

LIQUIDITY COVERAGE RATIO - SEPTEMBER 2017

The Liquidity Coverage Ratio (LCR) is a global minimum standard for Banks' Liquidity Risk Management. 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 next 30 calendar day in a liquidity stress scenario.

The LCR 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 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 commitments 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. From March 2017 quarter, the LCR numbers are reported as a simple average of daily observations for the quarter.

The average LCR for the quarter ended September 30, 2017 based on the simple average of daily observations during the quarter, stood at 96.71 %.

The Quantitative disclosure is as below -

Amt in ₹ Lacs

		September 2017		June 2017	
		Total Unweighted Value (average)\$	Total Weighted Value (average)\$	Total Unweighted Value (average)*	Total Weighted Value (average)*
1	Total High Quality Liquid Assets (HQLA)		655,252		662,719
2	Retail deposits and deposits from small business customers, of which:	1,129,339	112,048	1,047,257	103,873
(i)	Stable deposits	17,718	886	17,048	852
(ii)	Less stable deposits	1,111,621	111,162	1,030,210	103,021
3	Unsecured wholesale funding, of which:	1,312,889	684,636	1,263,147	647,983
(i)	Operational deposits (all counterparties)	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	1,312,889	684,636	1,263,147	647,983
(iii)	Unsecured debt	-	-	-	-
4	Secured wholesale funding		-		-
5	Additional requirements, of which	14,776	14,776	14,096	14,096
(i)	Outflows related to derivative exposures and other collateral requirements	5,254	5,254	3,802	3,802
(ii)	Outflows related to loss of funding on debt products	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-
6	Other contractual funding obligations	101,745	16,793	88,471	16,056
7	Other contingent funding obligations	1,941,493	76,934	1,822,825	72,048
8	Total Cash Outflows		905,187		854,056
9	Secured lending (e.g. reverse repos)	7,548	7,548	11,599	11,599
10	Inflows from fully performing exposures	220,238	110,119	184,926	92,463
11	Other cash inflows	113,664	110,006	84,048	80,090
12	Total Cash Inflows	341,450	227,673	280,573	184,152
		Total Adjusted Value		Total Adjusted Value	
21	TOTAL HQLA		655,252		662,719
	Total Net Cash Outflows		677,515		669,905
	Liquidity Coverage Ratio (%)		96.71		98.93

* 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.