



Bank Supervision Report

2016



Nepal Rastra Bank

Bank Supervision Department

Baluwatar, Kathmandu, Nepal

April 2017



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The Bank Supervision Report, 2016 is the annual report of Bank Supervision Department of Nepal Rastra Bank (NRB). It reviews policy and operational issues affecting the banking sector and its regulators/supervisors and aims at disseminating information on supervision of commercial banks and other issues affecting the financial sector. This issue of the Annual Report of Bank Supervision Department Annual Report focuses mainly on the 12-month period ending July 15, 2016. However, selected developments up to the time of report finalization are also incorporated.

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Message from the Executive Director

Dear Valued Readers,

Nepalese financial system is evidently growing over the years. This growth was not only in the number of entities, but also in terms of the varieties of products and services and adoption of the latest modern technologies. Banking Industry is moving ahead introducing IT based banking products and rapidly increasing their alternative delivery channels. This growth has even crossed the national boundaries and integrated with the global financial system. Additionally, increasing flow of remittances from formal channels, use of cards and banking services globally, representative offices across the national boundaries are few more indicators of growing banking industry. Mergers and acquisitions are being encouraged by NRB to foster the consolidation process, which gradually reduces number of financial institution to be supervised by NRB.

Safe, sound and self-regulated BFIs, transparent and consumer friendly banking transactions, adoption of international best prudential norms and best supervisory practices, mitigation of the systemic risks through advanced approach of supervision, and ultimately achieving the financial stability have always been the aim of NRB as regulator and supervisor. NRB's bank supervision function also intends to ensure financial stability in Nepal. This department has been continuously endeavouring to adopt best practices in the areas of bank supervision. Increment in Capital, Rolling out of New Capital Adequacy Framework are few of the initiatives taken that are expected to form more strong and more resilient banks.

Risk based supervision approach that is being practiced for the on-site inspection has been continued. This methodology is expected to assess the inherent risks in the banks and the risk management practice of the banks, which enables us to prepare risk profile of individual banks so that we can determine the supervisory regime and focus our resources on highly risky and risk prone areas.

Being the part of the world's financial system, and increasing integration of the Nepalese financial system with the international financial market, adoption of the cross border supervision practices is very important. Accordingly, we have already signed Memorandum of Understanding (MoU) on sharing of Supervisory information with some other supervisory authorities abroad which will enable regulators and supervisors to share information and take appropriate decisions.

Threats have been posed in area of IT security, and number of attempts being made even by foreigners to withdraw cash illegally through ATMs is on rise. This has demanded Banks to be more vigilant towards their Card related services. Corporate governance, self-regulations, skill-sets, risk management culture and professionalism in the industry still need to be enhanced. Multiple banking, monitoring of big borrowers, ever-greening, proper classification of risk-assets, etc. need to be further examined with new regulatory arrangements. NRB is optimistic that the collective effort of the market and regulators will bring these changes.

In this connection, I am glad to make this Annual Report, 2016 available to all valued readers. This will give you a comprehensive picture of the performance of the banks, during the fiscal year 2015/16, as well as the initiatives that are being taken by NRB as the supervisory authority.

Last but not least, I would like to express my sincere thanks to my colleagues at Policy Planning and Forward Looking Analysis Unit for their generous effort in materializing this report in this form. Finally, I would like to thank all of the staffs of Bank Supervision Department for their continuous effort in fulfilling their responsibilities effectively.

Thank you,

Maheshwor Lal Shrestha

Executive Director

Nepal Rastra Bank

Bank Supervision Department

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CHAPTER ONE

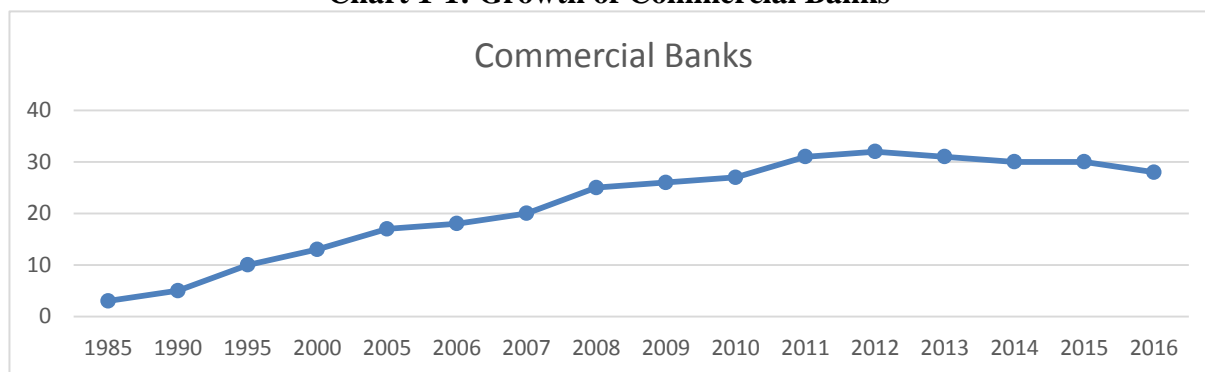
1. NEPALESE BANKING INDUSTRY

The Nepalese banking industry started with the establishment of the Nepal Bank Limited in 1937 AD as the first commercial bank of Nepal with the joint ownership of the government and general public. In these more than seven decades, since the establishment of Nepal Bank Limited, the Nepalese financial system witnessed major changes in policies and regulations. With economic liberalization, of 1980s, and focus on the private sector development, many foreign banks have established as joint venture Banks in Nepal and thus the Nepalese financial system has shown a tremendous growth of banking sector. The financial sector liberalization resulted into entry of many new banks in the domestic market.

By the end of Mid July 2016, altogether 177 banks and non- bank financial institutions licensed by NRB were in operation. Out of them, 28 are “A” class commercial banks, 67 “B” class development banks, 40 “C” class finance companies and 42 are “D” class micro-credit development banks. Two "C" class institutions which are not in operation are in process of liquidation. Besides, 15 saving and credit co-operatives and 28 NGOs are also in operation with the licence for limited banking operations. Also, the total branches of BFIs reached to 4,274.

The chart below shows the increase in number of commercial banks in Nepal. The growth of financial institutions in Nepal is summarized in Annex 1.

Chart 1-1: Growth of Commercial Banks



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

However, the Nepalese banking industry is currently going through the consolidation process with merger and acquisitions. The merger and acquisition of banks and financial institutions (BFIs) have been encouraged to strengthen financial sector stability.

1.1 Nepal Rastra Bank as a regulator and supervisor

The Nepal Rastra Bank Act, 2002 and the Bank and Financial Institutions Act, 2006 (BAFIA) granted supervisory authority to the Nepal Rastra Bank (NRB). The Nepal Rastra Bank Act, 2002, has made NRB an autonomous institution empowered to regulate and supervise Nepal’s banking industry. The preamble of NRB Act, 2002 states:

"Whereas, it is expedient to establish a Nepal Rastra Bank to function as the Central Bank to formulate necessary monetary and foreign exchange policies, to maintain the stability of price, to consolidate balance of payment for sustainable development of the economy of the Kingdom of Nepal, and to develop a secure, healthy and efficient system of payment; to appropriately regulate, inspect and supervise in order to maintain the stability and healthy development of banking and financial system; and for the enhancement of public credibility towards the entire banking and financial system of the country."

Section 84, subsection (2), of the Nepal Rastra Bank Act, 2002 states that NRB may at 'any time, inspect and supervise or cause to inspect and supervise any of the offices of commercial banks or financial institutions'.

Similarly the Bank and Financial Institution Act, 2006 empowers NRB to regulate and supervise the BFIs. Section 49, subsection (1) of the act states

'The Rastra Bank shall have full powers to regulate and systematize the functions and activities of licensed institutions.'

Also Bank and Financial Institution Act, 2006, section 52, subsection (1) of the act states

'The Rastra Bank may inspect and supervise, or cause to be inspected and supervised, any office of a licensed institution at any time.'

As a regulator of BFIs, NRB has been continuously issuing various policies, guidelines and directives to the licensed institutions, adopting international best practices and norms. A dedicated department – Bank and Financial Institutions Regulation Department – is set in NRB's organizational structure to issue regulating policies, directives, guidelines, manuals and circulars.

As a supervisory authority, NRB supervises the activities of the banks and financial institutions based on the existing legal framework, directives and major international guiding policies. To discharge the responsibilities of supervisor, NRB has set four different supervision departments, namely Bank Supervision, Development Bank Supervision, Finance Company Supervision and Micro Finance Promotion and Supervision Department. Furthermore, to address the need of resolution of problem institutions, NRB has constituted a Division called Problem Bank Resolution Division.

Last year, NRB has issued a new Capital Adequacy Framework to adopt the provisions of Basel III after the feedback received in consultation document. The commercial banking sector will be supervised as per this new framework. This new framework has adopted few macro-prudential norms as well such as: countercyclical and conservation buffers. NRB aims at becoming more proactive with regulatory and supervisory mechanisms that are forward looking and analytical.

1.2 The Commercial Banking

As at Mid July 2016, the numbers of commercial banks in Nepal are 28. Though, the adoption of the economic liberalization in the country has brought a tremendous growth in the number of private sector banks, the public sector banks, which are three in number, have still got substantial share in the total assets of the industry. The share of private sector banks on total deposits, loans, and total assets has been increasing gradually. Table1-1 presents the list of commercial banks in Nepal as of mid-July 2016.

Table 1-1: List of Commercial Banks in Nepal (Mid July, 2016)

S.No.	Name	Operation Date (A.D.)	Head Office
1	Nepal Bank Ltd.	1937/11/15	Dharmapath, Kathmandu
2	Rastriya Banijya Bank Ltd.	1966/01/23	Singhadurbar Plaza, Kathmandu
3	Agricultural Development Bank Ltd.**	1968/01/21	Ramshahpath, Kathmandu
4	Nabil Bank Ltd.	1984/07/12	Beena Marg, Kathmandu
5	Nepal Investment Bank Ltd.	1986/03/09	Durbarmarg, Kathmandu
6	Standard Chartered Bank Nepal Ltd.	1987/02/28	Nayabaneswor, Kathmandu
7	Himalayan Bank Ltd.	1993/01/18	Kamaladi, Kathmandu
8	Nepal SBI Bank Ltd.	1993/07/07	Kesharmahal, Kathmandu
9	Nepal Bangladesh Bank Ltd.	1994/06/06	Kamaladi, Kathmandu
10	Everest Bank Ltd.	1994/10/18	Lazimpat , Kathmandu
11	Nepal Credit and Commerce Bank Ltd.	1996/10/14	Siddharthanagar, Rupandehi
12	Kumari Bank Ltd.	2001/04/03	Durbarmarg, Kathmandu
13	Laxmi Bank Ltd.	2002/04/03	Hattisar, Kathmandu
14	Citizens Bank International Ltd.	2007/04/20	Kamaladi, Kathmandu
15	Prime Commercial Bank Ltd.	2007/09/24	Newroad, Kathmandu
16	Sunrise Bank Ltd.	2007/10/12	Gairidhara, Kathmandu
17	Janata Bank Nepal Ltd.	2010/04/05	Naya Baneshwor, Kathmandu
18	Mega Bank Nepal Ltd.	2010/07/23	Kantipath, Kathmandu
19	Century Commercial Bank Ltd.	2011/03/10	Putalisadak , Kathmandu
20	Sanima Bank Ltd.	2012/02/15	Nagpokhari, Kathmandu
21	Machhapuchhre Bank Ltd.	2012/07/09*	New Road, Pokhara, Kaski
22	NIC Asia Bank Ltd.	2013/06/30*	Thapathali, Kathmandu
23	Global IME Bank Ltd.	2014/04/09*	Panipokhari, Kathmandu
24	Civil Bank Ltd.	2014/04/14*	Kamaladi, Kathmandu
25	NMB Bank Ltd.	2015/10/18*	Babarmahal, Kathmandu
26	Prabhu Bank Ltd.	2016/02/12*	Babarmahal, Kathmandu
27	Siddhartha Bank Ltd.	2016/07/21*	Hattisar, Kathmandu
28	Bank of Kathmandu Lumbini Ltd.	2016/07/14*	Kamaladi, Kathmandu

*Joint operation date after merger and/or acquisition.

** Started to operate as 'A' class Bank (from 2006/03) under BAFIA, 2006

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

1.3 Ownership and Control

Commercial banks in Nepal can be broadly categorized into two groups as public and private banks on the basis of ownership and control. As of mid-July 2016, there are 3 public and 25 private sector banks in operation. Rastriya Banijya Bank Limited is the largest bank of Nepal in terms of deposit mobilization and is fully owned by the Government of Nepal. The Government of Nepal owns 62.55 percent ownership in the equity capital of Nepal Bank Limited, another public bank. Likewise, Government of Nepal owns 51 percent shares of Agricultural Development Bank Limited that was initially established as a development bank with 100 percent government ownership and was upgraded to commercial bank in 2006.

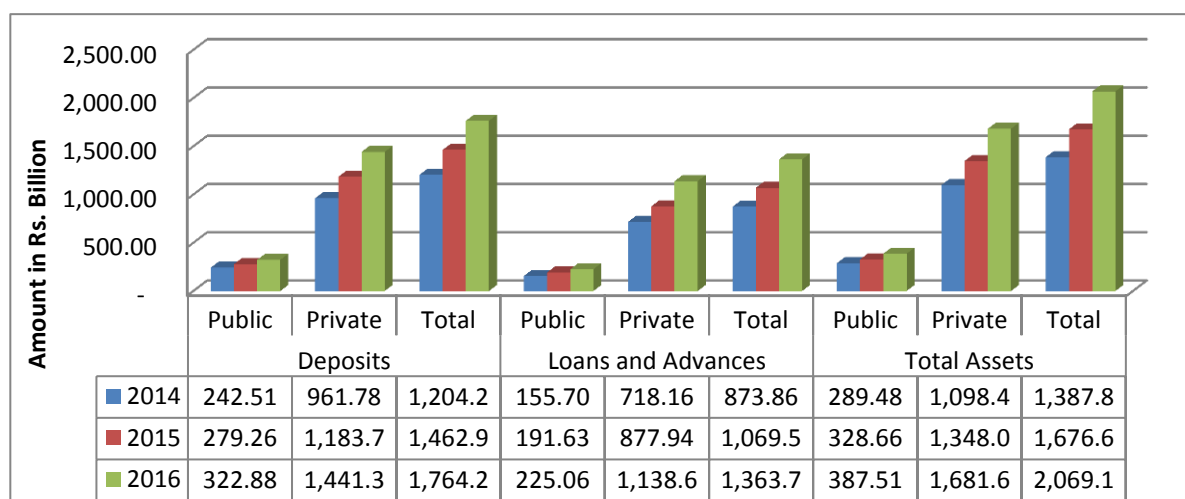
Private Banks in Nepal can be further re-grouped into local private banks and foreign joint-venture banks. Banks promoted by local promoters are local private banks while banks in collaboration with foreign investment partners are joint-venture banks.

1.4 Scope of Operations: Public vs. Private

Size of the banking operations of the commercial banks in the Nepalese Banking Industry is growing gradually with the increment in the number of bank branches. The total number of Banks has decreased over the years because of the policy taken by Nepal Rastra Bank to promote merger and acquisition of the BFIs in Nepal. Total deposits of the commercial banks increased by 20.59 percent to Rs. 1764.24 billion as of mid-July 2016 compared to the deposit of Rs. 1462.96 billion of previous year. The deposits of public banks grew by 15.62 percent while the deposits of private banks significantly grew by 21.77 percent.

Similarly, loans and advances of the commercial banks increased by 27.50 percent to Rs. 1363.70 billion as of July 2016 compared to a total of Rs. 1069.56 billion of previous year. The loans and advances of public banks grew by 17.44 percent while the loan and advances of private banks significantly grew by 29.70 percent. Likewise, total assets of the commercial banks increased by 23.41 percent to Rs. 2069.19 billion compared to Rs. 1676.68 billion of previous year. Total assets grew by 17.91 percent in public banks while it grew by 24.75 percent in private banks. Chart 1-2 shows growth of deposit, loans and advances and total assets of both the public and private sector banks.

Chart 1-2: Banking Operations: Public vs. Private (Mid July 2016)



1.5 Branch Network

The total number of branches of commercial banks increased to 1869 in Mid July 2016 from 1682 in mid July 2015. NRB has been encouraging banks to open branches to bring the unbanked people to the banking system. While the number of bank branches are increasing every year, larger chunk of banking services are still concentrated in the urban areas.

Table 1-2: Branches of Commercial Banks (Mid July 2016)

Name of Banks	2012	2013	2014	2015	2016
Nepal Bank Limited (NBL)	112	115	117	117	130
Rastriya Banijya Bank Limited (RBBL)	142	151	161	168	174
NABIL Bank Limited (NABIL)	49	49	48	48	52
Nepal Investment Bank Limited (NIBL)	41	43	44	46	46
Standard Chartered Bank Nepal Ltd. (SCBN)	16	15	15	15	19
Himalayan Bank Limited (HBL)	39	39	45	45	45
Nepal SBI Bank Limited (NSBI)	59	57	59	59	73
Nepal Bangladesh Bank Limited (NBBL)	19	21	27	30	35
Everest Bank Limited (EBL)	45	50	52	53	61
Bank of Kathmandu Limited (BOK)	45	50	50	50	69 ^Φ
Nepal Credit and Commerce Bank Ltd. (NCCBL)	22	22	22	22	22
Lumbini Bank Limited (LBL)	37	16	16	19	-
Nepal Industrial & Commercial Bank Ltd. (NIC) / NIC Asia Bank Limited [§]	16	54 [§]	54 [§]	54 [§]	67
Machhapuchchhre Bank Limited (MBL)	54	49	49	55	57

Kumari Bank Limited (KBL)	28	28	27	33	36
Laxmi Bank Limited (LXBL)	29	29	29	29	50
Siddhartha Bank Limited (SBL)	41	41	41	41	62
Agriculture Development Bank (ADBL)*	234*	240*	231*	240*	245
Global Bank Limited / Global IME Bank Limited (GBL)#	57	67	85#	86	87
Citizens Bank International Limited (CBIL)	33	34	36	54	56
Prime Commercial Bank Limited (PCBL)	32	30	30	30	32
Sunrise Bank Limited (SRBL)	29	49	49	51	67
Bank of Asia Nepal Limited (BOA)\$	49	-	-	-	-
Grand Bank Limited	21	21	23	23	-
NMB Bank Limited (NMB)	21	21	29	29	71
Janata Bank Nepal Limited (JBNL)	23	25	29	34	123
Mega Bank Nepal Limited (MBNL)	23	28	28	28	37
Commerz& Trust Bank Nepal Limited (CTBNL)#	14	15	-	-	-
Civil Bank Limited (CBL)	13	20	40	41	40
Century Commercial Bank Limited (CCBL)	8	31	31	31	42
Sanima Bank Limited (SBL)	22	24	28	38	31
Prabhu Bank Limited&	NA	NA	NA	113	40
Total	1425	1486	1547	1682	1869

* Also includes branches with development banking functions.

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

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

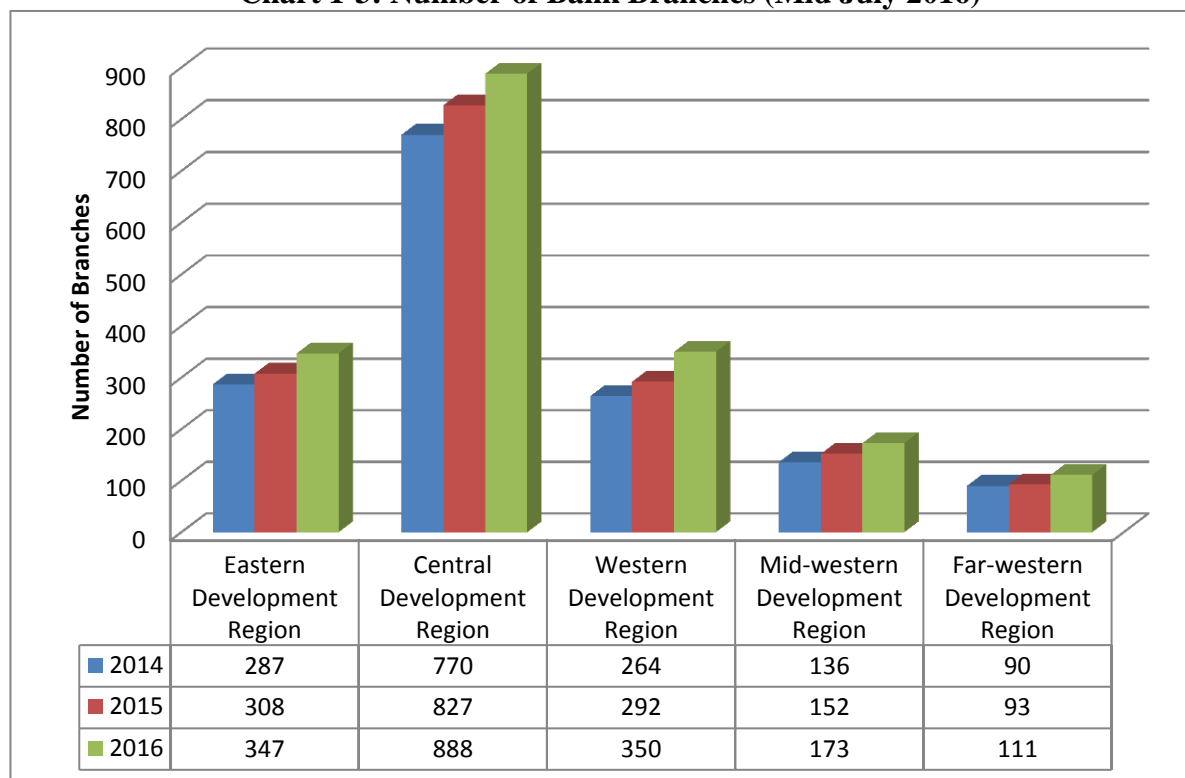
Φ Lumbini Bank Limited merged with Bank of Kathmandu Limited

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

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

The ADBL has the largest number of branches (245) followed by RBBL (174) and NBL (130). Commercial banking operations still seem to be concentrated in central region with 888 branches (47.51% of total branches). This is followed by Western Development Region with 350 (18.73% of total branches) and the Eastern Development Region with 347 (18.57 % of total branches) branches respectively. The Far Western has the lowest number of bank branches i.e. 111 (5.94 % of total branches).

Chart 1-3: Number of Bank Branches (Mid July 2016)



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

1.6 Asset Share of Banks and Financial Institutions

The respective shares of banks and financial institutions in the total assets of banking industry as of mid-July for seven consecutive years are depicted in the table 1-3.

Table 1-3: Asset share of banks and financial institutions (Mid July 2016)

Bank and Financial Institutions	% Share as on Mid July						
	2010	2011	2012	2013	2014	2015	2016
Commercial Banks	76.7	75.3	77.3	78.2	78.0	78.73	79.74
Development Banks	10.6	12.0	12.4	13	13.6	13.34	12.81
Finance Companies	10.9	10.9	8.2	6.6	5.8	4.79	3.78
Micro Finance Institutions	1.8	1.8	2.2	2.2	2.6	3.14	3.68
Total	100	100	100	100	100	100	100

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

Table 1-3 shows the dominance of commercial banks, with the share of 79.74 percent of total assets of Nepalese banking industry, which was 78.73 percent in the previous year. Share of development bank has decreased from 13.34 percent in 2015 to 12.81 percent in 2016; likewise, the share of finance companies has decreased to 3.78 percent from 4.79 percent during the review period. The share of microfinance development banks increased from 3.14 percent to 3.68 percent in Mid July 2016. The increase in the share of the Commercial bank and decrease in the share of Development Banks and Finance Companies can be attributed to the merger and acquisition activities going on in the Banking industry where number of

Development Banks and Finance Companies are continuously merging with and are being acquired by Commercial Banks. Similarly, the increase in the share of the Microfinance Institutions is because of the increasing number of microfinance institutions.

1.7 Employment in the Banking Industry

Commercial banks have provided employment to 24,496 numbers of individuals as on Mid July 2016 which has increased by 9.04 % compared to total employment of 22,465 of last year. Three public sector banks have employed 30.01 percent of total employment of commercial banks as on Mid July 2016. The share of employment of the three Public sector Banks in the previous year was 32.40 percent.

1.8 Review of the Banking Legislation

As a central bank of Nepal, NRB has a clear mandate to regulate and supervise banks and financial institutions in Nepal. NRB issues regulations, guidelines and circulars to the licensed BFIs. Likewise, NRB continuously conducts onsite inspections and offsite supervisions both on a regular and need-based ways to assess their compliance with the existing laws, regulations and prudential norms.

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

- Nepal Rastra Bank Act, 2002,
- Bank and Financial Institutions Act, 2006,
- Company Act, 2006,
- Nepal Rastra Bank Inspection and Supervision By-laws, 2013,
- NRB Unified Directives to licensed institutions 2016,
- Capital Adequacy Framework, 2015
- NRB Prompt Corrective Actions byelaws, 2012
- Monetary Policy Announcements,
- Assets (Money) Laundering Prevention Act, 2008,
- Several guidelines issued by NRB

1.9 Access to Banking Services and Financial Inclusion

NRB has focused on enhancing access to banking services and broadening financial inclusion in the country. By focusing on areas where there is lack of access to finance, a provision of zero interest loan (Rs 5 to Rs 10 million) for a specified period has been made for BFIs for opening branches in 14 remote districts. Similarly, a provision has been made to allow BFIs to open branch in Kathmandu valley only after opening one branch in specified remote districts, and two in other districts.

NRB has also focused on providing access to banking services to the unbanked population rather than focusing on opening more branches in urban areas. NRB has mandated the provision that a Bank must open three branches outside valley to be eligible to open one branch in Kathmandu valley. NRB is working to promote branchless banking and mobile

banking to increase access to the banking system for the rural and unbanked people. As on Mid July 2016, there are 812 branchless banking centres of 'A' class Banks in operation, serving 213,084 customers, likewise, number of mobile-banking customers has reached 1,604,578 on Mid July 2016.

As on Mid July 2016 total number of branches of commercial bank reached 1,869 and population per branch was 15,001¹. These figures were 1,682 (branches) and 16,436 (population per branch) in the previous year. The population per branch of all categories of BFIs comes down to 6,560.

¹ Population 28,037,904 is used, as per the projections 2011-31 (medium variant) of CBS. url: <http://cbs.gov.np/image/data/Population/Population%20projection%202011-2031/PopulationProjection2011-2031.pdf>

CHAPTER TWO

2. BANK SUPERVISION

2.1 Supervision Function

NRB regulates and supervises the Banks and Financial Institutions as mandated by the NRB Act, 2002 and Bank and Financial Institutions Act, 2006. Regular supervision function provides important information on the banking system that feeds into the decision-making process such as: formulation of monetary policy, updates on regulations and for the timely corrective measures for financial stability. Continuous monitoring of the indicators related to financial soundness and stability as well as watching the early warning signals and ensuring that the BFIs are managing their all material risks adequately along with the compliance of regulatory norms are the major actions under Supervision function of NRB.

2.2 Bank Supervision Department (BSD)

NRB's Bank Supervision Department is responsible for executing the supervisory policies and practices as per governing laws, regulations and policies to all commercial banks. The department prepares an annual supervision plan before the onset of new fiscal year and supervises banks as per the approved plan. The supervisory process includes full-fledged on-site inspection, special inspection, targeted inspection, and monitoring inspection. The on-site inspection is supported by an offsite supervision function which is responsible for the analysis of bank returns. BSD is responsible for carrying out inspection and supervision of all commercial banks.

2.3 Supervision Methodology

BSD continues to adopt and implement the Core Principles prescribed by the Basel Committee. NRB has adopted the standardized approach of Basel II in its simplified form - the Simplified Standardized Approach (SSA). Last year, NRB formalised new Capital Adequacy Framework, 2015 adopting the provisions of Basel III. NRB's traditional supervision methodology was based on compliance check and CAMELS (Capital Adequacy, Asset Quality, Management competence, Earning, Liquidity, and Sensitivity to Market Risk) ratings. Supervisors assess CAMELS of the Banks and Banks are assigned grades of 1 (best) to 5 (worst) on each component and composite rating. From the FY 2013/14 NRB has adopted risk based supervision (RBS) method of onsite inspection based on the Risk Based Supervision On-Site Inspection Manual, 2013. As per RBS, risk-profiles of the banks are being prepared and/or updated. Such risk profile is for the supervisory purpose which enables NRB to decide upon the determination of supervisory regime and helps NRB to concentrate its resources in high risk areas. Subsequent supervisions are being conducted on the basis of the risk profile of the bank. This methodology mainly focuses on the 'chance of failure' of the bank and the risk management practices of the bank.

2.4 Organization of BSD

The department comprises of on-site inspection unit, enforcement unit, off-site supervision unit, policy planning and forward looking analysis unit, special inspection unit and internal administration unit. These functions are further complemented by different task-forces, working groups and a high level Co-ordination Committee (HLCC) for sharing information among other regulatory authorities of Nepal. Such task-forces are formed as needed for certain tasks and are generally of temporary nature. Organisation chart of the department is presented in Annex: 8.

