



STATE BANK OF INDIA



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**PILLARS OF FUTURE GROWTH**

# PILLAR 3 RISK AND CAPITAL MANAGEMENT REPORT

FOR THE YEAR ENDED 30 JUNE 2021

## Overview of risk management, key prudential metrics and RWA

### KM1: Key metrics

(Amount in '000)

	a	b	c	d	e
	Jun'21	Mar'21	Dec'20	Sep'20	Jun'20
<b>Available Capital (amounts)</b>					
1 Common Equity Tier 1 ( CET1)	1,778,253.00	1,773,792.00	1,781,348.00	1,779,537.00	1,689,130.00
1a Fully loaded ECL accounting model	1,778,253.00	1,773,792.00	1,781,348.00	1,779,537.00	1,689,130.00
2 Tier 1	1,778,253.00	1,773,792.00	1,781,348.00	1,779,537.00	1,689,130.00
2a Fully loaded ECL accounting model Tier1	1,778,253.00	1,773,792.00	1,781,348.00	1,779,537.00	1,689,130.00
3 Total Capital	1,846,401.00	1,807,316.00	1,820,439.00	1,859,668.00	1,773,581.00
3a Fully loaded ECL Accounting model total capital	1,846,401.00	1,807,316.00	1,820,439.00	1,859,668.00	1,773,581.00
<b>Risk-Weighted assets (amounts)</b>					
4 Total risk-weighted assets (RWA)	9,857,076.00	10,652,708.00	10,771,405.00	11,368,767.00	11,902,969.00
<b>Risk-based capital ratios as a percentage of RWA</b>					
5 Common Equity Tier1 ratio(%)	18.04%	16.65%	16.54%	15.65%	14.19%
5a Fully loaded ECL accounting model Common Equity Tier 1(%)	18.04%	16.65%	16.54%	15.65%	14.19%
6 Tier 1 ratio(%)	18.04%	16.65%	16.54%	15.65%	14.19%
6a Fully loaded ECL accounting model Tier 1 ratio(%)	18.04%	16.65%	16.54%	15.65%	14.19%
7 Total Capital ratio (%)	18.73%	16.97%	16.90%	16.36%	14.90%
7a Fully loaded ECL accounting model total capital ratio (%)	18.73%	16.97%	16.90%	16.36%	14.90%
<b>Additional CET1 buffer requirements as a percentage of RWA</b>					
8 Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9 Countercyclical buffer requirement(%)	0.02%	0.02%	0.02%	0.02%	0.02%
10 Bank G-SIB and/or D-SIB additional requirements (%)	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%
12 CET1 available after meeting the bank's minimum capital requirement(%)	6.52%	5.13%	5.02%	4.13%	2.67%
<b>Basel III Leverage ratio</b>					
13 Total Basel III leverage ratio exposure measure	11,848,471.00	12,407,380.00	11,981,472.00	12,575,840.00	12,833,690.00
14 Basel III leverage ratio(%) (row 2/row 13)	15.01%	14.30%	14.87%	14.15%	13.16%
14a Fully loaded ECL accounting model Basel III Leverage ratio(%) (row2a/row13)	15.01%	14.30%	14.87%	14.15%	13.16%
<b>Liquidity coverage ratio</b>					
15 Total HQLA	306,539.00	277,331.00	314,495.00	333,203.00	335,006.00
16 Total net cash outflow	271,867.00	131,320.00	204,798.00	305,884.00	252,179.00
17 LCR ratio (%)	113%	211%	154%	109%	133%
<b>Net Stable Funding Ratio (NSFR)</b>					
18 Total available stable funding	6,573,063.00	7,629,563.00	8,626,717.45	8,576,368.00	9,572,921.60
19 Total required stable funding	5,484,877.00	6,392,955.00	7,206,535.90	8,204,395.00	8,583,890.35
20 NSFR ratio	120.00	119.00	119.71	104.53	110.98

**OV1: Overview of RWA**

(Amount in '000)

		a	b	c	
		RWA			Minimum Capital requirements
		T	T-1	T	
1	Credit risk (excluding counterparty credit risk)	9,251,955	10,065,664	1,065,825	
2	Of which: standardised approach (SA)	9,251,955	10,065,664	1,065,825	
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)	49,517	51,214	5,704	
7	Of which: standardised approach for counterparty credit risk	49,517	51,214	5,704	
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	21,212	19,713	2,444	
21	Of which: standardised approach (SA)	21,212	19,713	2,444	
22	Of which: internal model approaches (IMA)				
23	Capital charge for switch between trading book and banking book				
24	Operational risk	463,526	463,526	53,398	
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	44,048	25,323	5,074	
26	Aggregate Capital floor applied	26,818	27,268	3,089	
27	Floor adjustment (before application of transitional cap)	26,818	27,268	3,089	
28	Floor adjustment (after application of transitional cap)				
29	Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25 + 26)	<b>9,857,076</b>	<b>10,652,708</b>	<b>1,135,535</b>	

## Leverage Ratio

### LR1 – Summary comparison of accounting assets vs leverage ratio exposure measure

(Amount in '000)

		<b>a</b>
1	Total consolidated assets as per published financial statements	10,956,502
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	5,021
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)	886,951
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	-3
<b>13</b>	<b>Leverage ratio exposure measure</b>	<b>11,848,471</b>

**LR2: Leverage ratio**

(Amount in '000)

