



Bank Supervision Report



Nepal Rastra Bank
Bank Supervision Department
Kathmandu, Nepal
March, 2025



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The Bank Supervision Report, 2023/2024 is the annual report of the Bank Supervision Department of the Nepal Rastra Bank. It reviews policy and operational issues affecting the banking sector and its regulators/supervisors and aims at disseminating information on the supervision of commercial banks and other issues affecting the financial sector. The annual Bank Supervision Report aims to disseminate information on the commercial banks of Nepal and focuses mainly on the developments in FY 2023/2024. However, selected developments up to the time of report finalization have also been incorporated in the report.

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MESSAGE FROM THE EXECUTIVE DIRECTOR

Dear Valued Readers,

Banking sector has been playing an important role in the effective functioning of the economy. Channelling resources from surplus sector to various deficit sectors of the economy, supporting to domestic production of goods and service and encouragement towards generating income and employment are some of the major objectives of banking sector regulation and supervision adopted by the Nepal Rastra Bank. In addition to that, promoting financial access and inclusion including the consumer protection are some of the major initiatives. Facilitating swift payment system with more digitized product and service offering from banking sector are the recent initiatives and achievement in the banking sector of Nepal.

Maintaining financial stability has been quintessential objective of Nepal Rastra Bank. Bank Supervision Department (BSD) aims to attain financial stability via effective supervision of Banks and Financial Institutions (BFIs) following with the best practices, risk management and risk based approach. The department has been adhering to international best practices, along with application of time-tested prudential norms. Ensuring financial soundness and safety of the banks by enhancing self-regulations based on sound governance practices, promoting transparency with disclosure requirements, risk management, including consumer satisfaction and, unceasing development of supervisory capacity are some of the major areas of focus of the department to achieve the goal of financial stability.

With the mandate of conducting inspection and supervision of 'A' class licensed institutions and Nepal Infrastructure Bank Ltd., BSD conducts both onsite inspection and offsite surveillance to examine the risks faced by the banks and their ability to manage those risks. The department assesses compliance with the acts, rules and regulations as well as their level of adherence to in-house policies and procedures.

The global geopolitical developments and tensions, including de-globalisation and dis-engagement trend, along with increasing cyber security risks have been posing unprecedented challenges to the banking system. The changing continuum of challenges requires periodic up-scaling of our supervisory practices and demands more proactive supervisory measures. Thus, our efforts have been to ameliorate Risk Based Supervision with an aim to strengthen the prudential norms in banking system through NRB's supervisory framework.

This report provides information about our existing practices, approaches, along with activities performed by the department in the entire Fiscal Year of 2023/24. I would like to express my sincere thanks to my colleagues at the Policy and Planning Unit for their effort in bringing this report in the present form. I would also like to thank all valuable staffs of the department for their continuous effort in fulfilling their responsibilities as proficient bank supervisor.

Thank you,

Ramu Paudel
Executive Director

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CHAPTER I

NEPALESE BANKING INDUSTRY

1.1. Introduction

The modern banking system in Nepal began in 1937 with the establishment of Nepal Bank Limited, which served as the sole financial institution in the country until the inception of Nepal Rastra Bank (NRB). Nepal Rastra Bank was established in 1956 as the Central Bank of Nepal in accordance with the Nepal Rastra Bank Act 1955, aimed at improving the country's banking system. Subsequently, three different types of institutions were established under the full ownership of the Government of Nepal (GON). The Nepal Industrial Development Corporation (NIDC), founded in 1959, aimed to mobilize capital for the industrial sector and facilitate industrial development in the private sector. Rastriya Banijya Bank Limited (RBBL), established in 1966, sought to provide banking services throughout Nepal and contribute to the country's socio-economic development. The Agricultural Development Bank Limited (ADBL), created in 1968, was tasked with extending credit to the agricultural sector nationwide.

Until the 1980s, the government owned the entire banking industry in Nepal, with RBB, ADBL, NBL, and NRB forming the cornerstones of the country's financial system. However, Nepal's financial system remained largely undeveloped and concentrated until the mid-1980s. In response to sustained balance of payments issues in the early 1980s, GON adopted economic liberalization measures, leading to significant private sector participation in banking. The first joint-venture bank, Nepal Arab Bank Limited (now Nabil Bank Limited), was established in 1984 under the government's liberalized policy. It was followed by establishment of Nepal Indosuez Bank (later renamed Nepal Investment Bank) in 1986 and Nepal Grindlays Bank (now Standard Chartered Bank Nepal) in 1987.

Key legislative developments in the 1990s supported the expansion of financial institutions. Acts such as the Finance Company Act of 1985, the Company Act of 1964, and the Development Bank Act of 1996 facilitated the entry of development banks, finance companies, micro-credit development banks, savings and credit cooperatives, and NGOs conducting limited banking transactions. However, the existence of numerous legislative frameworks made regulation and monitoring cumbersome. As a result, these various laws were consolidated under the Bank and Financial Institution Act (BAFIA), 2006, as part of financial sector reform. This

Umbrella Act classified banks and financial institutions into four categories based on their functions: Class A as Commercial Banks, Class B as Development Banks, Class C as Finance Companies, Class D as Microfinance Institutions and non-classified Infrastructure Development Bank.

Nepal's financial system grew significantly after financial liberalization and the enactment of BAFIA. In 1985, there were only two commercial banks and two development banks. By the end of 2012, the number of financial institutions peaked at 220. However, the introduction of NRB's merger and acquisition policy in 2011, coupled with mandatory provisions to nearly quadruple paid-up capital, significantly reduced the number of financial institutions.

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

Bank and Financial Institutions	2020	2021	2022	2023	2024
Commercial Banks	27	27	26	20	20
Development Banks	20	18	17	17	17
Finance Companies	22	17	17	17	17
Microfinance Financial Institutions	85	70	65	57	52
Infrastructure Development Bank	1	1	1	1	1
Total	155	133	126	112	107

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

As of mid-July 2024, there were 107 licensed Banks and Financial Institutions (BFIs) operating under NRB. These included 20 Commercial Banks, 17 Development Banks, 17 Finance Companies, 52 Microfinance Financial Institutions, and 1 Infrastructure Development Bank. Additionally, the number of BFI branches across Nepal stood at 12958 as of mid-July 2024.

Table 2: Asset Share of Banks and Financial Institutions (mid-July)

Bank and Financial Institutions	Percent Share				
	2020	2021	2022	2023	2024
Commercial Banks	84.31	82.89	82.13	82.60	83.11
Development Banks	7.11	7.98	8.36	8.56	8.23
Finance Companies	1.78	1.94	2.07	1.98	1.97
Micro Finance Institutions	6.52	6.81	7.09	6.49	6.35
Infrastructure Development Bank	0.28	0.37	0.35	0.37	0.34
Total	100	100	100	100	100

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

As presented in Table 2, commercial banks continue to dominate the Nepalese banking sector, holding substantial share of 83.11 percent of total assets of the industry. This reflects the significant role of commercial banks in the country's financial landscape.

On the other hand, the share of development banks has experienced a slight decline, decreasing from 8.56 percent in mid-July 2023 to 8.23 percent in mid-July 2024. Similar downward trend has been observed among finance companies as well as microfinance institutions. The share of finance companies decreased marginally to 1.97 percent from 1.98 percent and the share of microfinance institutions saw a slight reduction from 6.49 percent to 6.35 percent in mid-July 2024.

Table 3: Deposit Share of Banks and Financial Institutions

Bank and Financial Institutions	Percent Share as on mid-July				
	2020	2021	2022	2023	2024
Commercial Banks	86.39	86.33	85.46	85.64	86.27
Development Banks	8.78	9.15	9.58	9.62	9.14
Finance Companies	2.20	1.83	1.97	1.91	1.93
Micro Finance Institutions	2.63	2.68	2.99	2.81	2.65
Infrastructure Development Bank	0.01	0.01	0.01	0.02	0.01
Total	100	100	100	100	100

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

Table above depicts the prevalence of commercial banks, with the share of 86.27 percent of total deposits of the Nepalese banking industry in mid-July 2024. Share of development banks decreased from 9.62 percent in mid-July 2023 to 9.14 percent in mid-July 2024. In contrast, the share of finance companies increased to 1.93 percent from 1.91 during the review period and the share of microfinance financial institutions decreased from 2.81 percent to 2.65 percent in mid-July 2024.

The swift expansion of financial institutions has stretched the financial access and inclusion throughout the country. The number of branches of banks and financial institutions have been expanding substantially. As of mid-July 2024, total number of branches of regulated Banks and Financial Institutions (BFIs) comprising Commercial Banks, Development Banks and Finance Companies has reached 6,479. The total branches of microfinance have reached 5,051. The total numbers of deposit accounts in BFIs are 55,895,780 and loan accounts are 1,893,270 as of mid-July 2024. Similarly, number of branchless banking centres and branchless banking customers reached 1,129 and 301,589 respectively as of mid-July 2024. Further, number of mobile banking customers, internet banking customers, ATMs, Debit Cards, Credit Cards and pre-paid cards on mid July 2024 reached to 24,648,846, 1,919,322, 5193, 12,893,528, 289,239 and 180,091

respectively. Population per branch (served by A, B and C class BFIs) stood at 4,501¹ as of mid-July 2024. The population per branch including Micro Finance Institutions stood at 2,529 during the review period, which was 2,517 in the same period of previous year.

1.2. The Commercial Banking

Commercial banks are the largest financial institutions in Nepal in terms of asset size, operational scope, branch network, and economic impact among all categories of banking and financial institutions (BFIs). While most commercial banks are backed by domestic private investment, some also have government and foreign investment. Based on ownership and control, these banks are broadly classified into two categories: public (state-owned) and private (non-state-owned) banks.

As of mid-July 2024, there are three state-owned and 17 privately owned commercial banks operating in Nepal. Among the public banks, the Government of Nepal (GoN) holds a 99.97 percent stake in Rastriya Banijya Bank Limited and a 51 percent stake in both Nepal Bank Limited (NBL) and Agricultural Development Bank Limited (ADBL). Private commercial banks are further divided into domestically owned banks and foreign joint venture banks.

According to Section 9, Sub-section 1 of the Bank and Financial Institution Act (BAFIA), 2073, commercial banks are mandated to allocate at least 30% of their issued share capital to the general public. Following the implementation of the Nepal Rastra Bank's merger and acquisition policy, the number of commercial banks has significantly declined with total number standing at 20 by the end of FY 2023/24. The list of commercial banks as of mid-July 2024 is presented in the following table.

¹ Population 29,164,578 based on final population report 2078 (Census Nepal 2021) Source :censusnepal.cbs.gov.np

Table 4: List of Commercial banks in Nepal

S. N.	Name	Operation Date (A.D.)	Head Office
1	Nepal Bank Ltd.	1937/11/15	Dharmapath, Kathmandu
2	Agricultural Development Bank Ltd.	1968/01/21	Ramshahpath, Kathmandu
3	Nabil Bank Ltd.	2022/07/11*	Beena Marg, Kathmandu
4	Nepal Investment Mega Bank Ltd.	2023/01/11*	Durbarmarg, Kathmandu
5	Standard Chartered Bank Nepal Ltd.	1987/02/28	New Baneshwor, Kathmandu
6	Himalayan Bank Ltd.	2023/02/24*	Kamaladi, Kathmandu
7	Nepal SBI Bank Ltd.	1993/07/07	Kesharmahal, Kathmandu
8	Everest Bank Ltd.	1994/10/18	Lazimpat , Kathmandu
9	Kumari Bank Ltd.	2023/01/01*	Tangal, Kathmandu
10	Laxmi Sunrise Bank Ltd.	2002/04/03	Hattisar, Kathmandu
11	Citizens Bank International Ltd.	2007/04/20	Narayanhitipath, Kathmandu
12	Prime Commercial Bank Ltd.	2007/09/24	Kamalpokhari, Kathmandu
13	Sanima Bank Ltd.	2012/02/15	Alkapuri, Naxal, Kathmandu
14	Machhapuchhre Bank Ltd.	2012/07/09*	Lazimpat, Kathmandu
15	NIC Asia Bank Ltd.	2013/06/30*	Thapathali, Kathmandu
16	Global IME Bank Ltd.	2023/01/09*	Kamaladi, Kathmandu
17	NMB Bank Ltd.	2019/09/28*	Babarmahal, Kathmandu
18	Prabhu Bank Ltd.	2023/01/10*	Babarmahal, Kathmandu
19	Siddhartha Bank Ltd.	2016/07/21*	Hattisar, Kathmandu
20	Rastriya Banijya Bank Ltd.	2018/05/02*	Singhadurbar Plaza, Kathmandu
	*Joint operation date after merger/acquisition.		

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

Despite a decline in the number of commercial banks in recent years due to Nepal Rastra Bank's (NRB) consolidation policy, which includes mergers and acquisitions, significant growth in key indicators such as minimum capital requirements, branch expansion, and the total volume of loans and deposits highlights notable improvements in financial access and business outreach. The total deposits of commercial banks increased from Rs. 5,086.24 billion in FY 2022/23 to Rs. 5,756.81 billion in FY 2023/24. Similarly, the loans and advances provided by commercial banks grew to Rs. 4,569.08 billion in FY 2023/2024, compared to Rs. 4,315.38 billion in FY 2022/2023, reflecting a 5.9 percent rise.

As of mid-July 2024, commercial banks employed 45,354 individuals, including both permanent and contractual staff. Private banks accounted for 79.15 percent of the workforces, while state-owned banks employed the remaining 20.85 percent.

1.3. Branch Network of Commercial Banks

The total number of branches of commercial banks increased from 5,049 in mid-July 2023 to 5,056 in mid-July 2024. NRB has been actively promoting financial access through policies that encourage banks to expand their branch network, particularly in the rural areas. Despite these efforts, still most banking services are concentrated into the urban and semi-urban areas.

Table 5: Branches of Commercial Banks

S.N.	Name of Banks	2020	2021	2022	2023	2024
1	Nepal Bank Limited	211	252	266	285	290
2	Rastriya Banijya Bank Limited	271	278	293	333	354
3	NABIL Bank Limited	124	153	247	284	288
4	Standard Chartered Bank Nepal Limited	15	15	15	15	15
5	Himalayan Bank Limited	67	77	81	211	197
6	Nepal SBI Bank Limited	108	108	113	116	123
7	Everest Bank Limited	99	107	122	131	133
8	NIC Asia Bank Limited	424	427	462	472	479
9	Machhapuchhre Bank Limited	165	168	174	179	178
10	Kumari Bank Limited	186	203	212	350	353
11	Siddhartha Bank Limited	186	189	190	197	197
12	Agricultural Development Bank	268	282	286	287	287
13	Global IME Bank Limited	294	321	341	423	424
14	Citizens Bank International Limited	110	190	179	191	200
15	Prime Commercial Bank Limited	198	186	181	190	194
16	NMB Bank Limited	172	190	212	213	212
17	Sanima Bank Limited	88	103	127	132	133
18	Prabhu Bank Limited	259	276	280	368	377
19	Nepal Investment Mega Bank Limited	-	-	-	358	338
20	Laxmi Sunrise Bank Limited	-	-	-	314	284
	Total	4,436	4,753	5,009	5,049	5,056

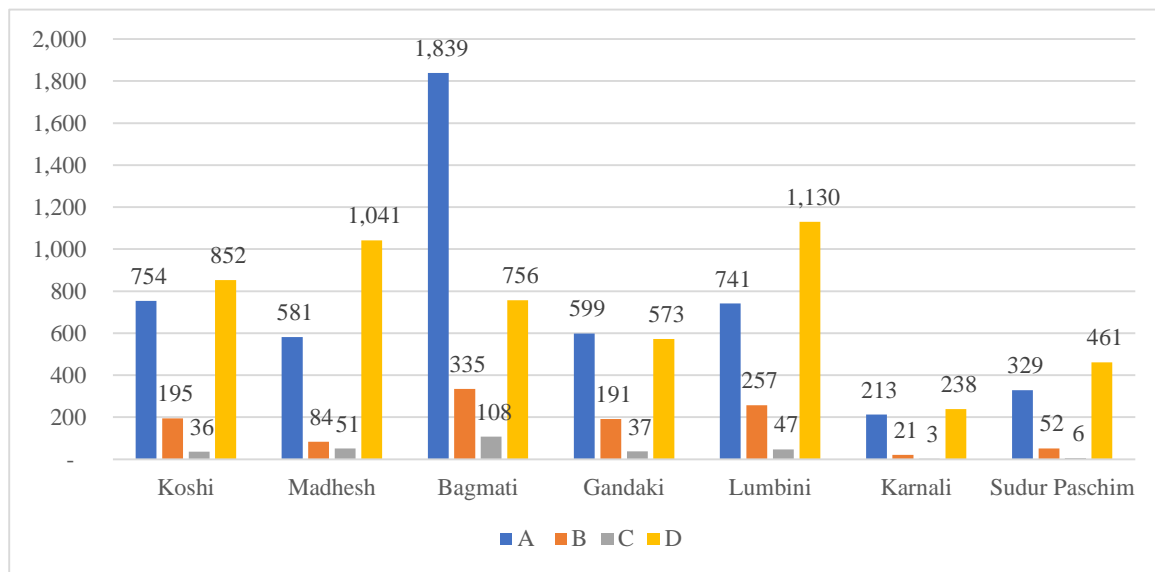
In the last few years, the number of commercial banks decreased due to consolidation. Nepal Bangladesh Bank Ltd. was acquired by Nabil Bank Ltd, Janata Bank Nepal Ltd. and Bank of Kathmandu Ltd. merged with Global IME Bank Ltd., Nepal Credit and Commerce Bank Ltd. merged with Kumari Bank Ltd., Mega Bank Nepal Ltd. merged with Nepal Investment Bank Ltd. and formed Nepal Investment Mega Bank Ltd., Century Commercial Bank Ltd. merged with Prabhu Bank Ltd., Civil Bank Ltd. was acquired by Himalayan Bank Ltd. and Sunrise Bank Ltd. merged with Laxmi Bank Ltd. and formed Laxmi Sunrise Bank Ltd.

*Note: Branches include banking branch, city office, corporate office, extension counter, head office and microfinance branch and excludes others and regional office
(Source: Bank and Financial Institutions Regulation Department, NRB)*

Table 5 shows that as on mid-July 2024, NIC Asia Bank Ltd. had the largest number of branches i.e. 479 branches followed by Global IME Bank Ltd. with 424 branches. The public banks (Nepal Bank Ltd., Rastriya Banijya Bank Ltd., and Agricultural Development Bank Ltd.) had 290, 354, and 287 branches respectively.

Commercial banks branches have been concentrated in Bagmati province with 1,839 branches (36.37 percent of total branches of commercial banks) followed by Koshi province with 754 and Lumbini province with 741 branches. Karnali province had the lowest number of branches of commercial banks i.e. 213 (only 4.21 percent of total commercial banks’ branches). The chart below demonstrates the province-wise presence of BFIs.

Chart 1: Number of BFIs Branches Province-wise (mid-July 2024)



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

1.4. Major Financial Indicators of Commercial Banks

Table 6 shows major financial indicators of commercial banks of Nepal from mid July 2020 to mid-July 2024. Some of the major changes observed in mid July 2024 are increment in Total Deposit/GDP and slight decrease in Total Credit/GDP ratio resulted in constantly decline in CD ratio over the last 3 years, increment in net liquidity, SLR, and NPL ratio, and decline in weighted average interest rate on credit, and base rate.

Table 6: Major Financial Indicators of Commercial Banks

S. No.	Major Financial Indicators	Mid July 2020 (%)	Mid July 2021 (%)	Mid July 2022 (%)	Mid July 2023 (%)	Mid July 2024 (%)
1.	Total Deposit / GDP	92.65	98.56	93.68	94.52	100.91
2.	Total Credit / GDP	77.26	87.19	86.22	80.15	80.09
3.	Total Credit / Total Deposit	83.39	88.47	92.04	84.80	79.37
4.	CD Ratio	69.93	76.28	86.43	81.62	78.65
5.	Net Liquidity	29.96	27.77	25.48	29.10	32.21
6.	Statutory Liquidity Ratio (SLR)	24.02	21.97	19.88	24.35	28.73
7.	Fixed Deposit / Total Deposit	47.18	45.65	53.62	56.98	55.20
8.	Saving Deposit / Total Deposit	31.16	33.92	27.76	26.87	30.44
9.	Current Deposit / Total deposit	11.17	11.31	9.98	8.68	6.40
10.	Call Deposit / Total deposit	9.53	8.05	7.26	6.56	7.22
11.	NPL / Total loan	1.81	1.41	1.20	2.98	3.94
12.	Total LLP / Total Loan	2.44	2.42	2.28	2.52	4.83
13.	Deprived Sector Loan / Total Loan	6.25	7.43	6.83	6.49	6.03
14.	Cash & Bank balance / Total Deposit	12.29	9.79	8.16	8.21	7.58
15.	Investment in Govt. Securities / Total Deposit	14.26	15.32	18.01	18.07	18.23
16.	Total Liquid Assets / Total Asset	27.52	25.96	27.27	26.93	26.89
17.	Core Capital / RWA	11.78	10.92	10.73	10.53	9.68
18.	Total Capital / RWA	14.01	14.13	13.53	13.37	12.40
19.	Wt. Average Interest on Deposit	6.01	4.76	7.41	7.86	5.77
20.	Wt. Average Interest on Credit	10.11	8.43	11.62	12.30	9.93
21.	Base Rate	-	6.88	9.54	9.98	8.01
22.	Interest Spread	-	3.61	4.19	4.45	3.98

(Source: Bank and Financial Institutions Regulation Department, Key Financial Indicators-BSD)

1.5. Review of the Guiding Documents

The following are the key legal arrangements that guide the NRB's regulatory and supervisory function:

- Nepal Rastra Bank Act, 2002,
- Bank and Financial Institutions Act, 2017
- Company Act, 2006
- Nepal Rastra Bank, Inspection and Supervision Bylaws, 2074 (Second Amendment 2080)
- Unified Directives released annually, and Circulars issued from time to time
- Capital Adequacy Framework 2015
- Nepal Rastra Bank, Prompt Corrective Actions Bylaws, 2012
- Monetary Policy Announcements
- Assets (Money) Laundering Prevention Act, 2008
- Several Guidelines issued by Nepal Rastra Bank
- Risk-Based Supervision Manual 2013, Volume I & II
- Off-site Supervision Manual, 2022

1.6. Nepal Rastra Bank as a Regulator and a Supervisor

Nepal Rastra Bank is entrusted with the responsibilities of regulating and supervising banks and financial institutions (BFIs) across the country. The Nepal Rastra Bank Act, 2002, empowers NRB to regulate and supervise the licensed BFIs. Similarly, the Bank and Financial Institution Act, 2017, authorizes NRB to regulate and supervise institutions based on the provisions of the act. NRB issues various directives, guidelines, and policies to licensed institutions, considering domestic banking conditions and in alignment with international best practices. A dedicated department, the Banks and Financial Institutions Regulation Department (BFIRD) is assigned with these responsibilities.

NRB supervises BFIs based on the prevailing legal framework, regulations issued through BFIRD, internal manuals, and guidelines provided by the Basel Committee on Banking Supervision (BCBS). Supervision is divided among four specialized departments. The Bank Supervision Department (BSD) supervises Commercial Banks and the Infrastructure Development Bank. The Financial Institutions Supervision Department (FISD) supervises Development Banks and Finance companies. The Microfinance Institutions Supervision Department (MFSD) supervises Microfinance Institutions, while the Non-Bank Financial

Institutions Supervision Department supervises institutions involved in foreign exchange transactions, the Hydroelectricity Investment and Development Company Ltd., hire-purchase companies, and cooperative banks.

NRB employs a risk-based approach to supervise commercial banks and national-level development banks and is gradually extending this approach to other BFIs. Under this framework, major risk areas and other critical aspects of banks are assessed. Risk profiles are developed based on the magnitude of risk, the quality of risk management procedures, and the direction of risks. Significant issues identified are communicated to the concerned bank, advising necessary corrective actions and improvements.

To further enhance its supervisory and regulatory functions, NRB has introduced the Supervisory Information System (SIS), a platform for receiving data from BFIs. Data collected through SIS is currently used for offsite surveillance and onsite inspections of banks. NRB has recently implemented the onsite module of SIS, which facilitates functions such as forming onsite inspection teams, defining the scope of inspections, preparing and approving inspection reports, communicating findings to banks, and enforcing corrective measures based on inspection results.

CHAPTER II

BANK SUPERVISION

2.1 Supervision Function

As mandated by the Nepal Rastra Bank Act, 2002 and the Bank and Financial Institution Act, 2017, NRB regulates and supervises banks and financial institutions with the objective of enhancing access of the financial service and boosting the public confidence in the banking and financial system by maintaining stability of the banking and financial sectors.

2.2 Bank Supervision Department (BSD)

The Bank Supervision Department (BSD) oversees the supervision of commercial banks (Class ‘A’ banks) and Infrastructure Development Banks as per the governing laws, regulations, and policies in place. BSD formulates an annual supervision plan and conducts inspections accordingly. The supervisory process involves full-scope on-site inspections, targeted inspections, special inspections, follow-up inspections, and inspections related to Anti-Money Laundering/Combating the Financing of Terrorism/Proliferation Financing (AML/CFT/CPF). These on-site inspections are supported by off-site supervision, which analyses data submitted by banks.

2.3 Supervision Methodology

BSD adheres to the principles and guidelines of the Basel Committee, employing both on-site and off-site supervisory mechanisms. Since 2014, the department has implemented Risk-Based Supervision (RBS) approach, which assesses risks and evaluates risk management practices of BFIs. Key areas under review include capital adequacy, asset quality, risk management, governance, internal controls, compliance, and audit functions. The RBS framework, guided by a dedicated manual, enables BSD to create risk profiles for banks, which inform the frequency and focus of inspections. On-site inspections are tailored to these profiles, while off-site surveillance involves continuous monitoring of reports and returns submitted by banks. Enforcement actions address non-compliance with supervisory directions issued during inspections, with periodic enforcement reports outlining the compliance status of individual banks.

2.4 Organization Structure of BSD

The BSD is organized into four divisions (Refer Annex 3: Organization Chart of BSD), each with specific responsibilities.

2.4.1 Onsite Inspection and Enforcement Division

This division conducts inspections based on the annual plan and banks' risk profiles. Inspections include:

- **Initial Inspections:** Conducted within six months of a new bank's operation.
- **Routine Full-Scope Inspections:** Regular inspection, generally carried out at least once a year for each bank – targeted or full scope based on risk profile and relative size of the bank.
- **Targeted Inspections:** Focused on specific high-risk areas, such as credit or trade finance.
- **Special Inspections:** Conducted on an ad-hoc basis, as and when required.

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

2.4.2 Off-site Supervision and Supervisory Information System (SIS) Division

This division comprises four units:

- **Compliance Unit:** Monitors compliance with regulatory requirements, including CRR, SLR, CAR, and sector-specific lending mandates, and flags red areas requiring attention during inspections.
- **Financial Analysis Unit:** Analyses financial performance, generates quarterly industry reports, and monitors emerging risks. It evaluates statutory returns and approves dividend proposals.

- **Evaluation and Monitoring Unit:** Reviews data quality and adequacy submitted through SIS and monitors risk indicators. It evaluates various bank reports and engages with senior management through the Supervisory Review and Evaluation Process.
- **SIS Unit:** Oversees the Supervisory Information System, an end-to-end XBRL-based tool supporting both on-site and off-site surveillance. The system automates data collection, enhances analytical capabilities, and streamlines reporting procedures.

