After studying this unit, you will be able to:

- Learn the main characteristics of a bank’s system of bookkeeping.
- Understand the methods in which all detailed accounts in subsidiary books and principal books are maintained by a bank and their purposes.
- Make a list of various other registers, departmental journals and memorandum books generally maintained by a bank.
- Familiarize with the monthly, quarterly and annual returns filed by a bank to the RBI.
- Appreciate the formats of Banks Financial Statements in Form A for Balance Sheet and Form B for Profit and Loss Statement of the Banking Regulation Act.

2.1 MAIN CHARACTERISTICS OF A BANK’S BOOK-KEEPING SYSTEM

The book-keeping system of a banking company is substantially different from that of a trading or manufacturing enterprise. A bank maintains a large number of accounts of various types for its customers. As a safeguard against any payment being made in the account of a customer in excess of the amount standing to his credit or a cheque of a customer being dishonoured due to a mistake in the balance in his account, it is necessary that customers’ accounts should be kept up-to-date.
and checked regularly. In many other mercantile enterprises, books of primary entry (i.e., day books) are generally kept up-to-date while their ledgers including the general ledger and subsidiary ledgers for debtors, creditors etc. are written afterwards. However, a bank cannot afford to ignore its ledgers, particularly those concerning the accounts of its customers and has to enter into the ledgers every transactions as soon as it takes place. In bank accounting, relatively less emphasis is placed on day books. These are merely treated as a means to an end-the end being to keep up-to-date detailed ledgers and to balance the trial balance every day and to keep all control accounts in agreement with the detailed ledgers.

Presently most if not all of the Banks’ accounting is done on Core Banking Solutions (CBS) wherein all accounts are maintained on huge servers with posting being effected instantly through vouchers, debit cards, internet banking etc.

The main characteristics of a bank’s system of book-keeping are as follows:

(a) **Voucher posting** – Vouchers are nothing but loose leaves of journals or cash books on which transactions are recorded as they occur. Entries in the personal ledger are made directly from vouchers instead of being posted from the books of prime entry.

(b) **Voucher summary sheets** - The vouchers entered into different personal ledgers each day are summarised on summary sheets, totals of which are posted to the control accounts in the general ledger.

(c) **Daily trial balance** - The general ledger trial balance is extracted and agreed every day.

(d) **Continuous checks** - All entries in the detailed personal ledgers and summary sheets are checked by persons other than those who have made the entries. A considerable force of such check is employed, with the general result that most clerical mistakes are detected before another day begins.

(e) **Control Accounts** - A trial balance of the detailed personal ledgers is prepared periodically, usually every two weeks, agreed with general ledger control accounts.

(f) **Double voucher system** - Two vouchers are prepared for every transaction not involving cash - one debit voucher and another credit voucher.

### 2.1.1 Slip (or Voucher) System of Ledger Posting

The bank has to ensure that customers (depositors) ledger accounts are up-to-date so that when a cheque is presented to the bank for payment, the bank can immediately decide whether to honour or dishonour the cheque. It is therefore
necessary that transactions in the bank are immediately recorded or are updated online.

For this purpose slip system of ledger posting is adopted. Under this system entries are made in the (personal) accounts of customers in the ledger directly from various slips rather than from subsidiary books or journals and then a Day Book is written up. Subsequently, entries in the accounts of the customers are tallied with the Day Book. In this way the posting in the ledger accounts and writing of the day-book can be carried out simultaneously without any loss of time. A slip is also called voucher.

In general, the types of slips used in bank book-keeping are: pay-in-slips, cheques or withdrawal forms.

As these slips are filled by the customers there is much saving of time and labour of the employees of the bank.

