

## Liquidity Coverage Ratio Disclosure as on December 31, 2024

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.

### 1. Quantitative Disclosure

#### LCR Compliance as on December 31, 2024

| LCR Calculation Methodology                                                                                             | RBI prescribed minimum LCR | Bank's Daily Average LCR during the Quarter ended December 31, 2024 |
|-------------------------------------------------------------------------------------------------------------------------|----------------------------|---------------------------------------------------------------------|
| LCR= $\frac{\text{Stock of High Quality Liquid Assets}}{\text{Total net cash outflows over the next 30 calendar days}}$ | 100%                       | 148.22%                                                             |

Below mentioned is a position of Liquidity Coverage Ratio computed based on daily simple average for the Quarter ended December 31, 2024

(₹ in Cr)

| Particulars                       |                                                                       | Daily Average during the Quarter ended 31.12.2024 (Rs in Cr) |                 |
|-----------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------|-----------------|
|                                   |                                                                       | Total Unweighted                                             | Total Weighted  |
|                                   |                                                                       | Value (average)                                              | Value (average) |
| <b>High Quality Liquid Assets</b> |                                                                       |                                                              |                 |
| 1                                 | Total High Quality Liquid Assets (HQLA)                               |                                                              | 3039.76         |
| <b>Cash Outflows</b>              |                                                                       |                                                              |                 |
| 2                                 | Retail deposits and deposits from small business customers, of which: | 11191.93                                                     | 974.03          |
| (i)                               | Stable deposits                                                       | 2633.08                                                      | 130.60          |
| (ii)                              | Less stable deposits                                                  | 8558.85                                                      | 843.43          |
| 3                                 | Unsecured wholesale                                                   | 1981.80                                                      | 1381.54         |

| Particulars |                                                                            | Daily Average during the Quarter ended<br>31.12.2024 (Rs in Cr) |                      |
|-------------|----------------------------------------------------------------------------|-----------------------------------------------------------------|----------------------|
|             |                                                                            | Total Unweighted                                                | Total Weighted       |
|             |                                                                            | Value (average)                                                 | Value (average)      |
|             | funding, of which:                                                         |                                                                 |                      |
|             |                                                                            |                                                                 |                      |
| (i)         | Operational deposits (all counterparties)                                  | -                                                               | -                    |
| (ii)        | Non-operational deposits (all counterparties)                              | 1981.80                                                         | 1381.54              |
| (iii)       | Unsecured debt                                                             |                                                                 |                      |
| 4           | Secured wholesale funding                                                  |                                                                 | -                    |
| 5           | Additional requirements, of which                                          | 617.94                                                          | 110.33               |
| (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                                            | 617.94                                                          | 110.33               |
| 6           | Other contractual funding Obligations                                      | 139.41                                                          | 131.13               |
| 7           | Other contingent funding obligations                                       | 350.43                                                          | 10.88                |
| 8           | <b>Total Cash Outflows</b>                                                 |                                                                 | <b>2607.90</b>       |
|             | <b>Cash Inflows</b>                                                        |                                                                 |                      |
| 9           | Secured lending (e.g., reverse repos)                                      | 0                                                               | 0                    |
| 10          | Inflows from fully Performing exposures                                    | 534.75                                                          | 236.22               |
| 11          | Other cash inflows                                                         | 350.00                                                          | 320.81               |
| 12          | <b>Total Cash Inflows</b>                                                  | <b>884.75</b>                                                   | <b>557.03</b>        |
|             |                                                                            |                                                                 | Total Adjusted Value |
| 21          | <b>TOTAL HQLA</b>                                                          |                                                                 | <b>3039.76</b>       |
| 22          | <b>Total Net Cash Outflows</b>                                             |                                                                 | <b>2050.88</b>       |
| 23          | <b>Liquidity Coverage Ratio (%)</b>                                        |                                                                 | <b>148.22%</b>       |

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

## 2. Qualitative Disclosure

### The main drivers of HQLA:

Bank is maintaining adequate stock of High Quality Liquid Asset to survive an acute stress scenario lasting for 30 days. HQLA of the Bank includes Cash in Hand (4% of HQLA), Government securities in excess of minimum SLR requirement (7% of HQLA), Government Securities within the mandatory SLR requirement to the extent allowed by RBI under MSF (9% of HQLA) ,

Level 2A and Level 2B assets are well within the regulatory cap of 40% and 15% of the stock of HQLA respectively after the required haircut.

