

## **QUALITATIVE DISCLOSURE ON LIQUIDITY COVERAGE RATIO**

The LCR standard aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be readily converted into cash at little/no loss of value to meet its liquidity needs for a 30-calendar daytime horizon under a liquidity stress scenario.

### **LCR has two components:**

- i. The value of the stock of High Quality Liquid Assets (HQLA) as a *Numerator*.
- ii. Total Net Cash Outflows: Total expected cash outflows minus Total expected cash inflows, in stress scenario, for the subsequent 30 calendar days as a *denominator*.

### **Definition of LCR:**

Stock of high quality liquid assets (HQLAs)  $\geq$  100% (w.e.f 01.04.2021)

Total net cash outflows over the next 30 calendar days

The Liquidity Coverage Ratio arrived for the quarter ended June 30, 2023 was 120.02% (on basis of simple averages of daily observations during the period 01-04-2023 to 30-06-2023) against the regulatory requirement of 100%

The main drivers of LCR of the bank are High Quality Liquid Assets (HQLAs) to meet liquidity needs of the bank at all times and basic funding from retail and small business customers.

### **Composition of High Quality Liquid Assets (HQLA)**

HQLAs comprises of Level 1 and Level 2 assets. Level 2 assets are further divided into Level 2A and Level 2B assets, keeping in view their marketability and price volatility. Total weighted value (average) of HQLA for the quarter ended June 30, 2023 is Rs. 2582909 Lakh.

Break-up of daily observation Average HQLA during quarter ended June 30, 2023 is given hereunder:

<b>High Quality Liquid Assets (HQLAs)</b>	<b>Average % age contribution to HQLA</b>
<b>Level 1 Assets</b>	
Cash in hand	<b>2.43%</b>
Excess CRR balance	<b>0.21%</b>
Government Securities in excess of minimum SLR requirement	<b>18.65%</b>
Government securities within the mandatory SLR requirement, to the extent allowed by RBI under MSF (presently to the extent of 2 per cent of NDTL)	<b>8.58%</b>
Marketable securities issued or guaranteed by foreign sovereigns having 0% risk-weight under Basel II Standardized Approach	<b>0.00%</b>
Facility to avail Liquidity for Liquidity Coverage Ratio – FALLCR (presently to the extent of 16 per cent of NDTL)	<b>68.60%</b>
<b>Total Level 1 Assets</b>	<b>98.47%</b>
<b>Total Level 2A Assets</b>	<b>1.39%</b>
<b>Total Level 2B Assets</b>	<b>0.14%</b>
<b>Total Stock of HQLAs</b>	<b>100.00%</b>

		Rs. In Lakhs	
		30.06.2023	
		Total Unweighted Value ( Average)	Total Weighted Value ( Average)
<b>High Quality Liquid Assets</b>			
1	Total High Quality Liquid Assets		2582909
<b>Cash Outflows</b>			
2	Retail deposits and deposits from small business customers, of which	7579145	753106
(i)	Stable Deposits	96165	4808
(ii)	Less stable deposits	7482980	748298
3	Unsecured wholesale funding of which	2723966	1377672
(i)	Operational Deposits (all counterparties)	0	0
(ii)	Non -operational deposits (all counterparties)	2723966	1377672
(iii)	Unsecured debt	0	0
4	Secured wholesale funding		0
5	Additional requirements, of which	0	125980
(i)	Outflows related to derivative exposures and other collateral requirements	31439	31439
(ii)	Outflows related to loss of funding on debt product	0	0
(iii)	Credit and liquidity facilities	325071	94541
6	Other contractual funding obligations	0	0
7	Other contingent funding obligations	957603	40301
8	Total Cash Outflows		2297059
<b>Cash Inflows</b>			
9	Secured lending (e.g.reverse repos)	1729	0
10	Inflows from fully performing exposures	208490	105849
11	Other Cash Inflows	39228	39228
12	Total Cash Inflows	249447	145077
13	TOTAL HQLA		2582909
14	Total Net Cash Outflows		2151982
15	Liquidity Coverage Ratio(%)		120.02%

### **QUALITATIVE DISCLOSURE ON NET STABLE FUNDING RATIO**

The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. "Available stable funding" (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of stable funding required ("Required stable funding") (RSF) of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet (OBS) exposures.

Minimum Requirement of NSFR should be equal to at least 100% on an ongoing basis

$$\text{NSFR} = \frac{\text{Available Stable Funding [ASF]}}{\text{Required Stable Funding [RSF]}} > 100 \%$$

**The minimum NSFR requirement set out in the RBI guideline for the standalone Bank and for Group is 100% w.e.f 1<sup>st</sup> October, 2021.**

**As on 30<sup>th</sup> June, 2023, PSB maintained weighted Available Stable Funding(ASF) of Rs.9871432 Lakh against the weighted Required Stable Funding (RSF)of Rs. 8487945 Lakh. The NSFR for the quarter ended June 30, 2023 was at 116.30%**



Punjab & Sind Bank  
H.O. Risk Management Department  
Net Stable Funding Ratio for Quarter Ending 30.06.2023

