

DISCLOSURE ON LIQUIDITY COVERAGE RATIO AS ON 31.03.2020

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 March 31, 2020		Quarter ended December 31, 2019		Quarter ended Sept 30, 2019		Quarter ended June 30, 2019		Quarter ended March 31, 2019	
LCR COMPONENTS		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)		892,622		855,661		778,396		714,428		699,153
CASH OUTFLOWS											
2	Retail Deposits and deposits from small business customers, of which:										
(i)	Stable deposits	315,743	15,787	332,079	16,604	329,339	16,467	325,871	16,294	323,269	16,163
(ii)	Less Stable Deposits	2,030,618	203,062	1,993,593	199,359	1,918,518	191,852	1,881,901	188,190	1,850,120	185,012
3	Unsecured wholesale funding, of which:										
(i)	Operational deposits(all counterparties)	757	189	813	203	712	178	908	227	1,208	302
(ii)	Non-operational deposits (all counterparties)	727,791	442,254	685,022	405,434	677,795	404,580	665,501	397,642	635,727	373,978
(iii)	Unsecured debt	0	0	0	0	0	0	0	0	0	0
4	Secured wholesale funding	1,652	18	128	0	163	0	23,601	9	72,120	54
5	Additional requirements, of which										
(i)	Outflows related to derivative exposures and other collateral requirements	156,235	156,235	139,378	139,378	136,479	136,479	156,233	156,233	170,833	170,833
(ii)	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0	0	0
(iii)	Credit and liquidity facilities	42,467	6,050	46,145	6,787	42,098	6,396	42,285	6,309	39,337	6,053
6	Other contractual funding obligations	34,641	34,641	33,046	33,046	31,839	31,839	30,176	30,176	35,561	35,561
7	Other contingent funding obligations	556,385	19,965	566,220	20,252	546,604	19,520	553,283	19,955	572,831	20,941
8	TOTAL CASH OUTFLOWS	3,866,288	878,200	3,796,424	821,063	3,683,547	807,311	3,679,759	815,033	3,701,005	808,896
CASH INFLOWS											
9	Secured lending(eg. Reverse repos)	48,756	0	41,132	0	42,876	0	6,415	0	7,938	0
10	Inflows from fully performing exposures	241,553	221,788	211,675	197,465	202,274	186,506	221,243	204,882	239,416	222,009
11	Other cash inflows	42,453	34,750	50,232	42,212	53,284	44,462	49,555	41,558	37,977	31,086
12	TOTAL CASH INFLOWS	332,762	256,538	303,038	239,677	298,434	230,968	277,213	246,440	285,331	253,095
13	TOTAL HQLA		892,622		855,661		778,396		714,428		699,153
14	TOTAL NET CASH OUTFLOWS		621,662		581,386		576,343		568,594		555,801
15	LIQUIDITY COVERAGE RATIO(%)		143.59%		147.18%		135.06%		125.65%		125.79%

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 guidelines, average weighted and unweighted amounts have been calculated considering simple daily average from 1st January 2017 and taking 68 days data points for the quarter January-March, 2020.

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

Bank's LCR comes to 143.59% based on daily average of three months (Q4 FY19-20) and is above the minimum regulatory requirement of 100%. Average HQLA held during the quarter was Rs 8,92,622 Crs, with 94.50% being Level 1 assets. Government Securities constituted 96.99% of Total Level 1 Assets. Level 2A and Level 2B assets constitute 4.99% and 0.51% of total HQLA, respectively. The HQLA level has gone up by Rs. 36,961 Crs mainly on account of higher deployment of resources in HQLA during the period. The net cash outflow position has gone up by Rs. 40,276 Crs on account of increase in retail deposits and also non-operational deposits from PSE,NFC, Sovereign, other legal entities etc. 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 103.31%, 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.