











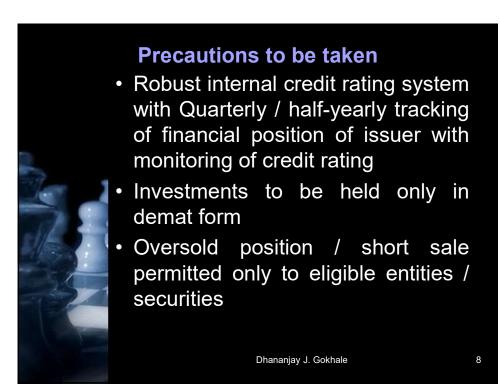


Precautions to be taken

- Investments only in own name
- PMS not permitted for own as well as customers
- Credit risk analysis at par with loan proposal
- Reference to defaulters list maintained by CIC (Credit Information Companies)
- Review to be stringent than borrowers

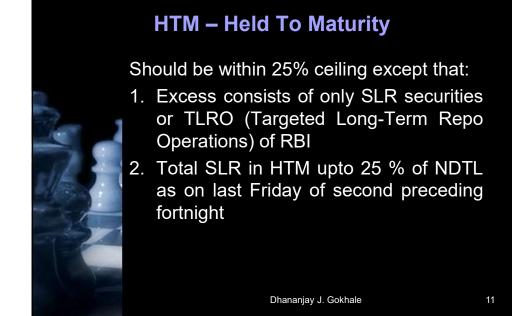
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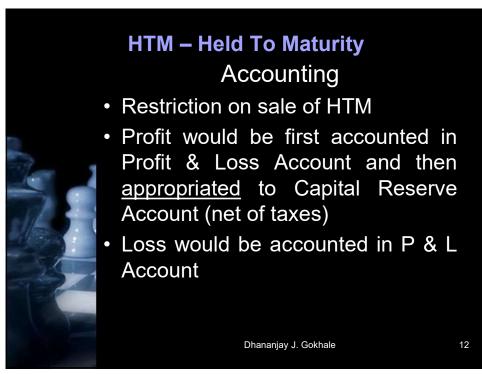
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HFT – Held For Trading

Are those investments which bank expects to make a gain by movement of interest rates / market rates and are required to be sold within 90 days

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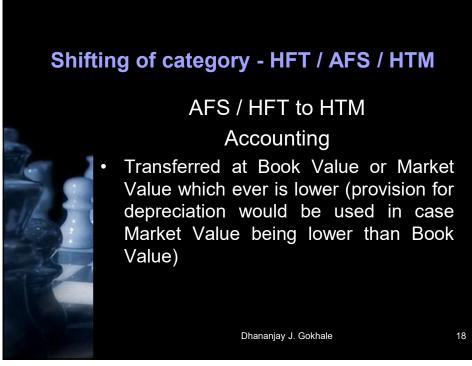
Shifting of category - HFT / AFS / HTM

HTM to / from AFS / HFT

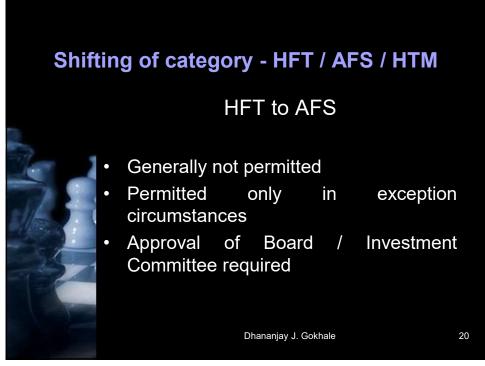
Accounting

- Transferred at Book Value (which would be net of amortisation)
- Immediately marked to market and provision for depreciation made on the same day
- Thus, Book Value remains unchanged

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Shifting of category - HFT / AFS / HTM

