

A STUDY ON FUND MOBILIZATION

**(A COMPARATIVE STUDY OF STANDARD CHARTERED BANK NEPAL LTD,
NABIL BANK LTD AND NEPAL SBI BANK LTD)**

A THESIS

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RECOMMENDATION

This is to certify that the Thesis

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Entitled:

A STUDY ON FUND MOBILIZATION **(A COMPARATIVE STUDY OF STANDARD CHARTERED BANK NEPAL LTD, NABIL BANK LTD AND NEPAL SBI BANK LTD)**

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DECLARATION

I hereby declare that the work reported in this thesis entitled “**A Study on Fund Mobilization (A Comparative Study of Standard Chartered Bank Ltd, Nabil Bank Ltd and Nepal SBI Bank Ltd)**” submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the Master’s Degree in Business Study (M.B.S.) under the supervision of Mr. Shree Bhadra Neupane faculty of management, Shanker Dev Campus, Ramshahpath.

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ABBREVIATIONS

A.D.	=	Anno Domini (in the year of lord, cristian era)
A.G.M.	=	Annual General Meeting
ATM	=	Automatic Teller Machine
Avg.	=	Average
B.S.	=	Bikram Sambat
CRR	=	Cash Reserve Ratio
Debn.	=	Debenture
d.f.	=	Degree of Freedom
EBL	=	Everest Bank Ltd.
e.g.	=	For example
Etc.	=	et cetera
FC	=	Foreign Currency
FY	=	Fiscal Year
Govt.	=	Government
HBL	=	Himalayan Bank Limited
i.e.	=	That is
Inv.	=	Investment
JVBs.	=	Joint Venture Banks
L.C.	=	Letter of Credit
Misc.	=	Miscellaneous
NABIL	=	Nabil Bank Limited
NBL	=	Nepal Bank Limited
NEPSE	=	Nepal Stock Exchange
NIBL	=	Nepal Investment Bank Limited
NIDC	=	Nepal Industrial Development Corporation
NRB	=	Nepal Rastra Bank
SBI	=	Nepal SBI Bank Limited
P.F.	=	Provident Fund
SCB	=	Standard Chartered Bank Nepal Limited
SMS	=	Short Message Service
T.T.	=	Telegraphy transfer
T.U.	=	Tribhuvan University
TWF	=	Total Working Fund
Viz.	=	Such as

CHAPTER-I

INTRODUCTION

1.1 Background of the Study

Banks and other financial institutions are the major component in the financial system. They are playing vital role in the process of economic development of the country. Integrated and speedily development of the country is possible only when competitive banking and financial service reach corner of the country. The network of a well-organized financial system of the country has great bearing on capital formation. It collects spread financial resources from the masses and invests them among those engaged in commercial and economic activities of the country. “The importance of the banking as the nerve center of economic development cannot be over emphasized and it is said that bank which are the need of and great wealth of the country have got to be kept very scared. Just as water for irrigation, good banks are for the country’s industry and trade.”(Desai, 1967,120)

Commercial banks are major financial institutions, which occupy quite an important place in the framework of every economy because they provide capital for the development of industry, trade, business and other resource deficit sectors by investing the saving , collected and deposits. The bank collects funds as a saving from the community and invest it into most desirable and highly yielding sectors as a full in a process of economic development. Additionally, it develops saving habits of people. The main objectives of the bank are collection of the amount of public in a form of saving and providing short-term loan (for the development of industry, trade, and business) to the ones in need. Bank draws surplus money from the public, who cannot use the money at the time and lends to those who give attention to use for productive purposes.

Banking institutions collect scattered financial resources from the mass and invest it among those who are associated with the economic, commercial and social activities of the country. Beside those, commercial banks render a numerous services to their customer in view of facilitating their economic and social life. Every economic

activity of each country is greatly influenced by the commercial banking business in that country. Thus, commercial banks have become the heart of the financial system.

Banking institutions are inevitable for mobilizing resources, for finance and social economic development of any country and which is important to all parties i.e. General public, business, organization, government and other small financial institution. The development of a country is always measured by its economic development through economic indices. That's why every country has given emphasis to boost up its economy. At present, the financial institutions are viewed as a medium in the process of the economic growth. The mobilization of domestic resources is one of the key factors in the economic development of a country.

Sayers defined the bank as “Ordinary banking business consists of changing cash for bank deposits and bank deposits of cash, transferring bank deposits from one person or corporation to another; giving bank deposits in exchange for bills of exchange, government bonds, the secured or unsecured promises of businessmen to reply etc.”
(*Baidya, 2001,32*)

The bank is a resource for economic development that maintains economic confidence of various segments and expands the credit to people. Bank means “A financial establishment for the deposit, loans exchange or issue of money and for the transmission of funds.”(*Bhandari, 2003, 119*)

The development of the country's economy is impossible without expansion of the banking function in both rural and urban areas of the country. Development of trade and industry is dependent upon the development of banking facilities. So it is said that the bank is the backbone of economic development in modern society. A new organized financial institution companies, commercial banks and other financial intermediaries play an important role in the development of a country. So, the financial institutions, commercial banks and other financial intermediaries play an important role in the development of a country.

1.2 Development of Banks

1.2.1 In World wide Context

The word “Bank” is familiarizing in medieval age in 1171 AD from an Italian word “Banko.” That means the place where people come together for different transactions. The “Bank of Vanice” was the first bank, which established in Italy in 1157 AD as a first modern bank. Then after 1401 AD “Bank of Barcelona” is established in Spain, Bank of Geneva established in 1407 AD, the Bank of Amsterdam established in 1609 AD. But the credit for the development of modern banks goes to “The Bank of England” which was established in 1694 AD in London. The growth of banking accelerated only after the introduction of the banking Act 1883 in the United Kingdom as it allowed to open joint stock company banks.

1.2.2 In Nepalese Context

In Nepal, the period of the 14th century, Jayasthiti Malla - a king of Kantipur classified people in 64 groups according to their occupations, “Tanka Dhari” was one among them who used to lend money at a fixed rate of interest. During the period of Ranodip Singh, the Prime minister, a government institution called “Tejarath Adda” was established around 1887 AD for providing easy and cheap credit at 5% interest to the public on securing of gold and silver.

“The overall development of the banking system in Nepal, the “Tejarath Adda” may be regarded as the father of the modern banking institution and for quite a long time it tendered a good servant as well as to the general public.”(*Shrestha, 1995, 4*)

The modern banking business system in Nepal is not much older. The development of modern bank started from the establishment of “Nepal Bank Limited” in 1994 B.S. with putting forth the effort of government and public, as a commercial bank with 10 million authorized capital. The authorized capital was contributed by the government 51% and remaining by public 49%. It is the first step of the modern and the systematic financial system in Nepal.

Thus, the government felt the requirement of a central bank and established “Nepal Rastra Bank” in 2013 BS. It played a leading role in the development of banking in

Nepal and also controlled the monetary system in the country. NRB was established with the objective of supervising, protecting and directing the functions of commercial banks. Likewise, raising of the banking function get popular and more complicated, thus NRB suggested for the establishment of another commercial bank and in 2022 BS (1966 AD) “Rastriya Banijya Bank” was established as a fully government owned commercial bank. Now its branches are diversified all over the country. It made another milestone in the history of growth of banking.

Apart from this, NIDC was established in 1959 AD & Agricultural Development Bank established in 1976 AD and other development bank and financial institutions were established & continue to establish and are contributing to the economy and banking tradition in Nepal. In 1990 AD, after re-established of democracy, the government took the liberal policy in the banking sector. As an open policy of HMG’s to get permission to invest in the banking sector from private and foreign investor under Commercial Bank Act 2031 BS, different private bank is getting permission to establish with the joint venture of other countries.

1.3 Introduction of Commercial Bank

Commercial banks are the focal point of the financial system. They work as the bridge between depositors & lenders and facilitate in overall development of the economy. The commercial bank collects the scattered saving and put them into productive sectors. They hold the deposit of general public, government establishments and business units. They make funds available through their lending and investing activities firms and government establishment. Commercial bank refers to such type of bank with deals in currency exchange, accepting deposits, advancing loans and commercial transactions except specific banking related to co-operative, agriculture & industry and other objectives.

"The commercial banks are those banks that pool together the saving of the community and arrange for their productive use. They supply the financial needs of modern business by various means"(Baidya, 2001, 38)

“Commercial bank is a corporation which accepts demand deposits subject to check and makes short-term loans to business enterprises, regardless of the scope of its other services.”(*The American Banker Association, 1972, 345*)

“The commercial bank has its own role and contribution to the economic development. It is a resource for the economic development; it maintains economic confidence of various segments and extends credit to people.”(*Grywinski, 1991, 87*)

These banks are established to improve people’s economic status of the people, to provide loans to the agriculture, industry and commerce and to offer banking services to the people and the country. It provides internal resources for developing country's economy. It collects diversified capital from different parts of the country through its own branches.

1.4 Joint Venture Banks

In global scenario, to achieve mutual exchange of goods services and modern technology, joint venture banks are made up through partnership and with negotiations between two or more countries, industries (enterprise), traders and mercantile the purpose of carrying out a specific operation. So, the main purpose of the joint venture is to join economic forces in order to achieve a certain result, which partners could not achieve separately. Under a joint venture basis, to operate a business organization, there should be at least two partners from the different countries. The primary objective of joint venture bank is to earn profit by investing or granting the loan and advances to the people associated with trade, business, industry etc. That means they are required to mobilize their resources properly to acquire profit

“A joint venture is formed of two forces between two or more enterprises for the purpose of carrying out a specific operation (industrial or commercial investment, production trade).”(*Gupta, 1984*)

1.4.1 Role of Joint Venture Banks in Nepal

In such manner, joint venture banks are successful to bring healthy competition among banks, increase in foreign investment, promoted and expand export-import

trade, introduce new techniques and technologies. The various role plays by the joint venture banks in Nepal can be classified into three categories:

a. Introducing Advanced Banking Techniques

The joint venture banks in Nepal have been largely responsible for the introduction of new banking techniques such as computerization, hypothecation, consortium finance, fee-based activities and syndicating under the foreign exchange transactions by importers and exporters, merchant banking, inter-bank market for the money and securities, arranging foreign currency loans, etc.

b. Attraction of Foreign Investment in Nepal

When looking at the possibility of investing in Nepal, multinational companies are unfamiliar with the local rules, regulations and practices. Though there are many systems actually operates during the implementation period. In this context, the joint venture banks help the multinational companies to build up their confidence for investment by providing necessary information and financial support.

c. Healthy Competition

The induction of joint venture banks also brings the benefit of healthy competition of which the main beneficiaries are the bank customers and the economy. The increase in competition also forces the existing banks to improve their qualities of services by simplifying procedures providing training and motivation to their own staff to respond to the new challenge.

Hence, the entrepreneurial dynamic and pivotal role of the joint venture banks contributes the economic development of the country by providing various new financial services to modernize the traditional Nepalese banking system.

1.4.2 Commercial Banking and Joint Venture Banks Scenario in Nepal

The commercial banks of Nepal can be classified into two: Domestic Commercial Banks and Joint Venture Foreign Banks. The first commercial bank of Nepal is Nepal Bank Ltd. This was established in the 30th Kartik 1994 B.S. under the Banijya bank Act. B.S. 2021 the government launched Rastriya Banijya Bank. It has provided a great contribution to the development of the country.

The process of the development of the banking system in Nepal was not satisfactory up to 2040 A.D. No bank was opened from during this period except extending the branches and sub branches of the banks. So, to improve the status of country some banks are opened on the joint investment. There has been a visible expansion in the financial system of Nepal, after the onset of the economic liberalization process. Nepalese economy has witnessed several changes in the financial systems as a result of which several JVBs evolved in the last decade.

Nepal Arab Bank Ltd. (NABIL Bank Ltd.) was the 1st joint venture bank established in 1984 AD, joint ventured with United Arab Emirates Bank. Nepal Indosuez Bank Ltd. (Nepal Investment Bank Ltd.) With Indosuez Bank of Finance and Nepal Grindlays Bank (Standard Chartered Bank Nepal Ltd.) with ANZ Grindlays were established in 1986 AD. Himalayan Bank Ltd. joint ventured with Habib Bank of Pakistan and SBI Bank Ltd. with State Bank of India was established in 1993 AD. Everest Bank Ltd. joint ventured with Punjab National Bank, India (early it was joint ventured with United Bank of India, Calcutta) and Nepal Bangladesh Bank Ltd. with IFIC Bank of Bangladesh were established in 1991 AD., Bank of Kathmandu joint ventured with SIAM commercial Bank Public Co., Thailand was established in 1995 AD. And Nepal Bank of Ceylon joint ventured with Ceylon Bank of Sri-Lanka was established in 1997 AD. Currently, there are 31 commercial banks operating in the Nepali financial market.

1.5 Focus of the Study

Banking institutions are inevitable for the resource mobilization. The bank collects funds as a saving from public of a country and invest in high return yielding firm. The role of commercial banks in uplifting the economic growth of the country is very

important. The uplifting of the development of a nation largely depends upon the development of its economic growth. The bank provides internal resources own branches. The development of the economy is greatly influenced due to the internal management of the bank. So commercial bank is the heart of trade, industry and business in modern age commercial banks earn optimal profit by mobilizing their internal resources properly.

This research focuses on the comparative study of fund mobilization of three joint venture banks; Standard Chartered Bank Nepal Ltd, Nabil Bank Ltd. and Nepal SBI Bank Ltd. These three banks are compared as per their fund mobilization procedure by taking 5 years data from the year 2007 to 2012.

1.5.1 Profile of the Concerned Banks

As there has been a number of commercial banks established, the research has been taken into consideration of SCB, NABIL and SBI. Therefore, short glimpse of these commercial banks is given as:

1.5.1.1 Standard Chartered Bank Nepal Limited

Standard chapter Bank Nepal Limited, formerly known as Nepal Grind lays Bank Limited was incorporated in the year 1985 and has been in operation since 1987. On 31st July 2000, standard chartered Bank concluded the acquisition of ANZ grind lays Bank from the Australia and New Zealand Banking Group Limited. with this acquisition, 50% shares of Nepal Grindlays Bank Ltd. (NGBL) previously owned by ANZ grind lays are now owned by standard chartered Grindlays Bank Ltd. Leading to the name change of the Bank to standard chartered Bank Nepal Limited with effect from July 16, 2001¹. The equity composition of Standard Chartered Bank Nepal Ltd. Is Foreign Ownership 75% & domestic ownership 25%.

It has been providing services through its 15 Branches with 4 extension counters. The Bank focuses mainly on corporate, consumer and commercial banking, providing services for international firms, as well as Embassies, aid agencies, airlines, hotels and government corporations.

Standard Chartered Bank has the following shareholding patterns:

Table:1.1

Share Holdings Patterns of SCB

Subscription	% holding
<u>Foreign Ownership</u>	
Standard Chartered Grindlays Ltd. Sydney, Australia	50%
Standard Chartered Bank, London, UK	25%
<u>Domestic Ownership</u>	
Other Entities	2.14%
Individuals	22.86%
Total	100%

Source: Annual Report of SCB. 2011/12

Table:1.2

Present Capital Structure of SCB:

Share structure	Amount (RS)
Authorized capital (20,000,000 shares@ 100)	2,000,000,000
Issued capital (16,101,680 shares@ 100)	1,610,168,000
Paid up capital (16,101,680shares @100)	1,610,168,000

Source: Annual Report of SCB. 2011/12

1.5.1.2 Nabil Bank Limited

NABIL Bank Limited (Nepal Arab Bank Limited was incorporated in the year 1984 A.D. (2041 BS). It commenced its operation on 112 July 1984 as the first joint venture bank in exchange in the year 1986 A.D. (081/09/042 B.S.). Emirate Bank International Ltd., Dubai was the first Joint venture partner of NABIL. Warranty, NB (International) Ltd., Ireland is the foreign partner. NABIL Bank Limited had the official name Nepal Arab Bank Ltd. till 31st December 2001. The equity composition of the Nepal Arab Bank Limited is NB (International) Ltd. 50%, Nepal Industrial Development Corporation (NIDC 6.15%, Rastriya Beema Sansthan& Other 10% General Public 30%and others 3.85%.

NABIL Bank is the Pioneer in introducing many innovative banking services and marketing concept in banking sector of Nepal. It operates its activities through 48 branches and 2 counters. It is the only bank having presence at the Tribhuvan International Airport. Some of the services provided by NABIL Bank Limited are accepting deposits, documentary credit, guarantees, collections, credit cards, tele banking safe deposit lockers, fund transfer etc.

Nabil Bank has the following shareholding patterns:

Table:1.3
Share Holding Patterns of NABIL:

Subscription	% holding
<u>Foreign Ownership</u>	
N.B. international limited, Bangladesh	50%
<u>Domestic Ownership</u>	
Rastriya beema Sansthan & Other Entities	10.00%
Nepal Industrial Development Corporation	6.15%
Nepalese General Public	30%
Others	3.85%
Total	100%

Source: Annual Report of NABIL. 2011/12

Table:1.4
Capital Structure of NABIL

Share structure	Amount (RS)
Authorized capital (21,000,000 shares@ 100)	2,100,000,000
Issued capital (20,297,694 Ordinary Shares of Rs. 100 each)	2,029,769,400
Paid up capital (20,297,694 Ordinary Shares of Rs. 100 each)	2,029,769,400

Source: Annual Report of NABIL. 2011/12

1.5.1.3 Nepal SBI Bank Ltd.

Nepal SBI Bank Ltd. (SBI) is the first Nepal - Indo joint venture bank in the country. It is sponsored by three institutional promoters, namely, state bank of India, Karmachari Sanchaya Kosh (Employees provident fund) and agricultural development bank of Nepal. Nepal SBI Bank Limited became operational in the 8th July 1993. The Bank was registered on 2050/01/16 (28.04.1993) in the department of

Industry, HMG/N under the company Act 2021 and commercial Bank Act 2031. The equity composition of the bank is a state bank of India 55.28%, employ provident fund 15.08%, General public 29.64%.

It has been providing services through its 56 Branches. The services provided by Nepal SBI Bank Limited Include deposits, remittances, various types of loan facilities, letter of credit, bank guarantees, retail financing (house loans, vehicle loans and education loans) etc. It has recently launched 365days banking and ATM facility from its new road branch.

Table:1.5
Share Holding Patterns of SBI:

Subscription	% holding
<u>Foreign Ownership</u>	
State Bank of India	55.28%
<u>Domestic Ownership</u>	
Employ provident fund	15.08%
General Public	29.64%
Total	100%

Source: Annual Report of SBI. 2011/12

Table:1.6
Capital Structure of SBI:

Share structure	Amount (RS)
Authorized capital (20,000,000 shares@ 100 each)	2,000,000,000
Issued capital (18,693,032.58 Ordinary Shares of Rs. 100 each)	1,869,303,258
Paid up capital (18,693,032.58 Ordinary Shares of Rs. 100 each)	1,869,303,258

Source: Annual Report of SBI. 2011/12

1.6 Statement of Problems

The number of commercial banks and financial institutions are establishing in great pace. These institutions have been established to assist the process of economic development of the country. The major problem in almost all underdeveloped countries and Nepal is that capital formation and proper utilization. Various

commercial banks have played a vital role by accepting deposits and providing different types of loan i.e. invest it in a productive field. The development of the country is directly related to the volume of investment in productive sectors, which is also obtained from commercial Banks. Most of commercial banks (with JVBs) have not made a profit and created value and Mobilized resources as well. Risk in the competitive environment is increasing with respect to investment and investment sectors are going to be narrowed down. The investment diversification is also being a problem due to unstable political and security situation. Due to the high competition between the financial institutions, the collected huge amount of public is comparatively lower than fund mobilization and investment practice of collecting funds. Therefore, it raised the problems of investment and proper mobilization of collecting funds.

Strong fund mobilization activities play a vital role in the utilization of collecting funds and overall development of the economy of the nation. If the funds are wrongly invested without thinking any financial risk, business risk and other related facts, the bank cannot obtain profitable return as well as it should sometimes lose its principle. Fund mobilization policies may differ from one joint venture bank to another but there is no optimum utilization of shareholders' fund to have the greatest return in any bank. Nepal Rastra Bank has also played a significant role to make commercial banks mobilize their fund in good sectors. For this purpose, NRB imposed many rules and regulations so that commercial banks can have sufficient liquidity and security. Though most of the joint-venture banks have been successful in earning profit from fund mobilization, none of them seem to be capable to invest their entire fund in more profitable sectors.

Fund mobilization is the most important factor from the shareholder and banks management point of view. Under such a situation, this study is a comparative study on fund mobilization of three commercial banks in the country namely: Standard Chartered Bank Nepal Ltd, Nabil Bank Ltd, and Nepal SBI Bank Ltd. The major problems related to fund mobilization procedures of the joint venture banks of Nepal have been presented briefly as under:

- a) What is the relationship between deposits with total capital raised, deposits with total investment and also deposits with loan and advances?

- b) Which joint ventures have a more effective investment policy: SCB, NABIL, SBI?
- c) Does the investment decision affect the total earning of the bank or not?
- d) Were these three joint venture banks successful to utilize their available fund?
- e) Are they maintaining sufficient liquidity position?
- f) Is there any stability in fund mobilization between SCB, NABIL and SBI?

1.7 Objectives of the Study

This study is concerned with whether SCB, NABIL and SBI are adopting efficient fund mobilizing policy or not. The main objectives related to this study are presented below:

- To evaluate the growth ratio of loan and advances and total investment with respective to the growth rate of total deposits and net profit of SCB, NABIL and SBI.
- To evaluate liquidity, asset management, efficiency and profitability portions in related to fund mobilization of three joint venture banks.
- To carry out the relationship between deposits and total investment, deposits and loan and also advance and net profits of SCB, NABIL and SBI respectively.
- To suggest and recommend some measures for improvement of performance of SCB, NABIL and SBI.

1.8 Significance of the Study

In Nepal, due to the efficient management and professional service and a dynamic role in the economy, the joint venture banks are widely popular at present but still the banks do not have sufficient investment opportunities, because of the poor economy structure of the country. Fund mobilization activities of joint venture banks greatly affect the growth and earning of banks. Effective, stable, appropriate fund mobilizing policy may cause the earning of sufficient return to the banks. Most of the joint-venture banks have been successful earning profit from effective fund mobilization.

Optimum utilization of fund makes a better impact on the economy of the nation. Fund mobilization activities must consider customer, national and government as well as its shareholders' interest. The significance of the fund mobilization can be written as the following manner:

- By the help of this study, the general public can know the funds mobilizing activities of banks.
- From the study of fund mobilizing policy about bank, shareholders and companies would get information related to the fund mobilizing scheme of the bank and they may know how banks are mobilizing their fund and resources. And it is fruitful to make an investment in shares of various joint venture banks.
- The depositor's general public can make the decision to deposit their money in the bank after analyzing the fund mobilization of joint ventures.
- It is also beneficial for the government while formulating policies and rules regarding joint venture bank.
- The study of fund mobilizing policy would provide information to the management of the bank that would be helpful to take corrective action in the bank activities.
- This study will serve to be a guide to the management of banks, financial institutions, related parties, shareholders, customer, depositors and creditors.

1.9 Limitations of the Study

The study has been carried out subject to the following limitations.

- a. This study focuses on the fund mobilization aspects of the banks.
- b. This study will base on secondary data and accuracy depends upon the data collected and provided by the organization.
- c. This study has been only of three joint venture banks as sample i.e. SCB, NABIL and SBI.
- d. This study concentrates for 5-year period only (i.e. from F.Y. 2007/8 to 2011/12).

1.10 Organization of the Study

The entire study has been organized into five chapters.

Chapter-I Introduction

This chapter deals with the introduction chapter which contains are the background of the study, the introduction of commercial banks, the focus of the study, a statement of the problems, objectives of the study, the significance of the study, limitation of the study and organization of the study.

Chapter-II Review of Literature

This chapter is concerned with review of literature. This contains conceptual framework, review from journals, articles, review of research papers and published and unpublished master's thesis of T.U.

Chapter- III Research Methodology

This chapter deals with the research methodology used in this study. It includes an introduction, research design, sources of data, population and sample, sources and collections of data, data processing procedure and tools and data analysis techniques.

Chapter-IV Presentation and Analysis of Data

This is the main part of the research and in this part have been systematically presented, analyzed and interpreted, which deals with presentation and analysis of relevant data through definite courses of research methodology with financial and statistical analysis related to investment and fund mobilization of SCB, NABIL and SBI. Major findings of the study have been presented at the end of this chapter.

Chapter- V Summary, Conclusion and Recommendation

This is the last part of the study, which provides a summary and conclusion, suggestions and recommendations for improving the future performance of the sample banks.

Finally, an extensive, bibliography and appendices are also presented at the end of the thesis work.

CHAPTER II

REVIEW OF LITERATURE

This chapter deals with the theoretical aspect of the topic on fund mobilization in more detail and descriptive manner. It provides the foundation for developing a comprehensive theoretical framework and knowledge of the status relevant to the field of research in order to explore the relevance and true facts for the reporting purpose. Hence, in this chapter, the focus has been made on the review of literature relevant to the fund mobilization policy of commercial banks. For this study, different books, journals, articles, annual reports and some research paper related to this topic has been reviewed. Therefore, this chapter is arranged in the following order.

2.1 Conceptual Framework

2.1.1 Commercial Bank

Commercial banks are “A” classed banking institution which performs all kinds of banking function such as grant loan, accept deposits from the public, discounting bills, repayable on demand and withdraw by cheques, draft and other functions on behalf of customers. Moreover, commercial banks also provide technical and administrative assistance to the industries, trade and business sectors.

“Commercial bank means a bank which operates currency exchange transaction, accepts deposits, provide loans, performs, dealing relating to commerce except the banks, which has been specified in the co-operative., agricultural, industry of similar other specific objective”(Nepal Commercial Bank Act 2031 B.S.)

‘The commercial banks are those banks that pool together the savings of the community and arrange for their productive use. They supply the financial needs of modern business by various means.’(Baidya, 2001, 38)

"Commercial banks deal in credit i.e. it creates credit by making advance out of the funds received as deposits to need people. It thus functions as a mobilize of saving in the economy". (Mithari, 2000, 269)

The commercial banks play significant role in the formation and mobilization of internal capital & development efforts. They furnish necessary capital needed for trade, commerce and industry by mobilizing the saving of the individuals and institution.

Hence, it is concluded that the commercial banks are the financial intermediaries, which accept deposits from the public and provide loans to the needy persons and business houses. It provides not only range of investment services but also furnish advice and information outside the scope merely of trade.

2.1.2 Fund Mobilizing Procedure of Joint Venture Banks

All the banks of the entire world have their own fund mobilizing procedure. In practice, straightforward and effective fund mobilization procedure has adopted by the bank. Effective fund mobilization is the indicator of banks prosper and its growth. Banks have some fund mobilizing procedure they are listed as below:

Sources of Fund

Banks can arrange its fund to operate day to day activities smoothly by two ways. That is raising funds from its investor and borrowing loans from different sectors. The sources of funds can be categorized in two groups.

A. Owned Funds/ Equity Capital of Bank

Following are the sources of owning funds:

i. Ordinary Share

Ordinary shares are the bank's strong and reliable sources of funds. Banks promoters issue ordinary shares to the public in fixed number. Banks collects the fund by selling fixed ordinary shares to the public by adopting fixed rules and regulation. These public makes shareholders after purchasing the issued share.

ii. Preference Share

It is that kind of share which receive dividend and after liquidation money before ordinary share. But in Nepal, a bank cannot issue

preference share. But some situation it can issue preference share by taking permission from Nepal Rastra Bank.

iii. Bonus Share

Company issue the extra share to the shareholder from the saving from the profit and reserve fund by capitalizing these funds is known as bonus share. Bank to issue shares to shareholders instead of banks amount. From this share, the bank collects some share of funds.

iv. Retained Earning

Banks earn profit by investing the funds in different sector through the principle of profit earning. Banks invest its fund in productive or profitable industries and business. The bank earns some amount of these investments.

v. Undistributed Dividend

The bank does not distribute all profit to the shareholders. Banks invest some amount of profit by not distributing to shareholders. By this, the invested profit makes sources of funds to the banks.

vi. Reserve Fund

Bank separates some share of capital in reserve funds in the time of banking activities. The reserve fund size based on banks earning and rules and regulation. Banks must separate some share of the amount of profit in the reserve fund. Banks have been earned by investing the reserve funds in liquid sector.

B. Borrowed Fund of Bank

The bank collects the funds from another source except owned funds. Another source is borrowing from different sectors. These types of funds are known as collect, borrow and debt capital. Following are the sources of the borrowed funds:

i. Selling of the Debenture

Debenture means a “Rinpatra” which is issued by company by keeping or not keeping assets securities for collection of funds. If the bank needs a fund, it can collect capital by issuing debenture.

ii. Deposits

The bank performs twofold functions, i.e. The receipt of the deposits and granting the loans. The bank borrows money by accepting different types of deposits. The deposits accepted by the bank are of different types namely: Saving, Fixed, Current, Margin and Call.

iii. Loans from the Central Bank

NRB is the central bank of Nepal. All banks should operate their banking activities by maintaining the rules and regulations directed by the NRB. At the time of necessity, NRB provides the loans for the banks. The loan granted by the central bank is a bank's capital.

iv. Loan from the Financial Institutions

Financial institutions also provide loans for the banks. The bank can receive loans from financial institutions in the form of borrowing. The loan granted by the financial institutions is also a bank's capital.

v. Loan from Commercial Banks

If banks need funds, it receives money from other commercial bank also in the form of borrowing which is called Inter-Bank Borrowing. Banks fulfill the need of short-term cash by taking loan from other banks. It is also the types of bank capital.

C. Mobilization of Funds

Banks cannot achieve its goals until and unless it mobilizes its funds in the right sectors and by performing different activities. Many kinds of activities and other thing can origin for the purpose of receiving invest from the bank. But bank should separate the useful and profitable sector for mobilization its funds. The banker is only a financial intermediary, we will not be able to make any profit unless he has to pay

interest on deposits, meet establishment expenses, meet liquidity of cash balance, and yet allow him some balance from out of which he can build reserves and pay a dividend to the shareholder.

As commercial bank they are expected to make a profit. If there is no profit, there will be adverse criticism against public sector banking, both in and outside the parliament when these banks are asked to open new branches in areas which do not allow profits for years, or asked to grant loans to the priority sectors such as small industries and agriculture with a high incidence of bad debts, there is a need for counter balancing profit from elsewhere. Therefore, these banks will have to show an ascending order of profits in order to ensure growth with stability. For this purpose the bank will have to allocate land able resources to different segments in such a manner these banks can ensure adequate profitability while at the same time responding to policies laid down in accordance with national objectives.

Therefore, banks should mobilize its funds in suitable and profitable banking activities and right sector. Generally bank has mobilized its funds in the following activities.

i. Liquid Funds

A bank has kept a volume of amount in liquid funds. The funds have so many responsibilities in banking activities, liquid funds have covered following transactions.

- Cash in hand
- Balance with NRB
- Call money
- Balance with domestic bank

ii. Investment

The bank invests its fund in different banking activities and different fields. Many types of fields are shown in market for investment. But banks invest its funds in profitable and safety activities. The bank invests its fund in the following titles:

- Share and debenture
- Government securities
- NRB bond
- Joint-venture

iii. Loan and Advances

Banks mobilize its funds by providing different types of loan and advances to customers, by charging fixed interest. Different types of loan and advances are

- Cash Credit
- Overdraft Loan
- Housing
- Hire Purchase Loan
- Vehicle Loan

The bank manages the different types of loans i.e. providing loan, business loan, and traditional loan to priority area.

iv. Fixed Assets

Land and buildings are essential for the establishment of a bank. Bank's funds are used in buying of furniture, vehicle, computer, and other concerned instrument, which are related to banking activities. A bank cannot take direct gain from these assets, but bank should buy it. A bank has a need of fund to purchase fixed assets for the new branches of the bank.

v. Administration and Miscellaneous Expenses

The bank should manage funds for administrative and other miscellaneous expenses. The administrative expenses are:

- Salary of Employee
- Pension
- Allowances
- Provident Fund
- Stationery
- Advertisement
- Rent

- Income tax
- Insurance
- Donation etc.

The miscellaneous expenses are

- To distribute the dividend to shareholders
- To bear the loss on sale and purchase of banking assets
- Reserve fund
- Maintenance expenses
- To pay the interest on the borrowed amount

In this way, bank mobilizes its fund by performing different activities to achieve its desired goals i.e. earning profit. Banks are able to earn sufficient profit by mobilizing its funds in a proper way into the different profitable sector. It can utilize its collected fund as well as own funds in all banking activities by performing an effective fund mobilization procedure.

2.2 Review of NRB Directives

NRB is the central bank of Nepal. It issues directives under which the financial institutions of Nepal have to perform. The directives that are related to the study are reviewed in this part of the study.

2.2.1 NRB Directives Relating to Capital Adequacy

The sum of core capital and supplementary capital is called a total capital fund. The capital adequacy ratio is calculated on the basis of core capital, supplementary capital and risk weighted assets. The provision of minimum capital funds to be maintained by the commercial banks as per direct by NRB since fiscal year 2061/62 is as follows:

Table:2.1

Capital Fund to be Maintained

Fiscal Year	Capital fund in % on the basis of Total Risk Weighted	
	Core Capital	Total Capital Fund
2061/62	6.00	12.00
2068/69	6.00	10.00

Source: Unified Directives 2061/62 and 2068/69, NRB

2.2.2 NRB Directives Relating to Loan Classification and Loan Loss Provision

2.2.2.1 Classifications of Loan and Advances:

This directive was effective from FY 2058/59 (2001/02). According to directives, banks shall classify the outstanding principal amount of loan and advances on the basis of aging. As per the directives issued by NRB, all loans and advances shall be classified into the following four categories:

Pass Loan: - Loans and advances whose principal amount are not past due and past due for a period up to three months shall be included in this category. These are classified and defined as performing loans.

Sub-Standard Loan: - All loans and advances that are past due for a period of three months to six months shall be included in this category.

Doubtful Loan: - All loans and advances which are past due for a period of six months to one year shall be included in this category.

Loss: - All loans and advances which are past due for a period of more than one year as well as advances which have less possibility of recovery or considered unrecoverable and those having the thin possibility of even partial recovery in future shall be included in this category.

2.2.2.2 Loan Loss Provisioning:

The loan loss provisioning, on the basis of the outstanding loans and advances and bill purchases classified as per this directive, shall be provided as follows:

Classification of Loan	Loan Loss Provision
Pass loan	1%
Sub-standard loan	25%
Doubtful loan	50%
Loss	100%

2.2.2.3 NRB Directives Relating to Cash Reserve Ratio (CRR)

Till 2002/03 commercial banks were required to maintain a compulsory reserve at 7 percent of their current and saving deposits and 4.5 percent balance of their fixed deposits with the NRB as well as the vault compulsory ratio at 2 percent of total domestic deposits. In the light of the undergoing management reforms in the RBB and the NBL as well as the increasing efficiency of the commercial banks to manage their financial resources themselves, the provision of maintaining 2 percent balance in commercial bank's vault as a part compulsory reserve has been withdrawn. Effective for FY 2003/04, commercial banks were required to maintain 6 percent of their total domestic deposit liabilities at the NRB as compulsory reserve. A single, uniform compulsory ratio has been introduced so as to bring about uniformity and simplicity in the previously differentiated compulsory rates with respect to the different domestic deposit liabilities. In contrast, the CRR had been reduced from 6.0 percent to 5.0 percent for FY 2004/05. Likewise, the cash reserve ratio (CRR) had been raised to 5.5 percent from the 5 percent of the total domestic deposits effective from October 17, 2008. Now the CRR has been reduced to 5 percent from 5.5 percent for the fiscal year 2011/12.

2.3 Review of Related Studies

2.3.1 Review of Journal and Articles

In this part an attempt has been made to review some of the related articles published in different economic journals, Bulletin of World Bank, dissertation papers, researchers view and findings towards investment and fund mobilization.

Shrestha (1997), has analyzed in her article, "*Financial Performance of Commercial Banks Using Both Descriptive and Diagnostic Approach.*" where she concludes the following points;

- a. The structural ratio of commercial banks shows that banks invest on the average 75% of their total deposit of the government securities and the shares.
- b. The analysis of resources position of commercial banks should quit high percentage of deposits as cash reserves.

- c. The return ratio of all the banks shows that most of the time foreign banks have higher return as well as higher risk than Nepalese banks.
- d. The debt-equity ratios of commercial banks are more than 100% in most of the time period under study period. It led to conclude that the commercial banks are highly leveraged and highly risky. Joint venture banks had a higher capital adequacy ratio but has been dealing every day.
- e. In case of the analysis of the management achievement foreign banks have comparatively higher total management achievement index.

Shrestha (2003), in his article, “*A Study on Deposit and Credit of Commercial Banks in Nepal*” he concludes that other things remaining the same in Nepal the credit deposit ratio would be 51.30%, which was the lowest under the period of review. Therefore, he had strongly recommended that the joint venture banks should try to give more credit entering new field as far as possible, otherwise, they might not be able to absorb even the total expenses.

Bajracharya (2005), in his article “*Monetary Policy and Deposit Mobilization in Nepal*” he concludes that the mobilization of domestic saving is one of the prime objectives of monetary policy in Nepal. For this purpose, commercial banks stood as the active and vital financial intermediary for generating resources in the form of deposit of the investors in different aspects of the economy. Collecting scattered small amount of capital through different media and investing the deposited fund in the productive sector with a view to increase the income of the depositors is meant deposit mobilization. In other words, investing the collecting funds in the productive sectors and increasing the income of the depositors, it also supports to increase the saving through the investment of increased extra amounts.

Sharma (2000), he has found the same results that all the commercial banks are establishing and operating in urban areas, in his study, “*Banking the Future of Competition*” he mentions that Commercial banks are establishing and providing their services in urban areas only. They do not have interest to establish in rural areas. Only the branch of Nepal Bank Ltd. and Rastriya Banijya Bank Ltd. are running in those sectors. Commercial banks are charging higher interest rate on lending, They have maximum tax concession and do not properly analyze the system.

According to him, “Due to the lack of investment avenues, banks are tempted to invest without a proper credit appraisal and on personal guarantee, whose negative side effects would show colors only after four or five years.” He has further included that private commercial banks have mushroomed only in urban areas where large volume of banking transaction and activities are possible.

Pradhan (2053 B.S.), in his articles, “*Deposit Mobilization, Its Problem and Prospects*” he has presented the following problems in the context of Nepal:

- Financial institutions do not want to operate and provide their services in rural areas.
- People do not have the knowledge and proper education for saving in the institutional manner. They so now know the financial organizational process, withdrawal system, depositing system etc.
- He has also recommended about how to mobilize the deposit collected by the financial institutions of rendering their services in rural areas, by adding various services.
- By operating rural banking programs and unit
- By spreading a number of co-operative societies to develop mini banking services and improves the habits of public on deposit collection in the rural areas.
- Nepal Rastra Bank must organize training programs to develop the skilled human resources

2.3.2 Review of Thesis

Different thesis works have been presented by various students regarding different aspects of commercial banks. Mainly they have elaborated and addressed various aspects or activities of commercial banks such as financial performance, lending practices, investment policy, interest rate structure, resource mobilization, capital structure, etc. Some of the relevant research is presented below:

Adhikari (2007), in his thesis, “*Fund Mobilization and Investment Policy of Everest Bank Limited*”, he has the main objective to evaluate the current position of fund mobilization in the EBL. The other specific objectives are;

- To analyze the trends of deposit utilization towards total investment and loan and advances.
- To evaluate the growth ratio of loans and advances, total investments with total deposit.
- To evaluate the liquidity, efficiency and trends of variable.
- To discuss deposit mobilization and investment policy of Everest Bank Ltd.

The major findings of the study are;

- Mean Value of Total Deposit, Loan & Advances and Total Investment is 113690, 86528 and 31010 lakh respectively. Simultaneously Coefficient of Variation is 7.32%, 7.43% and 8.2185% respectively.
- In analyzing of Fund Mobilization, Loan, Advances & Bills have contributed more than 70% and Investment covered not more than 29%.
- In the classification of Deposit Saving A/C and Fixed A/C covered a huge space in Total Deposit. And Total Deposit is in increasing trend. The average growth ratio is 28.38%.
- Loan and Advances are also in increasing trend. The average growth ratio is 29.23%.
- In an analysis of classification of loan, Non- performing loan is less than 2.2%. And it is in decreasing rate in following years of study period.
- The average growth ratio of Total Investment is 31.76%. In classification of investment sector, share of Govt. Treasury Bills are up to 94%.

Subedi (2008), in his thesis, “*Fund Collection and Mobilization of Joint Venture Banks of Nepal*”, he has the main objective of reviewing the fund collection and its mobilization in the joint venture banks, especially in NABIL, SCB, HBL and EBL.

Some of the main objectives of the study are as follows:

- To find out the effectiveness of the selected joint venture banks in fund mobilization.
- To analyze the ability of the selected joint venture banks in mobilizing the total collected funds.
- To identify the factors affecting the fund mobilization.
- To provide suggestions and recommendations on the basis of analysis.

The major objectives of the study are;

- The average ratio of cash and bank balance of total deposit reveals that EBL had higher the ratio and NABIL had lower the ratio in comparison to other banks which shows that the liquidity position of EBL is quite well than other banks.
- The average ratio of credit and advances to total deposit of EBL is higher than other three joint venture commercial banks and SCB has the lowest ratio which means EBL has mobilized its collected deposit with credit and advance more than other banks but SCB seems weak to mobilize its collected deposit with credit and advances. But EBL seems more stable in providing credit and advances.
- The average debt to equity ratio shows that HBL has the highest average ratio than other banks that means the financial risk of this bank is also high. All the JVBs have used excessive amount of debt.
- The average ratio of return on assets of NABIL is higher than other banks. That means NABIL is more successful to earn profit on total working fund than other banks. On the other hand, NABIL seems more stable in earning profit.
- The average ratio of total interest income to total credit and advances of SCB is higher than other banks. SCB is more successful to learn interesting than other banks.
- The average ratio of EPS of SCB is greater than other banks. It reveals that shareholders' funds are mobilized very well. EBL has the lowest ratio as compared to other banks. The C.V. of SCB is lower than other banks, which seems more uniform in earnings per share.
- The average borrowing of HBL is lower in comparison to other banks. And EBL has higher funds from borrowing. It can be said that the internal fund management of HBL is better than other banks.

