

Appendix I

CREDIT RISK

A. BALANCE SHEET ITEMS

FUNDED RISK ASSET	BOOK VALUE Rupees	RISK WEIGHT %	RISK ADJ VALUE
I. <u>Cash balances and balances in current account with RBI</u>		0%	
II. <u>Amounts lent in call/ notice money market and balances in current account with banks</u>		20%	
III. <u>Investments</u>			
(a) Government and Approved securities, guaranteed by Central/state governments other than at (e) below		0%	
(b) Fixed deposits, Bonds and Certificates of Deposit of banks, PDs and public Financial Institutions as specified by DBOD		20%	
(c) Bonds issued by banks/PDs/ public financial Institutions (as specified by DBOD) as Tier II capital		100%	
(d) Shares of all companies and debentures/ bonds/ commercial papers of companies other than in (b) above/ Units of mutual funds		100%	
(e) Securities of Public sector Undertakings guaranteed by Central/state govts. but issued outside the market borrowing programme Note : In case where the guarantee has been invoked and the concerned state government has remained in default, PDs should assign 100% risk weight.		20%	
(f) Securities of and other exposures on Primary Dealers in the Government Securities market including bills rediscounted		100%	
(g) Bills discounted by banks/FIs that are rediscounted		20%	

IV. Current Assets

(a) Inter-corporate deposits	100%
(b) Loans to staff	100%
(c) Other secured loans and advances considered good	100%
(d) Bills purchased/discounted	100%
(e) Others (to be specified)	100%

V. Fixed Assets (net of depreciation)

(a) Assets leased out	100%
(b) Fixed Assets	100%

VI. Other assets

(a) Income-tax deducted at source (net of provision)	0%
(b) Advance tax paid (net of provision)	0%
(c) Interest due on Government securities	0%
(d) Others (to be specified and risk weight indicated as per the counter party)	X%

AA. TOTAL RISK-WEIGHTED BALANCE SHEET ASSETS

B. OFF-BALANCE SHEET ITEMS

FUNDED RISK ASSET	BOOK VALUE	CREDIT CONV	RISK	RISK ADJ
	Rupees	FACTOR %	WEIGHT %	VALUE
<u>I. Financial guarantees considered as credit substitutes</u>				
- Government/ any exposure guaranteed by Government		100%	0%	
- Banks/ Financial Institutions (as specified by DBOD)		100%	20%	
- Primary Dealers in the Government securities market		100%	100%	
- All others		100%	100%	
<u>II. Other guarantees</u>				
- Government/ any exposure guaranteed by Government		50%	0%	
- Banks/ Financial Institutions (as specified by DBOD)		50%	20%	
- Primary Dealers in the Government securities market		50%	100%	
- All others		50%	100%	
<u>III. Share/ debenture/ auction stock underwritten</u>				
- Government/ any exposure guaranteed by Government		100%	0%	
- Banks/ Financial Institutions (as specified by DBOD)		100%	20%	
- Primary Dealers in the Government securities market		100%	100%	
- All others		100%	100%	
<u>Partly-paid shares/ debentures including actual devolvement</u>				
<u>IV. and other securities</u>				
- Government/ any exposure guaranteed by Government		100%	0%	
- Banks/ Financial Institutions (as specified by DBOD)		100%	20%	
- Primary Dealers in the Government securities market		100%	100%	
- All others		100%	100%	
<u>Notional Equity/Index Positions underlying the</u>				
<u>V. equity derivative</u>				
		100%	100%	
<u>VI. Bills discounted/ rediscounted</u>				
- Government/ any exposure guaranteed by Government		100%	0%	
- Banks/ Financial Institutions (as specified by DBOD)		100%	20%	
- Primary Dealers in the Government securities market		100%	100%	
- All others		100%	100%	
<u>VII. Repurchase agreements where the credit risk remains</u>				
<u>with the PD</u>				
- Government/ any exposure guaranteed by Government		100%	0%	
- Banks/ Financial Institutions (as specified by DBOD)		100%	20%	
- Primary Dealers in the Government securities market		100%	100%	
- All others		100%	100%	

VIII. Other contingent liabilities/ commitments like standby

- Government/ any exposure guaranteed by Government	50%	0%
- Banks/ Financial Institutions (as specified by DBOD)	50%	20%
- Primary Dealers in the Government securities market	50%	100%
- All others	50%	100%

IX. Interest Rate swaps

Original maturity of less than 1 year	0.5%	100%
Original maturity of 1 year and above but less than 2 years	1%	100%
Original maturity of 2 years and above but less than 3 years	2%	100%
Original maturity of 3 years and above but less than 4 years	3%	100%
Original maturity of 4 years and above but less than 5 years	4%	100%
Original maturity of 5 years and above but less than 6 years	5%	100%
Original maturity of 6 years and above but less than 7 years (Every additional year - CCF increases by 1%)	6%	100%

X. Foreign Exchange Forward Contract

Original maturity of less than 1 year\$	2%	20- 100%
Original maturity of more than 1 year and less than 2 years\$ (Every additional year – CCF increases by 3%)	5%	20-100%

\$ Risk depends on the counter party

Note: Cash margins/ deposits should be deducted before applying the credit conversion factor

BB. TOTAL RISK-WEIGHTED OFF-BALANCE SHEET ASSETS

**CC. TOTAL RISK-WEIGHTED BALANCE SHEET &
OFF-BALANCE SHEET ASSETS**
