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RESERVE BANK OF INDIA

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Reserve Bank of India (Commercial Banks – Asset Liability Management) Directions, 2025

Table of Contents

In exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949, and all other provisions / laws enabling the Reserve Bank of India (‘RBI’) in this regard, RBI being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the Directions hereinafter specified.

Chapter I – Preliminary

A. Short Title and Commencement

1. These Directions shall be called the Reserve Bank of India (Commercial Banks – Asset Liability Management) Directions, 2025.
2. These Directions shall come into effect from the date of issue.

B. Applicability

3. These Directions shall be applicable to Commercial Banks (hereinafter collectively referred to as 'banks' and individually as a 'bank').
   For the purpose of these Directions, ‘Commercial Banks’ mean banking companies (other than Small Finance Banks, Payment Banks, and Local Area Banks), corresponding new banks, and the State Bank of India, as defined respectively under clauses (c), (da), and (nc) of Section 5 of the Banking Regulation Act, 1949.

C. Definitions

4. In these Directions, unless the context otherwise requires, the terms herein shall bear the meanings assigned to them below:

   (1) **‘Business Day’** means the opening hours of the Large Value Payment System (LVPS) or of correspondent banking services during which a bank can receive and make payments in a local jurisdiction.

   Explanation: An LVPS is a funds transfer system that typically handles large-value and high-priority payments. In India, Real Time Gross Settlement System (RTGS) is an LVPS.

   (2) **‘Cash in hand’** shall consist of total amount of notes and coins held by bank branches / ATMs / Cash deposit machines maintained by a bank,

including transit cash on bank's books as also cash with Business Correspondents (BCs), but shall exclude cash, where physical possession is with outsourced vendors / BCs, which is not replenished in bank's ATM and / or is not reflected on bank's books.

(3) **'Cash Reserve Ratio (CRR)'** shall have the same meaning as defined in the Reserve Bank of India (Commercial Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Directions, 2025.

(4) **'Government security'** shall have the same meaning as assigned to it in Section 2(f) of the Government Securities Act, 2006.

(5) **'Interest Rate Risk (IRR)'** means the risk where changes in market interest rates might adversely affect a bank's financial condition.

(6) **'Intraday Liquidity'** means funds which can be accessed during the business day, usually to enable a bank to make payments in real time.

(7) **'Intraday Liquidity Risk'** means the risk that a bank fails to manage its intraday liquidity effectively, which could leave it unable to meet a payment obligation at the time expected, thereby affecting its own liquidity position and that of other parties.

(8) **'Funding Liquidity Risk'** means the risk that a bank will not be able to meet efficiently the expected and unexpected current and future cash flows and collateral needs without affecting either its daily operations or its financial condition.

(9) **'Marginal Standing Facility (MSF)'** shall mean the facility as mentioned in RBI press release dated September 30, 2025.

(10) **'Market Liquidity Risk'** means the risk that a bank cannot easily offset or eliminate a position at the prevailing market price because of inadequate market depth or market disruption.

(11) **'Modified Duration'** means the approximate percentage change in value of an asset or liability for a 100-basis point change in the rate of interest.

(12) **'Net Worth'** comprises of Paid-up capital plus Free Reserves including Share Premium but excluding Revaluation Reserves, plus Investment Fluctuation Reserve, and credit balance in Profit & Loss Account, less debit

balance in Profit and Loss Account, Accumulated Losses, and Intangible Assets. No general or specific provisions should be included in computation of Net Worth.

(13) **'Statutory Liquidity Ratio (SLR)'** shall have the same meaning as defined in Reserve Bank of India (Commercial Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Directions, 2025.

(14) **'Time-specific obligations'** means the obligations which must be settled at a specific time within the day or have an expected intraday settlement deadline.

(15) **'Unencumbered'** means free of legal, regulatory, contractual, or other restrictions on the ability of the bank to liquidate, sell, transfer or assign an asset.

5. All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act, the RBI Act, rules / regulations made thereunder, or any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

Chapter II – Role of the Board

A. Responsibilities of the Board

6. The Board of Directors (Board) shall be responsible for the overall management of liquidity risk and shall decide the strategy, policies, and procedures for managing liquidity risk in accordance with the bank's liquidity risk tolerance / limits.

7. The Board shall have a clear understanding of the bank's liquidity risk, including the liquidity risk profile of all its branches, subsidiaries, and associates (both domestic and overseas).

8. The Board shall ensure that risk tolerance is understood at all levels of management.

9. The Board shall establish executive level authority and responsibility for liquidity risk, management, enforce management's duties to identify, measure, monitor, and manage liquidity risk and formulate / review the Contingent Funding Plan (CFP).

B. Approval of Policies, limits and reviews

10. The Board or its Committee shall oversee the establishment and approval of policies, strategies, and procedures to manage liquidity risk, and review them at least annually. The Board shall also approve the policy regarding inclusion and monitoring of only those intraday liquidity sources which are freely and readily available to the bank at the start of the day.

11. The Board shall approve the internal limits for liquidity stock ratios, based on a bank's liquidity risk management capabilities, experience, and risk profile. It shall also set an explicit liquidity risk tolerance, which shall define the level of liquidity risk the bank is willing to assume and shall reflect the bank's financial condition and funding capacity.

12. The Board shall review information necessary to maintain its understanding of liquidity risk, the key assumptions used to set the liquidity risk tolerance, the effectiveness and operational feasibility of contingency plans, at least annually.

13. The Board or Risk Management Committee (RMC) shall inter-alia approve the internal prudential limits for cumulative mismatches across all time buckets of structural liquidity statement (SLS) for monitoring by the bank, as also approve appropriate internal limits on Earnings at Risk (EaR), and volatility in the Market Value of Equity (MVE), based on bank's risk bearing and risk management capacity.

14. The Board / ALCO shall periodically review the internal limits after assessing various scenarios of interest rates and the resultant volatility of earnings in terms of Net Interest Income (NII) and volatility in Net Worth.

15. A reliable Management Information System (MIS) designed to provide timely and forward-looking information on the liquidity position of the bank and the banking Group, under normal and stress situations, shall be presented before the Board and the Asset Liability Management Committee (ALCO).

16. Any vulnerability observed in the stress test results shall be reported to the Board and the Board shall ensure that the bank designs a plan of action to address the vulnerability immediately.

17. The Board shall ensure that the bank:

    (1) develops and adopts a suitable intraday liquidity risk management strategy that enables the bank to:

    (i) monitor and measure expected daily gross liquidity inflows and outflows.

    (ii) ensure availability of sufficient intraday funding to meet its payment obligations.

    (iii) manage unexpected disruptions to its liquidity flows.

    (iv) effectively manage collateral as integral part of intraday liquidity strategy.

    (2) establishes suitable policies, procedures, practices, and systems to support the intraday liquidity risk management in all financial markets and currencies in which it has significant payment and settlement flows, including when it chooses to rely on correspondents or custodians to conduct payment and settlement activities.

18. The Board shall approve the risk tolerance of individual business lines, for the bank to align the risk-taking incentives and the liquidity risk exposure of each business line.

Chapter III – Liquidity Risk Management

A. Introduction

19. A bank's liquidity is its capacity to fund increase in assets and meet both expected and unexpected cash and collateral obligations at reasonable cost and without incurring unacceptable losses. The inability of a bank to meet such obligations as they become due, without adversely affecting the bank's financial condition, creates liquidity risk. Effective liquidity risk management helps ensure a bank's ability to meet its obligations as they fall due and reduces the probability of an adverse situation developing. This assumes significance on account of the fact that liquidity crisis, even at a single institution, can have systemic implications. Liquidity risk for a bank mainly manifests on account of Funding Liquidity Risk and Market Liquidity Risk.

20. After the global financial crisis, in recognition of the need for a bank to improve its liquidity risk management, the Basel Committee on Banking Supervision (BCBS) published 'Principles for Sound Liquidity Risk Management and Supervision' in September 2008 and subsequently reviewed in January 2019 (https://www.bis.org/press/p190117.htm). The broad principles as envisaged by BCBS have been provided in Annex-IV along with guidance on sound liquidity risk management for a bank.

B. Governance of Liquidity Risk Management

21. Successful implementation of liquidity risk management process shall emanate from the Top Management in a bank with the demonstration of its strong commitment to integrate basic operations and strategic decision making with risk management. The organisational set up for liquidity risk management shall be as under:

    (1) Board of Directors (Board)

    (2) Risk Management Committee (RMC)

    (3) Asset Liability Management Committee (ALCO)

    (4) Asset Liability Management (ALM) Support Group

22. The Board shall be responsible for overall management of liquidity risk. The Board shall decide the strategy, policies, and procedures of the bank to manage liquidity risk in accordance with the liquidity risk tolerance / limits as detailed in paragraphs 46 to 48 of the Directions. The Board shall ensure that the risk tolerance is clearly understood at all levels of management. The Board shall also ensure that it understands the nature of the liquidity risk of the bank including liquidity risk profile of all branches, subsidiaries, and associates (both domestic and overseas), periodically reviews information necessary to maintain this understanding, establishes executive-level lines of authority and responsibility for managing the bank's liquidity risk, enforces management's duties to identify, measure, monitor, and manage liquidity risk and formulates / reviews the CFP.

23. The RMC, which reports to the Board, consisting of Chief Executive Officer (CEO) / Chairman and Managing Director (CMD) and heads of credit, market, and operational risk management committee, shall be responsible for evaluating liquidity risk faced by a bank. The RMC shall also include the potential interaction of liquidity risk with the other risks addressed by it.

24. The ALCO shall be responsible for ensuring adherence to the risk tolerance / limits set by the Board as well as implementing the liquidity risk management strategy of the bank in line with a bank's decided risk management objectives and risk tolerance.

25. The size (number of members) of ALCO will depend on the size of institution, business mix and organizational complexity. The ALCO shall be headed by the CEO / CMD or the Executive Director (ED) of a bank. The ALCO members may include the Heads of Investment, Credit and Strategy, Treasury, International Banking, Risk Management, and Economic Research and other members as deemed suitable.

26. The ALCO shall perform the following functions with respect to the liquidity risk of the bank:

    (1) Decide on desired maturity profile and mix of incremental assets and liabilities.

    (2) Decide on source and mix of liabilities or sale of assets. Towards this end, it shall develop a view on future direction of interest rate movements and

decide on funding mix between fixed v/s. floating rate funds, wholesale v/s retail deposits, money market v/s. capital market funding, and domestic v/s. foreign currency funding. The ALCO shall be aware of the composition, characteristics, and diversification of a bank's assets and funding sources and shall regularly review the funding strategy in the light of any changes in the internal or external environments.

(3) Determine the structure, responsibilities and controls for managing liquidity risk, oversee the liquidity positions of all branches and legal entities like subsidiaries, joint ventures, and associates in which a bank is active, and outline these elements clearly in the bank's liquidity policy.

(4) Ensure operational independence of Liquidity Risk Management function, with adequate support of skilled and experienced officers.

(5) Ensure adequacy of cash flow projections and the assumptions used.

(6) Review the stress test scenarios including the assumptions as well as the results of the stress tests and ensure that a well-documented CFP is in place, which is reviewed periodically.

(7) Decide the transfer pricing policy of the bank and make liquidity costs and benefits an integral part of bank's strategic planning.

(8) Report bank's liquidity risk profile regularly to the Board / RMC.

27. The ALCO shall have a thorough understanding of the close links between Funding Liquidity Risk and Market Liquidity Risk, as well as how other risks including credit, market, operational, and reputational risks affect the bank's overall liquidity risk strategy. The ALCO shall identify events that could have an impact on market and public perceptions about bank's soundness and reputation.

28. The ALM Support Group consisting of operating staff shall be responsible for analysing, monitoring, and reporting the liquidity risk profile to the ALCO. The Group shall prepare forecasts and simulations to assess the impact of various possible changes in market conditions on a bank's liquidity position and recommend action needed to be taken to maintain the liquidity position and ensure adherence to bank's internal limits.

C. Liquidity Risk Management Policy

29. A bank shall put in place an effective liquidity risk management policy, which inter alia, shall spell out the liquidity risk tolerance, funding strategies, prudential limits, system for measuring, assessing and reporting / reviewing liquidity, framework for stress testing, liquidity planning under alternative scenarios / formal contingent funding plan, nature and frequency of management reporting, and periodical review of assumptions used in liquidity projection. The policy shall also address liquidity risk for individual currencies; legal entities including subsidiary and joint ventures, and associates; and business lines, when appropriate and material, and shall place limits on transfer of liquidity keeping in view the regulatory, legal, and operational constraints.

30. The Board or its delegated committee of board members shall oversee the establishment and approval of policies, strategies and procedures to manage liquidity risk, and review them at least annually.

31. A bank shall have a sound process for identifying, measuring, monitoring, and mitigating, along with a strategy for liquidity risk management.

D. Strategy for Managing Liquidity Risk

32. The strategy for managing liquidity risk shall be appropriate for the nature, scale, and complexity of a bank's activities. In formulating the strategy, a bank / banking group shall take into consideration its legal structures, key business lines, the breadth and diversity of markets, products, jurisdictions in which it operates, and home and host country regulatory requirements. The strategy shall identify primary sources of funding to meet daily operating cash outflows, as well as expected and unexpected cash flow (inflow / outflow) fluctuations.

E. Identification

33. A bank shall define and identify the liquidity risk to which it is exposed for each major on and off-balance sheet (OBS) position. The identification process shall include the effect of embedded options and other contingent exposures that may affect the bank's sources and uses of funds. Liquidity risk shall be identified for all currencies in which a bank is active.

F. Risk Measurement – Flow Approach

34. Liquidity can be measured through stock and flow approaches. Flow approach measurement involves comprehensive tracking of cash flow mismatches. A bank shall adopt the format of the structural liquidity statement (SLS), provided in Annex-I, for tracking cash flow mismatches at different time buckets, for measuring and managing net funding requirements. The cash flows shall be placed in different time buckets based on the residual maturity of the cash flows or the projected future behaviour of assets, liabilities, and OBS items. The difference between cash inflows and outflows in each time period shall be starting point for the measure of the bank's future liquidity surplus or deficit, at a series of points of time.

35. A bank shall prepare domestic SLS (₹) on a daily basis and report to RBI on a fortnightly basis. Further, SLS in respect of overseas branch operations shall be reported to RBI on monthly basis. The SLS shall include five parts:

    (1) Domestic Currency – Indian Operations

    (2) Foreign Currency – Indian Operations

    (3) Combined Indian Operations – Domestic and Foreign Currency. i.e.' solo bank level

    (4) Overseas Branch Operations – Country-Wise

    (5) For Consolidated Bank Operations

    The guidance for slotting the future cash flows of a bank in the time buckets has been provided in Annex-V.

36. A bank shall analyse the behavioural maturity profile of various components of on / off-balance sheet items on the basis of assumptions and trend analysis supported by time series analysis. The behavioural analysis, for example, may include the proportion of maturing assets and liabilities that the bank can rollover or renew, the behaviour of assets and liabilities with no clearly specified maturity dates, potential cash flows from OBS activities, including draw-down under loan commitments, contingent liabilities, and market related transactions.

37. A bank shall undertake variance analysis, at least once in six months to validate the assumptions used in the behavioral analysis. The assumptions shall be fine-

tuned over a period which facilitate near reality predictions about future behaviour of on / off-balance sheet items.

38. A bank shall also track the impact of prepayments of loans, premature closure of deposits, and exercise of options built in certain instruments which offer put / call options after specified times. Cash outflows can be ranked by the date on which liabilities fall due, i.e., the earliest date a liability holder could exercise an early repayment option, or the earliest date contingencies could be crystallised.

39. The assumptions used in projections of cash flows and measuring liquidity risk, shall be reasonable, appropriate, and adequately documented. They shall also be periodically reviewed by the Board / RMC.

G. Risk Measurement – Stock Approach

40. A bank may consider measures / ratios in this regard. Some illustrative stock ratios with their significance in liquidity risk management are given in the **Table 1** below. A bank may also use other measures / ratios.

41. A bank may monitor liquidity risk by putting in place internally defined limits approved by the Board for such measures / ratios. Such limits should be based on its liquidity risk management capabilities, experience, and risk profile. Such measures / ratios may be used to monitor the liquidity risk in ₹ and in major currencies at the solo bank level.

Table 1

Sl. No	Ratio	Significance
1.	(Volatile liabilities - Temporary Assets) / (Earning Assets - Temporary Assets)	Measures the extent to which volatile money supports bank's basic earning assets. Since the numerator represents short-term, interest sensitive funds, a high and positive number implies some risk of illiquidity.
2.	Core deposits / Total Assets	Measures the extent to which assets are funded through stable deposit base.
3.	(Loans + mandatory SLR + mandatory CRR + Fixed Assets) / Total Assets	Loans including mandatory cash reserves and statutory liquidity investments are least liquid and hence a high ratio signifies the degree of 'illiquidity' embedded in the balance sheet.

4.	(Loans + mandatory SLR + mandatory CRR + Fixed Assets) / Core Deposits	Measure the extent to which illiquid assets are financed out of core deposits.
5.	Temporary Assets / Total Assets	Measures the extent of available liquid assets. A higher ratio could impinge on the asset utilisation of banking system in terms of opportunity cost of holding liquidity.
6.	Temporary Assets / Volatile Liabilities	A higher ratio is reflective of adequate cover of liquid investments relative to volatile liabilities while lower ratio indicate scope for increasing the liquid investments and/or decreasing the volatile liabilities.
7.	Volatile Liabilities / Total Assets	Measures the extent to which volatile liabilities fund the balance sheet.

Explanation: A bank may refer to the following guidance for computation of above ratios:

(1) **Volatile Liabilities:** (i) (Deposits + borrowings and bills payable up to 1 year). Borrowings include from RBI, call, other institutions, and refinance. Current deposits (CA) and Savings deposits (SA) reported by a bank as payable within one year (as reported in SLS) are included under volatile liabilities. (ii) Letters of credit – full outstanding. (iii) Component-wise Credit Conversion Factor of other contingent credit and commitments. (iv) Swap funds (buy/ sell) up to one year.

(2) Temporary **assets** =Cash + Excess CRR balances with RBI + Balances with a bank + Bills purchased / discounted up to 1 year + Investments up to one year + Swap funds (sell / buy) up to one year.

(3) **Earning Assets** = Total assets – (Fixed assets + Balances in current accounts with other banks + Other assets excluding leasing + Intangible assets)

(4) **Core deposits** = All deposits (including CA / SA) above 1 year (as reported in SLS) + Net Worth

H. Risk Monitoring

42. While the mismatches in SLS up to one year would be relevant, since these provide early warning signals of impending liquidity problems, the main focus shall be on the short-term mismatches, i.e., up to 30 days. A bank shall also monitor cumulative mismatches across all time buckets by setting internal prudential limits, with the approval of the Board or RMC.

43. The net cumulative negative mismatches in the domestic and overseas SLS (Refer Annex-I - Part A1 and Part B of Liquidity Return) during the next day, 2-7 days, 8-14 days, and 15-30 days bucket shall not exceed 5 per cent, 10 per cent, 15 per cent, and 20 per cent of the cumulative cash outflows in the respective time bucket. A bank shall also adopt the above cumulative mismatch limits for its SLS for consolidated bank operations (Annex -I – Part C).

I. Liquidity Across Currencies

44. A bank shall have a measurement, monitoring, and control system for liquidity positions in the major currencies in which it is active. For assessing the liquidity mismatch in foreign currencies, as far as domestic operations are concerned, a bank shall prepare Part A2 of Liquidity Return as provided in Annex-I. For slotting the various items of assets and liabilities in SLS, a bank shall refer to the guidance provided in Annex V. In addition to assessing its aggregate foreign currency liquidity needs and the acceptable mismatch in combination with its domestic currency commitments, a bank shall also undertake separate analysis of its strategy for each major currency individually by taking into account the outcome of stress testing.

45. The assessment of foreign currency mismatches by a bank shall take into account:

    (1) bank's ability to raise funds in foreign currency markets;

    (2) the likely extent of foreign currency back-up facilities available in its domestic market;

    (3) the ability to transfer liquidity surplus from one currency to another, and across countries / jurisdictions and legal entities; and

(4) the likely convertibility of currencies in which the bank is active, including the potential for impairment or complete closure of foreign exchange swap markets for particular currency pairs.

J. Liquidity Risk Tolerance

46. A bank's Board shall set an explicit liquidity risk tolerance, which shall define the level of liquidity risk that a bank is willing to assume and reflect its financial condition and funding capacity. The tolerance should ensure that the bank manages its liquidity in normal times in such a way that it is able to withstand a prolonged period of, both institution specific and market wide, stress events.

47. The articulation of risk tolerance shall be explicit, comprehensive, and appropriate as per bank's complexity, business mix, liquidity risk profile, and systemic significance; and also, be subjected to sensitivity analysis. The risk tolerance could be specified by way of fixing the tolerance levels for various maturities under flow approach depending upon a bank's asset liability profile, extent of stable deposit base, the nature of cash flows, regulatory prescriptions, etc. In respect of mismatches in cash flows in the near-term buckets up to 30 days, a bank shall endeavour to keep the cash flow mismatches at the minimum levels. Risk tolerance may also be specified for various ratios under stock approach.

48. Liquidity risk tolerance may also be expressed in terms of minimum survival horizons under a range of severe but plausible stress scenarios, chosen to reflect the particular vulnerabilities of the bank. The Board shall periodically review the key assumptions.

K. Management Information System (MIS)

49. A bank shall maintain a reliable MIS designed to provide timely and forward-looking information on the liquidity position of the bank and the group to the Board and ALCO, both under normal and stress situations. The MIS shall cover liquidity positions in all currencies in which a bank conducts its business – both on a subsidiary / branch basis (in all countries in which the bank is active) and on an aggregate group basis. It shall capture all sources of liquidity risk, including contingent risks and those arising from new activities, and have the ability to furnish more granular and time sensitive information during stress events.

50. Liquidity risk reports shall provide sufficient detail to enable management to assess the sensitivity of a bank to changes in market conditions, its own financial performance, and other important risk factors. The reports shall inter alia include:

(1) cash flow projections and cash flow gaps;

(2) asset and funding concentrations;

(3) critical assumptions used in cash flow projections;

(4) funding availability;

(5) compliance to various regulatory and internal limits on liquidity risk management;

(6) results of stress tests;

(7) key early warning or risk indicators; and

(8) status of contingent funding sources and collateral usage.

L. Internal Controls

51. A bank shall maintain appropriate internal controls, systems and procedures to ensure adherence to liquidity risk management policies and procedure as also adequacy of liquidity risk management functioning.

52. Top Management (direct reporting to the MD & CEO and / or the Board) shall ensure that an independent party regularly reviews and evaluates the various components of the bank's liquidity risk management process. These reviews shall assess the extent to which the bank's liquidity risk management complies with the regulatory / supervisory instructions as well as its own policy. The independent review process shall report key issues requiring immediate attention, including instances of non-compliance to various guidance / limits for prompt corrective action consistent with the Board approved policy.

M. Monitoring of Liquidity

53. A bank shall adhere to the following regulatory limits prescribed to reduce the concentration risk on the liability side of its balance sheet.

(1) Inter-bank Liability (IBL) Limit

(i) IBL of a bank shall not exceed 200 per cent of its Net Worth as on March 31 of the previous year. A bank may, with the approval of its Board, fix a lower limit for its IBL, keeping in view its business requirements.

(ii) A bank whose Capital to Risk-weighted Assets Ratio (CRAR) is at least 25 per cent more than the minimum CRAR (9 per cent), i.e., 11.25 per cent as on March 31 of the previous year is permitted to maintain a higher IBL of up to 300 per cent of its Net Worth.

(iii) The limit prescribed above shall include only fund-based IBL within India, including inter-bank liabilities in foreign currency to a bank operating within India. The IBL outside India shall be excluded.

(iv) The IBL limits shall not include collateralized borrowings under Tri-Party Repo (TREPS) and refinance from NABARD, SIDBI, etc.

(2) Call Money Borrowing and Lending Limit : A bank shall be guided by the Reserve Bank of India (Call, Notice and Term Money Markets) Directions, 2021 for limit on call money borrowings and lending. The call money borrowing limit shall operate as a sub-limit within the above IBL limit.

54. A bank having high concentration of bulk deposits or deposits in excess of threshold as approved by the Board shall frame suitable policies to monitor volatile liabilities and contain the liquidity risk arising out of excessive dependence on such deposits, both in normal and stress situations.

N. Off-balance Sheet Exposures and Contingent Liabilities

55. A bank shall estimate and monitor the cash flows arising from OBS exposures (contingent liabilities) such as those related to special purpose vehicles (SPVs), financial derivatives, guarantees, and commitments under normal situation and the scope for increase in cash flows during periods of stress.

56. In case of securitization transactions, an originating bank shall monitor, at the inception and throughout the life of the transaction, potential risks arising from the extension of liquidity facilities to securitisation programmes. A bank shall establish processes for measuring contingent funding risks, which shall take into account the nature and size of its potential non-contractual obligations, that may expose it to such contingent funding risks, particularly in times of stress where

support may be required for related OBS vehicles. A bank shall give specific attention to securitisation programmes where it considers such support critical for maintaining ongoing access to funding. Similarly, reputational concerns may prompt a bank to purchase assets from money market or other investment funds that it manages or is otherwise affiliated with in times of stress.

57. Where a bank provides contractual liquidity facilities to an SPV, or where it may otherwise need to support the liquidity of an SPV under adverse conditions, the bank shall consider how the bank's liquidity might be adversely affected by illiquidity at the SPV. In such cases, a bank shall monitor the SPV's inflows (maturing assets) and outflows (maturing liabilities) as part of its own liquidity planning, including in its stress testing, and scenario analyses. In such circumstances, a bank shall assess its liquidity position with the SPV's net liquidity deficits. Net liquidity surplus to the SPV shall be ignored as it will not increase the liquidity position of a bank.

58. With respect to the use of securitization SPVs as a source of funding, a bank shall assess the continued availability of these funding under stress scenarios. The access to the securitisation market may be impaired, especially for a bank experiencing adverse liquidity conditions, such limitations shall be incorporated into bank's prospective liquidity management framework.

O. Collateral Position Management

59. A bank shall have sufficient collateral to meet expected and unexpected borrowing needs and potential increases in margin requirements over different timeframes, depending upon its funding profile. A bank shall also consider the potential for operational and liquidity disruptions that may necessitate the pledging or delivery of additional intraday collateral.

60. A bank shall have proper systems and procedures to calculate all of its collateral positions in a timely manner, including the value of assets currently pledged relative to the amount of security required and availability of unencumbered assets that may be pledged. A bank shall monitor these positions on an ongoing basis. It should also be aware of the operational and timing requirements associated with accessing the collateral given its physical location.

P. Incorporation of Liquidity Costs, Benefits, and Risks in the Internal Pricing

61. A bank may implement a scientifically designed internal transfer pricing mechanism that assigns value to funds provided and funds used, based on prevailing market rates, thus ensuring the liquidity costs and benefits are an integral part of bank's strategy planning.

62. A bank may develop a process to quantify liquidity costs and benefits so that these are incorporated in the internal product pricing, performance measurement, and new product approval process for all material business lines, products, and activities. Such process may aim to align the risk-taking incentives and the liquidity risk exposure of each business line, in accordance with the Board approved risk tolerance of individual business lines.

Q. Funding Strategy - Diversified Funding

63. A bank shall establish a funding strategy that provides effective diversification in the sources and tenor of funding. A bank may regularly assess its ability to raise funds quickly from each source. It shall identify the main factors that affects its ability to raise funds and monitor those factors closely to ensure that estimates of fund-raising capacity remain valid. These factors shall also be incorporated in bank's stress test scenario and CFP.

64. A bank shall avoid over-reliance on a single source of funding. Funding strategy shall also take into account the qualitative dimension of the concentrated behaviour of deposit withdrawal in typical market conditions and overdependence on non-deposit funding sources arising out of unique business model. Funding diversification may be implemented by way of placing limits based on parameters such as tenor, counterparty, secured v/s unsecured market funding, instrument type, currency, geography, and securitization.

R. Liquidity risk due to Intra Group transfers

65. In order to mitigate the potentially high risk arising from Intra-Group transactions and exposures, the following shall be ensured:

    (1) The head of the Group financial conglomerate shall develop and maintain liquidity management processes and funding programmes that are

consistent with the complexity, risk profile, and scope of operations of the financial conglomerate.

(2) The liquidity risk management processes and funding programmes shall take into account lending, investment, and other activities, and ensure that adequate liquidity is maintained at the head entity and each constituent entity within the financial conglomerate. Processes and programmes shall fully incorporate real and potential constraints, including legal and regulatory restrictions, on the transfer of funds among these entities and between these entities and the head entity.

(3) A bank shall manage liquidity risks through i) effective governance and management oversight as appropriate; ii) adequate policies, procedures, and limits on risk taking; and iii) strong management information systems for measuring, monitoring, reporting, and controlling liquidity risks.

S. Stress Testing

66. A bank shall integrate stress testing into its overall liquidity risk governance and management framework. A stress test is commonly described as an evaluation of the financial position of a bank under a severe but plausible scenario to assist in decision making within the bank. Stress testing shall serve as forward looking risk assessment tool to alert a bank's management to adverse unexpected outcomes and facilitate better planning to address the vulnerabilities identified. A bank shall put in place a stress testing framework as detailed in the Reserve Bank of India (Commercial Banks- Prudential Norms on Capital Adequacy) Directions, 2025 and as specified below:

67. **Scenarios and Assumptions**

(1) A bank shall conduct stress tests on a regular basis for a variety of short term and protracted bank specific and market wide stress scenarios (individually and in combination). In designing liquidity stress scenarios, the nature of bank's business, activities, and vulnerabilities shall be taken into consideration so that the scenarios incorporate the major funding and market liquidity risks to which it is exposed. These include risks associated with its business activities, products (including complex financial instruments and OBS items), and funding sources. The defined scenarios

shall allow a bank to evaluate the potential adverse impact these factors can have on its liquidity position. While historical events may serve as a guide, a bank shall exercise judgment in designing the stress tests.

(2) A bank shall specifically take into account the link between reductions in market liquidity and constraints on funding liquidity, especially one with significant market share in, or heavy reliance upon, specific funding markets. It shall also consider the insights and results of stress tests performed for various other risk types while stress testing its liquidity position and consider possible interactions with these other types of risk.

(3) A bank shall recognise that stress events may simultaneously give rise to immediate liquidity needs in different currencies and multiple payment and settlement systems. It shall consider in the stress tests, the likely behavioural response of other market participants to events of market stress and the extent to which a common response might amplify market movements and exacerbate market strain as also the likely impact of its own behaviour or that of other market participants. The stress tests shall consider how the behaviour of counterparties (or their correspondents and custodians) would affect the timing of cash flows, including on an intraday basis.

