



Bank Supervision Report

2014



Nepal Rastra Bank

Bank Supervision Department

Baluwatar, Kathmandu, Nepal

May 2015



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The Bank Supervision Report, 2014 is the annual report of Bank Supervision Department of Nepal Rastra Bank (NRB). It reviews policy and operational issues affecting the banking sector and its regulators/supervisors and aims at disseminating information on supervision of commercial banks and other issues affecting the financial sector. This issue of the Annual Report of Bank Supervision Department Annual Report focuses mainly on the 12-month period ending July 16, 2014. However, selected developments up to the time of report finalization are also incorporated.

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Message from the Executive Director

Dear Valued Readers,

Nepalese Financial System saw a rapid growth after the liberalisation policies adopted by the nation since 1980. This growth was not only in the number of entities, but also in terms of the varieties of products and services and adoption of the newer technologies. This growth even crossed the national boundaries and integrated with the global financial system. Last year, we saw 10 percent growth in ATM machines, 50 percent growth in credit cards, 15 percent growth in debit cards and 15 percent growth in deposit accounts reflecting the growth in the acceptance of financial services. Additionally, increasing flow of remittances from formal channels, cards and banking services with worldwide usability, representative offices across the national boundaries are few more indicators of growing banking industry. The rapid growth that we saw in last decade slowed down in recent five years and a gradual process of consolidation has started. Mergers and acquisitions are being encouraged by NRB to further the consolidation. In the recent years we have seen the significant reduction on the numbers of institutions in the financial system.

Safe, sound and self-regulated BFIs, transparent and consumer friendly banking transactions, adoption of international best prudential norms and best supervisory practices, mitigation of the systemic risks, and ultimately achieving the financial stability has always been the aim of NRB as regulator and supervisor. NRB's bank supervision function also aims in ensuring the safe and sound banking industry in Nepal. This department has been continuously endeavouring to adopt best practices in supervisory functions.

It gives me immense pleasure to share with you, since last year we have started to implement the Risk Based Supervision approaches. Our on-site inspection processes are gradually transforming to risk based approach. This methodology is expected to assess the inherent risks in the banks and the risk management practice of the Banks enabling us to prepare risk profile of individual banks for the supervisory purpose. This risk profile will help us determine the supervisory regime and focus our resources on risky areas. This is a great shift in supervisory approach. Furthermore, to diagnose the banking industry further NRB has started the special inspection process with the technical assistance of World Bank and DFID utilizing the expertise of KPMG, Portugal. This special inspection program will surely provide a valuable feedback to customize the regulatory and supervisory landscape for the coming years.

As our financial system is being integrated with the international financial market we have felt a need of adopting the cross boarder supervision practices. In this ground, we are currently working on having Memorandum of Understanding (MoU) signed soon which will enable regulators and supervisors to share information and take appropriate decisions.

Of course there are challenges in all financial markets, so do we. Corporate governance, self-regulations, skill-sets, risk management culture and professionalism in the industry still need to be furthered. Multiple banking, monitoring of big borrowers, ever-greening, proper classification of risk-assets etc need to be further controlled. We are optimistic that the collective effort of market and regulators will bring these changes.

I am very happy, to make this Annual Report, 2014 available to you. This will give you a complete picture of the performance of the Banks, of the fiscal year 2013/14, as well as the initiatives that are being taken by NRB as a supervisor.

I thank my friends of Policy Planning and Forward Looking Analysis Unit, for their good effort in bringing this report in this form. Finally, I would like to thank all of the staffs of Bank Supervision Department for their continuous effort in fulfilling their responsibilities effectively.

Thank you,

Laxmi Prapanna Niraula

Acting Executive Director

Nepal Rastra Bank

Bank Supervision Department

Table of Contents

1.	NEPALESE BANKING INDUSTRY	1
1.1	Nepal Rastra Bank as a regulator and supervisor	1
1.2	The Commercial Banking	2
1.3	Ownership and Control	3
1.4	Scope of Operations: Public vs. Private	4
1.5	Branch Network	5
1.6	Asset Share of Banks and Financial Institutions	7
1.7	Employment in the Banking Industry	7
1.8	Review of the Banking Legislation	7
1.9	Access to Banking Services and Financial Inclusion	8
2	BANK SUPERVISION	9
2.1	Supervision Function	9
2.2	Bank Supervision Department (BSD)	9
2.3	Supervision Methodology	9
2.4	Organization of BSD	9
3	OPERATIONAL PERFORMANCE OF COMMERCIAL BANKS	16
3.1	Assets of the commercial banks	16
3.2	Composition of Assets	16
3.3	Composition of Liabilities	17
3.4	Capital	17
3.5	Deposit	18
3.6	Loan and Advances	19
3.7	Non- Performing Loans (NPL)	22
3.8	Non-Banking Assets (NBA)	22
3.9	Investment	23
3.10	Earnings	24
3.11	Liquidity	25
3.12	Productive and Deprived Sector Lending	27
3.13	Electronic Banking	27
3.14	Actions and Penalties	28

4	CURRENT INITIATIVES IN SUPERVISION	30
4.1	International Initiatives	30
4.2	National Initiatives.....	35
5	ISSUES AND CHALLENGES	38
5.1	Issues.....	38
5.2	Challenges.....	40
	Annex 1: Growth of Financial Institutions (numbers)	43
	Annex 2: Inspection Schedule.....	43
	Annex 3: Targeted / Special-Inspection of Commercial Banks (FY 2013/14).....	44
	Annex 4: International Training and Seminar/Meeting Participation from BSD	45
	Annex 5 Capital Adequacy Ratio of Commercial Banks.....	46
	Annex 6: Region-wise distribution of Bank Branches (mid July)	47
	Annex 7: Circulars issued to Bank and Financial Institutions (FY 2013/14)	48
	Annex 8: Organization Chart of Bank Supervision Department.....	49
	Annex 9 Financial Figures of Banks	50
	Annex 10: Useful websites for supervisors.....	87

List of Tables

Table 1-1: List of Commercial Banks in Nepal (mid-July, 2014)	3
Table 1-2: Branches of Commercial Banks (Mid-July 2014).....	5
Table 1-3: Asset share of banks and financial institutions (mid-July 2014).....	7
Table 2-1: Major observations	10
Table 2-2 Important Directives regarding Capital, Credit and Liquidity	12
Table 3-1: Sector-wise loan and advances of the Commercial Banks.....	20
Table 3-2: Security used to Secure Loan and Advances.....	21
Table 3-3: Product wise Loan and Advances	21
Table 3-4: Electronic banking in Nepalese banking industry	27

List of Charts

Chart 1-1: Growth of Commercial Banks.....	1
Chart 1-2 Banking Operations: Public vs. Private (mid-July 2014)	5
Chart 1-3: Number of Bank Branches (mid July, 2014).....	6
Chart 1-4: Employment in Private and Public Sector Banks (mid-July, 2014).....	7
Chart 3-1: Total Assets of the Commercial Banks	16
Chart 3-2: Composition of Assets of Commercial Banks (Mid July 2014).....	17

Chart 3-3: Composition of Liabilities of Commercial Banks (Mid July 2014).....	17
Chart 3-4: Capital Funds of the Commercial Banks (Mid July 2014).....	18
Chart 3-5: Deposit Mix of the Commercial Banks (Mid July 2014).....	18
Chart 3-6: Deposit Mix of the Commercial Banks (Mid July 2014).....	19
Chart 3-7: Loan and Advances of the Commercial Banks Mid July 2014).....	19
Chart 3-8: NPL Ratio of the Commercial Bank (Mid July).....	22
Chart 3-9: Non-banking assets of the Commercial Banks.....	23
Chart 3-10: Investment Portfolio of the commercial Banks (Mid July 2014).....	24
Chart 3-11: Operating Efficiency of the Commercial Banks (Mid July 2014).....	25
Chart 3-12: Interest Spread of the Commercial Banks (Mid July 2014).....	25
Chart 3-13: Liquidity Position of the Commercial Banks.....	26

CHAPTER ONE

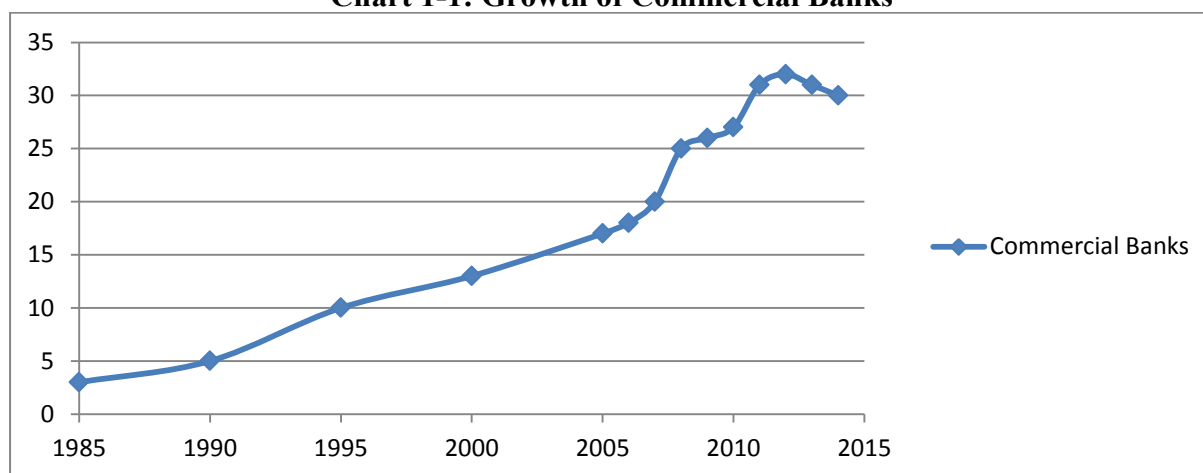
1. NEPALESE BANKING INDUSTRY

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

By the end of mid July 2014, altogether 250 banks and non- bank financial institutions licensed by NRB were in operation. Out of them, 30 are “A” class commercial banks, 84 “B” class development banks, 53 “C” class finance companies, 37 “D” class micro-credit development banks, 16 saving and credit co-operatives and 30 NGOs. Also, the total banks branches reached to 3,465.

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

Chart 1-1: Growth of Commercial Banks



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

However, the Nepalese banking industry is currently going through the consolidation process with merger and acquisitions. The merger and acquisition of Bank and Financial Institutions (BFIs) has been encouraged to strengthen financial sector stability. In the review year, a commercial bank namely Commerz& Trust Bank Nepal Limited merged with another commercial bank namely Global IME Bank Limited.

1.1 Nepal Rastra Bank as a regulator and supervisor

The Nepal Rastra Bank Act, 2002 and The Bank and Financial Institutions Act, 2006 (BAFIA) grant supervisory authority to the Nepal Rastra Bank (NRB). The Nepal Rastra

Bank Act, 2002, has made NRB an autonomous institution empowered to regulate and supervise Nepal's banking industry. The preambles of NRB Act, 2002 states:

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

Section 84, subsection (1), of the Nepal Rastra Bank Act, 2002 states that NRB may at 'any time, inspect and supervise or cause to inspect and supervise any of the offices of commercial banks or financial institutions'.

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

'The Rastra Bank shall have full powers to regulate and systematize the functions and activities of licensed institutions.' Also section 52, subsection (1) of the act states *'The Rastra Bank may inspect and supervise, or cause to be inspected and supervised, any office of a licensed institution at any time.'*

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

As a supervisory authority, NRB supervises the activities of the banks and financial institutions based on the existing legal framework, directives and guiding polices. To discharge the responsibilities of supervisor, NRB has set four departments, as per the class of institution, in its structure viz. Bank Supervision Department, Development Bank Supervision Department, Finance Company Supervision Department and Micro Finance Promotion and Supervision Department.

Regulation and supervision of the financial system is a key tool for maintenance of financial stability. The Commercial banking sector presently remains adequately capitalised based on the regulatory requirement. The commercial banking sector will be supervised in future moving towards the requirement prescribed by the Basel III. NRB aims to become more proactive with regulatory and supervisory mechanisms that are forward looking and analytical.

1.2 The Commercial Banking

As at mid July 2014, the numbers of commercial banks in Nepal were thirty. Though, the adoption of the economic liberalization in the country has brought a tremendous growth in the number of private sector banks, the public sector banks, which are three in number, have

still got substantial share in the total assets of the industry. The share of private sector banks on total deposits, loans, and total assets has been increasing gradually. Table 1-1 presents the list of commercial banks in Nepal as of mid July 2014.

Table 1-1: List of Commercial Banks in Nepal (mid-July, 2014)

S.N.	Name	Operation Date (A.D.)	Head Office
1	Nepal Bank Limited (NBL)	1937/11/15	Kathmandu
2	Rastriya Banijya Bank Limited (RBBL)	1966/01/23	Kathmandu
3	NABIL Bank Limited (NABIL)	1984/07/16	Kathmandu
4	Nepal Investment Bank Limited (NIBL)	1986/02/27	Kathmandu
5	Standard Chartered Bank Nepal Ltd. (SCBN)	1987/01/30	Kathmandu
6	Himalayan Bank Limited (HBL)	1993/01/18	Kathmandu
7	Nepal SBI Bank Limited (NSBI)	1993/07/07	Kathmandu
8	Nepal Bangladesh Bank Limited (NBBL)	1993/06/05	Kathmandu
9	Everest Bank Limited (EBL)	1994/10/18	Kathmandu
10	Bank of Kathmandu Limited (BOK)	1995/03/12	Kathmandu
11	Nepal Credit and Commerce Bank Ltd. (NCCBL)	1996/10/14	Siddharthanagar
12	Lumbini Bank Limited (LBL)	1998/07/17	Narayangadh
13	NIC Asia Bank Limited	2070/03/16	Biratnagar
14	Machhapuchchhre Bank Limited (MBL)	2000/10/03	Pokhara
15	Kumari Bank Limited (KBL)	2001/04/03	Kathmandu
16	Laxmi Bank Limited (LXBL)	2002/04/03	Birgunj
17	Siddhartha Bank Limited (SBL)	2002/12/24	Kathmandu
18	Agriculture Development Bank Limited (ADBL)	2006/03/16	Kathmandu
19	Global IME Bank Limited (GBL)	2007/01/02*	Birgunj
20	Citizens Bank International Limited (CBIL)	2007/06/21	Kathmandu
21	Prime Commercial Bank Limited (PCBL)	2007/09/24	Kathmandu
22	Sunrise Bank Limited (SRBL)	2007/10/12	Kathmandu
23	Grand Bank Limited	2008/05/25	Kathmandu
24	NMB Bank Limited (NMB)	2008/06/02	Kathmandu
25	Kist Bank Limited (KiBL)	2009/05/07	Kathmandu
26	Janata Bank Nepal Limited (JBNL)	2010/04/05	Kathmandu
27	Mega Bank Nepal Limited (MBNL)	2010/07/23	Kathmandu
28	Civil Bank Limited (CBL)	2010/11/26	Kathmandu
29	Century Commercial Bank Limited (CCBL)	2011/03/10	Kathmandu
30	Sanima Bank Limited (SBL)	2012/02/15	Kathmandu

**In the review period, Commerz & Trust Bank Nepal Limited merged with Global Bank Limited to form Global IME Bank Limited.*

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

1.3 Ownership and Control

Commercial banks in Nepal can be categorized into two groups as public and private banks on the basis of Ownership and Control. As of mid July 2014, there are 3 public banks and 27 private sector banks. Rastriya Banijya Bank Limited is the largest bank of Nepal in terms of deposit mobilization and is fully owned by the Government of Nepal. The Government of Nepal owns 38.60 percent ownership in the equity capital of Nepal Bank Limited, another public bank. Likewise, Government of Nepal owns 51 percent shares of Agriculture Development Bank Limited that was initially established as a development bank with 100 percent government ownership and was upgraded to commercial bank in 2006.

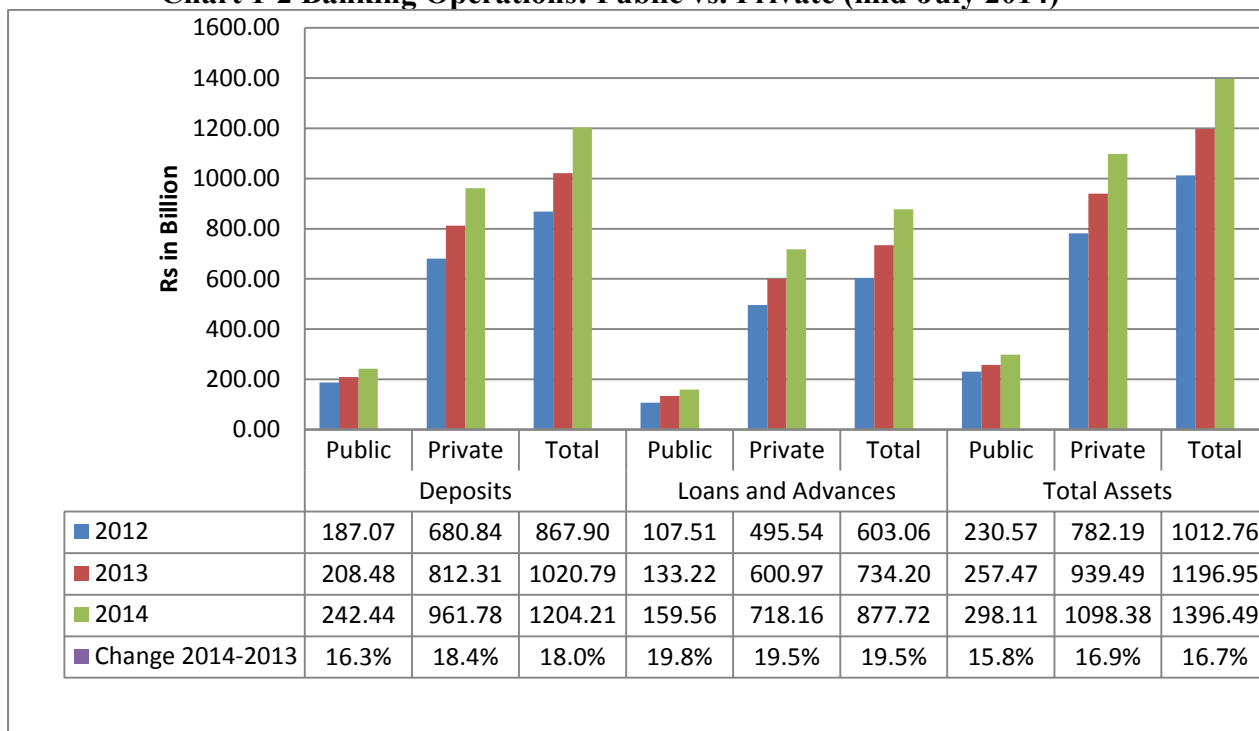
Private Banks in Nepal can be further re-grouped into local private banks and foreign joint-venture banks. Banks with the local private investment are local private banks while banks with joint investment of both foreign institutions and local investors are the joint-venture banks.

1.4 Scope of Operations: Public vs. Private

Size of the banking operations of the commercial banks in the Nepalese Banking Industry is growing gradually with the increment in the number of banks. Total deposits of the commercial banks increased by 18 percent to Rs 1,204.2 billion as of mid-July 2014 compared to the deposit of Rs. 1,020.8 billion of previous year. The deposits of public banks grew by 16.3 percent while the deposits of private banks grew by 18.4percent.

Similarly, loans and advances of the commercial banks increased by 19.5 percent to Rs. 877.72 billion as of July 2014 compared to a total of Rs. 734.20 billion of previous year. For both public and private sector banks, the growth in loans and advances were nearly same i.e. 19.8 percent and 19.5 percent respectively. Likewise, total assets of the commercial banks increased by 16.7 percent to Rs. 1,396.49 billion compared to Rs. 1,196.95 billion of previous year. Total assets grew by 15.8 percent in public banks while it grew by 16.9 percent in private banks. Chart 1-2 shows growth of deposit, loans and advances and total assets of the public and private sector banks.

Chart 1-2 Banking Operations: Public vs. Private (mid-July 2014)



1.5 Branch Network

The total number of branches of commercial banks increased to 1547 in mid-July 2014 from 1486 in mid July 2013. NRB has been encouraging banks to open branches to bring the unbanked people to the banking system. While the number of bank branches are increasing every year, larger chunk of banking services are still concentrated in urban areas.

Table 1-2: Branches of Commercial Banks (Mid-July 2014)

Name of Banks	2011	2012	2013	2014
Nepal Bank Limited (NBL)	111	112	115	117
Rastriya Banijya Bank Limited (RBBL)	128	142	151	161
NABIL Bank Limited (NABIL)	46	49	49	48
Nepal Investment Bank Limited (NIBL)	41	41	43	44
Standard Chartered Bank Nepal Ltd. (SCBN)	16	16	15	15
Himalayan Bank Limited (HBL)	35	39	39	45
Nepal SBI Bank Limited (NSBI)	46	59	57	59
Nepal Bangladesh Bank Limited (NBBL)	19	19	21	27
Everest Bank Limited (EBL)	43	45	50	52
Bank of Kathmandu Limited (BOK)	39	45	50	50
Nepal Credit and Commerce Bank Ltd. (NCCBL)	17	22	22	22
Lumbini Bank Limited (LBL)	15	37	16	16
Nepal Industrial & Commercial Bank Ltd. (NIC) / NIC Asia Bank Limited ^s	34	16	54 ^s	54 ^s
Machhapuchchhre Bank Limited (MBL)	41	54	49	49
Kumari Bank Limited (KBL)	29	28	28	27
Laxmi Bank Limited (LXBL)	27	29	29	29
Siddhartha Bank Limited (SBL)	40	41	41	41

Agriculture Development Bank (ADBL)*	234*	234*	240*	231*
Global Bank Limited / Global IME Bank Limited (GBL)#	28	57	67	85#
Citizens Bank International Limited (CBIL)	30	33	34	36
Prime Commercial Bank Limited (PCBL)	24	32	30	30
Sunrise Bank Limited (SRBL)	47	29	49	49
Bank of Asia Nepal Limited (BOA)\$	29	49	-	-
Grand Bank Limited	21	21	21	23
NMB Bank Limited (NMB)	18	21	21	29
Kist Bank Limited (KiBL)	51	52	52	52
Janata Bank Nepal Limited (JBNL)	13	23	25	29
Mega Bank Nepal Limited (MBNL)	14	23	28	28
Commerz & Trust Bank Nepal Limited (CTBNL)#	7	14	15	-
Civil Bank Limited (CBL)	1	13	20	40
Century Commercial Bank Limited (CCBL)	1	8	31	31
Sanima Bank Limited (SBL)		22	24	28
Total	1245	1425	1486	1547

* Also includes branches with development banking functions.

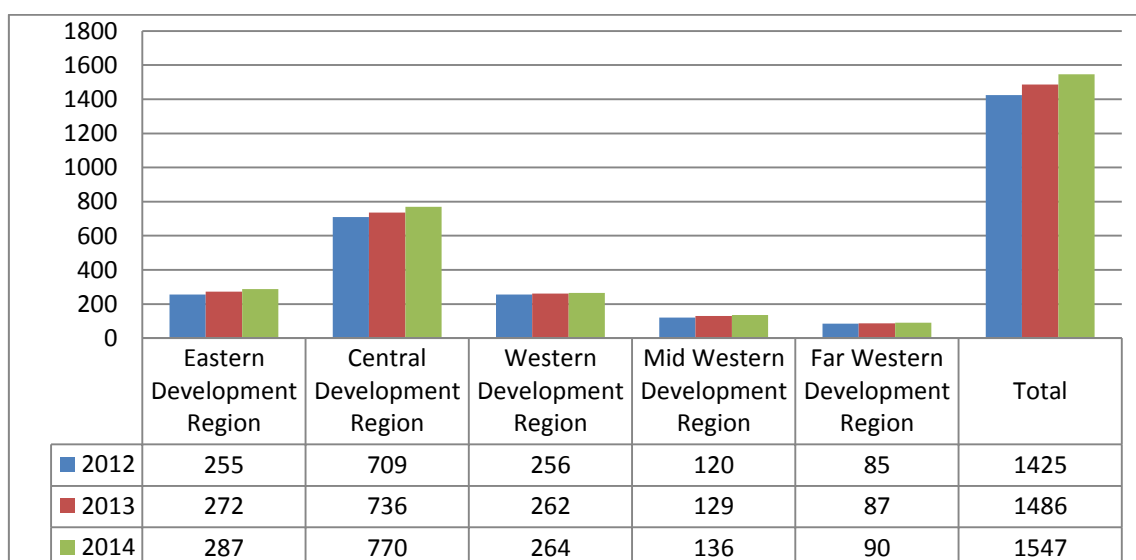
Commerz & Trust Bank Nepal Ltd. merged into Global Bank Ltd(GBL) to form Global IME Bank Ltd.

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

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

The ADBL has the largest number of branches (231) followed by RBBL (161) and NBL (117). Commercial banking operations still seem to be concentrated in capital city. Most of the bank branches are located in the Central Development Region (770 branches) followed by Eastern Development Region with 287 and the Western Development Region with 264 branches respectively. The Far Western has the lowest number of bank branches i.e. 90.

Chart 1-3: Number of Bank Branches (Mid-July, 2014)



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

1.6 Asset Share of Banks and Financial Institutions

The respective shares of banks and financial institutions (licensed by Nepal Rastra Bank) in the total assets of banking industry as of mid-July for four consecutive years are depicted in the table 1-3.

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

Bank and Financial Institutions	% Share 2010	% Share 2011	% Share 2012	% Share 2013	% Share 2014
Commercial Banks	76.7	75.3	77.3	78.2	78.0
Development Banks	10.6	12.0	12.4	13	13.6
Finance Companies	10.9	10.9	8.2	6.6	5.8
Micro Finance Development Banks	1.8	1.8	2.2	2.2	2.6
Total	100	100	100	100	100

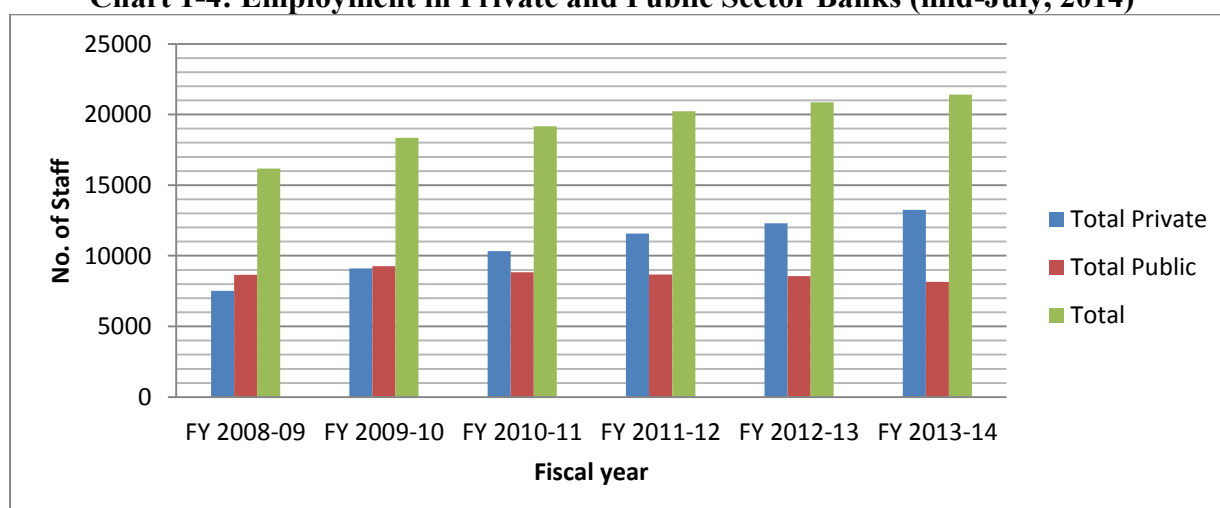
(Source: Bank and Financial Institutions Regulation Department, NRB)

Table 1-3 shows the dominance of commercial banks, with the share of 78.0 percent of total assets of Nepalese banking industry, it was 78.2 percent in the previous year. Share of development bank has increased from 13percentin 2013 to 13.6percent this year while the share of finance companies has decreased to 5.8 percent from 6.6 percent in 2013. The share of microfinance development banks increased from 2.2 percent previous year to 2.6 percent in 2014.

1.7 Employment in the Banking Industry

Commercial bank has provided employment to 21,408 numbers of individuals as on mid July 2014. Three public sector banks have employed 38.13 percent of total employment of commercial banks.

Chart 1-4: Employment in Private and Public Sector Banks (mid-July, 2014)



1.8 Review of the Banking Legislation

As a Central Bank of Nepal, NRB has a clear mandate to regulate and supervise banks and financial institutions in Nepal. NRB continuously issues regulations, guidelines, and circulars

and amends its directives issued to the licensed BFIs. Likewise, NRB continuously conducts onsite inspections and offsite supervisions both on a regular and need-based ways to assess their compliance with the existing laws, regulations and prudential norms.

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

- Nepal Rastra Bank Act, 2002,
- Bank and Financial Institutions Act, 2006,
- Company Act, 2006,
- Nepal Rastra Bank Inspection and Supervision By-laws, 2013,
- Unified Directives to licensed institutions,
- New Capital Adequacy Framework, 2007,
- Monetary Policy F.Y. 2014/15
- Anti-Money Laundering Act, 2064 BS,
- Banking Service Fee Guidelines, 2067 BS,
- Risk Management Guidelines, 2010,
- Stress Testing Guidelines, 2012,
- Internal Capital Adequacy Assessment Process (ICAAP) Guidelines, 2012
- Information Technology Guidelines, 2012 and other timely circulars issued for the BFIs.

NRB regularly issues circulars to Banks and Financial Institutions on as and when needed basis. The acts, guidelines circulars and directives may be obtained from the NRB website: <http://www.nrb.org.np> .