2.4.3 Money Laundering Prevention Supervision Division

Money Laundering Prevention Supervision Division is tasked with overseeing compliance and risk assessment related to Anti-Money Laundering (AML), Combating the Financing of Terrorism (CFT), and Combating Proliferation Financing (CPF). Its primary responsibilities include developing risk profiles for money laundering, terrorism financing, and proliferation financing (ML/TF/PF) of Banks and Financial Institutions (BFIs) as well as Non-Bank Financial Institutions (NBFIs). These tasks are accomplished through risk-based on-site inspections and off-site surveillance. The division also supports national risk assessment initiatives. The division operates through two units:

On-site Inspection Unit: This unit conducts on-site inspections of BFIs in accordance with an approved annual inspection plan. These inspections ensure compliance with national and international AML/CFT/CPF regulations and evaluate risks arising from non-compliance.

Off-site Supervision and Enforcement Unit: This unit analyses data and reports submitted by BFIs to assess compliance with AML/CFT/CPF provisions. It initiates regulatory actions in cases of non-compliance and monitors adherence to supervisory directions issued through on-site inspection reports.

The Money Laundering Prevention Supervision Division also actively collaborates with the Financial Intelligence Unit (FIU), the Office of the Prime Minister, the Department of Money Laundering Investigation, and other public sector agencies to ensure alignment and coordination in combating financial crimes.

2.4.4 Policy and Planning, Special Inspection and Internal Administration Division

This division comprises three units:

- **Policy and Planning Unit:** Monitors global financial developments, updates policies, and coordinates with international regulators to adopt best practices. It prepares the department's annual plan and organizes supervisory workshops.
- **Internal Administration Unit:** Manages departmental logistics, human resources, and procurement, ensuring smooth internal operations.
- **Special Inspection Unit:** Investigates grievances and conducts special inspections based on complaints or findings from off-site surveillance. **(Refer Annex 5 for Special Inspection of Commercial Banks in FY 2023/24)**

Some of the directives issued during the review year has been presented in Annex. **(Refer Annex 6.1: Circulars issued in FY 2023/24).**

CHAPTER III

OPERATIONAL PERFORMANCE OF COMMERCIAL BANKS

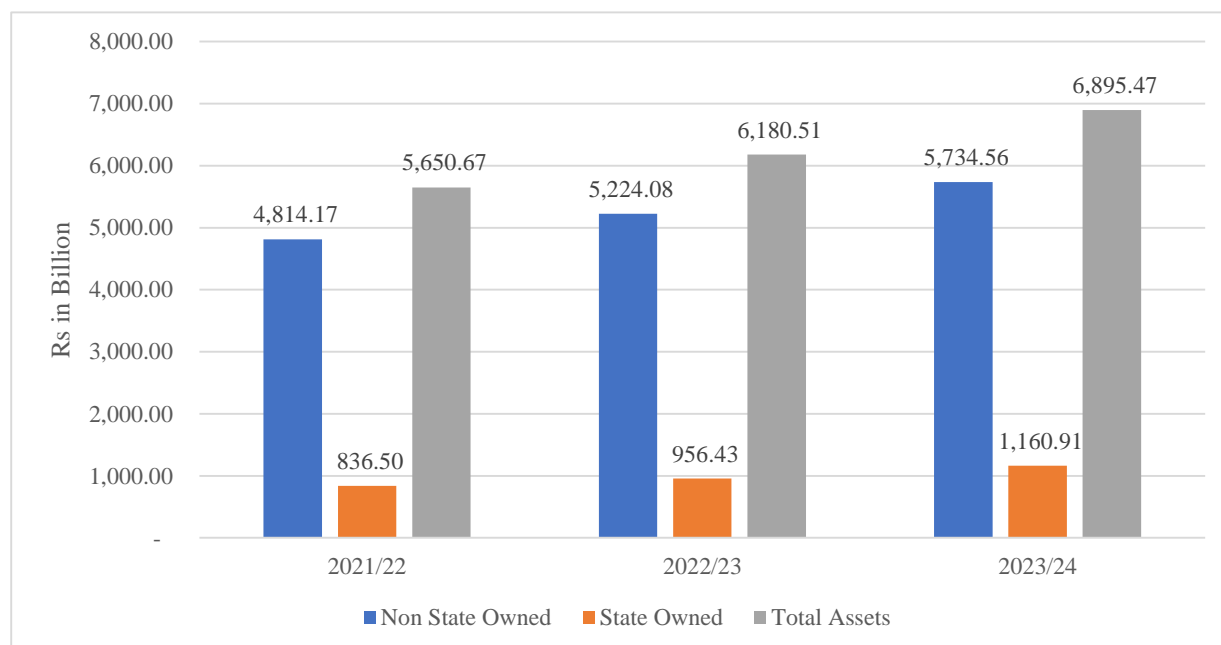
Commercial banks started to publish their financial statements in accordance with Nepal Financial Reporting Standards (NFRS) from FY 2017/18 as per the direction of NRB. NFRS is based on International Financial Reporting Standards (IFRS). The operational performance of the BFIs is summarized below:

3.1 Assets

The total assets of the commercial banks have increased by 11.57 percent to Rs. 6,895.47 billion in the FY 2023/24 compared to increase of 6.72 percent and total assets of Rs. 6,180.51 billion in the FY 2022/23. In the review year, the total assets increased by 21.38 percent in state-owned banks and by 9.77 percent in the non-state-owned banks. The major contribution in the increment in total assets of the commercial banks was from the increment in the total loan portfolio.

Refer to Annex 7.1: Banking Operation for details.

Chart 2: Total Assets of Commercial Banks (mid-July, 2022 to 2024)

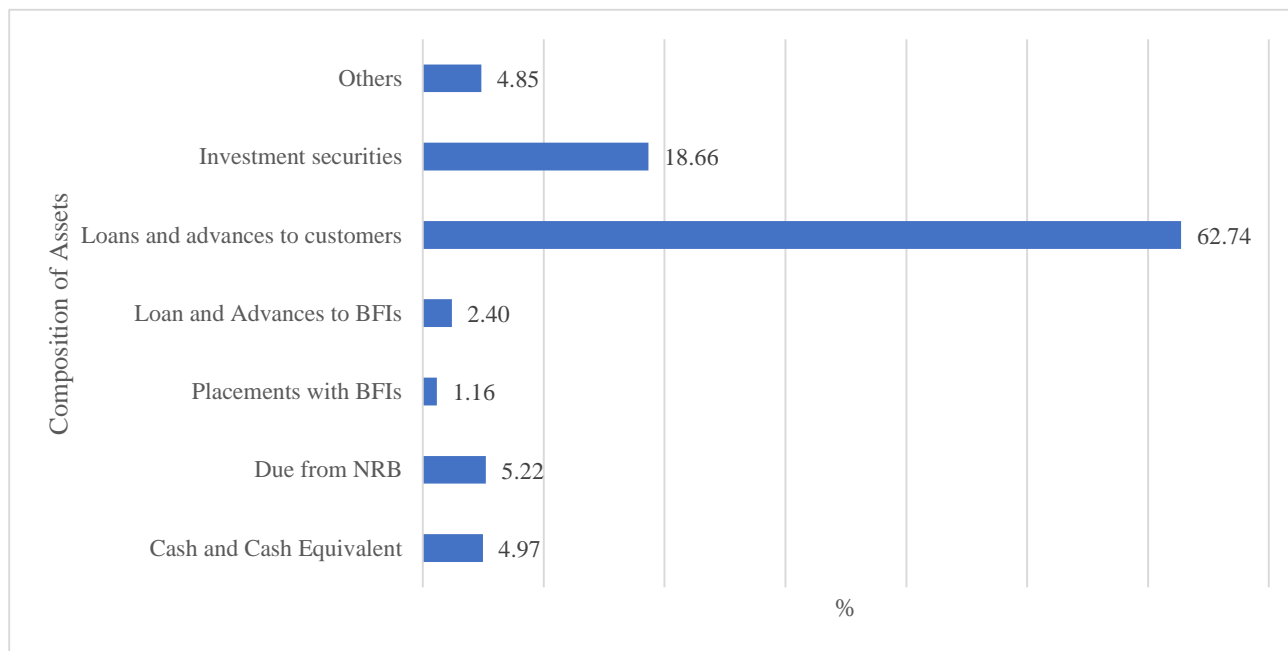


3.2 Composition of Assets

Loans and advances to customers are the major assets of commercial banks. As on mid-July 2024, it amounted to Rs. 4,326.41 billion, which was 62.74 percent of total assets. Similarly, the second and third largest components were investment in securities and due from NRB, which were 18.66 percent and 5.22 percent of total assets respectively.

Refer to Annex 7.2: Composition of Assets for details.

Chart 3: Composition of Assets of Commercial Banks (mid-July 2024)



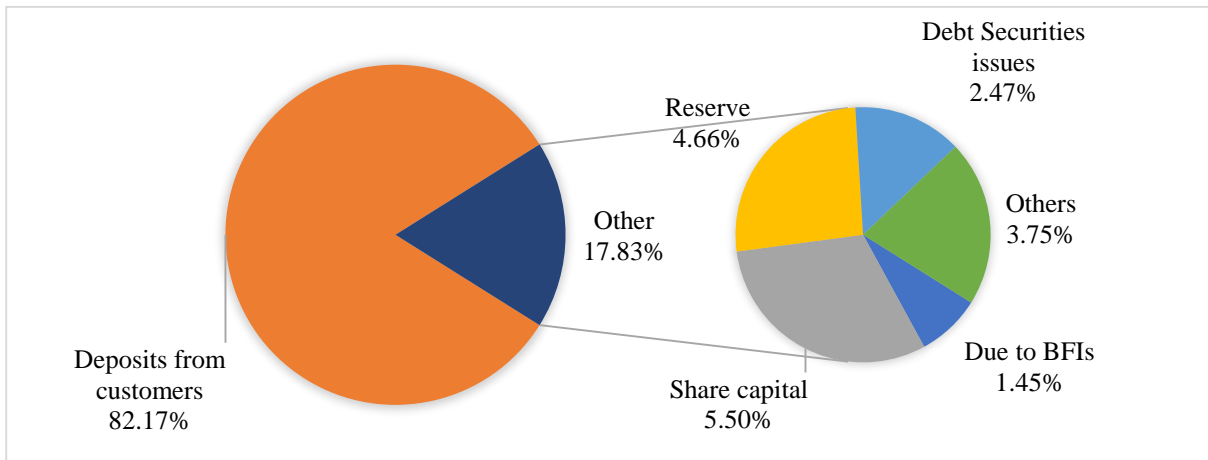
3.3 Composition of Liabilities

The largest source of fund of the commercial banks has been deposit from the customers. It was Rs. 5,756.81 billion as of FY 2023/24, which stood as 82.17 percent of total sources of fund. The second and third largest sources were share capital and reserve, which were 5.50 percent and 4.66 percent respectively in the given period.

Refer to

Annex 7.3: Composition of Liabilities and Equity for details.

Chart 4: Composition of Liabilities of Commercial Banks (mid-July 2024)

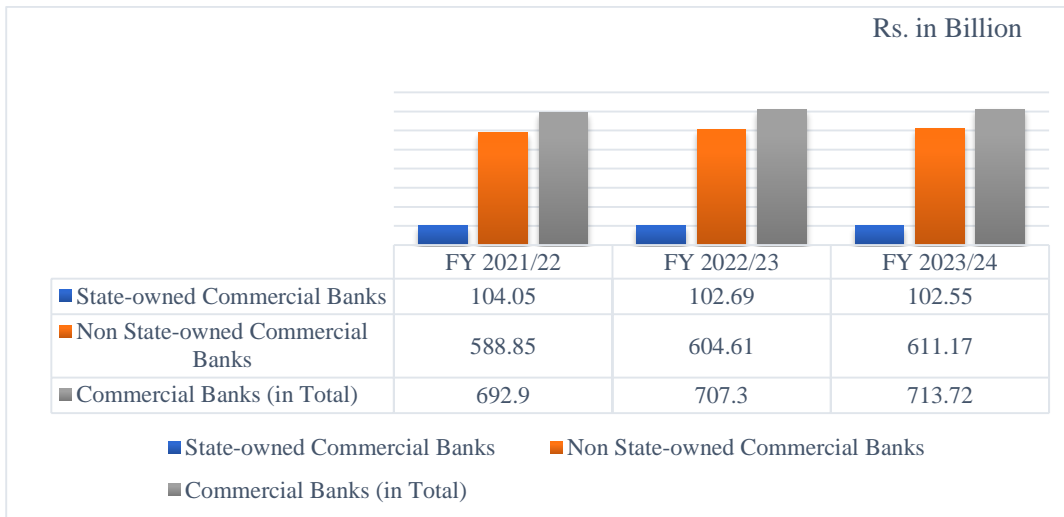


3.4 Capital Fund

The consolidated capital fund of the commercial banks showed growth of 0.91 percent to Rs.713.72 billion in the review year. Capital fund of state-owned banks had slightly declined by 0.14 percent to Rs.102.55 billion whereas it increased by 1.08 percent to Rs.611.17 billion in case of non-state-owned banks.

Refer to Annex 7.4: Capital Fund for Details.

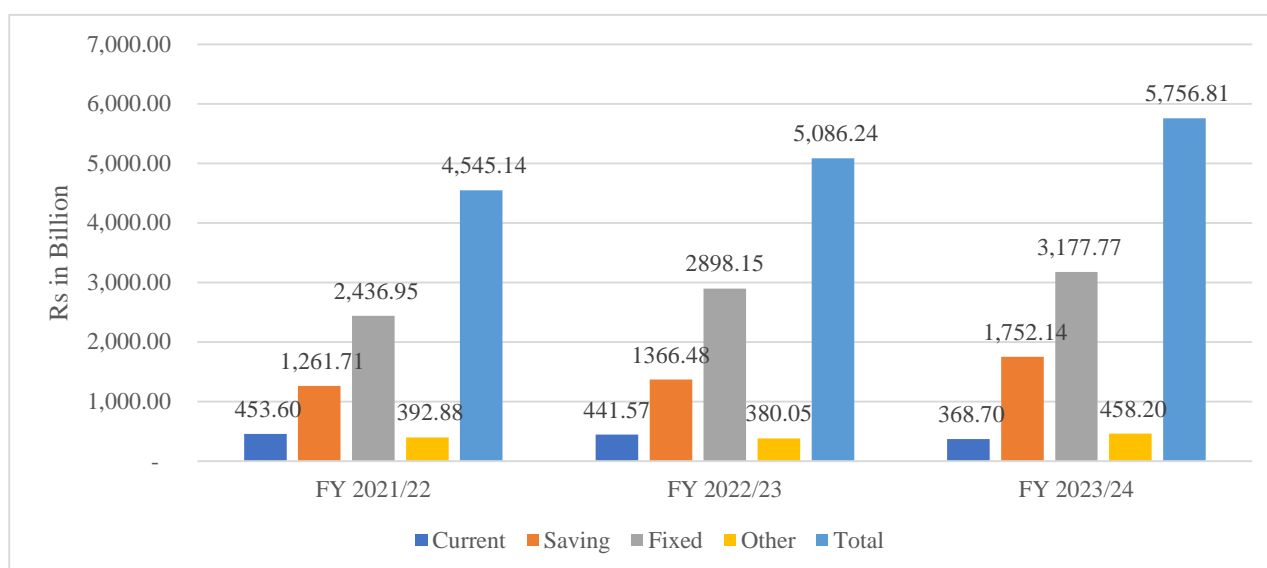
Chart 5: Capital Fund of Commercial Banks (mid-July, 2022 to 2024)



3.5 Deposit

Total deposits of the commercial banks increased by 13.18 percent to Rs. 5,756.81 billion in the review year.

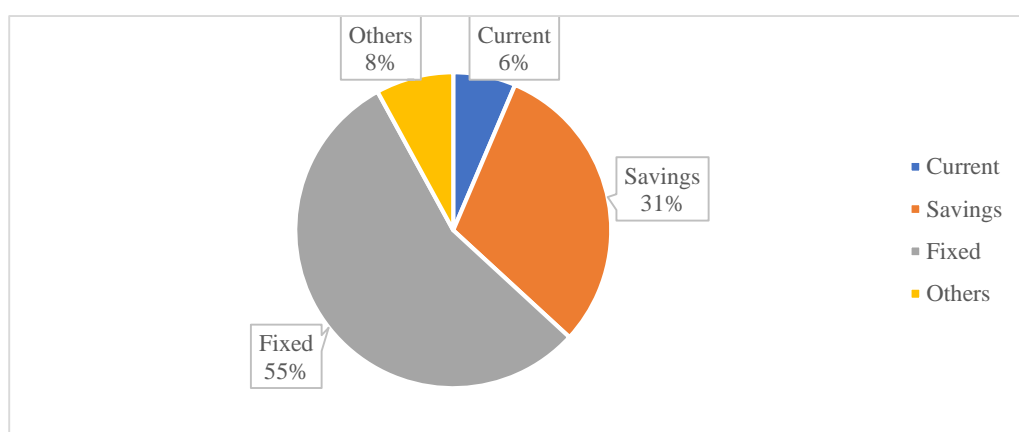
Chart 6: Deposit Mix of Commercial Banks (mid-July, 2022 to 2024)



Fixed and saving deposits are the major components in the deposits of the Commercial banks. In the review year, the fixed deposits increased with the highest rate i.e., by 9.65 percent to Rs. 3,177.77 billion followed by saving deposits which increased by 28.22 percent to Rs.1,752.14 billion. Fixed deposits have covered the highest portion of commercial banks' total deposits.

Refer to Annex 7.5: Deposit Mix for details.

Chart 7: Deposit Mix of Commercial Banks (mid-July 2024)

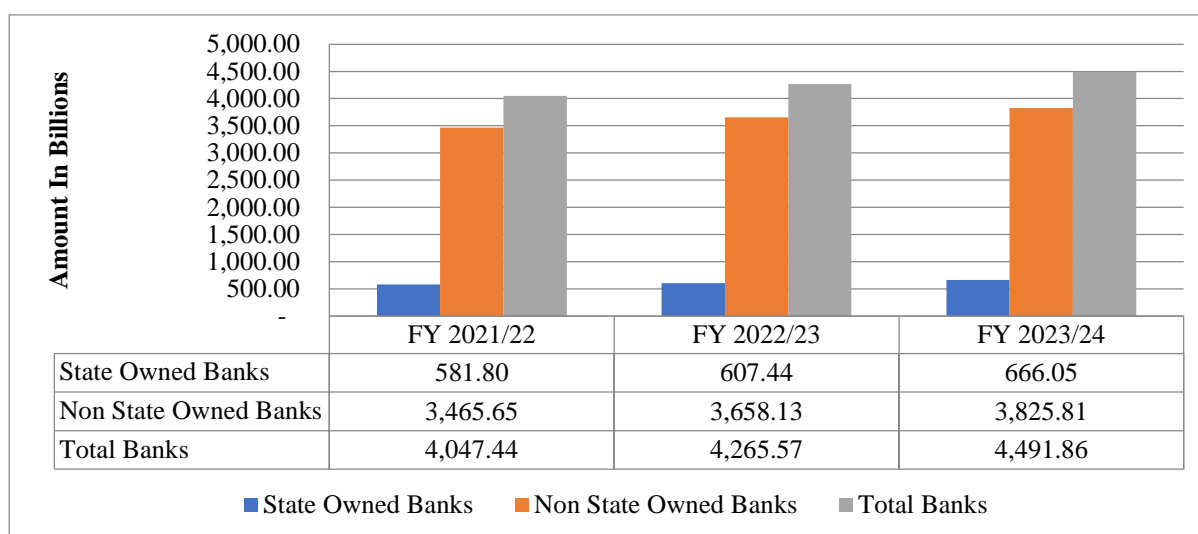


3.6 Loan and Advances

The total Loan and advances of the commercial banks (including interbank lending, staffs loan facilities, etc.) increased by 5.30 percent to Rs. 4,491.86 billion in the FY 2023/24. Loans and advances of state-owned banks increased by 9.65 percent to Rs.666.05 billion and that of non-state-owned banks rose by 4.58 percent to Rs. 3825.81 billion during the review year.

Refer to Annex 7.6: Loans and Advances for details.

Chart 8: Loan and Advances of Commercial Banks (mid-July, 2022 to 2024)



3.6.1 Sector-wise Loan and Advances

Commercial banks have disbursed the loans and advances to the different sectors of the economy. Based on sector-wise lending data of commercial banks as on mid-July 2024, Wholesalers & Retailers sector has been the dominant sector of lending with 19.92 percent share on total loans and advances, followed by 18.41 percent in Consumable Loans sector.

Table 7: Sector-wise loan and advances of Commercial Banks

S.N.	Sector	Percent of Total Loan (mid-July)		
		FY 2021/22	FY 2022/23	FY 2023/24
1	Agriculture Forest	7.18	7.65	7.09
2	Fishery	0.28	0.31	0.32
3	Mining	0.20	0.26	0.25
4	Agriculture, Forestry & Beverage Prod. Related	5.25	5.51	5.90
5	Non-food Production Related	11.60	11.86	12.13
7	Construction	3.71	3.88	4.00
8	Power, Gas and Water	5.74	6.93	7.99
9	Metal Products, Machineries, Elec. and Installation	1.68	1.57	1.47
10	Transport, Warehousing and Communication	1.99	1.94	1.69
11	Wholesalers and Retailers	20.75	20.77	19.92
12	Finance, Insurance and Real Estate	7.55	7.11	7.03
13	Hotel and Restaurant	4.21	4.22	4.36
14	Other Services	4.25	4.13	3.97
15	Consumable Loans	18.14	17.81	18.41
16	Local Government	0.03	0.03	0.03
17	Others	7.45	6.03	5.44
	Total Loan	100.00	100.00	100

Source: Offsite Supervision Unit, BSD

3.6.2 Collateral-wise Loan and Advances

Loans and advances of commercial banks are secured by some forms of collaterals. As of mid-July 2024, 89.98 percent of the total loans and advances were secured by the collateral of properties such as security of fixed assets like real estate and current assets like stocks and receivables.

Table 8: Collateral-wise Loan and Advances of Commercial Banks

S.N.	Security	Percent of Total Loan (mid-July)		
		FY 2021/2022	FY 2022/23	FY 2023/24
1	Gold and Silver	1.15	1.17	1.17
2	Government Securities	0.02	0.07	0.07
3	Non-Governmental Securities	1.15	1.00	1.42
4	Fixed Deposit Receipts	1.18	1.11	0.73
5	Collateral of Properties	87.99	88.75	89.98
6	Against security of Bill	0.47	0.86	0.78
7	Against Guarantee	3.41	3.49	3.33
8	Credit Card	0.08	0.10	0.12
9	Others	4.56	3.43	2.40
	Total	100	100	100

Source: Offsite Supervision Unit, BSD

3.6.3 Product-wise Loan and Advances

As of mid-July 2024, commercial banks have provided 37.32 percent of term loan out of total loan and advances. Such loans were 32.19 percent in the previous year. Similarly, 15.53 percent and 12.87 percent of loans were extended as demand and other working capital loan and cash credit respectively. With the implementation of the Working Capital Guideline, the weightage of overdraft and demand nature loans have been decreasing and that of term loan has been increasing.

Table 9: Product-wise Loan and Advances of Commercial Banks

S.N.	Loan Products	Percent of Total Loan (mid-July)		
		FY2021/22	FY2022/23	FY 2023/24
1	Term Loan	25.11	32.19	37.32
2	Overdraft	14.85	3.80	2.01
3	Cash Credit	-	11.44	12.87
4	Trust Receipt Loan/Import Loan	1.88	1.70	1.81
5	Demand and Other Working Capital Loan	23.70	19.68	15.53
6	Personal Residential Home Loan	6.68	6.47	6.92
7	Real Estate Loan	4.78	5.05	4.92
8	Margin Nature Loan	1.55	1.36	1.54
9	Hire Purchase Loan	3.15	3.20	2.34
10	Deprived Sector Loan	6.70	6.08	5.85
11	Bills Purchased	0.07	0.10	0.17
12	Other Product	11.53	8.92	8.73
	Total	100	100	100

Source: Offsite Supervision Unit, BSD

3.7 Non-Performing Loans

The total volume of non-performing loans (NPL) of the commercial banks has increased by 39.93 percent in the fiscal year 2023/24 and reached to Rs.180.01 billion. Non-performing loans of state-owned banks increased by 64.96 percent to Rs.28.29 billion and that of non-state-owned banks increased by 36.10 percent to Rs. 151.72 billion during the review period. The NPL ratio of commercial banks increased to 3.94 percent from 2.98 percent during the review period.

Refer to Annex 7.7: Non Performing Loans for details.

Chart 9: NPL Ratio of Commercial Banks (mid-July, 2022 to 2024)

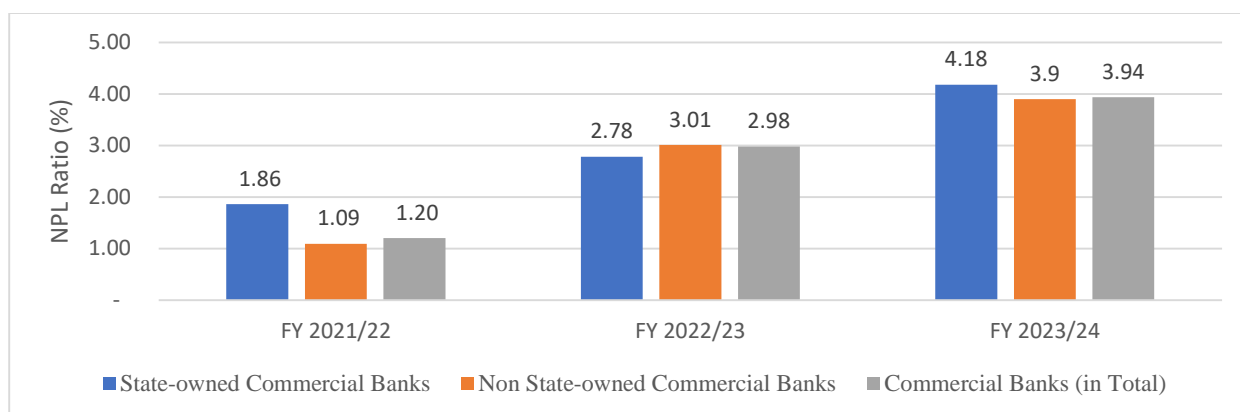
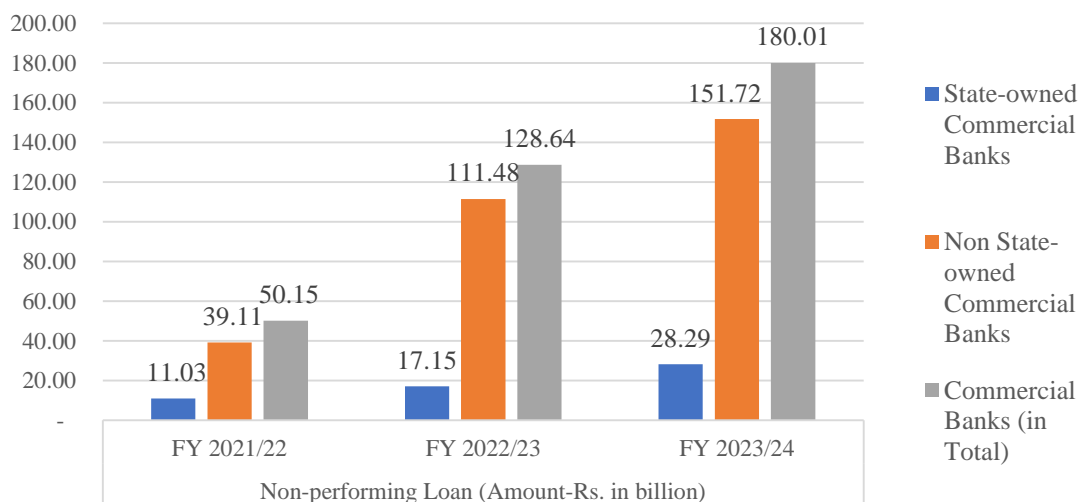


Chart 10: NPL figure of Commercial Banks (mid-July, 2022 to 2024)



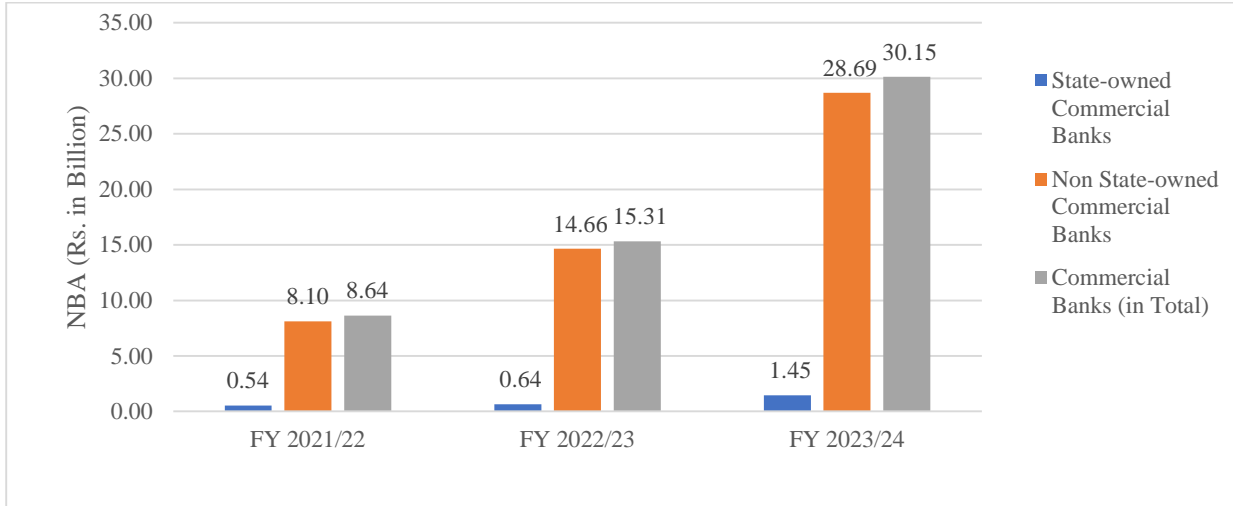
3.8 Non-Banking Assets

The level and structure of Non-Banking Assets (NBA) during last three years has been presented in the chart below. The overall NBA of the commercial banks has increased by 96.97 percent in FY 2023/24 compared to previous year. State-owned banks accounted for the increase in NBA

by 125.69 percent whereas the amount of NBA of non-state-owned bank increased by 95.71 percent.