Rai (2009), in his thesis, “*A Comparative Study on Fund Mobilization of Himalayan Bank Limited and Everest Bank Limited*”, he has the main objectives of examining, interpreting and analyzing the fund mobilization procedures adopted by two joint

ventures; Himalayan Bank Ltd. and Everest Bank Ltd. The other specific objectives related to this study are presented below:

- To evaluate the growth and the risk ratio of loan and advances and total investment with respect to the growth rate of total deposits and net profit of HBL and EBL.
- To evaluate comparatively operating, financial and investment efficiency of two joint venture banks.
- To analyze the relationship between deposits and total investment, deposits and loan and advance and net profits of HBL and EBL.
- To analyze the sources and uses of funds and analysis of cash flow of these two joint venture banks.

The major findings of the study are;

- The mean ratio of cash and bank balance of total deposit of EBL is higher than HBL. It states that the Liquidity position of EBL is better in this regard. The ratio of EBL is less consistent and HBL has a more consistent ratio. It shows HBL has taken more risk to meet the daily cash requirements.
- The mean ratio of loan advances to total deposit of EBL is greater than HBL. The variable ratio of EBL is lower than HBL. It seems more consistent than HBL.
- The average ratio of total investment to the total deposit ratio of HBL is higher than that of EBL. The variable ratio of EBL lowers than HBL.
- The mean ratio of return on total working fund of EBL is greater than HBL. Whereas the variability ratio of EBL is lower than HBL. It indicates that the return on total working fund of EBL is stable.
- In case of the mean ratio of total interest earned to total working fund of EBL is a higher ratio than HBL. The variability ratio of HBL is lower than EBL. It reveals that EBL is mobilizing its working fund successfully so that it has a higher earning capacity.
- In case of credit risk ratio. HBL has the lower risk than EBL. The variability ratio of EBL is lower than HBL. It indicates that the credit risk ratio is consistent.

- HBL has maintained the lower Liquidity risk and lower credit risk. And lower Liquidity risk means higher risk for higher profit.

Adhikari (2010), has conducted a research on “*A Comparative Study of Fund Mobilization of Commercial Banks.*” He had attempted to analyze Fund mobilization of commercial banks with special two reference commercial bank NABIL bank limited and Everest bank limited with the help of different financial and statistical tools. The specific objectives of her study are as follows:

- To explore the effectiveness of the selected joint venture banks in fund mobilization.
- To analyze the sources and uses of funds of the selected joint venture banks.
- To study the factors affecting the fund mobilization.
- To provide suggestions and recommendation on the basis of analysis.

The major findings of this study are as follows:

- The average ratio of cash and bank balance of total deposit reveals that EBL has higher the ratio and NABIL had lower the ratio which shows that the liquidity position of EBL is quite well than NABIL but CV of NABIL is lower than EBL which mean NABIL has a more consistent ratio Property of Shanker Dev Campus Library c4o0mpare to EBL.
- The average ratio of credit and advance to total deposit of EBL is higher than NABIL deposit in credit and advance more than NABIL
- NABIL is higher than EBL but CV ratio of EBL is lower than NABIL. It can be regarded that EBL has utilized the funds from fixed deposits in a better way than NABIL.
- The average debt equity ratio shows that NABIL has the highest average ratio than EBL that means the financial risk of this bank is also high both JVBS have used excessive amount of debt.

Bajracharya (2011), has conducted a study on “*A Study on Fund Mobilization of Joint Venture Banks (With reference to Himalayan Bank Ltd. and Nabil Bank Ltd. And Everest Bank Ltd.)*”. The objective of the study has been concentrating on reviewing the fund collection and its mobilization in the joint venture banks especially

in Nabil, HBL and EBL. Her study has expected to prove a useful feedback to the commercial banks. Some of the specific objectives of the study are as follows:

- To analyze the ability of the selected joint venture banks in fund mobilization.
- To identify the factors affecting the fund mobilization.
- To provide suggestion and recommendation on the basis of analysis.

Major Findings of this study are:

- The average ratio of cash and bank balance of total deposit reveals that EBL had higher the ratio and NABIL had lower the ratio in comparison to other banks which shows that the liquidity position of EBL is quite well than other banks but CV of HBL is lower than other banks which mean HBL has a more consistent ratio compared to other banks.
- The average credit and advance to total assets ratio shows that EBL seems successful to mobilize its total working fund as credit and advance in comparison to other banks. But HBL is a more consistent ratio than other banks.
- The average debt to equity ratio show that HBL has the highest average ratio than other banks that means the financial risk of this bank is also high. All the JVBs have used excessive amount of debt.
- The average ratio of total interest income to total credit and advances of NABIL is lightly higher than HBL, EBL.
- The average MPS of NABIL is greater than other banks.
- The average P/E ratio of EBL is greater than other banks and NABIL has lowest average ratio as compared to other banks.

Research Gap

The review of above relevant literature has contributed to enhance the fundamental understanding and knowledge, which is required to make this study meaningful and purposeful. There are various researchers conduct in lending practice, credit policy, financial performance and credit management of various commercial banks. Some of the researchers have done the financial performance between two or three different commercial banks. In order to perform those analysis researchers have used various ratio analyses. The past researches in measuring financial performance of banks have

been focused on the limited ratios, which are incapable of solving the problems. In this research various ratios are systematically analyzed and generalized. Past Researchers are not properly analyzed about fund mobilization on the bank and its impact on the profitability. The ratios are not categorized according to nature. Here in this research all ratios are categorized according to their area and nature.

In this research comparative study of fund mobilization of SCB, NABIL and SBI Bank is measured by various ratios, trend analysis and various statistical tools as well and financial tools are used for analyzing survey data. Since the researcher has used data only five fiscal year but all the data are current and factual. Clearly these are the issue in Nepalese commercial bank the previous scholar could not the present facts. This study tries show fund mobilization by applying and analyzing various financial tools like liquidity ratio, activity ratio, profitability ratio and, lending efficiency ratio as well as different statistical tools like average mean, standard deviation coefficient of correlation and trend analysis. Probably this will be the appropriate research in the area of financial performance of the Bank and financial institutions.

CHAPTER-III

RESEARCH METHODOLOGY

The research methodology is the process of arriving to the solution of the problem through planned and systematic dealing with the collection, analysis, and interpretation of fact and figure. Research is a systematic method of finding out a solution to a problem whereas research methodology refers to the various sequential steps to adopt by a researcher in studying a problem with certain objectives in view. To find out such solution of the problems various statistical and financial tools and techniques are applied according to the nature of phenomena. This chapter mainly deals with the research methodology used to ascertain the study objectives. Under this, research design, population and sample, sample selection method, data collection and analysis techniques and tools have been described.

3.1 Research Design

The research methodology is a way to systematically solve the research problem. It refers to the various sequential steps that are to be adopted by a researcher during the course of studying the problem with certain objectives. This chapter refers to the overall research method from the theoretical aspects to the collection and analysis of data. This study covers quantitative methodology in a greater extent and also uses the descriptive part based on both technical aspects and logical aspect. This research tries to perform a well-designed quantities and qualitative research in a very clear and direct way using both financial and statistical tools. In this research some financial and statistical tools were adapted to evaluate the fund mobilization procedure of joint venture banks viz. SCB, NABIL and SBI in consideration not only to research about them but also to facilitate among them.

3.2 Sources of Data

The study is based on secondary data. The secondary sources of data collections are those that have been used from published on used by someone previously. The annual reports of the concerned bank, directives and banking and financial statistics published by Nepal Rastra Bank are the major sources of data for the study.

In order to fulfill the objectives of this research work, all the secondary data are compiled, processed and tabulated in time series. And to judge the reliability of data provided by the banks and other sources, they were compiled with the annual reports of auditors. Formal and informal talks with the concerned authorities of the bank were also helpful to obtain the additional information about the related problem.

3.3 Population and Sample

There are altogether 31 commercial banks are operating in Nepal. Among them nine are JVBs and eight are domestic commercial banks. In this study following three joint venture banks are selected from 31 population commercial banks as a sample for research work.

1. Standard Chartered Bank Nepal Limited
2. Nabil Bank Limited
3. Nepal SBI Bank Limited

These three sample banks are compared as per fund mobilizing procedure activities that they are adopting to mobilize their collected funds as well as own funds.

3.4 Data Analysis Tools

Presentation and analysis of the data are the heart of each and every research work. Selection of appropriate tools and proper analysis makes data effective. This study requires some financial and statistical tools to accomplish the objective of the study. The financial and statistical tools are most reliable. In this study various financial, statistical and accounting tools have been used to make the analysis more effective, convenience and reliable.

To achieve the results obtained with the help of financial and statistical tools are tabulated under different headings. Then they are compared with each other to interpret the results. To achieve the results, two types of tools have been used.

1. Financial Tools
2. Statistical Tools

3.4.1 Financial Tools

Financial tools basically help to identify the financial strengths and weaknesses of the firm by establishing proper relationships between the items of the balance sheet and the profit and loss account. Financial tools are categorized into two parts. They are

- I. Ratio Analysis
- II. Sources and Uses of Funds

I. Ratio Analysis

Ratio analysis refers to the mathematical or quantitative presentation of data in order to find the proper relation between two variables. A ratio is simply in number expressed in the terms of another and such it expresses the quantitative relationship between any two numbers. The ratio can be expressed in terms of percentage, proportions and as a coefficient. “In financial analysis, a ratio is used as a benchmark for evaluating the financial position and performance of a firm. The relationship between two accounting figure expressed mathematically, is known as a financial ratio or simply a ratio. An accounting figure conveys meaning when it is related to some relevant information.”(*Pandey, 1975, 104*)

“A ratio is a mathematical relationship between two variables. It is significant for financial analysis. It also helps us to predict the future performance of a company based on a study of ratios of earlier years.”(*Benerjee, 2004, 950*)

Ratio analysis is the main tools for analyzing the financial strength and weakness of the any firm, industry and business concern. In the banking sector it helps by providing an actual picture of the of the bank in investing decision. The ratio indicates a quantitative relationship, which can be, in turn, used to make a qualitative judgment. Even though there are various types of ratios to analyze and interpret the financial statement, only five types of ratios have been taken in this study, which are related to fund mobilization of the banks. They are presented below:

A. Liquidity Ratios

- i) Current ratio
- ii) Cash and bank balance to total deposit ratio
- iii) Cash and bank balance to current assets ratio
- iv) Investment on government securities to current assets ratio

B. Assets Management Ratios (Activity Ratio)

- i) Loan and advances to total deposit ratio
- ii) Loan and advances total working fund ratio
- iii) Total investment to total deposit ratio
- iv) Investment on shares and debenture to total working fund ratio
- v) Investment on government securities to total working fund ratio

C. Profitability Ratios

- i) Return on loan and advances ratio
- ii) Return on total working fund ratio
- iii) Total interest earned to total working fund ratio
- iv) Total Interest paid to Total Working Fund Ratio

D. Risk Ratios

- i) Liquidity risk ratio
- ii) Credit risk ratio

E. Growth Ratios

- i) Growth ratio of total deposits
- ii) Growth ratio of loan and advances
- iii) Growth ratio of total investment
- iv) Growth ratio of net profit

A. Liquidity Ratios

The liquidity ratios measure the liquidity position and short-term solvency indicating the company's ability to meet short-term obligations. It measures the speed of firms to convert the firm's asset into cash to meet deposit withdrawals and other current obligations. This is a quick measure of the liquidity and financial strength of the firm.

“Liquidity ratios examine the adequacy of funds, the solvency of the firm's ability to pay its obligation when due.”(Kothari, 198, 139)

Various types of liquidity ratios are applied in these studies, which are explained below:

i) Current Ratio

This ratio measures the short-term solvency i.e. its ability to meet short- term obligations. As a measure of creditors versus current assets, it indicates each rupee of current assets available by dividing current assets by current liabilities.

$$\text{Current ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

ii) Cash and Bank Balance to Total Deposit Ratio

Cash and bank balances are the most liquid current assets of a firm, cash and bank balance to total deposit ratio measures the percentage of the most liquid assets to pay depositors immediately. This ratio is computed dividing the amount of cash and bank balance by the total deposits. It can be presented as,

$$\text{Cash and Bank Balance to Total Deposit Ratio} = \frac{\text{Cash and Bank Balance}}{\text{Total Deposits}}$$

Where, cash and bank balance includes cash on hand, foreign cash on hand, cheques and other cash items, balance held abroad. Total deposits consist of deposits on current account, saving account, fixed account, money at call and short notice and other deposits.

iii) Cash and Bank Balance to Current Assets Ratio

This ratio measures the percentage of liquid assets i.e. cash and bank balances among the current assets of a firm. Higher ratio shows the higher capacity of firms to meet

the cash demand. This ratio is calculated dividing cash and bank balance of total current assets and can be calculated as,

$$\text{Cash and Bank Balance to Current Assets Ratio} = \frac{\text{Cash and Bank Balance}}{\text{Current Assets}}$$

Hence, cash and bank balance includes cash in hand, foreign cash and foreign banks.

iii) Investment on Government Securities to Current Assets Ratio

This ratio is used to find the percentage of current assets invested on government securities, treasury bills and development bonds. It can be mentioned as:

$$\text{Inv. On Govt. Sects. to Current Assets} = \frac{\text{Investment on Government Securities}}{\text{Current Assets}}$$

Where, Investment on government securities involves T-Bills and development bonds etc.

B. Assets Management Ratios (Activity Ratio)

The asset management ratios, measures how effectively the firm is managing its assets. These ratios are designed to answer this question: does the total amount of each type of asset as reported on the balance sheet seem reasonable or not. If a firm has excessive investments in assets then its capital costs will be unduly high and its stock price will suffer.

In this study this ratio is used to indicate how efficiently the selected banks have arranged and invested their limited resources. The following financial ratios related to fund mobilization are calculated under asset management ratio and interpretation is made of these calculations.

i) Loan and Advances to Total Deposit Ratio

This ratio is calculated to find out how successfully the selected banks are utilizing their total collections or deposits on loan and advances for the purpose of earning

profit. The greater ratio shows the better utilization of total deposits. This ratio can be obtained dividing loan and advances by total deposits, which can be shown as,

$$\text{Loan and Advances to Total Deposit Ratio} = \frac{\text{Total loan and Advances}}{\text{Total Deposit}}$$

ii) Loan and Advances to Total Working Fund Ratio

The main element of total working fund is loan and advances. This ratio indicates the ability of selected banks in terms of earning high profit from loan and advances. Loan and advances to working fund ratio can be obtained dividing loan and advance amount of total working fund. That is formulized as,

$$\text{Loan and Advances to Total Working Fund Ratio} = \frac{\text{Total Loan and Advances}}{\text{Total Working Fund}}$$

Where, total working fund includes total amount of assets given in the balance sheet which refers to current assets, net fixed assets, total loans for development banks and other sundry assets except off balance sheet items i.e. letter of credit, letter of guarantee etc.

iii) Total Investment to Total Deposit Ratio

Investment is one of the major sources of earning of profit. This ratio indicates how properly firm's deposits have been invested in government securities and shares and debentures of other companies. This ratio is computed by using the following formula:

$$\text{Total Investment to Total Deposit Ratio} = \frac{\text{Total Investment}}{\text{Total Deposit}}$$

Where, total investment includes investment on government securities, investment on debentures and bonds, share in subsidiary companies, shares in other companies and other investments.

iv) Investment on Shares and Debentures to Total Working Fund Ratio

Investment on shares and debentures to total working fund ratio shows the investment of banks on the shares and debentures of other companies in terms of total working fund. This ratio can be obtained dividing on shares and debentures by total working fund. It is calculated as:

$$\text{Inv. on Shares and Debn. to TWF Ratio} = \frac{\text{Inv. on Shares and Debn.}}{\text{Total Working Fund}}$$

Where, total investment includes investment on government securities, investment on debenture and bonds, shares of other companies.

V) Investment on Government Securities to Total Working Fund Ratio

Investment on government securities to working fund ratio shows how much part of total investment is there on government securities in percentage. It can be obtained by:

$$\text{Inv. on Govt. Sect. to Total Working Fund Ratio} = \frac{\text{Inv. on Government Securities}}{\text{Total Working Fund}}$$

Where, investment on government securities includes investment on debentures, bonds and shares of other companies.

C. Profitability Ratios

The profitability ratio is related to profit. Profitability ratios indicate the degree of success in achieving desired profit. The profitability ratios are calculated to measure the operating efficiency of the business enterprise. Profitability is a measure of efficiency and the search for it provides an incentive to achieve efficiency.

Profitability ratios show the combined effects of liquidity, asset management, and debt on operating results. Profitability ratios are very helpful to measure the overall efficiency of operations of a firm. It is a true indication of the financial performance of each and every business organization. Here profitability ratios are calculated and evaluated in terms of the relationship between net profit and assets. Some of the important profitability ratio used is as follows.

i) Return on Loan and Advances Ratio

Return on loan and advances ratio shows how efficiently the banks have utilized their resources to earn a good return from providing loan and advances. This ratio is computed dividing net profit (loss) by the total amount of loan and advances and can be mentioned as:

$$\text{Return on Loan and Advances Ratio} = \frac{\text{Net Profit (Loss)}}{\text{Loan and Advances}}$$

ii) Return on Total Working Fund Ratio

Return on total working fund ratio measures the profit earning capacity of the banks by utilizing available resources i.e. total assets. If the bank's well managed and efficiently utilized its working fund, it will get higher returns. Maximizing taxes, this in the legal options available will also improve the return. It is computed as:

$$\text{Return on Total Working Fund Ratio} = \frac{\text{Net Profit}}{\text{Total Working Fund}}$$

iii) Total Interest Earned to Total Working Fund Ratio

This ratio reflects the extent to which the banks are successful in mobilizing these total assets to acquire income as interest. This ratio actually reveals the earning capacity of commercial banks by mobilizing its working fund. Higher the ratio higher will be the income as interest. We have,

$$\text{Total Interest Earned to TWF Ratio} = \frac{\text{Total Interest Earned}}{\text{Total Working Fund}}$$

iv) Total Interest paid to Total Working Fund Ratio

This ratio measures the percentage of total interest expenses against the total working fund. A high ratio indicates higher interest expenses on total working fund and vice-versa. This ratio is calculated as:

$$\text{Total Interest paid to Total Working fund Ratio} = \frac{\text{Total Interest paid}}{\text{Total Working fund}}$$

D. Risk Ratios

Generally, risk means uncertainty which lies in the business transaction of investment management. When a firm wants to bear risk and uncertainty, profitability and effectiveness of the firm are increased. This ratio checks the degree of risk involved in the various financial operations. For this study, following risk ratios are used to analyze and interprets the financial data and investment policy.

i) Liquidity Risk Ratio

The liquidity risk of the bank defines its liquidity need for a deposit. The cash and bank balance are the most liquid assets and they are considered as banks liquidity sources and deposit, as the liquidity needs. The ratio of cash and bank balance to total deposit is an indicator of the bank's liquidity of need.

This ratio is low if funds are kept idle as cash and bank balance but this reduces profitability. When the bank makes loans, its profitability increases and risk also increase. Thus, the higher liquidity ratio indicates less profitable return and vice-versa. This ratio is calculated by dividing cash and bank balance to total deposit.

$$\text{Liquidity Risk Ratio} = \frac{\text{Cash and Bank Balance}}{\text{Total Deposit}}$$

ii) Credit Risk Ratio

The bank utilizes its collected funds in providing credit to different sectors. There is risk of default or non-repayment of a loan. While making an investment, bank examines the credit risk involved in the project. Generally credit risk ratio shows the

proportion of nonperforming assets in the total investment plus loan and advances of a bank. It is computed as:

$$\text{Credit Risk Ratio} = \frac{\text{Total Investment} + \text{Total Loan and Advances}}{\text{Total Assets}}$$

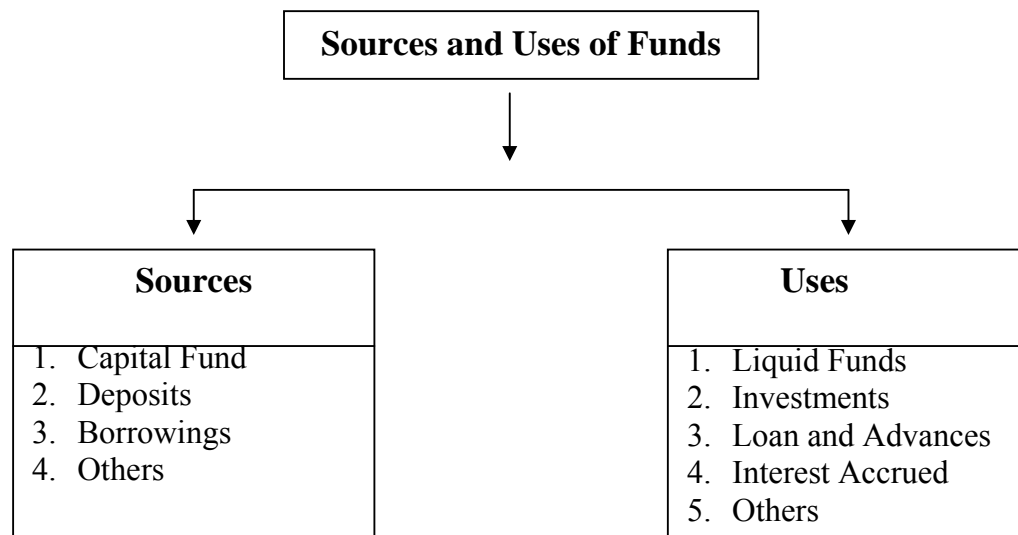
E. Growth Ratios

The growth ratios represent how well the commercial banks are maintaining their economic and financial position. The higher ratios represent the best performance of the selected firms to calculate, check and analyze the expansion and growths of the selected banks the following growth ratios are calculated. Growth ratios are directly related to the fund mobilization and investment of those firms.

- i) Growth ratio of total deposits
- ii) Growth ratio of loan and advances
- iii) Growth ratio of total investment
- iv) Growth ratio of net profit

II. Sources and Uses of Funds

The sources and uses of funds of bank's were categorized and presented below:



3.4.2 Statistical Tools

Some statistical tools are used for analysis in this study. Such as coefficient of correlation between different variables, trend analysis has been used, which are presented below:

- i) Karl Pearson's of Coefficient of Correlation Analysis
- ii) Coefficient of Variation (C.V)
- iii) Standard Deviation (S.D)
- iv) Probable Error (P.E)
- v) Trend Analysis

i) Karl Pearson's Coefficient of Correlation Analysis

“Correlation is a statistical tool that we can use to describe the degree to which one variable is linearly related to another.” (*Sharma and Chaudhary, 2058 B.S., 405*)

Simply, if the two (or more) variables are so related that the change in the value (s) or one (or more) independent variable (s) result the change in the value of dependent variable then they are said to have ‘correlation.

This statistical tool has been used to analyze, identify and interpret the relationship between two or more variables. It deals to determine the degree of relationship between two or more variables. It interprets whether two or more variables are correlated positively or negatively. Statistical tool analyses the relationship between those variables and helps the selected banks to make appropriate investment policy regarding to profit maximization and deposit collection; fund mobilization through providing loan and advances. Among the various methods of finding out the coefficient of correlation, in this study Karl's person correlation co- efficient (r) method applied.

For the purpose of decision-making, interpretation is based on following term:

- When $r = 1$, there is perfect positive correlation.
- When $r = -1$, there is perfect negative correlation.
- When $r = 0$, there is no correlation.

- When 'r' lies between 0.7 to 0.999 (-0.7 to 0.999), there is a high degree of positive (or negative) correlation.
- When 'r' lies between 0.5 to 0.699, there is a moderate degree of correlation.
- When 'r' is less than 0.5, there is a low degree of correlation.

The Karl Pearson's correlation coefficient has been used to find out the relationship between the following variables:

a) Coefficient of Correlation Between Deposit and Loan and Advances

The correlation coefficient between deposits and loan and advances measures the degree of relationship between two variables i.e. X and Y. In this analysis, deposit is independent variables (X) and loan and advances is dependent variables (Y). The main purpose of calculating correlation coefficient is to justify whether the deposits are significantly used in a proper way or not and whether there is any relationship between these two variables.

b) Coefficient of Correlation Between Deposit and Total Investment

The correlation coefficient between deposit and investment is to measure the degree of relationship between deposit and total investment. In this analysis, deposit is independent variables (X) and total investment is dependent variables (Y).

Karl Pearson's Correlation coefficient (r) can be obtained as:

$$R = \frac{N \sum XY - \sum X \sum Y}{\sqrt{\{\sum X^2 - (\sum X)^2\} \{N \sum Y^2 - (\sum Y)^2\}}}$$

Where,

n = number of observations in series X and Y

$\sum X$ = sum of observations in series X

$\sum Y$ = sum of observations in series Y

$\sum X^2$ = sum of squared observations in series X

$\sum Y^2$ = sum of squared observations in series Y

$\sum XY$ = sum of the product of observations in series X and Y

ii) Coefficient of Variation (C.V.)

The coefficient of variation is the most commonly used measure of relative variation. It is used in such problems where the researcher wants to compare the variability of more than two years. Greater the C.V, the variable or conversely less consistent, less uniform, more consistent, more uniform, more stable and homogeneous.

$$\text{C.V} = \frac{\text{Standard deviation (C)}}{\text{Expected Return } (\bar{X})} \times 100$$

iii) Standard Deviation (S.D.)

The standard deviation is an important and widely used measure of dispersion. The measurement of the scatter of the mass of figure in a series about an average is known as dispersion. The greater the amount of dispersion, greater the standard deviation. A small standard deviation means a high degree of uniformity of the observation as well as homogeneity of a series; a large standard deviation means just the opposites it is denoted by the letter C.

$$\text{S.D. (C)} = \sqrt{\frac{1}{N-1} \sum (X - \bar{X})^2}$$

Where,

N = Number of observations

X = Expected return of the historical data

iv) Probable Error (P.E.)

Probable error is measured for testing the reliability of an observed value of the correlation coefficient. It is computed to find the extent to which it is dependable. If the correlation coefficient is greater than 6 times P.E the observed value of r is said to be significant, otherwise nothing can be concluded with certainty. But if the calculated (r) is less than the P.E correlation is not at all significant.

It is calculated by using the following formula:

$$\text{P.E.} = 0.6745 \times \frac{1-r^2}{\sqrt{n}}$$

Where,

P.E. (r) = Probable error of the correlation coefficient

r = Correlation coefficient

n = Number of observations

v) Trend Analysis

This simple method can be applied in studying the trend (path it moves) of the data. Trend analysis tools are used to show gradual increase or decrease of variables over a period of time is known as trend analysis. With the help of trend analysis the tendency of variables over the period can be presented clearly. This statistical analysis interprets the trend of total investment to total deposits, and loan and advances to total deposit of SCB, NABIL and SBI from 2007/08 to 2014/15.

The trend values used in this study are presented below:

- a) Trend Analysis of total investment to total deposits ratio
- b) Trend Analysis of loan and advances to deposit ratio

Trend analysis is computed as follows;

$$Y = a + bx$$

Where,

Y = The value of dependent variable

a = Intercept of trend line

b = Slope of trend line

x = Value of the independent variable

The two parameters a and b in the equation is obtained by solving two normal equations as follows:

$$\Sigma Y = na + b\Sigma X$$

$$\Sigma XY = a\Sigma X + b\Sigma X^2$$

Where,

$$n = \text{Number of years}$$

Since $\Sigma X = 0$, then the value of a and b can be calculated by,

$$a = \frac{\Sigma Y}{n} \text{ and}$$

$$b = \frac{\Sigma XY}{\Sigma X^2}$$

The constant 'a' is simply equal to the mean Y value and constant 'b' gives the rate of change. This is a mathematical method which is widely used in practice. It is applied for finding out a trend line for those series which changes periodically in absolute amount.

CHAPTER-IV

PRESENTATION AND ANALYSIS OF DATA

This chapter is primarily concerned with presentation and analysis of data. In this study effort has been made to analyze the filtered data by using financial and statistical tools as well as various graphical presentations. Likewise, comparative balance sheet and comparative profit and loss account for the year 2007/08 to 2011/12 of SCB, NABIL and SBI are presented in appendices.

4.1 Ratio Analysis

4.1.1 Liquidity Ratios

These measure a firm's ability to satisfy its short-term commitments out of current or liquid assets. These ratios focus on current assets and liabilities and are used to ascertain the short-term solvency position of a firm.

4.1.1.1 Cash and Bank Balance to Total Deposit

This is the most important ratio for measuring the extent of the liquidity of the commercial banks. The sound ratio indicates the strong liquidity position of the banks to meet its customers' demand for immediate cash.

Cash and bank balance to total deposit ratio is computed by using the following formula:

$$\text{Cash and Bank Balance to Total Deposit Ratio} = \frac{\text{Cash and Bank Balance}}{\text{Total Deposit}}$$

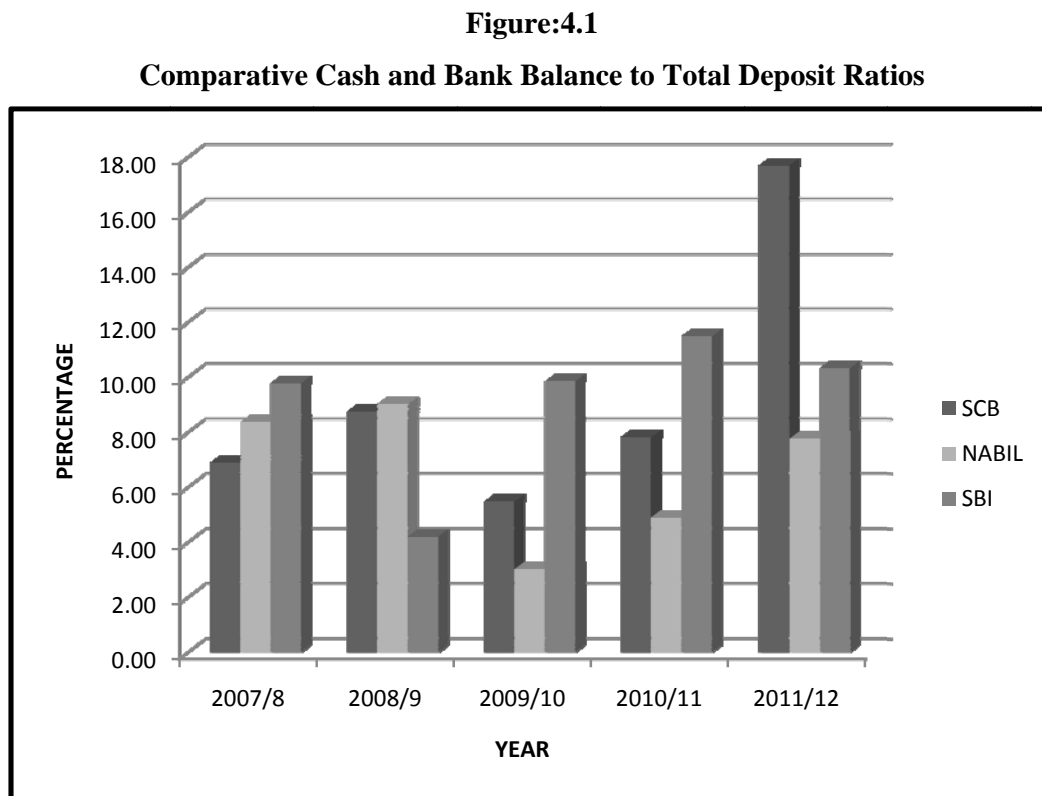
Table:4.1
Comparative Cash and Bank Balance to Total Deposit Ratios

Year	Ratio %		
	SCB	NABIL	SBI
2007/8	6.89	8.37	9.78
2008/9	8.74	9.03	4.21
2009/10	5.48	3.01	9.85
2010/11	7.83	4.90	11.50
2011/12	17.69	7.77	10.32
MEAN	9.33	6.61	9.13
SD	4.83	2.56	2.84
CV	51.80	38.65	31.07

Source: Appendix –I (a)

Table no 4.1 shows the cash and bank balance to total deposit ratio of the three banks followed a fluctuating trend. On an average SCB has maintained the higher ratio i.e. 9.33% of cash and bank balance to total deposit than other two banks during the study period. The coefficient of variance of SCB, NABIL and SBI is 51.80%, 38.65% and 31.07% respectively. It states that SBI is more consistent among three banks and NABIL is un-consistent among three banks.

This ratio can be presented with the help of diagram, which is shown below:



4.1.1.2 Cash and Bank Balance to Current Assets

This ratio is calculated by dividing cash and bank balance by total current assets and can be calculated as,

$$\text{Cash and Bank Balance to Current Assets Ratio} = \frac{\text{Cash and Bank Balance}}{\text{Current Assets}}$$

Table:4.2

Comparative Cash and Bank Balance to Current Assets Ratios

Year	Ratio %		
	SCB	NABIL	SBI
2007/8	6.17	7.31	7.86
2008/9	7.75	7.80	3.93
2009/10	4.81	2.72	9.14
2010/11	6.80	4.25	10.68
2011/12	15.30	6.86	9.60
MEAN	8.17	5.79	8.24
SD	4.13	2.20	2.61
CV	50.56	37.91	31.70

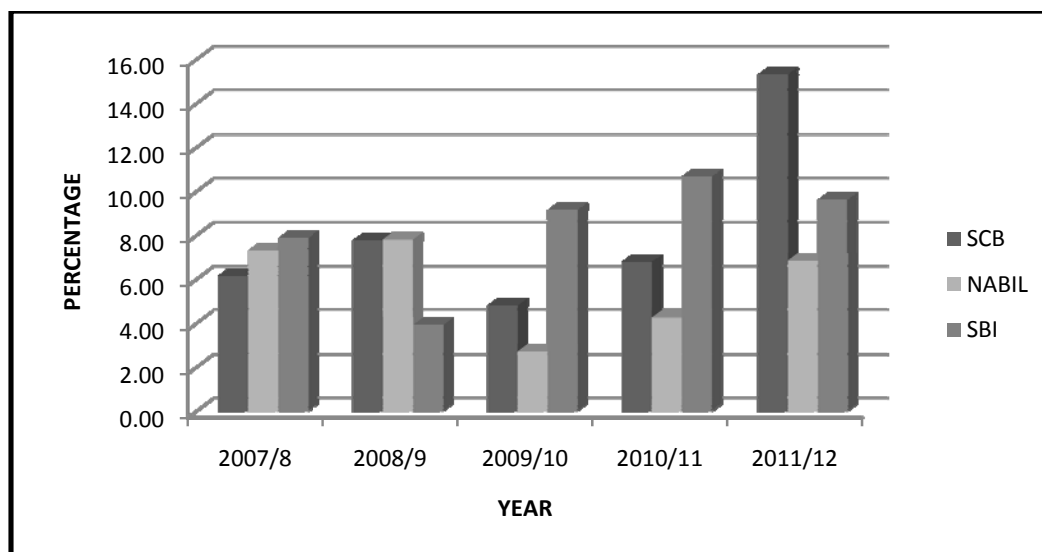
Source: Appendix –I (b)

Table no. 4.2 reveals that cash and bank balance to current assets ratios of SBI has less fluctuating trend i.e. CV is 31.70%. The highest ratio of SCB is 15.30% in the year 2011/12 and lowest ratio is 4.81 % in the year 2009/10. Similarly, NABIL has the highest ratio of 7.80% in the year 2008/9 and lowest ratio of 2.72% in the year 2009/10. SBI has the highest ratio of 10.68% in the year 2010/11 and lowest ratio of 3.93% in the year 2008/9. Among three banks, SBI has maintained the highest average ratio than other banks, i.e. 8.24%.

This ratio can be presented with the help of diagram, which is shown below:

Figure:4.2

Comparative Cash and Bank Balance to Current Assets Ratios



4.1.1.3 Investment on Government Securities to Current Assets

This ratio is used to find the percentage of current assets invested on government securities, treasury bills and development bonds. It can be mentioned as:

$$\text{Investment on Govt. Securities on Current Assets Ratio} = \frac{\text{Investment on Govt. Securities}}{\text{Current Assets}}$$

Table:4.3

Comparative Investment on Government Securities to Current Assets Ratios

Year	Ratio %		
	SCB	NABIL	SBI
2007/8	24.50	12.72	18.13
2008/9	24.71	8.57	11.05
2009/10	21.27	15.46	11.46
2010/11	22.78	15.29	12.20
2011/12	18.90	12.84	7.95
MEAN	22.43	12.97	12.16
SD	2.42	2.78	3.71
CV	10.78	21.43	30.52

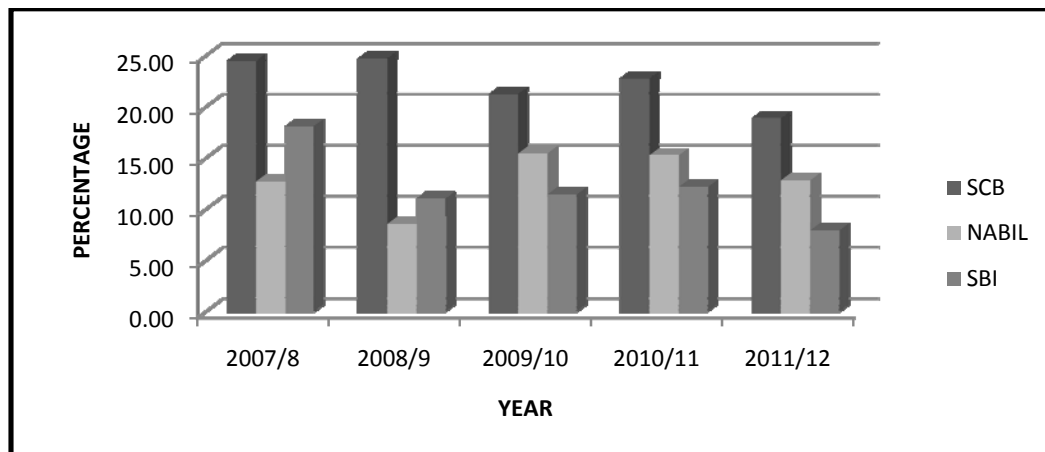
Source: Appendix –I (c)

Table no. 4.3 shows that SCB has invested their fund in government securities in less fluctuating trend in comparison to other two banks, i.e. 10.78%. On an average SCB has invested 22.43% of government securities followed by NABIL of 12.97% investment on government securities. Similarly, SBI has invested 12.16% on government securities to total current assets.

This ratio can be presented with the help of diagram, which is shown below:

Figure:4.3

Comparative Investment on Government Securities to Current Assets Ratios



4.1.2 Assets Management Ratios

The following financial ratios related to fund mobilization are calculated under asset management ratio and interpretation is made of these calculations:

4.1.2.1 Loan and Advances to Total Deposit

This ratio can be obtained by dividing loan and advances to total deposit, which can be shown as,

$$\text{Loan and Advance to Total Deposit Ratio} = \frac{\text{Total Loan and Advance}}{\text{Total Deposit}}$$

Table:4.4
Comparative Loan and Advances to Total Deposit Ratios

Year	Ratio %		
	SCB	NABIL	SBI
2007/8	38.13	66.94	88.32
2008/9	38.13	73.87	54.12
2009/10	45.35	69.53	50.09
2010/11	48.49	76.53	50.37
2011/12	54.43	75.61	49.01
MEAN	44.91	72.50	58.38
SD	6.99	4.11	16.85
CV	15.57	5.67	28.85

Source: Appendix –I (d)

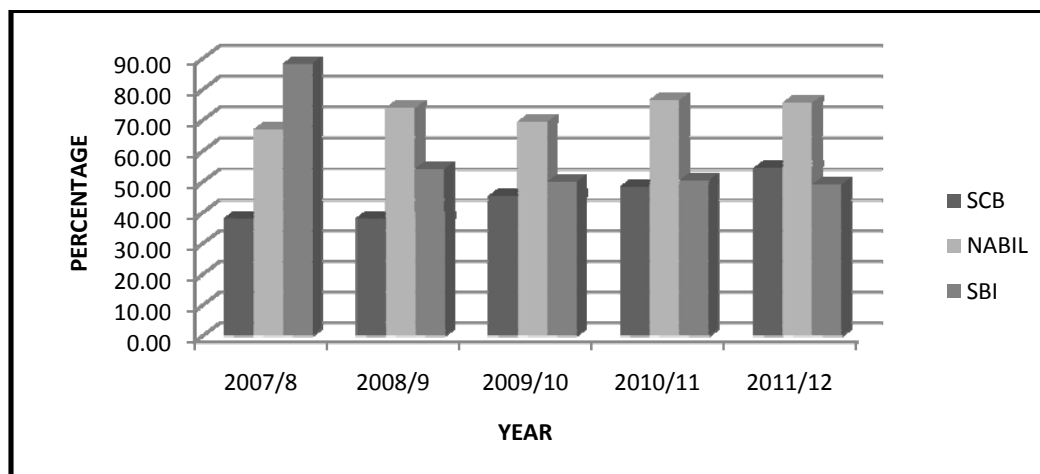
Table no. 4.4 shows that these three banks have mobilized their collected deposits in fluctuating trend as compare to loan and advances during the study period. The highest ratio of loan and advances to total deposit of SCB, NABIL and SBI are 54.43% in year 2011/12, 76.53% in year 2010/11 and 88.32% in the year 2007/8 respectively.

SCB has mobilized 44.91% of its collected deposit in loan and advances on average which is less than that of NABIL and SBI on average. Coefficient of variation of NABIL is 5.67%, which shows that NABIL is more stable than SCB and SBI in mobilizing collected deposit.