1.9 Access to Banking Services and Financial Inclusion

NRB has focused on access to banking services and enhanced financial inclusion with different provisions and directives. By focusing on areas where there is lack of access to finance, a provision of interest free loan has been made for BFIs for opening branch in 14 remote districts for a specified period. Similarly, a provision has been made to allow BFIs to open branch in Kathmandu valley only after opening one branch in specified remote districts, and two in other district.

NRB has also focused on providing access to banking services to the unbanked population rather than focusing on opening more branches in urban areas. NRB is working to promote branchless banking and mobile banking to increase access to the banking system for the rural and unbanked people.

As on mid-July 2014 total number of branches of commercial bank reached 1,547 and population per branch was 17,126; these figures were 1486 (branches) and 17,829 (population per branch) in the previous year. If all BFIs are included; then the population per branch of BFIs comes down to 7,666. It recognizes the contribution of B, C and D class BFIs to access to finance compared to commercial banks.

CHAPTER TWO

2 BANK SUPERVISION

2.1 Supervision Function

NRB regulates and supervises the Banks and Financial Institutions as mandated by the NRB Act, 2058 and Bank and Financial Institutions Act, 2063. Regular supervision function results in important information on the banking system that feeds into the decision making process of NRB, such as: formulation of monetary policy, updates on regulations and for the timely measures for financial stability.

2.2 Bank Supervision Department (BSD)

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

2.3 Supervision Methodology

BSD continues to adopt and implement the Core Principles prescribed by the Basel Committee. NRB has adopted the standardized approach of Basel II in its simplified form-the Simplified Standardized Approach (SSA). NRB's traditional supervision methodology was based on compliance check and CAMELS (Capital Adequacy, Asset Quality, Management competence, Earning, Liquidity, and Sensitivity to Market Risk) ratings. Supervisors assess CAMELS of the Banks and Banks are assigned grades of 1 (best) to 5 (worst) on each component and composite rating. Currently NRB is in a 'Parallel-run' phase. It is following traditional approach as well as 'Risk Based Supervision - RBS' approach. NRB has adopted RBS since last year and conducted on-site inspection of four commercial banks as a 'full-scope' inspection. This methodology prepares and/or updates risk-profile of the Bank. Such risk profile of the Bank is for the supervisory purpose which enables NRB to decide upon the determination of supervisory regime and helps NRB to concentrate its resources in high risk area from low risk area. This methodology mainly focuses on the 'chance of failure' of the bank and the risk management practice of the bank.

2.4 Organization of BSD

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

2.4.1 On-site Inspection and Enforcement

On-site inspection of commercial banks is conducted as per the approved annual action plan where a full-scope on-site inspection is conducted at least once a year for every commercial bank. On-site inspection is carried out based on the On-site Inspection Manual.

The on-site examinations include:

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

The major observations observed in the banks during on-site examinations in F.Y. 2013/14 are summarized in the following table:

Table 2-1: Major observations

Capital Adequacy	
1.	Accumulated loss and inadequate capital adequacy ratios in public banks
2.	Errors in calculation of risk weighted exposure
3.	Weak infrastructure to implement Capital Adequacy Framework
4.	ICAAP not adequate commensurate with the size of the bank. Likewise, since most of the banks lack strategic plan and ICAAP lacks strategic orientation.
Asset Quality	
5.	Loan exceeding the Single Obligor Limit (SOL) and weak mechanism to monitor single obligors.
6.	Non-compliance with bank's internal approved manuals and guidelines
7.	Inadequate credit documentation. Credit files not maintained systematically and documents not sequentially ordered E.g. credit information report, tax clearance, audited financial statements of the borrower, stock inspection report, valuation report, insurance of collateral and assets etc. not obtained.
8.	Credit extended without proper assessment of borrower's financial health. Updated audited financial statements were not obtained to evaluate financial position and loan repayment capacities.
9.	Non-compliance to the terms and conditions mentioned in the offer-letter.
10.	Irregular and inadequate credit monitoring.
11.	Inadequate loan loss provisioning.
12.	Valuation reports of collaterals are not updated regularly as prescribed. Banks not maintaining the database or other framework to aggregate information on collaterals thus creating difficulties for the process of monitoring and reviewing the collaterals continuously.
13.	Overdraft limits being overdrawn.
14.	Loan settled with new limits.

15.	Loan approved without adequate credit information of the borrower.
16.	Lack of proper monitoring of deprived sector loan
17.	Maturity of term loans extended.
18.	Non-compliance of directives related to loan classification. Loans not classified or provisioned according to regulation.
19.	Purpose of personal loans are not assessed properly
20.	Non-compliance of provisions related to multiple banking regarding Paripassu agreement
21.	Lending to promoters
22.	Proper recovery process not initiated on time
23.	Provision of credit purchase not complied
24.	Loan provided against unified directives to cooperatives not licensed by NRB
25.	Banks not being able to confirm use of funds on credit extended.
26.	Limits not updated in the system
27.	Regular stock inspection report-necessary for most working capital requirement, loans- not obtained in several credit files.
28.	Purpose of loans and types of loans are not matched properly such as: granting overdrafts and short term loans to finance purchase of fixed assets or development of real estate.
Management	
29.	Strategic plans not formalized
30.	Non-compliance of HR policies regarding job descriptions, authority delegation, transfer and promotion etc.
31.	Lack of policies regarding the functions of committees.
32.	Inadequate MIS
33.	Lack of proper disaster recovery preparedness
34.	Lack of succession plan
35.	Involvement of audit committee member to other business related committee
36.	Non-compliance of direction given in the previous inspection reports.
37.	Manpower allocated to internal audit function are found not commensurate with the size of the entity and its complexity
38.	Directors of the banks not submitted the details of loans granted to themselves, their family members or to the companies they own.
Earning	
39.	Non-compliance of directives related to loan loss provisioning.
40.	Non-compliance of Service, fees related guidelines
41.	Lack of dividend policies in the Banks
42.	Non-compliance of provisions related to presentation and disclosure of financial statements
Liquidity	
43.	Funding concentration in few clients
44.	No clarification made for mismatches of very short term buckets
45.	Banks does not have tools to properly monitor the potential effect of change in its liquidity assumptions and significant deviation between effective cash-flow versus contractual maturities
Sensitivity To Market	
46.	Poor analysis of rate sensitive assets and liabilities
47.	Investment Policy not formulated/implemented
48.	Non-compliance of regulatory limits of Net Open Position

Risk Management Practice	
49.	Weak Board oversight on the overall risk management practice; lack of approved risk exposure limits and appetites.
50.	Lack of independent and robust control and monitoring functions (such as: compliance, audit and risk management) with clear reporting lines.
51.	Weak internal control mechanism; lack of independent internal audit and compliance functions.
52.	Lack of comprehensive risk management policies, manuals and guidelines for the identification, measurement, monitoring and control of the inherent risks.
53.	Lack of contingency plans and lack of gap limits (liquidity and re-pricing)
54.	Credit risk mitigation criteria not fulfilled
55.	Inadequate frequency of meetings and agendas of Asset Liability Committee (ALCO)
56.	Non-compliance of directives related to AML/KYC
57.	Banks are not being able to provide list of related parties including relatives and companies linked to shareholders and directors of the Banks and Banks are not having suitable system to identify related parties.
58.	Information System (IS) audit not done on an annual basis.

2.4.2 Off-site Supervision

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

The Off-Site Supervision Unit is responsible for supervising bank operations on the basis of data and reports submitted by the banks. It reviews and analyses the financial performance of banks using prudential reports, statutory returns and other relevant information. It also monitors trends and developments of financial indicators of the banking sector as a whole and generates industry reports on a quarterly basis. The unit also checks compliance provisions related to cash reserve ratio (CRR), statutory liquidity ratio (SLR) and deprived sector lending (DSL) and recommends penalties in case of non-compliance. The following table shows important directives for compliance during the review year.

**Table 2-2 Important Directives regarding Capital, Credit and Liquidity
(effective for 2013-14)**

SN	Particulars	Current Rate or Percentage	Days/Month	Remarks I	Remarks II
1.	Minimum Capital fund "A" class	Core Capital =6% & Capital Fund =10%		Minimum capital fund to be maintained based on the risk-weight assets	
	"B" class & "C" class	Core Capital = 5.5% &			

		Capital Fund = 11%		(percent)	
2.	<p>Refinance Facility</p> <p>(i) General Refinance Hydro, Agro, productive and, infrastructure industry or business run by youths returned from abroad.</p> <p>(ii) Special Refinance Sick industries, Cottage & small industries, foreign emp. Small business run by Dalits, janajati, utpidit, women, deprive class and community</p> <p>(iii) Export Refinance</p> <p>(iv) Small & Medium Ent. Refinance (limit up to 10 lakhs)</p>	<p>5%</p> <p>1%</p> <p>1%</p> <p>5%</p>	<p>Max. 6 months</p>	<p>Cannot charge more than 9%</p> <p>Cannot charge more than 4.5%</p> <p>Cannot charge more than 4.5%</p> <p>Cannot charge more than 10%</p>	<p>i. provided against good loan.</p> <p>ii. not exceed the 80% of core capital of BFIS</p> <p>iii. max. of 6 months.</p> <p>iv.</p>
3.	Bank Rate	8%			
4.	SLF Rate (For A, B & C)	Bank rate	Max. 5 days	For Merger 30 days	
5.	Lender of Last Resort		Max. 6 months		
6.	Repo & Reverse Repos	Max. 21 days (before 28 days)			
7.	CRR "A" class "B" class "C" class	<p>5%</p> <p>4.5%</p> <p>4%</p>			
8.	SLR "A" class "B" class (taking call n current deposit) "C" class(taking call n current deposit)	<p>12%</p> <p>9%</p> <p>8%</p>			
9.	Deprived Sector "A" class "B" class "C" class	<p>4.5%</p> <p>4%</p> <p>3.5%</p>			
10.	Productive Sector lending	20% & 12%			

	"A" class in productive & Agri +Energy "B" & "C" class	15% & 10%			
11.	Net Liquidity Ratio	20%			

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

2.4.2.1 Cash Reserve Ratio (CRR) and Daily Liquidity Monitoring

Commercial banks are the backbone of the payments system and are the main conduits of monetary policy. As an indirect monetary instrument, NRB uses CRR to control money supply in the economy, which was 5.00 percent of total local currency deposit liabilities in the review period. The average CRR of the commercial banks in the review year is 13.28 percent. Banks that fail to maintain such reserves face monetary penalties based on the bank rate. All the commercial banks have maintained the Capital Reserve Ratio (CRR) as prescribed the NRB throughout the year. CRR positions of the commercial banks are monitored weekly.

2.4.2.2 Directed Lending

Nepalese commercial banks are required to disburse 4.5 percent of their total loan portfolio in the deprived sector as directed lending and the average deprived sector lending of the commercial banks stood at 5.28 percent in the review year. Commercial Banks that fail to maintain the minimum requirement in deprived sector lending as prescribed by the NRB is penalized (Monetary). In the review year, Nepal Bangladesh Bank Limited has been penalized Rs. 677,920.79 in the first quarter for not complying with the norms of directed lending.

2.4.2.3 Statutory Liquidity Ratio (SLR)

Banks are required to maintain SLR of 12 percent of their total domestic deposit liabilities. Failing to meet such obligation results in monetary penalties- computed on the basis of bank rate. During the review year all the banks complied with the Statutory Liquidity Ratio norm. The average SLR of the commercial banks in the review year is 28.48 percent.

2.4.2.4 Capital Adequacy Ratio

The New Capital Adequacy Framework requires the banks to maintain minimum capital requirements. As per the framework, commercial banks need to maintain at least 6 percent Tier I capital and 10 percent Total Capital (Tier I & Tier II). The minimum capital adequacy requirements are based on risk-weighted exposures (RWE) of the banks. The capital adequacy ratios of banks are monitored on monthly basis. The average Capital Adequacy Ratio of the commercial banks in the review year is 12.03 percent.

2.4.3 Policy, Planning and Forward Looking Analysis Unit

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

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

During the review period, the Policy Planning and Forward Looking Unit formulated an action plan for the next year. The Unit conducted a periodic review of the Annual Supervision Action Plan of 2013/14, and the report was executed in accordance with Inspection and Supervision By-laws. The Unit also functions as secretariat for the High Level Co-ordination Committee.

2.4.4 Internal Administration

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

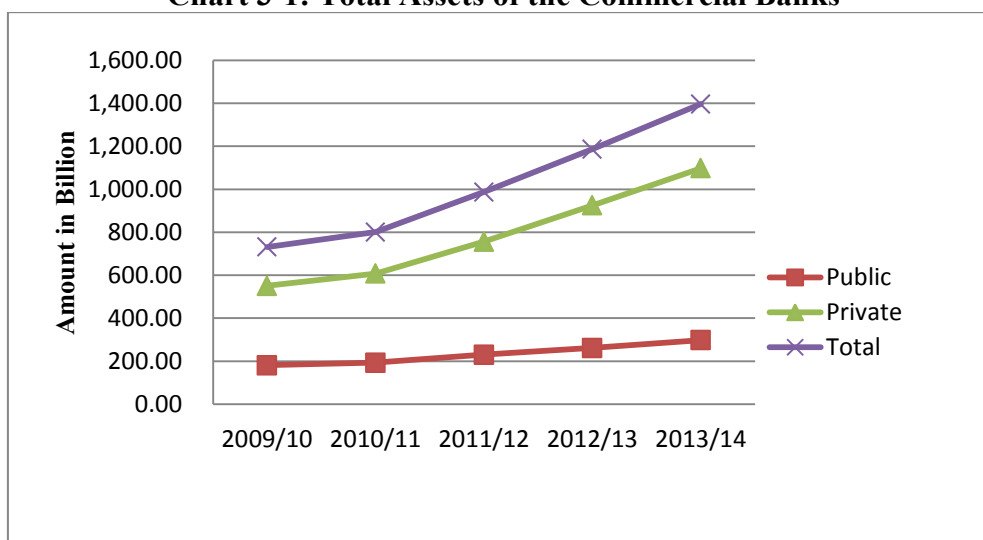
CHAPTER THREE

3 OPERATIONAL PERFORMANCE OF COMMERCIAL BANKS

3.1 Assets of the commercial banks

The total assets of the commercial banks have increased by 17.65 percent to Rs.1,396.55 billion in the fiscal year 2013/14 compared to a growth of 20.27 percent to Rs. 1,187.07 billion in F.Y 2012/13. The total assets increased by 13.96 percent in public banks and by 18.69 percent in the private banks, in the review fiscal year.

Chart 3-1: Total Assets of the Commercial Banks

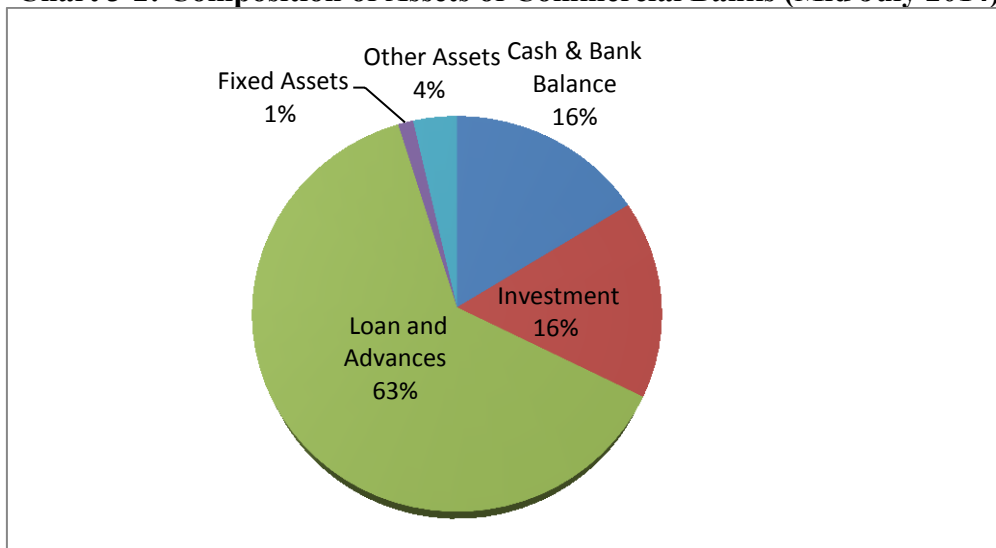


The total assets of the commercial banks have increased due to increase in bank balance and loan portfolio. The cash and bank balance and loan portfolio have increased by Rs. 41.00 billion and Rs. 141.61 billion respectively in 2013/14. In the previous year cash and bank balance had increased by Rs.14.24 billion and loan portfolio had increased by Rs.133.05 billion. The loan portfolio of public banks increased by Rs.22.89 billion, while that of private banks increased by Rs.118.73 billion in 2013/14. Detailed figures are shown in Annex 9.1 and 9.13.

3.2 Composition of Assets

The major portion of the assets of the commercial banks is covered by the loans & advances (63 percent) which totalled to Rs 877.72 billion, of which private sector banks hold Rs 718.16 billion. The second largest components are cash/bank balance and Investments (16% each).

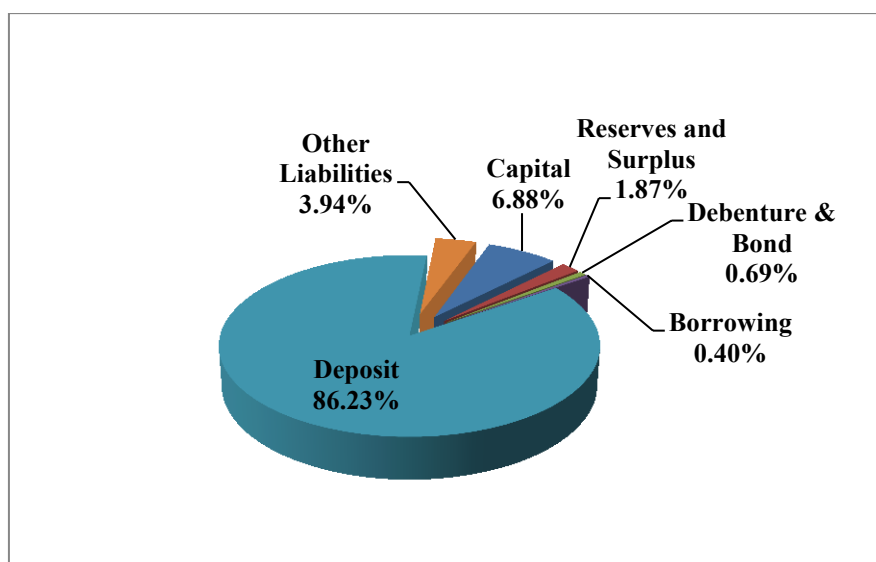
Chart 3-2: Composition of Assets of Commercial Banks (Mid July 2014)



3.3 Composition of Liabilities

The largest source of fund of the commercial banks in mid-July 2014 was deposit (86percent), which totalled to Rs.1,204.21 billion, of which private banks hold Rs. 961.78 billion (79.87 percent). The second largest source is share capital i.e. Rs.96.05 billion (7 percent).

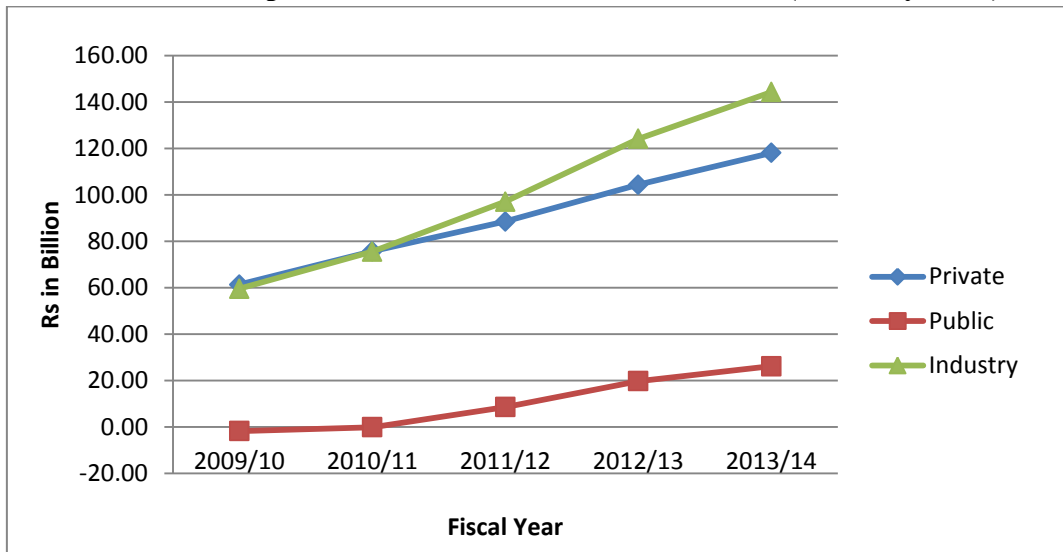
Chart 3-3: Composition of Liabilities of Commercial Banks (Mid July 2014)



3.4 Capital

The consolidated capital fund of the commercial banks showed a positive growth during the review year. Capital fund increased by 16.24 percent to Rs 144.29 billion in the fiscal year 2013/14. Likewise, capital fund of private banks grew by 13.12 percent to Rs. 118.09 billion and that of the public banks increased by 32.74percent from Rs 17.74 billion to Rs. 26.20 billion. (Figures presented in Annex 9.2)

Chart 3-4: Capital Funds of the Commercial Banks (Mid July 2014)

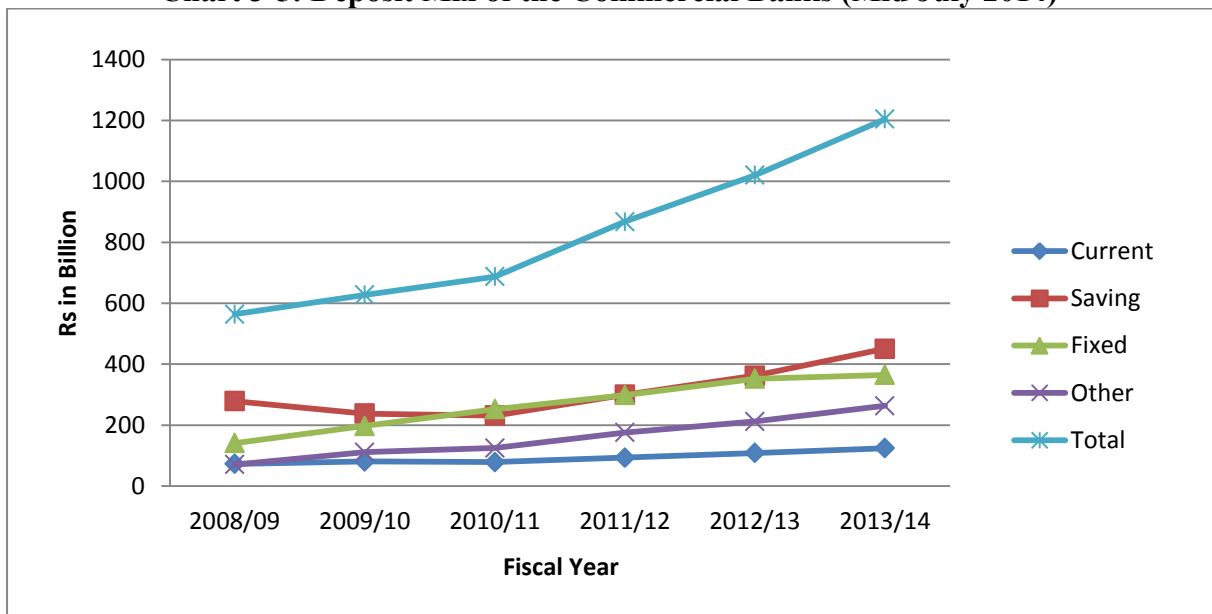


The review of capital adequacy of individual banks (Annex 5) as on mid-July 2014 reflects that 26 Banks out of 30 Commercial Banks had complied with the statutory capital adequacy ratio of 10 percent except Nepal Bank Limited, RastriyaBanijya Bank Limited, Grand Bank Nepal Limited, and the then Kist Bank Limited.

3.5 Deposit

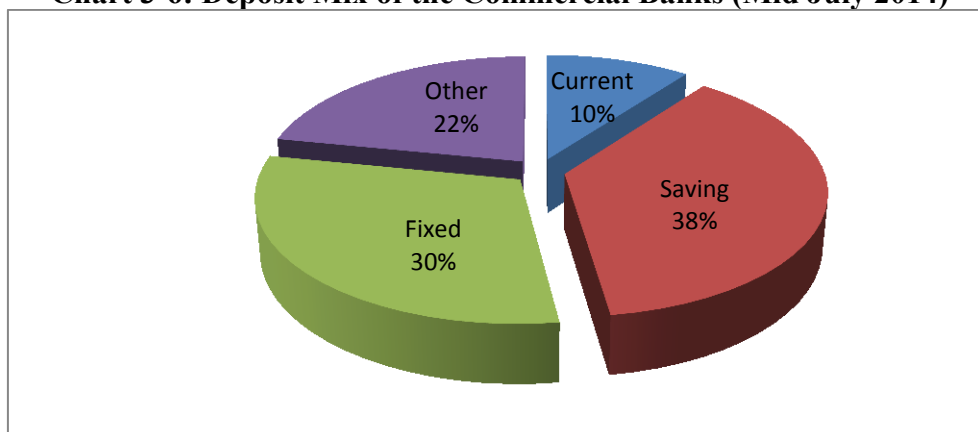
Total deposits of the commercial banks increased by 19.11percent to Rs. 1,204.21 billion compared to a growth of 19.48percent to Rs. 1,011.03 billion in mid-July 2014.

Chart 3-5: Deposit Mix of the Commercial Banks (Mid July 2014)



Saving and fixed deposits dominated the deposit of the commercial banks. In mid-July 2014, saving and fixed deposits of the commercial banks accounted for 38 percent and 30 percent respectively to the total deposits. Detailed figures are shown in Annex 9.3.

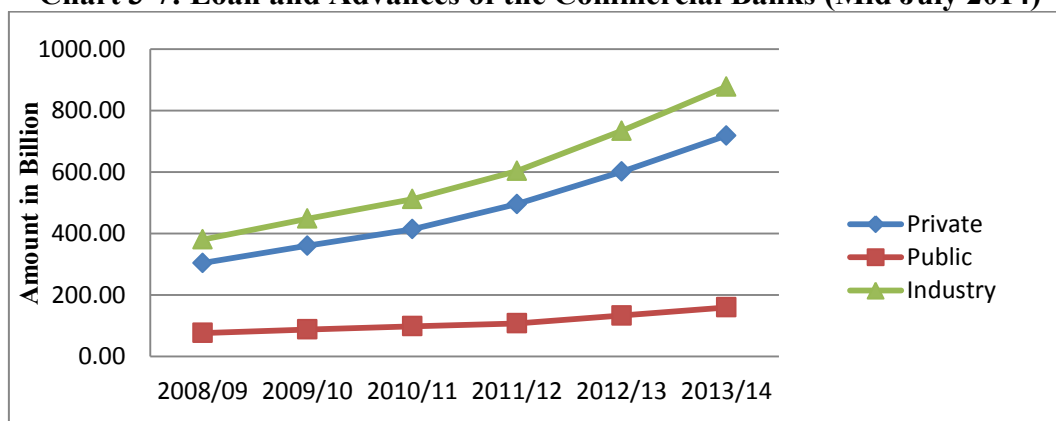
Chart 3-6: Deposit Mix of the Commercial Banks (Mid July 2014)



3.6 Loan and Advances

Loan and advances of the commercial banks increased by 20.69percent to Rs. 877.72 Billion in the Fiscal Year 2013/14 compared to growth of 24.25percent to Rs.727.26 billion in the last fiscal year. Loans and advances of public banks increased by 16.74percent to Rs.159.56 billion, and that of private banks rose by 21.60percent to Rs.718.16 billion during the year. Detailed figures are shown in Annex 9.4.

Chart 3-7: Loan and Advances of the Commercial Banks (Mid July 2014)



3.6.1 Sector-wise Loan and Advances

Commercial Banks have disbursed the loans and advances to the different sectors of the economy. Manufacturing sector is the dominant sector of lending with 22.96 percent share of total loan followed by wholesalers and retailers 22.80 percent and construction 9.86 percent. Table 3-1 shows Sector-wise loan and advances of the commercial banks as on mid-July 2014

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

S.No.	Sector	% of Total Loan (mid-July 2014)					
		2009	2010	2011	2012	2013	2014
1	Agriculture Forest	3.4	3.05	2.68	3.75	4.11	4.19
2	Fishery	0	0	0.02	0.28	0.07	0.28
3	Mining	1.79	0.43	0.42	0.38	0.46	0.36
4	Manufacturing	20.93	20.14	21.2	23.09	23.67	22.96
5	Construction	10.71	10.56	9.29	9.8	9.58	9.86
6	Electricity, Gas and Water	1.65	1.59	1.32	1.92	2.42	2.41
7	Metal Products, Machineries, Electronics and Installation	1.88	1.32	1.68	1.48	1.32	1.21
8	Transport, Warehousing and Communication	4.55	5.28	5.11	6.16	3.24	2.80
9	Wholesalers and Retailers	17.48	18.67	18.51	18.1	21.16	22.80
10	Finance, Insurance and Real Estate	9.82	11.51	14.01	8.95	8.34	8.07
11	Hotel and Restaurant	4.72	2.84	2.13	2.66	2.53	2.75
12	Other Services	1.76	3.96	4.52	4.4	5.05	4.88
13	Consumable Loans	3.53	5.76	5.91	6	6.96	7.56
14	Local Government	0.05	0.22	0.23	1.83	0.09	0.12
15	Others	17.72	14.66	12.99	11.2	11	9.76
	Total Loan	100	100	100	100	100	100

3.6.2 Security-wise Loan and Advances

Almost all of the loans and advances, disbursed by the commercial banks, are found to be secured by the securities. In mid-July 2014, 81.34 percent of the total loans and advances are secured by the property as collateral. Similarly, 3.00 percent of the total loans and advances are secured by gold and silver and 9.47 percent by other securities. Table 3-2 shows the security-wise loan and advances position of the commercial banks as at mid-July 2014.

