Date: - May 13, 2021

In terms of RBI Circular (RBI/2019-20/88) No: DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04,2019 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 year ending **March 2021.**

For SBI Cards and Payment Services Limited
(Formerly known as SBI Cards and Payment Services Private Limited)

NALIN NEGI

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Date: 2021.05.13 11:35:42 +05'30'

Nalin Negi
Chief Financial Officer

Public disclosure on liquidity risk: Appendix I

For the year ended 31st March 2021

In terms of RBI Circular (RBI/2019-20/88) No: DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04,2019 issued by Reserve Bank of India

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

Sr. No.	Quarter ended	Number of Significant Counterparties	Amount (Rs. crore)	% of Total deposits	% of Total Liabilities
1	Jun'20	9 (Nine)	13,420.38	N.A.	72.12%
2	Sep'20	8 (Eight)	13,504.25	N.A.	73.25%
3	Dec'20	10 (Ten)	15,523.37	N.A.	73.35%
4	Mar'21	8 (Eight)	15,274.68	N.A.	72.18%

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

Company is registered as Non-Deposit taking Systemmically Important NBFC, hence this clause is not applicable

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

Sr. No.	Quarter ended	Amount (Rs. crore)	% of Total Borrowings
1	Jun'20	13,466.07	84.29%
2	Sep'20	13,678.77	87.75%
3	Dec'20	15,427.00	85.39%
4	Mar'21	15,559.24	87.37%

iv) Funding Concentration based on significant instrument/product

Sr. No.	Quarter ended	Bank Lines		Debentures		Commercial Papers	
		Total Amount (Rs. crore)	% of Total Liabilities	Total Amount (Rs. crore)	% of Total Liabilities	Total Amount (Rs. crore)	% of Total Liabilities
1	Jun'20	9,105.33	48.93%	4,390.15	23.59%	2,416.35	12.98%
2	Sep'20	8,843.07	47.97%	4,390.45	23.81%	2,294.96	12.45%
3	Dec'20	10,047.50	47.48%	4,340.74	20.51%	3,604.31	17.03%
4	Mar'21	10,663.52	51.49%	5,019.12	24.23%	2,212.14	10.68%

v) Stock Ratios :

Sr. No.	Quarter ended	Name of the instrument/product	% of Total Public Funds	% of Total Liabilities	% of Total Assets
a	Jun'20	Commercial Papers	N.A.	12.98%	9.96%
		Non-convertible debentures (original maturity <1 year)	N.A.	N.A.	N.A.
		Other short-term liabilities	N.A.	68.13%	52.26%
b	Sep'20	Commercial Papers	N.A.	12.45%	9.44%
		Non-convertible debentures (original maturity <1 year)	N.A.	N.A.	N.A.
		Other short-term liabilities	N.A.	65.75%	49.85%

c	Dec'20	Commercial Papers	N.A.	17.03%	13.21%
		Non-convertible debentures (original maturity <1 year)	N.A.	N.A.	N.A.
		Other short-term liabilities	N.A.	62.36%	48.38%
d	Mar'21	Commercial Papers	N.A.	10.68%	8.19%
		Non-convertible debentures (original maturity <1 year)	N.A.	N.A.	N.A.
		Other short-term liabilities	N.A.	65.51%	50.23%

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 is 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.

Company's borrowing program is rated by CRISIL & ICRA. Short term rating is A1+ and long-term rating is AAA/Stable by both the agencies. There has been no change in ratings from last 10 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. The Asset Liability Committee (ALCO) is a decision-making unit responsible for implementing the liquidity risk management strategy of the Company , formulating the Company's funding strategies to ensure that the funding sources are well diversified and is consistent with the operational requirements of the Company and also ensures adherence to the risk tolerance/limits set by the Board.

The LCR requirement were effective December 1, 2020, with the minimum HQLAs to be held being 50% of the LCR, progressively increase it by 10% annually , to reach up to the required level of 100% by December 1, 2024. The LCR is calculated by dividing stock of HQLA by total net cash outflows over the next 30 calender days. Total net cash outflows over the next 30 days is 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 no RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019. The average weighted and unweighted amounts are calculated taking simple averages of monthly observations over the previous/reporting quarter.

(Amounts in INR Crores, except %)

		Quarter ended March 31, 2021		**Quarter ended December 31, 2020**	
Sr. No.	**Particulars**	**Total Unweighted Value (Average)**	**Total Weighted Value (Average)**	**Total Unweighted Value (Average)**	**Total Weighted Value (Average)**
High Quality Liquid Asset					
1	Total High Quality Liquid Assets (HQLA)		**961.09**		**1,113.18**
Cash Outflows					
2	Deposits (For Deposit taking Companies)	-	-	-	-
3	Unsecured Wholesale Funding	395.41	454.72	362.21	416.54
4	Secured Wholesale Funding	3,908.10	4,494.32	4,363.41	5,017.92
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	-	-	-	-
6	Other contractual funding obligations	1,128.07	1,297.28	1,157.93	1,331.61
7	Other contingent funding obligations	-	-	-	-
8	Total Cash Outflows	**5,431.58**	**6,246.32**	**5,883.55**	**6,766.08**
Cash Inflows					
9	Secured lending	-	-	-	-
10	Inflows from fully performing exposures	7,479.60	5,609.70	7,627.07	5,720.30
11	Other Cash Inflows	118.05	88.54	127.43	95.58
12	Total Cash Inflows	**7,597.65**	**5,698.24**	**7,754.50**	**5,815.88**
			Total Adjusted Value		**Total Adjusted Value**
13	Total HQLA		961.09		1,113.18
14	Total Net Cash Outflows		1,561.58		1,691.52
15	Liquidity Coverage Ratio (%)		**61.55%**		**65.81%**

* For December quarter, Total weighted value (average) HQLA is for the month of December 2020 only, as LCR was applicable from December 01,2020.

The main drivers of the LCR calculation in outflow over 30 days period is contractual borrowing obligations of the company in the form of commercial papers, bank lines, debentures. 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 and liquidity 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 majorly incomes accruals which company expects to receive in next 30 days.

The average LCR of the Company for the three months ended March 31, 2021 was 61.55% as against 65.81% for the quarter ended December 31,2020. The LCR remains above the regulatory minimum requirement of 50%. The average HQLA for the quarter ended March 31,2021 was Rs 961.09 crores as against Rs 1,113.18 crores for the quarter ended December 31,2020. The net cash outflow position has gone down by Rs 129.94 crores and HQLA level has gone down by Rs 152.09 crores as cash outflows in next 30 days has reduced. HQLA comprises of balances in demand deposits with Scheduled Commercial Banks (1.85%), Investments in Treasury Bills (64.67%) and investment in Government Securities (33.48%). The company takes forward cover to hedge the foreign exchange liabilities and do not foresee any material impact of derivative exposure/potential collateral calls/ currency mismatch in the LCR.

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