

Annex IV

Guidance for filing Consolidated Prudential Report on (CPR)

1. Introduction

The objective of the Consolidated Prudential Return (CPR) is to collect consolidated prudential information at the level of the group to which the supervised institution belongs. It aims to capture data mainly on the following areas:

- (i) Consolidated Balance sheet data in the format prescribed.
- (ii) Consolidated Profit & Loss Account in the format prescribed.
- (iii) Select data on financial/risk profile of the consolidated AIFI: Consolidated financial data as per format, data on large exposures, forex exposures, CRR & SLR for the group and structural liquidity profile for the consolidated AIFI as a whole.

2. Periodicity of the return

Periodicity of the return is half-yearly as on March 31/ September 30²⁰.

3. General guidelines

For compiling the consolidated balance sheet and profit & loss account as part of the CPR, the general guidelines for preparation of Consolidated Financial Statements (CFS) and Consolidated Prudential Reports (CPR) may be followed.

4. CPR (Annex III)

(i) Financials for the consolidated AIFI

For the consolidated financial data as per format (at the consolidated AIFI level), general guidance for preparation of balance sheet and profit & loss account for CPR shall be used.

(ii) Large exposures

Total credit exposure of the group to an individual borrower or a borrower group comprises both funded and non-funded exposures. For the purpose of exposure limits,

²⁰ June 30/ December 31 in case of NHB.

outstanding amount or the sanctioned limit, whichever is higher shall be reported. Consolidation of the exposures from different entities of the consolidated AIFI would be required to be done by the reporting institution for compiling this section. Funded exposures comprise loans and advances (including bills purchased/discounted), and investments in bonds/debentures and equities. Non-funded exposures comprise guarantees (financial), guarantees (non-financial), letters of credit, underwriting commitments, etc.

Exposure by the consolidated AIFI to a single borrower/ debtor shall not exceed 15% of its capital funds. Exposure by the consolidated AIFI to a borrower/ debtor group shall not exceed 40% of its capital funds. The aggregate exposure on a borrower/ debtor group can exceed the exposure norm of 40% by an additional 10% (i.e. up to 50%) provided the additional exposure is for the purpose of financing infrastructure projects. Computation of capital funds, exposure etc. shall be on the lines of the methodology adopted for AIFI.

In this section, cases where the regulatory norm is breached in case of individual borrower or borrower group shall be reported. At the minimum, the top 20 large exposures to individual borrowers/ borrower group of the consolidated AIFI shall be reported.

(iii) Forex exposures

Total of Overnight Open Position Limits for the consolidated AIFI may be reported here. Wherever Overnight Open Position Limits are not prescribed, the maximum Overnight Open Position during the period for such entities may be taken for consolidation. The position may be reported without netting across institutions.

(iv) Exposures to capital markets

Calculations of Capital Market Exposure shall be similar to the computation for the parent AIFI. Advances (fund-based) to Capital Market would include loans to individuals, Share and Stock Brokers, Market Makers, etc., while Non-fund based facilities to Capital Market shall include Financial Guarantees issued to Stock Exchanges on behalf of Stock Brokers and Other Financial Guarantees. Equity Investment in Capital Market would

include Equities, Equity Oriented Mutual Funds and Convertible Bonds and Debentures.

(v) Structural Liquidity Position for a consolidated AIFI

This section is supposed to capture the maturity structure of cash inflows and outflows for the consolidated AIFI as a whole, which is distributed in 8 maturity buckets. The maturity mismatches or gaps run by the consolidated AIFI in these 8 time bands would indicate the liquidity risk facing the consolidated AIFI. Intra-group transactions and exposures shall be excluded from this consolidation.