(4) Based on the type and severity of the scenario, a bank shall consider the appropriateness of a number of assumptions which are relevant to its business. A bank's choice of scenarios and related assumptions should be well thought of, documented, and reviewed together with the stress test results. A bank shall take a conservative approach when setting stress testing assumptions.

(5) A bank shall conduct stress tests to assess the level of liquidity it should hold, the extent and frequency of which shall be commensurate with the size of the bank and its specific business activities / liquidity for a period over which it is expected to survive a crisis.

(6) A bank may conduct stress tests assuming the minimum stress period for an institution-specific crisis scenario to last for no less than five business days, and that for a general market crisis scenario and a combined

scenario, no less than one calendar month. The bank should adopt longer minimum stress periods if its liquidity risk profile warrants this.

68. **Use of Stress Test Results**

(1) A bank shall use the outcomes of liquidity stress tests to identify and quantify sources of potential liquidity strain and to analyse possible impacts on its cash flows, liquidity position, profitability, and solvency. The results of stress tests shall be discussed thoroughly by the ALCO. Remedial or mitigating actions shall be identified and taken to limit bank's exposures, to build up a liquidity cushion and to adjust the liquidity profile to fit the risk tolerance. The results should also play a key role in shaping the bank's contingent funding planning and in determining the strategy and tactics to deal with events of liquidity stress.

(2) A bank shall maintain proper documentation of the stress test results and the corresponding action taken. If the stress test results indicate any vulnerability, these shall be reported to the Board and a plan of action charted out immediately. In such cases, the Department of Supervision (DoS), RBI shall be informed immediately.

T. Contingency Funding Plan (CFP)

69. A bank shall formulate a CFP for responding to severe disruptions which might affect its ability to fund some or all of its activities in a timely manner and at a reasonable cost. A CFP should prepare a bank to manage a range of scenarios of severe liquidity stress that include both bank specific and market-wide stress and should be commensurate with bank's complexity, risk profile, and scope of operations.

70. CFPs shall contain:

(1) details of available / potential contingency funding sources and the amount / estimated amount which can be drawn from these sources,

(2) clear escalation / prioritisation procedures detailing when and how each of the actions can and shall be activated, and

(3) the lead time needed to tap additional funds from each of the contingency sources.

71. With a view to diversify, a bank may enter into contingency funding agreements with different banks / types of banks (public sector, private sector, foreign bank) for providing contingency funding lines and / or reciprocal lines of credit (e.g., agreement to receive contingent funds in India with a reciprocity agreement to provide funds at a cross border location or vice versa). The CFP shall be flexible to allow rapid response across various stress scenarios. The design, plans, and procedures shall be closely integrated with bank's ongoing analysis of liquidity risk and with the results of the scenarios and assumptions used in stress tests. The plan shall address liquidity requirements over a range of different time horizons, including intraday.

72. CFP shall set out a clear decision-making process on what actions to take at what time, who can take them, and what issues need to be escalated to Top Management of a bank. There shall be explicit procedures for effective internal coordination and communication across bank's different business lines and locations. It shall also address when and how to contact external parties, such as supervisors, central bank, or payments system operators. It is particularly important that in developing and analysing CFP and stress scenarios, a bank is aware of the operational procedures needed to transfer liquidity and collateral across different entities, business lines, and jurisdictions and the restrictions that govern such transfers like legal, regulatory, and time zone constraints. The CFP shall contain clear policies and procedures that will enable a bank's management to make timely and well-informed decisions, execute contingency measures swiftly and proficiently, and communicate effectively to implement the plan efficiently, including:

(1) clear specification of roles and responsibilities, including the authority to invoke the CFP. The establishment of a crisis team can facilitate internal coordination and decision-making during a liquidity crisis;

(2) names and contact details of members of the team responsible for implementing the CFP and the locations of team members; and

(3) the designation of alternates for key roles.

73. The CFPs must be tested regularly to ensure their effectiveness and operational feasibility and shall be reviewed by the Board at least on an annual basis.

U. Overseas Operations of the Indian Banks' Branches and Subsidiaries

74. General Guidelines

(1) A bank's liquidity policy and procedures shall include detailed guidelines for its overseas branches / subsidiaries to manage their operational liquidity on an ongoing basis.

(2) Management of operational liquidity or liquidity in the short-term is expected to be delegated to local management as part of local treasury function. For measuring and managing net funding requirements, a SLS in respect of overseas operations shall be prepared country-wise on a daily basis, as per format provided in Annex-I Part B and reported to the Reserve Bank on monthly basis. For slotting the various items of assets and liabilities in SLS, bank shall refer to the guidance provided in Annex V. A bank shall also report figures in respect of subsidiaries / joint ventures in the same format on a stand-alone basis. The tolerance limit prescribed for net cumulative negative mismatches in case of domestic SLS i.e., 5 per cent, 10 per cent, 15 per cent, and 20 per cent of the cumulative cash outflows in respect of next day, 2-7 days, 8-14 days, and 15-30 days bucket shall also be applicable for overseas operations (country-wise).

(3) The broad norms in respect of overseas liquidity management are as follow:

(i) A bank shall not normally assume voluntary risk exposures extending beyond a period of ten years;

(ii) A bank shall endeavour to broaden its base of long-term resources and funding capabilities consistent with its long-term assets and commitments;

(iii) The limits on maturity mismatches shall be established within the following tolerance levels:

(a) long term resources shall not fall below 70 per cent of long-term assets; and

(b) long and medium-term resources together shall not fall below 80 per cent of the long and medium-term assets.

(iv) These controls shall be undertaken currency-wise, and in respect of all such currencies which individually constitute 10 per cent or more of a bank's consolidated overseas balance sheet. Netting of inter-currency positions and maturity gaps shall not be permitted. For the purpose of these limits, short term, medium term, and long term are defined as under:

(a) 'Short-term' refers to those maturing within 6 months.

(b) 'Medium-term' refers to those maturing in 6 months and longer but within 3 years.

(c) 'Long-term' refers to those maturing after 3 years and longer.

(v) The monitoring system shall be centralised in the International Division (ID) of a bank for controlling the mismatch in asset-liability structure of the overseas sector on a consolidated basis, currency-wise. The ID of a bank shall review the structural maturity mismatch position at quarterly intervals and submit the review/s to the Top Management of the bank.

(4) In countries where the mismatches in the maturity structures are subject to regulatory or supervisory guidelines, those shall be controlled locally within the host country regulatory or prudential parameters. Additionally, at the corporate level (i.e., in respect of the overseas operation as a whole), the maturity mismatches shall also be controlled by bank's management by establishing tolerance limits on the global asset-liability structures and monitored in the aggregate. A bank shall undertake / exercise relevant control on a centralised basis.

75. Maintenance of Liquidity

(1) A bank shall adopt a decentralised liquidity management model, with flexibility to establish regional centres or hubs, that may fund / manage liquidity for some jurisdictions or currencies, keeping in view the constraints on the transfer of liquidity across jurisdictions / entities.

(2) Notwithstanding the decentralised model, a bank with multiple platforms and legal entities shall establish a centralised liquidity management oversight function at the group level. A bank's group level strategy and

policy documents shall describe the structure for monitoring institution-wide liquidity risk and for overseeing operating subsidiaries and foreign branches. The bank's liquidity risk management plan shall clearly document the assumptions regarding the transferability of funds and collateral.

76. Maintenance of Liquidity – overseas branches of Indian banks and branches of foreign banks in India

(1) A bank shall maintain adequate liquidity at both the solo and consolidated levels. Irrespective of the organisational structure and degree of centralised or decentralized liquidity risk management, a bank shall actively monitor and control liquidity risks at the level of individual legal entities, foreign branches and subsidiaries, and the Group as a whole, incorporating processes that aggregate data in order to develop a group-wide view of liquidity risk exposures and identify constraints on the transfer of liquidity within the group.

(2) If the legal entities, including subsidiaries, joint ventures, and associates are subject to a regulatory oversight other than by the Reserve Bank, that regulatory regime will prevail. In case they are not subject to any such regulatory oversight, a bank shall evolve and follow bank-like regulatory liquidity standards. On a consolidated basis, the regulatory standards as applicable for the Group shall also be adhered to.

(3) Indian banks' branches and subsidiaries abroad are required to manage liquidity according to the host or home country requirements, whichever is more stringent. The branches and subsidiaries of the bank are expected to be self-sufficient with respect to liquidity maintenance and should be able to withstand a range of severe but plausible stress test scenarios on their own within the stress testing framework laid down in paragraphs 66 to 68. However, in case of extreme stress situations, while Indian banks' branches abroad can rely on liquidity support from their Head Office, their subsidiaries shall be self-reliant.

(4) A foreign bank operating in India shall also be self-reliant with respect to liquidity maintenance and management. In case of extreme stress situation, parent entity / Head Office support can be relied upon. However, the

possible constraints with respect to transferability of funds from the parent entity / Head Office, including possible time lag in availability of funds shall be taken into account while factoring this as a source of funds in CFP. A bank shall also take into account a stress situation when funds may not be available to them in case of market / Group-wide stress situation.

Chapter IV – Intraday Liquidity Management

A. Introduction

77. A bank shall effectively manage its intraday liquidity risk as a crucial part of liquidity risk management. Inability to effectively manage intraday liquidity may lead to default in meeting its payment obligations in time, which may affect not only its own liquidity position but also that of its counterparties. In the face of credit concerns or general market stress, failure to settle payments may be perceived as a sign of financial weakness, prompting counterparties to withhold or delay payments to bank, causing additional liquidity pressures, which given the inter-dependencies that exist among systems, can lead to liquidity dislocations that cascade quickly across many systems and institutions.

78. Principle 8 of 'Principles for Sound Liquidity Risk Management and Supervision' states that a bank should actively manage its intraday liquidity positions and risks to meet payment and settlement obligations on a timely basis under both normal and stressed conditions and thus contribute to the smooth functioning of payment and settlement systems.

79. Principle 8 identifies six operational elements that should be included in a bank's strategy for managing intraday liquidity risk. Accordingly, a bank should:

    (1) have the capacity to measure expected daily gross liquidity inflows and outflows, anticipate the intraday timing of these flows where possible, and forecast the range of potential net funding shortfalls that might arise at different points during the day;

    (2) have the capacity to monitor intraday liquidity positions against expected activities and available resources (balances, remaining intraday credit capacity, available collateral);

    (3) arrange to acquire sufficient intraday funding to meet its intraday objectives;

    (4) have the ability to manage and mobilise collateral, as necessary, to obtain intraday funds;

    (5) have a robust capability to manage the timing of its liquidity outflows in line with its intraday objectives; and

(6) be adequately prepared to deal with unexpected disruptions to its intraday liquidity flows.

80. The qualitative guidance in the Sound Principles shall be complemented by set of quantitative tools to monitor a bank's intraday liquidity risk and its ability to meet payment and settlement obligations on a timely basis under both normal and stressed conditions.

81. Accordingly, the Board shall ensure that the bank develops suitable strategy, risk management policies, and practices to monitor intraday liquidity, ensure integrity of regulatory reporting, and review the efficacy of the monitoring tools. The Board shall ensure that the bank:

(1) develops and adopts suitable intraday liquidity strategy that enables it to:

(i) monitor and measure expected daily gross liquidity inflows and outflows;

(ii) ensure the availability of sufficient intraday funding to meet its payment obligations;

(iii) manage unexpected disruptions to its liquidity flows; and

(iv) effectively manage collateral as integral part of intraday liquidity strategy.

(2) establishes suitable policies, procedures, practices, and systems to support the intraday liquidity risk management in all financial markets and currencies in which it has significant payment and settlement flows, including when it chooses to rely on correspondents or custodians to conduct payment and settlement activities.

(3) ensures integrity of regulatory reporting and review the efficacy of the monitoring tools.

82. The intraday liquidity risk management requirements shall be applicable for a bank in respect of ₹ liquidity as well as in respect of all significant foreign currencies.

83. A bank shall note that though the LCR framework promotes the short-term resilience of the liquidity risk profile of the bank, it does not include intraday

liquidity within its calibration and the LCR stress scenario does not cover either expected or unexpected intraday liquidity needs.

B. Intraday liquidity sources and usage

A bank's sources and usage of intraday liquidity generally include the following:

84. Sources

(1) Own sources

(i) Cash Reserve Ratio (CRR) and excess CRR maintained with RBI;

(ii) Securities held under Statutory Liquidity Ratio (SLR) and Government securities in excess of the minimum SLR requirement;

(iii) Collateral pledged with RBI or with ancillary systems that can be freely converted into intraday liquidity;

(iv) Unencumbered assets on a bank's Balance Sheet that can be freely converted into intraday liquidity;

(v) Secured and unsecured, committed and uncommitted credit lines available intraday; and

(vi) Balances with other banks that can be used for intraday settlement.

(2) Other sources

(i) Payments received from other Large Value Payments Systems (LVPS) participants;

(ii) Payments received from ancillary systems; and

(iii) Payments received through correspondent banking services.

85. Usage

Usage of funds can be towards:

(1) Payments made to other LVPS participants;

(2) Payments made to ancillary systems;

(3) Payments made through correspondent banking services;

(4) Secured and unsecured, committed, and uncommitted credit lines offered intraday; and

(5) Contingent payments relating to a payment and settlement system's failure (e.g., as an emergency liquidity provider).

C. Intraday liquidity monitoring tools

86. A bank shall employ the following seven monitoring tools, grouped into three categories, to identify and monitor the intraday liquidity risk:

Category A: Tools applicable to all reporting banks

(1) Daily maximum intraday liquidity usage;

(2) Available intraday liquidity at the start of the business day;

(3) Total payments; and

(4) Time-specific obligations.

Category B: Tools applicable to a reporting bank that provides correspondent banking services

(1) Value of payments made on behalf of correspondent banking customers.

Explanation: In correspondent banking, customer payments may be made across accounts held by the same correspondent bank, which may have no impact on intraday liquidity source or usage for the bank, as these do not link to the payment and settlement systems. However, these payments do have intraday liquidity implications for both the sending and receiving customer banks and hence, are incorporated in reporting of the monitoring tools.

(2) Intraday credit lines extended to customers.

Category C: Tool applicable to a reporting bank which is a direct participant

(1) Intraday throughput.

A description of the monitoring tools is given in the subsequent paragraphs.

D. Intraday liquidity stress scenarios

87. A bank shall evaluate its intraday liquidity requirements in stress conditions, along with monitoring of intraday liquidity under normal conditions, given the potential changes in the availability and usage of intraday liquidity in times of stress.

88. An illustrative list of four possible intraday liquidity stress scenarios has been provided below:

Scenario		Impact
I	Stress on a direct participant	A bank suffers or is perceived to be suffering from stress event • Counterparties may defer payments and / or withdrawing intraday credit lines. • May result in the bank having to fund more of its payments from its own intraday liquidity sources to avoid having to defer its own payments A bank should consider the likely impact that these stress scenarios would have on its daily maximum intraday liquidity usage, available intraday liquidity at the start of the business day, total payments, and time-specific obligations.
II	Stress on a counter-party	A major counterparty suffers an intraday stress event which prevents it from making payments • Direct participants and a bank that use correspondent banking services would not be able to rely on incoming payments from the stressed counterparty, reducing the availability of intraday liquidity that can be sourced from the receipt of the counterparty's payments.
III	Stress on customer bank of a correspondent bank	A customer bank of a correspondent bank suffers a stress event. • Bank may be constrained to prefund its payments and / or to collateralise its intraday credit line(s). • Other bank may defer payments to the customer bank. • This may lead to further loss of intraday liquidity at its correspondent bank(s) as intraday credit lines may be withdrawn by the correspondent bank(s).
IV	Market-wide credit or liquidity stress	• Adverse implications for the value of liquid assets that a bank holds to meet its intraday liquidity usage. • A widespread fall in the market value and / or credit rating of a bank's unencumbered liquid assets may constrain its ability to raise intraday liquidity from the market. • For a bank that uses correspondent banking services, a widespread fall in the market value and / or credit rating of its unencumbered liquid assets may constrain its ability to raise intraday liquidity from its correspondent bank(s).

		A reporting bank should consider the likely impact that the stress would have on its sources of available intraday liquidity at the start of the business day.

(1) A bank in consultation with the DoS, RBI shall determine the intraday stress scenarios which are relevant to its particular circumstances and business model.

(2) These scenarios shall be used to assess how intraday liquidity profile in normal conditions would change in conditions of stress. The bank shall report the impact of these stress scenarios on the monitoring tools to the DoS, RBI on an annual basis. The bank shall use the outcomes of the stress testing to address any adverse impact either through contingency planning arrangements and / or its wider intraday liquidity risk management framework.

(3) A bank which manages intraday liquidity on a cross-currency basis shall consider the intraday liquidity implications of a closure of, or operational difficulties in, currency swap markets and stresses occurring in multiple systems simultaneously.

E. Monitoring tools applicable to all reporting banks (Category A)

89. Daily maximum intraday liquidity usage

(1) A bank shall monitor the net balance of all payments made and received by it under normal conditions during the day over its settlement account, either with the RBI (if the bank is a direct participant) or with correspondent bank(s). The largest net negative position during the business day on the account(s), (i.e., the largest net cumulative balance between payments made and received), will determine a bank's maximum daily intraday liquidity usage. The bank shall arrive at the net position using transaction-by-transaction data over the account(s) and their respective settlement time stamps. However, this does not require real time monitoring and the bank is free to calculate this position after close of the business day.

(2) The net position represents the change in the opening balance with the RBI (for direct participant banks) or the correspondent bank (for banks using

correspondent banks). A positive net position signify that the bank has received more payments than it has made during the day, while a negative net position signify that the bank has made more payments than it has received. In case of latter, the bank will need access to intraday liquidity to fund this negative net position. A bank shall maintain access to intraday liquidity sufficient to cover such largest negative net position.

(3) A positive net cumulative position at any point during the day shall be treated as surplus liquidity available to the bank for meeting its intraday liquidity obligations.

(4) A bank shall report its three largest daily negative as well as positive net cumulative positions on its settlement or correspondent account(s) during the reporting month, as also the daily averages of both these variables for the reporting month (BLR – 6, Sl No.1).

90. Available intraday liquidity at the start of the business day

(1) A bank shall monitor the amount of intraday liquidity available at the start of each day to meet its intraday liquidity requirements in normal conditions. The bank shall report the three smallest values of intraday liquidity available at the start of each business day in the reporting period. The bank shall also report the average amount of available intraday liquidity at the start of each business day during the reporting month. Further, the constituent elements of above amounts shall also be reported as given in the reporting format (BLR – 6, Sl No. 2).

91. Under this tool, a bank shall include only those liquidity sources, as mentioned in paragraph 84 , which are freely and readily available to it. A bank shall have a Board approved policy in this regard. In cases of collateral managed on a cross-currency and / or cross-system basis, liquidity sources not denominated in the domestic currency shall be included in the calculation only if the bank can demonstrate to the RBI that the collateral can be transferred intraday freely to the system where it is needed.

92. Total payments: A bank shall monitor the overall scale of a bank’s payment activity in terms of gross payments sent and received in the LVPS and / or, where appropriate, across any account(s) held with a correspondent bank(s). Under this

tool (BLR – 6, Sl. No. 3), a bank shall report its three largest daily values for gross payments sent and received during the reporting month. A bank shall also report the average daily figure of gross payments made and received during the reporting month.

93. Time-specific obligations: Failure to settle time-specific obligations could result in financial penalty and reputational damage to the bank. A bank shall monitor its time-specific obligations. A bank shall calculate the total value of time-specific obligations that it settles each day and report such three largest daily total values during the reporting month and the average daily total value of such obligations for the reporting month (BLR – 6, Sl. No.4).

    Explanation: Time specific obligations may include those for which there is time-specific intraday deadline, those required to settle positions in other payment and settlement systems, those related to market activities and other such obligations critical to a bank's business or reputation e.g., obligations in ancillary systems, Continuous Linked Settlement (CLS) pay-ins, or return of overnight loans.

F. Monitoring tools applicable to a reporting bank that provides correspondent banking services

A bank providing correspondent banking services shall submit information in this regard under Sl No.5 of BLR – 6.

94. Value of payments made on behalf of correspondent banking customers: A correspondent bank shall calculate the total value of payments it makes on behalf of all customers of its correspondent banking services each day and report the three largest daily total values and the daily average total value of such payments during the reporting period.

95. Intraday credit lines extended to customers : A correspondent bank shall report the three largest intraday credit lines (including both committed and uncommitted & secured and unsecured lines) extended to its customers during the reporting period, and the corresponding peak usage of such credit lines.

G. Monitoring tool applicable only to reporting banks which are direct participants.

96. Intraday throughput - A bank that is direct participant shall report the daily average in the reporting period of the percentage of its outgoing payments (relative to total payments) and incoming receipts (relative to total receipts) that settle by specific times during the day, by value within each hour of the business day. A bank shall submit information in this regard under Sl No.5 of BLR – 6.

H. Scope of Intraday Liquidity Risk Monitoring

A bank shall manage its intraday liquidity risk on a system-by-system basis, i.e., for each LVPS in a single currency.

97. Systems

(1) A bank which is a direct participant to an LVPS may manage its intraday liquidity in different ways such as

(i) System specific management of its payment and settlement activity;

(ii) Use of direct intraday liquidity 'bridges' between LVPS, which allow excess liquidity to be transferred from one system to another without restriction; and

(iii) Other formal arrangements such as agreements to use foreign currency liquidity as collateral for domestic systems.

(2) A direct participant shall apply a 'bottom-up' approach to determine the appropriate basis for reporting the monitoring tools. A bank shall follow the following principles:

(i) As a baseline, a bank shall report on each LVPS in which it participates on a system-by-system-basis;

(ii) Where a direct real-time technical liquidity bridge exists between two or more LVPS, the intraday liquidity in those systems may be considered fungible. At least one of the linked LVPS may therefore be considered an ancillary system for the purpose of the tools; and

(iii) If a bank can demonstrate to the satisfaction of the DoS, RBI that it regularly monitors positions and uses other formal arrangements to transfer liquidity intraday between LVPSs which do not have a direct technical liquidity bridge, those LVPSs may also be considered as ancillary systems for reporting purposes.

(3) Ancillary systems (e.g., retail payment systems, CLS, some securities settlement systems and central counterparties), place demands on a bank's intraday liquidity when these systems settle the bank's obligations in an LVPS. Consequently, separate reporting requirements will not be necessary for such ancillary systems.

(4) A bank that use correspondent banking services shall base its reports on the payment and settlement activity over its account(s) with its correspondent bank(s). Where more than one correspondent bank is used, a bank shall report per correspondent bank. For a bank which accesses an LVPS indirectly through more than one correspondent bank, the reporting shall be aggregated, provided that the reporting bank can demonstrate to the satisfaction of DoS, RBI that it is able to move liquidity between its correspondent banks.

(5) A bank which operates as direct participant of an LVPS but which also makes use of correspondent banks shall aggregate these for reporting purposes if the payments made directly through the LVPS and those made through the correspondent bank(s) are in the same jurisdiction and same currency.

98. Currency

(1) A bank that manages its intraday liquidity on a currency-by-currency basis shall report for each currency.

(2) Where a bank can prove to the satisfaction of DoS, RBI, that it manages liquidity on a cross-currency basis and has the ability to transfer funds intraday with minimal delay, including in periods of acute stress, reporting may be aggregated across currencies. However, a bank shall also report at an individual significant currency level in order to enable monitoring the extent to which it is reliant on foreign exchange swap markets. In such cases, reporting in a currency, which is not significant for a bank, is not mandatory.

Explanation: A currency is considered 'significant' if the aggregate liabilities denominated in that currency amount to 5 per cent or more of the bank's total liabilities.

99. Organisational structure

(1) A bank shall report intraday liquidity monitoring tools at consolidated as well as standalone ('solo') level. In cases of foreign bank operating in India as branch, monitoring tools shall be reported at the branch level only.

(2) Where there are no impediments or constraints to transfer intraday liquidity between two (or more) legal entities intraday, and a bank can demonstrate this to the satisfaction of the DoS, RBI, the intraday liquidity requirements of the entities can be aggregated for reporting purposes.

Chapter V – Liquidity Coverage Ratio (LCR)

A. Objective

100. The Liquidity Coverage Ratio (LCR) promotes the short-term resilience of a bank by ensuing that it has sufficient high-quality liquid assets (HQLA) to survive a significant stress scenario lasting 30 calendar days. Under the LCR framework, a bank shall maintain an adequate level of unencumbered HQLA that can be converted into cash to meet its liquidity needs for a 30 calendar days time horizon under a significantly severe liquidity stress scenario specified by the Reserve Bank. At a minimum, the stock of liquid assets should be sufficient to enable a bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective action can be taken. The LCR shall be used on an ongoing basis to help monitor and control liquidity risk.

B. Definition of LCR

101. A bank shall calculate LCR as:

$$\frac{\text{Stock of high quality liquid assets (HQLA)}}{\text{Total net cash outflows over the next 30 calendar days}}$$

102. A bank shall maintain LCR at a minimum of 100 per cent (i.e., the stock of HQLA shall be at least equal to total net cash outflows) on an ongoing basis. As stock of unencumbered HQLA is intended to serve as a defence against the potential onset of liquidity stress, a bank shall strive to achieve a higher ratio than the minimum prescribed above as an effort towards better liquidity risk management.

103. However, during a period of financial stress, a bank shall have the option to use its stock of HQLA and thereby allowing LCR to fall below 100 per cent. In such a case, the bank shall immediately report the shortfall to DoS, RBI. The report shall include reasons for such usage and corrective steps initiated to rectify the situation.

104. The stress scenario specified for LCR, for which a bank would need sufficient liquidity on hand to survive for up to 30 calendar days, entails a combined idiosyncratic and market-wide shock that would result in:

(1) the run-off of a proportion of retail deposits;

(2) a partial loss of unsecured wholesale funding capacity;

(3) a partial loss of secured, short-term financing with certain collateral and counterparties;

(4) additional contractual outflows due to downgrade in a bank's public credit rating by up to three notches, including collateral posting requirements;

(5) increases in market volatilities that impact the quality of collateral or potential future exposure of derivative positions and thus require larger collateral haircuts or additional collateral, or lead to other liquidity needs;

(6) unscheduled draws on committed but unused credit and liquidity facilities that a bank has provided to its clients; and

(7) the potential need for a bank to buy back debt or honour non-contractual obligations in the interest of mitigating reputational risk.

C. Scope

105. The LCR framework shall be applicable to an Indian bank on a standalone ('solo') as well as consolidated level. For a foreign bank operating as branch in India, the framework shall be applicable on standalone basis i.e., for Indian operations only.

D. Principles for calculating the LCR on a consolidated basis

106. A bank shall actively monitor and control liquidity risk exposures and funding needs at the level of individual legal entities, foreign branches and subsidiaries, and the Group as a whole, taking into account legal, regulatory, and operational limitations to the transferability of liquidity.

107. In the case of cross-border banking groups, the consolidated LCR shall reflect liquidity transfer restrictions, if any, in jurisdictions in which the banking group operates. Such restrictions may arise from ring-fencing measures, non-convertibility of local currency, and foreign exchange controls. The banking Group shall have processes in place to capture all liquidity transfer restrictions to the extent practicable, and to monitor the rules and regulations in the jurisdictions in which the Group operates and assess its liquidity implications for the group as a whole.

108. Qualifying HQLA that are held to meet statutory liquidity requirements at the legal entity or sub-consolidated level (where applicable) may only be included in the stock at the consolidated level to the extent that the related risks as measured by the legal entity's or sub-consolidated Group's net cash outflows in the LCR are also reflected in the consolidated LCR. Any surplus of HQLA held at the legal entity can only be included in the consolidated stock if those assets would also be freely available to the consolidated (parent) entity in times of stress. If the HQLA held in excess of the total net cash outflows are not transferable, such surplus liquidity shall be excluded from the consolidated stock of HQLA.

109. In assessing whether assets are freely transferable for regulatory purposes, a bank shall take into consideration that assets may not be freely available to the consolidated entity due to regulatory, legal, tax, accounting, or other impediments. Assets held in legal entities without market access shall only be included to the extent that they can be freely transferred to other entities that could monetise the assets.

110. While the consolidated LCR is required to be reported in ₹, a bank shall also be aware of the liquidity needs in each significant currency. Accordingly, the currencies of the stock of HQLA shall be similar in composition to the operational needs of the bank. A bank shall take into consideration that currencies may not remain transferable and convertible in a stress period, even for currencies that in normal times are freely transferable and highly convertible.

111. When calculating the LCR on a consolidated basis, a cross-border banking Group shall apply the liquidity parameters adopted in the home jurisdiction to all legal entities being consolidated, except for the treatment of retail / small business customer (SBC) deposits that shall follow the relevant parameters adopted in host jurisdictions in which the entities (branch or subsidiary) operate. This approach will suitably reflect the stressed liquidity needs of legal entities of the Group (including branches of those entities) operating in host jurisdictions, given that deposit run-off rates in host jurisdictions are more influenced by jurisdiction-specific factors such as the type and effectiveness of deposit insurance schemes in place and the behaviour of local depositors.

112. Home requirements for retail and SBC deposits shall apply to the relevant legal entities (including branches of those entities) operating in host jurisdictions if:

(1) there are no host requirements for retail and SBC deposits in the particular jurisdictions;

(2) those entities operate in host jurisdictions that have not implemented the LCR; or

(3) the home supervisor decides that home requirements should be used that are stricter than the host requirements.

113. The consolidated LCR shall reflect restrictions if there is reasonable doubt about the availability of liquidity, due to factors that can impede cross-border liquidity flows of a banking group, many of which are beyond the control of the Group. Some of these restrictions may not be clearly incorporated into law or may become visible only in times of stress. Liquidity transfer restrictions such as ring-fencing measures, non-convertibility of local currency, and foreign exchange controls in jurisdictions in which a banking group operates will affect the availability of liquidity by inhibiting the transfer of HQLA and fund flows within the Group. The eligible HQLA that are held by a legal entity being consolidated to meet its local LCR requirements (where applicable) can be included in the consolidated LCR to the extent that such HQLA are used to cover the total net cash outflows of that entity, notwithstanding that the HQLA are subject to liquidity transfer restrictions. If the HQLA held in excess of the total net cash outflows are not transferable, such surplus liquidity shall be excluded from consolidated LCR. A banking Group shall have processes in place to capture all liquidity transfer restrictions to the extent practicable, and to monitor the rules and regulations in the jurisdictions in which the Group operates and assess their liquidity implications for the Group as a whole.

