



Bank Supervision Report

2018



Nepal Rastra Bank

Bank Supervision Department

Baluwatar, Kathmandu, Nepal

April 2019



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The Bank Supervision Report, 2018 is the annual report of Bank Supervision Department of Nepal Rastra Bank. 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, 2018. 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,

Banking sector is central to a country's economy due to its crucial role in channelling resources from the surplus sector to the deficit sector. Bank loans are utilized in all major areas of the national economy including agriculture, hydroelectricity, tourism, and trading. Likewise, consumer loans from banks have enabled people to own homes, vehicles and start businesses.

Nepalese banking sector has come a long way since the start of formal banking in the country eight decades ago. The financial industry grew by leaps and bounds after financial liberalization in 1980s. The numbers of branches of financial institutions are increasing and so is the number of people receiving banking services. The use of ATM cards, mobile banking and other IT based services has improved people's banking behaviour and standard of living.

The banking sector has become an indispensable part of the functioning of the real sector, and its stability is crucial to the health of whole economy. Along with preserving price stability, promoting financial stability is an important mandate conferred to Nepal Rastra Bank (NRB), the central bank of Nepal. Macro-prudential and micro-prudential policies are the major toolkits adopted by NRB to maintain stability of the banking sector. Directives and guidelines are issued to address common risks faced by the banks and financial institutions. Regulatory limits are established as safety nets keeping in mind the stability of the overall banking system.

Bank supervision is an important function of NRB. Individual institutions are supervised through onsite inspection and offsite surveillance to examine the risks faced by these institutions and their ability to manage those risks. The supervision also checks for compliance with the acts, rules and regulations as well as adherence to banks' own policies and procedures. Maintaining safety and soundness of individual banks and the overall banking system through adoption of regulatory and supervisory practices based on best international norms and current domestic conditions are the major fundamentals of these prudential policies.

NRB is the agency responsible for implementing international measures aiming to strengthen domestic financial system. The role has encouraged NRB to promote international best practice in areas such as corporate governance, accountability of management, financial disclosure, and risk management for banks and financial institutions. In pursuing these measures, NRB has inevitably come under pressure to lead by example through its own adoption of improved management and transparency practices. Further, in line with international practices, NRB enjoys operational independence in execution of its duties. In order to build confidence and trust among its stakeholders, adequate transparency and disclosures are very important. This report is an effort to provide adequate information to the stakeholders including the general public about the activities of the Bank Supervision Department (BSD) in the fiscal year 2017/18.

Bank Supervision Department is responsible for supervising Class ‘A’ financial institutions, which are known as commercial banks of Nepal. Since commercial banks comprise of more than 80% of the assets of banking sectors, the role of this department is very significant for NRB. The failure of even a single commercial bank can produce contagious effect on the whole financial system. These banks are larger and more complex than other types of financial institutions (Development Banks, Financial Companies and Micro Finance Development Banks), that's why it attracts higher supervisory focus. This annual report details the structure of the department to perform the department’s functions effectively, overview and performance of the commercial banking industry in the fiscal year, national and international initiatives in the areas of banking supervision, and current issues and challenges in banking supervision.

I believe, this document fulfils the objective of providing a clear and comprehensive picture of the functions and activities of the department. It also adequately provides information on the performance of the commercial banks and developments in banking supervision during the fiscal year 2017/18. Due to adoption of Nepal Financial Reporting Standards (NFRS) by the commercial banks, this report analyses financial information of the last three years as revised by these banks under new standards for financial publication.

I would like to express my sincere thanks to my colleagues at Policy Planning Division for their effort in materializing this report in this form. Finally, I would like to thank all employees of Bank Supervision Department for their continuous effort in fulfilling their responsibilities.

Thank you,

Maheshwor Lal Shrestha

Executive Director

Nepal Rastra Bank

Bank Supervision Department

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CHAPTER I

1. NEPALESE BANKING INDUSTRY

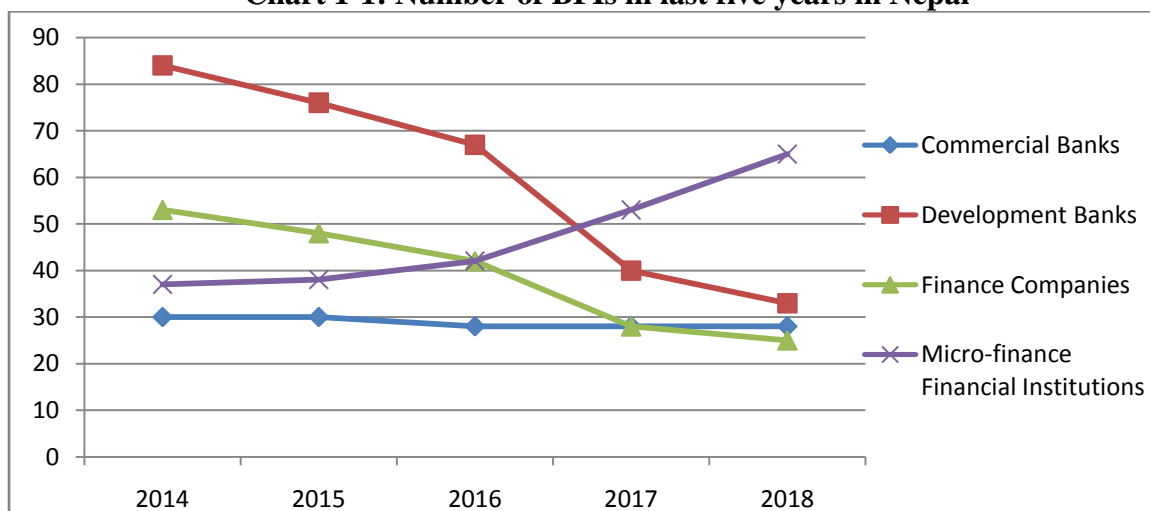
The establishment of Nepal Bank Limited in 1937 AD marked the beginning of formal banking sector in Nepal. Since then, the banking industry has undergone significant changes in terms of size, functions, and role in the economy.

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

As on mid-July 2018, there are a total of 151 BFIs in operation. There are 28 Class 'A' Commercial banks, 33 Class 'B' Development banks, 25 Class 'C' Finance companies and 65 Class 'D' Microfinance financial institutions. In FY 2017/18, the number of BFIs increased from 149 to 151 and the total number of branches increased from 5,068 to 6651. 14 saving and credit co-operatives that were initially licensed by NRB for limited banking transaction have been discontinued from NRB's jurisdiction.

Nepalese banking sector plays a crucial role in the economy due to its dominant position in the financial system. A number of large projects are being financed through bank loans. Likewise, banks' role is essential for import and export of goods from and to other countries. Further, with technological advancement, more and more people are adopting cards, internet banking services, and mobile banking services to perform financial transactions.

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



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

1.1 Nepal Rastra Bank as a regulator and supervisor

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

To discharge its responsibilities as a regulator of BFIs, NRB has been continuously issuing various directives, guidelines, and policies to the licensed institutions, considering domestic banking condition and international best practices. A dedicated department – Bank and Financial Institutions Regulation Department – has been set up in NRB's organizational structure to manage development and issuance of such regulations.

NRB supervises the activities of the banks and financial institutions based on the existing legal framework, regulations issued through Regulation Department, the internal manuals, and major international guiding polices such as those of Basel Committee on Banking Supervision (BCBS) . To make supervision more effective, NRB has set four different supervision departments, namely Bank Supervision, Development Bank Supervision, Finance Company Supervision and Micro Finance Promotion and Supervision Departments; each department supervising respective class of banks.

NRB aims at becoming more proactive with applying supervisory methods that are forward looking and analytical. Banks are supervised through onsite inspection and offsite surveillance. Since 2014, it has started conducting onsite inspection under risk based supervision (RBS) approach. While this approach has been applied fully on Commercial banks, NRB is planning to gradually apply this approach on all the BFIs. Under this method, major risk areas and other key areas of each bank are assessed, risk profiles are developed, and significant issues are communicated to the concerned banks for necessary correction or improvement. NRB's supervisory strategy with regard to utilization of limited supervisory resources relies on the assessments made during these onsite inspections. Further, there is also effort going on for integrating onsite inspection and offsite supervision.

1.2 The Commercial Banking

As on mid-July 2018, there are a total of 28 Commercial banks. The Class 'A' or Commercial banks comprise of the largest share of assets in the banking industry. Due to the size and importance of these banks, they are more strictly regulated than other class banks. Owing to liberalization in the banking sector, there was a dramatic increase in the number of private sector owned commercial banks. However, the three public sector Commercial banks still have a considerable market share in the industry. Nevertheless, the share of private sector banks on total deposits, loans, and total assets has been increasing gradually.

Table 1.1: List of Commercial banks in Nepal (mid-July, 2018)

S.No.	Name	Operation Date (A.D.)	Head Office
1	Nepal Bank Ltd.	1937/11/15	Dharmapath, Kathmandu
2	Rastriya Banijya Bank Ltd.	1966/01/23	Singhadurbar Plaza, Kathmandu
3	Agricultural Development Bank Ltd.**	1968/01/21	Ramshahpath, Kathmandu
4	Nabil Bank Ltd.	1984/07/12	Beena Marg, Kathmandu
5	Nepal Investment Bank Ltd.	1986/03/09	Durbarmarg, Kathmandu
6	Standard Chartered Bank Nepal Ltd.	1987/02/28	Nayabaneshwor, Kathmandu
7	Himalayan Bank Ltd.	1993/01/18	Kamaladi, Kathmandu
8	Nepal SBI Bank Ltd.	1993/07/07	Kesharmahal, Kathmandu
9	Nepal Bangladesh Bank Ltd.	1994/06/06	Kamaladi, Kathmandu
10	Everest Bank Ltd.	1994/10/18	Lazimpat , Kathmandu
11	Kumari Bank Ltd.	2001/04/03	Durbarmarg, Kathmandu
12	Laxmi Bank Ltd.	2002/04/03	Hattisar, Kathmandu
13	Citizens Bank International Ltd.	2007/04/20	Kamaladi, Kathmandu
14	Prime Commercial Bank Ltd.	2007/09/24	Newroad, Kathmandu
15	Sunrise Bank Ltd.	2007/10/12	Gairidhara, Kathmandu
16	Mega Bank Nepal Ltd.	2010/07/23	Kantipath, Kathmandu
17	Century Commercial Bank Ltd.	2011/03/10	Putalisadak , Kathmandu
18	Sanima Bank Ltd.	2012/02/15	Nagpokhari, Kathmandu
19	Machhapuchhre Bank Ltd.	2012/07/09*	New Road, Pokhara, Kaski
20	NIC Asia Bank Ltd.	2013/06/30*	Thapathali, Kathmandu
21	Global IME Bank Ltd.	2014/04/09*	Panipokhari, Kathmandu
22	NMB Bank Ltd.	2015/10/18*	Babarmahal, Kathmandu
23	Prabhu Bank Ltd.	2016/02/12*	Babarmahal, Kathmandu
24	Siddhartha Bank Ltd.	2016/07/21*	Hattisar, Kathmandu
25	Bank of Kathmandu Lumbini Ltd.	2016/07/14*	Kamaladi, Kathmandu
26	Civil Bank Ltd.	2016/10/17*	Sundhara, Kathmandu
27	Nepal Credit and Commerce Bank Ltd.	2017/01/01*	Bagbazaar, Kathmandu
28	Janata Bank Nepal Ltd.	2017/04/07*	Thapathali, Kathmandu
	*Joint operation date after merger and/or acquisition. ** Started to operate as 'A' class Bank (from 2006/03) under BAFIA, 2006		

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

1.3 Ownership and Control

Commercial banks in Nepal can be broadly categorized into two groups as public and private banks on the basis of ownership and control. As of mid-July 2018, there are 3 public and 25 private sector banks in operation. Rastriya Banijya Bank Limited is the largest bank of Nepal in terms of deposit mobilization and is fully owned by the Government of Nepal. The Government of Nepal owns 62.21 percent ownership in the equity capital of Nepal Bank Limited, another public bank. Likewise, Government of Nepal owns 51 percent shares of Agricultural Development Bank Limited that was initially established as a development bank with 100 percent government ownership and was upgraded to Commercial bank in 2006.

Privately owned banks in Nepal can be further re-grouped into domestically owned banks and foreign joint-venture banks. There are currently five foreign joint ventures out of 25 privately owned banks. Also, there is provision of minimum 30% share ownership by the general public in the banks.

1.4 Scope of Operations: Public (State-owned) vs. Private (Non State-owned)

Although the number of commercial banks slightly decreased in the last few years due to mergers, the increase in bank branches and total volume of loans and deposits demonstrate considerable increase in outreach and business. Total deposits of the Commercial banks increased from Rs. 2,014.31 billion to Rs. 2,328.14 billion (by 18.86%) in the review year. The deposits of public banks grew by 9.71 percent while those of private banks increased by 19.52 percent.

Similarly, loans and advances of the Commercial banks increased to Rs. 2,080.83 billion as of mid-July 2018, from a total of Rs. 1,715.89 billion in the previous year. The loans and advances of public banks grew by 8.96 percent while those of private banks significantly rose by 23.18 percent.

Likewise, total assets of the commercial banks increased by 17.56 percent to Rs. 2,968.28 billion when compared to Rs. 2,524.83 billion of the previous year. Total assets grew by 6.54 percent in public banks while it grew by 19.25 percent in private banks.

1.5 Branch Network

The total number of branches of commercial banks increased from 2,274 in mid-July 2017 to 3,023 in mid-July 2018 (*Refer to Annex-2 for province-wide branch distributions*). NRB has been promoting financial access through policies that lead to larger number of branches in rural areas. While the increase in bank branches is encouraging, most banking services are still confined to the urban and semi-urban areas.

Table 1-2: Branches of Commercial banks (mid-July, 2014 to 2018)

Name of Banks	2014	2015	2016	2017	2018
Nepal Bank Limited (NBL)	117	117	130	130	140
Rastriya Banijya Bank Limited (RBBL)	161	168	174	185	212
NABIL Bank Limited (NABIL)	48	48	52	52	74
Nepal Investment Bank Limited (NIBL)	44	46	46	61	89
Standard Chartered Bank Nepal Ltd. (SCBN)	15	15	19	15	14
Himalayan Bank Limited (HBL)	45	45	45	45	58
Nepal SBI Bank Limited (NSBI)	59	59	73	66	83
Nepal Bangladesh Bank Limited (NBBL)	27	30	35	46	72
Everest Bank Limited (EBL)	52	53	61	60	90
Bank of Kathmandu Limited (BOK) ^Φ	50	50	69	75	83
Nepal Credit and Commerce Bank Ltd. (NCCBL)	22	22	22	96	108
Lumbini Bank Limited (LBL) ^Φ	16	19	-	-	-
Nepal Industrial & Commercial Bank Ltd. (NIC) / NIC Asia	54\$	54\$	67	118	237

Bank Limited [§]					
Machhapuchchhre Bank Limited (MBL)	49	55	57	56	88
Kumari Bank Limited (KBL)	27	33	36	74	88
Laxmi Bank Limited (LXBL)	29	29	50	66	96
Siddhartha Bank Limited (SBL)	41	41	62	70	121
Agriculture Development Bank (ADBL)*	231*	240*	245	249	250
Global Bank Limited / Global IME Bank Limited (GBL) [#]	85#	86	87	113	132
Citizens Bank International Limited (CBIL)	36	54	56	60	79
Prime Commercial Bank Limited (PCBL)	30	30	32	53	63
Sunrise Bank Limited (SRBL)	49	51	67	70	92
Bank of Asia Nepal Limited (BOA) [§]	-	-	-	-	-
Grand Bank Limited	23	23	-	-	-
NMB Bank Limited (NMB)	29	29	71	80	118
Janata Bank Nepal Limited (JBNL)	29	34	123	88	121
Mega Bank Nepal Limited (MBNL)	28	28	37	47	105
Commerz & Trust Bank Nepal Limited (CTBNL) [#]	-	-	-	-	-
Civil Bank Limited (CBL)	40	41	40	51	69
Century Commercial Bank Limited (CCBL)	31	31	42	67	103
Sanima Bank Limited (SBL)	28	38	31	46	74
Prabhu Bank Limited ^{&}	NA	113	40	135	164
Total	1,547	1,682	1,869	2,274	3,023

* Also includes branches with development banking functions.

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

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

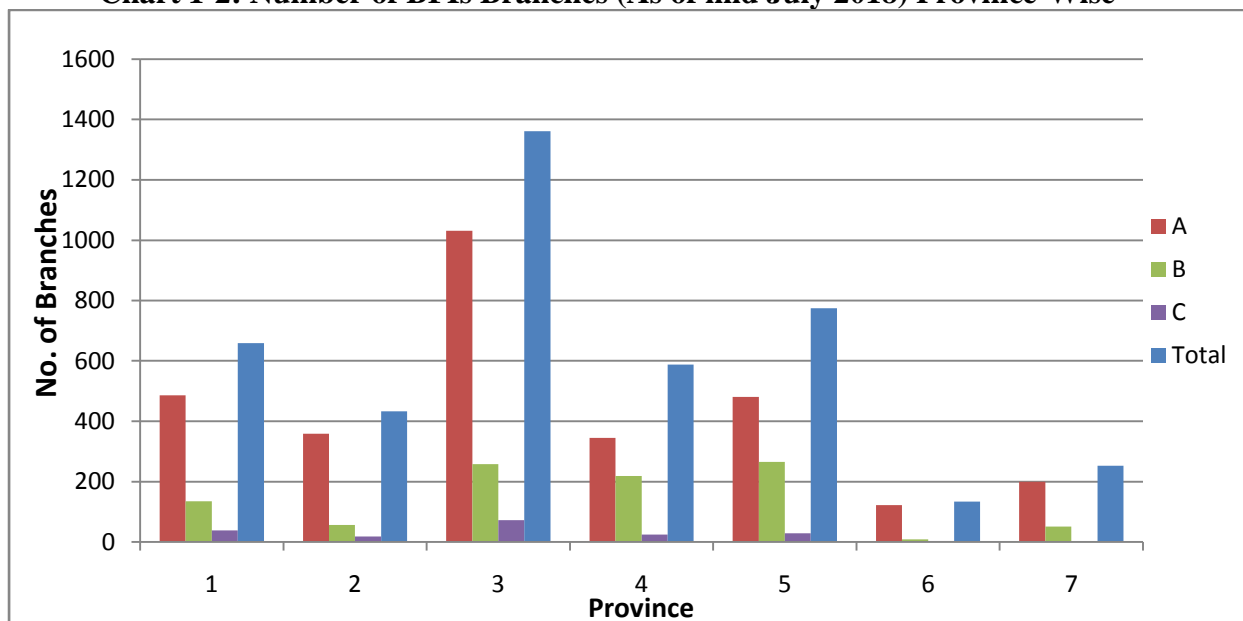
Φ Lumbini Bank Limited merged with Bank of Kathmandu Limited

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

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

The ADBL has the largest number of branches (250) followed by NIC Asia Bank Limited (237). NIC Asia Bank Limited is the private sector bank with most number of branches and has more number of branches than the other two public sector banks RBB (212) and NBL (140). Commercial banking operations seem to be concentrated in Province 3 with 1,031 branches (34.11% of total branches). This is followed by Province 1 with 486 and the Province 5 with 481 branches respectively. The Province 6 (Karnali province) has the lowest number of bank branches i.e. 122 (4.04 % of total branches). The chart below indicates the province wise presence of BFIs.

Chart 1-2: Number of BFIs Branches (As of mid July 2018) Province-Wise



1.6 Asset Share of Banks and Financial Institutions

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

Table 1-3: Asset share of banks and financial institutions (mid-July, 2011 to 2018)

Bank and Financial Institutions	% Share as on mid-July							
	2011	2012	2013	2014	2015	2016	2017	2018
Commercial	75.3	77.3	78.2	78.0	78.73	79.74	83.41	82.76
Development	12.0	12.4	13	13.6	13.34	12.81	9.71	9.99
Finance	10.9	8.2	6.6	5.8	4.79	3.78	2.63	2.56
Micro Finance	1.8	2.2	2.2	2.6	3.14	3.68	4.26	4.69
Total	100	100	100	100	100	100	100	100

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

Table 1-3 shows the dominance of Commercial banks, with the share of 82.76 percent of total assets of Nepalese banking industry, which was 83.41 percent in the previous year. Share of development banks has increased from 9.71 percent in FY 2016/2017 to 9.99 percent in FY 2017/2018. Likewise, the share of finance companies has decreased to 2.56 percent from 2.63 percent during the review period. The share of microfinance financial institutions increased from 4.26 percent to 4.69 percent in mid-July 2018. The increase in the share of the Development banks and decrease in the share of Finance companies can be attributed to the merger and acquisition activities going on in the banking industry, where a number of Finance companies are continuously merging with and are being acquired by Development banks or Commercial banks. Similarly, the increase in the share of the Microfinance Institutions is because of the increasing number of microfinance financial institutions.

1.7 Employment in the Banking Industry

Commercial banks have provided employment to 33,429 individuals as of mid-Jan 2019. The number of staff working in the three public banks was 6706 and the number of staff working in the private banks was 26,723 as on the date, which shows that the three public sector banks still employs 20 percent of total people working in the commercial banking industry. Banking sector is considered as a lucrative sector for work after completing Management or Economics related degrees. Hence, many graduates aspire to enter into this sector. However, there is still lack of skilled manpower in the industry. The human resource in the industry is expected to improve once the industry gets fully matured.

1.8 Review of the Guiding Documents

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

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

- Nepal Rastra Bank Act, 2002,
- Bank and Financial Institutions Act, 2017
- Company Act, 2017
- Nepal Rastra Bank Inspection and Supervision By-laws, 2074
- Unified Directives published annually and Circular issued from time to time
- Capital Adequacy Framework, 2015
- NRB Prompt Corrective Actions by-laws, 2012
- Monetary Policy Announcements,
- Assets (Money) Laundering Prevention Act, 2008
- Several Guidelines issued by NRB
- Risk Based Supervision Manual, Volume I & II

1.9 Access to Banking Services and Financial Inclusion

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

Besides, NRB is working to promote branchless banking and mobile banking to increase access to the banking system for the rural and unbanked people. As on mid-July 2018, there are 1,284 branchless banking centres of 'A' class Banks in operation. Likewise, number of mobile-banking customers has reached 50,86,069 as on mid-July 2018.

As on mid-July 2018, total number of branches of Commercial bank reached 3,023 and population per branch was 9,532¹. The population per branch was 12,700 in the previous year. The population per branch when considering all categories of BFIs comes down to 4,334 as on mid-July 2018 compared to 5,610 as on mid-July 2017.

¹ Population 28,818,215 calculated on yearly basis based on five yearly population projection Source : <http://cbs.gov.np/image/data/Population/Population%20projection%202011-2031/PopulationProjection2011-2031.pdf>

CHAPTER II

2 BANK SUPERVISION

2.1 Supervision Function

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

2.2 Bank Supervision Department (BSD)

BSD is responsible for executing the supervisory policies and practices as per governing laws, regulations and policies to all commercial banks (Class 'A' Banks). The department prepares an annual supervision plan before the start of the new fiscal year and supervises banks as per the approved plan. The supervisory process includes full-scope on-site inspection, special inspection, and targeted inspection. The onsite inspection is supported by an offsite supervision function which is responsible for the analysis of data reported by the Commercial banks.

2.3 Supervision Methodology

BSD continues to adopt and implement the Core Principles prescribed by the Basel Committee. Supervision is done through both onsite and offsite programs. NRB's traditional onsite inspection was based on compliance check and CAMELS (Capital Adequacy, Asset Quality, Management competence, Earning, Liquidity, and Sensitivity to Market Risk) ratings. The RBS approach puts more emphasis on assessing the quantity of risks and quality of risk management. However, inspectors who are deputed as team also examine other key areas including capital adequacy, AML/ CFT and compliance. Further, onsite examiners propose additional risk weights and provisioning under Supervisory Review Process (SRP) if they are not satisfied with risk weights and provisioning assigned by the Management.

Inspectors rely on Onsite Inspection Manual for guidance with risk assessment and profiling. Risk profiling enables NRB to decide upon the supervisory regime for each bank and helps NRB to channel its resources in high risk areas. Subsequent supervisions are being conducted on the basis of the risk profile of the banks. This methodology mainly focuses on the 'chance of failure' of the bank and the risk management practices of the bank. Offsite function involves continuous monitoring of the banks by analysing the reports received from the banks. It is also an important source of input for onsite inspection. Likewise, the Enforcement

function oversees enforcement of supervisory directions for correction of issues identified during onsite inspections.

2.4 Organization of BSD

The department comprises of Onsite Inspection Unit, Enforcement Unit, Offsite Unit, Policy Planning and Analysis Unit, Special Inspection Unit and Internal Administration Unit (*Refer to Annex-3 for the Organisation Chart of the Department*). 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.

2.4.1 Onsite Inspection Unit

Onsite inspection of Commercial banks is conducted as per the approved annual plan where an onsite inspection is conducted at least once a year for every Commercial bank. NRB has initiated the practice of conducting targeted inspections from FY 2017-18 focusing on specific areas of operation. Full scope or targeted onsite inspections are performed as necessary based on risk profile of banks. Onsite inspections are carried out and reports are prepared on the basis of RBS manual approved for the same purpose. Generally, an inspection team includes a team leader (Deputy Director) and three to four other team members (Assistant Directors). One IT Officer from IT Department is deployed for limited number of days to examine IT related areas of the concerned bank (*Refer to Annex-4 for the onsite inspections conducted in FY 2074/75*).

The Onsite Inspection Unit is specially focused on conducting onsite examinations which 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. and conducted as needed.

There are currently 7 officers working in the Onsite Inspection Unit. However, due to limited number of dedicated staff, officers from other units are mobilized from time to time to conduct onsite examinations.

2.4.2 Enforcement Unit

In the past, Onsite and Enforcement functions were being performed by the same unit in the BSD. However, BSD has now segregated these functions into separate units as Onsite Inspection Unit and Enforcement Unit. Enforcement Unit is responsible for ensuring the compliance of supervisory directions given to the individual banks through the onsite reports, and preparing periodic enforcement reports to communicate the status of compliance to the

concerned bank. This unit also prepares quarterly report of individual banks focusing on the major financial indicators and the compliance status of the given directions. There are also 10 personnel working in the unit. There are three teams in the unit; each team headed by a Deputy Director oversees works related to nine to ten banks.

