Appendix B

Consolidated Prudential Return (CPR) 1

General

Reporting Institution	
Address	
For the period ended	Sept/March 200X
Periodicity	Half-yearly
Date of Report	
Validation Status of report	

A. Details on subsidiaries/ related entities

Sl. No.	Name of the subsidiary/ related entity	Type of business	Name of CEO & Tel. No	Name of Regulator	Share-holding (%)	Remarks
1						
2						
3						
4						
..						
..						

Note:

1. Consolidation exercise may exclude group companies which are engaged in (a) Insurance business & (b) Businesses not pertaining to financial services. As such, while brief details about **all** subsidiaries/ related entities may be provided in Section A, the financial data of such subsidiaries may not be included for consolidation in Section D. The fact of exclusion of such entities may be provided under remarks column. Relevant details of the control/share holding may also be provided under remarks column.
2. Apart from guidance note provided for compiling the return, please follow DBOD's existing and subsequent instructions on Consolidated Financial Statements, Consolidated Prudential Norms, Consolidated Prudential Reporting and Accounting Standards issued from ICAI in the context of consolidated accounting.

B. Form of consolidated balance sheet of a bank and its subsidiaries engaged in financial activities

Balance Sheet of ________________________ (here enter name of the banking group)

(Rs. in crore)

Balance Sheet as on Sep 30/March 31 (Year)

	Schedule	As on 30.9/31.3.__ (current year)	As on 30.9/31.3. (previous year)
CAPITAL & LIABILITIES			
Capital	1		
Reserves & Surplus	2		
Minorities Interest	2A		
Deposits	3		
Borrowings	4		
Sundry Payables[1]			
Other Liabilities and Provisions	5		
Total			
ASSETS			
Cash and Balances with Reserve Bank of India	6		
Balances with banks and money at call and short notice	7		
Investments	8		
Loans & Advances	9		
Sundry Receivables[2]			
Fixed Assets	10		
Other Assets	11		
Goodwill on Consolidation[3]			
Debit Balance of Profit and Loss A/C			
Total			
Contingent liabilities	12		
Bills for Collection			

[1] This head would include payables of the nature of trading items e.g., those arising from purchasing of securities by a subsidiary carrying on the business of purchase and sale of investments, etc., to the extent not covered by the head 'Other Liabilities and Provisions'. A separate schedule may be added to disclose the nature of the various items included in this head.

[2] This head would include receivables of the nature of trading items, e.g., those arising from sale of securities by a subsidiary carrying on the business of purchase and sale of investments, etc., to the extent not covered by the head 'Other Assets'. A separate schedule may be added to disclose the nature of the various items included in this head.

[3] Where there is more than one subsidiary and the aggregation results in Goodwill in some cases and Capital Reserves in other cases, net effect to be shown in Schedule 2 and Assets side after giving separates notes.

C. Form of Consolidated Profit & Loss Account of a bank and its subsidiaries engaged in financial activities

Profit and Loss Account of ________________________ (here enter name of the banking group)

(Rs. in crore)

Profit & Loss Account for the year ended Sep 30/March 31 ___

	Schedule	period ended 30.9/31.3.__ (current year)	period ended 30.9/31.3.__ (previous year)
I. Income			
Interest and dividend earned[1]	13		
Share of earnings in Associates			
Other income	14		
Total			
II. Expenditure			
Interest expended	15		
Operating expenses	16		
Provisions and contingencies			
Total			
Consolidated Net profit/(loss) for the year before deducting Minorities' Interest			
Less: Minorities' Interest			
Consolidated profit/(loss) for the year attributable to the group			
Add: Brought forward consolidated profit/(loss) attributable to the group			
III. Appropriations			
Transfer to statutory reserves			
Transfer to other reserves			
Transfer to Government/Proposed dividend			
Balance carried over to consolidated balance sheet			
Total			
Earnings per Share			

[1] Interest and dividends earned should be disclosed separately.

