

DISCLOSURE ON LIQUIDITY COVERAGE RATIO AS ON 31.03.2019

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												
LCR COMPONENTS	Quarter ended March 31, 2019		Quarter ended December 31, 2018		Quarter ended September 30, 2018		Quarter ended June 30, 2018		Quarter ended March 31, 2018													
	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	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)		6,99,153		7,30,337		7,39,148		6,93,460		6,74,894											
CASH OUTFLOWS																						
2	Retail Deposits and deposits from small business customers, of which:																					
(i)	Stable deposits		3,23,269		16,163		3,21,119		16,056		3,06,105		15,305		3,00,005		15,000		2,78,238		13,912	
(ii)	Less Stable Deposits		18,50,120		1,85,012		18,22,082		1,82,208		17,90,924		1,79,092		17,59,076		1,75,908		17,51,396		1,75,140	
3	Unsecured wholesale funding, of which:																					
(i)	Operational deposits(all counterparties)		1,208		302		928		232		759		190		930		232		63		16	
(ii)	Non-operational deposits(all counterparties)		6,35,727		3,73,978		6,07,012		3,46,204		6,11,590		3,48,024		6,00,814		3,41,376		5,56,336		3,27,440	
(iii)	Unsecured debt		0		0		0		0		0		0		0		0		0		0	
4	Secured wholesale funding		72,120		54		68,811		2		29,820		3		21,070		0		30,025		0	
5	Additional requirements, of which																					
(i)	Outflows related to derivative exposures and other collateral requirements																					
(ii)	Outflows related to loss of funding on debt products																					
(iii)	Credit and liquidity facilities																					
6	Other contractual funding obligations		35,561		35,561		34,919		34,919		27,454		27,454		29,441		29,441		39,838		39,838	
7	Other contingent funding obligations		5,72,831		20,941		5,79,289		21,158		5,66,376		20,688		5,63,555		20,759		5,63,500		20,659	
8	TOTAL CASH OUTFLOWS		37,01,005		8,08,896		36,32,026		7,71,856		35,16,117		7,49,751		34,63,496		7,49,938		34,13,722		7,34,290	
CASH INFLOWS																						
9	Secured lending(eg. Reverse repos)		7,938		0		4,098		0		3,121		0		5,166		0		7,075		0	
10	Inflows from fully performing exposures		2,39,416		2,22,009		2,34,551		2,19,730		2,17,069		2,02,188		2,42,332		2,24,197		2,20,510		2,02,086	
11	Other cash inflows		37,977		31,086		41,666		33,605		42,221		33,154		37,813		29,804		38,779		28,758	
12	TOTAL CASH INFLOWS		2,85,331		2,53,095		2,80,315		2,53,335		2,62,411		2,35,343		2,85,311		2,54,001		2,66,364		2,30,844	
13	TOTAL HQLA				6,99,153		7,30,337				7,39,148				6,93,460				6,74,894			
14	TOTAL NET CASH OUTFLOWS				5,55,801		5,18,522				5,14,409				4,95,937				5,03,446			
15	LIQUIDITY COVERAGE RATIO(%)				125.79%		140.85%				143.69%				139.83%				134.05%			

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 69 data points for the quarter January-March 2019.

2. Bank has implemented OFSAA system whereby computation of daily LCR has been automated for Domestic operation since March 2018.

The LCR position is above the minimum 100% prescribed by RBI. Bank's LCR comes to 125.79% based on daily average of three months (Q4 FY18-19). The average HQLA for the quarter was Rs 6,99,153 Crs, of which, Level 1 assets constituted 93.26% of total HQLA. Government securities constituted 96.77% of Total Level 1 Assets. Level 2A Assets constitutes 5.59% of total HQLA and Level 2B assets constitutes 1.15% of total HQLA. 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 49.34% 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.