

LCR Disclosure template as on March 31, 2016 (Year end)			
(Rs. in Crores)		Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets		(12 data points April 2015 to March 2016)	
1	Total High Quality Liquid Assets (HQLA)	23,208.73	23,097.64
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	81,976.46	7,745.03
(i)	Stable deposits	9,052.31	452.62
(ii)	Less stable deposits	72,924.14	7,292.41
3	Unsecured wholesale funding, of which:	57,209.19	29,146.68
(i)	Operational deposits (all counterparties)	0.00	0.00
(ii)	Non-operational deposits (all counterparties)	57,209.19	29,146.68
(iii)	Unsecured debt	0.00	0.00
4	Secured wholesale funding	1,997.47	0.00
5	Additional requirements, of which	20,004.42	1,989.98
(i)	<i>Outflows related to derivative exposures and other collateral requirements</i>	6.95	6.95
(ii)	<i>Outflows related to loss of funding on debt products</i>	0.00	0.00
(iii)	<i>Credit and liquidity facilities</i>	19,997.47	1,983.03
6	Other contractual funding obligations	567.11	567.11
7	Other contingent funding obligations	27,588.40	1,292.22
8	Total Cash Outflows	1,89,343.04	40,741.02
Cash Inflows			
9	Secured lending (e.g. reverse repos)	606.52	0.00
10	Inflows from fully performing exposures	3,439.27	1,761.31
11	Other cash inflows	5,774.29	5,590.96
12	Total Cash Inflows	9,820.08	7,352.27
13	TOTAL HQLA	23,208.73	23,097.64
14	Total Net Cash Outflows	1,79,522.96	33,388.76
15	Liquidity Coverage Ratio (%)		69.18%

Average LCR of the Bank for 1st three quarter (April-2015 to December-2015) is 63.63% as against the minimum requirement of 60%.

The average LCR of the bank from January-2016 to March-2016 is **89.72%** as against the minimum requirement of 70%.

Qualitative Disclosure around LCR as on 31st March 2016

1. The main drivers of LCR results and the evolution of contribution of inputs to LCR calculation over time:

Liquidity Coverage Ratio (LCR) is defined as the ratio of HQLA (High Quality Liquid Assets) to net cash outflows. It aims to ensure that the bank maintains adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

1.1 Main Drivers of LCR:

The Main drivers of LCR result are level of High Quality Liquid Assets, Cash Inflows and net Cash Outflow within next 30 days' time horizon.

a. **HQLA:** This comprises of High Quality Liquid Assets as under :

- Level-1 assets
- Level 2A assets
- Level 2B assets

The Level-1 assets comprise of:

- Cash
- Cash Reserve Ratio (CRR) balance in excess minimum regulatory requirement.
- Unencumbered government Securities in excess of minimum Statutory Liquidity Requirement (SLR).
- Government securities within the mandatory SLR requirement, to the extent allowed by RBI under Marginal Standing Facility (MSF) (Presently 2% of NDTL is at present allowed for MSF).
- Facility to avail liquidity for Liquidity Coverage Ratio(FALLCR) (Presently 8% of NDTL is at present allowed for FALLCR)
- Marketable securities issued/guaranteed by sovereigns with 0% risk weight.

The yearly average of Level-1 assets of the Bank for the financial year ended 31st March 2016 were Rs. 22,689.17 crore which accounts for 97.76% of total average HQLA of Rs. 23,208.73 crore for the same period.

The Level 2A assets comprise of:

- Non-Financial Corporate Bonds rated AA- or above by external rating agencies.
- Non-Financial Commercial Papers rated AA- or above by external rating agencies.
- Marketable securities representing claims on or claims guaranteed by sovereigns, Public Sector Entities (PSEs) or multilateral development banks that are assigned 20% risk weight under the Basel II Standardised Approach for credit risk, provided that they are not issued by a bank/financial institution/NBFC or any of its affiliates.