Refer to Annex 7.8: Non-Banking Assets for details.

Chart 11: NBA of Commercial Banks (mid-July, 2022 to 2024)

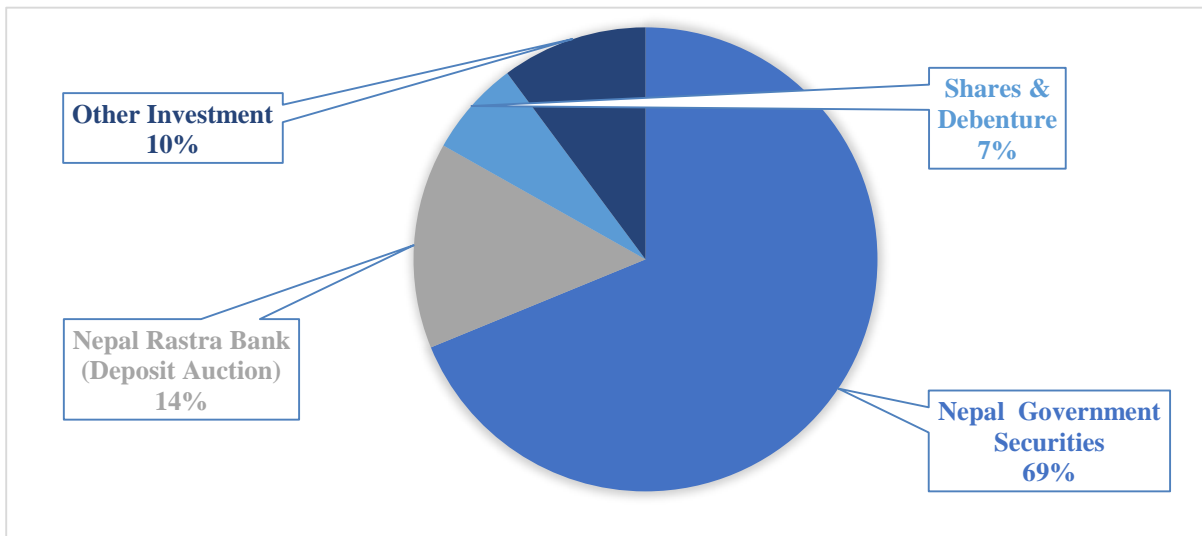


3.9 Investment

During the review period the composition of investment of commercial banks shows a high concentration in government securities, which was 68.49 percent of the total investment, followed by NRB Deposit Auction with 14.29 percent, Share and Debentures with 6.64 percent and so on.

Refer to Annex 7.9: Investment Portfolios for details.

Chart 12: Investment Portfolio of Commercial Banks (mid-July 2024)



3.10 Earnings

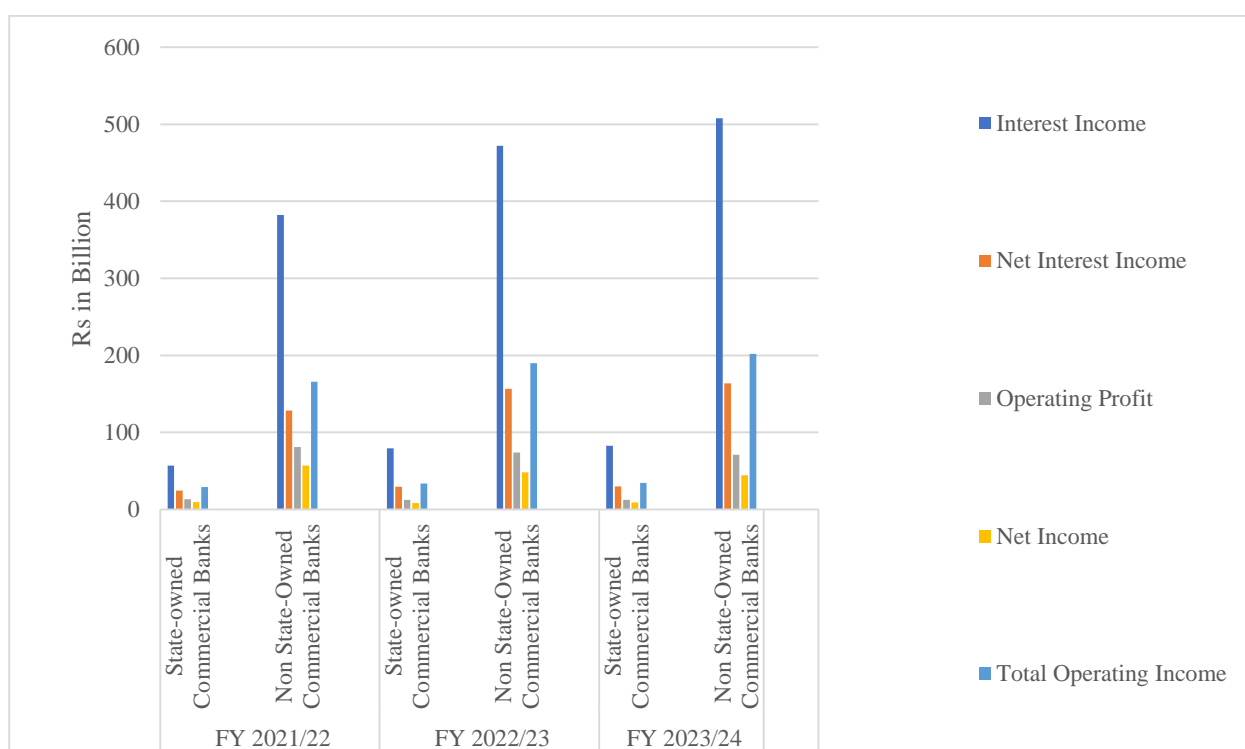
The total net profit of commercial banks decreased by 5.83 percent and reached to Rs.53.28 billion in FY 2023/24 from Rs.56.58 billion in FY 2022/23.

The net profit of state-owned banks decreased by 11.50 percent while that of non-state-owned banks decreased by 15.11 percent in the review period.

The total interest income, which is the largest component of total gross income, showed a growth of 6.98 percent. The total net interest income rose by 4 percent, whereas the operating profit decreased by 3.05 percent in the review period.

Refer to Annex 7.10: Operating Efficiency

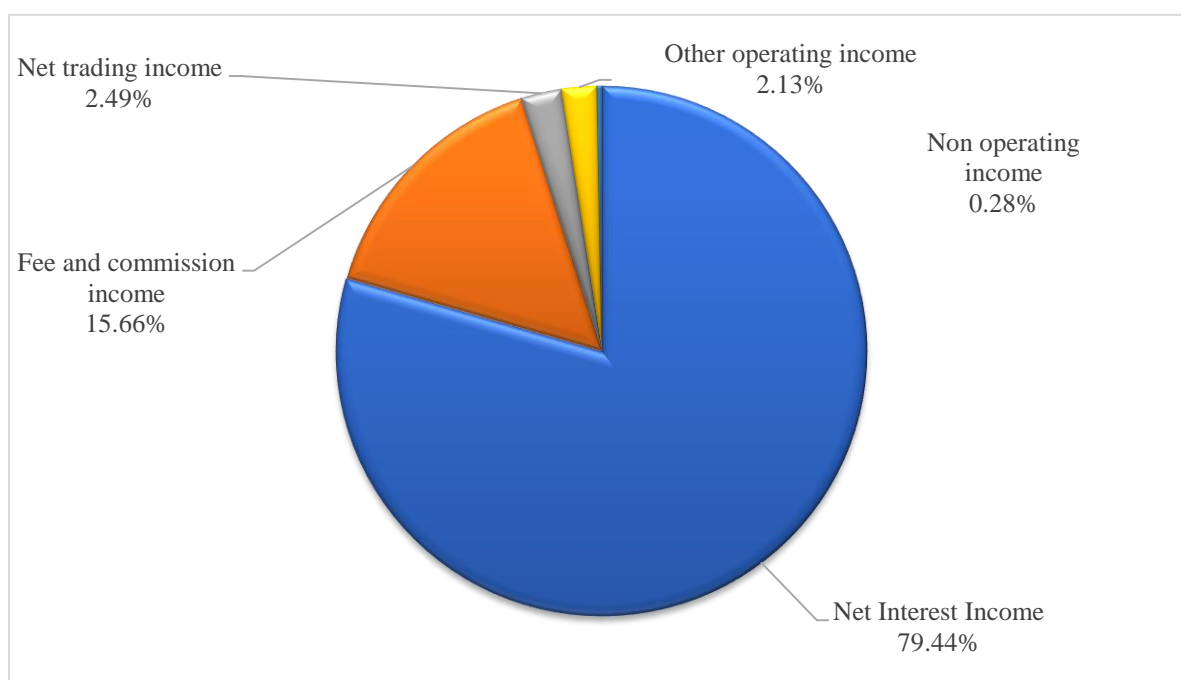
Chart 13: Operating Efficiency figures of Commercial Banks (mid-July, 2022 to 2024)



Interest income of the commercial banks is the main factor that contributes to their profitability. The interest spread of the commercial banks has decreased from 4.45 percent to 3.98 percent in FY 2023/24.

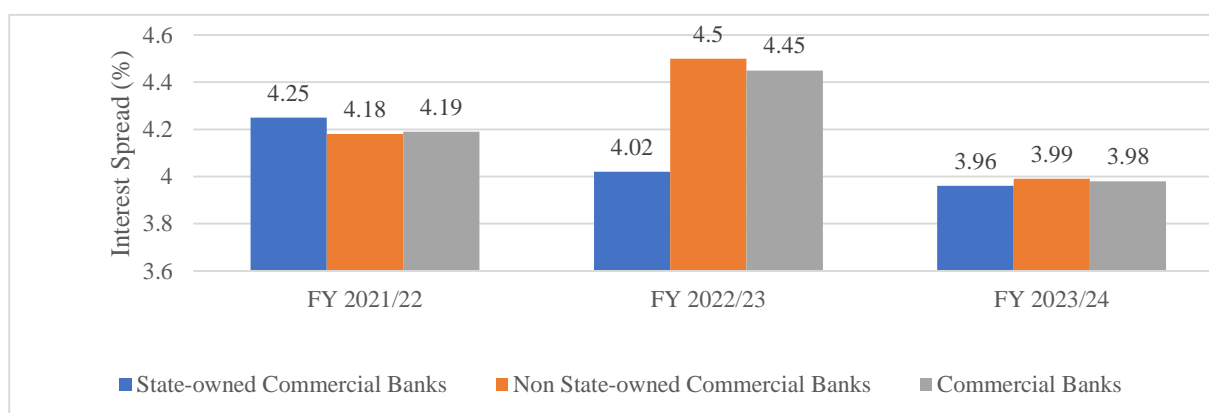
The interest income stands for 79.44 percent of total income of commercial banks during the fiscal year 2023/24. The second largest contributor of incomes of commercial bank is fee and commission income, which stands for 15.66 percent. The share of different component of income of commercial banks is presented in chart no. 13.1 as below:

Chart 13.1: Share of different component of income of fiscal year 2023/24



Refer to Annex 7.11: Interest spread for details.

Chart 14: Interest Spread of Commercial Banks (mid-July, 2022 to 2024)



Note: Interest Spread = (Interest Income/Loan & Advances and Investment)-(Interest Expense/Deposit and Borrowings)

3.11 Liquidity

The cash balance, bank balance with NRB and other BFIs, money at call and the investment in short term government securities are considered as liquid assets of the commercial banks. The total liquid assets of the commercial banks increased from Rs. 1,480.26 to Rs. 1,854.29 billion in FY 2023/24. Also, the total liquid assets to deposit ratio increased from 29.10 percent to 32.21 percent in FY 2023/24. Likewise, total liquid assets to total assets ratio increased from 22.88

percent to 26.89 percent in the review period. Chart below show the liquidity position of the commercial banks to its total deposit and total assets respectively.

Detailed figures are shown in Annex 7.12: Liquid Assets to Total Deposit and Annex 7.13: Liquid Assets to Total Assets.

Chart 15: Liquid Asset to Total Deposit (mid-July, 2022 to 2024)

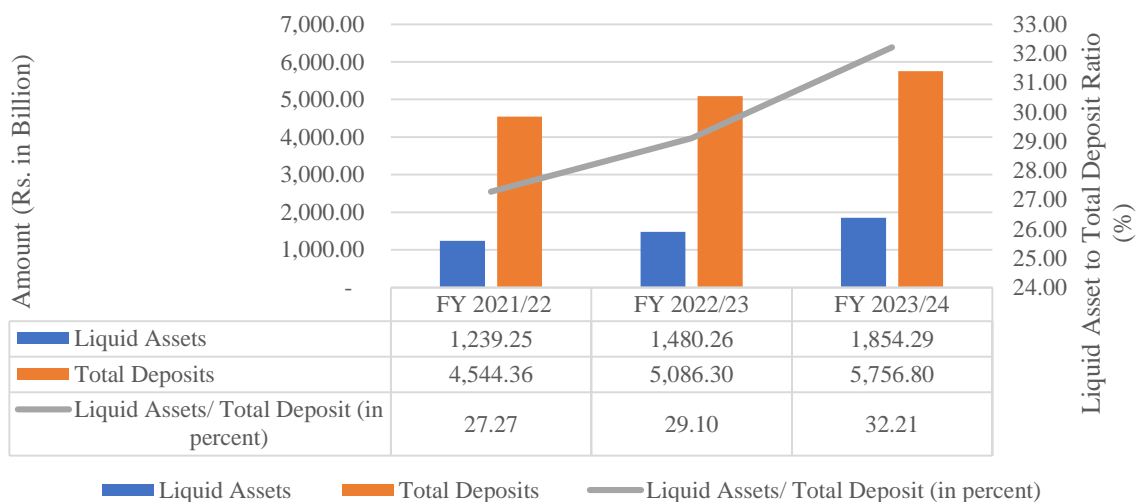
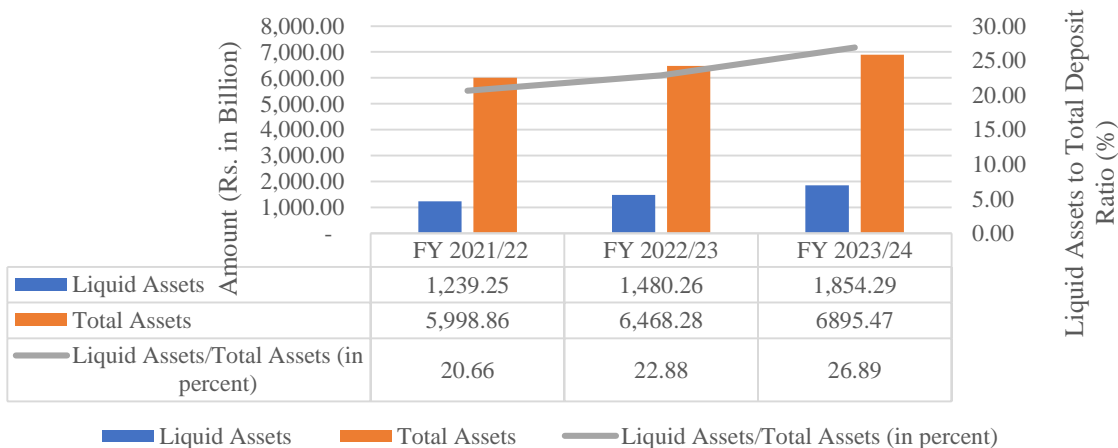


Chart 16: Liquid Asset to Total Asset (mid-July, 2022 to 2024)



3.12 Deprived Sector Lending

Deprived sector lending of commercial banks for the last quarter of the FY 2023/24 was 6.03 percent. The deprived sector lending is above the NRB minimum requirement of 5 percent in the review year.

Refer to Annex 7.14: Deprived Sector Lending of Commercial Banks for details

3.13 Electronic Banking

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

- Internet Banking
- Mobile Banking
- Card Services (Debit Cards, Credit Cards, Prepaid Cards)
- Cash and Cheque Deposit Kiosks
- Automated Teller Machines (ATMs)
- Branchless Banking

Table below shows the present status of electronic banking in Nepalese commercial banking industry.

Table 10: Electronic Banking Services offered by Nepalese Commercial Banks

S.N.	Particulars	Mid-July				
		2020	2021	2022	2023	2024
1	Number of branchless banking center	1574	1,706	1,526	1,298	1,112
2	Number of mobile banking customer	10,115,313	12,638,366	16,091,464	18,438,455	21,141,088
3	Number of Internet banking customer	1,001,866	1,115,532	1,279,475	1,347,970	1,325,072
4	Total number of ATM	3,759	3,983	4,235	4,465	4,801
5	Number of debit card holder	7,062,472	8,459,435	10,274,413	11,358,426	11,757,746
6	Number of credit card holder	160,297	192,370	238,794	283,126	287,365
7	Number of prepaid card holder	63,775	65,786	105,121	135,626	178,216

Source: Bank and Financial Institutions Regulation Department, NRB

3.13.1 Internet Banking

Kumari Bank Limited was the first bank to introduce internet banking in Nepal (in 2002). At present, all commercial banks are offering internet-banking services to their customers. So far, commercial banks in Nepal are providing the service of mobile top up, utility payments, fund transfers within and between BFIs and the generation of account statements via internet banking services. As on mid-July 2024, there were 1,325,072 internet-banking users of commercial banks in Nepal.

3.13.2 Mobile Banking

Laxmi Sunrise Bank Limited, (the then Laxmi Bank Limited) introduced Mobile Banking (SMS Banking) service for the first time in Nepal in 2004. Nepalese banks are providing services like balance inquiry, mini statement, last transactions information, withdrawal alerts, cheque book inquiry/request, inter-bank and intra-bank fund transfer, utility bill payments, payment via Quick Response (QR) code etc. through mobile banking. As of mid-July 2024, there were 21.14 million users of mobile banking, which stood 18.44 million in the previous year.

3.13.3 Debit Card

Nepal Investment Mega Bank Limited, (the then Nepal Investment Bank Limited) was the first bank to introduce debit card in Nepal. At present, all commercial banks are providing debit card services to their customers. There were 11.75 million debit card users in the commercial banks as on mid-July 2024 an increase from 11.36 million 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 their own ATMs installed. Through ATMs, customers can withdraw cash up to certain limit at any time free of charge or at minimal charge. As on mid-July 2024, there were 4,801 ATMs of commercial banks installed across the country, which were 4,465 as on mid-July 2023.

3.13.5 Credit Card

Credit card service was first introduced by Nabil Bank Ltd (the then Nepal Arab Bank Ltd) in Nepal in the early 1990s. As on mid-July 2024, there were 287,365 active credit card customers in the Nepalese banking industry. There were 283,126 credit card customers as on mid-July 2023.

3.13.6 Branchless Banking

Branchless banking is a distribution channel strategy used for delivering financial services without relying on bank branches. It is an agent-based service. The services include deposit, withdrawal, balance enquiry, and fund transfer. As on mid-July 2024, there were 1,112 branchless banking centres in Nepal, which were 1,298 in the previous year.

CHAPTER IV

CURRENT INITIATIVES IN SUPERVISION

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

4.1 Global Scenario

4.1.1 Revisions to Basel Core Principles

The Basel Committee on Banking Supervision (BCBS) has recently updated the Basel Core Principles for Effective Banking Supervision (BCP), marking the first revision since 2012. (Bank for International Settlements, 2024a). These principles, which set the minimum standards for sound prudential regulation and oversight of banks and banking systems, are globally applicable. Following extensive consultations, the revised BCP were approved by the BCBS in February 2024 and endorsed by the International Conference of Banking Supervisors in April 2024. This revision responds to regulatory shifts and structural changes within the banking industry over the past decade, addressing lessons learned from events such as the pandemic and the March 2023 banking turmoil². Specifically, the revision also considers key insights from the Financial Sector Assessment Program (FSAP) and the emerging challenges driven by digitalization and climate change. The updated principles highlight the need for operational resilience, effective systemic risk management, and a tailored approach to supervision that reflects the global diversity of banks and banking systems (Melo et.al., 2024).

4.1.2 BASEL III Implementation

Member jurisdictions of the Basel Committee on Banking Supervision have made significant progress in adoption of final elements Basel III reforms in 2024. As of end-September 2024, more than two thirds of member jurisdictions have now published final rules for all final elements of Basel III and these standards are implemented by banks of more than a third of member jurisdictions. During 2024, significant progress has been made on implementation of standards related to interest rate risk in the banking book standard, disclosure standards, margin

² In March 2023, the US banking sector turmoil sent a shockwave through the global financial system. Silicon Valley Bank (SVB), the 16th largest bank in the country, collapsed in a matter of days, followed by Signature Bank (SBNY) and First Republic Bank (FRB), marking the largest bank failures after Washington Mutual Bank in 2008.

requirements for non-centrally cleared derivatives, capital requirements for exposures to central counterparties, and large exposure frameworks (Bank for International Settlements, 2024b).

Lately, in response to the failure of Silicon Valley Bank and First Republic Bank, the Federal Reserve published a proposal of revisions to Basel III in July 2023. The 2023 Proposal highly increased capital requirements for banks with larger trading operations by about 16 percent on average. However, many large banks cited that over-stringent requirements would only result in increased lending costs, thus specially affecting consumers and small business owners with ultimate ramifications on overall economy. After several months of criticism and discussions, the Federal Reserve announced a re-proposal on 10 September 2024, requiring a modest 9 percent average increase in capital requirements for global systematically important banks (G-SIB banks) with assets over \$100 billion. The remaining non-GSIB banks would still be subject to an approximate 0.5 percent increase in capital requirements.

4.1.3 Climate Risks

Addressing the financial risks arising from climate change has been top priority for international bodies in 2024. In July, the Financial Stability Board (FSB) released a report on the "Stocktake on Nature-related Risks," which assessed existing and planned regulatory and supervisory initiatives and outlined the challenges authorities face in identifying, assessing, and managing nature-related financial risks. The report highlighted that financial authorities in FSB member jurisdictions are at different stages of evaluating the significance of biodiversity loss and other nature-related risks, with varying mandates. However, there is widespread recognition of the need for more expertise in the supervisory community, central banks, and the private sector to properly understand and address these risks (Financial Stability Board, 2024a). Additionally, the Network for Greening the Financial System (NGFS) published a "Conceptual Framework to Guide Action by Central Banks and Supervisors on Nature-related Financial Risks" in July 2024. This framework provides a principle-based approach to help central banks and supervisors identify and analyse material nature-related financial risks, and develop policies tailored to their specific jurisdictional contexts and mandates (NGFS, 2024).

4.1.4 Crypto-assets Regulation

The markets for crypto-assets and stable coins have recently reached all-time highs, raising concerns about their potential impact on macroeconomic and financial stability. International organizations, including the IMF, FSB, World Bank, FATF, and other standard-setting bodies, have been working on implementing the 'G20 Crypto-asset Policy Implementation Roadmap.' The 2022 crypto market turmoil, including the collapse and de-pegging of certain stable coins,

highlighted the risks stemming from inadequate regulation and design. While these challenges are global, emerging markets and developing economies, (EMDEs) may face additional risks due to limited resources, capacity constraints, and the widespread use of foreign currency-pegged stable coins in cross-border operations. The FSB's July 2024 report examined the factors driving increased activity in foreign currency-pegged stable coins in EMDEs and offered recommendations to address associated financial stability and regulatory challenges (Financial Stability Board, 2024).

4.1.5 AI related Vulnerabilities

In November 2024, the FSB released a report on the "Financial Stability Implications of Artificial Intelligence," which highlighted AI-related vulnerabilities that could elevate systemic risk. These vulnerabilities include: (i) dependence on third-party providers and service provider concentration, (ii) market correlations, (iii) cyber risks, and (iv) model risk, data quality, and governance issues. The report also noted that generative AI (GenAI) could heighten the risks of fraud and disinformation in financial markets. Furthermore, AI systems that are not properly aligned with legal, regulatory, and ethical standards may engage in behaviour that could undermine financial stability (Financial Stability Board, 2024c).

