

# Liquidity Coverage Ratio

(₹ millions)

Particulars	Quarter ended December 31, 2021		Quarter ended September 30, 2021	
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
<b>High Quality Liquid Assets</b>				
1 Total High Quality Liquid Assets (HQLA)		4,182,676.1		4,018,267.1
<b>Cash Outflows</b>				
2 Retail deposits and deposits from small business customers, of which:	9,275,667.7	776,731.0	8,968,147.2	752,844.4
(i) Stable deposits	3,016,714.9	150,835.7	2,879,407.2	143,970.4
(ii) Less stable deposits	6,258,952.8	625,895.3	6,088,740.0	608,874.0
3 Unsecured wholesale funding, of which:	4,258,880.8	2,386,094.5	4,046,090.8	2,274,793.3
(i) Operational deposits (all counterparties)	491,519.9	120,821.0	410,568.1	100,807.2
(ii) Non-operational deposits (all counterparties)	3,649,336.4	2,147,249.0	3,564,200.1	2,102,663.5
(iii) Unsecured debt	118,024.5	118,024.5	71,322.6	71,322.6
4 Secured wholesale funding		14,032.7		26,963.6
5 Additional requirements, of which	1,558,539.6	873,146.9	1,480,040.8	809,838.9
(i) Outflows related to derivative exposures and other collateral requirement	759,339.0	759,339.0	691,656.2	691,656.2
(ii) Outflows related to loss of funding on debt products	-	-	-	-
(iii) Credit and liquidity facilities	799,200.6	113,807.9	788,384.6	118,182.7
6 Other contractual funding obligation	277,711.9	277,711.9	259,269.9	259,269.9
7 Other contingent funding obligations	6,039,619.1	281,133.5	5,952,762.9	278,177.8
8 Total Cash Outflows		4,608,850.5		4,401,887.9
<b>Cash Inflows</b>				
9 Secured lending (e.g. reverse repo)	-	-	-	-
10 Inflows from fully performing exposures	663,285.7	357,288.2	643,108.3	342,265.5
11 Other cash inflows	920,873.3	861,452.8	864,967.6	801,046.0
12 Total Cash Inflows	1,584,159.0	1,218,741.0	1,508,075.9	1,143,311.5
		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>
13 TOTAL HQLA		4,182,676.1		4,018,267.1
14 Total Net Cash Outflows		3,390,109.5		3,258,576.4
15 Liquidity Coverage Ratio (%)		123.38%		123.31%

\* The average weighted and unweighted amounts are calculated taking simple average based on daily observation for the respective quarter.

# Net Stable Funding Ratio (NSFR)

(₹ millions)

Particulars		Quarter ended December 31, 2021					Quarter ended September 30, 2021					Quarter ended June 30, 2021				
		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity*	< 6 months	6 months to < 1yr	≥ 1yr		No maturity*	< 6 months	6 months to < 1yr	≥ 1yr		No maturity*	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item																
1	Capital: (2+3)	2,641,967.8	-	-	-	2,641,967.8	2,539,456.3	-	-		2,539,456.3	2,321,335.7	-	-		2,321,335.7
2	Regulatory capital	2,582,869.3	-	-	-	2,582,869.3	2,480,462.8	-	-		2,480,462.8	2,301,802.2	-	-		2,301,802.2
3	Other capital instruments	59,098.5	-	-	-	59,098.5	58,993.5	-	-	-	58,993.5	19,533.5	-	-	-	19,533.5
4	Retail deposits and deposits from small business customers: (5+6)	-	-	9,701,865.3	-	8,890,113.8	-	-	9,449,700.5	-	8,658,037.8	-	-	9,134,342.0	-	8,369,323.9
5	Stable deposits	-	-	3,168,701.3	-	3,010,266.2	-	-	3,066,148.4	-	2,912,840.9	-	-	2,968,320.8	-	2,819,904.8
6	Less stable deposits	-	-	6,533,164.0	-	5,879,847.6	-	-	6,383,552.1	-	5,745,196.9	-	-	6,166,021.2	-	5,549,419.1
7	Wholesale funding: (8+9)	614,919.4	829,948.0	3,082,151.1	721,605.4	2,570,140.7	717,954.5	728,216.2	3,042,743.8	683,154.4	2,563,503.5	556,326.2	850,414.3	2,944,626.3	583,817.4	2,334,293.6
8	Operational deposits	614,919.4	-	-	-	307,459.7	717,954.5	-	-	-	358,977.2	556,326.2	-	-	-	278,163.1
9	Other wholesale funding	-	829,948.0	3,082,151.1	721,605.4	2,262,681.0	-	728,216.2	3,042,743.8	683,154.4	2,204,526.3	-	850,414.3	2,944,626.3	583,817.4	2,056,130.5
10	Other liabilities: (11+12)	456,518.5	1,219,622.3	25.6	553,874.8	490,659.0	421,995.6	840,340.7	37.0	496,482.2	434,170.4	551,581.2	674,250.4	51.4	449,543.7	401,019.3
11	NSFR derivative liabilities		-	-	-			-	-	-			-	-	-	
12	All other liabilities and equity not included in the above categories	456,518.5	1,219,622.3	25.6	553,874.8	490,659.0	421,995.6	840,340.7	37.0	496,482.2	434,170.4	551,581.2	674,250.4	51.4	449,543.7	401,019.3
13	Total ASF (1+4+7+10)					14,592,881.3					14,195,168.0					13,425,972.5

