

DISCLOSURE ON LIQUIDITY COVERAGE RATIO AS ON 30.09.2019

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 September 30, 2019		Quarter ended June 30, 2019	
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)		7,78,396		7,14,428
CASH OUTFLOWS					
2	Retail Deposits and deposits from small business customers, of which:				
	(i) Stable deposits	3,29,339	16,467	3,25,871	16,294
	(ii) Less Stable Deposits	19,18,518	1,91,852	18,81,901	1,88,190
3	Unsecured wholesale funding, of which:				
	(i) Operational deposits(all counterparties)	712	178	908	227
	(ii) Non-operational deposits(all counterparties)	6,77,795	4,04,580	6,65,501	3,97,642
	(iii) Unsecured debt	0	0	0	0
4	Secured wholesale funding	163	0	23,601	9
5	Additional requirements, of which				
	(i) Outflows related to derivative exposures and other collateral requirements	1,36,479	1,36,479	1,56,233	1,56,233
	(ii) Outflows related to loss of funding on debt products	0	0	0	0
	(iii) Credit and liquidity facilities	42,098	6,396	42,285	6,309
6	Other contractual funding obligations	31,839	31,839	30,176	30,176
7	Other contingent funding obligations	5,46,604	19,520	5,53,283	19,955
8	TOTAL CASH OUTFLOWS	36,83,547	8,07,311	36,79,759	8,15,033
CASH INFLOWS					
9	Secured lending(eg. Reverse repos)	42,876	0	6,415	0
10	Inflows from fully performing exposures	2,02,274	1,86,506	2,21,243	2,04,882
11	Other cash inflows	53,284	44,462	49,555	41,558
12	TOTAL CASH INFLOWS	2,98,434	2,30,968	2,77,213	2,46,440
13	TOTAL HQLA		7,78,396		7,14,428
14	TOTAL NET CASH OUTFLOWS		5,76,343		5,68,594
15	LIQUIDITY COVERAGE RATIO(%)		135.06%		125.65%

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 data points for the quarter July-Sept' 2019.

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 135.06% based on daily average of three months (Q2 FY19-20) and is above the minimum regulatory requirement of 100%. Average HQLA held during the quarter was Rs 7,78,396 Crs, with 94.63% being Level 1 assets. Government Securities constituted 97.19% of Total Level 1 Assets. Level 2A and Level 2B assets constitute 4.65% and 0.72% of total HQLA, respectively. The HQLA level has gone up by Rs. 63,968 Crs mainly on account of higher deployment of resources in HQLA during the period resulting increase in LCR level. The net cash outflow position has slightly gone up on account of increase in wholesale deposits where run-off rate is 40%-100%. 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 136.37%, 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.