

DISCLOSURE ON LIQUIDITY COVERAGE RATIO (LCR) AS ON 31.12.2024

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 233.60 % based on daily average position of the quarter (Q3 FY24-25) and remained above the minimum regulatory requirement of 100%. Average HQLA held during the quarter was ₹ 109418 crore, with the majority 97.87% of HQLA being in Level 1 assets.

The average HQLA for the quarter ended December 31, 2024 was ₹ 109418 crore as against was ₹ 105888 crore for the quarter ended September 30 2024.

The average LCR for the quarter ended **December 31, 2024** was at **233.60%**.

Central Bank of India		Quarter Ended Sep 2024		Quarter Ended Dec 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)		105888		109418
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:				
(i)	Stable deposits	27994	1400	28302	1415
(ii)	Less stable deposits	312612	31261	316642	31664
3	Unsecured wholesale funding, of which:				
(i)	Operational deposits (all counterparties)	0	0	0	0
(ii)	Non-operational deposits (all counterparties)	33466	16580	35507	17689
(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	8429	8429	9172	9172
(ii)	Outflows related to loss of funding on debt products	0	0	0	0
(iii)	Credit and liquidity facilities	2681	2674	2659	2652
6	Other contractual funding obligations	2548	2548	2713	2713
7	Other contingent funding obligations	32637	1388	32878	1392
8	TOTAL CASH OUTFLOWS		64280		66697
Cash Inflows					
9	Secured lending (e.g reverse repo)	0	0	11	0
10	Inflows from fully performing exposures	3611	3611	3237	3237
11	Other cash inflows	18614	16584	18818	16619
12	TOTAL CASH INFLOWS	22225	20195	22067	19856
			TOTAL ADJUSTED VALUE	TOTAL ADJUSTED VALUE	
13	TOTAL HQLA		105888		109418
14	TOTAL NET CASH OUTFLOWS		44085		46840
15	LIQUIDITY COVERAGE RATIO (%)		240.19%		233.60%