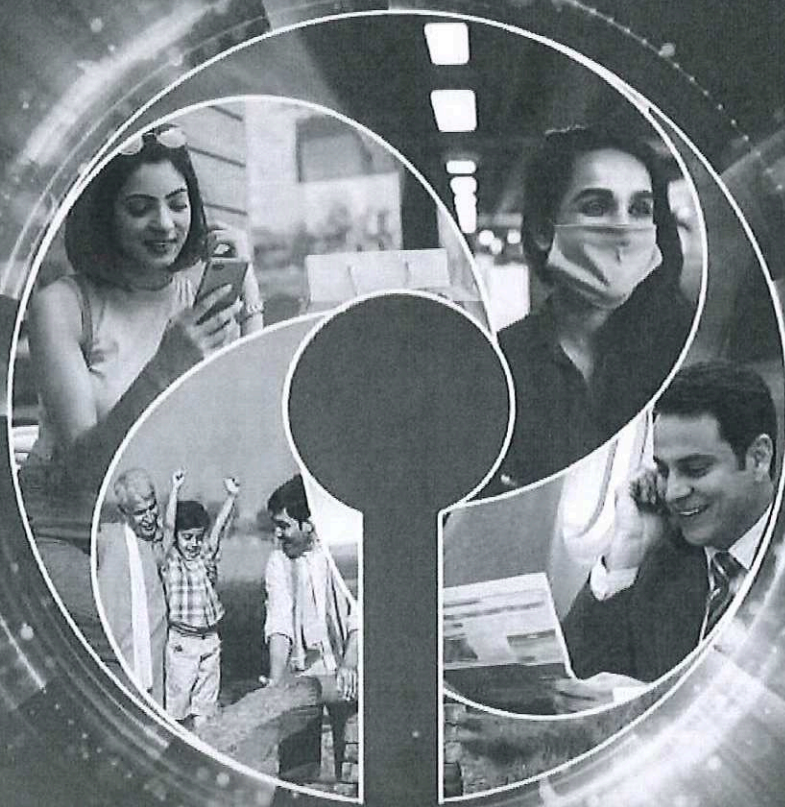




STATE BANK OF INDIA



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TECHNOLOGY.**

PILLARS OF FUTURE GROWTH

PILLAR 3 RISK AND CAPITAL MANAGEMENT REPORT

FOR THE YEAR ENDED 31 December 2021

Overview of risk management, key prudential metrics and RWA

KM1: Key metrics

(Amount in '000)

		a	b	c	d	
		Dec'21	Sep'21	Jun'21	Mar'21	Dec'20
Available Capital (amounts)						
1	Common Equity Tier 1 (CET1)	1 906 727,00	1 777 483,00	1 778 253,00	1 773 792,00	1 781 348,00
1a	Fully loaded ECL accounting model	1 906 727,00	1 777 483,00	1 778 253,00	1 773 792,00	1 781 348,00
2	Tier 1	1 906 727,00	1 777 483,00	1 778 253,00	1 773 792,00	1 781 348,00
2a	Fully loaded ECL accounting model Tier1	1 906 727,00	1 777 483,00	1 778 253,00	1 773 792,00	1 781 348,00
3	Total Capital	2 015 872,00	1 871 013,00	1 846 401,00	1 807 316,00	1 820 439,00
3a	Fully loaded ECL Accounting model total capital	2 015 872,00	1 871 013,00	1 846 401,00	1 807 316,00	1 820 439,00
Risk-Weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	9 059 029,00	9 064 160,00	9 857 076,00	10 652 708,00	10 771 405,00
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio(%)	21,04%	19,61%	18,04%	16,65%	16,54%
5a	Fully loaded ECL accounting model Common Equity Tier 1(%)	21,04%	19,61%	18,04%	16,65%	16,54%
6	Tier 1 ratio(%)	21,04%	19,61%	18,04%	16,65%	16,54%
6a	Fully loaded ECL accounting model Tier 1 ratio(%)	21,04%	19,61%	18,04%	16,65%	16,54%
7	Total Capital ratio (%)	22,24%	20,64%	18,73%	16,97%	16,90%
7a	Fully loaded ECL accounting model total capital ratio (%)	22,24%	20,64%	18,73%	16,97%	16,90%
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%
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(%)	9,52%	8,09%	6,52%	5,13%	5,02%
Basel III Leverage ratio						
13	Total Basel III leverage ratio exposure measure	10 789 557,00	11 165 602,00	11 848 471,00	12 407 380,00	11 981 472,00
14	Basel III leverage ratio(%) (row 2/row 13)	17,67%	15,92%	15,01%	14,30%	14,87%
14a	Fully loaded ECL accounting model Basel III Leverage ratio(%) (row2a/row13)	17,67%	15,92%	15,01%	14,30%	14,87%
Liquidity coverage ratio						
15	Total HQLA	433043	294 567,00	306 539,00	277 331,00	314 495,00
16	Total net cash outflow	443694	238 421,00	271 867,00	131 320,00	204 798,00
17	LCR ratio (%)	98%	124%	113%	211%	154%
Net Stable Funding Ratio (NSFR)						
18	Total available stable funding	5 160 647,00	5 835 232,00	6 573 063,00	7 629 563,00	8 626 717,45
19	Total required stable funding	4 253 047,00	4 470 078,00	5 484 877,00	6 392 955,00	7 206 535,90
20	NSFR ratio	121,33	131,00	120,00	119,00	119,71

