

Liquidity Coverage Ratio Disclosure

The Bank adheres to RBI guidelines relating to the Liquidity Coverage Ratio, Liquidity Risk Monitoring Tools and the LCR Disclosure Standards pursuant to the Basel III Framework on Liquidity Standards that are applicable to banks in India with effect from January 1, 2015. Liquidity Coverage Ratio (LCR) is a measure to ensure that a bank has an adequate stock of unencumbered High Quality Liquid Assets (HQLA) to survive in 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 directions, LCR framework is also applicable to small finance banks however, the transition period for the SFBs for achieving the prescribed level of LCR would be as follows:

	Till Dec 31, 2017	By Jan 1, 2018	By Jan 1, 2019	By Jan 1, 2020	By Jan 1, 2021
Minimum LCR	60%	70%	80%	90%	100%

The table below sets out the average LCR of Capital Small Finance Bank Limited for the quarter ending September 2018, June 2018 & March 2018.

Liquidity Coverage Ratio (LCR)		Quarter Ended September 30, 2018		Quarter Ended June 30, 2018		Quarter Ended March 31, 2018	
		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							(₹ in Crores)
1	Total High Quality Liquid Assets (HQLA)		688.45		681.28		683.63
Cash Outflows							
2	Retail deposits and deposits from small business customers, of which:						
(i)	Stable deposits	724.53	36.23	710.13	35.51	682.79	34.14
(ii)	Less stable deposits	2,065.25	206.52	1,960.50	196.05	1,828.73	182.87
3	Unsecured wholesale funding, of which:						
(i)	Operational deposits (all counterparties)	0.07	0.01	0.01	0.00	0.01	0.00
(ii)	Non-operational deposits (all counterparties)	152.68	29.15	196.57	34.42	120.24	26.13
(iii)	Unsecured debt	-	-	-	-	0.00	0.00
4	Secured wholesale funding		-		-		-
5	Additional requirements, of which	-	-				
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	214.73	16.10	193.20	15.96	142.14	11.86
6	Other contractual funding obligations	81.59	81.59	21.12	21.12	20.01	20.01
7	Other contingent funding obligations	33.33	1.04	27.72	0.85	26.26	0.82
8	Total Cash Outflows		370.65		303.91		275.85
Cash Inflows							
9	Secured lending (e.g. reverse repos)	-	-	71.29	71.29	-	-
10	Inflows from fully performing exposures	19.73	19.73	17.11	17.11	15.50	15.50
11	Other cash inflows	72.39	50.27	51.19	26.97	16.54	0.39
12	Total Cash Inflows	92.13	70.00	139.58	115.36	32.04	15.89
13	Total HQLA		688.45		681.28		683.63
14	Total Net Cash Outflows		300.65		188.54		259.95
15	Liquidity Coverage Ratio (%)		228.99%		361.34%		262.98%

Capital Small Finance Bank Limited during the quarter ended September 30, 2018 maintained average HQLA of 688.45 crores against the average net cash outflows of 300.65 crores. The entire HQLA was Level 1 HQLA. The average LCR of CSFB for the quarter ended September 30, 2018 was at 228.99%, which is well above the regulatory threshold of 70%.

HQLA primarily included government securities in excess of minimum Statutory Liquidity Ratio (SLR), the extent allowed under the Marginal Standing Facility (MSF) and the Facility to Avail Liquidity for LCR (FALLCR). Additionally, cash, balances in excess of cash reserve requirement with RBI & the overseas central banks and marketable securities issued by foreign sovereigns form part of level 1 HQLA.

For the purposes of LCR computation, the Bank has considered all inflows and outflows that may have a quantifiable impact under the liquidity stress scenario.