2.4.3 Offsite Supervision Unit

The Offsite Unit carries out offsite surveillance of the Commercial banks. The core objective of this unit is to conduct periodic financial reviews of banks in order to identify potential risks and to assess compliance of prevailing regulatory provisions. It also provides feedback to the onsite inspection teams and identifies red flag areas that need to be focused during onsite inspections. The BSD is in the process of revising an Offsite Manual to guide the procedures of offsite function.

The Offsite 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 quarterly basis. The unit also checks compliance provisions such as cash reserve ratio (CRR), statutory liquidity ratio (SLR), credit to core capital and deposit ratio (CCD), capital adequacy ratio (CAR) 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 (*Refer to Annex-5 for circulars issued in FY 2074/75*).

**Table 2-1: Important Directives regarding Capital, Credit and Liquidity
(Effective for the FY 2017-18)**

SN	Particulars	Current Rate or Percentage	Days/ Month	Remarks I	Remarks II
1.	Minimum Capital fund "A" class	Core Capital = 6% & Capital Fund = 11% of Total Risk Weighted Exposure		Minimum capital fund to be maintained based on the risk- weight assets (percent)	As per Capital Adequacy Framework, 2015 for Class 'A' Banks
	"B" class & "C" class	Core Capital = 5.5% & Capital Fund = 11% of Total Risk Weighted Exposure			
2.	Refinance Facility (i) General Refinance Hydro, Agro, productive and, infrastructure industry or business run by youths returned from abroad. Also for opening standard hotels in selected tourism destinations	4%	Max. 6 months	Cannot charge more than 9%	i. provided against good loan. ii. not exceed the 80% of core capital of BFIs iii. max. of 6 months.

	(ii) Special Refinance Sick industries, Cottage & small industries, foreign emp. Small business run by Dalits, janajati, utpidit, women, deprived community. Export from Ostrich farming, beekeeping and cardamon farming	1%		Cannot charge more than 4.5%	
	(iii) Export credit refinance	1%		Cannot charge more than 4.5%	
	(iv) Small & Medium Ent. Refinance (limit up to 10 lakhs)	5%		Cannot charge more than 10%	
3.	Bank Rate	7%			
4.	SLF Rate (For A, B & C)	Bank rate (7%)	Max. 5 days	For Merger, 30 days	upto 90% Against Govt. T-Bills and Govt. Bonds
5.	Lender of Last Resort	Bank rate (7%)	Max. 6 months		Against deposit at NRB for CRR Purpose / Govt. Securities and Pass Loan
6.	Repo & Reverse Repos	Max. 21days			
7.	CRR "A" class "B" class "C" class	6% 5% 4%			
8.	SLR "A" class "B" class (taking call n current deposit) "C" class (taking call n current deposit) "B" & "C" class (not taking call n current deposit)	12% 9% 8% 6%			
9.	Deprived Sector "A" class "B" class "C" class	5% 4.5% 4%			
10.	Productive Sector lending "A" class in productive Sector: Agriculture, Energy & Tourism "B" class in productive "C" class in productive	25% in Productive sector: 10% in Agriculture & 15% in Energy and Tourism. 15% 10%			
11.	Net Liquidity Ratio	20%			

The unit monitors, reviews, and analyses returns of Commercial banks and prepares reports to detect emerging problems and early warning signals. The returns are used to evaluate the exposure to risks and the effect this could have on profits. The statutory returns are the basis for computing basic ratios to analyse capital adequacy, assets quality, earnings, liquidity and sensitivity to market risk (CAELS). The unit also compiles and analyses financial data and prepare reports on a regular, as well as, special case basis. Further, the unit is responsible for providing AGM clearance for banks by examining the credibility of their annual reports. There are currently nine officers working in this unit.

Cash Reserve Ratio (CRR)

Commercial banks are the backbone of the payment system and are the main conduits of monetary policy. As an indirect monetary instrument, NRB uses CRR to control money supply in the economy, which was minimum 6 percent of total local currency deposit liabilities in the review period. While the minimum is to be kept for every two week period, 70% of the minimum ratio has to be kept by each bank every day. The average CRR maintained by the commercial banks in the last period of the review year is 7.44 percent. Banks that fail to maintain such reserves face monetary penalties based on the bank rate.

Deprived Sector Lending (DSL)

Nepalese Commercial banks are required to disburse 5 percent of their total loan portfolio in the deprived sector. The average deprived sector lending of the commercial banks stood at 5.95 percent in the last quarter of the review year. Commercial banks that fail to maintain the minimum requirement in deprived sector lending as prescribed by the NRB is penalized.

Statutory Liquidity Ratio (SLR)

Banks were 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 last month of the review year was 22.78 percent.

Capital Adequacy Ratio (CAR)

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 11 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 last month of the review year was 14.61 percent (*Refer to Annex-6 for capital adequacy ratios during the last month of the review period*).

2.4.4 Policy, Planning and Analysis Unit

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

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 (*Refer to Annex-7 for the programs organised by BSD in FY 2074/75*). It also prepares the annual report of the department as prescribed in the Inspection and Supervision Bylaw. The unit also acts as secretariat for the High Level Co-ordination Committee. Currently, there are five officers assigned for the unit's functions.

2.4.5 Special Inspection Unit

The special inspection unit coordinates, including making inquiry and follow up, on the banking-related complaints made directly at NRB, coming through public media and government authorities as well as upon the findings of offsite surveillance and need felt by NRB. The unit arranges special inspection teams for onsite examination if found necessary. It also keeps the records of the special inspection reports. There are three employees currently working in the unit (*Refer to Annex-8 for the list of special inspections conducted in FY 2074/75*).

2.4.6 Internal Administration Unit

The Internal Administration Unit performs the functions related to human resources and internal administration within the BSD. Its tasks include distribution of documents within the department, issuance of travel orders, maintaining leave records and also serving as the back office. It also keeps the records of the department's staff leaving for international trainings and seminars (*Refer to Annex-9 for the participation of the department's staff in international trainings and seminars in FY 2074/75*). This unit is responsible for looking 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 helps coordination between other units to carry out the functions more smoothly and effectively. There are five personnel, including two support-level staff, fulfilling the unit's duties.

CHAPTER III

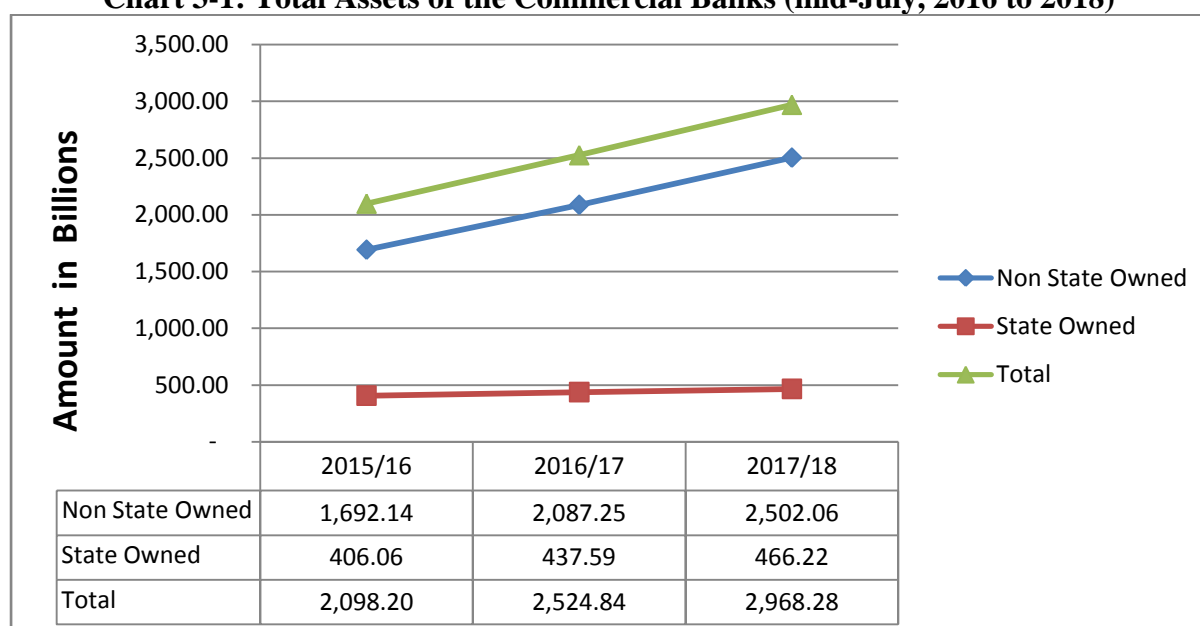
3 OPERATIONAL PERFORMANCE OF COMMERCIAL BANKS

As per the direction of NRB, Class “A” category of BFIs started publishing their financial statements as per NFRS from FY 2017/18. The banks have submitted the financial statement with revision for the FY 2016/17 and FY 2015/16 (Financial position only). The change in standards have made it impractical and illogical to directly compare financial figures of the previous years that were reported in NAS. Thus, this Annual Report only includes the financial figures from the statement of financial position (SoFP) of the fiscal years 2015/16, 2016/17 and 2017/18; and Statement of Profit or Loss (SoPL) of FY 2016/17 and 2017/18.

3.1 Assets of the commercial banks

The total assets of the commercial banks have increased by 17.56 percent to Rs. 2,968.28 billion in the FY 2017/18 compared to a growth of 20.33 percent in FY 2016/17. In the review year, the total assets increased by only 6.54 percent in state-owned banks and by 19.87 percent in the non-state owned banks. The major contribution in the increment in total assets of the Commercial banks comes from the increase in total loan portfolio, which is the largest component of assets in the Commercial banks. *Please refer to Annex-10.1 for details.*

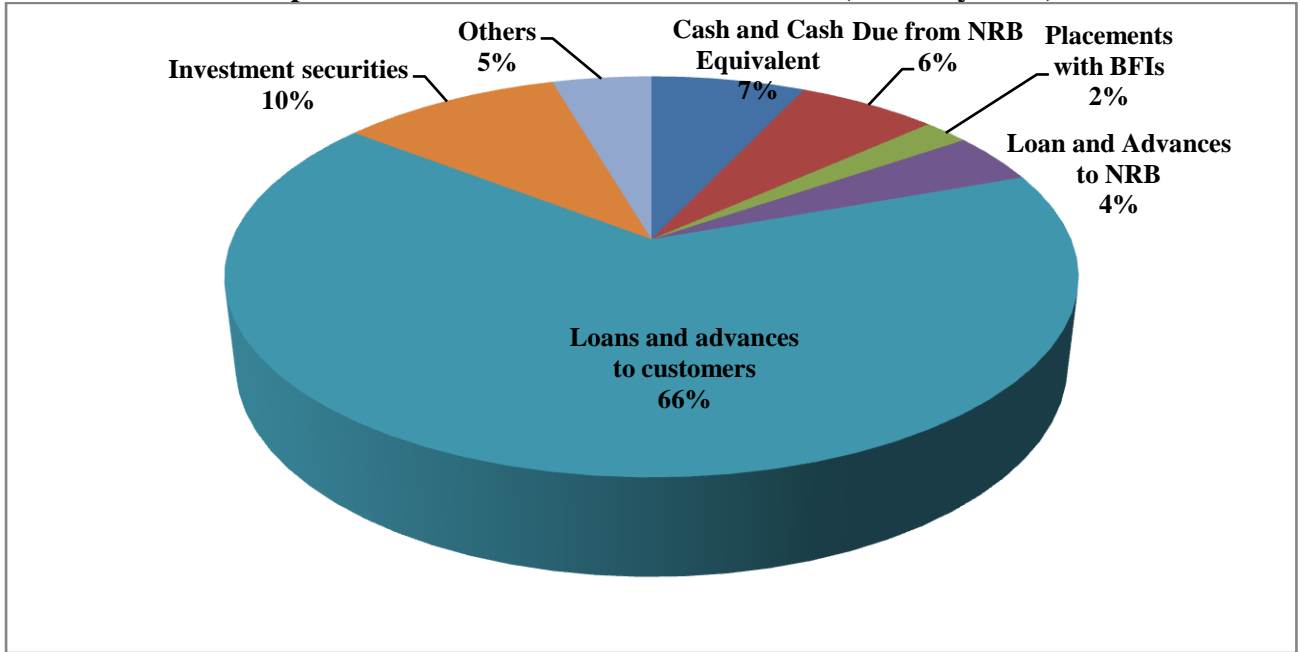
Chart 3-1: Total Assets of the Commercial Banks (mid-July, 2016 to 2018)



3.2 Composition of Assets

The major portion of the assets of the commercial banks is covered by the loans & advances (66%) which totals to Rs 1,960.27 billion. The second and third largest components are investment in securities (10%) and cash and cash equivalent (7%) respectively. *Refer to Annex 10.2 for details.*

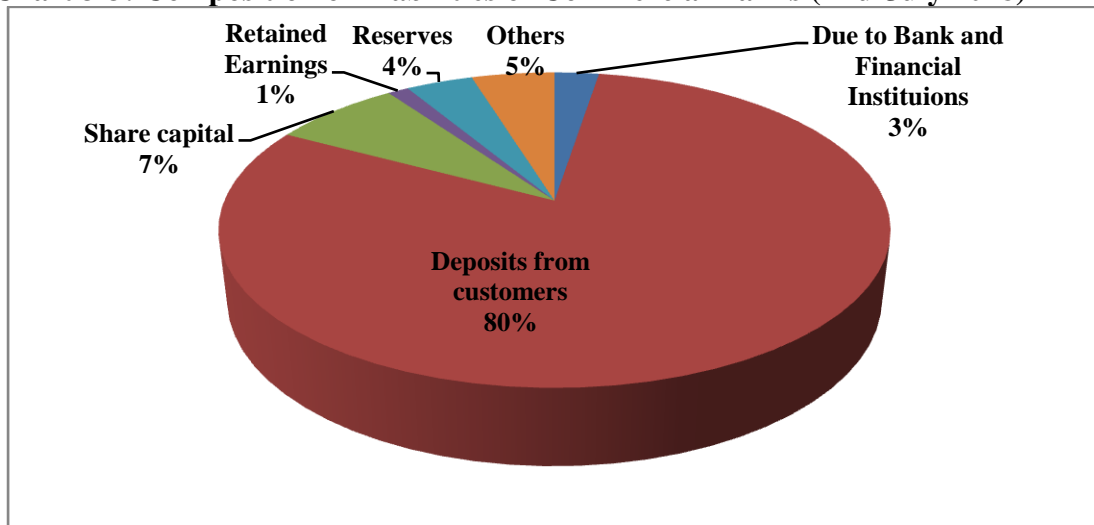
Chart 3-2: Composition of Assets of Commercial Banks (mid-July 2018)



3.3 Composition of Liabilities

The largest source of fund of the Commercial banks in mid-July 2018 was from Deposit, which totals to Rs. 2,382.14 billion (80%). The second and third largest sources are Share capital and Reserve and Surplus, which amount to Rs. 218.38 billion (7%) and Rs. 114.50 billion (4%). Refer to Annex 10.3 for details.

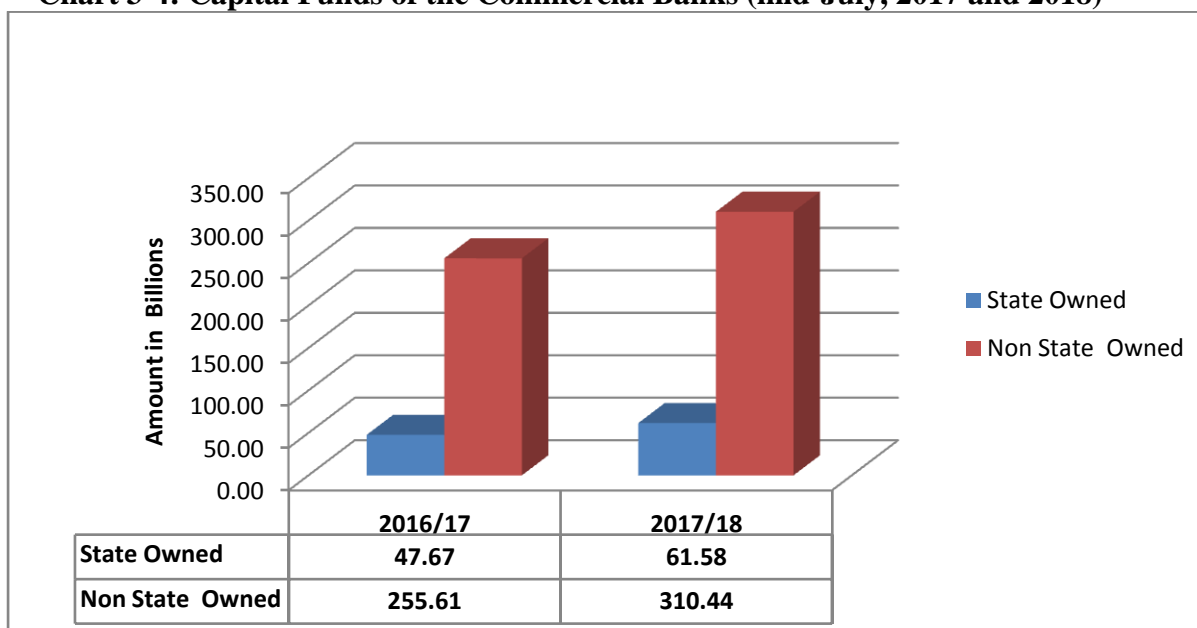
Chart 3-3: Composition of Liabilities of Commercial Banks (mid-July 2018)



3.4 Capital

The consolidated capital fund of the Commercial banks showed a significant growth during the review year. Capital fund increased by 22.66 percent to Rs. 372.07 billion in the review year. Likewise, Capital fund of non-state owned banks grew by 21.45 percent i.e Rs. 310.09 billion and that of the state owned banks increased by 29.17 percent i.e Rs 61.85 billion. Increment in paid up capital is the major contributing factor in such growth of capital fund. Refer to Annex 10.4 for details.

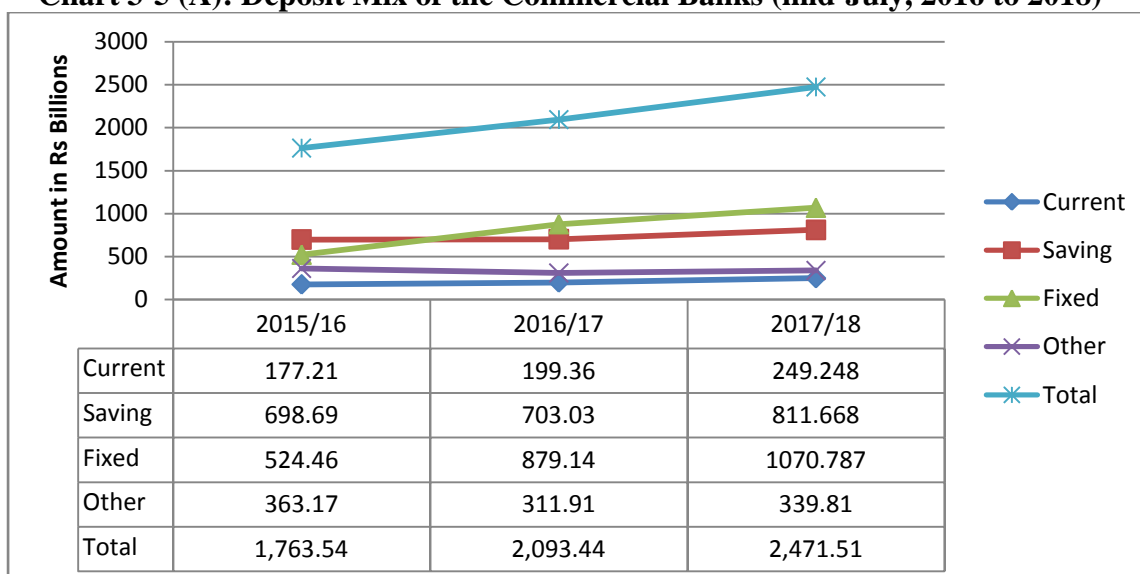
Chart 3-4: Capital Funds of the Commercial Banks (mid-July, 2017 and 2018)



3.5 Deposit

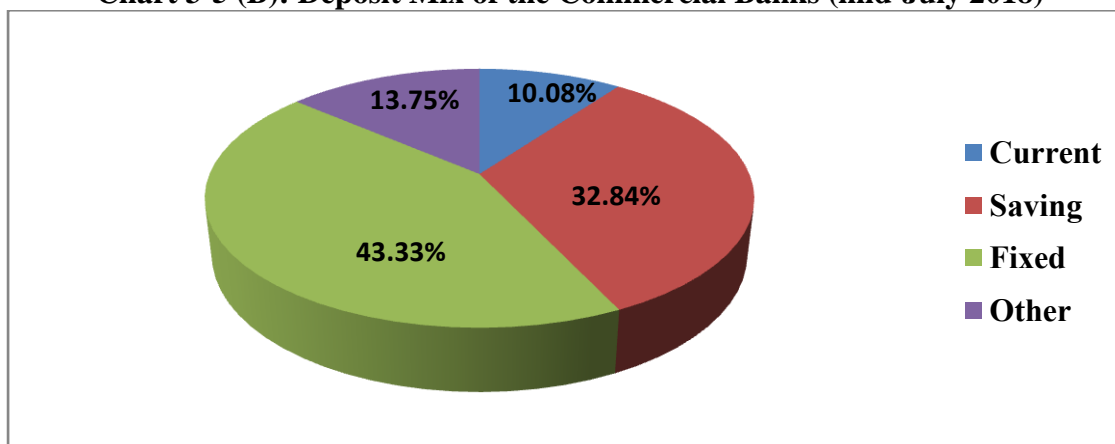
Total deposits of the commercial banks increased by 18.06 percent to Rs. 2,471.51 billion in the review year compared to a growth of 18.71 percent in the previous fiscal year.

Chart 3-5 (A): Deposit Mix of the Commercial Banks (mid-July, 2016 to 2018)



Savings and fixed deposits are the major categories in the deposit mix of the Commercial banks. In the review year, fixed deposits soared by 21.80 percent to Rs.1,070.787 billion .For the last two years, commercial banks' total fixed deposit has been greater than the saving deposit, which has been historically higher than the fixed deposits. The saving deposits increased moderately (15.45%) to reach Rs.811.668 billion. *Refer to Annex-10.5 for details.*

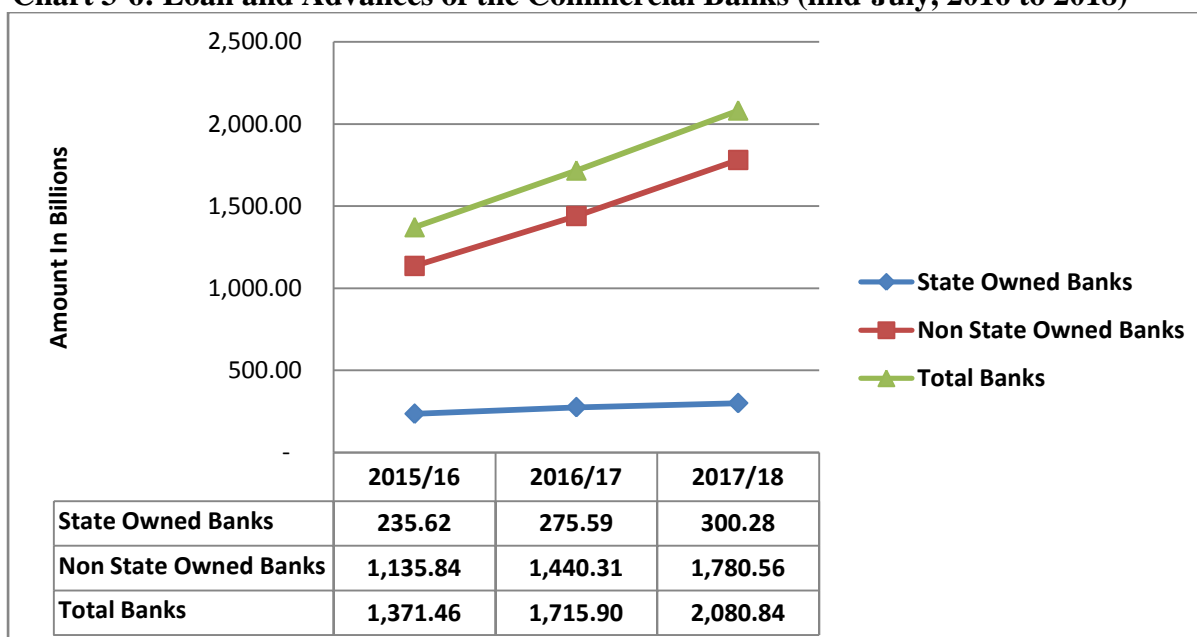
Chart 3-5 (B): Deposit Mix of the Commercial Banks (mid-July 2018)



3.6 Loan and Advances

Loan and advances of the Commercial banks increased by 21.27 percent to Rs. 2,080.84 billion in the FY 2017/18 compared to growth of 25.12 percent in the last fiscal year. Loans and advances of state owned banks increased by 8.96 percent to Rs. 300.28 billion, and that of non state owned banks rose by 23.62 percent to Rs. 1,780.56 billion during the year. *Refer to Annex-10.6 for details.*

Chart 3-6: Loan and Advances of the Commercial Banks (mid-July, 2016 to 2018)



3.6.1 Sector-wise Loan and Advances

Commercial banks have disbursed the loans and advances to the different sectors of the economy. Wholesalers & Retailers sector is the dominant sector of lending with 22.90 percent share of total loans, followed by Non-food production related lending (12.85 percent) and then followed by Construction (10.06 percent).

