

Nepal Rastra Bank

Format of Financial Statements

for "A" class Commercial Banks

June 2018

**Banks and Financial Institution Regulation
Department**

Consolidated Statement of Financial Position

As onAsar 20.....

	Note	Group		Bank	
		Current Year	Previous Year	Current Year	Previous Year
Assets					
Cash and cash equivalent	4.1				
Due from Nepal Rastra Bank	4.2				
Placement with Bank and Financial Institutions	4.3				
Derivative financial instruments	4.4				
Other trading assets	4.5				
Loan and advances to B/FIs	4.6				
Loans and advances to customers	4.7				
Investment securities	4.8				
Current tax assets	4.9				
Investment in subsidiaries	4.10				
Investment in associates	4.11				
Investment property	4.12				
Property and equipment	4.13				
Goodwill and Intangible assets	4.14				
Deferred tax assets	4.15				
Other assets	4.16				
Total Assets					
	Note	Current Year	Previous Year	Current Year	Previous Year
Liabilities					
Due to Bank and Financial Institutions	4.17				
Due to Nepal Rastra Bank	4.18				
Derivative financial instruments	4.19				
Deposits from customers	4.20				
Borrowing	4.21				
Current Tax Liabilities	4.9				
Provisions	4.22				
Deferred tax liabilities	4.15				
Other liabilities	4.23				
Debt securities issued	4.24				
Subordinated Liabilities	4.25				
Total liabilities					
Equity					
Share capital	4.26				
Share premium					
Retained earnings					
Reserves	4.27				
Total equity attributable to equity holders					
Non-controlling interest					
Total equity					
Total liabilities and equity					
Contingent liabilities and commitment	4.28				
Net assets value per share					

Consolidated Statement of Profit or Loss

For the year endedAsar 20.....

	Note	Group		Bank	
		Current Year	Previous Year	Current Year	Previous Year
Interest income	4.29				
Interest expense	4.30				
Net interest income					
Fee and commission income	4.31				
Fee and commission expense	4.32				
Net fee and commission income					
Net interest, fee and commission income					
Net trading income	4.33				
Other operating income	4.34				
Total operating income					
Impairment charge/(reversal) for loans and other losses	4.35				
Net operating income					
Operating expense					
Personnel expenses	4.36				
Other operating expenses	4.37				
Depreciation & Amortisation	4.38				
Operating Profit					
Non operating income	4.39				
Non operating expense	4.40				
Profit before income tax					
Income tax expense	4.41				
Current Tax					
Deferred Tax					
Profit for the period					
Profit attributable to:					
Equity holders of the Bank					
Non-controlling interest					
Profit for the period					
Earnings per share					
Basic earnings per share					
Diluted earnings per share					

Consolidated Statement of Other Comprehensive Income

For the year endedAsar 20.....

	<u>Note</u>	<u>Group</u>		<u>Bank</u>	
		<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Other comprehensive income, net of income tax					
Fair value reserve (Investment in equity instrument):					
Net change in fair value					
Net amount transferred to profit or loss					
Net gain (loss) on revaluation					
Cash flow hedges:					
Effective portion of changes in fair value					
Net Amount reclassified to profit or loss					
Net actuarial gain/loss on defined benefit plans					
Income Tax relating to all components of Other Comprehensive Income					
Other comprehensive income for the period, net of income tax					
Total comprehensive income for the period					
Total comprehensive income attributable to:					
Equity holders of the Bank					
Non-controlling interest					
Total comprehensive income for the period					

Consolidated Statement of changes in equity

For the year endedAsar 20.....

	Group											
	Attributable to equity holders of the Bank											
	Share Capital	Share premium	General reserve	Exchange equalisation	Regulatory reserve	Fair value reserve	Revaluation reserve	Retained earning	Other reserve	Total	Non-controlling interest	Total equity
Balance at Sawan 1, 20.....												
Adjustment/Restatement												
Adjusted/Restated balance at Sawan 1, 20.....												
Comprehensive income for the year												
Profit for the year												
Other comprehensive income, net of tax												
Remeasurements of defined benefit liability (assets)												
Fair value reserve (Investment in equity instrument):												
Net change in fair value												
Net amount transferred to profit or loss												
Net gain (loss) on revaluation												
Cash flow hedges:												
Effective portion of changes in fair value												
Net Amount reclassified to profit or loss												
Total comprehensive income for the year												
Transfer to reserve during the year												
Transfer from reserve during the year												
Transactions with owners, directly recognised in equity												
Right share issued												
Share based payments												
Dividends to equity holders												
Bonus shares issued												
Cash dividend paid												
Total contributions by and distributions												
Balance at Asar end 20.....												
Balance at Sawan 1, 20.....												
Adjustment/Restatement												
Adjusted/Restated balance at Sawan 1, 20.....												
Comprehensive income for the year												
Profit for the year												
Other comprehensive income, net of tax												
Remeasurements of defined benefit liability (assets)												
Fair value reserve (Investment in equity instrument):												
Net change in fair value												
Net amount transferred to profit or loss												
Net gain (loss) on revaluation												
Cash flow hedges:												
Effective portion of changes in fair value												
Net Amount reclassified to profit or loss												
Total comprehensive income for the year												
Transfer to reserve during the year												
Transfer from reserve during the year												
Transactions with owners, directly recognised in equity												
Right share issued												
Share based payments												
Dividends to equity holders												
Bonus shares issued												
Cash dividend paid												
Total contributions by and distributions												
Balance at Asar end 20.....												

	Bank											
	Attributable to equity holders of the Bank											
	Share Capital	Share premium	General reserve	Exchange equalisation	Regulatory reserve	Fair value reserve	Revaluation Reserve	Retained earning	Other reserve	Total	Non-controlling interest	Total equity
Balance at Sawan 1, 20....												
Adjustment/Restatement												
Adjusted/Restated balance at Sawan 1, 20.....												
Comprehensive income for the year												
Profit for the year												
Other comprehensive income, net of tax												
Remeasurements of defined benefit liability (assets)												
Fair value reserve (Investment in equity instrument):												
Net change in fair value												
Net amount transferred to profit or loss												
Net gain (loss) on revaluation												
Cash flow hedges:												
Effective portion of changes in fair value												
Net Amount reclassified to profit or loss												
Total comprehensive income for the year												
Transfer to reserve during the year												
Transfer from reserve during the year												
Transactions with owners, directly recognised in equity												
Right share issued												
Share based payments												
Dividends to equity holders												
Bonus shares issued												
Cash dividend paid												
Total contributions by and distributions												
Balance at Asar end 20.....												
Balance at 1 Sawan 20....												
Adjustment/Restatement												
Adjusted/Restated balance at 1 sawan 20.....												
Comprehensive income for the year												
Profit for the year												
Other comprehensive income, net of tax												
Remeasurements of defined benefit liability (assets)												
Fair value reserve (Investment in equity instrument):												
Net change in fair value												
Net amount transferred to profit or loss												
Net gain (loss) on revaluation												
Cash flow hedges:												
Effective portion of changes in fair value												
Net Amount reclassified to profit or loss												
Total comprehensive income for the year												
Transfer to reserve during the year												
Transfer from reserve during the year												
Transactions with owners, directly recognised in equity												
Right share issued												
Share based payments												
Dividends to equity holders												
Bonus shares issued												
Cash dividend paid												
Total contributions by and distributions												
Balance at Asar end 20.....												

