

## Draft Guidelines

DNBS (PD). CC. No. \_\_\_\_ /03.05.002 / 2007-2008

June \_\_, 2008

All non-deposit taking NBFCs with asset size of Rs 100 crore and above  
(All NBFC-ND-SI)

Please refer to paragraph 216 of Annual Statement on Monetary Policy for the Year 2008-09 in terms of which capital adequacy, liquidity and disclosure norms were to be reviewed in respect of NBFC-ND-SI.

2. While NBFCs-D were subject to certain bank-like prudential regulations on various aspects such as income recognition, asset classification and provisioning; capital adequacy; prudential exposure limits and accounting / disclosure requirements, so as to enable the Reserve Bank to discharge its responsibilities to protect the interests of the depositors, NBFCs-ND were subject to minimal regulation. However, in the light of the evolution of the financial sector, it was felt that all systemically relevant entities offering financial services ought to be brought under a suitable regulatory framework to contain systemic risk. Therefore, as a first step, it was advised that all NBFCs – ND with an asset size of Rs. 100 crore and more as per the last audited balance sheet would be considered as systemically important NBFC – ND (NBFC-ND-SI), and a new regulatory framework involving prescription of capital adequacy and exposure norms for such NBFCs-ND-SI was put in place from April 01, 2007.

### **Requirement as to capital adequacy**

3. NBFCs – ND – SI were advised to maintain a minimum Capital to Risk-weighted Assets Ratio (CRAR) of 10% with effect from April 01, 2007. However, in view of recent international developments, the risk associated with highly leveraged borrowings and the reliance on short term funds by some NBFCs, concerns have arisen regarding the enhanced systemic risk associated with the activities of these entities. Keeping in mind the importance of providing capital charge for the same, it has been decided to increase the minimum capital to risk weighted assets ratio (CRAR) for NBFC-ND-SI from the present prescription of 10% to 12% with immediate effect and further to 15% w.e.f. April 1, 2009.

4. The Bank will look into individual representations, in case there are difficulties in complying with the requirements and approve reasonable transition plans. Such NBFC – ND – SI would be required to immediately approach the Regional Office of the Bank in whose jurisdiction its Registered Office is located.

#### **Asset Liability Management (ALM) – Guidelines- reporting by NBFC-ND-SI**

5. To address concerns regarding Asset Liability mismatches and interest rate risk exposures, an ALM System was introduced for the Non-Banking Financial Companies (NBFCs) as part of their overall system for effective risk management in their various portfolios vide Company Circular DNBS (PD).CC.No.15 /02.01 / 2000-2001 dated June 27, 2001. While it was stated therein that the guidelines would be applicable to all the NBFCs irrespective of whether they are accepting / holding public deposits or not, to begin with, NBFCs meeting the criteria of asset base of Rs.100 crore (whether accepting / holding public deposits or not) or holding public deposits of Rs. 20 crore or more (irrespective of their asset size) as per their audited balance sheet as of 31 March 2001 were required to put in place the ALM System. They were advised that the guidelines should be fully operational by the year ending 31 March 2002. A system of half yearly reporting was also put in place for NBFCs holding public deposits.

6. In view of the possibilities of leveraged investments, and asset liability mismatch resulting from use short term sources to fund NBFC activities, it has now been decided to introduce a system of half yearly reporting for NBFCs-ND-SI in the format as prescribed in the Annex. The half yearly returns would comprise of three parts :

- (i) Statement of structural liquidity in format ALM - Annexure - I;
- (ii) Statement of short term dynamic liquidity in format ALM - Annexure - II; and
- (iii) Statement of Interest Rate Sensitivity in format ALM - Annexure - III.

7. To enable the above class of NBFCs to fine tune their existing MIS such reporting would commence with effect from the period beginning September 30, 2008 and the reporting frequency would continue to be Half Yearly for the year ended March 31, 2009. However, the frequency of supervisory reporting of the Structural Liquidity position shall be monthly, with effect from month ending April 30, 2009.

### **Disclosure in the balance sheet**

8. In the light of the concerns as expressed above, the disclosure norms in respect of NBFC-ND-SI have been reviewed and it has been decided that Systemically Important NBFCs may make the additional disclosures in their balance sheets from the year ending March 31, 2009 relating to:

- i. CRAR
- ii. Derivatives transactions entered during the year;
- iii. Risk exposure to derivatives including both qualitative disclosure (risk management policies and systems in place) and quantitative disclosure (notional principal amount, credit exposure, marked to market positions);
- iv. Exposure to real sector, both direct and indirect; and
- v. Maturity pattern of assets and liabilities

The format of disclosure of this additional information is furnished in Annexure-IV.