Bank is applying 15% haircut on Level 2A assets as per extant guidelines of RBI. The share of average Level 2A assets is 1.83 % (Rs. 424.84 crore) of total average HQLA for the financial year ended 31st March 2016.

The Level 2B assets comprise of:

- Equity Shares not issued by a bank/financial institution/NBFC or any of its affiliated entities and included in NSE CNX Nifty and/or S&P BSE Sensex indices.
- Corporate debt securities (including commercial paper) not issued by a bank/ financial institution/ PD/ NBFC or any of its affiliated entities and having a long-term credit rating from an eligible Credit Rating Agency between A+ and BBB- or in the absence of a long term rating, a short-term rating equivalent in quality to the long-term rating .

Bank is applying 50% haircut on Level 2B assets as per extant guidelines of RBI. The share of average Level 2B assets is 0.41% (Rs. 94.72 crore) of total average HQLA for the financial year ended 31st March 2016 and comprises mainly of equity shares of listed corporates which are listed in National Stock Exchange CNX NIFTY and/ or S&P BSE Sensex.

Bank has maintained a comfortable level of HQLA for the financial year 2015-16. Details are furnished below:

Particulars	Average HQLA for 2015-16 (Rs. in crore)	
	Amount	Weighted Amount
Level 1	22,689.17	22,689.17
Level 2A	424.84	361.11
Level 2B	94.72	47.36
Total HQLA	23,208.73	23,097.64

b. Cash inflows:

- **Inflows from Secured Lending:** It consists of short term lending such as reverse repo, CBLO etc.
- **Inflows from fully performing exposure:** Scheduled loan repayment within 30 days, other than NPA, has been considered.
- **Other Cash inflows:** It includes investments in Liquid Mutual Funds/ Certificate of Deposits etc which can be liquidated any time and Non SLR investment maturing within 30 days.

c. Cash Outflows: The out flows for the purpose of LCR have been divided in to following major categories:

- **Outflows from retail deposits:** All demand and term deposits placed with the Bank by a natural person are considered as retail deposits. The outflows from retail deposit are further bifurcated in to stable deposit and less stable deposit. Insured deposits (to the extent covered by DICGC) in transactional accounts where salaries/pensions are automatically deposited or are paid out from or relationship based accounts (e.g. the deposit customer has another relationship with bank, say, a loan) per borrower have been considered as stable deposit and the remaining portion (Total deposits - stable deposits) is classified as less stable deposits. Total yearly average retail deposit for LCR purposes for the year ended 31th March 2016 was Rs 77,478.77 crore out of which average stable deposits was Rs. 8,021.09 crore and less stable deposits was Rs. 69,457.68 crore. Bank has considered outflows of all retail deposits for LCR purpose, including those where residual maturity is beyond 30 days.

- **Outflows from small business customers:** The outflows from small business customers are those deposits where the deposit is managed as a retail deposit and aggregate funding from any such customer is up to 5 Crore . Outflows up to 30 days from these deposits have been considered for LCR purposes as per the RBI guidelines.
- **Outflows from wholesale funding:** The outflows other than those from retail deposits and small business customers are considered as outflows due to wholesale funding which has been further bifurcated in to unsecured wholesale funding and secured wholesale funding. For LCR purpose, all unsecured average wholesale funding of Rs. 57,209.19 crore for the financial year ended 31st March 2016 are classified as non-operational deposits as these deposit do not represent clearing, custody or cash management activities. The secured wholesale funding is consisting of secured borrowings through Liquidity Adjustment Facility (LAF)/ Collateralized Borrowing and Lending Obligation (CBLO) and Repurchase Agreement (REPO). Total average of secured borrowings for the financial year ended 31st March 2016 was Rs. 1,997.47 crore.
- **Outflows from Credit and Liquidity facilities:** The un-availed/ un-utilized limits of cash credit accounts (CC) and overdrafts (OD) accounts have been considered.
- **Outflows from other contingent funding obligations:** The outflows from other contingent funding obligations include outflows due to bank guarantee and letter of credit commitments etc. For LCR purposes, Bank has considered the entire Non fund based advance as on date as unweighted outflow. Bank has also considered entire claims against the Bank not considered as debt as LCR unweighted outflow.

