LCR disclosures for quarter end Sept 2023

LCR Disclosure for quarter end Sept 2023			(Amt in Crore)
SN	**Particulars**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**
1	Total High Quality Liquid Assets (HQLAs)		62100.95
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:	158640.59	12076.81
(i)	Stable deposits	75744.90	3787.24
(ii)	Less stable deposits	82895.69	8289.57
3	Unsecured wholesale funding, of which:	65666.34	30457.76
(i)	Operational deposits (all counterparties)	0.00	0.00
(ii)	Non-operational deposits (all counterparties)	65666.34	30457.76
(iii)	Unsecured debt		
4	Secured wholesale funding	2600.82	0.00
5	Additional requirements, of which:		
(i)	*Outflows related to derivative exposures and other collateral requirements*	0.00	0.00
(ii)	*Outflows related to loss of funding on debt products*	0.00	0.00
(iii)	*Credit and liquidity products*	0.00	0.00
6	Other contractual funding obligations	301.72	301.72
7	Other contingent funding obligations	50162.15	5806.20
8	**Total Cash Outflows**		48642.49
Cash inflows			
9	Secured lending (e.g. reverse repos)	674.21	0
10	Inflows from fully performing exposures	7828.98	4610.90
11	Other cash inflows	910.01	746.75
12	**Total Cash Inflows**		5357.65
13	**Total HQLA**		62100.95
14	**Total Net Cash Outflows**		43284.84
15	**Liquidity Coverage Ratio (%)**		**143.47%**

Data is presented as simple averages of daily observations over the previous quarter (i.e. the average is calculated over a period of last quarter). The simple average is calculated on daily observations over the previous quarter end. 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.

Qualitative disclosures:

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 30th Sept 2023 **is 143.47%,** above RBI prescribed minimum requirement of 100%.

(a) Main drivers of LCR:

The Bank on a consolidated basis, during the three months ended 30th Sept 2023, had maintained average HQLA (after haircut) of Rs.621009.50 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 153.63 %, 131.78 % and 146.06 % for the months ending July 2023, Aug 2023 and Sept 2023.

LCR for has increased from 133.89% for quarter end June 2023 to 143.47% for quarter end Sept 2023 mainly due to net increase in HQLAs as compared to net increase in Net Cash Outflow. HQLAs have increased due to increase in NDTL requirements resulting into increase in excess SLR.

(c) Composition of HQLAs:

- HQLAs consists of following components:

	Unweighted value	Weighted value
Level 1 assets	60966.35	60966.35
Level 2 A assets	859.28	730.39
Level 2 B assets	808.42	404.21

- Based on daily averages for the quarter ended Sept 2023, Facility to avail liquidity for Liquidity Coverage Ratio constitutes the highest portion of HQLA i.e. 61.05% followed by govt. securities in excess of minimum SLR requirement which constitute 26.49%.

Level 2 assets which are lower in quality as compared to Level 1 assets, constitute 1.83% 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 30th Sept 2023.

Further there was also Nil significant borrowing which is exceeding the aggregate of 1% of the Bank's total liabilities.

Top 20 depositors of the Bank constitute 9.88% of our total deposits.

Top 10 borrowings of the bank constitute 73.54% 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 30th Sept 2023 were bulk deposits i.e. 11.71% of total liabilities, Retail term deposits i.e. 28.97 % of total liabilities, Demand deposits i.e. 44.42% of total liabilities, Certificate of deposits i.e. 2.48% of total liabilities and Loan term Bonds i.e. 1.96% 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 (A significant currency is one where aggregate liabilities denominated in the currency amount to 5% or more of the bank's total liabilities), hence LCR is prepared only for INR currency.

(g) A description of the degree of centralisation 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 IRM department and the same is shared with Treasury/Midoffice for liquidity management and discussion 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 Outflows arising from contingent liabilities are as under:

(Amount in crore)

Particulars	**Unweighted value**	**Weighted value**
Currently undrawn committed credit and liquidity facilities provided to	**35176.96**	**5262.41**
Retail and small business clients	15397.51	769.88
non-financial corporates, sovereigns and central banks, multilateral development banks, and PSEs – Credit facilities	15257.98	1525.80
non-financial corporates, sovereigns and central banks, multilateral development banks, and PSEs – Liquidity facilities	0.00	0.00
banks	0.00	0.00
other financial institutions (including securities firms, insurance companies) – Credit facilities	2591.17	1036.47
other financial institutions (including securities firms, insurance companies) – Liquidity facilities	300.0	300.00
other legal entity customers	1630.30	1630.26
Other contingent funding liabilities	**14985.23**	**543.79**
Guarantees, Letters of credit and Trade Finance	10273.37	308.20
Revocable credit and liquidity facilities	3336.42	166.82
Any other	1375.44	68.77

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