



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

RBI/DOR/2025-26/261

DOR.LRG.REC.No.180/13-10-008/2025-26

November 28, 2025

Reserve Bank of India (Regional Rural 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, RBI being satisfied that it is necessary and expedient in 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 (Regional Rural Banks – Asset Liability Management) Directions, 2025.
- 2 These Directions shall become effective from the date of issue.

B. Applicability

- 3 These Directions shall be applicable to Regional Rural Banks (hereinafter collectively referred to as 'banks' and individually as a 'bank')

C. Definitions

- 4 In these Directions, unless the context otherwise requires, the terms herein shall bear the meanings assigned to them below:
 - (1) **'Defeasance Period'** is the time taken to liquidate the investment in securities on the basis of liquidity in the secondary market.
 - (2) **'Interest Rate Risk'** means risk where changes in market interest rates might adversely affect a bank's financial condition.
 - (3) **'Cash Reserve Ratio (CRR)'** shall have the same meaning as defined in the [Reserve Bank of India \(Regional Rural Banks– Cash Reserve Ratio and Statutory Liquidity Ratio\) Directions, 2025](#).
 - (4) **'Statutory Liquidity Ratio (SLR)'** shall have the same meaning as defined in [Reserve Bank of India \(Regional Rural Banks – Cash Reserve Ratio and Statutory Liquidity Ratio\) Directions, 2025](#).
 - (5) **'Marginal Standing Facility (MSF)'** shall mean the facility as mentioned in [RBI press release dated September 30, 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 the Board

A. Responsibilities of the Board

- 6 The Board shall have the overall responsibility for management of risks and shall decide the risk management policy and procedures, set prudential limits, auditing, reporting and review mechanism in respect of liquidity, interest rate, and forex risks.

B. Approval of policies, limits, and reviews

- 7 The Board shall approve the ALM Policy, exercise the requisite oversight on the implementation of the ALM system and review its functioning periodically.
- 8 The Board shall approve the internal prudential limits for cumulative mismatches (running total) across all time buckets for Structural Liquidity Statement.
- 9 The Board shall approve prudential limits on individual Gaps of Interest Rate Sensitivity Statement for a bank.



Chapter III – Asset Liability Management Governance

A. Introduction

- 10 These Directions shall serve as a benchmark for ALM system for those banks that lack a formal ALM system. In case a bank has introduced more sophisticated systems, it may continue with it, but shall ensure compliance with ALM systems suggested in the directions. ALM, among other functions, shall provide a dynamic framework for measuring, monitoring and managing liquidity, interest rate and foreign exchange (forex) risks, involving assessment of various types of risks and altering balance sheet (assets and liabilities) items in a dynamic manner to manage risks.
- 11 The ALM system shall rest on the following three pillars:
 - (1) ALM Information Systems comprising of:
 - (i) Management Information Systems (MIS); and
 - (ii) Availability, accuracy, adequacy, and expediency of information.
 - (2) ALM Organisation incorporating:
 - (i) Structure and responsibilities; and
 - (ii) Level of Top management involvement.
 - (3) ALM Process comprising of:
 - (i) Risk parameters;
 - (ii) Risk identification;
 - (iii) Risk measurement;
 - (iv) Risk management; and
 - (v) Risk policies and procedures, prudential limits and auditing, reporting, and review.

B. ALM Information Systems

- 12 ALM shall be supported by specific risk policies and procedures and prudential limits. The framework shall be built on sound methodology, with the availability of timely, adequate and accurate information being central to the ALM exercise.

C. ALM Organisation

- 13 A bank shall constitute an Asset-Liability Management Committee (ALCO), headed by the CEO or the Secretary, which shall be responsible for ensuring



adherence to the policies and limits set by the Board as well as for deciding the business strategy (on both assets and liabilities) in line with the bank's business and risk management objectives. The Board shall approve the ALM Policy, exercise the requisite oversight on the implementation of the ALM system, and review its functioning periodically.

