



भारतीय रिजर्व बैंक  
RESERVE BANK OF INDIA

RBI/DOR/2025-26/237

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**Reserve Bank of India (Local Area Banks – Asset Liability Management)  
Directions, 2025**

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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, the 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 (Local Area Banks – Asset Liability Management) Directions, 2025.
2. These Directions shall become effective from the date of issue.

### B. Applicability

3. The provisions of these Directions shall be applicable to Local Area Banks (hereinafter collectively referred to as 'banks' and individually as a 'bank')

*Note:* Mere mention of an activity, transaction or item in these Directions does not imply that it is permitted, and the bank shall refer to the extant statutory and regulatory requirements while determining the permissibility or otherwise of an activity, transaction, or item.

### C. Definitions

4. In these Directions, unless the context otherwise requires, the terms herein shall bear the meaning as assigned to them below:
  - (1) '**Cash Reserve Ratio (CRR)**' shall have the same meaning as defined in the [Reserve Bank of India \(Local Area Banks – Cash Reserve Ratio and Statutory Liquidity Ratio\) Directions, 2025.](#)
  - (2) '**Defeasance period**' is the time taken to liquidate the investment in securities on the basis of liquidity in the secondary market. The defeasance period is dynamic and in volatile environments, such period also undergoes changes on account of product-specific or general market conditions.
  - (3) '**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.

- (4) '**Interest Rate Risk (IRR)**' means risk where changes in market interest rates might adversely affect a bank's financial condition.
- (5) '**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.
- (6) '**Statutory Liquidity Ratio (SLR)**' shall have the same meaning as defined in Reserve Bank of India (Local Area Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Directions, 2025.

5. All other expressions unless defined herein shall have the same meaning as have been assigned to them under the BR 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 Board

### A. Responsibilities of the Board

6. The Board shall have overall responsibility for management of risks and shall decide the risk management policy.
7. The Board shall set limits for liquidity, interest rate, foreign exchange, and equity price risks.
8. The Board shall constitute a Management Committee of the Board or any other specific committee to oversee the implementation of the Asset Liability Management (ALM) system and review its functioning periodically.

### B. Approval of policies, limits, and reviews

9. The Board shall approve the internal prudential limits for cumulative mismatches (running total) across all time buckets beyond 1-28 days of the structural liquidity statement (SLS).
10. The Board / Asset Liability Management Committee (ALCO) shall approve the volume, composition, holding / defeasance period, cut loss, and other parameters of the 'Trading Book' in line with the [Reserve Bank of India \(Local Area Banks- Classification, Valuation and Operation of Investment Portfolio\) Directions, 2025.](#)
11. The Board / Management Committee shall approve the prudential limits on 'Gaps' across individual time buckets for measurement of interest rate sensitivity.
12. The Board / Management Committee shall approve prudent level of Earnings at Risk (EaR) or Net Interest Margin (NIM) based on their views on interest rate movements.
13. The Board / ALCO shall approve the estimation of the behavioural pattern, embedded options, rolls-in and rolls-out, and other aspects related to classification of demand deposits into core and volatile portion on the basis of past data / empirical studies.
14. Top Management / Board shall formulate corrective measures and devise suitable strategies wherever needed, basis feedback on the interest rate risk faced by the bank.



## Chapter III – Asset Liability Management

### A. Introduction

15. These Directions shall serve as a benchmark for ALM systems in a bank. ALM, among other functions concerned with risk management, shall provide a dynamic framework for measuring, monitoring and managing liquidity, interest rate, foreign exchange (forex), and equity and commodity price risks of a bank that needs to be closely integrated with the bank's business strategy. It shall also involve assessment of various types of risks and dynamically altering the bank's portfolio to manage the risks.
16. The ALM shall rest on three pillars:
  - (1) ALM Information Systems which comprise of
    - (i) Management Information Systems;
    - (ii) Availability, accuracy, adequacy, and expediency of information.
  - (2) ALM Organisation which comprises of
    - (i) Structure and responsibilities; and
    - (ii) Level of Top Management involvement.
  - (3) ALM Process which comprises of
    - (i) Risk parameters;
    - (ii) Risk identification;
    - (iii) Risk measurement;
    - (iv) Risk management; and
    - (v) Risk policies and tolerance levels.

The above pillars have been discussed in subsequent paragraphs.