Consolidated Statement of cash flows

For the year ended Asar 20.....

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received				
Fees and other income received				
Divided received				
Receipts from other operating activities				
Interest paid				
Commission and fees paid				
Cash payment to employees				
Other expense paid				
Operating cash flows before changes in operating assets and liabilities				
(Increase)/Decrease in operating assets				
Due from Nepal Rastra Bank				
Placement with bank and financial institutions				
Other trading assets				
Loan and advances to bank and financial institutions				
Loans and advances to customers				
Other assets				
Increase/(Decrease) in operating liabilities				
Due to bank and financial institutions				
Due to Nepal Rastra Bank				
Deposit from customers				
Borrowings				
Other liabilities				
Net cash flow from operating activities before tax paid				
Income taxes paid				
Net cash flow from operating activities				
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities				
Receipts from sale of investment securities				
Purchase of property and equipment				
Receipt from the sale of property and equipment				
Purchase of intangible assets				
Receipt from the sale of intangible assets				
Purchase of investment properties				
Receipt from the sale of investment properties				
Interest received				
Dividend received				
Net cash used in investing activities				
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt from issue of debt securities				
Repayment of debt securities				
Receipt from issue of subordinated liabilities				
Repayment of subordinated liabilities				
Receipt from issue of shares				
Dividends paid				
Interest paid				
Other receipt/payment				
Net cash from financing activities				
Net increase (decrease) in cash and cash equivalents				
Cash and cash equivalents at Sawan 1, 20.....				
Effect of exchange rate fluctuations on cash and cash equivalents held				
Cash and cash equivalents at Asar end 20.....				

Notes to the consolidated financial statements

..... Bank Ltd.

for the year endedAsar.....

1	Reporting entity
	General and background Information of Bank or Financial Institution and its subsidiary. This shall also include the principal activities and location of the head office of the reporting entity.
2	Basis of Preparation
2.1	Statement of compliance
2.2	Reporting period and approval of financial statements
2.3	Functional and presentation currency
2.4	Use of Estimates, assumptions and judgments
2.5	Changes in Accounting policies
2.6	Ne standards in issue but not yet effective
2.7	New Standards and interpretation not adapted
2.8	Discounting
3	Significant Accounting Policies
3.1	Basis of Measurement
3.2	Basis of consolidation
	a. Business combination
	b. non controlling interest (NCI)
	c. Subsidiaries
	d. Loss of Control
	e. Special Purpose Entity (SPE)
	f. Transaction elimination on consolidation
3.3	Cash and cash equivalent
3.4	Financial assets and financial liabilities
	Recognition
	Classification
	Measurement
	De-recognition
	Determination of fair value
	Impairment
3.5	Trading assets
3.6	Derivatives assets and derivative liabilities
3.7	Property and Equipment
3.8	Goodwill Intangible assets

3.9	Investment Property
3.10	Income tax
	Current Tax
	Deferred Tax
3.11	Deposits, debt securities issued and subordinated liabilities
3.12	Provisions
3.13	Revenue Recognition
	Interest income
	Fee and commission income
	Dividend income
	Net trading income
	Net income from other financial instrument at fair value through Profit or Loss
3.14	Interest expense
3.15	Employees Benefits
3.16	Leases
3.17	Foreign Currency translation
3.18	Financial guarantee and loan commitment
3.19	Share capital and reserves
3.20	Earning per share including diluted
3.21	Segment reporting

Cash and cash equivalent

4.1

	Group		Bank	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Cash in hand				
Balances with B/FIs				
Money at call and short notice				
Other				
Total				

Due from Nepal Rastra Bank

4.2

	Group		Bank	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Statutory balances with NRB				
Securities purchased under resale agreement				
Other deposit and receivable from NRB				
Total				

Placements with Bank and Financial Institutions

4.3

	Group		Bank	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Placement with domestic B/FIs				
Placement with foreign B/FIs				
Less: Allowances for impairment				
Total				

Derivative financial instruments

4.4

	Group		Bank	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Held for trading				
Interest rate swap				
Currency swap				
Forward exchange contract				
Others				
Held for risk management				
Interest rate swap				
Currency swap				
Forward exchange contract				
Other				
Total				

Other trading assets

4.5

	Group		Bank	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Treasury bills				
Government bonds				
NRB Bonds				
Domestic Corporate bonds				
Equities				
Other				
Total				
Pledged				
Non-pledged				

Loan and advances to B/FIs

4.6

	Group		Bank	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Loans to microfinance institutions				
Other				
Less: Allowances for impairment				
Total				

4.6.1: Allowances for impairment

Balance at Sawan 1				
Impairment loss for the year:				
Charge for the year				
Recoveries/reversal				
Amount written off				
Balance at Asar end				

Loans and advances to customers

4.7

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Loan and advances measured at amortized				
Less: Impairment allowances				
Collective impairment				
Individual impairment				
Net amount				
Loan and advances measured at FVTPL				
Total				

4.7.1: Analysis of loan and advances - By Product

Product	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Term loans				
Overdraft				
Trust receipt/Import loans				
Demand and other working capital loans				
Personal residential loans				
Real estate loans				
Margin lending loans				
Hire purchase loans				
Deprived sector loans				
Bills purchased				
Staff loans				
Other				
Sub total				
Interest receivable				
Grand total				

4.7.2: Analysis of loan and advances - By Currency

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Nepalese rupee				
Indian rupee				
United State dollar				
Great Britain pound				
Euro				
Japanese yen				
Chinese yuan				
Other				
Total				

4.7.3: Analysis of loan and advances - By Collateral

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Secured				
Movable/immovable assets				
Gold and silver				
Guarantee of domestic B/FIs				
Government guarantee				
Guarantee of international rated bank				
Collateral of export document				
Collateral of fixed deposit receipt				
Collateral of Government securities				
Counter guarantee				
Personal guarantee				
Other collateral				
Subtotal				
Unsecured				
Grant Total				

4.7.4: Allowances for impairment

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Specific allowances for impairment				
Balance at Sawan 1				
Impairment loss for the year:				
Charge for the year				
Recoveries/reversal during the year				
Write-offs				
Exchange rate variance on foreign currency				
Other movement				
Balance at Asar end				
Collective allowances for impairment				
Balance at Sawan 1				
Impairment loss for the year:				
Charge/(reversal) for the year				
Exchange rate variance on foreign currency				
Other movement				
Balance at Asar end				
Total allowances for impairment				

Investment securities

4.8

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Investment securities measured at amortized cost				
Investment in equity measured at FVTOCI				
Total				

4.8.1: Investment securities measured at amortized cost

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Debt securities				
Government bonds				
Government treasury bills				
Nepal Rastra Bank bonds				
Nepal Rastra Bank deposits instruments				
Other				
Less: specific allowances for impairment				
Total				

4.8.2: Investment in equity measured at fair value through other comprehensive income

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Equity instruments				
Quoted equity securities				
Unquoted equity securities				
Total				

4.8.3: Information relating to investment in equities

	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Investment in quoted equity								
.....Ltd.								
.....shares of Rs.each								
.....Ltd.								
.....shares of Rs.each								
.....								
Investment in unquoted equity								
.....Ltd.								
.....shares of Rs.each								
.....Ltd.								
.....shares of Rs.each								
.....								
Total								

