Date: - 28th January, 2025

In terms of Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023 dated October 19, 2023 (updated as on October 10, 2024) issued by Reserve Bank of India, please find enclosed Liquidity Risk Management Framework and Liquidity Coverage Ratio of SBI Cards and Payment Services Limited for the period ending **December 2024.**

For SBI Cards and Payment Services Limited

RASHMI MOHANTY

Digitally signed by RASHMI MOHANTY
Date: 2025.01.28 18:58:00 +05'30'

Rashmi Mohanty
Chief Financial Officer

SBI Cards and Payment Services Ltd.

DLF Infinity Towers, Tower C,
12th Floor, Block 2, Building 3,
DLF Cyber City, Gurugram - 122002,
Haryana, India

Tel.: 0124-4589803
Email: customercare@sbicard.com
Website: sbicard.com

Registered Office:
Unit 401 & 402, 4th Floor, Aggarwal Millennium Tower,
E 1,2,3, Netaji Subhash Place, Wazirpur, New Delhi - 110034
CIN - L65999DL1998PLC093849

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Appendix I

For the quarter ending December 2024 (based on unaudited financials)

i) **Funding Concentration based on significant counterparty (both deposits and borrowings):**

Sr. No.	Type of Instrument	Number of Significant Counterparties	"Amount (Rs. crore)"	% of Total deposits	% of Total Liabilities
1	Borrowings*	9 (Nine)	39,891.92	N.A.	81.27%
2	Deposits	N.A.	N.A.	N.A.	N.A.

*Funding concentration (for bonds and commercial papers) based on significant counterparty has been computed using the latest beneficiary position as of quarter end. Further, the securities maturity amount has been considered.

ii) **Top 20 large deposits (amount in Rs. crore and % of total deposits):**

The Company is registered as Non-Deposit taking Systemically Important NBFC, hence not applicable.

iii) **Top 10 borrowings (amount in Rs. crore and % of total borrowings)*:**

Amount (Rs. crore)	% of Total Borrowings
40,241.92	92.23%

*Funding concentration (for bonds and commercial papers) based on significant counterparty has been computed using the latest beneficiary position as of quarter end. Further, the securities maturity amount has been considered.

iv) **Funding Concentration based on significant instrument/product:**

Sr. No.	Name of the instrument/product	Amount (Rs. crore)	% of Total Liabilities
1	Bank Lines	28,491.47	58.04%
2	Debentures	6,809.59	13.87%
3	Commercial Papers	-	-
4	Term Loan	8,605.42	17.53%

v) **Stock Ratios:**

Sr. No.	Name of the instrument/product	% of Total Public Funds	% of Total Liabilities	% of Total Assets
A	Commercial Papers	N.A.	-	-
B	Non-Convertible Debentures (original maturity <1 year)	N.A.	N.A.	N.A.
C	Other Short-Term Liabilities	N.A.	69.98%	54.91%

vi) **Institutional set-up for liquidity risk management:**

Liquidity risk is the risk that the Company doesn't have sufficient financial resources to meet its obligations as and when they fall due or will have to do so at an excessive cost. This risk arises from the mismatches in the timing of the cash flows which are inherent in all financing operations and can be affected by a range of Company specific and market-wide events. Therefore, Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company has put in place an effective Asset Liability Management System, constituted an Asset Liability Management Committee ("ALCO") headed by Managing Director & CEO of the Company.

The Company manages its liquidity risk through a mix of strategies, including forward-looking resource mobilization based on projected disbursements and maturing obligations. ALCO is responsible for managing the Company's liquidity risk via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring.

The Company's borrowing program is rated by CRISIL & ICRA. Short term rating is A1+ and the long-term rating is AAA/Stable by both the agencies. There has been no change in ratings for the last 15 years.