2.4.1 On-site Inspection Unit

On-site inspection of commercial banks is conducted as per the approved annual plan where a full-scope on-site inspection is conducted at least once a year for every commercial bank. On-site inspection is carried out on the basis of manual approved for the same purpose.

The on-site examinations include:

- Initial examination, generally conducted within six months of commencement of operation by a new bank.
- Routine full-scope inspection is the regular examination, generally carried out once a year.
- Targeted Inspection addresses specific areas of operation of a bank e.g. credit, trade finance etc.
- Monitoring inspection is carried out during enforcement or follow-up of the directions given in report of inspection and
- Special inspection is carried out as and when required.

The major observations found in the banks during on-site examinations in the F.Y. 2015/16 are summarized in the following table:

Table 2-1: Major observations

Capital Adequacy
1. Bank's Internal Capital Adequacy Assessment Process (ICAAP) guideline does not prescribe need for periodic assessment for future capital requirement and the capital charges for all the risks outlined in ICAAP Guidelines 2012 has not been computed.
2. ICAAP not adequate and commensurate with the size of the bank. Because of the lack of strategic plan, ICAAP of most of the banks lack strategic orientation.
3. Considering the human resources and other factors, weak infrastructure was noted to implement ICCAP Policy.
4. ICAAP policy has not been annually reviewed by the senior management, risk management committee and the board.
5. No discussion is held regarding the contingency plan on the deficit capital resulting during the stress testing in the bank.
6. Apart from regulatory requirements bank does not have a comprehensive capital

plan.

7. Inappropriate classification of loan shows that the profit of the bank is overstated.

Assets Quality

8. Purpose of loans and types of loans are not matched properly such as: granting overdrafts and short term loans to finance purchase of fixed assets or development of real estate.
9. Bank does not have a practice of aligning risk factors of credit with its pricing,
10. Loans are priced below base rate without analyzing the sustainability and proper justification.
11. Banks are not taking adequate initiation to bring multi-banking parties enjoying credit facilities over and above 1 Billion into consortium as directed by NRB.
12. The Banks do not have a practice to share the site inspection report between the paripassu members as per NRB Unified Directive # 2.
13. Renewal process of the credit files was observed to be sluggish.
14. Drawing power calculation was not found to be done properly.
15. Valuation of land and building not done properly.
16. Credit information was not taken prior to renewal/extension of loan.
17. Personal loans disbursed without proper assessment of the purpose.
18. Building was not insured even when the rental income is considered as the repayment source.
19. Sales and tax provision on audited financial statement vary significantly with the figures shown in tax clearance certificate.
20. Bank lacks information system that can assign all the related parties (i.e. firms, companies, individuals etc.) under one group showing its group exposure and no groups reporting have been done as required by the loan details List as per NRB Form # 2.2.
21. Banks have a practice of extending new loan in order to settle the existing one promoting loan ever-greening.
22. Regular stock inspection report necessary for most working capital requirements are not obtained in several credit files.
23. Lack of proper monitoring of deprived sector loan as required by NRB Directive.
24. Banks have practice of assigning different group name to units falling under same group, thereby not having a true picture of the SOL calculation.
25. Bank is yet to formulate Credit risk strategy on the basis of bank's target market and its internal strength as per NRB directive #5 and in line with NRB Risk Management Guideline 2010.
26. Advance to Directors and Sister Concerns shown in the Audited Financials.
27. Shares pledged haven't been dematerialized and also the margin of 50% not maintained.
28. The credit administration of the bank is found to be weak as function of the Credit Administration Department (CAD) is limited to finalizing the provisions of the borrowers, credit information to branches, update property valuers, provides credit

information to CIB.

29. Credit administration and monitoring function is considered not proactive.
30. The revolving credit portfolio continues to reflect ever-greening as the bank lacks policy of cleaning-ups of such revolving natured credits.
31. Credits are found to be left unattended and extended number of times even after the expiry; which indicates the inadequacy in timeliness of the renewal plan.
32. Bank branches do not have effective procedure for margin call regarding margin lending as per NRB Directive #2 clause 16 Ka 2.
33. Few loans which do not qualify as deprived sector lending were included as deprived sector lending as against NRB directive no. 17 clause 8.

Management

34. Governance Unit not established; accordingly, monthly report on monitoring of governance status was not found as per the provision of NRB Unified Directive # 6(7).
35. Lack of clear succession plan even in the senior positions.
36. Banks have not physically inspected and verified the assets since very long time period.
37. Board is functioning mere like a credit committee spending most of the time in discussion of credit files, and being less involved in the Risk management functions and policy making.
38. Board has not approved the risk tolerance and appetite limits neither has ensured the proper infrastructure and internal controls in the bank to control the inherent risks i.e. assessment of board oversight over the risk management process revealed no coverage of board over risk management process
39. Lack of timely review of the existing policies.
40. Board has not prepared and formalized code of conduct and policies relating to conflict of interest for the Board and Senior Management.
41. Board does not have a practice of regularly assessing the effectiveness of the management's oversight functions and processes within the bank.
42. Banks do not have any documents regarding procedures for conducting Board Meetings so as to provide clarity in the conduct of the Board meetings.
43. Board and Board level committee minutes were too concise and several agendas reflected no discussions during meeting.
44. Board not receiving periodic reports from Board level committees.

Earnings

45. Banks have not formalized the dividend policy for the systematic distribution and retention of the earning.
46. Some loans are improperly classified which shows that the profit of the bank is overstated.
47. Bank does not have board approved asset liability management policy.
48. Non-compliance of provisions related to presentation and disclosure of financial

statements.

49. Inappropriate accounting for disposal of non-banking assets by booking receivable from the party shows that profit of the bank has been overstated through gain on disposal and writes back of provision.

Liquidity

50. Banks neither have separate policy nor sophisticated modelling techniques to predict liquidity needs and/or forecast interest and exchange rate risk.
51. Banks do not have liquidity contingency plan and funding strategy.
52. Lack of Specific treasury related training, empowerment and succession planning of treasury unit staff.
53. The ALCO meetings are dominated by operational issues (e.g. peer group interest rates, simple analysis of market liquidity). Management of associated risks with various products, foreign exchange transactions, macroeconomic scenarios and its impact on bank's liquidity conditions etc. are lacking.
54. No periodical reports are submitted to the board level Risk Management Committee and the Board by ALCO.
55. Less Number of ALCO meetings held against the Bank's own policy of frequency of holding ALCO Meetings.
56. Stress tests and gap analysis are limited to the regulatory requirements. Banks have not determined re-pricing gap limits, risk appetites and tolerance limits and have not developed scenarios with underlying assumptions to adequately test the stressed scenarios.

Sensitivity to Market

57. Poor analysis of rate sensitive assets and liabilities.
58. Lack of policies related to market, interest rate and foreign exchange risk adequately.
59. Lack of strong middle office in the treasury department to analyse and monitor the market scenario and market related risks.
60. Weak Board oversight regarding the market risks including interest rate risk and foreign exchange risk.

Risk Management Practices

61. Weak board oversight on the overall risk management practices; lack of approved risk exposure limits and appetites.
62. Incomplete and non-comprehensive Risk Management policy document.
63. Directors of the Banks are unaware of the TORs of their respective committees.
64. Banks' senior management doesn't explicitly make discussions regarding quantity of risks, quality of risk management process and directions of risks of the Bank.
65. Breach of Risk Limits as set by the Credit Risk Management Policy i.e. exceeding substantial exposure limit to several parties and its impact on bank's functions is not comprehensively discussed and reviewed.

66. Structured periodic reports relating to risk management issues are not submitted to the Board and Board level committees by management.
67. Banks have not developed the practice of independent tests and reviews of the internal control and information systems.
68. No discussions were observed regarding quantity of risks, quality of risk management process and directions of other various risks of the Banks.
69. No reports were presented by the Risk Management Committee/Audit Committee to the Board regarding its activities and decision taken.
70. Banks have not developed comprehensive credit risk management environment in order to manage the credit risk effectively for the borrowers below Rs. 10 million exposures.

Others

71. Banks have not been reporting Threshold Transaction occurring in an account exceeding 1 million in a day as required by NRB Directive #19.
72. Lack of defined methodology and mechanism in place to identify the Beneficial Owner and the PEPs.
73. Customer Due Diligence (CDD) is not effective. Enhanced Customer Due Diligence (ECDD) of high risk customers regularly not performed.
74. Initiatives have not been taken to develop the complete list of Politically Exposed Persons (PEP's) and High Risk Customers.

2.4.2 Enforcement Unit

In the past on-site and enforcement functions were being performed by the same units in the BSD, however, last year, BSD segregated these functions into separate units as on-site supervision and enforcement unit. Enforcement unit is responsible for ensuring the compliance of Directions given to the individual banks through the on-site reports and preparing periodic enforcement reports to communicate the status of compliance to the Bank. This unit mainly prepares quarterly report of individual bank focusing on the major financial indicators and the compliance status of the given directions.

2.4.3 Off-site Supervision

The offsite unit carries out off-site surveillance of the commercial banks. The core objective of this function is to conduct periodic financial reviews of banks in order to identify potential risks and to assess compliance of prevailing regulatory provisions. It also provides feedback and red flag areas that need to be focused during on-site inspections. The BSD has an Off-site Supervision Manual that guides the objectives and procedures of the inspection.

The Off-Site Supervision Unit is responsible for supervising bank operations on the basis of data and reports submitted by the banks. It reviews and analyses the financial performance of banks using prudential reports, statutory returns and other relevant information. It also monitors trends and developments of financial indicators of the banking sector as a whole and generates industry reports on a quarterly basis. The unit also checks compliance provisions

related to cash reserve ratio (CRR), statutory liquidity ratio (SLR) and deprived sector lending (DSL), credit to core capital and deposit ratio (CCD) and recommends penalties in case of non-compliance. The following table shows important directives for compliance during the review year.

Table 2-2 Important Directives regarding Capital, Credit and Liquidity

(Effective for the FY 2015-16)

SN	Particulars	Current Rate or Percentage	Days/Month	Remarks I	Remarks II
1.	Minimum Capital fund "A" class	Core Capital = 6% & Capital Fund = 11% of Total Risk Weighted Exposure		Minimum capital fund to be maintained based on the risk- weight assets (percent)	
	"B" class & "C" class	Core Capital = 5.5% & Capital Fund = 11% of Total Risk Weighted Exposure			
2.	Refinance Facility (i) General Refinance Hydro, Agro, productive and, infrastructure industry or business run by youths returned from abroad.	4%	Max. 6 months	Cannot charge more than 9%	i. provided against good loan. ii. not exceed the 80% of core capital of BFIs iii. max. of 6 months.
	(ii) <u>Special Refinance</u> Sick industries, Cottage & small industries, foreign emp. Small business run by <i>Dalits, janajati, utpidit,</i> women, deprive class and community	1%		Cannot charge more than 4.5%	
	(iii) Export credit refinance	1%		Cannot charge more than 4.5%	
	(iv) Small & Medium Ent. Refinance (limit up to 10 lakhs)	5%		Cannot charge more than 10%	
3.	Bank Rate	7%			
4.	SLF Rate (For A, B & C)	Bank rate	Max. 5 days	For Merger 30 days	upto 90% Against Govt. T- Bills and Govt. Bonds
5.	Lender of Last Resort		Max. 6 months		Against deposit at NRB for CRR Purpose / Govt.

					Securities and Good Loan
6.	Repo & Reverse Repos	Max. 21days			
7.	CRR "A" class "B" class "C" class	6% 5% 4%			
8.	SLR "A" class "B" class (taking call n current deposit) "C" class (taking call n current deposit) "B" & "C" class (not taking call n current deposit)	12% 9% 8% 6%			
9.	Deprived Sector "A" class "B" class "C" class	5% 4.5% 4%			
10.	Productive Sector lending "A" class in productive & Agriculture +Energy "B" & "C" class	20% & 12% 15% & 10%			
11.	Net Liquidity Ratio	20%			

Further, the unit also collects and compiles information required for liquidity monitoring of the commercial banks on a daily basis. The unit also monitors, reviews, and analyses returns of commercial banks and prepares reports to detect emerging problems and early warning signals. The returns are used to evaluate the exposure to risks and the effect this could have on profits. The statutory returns are the basis for computing basic ratios (financial soundness indicators) to analyse capital adequacy, assets quality, earnings, liquidity and sensitivity to market risk (CAELS). The unit essentially carries out the duties of enforcement, follow up and periodic reviews as per the Capital Adequacy Framework 2007. Besides, the unit also compiles and analyses financial data and prepare reports on a regular, as well as, special case basis.

2.4.3.1 Cash Reserve Ratio (CRR) and Daily Liquidity Monitoring

Commercial banks are the backbone of the payments system and are the main conduits of monetary policy. As an indirect monetary instrument, NRB uses CRR to control money supply in the economy, which was 6 percent of total local currency deposit liabilities in the review period. The average CRR maintained by the commercial banks in the review year is 10.22 percent. Banks that fail to maintain such reserves face monetary penalties based on the bank rate. In the review year, penalty of Rs. 165,667.12 was imposed to NIC Asia Bank Limited for not maintaining the Cash Reserve Requirement in the first quarter.

2.4.3.2 Deprived Sector Lending

Nepalese commercial banks are required to disburse 5 percent of their total loan portfolio in the deprived sector as directed lending and the average deprived sector lending of the commercial banks stood at 5.61 percent in the review year. Commercial Banks that fail to maintain the minimum requirement in deprived sector lending as prescribed by the NRB is penalized. In the review year, Himalayan Bank Limited has been penalized Rs. Rs. 5.68 million and Rs. 5.84 million in the first quarter and second quarter respectively for not complying with the norms of deprived sector lending requirement.

2.4.3.3 Statutory Liquidity Ratio (SLR)

Banks are required to maintain SLR of 12 percent of their total domestic deposit liabilities. Failing to meet such obligation results in monetary penalties- computed on the basis of bank rate. During the review year all the banks complied with the Statutory Liquidity Ratio norm. The average SLR of the commercial banks in the review year is 25.27 percent.

2.4.3.4 Capital Adequacy Ratio

The New Capital Adequacy Framework requires the banks to maintain minimum capital requirements. As per the framework, commercial banks need to maintain at least 6 percent Tier I capital and 10 percent Total Capital (Tier I & Tier II). The minimum capital adequacy requirements are based on risk-weighted exposures (RWE) of the banks. The capital adequacy ratios of banks are monitored on monthly basis. The average capital adequacy ratio of the commercial banks in the review year is 11.01 percent.

2.4.4 Policy, Planning and Forward Looking Analysis Unit

The Policy, Planning and Forward Looking Analysis Unit regularly monitors the developments in international financial environment, the guidelines issued by the Basel Committee and emerging issues in banking regulation and supervision and incorporates the findings to propose required changes in the existing policies and in preparing the annual plan for the department, as well. The unit also reviews policy and undertakes studies for improving supervisory tools and techniques and coordinates with international regulators and supervisory agencies to share knowledge and bring best practices in the banking supervision in Nepal. The Unit exchanges information with international regulators and supervisors in matters related to banking supervision. The department works to achieve mutual cooperation with supervisors worldwide through an arrangement of MoU on information sharing, and coordinates in information sharing through supervisory colleges, too.

Further, the Unit also reviews and formulates the annual plans of BSD in line with NRB's strategic plan, conducts and coordinates interaction programs, seminars and workshops on the supervision-related issues. The unit also prepares the annual report of the department as prescribed in the Inspection and Supervision Bylaw.

During the review period, the Policy Planning and Forward Looking Analysis Unit formulated an action plan for the next year. The Unit conducted a periodic review of the

Annual Supervision Action Plan of 2015/16, and the report was executed in accordance with Inspection and Supervision By-laws. The Unit also acts as secretariat for the High Level Co-ordination Committee.

2.4.5 Special Inspection Unit

The special inspection unit performs different special inspection based upon complaints received vide complaints lodged at Bank, public media, other competent authorities as well as upon the findings of off-site surveillance and need felt by NRB. BSD conducted 44 (numbers presented in Annex 3) such special inspections in 2015/16, triggered by various reasons.

2.4.6 Internal Administration Unit

The Internal Administration Unit performs the functions related to human resources and internal administration within the BSD. Its tasks include internal placement, issuance of travel orders, maintaining leave records and also serving as the back office. This Unit also looks after procurement for the BSD such as supply of office logistics and stationery in coordination with the General Services Department of NRB. This Unit also carries out coordination to assist other units to carry out the functions more smoothly and effectively.

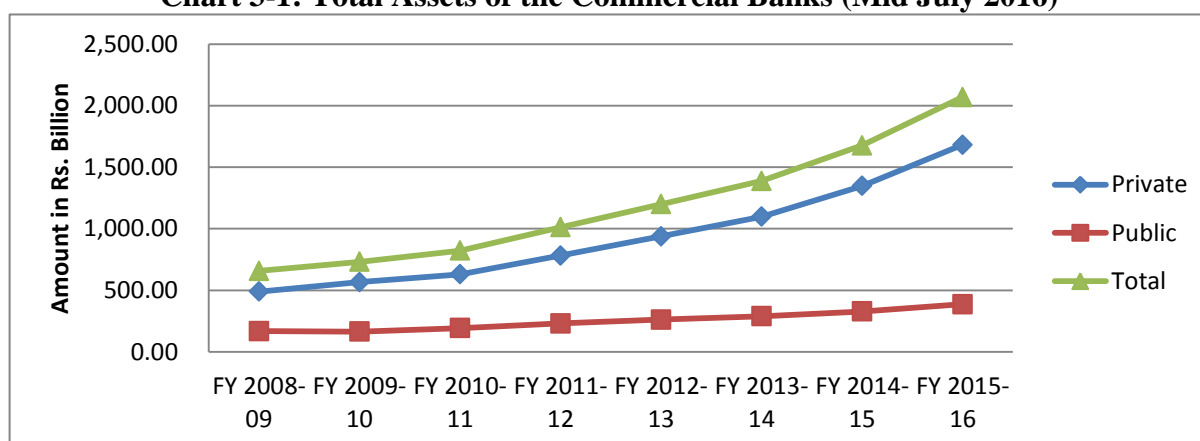
CHAPTER THREE

3. OPERATIONAL PERFORMANCE OF COMMERCIAL BANKS

3.1 Assets of the commercial banks

The total assets of the commercial banks have increased by 23.41 percent to Rs. 2069.19 billion in the fiscal year 2015/16 compared to a growth of 20.06 percent to Rs. 1676.68 billion in F.Y 2014/15. In the review year, the total assets increased by 17.91 percent in public banks and by 24.75 percent in the private banks compared to increase by 10.23% and 22.73% in the Public and Private Banks respectively in FY 2014/15.

Chart 3-1: Total Assets of the Commercial Banks (Mid July 2016)

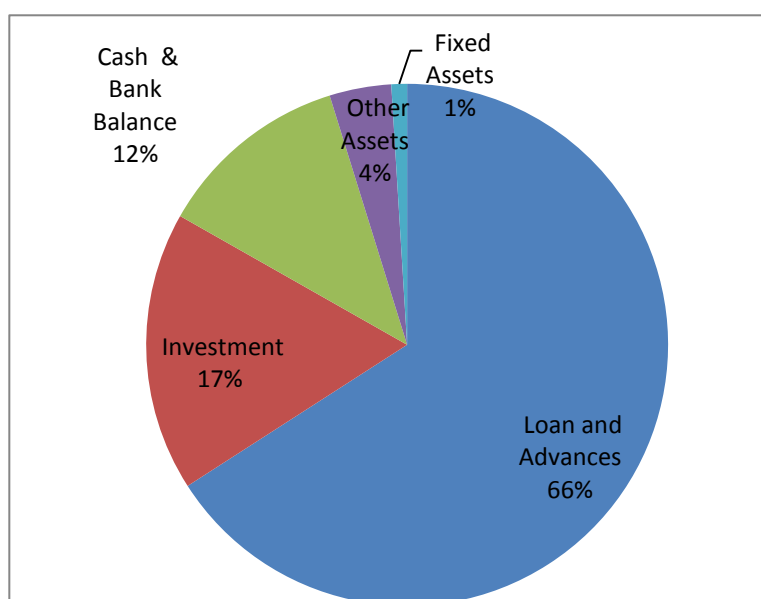


The total assets of the commercial banks have increased due to increase in bank balance, investment and loan portfolio. The cash and bank balance, Investment and loan portfolio have increased by Rs. 13.31 billion, 77.54 billion and Rs. 294.13 billion respectively in 2015/16. This shows that in the review period, the Bank's Loan Portfolio has increased by 27.5%. The growth was 22.4% in the FY 2014/15. In the previous year cash and bank balance had increased by Rs.22.93 billion, investment by 54.36 Billion, while loan portfolio had increased by Rs. 195.71 billion. The loan portfolio of public banks increased by Rs. 33.43 billion, while that of private banks increased by Rs. 260.70 billion in 2015/16. Detailed figures are shown in Annex 9.1 and 9.13.

3.2 Composition of Assets

The major portion of the assets of the commercial banks is covered by the loans & advances (66 percent) which totalled to Rs 1363.70 billion, of which private sector banks hold Rs 1138.64 billion. The second and third largest components are investment (17 percent) and cash/bank balance (12 percent) respectively.

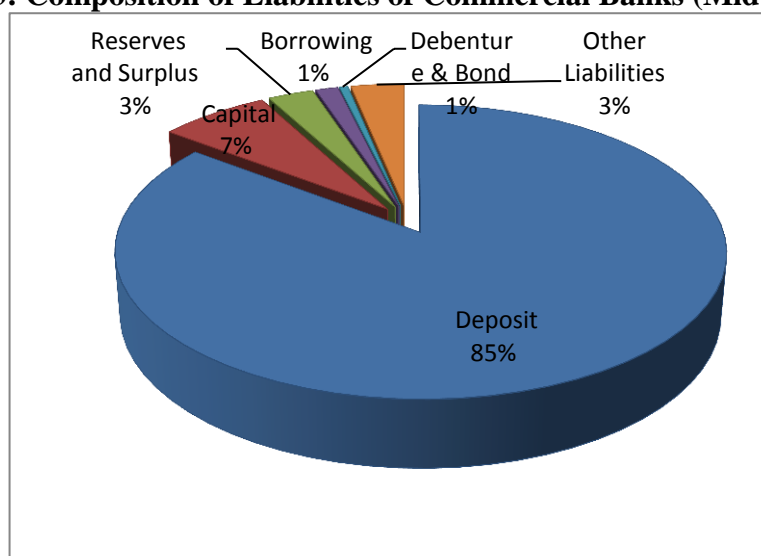
Chart 3-2: Composition of Assets of Commercial Banks (Mid July 2016)



3.3 Composition of Liabilities

The largest source of fund of the commercial banks in Mid July 2016 was deposit (85 percent), which totalled to Rs.1764.24 billion, of which private banks held Rs. 1441.36 billion (81 percent). The second largest source is share capital i.e. Rs. 140.39 billion (7 percent).

Chart 3-3: Composition of Liabilities of Commercial Banks (Mid July 2016)

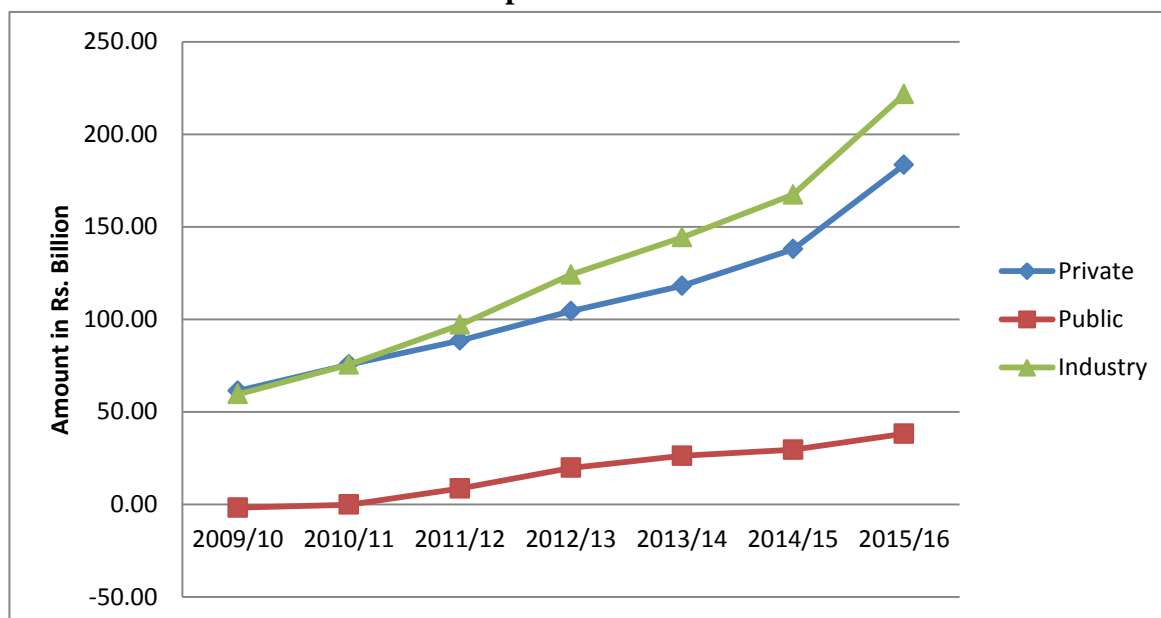


3.4 Capital

The consolidated capital fund of the commercial banks showed a positive growth during the review year. Capital fund increased by 32.41 percent to Rs. 221.60 billion in the review year compared to increment by 15.99 percent to Rs. 167.36 billion in the fiscal year 2014/15. Likewise, capital fund of private banks grew by 33.06 percent to Rs. 183.45 billion and that

of the public banks increased by 29.37 percent from Rs 29.49 billion to Rs. 38.15 billion. In the year 2014/15, the increment in the capital fund of Public Banks and Private Banks was 12.55 and 16.75 percent respectively. The major reason behind the increment in the Capital fund is because of the regulatory capital requirement to be achieved by the Banks by Mid July 2017. (Figures presented in Annex 9.2)

Chart 3-4: Growth of Capital Funds of the Commercial Banks

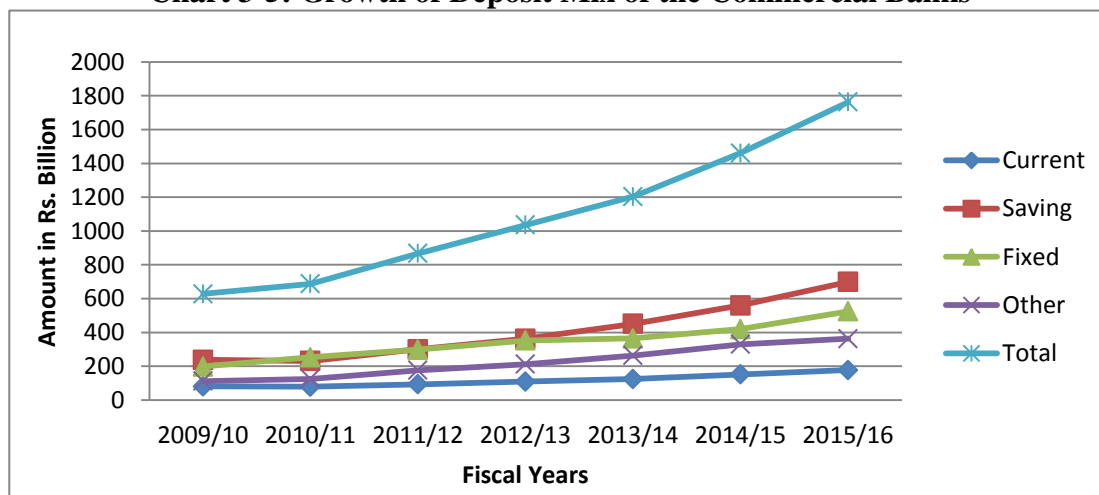


The review of capital adequacy of individual banks (Annex 5) as on Mid July 2016 reflects that all 28 Banks had complied with the statutory capital adequacy ratio of 10 percent.