Name of the NBFC:

Statement of structural liquidity as on

| A. Outflows                                | Residual Maturity |          |           |            |                       |                             |                           |                          |                           |              | Total |
|--|-------------------|----------|-----------|------------|-----------------------|-----------------------------|---------------------------|--------------------------|---------------------------|--------------|-------|
|  | Day 1             | 2-7 days | 8-14 days | 15-28 days | 29 days Upto 3 months | Over 3 Months upto 6 months | Over 6 Months upto 1 year | Over 1 year upto 3 years | Over 3 years upto 5 years | Over 5 years |       |
| 1. Capital                                 | xxx               | xxx      | xxx       | xxx        | xxx                   | xxx                         | xxx                       | xxx                      | xxx                       | xxx          | xxx   |
| a) Equity and perpetual preference shares  |                   |          |           |            |                       |                             |                           |                          |                           |              |       |
| b) Non-perpetual preference shares         |                   |          |           |            |                       |                             |                           |                          |                           |              |       |
| 2. Reserves & surplus                      |                   |          |           |            |                       |                             |                           |                          |                           |              |       |
| 3. Grants, donations & benefactions        |                   |          |           |            |                       |                             |                           |                          |                           |              |       |
| 4. Notes, bonds & debentures               | xxx               | xxx      | xxx       | xxx        | xxx                   | xxx                         | xxx                       | xxx                      | xxx                       | xxx          | xxx   |
| a) Plain vanilla bonds/ debentures         |                   |          |           |            |                       |                             |                           |                          |                           |              |       |
| b) Bonds/ debentures with embedded options |                   |          |           |            |                       |                             |                           |                          |                           |              |       |
| c) Fixed rate notes                        |                   |          |           |            |                       |                             |                           |                          |                           |              |       |
| 5. Deposits                                | xxx               | xxx      | xxx       | xxx        | xxx                   | xxx                         | xxx                       | xxx                      | xxx                       | xxx          | xxx   |
| a) Term deposits from public               |                   |          |           |            |                       |                             |                           |                          |                           |              |       |
| b) ICDs                                    |                   |          |           |            |                       |                             |                           |                          |                           |              |       |
| 6. Borrowings                              |                   |          |           |            |                       |                             |                           |                          |                           |              |       |
| a) Short Term borrowings                   |                   |          |           |            |                       |                             |                           |                          |                           |              |       |
| i. CP from – banks                         |                   |          |           |            |                       |                             |                           |                          |                           |              |       |
| ii. CP- Other                              |                   |          |           |            |                       |                             |                           |                          |                           |              |       |
| iii. Other Short Terms borrowings          |                   |          |           |            |                       |                             |                           |                          |                           |              |       |
| b) Long Terms Borrowings                   |                   |          |           |            |                       |                             |                           |                          |                           |              |       |
| i. banks                                   |                   |          |           |            |                       |                             |                           |                          |                           |              |       |
| ii. FIs                                    |                   |          |           |            |                       |                             |                           |                          |                           |              |       |
| iii. Others                                |                   |          |           |            |                       |                             |                           |                          |                           |              |       |
| 7. Current Liabilities & provisions        |                   |          |           |            |                       |                             |                           |                          |                           |              |       |
| a) Sundry creditors                        |                   |          |           |            |                       |                             |                           |                          |                           |              |       |
| b) Expenses payable (Other                 |                   |          |           |            |                       |                             |                           |                          |                           |              |       |