### B. ALM Information Systems

17. ALM shall be supported by specific risk policies and tolerance limits. The ALM framework shall be built on sound internal controls, with necessary information



system as back up. The ALM framework shall ensure the availability of adequate and accurate information with expedience.

### **C. ALM Organisation**

18. The Top Management of the bank (direct reporting to the MD & CEO and / or Board) shall be responsible for integrating basic operations and strategic decision making with risk management, along with successful implementation of the risk management process.
19. Asset Liability Management Committee (ALCO)
  - (1) A bank shall constitute an ALCO consisting of the Top Management including CEO, which shall be responsible for ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the bank (on the assets and liabilities sides) in line with the bank's budget and decided risk management objectives.
  - (2) The size (number of members) of the ALCO shall depend on the size of each bank, business mix and organisational complexity. The CEO / CMD or the Executive Director of the bank shall head the ALCO. Its members may include the heads of Investment, Credit, Treasury, International Banking, Risk Management, Economic Research, and other members as deemed suitable. A bank shall decide the frequency for holding its ALCO meetings.
  - (3) The ALCO shall be a decision-making unit responsible for balance sheet planning from risk - return perspective, including the strategic management of interest rate and liquidity risks. Each bank shall decide on the role of its ALCO, its responsibility as also the decisions to be taken by it. The business and risk management strategy decided by the Top Management of the bank shall ensure that the bank operates within the limits / parameters set by the Board.
  - (4) The business issues that the ALCO shall consider, inter alia, include product pricing for both deposits and advances, desired maturity profile and mix of the incremental assets and liabilities, other related matters. In addition to monitoring the risk levels of the bank, the ALCO shall review the results of and progress in implementation of the decisions made in the



previous meetings. The ALCO shall also articulate the current interest rate view of the bank and base its decisions for future business strategy on this view. In respect of the funding policy, the ALCO shall be responsible for deciding on source and mix of liabilities or sale of assets. The ALCO shall develop a view on future direction of interest rate movements and decide on funding mixes, including but not limited to fixed v/s. floating rate funds, wholesale v/s. retail deposits, money market v/s. capital market funding, and domestic vs. foreign currency funding. The bank, at its discretion, can have sub-committees and Support Groups.

20. The ALM Support Groups consisting of operating staff shall be responsible for analysing, monitoring and reporting the risk profiles to the ALCO. The Group shall also prepare forecasts (simulations) showing the effects of various possible changes in market conditions related to the balance sheet and recommend the action needed to adhere to bank's internal limits.

#### **D. ALM Process**

21. The scope of ALM function shall be as follows:

- (1) Liquidity risk management;
- (2) Management of market risks;
- (3) Trading risk management;
- (4) Funding and capital planning; and
- (5) Profit planning and growth projection.



## Chapter IV – Liquidity Risk Management

### A. Management of Liquidity Risk

22. A bank's Top Management shall measure its liquidity positions on an ongoing basis and also examine how liquidity requirements are likely to evolve under different assumptions. Liquidity shall be tracked through maturity or cash flow mismatches, through use of a maturity ladder and calculation of cumulative surplus or deficit of funds at selected maturity dates.

### B. Structural Liquidity Statement (SLS)

23. A bank shall prepare the SLS on a daily basis as per format provided under [Annex-I](#).

24. The maturity profile as given in [Annex-IV](#) shall be used for measuring the future cash flows of the bank in different time buckets. The time buckets shall be distributed as under:

- (1) Next day;
- (2) 2-7 days;
- (3) 8-14 days;
- (4) 15 to 28 days;
- (5) 29 days and upto 3 months;
- (6) Over 3 months and upto 6 months;
- (7) Over 6 months and upto 1 year;
- (8) Over 1 year and upto 3 years;
- (9) Over 3 years and upto 5 years; and
- (10) Over 5 years.

25. All cash inflows and outflows in the maturity ladder shall be placed according to the expected timing of cash flows. A maturing liability shall be a cash outflow while a maturing asset shall be a cash inflow. A bank shall take into account the Rupee inflows and outflows on account of forex operations. While determining



the likely cash inflows / outflows, the bank shall make appropriate assumptions according to its asset - liability profiles.