E. High Quality Liquid Assets

114. Assets qualifying as HQLA should be liquid in markets during a time of stress and ideally be central bank eligible (except Level 2B assets as defined in subsequent paragraphs) for intraday and overnight liquidity facilities. The HQLA comprise of unencumbered, high-quality assets that can be readily sold or used as collateral to obtain funds in a range of stress scenarios. . Such assets can be

easily and immediately converted into cash at little or no loss of value. The liquidity of an asset is assessed considering the applicable stress scenario, the volume to be monetized, and timeframe considered. The HQLA shall be capable of generating liquidity without incurring large discounts due to fire-sale discounts even in times of stress.

115. All assets in the stock of HQLA shall possess certain fundamental characteristics and market related characteristics, and are subject to certain operational requirements, as prescribed below.

E.1 Fundamental characteristics

116. Low risk : Assets that are less risky usually have higher liquidity. Characteristics contributing to reduced risk and enhanced liquidity may include the high credit standing of the issuer, low degree of subordination, low duration, low legal risk, low inflation risk, and denomination in a convertible currency with low foreign exchange risk.

117. Ease and certainty of valuation : In order to qualify as HQLA, an asset should have standardised, homogenous, and simple structure, making it more fungible. The pricing formula of such an asset must be easy to calculate, transparent, in use by industry practitioners, and not depend on strong assumptions. The inputs into the pricing formula must also be publicly available. Based on these criteria, a bank shall not include structured or exotic products in its stock of HQLA.

118. Low correlation with risky assets : Assets in the stock of HQLA should have low correlation with risky assets. A bank shall not include assets with wrong-way (highly correlated) risk in the stock of HQLA. For example, assets issued by financial institutions are more likely to be illiquid in times of liquidity stress in the banking sector.

119. Listed on a developed and recognised exchange : Being listed on a developed and recognised exchange increases an asset’s transparency and tradability.

E.2 Market-related characteristics

120. Active and sizable market : Assets included in the stock of HQLA should have active outright sale or repo market at all times, evidenced by historical market breadth and market depth e.g., low bid-ask spreads, high trading volumes, and

a large and diverse number of market participants. Further, there should be robust market infrastructure, including multiple committed market makers for the asset.

121. Low volatility : Assets included in the stock of HQLA should exhibit low volatility, as reflected by traded prices and spreads. There shall be historical evidence of relative stability of market terms such as consistent prices and haircuts, and trading volumes during stressed periods.

122. Flight to quality : The HQLA are typically those assets that market participants move towards during systemic crisis, as seen historically. This characteristic can be assessed by negative correlation between proxies of market liquidity for an asset and banking system stress.

123. Central Bank Eligibility : The HQLA (except Level 2B assets) in foreign currencies should ideally be eligible at central bank of the relevant jurisdictions for intraday liquidity needs and overnight liquidity facilities. However, it shall be noted that central bank eligibility does not by itself constitute the basis for the categorisation of an asset as HQLA.

E.3 Operational Requirements

124. Operational requirements recognise the impediments to timely monetisation of HQLA during a stress period arising from certain explicit and implicit operational restrictions. The operational requirements are designed to ensure that the stock of HQLA is managed in such a way that a bank can, and is able to demonstrate that it can, immediately use the stock of assets as a source of contingent funds that is available for it to convert into cash through outright sale or repo, to fill funding gaps between cash inflows and outflows at any time during the 30-day stress period, with no restriction on the use of the liquidity generated. The operational requirements in this Section are in addition to the fundamental and market-related characteristics mentioned above, and the prescribed criteria for inclusion under HQLA.

125. All assets in the stock of HQLA shall be managed as a pool and shall not be co-mingled / used as hedges on trading positions; nor designated as collateral or credit enhancement in structured transactions; nor designated to cover

operational costs. The assets shall be managed with sole intent for use as a source of contingent funds.

126. A bank shall periodically monetise a representative proportion of the assets in its stock of HQLA through repo or outright sale, in order to test its access to the market, the effectiveness of processes for monetisation, the availability of the assets, and to minimise the risk of negative signalling during a period of actual stress.

127. All assets in the stock shall be unencumbered. An asset in the stock shall neither be pledged (either explicitly or implicitly) to secure, collateralise, or credit-enhance any transaction, nor be designated to cover operational costs (such as rents and salaries).

128. Assets received in reverse repo and securities financing transactions that are held at a bank, have not been re-hypothecated / re-repoed, and are legally and contractually available for the bank's use can be considered as part of the stock of HQLA. In addition, assets which qualify for the stock of HQLA that have been pre-positioned or deposited with, or pledged to, the central bank or a Public Sector Entity (PSE) but have not been used to generate liquidity shall also be included in the stock. However, a bank shall not include in the stock of HQLA any assets, or liquidity generated from assets, which it has received under right of re-hypothecation or re-repo, if the beneficial owner has the contractual right to withdraw those assets during the 30-day stress period.

129. Eligible assets received as collateral for derivatives transactions that are not segregated and are legally able to be rehypothecated may be included in the stock of HQLA provided that bank records an appropriate outflow for the associated risks, as set out in these Directions.

130. The stock of HQLA shall be under the control of the function charged with managing the liquidity of the bank (e.g., the Treasurer). This function shall have the continuous authority, and legal and operational capability to monetise any asset in the stock. Such control shall be evidenced either by maintaining assets in a separate pool managed by the function with the sole intent for use as a source of contingent funds, or by demonstrating that the function can monetise the asset at any point in the 30-day stress period and that the proceeds of doing

so are available to the function throughout the 30-day stress period without directly conflicting with a stated business or risk management strategy. An asset shall not be included in the stock if the sale of that asset, without replacement throughout the 30-day period, would remove a hedge that would create an open risk position in excess of internal limits.

131. If a bank does not have the necessary operational capability to monetise an HQLA to meet outflows during the stress period, it shall not include the same in the stock of HQLA, even if the HQLA meets the definition of ’unencumbered‘ provided in paragraph 4. Operational capability to monetise assets requires having procedures and appropriate systems in place, including having the function identified in paragraph 130 above with access to all necessary information to execute monetisation of any asset at any time. Monetisation of the asset must be executable, from an operational perspective, in the standard settlement period for the asset class in the relevant jurisdiction.

132. A bank is permitted to hedge the market risk associated with ownership of the stock of HQLA and still include the assets in the stock. If a bank chooses to hedge the market risk of an HQLA, the market value of the HQLA shall be suitably adjusted to reflect the cash outflow that would arise if the hedge were to be closed out early (in the event of the asset being sold).

133. A bank shall have a policy in place that identifies legal entities, geographical locations, currencies, and specific custodial or bank accounts where HQLA are held. In addition, the bank shall determine whether for operational reasons any such assets should be excluded and therefore, have the ability to determine the composition of its stock on a daily basis.

134. In case certain eligible asset classes can be monetised through outright sale only due to absence of large, deep, and active repo markets, a bank shall exclude such assets from the stock of HQLA, where there are impediments to sale such as fire-sale discounts which may lead to breach of minimum solvency requirements, or such assets for which there is a requirement to hold (e.g., statutory minimum inventory requirements for market making).

135. Notwithstanding that LCR is expected to be met and reported in a single currency, a bank is expected to be able to meet its liquidity needs in each

currency and maintain HQLA consistent with the distribution of its liquidity needs by currency. The bank should be able to use the stock to generate liquidity in the currency and jurisdiction in which the net cash outflows arise. As such, the LCR by currency is expected to be monitored and reported to allow a bank to track any potential currency mismatch issues that could arise. In managing foreign exchange liquidity risk, a bank shall take into account the risk that its ability to swap currencies and access the relevant foreign exchange markets may erode rapidly under stressed conditions. A bank shall take into consideration that sudden, adverse exchange rate movements could sharply widen existing mismatched positions and alter the effectiveness of any foreign exchange hedges in place.

136. The stock of HQLA shall be well diversified within each asset class except for:

(1) sovereign debt of a bank's home jurisdiction or from the jurisdiction in which the bank operates;

(2) central bank reserves;

(3) central bank debt securities; and

(4) cash.

A bank shall have policies and limits in place in order to avoid concentration within each asset class with respect to asset types, issue and issuer types, and currency. These shall be consistent with the distribution of net cash outflows by currency within asset classes. A bank shall also make reasonable assessment regarding which specific assets within each asset class are more likely to remain liquid irrespective of circumstances.

137. A bank shall manage its collateral such that it is able to fulfil obligations to return collateral whenever the counterparty decides not to roll-over any reverse repo or securities lending transaction. This is especially the case for non-HQLA collateral, since such outflows are not captured in the LCR framework.

138. If an eligible liquid asset becomes ineligible (e.g. due to downgrade), a bank will be allowed to keep the asset in its stock of liquid assets for an additional 30 calendar days in order to have sufficient time to adjust its stock as needed or replace the asset.

F. Categories of HQLA

139. There are two categories of assets which can be included in the stock of HQLA, viz. Level 1 and Level 2 assets. Level 2 assets are further divided into Level 2A and Level 2B assets on the basis of their price-volatility. Assets to be included in each category are those that the bank is holding on the first day of the stress period.

F.1 Level 1 Assets

140. Level 1 assets can be included in the stock of HQLA without any limit as also without applying any haircut and shall be valued at an amount not greater than their current market value.

Provided that with effect from April 01, 2026, Level 1 HQLA in the form of Government securities shall attract haircuts in line with those prescribed under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) as per RBI circular FMOD.MAOG No.125/01.01.001/2017- 18 dated June 06, 2018, as amended from time to time.

141. Level 1 assets are limited to the following:

(1) Cash including cash reserves in excess of required Cash Reserve Ratio (CRR).

(i) For a bank incorporated in India,

(a) Reserves held with foreign central banks in excess of the reserve requirements, where the foreign sovereign has been assigned a zero per cent risk weight as per rating by an international rating agency.

Explanation: Central bank's reserves would include bank's overnight deposits with central banks, and term deposits with the central banks that: (i) are explicitly and contractually repayable on notice from the depositing bank; or (ii) that constitute a loan against which the bank can borrow on a term or on an overnight basis but automatically renewable basis (only where the bank has existing deposit with the relevant central bank). Other term deposits with central banks are not eligible for the stock of HQLA.

However, if the term expires within 30 days, the term deposits could be considered as an inflow.

(b) Reserve held with foreign central banks in excess of the reserve requirement to the extent that such balances cover the bank’s stressed net cash outflows in that specific currency, in cases where foreign sovereign has been assigned a non-zero per cent risk weight as per rating by an international rating agency, but a zero per cent risk weight has been assigned at national discretion under Basel standardised approach for credit risk.

(2) Overnight balances held with RBI under Standing Deposit Facility (SDF).

(3) Government securities in excess of the minimum SLR requirement.

(4) Within the mandatory SLR requirement, Government securities to the extent allowed by RBI under (a) MSF currently 2 per cent of a bank's Net Demand and Time Liabilities (NDTL), and (b) Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) currently 16 per cent of a bank's NDTL.

Explanation: Essential feature of FALLCR

(i) Eligibility: Availing of liquidity against such securities shall be permitted to a bank only under the conditions of stress as described under paragraph 103, and after utilisation of all other HQLA (including securities permitted under MSF). A bank shall be required to furnish a declaration to this effect that it has exhausted its all other HQLA before availing the FALLCR.

(ii) Tenor: This facility can be availed / rolled over for a maximum period of 90 days.

(iii) Haircut: The securities under FALLCR shall be subject to haircuts as stipulated for MSF.

(iv) Facility rate: The interest rate on the funds availed under this facility shall be 200 bps above the prevailing LAF repo rate, up to a period of 90 days, or as may be notified by the RBI from time to time.

(5) Marketable securities issued or guaranteed by foreign sovereigns satisfying all the following conditions:

(i) Assigned a zero per cent risk weight under the Basel standardized approach for credit risk.

(ii) Traded in large, deep, and active repo or cash markets characterised by a low level of concentration; and proven record as a reliable source of liquidity in the markets (repo or sale) even during stressed market conditions.

(iii) Not issued by a bank / financial institution / NBFC or any of its affiliated entities.

Explanation: Such securities shall include only marketable securities which attract a zero per cent risk-weight in terms of Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Directions, 2025. In cases where a foreign sovereign has been assigned a non-zero per cent risk weight as per rating by an international rating agency, but a zero per cent risk-weight has been assigned at national discretion under Basel standardised approach for credit risk, marketable securities issued by that foreign sovereign within its domestic jurisdiction will be allowed to the extent those securities cover a bank's stressed net cash outflows in that specific foreign currency stemming from the bank's operations (by virtue of presence through a subsidiary or a branch) in the jurisdiction where the bank's liquidity risk is being taken.

F.2 Level 2 Assets

142. Level 2 assets, comprising of Level 2A assets and Level 2B assets, after the application of haircuts, shall comprise no more than 40 per cent of the overall stock of HQLA. The portfolio of Level 2 assets held by a bank shall be well diversified in terms of type of assets, type of issuers, and specific counterparty or issuer. Level 2 assets shall be subject to fundamental characteristics and market related characteristics of HQLA.

143. Level 2A Assets

(1) A minimum 15 per cent haircut shall be applied to the current market value of each Level 2A asset held in the stock. Level 2A assets shall have a proven record as a reliable source of liquidity in the markets (repo or sale)

even during stressed market conditions such that the maximum price decline does not exceed 10 per cent or increase in haircut does not exceed 10 per cent over a 30-day period during a relevant period of significant liquidity stress.

(2) The Level 2A assets are limited to the following:

(i) Marketable securities representing claims on or guaranteed by sovereigns, PSEs or multilateral development banks (MDBs) that are assigned a 20 per cent risk weight under the Basel standardised approach for credit risk, and not issued by a bank / financial institution / NBFC or any of its affiliated entities.

(ii) Corporate bonds rated AA- or above by an Eligible Credit Rating Agency (ECRA), and not issued by a bank / financial institution / NBFC or any of its affiliated entities.

(iii) Commercial Papers, with a short-term rating equivalent to the long-term rating of AA- or above by an ECRA, and not issued by a bank / PD / financial institution or any of its affiliated entities.

Explanation for 2 (ii) & (iii):

(a) Corporate debt securities (including commercial paper) in this respect include only plain-vanilla assets whose valuation is readily available based on standard methods and does not depend on private knowledge, i.e., these do not include complex structured products or subordinated debt.

(b) In the event of difference in ratings from two or more eligible credit rating agencies, a bank shall be guided by Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Directions, 2025.

(c) ECRA, in case of 2(ii), shall be as specified in the Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Directions, 2025.

(d) ECRA, in case of 2(iii), shall be as specified in the Reserve Bank of India (Commercial Paper and Non-Convertible Debentures of original or initial maturity upto one year) Directions, 2024.

144. Level 2B Assets

(1) A minimum haircut of 50 per cent shall be applied to the current market value of each Level 2B asset held in the stock. Level 2B assets shall comprise no more than 15 per cent of the total stock of HQLA. Level 2B assets must also be included within the 40 per cent cap applicable to Level 2 assets. A bank shall have appropriate systems and measures to monitor and control the potential risks (e.g., credit and market risks) that could be associated with holding Level 2B assets.

(2) Level 2B assets are limited to the following:

(i) Marketable securities representing claims on or claims guaranteed by sovereigns having risk weights higher than 20 per cent but not higher than 50 per cent, i.e., they should have a credit rating not lower than BBB- as per Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Directions, 2025. These securities shall have a proven record as a reliable source of liquidity in the markets (repo or sale) even during stressed market conditions such that the maximum decline of price does not exceed 20 per cent or increase in haircut over a 30-day period does not exceed 20 per cent during a relevant period of significant liquidity stress.

(ii) Common Equity Shares which satisfy all of the following conditions:

(a) not issued by a bank / financial institution / NBFC or any of its affiliated entities;

(b) included in NSE CNX Nifty index and / or S&P BSE Sensex index; and

(c) shall have a proven record as a reliable source of liquidity in the markets (repo or sale) even during stressed market conditions such that maximum decline of share price not exceeding 40 per cent or increase in haircut over a 30-day period does not exceed 40 per cent during a relevant period of significant liquidity stress.

(iii) Corporate debt securities, including commercial paper, subject to a 50 per cent haircut and meeting the following conditions:

(a) not issued by a bank / financial institution / primary dealer / NBFC or any of its affiliated entities;

(b) have a long-term credit rating from an ECRA between A+ and BBB- or in the absence of a long-term rating, a short-term rating equivalent in quality to the long-term rating;

(c) traded in large, deep, and active repo or cash markets characterised by a low level of concentration; and

(d) have a proven record as a reliable source of liquidity in the markets (repo or sale) even during stressed market conditions such that maximum decline of price does not exceed 20 per cent or increase in haircut over a 30-day period does not exceed 20 per cent during a relevant period of significant liquidity stress.

G. Treatment of a Pool of Collateral towards Stock of HQLA

145. A bank may include an HQLA-eligible asset received as a component of a pool of collateral for a secured transaction (e.g., reverse repo) in the stock of HQLA with associated haircuts, to the extent that it can be monetised separately.

146. Where a bank pledges a pool of HQLA and non-HQLA collateral with a clearing entity such as a central counterparty (CCP) against secured funding transactions, the bank may include the unused portion of HQLA-eligible collateral pledged towards its stock of HQLA (with associated haircuts). In cases where it is not possible to determine the unused portion of specific assets, the bank shall assume that assets are encumbered in order of increasing liquidity value in LCR, i.e., assets ineligible for the stock of HQLA are assigned first, followed by Level 2B assets, then Level 2A and finally Level 1. In such cases, the bank shall comply with concentration or diversification requirements of the home / host central bank.

H. Calculation of LCR

147. LCR shall be computed as the ratio of the stock of HQLA to the Net Cash Outflows over the next 30 calendar days.

148. The formula for the calculation of the stock of HQLA is as follows:

Stock of HQLA = Level 1 + Level 2A + Level 2B - Adjustment for 15 per cent cap - Adjustment for 40 per cent cap *Where:* Adjustment for 15 per cent cap = Max [{Adjusted Level 2B - 15/85 * (Adjusted Level 1 + Adjusted Level 2A)}, {Adjusted Level 2B - 15/60 * Adjusted Level 1}, 0] Adjustment for 40 per cent cap = Max {(Adjusted Level 2A + Adjusted Level 2B - Adjustment for 15 per cent cap) - 2/3 * (Adjusted Level 1 assets), 0}

149. For the purpose of calculation of the stock of HQLA, a bank shall compute the adjusted Level 1 and Level 2 assets. Level 2 assets shall not exceed 40 per cent of the overall stock of liquid assets after haircuts have been applied and Level 2B assets shall not exceed 15 per cent of the total stock of HQLA after haircuts have been applied. However, there may be instances when assets classified under a lower level may get temporarily converted into an asset classified under a higher level or vice-versa (e.g., borrowing / lending cash, a Level 1 asset, by repo / reverse repo of corporate bond, a Level 2A asset). Therefore, the calculation of 40 per cent cap on Level 2 assets and 15 per cent cap on Level 2B assets shall take into account the impact of such secured funding transactions and collateral swap transactions (wherever permitted) maturing within 30 calendar days on the stock of HQLA to be categorised under a particular Level. In order to ensure this, while calculating the eligible amounts of HQLA under Level 1 and Level 2, any repo / reverse repo transactions undertaken in repo-eligible Level 2 assets up to and including 30 days needs to be reversed, i.e., adjusted. The required adjustments are described below.

S. No.	**Particulars**	**Amount**	**Factor**	**Adjusted Amount (Amount * Factor)**

1	Total Level 1 Assets		As applicable	
2	Adjustments required:			
	i Add amount lent under a reverse repo transaction undertaken for up to and including 30 days in repo eligible non-Level 1 assets (irrespective of whether they qualify as Level 2 assets or not)		100%	
	ii Deduct amount borrowed under a repo transaction undertaken for up to and including 30 days in repo eligible non-Level 1 assets (irrespective of whether they qualify as Level 2 assets or not)		100%	
3	Total Adjusted Level 1 Assets {1 + 2 (i) - 2 (ii)}			

150. The adjusted amount of Level 1 assets shall mean the amount of Level 1 assets that would result after unwinding short-term secured funding, secured lending and collateral swap transactions involving the exchange of any HQLA for any Level 1 assets (including cash) provided such assets meet, or would meet if held unencumbered, the operational requirements for HQLA. Adjusted Level 1 assets are, therefore, arrived at by adding back the amount of cash lent under reverse repo transactions and by subtracting the amount of cash borrowed under repo transactions, for maturity up to 30 days against non-Level 1 HQLA.

151. Similarly, following adjustments shall be applied in Level 2A assets:

S. No.	**Particulars**	**Amount**	**Factor**	**Adjusted Amount (Amount * Factor)**
1	Total Level 2A Assets		85%	
2	Adjustments required:			
	i Add market value of repo-eligible Level 2A securities placed as collateral under a repo transaction undertaken for up to (and including) 30 days.		85%	
	ii Deduct market value of repo-eligible Level 2A securities acquired as collateral under a reverse repo transaction undertaken for up to (and including) 30 days		85%	
3	Total Adjusted Level 2A Assets {1 + 2 (i) - 2 (ii)}			

152. The adjusted amount of Level 2A assets shall mean the amount of Level 2A assets that would be available after unwinding short-term secured funding, secured lending and collateral swap transactions involving the exchange of any HQLA for Level 2A assets, that meet, or would meet if held unencumbered, the

operational requirements for HQLA. A bank shall calculate the adjusted Level 2A assets by adding the amount of Level 2A securities placed as collateral, after applying a 15 per cent haircut; and by subtracting the amount of Level 2A securities acquired, after applying a 15 per cent haircut.

153. Following adjustments shall be applied to Level 2B assets:

S. No.	**Particulars**	**Amount**	**Factor**	**Adjusted Amount (Amount * Factor)**
1	Total Level 2B Assets		50%	
2	Adjustments required:			
	i Add market value of repo-eligible Level 2B securities placed as collateral under a repo transaction undertaken for up to (and including) 30 days.		50%	
	ii Deduct market value of repo-eligible Level 2B securities acquired as collateral under a reverse repo transaction undertaken for up to (and including) 30 days		50%	
3	Total Adjusted Level 2B Assets {1 + 2 (i) - 2 (ii)}			

154. The adjusted amount of Level 2B assets shall mean the amount of Level 2B assets that would result after unwinding short-term secured funding, secured lending, and collateral swap transactions involving the exchange of any HQLA for Level 2B assets provided such assets meet, or would meet if held unencumbered, the operational requirements for HQLA.

155. The maximum amount of adjusted Level 2 assets is equal to two-thirds of the adjusted amount of Level 1 assets after applying the prescribed haircuts. Any excess of adjusted Level 2 assets over two-thirds of the adjusted Level 1 assets shall be deducted from the stock of liquid assets. The maximum amount of Level 2B assets is equal to 15/85 of the sum of the adjusted amounts of Level 1 and Level 2A assets, or in cases where the 40 per cent cap is binding, up to a maximum of one fourth of the adjusted amount of Level 1 assets, both after haircuts have been applied. Any excess of Level 2B assets over these limits shall be deducted from the stock of HQLA.

I. Calculation of Total net cash outflows

156. The term total net cash outflows is defined as the total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days.

157. Total expected cash outflows shall be calculated by multiplying the outstanding balances of various categories or types of liabilities and OBS commitments by the rates at which they are expected to run off or be drawn down.

158. Total expected cash inflows shall be calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in up to an aggregate cap of 75 per cent of total expected cash outflows.

159. Accordingly, total net cash outflows over the next 30 days shall be calculated using the following formula:

Total Net Cash Outflows in the next 30 calendar days = total expected cash outflows - Min (total expected cash inflows; 75 per cent of total expected cash outflows).

160. The various items of assets (inflow) and liabilities (outflow) along with their respective run-off rates and the inflow rates are specified in Basel III Liquidity Return-1 (BLR-1) given in the Annex-II.

161. A bank shall not double count items. If an asset is included in the stock of HQLA (i.e., the numerator), the associated cash inflows shall not be counted as cash inflows (i.e., part of the denominator). Where an item could potentially be counted in multiple outflow categories, (e.g., committed liquidity facilities granted to cover debt maturing within the 30 calendar day period), a bank shall assume outflow up to the maximum contractual outflow for that product.

J. Cash Outflows

162. **Retail Deposits**: All demand and term deposits (irrespective of maturity) including foreign currency deposits, placed with a bank by a natural person shall be classified as retail deposits. Cash outflows related to retail term deposits with a residual maturity or withdrawal notice period of greater than 30 days shall be excluded from total expected cash outflows if the depositor has no legal right to withdraw deposits within the 30-day horizon of the LCR, or if early withdrawal results in a significant penalty that is materially greater than the loss of interest.

Despite a clause that says the depositor has no legal right to withdraw retail term deposits, if a bank allows a depositor to withdraw such deposits or waives the applicable penalty for the pre-mature withdrawal, the entire category of these funds shall be treated as demand deposits regardless of the remaining maturity and shall be subject to run-off rates applicable to retail deposits. Pre-mature withdrawals under the conditions of government orders / regulatory orders / bankruptcy / legal orders / deceased settlement claims shall be exempted from the above requirement. A bank shall report such pre-mature withdrawals to DoS, RBI on a quarterly basis.

163. **Stable deposits**: These are insured deposits to the extent covered by the Deposit Insurance and Credit Guarantee Corporation (DICGC) in transactional accounts or relationship-based accounts.

Explanation:

(1) An established 'relationship' exists when there is evidence of dependence of the depositor on a bank, that makes the withdrawal of deposits highly unlikely, such as in case a depositor is

(i) holding a deposit in addition to another term or recurring deposit;

(ii) availing another service or product provided by the bank such as safety deposit locker, demat account or loan account; and

(iii) maintaining a revolving credit facility with an outstanding balance (excluding credit cards) etc.

In all cases, the bank shall demonstrate to the satisfaction of the Reserve Bank that the relationship would make the withdrawal of the deposit highly unlikely during a liquidity stress event.

(2) An account is 'transactional' if

(i) the depositor's salary or pension is automatically deposited into the account, or

(ii) bill payments are regularly withdrawn from the account by way of a registered mandate for ECS / NACH / utilities payments / loan repayments, etc.

164. **Less Stable deposits**: Other than stable deposits.

165. **Deposits against which a loan has been allowed:**

(1) A bank generally allows loans against deposits of customers. If a deposit is contractually pledged as collateral to secure a credit facility or loan that will not mature or be settled in the next 30 days, then a bank may exclude such pledged deposit from the LCR calculation, i.e., outflows, only if the following conditions are met:

(i) the loan will not mature or be settled in the next 30 days;

(ii) the pledge / lien arrangement is subject to a legally enforceable contract disallowing withdrawal of the deposit before the loan is fully settled or repaid; and

(iii) the amount of deposit to be excluded cannot exceed the outstanding balance of the loan (which may be the drawn portion of a credit facility).

(2) The above treatment does not apply to a deposit which is pledged against an undrawn facility, in which case the higher of the outflow rate applicable to the undrawn facility or the pledged deposit applies.

(3) With effect from April 01, 2026, a deposit, hitherto excluded from LCR computation (for instance a non-callable fixed deposit), contractually pledged as a collateral to secure a credit facility or loan, shall be treated as callable for LCR purposes and provisions of above sections (1) and (2) shall apply.

166. **Unsecured wholesale funding:** The unsecured wholesale funding included in the LCR is defined as all funding from non-natural persons, i.e., legal entities (including sole proprietor or partnership), which are not collateralised by legal rights to specifically designated assets owned by the borrowing institution. This is callable within the LCR horizon of 30 days or has its earliest possible contractual maturity date within this horizon (such as maturing term deposits and unsecured debt securities) or has an undetermined maturity.

167. **Small Business Customers (SBCs):** This category consists of deposits and other extensions of funds made by non-financial small business customers, as defined in Reserve Bank of India (Commercial Banks – Prudential Norms on

Capital Adequacy) Directions, 2025, that are managed as retail exposures and are generally considered as having similar liquidity risk characteristics to retail accounts provided total aggregated funding from any such customer is up to ₹ 7.5 crore (on a consolidated basis where applicable).

Explanation: (a) 'Aggregated funding' means the gross amount (i.e., not netting any form of credit extended to the legal entity) of all forms of funding (e.g., deposits or debt securities or similar derivative exposure for which the counterparty is known to be a small business customer).

(b) The above treatment is notwithstanding the definition of small business customer included in Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Directions, 2025.

(c) A deposit / funding can be classified as deposit from SBC only in case a bank treats such deposits in its internal risk management systems consistently over time and in the same manner as other retail deposits, and the deposits are not individually managed in a way comparable to larger corporate deposits.

168. **Deposits enabled with internet and mobile banking facilities**: With effect from April 01, 2026, a bank shall assign an additional 2.5 per cent run-off factor for retail deposits which are enabled with internet and mobile banking facilities (IMB), i.e., stable retail deposits enabled with IMB shall have 7.5 per cent run-off factor and less stable deposits enabled with IMB shall have 12.5 per cent run-off factor. This treatment shall also be applicable to unsecured wholesale funding provided by non-financial SBCs, as detailed in paragraph 167 above, which are enabled with IMB.

Explanation: IMB includes all facilities such as but not limited to internet banking, mobile banking, and Unified Payments Interface (UPI) which enables customers to digitally transfer funds from their account/s.

169. **Other Legal Entity (OLE) category**: With effect from April 01, 2026, OLE category shall consist of all deposits and other funding from banks / insurance companies & financial institutions and entities in the 'business of financial services'.

(1) Funding from non-financial entities such as trusts (educational / religious / charitable), Association of Persons (AoPs), partnerships, proprietorships,

Limited Liability Partnerships and other incorporated entities, etc., shall be categorised as funding from 'non-financial corporates' and attract a run-off rate of 40 per cent, unless the above entities are treated as SBC under LCR framework.

Explanation: A bank may refer to Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Directions, 2025, for an indicative list of institutions which may be deemed to be financial institutions. Further, entities in the 'business of financial services' shall be in accordance with instructions contained in Reserve Bank of India (Commercial Banks – Undertaking of Financial Services) Directions, 2025.

(2) Till the time the above provisions for OLE come into effect, deposits from non-financial entities in the OLE category, mentioned in paragraph 169(1) above, shall be included under the category of SBC, subject to conditions mentioned in paragraph 167 above. Deposits from such entities not meeting the conditions in paragraph 167 shall, however, continue to attract an outflow factor of 100 per cent.

