**CORRIGENDUM – CAIIB REVISED SYLLABUS**

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| **Advanced Business Management (ABM)** |
| **S.No.** | **Pg. No.** | **Updated as** | **To be read as** |
| 1 | 417 | TableSub-Standard(Unsecured ab initio)  | TableSub-Standard*(Unsecured\* ab initio)**\* Unsecured exposure is defined as an exposure where the realisable value of the security, as assessed by the bank/approved valuers/Reserve Bank’s inspecting officers, is not more than 10 percent, ab-initio, of the outstanding exposure.* |
| 2 | 463 | FactoringDetails can be had from RBI circular dated 19.11.2015 and 30.07.2015 | FactoringIn response the amendment of Factoring Regulation Act, 2011 by Government of India, RBI has issued the following guidelines:A. Registration of Factors (Reserve Bank) Regulations, 2022 issued vide Notification No. DOR.FIN.080/CGM(JPS) – 2022 dated January 14, 2022.B. Registration of Assignment of Receivables (Reserve Bank) Regulations, 2022 issued vide Notification No. DOR.FIN.081/CGM(JPS) – 2022 dated January 14, 2022. |
| 3 | 464 | (Details in RBI circular dated September 10, 2015) | (Details in RBI circular dated March 26, 2019, subsequently updated in September 30, 2022) |
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| **Bank Financial Management (BFM)** |
| 1 | 285 | Given in Table 8.1 | Given in Table 11.1 |
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| **Advanced Business & Financial Management (ABFM)** |
| 1 | 130 | 5.6.4Existence, relatedness, and development are the | 5.6.4Existence, relatedness, and growth are the |
| 2 | 180 | 8.4Consider the example of a wholesaler, who has got very low fixed costs but low contribution (difference between sales price and purchase price). | 8.4Consider the example of a wholesaler, who has got very low fixed costs but low contribution (difference between sales price and variable cost). |
| 3 | 181 | 8.5This formula can be further refined in the light of the fact EBIT = Sales quantity (Price per unit- variable cost per unit) – Fixed costs and, therefore, Δ EBIT = Δ Sales quantity (Price per unit- variable cost per unit) as the Fixed cost is a constant amount. The rewritten formula will be: DOL = Sales quantity (Price per unit-variable cost per unit) / ΕΒIT | 8.5This formula can be further refined in the light of the fact EBIT = Sales quantity (Sale Price per unit- variable cost per unit) – Fixed costs and, therefore, Δ EBIT = Δ Sales quantity (Sale Price per unit- variable cost per unit) as the Fixed cost is a constant amount. The rewritten formula will be: DOL = Sales quantity (Sale Price per unit-variable cost per unit) / ΕΒIT |
| 4 | 366 | Special reorganisation procedures include the “Reconstruction” of sick industrial companies as envisioned by the Sick Industries (Special Provisions) Act, 1985 | Special reorganisation procedures include the “Reconstruction” of sick industrial companies as envisioned by the Sick Industrial Companies (Special Provisions) Repeal Act, 2003 |
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| **Human Resource Management** |
| 1 | 442 | 16.4.83rd para – However, during the IX…  | 16.4.83rd para – However, during the XI… |
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| **Risk Management** |
| 1 | 36 | 2.11.2.1.1 – Gap risk describes the risk arising from the timing of instrument rate changes.  | 2.11.2.1.1 - GAP Risk is the risk arising from the term structure of instruments in banking book that arises from differences in the timing of their rate changes. The extent of gap risk depends on whether the changes to the term structure of interest rates occur consistently across the yield curve (parallel risk) or differentially by period (non-parallel risk). |
| 2 | 90 | Table 4.8Net Interest Income 94.5 – 56.0 | Table 4.8Net Interest Income 94.5 – 60.0 |
| 3 | 93 | Table 4.11Net Interest Income 73.5 – 52.0 | Table 4.11Net Interest Income 161 - 88 |
| 4 | 96 | Example: Step 2: Identify if it is positive or negative GAP. In this case the GAP is negative. The Bank is liabilitysensitive. Liability sensitive banks gain when there is a fall in interest rate.Step 3: The impact on earning = GAP × Δ I = 960 × (–)0.5 = Rs. (480) cr | Example:Step 2: Identify if it is positive or negative GAP. In this case the GAP is positive. The Bank is assetsensitive. Asset sensitive bank loses when there is a fall in interest rate.Step 3: The impact on earning = GAP × Δ I = 960 × (–)0.005 = (-) Rs. 4.80 cr |
| 5 | 127 | **1**st **Step:** It is useful to set up norms for classification of assets and liabilities into different time buckets. *In this regard, it may be useful to refer to (RBI circular RBI No 2012-13/285 DBOD.BP. No.56/21.04.098/2012-13 dated November7, 2012) Liquidity Risk Guidelines.* | **1**st **Step:** It is useful to set up norms for classification of assets and liabilities into different time buckets. *In this regard, it may be useful to refer to (RBI circular RBI No 2012-13/285 DBOD.BP. No.56/21.04.098/2012-13 dated November7, 2012) Liquidity Risk Guidelines and RBI circular No RBI/2015-16/344 DBR.BP.BC.No.86/21.04.098/2015-16 Dated March 23, 2016* |
| 6 | 130 | Say upto 28 daysAs per RBI guidelines, the net cumulative negative mismatches in the domestic structural liquidity statement during the next day, 2-7 days, 8-14 days and 15-28 days bucket… | Say upto 30 daysAs per RBI guidelines, the net cumulative negative mismatches in the domestic structural liquidity statement during the next day, 2-7 days, 8-14days and 15-30 days bucket… |
