

Annex

Illustrative Examples - Risk Weights (RW) applicable on credit facilities guaranteed under specific existing schemes

(Guarantee coverage, first loss percentage and payout cap ratio may be factored in as given below and as amended from time to time in the respective schemes)

Scheme name	Guarantee Cover	Risk weight
1. Credit Guarantee Fund Scheme for Factoring (CGFSF)	<p>The first loss of 10% of the amount in default to be borne by Factors.</p> <p>The remaining 90% (i.e. second loss) of the amount in default will be borne by NCGTC and Factors in the ratio of 2:1 respectively</p>	<ul style="list-style-type: none"> • First loss of 10% amount in default – Full capital deduction • 60% amount in default borne by NCGTC- <u>0% RW</u>. • Balance 30% amount in default - <u>Counterparty/Regulatory Retail Portfolio (RRP) RW as applicable.</u> <p>Note: The maximum capital charge shall be capped at a notional level arrived by treating the entire exposure as unguaranteed.</p>
2. Credit Guarantee Fund Scheme for Skill Development (CGFSD)	<p>75% of the amount in default.</p> <p>100% of the guaranteed claims shall be paid by the Trust after all avenues for recovery have been exhausted and there is no scope for recovering the default amount.</p>	<ul style="list-style-type: none"> • Entire amount in default - <u>Counterparty/ Regulatory Retail Portfolio (RRP) RW as applicable.</u>
3. Credit Guarantee Fund for Micro Units (CGFMU)	<p><u>Micro Loans</u></p> <p>The first loss to the extent of 3% of amount in default.</p> <p>Out of the balance, guarantee will be to a maximum extent of 75% of the amount in default in the crystallized portfolio</p>	<ul style="list-style-type: none"> • First loss of 3% amount in default – Full capital deduction • 72.75% of the amount in default - <u>0% RW</u>, subject to maximum of $((15\% * CP) - C) * \left[\frac{SLA}{CP} \right]$

		<p>Where-</p> <ul style="list-style-type: none"> ○ CP = Crystallized Portfolio (sanctioned amount) ○ C = Claims received in previous years, if any, in the crystallized portfolio ○ SLA = Sanctioned limit of each account in the crystallized portfolio ○ 15 per cent represents the payout cap ● Balance amount in default - <u>Counterparty/ RRP RW as applicable.</u> <p>Note: The maximum capital charge shall be capped at a notional level arrived by treating the entire exposure as unguaranteed.</p>
<p>4. CGTMSE guarantee coverage for Micro-Enterprises</p>	<p><u>Upto ₹5 lakh</u> 85% of the amount in default subject to a maximum of ₹4.25 lakh</p> <p><u>Above ₹5 lakh & upto ₹50 lakh</u> 75% of the amount in default subject to a maximum of ₹37.50 lakh</p> <p><u>Above ₹50 lakh & upto ₹200 lakh</u> 75% of the amount in default subject to a maximum of ₹150 lakh</p>	<ul style="list-style-type: none"> ● Guaranteed amount in default – <u>0% RW*</u> ● Balance amount in default - <u>Counterparty/ RRP RW as applicable.</u>
<p>*In terms of the payout cap stipulations of CGTMSE, claims of the member lending institutions will be settled to the extent of 2 times of the fee including recovery remitted during the previous financial year. However, since the balance claims will be settled in subsequent year/s as the position is remedied, the entire extent of guaranteed portion may be assigned zero percent risk weight.</p>		