(a) Pay-in-slip: When a customer deposits money with a bank, he has to fill-up a printed pay-in-slip form and submit it to the ‘receiving cashier’ of the bank along with cash. The form of pay-in-slip has two parts. The left-hand side portion of the pay-in-slip is called ‘counterfoil’. It is returned by the receiving cashier after he receives and counts the cash. The counterfoil bears signature of the receiving cashier and it is duly stamped with the rubber stamp of the bank. Pay-in-slip serves as an acknowledgement of the deposit by the customer with the bank. The remaining portion of pay-in-slip that is, its right-hand-side part remains with the bank for making entry in the cash book, after which it is given to the ‘personal accounts ledger keeper’ for crediting the ledger account of the customer. However, with the advancement of banking through computerization, these days the cheques can be deposited merely by writing the account number of the depositor on the back of the cheque. Similarly cash can be deposited through ATMs (Automatic Teller Machines). In such cases, the documents used for entries are the cheques deposited and the deposit slips in the ATMs.

(b) Withdrawal slip or cheque: When a customer withdraws money from the bank, he has to fill-up or write a cheque or withdrawal form and submit it to the paying cashier who makes payment, after checking the signature of the customer and adequacy of amount in his ledger account. The paying cashier credits the cash account and the ledger-keeper debits the customer’s account. These days the cashier may himself debit the customer’s account in the computer based ledger immediately before making the payment.
(c) **Dockets:** Sometimes the bank staff also prepares slips for making entries in the ledger accounts for which there are no original vouchers. For example, the loan department of a bank prepares vouchers when the interest is due. This slip or voucher is known as docket.

### 2.1.2 Need of the Slip System

The need for slip system arises due to following reasons:

(i) **Updated Accurate Accounts:** The bank must keep its customers’ accounts accurate and up-to-date because a customer may present a cheque or withdrawal slip anytime during business hours of the bank.

(ii) **Division of Work:** As the number of transactions in bank is very large, the slip system permits the distribution of work of posting simultaneously among many persons of the bank staff.

(iii) **Smooth Flow of Work:** The accounting work moves smoothly without any interruption.

However, as mentioned above these days due to complete computerization of the banking sector, pay in slips are not used in many banks.

### 2.2 Principal Books of Accounts

(a) **The General ledger** contains accounts of all personal ledgers, the profit and loss account and different asset accounts. The accounts in the general ledger are arranged in such an order that a balance sheet can be readily prepared therefrom. There are certain additional accounts known as contra accounts which are a feature of bank accounting. These are kept with a view to keep control over transactions which have no direct effect on the bank’s position e.g., letters of credit opened, bills received or sent for collection, guarantees given, etc.

(b) **Profit and loss ledger** - Some banks keep one account for profit and loss in the General Ledger and maintain separate books for the detailed accounts. These are columnar books having separate columns for each revenue or expense head. Other banks maintain separate books for debits and credits. These books are posted from vouchers. The total of debits and credits posted are entered into the Profit and Loss Account in the General Ledger. In some banks, the revenue accounts are also maintained in the General Ledger itself,
while in some others broad revenue heads are kept in the General Ledger and their details are kept in subsidiary ledgers.

For management purposes the account heads in the Profit and Loss ledgers are more detailed than those shown in the published Profit and Loss Account of the bank. For example, there will be separate accounts for basic salary, dearness allowance and various other allowances, which are grouped together in the final accounts. Similarly, various accounts concerning general charges, interest paid, interest received, etc., are maintained separately in the Profit and Loss ledgers.

### 2.3 SUBSIDIARY BOOKS

(a) **Personal Ledgers** - Separate ledgers are maintained by a bank for different types of accounts. For example, there are separate ledgers for Current Accounts, Fixed Deposits (often further classified by length of period of deposit), Cash Certificates, Loans, Overdrafts, etc. As has been mentioned earlier, these ledgers are posted directly from vouchers, and all the vouchers entered in each ledger in a day are summarised into voucher summary sheets. The voucher summary sheets are prepared in the department which originates the transaction, by persons other than those who write the ledgers. They are subsequently checked with the vouchers by different persons generally unconnected with the writing up of ledgers on the Voucher Summary Sheets.