SCHEDULE 1 – CAPITAL		
	As on 30.9/31.3.__ (current year)	**As on 30.9/31.3.__ (previous year)**
Authorised Capital (.... Shares of Rs ... each)		
Issued Capital (.... Shares of Rs ... each)		
Subscribed Capital (.... Shares of Rs ... each)		
Called-up Capital (.... Shares of Rs ... each)		
Less: Calls unpaid		
Add: Forfeited shares		
Total		

SCHEDULE 2 – RESERVES & SURPLUS [1]		
	As on 30.9/31.3.__ (current year)	**As on 30.9/31.3.__ (previous year)**
Statutory Reserves		
Capital Reserves		
Capital Reserve on Consolidation[2]		
Share Premium		
Other Reserves (specify nature)		
Revenue and other Reserves		
Balance in Profit and Loss Account		
Total		

SCHEDULE 2A-MINORITIES INTEREST		
Equity (…Shares of Rs. …..each)		
…..% in pre-acquisition Reserves & Surplus		
…..% in post-acquisition Reserves & Surplus[3]		
Balance in Profit and Loss Account		
Total		

[1.] Opening balances, additions and deductions since the last consolidated balance sheet, shall be shown under each of the specified heads

[2]. Where there is more than one subsidiary aggregation results in Goodwill in some cases and Capital Reserves in other cases, net effect to be shown in Schedule 2 or Assets side after giving separates notes.

[3]. Disclose opening balance, additions and closing balance.

SCHEDULE 3 – DEPOSITS		
	As on 30.9/31.3.__ (current year)	**As on 30.9/31.3.__ (previous year)**
A. I. *Demand Deposits*		
(i) From banks		
(ii) From others		
II. *Savings Bank Deposits*		
III. *Term Deposits*		
(i) From banks		
(ii) From others		
Total (I, II and III)		
B. (i) Deposits of subsidiaries in India including foreign offices, if any*		
(ii) Deposits of subsidiaries outside India including Indian offices, if any*		
(iii) Deposits of Parent		
Total (I, II and II		
C. (i) Deposits of parent in India		
(ii) Deposits of subsidiaries in India		
(iii) Total Deposits in India (I +ii)		
(iv) Deposits of parent outside India		
(v) Deposits of subsidiaries outside India		
(vi) Total Deposits outside India		
Total (iii + vi)		

? ***Based on the domicile***

SCHEDULE 4 – BORROWINGS

	As on 30.9/31.3.__ (current year)	As on 30.9/31.3.__ (previous year)
I. *Borrowings in India*		
(i) From the Reserve Bank of India		
(ii) From other banks		
(iii) From other institutions and agencies		
(iv) Debentures		
(v) Other Long-term borrowings (indicate source of borrowing)		
II. *Borrowings outside India*		
Total (I & II)		

(Secured borrowings included in I & II above – Rs.____ from India and Rs.___ from outside India)

SCHEDULE 5 – OTHER LIABILITIES AND PROVISIONS

	As on 30.9/31.3.__ (current year)	As on 30.9/31.3.__ (previous year)
II Subordinated Debt for Tier II Capital		
II. Bills payable		
III. Inter-office (Inter-branch)adjustments (net) a) Parent b) Subsidiaries		
IV. Intra-Group Adjustment (net)		
V. Interest accrued		
VI. Tax Liabilities a) Current tax liabilities b) Deferred tax liabilities		
V. Others (including provisions, give details)		
Total		

Note: The net debits of each subsidiary should be aggregated.

SCHEDULE 6 – CASH AND BALANCES WITH RESERVE BANK OF INDIA

	As on 30.9/31.3.__ (current year)	As on 30.9/31.3.__ (previous year)
I. *Cash in hand* (including foreign currency notes)		
II. *Balances with Reserve Bank of India*		
(i) in Current Account		
(ii) in other Accounts		
Total (I & II)		

SCHEDULE 7 – BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE		
	As on 30.9/31.3.__ (current year)	**As on 30.9/31.3.__ (previous year)**
I. *In India*		
(i) Balances with banks		
(a) in Current accounts		
(b) in other Deposit accounts		
(ii) Money at call and short notice		
(a) with banks		
(b) with other institutions		
Total (I & II)		
II. *Outside India*		
(i) in Current accounts		
(ii) in other Deposit accounts		
(iii) Money at call and short notice		
Total		
Grand Total (I & II)		

SCHEDULE 8 – INVESTMENTS		
	As on 30.9/31.3.__ (current year)	**As on 30.9/31.3.__ (previous year)**
I. *Investments in India in*		
(i) Government securities		
(ii) Other approved securities		
(iii) Shares		
(iv) Debentures and Bonds		
(v) Others (to be specified)		
Total		
II. *Investments outside India in*		
(i) Government securities (including local authorities)		
(ii) Other investments (to be specified)		
Total		
Grand Total (I & II)		
III. Gross value of Investments		
Aggregate of Provisions for Depreciation		
Net Investment		
Classification of Investments as per RBI Guidelines		
I. Held for Trading		
II. Held to Maturity		
III. Available for Sale		
Total		