170. **Operational deposits**: Qualifying operational deposits are the deposits generated by clearing, custody, or cash management activities where financial and non-financial customers are required to maintain deposits with a bank in order to facilitate their access and ability to use payment and settlement systems or make payments. If such deposits qualify under certain criteria, they can attract relatively lower run-off rates (25 per cent if uninsured and 5 per cent if insured under deposit insurance). Definition, qualifying criterion and other conditions for this purpose are given below:

(1) Qualifying Activities which can generate Operational deposits

(i) **Clearing relationship** : A service arrangement that enables customers to transfer funds (or securities) indirectly through direct participants in domestic settlement systems to final recipients. Such services are limited to the following activities: transmission, reconciliation, and confirmation of payment orders; daylight overdraft, overnight financing, and maintenance of post-settlement balances; and determination of intraday and final settlement positions.

(ii) **Custody relationship** : The provision of safekeeping, reporting, processing of assets, or the facilitation of the operational and administrative elements of related activities on behalf of customers in the process of their transacting and retaining financial assets. Such services are limited to the settlement of securities transactions, the transfer of contractual payments, the processing of collateral, and the provision of custody related cash management services, along with receipt of dividends and other income, client subscriptions, and redemptions. Custodial services can furthermore extend to asset and corporate trust servicing, treasury, escrow, funds transfer, stock transfer and agency services, including payment and settlement services (excluding correspondent banking), and depository receipts.

(iii) **Cash management relationship** : The provision of cash management and related services to customers. Cash management services, in this context, refers to those products and services provided to a customer to manage its cash flows, assets and liabilities, and conduct financial transactions necessary to the customer's ongoing operations. Such services are limited to payment remittance, collection and aggregation of funds, payroll administration, and control over the disbursement of funds.

(2) Qualifying criteria and Other Conditions

(i) The customer should have substantial dependency on a bank to perform the above services as an independent third party intermediary in order to fulfil its normal banking activities over the next 30 days and the deposits are required for the above purposes.

(ii) Eligibility for 25 per cent run-off rate for operational deposits generated by the above activities would require approval from the DoS, RBI, so as to ensure that these operational activities are actually being conducted by the bank.

(iii) The above services must be provided under a legally binding agreement with institutional customers. The termination of such agreements shall be subject either to a notice period of at least 30 days or significant switching costs (such as those related to transaction, information technology, early termination or legal costs) to be borne by the customer if the operational deposits are withdrawn before 30 days.

(iv) The deposits are by-products of the underlying services provided by the banking organisation and not sought out in the wholesale market in the sole interest of offering interest income.

(v) The deposits are held in specifically designated accounts and priced without giving an economic incentive to the customer (not limited to paying market interest rates) to leave any excess funds on these accounts. In the case that interest rates in a jurisdiction are close to zero, it would be expected that such accounts are non-interest bearing.

(vi) A bank should be particularly aware that during prolonged periods of low interest rates, excess balances (as defined below) could be significant. Any excess balances that could be withdrawn and would still leave enough funds to fulfil these clearing, custody and cash management activities shall not qualify for the 25 per cent run-off factor. In other words, only that part of the deposit balance with the service provider that is proven to serve a customer's operational needs can qualify as stable. Excess balances shall be treated in the appropriate category for non-operational deposits. If bank is unable to determine the amount of the excess balance, then the entire deposit shall be assumed to be excess to requirements and, therefore, considered non-operational.

(vii) Operational deposits held by a bank at other financial institutions for operational purposes, are assumed to stay at those institutions, and no inflows can be counted for these funds, i.e., such deposits shall receive a zero per cent inflow rate.

171. **Secured Funding**: In the context of these Directions, 'Secured funding' is defined as those liabilities and general obligations that are collateralised by legal rights to specifically designated assets owned by the borrowing institution. For this purpose, secured funding transactions shall include only the transactions which are permitted by RBI regulations and relevant statutes, e.g., repo, reverse repo, TREPS, etc. For calculating 'cash outflow', 'Secured Funding' shall include

all outstanding secured funding transactions with maturities within the 30 calendar day stress horizon.

172. **Principles for determining Cash flow under secured funding transactions secured with a Pool of Collateral:**

(1) Cash outflow is calculated based on the amount of funds raised through the transaction, and not the value of the underlying collateral.

(2) Due to the high quality of Level 1 assets, no reduction in funding availability against these assets is assumed to occur. Moreover, no reduction in funding availability is expected for any maturing secured funding transactions with the bank's domestic central bank. Accordingly, outflow rates are prescribed for secured funding transactions with various assets in Sl. No.A.3 in Panel II of BLR-1.

(3) All secured funding transactions maturing within 30 days shall be reported according to the collateral actually pledged as of close of business on the LCR measurement date applying the outflow factors prescribed in Sl. No.A.3 in Panel II of BLR-1.

(4) Treatment of a pool of HQLA and non-HQLA pledged as a collateral to secured funding transactions shall be similar to the treatment of such collateral placed with a CCP as detailed in paragraph 146 .

173. **Derivatives cash outflows**: A bank shall calculate, in accordance with its existing valuation methodologies, expected contractual derivative cash inflows and outflows. Cash flows shall be calculated on a net basis (i.e., inflows can offset outflows) by counterparty, only where a valid master netting agreement exists. A bank shall exclude from such calculations those liquidity requirements that would result from increased collateral needs due to market value movements or falls in value of collateral posted. Options shall be assumed to be exercised when they are 'in the money' to the option buyer. Where derivative payments are collateralised by HQLA, cash outflows shall be calculated net of any corresponding cash or collateral inflows that would result, all other things being equal, from contractual obligations for cash or collateral to be provided to a bank, if the bank is legally entitled and operationally capable to re-use the collateral in

new cash raising transactions once the collateral is received. This is in line with the principle that a bank shall not double count liquidity inflows and outflows.

174. **Increased liquidity needs related to downgrade triggers embedded in financing transactions, derivatives and other contracts**: Often, contracts governing derivatives and other transactions have clauses that require the posting of additional collateral, drawdown of contingent facilities, or early repayment of existing liabilities upon a bank's downgrade by a recognised ECRA. The scenario therefore requires that for each contract in which 'downgrade triggers' exist, a bank assumes that 100 per cent of this additional collateral or cash outflow will have to be posted for any downgrade up to and including a 3-notch downgrade of a bank's long-term credit rating. Triggers linked to a bank's short-term rating shall be assumed to be triggered at the corresponding long-term rating in accordance with published ratings criteria. The impact of the downgrade shall consider impacts on all types of margin collateral and contractual triggers which change re-hypothecation rights for non-segregated collateral.

175. **Increased liquidity needs related to the potential for valuation changes on posted collateral securing derivative and other transactions**: Most counterparties to derivatives transactions typically are required to secure the mark-to-market valuation of their positions and this is predominantly done using Level 1 securities like cash or government securities. However, if counterparties are securing mark-to-market exposures with collaterals other than Level 1 securities, to cover the potential loss of market value on those securities, such collaterals are to be accounted for 'cash outflow'. For this purpose, run-off rate of 20 per cent shall be applied on the notional amount required to be posted as collateral after any other haircuts that may be applicable to the collateral category. This notional amount shall be taken net of collateral received on a counterparty basis provided that the collateral received is not subject to restrictions on reuse or re-hypothecation. Further, any collateral that is in a segregated margin account shall only be used to offset outflows that are associated with payments that are eligible to be offset from that same account.

176. **Increased liquidity needs related to market valuation changes on derivative or other transactions**: As market practice requires collateralisation of mark-to-

market exposures on derivative and other transactions, a bank faces potentially substantial liquidity risk exposures to these valuation changes. Inflows and outflows of transactions executed under the same master netting agreement can be treated on a net basis. Any outflow generated by increased needs related to market valuation changes shall be included in the LCR calculated by identifying the largest absolute net 30-day collateral flow realised during the preceding 24 months. The absolute net collateral flow is based on both realised outflows and inflows.

177. **Loss of funding on asset-backed commercial paper, securities investment vehicles and other such financing facilities:** A bank having structured financing facilities that include the issuance of short-term debt instruments, such as asset backed commercial paper, shall fully consider the potential liquidity risk arising from these structures. These risks include, but are not limited to, (i) the inability to refinance maturing debt, and (ii) the existence of derivatives or derivative-like components (embedded options) contractually written into the documentation associated with the structure that would allow the "return" of assets in a financing arrangement, or that require the original asset transferor to provide liquidity, effectively ending the financing arrangement ('liquidity puts') within the 30-day period. Where the structured financing activities of a bank are conducted through a special purpose entity (such as a special purpose vehicle or structured investment vehicle - SIV), a bank shall, in determining the HQLA requirements, look through to the maturity of the debt instruments issued by the entity and any embedded options in financing arrangements that may potentially trigger the 'return' of assets or the need for liquidity, irrespective of whether or not the SPV is consolidated.

178. **Increased liquidity needs related to excess non-segregated collateral held by a bank that could contractually be called at any time by the counterparty**: In such cases, run-off rate shall be 100 per cent of the non-segregated collateral that could contractually be recalled by the counterparty because the collateral is in excess of the counterparty's current collateral requirements.

179. **Increased liquidity needs related to contractually required collateral on transactions for which the counterparty has not yet demanded the collateral be posted**: In such cases run-off rate shall be 100 per cent of the

collateral that is contractually due but where the counterparty has not yet demanded the posting of such collateral.

180. **Increased liquidity needs related to contracts that allow collateral substitution to non-HQLA assets**: In such cases run-off rate shall be 100 per cent of the amount of HQLA collateral that can be substituted for non-HQLA assets without the bank's consent, that have been received to secure transactions that have not been segregated.

181. **Drawdowns on committed credit and liquidity facilities:** For LCR purposes, [Sl. No.4 (ix) under 'Cash Outflows' of BLR-1], credit and liquidity facilities refer to explicit contractual agreements or obligations to extend funds at a future date to retail or wholesale counterparties. If a counterparty has posted or is contractually obliged to post any eligible HQLA before drawing down the facility (e.g., a liquidity facility structured as a repo facility), the currently undrawn portion of these facilities shall be calculated net of the HQLA. This is subject to the condition that the bank is legally entitled and operationally capable to re-use the collateral in new cash raising transactions once the facility is drawn, and there is no undue correlation between the probability of drawing the facility and the market value of the collateral. The collateral can be netted against the outstanding amount of the facility to the extent that this collateral is not already counted in the stock of HQLA (to avoid double-counting).

182. For LCR purposes, a liquidity facility refers to any committed, undrawn back-up facility that would be utilised to refinance the debt obligations of a counterparty in situations where such a counterparty is unable to rollover that debt in financial markets (e.g., pursuant to a commercial paper programme, secured funding transactions, obligations to redeem units, etc). The amount of liquidity facility for deciding outflow shall be the amount of the currently outstanding debt obligation of the counterparty customer (or proportionate share of the bank if a consortium / multiple bank / syndicated facility) maturing within a 30 day period that is backstopped by the facility. The portion of a liquidity facility that is backing debt that does not mature within next 30 calendar days is excluded from the scope of the definition of a facility. Any additional capacity of the facility (i.e., the remaining commitment) shall be treated as a committed credit facility with its associated drawdown rate. Further, any facilities provided to hedge funds, money market

funds and special purpose funding vehicles, for example SPEs or conduits, or other vehicles used to finance a bank's own assets, shall be captured in their entirety as a liquidity facility to OLEs.

183. If the total of all contractual obligations to extend funds to retail and non-financial corporate clients within the next 30 calendar days (not captured in the prior categories) exceeds 50 per cent of the total contractual inflows due in the next 30 calendar days from these clients, the difference shall be reported as a 100 per cent outflow.

184. Lending commitments, such as direct import or export financing for non-financial corporate firms, are excluded from this treatment and a bank shall apply the draw-down rates specified in BLR 1, Panel II, Sl. No. 4 (ix).

185. Other contractual cash outflows : Any other contractual cash outflows within the next 30 calendar days, such as outflows to cover unsecured collateral borrowings, uncovered short positions, dividends or contractual interest payments, etc., shall be reported as 100 per cent outflow. Outflows related to operating costs shall not be included in LCR.

K. Cash Inflows

186. A bank shall include only such contractual inflows (including interest payments) from the outstanding exposures that are fully performing and for which the bank has no reason to expect a default within the 30 calendar days' time horizon.

187. When considering inflows from loan repayments, a bank shall only include inflows from fully performing loans. Further, inflows shall only be taken at the latest possible date based on the contractual rights available to counterparties. For revolving credit facilities, this assumes that the existing loan is rolled over and that any remaining balances shall be treated in the same way as a committed facility.

188. A bank shall monitor the concentration of expected inflows across wholesale counterparties in the context of a bank's liquidity management in order to ensure that its liquidity position is not overly dependent on the arrival of expected inflows from one or a limited number of wholesale counterparties.

189. Inflows from loans that have no specific maturity (i.e., have non-defined or open maturity) shall not be included and a bank shall apply no assumptions as to when maturity of such loans would occur. An exception to this would be minimum payments of principal, fee or interest associated with an open maturity loan, provided that such payments are contractually due within 30 days. These minimum payment amounts shall be captured as inflows at the rates for specific counterparties.

190. Other contractual cash inflows shall be captured in LCR computation, with proper explanation on the nature of inflows. Inflow percentages will be determined as appropriate for each type of inflow by the RBI. Cash inflows related to non-financial revenues are not taken into account in the calculation of the net cash outflows.

191. Inflows from securities maturing within 30 days not included in the stock of HQLA shall be treated in the same category as inflows from financial institutions (i.e., 100 per cent inflow). A bank may also recognise in this category inflows from the release of balances held in segregated accounts in accordance with regulatory requirements for the protection of customer trading assets, provided that these segregated balances are maintained in HQLA. This inflow shall be calculated in line with the treatment of other related outflows and inflows. Level 1 and Level 2 securities maturing within 30 days shall be included in the stock of liquid assets, provided that they meet all operational and definitional requirements.

192. Where derivatives are collateralised by HQLA, cash inflows shall be calculated net of any corresponding cash or contractual collateral outflows that would result, all other things being equal, from contractual obligations for cash or collateral to be posted by a bank, given these contractual obligations would reduce the stock of HQLA. This is in accordance with the principle that banks shall not double-count liquidity inflows or outflows.

193. **Treatment of cash flows arising from re-hypothecation and short positions**

(1) A bank shall assume that maturing reverse repurchase or securities borrowing agreements secured by Level 1 assets will be rolled over, and therefore will not give rise to any cash inflows, i.e., zero per cent cash inflow.

(2) Maturing reverse repurchase or securities lending agreements secured by Level 2 HQLA will lead to cash inflows equivalent to the relevant haircut for the specific assets.

(3) A bank is assumed not to roll-over maturing reverse repurchase or securities borrowing agreements secured by non-HQLA assets and can assume to receive back 100 per cent of the cash related to those agreements.

(4) Collateralised loans extended to customers for the purpose of taking leveraged trading positions shall be considered as a form of secured lending. However, for this scenario, a bank shall recognise no more than 50 per cent of contractual inflows from maturing margin loans made against non-HQLA collateral.

(5) If the collateral obtained through reverse repo, securities borrowing, or collateral swaps (wherever permitted), which matures within the 30-day horizon, is re-used (i.e., re-hypothecated) and is used to cover short positions that could be extended beyond 30 days, a bank shall assume that such reverse repo or securities borrowing arrangements will be rolled-over and will not give rise to any cash inflows, i.e., shall assign zero per cent cash inflow, reflecting its need to continue to cover the short position or to re-purchase the relevant securities. Short positions include both instances where in its 'matched book' a bank sold short a security outright as part of a trading or hedging strategy and instances where a bank is short a security in the 'matched' repo book (i.e., it has borrowed a security for a given period and lent the security out for a longer period).

(6) In the case of short position covered by an unsecured security borrowing, the bank shall assume the unsecured security borrowing of collateral from financial market participants would run-off in full, leading to a 100 per cent outflow of either cash or HQLA to secure the borrowing, or cash to close out the short position by buying back the security. This shall be recorded as other contractual outflow with a 100 per cent outflow rate according to Sl. No.4 (xi) in Panel II of BLR-1. If, however, the bank's short position is being covered by a collateralised securities financing transaction, the bank shall

assume the short position will be maintained throughout the 30-day period and shall assign a zero per cent outflow.

L. Liquidity Risk Monitoring Tools

194. A bank shall monitor its liquidity position by adhering to certain monitoring tools / metrics, as prescribed by the Basel III Framework. The objective and the reporting requirement for such liquidity metrics are detailed below.

L.1 Contractual Maturity Mismatch

195. The contractual maturity mismatch profile identifies the gaps between the contractual inflows and outflows of liquidity for defined time buckets. These maturity gaps indicate how much liquidity a bank would potentially need to raise in each of these time buckets if all outflows occurred at the earliest possible date. This metric provides insight into the extent to which a bank relies on maturity transformation under its current contracts. A bank shall identify such gaps through SLS as prescribed in Chapter III .

L.2 Concentration of Funding

196. This metric is meant to identify those sources of funding that are of such significance, the withdrawal of which could trigger liquidity problems. The metric, thus, encourages the diversification of funding sources. This metric aims to address the funding concentration of a bank by monitoring its funding from each significant counterparty, each significant product / instrument and each significant currency.

197. In addition to adhering to limits under Inter-bank liability as mentioned in paragraph 53 and limit for call borrowings as per Reserve Bank of India (Call, Notice and Term Money Markets) Directions, 2021, a bank shall furnish to RBI a statement of Funding Concentration (BLR-2) as per the format given in Annex-II, which will have the details of sources of funding from significant counterparties, significant instruments / products, and details of funding through securitisation on a monthly basis. As regards addressing the currency concentration risk, the same shall be captured in the SLS - foreign currency - Indian operations - Liquidity Return 1 - Part A2, wherein a bank shall furnish its assets and liabilities in major / significant currencies as well as information on aggregate gap limit.

L.3 Available Unencumbered Assets

198. This metric captures the quantity and key characteristics of a bank's available unencumbered assets. These assets have the potential to be used as collateral to raise additional secured funding in secondary markets and / or are eligible at central banks.

199. A statement of Available Unencumbered Assets (BLR-3) as given in Annex-II is prescribed to capture the details of the amount, type, and location of available unencumbered assets that could serve as collateral for secured borrowing in secondary markets and / or are eligible for borrowing from the RBI / central banks.

L.4 LCR by Significant Currency

200. In order to better capture potential currency mismatches, a bank shall monitor the LCR in each significant currency.

201. A bank shall furnish statement on LCR by significant currency (BLR-4) as given in Annex-II. As branches of a foreign bank do not hold any foreign currency HQLA, BLR-4 shall not be required to be submitted by such bank.

L.5 Market-related Monitoring Tools

202. A bank shall monitor high frequency market data that may serve as early warning indicators in monitoring potential liquidity stress.

203. A bank shall submit the statement on Other Information on Liquidity (BLR-5) a per format in Annex-II. The statement shall include the price movements in its equity prices (if listed), interest rates on long-term bonds and certificates of deposit issued by the bank, and information on breach / penalty in respect of regulatory liquidity requirements.

M. LCR Disclosure Standards

204. For LCR disclosure template and related instructions, a bank shall refer to relevant instructions in Reserve Bank of India (Commercial Banks – Financial Statements: Presentation and Disclosures) Directions, 2025.

Chapter VI – Net Stable Funding Ratio (NSFR)

A. Objective

205. The objective of NFSR is to ensure that a bank maintains a stable funding profile in relation to the composition of its assets and OBS activities, to reduce the probability of erosion of its liquidity position due to disruptions in regular sources of funding, that would increase the risk of its failure and potentially lead to broader systemic stress. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on-balance sheet and OBS items, and promotes funding stability. The NSFR promotes resilience over a longer-term time horizon by requiring a bank to fund its activities with more stable sources of funding on an ongoing basis.

B. Scope

206. The NSFR framework shall be applicable to a bank in line with the LCR framework (refer paragraph 105).

207. Exception from NSFR framework: Derivative transactions with central banks that arise from the latter's short-term monetary policy and liquidity operations shall be excluded from a reporting bank's NSFR computation. Unrealised capital gains and losses arising from such transactions shall be excluded from Available Stable Funding (ASF). These transactions include foreign exchange derivatives such as foreign exchange swaps with an original maturity of less than six months at inception. As such, a bank's NSFR would not change due to entering a short-term derivative transaction with its central bank for the purpose of short-term monetary policy and liquidity operations.

C. Definition of NSFR

208. The NSFR is calculated as the ratio of amount of available stable funding (ASF) relative to the amount of required stable funding (RSF).

$$\text{NSFR} = \frac{\text{Available Stable Funding (ASF)}}{\text{Required Stable Funding (RSF)}}$$

209. ASF refers to the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year.

210. RSF is a function of the liquidity characteristics and residual maturities of the various assets held by a bank as well as those of its OBS exposures.

211. A bank shall maintain NSFR of at a minimum of 100 per cent on an ongoing basis. The bank shall have the required systems in place for such calculation and monitoring. The NSFR as at the end of each quarter shall be reported in the prescribed format (BLR 7) provided in Annex-II.

212. The NSFR shall be supplemented by supervisory assessment of the stable funding and liquidity risk profile of a bank, basis which DoS, RBI may require an individual bank to adopt more stringent standards to reflect its funding risk profile.

213. The definitions of various components of NSFR indicated in these Directions mirror those outlined in LCR framework, unless otherwise specified.

214. For the purpose of calculating the NSFR, HQLA shall include all assets qualified as HQLA without applying the operational requirements and caps applicable to Level 2 and Level 2B assets under LCR framework.

D. Calibrations of ASF and RSF - Criteria and Assumptions

215. ASF and RSF reflect the amount of stable funding available from liabilities, and the requirement of stable funding for assets, including OBS assets, respectively. The amounts of ASF and RSF are calibrated to reflect the presumed degree of stability of liabilities and liquidity of assets.

216. The calibration reflects the stability of liabilities (i.e., ASF), across two dimensions:

(1) Funding tenor – The NSFR is generally calibrated such that long-term liabilities are assumed to be more stable than short-term liabilities.

(2) Funding type and counterparty – The NSFR is calibrated under the assumption that short-term deposits (maturing in less than one year) from retail customers and funding provided by SBCs are behaviorally more stable than wholesale funding of the same maturity from other counterparties.

217. In determining the appropriate amounts of RSF for various assets, the following criteria are taken into consideration, while recognising the potential trade-offs between these criteria:

(1) Resilient credit creation – NSFR requires a proportion of lending to the real economy to be funded by stable sources to ensure the continuity of credit intermediation.

(2) Bank behavior – NSFR is calibrated under the assumption that a bank may seek to roll over a significant proportion of maturing loans to preserve customer relationships.

(3) Asset tenor – NSFR assumes that some short-dated assets (maturing in less than one year) require a smaller proportion of stable funding as a bank may allow a proportion of such assets to mature without rolling them over.

(4) Asset quality and liquidity value – NSFR assumes that unencumbered, high-quality assets that can be securitised or traded, and thus can be readily used as collateral to secure additional funding or sold in the market, are not required to be fully financed with stable funding.

218. A bank shall maintain additional stable funding sources to support at least a small portion of the potential calls on liquidity arising from OBS commitments and contingent funding obligations.

E. Definition and computation of Available Stable Funding

219. The amount of ASF is determined based on the broad characteristics of the relative stability of a bank's funding sources, including the contractual maturity of its liabilities, and the differences in the propensity of different types of funding providers to withdraw their funding.

220. The amount of ASF shall be calculated by first assigning the carrying value of the bank's capital and liabilities to one of five categories as explained in subsequent paragraph. The amount assigned to each category shall be multiplied by an ASF factor, and the total ASF is the sum of the weighted amounts. The carrying value represents the amount at which a liability or equity instrument is recorded before the application of any regulatory deductions, filters or other adjustments.

E.1 Liabilities and Capital receiving a 100 per cent ASF Factor

221. Liabilities and capital instruments receiving a 100 per cent ASF factor comprise:

(1) The total amount of regulatory capital, before the application of capital deductions, as defined in Reserve Bank of India (Commercial Banks –

Prudential Norms on Capital Adequacy) Directions, 2025, excluding the proportion of Tier 2 instruments with residual maturity of less than one year.

(2) The total amount of any capital instrument not included in (1) above that has an effective residual maturity of one year or more, but excluding any instruments with explicit or embedded options that, if exercised, would reduce the expected maturity to less than one year.

(3) The total amount of secured and unsecured borrowings and liabilities (including term deposits) with effective residual maturities of one year or more. Cash flows due before the one-year horizon but arising from liabilities with a final maturity greater than one year shall not qualify for the 100 per cent ASF factor.

Explanation: The term deposits (TDs) receiving 100 per cent ASF shall include TDs which cannot be withdrawn early without a significant penalty. For arriving at effective residual maturity of borrowings and liabilities, a bank shall consider the possibilities of early withdrawal due to 'call options', either embedded or explicit.

E.2 Liabilities receiving a 95 per cent ASF factor

222. Liabilities receiving a 95 per cent ASF factor shall comprise of 'stable' (as defined in chapter on LCR) non-maturity (demand) deposits and / or term deposits with residual maturities of less than one year, provided by retail and SBCs.

E.3 Liabilities receiving a 90 per cent ASF factor

223. Liabilities receiving a 90 per cent ASF factor shall comprise of 'less stable' (as defined in chapter on LCR) non-maturity (demand) deposits and /or term deposits with residual maturities of less than one year, provided by retail and SBCs.

E.4 Liabilities receiving a 50 per cent ASF factor

224. Liabilities receiving a 50 per cent ASF factor comprise:

(1) Funding (secured and unsecured) with a residual maturity of less than one year provided by non-financial corporate customers.

(2) Operational deposits as defined in chapter on LCR.

(3) Funding with residual maturity of less than one year from sovereigns, PSEs MDBs, and national development banks (NDBs), viz., EXIM Bank, NABARD, NaBFID, NHB, and SIDBI.

(4) Other funding (secured and unsecured) not included in the categories above, with residual maturity between six months to less than one year, including funding from the RBI and / or other central banks and financial institutions.

E.5 Liabilities receiving a zero per cent ASF factor

225. Liabilities receiving a zero per cent ASF factor comprise:

(1) All other liabilities and equity categories not included in the above categories, including funding with residual maturity of less than six months from the RBI and / or other central banks and financial institutions.

(2) Other liabilities without a stated maturity. This category may include short positions and open maturity positions that are not otherwise captured in the above categories. However, the two exceptions shall be recognised for liabilities without a stated maturity as below. These liabilities shall then be assigned either a 100 per cent ASF factor if the effective maturity is one year or greater, or 50 per cent, if the effective maturity is between six months and less than one year.

(i) Deferred tax liabilities shall be treated according to the nearest possible date on which such liabilities could be realized; and

(ii) Minority interest shall be treated according to the term of the instrument, usually in perpetuity.

(3) If NSFR derivative liabilities are greater than NSFR derivative assets, then NSFR derivative liabilities net of NSFR derivative assets shall receive zero per cent ASF factor; and

(4) 'trade date' payables arising from purchases of financial instruments, foreign currencies, and commodities that:

(i) are expected to settle within the standard settlement cycle or period that is customary for the relevant exchange or type of transaction, or

(ii) have failed to, but are still expected to, settle.

F. Calculation of derivative liability amounts

226. Derivative liabilities are calculated first based on the replacement cost for derivative contracts (obtained by marking to market) where the contract has negative value. If the derivative exposure is covered by an eligible bilateral netting contract as specified in the Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Directions, 2025, the replacement cost for the set of derivative exposures covered by the contract will be the net replacement cost. In calculating NSFR derivative liabilities, collateral posted in the form of variation margin in connection with derivative contracts, regardless of the asset type, shall be deducted from the negative replacement cost amount.

227. For determining the maturity of an equity or liability instrument:

(1) Where instruments contain call options exercisable by the investor, the earliest possible redemption date shall be considered.

(2) For funding with options exercisable at a bank's discretion, reputational factors that may limit a bank's ability not to exercise the option shall be taken into account. In particular, where the market expects certain liabilities to be redeemed before their legal final maturity date, a bank shall assume such behaviour for the purpose of the NSFR and include these liabilities in the corresponding ASF category.

(3) For long-dated liabilities, only the portion of cash flows falling at or beyond the six-month and one-year time horizons shall be treated as having an effective residual maturity of six months or more and one year or more, respectively.

G. Computation of Required Stable Funding (RSF)

228. The amount of RSF is measured based on the broad characteristics of the liquidity risk profile of a bank's assets and OBS exposures. The amount of required stable funding shall be calculated by assigning the carrying value of a bank's assets to the categories listed in subsequent paragraphs.

Explanation: Carrying value of an asset item shall generally be recorded by following its accounting value, i.e., net of specific provisions in line with Basel standardised approach and Basel III leverage ratio framework and disclosure requirements.

229. Unless stated otherwise in these Directions, assets shall be allocated to maturity buckets according to their contractual residual maturity. However, this shall take into account embedded optionality, such as put or call options, which may affect the actual maturity. The amount assigned to each category shall be multiplied by its associated RSF factor, and the total RSF shall be the sum of the weighted amounts added to the amount of OBS activity (or potential liquidity exposure) multiplied by its associated RSF factor.

G.1 Assets assigned a zero per cent RSF factor

230. The following shall be assigned a zero per cent RSF factor:

(1) Coins and banknotes immediately available to meet obligations;

(2) CRR balances including required and excess reserves; and all claims on the RBI with residual maturities of less than six months; and

(3) 'Trade Date' receivables arising from sales of financial instruments, foreign currencies, and commodities that

(i) are expected to settle within the standard settlement cycle or period that is customary for the relevant exchange or type of transaction, or

(ii) have failed to, but are still expected to, settle.

Explanation: The term 'claims' is broader than loans and it includes central bank bills and the asset account created on a bank' balance sheets by entering into transactions with the RBI. It also includes Standing Deposit Facility with the RBI.

G.2 Assets assigned a 5 per cent RSF factor

231. Assets assigned a 5 per cent RSF factor comprise

(1) Unencumbered Level 1 assets, as defined in chapter V on LCR, excluding assets receiving a zero per cent RSF as specified above.

(2) Unencumbered SLR securities.

G.3 Assets assigned a 10 per cent RSF factor

232. Unencumbered loans to financial institutions with residual maturities of less than six months, where the loan is secured against Level 1 assets as defined in chapter V on LCR, and where the bank has the ability to freely re- hypothecate the received collateral for the life of the loan.

G.4 Assets assigned a 15 per cent RSF factor

233. Assets assigned a 15 per cent RSF factor shall comprise:

(1) Unencumbered Level 2A assets, as defined in chapter V on LCR.

(2) All other standard unencumbered loans to financial institutions with residual maturities of less than six months not assigned a 10 per cent RSF factor.

G.5 Assets assigned a 50 per cent RSF factor

234. Assets assigned a 50 per cent RSF factor shall comprise:

(1) Unencumbered Level 2B assets as defined in chapter V on LCR.

(2) HQLA as defined in the chapter V on LCR that are encumbered for a period of between six months and less than one year.

