

## DISCLOSURE ON LIQUIDITY COVERAGE RATIO AS ON 31.12.2020

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:

<b>LIQUIDITY COVERAGE RATIO</b>					
<b>State Bank of India</b>				INR in Crs	
		<b>Quarter ended December 31, 2020</b>		<b>Quarter ended September 30, 2020</b>	
LCR COMPONENTS		Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>					
1	Total High Quality Liquid Assets(HQLA)		1,164,328		1,125,701
<b>CASH OUTFLOWS</b>					
2	Retail Deposits and deposits from small business customers, of which:				
	(i) Stable deposits	822,785	41,139	508,658	25,433
	(ii) Less Stable Deposits	1,700,856	170,086	1,997,360	199,736
3	Unsecured wholesale funding, of which:				
	(i) Operational deposits(all counterparties)	821	205	828	207
	(ii) Non-operational deposits(all counterparties)	830,749	504,707	806,917	490,491
	(iii) Unsecured debt	0	0	0	0
4	Secured wholesale funding	18,524	1,290	3,687	3,252
5	Additional requirements, of which				
	(i) Outflows related to derivative exposures and other collateral requirements	139,059	139,059	131,847	131,847
	(ii) Outflows related to loss of funding on debt products	0	0	0	0
	(iii) Credit and liquidity facilities	44,632	7,105	40,845	6,639
6	Other contractual funding obligations	35,424	35,424	32,992	32,992
7	Other contingent funding obligations	597,353	21,458	587,042	21,215
8	<b>TOTAL CASH OUTFLOWS</b>	<b>4,190,202</b>	<b>920,473</b>	<b>4,110,176</b>	<b>911,812</b>
<b>CASH INFLOWS</b>					
9	Secured lending(eg. Reverse repos)	52,142	0	47,130	0
10	Inflows from fully performing exposures	233,920	207,843	182,108	172,677
11	Other cash inflows	33,674	29,632	37,666	31,934
12	<b>TOTAL CASH INFLOWS</b>	<b>319,735</b>	<b>237,474</b>	<b>266,904</b>	<b>204,611</b>
13	<b>TOTAL HQLA</b>		<b>1,164,328</b>		<b>1,125,701</b>
14	<b>TOTAL NET CASH OUTFLOWS</b>		<b>682,999</b>		<b>707,201</b>
15	<b>LIQUIDITY COVERAGE RATIO(%)</b>		<b>170.47%</b>		<b>159.18%</b>

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 69 days data points for the quarter October-December 2020.

Bank's LCR comes to 170.47% based on daily average of three months (Q3 FY20-21) and is above the minimum regulatory requirement of 90% (RBI reduced the minimum benchmark temporarily from 100% to 90% to contain effect of covid threat in Banking) . Average HQLA held during the quarter was Rs 11,64,328 Crs, with 94.60% being Level 1 assets. Government Securities constituted 97.73% of Total Level 1 Assets. Level 2A and Level 2B assets constitute 4.97% and 0.43% of total HQLA, respectively. The HQLA level has gone up by Rs. 38,627 Crs mainly on account of increase in excess SLR securities attributed to lower credit growth vis-a-vis Deposit Growth. The net cash outflow position has gone down by Rs. 24,202 Crs on account of increase in inflows mainly from loan accounts, attributed to end of moratorium period which was given earlier to borrowers to contain covid threat. 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 208.58%, on an 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.