

LCR – Disclosure for Financial Year 2017-18

Liquidity Coverage Ratio (LCR) standard is introduced to test the liquidity resilience of the Bank, for a minimum stress period of 30 days. The standard ensures, the Bank maintains adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted into cash to meet liquidity needs (net cash-out flows). The LCR is defined as:

$$\text{LCR} = \frac{\text{Stock of high quality liquid assets (HQLAs)}}{\text{Total net cash outflows over the next 30 calendar days}}$$

The minimum LCR requirement for the calendar year 2017 was 80 per cent and is stepped up to 90 per cent for the calendar year 2018. LCR requirement will be further, stepped up 10 per cent annually to reach 100 per cent by 1st January 2019.

HQLA comprises of Level 1 (0% hair-cut), Level 2A (15% hair-cut) and Level 2B assets (50% hair-cut). Level 1 assets comprising of cash, excess CRR, excess SLR securities, government securities to the extent allowed by RBI under Marginal Standing Facility (MSF) [presently 2 per cent of the Bank's NDTL] and Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) [presently 9 per cent of the Bank's NDTL].

Level 2A assets comprises of sovereign guaranteed marketable securities, corporate bonds or commercial papers which are rated AA- and more are issued other than by financial institutions. Level 2B assets include investments in common equity shares included in NSE CNX Nifty and/or S&P BSE Sensex indices.

Expected net cash outflows under stress are the weighted sum of outflows minus inflows in the next 30 days. Funding from retail and small business customers carries lower run-off factor as compared to wholesale funding.

The prime drivers of the LCR are the level of surplus SLR held by the Bank and the proportion of retail and wholesale funding source.

Weighted Level 1 assets of the Bank constitutes around 95 per cent of the total HQLA, and the remaining 5 per cent comprises of Level 2A and Level 2B assets. Excess SLR securities (part of level 1 assets) forms around 30 per cent of the total HQLA.

Over the period the Bank reduced dependency on the wholesale deposits including certificate of deposits by increasing the share of retail (individual) deposits including CASA. The share of retail deposits to total domestic deposits remained at 56 per cent (March 2017) to 56 per cent (March 2018). The high share of retail deposits marks the stability in the funding profile of the Bank, reducing the liquidity outflows under stress.

During the FY 2017-18, the LCR of the Bank remained above the minimum requirement on all observed counts. The LCR moved down marginally year on year from average of 110.02% (FY2016-17) to 108.27% (FY 2017-18). This was mainly on account of decreased share of retail deposits (increasing the cash outflows) and lesser HQLA.

Quarter on quarter, the LCR (3 months average) of the Bank moved from 109.75% (June'17) to 108.65% (September'17) and to 115.19% (December'17).

Disclosure - Liquidity Coverage Ratio (LCR) 2017-18

₹ In Crore

Particulars	FY 2017-18 (Solo-Basis)		FY 2016-17 (Solo-Basis)		Quarter Ended March 2018 (Solo Basis)		FY 2017-18 (Consolidated)	
	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)		82,240.55		87,616.68		80,081.19		82,240.55
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:	2,89,969.63	24,614.78	2,67,438.54	22,600.09	2,97,516.44	25,285.99	2,90,027.52	24,620.57
(i) Stable Deposits	87,643.63	4,382.18	82,875.20	4,143.76	89,313.10	4,465.66	87,643.63	4,382.18
(ii) Less Stable Deposits	2,02,326.01	20,232.60	1,84,563.33	18,456.33	2,08,203.34	20,820.33	2,02,383.89	20,238.39
3 Unsecured wholesale funding, of which:	1,11,281.44	64,382.92	1,10,649.58	65,105.56	1,14,826.83	67,063.68	1,11,288.63	64,385.79
(i) Operation Deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Non-operation Deposits (all counterparties)	1,11,281.44	64,382.92	1,08,722.19	63,178.17	1,14,826.83	67,063.68	1,11,288.63	64,385.79
(iii) Unsecured Debt	0.00	0.00	1,927.39	1,927.39	0.00	0.00	0.00	0.00
4 Secured Wholesale Funding	6,966.92	274.11	4,187.18	789.55	8,860.74	248.74	6,966.92	274.11
5 Additional Requirements, of which	29,421.64	3,512.45	39,716.88	14,329.79	31,694.95	3,997.64	29,424.70	3,512.60
(i) Outflows related to derivative exposures and other collateral requirements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Credit and liquidity facilities	29,421.64	3,512.45	39,716.88	14,329.79	31,694.95	3,997.64	29,424.70	3,512.60
6 Other Contractual Funding Obligations	568.82	568.82	616.29	616.29	621.13	621.13	568.82	568.82
7 Other Contingent Funding Obligations	1,15,740.80	4,444.33	76,896.07	2,568.07	1,05,324.17	3,934.41	1,15,740.80	4,444.33
8 Total Cash Outflows	5,53,949.26	97,797.41	4,99,504.55	1,06,009.36	5,58,844.26	1,01,151.59	5,54,017.39	97,806.23
Cash Inflows								
9 Secured Lending (e.g. reverse repos)	101.84	0.00	3,844.84	0.00	160.38	0.00	101.84	0.00
10 Inflows from Fully Performing Exposures	30,083.49	21,415.39	33,844.10	25,794.57	30,815.14	20,865.49	30,085.24	21,416.26
11 Other Cash Inflows	729.67	423.02	869.23	579.85	535.06	224.23	729.67	423.02
12 Total Cash Inflows	30,915.00	21,838.41	38,558.17	26,374.42	31,510.58	21,089.73	30,916.74	21,839.28
Total Adjusted Value								
13 Total HQLA		82,240.55		87,616.68		80,081.19		82,240.55
14 Total Net Cash Outflows		75,959.00		79,634.95		80,061.87		75,966.95
15 Liquidity Coverage Ratio (%)		108.27%		110.02%		100.02%		108.26%

Senior Manager

Divisional Manager

Deputy General Manager