4.2 South Asian Context

4.2.1 Reserve Bank of India

- a) **Operational Resilience:** On April 30, 2024, the Reserve Bank issued a guidance note on operational risk management and operational resilience, aligning with the principles of the Basel Committee on Banking Supervision (BCBS). The note offers comprehensive guidance to regulated entities to bolster their operational risk management frameworks and improve their ability to maintain critical operations during disruptions. The guidance is structured around three key pillars: prepare and protect, build resilience, and learn and adapt (Reserve Bank of India, 2024a).
- b) **Model Risks Management:** On August 5, 2024, the Reserve Bank released a draft circular aimed at ensuring prudence and strength in the use of various models by regulated entities (REs) for credit management. While technology-driven models help accelerate decision-making, they also introduce complexity into the model risk management framework. REs shall abide principles such as clarity in objectives, robust assumptions, scalability and flexibility, and consistent and verifiable outcomes. (Reserve Bank of India, 2024b)

- c) **Disclosure Framework on Climate related Financial Risks:** Climate-related risks are expected to have a substantial impact on regulated entities (REs), with potential consequences for financial stability. On February 28, 2024, the Reserve Bank published a draft disclosure framework on climate-related financial risks, seeking comments and feedback from stakeholders (Reserve Bank of India, 2024c).
- d) **Launch of Fintech and EmTech Repositories:** On May 28, 2024, the Reserve Bank introduced the Fintech repository, designed to gather key information about Fintech entities, their activities, and the technologies they use. Both regulated and unregulated Fintech entities are encouraged to contribute to this repository. The Reserve Bank also launched an EmTech repository, which focuses on collecting data related to the adoption of emerging technologies, such as artificial intelligence (AI), machine learning (ML), cloud computing, distributed ledger technology, and quantum technology, by various regulated entities (REs) (Reserve Bank of India, 2024d).
- e) **Self-regulatory Organization (SRO) Framework for Fintech:** To promote self-regulation within the Fintech sector, the Reserve Bank introduced a framework for the recognition of self-regulatory organizations (SRO-FT) on May 30, 2024. These SROs will be tasked with creating codes of conduct, overseeing compliance, and handling grievances. The framework specifies the criteria for industry associations to qualify as SRO-FTs, outlining their responsibilities towards the Reserve Bank, governance standards, and the scope of their activities. It also highlights the SROs' roles in setting standards and driving development within the sector. The Fintech Association for Consumer Empowerment has been officially recognized as an SRO-FT (Reserve Bank of India, 2024d).

4.2.2 State Bank of Pakistan

- a) **Designation of Domestic Systematically Important Banks (D-SIBs):** In August 2024, the State Bank of Pakistan (SBP) designated National Bank of Pakistan, United Bank Limited and Habib Bank Limited as D-SIBs for the year 2024. The annual assessment has been performed as per the D-SIBs framework. These three banks will have to follow additional Common Equity Tier-1 (CET-1) capital requirements, in addition to implementing the enhanced supervisory requirements (State Bank of Pakistan, 2024a).
- b) **Restructuring of Banking Supervision Departments (BSDs):** State Bank of Pakistan (SBP) has reorganized the existing three Banking Supervision Departments. In addition, a new department 'Cyber Risk Management Department (CRMD) has been established

in the Banking Supervision Group. The CRMD will perform on-site and off-site supervision of cyber security risks of the regulated entities (State Bank of Pakistan, 2024b).

- c) **Establishment of Financial Institutions Resolution Department:** State Bank of Pakistan has established 'Financial Institutions Resolution Department (FIRD) under Banking Policy and Regulations Group. The FIRD will perform the function of resolution of distressed regulated entities. (State Bank of Pakistan, 2024c)
- d) **New eCIB (Credit Information Bureau) system (v2):** The State Bank of Pakistan has launched the new Ecib system (v2) to modernize Pakistan's financial infrastructure and promote economic growth. The SBP emphasized the importance of accurate, complete, timely reporting of eCIB data. Non-compliance will result in enforcement actions, including penalties, under applicable regulations. (State Bank of Pakistan, 2024d).

4.2.3 Royal Monetary Authority of Bhutan (RMA)

- a) **Transitioning towards Expected Credit Loss (ECL):** The Royal Monetary Authority (RMA) of Bhutan has begun implementing the Expected Credit Loss (ECL) provisioning framework as outlined in the Bhutanese Financial Reporting Standards (BFRS) 9. This shift from the existing incurred loss model to the ECL model includes a three-year transition period, allowing financial institutions to fully adapt by 2025 (Royal Monetary Authority of Bhutan, 2024a).
- b) **Prudential Regulations, 2024:** The Prudential Regulations 2024 introduced by the Royal Monetary Authority (RMA) of Bhutan bring significant changes to enhance financial sector stability, coming into force from 1st July 2024. In developing these regulations, the RMA has incorporated certain minimum standards set out in 29 Core Principles for Effective Banking Supervisions and other standards published by the Basel Committee for Banking Supervision, BIS (Royal Monetary Authority of Bhutan, 2024b).

4.2.4 Bangladesh Bank

- a) **Fully market-based interest rate system:** In July 2023, Bangladesh Bank (BB) withdrew the 9 percent lending rate cap and introduced SMART (six-month moving average rate of treasuries). However, Bangladesh Bank has recently discarded the existing reference rate used for determining the lending rates of banks and non-bank financial institutions (NRBIs), SMART, effective from May 8 2024. The banks and

NBFIs can now set interest rates based on market demand and supply of loanable funds in the banking sector as well as the banker customer relationship (Bangladesh Bank, 2024a).

- b) **Master Circular on Loan Classification and Provisioning:** Bangladesh Bank (BB) has released a master circular on loan classification and provisioning to improve the risk management practices of banks and increase transparency in financial reporting. As part of this initiative, the central bank aims to adopt an Expected Credit Loss (ECL) provisioning system based on International Financial Reporting Standard (IFRS 9) by 2027 (Bangladesh Bank, 2024b)
- c) **The Special Regulations of Bangladesh Bank, 2024:** Bangladesh Bank has introduced new regulations, titled ‘The Special Regulations of Bangladesh Bank, 2024’ in 22 December 2024, to conduct a comprehensive review of the country’s banking sector by hiring international consulting firms (ICFs). The goal is to identify issues within the banking system and implement reforms to reinvigorate trust, stability, and long term-sustainability. The process of engaging ICFs will begin in January 2025 (Bangladesh Bank, 2024c).

4.2.5 Maldives Monetary Authority (MMA)

- c) **Foreign Currency Act and Foreign Currency Regulation 2024:** On December 12, 2024, the Maldivian Parliament passed Foreign Currency Act to be effective from January 1, 2025. This act mandates that tourism-related businesses and non-tourism enterprises with annual foreign currency earnings equivalent to or greater than USD 15 million deposit their foreign currency proceeds into local bank accounts within specific timeframes. Also, effective October 1, 2024, MMA implemented Foreign Currency Regulations requiring all transactions within the Maldives to be conducted in local currency, except for those explicitly permitted otherwise (Maldives Monetary Authority, 2024).

4.3 National Initiatives

- a) **Nepal Green Finance Taxonomy:** Nepal Rastra Bank has prepared and published a Green Finance Taxonomy in October 20, 2024 to encourage green financing through green bonds, climate risk reporting and capital needs for the financial sectors. The Green Finance Taxonomy has classified economic activities (assets, projects, and sectors) eligible to be defined as ‘green’ or environmentally sustainable. This classification aims

to help financial sector actors to identify, track and demonstrate the credentials for their green activities and direct the sector capital, resources, and capacity towards Nepal's green, resilient, and inclusive economy.

- b) NFRS 9- Expected Credit Loss Related Guidelines, 2024:** Nepal Rastra Bank has released NFRS 9- Expected Credit Loss Related Guidelines in May 2024. The guidelines aim to offer supervisory direction for applying Expected Credit Loss (ECL), ensure consistency and comparability across banks, establish criteria for identifying significant credit risk increases, introduce a regulatory safeguard for impairment assessments under the ECL framework, and enhance the accounting treatment of loan loss provisions. The updated NFRS 9: Financial Instruments standard, aligned with IFRSs 2018, was initially announced by the Institute of Chartered Accountants of Nepal (ICAN) to take effect from July 16, 2021. However, due to factors such as challenges from the COVID-19 pandemic, limited preparation time, and a lack of technical expertise, its full implementation for banks and financial institutions was postponed until FY 2023/24. Consequently, the provisions of NFRS 9, including the expected credit loss model, will be fully enforced starting FY 2024/25.
- c) Risk Management Guidelines for Microfinance Institutions:** Bank and Financial Institutions Regulation Department (BFIRD) has released Risk Management Guidelines for Microfinance Institutions dated September 18, 2024. BFIRD has issued these guidelines to provide guidance to all the MFIs on minimum standards for risk management. MFIs are in fact encouraged to self-assess their risk profile and operational context, and customize their risk management architecture and approach to attain organizational goals while meeting the minimum requirements standards set out in these Guidelines.
- d) Bank Account Withheld and Release related Bylaws, 2024:** Nepal Rastra Bank has released 'Bank Account Withheld and Release related Bylaws' on September 15, 2024. In accordance with the rights provided by Subsection 2, Section 110 of Nepal Rastra Bank Act 2002, the Bank formulated this bylaw to clarify the provisions, maintain transparency, and manage bank account withheld and release provisions.
- e) Large Exposure Framework Study:** Bank Supervision Department (BSD) has conducted a study on International Practices of Interconnectedness of Large Exposures in 2024. BCBS has defined large exposure as the sum of all exposure values of a bank to a single counterparty or to a group of connected counterparties that are equal to or above 10% of its Tier 1 capital. As per the Unified Directives 2080, the single obligor

limit (25 percent of Tier 1 Capital) has been set as the regulatory standard for the identification and analysis of large exposures in Nepal. However, majority of central banks have considered sum of all exposure values of a bank as per BCBS standards. Thus, based on literature review, it is suggested to define the large exposure as sum of all exposure values of a bank to a single counterparty or to a group of connected counterparties that are equal to or above 10% of its Tier 1 capital.

- f) Other Financial Corporations Survey:** Economic Research Department has started to publish ‘Financial Corporations Survey’ by incorporating the balance sheets of Insurance Companies, Employee Provident Fund, Citizen Investment Trust, Microfinance Financial Institutions, Hydroelectricity Investment and Development Company Limited, and Nepal Infrastructure Bank, since 2023/24. Additionally, the Bank has also started to publish the ‘Other Financial Corporations Survey’ including the balance sheets of Insurance Companies, Employees Provident Fund, Citizen Investment Trust, Microfinance Financial Institutions, Hydroelectricity Investment and Development Company Limited, and Nepal Infrastructure Bank. These surveys aim to enhance the effective regulation and supervision of the overall financial system.
- g) Addendums to AML/CFT Directives:** On May 31, 2024, Bank and Financial Institution Regulation Department (BFIRD) issued directive to the licensed hire purchase loan companies aiming to prevent money laundering and the financing of terrorism within these companies. Fines of up to NPR 50 million have been suggested for not complying with the regulations. Further, BFIRD has added some AML/CFT related provisions for Citizens Investment Trust (CIT) and Employee Provident Fund (EPF) as well as in addition to existing Asset (Money) Laundering Prevention Act, 2008 and Asset (Money) Laundering Prevention Rules, 2015.
- h) Financial Inclusion Policy, 2024:** The Financial Inclusion Policy 2024, released by Nepal Rastra Bank (NRB), focuses on broadening access to financial services, deepening financial inclusion, promoting financial literacy, and safeguarding consumer rights. The policy outlines 13 distinct strategies to achieve these goals, with six key priorities: expanding financial access, increasing the use of financial products, fostering entrepreneurship and economic activities, enhancing financial literacy, ensuring consumer protection, and strengthening data collection and analysis.
- i) Dedicated Market Conduct Supervision:** Financial Inclusion and Consumer Protection Division (FICPD) of NRB has initiated a separate Market Conduct Supervision from the current fiscal year as part of its ongoing efforts to enhance financial

consumer protection and ensure fair market practices within the banking system. The initiative aims to monitor and regulate the conduct of financial institutions to safeguard consumer interests, promote transparency, and foster trust in the financial system. Through effective market conduct supervision, NRB seeks to address issues such as unfair business practices, protection of consumer interest, customer complaint handling, fair treatment, data protection and privacy, and ensure compliance with consumer protection regulations, thus contributing to the overall stability and integrity of Nepal's financial market. This initiative is in line with the central bank's broader goals of supporting financial inclusion and maintaining a robust regulatory framework that protects consumers.

- j) Installation of Money Laundering Prevention Supervision Division:** Nepal Rastra Bank (NRB) established a dedicated Money Laundering Prevention Supervision Division for the supervision of Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) efforts by banks and financial institution. This new division is responsible for overseeing and ensuring that banks and financial institutions (BFIs) comply with stringent AML/CFT regulations, in line with international standards and recommendations set by the Financial Action Task Force (FATF). This tailored approach enables more targeted oversight, ensuring that each BFI implements robust internal controls and effective systems to detect, report, and prevent money laundering and terrorist financing activities. Through this focused supervision, NRB aims to uphold the integrity of Nepal's financial system, mitigate the risks of financial crimes, and ensure compliance with global regulatory frameworks.

CHAPTER V

KEY ONSITE OBSERVATIONS, ISSUES AND CHALLENGES

5.1 Key Onsite Observations

5.1.1 Board and Senior Management Oversight

- a) The implementation status of the decisions made by the board is not found to be reviewed in periodic intervals. Also Board have not re-considered decisions which were not implemented.
- b) Some of the Banks have not appraised the performance of the CEO as per the contract/agreement between the bank and CEO.
- c) Banks have not reviewed and updated several policies and SOPs in line with the bank's size, nature and growing complexity.
- d) Some banks haven't been found to be conducting Director's education program within one month of nomination along with annual education program as required by NRB Unified Directives.
- e) Issues of non-compliance with the Basel III classification of existing risk assets have been found in few banks. .
- f) The available information system of the bank is not fully integrated due to which report generated by different system are contradictory. Banks have huge reliance on manual interventions for generation of reports.
- g) Some Banks do not have proper Management Information and Reporting System for deposit, loan, risk weight, capital adequacy etc. .
- h) As per the Section 86 (2) of Company Act, 2063, public company with female shareholder should consist at least one female member in Board of Directors. Some of the banks have not ensured compliance to this provision.
- i) Banks have been found to be booking NBAs for more than 3 years but haven't been found to make discrete plan to dispose it.
- j) Some of the banks were found devoid of appropriate system to ensure proper monitoring of usage of credit facilities resulting to possibility of utilisation of credit facilities in other than stipulated purpose.

5.1.2 Capital and Earnings

- a) ICAAP report prepared by some of the banks are not in the standard format as defined by NRB in ICAAP Guideline 2012.
- b) Some of the banks have not assigned the risk weight to loan exposures as per Capital Adequacy Framework, 2015, which has resulted into overstatement of Capital Adequacy Ratio. Such practices were noted for regulatory retail portfolio, residential real estate loan, irrevocable credit commitments, trust receipt loans, etc., along with other loan exposures.

5.1.3 Audit Function

- a) The Audit committee has not performed its functions/ duties as directed by BAFIA 2073/ Company Act/ NRB Unified Directives such as reviewing of banks proposed annual budget, recommend names of three auditors for appointment of the external auditor, etc.
- b) Some of the banks have limited human resources to execute audit functions in an effective manner.
- c) Section 61(e) of Bank and Financial Institution Act, 2073, requires audit committee to recommend three auditors to AGM for appointment of Statutory Auditor. However, in some banks the audit committee has selected one auditor and then recommended that particular audit firm to the AGM for approval.
- d) In some of the banks, internal audit department have not conducted policy audit. Further, the banks have not conducted information security and system audit as required by NRB Unified Directives.
- e) The ICAAP and its review process has not been independently assessed by bank's internal audit as required by ICAAP Guidelines 2012.
- f) Directions from audit committee to the audit department were inadequate regarding observations received from internal and external audit. Mostly repetitive issues have been observed.
- g) In-house audit department of the banks are performing risk based internal audit function which needs improvement in scope determination, work force requirement, audit procedures, reporting mechanism and follow up procedures. Further, some banks do not have practice of conducting offsite/remote auditing of the entities.
- h) In some meetings of the Board level audit committee, the number of participants was up to five. This is not in accordance with the spirit of NRB Unified Directives.

5.1.4 Credit Risk

- a) In some instances, banks have been providing different types of loans without formulating required product papers. Further, some of the product papers of the bank have not been updated on a regular basis to make them consistent with NRB Unified Directives.
- b) Banks have been found to be extending time for loans including Bridge Gap Loan. Such extensions haven't been done in line with the regulatory provisions.
- c) For loans that were used for other than the intended purpose were classified as pass category, which is non-compliance of NRB Unified Directives.
- d) Some of the banks have not maintained age-wise LLP categorization of the borrower.
- e) Banks do not have comprehensive information to generate reports for qualitative/quantitative criteria for non-performing loan like business not in operation, misuse of fund, blacklisting, D/E ratio, reschedule loan, temporarily extended, interest rate change history, debt service coverage ratio, etc.
- f) Post monitoring disbursement of the facilities by the bank is not satisfactory. In many instances it has been observed that the bank hasn't ascertained end use of fund in line with the approved terms
- g) Banks haven't been found to have ensured adequate provisioning for loans in which auction process of collateral has started.
- h) Some banks were found to have disbursed credit facilities prior to mortgage of real estate collateral.
- i) Some of the banks have provided personal loans above Rs.5 million without any specific purpose, which is non-compliance of the provision of NRB Unified Directives.
- j) Banks rely on Self-declaration of the income by the borrowers to assess the repayment capacity. Valid documents substantiating the income were not obtained.
- k) In some instances, it has been found that revolving loans are being provided/renewed without obtaining basic documents required for credit appraisal such as audited financials tax clearance certificate, firm renewal documents, business inspection report etc.
- l) The internal credit rating of the borrower has not been considered during credit analysis, credit pricing, and in deciding credit covenants.
- m) Some of the banks have not obtained latest audited financial statements and tax clearance certificates; have not conducted quarterly site visit, etc.

5.1.5 Liquidity Risk

- a) Contingent funding plan of banks have not considered risk emanating from external circumstances such as pandemic, natural shocks, liquidity crisis, etc.
- b) Assets Liability Committees (ALCO) of the banks is found more in status reporting activities and lacks solicitation of proactive approaches/recommendations for management of assets liability management. Further, ALCO does not take into account off-balance sheet exposure, trend, and effects of conversion of those exposures to funded facility.
- c) Some banks still rely on maintaining manual records to record details related to investment and divestment such as cost of shares, bonus and dividend collected, fees and commissions paid and profit and loss situation on the basis of current market price.

5.1.6 Market Risk (including Interest Rate Risk and Foreign Exchange Risk)

- a) Some banks have not developed policy/manual/framework for the identification, measurement, and mitigation of Interest Rate Risk and Foreign Exchange Risk.
- b) Banks have not analysed interest rate fluctuation impact on balance sheet of organization while developing the product papers as required by provision of NRB Unified Directives.
- c) Some of the Banks that have availed External Commercial Borrowings (ECB) have not assessed pertinent aspects such as associated risks, negative covenants etc. Also the ECB has not been reviewed by risk management department of the bank. In addition to that, the utilization of such loan are not in line with the issued regulations.
- d) Some banks do not have a separate comprehensive policy for assessing and addressing the risk emerging from the interest risk fluctuation.
- e) Some banks do not have practice of preparing and monitoring liquidity gap of FCY denominated assets and liabilities. Further, risk appetite for Net Open Position have not been determined in some banks.
- f) Duties and functions are not properly defined and segregated in treasury management function of few banks. Functioning of treasury mid-office is found to be inadequate.
- g) ALCO meetings are focused on the revision of interest rate on deposits and loans and its publication, comparative analysis of market interest rates and approval of deviation of commission and fees of individual clients, etc. The meeting has less focus on strategic aspects like review of investment portfolio, divestment strategy, etc.

5.1.7 Operational Risk

- a) Some banks still have rooms for improvements in vault and cash management as evidenced by poor practice of maintaining vault access records, poor management of access control to vaults, improper handling of cash in transit, adherence to Clean Note Policy, etc.
- b) Inadequate record keeping were also noticed in the area of cheque and card management whereby signature verification lapses, poor record keeping of cheque, cards issuance, etc. were identified.
- c) System printed advices in deposit voucher are not generated in branches of some banks.
- d) Similarly, weaknesses have been noticed in areas of CCTV management. Issues like back up less than 90 days, blur visibility, impaired camera etc. were noted.

5.2 Issues

5.2.1 Increasing Non-Performing Loan (NPL) and Non-Banking Assets (NBA)

The growing non-performing loan and non-banking assets are major issues in banking sector. Decrease in aggregate demand due to slow-down of economic activities, decrease in construction sector, and tendency of over-financing together with the use of loan in other than stipulated purpose, etc have led to increment in the NPL and NBA. Further less attraction in the real estate property has led to piling up of NBA.

5.2.2 Dismal Credit Growth and Excess Liquidity

Nepalese financial sector has witnessed dismal growth of credit in the recent past few years. In FY 2023/24 such growth was 6 percent against the decade annual growth of 18 percent. Paucity of the loan demands have led to accumulation of the excess liquidity in the banking system.

5.2.3 Adequacy of Capital

Nepalese commercial banks have demonstrated sound capital adequacy, with the industry average Capital Adequacy Ratio (CAR) standing at 12.84 percent in FY 2023/24. Additionally, the Core Capital Adequacy Ratio (CCAR) remained strong at 10.10 percent. These figures indicate that, overall, commercial banks possess the capacity to absorb financial shocks. However, the increasing trend of Non-Performing Loans (NPLs) poses a growing concern as it exerts further downward pressure on capital adequacy levels, especially affecting the banks' ability to maintain sufficient buffers against future shocks. A sustained deterioration in asset quality could undermine the stability of some institutions, necessitating more robust risk

management measures and possible adjustments to the capital base to preserve financial soundness.

In light of these developments, the Bank Supervision Department is closely monitoring the situation and assessing the potential impacts of a continued increase in NPLs, taking steps to ensure that banks remain adequately capitalized and resilient in the face of emerging challenges.

5.2.4 Increasing Misinformation

The industry has confronted various organised activities such as disseminating misinformation, misguidance and misleading the public with intention to disrupt the efficient functioning of the banking industry. Campaigning against licensed BFIs, threatening and physical assault against the employees, advocacy to deter servicing of credit facilities, etc. have caused hindrance in the swift and healthy functioning, repayment, recovery, etc. of the banks. As such upholding the overall trust and confidence of the banking system has become an important issue.

5.2.5 Banking Frauds

Fraudulent activities in the banking sector has been on the rise. The involvement of the customers, staffs, management and even board members have been noticed. Such fraudulent activities include cases of fake collateral, misuse of deposits of the savers, use of loan in other than said purpose, false valuation, etc. Banks need to enhance corporate governance, promote culture of disclosure and transparency, ensure adequate risk management and focus on employee capacity enhancement to contain the increasing level of fraudulent activities.

5.2.6 Digital Banking and Technology Risk

Convenience and efficiency have led to the proliferation in the use of digital banking. However, the associated risk and negative externalities have also been on the rise. The issues of cyber-security threats, data privacy issues, frauds and identity thefts, third-party vendor risks, etc. have been increasing. NRB has been promoting the use of digital banking services. Further, it has also encouraged the banks and financial institutions, Payment Service Providers (PSP), Payment System Operator (PSO), etc. to focus on digital financial awareness and literacy, continuous skill enhancement of the employees, etc.

5.3 Challenges

5.3.1 Enhancing Consumer Protection

Banking is a service-oriented business that is based on the firm foundation of trust and confidence. As a general public deposit mobilising industry, the banking system needs to garner robust confidence to ensure financial stability and contribute to the overall economic growth.

In this backdrop, NRB has the major responsibility of the consumer protection as provided in the preamble of the NRB Act 2002, “the enhancement of public credibility towards the entire banking and financial system of the country”. NRB aims to ensure fair and equitable treatment of customer, strengthen complaints handling and grievance handling mechanisms, protect consumer data and privacy, etc. Further, financial awareness and literacy has also been on topmost priority of the NRB.

NRB has online grievance and complaint register portal where the financial service users can lodge a complaint about any issue related with the banks. NRB has also initiated onsite conduct supervision with a focus on consumer protection issues. With the growing complexities of the banking industry, product innovation, and the introduction of modern financial technologies, consumer protection has become an even greater challenge than before.

5.3.2 AML/CFT Compliance

Global banking community have highlighted the importance on establishing a sound AML/CFT system to fight against issues of money laundering, terrorism financing and proliferation financing. Nepal has been actively participating to strengthen its AML/CFT regulatory regime with close coordination with Asia/Pacific Group (APG), a Financial Action Task Force (FATF) styled regional body. Based on FATF recommendations, Nepal has also formulated numbers of AML/CFT related regulatory provisions and guidelines.

However, we have been witnessing gaps in the strict compliance of such provisions and guidelines. AML/CFT compliance status is found to be improving in licensed banks and financial institutions. However, such compliance is falling short in other sectors. This has led the country to be Grey-listed by FATF recently, which is likely to have a negative repercussion to smooth functioning of the banking system of the country. Hence, AML/CFT compliance is one of the major challenges to BFIs.

5.3.3 Human Resource Retention

In the recent times, the number of employees leaving banking industry has been increasing. Most of such employees have been found to terminate the banking jobs in lieu of better opportunities, especially in the foreign countries. Increased negative branding of banks and financial institutions by some vested interest groups, better opportunities abroad, etc have led to poor retention of the employees.

5.3.4 Promoting Green financing

The banking sector plays a crucial role not only in driving economic growth but also in contributing to the development of a sustainable economy.

One of the basic tenets for developing a resilient and sustainable economy is by enhancing lending from the banking system to support environmentally friendly activities/business. Risk posed by climate change and global warming have led to prioritisation of the endeavour towards greening the financial system.

NRB has made effort to promote green finance with regulatory guidelines in place, such as Guidelines on Environment and Social Risk Management (ESRM) 2022 for BFIs. Further, it has also introduced a comprehensive Green Finance Taxonomy, 2024 to facilitate the transition towards a green economy.

5.3.5 Enhancing Supervisory Skills

Supervisors need to be competent along with ensuring periodic enhancement of the knowledge and skill set. Enhancing supervisory skills is crucial for ensuring the swift functioning of the financial institutions and to ensure robust compliance culture. Supervisor should have sound knowledge of regulations and compliance, should possess risk management expertise, have understanding of technology and IT risks, etc. Further, they should also have updated knowledge of the emerging issues and associated risk, along with the capacity to manage them. Employees must be well trained and have updated knowledge of national and international regulatory laws, guidelines, and policies.

5.3.6 Regulatory Compliance

The central bank has been making policy introduction and revisions in a timely basis. Banking industry has been functioning under stringent regulatory regime. Proper adherence of such regulatory provisions helps the banks in sound diagnosis of problems, along with the management of the various inherent risks.

NRB has been organising both onsite as well as offsite supervision to assess the banks compliance status of the regulatory provisions issues by NRB. Such instances of non-compliances along with the enforcement actions have been published in NRB's website on a regular basis. In the recent period, the issues of non-compliances have been found in the area of corporate governance and risk management.

Minimization of Informal/Shadow Banking

In spite of the increasing financial access and inclusion, the size of informal/shadow banking have not decreased significantly. Shadow banking have been functioning along with the formal banking system and has been posing a special policy challenge for the central bank. Households devoid of formal banking services have been making use of the shadow banking.

Shadow banking has been functioning under dismal level of regulation. In the recent few years, problem in few of the large saving and credit cooperatives have believed to have made a domino effect in the banking system of the country. Government of Nepal have made effort to curb the impact of such problematic cooperatives, along with setting-up of new legislation and revamping of the existing regulatory mechanism.

Further, due care should also be taken to strengthen the prudent functioning of non-bank financial like Employee Provident Fund (EPF), Citizen Investment Trust (CIT), Social Security Fund (SSF) etc. The challenges also exist in curbing the illegal financial activities such as dhukuti and hundi. Increasing tendency of such shadow banking as well as illegal financial activities pose real threat to the stability of financial system as a whole.

