

DISCLOSURE ON LIQUIDITY COVERAGE RATIO (LCR) AS ON 30.09.2024

The Liquidity Coverage Ratio (LCR) is one of the Basel Committee's key reforms to develop a more resilient banking sector. The LCR is expected to improve the banking sector's ability to absorb shocks arising from financial and economic stress, thus reducing the risk of spill over from the financial sector to the real economy.

The Liquidity Risk Management of the Bank is governed by the Asset Liability Management (ALM) Policy approved by the Board. Liquidity Coverage Ratio (LCR) standard has been introduced with the objective that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar days' time horizon under a significantly severe liquidity stress scenario.

The LCR is calculated as under:

$$\text{LCR} = \frac{\text{High Quality Liquid Assets (HQLA)}}{\text{Total Net Cash Outflows}} \geq 100\%$$

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 main drivers of the liquidity coverage ratio:

1) High Quality Liquid Asset (HQLA) is one of the major drivers of LCR. The major portion of HQLA consists of facility to avail liquidity under Marginal Standing Facility (MSF), FALLCR & excess SLR investments.

2) Cash Outflow is another major driver of LCR. The main components of cash outflows are less stable retail deposit, funding from other legal entity and net derivative cash outflow.

3) Another major driver of LCR is Cash Inflow. The main components of cash inflows are inflows by counterparty and net derivative cash inflow.

The composition of HQLA:

Level 1 assets comprises of surplus SLR investments and 2% of NDTL applicable for MSF and 16% of NDTL (FALLCR) as per RBI circular no. RBI/2022-23/25 DOR.LRG.REC.19/21.04.098/2022-23 dated 18/04/2022 and overnight balances held by banks with RBI under SDF as per RBI circular no. RBI/2022-23/141 DOR.LRG.REC.83/03.10.001/2022-23 dated 23/11/2022.

Level 2A assets comprises of Bonds issued by State Government, Central Government PSUs excluding the finance companies and bonds of private corporates having rating of AA- and above excluding the finance companies.

Level 2B assets comprises of bonds of corporates having rating of BBB- to A+ excluding the finance companies. Level 2B assets also comprises of NIFTY/SENSEX shares excluding the finance companies.

Central Bank of India's LCR comes to 240.19 % based on daily average position of the quarter (Q2 FY24-25) and remained above the minimum regulatory requirement of 100%. Average HQLA held during the quarter was ₹105888 crore, with the majority 97.90% of HQLA being in Level 1 assets.

The average HQLA for the quarter ended September 30, 2024 was ₹ 105888 crore as against was ₹ 96294 crore for the quarter ended June 30 2024.

The average LCR for the quarter ended **September 30, 2024** was at **240.19 %**.

Central Bank of India		Quarter Ended June 2024		Quarter Ended Sep 2024	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
(Rs in crore)					
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)		96294		105888
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:				
(i)	Stable deposits	28437	1422	27994	1400
(ii)	Less stable deposits	310740	31074	312612	31261
3	Unsecured wholesale funding, of which:				
(i)	Operational deposits (all counterparties)	0	0	0	0
(ii)	Non-operational deposits (all counterparties)	36311	19741	33466	16580
(iii)	Unsecured debt	0	0	0	0
4	Secured wholesale funding		0		0
5	Additional requirements, of which				
(i)	Outflows related to derivative exposures and other collateral requirements	8181	8181	8429	8429
(ii)	Outflows related to loss of funding on debt products	0	0	0	0
(iii)	Credit and liquidity facilities	2651	2628	2681	2674
6	Other contractual funding obligations	2599	2599	2548	2548
7	Other contingent funding obligations	32652	1387	32637	1388
8	TOTAL CASH OUTFLOWS		67031		64280
Cash Inflows					
9	Secured lending (e.g reverse repo)	0	0	0	0
10	Inflows from fully performing exposures	3103	3103	3611	3611
11	Other cash inflows	17743	15027	18614	16584
12	TOTAL CASH INFLOWS	20846	18130	22225	20195
			TOTAL ADJUSTED VALUE		TOTAL ADJUSTED VALUE
13	TOTAL HQLA		96294		105888
14	TOTAL NET CASH OUTFLOWS		48901		44085
15	LIQUIDITY COVERAGE RATIO (%)		196.92%		240.19%