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

SN	Sector	% of Total Loan (mid-July)		
		2016	2017	2018
1	Agriculture Forest	4.29	4.23	4.60
2	Fishery	0.11	0.12	0.11
3	Mining	0.21	0.20	0.21
4	Agriculture, Forestry & Beverage Production Related	7.07	6.45	6.00
5	Non-food Production Related	13.02	11.75	12.85
6	Manufacturing*	-	-	-
7	Construction	10.15	10.30	10.06
8	Electricity, Gas and Water	3.05	3.42	3.89
9	Metal Products, Machineries, Electronics and Installation	1.18	1.30	1.41
10	Transport, Warehousing and Communication	3.11	3.02	2.71
11	Wholesalers and Retailers	23.83	22.92	22.90
12	Finance, Insurance and Real Estate	8.21	8.56	8.51
13	Hotel and Restaurant	3.12	3.29	3.77
14	Other Services	4.38	4.61	4.50
15	Consumable Loans	7.08	7.74	6.69
16	Local Government	0.11	0.09	0.07
17	Others	11.06	12.00	11.72
	Total Loan	100	100	100

Source: Offsite Supervision Report 2017/18

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

3.6.2 Security-wise Loan and Advances

Almost all of the loans and advances, disbursed by the Commercial banks, are found to be secured by some form of securities. As on mid-July 2018, about 88.29 percent of the total loans and advances are secured by the property as collateral. This category includes all those loans and advances that are provided against security of fixed assets like real estate and current assets like stocks and receivables.

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

S.N.	Security	% of Total Loan (mid-July)		
		2016	2017	2018
1	Gold and Silver	1.89	1.89	1.54
2	Government Bonds	0.07	0.06	0.02
3	Non-Government Securities	1.66	1.71	1.44

4	Fixed Deposit Receipts	0.54	0.88	0.64
5	Property as Collateral	86.66	86.99	88.29
6	Security of Bills	1.09	0.91	0.86
7	Guarantee	3.16	3.04	3.04
8	Credit Card	0.03	0.05	0.06
9	Others	4.90	4.46	4.11
Total		100	100	100

Source: Offsite Supervision Report 2017/18

3.6.3 Product-wise Loan and Advances

Major part of the loan and advances, i.e. 22.74 percent of the total loan, as of mid-July 2018 is of demand and other working capital nature. The portion of such loan in the previous year was 22.22 percent. Similarly, 17.46 percent and 16.53 percent of loans were extended as term loans and overdraft respectively. There has been increase in import loan by 1.69 percentage points whereas decrease in real estate loan by 0.66 percentage. There is no significant change in the product-wise mix when compared to the previous year.

Table 3-3: Product wise Loan and Advances

S.N.	Loan Products	% of total loan (Mid July)		
		2016	2017	2018
1	Term Loan	16.34	16.16	17.46
2	Overdraft	17.26	17.89	16.53
3	Trust Receipt Loan/Import Loan	5.22	3.72	5.41
4	Demand and Other Working Capital Loan	24.04	22.22	22.74
5	Personal Residential Home Loan	7.85	8.09	7.91
6	Real Estate Loan	6.00	6.09	5.43
7	Margin Loan	2.04	1.98	1.57
8	Hire Purchase Loan	5.71	6.92	6.50
9	Deprived Sector Loan	4.72	5.35	5.41
10	Bills Purchased	0.90	1.00	0.14
11	Other Product	9.91	10.59	10.90
Total		100	100	100

Source: Offsite Supervision Report 2017/18

3.7 Non-Performing Loans (NPL)

The total volume of non-performing loans of the Commercial banks increased by 8.14 percent in the fiscal year 2017/18 and reached Rs. 29.85 billion. The non-performing loans of private sector banks increased by 8.27 percent to Rs. 18.25 billion and that of public sector banks increased by 7.93 percent to Rs. 11.63 billion during the review period. The industry NPL ratio decreased from 1.67% to 1.49 % during the review period. Refer to Annex 10.7 for details.

Chart 3-7 (A): NPL Ratio of the Commercial Bank (mid-July, 2017 to 2018)

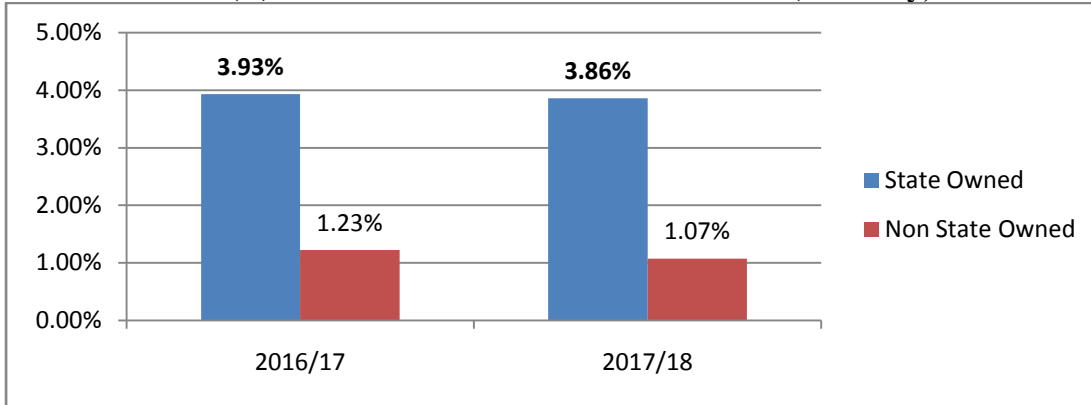
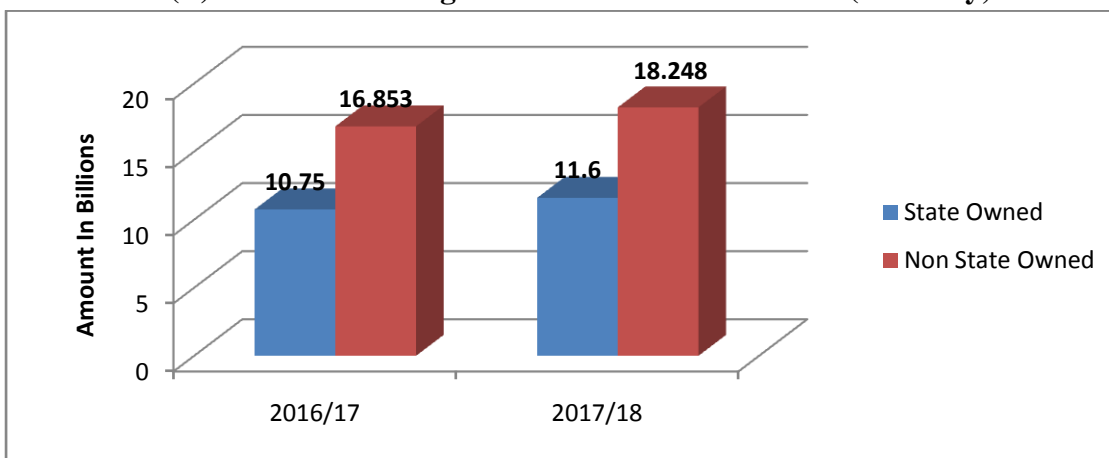


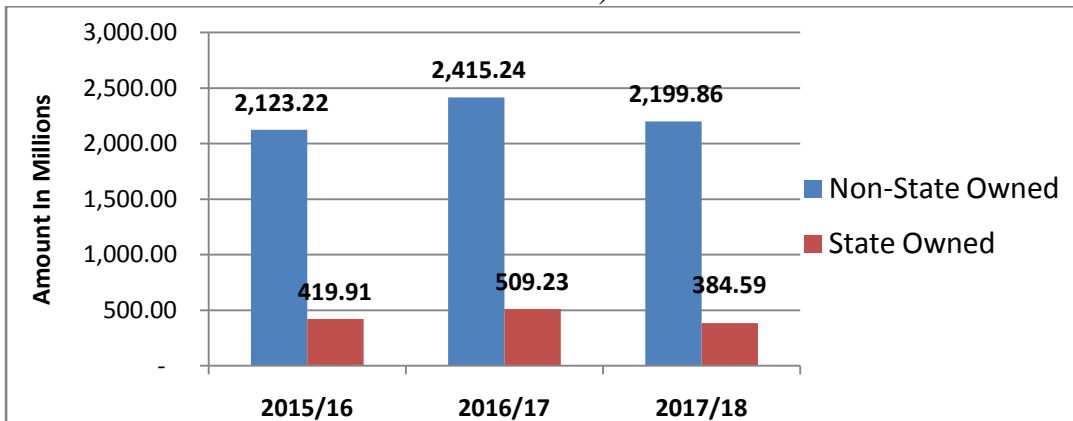
Chart 3-7 (B): Non-Performing Loan of Commercial Banks (mid-July, 2017 to 2018)



3.8 Non-Banking Assets (Investment in Property)

The level and structure of Non-Banking Assets (NBA) during the last three years is presented in the Chart 3-8. The overall NBA of the Commercial banks decreased by 11.63% in FY 2017/18. Non-state owned banks accounted for the decrease in NBA by 8.92% to Rs.2,199.86 billion, whereas state owned banks realized decrease in NBA by 24.48% to Rs.384.59 billion. Refer to Annex 10.8 for details.

Chart 3-8: Non-banking assets of the Commercial Banks (mid-July 2016 to mid-July 2018)

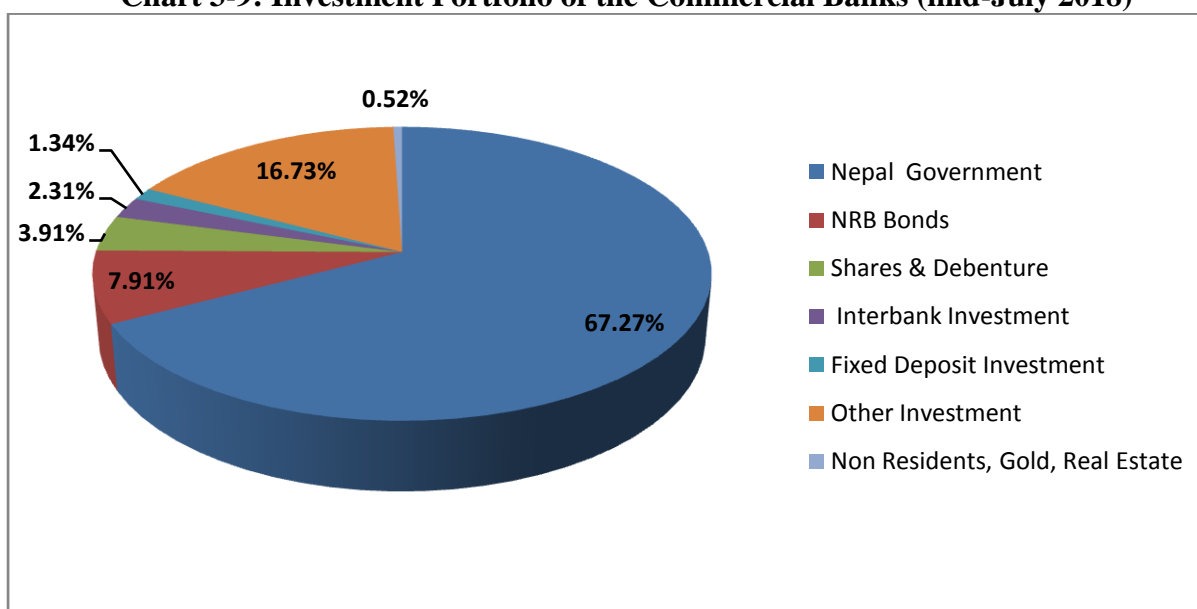


3.9 Investment

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 composition of investment of Commercial banks shows a high concentration in government securities, which is 67.27 percent of the total investment, while NRB bonds, shares and debentures and other investment accounted for 7.91 percent, 3.91 percent and 16.73 percent, respectively. The investment pattern in the portfolio is similar to that of the previous year. Banks are not allowed to invest in shares and debentures of BFIs licensed by the NRB, except that of D Class Financial institutions. Chart 3-9 shows the investment portfolio of the commercial banks in mid-July 2018. *Refer to Annex-10.9 for details.*

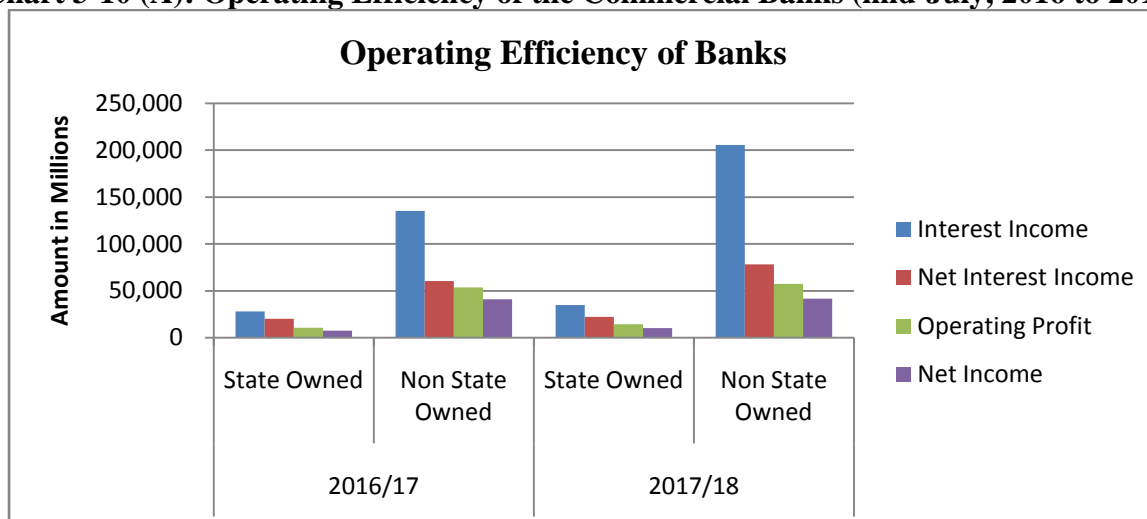
Chart 3-9: Investment Portfolio of the Commercial Banks (mid-July 2018)



3.10 Earnings

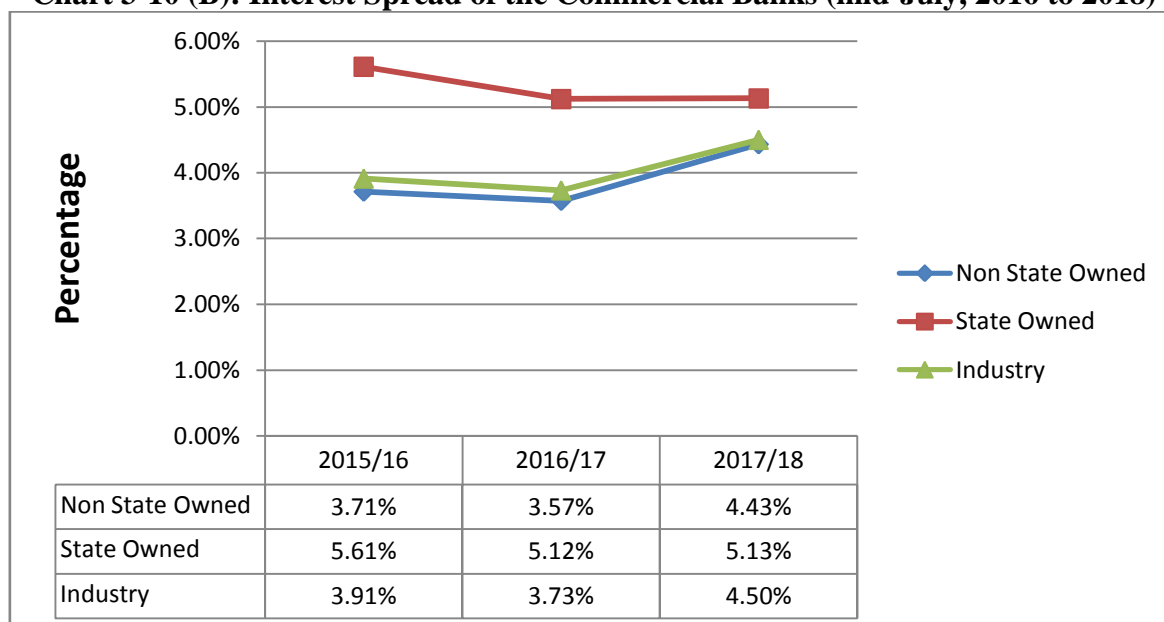
The total net profit of Commercial banks increased from Rs. 48.61 billion to Rs. 51.86 billion (increment of 6.26%) in FY 2017/18. The net profit of non-state owned banks increased by 1.35%, whereas, that of state owned banks grew only by 35.32%. The total interest income, which is the largest component of total gross income, showed robust growth of 32.13%. However, total net interest income rose only by 19.82% because of significant increase in interest expense that resulted from increased fixed deposit in the deposit mix. The operating profit increased by 10.34% in the review period. *Refer to Annex-10.10 for details.*

Chart 3-10 (A): Operating Efficiency of the Commercial Banks (mid-July, 2016 to 2018)



Interest income of the commercial banks is the main factor that contributes to their profitability. The net interest spread of the commercial banks increased from 3.73 percent to 4.5 percent in the FY 2017/18. The net interest spread of non state owned banks and state owned banks is 4.43 percent and 5.13 percent respectively in the review period. *Refer to Annex-10.11 for details.*

Chart 3-10 (B): Interest Spread of the Commercial Banks (mid-July, 2016 to 2018)



3.11 Liquidity

The cash balance, bank balance with NRB and other BFIs, 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 from Rs. 559 billion to Rs.652 billion in FY 2017/18. Also, the total liquid assets to deposit ratio increased from 26.69% to 27.37% in the review period. Likewise, total liquid assets to assets ratio decreased from 22.55% to 21.97% in the period. *Detailed figures are shown in Annex: 10.12 and Annex*

10.13. Chart 3-11 (A) and (B) show the liquidity position of the commercial banks to its total assets and total deposits.

Chart 3-11 (A): Liquid Assets to Total Deposit (mid-July, 2016 to 2018)

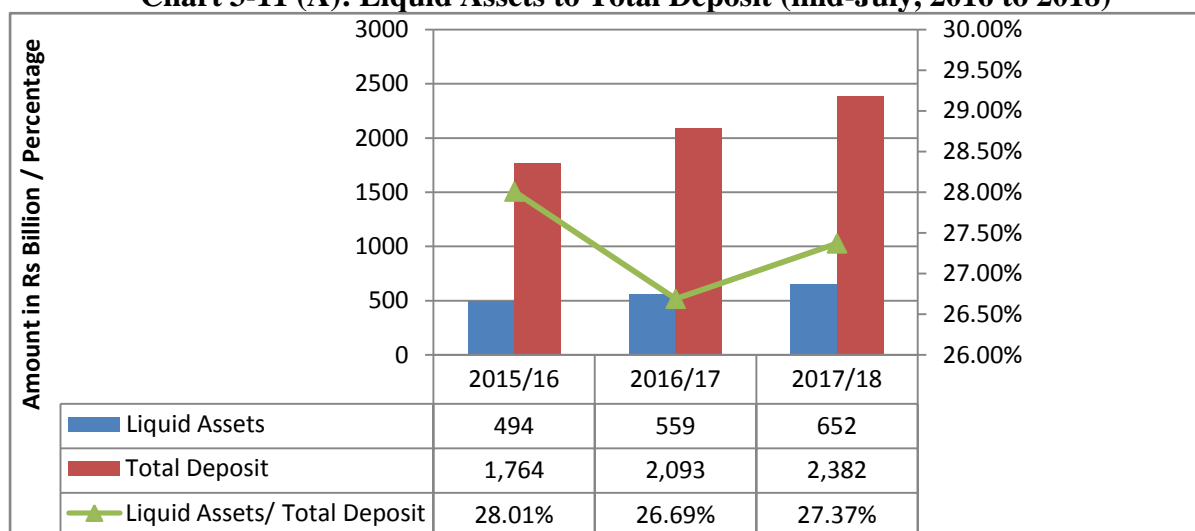
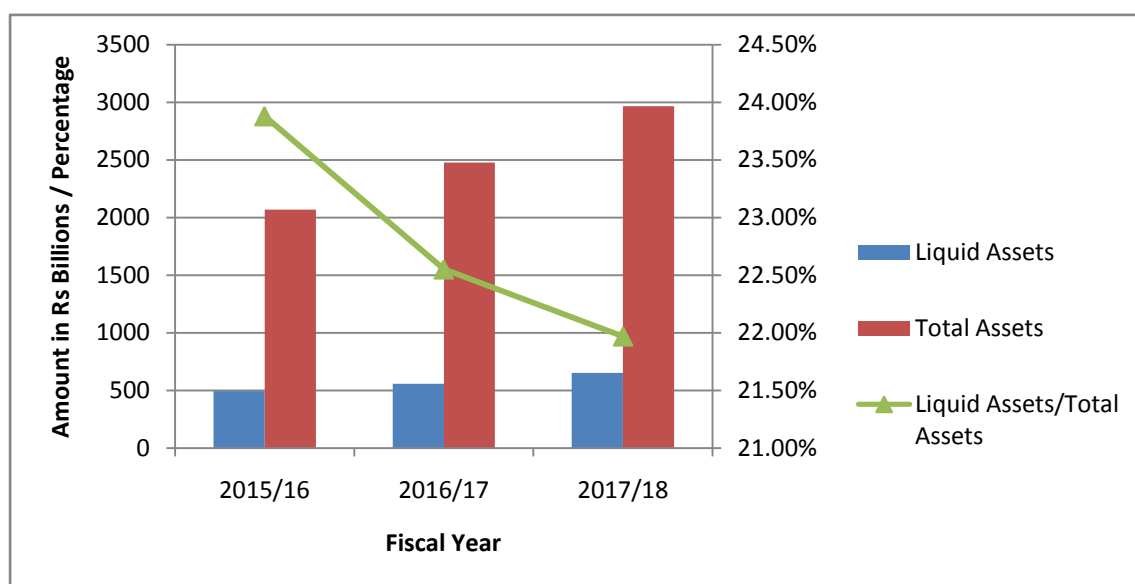


Chart 3-11 (B): Liquid Assets to Total Assets (mid-July, 2016 to 2018)



3.12 Productive and Deprived Sector Lending

The productive sector lending (considering loan limit) as on fiscal year end 2017/18 was 20.29 percent for Agriculture and Energy only, and was 36.10 percent for all specified productive sectors. The deprived sector lending of Commercial banks for the last quarter of the FY 2017/18 was 5.95 percent. The deprived sector lending is above the NRB minimum requirement of 5 percent in the review year. (Refer to Annex-10.14 and Annex-10.15 for details.)

3.13 Electronic Banking

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

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

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

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

S.N.	Particulars	Mid-July				
		2014	2015	2016	2017	2018
1)	Number of branchless banking centre	504	503	812	1008	1248
2)	Number of mobile banking customer	768,424	997,463	1,604,578	2,438,222	4,711,097
3)	Number of Internet banking customer	328,434	396,362	489,835	766,958	810,674
4)	Total number of ATM	1,303	1,483	1,661	1,874	2,252
5)	Number of debit card holder	3,641,960	4,146,237	4,142,390	4,694,066	5,307,970
6)	Number of credit card holder	57,898	43,895	52,014	68,966	104,721
7)	Number of prepaid card holder	66,204	69,322	82,797	101,458	96,816

Source: Bank and Financial Institutions Regulation Department, NRB

3.1.1 Internet Banking

Kumari Bank Limited was the first bank to introduce Internet Banking in Nepal (in 2002). Currently, all the Commercial banks are offering Internet Banking services to their customers. As on mid-July 2018, there were 816,074 internet banking users of Commercial banks in Nepal. The number was 766,958 in the last year. So far, Commercial banks in Nepal are providing the service of utility payments, fund transfers within and between selected banks and the generation of account statements as internet banking services.

3.1.2 Mobile Banking

Nepalese banks are providing services like balance inquiry, mini statement, last transactions information, withdrawal alerts, cheque book inquiry/request, inter-bank and intra-bank fund transfer, utility bill payments etc. through mobile banking. As of mid-July 2018, there were 4,711,097 users of mobile banking, which is more than 90% growth from 2,438,222 users in the previous year. Since mobile service has a very high penetration ratio in the Nepalese population, it can be a very effective way to provide financial services to the domestic consumers.

3.1.3 Debit Card

All Nepalese Commercial banks are providing debit card services to their customers. There are 5,307,970 debit card users of the commercial banks as on mid-July 2018, which is 13.08% growth from 4,694,066 users in the previous year.

3.1.4 Automated Teller Machines (ATMs)

Himalayan Bank Limited introduced the first ATM in Nepal in the year 1995. All Commercial banks have installed ATMs currently. Through ATMs, customers can withdraw cash up to certain limit at anytime free of service or at minimal charge. As on mid-July 2018, there are 2,252 ATMs installed by Commercial banks.

3.1.5 Credit Card

Credit card service in Nepal was first introduced by Nabil Bank Ltd (then Nepal Arab Bank Ltd) in the early 1990s. As on mid-July 2018, there are 104,721 active credit card customers in the Nepalese banking industry. There were 68,966 credit card customers as on mid-July 2017.

3.1.6 Prepaid Card

As on mid-July 2018, there are 96,816 active prepaid card customers of the Commercial banks. The number was 101,458 as on mid-July 2017.

3.1.7 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 2018, there are 1,248 branchless banking sectors in Nepal, which is 23.81% growth from 1,008 branchless banking centres in mid-July 2017. Increasing number of banks introducing branchless banking, in the rural areas, has contributed to the growth in the number of branchless banking centres.

CHAPTER IV

4 CURRENT INITIATIVES IN SUPERVISION

Banking is a dynamic sector and various regulators must be vigilant in its supervisory functions to keep up with the development in the sector. This chapter presents the initiatives taken in the field of banking supervision and regulation in both international as well as domestic arena. It will give a brief outlook to the valued readers about the developments happening in the supervisory world.

4.1 International Initiatives:

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

4.1.1.1 BCBS issues Technical Amendment to the Net Stable Funding Ratio

In June 2018, Basel Committee on Banking Supervision (BCBS) approved technical amendment, which is related to the treatment of extraordinary monetary policy operations in the Net Stable Funding Ratio (NSFR). This amendment to the NSFR standard allows reduced required stable funding factors for central bank claims with a maturity of more than six months, subject to a floor of 5%. This amendment aims to provide greater flexibility in the treatment of extraordinary central bank liquidity-absorbing monetary policy operations.

4.1.1.2 BCBS proposes revisions to minimum capital requirements for Market Risk

In March 2018, the Basel committee issued *Revisions to the minimum capital requirements for market risk* for consultation. Improvements to the capital requirements for trading activities are a key component of the Basel Committee's overall efforts to reform global regulatory standards in response to the global financial crisis.

