

LIQUIDITY COVERAGE RATIO – MARCH 2018

Qualitative disclosure around LCR

The Liquidity Coverage Ratio (LCR) is a global minimum standard for Liquidity Risk Management framework operating in banks. It aims to ensure that a bank has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs for the 30 calendar day horizon in a stressed liquidity scenario. It is a ratio of Bank's High Quality Liquid Assets (HQLA) to the estimated net outflows over next 30 day period of significant stress.

The LCR is a ratio of High Quality Liquid Assets (HQLA) to total estimated net outflows over a period of 30 calendar days under severe liquidity stress scenario.

The Bank's HQLA mainly consists of Level 1 Assets comprising of excess of SLR balances, the extent allowed under the Marginal Standing Facility (MSF) and Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR). Additionally, cash, balances in excess of cash reserve requirement with RBI also form part of Level 1 HQLA.

Level 2 HQLA primarily consists of corporate bonds, debentures, commercial papers issued by non-financial institutions which are rated AA- and above as Level 2A and rated BBB- to A+, as level 2B, respectively, considered after applying prescribed haircuts.

Cash outflows are calculated by applying prescribed outflow run-off factors as prescribed to contractual outflows on account various categories of liabilities. 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. Cash inflows are calculated by applying prescribed weights and factors to the contractual inflows.

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 2017 was 80% which has been increased to 90% for the calendar year 2018. The Bank's average LCR for the quarter ended March 31, 2018 computed as simple average of the daily observations during the quarter, stood at 98.84 %.

(Amount in ₹ Lacs)

		Q1 - June 2017		Q2 - Sep 2017		Q3 - Dec 2017		Q4 - March 2018	
		Total Unwtd Value (Avg)@	Total Wtd Value (Avg)@	Total Unwtd Value (Avg)\$	Total Wtd Value (Avg)\$	Total Unwtd Value (Avg)*	Total Wtd Value (Avg)*	Total Unwtd Value (Avg)#	Total Wtd Value (Avg)#
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		662,719		655,252		624,845		715,195
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	1,047,258	103,873	1,129,339	112,048	1,191,166	118,169	1,314,498	130,619
(i)	Stable deposits	17,048	852	17,718	886	18,954	948	16,607	830
(ii)	Less stable deposits	1,030,210	103,021	1,111,621	111,162	1,172,212	117,221	1,297,891	129,789
3	Unsecured wholesale funding, of which:	1,263,147	647,983	1,312,889	684,636	1,334,284	697,177	1,457,331	777,328
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	1,263,147	647,983	1,312,889	684,636	1,334,284	697,177	1,457,331	777,328
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding		-		-		-		-
5	Additional requirements, of which	14,096	14,096	14,776	14,776	18,488	18,488	18,901	18,901
(i)	Outflows related to derivative exposures and other collateral requirements	3,802	3,802	5,254	5,254	7,933	7,933	11,750	11,750
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	88,471	16,056	101,745	16,793	93,958	11,166	58,834	14,512
7	Other contingent funding obligations	1,822,825	72,048	1,941,493	76,934	2,091,822	82,427	1,908,117	70,705
8	Total Cash Outflows		854,056		905,187		927,427		1,012,065
Cash Inflows									
9	Secured lending (e.g. reverse repos)	11,599	11,599	7,548	7,548	13,085	13,085	29,647	29,647
10	Inflows from fully performing exposures	184,926	92,463	220,238	110,119	236,340	118,170	259,598	129,799
11	Other cash inflows	84,048	80,090	113,664	110,006	131,179	125,169	143,386	129,059
12	Total Cash Inflows	280,573	184,152	341,450	227,673	380,604	256,424	432,631	288,505
21	TOTAL HQLA		662,719		655,252		624,845		715,195
22	Total Net Cash Outflows		669,904		677,514		671,003		723,560
23	Liquidity Coverage Ratio (%)		98.93		96.71		93.12		98.84

@ The average weighted and un-weighted amounts are calculated taking simple average of daily LCR from April 1, 2017 to June 30, 2017.

\$ The average weighted and un-weighted amounts are calculated taking simple average of daily LCR from July 1, 2017 to September 30, 2017.

* The average weighted and un-weighted amounts are calculated taking simple average of daily LCR from October 1, 2017 to December 31, 2017.

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