(3) All loans to financial institutions and central banks with residual maturity of between six months and less than one year.

(4) Deposits held at other financial institutions for operational purposes.

Explanation: Non-operational deposits held at other financial institutions shall have the same treatment as loans to financial institutions, taking into account the term of the operation.

(5) All other non-HQLA not included in the above categories that have a residual maturity of less than one year, including loans to non-financial corporate clients, loans to retail customers, and SBCs, and loans to sovereigns, PSEs and NDBs (EXIM Bank, NABARD, NaBFID, NHB, and SIDBI).

G.6 Assets assigned a 65 per cent RSF factor

235. The following shall be assigned a 65 per cent RSF factor:

(1) Other unencumbered loans not included in the above categories including loans to sovereigns, PSEs and NDBs (EXIM Bank, NABARD, NaBFID, NHB, and SIDBI) with a residual maturity of one year or more, excluding loans to financial institutions, with a residual maturity of one year or more that would qualify for a 35 per cent or lower risk weight under the Basel standardised approach for credit risk as per the Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Directions, 2025.

G.7 Assets assigned an 85 per cent RSF factor

236. Assets assigned an 85 per cent RSF factor shall comprise:

(1) Cash, securities or other assets posted as initial margin for derivative contacts (regardless of whether these assets are on or off-balance sheet) and cash or other assets provided to contribute to the default fund of a central counterparty (CCP).

Explanation: Initial margin (IM) posted on behalf of a customer, where the bank does not guarantee performance of the third party, would be exempt from this requirement. This refers to the cases in which the bank provides a customer access to a third party (e.g., a CCP) for the purpose of clearing derivatives, where the transactions are executed in the name of the customer, and the bank does not guarantee the performance of this third party.

(2) Where securities or other assets posted as IM for derivative contracts would otherwise receive a higher RSF factor, the higher factor shall apply.

(3) For Over the Counter (OTC) transactions, any fixed independent amount that a bank was contractually required to post at the inception of the derivatives transaction shall be considered as IM, regardless of whether any of this margin was returned to the bank in the form of variation margin (VM) payments.

(4) Where the initial margin is defined formulaically at a portfolio level, a bank shall consider the calculated amount of such margin as of the NSFR measurement date, regardless of whether the actual amount of margin physically posted to the counterparty is lower due to VM payments received.

In the case of centrally cleared transactions, the amount of IM shall reflect the total amount of margin posted, including both IM and VM, net of any mark to market losses on the applicable portfolio of cleared transactions.

(5) Other unencumbered performing loans that do not qualify for the 35 per cent or lower risk weight under the Basel standardised approach for credit risk and have residual maturities of one year or more, excluding loans to financial institutions.

(6) Unencumbered securities with a remaining maturity of one year or more and exchange- traded equities, that are not in default and do not qualify as SLR / HQLA according to the LCR.

(7) Physical traded commodities, including gold.

G.8 Assets assigned a 100 per cent RSF factor

237. A bank shall assign a 100 per cent RSF factor to the following asset categories:

(1) All assets that are encumbered for a period of one year or more.

Explanation: In case of a collateral pledged in a repo operation with remaining maturity of one year or greater but where the collateral pledged matures in less than one year, the collateral shall be considered encumbered for the term of the repo or secured transaction, even if the actual maturity of the collateral is shorter than one year.

(2) NSFR derivative assets as calculated according to paragraphs 247 net of NSFR derivative liabilities as calculated according to paragraph 226, if NSFR derivative assets are greater than NSFR derivative liabilities.

(3) All other assets not included in the above categories, including non-performing loans, loans to financial institutions with a residual maturity of one year or more, non-exchange traded equities, fixed assets, items deducted from regulatory capital, retained interest, insurance assets, subsidiary interests, and defaulted securities;

(4) 5 per cent of derivative liabilities (i.e., negative replacement cost amount) before deducting variation margin posted; and

(5) All ‘standard’ restructured loans which attract higher risk and / or additional provisioning.

Explanation: The classification of loans shall be as per Reserve Bank of India (Commercial Banks – Income Recognition, Asset Classification and Provisioning) Directions, 2025.

G.9 RSF factors for Off-balance sheet (OBS) items

238. Following OBS exposure categories (based on whether the commitment is a credit or liquidity facility or some other contingent funding obligation) shall be assigned an RSF factor of 5 per cent of the currently undrawn portion of:

(1) Irrevocable and conditionally revocable credit and liquidity facilities to any client.

(2) Other contingent funding obligations, including unconditionally revocable credit and liquidity facilities.

(3) Non-contractual obligations such as:

(i) Potential requests for debt repurchase of the bank’s own debt or that of related conduits, securities investment vehicles, and other such financing facilities.

(ii) Structured products where customers anticipate ready marketability, such as adjustable-rate notes and variable rate demand notes (VRDNs).

(iii) Managed funds that are marketed with the objective of maintaining a stable value.

(4) Undrawn portion of the following OBS items shall be assigned RSF factor of 3 per cent:

(i) Trade finance-related obligations (including guarantees and letters of credit).

(ii) Guarantees and letters of credit unrelated to trade finance obligations.

G.10 RSF Factors Assignment – General Principles

239. Various principles for assigning RSF factor are detailed below:

(1) The RSF factors assigned to various types of assets are intended to approximate the amount of a particular asset that would have to be funded, either because it will be rolled over, or because it would not be monetised through sale or used as collateral in a secured borrowing transaction over the course of one year without significant expense. Under NSFR framework, such amounts are expected to be supported by stable funding.

(2) Assets shall be allocated to the appropriate RSF factor based on their residual maturity or liquidity value. When determining the maturity of an instrument, investors should be assumed to exercise any option to extend maturity.

(3) If the reputational factors are likely to limit a bank's ability not to exercise the option (a case wherein a bank implies that it would face funding risk if it did not exercise an option on its own assets) for assets with options exercisable at the bank's discretion, higher RSF factor may be prescribed by DoS, RBI, during supervisory reviews. In particular, where the market expects certain assets to be extended in their maturity, a bank shall assume such behaviour for the purpose of the NSFR and include these assets in the corresponding RSF category.

(4) If there is a contractual provision with a review date to determine whether a given facility or loan is renewed or not, the next review date may be used as the maturity date under the explicit authorisation of DoS, RBI. While evaluating such cases, DoS, RBI, shall consider the incentives created and the actual likelihood that such facilities / loans will not be renewed.

240. For amortising loans and other claims, the portion due within the one year horizon may be treated in the less than one year residual maturity category.

241. For the purpose of determining its required stable funding, a bank shall:

(1) include financial instruments, foreign currencies, and commodities for which a purchase order has been executed, and

(2) exclude financial instruments, foreign currencies, and commodities for which a sales order has been executed, even if such transactions have not been reflected in the Balance Sheet under a settlement-date accounting model, provided that (a) such transactions are not reflected as derivatives

or secured financing transactions in the institution’s balance sheet, and (b) the effects of such transactions will be reflected in the bank’s Balance Sheet upon settlement.

H. Encumbered Assets

242. Encumbered assets include but are not limited to assets backing securities and assets pledged in securities financing transactions or collateral swaps. RSF factor for such assets broadly depends upon the period of encumbrance and shall be as below:

(1) Assets on the balance sheet that are encumbered for one year or more shall receive a 100 per cent RSF factor.

(2) Assets encumbered for a period of between six months and less than one year that would, if unencumbered, receive an RSF factor lower than or equal to 50 per cent, shall receive a 50 per cent RSF factor.

(3) Assets encumbered for between six months and less than one year that would, if unencumbered, receive an RSF factor higher than 50 per cent, shall retain that higher RSF factor.

(4) Assets with less than six months remaining in the encumbrance period may be treated as unencumbered and assigned the RSF factor applicable to the equivalent unencumbered asset.

(5) Assets encumbered for exceptional RBI / other central bank liquidity operations shall not receive an RSF factor lower than that of an equivalent asset that is unencumbered.

Explanation: The exceptional central bank liquidity operations are considered to be non-standard, temporary operations conducted by the central bank in order to achieve its mandate in a period of market-wide financial stress and / or exceptional macroeconomic challenges.

(6) **Encumbrance treatment applied to secured lending (e.g., reverse repo) where collateral received does not appear on bank’s balance sheet, and it has been rehypothecated or sold thereby creating a short position**- The encumbrance treatment shall be applied to the on-balance sheet receivable to the extent that the transaction cannot mature without

the bank returning the collateral received to the counterparty. Since the liquidation of the cash receivable is contingent on the return of collateral that is no longer held by a bank, the receivable shall be considered as encumbered. When the collateral received from a secured funding transaction has been rehypothecated, the receivable shall be considered encumbered for the term of the rehypothecation of the collateral. When the collateral received from a secured funding transaction has been sold outright, thereby creating a short position, the receivable related to the original secured funding transaction shall be considered encumbered for the term of the residual maturity of this receivable. Thus, the on-balance sheet receivable shall:

(i) be treated according to paragraph 244 , if the remaining period of encumbrance is less than six months (i.e., it is considered as being unencumbered in the NSFR).

(ii) be assigned a 50 per cent or higher RSF factor if the remaining period of encumbrance is between six months and less than one year according to paragraph 242(2) and (3) .

(iii) be assigned a 100 per cent RSF factor if the remaining period of encumbrance is greater than one year according to paragraph 242(1) .

(7) **Encumbrance treatment applied to secured lending (e.g., reverse repo) transactions where collateral received appears on bank's balance sheet, and it has been rehypothecated or sold thereby creating a short position**- Collateral received that appears on a bank's balance sheet and has been rehypothecated (e.g., encumbered to a repo) shall be treated as encumbered according to paragraph 242.

(i) Consequently, the collateral received shall:

(a) be treated as being unencumbered if the remaining period of encumbrance is less than six months according to paragraph 242(4) and receive the same RSF factor as an equivalent asset that is unencumbered;

(b) be assigned a 50 per cent or higher RSF factor if the remaining period of encumbrance is between six months and less than one year according to paragraph 242(2) and (3); and

(c) be assigned a 100 per cent RSF factor if the remaining period of encumbrance is greater than one year according to paragraph 242(1) .

(ii) Where the collateral has been sold outright, creating a short position, the corresponding on-balance sheet receivable shall be considered encumbered for the term of the residual maturity of this receivable, and receive an RSF factor according to paragraph 242(6).

(8) Assets owned by a bank but segregated to satisfy statutory requirements for the protection of customer equity in margined trading accounts, shall be reported in accordance with the underlying exposure, whether or not the segregation requirement is separately classified on a bank's Balance Sheet. However, such assets shall also be treated according to paragraph 242. Accordingly, a higher RSF may be applied based on the term of encumbrance. The term of encumbrance should be determined taking into account the bank's ability to freely dispose off or exchange such assets and the term of the liability of the bank's customer that generates the segregation requirement.

I. Secured Financing Transactions

243. For secured funding arrangements, a bank shall use its balance sheet and accounting principles such that:

(1) Securities borrowed in securities financing transactions (such as reverse repos and collateral swaps) shall be excluded from a bank's asset if it does not have beneficial ownership.

(2) Securities lent in securities financing transactions shall be included in the bank's assets if a bank retains beneficial ownership.

(3) Securities received through collateral swaps shall not be included in a bank's assets if those securities do not appear on its Balance Sheet.

(4) Where a bank has encumbered securities in repos or other securities financing transactions but has retained beneficial ownership and the securities remain on its balance sheet, such securities shall be allocated to the appropriate RSF category according to its characteristics such as HQLA classification, maturity and issuer.

244. The treatment for the amount receivable by a bank under reverse repo transaction shall be same as applicable to any other loan. The applicable RSF factor shall depend on the counterparty and term of the operation, subject to following exceptions:

(1) Reverse repos with financial institutions that have residual maturity of less than six months and secured by level 1 assets shall receive a 10 per cent RSF factor as per paragraph 232 .

(2) Reverse repos with financial institutions that have residual maturity of less than six months and secured by other assets shall receive a 15 per cent RSF factor as per paragraph 233.

245. Amounts receivables and payable under securities financing transactions shall be reported on a gross basis with the gross amount of such receivables and payables reported on the RSF side and ASF side, respectively. The only exception is securities financing transactions with a single counterparty which may be reported on a net basis for NSFR calculation, provided the netting conditions set out in Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Directions, 2025 are met.

246. For loans which are only partially secured and are therefore separated into secured and unsecured portions with different risk weights under Basel Framework, the specific characteristics of these portions of loans shall be taken into account for the calculation of the NSFR. The secured and unsecured portions of a loan shall be treated according to its characteristics and assigned the corresponding RSF factor. If it is not possible to draw the distinction between the secured and unsecured part of the loan, the higher RSF factor shall apply to the whole loan.

J. Calculation of Derivative Asset Amounts

247. Derivative assets are calculated based on the replacement cost of derivative contracts with positive value, obtained by mark to market valuation. Where an eligible bilateral netting contract is in place that meets the conditions as specified in the Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Directions, 2025, the net replacement cost may be used for the set of derivative exposures covered by the contract.

248. In calculating NSFR derivative assets (i.e., derivative assets – cash collateral received as variation margin on derivative assets), collateral received in connection with derivative contracts may not offset the positive replacement cost amount, regardless of whether or not netting is permitted under the bank's operative accounting or risk-based framework, unless it is received in the form of cash variation margin and meets the conditions as specified in Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Directions, 2025. Any remaining balance sheet liability associated with (a) variation margin received that does not meet the criteria above or (b) initial margin received may not offset derivative assets and shall be assigned a zero per cent ASF factor.

249. If an on-balance sheet asset is associated with collateral posted as initial margin and is reflected as such to the extent under the bank's accounting framework, the asset shall not be counted as an encumbered asset in the calculation of a bank's RSF under NSFR to avoid double-counting.

K. NSFR Disclosure Standards

250. For NSFR disclosure template and related instructions a bank shall refer to relevant instructions in Reserve Bank of India (Commercial Banks – Financial Statements: Presentation and Disclosures) Directions, 2025.

Chapter VII – Interest Rate Risk (IRR) Management

A. General Instructions

251. Interest rate risk is the risk where changes in market interest rates affect a bank's financial position. IRR from 'earnings perspective' is interest rate changes impacting a bank's earnings (i.e., reported profits) through changes in its Net Interest Income (NII). IRR from 'economic value perspective' is interest rate changes impacting a bank's Market Value of Equity (MVE) or Net Worth through changes in the economic value of its rate sensitive assets, liabilities and OBS positions. The IRR from 'earnings perspective' is measured using the Traditional Gap Approach (TGA) whereas the IRR from 'economic value perspective' is measured using Duration Gap Approach (DGA). A bank shall carry out both the analyses.

252. The framework, both DGA and TGA, shall be applied to the global position (domestic and overseas branches) of assets, liabilities, and OBS items of a bank, which are rate sensitive. A bank shall compute its IRR position in each currency applying the DGA and TGA to the Rate Sensitive Assets (RSA)/ Rate Sensitive Liabilities (RSL) items, where either the assets, or liabilities in a currency constitute 5 per cent or more of bank's global assets or global liabilities. The IRR position in all other residual currencies shall be computed separately on an aggregate basis.

253. The methodologies specified in these Directions shall serve as a benchmark. A bank which has more sophisticated systems may continue its existing systems but shall also adopt the DGA and TGA as supervisory reporting / disclosure frameworks.

B. Earnings Perspective – TGA

254. The Gap Report shall be generated by grouping rate sensitive liabilities, assets and off-balance sheet positions into time buckets according to residual maturity or next repricing period, whichever is earlier. All investments, advances, deposits, borrowings, purchased funds, etc., that mature/ reprice within a specified timeframe are interest rate sensitive. Similarly, any principal repayment of loan is also rate sensitive if the bank expects to receive it within the time horizon. This

includes final principal payment and interim instalments. Assets and liabilities repriced at pre-determined intervals are rate sensitive at the time of repricing.

255. A bank shall use the Traditional Gap Analysis to measure the level of a bank's exposure to IRR in terms of sensitivity of its NII to interest rate movements over the horizon of analysis, which is usually one year. A bank shall bucket all RSA, RSL and OBS items as per residual maturity / re-pricing date in various time buckets as per guidance provided in Annex VII and report as per the reporting format of Interest Rate Sensitivity statement provided in Annex-III . A bank shall compute Earnings at Risk (EaR) representing the loss of income under different interest rate scenarios over a time horizon of one year.

C. Economic Value Perspective – DGA

256. The DGA is used to measure the level of a bank's exposure to IRR in terms of sensitivity of Market Value of its Equity (MVE) to interest rate movements, and report as per reporting format of Return on Interest Rate Sensitivity provided in Annex-III .

257. For calculation of changes in MVE due to changes in the interest rates, market values of RSA and RSL shall be used. However, for simplicity, the book values of the RSA and RSL (both inclusive of notional value of rate sensitive OBS items) may be used as an approximation.

258. A bank shall bucket all RSA and RSL, including the rate sensitive OBS asset and liabilities, as per residual maturity / re-pricing dates in various time buckets as per the guidance provided in Annex VII, and compute the Modified Duration Gap (MDG). The MDG shall be used to evaluate the impact on the MVE of the bank under different interest rate scenarios.

259. Under MDG framework a bank shall compute Modified Duration of RSA (MDA) and Modified Duration of RSL (MDL).

Explanation:

(1) Modified Duration (MD) of an asset or liability measures the approximate percentage change in its value for a 100 basis point change in the rate of interest.

(2) MDA and MDL are the weighted average of the MD of items of RSA and RSL respectively.

260. The MDG, reflecting the degree of duration mismatch in the RSA and RSL in a bank's balance sheet, shall be calculated with the help of the following formula :

$$MDG = [MDA - \left(MDL * \frac{RSL}{RSA}\right)]$$

A higher absolute value of the MDG shall indicate greater exposure of the bank to interest rate shocks.

261. The impact of changes in the interest rates on the MVE shall be evaluated by computing ΔE with the help of following formula :

$$\Delta E = -[MDG] * RSA * \Delta i$$

wherein:

(1) Equity shall mean Net Worth.

(2) 'ΔE' stands for change in the value of equity.

(3) 'Δ i' stands for change in interest rates in percentage points (1 per cent change to be written as 0.01).

A schematic hypothetical illustration for computation of MDG, and $\frac{\Delta \mathbf{E}\ (\textbf{per cent})}{\mathbf{E}}$ for an interest rate shock of 200 basis points is as below:

Relationship between MDG and sensitivity of MVE to interest rate changes

(₹ in crore)	
Particulars	**Amount**
Equity as on date	1350.00
RSA as on date	18251.00
RSL as on date	18590.00
MDA (Weighted Modified Duration of Assets)	1.96
MDL (Weighted Modified Duration of Liabilities)	1.25
MDG [1.96- {1.25*(18590/18251)}]	0.687
$\Delta E = -[MDG] * RSA * \Delta i$	-250.77
For a 200 bps rise in rate of interest, MVE will fall by (250.77/1350) *100	18.58%

262. The estimated drop in MVE resulting from the prescribed interest rate shock shall indicate the economic impact on a bank's equity, assuming the shock scenario

materialises. This decline shall not be construed as an accounting loss as banking book is not marked to market.

263. The MDG framework is based on the utilization of book values of banking book assets and liabilities for the purpose of computation of MD. However, a bank that has the capability to use market value of assets and liabilities of banking book shall do so. The market values of assets and liabilities shall be determined by discounted cash flow method. The step-by-step approach for computing the MDG is as under:

(1) Identify variables such as principal amount, maturity date/ re-pricing date, coupon rate, yield, frequency and basis of interest calculation for each item / category of RSA / RSL.

(2) Plot each item / category of RSA / RSL under the various time buckets. The absolute notional amount of rate sensitive off-balance sheet items in each time bucket shall be included as RSA if positive and as RSL if negative.

(3) The mid-point of each time bucket shall be taken as a proxy for the maturity of assets and liabilities in that time bucket, except for those for which the bank is able to compute modified duration on individual basis.

(4) Determine the coupon for computation of MD of RSAs and RSLs as indicated in Annex VII except for those for which the bank is able to compute MD on individual basis.

(5) Determine the yield curve for arriving at the yields based on current market yields or current replacement cost or as specified in Annex VII for each item / category of asset / liability / OBS item.

(6) Calculate the MD in each time band of each item / category of RSA / RSL using the maturity date, yield, coupon rate, frequency, yield, and basis for interest calculation.

(7) Calculate the MD of each item / category of RSA / RSL as weighted average MD of each time bucket for that item.

(8) Calculate the weighted average MD of all RSA (MDA) and RSL (MDL) to arrive at Modified Duration Gap (MDG) and Modified Duration of Equity (MDOE).

264. The requirement to determine the impact of IRR on the Market Value Equity (MVE) shall be applicable across the bank's entire balance sheet, i.e., both the banking and trading books. This requirement shall be in addition to the existing guidelines for assessing capital adequacy requirement for interest rate sensitive positions in the trading book and banking book (under Pillar II) separately.

265. A bank shall be considered an outlier from a supervisory perspective (under Pillar II) if the economic value of its banking book declines by more than 20 per cent of its MVE due to a standardised interest rate shock of 200 basis points. However, for decline in the MVE due to standardised interest rate shock of 200 basis points on the entire balance sheet, a bank shall not be subjected to outlier criteria.

Explanation: The 200 basis point shock shall be applied to the entire balance sheet, including the trading book. A bank shall monitor its IRR positions and take appropriate corrective action with reference to the stipulations in paragraph 274 for internal limits on volatility of MVE, i.e., percentage variation in the MVE, and limits on individual gaps. Any significant difference in the assessment of IRR for the bank under two scenarios (i) the bank as a whole and (ii) separately for banking and trading book with different shocks - and their implication for regulatory capital would be examined under Supervisory Review and Evaluation Process (SREP).

D. Monitoring of Interest Rate Risk

266. A bank shall prepare the Interest Rate Sensitivity (IRS) Statement, under TGA and DGA, as per reporting format provided in Annex-III , bucketing all RSA and RSL in following time buckets as per table below:

Sr. No.	Interest Rate Sensitivity Statement - Time Buckets
1	1-28 days
2	29 days and up to 3 months
3	Over 3 months and up to 6 months
4	Over 6 months and up to 1 year
5	Over 1 year and up to 3 years
6	Over 3 years and up to 5 years
7	Over 5 years and up to 7 years
8	Over 7 years and up to 10 years
9	Over 10 years and up to 15 years
10	Over 15 years

11	Non-sensitive

267. The RSA and RSL with fixed maturities shall be classified in the relevant time buckets based on residual maturity / re-pricing dates.

268. For RSA and RSL items without fixed maturity or with embedded optionality (i.e., savings bank deposits, current account deposits and mortgage loans), a bank shall undertake behavioural studies to assess the interest rate sensitivity realistically. The bank shall have an appropriate process and a detailed framework for conducting such studies and review their output at least annually. A bank shall apply the results of the behavioural studies on a consistent basis and the results shall be reviewed / revised once a year in the first quarter of the financial year, if necessary. The behavioural studies shall be based on at least three years data. The bank shall evolve a suitable mechanism, supported by empirical studies and behavioural analysis to estimate the future behaviour of assets, liabilities and OBS items with respect to changes in market variables.

269. An indicative framework for bucketing of assets and liabilities has been furnished in Annex VII.

270. Calculation of the MD of individual rate sensitive asset, liability and OBS position and taking their weighted average to derive the MD of RSA and RSL enhances the accuracy of measurement of IRR. Accordingly, a bank having the capability to compute the MD of each item of RSA and RSL shall do so.

271. However, a bank which is not equipped to compute the MD of each individual rate sensitive asset, liability and off-balance sheet position shall :

(1) group RSA and RSL under the broad categories indicated in Annex VII under various time buckets; and

(2) compute MD of these categories of assets / liabilities and off-balance sheet items using the suggested common maturity, coupon and yield parameters indicated in Annex VII .

The MDG computed from this approach shall be simpler, providing a cost effective alternative despite approximations in the calculation of MD.

272. A bank shall compile the ALM statements and compute the MDG for the entire balance sheet, encompassing both the banking and trading books.

E. Treatment of positions in various currencies

273. While reporting the currency-wise IRR position, as advised in paragraph 252 above, in Interest Rate Sensitivity statement provided in Annex-III, a bank shall convert the foreign currencies into ₹ using the relevant spot closing rates as published by FEDAI. A bank shall compute the MD of each item or group of items of rate sensitive assets, liabilities and OBS items using the appropriate coupon and relevant foreign currency yield curve. For residual currencies, a bank may use the appropriate coupon and yield curve of the largest among the residual currencies. In deciding the appropriate coupon and yield curves, a bank shall follow the principles outlined in Annex VII.

F. Interest rate risk management

274. A bank shall, with the approval of its Board / RMC, set appropriate internal limits on Earnings at Risk (EaR) and volatility in the MVE, based on its risk bearing and risk management capacity. These limits shall be linked to MVE for DGA and the NII for TGA. The Board / ALCO shall periodically review the above limits after assessing various scenarios of interest rates and the resultant volatility of earnings in terms of NII and volatility in Net Worth.

275. The ALCO prior approval shall be obtained for deciding upon yields, assumptions used / proposed to be used, bucketing, behavioural studies, etc. for DGA. A bank shall ensure that such decisions are compliant with regulatory guidelines.

276. A bank shall update material assumptions on a regular basis to reflect the current market and operating environment. The process for developing such material assumptions shall be formalized and reviewed at least annually.

277. In accordance with Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Directions, 2025, if an interest rate shock of 200 basis points results in a drop in the value of equity of more than 20 per cent of MVE, the level of IRR shall be treated as excessive. In such cases, the RBI may require the bank to take corrective action as specified in the above Directions.

278. A bank shall measure its vulnerability to losses in stressed market conditions, including the breakdown of key assumptions, and consider these results when establishing and reviewing its limits and policies in respect of IRR, in accordance

with the instructions provided in Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Directions, 2025.

279. A bank shall adopt the practice of periodic model validation. In cases where internal models / software packages are used, the bank shall ensure the integrity and validation of data / assumptions being used to generate the results, validation and functioning of the entire system of IRR management by an independent audit either by an experienced internal auditor or external auditor who is conversant with risk management processes. The Audit Committee of the Board (ACB) shall ensure the suitability of auditors through a due diligence process.

280. A bank shall ensure documentation in respect of discount rates, coupons, assumptions used / proposed to be used, bucketing, behavioural studies and validation process. All material assumptions, regardless of the source, shall be supported with analysis and documentation. The bank shall ensure that sufficient documentation is made available at the time of validation, internal audit, statutory audit and RBI inspection.

Chapter VIII – Monitoring and Reporting

A. Liquidity Risk

A.1 Preparation and Review of Statements

281. A bank shall prepare domestic structural liquidity statement (SLS) - ₹ on a daily basis.

282. A bank shall report the liquidity return comprising the SLS in five parts, viz.,

    (1) Domestic currency for Indian operations

    (2) Foreign currency for Indian operations

    (3) Combined Indian operations

    (4) Overseas branch operations

    (5) Consolidated bank operations

The formats of the returns are provided in Annex-I .

A.2 Regulatory Reporting and Periodicity of Returns

Liquidity Return

283. A bank shall adhere to the periodicity of submission in respect of each part of the Liquidity Return is specified in the table below. Further, bank shall refer Reserve Bank of India (Filing of Supervisory Returns) Directions, 2024, dated February 27, 2024, for submission timelines for all regulatory returns.

Sl. No.	Name of the Liquidity Return (LR)	Periodicity
	Structural Liquidity Statement	
i	Part A1 - SLS - Domestic Currency, Indian Operations	Fortnightly
ii	Part A2 – SLS - Foreign Currency, Indian Operations	Fortnightly
iii	Part A3 - SLS - Combined Indian Operations	Fortnightly
iv	Part B – SLS- Overseas Branch Operations	Monthly
v	Part C - SLS - Consolidated Bank Operations	Quarterly

Basel III Liquidity Return (BLR)

284. A bank shall submit the Basel III Liquidity Returns (BLR) at the frequencies specified in the table below. A bank shall report LCR and NSFR positions as on date of reporting in monthly BLR-1 and quarterly BLR-6, respectively. Notwithstanding the stipulated periodicity of submission of statement on LCR to

Reserve Bank, a bank shall develop operational capacity to increase the periodicity to weekly or even daily in stressed situations, if so directed by the RBI. The time lag in reporting shall be as short as feasible, notwithstanding the outer limits prescribed. Further, bank shall refer Reserve Bank of India (Filing of Supervisory Returns) Directions, 2024, for submission timelines for all regulatory returns

Sl. No.	Name of the BLR	Periodicity
i	Statement on LCR : BLR-1	Monthly
ii	Statement of Funding Concentration : BLR-2	Monthly
iii	Statement of Available Unencumbered Assets : BLR-3	Quarterly
iv	LCR by Significant Currency : BLR-4	Monthly
v	Statement on Other Information on Liquidity : BLR-5	Monthly
vii	Intraday Liquidity Management Monitoring Tools Return : BLR-6 (both standalone and consolidated)	Monthly
viii	Statement of NSFR : BLR-7	Quarterly

B. Interest Rate Risk

B.1 Preparation and Review of Statements

285. A bank shall prepare the IRS Statement, under TGA and DGA, as per reporting format of provided in Annex-III .

B.2 Regulatory Reporting and Periodicity of Returns

286. A bank shall submit IRS Statement under TGA and DGA approaches on a monthly basis. Further, bank shall refer Reserve Bank of India (Filing of Supervisory Returns) Directions, 2024, for submission timelines for all regulatory returns.

Chapter IX – Repeal and Other Provisions

A. Repeal and Saving

287. With the issue of these Directions, the existing Directions, instructions, and guidelines relating to Asset Liability Management as applicable to Commercial Banks stands repealed, as communicated vide circular DOR.RRC.REC.302/33-01-010/2025-26 dated November 28, 2025. The Directions, instructions and guidelines already repealed shall continue to remain repealed.

288. Notwithstanding such repeal, any action taken or purported to have been taken, or initiated under the repealed Directions, instructions, or guidelines shall continue to be governed by the provisions thereof. All approvals or acknowledgments granted under these repealed lists shall be deemed as governed by these Directions. Further, the repeal of these Directions, instructions, or guidelines shall not in any way prejudicially affect:

    (1) any right, obligation or liability acquired, accrued, or incurred thereunder;

    (2) any, penalty, forfeiture, or punishment incurred in respect of any contravention committed thereunder;

    (3) any investigation, legal proceeding, or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture, or punishment as aforesaid; and any such investigation, legal proceedings or remedy may be instituted, continued, or enforced and any such penalty, forfeiture or punishment may be imposed as if those directions, instructions, or guidelines had not been repealed.

B. Application of other laws not barred

289. The provisions of these Directions shall be in addition to, and not in derogation of the provisions of any other laws, rules, regulations, or directions, for the time being in force.

