

DISCLOSURE ON LIQUIDITY COVERAGE RATIO AS ON 31.03.2021

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, 2021		Quarter ended December 31, 2020		Quarter ended September 30, 2020		Quarter ended June 30, 2020		Quarter ended March 31, 2020		
	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)		1,165,122		1,164,328		1,125,701		1,079,947	892,622	
CASH OUTFLOWS											
2	Retail Deposits and deposits from small business customers, of which:										
(i)	Stable deposits	829,333	41,467	822,785	41,139	508,658	25,433	324,280	16,214	315,743	15,787
(ii)	Less Stable Deposits	1,747,243	174,724	1,700,856	170,086	1,997,360	199,736	2,158,744	215,874	2,030,618	203,062
3	Unsecured wholesale funding, of which:										
(i)	Operational deposits(all counterparties)	781	195	821	205	828	207	788	197	757	189
(ii)	Non-operational deposits (all counterparties)	883,699	541,738	830,749	504,707	806,917	490,491	820,911	492,004	727,791	442,254
(iii)	Unsecured debt	0	0	0	0	0	0	0	0	0	0
4	Secured wholesale funding										
5	Additional requirements, of which										
(i)	Outflows related to derivative exposures and other collateral requirements	152,989	152,989	139,059	139,059	131,847	131,847	118,168	118,168	156,235	156,235
(ii)	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0	0	0
(iii)	Credit and liquidity facilities	43,125	7,326	44,632	7,105	40,845	6,639	38,630	5,837	42,467	6,050
6	Other contractual funding obligations										
7	Other contingent funding obligations										
8	TOTAL CASH OUTFLOWS										
CASH INFLOWS											
9	Secured lending(eg. Reverse repos)										
10	Inflows from fully performing exposures										
11	Other cash inflows										
12	TOTAL CASH INFLOWS										
13	TOTAL HQLA										
14	TOTAL NET CASH OUTFLOWS										
15	LIQUIDITY COVERAGE RATIO(%)										
			158.60%		170.47%		159.18%		151.00%		143.59%

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 January-March 2021.

Bank's LCR comes to 158.60% based on daily average of three months (Q4 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. 11,65,122 Crs, with 95.29% being Level 1 assets. Government Securities constituted 96.63% of Total Level 1 Assets. Level 2A and Level 2B assets constitute 4.24% and 0.47% of total HQLA, respectively. During the quarter, the HQLA level has remained flat from previous quarter but weighted net cash outflow position has gone up by Rs. 51,617 Crs on account of increase in deposits from customers classified under retail as well as wholesale segment. 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 326.52%, 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.