(b) **Bill Registers** - Details of different types of bills are kept in separate registers which have suitable columns. For example, bills purchased, inward bills for collection, outward bills for collection etc. are entered serially on day-to-day basis in separate registers. In case of bills purchased or discounted, party-wise details are also kept in normal ledger form. This is done to ensure that the sanctioned limits of parties are not exceeded.

Entries in these registers are made by reference to the original documents. A voucher for the total amount of the transaction of each day is prepared in respect of each register. This voucher is entered in the Day Book. When a bill is realised or returned, its original entry in the register is marked off. A daily summary of such realisations or returns is prepared in separate registers whose totals are taken to vouchers which are posted in the Day Book.

In respect of bills for collection, contra vouchers reflecting both sides of the transaction are prepared at the time of the original entry, and this is reversed on realisation.
Outstanding entries are summarised frequently, usually twice a month, and their total is agreed with the balance of the respective control accounts in the General Ledger.

### 2.4 OTHER SUBSIDIARY REGISTERS

There are different registers for various types of transactions. Their number, volume and details will differ according to the individual needs of each bank. For example, there will be registers for:

(a) Demand Drafts, Telegraphic Transfers and Mail Transfers issued on Branches and Agencies.

(b) Demand drafts, Telegraphic Transfers and Mail Transfers received from Branches and Agencies.

(c) Letters of Credit.

(d) Letters of Guarantee.

Entries into these registers are made from original documents which are also summarized on vouchers everyday. These vouchers are posted into Day Book.

Outstanding entries are summarised frequently and their total agreed with the control heads in the General ledger.

### 2.5 DEPARTMENTAL JOURNALS

Each department of the Bank maintains a journal to note the transfer entries passed by it. These journals are memoranda books only, as all the entries made there are also made in the Day Book through Voucher Summary Sheets. Their purpose is to maintain a record of all the transfer entries originated by each department. For example, the Loans and Overdraft Section will pass transfer entries for interest charged on various accounts every month, and as all these entries will be posted in the journal of that department, the office concerned can easily find out the accounts in respect of which the interest entry has been passed. Since all vouchers passed during the day are entered into the Day Book only in a summary form, it may not be possible to get this information from the Day Book without looking into the individual vouchers. Moreover, as the number of departments in banks is quite large, the Day Book may not be accessible at all times to all departments.

As has been mentioned earlier, two vouchers are generally made for each transaction by transfer entry, one for debit and the other for credit. The vouchers
are generally made by and entered into the journal of the department which is affording credit to the other department. For example, if any amount is to be transferred from Current Account of a customer to his Saving Bank Account, the voucher will be prepared by the Current Accounts Department and entered in the journal of that department.

2.6 OTHER MEMORANDUM BOOKS

Besides the books mentioned above, various departments of the bank have to maintain a number of memoranda books to facilitate their work. Some of the important books are described below:-

a) **Cash Department**

(a) Receiving Cashiers’ cash book  
(b) Paying Cashiers’ cash book  
(c) Main cash book  
(d) Cash Balance book

The main Cash Book is maintained by persons other than the cashiers. Each cashier keeps a separate cash book. When cash is received, it is accompanied by pay-in-slip or other similar document. The cashier makes the entry in his book which is checked by the chief cashier. The pay-in-slip then goes to the Main Cash Book writer who makes an entry in his books. The cash book checker checks the entry with the slip and then the counter-foil of the slip is returned back to the customer and the foil is sent to the appropriate department for entering into the ledger. The foil is used as a voucher. Cash is paid against a cheque or other document (e.g. traveller’s cheque, demand draft, pay order, etc.) after it has been duly passed and entered in the appropriate account in the ledger. Cheques, demand drafts, pay orders, etc. are themselves used as vouchers.

b) **Quick Payment System** - Banks introduce different systems so that their customers may receive payment of cash etc. quickly. The most prevalent system is the teller system. Under this system tellers keep cash as well as ledger cards and the specimen signature cards of each customer in respect of Current and Saving Bank Accounts. A teller is authorised to make payment upto a particular amount, say, ₹ 10,000. On receipt of the cheque, he verifies it, passes it for payment, then enters it in the ledger card and makes the payment to customer. The teller also receives cash deposited in these accounts.
c) **Outward Clearing:**

(i) A Clearing Cheque Received Book for entering cheques received from customers for clearing.

