



STATE BANK OF INDIA



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TECHNOLOGY.**

PILLARS OF FUTURE GROWTH

PILLAR 3 RISK AND CAPITAL MANAGEMENT REPORT

FOR THE QUARTER ENDED 30TH June 2022

Overview of risk management, key prudential metrics and RWA

KM1: Key metrics

All amounts stated in R'000

| | Jun'22 | Mar'22 | Dec'21 | Sep'21 | Jun'21 | Mar'21 |
|---|------------|------------|------------|------------|------------|------------|
| Available Capital (amounts) | | | | | | |
| 1 Common Equity Tier 1 (CET1) | 1 905 016 | 1 909 869 | 1 906 727 | 1 777 483 | 1 778 253 | 1 773 792 |
| 1a Fully loaded ECL accounting model | 1 905 016 | 1 909 869 | 1 906 727 | 1 777 483 | 1 778 253 | 1 773 792 |
| 2 Tier 1 | 1 905 016 | 1 909 869 | 1 906 727 | 1 777 483 | 1 778 253 | 1 773 792 |
| 2a Fully loaded ECL accounting model Tier1 | 1 905 016 | 1 909 869 | 1 906 727 | 1 777 483 | 1 778 253 | 1 773 792 |
| 3 Total Capital | 2 007 320 | 2 015 019 | 2 015 872 | 1 871 013 | 1 846 401 | 1 807 316 |
| 3a Fully loaded ECL Accounting model total capital | 2 007 320 | 2 015 019 | 2 015 872 | 1 871 013 | 1 846 401 | 1 807 316 |
| Risk-Weighted assets (amounts) | | | | | | |
| 4 Total risk-weighted assets (RWA) | 11 511 240 | 9 568 220 | 9 059 029 | 9 064 160 | 9 857 076 | 10 652 708 |
| Risk-based capital ratios as a percentage of RWA | | | | | | |
| 5 Common Equity Tier1 ratio(%) | 16,55% | 19,96% | 21,04% | 19,61% | 18,04% | 16,65% |
| 5a Fully loaded ECL accounting model Common Equity Tier 1(%) | 16,55% | 19,96% | 21,04% | 19,61% | 18,04% | 16,65% |
| 6 Tier 1 ratio(%) | 16,55% | 19,96% | 21,04% | 19,61% | 18,04% | 16,65% |
| 6a Fully loaded ECL accounting model Tier 1 ratio(%) | 16,55% | 19,96% | 21,04% | 19,61% | 18,04% | 16,65% |
| 7 Total Capital ratio (%) | 17,44% | 21,06% | 22,24% | 20,64% | 18,73% | 16,97% |
| 7a Fully loaded ECL accounting model total capital ratio (%) | 17,44% | 21,06% | 22,24% | 20,64% | 18,73% | 16,97% |
| Additional CET1 buffer requirements as a percentage of RWA | | | | | | |
| 8 Capital conservation buffer requirement (2.5% from 2019) (%) | 2,50% | 2,50% | 2,50% | 2,50% | 2,50% | 2,50% |
| 9 Countercyclical buffer requirement(%) | 0,02% | 0,02% | 0,02% | 0,02% | 0,02% | 0,02% |
| 10 Bank G-SB and/or D-SIB additional requirements (%) | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% |
| 11 Total of bank (CET1) specific buffer requirements (%) (row 8+row9+row10) | 2,52% | 2,52% | 2,52% | 2,52% | 2,52% | 2,52% |
| 12 CET1 available after meeting the bank's minimum capital requirement(%) | 4,03% | 7,43% | 9,52% | 8,09% | 6,52% | 5,13% |
| Basel III Leverage ratio | | | | | | |
| 13 Total Basel III leverage ratio exposure measure | 13 358 149 | 10 960 754 | 10 789 557 | 11 165 602 | 11 848 471 | 12 407 380 |
| 14 Basel III leverage ratio(%) (row 2/row 13) | 14,26% | 17,42% | 17,67% | 15,92% | 15,01% | 14,30% |
| 14a Fully loaded ECL accounting model Basel III Leverage ratio(%) (row2a/row13) | 14,26% | 17,42% | 17,67% | 15,92% | 15,01% | 14,30% |
| Liquidity coverage ratio | | | | | | |
| 15 Total HQLA | 281 239 | 279 604 | 433 043 | 294 567 | 306 539 | 277 331 |
| 16 Total net cash outflow | 197 780 | 213 918 | 443 694 | 238 421 | 271 867 | 131 320 |
| 17 LCR ratio (%) | 142% | 131% | 98% | 124% | 113% | 211% |
| Net Stable Funding Ratio (NSFR) | | | | | | |
| 18 Total available stable funding | 7 599 459 | 6 945 581 | 5 160 647 | 5 835 232 | 6 573 063 | 7 629 563 |
| 19 Total required stable funding | 6 335 529 | 5 175 978 | 4 253 047 | 4 470 078 | 5 484 877 | 6 392 955 |
| 20 NSFR ratio | 120 | 134,18 | 121,33 | 131,00 | 120,00 | 119,00 |