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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)	8 529 205	8 480 242	982 564
2	Of which: standardised approach (SA)	8 529 205	8 480 242	982 564
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)	5 649	25 414	651
7	Of which: standardised approach for counterparty credit risk	5 649	25 414	651
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	766	15 260	88
21	Of which: standardised approach (SA)	766	15 260	88
22	Of which: internal model approaches (IMA)			
23	Capital charge for switch between trading book and banking book			
24	Operational risk	469 460	469 461	54 082
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	31 743	47 150	3 657
26	Aggregate Capital floor applied	22 206	26 633	2 558
27	Floor adjustment (before application of transitional cap)	22 206	26 633	2 558
28	Floor adjustment (after application of transitional cap)			
29	Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25 + 26)	9 059 029	9 064 160	1 043 600

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Leverage Ratio

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

(Amount in '000)

		a
1	Total consolidated assets as per published financial statements	9 497 353
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	13
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)	1 292 194
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
13	Leverage ratio exposure measure	10 789 557

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LR2: Leverage ratio

(Amount in '000)

Leverage ratio framework		a	b
		Dec'21	Sep'21
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	9 497 196	10 249 299
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)	9 497 196	10 249 299
Derivative exposures			
8	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	154,00	2 911,00
9	Add-on amounts for PEE associated with all derivatives transactions	13,00	1 838,00
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	Total derivative exposures (sum of lines 8 to 12)	167,00	4 749,00
Securities financing transaction exposures			
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	Total securities financing transaction exposures (sum of lines 14 to 17)	0,00	0,00
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	1 784 861,00	1 329 135,00
20	(Adjustments for conversion to credit equivalent amounts)	-492 667,00	-417 581,00
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)	1 292 194,00	911 554,00
Capital and total exposures			
23	Tier 1 capital	1 906 727,00	1 777 483,00
24	Total exposures (sum of lines 7, 13, 18 and 22)	10 789 557,00	11 165 602,00
Leverage ratio			
25	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	17,67	15,92
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		

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LIQ1 – Liquidity Coverage Ratio (LCR)

(Amount in '000)

			(Amt in ZAR'000)
		a	b
		Total unweighted value (average)	Total weighted value (average)
	High-quality liquid assets		
1	Total HQLA	433 043	433 043
	Cash Outflow		
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits	88 596	-
4	Less stable deposits	231 211	23 121
5	Unsecured wholesale funding, of which:		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	233 770	8 592
7	Non-operational deposits (all counterparties)	78 086	31 234
8	Unsecured debt	1 596 842	1 596 842
9	Secured wholesale funding	-	-
10	Additional requirements, of which:		
11	Outflows related to derivative exposures and other collateral requirements	151	151
12	Outflows related to loss of funding on debt products		
13	Credit and liquidity facilities	699 149	65 359
14	Other contractual funding obligations	16 905	16 905
15	Other contingent funding obligations	1 085 715	32 571
16	TOTAL CASH OUTFLOWS	4 030 425	1 774 776
	Cash Inflows		
17	Secured lending (eg reverse repos)		
18	Inflows from fully performing exposures	3 595 724	3 308 077
19	Other cash inflows	154	154
20	TOTAL CASH INFLOWS	3 595 878	3 308 231
			Total adjusted value
21	Total HQLA		433 043
22	Total net cash outflows		443 694
23	Liquidity Coverage Ratio (%)		98

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LIQ2 – Net Stable Funding Ratio (NSFR)

(Amount in '000)

LIQ2 - NSFR (In currency amount)		Dec-21				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
No maturity	< 6 months	6 months to < 1 year	≥ 1 year			
Available stable funding (ASF) item						
1	Capital:				2 015 872	2 015 872
2	Regulatory capital				2 015 872	2 015 872
3	Other capital instruments					
4	Retail deposits and deposits from small business customers:		383 765	27 697	9 480	387 923
5	Stable deposits		134 842	27 697	9 480	163 892
6	Less stable deposits		248 923	-	-	224 031
7	Wholesale funding:		33 247	35 193	55 569	89 790
8	Operational deposits					
9	Other wholesale funding		33 247	35 193	55 569	89 790
10	Liabilities with matching interdependent assets					
11	Other liabilities:		3 470 426	1 596 597	1 957 656	2 755 955
12	NSFR derivative liabilities		151			
13	All other liabilities and equity not included in the above categories		594	-	-88 893	-88 893
14	Total ASF					5 160 647
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)		295 473			13 750
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		5 057 589	2 067 669	811 045	3 045 682
18	Performing loans to financial institutions secured by Level 1 HQLA				158 043	7 902
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions		3 362 457	1 949 137	650 169	2 129 107
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:		1 695 132	118 532		906 832

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21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		1 695 132	118 532		906 832
22	Performing residential mortgages, of which:				2 833	1 841
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk				2 833	1 841
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:		-74 551	7 865	1 332 261	1 104 372
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		-	-	154	154
30	NSFR derivative liabilities before deduction of variation margin posted		-	-	-	-
31	All other assets not included in the above categories		-74 551	7 865	1 332 107	1 104 218
32	Off-balance sheet items		1 784 861			89 243
33	Total RSF					4 253 047
34	Net Stable Funding Ratio (%)					121.33

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