

## **LIQUIDITY COVERAGE RATIO – June 2020**

### **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 Sep 30, 2020) 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 guidelines for LCR were effective January 1, 2015, with the minimum requirement at 60% which have risen in equal annual steps to reach 100% on January 1, 2019. As part of CoVid Regulatory relief package announced by RBI, the minimum LCR requirement has been reduced to 80% from April 17, 2020 onwards and to be re-instated back to 100% by April 01, 2021 in a phase-wise manner. The Bank's average LCR for the quarter ended June 30, 2020 computed as simple average of the daily observations during the quarter, stood at 163.95%.

(Amt. in Lacs)

		Q1 - June 2020		Q4 - March 2020	
		Total Unweighted Value (average)@	Total Weighted Value (average)@	Total Unweighted Value (average)#	Total Weighted Value (average)#
1	Total High Quality Liquid Assets (HQLA)		23,54,889		18,00,225
<b>Cash Outflows</b>					
2	Retail deposits and deposits from small business customers, of which:	18,95,384	1,83,208	19,87,360	1,93,472
(i)	Stable deposits	1,26,612	6,331	1,05,269	5,263
(ii)	Less stable deposits	17,68,772	1,76,877	18,82,091	1,88,209
3	Unsecured wholesale funding, of which:	26,65,265	16,14,005	24,39,469	13,77,183
(i)	Operational deposits (all counterparties)	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	26,65,265	16,14,005	24,39,469	13,77,183
(iii)	Unsecured debt	-	-	-	-
4	Secured wholesale funding		7,819		-
5	Additional requirements, of which	167	67	15,728	6,291
(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	167	67	15,728	6,291
6	Other contractual funding obligations	19,701	19,701	15,232	15,232
7	Other contingent funding obligations	31,45,397	1,12,584	31,45,829	1,11,960
8	<b>Total Cash Outflows</b>		19,37,384		17,04,138
<b>Cash Inflows</b>					
9	Secured lending (e.g. reverse repos)	9,40,615	-	2,38,829	-
10	Inflows from fully performing exposures	6,20,592	4,38,136	6,18,473	4,07,747
11	Other cash inflows	84,323	62,934	1,49,538	1,36,188
12	<b>Total Cash Inflows</b>	16,45,530	5,01,070	10,06,840	5,43,935
21	<b>TOTAL HQLA</b>		23,54,889		18,00,225
22	<b>Total Net Cash Outflows</b>		14,36,314		11,60,203
23	<b>Liquidity Coverage Ratio (%)</b>		163.95		155.16

@ The average weighted and un-weighted amounts are calculated taking simple average of daily LCR from April 1, 2020 to June 30, 2020.

# The average weighted and un-weighted amounts are calculated taking simple average of daily LCR from January 1, 2020 to March 31, 2020.