This ratio can be presented with the help of graph:

Figure:4.4

Comparative Loan and Advances to Total Deposit Ratios



4.1.2.2 Total Investment to Total Deposit

This ratio is computed by using the following formula:

$$\text{Total Investment to Total Deposit Ratio} = \frac{\text{Total Investment}}{\text{Total Deposit}}$$

Table:4.5

Comparative Total Investment to Total Deposit Ratios

Year	Ratio %		
	SCB	NABIL	SBI
2007/8	46.74	31.14	22.52
2008/9	56.41	28.99	47.52
2009/10	56.41	29.45	46.72
2010/11	45.42	26.32	44.59
2011/12	35.97	25.54	45.86
MEAN	48.19	28.29	41.44
SD	8.58	2.31	10.64
CV	17.80	8.17	25.67

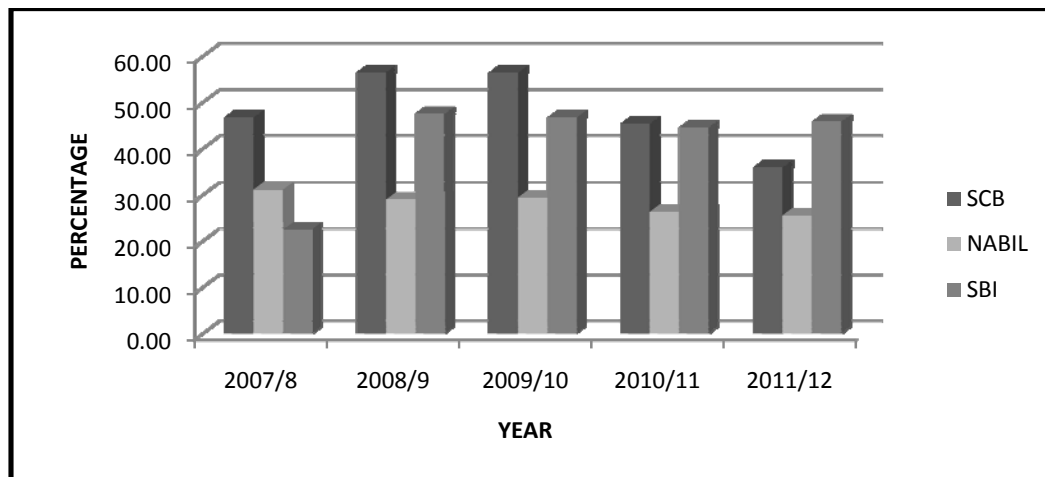
Source: Appendix –I(e)

Table no. 4.5, shows that all three banks have the ratios of a fluctuating trend during the study period. On average SCB has invested more amount of its total deposit in comparison to other two banks, i.e. 48.19%. The coefficient of variation of NABIL is 8.17%. It indicates that NABIL is more consistent to make investment of total

deposits than SCB and SBI. Coefficient of variation of SCB and SBI is 17.80% and 25.67% respectively.

This ratio can be presented with the help of graph as follows:

Figure:4.5
Comparative Total Investment to Total Deposit Ratios



4.1.2.3 Loan and Advances to Total Working Fund

Loan and advances to working fund ratio can be obtained dividing loan and advance amount of total working fund. That is formulized as,

$$\text{Loan and Advance to Total Working Fund Ratio} = \frac{\text{Loan and Advance}}{\text{Total Working Fund}}$$

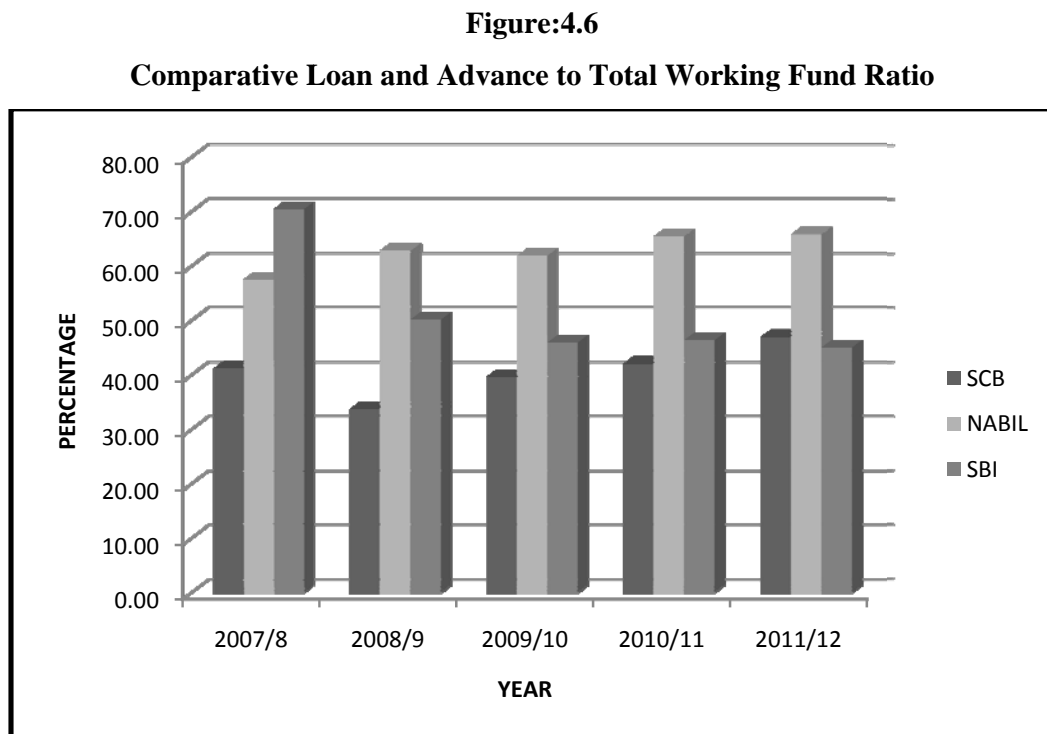
Table:4.6
Comparative Loan and Advances to Total Working Fund Ratios

Year	Ratio %		
	SCB	NABIL	SBI
2007/8	41.15	57.54	70.48
2008/9	33.70	62.89	50.16
2009/10	39.68	61.88	45.94
2010/11	42.06	65.42	46.36
2011/12	46.97	65.83	45.03
MEAN	40.71	62.71	51.59
SD	4.78	3.34	10.74
CV	11.74	5.32	20.81

Source: Appendix –I(f)

Table no.4.6 describes the loan and advances to total working fund ratio of SCB, NABIL and SBI in fluctuating trend. During the study period SCB, NABIL and SBI have a higher ratio of 46.97%, 65.83% and 70.48% in year 2011/12, 2011/12 and 2007/8 respectively. On average, NABIL has maintained a higher ratio of 62.71% than other two banks. The coefficient of variation of NABIL is more consistent than SCB and SBI because it has the lowest variation i.e. 5.32 %.

This ratio can be presented with the help of graph as follows:



4.1.2.4 Investment on Government Securities to Total Working Fund

Investment on government securities to working fund ratio shows how much part of total investment is there on government securities. It can be obtained by:

$$\text{Inv. on Govt. Securities to Total Working Fund Ratio} = \frac{\text{Inv. on Government Securities}}{\text{Total Working Fund}}$$

Table:4.7

Comparative Investment on Government Securities to Total Working Fund Ratios

Year	Ratio %		
	SCB	NABIL	SBI
2007/8	24.41	12.51	18.00
2008/9	24.63	8.45	10.96
2009/10	21.21	15.23	11.33
2010/11	22.73	15.04	12.09
2011/12	18.86	12.66	7.85
MEAN	22.37	12.78	12.05
SD	2.40	2.74	3.70
CV	10.73	21.42	30.71

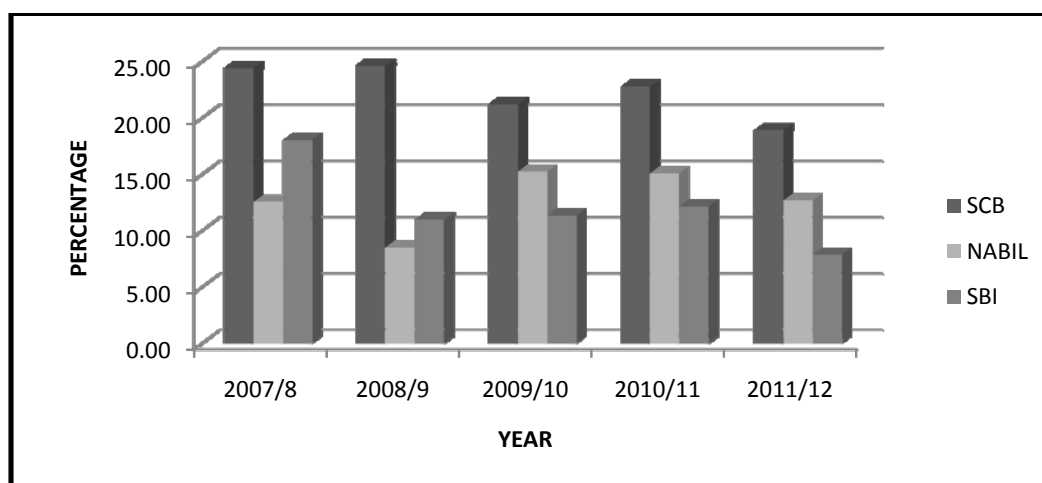
Source: Appendix-I (g)

Table no. 4.7 shows the investment on government securities to total working fund of SCB, NABIL and SBI is in fluctuating trend. SCB, NABIL and SBI have the highest ratio of 24.63%, 15.23% and 18.00% in the year 2008/9, 2009/10 and 2007/8 respectively. On an average SCB has highest mean ratio among three banks i.e. 22.37%. The coefficient of variation indicates of SCB i.e. 10.73% have a more stable ratio than that of NABIL and SBI.

This ratio can be presented with the help of graph as follows:

Figure:4.7

Comparative Investment on Government Securities to Total Working Fund Ratios



4.1.2.5 Investment on Shares and Debentures to Total Working Fund

This ratio can be obtained dividing shares and debentures by total working fund. It is calculated as:

$$\text{Invnt. on Share and Deben. to Total Working Fund Ratio} = \frac{\text{Invnt. on Share and Debn.}}{\text{Total Working Fund}}$$

Table:4.8

Comparative Investment on Shares and Debentures to Total Working Fund Ratios

Year	Ratio %		
	SCB	NABIL	SBI
2007/8	17.27	13.67	0.31
2008/9	25.28	15.72	33.08
2009/10	28.19	10.52	31.52
2010/11	16.72	7.16	28.93
2011/12	12.23	9.28	34.28
MEAN	19.94	11.27	25.62
SD	6.59	3.43	14.29
CV	33.04	30.42	55.78

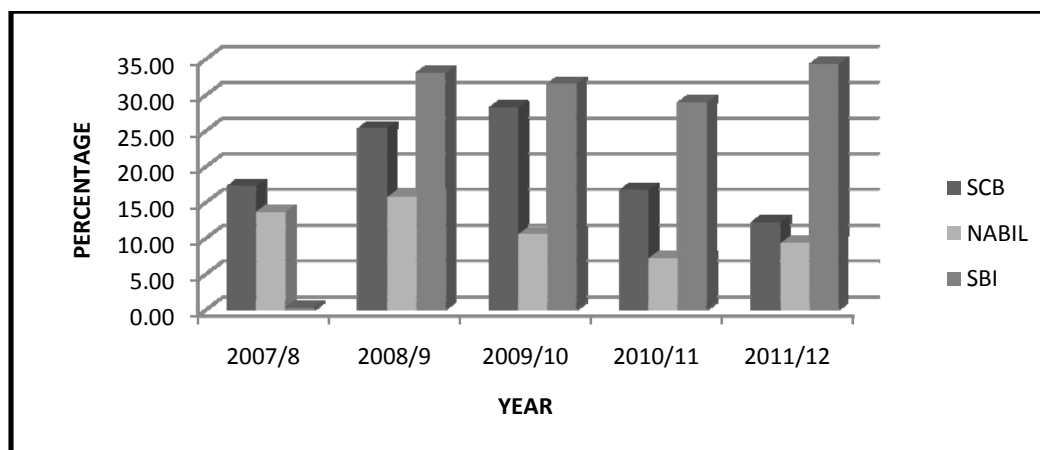
Source: Appendix –I (h)

Table no. 4.8 shows the investment in shares and debentures to total working fund ratio of all banks are in fluctuating trend during the five year study period. SBI has invested less than 1% of its total working fund in shares and debentures in the year 2007/8. SCB, NABIL and SBI have the highest ratio of 28.19%, 15.72% and 34.28% in year 2009/10, 2008/9 and 2011/12 respectively. On an average, SBI has invested more amounts in shares and debentures i.e. 25.62% than other two banks. The Coefficient of variation ratio shows that NABIL has a more stable investment on shares and debenture to total working fund than SCB and SBI.

This ratio can be presented with the help of graph as follows:

Figure:4.8

Comparative Investment on Shares and Debentures to Total Working Fund Ratios



4.1.3 Profitability Ratios

Here profitability ratios are calculated and evaluated in terms of the relationship between net profit and assets. Profitability of the firms can be presented through the following different ways:

4.1.3.1 Return on Loan and Advances

This ratio is computed dividing net profit (loss) by the total amount of loan and advances and can be mentioned as,

$$\text{Return on Loan and Advance Ratio} = \frac{\text{Net Profit (Loss)}}{\text{Loan and Advance}}$$

Table:4.9

Comparative Return on Loan and Advances Ratios

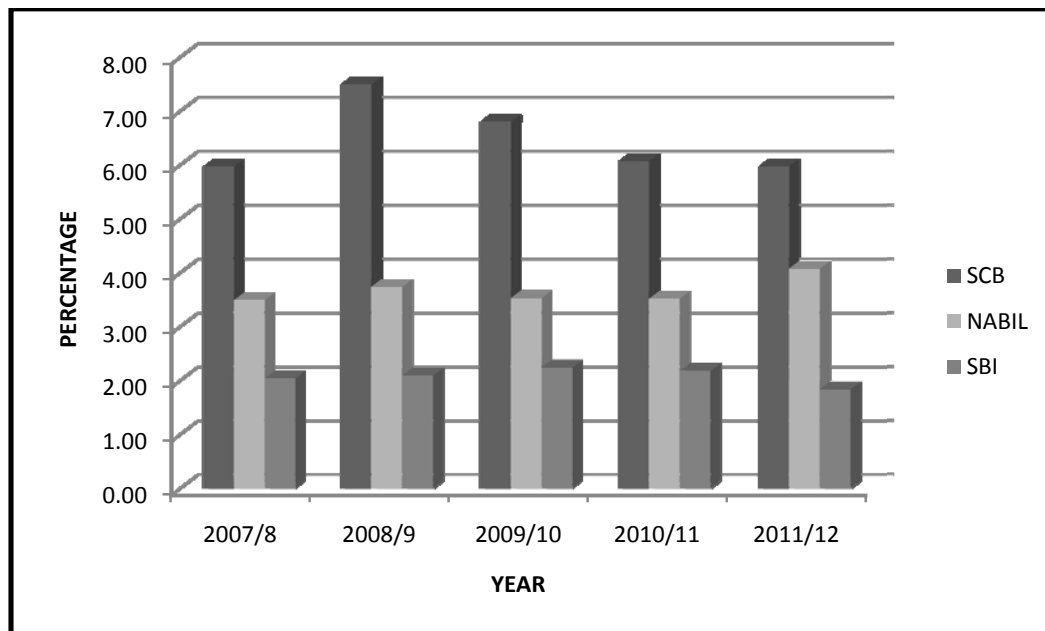
Year	Ratio %		
	SCB	NABIL	SBI
2007/8	5.96	3.49	2.04
2008/9	7.49	3.74	2.09
2009/10	6.80	3.53	2.24
2010/11	6.07	3.52	2.18
2011/12	5.97	4.08	1.84
MEAN	6.46	3.67	2.08
SD	0.68	0.25	0.16
CV	10.45	6.74	7.49

Source: Appendix-I (i)

Table no. 4.9 shows that the return on loan and advances ratio of SCB, NABIL and SBI are in the fluctuating trend. During the study period SCB has the highest ratio of 7.49% in year 2008/9 NABIL and SBI has highest ratio 4.08% in year 2011/12 and 2.24% in the year 2009/10 respectively. On average, SCB has the highest mean ratio of 6.46% whereas NABIL and SBI has the mean ratio of 3.67% and 2.08%. Coefficient of variation indicates that NABIL i.e. 6.74% has less variable between five years of study period compare to SCB and SBI.

This ratio can be presented with the help of graph as follows:

Figure:4.9
Comparative Return on Loan and Advances Ratios



4.1.3.2 Return on Total Working Fund

Return on total working fund ratio is computed as following formula:

$$\text{Return on Total Working Fund Ratio} = \frac{\text{Net Profit (Loss)}}{\text{Total Working Fund}}$$

Table:4.10

Comparative Return on Total Working Fund Ratios

Year	Ratio %		
	SCB	NABIL	SBI
2007/8	2.45	2.01	1.44
2008/9	2.53	2.35	1.05
2009/10	2.70	2.18	1.03
2010/11	2.55	2.30	1.01
2011/12	2.80	2.68	0.83
MEAN	2.61	2.31	1.07
SD	0.14	0.25	0.22
CV	5.41	10.79	20.88

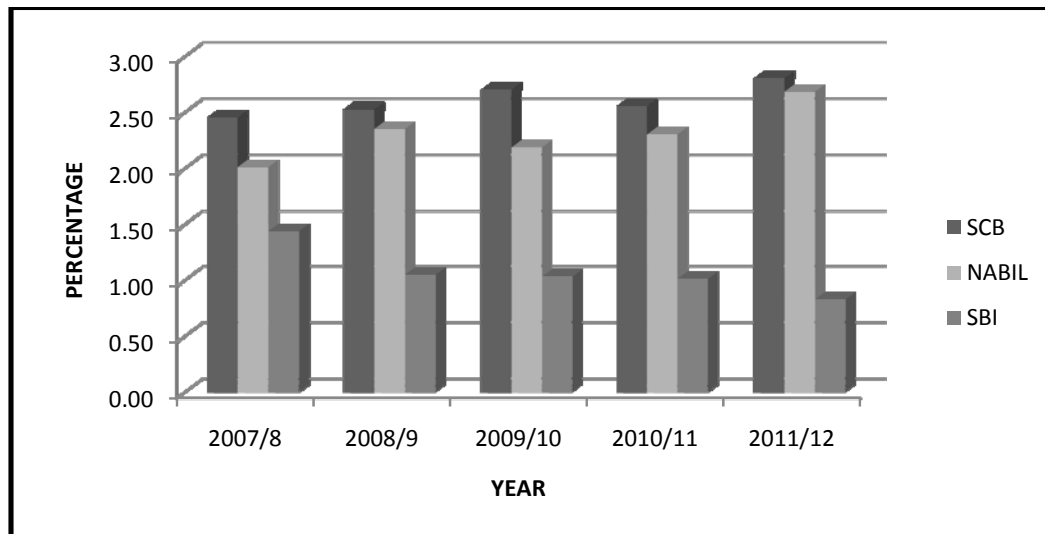
Source: Appendix-I (j)

Table no. 4.10 shows that the return on total working fund ratio of SCB, NABIL and SBI are in the rising and falling trend. During the study period, NABIL has the highest ratio of 2.80% in year 2011/12 than that of SCB and SBI in five year study period. SBI has the lowest ratio of 0.80% in year 2011/12. In case of coefficient of variation, SCB has the lowest C.V. of 5.41% compared to NABIL and SBI.

This ratio can be presented with the help of graph as follows:

Figure:4.10

Comparative Return on Total Working Fund Ratios



4.1.3.3 Total Interest Earned to Total Working Fund

This ratio actually reveals the earning capacity of commercial banks by mobilizing its working fund. Higher the ratio higher will be the income as interest. We have,

$$\text{Total Interest Earned to Total Working Fund Ratio} = \frac{\text{Total Interest Earned}}{\text{Total Working Fund}}$$

Table:4.11

Comparative Total Interest Earned to Total Working Fund Ratios

Year	Ratio %		
	SCB	NABIL	SBI
2007/8	4.77	5.33	5.64
2008/9	4.65	6.38	4.84
2009/10	5.08	7.76	5.97
2010/11	6.20	9.04	6.72
2011/12	6.89	9.70	6.49
MEAN	5.52	7.64	5.93
SD	0.98	1.81	0.74
CV	17.77	23.74	12.55

Source: Appendix-I (k)

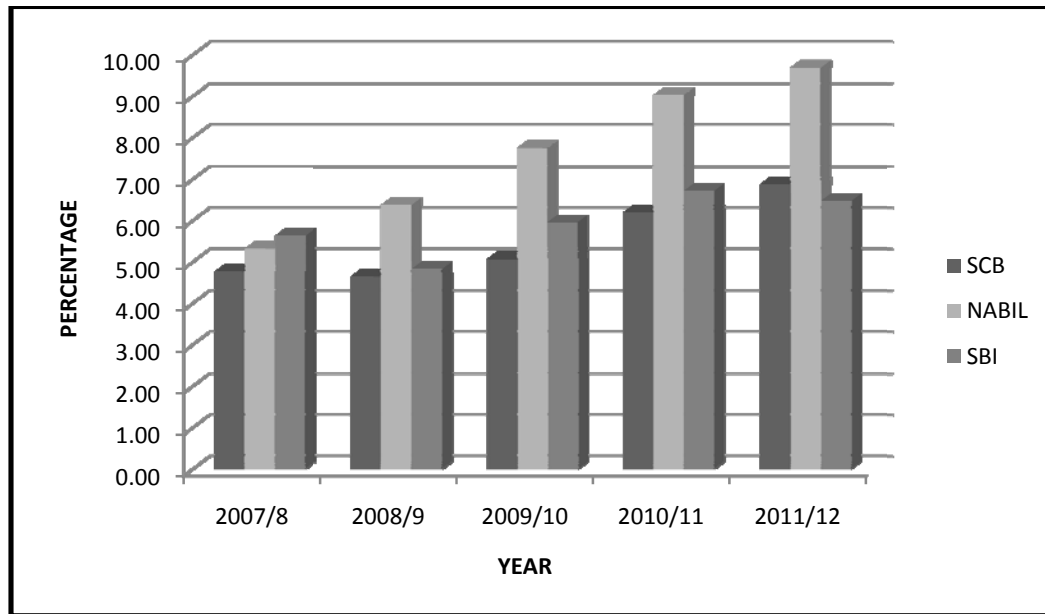
Table no. 4.11 shows that the SCB has higher interest earned to total working fund ratio of 6.89% in the year 2011/12 and lowest ratio of 4.65% in the year 2008/9. Likewise NABIL and SBI have the highest ratio of 9.70% and 6.72% in the year 2011/12 and 2010/11 respectively.

NABIL has higher mean ratio i.e. 7.64% than SCB and SBI. The coefficient of variation of SBI is less than SCB and NABIL i.e. 12.55%. It indicates that the interest earning power of SBI is more consistent than SCB and NABIL.

This ratio can be presented with the help of graph as follows:

Figure:4.11

Comparative Total Interest Earned to Total Working Fund Ratios



4.1.3.4 Total Interest paid to Total Working Fund

Total interest paid to total working fund ratio is calculated as follows:

$$\text{Total Interest paid to Total Working Fund Ratio} = \frac{\text{Total Interest Paid}}{\text{Total Working Fund}}$$

Table:4.12

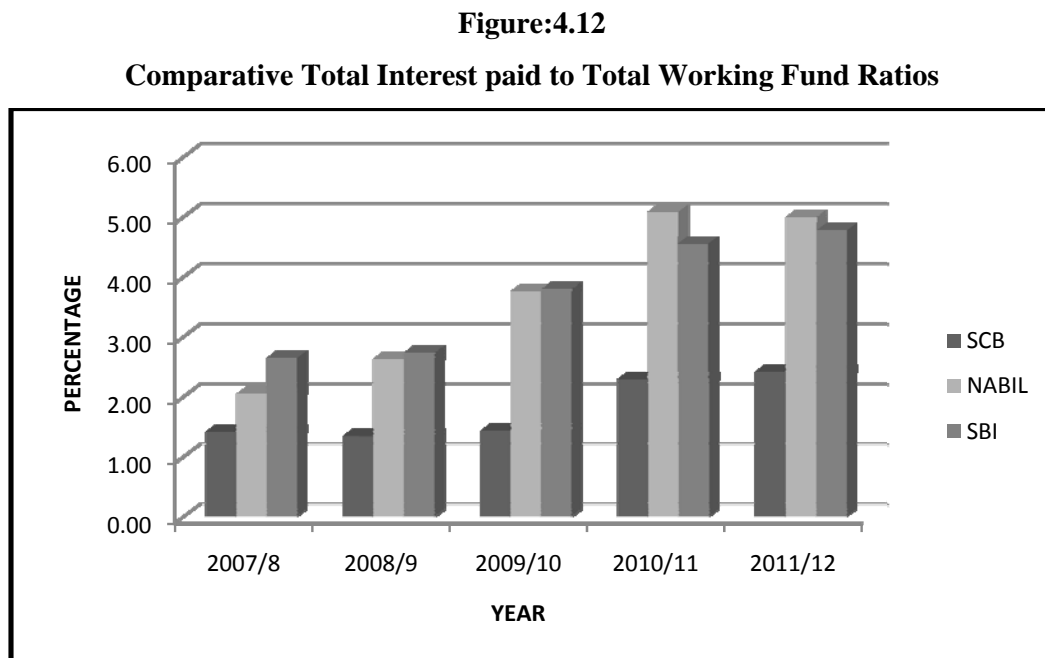
Comparative Total Interest paid to Total Working Fund Ratios

Year	Ratio %		
	SCB	NABIL	SBI
2007/8	1.41	2.04	2.64
2008/9	1.34	2.63	2.73
2009/10	1.43	3.76	3.79
2010/11	2.29	5.08	4.55
2011/12	2.42	4.99	4.77
MEAN	1.78	3.70	3.70
SD	0.53	1.37	0.99
CV	29.73	36.96	26.82

Source: Appendix -I (l)

Table no. 4.12 shows that the SCB has interest paid to total working fund ratio in fluctuating trend. SBI has the ratio in increasing trend from the year 2007/8. SCB has 2.42% highest ratio in the year 2011/12 and lowest ratio of 1.34% in the year 2008/9. NABIL and SBI have the highest ratio of 5.08% and 4.77% in year 2010/11 and 2011/12 respectively. The coefficient of variation of SBI i.e. 26.82% are more stable than SCB and NABIL.

This ratio can be presented with the h of graph as follows:



4.1.4 Risk Ratios

For this study, following risk ratios are used to analyze and interpret the financial data and investment policy.

4.1.4.1 Liquidity Risk Ratio

This ratio is calculated by dividing cash and bank balance to total deposit.

$$\text{Liquidity Risk Ratio} = \frac{\text{Cash and Bank Balance}}{\text{Total Deposit}}$$

Table:4.13
Comparative Liquidity Risk Ratios

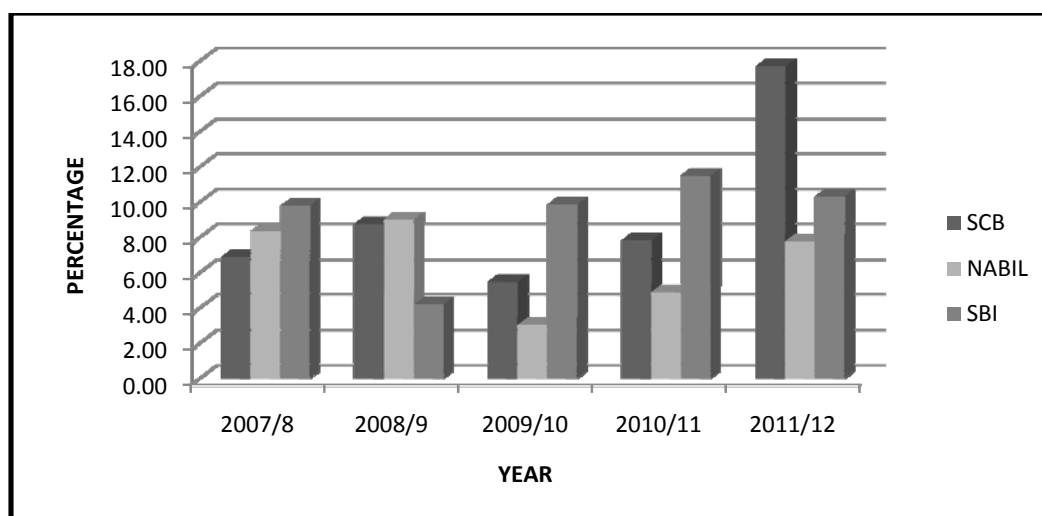
Year	Ratio %		
	SCB	NABIL	SBI
2007/8	6.89	8.37	9.78
2008/9	8.74	9.03	4.21
2009/10	5.48	3.01	9.85
2010/11	7.83	4.90	11.50
2011/12	17.69	7.77	10.32
MEAN	9.33	6.61	9.13
SD	4.83	2.56	2.84
CV	51.80	38.65	31.07

Source: Appendix-I (m)

Table no. 4.13 shows that SCB has highest cash and bank balance to total deposit ratio of 17.69% in the year 2011/12 and lowest ratio of 5.48% in 2009/10. Whereas NABIL and SBI have a higher ratio of 9.03% and 11.5% in the year 2008/9 and 2010/11 respectively and lowest ratio of 3.01% and 4.21% in the year 2009/10 and 2008/9 respectively. The mean ratio of NABIL i.e. 6.61% is lower than that of SCB and SBI. It means that NABIL has maintained the lower liquidity risk ratio which means it operates with higher risk for higher profit. The coefficient of variation of SCB i.e. 51.80% are higher than that of the other two banks. It shows that the ratio of SCB is more variable than of NABIL and SBI.

This ratio can be presented with the help of graph as follows:

Figure:4.13
Comparative Liquidity Risk Ratios



4.1.4.2 Credit Risk Ratio

In general, a credit risk ratio shows the proportion of non-performing assets in the total investment plus loan and advances of a bank. It is computed as:

$$\text{Credit Risk Ratio} = \frac{\text{Total Investment} + \text{Total Loan and Advance}}{\text{Total Assets}}$$

Table:4.14
Comparative Credit Risk Ratios

Year	Ratio %		
	SCB	NABIL	SBI
2007/8	82.86	84.30	88.44
2008/9	83.56	87.57	94.20
2009/10	89.03	68.61	94.04
2010/11	81.45	87.92	87.39
2011/12	78.01	88.07	87.16
MEAN	82.98	83.29	90.25
SD	4.00	8.35	3.57
CV	4.82	10.03	3.96

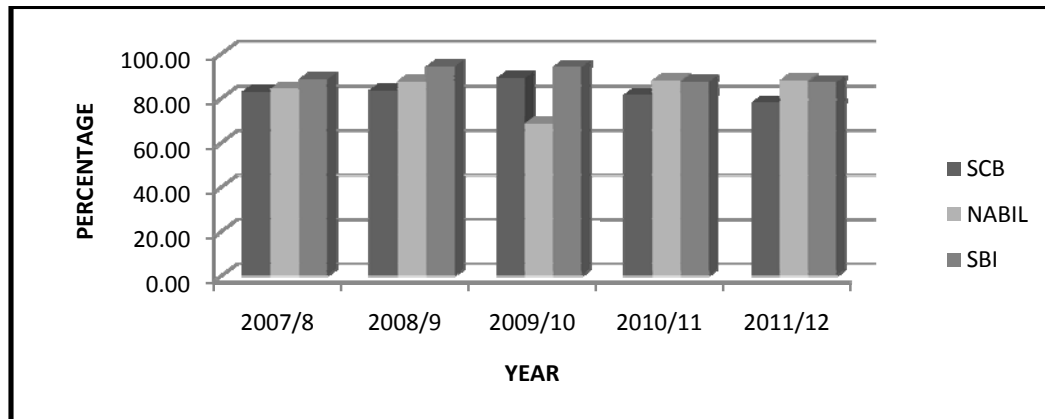
Source: Appendix-I (n)

Table no. 4.14 shows that SCB, NABIL and SBI have the credit risk ratio in fluctuating trend. SCB, NABIL and SBI have the highest ratio of 89.03%, 88.07% and 94.20% in the year 2009/10, 2011/12 and 2008/9 respectively whereas they have the lowest ratio of 78.01%, 68.61% and 88.44% in year 2011/12, 2009/10 and 2007/8 respectively.

On the basis of mean ratio, it can be said that the credit risk of SCB is lower than that of NABIL and SBI. NABIL has the highest coefficient of variation than that of SCB and SBI i.e. 10.03%.

This ratio can be presented with the help of graph as follows:

Figure:4.14
Comparative Credit Risk Ratios



4.1.5 Growth Ratios

The growth ratios represent how well the commercial banks are maintaining their economic and financial position. To calculate, check and analyze the expansion and growth of the selected banks the following growth ratios are calculated.

4.1.5.1 Growth Ratio of Total Deposits

Growth ratio of total deposit of three banks is shown hereunder ;

Table:4.15
Growth Ratio of Total Deposits

(Rs. In Millions)

BANK	Total Deposit					Growth Rate %
	2007/8	2008/9	2009/10	2010/11	2011/12	
SCB	29744	35872	35183	37999	35965	4.86
NABIL	31915	37348	46335	49691	55024	14.59
SBI	13715	27957	34896	42415	53337	40.43

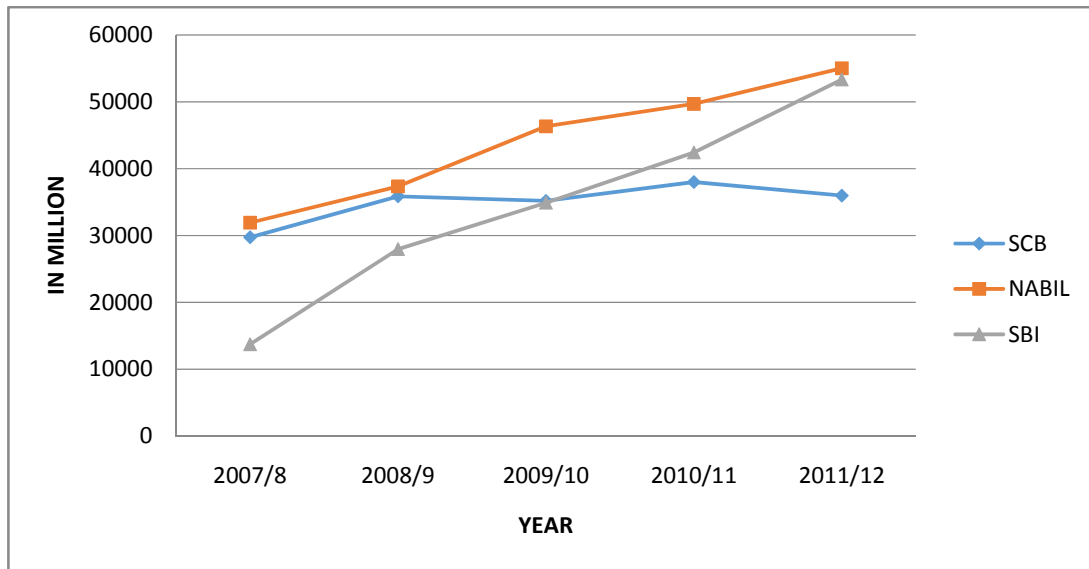
Source: Appendix-II

Table no. 4.15 shows that the deposits of all the banks are in increasing trend except SCB, where the deposit decreased in the year 2009/10 and in 2011/12 during five years of the study period. The growth ratio of SCB, NABIL and SBI are 4.86%,

14.59% and 40.43% respectively. The growth ratio of total deposits of SBI is higher than that of the other two banks.

Growth ratio of total deposit of SCB, NABIL and SBI is also shown in the following line chart.

Figure:4.15
Growth Ratio of Total Deposits



4.1.5.2 Growth Ratio of Total Investment

Growth ratio of total investment of three banks is shown hereunder;

Table:4.16
Growth Ratio of Total Investment

(Rs. In Millions)

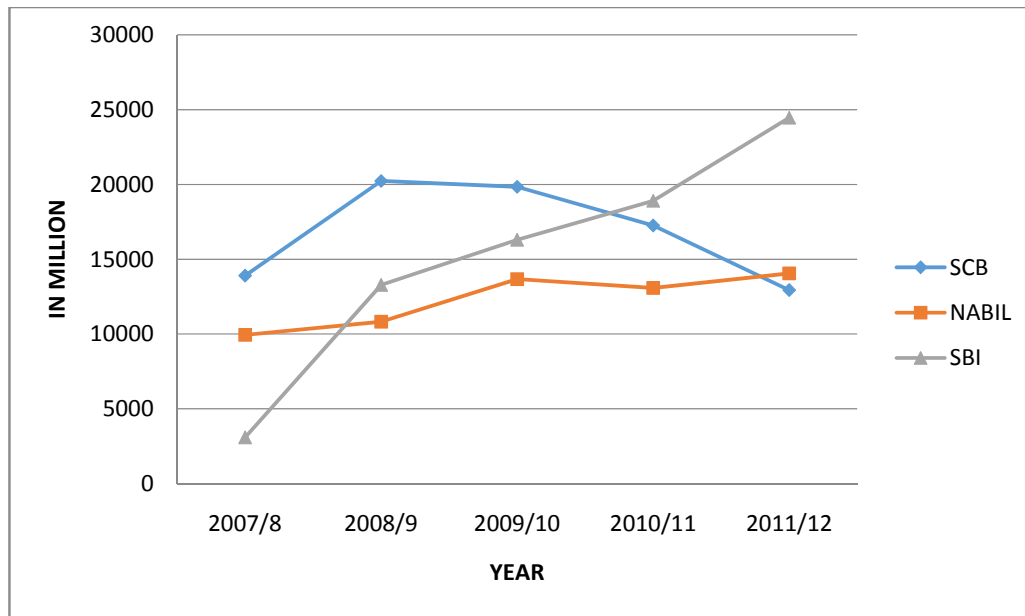
BANK	Total Investment					Growth Rate %
	2007/8	2008/9	2009/10	2010/11	2011/12	
SCB	13902	20236	19847	17258	12938	-1.78
NABIL	9939	10826	13670	13081	14055	9.05
SBI	3088	13286	16305	18911	24463	67.77

Source: Appendix-II

Table no. 4.16 shows that the Investment of SBI in increasing trend except NABIL & SCB. Where the investment of SCB is decreasing trend from the year 2010/11. The investment of NABIL is also decreasing in the year 2010/11. The growth ratio of SCB, NABIL and SBI are -1.78%, 9.05% and 67.77% respectively. The growth ratio of total Investment of SBI is higher than that of the other two banks.

It can also be presented with the help of line chart as following:

Figure:4.16
Growth Ratio of Total Investment



4.1.5.3 Growth Ratio of Loan and Advances

Growth ratios of loan and advance of three banks are shown hereunder.

Table:4.17

Growth Ratio of Loan and Advances

(Rs. In Millions)

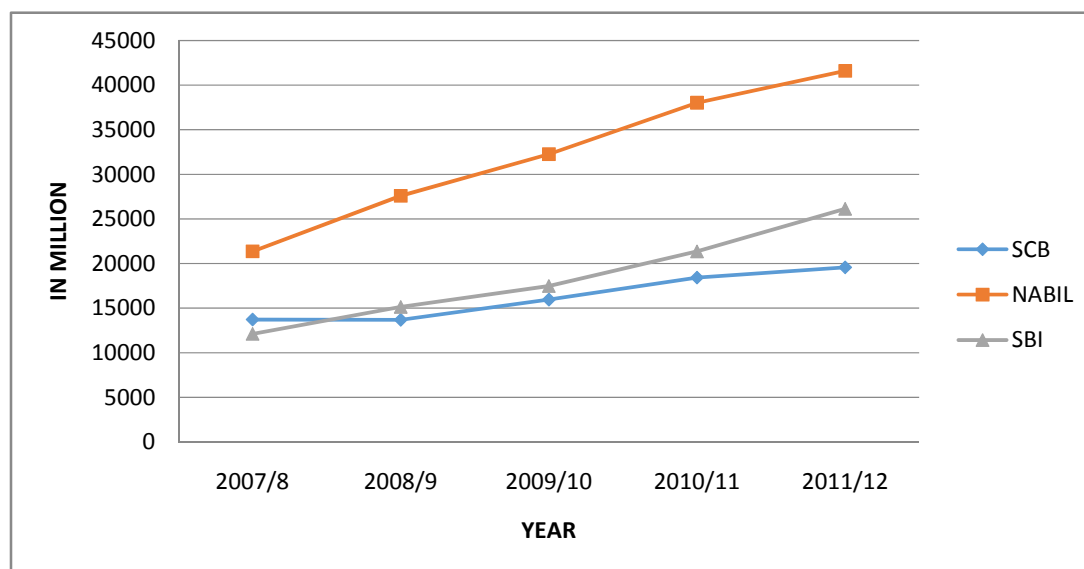
BANK	Loan & Advance					Growth Rate %
	2007/8	2008/9	2009/10	2010/11	2011/12	
SCB	13718	13679	15956	18427	19575	9.30
NABIL	21365	27589	32268	38034	41605	18.13
SBI	12113	15131	17480	21365	26142	21.21

Source: Appendix-II

Table no. 4.17 describes the growth ratio of loan and advances of SCB, NABIL and SBI in five year study period. Loan and advance of all three banks are in increasing trend. The table shows that the SBI has a high growth ratio of Loan and Advance i.e.21.21 % and SCB has lowest growth ratio i.e.9.30 %.

Growth ratios of loans and advances of SCB, NABIL and SBI are also shown in the following line chart.

Figure:4.17
Growth Ratio of Loan and Advance



4.1.5.4 Growth Ratio of Net Profit

Growth ratios of net profit of three banks are shown hereunder.