Details of investments

I. Investments in associates (disclose goodwill/ capital reserves separately as per AS 23)		
II. Other investments		
Total		

SCHEDULE 9 – LOANS & ADVANCES		
	As on 30.9/31.3.__ (current year)	**As on 30.9/31.3.__ (previous year)**
A. (i) Bills purchased and discounted		
(ii) Cash credits, overdrafts and loans repayable on demand		
(iii) Term loans		
(iv) Lease Receivables		
Total		
B. (i) Secured by tangible assets		
(ii) Covered by Bank/Government Guarantees		
(iii) Unsecured		
Total		
C.I *Advances in India*		
(i) Priority sectors		
(ii) Public sector		
(iii) Banks		
(iv) Others		
Total		
C.II *Advances outside India*		
(i) Due from banks		
(ii) Due from others		
(a) Bills purchased and discounted		
(b) Syndicated loans		
(c) Others		
Total		
Grand Total (C.I. & C.II)		

SCHEDULE 10 – FIXED ASSETS		
	As on 30.9/31.3.__ (current year)	**As on 30.9/31.3.__ (previous year)**
I. *Premises*		
At cost as on 31st March of the preceding year Additions during the year Deductions during the year		
Depreciation to date		
IA. Premises under construction		
II. *Other Fixed Assets* (including furniture and fixtures)		
At cost (as on 31 March of the preceding year		
Additions during the year		
Deductions during the year		
Depreciation to date		
IIA. Leased Assets		
At cost as on 31st March of the preceding year Additions during the year Deductions during the year		
Depreciation to date		
Total (I, IA,II &IIA)		
III. Capital-Work-in progress (Leased Assets) net provisions		
Total (I, IA, II, IIA & III)		

SCHEDULE 11 – OTHER ASSETS		
	As on 30.9/31.3.__ (current year)	**As on 30.9/31.3.__ (previous year)**
I. Inter-office (Inter-branch) adjustments (net)* a) Parent b) Subsidiaries		
II. Intra-Group Adjustments (net)		
III. Interest accrued		
IV. Tax paid in advance/tax deducted at source		
V. Stationery and stamps		
VI. Non-banking assets acquired in satisfaction of claims		
VI. Prepaid expenses		
VII. Deferred Tax assets		
VIII. Others		
Total		

Note: *The net credits of each subsidiary should be aggregated.

SCHEDULE 12 – CONTINGENT LIABILITIES		
	As on 30.9/31.3.__ (current year)	**As on 30.9/31.3.__ (previous year)**
I. Claims against the bank not acknowledged as debts		
II. Liability for partly paid investments		
III. Liability on account of outstanding forward exchange contracts		
IV. Guarantees given on behalf of constituents		
(a) In India		
(b) Outside India		
V. Acceptances, endorsements and other obligations (give details)		
VI. Other items for which the Group is contingently liable		
Total		

SCHEDULE 13 – INTEREST AND DIVIDENDS EARNED		
	period ended 30.9/31.3.__ (current year)	**period ended 30.9/31.3.__ (previous year)**
I. Interest/discount on advances/bills		
II. Interest and dividends on investments		
III. Interest on balances with Reserve Bank of India and other inter-bank funds		
IV. Others (give details)		
Total		

SCHEDULE 14 – OTHER INCOME		
	period ended 30.9/31.3.__ (current year)	**period ended 30.9/31.3.__ (previous year)**
I. Commission, exchange and brokerage		
II. Profit on sale of land, buildings and other assets		
Less: Loss on sale of land, buildings and other assets		
III. Profit on exchange transactions Less: Loss on exchange transactions		
IV. Profit on sale of investments(net) Less: Loss on sale of investments		
V. Profit on revaluation of investments Less: Loss on revaluation of investments		
VI. a) Lease finance income b) Lease management fee c) Overdue charges d) Interest on lease rent receivables		
VII Miscellaneous income		
Total		

SCHEDULE 15 – INTEREST EXPENDED		
	period ended 30.9/31.3.__ (current year)	**period ended 30.9/31.3.__ (previous year)**
I. Interest on deposits		
II. Interest on Reserve Bank of India/ inter-bank borrowings		
III. Others (give details)		
Total		