The proposed changes include:

- changes to the measurement of the standardized approach to enhance its risk sensitivity, including changes to FX risk;
- recalibration of standardised approach risk weights applicable to general interest rate risk, FX risk and equity risk;
- revisions to the assessment process to determine whether a bank's internal risk management models appropriately reflect the risks of individual trading desks;
- clarifications on the requirements for identification of risk factors that are eligible for internal modelling; and
- clarifications on the scope of exposures that are subject to market risk capital requirements.

4.1.1.3 Sound Practices: Implications of Fintech developments for banks and supervisors issued by the Basel Committee

The Basel Committee on Banking Supervision published its Sound Practices on the implications of fintech developments for banks and bank supervisors in February

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

2018. The paper assesses how technology-driven innovation in financial services, or "fintech", may affect the banking industry and the activities of supervisors in the near to medium term.

The paper is based on the analysis of various potential future scenarios and draws on surveys with bank supervisors. Five stylised scenarios describing the potential impact of fintech on banks were identified as part of an industry-wide scenario analysis:

- The better bank: modernisation and digitisation of incumbent players
- The new bank: replacement of incumbents by challenger banks
- The distributed bank: fragmentation of financial services among specialised fintech firms and incumbent banks
- The relegated bank: incumbent banks become commoditised service providers and customer relationships are owned by new intermediaries
- The disintermediated bank: banks have become irrelevant as customers interact directly with individual financial service providers

4.1.1.4 BCBS issues Final Guidelines on Identification and Management of Step-in Risk

In October 2017, the Basel Committee on Banking Supervision released the final *Guidelines on identification and management of step-in risk*. Step-in risk refers to the risk that a bank provides financial support to an entity beyond, or in the absence of, its contractual obligations should the entity experience financial stress.

As part of the G20's initiative to strengthen the oversight and regulation of the shadow banking system, the guidelines help mitigate the risk that potential distress faced by shadow banking entities spills over to banks.

The step-in risk guidelines build upon two consultation processes carried out by the Committee in December 2015 and March 2017. The guidelines aim to mitigate significant step-in risk through a supervisory process built on reporting. Specifically, banks will be required to assess their step-in risk based on a wide range of indicators and a self-defined but transparent materiality policy. The guidelines do not prescribe any automatic Pillar 1 liquidity or capital charge, but rather rely on the application of existing prudential measures available to mitigate significant step-in risk.

4.1.2 Initiatives by Financial Stability Board (FSB)³

4.1.2.1 Guiding Principles on the Internal Total Loss Absorbing Capacity of G-SIBs

In July 2017, FSB published the guiding principles on the internal total loss absorbing capacity (TLAC) of global systemically important banks (G-SIBs). The TLAC standard is designed so that if a G-SIB fails it has sufficient loss-absorbing and recapitalization capacity available to implement an orderly resolution that minimizes impacts on financial stability, ensures the continuity of critical functions and avoids exposing public funds to loss.

The TLAC standard defines a minimum requirement for the instruments and liabilities that should be held by G-SIBs and readily available for bail-in within resolution. It also requires a certain amount of those loss-absorbing resources to be committed to subsidiaries or sub-

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

groups that are located in host jurisdictions and deemed material for the resolution of the G-SIB as a whole ('internal TLAC'). The guiding principles support the implementation of the internal TLAC requirement and provide guidance on the size and composition of the internal TLAC requirement, cooperation and coordination between home and host authorities and the trigger mechanism for internal TLAC.

4.1.2.2 Guidance on Continuity of Access to Financial Market Infrastructures (FMIs) for a firm in Resolution

The FSB has issued guidance on continuity of access to financial market infrastructures for a firm in resolution so as to address some major issues faced by firms in such situation. A key objective of effective resolution is to maintain the continuity of a firm's critical functions. This requires a firm in resolution to maintain the continued access to clearing, payment, settlement, custody and other services by FMIs. The guidance sets out arrangements and safeguards to facilitate continuity of access to FMIs for a firm in resolution that apply at the level of the providers of FMI services, at the level of FMI participants and at the level of the relevant resolution and FMI authorities.

4.1.2.3 Recommendations for the national supervisors: Reporting on the use of compensation tools to address potential misconduct risk

In November 2018, FSB issued recommendations with types of data that can support improved monitoring by supervisory authorities on the use of compensation tools to address misconduct risk in significant financial institutions.

The Recommendations are directed to the relevant national supervisory authorities for firms in all financial sectors. They build on national supervisory work and existing international efforts including Basel Committee Pillar III disclosures on compensation. They will help supervisors understand whether governance and risk management processes at financial institutions:

- Appropriately include conduct considerations in the design of their compensation and incentive systems, including the setting of individual goals, ex ante performance measurement mechanisms and ex post compensation adjustments;
- Support the effective use of compensation tools in combination with other performance management tools to help promote good conduct or to remediate misconduct;
- Promote wider risk management goals, including for conduct issues, consistent with the firm's strategy and risk tolerance; and
- Support the effective identification of emerging misconduct risks and appropriate review of incentive systems and compensation decisions in response to conduct incidents to ensure alignment of incentives, risk and reward.

4.1.3 Initiatives by other authorities⁴

4.1.3.1 European Central Bank (ECB) publishes the cyber resilience oversight expectations

In December 2018, the European Central Bank (ECB) published the final cyber resilience oversight expectations for financial market infrastructures (FMIs). Cyber resilience is an important aspect of FMIs' operational resilience and is thus also a factor affecting the overall resilience of the financial system and the broader economy. The cyber resilience oversight expectations serve three key purposes:

- It provides FMIs with detailed steps on how to operationalize the guidance, ensuring they are able to foster improvements and enhance their cyber resilience over a sustained period of time;
- It provides overseers with clear expectations to assess FMIs under their responsibility; and
- It provides the basis for a meaningful discussion between the FMIs and their respective overseers.

4.1.3.2 ECB details approach to implement Foreign Exchange Global Code of Conduct

The European Central Bank (ECB) invites foreign exchange trading counterparties to publicly commit to the principles set out in the FX Global Code by endorsing the Statement of Commitment annexed to that code of conduct by the end of May 2018. Counterparties are also encouraged to reaffirm their commitment to those principles after any substantial future update of the FX Global Code.

The FX Global Code is a set of global principles of good practice in foreign exchange markets, developed by central banks and market participants from 16 jurisdictions around the globe in order to promote a robust, fair, liquid, open and appropriately transparent market.

The ECB, which reaffirms its own intention to commit to the FX Global Code when participating in the foreign exchange market, has also decided to make membership of its Foreign Exchange Contact Group (FXCG) contingent on adherence to those principles. FXCG members will be required to demonstrate their institutions' commitment to the FX Global Code, in line with the FXCG's updated Terms of Reference.

4.1.3.3 Bank of England issues statement regarding Strengthening Individual Accountability in Banking

Bank of England issued a statement regarding strengthening individual accountability in banking. The supervisory statement seeks to advance the Prudential Regulation Authority (PRA)'s statutory objective of ensuring the safety and soundness of the firms it regulates by setting out the PRA's expectations of how Relevant Firms should comply with the regulatory framework of the:

- Senior Managers Regime (SMR);

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

- Certification Regime;
- assessment of fitness and propriety; and
- Conduct Rules.

4.1.3.4 Bank of England issues Model Risk Management Principles for Stress Testing

Bank of England's Prudential Regulation Authority (PRA)'s statement sets out the PRA's expectation as to the model risk management practices firms should adopt when using stress test models. It supports firms' development and implementation of policies and procedures to identify, manage and control the risks inherent in the use of stress test models.

This SS is relevant to PRA authorized banks, building societies and PRA-designated investment firms only. Credit unions are not in scope and there is currently no proposal to extend the principles to insurance and reinsurance firms.

Adopting a proportionate approach, the PRA expects the larger firms that participate in the Bank of England's (the Bank) annual concurrent stress testing to apply the principles contained in this SS in full, while firms not participating in the Bank's annual concurrent stress testing should apply the principles on a proportionate basis, taking into account their size, complexity, risk profile and the relevance to them of stress test models.

4.2 National Initiatives:

4.2.1 Migration to Basel III

NRB is in the process of implementing provisions of Basel III as a part of its strategy to adopt best international practices. In order to ensure smooth migration without aggravating any near term stress, appropriate transitional arrangements have been made. NRB issued new Capital Adequacy Framework, 2015 for the 'A' Class commercial banks incorporating the provisions laid out in Basel III. It has replaced the earlier version of capital adequacy framework. It has already implemented provisions of Capital Conservation Buffer, Common Equity Capital and Leverage Ratio. The capital fund to risk weighted assets ratio has increased to 11%. NRB is mulling over implementing other provisions of the framework such as Countercyclical capital buffer, liquidity ratios (LCR and NSFR) and SIFI measures.

4.2.2 Adoption of Risk-Based Supervision (RBS) Approach

With the aim to take forward looking approach and channel limited supervisory resources to areas of greatest risk and, NRB has started conducting its onsite inspection under risk based supervision (RBS) approach since 2014. This approach has been fully implemented for Class 'A' banks. Risk profiles of these banks are being prepared and are being updated through subsequent inspections. During onsite inspections conducted under RBS approach, NRB primarily focuses on six major risk areas: Credit Risk, Liquidity Risk, Operational Risk, Market Risk, Interest rate Risk, and Foreign Exchange Risk. It also involves assessment of other key areas such as capital adequacy, AML/ CFT and compliance. NRB plans to fully implement this approach in other Class banks too.

4.2.3 Supervisory Information System (SIS)

NRB is working towards implementing Supervisory Information System to enhance its off-site surveillance, onsite examination of banks and financial institutions, and overall supervisory capacity of NRB. IRIS Business Service Ltd., India has been selected as the vendor for development of the system. Currently, the system is in development phase after the completion of Requirement Analysis. The system, after implementation, is expected to increase efficiency and effectiveness in data gathering and analysis. It will also minimize the risk of banks not sending regulatory reports on time.

4.2.4 Daily CCD Ratio monitoring

In the backdrop of fluctuating liquidity situations that have been repetitive in Nepalese banking sector, NRB has started monitoring the Credit to core Capital and Deposit (CCD) Ratio daily. As a part of macro-prudential framework, banks are allowed to provide loans only up to CCD ratio of 80%. However, due to lack of adequate planning on the part of banks' management and other external circumstances, there have been instances when several banks crossed the regulatory limit. Hence, NRB has started daily monitoring of CCD as a proactive measure.

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 implementation schedule was slightly changed and Commercial banks started preparing NFRS compliant financial statements starting fiscal year end 2074/75. AGM clearance has been provided to the Commercial banks after reviewing the financials prepared under NFRS. Likewise, other Class banks are also directed to prepare NFRS compliant financial statements from fiscal year end 2075/76.

4.2.6 Financial Soundness Indicators (FSI)

NRB has started assessing soundness of the banking industry on the basis of 24 Financial Soundness Indicators. The Offsite Unit of BSD computes 12 Core Set and 12 Encouraged Set Indicators from the data received from Commercial Banks. It has also started sending the indicators to IMF starting from the first quarter of FY 2073/74. The FSIs are published by IMF. NRB plans to periodically review and revise the indicators.

4.2.7 MOU with International Authorities on Supervisory Cooperation

Cross border supervision of internationally active banks and sharing of supervisory information among the financial regulators is very important given the level of financial integration worldwide. NRB has also started such cooperation with other central banks. As on mid-July 2018, MOU has been executed with the central banks of China, India, Bangladesh and Pakistan. Efforts have been made to enter into similar agreement with the central banks of Bhutan and Sri Lanka. The Department is also in the process of developing cross-border supervision framework.

CHAPTER V

5 ISSUES AND CHALLENGES

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

5.1 Issues:

5.1.1 Shortage of Loanable Fund

In recent years, the Nepalese financial sector has frequently experienced episodes of shortage of loanable fund. The major reason behind such situation is mismatch in lending and deposit growth. While the demand for credit is soaring, the stock of deposit of banking institutions has not increased much. Further, increased pressure on balance of payment, maturity mismatches, high concentration in deposits, and delayed government expenditure have aggravated the issue. It has been noted that almost all banks are having tight credit to core capital plus deposit (CCD) ratio, which is hindering them from further lending. The funding problem has also resulted in volatility in long-term interest rates in loan and deposit.

5.1.2 Multiple Banking

A large number of loans are provided under multiple financing. Banks are required to execute *pari-passu* agreement in case of loans higher than Rs.10 million and those loan exposures above Rs.1 billion must be provided under consortium financing. The onsite inspection teams have observed that for loans lower than Rs.1 billion, even if *pari-passu* agreements have been done, there is no adequate information sharing among financing banks about the stock positions and outstanding loans. Chances of over-financing and crossing the drawing power remain, which can adversely affect the repayment capacity and collateral adequacy. Likewise, the issues of setting interest rates and common stock monitoring are observed in case of consortium financing.

5.1.3 AML/CFT Compliance

Anti-money laundering and combating financing of terrorism (AML/CFT) has been a major issue that banks are not adequately dealing with. Failure to abide by rules and regulations concerning AML can result in various kinds of risks. NRB has issued AML/CFT related directive (Directive No.19), which act as supplement to the laws related to the topic. The onsite inspections reveal that most staff, especially the front-line staff, are not adequately trained and taught to identify and monitor AML/CFT related risks. Further, the board level AML Committee members and senior management lack capabilities to oversee AML/CFT risks effectively. There has been under-reporting of suspicious transactions (STR) and ineffective risk profiling of customers. Banks need to strengthen their internal policies and procedures regarding appropriate assessment of these risks, and ensure that the criminal activities related to these risks are not conducted using the banking channels. They need to train the concerned staff adequately and encourage staff at all levels to be vigilant regarding such activities.

5.1.4 Ever-greening of Risk Assets

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

5.1.5 Risk Management Culture of Banks

BSD has already fully implemented Risk Based Supervision for the Commercial banks. The risk profiles of the banks are being prepared and updated. The onsite inspection reports reveal that banks are not adopting the provisions of the Risk Management Guidelines issued by NRB. Most of the risk management practices are found to be traditional, and effective risk management mechanisms are in early stages of development. While most banks have now formulated risk-related policies, their implementation has been weak because of poor risk culture. The tone of risk culture starts from the top level, which includes the board and the senior management. However, board and senior management's oversight over risk management is noted to be weak and initiatives to develop and promote risk management culture in banks are still inadequate.

5.1.6 Control Environment in the Banks

With the adoption of RBS, BSD has been reviewing the control environment of the banks. It has been found that the control environment is not robust. Board and senior management oversight is not adequate. There are not sufficient policies and procedures in place, and adherence to these documents is not properly monitored. In some banks, risk management function is not independent of the business function. This shows a poor segregation of duties and responsibilities to ascertain checks and balances. Furthermore, in some cases, the same individual is made responsible for business and control functions, which shows conflict of interest with respect to assigned roles. These findings reveal that the control environment in the banks needs to be strengthened.

5.1.7 Internal Capital Adequacy Assessment Process (ICAAP)

With the issuance of ICAAP Guidelines 2012, NRB has encouraged banks to strengthen their capital adequacy assessment process under pillar-2 considering all material risks inherent in their operations. NRB believes that a well thought out execution of ICAAP is crucial for banks to manage their capital level for adequate solvency. The guideline provides some principles and components of Supervisory Review Process and ICAAP established for the best practices. Banks are required to develop their own internal policy, procedures and structures to manage the risk inherent in their business, and link risks with capital. However, upon onsite examinations, it is found that ICAAP is being considered a mere document in most of the cases without adequate methodology to measure risk level and make appropriate linkage to capital. Need of appropriate ICAAP has been continuously reiterated during onsite inspections as well as via inspection reports to the concerned banks.

5.1.8 Quality of Human Resource

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

5.1.9 Recognition of Asset Quality

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

5.1.10 Limits and Indicators

Limits and indicators play crucial role in monitoring and controlling of risks. The indicators enable the managers to assess direction of risk and expect the risk events. The responsible officials need to act timely in response to the indicators so as to minimize losses from risks. Likewise, risk limits help the management to keep the risk levels within the risk appetite set by the board. While regulatory limits act as safety valves and breach of such limits may invite penalty, the banks' own limits act as cushion to remain within banks' own tolerance level. The observations from onsite inspections reveal that not enough limits and indicators are put in place by banks for effective monitoring and control.

5.2 Challenges:

5.2.1 Financial Access and Inclusion

The last few decades saw a rapid increase in the number of financial institutions and their branch network. However, degree of financial access and inclusion is still not satisfactory. A survey done for National Financial Inclusion Roadmap a few years back revealed that only around 40% of adults are formally banked and another 21% use other formal products. Poor financial and other infrastructural facilities, lack of financial literacy and general awareness, viability and sustainability of microfinance financial institutions, and lack of coordinated efforts among the stakeholders are the major causes for low level of financial inclusion.

5.2.2 Productive Sector Lending

As financial intermediaries, BFIs provide funds for entrepreneurs and other needy individuals and firms, thereby contributing to the country's economic growth. However, a large portion of the banks' credit has been channelled to unproductive sectors like real estate and trading business. While directed lending policies introduced by NRB have led to some increase in funding toward productive sectors, it is a challenge to significantly change the banks' loan

portfolio as banks are attracted toward lending to unproductive sectors for quicker and higher returns.

5.2.3 Good Governance and Risk Management

Good governance is key for success of any organization. The failures of some financial institutions during the real estate bubble collapse of 2009/10 were primarily due to poor governance and risk management in banks. In order to address the issue of governance and risk management, efforts have been made to improve legislation and regulation related to the issues. The key issues such as composition and qualifications of the board members, term of the chief executive are addressed through amendment in BAFIA.

5.2.4 Capacity Building of Supervisors

RBS has been recently introduced and supervisors are not experienced enough to take this approach effectively. However, manual has been developed to assist supervisors and provide uniformity in report preparation. Supervisory resources have also been hampered by transfer of experienced supervisors to other departments. Since most of the international trainings are supply driven and domestic trainings have several limitations such as: time constraint, budgetary constraint, limited scope of training and lack of trainers' skills in the required field, capacity development of supervisors has been a challenge.

5.2.5 Efficient Use of Supervisory Resources

NRB has limited supervisory resources compared to increasing exposure of banks . Under RBS approach, along with compliance, all the major risk areas are to be properly assessed and issues are to be properly identified. Likewise, in addition to full scope and targeted inspections, special inspections need to be performed as necessary. Hence, it is a challenge for NRB to utilize its limited available supervisory resources efficiently for maximum benefit to the organization and the banking industry.

5.2.6 Time Lag in Offsite Surveillance

Offsite surveillance is a crucial part of overall supervision function. However, effective offsite supervision requires timely data compilation, processing and analysis are mostly performed manually by the Offsite Unit. As a result, there is an inevitable lag in the offsite surveillance. Delay in the submission of bank returns and manual compilation process coupled with the unavailability of properly mechanised data analysis system is making offsite process delayed and lax. This has led to surveillance and monitoring function of the supervisor less effective. To overcome this challenge, NRB is in the process of implementing Supervisory Information System (SIS) with the support of DFID (Department of International Development, UK).

5.2.7 Effective Enforcement of Supervisory Directions

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

5.2.8 Onsite and Offsite Integration

The department conducts supervision of the commercial banks through both onsite inspections and offsite surveillance. However, there hasn't been adequate integration between the two functions. As a result, there is redundancy in supervisory functions. Some analyses are being performed by the offsite analysts and onsite inspectors. Further, inputs from offsite are not considered while developing the risk profile of individual banks. Currently, Offsite Manual is being prepared to facilitate integration which could help with more efficient use of supervisory resources. But full integration is still a challenge.

5.2.9 Coordination with other Regulators

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

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ANNEXURES

Annex-1: Growth of Financial Institutions (numbers)

Types of Financial Institutions	Mid-July													
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Commercial Banks	17	18	20	25	26	27	31	32	31	30	30	28	28	28
Development Banks	26	28	38	58	63	79	87	88	86	84	76	67	40	33
Finance Companies	60	70	74	78	77	79	79	69	59	53	48	42	28	25
Micro-finance Financial Institutions	11	11	12	12	15	18	21	24	31	37	38	42	53	65
Total	114	127	144	173	181	203	218	213	207	204	192	179	149	151

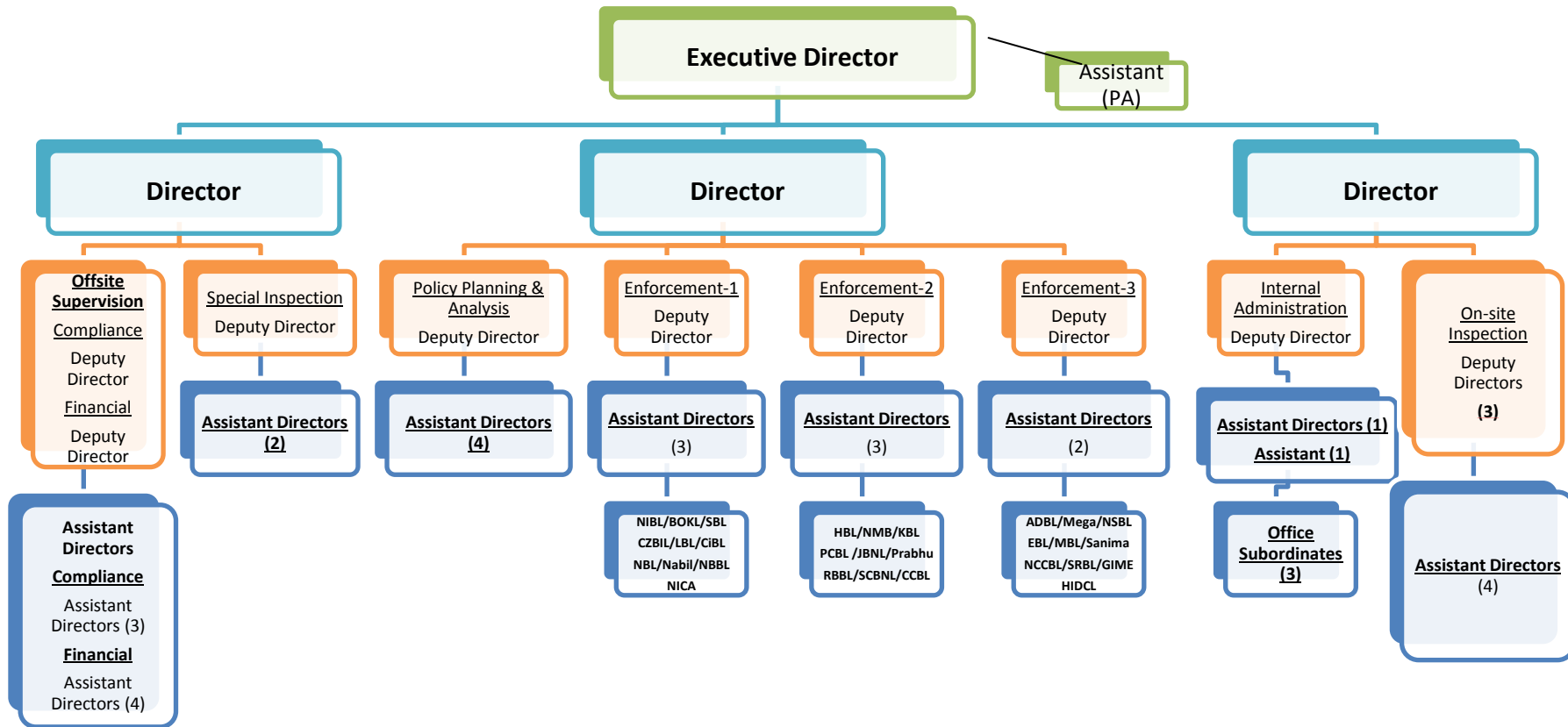
Source: Bank and Financial Institutions Regulation Department, NRB

Annex 2: Province-Wise Distribution of BFIs branches

S. N.	Development Region	A	B	C
1	Province - 1	486	135	38
2	Province - 2	359	56	18
3	Province - 3	1031	258	72
4	Province - 4 (Gandaki)	345	219	24
5	Province - 5	481	265	29
6	Province - 6 (Karnali)	122	9	3
7	Province - 7	199	51	2
Total		3,023	993	186

Source: Bank and Financial Institutions Regulation Department, NRB

Annex 3: Organisation Chart of BSD



Annex 4: Onsite Inspections in FY 2017/18

A. Full-Scope Onsite Inspection

FY 2017/18				
SN	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1		Global IME Bank Limited	NCC Bank Limited	Nepal Bank Limited
2		Everest Bank Limited	Laxmi Bank Limited	Nabil Bank Limited
3		Prabhu Bank Limited	Sanima Bank Limited	Machhapuchhre Bank Limited
4		Himalayan Bank Limited	Civil Bank Limited	Nepal Bangladesh Bank Limited
5			Standard Chartered Bank Nepal Ltd.	Rastriya Banijya Bank Limited
6				Nepal Investment Bank Limited
7				Century Commercial Bank Limited
8				Citizens Bank International Limited
9				Siddhartha Bank Limited

B. Targeted Onsite Inspection

FY 2017/18				
SN	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1		Kumari Bank Limited	Sunrise Bank Limited	Nepal SBI Bank Limited
2		NMB Bank Limited	Agriculture Development Bank Limited	NIC Asia Bank Limited
3		Bank of Kathmandu Limited	Mega Bank Limited	
4			Prime Commercial Bank Limited	
5			Janata Bank Limited	
6				

Annex 5: Circulars issued in FY 2017/18

SN	Name and Link to the Circular Issued to A, B & C Class Financial Institutions
1	Circular 01- Prohibition to be Director Related
2	Circular 02- Attachment Amendment to Unified Directive, 2073
2.1	Circular 02- Unified Directive, 2074
3	Circular 03- Margin Lending, LTV, CCD Ratio Priority Sector Housing Loan Related
4	Circular 04- Amendments in Directive no. 19 & 23 Related
5	Circular 05- Clarification on CCD Ratio Related
6	Circular 06- Flood Victim Relief Fund Related
7	Circular 07- Policy Provision for BFIs in Resolution Process Related
8	Circular 08- Earthquake Victim Group Guarantee Loan Bylaws, 2074
9	Circular 09- Risk Management Directives
10	Circular 10- NFRS Compliant FS Related
11	Circular 11- Minimum Capital of One District FIs
12	Circular 12- Receipt of Gifts & International Visit Related
13	Circular 13- Cooling period of CEO & Board Member Related
14	Circular 14- Reconstruction & Re-operation Refinance Bylaws, 2074
15	Circular 15- Deposit & IPS Related
16	Circular 16- Amendment in Krishi Karja Karyabidhi
17	Circular 17- CCD Ratio, Spread, Branch & Provincewise Capital Related
18	Circular 18- Branch Expansion at every Local Body Related
19	Circular 19- Gold & Silver Loan Related
20	Circular 20- Tourism Sector Redefined Related
21	Circular 21- Uniform Chart of Accounts Related
22	Circular 22- Guideline on Environmental & Social Risk Management for Banks and Financial Institutions Related
23	Circular 23-Format of Financial Statements of Commercial Banks Related