3.5 Deposit

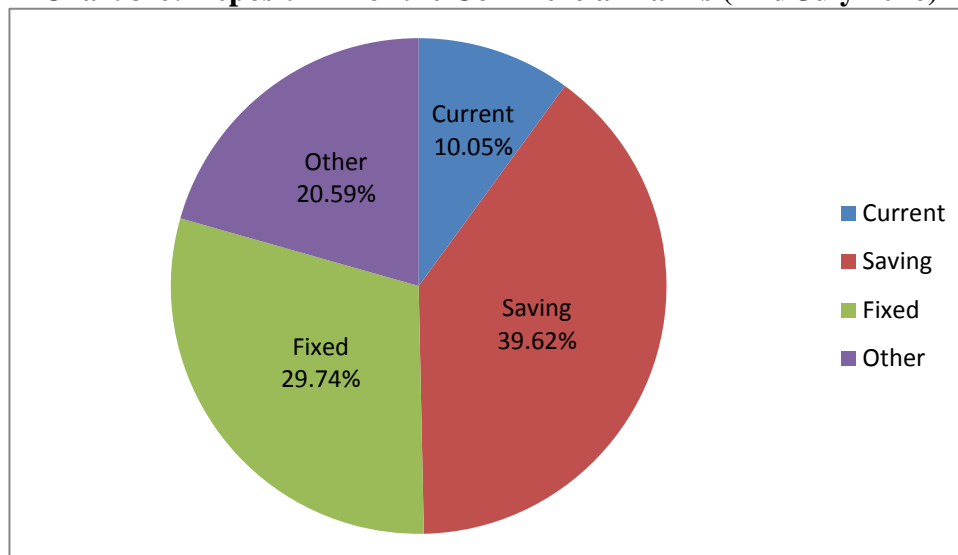
Total deposits of the commercial banks increased by 20.59 percent to Rs. 1764.24 billion in the review year compared to a growth of 21.49 percent to Rs. 1462.96 billion in Mid July 2015.

Chart 3-5: Growth of Deposit Mix of the Commercial Banks



Saving and fixed deposits dominated the deposit of the commercial banks. In Mid July 2016, saving and fixed deposits of the commercial banks accounted for 39.62 percent and 29.74 percent respectively to the total deposits. Detailed figures are shown in Annex 9.3.

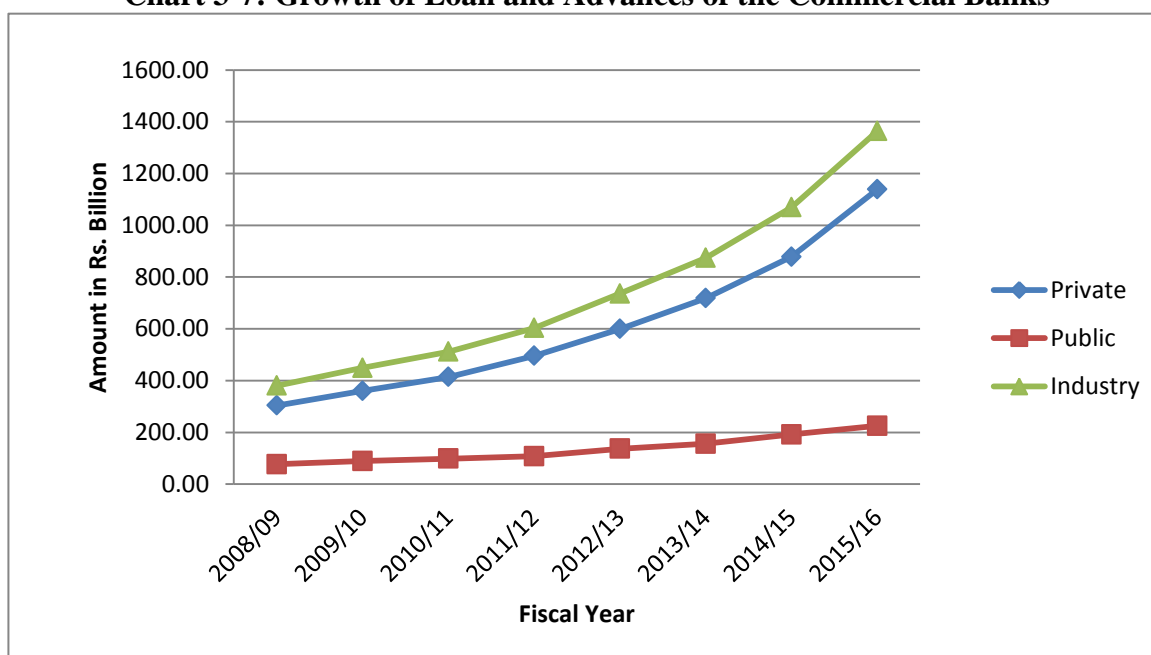
Chart 3-6: Deposit Mix of the Commercial Banks (Mid July 2016)



3.6 Loan and Advances

Loan and advances of the commercial banks increased by 27.50 percent to Rs. 1,363.70 Billion in the Fiscal Year 2015/16 compared to growth of 22.40 percent to Rs. 1,069.56 Billion in the last fiscal year. Loans and advances of public banks increased by 17.4 percent to Rs.225.06 billion, and that of private banks rose by 29.70 percent to Rs.1,138.64 billion during the year. Detailed figures are shown in Annex 9.4.

Chart 3-7: Growth of Loan and Advances of the Commercial Banks



3.6.1 Sector-wise Loan and Advances

Commercial Banks have disbursed the loans and advances to the different sectors of the economy. Wholesalers and retailers sector is the dominant sector of lending with 23.83 percent share of total loan followed by non-food production related lending, 13.02 percent and then followed by construction 10.15 percent. Table 3-1 shows Sector-wise loan and advances of the commercial banks as on Mid July 2016

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

SN	Sector	% of Total Loan (Mid July)							
		2009	2010	2011	2012	2013	2014	2015	2016
1	Agriculture Forest	3.4	3.05	2.68	3.75	4.11	4.19	4.29	4.29
2	Fishery	0	0	0.02	0.28	0.07	0.28	0.12	0.11
3	Mining	1.79	0.43	0.42	0.38	0.46	0.36	0.28	0.21
4	Agriculture, Forestry & Beverage Production Related	-	-	-	-	-	-	6.93	7.07
5	Non-food Production Related	-	-	-	-	-	-	14.67	13.02
6	Manufacturing*	20.93	20.14	21.2	23.09	23.67	22.96	-	-
7	Construction	10.71	10.56	9.29	9.8	9.58	9.86	10.36	10.15
8	Electricity, Gas and Water	1.65	1.59	1.32	1.92	2.42	2.41	2.79	3.05
9	Metal Products, Machineries, Electronics and Installation	1.88	1.32	1.68	1.48	1.32	1.21	1.11	1.18
10	Transport, Warehousing and Communication	4.55	5.28	5.11	6.16	3.24	2.80	2.53	3.11
11	Wholesalers and Retailers	17.48	18.67	18.51	18.1	21.16	22.80	23.03	23.83
12	Finance, Insurance and Real Estate	9.82	11.51	14.01	8.95	8.34	8.07	8.49	8.21
13	Hotel and Restaurant	4.72	2.84	2.13	2.66	2.53	2.75	3.26	3.12
14	Other Services	1.76	3.96	4.52	4.4	5.05	4.88	4.77	4.38
15	Consumable Loans	3.53	5.76	5.91	6	6.96	7.56	7.02	7.08
16	Local Government	0.05	0.22	0.23	1.83	0.09	0.12	0.14	0.11
17	Others	17.72	14.66	12.99	11.2	11	9.76	10.20	11.06
	Total Loan	100	100	100	100	100	100	100	100

Source: Offsite Supervision Report 2013

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

3.6.2 Security-wise Loan and Advances

Almost all of the loans and advances, disbursed by the commercial banks, are found to be secured by the securities. In Mid July 2016, about 86.66 percent of the total loans and advances are secured by the property as collateral, a rise by 5 percent compared to FY 2014/15. Similarly, 1.89 percent of the total loans and advances are secured by gold and silver and 4.90 percent by other securities. Table 3-2 shows the security-wise loan and advances position of the commercial banks as at Mid July 2016.

Table 3-2: Security used to Secure Loan and Advances

S.N.	Security	% of Total Loan (Mid July)							
		2009	2010	2011	2012	2013	2014	2015	2016
1	Gold and Silver	1.61	2.26	2.96	3.41	3.3	3.00	2.17	1.89
2	Government Bonds	0.74	0.62	0.53	0.38	0.4	0.11	0.07	0.07
3	Non-Government Securities	1.37	1.43	1.07	0.81	0.64	1.01	1.28	1.66

4	Fixed Deposit Receipts	1.33	1.5	1.59	1.16	1.08	0.82	0.54	0.54
5	Property as Collateral	85.9	85.66	84.92	84.5	84.86	81.34	81.65	86.66
6	Security of Bills	1.8	0.98	1.26	1.58	1.01	1.32	1.23	1.09
7	Guarantee	1.87	1.84	1.79	2.31	2.47	2.89	3.14	3.16
8	Credit/Debit Card	0.08	0.08	0.07	0.06	0.05	0.05	0.04	0.03
9	Others	5.31	5.62	5.82	5.79	6.19	9.47	9.89	4.90
Total		100	100	100	100	100	100	100	100

3.6.3 Product-wise Loan and Advances

Major part of the loan and advances, i.e. 24.04 percent of the total loan, is of demand and other working capital nature in the review year 2015/16, as was in the previous year (24.06 percent). Similarly, 17.26 percent and 16.34 percent of loans were extended as overdraft and term loans respectively. The growth of lending in real estate loan is similar to that in the previous year, which has 6 percent share in the overall credit portfolio of Commercial banks in the review year compared to 6.04 and 6.70 percent in the two previous years. Also, the share of Term loan that had shown an increasing trend since last 4 years has dropped in the review year. Table 3-3 shows the composition of product wise loan and advances of the commercial banks during last eight years.

Table 3-3: Product wise Loan and Advances

S.N.	Loan Products	% of total loan (Mid July)							
		2009	2010	2011	2012	2013	2014	2015	2016
1	Term Loan	15	14.16	14.33	14.01	14.85	15.85	17.05	16.34
2	Overdraft	18.1	16.27	17.31	17.26	19.85	18.93	17.79	17.26
3	Trust Receipt Loan/Import Loan	7.58	4.85	5.52	5.68	5.48	5.34	4.47	5.22
4	Demand and Other Working Capital Loan	21.64	22.36	23.39	24.96	24.48	23.94	24.06	24.04
5	Personal Residential Home Loan	7.23	7.5	5.48	5.73	6.24	7.17	8.12	7.85
6	Real Estate Loan	11.8	13.2	13.11	11.19	8.33	6.70	6.04	6.00
7	Margin Loan	2.24	2.07	1.35	1.01	0.98	1.33	1.62	2.04
8	Hire Purchase Loan	6.23	7.11	6.54	5.14	4.5	4.55	5.03	5.71
9	Deprived Sector Loan	2.96	3.65	3.44	3.79	4.28	4.54	4.69	4.72
10	Bills Purchased	0.76	0.45	0.91	1.57	1.06	1.11	1.18	0.90
11	Other Product	6.47	8.38	8.63	9.68	9.94	10.54	9.96	9.91

3.7 Non-Performing Loans (NPL)

The total volume of non-performing loans of the commercial banks decreased by Rs.3.74 billion in the fiscal year 2015/16 and reached Rs. 23.77 billion, which is 1.74 percent of total outstanding loan and advances as at Mid July 2016. The NPL of Private Sector banks decreased by 17.35 percent in the review year compared to the increment by 2.27% in the FY 2013/14. The growth of new loans by the Commercial Banks can be attributed to the decrement in the total NPL of the Commercial banks and also the decrement of the NPL by Rastriya Banijya Bank Limited.

The NPL of private banks amounted to Rs. 15.32 billion whereas that of public banks was Rs. 8.45 billion in 2015/16. The NPL ratio of public banks was 3.76 percent in Mid July 2016 while that of private banks was 1.35 percent. The NPL of the 3 Public sector banks accounted 36 percent of total NPL of commercial banks, rest of which was accounted to private sector Banks as of mid-July 2016. Detailed figures are shown in Annex 9.5.

Chart 3-8: NPL Ratio of the Commercial Bank (Mid July 2016)

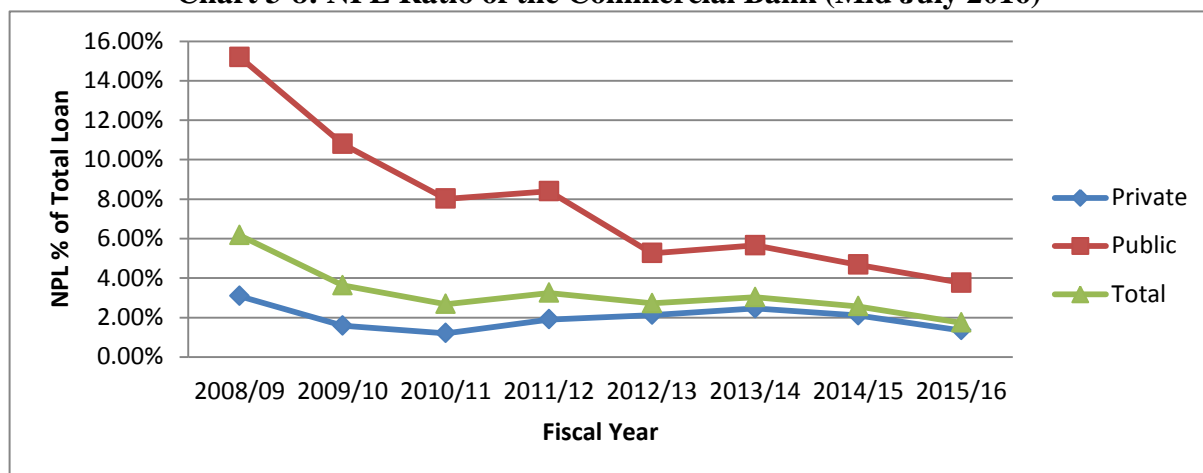
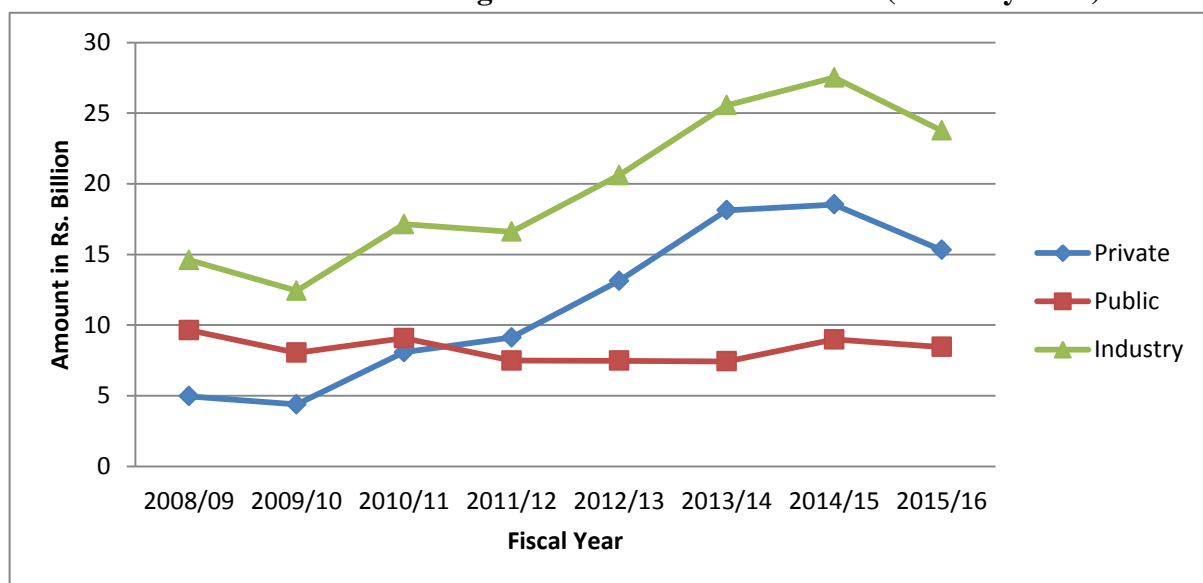


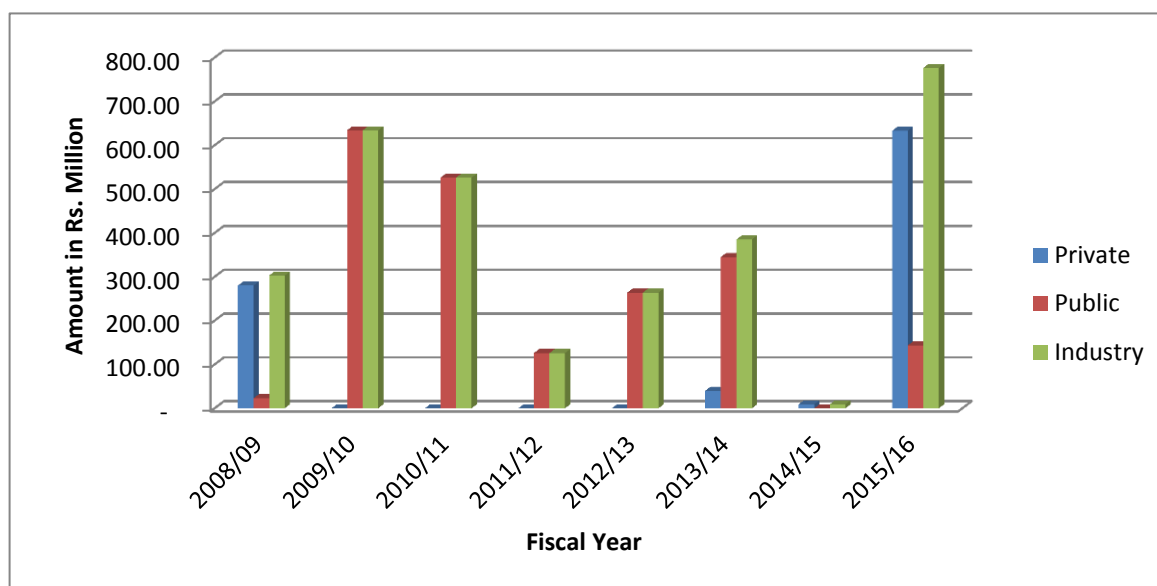
Chart 3-8: Non-Performing Loan of Commercial Banks (Mid July 2016)



3.8 Non-Banking Assets (NBA)

The total amount of NBA increased by 568.36 million and reached to Rs. 776.36 million in the review year due to the huge increase in NCC Bank. The figure of NBA shown is the net of provision made for the NBA booked by the Commercial Banks. The level and structure of NBA during the last seven years is presented in the chart 3-9. Details on Non-Banking Assets are shown in Annex 9.6.

Chart 3-9: Non-banking assets of the Commercial Banks (Mid July 2016)

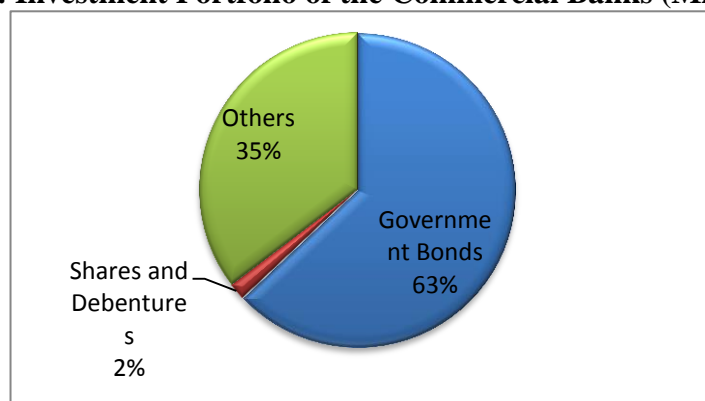


3.9 Investment

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

The total investment of commercial banks increased by 27.17 percent to Rs. 358.83 billion in the Fiscal Year 2015/16 compared to the growth of 24.64 percent to Rs.282.16 billion in the fiscal year 2014/15. The composition of investment of commercial banks shows a high concentration in government bonds, which is 63 percent of the total investment while shares and debentures and other investment accounted for 2 percent and 35 percent, respectively. The investment pattern in the portfolio is similar to that of the previous year. Banks are not allowed to invest in shares and debentures of Banks and the Financial Institutions licensed by the NRB, except that of D Class Financial Institutions. This has continuously diverted investment in 'other' areas. Chart 3-10 shows the investment portfolio of the commercial banks in Mid July 2016.

Chart 3-10: Investment Portfolio of the Commercial Banks (Mid July 2016)

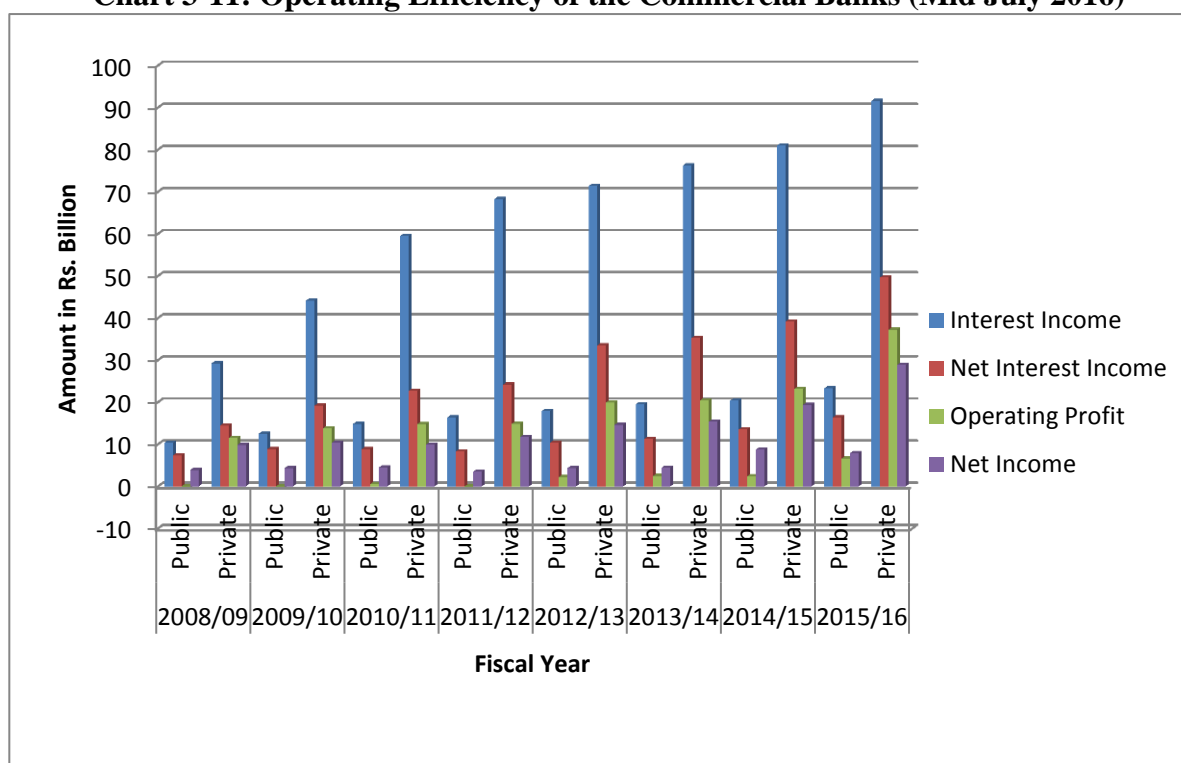


The total investment of the public banks comprises 81 percent of investment on government bond which shows the high concentration in government bonds in the fiscal year 2015/16. Similarly, the total investment of private banks comprises 58 percent of its investment on government bond, 2 percent on shares and debentures and rest on other investment in the fiscal year 2015/16. Detailed figure of the investment portfolio are shown in Annex 9.7.

3.10 Earnings

The total income of commercial banks increased by 12.28 percent to Rs. 137.53 billion in FY 2015/16 compared to growth of 9.64 percent to Rs. 122.49 billion in 2014/15. Interest income, the significant proportion of income, contributed to 85.80 percent of the total income, followed by 5.13 percent contributed by commission and discount. The residual portion consists of exchange income, non-operating income and other income. The net profit of commercial banks increased by 30.91 percent to Rs. 36.81 Billion in FY 2015/16 compared to growth of 26.15 percent to Rs. 28.12 billion in the previous fiscal year. Profit made by all of the banks in the review year contributed in the increase in the growth rate. Detailed figures are shown in Annex 9.9 and 9.13. Out of the total net profit, 68.95 percent is reported by the private banks and remaining by the public banks. Earnings of the commercial banks over the last eight fiscal years are shown in the chart 3-11.

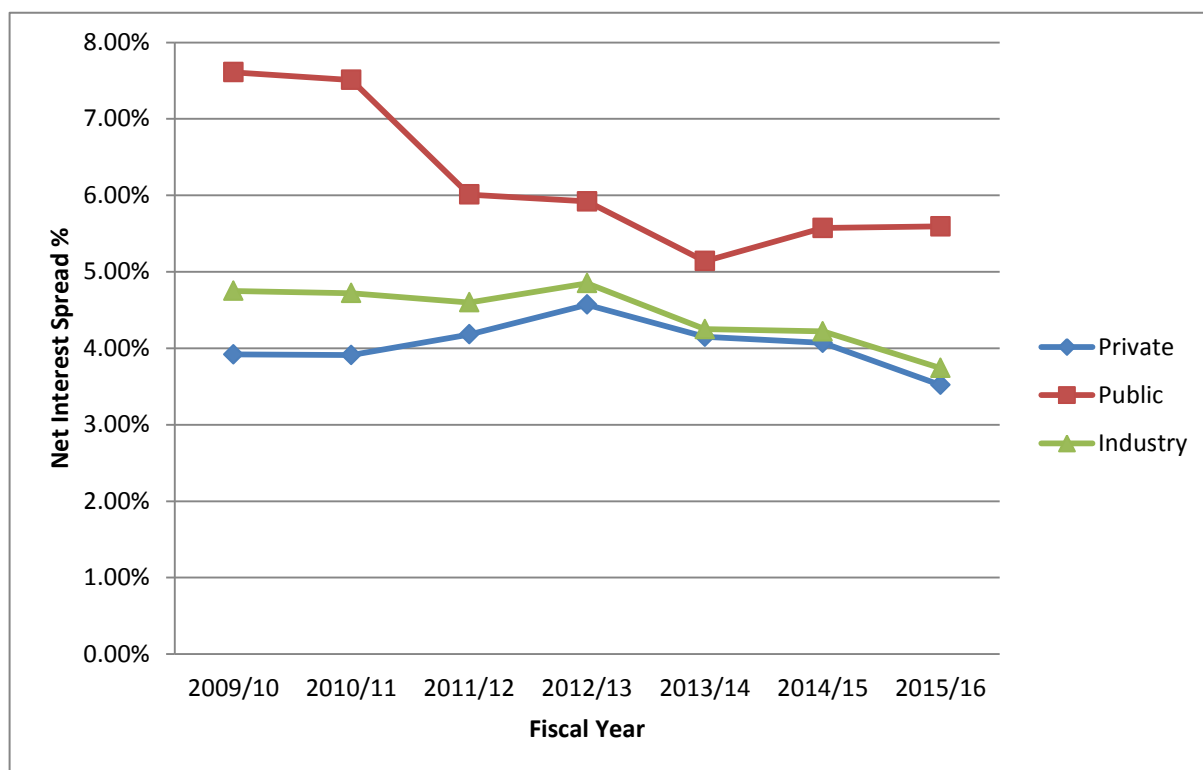
Chart 3-11: Operating Efficiency of the Commercial Banks (Mid July 2016)



Interest income of the commercial banks is the main factor that contributes to their profitability. The net interest spread of the commercial banks decreased from 4.22 percent to 3.74 percent in the fiscal year 2015/16. The net interest spread of private sector banks and public sector banks is 3.52 percent and 5.59 percent respectively in the review Fiscal Year

2015/16, which were 4.07 percent for the private banks and 5.57 percent for the public bank in the previous year. Detailed figure of net interest spread is shown in Annex 9.8.

