

Appendix I

CREDIT RISK						
A. BALANCE SHEET ITEMS						
FUNDED RISK ASSET				BOOK VALUE	RISK WEIGHT	RISK ADJ VALUE
				Rupees	%	
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		20%	
		Note : In case where the guarantee has been invoked and the concerned state government has remained in default, PDs should assign 100% risk weight.			
		(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%	
	<u>IV. Current Assets</u>				
		(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%	
	<u>V. Fixed Assets (net of depreciation)</u>				
		(a) Assets leased out		100%	
		(b) Fixed Assets		100%	
	<u>VI. Other assets</u>				
		(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>									
							100%	0%	
							100%	20%	
							100%	100%	
							100%	100%	
<u>II. Other guarantees</u>									
							50%	0%	
							50%	20%	
							50%	100%	
							50%	100%	

	others								
III.	<u>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%		
IV.	<u>Partly-paid shares/ debentures including actual devolvement 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%		
V.	<u>Notional Equity/Index Positions underlying the equity derivative</u>								
						100%	100%		
VI.	<u>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%		
VII.	<u>Repurchase agreements where the credit risk remains 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%	
VII	<u>Other contingent liabilities/ commitments like</u>							
I.	<u>standby</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%	
IX.	<u>Interest Rate</u>							
	Original maturity of less than 1 year					0.5%	100%	
	Original maturity of greater than 1 year and less than 2 years					1%	100%	
	Original maturity of greater than 2 years and less than 3 years					2%	100%	
	Original maturity of greater than 3 years and less than 4 years					3%	100%	
	Original maturity of greater than 4 years and less than 5 years					4%	100%	
	Original maturity of greater than 5 years and less than 6 years					5%	100%	
	Original maturity of greater than 6 years and less than 7 years					6%	100%	
	(Every additional year - CCF increases by 1%)							
X.	<u>Foreign Exchange Forward Contract</u>							
	Original maturity of less than 1 year\$					2%	20- 100%	
	Original maturity of more than 1 year and less than 2 years\$					5%	20-100%	
	(Every additional year – CCF increases by 3%)							
	\$ Risk depends on the counter party							
	<i>Note: Cash margins/ deposits should be deducted before applying the credit conversion factor</i>							

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

Appendix II

													PDR-III Quarterly Return	
Statement 3														
MARKET RISK CAPITAL STATEMENT (Correlations i.e. appreciation not recognised)														
(i) Standardised Method														
A. Interest rate Instruments & Equity / Equity like instruments														
INSTRUMENT	Maturity Date	POSITION (FV)	BOOK PRICE	BOOK VALUE	MODIFIED DURATION	DURATION	BUCKET	ZONE	YIELD	ASSUMED CHANGE IN YIELD (bps)	CHANGED YIELD	CHANGED PRICE	CHANGE IN PRICE	MARKET RISK CHARGE
(Including equity positions)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)		
Total of A														
B. Unhedged Foreign Exchange Position														
														15%
Total (A+B)														

Position
(Marked to Market value) Market Risk Measure
(15% of the position)

B. Unhedged Foreign Exchange Position

C. Asset items subjected to flat charge of 15% for market risk measurement

Memo items:

Items of assets which, with the approval of RBI, have been classified as investment items and not subjected to market risk measure:

Asset	Book Value	MTM/NAV
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- 1.
- 2.
- 3.

Appendix III

Details of the VaR calculation - for the last 60 days				
	Total			
Date	Portfolio Value (Rs.)	VaR (Rs.) one day	VaR with holding period	VaR with holding period as a Percentage of portfolio
(a) Average of 60 day Var (with holding period)				
(b) 3.3 times the 60 day average VaR (with holding period)				
(c) Last day's VaR				
(d) Market Risk Measure (higher of (b) and (c) above)				

Appendix IV

Back Testing of VaR Model

For the last 250 trading days

Backtesting Report as part of PDR III for Quarter ended _____

	Actual	Hypothetical
No of observations (excluding holidays)	250	250
No of failures ie no of times VaR underpredicted the actual trading/ hypothetical MTM losses	0	0

DATE WISE BACKTESTING RESULTS

Rs Crore

Srno	Date	1 day VaR Entire Portfolio Rs. crs	Mkt Value Entire Portfolio	Mkt Value Next Day Same Portfolio	Difference Rs. crs	Failure (Y/N)	Actual P/(L) Rs. crs	Failure (Y/N)
1								
2								
3								
4								
.								
.								
.								
.								
.								
250								

The daily VaR preceding holidays should be upscaled by the square root of number of intervening holidays. For example if the Friday is followed by 2 holidays, then the one VaR figure for Friday should be multiplied by square root of 2.

Details of stress testing

		STRESS TEST AS ON:	
Name of the PD:			
ASSETS (All tradable interest rate related assets)			
		MTM Value (Rs. Crore)	Weighted Average Mod. Duration (years)
1	G-Secs and T-Bills		
2	Corporate/PSU/FI Bonds		
3	Receiving leg in respect of FRA/IRS		
4	Other tradable interest rate instruments		
Total MTM value of assets (Va)			
Weighted Average Mod. Duration of the assets (Da)			
LIABILITES (excluding NOF)			
		MTM Value (Rs. Crore)	Weighted Average Mod. Duration (years)
1	Net borrowing Call, notice & term money		
2	Net borrowing in Repo (including LAF of RBI)		
3	Net Borrowing through CBLO		
4	Borrowing through ICDs		
5	Borrowing through CPs		
6	Borrowing through Bond issuances		
7	Credit lines from banks/FIs		
8	Paying leg in respect of FRA/IRS		
9	Other tradable interest rate liabilities		
Total MTM value of liabilities (VI)			
Weighted Average Mod. Duration of Liabilites (DI)			
Mod. Duration of NOF (Dn) = (Va*Da - VI*DI)/(Va-VI)			
Percentage change in NOF = (-) Dn*Change in interest rates (1%)			
Change in NOF = (-) Dn* Change in Interest rates (1%)*NOF			
Other details:			
Net interest income in the current year so far			
Trading profits/loss in the current year so far			
Unrealised MTM (Net gain/loss on cash positions)			
Unrealised MTM (Net gain/loss on derivative positions)			
Other income, if any (Details to be specified) ***			
NOF deployed in fixed income and related instruments			
Total NOF (Break-up to be furnished)			

Note: NOF should be determined as per the definition prescribed in this regard. The MTM gains or losses should be adjusted in the NOF.

***Details of Other Income

Capital funds of the firm as on the date of stress test*(Rs.in crore)*

i. Tier I capital	
ii. Tier II Capital	
iii. Tier III Capital	

iv. Details of Deductions	
investment in subsidiaries	
intangible assets	
losses in current accounting period	
deferred tax assets	
losses brought forward from previous accounting periods	
Capital funds prescribed by other regulator	
v. Net total capital funds	

less

vi. change in NOF due to one percent increase in yields	
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vii. Net capital funds available after providing for change in NOF	
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viii. Risk-weighted assets for the credit risk of the firm	
ix. Risk-weighted assets for the market risk of the firm	
x. Total risk-weighted assets	

xi. Capital adequacy ratio as on the date of stress test (vii/x)	
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