Annex 6: Capital adequacy ratios of Commercial Banks

S.No	Bank's name	Mid-July 2016		Mid-July 2017		Mid-July 2018	
		Capital					
		Core Capital	Total Capital Fund	Core Capital	Total Capital Fund	Core Capital	Total Capital Fund
1	Nepal Bank Limited	10.15%	11.41%	13.37%	14.47%	16.52%	17.58%
2	Rastriya Banijya Bank Limited	9.96%	11.21%	9.15%	10.39%	12.65%	14.02%
3	Nabil Bank Limited	11.29%	12.55%	11.21%	12.42%	11.99%	13.18%
4	Nepal Investment Bank Limited	14.30%	16.17%	11.58%	13.02%	12.17%	13.34%
5	Standard Chartered Bank Limited	14.29%	15.82%	19.58%	21.08%	22.12%	23.68%
6	Himalayan Bank Limited	9.50%	10.91%	10.93%	12.15%	11.95%	13.03%
7	Nepal SBI Bank Limited	11.07%	13.54%	13.53%	15.71%	13.51%	15.26%
8	Nepal Bangladesh Bank Limited	10.31%	11.05%	14.39%	15.10%	13.68%	14.36%
9	Everest Bank Limited	10.46%	12.79%	12.72%	14.69%	12.99%	14.56%
10	Bank of Kathmandu Limited	10.62%	12.96%	11.75%	13.88%	13.57%	15.05%
11	Nepal Credit and Commerce Bank Limited	10.96%	11.80%	11.49%	12.43%	10.44%	11.38%
12	NIC Asia Bank Limited	10.81%	12.66%	12.38%	13.83%	8.78%	12.37%
13	Machhapuchchhre Bank Limited	11.20%	12.23%	15.78%	16.82%	14.62%	15.60%
14	Kumari Bank Limited	11.05%	12.02%	13.56%	14.50%	12.99%	13.90%
15	Laxmi Bank Limited	9.78%	11.15%	12.43%	13.58%	11.55%	12.54%
16	Siddhartha Bank Limited	8.81%	11.27%	11.02%	12.74%	11.11%	12.43%
17	Agricultural Development Bank Nepal	11.44%	12.84%	18.61%	20.41%	19.16%	20.18%
18	Global IME Bank Limited	11.09%	12.35%	10.23%	11.37%	10.15%	11.67%
19	Citizens Bank International Limited	11.46%	13.37%	15.37%	16.88%	14.13%	15.48%
20	Prime Bank Limited	10.89%	11.73%	12.45%	13.28%	11.75%	12.53%
21	Sunrise Bank Limited	11.07%	11.98%	13.39%	14.47%	12.95%	13.93%
22	NMB Bank Limited	9.47%	11.08%	12.51%	13.79%	14.90%	15.88%
23	Prabhu Bank Limited	10.96%	12.13%	9.49%	11.22%	11.33%	12.66%
24	Janata Bank Limited	11.28%	12.38%	16.92%	17.98%	14.75%	15.70%
25	Mega Bank Limited	11.99%	12.97%	13.80%	14.80%	17.28%	18.35%
26	Civil Bank Limited	11.46%	12.51%	18.34%	19.50%	19.67%	20.65%
27	Century Commercial Bank Limited	11.85%	12.79%	13.91%	14.85%	15.28%	16.22%
28	Sanima Bank Limited	10.72%	12.42%	14.07%	15.57%	11.54%	12.90%

Annex 7: Special-Inspection of Commercial Banks in FY 2017/18

SN	Name of Bank	No. of Inspections
1	NIC Asia Bank Limited	2
2	Global IME Bank Limited	3
3	Citizens Bank International Limited	3
4	Himalayan Bank Limited	1
5	Nepal Bangladesh Bank Limited	2
6	Century Commercial Bank Limited	2
7	Machhapuchchhre Bank Limited	2
8	Kumari Bank Limited	1
9	Sunrise Bank Limited	1
10	Mega Bank Limited	2
11	Civil Bank Limited	1
12	Prabhu Bank Limited	1
13	Rastriya Banijya Bank Limited	1
Total		22

Annex 8: Seminars/ Programmes organized by the department during FY 2017/18

S No.	Name of the Programme	Date and Venue
1.	One-day Workshop on Risk Management RBS for Risk Management Committee officials of Commercial Banks.	15 October, 2017; Hotel Yak and Yeti, Kathmandu.
2.	One-day Interaction Programme on Onsite Inspection Issues with CEOs of Commercial Banks.	8 February 2018; Hotel Annapurna, Kathmandu.
3.	Two-day Residential Interaction Programme among BSD officers on current Supervisory Issues.	05-06 April 2018; Mirable Resort, Dhulikhel, Kathmandu.

Annex 9: International Training/Seminar/Meeting Participation from BSD in FY 2017/18

SN	Course	Organizer	Country	Person	Days
1	19th SEACEN-FSI Conference of the Directors of Supervision of Asia Pacific Economies and Meeting of Directors of Supervision of SEACEN Members	SEACEN	China	2	2
2	Enterprise Risk Management	SEACEN	Sri-Lanka	2	6
3	Banking Supervision within the Basel Framework-Level II	Deutsche Bundesbank	Germany	1	5
4	Advance Capital Planning and Stress Testing	SEACEN	Malaysia	2	5
5	Dealing with Problem and Near Problem Banks Including Bank Off-Site Analysis and Monitoring-Early Warning Indicators	SEACEN	Brunei	1	5
6	Financial Sector Surveillance	IMF-SARTTAC	India	2	9
7	Joint Learning Event on Sustainable Finance Initiative	IFC	Bangladesh	1	3
8	SEACEN Advanced Course for Bank Examiners	SEACEN	Malaysia	2	5
9	Technology Risks in Banks Including Cyber security	SEACEN	Philippines	2	5
10	Financial Stability	Bank of Korea	South Korea	1	4
11	Macro-Stress Testing II	IMF-STI	Singapore	1	5
12	Cyber Risk Workshop: Regulatory Approaches	IMF	U.S.A.	1	3
13	Stress-Tests Methods and areas of Application	Deutsche Bundesbank	Germany	1	3
14	Banking Supervision within the Basel Framework	Deutsche Bundesbank	Germany	1	5
15	Banking Supervision	Bank of Philippines	Philippines	10	4

16	SEACEN Course on Anti-Money Laundering and Combating the Financing of Terrorism	SEACEN	Malaysia	2	5
17	SEACEN Intermediate Course for Bank Examiners	SEACEN	Malaysia	4	5
18	Asia Pacific High Level Meeting on Banking Supervision	Bank for International Settlements (BIS)	Singapore	1	2
19	Training on Core Elements of Banking Supervision	IMF-SARTTAC	India	3	5
20	SEACEN Course on Information and Communication Technology (ICT)	SEACEN	Brunei	1	5
21	Public Procurement	Deutsche Bundesbank	Germany	1	3
22	Global Green Finance Leadership Program	IFC	China	1	3
23	2018 Annual General Meeting of BIS	BIS	Switzerland	1	2
24	Seminar on Risk Based Supervision	APEC/FRTI	Vietnam	1	4
25	26th MAS Banking Supervisors Training	Monetary Authority of Singapore	Singapore	1	6
26	Risk Based Supervision	SEACEN	Cambodia	3	6
27	Global Green Finance Leadership Program	IFC	China	1	3

Annex 10: Financial Figures of Banks

Annex 10.1: Banking Operation

	Amount in Rs. Billion			Percentage Change	
	2015/16	2016/17	2017/18	2016/17	2017/18
Deposits					
Non State Owned	1,374.78	1,678.90	2,014.18	21.44	19.52
State Owned	319.90	335.40	367.97	4.84	9.71
Total	1,694.68	2,014.306	2,328.14	18.86	18.26
Loans and Advances					
Non State Owned	1,135.83	1,440.309	1,780.08	26.13	23.18
State Owned	235.62	275.59	300.28	16.96	8.96
Total	1,371.45	1,715.89	2,080.83	25.12	21.27
Assets					
Non State Owned	1,659.40	2,037.11	2,429.33	22.76	19.25
State Owned	406.06	437.59	466.22	7.77	6.54
Total	2,098.198	2,524.83	2,968.28	20.33	17.56

Annex 10.2: Composition of Assets

Assets Category	2017/18 Amount in Rs. Mil	2017/18 Percentage Change
Cash and Cash Equivalent	207,392	6.99%
Due from NRB	188,109	6.34%
Placements with BFIs	61,570	2.07%
Loan and Advances to BFIs	120,560	4.06%
Loans and advances to customers	1,960,279	66.04%
Investment securities	296,379	9.98%
Others	133,869	4.51%
Total Assets	2,968,283	100%

Annex 10.3: Composition of Liabilities and Equity

Particulars	2017/18 Amount in Rs. Mil	2017/18 Percentage
Due to Bank and Financial Institutions	1554,046	2.56%
Deposits from customers	2382,149	80.25%
Share capital	218,380	7.36%
Retained Earnings	35,622	1.20%
Reserves	114,505	3.86%
Others	141,883	4.78%
Total	2,968,283	100.00%

Annex 10.4: Capital Fund

Particulars / Years	Amount in Rs Billion			Percentage Change	
	2015/16	2016/17	2017/18	2016/17	2017/18
Private	178.5002	255.61	310.44	47.54%	19.62%
Public	49.62772	47.67	61.58	-5.73%	16.63%
Industry	228.128	303.28	372.02	35.95%	19.17%

Source: BSD Offsite Report 2017/18

Annex 10.5: Deposit Mix

Particulars	Amount in Rs Billion			% Change		
	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18
Current	177.21	199.36	249.248	16.8	12.5	25.02
Saving	698.69	703.03	811.668	24.9	0.62	15.45
Fixed	524.46	879.14	1070.787	24.91	67.63	21.80
Other	363.17	311.91	339.81	10.04	-14.12	8.94
Total	1,763.54	2,093.44	2,471.51	20.71	18.71	18.06

Source: BSD Offsite Report 2017/18

Annex 10.6 Loans and Advances

Particulars / Years	Amount in Rs. Billion			Percentage Change	
	2015/16	2016/17	2017/18	2016/17	2017/18
Non State Owned	235.619	275.590	300.281	16.96%	8.96%
State Owned	1,135.837	1,440.309	1,780.558	26.81%	23.62%
Total	1,371.456	1,715.899	2,080.839	25.12%	21.27%

Annex 10.7 Non Performing Loans

Banks/ Year	Amount in Rs Billion		% change	
	2016/17	2017/18	2016/17	2017/18
Non State Owned	16.853	18.248	1.23%	1.07%
State Owned	10.75	11.6	3.93%	3.86%
Industry	27.603	29.848	2.28%	2.16%

Source: BSD Offsite Report 2017/18

Annex 10.8 Non-Banking Assets

Banks/ Year	Amount in Rs Billions			% change	
	2015/16	2016/17	2017/18	2017/18	2015/16
Private	2,123.22	2,415.24	2,199.86	13.75%	-8.92%
Public	419.91	509.23	384.59	21.27%	-24.48%
Industry	2,543.13	2,924.47	2,584.45	14.99%	-11.63%

Annex 10.9: Investment Portfolios

Particulars	2017/18 Amount in Rs. Mil	2017/18 Percentage Change
Nepal Government	285,850	67.27%
NRB Bonds	33,621	7.91%
Shares & Debenture	16,611	3.91%
Interbank Investment	9,832	2.31%
Fixed Deposit Investment	5,674	1.34%
Other Investment	71,109	16.73%
Non Residents, Gold, Real Estate	2,220	0.52%
Total Assets	424,917	100%

Source: BSD Offsite Report 2017/18

Annex 10.10: Operating Efficiency

Particulars/ Year	Amount in Rs Billion			
	2016/17		2017/18	
	State Owned	Non State Owned	State Owned	Non State Owned
Interest Income	27.86	132.16	34.93	199.42
Net Interest Income	20.00	59.16	22.14	76.21
Operating Profit	10.74	53.69	14.32	57.56
Net Income	7.62	40.43	10.32	40.63

Annex 10.11: Net Interest Spread

Banks/Year	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Non State Owned	4.18%	4.57%	4.15%	4.07%	3.71%	3.57%	4.43%
State Owned	6.01%	5.92%	5.14%	5.57%	5.61%	5.12%	5.13%
Industry	4.60%	4.85%	4.38%	4.22%	3.91%	3.73%	4.50%

Annex 10.12: Liquid Assets to Total Deposit

Particulars / Year	Amount in Rs Billion		
	2015/16	2016/17	2017/18
Liquid Assets	494	559	652
Total Deposit	1,764	2,093	2,382
Liquid Assets/ Total Deposit	28.01%	26.69%	27.37%

Annex 10.13 Liquid Assets to Total Assets

Particulars / Year	Amount in Rs Billion		
	2015/16	2016/17	2017/18
Liquid Assets	436	494	559
Total Assets	1,677	2,069	2,477
Liquid Assets/Total Assets	26.02%	23.88%	22.55%

Annex 10.14 Deprived Sector Lending of Commercial Banks

S.N.	BANKS	6 Months prior Loan & Advances	Required Lending in Deprive Sector (5%)	Amount in Rs. Million		
				Actual Lending in Deprive Sector		Excess / Shortfall
				Amount	%	
1	NBL	45,214.81	3,541	10.19%	7,214	3,673
2	RBB	32,794.22	4,695	5.64%	5,292	597
3	NABIL	51,616.78	4,515	5.23%	4,725	210
4	NIBL	58,927.45	4,836	5.55%	5,368	533
5	SCB	17,773.45	1,777	5.18%	1,840	63
6	HBL	37,594.72	3,778	5.11%	3,865	87
7	NSBI	20,852.21	3,023	5.13%	3,105	82
8	NBB	11,812.39	1,810	5.17%	1,870	60
9	EBL	28,833.78	3,631	6.50%	4,718	1,087
10	BOKL	21,011.18	3,139	5.25%	3,295	156
11	NCC	14,173.74	2,421	5.43%	2,631	210
12	NIC Asia	32,448.41	3,375	6.33%	4,275	900
13	MBL	19,723.85	2,593	5.06%	2,622	29
14	Kumari	24,063.33	1,683	6.71%	2,257	574
15	Laxmi	19,286.56	2,336	5.69%	2,660	325
16	SBL	21,820.65	3,198	5.03%	3,216	18
17	ADBL	31,420.82	4,546	6.82%	6,200	1,654
18	Global	28,069.44	3,576	5.27%	3,767	191
19	Citizens	16,736.44	2,339	5.99%	2,800	461
20	Prime	22,624.75	2,346	5.64%	2,644	298
21	Sunrise	23,798.22	2,461	5.71%	2,813	352
22	NMB	32,385.14	3,020	5.40%	3,260	240
23	Prabhu	25,317.17	2,826	5.27%	2,978	152
24	Janata	19,591.95	1,149	8.90%	2,045	896

25	Mega	17,177.41	1,727	5.43%	1,876	149
26	Civil	10,606.50	1,536	6.22%	1,911	375
27	Century	20,147.69	1,451	7.48%	2,170	719
28	Sanima	19,039.62	2,373	5.27%	2,502	129
Grand Total		1,185,674.44	1,594,027	5.89%	93,919	14,218

Source: BSD Offsite Report 2017/18

Annex 10.15: Productive Sector Lending in Commercial Banks (In Rs. mil)

Industry/Sector	Outstanding Loan Amount	Percentage of Total Outstanding Loans
Agriculture	122,172.10	7.04%
Energy	54,168.21	3.12%
Tourism	57,351.89	3.30%
Cottage and Small Industries	82,760.72	4.77%
Agriculture + Energy	176,340.32	10.16%
All Productive Sectors	316,452.92	18.23%

Annex 11: Financial Details of Commercial Banks

1. Nepal Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	9,599.85	5,489.37	5,780.88
Due from Nepal Rastra Bank	10,919.80	13,388.54	6,283.66
Placement with Bank and Financial Institutions	-	3,074.02	2,965.49
Derivative financial instruments	-	40.72	18.63
Other trading assets	-	-	-
Loan and advances to B/FIs	1,823.09	2,167.57	2,739.47
Loans and advances to customers	60,923.92	71,018.22	75,556.51
Investment securities	17,989.27	16,119.50	16,247.77
Current tax assets	674.40	590.47	521.83
Investment in subsidiaries	-	-	-
Investment in associates	-	-	-
Investment property	143.43	120.18	87.01
Property and equipment	11,577.66	11,546.83	11,638.33
Goodwill and Intangible assets	10.57	16.80	14.24
Deferred tax assets	-	-	-
Other assets	6,426.81	6,653.91	11,613.37
TOTAL ASSETS	120088.7911	130226.1188	133467.201
Due to Bank and Financial Institutions	235.39	115.21	290.65
Due to Nepal Rastra Bank	12.50	-	34.52
Derivative financial instruments	-	-	-
Deposits from customers	93,708.63	89,294.81	99,540.73
Borrowing	-	-	109.50
Current Tax Liabilities	-	-	-
Provisions	16.96	161.84	63.28
Deferred tax liabilities	4,703.10	4,323.86	3,226.45
Other liabilities	8,475.52	8,727.40	7,230.07
Debt securities issued	-	-	-
Subordinated Liabilities	-	-	-
Equity			

Share capital	6,465.00	8,042.66	8,042.66
Share premium	90.55	132.84	132.84
Retained earnings	(5,046.14)	(2,234.91)	(437.19)
Reserves	15,956.25	17,133.45	15,233.69
TOTAL EQUITY AND LIABILITIES	120,088.79	130,226.12	133,467.20
Interest Income		7431.929715	9229.43634
Interest Expenses		1728.360491	2841.69028
Net Interest Income		5703.569224	6387.74606
Fee and commission income		723.1296437	983.019526
Fee and commission expense		68.92297676	76.7594133
Net Fee and commission income		654.2066669	906.260113
Net Interest, Fee and commission income		6357.775891	7294.00617
Net trading income		144.7805537	207.280807
Other operating income		-340.372782	18.8923364
Total operating income		6162.183663	7520.17931
Impairment charge/(reversal) for loans and other losses		359.0595396	-86.3405295
Net operating income		5803.124124	7606.51984
Personnel expenses		2167.746871	2148.83049
Other operating expenses		615.2225983	511.317311
Depreciation & Amortisation		92.40894746	97.5894716
Operating Profit		2927.745706	4848.78258
Non operating income		341.0210514	81.8949145
Non operating expense		0.392773	0.2022572
Profit before income tax		3268.373985	4930.47523
Income Tax Expense			
Current Tax		1336.212238	1479.48958
Deferred Tax		185.0379683	235.303667
Profit/Loss for the period		1747.123778	3215.68198

2. Rastriya Banijya Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	34968.39134	21943.18561	28333.1211
Due from Nepal Rastra Bank	20720.08321	14806.65401	9645.491829
Placement with Bank and Financial Institutions	541.8104648	0	0
Derivative financial instruments	0	0	0
Other trading assets	0	0	0
Loan and advances to B/FIs	2914.8669	3590.4825	4045.981167
Loans and advances to customers	85877.35638	105629.7913	117414.1629
Investment securities	18233.00519	23856.18489	24469.66398
Current tax assets	1627.21371	1667.24807	624.464776
Investment in subsidiaries	100	100	200
Investment in associates	44.0056	108.8143	230.0908
Investment property	83.64785337	76.94182722	57.27056053
Property and equipment	507.4723992	687.8504102	919.0439838
Goodwill and Intangible assets	4.59048346	4.57444476	23.72912634
Deferred tax assets	0	0	1102.284913
Other assets	6435.928132	6602.993827	10266.69526
TOTAL ASSETS	172058.3717	179074.7212	197332.0004
Due to Bank and Financial Institutions	7598.75596	7514.530758	5291.528118
Due to Nepal Rastra Bank	0	16.97	92.97051426
Derivative financial instruments	0	0	0
Deposits from customers	139259.0113	146587.0412	164210.3033
Borrowing	407.7105214	163.8769669	171.496141
Current Tax Liabilities	0	0	0
Provisions	0	0	0
Deferred tax liabilities	956.659966	454.4487063	0
Other liabilities	12128.94886	11700.72453	8494.930922
Debt securities issued	0	0	0
Subordinated Liabilities	0	0	0
Equity	11707.28511	12637.12902	19070.77141

Share capital	8588.9723	8588.9723	9004.7957
Share premium	0	0	0
Retained earnings	-1872.535854	789.277793	-3936.37173
Reserves	4990.848664	3258.87893	14002.34744
TOTAL EQUITY AND LIABILITIES	172058.3717	179074.7212	197332.0004
Interest Income		9220.777652	12097.65925
Interest Expenses		1909.488825	2983.430052
Net Interest Income		7311.288826	9114.229196
Fee and commission income		1142.339382	1233.820151
Fee and commission expense		187.2453366	183.7083729
Net Fee and commission income		955.0940456	1050.111778
Net Interest, Fee and commission income		8266.382872	10164.34097
Net trading income		131.8061736	58.90113481
Other operating income		-68.0974672	-23.9908463
Total operating income		8330.091578	10199.25126
Impairment charge/(reversal) for loans and other losses		594.0483744	1293.054816
Net operating income		7736.043204	8906.196446
Personnel expenses		2967.381686	3132.446188
Other operating expenses		721.8734492	783.5150641
Depreciation & Amortisation		111.0700297	252.6620251
Operating Profit		3935.718039	4737.573169
Non operating income		238.3645336	222.6662497
Non operating expense		21.97827802	9.16231465
Profit before income tax		4152.104295	4951.077104
Income Tax Expense			
Current Tax		893.26	2455.71
Deferred Tax		355.13	-1163.9
Profit/Loss for the period		2903.714295	3659.267104

3. Nabil Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	5,853.23	7,167.16	7,952.35
Due from Nepal Rastra Bank	5,231.33	5,924.57	7,372.28
Placement with Bank and Financial Institutions	18,266.76	20,514.70	10,160.28
Derivative financial instruments	24.34	32.66	-
Other trading assets	-	-	-
Loan and advances to B/FIs	2,778.68	3,322.32	4,565.79
Loans and advances to customers	75,432.46	89,149.02	109,059.36
Investment securities	21,465.02	15,318.13	18,388.08
Current tax assets	5.34	52.98	246.38
Investment in subsidiaries	78.00	78.00	78.00
Investment in associates	40.00	40.00	40.00
Investment property	-	-	8.22
Property and equipment	770.21	790.96	986.26
Goodwill and Intangible assets	14.24	61.41	50.33
Deferred tax assets	-	-	-
Other assets	1,387.67	1,565.93	2,070.72
TOTAL ASSETS	131,347.29	144,017.86	160,978.07
Due to Bank and Financial Institutions	2,879.56	4,504.66	1,168.66
Due to Nepal Rastra Bank	-	13.39	32.52
Derivative financial instruments	-	-	53.84
Deposits from customers	109,288.11	117,436.36	134,810.67
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	1,163.10	1,041.89	1,009.76
Other liabilities	3,258.57	4,022.38	3,256.26
Debt securities issued	300.00	300.00	60.00
Subordinated Liabilities	-	-	-
Equity	14,457.94	16,699.18	20,586.36

Share capital	6,185.51	8,043.22	8,043.22
Share premium	0.07	0.07	0.07
Retained earnings	1,119.14	933.25	3,254.81
Reserves	7,153.22	7,722.64	9,288.25
TOTAL EQUITY AND LIABILITIES	131,347.29	144,017.86	160,978.07
Interest Income		8168.869676	11349.86666
Interest Expenses		2606.090642	5087.807629
Net Interest Income		5562.779034	6262.05903
Fee and commission income		950.7208323	1053.291866
Fee and commission expense		15.35067222	21.90749633
Net Fee and commission income		935.3701601	1031.384369
Net Interest, Fee and commission income		6498.149194	7293.443399
Net trading income		321.59974	390.652248
Other operating income		485.5546937	558.7968785
Total operating income		7305.303628	8242.892525
Impairment charge/(reversal) for loans and other losses		-12.41015365	175.8582896
Net operating income		7317.713782	8067.034236
Personnel expenses		1423.143966	1727.709299
Other operating expenses		535.4628258	562.4420507
Depreciation & Amortisation		101.518251	123.921386
Operating Profit		5257.588739	5652.9615
Non operating income		16.146435	11.188226
Non operating expense		4.886762	6.805448
Profit before income tax		5268.848412	5657.344278
Income Tax Expense			
Current Tax		1537.76222	1682.470239
Deferred Tax		28.7033808	-7.0189119
Profit/Loss for the period		3702.382811	3981.89295

4. Nepal Investment Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	7,443	11,539	10,611
Due from Nepal Rastra Bank	5,622	6,361	7,390
Placement with Bank and Financial Institutions	15,649	12,613	10,246
Derivative financial instruments	101	117	31
Other trading assets	-	-	-
Loan and advances to B/FIs	1,497	2,158	2,503
Loans and advances to customers	84,609	103,418	118,323
Investment securities	15,768	14,478	17,154
Current tax assets	85	150	347
Investment in subsidiaries	127	201	238
Investment in associates	33	33	33
Investment property	4	54	17
Property and equipment	3,172	3,534	3,728
Goodwill and Intangible assets	50	62	61
Deferred tax assets	-	-	-
Other assets	357	641	1,212
TOTAL ASSETS	134,517	155,361	171,894
Due to Bank and Financial Institutions	9,523.79	6,989.63	3,742.41
Due to Nepal Rastra Bank	-	-	505.85
Derivative financial instruments	-	-	-
Deposits from customers	99,353.33	118,921.05	136,585.58
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	1,413.40	1,332.97	868.93
Other liabilities	1,594.94	2,410.74	4,069.77
Debt securities issued	1,550.00	1,550.00	1,250.00
Subordinated Liabilities	-	-	-
Equity	21,081.51	24,156.97	24,871.02