|  |     |     |     |     |     |     |     |     |     |     |     |     |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| than interest)   |     |     |     |     |     |     |     |     |     |     |     |     |
| c) Advance income recd. (receipts from borrowers pending adjustments)                        |     |     |     |     |     |     |     |     |     |     |     |     |
| d) Interest payable on bonds/ deposits   |     |     |     |     |     |     |     |     |     |     |     |     |
| e) Provisions (other than for NPAs)  |     |     |     |     |     |     |     |     |     |     |     |     |
| i. Provisions for NPAs   |     |     |     |     |     |     |     |     |     |     |     |     |
| ii. Provisions for investment portfolio  |     |     |     |     |     |     |     |     |     |     |     |     |
| iii. Other provisions  |     |     |     |     |     |     |     |     |     |     |     |     |
| <b>8. Contingent Liabilities</b>   | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| a) Letters of credit/guarantees  |     |     |     |     |     |     |     |     |     |     |     |     |
| b) Loan commitments pending disbursal (outflows)   |     |     |     |     |     |     |     |     |     |     |     |     |
| c) Lines of credit committed to other institutions (outflows)                                |     |     |     |     |     |     |     |     |     |     |     |     |
| d) Outflows on account of forward exchange contracts, rupee/dollar swap & bills rediscounted |     |     |     |     |     |     |     |     |     |     |     |     |
| <b>9. Letters of Credit/ Guarantees</b>  |     |     |     |     |     |     |     |     |     |     |     |     |
| <b>10. Repos</b>   |     |     |     |     |     |     |     |     |     |     |     |     |
| <b>11. Bills rediscounted</b>  |     |     |     |     |     |     |     |     |     |     |     |     |
| <b>12. SWAPs (Buy/Sell) maturing forwards</b>  |     |     |     |     |     |     |     |     |     |     |     |     |
| <b>13. Others (specify)</b>  |     |     |     |     |     |     |     |     |     |     |     |     |
| <b>A. TOTAL OUTFLOWS (A)</b>   |     |     |     |     |     |     |     |     |     |     |     |     |
| <b>B. Cumulative Outflows</b>  |     |     |     |     |     |     |     |     |     |     |     |     |
| <b>C. Inflows</b>  |     |     |     |     |     |     |     |     |     |     |     |     |
| 1. Cash  |     |     |     |     |     |     |     |     |     |     |     |     |
| 2. Remittance in transit   |     |     |     |     |     |     |     |     |     |     |     |     |

|   |     |     |     |     |     |     |     |     |     |     |     |
|---|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 3. Balances with banks  | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| a)Current account   |     |     |     |     |     |     |     |     |     |     |     |
| b)Deposit /short-term deposits  |     |     |     |     |     |     |     |     |     |     |     |
| 4. Investments (net of provisions) (under various categories as enumerated in Appendix I)                                     |     |     |     |     |     |     |     |     |     |     |     |
| 5. Advances (performing)  |     |     |     |     |     |     |     |     |     |     |     |
| a)Bills of exchange and promissory notes discounted & rediscounted  |     |     |     |     |     |     |     |     |     |     |     |
| b) Term loans (only rupee loans)  |     |     |     |     |     |     |     |     |     |     |     |
| c) Corporate loans/short term loans   |     |     |     |     |     |     |     |     |     |     |     |
| 6. Non-performing loans (net of provisions and ECGC claims received) (under various categories enumerated in Appendix I)      |     |     |     |     |     |     |     |     |     |     |     |
| 7. Inflows from assets on lease   |     |     |     |     |     |     |     |     |     |     |     |
| 8. Fixed assets (excluding assets on lease)   |     |     |     |     |     |     |     |     |     |     |     |
| 9. Other assets :<br>i.Intangible assets & other non-cash flow items<br>ii.Interest and other income receivable<br>iii.Others |     |     |     |     |     |     |     |     |     |     |     |
| 10. Lines of credit committed by other institutions (inflows)   |     |     |     |     |     |     |     |     |     |     |     |
| 11. Bills rediscounted (inflow)   |     |     |     |     |     |     |     |     |     |     |     |
| 12. Inflows on account of forward exchange contracts,   |     |     |     |     |     |     |     |     |     |     |     |

|   |  |  |  |  |  |  |  |  |  |  |  |
|---|--|--|--|--|--|--|--|--|--|--|--|
| dollar/rupee swaps<br>(sell/buy)  |  |  |  |  |  |  |  |  |  |  |  |
| 13. Others  |  |  |  |  |  |  |  |  |  |  |  |
| C. TOTAL<br>INFLOWS (C)   |  |  |  |  |  |  |  |  |  |  |  |
| D. Mismatch<br>(C - A)  |  |  |  |  |  |  |  |  |  |  |  |
| E. Mismatch as % to<br>outflows (D as % to<br>A)                              |  |  |  |  |  |  |  |  |  |  |  |
| F. Cumulative<br>Mismatch   |  |  |  |  |  |  |  |  |  |  |  |
| G. Cumulative<br>Mismatch as % to<br>Cumulative<br>Outflows ( F as % to<br>B) |  |  |  |  |  |  |  |  |  |  |  |

