



## PRESENTS

### NFRS Impairment Vs. Loan Loss Provisioning in Current Pandemic Scenario

Background	<p>In consideration to the directives issued by Nepal Rastra Bank (NRB), Commercial banks are required to prepare their financial statements of 2017/18 , and going forward, based on NFRS. The NFRS is principle based- a high quality standard which is divergent to local GAAP and it is designed to apply to the general purpose financial statements.</p> <p>The adoption of NFRs has greater impact on the areas such as financial reporting and loan loss provisioning requirements. The Local GAAP consist of rules on loan loss provisions prescribed by NRB, whereas NFRS prescribes principles to recognize impairment loss on loan and advances based on incurred loss model.</p> <p>In this regard, this comprehensive training program will be focused on understanding NFRS norms and its impact with regards to Impairment and Loan Loss Provisioning in current COVID -19 environment.</p>
Level (Low/Mid/Senior/High)	Mid/Senior (Please stick to the level while nominating the participants)
Duration (in session)	4 Sessions (2 hours per day for 3 days via On-line virtual class room)
Target Audience	CFOs, Risk Officers, Deputy CFOs, Finance Officers, Reporting Officers, RMs, SRMs.
Program Takeaways	<p><i>After attending the program, the participants will be able to :</i></p> <ul style="list-style-type: none"><li>• Identify the impact of COVID 19 on Impairment of Loans and advances in current scenario</li><li>• Understand the interest income recognition principles and its impact on regulatory reserve, distributable profit, taxation requirement as well as capital adequacy</li><li>• Identify the relationship between LLP as required by NRB Directive, relaxation in current scenario and impairment under NFRS.</li><li>• Understand the provisions of expected loss model.</li></ul>

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Contents	<p>Financial Instruments : Classification and Measurement</p> <p><i>Sub contents:</i></p> <ul style="list-style-type: none"> <li>Definition of Financial Instrument</li> <li>Business model of the entity to hold the financial instruments</li> <li>Classification of Financial Instruments at Fair Value or Amortised Cost</li> <li>Measurement of Financial Instruments at Fair Value or Amortised Cost</li> <li>Subsequent measurement as changes in fair value in profit or loss or OCI</li> <li>Determination of Fair value of Financial Instruments</li> <li>Fair Value other than transaction cost</li> </ul> <p>Impairment under Incurred Loss Model Vs. Impact of COVID</p> <p><i>Sub contents:</i></p> <ul style="list-style-type: none"> <li>Impairment loss on Incurred Loss Model</li> <li>Indicator of loss incurred</li> <li>Practical cases of determination of Impairment loss</li> <li>Determination of PD, LGD and EAD</li> <li>Determination of historical loss rate</li> <li>Impact of COVID on Impairment</li> </ul> <p>Impairment : Expected Loss Model and Way Forward</p> <p><i>Sub contents:</i></p> <ul style="list-style-type: none"> <li>NAS 39 &amp; NFRS 9 Vs IFRS 9</li> <li>12 month impairment loss &amp; life time impairment loss</li> <li>Significant increase in credit risk and rebuttable assumptions of increase in credit risk</li> <li>Likely impact on impairment loss as per IFRS 9</li> </ul> <p>Interest Income Recognition &amp; Impairment in Current Scenario Vs. Capital Adequacy</p> <p><i>Sub contents:</i></p> <ul style="list-style-type: none"> <li>Interest income recognition, relaxation of NRB Directives, regulatory adjustment and its impact on distributable profit</li> <li>Suspension of interest income recognition</li> <li>Capital charge on interest receivable</li> </ul>
Program delivery	Lecture, Discussion/interaction, case-studies
Date	26th to 28th June 2020
Time	3:00pm to 5:00pm
Facilitator/s	<p>Jagdish Kumar</p> <p>Jagdish Kumar is a gold medalist Chartered Accountant qualified from The Institute of Chartered Accountants of Nepal in 2009. He has been working in Nepal Rastra Bank since last 8 years. He has served in different department of NRB including Banks and Financial Institutions Regulation Department. He has played instrumental role in formulation of NFRS based format of financial statements, Directive no. 4 and New Capital Accord based on Basel III formally known as Capital Adequacy Framework 2015. He is a good speaker/instructor and has delivered different instructions on NFRS, Basel II, Basel III, Risk Management, RBIA, AML/CFT, IFRS etc. He is also tutor of NFRS for different level of chartered accountancy course.</p>

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