

Liquidity Coverage Ratio

As of Jun 30, 2023

Liquidity Coverage Ratio (LCR) is a measure to assess short-term resilience of the banks to potential liquidity disruptions by ensuring sufficient High Quality Liquid Assets (HQLA) are maintained to survive net cash outflows over next 30 calendar days under stress conditions. LCR is calculated by dividing a bank's stock of HQLA by its total net cash outflows over a 30-day stress period.

High Quality Liquid Assets (HQLA) under LCR are divided into two parts i.e. Level-1 HQLA which comprises of cash, excess CRR balance, excess SLR securities and a portion of mandatory SLR as permitted by RBI (under MSF and FALLCR) and Level-2 HQLA which comprises of investments in highly rated non-financial corporate bonds and listed equity investments considered at prescribed haircuts. Cash outflows are calculated by multiplying the outstanding balances of various categories/types of liabilities by the outflow run-off rates and 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 in under stress conditions.

Equitas Small Finance Bank Limited (ESFBL) during the quarter ended 30th Jun 2023, maintained an average HQLA of ₹6,194 crore to cover the average net cash outflows of ₹3,395 crore over the next 30 days. The average LCR of ESFBL for the quarter ended 30th Jun 2023 is at 182%, which is well above the regulatory requirement.

The table below sets out the average LCR of ESFBL for quarter ended Jun 30, 2023.

(Rs. in Crores)

Liquidity Coverage Ratio	For Q1 2023-24	
	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets		
Total High Quality Liquid Assets (HQLA)		6,194
Retail deposits and deposits from small business customers, of which:		
Stable deposits	3,230	162
Less stable deposits	14,498	1,450
Unsecured wholesale funding, of which:		
Operational deposits (all counterparties)	-	-
Non-operational deposits (all counterparties)	2,479	1,717
Unsecured debt	-	-
Secured wholesale funding	738	-
Additional requirements, of which		
Outflows related to derivative exposures and other collateral requirements	-	-
Outflows related to loss of funding on debt products	-	-
Credit and liquidity facilities	161	8
Other contractual funding obligations	603	603
Other contingent funding obligations	219	11
TOTAL CASH OUTFLOWS	21,929	3,950
Secured lending (e.g. reverse repos)	124	-
Inflows from fully performing exposures	740	433
Other cash inflows	243	121
TOTAL CASH INFLOWS	1,107	555
TOTAL HQLA		6,194
TOTAL NET CASH OUTFLOWS		3,395
LIQUIDITY COVERAGE RATIO (%)		182.42%