



Annex IV: Interest Rate Sensitivity Profile

| Heads of accounts | Time bucket for rate sensitivity |
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| A. LIABILITIES | |
| 1. Capital, Reserves & Surplus | Non-sensitive |
| 2. Gifts, grants & benefactions | Non-sensitive |
| 3. Notes, bonds & debentures: | |
| a) Floating rate | Sensitive; re-price on the roll- over / re-pricing date should be slotted in respective time buckets as per the re-pricing dates. |
| b) Fixed rate (plain vanilla) including zero coupons | Sensitive; re-price on maturity. To be placed in respective time buckets as per the residual maturity of such instruments. |
| c) Instruments with embedded options | Sensitive; could re-price on the exercise date of the option, particularly in rising interest rate scenario. To be placed in respective time buckets as per the residual period till the immediately ensuing exercise date. However, the AIFI which has sufficient historical data base evidencing the pattern of exercise of such embedded options in the past, could undertake a time-series analysis of such data to analyse the behaviour of the cash flows and slot them accordingly in the relative time-buckets. In the absence of adequate historical database, the entire amount payable under the embedded options should be slotted as per the residual period to the earliest exercise date. |
| 4. Deposits | Sensitive; could re-price on maturity or in case of premature withdrawal being permitted, after the lock-in period, if any, stipulated for such withdrawal. To be slotted in respective time buckets as per residual maturity or as per residual lock-in period, as the case may be. The prematurely withdrawable deposits with no lock-in period or past such lock-in period, should be slotted in the earliest /shortest time bucket. |
| a) Term deposits from public | |
| I) Fixed rate | |



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| ii) Floating rate | Sensitive; re-price on the contractual roll-over date. To be slotted in the respective time-buckets as per the residual period till the earliest ensuing re-pricing date. |
| b) Certificates of deposits and ICDs | Sensitive; re-price on maturity. To be slotted as per the residual maturity in the respective time buckets. |
| 5. Borrowings: | |
| a) Term-money borrowing | Sensitive; re-prices on maturity. To be placed as per residual maturity in the relative time bucket. |
| b) Borrowings from RBI, Government. & others | Sensitive; re-price on maturity. To be placed as per residual maturity in the relative time bucket. |
| i) Fixed rate | |
| ii) Floating rate | Sensitive; re-price on the roll-over / re-pricing date. To be placed as per residual period to the re-pricing date in the relative time bucket. In case of borrowings from RBI linked to the Policy Rate, the entire amount of borrowing should be slotted in the 1 to 28 days time-bucket. |
| a) Sundry creditors | Sensitive on payment. To be slotted as per the residual period to the likely date of payment. |
| b) Expenses payable | Expenses payable |
| c) Swap adjustment a/c. | Non-sensitive. |
| d) Advance income received / receipts from borrowers pending adjustment | Sensitive on payment. The cash outflows during the entire life of the bond/deposit are to be captured and not only the amount of interest accrued till the reporting date. The cash outflows should be slotted in respective time buckets as per the residual period to the due date of payment. |
| e) Provisions | The amount of interest overdue (including the amount pre-funded in the account with RBI for servicing of outstanding old SLR bonds pending claims from investors) should be shown in 1 - 28 days time-bucket. |
| f) Interest payable on bonds / deposits / borrowings | In case of floating rate bonds/deposits, the amount of interest |



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| | outflow may be calculated at the floating rate applicable as on the reporting date. However, the AIFI which is better equipped, will have the choice of calculating the interest amount at forward-to-forward interest rate derived from the benchmark underlying the floating rate liability. |
| 7(a). Repos / bills rediscounted / Forex-rupee swaps (sell/ buy) | Sensitive; re-price on maturity. To be placed as per the residual maturity of the underlying ready forward deal / bills / forex contract, in the respective time-buckets. |
| 7(b) Interest rate swaps / Forward Rate Agreements / Currency Swaps (financial swaps) | Sensitive on payment. The contractual cash outflows under the IRS / FRAs / currency swaps should be placed as per the residual period till each of the contractual cash flows. The cash flows relating to currency swaps may be shown in the IRS statement of the respective currencies. |
| B. ASSETS: | |
| 1. Cash | Non-sensitive. |
| 2. Balance with RBI | Non-sensitive (since only current account is maintained with RBI). |
| 3. Balances with other banks in India | |
| a) In current account | Non-sensitive. |
| b) In deposit accounts, Money at call and short notice and other placements. | Sensitive; re-prices on maturity. To be placed as per residual maturity in respective time-buckets. |
| 4. Investments (net of provisions if the provisions are held scrip-wise) | |
| a) Securities in the Trading Book | Sensitive on maturity / repricing or roll-over date. The FIs which maintain separate 'Trading Book' consisting of securities which comply with the stipulations of paragraph 31 of the Directions and duly approved as such by the Board / ALCO, should be slotted as per their residual maturity (or |



