

IndusInd Bank

BASEL III DISCLOSURE - LIQUIDITY COVERAGE RATIO

The Bank has adopted the Basel III framework on liquidity standards, prescribed by the Reserve Bank of India (RBI) and has put in place requisite systems and processes to enable periodic automated computation and reporting of the Liquidity Coverage Ratio (LCR). The LCR is aimed at measuring and promoting the short-term resilience of the liquidity risk profile of banks by ensuring maintenance of sufficient High Quality Liquid Assets (HQLA) that can be easily and immediately converted into cash to meet the liquidity needs for a 30 calendar day liquidity stress scenario.

The LCR Ratio is calculated by dividing the Bank's stock of HQLA by its total net cash flows over a 30 calendar day stress period, measured on a daily basis for the following 30 days. The prime driver of LCR is determined by its HQLA and the proportion of retail and wholesale funding sources. The HQLA comprises of two parts, i.e. Level 1 HQLA constituents which are primarily cash, excess CRR, SLR securities in excess of the minimum SLR requirement and a portion of mandatory SLR as permitted by the RBI (under MSF and FALLCR) and Level 2 HQLA constituents which are investments in highly rated non-financial corporate bonds and listed equity investments considered with the prescribed regulatory haircuts. The average HQLA for the quarter ended March 31, 2023 was Rs. 89,289 crores, as against Rs. 98,823 crores for the quarter ended March 31, 2022. The Cash outflows are determined by multiplying the outstanding balances of the various types / categories of liabilities by the outflow run-off factor and the cash inflows are calculated by multiplying the outstanding balances of the various categories of contractual receivables by inflow run-offs at which they are expected to flow in. Expected derivative cash outflows and inflows are calculated for outstanding contracts in accordance with laid down valuation methodologies and regulatory guidelines. All significant outflows and inflows determined in accordance with the RBI guidelines and are included in the LCR computation as per the prescribed template. Other contractual funding and borrowings which are expected to run down in a 30 day time frame are included in the cash outflows. There are no intragroup exposures for the Bank.

The Bank has maintained LCR well above the minimum regulatory requirements during the FY 2022-23. The average LCR maintained by the Bank for the quarter ended March 31, 2023 was at 122.96% against 126.33% for the quarter ended March 31, 2022.

The Asset Liability Committee (ALCO) of the Bank is a decision-making unit responsible for implementing the liquidity and interest rate risk management strategies of the Bank in line with its risk management objectives and ensures adherence to the risk tolerance / limits set by the Board. Liquidity Risk Management of the Bank is centralised and is undertaken by the Asset Liability Management Function in the Global Markets Group in accordance with the Board approved policies.

The Bank's funding sources are diversified across various sources and tenors. The Bank monitors the concentration of funding from various counterparties and segments. The Bank adheres to the regulatory and internal limits on inter-bank liabilities and call money borrowings. Apart from LCR, the Risk Management Department measures and monitors the liquidity profile of the Bank with reference to the Board approved policy and regulatory limits and undertakes liquidity stress testing periodically.

(Rs. in crores)

		June 2022		September 2022		December 2022		March 2023	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		97,023		92,483		88,715		89,289
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	1,16,293	11,279	1,21,720	11,817	1,30,894	12,724	1,37,672	13,397
(i)	Stable deposits *	7,011	351	7,102	355	7,305	365	7,398	370
(ii)	Less stable deposits	1,09,281	10,928	1,14,618	11,462	1,23,589	12,359	1,30,274	13,027
3	Unsecured wholesale funding, of which:								
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	1,26,890	68,458	1,27,092	67,546	1,28,152	69,827	1,28,184	67,744
(iii)	Unsecured debt								
4	Secured wholesale funding		-		-		-		-
5	Additional requirements, of which								
(i)	Outflows related to derivative exposures and other collateral requirements	17,166	17,166	14,947	14,947	18,339	18,339	16,258	16,258
(ii)	Outflows related to loss of funding on debt products								
(iii)	Credit and liquidity facilities								
6	Other contractual funding obligations	7,006	7,006	5,655	5,655	6,356	6,356	5,668	5,668
7	Other contingent funding obligations	1,76,660	7,208	1,82,874	7,518	1,89,070	7,836	1,91,497	8,025
8	Total Cash Outflows		1,11,116		1,07,484		1,15,082		1,11,092
Cash Inflows									
9	Secured lending (e.g. reverse repos)		--	23,927	--	17,654	--	14,166	--
10	Inflows from fully performing exposures	39,885	32,881	40,636	33,326	47,824	39,526	46,362	38,355
11	Other cash inflows					-	-	-	-
12	Total Cash Inflows		32,881		33,326		39,526		38,477
13	Total HQLA		97,023		92,483		88,715		89,289
14	Total Net Cash Outflows		78,235		74,158		75,556		72,615
15	Liquidity Coverage Ratio (%)		124.02%		124.71%		117.42%		122.96%

*Currently, Stable Deposits under retail and small business customers include only transactional (CASA) accounts where salaries/pensions are credited & having multiple relationships with Bank. Stable Deposits shall increase to around Rs. 24,841 Crs (as on Mar. 31, 2023), considering entire transactional deposit & other deposits having multiple relationships with the Bank.