RBI/2016-17/95
DBR.BP.BC.No.20/21.06.001/2016-17

October 20, 2016

All Scheduled Commercial Banks
(Excluding Regional Rural Banks)

Dear Sir,

**Risk Weights for exposures to HFCs**

It has been observed that there is a lack of uniformity among banks in the application of risk weights on their exposures to Housing Finance Companies (HFCs).

2. The matter of risk weights prescribed in respect of banks’ exposures to HFCs has been examined and it is advised that exposures to all HFCs would be risk weighted as per the ratings assigned by the rating agencies registered with the SEBI and accredited by the Reserve Bank of India, in a manner similar to that of corporates, AFCs, NBFC-IFCs and NBFC-IDFs as prescribed under Para 5.8.1 of the Master Circular, DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 on Basel III Capital Regulations read with the circular, DBR.No.BP.BC.6/21.06.001/2016-17 dated August 25, 2016 on ‘Review of Prudential Norms- Risk Weights for Exposures to Corporates, AFCs and NBFC-IFCs’.

Yours faithfully,

(Ajay Kumar Choudhary)

Chief General Manager