Table:4.18
Growth Ratio of Net Profit

(Rs. In Millions)

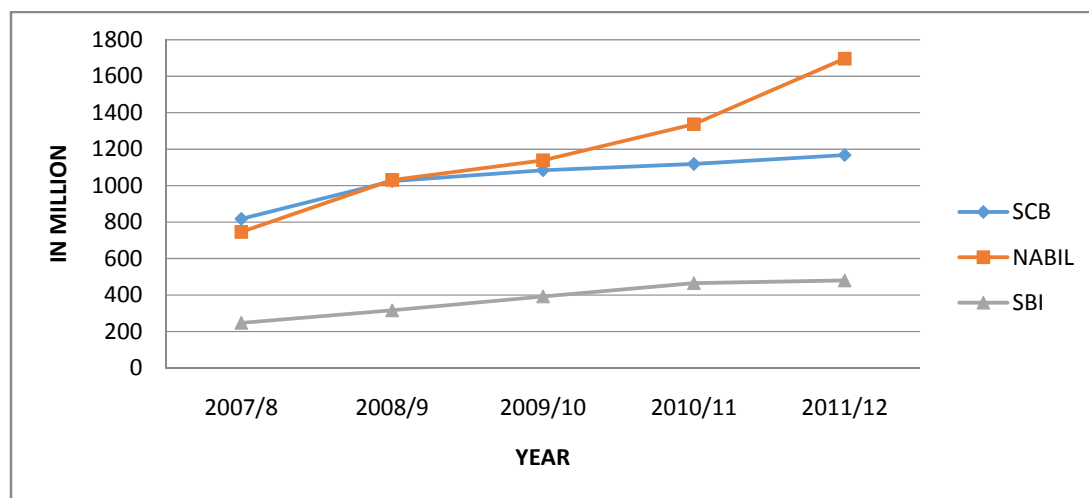
BANK	Net Profit					Growth Rate %
	2007/8	2008/9	2009/10	2010/11	2011/12	
SCB	818	1025	1085	1119	1168	9.31
NABIL	746	1031	1139	1337	1696	22.79
SBI	247	316	392	465	480	18.07

Source: Appendix-II

Table no. 4.18 represents the growth ratio of net profit of SCB, NABIL and SBI during five year study period. All three banks net profit is increasing trend. It shows that NABIL has the highest growth ratio of net profit i.e.22.79 % and SCB has the lowest growth ratio of net profit i.e.9.31 %.

The growth ratio of net profit is also shown with the help of line chart which is shown below:

Figure:4.18
Growth Ratio of Net Profit



4.2 Analysis of Sources and Uses of Funds

This analysis deals with the sources and uses of funds of SCB, NABIL and SBI and also represents the proportionate contribution to the total funds of SCB, NABIL and SBI.

4.2.1 Analysis of Sources and Uses of Funds of SCB

Table:4.19

Percentage of Various Sources of Funds from Total Source of SCB

Particulars	Year					Total	Average(%)
	2007/8	2008/9	2009/10	2010/11	2011/12		
1 Capital	6.17	5.98	7.35	7.45	8.56	35.52	7.10
2 Borrowings	0.00	0.72	0.00	0.77	0.00	1.49	0.30
3 Deposits	86.68	86.07	84.73	84.02	83.70	425.19	85.04
4 Others	7.15	7.23	7.92	7.75	7.74	37.79	7.56
Total	100.00	100.00	100.00	100.00	100.00	500.00	100.00

Source: Appendix-V

Table 4.19 analyses percentage of various sources of funds of SCB. The contribution of capital fund in total source is 7.10%. Deposit contribution more funds in total sources of funds i.e. 85.04%. Considering the contribution of borrowing to total source, it is 0.30% and other source of fund is 7.56%. So, that the Deposit is the only one reliable source of funds of SCB.

The sources of funds of SCB are also shown with the help of following chart.

Figure:4.19
Sources of Funds of SCB based on Mean Ratio

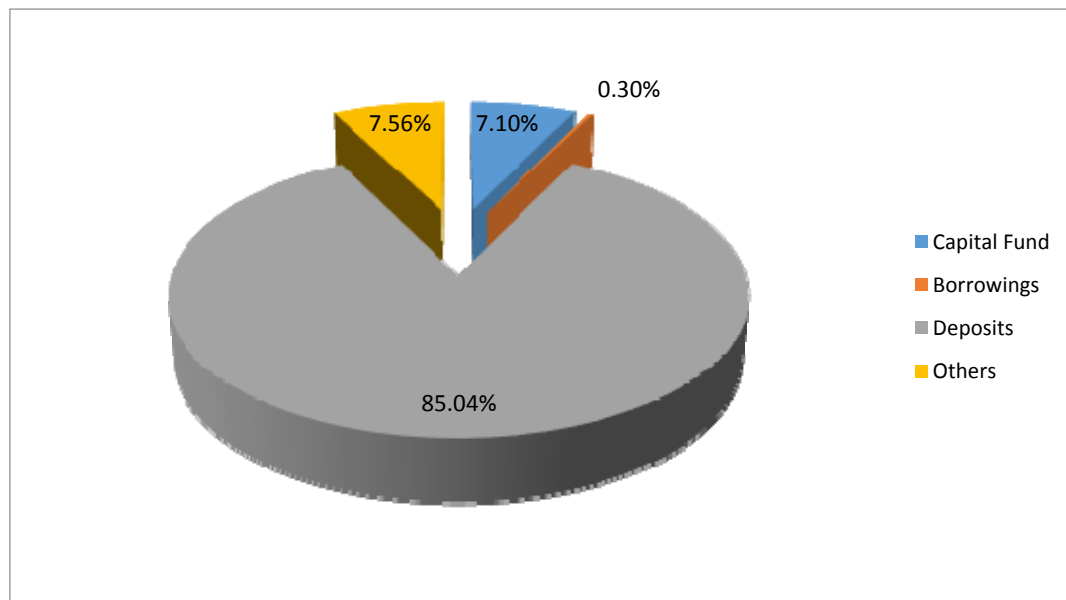


Table:4.20
Percentage of Various Uses of Funds from Total Source of SCB

Particulars	Year					Total	Average (%)
	2007/8	2008/9	2009/10	2010/11	2011/12		
1 Liquid Funds	12.38	16.29	8.67	16.04	19.76	73.14	14.63
2 Investments	23.74	24.01	20.57	22.03	18.32	108.67	21.73
3 Share & Other	16.78	20.71	27.23	16.13	11.85	92.69	18.54
4 Loans &	38.92	31.48	38.37	39.13	42.76	190.66	38.13
5 Others	8.18	7.51	5.17	6.66	7.31	34.83	6.97
Total	100.00	100.00	100.00	100.00	100.00	500.00	100.00

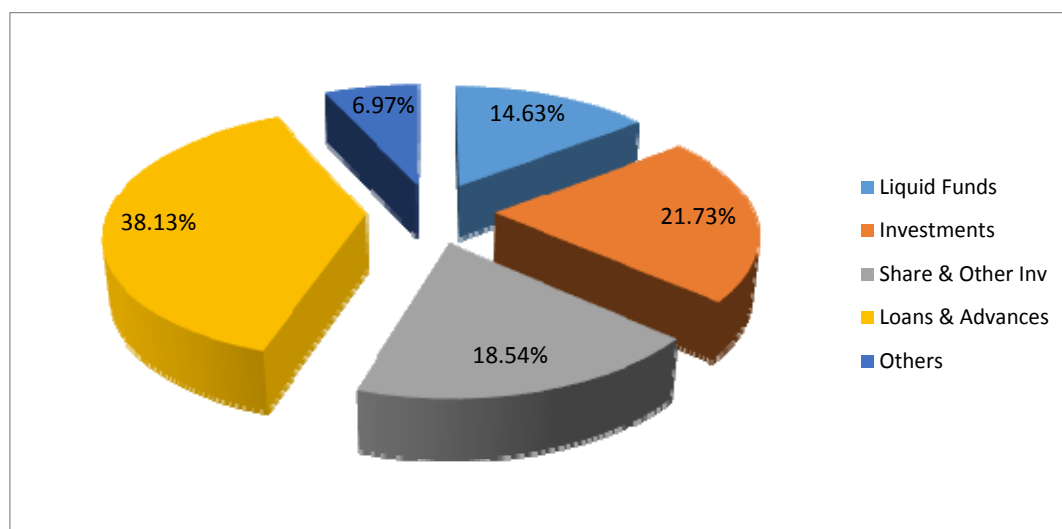
Source: Appendix-V

Table 4.20 shows that source of funds are used for different purposes. SCB maintained liquid funds of 14.63% on an average. It has maintained sufficient liquid

funds in the period of the study. It makes average investment of 21.73%. Similarly, it has provided loan and advances of 38.13% for its customers. Share & investment and other uses cover 18.54% and 6.97% respectively.

The uses of funds of SCB are also shown with the help of following chart.

Figure:4.20
Uses of Funds of SCB based on Mean Ratio



4.2.2 Analysis of Sources and Uses of Funds of NABIL

The following table and diagram present the list of sources and uses of funds of NABIL and it also represents the proportionate contribution to the total sources funds of NABIL.

Table:4.21
Percentage of Various Sources of Funds from Total Sources of NABIL

Particulars	Year					Total	Average (%)
	2007/8	2008/9	2009/10	2010/11	2011/12		
1 Capital Fund	5.35	5.30	5.73	6.26	6.38	29.02	5.80
2 Borrowings	4.16	4.31	0.69	3.18	0.85	13.19	2.64
3 Deposits	82.94	81.30	84.85	81.07	76.91	407.07	81.41
4 Others	7.55	9.09	8.74	9.49	15.86	50.72	10.14
Total	100.00	100.00	100.00	100.00	100.00	500.00	100.00

Source: Appendix-VI

Table no. 4.21 shows that the contribution of Capital Fund in total sources of funds of NABIL is 5.80%. Similarly, deposits contribute more funds in total sources of funds i.e. 81.41%. Borrowings contribute only 2.64% of the total sources. And Other Sources has a contribution of 10.14%. It can be said that deposits are the main sources of funds of NABIL.

The sources of funds of NABIL are also shown with the help of following chart.

Figure:4.21
Sources of Funds of NABIL based on Mean Ratio

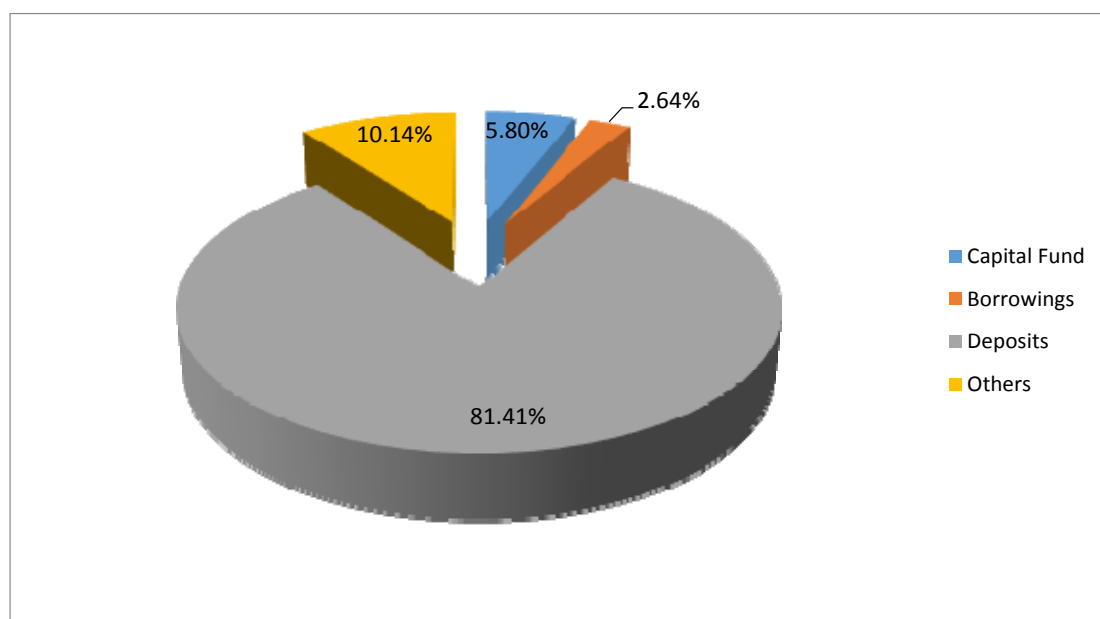


Table:4.22
Percentage of Various Uses of Funds from Total Source of NABIL

Particulars	Year					Total	Average (%)
	2007/8	2008/9	2009/10	2010/11	2011/12		
1 Liquid Funds	12.02	8.54	8.27	7.97	7.13	43.92	8.78
2 Investments	12.71	8.66	14.88	14.55	11.48	62.28	12.46
3 Share & Other Inv	13.19	15.01	10.04	6.79	8.20	53.23	10.65
4 Loans & Advances	55.91	60.55	60.25	63.25	59.73	299.69	59.94
5 Others	6.17	7.24	6.55	7.44	13.47	40.87	8.17
Total	100.00	100.00	100.00	100.00	100.00	500.00	100.00

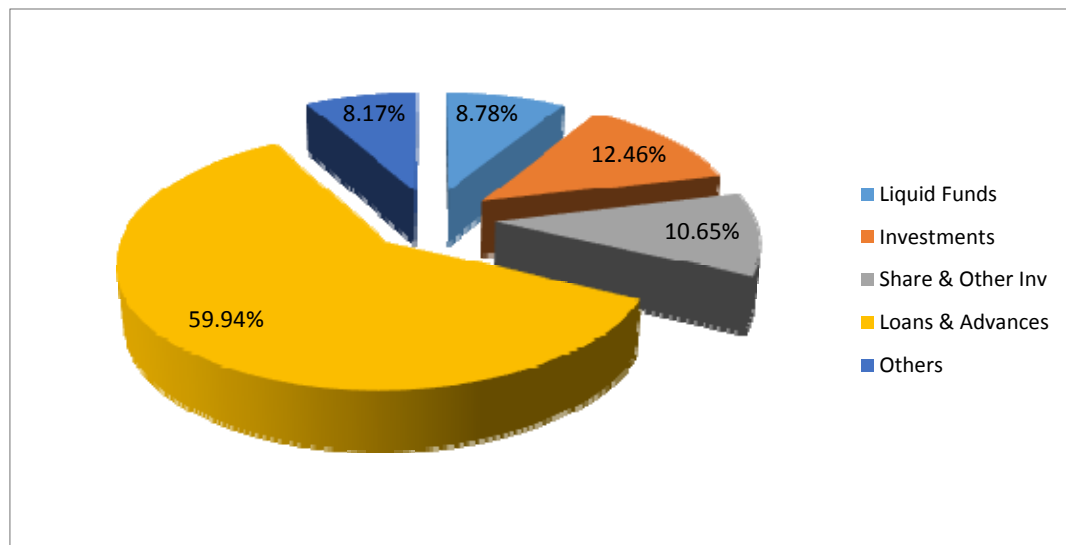
Source: Appendix-VI

Table no. 4.22 shows the proportion of uses of funds of NABIL. NABIL has maintained 8.78% of liquid funds out of total sources. NABIL has invested 12.46% funds from total sources. It provided Loans and Advances of 59.94% to its customer. Percentage covered by Share & Investment is 10.65% and other uses are 8.17% of the total uses of funds.

The uses of funds of NABIL is also shown with the help of following chart.

Figure:4.22

Uses of Funds of NABIL based on Mean Ratio



4.2.3 Analysis of Sources and Uses of Funds of SBI

The following table and diagram present the list of sources of funds of SBI. It also represents the proportionate contribution to the total funds of SBI.

Table:4.23

Percentage of Various Sources of Funds from Total Sources of SBI

Particulars	Year					Total	Average (%)
	2007/8	2008/9	2009/10	2010/11	2011/12		
1 Capital Fund	6.26	4.42	5.44	5.32	4.77	26.21	5.24
2 Borrowings	9.83	2.90	0.78	0.42	1.01	14.95	2.99
3 Deposits	73.76	87.39	88.61	90.00	90.10	429.87	85.97
4 Others	10.15	5.28	5.17	4.26	4.12	28.98	5.80
Total	100.00	100.00	100.00	100.00	100.00	500.00	100.00

Source: Appendix-VII

The table no. 4.23 analyses percentage of various sources of funds of SBI. The contribution of capital fund in total source is 5.24%. Deposit contribution more funds in total sources of funds i.e. 85.97%. Considering the contribution of borrowing to total source, it is 2.99% and other source of funds is 5.80%. So, that the Deposit is the only one reliable source of funds of SBI.

The sources of funds of SBI are also shown with the help of following chart.

Figure:4.23
Sources of Funds of SBI based on Mean Ratio

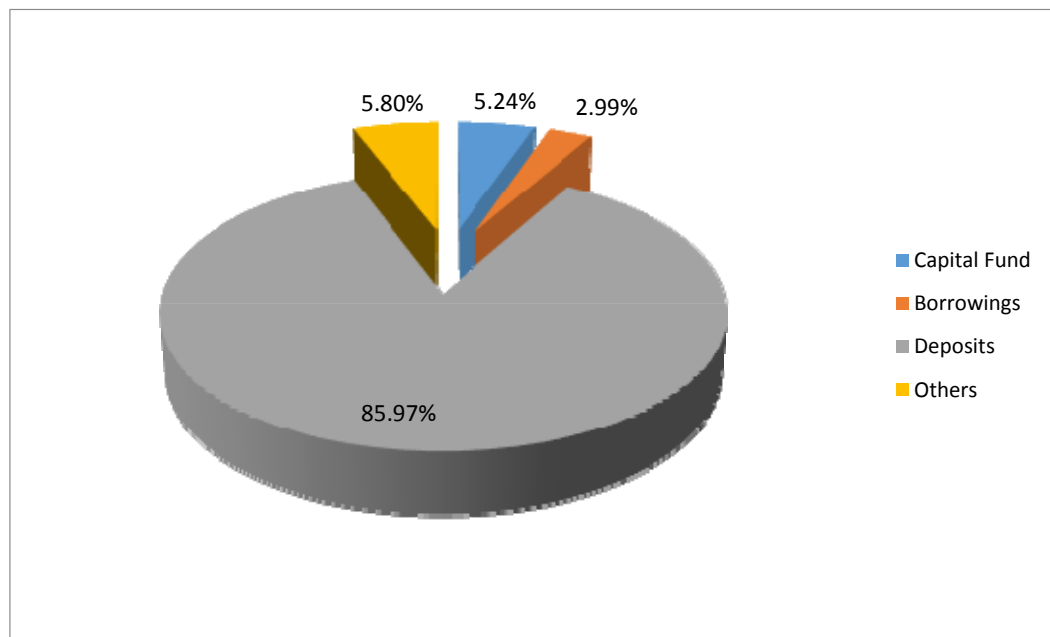


Table:4.24
Percentage of Various Uses of Funds from Total Source of SBI

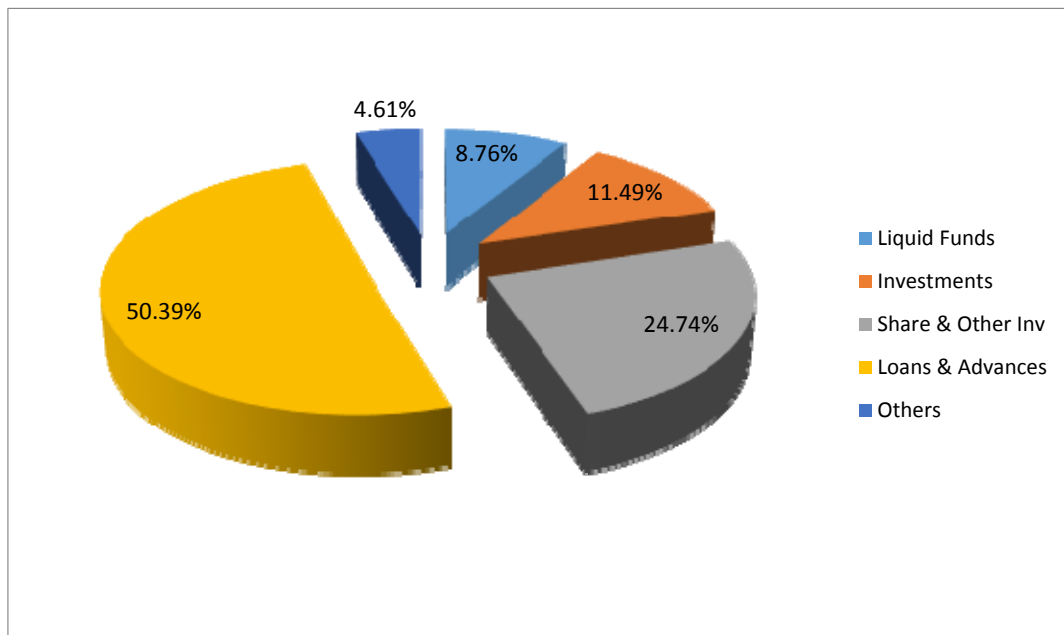
Particulars	Year					Total	Average (%)
	2007/8	2008/9	2009/10	2010/11	2011/12		
1 Liquid Funds	8.88	5.97	9.01	10.35	9.61	43.82	8.76
2 Investments	16.64	10.34	10.95	11.83	7.70	57.46	11.49
3 Share & Other Inv	0.29	31.20	30.32	28.30	33.62	123.72	24.74
4 Loans & Advances	67.63	48.34	45.42	45.95	44.60	251.95	50.39
5 Others	6.56	4.15	4.29	3.57	4.46	23.04	4.61
Total	100.00	100.00	100.00	100.00	100.00	500.00	100.00

Source: Appendix-VII

Table no. 4.24 shows that source of funds are used for different purposes. SBI maintained liquid funds of 8.76% on an average. It has maintained sufficient liquid funds in the period of the study. It makes average investment of 11.49%. Similarly, it has provided loan and advances of 50.39% for its customers. Share & investment and other uses cover 24.74% and 4.61% respectively.

The uses of funds of SBI are also shown with the help of following chart.

Figure:4.24
Uses of Funds of SBI based on Mean Ratio



4.2.4 Comparative Analysis of Sources

The following table shows the average sources of funds of the three joint venture banks.

Table:4.25
Comparative Average Sources of funds of SCB, NABIL and SBI

Particulars		Average %		
		SCB	NABIL	SBI
1	Capital Fund	7.10	5.80	5.24
2	Borrowings	0.30	2.64	2.99
3	Deposits	85.04	81.41	85.97
4	Others	7.56	10.14	5.80
	Total	100.00	100.00	100.00

Source: Appendix-VIII (a)

Table no. 4.25 shows that the capital fund of SCB is higher in comparison to other two banks i.e. 7.10%. Capital fund of rest two banks is NABIL 5.80% and SBI 5.24%. Since the deposit contribution to total sources of funds is very high, SBI seems to be high liquidity sensitive bank. The deposit proportion of SBI is 85.97%. Considering the contribution of borrowings to total sources, SBI has borrowed proportionately more funds than that of the other two banks. Whereas, SCB has a nominal proportion of borrowings among three banks. Lastly, others source of funds proportion of SBI i.e. 5.80% is lower than that of SCB and NABIL.

4.2.5 Comparative Analysis of Uses

The subsequent table shows the average uses of funds of the three joint venture banks.

Table:4.26
Comparative Average Uses of Funds of SCB, NABIL and SBI

Particulars		Average %		
		SCB	NABIL	SBI
1	Liquid Funds	14.63	8.78	8.76
2	Investments	21.73	12.46	11.49
3	Share & Other Inv	18.54	10.65	24.74
4	Loans & Advances	38.13	59.94	50.39
5	Others	6.97	8.17	4.61
	Total	100.00	100.00	100.00

Source: Appendix-VIII (b)

Table no. 4.26 shows that SCB has maintained high liquid funds than NABIL and SBI i.e. 14.63%. SCB is successful to make investment in different sectors in comparison to other two banks i.e. 21.73% which is comparatively greater than the investment of rest two banks. NABIL has a greater portfolio of Loan and Advances i.e. 59.94%. Investment in Shares and Others of SBI is greater than rest banks i.e. 24.74%. Other Investment of NABIL is 8.17% which is comparatively greater than rest of two banks.

4.3 Correlation Analysis

Correlations between the important variables are analyzed under this heading.

4.3.1 Analysis of Correlation Coefficient between Deposits and Total Investment

The following table describes the relationship between deposits and total investment of SCB, NABIL and SBI under five year study period. In this case, the deposit is the independent variables (X) and the total investment is dependent variable (Y).

Table:4:27

Correlation Coefficient between Deposits and Total Investment

Banks	Base of Evaluation			
	r	r ²	P.E.	6×P.E.
SCB	0.40	0.16	0.254	1.52
NABIL	0.96	0.92	0.025	0.15
SBI	0.99	0.98	0.006	0.04

Source: Appendix -III

Table no. 4.27 shows that the coefficient of correlation (r) between deposits and total investment of SCB is a 0.40 and the value of the coefficient of determination (r²) is 0.16 which means 16% of investment decision is depend upon deposit and 84% investment is depending upon other variables. Similarly probable error (P.E.) is 0.254 and 6 P.E. is 1.52 which shows that 6P.E is greater than 'r'. Therefore it reveals that the relationship between deposit and investment is insignificant.

Likewise in case of NABIL, coefficient of correlation (r) between investment and deposit is 0.96. Coefficient of determination (r²) is 0.92, which means 92% of investment decision is depend upon deposit and 8% investment is depending on other variables. And its P.E. is 0.025and similarly 6P.E. is 0.15 which is lower than 'r'. It means correlation of coefficient between the deposit and Investment of NABIL is significant.

Lastly, coefficient of correlation (r) of SBI is 0.99. Coefficient of determination (r^2) is 0.98, which means 98% of investment decision is depends upon deposit and only 2% investment is depends on other variables. And P.E. is 0.006 and 6P.E. is 0.04 which is lower than 'r'. It means correlation of coefficient between the deposit and investment of SBI is significant.

4.3.2 Analysis of Correlation Coefficient between Deposits and Loan and Advances

The following table describes the relationship between deposits and Loan and Advances of SCB, NABIL and SBI under five year study period. In this case, the deposit is the independent variables (X) and Loan and Advances is dependent variable (Y).

Table:4.28
Correlation Coefficient between Deposits and Loan and Advances

Banks	Base of Evaluation			
	r	r^2	P.E.	6×P. E.
SCB	0.62	0.39	0.18	1.11
NABIL	0.99	0.98	0.01	0.04
SBI	0.98	0.96	0.01	0.07

Source: Appendix -III

Table no. 4.28 shows that the coefficient of correlation (r) between deposits and Loan and Advances of SCB is 0.62. The value of the coefficient of determination (r^2) is 0.39 which means 39% of Loan and Advances decision is depends upon deposit and 61% Loan and Advances is depends upon other variables. Similarly probable error (P.E.) is 0.18 and 6P.E. is 1.11 which shows that 'r' is greater than 6P.E. Therefore it reveals that the relationship between deposit and Loan and Advances is insignificant.

Likewise in case of NABIL, coefficient of correlation (r) between deposit and Loan and Advances is 0.99. Coefficient of determination (r^2) is 0.98 which means 98% of Loan and Advances is depends upon deposit and only 2% Loan and Advances depending on other variables. And its P.E. is 0.01 and similarly 6P.E. is 0.04 which is

lower than 'r' i.e. 0.99. It means correlation of coefficient between the deposit and Loan and Advances of NABIL is significant.

Lastly, coefficient of correlation (r) of SBI is 0.98. Coefficient of determination (r^2) is 0.96, which means 96% of Loan and Advances is depends upon deposit and only 4% of Loan and Advances depending on other variables. And P.E. is 0.01 and 6P.E. is 0.07 which is lower than 'r'. It means correlation of coefficient between the deposit and Loan and Advances of SBI is significant as well.

4.4 Trend Analysis

4.4.1 Trend Analysis of Total Investment to Total Deposits Ratio

Under this topic, an effort has been made to calculate the trend values of total investment to total deposit ratio of SCB, NABIL and SBI with comparatively under five year study period and projects the trend for next three years.

The following table describes the trend values of total investment to total deposit ratio of SCB, NABIL and SBI for eight years.

Table:4.29

Trend Values of Total Investment to Total Deposit Ratio of SCB, NABIL and SBI (2007/08 – 2014/15)

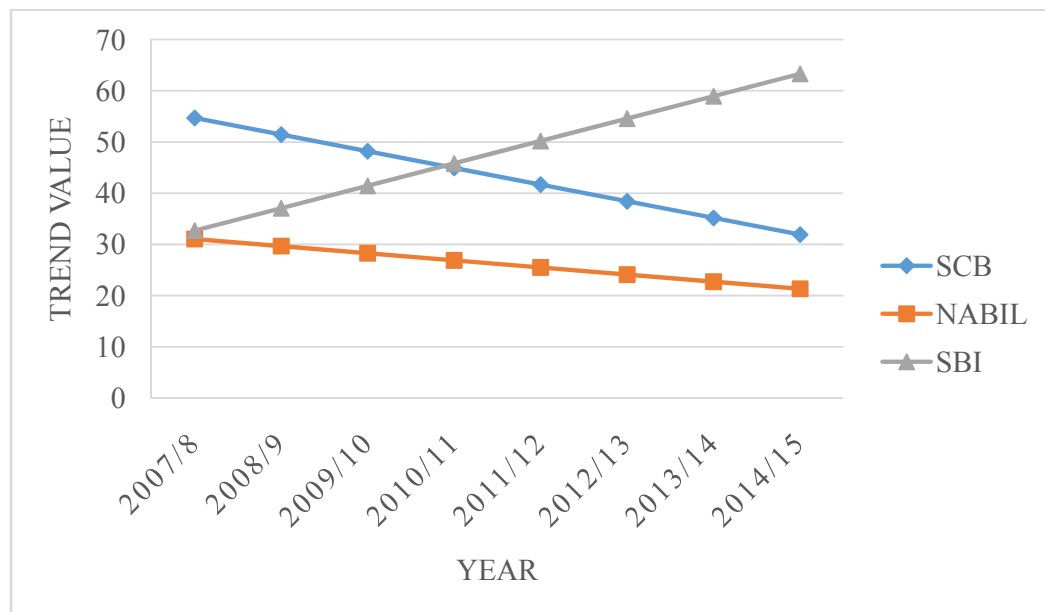
Years	Banks (Trend Value)		
	SCB	NABIL	SBI
2007/8	54.70	31.06	32.69
2008/9	51.44	29.68	37.07
2009/10	48.19	28.29	41.44
2010/11	44.94	26.90	45.82
2011/12	41.69	25.52	50.20
2012/13	38.43	24.13	54.57
2013/14	35.18	22.75	58.95
2014/15	31.93	21.36	63.32

Source: Appendix-IV

Table no. 4.29, shows that the total investment to total deposit ratios of all banks are in decreasing trend except SBI. Other things remaining the same, the ratio of total investment to total deposits of SCB, NABIL and SBI will be 31.93, 21.36 and 63.32 respectively in the year 2014/15.

Trend Line of Total Investment to Total Deposit Ratio of SCB, NABIL and SBI is shown below

Figure:4.25
Trend Values of Total Investment to Total Deposit Ratio of SCB, NABIL and SBI (2007/08–2014/15)



4.4.2 Trend Analysis of Loan and Advances to Total Deposits Ratio

Under this topic an attempt has been made to analyze the trend of loan and advances to total deposits ratio of SCB, NABIL and SBI with comparatively under five year study period and projects the trend for next three years.

The following table describes the trend values of loan and advances to total deposit ratio of SCB, NABIL and SBI for eight years.

Table:4.30

Trend Values of Loan and Advances to Total Deposit Ratio of SCB, NABIL and SBI (2007/08-2014/15)

Years	Banks (Trend Value)		
	SCB	NABIL	SBI
2007/8	36.32	68.50	74.86
2008/9	40.61	70.50	66.62
2009/10	44.91	72.50	58.38
2010/11	49.20	74.50	50.15
2011/12	53.50	76.50	41.91
2012/13	57.79	78.50	33.67
2013/14	62.09	80.50	25.44
2014/15	66.38	82.50	17.20

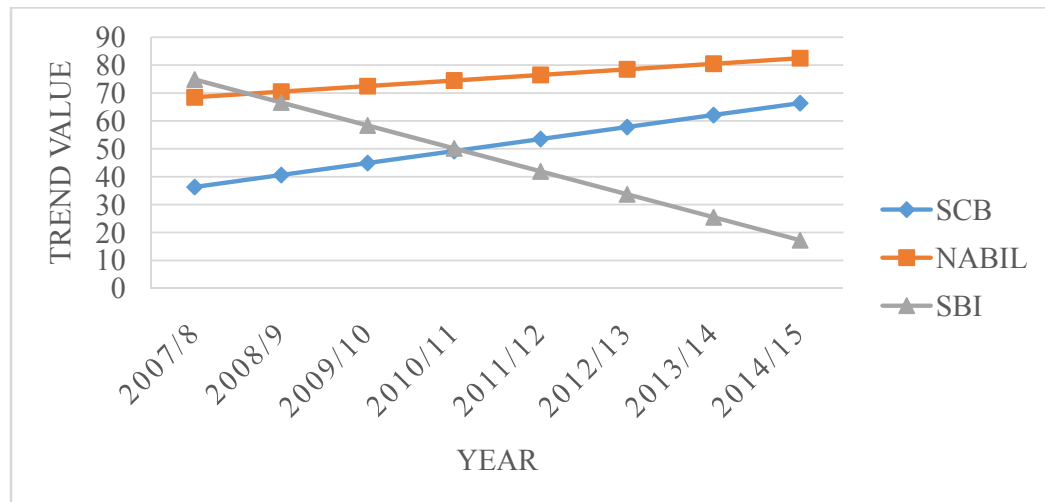
Source: Appendix-IV

Table no, 4.30 shows that the loan and advances to total deposits ratio of SCB, NABIL is in increasing trend except SBI. The loan and advances to total deposits ratio SBI is in highly decreasing trend. Other things remaining the same, the loan and advances to total deposit of SCB will be 66.38 whereas NABIL and SBI will be 82.50 and 17.20 respectively in the year 2014/15.

Trend Line of Loan and Advances to Total Deposit Ratio of SCB, NABIL and SBI are shown below:

Figure:4.26

Trend Values of Loan and Advances to Total Deposit Ratio of SCB, NABIL and SBI (2007/08-2014/15)



4.5 Major Findings of the Study

Basically in this research work, all the data has been obtained from secondary sources. The data has been analyzed by using financial as well as statistical tools. This topic focuses on the major findings of the study, which are derived from the analysis of fund mobilization of SCB, NABIL and SBI with comparatively applying five years data from 2007/08 to 2011/12.

The major findings of the study derived from the analysis of financial tools of SCB, NABIL and SBI are given below:

1. Findings from Liquidity Ratios

- i) The mean ratio of cash and bank balance to total deposits of SCB is higher than NABIL and SBI. NABIL has a lowest mean ratio. It states that the liquidity position of SCB is better in this regard. The ratio of SCB is less consistent and SBI is more consistent which shows SCB has taken more risk to meet the daily cash requirements. (*Table No:4.1*)
- ii) The mean ratio of cash and bank balance to current assets of SBI is higher than SCB and NABIL. NABIL has a lowest mean ratio. It reveals that the liquidity position of SBI is better than other two banks. It also indicates that SBI has the highest capacity to meet the cash demand of its customer deposit than that of other commercial banks. The ratio of SCB is less consistent and SBI is more consistent. (*Table No:4.2*)
- iii) The average ratio of investment of government securities to current assets of SCB is higher than that of NABIL and SBI. It reveals that investment on government securities of SCB is stronger than that of the other two banks. Analysis shows that investment on government securities of SCB is more consistent. (*Table No:4.3*)

The above result shows that the liquidity position of SBI is comparatively better than SCB and NABIL. Again SCB has the highest cash and bank balance to total deposit ratio and SBI has the highest cash and bank balance to current assets ratio. SCB has made enough investment on government securities than other banks. At last, it can be concluded that SCB has good deposit collection and higher ability to meet the cash requirements. Comparatively SBI is more consistent bank than other banks in the sample.

2. Findings from Assets Management Ratios

- i) The mean ratio of loan and advances to total deposit of NABIL is greater than SCB and SBI. The variability ratio of NABIL is as well lower than that of the other two banks. It seems more consistent than SCB and SBI. *(Table No:4.4)*
- ii) The average ratio of total investment to the total deposit ratio of SCB is higher than that of NABIL and SBI. The variability ratio NABIL is lower than that of the other two banks. It seems more consistent than SCB and SBI. *(Table No:4.5)*
- iii) The average ratio of loan and advances to total working fund of NABIL is higher than SCB and SBI. The variability in the ratio of NABIL is also lower than that of SCB and SBI. It is the indication of more consistency of loan and advances. *(Table No:4.6)*
- iv) The average ratio of investment on government securities to total working fund of SCB is higher than that of NABIL and SBI. And variability in the ratio of SCB is also lower than NABIL and SBI. It seems more consistent to make investment on government securities. *(Table No:4.7)*
- v) The mean ratio of investment on shares and debentures to total working fund of SBI is greater than SCB and NABIL. Whereas NABIL has the lower variation of the ratio. It shows the stable investment on shares and debentures. *(Table No:4.8)*

From the above analysis it helps to conclude that NABIL is comparatively successful to provide loan and advances of its collected deposits and to invest in the productive sector. The average ratio of Invest in government securities of SCB seems stronger than NABIL and SBI and investment on share & debenture of SCB and SBI seems stronger than NABIL.

3. Findings from Profitability Ratios

- i) The mean ratio of return on loan and advances of SCB is higher than NABIL and SBI. The variability in the ratio of NABIL is lower than SCB and SBI. It seems NABIL has stable return. *(Table No:4.9)*
- ii) The mean ratio of return on total working fund of SCB is greater than NABIL and SBI. The variability in the ratio of SCB is also lower than NABIL and SBI. It indicates that the return on total working fund of SCB is stable. *(Table No:4.10)*
- iii) In case of the mean ratio of total interest earned to total working fund of NABIL is highest among three banks. The variability in the ratio of SBI is lower than SCB and NABIL. It reveals that NABIL is mobilizing its working fund successfully so that it has higher earning capacity. *(Table No:4.11)*
- iv) The mean ratio of total interest paid to total working fund of NABIL and SBI are in the same ratio and comparatively higher than SCB. It reveals that NABIL and SBI have paid high interest as SCB. The ratio of SBI is more consistent than that of the other two banks. *(Table No:4.12)*

From the above analysis of profitability ratios, it is difficult to conclude any one bank is profitable in comparison to other banks.

4. Findings from Risk Ratios

- i) The mean ratio of liquidity risk of NABIL is lower than SCB and SBI. Degree of risk and variability of risk is lower in SBI in comparison to other two banks which states liquidity risk ratio of SBI is more consistent. *(Table No:4.13)*
- ii) In case of the credit risk ratio, SCB has the lower risk than NABIL and SBI. The variability in the ratio of SBI is lower than SCB and NABIL. It indicates that the credit risk ratio of SBI is consistent. *(Table No:4.14)*

From the above analysis, NABIL has maintained the lower liquidity risk and SCB has maintained lower credit risk.

5. Findings from Growth Ratios

- i) The growth ratios of total deposits of all banks are increasing every year except SCB. A deposit of SCB has decreased in the year 2009/10 and 2011/12. Out of three banks growth rate of total deposits of SBI is greater than other banks. It shows that SBI has increased its deposit collection capacity and SCB is facing problem in collecting deposits due to the liquidity crunch. *(Table No:4.15)*
- ii) The growth rate of total investment of SBI is higher than that of the other two banks. SBI has maintained an increasing trend of Investment. *(Table No:4.16)*
- iii) The growth ratio of loan and advances of all banks is in increasing trend. The growth rate of SBI is higher among three banks. Though SBI is providing more funds in loan and advances. *(Table No:4.17)*
- iv) The growth ratio of net profit of all three banks SCB, NABIL and SBI are in increasing trend. NABIL has the highest growth ratio of net

profit among three banks and SCB has lowest growth ratio of net profit. *(Table No:4.18)*

From the above findings it can be observed that the SBI has maintained the higher growth ratio in total deposits, total investment and in loan and advances. NABIL has maintained a higher growth ratio in Net Profit. The growth ratios of all banks are better except the total deposit growth ratio of SCB.

6. Findings from Analysis of Sources and Uses of Funds

- i) Among all the sources of fund, deposit was the major source of total fund of all three sample banks. Capital fund and other source are also the sources of fund of these three banks. *(Table No:4.19:4.21:4.23)*
- ii) The capital base SCB has been found significantly higher than NABIL and SBI. It can be said that NABIL has been able to generate high volume of profit from operation and mobilization of capital fund than that of the other two banks. Others are moderate in the same parameter. *(Table No:4.25)*
- iii) The deposit base SBI has been found significantly higher than SCB and NABIL. It can be said that deposit collection strategy of SBI is better than SCB and NABIL. *(Table No:4.25)*
- iv) In case of borrowings of funds from different sources, NABIL frequently depends upon borrowings to discharge its obligation. This is an indication that the internal fund management of NABIL is not satisfactory towards meeting liquidity needs. Whereas SCB has been borrowing low proportion in comparison to others. *(Table No:4.25)*
- v) Among three banks NABIL is successful to generate funds from other sources in comparison with SCB and SBI respectively. *(Table No:4.25)*

- vi) Among all the uses of fund, loan and advance was the major uses of total fund of all three sample banks. All three banks have mobilized their funds in loan and advance and also invest in the government securities, share and debenture and bond. *(Table No:4.20:4.22:4.24)*
- vii) SCB has maintained high liquid funds than NABIL and SBI. Considering liquidity, it is good for holding necessary liquid in the banks but holding necessary liquid funds is not favorable for income generation. *(Table No:4.26)*
- viii) SCB has been successful to make investment in different sectors in comparison to other two banks. SBI has low investment among three banks. *(Table No:4.26)*
- ix) NABIL has proportionately provided more funds as a loan and advances than SCB and SBI. SCB mobilizes low amount in loan and advances among three banks. *(Table No:4.26)*
- x) NABIL more proportion of allocation of funds under other assets followed by SCB and SBI. Higher allocation of such assets leads a bank to a less liquid position and vice-versa. *(Table No:4.26)*
- xi) SBI is comparatively able to invest more on Share and Other Investment than SCB and NABIL. Whereas NABIL is low in terms of investing in Share and Other Investment. *(Table No:4.26)*

7. Findings from Coefficient of Correlation Analysis

- i) The correlation coefficient between deposit and total investment of SBI is higher than other two banks. It indicates that SBI has successfully mobilized its deposits as an investment. There is a significant relationship between the correlation coefficient of deposit and total investment of SBI and also relationship is significant between correlation coefficient of deposit and total investment of NABIL but the SCB relationship is insignificant. *(Table No:4.27)*

ii) NABIL has the highest degree of correlation coefficient between deposit and loan and advances than other two banks. It states that the NABIL is in the best position of mobilization of deposit as loan and advances in comparison to SCB and SBI. There is a significant relationship between the correlation coefficient of deposit and loan and advances of NABIL and SBI and there is insignificant relationship between the correlation coefficient of deposit and loan and advances of SCB. (*Table No:4.28*)

8. Findings from Trend Analysis

- i) The total deposit to the total investment ratio of SCB and NABIL are in decreasing trend. Only the trend value of SBI is in increasing trend. It indicates that SBI is more successful to utilize its deposit in investment. (*Table No:4.29*)
- ii) The trend value of loan and advances to total deposit ratio of SCB and NABIL is in increasing trend whereas SBI has highly decreased trend. Loan and advances to total deposit ratio of SCB is proportionately better than other two banks. (*Table No:4.30*)

CHAPTER-V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

Basically the entire research work focuses on the comparative study on fund mobilization of three joint venture banks namely Standard Chartered Bank Nepal Ltd, Nabil Bank Ltd. and Nepal SBI Bank Ltd. These three joint venture banks are composed as per their fund mobilization activities by taking five years data from the year 2007/08 to 2011/12.

