

### **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 31<sup>st</sup> December, 2023 maintained Available Stable Funding (ASF) of ₹ 12,12,247 Crore against the RSF requirement of ₹ 8,55,754 Crore. The NSFR for the quarter ended December 31, 2023 was at 141.66%.**

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 30.09.2023				(Amount in ₹ Crore)	NSFR Disclosure as of 31.12.2023				(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	
<b>ASF Item</b>											
1	Capital: (2+3)	111757	0	0	36580	148337	100053	0	0	35734	135787
2	Regulatory capital	111757	0	0	29083	140840	100053	0	0	29636	129689
3	Other capital instruments	0	0	0	7497	7497	0	0	0	6098	6098
4	Retail deposits and deposits from small business customers: (5+6)	450339	28915	62612	429887	920522	462657	145494	365773	822	882739
5	Stable deposits	48860	3978	6282	41612	97776	73393	12818	21498	242	102565
6	Less stable deposits	401479	24936	56330	388275	822745	389264	132676	344275	581	780174
7	Wholesale funding: (8+9)	79783	77785	40981	97311	196274	83331	158883	74450	25345	183267
8	Operational deposits	0	0	0	0	0	0	0	0	0	0
9	Other wholesale funding	79783	77785	40981	97311	196274	83331	158883	74450	25345	183267
10	Other liabilities: (11+12)	18437	86764	2038	8469	8484	11555	77404	4651	9413	10455
11	NSFR derivative liabilities		0	0	0			0	0	0	

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12	All other liabilities and equity not included in the above categories	18437	86764	2038	8469	8484	11555	77404	4651	9413	10455
13	<b>Total ASF (1+4+7+10)</b>					1273617					1212247
<b>RSF Item</b>											
14	Total NSFR high-quality liquid assets (HQLA)					18274					18313
15	Deposits held at other financial institutions for operational purposes	6338	57	0	0	3198	2335	29	0	0	1182
16	Performing loans and securities: (17+18+19+21+23)	19581	69049	54181	855251	762598	3161	244485	86243	687034	699670
17	Performing loans to financial institutions secured by Level 1 HQLA	0	1018	114	0	285	0	866	120	0	272

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18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	0	31095	16529	157784	170713	0	85857	22996	96256	120633
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	30150	29244	519975	430583	0	127417	59900	443383	444639
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0	11212	10747	208858	146739	0	68103	36755	132486	138536



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26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	412	0	0	0	351	397	3	0	0	340
27	NSFR derivative assets	8	23	0	0	31	0	11	0	0	11
28	NSFR derivative liabilities before deduction of variation margin posted	0	38	0	0	38	28	0	0	0	28
29	All other assets not included in the above categories	88183	1023	49	31103	120185	107833	1716	915	20502	130967
30	Off-balance sheet items	0	1060	112760	60876	7514	0	967	67328	61043	5244
31	Total RSF					912187					855754
32	Net Stable Funding Ratio (%)					139.62					141.66