

## Liquidity Coverage Ratio for the quarter ended 31<sup>st</sup> Dec 2019

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 banks are required to maintain minimum 100% LCR with effect from 01<sup>st</sup> January 2019.

Particulars	Quarter Ended Dec 2019	
	Total Unweighted Value (average)*	Total Weighted Value (average)*
<b>High Quality Liquid Assets</b>		
1 Total High Quality Liquid Assets (HQLA)		22,517
<b>Cash Outflows</b>		
2 Retail deposits and deposits from small business customers, of which:		
(i) Stable deposits	1,112	56
(ii) Less stable deposits	20,409	2,041
3 Unsecured wholesale funding, of which		
(i) Operational deposits (all counterparties)	-	-
(ii) Non-operational deposits (all counterparties)	15,204	6,082
(iii) Unsecured debt	11,994	11,994
4 Secured wholesale funding	16,429	-
5 Additional requirements, of which		
(i) Outflows related to derivative exposures and other collateral requirements	16,147	16,147
(ii) Outflows related to loss of funding on debt products	-	-
(iii) Credit and liquidity facilities	4,503	337
6 Other contractual funding obligations	906	906
7 Other contingent funding obligations	38,688	1,409
<b>8 TOTAL CASH OUTFLOWS</b>		38,971
<b>Cash Inflows</b>		
9 Secured lending (e.g. reverse repos)	737	-
10 Inflows from fully performing exposures	5,483	3,638
11 Other cash inflows	16,939	16,401
<b>12 TOTAL CASH INFLOWS</b>	<b>23,159</b>	<b>20,039</b>
		<b>Total Adjusted Value</b>
21 TOTAL HQLA		22,517
22 TOTAL NET CASH OUTFLOWS		18,932
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>		<b>119%</b>

\* The average weighted and unweighted amounts are calculated taking simple daily average of Oct 2019, Nov 2019 and Dec 2019 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 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.