



Financial Institutions Supervision Report

2024/25



Nepal Rastra Bank

Financial Institutions Supervision Department
Kathmandu, Nepal

May-2026



©Nepal Rastra Bank

All Rights are reserved. Any reproduction, storage in a database, or transmission of any part of this publication whether electronic, mechanical, photocopying, or recording must properly acknowledge this report of Financial Institutions Supervision Department of Nepal Rastra Bank as the source. The contents of this report are only meant to provide general information; they are not meant to be used as legal, tax, or other types of advice.

This report examines the operational and policy issues impacting the banking industry of Nepal and the regulators/supervisors that oversee it. It attempts to disseminate information on the supervisory concerns particularly relating to the development banks and finance companies, and other issues that are related to their operations and management. The information furnished in this report are particularly related to the period from Mid-July 2024 to Mid-July 2025, which is a period covering full fiscal year in Nepal. The data used in this report are based primarily on audited financial statements. However, for a few institutions, unaudited updated data submitted to Nepal Rastra Bank have been used. Also, some recent developments that occurred until finalization of this report has also been included.

For any questions regarding this publication, it is suggested contact the Policy and Planning Unit of Financial Institutions Supervision Department.

Nepal Rastra Bank,
Financial Institutions Supervision Department
Central Office, Baluwatar, Kathmandu, Nepal
P.O. Box No.73
Telephone: 977-01-5719635/5719636,
E-mail: nrbfisd@nrb.org.np

Message from the Executive Director

Maintaining financial stability is a core mandate of Nepal Rastra Bank (NRB), and the Financial Institution Supervision Department (FISD) plays a vital role in achieving this objective. The department contributes to financial stability through timely and effective supervision of development banks and finance companies across the country.

As the supervisory authority for financial institutions other than commercial banks, FISD continues to strengthen its efforts to enhance transparency, improve disclosures, and promote sound risk management practices. These efforts are carried out through various supervisory tools and enforcement of regulatory policies, with the ultimate aim of ensuring the overall soundness of financial institutions and reinforcing public confidence in the Nepali banking system.

Development banks and finance companies account for approximately eight percent of the total assets of the financial sector. Although their share may appear relatively modest in terms of systemic importance, recent challenges faced by some institutions have contributed to a decline in public confidence in the broader banking system. This concern is particularly significant given their strong engagement with small and medium enterprises (SMEs) and their interconnectedness with commercial banks and other financial institutions. Even a limited erosion of trust in these institutions has the potential to adversely affect overall financial stability.

In response, NRB has been progressively aligning its supervisory practices with international best standards. Risk-based supervision has been extended to all national-level development banks. Furthermore, these institutions have adopted the Capital Adequacy Framework 2015, which is aligned with Basel III principles.

This report presents an overview of the financial institutions under the department's supervision and evaluates their performance for the fiscal year 2024/25. It also highlights key observations from onsite inspections and identifies prevailing challenges, thereby providing a basis for assessing the current condition and resilience of these institutions.

I am thankful to my colleagues, especially Deputy Director Niraj Adhikari and Assistant Director Vivek Ananda Rauniyar, who were involved in the preparation of this report. Special thanks to Directors Niva Shrestha and Ranjana Paudel for leading the team and finalizing the report.

Thank you.

Vishrut Thapa,

Executive Director

Financial Institutions Supervision Department, Nepal Rastra Bank

TABLE OF CONTENTS

CHAPTER 1 AN OVERVIEW OF FINANCIAL INSTITUTIONS	1
A Brief Overview of Banks and Financial Institutions in Nepal	1
Contribution in Financial Access and Inclusion	5
CHAPTER 2 FINANCIAL INSTITUTIONS SUPERVISION	7
Overview of FI Supervision	7
Legal and Regulatory Framework for Supervision	7
Supervision Approach	7
Onsite Inspection	8
Offsite Supervision	10
Organization Structure of FIRD	10
Operational State of FIs	11
CHAPTER 3 PERFORMANCE OF DEVELOPMENT BANKS	14
Assets and Liabilities	14
Capital fund	16
Deposit and its composition	16
Loans and Advances	17
Sector-wise Diversification of Loan and Advances	17
Security-wise position of loan and advance	18
Product-wise Loan and Advances	18
Non-performing Loans (NPLs)	19
Non-Banking Assets	20
Investment Portfolio	20
Profitability	21
Liquidity	22
Deprived Sector Lending	22
Base Rates and Spread Rates	22
Electronic Banking	23
Stress Testing Results	23
Credit Shock	23
Liquidity Shock	23
Other Shocks	24
Regulatory Actions	24
CHAPTER 4 PERFORMANCE OF FINANCE COMPANIES	25
Assets and Liabilities	25
Capital Fund	26
Deposit and its composition	27
Loans and Advances	27
Sector-wise Diversification of Loan and Advances	28
Security-wise Position of Loan and Advance	28
Product-wise Loan and Advance	29
Non-performing Loans	29

Non-banking Assets	30
Investment Portfolio.....	30
Profitability	31
Liquidity.....	31
Deprived Sector Lending	32
Base Rate and Spread Rate	32
Electronic Banking.....	32
Stress Testing of FCs	33
Credit Shock.....	33
Liquidity Shock.....	33
Other Shocks.....	34
Regulatory Actions	34
CHAPTER 5 KEY ONSITE OBSERVATIONS AND CHALLENGES	35
Key Onsite Observations	35
Board and Senior Management.....	35
Risk Management Function	36
Audit Function	36
Capital and Earnings	37
Credit Risk	37
Liquidity Risk	38
Market Risk.....	39
Operational and IT Risk.....	39
Human Resources Function	40
Challenges.....	41
Coping with the spill over effect of Cooperative.....	41
To Prevent misconception and misinformation	41
Business growth amid subdued credit demand and excess liquidity	42
Loan Recovery and Management of NBA.....	42
To Minimize Deterioration of Asset quality.....	42
Promoting productive sector Lending.....	43
Maintaining Corporate Governance and Ethical Management.....	43
Human Resources	44
To harness Artificial Intelligence(AI) and to minimise Cyber Threat.....	44
Market Conduct to ensure Grievance Handling and Consumer Protection.....	44
ANNEXURES.....	46
Annex 1 : Onsite Inspection in FY 2024/25	47
Annex 2 : Number of Banks and Financial Institutions.....	48
Annex 3 : Industry Statistics of DBs.....	49
Annex 3.1 : List of DBs	49
Annex 3.2 : Capital Adequacy Ratios of DBs	50
Annex 3.3 : Consolidated Statement of Financial Position of DBs.....	51
Annex 3.4 : Consolidated Statement of Profit & Loss A/C of DBs	56
Annex 3.5 : Year wise Consolidated Statement of Financial Position of DBs.....	60
Annex 3.6 : Loan & Advances of DBs	61

Annex 3.7 : Sector-Wise Statement of Loan of DBs	62
Annex 3.8(a) : Product-Wise loan of DBs	64
Annex 3.8(b) : Security-Wise loan of DBs	65
Annex 3.9 : Investment details of DBs	66
Annex 3.10 : Operations of DBs	67
Annex 3.11 : Capital Fund of DBs	67
Annex 3.12 : Deposit Mix of DBs	67
Annex 3.13: Non-Performing Loan of DBs	68
Annex 3.14 : Non-Banking Assets of DBs	68
Annex 3.15: Investment of DBs	68
Annex 3.16 : Liquid assets to Deposits & Liquid assets to Total assets	68
Annex 3.17 : Summary Result on Stress Testing of DBs	69
Annex 4 : Industry Statistics of FCs	73
Annex 4.1 : List of FCs	73
Annex 4.2 : Capital Adequacy Ratio of FCs	74
Annex 4.3 : Consolidated Statement of Financial Position of FCs	75
Annex 4.4 : Consolidated Statement of Profit and Loss of FCs	79
Annex 4.5 : Loan & Advances of FCs	83
Annex 4.6 : Sector wise Loan of FCs	84
Annex 4.7 : Product wise Loan of FCs	87
Annex 4.8 : Investment Details of FCs	88
Annex 4.9 : Operations of FCs	88
Annex 4.10 : Capital Fund of FCs	89
Annex 4.11 : Deposit Mix of FCs	89
Annex 4.12: Non-Performing Loan of FCs	89
Annex 4.13 : Non-Banking Assets of FCs	89
Annex 4.14: Investment of FCs	90
Annex 4.15 : Liquid assets to Deposits & Liquid assets to Total assets	90
Annex 4.16 : Consolidated Statement of Financial Position of FCs	90
Annex 4.17 : Summary Results of FC	92
Annex 5 : Use of Financials data of B and C class Institutions	94

List of Tables

Table 1.1 : Number of DBs and FCs.....	2
Table 1.2 : Key Indicators of DBs and FCs	4
Table 1.3 : BFIs Share on assets	5
Table 1.4 : Contribution of FIs on Key Financial Inclusion Parameters	5
Table 2.1 : Full-Scope Inspection/Targeted Inspection conducted in FIs FY 2024/25	9
Table 2.2 : Paid-up Capital, Operational Scope and No. of Branches of DBs	11
Table 2.3 : Paid-up Capital, Operational Scope and No. of Branches of FCs	12
Table 3.1 : Sector-wise Loan and Advances of DBs (Percentage of total loan).....	17
Table 3.2 : Securities against Loans and Advances (Percentage of total loan)	18
Table 3.3 : Product-wise Loan and Advances To Total Loan	19
Table 3.4 : Investment Portfolio of DBS	20
Table 3.5 : Deprived Sector to Total loan Ratios of DBs	22
Table 3.6 : Use of Electronic Banking in DBs.....	23
Table 4.1 : Sector-wise loan and advances to Total loan of FCs	28
Table 4.2 : Security wise loan and advance to Total loan of FCs.....	29
Table 4.3 : Product-wise Loan and Advances to Total Loan.....	29
Table 4.4 : Deprived Sector Loan to Total Loan of FCs	32
Table 4.5 : Use of Electronic Banking in FCs	33

List of Figures

Figure 1.1 : Number of BFIs in Nepal	2
Figure 1.2: Province-wise Branch Network of DBs and FCs	3
Figure 1.3 : Employment Status in DBs and FCs	4
Figure 3.1: Total Assets and its growth of DBs	14
Figure 3.2: Composition of Total Assets of DBs	15
Figure 3.3: Composition of Total Equities and Liabilities of DBs	15
Figure 3.4: Capital Fund of DBs	16
Figure 3.5: Deposit Mix of DBs	16
Figure 3.6: Loan and Advances of DBs	17
Figure 3.7 : Non-performing loans of the DBs	19
Figure 3.8 : Non-banking Assets of the DBs	20
Figure 3.9 : Investment Portfolio of the DBs	21
Figure 3.10: Operating Efficiency of the DBs	21
Figure 3.11: Liquid Assets to Deposit Ratio of DBs	22
Figure 4.1 : Total Assets of FCs	25
Figure 4.2 : Assets Structure of FCs	25
Figure 4.3 : Liabilities Structure of FCs	26
Figure 4.4 : Total Capital Fund of FCs	26
Figure 4.5: Deposits Mix of FCs	27
Figure 4.6 : Loan and Advances of FCs	27
Figure 4.7 : Non-performing loans of FCs	30
Figure 4.8 : Non-banking Assets of the FCs	30
Figure 4.9: Investment Portfolio of the FCs	31
Figure 4.10: Operating Efficiency of the DBs	31
Figure 4.11: Liquid Assets to Deposit Ratio of FCs	32

List of Abbreviations

A.D.	: Anno Domini
ADB	: Agricultural Development Bank Nepal
AGM	: Annual General Meeting
ALCO	: Asset-Liability Committee
AML/CFT	: Anti-Money Laundering/Combating the Financing of Terrorism
ATM	: Automated Teller Machine
BAFIA	: Bank and Financial Institutions Act
BCBS	: Basel Committee on Banking Supervision
BFIRD	: Bank and Financial Institutions Regulation Department
BFI	: Bank and Financial Institutions
BLB	: Branchless Banking
BOD	: Board of Director
BSD	: Bank Supervision Department
CAELS	: Capital Adequacy, Assets Quality, Earning, Liquidity, Sensitivity
CAR	: Capital Adequacy Ratio
CB	: Commercial Bank
CBS	: Core Banking Solution
CBA	: Compliance Based Approach
CCD	: Credit to Core Capital and Deposit
CCTV	: Closed Circuit Television
CD	: Credit to Deposit
CEO	: Chief Executive Officer
CIT	: Citizen Investment Trust
CRR	: Cash Reserve Ratio
DBs	: Development Banks
DBSD	: Development Bank Supervision Department
DDA	: Due Diligence Audit
DE	: Debt Equity
DSL	: Deprived Sector Lending
DTI	: Debt to Income Ratio
ECDD	: Enhanced Customer Due Diligence
ED	: Executive Director
EQ	: Equity

ER	: Exchange Rate
FACS	: Financial Analysis and Compliance Section
FCs	: Finance Companies
FCSD	: Finance Company Supervision Department
FinTech	: Financial Technology
FIs	: Financial Institutions
FISD	: Financial Institutions Supervision Department
FMV	: Fair Market Value
FY	: Fiscal Year
HR	: Human Resource
ICAAP	: Internal Capital Adequacy Assessment Process
IR	: Interest Rate
IT	: Information Technology
KYC	: Know Your Customer
KYE	: Know Your Employee
LTV Ratio	: Loan to Value Ratio
MFI s	: Micro Finance Institutions
MFISD	: Micro Finance Institutions Supervision Department
MIS	: Management Information System
NBA	: Non-Banking Assets
NFRS	: Nepal Financial Reporting Standards
NIDC	: Nepal Industrial and Development Corporation
NPA	: Non-Performing Assets
NPL	: Non-Performing Loan
NRB	: Nepal Rastra Bank
PFIR	: Problematic Financial Institution Resolution
PIN	: Personal Identification Number
QR	: Quick Response
RBA	: Risk Based Approach
RBB	: Rastriya Banijya Bank
RBS	: Risk Based Supervision
RMC	: Risk Management Committee
RMD	: Risk Management Department
RSA	: Risk Sensitive Assets
RSL	: Risk Sensitive Liabilities
RWA	: Risk Weighted Assets
RWE	: Risk Weighted Exposure
SIF	: Specialized Investment Fund
SIS	: Supervisory Information System
SLR	: Statutory Liquidity Ratio
SWIFT	: Society for Worldwide Interbank Financial Telecommunication

CHAPTER 1

AN OVERVIEW OF FINANCIAL INSTITUTIONS

A Brief Overview of Banks and Financial Institutions in Nepal

- 1.1 After the establishment of Nepal Bank Limited (NBL) as the first commercial bank in 1937, under the then Nepal Bank Act (1937) and public-private partnership model Nepalese banking ushered into the era of modern banking system.
- 1.2 To further cater the need of promoting industrialization and infrastructure development of the country, an institution called Industrial Development Centre was established in 1959 under the then Nepal Rastra Bank Act. However, this centre was later renamed and restructured as Nepal Industrial Development Corporation¹ (NIDC) in 1966 under the Nepal Industrial Development Corporation Act (2066). NIDC served as the first development bank (DB) of Nepal until it merged with Rastriya Banijya Bank (RBB) in 2018.
- 1.3 Expansion of Bank and financial institutions took pace in Nepal with the establishment of another commercial bank, namely, RBB in 1966 under the then Rastriya Banijya Bank Act (1965). Both NBL and RBB were later brought under the Commercial Bank Act (1974) abolishing the two separate acts. Further, Agricultural Development Bank Nepal (ADB/N) was established in 1968 under the Agricultural Development Bank Act (1967) merging with it the then Cooperative Development Bank established in 1963. Later, the Land Reform and Savings Institution was also merged with ADB/N in 1973.
- 1.4 With the advent of Financial sector liberalization and reform process in the country since 1980s adopting various measures of interest rate deregulation, permitting bank licensing for private sector, restructuring the then poorly performing two state-owned banks, among others the financial sector becomes the major part of economic ecosystem of the country. Following the establishment of the first private sector bank, Nepal Arab Bank Limited² in 1984 which was also the country's first foreign joint venture bank, many other private sector banks were licensed subsequently, some as joint ventures and others as fully owned by Nepalese investors. To serve the need of dedicated consumer financing, a separate institutional arrangement was felt necessary, and to facilitate this, Finance Company Act (1985) was enacted. Following this, Nepal Housing Development Finance Company Limited³ was established in 1992 as the first finance company (FC) in the country. Establishment of this first finance company paved the way for establishment and proliferation of other finance companies in the country.
- 1.5 The Bank and Financial Institutions Act (BAFIA) (2006) was enacted as an umbrella act abolishing all earlier individual acts under which the banks and financial institutions were established till that time. Later, BAFIA 2017 was enacted abolishing the earlier BAFIA 2006.

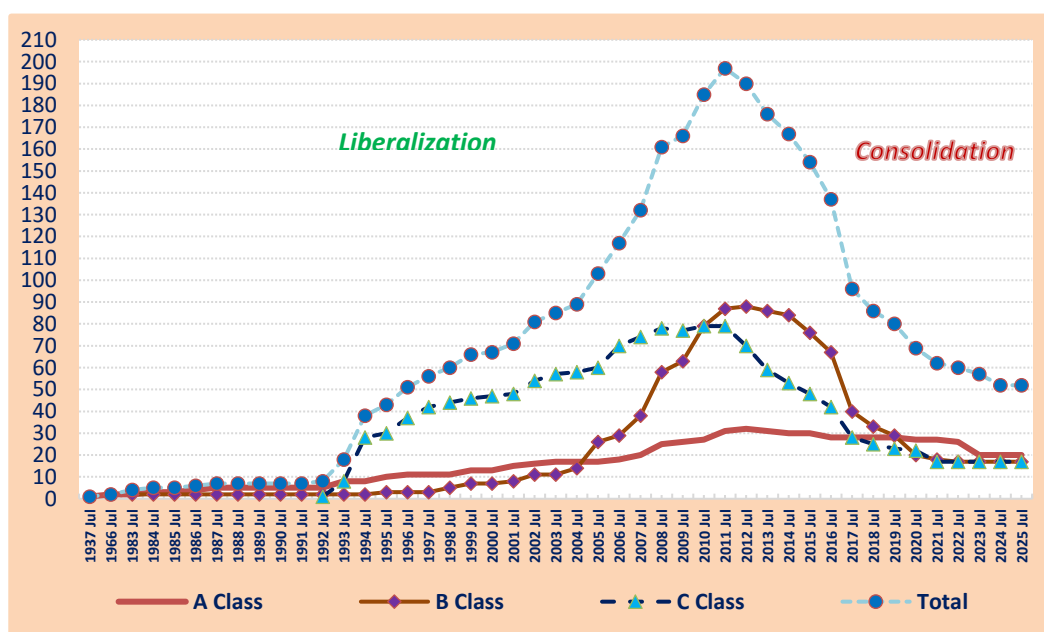
¹ Converted into Nepal Industrial Development Corporation in 1959, later merged with Rastriya Banijya Bank in 2018.

² Now Nabil Bank Limited

³ Nepal Housing Development Finance Company Limited initially merged into the then Siddhartha Development Bank Limited in 2016, which was later acquired by the then Janata Bank Nepal Limited in 2017, and this bank too further merged into Global IME Bank Limited later in 2019.

- 1.6 As a central bank of Nepal, NRB was established in 1956 under the then NRB Act (1955) with the main aim of issuing Nepalese banknote, promoting the use and stabilizing the exchange rate of Nepalese currency. Later, NRB Act (2002) was promulgated abolishing the earlier act. As per this new act, NRB's objectives are to ensure price stability, external sector stability along with increasing the public access to financial services, and increase public confidence towards the overall banking system within the country maintaining financial sector stability.
- 1.7 Currently, Nepal's financial sector is moving hand-in-hand with NRB to take the country towards a less-cash economy promoting Card and QR-code based payment as a primary retail payment method.
- 1.8 After the adoption of liberalization policy in the early 1990s, banking sector has grown rapidly. However, as NRB adopted banking sector consolidation policy from early 2010s, the number of banks and financial institutions (BFIs) have decreased substantially.

Figure 1.1 : Number of BFIs in Nepal



- 1.9 As of Mid-July 2025, the total number of B and C class financial institutions (FIs) remained 34 including 17 DBs and 17 FCs and their total number of branches remained 1423 as of the period with 1132 DB branches and 291 FC branches.

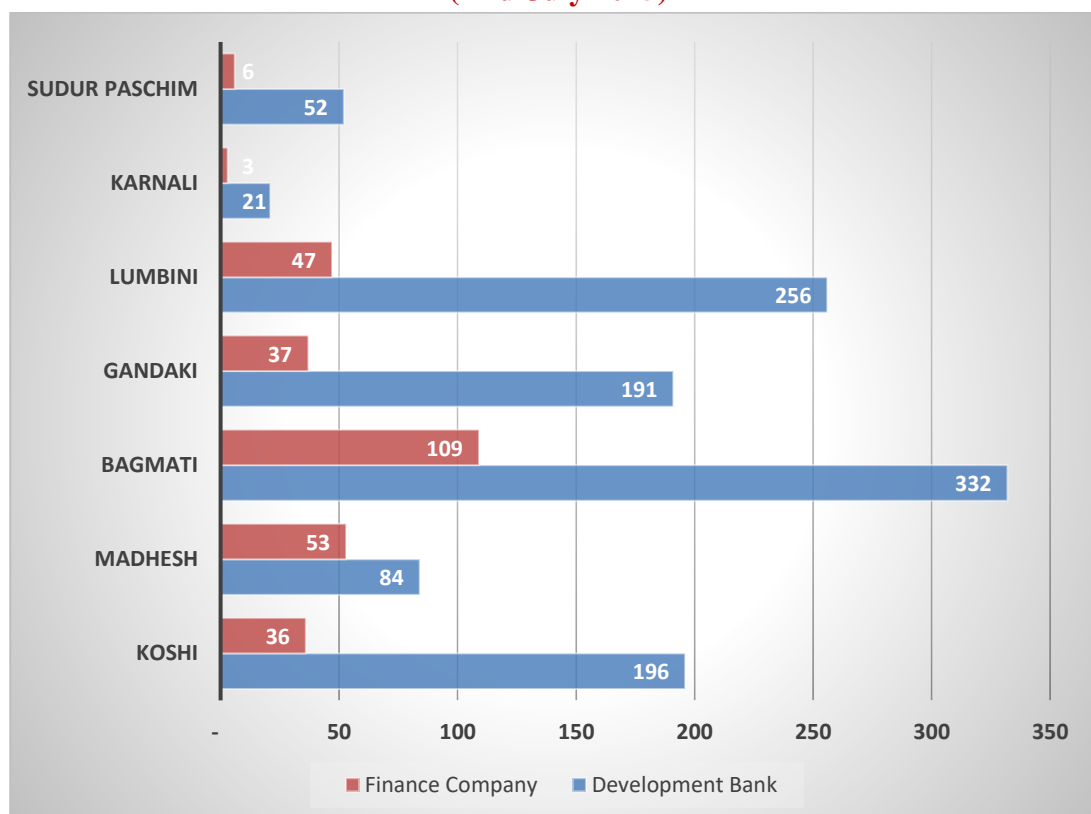
Table 1.1 : Number⁴ of DBs and FCs

Indicators	Mid-July 2022/23	Mid-July 2023/24	Mid-July 2024/25
Number of FIs	34	34	34
B Class	17	17	17
C Class	17	17	17
Branches of FIs	1412	1423	1423
B Class	1128	1132	1132
C Class	284	291	291

⁴ Monthly Statistics, BFIRD

1.10 As of Mid-July 2025, DBs were present in 69 districts whereas FCs were present in 42 districts throughout the country. In a province-wise scenario, Bagmati province has the highest number of branches with 332 DB branches and 109 FC branches. The province that has lowest presence of FIs is Karnali province with just 21 DB branches and 3 FC branches as of the review period. The FIs have concentrated their business in four major provinces viz. Bagmati, Lumbini, Koshi and Gandaki with 1204 branches in these provinces.

**Figure 1.2: Province-wise Branch Network of DBs and FCs
(Mid-July 2025)**



Source: Bank and Financial Institutions Regulation Department, NRB

1.11 As of mid-July 2025, the total amount of deposits, and loans and advances of B and C class FIs taken together is Rs.758.2 billion and Rs.628.5 billion respectively. The figures were Rs.736.3 billion and Rs 597.5 billion respectively a year ago. Hence, the deposit growth remained as 2.97 percent and the growth of loans and advances remained as 5.18percent during the review period.

1.12 The review period has been stressful for FCs though there was reduction in their non-performing loan (NPL) compared to previous year. As of Mid-July 2025, the NPL ratio remained as 11.34 percent for FCs from 13.02% as of Mid-July 2024.

- 1.13 The liquidity ratio of DBs and FCs as of Mid-July 2025 were 26.81 percent and 32.9 percent respectively, a nominal decrease than their own earlier figures of 27.72 percent and 34.94 percent as of Mid-July 2024 respectively.
- 1.14 The total paid up capital of FIs were Rs. 58.35 billion as of Mid-July 2025, a slight increase from Rs. 57.39 billion as of Mid-July 2024.

Table 1.2 : Key Indicators⁵ of DBs and FCs

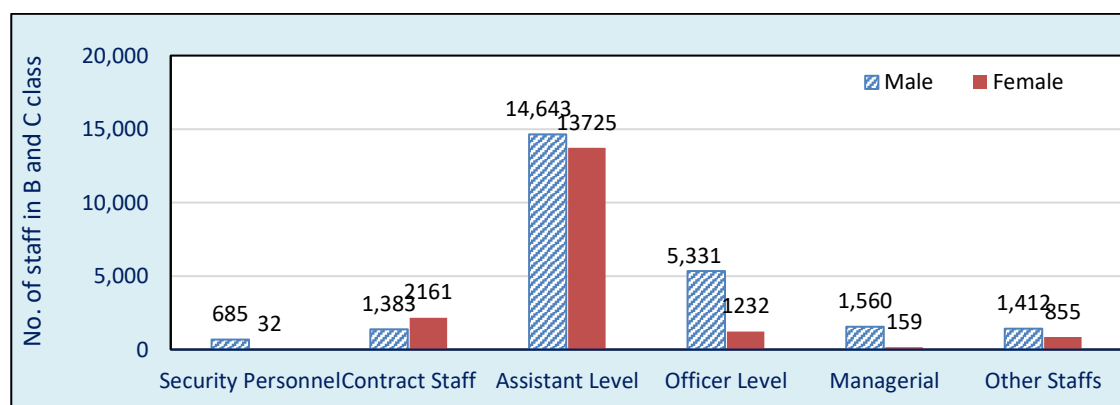
(Amount in billions)

Indicators	Mid July 2024	Mid-July 2025
Paid-up Capital	57.39	58.35
Total Deposit	736.33	758.23
Total Loan	597.51	628.45
Non-Banking Assets	5.51	7.91
NPL/Total Loan ()		
B class	4.00%	5.04%
C class	13.02%	11.34%
Total Liquid Assets/Total Deposit		
B class	27.72%	26.81%
C class	34.34%	32.90%
Capital Adequacy Ratio		
B class	13.07%	13.27%
C class	12.73%	13.06%
Credit to Deposit Ratio		
B class	81.90%	83.34%
C class	77.58%	80.66%

Sources : FISD and BFIRD

- 1.15 As of Mid-July 2025, the total number of employees working in both FIs were 43,178 which includes Security Personnel, Contract Staff, Assistant Level, Officer Level, Managerial and Other Staffs. . Out of the total employees as of Mid-July 2025 in these FIs, there were 25,014 male and 18,164 female employees, which making male-female ratio of 1.38:1

Figure 1.3 : Employment Status in DBs and FCs
(Mid-July, 2025)



⁵ Monthly Statistics, BFIRD

- 1.16 The total share of DBs and FCs on the total assets of banking industry (BFIs comprising A, B, C and D class FIs) stands at 8.2 percent and 1.9 percent respectively as of Mid-July 2025. Share of each class of BFIs on their overall total assets during the last seven years has been furnished in the table below.