Share capital	7,255.51	9,240.38	10,645.60
Share premium	3,104.51	1,718.45	1,718.45
Retained earnings	3,477.10	5,102.45	2,735.03
Reserves	7,244.38	8,095.69	9,771.94
TOTAL EQUITY AND LIABILITIES	134,516.97	155,361.35	171,893.55
Interest Income		9440.725357	13574.10216
Interest Expenses		4464.551946	7723.923816
Net Interest Income		4976.173411	5850.178347
Fee and commission income		1343.245687	1429.754175
Fee and commission expense		188.9833816	211.9233277
Net Fee and commission income		1154.262306	1217.830847
Net Interest, Fee and commission income		6130.435717	7068.009194
Net trading income		617.675639	654.480996
Other operating income		144.1904627	208.2952462
Total operating income		6892.301819	7930.785437
Impairment charge/(reversal) for loans and other losses		385.341204	675.2076409
Net operating income		6506.960615	7255.577796
Personnel expenses		1130.512122	1467.835975
Other operating expenses		534.0318962	641.030526
Depreciation & Amortisation		161.540305	187.795548
Operating Profit		4680.876291	4958.915747
Non operating income		734.250335	48.28038133
Non operating expense		3.866735	66.97505745
Profit before income tax		5411.259891	4940.221071
Income Tax Expense			
Current Tax		1371.116045	1464.50735
Deferred Tax		47.80008985	-183.609004
Profit/Loss for the period		3992.34376	3659.32272

5. Standard Chartered Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	16736.09838	22397.73412	22048.32804
Due from Nepal Rastra Bank	1514.671384	3784.681844	3982.461794
Placement with Bank and Financial Institutions	6069.66	6190.8	4831.2
Derivative financial instruments	12.91952	8.743373889	9.208507182
Other trading assets	0	0	0
Loan and advances to B/FIs	1345.810017	1610.449402	2134.849717
Loans and advances to customers	30123.30565	38433.86756	44561.33015
Investment securities	8816.183974	4810.675143	4660.992993
Current tax assets	55.93153911	613.927826	936.8712093
Investment in subsidiaries	0	0	0
Investment in associates	0	0	0
Investment property	0	0	0
Property and equipment	71.3060856	102.9179652	115.8973686
Goodwill and Intangible assets	0	0	0
Deferred tax assets	0	0	75.54649617
Other assets	631.4438174	402.2154522	674.8686298
TOTAL ASSETS	65377.3304	78356.01269	84031.55491
Due to Bank and Financial Institutions	9,523.79	6,989.63	3,742.41
Due to Nepal Rastra Bank	-	-	505.85
Derivative financial instruments	-	-	-
Deposits from customers	99,353.33	118,921.05	136,585.58
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	1,413.40	1,332.97	868.93
Other liabilities	1,594.94	2,410.74	4,069.77
Debt securities issued	1,550.00	1,550.00	1,250.00
Subordinated Liabilities	-	-	-
Equity	21,081.51	24,156.97	24,871.02

Share capital	7,255.51	9,240.38	10,645.60
Share premium	3,104.51	1,718.45	1,718.45
Retained earnings	3,477.10	5,102.45	2,735.03
Reserves	7,244.38	8,095.69	9,771.94
TOTAL EQUITY AND LIABILITIES	134,516.97	155,361.35	171,893.55
Interest Income		3191.877668	4940.674787
Interest Expenses		863.4596353	1642.640632
Net Interest Income		2328.418032	3298.034155
Fee and commission income		520.1690336	724.3958444
Fee and commission expense		50.33815877	60.63999019
Net Fee and commission income		469.8308749	663.7558542
Net Interest, Fee and commission income		2798.248907	3961.790009
Net trading income		512.2372456	594.2652499
Other operating income		106.4196274	124.5034731
Total operating income		3416.90578	4680.558732
Impairment charge/(reversal) for loans and other losses		-19.5835832	74.8888159
Net operating income		3436.489363	4605.669916
Personnel expenses		771.6191562	997.877304
Other operating expenses		464.829645	564.3157753
Depreciation & Amortisation		26.27788249	26.01302763
Operating Profit		2173.76268	3017.463809
Non operating income		8.08015398	4.030058434
Non operating expense		0	0
Profit before income tax		2181.842834	3021.493867
Income Tax Expense			
Current Tax		595.5122622	976.6796199
Deferred Tax		36.3436082	-145.0838421
Profit/Loss for the period		1549.986963	2189.89809

6. Himalayan Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	7,210	4,734	4,741
Due from Nepal Rastra Bank	5,678	6,141	5,159
Placement with Bank and Financial Institutions	4,624	6,272	4,990
Derivative financial instruments	26	42	33
Other trading assets	-	-	-
Loan and advances to B/FIs	2,682	3,326	3,685
Loans and advances to customers	66,269	74,472	82,475
Investment securities	11,191	9,649	11,654
Current tax assets	71	28	154
Investment in subsidiaries	-	-	-
Investment in associates	196	196	196
Investment property	217	233	2
Property and equipment	1,923	2,176	2,223
Goodwill and Intangible assets	109	76	86
Deferred tax assets	-	-	-
Other assets	368	717	1,063
TOTAL ASSETS	100,562	108,063	116,462
Due to Bank and Financial Institutions	1,903	587	754
Due to Nepal Rastra Bank	-	-	-
Derivative financial instruments	-	-	9
Deposits from customers	86,433	92,334	98,989
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	217	233	2
Deferred tax liabilities	107	123	131
Other liabilities	1,960	1,834	1,814
Debt securities issued	623	623	623
Subordinated Liabilities	-	-	-
Equity	9,320	12,328	14,139

Share capital	4,499	6,492	8,115
Share premium	-	-	-
Retained earnings	2,087	2,508	1,500
Reserves	2,734	3,328	4,524
TOTAL EQUITY AND LIABILITIES	100,562	108,063	116,462
Interest Income		7106.676099	9724.870892
Interest Expenses		3173.333669	5403.047172
Net Interest Income		3933.34243	4321.82372
Fee and commission income		784.75177	772.037821
Fee and commission expense		52.555234	64.23679302
Net Fee and commission income		732.196536	707.801028
Net Interest, Fee and commission income		4665.538966	5029.624748
Net trading income		607.848833	718.904848
Other operating income		86.395915	104.84809
Total operating income		5359.783714	5853.377686
Impairment charge/(reversal) for loans and other losses		-108.192806	679.917035
Net operating income		5467.97652	5173.460651
Personnel expenses		1407.137324	1322.248139
Other operating expenses		612.696327	694.2707577
Depreciation & Amortisation		184.9072222	168.2761769
Operating Profit		3263.235647	2988.665577
Non operating income		14.691243	309.525238
Non operating expense		23.325656	533.011412
Profit before income tax		3254.601234	2765.179403
Income Tax Expense			
Current Tax		947.097805	877.612392
Deferred Tax		25.729238	11.956544
Profit/Loss for the period		2281.774191	1875.610467

7. Nepal SBI Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	3,961.81	8,803.47	10,480.24
Due from Nepal Rastra Bank	6,428.01	7,313.02	5,647.35
Placement with Bank and Financial Institutions	13,286.59	10,361.55	-
Derivative financial instruments	-	-	-
Other trading assets	24.81	23.01	20.40
Loan and advances to B/FIs	1,523.93	2,298.51	2,872.20
Loans and advances to customers	45,475.00	61,822.04	72,363.66
Investment securities	6,151.34	7,837.09	8,646.15
Current tax assets	117.40	171.84	219.49
Investment in subsidiaries	100.00	100.00	188.89
Investment in associates	-	-	-
Investment property	-	-	-
Property and equipment	619.23	739.49	843.97
Goodwill and Intangible assets	3.25	2.05	4.53
Deferred tax assets	34.10	97.32	236.21
Other assets	1,016.43	381.47	1,016
TOTAL ASSETS	78,741.90	99,950.85	102,538.67
Due to Bank and Financial Institutions	4,184.70	6,155.39	2,709.59
Due to Nepal Rastra Bank	-	-	-
Derivative financial instruments	-	-	6.81
Deposits from customers	65,213.52	80,818.82	84,227.33
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	-	-	-
Other liabilities	1,163.89	1,436.90	1,793.84
Debt securities issued	1,000.00	1,000.00	1,000.00
Subordinated Liabilities	-	-	-
Equity	7,179.80	10,539.74	12,801.10

Share capital	3,883.74	6,924.89	8,046.91
Share premium	-	-	381.76
Retained earnings	1,224.96	1,144.99	1,218.77
Reserves	2,071.10	2,469.86	3,153.67
TOTAL EQUITY AND LIABILITIES	78,741.90	99,950.85	102,538.67
Interest Income		5991.658675	9069.778508
Interest Expenses		2994.483069	4924.81088
Net Interest Income		2997.175606	4144.967628
Fee and commission income		850.313827	912.860285
Fee and commission expense		73.93037	84.66204
Net Fee and commission income		776.383457	828.198245
Net Interest, Fee and commission income		3773.559063	4973.165873
Net trading income		202.781765	233.512976
Other operating income		21.855519	42.884666
Total operating income		3998.196347	5249.563515
Impairment charge/(reversal) for loans and other losses		129.461171	272.273854
Net operating income		3868.735176	4977.289661
Personnel expenses		957.608755	1375.420104
Other operating expenses		577.281313	703.066694
Depreciation & Amortisation		113.965012	137.130092
Operating Profit		2219.880096	2761.672771
Non operating income		20.908168	38.867749
Non operating expense		0	0
Profit before income tax		2240.788264	2800.54052
Income Tax Expense			
Current Tax		686.986416	942.063178
Deferred Tax		-10.886898	-165.033782
Profit/Loss for the period		1564.688746	2023.51112

8. Nepal Bangladesh Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	2,394.59	1,837.23	3,706.00
Due from Nepal Rastra Bank	6,868.71	8,978.96	6,890.13
Placement with Bank and Financial Institutions	1,873.27	3,393.27	2,259.78
Derivative financial instruments	25.20	29.38	30.81
Other trading assets	-	97.24	93.21
Loan and advances to B/FIs	1,159.41	1,306.90	1,380.57
Loans and advances to customers	31,291.85	36,178.23	40,878.52
Investment securities	2,724.01	4,578.10	4,766.33
Current tax assets	-	49.89	61.03
Investment in subsidiaries	-	-	200.00
Investment in associates	-	-	-
Investment property	27.51	23.20	87.83
Property and equipment	183.98	237.93	371.54
Goodwill and Intangible assets	2.91	2.59	23.84
Deferred tax assets	37.60	34.64	22.31
Other assets	212.77	260.65	605.25
TOTAL ASSETS	46,801.80	57,008.22	61,377.14
Due to Bank and Financial Institutions	-	515.75	-
Due to Nepal Rastra Bank	31.60	1,078.28	333.99
Derivative financial instruments	-	-	-
Deposits from customers	39,923.54	43,860.31	48,052.95
Borrowing	-	-	-
Current Tax Liabilities	5.82	-	-
Provisions	-	-	-
Deferred tax liabilities	-	-	-
Other liabilities	632.77	753.26	1,252.65
Debt securities issued	-	-	-
Subordinated Liabilities	-	-	-
Equity	6,208.07	10,800.63	11,737.55

Share capital	3,039.21	7,219.06	8,088.30
Share premium	-	-	-
Retained earnings	1,246.83	1,414.87	941.46
Reserves	1,922.03	2,166.69	2,707.79
TOTAL EQUITY AND LIABILITIES	46,801.80	57,008.22	61,377.14
Interest Income		3671.247158	5427.432495
Interest Expenses		2129.54659	3456.810907
Net Interest Income		1541.700569	1970.621588
Fee and commission income		983.264646	935.8655648
Fee and commission expense		34.89799447	36.99054815
Net Fee and commission income		948.3666515	898.8750167
Net Interest, Fee and commission income		2490.06722	2869.496605
Net trading income		141.3760492	157.890693
Other operating income		22.65739201	40.24747961
Total operating income		2654.100661	3067.634777
Impairment charge/(reversal) for loans and other losses		27.032494	298.879893
Net operating income		2627.068167	2768.754884
Personnel expenses		620.0779843	755.6592726
Other operating expenses		301.0941099	340.7342089
Depreciation & Amortisation		51.087642	72.282482
Operating Profit		1654.808431	1600.078921
Non operating income		39.782055	16.761043
Non operating expense		10.02835218	6.70233
Profit before income tax		1684.562134	1610.137634
Income Tax Expense			
Current Tax		479.736612	494.776037
Deferred Tax		5.121430753	-28.673679
Profit/Loss for the period		1199.704091	1144.035276

9. Everest Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	11,666.00	8,667.84	10,065.42
Due from Nepal Rastra Bank	13,356.02	14,577.08	18,938.75
Placement with Bank and Financial Institutions	7,761.13	3,350.75	3,291.00
Derivative financial instruments	-	-	-
Other trading assets	-	-	-
Loan and advances to B/FIs	2,754.23	3,291.10	4,254.68
Loans and advances to customers	66,768.58	75,695.62	89,927.57
Investment securities	9,085.18	7,652.70	15,292.31
Current tax assets	29.56	17.59	10.92
Investment in subsidiaries	-	-	-
Investment in associates	122.71	199.95	259.67
Investment property	-	7.34	2.20
Property and equipment	1,615.53	1,663.29	1,862.23
Goodwill and Intangible assets	9.55	7.17	12.93
Deferred tax assets	-	-	-
Other assets	850.43	1,815.83	893.47
TOTAL ASSETS	114,018.92	116,946.28	144,811.15
Due to Bank and Financial Institutions	2,163.97	1,074.61	916.08
Due to Nepal Rastra Bank	2.50	14.76	26.71
Derivative financial instruments	-	-	0.02
Deposits from customers	91,638.88	94,091.89	115,511.71
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	38.19	181.65	77.26
Other liabilities	9,260.96	7,307.01	11,076.02
Debt securities issued	1,068.85	1,068.85	1,068.85
Subordinated Liabilities	-	-	-
Equity	9,845.57	13,207.51	16,134.51

Share capital	2,742.60	5,741.10	8,106.86
Share premium	18.56	-	238.47
Retained earnings	2,013.12	2,497.05	1,739.04
Reserves	5,071.29	4,969.36	6,050.14
TOTAL EQUITY AND LIABILITIES	114,018.92	116,946.28	144,811.15
Interest Income		6816.04016	10103.45139
Interest Expenses		3009.792494	5233.687535
Net Interest Income		3806.247666	4869.763854
Fee and commission income		848.335721	945.375352
Fee and commission expense		107.411596	123.289086
Net Fee and commission income		740.924125	822.086266
Net Interest, Fee and commission income		4547.171791	5691.85012
Net trading income		155.715942	195.902137
Other operating income		97.63001187	92.64063626
Total operating income		4800.517744	5980.392893
Impairment charge/(reversal) for loans and other losses		40.478123	132.1155621
Net operating income		4760.039621	5848.277331
Personnel expenses		1163.48362	1492.67048
Other operating expenses		492.211307	584.533725
Depreciation & Amortisation		83.08204622	85.37298055
Operating Profit		3021.262648	3685.700146
Non operating income		0	0
Non operating expense		0.102652639	3.614156241
Profit before income tax		3021.159995	3682.08599
Income Tax Expense			
Current Tax		852.882594	1137.558511
Deferred Tax		50.25588128	-37.15429931
Profit/Loss for the period		2118.02152	2581.681778

10. Bank of Kathmandu Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	3430.67	2905.21	3422.84
Due from Nepal Rastra Bank	6507.84	6611.60	5264.47
Placement with Bank and Financial Institutions	1438.10	2012.35	1846.73
Derivative financial instruments	0.00	0.00	0.00
Other trading assets	0.00	0.00	25.26
Loan and advances to B/FIs	957.10	1454.44	1831.83
Loans and advances to customers	57636.13	59558.77	65789.08
Investment securities	9282.31	11086.75	11521.90
Current tax assets	49.00	0.00	114.04
Investment in subsidiaries	0.00	0.00	140.00
Investment in associates	0.00	0.00	0.00
Investment property	24.66	24.66	24.66
Property and equipment	950.22	932.39	935.25
Goodwill and Intangible assets	18.36	13.65	20.50
Deferred tax assets	0.00	0.00	0.00
Other assets	263.54	257.96	270.24
TOTAL ASSETS	80557.93	84857.79	91206.81
Due to Bank and Financial Institutions	2200.26	0.00	0.00
Due to Nepal Rastra Bank	47.00	4.00	18.60
Derivative financial instruments	0.00	0.00	0.00
Deposits from customers	68066.07	72922.28	76913.75
Borrowing	0.00	0.00	0.00
Current Tax Liabilities	0.00	10.95	0.00
Provisions	19.19	15.69	17.44
Deferred tax liabilities	233.32	318.29	172.67
Other liabilities	507.42	586.30	571.90
Debt securities issued	0.00	0.00	0.00
Subordinated Liabilities	1040.22	1041.10	1041.22
Equity	8444.46	9959.17	12471.24

Share capital	4576.89	5629.58	7072.90
Share premium	0.00	0.00	929.93
Retained earnings	1111.40	960.17	858.23
Reserves	2756.17	3369.42	3610.19
TOTAL EQUITY AND LIABILITIES	80557.93	84857.79	91206.81
Interest Income		6165.656523	8365.624712
Interest Expenses		3550.902878	5306.498994
Net Interest Income		2614.753645	3059.125718
Fee and commission income		486.872472	539.954663
Fee and commission expense		46.157193	50.316318
Net Fee and commission income		440.715279	489.638345
Net Interest, Fee and commission income		3055.468924	3548.764063
Net trading income		217.964278	225.710974
Other operating income		34.201397	140.655543
Total operating income		3307.634599	3915.13058
Impairment charge/(reversal) for loans and other losses		-8.860527	465.940721
Net operating income		3316.495126	3449.189859
Personnel expenses		953.710601	1030.304774
Other operating expenses		450.792504	442.099431
Depreciation & Amortisation		104.80322	102.900471
Operating Profit		1807.188801	1873.885183
Non operating income		126.334473	19.5348
Non operating expense		0.262037	0.1916
Profit before income tax		1933.261237	1893.228383
Income Tax Expense			
Current Tax		588.354017	566.13765
Deferred Tax		8.662885	5.903086
Profit/Loss for the period		1336.244335	1321.187647

11. Nepal Credit and Commerce Bank Limited*	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	3932.412	3414.103	3461.984
Due from Nepal Rastra Bank	1443.321	10482.208	4826.763
Placement with Bank and Financial Institutions			
Derivative financial instruments			
Other trading assets			
Loan and advances to B/FIs		48257.316	55318.629
Loans and advances to customers	24891.148		
Investment securities	3466.176	5982.016	8812.265
Current tax assets			
Investment in subsidiaries			
Investment in associates			
Investment property	569.609		
Property and equipment	507.544	718.757	716.779
Goodwill and Intangible assets		2.332	2.16
Deferred tax assets			
Other assets	569.691	1873.187	3606.831
TOTAL ASSETS	35379.901	70729.919	76745.411
Due to Bank and Financial Institutions			
Due to Nepal Rastra Bank			
Derivative financial instruments			
Deposits from customers	30363.555	58875.501	63519.763
Borrowing	2.5	779.231	684.909
Current Tax Liabilities			
Provisions			
Deferred tax liabilities			
Other liabilities	1344.938	1928.106	2699.367
Debt securities issued			
Subordinated Liabilities			
Equity			

Share capital	2353.176	4679.058	4679.853
Share premium			
Retained earnings			
Reserves	1315.732	4468.024	5161.519
TOTAL EQUITY AND LIABILITIES	35379.901	70729.920	76745.411
Interest Income		5538.53	7010.289
Interest Expenses		2690.494	5119.96
Net Interest Income			1890.329
Fee and commission income		347.324	475.166
Fee and commission expense		23.638	21.651
Net Fee and commission income		323.638	453.515
Net Interest, Fee and commission income			144.142
Net trading income			2487.986
Other operating income		84.308	747.096
Total operating income		3256.031	3235.082
Impairment charge/(reversal) for loans and other losses		1545.667	747.096
Net operating income		4801.698	3235.082
Personnel expenses		944.494	967.099
Other operating expenses		394.467	516.821
Depreciation & Amortisation			
Operating Profit		3462.736	1751.162
Non operating income			
Non operating expense			
Profit before income tax		3462.736	1751.162
Income Tax Expense		841.49	510.553
Current Tax			
Deferred Tax			
Profit/Loss for the period		2621.246	1240.609

** From Unaudited Financials*

12 . NIC Asia Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	3,549	3,480	8,132
Due from Nepal Rastra Bank	4,396	10,291	15,861
Placement with Bank and Financial Institutions	1,216	1,493	314
Derivative financial instruments	2,302	3,029	1,266
Other trading assets	-	-	-
Loan and advances to B/FIs	1,089	1,630	4,658
Loans and advances to customers	57,876	70,616	115,805
Investment securities	11,608	10,020	14,133
Current tax assets	10	10	-
Investment in subsidiaries	100	100	270
Investment in associates	-	-	-
Investment property	284	48	74
Property and equipment	537	1,063	1,759
Goodwill and Intangible assets	18	35	50
Deferred tax assets	-	-	-
Other assets	588	1,293	8,621
TOTAL ASSETS	83,574	103,108	170,943.18
Due to Bank and Financial Institutions	7,215	7,773	11,630
Due to Nepal Rastra Bank	-	-	742
Derivative financial instruments	2,267	3,000	1,722
Deposits from customers	64,607	79,906	139,590
Borrowing	-	-	-
Current Tax Liabilities	-	-	25
Provisions	-	-	-
Deferred tax liabilities	147	56	3
Other liabilities	916	1,458	2,074
Debt securities issued	516	501	3,488
Subordinated Liabilities	-	-	-
Equity	7,907	10,415	11,670.46

Share capital	4,575	6,693	8,031
Share premium	-	-	-
Retained earnings	1,721	1,845	944
Reserves	1,611	1,878	2,696
TOTAL EQUITY AND LIABILITIES	83,574	103,108	170,943.18
Interest Income		7088.588243	13545.82028
Interest Expenses		4362.929035	9336.156241
Net Interest Income		2725.659208	4209.664036
Fee and commission income		707.0096569	966.1487685
Fee and commission expense		49.91923324	96.4981089
Net Fee and commission income		657.0904237	869.6506596
Net Interest, Fee and commission income		3382.749632	5079.314696
Net trading income		161.6091187	195.2065789
Other operating income		58.06457842	83.61501846
Total operating income		3602.423329	5358.136293
Impairment charge/(reversal) for loans and other losses		-69.68282738	304.8315722
Net operating income		3672.106156	5053.304721
Personnel expenses		1132.927048	1782.112947
Other operating expenses		580.5532617	1237.092835
Depreciation & Amortisation		129.1846638	115.804043
Operating Profit		1829.441182	1918.294896
Non operating income		155.4092099	2.50065
Non operating expense		31.69445089	110.1927188
Profit before income tax		1953.155942	1810.602827
Income Tax Expense			
Current Tax		625.45779	525.42588
Deferred Tax		-37.717441	-49.68498
Profit/Loss for the period		1365.415593	1334.86193

13. Machhapuchchhre Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	2,394.59	1,837.23	3,706.00
Due from Nepal Rastra Bank	6,868.71	8,978.96	6,890.13
Placement with Bank and Financial Institutions	1,873.27	3,393.27	2,259.78
Derivative financial instruments	25.20	29.38	30.81
Other trading assets	-	97.24	93.21
Loan and advances to B/FIs	1,159.41	1,306.90	1,380.57
Loans and advances to customers	31,291.85	36,178.23	40,878.52
Investment securities	2,724.01	4,578.10	4,766.33
Current tax assets	-	49.89	61.03
Investment in subsidiaries	-	-	200.00
Investment in associates	-	-	-
Investment property	27.51	23.20	87.83
Property and equipment	183.98	237.93	371.54
Goodwill and Intangible assets	2.91	2.59	23.84
Deferred tax assets	37.60	34.64	22.31
Other assets	212.77	260.65	605.25
TOTAL ASSETS	46,801.80	57,008.22	61,377.14
Due to Bank and Financial Institutions	0	515.75	0
Due to Nepal Rastra Bank	31.5983	1078.283557	333.989302
Derivative financial instruments	0	0	0
Deposits from customers	39923.5431	43860.30524	48052.9528
Borrowing	0	0	0
Current Tax Liabilities	5.821435	0	0
Provisions	0	0	0
Deferred tax liabilities	0	0	0
Other liabilities	632.770048	753.255153	1252.64555
Debt securities issued	0	0	0
Subordinated Liabilities	0	0	0
Equity	6208.0676	10800.62561	11737.5483

Share capital	3039.211	7219.05898	8088.29923
Share premium	0	0	0
Retained earnings	1246.826	1414.87383	941.463632
Reserves	1922.0306	2166.6928	2707.78548
TOTAL EQUITY AND LIABILITIES	46801.8005	57008.21956	61377.136
Interest Income		3671.247158	5427.43249
Interest Expenses		2129.54659	3456.81091
Net Interest Income		1541.700569	1970.62159
Fee and commission income		983.264646	935.865565
Fee and commission expense		34.89799447	36.9905482
Net Fee and commission income		948.3666515	898.875017
Net Interest, Fee and commission income		2490.06722	2869.4966
Net trading income		141.3760492	157.890693
Other operating income		22.65739201	40.2474796
Total operating income		2654.100661	3067.63478
Impairment charge/(reversal) for loans and other losses		27.032494	298.879893
Net operating income		2627.068167	2768.75488
Personnel expenses		620.0779843	755.659273
Other operating expenses		301.0941099	340.734209
Depreciation & Amortisation		51.087642	72.282482
Operating Profit		1654.808431	1600.07892
Non operating income		39.782055	16.761043
Non operating expense		10.02835218	6.70233
Profit before income tax		1684.562134	1610.13763
Income Tax Expense			
Current Tax		479.736612	494.776037
Deferred Tax		5.121430753	-28.673679
Profit/Loss for the period		1199.704091	1144.03528