OV1: Overview of RWA
All amounts stated in R'000

| | | a | b | c |
|----|---|-------------------|------------------|------------------------------|
| | | RWA | | Minimum Capital requirements |
| | | T | T-1 | T |
| 1 | Credit risk (excluding counterparty credit risk) | 10 996 109 | 9 030 894 | 1 376 713 |
| 2 | Of which: standardised approach (SA) | 10 996 109 | 9 030 894 | 1 376 713 |
| 3 | Of which: foundation internal ratings-based (F-IRB) approach | | | |
| 4 | Of which: supervisory slotting approach | | | |
| 5 | Of which: advanced internal ratings-based (A-IRB) approach | | | |
| 6 | Counterparty credit risk (CCR) | 8 195 | 6 311 | 1 026 |
| 7 | Of which: standardised approach for counterparty credit risk | 8 195 | 6 311 | 1 026 |
| 8 | Of which: Internal Model Method (IMM) | | | |
| 9 | Of which: other CCR | | | |
| 10 | Credit valuation adjustment (CVA) | | | |
| 11 | Equity positions under the simple risk weight approach | | | |
| 12 | Equity investments in funds – look-through approach | | | |
| 13 | Equity investments in funds – mandate-based approach | | | |
| 14 | Equity investments in funds – fall-back approach | | | |
| 15 | Settlement risk | | | |
| 16 | Securitisation exposures in banking book | | | |
| 17 | Of which: securitisation internal ratings-based approach (SEC-IRBA) | | | |
| 18 | Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA) | | | |
| 19 | Of which: securitisation standardised approach (SEC-SA) | | | |
| 20 | Market risk | 764 | 10 419 | 96 |
| 21 | Of which: standardised approach (SA) | 764 | 10 419 | 96 |
| 22 | Of which: internal model approaches (IMA) | | | |
| 23 | Capital charge for switch between trading book and banking book | | | |
| 24 | Operational risk | 428 265 | 428 265 | 53 619 |
| 25 | Amounts below the thresholds for deduction (subject to 250% risk weight) | 62 160 | 101 028 | 7 782 |
| 26 | Aggregate Capital floor applied | 15 747 | -8 697 | 1 972 |
| 27 | Floor adjustment (before application of transitional cap) | 15 747 | -8 697 | 1 972 |
| 28 | Floor adjustment (after application of transitional cap) | | | |
| 29 | Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25 + 26) | 11 511 240 | 9 568 220 | 1 441 207 |



Leverage Ratio

LR1 – Summary comparison of accounting assets vs leverage ratio exposure measure All amounts stated in R'000

| | | a |
|-----------|---|-------------------|
| 1 | Total consolidated assets as per published financial statements | 11 570 324 |
| 2 | Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation | 0 |
| 3 | Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference | |
| 4 | Adjustments for temporary exemption of central bank reserves (if applicable) | |
| 5 | Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure | |
| 6 | Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting | |
| 7 | Adjustment for eligible cash pooling transactions | |
| 8 | Adjustments for derivative financial instruments | 17 |
| 9 | Adjustment for securities financing transactions (ie repos and similar secured lending) | |
| 10 | Adjustment for off-balance sheet items (ie conversation to credit equivalent amounts of off-balance sheet exposures) | 1 787 810 |
| 11 | Adjustments for prudent valuation adjustments and specific general provisions which Adjustments for prudent valuation adjustments and specific general provisions which have reduced Tier-1 capital | |
| 12 | Other adjustments | -2 |
| 13 | Leverage ratio exposure measure | 13 358 149 |