The secondary data are the main sources of the study. All data are taken from the NRB official website, the concerned banks annual report, literature publication, balance sheet, profit and loss account, previous thesis report, different website, related books and booklets, journals and articles. After collecting data from different sources, it is analyzed by using financial and statistical tools. The findings are drawn by applying various financial tools, liquidity ratio, asset management ratio, profitability ratio, growth ratio, risk ratio and sources and uses of funds. Similarly, statistical tools mean, standard deviation, coefficient of variation, coefficient of correlation and trend analysis have been used.

In an attempt to fulfill the objectives of the research work, all secondary data are compiled, processed and tabulated as per necessity and figures, diagrams, different types of chart are also used.

This study suffers from different limitations. It considers three banks only and time and resource are the constraints of the study. Therefore the study may not be generalized in all cases and accuracy depends upon the data collected and provided by the organization.

5.2 Conclusion

From the analysis of liquidity ratio, the liquidity position of SCB is comparatively better than NABIL and SBI. SCB has the highest cash and bank balance to total deposit ratio among three banks and cash and bank balance to current assets ratio of SBI is higher than other two banks. Liquidity position of NABIL is comparatively lower than SCB and SBI. SCB has made enough investment on government securities. SBI has invested less part of current assets in government securities in comparison with other two banks.

Considering asset management aspect of three banks, NABIL is relatively providing more loan and advances for the purpose of earning profit while SCB is providing less. But SCB is investing more of its collected deposits in comparison to other two banks. In comparison to NABIL and SBI, SCB seems more successful in mobilizing total fund on different types of government securities to maximize its earning capacity. SBI has successfully invested more working funds in debentures and shares of another company whereas NABIL is in a weak position to make an investment in shares and debentures.

SCB appears to be more successful to earn profit on loan and advances than NABIL and SBI. Profit earning capacity of SBI is considered weak. The average ratio of return on total working fund indicates that working fund of SCB is well managed and efficiently utilized Whereas, total working fund of SBI has not well managed. SCB was not able to receive high interest on its total working fund in comparison with NABIL and SBI. On the other hand, NABIL has mobilized its working fund properly to earn interest. SCB is in a better position from the viewpoint of interest expenses. It seems to be successful to collect its working fund from less expensive sources in comparison to NABIL and SBI.

The liquidity risk ratio of SBI is higher than that of SCB and NABIL. On the other hand liquidity risk ratio of NABIL has the lowest among the three banks which specified that NABIL has kept idle funds in the form of cash and bank balance but this reduces profitability. SCB has the lowest credit risk ratio among three banks.

Credit risk involved in loan and advances and total investment of SBI is more than SCB and NABIL. It may arise due to default risk or non-repayment of a loan.

Growth ratio of total deposits, total investment, loan and advance and net profit of SCB seems weak in comparison to NABIL and SBI. SBI has maintained high growth ratios in total deposit, total investment, loan and advances. Whereas NABIL has the highest growth rate in net profit. Therefore, we must say that the bank is successful in increasing its sources of funds and its mobilization.

The deposit is the strongest sources of fund whereas borrowings cover fewer portions of sources of funding. SBI has high amounts in deposit contribution followed by SCB in terms of total sources of fund of the bank. Among the uses of funds, loan and the advances cover maximum portion and interest accrued covers less portion. NABIL has invested more amounts into a loan and advances in comparison to SCB and SBI.

The correlation coefficient between deposit and total investment of SCB, NABIL and SBI elucidates the positive relationship or there is a high degree of positive correlation. Most of the investment decisions of SCB, NABIL and SBI depend upon deposits and only few decisions are depend upon other variables .Moreover by considering the probable error, the value of the coefficient of determination of NABIL and SBI is higher than 6 P.E. so it is significant i.e. There is a significant relationship between deposits and total investment though there is a positive relation between them.

The correlation coefficient between deposits and loan and advances indicates the positive relationship between the variables of all banks SCB, NABIL and SBI. In almost all cases it has been found that loan and advance decision depends upon the deposits and only a few decisions depend upon other variables. With considering the probable error, the value of the coefficient of determination of NABIL and SBI is greater than that of 6 P.E. so it can be concluded that the value of correlation coefficient is significant i.e. There is a significant relationship between total deposits and loan and advances.

By considering the trend values, SBI is more successful to utilize its total collected deposit in investment than SCB and NABIL. It is just the only bank among the three which have increasing trend. Trend analysis of loan and advances to total deposits states SCB and NABIL are most successful bank.

5.3 Recommendations

Suggestion is the output of the whole study. It helps to take corrective action in their activities in future. Different analysis was done till arrive this step. On the basis of the above analysis and findings of the study, following suggestions may be referred to overcome weakness, inefficiency and to fund mobilization of SCB, NABIL and SBI.

➤ To maintain effective liquidity position

The liquidity position of a bank may be affected by internal as well as external factors. The affecting factors may be interest rates, supply and demand position of loan and advances as well as savings, investment situations, central banks directives, the lending policies, capability of management, strategic planning and funds flow situations. The ratio of cash and bank balance to total deposit of SCB is higher than that of NABIL and SBI and the ratio of cash and bank balance to current assets of SBI are higher than that of SCB and NABIL. It means SBI has higher cash and bank balance ratio than SCB and NABIL and it indicates SBI has higher idle cash and bank balance. It may decrease profit of the bank. SBI is recommended to mobilize its idle cash and bank balance in a profitable sector as loan and advances. (*Finding No. 1:i-iii*)

➤ To increase deposits collection

The main source of commercial banks is collecting deposits from the public who don't need that fund recently. So, it is recommended to collect more amounts as deposits through a large variety of deposit schemes and facilities like cumulative deposit scheme, prize bonds scheme, gift cheques scheme, recurring deposit scheme (life insurance), monthly interest scheme, house building scheme, direct finance housing scheme, education loan scheme and many others. (*Finding No. 2:i-ii*)

➤ **To make more investment in government securities**

From the study, it has been revealed that SBI has not invested more funds in government securities than that of SCB and NABIL. SBI has made a lower investment amount of government securities. Increasing large amount of assets, as cash and bank balance is not considered good from the profitability point of view of the bank as it doesn't earn any return. SBI's investment on government securities is not in satisfactory position. Investment on those securities issued by government i.e. treasury bills, development bonds, saving certificates are free of risk and highly liquid in nature and such securities yield lower interest rates of a particular maturity due to lowest risk in future, it is more better in regard to safety than other means of investment. So, SBI is strongly recommended to give more importance to invest more funds in government securities instead of keeping them idle. *(Finding No. 2:iv)*

➤ **To make more investment on share and debentures**

To get success in a competitive market and to raise financial and economic development of the country a commercial bank must mobilize its fund in different sectors such as purchase of share and debenture of other financial and non-financial companies and other government and non-government companies. It is also genuine means of utilization of resource. Thus these companies may get a chance to rise and that help with the development of the country. Out of total working fund, investment on shares and debentures of NABIL is lower than other commercial banks. NABIL is suggested to invest more of its fund in share and debentures of different companies. *(Finding No. 2: v)*

➤ **To prefer aggressive-defensive policy**

Observing the findings of growth analysis and trend of growth, it has noticed that SBI has been adopting an aggressive policy in all the parameters including loan and advances. As the economy has not been able to show the survival growth, the aggressive policy may prove to be harmful in the future. SBI should rather prefer an aggressive-defensive policy in mobilizing the resources into loans. *(Finding No. 5:i-iv)*

➤ **To make a profitable return**

As a private sector, commercial banks cannot keep their eyes closed from the profit motive. They should be careful in increasing profit motive. They should be careful in increasing profit in a real sense to maintain the confidence of shareholders, depositors and all its customers. SBI's profitability position is worse than that of other two banks. So, SBI is strongly recommended to utilize risky assets and shareholders fund to gain highest profit margin. Similarly, it should reduce its expenses and should try to collect cheap fund being more profitable.

(Finding No. 3:i)

➤ **To invest deprive and priority sector**

NRB has directed to commercial banks to invest their certain percentage in deprives and priority sector and it is also the responsibility of the banks. Although the collected data did not classify the loan and advances, but the study has found that commercial banks are earning high profit because their services are only for the profitable sector. It reveals that it has not granted enough loans on priority and deprives sector. So it is recommended to thoroughly follow the directives issued by NRB and invest in priority and deprive sector and also to invest in other small-scale industries like, public utilities, health, sanitation and drinking water, education and agricultural etc. *(Finding No. 6:i-ix)*

➤ **To make effective portfolio management**

The total fund of a bank is the aggregation of different portfolios such as deposits, capital fund, borrowings and other deposit liabilities. It needs not to state that deposit liability is the major contributing source. Considering the position of all three banks, the contribution of deposit to total sources of funds is very high. It is because the deposits are the prime sources of every bank. It is recommended to enhance its capital base and operational resources of funds in order to have an appropriate combination of the total funds of the bank. The high contribution of deposits to the total sources of funds demands a high level of liquid assets and it is the threat of withdrawals.

Portfolio management is very important for every investor. In each investment, risk is involved. Risk is the chance of loss or the variability of the returns of a period. The greater the variability of the returns project will be riskier. So it is kept in mind while investing in the project which would be lower risk and higher return. Portfolio management plays a vital role with dividing total investment in different areas. Portfolio management of the bank assets basically means allocation of funds in different components of banking assets having different degrees of risk and varying rates of return in such a way that the conflicting goal of maximum yield and minimum risk can be achieved. So, portfolio conditions of SCB, NABIL and SBI should be examined carefully from time to time and alteration should be made to maintain equilibrium in the portfolio condition as far as possible. So, it can be said “all eggs should not be kept in the same basket”. The bank should make continuous efforts to explore new, competitive and high yielding investment opportunities to optimize their investment portfolio. (*Finding No. 6:i-ix*)

➤ **Liberal lending policy and sound credit collection policy**

To get success in competitive banking market, commercial bank must utilize their deposit as loan and advances. Loan and advances are the main source of income and also means of utilization resources of commercial banks. Negligence in administrating these assets could be the cause of the liquidity crisis in the bank and one of the main reasons of the bank failure. Collection of loan is most challenging tasks of commercial banks these days, increasing on non-performing assets disclose the failure of commercial banks in recovery of loans. Therefore, it is recommended to SCB, NABIL and SBI to follow liberal lending policy when sensations loan and advances with sufficient guaranty and implement a sound collection policy including procedure which rapid identification of bad debt or loans, immediate contact with borrower, continual follow up and as well as legal procedure if require. (*Finding No. 6:i-ix*)

Being a developing country, the economic environment of Nepal is not in a good condition. The strong economic structure is needed for the rapid overall development. Commercial banks play vital role in the developing country like Nepal. Commercial

banks are facing several problems related to fund mobilization. They have to rush with modern banking technology so that, they would be a professional institution. If commercial banks follow above- mentioned suggestions, they would be successful in reaching the modern innovative and competitive banking market.

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APPENDIX

APPENDIX – I

a) Comparative cash and Bank Balance to Total Deposit Ratio

(Rs. In Millions)

S.N.	Name of the Banks	Year				
		2007/08	2008/09	2009/10	2010/11	2011/12
SCB	Cash & Bank Balance	2049	3136	1928	2974	6364
	Total Deposits	29744	35872	35183	37999	35965
	Ratio (%)	6.89	8.74	5.48	7.83	17.69
NABIL	Cash & Bank Balance	2670	3371	1398	2434	4275
	Total Deposits	31915	37348	46410	49696	55023
	Ratio (%)	8.37	9.03	3.01	4.90	7.77
SBI	Cash & Bank Balance	1342	1176	3439	4876	5507
	Total Deposits	13715	27957	34896	42415	53337
	Ratio (%)	9.78	4.21	9.85	11.50	10.32

Source: Annual Reports of CBs

Calculation of Expected Return (\bar{X}), Standard Deviation (σ) & Coefficient of Variation (CV) of SCB is presented below:

$$\bar{X} = \frac{\sum X}{N}$$

$$\text{Expected Return} = \frac{\text{Total Return}}{\text{No. of Observation}}$$

$$\begin{aligned} \text{Total Return} &= 6.89 + 8.74 + 5.48 + 7.83 + 17.69 \\ &= 46.63 \end{aligned}$$

$$\text{Now } \bar{X} = \frac{46.63}{5}$$

$$= 9.33$$

Where,

\bar{X} = Expected Return of the Historical Data

$\sum X$ = Total Return of the Historical Data

N = Number of Observation

Return (X)	Expected Return (\bar{X})	(X - \bar{X})	(X - \bar{X}) ²
6.89	9.33	-2.44	5.94
8.74	9.33	-0.58	0.34
5.48	9.33	-3.85	14.80
7.83	9.33	-1.50	2.25
17.69	9.33	8.37	70.03
$\Sigma (X - \bar{X})^2$			93.36

$$S.D. (\sigma) = \sqrt{\frac{\Sigma (X - \bar{X})^2}{N - 1}}$$

$$= \sqrt{\frac{93.36}{5 - 1}}$$

$$= \sqrt{23.34}$$

$$= 4.83$$

Now,

$$C.V. = \frac{\text{Standard Deviation}}{\text{Expected Return}(\bar{x})}$$

$$= \frac{4.83}{9.33}$$

$$= 51.80\%$$

Similar process has been applied in case of Calculation of Standard Deviation (S.D.) and Coefficient Variance (C.V.).

b) Comparative Cash and Bank Balance to Current Assets Ratio

(Rs. In Millions)

S.N.	Name of the Banks	Year				
		2007/08	2008/09	2009/10	2010/11	2011/12
SCB	Cash & Bank Balance	2049	3136	1928	2974	6364
	Current Assets	33218	40450	40095	43704	41588
	Ratio (%)	6.17	7.75	4.81	6.80	15.30
NABIL	Cash & Bank Balance	2670	3371	1398	2434	4275
	Current Assets	36534	43207	51371	57206	62313
	Ratio (%)	7.31	7.80	2.72	4.25	6.86
SBI	Cash & Bank Balance	1342	1176	3439	4876	5507
	Current Assets	17067	29913	37629	45671	57344
	Ratio (%)	7.86	3.93	9.14	10.68	9.60

Source: Annual Reports of CBs

c) Investment on Government Securities to Current assets ratio

(Rs. In Millions)

S.N.	Name of the Banks	Year				
		2007/08	2008/09	2009/10	2010/11	2011/12
SCB	Investment on government securities	8137	9997	8530	9957	7862
	Current Assets	33218	40450	40095	43704	41588
	Ratio (%)	24.50	24.71	21.27	22.78	18.90
NABIL	Investment on government securities	4647	3705	7940	8744	7999
	Current Assets	36534	43207	51371	57206	62313
	Ratio (%)	12.72	8.57	15.46	15.29	12.84
SBI	Investment on government securities	3094	3305	4312	5574	4559
	Current Assets	17067	29913	37629	45671	57344
	Ratio (%)	18.13	11.05	11.46	12.20	7.95

Source: Annual Reports of CBs

d) Loan and Advance to Total Deposit ratio

(Rs. In Millions)

S.N.	Name of the Banks	Year				
		2007/08	2008/09	2009/10	2010/11	2011/12
SCB	Loans and Advances	13718	13679	15956	18427	19575
	Total Deposits	29744	35872	35183	37999	35965
	Ratio (%)	46.12	38.13	45.35	48.49	54.43
NABIL	Loans and Advances	21365	27589	32268	38034	41605
	Total Deposits	31915	37348	46410	49696	55023
	Ratio (%)	66.94	73.87	69.53	76.53	75.61
SBI	Loans and Advances	12113	15131	17480	21365	26142
	Total Deposits	13715	27957	34896	42415	53337
	Ratio (%)	88.32	54.12	50.09	50.37	49.01

Source: Annual Reports of CBs

e) Total Investment to Total Deposit ratio

(Rs. In Millions)

S.N.	Name of the Banks	Year				
		2007/08	2008/09	2009/10	2010/11	2011/12
SCB	Total Investment	13902	20236	19847	17258	12938
	Total Deposits	29744	35872	35183	37999	35965
	Ratio (%)	46.74	56.41	56.41	45.42	35.97
NABIL	Total Investment	9939	10826	13670	13081	14055
	Total Deposits	31915	37348	46410	49696	55023
	Ratio (%)	31.14	28.99	29.45	26.32	25.54
SBI	Total Investment	3088	13286	16305	18911	24463
	Total Deposits	13715	27957	34896	42415	53337
	Ratio (%)	22.52	47.52	46.72	44.59	45.86

Source: Annual Reports of CBs

f) Loan and Advance to Total Working Fund Ratio

(Rs. In Millions)

S.N.	Name of the Banks	Year				
		2007/08	2008/09	2009/10	2010/11	2011/12
SCB	Loan and Advance	13718	13679	15956	18427	19575
	Total Working Fund	33335	40587	40213	43810	41677
	Ratio (%)	41.15	33.70	39.68	42.06	46.97
NABIL	Loan and Advance	21365	27589	32268	38034	41605
	Total Working Fund	37132	43867	52150	58141	63200
	Ratio (%)	57.54	62.89	61.88	65.42	65.83
SBI	Loan and Advance	12113	15131	17480	21365	26142
	Total Working Fund	17187	30166	38047	46088	58059
	Ratio (%)	70.48	50.16	45.94	46.36	45.03

Source: Annual Reports of CBs

g) Investment on Government Securities to Total Working Fund Ratio

(Rs. In Millions)

S.N.	Name of the Banks	Year				
		2007/08	2008/09	2009/10	2010/11	2011/12
SCB	Investment on government securities	8137	9997	8530	9957	7862
	Total Working Fund	33335	40587	40213	43810	41677
	Ratio (%)	24.41	24.63	21.21	22.73	18.86
NABIL	Investment on government securities	4647	3705	7940	8744	7999
	Total Working Fund	37132	43867	52150	58141	63200
	Ratio (%)	12.51	8.45	15.23	15.04	12.66
SBI	Investment on government securities	3094	3305	4312	5574	4559
	Total Working Fund	17187	30166	38047	46088	58059
	Ratio (%)	18.00	10.96	11.33	12.09	7.85

Source: Annual Reports of CBs

h) Investment on Share and Debenture to Total Working Fund Ratio

(Rs. In Millions)

S.N.	Name of the Banks	Year				
		2007/08	2008/09	2009/10	2010/11	2011/12
SCB	Investment on share and debenture	5756	10259	11338	7324	5098
	Total Working Fund	33335	40587	40213	43810	41677
	Ratio (%)	17.27	25.28	28.19	16.72	12.23
NABIL	Investment on share and debenture	5077	6896	5484	4163	5863
	Total Working Fund	37132	43867	52150	58141	63200
	Ratio (%)	13.67	15.72	10.52	7.16	9.28
SBI	Investment on share and debenture	53	9978	11991	13335	19902
	Total Working Fund	17187	30166	38047	46088	58059
	Ratio (%)	0.31	33.08	31.52	28.93	34.28

Source: Annual Reports of CBs

i) Return on Loan and Advances Ratio

(Rs. In Millions)

S.N.	Name of the Banks	Year				
		2007/08	2008/09	2009/10	2010/11	2011/12
SCB	Net profit	818	1025	1085	1119	1168
	Loans and Advances	13718	13679	15956	18427	19575
	Ratio (%)	5.96	7.49	6.80	6.07	5.97
NABIL	Net profit	746	1031	1139	1337	1696
	Loans and Advances	21365	27589	32268	38034	41605
	Ratio (%)	3.49	3.74	3.53	3.52	4.08
SBI	Net profit	247	316	392	465	480
	Loans and Advances	12113	15131	17480	21365	26142
	Ratio (%)	2.04	2.09	2.24	2.18	1.84

Source: Annual Reports of CBs

j) Return on Total Working Fund Ratio

(Rs. In Millions)

S.N.	Name of the Banks	Year				
		2007/08	2008/09	2009/10	2010/11	2011/12
SCB	Net profit	818	1025	1085	1119	1168
	Total Working Fund	33335	40587	40213	43810	41677
	Ratio (%)	2.45	2.53	2.70	2.55	2.80
NABIL	Net profit	746	1031	1139	1337	1696
	Total Working Fund	37132	43867	52150	58141	63200
	Ratio (%)	2.01	2.35	2.18	2.30	2.68
SBI	Net profit	247	316	392	465	480
	Total Working Fund	17187	30166	38047	46088	58059
	Ratio (%)	1.44	1.05	1.03	1.01	0.83

Source: Annual Reports of CBs

k) Total Interest Earned to Total Working Fund Ratio

(Rs. In Millions)

S.N.	Name of the Banks	Year				
		2007/08	2008/09	2009/10	2010/11	2011/12
SCB	Interest Earned	1591	1887	2042	2718	2870
	Total Working Fund	33335	40587	40213	43810	41677
	Ratio (%)	4.77	4.65	5.08	6.20	6.89
NABIL	Interest Earned	1978	2798	4047	5254	6133
	Total Working Fund	37132	43867	52150	58141	63200
	Ratio (%)	5.33	6.38	7.76	9.04	9.70
SBI	Interest Earned	970	1460	2270	3099	3769
	Total Working Fund	17187	30166	38047	46088	58059
	Ratio (%)	5.64	4.84	5.97	6.72	6.49

Source: Annual Reports of CBs

l) Total Interest Paid to Total Working Fund Ratio

(Rs. In Millions)

S.N.	Name of the Banks	Year				
		2007/08	2008/09	2009/10	2010/11	2011/12
SCB	Interest Paid	471	543	575	1003	1007
	Total Working Fund	33335	40587	40213	43810	41677
	Ratio (%)	1.41	1.34	1.43	2.29	2.42
NABIL	Interest Paid	758	1153	1960	2955	3155
	Total Working Fund	37132	43867	52150	58141	63200
	Ratio (%)	2.04	2.63	3.76	5.08	4.99
SBI	Interest Paid	454	824	1443	2096	2770
	Total Working Fund	17187	30166	38047	46088	58059
	Ratio (%)	2.64	2.73	3.79	4.55	4.77

Source: Annual Reports of CBs

m) Liquidity Risk Ratio

(Rs. In Millions)

S.N.	Name of the Banks	Year				
		2007/08	2008/09	2009/10	2010/11	2011/12
SCB	Cash & Bank Balance	2049	3136	1928	2974	6364
	Total Deposits	29744	35872	35183	37999	35965
	Ratio (%)	6.89	8.74	5.48	7.83	17.69
NABIL	Cash & Bank Balance	2670	3371	1398	2434	4275
	Total Deposits	31915	37348	46410	49696	55023
	Ratio (%)	8.37	9.03	3.01	4.90	7.77
SBI	Cash & Bank Balance	1342	1176	3439	4876	5507
	Total Deposits	13715	27957	34896	42415	53337
	Ratio (%)	9.78	4.21	9.85	11.50	10.32

Source: Annual Reports of CBs

n) Credit Risk Ratio

(Rs. In Millions)

S.N.	Name of the Banks	Year				
		2007/08	2008/09	2009/10	2010/11	2011/12
SCB	Total Investment plus Loan and Advance	27620	33915	35803	35685	32513
	Total Assets	33335	40587	40213	43810	41677
	Ratio (%)	82.86	83.56	89.03	81.45	78.01
NABIL	Total Investment plus Loan and Advance	31304	38415	35779	51115	55660
	Total Assets	37132	43867	52150	58141	63200
	Ratio (%)	84.30	87.57	68.61	87.92	88.07
SBI	Total Investment plus Loan and Advance	15201	28417	35781	40276	50605
	Total Assets	17187	30166	38047	46088	58059
	Ratio (%)	88.44	94.20	94.04	87.39	87.16

Source: Annual Reports of CBs

APPENDIX – II

Sample Calculation of Growth Ratio of Total Deposits

$$D_n = D_0 (1+g)^{n-1}$$

Where,

D_n = Total Deposits in the n^{th} Year

D_0 = Total Deposit in the initial Year

g = Growth Rate

n = Total number of Year

Here,

For SCB

$$D_{2011/12} = 35965.0$$

$$D_{2007/8} = 29744.0$$

$$n = 5 \text{ years}$$

Now,

$$D_n = D_0 (1+g)^{n-1}$$

$$35965.0 = 29744.0(1+g)^{5-1}$$

$$\text{Or, } (1+g)^4 = 35965.0/29744.0$$

$$\text{Or, } (1+g) = (1.20915)^{1/4}$$

$$\text{Or, } g = 1.04862-1$$

$$\therefore g = 0.04862 \text{ i.e. } 4.86\%$$

Similarly other growth ratios have been calculated by performing same method which is mentioned above.

APPENDIX – III

Sample Calculation of Correlation Co-efficient between deposit and Loan & Advances

For SCB

(In Millions)

Year	Deposit (X)	Loan & Advances (Y)	x=X- \bar{X}	y=Y- \bar{Y}	x ²	y ²	xy
2007/08	29744.00	13718.00	5208.60	2553.00	27129513.96	6517809.00	13297555.8
2008/09	35872.00	13679.00	919.40	2592.00	845296.36	6718464.00	-2383084.8
2009/10	35183.00	15956.00	230.40	-315.00	53084.16	99225.00	-72576
2010/11	37999.00	18427.00	3046.40	2156.00	9280552.96	4648336.00	6568038.4
2011/12	35965.00	19575.00	1012.40	3304.00	1024953.76	10916416.00	3344969.6
Total	174763.00	81355.00			$\Sigma x^2 =$	$\Sigma y^2 =$	$\Sigma xy =$
Mean \bar{X}	34952.60	16271.00			38333401.20	28900250.00	20754903.00

We have,

$$\begin{aligned} \text{Correlation Co-efficient}(r) &= \frac{\sum xy}{\sqrt{\sum x^2 \sum y^2}} \\ &= \frac{20754903.00}{\sqrt{38333401.20 \times 28900250.00}} \\ &= 0.62 \end{aligned}$$

$$r^2 = 0.39$$

$$\begin{aligned} \text{Probable Error (P.E.)} &= 0.6745 \times \frac{1-r^2}{\sqrt{n}} \\ &= 0.6745 \times \frac{1-0.39}{\sqrt{5}} \\ &= 0.18 \end{aligned}$$

$$6 \times (\text{P.E.}) = 6 \times 0.18$$

$$= 1.11$$

Remaining correlation coefficient has been calculated by using same method.

APPENDIX – IV

Sample Calculation of Trend Value of Total Investment to Total Deposit Ratio

For SCBNL

(In Millions)

Year (t)	Ratio (y)	x=t-2010	x ²	xy	y _c =a+bx
2008	46.74	-2	4	-93.48	y _c = 48.19+ -3.25 x - 2 = 54.70
2009	56.41	-1	1	-56.41	y _c = 48.19+ -3.25 x - 1 = 51.44
2010	56.41	0	0	0.00	y _c = 48.19+ -3.25 x 0 = 48.19
2011	45.42	1	1	45.42	y _c = 48.19+ -3.25 x 1 = 44.94
2012	35.97	2	4	71.95	y _c = 48.19+ -3.25 x 2 = 41.69
	Σy = 240.95		Σx² = 10.00	Σxy = -32.52	

We have,

The Equation of the straight line,

$$y_c = a + bx$$

$$\text{Where, } a = \frac{\sum y}{n} = \frac{240.95}{5} = 48.19 \quad b = \frac{\sum xy}{\sum x^2} = \frac{-32.52}{10} = -3.25$$

Trend Value of Total Investment to Total Deposit Ratio for next three years

Year	x=t-2010	y _c =a+bx
2013	3	y _c = 48.19+ -3.25 x 3 = 38.43
2014	4	y _c = 48.19+ -3.25 x 4 = 35.18
2015	5	y _c = 48.19+ -3.25 x 5 = 31.93

Remaining trend analysis has been calculated by using same method.

APPENDIX – V**SCB****(In Millions)**

Particular	2007/08	2008/09	2009/10	2010/11	2011/12
1 CAPITA LFUND	2117.2	2493.4	3053	3371.6	3677.8
a.Paid-up Capital	620.8	932	1398.5	1610.2	1610.2
b.Calls in Advance	0	0	0	0	0.0
c.Statutory Reserves	826.5	990.3	1195.3	1412.5	1636.3
d.Share Premium	0	0	0	0	0.0
e.Retained Earning	239.5	30			95.6
f.Others Reserves	165.2	0	0	77.9	76.5
g.Exchange Fluctuation Fund	0	187.8	219.7	241.1	259.2
2 BORROWINGS	0	300	0	350	0.0
a.NRB	0	0	0	0	0.0
b."A"Class Licensed Institution	0	300	0	350	0.0
c.Foreign Banks and Fin.	0	0	0	0	0.0
d.Other FinancialIns.	0	0	0	0	0.0
e.Bonds and Securities	0	0	0	0	0.0
3 DEPOSITS	29743.9	35871.8	35182.7	37999.2	35965.6
a.Current	6174.6	6202.8	9763.2	11545.6	11317.2
Domestic	3855.5	3582.9	4942.5	6114.3	5636.2
Foreign	2319.1	2619.9	4820.7	5431.3	5681.1
b.Savings	17856	19187.7	12430	11619.8	15502.3
Domestic	14580.4	15389.2	10561.3	9669.9	13309.3
Foreign	3275.6	3798.5	1868.7	1949.9	2193.0
c.Fixed	3301.1	7101.7	9175.1	10136.2	4623.3
Domestic	478.5	791.9	3603.1	5491.7	3376.2
Foreign	2822.6	6309.8	5572	4644.6	1247.1
d.Call Deposits	1938.2	3001.6	3563.2	4405.9	3617.5
e.Others	474	378	251.2	291.7	905.3
4 Bills Payable	87.4	72.9	89.2	66	86.4
5 Other Liabilities	1550	1912.4	2113.5	2319.9	2067.9
1 Sundry Creditors	253.9	358.4	476.7	479.5	246.0
2 Loan Loss Provision	245.4	200.9	217.9	234	252.5
3 Interest Suspense a/c	115.5	117.6	136.2	188.2	153.3
4 Others	935.2	1235.5	1282.7	1418.2	1416.0
6 Reconciliation A/c	0	0	0	0	0.0
7 Profit&Loss A/c	814.4	1028.3	1086.8	1120.5	1173.2
Source of Fund	34313	41678.8	41525.2	45227.2	42970.8
1 LIQUID FUNDS	4247.7	6788.5	3598.8	7256.7	8492.1
a.Cash Balance	414.9	463.4	509.1	610.7	509.7
Nepalese Notes & Coins	382.8	416.8	471.6	570.9	473.5
Foreign Currency	32.1	46.6	37.5	39.8	36.2
b.Bank Balance	1635.3	2673.9	1420.2	2365.1	5856.4
1InNepal Rastra Bank	1266.2	1851.2	819.5	1638.3	4833.7
Domestic Currency	1232.6	1832.8	669.4	1615	4712.4
Foreign Currency	33.6	18.4	150.1	23.3	121.3
2"A"Class Licensed Institution	49.6	51.3	28.6	75.5	90.0
Domestic Currency	49.6	51.3	28.6	75.5	90.0
Foreign Currency	0	0	0	0	0.0

3Other Financial Ins.	0	0	0	0	0.0
4InForeign banks	319.5	771.4	572.1	651.3	932.6
c.Moneyat Call	2197.5	3651.2	1669.5	4280.9	2126.0
Domestic Currency	0	0	0	0	0.0
Foreign Currency	2197.5	3651.2	1669.5	4280.9	2126.0
2 INVESTMENTS	8146.1	10007.3	8540	9965.8	7871.2
a.Govt. Securities	8137.6	9998.8	8531.5	9957.3	7862.7
b.NRB Bond	0	0	0	0	0.0
c.Govt.Non-Fin.Ins.	8.5	8.5	8.5	8.5	8.5
d.Other Non-Fin.Ins.	0	0	0	0	0.0
e. Non Resident	0	0	0	0	0.0
3 SHARE & OTHER INVESTMENT	5756.7	8633.2	11307.5	7292.9	5091.4
Internal Bank Lending					0.0
1Non Residents	5756.7	8300.1	10844.9	7207.9	0.0
2.Others		333.1	462.6	85.1	5091.4
4 LOANS & ADVANCES	13355	13118.6	15932.2	17698.2	18376.0
a.Private Sector	12599	12722.4	15593.5	16064.7	17451.1
b.Financial Institutions	357.3	252.1	244.6	1487.7	924.9
c.Government Organizations	398.7	144.1	94.1	145.9	0.0
5 BILL PURCHED	609.4	762.1	244.5	964.2	1452.5
a.Domestic Bills Purchased	1.8	4.9	59	0.1	0.0
b.Foreign Bills Purchased	607.6	757.2	185.5	964.1	1452.5
c.Import Bills & Imports	0	0	0	0	0.0
6 LOANS AGAINST COLLECTED BILLS	0	0	0	0	0.0
a.Against Domestic Bills	0	0	0	0	0.0
b.Against Foreign Bills	0	0	0	0	0.0
7 FIXED ASSETS	440.5	471.5	480.4	493.1	484.8
8 OTHER ASSETS	1755.9	1861.2	1390.3	1528.6	1179.1
a.Accrued Interests	293.5	337.6	251.3	402.6	203.3
Financial institution				31.7	3.1
Govt.Entp.	0	12.7	9.4	15.1	56.1
Private Sector	293.5	324.9	241.9	355.8	144.1
b.Staff Loans/Adv.	161.8	182.5	185.3	204.3	215.5
c.Sundry Debtors	87.6	143.8	310.5	271.5	198.9
d.Cash In Transit	0	0	0	0	0.0
e.Others	1213	1197.3	643.2	650.1	561.5
9 Expenses not Written off	1.6	36.4	31.5	27.7	23.7
10 Non Banking Assets	0	0	0	0	0.0
11 Reconciliation Account	0	0	0	0	0.0
12 Profit&Loss A/c	0	0	0	0	0.0
Uses of Funds	34312.9	41678.8	41525.2	45227.2	42970.8

Sources: Banking and Financial Statistics, NRB

APPENDIX – VI
NABIL
(In Millions)

Particular	2007/08	2008/09	2009/10	2010/11	2011/12
1 CAPITA LFUND	2057	2436.2	3129.4	3835.7	4566.5
a.Paid-up Capital	689.2	965.7	1449.1	2029.8	2029.8
b.Calls in Advance			0	0	0
c.Statutory Reserves	983.5	1133.5	1340.5	1568.5	1836.5
d.Share Premium	0.1	0.1	0.1	0.1	0.1
e.Retained Earning	112.4	160.7	103.6	2.3	493.6
f.Others Reserves	271.8	112.1	160.7	153.6	109.1
g.Exchange Fluctuation Fund	0	64.1	75.4	81.4	97.5
2 BORROWINGS	1600	1981.3	374.9	1950.6	611.1
a.NRB	600	0	0	0	0
b."A"Class Licensed Institution	760	1050	74.9	1650.6	311.1
c.Foreign Banks and Fin.	0	631.3	0	0	0
d.Other FinancialIns.	240	0	0	0	0
e.Bonds and Securities	0	300	300	300	300
3 DEPOSITS	31915	37348.3	46334.8	49691.4	55023.7
a.Current	5365.8	5515.9	7920.7	5818.4	6734.4
Domestic	3210	4063.1	6312.7	4532.7	5297.6
Foreign	2155.8	1452.8	1608	1285.7	1436.8
b.Savings	12160	14620.4	13783.6	14288.5	17994.8
Domestic	10959	12932.8	12739.9	13140.1	16651.9
Foreign	1201	1687.6	1043.7	1148.5	1342.9
c.Fixed	8464.1	8310.7	14711.1	16840.8	14044.9
Domestic	5877.2	5568.3	12694.3	15266.6	12805
Foreign	2586.9	2742.4	2016.8	1574.2	1239.9
d.Call Deposits	5563.4	8438.3	9294	12166.3	15566.7
e.Others	361.8	463	625.5	577.3	682.9
4 Bills Payable	141.9	407.7	101.1	189.6	132.4
5 Other Liabilities	2014.4	2143.3	2870.9	4355.6	9490.7
1 Sundry Creditors	296.7	491	604.2	831.9	4742.4
2 Loan Loss Provision	404.6	409.1	752.2	941	1227.9
3 Interest Suspense a/c	132.4	155.9	220.7	296.7	371.2
4 Others	1180.7	1087.4	1293.8	2286	3149.3
6 Reconciliation A/c	0	0	0	0	0
7 Profit&Loss A/c	750.4	1624.9	1798.7	1269.7	1720.9
Source of Fund	38478.6	45941.6	54609.8	61292.6	71543.3
1 LIQUID FUNDS	4623.5	3925.4	4513.7	4884.5	5098.6
a.Cash Balance	511.4	674.4	636	744.6	1050.7
Nepalese Notes & Coins	485.6	640.9	602.6	701.9	1013.6
Foreign Currency	25.9	33.5	33.4	42.7	37
b.Bank Balance	2159.7	2698.1	759.6	1687.4	3221.5
1InNepal Rastra Bank	1829.5	2648.6	545.1	1469.4	3678.4
Domestic Currency	1827.4	2617.4	597.8	1459.3	3657.1
Foreign Currency	2.1	31.2	-52.7	10.1	21.2
2"A"Class Licensed Institution	23	42	47.4	33.6	53
Domestic Currency	23	42	47.4	33.6	53
Foreign Currency	0	0	0		0

3Other Financial Ins.	0	0	0	0	0
4InForeign banks	307.2	7.5	167.1	184.4	-509.8
c.Moneyat Call	1952.4	552.9	3118.1	2452.5	826.4
Domestic Currency	20	0	1700	725	0
Foreign Currency	1932.4	552.9	1418.1	1727.5	826.4
2 INVESTMENTS	4889.6	3978.7	8128.3	8920.3	8211.5
a.Govt. Securities	4646.9	3706.2	7941.3	8742.3	7991.2
b.NRB Bond	0	0	0	0	0
c.Govt.Non-Fin.Ins.	0	0	0	0	0
d.Other Non-FinIns.	0	0	0	0	0
e. Non Resident	242.7	272.4	187	178.1	220.3
3 SHARE & OTHER	5077	6896.3	5483.8	4162.5	5863.4
Inter Bank Lending					1080.5
1Non Residents	4995.2	6734.6	5391.1	3663.4	1.8
2.Others	81.8	161.7	92.7	499.1	4781.2
4 LOANS & ADVANCES	21514.6	27816.6	32902.8	38765.6	42731.7
a.Private Sector	20857.5	27036.9	31995.5	37801.2	41713.5
b.Financial Institutions	596.4	779.2	627.3	684.4	1018.2
c.Government Organizations	60.8	0.4	280	280	0
5 BILL PURCHED	255.1	180.5	41.8	71.2	50
a.Domestic Bills Purchased	216.6	83.9	8.5	20	12.8
b.Foreign Bills Purchased	38.6	96.6	33.3	51.2	37.2
c.Import Bills & Imports	0	0	0	0	0
6 LOANS AGAINST	0	0	86.4	85.9	86
a.Against Domestic Bills	0	0	61.9	71.5	58.4
b.Against Foreign Bills	24.7	0	24.5	14.4	27.6
7 FIXED ASSETS	511.6	636.1	781.2	935.2	890
8 OTHER ASSETS	1607.1	2508.1	2669.8	3467.3	8613.9
a.Accrued Interests	224.2	378.3	440.3	486.9	660.4
Financial institution				19.3	0
Govt.Entp.	0	0	0	0	57.8
Private Sector	224.2	378.3	440.3	467.6	602.6
b.Staff Loans/Adv.	392.2	490.4	526.5	721.2	813.6
c.Sundry Debtors	2.1	273.7	73.3	460.1	4618
d.Cash In Transit	0	0	0	0	0
e.Others	988.6	1365.7	1629.6	1799.1	2521.9
9 Expenses not Written off	0	0	0	0	0
10 Non Banking Assets	0	0	0	0	0
11 Reconciliation Account	0	0	2.1	0	0
12 Profit&Loss A/c	0	0	0	0	0
Uses of Funds	38478.6	45941.6	54609.8	61292	71545.3

Sources: Banking and Financial Statistics, NRB

APPENDIX – VII

SBI

(In Millions)