SCHEDULE 16 – OPERATING EXPENSES		
	period ended 30.9/31.3.__ (current year)	**period ended 30.9/31.3.__ (previous year)**
I. Employees' costs		
II. Rent, taxes and lighting		
III. Printing and stationery		
IV. Advertisement and publicity		
V. Depreciation on bank's property a) Other than Leased Assets b) Leased Assets		
VI. Directors' fees, allowances and expenses		
VII. Auditors' fees and expenses (including branch auditors' fees and expenses)		
VIII. Law charges		
IX. Postage, telegrams, telephones, etc.		
X. Repairs and maintenance		
XI. Insurance		
XII Amortisation of Goodwill, if any		
XIII Other expenditure (give details)		
Total		

Notes:

1. Additional line items, headings and sub-headings should be presented in the consolidated balance sheet and consolidated profit and loss account and schedules thereto when required by a statute, Accounting Standards or when such a presentation is necessary to present the true and fair view of the group's financial position and operating results. In the preparation and presentation of consolidated financial statements Accounting Standards issued by the ICAI, to the extent applicable to banks, should be followed.

2. In case of joint ventures, separate disclosures of line items as per proportionate consolidation should be made both in the consolidated balance sheet and consolidated profit and loss account.

D. Select data on financial/risk profile of the group

(i) Consolidated Financials for the Group

Position as at the end of September/ March 200X

Rs.in crore

Sl. No.	Parameters	Amount
1	Total Assets (Prepared on the lines of CFS)	
2	Capital & Reserves (Prepared on the lines of CFS)	
3	Regulatory Capital (Actual/ Notional) – after netting for consolidation	
4	Risk-weighted assets(Actual/ Notional)	
5	Capital Adequacy Ratio(Actual/ Notional) (%)	
6	Total Deposit Funds	
7	Total Borrowings	
8	Total Advances (Gross)	
9	Total Non-performing Advances (Gross)	
10	Total Investments (Book Value)	
11	Total Investments (Market Value)	
12	Total Non-performing Investments	
13	Total Non-performing Assets (incl. Advances & Investments which are non-performing) (Items 9 & 12)	
14	Provision held for Non-performing Advances	
15	Provisions held for Non-performing Investments	
16	Profit before Tax (for Half-year/ Year ended Sept./March)	
17	Profit after Tax (for Half-year/ Year ended Sept./March)	
18	Return on Assets (For Half-year / Year ended Sept./ March)	
19	Return on Equity (For the Half-year / Year ended Sept./ March)	
20	Total Off-balance sheet exposures (contingent credits)	
21	Total Dividends paid (for Half-year/ Year ended Sept./March)	

(ii) Large Exposures

(a) Large Exposures to Individual Borrowers (Exposures which are in excess of 10% of Capital Funds of the Group)

Sl. No.	Name of the Borrower	Amount (Rs. in crore)

(b) Large Exposures to Borrower Groups (Exposures which are in excess of 30% of Capital Funds of the Group)

Sl. No.	Name of the Borrower Group	Amount (Rs. in crore)

(iii). Forex Exposures

Total of Overnight Open Position Limits for the Group*	Amount (Rs. in crore)

*** Note:** Wherever Overnight Open Position Limits are not prescribed, the **maximum Overnight Open Position** during the period for such entities may be taken.

(iv). Connected Lending in the Group

Sl. No.	Name of the (i) Directors (ii) Significant shareholders (iii)Key Management Personnel (iv) Relatives of (i, ii and iii) and (v) Enterprises of interest (where i, ii and iii have interest)	Exposure Amount (Rs. in crore)	Remarks

Amount in Rs. crore

(v). Structural Liquidity Position for the Group

	1 to 14 days	15 to 28 days	29 days and upto 3m	over 3m and upto 6m	over 6m and upto 12 m	over 1 year & upto 3 years	over 3y and upto 5y	Over 5 years	Total
1.Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.Reserves and Surplus	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.1.Current Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.2.Saving Bank Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.3.Term Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.4.Certificates of Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.Borrowings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.1.Call and Short Notice	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.2.Inter Bank(Term)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.3.Refinances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.4.Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.Other Liabilities and Provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.1.Bills Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.2.Inter-office Adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.3.Provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.4.Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.Lines of Credit-commited to	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.1.Institutions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.2.Customers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7.Unavailed portion of Cash Credit/Overdraft/Demand Loan component of Working capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8.Letters of Credit/Guarantees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9.Repos	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10.Bills Rediscounted(DUPN)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11.SWAPS(Buy/Sell)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12.Interest Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13.Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	1 to 14 days	15 to 28 days	29 days and upto 3m	over 3m and upto 6m	over 6m and upto 12 m	over 1 year & upto 3 years	over 3y and upto 5y	Over 5 years	Total
A. TOTAL OUTFLOWS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1.Cash	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.Balances with RBI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.Balances with other Banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.1.Current Account	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.2.Money at Call,Short Notice,Term Deposits & Other placements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.Investments(Including those under Repos but excluding Reverse Repos)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.Advances(Performing)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.1.Bills Purchased and Discounted(Including bills under DUPN)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.2.Cash Credits,Overdrafts and Loans Repayable on Demand	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.3.Term Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.NPAs(Advances and Investments)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7.Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8.Other Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8.1.Inter-office Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8.2.Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9.Reverse Repos	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10.SWAPS(Sell/Buy)/maturing forwards	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11.Bills Rediscounted(DUPN)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12.Interest Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13.Committed Lines of Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B. TOTAL INFLOWS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C. Mismatch (B-A)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
D. Cumulative Mismatch	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
E. C as % to A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Guidance for filing Consolidated Prudential Return on (CPR) 1

