

DISCLOSURE ON LIQUIDITY COVERAGE RATIO (LCR) AS ON 30.09.2024

Liquidity Coverage Ratio (LCR) standard has been introduced in the Bank with an objective to maintain an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for the next 30-calendar days time horizon under a significantly severe liquidity stress scenario.

$$L C R = \frac{\text{Stock of High-Quality Liquid Assets (HQLAs)}}{\text{Total net cash outflows over the next 30 calendar days}}$$

Liquid assets comprise of high-quality assets that can be readily encashed or used as collateral to generate cash in a stress scenario. 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 attract 0% haircut, Level 2A and Level 2B assets with 15% and 50% haircuts respectively. The total net cash outflows is the total expected cash outflows less 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 upto an aggregate cap of 75% of total expected cash outflows.

Quantitative Disclosure:

LIQUIDITY COVERAGE RATIO					
State Bank of India		₹ in crore			
		Quarter ended September 30, 2024		Quarter ended June 30, 2024	
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)		13,65,149		12,93,543
CASH OUTFLOWS					
2	Retail Deposits and deposits from small business customers, of which:				
(i)	Stable deposits	10,02,005	50,100	9,89,176	49,459
(ii)	Less Stable Deposits	24,23,637	2,42,364	23,52,707	2,35,271
3	Unsecured wholesale funding, of which:				
(i)	Operational deposits(all counterparties)	0	0	0	0
(ii)	Non-operational deposits (all counterparties)	13,08,139	7,66,396	12,61,845	7,40,152
(iii)	Unsecured debt	0	0	0	0
4	Secured wholesale funding	67,123	456	1,65,343	364
5	Additional requirements, of which				
(i)	Outflows related to derivative exposures and other collateral requirements	3,78,232	3,78,232	4,76,429	4,76,429
(ii)	Outflows related to loss of funding on debt products	0	0	0	0
(iii)	Credit and liquidity facilities	1,13,027	33,866	1,14,050	33,921
6	Other contractual funding obligations	59,141	59,141	54,003	54,003
7	Other contingent funding obligations	9,38,962	37,363	9,44,579	37,735
8	TOTAL CASH OUTFLOWS	62,90,266	15,67,918	63,58,132	16,27,334
CASH INFLOWS					
9	Secured lending(eg. Reverse repos)	1,790	0	3,833	0
10	Inflows from fully performing exposures	5,08,302	4,65,551	5,96,895	5,57,826
11	Other cash inflows	56,964	47,571	63,986	51,723
12	TOTAL CASH INFLOWS	5,67,056	5,13,122	6,64,714	6,09,549
13	TOTAL HQLA		13,65,149		12,93,543
14	TOTAL NET CASH OUTFLOWS		10,54,796		10,17,785
LIQUIDITY COVERAGE RATIO(%)			129.42%		127.09%

In accordance with RBI guidelines vide circular no. RBI/DOR/2021-22/83 DOR.ACC.REC.No.45/21.04.018/2021-22 dated August 30, 2021, average weighted and unweighted amounts have been calculated taking daily average. The Bank has considered 69 data points for the quarter July to September 2024. The figures have been rounded off to the nearest digit.

Bank's LCR comes to 129.42% based on daily average position of past three months (Q2 FY24-25) and remained above the minimum regulatory requirement of 100%. Average HQLA held during the quarter was ₹13,65,149 crore, with 96.49% being Level 1 assets. Level 2A and Level 2B assets constitute 2.86% and 0.65% of total HQLA, respectively. Government Securities contributed 93.96% of Total Level 1 Assets. During the quarter, the level of weighted average HQLA increased by ₹71,606 crore over the previous quarter, primarily on account of growth in excess SLR balance. The position of weighted total net cash outflows (weighted value) has also grown by ₹ 37,011 crore on account of increase in non-operational deposits. Derivative exposures are considered insignificant due to matching position of inflows and outflows. During the quarter (Q2 FY 2024-25), 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 478.21%.

Liquidity Management in the Bank is driven by the ALM Policy of the Bank and regulatory prescriptions. The Domestic and International Treasuries are apprising the liquidity position periodically to the Asset Liability Management Committee (ALCO) of the Bank. 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 are consistent with the operational requirements of the Bank. All major decisions of ALCO are being reported to the Bank's Board subsequently. Besides, daily/monthly LCR reporting, Bank also prepares daily Structural Liquidity statements along with Liquidity ratios to assess the liquidity needs of the Bank on an ongoing basis.

The Bank has been consistently 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 cover to meet its future commitments.