

STATE BANK OF INDIA

Liquidity Coverage Ratio(LCR) for the quarter ended 31st December 2015

Rs in crores

		Total Unweighted Value (Average)	Total Weighted Value (Average)
High Quality Liquid Assets			
1	Total High Quality Liquid Assets(HQLA)		2,25,369
Cash Outflows			
2	Retail Deposits and deposits from small business customers, of which:		
(i)	Stable deposits	1,46,732	7,337
(ii)	Less Stable Deposits	11,16,644	1,11,664
3	Unsecured wholesale funding, of which:		
(i)	Operational deposits(all counterparties)	1,254	314
(ii)	Non-operational deposits(all counterparties)	3,44,550	2,14,217
(iii)	Unsecured debt	-	-
4	Secured wholesale funding	33,993	6
5	Additional requirements, of which		
(i)	Outflows related to derivative exposures and other collateral requirements	66,152	66,152
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and liquidity facilities	1,91,038	25,297
6	Other contractual funding obligations	13,321	13,321
7	Other contingent funding obligations	3,75,749	18,787
8	TOTAL CASH OUTFLOWS	22,89,431	4,57,094
Cash Inflows			
9	Secured lending (eg. Reverse repos)	958	-
10	Inflows from fully performing exposures	1,29,803	1,12,639
11	Other cash inflows	38,003	31,709
12	Total Cash Inflows	1,68,764	1,44,348
21	TOTAL HQLA		2,25,369
22	TOTAL NET CASH OUTFLOWS		3,12,747
23	LIQUIDITY COVERAGE RATIO (%)		72.06%

Liquidity Coverage Ratio (LCR) standard has been introduced with the objective that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (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. At a minimum, the stock of liquid assets should enable the bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken.

LCR has been defined as
$$\frac{\text{Stock of high quality liquid assets (HQLAs)}}{\text{Total net cash outflows over the next 30 calendar days}}$$

Liquid assets comprise of high quality assets that can be readily sold or used as collateral to obtain funds in a range of stress scenarios. There are two categories of assets included in the stock of HQLAs, viz. Level 1 and Level 2 assets. Level 1 assets are with 0% haircut while Level 2A assets are with a minimum 15% haircut and Level 2B Assets, with a minimum 50% haircut.

The total net cash outflows is the total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. Total expected cash outflows 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 in up to an aggregate cap of 75% of total expected cash outflows.

Bank's LCR 72.06% (based on average of last three months position) is above the minimum 60% prescribed by RBI. The average HQLA was Rs 225,369 crs, of which Level 1 assets constituted on an average 89% of total HQLA. The tightening market liquidity conditions have reflected on the average HQLA, which has come down as compared to the last quarter. HQLA and more particularly the Level 1 assets comprising mainly Government securities determines the LCR ratio. Also the net cash outflows position has remained more or less constant this quarter. Derivative exposures is considered insignificant due to the almost matching inflows and outflows position. During the last quarter USD was the significant Foreign Currency which constituted more than 5% of the Balance Sheet of the Bank. Average LCR for USD was 70.35% for the quarter.

Our funding sources continue to be robust and well diversified with retail depositors being the major contributor. We have sufficient liquid cover for outflows and management is of the view that we are adequately liquid for our short term requirements.