Introduction

The objective of the Consolidated Prudential Return (CPR) is to collect consolidated prudential information at the level of the group to which the supervised institution belongs. It aims to capture data mainly on the following areas

(i) Consolidated Balance sheet data in the format prescribed

(ii) Consolidated Profit & Loss Account in the format prescribed

(iii) Select data on financial/risk profile of the group: Consolidated financial data as per format (at the group level on the lines of key data collected on operation of subsidiaries under existing DSB Return XII i.e., Return on Indian Subsidiaries (RIS)), data on large exposures, forex exposures, connected lending and structural liquidity for the group as a whole.

2. Periodicity of the return

Periodicity of the return is half-yearly as on March 31/ September 30. The first return may be submitted for the half-year ended September 2002.

3. Who should report?

The institutions subjected to RBI supervision, which are required to file consolidated financial statements under instructions from DBOD, should submit the consolidated prudential reports. Reporting should be done by:

(i) Banks in banking groups, i.e., where the bank is the parent having one or more subsidiaries or control entity, and

(ii) Banks which are promoted and controlled by financial institutions or non-banking financial companies

4. General Guidelines

For compiling the consolidated balance sheet and profit & loss account as part of the CPR, the general guidelines for preparation of annual Consolidated Financial Statements (CFS) issued by DBOD may be used. Instructions on detailed formats of CFS and consolidated prudential norms issued from DBOD may also be taken in to account. For the section on consolidated financial data as per format (at the group level on the lines of key data collected on operation of subsidiaries under existing DSB Return XII i.e., Return on Indian Subsidiaries (RIS)), the data may be compiled largely from consolidated balance sheet and profit & loss account prepared as above.

Apart from guidance note provided for compiling the return, please follow DBOD's existing and subsequent instructions on Consolidated Financial Statements, Consolidated Prudential Norms, Consolidated Prudential Reporting and Accounting Standards issued from ICAI in the context of consolidated accounting.

The following guidelines may also be used for preparing the return.

Parent/Subsidiary/Control

A **subsidiary** has been defined as an entity that is controlled by another entity, known as parent. A **parent** has been defined as an enterprise that has one or more subsidiaries. **Control** has been defined as

a) the ownership, directly or indirectly through subsidiary(ies), of more than one-half of the voting power of an enterprise; or

b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise so as to obtain economic benefits from its activities.

Related Entities

Consolidated prudential reports(CPR) for Banking Groups should include information and accounts of related entities which carry on activities of banking or financial nature. Related entities would include all such subsidiaries and associates of a bank, together with `parallel’ or `sister’ banks and financial institutions which are controlled by the same shareholders as the bank itself. The test applied for identifying related entities is common control and not only the size of the ownership stake or shareholding in the controlled entity. For consolidation in the supervision context, the “related entity/common control approach” replaces the subsidiary approach of AS 21. Banks should justify the exclusion or inclusion of any entity for the purpose of CPR.

In respect of a related financial entity established in a country which prevents repatriation of capital, the risks should be assessed qualitatively and investments should not be included in the asset. The countries having problem of repatriation and the cases where the investors are called upon to fund the losses should be identified by the supervised entities required to submit the CPR and appropriately factored into the Reports. The supervised entities should also consider the possibility where they may not be an 'investor' in the foreign entity but may be a subsidiary / associate of an entity from a similar foreign territory. The likely burden on the supervised entity in this eventuality should also be appropriately factored into the CPR.

Asset Quality

While assessing asset quality, besides determining the level of non-performing exposures and the adequacy of provisions therefor, an assessment of the risk concentration and insider lending practices which are tested with reference to prudential norms on large exposures and connected and related lending may also be done respectively.