1.2 Month wise LCR:

The month wise LCR during the financial year 2015-16 is mentioned below.

April 2015	May 2015	June 2015	Average L.C.R of June-2015 Quarter
60.14%	50.17%	61.72%	57.35%

July 2015	August 2015	September 2015	Average L.C.R of September-2015 Quarter
64.84%	68.50%	75.20%	69.51%

October 2015	November 2015	December 2015	Average L.C.R of December - 2015 Quarter
61.32%	61.87%	73.79%	65.66%

January 2016	February 2016	March 2016	Average L.C.R of March -2016 Quarter
71.80%	74.05%	160.43%	89.72%

Average LCR of the Bank for 1st three quarter (April-2015 to December-2015) is 63.63% as against the minimum requirement of 60%.

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Bank had taken various steps to improve its Liquidity Coverage Ratio.

- Improving the retail portfolio of deposits where the run off factor is low
- Imposition of Penalty/ Prevention clause for premature withdrawal of term deposits.
- Introduction of Non-Callable term deposits
- Investment in high rated/ quality assets like Treasury Bills, Certificate of Deposits, and Commercial Papers where return as well as liquidity is high.

2. Intra-period changes as well as changes over time:

The Guidelines for computation of LCR is implemented with effect from 1st Jan 2015. The minimum LCR requirement will increase from 60% as on 1st Jan 2015 to 100% as on 1st Jan 2019. The LCR requirement for the calendar year 2016 is 70%. The Bank has been maintaining sufficient liquid assets to maintain the required level of LCR.

3. Concentration of funding sources:

The Bank is primarily engaged in lending and borrowing activities. Bank is accepting deposit from the public as per the requirement of the Bank. Bank is borrowing from/lending in the money market to manage its day to day liquidity and other requirements. The ratio of bulk deposit (Rs. 1 crore and above) to aggregate deposits as on 31st Mar 2016 was 45.5%, which has come down from 51.1% as at 31st Mar 2015. Bank is taking concerted effort to reduce the share of bulk deposits by focusing more on retail deposits.

4. Derivative exposures and potential collateral calls:

Bank deals in derivative for trading as well as for hedging purpose. The volume of derivative deals undertaken is relatively small. The average net derivative cash outflow in LCR for the financial year 2015-16 is Rs. 6.98 crore.

5. Currency mismatch in the LCR:

Currency mismatch is applicable when the aggregate liabilities in the foreign currency amount to 5% or more of the bank's total liabilities. In such cases, the currency is considered as 'significant'. Our Bank's banking and trading book is denominated in local currency. Bank does not have any foreign subsidiary. Foreign currency liabilities are less than 5% of total liabilities of the Bank and hence not treated as significant for application of currency mismatch.

6. Degree of centralization of liquidity management and interaction between the group's units:

The Bank manages its liquidity risk proactively in a centralized manner at its Head Office through monitoring of various ratios both under stock and flow approach and the results are placed before the management for decision taking. Bank prepares Structural Liquidity Statement (SLS) on a daily basis for analyzing / monitoring of liquidity mismatches in different time buckets according to internal/RBI norms. Such analysis is being reported to top management. SLS as on each Friday, first and third Wednesday and 15th and last day of every month are placed before Asset Liability Management Committee (ALCO). Dynamic Liquidity Analysis (DLS) for likely position over a 90 days' time horizon is placed to ALCO on monthly / quarterly basis. Bank calculates liquidity coverage ratio (LCR) on monthly basis for monitoring liquidity & place the note before ALCO every month. In addition, the Bank conducts back testing on a quarterly basis and reports to ALCO. Back testing of DLS is done on fortnightly basis and reported to top management.