

LIQUIDITY COVERAGE RATIO – September 2018

Figures in INR Crores

		30-September-2018#		30-June-2018#	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)		38007.68		42645.52
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	103803.94	9966.23	102853.29	9872.20
(i)	Stable deposits	8283.39	414.17	8262.49	413.12
(ii)	Less stable deposits	95520.55	9552.06	94590.80	9459.08
3	Unsecured wholesale funding, of which:	78127.79	27574.58	80083.95	29836.87
(i)	Operational deposits (all counterparties)	0.00	0.00	0.00	0.00
(ii)	Non-operational deposits (all counterparties)	78127.79	27574.58	79552.92	29305.84
(iii)	Unsecured debt	0.00	0.00	531.03	531.03
4	Secured wholesale funding		0.00		0.00
5	Additional requirements, of which	10719.17	1020.52	15288.15	1470.60
(i)	<i>Outflows related to derivative exposures and other collateral requirements</i>	8.62	8.62	17.63	17.63
(ii)	<i>Outflows related to loss of funding on debt products</i>	0.00	0.00	0.00	0.00

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(iii)	<i>Credit and liquidity facilities</i>	10710.55	1011.90	15270.52	1452.97
6	Other contractual funding obligations	1655.80	1655.80	1153.57	1153.57
7	Other contingent funding obligations	21303.75	639.11	22023.50	660.71
8	Total Cash Outflows		40856.24		42993.95
Cash Inflows					
9	Secured lending (e.g. reverse repos)	0.00	0.00	0.00	0.00
10	Inflows from fully performing exposures	2465.76	1232.88	2311.52	1155.76
11	Other cash inflows	1117.00	1117.00	927.86	927.86
12	Total Cash Inflows	3582.76	2349.88	3239.39	2083.63
			Total Adjusted Value		Total Adjusted Value
21	TOTAL HQLA		38007.68		42645.52
22	Total Net Cash Outflows		38506.35		40910.32
23	Liquidity Coverage Ratio (%)		98.70%		104.24%

based on the daily observations over the previous quarter

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LCR Qualitative Disclosure:

The LCR standard aims to ensure that a bank maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

a. Main drivers of LCR

LCR has two components:

- (i) The value of the stock of high-quality liquid assets (HQLA) in stressed conditions
- (ii) Total net cash outflows: The term "Total net cash outflows" is defined as "Total expected cash outflows" minus "Total expected cash inflows" in the specified stress scenario for the subsequent 30 calendar days (the stressed period).

$LCR = \text{Stock of High Quality Liquid Assets} / \text{Total Net Cash Outflows over the next 30 calendar days} \geq 100\%$

RBI introduced LCR in a phased manner starting with a minimum of 60% w.e.f January 1, 2015 and to be maintained at minimum 100% from January 1, 2019.

b. Intraday movements of LCR

The movement of monthly LCR for Q2 of FY 2018-19 is as follows:

Ratio (Month end)	Indicative Minimum Benchmark	31.07.18	31.08.18	30.09.18
Liquidity Coverage Ratio	90% (w.e.f. 01.01.18)	105.99%	94.15%	92.09%

LCR (Daily Average) as on September 2018, based on the daily observations over the previous quarter stood at 98.70%. From 01.01.2018, minimum required LCR as at the end of each month is 90%. LCR as at the end of July-18, August-18 and September-18 stood at 105.99%, 94.15%, 92.09% respectively as against the minimum requirement of 90%.

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c. Composition of HQLA

Based on the Daily average for the Q2 of FY 2018-19 the composition of HQLA is given below:

High Quality Liquid Assets (HQLA)	Average percentage contribution of HQLA
Cash on hand	3.21%
Excess CRR balance	0.24%
Government Securities in excess of minimum SLR requirement	18.58%
Government securities within the mandatory SLR requirement to the extent allowed by RBI under MSF & FALLCR	73.49%
Marketable securities representing claims on or guaranteed by Public Sector Entities, Corporate Bonds, Commercial Papers, Equity shares (Assets classified as Level 2A and 2B Assets are subject to hair-cuts / adjustments as per RBI guidelines)	4.48%

d. Concentration of funding sources

An internal limit of 20% was fixed by the bank based on the ratio of top 20 depositors to the total deposits. Top 20 depositors of the bank are mainly Government accounts, quasi government agencies, municipalities and Public Sector Entities.

e. The bank has low exposure in derivatives having negligible impact on its liquidity position.

f. Bank has no significant exposure in foreign currency.

Bank is maintaining sufficient quantity of High Quality Liquid Assets to meet the minimum LCR requirements on an ongoing basis as per regulatory requirements.