

LIQUIDITY COVERAGE RATIO – December 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 December 31, 2018 computed as simple average of the daily observations during the quarter, stood at 119.39%. The minimum LCR requirements from January 1, 2019 onwards is 100%.

Amt in ₹Lacs

		December-18		September-18		June-18	
		Total Unweighted Value (average)#	Total Weighted Value (average) #	Total Unweighted Value (average) @	Total Weighted Value (average) @	Total Unweighted Value (average) \$	Total Weighted Value (average) \$
Quality Liquid Assets							
1	Total High Quality Liquid Assets (HQLA)		1,022,598		895,628		755,810
Cash Outflows							
2	Retail deposits and deposits from small business customers, of which:	1,541,965	149,262	1,453,657	140,436	1,369,465	135,912
(i)	Stable deposits	98,692	4,935	98,582	4,929	20,686	1,034
(ii)	Less stable deposits	1,443,273	144,327	1,355,075	135,507	1,348,779	134,878
3	Unsecured wholesale funding, of which:	1,878,781	999,746	1,787,890	927,073	1,646,452	896,584
(i)	Operational deposits (all counterparties)						
(ii)	Non-operational deposits (all counterparties)	1,878,781	999,746	1,787,890	927,073	1,646,452	896,584
(iii)	Unsecured debt						
4	Secured wholesale funding		-		-		-
5	Additional requirements, of which	8,337	8,337	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	1,159	464	12,460	4,854	30,874	8,721
7	Other contingent funding obligations	2,207,266	79,836	2,104,646	76,923	1,926,951	71,090
8	Total Cash Outflows		1,237,645		1,157,606		1,123,434
Cash Inflows							
9	Secured lending (e.g. reverse repos)	117,293	117,293	90,928	90,928	61,934	61,934
10	Inflows from fully performing exposures	266,305	133,152	271,421	135,711	301,757	150,879
11	Other cash inflows	159,840	130,686	139,720	116,359	190,192	160,407
12	Total Cash Inflows	543,438	381,131	502,069	342,998	553,883	373,220
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
21	TOTAL HQLA		1,022,598		895,628		755,810
22	Total Net Cash Outflows		856,514		814,608		750,214
23	Liquidity Coverage Ratio (%)		119.39		109.95		100.75

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

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

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