

Changes in Unified Directives 2076 by NRB and Its Impact Analysis

Am. No.	Circular No	Provision of Unified Directive 2076	Amended Provision	Impact
1	1-3	CAR submission by BFIs within 15 days of month end to respective Supervision department	CAR needs to be maintained all the time and report within 15 days using reporting portal of NRB	CAR maintenance is required on even daily basis
3	1-6-Kha	BFIs may distribute Bonus share after with approval of NRB event though they do not maintain CAR at any time during the year	BFIs can not distribute any cash or stock dividend for the year if they do not meet CAR at any time during the year	CAR maintenance should be monitored all the time
6.	1	RWE of personal loan in excess of regulatory threshold will be 100% .	RWE of personal loan in excess of regulatory threshold will be 150%.	Personal loan in excess of regulatory threshold discouraged.
10.	Annexure 1.1/1.2 of 1 and 5.2	BFIs segregate Investment in HFT, HTM, AFS and related reserve created accordingly	BFIs recognize measure and present Investment as per NFRS	NFRS compliance. Impairment basis valuation should be made.
18.		Borrower absconded was not defined	Borrower absconded is defined as borrower not in contact since last 90 days	Clarified

22.	2	Restructuring or rescheduling after payment of 10% interest for Highly affected business by COVID -19.	Now high and medium affected business can be rescheduled restructured	High and Medium affected both will be impacted.
23	2-9-6-e	Loan extended by pledging Third Party collateral attract additional 20% provision: Exclusion: E- in case of company collateral provided by Company's promoter, Director or family members of such person	E is removed.	It will create serious issue in banking because many financing is made pledging promoter/director or family members. LLP will substantially increase. NRB should have impact analysis & review.
31	2-10-Ng	Adjustment of LLP:	Addition: Ng- If department is satisfied with the improvement made by BFIs for loan classified as per NRB inspection report	Clarified
32	2-11-4cha	BFIs can return NBA to the owner (before booking NBA) after negotiating and recovering at least NBA value.	BFIs can return NBA to the owner (before booking NBA) after negotiating and recovering at least NBA value or due amount while retuning the assets (principal plus interest) whichever is higher.	Disposal of NBA encouraged rather than return to previous owner. NBA settlement by returning assets to owner will be more complex

35	2-15	Lending for IPO financing with some condition.	Provision deleted	Not relevant and restricted clause deleted
39	2-17-cha	Restriction on renewal restructuring of margin lending against promoter share	Restriction waived for promoter holding less than 0.5% if loan is regular	Make easy renewal of small promoter shareholders.
41	2-23	addition	BFI's can not extend loan on the basis of foreign collateral where ownership could not be established in case of default.	Risk mitigation mechanism
42	2-27	BFI's should extend loan to industry only after assessment of environmental impact	BFI's should extend loan to industry only after : Ka- Getting EIA approval from concern authority (wherever applicable) and self assessment Kha- ESRM reporting as per related ACT and Guidelines compulsory Ga- ESRM report to be submitted to NRB (respective supervision department) within 30 days of financial year closure.	ESRM is more focused so BFI's should educate executive and borrowers.

44	2-34	“ Ga” class institution can not provide stock hypothecation loan	“ Ga” and “Kha” class institution can not provide stock hypothecation loan	Kha class institution will not be able to finance hypothecation loan
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45	2-34-5-Gha	* BFI's can extend 20% additional working capital loan for highly affected borrowers. * tenor of such additional loan will be 1 year * can extend more than 20% to make business survive (highly Affected Business)	* BFI's can extend 20% additional working capital loan and 10% for other borrower not availing WC loan for affected borrowers. * can extend more than limit to make business survive (Affected Business)	Relaxed Regulation to support business affected by COVID
46	2-36-2	BFI's could not charge -Prepayment charges for loan upto 15 lakh extended	Can charge. Clause deleted.	BFI's will be encouraged to extend small size loan
47	2-39-jha	Interest capitalization eligible business list:	(Jha) Added for Hospitals	Hospital's interest can be capitalized with NRB approval.
48	3-2-ga	Installment payment of hydro related project start from the date of line connected with greed.	Installment payment of hydro related project start after 3 month of line connected with greed or moratorium period given by BFI's whichever is later.	Relaxed installment payment

