,557.04	2,778.79
Personnel expenses	-	854.94	918.54
Other operating expenses	(651.88)	553.54	490.20
Depreciation & Amortization	(400.77)	122.60	141.17
Operating Profit	(87.97)	1,025.97	1,228.87
Non-operating income	1,273.94	39.30	75.29
Non-operating expense	50.68	68.18	5.57
Profit before income tax	1,324.62	997.08	1,298.60
Income Tax Expense	-	-	392.27
Current Tax	(402.07)	306.75	392.27
Deferred Tax	(10.27)	13.93	-

Particulars	2017-18	2018-19	2019-20
Profit/Loss for the period	912.28	676.41	906.32

27. Sanima Bank Limited	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	4,530.15	4,636.42	5,190.30
Due from Nepal Rastra Bank	5,608.17	2,781.20	5,325.68
Placement with Bank and Financial Institutions	649.16	827.70	2,827.09
Derivative financial instruments	-	85.07	40.22
Other trading assets	478.05	484.42	443.45
Loan and advances to B/FIs	1,645.22	2,020.42	2,655.93
Loans and advances to customers	67,598.13	81,418.86	90,566.10
Investment securities	9,413.44	13,611.19	15,018.42
Current tax assets	-	-	40.80
Investment in subsidiaries	250.00	250.00	250.00
Investment in associates	-	-	-
Investment property	-	-	-
Property and equipment	881.85	1,150.52	1,159.09
Goodwill and Intangible assets	56.55	70.32	60.53
Deferred tax assets	50.15	14.77	26.85
Other assets	661.07	1,713.60	2,531.17
TOTAL ASSETS	91,821.95	109,064.49	126,135.64
Due to Bank and Financial Institutions	1,346.96	3,694.46	3,690.39
Due to Nepal Rastra Bank	358.95	1,018.92	86.29
Derivative financial instruments	18.85	-	-
Deposits from customers	77,849.38	89,373.73	106,835.79
Borrowing	-	-	-
Current Tax Liabilities	66.29	24.77	-
Provisions	11.82	27.17	33.09
Deferred tax liabilities	-	-	-
Other liabilities	1,011.81	1,211.17	1,018.58
Debt securities issued	370.00	1,724.71	1,724.71
Subordinated Liabilities	-	-	-
Equity	10,787.89	11,989.56	12,746.79
Share capital	8,001.26	8,001.26	8,801.38
Share premium	-	-	-
Retained earnings	1,136.68	1,751.51	1,119.72
Reserves	1,649.95	2,236.79	2,825.69
TOTAL EQUITY AND LIABILITIES	91,821.95	109,064.49	126,135.64

Particulars	2017-18	2018-19	2019-20
Interest Income	8,107.98	10,757.98	11,495.49
Interest Expenses	5,092.45	6,549.28	7,280.03
Net Interest Income	3,015.52	4,208.70	4,215.46
Fee and commission income	706.39	785.12	694.97
Fee and commission expense	50.15	73.25	75.95
Net Fee and commission income	656.24	711.87	619.02
Net Interest, Fee and commission income	3,671.76	4,920.56	4,834.48
Net trading income	298.41	392.82	388.77
Other operating income	38.96	44.23	59.66
Total operating income	4,009.13	5,357.62	5,282.91
Impairment charge/(reversal) for loans and other losses	239.22	218.24	883.46
Net operating income	3,769.92	5,139.38	4,399.45
Personnel expenses	865.56	1,259.77	1,252.55
Other operating expenses	383.73	515.55	572.27
Depreciation & Amortization	105.46	139.17	156.02
Operating Profit	2,415.17	3,224.90	2,418.61
Non-operating income	0.90	2.08	1.41
Non-operating expense	0.73	6.83	1.52
Profit before income tax	2,415.34	3,220.16	2,418.50
Income Tax Expense	-	-	715.13
Current Tax	774.25	957.82	715.13
Deferred Tax	(56.42)	4.27	-
Profit/Loss for the period	1,697.50	2,258.07	1,703.37