C. Interpretations

290. For the purpose of giving effect to the provisions of these Directions or in order to remove any difficulties in the application or interpretation of the provisions of these Directions, the RBI may, if it considers necessary, issue necessary

clarifications in respect of any matter covered herein and the interpretation of any provision of these Directions given by the RBI shall be final and binding.

(Sunil T S Nair)

Chief General Manager

Annex-I: Liquidity Return

Part A1: SLS - Domestic Currency, Indian Operations

Reporting Frequency: Fortnightly

Name of the Bank:

Position as on:

Amount in ₹ crore

		Residual Maturity														
	Outflows	**Day - 1**	**2-7 Days**	**8-14 Days**	**15-30 Days**	**31 Days & upto 2 months**	**More than 2 months and upto 3 months**	**Over 3 Months and upto 6 months**	**Over 6 Months and upto 1 year**	**Over 1 Year and upto 3 years**	**Over 3 Year and upto 5 years**	**Over 5 years and upto 7 years**	**Over 7 years and up to 10 years**	**Over 10 year and up to 15 years**	**Over 15 years**	**Total**
1	Capital															
2	Reserves & Surplus															
3	Deposits	***	***	***	***	***	***	***	***	***	***	***	**			
	i) Current Deposits															
	ii) Savings Bank Deposits															
	iii) Term Deposits															
	iv) Certificates of Deposit															
4	Borrowings	***	***	***	***	***	***	***	***	***	***	***	**			
	i) Call and Short Notice															
	ii) Inter-Bank (Term)															
	iii) Refinances															
	iv) Others (specify)															
5	Other Liabilities & Provisions	***	***	***	***	***	***	***	***	***	***	***	**			
	i) Bills Payable															
	ii) Inter-Office Adjustments															

	iii) Provisions															
	iv) Others															
6	Lines of Credit committed to	***	***	***	***	***	***	***	***	***	***	***	**			
	i)Institutions															
	ii)Customers															
7	Unavailed portion of Cash Credit / Overdraft / Demand Loan component of Working Capital															
8	Letters of credit / Guarantees															
9	Repos															
10	Bills Rediscounted (DUPN)															
11	Swaps (Buy / Sell)/ Maturing / Forwards															
12	Interest Payable															
13	Others (specify)															
14	**A. Total Outflows**															
15	**B. Cumulative Outflows**															

Amount in ₹ crore

Residual Maturity

	Inflows	**Day - 1**	**2-7 Days**	**8-14 Days**	**15-30 Days**	**31 Days & upto 2 months**	**More than 2 months and upto 3 months**	**Over 3 Months and upto 6 months**	**Over 6 Months and upto 1 year**	**Over 1 Year and upto 3 years**	**Over 3 Year and upto 5 years**	**Over 5 years and upto 7 years**	**Over 7 years and up to 10 years**	**Over 10 year and up to 15 years**	**Over 15 years**	**Total**
1	Cash															
2	Balances with RBI															
3	Balances with other A bank	***	***	***	***	***	***	***	***	***	***	***	**			
	i) Current Account															

	ii) Money at Call and Short Notice, Term Deposits and other placements															
4	Investments (including those under Repos but excluding Reverse Repos)															
5	Advances (Performing)	***	***	***	***	***	***	***	***	***	***	***	**			
	i) Bills Purchased and Discounted (including bills under DUPN)															
	ii) Cash Credits, Over-drafts and Loans repayable on demand															
	iii) Term Loans															
6	NPAs (Advances and Investments) *															
7	Fixed assets															
8	Other Assets	***	***	***	***	***	***	***	***	***	***	***	**			
	i) Leased Assets															
	ii) other assets															
9	Reverse Repos															
10	Swaps (Buy/ Sell)/ maturing forwards															
11	Bills Rediscounted (DUPN)															
12	Interest receivable															
13	Committed Lines of Credit															
14	Export Refinance from RBI															
15	Others (Specify)															
16	**C. Total Inflows**															
17	**D. Mismatch (C-A)**															
18	**E. Mismatch as % to Outflows (D as % to A)**															
19	**F. Cumulative Mismatch**															
20	**G. Cumulative Mismatch as a % to cumulative outflows (F as % of B)**															

* Net of provisions, interest suspense and claims received from ECGC/ DICGC

Part A2: SLS - Foreign Currency, Indian Operations

Reporting Frequency: Fortnightly

Name of the Bank:

Position as on:

Indicate Currency (To be furnished in four major currencies namely US Dollar, Pound Sterling, Euro and Japanese Yen. In respect of other foreign currencies, the statement should be submitted where the transactions in the currency concerned exceed 5 per cent of the total foreign exchange turnover.)

Denote the foreign currency in Million

	Outflows	**Day - 1**	**2-7 Days**	**8-14 Days**	**15-30 Days**	**31 Days & upto 2 months**	**More than 2 months and upto 3 months**	**Over 3 Months and upto 6 months**	**Over 6 Months and upto 1 year**	**Over 1 Year and upto 3 years**	**Over 3 Year and upto 5 years**	**Over 5 years and upto 7 years**	**Over 7 years and up to 10 years**	**Over 10 year and up to 15 years**	**Over 15 years**	**Total**
1	**Off balance sheet items**															
	i) Merchant Sales															
	ii) Interbank Sales															
	iii) Overseas Sales															
	iv) Sales to RBI															
	v) Foreign currency ₹ swaps - Sale against ₹															
	vi) Cross Currency Swaps - Sale against Cross Currency															
	vii) Options															
	viii) Currency Futures															
	ix) LCs and Guarantees															
	x) Others -please specify															
2	**On balance sheet items**															
	i) FCNR(B)															
	ii) EEFC															
	iii) RFC and RFC (D)															
	iv) Other FC deposits #															
	v) Overdrafts in Nostro A/ c.															
	vi) Inter-bank/ borrowings															

	vii) LOC/ BAF															
	viii) Others - Pl specify															
3	**Total Outflows**															
4	**Total Outflows (in ₹)***															

*Converted into ₹ using relevant spot rates as published by FEDAI

Such as Escrow accounts, Diamond dollar accounts, external agencies foreign currency accounts.

	Inflows	**Day - 1**	**2-7 Days**	**8-14 Days**	**15-30 Days**	**31 Days & upto 2 months**	**More than 2 months and upto 3 months**	**Over 3 Months and upto 6 months**	**Over 6 Months and upto 1 year**	**Over 1 Year and upto 3 years**	**Over 3 Year and upto 5 years**	**Over 5 years and upto 7 years**	**Over 7 years and up to 10 years**	**Over 10 year and up to 15 years**	**Over 15 years**	**Total**
1	**Off balance sheet items**															
	i) Merchant Purchases															
	ii) Inter-bank Purchases															
	iii) Overseas Purchases															
	iv) Purchases from RBI															
	v) Foreign currency ₹ Swaps - purchases against ₹															
	vi) Cross currency Swaps - Purchases against cross currency															
	vii) Options															
	viii) Currency Futures															
	ix) Others - Pl specify															
2	**On balance sheet items**															
	i) Nostro Balances (Cash and Bank Balances)															
	ii) Short Term Investments															
	iii) Loans	***	***	***	***	***	***	***	***	***	***	***	**			
	a. PCFC															
	b. Bills Discounted															
	c. Other FC Loans															
	d. Inter-Bank lending															

	e. Others															
3	**Total Inflows**															
4	**Total Inflows (in ₹)***															
	Gap (Total Inflows - Total outflows)															

*Converted into ₹ using relevant spot rates as published by FEDAI

Additional Details

1) Aggregate Gap Limit (in US Dollar Mio)

2) Maximum AGL during the period (in US Dollar Mio)

3) Value at Risk Limit approved by the management

4) Maximum VAR figure during the month (in US Dollar Mio)

Part A3: SLS - Combined Indian Operations - Domestic and Foreign currency (LR -1 Part A1 + Part A2)

Reporting Frequency: Fortnightly
Name of the Bank:
Position as on:
Amount in ₹ crore

	Outflows	**Day - 1**	**2-7 Days**	**8-14 Days**	**15-30 Days**	**31 Days & upto 2 months**	**More than 2 months and upto 3 months**	**Over 3 Months and upto 6 months**	**Over 6 Months and upto 1 year**	**Over 1 Year and upto 3 years**	**Over 3 Year and upto 5 years**	**Over 5 years and upto 7 years**	**Over 7 years and up to 10 years**	**Over 10 year and up to 15 years**	**Over 15 years**	**Total**
1	A. Total ₹ Outflows (from Item 14A -Part A1 of LR-1)															
2	B. Outflows of FCs (in ₹) (from Item 4, Part A2 of LR-1)															
	i) US dollar															
	ii) Pound Sterling															
	iii) Euro															
	iv) Japanese Yen															
	v) Other significant currencies															
3	C. Total Outflows of FCs (i to v)															
4	D. Adjusted Outflows of FCs (1.08*C) #															
5	E. Consolidated Outflows (Adjusted outflows of FCs and ₹ Outflows) (A+ D)															
6	F. Consolidated Cumulative Outflows															

	Inflows	Day - 1	2-7 Days	8-14 Days	15-30 Days	31 Days & upto 2 months	More than 2 months and upto 3 months	Over 3 Months and upto 6 months	Over 6 Months and upto 1 year	Over 1 Year and upto 3 years	Over 3 Year and upto 5 years	Over 5 years and upto 7 years	Over 7 years and up to 10 years	Over 10 years and up to 15 years	Over 15 years	Total
1	G. Total ₹ inflows (From Item 16C of Part A1 of LR-1															
2	H. Inflows of FCs (in ₹) (from Item 4 of Part A2 of LR-1)															
	i) US dollar															
	ii) Pound Sterling															
	iii) Euro															
	iv) Japanese Yen															
	v) Other significant currencies															
3	I. Total inflows of FCs (i to v)															
4	J. Adjusted inflows of FCs (0.92*I) #															
5	K. Consolidated Inflows (Adjusted inflows of FCs and ₹ inflows) (G+ J)															
6	**L. Total Mismatch (K-E)**															
7	**M. Mismatch (L) as % of outflows (E)**															
	N. Cumulative Mismatch															
	O. Cumulative Mismatch (N) as % of Cumulative outflows (F)															

The foreign currency outflows and inflows have been scaled up and scaled down by 8 per cent respectively. This is a proxy based on the currency mismatch haircut for a 10-business day holding period (assuming daily marking to market) which is 8 per cent as prescribed in the Basel III credit risk standard document under the standardised approaches for the recognition of credit risk mitigation.

II. Maturity Profile of structured vehicles sponsored by the bank

Amount in ₹ crore																
Residual Maturity																
	Inflows	**Day - 1**	**2-7 Days**	**8-14 Days**	**15-30 Days**	**31 Days & upto 2 months**	**More than 2 months and upto 3 months**	**Over 3 Months and upto 6 months**	**Over 6 Months and upto 1 year**	**Over 1 Year and upto 3 years**	**Over 3 Year and upto 5 years**	**Over 5 years and upto 7 years**	**Over 7 years and up to 10 years**	**Over 10 year and up to 15 years**	**Over 15 years**	**Total**
1	Cumulative Mismatches															
2	Cumulative Mismatches as a percentage to Cumulative Outflows															

Part B: SLS- Overseas branch Operations - Country Wise

Reporting Frequency: Monthly

Name of the Bank:

Position as on:

Amount in USD Million

Residual Maturity

	Outflows	**Day - 1**	**2-7 Days**	**8-14 Days**	**15-30 Days**	**31 Days and up to 2 months**	**More than 2 months and upto 3 months**	**Over 3 Months and upto 6 months**	**Over 6 Months and upto 1 year**	**Over 1 Year and upto 3 years**	**Over 3 Year and upto 5 years**	**Over 5 years and upto 7 years**	**Over 7 years and up to 10 years**	**Over 10 year and up to 15 years**	**Over 15 years**	**Total**
1	Capital / HO funds															
2	Reserves and Surplus															
3	Balances with other A bank	***	***	***	***	***	***	***	***	***	***	***	**			
	i) Current Deposits															
	ii) Savings Bank															
	iii) Deposits															
	iv) Term Deposits															
4	Borrowings	***	***	***	***	***	***	***	***	***	***	***	**			
	i) Call and Short															
	ii) Notice															
	iii) Inter-Bank (Term)															
	iv) Refinances															
	v) Others (specify)															
5	Other Liabilities and provisions	***	***	***	***	***	***	***	***	***	***	***	**			
	i) Bills Payable															
	ii) Provisions															
	iii) Others															
6	Lines of credit committed to	***	***	***	***	***	***	***	***	***	***	***	**			
	i) Institutions															

	ii) customers															
7	Unavailed portion of Cash Credit / Overdraft / Demand Loan component of Working Capital															
8	Letters of credit / Guarantees															
9	Repos															
10	Bills Rediscounted (DUPN)															
11	Swaps (Buy/ Sell)/ Maturing / Forwards															
12	Interest Payable															
13	Others (specify)															
	A. Total Outflows															
	B. Cumulative Outflows															

Amount in USD Million

Residual Maturity

	Inflows	**Day – 1**	**2-7 Days**	**8-14 Days**	**15-30 Days**	**31 Days & upto 2 months**	**More than 2 months and upto 3 months**	**Over 3 Months and upto 6 months**	**Over 6 Months and upto 1 year**	**Over 1 Year and upto 3 years**	**Over 3 Year and upto 5 years**	**Over 5 years and upto 7 years**	**Over 7 years and up to 10 years**	**Over 10 year and up to 15 years**	**Over 15 years**	**Total**
1	Cash															
2	Balances with Central Bank															
3	Balances with other banks	***	***	***	***	***	***	***	***	***	***	***	**			
	i) Current Account															
	ii) Money at Call and Short notice, Term Deposits and other placements															
4	iii) Investments (including															

	those under Repos but excluding Reverse Repos)															
5	Advances (Performing)	***	***	***	***	***	***	***	***	***	***	***	**			
	i) Bills Purchased and Discounted (including bills under DUPN)															
	ii) Cash Credits, Overdrafts and Loans repayable on demand															
	iii) Term Loans															
6	NPAs (Advances and Investments)*															
7	Fixed Assets															
8	Other Assets															
	i) Leased Assets															
	ii) Others															
9	Reverse Repos															
10	Swaps (Buy / Sell) / maturing forwards															
11	Bills Rediscounted (DUPN)															
12	Interest receivable															
13	Committed Line of Credit															
14	Export Refinance from RBI															
15	Others (Specify)															
	C. Total Inflows															
	D. Mismatch (C-A)															
	E. Mismatch as % to Outflows (D as % to A)															
	F. Cumulative Mismatch															
	G. Cumulative Mismatch as a % to cumulative outflows (F as % of B)															

*Net of provisions, interest suspense and claims received from ECGC/ DICGC

II. Maturity Profile of structured vehicles sponsored by the bank

Amount in USD Million

Residual Maturity

	Inflows	**Day – 1**	**2-7 Days**	**8-14 Days**	**15-30 Days**	**31 Days & upto 2 months**	**More than 2 months and upto 3 months**	**Over 3 Months and upto 6 months**	**Over 6 Months and upto 1 year**	**Over 1 Year and upto 3 years**	**Over 3 Year and upto 5 years**	**Over 5 years and upto 7 years**	**Over 7 years and up to 10 years**	**Over 10 year and up to 15 years**	**Over 15 years**	**Total**
1	Cumulative Mismatches															
2	Cumulative Mismatches as a percentage to Cumulative Outflows															

Note: This statement is required to be prepared country wise. A bank should also report figures in respect of subsidiaries / joint ventures in the same format on a stand-alone basis, i.e., these figures should not be reckoned while preparing country-wise reports. In respect of joint ventures where more than one bank has equity stake, the bank having the largest stake only need to report the figures. If, however, a bank has equal stake, the responsibility for filing the return would rest with the bank having the largest presence in the region. All amounts to be indicated in US dollars. A bank may use exchange rates published by Reuters/ Bloomberg etc.

Part C: Statement of Structural Liquidity – For Consolidated Bank Operations

Reporting Frequency: Quarterly																
Name of the Bank:																
Position as on:																
																Amount in ₹ crore
							Residual Maturity									
	Outflows	**Day – 1**	**2-7 Days**	**8-14 Days**	**15-30 Days**	**31 Days & upto 2 months**	**More than 2 months and upto 3 months**	**Over 3 Months and upto 6 months**	**Over 6 Months and upto 1 year**	**Over 1 Year and upto 3 years**	**Over 3 Year and upto 5 years**	**Over 5 years and upto 7 years**	**Over 7 years and up to 10 years**	**Over 10 year and up to 15 years**	**Over 15 years**	**Total**
1	Capital															
2	Reserves & Surplus															
3	Deposits	***	***	***	***	***	***	***	***	***	***	***	**			
	(i)Current Deposits															
	(ii) Savings Bank Deposits															
	(iii) Term Deposits															
	(iv) Certificates of Deposit															
4	Borrowings	***	***	***	***	***	***	***	***	***	***	***	**			
	(i) Call and Short Notice															
	(ii) Inter-Bank (Term)															
	(iii) Refinances															
	(iv) Others (specify)															
5	Other Liabilities & Provisions	***	***	***	***	***	***	***	***	***	***	***	**			
	(i) Bills Payable															
	(ii) Provisions															
	(iii) Others															
6	Lines of Credit committed to	***	***	***	***	***	***	***	***	***	***	***	**			
	(i) Institutions															
	(ii) Customers															
7	Unavailed portion of Cash Credit / Overdraft / Demand Loan component of Working Capital															

8	Letters of credit / Guarantees															
9	Repos															
10	Bills Rediscounted (DUPN)															
11	Swaps (Buy / Sell) / Maturing / Forwards															
12	Interest Payable															
13	Others (specify)															
14	**A. Total Outflows**															
15	**B. Cumulative Outflows**															
																Amount in ₹ crore
								Residual Maturity								
	Inflows	**Day – 1**	**2-7 Days**	**8-14 Days**	**15-30 Days**	**31 Days & upto 2 months**	**More than 2 months and upto 3 months**	**Over 3 Months and upto 6 months**	**Over 6 Months and upto 1 year**	**Over 1 Year and upto 3 years**	**Over 3 Year and upto 5 years**	**Over 5 years and upto 7 years**	**Over 7 years and up to 10 years**	**Over 10 year and up to 15 years**	**Over 15 years**	**Total**
1	Cash															
2	Balances with RBI															
3	Balances with other A bank	***	***	***	***	***	***	***	***	***	***	***	**			
	(i) Current Account															
	(ii) Money at Call and Short Notice, Term Deposits and other placements															
4	Investments (including those under Repos but excluding Reverse Repos)															
5	Advances (Performing)	***	***	***	***	***	***	***	***	***	***	***	**			
	i) Bills Purchased and Discounted (including bills under DUPN)															
	ii) Cash Credits, Over-drafts and Loans repayable on demand															
	iii) Term Loans															

6	NPAs (Advances and Investments)*															
7	Fixed assets															
8	Other Assets	***	***	***	***	***	***	***	***	***	***	***	**			
	i) Leased Assets															
	ii) Other assets															
9	Reverse Repos															
10	Swaps (Buy / Sell) / maturing forwards															
11	Bills Rediscounted (DUPN)															
12	Interest receivable															
13	Committed Lines of Credit															
14	Export Refinance from RBI															
15	Others (Specify)															
16	**C. Total Inflows**															
17	**D. Mismatch (C-A)**															
18	**E. Mismatch as % to Outflows (D as % to A)**															
19	**F. Cumulative Mismatch**															
20	**G. Cumulative Mismatch as a % to cumulative outflows (F as % of B)**															

* Net of provisions, interest suspense and claims received from ECGC/ DICGC.

Annex-II: Basel III Liquidity Returns

BLR-1

Name of the Bank				
Reporting Frequency		Monthly		
Position as on				
		(Amount in ₹ crore)		
I	II	III	IV	V (III*IV)
	Panel I			
	High Quality Liquid Assets (HQLA)	**Unweigh-ted Amount**	**Factor Multiplier (per cent)**	**Weigh-ted Amount**
	Level 1 Assets			
1	Cash in hand		100	
2	Excess CRR balance		100	
3	Government Securities in excess of minimum SLR requirement[1]		100	
4	Government securities within the mandatory SLR requirement, to the extent allowed by RBI under MSF[1]		100	
5	Marketable securities issued or guaranteed by foreign sovereigns having zero per cent risk-weight under Basel standardised approach for credit risk (country-wise details to be provided under memo item no 1)		100	
6	Facility to Avail Liquidity for Liquidity Coverage Ratio[1]		100	

[1] With effect from April 01, 2026, Unweighted amount for Level 1 HQLA in the form of Government Securities to be included in BLR 1 shall be after application of haircuts in line with LAF/MSF. This unweighted amount will be applied 100 per cent factor multiplier.

7	Total Level 1 Assets (1+2+3+4+5+6)				
8	Add amount lent under a reverse repo transaction undertaken for up to and including 30 days in repo-eligible non-Level 1 assets (irrespective of whether they qualify as Level 2 assets or not)			100	
9	Deduct amount borrowed under a repo transaction undertaken for up to and including 30 days in repo-eligible non-Level 1 assets (irrespective of whether they qualify as Level 2 assets or not)			100	
10	**Total Adjusted Level 1 Assets (7+8-9)**				
	Level 2 Assets				
	Level 2A Assets				
11	Marketable securities representing claims on or claims guaranteed by sovereigns, Public Sector Entities (PSEs) or multilateral development banks (MDBs) that are assigned a 20 per cent risk weight under the Basel standardised approach for credit risk and provided that they are not issued by a bank / financial institution/ NBFC or any of its affiliated entities. (issuer-wise details to be provided under memo item no.2)			85	
12	Corporate bonds, not issued by a bank/ financial institution/ NBFC or any of its affiliated entities, which have been rated AA- or above by an Eligible Credit Rating Agency.			85	
13	Commercial Papers not issued by a bank/ PD/ financial institution or any of its affiliated entities, which have a short-term rating equivalent to the long-term rating of AA- or above by an Eligible Credit Rating Agency.			85	
14	**Total Level 2A Assets (11+12+13)**				
15	Add market value of repo-eligible Level 2A securities placed as collateral under a repo transaction undertaken for up to (and including) 30 days.			85	
16	Deduct market value of repo-eligible Level 2A securities acquired as collateral under a reverse repo transaction undertaken for up to (and including) 30 days.			85	
17	**Total Adjusted Level 2A Assets (14+15-16)**				
	Level 2B Assets				
18	Marketable securities representing claims on or claims guaranteed by sovereigns having risk weights higher than 20 per cent but not higher than 50 per cent			50	
19	A	Common Equity Shares not issued by a bank/ financial institution/ NBFC or any of its affiliated entities and included in NSE CNX Nifty and / or S&P BSE Sensex indices		50	
	B	Corporate debt securities (including commercial paper)		50	

20	**Total Level 2B Assets (18+19+19A)**			
21	Add market value of repo-eligible Level 2B securities placed as collateral under a repo transaction undertaken for upto (and including) 30 days.		50	
22	Deduct market value of repo-eligible Level 2B securities acquired as collateral under a reverse repo transaction undertaken for upto (and including) 30 days.		50	
23	**Total Adjusted Level 2B Assets (20 + 21 -22)**			
24	**Total Stock of HQLA =** Level 1 (Unadjusted) + Level 2A(Unadjusted) + Level 2B(Unadjusted)-Adjustment for 15 per cent cap – Adjustment for 40 per cent cap Where: Adjustment for 15 per cent cap = Max (Adjusted Level 2B- 15/ 85*(Adjusted Level 1 + Adjusted Level 2A), Adjusted Level 2B – 15/ 60*Adjusted Level 1,0) Adjustment for 40 per cent cap = Max ((Adjusted Level 2A + Adjusted Level 2B-Adjustment for 15 per cent cap) – 2/ 3*Adjusted Level 1 assets,0) [**Note-** Only Weighted Amounts of various assets to be taken for this formula]			
25	Adjustment in HQLA to reflect liquidity transfer restrictions (applicable for banks operating in multiple jurisdictions) – Details in Memo item 3			
26	**Consolidated Total Stock of HQLA**			
	Panel II			
Sl no	**Net Cash outflows over the 30 days period**	**Unweigh-ted amount**	**Run-off factors (in per cent**	**Weigh-ted amount**
A.	**Cash Outflows**			
	1 **Retail Deposits [(i) + (ii)]**			
	(i) Stable deposits[2]		5	
	a Deposits with IMB		7.5	
	b Deposits without IMB		5	
	(ii) Less stable deposits		10	

[2] With effect from April 01, 2026, a bank shall assign an additional 2.5 per cent run-off factor for retail deposits which are enabled with internet and mobile banking facilities (IMB) i.e., stable retail deposits enabled with IMB shall have 7.5 per cent run-off factor and less stable deposits enabled with IMB shall have 12.5 per cent run-off factor. This treatment shall also be applicable to unsecured wholesale funding provided by non-financial SBCs, as detailed in paragraph 167 , and enable with IMB.

			<u>a</u>		Deposits with IMB		12.5	
			<u>b</u>		Deposits without IMB		10	
	2	**Unsecured wholesale funding [(i)+(ii)+(iii)+(iv)]:**						
		(i)	Demand and term deposits (less than 30 days maturity) provided by small business customers [(a) + (b)]					
			a		Stable deposits		5	
				<u>i</u>	Deposits with IMB		7.5	
				<u>ii</u>	Deposits without IMB		5	
			b		Less stable deposits		10	
				i	Deposits with IMB		12.5	
				ii	Deposits without IMB		10	
		(ii)	Operational deposits generated by clearing, custody and cash management activities [(a) + (b)]					
			a		Portion covered by deposit insurance		5	
			b		Portion not covered by deposit insurance		25	
		(iii)	Non-financial corporate (includes funding from non-financial entities such as trusts (educational/religious/charitable trusts), Association of Persons (AoPs), partnerships, proprietorship, Limited Liability Partnerships and other incorporated entities etc.), sovereigns, central banks, MDBs, and PSEs				40	
		(iv)	Funding from other legal entity customers (With effect from April 01, 2026, this category shall consist of all deposits and other funding from banks/ insurance companies & financial institutions and entities in the ‘business of financial services’ not included above.)				100	
	3	**Secured Funding [(i) + (ii) + (iii) + (iv)]:**						
		(i)	Secured funding transaction with RBI/ central bank or backed by Level 1 assets with any counterparty				0	
		(ii)	Backed by Level 2A assets with any counterparty				15	

		(iii)	Backed by Level 2B assets with any counterparty			50	
		(iv)	Any other secured funding			100	
	4	**Additional requirements [(i) +(ii) +(iii) +(iv) +(v) +(vi) +(vii) +(viii) +(ix)+(x)+(xi)]**					
		(i)	Net derivative cash outflows			100	
		(ii)	Liquidity needs (e.g., collateral calls) related to financing transactions, derivatives and other contracts where – downgrade triggers – up to and including a 3-notch downgrade			100	
		(iii)	Market valuation changes on derivatives transactions (largest absolute net 30-day collateral flows realised during the preceding 24 months) based on look back approach			100	
		(iv)	Increased liquidity needs related to the potential for valuation changes on non-Level 1 posted collateral securing derivatives			20	
		(v)	Increased liquidity needs related to excess non-segregated collateral held by the bank that could contractually be called at any time by the counterparty			100	
		(vi)	Increased liquidity needs related to contractually required collateral on transactions for which the counterparty has not yet demanded the collateral be posted			100	
		(vii)	Increased liquidity needs related to derivative transactions that allow collateral substitution to non-HQLA assets			100	
		(viii)	ABCP, SIVs, SPVs etc. maturing within the 30 days period [(a)+(b)]				
			a	liabilities from maturing ABCP, SIVs, SPVs, etc. (applied to maturing amounts and returnable assets)		100	
			b	Asset Backed Securities applied to maturing amounts		100	
		(ix)	Currently undrawn committed credit and liquidity facilities[3] provided to [(a)+(b)+(c)+(d)+(e)+(f)+(g)]				
			a	retail and small business clients		5	
			b	non-financial corporates, sovereigns and central banks, MDBs, and PSEs - Credit facilities		10	

[3] Excluding unconditionally revocable and unconditionally cancellable facilities, which will be covered under Sl. No. 4.(x) ‘other contingent funding facilities’.

			c	non-financial corporates, sovereigns and central banks, MDBs, and PSEs - Liquidity facilities		30	
			d	Banks		40	
			e	Other financial institutions (including securities firms, insurance companies) - Credit facilities		40	
			f	other financial institutions (including securities firms, insurance companies) - Liquidity facilities		100	
			g	other legal entity customers		100	
		(x)	Other contingent funding liabilities [(a) + (b) + (c)]				
			a	Guarantees, Letters of credit and Trade Finance		3	
			b	Revocable credit and liquidity facilities		5	
			c	Any other		5	
		(xi)	Any other contractual outflows not captured elsewhere in this template			100	
B.	**Total Cash Outflows (1+2+3+4)**						
C.	**Cash Inflows**						
	1.	Maturing secured lending transactions backed by the following collaterals [(i) + (ii) + (iii)]					
		(i)	With Level 1 assets			0	
		(ii)	With Level 2A assets			15	
		(iii)	With Level 2B assets			50	
	2	Margin Lending backed by all other collateral				50	
	3	All other assets				100	
	4	Lines of credit - Credit or liquidity facilities or other contingent funding facilities that the bank holds at other institutions for its own purpose				0	
	5	Other inflows by counterparty [(i) + (ii) + (iii)]					

		(i)	Retail and small business counterparties		50	
		(ii)	Amounts to be received from non-financial wholesale counterparties, from transactions other than those listed in above inflow categories		50	
		(iii)	Amounts to be received from financial institutions and RBI/ central banks, from transactions other than those listed in above inflow categories		100	
	6	Net derivatives cash inflows			100	
	7	Other contractual cash inflows (please specify as footnotes)			50	
D.	**Total Cash Inflows [1 + 2 + 3 + 4 + 5 + 6 + 7]**					
E.	**Total Cash Outflows less Total Cash Inflows [B-D]**					
F.	**25 per cent of Total Cash outflows [B*0.25]**					
G.	**Total Net Cash Outflows [Higher of E or F]**					
	Liquidity Coverage Ratio					
	*Total HQLA (item 26 in Panel 1) * 100* *Total Net Cash Outflows (Item G in Panel 2)*					

Memo Item No. 1	**Investment in securities issued or guaranteed by zero per cent risk weighted foreign sovereigns, as reported at S.No. 5 under Panel I above - country-wise break up to be provided below :**	
Serial No	**Name of the Country**	**Amount**
1		
2		

Memo Item No. 2	**Investment in securities representing claims on or claims guaranteed by sovereigns, PSEs or MDBs that are assigned a 20 per cent risk-weight, as reported in S. No. 11 under Panel I above - Issuer-wise break up to be provided below :**	No
Serial No	**Name of the Issuer**	**Amount**
2.1	Foreign Sovereigns (give Country names)	
(i)		
(ii)		
2.2	Public Sector Entities (PSEs)	
(i)		
(ii)		
2.3	MDBs, BIS, IMF	
(i)		
(ii)		
Memo Item No. 3	**Name of the subsidiary and amount for the adjustment done in HQLA to reflect liquidity transfer restrictions.**	
Serial No	**Name of Subsidiary**	**Amount**
3.1		
3.2		

BLR-2

Statement of Funding Concentration	
Name of the Bank	
Reporting Frequency	Monthly
Statement for the Month	

Part A	Funding Concentration based on Counterparty			
A1	Significant Counterparty[4] - Deposits and borrowings			
A1.1	Significant Counterparty - Deposits			
Sr No.	**Name of the Counterparty**	**Amount (₹ crore)**	**% of Total deposits**	**% of Total Liabilities**
1				
2				
----				
n				
A1.2	Significant Counterparty - Borrowings			
Sr No.	**Name of the Counterparty**	**Amount (₹ crore)**	**% of Total deposits**	**% of Total Liabilities**
1				
2				
----				
n				
A2	Top 20 Large Deposits			
Sr No.	**Name of the Depositor**	**Types of Deposits**	**Amount (₹ Crore)**	**% of Total Deposits**
1		Savings		
		Current		
		Term		
		Total		

20		Savings		
		Current		
		Term		
		Total		

[4] A "significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1 per cent of the bank's total liabilities.