(ii) Bank-wise list of the above cheques, one copy of which is sent to the Clearing House together with the cheques. A person checks the vouchers (foil of pay-in slips) and lists with the Clearing Cheque Received Book. The vouchers are then sent to appropriate departments, where customers’ accounts are immediately credited. If any cheque is received back unpaid the entry is reversed. Normally, no drawings are allowed against clearing cheques deposited on the same day but exceptions are often made by the manager in the case of established customers.

d) **Inward Clearing** - Cheques received are verified with the accompanying lists. They are then distributed to different departments and the number of cheques given to each department is noted in a Memo Book. When the cheques are passed and posted into ledgers, their number is independently agreed with the Memo Book. If any cheques are found unpayable, they are returned back to the Clearing House. The cheques themselves serve as vouchers.

e) **Loans & Overdraft Departments**

(a) Registers for shares and other securities held on behalf of each customer.

(b) Summary Books of Securities giving details of Government securities, shares of individual companies etc.

(c) Godown registers maintained by the godown-keeper of the bank.

(d) Price register giving the wholesale price of the commodities pledged with the bank.

(e) Overdraft Sanction register.

(f) Drawing Power book.

(g) Delivery Order books.

(h) Storage books.

f) **Deposits Department**

(a) Account Opening & Closing registers.

(b) For Fixed Deposits, Rate register giving analysis of deposits according to rates.

(c) Due Date Diary.

(d) Specimen signature book.
g) **Establishment department**

(a) Salary and allied registers, such as attendance register, leave register, overtime register, etc.

(b) Register of fixed assets, e.g., furnishings and fixtures, motor cars, vehicles, etc.

(c) Stationery registers.

(d) Old records register.

h) **General**

(a) Signature book of bank’s officers.

(b) Private Telegraphic Code and Cyphers.

**2.7 STATISTICAL BOOKS**

Statistical records kept by different banks are in accordance with their individual needs. For example, there may be books for recording (i) average balance in loans and advances etc., (ii) Deposits received and amount paid out each month in the various departments, (iii) Number of cheques paid, (iv) Number of cheques, bills and other items collected.

The above is not an exhaustive list of accounting records kept by a bank.

**2.8 FORMS OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

The Committee under the Chairmanship of Shri A. Ghosh, Deputy Governor, RBI, after due deliberation suggested suitable changes/amendments in the forms of balance sheet and profit and loss account of banks, having regard to:

1. need for better disclosure
2. expansion of banking operations both area-wise and sector-wise over the period
3. need for improving the presentation of accounts etc.

The formats are given below as specified in Banking Regulation Act in Form A of Balance Sheet, Form B of Profit and Loss Account and eighteen other schedules of which the last two relates to Notes and Accounting Policies.
## New Revised Formats

### The Third Schedule
(See Section 29)

Form ‘A’

### Form of Balance Sheet

Balance Sheet of ______________________ (here enter name of the Banking company)

### Balance Sheet as on 31st March (Year)

(000’s omitted)

<table>
<thead>
<tr>
<th>Schedule</th>
<th>As on 31.3.... (Current year)</th>
<th>As on 31.3...... (Previous year)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital &amp; Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Reserve &amp; Surplus</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Other liabilities and provisions</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and balances with Reserve Bank of India</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Balance with banks and Money at call and short notice</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Advances</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Other Assets</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contingent liabilities</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Bills for collection</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Refer Annexure I for detailed break-up of the Balance Sheet schedules at the end of chapter

**Form ‘B’**
**Form of Profit & Loss Account**
for the year ended 31st March

(‘000 omitted)