| 7 | 131 | 5.9.3Particularly, bank has to ensure that the net cumulative negative mismatches in the domestic structural liquidity statement during the next day, 2-7 days, 8-14 days and 15-28 days bucket | 5.9.3Particularly, bank has to ensure that the net cumulative negative mismatches in the domestic structural liquidity statement during the next day, 2-7 days, 8-14 days and 15-30 days bucket |
| 8 | 232 | Example – FacilityBank Guarantee | Example – FacilityPerformance Bank Guarantee |
| 9 | 233 | Example – Solution – Funded ExposureCash Credit – Rs. 0.80 mlnTotal – Rs. 67.30 mlnEAD of Goodluck Ltd as on 31.03.2021 is Rs. 67.30 mln | Example – Solution – Funded ExposureCash Credit – Rs. 6.80 mlnTotal – Rs. 73.30 mlnEAD of Goodluck Ltd as on 31.03.2021 is Rs. 73.30 mln |
| 10 | 415 | The implementation of these principles should be commensurate with the size, complexity, structure,economic significance and risk profile of the bank. | The implementation of these principles should be commensurate with the size, complexity, structure,economic significance and risk profile of the bank.In this connection, it is important to go through the Discussion paper on Governance in Commercial Banks in India, released by Reserve Bank of India on June 11, 2020. The key points of the paper are summarised / produced here: |
| 11 | 430 | xi. put in place approval process for all new processes and products by the compliance functionprior to introduction; 279 DBS.CO.PP.BC.6/11.01.005/2006-07 dated April 20, 2007 oncompliance functions; with modifications modeled on similar principles for Risk Managementfunction Discussion paper on Governance in Commercial Banks in India 61 | xi. put in place approval process for all new processes and products by the compliance functionprior to introduction;  |
| 12 | 434 | xvii. employees shall be trained/retrained on function/desk specific standard operating procedures,processes through e-learning modules, contents of which are prepared based on policy,processes, manuals and the concerned employee is required to complete the same successfullybefore taking up the assigned function/job; Discussion paper on Governance in CommercialBanks in India | xvii. employees shall be trained/retrained on function/desk specific standard operating procedures,processes through e-learning modules, contents of which are prepared based on policy,processes, manuals and the concerned employee is required to complete the same successfullybefore taking up the assigned function/job;  |
| 13 | 435 | 6. Incorporating all the above requirements at a minimum, the board of the bank, through the ACB, is responsible for establishing an internal vigilance policy. This policy inter alia shall contain the basic principles as well as explain the main processes by which preventive vigilance, surveillance/detection and punitive vigilance is to be practiced. Added for emphasis and clarityemphasis and clarity Added for emphasis and clarity, Discussion paper on Governance inCommercial Banks in India. | 6. Incorporating all the above requirements at a minimum, the board of the bank, through the ACB, is responsible for establishing an internal vigilance policy. This policy inter alia shall contain the basic principles as well as explain the main processes by which preventive vigilance, surveillance/detection and punitive vigilance is to be practiced. Added for emphasis and clarity  |
| 14 | 500 | Additional Tier – I capital is equal to Tier I but not Tier -I. | Deleted |
| 15 | 505 | Total eligible Additional Tier 1 Capital – 5000Total eligible Tier 1 capital – 14400 + 5000 = 19400 | Max. eligible Additional Tier 1 capital = 1.5% of 185000 = 2775Total eligible Tier 1 capital – 14400 + 2775 = 17175 |
| 16 | 506 | Total Eligible Capital – 19400 + 1900 = 21300Tier 1 Ratio – 19400/185000 = 10.49%CRAR – 21300/185000 = 11.51% | Total Eligible Capital – 17175 + 1900 = 19075Tier 1 Ratio – 17175/185000 = 9.28%CRAR – 19075/185000 = 10.31% |
| 17 | 511, 530 (25.9), 532, 533, 537 |  | Brickwork Rating Agency to be ignored |
| 18 | 577 | Reserve Bank of India has issued revised guidelines for computation of capital for operational risk in line with the recommendations of Basel Committee. The new new guidelines are called the Reserve Bank of India(Minimum Capital Requirements for Operational risk) Directions, 2021.These new guidelines would come into force from April 1, 2023. Till then, the existing guidelines would continue. | Reserve Bank of India came out with the draft new guidelines for computation of capital for operational risk in line with the recommendations of Basel Committee. The draft new guidelines are called the Reserve Bank of India(Minimum Capital Requirements for Operational risk) Directions, 2021.These new guidelines are expected to come into force from April 1,2023. Until further notice from RBI in this regard, the existing guidelines would continue. |
| 19 | 649 | Thus, by retaining a greater proportion of earnings during a downturn, banks will be able to help ensure that capital remains available to support the ongoing business operations/lending activities during the period of stress.  | Thus, by retaining a greater proportion of earnings during a boom period, banks will be able to help ensure that capital remains available to support the ongoing business operations/lending activities during the period of stress.  |
| 20 | 749 | 36.11.2 http://www.rbi.org.in/scripts/NotificationUseraspx?Id=8621&Mode=0 | 36.11.2 RBI/2018-19/222/FMRD.DIRD.19/14.03.046/2018-19 June26,2019 ( updated as on 06.08.2022) |
| 21 | 752 |  | 36.11.6 - Example Box How may future contracts should it buy? One lot is equal to Rs. 2 lakhs face value of GOI securities equivalent to 2000 units. |
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**Please read Table 5.2 Structural Liquidity Statement as below on Pg 129 of Risk Management**