Table 1.3 : BFIs Share on assets

BFIs	% Share on Total Assets as on mid-July						
	2019	2020	2021	2022	2023	2024	2025
Commercial Banks	80.9	83.6	83.2	82.4	83.1	83.6	89.2
Development Banks	10.7	7.8	8.0	8.4	8.6	8.3	8.2
Finance Companies	2.5	2.4	1.9	2.1	2.0	2.0	1.9
Micro Finance Institutions	6.0	6.2	6.8	7.1	6.3	6.1	0.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: BFIRD and MFISD

Contribution in Financial Access and Inclusion

- 1.17 NRB is working with BFIs and payment service providers and system providers to develop and promote cashless (electronic) payment system in the country . As a result of this effort, digital and electronic transactions is increasing.
- 1.18 As of Mid-July 2025, both B class and C class FIs, in aggregate, owned around 7.5 million deposit accounts and around 0.27 million loan accounts. The total number of mobile banking subscribers and internet banking customers were around 3.7 million and 0.6 million respectively in both class of FIs. Due to comforts in using, the number of digital banking clients have increased in Nepal.
- 1.19 Where the share of B class and C class FIs on the overall deposit account, loan account and number of mobile banking subscribers have been observed at decent level, i.e., 14.2 percent, 16.5 percent and 14.3 percent respectively as of Mid-July 2025, their contribution on promoting internet banking in the banking system seems dominating with 27.8 percent share on the industry figure. Hence, FIs have contributed significantly in promoting digital payment in the country.

**Table 1.4 : Contribution of FIs on Key Financial Inclusion Parameters
(Mid-July, 2025)**

Indicators	B Class	C Class	Total (B+C)	Overall (A+B+C)	Contribution of B & C (In percent)
No. of Deposit Accounts	7,515,806	985,258	8,501,064	59,881,353	14.20
No. of Loan Accounts	268,817	54,367	323,184	1,961,469	16.48
No. of Branchless Banking Customers	1,027	-	1,027	277,680	0.37
No. of Mobile Banking Subscribers	3,659,016	294,739	3,953,755	27,741,284	14.25
No. of Internet Banking Customers	599,316	18,512	617,828	2,219,341	27.84

Indicators	B Class	C Class	Total (B+C)	Overall (A+B+C)	Contribution of B & C (In percent)
No. of ATM	4,878	344	41	5,222	0.79
No. of Debit Cards	12,373,593	1,216,322	75,877	13,589,915	0.56

Source: Monthly Statistics, BFIRD

CHAPTER 2

FINANCIAL INSTITUTIONS SUPERVISION

Overview of FI Supervision

- 2.1 NRB Act (2002) mandated NRB to supervise licensed BFIs to maintain financial stability and channelize financial resources for sustainable economic growth in Nepal. The supervision departments at NRB conduct onsite examination and offsite supervision of licensed banks and financial institutions, closely monitoring their compliance to the directives and guidelines issued to BFIs and assessing their risk management practices. Corrective actions are taken immediately after whistles are blown by key indicators.
- 2.2 FIRD at NRB is responsible for supervising all licensed DBs and FCs. It conducts its functions through approved annual plan that contains plans for the inspection of FIs and enforcement of the directions given through onsite reports, offsite financial analysis and monitoring, interactions, workshops, and special tasks and programs, among others.

Legal and Regulatory Framework for Supervision

- 2.3 The Bank and Financial Institutions Regulation Department of NRB issues directives and guidelines to the licensed BFIs as part of its regulatory responsibilities. The supervision departments at NRB continuously conducts onsite inspections and offsite supervision of BFIs on regular and need basis and assesses their risk profiles and compliance to the existing laws, regulations, prudential norms, internal manuals and major international guiding principles and policies. Annexure 8 presents some of the prominent sources of laws guiding NRB's regulatory and supervisory functions.
- 2.4 The current regulatory provision requires all national level DBs to maintain capital adequacy ratios as per Capital Adequacy Framework (2015). For all other regional level DBs as well as all national and regional level FCs, Capital Adequacy Framework (2007, updated July 2008) is applicable.
- 2.5 NRB has adopted the core principles for effective supervision issued and updated from time to time by Basel Committee on Banking Supervision. The BAFIA (2017), unified directives and other guidelines issued by BFIRD has taken these core principles into consideration at larger degree.

Supervision Approach

- 2.6 Supervision functions of FIRD is basically of two types: onsite inspection and offsite monitoring. As per the bank's current policy and practice, the FIRD is taking risk-based onsite examination approach on national level DBs and compliance-based onsite examination approach on regional level DBs and all national and provincial/regional level FCs.

Risk-Based Supervision Approach

- 2.7 Risk-based Supervision (RBS) is a comprehensively structured supervision approach focusing on identifying, assessing, and managing risks within the overall financial system. Rather than applying one-size-fits-all method, this approach helps supervisors design their supervision plans based on the risks a particular institution is exposed to. NRB is aligning its

supervisory activities towards risk-based approach with a goal to optimize supervisory outcomes.

- 2.8 NRB has fully applied RBS approach on CBs since 2014, and it has gradually adopted RBS in DBs and FCs. At present, FISD has taken RBS approach on 8 national level DBs guided by Risk-based Supervision Manual (Vol. I and Vol II) and the related supervision bylaw. Under RBS approach as per the Manual, risks in FI activities are categorized into 6 groups: credit risk, liquidity risk, market risk, operational risk, interest rate risk and foreign exchange risk. The onsite examiners assess the quantity and quality of these risks in each FI, and suggests appropriate corrective actions to mitigate the risks.

Compliance-Based Supervision Approach

- 2.9 Apart from 8 national level DBs, FISD is applying compliance-based supervisory approach on rest 9 regional level DBs and all 17 national and regional level FCs. Under the compliance-based supervisory approach, the adherence to the governing laws, rules, directives, and policies is ensured. This approach is guided by the onsite inspection manual and bylaw.
- 2.10 Through its offsite supervision function, FISD regularly monitors the regulatory ratios based on the reports submitted by FIs. Non-compliance to any regulatory requirement results in penalties or other corrective actions as prescribed in the related directive and laws. Non-compliance to the regulatory provision is also examined during onsite inspection.

Onsite Inspection

- 2.11 Inspection process at FISD is initiated with the formation of an inspection team. Such team includes one Deputy Director as a team leader and two to three other officials as team members. An IT employee from IT Department also joins the onsite team to examine IT-related areas of the concerned FI.
- 2.12 The team assigned for onsite inspection of a particular FI first analyses the financial and periodic reports submitted by the FI, and take knowledge of issues raised during regular offsite monitoring and status of enforcement of the directions given through earlier onsite inspection report. Based on these, the possible risk areas are identified, samples files for examination are identified and branch visit plans are made. In consultation with the supervisor, the team prepares a scope memorandum and get approved from the ED. While on the field visits, inspection team examines the cases of the sample files.
- 2.13 FISD plans about number of FIs to be conducted full-scope inspection and target inspection through its annual plan. Monitoring inspection and special inspection are carried out as and when required.

Full-scope Inspection

- 2.14 Full-scope inspection is a regular onsite inspection usually conducted on a regular time interval. This inspection covers the examination of the overall areas of each FI. FISD is adopting both risk-based (RBA) and compliance-based approach (CBA) for full scope inspection.

2.15 During FY 2024/25, FISD conducted onsite inspection of 34 FIs, which included 14 DBs and 11 FCs as shown in the table below.

Target Inspection

2.16 Target inspection is conducted on specific area of FI where the risk is prominent. FISD identifies the areas for inspection through various analysis and reports. In FY 2023/24, such inspection was conducted in six FCs and three DBs.

Table 2.1 : Full-Scope Inspection/Targeted Inspection conducted in FIs FY 2024/25

S.N.	DBs	Type	FCs	Type
1	Narayani Development Bank Limited	CBA	Nepal Finance Limited	CBA
2	Karnali Development Bank Limited	Targeted	Nepal Share Markets and Finance Limited	Targeted
3	Corporate Development Bank Limited	CBA	Janaki Finance Co. Limited	CBA
4	Sindhu Bikas Bank Limited	Targeted	Pokhara Finance Limited	CBA
5	Green Development Bank Limited	CBA	Multipurpose Finance Limited	CBA
6	Shine Resunga Development Bank Limited	RBA	Capital Merchant Banking & Finance Co. Limited	Targeted
7	Excel Development Bank Limited	CBA	Goodwill Finance Limited	CBA
8	Miteri Development Bank Limited	Targeted	Progressive Finance Limited	CBA
9	Muktinath Bikas Bank Limited	RBA	Samriddhi Finance Company Limited	CBA
10	Salapa Bikas Bank Limited	CBA	Guheshwori Merchant Banking & Finance Limited	CBA
11	Shangrila Development Bank Limited	RBA	ICFC Finance Limited	Targeted
12	Jyoti Bikas Bank Limited	RBA	Manjushree Financial Institution Limited	Targeted
13	Garima Bikas Bank Limited	RBA	Reliance Finance Limited	CBA
14	Mahalaxmi Bikas Bank Limited	RBA	Gurkhas Finance Limited	Targeted
15	Lumbini Bikas Bank Limited	RBA	Shree Investment & Finance Co. Limited	Targeted
16	Kamana Sewa Bikash Bank Limited	RBA	Central Finance Limited	CBA
17	Saptakoshi Development Bank Limited	CBA	Best Finance Limited	CBA

Special Inspection

2.17 Special inspection is need based inspection which is carried out on the basis of the data and information generated/disseminated from offsite supervision, enforcement unit, grievance

cell, media and other stakeholders. In FY 2024/25, FISD conducted special inspection of 4 FC, viz. Gorkhas Finance, Progressive Finance, Manjushree Finance and Janaki Finance.

Follow-up Inspection

- 2.18 FISD conducts follow-up inspection if it finds it necessary to ensure that the given instructions during various supervisory actions are fully enforced by a particular institution. FISD has not conducted any such inspection during FY 2022/23.

Offsite Supervision

- 2.19 The Offsite Supervision Division at FISD carries out the offsite supervision function. The Offsite Analysis & Compliance Unit under this Division monitors the periodic financial ratios of each FI, examines compliance to regulatory requirements and analyses the overall performance by generating periodic reports on fortnight, monthly, quarterly, semi-annual and annual basis. Further to this, this unit identifies whistleblowing conditions on the basis of critical state of financial indicators and regulatory ratios, takes necessary corrective actions on FIs that also includes charging penalties for non-compliance. Systemic risks identified are reported and corrective actions are taken immediately. Additionally, the unit is engaged in AGM clearance work which involves granting approval for declaration of dividends by FIs along and consent for publishing their annual audited financial statement for the purpose of notifying their shareholders attending annual general meeting.
- 2.20 In order to strengthen its supervisory capabilities, NRB has implemented the Supervisory Information System (SIS) which is a web-based application where licensed BFIs submit their regulatory returns and other required information to NRB. SIS comprises 3 modules: offsite (including NRB iFile installer) module, onsite module and output (Business Intelligence) module.

Organization Structure of FISD

- 2.21 FISD is led by Executive Director. The department has two major units namely, Offsite Supervision Unit and Onsite Inspection & Enforcement Unit each of which are led by two different Directors. The Offsite Analysis & Compliance Unit carries out the functions as stated in point no. 2.20 above. The Report Enforcement Unit monitors the compliance of FIs to the directions given through regular as well as special onsite inspection reports.
- 2.22 Besides, there are additional four major units in the department, viz. Problem FI Resolution Unit, Internal Administration Unit, Policy, Planning & Program Unit, and Special Inspection Unit. The Problem FI Resolution Unit carries out the monitoring of resolution progress in the crisis-ridden FIs, maintains records about important decisions and directions given to such FIs, and necessary supervisory support to such FIs. Similarly, Internal Administration Unit assists in completion of FISD annual programs through support services, maintains HR related records, coordinates and communicates with other departments of NRB and other FIs, and up-keeps reports and records of decisions or information for institutional memory. The Director of Offsite Supervision Division is responsible to supervise the functions of these two Units.
- 2.23 Policy, Planning and Program Unit carries out departmental functions related to preparation of annual plans and programs as well as annual budget, organizing annual programs, and

preparing annual report of the department. Similarly, Special Inspection Unit carries out matters related to grievances received directly at the department or forwarded to the department by other departments for examination, and investigation requirement made by other constitutional agencies and ministries. The Director of Onsite Inspection & Enforcement Division is responsible to supervise the functions of these two Units.

- 2.24 Each Unit of Fisd is headed by Deputy Director with necessary number of Assistant Directors and other Assistant Staffs.

Operational State of FIs

- 2.25 As of July 2025, there are 17 DBs, out of which 8 DBs are operating at national level. Similarly, as of the same period, there are 17 FCs, out of which 15 FCs are operating at national level.
- 2.26 The following table presents the list of national level and provincial/regional level DBs with their paid-up capital level and the number of districts within which they are operating as of Mid-July 2025.

Table 2.2 : Paid-up Capital, Operational Scope and No. of Branches of DBs

S. N.	Name	Paid up Capital (Rs. in million)	No. of Branches	Operational Scope
1	Corporate Development bank Limited	525,000	6	1-3 District
2	Excel Development Bank Limited	1,249,694	47	1-5 District
3	Garima Bikas Bank Limited	5,680,517	126	National
4	Green Development Bank Limited	569,698	15	1-5 District
5	Jyoti Bikas Bank Limited	4,395,786	121	National
6	Kamana Sewa Bikas Bank Limited	3,510,846	130	National
7	Karnali Development Bank Limited	502,830	19	1-5 District
8	Lumbini Bikas Bank Limited	3,623,678	89	National
9	Mahalaxmi Bikas Bank Limited	4,296,458	103	National
10	Miteri Development Bank Limited	1,217,100	18	1-5 District
11	Muktinath Bikas Bank Limited	7,046,938	179	National
12	Narayani Development Bank Limited	262,468	5	1-3 District
13	Salpa Bikas Bank Limited	350,000	6	1 District
14	Saptakoshi Development Bank Limited	834,338	36	1-7 District
15	Shangrila Development Bank Limited	3,556,256	109	National

S. N.	Name	Paid up Capital (Rs. in million)	No. of Branches	Operational Scope
16	Shine Resunga Development Bank Limited	4,875,702	88	National
17	Sindhu Bikas Bank Limited	557,456	25	1-5 District

Source: List of Banks and Financial Institutions, BFIRD

- 2.27 As per the provision mentioned in the Unified Directive issued to BFIs, all BFIs are licensed to operate either at national level or provincial level. For those who are currently operating at regional level under the earlier licensing provision, they have to maintain the required paid up capital to operate at provincial level within the time given by the directive. Until then, their operational scope is confined within certain districts.
- 2.28 Where national level DBs require minimum Rs. 2,500 million paid up capital, regional level DBs require only Rs. 1,200 million paid up capital. However, DBs that maintain at least Rs. 500 million paid-up capitals can operate within 5 adjoining districts within a province taking NRB approval for the period until they do not meet the paid-up capital required for operating at provincial level which is the ultimate requirement.
- 2.29 Only two DB has maintained the paid up capital required for provincial level, till the finalization of this report. There are 7 more DBs yet to maintain the provincial level paid-up capital.
- 2.30 Among the 17 DBs as listed above, 1 DB namely, Karnali Development Bank Ltd., has been declared problematic institution by NRB in December 2024 following the reveal of a fraud case related to bank balance embezzlement and its severe impact on the financial position of the institution. NRB has initiated necessary corrective actions on the institution as per Bylaw for Prompt Corrective Action of Banks and Financial Institutions (2017) by taking over the board and management of the institution and managing through NRB nominated management team.
- 2.31 The following table presents the list of national level and provincial/regional level FCs with their paid-up capital level and the number of districts within which they are operating as of Mid-July 2025.

Table 2.3 : Paid-up Capital, Operational Scope and No. of Branches of FCs

S.N.	Name	Paid Up Capital (Rs. in Thousands)	Geography of Operation	No. of Branches [#]
1	Best Finance Ltd.	890,424	National	18
2	Capital Merchant Banking & Finance Ltd.	935,069	National	1
3	Central Finance Ltd.	948,875	National	19
4	Goodwill Finance Ltd.	946,115	National	18
5	Guheshwori Merchant Banking & Finance Limited	1,012,176	National	24
6	Gurkhas Finance Limited	867,994	National	26

S.N.	Name	Paid Up Capital (Rs. in Thousands)	Geography of Operation	No. of Branches [#]
7	ICFC Finance Ltd.	1,183,471	National	21
8	Janaki Finance Co. Ltd.	690,473	Province	5
9	Manjushree Finance Ltd.	1,351,553	National	28
10	Multipurpose Finance Ltd.	610,200	Province	8
11	Nepal Finance Ltd.	759,447	National	12
12	Pokhara Finance Ltd.	1,082,557	National	25
13	Progressive Finance Ltd.	848,106	National	24
14	Reliance Finance Ltd.	1,121,452	National	21
15	Samridhi Finance Company Limited	818,911	National	13
16	Nepal Share Markets and Finance Ltd.	233,332	National	1
17	Shree Investment & Finance Co. Ltd.	1,000,000	National	13

Sources: List of Banks and Financial Institutions, BFIRD

- 2.32 Minimum paid-up capital of Rs. 800 million is required for national level FCs and Rs. 500 million paid up capital for regional level FCs as per the current provision. However, FCs that maintain at least Rs. 400 million paid up capital can operate within 5 adjoining districts within a province taking NRB approval for the period until they do not meet the paid-up capital required for operating at provincial level, which they also need to maintain ultimately.
- 2.33 Out of the 17 national level FCs, 2 FCs, namely Nepal Share Markets & Finance Limited (NSM) and Capital Merchant Banking & Finance Limited (CMB) have been declared problematic institution since long. Following DDA valuation, the paid up capital of NSM was reduced to Rs. 233.3 million after adjustment of fake loans, which makes it non-compliant to the minimum capital requirement. NRB has appointed two-member management team to look after the affairs of NSM assuming full power of general assembly, board and management. Similarly, resolution of crisis-ridden CMB is undergoing by their own board and management team appointed by the board with due approval of NRB.

CHAPTER 3

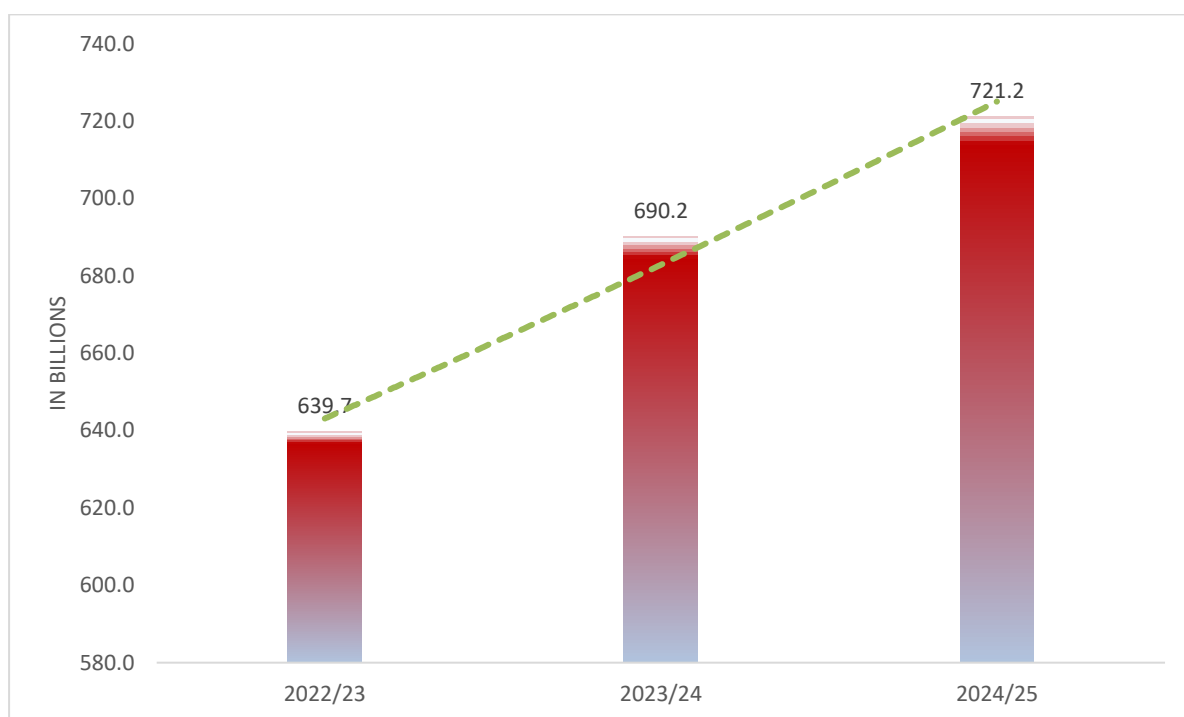
PERFORMANCE OF DEVELOPMENT BANKS

3.1 FIs in Nepal are required to prepare their financial statement based on the Nepal Financial Reporting Standard (NFRS). Accordingly B and C class FIs have started publishing NFRS compliant financial statements since FY 2022/23. This chapter analyzes the consolidated financial performance of DBs based on their reported NFRS compliant financial statements.

Assets and Liabilities

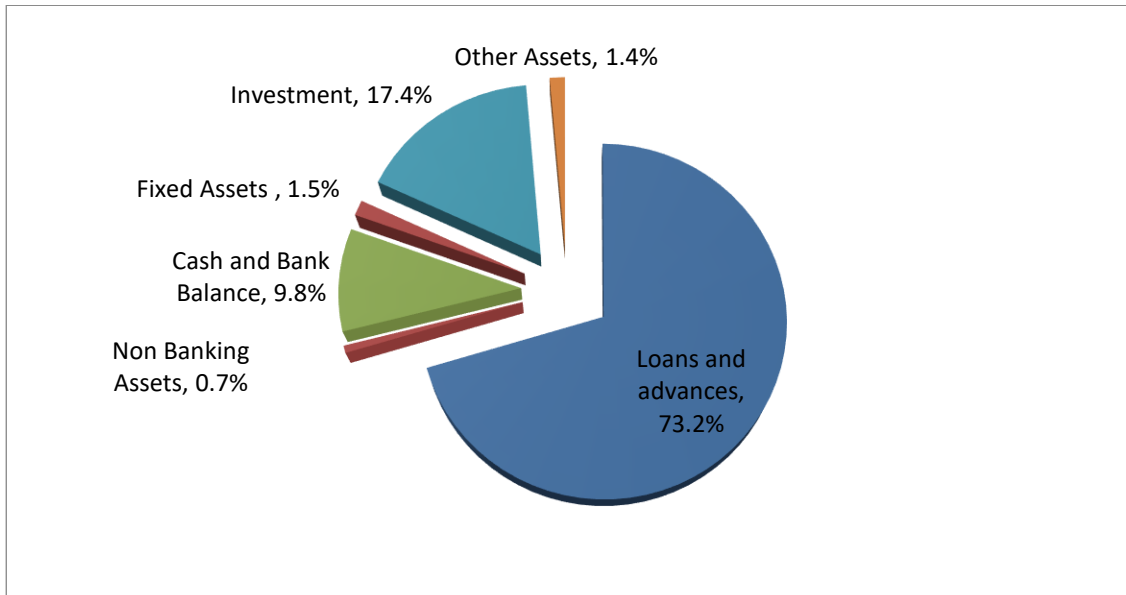
3.2 The total assets of DBs in Nepal increased from Rs. 690.2 billion in Mid-July 2024 to Rs. 721.2 billion in Mid-July 2025, reflecting an annual expansion of around 4.49 percent. This growth indicates increased financial activity, capital induction, deposit mobilization, and broader credit outreach. (Refer Annexure 3.3)

**Figure 3.1: Total Assets and its growth of DBs
(Mid-July 2025)**



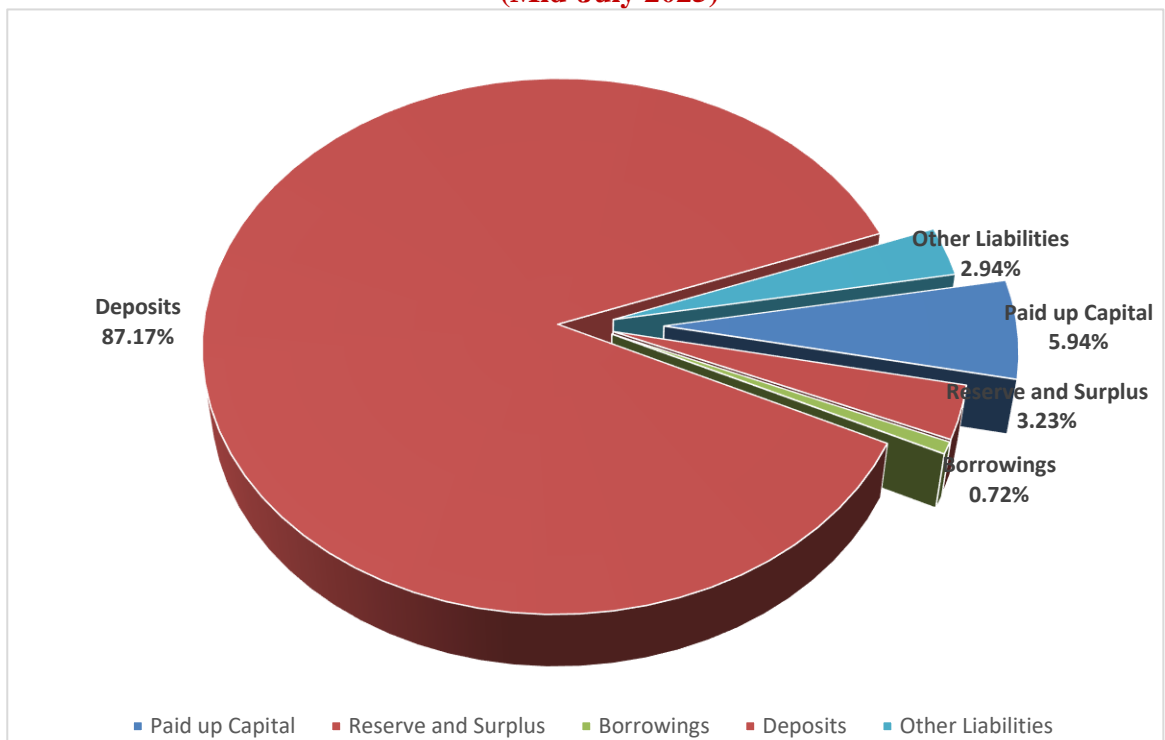
3.3 As on Mid-July 2025, the major chunk of the total assets of the DBs were covered by loans & advances with Rs. 507.7 billion, representing 73.2 percent of total assets. The second and third largest components of total assets are investments with 17.4 percent share and cash & cash equivalent with 9.8 percent share respectively.

**Figure 3.2: Composition of Total Assets of DBs
(Mid-July 2025)**



3.4 As on mid-July, 2025 the major sources of liabilities for DBs were customer deposits with 87.17 percent share. Other sources include paid up capital with 5.94 percent share, reserve and surplus with 3.23 percent share, other liabilities with 2.94 percent share and borrowings with 0.72 percent share. (Refer Annexure 3.3)

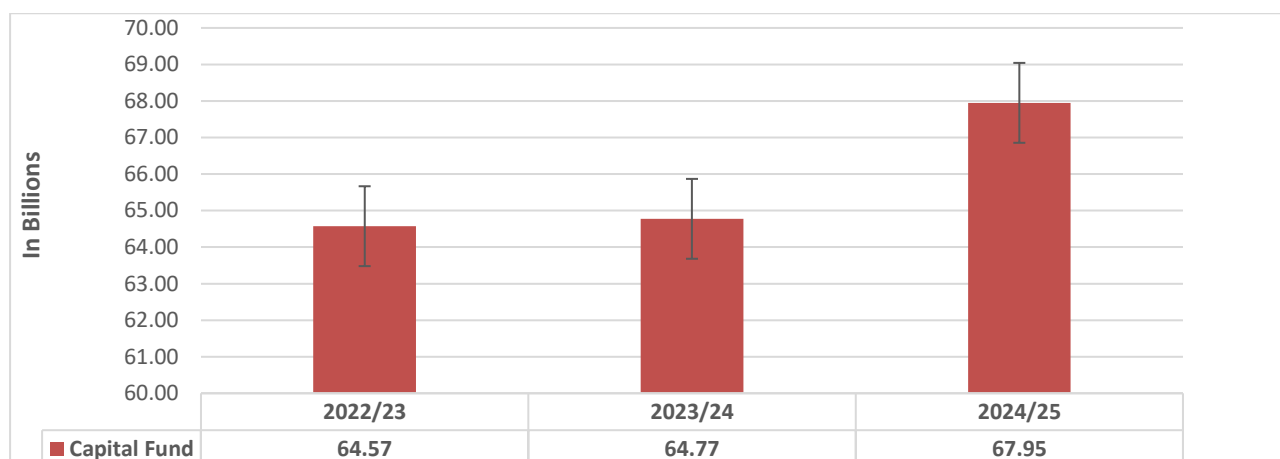
**Figure 3.3: Composition of Total Equities and Liabilities of DBs
(Mid-July 2025)**



Capital fund

- 3.5 The total capital fund of DBs has slightly increased by 4.9 percent, reaching Rs. 67.95 billion in Mid-July 2025, compared to Rs. 64.77 billion in Mid-July 2024. (Refer Annexure 3.11)
- 3.6 As of Mid-July 2025, all national-level DBs have met the minimum paid-up capital requirement.

