

DISCLOSURE ON LIQUIDITY COVERAGE RATIO AS ON 31.12.2023

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.

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

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:

| LCR DISCLOSURE TEMPLATE AS ON QUARTER ENDED 31.12.2023 (OCTOBER - DECEMBER, 2023) | | | | |
|---|--|--------------------------------|-------------------------------------|--------------------------------|
| LIQUIDITY COVERAGE RATIO | | | | |
| State Bank of India | | | ₹ in crore | |
| LCR COMPONENTS | Quarter ended December 31, 2023 | | Quarter ended September 30, 2023 | |
| | 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) | | 14,08,025 | 14,04,869 |
| CASH OUTFLOWS | | | | |
| 2 | Retail Deposits and deposits from small business customers, of which: | | | |
| (i) | Stable deposits | 9,63,926 | 48,196 | 9,44,720 |
| (ii) | Less Stable Deposits | 22,43,331 | 2,24,333 | 21,93,991 |
| 3 | Unsecured wholesale funding, of which: | | | |
| (i) | Operational deposits(all counterparties) | 0 | 0 | 0 |
| (ii) | Non-operational deposits (all counterparties) | 12,47,741 | 7,33,139 | 12,18,166 |
| (iii) | Unsecured debt | 0 | 0 | 0 |
| 4 | Secured wholesale funding | | | |
| | | 79,750 | 1,018 | 41,700 |
| 5 | Additional requirements, of which | | | |
| (i) | Outflows related to derivative exposures and other collateral requirements | 3,46,797 | 3,46,797 | 3,64,470 |
| (ii) | Outflows related to loss of funding on debt products | 0 | 0 | 0 |
| (iii) | Credit and liquidity facilities | 1,15,286 | 34,180 | 1,04,535 |
| 6 | Other contractual funding obligations | | | |
| | | 58,853 | 58,853 | 52,651 |
| 7 | Other contingent funding obligations | | | |
| | | 9,65,578 | 38,483 | 9,30,697 |
| 8 | TOTAL CASH OUTFLOWS | | | |
| | | 60,21,263 | 14,85,000 | 58,50,929 |
| CASH INFLOWS | | | | |
| 9 | Secured lending(eg. Reverse repos) | | | |
| | | 8,722 | 0 | 33,127 |
| 10 | Inflows from fully performing exposures | | | |
| | | 4,49,525 | 4,16,254 | 4,84,517 |
| 11 | Other cash inflows | | | |
| | | 60,490 | 46,853 | 59,433 |
| 12 | TOTAL CASH INFLOWS | | | |
| | | 5,18,737 | 4,63,107 | 5,77,077 |
| 13 | TOTAL HQLA | | | |
| | | | 14,08,025 | 14,04,869 |
| 14 | TOTAL NET CASH OUTFLOWS | | | |
| | | | 10,21,893 | 9,65,568 |
| LIQUIDITY COVERAGE RATIO(%) | | | 137.79% | 145.50% |

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 average of daily balances. During the quarter October to December 2023, 67 data points have been considered for computation of the average LCR position.

Bank's LCR comes to 137.79% based on the daily average position of past three months (Q3 FY23-24). The position remained above the minimum regulatory requirement of 100%. Average HQLA held during the quarter was ₹14,08,025 crore, with 96.62% being Level 1 assets. Government Securities constituted 94.49% of Total Level 1 Assets. Level 2A and Level 2B assets constitute 2.72% and 0.66% of total HQLA, respectively. During the quarter, the HQLA level (weighted value) has increased by ₹3,156 crore. The weighted total net cash outflows (weighted value) position has also grown by ₹56,325 crore, mainly 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 (Q3 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 389.37%.

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.