Earnings

Assessment of “earnings” parameter comprehends the impairments that could result from market risk and currency risk (i.e. foreign exchange exposure) carried in the portfolios and books of the constituent units in the group.

Assessment of Capital Adequacy

(a) Assessment of group capital should exclude intra-group holdings. Capital adequacy standards in the context of group wide consolidation should be designed to detect and provide for situations of double or multiple gearing; that is, the same capital is used simultaneously as buffer against risk in two or more legal entities. Under such situations, assessments of group capital that are based on measures of solo capital are likely to overstate the external capital of the group. Assessment of group capital should, therefore, exclude intra-group holdings of regulatory capital.

(b) Current supervisory regime in India mandates deduction of investment made by parent bank towards equity capital of the subsidiary from the bank's Tier I (one) capital. This practice should be changed in line with the international best practice in the following way:

(i) any long term diminution in the value of the investments in subsidiaries should be duly recognized and provided for in the books of the parent (s).

(ii) the bank's investments exceeding 20% of its paid up equity capital in any entity should be considered significant and such investments should be deducted equally from the Tier 1 and Tier 2 capital.

(c) Regulatory capital requirements of solo entities where the standards are more stringent than those for the banks should be treated as a minimum capital and where the capital adequacy norms are non-existent or relaxed, bank's standards may be used as a proxy for measuring capital adequacy standards at conglomerate level.

(d) If, in case of related party or intra-group exposures, risk is seen to be transferred to unregulated entities in the group, assessment of group capital adequacy could be done by using "risk-based aggregation" or "risk-based deduction" approach wherein the risks of unregulated entities in the group need to be assessed on a notional basis and capital requirements computed and aggregated with those of the group.

(e) Where the group participation in a regulated dependant give significant influence and exposure to risk, but falling short of control, only the pro-rata share of surplus regulatory capital should be regarded as available to support risk in the parent company or other entities in the group. Participations, which confer effective control and / or meet company law definitions of subsidiaries is usually consolidated in full and minority interest shown separately from the group shareholders' funds. For prudential purposes, pro-rata share of regulatory capital in excess of the subsidiary's own regulatory capital requirements, and which could be regarded as in principle available to support risk in the parent company or in other entities in the group should a shortfall arise, can be recognised in the group-wide capital adequacy assessment. However, the parent should provide for the entire deficit in the regulatory capital. This treatment can be applied to group participant in excess of 50% including 100% participation.

(f) A group-wide assessment should ensure adequate distribution of capital within the group. Any solo deficits in dependants' capital should be attributed in full in the group capital assessment if it appears to the supervisor that the parent is likely to have to support the dependant without assistance from other external participants.

(g) The application of capital requirements on a consolidated basis should be done on a sub-consolidated basis in respect of all internationally active banks at every tier to eliminate double gearing in the banking group. Consolidation of insurance subsidiaries is not mandated. As such, the bank's investments in insurance subsidiaries may be deducted. Significant minority and majority investments in commercial entities, which exceed certain materiality level i.e. 15% and 60% of the bank's capital for individual significant investments and aggregate of such investments, respectively should also be deducted from bank's capital.

(h) Market Risk: Aggregation plus method is recommended wherein capital requirements for a subsidiary is added to the capital requirements for the remainder of the group. The total capital requirements calculated in this way is then compared with the consolidated group capital in order to assess capital adequacy on a consolidated basis. Where the supervisors have not prescribed any explicit capital charge for market risk, the norms as applicable to the banks may proxy the unregulated entities capital requirements for market risk.

Section A of the Return

Consolidation exercise may exclude group companies which are engaged in (a) Insurance business & (b) Businesses not pertaining to financial services. As such, while brief details about all subsidiaries may be provided in Section A, the financial data of such subsidiaries may not be included for consolidation in Section B.

5. Section B of the Return

Consolidated Balance sheet data in the format prescribed. Consolidation of accounts as per CFS guidelines may be used for compiling this. While the CFS would be prepared on an annual basis, similar exercise would be required to file the consolidated balance sheet for CPR.

6. Section C of the Return

Consolidated Profit & Loss Account in the format prescribed. Consolidation of accounts as per CFS guidelines may be used for compiling this. While the CFS would be prepared on an annual basis, similar exercise would be required to file the profit & loss account for CPR.

7. Section D of the Return- Select data on financial/risk profile of the group

7 (i) Consolidated Financials for the Group

For the consolidated financial data as per format (at the group level on the lines of key data collected on operation of subsidiaries under existing DSB Return XII i.e., Return on Indian Subsidiaries (RIS)), the data may be compiled largely from consolidated balance sheet and profit & loss account under guidelines/instructions

Regulatory Capital

Assessment of regulatory capital for the group may be on the lines of general instructions given in above paragraphs.

