

Liquidity Coverage Ratio for the quarter ended 30th September 2018

The Basel Committee for Banking Supervision (BCBS) had proposed the liquidity coverage ratio (LCR) in order to ensure that a bank has an adequate stock of unencumbered high quality liquid assets (HQLA) to survive a significant liquidity stress lasting for a period of 30 days. LCR is defined as a ratio of HQLA to the total net cash outflows estimated for the next 30 calendar days. As per the RBI guidelines the minimum LCR required to be maintained by banks shall be implemented in a phased manner from January 1, 2015 as given below.

- 2015 - 60%
- 2016 - 70%
- 2017 - 80%
- 2018 - 90%
- 2019 - 100%

Particulars	Quarter Ended Sep 2018	
	Total Unweighted Value (average)*	Total Weighted Value (average)*
High Quality Liquid Assets		
1 Total High Quality Liquid Assets (HQLA)		19,007
Cash Outflows		
2 Retail deposits and deposits from small business customers, of which:		
(i) Stable deposits	344	17
(ii) Less stable deposits	5,205	521
3 Unsecured wholesale funding, of which		
(i) Operational deposits (all counterparties)	-	-
(ii) Non-operational deposits (all counterparties)	12,858	5,143
(iii) Unsecured debt	13,969	13,969
4 Secured wholesale funding	12,355	-
5 Additional requirements, of which		
(i) Outflows related to derivative exposures and other collateral requirements	2,838	2,838
(ii) Outflows related to loss of funding on debt products	-	-
(iii) Credit and liquidity facilities	818	60
6 Other contractual funding obligations	368	368
7 Other contingent funding obligations	35,408	1,270
8 TOTAL CASH OUTFLOWS		24,186
Cash Inflows		
9 Secured lending (e.g. reverse repos)	1,063	-
10 Inflows from fully performing exposures	5,684	3,814
11 Other cash inflows	3,048	2,802
12 TOTAL CASH INFLOWS	9,795	6,616
		Total Adjusted Value
21 TOTAL HQLA		19,007
22 TOTAL NET CASH OUTFLOWS		17,570
23 LIQUIDITY COVERAGE RATIO (%)		108%

* The average weighted and unweighted amounts are calculated taking simple daily average of July 2018, August 2018 and September 2018 figures.

The Liquidity Coverage Ratio is significantly higher than minimum regulatory threshold. As a strategy, the Bank is invested into GOI Bonds and corporate bonds which have resulted in a high level of HQLA. The Bank follows the criteria laid down by the RBI for daily calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30 day period. HQLA predominantly comprises Government securities in excess of minimum SLR requirement viz. Treasury Bills, Central and State Government securities and corporate

bonds in form of CP, CD and Bonds rated AA- and above with mandated haircuts applied thereto.

Bank is predominantly funded through certificate of deposits, wholesale term deposits and long term borrowings viz. Bonds and ECBs. Further the reliance on retail deposits and CASA is low but has increased as compared to the previous quarters. All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation. Bank expects to maintain LCR ratio within regulatory guidelines.