Chart 3-12: Interest Spread of the Commercial Banks (Mid July 2016)

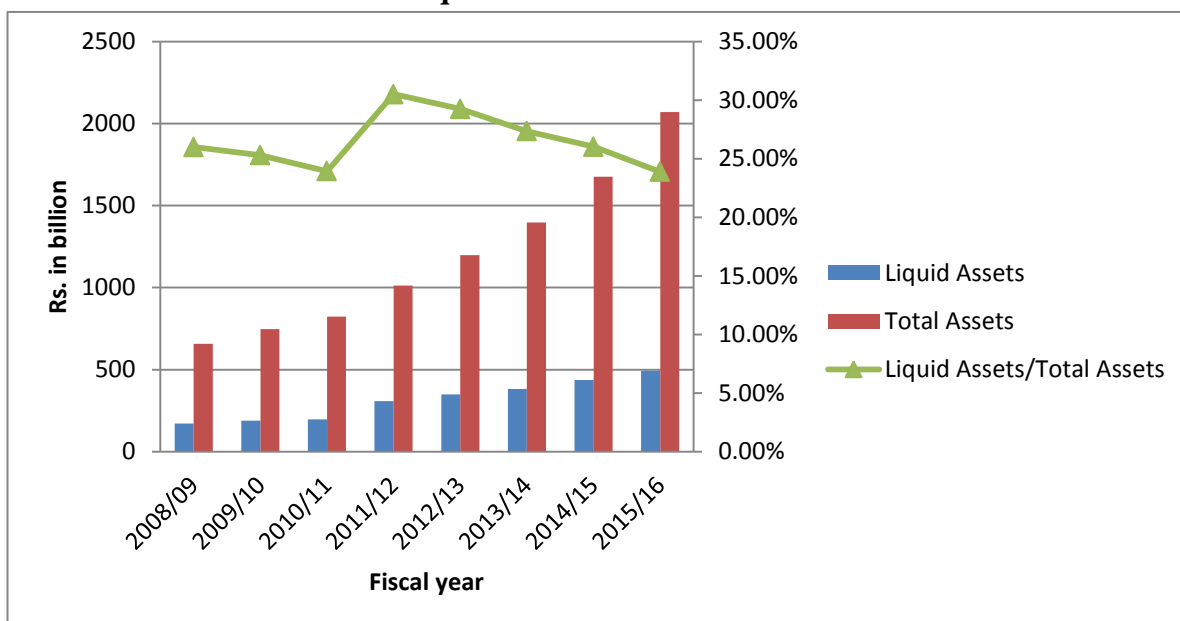


3.11 Liquidity

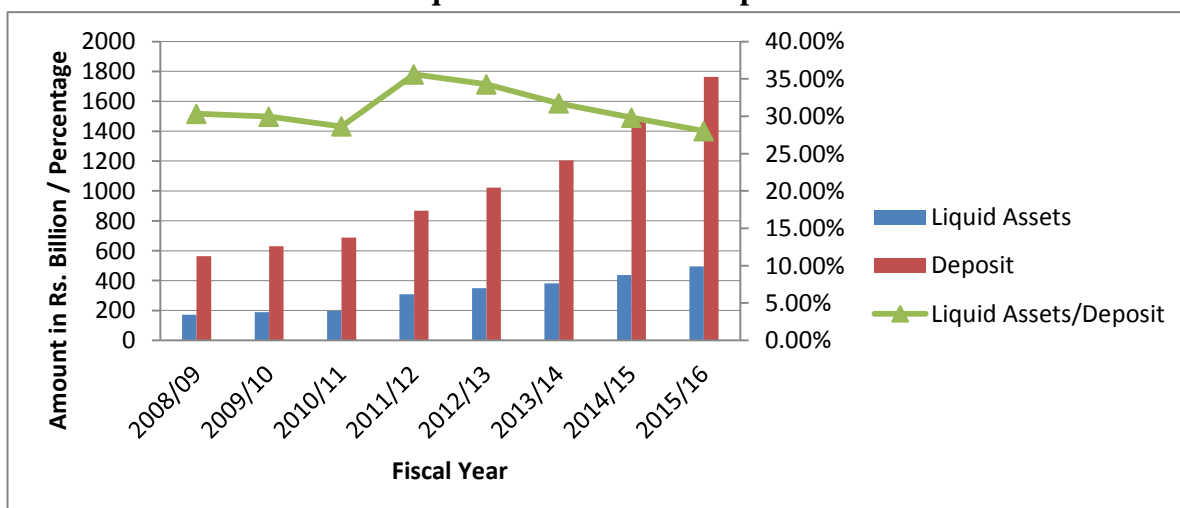
The cash balance, bank balance with NRB and other banks and financial institutions, money at call and the investment in the government securities are considered as the total liquid assets of the commercial banks. The total liquid assets of the commercial banks increased by 13.30 percent to Rs. 494 Billion in 2015/16 compared to growth of 14.14 percent to Rs. 436 Billion in 2014/15. The growth rate of the total liquid assets found to be in decreasing trend since last few years has shown a consistent growth trend in the last two years. The growth was 56.85 percent in the year 2011/12. The proportion of liquid assets to total deposits of the commercial banks in Mid July 2016 is 28.01 percent, which was 29.82 percent in 2014/15. Similarly, the proportion of liquid assets to total assets of the commercial banks in Mid July 2016 is 23.88 percent, which was 26.02 percent in 2014/15. Detailed figures are shown in Annex: 9.10 and Annex 9.11. Chart 3-13 shows the liquidity position of the commercial banks to its total assets and total deposits.

Chart 3-13: Liquidity Position of the Commercial Banks (Mid July 2016)

Liquid Assets to Total Assets



Liquid Assets to Total Deposit



3.12 Productive and Deprived Sector Lending

The productive sector lending for the year 2015/16, on an average, is approximately 16.59 percent, which was 22.50 percent in 2014/15. The deprived sector lending, of commercial banks, for the fiscal year 2015/16 is 5.61 percent, which was 5.11 percent in the FY 2014/15. The deprived sector lending is above the NRB minimum requirement of 5 percent in the review year. The detailed figures are shown in 9.12.

3.13 Electronic Banking

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

- a) Internet Banking

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

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

Table 3-4: Electronic banking in Nepalese banking industry

SN	Particulars	Mid July				
		2012	2013	2014	2015	2016
1)	Number of branchless banking centre	74	205	504	503	812
2)	Number of branchless banking customer	76	30,383	1,51,066	1,97,493	2,13,084
3)	Number of mobile banking customer	1,63,246	4,52,909	7,68,424	9,97,463	16,04,578
4)	Number of Internet banking customer	1,44,763	2,86,732	3,28,434	3,96,362	4,89,835
5)	Total number of ATM	1,054	1,239	1,303	1,483	1,661
6)	Number of debit card holder	23,55,976	31,93,137	36,41,960	41,46,237	41,42,390
7)	Number of credit card holder	27,921	38,587	57,898	43,895	52,014
8)	Number of prepaid card holder	46,083	57,453	66,204	69,322	82,797

Source: Monthly Statistics Report Banks and Financial Institutions Regulations Department

3.13.1 Internet Banking

Kumari bank Limited was the first Bank to introduce Internet Banking in Nepal in 2002. All Nepalese commercial banks are offering Internet Banking services to their customers. As on mid July 2016, there are 489,835 internet banking users of commercial banks in Nepal which was 396,362 in the last year. So far, commercial banks in Nepal are providing the service of utility payments, fund transfers within and between selected Banks and the generation of account statements as internet banking services.

3.13.2 Mobile Banking

Nepalese banks are providing services like balance inquiry, mini statement, last transactions information, withdrawal alerts, cheque book inquiry/request, interbank and intra-bank fund transfer, utility bill payments etc. through mobile banking. As on mid July 2016, there are 16,04,578 users of mobile banking as that was 997,463 in the previous year.

3.13.3 Debit Card

All Nepalese commercial banks are providing debit card services to their customers. There are 41,42,390 debit card users of the commercial banks, as on Mid July 2016 as compared with the higher number of 4146237 in the previous year.

3.13.4 Automated Teller Machines (ATMs)

Himalayan Bank Limited introduced the first ATM in Nepal in the year 1995. All commercial banks have installed ATMs. As on mid July 2016, there are 1,661 ATMs installed by commercial banks and that of mid July 2015 was 1483.

3.13.5 Credit Card

Credit card service in Nepal was first introduced by NABIL Bank in the early 1990s. As on mid July 2016, there are 52,014 active credit card customers in the Nepalese banking industry.

3.13.6 Prepaid Card

As on mid July 2016, there are 82,797 active prepaid card customers of commercial banks.

3.13.7 Branchless Banking

Branchless banking is a distribution channel strategy used for delivering financial services without relying on bank branches. It is serviced through point of transaction (POT) machine by using smart cards. It is an agent based service. The services include deposit, withdrawal, balance enquiry, and fund transfer. As on mid July 2016, there are 2,13,084 branchless banking customers compared to 1,97,493 branchless banking customers in Mid July 2015, and 812 branchless banking centres in Mid July 2016 compared to 503 branchless banking centres throughout the country previous year. Increasing number of Banks introducing branchless banking, in the rural areas, has contributed to the high growth in the number of branchless banking customers.

3.14 Actions and Penalties

Following action is taken to bank according to the Nepal Rastra Bank Act, 2058 in the review year:

- Penalty of Rs. 5.68 million and Rs. 5.84 million to Himalayan Bank Limited in the first and second quarter respectively, for not maintaining the minimum required deprived sector lending.
- Penalty of Rs. 165,667.12 to NIC Asia Bank Limited for not maintaining the Cash Reserve Requirement in the first quarter.

CHAPTER FOUR

4. CURRENT INITIATIVES IN SUPERVISION

This chapter presents the initiatives taken in the field of supervision and regulation in both international as well as domestic arena. It will give a brief outlook to the valued readers about the developments happening in the supervisory world.

4.1 International Initiatives

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

4.1.1.1 Identifying and Dealing with Weak Banks

The BCBS has published the final Guidelines for identifying and dealing with **weak banks**. In the light of the significant post-crisis developments in financial markets and the regulatory landscape, the Committee has updated its 2002 Supervisory guidance on dealing with weak banks. As per BCBS, key changes include:

- emphasising the need for early intervention and the use of recovery and resolution tools, and updating supervisory communication policies for distressed banks;
- providing further guidance for improving supervisory processes, such as incorporating macroprudential assessments, stress testing and business model analysis, and reinforcing the importance of sound corporate governance at banks;
- highlighting the issues of liquidity shortfalls, excessive risk concentrations, mis-aligned compensation and inadequate risk management; and
- expanding guidelines for information-sharing and cooperation among relevant authorities.

A consultative version of this paper was published for comment in June 2014. This guidelines supersede the Committee's 2002 guidance on the topic. (Source: BCBS)

4.1.1.2 Basel III Monitoring Report

BCBS published Basel III Monitoring reports on September 2015 and March 2016. The Committee has established a rigorous reporting process to regularly review the implications of the Basel III standards for banks. Data, as of 30 June 2015, show that all large internationally active banks meet the Basel III risk-based capital minimum Common Equity Tier 1 requirements as well as the target level of 7.0% (plus the surcharges on global systemically important banks - G-SIBs - as applicable). Between 31 December 2014 and 30 June 2015, Group 1³ banks continued to reduce their capital shortfalls relative to the higher Tier 1 and total capital target levels; the additional Tier 1 capital shortfall has decreased from

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

³ Group 1 banks are those that have Tier 1 capital of more than €3 billion and are internationally active. All other banks are considered Group 2 banks.

€6.5 billion to €3.4 billion and the Tier 2 capital shortfall from €40.6 billion to €12.8 billion. Most of this Tier 2 capital shortfall is attributable to the G-SIBs in the sample, while the additional tier 1 capital shortfall is fully attributable to the non-G-SIB Group 1 banks.

Of the 160 banks in the LCR sample, 84% reported an LCR that met or exceeded 100%, while all banks reported an LCR at or above the 60% minimum requirement that was in place for 2015.

The weighted average Net Stable Funding Ratio (NSFR) for the Group 1 bank sample was 111.9%, while for Group 2 banks the average NSFR was 114.0%. As of June 2015, about 79% of the Group 1 banks and 83% of the Group 2 banks in the NSFR sample reported a ratio that met or exceeded 100%, while 92% of the Group 1 banks and 94% of the Group 2 banks reported an NSFR at or above 90%. (Source: BCBS)

4.1.1.3 Standardised Approach for Credit Risk (second consultative document)

As a broader review of the Committee, BCBS has issued second consultative document on Revisions to the Standardised Approach for credit risk to balance simplicity and risk sensitivity, and to promote comparability by reducing variability in risk-weighted assets across banks and jurisdictions.

These proposals differ in several ways from an initial set of proposals published by the Committee in December 2014. That earlier proposal set out an approach that removed all references to external credit ratings and assigned risk weights based on a limited number of alternative risk drivers. Respondents to the first consultative document expressed concerns, suggesting that the complete removal of references to ratings was unnecessary and undesirable. The Committee has decided to re-introduce the use of ratings, in a non-mechanistic manner, for exposures to banks and corporates. The revised proposal also includes alternative approaches for jurisdictions that do not allow the use of external ratings for regulatory purposes. (Source: BCBS)

4.1.1.4 Minimum capital requirements for market risk

The 2007-08 period of severe market stress exposed weaknesses in the framework for capitalising risks from trading activities. In 2009, the Committee introduced a set of revisions to the Basel II market risk framework to address the most pressing deficiencies. A fundamental review of the trading book was also initiated to tackle a number of structural flaws in the framework that were not addressed by those revisions.

The purpose of the revised market risk framework is to ensure that the standardised and internal model approaches to market risk deliver credible capital outcomes and promote consistent implementation of the standards across jurisdictions. The final standard incorporates changes that have been made following two consultative documents published in October 2013 and December 2014 and several quantitative impact studies. The key features of the revised framework include:

- A revised boundary between the trading book and banking book

- A revised internal models approach for market risk
- A revised standardised approach for market risk
- A shift from value-at-risk to an expected shortfall measure of risk under stress
- Incorporation of the risk of market illiquidity (Source: BCBS)

4.1.1.5 Revisions to the Basel III leverage ratio framework (consultative document)

BCBS is of the view that a simple leverage ratio framework is critical and complementary to the risk-based capital framework and that a credible leverage ratio is one that ensures broad and adequate capture of both the on- and off-balance sheet sources of banks' leverage. This document sets out the Committee's proposed revisions to the design and calibration of the Basel III leverage ratio framework. Among the areas subject to proposed revision in this consultative document are:

- measurement of derivative exposures;
- treatment of regular-way purchases and sales of financial assets;
- treatment of provisions;
- credit conversion factors for off-balance sheet items; and
- additional requirements for global systemically important banks (G-SIBs). (Source: BCBS)

4.1.2 Initiatives by Financial Stability Board (FSB)⁴

4.1.2.1 Principles for Cross-border Effectiveness of Resolution Actions

These Principles set out statutory and contractual mechanisms that jurisdictions should consider including in their legal frameworks to give cross-border effect to resolution actions in accordance with the Key Attributes. The Principles are not intended to be comprehensive, and each jurisdiction will need to consider what is required in the context of its own legal environment for such a legal framework to be effective. While emphasising the importance of implementing comprehensive statutory frameworks, these Principles also support contractual approaches to cross-border recognition, which the FSB agreed were critical pending the adoption of such statutory frameworks and which may also complement such regimes once they are in place. This guidance has been developed with a focus on the resolution of banks. (Source: FSB)

4.1.2.2 Total Loss-Absorbing Capacity (TLAC) Principles

The FSB published, in consultation with the Basel Committee on Banking Supervision (BCBS) a consultative document on an international standard for Total Loss-Absorbing Capacity (TLAC) to be applied to global systemically important banks (G-SIBs). The TLAC standard is designed to ensure that if a G-SIB fails it has sufficient loss-absorbing and recapitalisation capacity available in resolution to implement an orderly resolution that

⁴ Source: FSB, <http://www.financialstabilityboard.org/>

minimises impacts on financial stability, ensures the continuity of critical functions, and avoids exposing public funds to loss. (Source: FSB)

4.1.2.3 Guidance on Cooperation and Information Sharing with Host Authorities of Jurisdictions where a G-SIFI has a Systemic Presence that are Not Represented on its Crisis Management Group (CMG)

The FSB Key Attributes of Effective Resolution Regimes for Financial Institutions require home and key host authorities of FSB-designated Global Systemically Important Financial Institutions (G-SIFIs) to maintain Crisis Management Groups (CMGs) to prepare for and manage a cross-border financial crisis affecting the firm. CMGs provide a forum for the discussion and agreement of resolution strategies plus the coordination of resolvability assessments. The membership composition of CMGs requires a balance to be struck between efficiency and inclusiveness. However, it is important that host regulators who are not part of CMGs have access to relevant information about a firm even if the market they supervise is not considered systemic for the firm. This sharing of information is especially important in instances where the failure of an institution could be systemic for the non-CMG country. This guidance sets out a way for resolution authorities and host regulators to address these concerns in order to reduce financial stability risks. (Source: FSB)

4.1.3 Initiatives by Prudential Regulation Authority (PRA), Bank of England⁵

4.1.3.1 Internal Ratings Based (IRB) approaches – UPDATE

On November 2015, the PRA updated the statement to remove expectations that have been superseded by decisions or technical standards adopted by the European Commission. Specifically, those expectations relating to third country equivalence have been deleted and expectations for the notification of changes to IRB rating systems have been amended. This supervisory statement sets out the PRA's expectations regarding firms' use of internal ratings based approaches. The supervisory statement covers the following principal topics: corporate governance; permanent partial use and sequential implementation; overall requirements for estimation; definition of default; probability of default (PD); loss given default (LGD); exposure at default (EAD); validation; income-producing real estate portfolios; and temporary adjustments to approved models. (Source: PRA)

4.1.3.2 UK leverage ratio framework

PRA proposed that the leverage framework should apply to PRA-regulated banks and building societies with retail deposits equal to or greater than £50 billion, whether on an individual or a consolidated basis, at a firm's financial year end date. Firms in scope will be required to meet a 3% minimum leverage ratio requirement, and to assess that they hold an amount of Common Equity Tier 1 (CET1) capital that is greater than or equal to their countercyclical leverage ratio buffer (CCLB) and, if the firm is a global systemically important institution (G-SII), its G-SII additional leverage ratio buffer (ALRB). PRA also proposed, firms in scope will be subject to leverage ratio reporting and disclosure

⁵Source: PRA, <http://www.bankofengland.co.uk/pr/Pages/default.aspx>

requirements. The PRA considers that, in line with its statutory obligations, this framework will address the risk of excessive leverage for the group of firms that are the most systemically important in terms of size and critical services provided to the UK economy, whose individual failure could cause adverse effects on the stability of the UK financial system. (Source: PRA: <http://www.bankofengland.co.uk/pradocuments/publications/ps/2015/ps2715.pdf>)

4.1.3.3 Identifying other systemically important institutions (O-SIIs)

This PRA policy statement sets out the criteria and scoring methodology to identify O-SIIs. This presents an approach to identify and designate as O-SIIs those firms whose distress or failure would have a systemic impact on the UK or the EU economy or financial system due to size, importance (including substitutability or financial system infrastructure), complexity, cross-border activity, and interconnectedness. This policy statement is relevant to all credit institutions, investment firms, European Economic Area (EEA) parent institutions, EEA parent financial holding companies and EEA parent mixed financial holding companies within the domestic financial sector at their highest level of consolidation in the United Kingdom. The content of this policy statement does not apply to EEA and third-country branches operating in the UK. (Source: PRA)

4.2 National Initiatives

4.2.1 Paid Up Capital Increment

On July 2015, NRB, through its Monetary Policy 2015/16, has increased the capital requirements for BFIs. BFIs are required to increase the minimum paid up capital in order to promote the financial stability and mobilize the resources needed for the long-term development financing. As per this requirement, commercial banks are required to increase paid-up capital to Rs. 8 billion, national level development banks Rs. 2.5 billion, development banks operating in 4 to 10 districts Rs. 1.20 billion and the development banks operating in 1 to 3 districts Rs. 0.50 billion. Similarly, national level finance companies and finance companies operating in 4 to 10 districts require Rs. 0.80 billion paid-up capital and those operating in 1 to 3 districts Rs. 0.40 billion paid up capital. BFIs are required to meet this provision by Mid July 2017. Monetary policy also reinforced that; BFIs will be further encouraged for merger and acquisition. To meet this requirement, they are provided with a deadline of Mid July 2017. All of them were required to submit their capital plan as well as to disclose those capital plans to public via their websites.

4.2.2 New Capital Adequacy Framework

On January 2016, NRB issued Capital Adequacy Framework, 2015 for the 'A' Class commercial banks which is applicable from Mid July 2016. It has replaced the earlier version of capital adequacy framework. This new framework has adopted the provisions of Basel III. It has adopted the provisions of Conservation buffer, countercyclical buffer (0-2.5%), leverage ratio (4%) and liquidity coverage ratio (100%). Likewise, it has targeted that minimum standard for Net stable funding ratio will be introduced in 2017. 'A' Class banks are

mandated to maintain 4.5% of Minimum Common Equity Capital, 2.5% of conservation buffer, 6% of minimum tier 1 capital and 8.5% of minimum total capital. To smoothen the adoption of these ratios the framework has prescribed a transitional arrangement for the period 2016-2019.

4.2.3 SEANZA Advisor's meeting

NRB was nominated as the Chair of SEANZA forum of banking supervisors for the period of 2015-2016. As a tradition of SEANZA, the Chairing institution is required to organise the biennial events which are the signature events of this forum - Central Banking Course (CBC) and Governors' Symposium (GS). To determine the themes for these programs, this forum calls an Advisor's meeting. As the Chair, NRB also organised such meeting on 17th of December 2015. This meeting decided to organise 30th SEANZA Events (CBC and GS) on August 2016. NRB also took active initiation to propose a theme as "financial inclusion: Banking the Unbanked" for GS which is not only suitable in regional context but also in local context. Likewise, theme set for CBC was "Macro and Micro Prudential Challenges of Banking Regulators and Supervisors."

4.2.4 Relaxations for earthquake victims

For the last year, NRB allowed certain relaxations regarding regulatory provisions related to credit classifications. Such relaxations were provided for the period till mid-April 2016. Relaxations were provided regarding the classification of risk assets and restructuring and rescheduling of risk assets for those borrowers who suffered losses due to the devastating earthquakes on April and May 2015. Such relaxation was provided to encourage those business houses who suffered from earthquake to resurrect their business to normal level of operations.

4.2.5 Refinance for earthquake

NRB has issued a manual for the refinance of residential house reconstruction loan for the victims of devastating earthquake in May 2015. The limit of such refinance was Rs 2.5 million for the houses within the Kathmandu valley and Rs 1.5 million for the houses outside the valley. BFIs are required to provide such loan at not more than 2% and refinance is provided at 0% interest rate and the tenure of such loan must be 5 to 10 years.

4.2.6 Contingency management framework (CMF)

On the last November, NRB issued circular mandating BFIs to prepare and implement suitable CMF for the business continuity of the BFIs after the possible natural calamities. Though, there were no serious impacts upon BFIs, as a lesson learnt from devastating earthquakes that country faced on April and May 2015. Banks are encouraged to focus on such preparedness for the continuity of their operations even after catastrophic events.

4.2.7 Risk-Based Supervision (RBS)

Since 2014, NRB has been implementing RBS on 'A' class commercial banks and aims the full-fledged implementation by 2017. As on Mid July 2016, onsite-inspection of 23 banks was conducted. Risk profiles are being prepared and are being updated through consecutive inspections. Scopes of such consecutive examinations are being determined by the risk profile and enforcement status of the bank.

4.2.8 Financial Sector Stability Programme (FSSP)

Financial Sector Stability Program is one of the programs under the 'Accelerating Investment and Infrastructure in Nepal' (AiiN) program of DFID. AiiN was initiated with the MoU signed between the Government of Nepal and United Kingdom of Great Britain and the Northern Ireland. Under FSSP, NRB is going to implement Supervisory Information System to mechanize and enrich the off-site surveillance; develop a detailed chart of accounts to create uniformity in the reporting framework of banks; assess supervisory methodologies and so on. NRB aims that the support from DFID will surely further enhance the supervisory capacity of NRB.

CHAPTER FIVE

5. ISSUES AND CHALLENGES

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

5.1 Issues

5.1.1 Risk Management Culture of Banks

BSD has already implemented Risk Based Supervision for the Banks and risk profiles of the banks are being prepared. Most of the banks' profiles revealed that banks are not adopting the provisions guided by the Risk Management Guideline issued by NRB in 2010. Most of the risk management practices are found to be of traditional approaches and explicit risk management functions are in early stages of development. Few banks are establishing separate department and some are still framing their policies. Most of the Bank's risk management function is limited to the credit risk assessment which comments on credit assessment of the borrowers. BSD is encouraging Banks to enhance the quality of risk management functions of the Banks along with the strengthening the oversight of Board and senior management over the risk management function of the bank.

5.1.2 Internal control environment of the Banks

With the adoption of RBS, BSD has been reviewing the internal control environment of the banks intensively. It has revealed that most of the banks' control functions are embedded within the business functions. Control functions are not independent from business functions and reporting lines are ambiguous. This shows a poor segregation of duties and responsibilities to ascertain checks and balances in major banking operations within the particular bank. Likewise, compliance functions are found to be limited to the AML/CFT functions rather than being comprehensive including regulatory provisions, internal policies and international best practices in their scope. Furthermore, multiple-hatting are found in many cases where the same individual is made responsible for business and control functions which shows conflict of interest with respect to assigned roles. These findings reveal that internal control environment is weak and needs to be further strengthened continuously.

5.1.3 Internal Capital Adequacy Assessment Process (ICAAP)

NRB has issued ICAAP Guideline in 2012 and updated in 2013. With this guideline NRB has encouraged Banks to strengthen their capital adequacy assessment process under pillar-2 considering all material risks inherent in their operations. NRB believes that a well thought out execution of ICAAP can generate tangible competitive advantage to the concerned banks and financial institutions. The said guideline provides some principles and components of Supervisory Review Process and ICAAP established for the best practices. Banks are required to develop their own internal policy, procedures and structures to manage the risk inherent in their business. However, upon onsite examinations it is evident that ICAAP is being a mere document in most of the cases. They have not adopted it as an important tool for their capital assessment. Need of ICAAP has been continuously reinforced during onsite inspections as well as via inspection reports to the individual banks.

5.1.4 Consolidation

For the past few years NRB has been encouraging consolidation in the banking industry through Mergers and Acquisitions (M&A). Capital increment has been made to enhance resiliency of the banks and also to motivate them to adopt M&A. Nepalese Banking Industry has already seen many mergers and many institutions are some are in the process of being merged or acquired. Five of the commercial banks (Kist Bank Ltd., Grand Bank Nepal Ltd., Commerz and Trust Bank Ltd., Bank of Asia Ltd. and Lumbini Bank Ltd.) were merged with other entities mostly with commercial banks. However, still NRB encourages consolidation in the banking industry. This not only controls the unhealthy competitions but also help to have few stronger and more resilient banks in the system. However, capital plans of most of the banks show that they intend to inject more capital through right shares rather than resorting to M&A.

5.1.5 Mandatory consortium regarding multiple lending

On Kartik, 2072, NRB issued a provision making it mandatory to enter into consortium if a borrower is using funds, of more than Rs 500 million in total, from multiple banks. Later, NRB revised this provision through its monetary policy (2016/17) and mandated only those loans above Rs 1 Billion should enter into consortium. NRB believes consortium financing are more structured, formal and more regulated rather than ordinary multiple banking. Chances of double counting of the assets of the same entity in the multiple banks remain which amplifies the chances of financial distress. This increases the counter party risk for the banks since they are financing against same assets. NRB has also encouraged banks to obtain pari-passu deed to clearly analyse and understand the stake of individual banks in case of multiple banking.

5.1.6 Productive Sector Lending

NRB has mandated a certain portfolio of bank's credit to be extended in the productive sector. Agriculture, energy, tourism and cottage and small industries are considered as productive sector for this purpose. Banks were gradually encouraged to increase their lending in these sectors. Originally the requirement of such lending was 10% now it is raised to 20%. As on Mid July 2016 industry average of such lending was 16.29%. NRB is continuously encouraging them to discourage unproductive sector lending and focus on productive sectors. The Monetary Policy of 2016/17 has also introduced a provision to levy a fine on bank rate for the short amount, if banks don't meet the said requirement.

5.1.7 Skill-sets in Industry

Now the Nepalese banking industry has become more complex with the development of new products and adoption of advanced information and communication technology (ICT). Additionally, the international and national prudential norms, regulatory standards as well as risk management practices are also demanding proactive efforts in the bank management. Definitely, this leads to the need for a competent skill set in the industry. However, almost every time the dearth of such skill-sets are encountered during onsite inspection and supervision.

5.1.8 Strengthening off-site mechanism to support RBS

Though NRB has already started on-site RBS, off-site supervision changes are yet to be in place. There is a need to be addressed that development of the financial indicators, early warning signals, forward looking approaches and macro prudential analysis, to support RBS, along with the automation of off-site are some of the issues among others.

5.1.9 Financial access and inclusion

NRB has been emphasizing on financial access and inclusion. Total number of branches of 'A' class banks increased to 1869 in Mid July 2016 from 1682 of the last year. Likewise, the total number of branches of BFIs increased to 3864 from 3456 during the review period. Due to this increment in the branches, the population per branch has decreased to 16,436 from 17,619 in the review year. NRB has been encouraging financial literacy as well as financial outreach to bring the non-banked population into the banking system. The large chunk of population has still been far from access to institutional finance. Percentage of the people availing institutional financial service has reached to about 40 percent. Hence, enhancing financial access and inclusion is still a complex task to accomplish. It also demands joint efforts of the government authorities and banking sector as a whole. Government efforts to grant relief fund to the earthquake victims through bank account is one of the initiatives in this regard.

5.2 Challenges

5.2.1 Proactive Banking Industry

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

5.2.2 Recognition of asset quality

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

5.2.3 Capacity building of Supervisors

Transfer policy of the institution needs to be considered as a normal phenomenon in an organisation and NRB's Transfer policy is not an exception. However, the outward transfer of experienced supervisors and inward transfer of inexperienced supervisors creates one of the most critical challenges for the department. Adopting international best practices becomes a tough job, as a consequence. Since most of the international trainings are supply driven and

domestic trainings have several limitations such as: time constraint, budgetary constraint, limited scope of training and lack of trainers' capacity building, in the required field, has been a challenge for NRB.