Amount in Rs. Lakh

S.NO	A.	Components of ASF category (liability categories)	Unweighted_Amount	Associated_ASF_factors	Weighted_Amount
1	i.	Total regulatory capital (excluding Tier 2 instruments with residual maturity of less than one year)	1578359	100%	1578359
2	ii.	Other capital instruments with effective residual maturity of one year or more	0	100%	0
3	iii.	Other liabilities with effective residual maturity of one year or more	106562	100%	106562
4	iv.	Stable non-maturity (demand) deposits and term deposits with residual maturity of less than one year provided by retail and small business customers	96789	95%	91949
5	v.	Less stable non-maturity deposits and term deposits with residual maturity of less than one year provided by retail and small business customers	7647398	90%	6882658
6	vi.	Funding with residual maturity of less than one year provided by non-financial corporate customers	672383	50%	336192
7	vii.	Operational deposits	0	50%	0
8	viii.	Funding with residual maturity of less than one year from sovereigns, PSEs, and multilateral and national development banks	1751425	50%	875712
9	ix.	Other funding with residual maturity between six months and less than one year not included in the above categories, including funding provided by central banks and financial institutions	0	50%	0
10	x.	All other liabilities and equity not included in the above categories, including liabilities without a stated maturity (with a specific treatment for deferred tax liabilities and minority interests)	1921643	0%	0
11	xi.	NSFR derivative liabilities net of NSFR derivative assets if NSFR derivative liabilities are greater than NSFR derivative assets	0	0%	0
12	xii.	Trade date payables arising from purchases of financial instruments, foreign currencies	0	0%	0
.	B.	Total Available Stable Funding	13774558	.	9871432
.	C.	Components of RSF category	.	.	.
1	i.	Coins and banknotes	57233	0%	0
2	ii.	Cash Reserve Ratio (CRR) including excess CRR	522633	0%	0
3	iii.	All claims on central banks with residual maturities of less than six months	90000	0%	0
4	iv.	Trade date receivables arising from sales of financial instruments, foreign currencies and commodities.	0	0%	0
5	v.	Unencumbered Level 1 assets, excluding coins, banknotes, CRR and SLR Securities	0	5%	0
6	vi.	Unencumbered SLR Securities	2595972	5%	129799
7	vii.	Unencumbered loans to financial institutions with residual maturities of less than six months, where the loan is secured against Level 1 assets as defined in LCR circular dated June 9, 2014, and where the bank	0	10%	0

		has the ability to freely rehypothecate the received collateral for the life of the loan			
8	viii.	All other standard unencumbered loans to financial institutions with residual maturities of less than six months not included in the above categories	46724	15%	7009
9	ix.	Unencumbered Level 2A assets	54225	15%	8134
10	x.	Unencumbered Level 2B assets	46216	50%	23108
11	xi.	HQLA encumbered for a period of six months or more and less than one year	0	50%	0
12	xii.	Standard Loans to financial institutions and central banks with residual maturities between six months and less than one year	2525	50%	1262
13	xiii.	Deposits held at other financial institutions for operational purposes	0	50%	0
14	xiv.	All other assets not included in the above categories with residual maturity of less than one year, including standard loans to non- financial corporate clients, to retail and small business customers, and standard loans to sovereigns and PSEs	3146276	50%	1573138
15	xv.	Unencumbered standard residential mortgages with a residual maturity of one year or more and assigned the minimum risk weight under the Standardised Approach	534289	65%	347288
16	xvi.	Other unencumbered standard loans not included in the above categories, excluding loans to financial institutions, with a residual maturity of one year or more and with a risk weight of less than or equal to 35% under the Standardised Approach	1430996	65%	930147
17	xvii.	Cash, securities or other assets posted as initial margin for derivative contracts and cash or other assets provided to contribute to the default fund of a CCP	56959	85%	48415
18	xviii.	Other unencumbered performing loans with risk weights greater than 35% under the Standardised Approach and residual maturities of one year or more, excluding loans to financial institutions	2426270	85%	2062330
19	xix.	Unencumbered securities that are not in default and do not qualify as HQLA with a remaining maturity of one year or more and exchange-traded equities	1475299	85%	1254004
20	xx.	Physical traded commodities, including gold	0	85%	0
21	xxi.	All assets that are encumbered for a period of one year or more	0	100%	0
22	xxii.	NSFR derivative assets net of NSFR derivative liabilities if NSFR derivative assets are greater than NSFR derivative liabilities	45113	100%	45113
23	xxiii.	5% of derivative liabilities	4902	100%	4902
24	xxiv.	All other assets not included in the above categories, including non- performing loans, loans to financial institutions with a residual maturity of one year or more, non-exchange-traded equities, fixed assets, items deducted from regulatory capital, retained interest, insurance assets, subsidiary interests and defaulted securities	1891354	100%	1891354
25	xxv.	All restructured standard loans which attract higher risk weight and additional provisions	78121	100%	78121
.	D.	Required Stable Funding ? On Balance Sheet Assets [(i)+(ii)+_(xxiv)]	14505107	.	8404124

.	E.	Off-Balance Sheet Assets	.	.	.
1	(i)	Irrevocable and conditionally revocable credit and liquidity facilities to any client	856395	5%	42820
2	(ii)	Other contingent funding obligations, including products and instruments (a) + (b) + ©	972852		41002
.	(a)	Unconditionally revocable credit and liquidity facilities	590812	5%	29541
.	(b)	Trade finance-related obligations (including guarantees and letters of credit)	21173	3%	635
.	(c)	Guarantees and letters of credit unrelated to trade finance obligation	360867	3%	10826
3	(iii)	Non-contractual obligations (a) + (b) + (c)	0	.	0
.	(a)	potential requests for debt repurchases of the banks own debt or that of related conduits, securities investment vehicles and other such financing facilities	0	5%	0
.	(b)	structured products where customers anticipate ready marketability, such as adjustable rate notes and variable rate demand notes (VRDNs)	0	5%	0
.	(c)	managed funds that are marketed with the objective of maintaining a stable value	0	5%	0
.	F.	Required Stable Funding - Off Balance Sheet Items (i)+(ii)+(iii)	1829247	.	83822
.	G.	Total Required Stable Funding (D+F)	16334354	.	8487945
.	H.	NSFR % (B / G)	84.33%	.	116.30%