

**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 30<sup>th</sup> 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<br>in ₹ Crore) | NSFR Disclosure as of 30.09.2023      |               |                         |          | (Amount<br>in ₹ Crore) |
|                                     |                                                                            | Unweighted value by residual maturity |               |                         |          | Weighted<br>value      | Unweighted value by residual maturity |               |                         |          | Weighted<br>value      |
|                                     |                                                                            | No<br>maturity*                       | < 6<br>months | 6<br>months<br>to < 1yr | ≥ 1yr    |                        | No<br>maturity*                       | < 6<br>months | 6<br>months<br>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<br>instruments                                               | 0                                     | 0             | 2,000                   | 5,080    | 5,080                  | 0                                     | 0             | 0                       | 7,497    | 7,497                  |
| 4                                   | Retail deposits and<br>deposits from small<br>business customers:<br>(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:<br>(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<br>deposits                                                    | 0                                     | 0             | 0                       | 0        | 0                      | 0                                     | 0             | 0                       | 0        | 0                      |
| 9                                   | Other wholesale<br>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:<br>(11+12)                                              | 7,363                                 | 29,002        | 56                      | 7,080    | 7,090                  | 18,437                                | 86,764        | 2038                    | 8,469    | 8,484                  |
| 11                                  | NSFR derivative<br>liabilities                                             |                                       | 0             | 0                       | 5        |                        |                                       | 0             | 0                       | 0        |                        |

| Punjab National Bank - Consolidated |                                                                                    |                                       |               |                         |          |                        |                                       |               |                         |          |                        |
|-------------------------------------|------------------------------------------------------------------------------------|---------------------------------------|---------------|-------------------------|----------|------------------------|---------------------------------------|---------------|-------------------------|----------|------------------------|
|                                     |                                                                                    | NSFR Disclosure as of 30.06.2023      |               |                         |          | (Amount<br>in ₹ Crore) | NSFR Disclosure as of 30.09.2023      |               |                         |          | (Amount<br>in ₹ Crore) |
|                                     |                                                                                    | Unweighted value by residual maturity |               |                         |          | Weighted<br>value      | Unweighted value by residual maturity |               |                         |          | Weighted<br>value      |
|                                     |                                                                                    | No<br>maturity*                       | < 6<br>months | 6<br>months<br>to < 1yr | ≥ 1yr    |                        | No<br>maturity*                       | < 6<br>months | 6<br>months<br>to < 1yr | ≥ 1yr    |                        |
| 12                                  | All other liabilities<br>and equity not<br>included in the<br>above categories     | 7,363                                 | 29,002        | 56                      | 7,075    | 7,090                  | 18,437                                | 86,764        | 2,038                   | 8,469    | 8,484                  |
| 13                                  | Total ASF<br>(1+4+7+10)                                                            |                                       |               |                         |          | 12,87,906              |                                       |               |                         |          | 12,73,617              |
| RSF Item                            |                                                                                    |                                       |               |                         |          |                        |                                       |               |                         |          |                        |
| 14                                  | Total NSFR high-<br>quality liquid assets<br>(HQLA)                                |                                       |               |                         |          | 18,240                 |                                       |               |                         |          | 18,274                 |
| 15                                  | Deposits held at<br>other financial<br>institutions for<br>operational<br>purposes | 14,441                                | 44            | 0                       | 0        | 7,243                  | 6,338                                 | 57            | 0                       | 0        | 3,198                  |
| 16                                  | Performing loans<br>and securities:<br>(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<br>financial institutions<br>secured by Level 1<br>HOLA        | 0                                     | 764           | 310                     | 0        | 231                    | 0                                     | 1,018         | 114                     | 0        | 285                    |

| Punjab National Bank - Consolidated |                                                                                                                                                                |                                       |               |                         |          |                        |                                       |               |                         |          |                        |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------|-------------------------|----------|------------------------|---------------------------------------|---------------|-------------------------|----------|------------------------|
|                                     |                                                                                                                                                                | NSFR Disclosure as of 30.06.2023      |               |                         |          | (Amount<br>in ₹ Crore) | NSFR Disclosure as of 30.09.2023      |               |                         |          | (Amount<br>in ₹ Crore) |
|                                     |                                                                                                                                                                | Unweighted value by residual maturity |               |                         |          | Weighted<br>value      | Unweighted value by residual maturity |               |                         |          | Weighted<br>value      |
|                                     |                                                                                                                                                                | No<br>maturity*                       | < 6<br>months | 6<br>months<br>to < 1yr | ≥ 1yr    |                        | No<br>maturity*                       | < 6<br>months | 6<br>months<br>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<br>in ₹ Crore) | NSFR Disclosure as of 30.09.2023      |               |                         |        | (Amount<br>in ₹ Crore) |
|                                     |                                                                                                     | Unweighted value by residual maturity |               |                         |        | Weighted<br>value      | Unweighted value by residual maturity |               |                         |        | Weighted<br>value      |
|                                     |                                                                                                     | No<br>maturity*                       | < 6<br>months | 6<br>months<br>to < 1yr | ≥ 1yr  |                        | No<br>maturity*                       | < 6<br>months | 6<br>months<br>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                 |