

DISCLOSURE ON LIQUIDITY COVERAGE RATIO AS ON 30.09.2023

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. Total Net Cash Outflows is computed as 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 September 30, 2023		Quarter ended June 30, 2023	
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)		14,04,869		13,06,689
CASH OUTFLOWS					
2	Retail Deposits and deposits from small business customers, of which:				
(i)	Stable deposits	9,44,720	47,236	9,23,641	46,182
(ii)	Less Stable Deposits	21,93,991	2,19,399	21,38,128	2,13,813
3	Unsecured wholesale funding, of which:				
(i)	Operational deposits(all counterparties)	0	0	0	0
(ii)	Non-operational deposits (all counterparties)	12,18,166	7,08,070	11,38,468	6,61,586
(iii)	Unsecured debt	0	0	0	0
4	Secured wholesale funding	41,700	705	61,710	371
5	Additional requirements, of which				
(i)	Outflows related to derivative exposures and other collateral requirements	3,64,470	3,64,470	3,58,677	3,58,677
(ii)	Outflows related to loss of funding on debt products	0	0	0	0
(iii)	Credit and liquidity facilities	1,04,535	31,828	83,873	18,372
6	Other contractual funding obligations	52,651	52,651	52,021	52,021
7	Other contingent funding obligations	9,30,697	37,315	9,26,306	37,027
8	TOTAL CASH OUTFLOWS	58,50,930	14,61,674	56,82,824	13,88,049
CASH INFLOWS					
9	Secured lending(eg. Reverse repos)	33,127	0	27,901	0
10	Inflows from fully performing exposures	4,84,517	4,51,006	4,87,450	4,55,660
11	Other cash inflows	59,433	45,101	55,480	42,988
12	TOTAL CASH INFLOWS	5,77,077	4,96,107	5,70,831	4,98,648
13	TOTAL HQLA		14,04,869		13,06,689
14	TOTAL NET CASH OUTFLOWS		9,65,567		8,89,401
LIQUIDITY COVERAGE RATIO(%)			145.50%		146.92%

In accordance with the 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 68 data points for the quarter July to September 2023.

Bank's LCR comes to 145.50% based on the daily average position of past three months (Q2 FY23-24). The position remained above the minimum regulatory requirement of 100%. Average HQLA held during the quarter was ₹14,04,869 crore, with 96.75% being Level 1 assets. Government Securities constituted 94.77% of Total Level 1 Assets. Level 2A and Level 2B assets constitute 2.63% and 0.62% of total HQLA, respectively. During the quarter, the HQLA level (weighted value) has increased by ₹98,180 crore. The weighted total net cash outflows (weighted value) position has also grown by ₹76,166 crore on account of increase in non-operational deposits (all counterparties). Derivative exposures are considered insignificant due to matching position of inflows and outflows. During the quarter (Q2 FY 2023-24), 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 401.26%.

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 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 requirements.