AFS to / from HFT

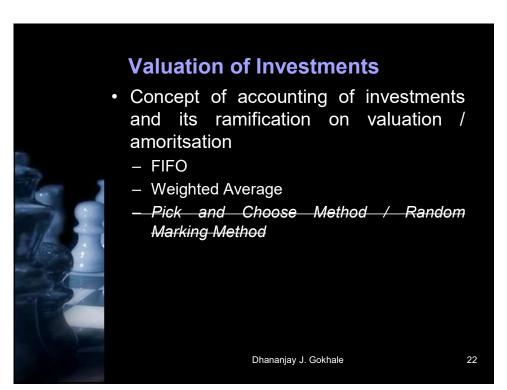


Accounting

- Transferred at Acquisition Cost or Book Value or Market Value which ever is lower (provision for depreciation would be used in case Market Value being lower than Book Value)
- Book Value remains unchanged

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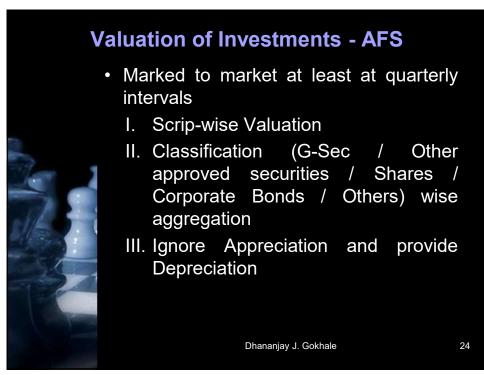
Valuation of Investments - HTM

- Are NOT marked to market
- Premium in Book Value over face value to be amortised over the residual period



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VALUATION OF SECURITIES

- 1. Central Government Securities
- 2. State Government Securities
- 3. Special Securities issued by Gol like Oil Bonds / Fertilizer Bonds
- 4. Unquoted non-SLR Securities
- 5. Treasury Bills (T-Bills)
- 6. Commercial Papers
- 7. Units of MFs
- 8. Shares of Co-operative Institution (if dividend not received to be valued at Re. 1 per Institution)

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Valuation – Securities

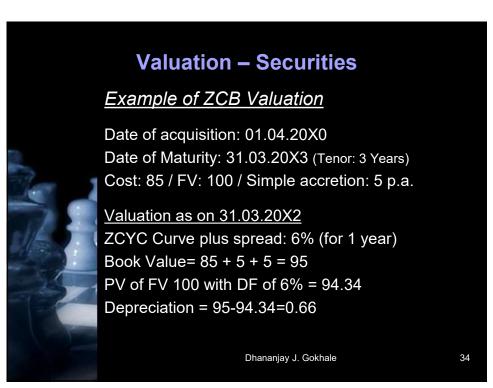
Example of unquoted Non-SLR Valuation Rate of interest (Coupon): 9% Date of Valuation: 31.03.20X1 Date of Maturity: 31.03.20X4 Residual Maturity: 3 Years / Rating: AA+ Par Yield Curve for 3 years: 6% Risk spread for AA+ rating and 3 years: 2% Expected market Returns (Yield): 6 + 2 = 8% Valuation as on 31.03.20X1: Rs. 102.58 PRICE(settlement date, maturity date, rate, yield, redemption, frequency, [basis]) {Basis: 3 = Actual/365} Price(31/03/20X1,31/03/20X4,9%,8%,1,3)

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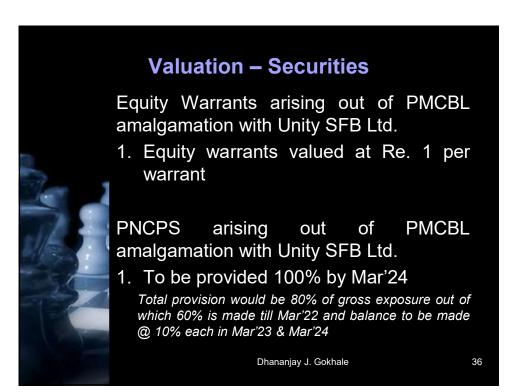
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Transactions in Treasury