5.3.7 Adapting Technological Innovation

The rapid advancement of technological innovations in the banking sector has introduced new opportunities but also presented several challenges to banking supervision in Nepal. As financial institutions increasingly integrate technologies like Artificial Intelligence (AI), block chain, and digital banking platforms, the supervisory framework must evolve to effectively manage these innovations while maintaining financial stability and consumer protection. One of the primary challenges is the adaptation of existing regulatory frameworks to account for these emerging technologies.

5.3.8 Risk of cyber threats and data breaches

As more financial services move online, there is an increasing exposure to security vulnerabilities, which could undermine public confidence in the financial system. Supervisory authorities face the task of ensuring that financial institutions adopt robust cybersecurity

measures and adhere to stringent data privacy regulations to protect consumers' sensitive information. In addition, the growing reliance on technology increases the potential for systemic risk, where any technological failure could disrupt the stability of the entire banking sector. Regulators must address these risks by encouraging sound risk management practices and ensuring financial institutions are prepared for potential disruptions.

5.3.9 Promotion of Financial inclusion and managing inherent risks

Financial inclusion has been significantly enhanced by technological innovations, yet there remains a concern that digital banking solutions may exclude certain populations, particularly those in rural areas with limited access to advanced technologies. The challenge lies in ensuring that digital financial services reach all segments of society while bridging the digital divide. Moreover, as digital financial products evolve, they introduce new risks related to anti-money laundering (AML) and combating the financing of terrorism (CFT). The anonymity of digital currencies and cross-border transactions poses difficulties for regulators to track illicit activities effectively. The Banking Supervision Department is committed to strengthening its oversight mechanisms to mitigate these risks and ensure that financial institutions adhere to global AML/CFT standards.

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ANNEXURES

Annex 1: Growth of Financial Institutions (numbers)

Types of Financial Institutions	Mid-July														
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Commercial Banks	27	31	32	31	30	30	28	28	28	28	27	27	26	20	20
Development Banks	79	87	88	86	84	76	67	40	33	29	20	18	17	17	17
Finance Companies	79	79	69	59	53	48	42	28	25	23	22	17	17	17	17
Micro-finance Financial Institutions	18	21	24	31	37	38	42	53	65	90	85	70	65	57	52
Infrastructure Development Bank	-	-	-	-	-	-	-	-	-	1	1	1	1	1	1
Total	203	218	213	207	204	192	179	149	151	172	155	133	126	112	107

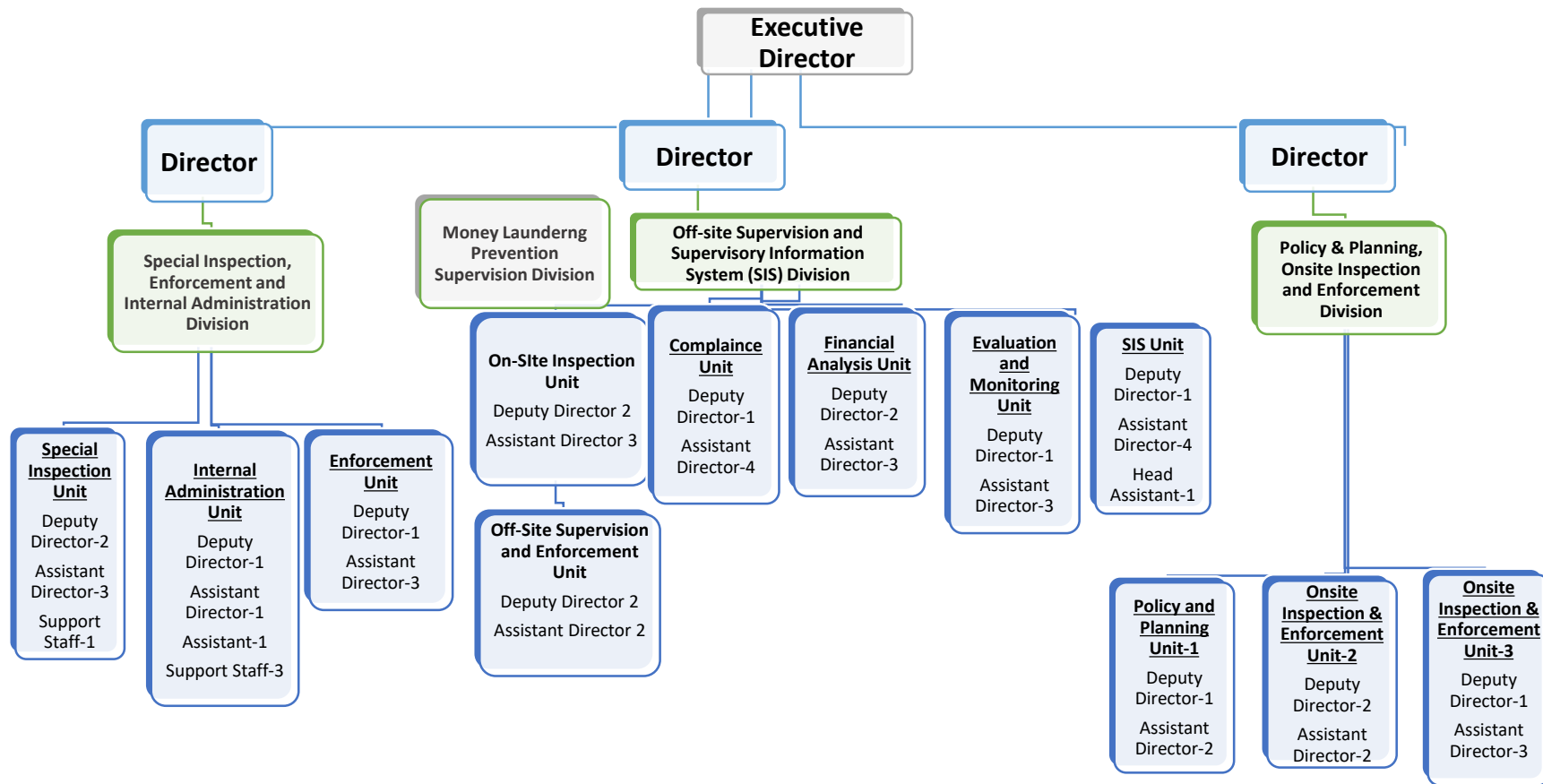
Source: Bank and Financial Institutions Regulation Department, NRB

Annex 2: Province-Wise Distribution of BFIs branches (Mid-July FY 2023/24)

S. N.	Province	Class A	Class B	Class C	Class D
1	Koshi	754	195	36	852
2	Madhesh	581	84	51	1041
3	Bagmati	1,839	335	108	756
4	Gandaki	599	191	37	573
5	Lumbini	741	257	47	1130
6	Karnali	213	21	3	238
7	Sudur Paschim	329	52	6	461
	Total	5,056	1,135	288	5,051

Source: Bank and Financial Institutions Regulation Department, NRB

Annex 3: Organisation Chart of BSD



Annex 4: Onsite Inspections in FY 2023/24

a) Full-Scope Onsite Inspection

S.N.	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Rastriya Banijya Bank Ltd.	Machhapuchchhre Bank Ltd.	Citizens Bank International Ltd.	Prabhu Bank Ltd.
2	Sanima Bank Ltd.	Siddhartha Bank Ltd.	Agricultural Development Bank Ltd.	Global IME Bank Ltd.
3	Nepal SBI Bank Ltd.	Everest Bank Ltd.	NIC Asia Bank Ltd.	Nepal Bank Limited
4	Kumari Bank Ltd.	NMB Bank Ltd.	Nabil Bank Ltd.	Nepal Investment Mega Bank Ltd
5	Laxmi Sunrise Bank Ltd			Prime Commercial Bank Ltd
6				Himalayan Bank Ltd.

b) Targeted Onsite Inspection

S.N.	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
1	Nepal Infrastructure Bank Ltd.		Standard Chartered Bank Nepal Ltd.	

Annex 5: Special Inspection of Commercial Banks in FY 2023/24

S.N.	Name of Bank	No. of Inspections
1	Nabil Bank Ltd.	1
2	Nepal Investment Mega Bank Ltd.	1
3	Laxmi Sunrise Bank Ltd.	1
4	Prabhu Bank Ltd.	3

Annex 6: Circulars issued in FY 2023/24

S.N.	Name and Link to the Circular Issued	Issued Date
1	Circular 01 (A,B,C) – Amendment in Unified Directives, 2079	2023.07.28
2	Circular 01 – Amendment in Unified Circulars, 2079 (Foreign Currency Exchange as Passport Facility)	2023.07.28
3	Circular 02 – Amendment in Unified Circulars, 2079 (Monetary Policy 2023/24 related)	2023.08.07
4	Circular 01 (D) – Amendment in Unified Directives for Microfinance FIs, 2079	2023.08.17
5	Circular 01 (Infrastructure) – Amendment in Unified Directives for IDB, 2078	2023.08.18
6	Issuance of Cyber Resilience Guidelines	2023.08.28
7	Circular 02 (A,B,C) – Amendment in Unified Directives for A,B,C Class BFIs, 2079	2023.08.28
8	Circular 02 (Infrastructure) - Amendment in Unified Directives for IDB, 2078	2023.08.28

9	Circular 03 - Amendment in Unified Directives, 2079 (related to Gold Imports)	2023.09.27
10	Circular 03 (A,B,C) – Amendment in Unified Directives for A,B,C Class BFIs, 2079	2023.10.05
11	Circular 03 (Infrastructure) - Amendment in Unified Directives for IDB, 2078	2023.10.16
12	Circular 04 (Infrastructure) - Amendment in Unified Directives for IDB, 2078	2023.10.17
13	Circular 04 (A,B,C) – Issuance of Unified Directives, 2080	2023.10.17
14	Temporary Increment of deposit limit (frequency) on wallets operated by Payment Service Providers	2023.11.10
15	Circular 05 (A,B,C) – Amendment in Unified Directives for A,B,C Class BFIs, 2080	2023.11.29
16	Circular 05 (Infrastructure) - Amendment in Unified Directives for IDB, 2080	2023.11.29
17	Circular 04 – Amendment in Foreign Exchange License and Inspection related Regulations, 2077	2023.12.11
18	Circular 06 (A,B,C) – Amendment in Unified Directives for A,B,C Class BFIs, 2080	2023.12.24
19	Circular 06 (Infrastructure) - Amendment in Unified Directives for IDB, 2080	2023.12.24
20	Circular 02 (D) – Amendment in Unified Directives for Microfinance FIs, 2079	2023.12.24
21	Circular 05 – Amendment in Unified Circular 2079	2023.12.28
22	Circular 06 – Issuance of Unified Circular 2080	2024.01.11
23	Circular 07 – Amendment in NRB Foreign Investment and Foreign Loan Management Bylaws, 2078	2024.02.09
24	Circular 08 – Amendment in Unified Circular, 2080 (Bank Guarantee provisioned for Credit Disbursement)	2024.02.09
25	Circular 07 (A,B,C) – Amendment in Unified Directives for A,B,C Class BFIs, 2080	2024.02.22
26	Circular 09 – Amendment in Unified Circular, 2080 (Cross-country Payment through QR Code)	2024.03.15
27	Circular 10 – Amendment in Unified Circular, 2080 (LC for Peace Missions)	2024.04.16
28	Circular 08 (A,B,C) – Amendment in Unified Directives for A,B,C Class BFIs, 2080	2024.05.26
29	Circular 01 (EPF and CIT) – Provisions related with Prevention of Money Laundering and Combating the Financing of Terrorism for Employee Provident Fund and Citizen Investment Fund.	2024.05.31
30	Circular 02 (Hire Purchase) - Provisions related with Prevention of Money Laundering and Combating the Financing of Terrorism for Hire purchase companies.	2024.05.31
31	Circular 09 (A,B,C) - Amendment in Unified Directives for A,B,C Class BFIs, 2080	2024.06.26
32	Circular 11 – Amendment in Unified Circular, 2080 (QR Payments and Bank Repatriation)	2024.06.27
33	Amendment in Payment Systems related Unified Directives, 2080 (Addition of clause 8 in directive no. 16/080)	2024.06.27

Annex 6.1: Some important circulars (Effective for 2023-24)

S. No.	Particulars	Previous Provision	Amendments
1.	Circular 01 (A,B,C) – Amendment in Unified Directives, 2079 (2023.07.28)	<p>National Level B class BFIs are required to maintain Capital Fund and Countercyclical Buffer as per Capital Adequacy Framework, 2007 (updated July 2008).</p> <p>Personal Hire purchase/ Personal Auto Loans shall attract risk weight of 150%.</p> <p>Lending against shares (above Rs. 2.5 million) shall attract risk weight of 150%</p> <p>Lending against shares (upto Rs. 2.5 Million) shall attract risk weight of 100%.</p> <p>Non-existent</p> <p>For Residential Home Loan (first home buyer) upto Nrs. 1 crore 50 lakhs, loan to value ratio should not exceed 70 %.</p>	<p>National level B class BFIs are also required to maintain Capital Fund and Countercyclical Buffer as per Capital Adequacy Framework 2015 from FY 2023/24.</p> <p>Personal Hire purchase/Personal Auto Loans (above Rs. 2.5 Million) shall attract risk weight of 150%.</p> <p>Lending against shares (above Rs. 5 Million) shall attract risk weight of 150%.</p> <p>Lending against shares (upto Rs. 5 Million) shall attract risk weight of 100%.</p> <p>Personal Hirepurchase/Personal Auto Loans (upto Rs. 2.5 Million) shall attract risk weight of 100%.</p> <p>For Residential Home Loan (first home buyer) upto Nrs. 2 crores, loan to value ratio should not exceed 70 percent.</p>
2.	Circular 01 (Infrastructure) – Amendment	Directive No. 1/078, Capital Adequacy Framework, 5(2) :	Banks shall recognize, measure, present and disclose the

	in Unified Directives for IDB, 2078 (2023.08.18)	<p>Banks will have to segregate their investment portfolio into any of following three categories:</p> <ul style="list-style-type: none"> a. Held for Trading b. Held to Maturity c. Available for Sale <p>Directive No. 2, 9(4) : Non Existent</p>	<p>investment instruments as per the requirement of NFRSs.</p> <p>Addition: Conditions indicating creditors loss of ability to repay:</p> <ol style="list-style-type: none"> 1. Cost Overrun, Time Overrun, Cashflow Mismatch caused non-repayment of principal and interest 2. Despite regular payment of Principal and Interest, unfavorable external environment deteriorating the creditors ability to repay its liabilities 3. Borrower company delisted or is in the process of being delisted by NEPSE. 4. Insufficient financial soundness to repay instalments.
3.	<p>Circular 03 (Infrastructure) - Amendment in Unified Directives for IDB, 2078 (2023.10.16)</p>	<p>Directive No. 1/078 Capital Adequacy Framework 2018, 2.6 : Non-existent</p> <p>Directive No. 2/079, 9(8) : Non-existent</p>	<p>Addition: Note: The banks are required to maintain the countercyclical buffer of 0.5% by the end of FY 2080/81.</p> <p>Addition: Upon the request of the borrower, IDB can reschedule and restructure loans forwarded to Hotel and Restaurant, Construction, Education, Health sector related loans and projects affected by natural disasters like flood, landslide and earthquake after collecting 10 % of amount.</p> <p>(1) Such restructuring and rescheduling shall be done within Poush 2080.</p>

			<p>(2) Loans classified as performing loan can be restructured and/or rescheduled.</p> <p>(3) The restructured and/or rescheduled loans shall maintain 5% loan loss provision.</p> <p>(4) The restructured and/or rescheduled loans shall be classified on the same category as classified earlier.</p>
4.	<p>Circular 05 (A,B,C) – Amendment in Unified Directives for A,B,C Class BFIs, 2080 (2023.11.29)</p>	<p>Directive No 12, 9(3)</p> <p>Non-existent</p>	<p>9(3) Parties to be blacklisted:</p> <p>Addition:</p> <p>(cha) Firms/companies associated in J.V.: There is no mandatory provision to blacklist other party of JV, if one party gets blacklisted.</p>
5.	<p>Circular 05 (Infrastructure) - Amendment in Unified Directives for IDB, 2080 (2023.11.29)</p>	<p>Directive No 12, 10(3)</p> <p>Non-existent</p> <p>2) <u>Fines to be imposed for providing loans to the blacklisted</u></p> <p>BFIs providing loans to blacklisted individuals, firms, companies or institutions shall be fined an amount equals to loan amount, as per Nepal Rastra Bank Act, 2058, 99(1).</p>	<p>(cha) Firms/companies associated with J.V.: There is no mandatory provision to blacklist other associated party of JV, if one party gets blacklisted.</p> <p>2) <u>Fines to be imposed for providing loans to the blacklisted</u></p> <p>BFIs providing loans to blacklisted individuals, firms, companies or institutions shall be fined an amount equals to loan amount, as per Nepal Rastra Bank Act, 2058, 99(1).</p> <p>Addition:</p> <p>However, this provisions does not prohibit BFIs to extend their services to JV associated one</p>

			party, only for the reasons that another party in JV is blacklisted.
6.	Circular 06 (A,B,C) – Amendment in Unified Directives for A,B,C Class BFIs, 2080 (2023.12.24)	<p>Annexure 1, Capital Adequacy Framework 2015, 3.3, i(7):</p> <p>Real Estate loans for land acquisition and development shall attract risk weight of 150%. (Other than mentioned in Capital Adequacy framework 2015point 3.3(j)(1)k)</p> <p>Annexure 1, Capital Adequacy Framework 2015, 3.3, j(1)(n) : Non-existent</p> <p>Annexure 1, Capital Adequacy Framework 2015, 3.3, i(8):</p> <p>Lending against shares (above Rs. 5 Million) shall attract risk weight of 150%.</p> <p>Annexure 1, Capital Adequacy Framework 2015, 3.3, j(o): Non-existent</p>	<p>Provision removed.</p> <p>Real Estate loans for land acquisition and development shall attract risk weight of 125%. (Other than mentioned in Capital Adequacy framework 2015-point 3.3(j)(1)(k)</p> <p>Provision removed.</p> <p>Lending against shares (above Rs. 5 Million) shall attract risk weight of 125%.</p>

		<p>Annexure 1, Capital Adequacy Framework 2015, 3.3, j(m): Non-existent</p> <p>Annexure 1, Capital Adequacy Framework 2007, 3.3, i(8): Lending against shares (above Rs. 5 Million) shall attract risk weight of 150%.</p> <p>Annexure 1, Capital Adequacy Framework 2007, 3.3, j(n): Non-existent</p>	<p>m. Real Estate loans for land acquisition and development shall attract risk weight of 125%. (Other than mentioned in Capital Adequacy framework 2007-point 3.3(j)(1j))</p> <p>Provision removed.</p> <p>Lending against shares (above Rs. 5 Million) shall attract risk weight of 125%.</p>
7.	Circular 01 (EPF and CIT) (2024.05.31)	Non-existent	<p>Provisions related with Prevention of Money Laundering and Combating the Financing of Terrorism for Employee Provident Fund and Citizen Investment Fund</p> <p>Link to Regulation (click here)</p>
8.	Circular 02 (Hire Purchase) (2024.05.31)	Non-existent	<p>Provisions related with Prevention of Money Laundering and Combating the Financing of Terrorism for Hire purchase companies.</p> <p>Link to Regulation (click here)</p>
9.	Circular 09 (A,B,C) - Amendment in	<p>Directive No 16, 5(1) Licensed BFIs having no accumulated loss shall seek</p>	<p>Amended: Licensed BFIs with accumulated loss less than 5 percent of primary</p>

	Unified Directives for A,B,C Class BFIs, 2080 (2024.06.26)	approval from Nepal Rastra Bank for issuance of debenture/other debt instruments upto 100 percent of primary capital. Nepal Rastra Bank, after due investigation and analysis, shall approve issuance of such instruments. Directive No. 16 (7) Non-existent	capital, as per financial statement stated in Final Audit, shall submit application to Nepal Rastra Bank for issuance of debenture/other debt instruments upto 100 percent of primary capital. Nepal Rastra Bank shall approve such application with required terms and conditions. Issuance of Perpetual Non-Cumulative Preference Share
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Annex 7: Financial Figures of Banks

Annex 7.1: Banking Operation

	Amount (Rs. in billion)			Percentage Change	
	FY 2021/22	FY 2022/23	FY 2023/24	FY 2022/23	FY 2023/24
Deposits					
State-owned Commercial Banks	620.81	765.66	955.90	23.33%	24.85%
Non State-owned Commercial Banks	3,841.15	4,238.77	4,709.85	13.59%	11.11%
Commercial Banks (in Total)	4,461.96	5,004.42	5,665.75	14.98%	13.21%
Loans and Advances					
State-owned Commercial Banks	581.80	607.44	666.05	4.41%	9.65%
Non State-owned Commercial Banks	3,571.65	3,658.13	3,825.81	5.55%	4.58%
Commercial Banks (in Total)	4,153.45	4,265.57	4,491.86	5.39%	5.30%
Assets					
State-owned Commercial Banks	836.50	956.43	1,160.91	14.34%	21.38%
Non State-owned Commercial Banks	4,955.07	5,224.08	5,734.56	8.51%	9.77%
Commercial Banks (in Total)	5,791.58	6,180.51	6,895.47	9.38%	11.57%

Source: Audited Financial Report of Commercial Banks

Annex 7.2: Composition of Assets

Assets Category	Amount (Rs. in billion)			Percentage Change	
	FY 2021/22	FY 2022/23	FY 2023-24	FY 2022/23	FY 2023/24
Cash and Cash Equivalent	299.30	289.47	342.42	-3.28%	18.29%
Due from NRB	203.55	288.71	359.74	41.83%	24.60%
Placements with BFIs	35.29	72.56	80.28	105.64%	10.63%
Loan and Advances to BFIs	167.02	161.68	165.45	-3.20%	2.33%
Loans and advances to customers	3,880.42	4,103.89	4,326.41	5.76%	5.42%
Investment securities	852.94	973.47	1,286.82	14.13%	32.19%
Others	212.15	290.73	334.36	37.04%	15.01%
Total Assets	5,650.67	6,180.51	6,895.47	9.38%	11.57%

Source: Audited Financial Reports of Commercial Banks

Annex 7.3: Composition of Liabilities and Equity

Particulars	Amount (Rs. in billion)			Percentage Change	
	FY 2021/22	FY 2022/23	FY 2023-24	FY 2022/23	FY 2023/24
Due to Bank and Financial Institutions	113.31	102.27	100.04	-9.74%	-2.19%
Deposits from customers	4,352.52	5,004.42	5,665.75	14.98%	13.21%
Share capital	346.47	369.86	379.02	6.75%	2.48%
Retained Earnings	45.73	16.24	-9.37	-64.49%	-157.67%
Reserves	201.22	275.36	321.52	36.85%	16.76%
Others	591.43	412.36	438.52	-30.28%	6.34%
Total Liabilities and Equity	5,650.67	6,180.51	6,895.47	9.38%	11.57%

Source: Audited Financial Reports of Commercial Banks

Annex 7.4: Capital Fund

Banks	Capital Fund (Amount- Rs. in billion)			Percentage Change	
	FY 2021/22	FY 2022/23	FY 2023/24	FY 2022/23	FY 2023/24
State-owned Commercial Banks	104.05	102.69	102.55	-1.31	-0.14
Non State-owned Commercial Banks	588.85	604.61	611.17	2.68	1.08
Commercial Banks (in Total)	692.9	707.3	713.72	2.08	0.91

Source: Audited Financial Reports of Commercial Banks

Annex 7.5: Deposit Mix

Deposit Mix	Amount (Rs. in billion)			Percentage Change	
	FY 2021/22	FY 2022/23	FY 2023/24	FY 2022/23	FY 2023/24
Current	426.13	441.57	368.70	3.62%	-16.50%
Saving	1,228.24	1366.48	1,752.14	11.26%	28.22%
Fixed	2,404.55	2898.15	3,177.77	20.53%	9.65%
Other	383.50	380.05	458.20	-0.90%	20.56%
Total	4,442.42	5,086.24	5,756.81	14.49%	13.18%

Source: Audited Financial Reports of Commercial Banks

Annex 7.6: Loans and Advances

Banks	Amount (Rs. in billion)			Percentage Change	
	FY 2021/22	FY 2022/23	FY 2023/24	FY 2022/23	FY 2023/24
State-owned Commercial Banks	581.80	607.44	666.05	4.41%	9.65%
Non State-owned Commercial Banks	3,465.65	3,658.13	3,825.81	5.55%	4.58%
Commercial Banks (in Total)	4,047.44	4,265.57	4,491.86	5.39%	5.30%

Source: Audited Financial Reports of Commercial Banks

Annex 7.7: Non Performing Loans

Banks	Amount (Rs. in billion)			Percentage Change	
	FY 2021/22	FY 2022/23	FY 2023/24	FY 2022/23	FY 2023/24
State-owned Commercial Banks	11.03	17.15	28.29	55.45	64.96
Non State-owned Commercial Banks	39.11	111.48	151.72	185.01	36.10
Commercial Banks (in Total)	50.15	128.64	180.01	156.53	39.93

Source: Offsite Supervision Unit, BSD

Annex 7.8: Non-Banking Assets

Banks	Amount (Rs. in billion)			Percentage Change	
	FY 2021/22	FY 2022/23	FY 2023/24	FY 2021/22	FY 2023/24
State-owned Commercial Banks	0.54	0.64	1.45	19.37	125.69
Non State-owned Commercial Banks	8.10	14.66	28.69	81.00	95.71
Commercial Banks (in Total)	8.64	15.31	30.15	77.15	96.97

Source: Offsite Supervision Unit, BSD

Annex 7.9: Investment Portfolio

Particulars	FY 2023/24	
	Amount (Rs. in billion)	Proportion (in Percent)
Nepal Government Securities	1,049.31	68.49
Nepal Rastra Bank (Deposit Auction)	219.00	14.29
Other Non-Financial Institutions	1.59	0.10
Non-Resident	0.75	0.05
Shares & Debenture	101.70	6.64
Interbank Investment	4.75	0.31
Fixed Deposit Investment	6.82	0.45
Gold (Tradable)	0.49	0.03
Other Investment	147.60	9.63
Total Investment	1,532.02	100.00

Source: Offsite Supervision Unit, BSD

Annex 7.10: Operating Efficiency

Particulars/ Year	FY 2022/23				FY 2023/24			
	State-owned Commercial Banks		Non State-owned Commercial Banks		State-owned Commercial Banks		Non State-owned Commercial Banks	
	Amount	Percent on Total Operating Income	Amount	Percent on Total Operating Income	Amount	Percent on Total Operating Income	Amount	Percent on Total Operating Income
Interest Income	79.38	236.98	472.11	248.87	82.47	239.81	507.52	251.28
Net Interest Income	29.42	87.83	156.64	82.57	29.99	87.20	163.51	80.96
Operating Profit	12.34	36.83	73.8	38.9	12.56	36.53	70.95	35.13
Net Income	8.36	24.95	48.22	25.42	8.89	25.84	44.39	21.98
Total Operating Income	33.50	-	189.7	-	34.39	-	201.97	-

Source: Audited Financial Reports of Commercial Banks

Annex 7.11: Interest Spread

Banks	FY 2021/22	FY 2022/23	FY 2023/24
State-owned Commercial Banks	4.25	4.02	3.96
Non State-owned Commercial Banks	4.18	4.50	3.99
Commercial Banks	4.19	4.45	3.98

Note: Net Interest Spread= (Interest Income/Loan and Advances; and Investment)-(Interest Expense/Deposit and borrowings)

Source: Key Financial Indicators, BSD

Annex 7.12: Liquid Assets to Total Deposits

Particulars	Amount (Rs. in billion)		
	FY 2021/22	FY 2022/23	FY 2023/24
Liquid Assets	1,239.25	1,480.26	1854.28
Total Deposits	4,544.36	5,086.30	5756.80
Liquid Assets/ Total Deposit (in percent)	27.27	29.10	32.21