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

S.No.	Security	% of total loan (mid-July 2014)					
		2009	2010	2011	2012	2013	2014
1	Gold and Silver	1.61	2.26	2.96	3.41	3.3	3.00
2	Government Bonds	0.74	0.62	0.53	0.38	0.4	0.11
3	Non-Government Securities	1.37	1.43	1.07	0.81	0.64	1.01
4	Fixed Deposit	1.33	1.5	1.59	1.16	1.08	0.82
5	Property as Collateral	85.9	85.66	84.92	84.5	84.86	81.34
6	Security of Bills	1.8	0.98	1.26	1.58	1.01	1.32
7	Guarantee	1.87	1.84	1.79	2.31	2.47	2.89
8	Credit/Debit Card	0.08	0.08	0.07	0.06	0.05	0.05
9	Others	5.31	5.62	5.82	5.79	6.19	9.47

3.6.3 Product-wise Loan and Advances

Major part of the loan and advances, i.e. 23.94 percent of the total loan, is of demand and other working capital nature, as was in the previous year (24.48 percent). Similarly, 18.93 percent and 15.85 percent of loans were extended as overdraft and term loans respectively. There is a declining trend in real estate loan which is 6.70 percent in the review year compared to 8.33 percent of the previous year. Table 3-3 shows the composition of product wise loan and advances of the commercial banks during last six years.

Table 3-3: Product wise Loan and Advances

S.No.	Loan Products	% of total loan (mid-July 2014)					
		2009	2010	2011	2012	2013	2014
1	Term Loan	15	14.16	14.33	14.01	14.85	15.85
2	Overdraft	18.1	16.27	17.31	17.26	19.85	18.93
3	Trust Receipt Loan/Import Loan	7.58	4.85	5.52	5.68	5.48	5.34
4	Demand and Other Working Capital Loan	21.64	22.36	23.39	24.96	24.48	23.94
5	Personal Residential Home Loan	7.23	7.5	5.48	5.73	6.24	7.17
6	Real Estate Loan	11.8	13.2	13.11	11.19	8.33	6.70
7	Margin Loan	2.24	2.07	1.35	1.01	0.98	1.33
8	Hire Purchase Loan	6.23	7.11	6.54	5.14	4.5	4.55
9	Deprived Sector Loan	2.96	3.65	3.44	3.79	4.28	4.54

10	Bills Purchased	0.76	0.45	0.91	1.57	1.06	1.11
11	Other Product	6.47	8.38	8.63	9.68	9.94	10.54

3.7 Non- Performing Loans (NPL)

The total volume of non- performing loans of the commercial banks increased by Rs.4.95 billion in the fiscal year 2013/14 and reached Rs. 25.55 billion, which is 2.91 percent of total outstanding loan and advances as at mid-July 2014. This increment was mainly due to the increment in NPL of Grand Bank Nepal Limited (Rs. 2.38 billion) and Kist Bank Limited (Rs. 0.53 billion).

The NPL of private banks amounted to Rs. 18.12 billion whereas that of public banks was Rs. 7.43 billion in 2013/14. The NPL ratio of public banks was 4.65 percent in mid-July 2014 while that of private banks was 2.52 percent. The NPL of the 3 Public sector banks accounted 29.08 percent in total NPL of commercial banks, rest of which was accounted to private sector Banks as of mid-July 2014. Detailed figures are shown in Annex 9.5.

Chart 3-8: NPL Ratio of the Commercial Bank (Mid July 2014)

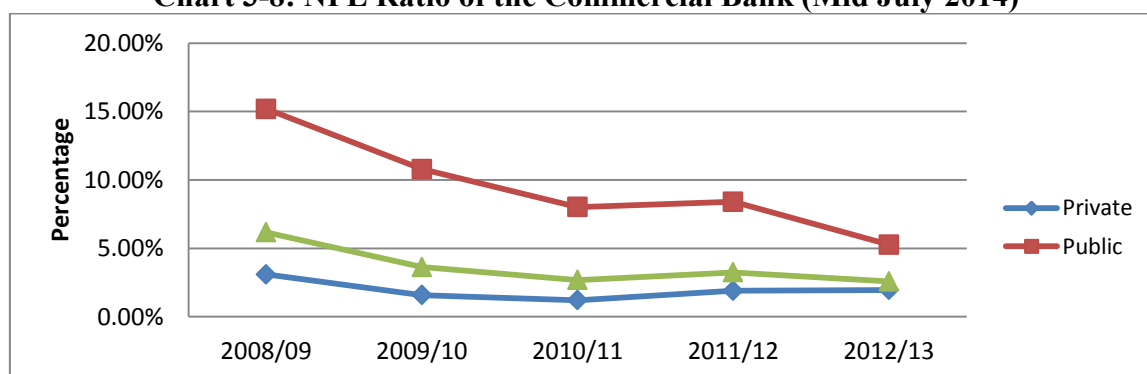
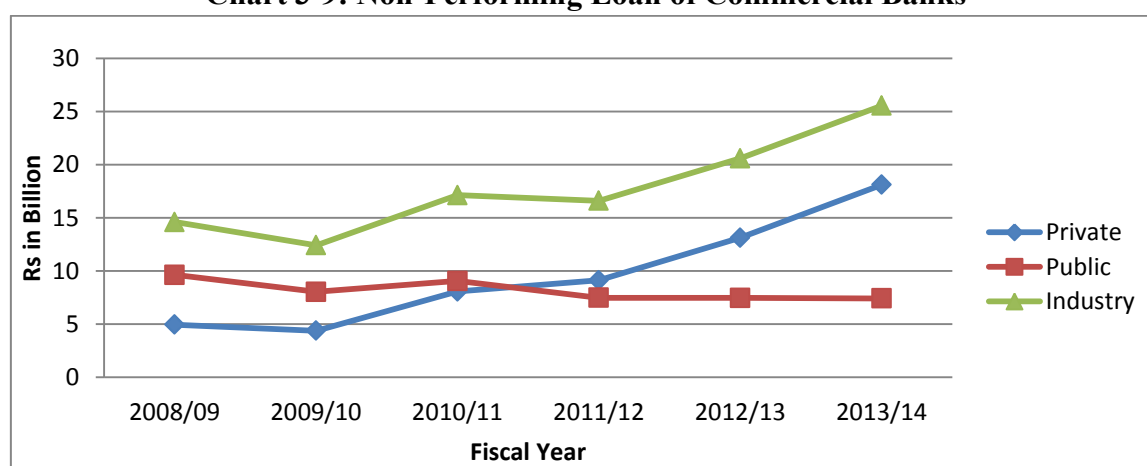


Chart 3-9: Non-Performing Loan of Commercial Banks

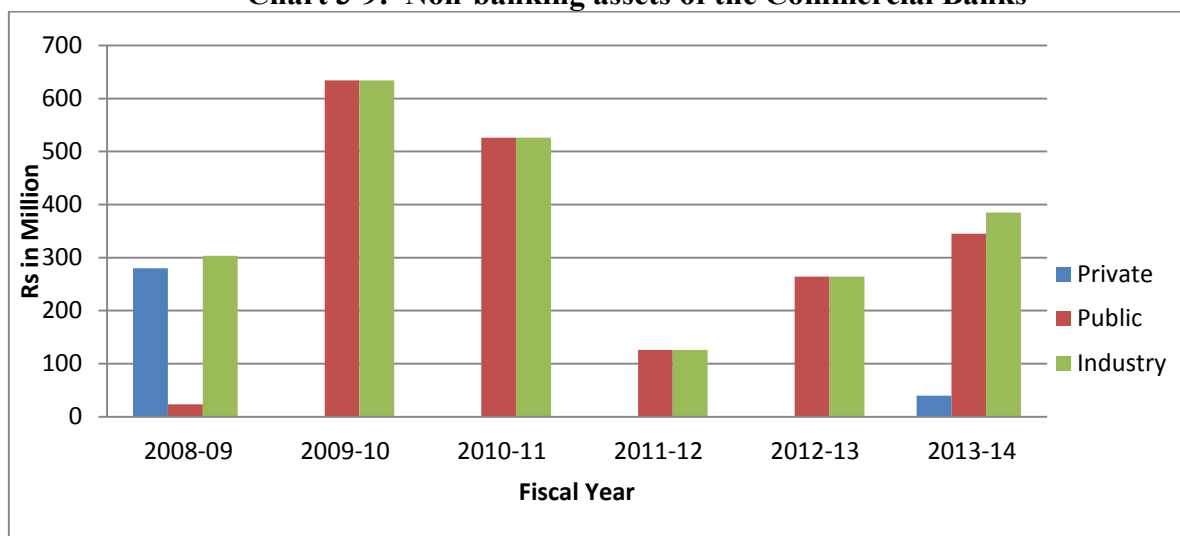


3.8 Non-Banking Assets (NBA)

The total amount of NBA increased from Rs. 264 million to Rs. 385 Million in the review year. Nepal Bank Limited, Rastriya Banijya Bank Limited and Grand Bank Nepal Limited

have booked the NBA during the review period. The level and structure of NBA during the last six years is presented in the chart 3.9. Details on Non-Banking Assets are shown in Annex 9.6.

Chart 3-9: Non-banking assets of the Commercial Banks

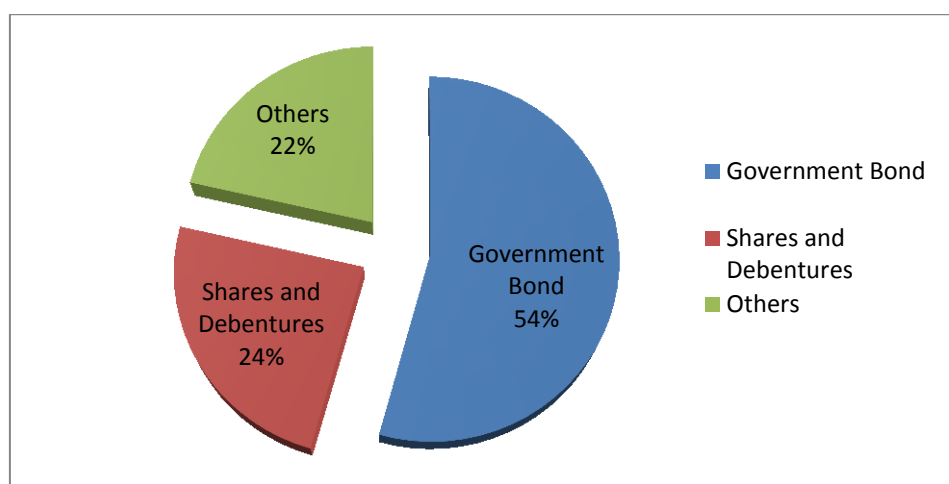


3.9 Investment

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

The total investment of commercial banks increased by 36.58 percent to Rs. 287.04 Billion in the Fiscal Year 2013/14 compared to the growth of 16.0 percent to Rs.209.76 billion in the fiscal year 2012/13. The composition of investment of commercial banks shows a high concentration in government bonds, which is 54 percent of the total investment while shares and debentures and other investment accounted for 24 percent and 22 percent, respectively. There is a shift in investment pattern seen in the portfolio, where the investment in the government issued bonds and treasury bills has fallen down by 15 percent in the review period. Banks are not allowed to invest in shares and debentures of Banks and the Financial Institutions licensed by the NRB. This has continuously diverted investment in 'other' areas. Chart 3.10 shows the investment portfolio of the commercial banks in mid-July 2014.

Chart 3-10: Investment Portfolio of the commercial Banks (Mid July 2014)

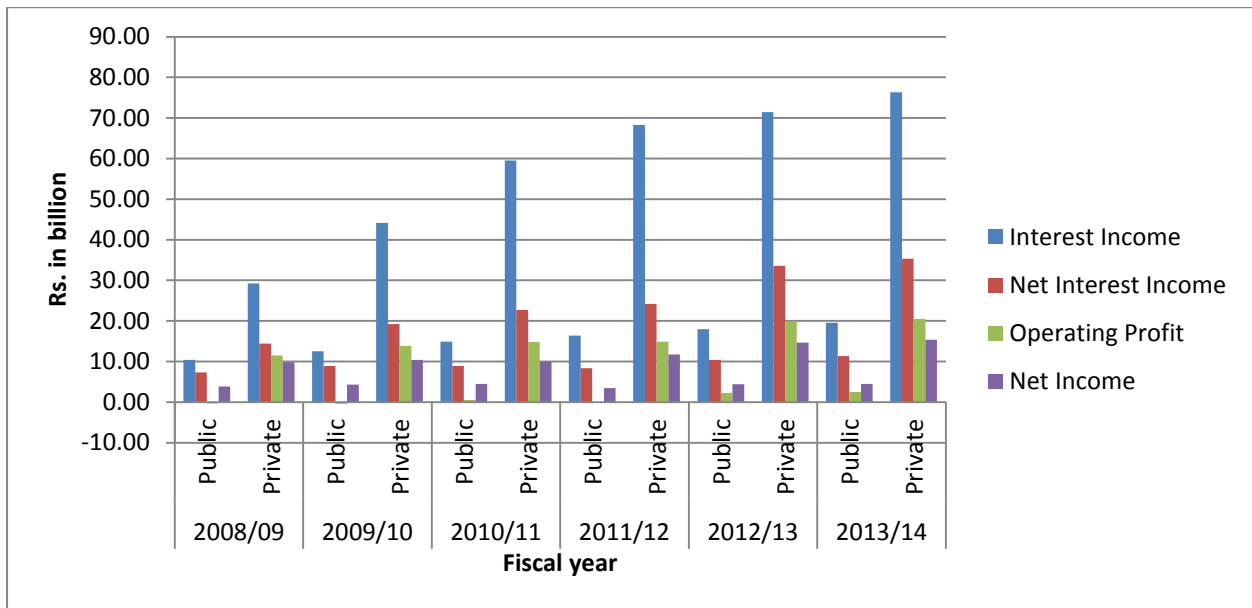


The total investment of the public banks comprises 85.31 percent of investment on government bond which shows the high concentration in government bonds in the fiscal year 2013/14. Similarly, the total investment of private banks comprises 43.97 percent of its investment on government bond, 29.24 percent on shares and debentures and rest on other investment in the fiscal year 2013/14. Detailed figure of the investment portfolio are shown in Annex 9.7.

3.10 Earnings

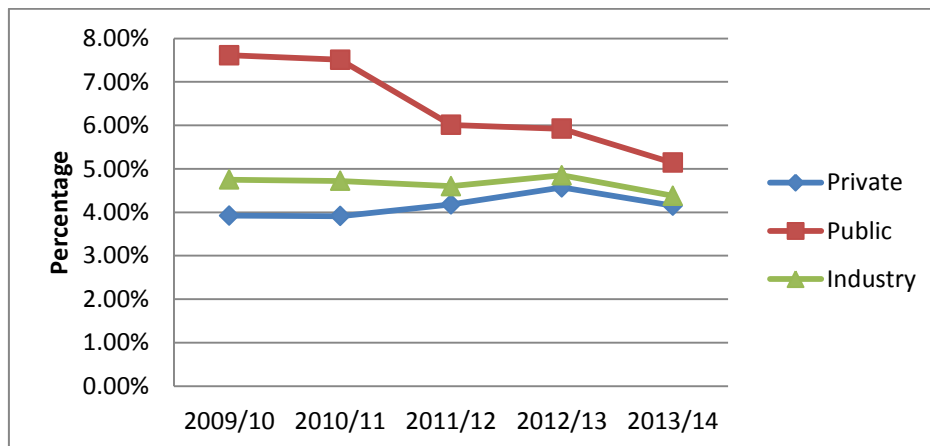
The total income of commercial banks increased by 9.85 percent to Rs. 111.72 billion in FY 2013/14 compared to growth of 6.48 percent in 2012/13. Interest income, the significant proportion of income, contributed to 85.80 percent of the total income, followed by 5.13 percent contributed by commission and discount. The residual portion consists of exchange income, non-operating income and other income. All banks earned profit during the review year except Grand Bank Nepal Limited and Kist Bank Limited, which incurred loss of 1.61 Billion and 0.30 Billion respectively. The net profit of commercial banks increased by 3.96 percent to Rs. 19.85 Billion in FY 2013/14 compared to growth of 29.29 percent in the previous fiscal year. The decrease in the spread rate and net loss incurred by two commercial banks has contributed to the downfall in the growth rate. Detailed figures are shown in Annex 9.9 and 9.13. Out of the total net profit, 77.44 percent is reported by the private banks and remaining by the public banks. Earnings of the commercial banks over six years are shown in the chart 3-11.

Chart 3-11: Operating Efficiency of the Commercial Banks (Mid July 2014)



Interest income of the commercial banks is the main factor that contributes to their profitability. The net interest spread of the commercial banks decreased from 4.85 percent to 4.38 percent in the fiscal year 2013/14. The net interest spread of private sector banks and public sector banks is 4.19 percent and 5.14 percent in the review Fiscal Year 2012/13, which were 4.57 percent for the private banks and 5.92 percent for the public bank in the previous year. Detailed figure of net interest spread is shown in Annex 9.8.

Chart 3-12: Interest Spread of the Commercial Banks (Mid July 2014)

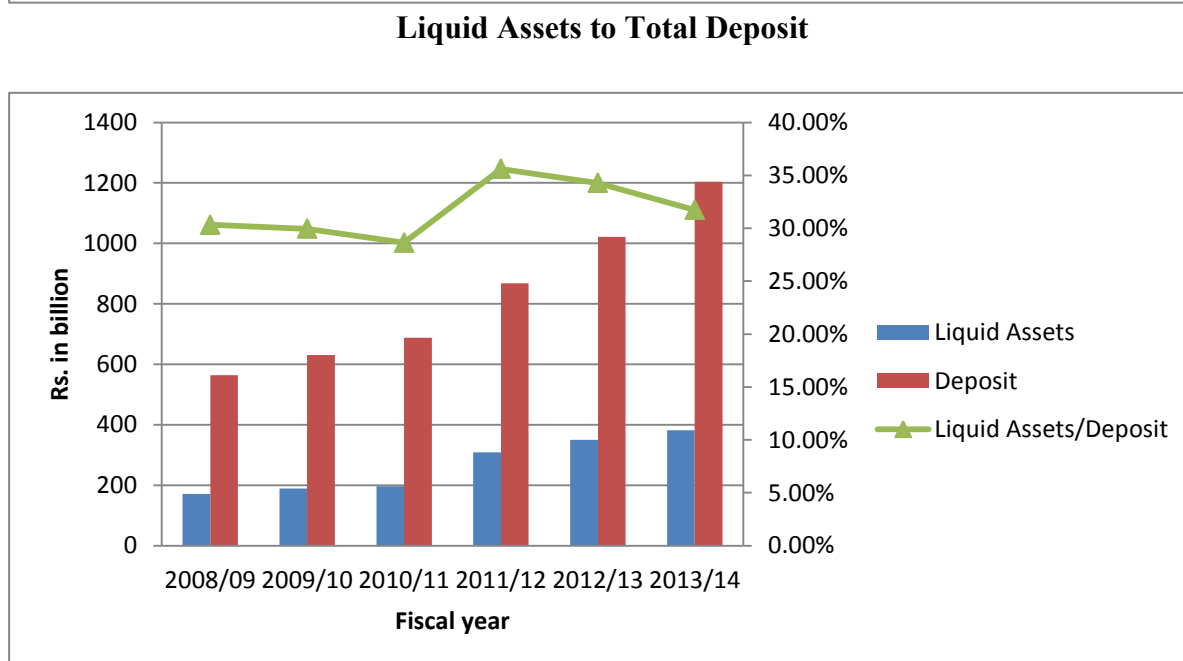
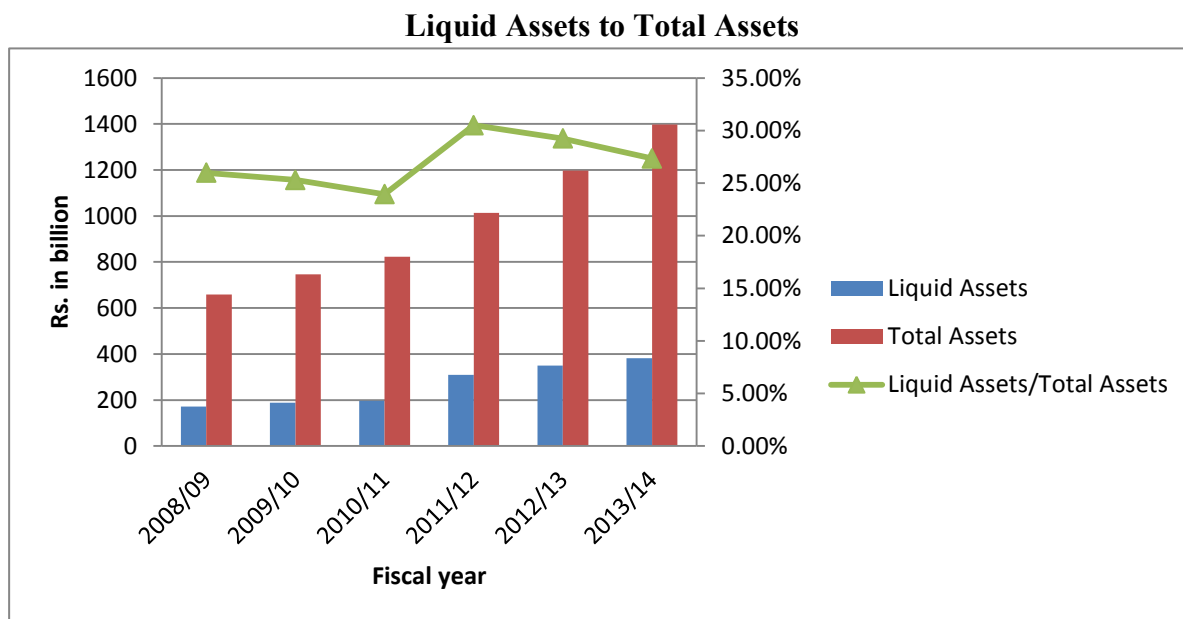


3.11 Liquidity

The cash balance, bank balance with NRB and other banks and financial institutions, money at call and the investment in the government securities are considered as the total liquid assets of the commercial banks. The total liquid assets of the commercial banks increased by 9.14 percent to Rs. 382 Billion in 2012/13 compared to growth of 13.15 percent to Rs. 350 billion in 2012/13. The growth rate of the total liquid assets is found to be in decreasing trend. The growth was 56.85 percent in the year 2011/12. The proportion of liquid assets to total deposits

of the commercial banks in mid-July 2014 is 31.72percent, which was 34.62percent in 2012/13. Similarly, the proportion of liquid assets to total assets of the commercial banks in mid-July 2014 is 27.35percent, which was 29.48percent in 2012/13. Detailed figures are shown in Annex: 9.10 and Annex 9.11. Chart 3-13 shows the liquidity position of the commercial banks to its total assets and total deposits.

Chart 3-13: Liquidity Position of the Commercial Banks



The total assets of the commercial banks increased by 17.65percent in 2013/14, while the growth was of 20.27percent in the year 2012/13. Detailed figures are shown in Annex 9.10 and 9.11.

3.12 Productive and Deprived Sector Lending

The productive sector lending for the year 2013/14, on an average, is approximately 13.5percent, which was 11percent in 2012/13, which is still below the minimum regulatory requirement of 20percent. The deprived sector lending, of commercial banks, for the fiscal year 2013/14 is 5.28 percent, which was 4.78 percent in the FY 2012/13. The deprived sector lending is above the NRB minimum requirement of 4.5percent in the review year. The detailed figures are shown in 9.12.

3.13 Electronic Banking

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

- a) Internet Banking
- b) Mobile Banking
- c) Card Services (Debit Cards, Credit Cards, Prepaid Cards)
- d) Automated Teller Machines (ATMs)
- e) Branchless Banking

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

Table 3-4: Electronic banking in Nepalese banking industry

S.N.	Particulars	Mid July 2012	Mid July 2013	Mid July 2014
1	Number of branchless banking center	74	205	504
2	Number of branchless banking customer	76	30,383	1,51,066
3	Number of mobile banking customer	1,63,246	4,52,909	4,68,424
4	Number of Internet banking customer	1,44,763	2,86,732	3,28,434
5	Total number of ATM	1,054	1,239	1,362
6	Number of debit card holder	23,55,976	31,93,137	36,41,960
7	Number of credit card holder	27,921	38,587	57,898
8	Number of prepaid card holder	46,083	57,453	66,204

3.13.1 Internet Banking

All Nepalese commercial banks are offering Internet Banking services to their customers. As on mid July 2014, there are 3,28,434 internet banking users of commercial banks in Nepal. So far, commercial banks in Nepal are providing the service of utility payments, fund transfers within the same bank and the generation of account statements as internet banking services.

3.13.2 Mobile Banking

Nepalese banks are providing services like balance inquiry, mini statement, last transactions information, withdrawal alerts, cheque book inquiry/request, intra-bank fund transfer, utility

bill payments etc. through mobile banking. As on mid July 2014, there are 4,68,424 users of mobile banking.

3.13.3 Debit Card

All Nepalese commercial banks are providing debit card services to their customers. There are 36,41,960 debit card users of the commercial banks, as on mid-July 2014.

3.13.4 Automated Teller Machines (ATMs)

Himalayan Bank Limited introduced the first ATM in Nepal in the year 1995. All commercial banks have installed ATMs. As on mid July 2014, there are 1,362 ATMs installed by commercial banks.

3.13.5 Credit Card

Credit card service in Nepal was first introduced by NABIL bank in the early 1990s. As on mid July 2014, there are 57,898 credit card customers in the Nepalese banking industry.

3.13.6 Prepaid Card

As on mid July 2014, there are 66,204 prepaid card customers of commercial banks.

3.13.7 Branchless Banking

Branchless banking is a distribution channel strategy used for delivering financial services without relying on bank branches. It is serviced through point of transaction (POT) machine by using smart cards. It is an agent based service. The services include deposit, withdrawal, balance enquiry, and fund transfer. As on mid July 2014, there are 1,51,066 branchless banking customers compared to 30,383 branchless banking customers in mid-July 2013, and 504 branchless banking centers in mid-July 2014 compared to 205 branchless banking centers throughout the country previous year. Increasing number of Banks introducing branchless banking, in the rural areas, has contributed to the high growth in the number of branchless banking centers and customers.

3.14 Actions and Penalties

Following actions are taken to banks according to the Nepal Rastra Bank Act, 2058 in the review year:

- Cash fine of Rs. 200,000/- to the then Chief Executive Officer of Century Commercial Bank Limited according to Section 100, Sub-section 2(c) of the NRB Act, 2058.
- Cash fine of Rs. 20,00,000/- to the Century Commercial Bank Limited according to Section 7 Pha of the Anti Money Laundering Prevention Act, 2064.
- Prompt Corrective Action (PCA) for Sunrise Bank Limited according to the PCA By-rule, 2064 for not maintaining the minimum capital adequacy ratio, in the first quarter, which was later released in the second quarter.

- PCA for Kist Bank Limited according to the PCA By rule, 2064 for not maintaining the minimum capital adequacy ratio, in the third quarter, which was later released in the fourth quarter.
- PCA for Grand Bank Nepal Limited according to the PCA By rule, 2064 for not maintaining the minimum capital adequacy ratio in the fourth quarter.
- Penalty of Rs. 6,77,920.79 to Nepal Bangladesh Bank Limited, in the first quarter, for not maintaining the minimum required deprived sector lending.

CHAPTER FOUR

4 CURRENT INITIATIVES IN SUPERVISION

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

4.1 International Initiatives

4.1.1 Initiatives by Basel Committee on Banking Supervision (BCBS)¹

4.1.1.1 Implementation of Basel III standards

In November 2014 the BCBS published *Implementation of Basel standards*, which updates on progress in the implementation of Basel III since the committee issued its August 2013 report. The report provides update on steps taken by Basel Committee member jurisdiction to adopt Basel III standards and Bank's progress to strengthen their capital and liquidity positions.

4.1.1.2 Impact and implementation-challenges of the Basel framework for emerging market, developing and small economies

BCBS in November 2014 published a working paper which assesses the potential impact and implementation-challenges of specific standards issued by the Basel Committee in the context of emerging market, developing and small economies. The report summarizes the major findings and recommendations by Basel Consultative Group and responds to the requests from G20 and the Financial Stability Board to monitor and report on such issues. It also outlines practical steps that authorities can take in their jurisdictions to implement global standards and to enhance their supervisory approaches.

4.1.1.3 Principles for the Sound Management of Operational Risk

In October 2014 BCBS published the paper namely, Review of the Principles for the Sound Management of Operational Risk that reviews banks' implementation of the 2011 Principles for the Sound Management of Operational Risk. The principles originated from the lessons learnt from the financial crisis and aims to develop sound practice in operational risk management. The paper outlines the Committee's expectations for management of operational risks and guides that all internationally active banks should implement policies and procedures to manage operational risk commensurate with their size, complexity, activities and risk exposures and seek continuous improvements in these areas as industry practice evolves.

In order to enhance operational risk management, the principles provide comprehensive guidance regarding the qualitative standards that should be observed to achieve more rigorous and comprehensive operational risk management.

¹ Source: BIS, BCBS <http://www.bis.org>

This review of implementation covered 60 systemically important banks (SIBs) in 20 jurisdictions. It took the form of a questionnaire against which banks self-assessed the extent and quality of their implementation : (i) operational risk identification and assessment; (ii) change management; (iii) operational risk appetite and tolerance; and (iv) disclosure.