Asset quality

Assessment of asset quality for the group may be on the lines of general instructions given in above paragraphs.

Earnings

Assessment of earnings for the group may be on the lines of CFS and general instructions given above.

Profit before Tax (PBT), Profit after Tax (PAT), ROA and ROE should be provided for the group on a cumulative basis , i.e., for the half-year as on 30th Sept and for the full year as on 31st March of every year.

7 (ii) Large Exposures

Total credit exposure of the group to an individual borrower or a borrower group comprise both funded credit and non-funded exposures. For the purpose of exposure limits, outstanding amount or the sanctioned limit, whichever is higher should be reported. Consolidation of the exposures from different entities of the group would be required to be done by the reporting institution for compiling this section.

Large Exposures to Individual Borrowers (Exposures which are in excess of 10% of Capital Funds of the Group) may be reported.

Large Exposures to Borrower Groups (Exposures which are in excess of 30% of Capital Funds of the Group) may be reported.

Funded exposures: Comprise loans and advances (including bills purchased/discounted), and investments in bonds/debentures and equities.

Non-funded exposures; Comprise guarantees (financial), guarantees (non-financial), letters of credit, underwriting commitments and others.

7 (iii) Forex Exposures

Total of Overnight Open Position Limits for the Group may be reported here. Wherever Overnight Open Position Limits are not prescribed, the **maximum Overnight Open Position** during the period for such entities may be taken for consolidation.

7 (iv) Connected Lending in the Group

Name of the (i) Directors (ii) Significant shareholders (iii) Key Management Personnel (iv) Relatives of (i, ii and iii) and (v) Enterprises of interest (where i, ii and iii have interest) of different entities in the group and exposure of the group entities to them with suitable remarks may be provided in this section.

Directors are members of Board of Directors (or local Boards/ Advisory Committees, if any) of different entities of the group.

Significant shareholder is defined as a corporate or individual which/who individually or as controller of a group of shareholders, holds 5 percent or more of share capital or exercises 5 percent or more of voting power.

Key Management Personnel include Chief Executive Officer and members of the (executive) management team (senior executive or top management, i.e. those in charges of functions and territories) of different entities of the group.

The **directors/significant shareholders/key management personnel** are said to have **interests** if any of them is a director, manager, managing agent, employee, guarantor, partner, proprietor or holding substantial interest in any trading, commercial or industrial concern or any other business or vocation to which credits are granted by entities of the group.

In case facilities are provided to an **interested / related enterprise** then the name of the concerned **director/significant shareholder/ key management personnel** should also be reported. Nature of interest of the shareholder should be reported in terms of the types of interest defined above.

7 (V) Structural Liquidity Position for the Group

Report on Structural liquidity is designed to capture the maturity structure of cash inflows and outflows for the group as a whole, which is distributed in 8 maturity buckets. The maturity mismatches or gaps run by the group in these 8 time bands indicate the liquidity risk facing the group.

This report may be prepared by placing all cash inflows and outflows of all the entities in the group in the maturity ladder according to the expected timing of cash flows. A maturing liability will be a cash outflow while a maturing asset will be a cash inflow. It is also necessary to take into account the rupee inflows and outflows on account of forex operations. The format suggested is in vogue for banks at present and the reporting institutions may consolidate putting together transactions which are of the similar nature following the format.

CPR 2 **(Private & Confidential)**

Reserve Bank of India **Offsite Monitoring & Surveillance System**

Department of Banking Supervision

Report on Operations of Subsidiaries/Related entities (ROS)

Reporting Institution

For the Period Ended

Date of Report

Subsidiary/entity Code **Subsidiary/entity name**

Activity Name

Regulator Name

Validation Status

Part A - Operational Parameters

Balance Sheet Footings (Total Assets) **Rs. Lakhs**

Capital Funds*	
Minimum Capital Prescribed by Regulators (if any)	
Minimum Capital Adequacy Prescribed by Regulators (%)	
Capital Adequacy Ratio (Actual) (%)	
Notional Capital Funds**	
Notional Risk-Weighted Assets**	
Notional Capital Adequacy Ratio** (%)	
Capital & Reserves	
Total Deposit	
Total Borrowings	
Profit after Tax/Return	
Surplus/(Loss) on Profit & Loss a/c carried forward	
Return on Assets	
Return on Equity	
Loans and Advances - Gross	
Non-performing Loans - Gross	
Provisions held against Non-performing loans	
Provisions required against Non-performing loans Investments	
Total Investments - Book Value	
Total Investments - Market Value	
Non-performing Investments	
Provisions held against Non-performing Investments	
Provisions required against Non-performing Investments Investments	
Contingent Liabilities	

