Liquidity Coverage Ratio Disclosure

Amount in Rs crore		Year March 2023		Year March 2022	
		Total Unweighted Value (average)	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**
High quality Liquid assets					
1	Total High Quality Liquid Assets (HQLAs)		46841.60		54675.66
Cash outflows					
2	Retail deposits and deposits from small business customers, of which:	150208.93	11273.75	140523.78	11702.52
(i)	Stable deposits	74942.79	3747.14	46997.09	2349.85
(ii)	Less stable deposits	75266.14	7526.61	93526.69	9352.67
3	Unsecured wholesale funding, of which:	39513.71	18876.13	32721.55	15857.88
(i)	Operational deposits (all counterparties)	0.00	0.00	0.00	0.00
(ii)	Non-operational deposits (all counterparties)	39513.71	18876.13	32721.55	15857.88
(iii)	Unsecured debt	0.00	0.00	0.00	0.00
4	Secured wholesale funding	10209.26	0.00	5777.08	0.00
5	Additional requirements, of which:	27874.43	4290.64	19388.81	1903.77
(i)	*Outflows related to derivative exposures and other collateral requirements*	1.85	1.85	19.21	19.21
(ii)	*Outflows related to loss of funding on debt products*	0.00	0.00	0.00	0.00
(iii)	*Credit and liquidity products*	27872.58	4288.79	19369.59	1884.56
6	Other contractual funding obligations	481.61	481.61	1561.92	1561.92
7	Other contingent funding obligations	12408.44	428.43	13570.82	501.84
8	**Total Cash Outflows**		35350.56		31527.94
Cash inflows					
9	Secured lending (e.g. reverse repos)	143.17	0.00	2335.87	0.00
10	Inflows from fully performing exposures	6298.55	4296.93	5055.63	4537.62
11	Other cash inflows	1505.02	1310.46	1887.27	1691.61
12	**Total Cash Inflows**		5607.38		6229.23
21	**Total HQLA**		46841.80		54675.66
22	**Total Net Cash Outflows**		29742.88		25298.70
23	**Liquidity Coverage Ratio (%)**		**157.49%**		**216.12%**

1. Quantitative Disclosures for Liquidity Coverage ratio for FY end 31.03.23:

Data is presented as simple averages of daily observations over the previous Year (i.e. the average is calculated over a period of 1 year). The simple average is calculated on daily observations over the previous year. The un-weighted value of inflows and outflows are calculated as the outstanding balances of various categories or types of liabilities, off balance sheet items or contractual receivables. The weighted value of HQLA are calculated as the value after haircuts are applied. The weighted value for inflows and outflows are calculated as the value after the inflow and outflow rates are applied. Total HQLA and total net cash outflows are disclosed as the adjusted value, where the adjusted value of HQLA is the value of total HQLA after the application of both haircuts and any applicable caps on Level 2B and Level 2 assets as indicated in this Framework. The adjusted value of net cash outflows is calculated after the cap on inflows is applied, if applicable.

2. Qualitative Disclosure around LCR

From 01st January 2015, the bank has implemented guidelines on Liquidity Coverage Ratio (LCR) of the RBI.

The Liquidity Coverage Ratio (LCR) aims to ensure that a bank has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs for a 30 calendar day liquidity stress scenario.

The LCR is calculated by dividing the amount of High Quality Liquid Unencumbered Assets (HQLA) by the estimated net outflows over a stressed 30 calendar day period.

The net cash outflows are calculated by applying RBI prescribed outflow factors to the various categories of liabilities (deposits, unsecured and secured wholesale borrowings), as well as to undrawn commitments and derivative-related exposures, netted by inflows from assets maturing within 30 days. Average LCR on a daily basis for the quarter ended 31st March 2023 is 146.64%, above RBI prescribed minimum requirement of 100%.

(a) Main drivers of LCR:

The Bank on a consolidated basis, during the three months ended 31st March 2023, had maintained average HQLA (after haircut) of Rs 480689.16 million. The HQLA is primarily driven by government securities in excess of minimum SLR, government securities within mandatory SLR requirement, to the extent allowed by RBI under MSF and the facility to avail liquidity for Liquidity coverage ratio. Also, cash, excess CRR maintained with RBI are important factors for Level 1 HQLA.

Level 2 HQLAs primarily consisted of BBB- and above rated corporate bonds and commercial papers not issued by Financial entities.

(b) intra-period changes as well as changes over time:

LCR were 146.19%,139.47% and 153.64% for the months ending January 2023, February 2023 and March 2023 as against regulatory requirement of 100%.

