

Liquidity Coverage Ratio as at December 2015

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%

₹ in crs

Particulars Total Unweighted Value (average) High Quality Liquid Assets 1 Total High Quality Liquid Assets 1 Total High Quality Liquid Assets (HQLA) Zash Outflows 2 Retail deposits and deposits from small business customers, of which: 42 2 2 (i) Stable deposits 42 2 2 (ii) Less stable deposits 42 2 2 (ii) Less stable deposits 44 2 2 (ii) Less stable deposits 45 2 2 (iii) Less stable deposits 46 6 (i) Operational deposits (all counterparties) 47 8 4 6 (ii) One-perational deposits (all counterparties) 48 4 6 (iii) Unsecured debt 49 6 (iii) Unsecured debt 40 7 41 576 (iii) Unsecured debt 41 576 (iii) Unsecured debt 42 1 1 43 1 1 44 1 576 (iii) Unsecured debt 44 6 45 6 46 6 46 6 47 6 48 8 7 Other contractual funding on debt products 49 2 1 1 40 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		Quarter Ended Dec 2015	
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	23 LIQUIDITY COVERAGE RATIO (%)		551%

Liquidity Coverage Ratio is significantly higher than minimum regulatory prescribed; mainly on account of following reasons:

- 1) As a strategy, currently Bank is highly invested into GOI Bonds which has resulted in a high level of HQLA.
- 2) Bank is predominantly funded through long term borrowings viz Bonds and ECBs. Further the reliance on retail deposits and CASA is minimal.

Bank expects the LCR to reduce in the coming quarters primarily on account of growth in advances and increased focus on raising deposits.