

Qualitative disclosure around Liquidity Coverage Ratio (LCR)

In the backdrop of the global financial crisis that started in 2007, the Basel Committee on Banking Supervision (BCBS) proposed certain reforms to strengthen global capital and liquidity regulations with the objective of promoting a more resilient banking sector. In this direction BCBS published guidelines on 'Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools' in January 2013 and the 'Liquidity Coverage Ratio Disclosure Standards' in January 2014. Accordingly, Reserve Bank of India, vide its circular dated June 09, 2014, issued guidelines on Liquidity Coverage Ratio (LCR).

The LCR promotes short-term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days. The LCR standard aims to ensure that a bank maintains an 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 specified by supervisors.

Definition of LCR:

$$\frac{\text{Stock of high quality liquid assets (HQLAs)}}{\text{Total Net Cash Outflows over the next 30 calendar days}} \geq 100\%$$

The LCR requirement is binding on banks from January 1, 2015. LCR is to be maintained at 100%.

High Quality Liquid Assets (HQLA):

Under the standard, banks must hold a Stock of unencumbered HQLA to cover the total net cash outflows over 30-day period under the prescribed stress scenario. In order to qualify as HQLA, assets should be liquid in markets during times of stress and, in most cases, be eligible for use in central bank operations. The HQLA of the Bank mainly comprise of SLR investments over and above mandatory requirement, liquidity available by way of borrowing under Marginal Standing Facility (2% of NDTL), Facility to Avail Liquidity for Liquidity Coverage Ratio (16% of NDTL) & other securities as may be permitted by Reserve Bank of India from time to time.

Total net cash outflows:

Total expected cash out flows are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by the rates at which they are expected to run off or be drawn down. Total expected cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow.

Liquidity Management:

The Bank has well organized liquidity risk management structure as enumerated in ALM Policy which is approved by the Board. The Asset Liability Management Committee (ALCO) of the Bank monitors & manages liquidity and interest rate risk in line with the business strategy. ALM activity including liquidity analysis & management is conducted through coordination between various ALCO support groups residing in the functional areas of Asset Liability Management, Treasury Front Office, Budget and Planning etc. ALCO directives and ALM actions are implemented by the business groups and verticals.

The Bank during the quarter ended June 2026, maintained average HQLA of Rs.95,619 crore after factoring eligible haircuts. HQLA is mainly driven by Level 1 Assets and comprises mainly of Government securities and T-bills which constitute more than 90% of HQLA as on 30th June 2026. The Bank has well diversified source of funds, which mainly comprise of deposits, with top 20 depositors contributing 11.51% of total deposits as on 30th June 2026.

The average LCR for the quarter ended June 2026 was at 120.87%, which is above the present prescribed minimum requirement of 100%

₹ crore

	June Quarter 2026		March Quarter 2026	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
Total High Quality Liquid Assets (HQLA)		95,619		92,982
Cash Outflow				
Retail deposits and deposits from small business customers, of which:	1,57,649	18,258	1,54,443	14,941
Stable deposits	10,487	766	10,066	503
Less stable deposits	1,47,162	17,492	1,44,377	14,438
Unsecured wholesale funding, of which:	1,27,283	73,362	1,25,678	79,404
Operational deposits (all counterparties)	-	-	-	-
Non-operational deposits (all counterparties)	1,24,641	70,721	1,22,430	76,156
Unsecured debt	2,641	2,641	3,248	3,248
Secured wholesale funding		0		0
Additional requirements, of which	53,710	9,181	52,049	8,827
<i>Outflows related to derivative exposures and other collateral requirements</i>	1,271	1,271	1,188	1,188
<i>Outflows related to loss of funding on debt products</i>	-	-	-	-
<i>Credit and liquidity facilities</i>	52,439	7,910	50,862	7,640
Other contractual funding obligations	5,986	5,986	6,203	6,203
Other contingent funding obligations	1,37,813	4,781	1,31,941	4,296
Total Cash Outflows		1,11,567		1,13,673
Cash Inflows				
Secured lending (e.g. reverse repos)	7,451	-	1,365	-
Inflows from fully performing exposures	12,876	6,438	11,303	5,651
Other cash inflows	26,321	26,021	32,262	31,962
Total Cash Inflows	46,649	32,459	44,929	37,613
		Total Adjusted Value		Total Adjusted Value
TOTAL HQLA		95,619		92,982
Total Net Cash Outflows		79,108		76,060
Liquidity Coverage Ratio (%)		120.87%		122.25%
