

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 31st Dec, 2024 maintained Available Stable Funding (ASF) of ₹ 13,01,436 Crore against the RSF requirement of ₹ 10,10,337 Crore. The NSFR for the quarter ended December 31, 2024 was at 128.81%.

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 30/09/2024				(Amount in ₹ Crore)	NSFR Disclosure as of 31/12/2024				(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)	1,12,766	-	-	34,841	1,47,607	1,12,389	-	-	36,058	1,48,447
2	Regulatory capital	1,12,766	-	-	31,195	1,43,961	1,12,389	-	-	33,695	1,46,084
3	Other capital instruments	-	-	-	3,646	3,646	-	-	-	2,363	2,363
4	Retail deposits and deposits from small business customers: (5+6)	4,75,428	2,70,164	2,74,367	860	9,24,313	4,81,725	2,12,155	3,37,063	836	9,34,234
5	Stable deposits	74,187	20,540	15,081	280	1,04,597	75,365	17,655	17,953	241	1,05,665
6	Less stable deposits	4,01,241	2,49,624	2,59,287	580	8,19,716	4,06,359	1,94,500	3,19,111	596	8,28,569
7	Wholesale funding: (8+9)	76,893	1,53,132	90,605	35,811	1,96,126	75,984	1,75,062	1,04,865	40,714	2,18,669
8	Operational deposits	-	17	-	-	8	-	15	-	-	8
9	Other wholesale funding	76,893	1,53,115	90,605	35,811	1,96,117	75,984	1,75,047	1,04,865	40,714	2,18,662
10	Other liabilities: (11+12)	22,305	1,94,948	122	1,722	1,722	23,304	2,15,905	2,455	86	86
11	NSFR derivative liabilities	-	-	-	-	-	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	22,305	1,94,948	122	1,722	1,722	23,304	2,15,905	2,455	86	86
13	Total ASF (1+4+7+10)					12,69,768					13,01,436
RSF Item											
14	Total NSFR high-quality liquid assets (HQLA)					18,982					19,143
15	Deposits held at other financial institutions for operational purposes	7,469	47	-	-	3,758	14,585	57	-	-	7,321
16	Performing loans and securities: (17+18+19+21+23)	3,983	2,55,964	1,13,690	7,70,488	7,88,920	4,497	3,13,484	1,02,747	7,78,624	8,19,489
17	Performing loans to financial institutions secured by Level 1 HQLA	-	921	-	-	92	-	1,531	332	-	319
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	64,421	26,332	1,06,371	1,29,200	-	1,04,919	30,698	1,11,421	1,42,508

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:	-	1,40,255	76,258	4,99,577	4,98,850	-	1,50,500	63,044	4,98,464	5,10,760
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	80,205	49,194	1,70,235	1,75,352	-	69,493	37,448	98,533	1,17,517
21	Performing residential mortgages, of which:	-	41,803	2,200	81,878	78,398	-	52,539	2,359	86,249	86,808
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	32,039	1,931	66,003	59,887	-	36,407	2,083	69,761	64,590
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	3,983	8,564	8,900	82,662	82,381	4,497	3,995	6,314	82,491	79,094
24	Other assets: (sum of rows 25 to 29)	1,17,261	1,559	777	18,921	1,38,457	1,24,636	1,242	670	27,667	1,54,133
25	Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	400	-	-	-	340	549	-	-	-	467
27	NSFR derivative assets	-	1	-	-	1	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	29	-	-	-	29	-	1	1	19	20
29	All other assets not included in the above categories	1,16,831	1,558	777	18,921	1,38,086	1,24,087	1,241	669	27,649	1,53,646
30	Off-balance sheet items	-	848	2,04,743	77,940	12,618	-	43,801	17,235	1,76,632	10,251
31	Total RSF					9,62,735					10,10,337
32	Net Stable Funding Ratio (%)					131.89					128.81