5.2.4 Ever-greening of Risk Assets

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

5.2.5 Time lag in off-site surveillance

Since data compilation, processing and analysis are mostly performed manually. There is an inevitable lag in the off-site surveillance. Delay in the submission of bank returns and manual compilation process coupled with the unavailability of proper mechanised data analysis system is making off-site process delayed and lax. On the other hand, it seems that the lag provided by the regulator is also a bit long with respect to the present world of advanced technology. To overcome this challenge NRB is in the process of obtaining Supervisory Information System (SIS) with the support of DFID.

5.2.6 Systemically Important Banks

NRB is yet to define the domestic systemically important banks (D-SIBs). Though consolidation is being encouraged by NRB, it is also important to have the knowledge on systematically important and "too big" banks. NRB has been working to prepare the framework for the identification and regulation of the D-SIBs to control the systemic vulnerability.

5.2.7 Co-ordination with other Regulators

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

Bank Supervision Report, 2016

Annexures

Annex 1: Growth of Financial Institutions (numbers)

Types of Financial Institutions	Mid July															
	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Commercial Banks	3	5	10	13	17	18	20	25	26	27	31	32	31	30	30	28
Development Banks	2	2	3	7	26	28	38	58	63	79	87	88	86	84	76	67
Finance Companies*			21	45	60	70	74	78	77	79	79	69	59	53	48	42
Micro-finance Development Banks			4	7	11	11	12	12	15	18	21	24	31	37	38	42
Total	5	7	38	72	114	127	144	173	181	203	218	213	207	204	192	179

Source: Bank and Financial Institutions Regulation Department, NRB)

Annex 2: Inspection Schedule

FY 2015/16				
SN	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1	Nepal Investment Bank Ltd.	Siddhartha Bank Ltd.	Sunrise Bank Ltd.	NIC Asia Bank Ltd.
2	NABIL Bank Ltd.	Laxmi Bank Ltd.	Standard Chartered Bank Nepal Ltd.	Citizen Bank International Ltd.
3	Civil Bank Ltd.	Nepal SBI Bank Ltd.	Everest Bank Ltd.	Prabhu Bank Ltd.
4	NMB Bank Ltd.	Century Commercial Bank Ltd.	Mega Bank Ltd.	
5	Prime Commercial Bank Ltd.		Nepal Credit & Commerce Bank Ltd.	
6	Machhapuchchhre Bank Ltd.		Global IME Bank Ltd.	
7	Janata Bank Ltd.		Sanima Bank Ltd.	
			Himalayan Bank Ltd.	

Annex 3: Targeted / Special-Inspection of Commercial Banks (FY 2015/16)

SN	Name of Bank	No. of Inspections
1	Nepal Bank Limited	2
2	Rastriya Banijya Bank Limited	1
3	Agricultural Development Bank Limited	0
4	Nabil Bank Limited	5
5	Nepal Investment Bank Limited	1
6	Standard Chartered Bank Nepal Limited	1
7	Himalayan Bank Limited	1
8	Nepal Bangladesh Bank Limited	3
9	Nepal SBI Bank Limited	1
10	Everest Bank Limited	1
11	Bank of Kathmandu Lumbini Limited	1
12	Nepal Credit & Commerce Bank Limited	1
13	NIC Asia Bank Limited	1
14	Machhapuchchhre Bank Limited	1
15	Kumari Bank Limited	2
16	Laxmi Bank Limited	0
17	Siddhartha Bank Limited	1
18	Global IME Bank Limited	5
19	Citizens Bank International limited	0
20	NMB Bank Limited	3
21	Prime Commercial Bank Limited	1
22	Sunrise Bank Limited	2
23	Prabhu Bank Limited	5
24	Janata Bank Limited	3
25	Mega Bank Limited	0
26	Civil Bank Limited	1
27	Century Commercial Bank Limited	1
28	Sanima Bank Limited	0
Total		44

Annex 4: International Training and Seminar/Meeting Participation from BSD

SN	Course	Organizer	Country	Person	Days
1	Asia Low emission Development Strategies Forum 2016	Asia LEDs Partnership	Vietnam	1	3
2	Regional Seminar on Electronic Banking and Mobile Financial Services	APEC/FRTI	Thailand	1	5
3	SEACEN-Toronto Centre Course on Risk Based Supervision	SEACEN	Malaysia	1	6
4	FSI Seminar on Financial Stability and Stress Testing	Bank for International Settlements (BIS)	Switzerland	1	3
5	Seminar on Asset Management	Bank for International Settlements (BIS)	Switzerland	1	5
6	SEACEN Intermediate Course for Bank Examiners	SEACEN	Brunei	1	6
7	SEACEN-FSI Regional Seminar on the Regulation and Supervision of Liquidity Risk	SEACEN	Philippines	1	4
8	Regional Seminar on Bank Analysis and Supervision	APEC/FRTI	Philippines	2	5
9	SEACEN-Toronto Centre Course on Crisis Management and Resolution	SEACEN	Malaysia	1	6
10	Compilation and use of Financial Soundness Indicators	IMF	Thailand	1	5
11	Central Banking Training	Bank Indonesia	Indonesia	1	5
12	Women's Development through Income Generating Activities	CICTAB	India	1	5
13	Study Visit to the ALMC and Relevant Philippine Government Agencies	Bangko Sentral ng Pilipinas	Philippines	1	5
14	21st MAS Banking Supervisors Training Program	Monetary Authority of Singapore	Singapore	1	6
15	SEACEN Intermediate Course for Bank Examiners	SEACEN	Malaysia	1	6
16	FSI-EMEAP Regional Seminar on the latest Development from the Basel Committee	Bank for International Settlements (BIS)/FSI	Indonesia	1	3
17	Program on Fundamentals of	Central Bank of	Sri Lanka	1	3

	Portfolio at Risk and Bank Failures	Sri Lanka			
18	FSI-BSP Regional Policy and Implementation Forum on Current Issues in Banking Supervision	FSI	Philippines	2	3
19	SEACEN Seminar on Liquidity Risk Management and Supervision	SEACEN	Taiwan	2	5
20	56th SEACEN-Federal Reserve Course on Risk Focused Supervision and Risk Assessment	SEACEN	Malaysia	2	6
21	SEACEN Signature Course on Systematic Risk and Macroprudential Policy Implementation	SEACEN	Korea	1	6
22	FSI-SEANZA Regional Seminar on the Regulation and Supervision of Systemically Important Banks	FSI-SEANZA	India	2	3
23	Program on Stress Testing Techniques for Risk Management	Central Bank of Sri Lanka	Sri Lanka	1	3
24	Partnership Enhancement Workshop and Mutual Evaluation / National Risk Assessment Workshop	Asia Pacific Group of Money Laundering	Korea	1	4
25	High Level Seminar for Directors of Research and Training / 37th SEACEN Directors of Research and Training (DORT) Meeting	SEACEN	Fiji	1	3
26	17th SEACEN Conference of Director of Supervision of Asia Pacific Economics Conference Theme : Promoting Banking Stability in a changing environment / 28th Meeting of Directors of Supervision	SEACEN	Thailand	1	3

Annex 5 Capital Adequacy Ratio of Commercial Banks

S.No	Bank's name	Mid July 2014		Mid July 2015		Mid July 2016	
		Capital					
		Core Capital	Total Capital Fund	Core Capital	Total Capital Fund	Core Capital	Total Capital Fund
1	Nepal Bank Limited	4.63%	5.26%	6.61%	7.80%	10.15%	11.41%
2	Rastriya Banijya Bank Limited	3.66%	5.60%	9.91%	10.34%	9.96%	11.21%
3	Nabil Bank Limited	9.74%	11.24%	10.47%	11.86%	11.29%	12.55%
4	Nepal Investment Bank Limited	9.52%	11.27%	9.67%	11.99%	14.30%	16.17%
5	Standard Chartered Bank Limited	10.83%	12.27%	12.52%	13.89%	14.29%	15.82%
6	Himalayan Bank Limited	9.03%	11.23%	9.49%	11.45%	9.50%	10.91%
7	Nepal SBI Bank Limited	10.19%	13.28%	10.49%	13.34%	11.07%	13.54%
8	Nepal Bangladesh Bank Limited	10.64%	11.44%	10.59%	11.36%	10.31%	11.05%
9	Everest Bank Limited	9.35%	11.15%	10.70%	13.32%	10.46%	12.79%
10	Bank of Kathmandu Lumbini Limited	8.77%	11.57%	8.50%	13.07%	10.62%	12.96%
11	Nepal Credit and Commerce Bank Limited	10.70%	11.51%	10.55%	11.39%	10.96%	11.80%
12	Lumbini Bank Limited [#]	15.06%	15.96%	13.85%	14.75%	-	-
13	NIC Asia Bank Limited	11.84%	14.05%	11.07%	13.16%	10.81%	12.66%
14	Machhapuchchhre Bank Limited	9.69%	10.63%	11.39%	12.47%	11.20%	12.23%
15	Kumari Bank Limited	10.85%	11.81%	10.17%	11.12%	11.05%	12.02%
16	Laxmi Bank Limited	9.62%	11.91%	9.04%	10.87%	9.78%	11.15%
17	Siddhartha Bank Limited	8.39%	11.39%	7.68%	11.17%	8.81%	11.27%
18	Agricultural Development Bank Nepal	12.79%	15.17%	10.69%	12.55%	11.44%	12.84%
19	Global IME Bank Limited	10.94%	12.38%	11.12%	12.56%	11.09%	12.35%
20	Citizens Bank International Limited	10.26%	12.99%	10.64%	13.35%	11.46%	13.37%
21	Prime Bank Limited	11.53%	12.40%	11.42%	12.35%	10.89%	11.73%
22	Sunrise Bank Limited	10.63%	11.49%	10.24%	11.18%	11.07%	11.98%
23	Grand Bank Nepal Limited*	0.00%	4.07%	5.88%	6.51%	-	-
24	NMB Bank Limited	9.91%	10.75%	8.93%	11.20%	9.47%	11.08%
25	Prabhu Bank Limited	7.65%	8.68%	10.37%	11.20%	10.96%	12.13%
26	Janata Bank Limited	12.01%	12.88%	10.89%	11.75%	11.28%	12.38%
27	Mega Bank Limited	15.24%	16.06%	14.05%	14.99%	11.99%	12.97%
28	Civil Bank Limited	13.76%	14.65%	12.56%	13.39%	11.46%	12.51%
29	Century Commercial Bank Limited	13.17%	14.10%	10.55%	11.42%	11.85%	12.79%
30	Sanima Bank Limited	11.52%	12.54%	10.14%	11.19%	10.72%	12.42%

Merged with Bank of Kathmandu Limited to form Bank of Kathmandu Lumbini Limited

*Merged with Prabhu Bank Limited

Annex 6: Region-wise distribution of Bank Branches (Mid July)

S. N.	Development Region	2010	2011	2012	2013	2014	2015	2016
1	Eastern Development Region	170	216	255	272	287	308	347
2	Central Development Region	505	629	709	736	770	827	888
3	Western Development Region	177	225	256	262	264	292	350
4	Mid-western Development Region	72	100	120	129	136	152	173
5	Far-western Development Region	56	75	85	87	90	93	111
Total		980	1245	1425	1486	1547	1672	1869

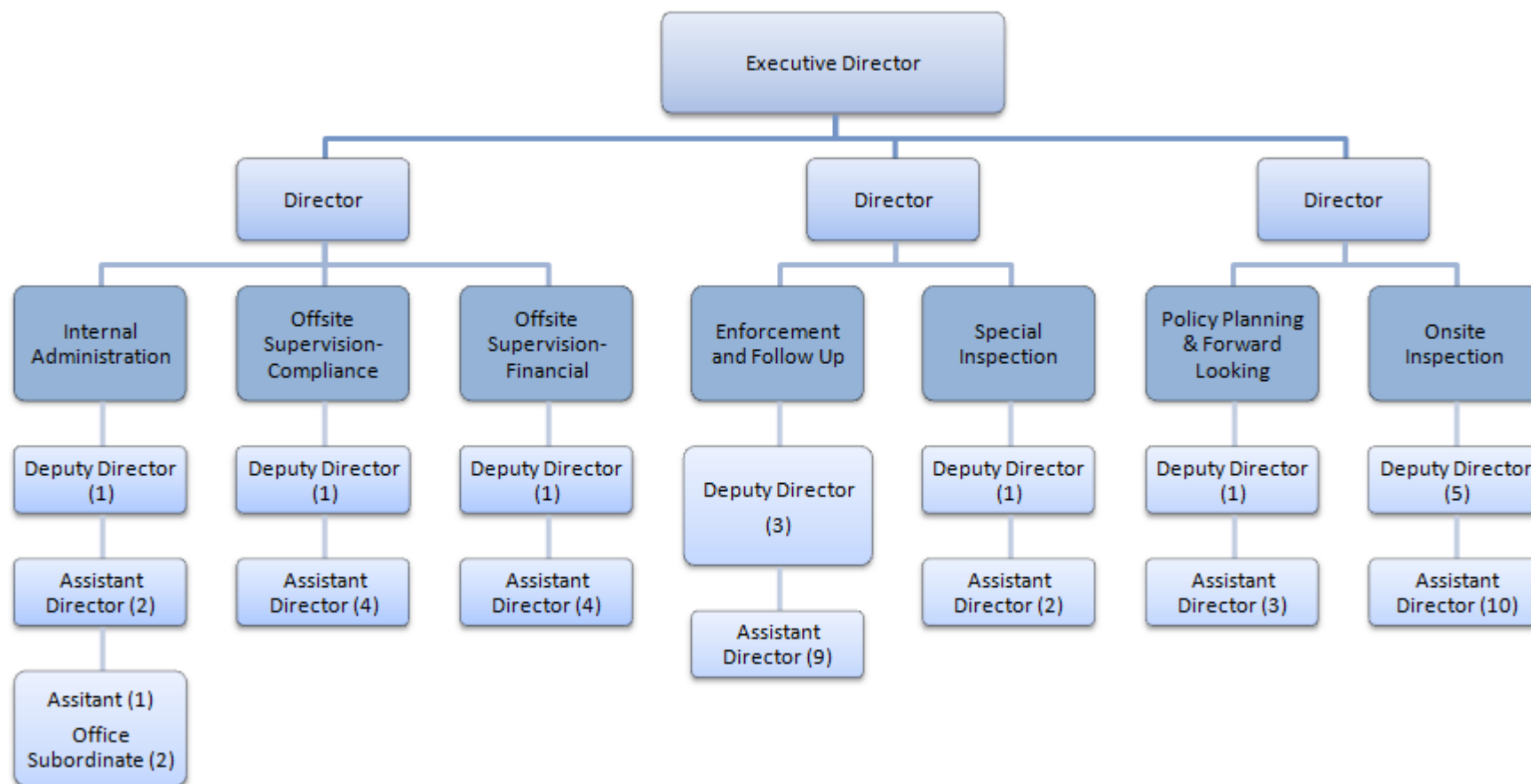
Source: Bank and Financial Institutions Regulation Department, NRB)

Annex 7: Circulars issued to Bank and Financial Institutions (FY 2015/16)

SN	Name and Link to the Circular Issued to A, B & C Class Financial Institutions
1	Circular 01-Unified Directives 2072
1.1	Circular 01-Attachment Unified Directives 2072
1.2	Circular 01-Attachment Amendment in Unified Directives
2	Circular 02-Bank Rate, Capital, Deprived Sector
3	Circular 03- Branch, SLR, Refinance, Productive Sector Related
4	Circular 04-Capital Plan Disclosure
5	Circular 05-Additional Express Session for ECC
6	Circular 06-Branch Counter Opening during Dashain Festival Holiday
7	Circular 07-Relaxation in Credit Regulation and CRR
8	Circular 08-Branch Counter Opening during Dipawali & Chhatha Festival Holiday
9	Circular 09-Contingency Management Framework, Multiple Banking and Deprived sector Related
10	Circular 10-CRR Related
11	Circular 11-Attachment New Capital Adequacy Framework 2015
11.1	Circular 11-Capital Adequacy Framework, Earthquake Relief Refinance Procedure Related
12	Circular 12-Extension of Relaxation in Credit Regulation
13	Circular 13- Arthik Punarudhar Kosh
14	Circular 14-SWIFT Transaction Hours
15	Circular 15- Earthquake Refinance Procedure Revision, SLR & Account Opening

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

Annex 8: Organization Chart of Bank Supervision Department



Note: Numbers in parentheses represent number of staff

Annex 9: Financial Figures of Banks

Annex 9.1: Banking Operation

Particulars / Years	Amount in Rs. Billion					Percentage Change				
	2011/12	2012/13	2013/14	2014/15	2015/16	2011/12	2012/13	2013/14	2014/15	2015/16
Deposits										
Private	659.15	802.55	961.78	1,183.71	1,441.36	27.67	21.76	19.84	23.07	21.77
Public	187.07	208.48	242.44	279.26	322.88	20.60	11.44	16.29	15.19	15.62
Total	846.22	1,011.03	1,204.21	1,462.96	1,764.24	26.04	19.48	19.11	21.49	20.59
Loans and Advances										
Private	477.78	590.59	718.16	877.94	1,138.64	19.62	23.61	21.60	22.25	29.70
Public	107.51	136.67	159.56	191.63	225.06	9.66	27.12	16.75	20.10	17.44
Total	585.30	727.26	877.72	1,069.56	1,363.70	17.66	24.25	20.69	21.86	27.50
Total Assets										
Private	756.47	925.42	1,098.38	1,348.02	1,681.68	24.38	22.33	18.69	22.73	24.75
Public	230.57	261.66	298.17	328.66	387.51	19.42	13.48	13.95	10.23	17.91
Total	987.04	1,187.07	1,396.55	1,676.68	2,069.19	23.19	20.27	17.65	20.06	23.41

Annex 9.2: Capital Fund

Particulars / Years	Amount in Rs Billion					Percentage Change				
	2011/12	2012/13	2013/14	2014/15	2015/16	2011/12	2012/13	2013/14	2014/15	2015/16
Private	88.49	104.39	118.09	137.87	183.45	16.97	17.97	13.12	16.75	33.06
Public	8.58	19.74	26.2	29.49	38.15	-7827.93	130.11	32.74	12.55	29.37
Industry	97.07	124.13	144.29	167.36	221.60	28.49	27.88	16.24	15.99	32.41

Annex 9.3: Deposit Mix

Particulars	Amount in Rs Billion						% Change				
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2011/12	2012/13	2013/14	2014/15	2015/16
Current	78.71	93.28	108.82	124.30	151.73	177.21	18.51	16.65	14.23	22.07	16.80
Saving	231.50	299.76	362.25	450.77	559.39	698.69	29.48	20.85	24.44	24.10	24.90
Fixed	252.39	298.76	352.69	365.05	419.88	524.46	18.37	18.05	3.50	15.02	24.91
Other	124.96	176.11	212.42	263.58	330.02	363.17	40.93	20.62	24.09	25.21	10.04
Total	687.57	867.90	1,036.17	1,203.70	1,461.03	1,763.54	26.23	19.39	16.17	21.38	20.71

Source: BSD Offsite Quarterly report 4th Qtr, 2012/13

Annex 9.4 Loans and Advances

Particulars / Years	Amount in Rs. Billion					Percentage Change				
	2011/12	2012/13	2013/14	2014/15	2015/16	2011/12	2012/13	2013/14	2014/15	2015/16
Private	495.54	599.43	718.16	877.94	1138.64	19.63	23.61	21.6	22.25	29.70
Public	107.51	136.67	155.70	191.63	225.06	9.67	27.12	16.74	23.08	17.44
Total	603.06	736.10	873.86	1069.56	1363.70	17.66	24.25	20.69	22.40	27.50

Annex 9.5 Non Performing Loans

Banks/ Year	Amount in Rs Billion						% change					
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Private	8.07	9.12	13.13	18.12	18.53	15.32	84.25	13.07	43.93	37.95	2.27	(17.35)
Public	9.07	7.48	7.47	7.43	8.98	8.45	12.81	-17.57	-0.13	-0.50	20.88	(5.90)
Industry	17.14	16.60	20.60	25.55	27.51	23.77	38.00	-3.14	24.09	24.01	7.68	(13.61)

Annex 9.6 Non-Banking Assets

Banks/ Year	Amount in Rs Million						% change				
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2011/12	2012/13	2013/14	2014/15	2015/16
Private	0	0	0	40	8	632.96	-	-	-	(79.42)	7811.95
Public	526	126	264	345	200	143.40	-76.02	109.54	30.54	(42.11)	-28.3
Industry	526	126	264	385	208	776.36	-76.02	109.54	45.56	(45.99)	273.25

Annex 9.7 Investment Portfolios

Bank/ Investment	Amount in Rs Billion								
	2014/15				2015/16				
	Government Bond	Shares and Debentures	Others	Total	Government Bond	Shares and Debentures	Others	Total	
Private	136.64	6.71	72.99	216.33	164.63	5.64	113.00	283.27	
Public	60.88	0.42	4.52	65.83	61.23	0.48	13.85	75.57	
Total	197.52	7.13	77.51	282.16	225.86	6.12	126.86	358.83	

Annex 9.8 Net Interest Spread

Banks/Year	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Private	3.92%	3.91%	4.18%	4.57%	4.15%	4.07%	3.52%
Public	7.61%	7.51%	6.01%	5.92%	5.14%	5.57%	5.59%
Industry	4.75%	4.72%	4.60%	4.85%	4.38%	4.22%	3.74%

Annex 9.9 Operating Efficiency

Particulars/ Year	Amount in Rs Billion											
	2010/11		2011/12		2012/13		2013/14		2014/15		2015/16	
	Public	Private	Public	Private	Public	Private	Public	Private	Public	Private	Public	Private
Interest Income	14.86	59.52	16.42	68.31	17.92	71.41	19.56	76.29	20.41	81.02	23.33	91.63
Net Interest Income	8.87	22.73	8.32	24.21	10.42	33.54	11.31	35.27	13.55	39.18	16.42	49.65
Operating Profit	0.53	14.83	-0.02	14.87	2.25	19.93	2.50	20.46	2.44	23.15	6.62	37.24
Net Income	4.51	9.97	3.48	11.75	4.36	14.63	4.48	15.37	8.73	19.39	7.93	28.88

Annex 9.10 Liquid Assets to Total Deposit

Particulars / Year	Amount in Rs Billion						
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Liquid Assets	189	197	309	350	382	436	494
Total Deposit	631	688	868	1021	1204	1,463	1,764
Liquid Assets/ Total Deposit	29.95%	28.63%	35.60%	34.28%	31.73%	29.82%	28.01%

Annex 9.11 Liquid Assets to Total Assets

Particulars / Year	Amount in Rs Billion						
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Liquid Assets	189	197	309	350	382	436	494
Total Assets	747	823	1013	1197	1397	1,677	2,069
Liquid Assets/Total Assets	25.30%	23.94%	30.50%	29.24%	27.34%	26.02%	23.88%

Annex 9.12 Deprived Sector Lending of Commercial Banks

Amount in Rs. Million

S.N.	BANKS	6 Months prior Loan & Advances	Required Lending in Deprive Sector (5%)	Actual Lending in Deprive Sector		Excess / Shortfall
		Amount	Amount	%	Amount	Amount
1	Nepal Bank Limited	55,131.91	2,756.60	3,724.15	6.75	967.55
2	Rastriya Banijya Bank Limited	77,194.43	3,859.72	4,508.02	5.84	648.30
3	Nabil Bank Limited	65,006.55	3,250.33	3,551.42	5.46	301.09
4	Nepal Investment Bank Limited	77,482.67	3,874.13	4,003.33	5.17	129.20
5	Standard Chartered Bank Nepal Limited	26,102.40	1,305.12	1,550.38	5.94	245.26
6	Himalayan Bank Limited	58,997.08	2,949.85	3,217.69	5.45	267.84
7	Nepal SBI Bank Limited	42,313.23	2,115.66	2,170.47	5.13	54.81
8	Nepal Bangladesh Bank Limited	29,171.15	1,458.56	1,506.63	5.16	48.07
9	Everest Bank Limited	54,975.77	2,748.79	2,906.85	5.29	158.06
10	Bank of Kathmandu Lumbini Limited	50,772.83	2,538.64	2,824.43	5.56	285.79
11	Nepal Credit & Commerce Bank Limited	21,726.51	1,086.33	1,166.27	5.37	79.94
12	NIC Asia Bank Ltd.	47,317.25	2,365.86	2,435.26	5.15	69.40
13	Machhapuchchhre Bank Limited	36,641.05	1,832.05	2,012.57	5.49	180.52
14	Kumari Bank Limited	27,505.97	1,375.30	1,406.32	5.11	31.02
15	Laxmi Bank Limited	33,413.53	1,670.68	1,932.81	5.78	262.13
16	Siddhartha Bank Limited	46,853.47	2,342.67	2,361.53	5.04	18.86
17	Agricultural Development Bank Limited	73,624.43	3,681.22	6,407.35	8.70	2,726.13
18	Global IME Bank Limited	53,908.66	2,695.43	2,724.21	5.05	28.78
19	Citizens Bank International limited	33,556.52	1,677.83	1,713.13	5.11	35.30
20	Prime Commercial Bank Limited	34,945.46	1,747.27	1,791.60	5.13	44.33
21	Sunrise Bank Limited	37,247.72	1,862.39	1,888.99	5.07	26.60
22	NMB Bank Limited	44,068.12	2,203.41	2,357.89	5.35	154.48
23	Prabhu Bank Limited	40,136.75	2,006.84	2,097.64	5.23	90.80
24	Janata Bank Limited	18,502.04	925.10	1,019.44	5.51	94.34
25	Mega Bank Limited	20,870.61	1,043.53	1,213.39	5.81	169.86
26	Civil Bank Limited	23,695.31	1,184.77	1,219.78	5.15	35.01
27	Century Commercial Bank Limited	20,844.00	1,042.20	1,097.56	5.27	55.36
28	Sanima Bank Limited	33,669.01	1,683.45	1,701.95	5.05	18.50
Grand Total		1,185,674.44	59,283.73	66,511.05	5.61	7,227.32

Source: NRB, BSD Offsite

Annex 9.13: Audited Financial Statements of Commercial Banks

1. Nepal Bank Limited*

Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	380.38	1,772.83	3,716.44	6,465.00	6465	6,465
Reserves and Surplus	(4,604.66)	(4,680.60)	(3,889.10)	(3,117.91)	(2634)	385
Debtenture & Bond	0.00	0.00	0.00	0.00	0	
Borrowing	1,842.41	2,153.79	2,342.74	0.00	0	
Deposit	46,804.21	56,052.37	62,988.85	69,337.61	77,999	89,410
Bills Payable	0.00	74.77	0.00	0.00	78	
Proposed & Payable dividend	0.00	0.00	0.00	0.00	0	
Tax Liabilities	0.00	0.00	0.00	0.00	0	
Other Liabilities	8,178.87	3,242.36	8,623.36	7,720.70	6303	12,109
Total Liabilities	52,601.20	58,615.52	73,782.30	80,405.40	88,211.00	108,368.90
Cash Balance	10,837.97	14,063.69	14,184.21	6,659.56	3313	15,614
Balance with NRB	0.00	0.00	0.00	0.00	4692	
Balance with Banks	0.00	0.00	0.00	0.00	1007	
Money At call	400.00	0.00	200.00	0.00	250	
Investment	7,577.70	8,391.73	10,976.76	22,664.11	16902	17,739
Loan and Advances	26,709.88	27,670.84	37,855.28	41,218.30	50971	63,527
Fixed Assets	308.19	351.06	385.52	389.50	418	437
Non- Banking Assets	381.07	0.00	264.29	242.17	0	143
Other Assets	6,386.40	8,138.20	9,916.23	9,231.76	10659	10,908
Total Assets	52,601.20	58,615.52	73,782.30	80,405.40	88,211.00	108,368.90
Interest Income	3,735.21	4,051.15	4,716.23	5,011.23	5122	6,350
Interest Expenses	1,457.25	2,197.14	2,194.30	2,187.65	1811	1,659
Net Interest Income	2,277.95	1,854.02	2,521.93	2,823.58	3,311.00	4,691.20
Commission and discount	241.67	252.63	225.83	238.34	267	255
Other Operating Income	140.24	179.46	259.37	252.25	288	404
Exchange Income	13.60	59.64	84.85	42.33	0	35
Total Operating Income	2,673.46	2,345.74	3,091.97	3,356.51	3,865.70	5,384.20
Employees Expenses	2,055.39	1,903.07	1,867.70	2,496.48	2417	2,182
Other Operating Expenses	361.14	401.05	498.93	613.92	593	634
Exchange Loss	0.00	0.00	0.00	0.00	15	0.00
Operating Profit Before Provision	256.93	41.63	725.34	246.10	840.70	2,568.20
Provisions for possible losses	36.37	252.06	364.34	252.05	454	357
Operating Profit	220.56	(210.43)	361.00	(5.95)	386.60	2,211.70
Non-Operating Income/ Expenses	35.74	49.03	86.39	665.48	613	1,735
Return From Loan Loss Provision	54.06	331.55	440.08	359.72	308	629
Profit From Ordinary activities	310.35	170.15	887.47	1,019.25	1,307.50	4,576.40
Extra ordinary Income /Expenses	198.58	3.69	335.05	56.96	62	113
Net Profit including all activities	508.93	173.84	1,222.52	1,076.21	1,369.40	4,688.90
Provision For Staff Bonus	46.27	15.80	111.14	0.00	73	382
Provision For Income Tax	79.23	(18.33)	319.88	359.26	812.40	1,288.00
-This Year	0.00	0.99	0.00	0.00	314	1,288.00
-Up to Last Year	0.00	0.00	0.00	0.00	481	0.00
Deferred Tax	0.00	(19.32)	0.00	0.00	18	0.00
Net Profit / Loss	383.44	176.36	791.50	716.96	483.80	3,018.90

