

Bank of India
LCR and NSFR Disclosure on Consolidated basis for the
quarter ended September 30, 2023

LCR Disclosure for the quarter ended September 30, 2023

Bank of India					
Risk Management Dept., Head Office					
Amount in INR Crore					
LCR DISCLOSURE TEMPLATE for the quarter ended September 30, 2023					
		Q2 FY 2023-24*		Q1 FY 2023-24*	
	AMOUNT IN RS CRS	Total Unweighted Value (average) @	Total Weighted Value(average) @	Total Unweighted Value (average) @	Total Weighted Value(average) @
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Assets(HQLA)		1,56,239.36		1,61,091.64
CASH OUTFLOW					
2	Retail deposits and deposits from small business customers, of which:	5,22,824.18	45,553.61	5,04,332.42	43,845.59
(i)	Stable deposits	1,34,576.09	6,728.80	1,31,753.07	6,587.65
(ii)	Less stable deposits	3,88,248.09	38,824.81	3,72,579.35	37,257.94
3	Unsecured wholesale funding, of which:	89,666.47	49,145.72	95,986.20	53,962.60
(i)	Operational deposits (all counterparties)	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	67,534.57	27,013.83	70,039.34	28,015.74
(iii)	unsecured debts	22,131.89	22,131.89	25,946.86	25,946.86
4	Secured wholesale funding		213.38		94.46
5	Additional requirements, of which	58,403.71	13,741.74	56,356.22	12,502.55
(i)	Outflows related to derivative exposures and other collateral requirement	4,261.99	4,261.99	3,713.32	3,713.32
(ii)	Outflows related to loss of funding on debt products	-	-	-	-
(iii)	Credit and liquidity facilities	54,141.71	9,479.75	52,642.90	8,789.23
6	Other contractual funding obligations	18,008.57	18,008.57	16,807.54	16,807.54
7	Other contingent funding obligations	32,412.12	972.36	33,422.20	1,002.67
8	TOTAL CASH OUTFLOWS		1,27,635.39		1,28,215.40
CASH INFLOW					
9	Secured lending (e.g. reverse repos)	3,874.01	2,639.39	3,210.48	2,080.82
10	Inflows from fully performing exposures	25,701.74	20,945.26	29,516.37	23,202.51
11	Other cash inflows	12,003.75	11,875.94	12,738.07	12,708.28
12	TOTAL CASH INFLOWS	41,579.50	35,460.59	45,464.93	37,991.62
13	TOTAL HQLA		1,56,239.36		1,61,091.64
14	TOTAL NET CASH OUTFLOWS		92,174.80		90,223.77
15	LIQUIDITY COVERAGE RATIO(%)		169.50		178.55

Note-
* On consolidated basis (including domestic operations, overseas Centres and overseas subsidiaries)
@ Disclosure for the quarter ended Sept-23 as well as Jun-23 have been done by taking simple average of daily observations for the quarter (68 observations in Sept-23 qtr and 69 observations in Jun-23 qtr). This is as per RBI guidelines ref. no. DBR.No.BP.BC.80/21.06.201/2014-15 dated March 31, 2015.



Qualitative disclosures with regard to LCR

W.e.f. 1st January 2015, the Bank has implemented guidelines on Liquidity Coverage Ratio (LCR) as directed by Reserve Bank of India.

The LCR standard aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLA) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario. At a minimum, the stock of liquid assets should enable the bank to survive until next 30 calendar days under a severe liquidity stress scenario.

$$LCR = \frac{\text{High Quality Liquid Assets (HQLA)}}{\text{Total net cash outflows over the next 30 calendar days}}$$

Here,

- HQLA comprises of level 1 and level 2 assets, in other words these are cash or near to cash items which can be easily used / discounted in the market in case of need.
- Net cash outflows are excess of total outflow over total inflow under stressed situation as defined by Basel / RBI. While arriving at the net cash outflow, the inflows are taken with pre-defined hair-cuts and the outflows are taken at pre-defined run-off factors.
- In case stressed inflows are more than the stressed outflows, 25% of total outflows shall be taken as total net cash outflows to arrive at the LCR.
- With effect from 01.01.2015, Banks were required to maintain minimum 60% LCR on an ongoing basis. The same has reached 100% as on 01.01.2019 with incremental increase of 10% each year.

