

DISCLOSURE ON LIQUIDITY COVERAGE RATIO AS ON 31.12.2022

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.

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

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					
		Quarter ended December 31, 2022		Quarter ended September 30, 2022	
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)		11,73,646		11,94,963
CASH OUTFLOWS					
2	Retail Deposits and deposits from small business customers, of which:				
(i)	Stable deposits	8,69,034	43,452	8,61,427	43,071
(ii)	Less Stable Deposits	19,65,126	1,96,513	19,26,234	1,92,623
3	Unsecured wholesale funding, of which:				
(i)	Operational deposits(all counterparties)	0	0	0	0
(ii)	Non-operational deposits (all counterparties)	11,34,193	7,21,643	11,55,449	7,25,980
(iii)	Unsecured debt	0	0	0	0
4	Secured wholesale funding	1,59,708	1,004	1,43,236	457
5	Additional requirements, of which				
(i)	Outflows related to derivative exposures and other collateral requirements	4,20,855	4,20,855	4,30,256	4,30,256
(ii)	Outflows related to loss of funding on debt products	0	0	0	0
(iii)	Credit and liquidity facilities	53,708	8,259	56,886	8,763
6	Other contractual funding obligations	42,354	42,354	39,279	39,279
7	Other contingent funding obligations	6,52,860	23,421	6,43,086	22,947
8	TOTAL CASH OUTFLOWS	52,97,838	14,57,501	52,55,854	14,63,376
CASH INFLOWS					
9	Secured lending(eg. Reverse repos)	11,056	0	27,428	0
10	Inflows from fully performing exposures	5,40,938	5,10,381	5,37,306	5,08,882
11	Other cash inflows	51,257	40,506	48,817	39,387
12	TOTAL CASH INFLOWS	6,03,251	5,50,887	6,13,551	5,48,268
13	TOTAL HQLA		11,73,646		11,94,963
14	TOTAL NET CASH OUTFLOWS		9,06,613		9,15,108
LIQUIDITY COVERAGE RATIO(%)			129.45%		130.58%

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 69 data points for the quarter October to December 2022.

Bank's LCR comes to 129.45% based on daily average of past three months (Q3 FY22-23). The position remained above the minimum regulatory requirement of 100%. Average HQLA held during the quarter was ₹ 11,73,646 crore, with 95.31% being Level 1 assets. Government Securities constituted 96.14% of Total Level 1 Assets. Level 2A and Level 2B assets constitute 3.94% and 0.75% of total HQLA, respectively. During the quarter, the weighted HQLA level has decreased by ₹ 21,317 crore on account of reduction in excess SLR and CRR balances. The weighted total net cash outflows position has reduced primarily due to decline in cash outflows of customers classified under NFCs, sovereigns, Central Bank, MDBs and PSEs. The LCR for significant foreign currency in USD (aggregate liabilities denominated in USD amount to 5% or more than the Bank's total liabilities) was on an average at 250.41%, during the quarter.

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.