

LIQUIDITY COVERAGE RATIO – June 2019

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. With a view to move further towards harmonisation of the effective liquidity requirements of banks with the LCR, FALLCR has been allowed to increase by 50 basis point from April 4, 2019 to 13.50% as of June 30, 2019.

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 is 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 from January 1, 2019 onwards is 100%. The Bank's average LCR for the quarter ended June 30, 2019 computed as simple average of the daily observations during the quarter, stood at 136.57%.

		June-19		March-19	
		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)		1,368,173		1,306,272
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	1,783,350	173,725	1,619,892	157,929
(i)	Stable deposits	92,187	4,609	81,214	4,061
(ii)	Less stable deposits	1,691,163	169,116	1,538,678	153,868
3	Unsecured wholesale funding, of which:	2,176,575	1,277,752	2,091,478	1,141,568
(i)	Operational deposits (all counterparties)	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	2,176,575	1,277,752	2,091,478	1,141,568
(iii)	Unsecured debt	-	-	-	-
4	Secured wholesale funding		-		-
5	Additional requirements, of which	10,548	10,548	12,729	12,729
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-
6	Other contractual funding obligations	3,584	1,434	2,464	985
7	Other contingent funding obligations	3,112,855	108,898	3,041,124	106,445
8	Total Cash Outflows		1,572,357		1,419,656
Cash Inflows					
9	Secured lending (e.g. reverse repos)	260,083	-	283,036	-
10	Inflows from fully performing exposures	531,289	362,682	378,400	225,173
11	Other cash inflows	266,861	207,835	195,477	173,167
12	Total Cash Inflows	1,058,233	570,517	856,913	398,340
			Total Adjusted Value		Total Adjusted Value
21	TOTAL HQLA		1,368,173		1,306,272
22	Total Net Cash Outflows		1,001,841		1,021,317
23	Liquidity Coverage Ratio (%)		136.57		127.90

The average weighted and un-weighted amounts are calculated taking simple average of daily LCR from April 1, 2019 to June 30, 2019

@ The average weighted and un-weighted amounts are calculated taking simple average of daily LCR from January1, 2019 to March 31, 2019.