Liquidity Coverage Ratio for the quarter ended December 31, 2020

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.

` in crs

Particulars	Quarter Ended December 2020	
	Total Unweighted Value (average)*	Total Weighted Value (average)*
High Quality Liquid Assets		
1 Total High Quality Liquid Assets (HQLA)		**28,740**
Cash Outflows		
2 Retail deposits and deposits from small business customers, of which:		
(i) Stable deposits	5,591	280
(ii) Less stable deposits	38,484	3,848
3 Unsecured wholesale funding, of which		
(i) Operational deposits (all counterparties)	-	-
(ii) Non-operational deposits (all counterparties)	14,173	5,669
(iii) Unsecured debt	12,192	12,192
4 Secured wholesale funding	9,381	-
5 Additional requirements, of which		
(i) *Outflows related to derivative exposures and other collateral requirements*	14,816	14,816
(ii) *Outflows related to loss of funding on debt products*	-	-
(iii) *Credit and liquidity facilities*	5,483	430
6 Other contractual funding obligations	1,679	1,679
7 Other contingent funding obligations	28,847	994
8 TOTAL CASH OUTFLOWS		**39,909**
Cash Inflows		
9 Secured lending (e.g. reverse repos)	4,422	-
10 Inflows from fully performing exposures	4,056	3,138
11 Other cash inflows	15,535	15,016
12 TOTAL CASH INFLOWS	**24,014**	**18,154**
		Total Adjusted Value
21 TOTAL HQLA		28,740
22 TOTAL NET CASH OUTFLOWS		21,755
23 LIQUIDITY COVERAGE RATIO (%)		**132%**

* The average weighted and unweighted amounts are calculated taking simple daily average of Oct 2020, Nov 2020 and Dec 2020 figures.

Although RBI has reduced the minimum required ratio from 100% to 90% till March 31, 2021 due to the COVID-19 pandemic, the Bank has maintained a significantly higher Liquidity Coverage Ratio 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 days 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 funded through retail CASA, retail term deposits, wholesale term deposits and long term borrowings viz. Bonds and ECBs/FCY Borrowings. Further, the reliance on retail deposits and CASA has increased substantially 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.