

SM/14/165  
Correction 2

July 8, 2014

To: Members of the Executive Board

From: The Secretary

Subject: **Nepal—Staff Report for the 2014 Article IV Consultation**

The attached corrections to SM/14/165 (6/18/14) have been provided by the staff:

**Typographical Errors**

**Page 26, Table 7, Indicators column, line 18:** for “Proportion of population without access to an improved drinking water source” read “Proportion of population with access to an improved drinking water source”

**Page 26, Table 7, Indicators column, line 20:** for “Proportion of population without access to improved sanitation” read “Proportion of population with access to improved sanitation”

Questions may be referred to Mr. Pitt (ext. 38841), Mr. Ojima (ext. 35944), and Mr. Mohommad (ext. 36332) in APD.

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities.

Att: (1)

Other Distribution:  
Department Heads



**Table 6. Nepal: Commercial Banks' FSIs, 2006–2013**

	2006	2007	2008	2009	2010	2011	2012	2013
	(in percent)							
<b>Capital adequacy</b>								
Capital fund to risk weighted assets	-5.3	-1.7	4.0	7.2	9.6	10.6	11.5	12.3
Tier 1 capital to risk weighted assets	...	...	1.8	5.2	7.9	9.1	10.0	10.7
<b>Asset quality</b>								
NPLs to total loans	13.2	10.6	6.1	3.6	2.5	3.2	2.6	2.7
Loan loss provision to total loans	15.1	12.4	8.2	5.9	4.6	4.0	3.5	3.4
<b>Earnings and profitability</b>								
Return on equity (ROE) 1/		31.4	35.2	34.7	33.9	25.3	22.5	28.2
Return on assets (ROA) 1/	4.3	1.4	2.0	4.9	1.9	1.7	1.5	1.7
Interest income to gross income	69.5	70.4	68.3	73.9	77.9	81.4	82.4	81.6
Non-interest expenditures to gross income	70.9	70.3	70.4	60.1	60.2	53.2	48.0	58.3
Employees expenses to non-interest expenditures	16.6	19.0	18.7	25.1	23.7	22.2	21.5	20.4
<b>Liquidity</b>								
Liquid assets to total assets	9.1	9.0	11.8	26.0	13.1	11.2	15.2	14.7
Liquid assets to demand and savings deposits	20.5	20.1	25.0	31.1	31.7	31.6	40.6	39.8
Liquid assets to total deposits	13.5	13.2	15.9	18.3	16.0	14.3	18.6	18.2
<b>Exposure to real estate</b>								
Share of real estate and housing loans	...	...	...	19.4	20.7	18.5	16.9	14.6
Share of loans collateralized by land and buildings	...	...	...	71.7	58.4	68.4	55.9	55.2

1/ Excluding state-owned banks.

Table 7. Nepal: Millennium Development Goals

Targets	Indicators	1990/ Earliest	Most recent	2015 Target	Status of Progress
<b>Goal 1: Eradicate extreme poverty and hunger</b>					
<b>Target:</b> Halve between 1990 and 2015, the proportion of people living below the poverty line	Proportion of population below the national poverty line (percent) 1/	55(95)	25.2(11)	27.5	Achieved
<b>Target:</b> Halve by 2015, the proportion of people who suffer from hunger	Proportion of population below minimum level of dietary energy consumption (percent)	49(90)	22.5(10)	25	Achieved
<b>Goal 2: Achieve universal primary education</b>					
<b>Target:</b> Ensuring that by 2015, children everywhere will be able to complete a full course of primary schooling	Net primary enrollment ratio (percent)	64(90)	93.7(10)	100	Likely
	Reaching last grade	38(90)	77.9(10)	100	Possible
	Literacy rate of 14-24 age	49.6(90)	86.5(10)	100	Possible
<b>Goal 3: Promote gender equality and empower women</b>					
<b>Target:</b> Eliminate gender disparity in primary and secondary education preferably by 2005, and to all levels of education by 2015	Ratio of girls to boys in primary education (percent)	56(90)	99(11)	100	Achieved
	Ratio of girls to boys in secondary education (percent)	43(90)	99(10)	100	Achieved
	Ratio of females to males in tertiary institutes (percent)	32(90)	63(10)	100	Unlikely
<b>Goal 4: Reduce child mortality</b>					
<b>Target:</b> Reduce by two-thirds between 1990 and 2015, the under-five mortality rate	Under-five mortality rate (per 1,000 births)	162(90)	54(11)	38	Unlikely
	Infant mortality rate (per 1,000 live births)	108(90)	46(11)	32	Unlikely
	Immunization, measles (percent of children under 12 months)	108(90)	46(11)	90	Likely
<b>Goal 5: Improve maternal health</b>					
<b>Target:</b> Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio	Maternal mortality ratio (per 100,000 live births)	850(90)	229(08)	213	Likely
	Births attended by skilled health personnel (percent)	7(90)	36(11)	60	Unlikely
<b>Goal 6: Combat HIV/AIDS, malaria, and other diseases</b>					
<b>Target:</b> Halt and begin to reverse the spread of HIV/AIDS	HIV prevalence among population aged 15-24 years (percent)	0.29(90)	0.3(11)	0.35	Achieved
<b>Target:</b> Halt and begin to reverse the spread of malaria and other major diseases	Annual parasite incidence of malaria per 100,000 people	119(90)	16(10)	Halt and reverse	Achieved
	Prevalence rate of tuberculosis cases per 100,000 people	460(90)	238(11)	210	Likely
<b>Goal 7: Ensure environmental sustainability</b>					
<b>Target:</b> Halve between 1990 and 2015, sustainable access to safe drinking water and sanitation	Proportion of population with <del>out</del> access to an improved drinking water source (percent)	46(90)	80(08)	73	Achieved
	Proportion of population with <del>out</del> access to improved sanitation (percent)	6(90)	43(08)	53	Unlikely
Source: World Bank, Nepal Development Update (April, 2013)					