Particular	2007/08	2008/09	2009/10	2010/11	2011/12
1 CAPITA LFUND	1163.3	1414.6	2141.9	2508.2	2822.1
a.Paid-up Capital	874.5	874.5	1653.6	1869.3	2094.0
b.Calls in Advance			0.0	0.0	0.0
c.Statutory Reserves	191.7	241.2	304.5	382.9	475.8
d.Share Premium	0.0	0.0	0.0	49.7	0.0
e.Retained Earning	0.7	1.5	3.8	4.2	4.2
f.Others Reserves	88.6	287.1	169.7	191.9	237.8
g.Exchange Fluctuation Fund	7.8	10.2	10.2	10.2	10.3
2 BORROWINGS	1827.5	927.5	308.2	200.0	600.0
a.NRB	0.0	0.0	0.0	0.0	0.0
b."A"Class Licensed Institution	20.0	0.0	0.0	0.0	0.0
c.Foreign Banks and Fin.	1607.5	727.5	108.2	0.0	0.0
d.Other FinancialIns.	0.0	0.0	0.0	0.0	0.0
e.Bonds and Securities	200.0	200.0	200.0	200.0	600.0
3 DEPOSITS	13715.4	27957.2	34896.3	42415.4	53337.1
a.Current	1738.1	2864.7	2861.9	4259.4	3777.9
Domestic	1694.8	2671.9	2520.4	4156.2	3516.2
Foreign	43.3	192.9	341.5	103.2	261.7
b.Savings	4171.2	5822.3	7348.8	8079.2	10344.6
Domestic	4103.7	5751.6	7259.8	7961.3	10278.5
Foreign	67.5	70.7	89.0	117.9	66.1
c.Fixed	6854.9	17438.4	22148.9	28013.6	36208.7
Domestic	6834.8	7473.0	10408.5	14780.5	16251.5
Foreign	20.1	9965.4	11740.5	13233.1	19957.2
d.Call Deposits	828.8	1645.3	2413.5	1917.1	2701.0
e.Others	122.4	186.5	123.1	146.2	305.0
4 Bills Payable	75.1	62.9	172.6	80.7	120.4
5 Other Liabilities	1547.9	1289.9	1461.8	1467.2	1846.1
1 Sundry Creditors	109.0	95.3	199.8	206.2	452.1
2 Loan Loss Provision	616.2	474.9	464.2	353.7	321.6
3 Interest Suspense a/c	513.2	297.9	270.3	140.4	77.0
4 Others	309.4	421.8	527.5	766.9	995.4
6 Reconciliation A/c	9.7	0.0	0.0	0.0	0.0
7 Profit&Loss A/c	255.1	337.6	400.5	458.4	471.1
Sources of Fund	18594.0	31989.8	39381.3	47129.9	59196.8
1 LIQUID FUNDS	1651.6	1910.9	3549.4	4877.5	5686.6
a.Cash Balance	314.7	659.0	815.7	1007.7	1186.8
Nepalese Notes & Coins	301.2	640.5	796.9	978.5	1167.1
Foreign Currency	13.5	18.5	18.8	29.2	19.7
b.Bank Balance	1032.9	1251.9	2733.8	3869.8	4321.6
1InNepal Rastra Bank	403.8	444.1	1842.8	2330.6	3269.6
Domestic Currency	391.8	380.6	1777.3	2318.0	3229.0
Foreign Currency	12.0	63.5	65.5	12.6	40.6
2"A"Class Licensed Institution	19.5	47.0	56.9	59.7	113.5
Domestic Currency	16.8	45.0	52.3	55.3	108.0

Foreign Currency	2.7	2.0	4.7	4.4	5.5
3Other Financial Ins.	0.0	0.0	0.0	0.0	0.0
4InForeign banks	609.6	760.8	834.0	1479.5	938.5
c.Moneyat Call	304.0	0.0	0.0	0.0	178.3
Domestic Currency	0.0	0.0	0.0	0.0	90.0
Foreign Currency	304.0	0.0	0.0	0.0	88.3
2 INVESTMENTS	3093.6	3306.6	4313.3	5574.8	4560.7
a.Govt. Securities	3093.6	3306.6	3720.6	5574.8	4560.7
b.NRB Bond	0.0	0.0	592.7	0.0	0.0
c.Govt.Non-Fin.Ins.	0.0	0.0	0.0	0.0	0.0
d.Other Non-FinIns.	0.0	0.0	0.0	0.0	0.0
3 SHARE & OTHER INVESTMENT	53.3	9979.6	11941.8	13336.2	19902.7
Internal bank Lending					0.0
1Non Residents	0.0	9946.7	11904.8	13296.5	0.0
2.Others	53.3	32.9	37.0	39.6	19902.7
4 LOANS & ADVANCES	12574.9	15465.2	17887.2	21657.1	26403.8
a.Private Sector	12231.0	14871.1	17048.0	21072.8	25296.4
b.Financial Institutions	239.3	383.8	558.0	584.3	1107.4
c.Government Organizations	104.5	210.3	281.2	0.0	0.0
5 BILL PURCHED	167.7	146.8	136.2	61.7	59.9
a.Domestic Bills Purchased	17.8	20.7	17.8	0.0	19.0
b.Foreign Bills Purchased	149.8	126.1	118.4	61.7	40.9
c.Import Bills & Imports	0.0	0.0	0.0	0.0	0.0
6 LOANS AGAINST COLLECTED BILLS	0.0	0.0	0.0	0.0	0.0
a.Against Domestic Bills		0.0	0.0	0.0	0.0
b.Against Foreign Bills		0.0	0.0	0.0	0.0
7 FIXED ASSETS	249.0	405.9	630.3	753.5	1147.4
8 OTHER ASSETS	802.9	774.2	920.1	860.8	1386.7
a.Accrued Interests	475.2	385.0	384.8	248.7	381.7
Financial institution				0.0	0.0
Govt.Entp.	20.0	35.2	62.6	0.0	0.0
Private Sector	455.1	349.8	322.1	248.7	381.7
b.Staff Loans/Adv.	57.8	87.5	123.8	176.2	312.2
c.Sundry Debtors	38.7	66.5	121.0	44.9	326.3
d.Cash In Transit	0.0	0.0	0.0	0.0	0.0
e.Others	231.1	235.1	290.6	391.1	366.4
9 Expenses not Written off	1.0	0.5	0.0	8.4	31.2
10 Non Banking Assets	0.0	0.0	2.9	0.0	17.8

Sources: Banking and Financial Statistics, NRB

APPENDIX-VIII

a) Comparative Proportionate Average Sources of Funds of SCB, NABIL and SBI

SCB								
Particulars	Year					Total	Average	
	2007/8	2008/9	2009/10	2010/11	2011/12			
1 Capital Fund	6.17	5.98	7.35	7.45	8.56	35.52	7.10	
2 Borrowings	0.00	0.72	0.00	0.77	0.00	1.49	0.30	
3 Deposits	86.68	86.07	84.73	84.02	83.70	425.19	85.04	
4 Others	7.15	7.23	7.92	7.75	7.74	37.79	7.56	
Total	100.00	100.00	100.00	100.00	100.00	500.00	100.00	
NABIL								
1 Capital Fund	5.35	5.30	5.73	6.26	6.38	29.02	5.80	
2 Borrowings	4.16	4.31	0.69	3.18	0.85	13.19	2.64	
3 Deposits	82.94	81.30	84.85	81.07	76.91	407.07	81.41	
4 Others	7.55	9.09	8.74	9.49	15.86	50.72	10.14	
Total	100.00	100.00	100.00	100.00	100.00	500.00	100.00	
SBI								
1 Capital Fund	6.26	4.42	5.44	5.32	4.77	26.21	5.24	
2 Borrowings	9.83	2.90	0.78	0.42	1.01	14.95	2.99	
3 Deposits	73.76	87.39	88.61	90.00	90.10	429.87	85.97	
4 Others	10.15	5.28	5.17	4.26	4.12	28.98	5.80	
Total	100.00	100.00	100.00	100.00	100.00	500.00	100.00	

b) Comparative Proportionate Average Uses of Funds of SCB, NABIL and SBI

SCB								
Particulars	Year					Total	Average	
	2007/	2008/	2009/1	2010/1	2011/1			
1 Liquid Funds	12.38	16.29	8.67	16.04	19.76	73.14	14.63	
2 Investments	23.74	24.01	20.57	22.03	18.32	108.6	21.73	
3 Share & Other	16.78	20.71	27.23	16.13	11.85	92.69	18.54	
4 Loans &	38.92	31.48	38.37	39.13	42.76	190.6	38.13	
5 Others	8.18	7.51	5.17	6.66	7.31	34.83	6.97	
Total	100.0	100.0	100.00	100.00	100.00	500.0	100.00	
NABIL								
1 Liquid Funds	12.02	8.54	8.27	7.97	7.13	43.92	8.78	
2 Investments	12.71	8.66	14.88	14.55	11.48	62.28	12.46	
3 Share & Other	13.19	15.01	10.04	6.79	8.20	53.23	10.65	
4 Loans &	55.91	60.55	60.25	63.25	59.73	299.6	59.94	
5 Others	6.17	7.24	6.55	7.44	13.47	40.87	8.17	
Total	100.0	100.0	100.00	100.00	100.00	500.0	100.00	
SBI								
1 Liquid Funds	8.88	5.97	9.01	10.35	9.61	43.82	8.76	
2 Investments	16.64	10.34	10.95	11.83	7.70	57.46	11.49	
3 Share & Other	0.29	31.20	30.32	28.30	33.62	123.7	24.74	
4 Loans &	67.63	48.34	45.42	45.95	44.60	251.9	50.39	
5 Others	6.56	4.15	4.29	3.57	4.46	23.04	4.61	
Total	100.0	100.0	100.00	100.00	100.00	500.0	100.00	

APPENDIX – IX**List of Commercial Banks Operating in Nepal**

S.N	Commercial Banks	Operation	Head Office
1	Nepal Bank Ltd.	1937/11/15	Kathmandu
2	Rastriya Banijya Bank Ltd.	1966/01/23	Kathmandu
3	NABIL Bank Ltd.	1984/01/07	Kathmandu
4	Nepal Investment Bank Ltd.	1986/02/27	Kathmandu
5	Standard Chartered Bank Nepal Ltd.	1987/01/30	Kathmandu
6	Himalayan Bank Ltd.	1993/01/18	Kathmandu
7	Nepal SBI Bank Ltd.	1993/07/07	Kathmandu
8	Nepal Bangladesh Bank Ltd.	1993/05/06	Kathmandu
9	Everest Bank Ltd.	1994/10/18	Kathmandu
10	Bank of Kathmandu Ltd.	1995/03/12	Kathmandu
11	Nepal Credit & Commerce Bank Ltd.	1996/10/14	Siddharthanagar
12	Lumbini Bank Ltd.	1998/07/17	Narayangadh
13	Nepal Industrial & Commercial Bank Ltd.	1998/07/21	Biratnagar
14	Machhapuchhre Bank Ltd.	2000/10/03	Pokhara
15	Kumari Bank Ltd.	2001/04/03	Kathmandu
16	Laxmi Bank Ltd.	2002/04/03	Birgunj
17	Siddhartha Bank Ltd.	2002/12/24	Kathmandu
18	Agricultural Development Bank Ltd	2006/03/16	Kathmandu
19	Global Bank Ltd.	2007/01/02	Birgunj
20	Citizen Bank Ltd	2007/06/21	Kathmandu
21	Prime Commercial Bank Ltd	2007/09/24	Kathmandu
22	Sunrise Bank Ltd	2007/10/12	Kathmandu
23	Bank Of Asia Nepal Ltd	2007/10/12	Kathmandu
24	Development and Credit Bank Ltd.	2008/05/25	Kathmandu
25	NMB Bank Ltd.	2008/06/05	Kathmandu
26	Kist Bank Ltd	2009/05/07	Kathmandu
27	Janata Bank Nepal Ltd.	2010/04/05	Kathmandu
28	Mega Bank Nepal Ltd.	2010/07/23	Kathmandu
29	Commerz & Trust Bank Nepal Ltd.	2010/09/20	Kathmandu
30	Civil Bank Ltd.	2011/01/12	Kathmandu
31	Century Commercial Bank Ltd.	2011/01/23	Kathmandu

APPENDIX – X

Financial Reprot Summary of SCB (F.Y. 2007/8 to 2011/12)

Financial Reprot Summary of NABIL (F.Y. 2007/8 to 2011/12)

Financial Reprot Summary of SBI (F.Y. 2007/8 to 2011/12)

Summary of Banking and Financial Statistics (Mid-July, 2012), Published by NRB

Balance Sheet

As at 15 July, 2012 (31 Ashad 2069)

Capital & Liabilities	Schedule	This Year Rs.	Previous Year Rs.
1. Share Capital	4.1	1,851,693,200	1,610,168,000
2. Reserves and Funds	4.2	2,270,475,759	2,067,609,062
3. Debentures and Bonds	4.3	-	-
4. Loans and Borrowings	4.4	-	350,000,000
5. Deposit Liability	4.5	35,965,630,744	37,999,242,310
6. Bills Payables	4.6	86,378,524	65,966,151
7. Proposed Dividend		724,575,600	805,084,000
8. Income Tax Liability		-	-
9. Other Liabilities	4.7	778,298,533	912,450,141
Total Liabilities		41,677,052,360	43,810,519,664
Assets	Schedule	This Year Rs.	Previous Year Rs.
1. Cash Balance	4.8	509,677,917	610,690,895
2. Balance with Nepal Rastra Bank	4.9	4,833,920,464	1,638,276,594
3. Balance with Banks/Financial Institutions	4.10	1,022,634,688	726,827,789
4. Money at Call and Short Notice	4.11	2,126,035,000	4,280,888,000
5. Investments	4.12	12,938,215,774	17,258,682,472
6. Loans, Advances and Bills Purchased	4.13	19,575,968,330	18,427,270,491
7. Fixed Assets	4.14	89,633,207	106,071,182
8. Non-Banking Assets	4.15	-	-
9. Other Assets	4.16	580,966,980	761,812,241
Total Assets		41,677,052,360	43,810,519,664

Contingent Liabilities	Schedule 4.17
Declaration of Directors	Schedule 4.29
Capital Adequacy Table	Schedule 4.30 (Ka 1)
Statement of Credit Risk	Schedule 4.30 (Kha)
Statement of Eligible Credit Risk Mitigation	Schedule 4.30 (Ga)
Statement of Operational Risk	Schedule 4.30 (Gha)
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Key Indicators	Schedule 4.31
Significant Accounting Policies	Schedule 4.32
Notes to Accounts	Schedule 4.33
Statement of Loan Availed by Promoter Shareholders from Other Bank and FIs by Pledging Their Shares	Schedule 4.34
Comparison of Unaudited and Audited Financial Statements	Schedule 4.35

Schedules 4.1 to 4.17 form integral part of the Balance Sheet

As per our report of even date

Satish Gundewar
Chief Financial Officer

Joseph Silvanus
CEO & Director

Madan K. Sharma
Partner
for and on behalf of CSC & Co.
Chartered Accountants

Sujit Mundul
Director

Ram Bahadur Aryal
Director

Amrit Kumari Thapa
Director

Date: 13 September, 2012

Profit and Loss Account

for the period 17 July 2011 to 15 July 2012 (1 Shrawan 2068 to 31 Ashadh 2069)

Particulars	Schedule	This Year Rs.	Previous Year Rs.
1. Interest Income	4.18	2,870,970,682	2,718,698,856
2. Interest Expenses	4.19	1,007,198,992	1,003,100,293
Net Interest Income		1,863,771,690	1,715,598,563
3. Commission and Discount	4.20	267,766,400	314,673,993
4. Other Operating Incomes	4.21	38,354,654	36,753,257
5. Exchange Fluctuation Income	4.22	468,556,720	394,231,099
Total Operating Income		2,638,449,464	2,461,256,912
6. Staff Expenses	4.23	386,823,372	365,986,423
7. Other Operating Expenses	4.24	349,224,868	305,215,112
8. Exchange Fluctuation Loss	4.22	-	-
Operating Profit Before Provision for Possible Loss		1,902,401,224	1,790,055,377
9. Provision for Possible Losses	4.25	208,251,274	82,739,161
Operating Profit		1,694,149,950	1,707,316,216
10. Non-Operating Income/ (Loss)	4.26	567,904	6,445,465
11. Provision for Possible Loss Written Back	4.27	190,917,635	67,159,308
Profit from Ordinary Activities		1,885,635,489	1,780,920,989
12. Income/(Expenses) from Extra Ordinary Activities	4.28	(42,576,698)	(22,764,594)
Net Profit after considering all Activities		1,843,058,791	1,758,156,395
13. Provision for Staff Bonus		167,550,799	159,832,400
14. Provision for Income Tax		506,540,495	479,152,709
Current Year's Tax Provision		510,927,100	485,713,290
Upto Previous Year's Tax Provision		3,608,882	-
Current Year's Deferred Tax Income/Expenses		(7,995,487)	(6,560,581)
Net Profit/Loss		1,168,967,497	1,119,171,286

Schedules 4.18 to 4.28 form integral part of this Profit and Loss Account

As per our report of even date

Satish Gundewar
Chief Financial Officer

Joseph Silvanus
CEO & Director

Madan K. Sharma
Partner
for and on behalf of CSC & Co.
Chartered Accountants

Sujit Mundul
Director

Ram Bahadur Aryal
Director

Amrit Kumari Thapa
Director

Date: 13 September, 2012

Schedule 4.11:

Money at Call and Short Notice

As at 15 July, 2012 (31 Ashad 2069)

Particulars	This Year Rs.	Previous Year Rs.
1. Local Currency	-	-
2. Foreign Currency	2,126,035,000	4,280,888,000
Total	2,126,035,000	4,280,888,000

Schedule 4.12:

Investments

As at 15 July, 2012 (31 Ashad 2069)

Particulars	Purpose		This Year Rs.	Previous Year Rs.
	Trading	Other		
1. Government of Nepal Treasury Bills	-	7,214,567,274	7,214,567,274	9,309,110,572
2. Government of Nepal Saving Bonds	-	-	-	-
3. Government of Nepal Others Securities	-	648,150,000	648,150,000	648,150,000
4. Nepal Rastra Bank Bonds	-	-	-	-
5. Foreign Securities	-	-	-	-
6. Local Licensed Institutions	-	-	-	-
7. Foreign Banks	-	4,981,955,000	4,981,955,000	7,207,878,400
8. Corporate Shares	-	109,425,500	109,425,500	109,425,500
9. Corporate Debenture and Bonds	-	8,493,000	8,493,000	8,493,000
10. Other Investments	-	-	-	-
Total Investments	-	12,962,590,774	12,962,590,774	17,283,057,472
Provision		24,375,000	24,375,000	24,375,000
Net Investments	-	12,938,215,774	12,938,215,774	17,258,682,472

Balance Sheet

As at 16 July, 2011 (32 Ashad 2068)

Capital & Liabilities	Schedule	This Year Rs.	Previous Year Rs.
1. Share Capital	4.1	1,610,168,000	1,608,256,140
2. Reserves and Funds	4.2	2,067,609,062	1,761,453,304
3. Debentures and Bonds	4.3	-	-
4. Loans and Borrowings	4.4	350,000,000	-
5. Deposit Liability	4.5	37,999,242,310	35,182,721,454
6. Bills Payables	4.6	65,966,151	89,219,655
7. Proposed Dividend		805,084,000	769,165,980
8. Income Tax Liability		-	-
9. Other Liabilities	4.7	912,450,141	802,503,393
Total Liabilities		43,810,519,664	40,213,319,926
Assets	Schedule	This Year Rs.	Previous Year Rs.
1. Cash Balance	4.8	610,690,895	509,031,174
2. Balance with Nepal Rastra Bank	4.9	1,638,276,594	819,508,706
3. Balance with Banks/Financial Institutions	4.10	726,827,789	600,766,640
4. Money at Call and Short Notice	4.11	4,280,888,000	1,669,460,000
5. Investments	4.12	17,258,682,472	19,847,511,025
6. Loans, Advances and Bills Purchased	4.13	18,427,270,491	15,956,955,268
7. Fixed Assets	4.14	106,071,182	118,539,974
8. Non-Banking Assets	4.15	-	-
9. Other Assets	4.16	761,812,241	691,547,139
Total Assets		43,810,519,664	40,213,319,926

Contingent Liabilities	Schedule 4.17
Declaration of Directors	Schedule 4.29
Capital Adequacy Table	Schedule 4.30 (Ka 1)
Statement of Credit Risk	Schedule 4.30 (Kha)
Statement of Eligible Credit Risk Mitigation	Schedule 4.30 (Ga)
Statement of Operational Risk	Schedule 4.30 (Gha)
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Key Indicators	Schedule 4.31
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Statement of Loan Availed by Promoter Shareholders from Other Bank and FIs by Pledging Their Shares	Schedule 4.34
Comparison of Unaudited and Audited Financial Statements	Schedule 4.35

Schedules 4.1 to 4.17 form integral part of the Balance Sheet

Suraj Lamichhane
Acting - Chief Financial Officer

Joseph Silvanus
CEO & Director

Neeraj Swaroop
Director

Madan K. Sharma
Partner
for and on behalf of CSC & Co.
Chartered Accountants

Anurag Adlakha
Director

Sujit Mundul
Director

Ram Bahadur Aryal
Director

Pramila Singh
Director

Date: 12 September, 2011

Profit and Loss Account

for the period 17 July 2010 to 16 July 2011 (1 Shrawan 2067 to 32 Ashadh 2068)

Particulars	Schedule	This Year Rs.	Previous Year Rs.
1. Interest Income	4.18	2,718,698,856	2,042,109,322
2. Interest Expenses	4.19	1,003,100,293	575,740,660
Net Interest Income		1,715,598,563	1,466,368,662
3. Commission and Discount	4.20	321,771,318	338,298,109
4. Other Operating Incomes	4.21	36,753,257	34,479,473
5. Exchange Fluctuation Income	4.22	387,133,774	458,564,032
Total Operating Income		2,461,256,912	2,297,710,276
6. Staff Expenses	4.23	365,986,423	312,964,286
7. Other Operating Expenses	4.24	305,215,112	295,304,522
8. Exchange Fluctuation Loss	4.22	-	-
Operating Profit Before Provision for Possible Loss		1,790,055,377	1,689,441,468
9. Provision for Possible Losses	4.25	82,739,161	76,974,254
Operating Profit		1,707,316,216	1,612,467,214
10. Non-Operating Income/ (Loss)	4.26	6,445,465	36,268,280
11. Provision for Possible Loss Written Back	4.27	67,159,308	58,292,849
Profit from Ordinary Activities		1,780,920,989	1,707,028,343
12. Income/(Expenses) from Extra Ordinary Activities	4.28	(22,764,594)	(17,024,392)
Net Profit after considering all Activities		1,758,156,395	1,690,003,951
13. Provision for Staff Bonus		159,832,400	153,636,723
14. Provision for Income Tax		479,152,709	450,495,534
Current Year's Tax Provision		485,713,290	465,685,661
Upto Previous Year's Tax Provision		-	22,675
Current Year's Deferred Tax Income/Expenses		(6,560,581)	(15,212,802)
Net Profit/Loss		1,119,171,286	1,085,871,694

Schedules 4.18 to 4.28 form integral part of this Profit and Loss Account

Suraj Lamichhane
Acting - Chief Financial Officer

Joseph Silvanus
CEO & Director

Neeraj Swaroop
Director

Madan K. Sharma
Partner
for and on behalf of CSC & Co.
Chartered Accountants

Anurag Adlakha
Director

Sujit Mundul
Director

Ram Bahadur Aryal
Director

Pramila Singh
Director

Date: 12 September, 2011

Schedule 4.11:**Money at Call and Short Notice**

As at 16 July, 2011 (32 Ashad 2068)

Particulars	This Year Rs.	Previous Year Rs.
1. Local Currency	-	-
2. Foreign Currency	4,280,888,000	1,669,460,000
Total	4,280,888,000	1,669,460,000

Schedule 4.12:**Investments**

As at 16 July, 2011 (32 Ashad 2068)

Particulars	Purpose		This Year Rs.	Previous Year Rs.
	Trading	Other		
1. Government of Nepal Treasury Bills	-	9,309,110,572	9,309,110,572	7,878,573,686
2. Government of Nepal Saving Bonds	-	-	-	-
3. Government of Nepal Others Securities	-	648,150,000	648,150,000	652,945,839
4. Nepal Rastra Bank Bonds	-	-	-	-
5. Foreign Securities	-	-	-	-
6. Local Licensed Institutions	-	-	-	380,000,000
7. Foreign Banks	-	7,207,878,400	7,207,878,400	10,844,948,000
8. Corporate Shares	-	109,425,500	109,425,500	106,925,500
9. Corporate Debenture and Bonds	-	8,493,000	8,493,000	8,493,000
10. Other Investments	-	-	-	-
Total Investments	-	17,283,057,472	17,283,057,472	19,871,886,025
Provision		24,375,000	24,375,000	24,375,000
Net Investments	-	17,258,682,472	17,258,682,472	19,847,511,025

Balance Sheet

As at 16 July, 2010 (32 Ashad 2067)

Capital & Liabilities	Schedule	Rs.	Rs.
		This Year	Previous Year
1. Share Capital	4.1	1,608,256,140	1,397,949,600
2. Reserves and Funds	4.2	1,761,453,304	1,654,520,131
3. Debentures and Bonds	4.3	-	-
4. Loans and Borrowings	4.4	-	300,000,000
5. Deposit Liability	4.5	35,182,721,454	35,350,823,711
6. Bills Payables	4.6	89,219,655	72,941,748
7. Proposed Dividend		769,165,980	465,983,200
8. Income Tax Liability		-	4,262,601
9. Other Liabilities	4.7	802,503,393	820,089,602
Total Liabilities		40,213,319,926	40,066,570,593

Assets	Schedule	Rs.	Rs.
		This Year	Previous Year
1. Cash Balance	4.8	509,031,174	463,345,996
2. Balance with Nepal Rastra Bank	4.9	819,508,706	1,851,132,637
3. Balance with Banks/Financial Institutions	4.10	600,766,640	822,684,902
4. Money at Call and Short Notice	4.11	1,669,460,000	2,055,549,000
5. Investments	4.12	19,847,511,025	20,236,121,082
6. Loans, Advances and Bills Purchased	4.13	15,956,955,268	13,679,756,990
7. Fixed Assets	4.14	118,539,974	137,292,540
8. Non-Banking Assets	4.15	-	-
9. Other Assets	4.16	691,547,139	820,687,446
Total Assets		40,213,319,926	40,066,570,593

Contingent Liabilities	Schedule 4.17
Declaration of Directors	Schedule 4.29
Capital Adequacy Table	Schedule 4.30 (Ka 1)
Statement of Credit Risk	Schedule 4.30 (Kha)
Statement of Eligible Credit Risk Mitigation	Schedule 4.30 (Ga)
Statement of Operational Risk	Schedule 4.30 (Gha)
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Notes to Accounts	Schedule 4.33
Statement of Loan Availed by Promoter Shareholders from Other Bank and FIs by Pledging Their Shares	Schedule 4.34
Comparison of Unaudited and Audited Financial Statements	Schedule 4.35

Schedules 4.1 to 4.17 form integral part of the Balance Sheet

Rakhi Singh
Chief Financial Officer

Sujit Mundul
CEO & Director

Sushen Jhingan
Director

As per our report of even date

Sudarshan Raj Pandey
Partner
for and on behalf of S.R. Pandey & Co.
Chartered Accountants

Ram Bahadur Aryal
Director

Kathmandu
Date : 2nd September, 2010

Profit and Loss Account

for the period 16 July 2009 to 16 July 2010 (1 Shrawan 2066 to 32 Ashadh 2067)

Particulars	Schedule	Rs.	
		This Year	Previous Year
1. Interest Income	4.18	2,042,109,322	1,887,221,257
2. Interest Expenses	4.19	575,740,660	543,786,600
Net Interest Income		1,466,368,662	1,343,434,657
3. Commission and Discount	4.20	338,298,109	288,031,446
4. Other Operating Incomes	4.21	34,479,473	33,191,251
5. Exchange Fluctuation Income	4.22	458,564,032	427,468,313
Total Operating Income		2,297,710,276	2,092,125,667
6. Staff Expenses	4.23	312,964,286	253,055,504
7. Other Operating Expenses	4.24	295,304,522	276,326,674
8. Exchange Fluctuation Loss	4.22	-	-
Operating Profit Before Provision for Possible Loss		1,689,441,468	1,562,743,489
9. Provision for Possible Losses	4.25	76,974,254	56,634,631
Operating Profit		1,612,467,214	1,506,108,858
10. Non-Operating Income/ (Loss)	4.26	36,268,280	22,098,317
11. Provision for Possible Loss Written Back	4.27	58,292,849	101,075,167
Profit from Ordinary Activities		1,707,028,343	1,629,282,342
12. Income/(Expenses) from Extra Ordinary Activities	4.28	(17,024,392)	(15,356,059)
Net Profit after considering all Activities		1,690,003,951	1,613,926,283
13. Provision for Staff Bonus		153,636,723	146,720,571
14. Provision for Income Tax		450,495,534	442,091,176
Current Year's Tax Provision		465,685,661	443,119,138
Upto Previous Year's Tax Provision		22,675	-
Current Year's Deferred Tax Income/Expenses		(15,212,802)	(1,027,962)
Net Profit/Loss		1,085,871,694	1,025,114,536

Schedules 4.18 to 4.28 form integral part of this Profit and Loss Account

Rakhi Singh
Chief Financial OfficerSujit Mundul
CEO & DirectorSushen Jhingan
Director

As per our report of even date

Sudarshan Raj Pandey
Partner
for and on behalf of S.R. Pandey & Co.
Chartered AccountantsRam Bahadur Aryal
DirectorKathmandu
Date :2nd September, 2010

Schedule 4.11: Money at Call and Short Notice

As at 16 July, 2010 (32 Ashad 2067)

Particulars	Rs.	Rs.
	This Year	Previous Year
1. Local Currency	-	-
2. Foreign Currency	1,669,460,000	2,055,549,000
Total	1,669,460,000	2,055,549,000

Schedule 4.12: Investments

As at 16 July, 2010 (32 Ashad 2067)

Particulars	Purpose		This Year	Previous Year
	Trading	Other	Rs.	Rs.
1. Government of Nepal Treasury Bills	-	7,878,573,686	7,878,573,686	9,050,988,434
2. Government of Nepal Saving Bonds	-	648,150,000	648,150,000	917,150,000
3. Government of Nepal Others Securities (Special Bond)	-	4,795,839	4,795,839	30,615,124
4. Nepal Rastra Bank Bonds	-	-	-	-
5. Foreign Securities	-	-	-	-
6. Local Licensed Institutions	-	380,000,000	380,000,000	250,613,524
7. Foreign Banks	-	10,844,948,000	10,844,948,000	9,895,710,500
8. Corporate Shares	-	106,925,500	106,925,500	106,925,500
9. Corporate Debenture and Bonds	-	8,493,000	8,493,000	8,493,000
10. Other Investments	-	-	-	-
Total Investments	-	19,871,886,025	19,871,886,025	20,260,496,082
Provision		24,375,000	24,375,000	24,375,000
Net Investments	-	19,847,511,025	19,847,511,025	20,236,121,082

Financial Statements and Notes to Accounts continued

Balance Sheet

as at 15 July 2009 (31 Ashad 2066)

Capital & Liabilities	Schedule	This Year	Previous Year
		Rs.	Rs.
1. Share Capital	4.1	931,966,400	620,784,000
2. Reserves and Funds	4.2	2,120,503,331	1,871,763,996
3. Debentures and Bonds	4.3	-	-
4. Loans and Borrowings	4.4	300,000,000	-
5. Deposit Liability	4.5	35,871,721,127	29,743,998,794
6. Bills Payables	4.6	72,941,748	87,397,021
7. Proposed and Unpaid Dividend		476,296,048	506,366,940
8. Income Tax Liability		4,262,601	2,051,550
9. Other Liabilities	4.7	809,776,754	503,426,025
Total Liabilities		40,587,468,009	33,335,788,326

Assets	Schedule	This Year	Previous Year
		Rs.	Rs.
1. Cash Balance	4.8	463,345,996	414,875,467
2. Balance with Nepal Rastra Bank	4.9	1,851,132,637	1,266,273,524
3. Balance with Banks/Financial Institutions	4.10	822,684,902	369,094,223
4. Money at Call and Short Notice	4.11	2,055,549,000	2,197,537,600
5. Investments	4.12	20,236,121,082	13,902,819,011
6. Loans, Advances and Bills Purchased	4.13	13,679,756,990	13,718,597,132
7. Fixed Assets	4.14	137,292,540	117,272,258
8. Non-Banking Assets	4.15	-	-
9. Other Assets	4.16	1,341,584,862	1,349,319,111
Total Assets		40,587,468,009	33,335,788,326

Contingent Liabilities	Schedule 4.17
Declaration of Directors	Schedule 4.29
Capital Adequacy Table	Schedule 4.30 (Ka 1)
Statement of Credit Risk	Schedule 4.30 (Kha)
Statement of Eligible Credit Risk Mitigation	Schedule 4.30 (Ga)
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Statement of Loan Availed by Promoter Shareholders from Other Bank and FIs by Pledging Their Shares	Schedule 4.34
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Schedules 4.1 to 4.17 form integral part of the Balance Sheet

As per our report of even date

Rakhi Singh
Chief Financial Officer

Sujit Mundul
CEO & Director

Neeraj Swaroop
Director

Arjun Bandhu Regmi
Director

Anurag Adlakha
Director

Ram Bahadur Aryal
Director

Madan Krishna Sharma
Partner
for and on behalf of CSC & Co.
Chartered Accountants

Kathmandu
Date : 12.08.2009

Profit and Loss Account

for the period 16 July 2009 to 15 July 2009 (1 Shrawan 2065 to 31 Ashadh 2066)

Particulars	Schedule	This Year	Previous Year
		Rs.	Rs.
1. Interest Income	4.18	1,887,221,257	1,591,195,526
2. Interest Expenses	4.19	543,786,600	471,729,700
Net Interest Income		1,343,434,657	1,119,465,826
3. Commission and Discount	4.20	235,468,846	276,432,255
4. Other Operating Incomes	4.21	33,191,251	32,594,085
5. Exchange Fluctuation Income	4.22	480,030,913	345,653,020
Total Operating Income		2,092,125,667	1,774,145,186
6. Staff Expenses	4.23	253,055,504	225,256,195
7. Other Operating Expenses	4.24	276,326,674	230,571,409
8. Exchange Fluctuation Loss	4.22	-	-
Operating Profit Before Provision for Possible Loss		1,562,743,489	1,318,317,582
9. Provision for Possible Losses	4.25	56,634,631	69,885,338
Operating Profit		1,506,108,858	1,248,432,244
10. Non-Operating Income/ (Loss)	4.26	22,098,317	1,682,509
11. Provision for Possible Loss Written Back	4.27	101,075,167	90,634,940
Profit from Ordinary Activities		1,629,282,342	1,340,749,693
12. Income/(Expenses) from Extra Ordinary Activities	4.28	(15,356,059)	(28,039,437)
Net Profit after considering all Activities		1,613,926,283	1,312,710,256
13. Provision for Staff Bonus		146,720,571	119,337,296
14. Provision for Income Tax		442,091,176	374,451,952
• Current Year's		443,119,138	381,493,368
• Upto Previous Year		-	-
• Deferred Tax		(1,027,962)	(7,041,416)
Net Profit/Loss		1,025,114,536	818,921,008

Schedules 4.18 to 4.28 form integral part of this Profit and Loss Account

As per our report of even date

Rakhi Singh
Chief Financial Officer

Sujit Mundul
CEO & Director

Neeraj Swaroop
Director

Arjun Bandhu Regmi
Director

Anurag Adlakha
Director

Ram Bahadur Aryal
Director

Madan Krishna Sharma
Partner
for and on behalf of CSC & Co.
Chartered Accountants

Kathmandu
Date : 12.08.2009

Schedule 4.11: Money at Call and Short Notice
as at 15 July 2009 (31 Ashad 2066)

Previous Year	Particulars	This Year
Rs.		Rs.
-	1. Local Currency	-
2,197,537,600	2. Foreign Currency	2,055,549,000
2,197,537,600	Total	2,055,549,000

Schedule 4.12: Investments
as at 15 July 2009 (31 Ashad 2066)

Previous Year	Particulars	Purpose		This Year
		Trading	Other	Rs.
7,157,731,943	1. Government of Nepal Treasury Bills	-	9,050,988,434	9,050,988,434
917,150,000	2. Government of Nepal Saving Bonds	-	917,150,000	917,150,000
62,733,235	3. Government of Nepal Others Securities (Special Bond)	-	30,615,124	30,615,124
-	4. Nepal Rastra Bank Bonds	-	-	-
-	5. Foreign Securities	-	-	-
-	6. Local Licensed Institutions	-	250,613,524	250,613,524
5,675,042,833	7. Foreign Banks	-	9,895,710,500	9,895,710,500
106,043,000	8. Corporate Shares	-	106,925,500	106,925,500
8,493,000	9. Corporate Debenture and Bonds	-	8,493,000	8,493,000
-	10. Other Investments	-	-	-
13,927,194,011	Total Investments	-	20,260,496,082	20,260,496,082
24,375,000	Provision	-	24,375,000	24,375,000
13,902,819,011	Net Investments	-	20,236,121,082	20,236,121,082

Balance Sheet

As at 15 July 2012 (31 Ashadh 2069)

Capital & Liabilities	Schedule	This Year NRs.	Previous Year NRs.
1. Share Capital	1	2,435,723,280	2,029,769,400
2. Reserves & Surplus	2	3,015,162,091	2,536,747,621
3. Debentures & Bonds	3	300,000,000	300,000,000
4. Borrowings	4	311,080,000	1,650,599,178
5. Deposits	5	55,023,695,253	49,696,112,934
6. Bills Payable	6	179,142,358	415,767,753
7. Proposed Dividend		811,907,760	608,930,820
8. Income Tax Liabilities		51,106,490	44,104,071
9. Other Liabilities	7	1,072,481,023	859,405,624
Total		63,200,298,255	58,141,437,401
Assets	Schedule	This Year NRs.	Previous Year NRs.
1. Cash Balance	8	1,050,658,504	744,592,259
2. Balance with Nepal Rastra Bank	9	3,681,980,327	1,473,986,407
3. Balance with Banks/Financial Institutions	10	(456,816,781)	217,970,918
4. Money at Call and Short Notice	11	826,435,677	2,452,511,778
5. Investment	12	14,055,850,055	13,081,205,527
6. Loans, Advances and Bills Purchased	13	41,605,682,634	38,034,097,554
7. Fixed Assets	14	887,543,274	935,088,667
B. Non Banking Assets	15	-	-
9. Other Assets	16	1,548,964,565	1,201,984,291
Total		63,200,298,255	58,141,437,401
Contingent Liabilities	Schedule 17		
Directors' Declaration	Schedule 29		
Table of Capital Fund	Schedule 30(A1)		
Credit Risk	Schedule 30(B)		
Credit Risk Mitigation	Schedule 30(C)		
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Schedules 1 to 17 form integral part of the Balance Sheet.

Profit and Loss Account

(For the period 17 July 2011 to 15 July 2012 (1 Shrawan 2068 to 31 Ashadh 2069))

Particulars	Schedule	This Year NRs.	Previous Year NRs.
1. Interest Income	18	6,133,739,091	5,254,030,458
2. Interest Expense	19	3,155,490,469	2,955,430,746
Net Interest Income		2,978,248,622	2,298,599,712
3. Commission and Discount	20	364,075,214	290,855,057
4. Other Operating Income	21	201,084,866	180,570,347
5. Exchange Income	22	447,070,485	276,102,798
Total Operating Income		3,990,479,187	3,046,127,914
6. Staff Expense	23	500,712,844	454,041,892
7. Other Operating Expense	24	428,597,152	401,425,357
8. Exchange Loss	22	-	-
Operating Profit before Provision for Possible Losses		3,061,169,191	2,190,660,665
9. Provision for Possible Losses	25	413,948,680	109,470,414
Operating Profit		2,647,220,511	2,081,190,251
10. Non Operating Income /(Expense)	26	13,839,751	6,981,078
11. Provision for Possible Losses Write Back	27	-	7,101,374
Profit from Regular Activities		2,661,060,262	2,095,272,703
12. Income/(Expense) from Extra-ordinary Activities	28	(3,036,749)	3,148,475
Profit from All Activities		2,658,023,513	2,098,421,178
13. Provision for Staff Bonus		241,638,501	190,943,019
14. Provision for Income Tax		720,108,902	569,732,674
Current Tax		728,302,031	568,508,522
Prior Period Tax		-	212,364
Deferred Tax		(8,193,129)	1,011,788
Net Profit/(Loss)		1,696,276,110	1,337,745,485

Schedules 18 to 28 form integral part of the Profit and Loss Account.

Balance with Nepal Rastra Bank

(As at 15 July 2012)

Schedule 9

Particulars	Local Currency	Foreign Currency			This Year NRs.	Previous Year NRs.
		INR	Convertible FCY	Total		
1. Nepal Rastra Bank	3,660,753,423	-	21,226,904	21,226,904	3,681,980,327	1,473,986,407
a. Current Account	3,660,753,423	-	21,226,904	21,226,904	3,681,980,327	1,473,986,407
b. Other Account	-	-	-	-	-	-

Note: Balance as per the confirmation statements is NRs. 3,024,483,716

Balance with Banks / Financial Institutions

(As at 15 July 2012)

Schedule 10

Particulars	Local Currency	Foreign Currency			This Year NRs.	Previous Year NRs.
		INR	Convertible FCY	Total		
1. Local Licensed Institutions	53,031,610	-	-	-	53,031,610	33,565,978
a. Current Account	53,031,610	-	-	-	53,031,610	33,565,978
b. Other Account	-	-	-	-	-	-
2. Foreign Banks	-	(450,562)	(509,397,829)	(509,848,391)	(509,848,391)	184,404,940
a. Current Account	-	(450,562)	(509,397,829)	(509,848,391)	(509,848,391)	184,404,940
b. Other Account	-	-	-	-	-	-
Total	53,031,610	(450,562)	(509,397,829)	(509,848,391)	(456,816,781)	217,970,918

Note: Balance as per the confirmation statements is NRs. 720,175,443. Reconciliation is presented in Schedule 33 "Notes to Accounts" point 2.2.

