

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, 2023 maintained Available Stable Funding (ASF) of ₹ 12,87,906 Crore against the RSF requirement of ₹ 8,79,493 crore. The NSFR for the quarter ended June 30, 2023 was at 146.44%.

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 31.03.2023				(Amount in ₹ Crore)	NSFR Disclosure as of 30.06.2023				(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)	111138	0	0	29261	140398	111657	0	2000	31308	142965
2	Regulatory capital	111138	0	0	23230	134367	111657	0	0	26228	137885
3	Other capital instruments	0	0	0	6031	6031	0	0	2000	5080	5080
4	Retail deposits and deposits from small business customers: (5+6)	441613	30249	158713	316906	887185	446919	31101	106444	380126	908618
5	Stable deposits	47682	4186	15440	31577	95554	48346	4191	10428	37595	97392
6	Less stable deposits	393931	26063	143273	285328	791631	398573	26910	96016	342531	811226
7	Wholesale funding: (8+9)	96403	101179	67114	97054	229368	89420	109581	66161	96652	229234
8	Operational deposits	0	0	0	0	0	0	0	0	0	0
9	Other wholesale funding	96403	101179	67114	97054	229368	89420	109581	66161	96652	229234
10	Other liabilities: (11+12)	31073	8554	51	5	0	7363	29002	56	7075	7090
11	NSFR derivative liabilities		0	0	5			0	0	0	

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12	All other liabilities and equity not included in the above categories	31073	8554	51	0	0	7363	29002	56	7075	7090
13	Total ASF (1+4+7+10)					1256951					1287906
RSF Item											
14	Total NSFR high- quality liquid assets (HQLA)					17331					18240
15	Deposits held at other financial institutions for operational purposes	13523	30	0	0	6776	14441	44	0	0	7243
16	Performing loans and securities: (17+18+19+21+23)	9370	95536	55367	724258	704935	9370	65507	55227	732555	729295
17	Performing loans to financial institutions secured by Level 1 HQLA	0	23690	0	0	2369	0	764	310	0	231

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18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	0	40608	11377	139008	150788	0	32746	11406	140904	151519
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	24263	34703	410472	415793	0	24776	33849	410472	429145
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0	10695	14738	238618	167818	0	10723	14567	234622	165148

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26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	338	0	0	0	287	347	0	0	0	295
27	NSFR derivative assets	5	0	0	0	6	23	0	0	0	23
28	NSFR derivative liabilities before deduction of variation margin posted	42	0	0	0	42	41	0	0	0	41
29	All other assets not included in the above categories	83275	492	14	29065	109364	97686	697	27	21283	119562
30	Off-balance sheet items	0	820	42051	60084	3946	0	1078	55691	65170	4794
31	Total RSF					842686					879493
32	Net Stable Funding Ratio (%)					149.16					146.44