Current tax assets

4.9

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Current tax assets				
Current year income tax assets				
Tax assets of prior periods				
Current tax liabilities				
Current year income tax liabilities				
Tax liabilities of prior periods				
Total				

Investment in subsidiaries

4.10

	Bank	
	Current Year	Previous Year
Investment in quoted subsidiaries		
Investment in unquoted subsidiaries		
Total investment		
Less: Impairment allowances		
Net carrying amount		

4.10.1: Investment in quoted subsidiaries

.....Ltd.
.....shares of Rs.each
.....Ltd.
.....shares of Rs.each
.....
Total

Bank			
<u>Current Year</u>		<u>Previous Year</u>	
<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>

4.10.2: Investment in unquoted subsidiaries

.....Ltd.
.....shares of Rs.each
.....Ltd.
.....shares of Rs.each
.....
Total

Bank			
<u>Current Year</u>		<u>Previous Year</u>	
<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>

4.10.3: Information relating to subsidiaries of the Bank

.....Ltd.
.....Ltd.
.....Ltd.
.....Ltd.
.....

Bank	
<u>Percentage of ownership held by the Bank</u>	
<u>Current Year</u>	<u>Previous Year</u>

4.10.4: Non controlling interest of the subsidiaries

	<u>Group</u>			
	<u>Current Year</u>			
	<u>...Ltd.</u>	<u>...Ltd.</u>	<u>...Ltd.</u>	<u>...Ltd.</u>
Equity interest held by NCI (%)				
Profit/(loss) allocated during the year				
Accumulated balances of NCI as on Asar end.				
Dividend paid to NCI				
	<u>Previous Year</u>			
	<u>...Ltd.</u>	<u>...Ltd.</u>	<u>...Ltd.</u>	<u>...Ltd.</u>
Equity interest held by NCI (%)				
Profit/(loss) allocated during the year				
Accumulated balances of NCI as on Asar end.				
Dividend paid to NCI				

Investment in associates

	<u>Group</u>		<u>Bank</u>	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Investment in quoted associates				
Investment in unquoted associates				
Total investment				
Less: Impairment allowances				
Net carrying amount				

4.11

4.11.1: Investment in quoted associates

	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
.....Ltd.								
.....shares of Rs.each								
.....Ltd.								
.....shares of Rs.each								
Total								

4.11.2: Investment in unquoted associates

	Group				Bank			
	Current Year		Previous Year		Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
.....Ltd.								
.....shares of Rs.each								
.....Ltd.								
.....shares of Rs.each								
Total								

4.11.3: Information relating to associates of the Bank

	Group		Bank	
	Percentage of ownership held by the Bank		Percentage of ownership held by the Bank	
	Current Year	Previous Year	Current Year	Previous Year
.....Ltd.				
.....Ltd.				
.....Ltd.				
.....Ltd.				
.....				

4.11.4: Equity value of associates

	Group	
	Current Year	Previous Year
.....Ltd.		
.....Ltd.		
Total		

Investment properties

4.12

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Investment properties measured at fair value				
Balance as on Sawan 1,				
Addition/disposal during the year				
Net changes in fair value during the year				
Adjustment/transfer				
Net amount				
Investment properties measured at cost				
Balance as on Sawan 1,				
Addition/disposal during the year				
Adjustment/transfer				
Accumulated depreciation				
Accumulated impairment loss				
Net amount				
Total				

Group

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others	Total Asar end 20X2	Total Asar End 20X1
Cost										
As on Sawan 1, 20X0										
Addition during the Year										
Acquisition										
Capitalization										
Disposal during the year										
Adjustment/Revaluation										
Balance as on Asar end 20X1										
Addition during the Year										
Acquisition										
Capitalization										
Disposal during the year										
Adjustment/Revaluation										
Balance as on Asar end 20X2										
Depreciation and Impairment										
As on Sawan 1, 20X0										
Depreciation charge for the Year										
Impairment for the year										
Disposals										
Adjustment										
As on Asar end 20X1										
Impairment for the year										
Depreciation charge for the Year										
Disposals										
Adjustment										
As on Asar end 20X2										
Capital Work in Progress										
Net Book Value										
As on Asar end 20X0										
As on Asar end 20X1										
As on Asar end 20X2										

Bank

Particulars	Land	Building	Leasehold Properties	Computer & Accessories	Vehicles	Furniture & Fixture	Machinery	Equipment & Others	Total 31st Asar 20X2	Total Asar End 20X1
Cost										
As on Sawan 1, 20X0										
Addition during the Year										
Acquisition										
Capitalization										
Disposal during the year										
Adjustment/Revaluation										
Balance as on Asar end 20X1										
Addition during the Year										
Acquisition										
Capitalization										
Disposal during the year										
Adjustment/Revaluation										
Balance as on Asar end 20X2										
Depreciation and Impairment										
As on Sawan 1, 20X0										
Depreciation charge for the Year										
Impairment for the year										
Disposals										
Adjustment										
As on Asar end 20X1										
Impairment for the year										
Depreciation charge for the Year										

Disposals									
Adjustment									
As on Asar end 20X2									
Capital Work in Progress									
Net Book Value									
As on Asar end 20X0									
As on Asar end 20X1									
As on Asar end 20X2									

Goodwill and Intangible Assets

4.14

Particulars	Goodwill	Software		Other	Total Asar end 20X2	Total Asar end 20X1
		Purchased	Developed			
		Group				
Cost						
As on Sawan 1, 20X0						
Addition during the Year						
Acquisition						
Capitalization						
Disposal during the year						
Adjustment/Revaluation						
Balance as on Asar end 20X1						
Addition during the Year						
Acquisition						
Capitalization						
Disposal during the year						
Adjustment/Revaluation						
Balance as on Asar end 20X2						
Amortization and Impairment						
As on Sawan 1, 20X0						
Amortization charge for the Year						
Impairment for the year						
Disposals						
Adjustment						
As on Asar end 20X1						
Amortization charge for the Year						
Impairment for the year						
Disposals						
Adjustment						
As on Asar end 20X2						
Capital Work in Progress						
Net Book Value						
As on Asar end 20X0						
As on Asar end 20X1						
As on Asar end 20X2						

Particulars	Goodwill	Software		Other	Total Asar end 20X2	Total Asar end 20X1
		Purchased	Developed			
		Bank				
Cost						
As on Sawan 1, 20X0						
Addition during the Year						
Acquisition						
Capitalization						
Disposal during the year						
Adjustment/Revaluation						
Balance as on Asar end 20X1						

Addition during the Year						
Acquisition						
Capitalization						
Disposal during the year						
Adjustment/Revaluation						
Balance as on Asar end 20X2						
Amortization and Impairment						
As on Sawan 1, 20X0						
Amortization charge for the Year						
Impairment for the year						
Disposals						
Adjustment						
As on Asar end 20X1						
Amortization charge for the Year						
Impairment for the year						
Disposals						
Adjustment						
As on Asar end 20X2						
Capital Work in Progress						
Net Book Value						
As on Asar end 20X0						
As on Asar end 20X1						
As on Asar end 20X2						

