

QUALITATIVE DISCLOSURE ON NET STABLE FUNDING RATIO

The Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR) are significant components of the Basel III reforms. The LCR guidelines which promote short term resilience of a bank's liquidity profile have been issued vide circular DBOD.BP.BC.No.120/21.04.098/2013-14 dated June 9, 2014. **The NSFR guidelines on the other hand ensure reduction in funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress.**

In the Indian context, the guidelines for NSFR were effective from October 1, 2021. 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. The run-off factors for the stressed scenarios are prescribed by the RBI, for various categories of liabilities (viz., deposits, unsecured and secured wholesale borrowings), undrawn commitments, derivative-related exposures, and offset with inflows emanating from assets maturing within the same time period. **The minimum NSFR requirement set out in the RBI guideline for the standalone Bank and for Group effective October 1, 2021 is 100%.**

The PNB on a consolidated basis at 30th Sep, 2024 maintained Available Stable Funding (ASF) of ₹ 12,69,768 Crore against the RSF requirement of ₹ 9,62,735 Crore. The NSFR for the quarter ended September 30, 2024 was at 131.89%.

The Available Stable Funding (ASF) is primarily driven by the total regulatory capital as per Basle III Capital Adequacy guidelines stipulated by RBI and deposits from retail customers, small business customers and non-financial corporate customers. Under the Required Stable Funding (RSF), the primary drivers are unencumbered performing loans with residual maturities of one year or more.

Punjab National Bank - Consolidated											
		NSFR Disclosure as of 30.06.2024				(Amount in ₹ Crore)	NSFR Disclosure as of 30/09/2024				(Amount in ₹ Crore)
		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity*	< 6 months	6 months to < 1yr	≥ 1yr		No maturity*	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item											
1	Capital: (2+3)	1,07,034	-	-	34,900	1,41,934	1,12,766	-	-	34,841	1,47,607
2	Regulatory capital	1,07,034	-	-	31,195	1,38,229	1,12,766	-	-	31,195	1,43,961
3	Other capital instruments	-	-	-	3,705	3,705	-	-	-	3,646	3,646
4	Retail deposits and deposits from small business customers: (5+6)	4,51,101	1,53,363	3,85,245	975	8,97,183	4,75,428	2,70,164	2,74,367	860	9,24,313
5	Stable deposits	73,234	13,600	22,591	265	1,04,219	74,187	20,540	15,081	280	1,04,597
6	Less stable deposits	3,77,867	1,39,762	3,62,654	710	7,92,965	4,01,241	2,49,624	2,59,287	580	8,19,716
7	Wholesale funding: (8+9)	83,151	1,40,963	97,941	34,669	1,95,697	76,893	1,53,132	90,605	35,811	1,96,126
8	Operational deposits	-	-	-	-	-	-	17	-	-	8
9	Other wholesale funding	83,151	1,40,963	97,941	34,669	1,95,697	76,893	1,53,115	90,605	35,811	1,96,117
10	Other liabilities: (11+12)	48,540	1,23,263	2,833	1,811	1,811	22,305	1,94,948	122	1,722	1,722
11	NSFR derivative liabilities	-	-	-	-	-	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	48,540	1,23,263	2,833	1,811	1,811	22,305	1,94,948	122	1,722	1,722
13	Total ASF (1+4+7+10)					12,36,625					12,69,768
RSF Item											
14	Total NSFR high-quality liquid assets (HQLA)					18,311					18,982
15	Deposits held at other financial institutions for operational purposes	4,164	85	-	-	2,125	7,469	47	-	-	3,758
16	Performing loans and securities: (17+18+19+21+23)	12,108	2,84,398	90,145	7,17,323	7,43,001	3,983	2,55,964	1,13,690	7,70,488	7,88,920
17	Performing loans to financial institutions secured by Level 1 HQLA	-	3,210	-	-	321	-	921	-	-	92
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	93,873	18,656	92,690	1,16,099	-	64,421	26,332	1,06,371	1,29,200

19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	1,53,226	66,231	4,63,084	4,72,465	-	1,40,255	76,258	4,99,577	4,98,850
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	84,540	43,855	1,54,422	1,64,572	-	80,205	49,194	1,70,235	1,75,352
21	Performing residential mortgages, of which:	-	32,990	2,235	83,631	75,533	-	41,803	2,200	81,878	78,398
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	26,049	1,923	65,832	56,777	-	32,039	1,931	66,003	59,887
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	12,108	1,100	3,024	77,918	78,584	3,983	8,564	8,900	82,662	82,381
24	Other assets: (sum of rows 25 to 29)	92,244	1,358	1,306	17,691	1,12,500	1,17,261	1,559	777	18,921	1,38,457
25	Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	419	-	-	-	357	400	-	-	-	340
27	NSFR derivative assets	-	-	-	-	-	-	1	-	-	1
28	NSFR derivative liabilities before deduction of variation margin posted	17	-	-	-	17	29	-	-	-	29
29	All other assets not included in the above categories	91,807	1,358	1,306	17,691	1,12,127	1,16,831	1,558	777	18,921	1,38,086
30	Off-balance sheet items	-	793	1,86,865	64,411	11,315	-	848	2,04,743	77,940	12,618
31	Total RSF					8,87,253					9,62,735
32	Net Stable Funding Ratio (%)					139.38					131.89