

LIQUIDITY COVERAGE RATIO – September 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 December 31, 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 September 30, 2021 computed as simple average of the daily observations during the quarter, stood at 154.76%.

		Q2 – September 2021		Q1 – June 2021	
		Total Unweighted Value (average)\$	Total Weighted Value (average)\$	Total Unweighted Value (average)#	Total Weighted Value (average)#
1	Total High Quality Liquid Assets (HQLA)		30,41,463		26,51,936
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	30,56,591	3,01,414	28,20,510	2,77,647
(i)	Stable deposits	84,896	4,245	88,066	4,403
(ii)	Less stable deposits	29,71,695	2,97,169	27,32,444	2,73,244
3	Unsecured wholesale funding, of which:	29,58,625	18,84,170	30,56,833	19,81,173
(i)	Operational deposits (all counterparties)	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	29,58,625	18,84,170	30,56,833	19,81,173
(iii)	Unsecured debt	-	-	-	-
4	Secured wholesale funding		-		-
5	Additional requirements, of which	3,03,460	2,22,589	3,12,357	2,09,802
(i)	Outflows related to derivative exposures and other collateral requirements	2,04,371	2,04,371	1,94,256	1,94,256
(ii)	Outflows related to loss of funding on debt products	-	-	-	-
(iii)	Credit and liquidity facilities	99,089	18,218	1,18,101	15,546
6	Other contractual funding obligations	1,24,101	1,24,101	1,26,646	1,26,646
7	Other contingent funding obligations	54,88,628	2,32,283	52,51,363	2,21,516
8	Total Cash Outflows		27,64,557		28,16,784
Cash Inflows					
9	Secured lending (e.g. reverse repos)	10,48,256	-	5,64,542	-
10	Inflows from fully performing exposures	5,18,715	3,08,624	6,12,092	3,91,765
11	Other cash inflows	4,99,004	4,90,628	4,46,263	4,39,435
12	Total Cash Inflows	20,65,975	7,99,252	16,22,897	8,31,200
21	TOTAL HQLA		30,41,463		26,51,936
22	Total Net Cash Outflows		19,65,305		19,85,584
23	Liquidity Coverage Ratio (%)		154.76		133.56

\$ The average weighted and un-weighted amounts are calculated taking simple average of daily LCR from July 01, 2021 to September 30, 2021.

The average weighted and un-weighted amounts are calculated taking simple average of daily LCR from April 01, 2021 to June 30, 2021.