	Group			Bank		
	Deferred Tax Assets	Deferred Tax Liabilities	Current Year	Deferred Tax Assets	Deferred Tax Liabilities	Current Year
			Net Deferred Tax Assets/ (Liabilities)			Net Deferred Tax Assets/ (Liabilities)
Deferred tax on temporary differences on following items						
Loan and Advance to B/FIs						
Loans and advances to customers						
Investment properties						
Investment securities						
Property & equipment						
Employees' defined benefit plan						
Lease liabilities						
Provisions						
Other temporary differences						
Deferred tax on temporary differences						
Deferred tax on carry forward of unused tax losses						
Deferred tax due to changes in tax rate						
Net Deferred tax asset/(liabilities) as on year end of						
Deferred tax (asset)/liabilities as on sawan 1,						
Origination/(Reversal) during the year						
Deferred tax expense/(income) recognised in profit or loss						
Deferred tax expense/(income) recognised in other comprehensive income						
Deferred tax expense/(income) recognised in directly in equity						

	Group			Bank		
	Deferred Tax Assets	Deferred Tax Liabilities	Previous Year	Deferred Tax Assets	Deferred Tax Liabilities	Previous Year
			Net Deferred Tax Assets/ (Liabilities)			Net Deferred Tax Assets/ (Liabilities)
Deferred tax on temporary differences on following items						
Loan and Advance to B/FIs						
Loans and advances to customers						
Investment properties						
Investment securities						
Property & equipment						
Employees' defined benefit plan						
Lease liabilities						
Provisions						
Other temporary differences						
Deferred tax on temporary differences						
Deferred tax on carry forward of unused tax losses						
Deferred tax due to changes in tax rate						
Net Deferred tax asset/(liabilities) as on year end of						
Deferred tax (asset)/liabilities as on sawan 1,						
Origination/(Reversal) during the year						
Deferred tax expense/(income) recognised in profit or loss						
Deferred tax expense/(income) recognised in other comprehensive income						
Deferred tax expense/(income) recognised in directly in equity						

Other assets

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Assets held for sale				
Other non banking assets				
Bills receivable				
Accounts receivable				
Accrued income				
Prepayments and deposit				
Income tax deposit				
Deferred employee expenditure				
Other				
Total				

Due to Bank and Financial Institutions

4.17

	Group		Bank	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Money market deposits				
Interbank borrowing				
Other deposits from BFIs				
Settlement and clearing accounts				
Other deposits from BFIs				
Total				

Due to Nepal Rastra Bank

4.18

	Group		Bank	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Refinance from NRB				
Standing Liquidity Facility				
Lender of last resort facility from NRB				
Securities sold under repurchase agreements				
Other payable to NRB				
Total				

Derivative financial instruments

4.19

	Group		Bank	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Held for trading				
Interest rate swap				
Currency swap				
Forward exchange contract				
Others				
Held for risk management				
Interest rate swap				
Currency swap				
Forward exchange contract				
Other				
Total				

Deposits from customers

4.20

	Group		Bank	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Institutions customers:				
Term deposits				
Call deposits				
Current deposits				
Other				
Individual customers:				
Term deposits				
Saving deposits				
Current deposits				
Other				
Total				

4.20.1: Currency wise analysis of deposit from customers

	Group		Bank	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Nepalese rupee				
Indian rupee				
United State dollar				
Great Britain pound				
Euro				

Japanese yen				
Chinese yuan				
Other				
Total				

Borrowing 4.21

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Domestic Borrowing				
Nepal Government				
Other Institutions				
Other				
Sub total				
Foreign Borrowing				
Foreign Bank and Financial Institutions				
Multilateral Development Banks				
Other Institutions				
Sub total				
Total				

Provisions 4.22

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Provisions for redundancy				
Provision for restructuring				
Pending legal issues and tax litigation				
Onerous contracts				
Other				

4.21.1: Movement in provision

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Balance at Sawan 1				
Provisions made during the year				
Provisions used during the year				
Provisions reversed during the year				
Unwind of discount				
Balance at Asar end				

Other liabilities 4.23

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Liability for employees defined benefit obligations				
Liability for long-service leave				
Short-term employee benefits				
Bills payable				
Creditors and accruals				
Interest payable on deposit				
Interest payable on borrowing				
Liabilities on deferred grant income				
Unpaid Dividend				
Liabilities under Finance Lease				
Employee bonus payable				
Other				
Total				

4.22.1: Defined benefit obligations

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
The amounts recognised in the statement of financial position are as follows:				
Present value of unfunded obligations				
Present value of funded obligations				
Total present value of obligations				
Fair value of plan assets				
Present value of net obligations				
Recognised liability for defined benefit obligations				

4.22.2: Plan assets

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Plan assets comprise				
Equity securities				
Government bonds				
Bank deposit				
Other				
Total				
Actual return on plan assets				

4.22.3: Movement in the present value of defined benefit obligations

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Defined benefit obligations at Sawan 1				
Actuarial losses				
Benefits paid by the plan				
Current service costs and interest				
Defined benefit obligations at Asar end				

4.22.4: Movement in the fair value of plan assets

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Fair value of plan assets at Sawan 1				
Contributions paid into the plan				
Benefits paid during the year				
Actuarial (losses) gains				
Expected return on plan assets				
Fair value of plan assets at Asar end				

4.22.5: Amount recognised in profit or loss

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Current service costs				
Interest on obligation				
Expected return on plan assets				
Total				

4.22.6: Amount recognised in other comprehensive income

	Group		Bank	
	Current Year	Previous Year	Current Year	Previous Year
Actuarial (gain)/loss				
Total				

4.22.7: Actuarial assumptions

	Group		Bank	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Discount rate				
Expected return on plan asset				
Future salary increase				
Withdrawal rate				

Debt securities issued

4.24

	Group		Bank	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Debt securities issued designated as at fair value through profit or loss				
Debt securities issued at amortised cost				
Total				

Subordinated Liabilities

4.25

4.25

	Group		Bank	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Redeemable preference shares				
Irredeemable cumulative preference shares				
Other				
Total				

Share capital

4.26

	Group		Bank	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Ordinary shares				
Convertible preference shares (equity component)				
Irredeemable preference shares (equity component)				
Perpetual debt (equity component only)				
Total				

4.25.1: Ordinary shares

	Bank	
	<u>Current Year</u>	<u>Previous Year</u>
Authorized Capital		
.....Ordinary share of Rs. 100 each		
Issued capital		
.....Ordinary share of Rs. 100 each		
Subscribed and paid up capital		
.....Ordinary share of Rs. 100 each		
Total		

4.25.2: Ordinary share ownership

	Bank			
	<u>Current Year</u>		<u>Previous Year</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Domestic ownership				
Nepal Government				
"A" class licensed institutions				
Other licensed institutions				
Other Institutions				
Public				
Other				
Foreign ownership				
Total				

Reserves

4.27

	Group		Bank	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Statutory general reserve				
Exchange equalisation reserve				
Corporate social responsibility reserve				
Capital redemption reserve				
Regulatory reserve				
Investment adjustment reserve				
Capital reserve				
Assets revaluation reserve				
Fair value reserve				
Dividend equalisation reserve				
Actuarial gain				
Special reserve				
Other reserve				
Total				