<table>
<thead>
<tr>
<th>Schedule</th>
<th>Year ended</th>
<th>Year ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As on 31.3....</td>
<td>As on 31.3....</td>
</tr>
<tr>
<td></td>
<td>(Current year)</td>
<td>(Previous year)</td>
</tr>
</tbody>
</table>

**I. Income**
- Interest earned 13
- Other income 14
- **Total**

**II. Expenditure**
- Interest expended 15
- Operating expenses 16
- Provisions and contingencies
- **Total**

**III. Profit/Loss**
- Net profit/loss (—) for the year
- Profit/Loss (—) brought forward
- **Total**

**IV. Appropriations**
- Transfer to statutory reserves
- Transfer to other reserves
- Transfer to Government/Proposed dividends
- Balance carried over to balance sheet
- **Total**
Refer Annexure II for detailed break-up of the Profit and Loss Account schedules at the end of the chapter. Also detailed guidelines of RBI for compilation of Financial Statements have been given in Annexure III.

Note: The Banking Regulations Act, 1949 prescribes Schedules 1 to 16 only. Any other schedule prepared by a Banking company besides what is specified in the Third schedule of the Banking Regulations Act, 1949, is only for better understanding of their financial statements. Accordingly, banks in addition to the above 16 schedules, may prepare Schedule 17 for Notes on Accounts and Schedule 18 for Disclosure of Accounting Policies.

### 2.9 NOTES ON ACCOUNTS

| Capital adequacy ratio | The sum of Tier I and Tier II capital should be taken as the numerator while the denominator should be arrived at by converting the minimum capital charge for open exchange position stipulated by the Exchange Control Department of the ‘notional risk assets’ by multiplying it by 12.5 (the reciprocal of the minimum capital to risk-weighted assets ratio of 8%) and then adding the resulting figure to the weighted assets, compiled for credit risk purposes. |
| Capital adequacy ratio – Tier I Capital | Tier I capital should be taken as the numerator while the denominator should be arrived at by converting the minimum capital charge for open exchange position stipulated by the Exchange Control Department of the RBI into ‘notional risk assets’ by multiplying it by 25 (the reciprocal of the minimum capital to risk-weighted assets ratio of 4%) and then adding the resulting figure to the weighted assets, compiled for credit risk purposes. |
| Capital adequacy ratio-Tier II Capital Amount of subordinated debt raised as Tier II capital | This item should be shown by way of explanatory notes/remarks in the balance sheet as well as in Schedule 5 relating to ‘Other Liabilities and Provisions’. |
### Percentage of shareholding of the Government of India in the nationalized banks

Net NPAs mean gross NPAs minus (balance in Interest Suspense Account plus ECGC claims received and held pending adjustment plus part payment received and kept in Suspense Account plus provisions held for Non-Performing Asset).

### Gross value of investments in India and outside India, the aggregate of provisions for depreciation separately on investments in India and outside India and the net value of investments in India and outside India

The disclosures should include the opening balances of NPAs (after deducting provisions held, interest suspense account, ECGC claims received and part payments received and kept in suspense account) at the beginning of the year, reductions/additions to the NPAs during the year and the balances at the end of the year. These disclosures are presented on Gross NPA level as well on Net NPA basis in the financial statement of banking companies.

### Percentage of net NPAs to net advances

These provisions along with other provisions and contingencies should tally with the aggregate of the amount held under ‘Provisions and income-contingencies’ in the profit and loss account.

### Movements in NPAs

Banks follow the maturity buckets prescribed in the guidelines on Assets-Liability Management System for disclosure of maturity pattern.