SDF (Standing Deposit Facility) – Overnight Lending under LAF (without underlying collateral by RBI)

MSF (Marginal Standing Facility) – Liquidity window by RBI

LAF – Repo / Reverse Repo

Market – Repo / Reverse Repo

Repo: Borrowing of Money Reverse Repo: Borrowing of Securities

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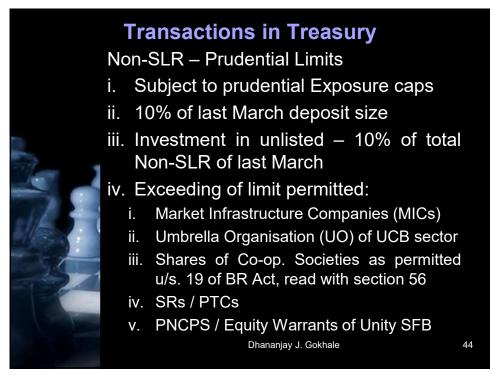
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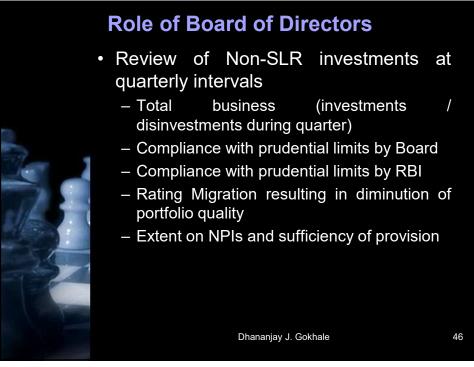