Consolidated Financials of the Public Banks	Rs. in Million		
Particulars	2017-18	2018-19	2019-20
Cash and cash equivalent	45,341.28	48,947.95	20,563.42
Due from Nepal Rastra Bank	24,199.81	30,944.39	32,940.49
Placement with Bank and Financial Institutions	2,965.49	8,286.38	11,173.18
Derivative financial instruments	18.63	5,713.17	6,660.22
Other trading assets	-	-	37.21
Loan and advances to B/FIs	7,280.45	9,142.99	8,829.10
Loans and advances to customers	293,000.79	345,682.98	378,448.56
Investment securities	52,964.08	54,409.31	131,233.42
Current tax assets	1,146.30	3,080.50	5,011.41
Investment in subsidiaries	228.84	228.84	228.84
Investment in associates	299.47	271.39	167.24
Investment property	384.59	486.54	433.41

Particulars	2017-18	2018-19	2019-20
Property and equipment	13,770.97	14,161.10	14,851.28
Goodwill and Intangible assets	87.99	149.24	372.61
Deferred tax assets	1,102.28	341.10	471.99
Other assets	23,427.84	31,645.11	24,812.14
TOTAL ASSETS	466,218.82	553,491.00	636,234.53
Due to Bank and Financial Institutions	6,134.07	9,506.22	3,256.55
Due to Nepal Rastra Bank	322.65	432.30	285.58
Derivative financial instruments	-	5,504.43	6,419.10
Deposits from customers	367,967.49	426,117.18	516,590.27
Borrowing	641.44	1,071.41	1,072.12
Current Tax Liabilities	156.23	-	-
Provisions	63.28	131.44	418.50
Deferred tax liabilities	3,365.82	3,764.51	3,927.51
Other liabilities	18,606.77	25,786.95	19,681.72
Debt securities issued	460.00	-	2,494.65
Subordinated Liabilities	-	-	-
Equity	55,980.69	81,176.55	82,088.51
Share capital	17,047.46	33,264.18	35,276.79
Share premium	2,731.48	3,262.81	1,788.70
Retained earnings	5,548.18	7,118.67	7,578.96
Reserves	29,236.03	37,530.88	37,444.07
TOTAL EQUITY AND LIABILITIES	466,218.82	553,491.00	636,234.53
Interest Income	34,930.85	41,060.26	43,902.97
Interest Expenses	12,791.41	17,026.22	22,733.08
Net Interest Income	22,139.44	24,034.04	21,169.89
Fee and commission income	3,166.60	3,574.10	3,529.61
Fee and commission expense	266.52	197.42	317.68
Net Fee and commission income	2,900.08	3,376.68	3,211.92
Net Interest, Fee and commission income	25,039.52	27,410.72	24,381.82
Net trading income	454.31	730.63	858.44
Other operating income	40.88	350.26	982.86
Total operating income	25,534.72	28,491.62	26,223.11
Impairment charge/(reversal) for loans and other losses	384.36	639.67	974.96
Net operating income	25,150.35	27,851.93	25,248.16
Personnel expenses	8,341.84	8,125.34	7,652.15
Other operating expenses	2,007.15	2,468.76	2,955.25
Depreciation & Amortization	482.18	472.12	581.03
Operating Profit	14,319.18	16,785.71	14,059.73

Particulars	2017-18	2018-19	2019-20
Non-operating income	540.39	638.63	654.16
Non-operating expense	13.68	0.63	0.04
Profit before income tax	14,845.88	10,335.65	14,713.86
Income Tax Expense	1,522.01	1,532.41	4,236.85
Current Tax	5,435.43	3,614.96	3,262.96
Deferred Tax	(906.82)	1,692.05	973.89
Profit/Loss for the period	10,317.27	12,116.70	10,477.01