	Group		Bank	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Contingent liabilities				
Undrawn and undisbursed facilities				
Capital commitment				
Lease Commitment				
Litigation				
Total				

4.28.1: Contingent liabilities

	Group		Bank	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Acceptance and documentary credit				
Bills for collection				
Forward exchange contracts				
Guarantees				
Underwriting commitment				
Other commitments				
Total				

4.28.2: Undrawn and undisbursed facilities

	Group		Bank	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Undisbursed amount of loans				
Undrawn limits of overdrafts				
Undrawn limits of credit cards				
Undrawn limits of letter of credit				
Undrawn limits of guarantee				
Total				

4.28.3: Capital commitments

Capital expenditure approved by relevant authority of the bank but provision has not been made in financial statements

	Group		Bank	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
<i>Capital commitments in relation to Property and Equipment</i>				
Approved and contracted for				
Approved but not contracted for				
Sub total				
<i>Capital commitments in relation to Intangible assets</i>				
Approved and contracted for				
Approved but not contracted for				
Sub total				
Total				

4.28.4: Lease commitments

	Group		Bank	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
<u>Operating lease commitments</u>				
Future minimum lease payments under non cancellable operating lease, where the bank is lessee				
Not later than 1 year				
Later than 1 year but not later than 5 years				
Later than 5 years				
Sub total	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Finance lease commitments				
Future minimum lease payments under non cancellable operating lease, where the bank is lessee				
Not later than 1 year				
Later than 1 year but not later than 5 years				
Later than 5 years				
Sub total	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Grand total	<u> </u>	<u> </u>	<u> </u>	<u> </u>

4.28.5: Litigation

Explanatory paragraphs are required for litigation contingent liabilities as per their own case of each bank

Interest income

4.29

	Bank		Group	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Cash and cash equivalent				
Due from Nepal Rastra Bank				
Placement with bank and financial institutions				
Loan and advances to bank and financial institutions				
Loans and advances to customers				
Investment securities				
Loan and advances to staff				
Other				
Total interest income				

Interest expense

4.30

	Bank		Group	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Due to bank and financial institutions				
Due to Nepal Rastra Bank				
Deposits from customers				
Borrowing				
Debt securities issued				
Subordinated liabilities				
Other				
Total interest expense				

Fees and Commission Income

4.31

	Bank		Group	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Loan administration fees				
Service fees				
Consortium fees				
Commitment fees				
DD/TT/Swift fees				
Credit card/ATM issuance and renewal fees				
Prepayment and swap fees				
Investment banking fees				
Asset management fees				
Brokerage fees				
Remittance fees				
Commission on letter of credit				
Commission on guarantee contracts issued				
Commission on share underwriting/issue				
Locker rental				
Other fees and commission income				
Total fees and Commission Income				

Fees and commission expense

4.32

	Bank		Group	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
ATM management fees				
VISA/Master card fees				
Guarantee commission				
Brokerage				
DD/TT/Swift fees				
Remittance fees and commission				
Other fees and commission expense				
Total fees and Commission Expense				

Net trading income

4.33

	Bank		Group	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Changes in fair value of trading assets				
Gain/loss on disposal of trading assets				
Interest income on trading assets				
Dividend income on trading assets				
Gain/loss foreign exchange transaction				
Other				
Net trading income				

Other operating income

4.34

	Bank		Group	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Foreign exchange revaluation gain				
Gain/loss on sale of investment securities				
Fair value gain/loss on investment properties				
Dividend on equity instruments				
Gain/loss on sale of property and equipment				
Gain/loss on sale of investment property				
Operating lease income				
Gain/loss on sale of gold and silver				
Locker rent				
Other				
Total				

Impairment charge/(reversal) for loan and other losses

4.35

	Bank		Group	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Impairment charge/(reversal) on loan and advances to B/FIs				
Impairment charge/(reversal) on loan and advances to customer				
Impairment charge/(reversal) on financial investment				
Impairment charge/(reversal) on placement with banks and financial institutions				
Impairment charge/(reversal) on property and equipment				
Impairment charge/(reversal) on goodwill and intangible assets				
Impairment charge/(reversal) on investment properties				
Total				

Personnel Expense

4.36

	Bank		Group	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Salary				
Allowances				
Gratuity expense				
Provident fund				
Uniform				
Training & development expense				
Leave encashment				
Medical				
Insurance				
Employees incentive				
Cash-settled share-based payments				
Pension expense				
Finance expense under NFRS				
Other expenses related to staff				
Subtotal				
Employees bonus				
Grand total				

Other operating expense

4.37

	Bank		Group	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Directors' fee				
Directors' expense				
Auditors' remuneration				
Other audit related expense				
Professional and legal expense				
Office administration expense				
Operating lease expense				
Operating expense of investment properties				
Corporate social responsibility expense				
Onerous lease provisions				
Other				
Total				

Depreciation & Amortisation

4.38

	Bank		Group	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Depreciation on property and equipment				
Depreciation on investment property				
Amortisation of intangible assets				
Total				

Non operating income

4.39

	Bank		Group	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Recovery of loan written off				
Other income				
Total				

Non operating expense

4.40

	Bank		Group	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Loan written off				
Redundancy provision				
Expense of restructuring				
Other expense				
Total				

Income tax expense

4.41

	Bank		Group	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Current tax expense				
Current year				
Adjustments for prior years				
Deferred tax expense				
Origination and reversal of temporary differences				
Changes in tax rate				
Recognition of previously unrecognised tax losses				
Total income tax expense				

4.41.1: Reconciliation of tax expense and accounting profit

	Bank		Group	
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Profit before tax				
Tax amount at tax rate of.....%				
Add: Tax effect of expenses that are not deductible for tax purpose				
Less: Tax effect on exempt income				
Add/less: Tax effect on other items				
Total income tax expense				
Effective tax rate				

Statement of distributable profit or loss

For the year endedAsar 20.....

(As per NRB Regulation)

	Bank	
	Current Year	Previous Year
Net profit or (loss) as per statement of profit or loss		
<u>Appropriations:</u>		
<i>a. General reserve</i>		
<i>b. Foreign exchange fluctuation fund</i>		
<i>c. Capital redemption reserve</i>		
<i>d. Corporate social responsibility fund</i>		
<i>e. Employees' training fund</i>		
<i>f. Other</i>		
Profit or (loss) before regulatory adjustment		
<u>Regulatory adjustment :</u>		
<i>a. Interest receivable (-)/previous accrued interest received (+)</i>		
<i>b. Short loan loss provision in accounts (-)/reversal (+)</i>		
<i>c. Short provision for possible losses on investment (-)/reversal (+)</i>		
<i>d. Short loan loss provision on Non Banking Assets (-)/resersal (+)</i>		
<i>e. Deferred tax assets recognised (-)/ reversal (+)</i>		
<i>f. Goodwill recognised (-)/ impairment of Goodwill (+)</i>		
<i>g. Bargain purchase gain recognised (-)/resersal (+)</i>		
<i>h. Acturial loss recognised (-)/reversal (+)</i>		
<i>i. Other (+/-)</i>		
Distributable profit or (loss)		

5. Disclosures & Additional Information

5.1	Risk management
	Credit risk
	Market risk
	Liquidity risk
	Fair value of financial assets and liabilities
	Capital management
5.2	Classification of financial assets and financial liabilities
5.3	Segment Analysis
5.4	Share options and share based payment
5.5	Contingent liabilities and commitment
5.6	Related parties disclosures
5.7	Merger and acquisition
5.8	Additional disclosures of non consolidated entities
5.9	Events after reporting date.