26. While the mismatches upto one year provide early warning signals of impending liquidity problems, the bank shall closely monitor the short-term mismatches, i.e., upto 28 days. The net cumulative negative mismatches during the Next day, 2-7 days, 8-14 days, and 15-28 days buckets 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 buckets.
27. A bank shall monitor its cumulative mismatches (running total) across all time buckets by establishing internal prudential limits with the approval of the Board / Management Committee. While determining the tolerance levels the bank shall take into account all relevant factors based on its asset-liability base, nature of business, future strategy, etc.
28. The investments in SLR securities and other investments shall be shown under respective maturity buckets, corresponding to the residual maturity.
29. A bank maintaining the Held for Trading (HFT) portfolio in accordance with the [Reserve Bank of India \(Local Area Banks – Classification, Valuation and Operation of Investment Portfolio\) Directions, 2025](#) shall be permitted to show these securities under 1-14 days, 15-28 days, and 29-90 days buckets on the basis of the defeasance period.

#### **C. Short -Term Dynamic Liquidity (STDL) statement**

30. In order to monitor its short-term liquidity on a dynamic basis over a time horizon spanning from 1-90 days, a bank may estimate its short-term liquidity profiles on the basis of business projections and other commitments for planning purposes. The indicative format of STDL statement has been provided in [Annex-II](#).

#### **D. Monitoring of Liquidity**

##### **31. Inter-bank Liability (IBL) Limit**

- (1) 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.



- (2) 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.
- (3) 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.
- (4) The IBL limits shall not include collateralized borrowings under Tri-Party Repo (TREPS) and refinance from NABARD, SIDBI, etc.

32. A bank having high concentration of wholesale 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.



## **Chapter V – Currency Risk Management**

33. A bank shall manage its mismatched currency position as it not only exposes the balance sheet to movements in exchange rate, but also exposes it to country risk and settlement risk.
34. A bank with Authorised Dealer (AD) license shall set gap limits and also adopt Value at Risk (VaR) approach to measure the risk associated with forward exposures. The open position limits together with the Gap limits form the risk management approach to forex operations.



## Chapter VI – Interest Rate Risk (IRR) Management

### A. Introduction

35. Interest rate risk is the risk where changes in market interest rates might adversely affect a bank's financial condition. IRR from 'earnings perspective' is immediate impact of interest rate changes on bank's earnings (i.e. reported profits) through changes in its Net Interest Income (NII). The risk from the earnings perspective can be measured as changes in the NII or NIM.
36. IRR from 'economic value perspective' is long-term impact of interest rate changes on bank's Market Value of Equity (MVE) or Net Worth as the economic value of bank's assets, liabilities and off-balance sheet positions get affected due to variation in market interest rates.
37. A bank shall use the Traditional Gap Analysis (TGA) to measure the IRR.

### B. Traditional Gap Analysis

38. Gap analysis means measurement of 'Gap', i.e., mismatches between rate sensitive liabilities (RSL) and rate sensitive assets (RSA) (including off-balance sheet positions) through a Gap Report 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.
39. Under TGA, a bank shall ascertain Gap or Mismatch risk as at a given date by calculating Gaps, i.e., mismatches between rate sensitive liabilities and rate sensitive assets (including off-balance sheet positions, by preparing Interest Rate Sensitivity (IRS) statement provided in [Annex-III](#).

### C. Interest Rate Sensitivity (IRS) Statement

40. The various items of rate sensitive assets and liabilities and off-balance sheet items shall be classified in the format of IRS statement as provided in [Annex-III](#), based on guidance provided in [Annex-V](#). The Gaps shall be identified in the following time buckets:
  - (1) 1-28 days



- (2) 29 days and upto 3 months
- (3) Over 3 months and upto 6 months
- (4) Over 6 months and upto 1 year
- (5) Over 1 year and upto 3 years
- (6) Over 3 years and upto 5 years
- (7) Over 5 years
- (8) Non-sensitive

41. The Gap or Mismatch risk can be measured by calculating Gaps over different time intervals as at a given date. Gap analysis measures mismatches between rate sensitive liabilities and rate sensitive assets (including off-balance sheet positions). An asset or liability is normally classified as rate sensitive if:

- (i) within the time interval under consideration, there is a cash flow;
- (ii) the interest rate resets / reprices contractually during the interval;
- (iii) it is contractually pre-payable or withdrawable before the stated maturities.

42. (1) The positive Gap ( $RSA > RSL$ ) indicates potential benefit from rising interest rates, whereas negative Gap ( $RSA < RSL$ ) indicates potential benefit from declining interest rates. The Gap report can be used as a measure of interest rate sensitivity.

