

LIQUIDITY COVERAGE RATIO (LCR) & NET STABLE FUNDING RATIO (NSFR)
DISCLOSURE FOR QUARTER ENDING 31-DECEMBER-2021

The core objective of bank remains to accept deposit from customers and provide loans to customers. In this process bank shall ensure adequate liquidity to honour the outflows. The Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR) are significant components of the Basel III reforms.

The Basel Committee on Banking Supervision (BCBS) had introduced the Liquidity Coverage Ratio (LCR) in order to ensure that a bank has an adequate stock of unencumbered High Quality Liquid Assets (HQLA) to survive a significant liquidity stress lasting for a period of 30 days. Reserve Bank of India, vide its circular dated June 09, 2014, issued guidelines on Liquidity Coverage Ratio (LCR).

The Bank has comprehensive liquidity risk management structure as cited in the Board approved ALM Policy of the Bank. The Asset Liability Management Committee (ALCO) ensures efficient management of liquidity, interest rate risk and keeps a check on adherence to the risk tolerance/limits set by the RBI/Board. ALCO formulates and monitors the funding strategy of the bank duly taking the requirements of operations. Adequate Contingency Funding Plan is also in place, which is reviewed on periodic basis to ensure the availability of funds to meet any stressed liquidity event.

The guidelines for NSFR were effective from October 1, 2021. The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. "Available stable funding" (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of stable funding required ("Required stable funding") (RSF) of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet (OBS) exposures.

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. The LCR standard aims to ensure that a bank maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for 30 calendar day time horizon under a significantly severe liquidity stress scenario specified by RBI. Whereas, the NSFR promotes resilience over a longer-term time horizon by requiring bank to fund their activities with more stable sources of funding on an ongoing basis.

As per the RBI guidelines, Banks are required to maintain a minimum LCR of 100% from 1st January 2019. The LCR requirement, as on Dec 31, 2021 was 100%.

HQLA comprises of Level 1 assets (0% hair-cut), Level 2A assets (15% hair-cut) and Level 2B assets (50% hair-cut). Level 1 assets comprising of cash, excess CRR, excess SLR securities, government securities to the extent allowed by RBI under Marginal Standing Facility (MSF) [3% of the Bank's Net Demand & Time Liabilities (NDTL)- till 31st December 2021] and Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) [15% of the Bank's NDTL].

Level 2A assets comprises of sovereign guaranteed marketable securities, corporate bonds or commercial papers which are rated AA- and more are issued other than by financial institutions. Level 2B assets include investments in common equity shares included in NSE CNX Nifty and/or S&P BSE Sensex indices.

Expected net cash outflows under stress are the weighted sum of outflows minus inflows in the next 30 days. Funding from retail and small business customers carries lower run-off factor as compared to wholesale funding.

The prime drivers of the LCR are the level of surplus SLR investments over and above the mandatory requirements. Retail deposits constitute major portion of total funding sources which are well diversified.

For the Q3 FY 2021-22, the Weighted Level 1 assets of the Bank constitutes around 98.27% of the total HQLA, and the remaining 1.73% comprises of Level 2A and Level 2B assets. Excess SLR securities (part of level 1 assets) forms around 23% of the total HQLA.

Bank reports LCR position on daily / monthly basis to Management / RBI. In addition, bank monitors the liquidity position through various regulatory statements viz. Structural Liquidity Statement and Stock Ratios.

Bank has maintained LCR levels well above the minimum regulatory levels on an ongoing basis. The following table summarizes the average of unweighted and weighted value of the LCR components for the third quarter of FY 2021-22. The simple average has been computed based on daily values for the three months of quarter ended 31-December-2021.

The Bank has consistently maintained a healthy funding profile with a major portion of funding through deposits. As of 31-December-2021 the top 20 depositors comprised of 9.72% of total deposits indicating a healthy and stable deposit profile.

The average LCR of the Canara Bank (Consolidated) for quarter ended 31-December-2021 was 120.62%.

