### KEY WORDS

**Bank**
- A financial intermediary that accepts deposits and channelizes them into lending activities.

**Public sector bank**
- A bank is one in which the government of India holds a majority stake.

**Private sector bank**
- A bank which majority of stake is held by private individuals and not by the government.

**Loan**
- It is a type of debt.

**Borrower**
- A person who borrows money from bank.

**Spread**
- Spread is the amount available to banks for meeting their administrative, operating and other expenses.

**Burden**
- Burden represents non-interest expenses which are not covered by non-interest income and remains to be covered by spread so as to arrive at the profit.

**Business**
- Business is the difference between deposits and credit.

**Cost of deposits**
- Ratio of interest expended on deposits to total deposits.

**Cost of borrowings**
- Ratio of interest paid on borrowings to total borrowings.

**Cost of funds**
- Ratio of (interest paid on deposits + interest paid on borrowings) to (Average of current and previous year’s deposits plus borrowings).
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td><strong>Return on assets</strong></td>
<td>Ratio of interest earned on advances to total advances.</td>
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<tr>
<td><strong>Return on investments</strong></td>
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<td><strong>Pre-sanction visit</strong></td>
<td>Visit conducted before sanctioning the loan.</td>
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<tr>
<td><strong>Post-sanction visit</strong></td>
<td>Visit conducted after sanctioning the loan.</td>
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<tr>
<td><strong>Financial inclusion</strong></td>
<td>is the delivery of financial services at affordable costs to sections of disadvantaged and low income segments of society.</td>
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<tr>
<td><strong>No frills account</strong></td>
<td>Zero minimum balance account.</td>
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