(2) A bank shall set prudential limits on individual Gaps with the approval of the Board / Management Committee. The prudential limits shall have a bearing on the Total Assets, Earning Assets or Equity. A bank shall also work out EaR or NIM based on its views on interest rate movements and fix a prudent level with the approval of the Board / Management Committee.



## Chapter VII – Miscellaneous

### A. Behavioural Patterns and Embedded Options

43. The classification of various components of assets and liabilities into different time buckets for preparation of Gap reports (Liquidity and Interest Rate Sensitivity) as indicated in [Annex-IV](#) & [Annex-V](#) shall be the benchmark. A bank which is better equipped to reasonably estimate the behavioural pattern, embedded options, rolls-in and rolls-out, and other aspects of various components of assets and liabilities on the basis of past data / empirical studies shall classify them in the appropriate time buckets, subject to approval from the ALCO / Board. A copy of the note approved by the ALCO / Board shall be sent to the Department of Supervision (DoS), RBI.
44. Given that the magnitude of embedded option risk in times of volatility in market interest rates is quite substantial, a bank shall evolve suitable mechanism, supported by empirical studies and behavioural analysis to estimate the future behaviour of assets, liabilities and off-balance sheet items to changes in market variables and estimate the embedded options.

### B. Internal Transfer Pricing (ITP)

45. A bank shall implement scientifically evolved ITP model as part of the ALM system. The transfer pricing mechanism shall assign values on the basis of current market rates to funds provided and funds used. The transfer price mechanism shall facilitate management of margins, including lending / credit spread, funding / liability spread, and mismatch spread. The ITP mechanism shall centralise IRR for effective control and management of IRR and provide a rational framework for pricing of assets and liabilities.



## **Chapter VIII – Monitoring and Reporting**

### **A. Preparation and Review of Statements**

46. A bank shall prepare the SLS on a daily basis and put up to ALCO / Top Management.
47. For reporting INR rate sensitive assets, liabilities and off-balance sheet positions, the IRS statement shall be prepared on a monthly basis and submitted to the ALCO / Top Management. It should also be placed before the bank's Board in the next meeting. Top Management / Board shall formulate corrective measures and devise suitable strategies wherever needed.

### **B. Regulatory Reporting and Periodicity of Returns**

48. A bank shall submit SLS to DoS, RBI, on fortnightly basis (first and third Wednesday of every month) and IRS statement on a monthly basis.



## Chapter IX – Repeal and Other Provisions

### A. Repeal and Saving

49. With the issue of these Directions, the existing Directions, instructions, and guidelines relating to Asset Liability Management as applicable to Local Area 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.
50. 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

51. 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

52. 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: Structural Liquidity Statement

Name of the Bank : \_\_\_\_\_

### Structural Liquidity Statement as on :

Amount in ₹ crore



5. Other Liabilities and Provisions	-	-	-	-	-	-	-	-	-	-	-
i) Bills Payable											-
ii) Inter-office Adjustment											
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. Letter of Credit/ Guarantees											-
9. Repos											-
10. Bills rediscounted (DUPN)											-
11. Swaps (Sell / Buy/ maturing Forward)											-
12. Interest Payable											-
13. Others											-
A. Total Outflows	-	-	-	-	-	-	-	-	-	-	-
B. Cumulative Outflows	-	-	-	-	-	-	-	-	-	-	-



<b>Inflows</b>											
1. Cash											-
2. Balances with RBI											-
3. Balances other banks	-	-	-	-	-	-	-	-	-	-	-
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, overdrafts and loans repayable on demand											-
iii) Term Loans											-
6. NPAs (Advances and Investments)											-
7. Fixed Assets											-
8. Assets Others	-	-	-	-	-	-	-	-	-	-	-
i) Leased Assets											-
ii) Others											-



9. Reverse Repos												-
10. Swaps (Buy / Sell / Maturing Forward)												-
11. Bills rediscounted (DUPN)												-
12. Interest Receivable												-
13. Committed lines of credit												-
14. Export refinance from RBI												-
15. Others (specify)												-
C. Total Inflows	-	-	-	-	-	-	-	-	-	-	-	-
<hr/>												
D. Mismatch (C-A)	-	-	-	-	-	-	-	-	-	-	-	-
E. Mismatch as % to Outflows (D as % of A)	-	-	-	-	-	-	-	-	-	-	-	-
F. Cumulative Mismatch	-	-	-	-	-	-	-	-	-	-	-	-
G. Cumulative Mismatch as a % to Cumulative Outflows (F as a % to B)	-	-	-	-	-	-	-	-	-	-	-	-
<hr/>												
<hr/>												
*Net of provisions, interest suspense and claims received from ECGC / DICGC.												