	Total		
A3	Top 10 borrowings		
Sr No.	**Name of the counterparty**	**Amount (₹ crore)**	**% of Total borrowings**
1			

10			
	Total		

Part B	Funding Concentration based on instrument/ product		
B1	Significant instrument/ product[5]		
Sr. No.	Name of the instrument/ product	Amount (₹ crore)	% of Total liabilities
1			
2			

	Total		
B2	Details of funding sources through Securitisation		
Sr. No.	Particulars	Amount (₹ crore)	% of Total liabilities
1			
2			

	Total		

Note: This statement is to be furnished separately for domestic and overseas operations. In case of overseas operations, the reporting may be done jurisdiction wise.

[5] A "significant instrument / product" is defined as a single instrument/product of group of similar instruments / products which in aggregate amount to more than 1% of the bank's total liabilities. Example of funding instruments / products - bulk deposits, certificates of deposits, long term bonds, etc.

BLR-3

Statement of Available Unencumbered Assets[6]					
Name of the Bank					
Reporting Frequency			Quarterly		
Position as on					
Available unencumbered assets that are marketable as collateral in secondary markets and/ or eligible for central bank's standing facilities					
1	2	3	4	5	6
Sr. No.	**Value (Rs. in crores)**	**Type of Asset**	**Location**	**Estimated haircut required by the secondary market (₹ in crores)**	**Expected monetised value of the collateral (₹ in crore)**
1					
2					
----					
n					
Available unencumbered assets that are marketable as collateral in secondary markets and/ or eligible for central bank's standing facilities by significant currency[7]					
Sr No.	**Type of Asset**	**Value (₹ in crores)**	**Location**	**Estimated haircut required by the secondary market (₹ in crores)**	**Expected monetised value of the collateral (₹ in crore)**
1					
2					
----					
n					

[6] In case of investments which are marked to market, market value may be indicated. Otherwise, book value to be indicated.
[7] A currency is considered "significant" if the aggregate stock of available unencumbered.

BLR-4

Statement on Liquidity Coverage Ratio by Significant Currency			
A currency is considered as 'significant' if the aggregate liabilities denominated in that currency amount to 5 per cent or more of the bank's total liabilities - This statement should include only those assets and liabilities including contingent liabilities which are denominated in the specific 'significant' foreign currency. For preparing this ratio, types of HQLAs, haircuts, adjustments, cash outflow and inflow items and their run-off rates would be same as in the case of LCR in ₹.			
Name of the Bank			
Reporting Frequency		Monthly	
Position as on			
		(Amount in million in foreign currency)	
	Panel–I - Details of HQLA	**Unweighted**	**Weighted**
1	Total Level 1 assets		
2	Total adjusted Level 1 assets		
3	Total Level 2 A assets		
4	Total adjusted Level 2 A assets		
5	Total Level 2B assets		
6	Total Stock of HQLA		
	Panel–2 - Net cash outflows over the 30 days period		
A	A Total cash outflows		
B	Total cash inflows		
C	Total Cash Outflows less Total Cash Inflows [A-B]		
D	25% of Total Cash outflows [A*0.25]		
	Total Net Cash Outflows [Higher of C or D]		
Foreign Currency Liquidity Coverage Ratio =			
Total Stock of High Quality Liquid Assets (Item 6 in Panel I) in Foreign Currency * 100 / Total Net Cash Outflows over the 30 day time period in that currency (Item D in Panel 2)			

BLR-5

Statement on 'Other Information' on Liquidity	
Name of the Bank	
Reporting Frequency	**Monthly**
Position as on	

Part I

A	**Movement in Equity Share Prices for listed entities of the Group**					
Entity	Face Value	Opening Price on the First Trading day	Highest Price of the month & Date	Lowest Price of the month & Date	Closing Price on the last trading day	Volatility (Standard deviation) of the Price for the month (%)
1						
2						

B	**Movement in prices of Non-equity, debt and money market instruments issued by the bank**									
Sl. No.	Type of Instrument	Face Value	Date of Issue	Amount Outstanding	Date of Maturity	Coupon / Discount at the time of Issue (%)	Price during the month			
							Opening	High	Low	Closing

Part II

Information on Breach/ Penalty in respect of Regulatory Liquidity Requirements

A. Breach/ Penalty in respect of Domestic Regulatory Liquidity Requirements (CRR and SLR)

Particulars of breach and penalty, if any, imposed (in ₹)	Date of breach	Amount of breach (in ₹)	Action Initiated by the bank

B. Breach/ Penalty in respect of Domestic Regulatory Liquidity Requirements of Overseas Branches - Please give details of regulatory requirements				
Name of the Branch and the jurisdiction	Particulars of breach and penalty, if any, imposed (in foreign currency)	Date of breach	Amount of breach (in foreign currency)	Action initiated by the bank
C. Details of Letters of Displeasures/ Strictures, if any issued by RBI and regulators/ supervisors abroad on account of liquidity issues, or which could pose liquidity problems for the bank.				

BLR-6

Intraday Liquidity Management Monitoring Tools Return	
Name of the Bank	
Reporting month	
Name of the large value payment system (LVPS)	
Whether Direct Participant in LVPS (Y/N)	
Whether use correspondent banks (Y/N)	
Whether Direct participant as well use correspondent bank (Y/N)	
Name of the correspondent bank(s), if applicable	
Whether provide correspondent banking services (Y/N)	
Reporting Currency	
If more than one return submitted (for different systems, currencies or correspondent banks) (Y/N)	
Nos. of such returns	

Sl No	**Monitoring Tools**				
1	**Daily maximum intraday liquidity usage**				
		Maximum during the month	2nd maximum during the month	3rd maximum during the month	Average during the month
(i)	Largest positive net cumulative position				
(ii)	Dates of the position at (i) above				
(iii)	Largest negative net cumulative position				
(iv)	Dates of the position at (iii) above				
2	**Available intraday liquidity at the start of the business day**				

				Minimum during the month	2nd minimum during the month	3rd minimum during the month	Average during the month
(i)	Total Value of available intraday liquidity at the start of the business day						
(ii)	Dates of the position at (i) above						
(iii)	Constituents of the intraday liquidity at (i) above						
	a	Central bank reserves					
	b	Collateral pledged at the central bank					
	c	Collateral pledged at ancillary systems					
	d	Unencumbered liquid assets on a bank’s balance sheet					
	e	Total credit lines available					
		-	Of which secured				
		-	Of which committed				
	f	Balances with other banks					
	g	Others(pl give details in footnote)					
3	**Total payments**						
				Maximum during the month	2nd maximum during the month	3rd maximum during the month	Average during the month
(i)	Gross payments sent						
(ii)	Dates of the position at (i) above						
(iii)	Gross payments received						
(iv)	Dates of the position at (iii) above						
4	**Time-specific obligations**						
				Maximum during the month	2nd maximum during the month	3rd maximum during the month	Average during the month
(i)	Total value of time-specific obligations						
(ii)	Dates of the position at (i) above						

5	**Intraday throughput**				
	(Applicable only for Direct Participants)				
		Daily Average of Cumulative payments made	Cumulative percentage of payments made (%)	Daily Average of Cumulative payments received	Cumulative percentage of payments received (%)
(i)	Throughput till 1:00 hrs.				
(ii)	Throughput till 2:00 hrs.				
(iii)	Throughput till 3:00 hrs.				
(iv)	Throughput till 4:00 hrs.				
(v)	Throughout till 5:00 hrs.				
(vi)	Throughout till 6:00 hrs.				
(vii)	Throughout till 7:00 hrs.				
(viii)	Throughout till 8:00 hrs.				
(ix)	Throughout till 9:00 hrs.				
(x)	Throughout till 10:00 hrs.				
(xi)	Throughout till 11:00 hrs.				
(xii)	Throughout till 12:00 hrs				
(xiii)	Throughout till 13:00 hrs				
(xiv)	Throughout till 14:00 hrs				
(xv)	Throughout till 15:00 hrs				
(xvi)	Throughout till 16:00 hrs				
(xvii)	Throughout till 17:00 hrs				
(xviii)	Throughout till 18:00 hrs				
(xix)	Throughout till 19:00 hrs				
(xx)	Throughout till 20:00 hrs				
(xxi)	Throughout till 21:00 hrs				
(xxii)	Throughout till 22:00 hrs				
(xxiii)	Throughout till 23:00 hrs				
(xxiv)	Throughout till 24:00 hrs				
6	**Data on Corresponding Banking Services**				
	(Applicable only for banks that provide correspondent banking services)				
		Maximum during the mont[h]	2nd maximum during the mont[h]	3rd maximum during the month	Average during the month

(i)	Total gross value of payments made on behalf of correspondent banking customers					
(ii)	Dates of the payments at (i) above					
(iii)	Total value of intraday credit lines extended to customers[8]					
	(a)	Of which secured				
	(b)	Of which committed				
	(c)	Of which used at peak usage				
(iv)	Dates of the intraday credit lines at (iii) above					

[8] This figure includes all credit lines extended, including uncommitted and unsecured

BLR-7

Statement of NSFR				
Name of the Bank				
Frequency: Quarterly				
Position as on:				
Sr. No.	**Items**			
A.	**Components of ASF category (liability categories)**	**Associated ASF factors (in %)**	**Unweighted Amount (₹ Crore)**	**Weighted Amount (₹ Crore)**
i.	Total regulatory capital (excluding Tier 2 instruments with residual maturity of less than one year)	100		
ii.	Other capital instruments with effective residual maturity of one year or more	100		
iii.	Other liabilities with effective residual maturity of one year or more	100		
iv.	Stable non-maturity (demand) deposits and term deposits with residual maturity of less than one year provided by retail and small business customers	95		
v.	Less stable non-maturity deposits and term deposits with residual maturity of less than one year provided by retail and small business customers	90		
vi.	Funding with residual maturity of less than one year (including non-maturity deposits) provided by non-financial corporate customers	50		
vii.	Operational deposits	50		
viii.	Funding with residual maturity of less than one year from sovereigns, PSEs, and multilateral and national development banks	50		
ix.	Other funding with residual maturity between six months and less than one year not included in the above categories, including funding provided by central banks and financial institutions	50		
x.	All other liabilities and equity not included in the above categories, including liabilities without a stated maturity (with a specific treatment for deferred tax liabilities and minority interests)	0		
xi.	NSFR derivative liabilities net of NSFR derivative assets if NSFR derivative liabilities are greater than NSFR derivative assets	0		
xii.	“Trade date” payables arising from purchases of financial instruments, foreign currencies	0		
B.	**Total Available Stable Funding**			

C.	Components of RSF category	Associated RSF Factor	Un-weighted Amount (₹Crore)	Weighted Amount (₹ Crore)
i.	Coins and banknotes	0		
ii.	Cash Reserve Ratio (CRR) including excess CRR	0		
iii.	All claims on RBI with residual maturities of less than six months	0		
iv.	'Trade date' receivables arising from sales of financial instruments, foreign currencies and commodities.	0		
v.	Unencumbered Level 1 assets, excluding coins, banknotes, CRR and SLR Securities	5		
vi.	Unencumbered SLR Securities	5		
vii.	Unencumbered loans to financial institutions with residual maturities of less than six months, where the loan is secured against Level 1 assets as defined in LCR circular dated June 9, 2014 and various amendments as indicated in the text of the circular, and where the bank has the ability to freely rehypothecate the received collateral for the life of the loan	10		
viii.	All other 'standard' unencumbered loans to financial institutions with residual maturities of less than six months not included in the above categories	15		
ix.	Unencumbered Level 2A assets	15		
x.	Unencumbered Level 2B assets	50		
xi.	HQLA encumbered for a period of six months or more and less than one year	50		
xii.	'Standard' Loans to financial institutions and central banks with residual maturities between six months and less than one year	50		
xiii.	Deposits held at other financial institutions for operational purposes	50		
xiv.	All other assets not included in the above categories with residual maturity of less than one year, including 'standard' loans to non- financial corporate clients, to retail and small business customers, and 'standard' loans to sovereigns and PSEs	50		
xv.	Unencumbered 'standard' residential mortgages with a residual maturity of one year or more and assigned the minimum risk weight under the Standardised Approach	65		
xvi.	Other unencumbered 'standard' loans not included in the above categories, excluding loans to financial institutions, with a residual maturity of one year or more and with a risk weight of less than or equal to 35% under the Standardised Approach	65		
xvii.	Cash, securities or other assets posted as initial margin for derivative contracts and cash or	85		
	other assets provided to contribute to the default fund of a CCP			

xviii.	Other unencumbered performing loans with risk weights greater than 35% under the Standardised Approach and residual maturities of one year or more, excluding loans to financial institutions	85		
xix.	Unencumbered securities that are not in default and do not qualify as HQLA with a remaining maturity of one year or more and exchange-traded equities	85		
xx.	Physical traded commodities, including gold	85		
xxi.	All assets that are encumbered for a period of one year or more	100		
xxii.	NSFR derivative assets net of NSFR derivative liabilities if NSFR derivative assets are greater than NSFR derivative liabilities	100		
xxiii.	5% of derivative liabilities	100		
xxiv.	All other assets not included in the above categories, including non- performing loans, loans to financial institutions with a residual maturity of one year or more, non-exchange-traded equities, fixed assets, items deducted from regulatory capital, retained interest, insurance assets, subsidiary interests and defaulted	100		
	securities			
xxv.	All restructured 'standard' loans which attract higher risk weight and additional provision	100		
D.	Required Stable Funding – On Balance Sheet Assets [(i)+(ii)+…+(xxv)]			
E.	**Off-Balance Sheet Assets**	**Associated RSF Factor**		
(i)	Irrevocable and conditionally revocable credit and liquidity facilities to any client	5% of the currently Undrawn portion		
(ii)	Other contingent funding obligations, including products and instruments (a) + (b) + (c)			
(a)	Unconditionally revocable credit and liquidity facilities	5% of the currently Undrawn portion		
(b)	Trade finance-related obligations (including guarantees and letters of credit)	3% of the currently Undrawn portion		
(c)	Guarantees and letters of credit unrelated to trade finance obligations	3% of the currently Undrawn portion		
(iii)	**Non-contractual obligations (a) +(b) + (c)**			
(a)	potential requests for debt repurchases of the bank's own debt or that of related conduits, securities investment vehicles and other such financing facilities	5		

(b)	structured products where customers anticipate ready marketability, such as adjustable rate notes and variable rate demand notes (VRDNs)	5		
(c)	managed funds that are marketed with the objective of maintaining a stable value	5		
F.	Required Stable Funding – Off Balance Sheet Items (i)+(ii)+(iii)			
G.	Total Required Stable Funding (**D+F**)			
H.	**NSFR (B/ G)**			

Annex-III: Interest Rate Sensitivity Statement

A. Interest Rate Sensitivity – Traditional Gap Analysis (TGA)

Name of the bank:
Currency:
Position as on:

Amount in ₹ crore

	Liabilities	1 to 28 days	29 days to 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years and upto 7 years	Over 7 years and upto 10 years	Over 10 years and upto 15 years	Over 15 years	Non Sensitive	Total RSL (Sum of columns 3 to 12)	Total (13+14)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	Capital-Equity Shares												-	-
2	Reserves and Surplus												-	-
3	Capital instrument other than equity (i+ii)	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Perpetual Non-Cumulative Preference Shares (Tier I)												-	-
(ii)	IPDI												-	-
4	Tier II Capital instruments [Sum of (i) to (v)]	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Perpetual Cumulative Preference Shares												-	-
(ii)	Redeemable Cumulative Preference Shares												-	-
(iii)	Redeemable Non-Cumulative Preference Shares												-	-
(iv)	Redeemable debt instruments (Upper Tier II)												-	-
(v)	Redeemable debt instruments (Lower Tier II)												-	-
5	Deposits [Sum of(i) to (v)]	-	-	-	-	-	-	-	-	-	-	-	-	-

(i)	Current Deposits												-	-
(ii)	Savings Bank Deposits												-	-
(iii)	Term Deposits												-	-
(iv)	Certificates of Deposits												-	-
(v)	Other Deposits												-	-
6	Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Call and short Notice												-	-
(ii)	Inter Bank (Term)												-	-
(iii)	Refinances												-	-
(iv)	Others (Specify)												-	-
7	Other Liabilities and provisions [Sum of (i) to (iv)]	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Bills Payable												-	-
(ii)	Inter - Office Adjustment												-	-
(iii)	Provisions												-	-
(iv)	Others												-	-
8	Repos												-	-
9	Bills Rediscounted (DUPN)												-	-
10	Forex Swaps (Buy/Sell)												-	-
11	Others (Specify)												-	-
A	**Total Liabilities**	-	-	-	-	-	-	-	-	-	-	-	-	-
B	**Off-Balance Sheet Position (sum of (i) to (v))**	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	FRAs												-	-
(ii)	Swaps												-	-
(iii)	Futures												-	-
(iv)	Options												-	-
(v)	Others (Specify)												-	-
C	**Total RSL (A+B)**	-	-	-	-	-	-	-	-	-	-	-	-	-

Interest Rate Sensitivity- Assets

Amount in ₹ crore

	Assets	1 to 28 days	29 days to 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years and upto 7 years	Over 7 years and upto 10 years	Over 10 years and upto 15 years	Over 15 years	Non Sensitive	Total RSA (Sum of columns 3 to 12)	Total (13+14)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	Cash												-	-
2	Balances with RBI												-	-
3	Balances with other Banks	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Current Account												-	-
(ii)	Money at Call and Short Notice												-	-
(iii)	Term Deposits and Other Placements												-	-
4	Performing Investments (including those under reverse repos but excluding repos)	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	SLR Investments												-	-
(ii)	Non-SLR Investments												-	-
(iii)	Re-Capitalisation bonds												-	-
(iv)	Investments in SRs issued by ARCs												-	-
(v)	Out of total Performing Investments (including those under reverse repos but excluding repos), investments held in HTM												-	-
5	Advances (performing)	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Bills Purchased and Discounted(Inluding Bills under DUPN)												-	-
(ii)	Cash Credits, Overdrafts and Loans Repayable on Demand												-	-
(iii)	Term Loans												-	-
6	NPAs (Advances and Investment)												-	-
7	Fixed Assets												-	-

8	Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Inter-Office Adjustment												-	-
(ii)	Leased Assets												-	-
(iii)	Others												-	-
9	Reverse Repos												-	-
10	Forex Swaps(Sell/ Buy)												-	-
11	Bills Rediscounted (DUPN)												-	-
12	Others (Specify)												-	-
D	**Total Assets**	-	-	-	-	-	-	-	-	-	-	-	-	-
E	**Off-Balance Sheet Position(sum of (i) to (v))**	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	FRAs												-	-
(ii)	Swaps												-	-
(iii)	Futures												-	-
(iv)	Options												-	-
(v)	Others (Specify)												-	-
F	**Total RSA (D+E)**	-	-	-	-	-	-	-	-	-	-	-	-	-
	Net Gap (Total RSA- Total RSL)	-	-	-	-	-	-	-	-	-	-	-	-	-
	Cumulative Gap	-	-	-	-	-	-	-	-	-	-	-	-	-
	Net Gap as % to Total Assets	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%	-%

B. Interest Rate Sensitivity: Modified Duration Gap (MDG)

Name of the bank:
Currency:
Position as on:

PART A: Computation of RSL and RSA for each Currency

Interest Rate Sensitivity-Liabilities

Amount in ₹ crore

	Liabilities	**1 to 28 days**	**29 days to 3 months**	**Over 3 months and upto 6 months**	**Over 6 months and upto 1 year**	**Over 1 year and upto 3 years**	**Over 3 years and upto 5 years**	**Over 5 years and upto 7 years**	**Over 7 years and upto 10 years**	**Over 10 years and upto 15 years**	**Over 15 years**	**Non Sensitive**	**Total RSL (Sum of columns 3 to 12)**	**Total (13+14)**	**Weighted Average MD**
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	Capital instrument other than equity(i+ii)	-	-	-	-	-	-	-	-	-	-	-	-	-	
(i)	Perpetual Non-Cumulative Preference Shares(Tier I)												-	-	
(ii)	IPDI												-	-	
2	Tier II Capital instruments [Sum of (i) to (v)]	-	-	-	-	-	-	-	-	-	-	-	-	-	
(i)	Perpetual Cumulative Preference Shares												-	-	
(ii)	Redeemable Cumulative Preference Shares												-	-	
(iii)	Redeemable Non-Cumulative Preference Shares												-	-	
(iv)	Redeemable debt instruments(Upper Tier II)												-	-	
(v)	Redeemable debt instruments(Lower Tier II)												-	-	
3	Deposits [Sum of(i) to (v)]	-	-	-	-	-	-	-	-	-	-	-	-	-	
(i)	Current Deposits												-	-	
(ii)	Savings Bank Deposits												-	-	

(iii)	Term Deposits												-	-	
(iv)	Certificates of Deposits												-	-	
(v)	Other Deposits												-	-	
4	Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	
(i)	Call and short Notice												-	-	
(ii)	Inter Bank (Term)												-	-	
(iii)	Refinances												-	-	
(iv)	Others (Specify)												-	-	
5	Other Liabilities and provisions [Sum of(i) to (iv)]	-	-	-	-	-	-	-	-	-	-	-	-	-	
(i)	Bills Payable												-	-	
(ii)	Inter - Office Adjustment												-	-	
(iii)	Provisions												-	-	
(iv)	Others												-	-	
6	Repos												-	-	
7	Bills Rediscounted (DUPN)												-	-	
8	Forex Swaps (Buy/Sell)												-	-	
9	Others (Specify)												-	-	
A	**Total Liabilities**	-	-	-	-	-	-	-	-	-	-	-	-	-	
B	Off-Balance Sheet Position(sum of (i)to(v))	-	-	-	-	-	-	-	-	-	-	-	-	-	
(i)	FRAs												-	-	
(ii)	Swaps												-	-	
(iii)	Futures												-	-	
(iv)	Options												-	-	
(v)	Others (Specify)												-	-	
C	**Total RSL (A+B)**	-	-	-	-	-	-	-	-	-	-	-	-	-	

Interest Rate Sensitivity- Assets

Amount in ₹ crore

	Assets	1 to 28 days	29 days to 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years and upto 7 years	Over 7 years and upto 10 years	Over 10 years and upto 15 years	Over 15 years	Non Sensitive	Total RSA (Sum of columns 3 to 12)	Total (13+14)	Weighted Average MD
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	Cash												-	-	
2	Balances with RBI												-	-	
3	Balances with other Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	
(i)	Current Account												-	-	
(ii)	Money at Call and Short Notice												-	-	
(iii)	Term Deposits and Other Placements												-	-	
4	Performing Investments (including those under reverse repos but excluding repos)	-	-	-	-	-	-	-	-	-	-	-	-	-	
(i)	SLR Investments												-	-	
(ii)	Non-SLR Investments												-	-	
(iii)	Re-Capitalisation bonds												-	-	
(iv)	Investments in SRs issued by ARCs												-	-	
5	Advances (performing)	-	-	-	-	-	-	-	-	-	-	-	-	-	
(i)	Bills Purchased and Discounted(Including Bills under DUPN)												-	-	
(ii)	Cash Credits, Overdrafts and Loans Repayable on Demand												-	-	
(iii)	Term Loans												-	-	
6	NPAs (Advances and Investment)												-	-	
7	Fixed Assets												-	-	
8	Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	
(i)	Inter-Office Adjustment												-	-	

(ii)	Leased Assets												-	-	
(iii)	Others												-	-	
9	Reverse Repos												-	-	
10	Forex Swaps(Sell / Buy)												-	-	
11	Bills Rediscounted (DUPN)												-	-	
12	Others (Specify)												-	-	
D	**Total Assets**	-	-	-	-	-	-	-	-	-	-	-	-	-	
E	**Off-Balance Sheet Position(sum of (i)to(v))**	-	-	-	-	-	-	-	-	-	-	-	-	-	
(i)	FRAs												-	-	
(ii)	Swaps												-	-	
(iii)	Futures												-	-	
(iv)	Options												-	-	
(v)	Others (Specify)												-	-	
F	**Total RSA (D+E)**	-	-	-	-	-	-	-	-	-	-	-	-	-	

PART B: Aggregation of RSL and RSA across all currencies and computation of MDG and sensitivity of MVE under different scenarios

		Amount in ₹ crore
	Equity (i.e., Net worth)(E)	
A	**Computation of Aggregate RSL (i) + (ii)**	-
(i)	RSL of ₹ liabilities	-
(ii)	₹ equivalents of RSL in different currencies	-
B	**Computation of Aggregate RSA (i) + (ii)**	-
(i)	RSA of ₹ Assets	-
(ii)	₹ equivalents of RSA in different currencies	-
C	**Weighted Average MD of RSL across all currencies (MD RSL)**	-
D	**Weighted Average MD of RSA across all currencies (MD RSA)**	-
E	**Modified Duration Gap (MDG)–[MDA - MDL * (RSL/RSA)]**	-
F	% Change in MVE **=** $\left(\frac{\mathbf{\Delta E}}{\mathbf{E}}\right) = -\frac{\mathrm{MDG*RSA*\Delta i}}{\mathrm{E}}$ when	
(i)	There is 100 bps change in interest rates i,e ^ i = 1%	-%
(ii)	There is 200 bps change in interest rates i,e ^ i =2%	-%
(iii)	There is 300 bps change in the interest rates i–e ^ i - 3%	-%
(iv)	Other scenarios (pl. specify)	

C. Statement of average coupon/yield on assets/liabilities used for computing MD in each time band

Name of the Bank:

	Liabilities	**1-28 days**		**29 days and up to 3 months**		**Over 3 months and up to 6 months**		**Over 6 months and up to 1 year**		**Over 1 year and up to 3 years**		**Over 3 years and up to 5 years**		**Over 5 years and up to 7 years**		**Over 7 years and up to 10 years**		**Over 10 year and up to 15 years**		**Over 15 years**		**Non-sensitive**		**Total**
1	**2**	**3**		**4**		**5**		**6**		**7**		**8**		**9**		**10**		**11**		**12**		**13**		
		Coupon	Yield	Coupon	Yield	Coupon	Yield	Coupon	Yield	Coupon	Yield	Coupon	Yield	Coupon	Yield	Coupon	Yield	Coupon	Yield	Coupon	Yield	Coupon	Yield	
1	**Tier I capital instruments other than eqlity (i and ii)**																							
(i)	Perpetual Non-Cumulative Preference Shares (Tier I)																							
(ii)	IPDI																							
2	**Tier II Capital instruments [(i) to (v)]**																							
(i)	Perpetual Cumulative Preference Shares																							
(ii)	Redeemable Cumulative Preference Shares																							
(iii)	Redeemable Non-cumulative Preference Shares																							
(iv)	Redeemable debt instruments(Upper Tier II)																							
(v)	Redeemable debt instruments(Lower Tier II)																							

3	**Deposits [(i) to (v)]**																							
(i)	Current Deposits																							
(ii)	Savings Bank Deposits																							
(iii)	Term Deposits																							
(iv)	Certificates of Deposits																							
(v)	Other deposits																							
4	**Borrowings**																							
(i)	Call and Short Notice																							
(ii)	Inter-Bank (Term)																							
(iii)	Refinances																							
(iv)	Others (specify)																							
5	**Other Liabilities & Provisions [(i) to (iv)]**																							
(i)	Bills Payable																							
(ii)	Inter-office Adjustment																							
(iii)	Provisions																							
(iv)	Others																							
6	**Repos**																							
7	**Bills Rediscounted (DUPN)**																							
8	**Forex Swaps (buy/ Sell)**																							
9	**Others (specify)**																							
A	**Total Liabilities**																							
B	**Off-Balance Sheet Positions equivalent to short positions in bonds**																							
	(i) Positions related to Derivatives																							

	i) FRAs																							
	ii) Swaps																							
	iii) Futures																							
	iv) Options																							
	(ii)Other Off-balance sheet positions																							
	Assets	**1-28 days**		**29 days and up to 3 months**		**Over 3 months and up to 6 months**		**Over 6 months and up to 1 year**		**Over 1 year and up to 3 years**		**Over 3 years and up to 5 years**		**Over 5 years and up to 7 years**		**Over 7 years and up to 10 years**		**Over 10 year and up to 15 years**		**Over 15 years**		**Non-sensitive**		**Total**
		Coupon	Yield	Coupon	Yield	Coupon	Yield	Coupon	Yield	Coupon	Yield	Coupon	Yield	Coupon	Yield	Coupon	Yield	Coupon	Yield	Coupon	Yield	Coupon	Yield	
1	**Cash**																							
2	**Balances with RBI**																							
3	**Balances with other Banks**																							
	Current Account																							
	Money at call and short notice																							
	Term Deposits and Other Placements																							
4	**Investments (including those Reverse Repos but excluding Repos)**																							
	SLR Investments																							
	Non-SLR Investments																							
	Re-Capitalisation bonds																							
	Investments in SRs issued by ARCs																							
5	**Advances (Performing)**																							
	Bills purchases and Discounted (including bills under FUPN)																							

	Cash Credits, Overdrafts and Loans repayable on demand																							
	Term Loans																							
6	**NPAs (Advances and Investments)**																							
7	**Fixed Assets**																							
8	**Other Assets**																							
	Inter-office Adjustment																							
	Leased Assets																							
	Others																							
9	**Reverse Repos**																							
10	**Forex Swaps (buy/ Sell)**																							
11	**Bills Rediscounted (DUPN)**																							
12	**Others (specify)**																							
C	**Total Assets**																							
D	**Off- Balance Sheet Positions equivalent to long positions in bonds**																							
D. 1	*Positions related to Derivatives*																							
	i) FRAs																							
	ii) Swaps																							
	iii) Futures																							
	iv) Options																							
D. 2	*Other Off-balance sheet positions*																							

Annex- IV: Basel Principles for Liquidity Risk Management

Broad principles for sound liquidity risk Management by banks as envisaged by BCBS

Fundamental principle for the management and supervision of liquidity risk	
Principle 1	A bank is responsible for the sound management of liquidity risk. A bank should establish a robust liquidity risk management framework that ensures it maintains sufficient liquidity, including a cushion of unencumbered, high quality liquid assets, to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. Supervisors should assess the adequacy of both a bank's liquidity risk management framework and its liquidity position and should take prompt action if a bank is deficient in either area in order to protect depositors and to limit potential damage to the financial system.
Governance of liquidity risk management	
Principle 2	A bank should clearly articulate a liquidity risk tolerance that is appropriate for its business strategy and its role in the financial system.
Principle 3	Senior management should develop a strategy, policies and practices to manage liquidity risk in accordance with the risk tolerance and to ensure that the bank maintains sufficient liquidity. Senior management should continuously review information on the bank's liquidity developments and report to the board of directors on a regular basis. A bank's board of directors should review and approve the strategy, policies, and practices related to the management of liquidity at least annually and ensure that senior management manages liquidity risk effectively.
Principle 4	A bank should incorporate liquidity costs, benefits and risks in the internal pricing, performance measurement and new product approval process for all significant business activities (both on - and off-balance sheet), thereby aligning the risk-taking incentives of individual business lines with the liquidity risk exposures its activities create for the bank as a whole.
Measurement and management of liquidity risk	

Principle 5	A bank should have a sound process for identifying, measuring, monitoring and controlling liquidity risk. This process should include a robust framework for comprehensively projecting cash flows arising from assets, liabilities and off-balance sheet items over an appropriate set of time horizons.
Principle 6	A bank should actively monitor and control liquidity risk exposures and funding needs within and across legal entities, business lines and currencies, taking into account legal, regulatory, and operational limitations to the transferability of liquidity.
Principle 7	A bank should establish a funding strategy that provides effective diversification in the sources and tenor of funding. It should maintain an ongoing presence in its chosen funding markets and strong relationships with funds providers to promote effective diversification of funding sources. A bank should regularly gauge its capacity to raise funds quickly from each source. It should identify the main factors that affect its ability to raise funds and monitor those factors closely to ensure that estimates of fund raising capacity remain valid.
Principle 8	A bank should actively manage its intraday liquidity positions and risks to meet payment and settlement obligations on a timely basis under both normal and stressed conditions and thus contribute to the smooth functioning of payment and settlement systems.
Principle 9	A bank should actively manage its collateral positions, differentiating between encumbered and unencumbered assets. A bank should monitor the legal entity and physical location where collateral is held and how it may be mobilised in a timely manner.
Principle 10	A bank should conduct stress tests on a regular basis for a variety of short-term and protracted institution-specific and market-wide stress scenarios (individually and in combination) to identify sources of potential liquidity strain and to ensure that current exposures remain in accordance with a bank's established liquidity risk tolerance. A bank should use stress test outcomes to adjust its liquidity risk management strategies, policies, and positions and to develop effective contingency plans.
Principle 11	A bank should have a formal contingency funding plan (CFP) that clearly sets out the strategies for addressing liquidity shortfalls in emergency situations. A CFP should outline policies to manage a range of stress environments, establish clear lines of responsibility, include clear invocation and escalation procedures and be regularly tested and updated to ensure that it is operationally robust.