- 14 The ALCO shall be a decision-making unit responsible for balance sheet planning from risk-return perspective, including the strategic management of liquidity, interest rate, and forex risks. The ALCO's future business strategy decisions shall be based on a bank's views on current interest rates. In respect of the funding policy, for instance, its responsibility would be to decide 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 between fixed and floating rate funds, wholesale and retail deposits, short term and long-term deposits, etc.
- 15 The size (number of members) of ALCO shall depend on the size of the bank, level of business and organisational structure. The Heads of Investment, Treasury, Credit, Strategy, and Risk Management can be members of the Committee, along with other members, as deemed suitable. The Head of the Information Technology Division responsible for building up of MIS, shall be an invitee. An RRB shall, at its discretion, have Sub-committees and Support Groups.
- 16 The ALM Support Groups, consisting of operating staff, shall be responsible for analysing, monitoring and reporting the risk profiles to the ALCO. The staff 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.
- 17 The business and risk management strategy of the Top Management shall ensure that it operates within the limits / parameters set by the Board. The ALCO shall inter alia consider pricing of both deposits and advances, desired maturity profile and mix of the incremental assets and liabilities, etc. In addition to monitoring the risk levels of a bank, the ALCO shall also review the results of and progress in implementation of the decisions made in the previous meetings.



- 18 The frequency for holding ALCO meetings shall be decided by the bank.
- 19 A bank shall periodically review and keep the Board informed of the status of implementation of ALM, including ALM system, functioning of ALCO, status of computerization, training requirements of officers / staff.

D. ALM Process

- 20 The scope of ALM function shall be as follows, with focus on Liquidity and Interest rate risk:
 - (1) Liquidity risk management;
 - (2) Interest rate risk management;
 - (3) Trading (Price) risk management;
 - (4) Funding and Capital Planning; and
 - (5) Profit planning and business projection.



Chapter IV – Liquidity Risk Management

A. Management of Liquidity Risk

- 21 Measuring and managing liquidity needs are vital for effective operation of RRBs. By assuring a bank's ability to meet its liabilities as they become due, liquidity management can reduce the probability of an adverse situation developing.
- 22 A bank shall measure liquidity positions on an ongoing basis and also examine how liquidity requirements are likely to evolve under different assumptions / scenarios. Liquidity measurement can be through stock (use of certain liquidity ratios, viz., credit-deposit ratio, loans to total assets, loans to core deposits, etc.) or flow approaches (tracking of cash flow mismatches).

B. Maturity Ladder-based monitoring

- 23 The maturity ladder shall be used as a standard tool for measuring the liquidity profile under the flow approach, at selected maturity buckets. A bank shall, accordingly, utilise the format of the Structural Liquidity Statement (SLS) under static scenario without reckoning future business growth as given in [Annex-I](#).
- 24 The Maturity Profile as given in [Annex-IV](#) shall be used for assessing the future cash flows of a bank in different time buckets. The time buckets shall be distributed as under:
 - (1) 1 to 14 days;
 - (2) 15 to 28 days;
 - (3) 29 days and up to 3 months;
 - (4) Over 3 months and up to 6 months;
 - (5) Over 6 months and up to 1 year;
 - (6) Over 1 year and up to 3 years;
 - (7) Over 3 years and up to 5 years; and
 - (8) 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. While determining the probable cash inflows / outflows, a bank shall make appropriate assumptions according to its asset - liability profile. It would also be necessary for a bank with Authorised Dealer licence to take into account the rupee inflows and outflows on account of



their forex operations. While determining the tolerance levels, a bank shall take into account all relevant factors, based on its asset-liability base, nature of business, future strategy, etc.

