

LIQUIDITY COVERAGE RATIO – June 2018

Qualitative disclosure around LCR

Liquidity Coverage Ratio (LCR) is a global minimum standard aimed at measuring and promoting short-term resilience of banks to potential liquidity stress by ensuring maintenance of sufficient high quality liquid assets (HQLAs) to survive net cash outflows over next 30 days under stress conditions. It is a ratio of Bank's High Quality Liquid Assets (HQLA) to the estimated net outflows over next 30 day period of significant liquidity stress.

High quality liquid assets (HQLA) under LCR are divided into two parts i.e. Level 1 and Level 2 HQLA. Level 1 comprises primarily of cash, excess CRR, excess SLR securities, the extent allowed by RBI under Marginal Standing Facility (Currently 2%) and Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR). FALLCR allowed was 9% of NDTL, this is increased to 11% with effect from June 15th, 2018.

Level 2 HQLA which comprises of investments in highly rated non-financial corporate bonds, debentures, Commercial Papers issued by Non-Financial Institutes and listed equity investments considered at prescribed haircuts.

Cash outflows are calculated by multiplying the outstanding balances of various categories or types of liabilities by the outflow run-off rates and 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. Additionally, probable outflows on account of contingent liabilities such as Letters of Credit (LC) and Bank Guarantees (BGs) and undrawn commitment are estimated and considered by applying prescribed run-off factors.

The Bank computes LCR on a daily basis in accordance with RBI guidelines. Effective January 1, 2017, the LCR numbers are reported as a simple average of daily observations for the quarter. The Bank believes that all inflows and outflows which might have a material impact under the liquidity stress scenario have been considered for the purpose of LCR.

In accordance with the RBI guidelines, the minimum LCR requirement for the calendar year 2018 is 90%. The Bank's average LCR for the quarter ended June 30, 2018 computed as simple average of the daily observations during the quarter, stood at 100.75%.

Amt in ₹ Lacs

		Jun-18		Mar-18	
		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)		755,810		715,195
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	1,369,465	135,912	1,314,498	130,619
(i)	Stable deposits	20,686	1,034	16,607	830
(ii)	Less stable deposits	1,348,779	134,878	1,297,891	129,789
3	Unsecured wholesale funding, of which:	1,646,452	896,584	1,457,331	777,328
(i)	Operational deposits (all counterparties)	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	1,646,452	896,584	1,457,331	777,328
(iii)	Unsecured debt	-	-	-	-
4	Secured wholesale funding		-		-
5	Additional requirements, of which	11,127	11,127	18,901	18,901
(i)	Outflows related to derivative exposures and other collateral requirements	4,509	4,509	11,750	11,750
(ii)	Outflows related to loss of funding on debt products	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-
6	Other contractual funding obligations	30,874	8,721	58,834	14,512
7	Other contingent funding obligations	1,926,951	71,090	1,908,117	70,705
8	Total Cash Outflows		1,123,434		1,012,065
Cash Inflows					
9	Secured lending (e.g. reverse repos)	61,934	61,934	29,647	29,647
10	Inflows from fully performing exposures	301,757	150,879	259,598	129,799
11	Other cash inflows	190,192	160,407	143,386	129,059
12	Total Cash Inflows	553,883	373,220	432,631	288,505
			Total Adjusted Value		Total Adjusted Value
21	TOTAL HQLA		755,810		715,195
22	Total Net Cash Outflows		750,214		723,560
23	Liquidity Coverage Ratio (%)		100.75		98.84

@ The average weighted and un-weighted amounts are calculated taking simple average of daily LCR from April 1, 2018 to June 30, 2018.

The average weighted and un-weighted amounts are calculated taking simple average of daily LCR from January 1, 2018 to March 31, 2018.