

DISCLOSURE ON LIQUIDITY COVERAGE RATIO AS ON 31.03.2017

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	
LCR COMPONENTS	Quarter ended March, 2017		Quarter ended December 31, 2016		Quarter ended September 30, 2016		Quarter ended June 30, 2016		Quarter ended March 31, 2016		
	Total Unweighted Value (Average) Note 1	Total Weighted Value (Average) Note 1	Total Unweighted Value (Average) Note 2	Total Weighted Value (Average) Note 2	Total Unweighted Value (Average) Note 2	Total Weighted Value (Average) Note 2	Total Unweighted Value (Average) Note 2	Total Weighted Value (Average) Note 2	Total Unweight ed Value (Average) Note 2	Total Weighted Value (Average) Note 2	
HIGH QUALITY LIQUID ASSETS (HQLA)											
1	Total High Quality Liquid Assets(HQLA)		5,10,555		4,49,193		3,66,350		3,01,395		2,50,927
CASH OUTFLOWS											
2	Retail Deposits and deposits from small business customers, of which:										
(i)	Stable deposits		1,90,776		9,539		1,91,139		9,557		1,76,287
(ii)	Less Stable Deposits		13,27,592		1,32,759		12,89,130		1,28,913		11,71,315
3	Unsecured wholesale funding, of which:										
(i)	Operational deposits(all counterparties)		0		0		0		0		61
(ii)	Non-operational deposits(all counterparties)		4,70,093		2,82,965		4,49,400		2,69,807		4,17,604
(iii)	Unsecured debt		0		0		0		0		0
4	Secured wholesale funding		3,687		0		29,241		0		8,887
5	Additional requirements, of which		0.00		0.00		0.00		0.00		0.00
(i)	Outflows related to derivative exposures and other collateral requirements		1,26,314		1,26,314		1,36,539		1,36,539		1,25,334
(ii)	Outflows related to loss of funding on debt products		0		0		0		0		0
(iii)	Credit and liquidity facilities		78,531		10,964		69,000		9,763		75,927
6	Other contractual funding obligations		22,157		22,157		20,903		20,903		19,419
7	Other contingent funding obligations		4,65,170		16,683		4,76,156		17,127		4,77,622
8	TOTAL CASH OUTFLOWS		26,84,321		6,01,381		26,61,509		5,92,609		24,72,395
CASH INFLOWS											
9	Secured lending(eg. Reverse repos)		50,698		0		15,254		0		5,437
10	Inflows from fully performing exposures		2,35,209		2,13,985		2,37,226		2,20,232		1,76,384
11	Other cash inflows		40,317		32,989		50,040		40,192		38,958
12	TOTAL CASH INFLOWS		3,26,224		2,46,974		3,02,520		2,60,424		2,20,779
13	TOTAL HQLA		5,10,555		4,49,193		3,66,350		3,01,395		2,50,927
14	TOTAL NET CASH OUTFLOWS		3,54,407		3,32,185		3,49,951		3,47,278		3,28,627
15	LIQUIDITY COVERAGE RATIO(%)		144.06%		135.22%		104.69%		86.79%		76.36%

Note 1 : As per RBI guidelines, the LCR disclosure should be based on the simple average of daily observations for the quarter starting from March 31, 2017. In view of the same, the Bank has commenced computation of the LCR on a daily basis from January 1, 2017 taking 64 data points.

Note 2 : The above data represent simple average of monthly observations for the respective quarters.

The LCR position is above the minimum 80% prescribed by RBI. Bank's LCR comes to 144.06% based on daily average of three months (Q4 FY16-17). The average HQLA for the quarter was Rs 5,10,555 Crs, of which, Level 1 assets constituted 93.49% of total HQLA. Government securities constituted 96.62% of Total Level 1 Assets. Level 2 A Assets constitutes 5.33% of total HQLA and Level 2B assets constitutes 1.18% of total HQLA. The net cash outflow position has gone up on account of growth of Balance Sheet size. 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 87.45% 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.