

DISCLOSURE ON LIQUIDITY COVERAGE RATIO (LCR) AS ON 31.03.2024

Liquidity Coverage Ratio (LCR) standard has been introduced in the Bank with an objective to maintain 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 days time horizon under a significantly severe liquidity stress scenario.

$$L C R = \frac{\text{Stock of High-Quality Liquid Assets (HQLAs)}}{\text{Total net cash outflows over the next 30 calendar days}}$$

Liquid assets comprise of high-quality assets that can be readily encashed or used as collateral to obtain cash in a stress scenario. There are two categories of assets included in the stock of HQLAs, viz. Level 1 and Level 2 (Level 2A and Level 2B) assets. While Level 1 assets attract 0% haircut, Level 2A and Level 2 B assets are with 15% and 50% haircuts respectively. The total net cash outflows is the total expected cash outflows less 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										
LCR COMPONENTS	Quarter ended March 31, 2024		Quarter ended December 31, 2023		Quarter ended September 30, 2023		Quarter ended June 30, 2023		Quarter ended March 31, 2023	
	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	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)	13,13,148		14,08,025		14,04,869		13,06,689		12,13,100
CASH OUTFLOWS										
2	Retail Deposits and deposits from small business customers, of which:									
(i)	Stable deposits	9,73,866	48,693	9,63,926	48,196	9,44,720	47,236	9,23,641	46,182	9,08,572
(ii)	Less Stable Deposits	22,91,273	2,29,127	22,43,331	2,24,333	21,93,991	2,19,399	21,38,128	2,13,813	21,03,084
3	Unsecured wholesale funding, of which:									
(i)	Operational deposits(all counterparties)	0	0	0	0	0	0	0	0	0
(ii)	Non-operational deposits (all counterparties)	12,70,853	7,46,617	12,47,741	7,33,139	12,18,166	7,08,070	11,38,468	6,61,586	10,48,772
(iii)	Unsecured debt	0	0	0	0	0	0	0	0	0
4	Secured wholesale funding	1,48,018	188	79,750	1,018	41,700	705	61,710	371	1,37,680
5	Additional requirements, of which									
(i)	Outflows related to derivative exposures and other collateral requirements	4,13,077	4,13,077	3,46,797	3,46,797	3,64,470	3,64,470	3,58,677	3,58,677	3,92,263
(ii)	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0	0
(iii)	Credit and liquidity facilities	1,15,723	33,872	1,15,286	34,180	1,04,535	31,828	83,873	18,372	78,921
6	Other contractual funding obligations	52,747	52,747	58,853	58,853	52,651	52,651	52,021	52,021	46,656
7	Other contingent funding obligations	9,50,450	38,029	9,65,578	38,483	9,30,697	37,315	9,26,306	37,027	7,94,503
8	TOTAL CASH OUTFLOWS	62,16,008	15,62,351	60,21,262	14,85,000	58,50,930	14,61,674	56,82,824	13,88,049	55,10,451
CASH INFLOWS										
9	Secured lending(eg. Reverse repos)	4,445	0	8,722	0	33,127	0	27,901	0	15,796
10	Inflows from fully performing exposures	5,35,048	4,94,161	4,49,525	4,16,254	4,84,517	4,51,006	4,87,450	4,55,660	5,07,787
11	Other cash inflows	65,374	50,401	60,490	46,853	59,433	45,101	55,480	42,988	54,824
12	TOTAL CASH INFLOWS	6,04,867	5,44,562	5,18,737	4,63,107	5,77,077	4,96,107	5,70,831	4,98,648	5,78,407
13	TOTAL HQLA		13,13,148		14,08,025		14,04,869		13,06,689	
14	TOTAL NET CASH OUTFLOWS		10,17,789		10,21,893		9,65,567		8,89,401	
15	LIQUIDITY COVERAGE RATIO(%)		129.02%		137.79%		145.50%		146.92%	

In accordance with RBI guidelines vide circular No. RBI/2014-15/529 DBR. No. BP.BC.80/21.06.201/2014-15 dated 31st March 2015, average weighted and unweighted amounts have been calculated taking simple daily average. The Bank has considered 67 data points for the quarter January to March 2024.

Bank's LCR comes to 129.02% based on daily average position of three months (Q4 FY23-24) and remained above the minimum regulatory requirement of 100%. Average HQLA held during the quarter was ₹13,13,148 crore, with 96.50% being Level 1 assets. Level 2A and Level 2B assets constitute 2.84% and 0.66% of total HQLA, respectively. Government Securities constituted 94.34% of Total Level 1 Assets. During the quarter, the weighted average HQLA level got reduced by ₹94,877 crore primarily on account of decline in excess SLR balance. Further, the weighted average net cash outflows position remained almost at the same level with a negligible fall by ₹4,104 crore during the quarter. 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 at 413.69%, on an average.

Liquidity Management in the Bank is driven by the ALM Policy of the Bank and regulatory prescriptions. The Domestic and International Treasuries are apprising the liquidity position to the Asset Liability Management Committee (ALCO) of the Bank. 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 subsequently. Besides daily/monthly LCR reporting, Bank also 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 commitments.