

**Bank of India**  
**LCR and NSFR Disclosure on Consolidated basis for the**  
**quarter ended September 30, 2024**

**LCR Disclosure for the quarter ended September 30, 2024**

Bank of India Risk Management Dept., Head Office					
					Amount in INR Crore
LCR DISCLOSURE TEMPLATE for the quarter ended September 30, 2024					
		Q2 FY 2024-25*		Q1 FY 2024-25*	
	AMOUNT IN RS CRS	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 Assets(HQLA)		1,77,564.44		1,69,042.17
<b>CASH OUTFLOW</b>					
2	Retail deposits and deposits from small business customers, of which:	5,06,260.32	39,105.53	5,06,363.93	39,957.93
(i)	Stable deposits	2,30,410.09	11,520.50	2,13,569.18	10,678.46
(ii)	Less stable deposits	2,75,850.22	27,585.02	2,92,794.74	29,279.47
3	Unsecured wholesale funding of which:	1,81,883.12	1,07,385.97	1,60,310.28	98,329.32
(i)	Operational deposits (all counterparties)	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	1,24,161.92	49,664.77	1,03,301.60	41,320.64
(iii)	unsecured debts	57,721.20	57,721.20	57,008.68	57,008.68
4	Secured wholesale funding		513.81		249.96
5	Additional requirements, of which	1,08,421.64	26,991.92	1,05,988.00	27,549.30
(i)	Outflows related to derivative exposures and other collateral requirement	6,938.86	6,938.86	11,122.62	11,122.62
(ii)	Outflows related to loss of funding on debt products	-	-	-	-
(iii)	Credit and liquidity facilities	1,01,482.78	20,053.05	94,865.37	16,426.67
6	Other contractual funding obligations	22,203.61	22,203.61	20,901.91	20,901.91
7	Other contingent funding obligations	40,517.99	1,215.54	40,528.48	1,215.85
8	<b>TOTAL CASH OUTFLOWS</b>		<b>1,97,416.37</b>		<b>1,88,204.27</b>
<b>CASH INFLOW</b>					
9	Secured lending (e.g. reverse repos)	3,844.16	2,762.74	3,140.69	1,935.56
10	Inflows from fully performing exposures	34,674.25	26,937.32	31,645.38	22,577.64
11	Other cash inflows	16,982.65	14,790.12	25,047.15	22,879.91
12	<b>TOTAL CASH INFLOWS</b>		<b>44,490.18</b>		<b>47,393.10</b>
13	<b>TOTAL HQLA</b>		<b>1,77,564.44</b>		<b>1,69,042.17</b>
14	<b>TOTAL NET CASH OUTFLOWS</b>		<b>1,52,926.19</b>		<b>1,40,811.17</b>
15	<b>LIQUIDITY COVERAGE RATIO (%)</b>		<b>116.11</b>		<b>120.05</b>

Note-  
\* On consolidated basis (including domestic operations, overseas Centres and overseas subsidiaries)

@ Disclosure for the quarter ended Sep-24 as well as Jun-24 have been done by taking simple average of daily observations for the quarter (70 observations in Sept-24 qtr and 66 observations in Jun-24 qtr). This is as per RBI guidelines ref. no. DBR.No.BP.BC.80 /21.06.201/2014-15 dated March 31, 2015.



Classification: Internal

## Qualitative disclosures with regard to LCR

The Liquidity Coverage Ratio (LCR) is one of the Basel Committee's key reforms to develop a more resilient banking sector. The LCR, a global standard, is also used to measure your Bank's liquidity position. LCR seeks to ensure that the 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 under a 30-day calendar liquidity stress scenario. The LCR helps in improving the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy. Based on Basel III norms, our Bank's average LCR stood at 116.11 per cent on a consolidated basis for Q2 FY 2024-25 as against the regulatory threshold at 100 per cent.

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.

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

Liquid assets comprise of high-quality assets that can be readily encashed or used as collateral to obtain cash in a range of stress scenarios.

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. While Level 1 assets are with 0% haircut, Level 2A and Level 2 B assets are with 15% and 50% haircuts respectively.
- 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 order to determine cash outflows, the Bank segregates its deposits into various customer segments, viz., Retail (which include deposits from individuals), Small Business Customers (those with deposits upto Rs 7.5 crore), and Wholesale (which would cover all residual deposits). Within Wholesale, deposits that are attributable to clearing, custody, and cash management services are classified as Operational Deposits. Other contractual funding, including a portion of other liabilities which are expected to run down in a 30 day time frame are included in the cash outflows. These classifications, based on extant regulatory guidelines, are part of the Bank's LCR framework, and are also submitted to the RBI.



- Total expected cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in up to an aggregate cap of 75% of total expected cash outflows. 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.

