

## **LIQUIDITY COVERAGE RATIO – June 2023**

### **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 16%).

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 June 30, 2023 computed as simple average of the daily observations during the quarter, stood at 128.60%.

		Q1 - June 2023		Q4 - March 2023	
		Total Unweighted Value (average)!	Total Weighted Value (average)!	Total Unweighted Value (average)@	Total Weighted Value (average)@
1	Total High Quality Liquid Assets (HQLA)		28,02,969		23,25,305
<b>Cash Outflows</b>					
2	Retail deposits and deposits from small business customers, of which:	36,17,669	3,58,293	34,85,433	3,45,126
(i)	Stable deposits	69,469	3,473	68,345	3,417
(ii)	Less stable deposits	35,48,200	3,54,820	34,17,088	3,41,709
3	Unsecured wholesale funding, of which:	30,32,360	19,45,265	27,91,222	17,28,551
(i)	Operational deposits (all counterparties)	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	30,32,360	19,45,265	27,91,922	17,28,551
(iii)	Unsecured debt	-	-	-	-
4	Secured wholesale funding		-		-
5	Additional requirements, of which	1,56,317	1,35,302	1,91,237	1,66,985
(i)	Outflows related to derivative exposures and other collateral requirements	1,32,967	1,32,967	1,64,224	1,64,224
(ii)	Outflows related to loss of funding on debt products	-	-	-	-
(iii)	Credit and liquidity facilities	23,350	2,335	27,013	2,761
6	Other contractual funding obligations	1,94,452	1,94,452	1,64,427	1,64,427
7	Other contingent funding obligations	72,55,302	3,17,047	72,56,479	3,16,014
8	<b>Total Cash Outflows</b>		29,50,359		27,21,103
<b>Cash Inflows</b>					
9	Secured lending (e.g. reverse repos)	1,86,960	-	1,06,202	-
10	Inflows from fully performing exposures	9,54,845	5,30,445	9,85,081	5,71,997
11	Other cash inflows	2,51,802	2,40,329	3,16,689	3,06,560
12	<b>Total Cash Inflows</b>	13,93,607	7,70,774	14,07,972	8,78,557
21	<b>TOTAL HQLA</b>		28,02,969		23,25,305
22	<b>Total Net Cash Outflows</b>		21,79,585		18,42,546
23	<b>Liquidity Coverage Ratio (%)</b>		128.60		126.20

! The average weighted and un-weighted amounts are calculated taking simple average of daily LCR from April 01, 2023 to June 30, 2023.

@ The average weighted and un-weighted amounts are calculated taking simple average of daily LCR from January 01, 2023 to March 31, 2023.