Consolidated Financials of the Private Banks	Rs. in Million		
	Particulars	2017-18	2018-19
Cash and cash equivalent	162,051.53	203,857.99	252,152.54
Due from Nepal Rastra Bank	163,909.49	164,351.43	227,593.41
Placement with Bank and Financial Institutions	58,605.19	60,446.11	60,358.34
Derivative financial instruments	12,275.37	40,308.53	72,063.46
Other trading assets	1,220.54	2,379.52	1,328.53
Loan and advances to B/FIs	113,280.48	81,897.93	97,388.63
Loans and advances to customers	1,667,278.22	2,045,434.11	2,403,732.14
Investment securities	243,415.82	310,714.29	392,307.08
Current tax assets	4,613.42	3,536.77	11,447.70
Investment in subsidiaries	3,654.79	4,983.89	5,403.34
Investment in associates	936.36	1,200.35	1,461.01
Investment property	2,199.86	4,367.47	5,504.61
Property and equipment	28,275.94	34,456.68	37,833.32
Goodwill and Intangible assets	918.09	1,320.44	1,691.41
Deferred tax assets	810.32	1,156.06	1,628.57
Other assets	38,619.47	34,914.23	38,697.85
TOTAL ASSETS	2,502,064.89	2,995,325.78	3,610,591.93
Due to Bank and Financial Institutions	69,750.86	107,180.96	116,119.98
Due to Nepal Rastra Bank	11,097.05	24,636.04	16,530.45
Derivative financial instruments	12,751.39	37,733.75	71,214.24
Deposits from customers	2,014,181.71	2,363,753.39	2,858,201.79
Borrowing	684.91	5,697.56	14,791.29
Current Tax Liabilities	2,864.61	1,620.58	2,553.08
Provisions	204.73	166.63	207.42
Deferred tax liabilities	3,314.93	3,184.82	3,518.74
Other liabilities	50,782.73	65,843.99	77,035.39
Debt securities issued	10,881.30	27,008.95	50,846.70
Subordinated Liabilities	1,041.22	-	-
Equity	292,627.78	358,499.81	399,572.86
Share capital	201,333.48	218,996.15	249,533.82
Share premium	7,832.88	3,445.55	494.62
Retained earnings	30,074.11	40,599.02	30,672.90
Reserves	85,269.00	95,459.14	118,871.53
TOTAL EQUITY AND LIABILITIES	2,502,064.89	2,995,325.78	3,610,591.93
Interest Income	205,592.70	263,411.41	284,846.26
Interest Expenses	118,957.73	159,980.82	177,264.02

Particulars	2017-18	2018-19	2019-20
Net Interest Income	78,125.47	103,437.93	107,582.25
Fee and commission income	17,660.87	21,368.85	22,173.88
Fee and commission expense	1,706.35	2,196.71	2,307.31
Net Fee and commission income	15,927.28	19,172.17	19,866.58
Net Interest, Fee and commission income	91,853.04	122,610.09	127,448.83
Net trading income	8,864.05	8,999.53	9,016.47
Other operating income	3,902.76	2,816.57	2,961.67
Total operating income	104,475.71	134,425.40	139,426.97
Impairment charge/(reversal) for loans and other losses	4,631.26	6,322.13	17,729.41
Net operating income	100,515.09	128,548.89	121,697.56
Personnel expenses	25,345.44	33,538.52	36,686.53
Other operating expenses	11,849.57	17,188.93	19,036.64
Depreciation & Amortization	2,288.50	3,626.95	4,183.36
Operating Profit	57,476.40	74,194.46	61,791.03
Non-operating income	2,139.43	1,419.07	1,366.72
Non-operating expense	1,789.19	1,083.24	723.47
Profit before income tax	58,015.98	74,530.32	62,429.27
Income Tax Expense	510.55	1,982.84	18,590.17
Current Tax	16,327.60	22,799.54	18,674.58
Deferred Tax	(1,062.70)	387.75	(84.40)
Profit/Loss for the period	41,543.02	51,683.58	43,839.10

Annex 11: 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.ffiiec.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