57	4-1-Ng-1	BFI should publish Quarterly Financial within 30 days of quarter end	BFI should publish Quarterly Financial within 15 days of quarter end	Reduced timing of financial result publication
58	4-2-ka	-	All BFIs should present financial statement as per NFRS/ if not covered by NFRS than IFRS will be applied	

62	6-1-Ng	Conduct of Director:	Added Ng- Director should act with polite language and activities. High morale should be reflected. Should not involve in any activities which may have negative impact of banks environment and create conspiracy in the organization.	Code of conduct for director defined by NRB.
67	6-4	Appointment of CEO and change in BOD should be intimated immediately to Regulation and supervision department of NRB	Appointment of CEO, resignation or discontinuation of CEO and change in BOD should be intimated immediately to Regulation and supervision department of NRB	Resignation or discontinuation of CEO needs to be immediately reported to NRB.
69	6-7-ja	DCEO appointed by BOD with recommendation of CEO	DCEO appointed by BOD with recommendation of committee lead by CEO.	DCEO appointment need more exercise. CEO and Expert will be involved in appointment

72	6-7-ya	Addition	One Director can not be co-ordination of BOD level subcommittee for more than one term	Change of leadership required
73	6-14	Restriction on loan to director, CEO and management level staff by BFIs except HP loan, home loan or household item purchase loan.	Management level defined as executive upto two position below than CEO.	Defined and clarified
74	6-16	Allocation of CSR Fund	5% of CSR fund for financial literacy of female or socially back warded people.	More allocation of CSR
76	6-16	-	Actual expenses incurrent for Covid-19 treatment of employees will be considered as CSR	
79		-	Cooling period defined : up to 3 months of joint transaction start for Director/CEO/DCEO	Confusion regarding cooling period clarified
85	8-3-2	Investment in shares of MFIs upto 25% by BFIs and limit of 25% waived if BFIs establish MFIs as subsidiary	Removed.	MFIs establishment by BFIs investment discouraged

89	8-4-1-gha	Investment in shares of MFIs considered as invest waived to reduce from core capital (if in excess of limit)	Only investment in promoter shares will be eligible to get such waiver.	
94-97	9-1-3	Reporting by logging in NRB website	Upload in reporting portal provided by NRB. SIS reporting provision added.	Reporting only
99	9- 9.3 ka	Definition of SME	As defined by <i>Aaudhogik Byansaya Aain 2076.</i>	Similarity in definition

100	9- annex 2	Forex monitoring report on quarterly basis with in 15 days	On monthly basis within 7 days	Regular and timely reporting
104	10-14-Na	Cooperatives could not buy shares of BFIs	Removed	Duplication removed. No change in regulation
107	10-16-ga	Capital increment or structure change to be approved by AGM	Capital increment or structure change to be approved by AGM – Prior approval of NRB required.	Prior approval of NRB

108	10-16-Ng	addition	If company or firm is shareholder of BFIs than ultimate beneficiary identification statement should be furnished to regulation department with authenticated document verified by authorized agency of concerned nation – within 90 days of financial year end.	Ultimate beneficiary identification of all shareholders
115	12-2.4	CIC reporting: In case of private / public company – shareholders holding more than 15% shares	In case of private/ private company – shareholders holding more than 10% shares	CIC will cover more borrower
123	12-17	-	Citizenship number in case of natural person and PAN number in case of firm company to be published by CICL with backlisting.	Blacklisting will be more clear

129	15-1-2	Call deposit rate should not be more than minimum rate of saving deposit	Call deposit rate should not be more than 50% of minimum rate of saving deposit.	Will reduce COF and base rate of banking ultimately reduce the lending rate.
130	15-3-4	BFIs can not lend below base rate : Exclusion – Deprived sector lending and priority sector lending	BFIs can not lend below base rate : Exclusion – Deprived sector lending only	Only