- 26 Top Management of a bank shall fix tolerance levels for various maturities in the SLS, depending on its asset-liability profile, extent of stable deposit base, the nature of cash flows, etc.
- 27 Within each time bucket, there could be mismatches depending on the cash inflows and outflows. While mismatches upto one year would be relevant since these provide early warning signals of impending liquidity problems, the main focus should be on the short-term mismatches, viz., 1-14 days and 15-28 days time buckets. The mismatches (negative gap between cash inflows and outflows) during the 1-14 days, and 15-28 days time buckets in normal course should not exceed 20 per cent of the cash outflows in each time bucket.
- 28 The investment in SLR securities and other investment shall be shown under respective residual maturity buckets, corresponding to the residual maturity.
- 29 A bank which maintains trading book and complies with the following requirements shall show the trading securities under 1-14 days, 15-28 days, and 29-90 days' time buckets, on the basis of the defeasance periods.
 - (1) Clearly defined composition and volume;
 - (2) Restriction on maximum maturity / duration of the portfolio;
 - (3) The holding period not exceeding 90 days;
 - (4) Prescribed cut-loss limit;
 - (5) Prescribed defeasance period (product-wise); and
 - (6) Marking to market on a weekly basis and the revaluation gain / loss absorbed in the profit and loss account.
- 30 The ALCO of the bank shall approve the volume, composition, holding / defeasance period, cut loss, etc., of the trading book.

C. Behavioural Patterns

- 31 Notwithstanding guidance provided in [Annex-IV](#), a bank which is better equipped to reasonably estimate the behavioural pattern 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.



D. Statement of Dynamic Liquidity

- 32 A bank shall estimate its short-term liquidity profile on the basis of business projections and other commitments for planning purposes as per format provided in [Annex-II](#) for estimating Short-term Dynamic Liquidity over a time horizon spanning from 1-90 days.

E. Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF)

- 33 A Scheduled RRB shall be eligible to access the Liquidity Adjustment Facility (LAF) and the Marginal Standing Facility (MSF) subject to compliance with the following conditions:
- (1) Implemented Core Banking Solution (CBS);
 - (2) Maintenance of a minimum CRAR of nine per cent; and
 - (3) Fully compliant with the terms and conditions for availing LAF and MSF issued by the Financial Markets Operations Department (FMOD), Reserve Bank of India.
- 34 The names of banks which meet the eligibility norms to participate in LAF and MSF (Positive List) and of those banks found ineligible (Negative List) will be communicated to the FMOD by Department of Regulation (DoR). The eligibility status of each bank shall be reviewed on an ongoing basis.



Chapter V – Currency Risk Management

- 35 One of the dimensions of ALM is the management of currency risk. Mismatched currency position, besides exposing the balance sheet to movement in exchange rates, also exposes it to country risk and settlement risk.
- 36 A bank with AD authorisation shall set gap limits and also adopt Value at Risk (VaR) approach to measure the risk associated with forex exposures. The open position limits together with the gap limits shall form part of the risk management approach to forex operations.



Chapter VI – Interest Rate Risk (IRR) Management

A. Introduction

- 37 Interest rate risk from 'earnings perspective' is the immediate impact of interest rate changes on bank's profits through changes in its spread [Net Interest Income (NII)]. Interest rate risk from 'economic value perspective' is the long-term impact of interest rate changes on bank's Market Value of Equity (MVE) or Net Worth as the marked to market value of bank's assets, liabilities and off-balance sheet positions get affected due to variation in market rates. The risk from the earnings perspective can be measured as changes in the NII or Net Interest Margin (NIM).
- 38 An RRB shall initially use the Traditional Gap Analysis (TGA) for measuring the Interest Rate Risk.

