**Annexure**

**Action plan in the Logical Framework prepared for implementation of ALM and Risk Management System in the cooperative banks.**

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| Objectives | Components/ Activities | Output/ Outcome | Indicators | Means of verification | Assumptions | Risk |
| Goal : Implementation of ALM process and Risk Management System in the bank with controlled risk-return policy framework complying to supervisory expectations. |  |  |  |  |  |  |
| Objective 1 : Policy framework and organisational infrastructure ready to implement ALM process and Risk Management System | **1.** Sensitise Board Members and CEO regarding ALM and Risk Management**2.** RCS instructions to implement ALM process **3.** NABARD’s Supervisory expectations conveyed to the bank to implement ALM process **4.** RBI / NABARD support to the bank for framing policies on ALM and Risk Management and defining roles and responsibilities of various sections, CEO, Board, committees, etc. | **1.** Policy on ALM and Risk Management framed - risk exposure / tolerance limit defined.2. Risk Management Committee and ALCO functional**3.** ALM Organisation Structure strengthened - sufficient manpower deployed**4.** Role and responsibilities of various departments for implementing ALM process defined. | 1. Policy on Risk Management, ALM, Investment, Loan, 2. Review meetings of Departments, 3.Meetings of ALCO and Risk Management Committee | 1.Board Meetings Agenda and Proceedings2.ALCO and Risk Management Committee (RMC) Agenda and Proceedings | 1. Support and advise from RCS, RBI, UPCB and NABARD.2. Support for training, workshop and handholding | 1. Failure to implement ALM process and Risk Management System2. Compliance to Statutory, Regulatory and Supervisory norms  |
| Objectives | **Components/ Activities** | **Output/ Outcome** | **Indicators** | **Means of verification** | **Assumptions** | **Risk** |
| Objective 2 : Decision making process streamlined to do business based on ALM | Training to staff on ALM and Risk Management | Operationalisation of ALM Organisation Structure - skilled and adequate manpower | Risk assessment tools - gap analysis, Duration gap analysis, business decisions process | ALCO, Risk Management Committee and Board Meetings Agenda and Proceedings | 1. Support of ASP for MIS 2. Support for training, workshop and handholding | Failure to generate and analyse the MIS for supporting decisions based on ALM process and Risk Management System |
|  | **1.** ALCO meeting to held on regular intervals for fixing rate of interest and planning product mix to reduce liquidity & rate sensitivity gaps and duration. Guiding and directing investment, loan and accounts departments regarding business targets**2. R**isk Management Committee meetings to held on regular basis to monitor various risks, product mix and exposure limits as per bank’s policy | **1.** Rate of interest on deposits and loans fixed based on ALM**2. B**usiness budgeting and Product Mix based on ALM | 1. Consistent profits and growth in business complying Board approved risk and exposure limits. 2. Review of Rate changes, Product Mix, new products3. Compliance to Statutory, Regulatory and Supervisory norms -CRR, SLR, cash maintained, gap analysis | 1. Audited Balance Sheet and P&L Accounts.2. ALM and Risk Management Policies3. ALCO, RMC and Board Meetings Agenda and Proceedings4.Form I and Form IX, Gap Reports5.NABARD Inspection Report for compliance to CRR, SLR, CRAR, etc | 1. Insight of Market and Economy2. Proper tools and techniques applied for ALM and Risk Management | 1. Failure to control and work within risk-return framework leading to inconsistent working results of the bank2. Non-Compliance to Statutory, Regulatory and Supervisory norms  |
|  | Investments and loan committee / section to invest and account sections to manage funds as per decisions and guidance of ALCO | Fund Management based on ALM / decisions of ALCO | Targets and Achievements for Business Parameters | 1. Audited Balance Sheet and Profit and Loss Accounts.2. ALCO, RMC and Board Meetings Agenda and Proceedings | Proper guidance and monitoring by CEO, Board, ALCO and RMC | Failure of achievement of business targets leading to non-implementation of decisions of the Board, RMC and ALCO. |
| Objectives | **Components/ Activities** | **Output/ Outcome** | **Indicators** | **Means of verification** | **Assumptions** | **Risk** |
| Objective 3 : MIS Reports generated and compiled to strengthen ALM process and Risk Management System | ASP asked to customise CBS for ALM related reports on residual maturity and others Risk Management monitoring MIS | MIS related to residual maturity generated accurately in CBS | Report on residual maturity in CBS | CBS system | Support of ASP for MIS  | Failure to generate MIS to support ALCO and Risk Management Committee |
|  | **D**IT Section and Account Section to compile the reports to generate relevant MIS required for ALCO for ALM Process and Risk Management Committee to monitor various risks faced by the bank | **1. S**SL and SIRS prepared on fortnightly basis**2.** Supervisory returns SSL and SIRS under OSS in ENSURE submitted to NABARD | 1. Number and types of MIS Reports for ALCO and Risk Management Committee2. Compliance to Supervisory norms - SSL and SIRS Reports submitted on ENSURE Platform | 1. ALCO and Risk Management Committee Agenda and Proceedings2. SSL and SIRS Reports 3. ENSURE Platform | 1. Support of ASP for MIS 2. Support for training, workshop and handholding | 1. Failure to generate MIS to support ALCO and Risk Management Committee2. Non-Compliance to Statutory, Regulatory and Supervisory norms  |