Principle	A bank should maintain a cushion of unencumbered, high quality liquid assets to be held as insurance against a range of liquidity stress scenarios, including those that involve the loss or impairment of unsecured and typically available secured funding sources. There should be no legal, regulatory or operational impediment to using these assets to obtain funding.
Public disclosure	
Principle 13	A bank should publicly disclose information on a regular basis that enables market participants to make an informed judgment about the soundness of its liquidity risk management framework and liquidity position.

Thus, a sound liquidity risk management system would envisage that:

(i) A bank should establish a robust liquidity risk management framework.

(ii) The Board of Directors (Board) of a bank should be responsible for sound management of liquidity risk and should clearly articulate a liquidity risk tolerance appropriate for its business strategy and its role in the financial system.

(iii) The Board should develop strategy, policies and practices to manage liquidity risk in accordance with the risk tolerance and ensure that the bank maintains sufficient liquidity. The Board should review the strategy, policies and practices at least annually.

(iv) Top Management / ALCO should continuously review information on bank's liquidity developments and report to the Board on a regular basis.

(v) A bank should have a sound process for identifying, measuring, monitoring and controlling liquidity risk, including a robust framework for comprehensively projecting cash flows arising from assets, liabilities and off-balance sheet items over an appropriate time horizon.

(vi) A bank's liquidity management process should be sufficient to meet its funding needs and cover both expected and unexpected deviations from normal operations.

(vii) A bank should incorporate liquidity costs, benefits and risks in internal pricing, performance measurement, and new product approval process for all significant business activities.

(viii) A bank should actively monitor and manage liquidity risk exposure and funding needs within and across legal entities, business lines and currencies, taking into account legal, regulatory, and operational limitations to transferability of liquidity.

(ix) A bank should establish a funding strategy that provides effective diversification in the source and tenor of funding and maintain ongoing presence in its chosen funding markets and counterparties and address inhibiting factors in this regard.

(x) Senior management should ensure that market access is being actively managed, monitored, and tested by the appropriate staff.

(xi) A bank should identify alternate sources of funding that strengthen its capacity to withstand a variety of severe bank specific and market-wide liquidity shocks.

(xii) A bank should actively manage its intraday liquidity positions and risks.

(xiii) A bank should actively manage its collateral positions.

(xiv) A bank should conduct stress tests on a regular basis for short-term and protracted institution-specific and market-wide stress scenarios and use stress test outcomes to adjust its liquidity risk management strategies, policies, and position and develop effective contingency plans.

(xv) Senior management of a bank should monitor for potential liquidity stress events by using early warning indicators and event triggers. Early warning signals may include, but are not limited to, negative publicity concerning an asset class owned by a bank, increased potential for deterioration in bank's financial condition, widening debt or credit default swap spreads, and increased concerns over the funding of OBS items.

(xvi) To mitigate the potential for reputation contagion, a bank should have a system of effective communication with counterparties, credit rating agencies, and other stakeholders when liquidity problems arise.

(xvii) A bank should have a formal contingency funding plan (CFP) that clearly sets out the strategies for addressing liquidity shortfalls in emergency situations. A CFP should delineate policies to manage a range of stress environments, establish clear lines of responsibility, and articulate clear implementation and escalation procedures.

(xviii) A bank should maintain a cushion of unencumbered, high quality liquid assets to be held as insurance against a range of liquidity stress scenarios.

(xix) A bank should publicly disclose its liquidity information on a regular basis that enables market participants to make an informed judgment about the soundness of its liquidity risk management framework and liquidity position.

Annex- V: Guidance for Slotting Cash Flows Part A1 and B

Guidance for Slotting the Future Cash Flows of Banks in Structural Liquidity Statement, Part A1 and Part B

	Heads of Accounts	Classification into time buckets
A.	**Outflows**	
1.	Capital, Reserves and Surplus	Over 5 years bucket.
2.	Demand Deposits (Current and Savings Bank Deposits)	Savings Bank and Current Deposits may be classified into volatile and core portions. Savings Bank (10 per cent) and Current (15 per cent) Deposits are generally withdrawable on demand. This portion may be treated as volatile. While volatile portion can be placed in the Day 1, 2-7 days, and 8-14 days time buckets, depending upon the experience and estimates of a bank and the core portion may be placed in over 1- 3 years bucket.
		The above classification of Savings Bank and Current Deposits is only a benchmark. Banks which are better equipped to estimate the behavioural pattern, roll-in and roll-out, embedded options, etc. on the basis of past data/ empirical studies could classify them in the appropriate buckets, i.e. behavioural maturity instead of contractual maturity, subject to the approval of the Board / ALCO.
3.	Term Deposits	Respective maturity buckets. A bank which is better equipped to estimate the behavioural pattern, roll-in and roll-out, embedded options, etc. on the basis of past data/ empirical studies could classify the retail deposits in the appropriate buckets on the basis of behavioural maturity rather than residual maturity. However, the bulk deposits should be shown under respective maturity buckets.
4.	Certificates of Deposit, Borrowings and Bonds (including Sub-ordinated Debt)	Respective maturity buckets. Where call / put options are built into the issue structure of any instrument/s, the call/ put date/s should be reckoned as the maturity date/s and the amount should be shown in the respective time buckets.
5.	***Other Liabilities and Provisions***	
	(i) Bills Payable	(i) The core component which could reasonably be estimated on the basis of past data and behavioural pattern may be shown under 'Over 1-3 years' time

Heads of Accounts			Classification into time buckets	
				bucket. The balance amount may be placed in Day 1, 2-7 days, and 8-14 days buckets, as per behavioural pattern.
	(ii)	Provisions other than for loan loss and depreciation in investments	(ii)	Respective buckets depending on the purpose.
	(iii)	Other Liabilities	(iii)	Respective maturity buckets. Items not representing cash payables (i.e. income received in advance, etc.) may be placed in over 5 years bucket.
6.	Export Refinance - Availed		Respective maturity buckets of underlying assets.	
B.	**Inflows**			
1.	Cash		Day 1 bucket	
2.	Balances with RBI		While the excess balance over the required CRR/ SLR may be shown under Day 1 bucket, the Statutory Balances may be distributed amongst various time buckets corresponding to the maturity profile of DTL with a time-lag of 14 days.	
3.	***Balances with other Banks***			
	(i)	Current Account	(i)	Non-withdrawable portion on account of stipulations of minimum balances may be shown under 'Over 1-3 years' bucket and the remaining balances may be shown under Day 1 bucket.
	(ii)	Money at Call and Short Notice, Term Deposits and other placements	(ii)	Respective maturity buckets.
4.	***Investments (Net of provisions)*** #			
	(i)	Approved securities	(i)	Respective maturity buckets, excluding the amount required to be reinvested to maintain SLR corresponding to the DTL profile in various time buckets. A bank can slot its excess SLR securities and MSF eligible securities under the Day-1 bucket.
	(ii)	Corporate debentures and bonds, PSU bonds, CDs and CPs, Redeemable preference shares, Units of Mutual Funds (close ended), etc.	(ii)	Respective maturity buckets. Investments classified as NPIs should be shown under over 3-5 years bucket (sub-standard) or over 5 years bucket (doubtful).
	(iii)	Shares	(iii)	Listed shares (except strategic investments) in 2-7 days bucket, with a haircut of 50 per cent. Other shares in 'Over 5 years' bucket.

Heads of Accounts			Classification into time buckets	
	(iv)	Units of Mutual Funds (open ended)	(iv)	Day 1 bucket
	(v)	Investments in Subsidiaries/ Joint Ventures	(v)	'Over 5 years' bucket.
	(vi)	Securities in the Trading Book	(vi)	Day 1, 2-7 days, 8-14 days, 15-28 days, and 29-90 days according to defeasance periods.
	#	Provisions may be netted from the gross investments provided provisions are held security-wise. Otherwise provisions should be shown in over 5 years bucket.		
5.	***Advances (Performing)***			
	(i)	Bills Purchased and Discounted (including bills under DUPN)	(i)	Respective maturity buckets.
	(ii)	Cash Credit/ Overdraft (including TOD) and Demand Loan component of Working Capital.	(ii)	A bank should undertake a study of behavioural and seasonal pattern of availments based on outstandings and the core and volatile portion should be identified. While the volatile portion could be shown in the near-term maturity buckets, the core portion may be shown under 'Over 1-3 years' bucket.
	(iii)	Term Loans	(iii)	Interim cash flows may be shown under respective maturity buckets.
6.	***NPAs (Net of provisions, interest suspense and claims received from ECGC / DICGC)***			
	(i)	Sub-standard	(i)	Over 3-5 years bucket.
	(ii)	Doubtful and Loss	(ii)	Over 5 years bucket.
7.	***Fixed Assets/ Assets on lease***		'Over 5 years' bucket / Interim cash flows may be shown under respective maturity buckets.	
8.	***Other Assets***			
	(i)	Intangible assets	Intangible assets and assets not representing cash receivables may be shown in 'Over 5 years' bucket.	
C.	**Off balance sheet items**			
1.	**Lines of Credit committed/ available**			
	(i)	Lines of Credit committed to/ from Institutions	(i)	Day 1 bucket.
	(ii)	Unavailed portion of Cash Credit/ Overdraft/ Demand loan component of Working Capital limits (outflow)	(ii)	A bank should undertake a study of the behavioural and seasonal pattern of potential availments in the accounts and the amounts so arrived at may be shown under relevant maturity buckets upto 12 months.
	(iii)	Export Refinance - Unavailed (inflow)	(iii)	Day 1 bucket.

<table>
<tr><th colspan="3">Heads of Accounts</th><th colspan="2">Classification into time buckets</th></tr>
<tr><td>2.</td><td colspan="4">Contingent Liabilities</td></tr>
<tr><td></td><td colspan="2">Letters of Credit/ Guarantees (outflow)</td><td colspan="2">Devolvement of Letters of Credit / Guarantees, initially entails cash outflows. Thus, historical trend analysis ought to be conducted on the devolvements and the amounts so arrived at in respect of outstanding Letters of Credit / Guarantees (net of margins) should be distributed amongst various time buckets. The assets created out of devolvements may be shown under respective maturity buckets on the basis of probable recovery dates.</td></tr>
<tr><td>3.</td><td colspan="4">Other Inflows/ outflows</td></tr>
<tr><td></td><td>(i)</td><td>Repos/ Bills Rediscounted (DUPN)/ CBLO/ Swaps ₹/ USD, maturing forex forward contracts/ futures etc. (outflow/ inflow)</td><td>(i)</td><td>Respective maturity buckets.</td></tr>
<tr><td></td><td>(ii)</td><td>Interest payable/ receivable (outflow/ inflow) – Accrued interest which are appearing in the books on the reporting day</td><td>(ii)</td><td>Respective maturity buckets.</td></tr>
<tr><td></td><td colspan="4">Note :</td></tr>
<tr><td></td><td>(i)</td><td colspan="3">Liability on account of event cash flows i.e. short fall in CRR balance on reporting Fridays, wage settlement, capital expenditure, etc. which are known to the banks and any other contingency may be shown under respective maturity buckets. The event cash outflows, including incremental SLR requirement should be reported against ‘Outflows – Others’.</td></tr>
<tr><td></td><td>(ii)</td><td colspan="3">All overdue liabilities may be placed in the Day 1, 2-7 days, and 8-14 days buckets, based on behavioural estimates.</td></tr>
<tr><td></td><td>(iii)</td><td colspan="3">Interest and instalments from advances and investments, which are overdue for less than one month may be placed in Day 1, 2-7 days and 8-14 days buckets, based on behavioural estimates. Further, interest and instalments due (before classification as NPAs) may be placed in '31 days to 3 months bucket' if the earlier receivables remain uncollected.</td></tr>
<tr><td>D.</td><td colspan="4">Financing of Gap</td></tr>
<tr><td></td><td colspan="4">In case the net cumulative negative mismatches during the Day 1, 2-7 days, 8-14 days, and 15- 30 days buckets exceed the prudential limit of 5 per cent ,10 per cent, 15 per cent, and 20 per cent of the cumulative cash outflows in the respective time buckets, the bank may show by way of a foot note as to how it proposes to finance the gap to bring the mismatch within the prescribed limits. The gap can be financed from market borrowings (call/ term), Bills Rediscounting, Repos, LAF, and deployment of foreign currency resources after conversion into ₹ (unswapped foreign currency funds), etc.</td></tr>
</table>

Guidance for Slotting the Future Cash Flows of Banks in Structural Liquidity Statement Part A2

Heads of Accounts		Classification into time buckets
A.	**Outflows**	
1.	Merchant sales, Inter-bank sales, overseas sales, sales to RBI	As per the tenor of the contract- respective maturity buckets
2.	Swaps, currency futures, etc	Respective maturity buckets as per the pay-off profile
3.	LCs and Guarantees	Historical trend analysis ought to be conducted on the devolvement and the amounts so arrived at in respect of outstanding LCs / Guarantees (net of margins) should be distributed amongst various time buckets.
4.	Foreign currency deposit accounts such as FCNR (B), EEFC,RFC, etc.	For demand deposit accounts, the guidance for ₹ outflows may be followed.
		For term deposits - respective maturity buckets.
5.	Overdrafts in Nostro accounts	Day 1 bucket
6.	Inter-bank borrowings	Respective Maturity buckets
B.	**Inflows**	
1.	Merchant purchases, inter-bank purchases, overseas purchases, purchases from RBI.	As per the tenor of the contract- respective maturity buckets
2.	Swaps, currency futures and options	Respective maturity buckets as per the pay-off profile
3.	Nostro balance	Day 1 bucket
4.	Short term, long term investments and loans	Respective Maturity buckets.

Annex - VII: Guidance on Bucketing

Guidelines on Bucketing of various items of Assets and Liabilities in the Interest Rate Sensitivity Statement, along with the coupons and yields to be used

Sr.	Liabilities		Framework for Bucketing of Assets / Liabilities / Off Balance Sheet Items and Computation of Modified Duration		
1.	Capital - Equity shares			Non-sensitive for TGA.	
				Not to be bucketed for DGA.	
2.	Reserves and Surplus			Non-sensitive for TGA.	
				Not to be bucketed for DGA.	
3.	(i)	Innovative Perpetual Debt Instruments (IPDI) eligible for Tier I status		Sensitive.	
	(ii)	Debt capital Instruments qualifying as Upper Tier II Capital and Tier II bonds		Bucketing as per residual maturity / re-pricing.	
	(iii)	Preference shares eligible for Tier I and Tier II Capital		Coupon rate: Contract rate.	
				Yield: Govt. of India yield for corresponding period with appropriate mark up for rated bonds (corresponding to rating of the instrument) published by FBIL.	
4.	(i)	Current Deposits		Sensitive.	
				A bank better equipped to estimate the behavioral pattern of current deposits should classify them in the appropriate buckets based on behavioral maturity as per the behavioural study. In such cases to compute the Modified Duration, a bank must use its relevant term deposit rates as the discount rate, coupon rate being zero.	
				However, a bank which have not conducted the above behavioral study may classify 15 per cent of the current deposits as volatile and place it in the first time bucket (viz., 1-28 days) and 85 per cent may be placed in the 1-3 years time bucket.	
				Coupon Rate: Zero.	
				Yield:	
				(i)	As the mid-point of the 1-28 days time bucket is 14 days, a bank could take its 14 days term deposit rate as the yield to compute the MD of the volatile portion.

Sr.	Liabilities		Framework for Bucketing of Assets / Liabilities / Off Balance Sheet Items and Computation of Modified Duration		
				(ii)	As the mid-point of the 1-3 years time bucket is 2 years, a bank could take its 2-year term deposit rate as the discount rate to compute the Modified Duration of the core portion.
	(ii)	Savings Bank Deposits		Sensitive.	
				A bank may estimate the future behaviour/ sensitivity of savings bank deposits to changes in market variables, the sensitivity so estimated could be shown under appropriate time buckets. The existing savings bank rate may be used as coupon and the bank’s own relevant term deposit rates must be used as the yield to compute the MD.	
				However, where a bank has not undertaken any behavioral study it may include core portion (say 90 per cent) as rate sensitive and include the same in 1-3 years time bucket. The volatile portion (10 per cent) may be placed in 1-28 days bucket.	
				Coupon Rate: Existing Savings Bank interest rate, i.e., 3.5 per cent.	
				Yield:	
				(i)	As the mid-point of the 1-28 days time bucket is 14 days, a bank could take its 14 days term deposit rate as the yield to compute the MD of the volatile portion.
				(ii)	As the mid-point of the 1-3 years time bucket is 2 years, a bank could take its 2-year term deposit rate as the discount rate to compute the Modified Duration of the core portion.
	(iii)	Term deposits		Sensitive.	
				A bank may study the behavioural pattern of large value fixed rate term deposits to arrive at the percentage of deposits encashed/ foreclosed and renewed before maturity, i.e the quantum on which the option is exercised. The amount of deposits which are estimated to be prone to pre-mature withdrawal as per such studies may be placed in the corresponding maturity buckets.	
				The other fixed rate term deposits may be distributed in various time buckets on the basis of remaining term to maturity.	
				In the case of floating rate term deposits, the amounts may be shown under the time bucket when the deposits contractually become due for re-pricing.	
				Coupon rate: A bank may compute the average coupon on the term deposits by comparing the interest paid / accrued during the relevant accounting period on term deposits to the monthly average outstanding term deposits.	

Sr.	Liabilities		Framework for Bucketing of Assets / Liabilities / Off Balance Sheet Items and Computation of Modified Duration	
				Yield: A bank's card interest rate for deposits for the relevant term may be used.
	(iv)	Certificates of Deposit		Sensitive and re-prices on maturity.
				The amounts should be distributed to different buckets on the basis of remaining term to maturity. However, in case of floating rate CDs, the amounts may be shown under the time bucket when CDs contractually become due for re-pricing.
				Coupon rate: Calculated in a similar manner as term deposits.
				Yield: Govt. of India yield for corresponding period with mark up for rated bonds (corresponding to CD ratings of the bank) published by FIMMDA may be taken as yield.
5.	**Borrowings**			
	(i)	Money at Call and Short Notice		The amounts should be distributed to different buckets on the basis of remaining maturity / re-pricing date.
				Overnight call money rate may be taken as both the coupon and yield.
	(ii)	Inter-bank (Term)		The amounts should be distributed to different buckets on the basis of remaining maturity / re-pricing date.
				The coupon will be as per actual rate for each inter-bank term loan and yield may be based on the FBIL-NSE MIBOR curve, with appropriate mark up as per rating of the Tier II bonds of the bank.
	(iii)	Refinances		The amounts should be distributed to different buckets on the basis of remaining maturity in the case of fixed rate refinances and re-pricing date for floating rate refinances.
				The appropriate refinance rate of RBI, NHB, NABARD, etc. may be used as the coupon and yield may be based on the GOI securities of corresponding tenors.
	(iv)	Others (specify)	-	
6.	Other Liabilities and Provisions			
	i)	Bills Payable		Non-sensitive.
	ii)	Inter-office adjustment		Non-sensitive.
	iii)	Provisions		Non-sensitive.
	iv)	Others		Non-sensitive.
7.	Repos (Funds borrowed)			Sensitive.
				The amounts should be distributed to different buckets on the basis of remaining maturity.

Sr.	Liabilities	Framework for Bucketing of Assets / Liabilities / Off Balance Sheet Items and Computation of Modified Duration	
			The coupon will be as per actual rate for each repo and yield may be based on FBIL-NSE MIBOR curve.
8.	Bills Re-discounted (DUPN)		Sensitive.
			The amounts should be distributed to different buckets on the basis of remaining maturity.
			Coupon rate: Appropriate discount rate.
			Yield: FBIL-NSE MIBOR curve may be used as the yield, with appropriate mark up as per rating of the Tier II bonds of the bank.
9.	Forex Swaps (Buy/ Sell)		Sensitive.
			Actual MD for each contract may be computed using the ₹ implied rate through forward premium / discount as both coupon and discount rate.
10.	Others		
A.	**Total Liabilities**		

Sr.	Assets		Framework for Bucketing of Assets / Liabilities / Off Balance Sheet Items and Computation of Modified Duration
1.	Cash		Non-sensitive.
2.	Balances with RBI		Non-sensitive.
3.	Balances with other banks		
	i)	Current account	Non-sensitive.
	ii)	Money at Call and Short Notice	Sensitive on maturity.
			The amount should be plotted in the 1-28 days bucket.
			The overnight call money rate may be used as both coupon and yield.
	iii)	Term deposits and other placements	Sensitive.
			The amounts should be distributed to different time buckets on the basis of residual maturity or residual period to repricing, as relevant.
			Coupon rate: Relevant rate of term deposit / placement.
			Yield: Term deposit rates of the corresponding tenors of the banks with whom deposits are placed.
4.	Investments (Performing) (including those under reverse repos but excluding repos)		Sensitive
			For the purpose of bucketing and calculation of Modified Duration, investments may be classified into SLR and non-SLR investments as indicated below :

	i)	SLR investments	Sensitive.
			Actual Modified Duration of each SLR security should be used.
			Yield : G-Sec yield curve.
	ii)	Non-SLR investments	Sensitive (except equity which may be put in the non-sensitive bucket).
			Actual Modified Duration of each Non-SLR security should be used.
			Yield : FIMMDA benchmark curve.
	iii)	Re-capitalisation bonds	Sensitive.
			Actual Modified Duration of each recapitalization bond may be computed.
	iv)	Investments in SRs issued by ARCs	Non-sensitive.
5.	Advances (Performing)		Sensitive.
			The amounts should be distributed to different time buckets on the basis of residual maturity or residual period to re-pricing, as relevant.
			Banks may compute the average coupon for the advances portfolio by comparing the interest income during the relevant accounting period from 'standard' advances to the monthly average outstanding 'standard' advances.
			The average rating of the advances portfolio may be estimated by each bank to arrive at the applicable yield. One of the methods for estimating the average rating may be as follows :
			Multiply the outstanding advances in each bucket with the internal rating scores to arrive at the weighted average rating of the advances in that bucket. Thereafter, this rating may be mapped to an external rating. In case a major portion of the bank's advances in a particular time bucket happens to be unrated, the bank may use the rating scores of large advances / rated advances in each bucket (mapped with the rating of external agency) for arriving at weighted average rating for the bucket. On the basis of the average rating of each bucket, the yield may be arrived at using the FBIL yield curve for GoI securities with appropriate mark-up.
	i)	Bills Purchased and Discounted (incl. Bills under DUPN)	Sensitive on maturity.
			The average coupon and yield for the advances portfolio, as computed above, may be used.
	ii)	Cash credit / Overdrafts (incl. TODs / Loans repayable on demand)	Sensitive on re-pricing / date of next renewal, whichever is earlier. In the case of BPLR / Base Rate-linked advances, a bank may estimate the re-pricing date based on the past experience and future forecast for the changes in their BPLR / Base Rate.
			The average coupon and yield for the advances portfolio, as computed above, may be used.

	iii)	Term Loans	Sensitive on re-pricing / maturity, whichever is earlier. In the case of BPLR / Base Rate linked advances, a bank may estimate the re-pricing date based on the past experience and future forecast for the changes in their BPLR / Base Rate.
			The average coupon and yield for the advances portfolio, as computed above, may be used.
6.	NPAs (Advances and Investments) *		Sensitive.
			Sub-standard NPAs should be slotted in the 1-3 years time bucket.
			Doubtful and Loss Assets - should be slotted in the 3-5 years time bucket.
			Coupon: The coupon rate will be taken as zero.
			The yield curve prescribed by FIMMDA for unrated exposures/ default category may be used as yield.
7.	Fixed Assets		Non-sensitive.
8.			
	i)	Inter-office adjustment	Non-sensitive.
	ii)	Leased Assets	Sensitive on cash flows.
			The amounts should be distributed to respective maturity buckets corresponding to the cash flow dates.
			Yield curve prescribed by FIMMDA for valuation of corporate bonds as per the average rating estimated for leased assets to be used for arriving at the yields.
			The average coupon for the leased assets portfolio, as computed for advances, may be used.
	iii)	Others	Non-sensitive.
9.	Reverse Repos (Funds Lent)		Sensitive. The amounts should be distributed to different buckets on the basis of remaining maturity.
			The coupon will be as per actual rate for each repo and yield may be based on FBIL-NSE MIBOR curve.
10.	Forex Swaps (Sell / Buy)		Sensitive.
			Actual MD for each contract may be computed using the ₹ implied rate through forward premium / discount may be used as both coupon and discount rate.
11.	Bills Rediscounted (DUPN)		Overnight call money rate may be used as both the yield and coupon rates.
12.	Others (specify)		
B.			
13.	Other Products (Interest Rate Derivatives)		Derivatives to be converted into positions in the relevant underlying. The amounts considered would be the principal amount of the underlying or of the notional underlying. Options (where permitted)

			shall be considered according to the delta equivalent amount of the underlying or of the notional underlying. Actual modified duration for each contract may be computed using the contracted rate as coupon and the relevant yield curve for discounting factor. Alternatively all interest rate derivatives can also be dealt with in the following manner:
	i)	FRAs	Forward Rate Agreements (FRAs) could also be considered as a combination of a short position and a long position. For instance, a long position in a September three month FRA (taken on June 1), can be bucketed as a short position in a bond with a maturity of 6 months and a long position in a bond with a maturity of 3 months. Accordingly a liability in the 3-6 months bucket and an asset in the 28 days to 3 months bucket may be shown. The amount to be reckoned for computing interest rate sensitivity is the notional value of the FRA.
	ii)	Swaps	Interest Rate Swaps could be considered as a combination of a short position and a long position. The notional of the fixed and floating leg of an Interest Rate Swap could be shown in the respective maturity bucket based on the maturity date for the fixed leg and the reset date for the floating leg. Suppose a bank receives 5-year fixed and pays floating MIBOR, then the fixed leg of the swap could be shown as an asset in the '5-7 year' bucket and the floating leg would be shown as a liability in '1-28days' bucket. Similarly, a currency swap may be considered as a combination of a short position in one currency and long position in another currency. The two positions will be sensitive to the changes in the respective interest rates. The notionals of the two currencies will be bucketed as a short / long positions in the respective currency with relevant maturity.
	iii)	Futures	Interest Rate Futures (IRFs) could also be considered as a combination of a short position and long position. For instance, a long position in a September three month IRF (taken on June 1), can be bucketed as a long position in Government bond, with a maturity of six months and a short position in Government bond with maturity of three months. The amount to be reckoned for computing interest rate sensitivity is the notional value of the IRF.

* Net of provisions, interest suspense and claims received from ECGC / DICGC.

Note :

1. Wherever FIMMDA spreads are proposed to be used, the FIMMDA Corporate Bond Spreads table may be used. The same can be downloaded from the FIMMDA website (www.fimmda.org).

2. Equity holding whether strategic or for investment purposes may be treated as Non-sensitive and bucketed accordingly.