LCR for has decreased from 216.12% for year end March 2022 to 157.49% for year end March 2023 mainly due to net decrease in HQLAs and change in liquidity scenario. Liquidity scenario has changed due to increase in ROI. HQLAs have decreased since increase in statutory reserve ratios(SLR/CRR) on account of increase in NDTL is higher than increase in SLR portfolio.

(c) Composition of HQLAs:

- HQLAs consists of following components:

	Unweighted value	Weighted value
Level 1 assets	45501.25	45501.25
Level 2 A assets	1078.49	916.72
Level 2 B assets	847.65	423.82

- In composition of HQLAs, excess SLR has decreased from 36.13% for FY end 31.03.22 to 19.49% for FY end 31.03.23 and FALLCR has increased from 50% for FY end 31.03.22 to 67% for FY end 31.03.23.

- Level 2 assets which are lower in quality as compared to Level 1 assets, constitute 2.86% of total stock of HQLA against maximum mandated level of 40%.

(**d) Concentration of funding sources:**

A significant counterparty is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the bank's total liabilities.
There was no significant counterparty deposit as of 31st March 23.
Further significant borrowing is borrowings under TREPS amounting to Rs 3997.76 crore which is 1.49 % of total liabilities which is exposure to CCIL.
Top 20 depositors of the Bank constitute 8.14% of our total deposits which is well within limit of 15% as per ALM Policy.
Top 10 borrowings of the bank constitute 79.81% of total borrowings.
A significant instrument/product is defined as a single instrument/ product of group of similar instruments/products which in aggregate amount to more than 1% of the bank's total liabilities. Example of funding instruments/products- wholesale deposits, certificate of deposits, long term bonds etc. Significant instrument/product as of 31st March 2023 were bulk deposits i.e. 6.01% of total liabilities, Retail term deposits i.e. 29.39 % of total liabilities, Demand deposits i.e. 46.69% of total liabilities and Certificate of deposits i.e. 5.45% of total liabilities.

(e) Derivative exposures and potential collateral calls:
Derivative exposure is shown as Net Derivative cash inflows within 30 days. Inflows from derivative exposure arose due to maturing forwards.

(f) currency mismatch in the LCR;
As per the RBI guidelines while the LCR standard is required to be met on one single currency, in order to better capture potential currency mismatch the LCR in each currency needs to be monitored. Accordingly, Bank is maintaining LCR on daily basis in INR and the same is compared against the regulatory requirement. Further bank does not have exposure to any other significant currencies*, hence LCR is prepared for INR currency.
(*A significant currency is one where aggregate liabilities denominated in the currency amount to 5% or more of the bank's total liabilities).

(g) A description of the degree of centralization of liquidity management and interaction between the group's units:
The liquidity management for the bank on enterprise wide basis is the responsibility of the Board of Directors. Board of Directors has delegated its responsibilities to a Committee of the Board called as the "Risk Management Committee of Board". The committee is responsible for overseeing the inter linkages between different types of risk and its impact on liquidity.
Bank has ALM policy which provides the broad guidelines under which all the entities within the group operate in terms of liquidity and interest rate risk.
LCR is computed and monitored on daily basis by the Bank and the same is shared with Treasury/Midoffice for liquidity management and discussed in Investment committee.
Further LCR for the latest month along with comparison of previous months is placed before ALCO on monthly basis. Moreover, LCR position along with other liquidity parameters is placed before RMC/Board on quarterly basis.

(h) The inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considers to be relevant for its liquidity profile are as under:

Details of average Outflows arising from contingent liabilities for yearend 31.03.23 are as under:

(Amount in crore)

Particulars	Unweighted value	Weighted value
Currently undrawn committed credit and liquidity facilities provided to	**27872.58**	**4288.79**
Retail and small business clients	8849.03	442.45
non-financial corporates, sovereigns and central banks, multilateral development banks, and PSEs – Credit facilities	15749.12	1574.91
non-financial corporates, sovereigns and central banks, multilateral development banks, and PSEs – Liquidity facilities	0.00	0.00
banks	2.14	0.85
other financial institutions (including securities firms, insurance companies) – Credit facilities	1669.54	667.82
other financial institutions (including securities firms, insurance companies) – Liquidity facilities	75.91	75.91
other legal entity customers	1526.84	1526.84
Other contingent funding liabilities	**12408.44**	**428.43**
Guarantees, Letters of credit and Trade Finance	9599.77	287.99
Revocable credit and liquidity facilities	1417.18	70.86
Any other	1391.48	69.57

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