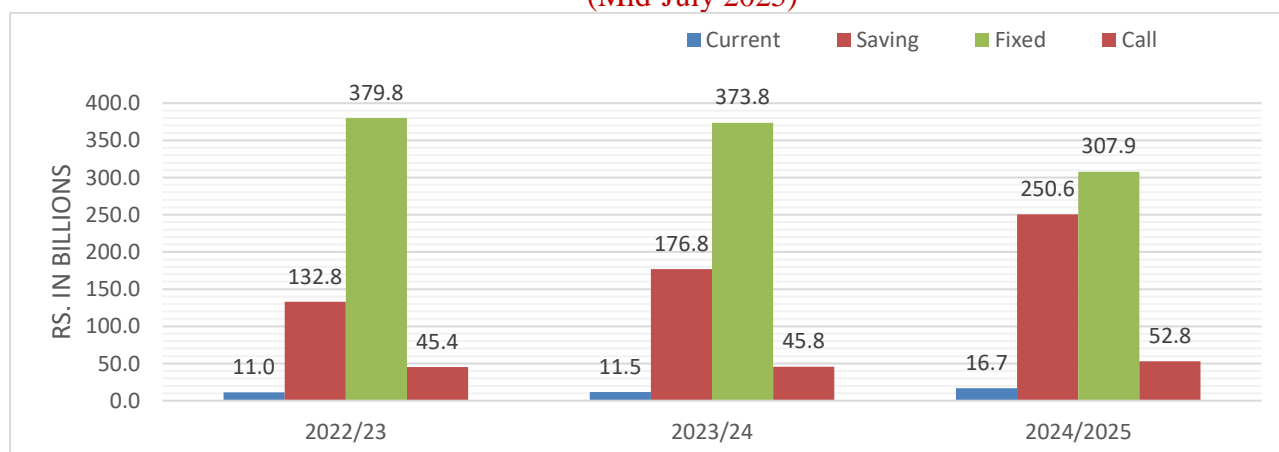
Figure 3.4: Capital Fund of DBs (Mid-July 2025)



Deposit and its composition

- 3.7 As of Mid-July 2025, the total deposits of DBs increased to Rs. 628.9 billion, compared to Rs. 608.1 billion in Mid-July 2024.
- 3.8 Among the total deposits, fixed deposits continue to dominate, amounting to Rs. 307.9 billion and accounting for 48.96 percent of the total deposits. Saving deposits have risen significantly to Rs. 250.6 billion, comprising 39.86 percent, indicating a shift toward more flexible deposit instruments as of the same period. Call deposits increased to Rs. 52.8 billion (8.40 percent), while current deposits slightly increased to Rs. 16.7 billion (2.65 percent). Other deposits stayed marginal. The data reflects a moderating dominance of fixed deposits, with a gradual shift toward saving deposits. (Refer Annexure 3.12)

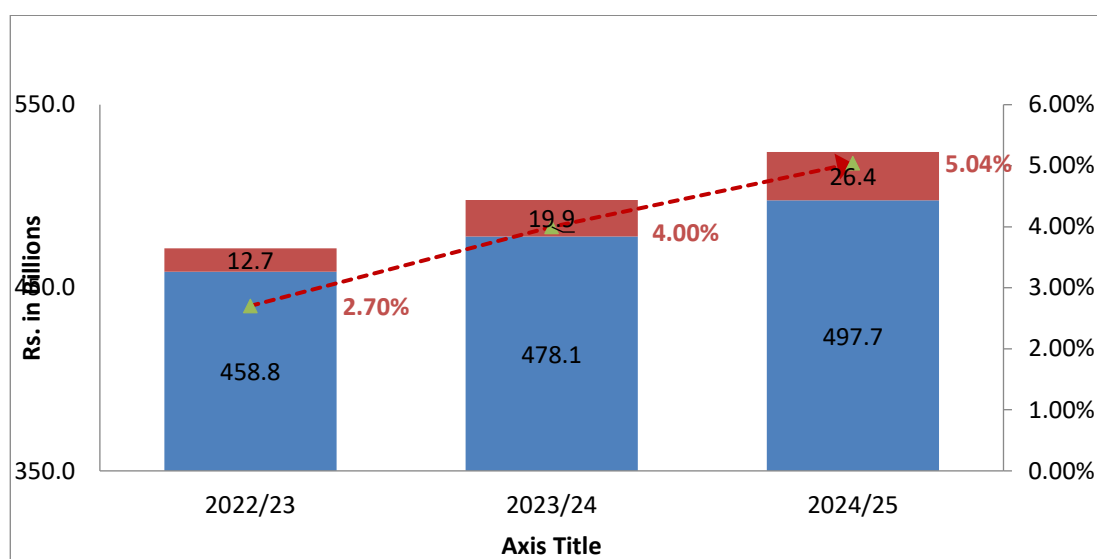
Figure 3.5: Deposit Mix of DBs (Mid-July 2025)



Loans and Advances

- 3.9 As of Mid-July 2025, the total loans and advances of DBs have reached Rs. 524.1 billion, increasing by 5.24 percent compared to Rs. 498 billion in Mid-July 2024.
- 3.10 Out of the total loans and advances, Rs. 497.7 billion (or 94.96 percent) were performing loans, while Rs. 26.4 billion (or 5.04 percent) were non-performing loans (NPLs). The NPL ratio has continued its upward trend. The rising trend of non-performing loans signals increasing credit risk within the DBs requiring close monitoring and proactive risk management strategies. (Refer Annexure 3.13)

**Figure 3.6: Loan and Advances of DBs
(Mid-July 2025)**



Sector-wise Diversification of Loan and Advances

- 3.11 As of Mid-July 2025, the major portion of loans and advances of DBs is consumable loans, accounting for 26.6 percent of the total portfolio. The wholesale and retail sector hold the second-largest share at 12.98 percent, followed by the finance, insurance and real estate sector at 10.51 percent. Similarly, Agriculture and forest-related sector holds 5.82 percent share of the total loans and advances, while the construction sector accounts for 3.4 percent, both reflecting a decline from previous years. Detail regarding product-wise loan and advances of dBs has been given in Annex 3.7.

**Table 3.1 : Sector-wise Loan and Advances of DBs (Percentage of total loan)
(Mid-July 2025)**

SN	Sector	2022/23	2023/24	2024/25
1	Agriculture Forest	6.97	6.65	5.82
2	Fishery	0.32	0.31	0.25
3	Mining	0.07	0.05	0.06
4	Agriculture, Forestry & Beverage Production Related	2.27	2.26	2.22
5	Non-food Production Related	3.91	3.85	3.79

SN	Sector	2022/23	2023/24	2024/25
6	Manufacturing	0.02	0.01	1.47
7	Construction	6.79	4.19	3.40
8	Electricity, Gas and Water	1.61	1.97	2.26
9	Metal Products, Machineries, Electronics and Installation	0.37	0.43	0.43
10	Transport, Warehousing and Communication	2.34	1.76	3.44
11	Wholesalers and Retailers	15.52	14.97	12.98
12	Finance, Insurance and Real Estate	9.96	12.32	10.51
13	Tourism (Hotel and Restaurant)	5.13	5.45	6.03
14	Other Services	3.30	3.43	7.01
15	Consumable Loans	24.83	28.52	26.60
16	Others	16.57	13.83	13.74
	Total Loan	100.00	100.00	100.00

Security-wise position of loan and advance

3.12 As of Mid-July 2025, proportion of total loan and advances of DBs backed by real estate properties as collateral comprised 87.1 percent. Similarly, guarantees covered 5.53 percent of total loan and advances. Other forms of securities altogether covered 5.17 percent share in total loan and advances. Detail regarding product-wise loan and advances of DBs' has been given in Annex 3.8(b).

**Table 3.2 : Securities against Loans and Advances (Percentage of total loan)
(Mid-July 2025)**

SN	Security	2022/23	2023/24	2024/25
1	Gold and Silver	0.83	0.79	1.01
2	Non-Government Securities	2.91	3.12	3.25
3	Fixed Deposit	1.76	1.35	0.92
4	Property as Collateral	85.48	86.27	87.10
5	Guarantee	8.81	8.13	5.53
	TOTAL	100.00	100.00	100.00

Product-wise Loan and Advances

3.13 As of Mid-July 2025, term loans of DBs accounted for the largest share at 42.00 percent of total loans and advances. Overdraft constituted 6.15 percent, while personal residential home loans made up 13.49 percent of the total loan portfolio. Deprived sector loans represented 6.47 percent of total loans and advances.

Compared to the previous year, the shares of overdraft loans, deprived sector loans, hire purchase loans, and demand and other working capital loans have declined. Meanwhile, the share of term loans, real estate loans, personal residential home loans, and margin loans has shown a gradual rise. Detail regarding product-wise loan and advances of DBs' has been given in Annex 3.8(a).

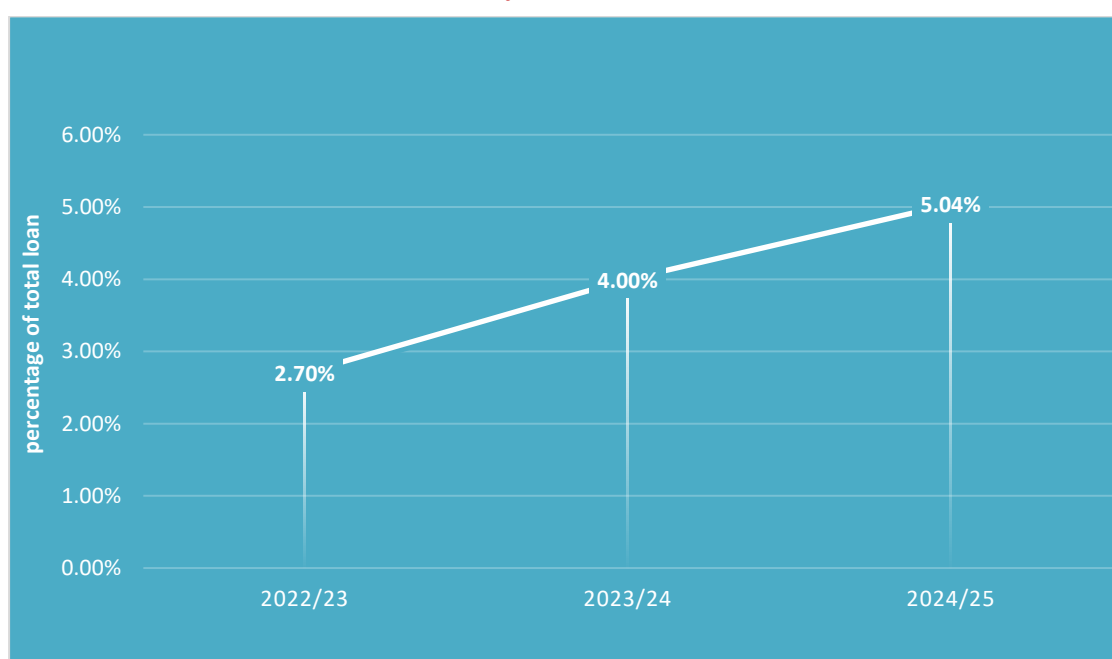
**Table 3.3 : Product-wise Loan and Advances To Total Loan
(Mid-July 2025)**

S.N.	Loan Products	2022/23	2023/24	2024/25
1	Term Loan	35.53	39.90	42.00
2	Overdraft	13.85	9.42	6.15
3	Trust Receipt Loan/Import Loan	1.53	1.40	3.81
4	Demand and Other Working Capital Loan	6.39	7.31	7.23
5	Personal Residential Home Loan	12.22	13.11	13.49
6	Real Estate Loan	4.64	5.22	6.36
7	Margin Loan	3.01	3.13	3.73
8	Hire Purchase Loan	3.68	2.81	2.33
9	Deprived Sector Loan	8.51	7.63	6.47
10	Other Product	10.63	10.06	7.70
	Total	100.00	100.00	100.00

Non-performing Loans (NPLs)

3.14 The ratio of NPLs to total loans and advances of DBs increased to 5.04 percent in Mid-July 2025 from 4.0 percent in mid-July, 2024. The Non-Performing Loans (NPLs) of DBs increased notably in FY 2024/25, indicating a deterioration in asset quality. The rising NPL ratio reflects growing credit risk and potential pressure on profitability due to higher provisioning requirements. This trend underscores the need for enhanced credit monitoring and recovery mechanisms. (Refer Annexure 3.13)

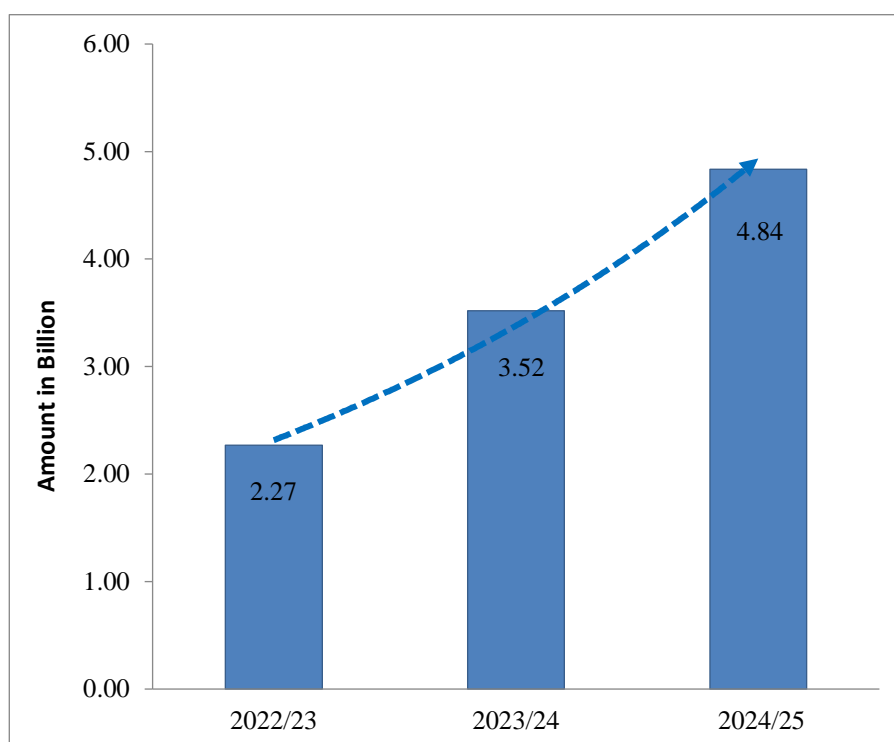
**Figure 3.7 : Non-performing loans of the DBs
(Mid-July 2025)**



Non-Banking Assets

3.15 As of Mid-July 2025, the non-banking assets (NBA) of DBs increased to Rs. 4.84 billion, as compared to Rs. 3.52 billion in Mid-July 2024 and Rs. 2.27 billion in Mid-July 2023. The consistent growth in NBA over the past two fiscal years indicates a substantial accumulation of assets, which suggests the effects of rising loan defaults and warrant attention toward recovery efforts and credit risk management. (Refer Annexure 3.14)

**Figure 3.8 : Non-banking Assets of the DBs
(Mid-July 2025)**



Investment Portfolio

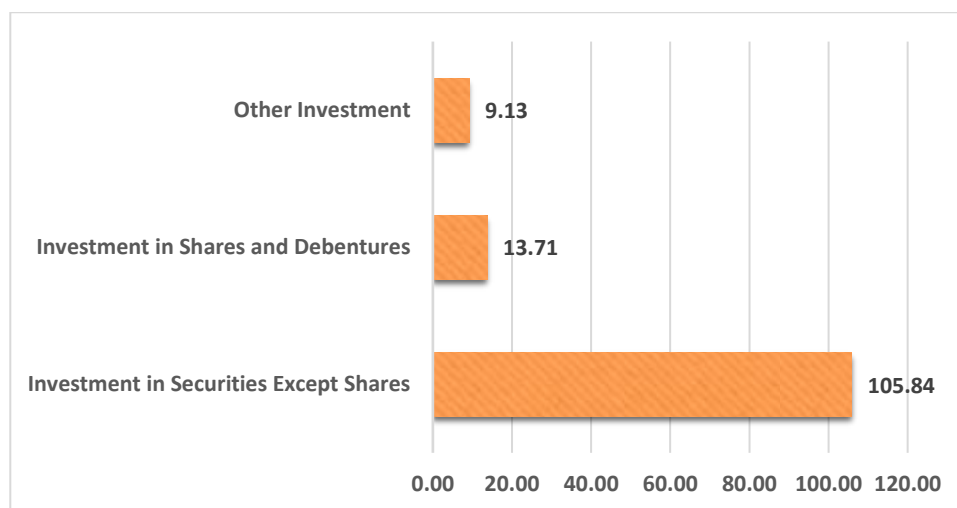
3.16 As of Mid-July 2025, the total investment of DBs stood Rs. 128.69 billion, reflecting a significant rise from Rs. 114.59 billion as of Mid-July 2024 and Rs. 99.93 billion as of Mid-July 2023. A major portion of the investment is in securities excluding shares, accounting for 82.25 percent of the total in 2024/25, down from 91.83 percent in the previous year. (Refer Annexure 3.15)

**Table 3.4 : Investment Portfolio of DBS
(Mid-July, 2024)**

Investment composition of DBs	Amount in Billions					
	2022/23		2023/24		2024/25	
Investment in Securities Except Shares	91.84	91.91	105.23	91.83	105.84	82.25
Investment in Shares and Debentures	7.37	7.37	8.57	7.48	13.71	10.65
Other Investment	0.72	0.72	0.79	0.69	9.13	7.10
Total	99.93	100	114.59	100	128.69	100

3.17 Investment in shares and debentures increased to Rs. 13.71 billions, making up 10.65 percent of the total, while other investments rose to Rs. 9.13 billion (7.10 percent). The growth in total investment signals an expanding investment portfolio with moderate diversification. The investment trend highlights DBs’ preference for safer investment avenues, particularly government securities.

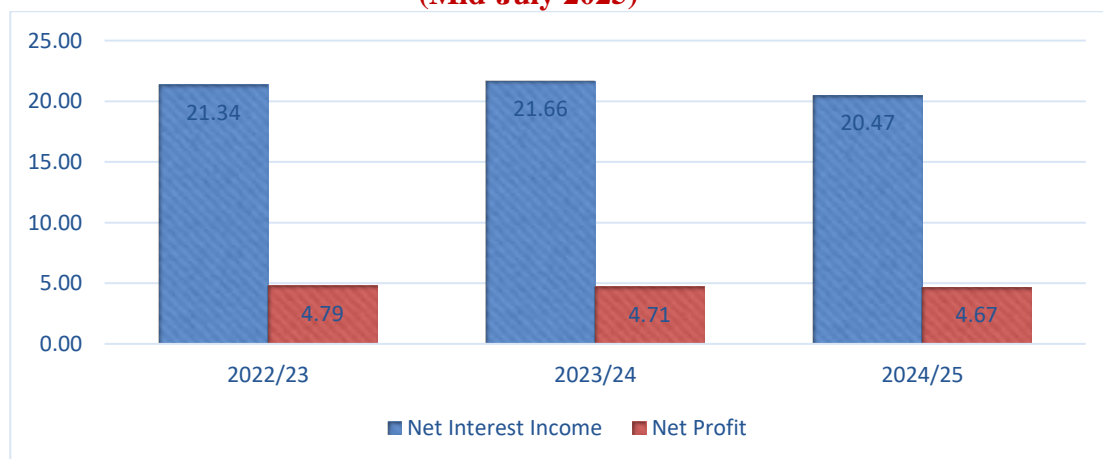
**Figure 3.9 : Investment Portfolio of the DBs
(Mid-July 2025)**



Profitability

3.18 Consolidated net profit of overall DBs during FY 2024/25 amounted to Rs. 4.67 billion which was Rs. 4.71 billion during FY 2023/24. The aggregate net profit of DBs is in decreasing trend during the review. Interest income of all DBs amounted to Rs. 51.65 billion in the review period, and interest expenses accounted to Rs. 31.18 billion in the review period. Net interest income has decreased to Rs.20.47 billion in the review period from Rs. 21.66 billion as compared to previous year, indicating continued pressure on profitability during FY 2024/25. (Refer Annexure 3.4)

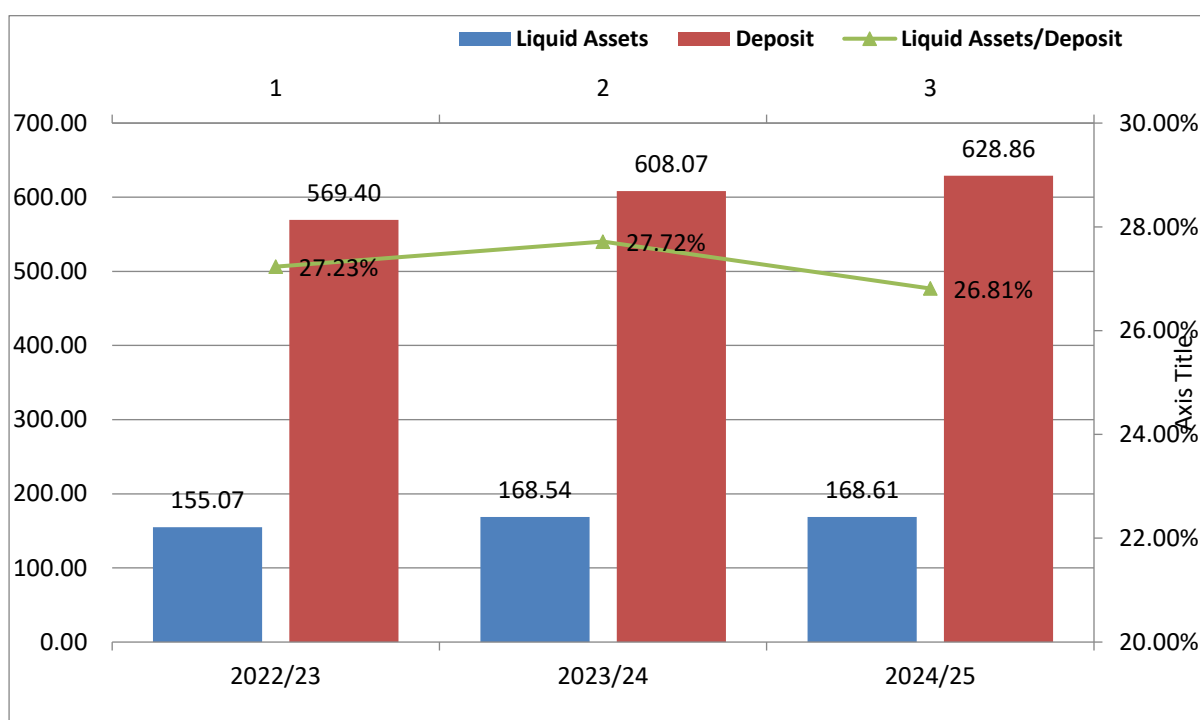
**Figure 3.10: Operating Efficiency of the DBs
(Mid-July 2025)**



Liquidity

3.19 Liquid assets comprises cash balance, bank balances with NRB and other BFIs, money at call and investment in government securities. As of Mid-July 2025, the liquid assets of DBs rose to Rs. 168.61 billion from Rs. 168.54 billion as of the previous period, indicating marginal short-term liquidity. Deposits also increased steadily, reaching Rs. 628.86 billion in Mid-July 2025 from 608.07 billion in Mid-July 2024. Consequently, the liquid assets to deposit ratio slightly decreased to 26.81 percent in FY 2024/25 from 27.72 percent in FY 2023/24. (Refer Annexure 3.16)

**Figure 3.11: Liquid Assets to Deposit Ratio of DBs
(Mid-July 2025)**



Deprived Sector Lending

3.20 The overall exposure of DBs to deprived sector lending has been 5.19 percent of total loan as of Mid-July 2025 compared to 6.01 percent as on Mid-July 2024. The deprived sector lending was 6.81 percent two years ago. This shows gradual decline in deprived sector loan. Refer Annexure 3.8 (a) CHECK AGAIN

Table 3.5 : Deprived Sector to Total loan Ratios of DBs

Particulars	Deprived Sector Loan (of Total Loan)		
	2022/23	2023/24	2024/25
of Total Loan	6.81	6.01	5.19

Base Rates and Spread Rates

3.21 The average base rate of all DBs has decreased to 7.57 percent as of Mid-July 2025 from 9.03 percent in Mid-July 2024, a 11.8 percent fall in the borrowing cost of the loan clients during

the review year. The interest spread of overall DBs has decreased slightly to 4.06 percent as of Mid-July 2024 from 4.55 percent as of Mid-July 2024.

Electronic Banking

3.22 As shown in the table presented below, number of mobile banking customers has substantially increased from 3.27 million in Mid-July 2024 to 3.66 million in Mid-July 2025. Similarly, the internet banking customers have also increased from 578 thousands in Mid-July 2024 to 599 thousands in Mid-July 2025. No. of debit cards distributed also increased from 1 million 76 thousands as of Mid-July 2024 to 1 million 216 thousand as of Mid-July 2025. This indicates that banking customers are turning digital and technology savvy more in recent years.

**Table 3.6 : Use of Electronic Banking in DBs
(Mid-July 2025)**

S. N.	Particulars	2022/23	2023/24	2024/25
1	No. of Branchless Banking Centers	21	17	6
2	No. of Customers (Branchless Banking)	49	1,646	1027
3	No. of Customers (Mobile Banking)	2,772,852	3,275,906	3,659,016
4	No. of Internet Banking Customers	494,753	578,387	599,316
5	No. of ATMs	346	348	344
6	No. of Debit Cards	826,506	1,076,072	1,216,322

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

Stress Testing Results

3.23 Stress test results based on the data of Mid-July 2025 indicate that development banks (DBs) are generally resilient to market-related shocks; however, greater vulnerability is observed in credit and liquidity stress scenarios, requiring enhanced risk management focus in these areas.

Credit Shock

3.24 Standard credit shock test results reveal that under Credit Shock (C1), where 15 percent of performing loans deteriorate into Substandard, 6 national-level DBs would fall below 11 percent CAR, while 4 provincial-level DBs would fall below the regulatory minimum CAR of 10 percent. Overall, 10 DBs would fail to meet the minimum capital adequacy requirement under this scenario. In addition, Narayani Development Bank and Saptakoshi Development Bank were already below the minimum CAR threshold even before the shock. These results indicate that credit risk remains the most critical threat, and deterioration in asset quality could significantly weaken the capital position of DBs.

Liquidity Shock

3.25 Standard liquidity shock test results suggest that some DBs remain vulnerable to deposit withdrawal shocks, although conditions have improved compared to the previous period. Under Liquidity Shock (L1a), 7 DBs would become illiquid if deposits decline by 2 percent on Day 1, 5 percent on Day 2, and 10 percent for the subsequent three consecutive days, compared to 11 DBs in the Chaitra 2081. Similarly, under Liquidity Shock (L2c), 10 DBs

would have their net liquid assets to deposit ratio fall below the minimum requirement of 20 percent if there is a 15 percent withdrawal of deposits. Under Liquidity Shock (L3a), 3 DBs would fall below the minimum liquidity threshold if the largest institutional depositor withdraws funds. Likewise, under Liquidity Shock (L4e), 3 DBs would breach the 20 percent liquidity requirement if deposits are withdrawn by the top five individual depositors. These findings indicate that while overall liquidity risk management has improved, DBs remain exposed to concentration risk and sudden deposit outflows.