.....**Bank Ltd.**
Unaudited Financial Results (Quarterly)
.....Quarter ended of Fiscal Year 20...../20.....

Rs. in '000'

Statement of Financial Position	This Quarter Ending	Previous Quarter Ending	Corrospending Previous Quarter Ending
Assets			
Cash and cash equivalent			
Due from NRB and placements with BFIs			
Loan and advances			
Investments Securities			
Investment in subsidiaris and associates			
Goodwill and intangible assets			
Other assets			
Total Assets			
Capital and Liabilities			
Paid up Capital			
Reserves and surplus			
Deposits			
Borrowings			
Bond and Debenture			
Other liabilities and provisions			
Total Capital and Liabilities			

Statement of Profit or Loss	Up to this Quarter	Up to Previous Quarter	Up to Corrospending Previous Year Quarter
Interest income			
Interest expense			
Net interest income			
Fee and commission income			
Fee and commission expense			
Net fee and commission income			
Other operating income			
Total operaing income			
Impairment charge/(reversal) for loans and other losses			
Net operating income			
Personnel expenses			
Other operating expenses			
Operating profit			
Non operating income/expense			
Profit before tax			
Income tax			
Profit /(loss) for the period			
Other comprehensive income			
Total comprehensive income			
Distributable Profit			
Net profit/(loss) as per profit or loss			
Add/Less: Regulatory adjustment as per NRB Directive			
Free profit/(loss) after regulatory adjustments			

Ratios			
Capital fund to RWA			
Non performing loan (NPL) to toal loan (As per NRB Directive)			
Total loan loss provision to Total NPL (As per NRB Directive)			
Cosft of Funds			
Credit to Deposit Ratio (As per NRB Directive)			
Base Rate			
Basic Earning Per Share			
Diluted Earning Per Share			

Segmental Reporting

The reportable segment of each bank may differs from the other, the commercial banks should publish the segmental reporting as per the requirement of NFRS in their own format.

.....**Bank Ltd.**
Comparison Unaudited and Audited Financial Statements as of FY/.....

Rs. in '000'

Statement of Financial Position	As per unaudited Financial Statement	As per Audited Financial Statement	Variance		Reasons for Variance
			In amount	In %	
Assets					
Cash and cash equivalent					
Due from NRB and placements with BFIs					
Loan and advances					
Investments Securities					
Investment in subsidiaris and associates					
Goodwill and intangible assets					
Other assets					
Total Assets					
Capital and Liabilities					
Paid up Capital					
Reserves and surplus					
Deposits					
Borrowings					
Bond and Debenture					
Other liabilities and provisions					
Total Capital and Liabilities					

Statement of Profit or Loss					
Interest income					
Interest expense					
Net interest income					
Fee and commission income					
Fee and commission expense					
Net fee and commission income					
Other operating income					
Total operaing income					
Impairment charge/(reversal) for loans and other losses					
Net operating income					
Personnel expenses					
Other operating expenses					
Operating profit					
Non operating income/expense					
Profit before tax					
Income tax					
Profit /(loss) for the period					
Other comprehensive income					
Total comprehensive income					
Distributable Profit					
Net profit/(loss) as per profit or loss					
Add/Less: Regulatory adjustment as per NRB Directive					
Free profit/(loss) after regulatory adjustments					

Brief explanations on accounts head of the Statement of Financial Position

Assets Side

1. Cash and cash equivalent

This account shall be used for presenting the total amount of cash-in-hand, balances with other bank and financial institutions, money at call and short notice, and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the licensed institution in the management of its short term commitments.

2. Due from Nepal Rastra Bank

Statutory balances held with Nepal Rastra Bank for compulsory cash reserve, securities purchased from Nepal Rastra Bank under resale agreement and other deposits with and receivables from Nepal Rastra Bank shall be presented under this account head.

3. Placement with bank and financial institutions

Placements with domestic as well as foreign bank and financial institutions with original maturities of more than three months from the acquisition date are presented under this account head

4. Derivative financial instruments

Derivative instruments like interest rate swap, currency swap, forward foreign exchange contract etc. held for trading as well as risk management purposes shall be presented under this head.

5. Other trading assets

Trading assets are those assets that the licensed institution acquires principally for the purpose of selling in the near term, or holds as part of a portfolio that is managed together for short-term profit shall be presented under this account head. The other trading asset includes non derivative financial assets. It includes Government bonds, NRB Bonds, Domestic Corporate bonds, Treasury bills, Equities etc held primarily for the trading purpose.

6. Loan and advances to bank and financial institutions

Loan and advances given to microfinance financial institutions as well as other bank and financial institutions shall be presented under this head. Specific impairment on loan and advance to bank and financial institutions shall be deducted.

7. Loan and advances to customers.

Under this head, sum of the outstanding amount of all loans and advances extended to the customers other than BFIs as well as bills purchased and discounted less the amount of impairment allowances shall be presented. Loan to employees provided according to the Employees Bylaws of the licensed institution shall also be presented under this head.

8. Investments securities

Investments made by the licensed institutions in financial instruments shall be presented under this account head in three categories i.e. investment securities designated at fair value through profit or loss, investment securities measured at amortized cost and investment in equity measured at fair value through other comprehensive income. Investment other than those measured at amortized cost shall be measure at fair value and changes in fair value shall be recognized in profit or loss, or other comprehensive income as per the business model adopted by the financial institutions for the specific securities. Where income from the investment is received in the form of bonus shares, the valuation of investment shall be made by increasing the number of shares only without changing in the cost of

investment. The financial institutions shall disclose following particulars in respect of investment in shares and debenture/bond.

- a. Following particulars shall clearly be disclosed in respect of investment in shares of other companies
 - (1) Name of the company
 - (2) Type of share (ordinary or preference), in case of preference shares, including the rate of dividend.
 - (3) Total number of shares subscribed (including bonus shares if received).
 - (4) Face value per share
 - (5) The cost price to licensed institution.
 - (6) Fair value of the shares at the end of the fiscal year.
 - (7) Where a company, in which the licensed institution has investment in shares, has not declared dividend for previous 3 years, particulars indicating the same.
- b. Following particulars shall clearly be disclosed in respect of investment in debentures and bonds of other companies
 - (1) Name of the company
 - (2) Rate of Interest
 - (3) Installment of Debenture/bond subscribed.
 - (4) Face value per debenture/bond.
 - (5) Maturity date of debenture/bond
 - (6) The purchase price of the debentures/bond
 - (7) Fair value of the debentures/bond measured at fair value

The financial institution shall recognize impairment loss if any on the investment instruments measured at amortized cost. The calculation of impairment loss shall be as per requirement of NFRS.

The financial institution shall recognize, measure, present and disclose the investment instruments as per the requirement of NFRS.

9. Current tax assets

This will include any advance payment made by the licensed institution towards income tax liabilities or other tax liabilities to the taxing authorities.