4.1.1.4 Principles for enhancing corporate governance

In October 2014, BCBS published a consultative document, which revised the Committee's 2010 document *Principles for enhancing corporate governance*. The committee's revised principles provide a framework within which supervisors and banks operate to achieve strong and transparent risk management. The revised principles are:

- Strengthen the guidance on risk governance, including the risk management roles played by business units, risk management teams, and internal audit and control functions (the three lines of defence) and the importance of a sound risk culture to drive risk management within a bank.
- Expand the guidance on the role of the board of directors in overseeing the implementation of effective risk management systems.
- Emphasize the importance of the board's collective competence as well as the obligation on individual board members to dedicate sufficient time to their mandates and to remain current on developments in banking.
- Provide guidance for bank supervisors in evaluating the processes used by banks to select board members and senior management, and
- Recognize that compensation systems form a key component of the governance and incentive structure through which the board and senior management of a bank convey acceptable risk-taking behavior and reinforce the bank's operating and risk culture.

4.1.1.5 Identifying and dealing with weak banks

In June 2014 BCBS published *Supervisory guidelines for identifying and dealing with weak banks*, which is expected to replace the 2002 guidance on the same topic. The report provides toolkit to supervisors and offers guidelines in the area of identification of problem, corrective action, resolution techniques and exit strategies. The document also highlights the importance of:

- A clear operating framework to lessen the risk that legal and accounting gaps and political interference will undermine supervisory action.
- Prevention and early identification through financial reporting and monitoring, on-site examination, and regular liaison with auditors and bank management in order to remedy problems before a bank's solvency is threatened.
- Early preparation, including communication strategies and recovery and resolution plans, to support a quick response to a problem bank and limit disruption to the financial system.

- Close international cooperation among supervisors and other relevant authorities.

4.1.1.6 External audits of banks

On March 2014, BCBS published a final document on *External audits of banks* which enhances and supersedes the Committee's prior guidance - 'The relationship between banking supervisors and bank's external auditors (2002)' and 'External audit quality and banking supervision (2008)'.

The financial crisis of 2008 highlighted the necessity to improve the risk management, control and governance processes at bank. This emphasized to improve the quality of external audits of banks. The document explains about the expectations supervisors have regarding the quality of audit and its relationship to the audit committee in the bank so that it enhances the effectiveness of prudential supervision.

4.1.1.7 Disclosure of liquidity coverage ratio

In January 2014 BCBS published *Liquidity coverage ratio disclosure standards*, which summarizes the final requirements for banks' LCR-related disclosures. The requirements will improve the transparency of regulatory liquidity requirements and enhance market discipline. The final document covers additional work on liquidity disclosure, the use of market-based indicators of liquidity within the regulatory framework, and the interaction between the LCR and the provision of central bank facilities.

4.1.2 Initiatives by Financial Stability Board (FSB)²

4.1.2.1 Guidance on Recovery Triggers and Stress Scenarios

On July 2013, FSB published *Guidance on Recovery Triggers and Stress Scenarios*. The guidance focuses on two specific aspects of recovery plans:

- the design and nature of criteria triggering senior management consideration of recovery actions ("triggers"), a firm's reactions to breached triggers, and engagement by supervisory and resolution authorities following breached triggers; and
- the severity of hypothetical stress scenarios and the design of stress scenarios more generally.

4.1.2.2 Policy Framework for Strengthening Oversight and Regulation of Shadow Banking Entities

On August 2013 FSB published a policy framework to address shadow banking risks posed by non-bank financial entities other than money market funds (MMFs). The framework is

² Source: FSB, <http://www.financialstabilityboard.org/>

based on a consideration of more than 50 responses received on the Consultative Document which set out policy framework that would allow authorities to detect and assess the sources of shadow banking risks in the non-bank financial space from a financial stability perspective and apply appropriate policy measures if necessary to mitigate any financial stability risks identified.

4.1.2.3 Principles for an Effective Risk Appetite Framework

On November 2013 FSB set out the key elements for an effective risk appetite framework, an effective risk appetite statement, risk limits, and defining the roles and responsibilities of the board of directors and senior management. The Principles of Risk Appetite framework would help to put a strong risk culture at financial institutions and thus support sound risk management. Also, this will allow financial institutions to develop Risk Appetite Framework that is specific to the institution and reflects its strategy and adapt to changing economic and regulatory environment

4.1.2.4 Guidance on Supervisory Interaction with Financial Institutions on Risk Culture: A Framework for Assessing Risk Culture

Weakness in risk culture has also been considered as a main cause of the global financial crisis. A critical component of sound risk management is that employees of an institution conduct business in a legal and ethical manner and hence the focus of an institution should be to create an environment that promotes integrity in doing business and this should be developed as an organization culture. FSB's this document of April 2014 addresses the weaknesses in risk culture of financial institutions which shapes actions and decisions taken by individuals within the institutions and promotes risk culture within a financial institution.

4.1.2.5 Increasing the Intensity and Effectiveness of Supervision

On April 2014 FSB published the progress report on *Increasing the Intensity and Effectiveness of Supervision* which promotes more intense and effective supervision, sharing of supervisory experience so as to improve supervision practices and explore new approaches and tools. This in turn allows supervisors to adopt best practices and identify and address risks before they become serious problems at financial institutions.

4.1.2.6 Transforming Shadow Banking into Resilient Market-Based Financing

FSB published a document on November 2014 providing an overview of FSB's outlook to transform shadow banking into resilient market based financing. It outlines FSB's strategy to correct the fault lines that contributed the global financial crisis and transforming shadow banking into resilient market-based financing. The strategies are summarized as:

- The creation of a system-wide monitoring framework to track developments in the shadow banking system with a view to identify the build-up of systemic risks and initiating corrective actions where necessary; and

- The development of policy measures in five areas where oversight and regulation needs to be strengthened to reduce excessive build-up of leverage, as well as maturity and liquidity mismatching in the system.

4.1.3 Initiatives by The Reserve Bank of India³

4.1.3.1 Framework for Revitalising Distressed Assets in the Economy

RBI released framework for Revitalising Distressed Assets in the Economy, in January 2014. The Framework outlines a corrective action plan that will incentivise early identification of problem cases, timely restructuring of accounts which are considered to be viable, and taking prompt steps by banks for recovery or sale of unviable accounts. The main features of the Framework are:

- Early formation of a lenders' committee with timelines to agree to a plan for resolution.
- Incentives for lenders to agree collectively and quickly to a plan: better regulatory treatment of stressed assets if a resolution plan is underway, accelerated provisioning if no agreement can be reached.
- Improvement in current restructuring process: Independent evaluation of large value restructurings mandated, with a focus on viable plans and a fair sharing of losses (and future possible upside) between promoters and creditors.
- More expensive future borrowing for borrowers who do not co-operate with lenders in resolution.
- More liberal regulatory treatment provided for asset sales:
- Lenders can spread loss on sale over two years provided loss is fully disclosed.
- Take-out financing/refinancing possible over a longer period and will not be construed as restructuring.
- Leveraged buyouts will be allowed for specialised entities for acquisition of 'stressed companies'.
- Steps to enable better functioning of Asset Reconstruction Companies mooted.
- Sector-specific Companies/Private equity firms encouraged to play active role in stressed assets market.

4.1.3.2 Merchanting Trade Transactions

RBI, on January 2014, released the revised guidelines on Merchanting Trade Transactions replacing the earlier guidelines issued in 2003. Merchanting or Intermediary Trade involves purchase of goods by Indian residents from non-residents and then reselling them to another non-resident directly without the goods touching the Indian ports. Although the merchanting trade transactions do not contribute to the exports from India, they result in net foreign

³ Source: RBI, <http://www.rbi.org.in/home.aspx>

exchange inflows. Under the revised guidelines, total period of merchanting trade has been extended from six months to nine months and short term financing for both export and import leg has been enabled. Half yearly reporting of outstanding merchanting trade by AD Banks has also been prescribed to ensure better monitoring.

4.1.3.3 Framework for Domestic Systemically Important Banks (D-SIBs)

On July 2014, The Reserve Bank of India (RBI) released the Framework for dealing with Domestic Systemically Important Banks (D-SIBs). This framework discusses the methodology to be adopted by RBI for identifying the D-SIBs and additional regulatory/supervisory policies which D-SIBs would be subjected to. The assessment methodologies adopted are primarily based on the BCBS methodology with some modifications to capture domestic importance.

Financial Stability Board (FSB) has recommended that all member countries needed to have in place a framework to reduce risks emanating from Systemically Important Financial Institutions (SIFIs) in their jurisdictions. Also, The Basel Committee on Banking Supervision (BCBS) came out with a framework in November 2011 for identifying the Global Systemically Important Banks (G-SIBs) and the magnitude of additional loss absorbency capital requirements applicable to these G-SIBs. The BCBS further required all member countries to have a regulatory framework to deal with Domestic Systemically Important Banks (D-SIBs).

4.1.3.4 Revised Liquidity Management Framework

RBI reviewed the liquidity arrangements in line with the Monetary Policy Statement, 2014-15. With a view to ensuring flexibility and transparency in liquidity management operations, a revised framework for liquidity management is being put in place with effect from September 2014.

4.2 National Initiatives

4.2.1 Risk-Based Supervision (RBS)

After the financial crisis of 2008, the importance of having a risk focused supervision of Banks and Financial Institutions was accepted by financial regulators worldwide. The risk focused approach aims to supervise banks in accordance to their risk profile and thus focusing resources on areas of high risks that the financial institution faces.

Since 2014, NRB has been implementing RBS on 'A' class banks and aims the full-fledged implementation by 2017. While the RBS will be implemented in phases, NRB's shift to risk focused supervision seeks to achieve an accurate assessment of individual banks' financial condition and managerial strength, on an ongoing basis, in order to facilitate a prompt and timely response to emerging problems. This approach of supervision mainly assesses the

inherent risks of the bank and their risk management process. It enables NRB to decide about the supervisory regime for the Bank and to focus its supervisory resources on high risk area.

As on March 2015, on-site inspection of RBS has been conducted on Nepal Bangladesh Bank Limited, Laxmi Bank Limited, Everest Bank Limited, Sanima Bank Limited, Century Commercial Bank Limited and Everest Bank Limited.

4.2.2 Special Inspection of Financial Institutions

As a part of Development Policy Credit initiated by the Nepal Government, NRB has been conducting the Special Inspection of Financial Institutions with the expertise of KPMG, Portugal. The Special Inspection Program is being carried out with joint support from the World Bank, IMF and DFID and aims to have a comprehensive assessment of the Nepalese Financial Sector. The program aims to strengthen the financial sector of Nepal and is being carried out in 2 phase. A total number of 54 BFIs will undergo special inspection: 22 Class A, 20 Class B, and 12 Class C BFIs. The first phase of the program- inspection of 27 BFIs has been completed and the second phase of the program has started on March 2015.

4.2.3 Financial Sector Assessment Program

Following the Financial sector Assessment Program (FSAP) carried out jointly by the IMF and the World Bank in February 2014, an action plan is being prepared for implementing the findings and recommendations of the FSAP. The FSAP has assessed different areas of the financial sector including Banking, Insurance, Cooperatives and the Capital Market development in Nepal.

4.2.4 MOU with International Authorities on Supervisory Cooperation

Cross Border supervision of International Banks and sharing of supervisory information among the financial regulators is very important given the level of financial integration worldwide. NRB has initiated the supervisory cooperation with other central banks and regulatory authorities for information sharing and supervisory cooperation. Memorandum of Understanding with China Banking Regulatory Commission, Reserve Bank of India and State Bank of Pakistan is being worked out and NRB aims to conduct the MoU with them during current fiscal year.

4.2.5 Transition to NFRS

On December 2014, Nepal Rastra Bank issued Nepal Financial Reporting Standard (NFRS) migration guideline to Banks and Financial Institutions with an aim to migrate to NFRS by 2017. The Special Inspection of Financial Institutions being conducted by Nepal Rastra Bank also complements the transition to NFRS as the inspection also aims to identify gaps in the existing Accounting Standards and NFRS and the progress towards implementation of Nepal Financial Reporting Standards (NFRS). NRB has trained 76 officers (including 10

supervisors from Bank Supervision Department) to develop their understanding regarding the statements prepared complying NFRS, from regulators' perspectives.

CHAPTER FIVE

5 ISSUES AND CHALLENGES

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

5.1 Issues

5.1.1 Consolidation in banking industry

NRB has been encouraging consolidation in the industry, through merger and acquisition. Industry has already observed the merger of few commercial banks in the last three years which has reduced the numbers of commercial banks from thirty-two to thirty. It is expected that consolidation will be furthered in the coming years. The impact assessments of such consolidations are being conducted by the Research Department of NRB. NRB has been encouraging consolidation in the industry vis-à-vis keeping in mind the risk of the development of too-big entity.

5.1.2 Dynamic Loan loss provisioning

Commercial banks are required to comply with the minimum regulatory requirements for the classifications of the risk assets. However, they are not found to be proactive enough to recognize the quality of the risk assets prior to going 90 days due. On the other hand, NRB has been making studies to introduce the dynamic loan loss provisions to truly reflect the quality of credit portfolio, since the existing directive is quite rigid and does not address the flexibility of assessing the quality of risk assets and considering the probability of default.

5.1.3 Adoption of NFRS

Institute of Chartered Accountants of Nepal (ICAN) has announced a roadmap to gradually adopt Nepalese Financial Reporting System (NFRS) including BFIs. Likewise, the Monetary Policy of F.Y. 2014/15 also requires BFIs to adopt NFRS by 2017. For this NRB has already issued a migration guideline for the BFIs. NRB has said that its prudential regulations will remain in force until further notice and requires them to reconcile the differences in NFRS complied statements and regulatory standards. Thus, industry is in the process to adopt the NFRS duly. Impairment of assets and recognition of income are being taken as the main issue regarding the adoption of NFRS.

5.1.4 Excess Liquidity

Last year Banks experienced excess liquidity in the financial system. Last year BFIs' liquid fund grew by 23 percent whereas industry's loan and advances grew by 15 percent. Due to which the inter-bank rate decreased from 0.86 percent in mid-July 2013 to 0.167 in mid-July 2014. Consequently, the interest rates of the Bank also decreased. Lack of business activities, lack of demand for loan to invest in capital market and real estate etc. caused decrease in total demand of the loan. Banks were found to be exploring more to increase the portfolio in small and medium size market i.e. lending to SMEs and retail products. In the review year NRB

mopped up the excess liquidity of BFIs through reverse repo amounting Rs. 602.5 billion and outright sale amounting Rs. 8.5 billion.

Furthermore, new regime of Basel III requires bank to maintain liquidity coverage ratio of more than hundred percent. NRB is also working on developing the framework considering these liquidity measures. Likewise, the development of liquidity triggers for the corrective measures are also under progress.

5.1.5 Skill-sets in Industry

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

5.1.6 Risk Based Supervision (RBS)

NRB has already implemented RBS as the parallel run from the fiscal year 2013/14. With that parallel run NRB conducted on-site inspection of four banks in the fiscal year 2070/71. Reports of two banks are already sent for the enforcement. RBS not only checks the compliance but reviews and assesses the qualitative factors also. For the industry, RBS has become a new practice and making them adopt many changes. RBS demands the assessment of the governance structure, reporting lines, independent control and monitoring functions including strategies, policies and ICAAP of the Bank. This is bringing ripples of changes in the industry.

5.1.7 Strengthening off-site mechanism to support RBS

For the on-site inspection NRB has already started the parallel run however for the off-site supervision changes are yet to be done. Development of the financial indicators, early warning signals, forward looking approaches and macro prudential analysis, to support RBS, along with the automation of off-site are some issues that needs to be addressed in the coming days.

5.1.8 Financial access and inclusion

NRB has been emphasizing on financial access and inclusion. Total number of branches of 'A' class banks increased to 1547 from 1486, likewise, the total number of branches of BFIs increased to 3456 from 3138. Due to this increment in the branches, the population per branch ratio has decreased to 7,666 from 8,443 in the review year. NRB has been encouraging financial literacy as well as financial outreach to bring the non-banked population into the banking system. In the review year, number of deposit accounts has also grown by 15.14 percent to 1,31,29,574 from 1,14,03,385.

5.2 Challenges

5.2.1 Development of Proactive Banking Industry

Banking industry in Nepal is still focused on compliance of regulatory minimum standards. They are emphasizing more on the compliance of the directives and circulars issued by Nepal Rastra Bank and confining their prudent practices to those things only, being just reactive to those norms. However, NRB wants them to adopt international best practices and take proactive measures for the prudent Banking. NRB has been endeavouring to make them proactive by issuing different guidelines at different times. Additionally, many Banks are operating with their short term plans, mostly annual budgets, though few of them have developed strategic plans.

5.2.2 Good Governance

Most of the problems that the Nepalese banking industry has seen so far are related to the governance. At most all of the failures are related to the lack of good governance and ethical standards. Insider lending, related party lending and connectivity, unethical relations etc. have created most of the problems rather than credit risks and the business risks. NRB has always motivated banks to have a professional board and want the board to retain the oversight of the operations and risk management of the bank.

5.2.3 Ever-greening of Risk Assets

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

5.2.4 Controlling Multiple Banking

Multiple banking has been a big challenge for the supervision. Big business houses are resorting to the credit facilities from the multiple banks against the same collateral. Such facilities are extended without the consortium mechanism. This has increased the counter party risk for the banks since they are lending against the same working capital. Recently NRB has issued the circular to regulate multiple banking especially for the working capital financing. Banks are required to analyse properly and obtain paripassu clearly knowing their stake. Many of the banks are yet to obtain the paripassu agreement regarding several big borrowers.

5.2.5 Systemically important banks

NRB is yet to define the Systemically Important Banks (SIBs). Though consolidation is being encouraged by NRB, NRB is also aware about the systemic importance of the "too big" bank. NRB has been working to prepare the framework for the identification and regulation of the SIBs to control the systemic vulnerability.

5.2.6 Supervisory MIS

Inexistence of the sound Supervisory Management Information System S-MIS has been a big problem for the supervisors. This is increasing the lag of data collection, analysis and corrective measures and ultimately hindering the off-site supervision of NRB. Development of the automated data collection and analysis system has been a big challenge for the regulatory body. NRB is planning to develop an S-MIS which generates real time data from the Banks and helps supervisors to continuously monitor the financial indicators of the industry and identify and resolve the potential problems on time before a crisis occurs.

5.2.7 Enforcing Capital Adequacy in the state owned banks

Though reform measures have been undergoing since 2002, improving the capital position of the public banks remains a major challenge for the central bank. Even after the enforcement of the Prompt Corrective Actions Bylaws, 2007 two state owned banks NBL and RBBL as well as Kist Bank Limited and Grand Bank Nepal Limited are unable to maintain regulatory required capital levels. On the other hand, all banks other than two state-owned banks have maintained capital at a level above the minimum regulatory requirement. However, state-owned banks not maintaining the minimum capital adequacy regulation has made it difficult for the NRB to create a level playing field for all commercial banks.

5.2.8 Compliance of Basel Core Principles (BCP)

Last year NRB has conducted a self-assessment of the BCP as part of the Financial Sector Assessment Program undertaken by the IMF and the World Bank and had identified the gaps. NRB is currently preparing action plans and road maps to gradually comply with all the principles.

5.2.9 Coordination among regulators

It is obvious that supervisory capacity can be further strengthened by proper coordination between the regulators and the concerned authorities such as Ministry of Finance (Government), Securities Board of Nepal (SEBON), Insurance Board, Credit Information Bureau (CIB), Debt Recovery Tribunal (DRT), Credit Rating Agencies and Asset Management Companies. With the growing complexity in the financial system systemic risks are also increasing. Thus, it is important to have effective and efficient coordination between supervisors and regulators of the financial system. Ensuring effective coordination between banking supervisors and other regulators of the financial sector still remains a challenge.

Bank Supervision Report, 2014

Annexures

Annex 1: Growth of Financial Institutions (numbers)

Types of Financial Institutions	Mid - July													
	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Commercial Banks	3	5	10	13	17	18	20	25	26	27	31	32	31	30
Development Banks	2	2	3	7	26	28	38	58	63	79	87	88	86	84
Finance Companies			21	45	60	70	74	78	77	79	79	69	59	53
Micro-finance Development Banks			4	7	11	11	12	12	15	18	21	24	31	37
Saving & Credit Co-operatives Limited Banking Activities)			6	19	20	19	17	16	16	15	16	16	15	16
NGOs (Financial Intermediaries)				7	47	47	47	46	45	45	38	36	31	30
Total	5	7	44	98	181	193	208	235	242	263	272	265	253	250

Annex 2: Inspection Schedule

FY 2013/14			
1st Term	2nd Term	3rd Term	4th Term
Nepal Investment Bank Ltd.	Nepal SBI Bank Ltd.	Everest Bank Ltd.	Agriculture Development Bank Ltd
Nabil Bank Ltd	Siddhartha Bank Ltd.	Lumbini Bank Ltd.	Standard Chartered Bank Nepal Ltd.
Global IME Bank Ltd.	Janata Bank Ltd	Ratriya Banijya Bank Ltd.	Laxmi Bank Ltd.
NIC Bank Limited	Century Bank Ltd.	Mega Bank Nepal Ltd.	Sanima Bank Limited
Himalayan Bank Ltd.	Nepal Bangladesh Bank Ltd.	Grand Bank Nepal Limited	Kist Bank Limited
Sunrise Bank Ltd.		Citizens Bank International Limited	Bank of Kathmandu Limited
		Kumari Bank Limited	Nepal Credit and Commerce Bank Limited
			Civil Bank Limited
			Prime Commercial Bank Limited
			NMB Bank Limited
			Machhapuchhre Bank Limited
			Nepal Bank Limited

Annex 3: Targeted / Special-Inspection of Commercial Banks (FY 2013/14)

S.N.	Name of Bank	No. of Inspection
1	Kist Bank Ltd	8
2	Nabil Bank Ltd	2
3	Civil Bank Ltd.	1
4	Rastriya Banijya Bank Ltd.	9
5	Citizens Bank International Ltd.	2
6	Century Commercial Bank Ltd.	1
7	Nepal Bangladesh Bank Ltd.	8
8	Nepal Bank Ltd.	6
9	Prime Commercial Bank Ltd.	2
10	Nepal Credit and Commerce Bank Ltd.	7
11	Himalayan Bank Ltd.	4
12	Bank of Kathmandu Ltd.	1
13	Nepal SBI Bank ltd.	1
14	Laxmi Bank Ltd.	2
15	NIC Asia Bank Ltd.	3
16	Lumbini Bank Ltd.	2
17	Machhapuchhre Bank Ltd.	1
18	Nepal Investment Bank Ltd.	1
19	Everest Bank Ltd.	2
20	Global IME Bank ltd.	1
21	NMB Bank Ltd.	1
22	Grand Bank Nepal Ltd.	2
23	Mega Bank Nepal Ltd.	1
24	Siddhartha Bank Ltd.	2

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

SN	Course	Organizer	Country	Person	Days
1	Financial System Stability Analysis and Surveillance	SEACEN Centre	Malaysia	4	6
2	26 th SEACEN-FSI Regional Seminar on Basel III- Capital and Liquidity Frameworks	SEACEN Centre	Singapore	1	4
3	4 th SEACEN high level seminar for Deputy Governor's and 4 th Meeting of SEACEN Deputy Governors	SEACEN Centre	Thailand	1	3
4	Course on Economic Policies for Financial Stability	IMF Institute	Singapore	1	12
5	SEACEN-IMF Course on Macroeconomic Management and Financial Sector Issues	SEACEN Centre	Srilanka	1	13
6	7 th Programme for Principal Inspecting Officers/Chief Bank Examiners	Reserve Bank of India	India	1	5
7	Advancing Inclusive Financial System in the Next Decade	SEACEN Centre	Malaysia	1	3
8	Financial Supervision and Capital Adequacy	Bank of England	England	1	3
9	Risk Based Supervision	Reserve Bank of India	India	5	4
10	Building on the Counter Cyclical Buffer Consensus: Asian Empirical Test	SEACEN Centre	Malaysia	1	3
11	FSI-SEANZA Seminar on Risk Management and Risk Based Supervision	Financial Stability Institute	HongKong	2	1
12	55 th SEACEN Federal Reserve System Course on Risk Focused Supervision and Risk Assessment	SEACEN Centre	Srilanka	2	6
13	Program on Basel III	Reserve Bank of India	India	1	5

Annex 5 Capital Adequacy Ratio of Commercial Banks

S.No	Bank's name	Mid July 2012		Mid July 2013		Mid July 2014	
		Capital					
		Core Capital	Total Capital Fund	Core Capital	Total Capital Fund	Core Capital	Total Capital Fund
1	Nepal Bank Limited	-5.82%	-5.82%	-0.49%	-0.49%	4.63%	5.26%
2	Rastriya Banijya Bank Limited	-9.35%	-9.35%	1.51%	2.94%	3.66%	5.60%
3	Nabil Bank Limited	9.30%	11.01%	9.98%	11.59%	9.74%	11.24%
4	Nepal Investment Bank Limited	9.34%	11.10%	10.01%	11.49%	9.52%	11.27%
5	Standard Chartered Bank Limited	12.02%	13.93%	11.03%	12.54%	10.83%	12.27%
6	Himalayan Bank Limited	9.60%	11.02%	8.96%	11.55%	9.03%	11.23%
7	Nepal SBI Bank Limited	9.16%	11.21%	9.59%	12.39%	10.19%	13.28%
8	Nepal Bangladesh Bank Limited	10.76%	11.86%	10.76%	11.61%	10.64%	11.44%
9	Everest Bank Limited	9.61%	11.02%	9.31%	11.59%	9.35%	11.15%
10	Bank of Kathmandu	10.11%	11.07%	9.50%	12.58%	8.77%	11.57%
11	Nepal Credit and Commerce Bank Limited	10.93%	11.77%	11.02%	11.88%	10.70%	11.51%
12	Lumbini Bank Limited	22.13%	23.35%	19.89%	20.75%	15.06%	15.96%
13	NIC Asia Bank Limited	9.91%	11.01%	12.21%	13.17%	11.84%	14.05%
14	Machapuchhre Bank Limited	14.11%	15.04%	11.59%	12.54%	9.69%	10.63%
15	Kumari Bank Limited	11.30%	12.20%	11.24%	12.10%	10.85%	11.81%
16	Laxmi Bank Limited	9.52%	11.02%	9.15%	12.23%	9.62%	11.91%
17	Siddhartha Bank Limited	8.18%	11.03%	8.21%	11.70%	8.39%	11.39%
18	Agricultural Development Bank Nepal	14.25%	18.25%	15.10%	17.89%	12.79%	15.17%
19	Global IME Bank Limited	9.21%	11.66%	9.17%	11.14%	10.94%	12.38%
20	Citizens Bank International Limited	13.50%	14.47%	11.05%	11.89%	10.26%	12.99%
21	Prime Bank Limited	12.65%	13.59%	11.88%	12.74%	11.53%	12.40%
22	Sunrise Bank Limited	11.01%	11.78%	10.96%	11.80%	10.63%	11.49%
23	Grand Bank Nepal Limited	15.99%	16.84%	12.39%	13.20%	0.00%	4.07%
24	NMB Bank Limited	13.95%	14.84%	10.41%	11.27%	9.91%	10.75%
25	Kist Bank Limited	11.70%	12.47%	10.94%	11.75%	7.65%	8.68%
26	Janta Bank Limited	22.58%	23.40%	14.73%	15.57%	12.01%	12.88%
27	Mega Bank Limited	18.24%	19.09%	17.24%	18.06%	15.24%	16.06%
28	Civil Bank Limited	13.34%	14.19%	13.97%	14.85%	13.76%	14.65%
29	Century Commercial Bank Limited	22.43%	23.26%	11.78%	12.66%	13.17%	14.10%
30	Sanima Bank Limited	19.86%	20.79%	13.91%	14.87%	11.52%	12.54%

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

S. N.	Development Region	2010	2011	2012	2013	2014
1	Eastern Development Region	170	216	255	272	287
2	Central Development Region	505	629	709	736	770
3	Western Development Region	177	225	256	262	264
4	Mid-western Development Region	72	100	120	129	136
5	Far-western Development Region	56	75	85	87	90
	Total	980	1245	1425	1486	1547

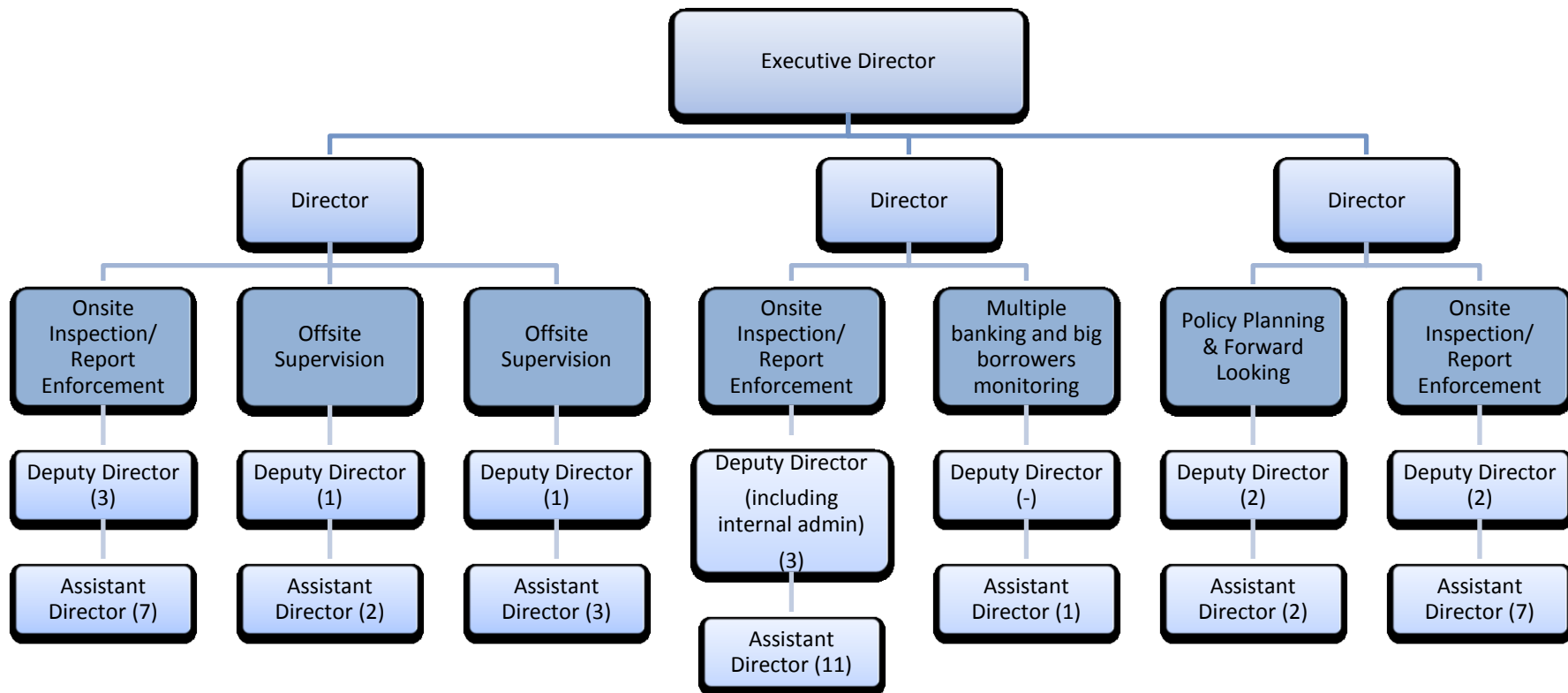
(Source: Bank and Financial Institutions Regulation Department, NRB)