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| | repricing maturity in case of floating rate instruments). |
| b) Securities outside the trading book | |
| a) Fixed income securities (e.g., govt. securities; zero coupon bonds; bonds; debentures; cumulative / non-cumulative redeemable preference shares, etc.) | <p>Sensitive on maturity. In addition, the interest / dividend cash flows during the life of the security would also be sensitive on receipt.</p> <p>The principal amount of securities / face value of ZCBs to be slotted as per residual maturity. The cash flows on account of interest to be slotted in the buckets as per the timing of the cash flow. As regards the dividends on preference shares, particularly on cumulative ones, the bucket may be decided on judgemental basis.</p> <p>However, the bonds / debentures valued by applying NPA norms due to non-servicing of interest, should be shown, net of provisions made, in the time buckets prescribed at items B.7(a) and B.7(b) in Annex III.</p> |
| b) Floating rate securities | Sensitive at the next re-pricing date. To be slotted as per residual time to the re-pricing date in the respective buckets. |
| c) Equity shares, convertible, preference shares, shares of subsidiaries / joint ventures, venture capital units. | <p>Non-sensitive.</p> <p>However, the equity holdings in the assisted companies, acquired as part of the overall financing package, should be slotted as per the specific disinvestment plan formulated for such holdings. In case, a specific disinvestment plan has not been evolved, the equity holdings should be shown as an inflow in the Non-sensitive bucket.</p> |
| 5. Advances (performing) | |
| a) Bills of exchange, promissory notes discounted & rediscounted | Sensitive on maturity. To be slotted as per the residual usance of the underlying bills. |
| b) Term loans / corporate loans / Short Term Loans | |



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| i) Fixed Rate | Sensitive on maturity. The interest cash flows on the loans will be sensitive on receipt and should be slotted as per the timing of the cash flow. |
| ii) Floating Rate | Sensitive only on the reset date when the risk premium is changed by the AIFI. The amount of term loans should be slotted in time buckets which correspond to the reset date when the rate might be changed in response to the changes in their PLR or market interest rates. The interest amount would be sensitive on receipt and should be slotted as per the timing of the interest payment. The amount of interest should be calculated at the rate applicable on the reporting date. |
| 6. Non-performing loans: (net of provisions, interest suspense and claims received from ECGC) | |
| a) Sub-standard | To be slotted as indicated at items |
| b) Doubtful and loss | B.7 (a) & B.7(b) of Annex III. |
| 7. Assets on lease | The cash flows on lease assets are sensitive on receipt. The entire cash flows on leased assets, representing principal as well as interest element, be slotted in respective time-buckets as per the timing of the cash flows. |
| 8. Fixed assets (excluding assets on lease) | Non-sensitive |
| 9. Other assets | |
| a) Intangible assets and items not representing cash flows. | Non-sensitive. |
| b) Other items (e.g., receivables) | Sensitive on receipt. To be slotted in respective maturity buckets as per the residual period to the timing of the |



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| | <p>cashflows. As regards the future income from assets (such as deposits, loans & investments), the cash inflow over the entire life of the asset should be captured and not only till the reporting date. However, for loan assets, the future income should be reckoned only in respect of standard assets and for debt securities, the interest income should be reckoned as inflow only if the interest is serviced regularly.</p> |
| 10. Reverse Repos / Forex-rupee swaps (buy/sell)/Bills rediscounted (Derivative Usance Promissory Notes) | Sensitive on maturity. To be slotted as per residual maturity of the underlying transaction. |
| 11. Repayments against the undisbursed commitments | Sensitive on receipt of payment. Such future inflows should be slotted in the relative time buckets as per the stipulated repayment schedule under the terms of sanction. |
| 12. Other (interest rate) products | |
| a) Interest rate swaps / Forward Rate Agreements / Currency swaps (financial swaps) | Sensitive on payment. The contractual cash inflows under the IRS / FRAs / currency swaps should be placed as per the residual period till each of the contractual cash flows. The cash flows relating to currency swaps may be shown in the IRS statement of the respective currencies. |
| b) Other derivatives | To be classified suitably as and when introduced. |