**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 Average HQLA for Q2 FY 2024-25 of disclosure is given below:

Cash in hand	1.90%
Excess CRR balance	2.79%
Government securities in excess of minimum SLR Requirement	24.49%
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)	7.80%
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	2.41%
Facility to Avail Liquidity for Liquidity Coverage Ratio	61.01%
Level 2 Assets	0.58%
Adjustment in HQLA to reflect liquidity transfer restrictions	(0.98%)

**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 Global ALM Policy of the Bank. Liquidity for the Bank's domestic banking operations is directly managed at the Head Office. The overseas branches and offshore unit of the Bank independently manage their liquidity requirements with support from the Head Office. Similarly, the Bank's subsidiaries independently manage their liquidity requirements under guidance of the R.COM, which, along with senior management of the subsidiaries, reviews the risk assessment of material risks at the subsidiaries. Further, the Bank maintains suitable systems and processes to monitor liquidity requirements in other currencies as appropriate.

The average LCR based on daily average of three months (Q2 FY 2024-25) for the quarter ended Sept 30, 2024 was at 116.11% as against 120.05% for the quarter ended Jun 30, 2024 and well above the present prescribed minimum regulatory requirement of 100%. The average HQLA for the quarter ended Sept 30, 2024 was Rs.177,564.44 crore with 100.4% being Level 1 Assets whereas Level 2A and level 2 B assets constitute 0.47% and 0.11% respectively. The adjustment in average HQLA is -0.98%. The weighted average HQLA level has increased by Rs 8,522 Crore from Q1 FY 2024-25 to Q2 FY2024-25 primarily on account of increase in excess SLR holding. Further, weighted average cash outflows position has increased by Rs 9,212 Crore and cash inflow position has decreased by Rs 2,903 Crore during the same period, mainly on account of increase in cash outflows under the head unsecured wholesale funding.

The Bank has been maintaining HQLA mainly in the form of SLR investments over and above the mandatory requirements. Retail and Small Business Customer deposits constitute major portion of total funding sources, which are well diversified. Management is of the view that the Bank has sufficient liquidity cover to meet its likely future commitments.





## NSFR Disclosure for the quarter ended Sept 30,2024

NSFR Disclosure Template - 30.09.2024 (Audited)						
Amount in (Rs. Crores)	Unweighted value by residual maturity				Weighted value	
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr		
<b>ASF Item</b>						
1	Capital: (2+3)	75,570.70	0.00	0.00	0.00	75,570.70
2	Regulatory capital	75,570.70	0.00	0.00	0.00	75,570.70
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)	2,53,226.21	1,52,836.22	75,225.69	0.00	4,37,762.43
5	Stable deposits	39,814.34	30,027.76	22,220.23	0.00	87,459.22
6	Less stable deposits	2,13,411.87	1,22,808.45	53,005.46	0.00	3,50,303.20
7	Wholesale funding: (8+9)	24,971.17	35,480.80	55,643.15	0.00	58,047.56
8	Operational deposits	0.00	0.00	0.00	0.00	0.00
9	Other wholesale funding	24,971.17	35,480.80	55,643.15	0.00	58,047.56
10	Other liabilities: (11+12)	2,241.28	1,27,909.42	2.50	1,87,458.56	1,10,278.50
11	NSFR derivative liabilities		0.00	0.00	0.00	0.00
12	All other liabilities and equity not included in the above categories	2,241.28	1,27,909.42	2.50	1,87,458.56	1,10,278.50
13	<b>Total ASF (1+4+7+10)</b>					<b>6,81,659.19</b>
<b>RSF Item</b>						
14	Total NSFR high-quality liquid assets (HQLA)					8,498.96
15	Deposits held at other financial institutions for operational purposes	3,534.13	0.00	0.00	0.00	1,767.06
16	Performing loans and securities: (17+18+19+21+23)	0.00	2,57,837.92	1,57,693.52	1,98,741.80	3,41,817.64
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	8,974.43	28,012.89	1,598.27	16,711.14
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	2,48,863.49	1,29,680.63	1,34,765.81	2,76,869.83
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0.00	2,48,863.49	1,29,680.63	1,34,765.81	2,76,869.83
21	Performing residential mortgages, of which:	0.00	0.00	0.00	23,921.95	15,549.27
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	23,921.95	15,549.27
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	0.00	0.00	0.00	38,455.77	32,687.40
24	Other assets: (sum of rows 25 to 29)	3,742.37	25,674.40	462.18	1,73,889.10	1,95,865.32
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		19,063.15	0.00	0.00	19,063.15
28	NSFR derivative liabilities before deduction of variation margin posted		1,305.50	0.00	0.00	1,305.50
29	All other assets not included in the above	3,742.37	5,505.75	462.18	1,73,889.10	1,75,496.67
30	Off-balance sheet items		57,271.04	44,383.03	45,507.88	6,447.94
31	<b>Total RSF</b>					<b>5,54,396.93</b>
32	<b>NSFR %</b>					<b>122.96%</b>

# 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

## 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. Net Stable Funding Ratio (NSFR) guidelines ensure reduction in funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress. The 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 11%, retail deposits (including deposits from small sized business customers) formed 64% and wholesale funding formed 9% 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 62% 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 36% of the Required Stable Funding.



Bank's NSFR comes to 122.96% at consolidated basis as on 30<sup>th</sup> Sept 2024 and is above the minimum regulatory requirement of 100% set out in the RBI. As on 30<sup>th</sup> Sept 2024, the weighted Available Stable Funding (ASF) position stood at Rs 6,81,659 Crore and weighted Required Stable Funding (RSF) position stood at Rs 5,54,397 Crore.