The NSFR for the quarter ended 31-December-2021 was at 115.54%

Rs. in Crore

LCR DISCLOSURE:

Particulars	Q1 FY 2021-22				Q2 FY 2021-22			
	Solo-Basis		Consolidated-Basis		Solo-Basis		Consolidated-Basis	
	Unweighted*	Weighted*	Unweighted*	Weighted*	Unweighted*	Weighted*	Unweighted*	Weighted*
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)		2,76,897.41		2,76,897.41		2,89,880.82		2,89,880.82
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:	5,78,032.35	43,330.33	5,78,187.57	43,345.85	5,92,854.67	44,441.35	5,92,990.57	44,454.94
(i) Stable Deposits	2,89,458.10	14,472.91	2,89,458.10	14,472.91	2,96,882.31	14,844.12	2,96,882.31	14,844.12
(ii) Less Stable Deposits	2,88,574.25	28,857.42	2,88,729.47	28,872.95	2,95,972.35	29,597.24	2,96,108.25	29,610.83
3 Unsecured wholesale funding, of which:	3,13,025.38	1,86,077.04	3,13,082.67	1,86,104.44	3,22,142.29	1,92,009.91	3,22,184.99	1,92,030.19
(i) Operation Deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Non-operation Deposits (all counterparties)	3,13,025.38	1,86,077.04	3,13,082.67	1,86,104.44	3,22,142.29	1,92,009.91	3,22,184.99	1,92,030.19
(iii) Unsecured Debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4 Secured Wholesale Funding		0.00		0.00		0.00		0.00
5 Additional Requirements, of which	76,806.66	15,485.11	76,818.96	15,491.51	73,489.27	14,193.59	73,503.44	14,201.90
(i) Outflows related to derivative exposures and other collateral requirements	3,114.61	3,114.61	3,114.61	3,114.61	2,386.20	2,386.20	2,386.20	2,386.20
(ii) Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Credit and liquidity facilities	73,692.04	12,370.50	73,704.35	12,376.89	71,103.08	11,807.39	71,117.24	11,815.70
6 Other Contractual Funding Obligations	3,122.96	3,122.96	3,131.07	3,131.07	1,807.86	1,807.86	1,815.50	1,815.50
7 Other Contingent Funding Obligations	70,985.29	2,165.15	70,985.29	2,165.15	68,796.16	2,075.69	68,796.16	2,075.69
8 Total Cash Outflows		2,50,180.59		2,50,238.02		2,54,528.40		2,54,578.22
Cash Inflows								
9 Secured Lending (e.g. reverse repos)	40,056.56	0.00	40,056.56	0.00	52,106.08	0.00	52,106.08	0.00
10 Inflows from Fully Performing Exposures	52,493.45	38,670.00	52,631.60	38,799.02	56,783.70	42,735.20	56,863.03	42,805.10
11 Other Cash Inflows	3,993.56	3,870.13	3,993.56	3,870.13	3,067.63	3,059.78	3,067.63	3,059.78
12 Total Cash Inflows	96,543.57	42,540.13	96,681.72	42,669.15	1,11,957.41	45,794.97	1,12,036.74	45,864.88
Total Adjusted Value								
13 Total HQLA		2,76,897.41		2,76,897.41		2,89,880.82		2,89,880.82
14 Total Net Cash Outflows		2,07,640.46		2,07,568.87		2,08,733.43		2,08,713.34
15 Liquidity Coverage Ratio (%)		133.35%		133.40%		138.88%		138.89%