RSF Item																
14	Total NSFR high-quality liquid assets (HQLA)					211,729.0					207,246.5					214,858.5
15	Deposits held at other financial institutions for operational purposes	86,304.1	25,160.5	1,090.8	18.1	56,143.2	68,310.1	19,683.1	1,430.8	4.9	44,616.2	74,928.9	19,694.7	2,843.4	4.9	48,374.0
16	Performing loans and securities: (17+18+19+21+23)	-	316,563.6	4,144,616.9	8,792,683.5	9,308,606.2	-	279,816.1	3,824,641.3	8,373,961.6	8,801,533.2	-	275,093.1	3,809,086.3	8,193,673.7	8,612,217.4
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	208,013.6	118,137.0	113.9	91,767.4	-	180,849.5	131,645.8	113.9	94,447.2	-	178,258.8	95,441.7	44.8	75,897.8
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	108,550.0	4,026,479.9	6,530,801.8	7,672,662.4	-	98,966.6	3,692,995.5	6,230,696.9	7,245,575.4	-	96,834.3	3,713,644.6	5,847,890.5	6,926,864.0
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Performing residential mortgages, of which:	-	-	-	1,891,631.4	1,229,560.4	-	-	-	1,800,837.9	1,170,544.6	-	-	-	1,922,110.4	1,249,371.8

22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	1,891,631.4	1,229,560.4	-	-	-	1,800,837.9	1,170,544.6	-	-	-	1,922,110.4	1,249,371.8
23	Securities that are not in default and do not qualify as HQLA, including exchange traded equities	-	-	-	370,136.4	314,616.0	-	-	-	342,312.9	290,966.0	-	-	-	423,628.0	360,083.8
24	Other assets: (sum of rows 25 to 29)	1,426,187.8	36,481.2	1,041.8	61,317.5	1,518,275.0	1,357,347.4	32,523.2	738.4	92,347.3	1,476,199.5	1,064,788.3	26,825.9	619.8	80,886.8	1,166,355.2
25	Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	43,322.3	-	-	-	36,823.9	43,018.1	-	-	-	36,565.4	43,004.1	-	-	-	36,553.5
27	NSFR derivative assets	1,297.6	-	-	-	1,297.6	3,692.2	-	-	-	3,692.2	4,230.4	-	-	-	4,230.4
28	NSFR derivative liabilities before deduction of variation margin posted	2,947.2	-	-	-	2,947.2	2,707.8	-	-	-	2,707.8	2,634.3	-	-	-	2,634.3
29	All other assets not included in the above categories	1,378,620.7	36,481.2	1,041.8	61,317.5	1,477,206.3	1,307,929.3	32,523.2	738.4	92,347.3	1,433,234.1	1,014,919.5	26,825.9	619.8	80,886.8	1,122,937.0
30	Off-balance sheet items	7,382,497.3	-	-	15,822.8	340,807.2	2,035,484.9	-	-	17,412.6	78,093.7	1,930,692.8	-	-	22,762.9	74,808.0
31	Total RSF (14+15+16+24+30)					11,435,560.6					10,607,689.1					10,116,613.1
32	Net Stable Funding Ratio (%)					127.61%					132.82%					132.71%

The Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR) are significant components of the Basel III reforms. In the backdrop of the global financial crisis that started in 2007, the Basel Committee on Banking Supervision (BCBS) proposed certain reforms to strengthen global capital and liquidity regulations with the objective of promoting a more resilient banking sector. In this regard, the Basel III rules text on liquidity – “Basel III: International framework for liquidity risk measurement, standards and monitoring” was issued in December 2010 which presented the details of global regulatory standards on liquidity. Two minimum standards, viz., Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) for funding liquidity were prescribed by the Basel Committee for achieving two separate but complementary objectives. The LCR promotes short-term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days. Whereas, the NSFR promotes resilience over a longer-term time horizon by requiring banks to fund their activities with more stable sources of funding on an ongoing basis.

The Liquidity Risk Management of the Bank is governed by the Asset Liability Management (ALM) Policy approved by the Board. The Asset Liability Committee (ALCO) is a decision-making unit responsible for implementing the liquidity and interest rate risk management strategy of the Bank in line with its risk management objectives and ensures adherence to the risk tolerance/limits set by the Board.

The LCR is calculated by dividing a Bank's stock of HQLA by its total net cash outflows over a 30-day stress period. The guidelines for LCR were effective January 1, 2015, with the minimum requirement at 60% which have risen in equal annual steps to reach 100% on January 1, 2019. This graduated approach was designed to ensure that the LCR could be introduced without material disruption to the orderly strengthening of banking systems or the ongoing financing of economic activity. The present requirement, as on December 31, 2021 is 100%.

The guidelines for NSFR were effective from October 1, 2021. The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. “Available stable funding” (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of stable funding required (“Required stable funding”) (RSF) of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet (OBS) exposures.

In the Indian context, the run-off factors for the stressed scenarios are prescribed by the RBI, for various categories of liabilities (viz., deposits, unsecured and secured wholesale borrowings), undrawn commitments, derivative-related exposures, and offset with inflows emanating from assets maturing within the same time period. Given below is a table of run-off factors and the average LCR maintained by the Bank quarter-wise over the past two years:

Particulars	Run-off factors
Retail Deposits	5% - 10%
Small Business Customers	5% - 10%

Operational deposits	5% - 25%
Non-financial corporates, sovereigns, central banks, multilateral development banks, and PSEs	40%
Other legal entities	100%

Quarter ended	LCR Maintained (Average)	LCR Requirement <sup>#</sup>
December 31, 2021	123.38%	100.00%
September 30, 2021	123.31%	
June 30, 2021	126.16%	
March 31, 2021	137.95%	90.00%
December 31, 2020	145.58%	
September 30, 2020	153.22%	80.00%
June 30, 2020	140.12%	
March 31, 2020	132.43%	80.00%
December 31, 2019	140.33%	

<sup>#</sup>As a measure to address the current pandemic situation, RBI had reduced the minimum LCR requirement from 100% to 80% which was to be gradually restored back in two phases, i.e., 90% by October 1, 2020 and 100% by April 1, 2021.

The average LCR for the quarter ended December 31, 2021 was at 123.38% as against 145.58% for the quarter ended December 31, 2020, and well above the present prescribed minimum requirement of 100%. The average HQLA for the quarter ended December 31, 2021 was ₹4,182,676.1 million, as against ₹3,843,180.8 million for the quarter ended December 31, 2020. The composition of government securities and treasury bills in HQLA stood at 89%.

For the quarter ended December 31, 2021, derivative exposures (net of cash inflows) / collateral requirements and undrawn commitments constituted just about 0.2% and 2.5% respectively of average cash outflow. The Bank has consistently maintained a robust funding profile with a significant portion of funding through deposits. As of December 31, 2021 the top 20 depositors comprised of 5% of total deposits indicating a healthy and stable deposit profile.

The NSFR for the quarter ended December 31, 2021 was at 127.61% as against 132.82% for the quarter ended September 30, 2021.