Liquidity Coverage Ratio

(₹ million)

	Particulars	Quarter ended June 30, 2018 Total Unweighted Value (average)*	Quarter ended June 30, 2018 Total Weighted Value (average)*
High Quality Liquid Assets			
1	Total High Quality Liquid Assets (HQLA)		**1,751,022.4**
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	**4,765,756.5**	**439,773.5**
(i)	Stable deposits	736,043.2	36,802.2
(ii)	Less stable deposits	4,029,713.3	402,971.3
3	Unsecured wholesale funding, of which:	**2,303,920.3**	**1,154,150.0**
(i)	Operational deposits (all counterparties)	296,212.3	73,291.1
(ii)	Non-operational deposits (all counterparties)	1,874,893.4	948,044.3
(iii)	Unsecured debt	132,814.6	132,814.6
4	Secured wholesale funding		53,600.9
5	Additional requirements, of which	**982,941.5**	**674,886.8**
(i)	Outflows related to derivative exposures and other collateral requirement	590,224.3	590,224.3
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and liquidity facilities	392,697.2	84,642.5
6	Other contractual funding obligation	170,495.7	170,495.7
7	Other contingent funding obligations	669,657.5	20,089.7
8	Total Cash Outflows		**2,512,996.6**
Cash Inflows			
9	Secured lending (e.g. reverse repo)	-	-
10	Inflows from fully performing exposures	532,143.1	280,918.1
11	Other cash inflows	712,067.2	663,520.1
12	Total Cash Inflows	**1,244,210.3**	**944,438.2**
			Total Adjusted Value
13	TOTAL HQLA		1,751,022.4
14	Total Net Cash Outflows		1,568,558.4
15	Liquidity Coverage Ratio (%)		**111.63%**

* The average weighted and unweighted amounts are calculated taking simple average based on daily observation for the quarter.

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Qualitative

Quantitative information on Liquidity Coverage Ratio (LCR) for quarter ended June 30, 2018 is given below:

The Liquidity Coverage Ratio (LCR) is one of the Basel Committee’s key reforms to develop a more resilient banking sector. The objective of the LCR is to promote the short-term resilience of the liquidity risk profile of banks. It does this by ensuring that banks have an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted easily and immediately into cash to meet their liquidity needs for a 30 calendar day liquidity stress scenario. The LCR is expected to improve the banking sector’s ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy.

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 would rise in equal annual steps to reach 100% on January 1, 2019. This graduated approach was designed to ensure that the LCR could be introduced without material disruption to the orderly strengthening of banking systems or the ongoing financing of economic activity. The present requirement, as on June 30, 2018 is 90%.

In the Indian context, the run-off factors for the stressed scenarios are prescribed by the RBI, for various categories of liabilities (viz., deposits, unsecured and secured wholesale borrowings), as well as for undrawn commitments and derivative-related exposures, and which partially offset with inflows emanating from assets maturing within the same time period. Given below is the average LCR maintained by the Bank quarter-wise over the past two years:

Quarter ended	LCR Maintained (Average)	LCR Required
June 30, 2018	111.63%	90.00%
March 31, 2018	104.52%	90.00%
December 31, 2017	98.96%	80.00%
September 30, 2017	97.16%	80.00%
June 30, 2017	91.69%	80.00%
March 31, 2017	99.52%	80.00%
December 31, 2016	108.97%	70.00%
September 30, 2016	105.89%	70.00%
June 30, 2016	95.96%	70.00%

The average LCR for the quarter ended June 30, 2018 was at 111.63% against the prescribed minimum requirement of 90%. The average HQLA for the quarter ended June 30, 2018 was ` 1,751,022.4 million, as against ` 1,294,946.1 million for the quarter ended June 30, 2017. During the same period the composition of government securities and treasury bills in the HQLA increased from 82% to 88%.

Average LCR compared to previous quarter has increased primarily due to increase in the average HQLA position.

For the quarter ended June 30, 2018, derivative exposures (net of cash inflows) / collateral requirements and undrawn commitments constituted just about 0.5% and 3% respectively of average cash outflows. A strong and diversified liabilities profile has been at the helm of the Bank’s growth strategy. The Bank has consistently maintained a robust funding profile with a significant portion of funding through deposits, however as of June 30, 2018 the top 20 depositors comprised of only 6% of total deposits approximately.