Other Shocks

- 3.26 Development banks were found to be largely resilient to market risk shocks, including interest rate, exchange rate, and equity price shocks. Even under significant exchange rate fluctuations, equity price declines of up to 50 percent, and interest rate changes of 1 to 2 percentage points, no additional DBs fall below the minimum CAR threshold, except those already below the requirement. This suggests that market risk exposure is limited and well managed across the sector. However, solvency concerns arise primarily under severe credit shocks, reinforcing the need for stronger credit risk management practices.

Regulatory Actions

- 3.27 Following actions were taken against DBs during FY 2024/25 as per existing legal and regulatory provision for miscellaneous non-compliances.
- One DB was restricted from branch expansion, and prohibition from providing refinance loan facility except for credit facilities extended to earthquake-affected borrowers for not maintaining interest rate spread.
 - One DB has been declared problematic, the Board of Directors and the Chief Executive Officer have been suspended. Furthermore, the operation and management of the DB have been taken under control through a management team formed by the Bank.
 - Two DB board was directed to maintain minimum capital adequacy ratio.
 - 1 Admonition and 9 reprimands were given to board member, CEO and higher management of different DBs for reasons such as, chairing committee other than the board committee, loan provided to blacklisted credit clients, weaknesses in internal control system, ineffectiveness of internal audit mechanism, poor board oversight, unethical lending practices, in loan approval and recovery processes, unfair transactions of bank employee with the collateral valuator and borrower, improper utilizations of subsidy loans, etc.

CHAPTER 4

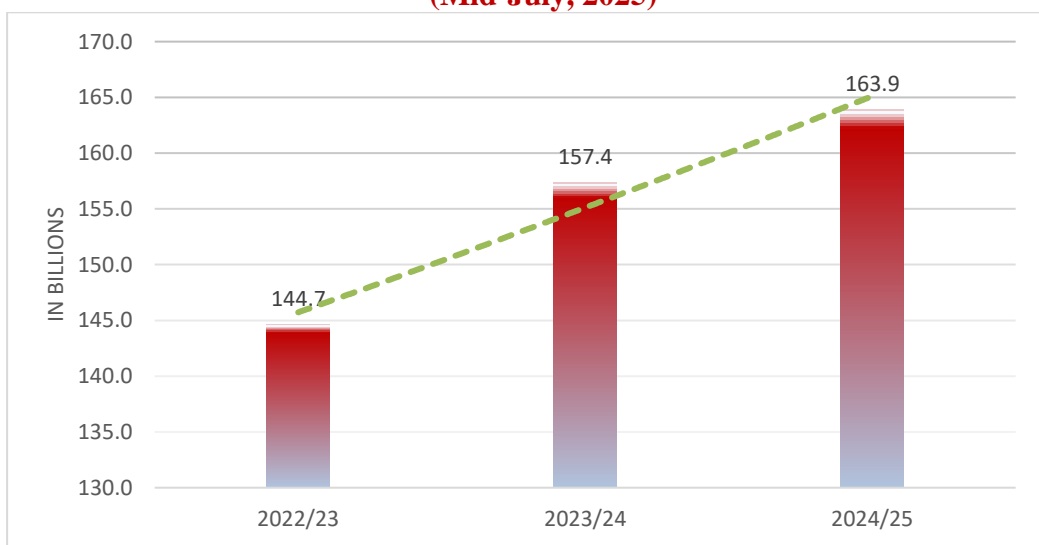
PERFORMANCE OF FINANCE COMPANIES

4.1 This chapter provides a comprehensive analysis of the financial performance of FCs during FY 2024/25, based on their NFRS-compliant financial statements.

Assets and Liabilities

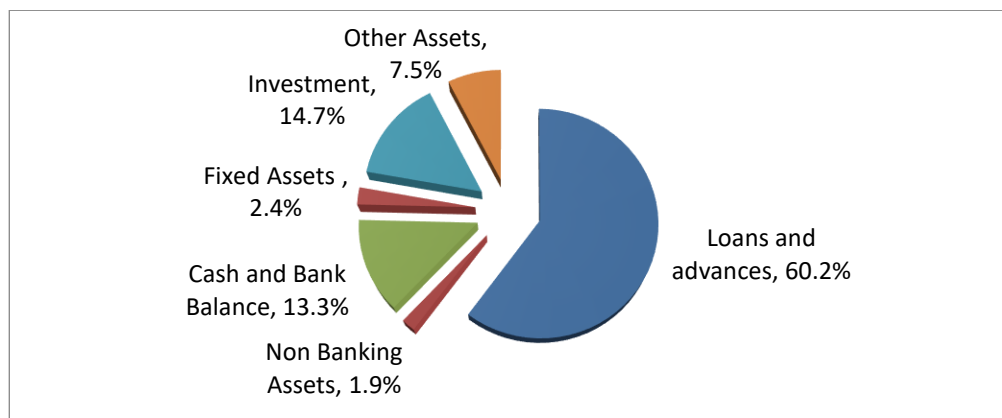
4.2 The total assets or liabilities of FCs have increased by 4.15 percent from Rs.157.4 billion in Mid-July 2024 to Rs.163.9 billion in Mid-July 2025. The asset growth has improved compared to the previous year. (Refer Annexure 4.3)

**Figure 4.1 : Total Assets of FCs
(Mid-July, 2025)**



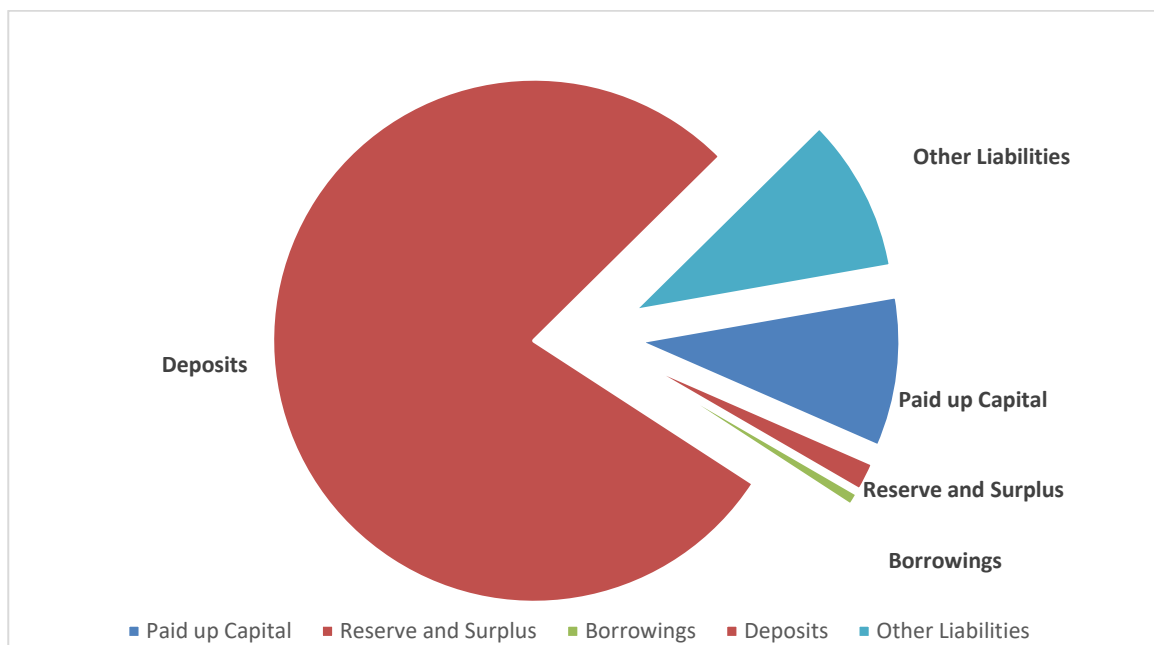
4.3 As on Mid-July 2025, the major chunk of the total assets of the FCs were covered by loans & advances which is 60.2 percent of total assets. The second and third largest components of assets were investments with 14.7 percent share and cash & cash equivalent with share 13.3 percent respectively.

**Figure 4.2 : Assets Structure of FCs
(Mid-July 2025)**



4.4 The major sources of liabilities of FCs as of Mid-July 2025 is customer deposits with 78.42 percent share. Other sources of funds include paid up capital with 9.34 percent share, reserve and surplus with 1.80 percent, other liabilities with 9.63 percent share and borrowing with 0.82 percent share. (Refer Annexure 4.3)

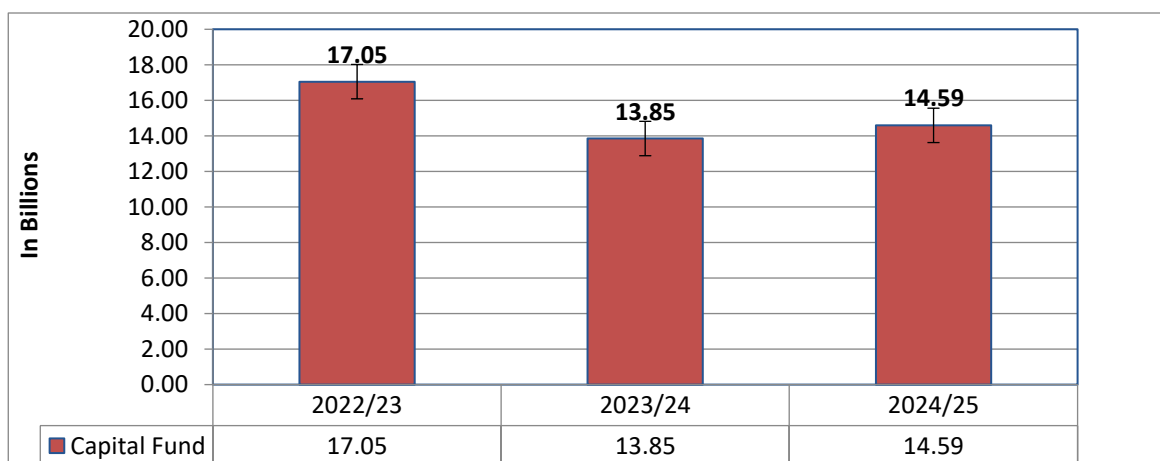
**Figure 4.3 : Liabilities Structure of FCs
(Mid-July 2025)**



Capital Fund

4.5 The total capital fund of the FCs has increased by 5.3 percent, amounting to Rs.14.59 billion in Mid-July 2025, up from Rs.13.85 billion in Mid-July 2024. As of mid-July 2025, all national-level finance companies, except Nepal Finance, have met the minimum paid-up capital requirement. Nepal Finance has not been able to meet this requirement due to an ongoing/pending court case. (Refer Annexure 4.10)

**Figure 4.4 : Total Capital Fund of FCs
(Mid-July 2025)**

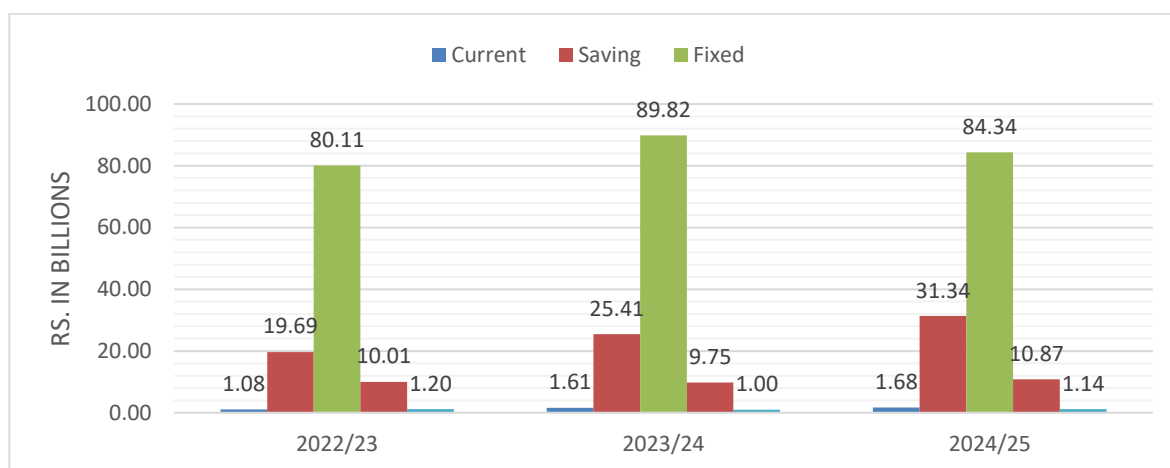


Deposit and its composition

4.6 The total deposits of FCs have increased from Rs.127.6 billion as of Mid-July 2024 to Rs.129.4 billion as of Mid-July 2025. Out of total deposits, fixed deposit comprised the highest share of 84.34 percent, followed by saving deposits as the second highest share at 31.34 percent, and call deposit as the third highest share at 10.87 percent. Other deposits consist of a nominal share in total deposits.

The data reflects a moderating dominance of fixed deposits, with a gradual shift toward saving deposits. (Refer Annexure 4.11)

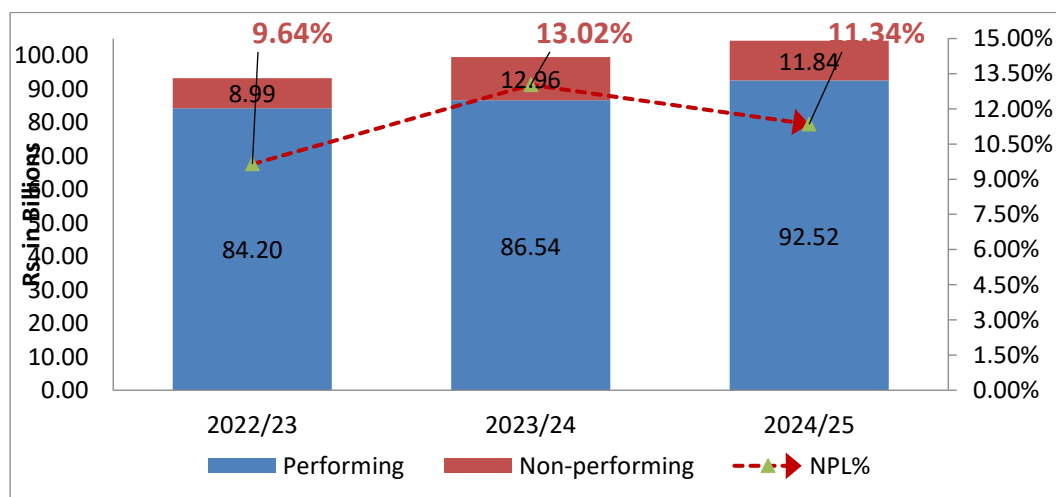
**Figure 4.5: Deposits Mix of FCs
(Mid-July 2025)**



Loans and Advances

4.7 Loan and advances of the FCs have from Rs.86.54 billion in FY 2023/24 to Rs. 104.35 billion in FY 2024/25. Performing loan constitutes 88.66 percent of total loan which amounts to Rs. 92.52 billion and non-performing loan constitutes remaining 11.34 percent which amounts to Rs. 12.96 billion. (Refer Annexure 4.12)

**Figure 4.6 : Loan and Advances of FCs
(Mid-July 2025)**



Sector-wise Diversification of Loan and Advances

4.8 In FY 2024/25, major portion of loan and advances of FCs has been is occupied by consumable loans representing 31.28 percent of the total loans and advances with wholesale and retail sectors representing 13.39 percent as second highest share and finance, insurance and real estate sector representing 12.78 percent as third highest share Detail regarding sector-wise loan and advances of FCs' has been given in Annex 4.6.

**Table 4.1 : Sector-wise loan and advances to Total loan of FCs
(Mid-July 2025)**

S.N.	Sector	Share of total loan in percent		
		2022/23	2023/24	2024/25
1	Agriculture Forest	7.15	6.75	6.86
2	Fishery	0.27	0.30	0.35
3	Mining	0.09	0.11	0.09
4	Agriculture, Forestry & Beverage Production Related	1.39	1.49	1.75
5	Non-food Production Related	2.83	2.43	2.62
6	Manufacturing	0.42	0.00	0.00
7	Construction	3.66	4.05	3.16
8	Electricity, Gas and Water	1.13	0.94	0.39
9	Metal Products, Machineries, Electronics and Installation	0.82	0.87	0.77
10	Transport, Warehousing & Communication	4.43	2.56	2.49
11	Wholesalers and Retailers	14.66	14.52	13.39
12	Finance, Insurance and Real Estate	12.42	13.72	12.78
13	Tourism (Hotel and Restaurant)	4.67	5.35	4.64
14	Other Services	5.22	3.04	3.49
15	Consumable Loans	29.53	30.14	31.28
16	Local Government	0.46	0.04	0.03
17	Others	10.84	13.71	15.90
	Total Loan	100	100	100

Security-wise Position of Loan and Advance

4.9 As of Mid-July 2025, proportion of total loan and advances backed by properties such as land and building and other real estate collateral comprised 86.98 percent whereas guarantees were backing 3.93 percent of total loan and advances of FCs. Other forms of securities such as gold and silver, non-government security and fixed deposit altogether comprised 9.09 percent share in total loan and advances.

**Table 4.2 : Security wise loan and advance to Total loan of FCs
(Mid-July 2025)**

SN	Security-wise Loan and Advance	2022/23	2023/24	2024/25
1	Gold and Silver	1.26	2.46	0.78
2	Government Bonds	0.03	0.00	0.01
3	Non-Government Securities	2.45	2.70	2.78
4	Fixed Deposit	1.80	2.19	1.52
5	Property as Collateral	82.37	81.36	86.98
6	Security of Bills	0.00	0.00	0.00
7	Guarantee	6.26	6.41	3.93
8	Credit/Debit Card	0.00	0.00	0.00
9	Others	5.82	4.86	4.01
	Total Loan	100	100	100

Product-wise Loan and Advance

4.10 As of Mid-July 2025, 31.53 percent of loans and advances of FCs were in the form of term loan, 14.28 percent were in the form of residential personal home loan, 13.42 percent were in the form of other product loan, 11.34 percent of total loan and advances were in the form of real estate loan and 6.43 percent loan and advances were in the form of overdraft loan. Details regarding product-wise loan and advances of FCs' are given in Annex 4.7.

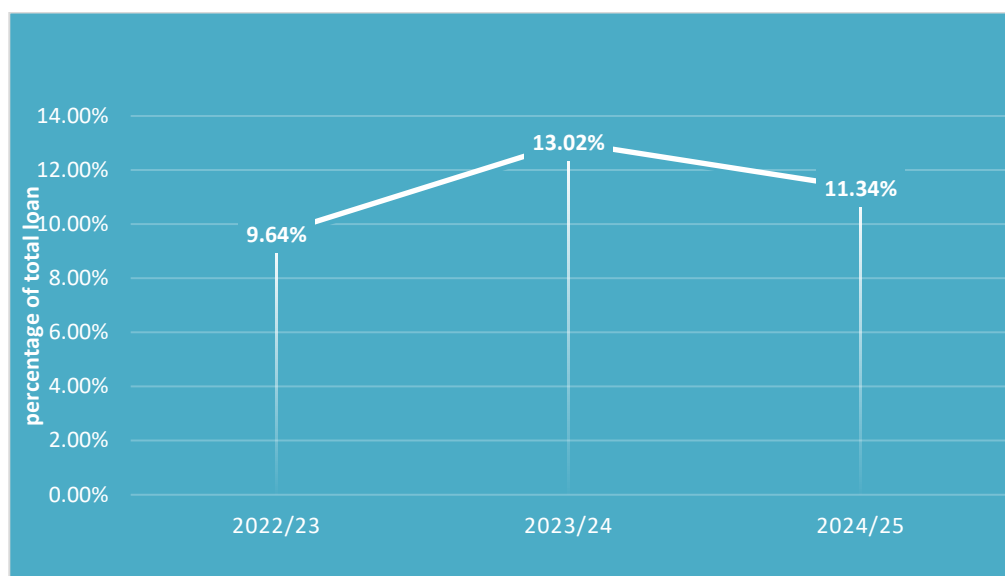
**Table 4.3 : Product-wise Loan and Advances to Total Loan
(Mid-July 2025)**

S.N.	Product-wise Loan and Advance	2022/23	2023/24	2024/25
1	Term Loan	24.78	26.92	31.53
2	Overdraft	7.62	7.18	6.43
3	Trust Receipt Loan/Import Loan	1.04	1.07	2.19
4	Demand and Other Working Capital Loan	9.98	9.37	8.09
5	Personal Residential Home Loan	12.49	12.99	14.28
6	Real Estate Loan	10.63	10.17	11.34
7	Margin Loan	3.96	4.18	4.17
8	Hire Purchase Loan	3.87	3.27	3.23
9	Deprived Sector Loan	5.73	6.73	5.32
11	Bills Purchased	2.18	2.46	0.00
12	Other Product	17.71	15.64	13.42
	Total Loan	100	100	100

Non-performing Loans

4.11 Where the ratio of NPL to total loans and advances of FCs taken together had decreased by 168 basis points to 11.34 percent in Mid-July 2025 from 13.02 percent in Mid-July 2024. (Refer Annexure 4.12)

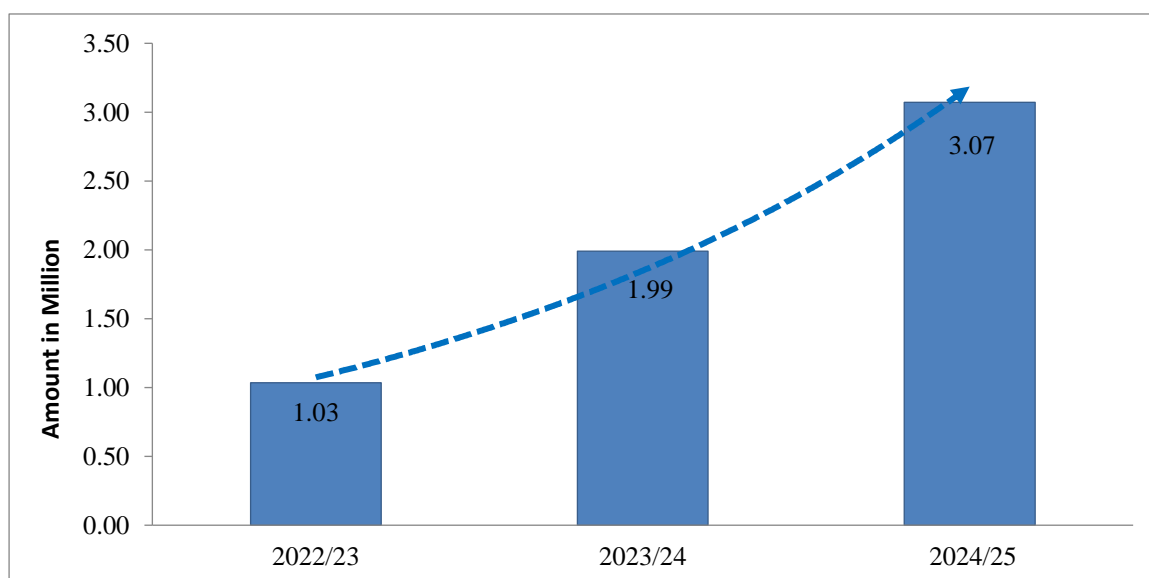
**Figure 4.7 : Non-performing loans of FCs
(Mid-July 2025)**



Non-banking Assets

4.12 As of Mid-July 2025, the total amount of non-banking assets of FCs was Rs.3.07 billion, registering a substantial increment over the FY 2023/24 from 1.99 billion. (Refer Annexure 4.13)

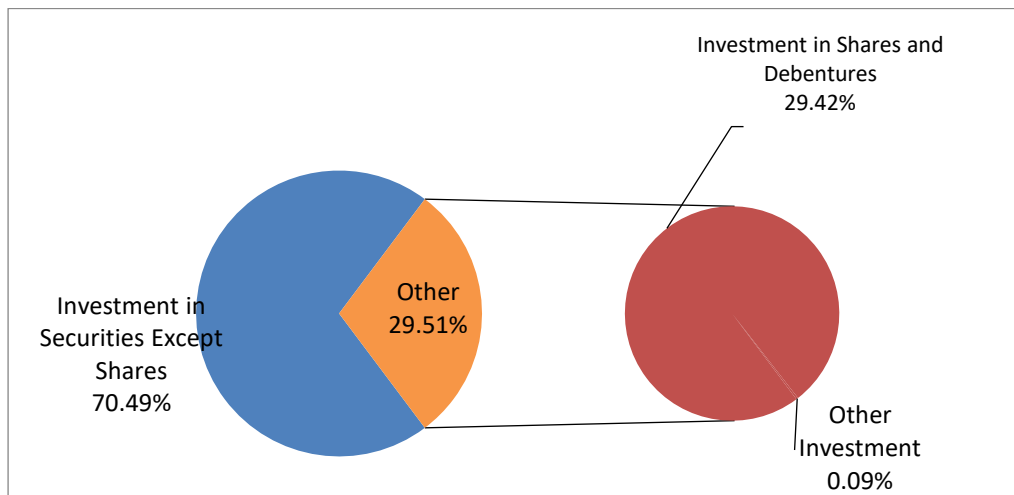
**Figure 4.8 : Non-banking Assets of the FCs
(Mid-July 2025)**



Investment Portfolio

4.13 The largest share of investment of FCs in FY 2024/25 was in government securities. This category accounted 70.49 percent of total investment as of mid-July, 2025. Investment in shares/debentures and other investment were 29.42 percent and 0.09 percent respectively. (Refer Annexure 4.14)

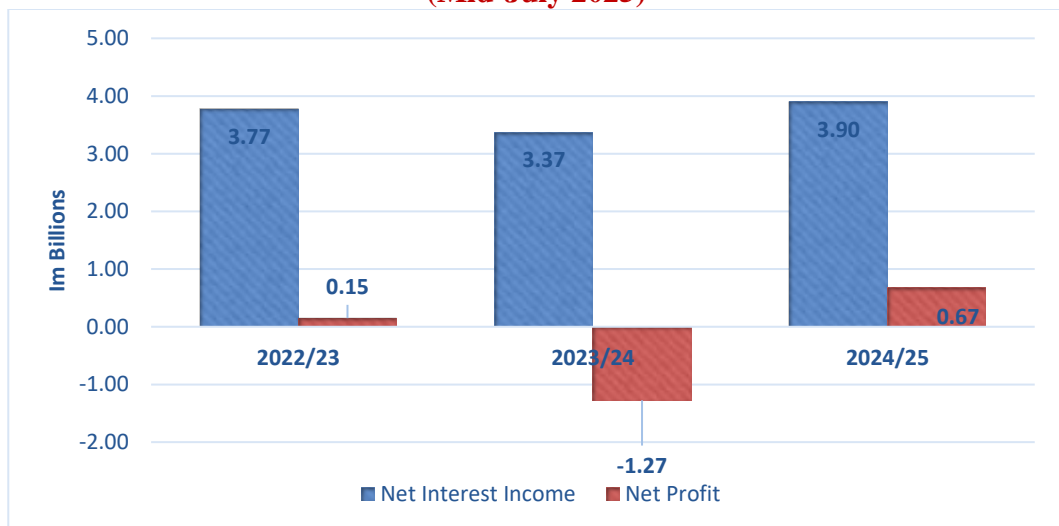
**Figure 4.9: Investment Portfolio of the FCs
(Mid-July 2025)**



Profitability

4.14 FCs made a consolidated net profit for FY 2024/25 by Rs. 0.67 billion which was earlier amounting net loss by Rs. 1.27 billion for FY 2023/24. Interest income of all FCs was Rs. 13.06 billion, interest expenses was Rs. 9.16 billion, and net interest income remained Rs. 3.90 billion during the review period which is a slight increase from Rs. 3.37 billion earlier year. Details regarding operational efficiency of FCs are presented in the consolidated P/L account in Annex 4.4.