Annex 7: Circulars issued to Bank and Financial Institutions (FY 2013/14)

SN	Name and Link to the Circular Issued to A, B & C Class Financial Institutions
1	Circular 01- CRR, SLR, DS Lending, Repo Reverse Repo & Refinance
2	Circular 02- Working Capital Lending, Minimum Paid up Capital, DS Lending & Information Exchange
2.1	Circular 02- Attachment Form No. 2.5 for Multiple Lending
3	Circular 03- FCY Derivatives
4	Circular 04- Capital Redemption Reserve
5	Circular 05- Cheque Clearing & Payment, Subsidiary Company, Governance related & CRR SLR
6	Circular 06- Base Rate for B & C
7	Circular 07-Gold Loan & Provision regarding certificate of construction
8	Circular 08- Productive Sector Lending, Branch Expansion Policy, Project Lending & Restructuring of Loan
8.1	Circular 08- Attachment Form No. 3.2, 3.3 & 3
9	Circular 09- Interest Spread, Operational Risk, Banking to Disabled, Corporate Deposit & CRR
9.1	Circular 09- Attachment Form No. 15
10	Circular 10-ECC Revised
11	Circular 11- Public Holiday
12	Circular 12- Treatment of surplus fund after merger
13	Circular 13- AML CFT related
14	Circular 14- Cheque Clearing & Payment Revised
15	Circular 15-Directive No.19 Revised
16	Circular 16- Fund Transfer
17	Circular 17-Fund transfer revised
18	Circular 18- Stress Testing & Call Account for B & C
19	Circular 19-ECC revised
20	Circular 20-Limited Banking Outlets & Local Remittance
21	Circular 21-Restructuring of loan & Policies regarding Stop Payment
22	Circular 22- Foreign Shareholding related
23	Circular 23-Sick industries, Corporate governance, AML-CFT, Branch policy
23.1	Circular 23-Attachment on Sick industries
24	Circular 24-Amendment on Circular No.23
25	Circular 25-Regulations related to FATCA
26	Circular 26-Amendments on Cheque standard & Specification
27	Circular 27- Interest Spread
27.1	Circular 27- Attachment Form No. 15.2 & Anusuchi 15
28	Circular 28-Unified Directives 2071
28.1	Circular 28-Attachment Amendments in Unified Directives 2071
28.2	Circular 28- Attachment Unified Directives 2071

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

Annex 8: Organization Chart of Bank Supervision Department



Note: Numbers in parentheses represent number of staff

Annex 9 Financial Figures of Banks

Annex 9.1: Banking Operation

Particulars / Years	Amount in Rs. Billion					Percent Change			
	2009/10	2010/11	2011/12	2012/13	2013/14	2011	2012	2013	2014
Deposits									
Private	475.13	516.28	659.15	802.55	961.78	8.66	27.67	21.76	19.84
Public	143.23	155.12	187.07	208.48	242.44	8.31	20.59	11.45	16.29
Total	618.35	671.40	846.22	1,011.03	1,204.21	8.58	26.04	19.48	19.11
Loans and Advances									
Private	349.04	399.40	477.78	590.59	718.16	14.43	19.63	23.61	21.60
Public	87.68	98.04	107.51	136.67	159.56	11.81	9.67	27.12	16.74
Total	436.71	497.43	585.30	727.26	877.72	13.90	17.66	24.25	20.69
Total Assets									
Private	550.40	608.20	756.47	925.42	1,098.38	10.50	24.38	22.33	18.69
Public	181.19	193.07	230.57	261.66	298.17	6.55	19.43	13.48	13.96
Total	731.59	801.26	987.04	1187.07	1396.55	9.52	23.19	20.27	17.65

Annex 9.2: Capital Fund

Particulars / Years	Amount in Rs Billion					Percentage Change			
	2009/10	2010/11	2011/12	2012/13	2013/14	2010/11	2011/12	2012/13	2013/14
Private	61.31	75.66	88.49	104.39	118.09	23.39	16.97	17.97	13.12
Public	-1.74	-0.11	8.58	19.74	26.20	-93.64	-7827.93	130.11	32.74
Industry	59.57	75.54	97.07	124.13	144.29	26.82	28.49	27.88	16.24

Annex 9.3: Deposit Mix

Particulars	Amount in Rs Billion						% Change				
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2009/10	2010/11	2011/12	2012/13	2013/14
Current	73.00	80.82	78.71	93.28	108.82	124.30	10.71	-2.61	18.51	16.65	14.23
Saving	279.07	237.77	231.50	299.76	362.25	450.77	-14.80	-2.63	29.48	20.85	24.44
Fixed	141.22	197.65	252.39	298.76	352.69	365.05	39.96	27.70	18.37	18.05	3.50
Other	70.82	111.42	124.96	176.11	212.42	263.58	57.33	12.15	40.93	20.62	24.09
Total	564.12	627.66	687.57	867.90	1036.17	1203.70	11.26	9.55	26.23	19.39	16.17

Source: BSD Offsite Quarterly report 4th Qtr, 2010/11

Annex 9.4 Loans and Advances

Particulars	Amount in Rs Billion						% Change					
	Year	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2009/10	2010/11	2011/12	2012/13	2013/14
Private		303.81	349.04	399.40	477.78	590.59	718.16	18.54	14.43	19.63	23.61	21.60
Public		76.41	87.68	98.04	107.51	136.67	159.56	14.75	11.81	9.67	27.12	16.74
Industry		380.22	447.82	511.54	603.06	734.20	877.72	17.78	13.90	17.66	24.25	20.69

Annex 9.5 Non Performing Loans

Banks/ Year	Amount in Rs Billion						% change				
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2009/10	2010/11	2011/12	2012/13	2013/14
Private	4.96	4.38	8.07	9.12	13.13	18.12	-11.69	84.25	13.07	43.93	37.95
Public	9.64	8.04	9.07	7.48	7.47	7.43	-16.60	12.81	-17.57	-0.13	-0.50
Industry	14.6	12.42	17.14	16.60	20.60	25.55	-14.93	38.00	-3.14	24.09	24.01

Annex 9.6 Non-Banking Assets

Banks/ Year	Amount in Rs Million						% change				
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2009/10	2010/11	2011/12	2012/13	2013/14
Private	280	0	0	0	0	40					
Public	23	634	526	126	264	345	2620.66	-17.07	-76.02	109.54	30.54
Industry	303	634	526	126	264	385	109.22	-17.07	-76.02	109.54	45.56

Annex 9.7 Investment Portfolios

Amount in Rs Billion

Bank/ Investment	2012/13				2013/14			
	Government Bond	Shares and Debentures	Others	Total	Government Bond	Shares and Debentures	Others	Total
Private	100.67	33.09	26.39	160.15	94.53	62.86	57.61	215.00
Public	45.38	0.55	4.08	50.01	61.46	6.68	3.90	72.04
Total	146.06	33.64	30.48	210.17	155.99	69.54	61.51	287.04

Annex 9.8 Net Interest Spread

Banks/Year	2009/10	2010/11	2011/12	2012/13	2013/14
Private	3.92%	3.91%	4.18%	4.57%	4.15%
Public	7.61%	7.51%	6.01%	5.92%	5.14%
Industry	4.75%	4.72%	4.60%	4.85%	4.38%

Annex 9.9 Operating Efficiency

Amount in Rs Billion

Particulars / Year	2008/09		2009/10		2010/11		2011/12		2012/13		2013/14	
	Public	Private	Public	Private	Public	Private	Public	Private	Public	Private	Public	Private
Interest Income	10.37	29.24	12.54	44.14	14.86	59.52	16.42	68.31	17.92	71.41	19.56	76.29
Net Interest Income	7.35	14.44	8.88	19.20	8.87	22.73	8.32	24.21	10.42	33.54	11.31	35.27
Operating Profit	-0.34	11.48	-0.44	13.83	0.53	14.83	-0.02	14.87	2.25	19.93	2.50	20.46
Net Income	3.88	9.84	4.33	10.37	4.51	9.97	3.48	11.75	4.36	14.63	4.48	15.37

Annex 9.10 Liquid Assets to Total Deposit

Particulars / Year	Amount in Rs Billion					
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Liquid Assets	171	189	197	309	350	382
Total Deposit	564	631	688	868	1021	1204
Liquid Assets/ Total Deposit	30.32%	29.95%	28.63%	35.60%	34.28%	31.73%

Annex 9.11 Liquid Assets to Total Assets

Particulars / Year	Amount in Rs Billion					
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Liquid Assets	171	189	197	309	350	382
Total Assets	658	747	823	1013	1197	1397
Liquid Assets/Total Assets	25.99%	25.30%	23.94%	30.50%	29.24%	27.34%

Annex 9.12 Deprived Sector Lending of Commercial Banks

Amount in Rs. Million

S.N.	BANKS	6 Months prior Loan & Advances	Required Lending in Deprived Sector (4.50%)	Actual Lending in Deprived Sector			Excess / Shortfall
				Amount	%	Amount	
1	Nepal Bank Limited	38903.21	1750.64	4.61	1793.99	43.35	
2	Rastriya Banijya Bank Limited	52177.83	2348.00	5.74	2993.20	645.20	
3	Nabil Bank Limited	51396.96	2312.86	4.65	2391.52	78.66	
4	Nepal Investment Bank Limited	52250.96	2351.29	4.63	2417.35	66.06	
5	Standard Chartered Bank Nepal Limited	25116.49	1130.24	4.57	1147.11	16.87	
6	Himalayan Bank Limited	43957.46	1978.09	4.50	1978.96	0.87	
7	Nepal SBI Bank Limited	32732.89	1472.98	4.72	1546.04	73.06	
8	Nepal Bangladesh Bank Limited	15982.23	719.20	4.79	765.26	46.06	
9	Everest Bank Limited	47965.16	2158.43	4.56	2187.18	28.75	
10	Bank of Kathmandu Limited	24834.22	1117.54	4.85	1203.32	85.78	
11	Nepal Credit & Commerce Bank Limited	17607.69	792.35	4.94	870.08	77.73	
12	NIC Asia Bank Limited	32802.37	1476.11	4.79	1572.79	96.68	
13	Lumbini Bank Limited	11045.00	497.03	4.94	545.19	48.16	
14	Machhapuchchhre Bank Limited	25270.09	1137.15	4.83	1220.79	83.64	
15	Kumari Bank Limited	21510.54	967.97	4.71	1013.80	45.83	
16	Laxmi Bank Limited	21907.11	985.82	4.57	1001.96	16.14	
17	Siddhartha Bank Limited	25524.97	1148.62	4.58	1168.38	19.76	
18	Agricultural Development Bank Limited	57975.72	2608.91	11.89	6890.63	4281.72	
19	Global IME Bank Limited	30116.18	1355.23	4.75	1430.05	74.82	
20	Citizens Bank International limited	20417.31	918.78	4.55	929.70	10.92	
21	Prime Commercial Bank Limited	23858.42	1073.63	4.58	1093.89	20.26	
22	Sunrise Bank Limited	20819.10	936.86	4.56	948.81	11.95	
23	Grand Bank Nepal Limited	15389.59	692.53	4.51	694.04	1.51	
24	NMB Bank Limited	17822.42	802.01	5.20	926.07	124.06	
25	Kist Bank Limited	15875.13	714.38	4.57	725.02	10.64	
26	Janata Bank Limited	12949.56	582.73	5.05	653.68	70.95	
27	Mega Bank Limited	14016.87	630.76	4.77	668.75	37.99	
28	Civil Bank Limited	15565.57	700.45	5.33	830.29	129.84	
29	Century Commercial Bank Limited	12337.23	555.18	4.81	593.84	38.66	
30	Sanima Bank Limited	17351.76	780.83	4.71	818.11	37.28	
Grand Total		815480.06	36696.60	5.28	43019.82	6323.22	

Annex 9.13: Audited Financial Statements of Commercial Banks

1. Nepal Bank Limited*

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	380,400	380,383	1,772,828	3,716,443	6,465,002
Reserves and Surplus	(5,232,200)	(4,604,661)	(4,680,604)	(3,889,099)	(2,598,953)
Debenture & Bond	0		0	0	0
Borrowing	2,125,100	1,842,410	2153794	2,342,739	0
Deposit	42,129,900	46,804,206	56052372	62,988,852	69,340,794
Bills Payable	47,100		74767	0	0
Proposed & Payable dividend	2,000		0	0	0
Tax Liabilities	130,600		0	0	0
Other Liabilities	3,490,800	8,178,866	3242363	8,623,361	6,733,223
Total Liabilities	43,073,700	52,601,204	58,615,520	73,782,296	79,940,066
Cash Balance	1,573,700	10,837,966	14063693	14,184,211	2,634,065
Balance with NRB	7,350,200	0	0	0	2,919,003
Balance with Banks	1,044,700	0	0	0	1,102,000
Money At call	0	400,000	0	200,000	0
Investment	5,815,800	7,577,702	8391726	10,976,762	22,664,106
Loan and Advances	23,546,800	26,709,883	27670840	37,855,281	41,195,986
Fixed Assets	327,900	308,188	351064	385,517	394,402
Non- Banking Assets	435,300	381,065	0	264,292	242,177
Other Assets	2,979,300	6,386,400	8138197	9,916,233	8,788,327
Total Assets	43,073,700	52,601,204	58,615,520	73,782,296	79,940,066
Interest Income	2,865,100	3,735,206	4051152	4,716,229	5,009,776
Interest Expenses	764,400	1,457,253	2197137	2,194,297	2,185,476
Net Interest Income	2,100,700	2,277,953	1,854,015	2,521,932	2,824,300
Commission and discount	220,700	241,673	252631	225,826	229,739
Other Operating Income	0	140,239	179461	259,368	363,241
Exchange Income	23,600	13,595	59636	84848	148868
Total Operating Income	2,345,000	2,673,460	2,345,743	3,091,975	3,566,148
Employees Expenses	2,566,100	2,055,393	1903066	1,867,702	2,083,293
Other Operating Expenses	255,100	361,139	401045	498,930	581,997
Exchange Loss	0	0	0	0	0
Operating Profit Before Provision	(476,200)	256,928	41,632	725,342	900,858
Provisions for possible losses	55,600	36,369	252058	364,339	200,551
Operating Profit	(531,800)	220,559	(210,426)	361,004	700,307
Non-Operating Income/ Expenses	0	35,735	49,026	86,392	542,732
Return From Loan Loss Provision	748,700	54,056	331,551	440,077	434,329
Profit From Ordinary activities	216,900	310,350	170,151	887,473	1,677,368
Extra ordinary Income /Expenses	213,900	198,578	3,686	335,045	62,772
Net Profit including all activities	430,800	508,928	173,837	1,222,518	1,740,140
Provision For Staff Bonus	0	46,266	15,803	111,138	0
Provision For Income Tax	2,200	79,225	(18,328)	319,875	504,221
-This Year			991	0	
-Up to Last Year			0	0	
Defred Tax			(19,319)	0	
Net Profit / Loss	428,600	383,437	176,362	791,505	1,235,919

* Adopted from Unaudited Financials

2. RastriyaBanijya Bank Limited*

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	1,172,300	1,172,300	5,497,610	8,588,972	8,588,972
Reserves and Surplus	(9,789,377)	(9,377,570)	(8,294,990)	(7,316,484)	(5,583,423)
Debtenture & Bond	0	0	0	0	0
Borrowing	4,039,791	4,812,803	2,923,130	2,167,176	1,778,600
Deposit	68,623,160	73,924,079	87,775,030	91,093,908	107,269,942
Bills Payable	31,360			0	0
Proposed & Payable dividend	86,687			0	0
Tax Liabilities	29,186	0	0	0	0
Other Liabilities	19,904,757	10,691,581	12,659,240	11,180,941	14,802,179
Total Liabilities	84,097,864	81,223,193	100,560,020	105,714,513	126,856,270
Cash Balance	1,674,650	6,907,305	19,262,920	2,400,662	2,940,800
Balance with NRB	8,264,580	0	0	11,973,729	21,009,670
Balance with Banks	1,648,219	0	0	684,424	718,125
Money At call	0	83,250	512,300	480,000	387,873
Investment	12,989,463	15,333,163	26,501,130	29,687,617	32,060,646
Loan and Advances	30,254,069	36,866,104	40,448,870	49,044,912	60,854,849
Fixed Assets	890,805	946,815	1,060,410	1,104,230	1,172,482
Non- Banking Assets	199,077	145,013	126,130	114,757	102,980
Other Assets	28,177,001	20,941,543	12,648,260	10,224,182	7,608,845
Total Assets	84,097,864	81,223,193	100,560,020	105,714,513	126,856,270
Interest Income	4,207,610	5,027,872	5,399,990	5,748,968	6,114,683
Interest Expenses	1,386,980	2,424,251	3,045,590	2,461,853	2,223,791
Net Interest Income	2,820,630	2,603,621	2,354,400	3,287,115	3,890,892
Commission and discount	608,261	435,001	427,240	430,269	405,682
Other Operating Income	177,270	188,903	210,710	321,131	375,621
Exchange Income	53,215	(28,028)	100,820	0	33,862
Total Operating Income	3,659,376	3,199,497	3,093,170	4,038,515	4,706,057
Employees Expenses	1,629,244	1,432,706	1,439,590	2,363,303	2,349,686
Other Operating Expenses	417,546	510,873	599,080	699,402	732,325
Exchange Loss	13,067		0	73,908	0
Operating Profit Before Provision	1,599,519	1,255,918	1,054,500	901,902	1,624,046
Provisions for possible losses	286,546	419,482	639,250	349,732	638,945
Operating Profit	1,312,973	836,436	415,250	552,170	985,101
Non-Operating Income/ Expenses	97,738	96,200	75,880	4,483	6,021
Return From Loan Loss Provision	1,201,493	760,297	994,870	805,923	867,492
Profit From Ordinary activities	2,612,204	1,692,933	1,486,000	1,362,576	1,858,614
Extra ordinary Income /Expenses	(2,219)	207,062	210,450	111,902	146,681
Net Profit including all activities	2,609,985	1,899,995	1,696,450	1,474,478	2,005,295
Provision For Staff Bonus	193,332	140,740	125,660	109,220	0
Provision For Income Tax	405,966		124,580	55,143	271,904
-This Year			0	0	
-Up to Last Year			0	0	
Deferred Tax			0	55,143	
Net Profit / Loss	2,010,687	1,759,255	1,446,210	1,310,115	1,733,391

* Adopted from Unaudited Financials

3. Nabil Bank Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	2,028,773	2,029,769	2,435,723	3,046,052	3,656,602
Reserves and Surplus	1,805,452	2,536,747	3,015,162	3,643,093	3,984,458
Debenture & Bond	300,000	300,000	300,000	300,000	300,000
Borrowing	74,900	1,650,599	311,080	0	0
Deposit	46,340,701	49,696,113	55,023,695	63,609,808	75,388,791
Bills Payable	425,444	415,768	179,142	529,598	213,579
Proposed & Payable dividend	434,737	608,931	811,908	974,736	1,371,226
Tax Liabilities	24,904	44,104	51,107	66,872	2,510
Other Liabilities	644,814	859,405	1,072,481	1,071,100	2,357,453
Total Liabilities	52,079,725	58,141,436	63,200,298	73,241,259	87,274,619
Cash Balance	635,987	744,592	1,050,658	1,140,212	1,468,154
Balance With NRB	549,454	1,473,987	3,681,980	4,789,295	7,068,079
Bank Balance with Banks	214,656	217,971	(456,817)	(46,939)	1,457,250
Money At call	3,118,144	2,452,512	826,436	1,634,306	737,854
Investment	13,600,917	13,081,205	14,055,850	16,332,043	18,276,752
Loan and Advances	32,268,873	38,034,097	41,605,683	46,369,835	54,691,648
Fixed Assets	781,480	935,088	887,543	872,322	843,138
Non- Banking Assets		0	0	0	0
Other Assets	910,214	1,201,984	1,548,965	2,150,185	2,731,744
Total Assets	52,079,725	58,141,436	63,200,298	73,241,259	87,274,619
Interest Income	4,047,725	5,258,269	6,133,739	5,702,123	5,636,158
Interest Expenses	1,960,108	2,946,691	3,155,490	2,186,185	1,939,745
Net Interest Income	2,087,617	2,311,578	2,978,249	3,515,938	3,696,413
Commission and discount	215,482	290,855	364,075	393,050	459,165
Other Operating Income	169,548	183,445	201,085	209,905	267,838
Exchange Income	291,441	276,103	447,070	489,051	529,995
Total Operating Income	2,764,088	3,061,981	3,990,479	4,607,944	4,953,411
Employees Expenses	367,162	455,616	500,713	646,759	651,835
Other Operating Expenses	334,669	403,992	428,597	468,781	514,257
Exchange Loss		0	0	0	0
Operating Profit Before Provision	2,062,257	2,202,373	3,061,169	3,492,404	3,787,319
Provisions for possible losses	355,829	109,470	413,949	27,451	237,955
Operating Profit	1,706,428	2,092,903	2,647,220	3,464,953	3,549,364
Non-Operating Income/ Expenses	6,455	6,981	13,840	13,468	34,781
Return From Loan Loss Provision	39,791	7,101	0	24,728	14,667
Profit From Ordinary activities	1,752,674	2,106,985	2,661,060	3,503,149	3,598,812
Extra ordinary Income /Expenses	34,322	3,148	(3,037)	(17,454)	34,002
Net Profit indulging all activities	1,786,996	2,110,133	2,658,023	3,485,695	3,632,814
Provision For Staff Bonus	162,518	192,008	241,639	316,255	330,252
Provision For Income Tax	485,907	573,946	720,109	950,678	982,930
-This Year			728,302	946,885	980,684
-Up to Last Year			0	5,792	736
Deferred Tax			(8,193)	(1,999)	1,510
Net Profit / Loss	1,138,571	1,344,179	1,696,275	2,218,762	2,319,632

4. Nepal Investment Bank Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	2,409,098	3,011,372	3,766,155	4,144,808	4,768,713
Reserves and Surplus	2,176,295	2,148,388	2,283,786	2,875,835	3,156,765
Debenture & Bond	1,050,000	1,050,000	1,050,000	800,000	1,050,000
Borrowing	37,315	280,764	567,579	310,566	424,340
Deposit	50,094,725	50,138,122	57,010,604	62,428,845	73,831,376
Bills Payable	38,144	8,250	2,977	2,888	266
Proposed & Payable dividend	602,274	602,274	150,646	942,002	1,036,677
Tax Liabilities	37,195	0	0	0	0
Other Liabilities	860,367	1,117,657	924,484	1,647,209	1,905,790
Total Liabilities	57,305,413	58,356,828	65,756,231	73,152,153	86,173,927
Cash Balance	1,525,442	1,718,666	1,963,969	2,172,985	2,170,768
Balance With NRB	3,237,217	4,009,460	8,502,694	8,752,591	12,652,937
Bank Balance with Banks	2,053,231	2,412,245	1,337,088	2,326,511	1,921,006
Money At call	0	150,000	205,363	267,400	232,375
Investment	8,635,530	7,423,107	10,438,487	11,435,268	15,383,529
Loan and Advances	40,318,308	41,095,515	41,636,999	46,400,054	52,019,765
Fixed Assets	1,136,247	1,108,448	1,056,439	1,068,836	1,058,313
Non- Banking Assets	0		0	0	0
Other Assets	399,438	439,388	615,193	728,508	735,234
Total Assets	57,305,413	58,356,828	65,756,232	73,152,153	86,173,927
Interest Income	4,653,521	5,803,440	5,982,641	5,878,272	5,816,279
Interest Expenses	2,553,847	3,620,337	3,814,411	2,774,788	2,820,475
Net Interest Income	2,099,674	2,183,103	2,168,230	3,103,484	2,995,804
Commission and discount	242,886	269,429	319,667	336,269	478,608
Other Operating Income	168,312	152,985	157,780	199,417	211,346
Exchange Income	224,056	228,076	264,166	360,245	460,227
Total Operating Income	2,734,928	2,833,594	2,909,843	3,999,415	4,145,985
Employees Expenses	279,851	326,543	340,160	379,942	437,765
Other Operating Expenses	433,596	456,057	468,863	515,837	539,330
Exchange Loss	0	0	0	0	0
Operating Profit Before Provision	2,021,481	2,050,994	2,100,820	3,103,636	3,168,890
Provisions for possible losses	93,056	267,331	743,724	958,336	277,278
Operating Profit	1,928,425	1,783,662	1,357,096	2,145,300	2,891,612
Non-Operating Income/ Expenses	10,606	8,396	14,161	10,431	11,841
Return From Loan Loss Provision	50,000	106,634	267,685	930,003	139,148
Profit From Ordinary activities	1,989,031	1,898,693	1,638,942	3,085,734	3,042,601
Extra ordinary Income /Expenses	0	(52,861)	(1,726)	(74,393)	527
Net Profit including all activities	1,989,031	1,845,832	1,637,216	3,011,341	3,043,128
Provision For Staff Bonus	180,821	167,803	148,837	273,758	276,648
Provision For Income Tax	542,261	501,388	449,102	822,555	826,867
-This Year		500,360	448,070	823,185	829,328
-Up to Last Year			12,675	0	295
Deferred Tax		1,028	(11,643)	631	2,756
Net Profit / Loss	1,265,949	1,176,641	1,039,277	1,915,028	1,939,613

5. Standard Chartered Bank Nepal Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	1,608,256	1,610,168	1,851,693	2,039,290	2,245,839
Reserves and Surplus	1,761,453	2,067,609	2,270,476	2,578,284	2,842,252
Debtenture & Bond	0		0	0	0
Borrowing	0	350,000	0	0	0
Deposit	35,182,721	37,999,242	35,965,631	39,466,453	46,298,532
Bills Payable	89,220	65,966	86,378	49,541	67,440
Proposed & Payable dividend	769,166	805,084	724,576	741,560	847,294
Tax Liabilities	0		0	0	0
Other Liabilities	802,503	912,450	778,298	755,972	1,022,745
Total Liabilities	40,213,319	43,810,519	41,677,052	45,631,100	53,324,102
Cash Balance	509,031	610,691	509,678	687,681	613,768
Balance With NRB	819,509	1,638,277	4,833,920	4,588,270	6,862,452
Bank Balance with Banks	600,766	726,828	1,022,635	1,129,048	1,712,083
Money At call	1,669,460	4,280,888	2,126,035	3,009,064	7,960,305
Investment	19,847,511	17,258,682	12,938,216	12,753,518	9,391,379
Loan and advances	15,956,955	18,427,270	19,575,968	22,828,838	25,976,585
Fixed Assets	118,540	106,071	89,633	81,518	68,726
Non- Banking Assets	0		0	0	0
Other Assets	691,547	761,812	580,967	553,163	738,804
Total Assets	40,213,319	43,810,519	41,677,052	45,631,100	53,324,102
Interest Income	2,042,109	2,718,699	2,870,971	2,535,359	2,583,957
Interest Expenses	575,740	1,003,100	1,007,198	611,382	576,298
Net Interest Income	1,466,369	1,715,599	1,863,773	1,923,977	2,007,659
Commission and discount	338,298	321,771	267,766	294,968	383,611
Other Operating Income	34,479	36,753	38,354	42,726	44,156
Exchange Income	458,564	387,134	468,557	515,050	477,996
Total Operating Income	2,297,710	2,461,257	2,638,450	2,776,721	2,913,422
Employees Expenses	312,964	365,986	386,823	421,631	482,083
Other Operating Expenses	295,305	305,215	349,225	382,483	368,029
Exchange Loss	0	0	0	0	0
Operating Profit Before Provision	1,689,441	1,790,056	1,902,402	1,972,607	2,063,310
Provisions for possible losses	76,974	82,739	208,251	110,125	84,401
Operating Profit	1,612,467	1,707,317	1,694,151	1,862,482	1,978,909
Non-Operating Income/ Expenses	36,268	6,445	568	1,170	51,874
Return From Loan Loss Provision	58,293	67,159	190,917	50,135	63,531
Profit From Ordinary activities	1,707,028	1,780,921	1,885,636	1,913,787	2,094,314
Extra ordinary Income /Expenses	(17,024)	(22,764)	(42,576)	2,410	(1,524)
Net Profit including all activities	1,690,004	1,758,157	1,843,060	1,916,197	2,092,790
Provision For Staff Bonus	153,637	159,832	167,551	174,200	190,254
Provision For Income Tax	450,496	479,153	506,541	524,056	565,947
-This Year		485,713	510,927	527,105	571,525
-Up to Last Year			3,609	0	2,367
Deferred Tax		(6,560)	(7,995)	(3,049)	(7,945)
Net Profit / Loss	1,085,871	1,119,172	1,168,968	1,217,941	1,336,589