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LR2: Leverage ratio
All amounts stated in R'000

| Leverage ratio framework | | a | b |
|---|--|------------|------------|
| | | Jun'22 | Mar'22 |
| On-balance sheet exposures | | | |
| 1 | On-balance sheet items (excluding derivatives and SFTs, but including collateral) | 11 570 324 | 9 420 136 |
| 2 | Gross-up for Derivatives collateral provided where deducted from balance sheet assets pursuant to the operating accounting framework | | |
| 3 | (Deductions of receivable assets for cash variation margin provided in derivatives transactions) | | |
| 4 | (Adjustment for securities received under financing transactions that are recognised as an asset) | | |
| 5 | (Specific and general provisions associated with on-balance sheet exposure that are deducted from Basel III Tier 1 capital) | | |
| 6 | (Asset amounts deducted in determining Basel III Tier 1 capital) | | |
| 7 | Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 to 6) | 11 570 324 | 9 420 136 |
| Derivative exposures | | | |
| 8 | Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin) | 17 | 0 |
| 9 | Add-on amounts for PEE associated with all derivatives transactions | 17 | 49 |
| 10 | (Exempted CCP leg of client-cleared trade exposures) | | |
| 11 | Adjusted effective notional amount of written credit derivatives | | |
| 12 | (Adjusted effective notional offsets and add-on deductions for written credit derivatives) | | |
| 13 | Total derivative exposures (sum of lines 8 to 12) | 34 | 49 |
| Securities financing transaction exposures | | | |
| 14 | Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions | 0 | 0 |
| 15 | (Netted amounts of cash payables and cash receivables of gross SFT assets) | | |
| 16 | CCR exposure for SFT assets | | |
| 17 | Agent transaction exposures | | |
| 18 | Total securities financing transaction exposures (sum of lines 14 to 17) | 0 | 0 |
| Other off-balance sheet exposures | | | |
| 19 | Off-balance sheet exposure at gross notional amount | 2 583 569 | 2 045 658 |
| 20 | (Adjustments for conversion to credit equivalent amounts) | -795 759 | -505 089 |
| 21 | Specific and general provisions associated with off-balance sheet exposures deducted in determining in Tier -1 Capital | | |
| 22 | Off-balance sheet items (sum of lines 19 to 21) | 1 787 810 | 1 540 569 |
| Capital and total exposures | | | |
| 23 | Tier 1 capital | 1 905 016 | 1 909 869 |
| 24 | Total exposures (sum of lines 7, 13, 18 and 22) | 13 358 149 | 10 960 754 |
| Leverage ratio | | | |
| 25 | Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) | 14,26 | 17,42 |
| 25a | Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) | - | - |
| 26 | National minimum Leverage ratio requirement | 4,00 | 4,00 |
| 27 | Applicable leverage buffers | | |

LIQ1 – Liquidity Coverage Ratio (LCR)

All amounts stated in R'000

| | | a | b |
|----|--|----------------------------------|--------------------------------|
| | | Total unweighted value (average) | Total weighted value (average) |
| | High-quality liquid assets | | |
| 1 | Total HQLA | 281 239 | 281 239 |
| | Cash Outflow | | |
| 2 | Retail deposits and deposits from small business customers, of which: | | |
| 3 | Stable deposits | 61 692 | - |
| 4 | Less stable deposits | 197 451 | 19 745 |
| 5 | Unsecured wholesale funding, of which: | | |
| 6 | Operational deposits (all counterparties) and deposits in networks of coop | 179 316 | 7 729 |
| 7 | Non-operational deposits (all counterparties) | 146 937 | 58 775 |
| 8 | Unsecured debt | 558 487 | 558 487 |
| 9 | Secured wholesale funding | - | - |
| 10 | Additional requirements, of which: | | |
| 11 | Outflows related to derivative exposures and other collateral requirements | 11 | 11 |
| 12 | Outflows related to loss of funding on debt products | | |
| 13 | Credit and liquidity facilities | 1 090 618 | 85 986 |
| 14 | Other contractual funding obligations | 15 600 | 15 600 |
| 15 | Other contingent funding obligations | 1 492 949 | 44 788 |
| 16 | TOTAL CASH OUTFLOWS | 3 743 061 | 791 121 |
| | Cash Inflows | | |
| 17 | Secured lending (eg reverse repos) | | |
| 18 | Inflows from fully performing exposures | 1 267 061 | 953 689 |
| 19 | Other cash inflows | 17 | 17 |
| 20 | TOTAL CASH INFLOWS | 1 267 078 | 953 706 |
| | | | Total adjusted value |
| 21 | Total HQLA | | 281 239 |
| 22 | Total net cash outflows | | 197 780 |
| 23 | Liquidity Coverage Ratio (%) | | 142 |