Source: Key Financial Indicators, BSD

Annex 7.13: Liquid Assets to Total Assets

Particulars	Amount (Rs. in billion)		
	FY 2021/22	FY 2022/23	FY 2023/24
Liquid Assets	1,239.25	1,480.26	1854.28
Total Assets	5,998.86	6,468.28	6895.47
Liquid Assets/Total Assets (in percent)	20.66	22.88	26.89

Source: Key Financial Indicators, BSD

Annex 7.14: Deprived Sector Lending of Commercial Banks as of Mid-July 2024

	Bank	Total Outstanding Loan Prior to 6 Months (Rs. in million)	Minimum Required Deprived Sector Lending (5%)	Actual Lending in Deprived Sector (Rs. in million)	Actual Lending in Deprived Sector (%)	Excess/ (Shortfall) (%)
1	Nepal Bank Ltd.	190,282	9,514	11,990	6.30	1.3
2	Rastriya Banijya Bank Ltd.	256,705	12,835	20,711	8.07	3.07
3	Nabil Bank Ltd.	375,013	18,751	19,966	5.32	0.32
4	Nepal Investment Bank Ltd.	330,584	16,529	17,688	5.35	0.35
5	Standard Chartered Bank Ltd.	91,830	4,592	4,815	5.24	0.24
6	Himalayan Bank Ltd.	249,952	12,498	12,673	5.07	0.07
7	Nepal SBI Bank Ltd.	128,153	6,408	7,489	5.84	0.84
8	Everest Bank Ltd.	176,790	8,840	9,161	5.18	0.18
9	NIC Asia Bank Ltd	302,656	15,133	15,435	5.10	0.1
10	Machhapuchhre Bank Ltd.	132,823	6,641	6,684	5.03	0.03
11	Kumari Bank Ltd.	294,152	14,708	15,065	5.12	0.12
12	Laxmi Bank Ltd.	256,243	12,812	14,692	5.73	0.73
13	Siddharth Bank Ltd.	198,723	9,936	10,077	5.07	0.07
14	Agricultural Development Bank Ltd.	192,133	9,607	26,209	13.64	8.64
15	Global IME Bank Ltd.	385,930	19,297	20,568	5.33	0.33
16	Citizens Bank International Ltd.	152,164	7,608	14,438	9.49	4.49
17	Prime Commercial Bank Ltd.	183,008	9,150	11,171	6.10	1.1
18	NMB Bank Ltd.	202,522	10,126	10,743	5.30	0.3
19	Prabhu Bank Ltd.	239,150	11,957	12,907	5.39	0.39
20	Sanima Bank Ltd.	157,028	7,851	8,416	5.36	0.36
	Total	4,495,841	224,792	270,891	6.03	1.03

Source: Key Financial Indicators, BSD

Annex 8: Audited Financial Details of Commercial Banks as on mid-July

1. Nepal Bank Limited	Amt. in Rs. Million		
Statement of Financial Position	2021-22	2022-23	2023-24
ASSETS			
Cash and cash equivalents	6,391.60	8,656.50	35,705.07
Due from Nepal Rastra Bank	6,841.25	19,748.87	21,545.48
Placement with Bank and Financial Institutions	491.03	582.51	4,115.39
Derivative financial instruments	491.91	8.59	3,334.95
Other trading assets	105.28	115.04	99.31
Loans and advances to B/FIs	6,159.62	5,499.66	7,013.46
Loans and advances to customers	171,480.50	178,556.57	194,667.77
Investment securities	42,786.91	56,946.18	46,407.77
Current tax assets	1,950.39	1,202.97	-
Investment in subsidiaries	-	-	2,059.35
Investment in associates	-	2,736.95	2,927.03
Investment property	108.55	198.11	205.74
Property and equipment	13,243.16	13,363.62	13,302.87
Goodwill and Intangible assets	35.44	31.84	22.25
Deferred tax assets	-	-	-
Other assets	9,992.24	9,088.17	8,946.77
Total Assets	260,077.88	296,735.60	340,353.23
Liabilities	224,614.26	260,212.93	304,717.54
Due to Bank and Financial Institutions	1,090.68	1,275.44	476.58
Due to Nepal Ratsra Bank	5,888.87	70.00	-
Derivative Financial Instrument	508.07	8.54	3,321.66
Deposits from customers	196,076.15	244,514.00	283,083.75
Borrowings	7,304.18	262.30	-
Current Tax Liabilities	-	-	-
Provisions	65.97	247.90	142.24
Deferred tax liabilities	4,269.15	4,082.58	4,039.29
Other liabilities	5,917.39	6,257.81	10,159.09
Debt securities issued	3,493.81	3,494.35	3,494.94
Subordinated Liabilities	-	-	-
Equity	35,463.61	36,522.67	35,635.69
Share Capital	14,405.90	14,694.02	14,694.02
Share premium	-	-	-
Retained earnings	3,422.20	0.39	(965.07)
Reserves	17,635.51	21,828.26	21,906.74
Total Liabilities and Equity	260,077.88	296,735.60	340,353.23

STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24
Interest Income	16,439.95	25,075.56	25,158.12
Interest Expense	9,725.36	16,440.80	15,751.16
Net Interest Income	6,714.59	8,634.77	9,406.95
Fees and commission income	968.76	1,341.03	1,019.38
Fees and commission expense	81.81	233.30	188.31
Net fee and commission income	886.94	1,107.74	831.07
Net interest, fee and commission income	7,601.53	9,742.51	10,238.02
Net trading income	198.14	113.46	78.64
Other operating income	270.19	471.25	309.23
Total operating income	8,069.86	10,327.22	10,625.89
Impairment charge/(reversal) for loans and other losses	853.66	4,755.26	1,113.35
Net operating income	7,216.20	5,571.96	9,512.54
Personnel expenses	2,451.90	3,554.77	3,885.52
Other operating expenses	787.73	953.71	916.77
Depreciation and Amortization	339.10	380.02	375.92
Operating Profit	3,637.46	683.45	4,334.34
Non operating income	219.33	82.41	77.26
Non operating expense	-	-	-
Profit before income tax	3,856.79	765.86	4,411.61
Income Tax Expense		-	-
Current Tax	983.65	403.16	1,177.45
Deferred Tax	(50.14)	334.29	(203.42)
Profit for the period	2,923.28	28.42	3,437.58

2. Rastriya Banijya Bank	Amt. in Rs. Million		
Statement of Financial Position	2021-22	2022-23	2023-24
ASSETS			
Cash and cash equivalent	7,880.10	9,789.49	13,829.18
Due from Nepal Rastra Bank	16,423.32	22,675.06	35,651.22
Placement with Bank and Financial Institutions	-	-	-
Derivative financial instruments	-	2.73	3,750.23
Other trading assets	-	-	-
Loan and advances to B/FIs	16,533.78	15,633.03	11,951.00
Loans and advances to customers	210,183.76	227,308.98	245,595.47
Investment securities	65,377.12	76,090.63	151,611.08
Current tax assets	3,636.50	4,816.61	400.00
Investment in subsidiaries	200.00	400.00	884.91
Investment in associates	206.11	809.44	5,454.87
Investment property	177.27	196.98	305.59
Property and equipment	3,167.48	30,362.09	30,467.34
Goodwill and Intangible assets	52.41	50.45	31.92
Deferred tax assets	-	-	-
Other assets	6,404.96	5,886.22	9,249.18
TOTAL ASSETS	330,242.80	394,021.73	509,181.97
Liabilities	297,563.87	343,283.42	458,944.67
Due to Bank and Financial Institution	4,748.84	1,329.69	1,527.09
Due to Nepal Rastra Bank	24,060.74	-	-
Derivative financial instruments	-	-	3,735.20
Deposits from customers	258,144.30	321,654.94	429,187.76
Borrowing	60.00	60.00	60.00
Current Tax Liabilities	-	-	-
Provisions	375.72	322.49	331.44
Deferred tax liabilities	320.00	7,454.99	7,021.69
Other liabilities	7,247.15	9,960.72	14,580.91
Debt securities issued	2,607.12	2,500.58	2,500.58
Subordinated Liabilities	-	-	-
Equity	32,678.94	50,738.31	50,237.30
Share capital	14,940.36	15,637.38	15,637.38
Share premium	-	-	-
Retained earnings	1,863.44	918.41	(1,222.15)
Reserves	15,875.14	34,182.52	35,822.07
Total liabilities and equity	330,242.80	394,021.73	509,181.97

STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24
Interest Income	20,689.74	30,272.40	29,742.61
Interest Expense	11,393.79	18,456.17	19,712.37
Net Interest Income	9,295.95	11,816.23	10,030.24
Fees and commission income	1,019.60	1,091.72	1,225.75
Fees and commission expense	349.34	427.22	499.70
Net Fee and commission income	670.26	664.50	726.05
Net Interest, Fee and commission income	9,966.21	12,480.72	10,756.29
Net trading income	27.27	(2.85)	51.19
Other operating income	993.97	790.51	737.38
Total operating income	10,987.44	13,268.39	11,544.86
Impairment charge/(reversal) for loans and other losses	355.72	2,608.61	1,146.47
Net operating income	10,631.72	10,659.78	10,398.39
Personnel expenses	3,200.13	3,967.26	4,349.26
Other operating expense	1,055.09	1,165.72	1,345.48
Depreciation & Amortization	559.10	564.54	613.38
Operating Profit	5,817.40	4,962.25	4,090.27
Non operating income	430.43	115.01	96.91
Non operating expense	120.78	-	6.72
Profit before income tax	6,127.05	5,077.26	4,180.46
Income Tax Expense	-	-	-
Current Tax	1,499.40	994.19	1,121.26
Deferred Tax	334.82	487.95	506.73
Profit for the period	4,292.82	3,595.13	2,552.47

3. Agricultural Development Bank		Amt. in Rs. Million		
Statement of Financial Position	2021-22	2022-23	2023-24	
ASSETS				
Cash and cash equivalent	6,559.90	9,462.42	5,074.08	
Due from Nepal Rastra Bank	6,208.95	7,096.50	15,212.78	
Placement with Bank and Financial Institutions	127.90	-	5,214.30	
Derivative financial instruments	103.88	17.59	9.97	
Other trading assets	1,047.49	943.65	1,216.15	
Loan and advances to B/FIs	4,123.68	4,134.54	3,202.20	
Loans and advances to customers	173,314.97	176,303.57	203,617.05	
Investment securities	45,922.12	57,411.02	68,611.26	
Current tax assets	966.32	276.71	29.01	
Investment in subsidiaries	28.84	28.84	-	
Investment in associates	69.38	-	139.13	
Investment property	252.59	248.65	943.09	
Property and equipment	2,225.08	2,291.07	2,238.43	
Goodwill and Intangible assets	229.77	138.59	61.97	
Deferred tax assets	52.15	-	-	
Other assets	4,951.22	7,317.84	5,806.00	
TOTAL ASSETS	246,184.24	265,670.98	311,375.43	
Liabilities	212,827.21	231,877.33	275,235.49	
Due to Bank and Financial Institution	7,998.74	2,095.92	197.02	
Due to Nepal Rastra Bank	9,781.71	4.57	-	
Derivative financial instruments	-	-	-	
Deposits from customers	166,590.27	199,486.61	243,628.66	
Borrowing	1,777.21	2,136.56	2,664.57	
Current Tax Liabilities	-	-	-	
Provisions	-	-	-	
Deferred tax liabilities	-	484.36	307.42	
Other liabilities	6,210.24	7,195.77	7,960.79	
Debt securities issued	20,469.04	20,473.53	20,477.02	
Subordinated Liabilities	-	-	-	
Equity	33,357.03	33,793.65	36,139.95	
Share capital	18,620.63	18,884.39	18,884.39	
Share premium	-	-	-	
Retained earnings	3,521.79	1,243.17	2,136.09	
Reserves	11,214.61	13,666.10	15,119.47	
Total liabilities and equity	246,184.24	265,670.98	311,375.43	
STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24	
Interest Income	19,582.60	23,948.68	27,571.35	
Interest Expense	11,226.66	15,753.03	17,018.57	
Net Interest Income	8,355.94	8,195.66	10,552.78	
Fee and commission income	1,464.29	1,371.86	1,672.37	
Fee and commission expense	56.19	213.65	232.77	
Net Fee and commission income	1,408.10	1,158.21	1,439.60	
Net Interest, Fee and commission income	9,764.04	9,353.87	11,992.39	

Net trading income	232.46	115.52	58.59
Other operating income	234.76	131.79	169.30
Total operating income	9,766.34	9,601.18	12,220.28
Impairment charge/(reversal) for loans and other losses	992.76	1,458.17	2,452.17
Net operating income	8,773.58	8,143.01	9,768.11
Personnel expenses	3,823.92	3,620.73	4,158.30
Other operating expenses	872.31	995.69	994.42
Depreciation and amortization	472.95	487.08	476.53
Operating Profit	3,604.41	3,039.50	4,138.86
Non operating income	87.53	101.74	11.35
Non operating expense	51.55	26.37	47.05
Profit before income tax	3,640.39	3,114.88	4,103.15
Income Tax Expense	-	1,791.47	-
Current Tax	1,684.70	1,633.08	1,147.37
Deferred Tax	(270.07)	158.39	58.30
Profit for the year	2,225.77	1,323.41	2,897.49

4. Nabil Bank Limited	Amt. in Rs. Million		
Statement of Financial Position	2021-22	2022-23	2023-24
ASSETS			
Cash and cash equivalent	11,051.54	6,774.26	8,178.99
Due from Nepal Rastra Bank	13,037.24	25,652.42	20,182.91
Placement with Bank and Financial Institutions	8,870.90	13,424.39	14,287.53
Derivative financial instruments	1,373.61	3,833.46	7,781.53
Other trading assets	29.73	-	-
Loan and advances to B/FIs	10,366.94	8,283.06	12,149.94
Loans and advances to customers	300,205.65	331,123.17	373,574.16
Investment securities	62,455.04	76,452.98	102,940.71
Current tax assets	606.48	-	1,798.00
Investment in subsidiaries	298.00	1,798.00	80.00
Investment in associates	80.00	80.00	-
Investment property	1,318.60	1,827.07	2,962.63
Property and equipment	3,536.10	3,871.27	4,173.20
Goodwill and Intangible assets	291.72	285.46	292.31
Deferred tax assets	-	-	-
Other assets	6,296.55	7,798.00	8,617.98
TOTAL ASSETS	419,818.10	481,203.55	557,019.89
Liabilities	366,836.35	424,290.87	498,342.96
Due to bank and financial institutions	3,353.61	6,277.71	6,687.81
Due to Nepal Rastra Bank	4,657.44	-	-
Derivative financial instruments	1,390.74	3,812.95	7,763.74
Deposits from customers	326,222.31	396,843.50	462,097.42
Borrowing	10,720.73	-	-
Current Tax Liabilities	-	482.35	38.28
Provisions	-	-	-
Deferred tax liabilities	1,778.50	1,918.85	1,607.55
Other liabilities	12,228.18	8,468.53	10,519.72
Debt securities issued	6,484.84	6,486.98	9,628.44
Subordinated Liabilities	-	-	-
Equity	52,981.75	56,912.68	58,676.93
Share capital	22,832.91	27,057.00	27,057.00
Share premium	0.18	-	-
Retained earnings	2,899.54	3,187.06	3,082.90
Reserves	27,249.12	26,668.62	28,537.03
Total liabilities and equity	419,818.10	481,203.55	557,019.89
STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24
Interest Income	23,340.75	46,251.16	46,413.43
Interest Expense	14,421.88	28,502.32	30,096.11
Net Interest Income	8,918.87	17,748.84	16,317.31
Fee and commission income	2,043.27	3,545.85	3,983.67
Fee and commission expense	464.38	651.05	741.95
Net Fee and commission income	1,578.90	2,894.79	3,241.72
Net Interest, Fee and commission income	10,497.77	20,643.63	19,559.04
Net trading income	564.99	486.56	536.66
Other operating income	410.41	365.91	215.67

Total operating income	11,473.17	21,496.10	20,311.36
Impairment charge/(reversal) for loans and other losses	1,118.82	5,426.27	4,637.74
Net operating income	10,354.35	16,069.83	15,673.62
Personnel expenses	2,658.93	4,525.10	4,660.88
Other operating expenses	1,023.80	1,528.76	1,685.43
Depreciation and amortization	390.03	503.21	679.68
Operating Profit	6,281.59	9,512.76	8,647.64
Non operating income	8.70	43.33	38.17
Non operating expense	2.73	274.88	89.74
Profit before income tax	6,287.56	9,281.21	8,596.06
Income Tax Expense	-	-	-
Current Tax	1,940.23	2,803.08	2,743.60
Deferred Tax	91.31	73.19	(344.64)
Profit for the year	4,256.02	6,404.94	6,197.11

5. Nepal Investment Mega Bank Limited	Amt. in Rs. Million		
Statement of Financial Position	2021-22	2022-23	2023-24
ASSETS			
Cash and cash equivalent	11,148.24	19,396.68	12,470.53
Due from Nepal Rastra Bank	5,637.28	20,554.79	19,133.04
Placement with Bank and Financial Institutions	8,778.71	15,824.90	15,453.82
Derivative financial instruments	-	55.46	32.47
Other trading assets	-	-	-
Loan and advances to B/FIs	7,659.34	8,743.54	12,225.97
Loans and advances to customers	157,157.09	302,874.15	305,494.82
Investment securities	44,572.88	58,977.27	103,529.35
Current tax assets	436.40	995.88	971.50
Investment in subsidiaries	171.50	971.50	141.16
Investment in associates	82.36	141.16	237.69
Investment property	573.02	1,164.97	3,016.50
Property and equipment	4,536.01	7,386.75	7,720.88
Goodwill and Intangible assets	75.35	1,120.15	1,104.84
Deferred tax assets	-	107.03	1,650.16
Other assets	3,620.61	7,871.28	8,359.01
TOTAL ASSETS	244,448.79	446,185.52	491,541.73
Liabilities	210,456.88	390,584.89	431,369.28
Due to Bank and Financial Institutions	1,973.92	5,810.45	3,390.91
Due to Nepal Rastra Bank	6,470.87	344.78	-
Derivative financial instruments	5.24	-	-
Deposits from customers	184,791.07	354,414.42	403,416.96
Borrowing	3,825.00	11,803.50	5,334.00
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	1,099.51	-	-
Other liabilities	6,291.27	12,211.74	9,187.41
Debt securities issued	6,000.00	6,000.00	10,040.00
Subordinated Liabilities	-	-	-
Equity	33,991.91	55,600.64	60,172.46
Share capital	18,307.54	34,128.59	34,128.59
Share premium	-	-	-
Retained earnings	1,307.67	(3,471.72)	(5,693.23)
Reserves	14,376.71	24,943.76	31,737.09
TOTAL EQUITY AND LIABILITIES	244,448.79	446,185.52	491,541.73

STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24
Interest income	16,703.93	35,126.12	43,153.41
Interest expense	10,884.94	22,819.02	28,036.49
Net interest income	5,818.99	12,307.10	15,116.92
Fees and Commission income	1,592.63	2,096.41	2,332.33
Fees and Commission expense	319.60	495.05	554.34
Net fee and commission income	1,273.04	1,601.35	1,777.99
Net interest, fee and commission income	7,092.03	13,908.45	16,894.91
Net trading income	667.25	507.64	469.55
Other operating income	307.97	352.48	408.08
Total Operating Income	8,067.25	14,768.57	17,772.54
Impairment charges/(reversals) for loans & other losses	(1,306.89)	3,200.30	5,111.56
Net operating income	9,374.15	11,568.27	12,660.98
Personnel Expenses	1,874.39	3,036.30	3,768.83
Other Operating Expenses	722.55	1,184.02	1,566.47
Depreciation and Amortization	487.55	712.32	933.22
Operating profit	6,289.66	6,635.63	6,392.45
Non operating income	2.90	2.27	4.37
Non operating expense	904.11	1,300.82	732.10
Profit before income tax	5,388.45	5,337.08	5,664.72
Income tax expense	-	-	-
Current Tax	1,620.51	2,292.93	3,297.35
Deferred Tax	(29.66)	(676.68)	(1,741.52)
Profit for the year	3,797.60	3,720.83	4,108.89

6. Standard Chartered Bank Nepal Limited	Amt. in Rs. Million		
Statement of Financial Position	2021-22	2022-23	2023-24
ASSETS			
Cash and cash equivalent	19,139.90	16,961.55	28,499.22
Due from Nepal Rastra Bank	2,380.23	4,032.14	3,750.85
Placement with bank and financial institutions	2,567.37	6,940.37	3.09
Derivative financial instruments	22.00	8.18	0.70
Other trading assets	-	-	-
Loan and advances to B/FIs	10,217.35	16,830.21	7,487.46
Loans and advances to customers	79,197.40	77,831.30	81,142.52
Investment securities	7,910.85	26,362.13	17,833.70
Current tax assets	113.13	152.50	-
Investment in subsidiaries	-	-	-
Investment in associates	-	-	281.08
Investment property	-	-	-
Property and equipment	612.94	568.14	465.52
Goodwill and Intangible assets	-	-	-
Deferred tax assets	51.17	10.31	93.66
Other assets	1,143.36	1,681.16	1,631.27
TOTAL ASSETS	123,355.71	151,378.01	141,189.07
	-	-	-
Liabilities	105,220.61	131,235.32	120,670.25
Due to Bank and Financial Institutions	8,223.67	4,992.30	2,341.88
Due to Nepal Rastra Bank	514.99	-	-
Derivative financial instruments	0.19	88.85	4.30
Deposits from customers	93,721.92	117,500.98	112,483.89
Borrowing	-	2,630.60	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	-	-	-
Other liabilities	2,759.85	3,528.73	3,316.24
Debt securities issued	-	2,493.87	2,523.94
Subordinated Liabilities	-	-	-
Equity	18,135.10	20,142.69	20,518.82
Share capital	9,429.45	9,429.45	9,429.45
Share premium	-	-	-
Retained earnings	2,197.90	2,710.56	2,461.56
Reserves	6,507.75	8,002.68	8,627.81

Total liabilities and equity	123,355.71	151,378.01	141,189.07
STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24
Interest Income	7,527.92	12,744.04	11,059.12
Interest Expense	3,787.46	6,788.01	5,925.83
Net Interest Income	3,740.46	5,956.03	5,133.29
Fee and commission income	989.62	1,475.46	1,647.80
Fee and commission expense	56.98	191.53	232.02
Net Fee and commission income	932.64	1,283.93	1,415.79
Net Interest, Fee and commission income	4,673.11	7,239.96	6,549.08
Net trading income	657.44	582.15	679.70
Other operating income	2.92	20.45	2.20
Total operating income	5,333.47	7,842.55	7,230.98
Impairment charge/(reversal) for loans and other losses	134.31	598.25	216.11
Net operating income	5,199.16	7,244.31	7,014.86
Personnel expenses	1,268.00	1,542.79	1,597.87
Other operating expenses	542.07	571.03	553.20
Depreciation and amortization	148.64	158.78	149.76
Operating Profit	3,240.45	4,971.71	4,714.04
Non operating income	-	7.45	6.96
Non operating expense	8.49	19.54	26.39
Profit before income tax	3,231.96	4,959.62	4,694.61
Income Tax Expense		-	-
Current Tax	1,019.49	1,495.88	1,419.43
Deferred Tax	(43.47)	(1.59)	(0.09)
Profit for the year	2,255.93	3,465.33	3,275.27

7. Himlayan Bank Limited	Amt. in Rs. Million		
Statement of Financial Position	2021-22	2022-23	2023-24
ASSETS			
Cash and Cash Equivalents	11,391.81	18,392.31	8,097.76
Due from Nepal Rastra Bank	7,133.56	20,235.96	35,686.95
Placements with Bank and Financial Institutions	3,322.40	5,019.36	10,501.75
Derivative financial instruments	17.10	29.84	26.24
Other trading assets	-	-	-
Loans & Advances to BFIs	7,851.03	10,587.33	10,098.88
Loans & Advances to Customers	147,121.80	227,402.17	230,239.74
Investment securities	31,900.98	37,596.00	42,143.26
Current tax assets	459.91	545.73	1,060.06
Investments in Subsidiaries	200.00	1,060.06	190.93
Investments in Associates	192.71	190.93	297.96
Investment property	239.10	589.16	2,414.93
Property & Equipment	3,814.32	5,215.53	8,170.59
Goodwill and Intangible assets	199.11	995.35	983.14
Deferred tax assets	-	807.27	1,670.22
Other assets	2,442.45	3,725.91	4,153.39
TOTAL ASSETS	216,286.27	332,392.90	355,735.81
Liabilities	194,276.08	298,762.53	319,112.73
Due to Bank and Financial Institutions	3,067.88	5,187.37	3,825.78
Due to Nepal Rastra Bank	14,807.90	546.95	-
Derivative financial instruments	25.73	8.79	13.85
Deposits from customers	168,419.49	275,310.99	293,899.59
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	90.52	-	-
Other liabilities	5,170.99	9,327.64	12,989.37
Debt securities issued	2,693.57	8,380.79	8,384.14
Subordinated Liabilities	-	-	-
Equity	22,010.20	33,630.37	36,623.08
Share Capital	12,968.73	21,656.62	21,656.62
Share premium	-	-	-
Retained earnings	2,567.79	(3,242.63)	(7,441.53)
Reserves	6,473.68	15,216.38	22,407.99
Total Liabilities and Equity	216,286.27	332,392.90	355,735.81
STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24
Interest Income	16,565.85	29,094.72	35,576.63
Interest Expense	11,622.53	19,173.93	23,958.94
Net Interest Income	4,943.32	9,920.78	11,617.69
Fee and commission income	1,019.04	1,106.88	1,201.21
Fee and Commission Expenses	105.47	139.79	162.64
Net Fee and commission income	913.57	967.09	1,038.57
Net Interest, Fee and commission income	5,856.89	10,887.87	12,656.27

Net trading income	595.91	382.60	421.85
Other operating income	126.40	308.27	63.92
Total Operating Income	6,579.20	11,578.74	13,142.03
Impairment charges/(reversal) for Loans and Other losses	1,280.86	4,868.93	5,265.95
Net operating income	5,298.33	6,709.81	7,876.07
Personnel expenses	1,628.05	2,065.44	3,010.70
Other operating expenses	758.71	1,076.99	1,266.46
Depreciation & Amortization	355.28	484.46	713.47
Operating Profit	2,556.28	3,082.92	2,885.44
Non operating income	860.05	7.18	10.42
Non operating expense	19.50	1,070.45	1,124.35
Profit before income tax	3,396.83	2,019.66	1,771.51
Income Tax Expense		-	-
Current Tax	1,054.86	1,482.06	2,148.04
Deferred Tax	(25.57)	(1,025.21)	(1,614.84)
Profit for the year	2,367.54	1,562.82	1,238.30

