

Liquidity Coverage Ratio Disclosure as on September 30, 2023

In the backdrop of the global financial crisis that started in 2007, the Basel Committee on Banking Supervision (BCBS) proposed certain reforms to strengthen global capital and liquidity regulations with the objective of promoting a more resilient banking sector. In this regard, the Basel III rules text on liquidity – “Basel III: International framework for liquidity risk measurement, standards and monitoring” was issued in December 2010 which presented the details of global regulatory standards on liquidity. Two minimum standards viz. Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) for funding liquidity were prescribed by the Basel Committee for achieving two separate but complementary objectives.

The LCR promotes short-term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days.

LCR Compliance as on September 30, 2023

LCR Calculation Methodology	RBI prescribed minimum LCR	Bank’s Daily Average LCR during the Quarter ended September 30, 2023
LCR= $\frac{\text{Stock of High Quality Liquid Assets}}{\text{Total net cash outflows over the next 30 calendar days}}$	100%	183.11%

Below mentioned is a position of Liquidity Coverage Ratio computed based on daily simple average for the Quarter ended September 30, 2023

(₹ in Cr)

Particulars		Daily Average during the Quarter ended 30.09.2023 (Rs in Cr)	
		Total Unweighted	Total Weighted
		Value (average)	Value (average)
High Quality Liquid Assets			
1	Total High Quality Liquid Assets (HQLA)		3286.23
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	7929.44	692.48
(i)	Stable deposits	2009.27	100.46
(ii)	Less stable deposits	5920.17	592.02
3	Unsecured wholesale funding, of which:	3869.48	1325.12

Particulars		Daily Average during the Quarter ended 30.09.2023 (Rs in Cr)	
		Total Unweighted	Total Weighted
		Value (average)	Value (average)
(i)	Operational deposits (all counterparties)	-	-
(ii)	Non-operational deposits (all counterparties)	3869.48	1325.12
(iii)	Unsecured debt		
4	Secured wholesale funding		-
5	Additional requirements, of which	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and liquidity facilities	-	-
6	Other contractual funding Obligations	521.52	91.00
7	Other contingent funding obligations	381.48	11.44
8	Total Cash Outflows		2120.04
Cash Inflows			
9	Secured lending (e.g., reverse repos)	-	-
10	Inflows from fully Performing exposures	-	-
11	Other cash inflows	571.61	325.40
12	Total Cash Inflows	571.61	325.40
			Total Adjusted Value
21	TOTAL HQLA		3286.23
22	Total Net Cash Outflows		1794.64
23	Liquidity Coverage Ratio (%)		183.11%

Bank has complied with the regulatory requirements w.r.to LCR

Net Stable Funding Ratio Disclosure as on September 30, 2023

The Net Stable Funding Ratio (NSFR) is one of the Basel Committee's key reforms to promote a more resilient banking sector. The NSFR will require banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on- and off-balance sheet items, and promotes funding stability.

The Bank is required to maintain the NSFR on an ongoing basis on a standalone Bank level and on a Group level. The minimum NSFR requirement set out in the RBI guideline for the standalone Bank and for Group effective October 1, 2021 is 100%. The Bank does not have any subsidiary as on date.

NSFR Calculation Methodology	RBI prescribed minimum NSFR	Bank's NSFR for the Quarter ended September 30, 2023
NSFR= $\frac{\text{Available amount of Stable funding}}{\text{Required amount of Stable funding}}$	100%	150.49%

The following table sets out the unweighted and weighted value of the NSFR components of the Dhanlaxmi Bank at September 30, 2023 (i.e. quarter-end observation).

Net Stable Funding Ratio September 30, 2023						
(₹ in Cr)		Unweighted value by residual maturity				Weighted Value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Items						
1	Capital: (2+3)	839.57	0	0	150.00	989.57
2	Regulatory Capital	839.57			30.00	869.57
3	Other capital instruments				120.00	120.00
4	Retail deposits and deposits from small business customers: (5+6)	4022.43	2015.07	2348.07	2285.69	9723.93
5	Stable deposits	966.05	517.05	430.17	482.79	2276.25
6	Less stable deposits	3056.38	1498.02	1917.90	1802.91	7447.68
7	Wholesale funding: (8+9)	269.04	1438.38	1276.54	162.00	1405.60
8	Operational deposits					
9	Other wholesale funding	269.04	1438.38	1276.54	162.00	1405.60
10	Other liabilities: (11+12)	486.21	0	0	0	0
11	NSFR derivative liabilities					
12	All other liabilities and equity not included in the above categories	486.21			0	0
13	Total ASF (1+4+7+10)					12119.10
RSF Items						
14	Total NSFR high-quality liquid assets (HQLA)	762.62	0.00	229.77	3055.18	187.22
15	Deposits held at other financial institutions for operational purposes	16.09	-	-	-	8.05
16	Performing loans and securities: (17+18+19+21+23)		3789.51	1300.37	3610.10	5290.23
17	Performing loans to financial institutions secured by Level 1 HQLA					
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions		344.26	204.88		154.38

Net Stable Funding Ratio September 30, 2023						
₹ in Cr)		Unweighted value by residual maturity				Weighted Value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
19	Performing loans to nonfinancial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:		3443.25	1095.49	2587.88	4429.16
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk				199.54	129.70
21	Performing residential mortgages, of which:				810.99	527.14
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk				810.99	527.14
23	Securities that are not in default and do not qualify as HQLA, including exchange traded equities				211.23	179.54
24	Other assets: (sum of rows 25 to 29)				2529.36	2529.36
25	Physical traded commodities, including gold					
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					
27	NSFR derivative assets					
28	NSFR derivative liabilities before deduction of variation margin posted					
29	All other assets not included in the above categories				2529.36	2529.36
30	Off-balance sheet items				921.07	38.31
31	Total RSF (14+15+16+24+30)	778.71	3789.51	1530.14	10115.71	8053.16
32	Net Stable Funding Ratio (%)					150.49%

Bank has complied with the regulatory requirements w.r.to NSFR.