B. Traditional Gap Analysis

- 39 Gap analysis means measurement of "Gap", i.e., mismatches between rate sensitive liabilities and rate sensitive assets (including off-balance sheet positions) through a Gap Report generated by grouping rate sensitive liabilities, assets and off-balance sheet positions into time bands according to residual maturity or next repricing period, whichever is earlier.
- 40 Under TGA, a bank shall ascertain Gap or Mismatch risk by calculating Gaps, i.e., mismatches between rate sensitive liabilities and rate sensitive assets, over different time intervals as at a given date, by preparing Interest Rate Sensitivity Statement provided in [Annex - III](#).
- 41 An asset or liability is normally classified as rate sensitive if:
- (1) within the time interval under consideration, there is a cash flow. For instance, repayment of instalments of term loans, etc;
 - (2) the interest rate resets / reprices contractually during the interval. For instance, charges made in the interest on CC accounts, term loan accounts before maturity.
- 42 After stabilisation of ALM System and as a bank gains experience, it should prepare to switch over to more sophisticated techniques like Duration Gap Analysis, Simulation, and Value at Risk for interest rate risk management.



C. Interest Rate Sensitivity Statement

- 43 A bank shall report assets, liabilities, and off-balance sheet positions in the Interest Rate Sensitivity Statement.
- 44 The rate sensitive liabilities, assets, and off-balance sheet positions shall be grouped into time buckets according to residual maturity or next repricing period, whichever is earlier. The Gaps shall be identified in the following time buckets:
- (1) Up to 3 months;
 - (2) Over 3 months and up to 6 months;
 - (3) Over 6 months and up to 1 year;
 - (4) Over 1 year and up to 3 years;
 - (5) Over 3 years and up to 5 years;
 - (6) Over 5 years; and
 - (7) Non-sensitive.
- 45 The various items of rate sensitive assets, liabilities and off-balance sheet items shall be classified as explained in [Annex–V](#).
- 46 The positive Gap ($RSA > RSL$) indicates potential benefit from rising interest rates, whereas negative Gap ($RSA < RSL$) indicates benefit from declining interest rates. The Gap report can be used as a measure of interest rate sensitivity.
- 47 A bank shall set prudential limits on individual Gaps with the approval of the Board. The prudential limits shall be based on the Total Assets, Earning Assets, or Equity. A bank shall also work out Earnings at Risk (EaR) in terms of last year's NII or Net Interest Margin (NIM) aligned with its views on interest rate movements.

D. Behavioural Patterns

- 48 Notwithstanding guidance provided in [Annex–V](#), a bank which is better equipped to reasonably estimate the behavioural pattern 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.



Chapter VII – Monitoring and Reporting

A. Preparation and Review of Statements

- 49 A bank shall prepare the SLS for capturing the maturity structure of the cash flows, as on the last reporting Friday of March / June / September / December and put up to ALCO / Top Management within a month from the close of the last reporting Friday.
- 50 The statement of Short-term Dynamic Liquidity as on each reporting Friday shall be prepared and put up to the ALCO / Top Management within 2 / 3 days from the close of the reporting Friday.
- 51 For reporting interest rate sensitive assets and liabilities, a bank shall prepare Interest Rate Sensitivity (IRS) Statement as on the last reporting Friday of March / June / September / December and submit to the ALCO / Top Management within a month from the last reporting Friday.
- 52 Bank shall submit the SLS and IRS to NABARD as per following schedule:

Sr No	Returns for the quarter ending	Due date for submission
1	March	May 31
2	June	August 15
3	September	November 15
4	December	February 15



Chapter VIII – Repeal and Other Provisions

A. Repeal and Saving

- 53 With the issue of these Directions, the existing Directions, instructions, and guidelines relating to Asset Liability Management as applicable to Regional Rural 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.
- 54 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

- 55 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

- 56 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 : _____

Amounts in ₹ lakh

[illegible]



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	Interest Payable									
12	Others									
A	Total Outflows									
	Inflows									
1	Cash									
2	Balances with RBI									
3	Balances with Other Banks									
3.1	Current Account									
3.2	Money at Call & Short Notice, Term Deposits and Other placements and balances with other Banks									
4	Investments (Including those under Repos but excluding Reverse Repos)									
5	Advances (Performing)									
5.1	Bills Purchased and Discounted (including bills under DUPN)									
5.2	Cash Credits, Overdrafts and Loans repayable on demand									
5.3	Term Loans									