* Adopted from Unaudited Financials

2. Rastriya Banijya Bank Limited
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	1,172.30	5,497.61	8,588.97	8,588.97	8588.97	8,588.97
Reserves and Surplus	(9,377.57)	(8,294.99)	(7,316.48)	(6,202.40)	-1913.20	17.28
Debenture & Bond	0.00	0.00	0.00	0.00	0.00	-
Borrowing	4,812.80	2,923.13	2,167.18	1,778.60	1305.30	943.80
Deposit	73,924.08	87,775.03	91,093.91	107,269.94	124221.70	146,207.63
Bills Payable	0.00	0.00	0.00	16.13	14.60	152.86
Proposed & Payable dividend	0.00	0.00	0.00	0.00	0.00	-
Tax Liabilities	0.00	0.00	0.00	0.00	0.00	-
Other Liabilities	10,691.58	12,659.24	11,180.94	11106.68	7343.50	10,521.54
Total Liabilities	81,223.19	100,560.02	105,714.51	122557.92	139560.80	166,432.08
Cash Balance	6,907.31	19,262.92	2,400.66	3027.64	3830.60	4,488.21
Balance with NRB	0.00	0.00	11,973.73	20847.48	17990.10	20,720.12
Balance with Banks	0.00	0.00	684.42	530.67	623.80	1,235.06
Money At call	83.25	512.30	480.00	341.07	450.00	2,296.00
Investment	15,333.16	26,501.13	29,687.62	32089.38	35310.30	43,768.30
Loan and Advances	36,866.10	40,448.87	49,044.91	57293.32	72079.30	81,778.17
Fixed Assets	946.82	1,060.41	1,104.23	491.08	524.20	512.06
Non- Banking Assets	145.01	126.13	114.76	0.00	0.00	-
Other Assets	20,941.54	12,648.26	10,224.18	7937.28	8752.50	11,634.15
Total Assets	81,223.19	100,560.02	105,714.51	122557.92	139560.80	166,432.08
Interest Income	5,027.87	5,399.99	5,748.97	6104.60	6520.20	7,422.64
Interest Expenses	2,424.25	3,045.59	2,461.85	2223.80	1925.00	1,872.72
Net Interest Income	2,603.62	2,354.40	3,287.12	3880.80	4595.20	5,549.92
Commission and discount	435.00	427.24	430.27	410.60	456.00	465.42
Other Operating Income	188.90	210.71	321.13	371.00	485.70	552.62
Exchange Income	(28.03)	100.82	0.00	33.70	42.40	13.14
Total Operating Income	3,199.50	3,093.17	4,038.52	4696.10	5579.30	6,581.10
Employees Expenses	1,432.71	1,439.59	2,363.30	2266.20	2459.30	2,887.16
Other Operating Expenses	510.87	599.08	699.40	731.80	856.90	914.62
Exchange Loss	0.00	0.00	73.91	0.00	0.00	0.00
Operating Profit Before Provision	1,255.92	1,054.50	901.90	1698.10	2263.10	2,779.32
Provisions for possible losses	419.48	639.25	349.73	819.90	790.80	1,044.87
Operating Profit	836.44	415.25	552.17	878.20	1472.30	1,734.44
Non-Operating Income/ Expenses	96.20	75.88	4.48	157.50	2875.20	17.40
Return From Loan Loss Provision	760.30	994.87	805.92	837.50	657.40	1,102.90
Profit From Ordinary activities	1,692.93	1,486.00	1,362.58	1873.20	5004.90	2,854.74
Extra ordinary Income /Expenses	207.06	210.45	111.90	155.70	803.80	397.69
Net Profit including all activities	1,900.00	1,696.45	1,474.48	2028.90	5808.70	3,252.43
Provision For Staff Bonus	140.74	125.66	109.22	150.30	430.30	240.92
Provision For Income Tax	0.00	124.58	55.14	41.90	734.60	656.23
-This Year	0.00	0.00	0.00	0.00	728.90	647.43
-Up to Last Year	0.00	0.00	0.00	-27.50	0.00	(0.47)
Deferred Tax	0.00	0.00	55.14	69.40	5.70	8.85
Net Profit / Loss	1,759.26	1,446.21	1,310.12	1836.70	4643.80	2,355.28

3. Nabil Bank Limited

Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	2,029.77	2,435.72	3,046.05	3,656.60	4,754.95	6183.50
Reserves and Surplus	2,536.75	3,015.16	3,643.09	3,984.46	4,730.64	5409.50
Debenture & Bond	300.00	300.00	300.00	300.00	300.00	300.00
Borrowing	1,650.60	311.08	0.00	0.00	0.00	1900.00
Deposit	49,696.11	55,023.70	63,609.81	75,388.79	104,237.91	110267.00
Bills Payable	415.77	179.14	529.60	213.58	243.43	453.70
Proposed & Payable dividend	608.93	811.91	974.74	1,371.23	250.26	713.40
Tax Liabilities	44.10	51.11	66.87	2.51	0.96	0.00
Other Liabilities	859.41	1,072.48	1,071.10	2,357.45	1,467.54	2072.70
Total Liabilities	58,141.44	63,200.30	73,241.26	87,274.62	115,985.70	127,299.80
Cash Balance	744.59	1,050.66	1,140.21	1,468.15	1,820.20	1640.60
Balance With NRB	1,473.99	3,681.98	4,789.30	7,068.08	12,924.60	5826.00
Bank Balance with Banks	217.97	(456.82)	(46.94)	1,457.25	1,258.93	2796.00
Money At call	2,452.51	826.44	1,634.31	737.85	323.54	819.40
Investment	13,081.21	14,055.85	16,332.04	18,276.75	30,972.49	36098.50
Loan and Advances	38,034.10	41,605.68	46,369.84	54,691.65	65,501.93	76106.00
Fixed Assets	935.09	887.54	872.32	843.14	812.44	784.40
Non- Banking Assets	0.00	0.00	0.00	0.00	0.00	0.00
Other Assets	1,201.98	1,548.97	2,150.19	2,731.74	2,371.57	3228.90
Total Assets	58,141.44	63,200.30	73,241.26	87,274.62	115,985.70	127,299.80
Interest Income	5,258.27	6,133.74	5,702.12	5,636.16	5,762.35	6155.60
Interest Expenses	2,946.69	3,155.49	2,186.19	1,939.75	2,236.06	1829.60
Net Interest Income	2,311.58	2,978.25	3,515.94	3,696.41	3,526.28	4,326.00
Commission and discount	290.86	364.08	393.05	466.32	480.28	484.90
Other Operating Income	183.45	201.09	209.91	265.33	240.46	332.60
Exchange Income	276.10	447.07	489.05	530.00	512.48	586.06
Total Operating Income	3,061.98	3,990.48	4,607.94	4,958.05	4,759.50	5,729.56
Employees Expenses	455.62	500.71	646.76	627.57	743.48	775.30
Other Operating Expenses	403.99	428.60	468.78	543.16	613.02	604.80
Exchange Loss	0.00	0.00	0.00	0.00	0.00	0.00
Operating Profit Before Provision	2,202.37	3,061.17	3,492.40	3,787.32	3,403.00	4349.46
Provisions for possible losses	109.47	413.95	27.45	237.96	167.07	5.08
Operating Profit	2,092.90	2,647.22	3,464.95	3,549.36	3,235.93	4344.38
Non-Operating Income/ Expenses	6.98	13.84	13.47	34.78	44.36	59.26
Return From Loan Loss Provision	7.10	0.00	24.73	14.67	2.10	52.15
Profit From Ordinary activities	2,106.99	2,661.06	3,503.15	3,598.81	3,282.39	4455.79
Extra ordinary Income /Expenses	3.15	(3.04)	(17.45)	34.00	(2.93)	-47.30
Net Profit indulging all activities	2,110.13	2,658.02	3,485.70	3,632.81	3,279.46	4408.49
Provision For Staff Bonus	192.01	241.64	316.26	330.25	298.13	400.77
Provision For Income Tax	573.95	720.11	950.68	982.93	887.51	1188.42
-This Year	0.00	728.30	946.89	980.68	896.88	1198.90
-Up to Last Year	0.00	0.00	5.79	0.74	0.00	0.00
Deferred Tax	0.00	(8.19)	(2.00)	1.51	(9.37)	-10.48
Net Profit / Loss	1,344.18	1,696.28	2,218.76	2,319.63	2,093.81	2,819.30

4. Nepal Investment Bank Limited
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	3,011.37	3,766.16	4,144.81	4,768.71	6,345.70	8,706.60
Reserves and Surplus	2,148.39	2,283.79	2,875.84	3,156.77	3,461.25	7,581.10
Debenture & Bond	1,050.00	1,050.00	800.00	1,050.00	1,550.00	1,550.00
Borrowing	280.76	567.58	310.57	424.34	263.12	250.40
Deposit	50,138.12	57,010.60	62,428.85	73,831.38	90,631.49	108,626.60
Bills Payable	8.25	2.98	2.89	0.27	0.22	139.30
Proposed & Payable dividend	602.27	150.65	942.00	1,036.68	82.87	1,523.70
Tax Liabilities	0.00	0.00	0.00	0.00	0.00	-
Other Liabilities	1,117.66	924.48	1,647.21	1,905.79	2,010.80	1,404.90
Total Liabilities	58,356.83	65,756.23	73,152.15	86,173.93	104,345.44	129,782.60
Cash Balance	1,718.67	1,963.97	2,172.99	2,170.77	2,660.94	2,285.80
Balance With NRB	4,009.46	8,502.69	8,752.59	12,652.94	8,992.84	7,767.30
Bank Balance with Banks	2,412.25	1,337.09	2,326.51	1,921.01	2,661.27	2,972.70
Money At call	150.00	205.36	267.40	232.38	0.00	149.40
Investment	7,423.11	10,438.49	11,435.27	15,383.53	21,462.59	29,226.80
Loan and Advances	41,095.51	41,637.00	46,400.05	52,019.77	66,219.23	85,461.00
Fixed Assets	1,108.45	1,056.44	1,068.84	1,058.31	1,054.13	1,050.40
Non- Banking Assets	0.00	0.00	0.00	0.00	0.00	-
Other Assets	439.39	615.19	728.51	735.23	1,294.44	869.20
Total Assets	58,356.83	65,756.23	73,152.15	86,173.93	104,345.44	129,782.60
Interest Income	5,803.44	5,982.64	5,878.27	5,816.28	5,786.16	6,776.75
Interest Expenses	3,620.34	3,814.41	2,774.79	2,820.48	2,807.36	2,855.65
Net Interest Income	2,183.10	2,168.23	3,103.48	2,995.80	2,978.80	3,921.10
Commission and discount	269.43	319.67	336.27	478.61	497.30	604.40
Other Operating Income	152.98	157.78	199.42	211.35	237.47	305.05
Exchange Income	228.08	264.17	360.25	460.23	458.42	533.26
Total Operating Income	2,833.59	2,909.84	3,999.42	4,145.99	4,171.99	5,363.81
Employees Expenses	326.54	340.16	379.94	437.77	480.14	569.75
Other Operating Expenses	456.06	468.86	515.84	539.33	572.11	657.91
Exchange Loss	0.00	0.00	0.00	0.00	0.00	-
Operating Profit Before Provision	2,050.99	2,100.82	3,103.64	3,168.89	3,119.74	4,136.15
Provisions for possible losses	267.33	743.72	958.34	277.28	573.89	436.46
Operating Profit	1,783.66	1,357.10	2,145.30	2,891.61	2,545.85	3,699.69
Non-Operating Income/ Expenses	8.40	14.16	10.43	11.84	15.59	19.43
Return From Loan Loss Provision	106.63	267.69	930.00	139.15	537.70	358.69
Profit From Ordinary activities	1,898.69	1,638.94	3,085.73	3,042.60	3,099.14	4,077.81
Extra ordinary Income /Expenses	(52.86)	(1.73)	(74.39)	0.53	0.00	0.38
Net Profit including all activities	1,845.83	1,637.22	3,011.34	3,043.13	3,099.14	4,078.19
Provision For Staff Bonus	167.80	148.84	273.76	276.65	281.74	370.74
Provision For Income Tax	501.39	449.10	822.55	826.87	855.55	1,156.56
-This Year	500.36	448.07	823.19	829.33	845.85	1,109.65
-Up to Last Year	0.00	12.68	0.00	0.30	10.49	47.37
Deferred Tax	1.03	(11.64)	(0.63)	(2.76)	(0.79)	0.46
Net Profit / Loss	1,176.64	1,039.28	1,915.03	1,939.61	1,961.85	2,550.89

5. Standard Chartered Bank Nepal Limited

Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	1,610.17	1,851.69	2,039.29	2,245.84	2,810.20	3749.90
Reserves and Surplus	2,067.61	2,270.48	2,578.28	2,842.25	3,138.35	3774.27
Debenture & Bond	0.00	0.00	0.00	0.00	0.00	0.00
Borrowing	350.00	0.00	0.00	0.00	0.00	500.00
Deposit	37,999.24	35,965.63	39,466.45	46,298.53	57,286.48	55727.17
Bills Payable	65.97	86.38	49.54	67.44	177.09	310.18
Proposed & Payable dividend	805.08	724.58	741.56	847.29	431.88	49.30
Tax Liabilities	0.00	0.00	0.00	0.00	0.00	0.00
Other Liabilities	912.45	778.30	755.97	1,022.75	1,082.80	1074.85
Total Liabilities	43,810.52	41,677.05	45,631.10	53,324.10	64,926.81	65,185.67
Cash Balance	610.69	509.68	687.68	613.77	785.64	799.37
Balance With NRB	1,638.28	4,833.92	4,588.27	6,862.45	9,308.12	1514.67
Bank Balance with Banks	726.83	1,022.64	1,129.05	1,712.08	1,478.69	1658.29
Money At call	4,280.89	2,126.04	3,009.06	7,960.31	11,973.55	6069.64
Investment	17,258.68	12,938.22	12,753.52	9,391.38	12,971.23	23094.60
Loan and advances	18,427.27	19,575.97	22,828.84	25,976.59	27,681.31	31302.94
Fixed Assets	106.07	89.63	81.52	68.73	83.85	71.30
Non- Banking Assets	0.00	0.00	0.00	0.00	0.00	0.00
Other Assets	761.81	580.97	553.16	738.80	644.42	674.86
Total Assets	43,810.52	41,677.05	45,631.10	53,324.10	64,926.81	65,185.67
Interest Income	2,718.70	2,870.97	2,535.36	2,583.96	2,574.59	2415.58
Interest Expenses	1,003.10	1,007.20	611.38	576.30	661.08	565.70
Net Interest Income	1,715.60	1,863.77	1,923.98	2,007.66	1,913.52	1,849.88
Commission and discount	321.77	267.77	294.97	383.61	362.96	357.52
Other Operating Income	36.75	38.35	42.73	44.16	38.01	48.10
Exchange Income	387.13	468.56	515.05	478.00	613.94	629.56
Total Operating Income	2,461.26	2,638.45	2,776.72	2,913.42	2,928.43	2,885.05
Employees Expenses	365.99	386.82	421.63	482.08	505.67	484.14
Other Operating Expenses	305.22	349.23	382.48	368.03	407.05	438.91
Exchange Loss	0.00	0.00	0.00	0.00	0.00	0.00
Operating Profit Before Provision	1,790.06	1,902.40	1,972.61	2,063.31	2,015.70	1,962.00
Provisions for possible losses	82.74	208.25	110.13	84.40	188.68	260.75
Operating Profit	1,707.32	1,694.15	1,862.48	1,978.91	1,827.02	1,701.25
Non-Operating Income/ Expenses	6.45	0.57	1.17	51.87	63.86	37.85
Return From Loan Loss Provision	67.16	190.92	50.14	63.53	149.69	257.97
Profit From Ordinary activities	1,780.92	1,885.64	1,913.79	2,094.31	2,040.57	1,997.07
Extra ordinary Income /Expenses	(22.76)	(42.58)	2.41	(1.52)	17.53	1.78
Net Profit including all activities	1,758.16	1,843.06	1,916.20	2,092.79	2,058.09	1,998.85
Provision For Staff Bonus	159.83	167.55	174.20	190.25	187.10	181.71
Provision For Income Tax	479.15	506.54	524.06	565.95	580.97	524.65
-This Year	485.71	510.93	527.11	571.53	586.72	502
-Up to Last Year	0.00	3.61	0.00	2.37	7.75	1
Deferred Tax	(6.56)	(8.00)	(3.05)	(7.95)	(13.49)	21
Net Profit / Loss	1,119.17	1,168.97	1,217.94	1,336.59	1,290.03	1,292.49

6. Himalayan Bank Limited
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	2,400	2,760	2,898	3,333	4,499	5,849
Reserves and Surplus	1,595	1,872	2,402	2,751	2,460	2,975
Debenture & Bond	500	500	1,100	1,100	600	600
Borrowing	10	0	88	0	0	1,000
Deposit	40,921	47,731	53,072	64,675	73,538	87,336
Bills Payable	32	19	24	95	96	504
Proposed & Payable dividend	337	322	276	175	237	71
Tax Liabilities	0	0	33	58	0	0
Other Liabilities	942	1,160	1,259	1,403	1,372	1,528
Total Liabilities	46,736	54,364	61,153	73,590	82,802	99,863
Cash Balance	632	951	865	1,112	1,349	1,498
Balance With NRB	1,391	3,979	2,427	3,766	5,873	5,678
Bank Balance with Banks	942	1,432	356	664	1,165	699
Money At call	734	265	2,062	196	1,064	1,482
Investment	8,770	10,032	12,992	19,842	17,113	19,306
Loan and Advances	31,567	34,965	39,724	45,320	53,476	67,746
Fixed Assets	1,187	1,305	1,309	1,323	1,321	1,923
Non- Banking Assets	0	0	0	0	0	0
Other Assets	1,513	1,435	1,418	1,366	1,439	1,531
Total Assets	46,736	54,364	61,153	73,590	82,802	99,863
Interest Income	4,326	4,725	4,627	4,743	4,628	5,016
Interest Expenses	2,415	2,816	2,119	2,249	1,954	1,566
Net Interest Income	1,911	1,908	2,508	2,494	2,673	3,450
Commission and discount	350	511	550	657	711	599
Other Operating Income	130	182	165	207	199	105
Exchange Income	196	310	300	385	474	602
Total Operating Income	2,587	2,911	3,524	3,743	4,058	4,756
Employees Expenses	518	634	683	714	897	908
Other Operating Expenses	582	714	852	966	1,068	807
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	1,487	1,563	1,989	2,063	2,093	3,041
Provisions for possible losses	472	505	843	1,081	1,414	744
Operating Profit	1,015	1,057	1,146	983	680	2,297
Non-Operating Income/ Expenses	16	8	6	17	23	22
Return From Loan Loss Provision	228	860	369	775	895	1,401
Profit From Ordinary activities	1,259	1,925	1,521	1,775	1,598	3,720
Extra ordinary Income /Expenses	102	(397)	(7)	9	2	(697)
Net Profit including all activities	1,362	1,528	1,514	1,783	1,600	3,023
Provision For Staff Bonus	124	139	138	162	145	275
Provision For Income Tax	345	430	433	662	343	813
-This Year	0	451	472	646	351	810
-Up to Last Year	0	0	1	1	7	10
Deferred Tax	0	(20)	(40)	15	(15)	(7)
Net Profit / Loss	893	959	944	959	1,112	1,935

7. Nepal SBI Bank Limited
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	2,103	2,356	2,650	3,049	3,884	4,973
Reserves and Surplus	776	842	1,149	1,487	1,762	1,947
Debenture & Bond	200	600	800	1,000	1,000	1,000
Borrowing	0	0	0	0	0	4,185
Deposit	42,415	53,337	58,920	54,493	51,628	65,214
Bills Payable	81	79	165	156	178	263
Proposed & Payable dividend	93	105	177	186	43	57
Tax Liabilities	0	3	0	0	0	0
Other Liabilities	419	738	935	712	781	876
Total Liabilities	46,088	58,060	64,796	61,083	59,277	78,515
Cash Balance	1,008	1,187	1,239	1,527	1,754	1,799
Balance With NRB	2,331	3,270	4,957	3,891	4,662	6,428
Bank Balance with Banks	1,539	1,052	1,517	1,237	2,019	2,162
Money At call	0	178	139	0	0	0
Investment	18,911	24,463	25,906	17,722	9,320	19,291
Loan and Advances	21,366	26,142	28,788	35,280	39,979	46,976
Fixed Assets	417	716	662	607	630	630
Non- Banking Assets	0	0	0	0	0	0
Other Assets	517	1,052	1,588	819	913	1,229
Total Assets	46,088	58,060	64,796	61,083	59,277	78,515
Interest Income	3,104	3,769	4,111	3,977	3,821	3,981
Interest Expenses	2,096	2,771	2,487	2,232	1,774	1,565
Net Interest Income	1,008	999	1,624	1,745	2,047	2,416
Commission and discount	247	255	314	320	340	466
Other Operating Income	95	142	158	217	308	318
Exchange Income	71	101	102	108	119	136
Total Operating Income	1,421	1,497	2,197	2,391	2,815	3,336
Employees Expenses	255	289	417	443	552	549
Other Operating Expenses	445	456	477	506	516	617
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	721	752	1,303	1,441	1,747	2,170
Provisions for possible losses	46	78	128	83	117	111
Operating Profit	674	674	1,175	1,358	1,630	2,059
Non-Operating Income/ Expenses	3	2	(0)	9	11	10
Return From Loan Loss Provision	179	92	44	72	52	43
Profit From Ordinary activities	856	768	1,219	1,439	1,693	2,112
Extra ordinary Income /Expenses	(138)	(12)	2	4	20	0
Net Profit including all activities	719	755	1,221	1,443	1,713	2,112
Provision For Staff Bonus	65	69	111	131	156	192
Provision For Income Tax	189	207	338	389	492	588
-This Year	0	229	364	406	504	579
-Up to Last Year	0	1	1	0	23	14
Deferred Tax	0	(23)	(26)	(17)	(35)	(5)
Net Profit / Loss	465	480	771	923	1,065	1,332

8. Nepal Bangladesh Bank Limited
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	2,009	2,009	2,210	2,431	3,039	4,012
Reserves and Surplus	242	945	1,363	1,679	1,853	2,028
Debenture & Bond	0	0	0	0	0	0
Borrowing	0	0	0	0	176	32
Deposit	11,512	16,953	17,845	25,707	33,833	39,874
Bills Payable	14	28	17	6	14	16
Proposed & Payable dividend	0	0	159	424	32	51
Tax Liabilities	0	0	0	0	0	6
Other Liabilities	228	235	207	626	536	666
Total Liabilities	14,005	20,170	21,802	30,874	39,484	46,684
Cash Balance	533	570	852	966	948	1,306
Balance With NRB	1,563	4,094	3,748	6,437	5,702	6,869
Bank Balance with Banks	369	346	498	692	727	1,089
Money At call	0	0	0	50	0	0
Investment	2,378	3,869	3,104	3,020	5,755	4,499
Loan and Advances	8,453	10,330	12,810	18,641	25,331	31,975
Fixed Assets	308	228	203	318	207	187
Non- Banking Assets	0	0	0	0	0	
Other Assets	401	733	586	750	813	760
Total Assets	14,005	20,170	21,802	30,874	39,484	46,684
Interest Income	1,437	1,529	1,623	2,032	2,351	2,919
Interest Expenses	745	1,038	937	1,180	1,261	1,456
Net Interest Income	691	491	686	853	1,090	1,462
Commission and discount	159	198	223	304	386	486
Other Operating Income	53	54	84	147	161	183
Exchange Income	60	64	62	92	113	141
Total Operating Income	963	807	1,054	1,395	1,750	2,272
Employees Expenses	181	201	238	315	332	402
Other Operating Expenses	140	165	196	234	304	281
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	642	440	620	847	1,115	1,590
Provisions for possible losses	218	71	66	84	90	70
Operating Profit	424	369	554	762	1,025	1,520
Non-Operating Income/ Expenses	24	75	14	(13)	2	41
Return From Loan Loss Provision	324	1,364	326	82	114	51
Profit From Ordinary activities	772	1,808	894	831	1,140	1,612
Extra ordinary Income /Expenses	(715)	(775)	138	148	24	166
Net Profit including all activities	57	1,033	1,032	979	1,165	1,777
Provision For Staff Bonus	5	94	94	89	106	162
Provision For Income Tax	190	129	160	148	245	418
-This Year	198	150	204	210	245	419
-Up to Last Year	(1)	(2)	(9)	1	0	2
Deferred Tax	(7)	(19)	(34)	(63)	0	(3)
Net Profit / Loss	(138)	809	779	742	814	1,198

9. Everest Bank Limited

Amt. in Rs. Million

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital and Liabilities						
Capital	1,392	1,761	1,921	2,137	2,743	4,606
Reserves and Surplus	1,722	2,416	2,907	3,320	4,148	3,908
Debenture & Bond	300	0	469	469	1,069	1,069
Borrowing	482	0	402	0	0	3
Deposit	41,128	50,006	57,720	62,108	83,094	93,735
Bills Payable	50	692	393	371	350	1,365
Proposed & Payable dividend	577	31	820	920	141	106
Tax Liabilities	27	9	24	0	0	0
Other Liabilities	559	897	1,084	1,120	7,609	9,092
Total Liabilities	46,236	55,813	65,741	70,445	99,153	113,885
Cash Balance	1,049	1,701	1,723	2,050	2,066	2,515
Balance With NRB	4,706	8,160	8,205	9,447	17,126	13,356
Bank Balance with Banks	368	503	1,287	1,676	5,925	7,246
Money At call	0	0	0	0	0	0
Investment	7,744	7,864	9,264	6,504	15,103	18,199
Loan and Advances	31,058	35,911	43,393	47,572	54,482	67,955
Fixed Assets	460	548	631	627	630	679
Non- Banking Assets	0	0	0	0	0	0
Other Assets	851	1,127	1,237	2,569	3,821	3,935
Total Assets	46,236	55,813	65,741	70,445	99,153	113,885
Interest Income	4,331	4,960	4,937	5,178	4,996	5,057
Interest Expenses	2,536	2,873	2,179	2,259	2,117	1,828
Net Interest Income	1,795	2,087	2,758	2,919	2,879	3,229
Commission and discount	203	234	267	255	304	286
Other Operating Income	148	180	249	309	389	510
Exchange Income	46	110	99	67	87	112
Total Operating Income	2,193	2,610	3,373	3,550	3,659	4,137
Employees Expenses	293	352	462	512	688	700
Other Operating Expenses	383	467	509	544	555	603
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	1,517	1,790	2,402	2,494	2,417	2,834
Provisions for possible losses	98	252	99	156	164	168
Operating Profit	1,418	1,538	2,303	2,338	2,253	2,666
Non-Operating Income/ Expenses	1	25	8	10	12	25
Return From Loan Loss Provision	56	150	0	90	207	93
Profit From Ordinary activities	1,476	1,714	2,311	2,438	2,472	2,783
Extra ordinary Income /Expenses	(12)	0	(0)	(0)	0	4
Net Profit including all activities	1,464	1,714	2,311	2,438	2,472	2,787
Provision For Staff Bonus	133	156	210	222	225	253
Provision For Income Tax	596	467	630	666	673	804
-This Year	0	478	655	671	649	752
-Up to Last Year	0	0	0	2	0	45
Deferred Tax	0	(11)	(26)	(7)	24	7
Net Profit / Loss	735	1,091	1,471	1,550	1,574	1,730