6. Himalayan Bank Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	2,000,000	2,400,000	2,760,000	2,898,000	3,332,700
Reserves and Surplus	1,439,205	1,595,478	1,872,010	2,401,708	2,750,711
Debtenture & Bond	500,000	500,000	500,000	1,100,000	1,100,000
Borrowing	0	10,000	0	88,429	0
Deposit	37,611,202	40,920,627	47,730,994	53,072,319	64,674,848
Bills Payable	216,159	31,655	19,003	24,268	95,187
Proposed & Payable dividend	189,473	336,842	322,106	276,000	175,404
Tax Liabilities	0	0	0	33,290	57,576
Other Liabilities	761,085	941,601	1,160,314	1,258,950	1,403,419
Total Liabilities	42,717,124	46,736,203	54,364,427	61,152,964	73,589,845
Cash Balance	514,223	632,046	951,333	865,060	1,112,466
Balance With NRB	2,604,791	1,390,626	3,979,164	2,427,014	3,766,154
Bank Balance with Banks	747,476	941,979	1,431,799	356,124	663,970
Money At call	308,840	734,000	264,600	2,061,831	196,100
Investment	8,444,910	8,769,938	10,031,580	12,992,045	19,842,060
Loan and Advances	27,980,629	31,566,977	34,965,434	39,723,805	45,320,360
Fixed Assets	1,061,871	1,187,493	1,305,364	1,308,774	1,322,814
Non- Banking Assets	0	0	0	0	0
Other Assets	1,054,384	1,513,144	1,435,153	1,418,311	1,365,921
Total Assets	42,717,124	46,736,203	54,364,427	61,152,964	73,589,845
Interest Income	3,148,605	4,326,140	4,724,887	4,627,335	4,742,975
Interest Expenses	1,553,530	2,414,807	2,816,441	2,119,062	2,248,797
Net Interest Income	1,595,075	1,911,333	1,908,446	2,508,273	2,494,178
Commission and discount	270,258	350,365	510,840	550,149	657,298
Other Operating Income	112,346	129,517	182,028	165,072	206,814
Exchange Income	180,278	195,528	309,898	300,469	385,101
Total Operating Income	2,157,957	2,586,743	2,911,212	3,523,963	3,743,391
Employees Expenses	414,984	517,591	634,229	682,978	713,829
Other Operating Expenses	471,102	582,210	714,436	852,112	966,119
Exchange Loss	0	0	0	0	0
Operating Profit Before Provision	1,271,871	1,486,942	1,562,547	1,988,873	2,063,443
Provisions for possible losses	692,640	471,729	505,491	842,900	1,080,863
Operating Profit	579,231	1,015,213	1,057,056	1,145,973	982,580
Non-Operating Income/ Expenses	12,382	15,856	8,006	5,999	17,487
Return From Loan Loss Provision	265,542	228,146	859,976	369,393	774,565
Profit From Ordinary activities	857,155	1,259,215	1,925,038	1,521,365	1,774,632
Extra ordinary Income /Expenses	(25,855)	102,292	(397,038)	(7,004)	8,645
Net Profit including all activities	831,300	1,361,507	1,528,000	1,514,361	1,783,277
Provision For Staff Bonus	75,573	123,773	138,909	137,669	162,116
Provision For Income Tax	246,929	344,619	430,453	432,995	662,053
-This Year			450,548	471,706	645,799
-Up to Last Year			378	802	852
Deferred Tax			(20,473)	(39,513)	15,401
Net Profit / Loss	508,798	893,115	958,638	943,697	959,108

7. Nepal SBI Bank Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	1,861,324	2,102,966	2,355,739	2,650,206	3,049,083
Reserves and Surplus	589,230	776,327	841,720	1,148,752	1,486,715
Debenture & Bond	200,000	200,000	600,000	800,000	1,000,000
Borrowing	0	0	0	0	0
Deposit	34,896,424	42,415,443	53,337,264	59,125,729	54,492,994
Bills Payable	72,368	80,685	78,616	165,355	156,367
Proposed & Payable dividend	83,080	93,465	104,699	176,680	186,143
Tax Liabilities	0	0	3,469	0	0
Other Liabilities	345,253	419,347	738,200	729,430	711,670
Total Liabilities	38,047,679	46,088,233	58,059,707	64,796,152	61,082,972
Cash Balance	815,680	1,007,688	1,186,755	1,239,453	1,527,028
Balance With NRB	1,842,802	2,330,927	3,269,610	4,957,064	3,890,989
Bank Balance with Banks	782,780	1,539,210	1,052,018	1,516,886	1,236,953
Money At call	0	0	178,250	138,925	0
Investment	16,305,633	18,911,021	24,463,452	25,906,120	17,722,396
Loan and Advances	17,480,548	21,365,771	26,142,094	28,788,146	35,279,583
Fixed Assets	418,244	417,003	715,921	661,589	607,447
Non- Banking Assets	0	0	0	0	0
Other Assets	401,992	516,613	1,051,609	1,587,968	818,576
Total Assets	38,047,679	46,088,233	58,059,709	64,796,151	61,082,972
Interest Income	2,269,704	3,104,232	3,769,483	4,110,514	3,976,647
Interest Expenses	1,443,693	2,096,038	2,770,799	2,486,979	2,231,604
Net Interest Income	826,011	1,008,194	998,684	1,623,535	1,745,043
Commission and discount	131,692	247,165	255,352	313,697	320,425
Other Operating Income	78,796	95,172	141,762	157,756	217,267
Exchange Income	70,328	70,532	101,138	101,915	107,807
Total Operating Income	1,106,827	1,421,063	1,496,936	2,196,903	2,390,542
Employees Expenses	130,336	255,430	289,153	416,560	443,077
Other Operating Expenses	343,850	445,072	456,126	477,247	506,029
Exchange Loss	0	0	0	0	0
Operating Profit Before Provision	632,641	720,561	751,657	1,303,096	1,441,436
Provisions for possible losses	62,350	46,308	78,012	128,041	82,967
Operating Profit	570,291	674,253	673,645	1,175,055	1,358,469
Non-Operating Income/ Expenses	2,552	3,113	2,183	(287)	8,728
Return From Loan Loss Provision	56,621	179,122	91,695	43,861	71,810
Profit From Ordinary activities	629,464	856,488	767,523	1,218,629	1,439,007
Extra ordinary Income /Expenses	(37,266)	(137,673)	(12,204)	2,326	4,132
Net Profit including all activities	592,198	718,815	755,319	1,220,955	1,443,139
Provision For Staff Bonus	53,836	65,346	68,665	110,996	131,194
Provision For Income Tax	146,620	188,904	206,549	338,488	388,961
-This Year			229,052	363,530	406,083
-Up to Last Year			730	565	0
Deferred Tax			(23,233)	(25,608)	(17,122)
Net Profit / Loss	391,742	464,565	480,105	771,471	922,984

8. Nepal Bangladesh Bank Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	1,860,315	2,009,396	2,009,396	2,210,335	2,431,369
Reserves and Surplus	273,257	241,779	944,571	1,363,081	1,678,870
Debenture & Bond	0	0	0	0	0
Borrowing	0	0	0	0	0
Deposit	10,052,182	11,511,677	16,952,703	17,845,158	25,706,915
Bills Payable	15,401	14,125	27,930	17,185	6,107
Proposed & Payable dividend	0	0	0	158,636	423,876
Tax Liabilities	0	0	0	0	0
Other Liabilities	329,886	227,783	235,156	207,406	626,475
Total Liabilities	12,531,041	14,004,760	20,169,756	21,801,801	30,873,612
Cash Balance	422,008	533,056	569,916	852,421	965,973
Balance With NRB	1,423,257	1,563,169	4,093,782	3,748,408	6,436,850
Bank Balance with Banks	213,033	368,700	346,494	497,549	691,728
Money At call	0	0	0	0	50,000
Investment	2,112,751	2,378,269	3,868,950	3,104,021	3,020,117
Loan and Advances	7,809,544	8,452,739	10,330,076	12,810,147	18,640,712
Fixed Assets	155,327	307,504	227,990	203,201	317,956
Non- Banking Assets	0	0	0	0	0
Other Assets	395,121	401,323	732,548	586,054	750,276
Total Assets	12,531,041	14,004,760	20,169,756	21,801,801	30,873,612
Interest Income	1,167,627	1,436,676	1,529,045	1,623,290	2,032,467
Interest Expenses	476,787	745,222	1,037,815	937,066	1,179,941
Net Interest Income	690,840	691,454	491,230	686,224	852,526
Commission and discount	145,796	159,036	198,340	222,617	303,946
Other Operating Income	50,496	52,865	53,563	83,585	146,622
Exchange Income	49,840	59,726	63,717	61,879	91,724
Total Operating Income	936,972	963,081	806,850	1,054,305	1,394,818
Employees Expenses	146,641	181,098	201,430	237,792	314,699
Other Operating Expenses	128,766	140,402	165,457	196,224	233,560
Exchange Loss	0	0	0	0	0
Operating Profit Before Provision	661,565	641,581	439,963	620,289	846,559
Provisions for possible losses	148,389	217,768	70,965	66,302	84,136
Operating Profit	513,176	423,813	368,998	553,987	762,423
Non-Operating Income/ Expenses	18,384	24,444	74,580	13,738	(13,177)
Return From Loan Loss Provision	1,318,048	323,614	1,364,306	326,114	81,627
Profit From Ordinary activities	1,849,608	771,871	1,807,884	893,839	830,873
Extra ordinary Income /Expenses	(523,481)	(714,889)	(775,179)	138,473	148,267
Net Profit including all activities	1,326,127	56,982	1,032,705	1,032,312	979,140
Provision For Staff Bonus	120,557	5,180	93,882	93,847	89,012
Provision For Income Tax	184,190	189,959	129,355	159,822	147,785
-This Year		198,200	150,350	203,576	210,047
-Up to Last Year		(896)	(1,524)	(9,469)	1,057
Deferred Tax		(7,345)	(19,471)	(34,285)	(63,318)
Net Profit / Loss	1,021,380	(138,157)	809,468	778,643	742,343

9. Everest bank Limited
Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	1,279,607	1,391,570	1,761,126	1,921,239	2,137,388
Reserves and Surplus	1,479,530	1,721,976	2,416,176	2,906,605	3,319,760
Debenture & Bond	300,000	300,000	0	468,845	468,845
Borrowing	404,600	482,000	0	402,360	0
Deposit	36,932,310	41,127,914	50,006,100	57,720,465	62,108,136
Bills Payable	145,514	49,716	692,399	393,057	370,578
Proposed & Payable dividend	276,253	576,898	30,647	820,190	920,396
Tax Liabilities	(1,136)	26,900	9,297	23,932	0
Other Liabilities	566,082	559,238	897,383	1,084,457	1,119,980
Total Liabilities	41,382,760	46,236,212	55,813,128	65,741,150	70,445,083
Cash Balance	1,091,500	1,048,999	1,700,992	1,723,209	2,050,029
Balance With NRB	5,625,114	4,706,320	8,159,753	8,205,090	9,446,922
Bank Balance with Banks	1,102,200	367,544	502,561	1,287,495	1,675,832
Money At call	0	0	0	0	0
Investment	5,008,308	7,743,928	7,863,627	9,263,858	6,504,186
Loan and Advances	27,556,356	31,057,691	35,910,974	43,393,187	47,572,024
Fixed Assets	463,094	460,259	547,926	631,183	626,994
Non- Banking Assets	0	0	0	0	0
Other Assets	536,188	851,471	1,127,295	1,237,128	2,569,096
Total Assets	41,382,760	46,236,212	55,813,128	65,741,150	70,445,083
Interest Income	3,102,451	4,331,026	4,959,998	4,936,924	5,177,552
Interest Expenses	1,572,790	2,535,876	2,873,335	2,179,182	2,258,737
Net Interest Income	1,529,661	1,795,150	2,086,663	2,757,742	2,918,815
Commission and discount	208,123	203,468	233,570	266,821	254,882
Other Operating Income	142,311	148,062	179,822	249,385	309,475
Exchange Income	47,880	46,259	109,679	98,905	67,028
Total Operating Income	1,927,975	2,192,939	2,609,734	3,372,853	3,550,200
Employees Expenses	226,364	293,130	352,050	461,809	511,864
Other Operating Expenses	352,511	383,112	467,293	509,488	544,296
Exchange Loss	0	0	0	0	0
Operating Profit Before Provision	1,349,100	1,516,697	1,790,391	2,401,556	2,494,040
Provisions for possible losses	77,010	98,299	252,054	98,807	155,974
Operating Profit	1,272,090	1,418,398	1,538,337	2,302,749	2,338,066
Non-Operating Income/ Expenses	12,338	1,433	25,156	8,337	9,934
Return From Loan Loss Provision	83,553	56,337	150,349	88	89,725
Profit From Ordinary activities	1,367,981	1,476,168	1,713,842	2,311,174	2,437,725
Extra ordinary Income /Expenses	(61,192)	(12,051)	0	(88)	(20)
Net Profit including all activities	1,306,789	1,464,117	1,713,842	2,311,086	2,437,705
Provision For Staff Bonus	118,799	133,101	155,804	210,099	221,609
Provision For Income Tax	356,225	596,310	467,475	629,869	666,398
-This Year			478,356	655,436	671,340
-Up to Last Year			0	107	2,173
Deferred Tax			(10,881)	(25,674)	(7,115)
Net Profit / Loss	831,765	734,706	1,090,563	1,471,118	1,549,698

10. Bank of Kathmandu Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	1,359,480	1,604,187	1,684,396	1,920,212	2,120,212
Reserves and Surplus	714,049	831,001	1,016,441	1,384,431	1,428,346
Debenture & Bond	200,000	200,000	200,000	400,000	400,000
Borrowing	300,000	464,900	182,900	639,323	136,000
Deposit	20,315,834	21,018,417	24,991,449	27,700,987	34,115,672
Bills Payable	35,702	19,051	28,144	28,761	22,487
Proposed & Payable dividend	177,324	227,713	342,013	12,411	10,526
Tax Liabilities		0	0	0	0
Other Liabilities	293,802	392,481	436,653	459,487	800,822
Total Liabilities	23,396,191	24,757,750	28,881,996	32,545,612	39,034,065
Cash Balance	455,181	542,371	750,870	813,492	934,366
Balance With NRB	687,582	641,694	1,970,840	2,219,214	2,828,232
Bank Balance with Banks	655,604	494,866	660,999	1,257,895	1,235,238
Money At call	931,988	479,920	518,623	0	0
Investment	3,269,205	4,286,599	5,246,683	4,757,870	4,579,798
Loan and Advances	16,664,931	17,468,194	18,813,937	22,555,919	28,304,225
Fixed Assets	491,295	501,995	545,617	560,016	566,830
Non- Banking Assets		0	0	0	0
Other Assets	240,405	342,111	374,427	381,206	585,376
Total Assets	23,396,191	24,757,750	28,881,996	32,545,612	39,034,065
Interest Income	1,870,847	2,386,780	2,620,894	2,450,143	2,609,428
Interest Expenses	902,927	1,218,790	1,484,538	1,219,400	1,390,497
Net Interest Income	967,920	1,167,990	1,136,356	1,230,743	1,218,931
Commission and discount	160,065	173,508	193,413	205,862	222,902
Other Operating Income	73,925	79,726	67,803	68,131	65,872
Exchange Income	140,785	117,098	137,740	125,715	145,823
Total Operating Income	1,342,695	1,538,322	1,535,312	1,630,451	1,653,528
Employees Expenses	168,513	196,170	248,506	286,344	382,057
Other Operating Expenses	294,457	285,992	308,128	341,866	376,084
Exchange Loss		0	0	0	0
Operating Profit Before Provision	879,725	1,056,160	978,678	1,002,241	895,387
Provisions for possible losses	119,401	152,748	95,537	112,274	531,922
Operating Profit	760,324	903,412	883,141	889,967	363,465
Non-Operating Income/ Expenses	2,918	5,464	3,301	9,818	8,563
Return From Loan Loss Provision	41,818	43,359	77,685	127,422	43,836
Profit From Ordinary activities	805,060	952,235	964,127	1,027,207	415,864
Extra ordinary Income /Expenses		(675)	0	54,462	0
Net Profit including all activities	805,060	951,560	964,127	972,745	415,864
Provision For Staff Bonus	73,187	86,505	87,648	88,431	37,806
Provision For Income Tax	222,610	259,903	268,817	267,224	123,617
-This Year			266,022	269,699	242,632
-Up to Last Year			840	3,778	4,503
Deferred Tax			1,955	(6,253)	(123,518)
Net Profit / Loss	509,263	605,152	607,662	617,090	254,441

11. Nepal Credit and Commerce Bank Limited
Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	1,399,671	1,400,000	1,470,000	1,470,000	2,028,600
Reserves and Surplus	123,036	344,241	452,582	809,615	598,280
Debenture & Bond	0		0	0	0
Borrowing	206,900	374,800	0	651,300	0
Deposit	10,824,692	10,951,432	16,485,357	21,651,267	22,256,871
Bills Payable	30,652	8,558	14,103	13,573	6,795
Proposed & Payable dividend	0		3,684	0	29,400
Tax Liabilities	0	21,138	0	8,140	0
Other Liabilities	176,121	164,686	168,967	311,119	303,900
Total Liabilities	12,761,072	13,264,855	18,594,693	24,915,014	25,223,846
Cash Balance	517,662	420,536	647,208	741,900	714,256
Balance With NRB	1,483,099	1,071,726	1,339,822	3,208,178	1,781,909
Bank Balance with Banks	195,585	243,605	295,202	392,588	396,326
Money At call	99,951	80,295	107,756	276,543	406,112
Investment	1,947,614	2,061,348	3,080,778	4,094,445	3,588,618
Loan and Advances	7,994,718	8,835,194	12,443,109	15,450,752	17,266,570
Fixed Assets	284,166	310,144	343,224	422,249	422,138
Non- Banking Assets	0		0	0	0
Other Assets	238,277	242,007	337,594	328,359	647,917
Total Assets	12,761,072	13,264,855	18,594,693	24,915,014	25,223,846
Interest Income	1,042,243	1,342,865	1,519,163	1,968,137	2,081,839
Interest Expenses	580,165	873,283	1,050,295	1,155,267	1,298,296
Net Interest Income	462,078	469,582	468,868	812,870	783,543
Commission and discount	52,666	49,223	55,621	74,128	86,139
Other Operating Income	59,021	49,484	67,232	85,919	80,862
Exchange Income	18,767	10,343	17,552	4,615	10,266
Total Operating Income	592,532	578,632	609,273	977,532	960,810
Employees Expenses	105,112	108,314	146,304	148,295	231,168
Other Operating Expenses	111,353	122,297	156,697	176,423	204,327
Exchange Loss	0		0	0	0
Operating Profit Before Provision	376,067	348,021	306,272	652,814	525,315
Provisions for possible losses	121,088	67,031	178,910	225,421	186,666
Operating Profit	254,979	280,990	127,362	427,393	338,649
Non-Operating Income/ Expenses	65,199	10,683	(13,103)	3,407	18,071
Return From Loan Loss Provision	240,083	69,959	171,320	88,177	186,551
Profit From Ordinary activities	560,261	361,632	285,579	518,977	543,271
Extra ordinary Income /Expenses	12,022	(11,680)	(22,558)	20,226	2,992
Net Profit including all activities	572,283	349,952	263,021	539,203	546,263
Provision For Staff Bonus	52,026	31,814	23,911	47,883	49,660
Provision For Income Tax	96,484	97,256	61,489	136,492	104,490
-This Year		98,492	67,512	141,393	116,176
-Up to Last Year			0	0	2,273
Deferred Tax		(1,236)	(6,023)	(4,901)	(13,960)
Net Profit / Loss	423,773	220,882	177,621	354,828	392,113

12. Lumbini Bank Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	1,294,548	1,430,000	1,601,600	1,729,728	2,000,787
Reserves and Surplus	161,039	419,169	432,001	446,572	546,614
Debenture & Bond	0	0	0	0	0
Borrowing	14,972	0	0	48,000	0
Deposit	5,767,973	6,772,996	7,668,599	10,816,950	17,252,360
Bills Payable	10,303	6,229	3,631	4,412	13,877
Proposed & Payable dividend		6,842	9,032	6,743	94,377
Tax Liabilities		0	0	0	0
Other Liabilities	161,590	193,821	189,032	258,271	235,117
Total Liabilities	7,410,425	8,829,057	9,903,895	13,310,676	20,143,132
Cash Balance	198,537	293,318	269,881	335,778	464,292
Balance With NRB	561,335	720,933	1,788,306	2,959,256	4,108,930
Bank Balance with Banks	70,640	85,829	152,426	212,738	735,128
Money At call	147,709	0	0	0	0
Investment	1,078,895	1,332,994	538,558	442,003	363,027
Loan and Advances	5,107,264	6,111,977	6,890,212	9,007,731	14,011,589
Fixed Assets	66,622	100,647	113,443	143,791	309,724
Non- Banking Assets	0	0	0	0	0
Other Assets	179,423	183,359	151,069	209,379	150,442
Total Assets	7,410,425	8,829,057	9,903,895	13,310,676	20,143,132
Interest Income	713,357	942,742	1,039,199	1,078,122	1,297,249
Interest Expenses	336,201	519,079	626,732	582,058	765,160
Net Interest Income	377,156	423,663	412,467	496,064	532,089
Commission and discount	18,634	16,193	16,468	20,088	28,670
Other Operating Income	36,070	16,449	22,599	26,318	43,294
Exchange Income	16,454	11,232	14,015	12,580	24,908
Total Operating Income	448,314	467,537	465,549	555,050	628,961
Employees Expenses	67,357	81,531	82,585	114,198	120,501
Other Operating Expenses	78,913	115,965	110,666	115,274	125,435
Exchange Loss	0	0	0	0	0
Operating Profit Before Provision	302,044	270,041	272,298	325,578	383,025
Provisions for possible losses	66,230	44,237	48,092	114,578	147,238
Operating Profit	235,814	225,804	224,206	211,000	235,787
Non-Operating Income/ Expenses	1,644	1,622	2,125	1,176	106
Return From Loan Loss Provision	344,749	382,976	62,178	36,773	134,995
Profit From Ordinary activities	582,207	610,402	288,509	248,949	370,888
Extra ordinary Income /Expenses	(72,234)	(96,024)	17,891	(7,572)	1,670
Net Profit including all activities	509,973	514,378	306,400	241,377	372,558
Provision For Staff Bonus	46,361	46,761	27,855	21,943	33,869
Provision For Income Tax	159,547	77,924	85,082	69,803	98,648
-This Year		51,408	63,018	62,982	89,039
-Up to Last Year			202	5,015	4,382
Deferred Tax		26,516	21,862	1,806	5,228
Net Profit / Loss	304,065	389,693	193,463	149,631	240,041

13. NIC Asia Bank Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13*	FY 2013-14
Capital	1,311,552	1,311,552	1,311,552	2,311,552	2,658,285
Reserves and Surplus	453,400	686,793	750,685	2,076,624	2,214,747
Debenture & Bond	200,000	200,000	200,000	0	500,000
Borrowing	1,723,250	773,300	132,376	204,017	0
Deposit	15,968,918	18,394,436	22,111,851	39,908,774	44,984,218
Bills Payable	17,542	17,536	39,263	88,832	46,544
Proposed & Payable dividend	345,145	262,310	327,888	462,310	346,733
Tax Liabilities	32,571	4,827	0	0	0
Other Liabilities	256,952	439,622	705,913	1,483,115	749,959
Total Liabilities	20,309,330	22,090,376	25,579,528	46,535,224	51,500,486
Cash Balance	530,610	405,796	609,257	872,895	776,137
Balance With NRB	589,322	817,946	1,659,192	4,222,058	5,186,548
Bank Balance with Banks	966,197	453,314	486,940	587,922	1,220,706
Money At call	100,000	0	0	9,580	0
Investment	4,946,778	4,868,915	3,992,730	6,811,971	6,485,371
Loan and Advances	12,732,014	14,933,940	17,242,307	31,559,518	36,325,070
Fixed Assets	297,192	354,782	405,611	465,190	523,320
Non- Banking Assets		0	0	0	0
Other Assets	147,217	255,683	1,183,491	2,006,190	983,334
Total Assets	20,309,330	22,090,376	25,579,528	46,535,324	51,500,486
Interest Income	1,777,165	2,321,406	2,431,538	2,663,452	3,995,005
Interest Expenses	1,031,474	1,446,635	1,621,809	1,420,129	2,196,783
Net Interest Income	745,691	874,771	809,729	1,243,323	1,798,222
Commission and discount	76,064	99,646	84,009	81,953	143,182
Other Operating Income	49,345	81,233	70,455	98,326	196,403
Exchange Income	90,909	68,028	91,506	109,938	101,026
Total Operating Income	962,009	1,123,678	1,055,699	1,533,540	2,238,833
Employees Expenses	118,858	139,901	179,788	224,467	378,440
Other Operating Expenses	137,749	187,989	211,293	242,449	385,366
Exchange Loss	0	0	0	0	0
Operating Profit Before Provision	705,402	795,788	664,618	1,066,624	1,475,027
Provisions for possible losses	17,741	34,901	49,309	88,599	259,053
Operating Profit	687,661	760,887	615,309	978,025	1,215,974
Non-Operating Income/ Expenses	11,458	16,910	2,070	4,051	7,934
Return From Loan Loss Provision	56,204	740	0	1,306	134,892
Profit From Ordinary activities	755,323	778,537	617,379	983,382	1,358,800
Extra ordinary Income /Expenses	-46,204	11	0	0	(50,000)
Net Profit including all activities	709,119	778,548	617,379	983,382	1,308,800
Provision For Staff Bonus	64,465		56,125	89,398	118,982
Provision For Income Tax	194,811	70,777	169,473	251,848	358,230
-This Year		212,068	175,629	256,879	356,802
-Up to Last Year			-6,748	-5,031	1,427
Deferred Tax			592	0	0
Net Profit / Loss	449,843	707,771	391,781	642,136	831,588

14. Machhapuchehhre Bank Limited
Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	1,627,196	1,627,197	2,478,794	2,478,794	2,776,250
Reserves and Surplus	146,314	146,426	169,282	317,881	459,458
Debtenture & Bond	0		0	0	0
Borrowing	150,000	1,251,242	0	61,017	0
Deposit	18,535,917	16,411,426	21,546,397	27,136,655	37,132,093
Bills Payable	15,402	0	31,299	18,581	10,864
Proposed & Payable dividend	0	0	0	0	15,656
Tax Liabilities	0		0	0	0
Other Liabilities	203,961	789,488	131,482	283,275	329,636
Total Liabilities	20,678,790	20,225,779	24,357,254	30,296,203	40,723,957
Cash Balance	1,049,327	2,207,561	1,305,790	1,522,360	1,748,529
Balance With NRB	1,094,664	0	3,081,827	2,932,038	3,165,414
Bank Balance with Banks	315,726	0	1,049,619	589,782	1,632,102
Money At call	661,564	307,891	0	0	0
Investment	2,096,792	1,409,556	1,705,425	2,415,155	3,461,204
Loan and Advances	14,289,793	14,731,040	15,602,701	21,164,910	29,053,243
Fixed Assets	732,291	725,485	865,179	805,473	777,640
Non- Banking Assets	0		0	0	0
Other Assets	438,633	844,246	746,713	866,485	885,825
Total Assets	20,678,790	20,225,779	24,357,254	30,296,203	40,723,957
Interest Income	1,688,617	2,080,305	1,926,128	2,429,629	2,836,364
Interest Expenses	1,144,808	1,544,728	1,500,772	1,485,592	1,720,367
Net Interest Income	543,809	535,577	425,356	944,037	1,115,997
Commission and discount	49,904	44,183	45,047	58,876	61,255
Other Operating Income	60,634	72,406	68,019	148,373	181,018
Exchange Income	42,695	38,433	51,643	38,189	50,982
Total Operating Income	697,042	690,599	590,065	1,189,475	1,409,252
Employees Expenses	152,113	164,250	164,951	233,214	279,844
Other Operating Expenses	223,469	274,325	309,131	366,495	381,329
Exchange Loss	0		0	2,875	5,184
Operating Profit Before Provision	321,460	252,024	115,983	586,891	742,895
Provisions for possible losses	335,041	337,850	7,471	450,322	170,708
Operating Profit	(13,581)	(85,826)	108,512	136,569	572,187
Non-Operating Income/ Expenses	0	98,774	205,052	6,810	18,965
Return From Loan Loss Provision	117,796	685,546	63,372	270,852	180,746
Profit From Ordinary activities	104,215	698,494	376,936	414,231	771,898
Extra ordinary Income /Expenses	9,970	(685,546)	(367,412)	(175,293)	(63,483)
Net Profit including all activities	114,185	12,948	9,524	238,938	708,415
Provision For Staff Bonus	10,380	1,177	0	21,721	64,401
Provision For Income Tax	30,492	3,531	(28,688)	68,617	189,326
-This Year			61,270	91,804	89,969
-Up to Last Year			0		96
Deferred Tax			(89,958)	(23,188)	99,260
Net Profit / Loss	73,313	8,240	38,212	148,600	454,688