6	NPAs (Advances & Investments)*									
7	Fixed Assets									
8	Other Assets									
8.1	Branch Adjustments									
8.2	Leased Assets									
8.3	Others									
9	Reverse Repos									
10	Bills Rediscounted (DUPN)									
11	Interest Receivable									
12	Committed Lines of Credit									
13	Others									
B	Total Inflows									
C	Mismatch (B-A)									
D	Cumulative Mismatch									
E	C as % to A									

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



Annex – II: Short-term Dynamic Liquidity Statement

		(Amounts in lakh of Rupees)		
Particulars		1-14 Days	15-28 Days	29-90 Days
A. Outflows				
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 (bills discounted, etc.)			
5.	Others			
Total Outflows				
B. Inflows				
1.	Net cash position			
2.	Net increase in deposits (less CRR obligations)			
3.	Interest on investments			
4.	Inter-bank claims			
5.	Off-balance sheet items			
6.	Others			
Total Inflows				
C. Mismatch (B - A)				
D. Cumulative mismatch				
E. C as a % to total outflows				



Annex – III: Interest Rate Sensitivity Statement

Name of the Bank : _____

Interest Rate Sensitivity Statement as on : _____

Amounts in ₹ lakh

Sr. No.	Liabilities / Assets	Interest Sensitivity								
		1 to 28 days	29 days 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	Non-Sensitive	Total
	Liabilities									
1	Capital									
2	Reserves & Surplus									
3	Deposits									
3.1	Current Deposits									
3.2	Savings Bank Deposits									
3.3	Term Deposits									
3.4	Certificates of Deposit									
4	Borrowings									
4.1	Call and Short Notice									
4.2	Inter-bank (Term)									
4.3	Refinances									
4.4	Others									
5	Other Liabilities & Provisions									
5.1	Bills Payable									
5.2	Branch Adjustments									
5.3	Provisions*									



5.4	Others									
6	Repos									
7	Bills Rediscounted (DUPN)									
8	Others									
A	Total Liabilities									
* Excluding provisions for NPAs and investments										
	Assets									
1	Cash									
2	Balances with RBI									
3	Balances with Other Banks									
3.1	Current Account									
3.2	Money at Call and Short Notice, Term Deposits and Other placements and balances with other Banks									
4	Investments (Including those under Repos but excluding Reverse Repos)									
5	Advances (Performing)									
5.1	Bills Purchased and Discounted (including bills under DUPN)									
5.2	Cash Credits, Overdrafts and Loans repayable on demand									
5.3	Term Loans									
6	NPAs (Advances & Investments)*									
7	Fixed Assets									
8	Other Assets									
8.1	Branch Adjustments									



8.2	Leased Assets									
8.3	Others									
9	Reverse Repos									
10	Bills Rediscounted (DUPN)									
11	Others									
B	Total Assets									
C	GAP (B-A)									
Other Products (Interest Rate)**										
1	FRAs									
2	Swaps									
3	Futures									
4	Options									
5	Others									
D	Total Other Products									
E	Net Gap (C-D)									
F	Cumulative GAP									
G	E as % to B									