## **Net Stable Funding Ratio Disclosure as on December 31, 2024**

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.

| <b>NSFR Calculation Methodology</b>                                                                | <b>RBI prescribed minimum NSFR</b> | <b>Bank's NSFR for the Quarter ended December 31, 2024</b> |
|----------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------------------------------|
| NSFR= $\frac{\text{Available amount of Stable funding}}{\text{Required amount of Stable funding}}$ | <b>100%</b>                        | <b>148.81%</b>                                             |

The following table sets out the unweighted and weighted value of the NSFR components of the Dhanlaxmi Bank at December 31, 2024 (i.e. quarter-end observation).

| Net Stable Funding Ratio December 31, 2024 |                                                                   |                                       |            |                   |         |                |
|--------------------------------------------|-------------------------------------------------------------------|---------------------------------------|------------|-------------------|---------|----------------|
| (₹ in Cr)                                  |                                                                   | Unweighted value by residual maturity |            |                   |         | Weighted Value |
|                                            |                                                                   | No maturity                           | < 6 months | 6 months to < 1yr | ≥ 1yr   |                |
| ASF Items                                  |                                                                   |                                       |            |                   |         |                |
| 1                                          | Capital: (2+3)                                                    | 924.83                                | 0          | 0                 | 36.45   | 961.28         |
| 2                                          | Regulatory Capital                                                | 924.83                                |            |                   |         | 924.83         |
| 3                                          | Other capital instruments                                         |                                       |            |                   | 36.45   | 36.45          |
| 4                                          | Retail deposits and deposits from small business customers: (5+6) | 4151.27                               | 1981.03    | 2079.02           | 2943.52 | 10169.16       |
| 5                                          | Stable deposits                                                   | 952.47                                | 616.36     | 472.70            | 554.36  | 2466.19        |
| 6                                          | Less stable deposits                                              | 3198.70                               | 1364.67    | 1606.31           | 2389.16 | 7702.97        |
| 7                                          | Wholesale funding: (8+9)                                          | 450.94                                | 1225.25    | 1920.86           | 279.54  | 1808.49        |
| 8                                          | Operational deposits                                              |                                       |            |                   |         |                |
| 9                                          | Other wholesale funding                                           | 450.94                                | 1225.25    | 1920.86           | 279.54  | 1808.49        |
| 10                                         | Other liabilities: (11+12)                                        | 641.11                                | 0          | 0                 | 0       | 0              |
| 11                                         | NSFR derivative liabilities                                       |                                       |            |                   |         |                |

| Net Stable Funding Ratio December 31, 2024 |                                                                                                                                                               |                                       |            |                   |         |                 |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|------------|-------------------|---------|-----------------|
| (₹ in Cr)                                  |                                                                                                                                                               | Unweighted value by residual maturity |            |                   |         | Weighted Value  |
|                                            |                                                                                                                                                               | No maturity                           | < 6 months | 6 months to < 1yr | ≥ 1yr   |                 |
| 12                                         | All other liabilities and equity not included in the above categories                                                                                         | 641.11                                |            |                   | 0       | 0               |
| 13                                         | <b>Total ASF (1+4+7+10)</b>                                                                                                                                   | 6168.15                               | 3206.28    | 3999.88           | 3259.51 | <b>12938.92</b> |
| <b>RSF Items</b>                           |                                                                                                                                                               |                                       |            |                   |         |                 |
| 14                                         | Total NSFR high-quality liquid assets (HQLA)                                                                                                                  | 728.76                                | 570.50     | 316.72            | 2379.52 | 175.34          |
| 15                                         | Deposits held at other financial institutions for operational purposes                                                                                        | 375.43                                | -          | -                 | -       | 187.72          |
| 16                                         | Performing loans and securities: (17+18+19+21+23)                                                                                                             |                                       | 4239.81    | 1914.29           | 3890.42 | 6071.82         |
| 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                               |                                       | 273.36     | 448.56            |         | 265.28          |
| 19                                         | Performing loans to nonfinancial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which: |                                       | 3966.30    | 1465.09           | 2817.42 | 5081.35         |
| 20                                         | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk                                                      |                                       |            |                   | 145.75  | 94.74           |
| 21                                         | Performing residential mortgages, of which:                                                                                                                   |                                       | 0.15       | 0.64              | 961.06  | 630.04          |
| 22                                         | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk                                                      |                                       |            |                   | 948.04  | 616.23          |
| 23                                         | Securities that are not in default and do not qualify as HQLA, including exchange traded equities                                                             |                                       |            |                   | 111.94  | 95.15           |
| 24                                         | Other assets: (sum of rows 25 to 29)                                                                                                                          |                                       | 2.33       | 0.43              | 2215.61 | 2218.37         |
| 25                                         | Physical traded commodities, including gold                                                                                                                   |                                       |            |                   |         |                 |

| Net Stable Funding Ratio December 31, 2024 |                                                                                                     |                                       |            |                   |         |                |
|--------------------------------------------|-----------------------------------------------------------------------------------------------------|---------------------------------------|------------|-------------------|---------|----------------|
| (₹ in Cr)                                  |                                                                                                     | Unweighted value by residual maturity |            |                   |         | Weighted Value |
|                                            |                                                                                                     | No maturity                           | < 6 months | 6 months to < 1yr | ≥ 1yr   |                |
| 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                                               |                                       | 2.33       | 0.43              | 2215.61 | 2218.37        |
| 30                                         | Off-balance sheet items                                                                             |                                       |            |                   | 968.37  | 41.41          |
| 31                                         | <b>Total RSF (14+15+16+24+30)</b>                                                                   | 1104.19                               | 4812.64    | 2231.44           | 9453.92 | <b>8694.65</b> |
| 32                                         | <b>Net Stable Funding Ratio (%)</b>                                                                 |                                       |            |                   |         | <b>148.81%</b> |

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