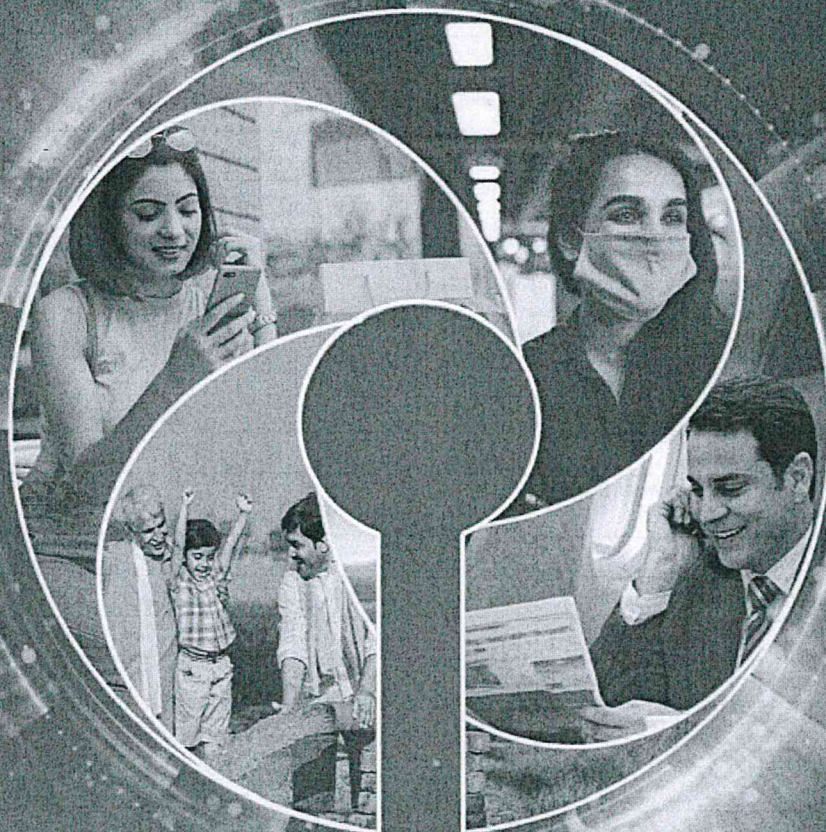




STATE BANK OF INDIA



**RESILIENCE. PEOPLE.  
TECHNOLOGY.**  
PILLARS OF FUTURE GROWTH

# PILLAR 3 RISK AND CAPITAL MANAGEMENT REPORT

FOR QUATER ENDED 30<sup>th</sup> June 2023



# Overview of risk management, key prudential metrics and RWA

## KM1: Key metrics

(R'000)

		June'23	Mar'23	Dec'22	Sep'22	Jun'22
<b>Available Capital (amounts)</b>						
1	Common Equity Tier 1 ( CET1)	1,941,928.00	1,958,397.00	1,902,770.00	1,946,282.00	1,905,016.00
1a	Fully loaded ECL accounting model	1,941,928.00	1,958,397.00	1,902,770.00	1,946,282.00	1,905,016.00
2	Tier 1	1,941,928.00	1,958,397.00	1,902,770.00	1,946,282.00	1,905,016.00
2a	Fully loaded ECL accounting model Tier1	1,941,928.00	1,958,397.00	1,902,770.00	1,946,282.00	1,905,016.00
3	Total Capital	2,116,227.00	2,097,037.00	2,066,406.00	2,082,952.00	2,007,320.00
3a	Fully loaded ECL Accounting model total capital	2,116,227.00	2,097,037.00	2,066,406.00	2,082,952.00	2,007,320.00
<b>Risk-Weighted assets (amounts)</b>						
4	Total risk-weighted assets (RWA)	12,257,563	12,709,375.00	12,476,668.00	12,920,285.00	11,511,240.00
<b>Risk-based capital ratios as a percentage of RWA</b>						
5	Common Equity Tier1 ratio(%)	15.84%	15.41%	15.25%	15.06%	16.55%
5a	Fully loaded ECL accounting model Common Equity Tier 1(%)	15.84%	15.41%	15.25%	15.06%	16.55%
6	Tier 1 ratio(%)	15.84%	15.41%	15.25%	15.06%	16.55%
6a	Fully loaded ECL accounting model Tier 1 ratio(%)	15.84%	15.41%	15.25%	15.06%	16.55%
7	Total Capital ratio (%)	17.26%	16.50%	16.56%	16.12%	17.44%
7a	Fully loaded ECL accounting model total capital ratio (%)	17.26%	16.50%	16.56%	16.12%	17.44%
<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(%)	3.32%	2.89%	2.73%	2.54%	4.03%
<b>Basel III Leverage ratio</b>						
13	Total Basel III leverage ratio exposure measure	16,462,967.00	14,988,189.00	14,976,577.00	15,679,218.00	13,358,154.00
14	Basel III leverage ratio(%) (row 2/row 13)	11.80%	13.07%	12.70%	12.41%	14.26%
14a	Fully loaded ECL accounting model Basel III Leverage ratio(%) (row2a/row13)	11.80%	13.07%	12.70%	12.41%	14.26%
<b>Liquidity coverage ratio</b>						
15	Total HQLA	512,413	539,986	477,771	328,373	281,239
16	Total net cash outflow	122,906	150,909	68,911	98,042	197,780
17	LCR ratio (%)	417%	358%	693%	335%	142%
<b>Net Stable Funding Ratio (NSFR)</b>						
18	Total available stable funding	11,249,272	9,142,856.00	10,070,575.00	8,039,809.00	7,599,459.00
19	Total required stable funding	8,788,604	8,197,312.00	8,366,013.00	7,462,268.00	6,335,529.00
20	NSFR ratio	128%	112%	120	108	120