10. Bank of Kathmandu Limited
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	1,604	1,684	1,920	2,120	2,671	4,577
Reserves and Surplus	831	1,016	1,384	1,428	1,183	3,308
Debenture & Bond	200	200	400	400	1,000	1,000
Borrowing	465	183	639	136	131	2,247
Deposit	21,018	24,991	27,701	34,116	39,457	67,836
Bills Payable	19	28	29	22	42	
Proposed & Payable dividend	228	342	12	11	29	
Tax Liabilities	0	0	0	0	0	(19)
Other Liabilities	392	437	459	801	457	2,799
Total Liabilities	24,758	28,882	32,546	39,034	44,970	81,748
Cash Balance	542	751	813	934	963	9,788
Balance With NRB	642	1,971	2,219	2,828	3,299	
Bank Balance with Banks	495	661	1,258	1,235	1,408	
Money At call	480	519	0	0	14	150
Investment	4,287	5,247	4,758	4,580	6,027	9,787
Loan and Advances	17,468	18,814	22,556	28,304	31,894	60,318
Fixed Assets	502	546	560	567	574	969
Non- Banking Assets	0	0	0	0	0	25
Other Assets	342	374	381	585	791	712
Total Assets	24,758	28,882	32,546	39,034	44,970	81,748
Interest Income	2,387	2,621	2,450	2,609	2,845	4,873
Interest Expenses	1,219	1,485	1,219	1,390	1,464	2,533
Net Interest Income	1,168	1,136	1,231	1,219	1,381	2,340
Commission and discount	174	193	206	223	265	285
Other Operating Income	80	68	68	66	65	171
Exchange Income	117	138	126	146	162	260
Total Operating Income	1,538	1,535	1,630	1,654	1,874	3,056
Employees Expenses	196	249	286	382	407	605
Other Operating Expenses	286	308	342	376	394	559
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	1,056	979	1,002	895	1,073	1,892
Provisions for possible losses	153	96	112	532	941	281
Operating Profit	903	883	890	363	132	1,611
Non-Operating Income/ Expenses	5	3	10	9	5	39
Return From Loan Loss Provision	43	78	127	44	420	131
Profit From Ordinary activities	952	964	1,027	416	556	1,782
Extra ordinary Income /Expenses	(1)	0	(54)	0	(14)	7
Net Profit including all activities	952	964	973	416	542	1,789
Provision For Staff Bonus	87	88	88	38	49	163
Provision For Income Tax	260	269	267	124	158	505
-This Year	0	266	270	243	35	505
-Up to Last Year	0	1	4	5	5	0
Deferred Tax	0	2	(6)	(124)	118	0
Net Profit / Loss	605	608	617	254	335	1,121

11. Nepal Credit and Commerce Bank Limited*
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	1,400	1,470	1,470	2,029	2,353	2,353
Reserves and Surplus	344	453	810	598	608	1,284
Debenture & Bond	0	0	0	0	0	0
Borrowing	375	0	651	0	0	3
Deposit	10,951	16,485	21,651	22,257	26,661	30,364
Bills Payable	9	14	14	7	4	
Proposed & Payable dividend	0	4	0	29	17	
Tax Liabilities	21	0	8	0	0	13
Other Liabilities	165	169	311	304	297	1,344
Total Liabilities	13,265	18,595	24,915	25,224	29,940	35,361
Cash Balance	421	647	742	714	711	3,932
Balance With NRB	1,072	1,340	3,208	1,782	3,391	
Bank Balance with Banks	244	295	393	396	676	
Money At call	80	108	277	406	570	1,443
Investment	2,061	3,081	4,094	3,589	2,841	3,466
Loan and Advances	8,835	12,443	15,451	17,267	20,832	24,891
Fixed Assets	310	343	422	422	417	508
Non- Banking Assets	0	0	0	0	0	570
Other Assets	242	338	328	648	502	551
Total Assets	13,265	18,595	24,915	25,224	29,940	35,361
Interest Income	1,343	1,519	1,968	2,082	1,935	2,315
Interest Expenses	873	1,050	1,155	1,298	1,132	1,125
Net Interest Income	470	469	813	784	804	1,189
Commission and discount	49	56	74	86	105	166
Other Operating Income	49	67	86	81	80	85
Exchange Income	10	18	5	10	25	52
Total Operating Income	579	609	978	961	1,014	1,492
Employees Expenses	108	146	148	231	216	310
Other Operating Expenses	122	157	176	204	224	234
Exchange Loss	0	0	0	0	0	
Operating Profit Before Provision	348	306	653	525	574	948
Provisions for possible losses	67	179	225	187	86	201
Operating Profit	281	127	427	339	488	748
Non-Operating Income/ Expenses	11	(13)	3	18	31	3
Return From Loan Loss Provision	70	171	88	187	108	232
Profit From Ordinary activities	362	286	519	543	627	983
Extra ordinary Income /Expenses	(12)	(23)	20	3	5	9
Net Profit including all activities	350	263	539	546	631	992
Provision For Staff Bonus	32	24	48	50	57	90
Provision For Income Tax	97	61	136	104	226	198
-This Year	98	68	141	116	166	198
-Up to Last Year	0	0	0	2	29	
Deferred Tax	(1)	(6)	(5)	(14)	30	
Net Profit / Loss	221	178	355	392	348	703

* Adopted from Unaudited Financials

12. NIC Asia Bank Limited

Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13*	2013-14	2014-15	2015-16
Capital	1,312	1,312	2,312	2,658	3,695	5,776
Reserves and Surplus	687	751	2,077	2,215	1,804	1,607
Debenture & Bond	200	200	0	500	500	500
Borrowing	773	132	204	0	0	1,850
Deposit	18,394	22,112	39,909	44,984	53,477	69,488
Bills Payable	18	39	89	47	41	91
Proposed & Payable dividend	262	328	462	347	55	63
Tax Liabilities	5	0	0	0	0	0
Other Liabilities	440	706	1,483	750	948	1,081
Total Liabilities	22,090	25,580	46,535	51,500	60,519	80,456
Cash Balance	406	609	873	776	1,042	1,168
Balance With NRB	818	1,659	4,222	5,187	4,763	4,396
Bank Balance with Banks	453	487	588	1,221	868	2,165
Money At call	0	0	10	0	0	0
Investment	4,869	3,993	6,812	6,485	10,124	12,890
Loan and Advances	14,934	17,242	31,560	36,325	42,144	58,451
Fixed Assets	355	406	465	523	567	537
Non- Banking Assets	0	0	0	0	0	0
Other Assets	256	1,183	2,006	983	1,012	849
Total Assets	22,090	25,580	46,535	51,500	60,519	80,456
Interest Income	2,321	2,432	2,663	3,995	3,918	4,401
Interest Expenses	1,447	1,622	1,420	2,197	2,340	2,444
Net Interest Income	875	810	1,243	1,798	1,577	1,957
Commission and discount	100	84	82	143	132	144
Other Operating Income	81	70	98	196	267	344
Exchange Income	68	92	110	101	126	167
Total Operating Income	1,124	1,056	1,534	2,239	2,102	2,612
Employees Expenses	140	180	224	378	422	543
Other Operating Expenses	188	211	242	385	452	509
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	796	665	1,067	1,475	1,229	1,560
Provisions for possible losses	35	49	89	259	360	190
Operating Profit	761	615	978	1,216	868	1,370
Non-Operating Income/ Expenses	17	2	4	8	13	28
Return From Loan Loss Provision	1	0	1	135	183	335
Profit From Ordinary activities	779	617	983	1,359	1,065	1,733
Extra ordinary Income /Expenses	0	0	0	-50	3	-47
Net Profit including all activities	779	617	983	1,309	1,068	1,686
Provision For Staff Bonus	0	56	89	119	97	153
Provision For Income Tax	71	169	252	358	290	466
-This Year	212	176	257	357	287	463
-Up to Last Year	0	-7	-5	1	3	-6
Deferred Tax	0	1	0	0	0	9
Net Profit / Loss	708	392	642	832	680	1,067

13. Machhapuchchhre Bank Limited
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	1,627	2,479	2,479	2,776	3,484	4,666
Reserves and Surplus	146	169	318	459	507	674
Debenture & Bond	0	0	0	0	0	0
Borrowing	1,251	0	61	0	0	1,234
Deposit	16,411	21,546	27,137	37,132	44,206	52,292
Bills Payable	0	31	19	11	13	0
Proposed & Payable dividend	0	0	0	16	28	42
Tax Liabilities	0	0	0	0	0	0
Other Liabilities	789	131	283	330	515	547
Total Liabilities	20,226	24,357	30,296	40,724	48,753	59,455
Cash Balance	2,208	1,306	1,522	1,749	2,097	2,107
Balance With NRB	0	3,082	2,932	3,165	4,616	3,808
Bank Balance with Banks	0	1,050	590	1,632	1,674	2,082
Money At call	308	0	0	0	0	0
Investment	1,410	1,705	2,415	3,461	4,479	6,011
Loan and Advances	14,731	15,603	21,165	29,053	34,261	43,636
Fixed Assets	725	865	805	778	756	759
Non- Banking Assets	0	0	0	0	0	0
Other Assets	844	747	866	886	870	1,052
Total Assets	20,226	24,357	30,296	40,724	48,753	59,455
Interest Income	2,080	1,926	2,430	2,836	3,109	3,495
Interest Expenses	1,545	1,501	1,486	1,720	1,753	1,638
Net Interest Income	536	425	944	1,116	1,356	1,857
Commission and discount	44	45	59	61	92	91
Other Operating Income	72	68	148	181	179	226
Exchange Income	38	52	38	51	79	119
Total Operating Income	691	590	1,189	1,409	1,706	2,293
Employees Expenses	164	165	233	280	350	470
Other Operating Expenses	274	309	366	381	412	426
Exchange Loss	0	0	3	5	0	2
Operating Profit Before Provision	252	116	587	743	944	1,395
Provisions for possible losses	338	7	450	171	197	137
Operating Profit	(86)	109	137	572	748	1,258
Non-Operating Income/ Expenses	99	205	7	19	92	32
Return From Loan Loss Provision	686	63	271	181	151	126
Profit From Ordinary activities	698	377	414	772	991	1,416
Extra ordinary Income /Expenses	(686)	(367)	(175)	(63)	6	6
Net Profit including all activities	13	10	239	708	997	1,422
Provision For Staff Bonus	1	0	22	64	91	129
Provision For Income Tax	4	(29)	69	189	290	395
-This Year	0	61	92	90	223	372
-Up to Last Year	0	0	0	0	18	14
Deferred Tax	0	(90)	(23)	99	49	9
Net Profit / Loss	8	38	149	455	616	898

14. Kumari Bank Limited*
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	1,604	1,604	1,828	2,432	2,699	2,699
Reserves and Surplus	610	773	828	535	648	1,388
Debenture & Bond	400	400	0	0	0	0
Borrowing	661	5	0	202	328	0
Deposit	16,986	21,985	25,319	27,578	33,422	37,951
Bills Payable	8	21	21	22	0	0
Proposed & Payable dividend	7	112	12	32	0	0
Tax Liabilities	0	0	0	0	0	0
Other Liabilities	216	231	214	219	1,102	1,004
Total Liabilities	20,492	25,131	28,223	31,021	38,199	43,042
Cash Balance	525	584	639	778	829	4,511
Balance With NRB	527	2,863	2,538	3,829	3,349	
Bank Balance with Banks	117	276	230	288	813	
Money At call	452	321	753	507	437	1,600
Investment	3,534	2,941	4,135	3,165	4,863	6,143
Loan and Advances	14,626	17,614	19,369	21,898	27,070	30,111
Fixed Assets	306	277	256	236	259	265
Non- Banking Assets	0	0	0	0	0	0
Other Assets	406	255	302	319	579	411
Total Assets	20,492	25,131	28,223	31,021	38,199	43,042
Interest Income	2,252	2,442	2,464	2,411	2,433	2,692
Interest Expenses	1,567	1,622	1,486	1,575	1,507	1,517
Net Interest Income	685	819	978	835	926	1,175
Commission and discount	100	111	138	189	155	167
Other Operating Income	54	49	42	57	48	63
Exchange Income	37	44	57	85	95	109
Total Operating Income	875	1,023	1,215	1,166	1,223	1,514
Employees Expenses	168	194	204	222	284	316
Other Operating Expenses	213	213	230	240	254	261
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	494	616	781	704	685	936
Provisions for possible losses	114	187	315	236	284	153
Operating Profit	380	429	466	468	401	783
Non-Operating Income/ Expenses	1	3	(11)	3	(7)	(32)
Return From Loan Loss Provision	14	0	5	76	229	432
Profit From Ordinary activities	395	433	460	547	622	1,183
Extra ordinary Income /Expenses	(0)	0	0	0	0	0
Net Profit including all activities	394	433	460	547	622	1,183
Provision For Staff Bonus	36	39	42	50	57	108
Provision For Income Tax	107	118	127	155	171	336
-This Year	100	117	126	148	169	0
-Up to Last Year	3	0	0	5	0	0
Deferred Tax	4	1	1	2	2	0
Net Profit / Loss	251	276	291	342	395	740

** Adopted from Unaudited Financials*

15. Laxmi Bank Limited*
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	1,694	1,694	1,948	2,338	2,893	3,039
Reserves and Surplus	419	606	780	837	1,253	2,607
Debenture & Bond	350	350	750	750	750	400
Borrowing	0	28	0	0	0	0
Deposit	18,300	22,832	25,944	30,592	39,992	48,154
Bills Payable	302	2	3	2	6	
Proposed & Payable dividend	174	169	0	21	0	
Tax Liabilities	5	0	0	0	0	
Other Liabilities	316	347	383	380	446	1,176
Total Liabilities	21,560	26,029	29,808	34,919	45,340	55,376
Cash Balance	357	408	358	504	688	5,451
Balance With NRB	1,866	3,845	2,872	4,339	3,944	
Bank Balance with Banks	551	196	236	488	303	
Money at call	50	659	446	722	681	34
Investment	3,041	3,758	5,340	4,700	6,454	7,423
Loan and Advances	15,200	16,477	19,696	22,724	30,971	40,360
Fixed Assets	352	308	475	435	501	1,024
Non- Banking Assets	0	0	0	0	0	0
Other Assets	142	377	385	1,006	1,798	1,086
Total Assets	21,560	26,029	29,808	34,919	45,340	55,376
Interest Income	2,233	2,289	2,387	2,489	2,578	3,073
Interest Expenses	1,504	1,646	1,449	1,667	1,618	1,765
Net Interest Income	729	644	939	822	960	1,307
Commission and discount	68	150	141	195	216	231
Other Operating Income	70	56	89	104	151	165
Exchange Income	63	108	117	120	120	145
Total Operating Income	930	958	1,286	1,241	1,447	1,849
Employees Expenses	158	178	217	240	273	327
Other Operating Expenses	169	195	247	266	322	364
Exchange Loss	0	0	0	0	0	
Operating Profit Before Provision	603	585	822	735	852	1,158
Provisions for possible losses	14	31	186	74	244	196
Operating Profit	589	554	636	662	608	962
Non-Operating Income/ Expenses	1	6	17	26	24	20
Return From Loan Loss Provision	1	0	10	54	16	109
Profit From Ordinary activities	591	560	664	741	648	1,091
Extra ordinary Income /Expenses	2	0	1	0	0	
Net Profit including all activities	593	560	665	741	648	1,091
Provision For Staff Bonus	54	51	60	67	59	99
Provision For Income Tax	164	152	182	199	173	318
-This Year	161	155	186	204	168	318
-Up to Last Year	0	0	0	0	0	
Deferred Tax	3	(2)	(5)	(4)	5	
Net Profit / Loss	375	356	423	475	416	674

** Adopted from Unaudited Financials*

16. Siddhartha Bank Limited
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	1,618	1,619	1,814	2,031	2,437	4,496
Reserves and Surplus	370	564	686	969	1,309	1,746
Debenture & Bond	228	628	931	931	1,431	1,204
Borrowing	45	45	787	106	65	910
Deposit	21,576	25,949	28,383	35,414	44,741	64,934
Bills Payable	3	8	13	105	13	40
Proposed & Payable dividend	201	136	164	202	21	0
Tax Liabilities	16	27	7	0	0	0
Other Liabilities	350	603	905	519	630	1,073
Total Liabilities	24,406	29,579	33,691	40,278	50,647	74,403
Cash Balance	491	813	762	1,122	1,156	1,941
Balance With NRB	1,222	2,925	2,657	5,954	3,753	3,847
Bank Balance With Banks	192	554	87	182	199	487
Money At call	883	647	1,375	1,150	1,130	951
Investment	2,538	3,394	4,469	3,328	6,642	9,823
Loan and Advances	18,384	20,218	23,087	27,187	36,340	55,351
Fixed Assets	368	359	465	440	410	619
Non- Banking Assets	0	0	0	0	0	0
Other Assets	327	670	790	916	1,018	1,385
Total Assets	24,406	29,579	33,691	40,278	50,647	74,403
Interest Income	2,690	2,906	2,902	3,056	3,295	4,118
Interest Expenses	1,925	2,049	1,741	1,709	1,859	2,001
Net Interest Income	765	857	1,160	1,347	1,436	2,118
Commission and discount	68	108	113	159	188	174
Other Operating Income	62	95	189	204	244	317
Exchange Income	39	116	157	132	142	167
Total Operating Income	934	1,176	1,620	1,843	2,009	2,775
Employees Expenses	156	174	222	242	328	373
Other Operating Expenses	265	336	386	436	460	490
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	513	665	1,012	1,164	1,222	1,912
Provisions for possible losses	43	156	245	423	249	259
Operating Profit	470	510	766	741	972	1,653
Non-Operating Income/ Expenses	1	1	1	93	39	160
Return From Loan Loss Provision	21	8	0	266	198	157
Profit From Ordinary activities	492	519	767	1,101	1,209	1,971
Extra ordinary Income /Expenses	0	0	(13)	(0)	1	1
Net Profit including all activities	492	519	754	1,101	1,210	1,971
Provision For Staff Bonus	45	47	69	100	110	179
Provision For Income Tax	136	141	204	300	333	537
-This Year	136	147	215	305	349	535
-Up to Last Year	2	1	1	3	1	3
Deferred Tax	2	6	11	(8)	(17)	(1)
Net Profit / Loss	311	330	481	701	767	1,255

17. Agricultural Development Bank Limited*
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	9,474	9,474	9,637	9,861	10,374	10,374
Reserves and Surplus	3,715	4,849	5,758	3,173	5,808	8,385
Debenture & Bond	2,300	2,300	2,300	2,300	1,840	1,380
Borrowing	244	927	1,139	695	679	563
Deposit	34,395	43,239	54,397	65,898	77,035	87,263
Bills Payable	0	0	0	0	0	0
Proposed & Payable dividend	276	0	0	943	0	0
Tax Liabilities	1,341	2,119	0	110	0	0
Other Liabilities	7,497	8,486	8,929	3,531	5,150	4,743
Total Liabilities	59,241	71,395	82,160	86,512	100,887	112,710
Cash Balance	4,809	6,285	9,524	2,672	2,927	10,454
Balance With NRB	0	0	0	4,172	5,919	0
Bank Balance With Banks	0	0	0	2,022	2,582	0
Money At call	27	0	132	135	142	152
Investment	7,267	10,809	9,188	13,344	13,501	13,979
Loan and Advances	34,460	39,393	49,770	57,186	68,578	79,752
Fixed Assets	1,023	1,442	1,434	1,347	1,222	1,148
Non- Banking Assets (*Net of Provision)	0	0	0	0	0	0
Other Assets	11,655	13,465	12,113	5,634	6,015	7,226
Total Assets	59,241	71,395	82,160	86,512	100,887	112,710
Interest Income	6,101	6,966	7,458	8,462	8,765	9,560
Interest Expenses	2,116	2,851	2,846	3,840	3,121	3,380
Net Interest Income	3,985	4,115	4,612	4,622	5,645	6,180
Commission and discount	262	121	130	175	198	230
Other Operating Income	322	458	546	535	593	670
Exchange Income	0	26	(5)	131	224	260
Total Operating Income	4,569	4,720	5,282	5,463	6,660	7,340
Employees Expenses	2,209	2,389	2,328	3,320	2,873	3,240
Other Operating Expenses	377	491	585	710	762	870
Exchange Loss	1	0	0	0	0	
Operating Profit Before Provision	1,982	1,839	2,368	1,433	3,025	3,230
Provisions for possible losses	2,504	2,068	1,033	878	2,442	560
Operating Profit	(522)	(229)	1,335	555	584	2,670
Non-Operating Income/ Expenses	106	80	185	74	175	80
Return From Loan Loss Provision	2,183	2,176	1,252	901	3,518	620
Profit From Ordinary activities	1,766	2,027	2,772	1,531	4,276	3,370
Extra ordinary Income /Expenses	367	629	384	624	383	320
Net Profit including all activities	2,133	2,656	3,156	2,155	4,659	3,690
Provision For Staff Bonus	158	197	234	160	345	270
Provision For Income Tax	(390)	599	662	474	710	860
-This Year	399	0	0	482	723	860
-Up to Last Year	0	0	0	0	0	
Deferred Tax	789	0	0	(7)	(13)	
Net Profit / Loss	2,365	1,861	2,260	1,521	3,603	2,560

** Adopted from Unaudited Financials*

18. Global IME Bank Limited
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	1,600	2,250	2,781	4,977	6,164	7,151
Reserves and Surplus	108	286	450	1,150	1,159	1,555
Debenture & Bond	0	400	400	400	400	400
Borrowing	402	87	107	143	103	2,400
Deposit	15,066	26,914	34,111	52,292	60,176	74,683
Bills Payable	60	18	20	95	72	45
Proposed & Payable dividend	80	218	0	166	0	0
Tax Liabilities	0	0	3	0	0	
Other Liabilities	206	490	1,147	796	1,112	1,467
Total Liabilities	17,523	30,664	39,018	60,018	69,186	87,701
Cash Balance	523	624	930	1,373	1,467	2,055
Balance With NRB	809	2,250	3,190	3,923	4,751	5,436
Bank Balance With Banks	423	2,095	1,424	2,444	1,438	1,151
Money At call	0	0	16	0	0	0
Investment	2,920	4,247	5,549	8,681	10,717	17,991
Loan and Advances	12,372	20,297	26,212	41,778	48,937	59,219
Fixed Assets	232	661	692	821	897	935
Non- Banking Assets	0	0	0	0	0	0
Other Assets	244	491	1,005	998	979	914
Total Assets	17,523	30,664	39,018	60,018	69,186	87,701
Interest Income	1,964	2,226	3,207	3,810	4,661	4,988
Interest Expenses	1,288	1,587	1,827	2,052	2,371	2,099
Net Interest Income	676	640	1,380	1,758	2,290	2,889
Commission and discount	68	105	172	215	294	312
Other Operating Income	85	121	216	261	382	493
Exchange Income	31	51	73	138	203	251
Total Operating Income	859	916	1,841	2,373	3,169	3,945
Employees Expenses	155	158	290	374	636	659
Other Operating Expenses	237	304	485	638	744	829
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	467	453	1,066	1,361	1,789	2,457
Provisions for possible losses	253	133	474	439	549	606
Operating Profit	214	321	591	922	1,240	1,851
Non-Operating Income/ Expenses	(0)	0	(0)	50	4	8
Return From Loan Loss Provision	166	218	143	411	472	252
Profit From Ordinary activities	380	539	735	1,383	1,716	2,111
Extra ordinary Income /Expenses	(93)	(120)	(17)	33	(175)	47
Net Profit including all activities	286	419	718	1,416	1,541	2,158
Provision For Staff Bonus	26	38	65	129	140	196
Provision For Income Tax	35	116	203	313	440	580
-This Year	0	127	220	367	415	598
-Up to Last Year	0	0	0	(54)	25	0
Deferred Tax	0	(11)	(17)	(0)	(1)	(18)
Net Profit / Loss	225	265	449	974	961	1,382

19. Citizens Bank International Limited
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	2,040	2,102	2,102	2,375	3,065	4,401
Reserves and Surplus	132	180	278	378	675	904
Debenture & Bond	0	0	0	500	500	500
Borrowing	805	88	336	457	902	1,119
Deposit	13,478	17,355	22,743	27,963	35,782	47,394
Bills Payable	4	1	4	4	16	93
Proposed & Payable dividend	171	177	315	125	27	40
Tax Liabilities	0	7	25	0	0	0
Other Liabilities	185	159	176	419	527	611
Total Liabilities	16,815	20,069	25,980	32,222	41,493	55,062
Cash Balance	831	692	784	1,046	1,462	1,884
Balance With NRB	493	2,635	2,923	3,828	2,850	3,150
Bank Balance with Banks	182	442	874	999	1,373	859
Money At call	227	21	244	121	95	247
Investment	2,401	1,530	2,720	2,710	5,668	7,478
Loan and Advances	12,272	14,130	17,562	22,485	28,481	39,636
Fixed Assets	192	324	555	588	907	1,108
Non- Banking Assets	0	0	0	0	0	0
Other Assets	217	294	318	444	656	700
Total Assets	16,815	20,069	25,980	32,222	41,493	55,062
Interest Income	1,795	1,980	2,212	2,456	2,767	3,443
Interest Expenses	1,236	1,406	1,177	1,383	1,499	1,824
Net Interest Income	559	574	1,035	1,073	1,268	1,619
Commission and discount	33	40	53	55	62	98
Other Operating Income	65	72	134	206	181	272
Exchange Income	13	23	55	80	99	143
Total Operating Income	670	710	1,277	1,414	1,611	2,132
Employees Expenses	82	109	144	166	248	295
Other Operating Expenses	179	213	245	269	334	373
Exchange Loss	0	0	28	4	0	0
Operating Profit Before Provision	409	388	860	975	1,028	1,464
Provisions for possible losses	103	123	292	561	236	355
Operating Profit	306	265	568	415	793	1,109
Non-Operating Income/ Expenses	7	10	10	0	46	144
Return From Loan Loss Provision	0	79	131	316	237	432
Profit From Ordinary activities	312	355	709	731	1,076	1,685
Extra ordinary Income /Expenses	0	0	(82)	7	48	7
Net Profit including all activities	312	355	627	739	1,123	1,692
Provision For Staff Bonus	28	32	57	67	102	154
Provision For Income Tax	86	98	157	173	301	459
-This Year	0	101	176	168	146	465
-Up to Last Year	0	0	(0)	0	1	0
Deferred Tax	0	(3)	(19)	6	153	(6)
Net Profit / Loss	198	225	413	498	720	1,079

20. Prime Commercial Bank Limited
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	2,246	2,336	2,574	3,140	3,705	4,557
Reserves and Surplus	241	251	377	477	628	846
Debenture & Bond	0	0	0	0	0	
Borrowing	213	22	220	0	0	
Deposit	18,939	23,991	28,798	34,045	41,006	48,342
Bills Payable	17	72	11	64	80	75
Proposed & Payable dividend	284	170	117	26	30	45
Tax Liabilities	15	0	0	0	0	24
Other Liabilities	132	316	311	278	353	509
Total Liabilities	22,086	27,158	32,409	38,031	45,801	54,399
Cash Balance	905	1,278	1,628	1,496	1,588	2,002
Balance With NRB	1,736	3,909	3,055	5,540	4,277	5,156
Bank Balance with Banks	285	406	759	232	759	667
Money At call	605	144	369	48	48	448
Investment	1,366	2,021	4,895	2,960	5,743	5,070
Loan and Advances	16,895	18,902	21,227	27,104	32,617	40,272
Fixed Assets	181	190	183	158	377	371
Non- Banking Assets	0	0	0	0	8	
Other Assets	114	308	294	493	385	412
Total Assets	22,086	27,158	32,409	38,031	45,801	54,399
Interest Income	2,477	2,774	2,786	2,871	3,243	3,557
Interest Expenses	1,780	2,057	1,744	1,811	1,855	1,968
Net Interest Income	697	716	1,042	1,060	1,388	1,588
Commission and discount	46	54	80	71	104	151
Other Operating Income	105	121	140	241	257	331
Exchange Income	15	15	0	36	74	101
Total Operating Income	864	907	1,262	1,409	1,823	2,171
Employees Expenses	81	91	111	134	176	209
Other Operating Expenses	152	188	211	231	248	253
Exchange Loss	0	0	6	0	0	
Operating Profit Before Provision	631	628	934	1,044	1,399	1,709
Provisions for possible losses	61	218	271	310	388	274
Operating Profit	569	409	664	734	1,011	1,435
Non-Operating Income/ Expenses	0	0	0	5	2	12
Return From Loan Loss Provision	0	16	87	131	216	310
Profit From Ordinary activities	569	425	751	870	1,228	1,756
Extra ordinary Income /Expenses	0	0	(0)	0	(56)	0
Net Profit including all activities	569	425	751	870	1,172	1,756
Provision For Staff Bonus	52	39	68	79	107	160
Provision For Income Tax	157	117	205	237	320	481
-This Year	0	131	222	236	325	486
-Up to Last Year	0	(1)	0	0	0	2
Deferred Tax	0	(13)	(17)	1	(5)	(7)
Net Profit / Loss	360	269	478	553	746	1,116