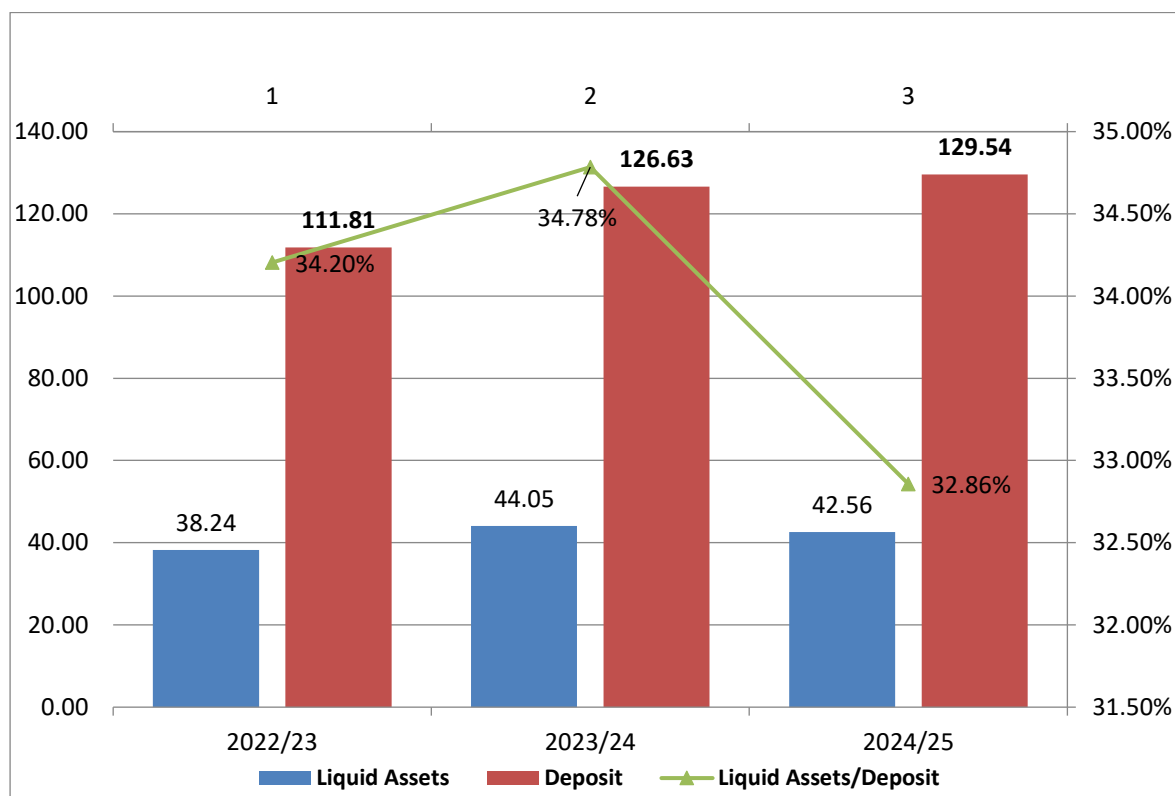
**Figure 4.10: Operating Efficiency of the DBs
(Mid-July 2025)**



Liquidity

4.15 Total liquid assets of FCs increased in FY 2024/25 from Rs. 44.05 billion as of Mid-July 2024 to Rs. 42.56 billion as of Mid-July 2025. The share of these liquid assets to total deposits decreased from 34.78 percent as of Mid-July 2024 to 32.86 percent as of Mid-July 2025. (Refer Annexure 4.15)

**Figure 4.11: Liquid Assets to Deposit Ratio of FCs
(Mid-July 2025)**



Deprived Sector Lending

4.16 The overall exposure of FCs to deprived sector lending was 5.32 percent of total loan in FY 2024/25 as compared to 6.49 percent in FY 2023/24, thereby registering a sharp decline. However, the loan to deprived sector was 5.73 percent of total loans and advances earlier in FY 2022/23. (Refer Annexure 4.7)

Table 4.4 : Deprived Sector Loan to Total Loan of FCs

Particulars	Deprived Sector Loan (of Total Loan)		
	2022/23	2023/24	2024/25
of Total Loan	5.73%	6.49%	5.32%

Base Rate and Spread Rate

4.17 Average base rate of all FCs was 8.37 percent as on Mid-July 2025 whereas it was 10.71 percent in Mid-July 2024, i.e., a significant reduction in the borrowing cost of the loan. Likewise, interest spread of overall FCs has been 4.39 percent as of Mid-July 2025 as against 4.54 percent as of Mid-July 2024, which shows a marginal decline only.

Electronic Banking

4.18 As per the table, number of mobile banking customers has substantially increased in FY 2024/25 from around 231 thousand in Mid-July 2024 to around 294 thousand in Mid-July 2025. Similarly, the internet banking customers have also increased from around 15.8 thousand in Mid-July 2024 to around 18.5 thousand in Mid-July 2025. In line with wider use

of QR based payment throughout the country, the mobile banking customers in FCs have also increased.

**Table 4.5 : Use of Electronic Banking in FCs
(Mid-July 2025)**

S. N.	Particulars	2022/23	2023/24	2024/25
1	No. of Branchless Banking Centers	-	-	-
2	No. of Customers (Branchless Banking)	-	-	-
3	No. of Customers (Mobile Banking)	152,682	231,852	294,739
4	No. of Internet Banking Customers	13,472	15,863	18,512
5	No. of ATMs	44	44	41
6	No. of Debit Cards	60,553	59,710	75,877

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

Stress Testing of FCs

4.19 Stress test results based on the data of Mid-July 2025 for finance companies indicate that the sector is highly vulnerable to both credit and liquidity shocks, with significant deterioration observed in capital adequacy and liquidity positions under adverse scenarios:

Credit Shock

4.20 Standard credit shock test results reveal that under a scenario where 15 percent of performing loans deteriorate into substandard loans, most finance companies would still maintain their Capital Adequacy Ratio (CAR) above the minimum regulatory requirement of 10 percent, except for Pokhara Finance Limited and Janaki Finance Limited, which were already operating below the minimum CAR prior to the stress.

4.21 Similarly, under sectoral stress, where 25 percent of real estate and housing loans deteriorate into substandard category, 7 finance companies would see their CAR fall below 10 percent. Under an even severe condition where 25 percent of such loans deteriorate into loss category, only 2 finance companies would maintain CAR below the minimum threshold, while the remaining finance companies would experience negative capital adequacy, indicating severe solvency concerns. These results highlight that finance companies are highly exposed to credit concentration risk, particularly in real estate and housing sectors, and are significantly vulnerable to asset quality deterioration.

Liquidity Shock

4.22 Standard liquidity shock test results suggest that finance companies are extremely sensitive to deposit withdrawal shocks. If deposits decline by 10 percent per day for three consecutive days, all finance companies except one would experience negative liquidity ratios, indicating a complete liquidity breakdown. Under a 5 percent deposit withdrawal scenario, most finance companies would see their liquidity ratio fall below the regulatory minimum of 20 percent, except a few institutions. As the withdrawal rate increases to 15 percent, almost all finance companies fall below the minimum liquidity threshold.

Other Shocks

4.23 Furthermore, concentration risk is highly evident, as the withdrawal of deposits by the top institutional depositor would cause all finance companies to fall below the minimum liquidity requirement. Similarly, withdrawal by the top five institutional depositors would push most finance companies into negative liquidity positions, with only limited exceptions of one finance company which is not negative but below required limit of 20%. In the case of top individual depositors, withdrawal by the top four depositors would also result in the majority(15) of finance companies breaching the minimum liquidity requirement, with several institutions experiencing severe liquidity stress i.e. 12 finance companies into negative liquidity positions.

Overall, the stress testing results indicate that finance companies are significantly more vulnerable compared to development banks, particularly due to high credit concentration, weak capital buffers, and heavy reliance on concentrated deposits, necessitating urgent improvements in risk management, diversification, and liquidity planning.

Regulatory Actions

4.24 Following actions were taken against FCs and/or their functionaries during FY 2024/25 as per existing legal and regulatory provisions on miscellaneous non-compliance cases:

- One CEO was penalized with 5 lakhs for failing to discharge his primary responsibility related to overall management of the institution.
- Two FCs was placed under Prompt Corrective Actions in accordance with NRB Prompt Corrective Action Bylaw 2074
- Two FC was penalized in FY 2024/25 for not maintaining CRR ratio, out of which one was penalized twice
- 22 reprimand were given to board member, CEO and higher management of different FCs for reasons such as, loan provided to blacklisted credit clients, weaknesses in internal control system, ineffectiveness of internal audit mechanism, poor board oversight, unethical lending practices, in loan approval and recovery processes, unfair transactions of bank employee with the collateral valuator and borrower, improper utilizations of subsidy loans, etc. Out of which, one previous chairman of FC and Two board member were reprimanded regarding employee benefits provision without obtaining prior approval from the Bank which is in violation of Section 133 of the Banks and Financial Institutions Act, 2073

CHAPTER 5

KEY ONSITE OBSERVATIONS AND CHALLENGES

Key Onsite Observations

5.1 The major representative remarks identified through the onsite supervision of DBs and FCs conducted during the FY 2024/25 are summarized below:

Board and Senior Management

- 5.2 Board member of some of the FIs were found being involved in taking loan from BFIs against the provision of Unified Directives that restricts the directors to enjoy any loan facilities other than educational loan, hair Purchase loan, housing loan and loan for purchasing household materials.
- 5.3 Multiple instances of violation of provision of LTV, DTI and Debt to equity ratio as prescribed by the Unified Directives and other policies. There is no proper justification for exceeding the regulatory limit has not been mentioned in board minute as well as any memo .
- 5.4 Some of the FIs provided additional benefits to their chief executive officers than specified by the contract agreement , through Board level decision against the provisions of Unified Directives that requires the FIs to provide only the salary, allowance and other fringe benefits specified on the contract agreement. Contract agreements contains vague and ambiguous provisions not clearly specifying the benefits and perks. Some of the observation found out that FIs were found being involved in granting substantial benefits for remaining tenure to CEOs upon their resignation.
- 5.5 Some board members of certain FIs were found engaged in inappropriate activities, such as accepting allowances for board meetings they did not attend, obtaining loans from their own banks under the names of family members or businesses they owned, and influencing decisions to grant waivers on interest or penalties for associates without valid justification.
- 5.6 The board minutes of some FIs lack sufficient details and justifications for the decisions made, leading to ambiguity. They do not include discussions on identifying, measuring, monitoring, and controlling inherent risks within the institution's business and processes. A review of the board minutes indicates that board activities are primarily focused on acknowledging and approving periodic departmental reports, new product proposals, credit files, and general administrative matters such as rental agreements, interior design costs, and the purchase of vehicles, laptops, or computers.
- 5.7 The internal control mechanisms in some FIs have weakened due to ineffective enforcement of internal audits observations and the poor performance of the compliance department. The role of the internal audit department is largely confined to identifying issues without actively following up on the enforcement of corrective actions.
- 5.8 There is instability in BOD members tenure as well as asymmetry in formation and composition. The conflict within the BOD sometime reported to the regulators by the BOD

members which is adversely affecting the performance of the institution. Some FIs have yet to comply with the provision of company Act regarding the composition of the BOD.

Risk Management Function

- 5.9 In some of the FIs, There is no clear demarcation between business functions and risk management function. Management are prescribing thresholds and limits as well as appetite and tolerance limits directly to the Board bypassing the Risk Management Department. Risk management standing committees are formed and chaired by executives from top management. For instance, RMD was found to be engaged in forwarding the credit files routed through it without making adequate analysis of risk.
- 5.10 The Risk Management Committee (RMC) of many FIs were found to be ineffective in performing the duties and responsibilities as outlined in Unified Directives. Specifically, lack of proper risk analysis including business viability, growth, cashflow, debt equity ratio and failure to periodically evaluate their businesses raises concerns about proper risk assessment.
- 5.11 Many FIs have formulated the risk management policies related to credit, operations and market and have created a separate risk management department. But these institutions have not tied up their activities with risks. This lacks the risk culture within the organization. Risk Management Department in some FIs is not independent and they aren't adequately resources in terms of Human Resource.
- 5.12 FIS are not properly internalizing business continuity plan and there is no definition of trigger points and critical activities to implement BCP as a part of risk management function.
- 5.13 Some FIs have not properly assessed the inherent risks before launching new products, formulating and implementing policies or operating new systems, nor have they discussed these risks in their risk management committees. Additionally, some FIs have not presented the annual reports of their risk management committees in board meetings.

Audit Function

- 5.14 Audit Committees of some of the FIs have not formulated the policies for the appointment and selection of external auditor that must be observed by the companies as required by Company Act 2063. Further, Audit committees and board of few FIs were found recommending just one name for the external auditor to be appointed by their AGM against the requirement of three names as per section 61 (e) of BAFIA, 2073.
- 5.15 Many FIs lack adequate staffs in their internal audit department according to their size of business, number of branches and departments. Due to this, these FIs could not undertake sufficient special inspections and enforcement follow-up. This has weakened the internal audit function.
- 5.16 Minute of Audit Committee of few FIs includes only the issues raised by internal audit department. However, discussion and analysis on overall financial condition and internal control, issues from external audit, directions from NRB have not been discussed by the committee as required by Unified Directives. Additionally, Some FIs were found having not provisioned the loans as directed by internal auditor.

- 5.17 In some of the FIs, repeated remarks were found during audit observation but the audit committee minutes doesn't have proper indication of discussions on corrective measures to address them. In some instances, internal audit lacks follow-up of the corrective actions on their observations and the same remarks are reported in the subsequent audit action, thereby, weakening the effectiveness of internal audit function
- 5.18 FIs were not implementing and enforcing their audit actions as per the approved audit plan . Discrepancies were found in inception and completion of auditing, report submission to audit committee and board and eventually delayed in enforcement functions have weakened the internal control system.
- 5.19 Some FIs have outsourced their internal audit function but not in timely manner. Scope of work of outsourced internal auditors is not discussed in the audit committee in few FIs.

Capital and Earnings

- 5.20 ICAAP hasn't been prepared in some of the FIs and among those who have prepared it, have not adhered to the NRB's guidelines on ICAAP to capture all material risks and stress scenarios. Further, ICAAP has been prepared adhering to NRB guidelines but failed to implement it and subsequently the capital adequacy ratio has fallen below the regulatory requirement.
- 5.21 Some of the FIs are not assigning Risk Weight as per the category of the Risk Assets. Risk weight assignment isn't linked with the purpose of the loan hence some of the real estate nature loans are being assigned weight as regulatory retail portfolio and is done manually which lacks reliability.
- 5.22 Non-performing loan of most of the FIs have increased significantly that have adversely impacted on profitability, capital adequacy and later on solvency but institutions have failed to implement the action plan extensively to recover that loans.
- 5.23 Some of the FIs have not disclosed the specified information through their websites within the stipulated time as mentioned in point 7.4 (c and d) of Capital Adequacy Framework, 2007 (updated 2008).
- 5.24 Interest income from loans and advances constitutes the largest portion of total income for most FIs. In some cases, accrued interest receivables on loans and advances accounted for more than one-third of interest income. FIs need to diversify their sources of earnings.

Credit Risk

- 5.25 Most of the FIs were found maintaining and reporting loan loss provision based on aging but have not considered other factors and conditions as mandated by Unified Directives such as non-compliance of DE ratio and Debt Service to gross income ratio, ignorance of third party collateral for provision, non-compliance of restructuring or rescheduling. Few FIs were found involved in masking the age wise provision while reporting to NRB.
- 5.26 It is found to have waived the interest or penal interest for large corporate customers as well as individual customer without considering the risk factors and this was not clearly mentioned in the board minutes with detailed analysis and proper justification.

- 5.27 Issues such as improper utilization of loans as well as disbursement of new loans to settle existing loans have been observed in few FIs.
- 5.28 Few FIs have practice of disbursing short term or demand loan to firm or companies mentioning business requirement however, proper assessment of business need has not been done and institutions have not collected justifying documents during loan approval.
- 5.29 As specified in section 55 subsection 1(a) of BAFIA, 2073, BFIs should disclose the purpose of loan before disbursement and carry out regular monitoring by preparing a monitoring schedule to ensure loan utilization in intended purpose which has not been complied in some instances.
- 5.30 Large number of personal overdraft and business overdraft loan accounts were found to have expired or temporarily extended without obtaining financial statements, tax clearance certificates, income verification document, etc. Some FIs have not reclassified such loans under watch-list category as required by the current directive.
- 5.31 Most of the FIs were appraising the loans with the salary or income certificates that was not supported by the annual tax certificate or bank statement, and mostly they received monthly tax paid slip instead of annual tax clearance certificates against the provision of Unified Directives.
- 5.32 In some instances FIs were found having increased the premium rates on loan than the premium rate mentioned in approved offer letter against the provision specified in Unified Directives.
- 5.33 Where, facilities have been provided based on the projected financials, some FIs have failed to obtain the audited financials later and compare the actuals with the earlier projections and to mitigate the risk of overfinancing.
- 5.34 Few FIs concentrated their credit exposure in particular sector such as hotels and hospitality, agriculture, hydropower and energy without possessing specialized corporate setup and adequate human resources to manage the risk associated within these sectors.

Liquidity Risk

- 5.35 Few FIs were failed to meet the required regulatory ratio indicating poor liquidity risk management functions. Further, these institutions were found not preparing gap analysis and those who have prepared it, were failed to analyze and interpret the gap even in worst case scenario.
- 5.36 Few FIs neither have prepared the contingency funding plan as required by Unified Directives nor they have developed flash reports and MIS to communicate about management of institutional liquidity positions.
- 5.37 The ALCO of many FIs has been found setting deposit and loan interest rates without analyzing the potential impact of interest rate changes on their liquidity and earnings. Instead, these institutions were found to be following market trends.

Market Risk

- 5.38 There is no dedicated Mid Office to oversight and manage market risk. The market risk oversight unit are in most instances devoid of physical and human resources.
- 5.39 Risk-based pricing mechanism for interest rate determination is not effective. Premium rates have been determined based on prevailing market interest rates rather than inherent risk of the customers. There is no valid risk based indicators to screen the customer and to effectively implement risk based pricing mechanism .Some FIs have been found charging higher interest rates on loan initially and granting interest discount later to reduce interest spread within the regulatory limit.
- 5.40 Many FIs were found having invested major portion of their investable fund in equity. However, the details regarding the capital gain or current yield from that investment along with strategic move to get the benefits from the position was seemed to be missing in ALCO and Risk Committee minute.
- 5.41 Most ALCO meetings primarily focused on revising interest rates on deposits and loans, publishing interest rates, analyzing market interest rate trends, and approving deviations in commission and fees for individual clients. However, they lacked attention to strategic aspects such as investment portfolio reviews and divestment strategies.
- 5.42 In some FIs, the duties and functions within treasury management are not properly defined or segregated.
- 5.43 The internal audit function of most FIs does not include periodic appraisal of the adequacy, accuracy, completeness and appropriateness of the interest rate risk management process.

Operational and IT Risk

- 5.44 Few FIs have not made a provision of maker and checker in their CBS for controlling and corrective purpose while running and operating different mode and activities through it such as interest rate and base rate amendment etc.
- 5.45 In a few FIs, internal control issues were observed, such as multiple savings accounts operating for individual clients, multiple current accounts for loan clients in different branches, incomplete KYC forms, savings accounts with negative balances, and the use of the same current account for deposit collections and loan disbursements, etc.
- 5.46 Most of the FIs are not properly recording and verifying cash in transit entries and lacking verification of cash after receiving cash through transit process. In some of the instances cash in transit are not insured.
- 5.47 Few FIs were found not maintaining preliminary risk assessment document and further they have not prepared proper risk register with classification and severity score of risk.
- 5.48 Few FIs have not maintained IT risk register and incident response document and were unable to formulate change management policy, backup and recovery and hardware disposal policy. Disaster recovery & business continuity plan of many FIs are thus ineffective. Some FIs have not performed IT audit from the independent party in periodic interval.

- 5.49 Some FIs does not have the sufficient back up and ample space of CCTV coverage as required by CCTV installation and operational procedures set by Ministry of home affairs. Additionally, many FIs have deployed a single security guard in their branches for 12 hours a day only, relying on CCTV monitoring from central office for rest 12 hours of the day.
- 5.50 Few branches of many FIs were found having operated the safe deposit vaults and locker without connecting to security system and alarm system as required by Unified Directives. Further, these vaults and locker were found kept in breakable steel partition.
- 5.51 Few FIs have maintained their own data center but they have not maintained infrastructures and peripherals in adherence to IT guidelines. FIs have single connectivity to their data center. In case of connectivity disruption, the branches are using personal mobile data to synchronize the transactions. Accessing through personal cell phones will connect with the data center exposes institution's system to cyber risk.
- 5.52 In many FIs, operational risk has escalated due to lack of skilled manpower, inadequate capacity building programs and over reliance on contract staffs. The IT based employee have not been trained adequately and they have not been provided adequate opportunities to train themselves with emerging new risks in banking IT Sectors.
- 5.53 Microsoft officially ended support for Windows 7, which means security patches are no longer provided. Nevertheless, many FIs still run their core banking systems on Windows 7 computers, exposing them to potential malware attacks. In a similar vein, most FIs' ATMs lack antivirus software.
- 5.54 ATM card and cheque book of customer were found not destroyed as mandated by operational manual. Additionally, both the ATM card and PIN were found to be stored in the same vault under the custody of a single person and the delivery of the ATM card and PIN was made through a single courier.

Human Resources Function

- 5.55 Organization structure and Human resource designation as well as the functional title often contradicts in case of most of the FIs. Some FIs makes amendment to the important provisions of employee service byelaws through amendment in annex only to avoid the process of taking approval of NRB.
- 5.56 In most FIs, HR practices were found to be conventional, primarily focusing on personnel administration. However, progressive and optimal practices such as creating career paths, managing and mapping talent, conducting competency assessments, preparing succession planning and performing periodic job satisfaction surveys have not been adopted in this dynamic business environment.
- 5.57 The Employee Service by Law of few FIs still have to in tangent with the country Labor laws .In some instances the provision of byelaw contradicts with the labor law specially in the context of maternity leave, sick leave and other leave, unnecessary terms and conditions against the prevailing laws and uniform practices of banking industry. Some FIs have not updated their employee bylaw since long time tuning it with the new labor act of Nepal promulgated six years earlier.

- 5.58 The employee turnover ratio in many FIs reasonably elevated creating risk to business continuity as well as succession planning. FIs have not identified the cause of such high turnover to find an appropriate solution to the problem.
- 5.59 There are not any formalized procedures for grievance handling that might be crucial for addressing the HR concerns promptly and resulting in low employee turnover rate.
- 5.60 As per regulatory provision, employee information has to be updated regularly but many FIs have no practice of maintaining KYE of their outsourced staffs. In many FIs the HR committee does not review the job performance appraisal system of their employees developing the indicators related to the job descriptions, target, and their achievement as required by the regulatory provision.
- 5.61 Although FIs have developed employee transfer policy for the smooth internal control mechanism, institutional memory, develop experience, succession planning implementation and possible risk minimization effective practical implementation of such policies causing increase in employee grievances and internal control lapses.

Challenges

Coping with the spill over effect of Cooperative

- 5.62 Growing number of problematic cooperatives despite the concerted effort by Government ,NRB and other concerned regulators poses threat to maintain the assets quality and sometime liquidity . The adverse impact of Cooperative failure also tarnishes the creditability of the FIs as some segments of society still can't distinguish between the finance companies and cooperatives due to low level of financial awareness and education.
- 5.63 This phenomenon has negatively impacted FIs by hindering maintaining assets quality Additionally, the trust of public and their confidence on banking system were found to be degrading and it has been a major challenges for NRB to restore it.

To Prevent misconception and misinformation

- 5.64 Recent pervasiveness of use of social media as a means to spread rumors and grapevines regarding false and fraudulent information regarding the solvency, liquidity, and financial position of certain institutions, thereby posing threats to overall financial stability. Such falsified information was found to be deliberately spread, and groups or individuals aligned with propagandists were seen encouraging borrowers not to pay their interest and installments, falsely claiming that they would be rebated.
- 5.65 This circulated campaign has negatively impacted FIs by hindering loan recovery, collateral auctions, and the settlement of NPAs. The NRB has been conducting various financial literacy and financial inclusion programs to eliminate misconceptions regarding debt concession or non-repayment. However, many FIs are informing their difficulties to NRB and they continue to face threats from these fraudsters while recovering loans. Additionally, the trust of public and their confidence on banking system were found to be degrading and it has been a major challenges for NRB to restore it.

Business growth amid subdued credit demand and excess liquidity

- 5.70 The primary struggle for FIs today is the mismatch between a robust external sector and a stagnant domestic economy. While foreign exchange reserves are soaring due to high remittance, this "amassed liquidity" is becoming a liability rather than an asset. Without viable investment avenues, the cost of funds remains high while profitability erodes. The real sector particularly construction and real estate—is experiencing a "lukewarm" demand for credit. FIs are theoretically caught in a trap where they have the means to lend but lack credible, productive sectors to absorb that capital.
- 5.71 Furthermore, stringent international practice for environment friendly financing and other cross cutting issues creating hurdles for business expansion of FI. Sluggish real sector and real estate sector performance is the main reason for the lukewarm demand for credit hence to overcome this challenge FIs need to be open up for the new and innovative product for credit flow.

Loan Recovery and Management of NBA

- 5.66 Loan recovery and the management of Non-Banking Assets (NBA) are critical challenges for Nepalese financial institutions, especially as the sector deals with the aftermath of a "collateral-obsessed" lending model. The primary hurdle is the liquidity of distressed assets; in a market that has seen a significant real estate slowdown, banks often find themselves unable to auction off foreclosed properties. When a public auction fails, these properties are transferred to the bank's books as NBAs. These non-earning assets not only block capital but also attract high provisioning requirements, directly hitting the bank's bottom line. The challenge is compounded by the "Pawn Shop Syndrome," where a lack of focus on borrower cash flow analysis leads to an accumulation of land that generates no income during economic slumps.
- 5.67 Managing a growing portfolio of NBAs involves significant administrative and legal costs, including property maintenance, security, and tax obligations. Nepalese FIs face a "valuation trap" where the recorded book value of the NBA is often higher than the actual market price in a depressed economy, making liquidation even harder without booking a loss. Furthermore, the recovery process is frequently stalled by legal stays from the Debt Recovery Tribunal (DRT) and social resistance to collateral auctions. For banks, the strategic shift required is to move away from being "accidental realtors" and instead strengthen their internal Asset Management Cells and early warning systems to resolve bad loans before they ever reach the NBA stage.

To Minimize Deterioration of Asset quality

- 5.68 Increasing NPL indicated the deteriorating asset quality which has emerged as a formidable challenge for Nepalese financial institutions, primarily driven by a sluggish post-recession recovery and high interest rate volatility. As borrowers struggle with reduced cash flows in key sectors like real estate, hospitality, and manufacturing, FIs are witnessing a steady rise in Non-Performing Loans (NPLs). This trend is further exacerbated by the "evergreening" of loans—a practice where new credit is issued to cover old debts—which masks the true extent of credit risk. When these underlying vulnerabilities eventually surface, they necessitate

higher provisioning, directly eroding the capital adequacy and profitability of commercial and development banks alike.

- 5.69 To mitigate these risks, Nepalese institutions must navigate a tightening regulatory landscape enforced by NRB, which demands more stringent loan classification and risk-weighted monitoring. The challenge lies in balancing aggressive credit expansion with robust due diligence in a market characterized by limited credit information sharing and informal economic activities. Furthermore, the lack of a secondary market for distressed assets means that banks often get stuck with non-banking assets (collateral) that are difficult to liquidate in a depressed market. Strengthening internal credit risk management frameworks and adopting proactive recovery strategies are now critical to ensuring the long-term stability of the Himalayan nation's financial sector.

Promoting productive sector Lending

- 5.70 Promoting productive sector lending—targeting agriculture, energy, and small businesses—remains a structural challenge for Nepalese financial institutions due to the inherent mismatch between traditional banking models and the unique needs of these sectors. Most Nepalese banks are historically tuned toward trade and collateral-based lending, where land and buildings serve as the primary security. However, productive enterprises often require "project-based" financing where the primary asset is the future cash flow rather than tangible real estate. This transition is hindered by a lack of specialized technical expertise within banks to evaluate agricultural cycles or hydropower risks, leading to high operational costs and a cautious approach that often fails to meet the mandatory sectoral lending targets set by Nepal Rastra Bank (NRB). In many developing countries, directed lending has been a key policy tool used by regulators to channel funds into essential sectors. NRB has also mandated that banks and financial institutions allocate a portion of their lending to specific sectors such as agriculture, energy etc. However, the prime challenge for NRB is striking the right balance between Directed lending where funds are allocated by regulation, and Discretionary lending, which allows financial institutions greater flexibility in their investments.
- 5.71 Furthermore, the high-interest rate environment and the lack of reliable data on small and medium enterprises (SMEs) create a significant credit gap. Borrowers in the productive sector are particularly sensitive to interest rate volatility, as their margins are often thinner and gestation periods longer than in the import-trading business. For financial institutions, the "risk-return" profile of rural and agricultural loans is often deemed unfavorable due to the lack of crop insurance, fragmented landholdings, and high administrative costs of reaching remote areas. Consequently, even with regulatory pressure and increased risk-weightage on non-productive sectors, banks struggle to find "bankable" projects, resulting in a persistent trend where credit is concentrated in urban trade while the real economy remains starved of capital.