OV1: Overview of RWA

(R'000)

		a	b	c
		RWA		Minimum Capital requirements
		T	T-1	T
1	Credit risk (excluding counterparty credit risk)	11,773,927	12,154,572	1,474,096
2	Of which: standardised approach (SA)	11,773,927	12,154,572	1,474,096
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)	958	1,278	120
7	Of which: standardised approach for counterparty credit risk	958	1,278	120
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	3,899	106	488
21	Of which: standardised approach (SA)	3,899	106	488
22	Of which: internal model approaches (IMA)			
23	Capital charge for switch between trading book and banking book			
24	Operational risk	455,964	455,964	57,087
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	81,723	-
26	Aggregate Capital floor applied	22,815	15,732	2,856
27	Floor adjustment (before application of transitional cap)	22,815	15,732	2,856
28	Floor adjustment (after application of transitional cap)			
29	Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25 + 26)	12,257,563	12,709,375	1,534,647



## Leverage Ratio

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

(R'000)

		<b>a</b>
1	Total consolidated assets as per published financial statements	14 399 076
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	0
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)	2 196 913
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	-2.00
<b>13</b>	<b>Leverage ratio exposure measure</b>	<b>16 462 967</b>



## LR2: Leverage ratio

(R '000)

Leverage ratio framework		a	b
		June'23	Mar'23
<b>On-balance sheet exposures</b>			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	14,266,054	13,398,902
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)	14,266,054	13,398,902
<b>Derivative exposures</b>			
8	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	-	23.00
9	Add-on amounts for PEE associated with all derivatives transactions	-	33.00
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)	-	56.00
<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	3,139,889.00	2,090,509.00
20	(Adjustments for conversion to credit equivalent amounts)	-942,976.00	-641,337.00
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>	2,196,913.00	1,589,231.00
<b>Capital and total exposures</b>			
23	Tier 1 capital	1,941,928.00	1,958,397.00
24	<b>Total exposures (sum of lines 7, 13, 18 and 22)</b>	16,462,967.00	14,988,189.00
<b>Leverage ratio</b>			
25	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	11.80	13.07
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**

**(R '000)**

		a	b
		Total unweighted value (average)	Total weighted value (average)
	<b>High-quality liquid assets</b>		
1	Total HQLA	512,413	512,413
	<b>Cash Outflow</b>		
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits	78,215	2,346
4	Less stable deposits	198,506	19,851
5	Unsecured wholesale funding, of which:		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	322,523	10,172
7	Non-operational deposits (all counterparties)	349,565	139,826
8	Unsecured debt	77,783	77,783
9	Secured wholesale funding	-	-
10	Additional requirements, of which:		
11	Outflows related to derivative exposures and other collateral requirements	-	-
12	Outflows related to loss of funding on debt products		
13	Credit and liquidity facilities	1,576,521	154,561
14	Other contractual funding obligations	8,916	8,916
15	Other contingent funding obligations	1,563,373	78,169
16	<b>TOTAL CASH OUTFLOWS</b>	<b>4,175,402</b>	<b>491,624</b>
	<b>Cash Inflows</b>		
17	Secured lending (eg reverse repos)		
18	Inflows from fully performing exposures	3,240,961	3,083,763
19	Other cash inflows	-	-
20	<b>TOTAL CASH INFLOWS</b>	<b>3,240,961</b>	<b>3,083,763</b>
			<b>Total adjusted value</b>
21	Total HQLA		512,413
22	Total net cash outflows		122,906
23	Liquidity Coverage Ratio (%)		<b>417</b>



LIQ2 – Net Stable Funding Ratio (NSFR)

(R'000)

	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>					
<b>Available stable funding (ASF) item</b>					
1	Capital:			2,116,226	2,116,226
2	Regulatory capital			2,116,226	2,116,226
3	Other capital instruments				
4	Retail deposits and deposits from small business customers:	327,948	16,860	16,415	326,742
5	Stable deposits	0	0	0	-
6	Less stable deposits	327,948	16,860	16,415	326,742
7	Wholesale funding:	365,982	123,627	81,265	326,069
8	Operational deposits	-	-	-	-
9	Other wholesale funding	365,982	123,627	81,265	326,069
10	Liabilities with matching interdependent assets				
11	Other liabilities:	1,108,133	3,507,525	6,741,248	8,495,010
12	NSFR derivative liabilities			-	
13	All other liabilities and equity not included in the above categories	8,622	-	-14,775	-14,775
14	<b>Total ASF</b>				<b>11,249,272</b>
<b>Required stable funding (RSF) item</b>					
15	Total NSFR high-quality liquid assets (HQLA)	356,008	-	156,405	15,820
16	Deposits held at other financial institutions for operational purposes				
17	Performing loans and securities:	5,490,961	233,588	3,976,622	5,070,348
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	5,052,397	19,779	3,976,023	4,743,772
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:	438,564	213,809	-	326,187
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:	-	-	599	389
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	599	389
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:	46,815	1,024	4,107,542	3,515,331
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	46,815	1,024	4,107,542	3,515,331
32	Off-balance sheet items	3,139,889			156,994
33	<b>Total RSF</b>				<b>8,758,493</b>
34	<b>Net Stable Funding Ratio (%)</b>				<b>128</b>