**Maturity Profile - Liquidity**

**Heads of Accounts**

**Time-bucket category**

**A. Outflows**

|  |   |
|--|---|
| 1. Capital funds   |   |
| a) Equity capital, Non-redeemable or perpetual preference capital, Reserves, Funds and Surplus | In the 'over 5 years' time-bucket.  |
| b) Preference capital - redeemable/non-perpetual   | As per the residual maturity of the shares.   |
| 2. Grants, donations and benefactions  | The 'over 5 years' time-bucket. However, if such gifts, grants, etc. are tied to specific end-use, then these may be slotted in the time- bucket as per purpose/end-use specified.  |
| 2. Notes, Bonds and debentures   |   |
| a) Plain vanilla bonds/debentures  | As per the residual maturity of the instruments   |
| b) Bonds/debentures with embedded call/put options (including zero-coupon/deep discount bonds) | As per the residual period for the earliest exercise date for the embedded option.  |
| c) Fixed rate notes  | As per the residual maturity  |
| 3. Deposits:   |   |
| a) Term deposits from public   | As per the residual maturity. NBFCs which are better equipped to maintain behavioural pattern, roll-in and roll-out, embedded options etc. on the basis of behavioural maturity rather than residual maturity.                            |
| b) Inter Corporate Deposits  | These, being institutional/wholesale deposits, should be slotted as per their residual maturity   |
| c) Certificates of Deposit   | As per the residual maturity. Where call/put options are built into the issue structure of any instrument/s, the call/put date/s should be reckoned as the maturity date/s and the amount should be shown in the respective time buckets. |
| 4. Borrowings  |   |
| a) Short Term borrowings   | As per the residual maturity  |
| b) Long Term Borrowings  | -do-  |
| 5) Current liabilities and provisions:   |   |
| a) Sundry creditors  | As per the due date or likely timing of cash outflows. A behavioral analysis could also be made to assess the trend of outflows and the amounts slotted accordingly.  |
| b) Expenses payable (other than interest)  | As per the likely time of cash outflow.   |
| c) Advance income received, receipts from borrowers pending adjustment                         | In the 'over 5 years' time-bucket as these do not involve any cash outflow.   |
| d) Interest payable on bonds/deposits  | In respective time buckets as per the due date of payment.  |
| e) Provisions for NPAs   | The amount of provision may be netted out from the gross amount of the NPA portfolio and the net amount of NPAs be shown as an item under inflows in stipulated time-buckets.   |



|  |   |
|--|---|
| f) Provision for Investments portfolio   | The amount may be netted from the gross value of investments portfolio and the net investments be shown as inflow in the prescribed time-slots. In case provisions are not held security-wise, the provision may be shown on "over 5 years" time bucket.  |
| g) Other provisions  | To be bucketed as per the purpose/nature of the underlying transaction.   |
| <b>B. Inflows</b>  |   |
| 1. Cash  | Day 1 time-bucket.  |
| 2. Remittance in transit   | ---do---  |
| 3. Balances with banks (in India only)   |   |
| a) Current account   | The stipulated minimum balance be shown in 1-3 years bucket and the remaining may be shown under Day 1 time bucket.   |
| b) Deposit accounts/short term deposits  | As per residual maturity.   |
| 4. Investments (net of provisions)   |   |
| a)Mandatory investments  | Respective maturity bucket  |
| b)Non Mandatory Listed   | Respective maturity bucket. Investment classified as non-performing should be shown under 3-5 year bucket (sub-standard) or over 5 years bucket (doubtful).   |
| c)Non Mandatory unlisted securities (e.g. shares, etc.)  | "Over 5 years"  |
| d) Non-mandatory unlisted securities having a fixed term maturity  | As per residual maturity  |
| e) Venture capital units   | In the 'over 5 year' time bucket.   |
| 5. In case Trading book is followed  |   |
| Equity shares, convertible preference shares, non-redeemable/perpetual preference shares, shares of subsidiaries/joint ventures and units in open ended mutual funds and other investments . | (i) Shares classified as "current" investments representing trading book of the NBFC may be shown in time buckets of "Day 1, 2-7 days, 8-14 days, 15-28 days and 29-90 days according to defeasance periods.  |
|  | (ii) Shares classified as "long term" investments may be kept in over "5 years time" bucket. However, the shares of the assisted units/companies acquired as part of the initial financing package, may be slotted in the relative time bucket keeping in view the pace of project implementation/time-overrun, etc., and the resultant likely timeframe for divesting such shares. |
| 6. Advances (performing)   |   |
| a) Bill of Exchange and promissory notes discounted and rediscounted   | As per the residual usance of the underlying bills.   |
| b) Term loans (rupee loans only)   | The cash inflows on account of the interest and principal of the loan may be slotted in respective time buckets as per the timing of the cash flows as stipulated in the original/revised repayment schedule.   |
| c) Corporate loans/short term loans  | As per the residual maturity  |
| 7. Non-performing loans<br>(May be shown net of the provisions, interest suspense held )   |   |

