Consolidated Liquidity Coverage Ratio

(₹ in million)

		Quarter ended March 31, 2023		Quarter ended December 31, 2022		Quarter ended September 30, 2022		Quarter ended June 30, 2022	
	Particulars	**Total Unweighted Value (average)***	**Total Weighted Value (average)***	**Total Unweighted Value (average)***	**Total Weighted Value (average)***	**Total Unweighted Value (average)***	**Total Weighted Value (average)***	**Total Unweighted Value (average)***	**Total Weighted Value (average)***
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		**44,34,904.50**		**40,84,474.90**		**42,70,400.20**		**38,84,156.10**
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	**1,09,95,585.10**	**9,23,304.60**	**1,06,61,656.10**	**8,93,807.90**	**1,03,37,024.50**	**8,66,596.50**	**99,42,109.30**	**8,34,715.00**
(i)	Stable deposits	35,25,078.40	1,76,253.90	34,47,152.90	1,72,357.60	33,42,118.50	1,67,105.90	31,89,916.90	1,59,495.80
(ii)	Less stable deposits	74,70,506.70	7,47,050.70	72,14,503.20	7,21,450.30	69,94,906.00	6,99,490.60	67,52,192.40	6,75,219.20
3	Unsecured wholesale funding, of which:	**44,14,818.60**	**25,34,802.50**	**43,25,900.70**	**23,87,717.90**	**43,02,889.00**	**23,80,686.70**	**42,59,498.50**	**23,73,266.10**
(i)	Operational deposits (all counterparties)	2,82,928.50	69,500.50	4,64,634.30	1,14,090.20	4,66,498.90	1,14,525.70	4,98,705.60	1,22,618.10
(ii)	Non-operational deposits (all counterparties)	40,18,718.20	23,52,130.10	36,93,375.50	21,05,736.80	36,89,193.20	21,18,964.10	36,10,280.10	21,00,135.20
(iii)	Unsecured debt	1,13,171.90	1,13,171.90	1,67,890.90	1,67,890.90	1,47,196.90	1,47,196.90	1,50,512.80	1,50,512.80
4	Secured wholesale funding		55,293.10		47,171.20		42,758.40		64,585.70
5	Additional requirements, of which	**19,31,218.90**	**11,07,960.10**	**18,95,358.40**	**10,86,111.50**	**19,19,613.20**	**11,16,654.50**	**19,49,303.00**	**11,59,901.20**
(i)	Outflows related to derivative exposures and other collateral requirement	9,59,296.30	9,59,296.30	9,41,602.20	9,41,602.20	9,82,248.10	9,82,248.10	10,28,678.30	10,28,678.30
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	9,71,922.60	1,48,663.80	9,53,756.20	1,44,509.30	9,37,365.10	1,34,406.40	9,20,624.70	1,31,222.90
6	Other contractual funding obligation	3,61,221.00	3,61,221.00	3,57,516.30	3,57,516.30	3,54,189.30	3,54,189.30	3,27,046.20	3,27,046.20
7	Other contingent funding obligations	81,20,262.30	3,78,552.20	71,35,349.50	3,30,021.30	67,85,054.60	3,13,708.30	65,39,095.80	3,02,829.70
8	Total Cash Outflows		**53,61,133.50**		**51,02,346.10**		**50,74,593.70**		**50,62,343.90**

	Quarter ended March 31, 2023		Quarter ended December 31, 2022		Quarter ended September 30, 2022		Quarter ended June 30, 2022	
Particulars	**Total Unweighted Value (average)***	**Total Weighted Value (average)***	**Total Unweighted Value (average)***	**Total Weighted Value (average)***	**Total Unweighted Value (average)***	**Total Weighted Value (average)***	**Total Unweighted Value (average)***	**Total Weighted Value (average)***
Cash Inflows								
9 Secured lending (e.g. reverse repo)	-	-	-	-	-	-	-	-
10 Inflows from fully performing exposures	7,84,199.10	4,20,169.00	6,67,690.60	3,58,064.50	6,46,393.60	3,42,640.60	6,31,432.10	3,37,282.70
11 Other cash inflows	11,73,847.10	11,01,470.40	12,09,951.70	11,40,670.00	11,96,438.90	11,28,088.00	11,89,122.60	11,32,445.20
12 Total Cash Inflows	**19,58,046.20**	**15,21,639.40**	**18,77,642.30**	**14,98,734.50**	**18,42,832.50**	**14,70,728.60**	**18,20,554.70**	**14,69,727.90**
13 TOTAL HQLA		44,34,904.50		40,84,474.90		42,70,400.20		38,84,156.10
14 Total Net Cash Outflows		38,39,494.10		36,03,611.60		36,03,865.10		35,92,616.00
15 Liquidity Coverage Ratio (%)		**115.51%**		**113.34%**		**118.50%**		**108.11%**