Maintaining Corporate Governance and Ethical Management

- 5.72 Maintaining corporate governance and ethical management in Nepalese Financial Institutions (FIs) is a complex challenge, primarily due to the concentration of ownership and the resulting conflict of interest. While Nepal Rastra Bank (NRB) has introduced strict "fit and proper" criteria and mandatory independent directors, the challenge remains in ensuring these roles

are not just "rubber stamps" but provide genuine oversight to prevent the "evergreening" of loans and creative accounting practices that mask true financial positions.

- 5.73 Beyond structural governance, ethical management faces headwinds from a high-pressure environment focused on aggressive targets and short-term profitability. This "sales-first" culture often leads to unethical practices such as mis-selling financial products or compromising on Anti-Money Laundering (AML) and Know Your Customer (KYC) protocols to onboard high-value clients. As the digital economy expands, FIs also face new ethical dilemmas regarding data privacy and the responsible use of Artificial Intelligence in credit scoring. Maintaining a culture of integrity requires shifting from mere regulatory compliance to a values-based leadership model that prioritizes the long-term trust of depositors over immediate stakeholder gains.

Human Resources

- 5.74 Youth migration in the pretext of education and employment abroad from Nepalese labor market contagiously affected banking and financial sector to a larger extent. Retaining skill dividend in financial sector is a major challenge being faced by FIs. In addition to this, employee was found leaving their job due to other several factors such as fierce competition among BFIs for business expansion led to increase job stress, challenging targets and non-alignment of remuneration with the job pressure that seems to have made banking job less fascinating in long run. The trend of human capital flight may ultimately threats to the overall stability and growth to financial sector.

To harness Artificial Intelligence(AI) and to minimise Cyber Threat

- 5.75 The rapid progress in the field of AI is causing paradigm shift in the field of financial ecosystem as it can be used for quality service delivery, KYC, MIS, grievance handling as well as loan client screening. The big data, quantum computing, algorithms are the new buzzwords in the sector which are driving financial sector toward the complexity to manage the FIs. The issues pose challenges to the regulators as well.
- 5.76 Cyber threats along with the advent of the AI in the IT sector is inviting serious repercussions to the FIs and the financial system as a whole. The threat may lead to systemic risk. To minimize the threat and being proactive and ensure business continuity after the threat scenarios need additional investment to maintain the stability caused by the threat. In spite of drastic change and significant benefits brought by information technology, it has also exposed the banking sector to IT-related risks. Cybercrimes such as ATM tampering, SWIFT system hacking, and credit card fraud have been reported. The potential financial losses from cyber threats could pose significant risks to the overall stability of the banking system. To mitigate these risks, FIs must ensure their IT systems are secure and resilient.

Market Conduct to ensure Grievance Handling and Consumer Protection

- 5.77 In the context of number of grievances is on the rise against FIs primarily due to aggressive loan recovery practices, a lack of financial literacy, and various external factors. As Nepal's financial sector matures, maintaining robust market conduct while ensuring effective grievance handling and consumer protection has emerged as a significant operational challenge. Many Nepalese (FIs) lack the sophisticated, real-time grievance redressal systems needed to address the surge in disputed digital transactions, often leading to a "trust deficit."

When consumers face hidden charges or fluctuating interest rate premiums that aren't clearly communicated, the lack of transparent market conduct becomes a systemic risk that invites heavy-handed regulatory penalties from Nepal Rastra Bank.

- 5.78 The challenge is deeply rooted in institutional culture, where the drive for high-volume credit growth often sidelines consumer-centricity. While FIs may establish "Grievance Desks" to meet minimum regulatory requirements, these offices frequently function as passive entry points rather than proactive resolution centers. In the absence of a comprehensive "Financial Ombudsman" and a market characterized by high switching costs, consumers often feel unheard, especially in cases of "collateral bullying" or unfair recovery practices. For Nepalese FIs, the real test is transitioning from a compliance-heavy mindset to an ethical one, where consumer protection is integrated into the product design and service delivery life cycle rather than being treated as a post-transaction formality.

ANNEXURES

Annex 1 : Onsite Inspection in FY 2024/25

Onsite Inspection				
Quarter	DBs		FCs	
Quarter I	1	Saptakoshi Development Bank	1	Manjushree Finance
	2	Mahalaxmi Bikash Bank	2	Best Finance
	3	Narayani Development Bank	3	Guheshwori Finance
	4	Karnali Development Bank	4	Samriddhi Finance
Quarter II	5	Sindu Bikash Bank	5	Nepal Finance
	6	Jyoti Bikash Bank	6	Progressive Finance
	7	Green Development Bank		
	8	Corporate Development Bank		
Quarter III	9	Shangrilla Development Bank	7	Janaki Finance
	10	Miteri Development Bank	8	Shree Investment and Finance Company
	11	Salpa Bikash Bank	9	Central Finance
	12	Lumbini Bikash Bank	10	Reliance Finance
	13	Garima Bikash Bank	11	Gurkhas Finance
			12	ICFC Finance
Quarter IV	14	Excel Development Bank	13	Nepal Share Markets and Finance
	15	Muktinath Bikash Bank	14	Goodwill Finance
	16	Shine Resunga Development Bank	15	Capital Merchant
	17	Kamana Sewa Bikash Bank	16	Pokhara Finance
			17	Multi-Purpose Finance Company

3.2 Special (Case Basis) Onsite Inspection

Quarter	Development Bank		Finance Company	
Quarter I		NA	1	Janaki Finance
			2	Progressive Finance
Quarter II		NA		NA
Quarter III		NA	1	Gurkhas Finance Ltd.
			2	Manjushree Finance
Quarter IV		NA		NA

Annex 2 : Number of Banks and Financial Institutions

Types of Financial Institutions	Mid-July															
	1995	2000	2005	2010	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Commercial Banks	10	13	17	27	30	30	28	28	28	28	27	27	26	20	20	20
DBs	3	7	26	79	84	76	67	40	33	29	20	18	17	17	17	17
Finance Companies	30	47	60	79	53	48	42	28	25	23	22	17	17	17	17	17
Microfinance Financial Institutions	4	7	11	18	37	38	42	53	65	90	85	70	65	57	52	52
Infrastructure Development	-	-	-	-	-	-	-	-	1	1	1	1	1	1	1	1
Total	47	74	114	203	204	192	179	149	152	171	155	133	126	112	107	107

Sources : Economic Research Department, Quarterly Economic Bulletin

Annex 3 : Industry Statistics of DBs

Note: This financial indicator is based on regulatory requirement format, and so, may differ from the figures based on NFRS based balance sheet.

Annex 3.1 : List of DBs

Mid-July, 2025

S. N.	Name	Operation Date (A.D.)	No. of Branches	Scope
1	Corporate Development Bank Ltd.	2007-11-07	6	1-3 District
2	Excel Development Bank Ltd.	2005-07-21	47	1-5 District
3	Garima Bikas Bank Ltd.	2021-11-14*	126	National
4	Green Development Bank Ltd.	2013-08-25	15	1-5 District
5	Jyoti Bikas Bank Ltd.	2016-08-12*	121	National
6	Kamana Sewa Bikas Bank Ltd.	2017-08-04*	130	National
7	Karnali Development Bank Ltd.	2004-02-18	19	1-5 District
8	Lumbini Bikas Bank Ltd.	2017-07-09*	89	National
9	Mahalaxmi Bikas Bank Ltd.	2017-07-02*	103	National
10	Miteri Development Bank Ltd.	2006-10-13	18	1-5 District
11	Muktinath Bikas Bank Ltd.	2007-01-03	179	National
12	Narayani Development Bank Ltd.	2001-10-17	5	1-3 District
13	Salapa Bikash Bank Ltd.	2012-07-16	6	1 District
14	Saptakoshi Development Bank Ltd.	2019-07-07*	36	1-7 District
15	Shangrila Development Bank Ltd.	2014-07-13*	109	National
16	Shine Resunga Development Bank Ltd.	2013-03-17*	88	National
17	Sindhu Bikas Bank Ltd.	2010-09-09	25	1-5 District
	Total		1122	

* Joint Operation date after merger

Annex 3.2 : Capital Adequacy Ratios of DBs

SN	FI's Name	Mid-July 2024		Mid-July 2025	
		Core Capital	Total Capital Fund	Core Capital	Total Capital Fund
1.	Corporate Development Bank	36.49%	38.81%	32.61%	34.31%
2.	Excel Development Bank	11.14%	12.73%	12.58%	14.09%
3.	Garima Bikash Bank	11.16%	13.29%	11.22%	13.20%
4.	Green Development Bank	14.44%	15.95%	13.58%	15.09%
5.	Jyoti Bikash Bank Ltd	8.51%	12.39%	8.54%	13.84%
6.	Kamana Sewa Bikash Bank	9.61%	12.50%	9.91%	12.58%
7.	Karnali Development Bank	5.26%	7.40%	-47.81%	-47.81%
8.	Lumbini Bikas Bank Ltd.	10.13%	13.40%	10.02%	13.56%
9.	Mahalaxmi Bikash Bank	11.80%	14.93%	13.53%	17.06%
10.	Miteri Development Bank	36.66%	37.83%	30.33%	31.59%
11.	Muktinath Bikash Bank Ltd.	9.46%	11.69%	10.84%	12.88%
12.	Narayani Development Bank	1.84%	2.60%	-11.33%	-10.80%
13.	Salapa Bikash Bank	18.96%	19.60%	25.22%	26.15%
14.	Saptakoshi Development Bank	8.43%	10.32%	5.53%	9.06%
15.	Shangrila Development Bank	10.14%	12.99%	11.01%	14.39%
16.	Shine Resunga Development Bank	11.38%	12.64%	11.31%	12.55%
17.	Sindhu Bikas Bank	5.22%	6.73%	11.71%	13.07%

sources : Financial Institution Supervision Department

Annex 3.3 : Consolidated Statement of Financial Position of DBs
(Mid July 2025)

Assets	Corporate	Excel	Garima	Green	Jyoti	Kamana
Cash and cash equivalent	1,222,741	1,487,408	3,165,470	601,545	3,045,906	1,786,655
Due from Nepal Rastra Bank	103,784	611,096	3,778,538	272,347	2,561,867	2,724,031
Placement with Bank and Financial Institutions	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Other trading assets	-	-	-	-	-	-
Loan and advances to B/FIs	-	190,333	4,574,216	118,269	3,199,319	2,537,879
Loans and advances to customers	1,205,560	12,103,837	69,130,695	4,697,463	45,235,051	50,077,497
Investment securities	-	4,003,561	20,195,713	1,335,565	12,833,789	12,290,943
Current tax assets	15,422	48,588	83,859	5,322	-	-
Investment in subsidiaries	-	-	123,900	-	153,000	-
Investment in associates	-	-	-	-	-	-
Investment property	110,990	414,764	675,496	5,135	1,032,463	354,180
Property and equipment	143,435	183,156	1,908,698	63,475	1,648,546	932,123
Goodwill and Intangible assets	668	1,361	103,541	98	14,428	13,305
Deferred tax assets	27,237	-	38,835	-	337,300	32,456
Other assets	11,911	126,009	685,097	101,683	824,997	705,505
TOTAL ASSETS	2,841,749	19,170,113	104,464,059	7,200,902	70,886,665	71,454,574
EQUITY AND LIABILITIES	Corporate	Excel	Garima	Green	Jyoti	Kamana
Liabilities						
Due to Bank and Financial Institutions	-	253,177	2,565,988	27,317	1,355,832	667,439
Due to Nepal Rastra Bank	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Deposits from customers	2,133,768	16,498,527	90,115,630	6,376,451	60,482,530	62,834,301

Borrowing	-	-	-	17,083	-	-
Current Tax Liabilities	-	-	-	-	18,175	11,699
Provisions	-	14,296	-	967	-	26,950
Deferred tax liabilities	-	128,955	-	3,893	-	-
Other liabilities	23,273	183,831	1,522,125	89,122	910,291	979,615
Debt securities issued	-	-	997,063	-	1,493,243	997,109
Subordinated Liabilities	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Share capital	525,000	1,249,694	5,680,517	569,699	4,395,786	3,510,846
Share premium	23,921	9,075	-	2	-	-
Retained earnings	(48,814)	26,068	599,214	54,362	(999,495)	587,576
Reserves	184,601	806,489	2,983,523	62,006	3,230,303	1,839,039
TOTAL EQUITY AND LIABILITIES	2,841,749	19,170,113	104,464,059	7,200,902	70,886,665	71,454,574

Assets	Karnali	Lumbini	Mahalaxmi	Miteri	Muktinath	Narayani
Cash and cash equivalent	25,977	3,382,803	2,952,866	230,388	6,583,140	94,265
Due from Nepal Rastra Bank	8,056	2,745,538	2,215,803	2,007,398	12,874,425	58,147
Placement with Bank and Financial Institutions	20,483	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Other trading assets	-	-	-	-	-	-
Loan and advances to B/FIs	-	435,727	3,830,833	652,989	1,621,934	-
Loans and advances to customers	2,519,534	47,067,103	42,018,174	5,178,122	97,223,243	186,397
Investment securities	-	12,348,523	12,461,104	147,124	14,566,722	39,153
Current tax assets	-	74,422	103,368	14,976	17,184	2,241
Investment in subsidiaries	-	-	-	-	244,046	-
Investment in associates	-	669,000	4,734	-	155,550	-
Investment property	-	221,885	569,778	8,350	428,785	36,132
Property and equipment	147,448	620,262	537,693	49,403	2,101,433	40,763

Goodwill and Intangible assets	-	10,594	5,367	84	10,618	4,738
Deferred tax assets	-	-	35,614	11,450	124,762	42,268
Other assets	3,497,177	288,664	425,584	17,646	568,362	15,929
TOTAL ASSETS	6,218,676	67,864,520	65,160,918	8,317,931	136,520,203	520,033
EQUITY AND LIABILITIES	Karnali	Lumbini	Mahalaxmi	Miteri	Muktinath	Narayani
Liabilities						
Due to Bank and Financial Institutions	-	424,499	1,101,615	29,952	3,718,026	-
Due to Nepal Rastra Bank	-	789,900	-	-	415,630	-
Derivative financial instruments	-	-	-	-	-	-
Deposits from customers	4,334,613	57,594,112	55,115,471	6,506,780	117,430,719	449,675
Borrowing	-	-	-	-	2,083	-
Current Tax Liabilities	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
Deferred tax liabilities	-	252,309	-	-	-	-
Other liabilities	3,092,341	859,353	814,746	60,504	1,895,658	51,040
Debt securities issued	-	1,052,268	995,444	-	1,248,017	-
Subordinated Liabilities	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Share capital	502,830	3,623,678	4,296,458	1,217,100	7,046,938	262,468
Share premium	-	-	-	-	-	10,101
Retained earnings	(1,761,950)	184,366	494,600	163,048	1,354,102	(472,860)
Reserves	50,842	3,084,035	2,342,585	340,548	3,409,030	219,609
TOTAL EQUITY AND LIABILITIES	6,218,676	67,864,520	65,160,918	8,317,931	136,520,203	520,033

Assets	Salapa	Sapta	Shangrila	Shine	Sindhu	Total
Cash and cash equivalent	331,241	1,398,063	2,454,643	2,117,894	779,538	31,660,541
Due from Nepal Rastra Bank	-	351,737	2,497,928	3,273,571	240,358	36,324,626
Placement with Bank and Financial Institutions	-	-	-	-	-	20,483
Derivative financial instruments	-	-	-	-	-	-
Other trading assets	-	-	-	-	-	-
Loan and advances to B/FIs	-	441,723	2,868,267	1,314,092	169,999	21,955,580
Loans and advances to customers	1,077,404	5,038,326	42,823,896	56,907,122	3,208,773	485,698,197
Investment securities	309,320	631,410	10,979,490	15,293,576	1,527,598	118,963,591
Current tax assets	-	24,787	-	114,086	39,936	544,191
Investment in subsidiaries	-	-	-	-	-	520,946
Investment in associates	-	-	-	-	-	829,284
Investment property	4,594	179,631	528,100	151,995	53,034	4,775,312
Property and equipment	26,564	122,944	733,378	715,114	264,780	10,239,216
Goodwill and Intangible assets	2,348	1,713	16,461	136,857	617	322,797
Deferred tax assets	4,314	126,716	53,981	-	44,639	879,572
Other assets	24,271	184,296	575,269	328,899	84,051	8,465,350
TOTAL ASSETS	1,780,056	8,501,346	63,531,414	80,353,207	6,413,322	721,199,688
EQUITY AND LIABILITIES	Salapa	Sapta	Shangrila	Shine	Sindhu	Total
Liabilities						
Due to Bank and Financial Institutions	45,209	2,251,767	1,530,882	725,980	-	14,697,684
Due to Nepal Rastra Bank	-	-	-	-	-	1,205,530
Derivative financial instruments	-	-	-	-	-	-
Deposits from customers	1,336,464	5,337,050	54,668,494	71,767,128	5,680,896	618,662,610
Borrowing	-	-	-	366	1,671	21,203
Current Tax Liabilities	-	-	56,216	-	0	86,090
Provisions	-	-	-	-	-	42,213

Deferred tax liabilities	302	-	-	26,957	-	412,415
Other liabilities	31,255	357,060	901,007	449,067	188,712	12,409,001
Debt securities issued	-	-	747,212	-	-	7,530,356
Subordinated Liabilities	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Share capital	350,000	834,338	3,556,256	4,875,702	557,456	43,054,766
Share premium	-	-	-	-	-	43,100
Retained earnings	(10,439)	(625,724)	368,366	668,505	(203,694)	377,230
Reserves	27,265	346,854	1,702,979	1,839,501	188,280	22,657,489
TOTAL EQUITY AND LIABILITIES	1,780,056	8,501,346	63,531,414	80,353,207	6,413,322	721,199,688

Annex 3.4 : Consolidated Statement of Profit & Loss A/C of DBs
(Mid July 2025)

Rs. in thousands

Development Banks	Corporate	Excel	Garima	Green	Jyoti	Kamana	Karnali	Lumbini
Interest Income	166,907	1,214,839	8,391,250	534,605	5,734,798	5,948,665	187,048	5,622,468
Interest Expenses	136,071	663,458	4,779,183	338,466	3,639,485	3,630,170	247,895	3,765,167
Net Interest Income	30,836	551,380	3,612,067	196,139	2,095,313	2,318,494	(60,847)	1,857,301
Fee and commission income	5,363	97,688	516,374	21,917	200,683	335,726	10,607	216,550
Fee and commission expense	-	14,949	5,480	547	37,745	25,496	-	10,522
Net Fee and commission income	5,363	82,739	510,894	21,370	162,938	310,230	10,607	206,028
Net Interest, Fee and commission income	36,198	634,120	4,122,961	217,509	2,258,251	2,628,724	(50,241)	2,063,329
Net trading income	-	-	16,409	-	66,373	755	-	86
Other operating income	866	1,874	118,696	8,585	146,020	71,825	-	87,007
Total operating income	37,065	635,994	4,258,066	217,509	2,470,645	2,701,305	(50,241)	2,150,423
Impairment charge/(reversal) for loans and other losses	51,576	172,935	647,056	12,217	878,526	418,132	-	778,752
Net operating income	(14,511)	463,059	3,611,010	205,292	1,592,119	2,283,173	(50,241)	1,371,671
Personnel expenses	19,866	223,970	1,110,598	81,186	693,615	797,362	64,567	459,193

Development Banks	Corporate	Excel	Garima	Green	Jyoti	Kamana	Karnali	Lumbini
Other operating expenses	14,030	95,655	463,842	39,168	344,354	287,061	65,857	208,230
Depreciation & Amortization	3,155	42,329	227,881	12,833	164,329	158,263	16,019	120,170
Operating Profit	(51,562)	101,105	1,808,690	80,689	389,821	1,040,488	(196,684)	584,077
Non-operating income	-	-	540	235	56	3,795	-	2,097
Non-operating expense	-	42,674	2,765	330	241,976	51,354	10,220	110,123
Profit before income tax	(51,562)	58,431	1,806,465	80,594	147,901	992,929	(10,220)	476,051
Income Tax Expense	(14,168)	17,529	558,773	26,260	47,881	323,178	-	234,945
Current Tax	-	17,529	589,742	26,582	432,576	323,962	-	239,696
Deferred Tax	(14,168)	-	(30,970)	(321)	(384,695)	(784)	-	(4,751)
Profit/Loss for the period	(37,395)	40,901	1,247,692	54,334	100,020	669,751	(206,904)	241,106

Development Banks	Mahalaxmi	Miteri	Muktinath	Narayani	Salapa	Sapta	Shangrila	Shine	Sindhu
Interest Income	4,955,666	571,437	11,048,871	34,767	147,963	595,571	5,386,044	6,385,230	453,558
Interest Expenses	2,935,888	366,843	6,471,381	36,018	71,405	361,036	3,314,574	3,740,871	315,168
Net Interest Income	2,019,778	204,595	4,577,490	(1,251)	76,557	234,534	2,071,470	2,644,359	138,390
Fee and commission income	234,578	34,160	648,292	566	7,942	42,426	235,212	337,334	14,701
Fee and commission expense	28,283	949	90,120	18,635	-	-	20,557	35,438	1,520
Net Fee and commission income	206,295	33,211	558,172	(18,069)	7,942	42,426	214,655	301,896	13,181
Net Interest, Fee and commission income	2,226,074	237,806	5,135,662	(19,320)	84,499	276,960	2,286,125	2,946,255	151,571
Net trading income	231	-	9,159	-	-	-	-	-	-
Other operating income	164,749	72,363	51,045	2,563	4,844	9,048	175,031	31,500	2,579
Total operating income	2,391,054	310,169	5,195,865	(16,757)	89,343	286,008	2,461,156	2,946,255	154,150
Impairment charge/(reversal) for loans and other losses	454,142	(2,170)	793,567	411	(3,477)	(40,809)	345,481	950,401	(171,531)
Net operating income	1,936,912	312,339	4,402,299	(17,168)	92,820	326,817	2,115,675	1,995,854	325,680
Personnel expenses	744,196	85,451	1,646,265	19,755	(60,245)	136,631	745,183	714,314	107,367
Other operating expenses	381,619	31,642	445,922	36	(12,655)	58,263	313,285	278,968	48,629
Depreciation & Amortization	71,198	9,538	295,058	11,033	(9,173)	24,874	172,769	122,957	27,837

Development Banks	Mahalaxmi	Miteri	Muktinath	Narayani	Salapa	Sapta	Shangrila	Shine	Sindhu
Operating Profit	739,899	185,708	2,015,054	(47,992)	10,748	107,049	884,439	911,116	141,847
Non-operating income	745	-	1,467	-	-	-	1,792	1,100	77
Non-operating expense	16,836	-	65,541	4,919	(122)	5,846	21,994	15,735	-
Profit before income tax	723,808	185,708	1,950,980	(52,911)	10,626	101,203	864,237	896,481	141,924
Income Tax Expense	217,142	56,131	600,619	5,806	3,780	20,249	257,565	250,853	(35,103)
Current Tax	217,142	54,005	614,683	-	4,385	-	277,291	281,463	-
Deferred Tax	-	2,125	(14,063)	5,806	(605)	20,249	(19,726)	(30,610)	(36,220)
Profit/Loss for the period	506,665	129,578	1,350,360	(47,105)	6,846	80,954	606,672	645,628	177,027

Annex 3.5 : Year wise Consolidated Statement of Financial Position of DBs

Rs. in thousands

ASSETS	FY (Mid-July)
	2024/25
Cash and cash equivalent	31,660,541
Due from Nepal Rastra Bank	36,324,626
Placement with Bank and Financial Institutions	20,483
Derivative financial instruments	-
Other trading assets	-
Loan and advances to B/FIs	21,955,580
Loans and advances to customers	485,698,197
Investment securities	118,963,591
Current tax assets	544,191
Investment in subsidiaries	520,946
Investment in associates	829,284
Investment in property	4,775,312
Property and equipment	10,239,216
Goodwill and Intangible assets	322,797
Deferred tax assets	879,572
Other assets	8,465,350
TOTAL ASSETS	721,199,688
EQUITY AND LIABILITIES	-
Liabilities	
Due to Bank and Financial Institutions	14,697,684
Due to Nepal Rastra Bank	1,205,530
Derivative financial instruments	-
Deposits from customers	618,662,610
Borrowing	21,203
Current Tax Liabilities	86,090
Provisions	42,213
Deferred tax liabilities	412,415
Other liabilities	12,409,001
Debt securities issued	7,530,356
Subordinated Liabilities	-
Equity	-
Share Capital	43,054,766
Share premium	43,100
Retained earnings	377,230
Reserves	22,657,489
TOTAL EQUITY AND LIABILITIES	721,199,688

Annex 3.6 : Loan & Advances of DBs

(Mid-July 2025)

Rs. in thousands

DBs'	Pass	Watch List	Rescheduled / Restructured	Substandard	Doubtful	Bad	Total Loan	Total (NPL)
Corporate Development Bank Ltd	1,012,739	165,167	-	1,294	48,008	117,931	1,345,139	167,233
Excel Development Bank Ltd.	11,384,260	596,213	-	92,641	232,010	536,523	12,841,647	861,173
Garima Bikas Bank Ltd.	68,161,937	4,953,746		453,851	424,400	2,717,229	76,711,163	3,595,481
Green Development Bank Ltd.	4,225,081	491,655	15,540	79,542	22,307	51,288	4,885,412	168,676
Jyoti Bikas Bank Ltd.	40,617,385	6,554,339	-	396,417	627,940	2,936,734	51,132,815	3,961,091
Kamana Sewa Bikas Bank Ltd.	46,639,319	5,682,014	-	105,262	118,809	1,669,866	54,215,269	1,893,937
Karnali Development Bank Limited	509,906	55,723	-	75,966	214,871	1,663,068	2,519,534	1,953,905
Lumbini Bikas Bank Ltd.	42,517,915	4,788,565	4,225	264,082	341,562	1,730,130	49,646,479	2,339,999
Mahalaxmi Bikas Bank Ltd.	40,784,711	4,131,967		187,547	394,853	1,714,472	47,213,549	2,296,872
Miteri Development Bank Ltd.	5,576,478	265,921		12,241	913	3,269	5,858,822	16,422
Muktinath Bikas Bank Ltd.	90,485,733	6,863,680	-	460,177	825,095	1,694,265	100,328,951	2,979,538
Narayani Development Bank Ltd.	147,945	17,022	-	13,732	28,629	115,093	322,421	157,454
Salapa Bikash Bank Ltd.	827,546	91,466	-	9,205	12,069	5,174	945,459	26,448
Saptakoshi Development Bank Ltd.	4,711,356	645,798	-	56,010	167,956	414,620	5,995,741	638,587
Shangrila Development Bank Ltd.	39,719,615	4,386,268	-	490,807	804,813	1,280,541	46,682,045	2,576,161
Shine Resunga Development Bank Ltd.	50,049,989	7,271,238		560,965	890,964	1,107,452	59,880,608	2,559,381
Sindhu Bikas Bank Ltd.	2,877,233	477,128	-	37,934	10,257	168,867	3,571,419	217,058
Grand Total	450,249,149	47,437,909	19,765	3,297,673	5,165,455	17,926,523	524,096,474	26,409,416

Annex 3.7 : Sector-Wise Statement of Loan of DBs
(Mid-July 2025)