DISCLOSURE ON LIQUIDITY COVERAGE RATIO

Reserve Bank of India, through the Liquidity Risk Management Framework for Non-Banking Financial Companies, introduced Liquidity Coverage Ratio (LCR) with the objective that NBFC shall maintain a liquidity buffer in terms of LCR which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. HQLA means liquid assets that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios.

Liquidity management in the Company is driven by the Board approved Asset Liability Management (ALM) Policy under the guidance of the Asset Liability Committee (ALCO).

The LCR requirement was effective December 01, 2020, with the minimum HQLAs to be held being 50% of the LCR, progressively increase it by 10% / 15%, to reach up to the required level of 100% by December 01, 2024.

The LCR is calculated by dividing stock of HQLA by total net cash outflows over the next 30 calendar days. Total net cash outflows over the next 30 days are equal to stressed outflows minus Minimum of stressed inflows or 75% of stressed outflows (wherein stressed outflows are 115% of outflows and stressed inflows are 75% of inflows).

The following table sets out the average of unweighted and weighted value of the LCR components of the Company calculated in accordance with RBI circular. The average weighted and unweighted amounts are calculated taking simple averages of daily observations over the respective quarter:

(Amounts in INR Crores, except %)

		Quarter ended December 31, 2024		Quarter ended September 30, 2024	
Sr. No.	**Particulars**	**Total Unweighted Value (Average)**	**Total Weighted Value (Average)**	**Total Unweighted Value (Average)**	**Total Weighted Value (Average)**
1	Total High Quality Liquid Assets (HQLA)		**4,204.13**		**3,632.56**
2	Deposits (For Deposit taking Companies)	-	-	-	-
3	Unsecured Wholesale Funding	-	-	-	-
4	Secured Wholesale Funding	4,521.50	5,199.73	3,597.78	4,137.45
5	Additional Requirements, of which				
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-
(iii)	Credit and liquidity facilities	4,744.27	5,455.91	4,559.69	5,243.64
6	Other contractual funding obligations	3,605.86	4,146.74	3,525.00	4,053.75
7	Other contingent funding obligations	-	-	-	-
8	Total Cash Outflows	**12,871.63**	**14,802.37**	**11,682.47**	**13,434.84**
9	Secured lending	-	-	-	-
10	Inflows from fully performing exposures	21,615.31	16,211.48	20,648.61	15,486.45
11	Other Cash Inflows	139.73	104.80	106.33	79.75
12	Total Cash Inflows	**21,755.04**	**16,316.28**	**20,754.94**	**15,566.20**

			Total Adjusted Value		
13	Total HQLA		4,204.13		3,632.56
14	Total Net Cash Outflows		3,700.59		3,358.71
15	Liquidity Coverage Ratio (%)		**113.61%**		**108.15%**

The main drivers of the LCR calculation in outflow over 30 days period is contractual borrowing obligations of the Company in the form of bank lines, commercial papers, debentures and term loans. Other contractual funding obligations consist of liabilities towards network partners, vendor payments, other liabilities. Further Company has used the behavioral study to take the impact of unused credit facilities that Company has provided to its cardholders. Main driver of inflows is the repayments from the cardholders which are taken basis the past behavioral pattern observed. Other cash inflows consist of incomes accruals which the Company expects to receive in the next 30 days.

The average LCR of the Company for the quarter ended December 31, 2024 was 113.61% as against 108.15% for the quarter ended September 30, 2024. The LCR remains well above the regulatory minimum requirement for each reporting period.

The average HQLA for the quarter ended December 31, 2024 was Rs. 4,204.13 as against Rs. 3,632.56 for the quarter ended September 30, 2024. The net cash outflow position has gone up by Rs. 341.88 crores and the HQLA level has gone up by Rs. 571.57 crores. HQLA comprises of Investment in Government Securities (71.05%), Investments in Treasury Bills (27.20%) and balances in current accounts with Scheduled Commercial Banks (1.75%).

Management is of the view that the Company has sufficient liquidity cover to meet its likely future short-term requirements.