

## **LIQUIDITY COVERAGE RATIO – December 2021**

### **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 3% till December 31, 2021) and Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) (Currently 15%).

Level 2 HQLA which comprises of investments in highly rated non-financial corporate bonds, debentures and commercial papers issued by non-financial institutions 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.

The LCR is calculated by dividing a Bank's stock of HQLA by its total net cash outflows over a 30-day stress period. The minimum requirement is 100%. The Bank's average LCR for the quarter ended December 31, 2021 computed as simple average of the daily observations during the quarter, stood at 146.42%.

		Q3 – December 2021		Q2 – September 2021		Q1 – June 2021	
		Total Unweighted Value (average)@	Total Weighted Value (average)@	Total Unweighted Value (average)\$	Total Weighted Value (average)\$	Total Unweighted Value (average)#	Total Weighted Value (average)#
1	Total High Quality Liquid Assets (HQLA)		29,19,523		30,41,463		26,51,936
<b>Cash Outflows</b>							
2	Retail deposits and deposits from small business customers, of which:	32,04,481	3,16,199	30,56,591	3,01,414	28,20,510	2,77,647
(i)	Stable deposits	84,992	4,250	84,896	4,245	88,066	4,403
(ii)	Less stable deposits	31,19,489	3,11,949	29,71,695	2,97,169	27,32,444	2,73,244
3	Unsecured wholesale funding, of which:	30,77,507	19,56,863	29,58,625	18,84,170	30,56,833	19,81,173
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	30,77,507	19,56,863	29,58,625	18,84,170	30,56,833	19,81,173
(iii)	Unsecured debt	-	-	-	-	-	-
4	Secured wholesale funding		-		-		-
5	Additional requirements, of which	2,65,249	2,02,498	3,03,460	2,22,589	3,12,357	2,09,802
(i)	Outflows related to derivative exposures and other collateral requirements	1,85,192	1,85,192	2,04,371	2,04,371	1,94,256	1,94,256
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	80,057	17,306	99,089	18,218	1,18,101	15,546
6	Other contractual funding obligations	1,44,578	1,44,578	1,24,101	1,24,101	1,26,646	1,26,646
7	Other contingent funding obligations	55,51,164	2,34,372	54,88,628	2,32,283	52,51,363	2,21,516
8	<b>Total Cash Outflows</b>		28,54,510		27,64,557		28,16,784
<b>Cash Inflows</b>							
9	Secured lending (e.g. reverse repos)	11,45,221	-	10,48,256	-	5,64,542	-
10	Inflows from fully performing exposures	6,12,504	3,37,735	5,18,715	3,08,624	6,12,092	3,91,765

11	Other cash inflows	5,32,424	5,22,805	4,99,004	4,90,628	4,46,263	4,39,435
12	<b>Total Cash Inflows</b>	<b>22,90,149</b>	<b>8,60,540</b>	<b>20,65,975</b>	<b>7,99,252</b>	<b>16,22,897</b>	<b>8,31,200</b>
21	<b>TOTAL HQLA</b>		<b>29,19,523</b>		<b>30,41,463</b>		<b>26,51,936</b>
22	<b>Total Net Cash Outflows</b>		<b>19,93,970</b>		<b>19,65,305</b>		<b>19,85,584</b>
23	<b>Liquidity Coverage Ratio (%)</b>		<b>146.42</b>		<b>154.76</b>		<b>133.56</b>

@ The average weighted and un-weighted amounts are calculated taking simple average of daily LCR from October 01, 2021 to December 31, 2021.

\$ The average weighted and un-weighted amounts are calculated taking simple average of daily LCR from July 01, 2021 to September 30, 2021.

# The average weighted and un-weighted amounts are calculated taking simple average of daily LCR from April 01, 2021 to June 30, 2021.