

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 September, 2023 maintained Available Stable Funding (ASF) of ₹ 12,73,617 Crore against the RSF requirement of ₹ 9,12,187 crore. The NSFR for the quarter ended September 30, 2023 was at 139.62%.

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 30.06.2023				(Amount in ₹ Crore)	NSFR Disclosure as of 30.09.2023				(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)	1,11,657	0	2,000	31,308	1,42,965	1,11,757	0	0	36,580	1,48,337
2	Regulatory capital	1,11,657	0	0	26,228	1,37,885	1,11,757	0	0	29,083	1,40,840
3	Other capital instruments	0	0	2,000	5,080	5,080	0	0	0	7,497	7,497
4	Retail deposits and deposits from small business customers: (5+6)	4,46,919	31,101	1,06,444	3,80,126	9,08,618	4,50,339	28,915	62,612	4,29,887	9,20,522
5	Stable deposits	48,346	4,191	10,428	37,595	97,392	48860	3,978	6282	41,612	97,776
6	Less stable deposits	3,98,573	26,910	96,016	3,42,531	8,11,226	4,01,479	24,936	56,330	3,88,275	8,22,745
7	Wholesale funding: (8+9)	89,420	1,09,581	66,161	96,652	2,29,234	79,783	77,785	40,981	97,311	1,96,274
8	Operational deposits	0	0	0	0	0	0	0	0	0	0
9	Other wholesale funding	89,420	1,09,581	66,161	96,652	2,29,234	79,783	77,785	40981	97,311	1,96,274
10	Other liabilities: (11+12)	7,363	29,002	56	7,080	7,090	18,437	86,764	2038	8,469	8,484
11	NSFR derivative liabilities		0	0	5			0	0	0	

Punjab National Bank - Consolidated											
		NSFR Disclosure as of 30.06.2023				(Amount in ₹ Crore)	NSFR Disclosure as of 30.09.2023				(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	
12	All other liabilities and equity not included in the above categories	7,363	29,002	56	7,075	7,090	18,437	86,764	2,038	8,469	8,484
13	Total ASF (1+4+7+10)					12,87,906					12,73,617
RSF Item											
14	Total NSFR high-quality liquid assets (HQLA)					18,240					18,274
15	Deposits held at other financial institutions for operational purposes	14,441	44	0	0	7,243	6,338	57	0	0	3,198
16	Performing loans and securities: (17+18+19+21+23)	9,370	65,507	55,227	7,32,555	7,29,295	19,581	69,049	54,181	8,55,251	7,62,598
17	Performing loans to financial institutions secured by Level 1 HOLA	0	764	310	0	231	0	1,018	114	0	285

Punjab National Bank - Consolidated											
		NSFR Disclosure as of 30.06.2023				(Amount in ₹ Crore)	NSFR Disclosure as of 30.09.2023				(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	
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	0	32,746	11,406	1,40,904	1,51,519	0	31,095	16,529	1,57,784	1,70,713
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	24,776	33,849	4,10,472	4,29,145	0	30,150	29,244	5,19,975	4,30,583
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0	10,723	14,567	2,34,622	1,65,148	0	11,212	10,747	2,08,858	1,46,739
21	Performing residential	0	3,519	5,375	90,604	66,002	0	5,537	5,092	96,672	70,312

[illegible]

Punjab National Bank - Consolidated											
		NSFR Disclosure as of 30.06.2023				(Amount in ₹ Crore)	NSFR Disclosure as of 30.09.2023				(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	
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	347	0	0	0	295	412	0	0	0	351
27	NSFR derivative assets	23	0	0	0	23	8	23	0	0	31
28	NSFR derivative liabilities before deduction of variation margin posted	41	0	0	0	41	0	38	0	0	38
29	All other assets not included in the above categories	97,686	697	27	21,283	1,19,562	88,183	1,023	49	31,103	1,201,85
30	Off-balance sheet items	0	1,078	55,691	65,170	4,794	0	1,060	1,12,760	60,876	7,514
31	Total RSF					8,79,493					9,12,187
32	Net Stable Funding Ratio (%)					146.44					139.62