|   |  |
|---|--|
| <b>a) Sub-standard</b>  |  |
| i) All overdues and instalments of principal falling due during the next three years        | In the 3 to 5 year time-bucket.  |
| ii) Entire principal amount due beyond the next three years                                 | In the over 5 years time-bucket  |
| <b>b) Doubtful and loss</b>   |  |
| i) All instalments of principal falling due during the next five years as also all overdues | In the over 5 year time-bucket   |
| ii) Entire principal amount due beyond the next five years                                  | In the over 5 year time-bucket   |
| 8. Assets on lease  | Cash flows from the lease transaction may be slotted in respective time buckets as per the timing of the cash flow.  |
| 9. Fixed assets (excluding leased assets)   | In the 'over 5 year' time-bucket. Interim cash flow may be shown under respective maturity buckets.  |
| 10. Other assets  |  |
| (a) Intangible assets and items not representing cash inflows.                              | In the 'over 5 year' time-bucket.  |
| (b) Other items (such as accrued income, other receivables, staff loans, etc.)              | In respective maturity buckets as per the timing of the cash flows.  |
| <b>C. Contingent liabilities</b>  |  |
| (a) Letters of credit/guarantees (outflow through devolvement)                              | Based on the past trend analysis of the devolvement vis-à-vis the outstanding amount of guarantees (net of margins held), the likely devolvement should be estimated and this amount could be distributed in various time buckets on judgmental basis. The assets created out of devolvement may be shown under respective maturity buckets on the basis of probable recovery dates. |
| (b) Loan commitments pending disbursal (outflow)  | NBFC should undertake a study of the behavioural and seasonal pattern of potential availments in the accounts and the amounts so arrived may be shown under relevant maturity buckets up to 12 months.   |
| (c) Lines of credit committed to/by other Institutions (outflow/inflow)                     | Day 1 bucket   |

**Note:**

- a) Any event-specific cash flows (e.g. outflow due to wage settlement arrears, capital expenses, income tax refunds, etc.) should be shown in a time bucket corresponding to timing of such cash flows and should be reported against " Outflows – Others".
- b) All overdue liabilities be shown in the 1 day time bucket.
- c) Overdue receivables on account of interest and instalments of standard loans / hire purchase assets / leased rentals should be slotted as below:

|     |   |   |
|-----|---|---|
| (a) | Overdue for less than one month.  | In the 29 days to 3 months time bucket.   |
| (b) | Interest overdue for more than one month but less than seven months (i.e. before the relative amount becomes NPA) | In the 29 days to 3 months time bucket if earlier receivables remain uncollected. |

|     |   |                        |
|-----|---|------------------------|
| (c) | Principal instalments overdue for 7 months but less than one year | In 1 to 3 year bucket. |
|-----|---|------------------------|

D. Financing of gaps:

The case of cumulative negative mismatches during Day 1, 2-7 days, 8-14 days and 15-28 days exceed the prudential limit of 5%, 10%, 15% and 20% of the cumulative cash outflows in the respective time buckets the NBFC may show by way of a foot note as to how it proposes to finance the gap to bring the mismatch within the prescribed limits.

