Bank of India
LCR and NSFR Disclosure for the quarter ended June 30, 2022

Bank of India
Risk Management Dept., Head Office

LCR DISCLOSURE for the quarter ended June, 2022

Amount Rs. in crores

	Particulars	Total Unweighted Value (average)*	Total Weighted Value(average)*
HIGH QUALITY LIQID ASSETS			
1	Total High Quality Assets(HQLA)		138,128.62
CASH OUTFLOW			
2	Retail deposits and deposits from small business customers, of which:	489,780.10	42,829.37
(i)	Stable deposits	122,972.85	6,148.64
(ii)	Less stable deposits	366,807.25	36,680.72
3	Unsecured wholesale funding of which:	69,876.64	39,085.97
(i)	Operational deposits (all counterparties)	-	-
(ii)	Non -operational deposits (all counterparties)	51,317.80	20,527.12
(iii)	unsecured debts	18,558.85	18,558.85
4	Secured wholesale funding		10,790.52
5	Additional requirements, of which	31,337.65	13,626.14
(i)	Outflows related to derivative exposures and other collateral requirement	8,575.21	8,575.21
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and liquidity facilities	22,762.44	5,050.93
6	Other contractual funding obligations	13,410.62	13,410.62
7	Other contingent funding obligations	41,385.74	1,241.54
8	TOTAL CASH OUTFLOWS		120,984.15
CASH INFLOW			
9	Secured lending(e.g. reverse repos)	7,403.56	5,025.15
10	Inflows from fully performing exposurs	25,680.37	20,092.96
11	Other cash inflows	22,361.55	22,112.86
12	TOTAL CASH INFLOWS	55,445.48	47,230.97
21	TOTAL HQLA		138,128.62
22	TOTAL NET CASH OUTFLOWS		73,753.18
23	LIQUIDITY COVERAGE RATIO(%)		187.28

* The average weighted and unweighted amounts are calculated taking simple average based on daily observation for the quarter (67 observations)

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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%

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RISK MANAGEMENT DEPT
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Classification: Internal

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%

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 and FALLCR (Facility to Avail Liquidity for Liquidity Coverage Ratio).

The composition of HQLA as on date of disclosure is given below:

Cash in hand	1.96%
Excess CRR balance	3.05%
Government securities in excess of minimum SLR Requirement	15.31%
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)	8.26%
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	4.70%
Facility to Avail Liquidity for Liquidity Coverage Ratio	64.64%
Level 2 Assets	2.08%

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 funding concentration from any significant counterparty.

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.

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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 on 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.

	NSFR Disclosure Template - 30.06.2022					
	Rs. in crore	Unweighted value by residual maturity				Weighted value
		No maturity#	< 6 months	6 months to < 1 yr	≥ 1 yr	
ASF Item						
1	Capital (2+3)	59,670	0	0	0	59,670
2	Regulatory Capital	59,670	0	0	0	59,670
3	*Other Capital Instruments*	0	0	0	0	0
4	Retail Deposits and deposits from small business customers. (5+6)	189,237	47,903	29,203	223,602	466,716
5	*Stable Deposits*	48,403	12,253	7,469	57,193	121,912
6	*Less Stable Deposits*	140,834	35,650	21,733	166,409	344,804
7	Wholesale Funding (8+9)	28,667	21,479	80,994	42,955	108,525
8	*Operational Deposits*	0	0	0	0	0
9	*Other wholesale funding*	28,667	21,479	80,994	42,955	108,525
10	Other Liabilities: (11+12)	0	21,929	0	0	0
11	*NSFR Derivative Liabilities*		0	0	0	
12	*All other liabilities and equity not included in the above categories*	0	21,929	0	0	0
13	Total ASF (1+4+7+10)					634,911
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)					7,692
15	Deposits held at other financial institutions for operational purposes	0	2,850	0	203	1,527
16	Performing Loans and securities (17+18+19+21+23)	0	195,325	14,621	207,395	286,802
17	Performing loans to financial institutions secured by Level 1 HQLA	0	0	0	0	0
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	0	5,115	3,541	50,230	52,768
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	187,708	9,348	132,592	215,945
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0	187,708	9,348	132,592	215,945
21	Performing residential mortgages, of which:		2,502	1,732	24,573	18,090
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0	2,502	1,732	24,573	18,090
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	0	0	0	0	
24	Other assets: (sum of rows 25 to 29)	33,213	57,042	5,184	110,049	146,350
25	Physical traded commodities, including gold					
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	0	0	0	0	0
27	NSFR derivative assets	0	561	0	0	561
28	NSFR derivative liabilities before deduction of variation margin posted	0	10,050	0	0	10,050
29	All other assets not included in the above categories	33213	46,431	5,184	110,049	135,739
30	Off-balance sheet items		85,224	0	0	3,449
31	Total RSF (14+15+16+24+30)					445,820
32	Net Stable Funding Ratio (%)					142.41%

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 deposits, short positions, open maturity positions, non-HQLA equities, and physical traded commodities.

Classification: Internal

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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.

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

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 applicable to Bank's domestic operations as well as overseas operations and computed at 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 factor weights according to the nature and maturity of liabilities with 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 9%, retail deposits (including deposits from small sized business customers) formed 74% and wholesale funding formed 17% 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 65% 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 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 33% of the Required Stable Funding.

Bank has maintained comfortable stable funding buffers with Available Stable Funding at consolidated level of Rs.634,911 Cr against Rs.445,820 Cr of Required Stable Funding, resulting in a consolidated NSFR of 142.41% as on 30th June, 2022.