LIQUIDITY COVERAGE RATIO DISCLOSURE AT JUNE 30, 2015

The Basel Committee for Banking Supervision (BCBS) had proposed the liquidity coverage ratio (LCR) in order to ensure that a bank has an adequate stock of unencumbered high quality liquid assets (HQLA) to survive 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 guidelines the minimum LCR required to be maintained by banks shall be implemented in the phased manner from January 1, 2015 as given below.

Starting from January 1	2015	2016	2017	2018	2019
Minimum LCR	60.0%	70.0%	80.0%	90.0%	100.0%

The Bank has been computing its LCR on a monthly basis since January 2015 as per the extant RBI guidelines. The following table sets forth the average of unweighted and weighted value of the LCR of the Bank. The averages are computed based on month end values for the months of April 2015, May 2015 and June 2015.

₹ in million

	Particulars	Total unweighted value (average)	Total weighted value (average)
	High quality liquid assets		
1	Total high quality liquid assets	N.A.	534,184.8
	Cash outflows		
2	Retail deposits and deposits from small business customers, of which:	2,166,232.6	195,869.9
(i)	Stable deposits	415,068.1	20,753.4
(ii)	Less stable deposits	1,751,164.5	175,116.4
3	Unsecured wholesale funding, of which:	843,829.9	416,069.0
(i)	Operational deposits (all counterparties)	144,097.4	36,024.3
(ii)	Non-operational deposits (all counterparties)	661,388.5	341,700.8
(iii)	Unsecured debt	38,343.9	38,343.9
4	Secured wholesale funding	N.A.	-
5	Additional requirements, of which:	407,404.9	61,117.7
(i)	Outflows related to derivative exposures and other collateral requirements	8,782.9	8,782.9
(ii)	Outflows related to loss of funding on debt products	414.8	414.8
(iii)	Credit and liquidity facilities	398,207.2	51,920.1
6	Other contractual funding obligations	49,265.9	49,265.9
7	Other contingent funding obligations	1,940,289.6	97,014.5
8	**Total Cash Outflows**	**N.A.**	**819,337.0**

	Particulars	Total unweighted value (average)	Total weighted value (average)
9	Secured lending (e.g. reverse repos)	-	-
10	Inflows from fully performing exposures	245,792.4	193,081.9
11	Other cash inflows	38,273.5	21,435.5
12	**Total Cash Inflows**	**284,065.8**	**214,517.4**
13	**Total HQLA**	**N.A.**	**534,184.8**
14	**Total Net Cash Outflows**	**N.A.**	**604,819.6**
15	**Liquidity coverage ratio (%)**	**N.A.**	**88.32%**

Liquidity of the Bank is managed by the Asset Liability Management Group (ALMG) under the central oversight of the Asset Liability Management Committee (ALCO). For the domestic operations of the Bank, ALMG-India is responsible for the overall management of liquidity. For the overseas branches of the Bank, a decentralised approach is followed for day-to-day liquidity management, while a centralised approach is followed for long term funding in co-ordination with Head-Office. Liquidity in overseas branches is maintained taking into consideration both host country as well as the RBI regulations.

The Bank during the three months ended June 30, 2015 maintained average HQLA (after haircut) of ₹ 534,184.8 million against the average liquidity requirement of ₹ 362,891.7 million at minimum LCR requirement of 60%. HQLA primarily included cash, balance in excess of cash reserve requirement with RBI and the central banks of countries where Bank's branches are located amounting to ₹ 79,400.0 million, government securities in excess of minimum statutory liquidity ratio (SLR) and to the extent allowed under marginal standing facility (MSF) and facility to avail liquidity for LCR (FALLCR) of ₹ 420,180.5 million. Further, average level 2 assets, primarily consisting of AA- and above rated corporate bonds and commercial papers, were ₹ 19,476.6 million.

At June 30, 2015, top liability products/instruments and their percentage contribution to the total liabilities of the Bank were saving account deposits at 18.21%, term deposits at 32.05%, bond borrowings at 13.98% and current account deposits at 7.10%. Top 20 depositors constituted 6.21% of total deposits of the Bank at June 30, 2015. Further, the total borrowings mobilised from significant counterparties (from whom, the funds borrowed were more than 1.00% of the Bank's total liabilities), were 11.38% of the total liabilities of the Bank at June 30, 2015.

The weighted cash outflows are primarily driven by unsecured wholesale funding which includes operational deposits, non-operational deposits and unsecured debt. The unsecured wholesale funding contributed 50.78% of the total weighted cash outflows. The non-operational deposits includes term deposits with premature withdrawal facility. Retail deposits including deposits from small business customers and other contingent funding obligations contributed 23.91% and 11.84% of the total weighted cash outflows respectively. The other contingent funding obligations primarily include bank guarantees (BGs) and letters of credit (LCs) issued on behalf of the Bank's clients.

Liquidity requirement of the Bank on account of market valuation changes for derivative transactions was limited as the Bank has not signed Credit Support Annex (CSA) with

any of its clients/interbank counterparties. However, the Bank may be required to post additional collateral due to market valuation changes on derivative transactions settled through Clearing Corporation of India (CCIL) which is a Qualified Central Counterparty (QCCP) in India. The outflow on account of market valuation change for derivative transactions with CCIL has been considered based on the prescribed look back approach.

Based on the above, monthly average LCR of the Bank for the three months ended June 30, 2015 was 88.32%. During the three months ended on June 30, 2015, other than Indian Rupee, USD was the only significant foreign currency which constituted more than 5.00% of the balance sheet size of the Bank. Average LCR of the Bank for USD currency was 77.65% for the three months ended June 30, 2015.