**Name of the NBFC**  
**Statement of short-term Dynamic Liquidity as on**

|   | Day 1 | 2-7 days | 8-14 days | 15-28 days | 29 days Upto 3 months | Over 3 Months upto 6 months |
|---|-------|----------|-----------|------------|-----------------------|-----------------------------|
| 1. Increase in loans & Advances   |       |          |           |            |                       |                             |
| 2. Net increase in investments  |       |          |           |            |                       |                             |
| i) Govt./approved securities  |       |          |           |            |                       |                             |
| ii) Bonds/debentures/shares   |       |          |           |            |                       |                             |
| iii) Others   |       |          |           |            |                       |                             |
| 3. Net decrease in public deposits, ICDs  |       |          |           |            |                       |                             |
| 4. Net decrease in borrowings from various sources/net increase in market lending |       |          |           |            |                       |                             |
| 5. Outflow on account of off-balance sheet items                                  |       |          |           |            |                       |                             |
| 6. Other outflows   |       |          |           |            |                       |                             |
| <b>TOTAL OUTFLOWS (A)</b>   |       |          |           |            |                       |                             |
| A. <u>Inflows</u>   |       |          |           |            |                       |                             |
| 1. Net cash position  |       |          |           |            |                       |                             |
| 2. Net increase in deposits   |       |          |           |            |                       |                             |
| 3. Interest inflow on investments   |       |          |           |            |                       |                             |
| 4. Interest inflow on performing Advances   |       |          |           |            |                       |                             |
| 5. Net increase in borrowings from various sources                                |       |          |           |            |                       |                             |
| 6. Inflow on account of off-balance sheet items                                   |       |          |           |            |                       |                             |
| 7. Other inflows  |       |          |           |            |                       |                             |
| <b>TOTAL INFLOWS (B)</b>  |       |          |           |            |                       |                             |
| C. Mismatch (B - A)   |       |          |           |            |                       |                             |
| D. Cumulative mismatch  |       |          |           |            |                       |                             |
| E. C as percentage to Total Outflows  |       |          |           |            |                       |                             |

**Annexure III**

Name of the NBFC :

Statement of Interest Rate Sensitivity as on :

(Amt. in crore of rupees)

| A. Outflows                                | Day 1 | 2-7 days | 8-14 days | 15-28 days | 29 days Upto 3 months | Over 3 Months upto 6 months | Over 6 Months upto 1 year | Over 1 year upto 3 years | Over 3 years upto 5 years | Over 5 years | Total |
|--|-------|----------|-----------|------------|-----------------------|-----------------------------|---------------------------|--------------------------|---------------------------|--------------|-------|
| 1. Capital                                 | xxx   | xxx      | xxx       | xxx        | xxx                   | xxx                         | xxx                       | xxx                      | xxx                       | xxx          | xxx   |
| a) Equity and perpetual preference shares  |       |          |           |            |                       |                             |                           |                          |                           |              |       |
| b) Non-perpetual preference shares         |       |          |           |            |                       |                             |                           |                          |                           |              |       |
| 2. Reserves & surplus                      |       |          |           |            |                       |                             |                           |                          |                           |              |       |
| 3. Grants, donations & benefactions        |       |          |           |            |                       |                             |                           |                          |                           |              |       |
| 4. Notes, bonds & debentures               | xxx   | xxx      | xxx       | xxx        | xxx                   | xxx                         | xxx                       | xxx                      | xxx                       | xxx          | xxx   |
| a) Plain vanilla bonds/ debentures         |       |          |           |            |                       |                             |                           |                          |                           |              |       |
| b) Bonds/ debentures with embedded options |       |          |           |            |                       |                             |                           |                          |                           |              |       |
| c) Fixed rate notes                        |       |          |           |            |                       |                             |                           |                          |                           |              |       |
| 5. Deposits                                | xxx   | xxx      | xxx       | xxx        | xxx                   | xxx                         | xxx                       | xxx                      | xxx                       | xxx          | xxx   |
| a) Term deposits from public               |       |          |           |            |                       |                             |                           |                          |                           |              |       |
| b) ICDs                                    |       |          |           |            |                       |                             |                           |                          |                           |              |       |
| 6. Borrowings                              |       |          |           |            |                       |                             |                           |                          |                           |              |       |
| a) Term money borrowings                   |       |          |           |            |                       |                             |                           |                          |                           |              |       |
| b) From RBI, Govt. , & others              |       |          |           |            |                       |                             |                           |                          |                           |              |       |
| 7. Current Liabilities & provisions        |       |          |           |            |                       |                             |                           |                          |                           |              |       |
| a) Sundry creditors                        |       |          |           |            |                       |                             |                           |                          |                           |              |       |
| b) Expenses payable                        |       |          |           |            |                       |                             |                           |                          |                           |              |       |
| c) Advance income recd.                    |       |          |           |            |                       |                             |                           |                          |                           |              |       |