	01/01/2015	01/01/2016	01/01/2017	01/01/2018	01/01/2019	01/04/2020	01/10/2020	01/04/2021
Minimum LCR	60%	70%	80%	90%	100%	80%	90%	100%

However, in order to accommodate the burden on bank's cash flow on account of COVID 19 pandemic, RBI vide circular no DOR.BP.BC.No.65/21.04.098/2019-20, dated April 17, 2020 permitted Banks to maintain LCR as under:

From date of Circular to September 30, 2020	= 80%
Oct 1, 2020 to March 31, 2021	= 90%
April 1, 2021 onwards	=100%



Classification Internal

Main Drivers of LCR: The main drivers of the LCR are adequacy of High Quality Liquid Assets (HQLA) and lower net cash outflow on account of higher funding sources from retail customers. Sufficient stock of HQLA helped the Bank to maintain adequate LCR.

Composition of HQLA: The composition of High Quality Liquid Assets (HQLA) mainly consists of cash balances, excess SLR, excess CRR, Securities under MSF and FALLCR (Facility to Avail Liquidity for Liquidity Coverage Ratio).

The composition of HQLA for the quarter ended September 2023 of disclosure is given below:

Cash in hand	1.91%
Excess CRR balance	4.39%
Government securities in excess of minimum SLR Requirement	20.38%
Government securities within the mandatory SLR Requirement, to the extent of allowed by RBI under MSF (presently to the extent of 2 percent of NDTL as allowed for MSF)	7.93%
Marketable securities issued or guaranteed by foreign sovereigns having 0% risk weight under Basel II standardized approach and other securities adjustments on account of Repo/Reverse Repo transactions	2.80%
Facility to Avail Liquidity for Liquidity Coverage Ratio	62.21%
Level 2 Assets	1.26%
Adjustment in HQLA to reflect liquidity transfer restrictions	(0.88%)

Concentration of funding sources: Majority of Bank's funding sources are from retail customers & small business customers therefore the stressed outflows are comparatively lower. Bank does not have significant funding concentration from any counterparty. 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 for deposits:

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%



Derivative Exposures and potential collateral calls: Bank has very little exposure in derivative business which is not very significant.

Currency mismatch in the LCR: In terms of RBI guidelines, a significant currency is one where aggregate liabilities denominated in that currency amount to 5 per cent or more of the bank's total liabilities. In our case, USD is the only significant currency.

Description of the degree of centralization of liquidity management and interaction between the group's units: The liquidity management of the Bank at enterprise level is a Board level function and a separate sub-committee of the Board (R.Com.) keeps close watch on that. The periodical monitoring of the liquidity management is being monitored by the ALCO at regular intervals. The entire liquidity management process of the Bank is being governed by ALM Policy of the Bank.

The liquidity management for domestic operations is the central function, being managed at Head Office level. The overseas liquidity management is being handled at each centre, jurisdiction wise to keep close monitoring and control and also to comply with the local regulatory requirements as well.

The average LCR for the quarter ended Sep 30, 2023 was at 169.50% as against 178.55% for the quarter ended Jun 30, 2023 and well above the present prescribed minimum requirement of 100%. The average HQLA for the quarter ended Sep 30, 2023, was Rs.156,239.36 crore and the average Net Cash outflow was Rs.92,174.80 crore.