## Annex – II: Short-term Dynamic Liquidity statement

Amount in ₹ crore

<b>Particulars</b>		<b>Next day</b>	<b>2-7 days</b>	<b>8-14 days</b>	<b>15-28 Days</b>	<b>29-90 Days</b>
<b>A. Outflows</b>						
1.	Net increase in loans and advances					
2.	Net increase in investments: (i) Approved securities (ii) Money market instruments (other than Treasury bills) (iii) Bonds / Debentures / shares (iv) Others					
3.	Inter-bank commitments					
4.	Off-balance sheet items (Repos, swaps, bills discounted, etc.)					
5.	Others					
<b>Total Outflows</b>						
<b>B. Inflows</b>						
1.	Net cash position					
2.	Net increase in deposits (less CRR obligations)					
3	Interest on investments					
4.	Inter-bank claims					
5	Refinance eligibility (Export credit)					
6.	Off-balance sheet items (Reverse repos, swaps, bills discounted, etc.)					
7.	Others					
<b>Total Inflows</b>						
<b>C. Mismatch (B - A)</b>						
<b>D. Cumulative mismatch</b>						
<b>E. C as a % to total outflows</b>						





### Annex – III: Interest Rate Sensitivity Statement

Name of the Bank : \_\_\_\_\_

Interest Rate Sensitivity Statement as on : \_\_\_\_\_

Amounts in ₹ crore

LIABILITIES		1-28 days	29 days 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 years and upto 5 years	Over 5 years	Non-sensitive	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 Adjustment									
	(iii) Provisions*									
	(iv) Others									
6.	Repos									
7.	Bills Rediscounted (DUPN)									
8.	Swaps (Buy / Sell)									



9.	Others (specify)										
<b>A.</b>	<b>TOTAL LIABILITIES</b>										
	<b>ASSETS</b>										
1.	Cash										
2.	Balances with RBI										
3.	Balances with other Banks	-	-	-	-	-	-	-	-	-	-
	(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, Overdrafts and Loans repayable on demand										
	(iii) Term Loans										
6.	NPAs (Advances and Investments) *										
7.	Fixed Assets										
8.	Other Assets	-	-	-	-	-	-	-	-	-	-
	(i) Inter-office Adjustment										
	(ii) Leased Assets										
	(iii) Others										
9.	Reverse Repos										
10.	Swaps (Sell / Buy)										
11.	Bills Rediscounted (DUPN)										



12.	Others (specify)										
<b>B.</b>	<b>TOTAL ASSETS</b>										
<b>C.</b>	<b>GAP (B-A)</b>										
	<b>OTHER PRODUCTS (INTEREST RATE)</b>	-	-	-	-	-	-	-	-	-	-
(i)	FRAs										
(ii)	Swaps										
(iii)	Futures										
(iv)	Options										
(v)	Others										
<b>D.</b>	<b>TOTAL OTHER PRODUCTS</b>										
<b>E.</b>	<b>NET GAP (C-D)</b>										
<b>F.</b>	<b>CUMULATIVE GAP</b>										
<b>G.</b>	<b>E AS % TO B</b>										

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



## Annex-IV: Maturity Profile – Liquidity

<b>Heads of Accounts</b>		<b>Classification into time buckets</b>
<b>A. Outflows</b>		
1.	Capital, Reserves and Surplus	Over 5 years bucket.
2.	Demand Deposits (Current and Savings Bank Deposits)	<p>Savings Bank and Current Deposits may be classified into volatile and core portions. Savings Bank (10%) and Current (15%) 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 banks and the core portion may be placed in over 1- 3 years bucket.</p> <p>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. <b>behavioural</b> maturity instead of <b>contractual</b> maturity, subject to the approval of the Board / ALCO.</p>
3.	Term Deposits	Respective maturity buckets. 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 the retail deposits in the appropriate buckets on the basis of behavioural maturity rather than residual maturity. However, the wholesale deposits should be shown under respective maturity buckets. (such deposits for the purpose of this statement may be ₹15 Lakhs or any such higher threshold approved by the bank's Board).
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.	<b>Other Liabilities and Provisions</b>	