|  |     |     |     |     |     |     |     |     |     |     |     |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| d) Interest payable on bonds/ deposits   |     |     |     |     |     |     |     |     |     |     |     |
| e) Provisions (other than for NPAs)  |     |     |     |     |     |     |     |     |     |     |     |
| 8. Contingent Liabilities  | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| a) Letters of credit/guarantees  |     |     |     |     |     |     |     |     |     |     |     |
| b) Loan commitments pending disbursal (outflows)   |     |     |     |     |     |     |     |     |     |     |     |
| c) Lines of credit committed to other institutions (outflows)                                |     |     |     |     |     |     |     |     |     |     |     |
| d) Outflows on account of forward exchange contracts, rupee/dollar swap & bills rediscounted |     |     |     |     |     |     |     |     |     |     |     |
| 9. Letters of Credit/ Guarantees   |     |     |     |     |     |     |     |     |     |     |     |
| 10. Repos  |     |     |     |     |     |     |     |     |     |     |     |
| 11. Bills rediscounted   |     |     |     |     |     |     |     |     |     |     |     |
| 12. SWAPs (Buy/Sell) maturing forwards   |     |     |     |     |     |     |     |     |     |     |     |
| 13. Others (specify)   |     |     |     |     |     |     |     |     |     |     |     |
| A. TOTAL OUTFLOWS (A)  |     |     |     |     |     |     |     |     |     |     |     |
| <b>B. Cumulative Outflows</b>  |     |     |     |     |     |     |     |     |     |     |     |

|  |     |     |     |     |     |     |     |     |     |     |     |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| <b>C. Inflows</b>  |     |     |     |     |     |     |     |     |     |     |     |
| 1. Cash  |     |     |     |     |     |     |     |     |     |     |     |
| 2. Remittance in transit   |     |     |     |     |     |     |     |     |     |     |     |
| 3. Balances with banks   | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| a) Current account   |     |     |     |     |     |     |     |     |     |     |     |
| b) Deposit /short-term deposits  |     |     |     |     |     |     |     |     |     |     |     |
| c) Money at call & short notice  |     |     |     |     |     |     |     |     |     |     |     |
| 4. Investments (net of provisions) (under various categories as enumerated in Appendix I)                                |     |     |     |     |     |     |     |     |     |     |     |
| 5. Advances (performing)   |     |     |     |     |     |     |     |     |     |     |     |
| a) Bills of exchange and promissory notes discounted & rediscounted  |     |     |     |     |     |     |     |     |     |     |     |
| b) Term loans (only rupee loans)   |     |     |     |     |     |     |     |     |     |     |     |
| c) Corporate loans/short term loans  |     |     |     |     |     |     |     |     |     |     |     |
| 6. Non-performing loans (net of provisions and ECGC claims received) (under various categories enumerated in Appendix I) |     |     |     |     |     |     |     |     |     |     |     |
| 7. Inflows from assets on lease  |     |     |     |     |     |     |     |     |     |     |     |



|   |  |  |  |  |  |  |  |  |  |  |  |
|---|--|--|--|--|--|--|--|--|--|--|--|
| 8. Fixed assets (excluding assets on lease)   |  |  |  |  |  |  |  |  |  |  |  |
| 9. Other assets :<br>i.Intangible assets & other non-cash flow items<br>ii.Interest and other income receivable<br>iii.Others |  |  |  |  |  |  |  |  |  |  |  |
| 10. Lines of credit committed by other institutions (inflows)   |  |  |  |  |  |  |  |  |  |  |  |
| 11. Bills rediscounted (inflow)   |  |  |  |  |  |  |  |  |  |  |  |
| 12. Inflows on account of forward exchange contracts, dollar/rupee swaps (sell/buy)   |  |  |  |  |  |  |  |  |  |  |  |
| 13. Others  |  |  |  |  |  |  |  |  |  |  |  |
| C. TOTAL INFLOWS (C)  |  |  |  |  |  |  |  |  |  |  |  |
| D. Mismatch (C - A)   |  |  |  |  |  |  |  |  |  |  |  |
| E. Mismatch as % to outflows (D as % to A)  |  |  |  |  |  |  |  |  |  |  |  |
| F. Cumulative Mismatch  |  |  |  |  |  |  |  |  |  |  |  |
| G. Cumulative Mismatch as % to Cumulative Outflows ( F as % to B)   |  |  |  |  |  |  |  |  |  |  |  |

**CRAR**

| Items |                            | Current Year | Previous Year |
|-------|----------------------------|--------------|---------------|
| i)    | CRAR (%)                   |              |               |
| ii)   | CRAR - Tier I capital (%)  |              |               |
| iii)  | CRAR - Tier II Capital (%) |              |               |

**Derivatives****Forward Rate Agreement / Interest Rate Swap**

| Particulars |  | Current year | Previous year |
|-------------|--|--------------|---------------|
| i)          | The notional principal of swap agreements  |              |               |
| ii)         | Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements |              |               |
| iii)        | Concentration of credit risk arising from the swaps \$   |              |               |
| iv)         | The fair value of the swap book @  |              |               |

**Note :** Nature and terms of the swaps including information on credit and market risk and the accounting policies adopted for recording the swaps should also be disclosed.