Money at Call and Short Notice

(As at 15 July 2012)

Schedule 11

Particulars	This Year NRs.	Previous Year NRs.
1. Local Currency	-	725,000,000
2. Foreign Currency	826,435,677	1,727,511,778
Total	826,435,677	2,452,511,778

Investments

(As at 15 July 2012)

Schedule 12

Particulars	Purpose		This Year NRs.	Previous Year NRs.
	Trading	Others		
1. Nepal Government Treasury Bills	-	4,494,594,116	4,494,594,116	6,489,954,971
2. Nepal Government Saving Bonds	-	-	-	-
3. Nepal Government Other Securities	-	3,505,383,187	3,505,383,187	2,255,275,527
4. Nepal Rastra Bank Bonds	-	-	-	-
5. Foreign Bonds	-	220,280,173	220,280,173	178,059,588
6. Local Licensed Institutions	-	1,080,450,000	1,080,450,000	305,352,000
7. Foreign Banks	-	4,578,658,390	4,578,658,390	3,661,739,877
8. Organized Institutions' Shares	-	201,284,800	201,284,800	192,489,000
9. Organized Institutions' Bonds and Debentures	-	-	-	-
10. Other Investments:	-	-	-	-
10.1. NCM Mutual Fund (100,000 units @ NRs.10 & 100,000 units issued subsequently @ NRs. 2.57. Market Value per unit NRs. 27.20)	-	1,257,000	1,257,000	1,257,000
10.2. SWIFT Investment (denominated in)	-	1,759,054	1,759,054	1,640,373
Total Investment	-	14,083,666,720	14,083,666,720	13,085,768,336
Provision	-	27,816,665	27,816,665	4,562,809
Net Investment	-	14,055,850,055	14,055,850,055	13,081,205,527

Balance Sheet

As at 16 July 2011 (32 Ashadh 2068)

Capital & Liabilities	Schedules	This Year NRs.	Previous Year NRs.
1. Share Capital	1	2,029,769,400	2,028,773,600
2. Reserves and Surplus	2	2,536,747,621	1,807,932,956
3. Debentures & Bonds	3	300,000,000	300,000,000
4. Borrowings	4	1,650,599,178	74,900,000
5. Deposits	5	49,696,112,934	46,410,700,628
6. Bills Payable	6	415,767,753	425,443,908
7. Proposed Dividend		608,930,820	434,737,200
8. Income Tax Liabilities		44,104,071	24,904,405
9. Other Liabilities	7	859,405,624	644,291,046
Total		58,141,437,401	52,151,683,743

Assets		This Year NRs.	Previous Year NRs.
1. Cash Balance	8	744,592,259	635,986,600
2. Balance with Nepal Rastra Bank	9	1,473,986,407	549,454,618
3. Balance with Banks/Financial Institutions	10	217,970,918	214,656,586
4. Money at Call and Short Notice	11	2,452,511,778	3,118,144,000
5. Investment	12	13,081,205,527	13,703,024,181
6. Loans, Advances and Bills Purchased	13	38,034,097,554	32,268,873,283
7. Fixed Assets	14	935,088,667	779,539,760
8. Non Banking Assets	15	-	-
9. Other Assets	16	1,201,984,291	882,004,715
Total		58,141,437,401	52,151,683,743

Contingent Liabilities	Schedule 17
Directors' Declaration	Schedule 29
Table of Capital Fund	Schedule 30(A1)
Credit Risk	Schedule 30(B)
Credit Risk Mitigation	Schedule 30(C)
Operation Risk	Schedule 30(D)
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Principal Indicators	Schedule 31
Principal Accounting Policies	Schedule 32
Notes to Accounts	Schedule 33
Statement of Promoters' Loan	Schedule 34
Comparison of Unaudited and Audited Financial Statement	Schedule 35

Schedules 1 to 17 form integral part of the Balance Sheet.

As per our report of even date

Anil Gyawali Chief Executive Officer	S. P. Shrestha Chairman	S. P. Poudyal Director	D. G. Agrawal Director
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Amrit Charan Shrestha Chief Financial Controller	S. Chatterjee Director	K. P. Acharya Director	N. Chaudhary Director	K. B. Manandhar Director	CA. Ranjeev Shrestha Partner G. P. Rajbataak & Co. Chartered Accountants
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Date : 25th August 2011
Place : Nabil Centre, Durbar Marg, Kathmandu

Profit and Loss Account

For the period 17 July 2010 to 16 July 2011 (1 Shrawan 2067 to 32 Ashadh 2068)

Particulars	Schedules	This Year NRs.	Previous Year NRs.
1. Interest Income	18	5,254,030,458	4,049,714,179
2. Interest Expense	19	2,955,430,746	1,960,107,902
Net Interest Income		2,298,599,712	2,089,606,277
3. Commission and Discount	20	290,855,057	215,481,543
4. Other Operating Income	21	180,570,347	184,024,512
5. Exchange Income	22	276,102,798	276,964,251
Total Operating Income		3,046,127,914	2,766,076,583
6. Staff Expense	23	454,041,892	366,940,054
7. Other Operating Expense	24	401,425,357	334,186,213
8. Exchange Loss	22	-	-
Operating Profit before Provision for Possible Losses		2,190,660,665	2,064,950,316
9. Provision for Possible Losses	25	109,470,414	355,829,115
Operating Profit		2,081,190,251	1,709,121,201
10. Non Operating Income /(Expense)	26	6,981,078	6,454,723
11. Provision for Possible Losses Write Back	27	7,101,374	39,755,319
Profit from Regular Activities		2,095,272,703	1,755,331,243
12. Income/(Expense) from Extra-ordinary Activities	28	3,148,475	34,321,844
Profit from All Activities		2,098,421,178	1,789,653,087
13. Provision for Staff Bonus		190,943,019	162,518,278
14. Provision for Income Tax		569,732,674	486,083,379
Current Tax		568,508,522	472,823,385
Prior Period Tax		212,364	831,939
Deferred Tax		1,011,788	12,428,055
Net Profit/(Loss)		1,337,745,485	1,141,051,430

Schedules 18 to 28 form integral part of the Profit and Loss Account.

As per our report of even date

Anil Gyawali
Chief Executive Officer

S. P. Shrestha
Chairman

S. P. Poudyal
Director

D. G. Agrawal
Director

Amrit Charan Shrestha
Chief Financial Controller

S. Chatterjee
Director

K. P. Acharya
Director

N. Chaudhary
Director

K. B. Manandhar
Director

CA. Ranjeev Shrestha
Partner
G. P. Rajbahak & Co.
Chartered Accountants

Date : 25th August 2011

Place : Nabil Centre, Durbar Marg, Kathmandu

Balance with Banks / Financial Institutions (As at 16 July 2011)

Schedule 10

Particulars	Local Currency	Foreign Currency			This Year NRs.	Previous Year NRs.
		INR	Convertible FCY	Total		
1. Local Licensed Institutions	33,565,978	-	-	-	33,565,978	47,418,553
a. Current Account	33,565,978	-	-	-	33,565,978	47,418,553
b. Other Account	-	-	-	-	-	-
2. Foreign Banks	-	14,251,319	170,153,621	184,404,940	184,404,940	167,238,033
a. Current Account	-	14,251,319	170,153,621	184,404,940	184,404,940	167,238,033
b. Other Account	-	-	-	-	-	-
Total	33,565,978	14,251,319	170,153,621	184,404,940	217,970,918	214,656,586

Note: Balance as per the confirmation statements is Rs. 423,383,437

Money at Call and Short Notice (As at 16 July 2011)

Schedule 11

Particulars	This Year NRs.	Previous Year NRs.
1. Local Currency	725,000,000	1,700,000,000
2. Foreign Currency	1,727,511,778	1,418,144,000
Total	2,452,511,778	3,118,144,000

Investments (As at 16 July 2011)

Schedule 12

Particulars	Purpose		This Year NRs.	Previous Year NRs.
	Trading	Others		
1. Nepal Government Treasury Bills	-	6,489,954,971	6,489,954,971	5,896,040,197
2. Nepal Government Saving Bonds	-	-	-	-
3. Nepal Government Other Securities	-	2,255,275,527	2,255,275,527	2,077,623,810
4. Nepal Rastra Bank Bonds	-	-	-	-
5. Foreign Bonds	-	178,059,588	178,059,588	187,035,575
6. Local Licensed Institutions	-	305,352,000	305,352,000	-
7. Foreign Banks	-	3,661,739,877	3,661,739,877	5,391,118,185
8. Organized Institutions' Shares	-	192,489,000	192,489,000	159,857,000
9. Organized Institutions' Bonds and Debentures	-	-	-	-
10. Other Investments:	-	-	-	-
10.1. NCM Mutual Fund (100,000 units @ Rs.10 & 100,000 units Right Share @ Rs. 2.57. Market Value per unit Rs. 29.03)	-	1,257,000	1,257,000	1,257,000
10.2. SWIFT Investment (denominated in €)	-	1,640,373	1,640,373	1,581,114
Total Investment	-	13,085,768,336	13,085,768,336	13,714,512,881
Provision	-	4,562,809	4,562,809	11,488,700
Net Investment	-	13,081,205,527	13,081,205,527	13,703,024,181

Balance Sheet

As at 16 July 2010 (32 Ashadh 2067)

Amt. in NPR

CAPITAL & LIABILITIES	SCHEDULE	THIS YEAR	PREVIOUS YEAR
1. Share Capital	1	2,028,773,600	1,448,620,500
2. Reserves and Surplus	2	1,805,980,925	1,681,620,137
3. Debentures & Bonds	3	300,000,000	300,000,000
4. Borrowings	4	74,900,000	1,681,305,000
5. Deposits	5	46,410,700,628	37,348,255,840
6. Bills Payable	6	425,443,908	463,138,615
7. Proposed Dividend		434,737,200	338,011,450
8. Income Tax Liabilities		24,904,405	80,232,454
9. Other Liabilities	7	644,796,677	526,213,508
Total		52,150,237,343	43,867,397,504

Amt. in NPR

ASSETS	SCHEDULE	THIS YEAR	PREVIOUS YEAR
1. Cash Balance	8	635,986,600	674,395,434
2. Balance with Nepal Rastra Bank	9	549,454,618	2,648,596,348
3. Balance with Banks/Financial Institutions	10	214,656,586	49,520,689
4. Money at Call and Short Notice	11	3,118,144,000	552,888,297
5. Investment	12	13,670,916,613	10,826,379,001
6. Loans, Advances and Bills Purchased	13	32,268,873,283	27,589,933,041
7. Fixed Assets	14	779,539,760	660,988,986
8. Non Banking Assets	15	-	-
9. Other Assets	16	912,665,884	864,695,708
Total		52,150,237,343	43,867,397,504

Contingent Liabilities	Schedule 17
Directors' Declaration	Schedule 29
Table of Capital Fund	Schedule 30(A1)
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Credit Risk Mitigation	Schedule 30(C)
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Statement of Promoters' Loan	Schedule 34
Comparison of Unaudited and Audited Financial Statement	Schedule 35

Schedules 1 to 17 form integral part of the Balance Sheet.

Amrit Charan Shrestha
Chief Executive Officer

S. P. Shrestha
Chairman

S. P. Poudyal
Director

D. G. Agrawal
Director

As per our report of even date.

Krishna Bhattarai
Chief Financial Officer

A. P. Bazgain
Director

Tabith Awal
Director

M. Ahmed
Director

S. Chatterjee
Director

Gopal P. Rajbahak, FCA
For and on behalf of
G. P. Rajbahak & Co.
Chartered Accountants

Date: September 07, 2010

Place: Nabil House, Kamaladi, Kathmandu

Profit and Loss Account

For the period 16 July 2009 to 16 July 2010 (1 Shrawan 2066 to 32 Ashadh 2067)

Amt. in NPR

PARTICULARS	SCHEDULE	THIS YEAR	PREVIOUS YEAR
1. Interest Income	18	4,047,725,656	2,798,486,196
2. Interest Expense	19	1,960,107,902	1,153,280,052
Net Interest Income		2,087,617,754	1,645,206,144
3. Commission and Discount	20	215,481,543	179,693,027
4. Other Operating Income	21	169,548,006	144,164,143
5. Exchange Income	22	291,440,756	251,919,712
Total Operating Income		2,764,088,060	2,220,983,026
6. Staff Expense	23	366,940,054	339,897,913
7. Other Operating Expense	24	334,186,212	265,158,033
8. Exchange Loss	22	-	-
Operating Profit before Provision for Possible Losses		2,062,961,794	1,615,927,080
9. Provision for Possible Losses	25	355,829,115	45,722,434
Operating Profit		1,707,132,679	1,570,204,646
10. Non Operating Income/(Expense)	26	6,454,724	2,190,102
11. Provision for Possible Losses Write Back	27	39,791,809	10,617,867
Profit from Regular Activities		1,753,379,212	1,583,012,615
12. Income/(Expense) from Extra-ordinary Activities	28	34,321,843	43,521,866
Profit from All Activities		1,787,701,056	1,626,534,481
13. Provision for Staff Bonus		162,518,278	147,866,771
14. Provision for Income Tax		486,083,379	447,614,612
Current Tax		472,823,385	470,701,921
Prior Period Tax		831,939	918,745
Deferred Tax		12,428,055	(24,006,054)
Net Profit/(Loss)		1,139,099,399	1,031,053,098

Amrit Charan Shrestha
Chief Executive Officer

S. P. Shrestha
Chairman

S. P. Poudyal
Director

D. G. Agrawal
Director

As per our report of even date.

Krishna Bhattarai
Chief Financial Officer

A. P. Bazgain
Director

Tabith Awal
Director

M. Ahmed
Director

S. Chatterjee
Director

Gopal P. Rajbahak, FCA
For and on behalf of
G. P. Rajbahak & Co.
Chartered Accountants

Date: September 07, 2010

Place: Nabil House, Kamaladi, Kathmandu

Balance with Banks / Financial Institutions

(As at 16 July 2010)

Schedule 10

Amt. in NPR

PARTICULARS	LOCAL CURRENCY	FOREIGN CURRENCY			THIS YEAR	PREVIOUS YEAR
		INR	CONVERTIBLE FCY	TOTAL		
1. Local Licensed Institutions	47,418,553	-	-	-	47,418,553	41,976,883
a. Current Account	47,418,553	-	-	-	47,418,553	41,976,883
b. Other Account	-	-	-	-	-	-
2. Foreign Banks	-	(936,310)	168,174,343	167,238,033	167,238,033	7,543,806
a. Current Account	-	(936,310)	168,174,343	167,238,033	167,238,033	7,543,806
b. Other Account	-	-	-	-	-	-
Total	47,418,553	(936,310)	168,174,343	167,238,033	214,656,586	49,520,689

Note: Balance as per the confirmation statements is NPR 472,805,855

Money at Call and Short Notice

(As at 16 July 2010)

Schedule 11

Amt. in NPR

PARTICULARS	THIS YEAR	PREVIOUS YEAR
1. Local Currency	1,700,000,000	-
2. Foreign Currency	1,418,144,000	552,888,297
Total	3,118,144,000	552,888,297

Investments

(As at 16 July 2010)

Schedule 12

Amt. in NPR

PARTICULARS	PURPOSE		THIS YEAR	PREVIOUS YEAR
	TRADING	OTHERS		
1. Nepal Government Treasury Bills	-	5,865,884,661	5,865,884,661	1,838,819,440
2. Nepal Government Saving Bonds	-	-	-	-
3. Nepal Government Other Securities	-	2,075,671,779	2,075,671,779	1,867,283,222
4. Nepal Rastra Bank Bonds	-	-	-	-
5. Foreign Bonds	-	186,999,085	186,999,085	272,428,764
6. Local Licensed Institutions	-	-	-	77,900,000
7. Foreign Banks	-	5,391,118,185	5,391,118,185	6,732,829,457
8. Organized Institutions' Shares	-	159,857,000	159,857,000	82,501,900
9. Organized Institutions' Bonds and Debentures	-	-	-	-
10. Other Investments:	-	-	-	-
10.1 NCM Mutual Fund (100,000 units @ NPR 10 & 100,000 units Right Share @ NPR 2.57. Market Value per unit NPR 31.83)	-	1,257,000	1,257,000	1,257,000
10.2 SWIFT Investment (denominated in €)	-	1,581,114	1,581,114	1,785,753
Total Investment	-	13,682,368,823	13,682,368,823	10,874,805,536
Provision	-	11,452,210	11,452,210	48,426,535
Net Investment	-	13,670,916,613	13,670,916,613	10,826,379,001

Balance Sheet

Balance Sheet as at 15 July 2009 (31 Ashadh 2066)

Figures in NPR

S. NO.	CAPITAL & LIABILITIES	SCHEDULE	THIS YEAR	PREVIOUS YEAR
1.	Share Capital	1	965,747,000	689,216,000
2.	Reserves and Surplus	2	2,164,493,637	1,747,982,989
3.	Debentures & Bonds	3	300,000,000	240,000,000
4.	Borrowings	4	1,681,305,000	1,360,000,000
5.	Deposits	5	37,348,255,840	31,915,047,467
6.	Bills Payable	6	463,138,615	238,421,890
7.	Proposed & Unclaimed Dividends		361,325,024	437,373,004
8.	Income Tax Liabilities		80,232,454	38,776,869
9.	Other Liabilities	7	502,899,934	465,940,930
	Total		43,867,397,504	37,132,759,149

S. NO	ASSETS	SCHEDULE	THIS YEAR	PREVIOUS YEAR
1.	Cash Balance	8	674,395,434	511,426,584
2.	Balance with Nepal Rastra Bank	9	2,648,596,348	1,829,470,769
3.	Balance with Banks/Financial Institutions	10	49,520,689	330,243,702
4.	Money at Call and Short Notice	11	552,888,297	1,952,360,700
5.	Investment	12	10,826,379,001	9,939,771,428
6.	Loans, Advances and Bills Purchased	13	27,589,933,041	21,365,053,318
7.	Fixed Assets	14	660,988,986	598,038,998
8.	Non Banking Assets	15	-	-
9.	Other Assets	16	864,695,708	606,393,650
	Total		43,867,397,504	37,132,759,149

Contingent Liabilities	Schedule 17	Principal Indicators	Schedule 31
Directors' Declaration	Schedule 29	Principal Accounting Policies	Schedule 32
Table of Capital Fund	Schedule 30(A1)	Notes to Accounts	Schedule 33
Credit Risk	Schedule 30(B)	Statement of Promoters' Loan	Schedule 34
Credit Risk Mitigation	Schedule 30(C)	Unaudited Financial Results (Quarterly)	Schedule 35
Operation Risk	Schedule 30(D)	Comparison of Unaudited and	
Market Risk	Schedule 30(E)	Audited Financial Statement	Schedule 36

Schedules 1 to 17 form integral part of the Balance Sheet.

Anil Shah Chief Executive Officer	S. P. Shrestha Chairman	S. P. Poudyal Director	D. G. Agrawal Director	As per our report of even date.	
Bhuvan Dahal Chief Financial Officer	A. P. Bazgain Director	Tabith Awal Director	M. Ahmed Director	S. Chatterjee Director	Gopal P. Rajbahak, FCA For and on behalf of G. P. Rajbahak & Co. Chartered Accountants

Date: 20 August 2009

Place: Nabil House, Kamaladi, Kathmandu

Profit and Loss Account

For the period 16 July 2008 to 15 July 2009 (1 Shrawan 2065 to 31 Ashadh 2066)

Figures in NPR

S.NO	PARTICULARS	SCHEDULE	THIS YEAR	PREVIOUS YEAR
1.	Interest Income	18	2,798,486,196	1,978,696,727
2.	Interest Expense	19	1,153,280,052	758,436,212
	Net Interest Income		1,645,206,144	1,220,260,515
3.	Commission and Discount	20	179,693,027	159,319,857
4.	Other Operating Income	21	144,164,143	94,359,475
5.	Exchange Income	22	251,919,712	196,487,415
	Total Operating Income		2,220,983,026	1,670,427,262
6.	Staff Expense	23	339,897,913	262,907,576
7.	Other Operating Expense	24	265,158,033	220,750,570
8.	Exchange Loss	22	-	-
	Operating Profit before Provision for Possible Losses		1,615,927,080	1,186,769,116
9.	Provision for Possible Losses	25	45,722,434	64,055,186
	Operating Profit		1,570,204,646	1,122,713,930
10.	Non Operating Income /(Expense)	26	2,190,102	24,083,737
11.	Provision for Possible Losses Write Back	27	10,617,867	11,100,529
	Profit from Regular Activities		1,583,012,615	1,157,898,196
12.	Income/(Expense) from Extra-ordinary Activities	28	43,521,866	39,990,808
	Profit from All Activities		1,626,534,481	1,197,889,004
13.	Provision for Staff Bonus		147,866,771	108,899,000
14.	Provision for Income Tax		447,614,612	342,521,610
	Current Tax		470,701,921	340,625,244
	Prior Period Tax		918,745	52,872
	Deferred Tax		(24,006,054)	1,843,494
	Net Profit/(Loss)		1,031,053,098	746,468,394

Schedules 18 to 28 form integral part of the Profit and Loss Account.

Anil Shah
Chief Executive Officer

S. P. Shrestha
Chairman

S. P. Poudyal
Director

D. G. Agrawal
Director

As per our report of even date.

Bhuvan Dahal
Chief Financial Officer

A. P. Bazgain
Director

Tabith Awal
Director

M. Ahmed
Director

S. Chatterjee
Director

Gopal P. Rajbahak, FCA
For and on behalf of
G. P. Rajbahak & Co.
Chartered Accountants

Date: 20 August 2009

Place: Nabil House, Kamaladi, Kathmandu

Balance with Banks / Financial Institutions

(As at 15 July 2009)

Schedule 10

Figures in NPR

PREVIOUS YEAR	PARTICULARS	LOCAL CURRENCY	FOREIGN CURRENCY			THIS YEAR
			INR	CONVERTIBLE FCY	TOTAL	
23,013,063	1. Local Licensed Institutions	41,976,883	-	-	-	41,976,883
23,013,063	a. Current Account	41,976,883	-	-	-	41,976,883
-	b. Other Account	-	-	-	-	-
307,230,639	2. Foreign Banks	-	5,290,128	2,253,678	7,543,806	7,543,806
307,230,639	a. Current Account	-	5,290,128	2,253,678	7,543,806	7,543,806
-	b. Other Account	-	-	-	-	-
330,243,702	Total	41,976,883	5,290,128	2,253,678	7,543,806	49,520,689

Note: Balance as per the confirmation statements is Rs. 527,405,453

Money at Call and Short Notice

(As at 15 July 2009)

Schedule 11

Figures in NPR

PREVIOUS YEAR	PARTICULARS	THIS YEAR
20,000,000	1. Local Currency	-
1,932,360,700	2. Foreign Currency	552,888,297
1,952,360,700	Total	552,888,297

Investments

(As at 15 July 2009)

Schedule 12

Figures in NPR

PREVIOUS YEAR	PARTICULARS	PURPOSE		THIS YEAR
		TRADING	OTHER	
3,788,386,842	1. Nepal Government Treasury Bills	-	1,838,819,440	1,838,819,440
-	2. Nepal Government Saving Bonds	-	-	-
858,496,294	3. Nepal Government Other Securities	-	1,867,283,222	1,867,283,222
-	4. Nepal Rastra Bank Bonds	-	-	-
-	5. Foreign Securities	-	-	-
-	6. Local Licensed Institutions	-	77,900,000	77,900,000
4,993,890,816	7. Foreign Banks	-	6,732,829,457	6,732,829,457
80,551,900	8. Organized Institutions' Shares	-	82,501,900	82,501,900
242,684,400	9. Organized Institutions' Bonds and Debentures	-	272,428,764	272,428,764
-	10. Other Investments:	-	-	-
1,257,000	10.1. NCM Mutual Fund (100,000 units @ Rs.10 & 100,000 units Right Share @ Rs.257. Market Value per unit Rs.26)	-	1,257,000	1,257,000
1,294,956	10.2. SWIFT Investment	-	1,785,753	1,785,753
9,966,562,208	Total Investment	-	10,874,805,536	10,874,805,536
26,790,780	Provision	-	48,426,535	48,426,535
9,939,771,428	Net Investment	-	10,826,379,001	10,826,379,001

नबिल बैंक लिमिटेड

वासलात

(२०६५ साल आषाढ मसान्त)

पुँजी र दायित्व	अनुसूची	यस वर्ष रु.	गत वर्ष रु.
१. शेयर पुँजी	१	६८,९२,१६,०००	४९,१६,५४,४००
२. जगेडा तथा कोषहरू	२	१,७४,७९,८२,९८९	१,५६,५३,९५,३१५
३. ऋणपत्र तथा बन्ड	३	२४,००,००,०००	-
४. तिर्न बाँकी कर्जा सापटी	४	१,३६,००,००,०००	८८,२५,७२,५००
५. निक्षेप दायित्व	५	३१,९१,५०,४७,४६७	२३,३४,२२,८५,३२७
६. भुक्तानी दिनु पर्ने विलहरू	६	२३,८४,२१,८९०	८,३५,१४,८२०
७. प्रस्तावित तथा भुक्तानी दिन बाँकी लाभांश		४३,७३,७३,००४	५०,९४,१७,९२५
८. आयकर दायित्व		३,८७,७६,८६९	-
९. अन्य दायित्व	७	४६,५९,४०,९३०	३७,८५,५२,७२१
कुल पुँजी र दायित्व		३७,१३,२७,५९,१४९	२७,२५,३३,९३,००८

सम्पत्ति	अनुसूची	यस वर्ष रु.	गत वर्ष रु.
१. नगद मौज्जात	८	५१,१४,२६,५८४	२७,०४,०६,९८७
२. नेपाल राष्ट्र बैंकमा रहेको मौज्जात	९	१,८२,९४,७०,७६९	१,११,३४,१५,४३६
३. बैंक/वित्तीय संस्थामा रहेको मौज्जात	१०	३३,०२,४३,७०२	१,६०,०३,४२८
४. भाग तथा अल्प सूचनामा प्राप्त हुने रकम	११	१,९५,२३,६०,७००	५६,३५,३२,६३२
५. लगानी	१२	९,९३,९७,७१,४२८	८,९४,५३,१०,५६७
६. कर्जा, सापट तथा विल खरिद	१३	२१,३६,५०,५३,३१८	१५,५४,५७,७८,७३०
७. स्थिर सम्पत्ति	१४	५९,८०,३८,९९८	२८,६८,९५,२२४
८. गैर बैकिङ्ग सम्पत्ति	१५	-	-
९. अन्य सम्पत्ति	१६	६०,६३,९३,६५०	५१,२०,५०,००४
कुल सम्पत्ति		३७,१३,२७,५९,१४९	२७,२५,३३,९३,००८

सम्भावित दायित्व	अनुसूची १७
सञ्चालकहरूको घोषणा	अनुसूची २९
पुँजीकोष तालिका	अनुसूची ३०
जोखिम भारित सम्पत्ति विवरण तालिका	अनुसूची ३०(क)
प्रमुख सूचकाङ्कहरू	अनुसूची ३१
प्रमुख लेखा नीतिहरू	अनुसूची ३२
लेखा सम्बन्धि टिप्पणीहरू	अनुसूची ३३

१ देखि १७ सम्मका अनुसूचीहरू वासलातका अभिन्न अङ्ग हुन् ।

आजको मितिको संलग्न प्रतिवेदन अनुसार

अनिल शाह प्रमुख कार्यकारी अधिकृत	एस. पी. श्रेष्ठ अध्यक्ष	एस. गुप्ता सञ्चालक	एस. पी. पौड्याल सञ्चालक	डी. जी. अग्रवाल सञ्चालक	टि.आर. उपाध्याय, एफसीए वरिष्ठ साभेदार
भुवन दहाल प्रमुख वित्त अधिकृत	एम. बी. शाह सञ्चालक	ए. पी. वजगाईं सञ्चालक	टि. अवाल सञ्चालक	एम. अहमद सञ्चालक	टि.आर. उपाध्याय एण्ड कं. चार्टर्ड एकाउन्टेन्टस्

मिति: ९ भाद्र, २०६५

स्थान: नबिल हाउस, कमलादी, काठमाडौं

नबिल बैंक लिमिटेड

नाफा नोक्सान हिसाब

(मिति ०१ श्रावण २०६४ देखि ३१ आषाढ २०६५ सम्म)

विवरण	अनुसूची	यस वर्ष रु.	गत वर्ष रु.
१. व्याज आम्दानी	१८	१,९७,८६,९६,७२७	१,५८,७७,५८,७१४
२. व्याज खर्च	१९	७५,८४,३६,२१२	५५,५७,१०,१०९
खुद व्याज आम्दानी		१,२२,०२,६०,५१५	१,०३,२०,४८,६०५
३. कमिशन तथा डिस्काउण्ट	२०	१५,६२,३४,७५४	१५,०६,०८,५५०
४. अन्य सञ्चालन आम्दानी	२१	९,७४,४४,५७८	८,७५,७४,५५३
५. सटही घटवढ आम्दानी	२२	१९,६४,८७,४१५	२०,९९,२६,१६७
कुल सञ्चालन आम्दानी		१,६७,०४,२७,२६२	१,४८,०१,५७,८५५
६. कर्मचारी खर्च	२३	२६,२९,०७,५७६	२४,०१,६१,२७५
७. अन्य सञ्चालन खर्च	२४	२२,०७,५०,५७०	१८,८१,८३,३३०
८. सटही घटवढ नोक्सान	२२	-	-
सम्भावित नोक्सानी व्यवस्था अधिको सञ्चालन मुनाफा		१,१८,६७,६९,११६	१,०५,१८,१३,२७०
९. सम्भावित नोक्सानी व्यवस्थाहरु	२५	६,४०,५५,१८६	१,४२,०६,३६५
सञ्चालन मुनाफा		१,१२,२७,१३,९३०	१,०३,७६,०६,९०५
१०. गैर सञ्चालन आम्दानी/(नोक्सान)	२६	२,४०,८३,७३७	५२,८०,६४१
११. सम्भावित नोक्सानी व्यवस्थाबाट फिर्ता	२७	१,११,००,५२९	१,०९,२६,३१७
नियमित कारोवारबाट भएको मुनाफा		१,१५,७८,९८,१९६	१,०५,३८,१३,८६३
१२. असामान्य कारोवारहरुबाट भएको मुनाफा/(खर्च)	२८	३,९९,९०,८०८	४,०७,३६,६९४
सम्पूर्ण कारोवार समावेश पछिको खुद मुनाफा		१,१९,७८,८९,००४	१,०९,४५,५०,५५७
१३. कर्मचारी बोनस व्यवस्था		१०,८८,९९,०००	९,९५,०४,५९६
१४. आयकर व्यवस्था		३४,२५,२१,६१०	३२,१०,८६,२६३
● यस वर्षको		३४,२४,६८,७३८	३१,४५,२६,५७०
● गत वर्षसम्मको		५२,८७२	६५,५९,६९३
खुद नाफा/(नोक्सान)		७४,६४,६८,३९४	६७,३९,५९,६९८

१८ देखि २८ सम्मका अनुसूचीहरू नाफा-नोक्सान हिसाबका अभिन्न अङ्ग हुन् ।

आजको मितिको संलग्न प्रतिवेदन अनुसार

अनिल शाह प्रमुख कार्यकारी अधिकृत	एस. पी. श्रेष्ठ अध्यक्ष	एस. गुप्ता सञ्चालक	एस. पी. पौड्याल सञ्चालक	डी. जी. अग्रवाल सञ्चालक	टि.आर. उपाध्याय, एफसीए वरिष्ठ साझेदार
भुवन दहाल प्रमुख वित्त अधिकृत	एम. बी. शाह सञ्चालक	ए. पी. बजगाईं सञ्चालक	टि. अवाल सञ्चालक	एम. अहमद सञ्चालक	टि.आर. उपाध्याय एण्ड कं. चार्टर्ड एकाउन्टेन्ट्स

मिति: ९ भाद्र, २०६५

स्थान: नबिल हाउस, कमलादी, काठमाडौं

लगानी

(३१ आषाढ २०६५)

अनुसूची १२

हपैयाँमा

विवरण	प्रयोजन		यस वर्ष	गत वर्ष
	व्यापारिक	अन्य		
१. नेपाल सरकारको ट्रेजरी बिल्स	-	३,७८,८३,८६,८४२	३,७८,८३,८६,८४२	४,०८,५८,३५,००४
२. नेपाल सरकारको बचतपत्र	-	-	-	-
३. नेपाल सरकारको अन्य सुरक्षणमा लगानी	-	८५,८४,९६,२९४	८५,८४,९६,२९४	७२,२५,१३,४९९
४. ने.रा. बैंक ऋणपत्र	-	-	-	-
५. विदेशी ऋणपत्र	-	-	-	-
६. स्वदेशी इजाजतपत्रप्राप्त संस्था	-	-	-	१,२५,००,०००
७. विदेशी बैंक	-	४,९९,३८,९०,८१६	४,९९,३८,९०,८१६	३,८४,६१,९४,७११
८. संगठीत संस्थाहरुको शेयर	-	८,०५,५१,९००	८,०५,५१,९००	५,७८,५३,०००
९. संगठीत संस्थाहरुको डिबेन्चर तथा बण्ड	-	२४,२६,८४,४००	२४,२६,८४,४००	२२,९१,०४,५४२
१०. अन्य लगानी	-	-	-	-
क) एन. सि. एम. म्युचुयल फण्ड	-	१२,५७,०००	१२,५७,०००	१२,५७,०००
ख) स्वीफ्ट लगानी	-	१२,९४,९५६	१२,९४,९५६	१०,५०,९१६
कुल लगानी	-	९,९६,६५,६२,२०८	९,९६,६५,६२,२०८	८,९५,६३,०८,६७२
व्यवस्था	-	२,६७,९०,७८०	२,६७,९०,७८०	१,०९,९८,१०५
खुद लगानी	-	९,९३,९७,७१,४२८	९,९३,९७,७१,४२८	८,९४,५३,९०,५६७



BALANCE SHEET

AS ON 31 ASHAD 2069 (15 JULY 2012)

CAPITAL & LIABILITIES	SCHEDULE	Current Year Rs.	Previous Year Rs.
1. Share Capital	1	2,355,738,504	2,102,966,165
2. Reserves and Funds	2	841,720,359	776,326,985
3. Debentures & Bonds	3	600,000,000	200,000,000
4. Borrowings	4	-	-
5. Deposits	5	53,337,264,193	42,415,443,294
6. Bills Payable	6	78,616,237	80,685,337
7. Proposed Dividend		104,699,488	93,465,163
8. Income Tax Liabilities		3,468,901	-
9. Other Liabilities	7	738,200,038	419,347,031
Total Capital and Liabilities		58,059,707,720	46,088,233,975

ASSETS	SCHEDULE	Current Year Rs.	Previous Year Rs.
1. Cash Balance	8	1,186,755,022	1,007,688,499
2. Balance with Nepal Rastra Bank	9	3,269,609,702	2,330,927,217
3. Balance with Banks/Financial Institution	10	1,052,017,772	1,539,210,142
4. Money at Call and Short Notice	11	178,250,000	-
5. Investment	12	24,463,451,958	18,911,021,520
6. Loans, Advances and Bills Purchase	13	26,142,094,172	21,365,771,129
7. Fixed Assets	14	715,920,555	417,002,530
8. Non Banking Assets	15	-	-
9. Other Assets	16	1,051,608,539	516,612,938
Total Assets		58,059,707,720	46,088,233,975

Contingent Liabilities	Schedule 17
Directors' Declaration	Schedule 29
Statement of Capital Fund	Schedule 30(A)
Principal Indicators	Schedule 31
Principal Accounting Policies	Schedule 32
Notes to Accounts	Schedule 33

Schedules 1 to 17 form integral part of the Balance Sheet.

(Anil Kumar Singh)
Chief Financial Officer

(Alok Kumar Sharma)
Managing Director

(Hasana Sharma)
Chairperson

(Manoj Kumar Agrawal)
Director

(Niranjan Kumar Tibrewala)
Director

(Keshav Raj Acharya)
Director

(Hemant G. Contractor)
Director

As per our attached report of even date

(Rajan Srinivasan)
Director

(Vijay Jasuja)
Director

(Shashi Satyal, FCA)
Partner, TR Upadhy & Co.,
Chartered Accountants



PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM 1 SHRAWAN 2068 TO 31 ASHAD 2069 (17 JULY 2011 TO 15 JULY 2012)

Particulars	Schedule	Current Year Rs.	Previous Year Rs.
1. Interest Income	18	3,769,483,069	3,099,907,735
2. Interest Expenses	19	2,770,798,689	2,096,038,379
Net Interest Income		998,684,380	1,003,869,356
3. Commission and Discount	20	255,351,737	236,159,350
4. Other Operating Incomes	21	141,761,704	95,172,658
5. Exchange Fluctuation Income	22	101,138,325	70,532,720
Total Operating Income.		1,496,936,146	1,405,734,084
6. Staff Expenses	23	289,153,228	255,430,285
7. Other Operating Expenses	24	456,126,353	429,743,236
8. Exchange Fluctuation Loss	22	-	-
Operating Profit before provision for Possible loss		751,656,565	720,560,563
9. Provision for Possible Losses	25	78,011,798	46,308,152
Operating Profit		673,644,767	674,252,411
10. Non Operating Income /Loss	26	2,182,640	3,113,765
11. Provision for Possible Loss Written Back	27	91,695,108	179,122,158
Profit from Regular Operations		767,522,515	856,488,334
12. Profit/Loss from extra-ordinary Activities	28	(12,203,577)	(137,672,628)
Net profit after considering all activities		755,318,938	718,815,706
13. Provision for Staff Bonus		68,665,358	65,346,882
14. Provision for Income Tax		206,548,087	188,903,825
* Current Year's		229,051,564	206,531,475
* Previous Year's		729,573	(4,928,484)
Deffered Tax		(23,233,050)	(12,699,166)
Net Profit/Loss		480,105,493	464,564,999

Schedule 18 to 28 form integral part of the Profit and Loss Account.

(Anil Kumar Singh)
Chief Financial Officer

(Alok Kumar Sharma)
Managing Director

(Hasana Sharma)
Chairperson

(Manoj Kumar Agrawal)
Director

(Niranjan Kumar Tibrewala)
Director

(Keshav Raj Acharya)
Director

(Hemant G. Contractor)
Director

As per our attached report of even date

(Rajan Srinivasan)
Director

(Vijay Jasuja)
Director

(Shashi Satyal, FCA)
Partner, TR Upadhy & Co.,
Chartered Accountants

**SCHEDULE 11****MONEY AT CALL AND SHORT NOTICE
31 ASHAD 2069 (15 July 2012)**

Particulars	This Year Rs.	Previous Year Rs.
1. Local Currency	90,000,000	-
2. Foreign Currency	88,250,000	-
TOTAL	178,250,000	-

SCHEDULE 12**INVESTMENTS
31 ASHAD 2069 (15 July 2012)**

Particulars	Purpose		This Year	Previous Year
	Trading	Other		
1. Nepal Government Treasury Bills	-	3,417,984,650	3,417,984,650	4,682,117,520
2. Nepal Government Saving Bonds	-	-	-	-
3. Nepal Government Other securities	-	1,142,725,000	1,142,725,000	892,725,000
4. Nepal Rastra Bank Bonds	-	-	-	-
5. Foreign Securities	-	-	-	-
6. Local Licensed Institutions	-	-	-	-
7. Foreign Banks	-	19,872,038,808	19,872,038,808	13,296,532,500
8. Corporate Shares	-	30,703,500	30,703,500	39,646,500
9. Corporate Bonds and Debentures	-	-	-	-
10. Other Investments	-	-	-	-
Total Investment	-	24,463,451,958	24,463,451,958	18,911,021,520
Provision	-	-	-	-
Net Investment	-	24,463,451,958	24,463,451,958	18,911,021,520

BALANCE SHEET

As on 32nd Ashadh 2068 (16 July, 2011)

S.No.	Capital & Liabilities	Schedule	Current Year Rs.	Previous Year Rs.
1.	Share Capital	1	2,102,966,165	1,861,324,239
2.	Reserves and Funds	2	776,326,985	589,229,831
3.	Debentures & Bonds	3	200,000,000	200,000,000
4.	Borrowings	4	-	-
5.	Deposits	5	42,415,443,294	34,896,424,201
6.	Bills Payable	6	80,685,337	72,368,229
7.	Proposed Dividend		93,465,163	83,080,145
8.	Income Tax Liabilities		-	-
9.	Other Liabilities	7	419,347,031	345,252,620
	Total Capital and Liabilities		46,088,233,975	38,047,679,465

S.No.	Assets	Schedule	Current Year Rs.	Previous Year Rs.
1.	Cash Balance	8	1,007,688,499	815,679,624
2.	Balance with Nepal Rastra Bank	9	2,330,927,217	1,842,802,239
3.	Balance with Banks/Financial Institution	10	1,539,210,142	782,779,614
4.	Money at Call and Short Notice	11	-	-
5.	Investment	12	18,911,021,520	16,305,632,815
6.	Loans, Advances and Bills Purchase	13	21,365,771,129	17,480,548,194
7.	Fixed Assets	14	417,002,530	418,244,760
8.	Non Banking Assets	15	-	-
9.	Other Assets	16	516,612,938	401,992,219
	Total Assets		46,088,233,975	38,047,679,465

Contingent Liabilities	Schedule 17
Directors' Declaration	Schedule 29
Statement of Capital Fund	Schedule 30(A)
Statement of Credit Risk	Schedule 30(B)
Credit Risk Mitigation	Schedule 30(C)
Risk Weighted exposure for operational risk	Schedule 30(D)
Risk Weighted exposure for market risk	Schedule 30(E)
Principal Indicators	Schedule 31
Principal Accounting Policies	Schedule 32
Notes to Accounts	Schedule 33

Schedules 1 to 17 form integral part of the Balance Sheet.

(M. Anand) Chief Operating Officer	(N. K. Chari) Managing Director	(H. Sharma) Chairperson	(H.G. Contractor) Director
(R. P. Singh) Director	(S. K. Bhattacharya) Director	(M. K. Agrawal) Director	(N. K. Tibrewala) Director

As per our attached report of even date

(M. R. Joshi)
Director

(P. L. Shrestha, FCA)
Partner, PL Shrestha & Co.
Chartered Accountants

PROFIT AND LOSS ACCOUNT

For the period 1st Shrawan 2067 to 32nd Ashadh 2068 (17th July 2010 to 16th July 2011)

S.No.	Particulars	Schedule	Current Year Rs.	Previous Year Rs.
1.	Interest Income	18	3,104,231,807	2,269,704,291
2.	Interest Expenses	19	2,096,038,379	1,443,693,573
	Net Interest Income		1,008,193,428	826,010,718
3.	Commission and Discount	20	247,164,764	131,692,149
4.	Other Operating Incomes	21	95,172,658	78,796,662
5.	Exchange Fluctuation Income	22	70,532,720	70,328,247
	Total Operating Income.		1,421,063,570	1,106,827,776
6.	Staff Expenses	23	255,430,285	130,336,536
7.	Other Operating Expenses	24	445,072,722	343,850,266
8.	Exchange Fluctuation Loss	22	-	-
	Operating Profit before provision for possible loss		720,560,563	632,640,974
9.	Provision for Possible Losses	25	46,308,152	62,350,544
	Operating Profit		674,252,411	570,290,430
10.	Non Operating Income /Loss	26	3,113,765	2,562,892
11.	Provision for Possible Loss Written Back	27	179,122,158	58,621,276
	Profit from Regular Operations		856,488,334	629,464,598
12.	Profit/Loss from Extra-Ordinary Activities	28	(137,672,628)	(37,266,000)
	Net profit after considering all activities		718,815,706	592,198,598
13.	Provision for Staff Bonus		65,346,882	53,836,236
14.	Provision for Income Tax		188,903,825	146,620,243
	* Current Year's		206,531,475	183,015,350
	* Previous Year's		(4,928,484)	(28,395,565)
	Deferred Tax		(12,699,166)	(7,999,542)
	Net Profit/Loss		464,564,999	391,742,119

Schedule No. 18 to 28 form are integral part of the Profit and Loss Account.