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

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 Liquidity Risk Management of the Bank is governed by the Asset Liability Management (ALM) Policy approved by the Board. The Asset Liability Committee (ALCO) is a decision-making unit responsible for implementing the liquidity and interest rate risk management strategy of the Bank in line with its risk management objectives and ensures adherence to the risk tolerance / limits set by the Board. The Bank has also set up a senior level management committee, viz., the Group Risk Management Committee (GRMC) under the ICAAP framework of the Bank, to establish a formal and dedicated structure to periodically assess the nature/ quantum of material risks of the subsidiaries and adequacy of its risk management processes, including providing oversight for managing liquidity risk. Liquidity for the Bank's domestic banking operations is directly managed at the Head Office. The overseas branches and offshore unit of the Bank independently manage their liquidity requirements with support from the Head Office. Similarly, the Bank's subsidiaries independently manage their liquidity requirements under guidance of the GRMC, which, along with senior management of the subsidiaries, reviews the risk assessment of material risks at the subsidiaries. Further, the Bank maintains suitable systems and processes to monitor liquidity requirements in other currencies as appropriate.

LCR is computed at consolidated level including subsidiaries (HDB Financial Services Limited and HDFC Securities Limited). Further, the Bank maintains suitable systems and processes to monitor liquidity requirements in other currencies as appropriate. In order to determine cash outflows, the Bank segregates its deposits into various customer segments, viz Retail (which include deposits from individuals), Small Business Customers (those with deposits upto ₹ 7.5 crore), and Wholesale (which would cover all residual deposits). Within Wholesale, deposits that are attributable to clearing, custody, and cash management services are classified as Operational Deposits. Other contractual funding, including a portion of other liabilities which are expected to run down in a 30-day time frame are included in the cash outflows. These classifications, based on extant regulatory guidelines, are part of the Bank’s LCR framework, and are also submitted to the RBI.

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 have risen 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 March 31,2023 is 100%.

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), undrawn commitments, derivative-related exposures, and offset with inflows emanating from assets maturing within the same time period. Given below is a table of run-off factors and the average LCR maintained by the Bank quarter-wise over the past two years:

Particulars	Run-off factors
Retail Deposits	5% - 10%
Small Business Customers	5% - 10%
Operational deposits	5% - 25%
Non-financial corporates, sovereigns, central banks, multilateral development banks, and PSEs	40%
Other legal entities	100%

<table>
<tr><th>Quarter ended</th><th>LCR Maintained (Average)</th><th>LCR Requirement#</th></tr>
<tr><td>March 31, 2023</td><td>115.51%</td><td rowspan="8">100.00%</td></tr>
<tr><td>December 31, 2022</td><td>113.34%</td></tr>
<tr><td>September 30, 2022</td><td>118.50%</td></tr>
<tr><td>June 30, 2022</td><td>108.11%</td></tr>
<tr><td>March 31, 2022</td><td>112.49%</td></tr>
<tr><td>December 31, 2021</td><td>123.38%</td></tr>
<tr><td>September 30, 2021</td><td>123.31%</td></tr>
<tr><td>June 30, 2021</td><td>126.16%</td></tr>
<tr><td>March 31, 2021</td><td>137.95%</td><td rowspan="2">90.00%</td></tr>
<tr><td>December 31, 2020</td><td>145.58%</td></tr>
<tr><td>September 30, 2020</td><td>153.22%</td><td>80.00%</td></tr>
</table>

#As a measure to address the current pandemic situation, RBI had reduced the minimum LCR requirement from 100% to 80% which was to be gradually restored back in two phases, i.e., 90% by October 1, 2020 and 100% by April 1, 2021.

The average LCR for the quarter ended March 31,2023 was at 115.51% as against 112.49% for the quarter ended March 31, 2022, and above the present prescribed minimum requirement of 100%. The average HQLA for the quarter ended March 31,2023 was ₹ 44,34,904.50 million, as against ₹ 38,68,419.20 million for the quarter ended March 31, 2022. During the same period the composition of government securities and treasury bills in the HQLA was at 89.96% as compared to 89.00 % in the previous year.

For the quarter ended March 31, 2023, derivative exposures (net of cash inflows) / collateral requirements and undrawn commitments constituted just about 0.67% and 2.77% respectively of average cash outflow as against 0.6% and 2.5% respectively for quarter ended March 31, 2022. The Bank has consistently maintained a robust funding profile with a significant portion of funding through deposits. As of March 31, 2023 the top 20 depositors comprised of 4.55% of total deposits indicating a healthy and stable deposit profile.