Sectors/Fis	Corporate	Excel	Garima	Green	Jyoti	Kamana	Karnali	Lumbini
Agricultural and Forest Related	68,822	969,600	3,677,598	353,314	3,644,763	5,385,480	505,957	6,488,224
Fishery Related	38,318	14,337	354,291	-	138,342	105,821	-	188,140
Mining Related	-	-	146,389	-	42,358	-	-	-
Agriculture, Forestry & Beverage Production Related	4,914	449,326	1,054,800	10,384	1,462,132	1,210,918	538,037	1,348,719
Non-food Production Related	145,077	371,868	2,418,588	57,407	3,377,892	1,105,100	-	1,611,402
Construction	169,616	36,225	6,952,492	956,184	2,176,972	658,504	38,355	1,193,438
Power, Gas and Water	-	1,499	499,339	-	1,876,551	1,316,604	-	2,207,472
Metal Products, Machinery & Electronic Equipment & Assemblage	16,811	1,477	327,848	18,785	404,812	178,742	-	166,528
Transport, Communication and Public Utilities	49,384	238,024	1,482,656	241,505	538,698	841,836	124,748	807,752
Wholesaler & Retailer	183,592	3,990,052	8,752,468	296,295	4,584,619	6,832,116	887,991	5,143,469
Finance, Insurance and Real Estate	57,581	684,719	12,459,857	453,063	4,521,968	4,803,089	160,000	5,777,705
Hotel or Restaurant	16,160	456,227	4,255,992	170,879	2,167,792	1,603,884	-	2,984,300
Other Services	-	697,599	2,605,147	106,645	1,214,390	2,118,683	246,843	2,583,804
Consumption Loans	218,241	4,929,522	23,964,342	1,934,323	12,975,886	18,823,552	17,603	19,120,256
Others	376,624	1,172	7,759,356	286,628	11,997,810	9,230,586	-	25,272
TOTAL	1345139	12841647	76711163	4885412	51132815	54215269	2519534	49646479

Sectors/Fis	Mahalaxmi	Miteri	Muktinath	Narayani	Salapa	Sapta	Shangrila	Shine	Sindhu	Grant Total
Agricultural and Forest Related	427,902	219,303	2,619,983	18,676	306,111	574,250	1,793,964	3,183,598	270,378	30,507,921
Fishery Related	31,299	26,135	45,341	-	2,487	5,453	25,762	344,847	-	1,320,574
Mining Related	2,288	-	4,737	-	-	-	-	110,423	-	306,195
Agriculture, Forestry & Beverage Production Related	97,332	140,558	1,111,513	-	5,745	81,169	718,760	3,270,973	105,094	11,610,374
Non-food Production Related	820,945	127,863	3,597,777	109,208	12,882	93,828	1,246,441	4,703,453	53,291	19,853,021
Manufacturing	7,643,965	-	-	-	-	-	39,099	-	-	7,683,063
Construction	1,429,700	301,017	574,182	-	45	238,888	955,689	2,033,289	89,102	17,803,697
Power, Gas and Water	304,572	214,007	2,995,434	-	-	1,478	2,365,254	-	58,000	11,840,210
Metal Products, Machinery & Electronic Equipment & Assemblage	489,548	11,617	235,112	-	4,120	-	179,044	201,612	-	2,236,056
Transport, Communication and Public Utilities	10,382,498	157,300	1,343,429	-	154	119,829	731,424	796,724	148,613	18,004,574
Wholesaler & Retailer	5,331,727	629,556	12,465,548	-	97,260	1,175,702	6,246,752	10,921,157	494,472	68,032,775
Finance, Insurance and Real Estate	852,796	710,735	12,337,173	-	7,741	737,966	6,156,238	5,164,271	221,470	55,106,372
Hotel or Restaurant	481,950	149,422	6,131,709	-	40,976	91,586	1,909,265	10,920,778	200,825	31,581,742
Other Services	18,859,171	69,577	1,930,156	9,759	2,100	404,020	1,763,464	4,068,210	76,674	36,756,244
Consumption Loans	57,856	1,598,917	21,505,533	160,455	359,352	2,440,252	17,957,334	12,498,472	862,043	139,423,939
Others	-	1,502,813	33,431,324	24,323	106,488	31,320	4,590,218	1,662,802	991,456	72,018,193
TOTAL	47213549	5858822	100328951	322421	945459	5995741	46682045	59880608	3571419	524,096,474

Annex 3.8(a) : Product-Wise loan of DBs
(Mid-July 2025)

Rs. in thousands

DBs'	Term Loan	Overdraft	Trust Receipt Loan/Import Loan	Demand and Other Working Capital Loan	Personal Residential Home Loan	Real Estate Loan	Margin Loan	Hire Purchase Loan	Deprived Sector Loan	Bills Purchased	Other Product	Total Loan
Corporate	334,934	299,938	-	159,449	239,184	57,581	-	42,313	69,318	-	142,422	1,345,139
Excel	4,337,887	3,920,568	-	128,116	1,651,765	492,678	440,838	507,929	643,708	-	718,160	12,841,647
Garima	26,025,117	2,489,241	8,819,908	1,810,683	12,029,615	7,571,549	3,051,404	2,189,855	4,433,466	-	8,290,327	76,711,163
Green	2,282,367	246,329	-	-	956,184	333,742	201,575	223,714	330,284	-	311,217	4,885,412
Jyoti	23,634,723	2,956,184	-	7,416,551	6,343,055	598,645	1,771,992	818,436	3,123,255	-	4,469,974	51,132,815
Kamana	32,073,592	6,657,799	-	383,904	5,348,873	1,987,607	1,840,266	1,001,733	3,573,431	-	1,348,064	54,215,269
Karnali	709,199	97,086	-	716,829	38,355	160,000	-	124,748	14,335	-	658,982	2,519,534
Lumbini	12,727,239	2,713,054	5,148,907	2,007,055	7,610,684	3,816,825	1,931,194	1,156,669	3,863,831	-	8,671,023	49,646,479
Mahalaxmi	18,868,953	2,632,205	5,923,783	72,048	7,186,127	1,177,253	2,344,116	1,228,613	3,984,123	3,796,329	-	47,213,549
Miteri	2,210,383	77,017	-	491,053	996,257	51,150	162,200	276,256	481,760	-	1,112,746	5,858,822
Narayani	47,996,969	2,389,072	-	12,535,985	15,196,352	8,675,420	3,722,354	1,859,671	5,318,005	-	2,635,121	100,328,951
Salapa	70,624	48,965	-	-	23,420	-	-	17,446	2,739	-	159,227	322,421
Sapta	322,226	72,182	71,263	-	-	-	-	5,164	167,683	-	306,941	945,459
Shangrila	2,733,722	160,361	-	734,340	666,575	260,018	160,382	141,096	576,895	-	562,353	5,995,741
Shine	21,416,803	6,770,643	-	555,328	7,285,841	3,163,127	1,519,936	1,649,803	3,795,838	-	524,725	46,682,045
Sindhu	23,510,925	673,911	-	10,791,229	4,444,681	4,936,593	2,331,211	876,265	3,091,445	-	9,224,347	59,880,608
Mukti	902,277	44,254	-	112,954	664,188	50,000	63,576	109,857	429,378	-	1,194,934	3,571,419
Grant Total	220,157,939	32,248,810	19,963,861	37,915,525	70,681,157	33,332,186	19,541,043	12,229,568	33,899,493	3,796,329	40,330,563	524,096,474

Annex 3.8(b) : Security-Wise loan of DBs
(Mid-July 2025)

Rs. in thousand

DBs'	Gold and Silver	Government Bonds	Non-Government Securities	Fixed Deposit	Property as Collateral	Security of Bills	Guarantee	Credit/Debit Card	Others.	TOTAL
Corporate	-	-	-	127,298	1,217,841	-	-	-	-	1,345,139
Excel	321,552	-	440,838	102,286	11,728,030	-	247,770	-	1,172	12,841,647
Garima	1,108,837	-	2,994,527	554,591	65,730,035	-	6,189,352	16,982	116,840	76,711,163
Green	119,812	-	-	46,665	4,261,618	-	255,742	-	201,575	4,885,412
Jyoti	534,065	-	1,786,153	525,606	42,647,644	-	5,612,814	-	26,532	51,132,815
Kamana	911,186	-	1,840,266	436,878	48,056,106	-	2,970,402	-	432	54,215,269
Karnali	-	-	-	17,603	2,501,931	-	-	-	-	2,519,534
Lumbini	276,651	-	1,931,194	801,400	45,862,948	-	739,748	-	34,539	49,646,479
Mahalaxmi	284,541	-	-	679,561	39,053,840	-	708,053	-	6,487,555	47,213,549
Miteri	-	-	157,200	27,379	4,999,306	-	673,437	-	1,500	5,858,822
Narayani	946,281	-	3,722,354	699,152	86,424,964	-	5,147,317	-	3,388,883	100,328,951
Salapa	-	-	-	-	319,699	-	-	-	2,722	322,421
Sapta	86,227	-	-	10,514	804,776	-	43,942	-	-	945,459
Shangrila	370,453	-	160,382	46,754	4,914,399	-	503,754	-	-	5,995,741
Shine	177,177	-	1,519,936	344,637	40,426,836	-	4,213,459	-	-	46,682,045
Sindhu	-	-	2,331,211	362,950	55,673,578	-	1,377,471	-	135,398	59,880,608
Mukti	105,331	-	63,576	31,437	2,191,932	-	171,470	-	1,007,672	3,571,419
Grand Total	5,242,114	-	16,947,637	4,814,709	456,815,482	-	28,854,731	16,982	11,404,819	524,096,474

Annex 3.9 : Investment details of DBs

(Mid-July 2025)

Rs in thousands

Name of Financial Institution	Investment in Government/NRB Securities	Investment in Shares and Debentures	Purchase/Investment in Land and Housing Development	Other Investment	Total Investment
Corporate Development Bank Ltd	-	-	-	-	-
Excel Development Bank Ltd.	3,346,083	657,478	-	-	3,346,083
Garima Bikas Bank Ltd.	18,964,240	1,231,473	-	123,900	18,964,240
Green Development Bank Ltd.	1,259,416	59,595	-	-	1,259,416
Jyoti Bikas Bank Ltd.	10,810,075	1,270,942	-	-	10,810,075
Kamana Sewa Bikas Bank Ltd.	11,042,323	1,248,619	-	-	11,042,323
KARNALI DEVELOPMENT BANK LIMITED	-	-	-	-	-
Lumbini Bikas Bank Ltd.	10,634,410	1,714,113	-	669,000	10,634,410
Mahalaxmi Bikas Bank Ltd.	9,098,218	4,500,000	1,026,945	4,734	9,098,218
Miteri Development Bank Ltd.	106,626	40,498	-	-	106,626
Muktinath Bikas Bank Ltd.	13,702,800	1,087,970	-	8,300,000	13,702,800
Narayani Development Bank Ltd.	4,000	35,153	-	36,132	4,000
Salapa	218,776	90,543	-	-	218,776
Saptakoshi Development Bank Ltd.	620,098	11,312	-	-	620,098
Shangrila Development Bank Ltd.	9,943,096	1,036,395	-	-	9,943,096
Shine Resunga Development Bank Ltd.	14,643,649	649,927	-	-	14,643,649
Sindhu Bikas Bank Ltd.	1,450,000	77,598	-	-	1,450,000
Grant Total	105,843,811	13,711,616	1,026,945	9,133,766	105,843,811

Annex 3.10 : Operations of DBs

(Mid-July 2025)

Rs in thousands

Particulars	FY (Mid-July)		
	2022/23	2023/24	2024/25
Total Assets	639,669,368	690,217,073	721,199,688
Total Deposits	569,404,269	608,074,005	628,856,500
Total Loans and Advances	471,535,414	498,008,489	524,096,474

Annex 3.11 : Capital Fund of DBs

(Mid-July 2025)

Rs in thousands

Particulars	FY (Mid-July)		
	2022/23	2023/24	2024/25
Total Capital Fund	64,573,091	64,774,798	67,948,975

Annex 3.12 : Deposit Mix of DBs

(Mid-July 2025)

Rs.in thousands

Particulars	FY (Mid-July)		
	2022/23	2023/24	2024/25
Current Deposit	11,042,522	11,487,651	16,652,954
Saving Deposit	132,833,465	176,777,876	250,637,842
Fixed Deposit	379,836,049	373,761,788	307,880,595
Call Deposit	45,412,581	45,798,531	52,834,711
Other Deposit	279,652	248,160	850,397
Total Deposit	569,404,269	608,074,005	628,856,500

Annex 3.13: Non-Performing Loan of DBs

(Mid-July 2025)

Rs. in thousands

Particulars	FY (Mid-July)		
	2022/23	2023/24	2024/25
Performing Loan	458,786,480	478,098,491	497,687,057
Non-performing Loan	12,748,933	19,909,998	26,409,416
Total	471,535,414	498,008,489	524,096,474
NPL (%)	2.70%	4.00%	5.04%

Annex 3.14 : Non-Banking Assets of DBs

(Mid-July 2025)

Rs. in thousands

Particulars	FY (Mid-July)		
	2022/23	2023/24	2024/25
Industry	2,268,455	3,520,089	4,836,437

Annex 3.15: Investment of DBs

(Mid-July 2025)

Rs. in thousands

Particulars	FY (Mid-July)		
	2022/23	2023/24	2024/25
Government Securities	91,839,904	105,232,452	105,843,811
Investment in Shares and Debentures	7,366,401	8,568,152	13,711,616
Investment in Land and Housing Development "	-	-	1,026,945
Other Investment	720,907	792,675	9,133,766
Total	99,927,212	114,593,279	129,716,138

Annex 3.16 : Liquid assets to Deposits & Liquid assets to Total assets

(Mid-July)

Rs. in thousands

Year	2022/23	2023/24	2024/25
Liquid Assets	155,065,526	168,536,932	168,609,037
Deposit	569,404,269	608,074,005	628,856,500
Liquid Assets/Deposit	27.23%	27.72%	26.81%
Total Assets	639,669,368	690,217,073	721,199,688
Liquid assets/ Total Assets	24.24%	24.42%	23.38%

Annex 3.17 : Summary Result on Stress Testing of DBs

(Mid- July 2025)

I) National Level DB

Events		Number of Banks with CAR		
		< 0	0 - <10	>=10
Pre Shock		0	0	8
		Post Shocks		
A. After Credit Shock		< 0	0 - <10	>=10
C1	15 Percent of Performing loans deteriorated to substandard	0	6	2
	15 Percent of Substandard loans deteriorated to doubtful loans	0	0	8
	25 Percent of Doubtful loans deteriorated to loss loans	0	0	8
	5 Percent of Performing loans deteriorated to loss loans	0	7	1
C2	All NPLs under substandard category downgraded to doubtful.	0	0	8
	All NPLs under doubtful category downgraded to loss.	0	0	8
C3	25 Percent of performing loan of Real Estate & Hosing sector loan directly downgraded to substandard category of NPLs.	0	0	8
			0	0
C4	25 Percent of performing loan of Real Estate & Hosing sector loan directly downgraded to Loss category of NPLs.	0	1	7
			0	0
C5	Top 5 Large exposures downgraded: Performing to Substandard	0	0	8
B. After Market Shocks				
(a) Interest Rate Shocks		< 0	0 - <10	>=10
IR-1a	Deposits interest rate changed by 1.0 percent point on an average.	0	0	8
IR-1b	Deposits interest rate changed by 1.5 percent point on an average.	0	0	8
IR-1c	Deposits interest rate changed by 2.0 percent point on an average.	0	0	8
IR-2a	Loan interest rate changed by -1.0 percent point on an average.	0	0	8
IR-2b	Loan interest rate changed by -1.5 percent point on an average.	0	0	8
IR-2c	Loan interest rate changed by -2.0 percent point on an average.	0	0	8
IR-3	Combine Shocks (IR-1a & IR-2a)	0	0	8
(b) Exchange Rate Shocks				
ER-1a	Depreciation of currency exchange rate by 20	0	0	8
ER-1b	Appreciation of currency exchange rate by 25	0	0	8

(c) Equity Price Shocks

EQ-1	Fall in the equity prices by 50	0	0	8
------	---------------------------------	---	---	---

C. After Liquidity Shocks

- - -

Events

L-1a	Number of BFIs illiquid after on 1st day while withdrawal of deposits by 2	0		
	Number of BFIs illiquid after on 2nd day while withdrawal of deposits by 5	0		
	Number of BFIs illiquid after on 3rd day while withdrawal of deposits by 10	0		
	Number of BFIs illiquid after on 4th day while withdrawal of deposits by 10	1		
	Number of BFIs illiquid after on 5th day while withdrawal of deposits by 10	5		
Number of Banks with Liquid Assets to Deposit Ratio		< 0	0 - <20	>=20
Pre-shocks		0	1	7
After Shocks				
L-2a	Withdrawal of deposits by 5	0	1	7
L-2b	Withdrawal of deposits by 10	0	6	2
L-2c	Withdrawal of deposits by 15	0	7	1
L-2d	Withdrawal of deposits by 20	1	6	1
L-3a	Withdrawal of deposits by top 1 institutional depositors.	0	1	7
L-3b	Withdrawal of deposits by top 2 institutional depositors.	0	1	7
L-3c	Withdrawal of deposits by top 3 institutional depositors.	0	1	7
L-3d	Withdrawal of deposits by top 4 institutional depositors.	0	2	6
L-3e	Withdrawal of deposits by top 5 institutional depositors.	0	3	5
L-4a	Withdrawal of deposits by top 1 individual depositors.	0	1	7
L-4b	Withdrawal of deposits by top 2 individual depositors.	0	1	7
L-4c	Withdrawal of deposits by top 3 individual depositors.	0	1	7
L-4d	Withdrawal of deposits by top 4 individual depositors.	0	1	7
L-4e	Withdrawal of deposits by top 5 individual depositors.	0	2	6

II) Regional Level DB

Events		Number of Banks with CAR		
		< 0	0 - <10	>=10
Pre Shock		1	7	0
A. After Credit Shock		Post Shocks		
		< 0	0 - <10	>=10
C1	15 Percent of Performing loans deteriorated to substandard	1	3	4
	15 Percent of Substandard loans deteriorated to doubtful loans	1	1	6
	25 Percent of Doubtful loans deteriorated to loss loans	1	1	6
	5 Percent of Performing loans deteriorated to loss loans	1	3	4
C2	All NPLs under substandard category downgraded to doubtful.	1	1	6
	All NPLs under doubtful category downgraded to loss.	1	1	6
C3	25 Percent of performing loan of Real Estate & Hosing sector loan directly downgraded to substandard category of NPLs.	1	1	6
			0	0
C4	25 Percent of performing loan of Real Estate & Hosing sector loan directly downgraded to Loss category of NPLs.	1	1	6
			0	0
C5	Top 5 Large exposures downgraded: Performing to Substandard	0	1	7
B. After Market Shocks				
(a) Interest Rate Shocks		< 0	0 - <10	>=10
IR-1a	Deposits interest rate changed by 1.0 percent point on an average.	1	1	6
IR-1b	Deposits interest rate changed by 1.5 percent point on an average.	1	1	6
IR-1c	Deposits interest rate changed by 2.0 percent point on an average.	1	1	6
IR-2a	Loan interest rate changed by -1.0 percent point on an average.	1	1	6
IR-2b	Loan interest rate changed by -1.5 percent point on an average.	1	1	6
IR-2c	Loan interest rate changed by -2.0 percent point on an average.	1	1	6
IR-3	Combine Shocks (IR-1a & IR-2a)	1	1	6
(b) Exchange Rate Shocks				
ER-1a	Depreciation of currency exchange rate by 20	1	1	6
ER-1b	Appreciation of currency exchange rate by 25	1	1	6
(c) Equity Price Shocks				
EQ-1	Fall in the equity prices by 50	1	1	6

C. After Liquidity Shocks

Events				
L-1a	Number of BFIs illiquid after on 1st day while withdrawal of deposits by 2	0		
	Number of BFIs illiquid after on 2nd day while withdrawal of deposits by 5	0		
	Number of BFIs illiquid after on 3rd day while withdrawal of deposits by 10	0		
	Number of BFIs illiquid after on 4th day while withdrawal of deposits by 10	2		
	Number of BFIs illiquid after on 5th day while withdrawal of deposits by 10	2		
Number of Banks with Liquid Assets to Deposit Ratio		< 0	0 - <20	>=20
Pre-shocks		0	1	6
		After Shocks		
L-2a	Withdrawal of deposits by 5	1	1	6
L-2b	Withdrawal of deposits by 10	1	1	6
L-2c	Withdrawal of deposits by 15	1	2	5
L-2d	Withdrawal of deposits by 20	2	3	3
L-3a	Withdrawal of deposits by top 1 institutional depositors.	1	1	6
L-3b	Withdrawal of deposits by top 2 institutional depositors.	1	2	5
L-3c	Withdrawal of deposits by top 3 institutional depositors.	0	2	6
L-3d	Withdrawal of deposits by top 4 institutional depositors.	0	2	6
L-3e	Withdrawal of deposits by top 5 institutional depositors.	0	2	6
L-4a	Withdrawal of deposits by top 1 individual depositors.	0	1	7
L-4b	Withdrawal of deposits by top 2 individual depositors.	0	1	7
L-4c	Withdrawal of deposits by top 3 individual depositors.	0	1	7
L-4d	Withdrawal of deposits by top 4 individual depositors.	0	1	7
L-4e	Withdrawal of deposits by top 5 individual depositors.	0	1	7

Annex 4 : Industry Statistics of FCs

Note: This financial indicator is based on regulatory requirement format, and so, may differ from the figures based on NFRS based balance sheet.

Annex 4.1 : List of FCs

(Mid-July, 2025)

S.N.	Name	Operation Date (A.D.)	No. of Branches	Geography of Operation
1	Best Finance Ltd.	2018-08-02	18	National
2	Capital Merchant Banking & Finance Ltd.	2002-02-01	1	National
3	Central Finance Ltd.	2017-03-23	19	National
4	Goodwill Finance Ltd.	1995-05-15	18	National
5	Gorkhas Finance Ltd.	2016-04-10	26	National
6	Guheshwori Merchant Banking & Finance Ltd.	2002-06-13	24	National
7	ICFC Finance Ltd.	2004-07-15	21	National
8	Janaki Finance Co. Ltd.	1997-03-07	5	Province
9	Manjushree Finance Ltd.	2007-10-17	28	National
10	Multipurpose Finance Ltd.	1998-04-15	8	Province
11	Nepal Finance Ltd.	2021-07-11	12	National
12	Nepal Share Markets and Finance Ltd.	1993-10-19	1	National
13	Pokhara Finance Ltd.	1997-03-16	25	National
14	Progressive Finance Ltd.	1996-02-26	24	National
15	Reliance Finance Ltd.	2014-05-08	21	National
16	Samriddhi Finance Company Limited	2001-08-10	13	National
17	Shree Investment & Finance Co. Ltd.	2017-02-01	13	National

Annex 4.2 : Capital Adequacy Ratio of FCs

SN	FI's Name	Mid-July 2025	
		Core Capital	Total Capital Fund
1.	Best Finance Ltd.	9.2%	10.3%
2.	Capital Merchant Banking & Finance Co. Ltd.	63.3%	63.3%
3.	Central Finance Ltd.	12.0%	14.4%
4.	Goodwill Finance Ltd.	9.2%	12.6%
5.	Guheshwori Merchant Banking & Finance Ltd.	13.9%	15.4%
6.	Gorkhas Finance Ltd.	8.4%	10.4%
7.	ICFC Finance Ltd.	10.8%	14.1%
8.	Janaki Finance Co. Ltd.	-6.1%	-6.1%
9.	Manjushree Finance Ltd.	12.3%	13.8%
10.	Multipurpose Finance Co. Ltd	15.2%	16.1%
11.	Nepal Finance Ltd.	24.5%	25.7%
12.	Pokhara Finance Ltd.	-2.4%	-2.4%
13.	Progressive Finance Co. Ltd.	9.0%	12.3%
14.	Reliance Finance Ltd.	13.0%	14.5%
15.	Samriddhi Finance Company Limited	12.2%	13.5%
16.	Nepal Share Markets and Finance Ltd.	36.9%	36.9%
17.	Shree Investment & Finance Co. Ltd.	17.3%	18.1%

Annex 4.3 : Consolidated Statement of Financial Position of FCs

(Mid July 2025)

Rs. in thousands

Assets	Best	Capital	Central	Goodwill	Guheshwori	Gurkhas	Icfc	Janaki	Manju
Cash and cash equivalent	232,057	159,325	607,092	1,823,491	883,064	1,092,682	1,183,687	1,022,198	421,108
Due from Nepal Rastra Bank	1,432,613	9,074	356,043	594,877	367,663	1,942,500	1,356,968	136,707	1,020,048
Placement with Bank and Financial Institutions	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-
Other trading assets	-	-	-	-	-	-	-	-	-
Loan and advances to B/FIs	-	-	164,381	221,827	213,736	256,028	624,537	69,134	493,459
Loans and advances to customers	3,860,650	80	4,411,290	8,413,553	5,355,883	5,715,782	16,859,157	2,652,213	17,717,931
Investment securities	623,526	1,450	2,897,800	2,333,778	2,595,315	975,254	3,091,102	39,497	5,647,141
Current tax assets	48,679	-	70,474	81,596	-	3,779	11,259	43,522	10,238
Investment in subsidiaries	-	-	-	-	-	-	-	-	-
Investment in associates	-	-	-	-	55,343	-	-	-	-
Investment property	260,520	-	83,233	546,633	-	435,454	17,995	131,247	106,271
Property and equipment	295,028	343,459	172,517	642,201	212,008	149,851	354,232	50,922	506,024
Goodwill and Intangible assets	2,389	-	2,336	-	772	1,905	5,573	3,128	5,046
Deferred tax assets	73,439	-	-	-	-	211,857	-	194,269	11,005
Other assets	39,428	31,388	35,684	100,210	135,443	104,139	124,947	695,959	223,676
TOTAL ASSETS	6,868,329	544,776	8,800,851	14,758,166	9,967,357	10,889,231	23,629,457	5,038,794	26,161,946

EQUITY AND LIABILITIES	Best	Capital	Central	Goodwill	Guheshwori	Gurkhas	Icfc	Janaki	Manju
Liabilities									
Due to Bank and Financial Institutions	40,852	-	72,367	14,692	-	45,385	266,654	69,183	838,827
Due to Nepal Rastra Bank	-	-	-	-	-	-	404,250	-	1,065,933
Derivative financial instruments	-	-	-	-	-	-	-	-	-
Deposits from customers	5,713,369	26,210	7,524,680	12,121,270	8,044,094	9,429,107	19,990,293	3,062,564	21,034,630
Borrowing	-	-	-	-	-	-	-	-	-
Current Tax Liabilities	-	-	-	-	658	-	-	-	-
Provisions	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	42,716	45,396	205,094	103,828	-	2,134	-	-
Other liabilities	176,024	170,068	106,180	318,602	74,860	155,680	292,286	1,886,277	277,715
Debt securities issued	-	-	-	249,158	-	-	498,831	-	500,000
Subordinated Liabilities	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-	-
Share capital	890,424	935,069	948,875	946,115	-	867,994	1,183,471	690,473	1,351,553
Share premium	14,948	2,611	443	2,476	-	22,399	-	-	-
Retained earnings	(558,861)	(1,231,277)	(305,509)	(588,587)	(7,748)	(702,195)	218,670	(1,100,614)	357,837
Reserves	591,573	599,379	408,418	1,489,346	627,935	1,070,862	772,867	430,911	735,451
TOTAL EQUITY AND LIABILITIES	6,868,329	544,776	8,800,851	14,758,166	9,967,357	10,889,231	23,629,457	5,038,794	26,161,946

	Multi	Nepal Share	Nfl	Pokhara	Progressive	Reliance	Sambriddhi	Shree	Total
Cash and cash equivalent	315,621	545,446	1,005,163	661,458	313,792	377,824	-	632,095	11,276,104
Due from Nepal Rastra Bank	145,101	1,140,701	674,006	290,802	334,495	587,456	67	424,587	10,813,707
Placement with Bank and Financial Institutions	-	-	-	-	-	-	115,553	-	115,553
Derivative financial instruments	-	-	-	-	-	-	-	-	-
Other trading assets	-	-	-	-	-	-	-	-	-
Loan and advances to B/FIs	-	91,055	14,774	237,353	69,336	109,562	-	257,945	2,823,128
Loans and advances to customers	1,910,482	2,494,057	4,990,012	4,789,972	6,777,029	1,806,347	2,192,275	6,155,431	96,102,145
Investment securities	1,306,025	548,463	201,536	1,313,996	1,919,756	208,692	124,915	2,198,827	26,027,073
Current tax assets	10,590	30,369	52,847	6,766	22,759	11,781	-	30,575	435,235
Investment in subsidiaries	-	-	-	-	-	-	-	-	-
Investment in associates	-	-	-	-	-	-	-	-	55,343
Investment property	16,388	179,065	481,667	262,532	210,598	176,328	-	14,603	2,922,534
Property and equipment	194,419	134,443	162,866	313,170	307,738	121,739	18,764	132,622	4,112,002
Goodwill and Intangible assets	1,140	19,202	1,322	5,732	1,093	3,551	-	1,915	55,104
Deferred tax assets	-	13,642	347,779	7,137	-	61,047	-	-	920,176
Other assets	62,677	13,201	125,242	44,641	70,603	25,038	6,246,853	33,625	8,112,754
TOTAL ASSETS	3,962,445	5,209,646	8,057,214	7,933,560	10,027,198	3,489,365	8,698,426	9,882,225	163,918,987

