

DISCLOSURE ON LIQUIDITY COVERAGE RATIO AS ON 30.09.2018

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.

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

Liquid assets comprise of high quality assets that can be readily encashed or used as collateral to obtain cash 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. While Level 1 assets are with 0% haircut, Level 2A and Level 2 B assets are with 15% and 50% haircuts respectively. The total net cash outflow 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.

Quantitative Disclosure:

LIQUIDITY COVERAGE RATIO					
State Bank of India					
				INR in Crs	
		Quarter ended September 30, 2018		Quarter ended June 30, 2018	
LCR COMPONENTS		Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	Total High Quality Liquid Assets(HQLA)		7,39,148		6,93,460
CASH OUTFLOWS					
2	Retail Deposits and deposits from small business customers, of which:				
	(i) Stable deposits	3,06,105	15,305	3,00,005	15,000
	(ii) Less Stable Deposits	17,90,924	1,79,092	17,59,076	1,75,908
3	Unsecured wholesale funding, of which:				
	(i) Operational deposits(all counterparties)	759	190	930	232
	(ii) Non-operational deposits(all counterparties)	6,11,590	3,48,024	6,00,814	3,41,376
	(iii) Unsecured debt	0	0	0	0
4	Secured wholesale funding	29,820	3	21,070	0
5	Additional requirements, of which				
	(i) Outflows related to derivative exposures and other collateral requirements	1,54,141	1,54,141	1,62,711	1,62,711
	(ii) Outflows related to loss of funding on debt products	0	0	0	0
	(iii) Credit and liquidity facilities	28,949	4,854	25,896	4,512
6	Other contractual funding obligations	27,454	27,454	29,441	29,441
7	Other contingent funding obligations	5,66,376	20,688	5,63,555	20,759
8	TOTAL CASH OUTFLOWS	35,16,117	7,49,751	34,63,496	7,49,938
CASH INFLOWS					
9	Secured lending(eg. Reverse repos)	3,121	0	5,166	0
10	Inflows from fully performing exposures	2,17,069	2,02,188	2,42,332	2,24,197
11	Other cash inflows	42,221	33,154	37,813	29,804
12	TOTAL CASH INFLOWS	2,62,411	2,35,343	2,85,311	2,54,001
13	TOTAL HQLA		7,39,148		6,93,460
14	TOTAL NET CASH OUTFLOWS		5,14,409		4,95,937
15	LIQUIDITY COVERAGE RATIO(%)		143.69%		139.83%

1. In accordance with RBI Circular No. RBI/2014-15/529 DBR. No. BP.BC.80/21.06.201/2014-15 dated March 31, 2015 and RBI/2013-14/635 DBOD.BP.BC.No. 120/21.04.098/2013-14 dated June 9, 2014 guidelines, average weighted and unweighted amounts have been calculated considering simple daily average and 68 data points have been considered for the quarter July-September 2018.

2. Bank has implemented OFSAA system whereby computation of daily LCR has been automated for Domestic operation since March 2018.

The LCR position is above the minimum 90% prescribed by RBI. Bank's LCR comes to 143.69% based on daily average of three months (Q2 FY18-19). The average HQLA for the quarter was Rs 7,39,148 Crs, of which, Level 1 assets constituted 93.46% of total HQLA. Government securities constituted 97.48% of Total Level 1 Assets. Level 2A Assets constitutes 5.31% of total HQLA and Level 2B assets constitutes 1.22% of total HQLA. The net cash outflow position has slightly gone up on account of higher outflow from Customers other than Retail Customers. Derivative exposures are considered insignificant due to almost matching inflows and outflows position. During the quarter, LCR for USD (significant Foreign Currency constituting more than 5% of the Balance Sheet of the Bank) was 79.96% on average.

Liquidity Management in the Bank is driven by the ALM Policy of the Bank and regulatory prescriptions. The Domestic and International Treasuries are reporting to the Asset Liability Management Committee (ALCO). The ALCO has been empowered by the Bank's Board to formulate the Bank's funding strategies to ensure that the funding sources are well diversified and is consistent with the operational requirements of the Bank. All the major decisions of ALCO are being reported to the Bank's Board periodically. In addition to daily/monthly LCR reporting, Bank prepares daily Structural Liquidity statements to assess the liquidity needs of the Bank on an ongoing basis.

The Bank has been maintaining HQLA mainly in the form of SLR investments over and above the mandatory requirements. Retail deposits constitute major portion of total funding sources, which are well diversified. Management is of the view that the Bank has sufficient liquidity cover to meet its likely future short term requirements.