

LIQUIDITY COVERAGE RATIO – September 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) (Currently 14%, phase-wise increase to 15% till April 01, 2020).

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. 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 from January 1, 2019 onwards is 100%. The Bank's average LCR for the quarter ended September 30, 2019 computed as simple average of the daily observations during the quarter, stood at 156.02%.

Amt in Lacs

		Q2 - September 2019		Q1 - June 2019	
		Total Unweighted Value (average)\$	Total Weighted Value (average)\$	Total Unweighted Value (average)#	Total Weighted Value (average)#
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)		15,54,500		13,68,173
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	19,56,286	1,90,548	17,83,350	1,73,725
(i)	Stable deposits	1,01,601	5,080	92,187	4,609
(ii)	Less stable deposits	18,54,685	1,85,468	16,91,163	1,69,116
3	Unsecured wholesale funding, of which:	23,12,538	12,48,916	21,76,575	12,77,752
(i)	Operational deposits (all counterparties)	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	23,12,538	12,48,916	21,76,575	12,77,752
(iii)	Unsecured debt	-	-	-	-
4	Secured wholesale funding		-		-
5	Additional requirements, of which	27,574	11,030	3,584	1,434
(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	27,574	11,030	3,584	1,434
6	Other contractual funding obligations	9,389	9,389	10,548	10,548
7	Other contingent funding obligations	31,24,822	1,08,914	31,12,854	1,08,899
8	Total Cash Outflows		15,68,797		15,72,358
Cash Inflows					
9	Secured lending (e.g. reverse repos)	2,85,069	-	2,60,083	-
10	Inflows from fully performing exposures	6,75,320	4,96,980	5,31,289	3,62,682
11	Other cash inflows	1,11,782	75,492	2,66,861	2,07,835
12	Total Cash Inflows	10,72,171	5,72,472	10,58,233	5,70,517
			Total Adjusted Value		Total Adjusted Value
21	TOTAL HQLA		15,54,500		13,68,173
22	Total Net Cash Outflows		9,96,325		10,01,841
23	Liquidity Coverage Ratio (%)		156.02		136.57

\$ The average weighted and un-weighted amounts are calculated taking simple average of daily LCR from July 1, 2019 to September 30, 2019

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