

## **LIQUIDITY COVERAGE RATIO – September 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 15, 2018. This has been further increased to 13% w.e.f. October 1, 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 September 30, 2018 computed as simple average of the daily observations during the quarter, stood at 109.95%.

Amt in ₹Lacs

|                                   |  | September 2018                     |                                  | June 2018                          |                                  |
|-----------------------------------|--|------------------------------------|----------------------------------|------------------------------------|----------------------------------|
|                                   |  | Total Unweighted Value (average) # | Total Weighted Value (average) # | Total Unweighted Value (average) @ | Total Weighted Value (average) @ |
| <b>High Quality Liquid Assets</b> |  |                                    |                                  |                                    |                                  |
| 1                                 | Total High Quality Liquid Assets (HQLA)                                    |                                    | 895,628                          |                                    | 755,810                          |
| <b>Cash Outflows</b>              |  |                                    |                                  |                                    |                                  |
| 2                                 | Retail deposits and deposits from small business customers, of which:      | 1,453,657                          | 140,436                          | 1,369,465                          | 135,912                          |
| (i)                               | Stable deposits  | 98,582                             | 4,929                            | 20,686                             | 1,034                            |
| (ii)                              | Less stable deposits   | 1,355,075                          | 135,507                          | 1,348,779                          | 134,878                          |
| 3                                 | Unsecured wholesale funding, of which:                                     | 1,787,890                          | 927,073                          | 1,646,452                          | 896,584                          |
| (i)                               | Operational deposits (all counterparties)                                  |                                    |                                  |                                    |                                  |
| (ii)                              | Non-operational deposits (all counterparties)                              | 1,787,890                          | 927,073                          | 1,646,452                          | 896,584                          |
| (iii)                             | Unsecured debt   |                                    |                                  |                                    |                                  |
| 4                                 | Secured wholesale funding  |                                    |                                  |                                    | -                                |
| 5                                 | Additional requirements, of which  | 8,320                              | 8,320                            | 11,127                             | 11,127                           |
| (i)                               | Outflows related to derivative exposures and other collateral requirements | 2,866                              | 2,866                            | 4,509                              | 4,509                            |
| (ii)                              | Outflows related to loss of funding on debt products                       |                                    |                                  |                                    |                                  |
| (iii)                             | Credit and liquidity facilities  |                                    |                                  |                                    |                                  |
| 6                                 | Other contractual funding obligations                                      | 12,460                             | 4,854                            | 30,874                             | 8,721                            |
| 7                                 | Other contingent funding obligations                                       | 2,104,646                          | 76,923                           | 1,926,951                          | 71,090                           |
| 8                                 | <b>Total Cash Outflows</b>   |                                    | 11,576                           |                                    | 1,123,434                        |
| <b>Cash Inflows</b>               |  |                                    |                                  |                                    |                                  |
| 9                                 | Secured lending (e.g. reverse repos)                                       | 90,928                             | 90,928                           | 61,934                             | 61,934                           |
| 10                                | Inflows from fully performing exposures                                    | 271,421                            | 135,711                          | 301,757                            | 150,879                          |
| 11                                | Other cash inflows   | 139,720                            | 116,359                          | 190,192                            | 160,407                          |
| 12                                | <b>Total Cash Inflows</b>  | 502,069                            | 342,998                          | 553,883                            | 373,220                          |
|                                   |  |                                    | <b>Total Adjusted Value</b>      |                                    | <b>Total Adjusted Value</b>      |
| 21                                | <b>TOTAL HQLA</b>  |                                    | 895,628                          |                                    | 755,810                          |
| 22                                | <b>Total Net Cash Outflows</b>   |                                    | 814,608                          |                                    | 750,214                          |
| 23                                | <b>Liquidity Coverage Ratio (%)</b>  |                                    | 109.95                           |                                    | 100.75                           |

@ 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 July 1, 2018 to September 30, 2018.