\$ Examples of concentration could be exposures to particular industries or swaps with highly geared companies

@ If the swaps are linked to specific assets, liabilities, or commitments, the fair value would be the estimated amount that the bank would receive or pay to terminate the swap agreements as on the balance sheet date. For a trading swap the fair value would be its mark to market value.

**Exchange Traded Interest Rate Derivatives**

| (Rs. Crore) |   |        |
|-------------|---|--------|
| S.No.       | Particulars   | Amount |
| (i)         | Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise) |        |
|             | a)  |        |
|             | b)  |        |
|             | c)  |        |

|       |   |  |
|-------|---|--|
| (ii)  | Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March ____ (instrument-wise)<br>a)<br>b)<br>c)      |  |
| (iii) | Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)<br>a)<br>b)<br>c) |  |
| (iv)  | Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)<br>a)<br>b)<br>c)      |  |

**Disclosures on risk exposure in derivatives**

***Qualitative Disclosure***

NBFCs shall discuss their risk management policies pertaining to derivatives with particular reference to the extent to which derivatives are used, the associated risks and business purposes served. The discussion shall also include:

- (a) the structure and organization for management of risk in derivatives trading,
- (b) the scope and nature of risk measurement, risk reporting and risk monitoring systems,
- (c) policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants, and
- (d) accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation.

### Quantitative Disclosures

| (Rs. in Crore) |  |                      |                           |
|----------------|--|----------------------|---------------------------|
| Sl. No         | Particulars  | Currency Derivatives | Interest Rate Derivatives |
| (i)            | Derivatives (Notional Principal Amount)                            |                      |                           |
|                | a) For hedging   |                      |                           |
|                | b) For trading   |                      |                           |
| (ii)           | Marked to Market Positions [1]                                     |                      |                           |
|                | a) Asset (+)   |                      |                           |
|                | b) Liability (-)   |                      |                           |
| (iii)          | Credit Exposure [2]  |                      |                           |
| (iv)           | Likely impact of one percentage change in interest rate (100*PV01) |                      |                           |
|                | a) on hedging derivatives  |                      |                           |
|                | b) on trading derivatives  |                      |                           |
| (v)            | Maximum and Minimum of 100*PV01 observed during the year           |                      |                           |
|                | a) on hedging  |                      |                           |
|                | b) on trading  |                      |                           |

### Asset Liability Management

#### Maturity pattern of certain items of assets and liabilities

| (Rs. in crore)        |       |          |           |            |                       |                             |                           |                          |                           |              |       |
|-----------------------|-------|----------|-----------|------------|-----------------------|-----------------------------|---------------------------|--------------------------|---------------------------|--------------|-------|
|                       | Day 1 | 2-7 days | 8-14 days | 15-28 days | 29 days Upto 3 months | Over 3 Months upto 6 months | Over 6 Months upto 1 year | Over 1 year upto 3 years | Over 3 years upto 5 years | Over 5 years | Total |
| Deposits              |       |          |           |            |                       |                             |                           |                          |                           |              |       |
| Advances              |       |          |           |            |                       |                             |                           |                          |                           |              |       |
| Investments           |       |          |           |            |                       |                             |                           |                          |                           |              |       |
| Borrowings from banks |       |          |           |            |                       |                             |                           |                          |                           |              |       |
| Market Borrowings     |       |          |           |            |                       |                             |                           |                          |                           |              |       |

### Exposures

**Exposure to Real Estate Sector**

| Category |   | Current year | Previous Year |
|----------|---|--------------|---------------|
| a)       | Direct exposure   |              |               |
|          | (i) Residential Mortgages -   |              |               |
|          | Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs.15 lakh may be shown separately)   |              |               |
|          | (ii) Commercial Real Estate -   |              |               |
|          | Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits; |              |               |
|          | (iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -   |              |               |
|          | a. Residential,   |              |               |
|          | b. Commercial Real Estate.  |              |               |
| b)       | Indirect Exposure   |              |               |
|          | Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).  |              |               |