

## Appendix IV A

### 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
<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.
4. Certificates of Deposit, Borrowings and Bonds (including Subordinated 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.
<b>5. 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	Respective maturity buckets of underlying assets.
<b>B. Inflows</b>		
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.
<b>3. 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.
<b>4. 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%. 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.	
<b>5. 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.
<b>6.</b>	<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.
<b>7.</b>	<b>Fixed Assets / Assets on lease</b>	'Over 5 years' bucket / Interim cash flows may be shown under respective maturity buckets.
<b>8.</b>	<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.</b>	<b>Off balance sheet items</b>	
<b>1.</b>	<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.
<b>2.</b>	<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 devolvments 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 devolvments may be shown under respective maturity buckets on the basis of probable recovery dates.
<b>3.</b>	<b>Other Inflows / outflows</b>	
	(i) Repos / Bills Rediscounted (DUPN) / CBLO / Swaps INR / USD, maturing forex forward contracts/futures 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. 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 % ,10%, 15 % and 20% 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 rupees ( unswapped foreign currency funds ), etc.	

## Appendix IV B

### Guidance for Slotting the Future Cash Flows of Banks in Structural Liquidity Statement Part A 2

Heads of Accounts	Classification into time buckets
<b>A. Outflows</b>	
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 rupee 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>B. Inflows</b>	
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.

## Appendix V

### List of Circulars consolidated/modified in the Guidelines

S.No.	Circular No.	Date	Relevant para of the circular	Subject
1.	D.O No. DBOD. IBS/1163/C.212 (SG)-86	June 5, 1986	1, 2, 3, Annexure A and B	Control Systems at Foreign Offices – Asset Liability Management
2.	A.D (M.A Series) Circular No. 16	May 15, 1999	-	Amendments to the Exchange Control Manual
3.	DBOD. No. BP.BC.8/21.04.098/99	February 10, 1999	1 to 5, 7 of the circular and 1 to 6 of the Annex.	Asset-Liability Management (ALM) System
4.	DBS.BC. No. OSMOS.2/33.01.001.15/98-99	July 17, 1999	1 to 3	Introduction of Second Tranche of DSB Returns
5.	DBOD. No. BP. (SC). BC. 98/21.04.103/99	October 7, 1999	13 of the circular and 8.2 and 9.10 of the Annex.	Risk Management Systems in Banks
6.	DBS.CO.FBC.BC.34/13.1 2.001/1999-2000	April 6, 2000	DSB (O) return II	Report of the Working Group on Supervision of foreign branches of Indian banks – Implementation
7.	DBOD.No.BP.520/21.04.103/2002-03	October 12, 2002	2.1, 2.2 , Chapter 3	Guidance note on Market Risk Management
8.	DBOD. No. BP. BC. 72/21.04.018/2001-02	February 25, 2003	30	Guidelines for Consolidated Accounting and Other Quantitative methods to Facilitate Consolidated Supervision.
9.	DBOD. No. BP. BC. 66/21.01.002/2006-07	March 6, 2007	-	Prudential Limits for Inter-Bank Liabilities
10.	DBOD. No. BP.BC. 101/21.04.103/2006-07	June 26, 2007	-	Guidelines on Stress Testing
11.	DBOD. No. BP. BC. 38/21.04.098/2007-08	October 24, 2007	-	Guidelines on Asset-Liability (ALM) System – Amendments
12.	DBOD.No.BP.BC.66/21.0 6.001/2007-08	March 26, 2008	12.8	Supervisory Review Process Under the New Capital Adequacy Framework - Guidelines for Pillar 2
13.	DBOD.No.BP.BC.9/21.04 .018/99	February 10, 1999	3,4	Balance Sheet of Banks - Disclosure of Information
14.	IDMD.PCD.3/14.01.01/ 2011-12	July 01, 2011	3.1	Master Circular on Call/Notice money Market Operations