

Annex V: Interest Rate Sensitivity

No.	Heads of Accounts	Rate Sensitivity and Time Bucket
Liabilities		
1.	Capital, Reserves and Surplus	Non-sensitive.
2.	Current Deposits	Non-sensitive.
3.	Savings Bank Deposits	<p>Sensitive to the extent of interest paying (core) portion. This may be included in over 3-6 months bucket. The non-interest paying portion may be shown in non-sensitive bucket.</p> <p>Where banks can estimate the future behaviour/sensitivity of current/savings bank deposits to changes in market variables, the sensitivity so estimated could be shown under appropriate time buckets.</p>
4.	Term Deposits and Certificates of Deposit	Sensitive and reprices on maturity. The amounts should be distributed to different buckets on the basis of remaining term to maturity. However, in case of floating rate term deposits, the amounts may be shown under the time bucket when deposits contractually become due for repricing.
5.	Borrowings - Fixed	Sensitive and reprices on maturity. The amounts should be distributed to different buckets on the basis of remaining maturity.
6.	Borrowings - Floating	Sensitive and reprices when interest rate is reset. The amounts should be distributed to the appropriate bucket which refers to the repricing date.
7.	Borrowings - Zero Coupon	Sensitive and reprices on maturity. The amounts should be distributed to the respective maturity buckets.
8.	Borrowings from RBI	Upto 1 month bucket.
9.	Refinances from other agencies	<p>(a) Fixed rate : As per respective maturity.</p> <p>(b) Floating rate : Reprices when interest rate is reset.</p>
10.	Other Liabilities and Provisions	

	i) Bills Payable	Non-sensitive
	ii) Inter-office Adjustment	Non-sensitive
	iii) Provisions	Non-sensitive
	iv) Others	Non-sensitive
11.	Repos / Bills Re-discounted (DUPN), Swaps (Buy / Sell) etc.	Reprices only on maturity and should be distributed to the respective maturity buckets.

Assets

1.	Cash	Non-sensitive.
2.	Balances with RBI	Interest earning portion may be shown in over 3 - 6 months bucket. The balance amount is non-sensitive.
3.	Balances with other Banks	
	i) Current Account	Non-sensitive.
	ii) Money at Call and Short Notice, Term Deposits and other placements	Sensitive on maturity. The amounts should be distributed to the respective maturity buckets.
4.	Investments (Performing)	
	i) Fixed Rate/Zero Coupon	Sensitive on maturity.
	ii) Floating Rate	Sensitive at the next repricing date.
5.	Shares/Units of Mutual Funds	Non-sensitive
6.	Advances (Performing)	
	i) Bills Purchased and Discounted (including bills under DUPN)	Sensitive on maturity.
	ii) Cash Credits / Overdrafts (including TODs) / Loans repayable on demand and Term Loans	Sensitive only when PLR/risk premium is changed. Of late, frequent changes in PLR have been noticed. Thus, each bank should foresee the direction of interest rate movements of funding options and capture the amounts in the respective

		maturity buckets which coincides with the time taken by banks to effect changes in PLR in response to changes in market interest rates.
7.	NPAs (Advances and Investments) *	
	i) Sub-Standard	Over 3-5 years bucket.
	ii) Doubtful and Loss	Over 5 years bucket.
8.	Fixed Assets	Non-sensitive.
9.	Other Assets	
	Inter-office Adjustment	Non-sensitive.
	Leased Assets	Sensitive on cash flows. The amounts should be distributed to the respective maturity buckets corresponding to the cash flow dates.
	Others	Non-sensitive.
10.	Reverse Repos, Swaps (Sell/Buy) and Bills Rediscounted (DUPN)	Sensitive on maturity.
11.	Other products (Interest Rate)	
	i) Swaps	Sensitive and should be distributed under different buckets with reference to maturity.
	ii) Other Derivatives	Should be suitably classified as and when introduced.

* Amounts to be shown net of provisions, interest suspense and claims received from ECGC / DICGC.