14. Kumari Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	3,628	4734.754206	3780.64382
Due from Nepal Rastra Bank	3,104	4,910.80	5,582.76
Placement with Bank and Financial Institutions	1,720	1,484.11	714.10
Derivative financial instruments	26	23.19	-
Other trading assets	-	-	-
Loan and advances to B/FIs	704	1,139.16	1,778.93
Loans and advances to customers	29,149	43,557.02	60,596.58
Investment securities	3,813	4,728.82	8,802.90
Current tax assets	59	45.25	113.78
Investment in subsidiaries	-	-	200.00
Investment in associates	20	20.00	20.00
Investment property	181	160.18	134.17
Property and equipment	262	350.65	434.30
Goodwill and Intangible assets	3	7.42	110.45
Deferred tax assets	-	-	-
Other assets	69	254.82	454.92
TOTAL ASSETS	42,738	61,416.16	82,723.55
Due to Bank and Financial Institutions	4,971	3,333.55	10,104.19
Due to Nepal Rastra Bank	1,186	1,019.29	539.56
Derivative financial instruments	-	-	6.11
Deposits from customers	31,793	47,691.77	59,546.34
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	0	1.54	2.23
Deferred tax liabilities	143	96.11	20.76
Other liabilities	485	1,010.54	1,963.67
Debt securities issued	-	-	-
Subordinated Liabilities	-	-	-
Equity		8,263.37	10,540.70

Share capital	2,699	5,969.50	7,163.39
Share premium	-	-	54.80
Retained earnings	713	1,154.60	1,527.64
Reserves	747	1,139.27	1,794.86
TOTAL EQUITY AND LIABILITIES	42,738	61,416.16	82,723.55
Interest Income		3736.88	6804.01
Interest Expenses		2299.28	4771.33
Net Interest Income		1437.60	2032.68
Fee and commission income		278.88	396.82
Fee and commission expense		23.54	27.32
Net Fee and commission income		255.34	369.49
Net Interest, Fee and commission income		1692.94	2402.17
Net trading income		85.26	148.95
Other operating income		61.13	100.16
Total operating income		1839.33	2651.29
Impairment charge/(reversal) for loans and other losses		-56.01	31.95
Net operating income		1895.34	2619.34
Personnel expenses		518.63	801.84
Other operating expenses		248.15	380.92
Depreciation & Amortisation		45.95	79.21
Operating Profit		1082.61	1357.37
Non operating income		68.62	24.53
Non operating expense		0.00	0.00
Profit before income tax		1151.23	1381.90
Income Tax Expense		0.00	0.00
Current Tax		312.47	411.55
Deferred Tax		45.62	-71.55
Profit/Loss for the period		793.14	1041.89

15. Laxmi Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	4,060.73	4,747.59	6,324.17
Due from Nepal Rastra Bank	3,759.56	4,095.24	3,454.93
Placement with Bank and Financial Institutions	-	-	-
Derivative financial instruments	26.82	28.56	35.08
Other trading assets	-	20.32	23.52
Loan and advances to B/FIs	1,527.55	1,665.07	1,656.12
Loans and advances to customers	38,353.24	50,595.59	59,834.78
Investment securities	6,047.93	7,761.00	7,411.39
Current tax assets	-	51.60	53.88
Investment in subsidiaries	170.00	248.50	287.00
Investment in associates	-	-	-
Investment property	49.08	-	37.49
Property and equipment	1,023.77	1,156.15	1,241.94
Goodwill and Intangible assets	42.88	42.05	35.07
Deferred tax assets	-	-	-
Other assets	821.87	1,182.55	564.91
TOTAL ASSETS	55,883.45	71,594.23	80,960.28
Due to Bank and Financial Institutions	2,465.97	1,347.95	2,472.86
Due to Nepal Rastra Bank	-	-	677.80
Derivative financial instruments	-	-	-
Deposits from customers	45,815.03	58,585.45	65,561.48
Borrowing	-	-	-
Current Tax Liabilities	11.67	-	-
Provisions	-	-	-
Deferred tax liabilities	347.13	358.95	142.16
Other liabilities	311.04	382.43	546.57
Debt securities issued	401.31	401.32	401.40
Subordinated Liabilities	-	-	-
Equity	6,531.30	10,518.14	11,158.01

Share capital	3,644.98	7,472.41	8,221.67
Share premium	-	-	-
Retained earnings	1,277.10	1,020.26	760.75
Reserves	1,609.22	2,025.47	2,175.59
TOTAL EQUITY AND LIABILITIES	55,883.45	71,594.23	80,960.28
Interest Income		4757.976523	7063.780555
Interest Expenses		3028.18425	4731.488621
Net Interest Income		1729.792273	2332.291933
Fee and commission income		488.7805399	585.971561
Fee and commission expense		51.59706763	60.24146223
Net Fee and commission income		437.1834723	525.7300988
Net Interest, Fee and commission income		2166.975745	2858.022032
Net trading income		192.7755451	288.4375974
Other operating income		168.6695416	153.9766368
Total operating income		2528.420832	3300.436266
Impairment charge/(reversal) for loans and other losses		99.73311426	314.8817418
Net operating income		2428.687718	2985.554525
Personnel expenses		609.8904265	771.5850094
Other operating expenses		349.918142	419.5834879
Depreciation & Amortisation		84.40125498	111.3095292
Operating Profit		1384.477894	1683.076498
Non operating income		7.06945833	5.7157816
Non operating expense		6.89049726	43.80738302
Profit before income tax		1384.656855	1644.984897
Income Tax Expense			
Current Tax		412.0506306	483.139637
Deferred Tax		4.902356653	-19.24566603
Profit/Loss for the period		967.7038681	1181.090926

16. Siddhartha Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	3378.239325	3879.88	4453.213
Due from Nepal Rastra Bank	3847.268039	6672.331	6454.927
Placement with Bank and Financial Institutions	744.7303972	567.325	1611.13
Derivative financial instruments	24.1419603	28.63724	3.705756
Other trading assets	29.75792	40.99119	81.31774
Loan and advances to B/FIs	1476.505	2419.044	2841.166
Loans and advances to customers	54748.95892	64651.16	83236.09
Investment securities	10342.65806	11971.3	18592.94
Current tax assets	83.52783628	58.67199	68.22876
Investment in subsidiaries	51	51	51
Investment in associates	0	0	0
Investment property	154.6375353	154.6375	154.6375
Property and equipment	618.8250739	718.7264	1072.323
Goodwill and Intangible assets	3.09052629	12.66134	12.08908
Deferred tax assets	0	0	0
Other assets	621.6073283	359.7414	1236.45
TOTAL ASSETS	76124.94792	91586.1	119869
Due to Bank and Financial Institutions	850	0	279.8625
Due to Nepal Rastra Bank	60	505.714	692.4269
Derivative financial instruments	0	0	73.7548
Deposits from customers	64934.35855	77317.56	101748.2
Borrowing	0	0	0
Current Tax Liabilities	0	0	0
Provisions	0	0	0
Deferred tax liabilities	422.6218684	393.8047	261.9132
Other liabilities	1156.169566	1046.32	1906.67
Debt securities issued	1203.52	1203.52	1203.52
Subordinated Liabilities	0	0	0
Equity	7498.277934	11119.18	13702.83

Share capital	3022.880563	6628.879	8464.385
Share premium	0	120.2302	122.0915
Retained earnings	1924.589247	1317.892	1184.426
Reserves	2550.808123	3052.184	3931.925
TOTAL EQUITY AND LIABILITIES	76124.94792	91586.1	119869
Interest Income		6625.303	10057
Interest Expenses		3998.165	6620.744
Net Interest Income		2627.137	3436.259
Fee and commission income		521.611	779.704
Fee and commission expense		119.9397	127.9033
Net Fee and commission income		401.6713	651.8008
Net Interest, Fee and commission income		3028.809	4088.059
Net trading income		145.1712	258.6807
Other operating income		242.2218	308.4972
Total operating income		3416.202	4655.237
Impairment charge/(reversal) for loans and other losses		120.0928	230.3935
Net operating income		3296.109	4424.844
Personnel expenses		763.0351	1085.844
Other operating expenses		385.6793	490.9206
Depreciation & Amortisation		92.95591	118.4541
Operating Profit		2054.438	2729.625
Non operating income		0	0.4
Non operating expense		73.46871	0
Profit before income tax		1980.97	2730.025
Income Tax Expense			
Current Tax		592.7697	819.7009
Deferred Tax		-14.0943	6.262478
Profit/Loss for the period		1402.294	1904.062

17. Agricultural Development Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	13689.27	12252.21	11227.27379
Due from Nepal Rastra Bank	4711.22	9929.60	8270.666878
Placement with Bank and Financial Institutions		0.00	0
Derivative financial instruments		0.00	0
Other trading assets		0.00	0
Loan and advances to B/FIs		0.00	495
Loans and advances to customers	84080.37	93184.41	100030.1123
Investment securities	7340.59	9568.49	12246.64544
Current tax assets	9.52	67.14	0
Investment in subsidiaries	28.84	28.84	28.84
Investment in associates	69.38	69.38	69.384
Investment property	192.83	312.10	240.313081
Property and equipment	1171.27	1108.14	1213.597403
Goodwill and Intangible assets	4.88	3.66	50.01172645
Deferred tax assets		0.00	0
Other assets	2613.49	1766.21	1547.770105
TOTAL ASSETS	113911.66	128290.19	135419.6147
Due to Bank and Financial Institutions	450.28	300.93	551.89
Due to Nepal Rastra Bank	46.30	203.47	195.16
Derivative financial instruments		0.00	0.00
Deposits from customers	86936.88	99515.34	104216.46
Borrowing	514.40	464.46	360.45
Current Tax Liabilities		0.00	156.23
Provisions		0.00	0.00
Deferred tax liabilities	248.29	26.53	139.36
Other liabilities	3880.72	3265.12	2881.77
Debt securities issued	1380.00	920.00	460.00
Subordinated Liabilities		0.00	0.00
Equity	20454.77	12520.39	13937.93

Share capital	10374.40	540.83	0.00
Share premium		3412.35	2598.64
Retained earnings	3158.35	7120.76	9921.74
Reserves	6922.02	0.00	0.00
TOTAL EQUITY AND LIABILITIES	113911.66	128290.19	135419.61
Interest Income		11210.15	13603.75
Interest Expenses		4224.87	6966.29
Net Interest Income		6985.28	6637.47
Fee and commission income		939.21	949.77
Fee and commission expense		3.90	6.06
Net Fee and commission income		935.31	943.71
Net Interest, Fee and commission income		7920.59	7581.18
Net trading income		137.77	188.13
Other operating income		507.41	45.98
Total operating income		8565.77	7815.28
Impairment charge/(reversal) for loans and other losses		636.67	-822.35
Net operating income		7929.10	8637.64
Personnel expenses		3210.42	3060.56
Other operating expenses		686.72	712.32
Depreciation & Amortisation		153.78	131.93
Operating Profit		3878.18	4732.83
Non operating income		269.94	235.83
Non operating expense		3.40	4.32
Profit before income tax		4144.72	4964.33
Income Tax Expense		1171.44	1522.01
Current Tax		1188.03	1500.23
Deferred Tax		-16.59	21.78
Profit/Loss for the period		2973.28	3442.32

18. Global IME Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	7,951.72	9,364.02	8,027.50
Due from Nepal Rastra Bank	5,436.42	14,809.25	4,768.99
Placement with Bank and Financial Institutions	1,626.07	572.62	-
Derivative financial instruments	64.91	99.49	-
Other trading assets	-	-	-
Loan and advances to B/FIs	2,175.50	2,331.29	3,474.26
Loans and advances to customers	57,363.19	77,135.88	88,878.10
Investment securities	11,752.07	10,154.59	16,320.65
Current tax assets	645.65	951.11	1,010.33
Investment in subsidiaries	60.00	219.78	219.78
Investment in associates	44.00	263.84	298.06
Investment property	146.71	144.69	91.92
Property and equipment	934.94	1,030.66	1,324.47
Goodwill and Intangible assets	31.26	28.73	31.95
Deferred tax assets	-	0.91	177.85
Other assets	450.13	787.08	1,223.60
TOTAL ASSETS	88,682.56	117,893.94	125,847.43
Due to Bank and Financial Institutions	3,683.92	1,738.95	1,659.93
Due to Nepal Rastra Bank	-	39.38	1,034.65
Derivative financial instruments	-	-	45.26
Deposits from customers	73,399.00	100,171.54	104,850.51
Borrowing	-	-	-
Current Tax Liabilities	597.88	889.37	948.52
Provisions	-	-	-
Deferred tax liabilities	3.12	-	-
Other liabilities	1,653.43	2,278.28	3,329.90
Debt securities issued	400.00	400.00	400.00
Subordinated Liabilities	-	-	-
Equity	8,945.23	12,376.43	13,578.68

Share capital	6,164.27	8,080.34	8,888.38
Share premium	-	-	-
Retained earnings	1,129.70	1,957.82	1,460.83
Reserves	1,651.26	2,338.27	3,229.47
TOTAL EQUITY AND LIABILITIES	88,682.56	117,893.94	125,847.43
Interest Income		7463.643573	11481.73205
Interest Expenses		3799.262121	7604.848094
Net Interest Income		3664.381452	3876.883954
Fee and commission income		866.5101726	933.4572516
Fee and commission expense		164.6169553	174.7782333
Net Fee and commission income		701.8932173	758.6790183
Net Interest, Fee and commission income		4366.274669	4635.562973
Net trading income		230.633246	261.9610954
Other operating income		151.697777	198.1639367
Total operating income		4748.605692	5095.688005
Impairment charge/(reversal) for loans and other losses		-18.501862	-289.8353477
Net operating income		4767.107554	5385.523353
Personnel expenses		1073.472925	1314.224299
Other operating expenses		602.1157018	766.4816957
Depreciation & Amortisation		139.86568	243.7449815
Operating Profit		2951.653247	3061.072377
Non operating income		17.073242	1.88845403
Non operating expense		0	150.9843951
Profit before income tax		2968.726489	2911.976436
Income Tax Expense			
Current Tax		889.367811	948.515777
Deferred Tax		18.11919244	-137.9024908
Profit/Loss for the period		2061.23949	2101.363149

19. NMB Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	6,758	5,500	5,184
Due from Nepal Rastra Bank	6,391	9,242	6,841
Placement with Bank and Financial Institutions	1,632	682	276
Derivative financial instruments	3,667	5,426	7,507
Other trading assets	0	298	322
Loan and advances to B/FIs	1,426	1,869	2,498
Loans and advances to customers	52,007	59,887	72,712
Investment securities	4,438	7,481	9,448
Current tax assets	467	720	764
Investment in subsidiaries	120	149	249
Investment in associates	-	-	-
Investment property	70	77	60
Property and equipment	1,330	1,437	1,560
Goodwill and Intangible assets	16	16	22
Deferred tax assets	-	-	67
Other assets	545	291	4,884
TOTAL ASSETS	78,865	93,074	112,391
Due to Bank and Financial Institutions	1,329	906.395995	1036.26895
Due to Nepal Rastra Bank	1,377	1110.5588	660.071641
Derivative financial instruments	3,643	5393.03127	7477.48389
Deposits from customers	63,453	72317.6666	83970.8672
Borrowing	111	55.347308	0
Current Tax Liabilities	314	588.774303	824.30292
Provisions	18	9.804595	9.078444
Deferred tax liabilities	60	69.197225	0
Other liabilities	893	1203.83769	1405.9998
Debt securities issued	518	517.547945	517.547945
Subordinated Liabilities	-	0	0
Equity	7,150	10902.2608	16489.8093

Share capital	4,487	6461.77433	7603.29063
Share premium	10	1424.85795	4061.36659
Retained earnings	1,378	1364.94885	2339.1816
Reserves	1,275	1650.67965	2485.97048
TOTAL EQUITY AND LIABILITIES	78,865	93074.4225	112391.43
Interest Income		6109.32683	8728.69983
Interest Expenses		3505.34728	5824.68575
Net Interest Income		2603.97955	2904.01408
Fee and commission income		635.069204	794.250068
Fee and commission expense		51.082047	62.708027
Net Fee and commission income		583.987157	731.542041
Net Interest, Fee and commission income		3187.9667	3635.55612
Net trading income		154.789626	299.605983
Other operating income		121.978264	164.962228
Total operating income		3464.73459	4100.12433
Impairment charge/(reversal) for loans and other losses		13.569888	-219.650789
Net operating income		3451.16471	4319.77512
Personnel expenses		826.87397	1021.57044
Other operating expenses		492.213506	589.394199
Depreciation & Amortisation		115.783837	147.695238
Operating Profit		2016.29339	2561.11525
Non operating income		136.349614	43.140193
Non operating expense		48.225932	37.935379
Profit before income tax		2104.41707	2566.32006
Income Tax Expense			
Current Tax		589.304078	829.621042
Deferred Tax		26.4959055	-117.093734
Profit/Loss for the period		1488.6171	1853.7928

20. Citizens Bank International Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	2991.127709	3887.468818	5046.237676
Due from Nepal Rastra Bank	3149.515238	2190.896703	3690.192293
Placement with Bank and Financial Institutions	976.5491738	1568.014418	1989.878358
Derivative financial instruments	20.430544	21.97595488	36.38594392
Other trading assets	6.079627	51.442831	76.236446
Loan and advances to B/FIs	1612.793878	1467.126976	1420.646197
Loans and advances to customers	39355.62563	46021.50144	55601.76658
Investment securities	6432.654595	6785.605921	5616.858302
Current tax assets	3.16037383	300.791522	114.6537906
Investment in subsidiaries	67	67	117.2
Investment in associates	17.6	31.7515	17.9515
Investment property	0	390.066062	287.5470604
Property and equipment	1047.486092	1758.54643	2121.592854
Goodwill and Intangible assets	60.3612807	8.066489447	70.53403054
Deferred tax assets	0	0	0
Other assets	429.2183098	1331.359117	1502.271961
TOTAL ASSETS	56169.60246	65881.61418	77709.95299
Due to Bank and Financial Institutions	5051.527868	2501.906804	3335.288532
Due to Nepal Rastra Bank	2.75	33.578077	695.0413701
Derivative financial instruments	0	0	0
Deposits from customers	43458.26911	51716.67465	60696.02697
Borrowing	0	0	0
Current Tax Liabilities	0	0	0
Provisions	0	0	5.30662563
Deferred tax liabilities	75.33514328	85.19215882	17.67749863
Other liabilities	713.1676331	1202.929525	1447.977647
Debt securities issued	498.0439104	498.148814	498.7229106
Subordinated Liabilities	0	0	0
Equity		9843.184149	11013.91144

Share capital	3650.639617	6921.689662	8033.2364
Share premium	2.971617	532.794833	0.433526
Retained earnings	1845.809505	763.3699425	132.22878
Reserves	871.0880531	1625.329711	2848.012733
TOTAL EQUITY AND LIABILITIES	56169.60246	65881.61418	77709.95299
Interest Income		4960.197979	7109.387573
Interest Expenses		3169.957746	4887.319894
Net Interest Income		1790.240233	2222.067679
Fee and commission income		429.2111148	559.8842784
Fee and commission expense		33.39685542	50.83610751
Net Fee and commission income		395.8142594	509.0481709
Net Interest, Fee and commission income		2186.054492	2731.11585
Net trading income		136.794468	181.0744866
Other operating income		93.88984008	120.6964937
Total operating income		2416.738801	3032.88683
Impairment charge/(reversal) for loans and other losses		96.96521678	89.316642
Net operating income		2513.704017	2943.570188
Personnel expenses		579.5641414	784.057981
Other operating expenses		309.3646273	347.3584165
Depreciation & Amortisation		92.69228148	126.5267338
Operating Profit		1532.082967	1685.627057
Non operating income		735.4768343	37.95504701
Non operating expense		105.9364577	16.71701133
Profit before income tax		2161.623344	1706.865093
Income Tax Expense			
Current Tax		265.337676	536.347961
Deferred Tax		261.3678938	63.58676539
Profit/Loss for the period		1634.917774	1234.103897

21. Prime Commercial Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	3,410	4,464.07	4,503
Due from Nepal Rastra Bank	5,156.34	8,300.38	8,816
Placement with Bank and Financial Institutions	776.26	1,042.44	1,960
Derivative financial instruments	-	-	-
Other trading assets	-	-	-
Loan and advances to B/FIs	1,420.65	1,944.32	2,829
Loans and advances to customers	38,962.74	56,076.91	67,138
Investment securities	3,947.04	4,982.31	8,428
Current tax assets	-	20.39	154
Investment in subsidiaries	-	-	-
Investment in associates	28.00	28.00	28
Investment property	48.71	50.88	16
Property and equipment	371.15	580.25	607
Goodwill and Intangible assets	3.61	5.26	5
Deferred tax assets	10.05	-	33
Other assets	274.85	291.63	528
TOTAL ASSETS	54,408.91	77,786.85	95,043.98
Due to Bank and Financial Institutions	4,596.66	6,175.79	8,668.49
Due to Nepal Rastra Bank	9.00	1,494.86	1,269.89
Derivative financial instruments	-	-	-
Deposits from customers	43,745.46	59,680.09	72,635.99
Borrowing	-	-	-
Current Tax Liabilities	24.33	-	-
Provisions	-	-	-
Deferred tax liabilities	-	10.94	-
Other liabilities	521.92	858.73	1,261.90
Debt securities issued	-	-	-
Subordinated Liabilities	-	-	-
Equity	5,511.54	9,566.44	11,207.71

Share capital	3,705.26	6,325.43	8,033.30
Share premium	-	-	-
Retained earnings	992.01	1,910.54	1,335.89
Reserves	814.27	1,330.46	1,838.52
TOTAL EQUITY AND LIABILITIES	54,408.91	77,786.85	95,043.98
Interest Income		5235.440466	8559.690846
Interest Expenses		3304.386188	5893.775409
Net Interest Income		1931.054278	2665.915437
Fee and commission income		725.6577855	666.1438478
Fee and commission expense		34.17827385	46.52977369
Net Fee and commission income		691.4795117	619.6140741
Net Interest, Fee and commission income		2622.533789	3285.529512
Net trading income		126.5213867	177.8773422
Other operating income		180.1760327	161.729893
Total operating income		2929.231209	3625.136747
Impairment charge/(reversal) for loans and other losses		58.54540716	223.9856119
Net operating income		2870.685801	3401.151135
Personnel expenses		496.6826457	631.6483861
Other operating expenses		213.6795431	273.5373679
Depreciation & Amortisation		45.01394636	70.12827289
Operating Profit		2115.309666	2425.837108
Non operating income		0	21.587289
Non operating expense		0	0
Profit before income tax		2115.309666	2447.424397
Income Tax Expense			
Current Tax		630.169098	728.8601516
Deferred Tax		5.908970456	-7.681863502
Profit/Loss for the period		1479.231598	1726.246109

22. Sunrise Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	2,772.39	2,060.96	2,442.01
Due from Nepal Rastra Bank	3,809.87	7,496.22	5,033.06
Placement with Bank and Financial Institutions	2,618.17	3,358.05	3,869.63
Derivative financial instruments	24.63	0.80	-
Other trading assets	-	-	-
Loan and advances to B/FIs	955.55	1,113.36	999.59
Loans and advances to customers	42,360.64	50,158.06	59,213.55
Investment securities	5,845.17	6,168.65	9,720.46
Current tax assets	27.77	164.59	43.09
Investment in subsidiaries	-	78.57	157.14
Investment in associates	-	-	-
Investment property	103.91	161.45	119.25
Property and equipment	435.53	534.39	730.25
Goodwill and Intangible assets	5.89	58.53	76.42
Deferred tax assets	-	-	53.15
Other assets	107.97	505.24	325.33
TOTAL ASSETS	59,067.48	71,858.87	82,782.91
Due to Bank and Financial Institutions	1,819.77	3,880.81	2,126.89
Due to Nepal Rastra Bank	-	-	526.57
Derivative financial instruments	-	-	23.32
Deposits from customers	49,981.30	57,286.16	67,366.13
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	8.48	25.74	-
Other liabilities	692.28	930.77	1,185.66
Debt securities issued	-	-	-
Subordinated Liabilities	-	-	-
Equity	6,565.66	9,735.39	11,554.34

Share capital	3,976.05	7,018.10	8,152.56
Share premium	-	-	127.16
Retained earnings	1,530.69	1,349.47	941.86
Reserves	1,058.92	1,367.82	2,332.77
TOTAL EQUITY AND LIABILITIES	59,067.48	71,858.87	82,782.91
Interest Income		5427.830619	7647.361187
Interest Expenses		3113.432728	4776.433114
Net Interest Income		2314.397891	2870.928074
Fee and commission income		517.251423	619.9139347
Fee and commission expense		161.1262074	159.3393975
Net Fee and commission income		356.1252156	460.5745372
Net Interest, Fee and commission income		2670.523107	3331.502611
Net trading income		0	0
Other operating income		148.4440594	227.6879396
Total operating income		2818.967166	3559.190551
Impairment charge/(reversal) for loans and other losses		74.914523	48.59274323
Net operating income		2744.052643	3510.597807
Personnel expenses		688.8991871	908.4915967
Other operating expenses		312.593742	442.2416604
Depreciation & Amortisation		47.529783	112.4149926
Operating Profit		1695.029931	2047.449558
Non operating income		13.91774557	68.20234835
Non operating expense		85.92227564	164.3820291
Profit before income tax		1623.025401	1951.269877
Income Tax Expense			
Current Tax		447.435702	615.003079
Deferred Tax		62.73776934	-140.705055
Profit/Loss for the period		1112.851929	1476.971853

23. Civil Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	1,881.00	1,828.07	2,334.38
Due from Nepal Rastra Bank	2,709.30	3,004.17	2,337.62
Placement with Bank and Financial Institutions	603.79	727.64	663.70
Derivative financial instruments	0.55	0.42	0.48
Other trading assets	-	-	-
Loan and advances to B/FIs	937.65	1,103.24	1,868.15
Loans and advances to customers	24,969.81	29,038.32	38,254.79
Investment securities	3,814.21	5,444.92	5,526.47
Current tax assets	148.46	212.11	21.51
Investment in subsidiaries	69.62	120.62	120.62
Investment in associates	-	-	-
Investment property	1.72	199.74	177.16
Property and equipment	240.49	244.63	255.89
Goodwill and Intangible assets	22.31	34.53	40.58
Deferred tax assets	-	-	-
Other assets	127.21	341.01	323.87
TOTAL ASSETS	35526.103	42299.417	51,925.23
Due to Bank and Financial Institutions	2,464.37	3,449.04	6549.7759
Due to Nepal Rastra Bank	-	3.50	548.72399
Derivative financial instruments	-	-	0
Deposits from customers	29,099.66	31,186.20	34222.597
Borrowing	-	-	0
Current Tax Liabilities	-	-	0
Provisions	0.36	0.62	1.05925
Deferred tax liabilities	65.37	164.53	149.02347
Other liabilities	259.25	368.31	604.13437
Debt securities issued			
Subordinated Liabilities			
Equity	3637.0937	7127.2108	9849.9152

