

By Registered Post

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राष्ट्रीय
आवास बैंक
NATIONAL
HOUSING BANK

TO ALL REGISTERED HOUSING FINANCE COMPANIES (HFCs)

Dear Sir,

CALCULATION OF TIER-I CAPITAL (NET OWNED FUND)- TREATMENT OF DEFERRED TAX ASSETS

It has come to the notice of the Bank that some of the Housing Finance Companies (HFCs) are including the balances in the deferred tax assets (DTA) item appearing in the Balance Sheet as part of their Tier-I Capital or Net Owned Fund (NOF).

2. It is hereby clarified that creation of DTA results in an increase in Tier-I Capital of a Housing Finance Company without any tangible asset being added to its Balance Sheet. Therefore, DTA should not be considered for the purpose of calculation of Tier-I Capital/Net Owned Fund.

Yours faithfully


General Manager

Department of Regulation & Supervision