	(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 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		
	<b>B. Inflows</b>		
1.	Cash		
2.	Balances with RBI		
3.	<b>Balances with other Banks</b>		
	(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.	<b>Investments (Net of provisions) #</b>		
	(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.
	(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 2-7days bucket, with a haircut of 50 per cent. Other shares in 'Over 5 years' bucket.
	(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.	<b>Advances (Performing)</b>			
	(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) Banks 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.	<b>NPAs (Net of provisions, interest suspense and claims received from ECGC / DICGC)</b>			
	(i)	Sub-standard	(i) Over 3-5 years bucket.	
	(ii)	Doubtful and Loss	(ii) Over 5 years bucket.	
7.	<b>Fixed Assets / Assets on lease</b>			
	'Over 5 years' bucket / Interim cash flows may be shown under respective maturity buckets.			
8.	<b>Other Assets</b>			
	(i)	Intangible assets	Intangible assets and assets not representing cash receivables may be shown in 'Over 5 years' bucket.	
<b>C. Off balance sheet items</b>				
1.	<b>Lines of Credit committed / available</b>			
	(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) Banks 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.	



2.	<b>Contingent Liabilities</b>	
	Letters of Credit / Guarantees (outflow)	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.
3.	<b>Other Inflows / outflows</b>	
	(i) Repos / Bills Rediscounted (DUPN) / CBLO / Swaps INR / USD, maturing forex forward contracts etc., (outflow / inflow)	(i) Respective maturity buckets.
	(ii) Interest payable / receivable (outflow / inflow) - Accrued interest which are appearing in the books on the reporting day	(ii) Respective maturity buckets.
	<b>Note :</b>	
	(i)	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".
	(ii)	All overdue liabilities may be placed in the Day 1, 2-7 days, and 8-14 days buckets, based on behavioural estimates.
	(iii)	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 '29 days to 3 months bucket' if the earlier receivables remain uncollected.
<b>D.</b>	<b>Financing of Gap</b>	
	In case the net cumulative negative mismatches during the Day 1, 2-7 days, 8-14 days, and 15- 28 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 INR (unswapped foreign currency funds), etc.	



## Annex V- Interest Rate Sensitivity

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



	Swaps (Buy / Sell) etc.	buckets.
<b>Assets</b>		
1.	Cash	Non-sensitive.
2.	Balances with RBI	Interest earning portion may be shown in over 3 - 6 months bucket. The balance amount is non-sensitive.
3.	Balances with other Banks	
	i) Current Account	Non-sensitive.
	ii) Money at Call and Short Notice, Term Deposits and other placements	Sensitive on maturity. The amounts should be distributed to the respective maturity buckets.
4.	Investments (Performing)	
	i) Fixed Rate / Zero Coupon	Sensitive on maturity.
	ii) Floating Rate	Sensitive at the next repricing date.
5.	Shares / Units of Mutual Funds	Non-sensitive
6.	Advances (Performing)	
	i) Bills Purchased and Discounted (including bills under DUPN)	Sensitive on maturity.
	ii) Cash Credits / Overdrafts (including TODs) / Loans repayable on demand and Term Loans	Sensitive only when PLR/risk premium is changed. Of late, frequent changes in PLR have been noticed. Thus, each bank should foresee the direction of interest rate movements of funding options and capture the amounts in the respective maturity buckets which coincides with the time taken by banks to effect changes in PLR in response to changes in market interest rates.
7.	NPAs (Advances and Investments) *	
	i) Sub-Standard	Over 3-5 years bucket.
	ii) Doubtful and Loss	Over 5 years bucket.
8.	Fixed Assets	Non-sensitive.
9.	Other Assets	
	Inter-office Adjustment	Non-sensitive.
	Leased Assets	Sensitive on cash flows. The amounts should be distributed to the respective maturity buckets corresponding to the cash flow dates.
	Others	Non-sensitive.
10.	Reverse Repos, Swaps (Sell / Buy) and	Sensitive on maturity.



	Bills Rediscounted (DUPN)	
11.	Other products (Interest Rate)	
	i) Swaps	Sensitive and should be distributed under different buckets with reference to maturity.
	ii) Other Derivatives	Should be suitably classified as and when introduced.
* Amounts to be shown net of provisions, interest suspense and claims received from ECGC / DICGC.		