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

** As and when RRBs are permitted to transact in these products.



Annex IV: Maturity Profile – Liquidity

Heads of Account	Classification into Time buckets
A. Outflows	
Capital, Reserves and Surplus	Over 5 years bucket
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 first time buckets, i.e., 1-14 days, the core portion may be placed in over 1- 3 years time buckets.</p> <p>The above classification of Savings Bank and Current Deposits is only a benchmark. A bank which is better equipped to estimate the behavioural pattern on renewals, premature closures, etc. on the basis of past data / empirical studies could classify them in the appropriate time buckets, i.e. behavioural maturity instead of contractual maturity, subject to the approval of the Board / ALCO.</p>
Term Deposits	Respective residual (remaining period to maturity) time buckets. A bank which is better equipped to estimate the behavioural pattern on renewals, premature closures, etc. on the basis of past data / empirical studies could classify the retail deposits in the appropriate time buckets on the basis of behavioural maturity rather than residual maturity. However, the bulk deposits and inter-bank deposits shall be shown under respective residual time buckets.
Certificates of Deposit, Borrowings and Bonds (including Sub-ordinated Debt)	Respective residual time buckets.
Other Liabilities and Provisions	
i. Bills Payable	1-14 days time bucket.
ii. Branch Adjustments	The net credit balance may be shown in 1-14 days time bucket.
iii. Provisions other than for loan loss and depreciation in investments.	Respective time buckets depending on the purpose.
iv. Other Liabilities	Respective time bucket. Items not representing cash payables (i.e., guarantee fee received in advance, etc.) may be placed in over 5 years' time bucket .
B. Inflows	



Cash	1-14 days time buckets
Balances with RBI / Public Sector Banks for CRR / SLR purpose	While the excess balance over the required CRR / SLR may be shown under 1-14 days time buckets, the Statutory Balances may be distributed amongst various time bands corresponding to the maturity profile of DTL with a time-lag of 28 days.
Balances with other Banks	
i. Current Account	Non-withdrawable portion on account of stipulations of minimum balances may be shown under over 1-3 years time bucket and the remaining balances may be shown under 1-14 days time bucket.
ii. Money at Call and Short Notice, Term Deposits and other placements	Respective residual maturity time buckets.
Investments (Net of provisions)	
i. Approved securities	Respective residual maturity time buckets excluding the amount required to be reinvested to maintain SLR corresponding to the DTL profile in various time buckets.
ii. PSU bonds, CDs and CPs, Units of UTI (close ended), etc.	Respective residual time bands. Investments classified as NPAs should be shown under over 3-5 years time buckets (sub-standard) or over 5 years time buckets (doubtful).
iii. Equity of All India FIs, Units of UTI (open ended)	Over 5 years time buckets.
iv. Securities in the Trading Book	1-14, 15-28, and 29-90 time buckets corresponding to defeasance periods.
Advances (Performing)	
i. Bills Purchased and Discounted (including bills under DUPN)	i. Respective residual maturity time buckets
ii. Cash Credit / Overdraft (including TOD) and Demand Loan Component of Working Capital	ii. An RRB 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 time buckets, the core portion may be shown under over 1-3 year time bucket.
iii. Term Loans	Interim cash flows (instalments) should be shown under respective maturity time buckets.



NPAs (Net of provisions, Overdue Interest Reserves and claims received from ECGC / DICGC)	
i. Sub-standard	Over 3-5 years time bucket.
ii. Doubtful and Loss	Over 5 years time bucket.
Fixed Assets	Over 5 years time buckets.
Other Assets Branch Adjustments	The net debit balance may be shown in 1-14 days time bucket. Intangible assets and assets not representing cash receivables may be shown in over 5 years time bucket.
C. Contingent Liabilities / Lines of Credit committed / available and other Inflows / Outflows	
Unavailed portion of Cash Credit / Overdraft / Demand loan component of Working Capital limits (outflow)	i. 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 residual maturity time buckets within 12 months. ii. 1-14 days time bucket
Letters of Credit / Guarantees devolvement (outflow)	Based on past history, these should be distributed across time buckets.
Repos / Bills Rediscounted (DUPN) (outflow / inflow)	Respective residual maturity time buckets.
Interest payable / receivable (outflow / inflow) - Accrued interest which are appearing in the books on the, reporting day	Respective time buckets.

Note

1. Liability on account of event cash flows i.e. short fall in CRR / SLR balance on reporting Fridays, wage settlement, capital expenditure, etc. which are known to an RRB and any other contingency may be shown under respective maturity buckets.