8. Nepal SBI Bank Limited	Amt. in Rs. Million		
Statement of Financial Position	2021-22	2022-23	2023-24
ASSETS			
Cash and cash equivalent	10,160.63	12,235.88	11,217.31
Due from Nepal Rastra Bank	4,519.93	8,385.45	9,672.79
Placement with Bank and Financial Institutions	-	5,044.19	2,766.82
Derivative financial instruments	33.91	3.51	1.63
Other trading assets	60.44	75.93	81.55
Loan and advances to B/FIs	5,183.05	5,621.62	6,265.88
Loans and advances to customers	105,394.04	116,302.29	125,979.12
Investment securities	23,575.97	33,878.74	47,833.06
Current tax assets	403.89	539.77	188.89
Investment in subsidiaries	188.89	188.89	-
Investment in associates	-	-	510.04
Investment property	-	-	324.22
Property and equipment	1,053.95	2,066.01	2,089.10
Goodwill and Intangible assets	6.97	8.19	9.02
Deferred tax assets	322.16	379.71	443.64
Other assets	2,198.99	1,227.97	1,427.50
TOTAL ASSETS	153,102.80	185,958.13	208,810.58
Liabilities	135,989.37	167,691.43	189,354.64
Due to Bank and Financial Institutions	4,467.40	4,009.72	3,730.13
Due to Nepal Rastra Bank	1,303.50	-	-
Derivative financial instruments		-	-
Deposits from customers	119,710.21	150,828.38	175,514.86
Borrowing	3,853.81	4,017.90	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	-	-	-
Other liabilities	4,025.37	4,208.43	4,266.11
Debt securities issued	2,629.09	4,627.00	5,843.55
Subordinated Liabilities	-	-	
Equity	17,113.43	18,266.70	19,455.94
Share capital	9,825.85	10,120.63	10,500.15
Share premium	-	-	-
Retained earnings	1,454.16	1,070.55	1,101.64
Reserves	5,833.42	7,075.52	7,854.15
Total Liabilities and Equity	153,102.80	185,958.13	208,810.58
STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24
Interest Income	12,304.57	17,838.07	17,894.54
Interest Expense	8,017.69	12,070.80	12,821.00
Net Interest Income	4,286.89	5,767.27	5,073.55
Fee and commission income	1,280.93	1,285.53	1,266.60
Fee and commission expense	78.19	97.53	135.77
Net Fee and commission income	1,202.73	1,188.00	1,130.83
Net Interest, Fee and commission income	5,489.62	6,955.27	6,204.37

Net trading income	264.28	333.90	161.96
Other operating income	33.12	45.71	43.31
Total operating income	5,787.02	7,334.88	6,409.65
Impairment charge/(reversal) for loans and other losses	623.12	1,511.19	648.31
Net operating income	5,163.90	5,823.69	5,761.34
Personnel expenses	1,828.05	1,976.67	1,968.21
Other operating expenses	615.91	701.81	691.23
Depreciation & Amortization	354.46	333.65	265.55
Operating Profit	2,365.48	2,811.56	2,836.35
Non operating income	13.82	23.46	26.84
Non operating expense	-	-	-
Profit before income tax	2,379.29	2,835.01	2,863.19
Income Tax Expense		-	-
Current Tax	783.43	893.19	883.06
Deferred Tax	(42.45)	(25.68)	(19.64)
Profit for the Year	1,638.31	1,967.51	1,999.77

9. Everest Bank Limited	Amt. in Rs. Million		
Statement of Financial Position	2021-22	2022-23	2023-24
ASSETS			
Cash and cash equivalent	14,024.36	15,378.25	8,370.60
Due from Nepal Rastra Bank	11,105.03	13,933.79	40,768.26
Placement with Bank and Financial Institutions	2,875.50	5,980.98	6,482.03
Derivative financial instruments	15.77	-	1,664.09
Other trading assets	-	-	-
Loan and advances to B/FIs	9,573.31	8,076.88	7,652.66
Loans and advances to customers	145,480.53	159,479.29	178,215.40
Investment securities	35,674.34	40,201.73	44,143.62
Current tax assets	548.67	520.85	-
Investment in subsidiaries	-	-	836.28
Investment in associates	713.66	727.81	517.75
Investment property	2.20	-	522.29
Property and equipment	3,635.57	3,619.40	3,891.47
Goodwill and Intangible assets	23.08	24.95	25.38
Deferred tax assets	111.96	-	-
Other assets	1,597.35	2,146.56	2,653.86
TOTAL ASSETS	225,381.32	250,090.49	295,743.70
Liabilities	202,586.77	224,718.82	267,938.92
Due to Bank and Financial Institutions	733.07	1,219.27	1,071.80
Due to Nepal Rastra Bank	2,919.26	23.77	-
Derivative financial instruments	-	47.60	1,630.41
Deposits from customers	172,739.18	198,007.81	232,316.60
Borrowing	2,556.00	2,664.22	2,349.20
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	-	173.21	125.81
Other liabilities	22,313.62	18,979.34	26,841.48
Debt securities issued	1,325.63	3,603.61	3,603.61
Subordinated Liabilities	-	-	-
Equity	22,794.55	25,371.67	27,804.78
Share capital	9,467.34	10,698.09	11,767.90
Share premium	238.47	238.47	238.47
Retained earnings	3,877.12	4,110.49	3,302.37
Reserves	9,211.63	10,324.62	12,496.04
Total Liabilities and Equity	225,381.32	250,090.49	27,804.78
STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24
Interest Income	15,467.18	22,400.61	22,547.39
Interest expense	10,285.76	14,988.17	14,899.06
Net Interest Income	5,181.42	7,412.44	7,648.33
Fee and commission income	1,294.96	1,347.52	1,638.32
Fee and commission expense	263.07	271.93	295.24
Net Fee and commission income	1,031.88	1,075.59	1,343.08
Net Interest, Fee and commission income	6,213.30	8,488.03	8,991.40
Net trading income	299.49	182.78	353.74
Other operating income	294.29	94.19	160.34
Total operating income	6,807.08	8,765.01	9,505.48

Impairment charge/(reversal) for loans and other losses	325.45	771.36	282.40
Net operating income	6,481.63	7,993.65	9,223.08
Personnel expenses	2,045.47	2,129.93	2,410.51
Other operating expenses	592.22	736.67	817.12
Depreciation & Amortisation	293.19	309.48	332.37
Operating Profit	3,550.75	4,817.57	5,663.07
Non operating income	-	-	-
Non operating expense	2.51	1.29	-
Profit before income tax	3,548.24	4,816.28	4,816.28
Income Tax Expense	-	-	-
Current Tax Expenses	1,055.44	1,447.57	1,945.13
Deferred Tax (Expenses)/Income	13.40	6.59	14.23
Profit for the period	2,479.40	3,362.12	3,703.23

10. NIC Asia Bank Limited	Amt. in Rs. Million		
Statement of Financial Position	2021-22	2022-23	2023-24
ASSETS			
Cash and cash equivalent	27,813.32	20,245.56	29,752.77
Due from Nepal Rastra Bank	12,654.49	20,443.34	16,749.17
Placement with Bank and Financial Institutions	-	-	-
Derivative financial instruments	-	2,965.53	3,753.03
Other trading assets	162.82	2.06	2.80
Loan and advances to B/FIs	14,099.44	9,966.48	10,949.86
Loans and advances to customers	252,448.48	261,772.03	271,253.73
Investment securities	39,048.16	34,321.04	60,089.19
Current tax assets	140.56	192.11	1,194.50
Investment in subsidiaries	1,264.50	1,204.50	-
Investment in associates	-	-	622.25
Investment property	722.53	2,718.43	4,361.67
Property and equipment	3,093.07	5,279.76	5,233.06
Goodwill and Intangible assets	132.65	136.47	180.73
Deferred tax assets	-	-	-
Other assets	6,989.81	4,841.98	6,325.10
TOTAL ASSETS	358,569.84	364,089.29	410,467.84
Liabilities	333,726.69	334,698.33	380,948.33
Due to Bank and Financial Institutions	6,754.20	3,972.66	8,340.60
Due to Nepal Rastra Bank	19,727.76	-	-
Derivative financial instruments	-	2,962.16	3,746.71
Deposits from customers	289,903.96	311,367.92	354,096.86
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	267.77	265.50	238.46
Other liabilities	6,346.64	5,398.51	3,788.37
Debt securities issued	10,726.36	10,731.58	10,737.33
Subordinated Liabilities	-	-	-
Equity	24,843.15	29,390.96	29,519.51
Share capital	11,564.01	11,564.01	14,917.57
Share premium	-	-	-
Retained earnings	3,427.07	3,534.23	(2,666.97)
Reserves	9,852.07	14,292.72	17,268.91
Total liabilities and equity	358,569.84	364,089.29	410,467.84
STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24
Interest Income	32,771.91	38,372.72	38,521.10
Interest expense	21,482.31	26,113.90	27,757.85
Net Interest Income	11,289.60	12,258.81	10,763.25
Fees and commission income	2,369.65	2,712.01	2,285.55
Fees and commission expense	347.08	389.53	317.50
Net Fee and commission income	2,022.58	2,322.48	1,968.06
Net Interest, Fee and commission income	13,312.18	14,581.29	12,731.31
Net trading income	200.93	147.04	128.65
Other operating income	304.41	298.39	412.47
Total operating income	13,817.52	15,026.71	13,272.43

Impairment charge/(reversal) for loans and other losses	865.26	721.96	3,886.81
Net operating income	12,952.26	14,304.75	9,385.62
Personnel expenses	4,500.75	4,961.10	4,468.60
Other operating expense	2,101.54	2,026.03	2,061.81
Depreciation & Amortization	384.72	780.82	821.50
Operating Profit	5,965.25	6,536.80	2,033.70
Non operating income	62.03	9.46	10.32
Non operating expense	31.07	377.89	1,097.30
Profit before income tax	5,996.20	6,168.37	946.72
Income Tax Expense		-	-
Current Tax	1,793.28	1,762.20	207.14
Deferred Tax	(12.00)	(38.60)	38.08
Profit for the period	4,214.93	4,444.77	701.50

11. Machhapuchchhre Bank Limited	Amt. in Rs. Million		
Statement of Financial Position	2021-22	2022-23	2023-24
ASSETS			
Cash and cash equivalent	11,494.02	10,632.39	7,790.32
Due from Nepal Rastra Bank	6,047.35	9,309.11	6,340.17
Placement with Bank and Financial Institutions	-	1,458.31	404.77
Derivative financial instruments	-	-	4.54
Other trading assets	507.98	489.50	13.27
Loan and advances to B/FIs	2,607.54	4,464.24	5,101.44
Loans and advances to customers	128,573.15	126,137.68	126,754.17
Investment securities	24,127.40	27,418.53	35,597.02
Current tax assets	646.42	774.95	400.00
Investment in subsidiaries	200.00	400.00	-
Investment in associates	-	-	919.48
Investment property	244.18	609.94	1,201.90
Property and equipment	1,583.51	1,582.41	1,585.98
Goodwill and Intangible assets	127.06	133.50	128.01
Deferred tax assets	49.25	85.78	154.28
Other assets	2,519.43	3,077.85	3,215.41
TOTAL ASSETS	178,727.31	186,574.20	189,610.79
Liabilities	164,241.54	170,422.41	172,497.05
Due to Bank and Financial Institutions	5,072.84	4,105.07	3,128.49
Due to Nepal Rastra Bank	3,612.52	13.00	-
Derivative financial instruments	1.78	-	-
Deposits from customers	145,026.05	154,179.63	158,646.91
Borrowing	1,286.24	3,395.00	2,091.13
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	-	-	-
Other liabilities	3,749.35	3,235.67	3,135.04
Debt securities issued	5,492.76	5,494.04	5,495.48
Subordinated Liabilities	-	-	-
Equity	14,485.77	16,151.79	17,113.73
Share capital	10,257.16	10,257.16	11,621.36
Share premium	30.88	30.88	30.88
Retained earnings	597.24	1,448.53	(359.80)
Reserves	3,600.49	4,415.22	5,821.30
Total liabilities and equity	178,727.31	186,574.20	189,610.79
STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24
Interest Income	15,232.37	19,284.51	16,598.69
Interest Expense	10,354.33	13,912.11	11,610.50
Net Interest Income	4,878.04	5,372.40	4,988.19
Fee and commission income	1,354.17	1,396.77	1,361.14
Fee and commission expense	191.03	252.73	273.52
Net Fee and commission income	1,163.14	1,144.04	1,087.63
Net Interest, Fee and commission income	6,041.18	6,516.44	6,075.82
Net trading income	216.65	280.41	230.38
Other operating income	95.05	70.07	79.97
Total operating income	6,352.88	6,866.92	6,386.17
Impairment charge/(reversal) for loans and other losses	501.23	1,148.26	1,398.19

Net operating income	5,851.65	5,718.66	4,987.98
Personnel expenses	1,923.72	2,120.53	2,085.35
Other operating expenses	1,096.38	801.94	820.12
Depreciation & Amortization	376.43	415.65	416.62
Operating Profit	2,455.11	2,380.54	1,665.89
Non operating income	34.47	8.93	85.32
Non operating expense	62.89	54.23	97.37
Profit before income tax	2,426.69	2,335.24	1,653.84
Income Tax Expense		-	-
Current Tax	746.99	745.23	680.10
Deferred Tax	(6.95)	(35.51)	(71.46)
Profit for the year	1,686.66	1,625.53	1,045.20

12. Kumari Bank Limited	Amt. in Rs. Million		
Statement of Financial Position	2021-22	2022-23	2023-24
ASSETS			
Cash and cash equivalent	17,609.89	19,921.48	19,581.64
Due from Nepal Rastra Bank	5,475.31	13,460.94	28,158.09
Placement with Bank and Financial Institutions	1,949.48	7,771.45	1,422.91
Derivative financial instruments	-	184.83	346.54
Other trading assets	-	-	-
Loan and advances to B/FIs	5,846.26	9,754.31	10,745.45
Loans and advances to customers	152,562.93	270,937.31	268,431.27
Investment securities	22,815.09	42,696.60	64,635.15
Current tax assets	454.70	1,389.77	600.00
Investment in subsidiaries	420.00	600.00	1,165.02
Investment in associates	185.02	1,185.02	2,577.36
Investment property	144.49	1,263.21	1,913.18
Property and equipment	1,179.75	2,515.85	2,294.21
Goodwill and Intangible assets	161.44	188.67	219.59
Deferred tax assets	-	63.03	108.63
Other assets	3,304.07	8,592.31	7,253.84
TOTAL ASSETS	212,108.44	380,524.79	409,452.88
Liabilities	191,106.32	345,209.98	374,649.68
Due to Bank and Financial Institutions	6,194.53	9,233.57	14,717.41
Due to Nepal Rastra Bank	1,345.59	1,496.50	3,729.50
Derivative financial instrument	39.33	170.10	350.04
Deposits from customers	176,767.67	316,047.05	333,111.32
Borrowing	-	2,645.52	1,340.59
Current Tax Liabilities	-	-	-
Provisions	2.50	3.00	3.00
Deferred tax liabilities	75.21	-	-
Other liabilities	3,685.70	6,626.26	7,417.36
Debt securities issued	2,995.80	8,987.97	13,980.46
Subordinated Liabilities	-	-	-
Equity	21,002.12	35,314.80	34,803.20
Share capital	14,711.18	26,225.86	26,225.86
Share premium	88.80	-	-
Retained earnings	1,872.57	(2,202.91)	(5,367.42)
Reserves	4,329.56	11,291.85	13,944.76
Total Liabilities and Equity	212,108.44	380,524.79	409,452.88
STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24
Interest Income	18,355.16	34,112.24	38,609.37
Interest Expense	12,137.99	23,046.06	27,806.03
Net Interest Income	6,217.17	11,066.18	10,803.34
Fee and commission income	962.86	1,784.93	2,437.61
Fee and commission expense	144.68	271.62	339.52
Net Fee and commission income	818.17	1,513.31	2,098.08
Net Interest, Fee and commission income	7,035.34	12,579.49	12,901.43
Net trading income	377.87	363.04	366.41
Other operating income	527.95	115.16	368.59
Total operating income	7,941.16	13,057.68	13,636.42
Impairment charge/(reversal) for loans and other losses	812.10	8,115.80	6,841.41
Net operating income	7,129.06	4,941.88	6,795.01

Personnel expenses	2,332.99	2,209.82	3,857.07
Other operating expenses	683.39	1,019.95	1,112.70
Depreciation & Amortization	535.21	750.46	851.32
Operating Profit	3,577.48	961.65	973.92
Non operating income	18.32	53.75	46.75
Non operating expense	1.98	13.76	21.71
Profit before income tax	3,593.81	1,001.65	998.97
Income Tax Expense		483.72	-
Current Tax	1,029.42	479.50	1,069.30
Deferred Tax	(15.42)	4.23	(74.94)
Profit for the year	2,579.81	517.92	4.61

13. Laxmi Sunrise Bank Limited	Amt. in Rs. Million		
Statement of Financial Position	2021-22	2022-23	2023-24
ASSETS			
Cash and cash equivalent	11,194.74	18,187.74	15,047.81
Due from Nepal Rastra Bank	6,340.17	20,677.44	15,510.64
Placement with Bank and Financial Institutions	-	788.70	6,185.70
Derivative financial instruments	362.81	1,899.98	5,190.19
Other trading assets	10.09	68.19	-
Loan and advances to B/FIs	5,956.15	7,687.48	7,992.35
Loans and advances to customers	126,767.90	247,870.14	247,408.11
Investment securities	16,816.56	53,360.55	87,110.57
Current tax assets	87.58	189.29	893.17
Investment in subsidiaries	417.00	893.17	-
Investment in associates	1,186.20	-	129.71
Investment property	70.54	1,275.16	1,563.13
Property and equipment	2,394.75	4,864.93	4,562.52
Goodwill and Intangible assets	76.84	523.75	602.06
Deferred tax assets	-	-	-
Other assets	1,702.63	3,379.27	3,765.92
TOTAL ASSETS	173,383.95	361,665.77	395,961.89
Liabilities	156,442.94	323,440.84	355,460.46
Due to Bank and Financial Institutions	1,182.34	4,067.00	4,468.97
Due to Nepal Rastra Bank	2,569.07	-	-
Derivative financial instruments	363.51	1,896.71	5,179.64
Deposits from customers	139,537.10	296,243.48	328,931.51
Borrowing	6,433.11	5,080.62	3,980.64
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	234.18	242.70	298.02
Other liabilities	2,107.41	7,910.33	5,601.68
Debt securities issued	4,016.22	8,000.00	7,000.00
Subordinated Liabilities	-	-	-
Equity	16,941.02	38,224.93	40,501.44
Share capital	11,551.35	21,670.24	23,187.15
Share premium	-	-	-
Retained earnings	1,200.80	1,728.33	1,241.68
Reserves	4,188.87	14,826.36	16,072.61
Total liabilities and equity	173,383.95	361,665.77	395,961.89
STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24
Interest Income	13,060.13	19,066.47	35,924.61
Interest Expense	9,299.76	13,379.78	23,560.75
Net Interest Income	3,760.37	5,686.69	12,363.87
Fee and commission income	1,156.58	1,214.35	2,454.50
Fee and commission expense	199.46	230.93	465.65
Net Fee and commission income	957.11	983.42	1,988.85
Net Interest, Fee and commission income	4,717.48	6,670.11	14,352.72
Net trading income	270.71	214.11	262.96
Other operating income	338.50	504.77	299.30
Total operating income	5,326.69	7,389.00	14,914.98
Impairment charge/(reversal) for loans and other losses	554.17	1,060.70	3,588.06

Net operating income	4,772.52	6,328.30	11,326.92
Personnel expenses	1,610.73	1,884.06	4,950.85
Other operating expenses	677.87	821.75	1,352.02
Depreciation & Amortization	329.80	346.45	622.03
Operating Profit	2,154.12	3,276.04	4,402.02
Non operating income	10.46	8.37	212.17
Non operating expense	36.90	240.38	309.51
Profit before income tax	2,127.67	3,044.03	4,304.69
Income Tax Expense		-	-
Current Tax	674.31	921.72	1,203.55
Deferred Tax	(60.09)	(162.92)	180.76
Profit for the period	1,513.45	2,285.24	2,920.38

14. Siddhartha Bank Limited	Amt. in Rs. Million		
Statement of Financial Position	2021-22	2022-23	2023-24
ASSETS			
Cash and cash equivalent	7,928.99	11,554.08	22,739.73
Due from Nepal Rastra Bank	5,730.45	9,000.71	9,453.75
Placement with Bank and Financial Institutions	320.31	5,011.35	6,562.12
Derivative financial instruments	19.69	17.32	4.98
Other trading assets	-	-	19.00
Loan and advances to B/FIs	6,403.39	5,170.77	5,767.82
Loans and advances to customers	178,587.36	184,009.57	195,473.38
Investment securities	57,368.16	62,480.48	47,978.96
Current tax assets	221.07	263.76	51.00
Investment in subsidiaries	51.00	51.00	-
Investment in associates	-	-	217.84
Investment property	213.31	654.54	727.57
Property and equipment	3,077.07	3,548.09	3,495.83
Goodwill and Intangible assets	71.49	166.00	146.15
Deferred tax assets	-	-	-
Other assets	4,334.73	4,050.24	4,703.29
TOTAL ASSETS	264,327.02	285,977.92	297,341.42
Liabilities	242,729.15	260,671.32	269,272.12
Due to Bank and Financial Institutions	7,234.64	11,613.66	3,578.16
Due to Nepal Rastra Bank	24,965.10	288.45	391.92
Derivative financial instruments	19.36	23.89	3.98
Deposits from customers	191,550.64	223,654.67	241,329.08
Borrowing	1,022.80	7,312.48	5,964.38
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	239.22	501.93	669.64
Other liabilities	6,034.82	5,613.69	5,672.40
Debt securities issued	11,662.56	11,662.56	11,662.56
Subordinated Liabilities	-	-	-
Equity	21,597.87	25,306.59	28,069.29
Share capital	12,524.43	14,089.98	14,089.98
Share premium	-	-	-
Retained earnings	1,359.87	663.61	580.36
Reserves	7,713.58	10,553.00	13,398.95
Total Liabilities and Equity	264,327.02	285,977.92	297,341.42
STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24
Interest Income	20,677.56	27,670.97	25,716.03
Interest Expenses	14,080.72	19,486.42	17,785.96
Net Interest Income	6,596.85	8,184.54	7,930.07
Fee and commission income	1,505.59	1,693.08	1,815.39
Fee and commission expense	285.89	347.46	389.05
Net Fee and commission income	1,219.70	1,345.62	1,426.33
Net Interest, Fee and commission income	7,816.55	9,530.16	9,356.40
Net trading income	442.93	191.74	239.84
Other operating income	532.49	336.33	381.05
Total operating income	8,791.97	10,058.23	9,977.30
Impairment charge/(reversal) for loans and other losses	607.47	1,187.56	1,051.12

Net operating income	8,184.50	8,870.67	8,926.18
Personnel expenses	2,685.02	2,852.24	2,977.90
Other operating expenses	827.86	917.44	985.63
Depreciation & Amortization	405.07	448.01	478.15
Operating Profit	4,266.55	4,652.98	4,484.50
Non operating income	8.61	13.47	11.26
Non operating expense	16.69	101.19	20.00
Profit before income tax	4,258.47	4,565.26	4,475.77
Income Tax Expense		-	-
Current Tax	1,396.82	1,412.44	1,428.50
Deferred Tax	(40.81)	(13.95)	(32.76)
Profit/Loss for the period	2,902.46	3,166.77	3,080.03

15. Global IME Bank Limited	Amt. in Rs. Million		
Statement of Financial Position	2021-22	2022-23	2023-24
ASSETS			
Cash and cash equivalent	18,221.95	28,531.85	49,795.64
Due from Nepal Rastra Bank	11,930.87	18,649.05	21,314.92
Placement with Bank and Financial Institutions	-	668.73	-
Derivative financial instruments	1,265.94	996.24	4,525.35
Other trading assets	-	-	-
Loan and advances to B/FIs	10,751.32	13,660.22	13,763.66
Loans and advances to customers	258,087.53	354,466.75	369,424.52
Investment securities	46,513.51	87,591.67	121,300.90
Current tax assets	2,238.65	3,379.90	728.40
Investment in subsidiaries	370.70	650.70	1,372.62
Investment in associates	652.92	1,840.16	85.63
Investment property	559.45	1,733.32	4,847.53
Property and equipment	5,884.77	7,740.93	8,028.73
Goodwill and Intangible assets	495.78	905.68	888.97
Deferred tax assets	180.13	16.63	-
Other assets	3,383.71	6,050.71	6,077.62
TOTAL ASSETS	360,537.22	526,882.56	602,154.46
Liabilities	322,797.76	467,828.85	540,747.32
Due to Bank and Financial Institutions	9,594.87	13,023.62	17,433.53
Due to Nepal Rastra Bank	14,438.91	470.72	373.32
Derivative financial instruments	1,271.01	946.95	4,516.34
Deposits from customers	276,964.91	426,325.45	487,455.85
Borrowing	5,747.23	3,282.55	12,100.95
Current Tax Liabilities	2,203.84	2,788.10	-
Provisions	-	-	-
Deferred tax liabilities	-	-	521.78
Other liabilities	8,084.12	8,809.88	7,660.88
Debt securities issued	4,492.87	12,181.59	10,684.66
Subordinated Liabilities	-	-	-
Equity	37,739.46	59,053.71	61,407.15
Share capital	23,795.75	35,771.06	36,128.77
Share premium	-	-	-
Retained earnings	3,239.23	3,243.36	506.72
Reserves	10,704.48	20,039.29	24,771.66
Total Liabilities and Equity	360,537.22	526,882.56	602,154.46
STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24
Interest Income	29,058.37	48,210.08	51,680.02
Interest Expenses	18,768.81	31,103.09	34,823.69
Net Interest Income	10,289.56	17,106.99	16,856.33
Fee and commission income	2,217.83	2,744.14	3,447.29
Fee and commission expense	535.52	683.57	765.00
Net Fee and commission income	1,682.31	2,060.57	2,682.29
Net Interest, Fee and commission income	11,971.87	19,167.56	19,538.62
Net trading income	594.21	474.60	580.85

Other operating income	472.85	215.03	534.46
Total operating income	13,038.92	19,857.19	20,653.93
Impairment charge/(reversal) for loans and other losses	466.43	3,426.14	3,616.61
Net operating income	12,572.49	16,431.05	17,037.32
Personnel expenses	3,290.73	4,234.42	4,782.11
Other operating expenses	1,446.86	1,875.36	2,245.00
Depreciation & Amortization	647.13	790.77	991.25
Operating Profit	7,187.77	9,530.50	9,018.96
Non operating income	3.27	8.53	7.34
Non operating expense	164.46	273.50	158.91
Profit before income tax	7,026.58	9,265.52	8,867.39
Income Tax Expense		-	-
Current Tax	2,165.53	2,788.10	2,355.22
Deferred Tax	(98.17)	(216.94)	374.71
Profit/Loss for the period	4,959.22	6,694.36	6,137.45