### The amount of provisions made towards NPA, toward depreciation in the value of investments and the provisions towards tax during the year

Banks may follow the maturity buckets.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>advances</td>
<td>prescribed in the guidelines on Assets-Liability Management System for disclosure of maturity pattern.</td>
</tr>
<tr>
<td>Foreign currency assets and liabilities</td>
<td>In respect of this item, the maturity profile of the bank’s foreign currency liabilities should be given.</td>
</tr>
<tr>
<td>Maturity pattern of deposits</td>
<td>Banks may follow the maturity buckets prescribed in the guidelines on Asset-Liability Management System for disclosure of maturity pattern.</td>
</tr>
<tr>
<td>Maturity pattern of borrowings</td>
<td>Banks may follow the maturity buckets prescribed in the guidelines on Asset-Liability Management System for disclosure of maturity pattern.</td>
</tr>
<tr>
<td>Lending to sensitive sectors</td>
<td>Banks should disclose lending to sectors which are sensitive to asset price fluctuations. These should include advances to sectors such as capital market, Commercial real estate (, etc. and such other sectors to be defined as ‘sensitive’ by the RBI from time to time.</td>
</tr>
<tr>
<td>Interest income as a percentage to working funds</td>
<td>Working funds mean total assets as on the date of balance sheet (excluding accumulated losses, if any). These are generally reported along with CRR/SLR returns on timely basis.</td>
</tr>
<tr>
<td>Non-interest income as a percentage to working funds</td>
<td></td>
</tr>
<tr>
<td>Operating profit as a percentage to (interest working funds</td>
<td>Operating profit means total income minus expenses plus operating expenses etc.)</td>
</tr>
<tr>
<td>Return on assets</td>
<td>Return on assets means net profit divided by average of total assets as at the beginning and end of the year.</td>
</tr>
<tr>
<td>Business (deposits plus advances) per employee</td>
<td>This means fortnightly average of deposits (excluding inter-bank deposits) and advances divided by number of employees as on the date</td>
</tr>
</tbody>
</table>
Profit per employee  
This means net profit divided by number of employees as on the date of balance sheet.

Depreciation on Investments  
As per RBI Circular, bank should make disclosure on the provision for depreciation on investments in the following formats.

| Opening Balance (as on April, 01) |
| Add: Provisions made during the year |
| Less: Write-off/back of excess provisions during the year |
| Closing balance (as on March 31) |

Corporate Debit Restructured Accounts  
Banks should disclose in their published annual Balance Sheets, under “Notes on Accounts”, the following information in respect of corporate debt restructuring undertaken during the year.

- Total amount of loan assets subjected to restructuring under CDR. 
  \[ [(a) = (b)+(c)+(d)] \]
- The amount of standard assets subjected to CDR.
- The amount of sub-standard assets subjected to CDR.
- The amount of doubtful assets subjected to CDR.

Disclosures in the Notes on Account to the Balance Sheet pertaining to restructured / rescheduled accounts apply to all accounts restructured/rescheduled during the year. While banks should ensure that they comply with the minimum disclosures prescribed, they may make more disclosures than the minimum prescribed.

Non SLR Investment  
Banks should make the following disclosures in the ‘Notes on Accounts’ of the balance sheet in respect of their non SLR investment portfolio.
### Issuer Composition of Non SLR Investments

<table>
<thead>
<tr>
<th>No.</th>
<th>Issuer</th>
<th>Amount</th>
<th>Extent of private placement</th>
<th>Extent of ‘below investment grade’ securities</th>
<th>Extent of ‘unrated Securities’</th>
<th>Extent of ‘unlisted securities’</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PSUs</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
</tr>
<tr>
<td>2</td>
<td>FIs</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
</tr>
<tr>
<td>3</td>
<td>Banks</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
</tr>
<tr>
<td>4</td>
<td>Private corporate</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
</tr>
<tr>
<td>5</td>
<td>Subsidiaries/Joint Ventures</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
</tr>
<tr>
<td>6</td>
<td>Others</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
</tr>
<tr>
<td>7</td>
<td>Provision held towards depreciation Total</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
<td>XXX</td>
</tr>
</tbody>
</table>

**Note:**

1. Total under column 3 should tally with the total of investments included under the following categories in Schedule 8 to the balance sheet:
   a. Shares
   b. Debentures & Bonds
   c. Subsidiaries/Joint Ventures
   d. Others

2. Amounts reported under columns 4, 5, 6 and 7 above may not be mutually exclusive.

### Non performing non-SLR investments

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount (₹ Crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td></td>
</tr>
<tr>
<td>Additions during the year since 1st April</td>
<td></td>
</tr>
</tbody>
</table>
Reductions during the above period
Closing balance
Total provisions held

The bank should make appropriate disclosures in the “Notes on Account” to the annual financial statements in respect of the exposures where the bank had exceeded the prudential exposure limits during the year.