	Multi	Nepal Share	Nfl	Pokhara	Progressive	Reliance	Sambriddhi	Shree	Total
Liabilities									
Due to Bank and Financial Institutions	-	137,836	25,212	99,696	250,509	126,940	-	367,362	2,355,516
Due to Nepal Rastra Bank	-	-	-	-	-	-	-	170,000	1,640,183
Derivative financial instruments	-	-	-	-	-	-	-	-	-
Deposits from customers	3,172,740	3,880,260	7,129,271	6,980,580	8,388,003	2,783,166	251,945	7,834,781	127,366,963
Borrowing	-	-	92,953	-	-	-	-	-	92,953
Current Tax Liabilities	-	-	-	-	-	-	-	-	658
Provisions	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	5,074	-	-	-	5,384	-	-	15,916	425,542
Other liabilities	42,078	173,782	190,593	191,391	123,828	87,206	8,082,830	78,724	12,428,125
Debt securities issued	-	-	-	-	-	-	-	-	1,247,990
Subordinated Liabilities	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-	-
Share capital	610,200	759,447	1,082,557	848,106	1,121,452	818,911	233,333	1,000,000	14,287,979
Share premium	10,541	51,100	-	-	1,141	19,703	2,477	-	127,839
Retained earnings	3,735	(290,086)	(1,489,146)	(434,210)	(183,245)	(620,471)	(1,929,339)	65,639	(8,795,405)
Reserves	118,077	497,307	1,025,775	247,996	320,126	273,908	2,057,180	349,803	11,616,914
TOTAL EQUITY AND LIABILITIES	3,962,445	5,209,646	8,057,214	7,933,560	10,027,198	3,489,365	8,698,426	9,882,225	163,918,987

Annex 4.4 : Consolidated Statement of Profit and Loss of FCs

(Mid-July 2025)

Rs in thousands

Finance Companies	Best	Capital	Central	Goodwill	Guheshwori	Gurkhas	Icfc	Janaki	Manju
Interest Income	560,850	1,821	644,318	1,161,184	755,470	892,579	1,916,074	479,945	2,297,879
Interest Expenses	426,317	78,024	503,695	915,085	575,744	597,498	1,321,711	313,240	1,417,508
Net Interest Income	134,533	(76,203)	140,623	246,099	179,726	295,081	594,363	166,705	880,371
Fee and commission income	26,690	-	23,290	49,047	30,018	30,692	126,547	441	112,036
Fee and commission expense	406	-	-	-	1,338	1,270	3,233	-	-
Net Fee and commission income	26,284	-	23,290	49,047	28,681	29,422	123,314	441	112,036
Net Interest, Fee and commission income	160,817	(76,203)	163,912	295,146	208,406	324,503	717,677	167,146	992,408
Net trading income	-	-	40,694	-	-	-	-	-	-
Other operating income	46,268	-	17,841	36,385	33,968	14,763	93,651	7,349	24,199
Total operating income	207,085	(76,203)	163,912	295,146	242,374	339,266	811,328	174,495	1,016,606
Impairment charge/(reversal) for loans and other losses	262,102	(62,268)	(14,617)	76,120	22,660	246,461	(56,592)	218,189	90,068
Net operating income	(55,017)	(13,935)	178,529	219,026	219,714	92,804	867,920	(43,693)	926,538

Personnel expenses	112,325	8,659	103,891	139,450	101,372	142,183	262,871	22,112	271,080
Other operating expenses	53,988	5,431	42,511	77,484	40,056	56,194	83,747	136,585	83,993
Depreciation & Amortization	25,079	1,627	26,034	26,975	24,243	37,201	46,509	4,894	52,963
Operating Profit	(246,409)	(29,652)	-	11,502	54,043	(142,773)	474,793	(207,284)	518,502
Non-operating income	18,410	6,373	-	4,354	-	2,965	65	-	-
Non-operating expense	2,593	-	-	931	5,463	13,437	-	-	43,843
Profit before income tax	(230,592)	(23,279)	-	14,924	48,580	(153,246)	474,858	(207,284)	474,659
Income Tax Expense	(74,026)	(25,706)	1,027	33,057	24,748	(31,782)	141,778	-	161,931
Current Tax	5,505	-	(1,352)	6,903	31,150	50,334	143,035	-	156,747
Deferred Tax	(79,531)	(25,706)	-	26,154	(6,402)	(82,117)	(1,258)	-	5,184
Profit/Loss for the period	(156,566)	2,427	(1,027)	(18,133)	23,832	(121,463)	333,080	(207,284)	312,728

Finance Companies	Multi	NFL	Pokhara	Progressive	Reliance	Sambriddhi	Nepal Share	Shree	Total
Interest Income	253,160	344,970	916,182	603,112	832,772	252,127	34,289	829,354	12,215,237
Interest Expenses	177,287	257,491	650,693	408,499	569,690	182,299	1,850	599,237	8,569,550
Net Interest Income	75,873	87,479	265,489	194,614	263,082	69,828	32,439	230,117	3,645,687
Fee and commission income	15,816	13,362	7,588	37,907	49,358	15,230	-	34,352	545,684

Finance Companies	Multi	NFL	Pokhara	Progressive	Reliance	Sambriddhi	Nepal Share	Shree	Total
Fee and commission expense	-	124	2,024	775	-	333	-	75	9,173
Net Fee and commission income	15,816	13,238	5,564	37,131	49,358	14,897	-	34,277	536,512
Net Interest, Fee and commission income	91,689	100,717	271,054	231,745	312,440	84,725	32,439	264,394	4,182,198
Net trading income	-	-	-	-	-	-	-	-	40,694
Other operating income	51,726	30,528	65,724	6,895	14,329	17,161	-	11,293	425,812
Total operating income	143,415	131,245	336,778	238,640	326,769	101,886	32,439	264,394	4,542,491
Impairment charge/(reversal) for loans and other losses	63,927	(10,730)	(378,571)	(176,337)	19,612	(23,743)	-	49,405	63,585
Net operating income	79,488	141,975	715,349	414,977	307,157	125,629	32,439	214,989	4,478,906
Personnel expenses	37,714	67,658	177,695	155,473	130,338	69,014	-	76,471	1,765,979
Other operating expenses	17,834	26,996	59,269	70,994	56,143	34,634	-	37,434	829,303
Depreciation & Amortization	8,781	26,826	27,660	42,952	26,760	17,971	-	16,125	387,522
Operating Profit	15,160	20,495	450,725	145,558	93,916	4,011	36,323	96,252	1,541,570
Non-operating income	1,460	3,052	-	2,717	-	2,867	36,323	-	60,176
Non-operating expense	-	-	170,611	2,922	-	23,491	-	-	260,698
Profit before income tax	16,620	23,547	280,114	145,353	93,916	(16,613)	36,323	96,252	1,304,725
Income Tax Expense	2,075	19,677	122,542	43,530	25,306	(28,143)	-	26,599	516,638

Finance Companies	Multi	NFL	Pokhara	Progressive	Reliance	Sambriddhi	Nepal Share	Shree	Total
Current Tax	11,070	-	43,539	46,429	25,482	-	-	28,188	541,525
Deferred Tax	(8,995)	19,677	79,003	(2,898)	(176)	(28,143)	-	(1,589)	(27,266)
Profit/Loss for the period	14,546	3,871	157,573	101,823	68,610	11,530	36,323	69,653	788,087

Annex 4.5 : Loan & Advances of FCs

(Mid-July 2025)

Rs in thousands

FCs'	Pass (1.25)	Watch List (5)	Rescheduled /Restructured (12.5)	Substandard (25)	Doubtful (50)	Bad (100)	Total Loan	Total (NPL)
Best	3,226,756	415,986		117,009	135,072	361,973	4,256,796	614,054
Capital						663510	663510	663510
Central	4,000,942	348,534	-	192,365	200,025	336,113	5,077,979	728,503
Goodwill	6,582,948	1,621,733		89,609	62,210	414,644	8,771,143	566,462
Guheshwori	4,934,556	534,673	-	90,481	103,015	165,243	5,827,967	358,738
Gurkhas	5,070,363	659,658	69,476	50,663	66,953	1,025,329	6,942,442	1,212,422
Icfc	16,501,981	726,537		170,081	76,603	75,534	17,550,738	322,219
Janaki	716,896	662,834		58,562	155,852	1,090,925	2,685,069	1,305,340
Manju	16,177,036	1,831,650		99,261	136,882	341,354	18,586,183	577,497
Multi	1,748,310	121,196	-	12,739	23,059	85,494	1,990,797	121,292
Nepal Finance	2,320,498	176,037	-	30,919	97,713	140,847	2,766,014	269,480
Pokhara	3,219,216	1,274,686	-	249,803	265,848	1,186,302	6,195,854	1,701,952
Progressive	3,806,635	1,104,049	-	78,654	50,877	109,012	5,149,227	238,543
Reliance	5,777,263	721,461	-	100,955	381,542	112,991	7,094,211	595,487
Sambriddhi	1,578,285	292,592		7,586	17,288	175,086	2,070,838	199,961
Nepal Share						2192274.59	2192274.59	2,192,275
Shree	6,077,930	285,800		17,138	100,049	50,845	6,531,762	168,032
Total	81,739,613	10,777,425	69,476	1,365,826	1,872,988	8,527,476	104,352,803	11,835,766

Annex 4.6 : Sector wise Loan of FCs

(Mid-July 2025)

Rs in thousands

Institutions/Sectors	Agriculture Forest	Fishery	Mining	Agriculture, Forestry & Beverage Production Related	Non-food Production Related	Manufacturing	Construction	Electricity, Gas and Water	Metal Products, Machineries, Electronics and Installation	Transport, Warehousing and Communication
Best	381,693	23,168	-	66,608	273,094	-	451,107	26,935	32,599	62,637
Capital	49,186	-	-	199,993	-	-	-	-	-	2,940
Central	296,622	22,125	28,707	43,490	140,943	-	280,370	61,681	78,261	168,631
Goodwill	466,247	8,808	51,502	348,134	156,493	-	290,909	42,600	281,132	711,527
Guheshwori	226,869	8,439	878	42,979	87,354	-	445,936	-	15,599	10,059
Gurkhas	713,263	22,750	-	118,076	87,584	-	50,000	-	-	118,631
Icfc	949,619	62,942	14,784	191,516	666,942	-	400,121	215,329	80,060	281,122
Janaki	558,015	-	-	35,951	154,982	-	-	-	-	-
Manju	771,111	11,768	-	261,693	203,133	-	-	18,743	41,950	127,246
Multi	537,792	17,677	-	12,002	12,680	-	10,700	-	23,668	-
NFL	152,511	23,630	-	25,594	6,211	-	127,035	-	2,886	127,928
Pokhara	383,538	14,818	-	150,290	219,940	-	125,045	-	77,045	177,321

Progressive	494,348	41,203	-	36,921	227,701	-	283,824	-	22,772	39,225
Reliance	449,048	68,327	-	219,064	345,335	-	348,389	26,634	101,265	555,201
Sambriddhi	190,022	995	-	2,009	4,451	-	213,384	19,980	11,972	156,544
Nepal Share	2	-	-	59,998	3,702	-	-	-	-	9,027
Shree	541,370	37,987	-	7,583	141,929	-	269,443	-	33,597	53,485
Total	7,161,258	364,638	95,871	1,821,902	2,732,475	-	3,296,264	411,901	802,806	2,601,525

Institutions/Sectors	Wholesalers and Retailers	Finance, Insurance and Real Estate	Tourism (Hotel and Restaurant)	Other Services	Consumable Loans	Local Government	Others	Total
Best	310,654	350,609	81,950	15,242	1,378,254	-	802,246	4,256,796
Capital	68,506	-	37,238	-	1,552	-	304,115	663,530
Central	499,863	307,363	55,571	68,429	1,614,911	-	1,411,012	5,077,979
Goodwill	1,333,763	991,114	775,287	471,080	2,651,431	-	191,114	8,771,143
Guheshwori	540,966	508,026	221,372	70,001	1,463,911	-	2,185,577	5,827,967
Gurkhas	844,111	585,031	256,213	223,654	1,492,308	-	2,430,820	6,942,442
Icfc	2,410,703	2,896,792	1,451,740	868,667	5,434,465	-	1,625,938	17,550,738
Janaki	1,096,046	176,734	129,269	-	21,866	-	512,207	2,685,069
Manju	2,016,153	3,330,503	429,628	538,437	7,479,365	-	3,356,452	18,586,183

Multi	491,986	82,413	32,468	4,780	742,883	-	21,748	1,990,797
NFL	178,067	328,044	79,965	211,254	980,799	-	522,090	2,766,014
Pokhara	1,300,631	652,482	480,110	133,484	2,391,101	-	90,049	6,195,854
Progressive	939,510	829,267	56,313	127,255	2,010,369	-	40,516	5,149,227
Reliance	1,237,605	702,361	390,659	150,860	2,489,758	-	9,703	7,094,211
Sambriddhi	164,329	284,964	52,400	34,025	822,450	-	113,313	2,070,838
Nepal Share	77,404	90,396	20,700	-	218,937	33,183	1,678,926	2,192,275
Shree	464,903	1,224,778	291,778	722,430	1,442,693	-	1,299,787	6,531,762
Total	13,975,199	13,340,876	4,842,660	3,639,599	32,637,053	33,183	16,595,612	104,352,823

Annex 4.7 : Product wise Loan of FCs

(Mid-July 2025)

Rs. in thousands

Loan Product	Term Loan	Overdraft	Trust Receipt Loan/Import Loan	Demand and Other Working Capital Loan	Personal Residential Home Loan	Real Estate Loan	Margin Loan	Hire Purchase Loan	Deprived Sector Loan	Bills Purchased	Other Product	Total
Best	319,404	775,272	-	52,842	819,818	343,577	281,663	114,052	334,387	-	1,215,781	4,256,796
Capital	345,913	-	-	-	-	299,511	-	2,269	-	-	15,837	663,530
Central	1,587,289	104,790	249,197	507,259	699,602	167,591	170,607	172,278	247,637	-	1,171,730	5,077,979
Goodwill	1,661,907	-	-	2,245,692	565,137	683,918	203,220	883,951	420,058	-	2,107,260	8,771,143
Guheshwori	2,257,837	257,507	-	259,953	1,173,806	334,343	519,776	41,764	349,349	-	633,632	5,827,967
Gurkhas	3,166,841	567,682	-	501,996	690,853	327,194	398,635	145,845	489,724	-	653,672	6,942,442
Icfc	7,929,450	856,355	-	2,845,065	1,789,747	2,078,030	530,285	428,485	805,367	-	287,953	17,550,738
Janaki	86,374	349,991	1,136,280	-	5,385	107,600	-	-	145,641	-	853,798	2,685,069
Manju	6,113,766	1,234,748	-	606,865	5,306,022	2,832,169	805,339	106,694	879,680	-	700,900	18,586,183
Multi	636,658	588,019	-	37,279	30,772	53,801	-	3,110	103,477	-	537,681	1,990,797
NFL	645,967	146,141	-	169,992	351,668	230,563	335,402	144,848	132,645	-	608,788	2,766,014
Pokhara	2,562,746	982,024	-	231,597	664,404	619,894	64,648	459,642	377,953	-	232,946	6,195,854
Progressive	556,288	308,897	-	83,638	333,228	563,427	178,050	76,403	314,044	-	2,735,253	5,149,227
Reliance	2,662,673	54,119	809,493	314,394	935,500	642,445	270,180	482,626	370,782	-	551,998	7,094,211
Sambriddhi	951,807	97,681	-	210,479	217,122	77,904	102,406	150,680	210,652	-	52,106	2,070,838
Nepal Share	124,274	-	-	147,824	535,623	1,195,912	26,190	120,221	33,183	-	9,047	2,192,275
Shree	1,291,971	381,567	92,068	228,320	784,915	1,278,611	465,202	37,454	337,140	-	1,634,513	6,531,762
Total	32,901,165	6,704,793	2,287,038	8,443,193	14,903,601	11,836,492	4,351,603	3,370,323	5,551,720	-	14,002,895	104,352,823

Annex 4.8 : Investment Details of FCs

(Mid-July 2025)

Rs. in thousands

Institutions	Investment in Government /NRB Securities	Deposit Auction	Investment in Shares and Debentures	Purchase/ Investment in Land and Housing Development	Other Investment	Total Investment
Best	1,294,508		192,925	-	105,462	1,592,895
Capital	-		1,448	-	-	1,448
Central	2,354,587		473,963	-	-	2,828,550
Goodwill	2,428,375		596,479	-	-	3,024,854
Guheshwori	1,696,354		746,356	-	-	2,442,709
Gurkhas	602,500		313,717	-	510,000	1,426,217
Icfc	3,578,518		366,205	-	-	3,944,724
Janaki	-		-	-	-	-
Manju	3,936,584		196,035	-	-	4,132,619
Multi	87,078		217,656	-	-	304,734
NFL	366,349		115,589	-	-	481,938
Pokhara	2,647,371		175,912	-	-	2,823,283
Progressive	1,210,000		187,347	-	-	1,397,347
Reliance	2,155,000		184,451	-	-	2,339,451
Sambriddhi	405,030		96,779	-	-	501,809
NepalShare	1,000		123,752	-	13,030	137,783
Shree	2,237,450		112,086	-	-	2,349,536
Total	25,000,705		4,100,700	-	628,492	29,729,897

Annex 4.9 : Operations of FCs

Rs. in thousands

Particulars	FY (Mid-July)		
	2022/23	2023/24	2024/25
Total Assets	144,670,620	157,383,807	163,918,986
Total Deposits	112,670,205	128,253,759	129,370,871
Total Loans and Advances	93,188,117	99,503,075	104,352,823

Annex 4.10 : Capital Fund of FCs

Rs. in thousands

Particulars	FY (Mid-July)		
	2022/23	2023/24	2024/25
Total Capital Fund	17,053,007	13,851,153	14,591,392

Annex 4.11 : Deposit Mix of FCs

Rs. in thousands

Particulars	FY (Mid-July)		
	2022/23	2023/24	2024/25
Current Deposit	1,136,922	1,585,264	1,681,229
Saving Deposit	19,664,512	25,358,862	31,337,587
Fixed Deposit	80,257,620	89,920,275	84,344,203
Call Deposit	10,107,199	10,192,479	10,867,799
Other Deposit	1,503,953	1,196,879	1,140,053
Total Deposit	112,670,205	128,253,759	129,370,871

Annex 4.12: Non-Performing Loan of FCs

Rs. in thousands

Particulars	FY (Mid-July)		
	2022/23	2023/24	2024/25
Performing Loan	84,200,427	86,542,984	92,517,038
Non-performing Loan	8,987,690	12,960,090	11,835,786
Total	93,188,117	99,503,075	104,352,823
NPL (%)	9.64%	13.02%	11.34%

Annex 4.13 : Non-Banking Assets of FCs

Rs in thousands

Particulars	FY (Mid-July)		
	2022/23	2023/24	2024/25
Industry	1,034,425	1,990,636	3,070,664

Annex 4.14: Investment of FCs

Rs in thousands

Particulars	FY (Mid-July)		
	2022/23	2023/24	2024/25
Government Securities	20,348,098	25,000,705	1,663,680,922
Investment in Shares and Debentures	3,358,454	4,100,700	694,498,655
Other Investment	114,377	628,492	2,085,416
Total	23,820,929	29,729,897	2,360,264,994

Annex 4.15 : Liquid assets to Deposits & Liquid assets to Total assets

Rs. in thousands

Year	FY (Mid-July)		
	2022/23	2023/24	2024/25
Liquid Assets	38,242,943	44,045,884	42,562,968
Deposit	112,670,205	128,253,759	129,370,871
Liquid Assets/Deposit	33.94%	34.34%	32.90%
Total Assets	144,670,620	157,383,807	163,918,986
Liquid assets/ Total Assets	26.43%	27.99%	25.97%

Annex 4.16 : Consolidated Statement of Financial Position of FCs

Rs. in thousands

ASSETS	FY (Mid-July) 2024/25
Cash and cash equivalent	11,276,104
Due from Nepal Rastra Bank	10,813,707
Placement with Bank and Financial Institutions	115,553
Derivative financial instruments	-
Other trading assets	-
Loan and advances to B/FIs	2,823,128
Loans and advances to customers	96,102,145
Investment securities	26,027,073
Current tax assets	435,235
Investment in subsidiaries	-
Investment in associates	55,343
Investment in property	2,922,534
Property and equipment	4,112,002
Goodwill and Intangible assets	55,104
Deferred tax assets	920,176
Other assets	8,112,754
TOTAL ASSETS	163,918,987

EQUITY AND LIABILITIES	
Liabilities	2,355,516
Due to Bank and Financial Institutions	1,640,183
Due to Nepal Rastra Bank	-
Derivative financial instruments	127,366,963
Deposits from customers	92,953
Borrowing	658
Current Tax Liabilities	-
Provisions	425,542
Deferred tax liabilities	12,428,125
Other liabilities	1,247,990
Debt securities issued	-
Subordinated Liabilities	-
Equity	
Share capital	14,287,979
Share premium	127,839
Retained earnings	(8,795,405)
Reserves	11,616,914
TOTAL EQUITY AND LIABILITIES	163,918,987

Annex 4.17 : Summary Results of FC

(Mid-July, 2025)

Events		Number of FCs with CAR		
		< 0	0 - <10	>=10
Pre Shock		2	0	13
		Post Shocks		
A. After Credit Shock		< 0	0 - <10	>=10
C1		2	0	13
	15 Percent of Substandard loans deteriorated to doubtful loans	2	0	13
	25 Percent of Doubtful loans deteriorated to loss loans	2	1	12
	5 Percent of Performing loans deteriorated to loss loans	2	0	13
C2	All NPLs under substandard category downgraded to doubtful.	2	0	13
	All NPLs under doubtful category downgraded to loss.	2	2	11
C3	25 Percent of performing loan of Real Estate & Hosing sector loan directly	2	7	6
	downgraded to substandard category of NPLs.			
C4	25 Percent of performing loan of Real Estate & Hosing sector loan directly	13	2	0
	downgraded to Loss category of NPLs.			
C5	Top 5 Large exposures downgraded: Performing to Substandard	2	3	10
B. After Market Shocks				
(a)	Interest Rate Shocks	< 0	0 - <10	>=10
IR-1a	Deposits interest rate changed by 1.0 percent point on an average.	2	0	13
IR-1b	Deposits interest rate changed by 1.5 percent point on an average.	2	0	13
IR-1c	Deposits interest rate changed by 2.0 percent point on an average.	2	0	13
IR-2a	Loan interest rate changed by -1.0 percent point on an average.	2	0	13

IR-2b	Loan interest rate changed by -1.5 percent point on an average.	2	0	13
IR-2c	Loan interest rate changed by -2.0 percent point on an average.	2	0	13
IR-3	Combine Shocks (IR-1a & IR-2a)	2	0	13
(b) Exchange Rate Shocks				
ER-1a	Depreciation of currency exchange rate by 20	2	0	13
ER-1a	Depreciation of currency exchange rate by 20	2	0	13
(c) Equity Price Shocks				
EQ-1	Fall in the equity prices by 50	2	0	13
C. After Liquidity Shocks				
Events				
L-1a	Number of BFIs illiquid after on 1st day while withdrawal of deposits by 2%		1	
	Number of BFIs illiquid after on 2nd day while withdrawal of deposits by 5%		14	
	Number of BFIs illiquid after on 3rd day while withdrawal of deposits by 10%		15	
	Number of BFIs illiquid after on 4th day while withdrawal of deposits by 10%		15	
	Number of BFIs illiquid after on 5th day while withdrawal of deposits by 10%		15	
			2	
Number of Banks with Liquid Assets to Deposit Ratio		< 0	0 - <20	>=20
Pre-shocks		0	11	2
		After Shocks		
L-2a	Withdrawal of deposits by 5	5	8	2
L-2b	Withdrawal of deposits by 10	10	4	1
L-2c	Withdrawal of deposits by 15	13	2	0
L-2d	Withdrawal of deposits by 20	13	2	0
L-3a	Withdrawal of deposits by top 1 institutional depositors.	5	10	0
L-3b	Withdrawal of deposits by top 2 institutional depositors.	10	5	0
L-3c	Withdrawal of deposits by top 3 institutional depositors.	11	4	0
L-3d	Withdrawal of deposits by top 4 institutional depositors.	12	3	0
L-3e	Withdrawal of deposits by top 5 institutional depositors.	14	1	0
L-4a	Withdrawal of deposits by top 1 individual depositors.	4	10	1
L-4b	Withdrawal of deposits by top 2 individual depositors.	5	9	1
L-4c	Withdrawal of deposits by top 3 individual depositors.	6	8	1
L-4d	Withdrawal of deposits by top 4 individual depositors.	9	5	1
L-4e	Withdrawal of deposits by top 5 individual depositors.	0	0	15

Annex 5 : Use of Financials data of B and C class Institutions

Development Bank

S.N.	Institutions	2022/23	2023/24	2024/25
1	Mahalaxmi Bikas Bank Limited	Audited	Audited	Audited
2	Narayani Development Bank Limited	Audited	Audited	Unaudited
3	Karnali Development Bank Limited	Unaudited	Unaudited	Unaudited
4	Shangrila Development Bank Limited	Audited	Audited	Audited
5	Excel Development Bank Limited	Audited	Audited	Unaudited
6	Miteri Development Bank Limited	Audited	Audited	Audited
7	Muktinath Bikas Bank Limited	Audited	Audited	Audited
8	Garima Bikas Bank Limited	Audited	Audited	Audited
9	Kamana Sewa Bikash Bank Limited	Audited	Audited	Audited
10	Corporate Development Bank Limited	Audited	Audited	Audited
11	Jyoti Bikas Bank Limited	Audited	Audited	Audited
12	Shine Resunga Development Bank Limited	Audited	Audited	Audited
13	Lumbini Bikas Bank Limited	Audited	Audited	Audited
14	Sindhu Bikas Bank Limited	Audited	Audited	Unaudited
15	Salapa Bikas Bank Limited	Audited	Audited	Unaudited
16	Saptakoshi Development Bank Limited	Audited	Audited	Unaudited
17	Green Development Bank Limited	Audited	Audited	Audited

Finance company

1	Nepal Finance Limited	Audited	Audited	Audited
2	Nepal Share Markets and Finance Limited	Audited	Unaudited	Unaudited
3	Gurkhas Finance Limited	Audited	Audited	Audited
4	Goodwill Finance Limited	Audited	Audited	Audited
5	Shree Investment & Finance Co. Limited	Audited	Audited	Audited
6	Best Finance Limited	Audited	Audited	Audited
7	Progressive Finance Limited	Audited	Audited	Audited
8	Janaki Finance Co. Limited	Audited	Audited	Unaudited
9	Pokhara Finance Limited	Audited	Audited	Audited
10	Central Finance Limited	Audited	Audited	Audited
11	Multipurpose Finance Limited	Audited	Audited	Unaudited
12	Samriddhi Finance Company Limited	Audited	Audited	Audited
13	Capital Merchant Banking & Finance Co. Limited	Audited	Unaudited	Unaudited
14	Guheshwori Merchant Banking & Finance Limited	Audited	Audited	Audited
15	ICFC Finance Limited	Audited	Audited	Audited
16	Manjushree Financial Institution Limited	Audited	Audited	Audited
17	Reliance Finance Limited	Audited	Audited	Audited

Note: The report includes both audited and unaudited figures; unaudited data have been updated based on the latest information provided by the respective financial institutions.