10. Investment in Subsidiaries

Subsidiaries are the entities that are controlled by the bank. Investment made by the bank in its subsidiaries shall be presented in this head under separate financial statements. Since, the investment amount is eliminated in consolidation process, no amount shall be presented under group financial statements.

11. Investment in Associates

Associates are those entities in which the bank has significant influence but not control over the financial and operating policies. Investment made by the bank in its associates shall be presented in this head under this account head.

12. Investment properties

Land or land and building other than those classified as property and equipment; and non current assets held for sale under relevant accounting standard shall be presented under this account head. This shall include land, land and building acquired as non banking assets by the Bank but not sold.

13. Property and equipment

All assets of long-term nature (fixed) like land, building, IT equipment, fixtures and fittings, office equipment and appliances, vehicles, machinery, leasehold developments and capital work in progress owned by the licensed institution shall be presented under this head.

14. Goodwill and intangible assets

Goodwill and intangible assets like computer software both purchased and internally generated, trade mark etc. shall be presented under this account head.

15. Deferred tax assets

Deferred tax assets recognized as per NFRS on temporary deductible differences, carry forward of unused tax losses, changes in tax rate etc. shall be presented under this account head.

16. Other Assets

This account will include any other tangible or intangible asset not mentioned above. Assets held for sale, non banking assets (other than land or land and building), restricted deposits with central banks, accounts receivable, interest receivable, accrued income, prepayments and deposit are some of the items to be included under this head.

Liabilities and Equity side

1. Due to bank and financial institutions

The balances in accounts maintained with the institution by other local and foreign banks and financial institution shall be presented under this head. Interbank borrowing, interbank deposit, balances on settlement and clearing accounts as well as other amount due to bank and financial institution shall be presented under this account head.

2. Due to Nepal Rastra Bank

This account head shall also contain the amount of payable to Nepal Rastra Bank. Amount payable to NRB shall include amount of refinance facilities, standing liquidity facility, lender of last resort, sale and repurchase agreements, deposit from NRB etc.

3. Derivative financial instruments

It includes all derivative liabilities. Derivative instruments like interest rate swap, currency swap, forward foreign exchange contract etc. held for trading as well as risk management purposes shall be presented under this head.

4. Deposits from customers

All deposit accounts other than deposit from BFIs (local and foreign) and NRB shall be presented under this account head.

5. Borrowing

All domestic as well as foreign borrowing other than interbank borrowing and borrowing from Nepal Rastra Bank shall be presented under this heading. It includes borrowing from Nepal Government, borrowing from other domestic institutions, borrowing from foreign bank and financial institutions, multilateral development banks etc.

6. Current Tax Liabilities

The liabilities recognized for the purpose of current income tax, including fees, penalties shall be included under this head.

7. Provisions

A provision is recognised when as a result of a past event, the licensed institution has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provision for redundancy, provision for onerous contracts, provision for restructuring, pending legal issues and tax litigation, credit commitments and guarantees etc. shall be presented under this account head. Followings are the additional clarification on accounts presented under this account head.

(a) Provision for Redundancy

It shall include benefits payable as a result of employment being terminated or based on a dismissal plan of the licensed institution. Provision for employees' termination benefits like voluntary retirement scheme shall be presented under this account head.

(b) Provision for restructuring

Restructuring includes sale or termination of a line of business, closure of business locations or relocation in a region, changes in management structure, fundamental reorganisations that have a material effect on the nature and focus of the bank's operations etc. The provision of restructuring that is recognized as per the requirement of NFRS shall be presented under this account head

(c) Pending legal issues and tax litigation

Provisions recognized for any pending legal issues and tax litigation matters shall be presented under this account head.

(d) Onerous contracts

Provision for onerous contract is recognised when the expected benefits to be derived by the licensed institution from a contract is lower than the unavoidable cost of meeting its obligation under the contract. The provision amount that is recognized for onerous contract as per NFRS shall be presented under this heading.

8. Deferred tax liabilities

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences, shall be included under this head. Deferred tax liabilities that are recognised as per requirement of NFRS shall be presented under this account head.

9. Other liabilities

Any residual liabilities not captured above, shall be presented under an appropriate head in this account. Liabilities relating to employees benefits like liabilities for defined benefit obligation gratuity and pension fund, liabilities for long-service leave, cash settled share based payment

liabilities, short-term employee benefits etc., Creditors and accruals, Interest payable on deposit and borrowing, unearned income, unpaid dividend etc. shall be presented under this account head.

10. Debt securities issued

Debenture, bond or other debt securities issued by bank shall be presented under this broad account head.

11. Subordinated Liabilities

Liabilities subordinated, at the event of winding up, to the claims of depositors, debt securities issued and other creditors shall be included here. It shall include redeemable preference share, subordinated notes issued, borrowings etc.

12. Share capital

The amount of paid up share capital of the licensed institution shall be mentioned under this head. Amount credited in share capital by issuing bonus shares utilizing the accumulated profit and reserves shall also be disclosed under this heading. This shall include paid up amount of ordinary share capital and equity component of preference share capital. The convertible preference shares which includes an option for the holder of the shares to convert the preferred shares into a fixed number of ordinary shares at any time after a predetermined date, irredeemable preference share and perpetual debt instruments, the equity component that is recognized and measured as per NFRS as equity as well shall be presented under this heading.

13. Share premium

The amount of money collected on issue of shares in excess of its face value shall be presented under this heading. The outstanding amount in this account shall not be considered eligible for distribution of cash dividend.

14. Retained earnings

The accumulated profits which has not been distributed to shareholders and has been ploughed back in the licensed institution's operations and is free for distribution of dividend to the shareholders shall be presented under this heading.

15. Reserves

Licensed institution shall include the amounts received from allocation of profits or retained earning in connection with maintaining reserves or created from any other process. Normally, amount shall be credited to this heading having debited the accumulated profit and while using these reserves, the concerned reserve account shall have to be debited. Followings are the additional clarification of account head under reserve.

(a) General Reserve:

General reserve is the statutory reserve. In this reserve, the amount transformed from appropriation of net profit according to the Banks and Financial Institutions Act, 2073 shall be included. No type of dividend (cash or bonus share) shall be distributed from the amount in general/statutory reserve. Approval of NRB shall be required in order to use the amount in this reserve.

(b) Exchange Equalization reserve

Exchange equalization reserve is a statutory reserve. A bank which has earned foreign exchange revaluation gain on foreign currency other than India currency has to allocate 25 percent of such revaluation gain to this reserve as per provision of the Bank and Financial Institution Act. Any amount allocated to exchange equalization reserve as per the provision of the Bank and Financial Institutions Act, shall be presented under this heading.

(c) Fair Value Reserves

The fair value reserve comprises the cumulative net change in the fair value of financial assets that are measured at fair value and the changes in fair value is recognized in other comprehensive income, until the assets are derecognised. The cumulative amount of changes in fair value of those financial assets shall be presented under this account head.

(d) Assets Revaluation Reserve

Any reserve created from revaluation of assets (such as Property & Equipment, Intangible Assets, Investment Property) shall be presented under this heading. Revaluation reserves often serve as a cushion against unexpected losses but may not be fully available to absorb unexpected losses due to the subsequent deterioration in market values and tax consequences of revaluation.