Part B - Large Exposures and Ownership Details	
Large Credits (Substantial Exposures exceeding 10 % of Capital Funds)	
No. of Counterparties	
Aggregate Exposure (Amount)	
Aggregate Exposure (% of Capital funds)	
Ownership Summary	
Investment in Capital by Parent Bank (Amount)	
% of Shares held by Parent Bank	
% of Total Capital held by Parent Bank (including Tie II Capital)	

* As defined by regulators ** Calculated as per extent DBOD guidelines.

<u>Guidance for filing CPR 2 (Existing DSB RETURN – XII - Report on Subsidiaries & Related entities (ROS)</u>

<u>Introduction</u>

This return had been introduced with the objective collecting information/data on Indian subsidiaries of banks and analyse their impact on the bank. In view of the emerging supervisory approach for conducting consolidated supervision, the scope of this return is proposed to be extended to include all subsidiaries and related entities (fellow subsidiaries/sister concerns) in India and foreign countries.

The reporting under the revised return named as Report on Subsidiaries and related entities (ROS) would thus cover subsidiaries and related entities in India as well as foreign countries which are included for consolidated accounting while preparing consolidated financial statements. Overseas banking operations done through branches/subsidiaries/Joint Ventures of Indian banks is already consolidated in the respective balance sheets and prudential data on the same is already captured elaborately through off-site returns (DSB – O returns). As such, other foreign subsidiaries/related entities not covered under DSB(O) returns may be included under this return.

Parent/Subsidiary/Control

A **subsidiary** has been defined as an entity that is controlled by another entity, known as parent. A **parent** has been defined as an enterprise that has one or more subsidiaries. **Control** has been defined as

(a) the ownership, directly or indirectly through subsidiary(ies), of more than one-half of the voting power of an enterprise; or

(b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise so as to obtain economic benefits from its activities

Related Entities

Related entities would include all such subsidiaries and associates of a bank, together with `parallel' or `sister' banks and financial institutions which are controlled by the same shareholders as the bank itself. The test applied for identifying related entities is common control and not only the size of the ownership stake or shareholding in the controlled entity.

Who should report ?

All banks/supervised institutions required to file CFS may file this report. Separate returns in respect of each of the subsidiaries/related entities may be submitted.

Periodicity of the return

Periodicity of the return is proposed to be made quarterly as at the end of March/June/ September/December from its existing monthly periodicity.

Focus of the Return

The return focuses on parameters relating to capital adequacy, asset quality, profitability, large credits and ownership and control of the Indian subsidiaries of banks. The return seeks to monitor compliance of banks with RBI regulations as well as compliance of subsidiaries with the regulations prescribed by their regulators particularly in respect of capital adequacy with a view to gauging the impact of subsidiaries' operations on the parent.

Part A – Operational Parameters

1. Capital Funds

Capital funds calculated as per the definition of the regulator responsible for regulation of subsidiary.

2. Minimum Capital Prescribed by Regulators

Minimum capital required for starting the company, if any, prescribed by regulator of the subsidiary.

3. Capital Adequacy Ratio

Any minimum capital adequacy ratio prescribed by the regulator of subsidiary

4. Actual Capital Adequacy Ratio

The actual capital adequacy calculated as per the methodology prescribed by the subsidiary's regulators may be given.

5. Notional Capital Funds, Notional Risk-Weighted Assets, Notional Capital Adequacy Ratio

Please refer to DBOD circular No. BP.BC.169/21.01.002/2000 dated May 3, 2000 in this connection excerpts of which are provided below:

"Banks are advised that they may on their own voluntarily build-in the risk weighted components of their subsidiaries into their own balance sheet on notional basis, at par with the risk weights applicable to the bank's own assets. Banks should therefore, earmark additional capital in their books over a period of time so as to obviate the possibility of impairment to their net worth when switchover to unified balance sheet for the group as a whole is adopted after some time. The additional capital required may be provided in the bank's books in phases, beginning from the year ending March, 2001."

6. New Data items

New data items which have been included in the revised return are (a) Capital & Reserves, (b) Total Deposit Funds, (c) Total Borrowings. These data items are expected to throw light on the leverage of the subsidiaries/related entities which can be compared with the position at the group level.