

Basel II Pillar 3 Disclosure

Liquidity Coverage Ratio for the Financial Year 2018-19

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 the Bank for all the four quarters of financial year 2018-19:

	funding on debt products								
(iii)	Credit and liquidity facilities	193.20	15.96	214.73	16.10	237.52	16.16	190.89	14.57
6	Other contractual funding obligations	18.23	18.23	81.59	81.59	33.96	33.96	52.30	52.30
7	Other contingent funding obligations	27.72	0.85	33.33	1.06	40.83	1.30	42.12	1.35
8	Total Cash Outflows		301.02		370.66		364.31		394.70
Cash Inflows									
9	Secured lending (e.g. reverse repos)	79.62	79.62	16.67	16.67	99.64	99.65	17.00	17.00
10	Inflows from fully performing exposures	17.11	17.11	19.73	19.73	22.85	22.85	24.99	24.99
11	Other cash inflows	39.97	15.75	57.82	33.60	59.36	35.14	65.96	50.83
12	Total Cash Inflows	136.70	112.48	94.22	70.00	181.85	157.64	107.95	92.82
13	Total HQLA		681.28		688.45		743.77		827.27
14	Total Net Cash Outflows		188.54		300.66		206.67		301.88
15	Liquidity Coverage Ratio (%)		361.35%		228.98%		359.88%		274.04%

The Bank during the quarter ended March 31, 2019 maintained average HQLA of ₹827 crores against the average net cash outflows of ₹395 crores. The entire HQLA was Level 1 HQLA. The average LCR of the Bank for the quarter ended March 31, 2019 was 274.04%, which is well above the regulatory threshold of 80%.

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.