Disclosure in the "Notes to Accounts" to the Financial Statements - Divergence in the asset classification and provisioning

As per the circular DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017, all Commercial Banks (Excluding Regional Rural Banks) are required to disclose in the “Notes to Accounts” to the Financial Statements- Divergence in the asset classification and provisioning. The Reserve Bank of India (RBI) assesses compliance by banks with extant prudential norms on income recognition, asset classification and provisioning (IRACP) as part of its supervisory processes. There have been instances of material divergences in banks’ asset classification and provisioning from the RBI norms, thereby leading to the published financial statements not depicting a true and fair view of the financial position of the bank.

In order to ensure greater transparency and promote better discipline with respect to compliance with IRACP norms, it has been decided that banks shall make suitable disclosures as per Annex, wherever either (a) the additional provisioning requirements assessed by RBI exceed 15 percent of the published net profits after tax for the reference period or (b) the additional Gross NPAs identified by RBI exceed 15 percent of the published incremental Gross NPAs1 for the reference period, or both.

These disclosures shall be made in the Notes to Accounts in the ensuing Annual Financial Statements published immediately following communication of such divergence by RBI to the bank.

Moreover, as per DBR.BP.BC.No.32/21.04.018 dated April 1, 2019 for all Commercial Banks (Excluding Regional Rural Banks) referring to RBI circular DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017, on the captioned subject, requiring disclosures by banks where divergences from prudential norms on income recognition, asset classification and provisioning exceed certain thresholds. It is observed that some banks, on account of low or negative net profit after tax, are required to disclose divergences even where the additional provisioning assessed by RBI is small, which is contrary to the regulatory intent that only material divergences should be disclosed. Therefore, it has been decided that henceforth, banks should disclose divergences, if either or both of the following conditions are satisfied:
(a) the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period, and

(b) the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period.

Notes and Instructions for Compilation

General instructions

1. Formats of Balance Sheet and Profit and Loss Account cover all items likely to appear in the statements. In case a bank does not have any particular item to report, it may be omitted from the formats.

2. Corresponding comparative figures for the previous year are to be disclosed as indicated in the format. The words “current year” and “previous year” used in the format are only to indicate the order of presentation and may appear in the accounts.

3. Figures should be rounded off to the nearest thousand rupees.

4. Unless otherwise indicated, the banks in these statements will include banking companies, nationalised banks, State Bank of India, Associate Banks and all other institutions including co-operatives carrying on the business of banking whether or not incorporated or operating in India.

5. The Hindi version of the balance sheet will be part of the annual report.

2.10 DISCLOSURE OF ACCOUNTING POLICIES

In order to bring the true financial position of banks to pointed focus and enable the users of financial statements to study and have a meaningful comparison of their positions, the banks should disclose the accounting policies regarding key areas of operation at one place along with notes on accounting in their financial statements. The RBI has taken several steps from time to time to enhance the transparency in the operations of banks by stipulating comprehensive disclosures in tune with international best practices. The RBI has prescribed the following additional disclosures in the ‘Notes to accounts’ in the banks’ balance sheets, from the year ending March, 2010:

(i) Concentration of Deposits, Advanced, Exposures and NPAs;

(ii) Sector-wise NPAs;

(iii) Movement of NPAs;

(iv) Overseas assets, NPAs and revenue;

(v) Off-balance sheet SPVs sponsored by banks.