NSFR Disclosure for the quarter ended September 30,2023

NSFR Disclosure Template						
Particulars	30.09.2023				Amt in Rs. Crs	
	Unweighted value by residual maturity				Weighted value	
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr		
ASF Item						
1	Capital: (2+3)	64,915.75	0.00	0.00	0.00	64,915.75
2	Regulatory capital	64,915.75	0.00	0.00	0.00	64,915.75
3	Other capital instruments	0.00	0.00	0.00	0.00	0.00
4	Retail deposits and deposits from small business customers: (5+6)	2,25,831.52	1,30,482.96	1,11,558.63	0.00	4,25,819.25
5	Stable deposits	38,900.55	23,314.92	32,453.64	0.00	89,935.66
6	Less stable deposits	1,86,930.96	1,07,168.04	79,104.99	0.00	335883.59
7	Wholesale funding: (8+9)	24,046.79	28,499.16	27,986.70	0.00	40,266.32
8	Operational deposits	0.00	0.00	0.00	0.00	0.00
9	Other wholesale funding	24,046.79	28,499.16	27,986.70	0.00	40,266.32
10	Other liabilities: (11+12)	1,426.89	7,479.13	0.00	2,34,010.47	1,12,906.47
11	NSFR derivative liabilities	0.00	0.00	0.00	0.00	0.00
12	All other liabilities and equity not included in the above categories	1,426.89	7,479.13	0.00	2,34,010.47	1,12,906.47
13	Total ASF (1+4+7+10)					6,43,907.79
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)					7,839.75
15	Deposits held at other financial institutions for operational purposes	5,294.24	0.00	0.00	0.00	2,647.12
16	Performing loans and securities: (17+18+19+21+23)	0.00	2,05,393.87	1,08,208.37	1,90,611.01	2,83,995.54
17	Performing loans to financial institutions secured by Level 1 HQLA	0.00	0.00	0.00	0.00	0.00
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	0.00	12,687.16	7,435.88	0.00	5,621.01
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:	0.00	1,92,706.71	1,00,772.49	1,33,688.73	2,33,637.28
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0.00	1,92,706.71	1,00,772.49	1,33,688.73	2,33,637.28
21	Performing residential mortgages, of which:	0.00	0.00	0.00	18,233.47	11,851.76
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0.00	0.00	0.00	18,233.47	11,851.76
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	0.00	0.00	0.00	38,688.81	32,885.49
24	Other assets: (sum of rows 25 to 29)	4,237.26	37,474.43	3,015.43	1,61,003.50	1,99,308.80
25	Physical traded commodities, including gold	0.00				0.00
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		0.00	0.00	0.00	0.00
27	NSFR derivative assets		31,433.53	2,353.88	160.59	33,948.00
28	NSFR derivative liabilities before deduction of variation margin posted		452.16	50.79	0.44	503.39
29	All other assets not included in the above	4,237.26	5,588.74	610.76	1,60,842.46	1,64,857.41
30	Off-balance sheet items		11,958.33	67,014.30	44,873.09	5,429.21
31	Total RSF					4,99,220.41
32	NSFR %					128.98%

Items to be reported in the 'no maturity' time bucket do not have a stated maturity. These may include, but are not limited to, items such as capital with perpetual maturity, non-maturity



Classification: Internal

Qualitative disclosures with regard to NSFR

The objective of the Net Stable Funding Ratio (NSFR) is to promote the resilience of bank's liquidity risk profiles and to incentivize a more resilient banking sector over a longer time horizon. The NSFR will require banks to maintain a stable funding profile in the form of Capital & liabilities in relation to the composition of their assets and off-balance sheet activities.

NSFR is defined as the amount of available stable funding relative to the amount of required stable funding.

$$NSFR = \frac{\text{Available Amount of Stable Funding (ASF)}}{\text{Required Amount of Stable Funding (RSF)}} \geq 100\%$$

RBI issued the regulations on the implementation of the Net Stable Funding Ratio in May 2018 with minimum requirement of equal to at least 100%. The implementation is effective from 1st October, 2021. NSFR is computed at Bank's standalone and consolidated level.

Available Stable Funding (ASF) is defined as the portion of capital and liabilities expected to be reliable which is determined by various factors/weights according to the nature and maturity of liabilities viz. liabilities having maturity of 1 year or more receiving 100% weight.

Required Stable Funding (RSF) is defined as the portion of on balance sheet and off-balance sheet exposures which requires to be funded on an ongoing basis. The amount of such stable funding required is a function of the liquidity characteristics and residual maturities of the various assets held.

Brief about NSFR of the Bank

The main drivers of the Available Stable Funding (ASF) are the capital base, retail deposit base, and funding from non-financial companies and long-term funding from institutional clients. The capital base formed around 10%, retail deposits (including deposits from small sized business customers) formed 66% and wholesale funding formed 6% of the total Available Stable Funding, after applying the relevant weights.

The Required Stable Funding primarily comprised lending to corporates, retail clients and financial institutions which constituted 57% of the total RSF after applying the relevant weights. The stock of High-Quality Liquid Assets which majorly includes cash



and reserve balances with the RBI, government debt issuances attracted no or low amount of stable funding due to their high quality and liquid characteristic. Accordingly, the HQLA and the deposits held for operational purpose constituted only 2% of the Required Stable Funding after applying the relevant weights. Other assets and Contingent funding obligations, such as committed credit facilities, guarantees and letters of credit constituted 41% of the Required Stable Funding.

Bank has maintained comfortable stable funding buffers with Available Stable Funding at consolidated level of Rs.643,908 Cr against Rs.499,220 Cr of Required Stable Funding, resulting in a consolidated NSFR of 128.98% as on 30th Sept, 2023.