15. Kumari Bank Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	1,306,016	1,603,800	1,603,800	1,828,332	2,431,682
Reserves and Surplus	479,743	610,037	773,275	828,374	534,924
Debenture & Bond	400,000	400,000	400,000	0	0
Borrowing	429,739	660,925	5,403	0	201,952
Deposit	17,432,253	16,986,279	21,985,198	25,318,569	27,578,376
Bills Payable	42,313	8,118	20,698	21,348	22,429
Proposed & Payable dividend	156,816	6,582	112,266	11,817	31,755
Tax Liabilities	0		0	0	0
Other Liabilities	275,594	216,044	230,760	214,129	219,484
Total Liabilities	20,522,474	20,491,785	25,131,400	28,222,569	31,020,602
Cash Balance	574,066	524,781	584,140	638,770	777,837
Balance With NRB	1,663,998	526,949	2,862,924	2,537,961	3,829,350
Bank Balance with Banks	485,765	116,794	275,563	230,152	288,499
Money At call	120,000	451,520	321,243	753,410	507,478
Investment	2,296,873	3,533,623	2,940,556	4,135,142	3,164,626
Loan and Advances	14,765,912	14,626,074	17,614,349	19,369,318	21,898,115
Fixed Assets	285,638	306,277	277,269	255,865	235,776
Non- Banking Assets	0		0	0	0
Other Assets	330,222	405,767	255,356	301,951	318,921
Total Assets	20,522,474	20,491,785	25,131,400	28,222,569	31,020,602
Interest Income	1,871,066	2,251,791	2,441,580	2,464,307	2,410,784
Interest Expenses	1,188,918	1,566,551	1,622,492	1,486,281	1,575,312
Net Interest Income	682,148	685,240	819,088	978,026	835,472
Commission and discount	100,337	99,707	110,865	138,199	188,725
Other Operating Income	41,614	53,636	48,812	41,862	56,945
Exchange Income	37,925	36,719	44,206	56,993	85,156
Total Operating Income	862,024	875,302	1,022,971	1,215,080	1,166,298
Employees Expenses	143,278	168,352	194,295	203,805	221,701
Other Operating Expenses	217,606	212,938	212,543	230,469	240,121
Exchange Loss	0		0	0	0
Operating Profit Before Provision	501,140	494,012	616,133	780,806	704,476
Provisions for possible losses	13,078	113,780	187,045	314,619	236,311
Operating Profit	488,062	380,232	429,088	466,187	468,165
Non-Operating Income/ Expenses	699	632	3,477	(11,134)	2,540
Return From Loan Loss Provision	14,824	13,788	133	5,258	76,151
Profit From Ordinary activities	503,585	394,652	432,698	460,311	546,856
Extra ordinary Income /Expenses	(352)	(342)	0	0	0
Net Profit including all activities	503,233	394,310	432,698	460,311	546,856
Provision For Staff Bonus	45,748	35,846	39,336	41,846	49,714
Provision For Income Tax	140,943	107,226	117,859	127,016	155,487
-This Year		100,032	116,808	126,075	148,173
-Up to Last Year		3,023	0	0	5,298
Deferred Tax		4,171	1,051	941	2,014
Net Profit / Loss	316,542	251,238	275,503	291,449	341,655

16. Laxmi Bank Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	1,613,520	1,694,197	1,694,081	1,948,193	2,337,966
Reserves and Surplus	298,810	419,180	606,178	780,190	837,067
Debenture & Bond	350,000	350,000	350,000	750,000	750,000
Borrowing	100,000		27,980	0	0
Deposit	18,082,958	18,299,627	22,831,843	25,943,598	30,592,046
Bills Payable	5,263	302,100	1,765	2,663	1,890
Proposed & Payable dividend	209,757	174,099	169,408	0	20,508
Tax Liabilities	2,802	4,678	0	0	0
Other Liabilities	289,139	316,010	347,273	383,029	379,684
Total Liabilities	20,952,249	21,559,891	26,028,528	29,807,673	34,919,161
Cash Balance	244,205	356,669	407,789	357,713	503,598
Balance With NRB	1,219,716	1,866,491	3,845,300	2,871,600	4,339,211
Bank Balance with Banks	376,782	551,432	195,585	236,425	488,386
Money at call	904,377	50,000	659,488	446,091	721,875
Investment	3,186,906	3,041,422	3,758,106	5,339,692	4,700,418
Loan and Advances	14,560,110	15,199,848	16,476,630	19,696,054	22,723,847
Fixed Assets	282,349	352,338	308,172	474,612	435,359
Non- Banking Assets	0		0	0	0
Other Assets	177,804	141,691	377,458	385,486	1,006,467
Total Assets	20,952,249	21,559,891	26,028,528	29,807,673	34,919,161
Interest Income	1,787,692	2,233,333	2,289,359	2,387,267	2,489,315
Interest Expenses	1,135,609	1,503,851	1,645,718	1,448,741	1,667,027
Net Interest Income	652,083	729,482	643,641	938,526	822,288
Commission and discount	46,867	67,796	149,818	140,824	194,606
Other Operating Income	60,031	69,514	56,391	89,399	103,899
Exchange Income	47,563	63,128	107,951	117,338	120,185
Total Operating Income	806,544	929,920	957,801	1,286,087	1,240,978
Employees Expenses	122,405	157,662	178,285	217,395	239,997
Other Operating Expenses	142,169	169,294	194,842	246,533	265,704
Exchange Loss	0	0	0	0	0
Operating Profit Before Provision	541,970	602,964	584,674	822,159	735,277
Provisions for possible losses	28,766	13,635	30,808	186,050	73,655
Operating Profit	513,204	589,329	553,866	636,109	661,622
Non-Operating Income/ Expenses	1,325	874	5,834	17,420	25,744
Return From Loan Loss Provision	3,644	798	0	10,187	53,741
Profit From Ordinary activities	518,173	591,001	559,700	663,716	741,107
Extra ordinary Income /Expenses	(4,366)	2,348	0	1,200	300
Net Profit including all activities	513,807	593,349	559,700	664,916	741,407
Provision For Staff Bonus	46,710	53,941	50,882	60,079	67,400
Provision For Income Tax	140,060	164,263	152,427	181,563	199,151
-This Year		161,482	154,626	186,401	203,567
-Up to Last Year			0	0	0
Deferred Tax		2,781	(2,199)	(4,838)	(4,416)
Net Profit / Loss	327,037	375,145	356,391	423,274	474,856

17. Siddhartha Bank Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	1,310,436	1,618,264	1,619,244	1,813,554	2,031,180
Reserves and Surplus	293,106	370,141	564,028	686,421	969,200
Debenture & Bond	227,770	227,770	627,770	931,290	931,290
Borrowing	345,000	45,000	45,000	787,466	106,415
Deposit	20,197,029	21,575,654	25,948,506	28,383,286	35,414,008
Bills Payable	35,704	2,686	7,721	13,019	104,741
Proposed & Payable dividend	131,457	200,939	136,357	163,629	202,354
Tax Liabilities	7,439	15,659	27,470	7,078	0
Other Liabilities	254,488	349,759	603,102	905,481	518,564
Total Liabilities	22,802,429	24,405,872	29,579,198	33,691,224	40,277,752
Cash Balance	326,868	491,249	813,180	761,813	1,121,762
Balance With NRB	1,027,465	1,222,412	2,925,084	2,656,847	5,953,656
Bank Balance With Banks	1,052,277	192,024	553,626	87,208	181,628
Money At call	699,042	882,781	647,479	1,375,253	1,150,000
Investment	2,452,475	2,537,909	3,393,868	4,468,621	3,327,656
Loan and Advances	16,653,852	18,384,033	20,217,585	23,086,563	27,186,905
Fixed Assets	360,426	368,174	358,713	465,019	440,491
Non- Banking Assets	0	0	0	0	0
Other Assets	230,024	327,290	669,663	789,900	915,654
Total Assets	22,802,429	24,405,872	29,579,198	33,691,224	40,277,752
Interest Income	2,018,291	2,690,294	2,906,265	2,901,914	3,056,286
Interest Expenses	1,406,489	1,925,243	2,048,914	1,741,467	1,708,865
Net Interest Income	611,802	765,051	857,351	1,160,447	1,347,421
Commission and discount	42,758	68,049	108,180	113,067	159,355
Other Operating Income	50,694	62,252	94,507	189,367	204,085
Exchange Income	12,168	38,690	115,627	156,644	132,327
Total Operating Income	717,422	934,042	1,175,665	1,619,525	1,843,188
Employees Expenses	103,680	155,803	173,884	221,530	242,446
Other Operating Expenses	175,735	265,477	336,340	386,258	436,309
Exchange Loss	0	0	0	0	0
Operating Profit Before Provision	438,007	512,762	665,441	1,011,737	1,164,433
Provisions for possible losses	65,322	42,628	155,526	245,494	423,229
Operating Profit	372,685	470,133	509,915	766,243	741,204
Non-Operating Income/ Expenses	10,858	1,433	913	943	93,180
Return From Loan Loss Provision	0	20,871	8,100	0	266,402
Profit From Ordinary activities	383,543	492,438	518,928	767,186	1,100,786
Extra ordinary Income /Expenses	0	0	0	(12,794)	(24)
Net Profit including all activities	383,543	492,438	518,928	754,392	1,100,762
Provision For Staff Bonus	34,868	44,767	47,175	68,784	100,069
Provision For Income Tax	107,828	136,255	141,297	204,193	300,158
-This Year		136,140	146,623	214,878	305,439
-Up to Last Year		2,040	845	755	2,594
Deferred Tax		1,925	6,171	11,440	7,875
Net Profit / Loss	240,847	311,415	330,456	481,415	700,535

18. Agricultural Development Bank Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	9,437,500	9,474,300	9,474,300	9,636,800	9,636,800
Reserves and Surplus	1,430,001	3,715,179	4,849,278	5,758,292	6,095,575
Debenture & Bond	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000
Borrowing	259,562	243,701	927,172	1,138,738	694,385
Deposit	32,472,569	34,394,627	43,238,985	54,397,147	65,828,329
Bills Payable	0	0	0	0	0
Proposed & Payable dividend	276,000	276,000	0	0	
Tax Liabilities	941,920	1,340,904	2,118,959	0	0
Other Liabilities	6,902,674	7,496,652	8,486,106	8,929,324	6,821,446
Total Liabilities	54,020,226	59,241,363	71,394,800	82,160,300	91,376,535
Cash Balance	1,366,731	4,808,954	6,285,176	9,524,004	2,693,406
Balance With NRB	1,759,468	0	0	0	4,005,417
Bank Balance With Banks	1,035,206	0	0	0	1,949,371
Money At call	1,611,342	27,289	0	131,524	134,637
Investment	4,540,084	7,267,285	10,809,005	9,187,848	13,338,543
Loan and Advances	33,876,957	34,459,919	39,393,095	49,770,460	57,505,271
Fixed Assets	968,745	1,022,894	1,442,486	1,433,617	1,454,112
Non- Banking Assets (*Net of Provision)	0	0	0	0	0
Other Assets	8,861,693	11,655,022	13,465,038	12,112,847	10,295,778
Total Assets	54,020,226	59,241,363	71,394,800	82,160,300	91,376,535
Interest Income	5,464,857	6,101,187	6,965,836	7,457,743	8,438,021
Interest Expenses	1,507,997	2,116,489	2,850,802	2,846,149	3,845,720
Net Interest Income	3,956,860	3,984,698	4,115,034	4,611,594	4,592,301
Commission and discount	101,727	261,741	120,544	130,144	280,070
Other Operating Income	318,804	322,224	457,779	545,806	423,282
Exchange Income	0	0	26,273	(5,441)	131,118
Total Operating Income	4,377,391	4,568,663	4,719,630	5,282,103	5,426,771
Employees Expenses	2,679,861	2,209,114	2,389,399	2,328,271	3,350,959
Other Operating Expenses	330,022	376,623	491,375	585,369	639,850
Exchange Loss	5,576	1,268	0	0	0
Operating Profit Before Provision	1,361,932	1,981,658	1,838,856	2,368,463	1,435,962
Provisions for possible losses	2,582,234	2,504,031	2,067,858	1,033,438	619,951
Operating Profit	(1,220,302)	(522,373)	(229,002)	1,335,025	816,011
Non-Operating Income/ Expenses	19,474	105,562	80,300	185,272	151,051
Return From Loan Loss Provision	2,469,671	2,182,828	2,175,984	1,251,608	615,260
Profit From Ordinary activities	1,268,843	1,766,017	2,027,282	2,771,905	1,582,322
Extra ordinary Income /Expenses	667,292	367,166	629,152	383,694	576,455
Net Profit including all activities	1,936,135	2,133,183	2,656,434	3,155,600	2,158,777
Provision For Staff Bonus	143,417	158,013	196,773	233,748	159,909
Provision For Income Tax	(99,667)	(390,312)	598,630	661,905	489,407
-This Year		398,984		0	0
-Up to Last Year				0	0
Deferred Tax		789,296		0	0
Net Profit / Loss	1,892,385	2,365,482	1,861,031	2,259,947	1,509,461

19. Global IME Bank Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	1,473,350	1,600,000	2,250,357	2,780,858	4,976,640
Reserves and Surplus	47,672	108,027	286,343	449,930	1,149,657
Debenture & Bond	0	0	400,000	400,000	400,000
Borrowing	339,160	401,789	87,321	107,043	143,128
Deposit	15,031,548	15,066,490	26,913,765	34,111,466	52,292,058
Bills Payable	66,632	60,460	17,728	19,571	95,491
Proposed & Payable dividend	74,258	80,263	218,481	0	165,673
Tax Liabilities	0	0	0	2,671	0
Other Liabilities	168,795	205,679	490,118	1,146,951	795,560
Total Liabilities	17,201,415	17,522,708	30,664,113	39,018,490	60,018,207
Cash Balance	543,541	522,684	624,420	929,933	1,373,151
Balance With NRB	945,041	808,765	2,249,529	3,190,126	3,923,345
Bank Balance With Banks	945,756	422,997	2,095,395	1,423,922	2,444,360
Money At call	0	0	0	16,085	0
Investment	2,270,487	2,920,247	4,247,060	5,548,946	8,680,784
Loan and Advances	11,960,452	12,372,424	20,296,500	26,212,297	41,777,651
Fixed Assets	284,400	231,579	660,515	692,226	821,096
Non- Banking Assets	0	0	0	0	0
Other Assets	251,738	244,012	490,694	1,004,955	997,820
Total Assets	17,201,415	17,522,708	30,664,113	39,018,490	60,018,207
Interest Income	1,464,978	1,963,603	2,226,134	3,206,646	3,810,202
Interest Expenses	962,010	1,288,051	1,586,556	1,826,785	2,051,802
Net Interest Income	502,968	675,552	639,578	1,379,861	1,758,400
Commission and discount	54,618	67,518	105,040	171,896	215,016
Other Operating Income	75,488	84,979	120,544	215,796	260,705
Exchange Income	35,362	30,937	50,541	73,148	138,456
Total Operating Income	668,436	858,986	915,703	1,840,701	2,372,577
Employees Expenses	100,256	155,004	158,188	289,775	373,877
Other Operating Expenses	209,346	237,364	304,110	485,076	637,717
Exchange Loss	0	0	0	0	0
Operating Profit Before Provision	358,834	466,618	453,405	1,065,850	1,360,983
Provisions for possible losses	195,065	252,931	132,796	474,397	438,798
Operating Profit	163,769	213,687	320,609	591,453	922,185
Non-Operating Income/ Expenses	440	(132)	187	-291	49,617
Return From Loan Loss Provision	0	166,245	217,993	143,339	410,949
Profit From Ordinary activities	164,209	379,800	538,789	734,501	1,382,751
Extra ordinary Income /Expenses	0	(93,481)	-119,535	-16,908	33,102
Net Profit including all activities	164,209	286,319	419,254	717,593	1,415,853
Provision For Staff Bonus	14,928	26,029	38,114	65,236	128,713
Provision For Income Tax	76,278	35,312	115,823	203,140	313,103
-This Year			126,734	219,704	366,656
-Up to Last Year			0	0	(53,534)
Deferred Tax			(10,911)	(16,564)	(19)
Net Profit / Loss	73,003	224,978	265,317	449,217	974,037

20. Citizens Bank International Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	1,206,950	2,040,000	2,101,840	2,101,840	2,375,079
Reserves and Surplus	101,319	132,119	179,916	277,885	377,734
Debenture & Bond		0	0	0	500,000
Borrowing	651,151	805,000	88,250	336,175	457,245
Deposit	14,214,482	13,478,333	17,354,534	22,743,104	27,963,455
Bills Payable	2,430	3,782	1,434	3,802	4,204
Proposed & Payable dividend	126,316	170,526	176,997	315,276	125,004
Tax Liabilities		0	6,523	25,145	0
Other Liabilities	214,237	185,277	159,015	176,283	418,897
Total Liabilities	16,516,885	16,815,037	20,068,509	25,979,510	32,221,618
Cash Balance	626,708	831,453	692,282	784,311	1,046,350
Balance With NRB	1,596,432	492,519	2,635,233	2,922,825	3,828,393
Bank Balance with Banks	222,478	181,563	442,358	874,149	998,547
Money At call	234,981	226,837	21,100	243,756	121,251
Investment	2,680,168	2,401,437	1,529,903	2,719,991	2,710,414
Loan and Advances	10,785,658	12,271,826	14,129,603	17,561,946	22,485,420
Fixed Assets	163,856	192,066	324,345	554,867	587,556
Non- Banking Assets		0	0	0	0
Other Assets	206,604	217,336	293,683	317,665	443,687
Total Assets	16,516,885	16,815,037	20,068,507	25,979,510	32,221,618
Interest Income	1,398,830	1,795,232	1,980,319	2,211,981	2,455,752
Interest Expenses	950,898	1,236,322	1,405,859	1,176,910	1,382,626
Net Interest Income	447,932	558,910	574,460	1,035,071	1,073,126
Commission and discount	25,135	32,533	40,360	52,569	54,742
Other Operating Income	67,846	65,121	71,927	134,436	206,170
Exchange Income	15,275	13,282	23,092	55,079	80,029
Total Operating Income	556,188	669,846	709,839	1,277,155	1,414,067
Employees Expenses	63,465	81,689	108,813	144,435	165,568
Other Operating Expenses	131,632	179,151	212,723	245,299	268,855
Exchange Loss		0	0	27,908	4,195
Operating Profit Before Provision	361,091	409,006	388,303	859,513	975,449
Provisions for possible losses	57,124	103,368	122,822	291,988	560,524
Operating Profit	303,967	305,638	265,481	567,525	414,925
Non-Operating Income/ Expenses	1,173	6,730	10,470	10,300	190
Return From Loan Loss Provision		0	79,437	131,204	316,124
Profit From Ordinary activities	305,140	312,368	355,388	709,029	731,239
Extra ordinary Income /Expenses	0	0	0	(82,006)	7,422
Net Profit including all activities	305,140	312,368	355,388	627,023	738,661
Provision For Staff Bonus	27,740	28,397	32,308	57,002	67,151
Provision For Income Tax	83,839	85,617	98,285	156,775	173,417
-This Year			100,834	176,242	167,901
-Up to Last Year			403	(9)	0
Deferred Tax			(2,952)	(19,458)	5,516
Net Profit / Loss	193,561	198,354	224,795	413,246	498,093

21. Prime Commercial Bank Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	1,373,755	2,245,746	2,335,576	2,574,446	3,140,053
Reserves and Surplus	164,645	241,112	250,527	377,033	476,894
Debtenture & Bond	0	0	0	0	0
Borrowing	448,800	213,120	22,050	220,349	0
Deposit	17,883,518	18,938,903	23,990,953	28,798,028	34,045,263
Bills Payable	29,425	17,159	72,361	10,856	63,930
Proposed & Payable dividend	115,789	283,673	170,204	117,020	26,387
Tax Liabilities	4,889	14,603	0	0	0
Other Liabilities	198,008	131,786	316,305	311,452	278,437
Total Liabilities	20,218,829	22,086,102	27,157,976	32,409,184	38,030,964
Cash Balance	761,017	905,065	1,277,679	1,627,642	1,495,869
Balance With NRB	2,035,518	1,735,542	3,909,187	3,055,234	5,540,194
Bank Balance with Banks	711,944	285,218	406,083	759,098	232,296
Money At call	453,826	604,869	144,144	368,753	48,224
Investment	2,038,603	1,366,046	2,020,930	4,894,964	2,959,513
Loan and Advances	13,946,600	16,894,719	18,902,472	21,226,688	27,104,418
Fixed Assets	162,574	180,786	189,647	182,703	157,538
Non- Banking Assets	0	0	0	0	0
Other Assets	108,747	113,857	307,834	294,102	492,912
Total Assets	20,218,829	22,086,102	27,157,976	32,409,184	38,030,964
Interest Income	1,749,859	2,477,093	2,773,635	2,786,218	2,871,169
Interest Expenses	1,193,075	1,780,463	2,057,205	1,744,271	1,811,203
Net Interest Income	556,784	696,630	716,430	1,041,947	1,059,966
Commission and discount	25,662	46,341	54,490	80,114	71,049
Other Operating Income	129,949	105,375	121,275	140,437	241,470
Exchange Income	21,772	15,471	15,116	0	36,165
Total Operating Income	734,167	863,817	907,311	1,262,498	1,408,650
Employees Expenses	57,518	81,013	91,423	111,096	134,307
Other Operating Expenses	109,996	152,028	188,286	211,385	230,824
Exchange Loss	0	0	0	5,784	0
Operating Profit Before Provision	566,653	630,776	627,602	934,233	1,043,519
Provisions for possible losses	57,541	61,414	218,382	270,726	309,755
Operating Profit	509,112	569,362	409,220	663,507	733,764
Non-Operating Income/ Expenses	4,986	0	0	0	4,636
Return From Loan Loss Provision	21	0	15,830	87,359	131,310
Profit From Ordinary activities	514,119	569,362	425,050	750,866	869,710
Extra ordinary Income /Expenses	0	0	0	(98)	0
Net Profit including all activities	514,119	569,362	425,050	750,768	869,710
Provision For Staff Bonus	46,738	51,760	38,641	68,252	79,064
Provision For Income Tax	142,396	157,462	116,961	204,951	237,198
-This Year		0	130,988	221,759	235,919
-Up to Last Year	0	0	(1,052)	0	141
Deferred Tax			(12,975)	(16,808)	1,137,989
Net Profit / Loss	324,985	360,140	269,448	477,565	553,448

22.Sunrise Bank Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	1,510,350	2,015,000	2,015,000	2,236,650	2,236,650
Reserves and Surplus	135,014	131,061	136,202	214,495	461,268
Debenture & Bond	0		0	0	0
Borrowing	150,000		0	0	0
Deposit	14,767,030	13,391,714	18,758,999	23,270,603	26,616,667
Bills Payable	8,736	2,700	9,481	15,676	11,823
Proposed & Payable dividend	125,000	80,600	106,053	11,666	0
Tax Liabilities	3,632	0	0	0	0
Other Liabilities	219,175	229,383	253,273	379,749	334,914
Total Liabilities	16,918,937	15,850,458	21,279,008	26,128,839	29,661,322
Cash Balance	395,427	587,478	668,363	606,619	862,774
Balance With NRB	974,460	890,020	3,222,751	3,757,633	4,365,631
Bank Balance with Banks	114,096	426,945	517,176	324,825	698,477
Money At call	126,090	323,897	100,626	679,557	113,394
Investment	2,465,338	1,103,343	1,808,961	2,453,581	3,054,741
Loan and Advances	12,045,228	11,910,059	14,306,651	17,730,592	19,938,326
Fixed Assets	365,088	371,731	348,597	312,767	291,870
Non- Banking Assets	0		0	0	0
Other Assets	433,210	236,985	305,883	261,416	336,109
Total Assets	16,918,937	15,850,458	21,279,008	26,126,990	29,661,322
Interest Income	1,546,891	1,918,745	2,001,360	2,240,203	2,423,846
Interest Expenses	962,288	1,221,699	1,410,696	1,251,304	1,328,712
Net Interest Income	584,603	697,046	590,664	988,899	1,095,134
Commission and discount	81,651	50,759	70,445	94,943	104,093
Other Operating Income	8,854	45,995	69,535	124,524	141,288
Exchange Income	42,783	34,035	38,864	50,511	63,213
Total Operating Income	717,891	827,836	769,508	1,258,877	1,403,728
Employees Expenses	124,094	140,682	194,357	217,769	263,898
Other Operating Expenses	199,803	240,267	280,048	330,593	360,549
Exchange Loss	0		0	0	0
Operating Profit Before Provision	393,994	446,887	295,103	710,515	779,281
Provisions for possible losses	83,093	372,358	289,935	368,269	466,425
Operating Profit	310,901	74,529	5,168	342,246	312,856
Non-Operating Income/ Expenses	74	11,494	106	3,566	2,489
Return From Loan Loss Provision	1,181	233	298,799	209,338	93,542
Profit From Ordinary activities	312,156	86,256	304,073	555,150	408,887
Extra ordinary Income /Expenses	0	0	(130,666)	(51,511)	(14,645)
Net Profit including all activities	312,156	86,256	173,407	503,639	394,242
Provision For Staff Bonus	28,377	7,841	15,764	45,785	35,840
Provision For Income Tax	79,428	34,175	46,450	146,245	111,629
-This Year		30,777	47,605	148,647	123,927
-Up to Last Year		1,969	801	1,312	0
Deferred tax		1,429	(1,956)	(3,714)	(12,298)
Net Profit / Loss	204,351	44,239	111,193	311,609	246,773

23. Grand Bank Nepal Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14*
Capital	1,920,911	2,000,000	2,000,000	2,000,000	2,000,000
Reserves and Surplus	112,058	117,884	160,656	182,960	(1,423,613)
Debenture & Bond	0		0	0	0
Borrowing	0	1,070,000	0	0	0
Deposit	8,065,183	9,322,535	15,023,186	19,322,277	21,201,233
Bills Payable	2,650	875	575	0	0
Proposed & Payable dividend	9,191	4,162	140,000	0	0
Tax Liabilities	0		0	0	0
Other Liabilities	69,405	60,217	87,512	721,552	2,488,583
Total Liabilities	10,179,398	12,575,673	17,411,929	22,226,789	24,266,203
Cash Balance	135,515	516,203	430,011	551,900	740,103
Balance With NRB	274,339	514,100	2,419,084	2,893,881	4,836,101
Bank Balance with Banks	206,630	305,866	428,941	943,248	1,014,020
Money At call	935,615	0	0	0	0
Investment	882,973	1,960,260	2,469,698	2,659,728	1,571,540
Loan and Advances	7,401,715	8,797,730	11,201,752	14,526,493	15,149,947
Fixed Assets	248,677	322,025	341,037	334,936	535,019
Non- Banking Assets	0	0	0	0	39,756
Other Assets	93,934	159,489	121,406	316,603	379,717
Total Assets	10,179,398	12,575,673	17,411,929	22,226,789	24,266,203
Interest Income	930,032	1,316,982	1,522,334	1,683,435	1,704,383
Interest Expenses	598,033	949,934	1,122,809	1,164,773	1,319,191
Net Interest Income	331,999	367,048	399,525	518,662	385,192
Commission and discount	16,069	14,654	23,122	38,450	42,122
Other Operating Income	29,023	31,214	48,267	73,278	45,954
Exchange Income	10,441	8,553	12,460	55,510	72,866
Total Operating Income	387,532	421,469	483,374	685,900	546,134
Employees Expenses	65,649	87,616	109,447	113,472	133,408
Other Operating Expenses	50,592	90,024	107,737	115,517	136,024
Exchange Loss	0		0	0	0
Operating Profit Before Provision	271,291	243,829	266,190	456,911	276,702
Provisions for possible losses	21,982	101,773	59,143	278,731	1,930,634
Operating Profit	249,309	142,056	207,047	178,180	(1,653,932)
Non-Operating Income/ Expenses	683	0	443	188	638
Return From Loan Loss Provision	0	0	79,920	6,122	52,754
Profit From Ordinary activities	249,992	142,056	287,410	184,490	(1,600,540)
Extra ordinary Income /Expenses	2,219	0	0	0	170
Net Profit including all activities	252,211	142,056	287,410	184,490	(1,600,370)
Provision For Staff Bonus	22,928	12,914	26,128	16,772	0
Provision For Income Tax*	70,909	40,064	78,510	50,415	6,204
-This Year		35,376	80,214	54,213	0
-Up to Last Year		1,242	209	0	0
Deferred Tax		3,446	(1,913)	(3,798)	0
Net Profit / Loss	158,374	89,078	182,772	117,303	(1,606,574)

* Based on Provisional Financial Statements

24. NMB Bank Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	1,651,650	2,000,000	2,000,000	2,000,000	2,400,000
Reserves and Surplus	159,879	211,462	263,686	324,080	412,950
Debenture & Bond	0		0	0	0
Borrowing	380,255	497,200	0	0	0
Deposit	10,110,690	12,866,222	15,982,555	22,185,527	27,087,258
Bills Payable	9,531	2,838	4,506	8,211	3,422
Proposed & Payable dividend	150,150	180,000	0	300,000	21,053
Tax Liabilities			0	0	0
Other Liabilities	764,423	190,470	244,083	308,167	286,980
Total Liabilities	13,226,578	15,948,192	18,494,830	25,125,985	30,211,663
Cash Balance	239,918	264,688	323,939	516,771	497,747
Balance With NRB	522,558	876,757	2,992,466	4,804,589	3,043,653
Bank Balance with Banks	967,358	352,443	250,578	424,968	1,027,336
Money At call	582,309	259,166	20,912	26,059	61,631
Investment	2,715,957	2,614,946	2,440,442	2,245,514	4,191,269
Loan and Advances	7,808,119	11,208,574	12,070,839	16,491,044	20,467,041
Fixed Assets	255,294	276,549	279,479	344,625	383,428
Non- Banking Assets			0	0	0
Other Assets	135,065	95,069	116,175	272,415	539,558
Total Assets	13,226,578	15,948,192	18,494,830	25,125,985	30,211,663
Interest Income	866,182	1,492,385	1,705,833	1,831,121	2,005,346
Interest Expenses	559,544	1,053,451	1,256,257	1,077,803	1,216,063
Net Interest Income	306,638	438,934	449,576	753,318	789,283
Commission and discount	49,953	27,982	38,505	52,727	83,497
Other Operating Income	66,524	59,472	53,700	56,355	95,520
Exchange Income	23,006	47,191	49,773	64,539	97,660
Total Operating Income	446,121	573,579	591,554	926,939	1,065,960
Employees Expenses	55,958	75,614	92,443	127,355	149,197
Other Operating Expenses	108,343	136,395	159,630	189,457	251,377
Exchange Loss	0	0	0	0	0
Operating Profit Before Provision	281,820	361,570	339,481	610,127	665,386
Provisions for possible losses	40,253	36,531	278,300	130,832	113,305
Operating Profit	241,567	325,038	61,181	479,295	552,081
Non-Operating Income/ Expenses	1,983	3,903	8,303	7,235	21,671
Return From Loan Loss Provision	4,006	25,610	15,150	59,389	205,155
Profit From Ordinary activities	247,556	354,551	84,634	545,919	778,907
Extra ordinary Income /Expenses	1,005	14,385	2,126	(419)	(136,903)
Net Profit including all activities	248,561	368,936	86,760	545,500	642,004
Provision For Staff Bonus	22,596	33,539	7,887	49,591	58,364
Provision For Income Tax	69,892	113,891	26,648	135,515	173,717
-This Year		103,396	24,873	169,674	176,628
-Up to Last Year	(3,797)	10,495	0	(5,041)	0
Deferred Tax			1,775	(29,118)	(2,910)
Net Profit / Loss	156,073	221,506	52,225	360,394	409,923