Leverage ratio framework		a	b
		Jun'21	Mar'21
<b>On-balance sheet exposures</b>			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	10,949,225	11,705,759
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	<b>Total on-balance sheet exposures</b> (excluding derivatives and SFTs) (sum of lines 1 to 6)	10,949,225	11,705,759
<b>Derivative exposures</b>			
8	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	7,275.00	5,849.00
9	Add-on amounts for PEE associated with all derivatives transactions	5,020.00	8,161.00
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	<b>Total derivative exposures</b> (sum of lines 8 to 12)	12,295.00	14,010.00
<b>Securities financing transaction exposures</b>			
14	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	0.00	0.00
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
16	CCR exposure for SFT assets		
17	Agent transaction exposures		
18	<b>Total securities financing transaction exposures (sum of lines 14 to 17)</b>	0.00	0.00
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposure at gross notional amount	1,288,817.00	1,055,535.00
20	(Adjustments for conversion to credit equivalent amounts)	-401,866.00	-367,923.00
21	Specific and general provisions associated with off-balance sheet exposures deducted in determining in Tier -1 Capital		
22	<b>Off-balance sheet items (sum of lines 19 to 21)</b>	886,951.00	687,612.00
<b>Capital and total exposures</b>			
23	Tier 1 capital	1,778,253.00	1,773,792.00
24	<b>Total exposures (sum of lines 7, 13, 18 and 22)</b>	11,848,471.00	12,407,381.00
<b>Leverage ratio</b>			
25	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	15.01	14.30
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)

(Amount in '000)

		a	b
		Total unweighted value (average)	Total weighted value (average)
	<b>High-quality liquid assets</b>		
1	Total HQLA	306,539	306,539
	<b>Cash Outflow</b>		
2	<b>Retail deposits and deposits from small business customers, of which:</b>		
3	Stable deposits	74,794	-
4	Less stable deposits	214,199	21,420
5	<b>Unsecured wholesale funding, of which:</b>		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	217,572	8,137
7	Non-operational deposits (all counterparties)	215,056	86,022
8	Unsecured debt	866,066	866,066
9	<b>Secured wholesale funding</b>	-	-
10	<b>Additional requirements, of which:</b>		
11	Outflows related to derivative exposures and other collateral requirements	7,217	7,217
12	Outflows related to loss of funding on debt products		
13	Credit and liquidity facilities	589,555	54,970
14	<b>Other contractual funding obligations</b>	22,659	22,659
15	<b>Other contingent funding obligations</b>	699,261	20,978
16	<b>TOTAL CASH OUTFLOWS</b>	<b>2,906,379</b>	<b>1,087,469</b>
	<b>Cash Inflows</b>		
17	<b>Secured lending (eg reverse repos)</b>		
18	Inflows from fully performing exposures	2,059,959	1,730,033
19	Other cash inflows	7,274	7,274
20	<b>TOTAL CASH INFLOWS</b>	<b>2,067,233</b>	<b>1,737,307</b>
			<b>Total adjusted value</b>
21	Total HQLA		306,539
22	Total net cash outflows		271,867
23	Liquidity Coverage Ratio (%)		<b>113</b>

## LIQ2 – Net Stable Funding Ratio (NSFR)

(Amount in '000)

LIQ2 - NSFR		30th June 2021				
		a	b	c	d	e
		Unweighted value by residual maturity				
<i>(In currency amount)</i>		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	Weighted value
<b>Available stable funding (ASF) item</b>						
1	Capital:				1,846,401	1,846,401
2	Regulatory capital				1,846,401	1,846,401
3	Other capital instruments					
4	Retail deposits and deposits from small business customers:		350,132	47,689	21,872	388,787
5	Stable deposits		129,819	47,689	21,872	190,505
6	Less stable deposits		220,313	-	-	198,282
7	Wholesale funding:		135,739	2,259	57,165	126,165
8	Operational deposits					
9	Other wholesale funding		135,739	2,259	57,165	126,165
10	Liabilities with matching interdependent assets					
11	Other liabilities:		3,295,044	1,864,439	3,203,312	4,135,532
12	NSFR derivative liabilities				7,217	
13	All other liabilities and equity not included in the above categories		49,055	-	76,178	76,178
<b>14</b>	<b>Total ASF</b>					<b>6,573,063</b>
<b>Required stable funding (RSF) item</b>						
15	Total NSFR high-quality liquid assets (HQLA)					14,994
16	Deposits held at other financial institutions for operational purposes		1,701,322	159,791	-	930,557
17	Performing loans and securities:		3,668,930	1,809,065	1,328,365	2,782,112
18	Performing loans to financial institutions secured by Level 1 HQLA					
19	Performing loans to financial institutions secured by non-Level 1 HQLA and <b>unsecured</b> performing loans to financial institutions		3,668,930	1,809,065	1,325,149	2,780,022
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:					
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:				3,216	2,090
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk				3,216	2,090
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:		-20,612	1,879	1,993,390	1,692,773
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		-	-	7,274	7,274
31	All other assets not included in the above categories		-20,612	1,879	1,986,116	1,685,499
32	Off-balance sheet items				1,288,817	64,441
<b>33</b>	<b>Total RSF</b>					<b>5,484,877</b>
<b>34</b>	<b>Net Stable Funding Ratio (%)</b>					<b>120</b>