



SHIVALIK
Shivalik Small Finance Bank

Liquidity Coverage Ratio

Liquidity Coverage Ratio (LCR) is aimed at promoting short-term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Assets (HQLA) to survive an acute stress scenario lasting for 30 days.

Minimum Requirement for Small Finance Banks (as per RBI circular RBI/2019-20/217 DOR.BP.BC.No.65/21.04.098/2019-20 dated Apr 17,2020) is 100%.

$$\text{LCR} = \frac{\text{Stock of High-Quality Liquid Assets (HQLAs)}}{\text{Total net cash outflows over the next 30 calendar days}}$$

Liquid assets comprise of high-quality assets that can be readily encashed or used as collateral to obtain cash in a stress scenario. There are two categories of assets included in the stock of HQLAs, viz. Level 1 and Level 2 (Level 2A and Level 2B) assets. While Level 1 assets attract 0% haircut, Level 2A and Level 2 B assets are with 15% and 50% haircuts respectively. The total net cash outflows is the total expected cash outflows and less total expected cash inflows for the subsequent 30 calendar days. Total expected cash outflows are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by the rates at which they are expected to run-off or be drawn down

Total expected cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in up to an aggregate cap of 75% of total expected cash outflows

The following table sets out average LCR of the Bank for quarter ended December 31, 2024:

(Rs in Crores)

| | | Total Unweighted Value | Total Weighted Value |
|-----------------------------------|---|------------------------|----------------------|
| High Quality Liquid Assets | | | |
| 1 | Total High Quality Liquid Assets (HQLAs) | | 595.07 |
| Cash Outflows | | | |
| 2 | Retail deposits and deposits from small business customers, of which: | 1737.44 | 144.48 |
| (i) | Stable deposits | 585.27 | 29.26 |
| (ii) | Less Stable deposits | 1152.17 | 115.22 |
| 3 | Unsecured wholesale funding, of which: | 542.81 | 289.24 |
| (i) | Operational deposits (all counterparties) | - | - |
| (ii) | Non-Operational deposits (all counterparties) | 219.72 | 219.72 |
| (iii) | Unsecured debt | - | - |
| 4 | Secured wholesale funding | 66.61 | - |

| | | | |
|---------------------|---|----------------|---------------|
| 5 | Additional requirements, of which: | 410.52 | 94.67 |
| (i) | Outflows related to derivatives exposure and other collateral requirement | - | - |
| (ii) | Outflows related to loss of funding on debt products | - | - |
| (iii) | Credit and liquidity facilities | 357.78 | 45.16 |
| 6 | Other contractual funding obligations | 49.04 | 49.04 |
| 7 | Other contingent funding obligations | 3.33 | 0.10 |
| 8 | Total Cash Outflows | 2757.38 | 528.39 |
| Cash Inflows | | | |
| 9 | Secured lending (e.g. reverse repos) | 106.00 | - |
| 10 | Inflows from fully performing exposures | 105.06 | 76.05 |
| 11 | Other cash inflows | 0.00 | 0.00 |
| 12 | Total Cash Inflows | 211.06 | 76.05 |
| | | | |
| 13 | TOTAL HQLA | 595.07 | 595.07 |
| 14 | TOTAL NET CASH OUTFLOWS | 2546.32 | 452.34 |
| 15 | LIQUIDITY COVERAGE RATIO (%) | 131.55 | 131.55 |

Bank's LCR comes to be 131.55% based on position as on 31 Dec 2024 and remained above minimum regulatory requirement of 100%. HQLA held as on quarter ending 31st December 2024 were 595.07 Cr. which majorly consists of Level 1 HQLA (594.57 cr.). The net cash Outflows has increased as compared to last quarter from 301.56 cr. (30 Sep 2024) to 452.34 cr. (31 Dec 2024).

Liquidity Management is driven by the ALM policy of the bank based on regulatory guidelines applicable to Small Finance Banks. The ALCO of the Bank has been empowered by the Board to formulate the Bank's funding strategies to ensure consistent and well diversified sources of funding for the operational requirements of the Bank. Subsequently all major decisions of ALCO are being reported to the Banks's Board. Besides daily/monthly LCR reporting, Bank also prepares daily Structural Liquidity statements to assess the liquidity needs of the Bank on an ongoing basis. Management is of the view that the Bank has sufficient liquidity cover to meet its likely future commitments.