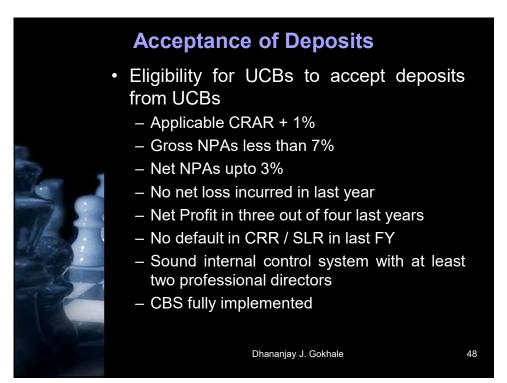




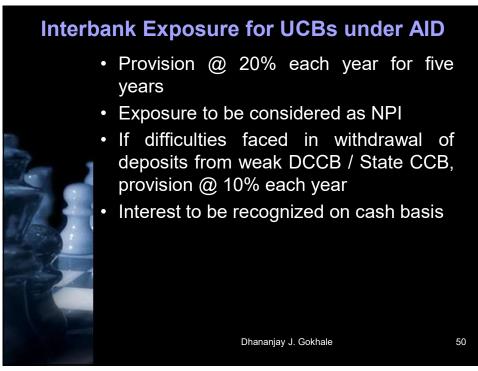








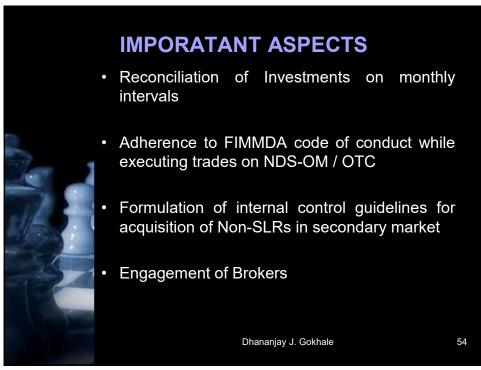






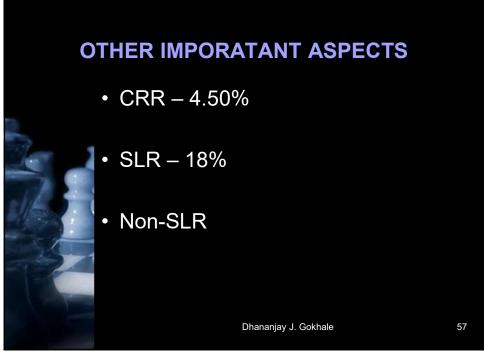






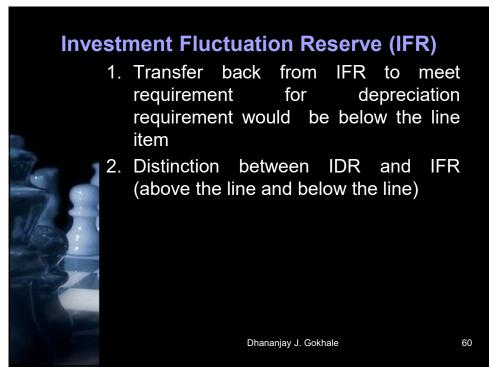


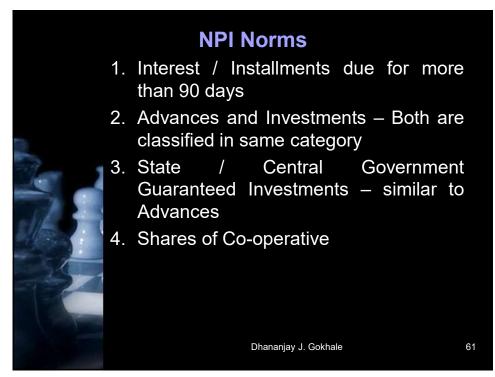


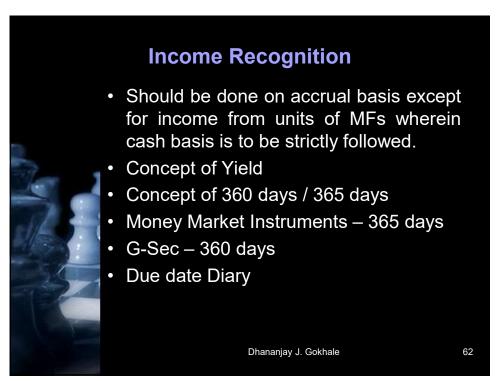




Investment Fluctuation Reserve (IFR) 1. Create IFR if surplus IDR is reversed 2. to be built up out of realised gains of securities 3. Subject to availability of net profit 4. Should be minimum of 5% of HFT and AFS Investment Portfolio 5. Higher IFR permitted 6. Is considered as appropriation after Statutory Reserves 7. Eligible for Tier II









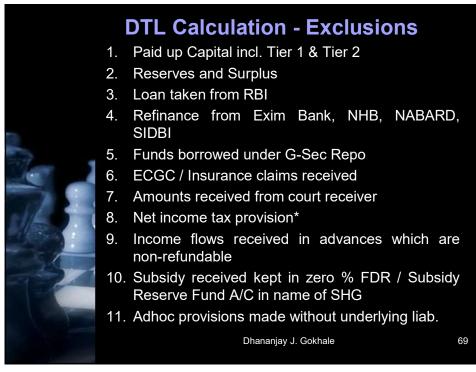












	RBI	Returns – CRR / SLR		
	CRR Maintenance reporting to RBI			
	Form No.	Applicability		
	A	SCBs including RRBs Small Finance Banks Payment Banks Local Area Banks		
	В	Scheduled Co-operative Banks		
		Non-scheduled Co-operative Banks		
	Fortnightly return specifying the bank's position of NDTL within 7 days provisional / within 20 days final			
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	RBI	Returns – CRR / SLR	
	SLR Maintenance reporting to RBI		
	Form No.	Applicability	
	VIII	SCBs including RRBs Small Finance Banks Payment Banks Local Area Banks	
		Co-operative Banks	
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