		Q3 FY 2021-22			
		Solo-Basis		Consolidated-Basis	
Particulars		Unweighted*	Weighted*	Unweighted*	Weighted*
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)		260,599.02		260,599.02
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	587,408.98	45,487.17	587,542.91	45,500.56
(i)	Stable Deposits	265,074.58	13,253.73	265,074.58	13,253.73
(ii)	Less Stable Deposits	322,334.40	32,233.44	322,468.33	32,246.83
3	Unsecured wholesale funding, of which:	320,747.12	188,207.46	320,784.16	188,226.92
(i)	Operation Deposits (all counterparties)	0.00	0.00	0.00	0.00
(ii)	Non-operation Deposits (all counterparties)	320,747.12	188,207.46	320,784.16	188,226.92
(iii)	Unsecured Debt	0.00	0.00	0.00	0.00
4	Secured Wholesale Funding		0.00		0.00
5	Additional Requirements, of which	83,529.69	17,405.95	83,540.86	17,411.35
(i)	Outflows related to derivative exposures and other collateral requirements	2,601.08	2,601.08	2,601.08	2,601.08
(ii)	Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00
(iii)	Credit and liquidity facilities	80,928.61	14,804.87	80,939.78	14,810.27
6	Other Contractual Funding Obligations	7,260.41	7,260.41	7,267.71	7,267.71
7	Other Contingent Funding Obligations	67,155.02	2,026.18	67,155.02	2,026.18
8	Total Cash Outflows		260,387.16		260,432.71
Cash Inflows					
9	Secured Lending (e.g. reverse repos)	32,543.19	0.00	32,543.19	0.00
10	Inflows from Fully Performing Exposures	55,292.44	41,648.75	55,407.89	41,756.47
11	Other Cash Inflows	2,634.14	2,634.14	2,634.14	2,634.14
12	Total Cash Inflows	90,469.78	44,282.89	90,585.23	44,390.62
Total Adjusted Value					
13	Total HQLA		260,599.02		260,599.02
14	Total Net Cash Outflows		216,104.27		216,042.09
15	Liquidity Coverage Ratio (%)		120.59%		120.62%

* The average weighted and unweighted amounts for Q3 are calculated taking simple average based on daily observation for 72 days of the Q3 FY2021-22.

NSFR DISCLOSURE:

(Rs.in Crore)		Unweighted value by residual maturity				Weighted Value
		No Maturity	< 6 Months	6 Months to <1yr	>=1yr	
ASF Item						
1	Capital: (2+3)	65315.62	0.00	0.00	16300.00	81615.62
2	Regulatory capital	65315.62	0.00	0.00	16300.00	81615.62
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)	270378.12	122953.57	107826.67	0.00	454637.69
5	Stable deposits	43792.27	15047.44	13063.70	0.00	68308.24
6	Less stable deposits	226585.84	107906.13	94762.97	0.00	386329.45
7	Wholesale funding: (8+9)	59307.13	133020.24	107879.25	858.83	150532.73
8	Operational deposits	0.00	6.54	0.00	3.98	5.26
9	Other wholesale funding	59307.13	133013.70	107879.25	854.85	150527.46
10	Other liabilities: (11+12)	3579.55	55669.55	4460.10	249183.49	125242.00
11	NSFR derivative liabilities		0.00	0.00	0.00	
12	All other liabilities and equity not included in the above categories	3579.55	55669.55	4460.10	249183.49	125242.00
13	Total ASF (1+4+7+10)					812028.03
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)					13385.14
15	Deposits held at other financial institutions for operational purposes	1740.65	178.48	0.00	0.00	959.56
16	Performing loans and securities: (17+18+19+21+23)	1318.68	47732.15	0.00	424426.74	355356.60
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	46942.19	0.00	430.10	7105.84
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	789.96	0.00	410396.09	337675.08
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0.00	789.96	0.00	410396.09	337675.08
21	Performing residential mortgages, of which:	0.00	0.00	0.00	10528.31	6843.40
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	10528.31	6843.40
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	1318.68	0.00	0.00	3072.24	3732.28

(Rs.in Crore)		Unweighted value by residual maturity				Weighted Value
		No Maturity	< 6 Months	6 Months to <1yr	>=1yr	
24	Other assets: (sum of rows 25 to 29)	5473.26	77489.34	59400.89	252645.12	326663.42
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		274.26	0.00	4111.82	3728.17
27	NSFR derivative assets		890.59	0.00	0.00	890.59
28	NSFR derivative liabilities before deduction of variation margin posted		124.03	25.55	0.00	149.58
29	All other assets not included in the above categories	5473.26	76200.46	59375.34	248533.30	321895.09
30	Off-balance sheet items		0.00	156213.04	0.00	6475.08
31	Total RSF (14+15+16+24+30)					702839.81
32	Net Stable Funding Ratio (%)					115.54%