

DISCLOSURE ON LIQUIDITY COVERAGE RATIO AS ON 30.09.2022

Liquidity Coverage Ratio (LCR) guidelines were implemented by the Banks with an objective to maintain adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a time-horizon upto 30 calendar days under a significantly severe liquidity stress scenario.

$$LCR = \frac{\text{Stock of High-Quality Liquid Assets (HQLAs)}}{\text{Total Net Cash Outflows over the next 30 calendar days}}$$

HQLA comprise of liquid 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 (Level 2A and Level 2B) assets. While Level 1 assets are with 0% haircut, Level 2A and Level 2B assets are with 15% and 50% haircuts respectively. The Total Net Cash Outflows are 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 crore			
LCR COMPONENTS	Quarter ended September 30, 2022		Quarter ended June 30, 2022		
	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)		11,94,963	11,94,891	
CASH OUTFLOWS					
2	Retail Deposits and deposits from small business customers, of which:				
(i)	Stable deposits	8,61,427	43,071	8,54,050	42,702
(ii)	Less Stable Deposits	19,26,234	1,92,623	18,93,530	1,89,353
3	Unsecured wholesale funding, of which:				
(i)	Operational deposits(all counterparties)	0	0	0	0
(ii)	Non-operational deposits (all counterparties)	11,55,449	7,25,980	11,26,583	6,86,012
(iii)	Unsecured debt	0	0	0	0
4	Secured wholesale funding				
5	Additional requirements, of which				
(i)	Outflows related to derivative exposures and other collateral requirements	4,30,256	4,30,256	4,83,581	4,83,581
(ii)	Outflows related to loss of funding on debt products	0	0	0	0
(iii)	Credit and liquidity facilities	56,886	8,763	50,843	8,090
6	Other contractual funding obligations				
7	Other contingent funding obligations				
8	TOTAL CASH OUTFLOWS				
		52,55,854	14,63,376	52,46,901	14,72,398
CASH INFLOWS					
9	Secured lending(eg. Reverse repos)				
10	Inflows from fully performing exposures				
11	Other cash inflows				
12	TOTAL CASH INFLOWS				
		6,13,551	5,48,268	7,35,888	6,07,154
13	TOTAL HQLA				
			11,94,963		11,94,891
14	TOTAL NET CASH OUTFLOWS				
			9,15,108		8,65,244
LIQUIDITY COVERAGE RATIO(%)			130.58%		138.10%

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. We have considered 71 data points for the quarter July to September 2022.

Bank's LCR comes to 130.58% based on daily average of past three months (Q2 FY22-23). The position remained above the minimum regulatory requirement of 100%. Average HQLA held during the quarter was ₹ 11,94,963 crore, with 95.12% being Level 1 assets. Government Securities constituted 95.38% of Total Level 1 Assets. Level 2A and Level 2B assets constitute 4.20% and 0.68% of total HQLA, respectively. During the quarter, the weighted HQLA level has increased by ₹ 72 crore. The weighted total net cash outflows position has grown by ₹ 49,864 crore on account of increase primarily in funding from other legal entity customers. Derivative exposures are considered insignificant due to inflows almost matching the outflows. During the quarter, LCR for the significant foreign currency in USD (aggregate liabilities denominated in USD amount to 5% or more than the Bank's total liabilities) was at 248.52%, on an average.

Liquidity Management in the Bank is driven by Bank's ALM Policy and regulatory prescriptions. The Domestic and International Treasuries are reporting to the Asset Liability Management Committee (ALCO). ALCO has been empowered by the Bank's Board to formulate the funding strategies to ensure that the funding sources are well diversified and is consistent with the operational requirements of the Bank. All major decisions of ALCO are being reported to the Bank's Board periodically. In addition to 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 got sufficient liquidity to meet its immediate / likely future short-term outflows.