(e) Capital Reserve

The capital reserve represents the amount of those reserves which are in nature of capital and which shall not be available for distribution of cash dividend. The amount from share forfeiture due to non-payment of remaining amount for the unpaid shares, capital grants received in cash or kind, capital reserve arising out of merger and acquisition etc should be presented under this heading.

(f) Special Reserve

Any special reserve that is created as per the specific requirement of NRB directive or special instruction of NRB shall represent special reserve. The amount allocated to this reserve by debiting retained earning account shall be presented under this heading.

(g) Capital Redemption Reserve

This head shall include the statutory reserve created for making payment towards Redeemable Non-Convertible Preference Shares.

(h) Dividend Equalization Fund

For the purpose of maintaining uniformity in dividend payment, certain amount of profit during the year of profit making may be transferred shall be presented under this account head. Dividend may be distributed by debiting this account with the approval of the Board of Directors and endorsed by the General meeting.

(i) Capital Adjustment/Equalization Fund

Any amount that is allocated from the amount retained profit to a reserve that is created for the raising capital of the Bank as well as calls in advance amount to make up minimum paid up capital amount shall be presented under this account head.

(j) Corporate Social Responsibility Fund

The fund created for the purpose of corporate social responsibility by allocating profit shall be presented under this account head.

(k) Investment Adjustment Reserve

It is a regulatory reserve created as a cushion for adverse price movements in bank's investments as directed by the Directives of Nepal Rastra Bank.

(l) Actuarial Gain/Loss Reserve

Actuarial gain or loss that represents change in actuarial assumptions used to value employee obligations shall be presented under this account head.

(m) Regulatory Reserve

The amount that is allocated from profit or retained earnings of the Bank to this reserve as per the Directive of NRB for the purpose of implementation of NFRS and which shall not be regarded as free for distribution of dividend (cash as well as bonus shares) shall be presented under this account head. The amount allocated to this reserve shall include interest income recognized but not received in cash, difference of loan loss provision as per NRB directive and impairment on loan and advance as per NFRS (in case lower impairment is recognized under NFRS), amount equals to deferred tax assets, actual loss recognized in other comprehensive income, amount of goodwill recognized under NFRS etc.

(n) Other Reserve Fund

Any reserve created with specific or non-specific purpose (except stated in above) shall be presented under this by disclosing accounting heads.

16. Non-controlling interest

Non-controlling interest (NCI) is the portion of equity ownership in a subsidiary not attributable to the parent company, which has a controlling interest and consolidates the subsidiary's financial results with its own. The bank who has a subsidiary and consolidates the financial statement of subsidiary in its own shall present the equity portion of the subsidiary that are attributable to the shareholders other than the bank under this account head.

Brief Explanations on Accounting Heads of the Statement of Profit or Loss Account

1. Interest income

The interest income recognized as per NFRS shall be presented under this head. This heading shall include interest income on loan and advance, investment securities except on those investment securities measure at fair value through profit or loss, cash and cash equivalent, due from Nepal Rastra Bank, due from BFIs, loan and advances to staff etc.

2. Interest expense

The interest expenses recognized as per NFRS shall be presented under this head. The interest accrued on deposits collected, debt securities issued, borrowings obtained, subordinated liabilities, amount due to bank and financial institutions, due to NRB etc. shall be presented under this heading.

3. Fees and commission income

Fee income is earned for diverse ranges of services provided by the bank to its customers. Fee income arises on the execution of a significant act completed or from provision of services like asset management, portfolio management, management advisory and service

fees etc. Loan documentation fee, loan management fee, consortium fee, commitment fee, card issuance and renewal fees, prepayment and swap fee, remittance fee, investment banking fee, asset management fee, brokerage, commission on letter of credit, commission on guarantee, locker rental income, etc. should be presented under this heading. The fees and commission income that are integral to the effective interest rate on the financial assets are included in the measurement of the effective interest rate and shall not be recognized as income, however immaterial amount can be recognized in profit or loss account as income.

4. Fees and commission expense

Payouts on account of fee and commission for services obtained by the bank shall be presented under this account head. This account head shall include card related fees, guarantee commission, brokerage expenses etc. The fees and commission expense that are integral to the effective interest rate on the financial liability are included in the measurement of the effective interest rate and shall not be recognized as expense

5. Net trading income

Trading income comprises gains less losses relating to trading assets and liabilities, and includes all realized interest, dividend and foreign exchange differences as well as unrealized changes in fair value of trading assets and liabilities shall be presented under this account head.

6. Other operating income

Receipt of all other operating income not specifically provided under the income heads above shall be booked and presented under this head. This shall include foreign exchange revaluation gain, gain/loss on sale of available for sale securities, dividend on available for sale securities, gain/loss on sale of property and equipment, gain/loss on sale of investment properties, operating lease income, gain/loss on sale of gold and silver, finance income of finance lease etc.

7. Impairment charge/(reversal) for loan and other losses.

Impairment loss recognized as per NFRS on loan and other losses shall be presented under this account head. It shall include impairment charge/reversal on loan and advances to customers, loan and advances to bank and financial institutions, investment securities, placement with bank and financial institutions, property and equipment, goodwill and intangible assets, investment properties etc.

8. Personnel expenses

All expenses related to employees of a bank shall be included under this head. Expenses covered under this head include employees' salary, allowances, pension, gratuity, contribution to provident fund, training expenses, uniform expenses, insurance, staff bonus, finance expense under NFRS, cash-settled share-based payments etc.

9. Other Operating expenses

All operating expense other than those relating to personnel expense are recognized and presented under this account head. The expenses covered under this account head shall include office administration expense, other operating and overhead expense, directors' emoluments, remuneration and non audit fee paid to auditors, professional and legal expense,

branch closure cost expense, redundancy cost expense, expense of restructuring, impairment of non financial assets, expense of corporate social responsibility, onerous lease provisions etc.

10. Depreciation and amortization

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life. Depreciation measured and recognized as per NFRS on property and equipment, and investment properties, and amortization of intangible assets shall be presented under this account head.

11. Non operating income/expense

The income and expenses that have no direct relationship with the operation of transactions shall be presented under this head. The income/expense covered under this account head shall include loan written off, recovery of loan, redundancy provision, expense of restructuring etc.

12. Income tax expense

The amount of income tax on net taxable profit shall be recognized and presented under this account head. This account head shall include current tax expense and deferred tax expense/deferred tax income.

Brief Explanations on Accounting Heads of the Statement of Other Comprehensive Income

1. Fair value reserve relating to investment in equity instruments

Net changes in fair value of equity instrument that are measured at fair value and the changes in fair value is required to be recognized in other comprehensive income shall be recognized and presented under this account head. The changes may be subsequently reclassified to profit and loss in accordance with the relevant NFRS shall also be deducted from the fair value reserve.

2. Changes in revaluation reserve

Changes in revalued amount of property and equipment, and intangible assets shall be presented under this account head.

3. Cash flow hedge

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value (losses) of the derivative is recognised and presented in Other comprehensive income under this account head. The changes may be subsequently reclassified to profit and loss in accordance with the relevant NFRS shall also be deducted from the fair value reserve.

4. Net actuarial gain/loss on defined benefit plans

Re-measurement gain/losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income and shall be presented under this account head.

5. Income tax relating to these items

The income tax relating to the items shown in other comprehensive income shall be presented under this head.