2. All overdue liabilities should be placed in the 1-14 days time bucket.
3. Interest and instalments from advances and investments, which are overdue for less than one month may be placed in over 3-6 months, time bucket. Further, interest and instalments due (before classification as NPAs) may be placed in over 6-12 months time bucket if the earlier receivables remain uncollected.

D. Financing of Gap

In case the negative gap exceeds the prudential limit of 20 per cent of outflows, (1-14 and 15-28 days time buckets) an RRB 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 and deployment of foreign currency resources after conversion into rupees (unswapped foreign currency funds), etc.



Annex V: Interest Rate Sensitivity

Heads of Accounts			Rate sensitivity and time bucket	
Liabilities				
1.	Capital, Reserves and Surplus		Non-sensitive.	
2.	Current Deposits		Non-sensitive.	
3.	Savings Bank Deposits		Sensitive to the extent of interest paying (core) portion. This should be included in over 3-6 months time bucket. The non-interest-paying portion may be shown in non-sensitive bucket.	
4.	Term Deposits and Certificates of Deposit		Sensitive; reprices or resetting of interest rates on maturity. The amounts should be distributed to different time buckets on the basis of remaining term to maturity.	
5.	Borrowings - Fixed		Sensitive; reprices on maturity. The amounts should be distributed to different time buckets on the basis of remaining maturity.	
6.	Borrowings - Floating		Sensitive; reprices when interest rate is reset. The amounts should be distributed to the appropriate time bucket that refers to the resetting date.	
7.	Borrowings - Zero Coupon		Sensitive; reprices on maturity. The amounts should be distributed to the respective maturity time bucket.	
8.	Borrowings from RBI		Upto 3 months time bucket.	
9.	Refinances from other Agencies.		Fixed rate : As per respective Maturity. Floating rate : Reprices when Interest rate is Reset.	
10.	Other Liabilities and Provisions			
	i)	Bills Payable	i)	Non-sensitive.
	ii)	Branch Adjustments	ii)	Non-sensitive.
	iii)	Provisions	iii)	Non-sensitive.
	iv)	Others	iv)	Non-sensitive.
11.	Repos / Bills Re-discounted (DUPN),		Sensitive reprices only on maturity and should be distributed to the respective maturity buckets.	
Assets				
1.	Cash		Non - sensitive.	
2.	Balances with RBI		Interest earning portion may be shown in over 3-6 months time bucket. The balance amount is non-sensitive.	
3.	Balances with other Banks			



	i)	Current Account	i)	Non-sensitive
	ii)	Money at Call and Short Notice, Term Deposits and other placements	ii)	Sensitive on maturity. The amounts should be distributed to the respective maturity buckets.
4.	Investments (Performing).			
	i)	Fixed Rate / Zero Coupon	i)	Sensitive on maturity.
	ii)	Floating Rate	ii)	Sensitive at the next repricing date
5.	Shares of All India FIs / Units of UTI		i)	Non - sensitive.
6.	Advances (Performing)			
	Bills Purchased and Discounted (including bills Under DUPN)		i)	Sensitive on maturity.
	Cash Credits / Overdrafts (including TODs) / Loans repayable on demand and Term Loans		ii)	Sensitive; may be shown under over 3-6 months time bucket.
7.	NPAs (Advances and Investments) *			
	i)	Sub-Standard	i)	Over 3-5 years time bucket.
	ii)	Doubtful and Loss	ii)	Over 5 years time bucket.
8.	Fixed Assets		Non-sensitive.	
9.	Other Assets.			
	Inter-office Adjustment		Non-sensitive.	
	Others		Non-sensitive.	
10.	Other products (Interest Rate)			
	(i)	Other	(i)	Should be suitably classified as and when introduced.
* Amounts to be shown net of provisions, Overdue Interest Reserve and claims received from ECGC / DICGC.				