25. Kist Bank Limited				<i>Amt. in Rs. '000</i>	
Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13*	FY 2013-14
Capital	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Reserves and Surplus	89,257	143,334	243,566	(561,062)	(865,914)
Debenture & Bond			0	0	
Borrowing	600,000	910,043	8,397	695,967	
Deposit	15,962,631	15,808,486	20,173,994	21,093,025	19,835,166
Bills Payable	9,030	1,343	3,526	12,258	22,597
Proposed & Payable dividend	100,000		0	0	
Tax Liabilities	7,674		9,881	15,998	
Other Liabilities	178,626	152,047	193,529	175,146	199,117
Total Liabilities	18,947,218	19,015,253	22,632,893	23,431,332	21,190,966
Cash Balance	563,286	762,965	695,914	742,822	788,033
Balance With NRB	1,027,274	1,152,429	2,071,787	2,411,743	899,491
Bank Balance with Banks	84,769	72,957	178,447	227,523	272,473
Money At call	1,366,279	413,058	129,065	197,850	100,000
Investment	2,057,666	1,874,110	3,116,571	2,798,346	5,808,374
Loan and Advances	12,345,845	13,042,567	14,645,317	14,791,605	10,884,399
Fixed Assets	1,149,484	1,225,108	1,215,091	1,426,211	1,353,249
Non- Banking Assets			0	0	0
Other Assets	352,615	472,059	580,700	835,233	1,084,947
Total Assets	18,947,218	19,015,253	22,632,892	23,431,332	21,190,966
Interest Income	1,517,073	1,994,330	2,175,412	2,302,569	1865018
Interest Expenses	967,324	1,302,975	1,587,914	1,286,518	1135845
Net Interest Income	549,749	691,355	587,498	1,016,051	729,172
Commission and discount	16,766	68,038	42,565	75553	67329
Other Operating Income	86,607	80,706	80,081	100347	87394
Exchange Income	2,789	7,669	15,343	23557	33613
Total Operating Income	655,911	847,768	725,487	1,215,508	917,508
Employees Expenses	142,974	193,639	234,648	263504	272923
Other Operating Expenses	236,496	291,212	304,748	333391	358665
Exchange Loss	0	0	0	0	0
Operating Profit Before Provision	276,441	362,917	186,091	618,613	285,920
Provisions for possible losses	58,890	273,205	71,641	1958652	994357
Operating Profit	217,551	89,712	114,450	(1,340,039)	(708,437)
Non-Operating Income/ Expenses	2,405	3,596	(4,048)	-20676	66797
Return From Loan Loss Provision	0		86,283	239882	222718
Profit From Ordinary activities	219,956	93,308	196,685	(1,120,833)	(418,921)
Extra ordinary Income /Expenses	0	0	(42,516)	-17093	0
Net Profit including all activities	219,956	93,308	154,169	(1,137,926)	(418,921)
Provision For Staff Bonus	19,996	8,483	14,015	0	0
Provision For Income Tax	55,822	30,748	39,922	-333367	-114069
-This Year		34,182	62,287	37611	157534
-Up to Last Year		(265)	0	268	14159
Deferred Tax		(3,169)	(22,365)	371246	285763
Net Profit / Loss	144,138	54,077	100,232	(804,559)	(304,852)

26. Janata Bank Nepal Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	1,400,000	1,400,000	2,000,000	2,060,000	2,060,000
Reserves and Surplus	46,166	76,875	60,552	62,225	147,228
Debenture & Bond	0	0	0	0	0
Borrowing	0	91,054	173,310	304,515	240,500
Deposit	855,362	3,501,603	7,722,767	13,546,498	18,442,154
Bills Payable	10,099	2,388	11,996	4,113	29,104
Proposed & Payable dividend	0	0	73,684	108,421	0
Tax Liabilities	1,995	2,084	0	0	0
Other Liabilities	24,247	36,322	141,161	122,184	89,952
Total Liabilities	2,337,869	5,110,326	10,183,470	16,207,956	21,008,938
Cash Balance	15,246	131,094	380,886	447,135	511,499
Balance With NRB	31,418	133,536	603,149	1,210,869	2,987,794
Bank Balance with Banks	1,226,227	78,399	136,674	197,061	415,735
Money At call	150,176	410,000	0	0	0
Investment	75,000	542,029	1,291,179	1,985,906	910,511
Loan and Advances	602,247	3,541,267	7,386,676	11,946,302	15,730,420
Fixed Assets	90,688	123,609	187,809	176,134	185,016
Non- Banking Assets	0	0	0	0	0
Other Assets	146,867	150,392	197,097	244,549	267,963
Total Assets	2,337,869	5,110,326	10,183,470	16,207,956	21,008,938
Interest Income	47,042	393,213	809,393	1,232,637	1,489,506
Interest Expenses	4,590	196,818	545,702	750,007	952,379
Net Interest Income	42,452	196,395	263,691	482,630	537,127
Commission and discount	490	7,367	33,805	39,365	53,292
Other Operating Income	5,208	23,546	28,777	48,843	39,566
Exchange Income	59	3,573	14,103	555	0
Total Operating Income	48,209	230,881	340,376	571,393	629,985
Employees Expenses	10,417	53,677	80,667	104,828	138,030
Other Operating Expenses	16,420	87,785	135,759	142,030	176,255
Exchange Loss	0	0	0	0	62,258
Operating Profit Before Provision	21,372	89,419	123,950	324,535	253,442
Provisions for possible losses	6,083	36,960	31,570	93,179	198,294
Operating Profit	15,289	52,459	92,380	231,356	55,148
Non-Operating Income/ Expenses	0	67	566	507	11,385
Return From Loan Loss Provision	0	0	0	38,239	70,058
Profit From Ordinary activities	15,289	52,526	92,946	270,102	136,591
Extra ordinary Income /Expenses	0	0	0	0	0
Net Profit including all activities	15,289	52,526	92,946	270,102	136,591
Provision For Staff Bonus	1,390	4,775	8,450	24,555	12,417
Provision For Income Tax	4,268	17,043	27,134	75,455	39,171
-This Year			27,295	76,465	41,231
-Up to Last Year			0	0	330
Deferred Tax			(161)	(1,010)	(2,390,951)
Net Profit / Loss	9,631	30,708	57,362	170,092	85,003

27. Mega Bank Nepal Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	1,631,000	1,631,000	1,631,000	2,330,000	2,609,600
Reserves and Surplus	56,475	80,798	153,767	122,106	133,093
Debenture & Bond	0		0	0	0
Borrowing	0	114,752	303,421	2,002,592	379,632
Deposit		5,373,493	9,192,557	12,533,459	17,147,649
Bills Payable		2,171	18,822	86,490	47,060
Proposed & Payable dividend			0	209,700	14,716
Tax Liabilities	12,052	180	0	6,895	11,084
Other Liabilities	40,084	39,335	100,212	116,497	228,404
Total Liabilities	1,739,611	7,241,729	11,399,779	17,407,739	20,571,238
Cash Balance		159,914	249,745	399,861	438,654
Balance With NRB	1,575,063	271,482	1,196,501	1,771,686	1,154,356
Bank Balance with Banks		58,550	154,160	304,586	238,581
Money At call		599,000	132,300	1,623,090	880,502
Investment		990,169	1,297,041	1,326,474	2,507,410
Loan and Advances		4,768,297	7,933,536	11,462,546	14,496,326
Fixed Assets	74,620	255,553	289,753	233,959	213,778
Non- Banking Assets		0	0	0	0
Other Assets	89,928	138,763	146,743	285,537	641,631
Total Assets	1,739,611	7,241,729	11,399,779	17,407,739	20,571,238
Interest Income	47,042	544,215	1,140,324	1,392,533	1,628,249
Interest Expenses	4,590	300,760	749,740	712,882	807,026
Net Interest Income	42,452	243,455	390,584	679,651	821,223
Commission and discount	490	6,609	17,808	24,397	26,811
Other Operating Income	5,208	27,380	34,372	40,752	81,976
Exchange Income	59	7,457	27,649	59,456	95,288
Total Operating Income	48,209	284,902	470,413	804,256	1,025,298
Employees Expenses	10,417	81,386	113,064	136,772	167,300
Other Operating Expenses	16,420	117,128	178,669	236,642	249,691
Exchange Loss	0		0	0	0
Operating Profit Before Provision	21,372	86,387	178,680	430,842	608,307
Provisions for possible losses	6,083	48,165	66,122	152,236	136,165
Operating Profit	15,289	38,222	112,558	278,606	472,142
Non-Operating Income/ Expenses	0	0	704	380	1,801
Return From Loan Loss Provision	0	0	0	0	6,316
Profit From Ordinary activities	15,289	38,222	113,262	278,986	480,259
Extra ordinary Income /Expenses	0	0	0	0	0
Net Profit including all activities	15,289	38,222	113,262	278,986	480,259
Provision For Staff Bonus	1,390	3,475	10,296	25,362	43,660
Provision For Income Tax	4,268	10,424	31,098	76,268	131,062
-This Year		9,172	33,962	80,235	133,255
-Up to Last Year			270	180	2
Deferred tax		1,253	(3,134)	(4,147)	(2,195)
Net Profit / Loss	9,631	24,323	71,868	177,356	305,537

28. Civil Bank Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital		1,200,000	1,200,000	2,000,000	2,887,849
Reserves and Surplus		4,600	31,835	38,161	148,368
Debenture & Bond		0	0	0	0
Borrowing		220,754	460,629	325,890	0
Deposit		2,952,327	8,807,545	15,633,156	22,049,295
Bills Payable		1,154	1,841	5,003	14,086
Proposed & Payable dividend		0	0	115,000	40,484
Tax Liabilities		0	0	0	0
Other Liabilities		31,838	199,445	108,477	261,870
Total Liabilities	0	4410673	10701295	18225687	25401952
Cash Balance		50,098	207,489	355,224	498,779
Balance With NRB		227,958	828,368	2,466,434	3,450,220
Bank Balance with Banks		249,266	288,852	364,661	388,019
Money At call		283,917	0	184,957	0
Investment		258,842	1,328,482	2,069,794	1,534,790
Loan and Advances		3,123,607	7,751,524	12,367,368	18,657,191
Fixed Assets		181,033	221,586	275,816	360,359
Non- Banking Assets			0	0	0
Other Assets		35,952	74,994	141,433	512,594
Total Assets	0	4410673	10701295	18225687	25401952
Interest Income		195,968	761,973	1,255,835	1,868,369
Interest Expenses		97,225	562,866	815,534	1,255,592
Net Interest Income	0	98743	199107	440301	612777
Commission and discount		8,798	32,092	33,825	63,389
Other Operating Income		12,803	38,198	53,305	56,352
Exchange Income		4,092	27,222	41,634	58,511
Total Operating Income	0	124436	296619	569065	791029
Employees Expenses		42,642	87,449	115,190	157,252
Other Operating Expenses		48,413	119,627	186,838	212,199
Exchange Loss			0	0	0
Operating Profit Before Provision	0	33381	89543	267037	421578
Provisions for possible losses		31,551	46,747	76,095	279,965
Operating Profit	0	1830	42796	190942	141,613
Non-Operating Income/ Expenses		0	0	(289)	0
Return From Loan Loss Provision		0	0	0	232,454
Profit From Ordinary activities	0	1830	42796	190653	374067
Extra ordinary Income /Expenses	0	0	0	0	(600)
Net Profit including all activities	0	1830	42796	190653	373,467
Provision For Staff Bonus		166	3,891	17,332	33,951
Provision For Income Tax		499	11,672	51,997	101,416
-This Year		(1,472)	7,737	52,849	100,430
-Up to Last Year			0	0	0
Deferred tax		1,971	3,935	(852)	986
Net Profit / Loss	0	1165	27233	121324	238100

29. Century Commercial Bank Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital		1,080,000	1,080,000	1,080,000	2,120,000
Reserves and Surplus		43,104	75,695	138,675	36,129
Debenture & Bond			0	0	0
Borrowing		58,361	0	400,006	67,060
Deposit		1,358,878	4,456,701	11,396,474	18,393,723
Bills Payable			8,608	1,812	6,010
Proposed & Payable dividend			0	0	69,474
Tax Liabilities		19,874	0	3,602	
Other Liabilities		60,087	33,248	130,192	119,502
Total Liabilities	0	2,620,304	5,654,252	13,150,761	20,811,898
Cash Balance		78,170	119,892	520,244	627,812
Balance With NRB		0	363,903	456,373	3,867,667
Bank Balance with Banks		0	30,458	230,630	185,411
Money At call		579,000	39,002	57,450	0
Investment		612,040	595,477	2,285,149	605,132
Loan and Advances		1,175,447	4,159,725	8,974,983	14,827,288
Fixed Assets		94,097	179,411	292,539	285,487
Non- Banking Assets			0	0	0
Other Assets		81,550	166,384	333,393	413,101
Total Assets	0	2,620,304	5,654,252	13,150,761	20,811,898
Interest Income		65,675	375,736	897,810	1,407,970
Interest Expenses		23,214	259,423	589,452	980,173
Net Interest Income	0	42,461	116,313	308,358	427,797
Commission and discount		537	7,584	22,852	51,875
Other Operating Income		9,993	26,496	61,534	92,195
Exchange Income		141	3,499	26,505	82,574
Total Operating Income	0	53,132	153,892	419,249	654,441
Employees Expenses		11,591	39,954	86,685	124,986
Other Operating Expenses		18,891	81,605	161,502	264,516
Exchange Loss			0	0	
Operating Profit Before Provision	0	22,650	32,333	171,062	264,939
Provisions for possible losses		11,873	30,588	69,454	160,393
Operating Profit	0	10,777	1,745	101,608	104,546
Non-Operating Income/ Expenses		24,044	1,413	685	14,335
Return From Loan Loss Provision			0	0	28,816
Profit From Ordinary activities	0	34,821	3,158	102,293	147,697
Extra ordinary Income /Expenses	0	0	0	0	0
Net Profit including all activities	0	34,821	3,158	102,293	147,697
Provision For Staff Bonus		3,165	287	9,299	13,427
Provision For Income Tax		9,496	1,949	26,622	47,343
-This Year			0	26,790	49,450
-Up to Last Year			0		153
Deferred Tax			1,949	(168)	(2,260)
Net Profit / Loss	0	22,160	922	66,372	86,927

30. Sanima Bank Limited

Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital			2,016,000	2,217,600	2,550,240
Reserves and Surplus			113,580	206,431	283,157
Debenture & Bond			0	0	0
Borrowing			88,250	1,480,125	898,268
Deposit			11,178,734	17,789,329	24,873,849
Bills Payable			0	0	0
Proposed & Payable dividend			110,880	10,610	17,507
Tax Liabilities			0	0	0
Other Liabilities			215,021	272,444	753,964
Total Liabilities	0	0	13,722,465	21,976,539	29,376,985
Cash Balance			256,198	312,962	538,387
Balance With NRB			1,005,249	1,283,546	2,811,039
Bank Balance with Banks			111,615	88,992	162,487
Money At call			0	364,420	0
Investment			2,105,770	3,848,052	3,715,502
Loan and Advances			9,531,505	15,093,073	20,371,444
Fixed Assets			479,044	469,489	502,236
Non- Banking Assets			0	0	0
Other Assets			233,084	516,005	1,275,890
Total Assets			13,722,465	21,976,539	29,376,985
Interest Income			1,172,200	1,678,790	2,018,505
Interest Expenses			753,617	1,023,257	1,199,787
Net Interest Income			418,583	655,533	818,718
Commission and discount			11,251	23,668	39,824
Other Operating Income			44,619	68,853	85,438
Exchange Income			0	27,237	146,889
Total Operating Income			474,453	775,291	1,090,869
Employees Expenses			79,987	99,776	134,381
Other Operating Expenses			151,864	158,730	206,382
Exchange Loss			175	0	0
Operating Profit Before Provision			242,427	516,785	750,106
Provisions for possible losses			52,493	57,846	95,212
Operating Profit			189,934	458,939	654,894
Non-Operating Income/ Expenses			678	2,571	21,566
Return From Loan Loss Provision			0	19,675	1,527
Profit From Ordinary activities			190,612	481,185	677,987
Extra ordinary Income /Expenses			0	0	308
Net Profit including all activities			190,612	481,185	677,679
Provision For Staff Bonus			17,328	43,744	61,607
Provision For Income Tax			51,515	132,379	188,476
-This Year			51,892	129,195	183,428
-Up to Last Year			109	3,531	1,774
Deferred Tax			486	347	3,272
Net Profit / Loss			121,769	305,062	427,596

A.Consolidated Financials of the Public Banks
Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	10,990,200	11,026,983	16,744,738	21,942,215	24,690,774
Reserves and Surplus	(13,591,576)	(10,267,052)	(8,126,316)	(5,447,291)	(2,086,801)
Debenture & Bond	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000
Borrowing	6,424,453	6,898,914	6,004,096	5,648,653	2,472,985
Deposit	143,225,629	155,122,912	187,066,387	208,479,907	242,439,065
Bills Payable	78,460	0	74,767	0	0
Proposed & Payable dividend	364,687	276,000	0	0	0
Tax Liabilities	1,101,706	1,340,904	2,118,959	0	0
Other Liabilities	30,298,231	26,367,099	24,387,709	28,733,626	28,356,848
Total Liabilities	181,191,790	193,065,760	230,570,340	261,657,109	298,172,871
Cash Balance	4,615,081	22,554,225	39,611,789	26,108,877	8,268,271
Balance With NRB	17,374,248	0	0	11,973,729	27,934,090
Bank Balance with Banks	3,728,125	0	0	684,424	3,769,496
Money At call	1,611,342	510,539	512,300	811,524	522,510
Investment	23,345,347	30,178,150	45,701,861	49,852,227	68,063,295
Loan and Advances	87,677,826	98,035,906	107,512,805	136,670,653	159,556,106
Fixed Assets	2,187,450	2,277,897	2,853,960	2,923,364	3,020,996
Non- Banking Assets	634,377	526,078	126,130	379,049	345,157
Other Assets	40,017,994	38,982,965	34,251,495	32,253,262	26,692,950
Total Assets	181,191,790	193,065,760	230,570,340	261,657,109	298,172,871
Interest Income	12,537,567	14,864,265	16,416,978	17,922,940	19,562,480
Interest Expenses	3,659,377	5,997,993	8,093,529	7,502,299	8,254,987
Net Interest Income	8,878,190	8,866,272	8,323,449	10,420,641	11,307,493
Commission and discount	930,688	938,415	800,415	786,239	915,491
Other Operating Income	496,074	651,366	847,950	1,126,305	1,162,144
Exchange Income	76,815	(14,433)	186,729	79,407	313,848
Total Operating Income	10,381,767	10,441,620	10,158,543	12,412,593	13,698,976
Employees Expenses	6,875,205	5,697,213	5,732,055	6,559,276	7,783,938
Other Operating Expenses	1,002,668	1,248,635	1,491,500	1,783,701	1,954,172
Exchange Loss	18,643	1,268	0	73,908	0
Operating Profit Before Provision	2,485,251	3,494,504	2,934,988	3,995,707	3,960,866
Provisions for possible losses	2,924,380	2,959,882	2,959,166	1,747,509	1,459,447
Operating Profit	(439,129)	534,622	(24,178)	2,248,199	2,501,419
Non-Operating Income/ Expenses	117,212	237,497	205,206	276,147	699,804
Return From Loan Loss Provision	4,419,864	2,997,181	3,502,405	2,497,608	1,917,081
Profit From Ordinary activities	4,097,947	3,769,300	3,683,433	5,021,954	5,118,304
Extra ordinary Income /Expenses	878,973	772,806	843,288	830,642	785,908
Net Profit including all activities	4,976,920	4,542,106	4,526,721	5,852,596	5,904,212
Provision For Staff Bonus	336,749	345,019	338,236	454,106	159,909
Provision For Income Tax	308,499	(311,087)	704,882	1,036,923	1,265,532
-This Year	0	398,984	991	0	0
-Up to Last Year	0	0	0	0	0
Deferred Tax	0	789,296	(19,319)	55,143	0
Net Profit / Loss	4,331,672	4,508,174	3,483,603	4,361,566	4,478,771

B. Consolidated Financials of the Private Banks
Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	38,437,758	46,056,184	53,033,072	59,791,689	71,362,767
Reserves and Surplus	13,106,404	16,205,668	20,364,698	26,080,385	28,145,118
Debenture & Bond	3,727,770	3,727,770	4,627,770	5,950,135	7,400,135
Borrowing	6,356,042	10,725,603	2,503,946	9,065,140	3,054,540
Deposit	475,126,283	516,278,389	659,152,481	802,551,809	961,775,006
Bills Payable	1,333,664	1,125,313	1,383,947	1,523,621	1,436,878
Proposed & Payable dividend	4,076,186	4,701,204	4,241,528	5,934,407	6,192,623
Tax Liabilities	134,017	154,047	107,745	193,623	71,170
Other Liabilities	8,098,637	9,221,833	11,052,420	14,325,895	18,940,878
Total Liabilities	550,396,761	608,196,010	756,467,607	925,416,704	1,098,379,115
Cash Balance	12,690,985	16,347,831	19,248,234	22,523,015	26,368,121
Balance With NRB	33,411,428	31,084,025	79,491,405	91,299,823	122,025,517
Bank Balance with Banks	14,311,976	11,146,545	13,946,475	16,825,047	23,614,577
Money At call	12,610,351	13,569,552	6,442,422	13,734,380	13,287,101
Investment	110,417,290	115,281,985	132,568,380	159,088,117	158,061,117
Loan and Advances	349,035,671	399,396,877	477,784,158	590,589,715	718,160,112
Fixed Assets	9,729,463	10,995,844	12,764,358	13,715,910	14,233,298
Non- Banking Assets	0	0	0	0	39,756
Other Assets	8,189,597	10,373,352	14,222,175	17,640,698	22,589,516
Total Assets	550,396,761	608,196,010	756,467,607	925,416,704	1,098,379,115
Interest Income	42,768,949	57,385,439	65,789,543	70,476,566	76,290,620
Interest Expenses	24,065,438	35,411,143	42,375,403	37,253,075	41,018,303
Net Interest Income	18,703,511	21,974,297	23,414,140	33,223,491	35,272,316
Commission and discount	2,370,664	2,791,531	3,390,098	3,920,927	4,815,808
Other Operating Income	1,662,329	1,830,083	2,188,003	2,974,001	3,769,924
Exchange Income	1,881,199	1,819,431	2,622,127	3,027,257	3,695,815
Total Operating Income	24,617,703	28,415,341	31,614,368	43,145,676	47,553,863
Employees Expenses	3,490,366	4,571,930	5,463,596	6,707,376	7,866,433
Other Operating Expenses	4,820,298	5,948,995	7,114,443	8,304,399	9,439,349
Exchange Loss	0	0	175	36,567	71,637
Operating Profit Before Provision	16,307,039	17,894,416	19,036,154	28,097,334	30,176,444
Provisions for possible losses	2,799,029	3,430,583	4,425,683	8,191,724	9,716,183
Operating Profit	13,508,010	14,463,831	14,610,471	19,905,610	20,460,261
Non-Operating Income/ Expenses	204,830	252,762	366,985	89,523	491,696
Return From Loan Loss Provision	2,696,174	2,378,238	4,101,128	3,218,844	4,084,110
Profit From Ordinary activities	16,409,014	17,094,832	19,078,584	23,213,977	25,036,068
Extra ordinary Income /Expenses	(728,436)	(1,705,802)	(1,894,430)	(243,536)	(25,662)
Net Profit including all activities	15,680,578	15,389,030	17,184,154	22,861,517	25,009,790
Provision For Staff Bonus	1,425,569	1,328,398	1,561,328	2,179,839	2,457,180
Provision For Income Tax	4,092,503	4,326,146	4,523,307	6,091,614	7,178,715
-This Year	0	2,155,325	4,741,534	6,734,918	7,602,962
-Up to Last Year	(3,797)	17,609	11,747	2,555	(8,922)
Deferred Tax	0	26,209	(217,632)	120,772	(1,080,457)
Net Profit / Loss	10,162,506	9,734,486	11,099,519	14,590,064	15,373,895

C. Consolidated Financials of the Commercial Banks
Amt. in Rs. '000

Capital and Liabilities	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital	49,427,958	57,083,167	69,777,810	81,733,904	96,053,541
Reserves and Surplus	(485,172)	5,938,616	12,238,382	20,633,094	26,058,317
Debenture & Bond	6,027,770	6,027,770	6,927,770	8,250,135	9,700,135
Borrowing	12,780,495	17,624,517	8,508,042	14,713,792	5,527,525
Deposit	618,351,912	671,401,301	846,218,868	1,011,031,716	1,204,214,071
Bills Payable	1,412,124	1,125,313	1,458,714	1,523,621	1,436,878
Proposed & Payable dividend	4,440,873	4,977,204	4,241,528	5,934,407	6,192,623
Tax Liabilities	1,235,723	1,494,951	2,226,704	193,623	71,170
Other Liabilities	38,396,868	35,588,932	35,440,129	43,059,521	47,297,726
Total Liabilities	731,588,551	801,261,770	987,037,947	1,187,073,813	1,396,551,986
Cash Balance	17,306,066	38,902,056	58,860,023	48,631,892	34,636,393
Balance With NRB	50,785,676	31,084,025	79,491,405	103,273,552	149,959,606
Bank Balance with Banks	18,040,101	11,146,545	13,946,475	17,509,471	27,384,073
Money At call	14,221,693	14,080,091	6,954,722	14,545,904	13,809,611
Investment	133,762,637	145,460,135	178,270,241	208,940,344	226,124,412
Loan and Advances	436,713,497	497,432,783	585,296,963	727,260,368	877,716,218
Fixed Assets	11,916,913	13,273,741	15,618,318	16,639,274	17,254,294
Non- Banking Assets	634,377	526,078	126,130	379,049	384,913
Other Assets	48,207,591	49,356,317	48,473,670	49,893,960	49,282,466
Total Assets	731,588,551	801,261,770	987,037,947	1,187,073,813	1,396,551,986
Interest Income	55,306,516	72,249,704	82,206,521	88,399,506	95,853,100
Interest Expenses	27,724,815	41,409,136	50,468,932	44,755,374	49,273,290
Net Interest Income	27,581,701	30,840,569	31,737,589	43,644,132	46,579,809
Commission and discount	3,301,352	3,729,946	4,190,513	4,707,166	5,731,299
Other Operating Income	2,158,403	2,481,449	3,035,953	4,100,307	4,932,068
Exchange Income	1,958,014	1,804,998	2,808,856	3,106,664	4,009,663
Total Operating Income	34,999,470	38,856,961	41,772,911	55,558,269	61,252,839
Employees Expenses	10,365,571	10,269,143	11,195,651	13,266,653	15,650,371
Other Operating Expenses	5,822,966	7,197,630	8,605,943	10,088,100	11,393,521
Exchange Loss	18,643	1,268	175	110,475	71,637
Operating Profit Before Provision	18,792,290	21,388,920	21,971,142	32,093,042	34,137,310
Provisions for possible losses	5,723,409	6,390,465	7,384,849	9,939,233	11,175,630
Operating Profit	13,068,881	14,998,454	14,586,293	22,153,809	22,961,680
Non-Operating Income/ Expenses	322,042	490,259	572,191	365,670	1,191,500
Return From Loan Loss Provision	7,116,038	5,375,419	7,603,533	5,716,452	6,001,191
Profit From Ordinary activities	20,506,961	20,864,133	22,762,017	28,235,931	30,154,372
Extra ordinary Income /Expenses	150,537	(932,996)	(1,051,142)	587,105	760,246
Net Profit including all activities	20,657,498	19,931,137	21,710,875	28,823,036	30,914,618
Provision For Staff Bonus	1,762,318	1,673,417	1,899,564	2,633,945	2,617,089
Provision For Income Tax	4,401,002	4,015,059	5,228,189	7,128,538	8,444,247
-This Year	0	2,554,309	4,742,525	6,734,918	7,602,962
-Up to Last Year	(3,797)	17,609	11,747	2,555	(8,922)
Deferred Tax	0	815,505	(236,951)	175,915	(1,080,457)
Net Profit / Loss	14,494,178	14,242,661	14,583,122	19,060,554	19,853,282

Annex 10: Useful websites for supervisors

Name of Agency	Web address
Australian Prudential Regulatory Authority	www.apra.gov.au
Asian Development Bank	www.adb.org
Association for financial professionals	www.afponline.org
American Bankers Association	www.aba.com
Association of German Banks	www.german-banks.com
Asian Clearing Union	www.asianclearingunion.org
Bank Administration Institute (BAI)	www.bai.org
Banking Federation of the European Union	www.fbe.be
Bank for International Settlement	www.bis.org
Bank Negara Malaysia	www.bnm.gov.my
Conference of State Bank Supervisors, USA	www.csbsdal.org
Canada Deposit Insurance Corporation	www.cdic.ca
China Banking Regulatory Commission	www.cbrc.gov.cn
European Committee for Banking Standards (ECBS)	www.ecbs.org
European Bank for Reconstruction and Development	www.ebrd.org
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
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
FSI Connect	www.fsiconnect.org
European Banking Authority	www.eba.europa.eu