LIQ2 – Net Stable Funding Ratio (NSFR)

All amounts stated in R'000

| | | Jun-22 | | | | |
|--|---|---------------------------------------|------------|----------------------|-----------|------------------|
| | | a | b | c | d | e |
| | | Unweighted value by residual maturity | | | | |
| | | No maturity | < 6 months | 6 months to < 1 year | ≥ 1 year | Weighted value |
| <i>(In currency amount)</i> | | | | | | |
| Available stable funding (ASF) item | | | | | | |
| 1 | Capital: | | | | 1 905 016 | 1 905 016 |
| 2 | Regulatory capital | | | | 1 905 016 | 1 905 016 |
| 3 | Other capital instruments | | | | | |
| 4 | Retail deposits and deposits from small business customers: | | 337 495 | 24 691 | 9 615 | 336 781 |
| 5 | Stable deposits | | 0 | 0 | 0 | - |
| 6 | Less stable deposits | | 337 495 | 24 691 | 9 615 | 336 781 |
| 7 | Wholesale funding: | | 106 799 | 10 910 | 48 843 | 107 698 |
| 8 | Operational deposits | | | | | |
| 9 | Other wholesale funding | | 106 799 | 10 910 | 48 843 | 107 698 |
| 10 | Liabilities with matching interdependent assets | | | | | |
| 11 | Other liabilities: | | 3 537 334 | 634 771 | 4 824 841 | 5 142 227 |
| 12 | NSFR derivative liabilities | | | | 59 | |
| 13 | All other liabilities and equity not included in the above categories | | 20 998 | - | 107 737 | 107 737 |
| 14 | Total ASF | | | | | 7 599 459 |
| Required stable funding (RSF) item | | | | | | |
| 15 | Total NSFR high-quality liquid assets (HQLA) | | - | 303 219 | | 14 062 |
| 16 | Deposits held at other financial institutions for operational purposes | | | | | |
| 17 | Performing loans and securities: | | 5 655 600 | 1 713 468 | 1 543 924 | 4 198 575 |
| 18 | Performing loans to financial institutions secured by Level 1 HQLA | | | | | |
| 19 | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions | | 2 940 637 | 431 829 | 1 542 032 | 2 199 043 |
| 20 | Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which: | | 2 714 963 | 1 281 639 | | 1 998 302 |
| 21 | With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk | | - | - | | - |
| 22 | Performing residential mortgages, of which: | | | | 1 892 | 1 230 |
| 23 | With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk | | | | 1 892 | 1 230 |
| 24 | Securities that are not in default and do not qualify as HQLA, including exchange-traded equities | | - | - | - | - |
| 25 | Assets with matching interdependent liabilities | | | | | |
| 26 | Other assets: | | 3 995 | 222 | 2 349 902 | 1 993 714 |
| 27 | Physical traded commodities, including gold | | | | | |
| 28 | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs | | | | | |
| 29 | NSFR derivative assets | | - | - | - | - |
| 30 | NSFR derivative liabilities before deduction of variation margin posted | | - | - | - | - |
| 31 | All other assets not included in the above categories | | 3 995 | 222 | 2 349 902 | 1 993 714 |
| 32 | Off-balance sheet items | | | | 2 583 566 | 129 178 |
| 33 | Total RSF | | | | | 6 335 529 |
| 34 | Net Stable Funding Ratio (%) | | | | | 120 |