

Liquidity Coverage Ratio

The Bank adheres to RBI guidelines on Liquidity Coverage Ratio given in “Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and the LCR Disclosure Standards” and “Operating Guidelines for Small Finance Banks”.

LCR is the ratio of unencumbered HQLAs to Net Cash Outflows over the next 30 calendar days. LCR measures the Bank’s ability to manage and survive under combined idiosyncratic and market-wide liquidity stress condition that would result in accelerated withdrawal of deposits from retail as well wholesale depositors, partial loss of secured funding, increase in collateral requirements, unscheduled draw down of unused credit lines, etc. These stress conditions are captured as a part of the Net Cash Outflows. High Quality Liquid Assets (HQLA) of the Bank consist of cash, unencumbered excess SLR, a portion of statutory SLR as allowed under the guidelines and cash balance with RBI in excess of statutory cash reserve requirements.

LCR aims to ensure that the Bank has an adequate stock of unencumbered HQLA to meet its liquidity needs for a 30 calendar day liquidity stress scenario. As mentioned in the “Operating Guidelines for Small Finance Banks”, the Bank has to maintain the prescribed level of LCR 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% |

As per requirement of RBI, LCR should be tracked on an ongoing basis and disclosure should be made in financial statements for each quarter on simple average basis of daily observations. Earlier, the Bank was calculating LCR on monthly basis and disclosure had been made on simple average basis of monthly observations.

Bank has now started the Daily LCR computation and has calculated the Quarterly LCR of September quarter on simple average basis of daily observations.

Liquidity Coverage Ratio (September 2020 Quarter)

(Amount in Rupees)

| Liquidity Coverage Ratio | | |
|--|-----------------------------------|---------------------------------|
| Liquidity Coverage Ratio | Total Unweighted (Average) | Total Weighted (Average) |
| High Quality Liquid Assets | | |
| 1 Total High Quality Liquid Assets (HQLA) | | 3,95,03,93,587.42 |
| Cash Outflows | | |
| 2 Retail deposits and deposits from small business customers | 5,16,81,79,439.60 | 38,09,56,196.03 |
| (i) Stable deposits | 2,71,72,34,958.67 | 13,58,61,747.93 |
| (ii) Less stable deposits | 2,45,09,44,480.93 | 24,50,94,448.09 |
| 3 Unsecured wholesale | 3,65,45,11,578.13 | 2,15,85,63,275.00 |
| (i) Operational deposits (all counterparties) | 0.00 | 0.00 |
| (ii) Nonoperational deposits (all counterparties) | 3,65,45,11,578.13 | 2,15,85,63,275.00 |
| (iii) Unsecured debt | 0.00 | 0.00 |
| 4 Secured wholesale funding | | 51,31,30,837.72 |
| 5 Additional requirements, | 0.00 | 0.00 |
| (i) Outflows related to derivative exposures and other collateral requirements | 0.00 | 0.00 |
| (ii) Outflows related to loss of funding on debt products | 0.00 | 0.00 |
| (iii) Credit and liquidity facilities | 0.00 | 0.00 |
| 6 Other contractual funding obligations | 26,79,07,606.02 | 26,79,07,606.02 |
| 7 Other contingent funding obligations | 0.00 | 0.00 |
| 8 Total Cash Outflows | | 3,32,05,57,914.76 |
| Cash Inflows | | |
| 9 Secured lending | 0.00 | 0.00 |
| 10 Inflows from fully performing exposures | 1,20,03,936.20 | 1,20,03,936.20 |
| 11 Other cash inflows | 79,59,32,673.94 | 74,79,27,825.68 |
| 12 Total Cash Inflows | 80,79,36,610.14 | 75,99,31,761.88 |
| 21 Total HQLA | | 3,95,03,93,587.42 |
| 22 Total Net Cash Outflows | | 2,56,06,26,152.88 |
| 23 Liquidity Coverage Ratio (%) | | 154.3% |