(M. Anand) Chief Operating Officer	(N. K. Chan) Managing Director	(H. Sharma) Chairperson	(H.G. Contractor) Director
(R. P. Singh) Director	(S. K. Bhattacharyya) Director	(M. K. Agrawal) Director	(N. K. Tibrewala) Director

As per our attached report of even date

(M. R. Josh) Director	(P. L. Shrestha, FCA) Partner, PL Shrestha & Co. Chartered Accountants
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INVESTMENTS

End of Ashadh 2068 (16th July 2011)

Particulars	Purpose		This Year Rs.	Previous Year Rs.
	Trading	Other		
1. Nepal Government Treasury Bills	-	4,682,117,520	4,682,117,520	3,720,592,315
2. Nepal Government Saving Bonds	-	-	-	-
3. Nepal Government Other securities	-	892,725,000	892,725,000	592,725,000
4. Nepal Rastra Bank Bonds	-	-	-	-
5. Foreign Securities	-	-	-	-
6. Local Licensed Institutions	-	-	-	50,500,000
7. Foreign Banks	-	13,296,532,500	13,296,532,500	11,904,794,000
8. Corporate Shares	-	39,646,500	39,646,500	37,021,500
9. Corporate Bonds and Debentures	-	-	-	-
10. Other Investments	-	-	-	-
Total Investment	-	18,911,021,520	18,911,021,520	16,305,632,815
Provision	-	-	-	-
Net Investment	-	18,911,021,520	18,911,021,520	16,305,632,815

Balance Sheet
As on 32nd Ashad 2067 (16 July, 2010)

CAPITAL & LIABILITIES	SCHEDULE	Current Year Rs.	Previous Year Rs.
1. Share Capital	1	1,861,324,239	1,224,338,976
2. Reserves and Funds	2	589,229,831	488,268,219
3. Debentures & Bonds	3	200,000,000	200,000,000
4. Borrowings	4	-	-
5. Deposits	5	34,896,424,201	27,957,220,794
6. Bills Payable	6	72,368,229	62,947,325
7. Proposed Dividend		83,080,145	18,411,112
8. Income Tax Liabilities		-	-
9. Other Liabilities	7	345,252,820	215,253,123
Total Capital and Liabilities		38,047,679,465	30,166,439,549
ASSETS	SCHEDULE	Current Year Rs.	Previous Year Rs.
1. Cash Balance	8	815,679,624	652,027,266
2. Balance with Nepal Rastra Bank	9	1,842,802,239	444,138,596
3. Balance with Banks/Financial Institution	10	782,779,614	80,273,976
4. Money at Call and Short Notice	11	-	-
5. Investment	12	16,305,632,815	13,286,181,660
6. Loans, Advances and Bills Purchase	13	17,480,548,194	15,131,747,944
7. Fixed Assets	14	418,244,760	253,580,695
8. Non Banking Assets	15	-	-
9. Other Assets	16	401,992,219	318,489,412
Total Assets		38,047,679,465	30,166,439,549

Contingent Liabilities	Schedule 17
Directors' Declaration	Schedule 29
Statement of Capital Fund	Schedule 30(A)
Statement of Credit Risk	Schedule 30(B)
Credit Risk Mitigation	Schedule 30(C)
Risk Weighted exposure for operational risk	Schedule 30(D)
Risk Weighted exposure for market risk	Schedule 30(E)
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Promoter Loan from other Bank/Financial Institution against Bank's Share	Schedule 34
Unaudited Financial Result (Quarterly)	Schedule 35
Comparison of unaudited and audited FS	Schedule 36

Schedules 1 to 17 form integral part of the Balance Sheet.

(M. Anand)
Chief Operating Officer

(N. K. Chari)
Managing Director

(B. K. Shrestha)
Chairman

(M. K. Agrawal)
Director

(H. Sharma)
Director

(M.R. Joshi)
Director

(R.P. Singh)
Director

(P. Chaudhuri)
Director

(S.K. Bhattacharyya)
Director

(P. L. Shrestha, FCA)
Partner,

P.L. Shrestha & Co., Chartered Accountants



PROFIT AND LOSS ACCOUNT

For the period 1st Shrawan 2066 to 32nd Ashad 2067 (16th July 2009 to 16th July 2010)

PARTICULARS	SCHEDULE	Current Year Rs.	Previous Year Rs.
1. Interest Income	18	2,269,704,291	1,460,445,686
2. Interest Expenses	19	1,443,693,573	824,700,275
Net Interest Income		826,010,718	635,745,411
3. Commission and Discount	20	131,692,149	78,836,624
4. Other Operating Incomes	21	78,796,662	52,790,137
5. Exchange Fluctuation Income	22	70,328,247	61,294,299
Total Operating Income		1,106,827,776	828,666,471
6. Staff Expenses	23	130,336,536	121,989,160
7. Other Operating Expenses	24	343,850,266	223,965,592
8. Exchange Fluctuation Loss	22	-	-
Operating Profit before provision for Possible loss		632,640,974	482,711,719
9. Provision for Possible Losses	25	62,350,544	40,345,336
Operating Profit		570,290,430	442,366,383
10. Non Operating Income /(Loss)	26	2,552,892	2,516,407
11. Provision for Possible Loss Written Back	27	56,621,276	198,672,788
Profit from Regular Operations		629,464,598	643,555,578
12. Profit/(Loss) from extra-ordinary activities	28	(37,266,000)	(156,220,828)
Net profit after considering all activities		592,198,598	487,334,750
13. Provision for Staff Bonus		53,836,236	44,303,159
14. Provision for Income Tax		146,620,243	126,658,096
Current Year's		183,015,350	133,123,502
Previous Year's		(28,395,565)	2,582,900
Deferred Tax		(7,999,542)	(9,048,306)
Net Profit/(Loss)		391,742,119	316,373,495

Schedule No. 18 to 28 form are integral part of the Profit and Loss Account.

(M. Anand)
Chief Operating Officer

(M. K. Agrawal)
Director

(R.P. Singh)
Director

(N. K. Chari)
Managing Director

(H. Sharma)
Director

(S.K. Bhattacharyya)
Director

(B. K. Shrestha)
Chairman

(M.R. Joshi)
Director

(P. L. Shrestha, FCA)
Partner,

P.L. Shrestha & Co., Chartered Accountants

BALANCE WITH BANKS/FINANCIAL INSTITUTIONS
(End of Ashad 2067)

Schedule 10

PARTICULARS	Local Currency		Foreign Currency Convertible FCY		Total	Current Year	Previous Year
		IRS.				Rs.	Rs.
1. Local Licensed Institutions	52,261,452	-	4,658,345	4,658,345	4,658,345	56,919,797	48,707,802
a. Current Account	52,261,452	-	4,658,345	4,658,345	4,658,345	56,919,797	48,707,802
b. Other Account	-	-	-	-	-	-	-
2. Foreign Banks	-	478,538,364	247,321,453	247,321,453	725,859,817	725,859,817	31,566,174
a. Current Account	-	478,538,364	247,321,453	247,321,453	725,859,817	725,859,817	31,566,174
b. Other Account	-	-	-	-	-	-	-
Total	52,261,452	478,538,364	251,979,798	251,979,798	730,518,162	782,779,614	80,273,976

Note: Total balance for which the confirmations are received from respective Licensed Institutions Rs. 1,031,289,811

MONEY AT CALL AND SHORT NOTICE
(End of Ashad 2067)

Schedule 11

PARTICULARS	Current Year	Previous Year
	Rs.	Rs.
1. Local Currency	-	-
2. Foreign Currency	-	-
TOTAL	-	-

INVESTMENTS
(End of Ashad 2067)

Schedule 12

PARTICULARS	Purpose		Current Year	Previous Year
	Trading	Other		
1. Nepal Government Treasury Bills	-	3,720,592,315	3,720,592,315	2,933,848,660
2. Nepal Government Saving Bonds	-	-	-	-
3. Nepal Government Other Securities	-	592,725,000	592,725,000	372,725,000
4. Nepal Rastra Bank Bonds	-	-	-	-
5. Foreign Securities	-	-	-	-
6. Local Licensed Institutions	-	50,500,000	50,500,000	-
7. Foreign Banks	-	11,904,794,000	11,904,794,000	9,946,661,500
8. Corporate Shares	-	37,021,500	37,021,500	32,946,500
9. Corporate Bonds and Debentures	-	-	-	-
10. Other Investments	-	-	-	-
Total Investment	-	16,305,632,815	16,305,632,815	13,286,181,660
Provision	-	-	-	-
Net Investment	-	16,305,632,815	16,305,632,815	13,286,181,660

BALANCE SHEET AS ON 31ST ASHADH 2066 (15 JULY, 2009)

CAPITAL & LIABILITIES	SCHEDULE	Current Year Rs.	Previous Year Rs.
1. Share Capital	1	874,527,840	874,527,840
2. Reserves and Funds	2	838,079,355	540,116,972
3. Debentures & Bonds	3	200,000,000	200,000,000
4. Borrowings	4	727,466,283	1,627,480,190
5. Deposits	5	27,957,220,794	13,715,394,960
6. Bills Payable	6	62,947,325	75,115,471
7. Proposed and Dividend Payable		24,904,649	12,228,852
8. Income Tax Liabilities		-	-
9. Other Liabilities	7	231,535,550	142,581,889
Total Capital and Liabilities		30,916,681,796	17,187,446,174

ASSETS	SCHEDULE	Current Year Rs.	Previous Year Rs.
1. Cash Balance	8	652,027,266	308,101,599
2. Balance with Nepal Rastra Bank	9	444,138,596	403,810,203
3. Balance with Banks/Financial Institution	10	807,740,259	631,048,524
4. Money at Call and Short Notice	11	-	304,012,877
5. Investment	12	13,286,181,660	3,088,886,918
6. Loans, Advances and Bills Purchase	13	15,131,747,944	12,113,698,428
7. Fixed Assets	14	253,580,695	120,222,259
8. Non Banking Assets	15	-	-
9. Other Assets	16	341,265,376	217,665,366
Total Assets		30,916,681,796	17,187,446,174

Contingent Liabilities	Schedule 17
Directors' Declaration	Schedule 29
Statement of Capital Fund	Schedule 30(A)
Statement of Credit Risk	Schedule 30(B)
Credit Risk Mitigation	Schedule 30(C)
Risk Weighted exposure for operational risk	Schedule 30(D)
Risk Weighted exposure for market risk	Schedule 30(E)
Principal Indicators	Schedule 31
Principal Accounting Policies	Schedule 32
Notes to Accounts	Schedule 33
Promoter Loan from other Bank/Financial Institution against Bank's Share	Schedule 34
Unaudited Financial Result(Quarterly)	Schedule 35
Comparison of unaudited and audited FS	Schedule 36

Schedules 1 to 17 form integral part of the Balance Sheet.

M. Anand
Chief Operating Officer

N.K. Chari
Managing Director

B.K. Shrestha
Chairman

M.K. Agrawal
Director

H. Sharma
Director

R. Poudel, FCA
Partner,
P. L. Shrestha & Co., Chartered Accountants

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD 1ST SHRAWAN 2065 TO 31 ASHADH 2066 (16TH JULY 2008 TO 15 TH JULY 2009)

PARTICULARS	SCHEDULE	Current Year Rs.	Previous Year Rs.
1. Interest Income	18	1,460,445,686	970,512,681
2. Interest Expenses	19	824,700,275	454,917,713
Net Interest Income		635,745,411	515,594,968
3. Commission and Discount	20	78,836,624	50,917,830
4. Other Operating Incomes	21	52,790,137	19,557,259
5. Exchange Fluctuation Income	22	61,294,299	51,989,275
Total Operating Income.		828,666,471	638,059,332
6. Staff Expenses	23	121,989,160	74,890,269
7. Other Operating Expenses	24	223,965,592	152,379,842
8. Exchange Fluctuation Loss	22	-	-
Operating Profit before provision for Possible loss		482,711,719	410,789,221
9. Provision for Possible Losses	25	40,345,336	57,463,909
Operating Profit		442,366,383	353,325,312
10. Non Operating Income /Loss	26	2,516,407	(271,006)
11. Provision for Possible Loss Written Back	27	198,672,788	29,782,580
Profit from Regular Operations		643,555,578	382,836,886
12. Profit/Loss from extra-ordinary Activities	28	(156,220,828)	-
Net profit after considering all activities		487,334,750	382,836,886
13. Provision for Staff Bonus		44,303,159	34,803,353
14. Provision for Income Tax		126,658,096	100,262,775
* Current Year's		133,123,502	105,745,947
* Previous Year's		2,582,900	870,463
Deferred Tax		(9,048,306)	(6,353,635)
Net Profit/Loss		316,373,495	247,770,758

Schedule no. 18 to 28 form are integral part of the Profit & Loss Account.

M. Anand
Chief Operating Officer

N.K. Chari
Managing Director

B.K. Shrestha
Chairman

M.K. Agrawal
Director

H. Sharma
Director

R. Poudel, FCA
Partner,
P. L. Shrestha & Co., Chartered Accountants

Schedule 10

BALANCE WITH BANKS/FINANCIAL INSTITUTIONS (End of Ashadh 2066)						
Previous Year Rs.	Particulars	Local Currency	Foreign Currency			This Year Rs.
			INR	Convertible FCY	Total	
19,451,178	1. Local Licensed Institutions	45,024,897	-	3,682,905	3,682,905	48,707,802
19,451,178	a. Current Account	45,024,897	-	3,682,905	3,682,905	48,707,802
-	b. Other Account	-	-	-	-	-
611,597,346	2. Foreign Banks	-	570,799,197	188,233,260	759,032,457	759,032,457
611,597,346	a. Current Account	-	570,799,197	188,233,260	759,032,457	759,032,457
-	b. Other Account	-	-	-	-	-
631,048,524	Total	45,024,897	570,799,197	191,916,165	762,715,362	807,740,259

Note: Total balance for which the confirmations are received from respective licensed institutions Rs. 743,391,946.17

Schedule 11

MONEY AT CALL AND SHORT NOTICE (End of Ashadh 2066)		
Previous Year Rs.	Particulars	This Year Rs.
304,012,877	1. Local Currency	-
-	2. Foreign Currency	-
304,012,877	TOTAL	-

Schedule 12

INVESTMENTS (End of Ashadh 2066)				
Previous Year Rs.	Particulars	Purpose		This Year Rs.
		Trading	Other	
2,762,828,586	1. Nepal Government Treasury Bills	-	2,933,848,660	2,933,848,660
-	2. Nepal Government Saving Bonds	-	-	-
272,725,000	3. Nepal Government Other securities	-	372,725,000	372,725,000
-	4. Nepal Rastra Bank Bonds	-	-	-
-	5. Foreign Securities	-	-	-
-	6. Local Licensed Institutions	-	-	-
20,511,832	7. Foreign Banks	-	9,946,661,500	9,946,661,500
32,821,500	8. Corporate Shares	-	32,946,500	32,946,500
-	9. Corporate Bonds and Debentures	-	-	-
-	10. Other Investments	-	-	-
3,088,886,918	Total Investment	-	13,286,181,660	13,286,181,660
-	Provision	-	-	-
3,088,886,918	Net Investment	-	13,286,181,660	13,286,181,660

BALANCE SHEET AS ON 31ST ASHAD 2065 (15 JULY, 2008)

CAPITAL & LIABILITIES	SCHEDULE	Current Year Rs.	Previous Year Rs.
1. Share Capital	4.1	874,527,840	647,798,400
2. Reserves and Funds	4.2	540,116,972	515,492,451
3. Debentures & Bonds	4.3	200,000,000	200,000,000
4. Borrowings	4.4	1,627,480,190	815,365,219
5. Deposits	4.5	13,715,394,960	11,445,286,030
6. Bills Payable	4.6	75,115,471	48,855,749
7. Proposed and Dividend Payable		12,228,852	91,024,235
8. Income Tax Liabilities		-	-
9. Other Liabilities	4.7	142,581,889	137,378,475
Total Capital and Liabilities		17,187,446,174	13,901,200,559

ASSETS	SCHEDULE	Current Year Rs.	Previous Year Rs.
1. Cash Balance	4.8	308,101,599	287,530,644
2. Balance with Nepal Rastra Bank	4.9	403,810,203	556,678,464
3. Balance with Banks/Financial Institution	4.10	631,048,524	278,481,119
4. Money at Call and Short Notice	4.11	304,012,877	350,000,000
5. Investment	4.12	3,088,886,918	2,659,452,919
6. Loans, Advances and Bills Purchase	4.13	12,113,698,428	9,460,450,701
7. Fixed Assets	4.14	120,222,259	97,218,804
8. Non Banking Assets	4.15	-	3,847,024
9. Other Assets	4.16	217,665,366	207,540,884
Total Assets		17,187,446,174	13,901,200,559

Contingent Liabilities	Schedule 4.17
Directors' Declaration	Schedule 4.29
Statement of Capital Fund	Schedule 4.30
Statement of risk weighted Assets	Schedule 4.30(A)
Principal Indicators	Schedule 4.31
Principal Accounting Policies	Schedule 4.32
Notes to Accounts	Schedule 4.33

Schedules 4.1 to 4.17, 4.32 & 4.33 form integral part of the Balance Sheet.

(M. Anand)
Chief Operating Officer

(N.K. Chari)
Managing Director

(B.K. Shrestha)
Chairman

(M.K. Agrawal)
Director

(H. Sharma)
Director

(L.D. Mahat, FCA)
Partner, CSC & Co.,
Chartered Accountants

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD 1ST SHRAWAN 2064 TO 31ST ASHAD 2065 (17TH JULY 2007 TO 15TH JULY 2008)

PARTICULARS	SCHEDULE	Current Year Rs.	Previous Year Rs.
1. Interest Income	4.18	970,512,681	831,116,781
2. Interest Expenses	4.19	454,917,713	412,261,744
Net Interest Income		515,594,968	418,855,037
3. Commission and Discount	4.20	50,917,830	52,591,560
4. Other Operating Incomes	4.21	19,557,259	12,601,352
5. Exchange Fluctation Income	4.22	51,989,275	49,463,539
Total Operating Income.		638,059,332	533,511,488
6. Staff Expenses	4.23	74,890,269	53,232,464
7. Other Operating Expenses	4.24	152,379,842	120,111,581
8. Exchange Fluctation Loss	4.22	-	-
Operating Profit before provision for Possible loss		410,789,221	360,167,443
9. Provision for Possible Losses	4.25	57,463,909	59,376,948
Operating Profit		353,325,312	300,790,495
10. Non Operating Income /Loss	4.26	(271,006)	(256,759)
11. Provision for Possible Loss Written Back	4.27	29,782,580	78,515,105
Profit from Regular Operations		382,836,886	379,048,841
12. Profit/Loss from extra-ordinary Activities	4.28	-	-
Net profit after considering all activities		382,836,886	379,048,841
13. Provision for Staff Bonus		34,803,353	34,458,986
14. Provision for Income Tax		100,262,775	89,681,011
* Current Year's		105,745,947	86,704,011
* Previous Year's		870,463	2,977,000
Deffered Tax		(6,353,635)	
Net Profit/Loss		247,770,758	254,908,844

Schedule No.4.18 to 4.28,4.32 & 4.33 form integral part of the Profit and Loss Account.

(M. Anand)
Chief Operating Officer

(N.K. Chari)
Managing Director

(B.K. Shrestha)
Chairman

(M.K. Agrawal)
Director

(H. Sharma)
Director

(L.D. Mahar, FCA)
Partner, CSC & Co.,
Chartered Accountants

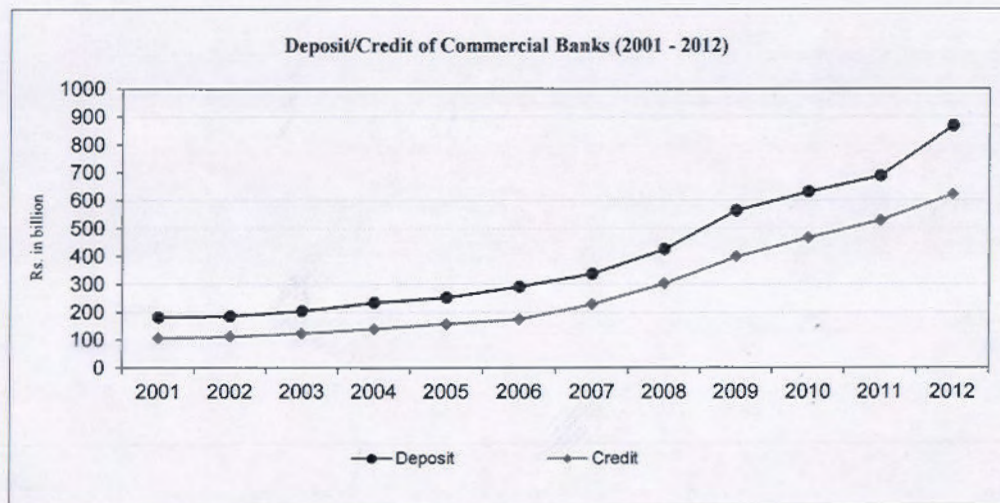
Schedule 4.12

INVESTMENTS				
(End of Ashad 2065)				
Previous Year Rs.	Particulars	Purpose		This Year Rs.
		Trading	Other	
2,227,404,516	1. Nepal Government Treasury Bills	-	2,762,828,586	2,762,828,586
-	2. Nepal Government Saving Bonds	-	-	-
118,175,000	3. Nepal Government Other securities	-	272,725,000	272,725,000
-	4. Nepal Rastra Bank Bonds	-	-	-
-	5. Foreign Securities	-	-	-
-	6. Local Licensed Institutions	-	-	-
281,934,403	7. Foreign Banks	-	20,511,832	20,511,832
31,939,000	8. Corporate Shares	-	32,821,500	32,821,500
-	9. Corporate Bonds and Debentures	-	-	-
-	10. Other Investments	-	-	-
2,659,452,919	Total Investment	-	3,088,886,918	3,088,886,918
-	Provision	-	-	-
2,659,452,919	Net Investment	-	3,088,886,918	3,088,886,918

BANKING AND FINANCIAL STATISTICS

MID - JULY, 2012

No. 58



NEPAL RASTRA BANK
BANK AND FINANCIAL INSTITUTION REGULATION DEPARTMENT
STATISTICS DIVISION

Table No.11
Statement of Assets & Liabilities of STANDARD CHARTERED BANK NEPAL LTD.

(Rs. In million)

	Mid-July											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Liabilities												
1 CAPITAL FUND	920.3	1012.3	1119.0	1527.9	1278.2	1576.3	1755.3	2117.2	2493.4	3053.0	3371.6	3677.8
a. Paid-up Capital	339.5	339.5	339.5	374.6	374.6	374.6	413.3	620.8	932.0	1398.5	1610.2	1610.2
b. Calls in Advance										0.0	0.0	0.0
c. Statutory Reserves	508.9	595.0	679.1	679.1	749.3	749.3	749.3	826.5	990.3	1195.3	1412.5	1636.3
d. Share Premium										0.0	0.0	0.0
e. Retained Earning		0.0	0.0	99.6		245.2	370.6	504.7	383.3	239.5	30.0	95.6
f. Others Reserves	71.9	77.8	100.4	374.6	37.5	75.0	74.9	165.2	0.0	0.0	77.9	76.5
g. Exchange Fluctuation Fund					116.8	132.2	147.2	0.0	187.8	219.7	241.1	259.2
2 BORROWINGS	1590.0	671.5	79.1	78.3	43.8	40.2	1190.9	0.0	300.0	0.0	350.0	0.0
a. NRB	0.0	0.0	0.0	0.0	0.0	0.0	400.0	0.0	0.0	0.0	0.0	0.0
b. "A"Class Licensed Institution	1590.0	671.5	28.1	64.7	16.2	10.2	6.5	0.0	300.0	0.0	350.0	0.0
c. Foreign Banks and Fin. Ins.	0.0	0.0	51.0	13.6	27.6	0.0	784.4	0.0	0.0	0.0	0.0	0.0
d. Other Financial Ins.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e. Bonds and Securities								0.0	0.0	0.0	0.0	0.0
3 DEPOSITS	15430.1	15835.7	18755.5	21161.4	19344.0	23050.5	24640.3	29743.9	35871.8	35182.7	37999.2	35965.6
a. Current	3279.4	3808.4	5768.6	5816.9	4356.3	4681.8	4794.5	6174.6	6202.8	9763.2	11545.6	11317.2
Domestic					2360.6	3071.6	2806.9	3855.5	3582.9	4942.5	6114.3	5636.2
Foreign					1995.7	1610.2	1987.6	2319.1	2619.9	4820.7	5431.3	5681.1
b. Savings	8404.6	9441.8	10633.1	12771.8	13027.7	14597.5	15244.2	17856.0	19187.7	12430.0	11619.8	15502.3
Domestic					10733.3	12078.9	12685.8	14580.4	15389.2	10561.3	9669.9	13309.3
Foreign					2294.4	2518.6	2558.4	3275.6	3798.5	1868.7	1949.9	2193.0
c. Fixed	3471.7	2264.9	1948.5	1428.5	1416.4	2136.3	3196.5	3301.1	7101.7	9175.1	10136.2	4623.3
Domestic					631.9	386.5	413.2	478.5	791.9	3603.1	5491.7	3376.2
Foreign					784.5	1749.8	2783.3	2822.6	6309.8	5572.0	4644.6	1247.1
d. Call Deposits	0.0	101.1	185.2	941.0	294.9	1125.5	919.0	1938.2	3001.6	3563.2	4405.9	3617.5
e. Others	274.4	219.5	220.1	203.2	248.7	509.4	486.1	474.0	378.0	251.2	291.7	905.3
4 Bills Payable					55.0	55.8	36.2	87.4	72.9	89.2	66.0	86.4
5 Other Liabilities	3477.7	2156.1	2355.5	1691.5	1279.9	1442.5	1622.6	1550.0	1912.4	2113.5	2319.9	2067.9
1. Sundry Creditors					116.8	192.6	259.3	253.9	358.4	476.7	479.5	246.0
2. Loan Loss Provision					277.7	270.4	287.5	245.4	200.9	217.9	234.0	252.5
3. Interest Suspense a/c					133.5	160.1	240.6	115.5	117.6	136.2	188.2	153.3
4. Others	3477.7	2156.1	2355.5	1691.5	751.9	819.4	835.2	935.2	1235.5	1282.7	1418.2	1416.0
6 Reconciliation A/c					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7 Profit & Loss A/c					757.9	662.5	692.1	814.4	1028.3	1086.8	1120.5	1173.2
Total	21418.1	19675.6	22309.1	24459.1	22758.8	26797.8	29937.4	34312.9	41678.8	41525.2	45227.2	42970.8
Assets												
1 LIQUID FUNDS	8086.5	2890.6	3170.0	4241.8	3370.8	3253.5	3996.1	4247.7	6788.5	3598.8	7256.7	8492.1
a. Cash Balance	187.6	257.8	198.7	187.7	195.4	279.4	378.4	414.9	463.4	509.1	610.7	509.7
Nepalese Notes & Coins	169.9	224.0	153.2	154.2	162.1	243.3	336.4	382.8	416.8	471.6	570.9	473.5
Foreign Currency	17.7	33.8	45.5	33.5	33.3	36.1	42.0	32.1	46.6	37.5	39.8	36.2
b. Bank Balance	7898.9	570.8	1313.4	1835.5	915.7	996.8	1856.5	1635.3	2673.9	1420.2	2365.1	5856.4
1. In Nepal Rastra Bank	659.5	369.8	1141.1	1534.2	692.2	749.8	1613.7	1266.2	1851.2	819.5	1638.3	4833.7
Domestic Currency					681.0	731.8	1592.3	1232.6	1832.8	669.4	1615.0	4712.4
Foreign Currency					11.2	18.0	21.4	33.6	18.4	150.1	23.3	121.3
2. "A"Class Licensed Institution	1.4	16.7	112.3	165.1	15.5	18.6	28.8	49.6	51.3	28.6	75.5	90.0
Domestic Currency					15.5	18.6	28.8	49.6	51.3	28.6	75.5	90.0
Foreign Currency					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. Other Financial Ins.					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4. In Foreign banks	7238.0	184.3	60.0	136.2	208.0	228.4	214.0	319.5	771.4	572.1	651.3	932.6
c. Money at Call	0.0	2062.0	1657.9	2218.6	2259.7	1977.3	1761.2	2197.5	3651.2	1669.5	4280.9	2126.0
Domestic Currency										0.0	0.0	0.0
Foreign Currency					2259.7	1977.3	1761.2	2197.5	3651.2	1669.5	4280.9	2126.0
2 INVESTMENTS	4811.0	5784.8	6722.8	7948.2	7204.6	8644.9	7115.7	8146.1	10007.3	8540.0	9965.8	7871.2
a. Govt. Securities	4811.0	5784.8	6722.8	7948.2	7204.6	8644.9	7115.7	8137.6	9998.8	8531.5	9957.3	7862.7
b. NRB Bond									0.0	0.0	0.0	0.0
c. Govt. Non-Fin. Ins.								8.5	8.5	8.5	8.5	8.5
d. Other Non-Fin Ins.								0.0	0.0	0.0	0.0	0.0
e. Non Residents								0.0	0.0	0.0	0.0	0.0
3 SHARE & OTHER INVESTMENT	11.2	3491.2	3634.9	3412.1	2499.5	4205.7	6448.3	5756.7	8633.2	11307.5	7292.9	5091.4
a. Interbank Lending					2486.1	4190.3	6403.4	5756.7	8300.1	10844.9	7207.9	0.0
b. Non Residents					13.4	15.4	44.9		333.1	462.6	85.1	5091.4
c. Others												
4 LOANS & ADVANCES	5838.7	5675.6	6028.5	6662.0	8213.5	8905.1	10538.1	13355.0	13118.6	15932.2	17698.2	18376.0
a. Private Sector	5478.8	5389.4	5977.0	6655.3	7898.3	8821.9	9596.3	12599.0	12722.4	15593.5	16064.7	17451.1
b. Financial Institutions							566.6	357.3	252.1	244.6	1487.7	924.9
c. Government Organizations	359.9	286.2	51.5	6.7	315.2	83.2	375.2	398.7	144.1	94.1	145.9	0.0
5 BILL PURCHASED	85.4	112.3	52.2	67.6	313.6	301.2	251.9	609.4	762.1	244.5	964.2	1452.5
a. Domestic Bills Purchased					3.0	4.5	2.6	1.8	4.9	59.0	0.1	0.0
b. Foreign Bills Purchased	85.4	112.3	52.2	67.6	235.9	296.7	249.3	607.6	757.2	185.5	964.1	1452.5
c. Import Bills & Imports					74.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6 LOANS AGAINST COLLECTED BILLS					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
a. Against Domestic Bills										0.0	0.0	0.0
b. Against Foreign Bills										0.0	0.0	0.0
7 FIXED ASSETS					394.4	390.7	427.4	440.5	471.5	480.4	493.1	484.8
8 OTHER ASSETS	2585.3	1721.1	2700.7	2127.4	754.1	1095.4	1158.3	1755.9	1861.2	1390.3	1528.6	1179.1
a. Accrued Interests	186.6	216.0	167.6	290.7	266.6	378.4	441.9	293.5	337.6	251.3	402.6	203.3
Financial Institution											31.7	3.1
Govt. Entp.	0.0	0.0	2.5	0.0		14.2	0.6	0.0	12.7	9.4	15.1	56.1
Private Sector	186.6	216.0	165.1	290.7	266.6	364.2	441.3	293.5	324.9	241.9	355.8	144.1
b. Staff Loans / Adv.						122.9	146.1	161.8	182.5	185.3	204.3	215.5
c. Sundry Debtors					94.1	59.5	109.0	87.6	143.8	310.5	271.5	198.9
d. Cash In Transit					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e. Others	2398.7	1505.1	2533.1	1836.7	393.4	534.6	461.3	1213.0	1197.3	643.2	650.1	561.5
9 Expenses not Written off					8.3	1.3	1.6	1.6	36.4	31.5	27.7	23.7
10 Non Banking Assets						0.0	0.0	0.0	0.0	0.0	0.0	0.0
11 Reconciliation Account						0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 Profit & Loss A/c						0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	21418.1	19675.6	22309.1	24459.1	22758.8	26797.8	29937.4	34312.9	41678.8	41525.2	45227.2	42970.8

Table No. 13
Statement of Assets & Liabilities of NEPAL SBI BANK LTD.

(Rs. In million)

Liabilities	Mid-July											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1 CAPITAL FUND	243.5	541.5	582.9	823.2	689.3	1119.8	989.9	1163.3	1414.6	2141.9	2508.2	2822.1
a. Paid-up Capital	143.9	424.9	425.2	426.9	431.9	840.2	647.8	874.5	874.5	1653.6	1869.3	2094.0
b. Calls in Advance										0.0	0.0	0.0
c. Statutory Reserves	73.2	75.7	83.9	136.2	191.0	245.7	140.7	191.7	241.2	304.5	382.9	475.8
d. Share Premium					0.0	0.0	0.0	0.0	0.0	0.0	49.7	0.0
e. Retained Earning		12.2	40.9	12.2	38.2	5.3	1.7	0.7	1.5	3.8	4.2	4.2
f. Others Reserves	26.4	28.7	32.9	247.9	22.4	22.4	192.4	88.6	287.1	169.7	191.9	237.8
g. Exchange Fluctuation Fund					5.8	6.2	7.3	7.8	10.2	10.2	10.2	10.3
2 BORROWINGS	0.0	264.2	65.8	0.0	67.4	0.0	1015.4	1827.5	927.5	308.2	200.0	600.0
a. NRB	0.0	264.2	65.8	0.0	67.4	0.0		0.0	0.0	0.0	0.0	0.0
b. "A" Class Licensed Institution	0.0	0.0	0.0	0.0				20.0	0.0	0.0	0.0	0.0
c. Foreign Banks and Fin. Ins.	0.0	0.0	0.0	0.0			815.4	1607.5	727.5	108.2	0.0	0.0
d. Other Financial Ins.		0.0	0.0	0.0				0.0	0.0	0.0	0.0	0.0
e. Bonds and Securities							200.0	200.0	200.0	200.0	200.0	600.0
3 DEPOSITS	6618.4	5572.2	6522.8	7232.1	8645.8	10852.7	11445.2	13715.4	27957.2	34896.3	42415.4	53337.1
a. Current	2359.9	1086.7	1300.0	1712.6	1774.1	1375.4	1930.4	1738.1	2864.7	2861.9	4259.4	3777.9
Domestic					1724.2	1326.9	1884.3	1694.8	2671.9	2520.4	4156.2	3516.2
Foreign					49.9	48.5	46.1	43.3	192.9	341.5	103.2	261.7
b. Savings	1259.5	1274.7	1820.7	2024.2	2684.7	2832.7	3274.7	4171.2	5822.3	7348.8	8079.2	10344.6
Domestic					2601.0	2764.9	3175.6	4103.7	5751.6	7259.8	7961.3	10278.5
Foreign					83.7	67.8	99.1	67.5	70.7	89.0	117.9	66.1
c. Fixed	2929.4	3132.7	3337.6	3371.4	4086.4	6116.2	5517.3	6854.9	17438.4	22148.9	28013.6	36208.7
Domestic					4086.4	5970.4	5354.8	6834.8	7473.0	10408.5	14780.5	16251.5
Foreign					0.0	145.8	162.5	20.1	9965.4	11740.5	13233.1	19957.2
d. Call Deposits	0.0	26.3	0.0	0.0	0.0	449.0	624.7	828.8	1645.3	2413.5	1917.1	2701.0
e. Others	69.6	51.9	64.5	123.9	100.6	79.4	98.1	122.4	186.5	123.1	146.2	305.0
4 Bills Payable	32.7	35.5	61.6	75.1	62.9	172.6	80.7	120.4				
1. Sundry Creditors	11.4	8.1	31.2	109.0	95.3	199.8	206.2	452.1				
2. Loan Loss Provision	397.3	613.6	589.2	616.2	474.9	464.2	353.7	321.6				
3. Interest Suspense a/c	475.5	462.8	464.6	513.2	297.9	270.3	140.4	77.0				
4. Others	538.5	574.3	829.1	877.7	73.0	100.6	125.4	309.4	421.8	527.5	766.9	995.4
6 Reconciliation A/c	7.1	244.7	0.2	9.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7 Profit & Loss A/c	217.1	219.8	394.5	255.1	337.6	400.5	458.4	471.1				
Total	7400.4	6952.2	8006.6	8933.0	10616.6	13735.6	15397.2	18594.0	31989.8	39381.3	47129.9	59196.8
Assets												
1 LIQUID FUNDS	2348.2	1403.2	1331.6	775.0	459.6	894.5	1754.5	1651.6	1910.9	3549.4	4877.5	5686.6
a. Cash Balance	148.5	166.6	269.6	161.2	143.7	269.7	287.5	314.7	659.0	815.7	1007.7	1186.8
Nepalese Notes & Coins	133.2	147.8	243.1	140.1	125.3	244.1	262.2	301.2	640.5	796.9	978.5	1167.1
Foreign Currency	15.3	18.8	26.5	21.1	18.4	25.6	25.3	13.5	18.5	18.8	29.2	19.7
b. Bank Balance	1809.7	1236.6	1062.0	613.8	315.9	261.6	835.1	1032.9	1251.9	2733.8	3869.8	4321.6
In Nepal Rastra Bank	294.2	1177.5	892.3	578.3	390.1	629.9	556.7	403.8	444.1	1842.8	2330.6	3269.6
Domestic Currency					387.6	626.3	544.0	391.8	380.6	1777.3	2318.0	3229.0
Foreign Currency					2.5	3.6	12.7	12.0	63.5	65.5	12.6	40.6
" A" Class Licensed Institution	4.7	12.9	12.2	7.3	8.1	4.7	11.8	19.5	47.0	56.9	59.7	113.5
Domestic Currency					8.1	4.1	10.8	16.8	45.0	52.3	55.3	108.0
Foreign Currency						0.6	1.0	2.7	2.0	4.7	4.4	5.5
3. Other Financial Ins.									0.0	0.0	0.0	0.0
4. In Foreign banks	1510.8	46.2	157.5	28.2	(82.3)	(373.0)	266.6	609.6	760.8	834.0	1479.5	938.5
c. Money at Call	390.0	0.0	0.0	0.0	0.0	363.2	631.9	304.0	0.0	0.0	0.0	178.3
Domestic Currency						215.0	350.0	0.0	0.0	0.0	0.0	90.0
Foreign Currency						148.2	281.9	304.0	0.0	0.0	0.0	88.3
2 INVESTMENTS	364.7	503.2	1189.4	1871.5	2588.2	3680.4	2345.6	3093.6	3306.6	4313.3	5574.8	4560.7
a. Govt. Securities	364.7	503.2	1189.4	1871.5	2470.0	3680.4	2345.6	3093.6	3306.6	4313.3	5574.8	4560.7
b. NRB Bond					118.2	0.0	0.0	0.0	0.0	592.7	0.0	0.0
c. Govt. Non-Fin. Ins.									0.0	0.0	0.0	0.0
d. Other Non-Fin Ins.									0.0	0.0	0.0	0.0
3 SHARE & OTHER INVESTMENT	8.9	17.9	17.9	17.9	19.5	19.5	31.9	53.3	9979.6	11941.8	13336.2	19902.7
a. Interbank Lending					0.0	0.0	0.0	0.0	9946.7	11904.8	13296.5	0.0
b. Non Residents					19.5	19.5	31.9	53.3	32.9	37.0	39.6	19902.7
c. Others												
4 LOANS & ADVANCES	4091.0	4528.6	4761.1	5490.9	6619.1	8059.6	9846.7	12574.9	15465.2	17887.2	21657.1	26403.8
a. Private Sector	4002.7	4441.2	4711.1	5418.0	6576.1	7896.6	9464.4	12231.0	14871.1	17048.0	21072.8	25296.4
b. Financial Institutions							176.4	239.3	383.8	558.0	584.3	1107.4
c. Government Organizations	88.3	87.4	50.0	72.9	43.0	163.0	205.9	104.5	210.3	281.2	0.0	0.0
5 BILL PURCHASED	85.3	65.3	5.0	61.6	146.1	190.8	218.4	167.7	146.8	136.2	61.7	59.9
a. Domestic Bills Purchased					29.5	26.8	51.6	17.8	20.7	17.8	0.0	19.0
b. Foreign Bills Purchased	85.3	65.3	5.0	61.6	116.6	164.0	166.8	149.8	126.1	118.4	61.7	40.9
c. Import Bills & Imports								0.0	0.0	0.0	0.0	0.0
6 LOANS AGAINST COLLECTED BILLS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
a. Against Domestic Bills												
b. Against Foreign Bills												
7 FIXED ASSETS	502.3	433.9	695.6	716.1	632.1	697.6	1000.5	802.9	774.2	920.1	860.8	1386.7
8 OTHER ASSETS	164.6	198.5	389.7	421.2	494.0	431.4	485.2	475.2	385.0	248.7	248.7	381.7
a. Accrued Interests												
Financial institution												
Govt. Entp.	0.0	2.3	0.5	0.4	0.0	0.0	0.0	20.0	35.2	62.6	0.0	0.0
Private Sector	164.6	196.2	389.2	420.8	494.0	431.4	485.2	455.1	349.8	322.1	248.7	381.7
b. Staff Loans / Adv.												
c. Sundry Debtors					1.0	0.9	250.7	38.7	66.5	121.0	44.9	326.3
d. Cash In Transit					0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
e. Others	337.7	235.6	305.9	294.9	137.1	218.8	211.2	231.1	235.1	290.6	391.1	366.4
9 Expenses not Written off	0.0	2.4	1.5	1.0	0.5	0.0	0.0	0.0	0.0	0.0	8.4	31.2
10 Non Banking Assets	19.4	43.6	3.8	0.0	0.0	0.0	0.0	0.0	0.0	2.9	0.0	17.8
11 Reconciliation Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 Profit & Loss A/c	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	7400.4	6952.2	8006.6	8933.0	10616.6	13735.6	15397.2	18594.0	31989.8	39381.3	47129.9	59196.8