131	15-1-1	addition	Interest on deposit and loan could be changed on monthly basis only and needs to be publish before start of Nepali calendar month.	More regulated interest rate change
132	15-3-7	Interest rate on loan should base rate plus premium	BFI's can not announce any scheme to adjust premium and adjust interest rate; like current discount on premium like words can not be used.	Regulation for wrong practices of banking
134	15-3-14	Addition	#Interest rate should be fixed in personal Term loan , Home loan, auto loan, HP loan of more than one year. Customer can choose floating rate. #For already disbursed loan, condition of loan needs to be changed to make fixed interest rate. #Such fixed interest rate needs to be publish of semi annual basis	Interest rate risk will be with BFI's for some loan
135	15-4-3	Average spread rate to be maintained by BFI's	Spread rate to be maintained by BFI's on monthly basis	More transparent

138	15-5-5	Addition	Interest rate on loan, deposit and spread rate of last 3 years needs to be published in website of BFIs along with current rate.	More disclosure for analysis by customer
141	16-6	BFIs can not make any transaction of loan or deposit with other institutions established under prevailing act and mobilizing deposit and providing loan (like Cooperatives)	Removed.	Can make transaction ?? NO. Duplication removed. No change in regulation
146	17-4-ka	Wholesale lending by BFIs considered as deprived sector lending	Wholesale Term lending by BFIs considered as deprived sector lending	Only term loan will be considered for wholesale lending
148	17-9-ka	Low cost housing financing upto Rs.4 lakh considered as deprived sector lending	Limit increased to 7 lakh	Deprived sector lending limit increased
155	19-2-1	addition	Online account opening: KYC requirement and authentication to ensure	Online KYC requirement added.
159	19-15-1	additional	BFIs should report transaction in 3 types : TTR cash, TTRCross boarder and TTR- FCY Exchange. As per TTR guidelines	TTR Reporting requirement.

160	19-15-03	addition	<p>Following additional institution's normal transaction are excluded from reporting FIU:</p> <ul style="list-style-type: none"> - School, college, university, hospital - Insurance - Cooperative - Nepal army/ police pension <p>Suspicious Activity report – SAR annexure added.</p>	<p>FIU reporting requirement made easier for more institution.</p>
173	20-6-ga	<p>BFI's can not deduct any amount from deposit accounts if they do not maintain minimum balance.</p>	<p>BFI's can not deduct any amount from deposit accounts if they do not maintain minimum balance. Interest on amount below minimum balance needs to be given</p>	<p>Depositors interest protected by NRB. Little cost will be increased for some BFI's</p>
174	20-8-khaaa	<p>Loan renewal change could not be more than 20% of LPF. However commitment fee advance payment fee, loan swap charges on renewable working capital loan may be higher than that.</p>	<p>Loan renewal change could not be more than 20% of LPF. However commitment fee advance payment fee, loan swap charges for all loan and renewal change on renewable loan may be upto 0.20%.</p>	<p>More restricted LPF and renewal charges. NRB should at least review the prepayment charge for loan provided at fixed rate.</p>

184	Annex 21.1	LFAR addition	Compliance of regulatory relaxations issued to curb the impact of Covid-19 pandemic.(including reduction/ discount on interest rate)	Statutory Auditors responsibility added
188	21.20.9	Addition	BFI's should provide interest on security deposit for safe deposit vault/locker	Depositors interest protected by NRB. Little cost will be increased for some BFI's
191	21.45	Commercial banks needs to submit annual budget plan to BSD, NRB within Shrawan End and on report quarterly basis within 15 days of quarter end.	Commercial banks needs to submit annual budget plan to BSD, NRB within Shrawan End and on report quarterly basis within 45 days of quarter end.	Reporting requirement made more practically possible.
195	21.40	Addition in clean note policy	Additional condition added	Clean note related more points added.
197	21.47	IT system Audit	-BFI's should conduct system audit within one year of system implemented and within 2 years on regular basis.	IT system audit requirement added. System risk will be reduced and cost will increase.