21. Sunrise Bank Limited
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	2,015	2,015	2,237	2,237	2,973	5,301
Reserves and Surplus	131	136	214	461	375	843
Debenture & Bond	0	0	0	0	0	
Borrowing	0	0	0	0	0	
Deposit	13,392	18,759	23,271	26,617	33,487	51,650
Bills Payable	3	9	16	12	9	20
Proposed & Payable dividend	81	106	12	0	28	
Tax Liabilities	0	0	0	0	0	
Other Liabilities	229	253	380	335	517	745
Total Liabilities	15,850	21,279	26,129	29,661	37,389	58,559
Cash Balance	587	668	608	863	868	1,168
Balance With NRB	890	3,223	3,758	4,366	1,891	3,809
Bank Balance with Banks	427	517	325	698	300	1,605
Money At call	324	101	680	113	0	0
Investment	1,103	1,809	2,454	3,055	7,260	8,172
Loan and Advances	11,910	14,307	17,731	19,938	26,380	42,869
Fixed Assets	372	349	313	292	310	436
Non- Banking Assets	0	0	0	0	0	0
Other Assets	237	306	261	336	381	501
Total Assets	15,850	21,279	26,129	29,661	37,389	58,559
Interest Income	1,919	2,001	2,240	2,424	2,403	3,096
Interest Expenses	1,222	1,411	1,251	1,329	1,296	1,592
Net Interest Income	697	591	989	1,095	1,106	1,504
Commission and discount	51	70	95	104	119	161
Other Operating Income	46	70	125	141	187	279
Exchange Income	34	39	51	63	80	115
Total Operating Income	828	770	1,259	1,404	1,493	2,059
Employees Expenses	141	194	218	264	272	356
Other Operating Expenses	240	280	331	361	356	426
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	447	295	711	779	865	1,277
Provisions for possible losses	372	290	368	466	459	322
Operating Profit	75	5	342	313	406	955
Non-Operating Income/ Expenses	11	0	4	2	3	1
Return From Loan Loss Provision	0	299	209	94	417	556
Profit From Ordinary activities	86	304	555	409	826	1,513
Extra ordinary Income /Expenses	0	(131)	(52)	(15)	(92)	(3)
Net Profit including all activities	86	173	504	394	734	1,510
Provision For Staff Bonus	8	16	46	36	67	137
Provision For Income Tax	34	46	146	112	196	421
-This Year	31	48	149	124	189	421
-Up to Last Year	2	1	1	0	2	6
Deferred tax	1	(2)	(4)	(12)	5	(6)
Net Profit / Loss	44	111	312	247	471	951

22. NMB Bank Limited

Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	2,000	2,000	2,000	2,400	2,732	5,519
Reserves and Surplus	211	264	324	413	564	1,343
Debenture & Bond	0	0	0	0	500	500
Borrowing	497	0	0	0	438	1,488
Deposit	12,866	15,983	22,186	27,087	36,723	64,781
Bills Payable	3	5	8	3	22	0
Proposed & Payable dividend	180	0	300	21	17	54
Tax Liabilities	0	0	0	0	0	0
Other Liabilities	190	244	308	287	341	928
Total Liabilities	15,948	18,495	25,126	30,212	41,337	74,613
Cash Balance	265	324	517	498	818	1,491
Balance With NRB	877	2,992	4,805	3,044	3,391	6,391
Bank Balance with Banks	352	251	425	1,027	2,097	2,299
Money At call	259	21	26	62	723	558
Investment	2,615	2,440	2,246	4,191	5,984	8,504
Loan and Advances	11,209	12,071	16,491	20,467	27,289	53,021
Fixed Assets	277	279	345	383	374	1,346
Non- Banking Assets	0	0	0	0	0	0
Other Assets	95	116	272	540	662	1,004
Total Assets	15,948	18,495	25,126	30,212	41,337	74,613
Interest Income	1,492	1,706	1,831	2,005	2,315	4,053
Interest Expenses	1,053	1,256	1,078	1,216	1,348	2,040
Net Interest Income	439	450	753	789	967	2,013
Commission and discount	28	39	53	83	113	198
Other Operating Income	59	54	56	96	112	218
Exchange Income	47	50	65	98	120	160
Total Operating Income	574	592	927	1,066	1,312	2,589
Employees Expenses	76	92	127	149	202	471
Other Operating Expenses	136	160	189	251	288	474
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	362	339	610	665	822	1,644
Provisions for possible losses	37	278	131	113	97	576
Operating Profit	325	61	479	552	725	1,068
Non-Operating Income/ Expenses	4	8	7	22	17	56
Return From Loan Loss Provision	26	15	59	205	42	650
Profit From Ordinary activities	355	85	546	779	784	1,774
Extra ordinary Income /Expenses	14	2	(0)	(137)	0	(11)
Net Profit including all activities	369	87	546	642	784	1,763
Provision For Staff Bonus	34	8	50	58	71	160
Provision For Income Tax	114	27	136	174	212	488
-This Year	103	25	170	177	207	314
-Up to Last Year	10	0	(5)	0	0	7
Deferred Tax	0	2	(29)	(3)	4	167
Net Profit / Loss	222	52	360	410	501	1,115

23. Prabhu Bank Limited
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	2,000	2,000	2,000	2,000	3,209	5,881
Reserves and Surplus	143	244	(561)	(866)	485	552
Debenture & Bond	0	0	0	0	0	0
Borrowing	910	8	696	0	25	15
Deposit	15,808	20,174	21,093	19,835	42,144	60,941
Bills Payable	1	4	12	23	28	47
Proposed & Payable dividend	0	0	0	0	0	
Tax Liabilities	0	10	16	0	0	
Other Liabilities	152	194	175	199	620	901
Total Liabilities	19,015	22,633	23,431	21,191	46,510	68,338
Cash Balance	763	696	743	788	1,706	2,965
Balance With NRB	1,152	2,072	2,412	899	5,986	7,505
Bank Balance with Banks	73	178	228	272	1,624	1,907
Money At call	413	129	198	100	1,001	1,750
Investment	1,874	3,117	2,798	5,808	4,513	5,827
Loan and Advances	13,043	14,645	14,792	10,884	27,726	43,909
Fixed Assets	1,225	1,215	1,426	1,353	1,729	2,136
Non- Banking Assets	0	0	0	0	0	
Other Assets	472	581	835	1,085	2,226	2,338
Total Assets	19,015	22,633	23,431	21,191	46,510	68,338
Interest Income	1,994	2,175	2,303	1,865	2,815	3,591
Interest Expenses	1,303	1,588	1,287	1,136	1,271	1,622
Net Interest Income	691	587	1,016	729	1,544	1,968
Commission and discount	68	43	76	67	70	110
Other Operating Income	81	80	100	87	190	293
Exchange Income	8	15	24	34	89	154
Total Operating Income	848	725	1,216	918	1,893	2,524
Employees Expenses	194	235	264	273	495	700
Other Operating Expenses	291	305	333	359	539	674
Exchange Loss	0	0	0	0	0	
Operating Profit Before Provision	363	186	619	286	858	1,150
Provisions for possible losses	273	72	1,959	994	678	476
Operating Profit	90	114	(1,340)	(708)	180	674
Non-Operating Income/ Expenses	4	(4)	(21)	67	25	73
Return From Loan Loss Provision	0	86	240	223	1,810	1,058
Profit From Ordinary activities	93	197	(1,121)	(419)	2,015	1,805
Extra ordinary Income /Expenses	0	(43)	(17)	0	(468)	(39)
Net Profit including all activities	93	154	(1,138)	(419)	1,546	1,766
Provision For Staff Bonus	8	14	0	0	141	161
Provision For Income Tax	31	40	(333)	(114)	388	488
-This Year	34	62	38	158	70	185
-Up to Last Year	(0)	0	0	14	0	9
Deferred Tax	(3)	(22)	371	286	318	294
Net Profit / Loss	54	100	(805)	(305)	1,018	1,117

24. Janata Bank Nepal Limited
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	1,400	2,000	2,060	2,060	2,060	2,060
Reserves and Surplus	77	61	62	147	298	623
Debenture & Bond	0	0	0	0	0	0
Borrowing	91	173	305	241	11	23
Deposit	3,502	7,723	13,546	18,442	22,920	24,068
Bills Payable	2	12	4	29	0	0
Proposed & Payable dividend	0	74	108	0	0	0
Tax Liabilities	2	0	0	0	0	141
Other Liabilities	36	141	122	90	708	704
Total Liabilities	5,110	10,183	16,208	21,009	25,997	27,618
Cash Balance	131	381	447	511	669	3,044
Balance With NRB	134	603	1,211	2,988	3,120	0
Bank Balance with Banks	78	137	197	416	775	0
Money At call	410	0	0	0	0	0
Investment	542	1,291	1,986	911	2,301	3,276
Loan and Advances	3,541	7,387	11,946	15,730	18,517	20,473
Fixed Assets	124	188	176	185	234	214
Non- Banking Assets	0	0	0	0	1	0
Other Assets	150	197	245	268	380	611
Total Assets	5,110	10,183	16,208	21,009	25,997	27,618
Interest Income	393	809	1,233	1,490	1,701	1,785
Interest Expenses	197	546	750	952	1,096	1,038
Net Interest Income	196	264	483	537	605	748
Commission and discount	7	34	39	53	56	61
Other Operating Income	24	29	49	40	51	122
Exchange Income	4	14	1	0	51	61
Total Operating Income	231	340	571	630	762	992
Employees Expenses	54	81	105	138	213	205
Other Operating Expenses	88	136	142	176	224	234
Exchange Loss	0	0	0	62	0	0
Operating Profit Before Provision	89	124	325	253	325	553
Provisions for possible losses	37	32	93	198	230	95
Operating Profit	52	92	231	55	95	458
Non-Operating Income/ Expenses	0	1	1	11	9	6
Return From Loan Loss Provision	0	0	38	70	140	55
Profit From Ordinary activities	53	93	270	137	244	519
Extra ordinary Income /Expenses	0	0	0	0	0	(1)
Net Profit including all activities	53	93	270	137	244	518
Provision For Staff Bonus	5	8	25	12	22	47
Provision For Income Tax	17	27	75	39	71	145
-This Year	0	27	76	41	77	145
-Up to Last Year	0	0	0	0	8	0
Deferred Tax	0	(0)	(1)	(2,391)	(14)	0
Net Profit / Loss	31	57	170	85	150	325

25. Mega Bank Nepal Limited
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	1,631	1,631	2,330	2,610	2,871	3,772
Reserves and Surplus	81	154	122	133	204	405
Debenture & Bond	0	0	0	0	0	0
Borrowing	115	303	2,003	380	148	4,441
Deposit	5,373	9,193	12,533	17,148	21,131	30,750
Bills Payable	2	19	86	47	73	61
Proposed & Payable dividend	0	0	210	15	14	28
Tax Liabilities	0	0	7	11	5	2
Other Liabilities	39	100	116	228	262	406
Total Liabilities	7,242	11,400	17,408	20,571	24,707	39,866
Cash Balance	160	250	400	439	539	880
Balance With NRB	271	1,197	1,772	1,154	2,203	2,828
Bank Balance with Banks	59	154	305	239	294	361
Money At call	599	132	1,623	881	1,067	2,688
Investment	990	1,297	1,326	2,507	1,994	4,708
Loan and Advances	4,768	7,934	11,463	14,496	17,543	27,359
Fixed Assets	256	290	234	214	177	263
Non- Banking Assets	0	0	0	0	0	0
Other Assets	139	147	286	642	890	778
Total Assets	7,242	11,400	17,408	20,571	24,707	39,866
Interest Income	544	1,140	1,393	1,628	1,805	2,142
Interest Expenses	301	750	713	807	914	1,016
Net Interest Income	243	391	680	821	891	1,126
Commission and discount	7	18	24	27	35	46
Other Operating Income	27	34	41	82	110	119
Exchange Income	7	28	59	95	102	68
Total Operating Income	285	470	804	1,025	1,138	1,360
Employees Expenses	81	113	137	167	186	246
Other Operating Expenses	117	179	237	250	273	294
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	86	179	431	608	679	819
Provisions for possible losses	48	66	152	136	155	99
Operating Profit	38	113	279	472	523	720
Non-Operating Income/ Expenses	0	1	0	2	1	12
Return From Loan Loss Provision	0	0	0	6	31	137
Profit From Ordinary activities	38	113	279	480	556	869
Extra ordinary Income /Expenses	0	0	0	0	(9)	0
Net Profit including all activities	38	113	279	480	547	869
Provision For Staff Bonus	3	10	25	44	50	79
Provision For Income Tax	10	31	76	131	151	24
-This Year	9	34	80	133	151	239
-Up to Last Year	0	0	0	0	0	0
Deferred tax	1	(3)	(4)	(2)	(0)	0
Net Profit / Loss	24	72	177	306	346	766

26. Civil Bank Limited*
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	1,200	1,200	2,000	2,888	3,083	3,083
Reserves and Surplus	5	32	38	180	205	534
Debenture & Bond	0	0	0	0	0	0
Borrowing	221	461	326	0	0	0
Deposit	2,952	8,808	15,633	22,049	26,656	31,564
Bills Payable	1	2	5	14	15	0
Proposed & Payable dividend	0	0	115	40	10	0
Tax Liabilities	0	0	0	0	0	0
Other Liabilities	32	199	108	262	454	244
Total Liabilities	4,411	10,701	18,226	25,434	30,424	35,425
Cash Balance	50	207	355	499	568	4,232
Balance With NRB	228	828	2,466	3,450	1,918	
Bank Balance with Banks	249	289	365	388	522	
Money At call	284	0	185	0	245	200
Investment	259	1,328	2,070	1,535	3,856	4,584
Loan and Advances	3,124	7,752	12,367	18,657	22,534	25,704
Fixed Assets	181	222	276	360	313	263
Non- Banking Assets	0	0	0	0	0	0
Other Assets	36	75	141	545	468	442
Total Assets	4,411	10,701	18,226	25,434	30,424	35,425
Interest Income	196	762	1,256	1,868	2,192	2,410
Interest Expenses	97	563	816	1,256	1,341	1,415
Net Interest Income	99	199	440	613	851	995
Commission and discount	9	32	34	63	55	68
Other Operating Income	13	38	53	55	66	87
Exchange Income	4	27	42	59	72	90
Total Operating Income	124	297	569	790	1,044	1,239
Employees Expenses	43	87	115	157	208	242
Other Operating Expenses	48	120	187	211	260	268
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	33	90	267	422	575	729
Provisions for possible losses	32	47	76	280	385	474
Operating Profit	2	43	191	142	190	255
Non-Operating Income/ Expenses	0	0	(0)	0	2	0
Return From Loan Loss Provision	0	0	0	232	175	282
Profit From Ordinary activities	2	43	191	374	367	537
Extra ordinary Income /Expenses	0	0	0	(1)	(5)	(16)
Net Profit including all activities	2	43	191	373	362	521
Provision For Staff Bonus	0	4	17	34	33	47
Provision For Income Tax	0	12	52	101	99	142
-This Year	(1)	8	53	100	99	142
-Up to Last Year	0	0	0	0	0	
Deferred tax	2	4	(1)	1	0	
Net Profit / Loss	1	27	121	238	230	331

* Adopted from Unaudited Financials

27. Century Commercial Bank Limited*

Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	1,080	1,080	1,080	2,120	2,311	2,841
Reserves and Surplus	43	76	139	36	101	533
Debenture & Bond	0	0	0	0	0	0
Borrowing	58	0	400	67	0	0
Deposit	1,359	4,457	11,396	18,394	24,949	28,968
Bills Payable	0	9	2	6	14	0
Proposed & Payable dividend	0	0	0	69	10	0
Tax Liabilities	20	0	4	0	0	0
Other Liabilities	60	33	130	120	219	733
Total Liabilities	2,620	5,654	13,151	20,812	27,603	33,075
Cash Balance	78	120	520	628	644	5,815
Balance With NRB	0	364	456	3,868	2,859	
Bank Balance with Banks	0	30	231	185	813	
Money At call	579	39	57	0	0	0
Investment	612	595	2,285	605	2,410	970
Loan and Advances	1,175	4,160	8,975	14,827	20,093	25,084
Fixed Assets	94	179	293	285	258	257
Non- Banking Assets	0	0	0	0	0	39
Other Assets	82	166	333	413	526	909
Total Assets	2,620	5,654	13,151	20,812	27,603	33,075
Interest Income	66	376	898	1,408	1,862	2,013
Interest Expenses	23	259	589	980	1,206	1,133
Net Interest Income	42	116	308	428	656	880
Commission and discount	1	8	23	52	67	54
Other Operating Income	10	26	62	92	103	131
Exchange Income	0	3	27	83	81	89
Total Operating Income	53	154	419	654	907	1,153
Employees Expenses	12	40	87	125	188	217
Other Operating Expenses	19	82	162	265	249	270
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision	23	32	171	265	471	666
Provisions for possible losses	12	31	69	160	141	104
Operating Profit	11	2	102	105	330	562
Non-Operating Income/ Expenses	24	1	1	14	(1)	8
Return From Loan Loss Provision	0	0	0	29	78	31
Profit From Ordinary activities	35	3	102	148	408	601
Extra ordinary Income /Expenses	0	0	0	0	0	0
Net Profit including all activities	35	3	102	148	408	601
Provision For Staff Bonus	3	0	9	13	37	55
Provision For Income Tax	9	2	27	47	110	164
-This Year	0	0	27	49	117	164
-Up to Last Year	0	0	0	0	(1)	
Deferred Tax	0	2	(0)	(2)	(7)	
Net Profit / Loss	22	1	66	87	261	383

* Adopted from Unaudited Financials

28. Sanima Bank Limited
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	0	2,016	2,218	2,550	3,060	4,711
Reserves and Surplus	0	114	206	283	370	642
Debenture & Bond	0	0	0	0	0	370
Borrowing	0	88	1,480	898	1,687	3,282
Deposit	0	11,179	17,789	24,874	34,045	46,423
Bills Payable	0	0	0	0	0	0
Proposed & Payable dividend	0	111	11	18	27	36
Tax Liabilities	0	0	0	0	0	0
Other Liabilities	0	215	272	754	1,111	501
Total Liabilities	0	13,722	21,977	29,377	40,301	55,965
Cash Balance	0	256	313	538	691	683
Balance With NRB	0	1,005	1,284	2,811	687	2,575
Bank Balance with Banks	0	112	89	162	393	155
Money At call	0	0	364	0	0	0
Investment	0	2,106	3,848	3,716	7,744	10,735
Loan and Advances	0	9,532	15,093	20,371	28,264	40,455
Fixed Assets	0	479	469	502	615	647
Non- Banking Assets	0	0	0	0	0	0
Other Assets	0	233	516	1,276	1,907	715
Total Assets		13,722	21,977	29,377	40,301	55,965
Interest Income	0	1,172	1,679	2,019	2,549	3,263
Interest Expenses	0	754	1,023	1,200	1,409	1,541
Net Interest Income		419	656	819	1,139	1,722
Commission and discount	0	11	24	40	53	89
Other Operating Income	0	45	69	85	131	236
Exchange Income	0	0	27	147	179	154
Total Operating Income		474	775	1,091	1,503	2,201
Employees Expenses	0	80	100	134	182	259
Other Operating Expenses	0	152	159	206	275	327
Exchange Loss	0	0	0	0	0	0
Operating Profit Before Provision		242	517	750	1,045	1,615
Provisions for possible losses	0	52	58	95	119	135
Operating Profit		190	459	655	926	1,480
Non-Operating Income/ Expenses	0	1	3	22	7	63
Return From Loan Loss Provision	0	0	20	2	42	16
Profit From Ordinary activities		191	481	678	975	1,559
Extra ordinary Income /Expenses	0	0	0	0	1	0
Net Profit including all activities		191	481	678	974	1,559
Provision For Staff Bonus	0	17	44	62	89	142
Provision For Income Tax		52	132	188	261	421
-This Year	0	52	129	183	259	427
-Up to Last Year	0	0	4	2	0	1
Deferred Tax	0	0	0	3	2	7
Net Profit / Loss		122	305	428	624	996

A. Consolidated Financials of the Public Banks
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	11,027	16,745	21,942	24,915	25,428	25,428
Reserves and Surplus	(10,267)	(8,126)	(5,447)	(6,147)	1,261	8,787
Debenture & Bond	2,300	2,300	2,300	2,300	1,840	1,380
Borrowing	6,899	6,004	5,649	2,474	1,984	1,507
Deposit	155,123	187,066	208,480	242,506	279,256	322,881
Bills Payable	0	75	0	16	93	153
Proposed & Payable dividend	276	0	0	943	0	0
Tax Liabilities	1,341	2,119	0	110	0	0
Other Liabilities	26,367	24,388	28,734	22,358	18,797	27,374
Total Liabilities	193,066	230,570	261,657	289,475	328,659	387,511
Cash Balance	22,554	39,612	26,109	12,359	10,071	30,556
Balance With NRB	0	0	11,974	25,019	28,601	20,720
Bank Balance with Banks	0	0	684	2,553	4,213	1,235
Money At call	511	512	812	476	842	2,448
Investment	30,178	45,702	49,852	68,097	65,714	75,486
Loan and Advances	98,036	107,513	136,671	155,698	191,628	225,057
Fixed Assets	2,278	2,854	2,923	2,228	2,164	2,097
Non- Banking Assets	526	126	379	242	0	143
Other Assets	38,983	34,251	32,253	22,803	25,426	29,768
Total Assets	193,066	230,570	261,657	289,475	328,659	387,511
Interest Income	14,864	16,417	17,923	19,578	20,407	23,332
Interest Expenses	5,998	8,094	7,502	8,251	6,856	6,911
Net Interest Income	8,866	8,323	10,421	11,327	13,551	16,421
Commission and discount	938	800	786	824	921	950
Other Operating Income	651	848	1,126	1,158	1,366	1,627
Exchange Income	(14)	187	79	207	266	308
Total Operating Income	10,442	10,159	12,413	13,516	16,105	19,305
Employees Expenses	5,697	5,732	6,559	8,083	7,749	8,309
Other Operating Expenses	1,249	1,492	1,784	2,056	2,212	2,418
Exchange Loss	1	0	74	0	15	0
Operating Profit Before Provision	3,495	2,935	3,996	3,377	6,129	8,578
Provisions for possible losses	2,960	2,959	1,748	1,950	3,686	1,961
Operating Profit	535	(24)	2,248	1,428	2,443	6,616
Non-Operating Income/ Expenses	237	205	276	897	3,663	1,833
Return From Loan Loss Provision	2,997	3,502	2,498	2,099	4,483	2,352
Profit From Ordinary activities	3,769	3,683	5,022	4,423	10,588	10,801
Extra ordinary Income /Expenses	773	843	831	836	1,248	830
Net Profit including all activities	4,542	4,527	5,853	5,260	11,837	11,631
Provision For Staff Bonus	345	338	454	310	849	893
Provision For Income Tax	(311)	705	1,037	875	2,257	2,804
-This Year	399	1	0	482	1,765	2,795
-Up to Last Year	0	0	0	(28)	481	(0)
Deferred Tax	789	(19)	55	62	11	9
Net Profit / Loss	4,508	3,484	4,362	4,074	8,731	7,934

B. Consolidated Financials of the Private Banks
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	49,456	56,433	61,832	71,363	87,843	114,964
Reserves and Surplus	16,383	20,580	26,113	28,177	33,021	49,016
Debenture & Bond	3,728	4,628	5,950	7,400	9,600	9,392
Borrowing	11,906	2,548	9,075	3,055	4,928	26,881
Deposit	532,444	680,836	812,308	961,775	1,183,708	1,441,364
Bills Payable	1,129	1,411	1,541	1,438	1,549	3,523
Proposed & Payable dividend	4,849	4,392	5,937	6,193	1,531	2,880
Tax Liabilities	158	108	194	71	6	168
Other Liabilities	10,006	11,259	15,323	18,941	25,837	33,489
Total Liabilities	630,059	782,194	938,272	1,098,412	1,348,024	1,681,677
Cash Balance	16,730	19,808	22,791	26,369	30,951	66,961
Balance With NRB	32,107	82,874	92,400	122,026	128,549	96,340
Bank Balance with Banks	11,873	14,443	17,021	23,615	32,481	32,361
Money At call	14,621	6,711	14,318	13,287	19,621	18,589
Investment	118,631	135,131	159,926	158,061	214,803	282,575
Loan and Advances	413,502	495,543	599,434	718,160	877,935	1,138,641
Fixed Assets	11,322	13,044	13,853	14,233	15,237	17,981
Non- Banking Assets	0	0	0	40	9	633
Other Assets	11,273	14,640	18,528	22,622	28,438	27,597
Total Assets	630,059	782,194	938,272	1,098,412	1,348,024	1,681,677
Interest Income	59,516	68,314	71,409	76,291	81,021	91,627
Interest Expenses	36,789	44,105	37,870	41,018	41,836	41,977
Net Interest Income	22,727	24,209	33,539	35,272	39,185	49,650
Commission and discount	2,813	3,432	3,946	4,823	5,312	5,888
Other Operating Income	1,905	2,286	3,015	3,766	4,441	5,752
Exchange Income	1,852	2,635	3,047	3,696	4,341	5,145
Total Operating Income	29,297	32,562	43,547	47,557	53,279	66,435
Employees Expenses	4,729	5,672	6,783	7,842	9,728	11,191
Other Operating Expenses	6,169	7,403	8,444	9,467	10,631	11,275
Exchange Loss	0	0	37	72	0	2
Operating Profit Before Provision	18,399	19,487	28,283	30,176	32,921	43,967
Provisions for possible losses	3,570	4,617	8,350	9,716	9,775	6,728
Operating Profit	14,829	14,870	19,934	20,460	23,146	37,239
Non-Operating Income/ Expenses	254	387	90	492	491	849
Return From Loan Loss Provision	2,378	4,118	3,247	4,084	7,450	7,558
Profit From Ordinary activities	17,461	19,374	23,270	25,036	31,087	45,646
Extra ordinary Income /Expenses	(1,706)	(1,894)	(352)	(26)	(674)	(613)
Net Profit including all activities	15,756	17,480	22,917	25,010	30,413	45,033
Provision For Staff Bonus	1,362	1,588	2,185	2,457	2,824	4,093
Provision For Income Tax	4,427	4,604	6,106	7,179	8,200	12,060
-This Year	2,168	4,829	6,753	7,603	7,764	11,348
-Up to Last Year	18	12	3	(3)	144	155
Deferred Tax	24	(224)	116	(2,239)	292	437
Net Profit / Loss	9,967	11,287	14,627	15,374	19,389	28,880

C. Consolidated Financials of the Commercial Banks
Amt. in Rs. Million

Capital and Liabilities	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capital	60,483	73,178	83,774	96,278	113,271	140,393
Reserves and Surplus	6,116	12,454	20,666	22,030	34,282	57,803
Debenture & Bond	6,028	6,928	8,250	9,700	11,440	10,772
Borrowing	18,805	8,552	14,724	5,528	6,912	28,388
Deposit	687,567	867,902	1,020,787	1,204,281	1,462,964	1,764,245
Bills Payable	1,129	1,485	1,541	1,454	1,642	3,676
Proposed & Payable dividend	5,125	4,392	5,937	7,136	1,531	2,880
Tax Liabilities	1,499	2,227	194	181	6	168
Other Liabilities	36,373	35,647	44,057	41,299	44,634	60,864
Total Liabilities	823,125	1,012,764	1,199,929	1,387,888	1,676,683	2,069,188
Cash Balance	39,284	59,419	48,900	38,728	41,022	97,517
Balance With NRB	32,107	82,874	104,374	147,045	157,150	117,061
Bank Balance with Banks	11,873	14,443	17,706	26,167	36,694	33,596
Money At call	15,131	7,223	15,129	13,763	20,463	21,037
Investment	148,809	180,833	209,778	226,159	280,516	358,061
Loan and Advances	511,538	603,056	736,105	873,858	1,069,564	1,363,698
Fixed Assets	13,600	15,898	16,776	16,461	17,400	20,078
Non- Banking Assets	526	126	379	282	9	776
Other Assets	50,256	48,892	50,781	45,425	53,864	57,365
Total Assets	823,125	1,012,764	1,199,929	1,387,888	1,676,683	2,069,188
Interest Income	74,380	84,731	89,332	95,868	101,429	114,959
Interest Expenses	42,787	52,199	45,372	49,269	48,693	48,888
Net Interest Income	31,593	32,533	43,960	46,599	52,736	66,071
Commission and discount	3,751	4,232	4,732	5,647	6,234	6,838
Other Operating Income	2,556	3,133	4,141	4,924	5,807	7,378
Exchange Income	1,838	2,822	3,126	3,903	4,607	5,453
Total Operating Income	39,738	42,720	55,959	61,073	69,384	85,741
Employees Expenses	10,426	11,404	13,342	15,925	17,477	19,501
Other Operating Expenses	7,417	8,894	10,228	11,523	12,842	13,693
Exchange Loss	1	0	110	72	15	2
Operating Profit Before Provision	21,894	22,422	32,279	33,554	39,050	52,545
Provisions for possible losses	6,530	7,576	10,097	11,666	13,461	8,690
Operating Profit	15,364	14,845	22,182	21,888	25,589	43,855
Non-Operating Income/ Expenses	491	592	366	1,389	4,154	2,682
Return From Loan Loss Provision	5,375	7,620	5,744	6,183	11,933	9,910
Profit From Ordinary activities	21,231	23,058	28,292	29,459	41,676	56,447
Extra ordinary Income /Expenses	(933)	(1,051)	478	810	575	217
Net Profit including all activities	20,298	22,006	28,770	30,269	42,250	56,664
Provision For Staff Bonus	1,707	1,926	2,639	2,767	3,672	4,986
Provision For Income Tax	4,116	5,309	7,143	8,054	10,457	14,865
-This Year	2,567	4,830	6,753	8,085	9,530	14,144
-Up to Last Year	18	12	3	(30)	625	154
Deferred Tax	813	(243)	171	(2,177)	303	446
Net Profit / Loss	14,475	14,771	18,988	19,448	28,120	36,814

Annex 10: Useful websites for supervisors

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