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| **Statement of Structural Liquidity ABC Bank Ltd** |
| **Outflows** | **Day1** | **2-7 days** | **8-14 days** | **15-30 days** | **31days to 2 mths** | **> 2 months and upto 3 months**  | **> 3mths to 6 mths** | **> 6 mths to 1 yr** | **Over 1 yr upto 3 yrs** | **Over 3 yrs upto 5 yrs** | **Above 5 yrs** | **Total** |
| Capital |   |   |   |   |   |   |   |   |   |   | 1500 | **1500** |
| Reserve and Surplus |   |   |   |   |   |   |   |   |   |   | 500 | **500** |
| Current Deposit | 5 | 5 | 155 |   |   |   |   |   | 935 |   |   | **1100** |
| Savings Deposit | 30 | 90 | 100 |   |   |   |   |   | 1870 |   |   | **2090** |
| Term Deposit | 30 | 510 | 175 | 200 | 100 | 200 | 200 | 200 | 2810 | 1500 | 1500 | **7425** |
| Borrowings | 50 | 300 |   |   | 200 | 300 | 200 | 300 | 500 | 700 | 300 | **2850** |
| Others  |   | 5 | 5 |   |   |   |   |   | 25 |   |   | **35** |
| **Total Outflows(A)** | **115** | **910** | **435** | **200** | **300** | **500** | **400** | **500** | **6140** | **2200** | **3800** | **15500** |
| **Cumulative Outflow(B)** | **115** | **1025** | **1460** | **1660** | **1960** | **2460** | **2860** | **3360** | **9500** | **11700** | **15500** |   |
| **Inflows** |   |   |   |   |   |   |   |   |   |   |   |   |
| Cash | 20 |   |   |   |   |   |   |   |   |   |   | **20** |
| Balance with RBI | 40 |   |   |   |   |   |   |   |   |   |   | **40** |
| Balance with other banks | 50 |   |   |   | 90 |   |   |   |   |   |   | **140** |
| Investments |   |   | 300 | 100 |   |   |   | 200 | 500 | 500 |   | **1600** |
| Advances Cash Credit |   | 700 |   | 100 | 50 | 50 |   | 300 |   |   |   | **1200** |
| Advances Term Loan |   | 300 |   | 200 | 200 | 300 | 500 | 500 | 5000 | 2000 | 500 | **9500** |
| NPAs (Advances) |   |   |   |   |   |   |   |   |   | 1000 | 1000 | **2000** |
| Fixed Assets |   |   |   |   |   |   |   |   |   |   | 1000 | **1000** |
| **Total Inflows ( C)** | **110** | **1000** | **300** | **400** | **340** | **350** | **500** | **1000** | **5500** | **3500** | **2500** | **15500** |
| Mismatch**(C-A)** | **-5** | **90** | **-135** | **200** | **40** | **-150** | **100** | **500** | **-640** | **1300** | **-1300** |  |
| Mismatch as % to Outflows | **-4.35** | **9.89** | **-31.03** | **100.00** | **13.33** | **-30.00** | **25.00** | **100.00** | **-10.42** | **59.09** | **-34.21** |  |
| Cumulative Mismatch | **-5** | **85** | **-50** | **150** | **190** | **40** | **140** | **640** | **0** | **1300** | **NIL** |  |
| Cumul Mismatch % to Cumu Ouflows | **-4.35** | **8.29** | **-3.42** | **9.04** | **9.69** | **1.63** | **4.90** | **19.05** | **0.00** | **11.11** |  |  |
| Regulatory limit Cumul Mismatch % to Cumu Ouflows | **-5** | **-10** | **-15** | **-20** |  |  |  |  |  |  |  |  |
| Banks Internal GAP Limit | **-5** | **-10** | **-15** | **-20** | **-15** |  | **-5** | **-5** | **0** | **0** | **0** |  |

