

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 June, 2024 maintained Available Stable Funding (ASF) of ₹ 12,36,625 Crore against the RSF requirement of ₹ 8,87,252 Crore. The NSFR for the quarter ended June 30, 2024 was at 139.38%.

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 31.03.2024					(Amount in ₹ Crore)	NSFR Disclosure as of 30/06/2024				(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)	106264	0	0	35147	141411	107034	0	0	34900	141934
2	Regulatory capital	106264	0	0	30701	136965	107034	0	0	31195	138229
3	Other capital instruments	0	0	0	4446	4446	0	0	0	3705	3705
4	Retail deposits and deposits from small business customers: (5+6)	458694	138733	388178	697	893279	451101	153363	385245	975	897183
5	Stable deposits	73119	11697	25930	271	105480	73234	13600	22591	265	104219
6	Less stable deposits	385574	127036	362248	426	787799	377867	139762	362654	710	792965
7	Wholesale funding: (8+9)	71129	89154	144891	23484	176071	83151	140963	97941	34669	195697
8	Operational deposits	0	0	0	0	0	0	0	0	0	0
9	Other wholesale funding	71129	89154	144891	23484	176071	83151	140963	97941	34669	195697
10	Other liabilities: (11+12)	44768	80825	3800	8545	8545	48540	123263	2833	1811	1811
11	NSFR derivative liabilities		0	0	0			0	0	0	
12	All other liabilities and equity not included in the above categories	44768	80825	3800	8545	8545	48540	123263	2833	1811	1811
13	Total ASF (1+4+7+10)					1219306					1236625
RSF Item											
14	Total NSFR high-quality liquid assets (HQLA)					18766					18311
15	Deposits held at other financial institutions for operational purposes	4066	33	0	0	2050	4164	85	0	0	2125
16	Performing loans and securities: (17+18+19+21+23)	5305	275584	85986	697126	710302	12108	284398	90145	717323	743001
17	Performing loans to financial institutions secured by Level 1 HQLA	0	23824	0	0	2382	0	3210	0	0	321
18	Performing loans to financial institutions secured by non- Level 1 HQLA and unsecured performing loans to financial institutions	0	81054	18580	86942	108391	0	93873	18656	92690	116099

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:	0	137425	62044	449966	452458	0	153226	66231	463084	472465
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0	75063	42312	148736	155366	0	84540	43855	154422	164572
21	Performing residential mortgages, of which:	0	29867	2177	82392	73111	0	32990	2235	83631	75533
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0	23566	1847	64723	54776	0	26049	1923	65832	56777
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	5305	3414	3184	77825	73960	12108	1100	3024	77918	78584
24	Other assets: (sum of rows 25 to 29)	100468	1572	949	14373	117302	92244	1358	1306	17691	112500
25	Physical traded commodities, including gold	0	0	0	0	0	0	0	0	0	0
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	398	0	0	0	339	419	0	0	0	357
27	NSFR derivative assets	0	0	0	0	0	0	0	0	0	0
28	NSFR derivative liabilities before deduction of variation margin posted	22	0	0	0	22	17	0	0	0	17
29	All other assets not included in the above categories	100048	1572	949	14373	116941	91807	1358	1306	17691	112127
30	Off-balance sheet items	0	759	66606	65364	5328	0	793	186865	64411	11315
31	Total RSF					853748					887252
32	Net Stable Funding Ratio (%)					142.82					139.38