

LIQUIDITY COVERAGE RATIO – June 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 Sep 30, 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 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 was reduced to 80% from April 17, 2020 onwards and now re-instated back to 100% from April 01, 2021 in a phase-wise manner. The Bank's average LCR for the quarter ended June 30, 2021 computed as simple average of the daily observations during the quarter, stood at 133.56%.

		Q1 – June 2021		Q4 - March 2021	
		Total Unweighted Value (average)\$	Total Weighted Value (average)\$	Total Unweighted Value (average)#	Total Weighted Value (average)#
1	Total High Quality Liquid Assets (HQLA)		26,51,936		24,86,251
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	28,20,510	2,77,647	25,82,388	2,54,161
(i)	Stable deposits	88,066	4,403	81,545	4,077
(ii)	Less stable deposits	27,32,444	2,73,244	25,00,843	2,50,084
3	Unsecured wholesale funding, of which:	30,56,833	19,81,173	27,14,484	17,75,768
(i)	Operational deposits (all counterparties)	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	30,56,833	19,81,173	27,14,484	17,75,768
(iii)	Unsecured debt				
4	Secured wholesale funding		-		-
5	Additional requirements, of which	3,12,357	2,09,802	1,05,628	33,592
(i)	Outflows related to derivative exposures and other collateral requirements	1,94,256	1,94,256	24,655	24,655
(ii)	Outflows related to loss of funding on debt products	-	-	-	-
(iii)	Credit and liquidity facilities	1,18,101	15,546	80,973	8,937
6	Other contractual funding obligations	1,26,646	1,26,646	23,321	23,321
7	Other contingent funding obligations	52,51,363	2,21,516	50,49,950	2,11,666
8	Total Cash Outflows		28,16,784		22,98,508
Cash Inflows					
9	Secured lending (e.g. reverse repos)	5,64,542	-	5,77,829	-
10	Inflows from fully performing exposures	6,12,092	3,91,765	7,25,953	5,00,264
11	Other cash inflows	4,46,263	4,39,435	1,86,965	1,79,425
12	Total Cash Inflows	16,22,897	8,31,200	14,90,747	6,79,689
21	TOTAL HQLA		26,51,936		24,86,251
22	Total Net Cash Outflows		19,85,584		16,18,819
23	Liquidity Coverage Ratio (%)		133.56		153.58

\$ The average weighted and un-weighted amounts are calculated taking simple average of daily LCR from April 1, 2021 to June 30, 2021.

The average weighted and un-weighted amounts are calculated taking simple average of daily LCR from January 1, 2021 to March 31, 2021.