Share capital	3,082.78	5,185.22	7,259.31
Share premium	1.08	-	36.39
Retained earnings	282.04	1,214.19	1,069.62
Reserves	271.19	727.80	1,484.60
TOTAL EQUITY AND LIABILITIES	35,526.10	42299.417	51925.229
Interest Income		3410.225	4441.8582
Interest Expenses		2084.8655	3033.4609
Net Interest Income		1325.3595	1408.3973
Fee and commission income		179.95737	242.33803
Fee and commission expense		12.533976	23.098536
Net Fee and commission income		167.42339	219.23949
Net Interest, Fee and commission income		1492.7829	1627.6368
Net trading income		86.685613	156.579
Other operating income		47.781901	43.153607
Total operating income		1627.2504	1827.3694
Impairment charge/(reversal) for loans and other losses		5.973124	-125.83146
Net operating income		1621.2773	1953.2009
Personnel expenses		363.19159	558.41323
Other operating expenses		255.71431	351.55322
Depreciation & Amortisation		54.295454	59.610502
Operating Profit		948.07591	983.62392
Non operating income		925.12618	42.090038
Non operating expense		120.94475	130.46461
Profit before income tax		1752.2573	895.24934
Income Tax Expense			
Current Tax		96.991585	273.30909
Deferred Tax		116.30427	-7.959209
Profit/Loss for the period		1538.9615	629.89946

24. Prabhu Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	2,772.39	2,060.96	2,442.01
Due from Nepal Rastra Bank	3,809.87	7,496.22	5,033.06
Placement with Bank and Financial Institutions	2,618.17	3,358.05	3,869.63
Derivative financial instruments	24.63	0.80	-
Other trading assets	-	-	-
Loan and advances to B/FIs	955.55	1,113.36	999.59
Loans and advances to customers	42,360.64	50,158.06	59,213.55
Investment securities	5,845.17	6,168.65	9,720.46
Current tax assets	27.77	164.59	43.09
Investment in subsidiaries	-	78.57	157.14
Investment in associates	-	-	-
Investment property	103.91	161.45	119.25
Property and equipment	435.53	534.39	730.25
Goodwill and Intangible assets	5.89	58.53	76.42
Deferred tax assets	-	-	53.15
Other assets	107.97	505.24	325.33
TOTAL ASSETS	59,067.48	71,858.87	82,782.91
Due to Bank and Financial Institutions	1,819.77	3,880.81	2,126.89
Due to Nepal Rastra Bank	-	-	526.57
Derivative financial instruments	-	-	23.32
Deposits from customers	49,981.30	57,286.16	67,366.13
Borrowing	-	-	-
Current Tax Liabilities	-	-	-
Provisions	-	-	-
Deferred tax liabilities	8.48	25.74	-
Other liabilities	692.28	930.77	1,185.66
Debt securities issued	-	-	-
Subordinated Liabilities	-	-	-
Equity	6,565.66	9,735.39	11,554.34

Share capital	3,976.05	7,018.10	8,152.56
Share premium	-	-	127.16
Retained earnings	1,530.69	1,349.47	941.86
Reserves	1,058.92	1,367.82	2,332.77
TOTAL EQUITY AND LIABILITIES	59,067.48	71,858.87	82,782.91
Interest Income		5427.830619	7647.361187
Interest Expenses		3113.432728	4776.433114
Net Interest Income		2314.397891	2870.928074
Fee and commission income		517.251423	619.9139347
Fee and commission expense		161.1262074	159.3393975
Net Fee and commission income		356.1252156	460.5745372
Net Interest, Fee and commission income		2670.523107	3331.502611
Net trading income		0	0
Other operating income		148.4440594	227.6879396
Total operating income		2818.967166	3559.190551
Impairment charge/(reversal) for loans and other losses		74.914523	48.59274323
Net operating income		2744.052643	3510.597807
Personnel expenses		688.8991871	908.4915967
Other operating expenses		312.593742	442.2416604
Depreciation & Amortisation		47.529783	112.4149926
Operating Profit		1695.029931	2047.449558
Non operating income		13.91774557	68.20234835
Non operating expense		85.92227564	164.3820291
Profit before income tax		1623.025401	1951.269877
Income Tax Expense			
Current Tax		447.435702	615.003079
Deferred Tax		62.73776934	-140.705055
Profit/Loss for the period		1112.851929	1476.971853

**From Unaudited Financials*

25. Janata Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	1,901.57	3,967.49	2902.101682
Due from Nepal Rastra Bank	1,398.63	4,342.46	4681.390819
Placement with Bank and Financial Institutions	712.37	827.20	2380.789646
Derivative financial instruments	4.56	10.62	0
Other trading assets	10.98	6.69	7.61718
Loan and advances to B/FIs	799.28	1,161.97	1276.183318
Loans and advances to customers	19,223.53	44,274.99	52791.71562
Investment securities	2,298.36	2,499.58	5272.294713
Current tax assets	87.72	-	0
Investment in subsidiaries	-	-	200
Investment in associates	-	30.01	43.6082
Investment property	-	87.39	86.88597379
Property and equipment	214.05	793.92	869.2854601
Goodwill and Intangible assets	23.91	41.38	68.58896757
Deferred tax assets	-	-	34.8372538
Other assets	251.55	416.47	619.6837618
TOTAL ASSETS	26,926.51	58,460.15	71234.9826
Due to Bank and Financial Institutions	2,446.15	3,655.93	1,946.56
Due to Nepal Rastra Bank	-	-	207.10
Derivative financial instruments	-	-	10.98
Deposits from customers	21,644.01	45,001.72	58,329.72
Borrowing	-	-	-
Current Tax Liabilities	-	7.07	23.90
Provisions	-	-	-
Deferred tax liabilities	0.70	68.23	-
Other liabilities	303.43	695.71	681.13
Debt securities issued	-	-	-
Subordinated Liabilities	-	-	-
Equity	2,532.22	9,031.50	10,035.58

Share capital	2,060.00	6,993.69	8,000.79
Share premium	-	185.02	-
Retained earnings	311.72	1,089.64	686.06
Reserves	160.50	763.15	1,348.73
TOTAL EQUITY AND LIABILITIES	26,926.51	58,460.15	71,234.98
Interest Income		3144.362623	6611.076378
Interest Expenses		1699.23381	4208.605356
Net Interest Income		1445.128813	2402.471023
Fee and commission income		216.7207399	404.3422776
Fee and commission expense		39.81081061	32.44413714
Net Fee and commission income		176.9099293	371.8981405
Net Interest, Fee and commission income		1622.038742	2774.369163
Net trading income		70.992386	110.5032491
Other operating income		-1.67573939	69.9667628
Total operating income		1691.355389	2954.839175
Impairment charge/(reversal) for loans and other losses		-282.4265063	142.7191206
Net operating income		1973.781895	2812.120054
Personnel expenses		467.5312225	880.0346549
Other operating expenses		245.1283362	440.1182367
Depreciation & Amortisation		68.15186731	142.5614899
Operating Profit		1192.970469	1349.405673
Non operating income		559.6876113	0
Non operating expense		1.9104392	44.9782827
Profit before income tax		1750.747641	1304.42739
Income Tax Expense			
Current Tax		284.989351	405.275579
Deferred Tax		103.0252374	-103.6277402
Profit/Loss for the period		1362.733053	1002.779551

26. Mega Bank Nepal Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	5,006.94	3694.124649	6604.219381
Due from Nepal Rastra Bank	1,792.59	1978.984471	5349.395118
Placement with Bank and Financial Institutions	573.21	342.5564338	883.607497
Derivative financial instruments	1,372.30	1976.307111	3284.579055
Other trading assets	-	0	0
Loan and advances to B/FIs	474.03	761.9004359	1591.787019
Loans and advances to customers	27,211.45	34294.58272	55528.64246
Investment securities	4,185.75	3856.715747	7068.825546
Current tax assets	-	0.01889374	22.0635168
Investment in subsidiaries	-	0	200
Investment in associates	-	0	0
Investment property	58.70	58.70014628	243.9380514
Property and equipment	254.42	293.2845532	673.1350581
Goodwill and Intangible assets	8.93	8.84416966	25.95183226
Deferred tax assets	-	0	0
Other assets	472.29	477.2323942	588.8029112
TOTAL ASSETS	41,410.62	47743.25173	82064.94744
Due to Bank and Financial Institutions	3,641.67	0	986.6503122
Due to Nepal Rastra Bank	800.15	0	603.5700742
Derivative financial instruments	1,349.20	1954.123586	3258.183519
Deposits from customers	30,875.60	39389.30355	63498.99938
Borrowing	-	0	0
Current Tax Liabilities	1.63	0	0
Provisions	11.64	11.6434	11.49
Deferred tax liabilities	37.89	11.63607704	73.53223227
Other liabilities	366.12	426.6477244	998.2949683
Debt securities issued	-	0	0
Subordinated Liabilities	-	0	0
Equity	4,326.71	5949.897384	12634.22695

Share capital	3,240.58	4582.31302	10285.52658
Share premium	0.54	0	2.5638808
Retained earnings	506.25	646.3435574	708.6252108
Reserves	579.34	721.2408067	1637.511285
TOTAL EQUITY AND LIABILITIES	41,410.62	47743.25173	82064.94744
Interest Income		4114.98035	6022.144803
Interest Expenses		2399.398363	3648.583238
Net Interest Income		1715.581987	2373.561565
Fee and commission income		217.0275019	320.2685948
Fee and commission expense		16.0655893	24.55017828
Net Fee and commission income		200.9619126	295.7184165
Net Interest, Fee and commission income		1916.5439	2669.279981
Net trading income		138.5401251	152.0957646
Other operating income		36.24939861	52.00026859
Total operating income		2091.333423	2873.376014
Impairment charge/(reversal) for loans and other losses		119.8218395	12.41292321
Net operating income		1971.511584	2860.963091
Personnel expenses		487.0226958	698.9403345
Other operating expenses		293.8862772	370.6702561
Depreciation & Amortisation		60.39345516	79.24327701
Operating Profit		1130.209156	1712.109223
Non operating income		0	145.1370279
Non operating expense		0	14.25102364
Profit before income tax		1130.209156	1842.995228
Income Tax Expense			
Current Tax		347.0520615	454.048895
Deferred Tax		-11.3751094	71.59456527
Profit/Loss for the period		794.5322038	1317.351773

27.Century Commercial Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	1821.21627	3831.70206	4437.241047
Due from Nepal Rastra Bank	3994.06157	4142.820675	6897.638357
Placement with Bank and Financial Institutions	551.79300	422.2151759	1192.32
Derivative financial instruments	5.66138	11.16905576	7.246608
Other trading assets	0.00000	0	0
Loan and advances to B/FIs	983.91214	1421.696524	1634.589911
Loans and advances to customers	23882.68886	37597.74741	52844.02208
Investment securities	632.51428	1556.752435	3961.46633
Current tax assets	0.00000	51.77317071	58.9028121
Investment in subsidiaries	0.00000	76.5	171.5
Investment in associates	0.00000	0	0
Investment property	38.68856	0	22.787146
Property and equipment	254.50603	350.696316	483.279971
Goodwill and Intangible assets	2.92926	4.85559304	10.04462804
Deferred tax assets	19.77478	27.40028089	37.92758913
Other assets	556.10928	642.1464764	978.9292312
TOTAL ASSETS	32743.8554	50137.47517	72737.89571
Due to Bank and Financial Institutions	5169.45204	4259.85889	7989.933703
Due to Nepal Rastra Bank	0	12.8571	586.57342
Derivative financial instruments	0	0	0
Deposits from customers	23798.3945	38333.79486	53331.61645
Borrowing	0	0	0
Current Tax Liabilities	13.0818459	0	0
Provisions	0	0	0
Deferred tax liabilities	0	0	0
Other liabilities	372.859146	842.528474	1359.708724
Debt securities issued	0	0	0
Subordinated Liabilities	0	0	0
Equity	0	0	0

Share capital	2840.8	5460.629488	8063.434929
Share premium	0	0	7.439513
Retained earnings	378.54581	806.2600635	480.7828021
Reserves	170.722063	421.5462981	918.4061624
TOTAL EQUITY AND LIABILITIES	32743.8554	50137.47517	72737.89571
Interest Income		3205.956345	6174.037068
Interest Expenses		-1980.287524	-4254.75239
Net Interest Income		1225.668821	1919.284678
Fee and commission income		202.8666315	346.538535
Fee and commission expense		-13.82750235	-13.622292
Net Fee and commission income		189.0391292	332.916243
Net Interest, Fee and commission income		1414.70795	2252.200921
Net trading income		90.829479	176.317823
Other operating income		68.97444706	24.27610101
Total operating income		1574.511876	2452.794845
Impairment charge/(reversal) for loans and other losses		-47.60731055	-38.227777
Net operating income		1526.904565	2414.567068
Personnel expenses		0	0
Other operating expenses		-405.0792729	-651.8843777
Depreciation & Amortisation		-243.2067235	-400.768631
Operating Profit		-66.170069	-87.96933
Non operating income		812.4484997	1273.94473
Non operating expense		0	50.67983477
Profit before income tax		812.4484997	1324.624564
Income Tax Expense			
Current Tax		-244.283014	-402.0739969
Deferred Tax		-11.45865762	-10.2671956
Profit/Loss for the period		556.7068281	912.2833719

28. Sanima Bank Limited	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	837.80	2,948.78	4,530.15
Due from Nepal Rastra Bank	2,574.79	5,265.30	5,608.17
Placement with Bank and Financial Institutions	2,994.66	982.24	649.16
Derivative financial instruments	11.00	17.73	-
Other trading assets	95.40	406.24	478.05
Loan and advances to B/FIs	928.38	603.94	1,645.22
Loans and advances to customers	39,738.41	51,038.47	67,598.13
Investment securities	7,676.01	6,429.15	9,413.44
Current tax assets	11.77	17.14	-
Investment in subsidiaries	110.00	110.00	250.00
Investment in associates	-	-	-
Investment property	-	-	-
Property and equipment	646.55	713.08	881.85
Goodwill and Intangible assets	2.76	3.32	56.55
Deferred tax assets	-	-	50.15
Other assets	501.03	946.30	661.07
TOTAL ASSETS	56,128.56	69,481.70	91,821.95
Due to Bank and Financial Institutions	4,981.67	2,103.52	1,346.96
Due to Nepal Rastra Bank	3,060.48	611.01	358.95
Derivative financial instruments	-	-	18.85
Deposits from customers	41,664.49	56,161.06	77,849.38
Borrowing	-	-	-
Current Tax Liabilities	-	-	66.29
Provisions	22.70	43.36	11.82
Deferred tax liabilities	15.95	30.92	-
Other liabilities	481.14	1,013.93	1,011.81
Debt securities issued	370.00	370.00	370.00
Subordinated Liabilities	-	-	-
Equity	5,532.12	9,147.91	10,787.89

Share capital	4,022.03	6,897.63	8,001.26
Share premium	-	-	-
Retained earnings	788.34	1,280.24	1,136.68
Reserves	721.75	970.04	1,649.95
TOTAL EQUITY AND LIABILITIES	56,128.56	69,481.70	91,821.95
Interest Income		5126.69338	8107.97885
Interest Expenses		2818.18051	5092.45465
Net Interest Income		2308.51287	3015.5242
Fee and commission income		455.743812	706.389342
Fee and commission expense		32.0447686	50.1523479
Net Fee and commission income		423.699044	656.236994
Net Interest, Fee and commission income		2732.21192	3671.76119
Net trading income		236.999326	298.41071
Other operating income		10.9321819	38.9616659
Total operating income		2980.14343	4009.13357
Impairment charge/(reversal) for loans and other losses		134.882142	239.217543
Net operating income		2845.26128	3769.91602
Personnel expenses		558.087735	865.555664
Other operating expenses		289.913667	383.7303
Depreciation & Amortisation		81.845041	105.455444
Operating Profit		1915.41484	2415.17462
Non operating income		41.2074007	0.89545758
Non operating expense		0.28097338	0.73436514
Profit before income tax		1956.34127	2415.33571
Income Tax Expense			
Current Tax		562.158566	774.25099
Deferred Tax		17.1199709	-56.418506
Profit/Loss for the period		1377.0627	1697.5032

Consolidated Financials of the State Owned Banks	Amt. in Rs. Million		
	2015-16	2016-17	2017-18
Cash and cash equivalent	58257.51	39684.77	45341.28
Due from Nepal Rastra Bank	36351.10	38124.79	24199.81
Placement with Bank and Financial Institutions	541.81	3074.02	2965.49
Derivative financial instruments	0.00	40.72	18.63
Other trading assets	0.00	0.00	0.00
Loan and advances to B/FIs	4737.95	5758.05	7280.45
Loans and advances to customers	230881.65	269832.42	293000.79
Investment securities	43562.87	49544.18	52964.08
Current tax assets	2311.14	2324.85	1146.30
Investment in subsidiaries	128.84	128.84	228.84
Investment in associates	113.39	178.20	299.47
Investment property	419.91	509.23	384.59
Property and equipment	13256.40	13342.82	13770.97
Goodwill and Intangible assets	20.04	25.03	87.99
Deferred tax assets	0.00	0.00	1102.28
Other assets	15476.23	15023.11	23427.84
TOTAL ASSETS	406058.83	437591.03	466218.82
Due to Bank and Financial Institutions	8284.42	7930.67	6134.07
Due to Nepal Rastra Bank	58.79	220.44	322.65
Derivative financial instruments	0.00	0.00	0.00
Deposits from customers	319904.52	335397.19	367967.49
Borrowing	922.11	628.34	641.44
Current Tax Liabilities	0.00	0.00	156.23
Provisions	16.96	161.84	63.28
Deferred tax liabilities	5908.05	4804.83	3365.82
Other liabilities	24485.19	23693.25	18606.77
Debt securities issued	1380.00	920.00	460.00
Subordinated Liabilities	0.00	0.00	0.00
Equity	32162.05	25157.52	33008.70

Share capital	25428.37	17172.46	17047.46
Share premium	90.55	3545.19	2731.48
Retained earnings	-3760.32	5675.12	5548.18
Reserves	27869.12	20392.33	29236.03
TOTAL EQUITY AND LIABILITIES	406058.82	437591.03	466218.82
Interest Income		27862.86	34930.85
Interest Expenses		7862.72	12791.41
Net Interest Income		20000.14	22139.44
Fee and commission income		2804.68	3166.60
Fee and commission expense		260.07	266.52
Net Fee and commission income		2544.61	2900.08
Net Interest, Fee and commission income		22544.75	25039.52
Net trading income		414.35	454.31
Other operating income		98.94	40.88
Total operating income		23058.04	25534.72
Impairment charge/(reversal) for loans and other losses		1589.77	384.36
Net operating income		21468.27	25150.35
Personnel expenses		8345.55	8341.84
Other operating expenses		2023.82	2007.15
Depreciation & Amortisation		357.26	482.18
Operating Profit		10741.64	14319.18
Non operating income		849.32	540.39
Non operating expense		25.77	13.68
Profit before income tax		11565.20	14845.88
Income Tax Expense		1171.44	1522.01
Current Tax		3417.50	5435.43
Deferred Tax		523.58	-906.82
Profit/Loss for the period		7624.12	10317.27

Consolidated Financials of the Non State Owned Banks	Amt. in Rs. Million		
	2014-15	2015-16	2016-17
Cash and cash equivalent	121,591.08	138,235.22	162,051.53
Due from Nepal Rastra Bank	118,543.46	175,016.70	163,909.49
Placement with Bank and Financial Institutions	88,499.85	84,080.21	58,605.19
Derivative financial instruments	7,784.58	10,955.67	12,275.37
Other trading assets	167.22	1,041.45	1,220.54
Loan and advances to B/FIs	35,541.85	90,758.67	113,280.48
Loans and advances to customers	1,100,295.27	1,349,550.72	1,667,278.22
Investment securities	178,420.37	184,690.95	243,415.82
Current tax assets	2,053.59	3,769.96	4,613.42
Investment in subsidiaries	1,052.52	1,645.42	3,654.79
Investment in associates	501.38	842.62	936.36
Investment property	2,123.22	2,415.24	2,199.86
Property and equipment	20,286.31	24,293.21	28,275.94
Goodwill and Intangible assets	472.65	551.35	918.09
Deferred tax assets	423.85	194.91	810.32
Other assets	14,382.91	19,205.00	38,619.47
TOTAL ASSETS	1,692,140.09	2,087,247.29	2,502,064.89
Due to Bank and Financial Institutions	73,899.19	65,862.44	69,750.86
Due to Nepal Rastra Bank	6,608.51	7,056.60	11,097.05
Derivative financial instruments	7,259.07	10,347.14	12,751.39
Deposits from customers	1,374,782.36	1,678,909.69	2,014,181.71
Borrowing	628.44	834.58	684.91
Current Tax Liabilities	974.08	2,091.68	2,864.61
Provisions	361.14	488.08	204.73
Deferred tax liabilities	4,310.64	4,765.65	3,314.93
Other liabilities	31,938.40	37,362.76	50,782.73
Debt securities issued	8,447.73	8,433.62	10,881.30
Subordinated Liabilities	1,040.22	1,041.10	1,041.22
Equity	156,565.28	244,867.53	292,627.78

Share capital	97,440.55	161,765.30	201,333.48
Share premium	3,257.82	7,142.98	7,832.88
Retained earnings	28,153.65	37,110.32	30,074.11
Reserves	53,038.30	64,035.35	85,269.00
TOTAL EQUITY AND LIABILITIES	1,692,140.09	2,087,247.29	2,502,064.89
Interest Income		135,370.69	205,592.70
Interest Expenses		68,172.17	118,957.73
Net Interest Income		60,389.91	78,125.47
Fee and commission income		15,060.68	17,660.87
Fee and commission expense		1,459.22	1,706.35
Net Fee and commission income		13,573.76	15,927.28
Net Interest, Fee and commission income		73,640.03	91,853.04
Net trading income		4,968.85	8,864.05
Other operating income		2,624.57	3,902.76
Total operating income		84,405.17	104,475.71
Impairment charge/(reversal) for loans and other losses		752.80	4,631.26
Net operating income		86,842.41	100,515.09
Personnel expenses		19,687.77	25,345.44
Other operating expenses		9,396.40	11,849.57
Depreciation & Amortisation		1,891.08	2,288.50
Operating Profit		53,625.81	57,476.40
Non operating income		4,472.41	2,139.43
Non operating expense		877.18	1,789.19
Profit before income tax		57,287.21	58,015.98
Income Tax Expense		841.49	510.55
Current Tax		13,606.90	16,327.60
Deferred Tax		1,339.33	(1,062.70)
Profit/Loss for the period		40,988.01	41,543.02

Consolidated Financials of the Commercial Banks	Amt. in Rs. Million		
	2014-15	2015-16	2016-17
Cash and cash equivalent	179,848.59	177,919.99	207,392.80
Due from Nepal Rastra Bank	154,894.56	213,141.49	188,109.31
Placement with Bank and Financial Institutions	89,041.66	87,154.23	61,570.69
Derivative financial instruments	7,784.58	10,996.39	12,294.00
Other trading assets	167.22	1,041.45	1,220.54
Loan and advances to B/FIs	40,279.80	96,516.72	120,560.93
Loans and advances to customers	1,331,176.92	1,619,383.13	1,960,279.01
Investment securities	221,983.23	234,235.12	296,379.90
Current tax assets	4,364.72	6,094.81	5,759.72
Investment in subsidiaries	1,181.36	1,774.26	3,883.63
Investment in associates	614.77	1,020.82	1,235.83
Investment property	2,543.13	2,924.47	2,584.45
Property and equipment	33,542.70	37,636.04	42,046.91
Goodwill and Intangible assets	492.69	576.38	1,006.07
Deferred tax assets	423.85	194.91	1,912.61
Other assets	29,859.14	34,228.11	62,047.31
TOTAL ASSETS	2,098,198.92	2,524,838.32	2,968,283.71
Due to Bank and Financial Institutions	82,183.61	73,793.11	75,884.93
Due to Nepal Rastra Bank	6,667.30	7,277.05	11,419.70
Derivative financial instruments	7,259.07	10,347.14	12,751.39
Deposits from customers	1,694,686.88	2,014,306.88	2,382,149.20
Borrowing	1,550.55	1,462.91	1,326.35
Current Tax Liabilities	974.08	2,091.68	3,020.84
Provisions	378.10	649.93	268.01
Deferred tax liabilities	10,218.69	9,570.49	6,680.75
Other liabilities	56,423.59	61,056.00	69,389.50
Debt securities issued	9,827.73	9,353.62	11,341.30
Subordinated Liabilities	1,040.22	1,041.10	1,041.22
Equity	188,727.33	270,025.05	325,636.48

Share capital	122,868.92	178,937.76	218,380.94
Share premium	3,348.37	10,688.17	10,564.36
Retained earnings	24,393.32	42,785.44	35,622.28
Reserves	80,907.42	84,427.67	114,505.03
TOTAL EQUITY AND LIABILITIES	2,098,198.92	2,524,838.32	2,968,283.71
Interest Income	-	163,233.55	240,523.55
Interest Expenses	-	76,034.89	131,749.14
Net Interest Income	-	80,390.05	100,264.91
Fee and commission income	-	17,865.36	20,827.48
Fee and commission expense	-	1,719.29	1,972.87
Net Fee and commission income	-	16,118.37	18,827.36
Net Interest, Fee and commission income	-	96,184.78	116,892.57
Net trading income	-	5,383.20	9,318.36
Other operating income	-	2,723.51	3,943.64
Total operating income	-	107,463.21	130,010.43
Impairment charge/(reversal) for loans and other losses	-	2,342.58	5,015.62
Net operating income	-	108,310.68	125,665.45
Personnel expenses	-	28,033.32	33,687.28
Other operating expenses	-	11,420.21	13,856.72
Depreciation & Amortisation	-	2,248.34	2,770.68
Operating Profit	-	64,367.45	71,795.58
Non operating income	-	5,321.74	2,679.82
Non operating expense	-	902.95	1,802.87
Profit before income tax	-	68,852.41	72,861.86
Income Tax Expense	-	2,012.93	2,032.56
Current Tax	-	17,024.40	21,763.03
Deferred Tax	-	1,862.91	(1,969.52)
Profit/Loss for the period	-	48,612.13	51,860.29

Annex 12: Useful websites for supervisors

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