16. Citizens Bank International Limited	Amt. in Rs. Million		
Statement of Financial Position	2021-22	2022-23	2023-24
ASSETS			
Cash and cash equivalent	17,892.74	9,764.25	11,103.50
Due from Nepal Rastra Bank	4,266.51	6,703.01	6,678.17
Placement with Bank and Financial Institutions	1,233.63	2,236.41	1,752.86
Derivative financial instruments	2.66	17.05	4.10
Other trading assets	327.34	318.87	334.69
Loan and advances to B/FIs	3,299.92	2,510.67	1,821.14
Loans and advances to customers	131,344.33	139,832.01	153,343.65
Investment securities	28,153.43	28,685.57	36,283.86
Current tax assets	348.14	283.95	317.20
Investment in subsidiaries	167.20	317.20	364.71
Investment in associates	375.65	330.01	452.99
Investment property	208.65	256.13	821.26
Property and equipment	3,704.21	3,757.65	4,297.55
Goodwill and Intangible assets	196.84	179.52	194.14
Deferred tax assets	-	62.80	24.49
Other assets	2,891.41	3,677.52	4,887.93
TOTAL ASSETS	194,412.65	198,932.61	222,682.23
Liabilities	174,003.36	177,969.09	201,107.86
Due to Bank and Financial Institutions	4,063.05	3,714.71	2,438.00
Due to Nepal Rastra Bank	11,070.25	-	-
Derivative financial instruments	-	-	-
Deposits from customers	152,801.49	168,842.14	189,236.67
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	5.31	5.31	5.31
Deferred tax liabilities	63.31	-	-
Other liabilities	3,522.07	2,927.09	3,960.09
Debt securities issued	2,477.88	2,479.85	5,467.79
Subordinated Liabilities	-	-	-
Equity	20,409.29	20,963.52	21,574.37
Share capital	14,200.97	14,200.97	14,200.97
Share premium	-	-	-
Retained earnings	1,329.46	846.99	613.24
Reserves	4,878.85	5,915.56	6,760.15
Total Liabilities and Equity	194,412.65	198,932.61	222,682.23
STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24
Interest Income	15,967.65	20,660.83	19,719.67
Interest Expenses	10,974.16	14,832.33	13,995.85
Net Interest Income	4,993.49	5,828.50	5,723.82
Fee and commission income	998.10	1,013.99	1,279.68
Fee and commission expense	129.04	137.21	154.71
Net Fee and commission income	869.07	876.78	1,124.97
Net Interest, Fee and commission income	5,862.56	6,705.28	6,848.79
Net trading income	224.28	182.20	156.06
Other operating income	177.23	23.58	52.09
Total operating income	6,264.06	6,911.06	7,056.93

Impairment charge/(reversal) for loans and other losses	552.42	1,216.48	1,725.41
Net operating income	5,711.64	5,694.58	5,331.53
Personnel expenses	1,785.43	1,889.90	1,987.32
Other operating expenses	803.85	901.91	949.10
Depreciation & Amortization	413.10	327.43	346.53
Operating Profit	2,709.25	2,575.34	2,048.58
Non operating income	123.34	20.68	28.52
Non operating expense	-	79.57	19.52
Profit before income tax	2,832.60	2,516.45	2,057.59
Income Tax Expense		-	-
Current Tax	890.24	765.41	746.47
Deferred Tax	(63.25)	(112.71)	(9.61)
Profit/Loss for the period	2,005.61	1,863.76	1,320.73

17. Prime Commercial Bank Limited	Amt. in Rs. Million		
Statement of Financial Position	2021-22	2022-23	2023-24
ASSETS			
Cash and Cash Equivalents	11,620.91	14,305.37	11,435.84
Due from Nepal Rastra Bank	8,860.33	12,049.74	9,697.97
Placement with Bank and Financial Institutions	144.90	-	1,152.69
Derivative financial instruments	-	-	-
Other trading assets	-	-	-
Loans and Advances to B/FIs	6,672.76	6,515.73	8,938.36
Loans and advances to customers	147,053.90	153,067.87	181,029.57
Investment securities	31,402.84	29,067.66	47,583.46
Current tax assets	640.05	458.58	-
Investment in Subsidiaries	-	-	46.02
Investment in associates	46.02	46.02	68.39
Investment property	529.81	1,413.05	1,911.87
Property and equipment	1,973.69	2,055.35	2,007.22
Goodwill and Intangible assets	379.54	371.84	373.92
Deferred tax assets	123.17	270.51	389.16
Other assets	913.96	1,206.08	2,367.92
TOTAL ASSETS	210,361.90	220,827.81	267,002.38
Liabilities	183,356.19	193,654.38	236,350.04
Due to Bank and Financial Institutions	6,096.83	4,511.66	10,120.80
Due to Nepal Rastra Bank	4,556.14	-	-
Derivative financial instruments	-	-	-
Deposits from customers	160,203.35	174,058.04	211,160.28
Borrowing	-	2,630.00	2,674.00
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	-	-	-
Other liabilities	3,354.35	3,302.48	3,235.53
Debt securities issued	9,145.52	9,152.21	9,159.43
Subordinated Liabilities	-	-	-
Equity	27,005.71	27,173.42	30,652.35
Share Capital	18,656.32	19,402.58	19,402.58
Share premium	-	-	-
Retained earnings	1,738.85	(666.95)	995.34
Reserves	6,610.53	8,437.80	10,254.43
Total Liabilities and Equity	210,361.90	220,827.81	267,002.38
STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24
Interest Income	18,301.36	23,159.25	25,799.30
Interest Expense	12,114.39	16,018.50	17,916.53
Net Interest Income	6,186.97	7,140.75	7,882.78
Fee and commission income	1,230.74	1,354.54	1,874.21
Fee and commission expense	142.55	178.31	195.44
Net Fee and Commission Income	1,088.19	1,176.23	1,678.77
Net Interest, Fee and Commission Income	7,275.16	8,316.98	9,561.54
Net trading income	231.16	150.35	153.61
Other operating income	156.91	142.90	118.95
Total operating income	7,663.23	8,610.23	9,834.11

Impairment Charge/ (Reversal) for Loans and Other Losses	1,239.84	4,106.19	1,636.72
Net operating income	6,423.39	4,504.04	8,197.39
Personnel expenses	1,670.36	1,600.42	2,047.43
Other operating expenses	471.91	527.88	528.42
Depreciation & Amortization	329.68	322.11	308.62
Operating Profit	3,951.43	2,053.63	5,312.92
Non operating income	-	-	0.83
Non operating expense	-	72.08	266.71
Profit before income tax	3,951.43	1,981.55	5,047.04
Income Tax Expense	-	-	-
Current Tax	1,260.32	1,125.66	1,645.37
Deferred Tax	(96.22)	(172.01)	(106.23)
Profit for the Year	2,787.34	1,027.90	3,507.89

18. NMB Bank Limited	Amt. in Rs. Million		
Statement of Financial Position	2021-22	2022-23	2023-24
ASSETS			
Cash and cash equivalent	12,787.64	23,958.28	22,570.60
Due from Nepal Rastra Bank	13,747.31	15,059.50	14,710.49
Placement with Bank and Financial Institutions	3,782.29	755.85	3,035.77
Derivative financial instruments	5,293.77	10,850.08	7,583.92
Other trading assets	-	24.75	-
Loan and advances to B/FIs	5,920.09	7,116.53	8,130.44
Loans and advances to customers	174,948.36	189,035.40	194,304.19
Investment securities	31,724.85	32,374.91	33,772.80
Current tax assets	55.33	44.95	772.49
Investment in subsidiaries	372.49	772.49	-
Investment in associates	-	-	145.04
Investment property	295.16	697.71	851.44
Property and equipment	1,764.13	1,752.80	3,758.59
Goodwill and Intangible assets	226.51	178.69	148.63
Deferred tax assets	338.96	448.41	424.64
Other assets	3,893.71	4,706.80	4,659.14
TOTAL ASSETS	255,150.61	287,777.14	294,868.16
Liabilities	228,279.65	259,342.72	265,896.65
Due to Bank and Financial Institutions	2,082.44	2,737.26	3,163.18
Due to Nepal Rastra Bank	8,996.37	3,285.99	2,948.95
Derivative financial instrument	5,351.10	11,060.34	7,710.80
Deposits from customers	184,817.11	210,304.69	223,942.59
Borrowing	12,997.40	14,814.90	11,552.66
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	-	-	-
Other liabilities	5,907.39	5,227.60	4,196.47
Debt securities issued	8,127.85	11,911.94	12,382.00
Subordinated Liabilities	-	-	-
Equity	26,870.96	28,434.42	28,971.51
Share capital	18,366.71	18,366.71	18,366.71
Share premium	-	-	-
Retained earnings	1,550.78	1,140.83	(93.84)
Reserves	6,953.47	8,926.89	10,698.65
Total Liabilities and Equity	255,150.61	287,777.14	294,868.16
STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24
Interest Income	19,168.86	26,622.46	25,682.54
Interest Expense	12,781.32	18,280.00	18,465.80
Net Interest Income	6,387.54	8,342.46	7,216.74
Fee and commission income	1,689.47	1,833.47	1,987.21
Fee and commission expense	216.24	286.61	311.23
Net Fee and commission income	1,473.23	1,546.86	1,675.97
Net Interest, Fee and commission income	7,860.77	9,889.32	8,892.72
Net trading income	272.41	236.29	242.41
Other operating income	406.77	204.15	264.01
Total operating income	8,539.94	10,329.75	9,399.14

Impairment charge/(reversal) for loans and other losses	(37.23)	1,453.82	2,037.97
Net operating income	8,577.17	8,875.93	7,361.17
Personnel expenses	2,539.35	2,689.18	2,634.45
Other operating expenses	1,087.92	1,192.03	1,015.55
Depreciation & Amortization	290.52	319.40	458.07
Operating Profit	4,659.39	4,675.32	3,253.10
Non operating income	2.66	9.99	3.44
Non operating expense	46.76	76.15	20.99
Profit before income tax	4,615.29	4,609.16	3,235.55
Income Tax Expense		-	-
Current Tax	1,435.20	1,434.85	1,025.73
Deferred Tax expense/(Income)	(111.01)	(48.24)	(34.58)
Profit for the period	3,291.09	3,222.55	2,244.40

19. Prabhu Bank Limited	Amt. in Rs. Million		
Statement of Financial Position	2021-22	2022-23	2023-24
ASSETS			
Cash and cash equivalents	7,664.02	10,033.58	8,089.84
Due from Nepal Rastra Bank	13,514.39	10,670.24	15,285.13
Placement with Bank and Financial Institutions	12.80	-	346.13
Derivative financial instruments	1,523.80	2,304.45	261.46
Other trading assets	124.28	193.25	202.23
Loans and Advances to BFIs	6,411.86	6,975.49	8,660.30
Loans and advances to customers	145,381.57	234,154.90	221,045.60
Investment securities	49,700.75	69,573.75	93,329.98
Current tax assets	109.06	130.01	795.73
Investment in Subsidiaries	524.23	795.73	-
Investment in associates	-	27.50	-
Investment property	458.75	445.35	789.75
Property and equipment	3,545.39	4,875.63	4,603.37
Goodwill and Intangible assets	115.16	357.56	323.27
Deferred tax assets	458.99	824.25	324.46
Other assets	3,207.95	6,614.70	7,061.46
TOTAL ASSETS	232,753.00	347,976.38	361,118.71
Liabilities	213,605.25	316,624.19	328,479.00
Due to Bank and Financial Institutions	4,308.72	8,003.04	7,216.24
Due to Nepal Rastra Bank	16,083.28	159.74	0.95
Derivative financial instruments	1,516.66	2,308.72	259.96
Deposits from customers	178,652.18	289,090.93	305,012.85
Borrowings	-	657.50	668.25
Current Tax Liabilities	-	-	60.16
Provisions	23.32	97.68	105.68
Deferred tax liabilities	-	-	-
Other liabilities	7,383.32	8,467.63	7,314.66
Debt securities issued	5,637.77	7,838.95	7,840.25
Subordinated Liabilities	-	-	-
Equity	19,147.75	31,352.20	32,639.71
Share Capital	12,708.70	23,542.49	23,542.49
Share premium	-	-	-
Retained earnings	1,032.97	(2,236.38)	(3,025.53)
Reserves	5,406.07	10,046.08	12,122.75
Total Liabilities and Equity	232,753.00	347,976.38	361,118.71
		-	
STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24
Interest Income	17,030.03	29,892.78	31,899.38
Interest Expense	11,287.22	19,826.34	20,008.48
Net Interest Income	5,742.81	10,066.44	11,890.89
Fee and commission income	1,376.88	1,678.82	2,009.14
Fee and commission expense	83.64	86.23	98.64
Net Fee and commission income	1,293.25	1,592.59	1,910.50
Net Interest, Fee and Commission Income	7,036.06	11,659.04	13,801.40
Net trading income	249.47	281.31	384.55

Other operating income	243.19	216.63	352.54
Total operating income	7,528.72	12,156.97	14,538.48
Impairment Charge/ (Reversal) for Loans and Other Losses	430.58	5,210.17	4,719.87
Net operating income	7,098.14	6,946.80	9,818.61
Personnel expenses	2,702.89	3,287.89	4,435.46
Other operating expenses	1,033.48	1,483.90	1,564.30
Depreciation & Amortization	509.54	623.17	668.80
Operating Profit	2,852.23	1,551.85	3,150.06
Non operating income	14.37	23.17	2.17
Non operating expense	120.22	157.09	2.78
Profit before income tax	2,746.38	1,417.92	3,149.45
Income Tax Expense	-	-	-
Current Tax	1,013.37	1,349.11	2,468.79
Deferred Tax	(169.01)	(211.41)	169.81
Profit for the Period	1,902.02	280.22	510.86

20. Sanima Bank Limited	Amt. in Rs. Million		
Statement of Financial Position	2021-22	2022-23	2023-24
ASSETS			
Cash and cash equivalent	5,224.72	5,290.59	13,072.49
Due from Nepal Rastra Bank	13,516.14	10,368.10	14,237.36
Placement with Bank and Financial Institutions	371.16	1,056.57	591.04
Derivative financial instruments	-	-	-
Other trading assets	500.75	414.84	319.68
Loan and advances to B/FIs	5,167.87	4,445.16	5,527.77
Loans and advances to customers	136,518.04	145,424.94	159,414.74
Investment securities	26,468.40	41,980.22	34,082.39
Current tax assets	-	54.54	450.00
Investment in subsidiaries	250.00	450.00	-
Investment in associates	-	-	1.66
Investment property	72.93	190.17	674.00
Property and equipment	1,344.61	1,368.38	1,395.43
Goodwill and Intangible assets	88.27	96.08	81.63
Deferred tax assets	138.05	169.78	248.73
Other assets	2,850.17	4,333.62	3,765.28
TOTAL ASSETS	192,511.09	215,642.99	233,862.21
Liabilities	175,599.92	196,263.56	212,938.56
Due to bank and financial institutions	2,614.42	5,091.31	2,182.16
Due to Nepal Rastra Bank	4,096.65	72.09	-
Derivative financial instruments	52.39	6.05	1.89
Deposits from customers	157,518.54	175,745.25	197,197.07
Borrowing	1,279.00	2,629.00	1,070.00
Current Tax Liabilities	35.22	-	-
Provisions	44.77	34.26	36.44
Deferred tax liabilities	-	-	-
Other liabilities	3,146.61	3,311.94	3,073.48
Debt securities issued	6,812.32	9,373.67	9,377.52
Subordinated Liabilities	-	-	-
Equity	16,911.17	19,379.43	20,923.65
Share capital	11,327.38	12,460.12	13,581.53
Share premium	-	-	-
Retained earnings	1,244.46	2,215.04	1,447.34
Reserves	4,339.34	4,704.28	5,894.79
Total Liabilities and Equity	192,511.09	215,642.99	233,862.21
STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24
Interest Income	14,850.22	21,607.17	20,724.07
Interest Expense	10,198.45	15,128.55	14,542.37
Net Interest Income	4,651.76	6,478.62	6,181.70
Fee and commission income	995.91	1,039.86	1,194.85
Fee and commission expense	148.36	242.16	175.85
Net Fee and commission income	847.55	797.70	1,019.01
Net Interest, Fee and commission income	5,499.31	7,276.32	7,200.70
Net trading income	377.68	217.27	517.77
Other operating income	152.71	158.21	210.56
Total operating income	6,029.70	7,651.80	7,929.03
Impairment charge/(reversal) for loans and other losses	554.39	1,053.11	1,433.32

Net operating income	5,475.31	6,598.70	6,495.71
Personnel expenses	1,549.41	1,761.95	1,913.49
Other operating expenses	625.43	704.68	749.84
Depreciation and amortization	345.91	361.74	361.49
Operating Profit	2,954.56	3,770.33	3,470.89
Non operating income	6.29	14.22	9.04
Non operating expense	12.04	54.99	99.59
Profit before income tax	2,948.81	3,729.56	3,380.34
Income Tax Expense		-	-
Current Tax	1,011.15	1,144.13	1,025.90
Deferred Tax	(155.46)	(20.36)	(43.01)
Profit for the year	2,093.12	2,605.79	2,397.44

Annex 9: Consolidated Audited Financials of Commercial Banks as on Mid-July

1. Consolidated Financials of the State Owned Banks	Amt. in Rs. Million		
	2021-22	2022-23	2023-24
Statement of Financial Position			
ASSETS			
Cash and cash equivalent	20,831.60	27,908.42	54,608.33
Due from Nepal Rastra Bank	29,473.52	49,520.43	72,409.48
Placement with Bank and Financial Institutions	618.93	582.51	9,329.69
Derivative financial instruments	595.79	28.91	7,095.16
Other trading assets	1,152.77	1,058.69	1,315.46
Loan and advances to B/FIs	26,817.09	25,267.23	22,166.67
Loans and advances to customers	554,979.24	582,169.12	643,880.29
Investment securities	154,086.14	190,447.82	266,630.11
Current tax assets	6,553.20	6,296.29	429.01
Investment in subsidiaries	228.84	428.84	2,944.25
Investment in associates	275.50	3,546.40	8,521.04
Investment property	538.40	643.74	1,454.41
Property and equipment	18,635.72	46,016.78	46,008.64
Goodwill and Intangible assets	317.61	220.89	116.15
Deferred tax assets	52.15	-	-
Other assets	21,348.42	22,292.23	24,001.94
TOTAL ASSETS	836,504.92	956,428.31	1,160,910.63
Liabilities	735,005.34	835,373.67	1,038,897.70
Due to Bank and Financial Institutions	13,838.26	4,701.05	2,200.69
Due to Nepal Rastra Bank	39,731.31	74.57	-
Derivative financial instruments	508.07	8.54	7,056.86
Deposits from customers	620,810.71	765,655.55	955,900.17
Borrowing	9,141.39	2,458.86	2,724.57
Current Tax Liabilities	-	-	-
Provisions	441.68	570.39	473.68
Deferred tax liabilities	4,589.16	12,021.94	11,368.40
Other liabilities	19,374.78	23,414.30	32,700.79
Debt securities issued	26,569.97	26,468.46	26,472.54
Subordinated Liabilities	-	-	-
Equity	101,499.59	121,054.63	122,012.94
Share capital	47,966.89	49,215.79	49,215.79
Share premium	-	-	-
Retained earnings	8,807.43	2,161.97	(51.14)
Reserves	44,725.26	69,676.88	72,848.29
Total Liabilities and Equity	836,504.92	956,428.31	1,160,910.63
STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24
Interest Income	56,712.29	79,379.20	82,472.07
Interest Expenses	32,345.82	49,960.36	52,482.10
Net Interest Income	24,366.47	29,418.84	29,989.98
Fee and commission income	3,452.64	3,482.96	3,917.50
Fee and commission expense	487.34	829.18	920.77
Net Fee and commission income	2,965.30	2,653.77	2,996.72
Net Interest, Fee and commission income	27,331.78	32,072.61	32,986.70
Net trading income	457.87	191.31	188.43

Other operating income	1,498.92	1,231.53	1,215.91
Total operating income	28,823.64	33,495.46	34,391.03
Impairment charge/(reversal) for loans and other losses	2,202.14	5,180.13	4,711.98
Net operating income	26,621.50	28,315.33	29,679.05
Personnel expenses	9,475.95	11,473.51	12,393.08
Other operating expenses	2,715.14	3,078.18	3,256.68
Depreciation & Amortization	1,371.15	1,427.54	1,465.83
Operating Profit	13,059.27	12,336.10	12,563.47
Non operating income	737.29	294.02	185.51
Non operating expense	172.33	26.37	53.76
Profit before income tax	13,624.23	12,603.75	12,695.22
Income Tax Expense	-	1,791.47	-
Current Tax	4,167.75	3,804.71	3,446.08
Deferred Tax	14.62	442.92	361.61
Profit/Loss for the period	9,441.87	8,356.12	8,887.53

Consolidated Financials of the Non State Owned Banks	Amt. in Rs. Million		
	2021-22	2022-23	2023-24
Statement of Financial Position			
ASSETS			
Cash and cash equivalent	283,865.95	261,564.10	287,814.58
Due from Nepal Rastra Bank	179,649.93	239,185.74	287,330.65
Placement with Bank and Financial Institutions	36,741.03	71,981.54	70,949.02
Derivative financial instruments	10,007.08	23,165.93	31,180.77
Other trading assets	1,827.16	1,587.39	973.22
Loan and advances to B/FIs	142,631.56	136,409.73	143,279.38
Loans and advances to customers	3,429,019.30	3,521,720.96	3,682,528.68
Investment securities	717,698.16	783,019.82	1,020,187.98
Current tax assets	8,693.17	9,916.55	10,220.94
Investment in subsidiaries	5,928.38	10,153.24	4,196.75
Investment in associates	3,562.03	4,568.61	7,064.86
Investment property	8,136.70	14,838.22	28,903.89
Property and equipment	57,312.10	62,068.89	67,773.26
Goodwill and Intangible assets	3,026.80	5,671.84	5,701.80
Deferred tax assets	1,905.32	3,245.53	5,532.07
Other assets	65,067.33	74,981.96	80,925.92
TOTAL ASSETS	4,955,072.00	5,224,080.05	5,734,563.78
Liabilities	4,444,245.00	4,683,409.54	5,165,135.85
Due to Bank and Financial Institutions	100,989.21	97,570.38	97,835.86
Due to Nepal Rastra Bank	188,358.67	6,701.97	7,444.65
Derivative financial instruments	10,156.63	23,333.09	31,181.67
Deposits from customers	3,841,149.06	4,238,765.32	4,709,850.32
Borrowing	66,858.72	63,563.79	49,125.79
Current Tax Liabilities	2,239.06	3,270.45	98.44
Provisions	175.93	140.25	150.43
Deferred tax liabilities	4,398.40	3,102.18	3,461.25
Other liabilities	125,286.00	117,555.48	122,176.27
Debt securities issued	104,633.31	129,406.62	143,811.17

Subordinated Liabilities	-	-	-
Equity	510,827.00	540,670.51	569,427.92
Share capital	309,128.56	320,641.54	329,804.68
Share premium	566.18	269.35	269.35
Retained earnings	38,552.00	14,078.99	(9,315.18)
Reserves	162,580.27	205,680.63	248,669.07
Total Liabilities and Equity	4,955,072.00	5,224,080.05	5,734,563.78
STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24
Interest Income	382,035.47	472,114.19	507,519.29
Interest Expenses	253,507.69	315,469.35	344,011.23
Net Interest Income	128,527.79	156,644.84	163,508.07
Fee and commission income	28,626.09	29,323.63	34,216.51
Fee and commission expense	4,452.80	4,953.25	5,608.06
Net Fee and commission income	24,173.29	24,370.38	28,608.45
Net Interest, Fee and commission income	152,701.07	181,015.21	192,116.52
Net trading income	7,668.79	5,213.97	5,886.95
Other operating income	5,531.95	3,472.22	3,967.50
Total operating income	165,901.81	189,701.40	201,970.97
Impairment charge/(reversal) for loans and other losses	10,519.37	45,076.48	48,097.57
Net operating income	155,382.44	144,624.92	153,873.40
Personnel expenses	47,435.13	44,767.72	53,557.04
Other operating expenses	18,550.14	18,072.17	19,964.39
Depreciation & Amortization	8,239.61	7,987.91	9,398.45
Operating Profit	81,157.55	73,797.12	70,953.53
Non operating income	1,515.60	254.27	503.94
Non operating expense	1,760.18	4,167.80	4,086.97
Profit before income tax	80,912.98	69,883.59	66,523.71
Income Tax Expense	-	483.72	-
Current Tax	25,188.45	24,343.06	26,292.69
Deferred Tax	(1,079.26)	(2,677.81)	(3,315.75)
Profit/Loss for the period	56,803.78	48,218.34	44,393.06

3. Consolidated Financials of Commercial Banks	Amt. in Rs. Million		
Statement of Financial Position	2021-22	2022-23	2023-24
ASSETS			
Cash and cash equivalent	299,302.44	289,472.52	342,422.91
Due from Nepal Rastra Bank	203,554.30	288,706.17	359,740.13
Placement with Bank and Financial Institutions	35,286.15	72,564.05	80,278.71
Derivative financial instruments	10,602.87	23,194.84	38,275.92
Other trading assets	2,876.20	2,646.09	2,288.69
Loan and advances to B/FIs	167,025.00	161,676.96	165,446.05
Loans and advances to customers	3,880,417.80	4,103,890.08	4,326,408.96
Investment securities	852,939.24	973,467.64	1,286,818.10
Current tax assets	15,183.03	16,212.83	10,649.95
Investment in subsidiaries	6,017.22	10,582.08	7,141.00
Investment in associates	3,837.53	8,115.01	15,585.90
Investment property	8,632.71	15,481.96	30,358.30
Property and equipment	74,565.51	108,085.67	113,781.90
Goodwill and Intangible assets	3,314.13	5,892.73	5,817.95
Deferred tax assets	1,957.48	3,245.53	5,532.07
Other assets	85,159.44	97,274.19	104,927.86
TOTAL ASSETS	5,650,671.05	6,180,508.36	6,895,474.41
Liabilities	5,056,710.86	5,518,783.21	6,204,033.55
Due to Bank and Financial Institutions	113,308.98	102,271.43	100,036.55
Due to Nepal Rastra Bank	223,804.46	6,776.54	7,444.65
Derivative financial instruments	10,664.70	23,341.64	38,238.53
Deposits from customers	4,352,516.33	5,004,420.87	5,665,750.48
Borrowing	72,801.38	66,022.65	51,850.36
Current Tax Liabilities	2,239.06	3,270.45	98.44
Provisions	602.45	710.64	624.11
Deferred tax liabilities	8,529.76	15,124.12	14,829.65
Other liabilities	142,640.44	140,969.78	154,877.06
Debt securities issued	129,603.30	155,875.08	170,283.71
Subordinated Liabilities	-	-	-
Equity	593,984.20	661,725.14	691,440.86
Share capital	346,471.45	369,857.33	379,020.46
Share premium	566.18	269.35	269.35
Retained earnings	45,731.01	16,240.95	(9,366.32)
Reserves	201,215.55	275,357.51	321,517.36
Total Liabilities and Equity	5,650,671.05	6,180,508.36	6,895,474.41
STATEMENT OF PROFIT OR LOSS	2021-22	2022-23	2023-24
Interest Income	438,747.76	551,410.84	589,991.37
Interest Expenses	285,853.50	366,119.35	396,493.32
Net Interest Income	152,894.26	185,291.49	193,498.04
Fee and commission income	32,078.73	33,128.24	38,134.01
Fee and commission expense	4,940.14	5,827.42	6,528.84

Net Fee and commission income	27,138.59	27,300.82	31,605.17
Net Interest, Fee and commission income	180,032.85	212,592.31	225,103.21
Net trading income	8,126.66	5,440.10	6,075.38
Other operating income	7,030.86	4,865.78	5,183.41
Total operating income	194,725.45	222,898.18	236,362.01
Impairment charge/(reversal) for loans and other losses	12,721.51	53,898.53	52,809.56
Net operating income	182,003.94	168,999.66	183,552.45
Personnel expenses	56,911.08	55,910.48	65,950.11
Other operating expenses	21,265.27	21,187.30	23,221.06
Depreciation & Amortization	9,610.76	9,419.56	10,864.28
Operating Profit	94,216.82	82,482.32	83,517.00
Non operating income	2,252.89	553.44	689.45
Non operating expense	1,932.51	4,194.17	4,140.74
Profit before income tax	94,537.21	78,841.60	79,218.93
Income Tax Expense	-	2,275.20	-
Current Tax	29,356.20	27,373.48	29,738.77
Deferred Tax	(1,064.64)	(1,697.18)	(2,954.14)
Profit/Loss for the period	66,245.65	53,165.30	53,280.59

Annex 11: Useful websites for supervisors

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

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