**Please read Table 5.3 Statement of Short Term Dynamic Liquidity as below on Pg 130 of Risk Management**

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| **Statement of Short-Term Dynamic Liquidity** |
| **A** | **Outflows** | **Next day** | **2-7 days** | **8-14 days** | **15-30 days** | **31 days & upto 2 months** | **> 2 months & upto 3 months** | **Total** |
| 1 | Net increase in loans and advances  | 50 |   |   | 50 |   | 100 | 200 |
|   |
| 2 | Net increase in investments  |   |   | 50 | 50 |   | 500 | 700 |
| 100 |
| 3 | Inter-bank obligations  | 50 | 5 | 150 |   |   | 45 | 250 |
|   |
| 4 | Off balance sheet items (repos swaps, bills discounted)  | 50 | 10 |   | 50 |   | 140 | 300 |
| 50 |
| 5 | Others  |   |   |   |   |   |   | 0 |
|   |
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 | **TOTAL OUTFLOWS**  | **150** | **15** | **200** | **150** | **150** | **785** | **1450** |
|
| **B**  | **Inflows**  |   |   |   |   |   |   |   |
|   |
| 1 | Net cash position  | 5 | 5 | 5 |   |   |   | 15 |
|   |
| 2 | page144image826538832page144image826539040

|  |
| --- |
| Net increase in deposit (less CRR)  |
|

 |   |   | 200 | 100 |   | 400 | 800 |
| 100 |
| 3 | page144image826539664page144image826474496

|  |
| --- |
| Interest on investments  |
|

 |   |   | 50 | 0 |   | 150 | 400 |
| 200 |
| 4 | Inter-bank claims  | 100 |   |   |   |   | 15 | 115 |
|   |
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| 5 |
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| Refinance eligibility (Export credit)  |
|

 |   |   |   |   |   | 100 | 100 |
|   |
| 6 | Off balance sheet items (Reverse repos, swaps, bills discounted)  | 50 |   | 50 | 100 |   |   | 200 |
| 0 |
| 7 | Others  |   |   |   |   |   |   | 0 |
|   |
|   | **TOTAL INFLOWS**  | **155** | **5** | **305** | **200** | **300** | **665** | **1630** |
|
| **C**  | **Mismatch (B-A)**  | **5** | **-10** | **105** | **50** | **150** | **-120** | **180** |
|
| **D**  | **Cumulative mismatches**  | **5** | **-5** | **100** | **150** |  | **180** |   |
| **300** |
| **E**  | **C as a % to total outflow**  | **3.33** | **-33.33** | **50.00** | **100.00** | **200.00** | **22.93** |   |
|