

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

Punjab National Bank (herein after referred to as the 'Bank') is the top consolidated entity in the Banking group to which the Capital Adequacy Framework under Basel III applies. The consolidated financial statements of the group conform, in all material aspects, to Generally Accepted Accounting Principles (GAAP) in India, encompassing applicable statutory provisions, regulatory norms prescribed by Reserve Bank of India (RBI), circulars and guidelines issued by RBI from time to time, Banking Regulation Act 1949, Companies Act, 2013, Accounting Standards (AS) and pronouncements issued by The Institute of Chartered Accountants of India (ICAI) and prevailing practices in Banking industry in India.

Table DF-1: Scope of Application

(i) Qualitative Disclosures:

a. List of group entities considered for consolidation

- For accounting scope of consolidation, all the group entities of the Bank are considered for consolidation in accordance with AS 21, Consolidated Financial Statements and AS 23, Accounting for Investments in Consolidated Financial Statements.
- For regulatory scope of consolidation, all the group entities, except insurance and non-financial subsidiaries / joint ventures / associates, are fully consolidated for the purpose of capital adequacy. Regulatory scope of consolidation refers to consolidation in such a way as to result in the assets of the underlying group entities being included in the calculation of consolidated risk- weighted assets of the group.

Name of the entity & Country of incorporation	Whether the entity is included under accounting scope of consolidation (Yes/No)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (Yes/No)	Explain the method of consolidation	Reasons for difference in the method of consolidation	Reasons for consolidation under only one of the scopes of consolidation
PNB Gilts Ltd. (India)	Yes	Consolidated in accordance with AS-21, Consolidated	Yes	Consolidated in accordance with AS-21, Consolidated	Not applicable	
PNB Investment Services Ltd.						

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

Name of the entity & Country of incorporation	Whether the entity is included under accounting scope of consolidation (Yes/No)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (Yes/No)	Explain the method of consolidation	Reasons for difference in the method of consolidation	Reasons for consolidation under only one of the scopes of consolidation
(India)		Financial Statements		Financial Statements		
Punjab National Bank (International) Ltd. (U.K.)						
Druk PNB Bank Ltd (Bhutan)						
PNB Cards and Services Ltd. (India)			No	Not applicable	In terms of Basel III norms para 3.4.2: Non-Financial subsidiary should not be consolidated for the purpose of capital adequacy. Hence, not under the Scope of regulatory Consolidation	
PNB MetLife India Insurance Co Ltd (India)	Yes	Consolidated in accordance with AS-23, Accounting for Investments in Associates in Consolidated Financial Statements	No	Not applicable	Not applicable	Associate: Not under the Scope of regulatory Consolidation
JSC Tengri Bank, Almaty, (Kazakhstan) \$						
PNB Housing Finance Ltd, (India)						

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

Name of the entity & Country of incorporation	Whether the entity is included under accounting scope of consolidation (Yes/No)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (Yes/No)	Explain the method of consolidation	Reasons for difference in the method of consolidation	Reasons for consolidation under only one of the scopes of consolidation
Canara HSBC Life Insurance Co. Ltd, (India)	Yes	Consolidated in accordance with AS-23, Accounting for Investments in Associates in Consolidated Financial Statements	No	Not applicable	Not applicable	Associate: Not under Scope of regulatory Consolidation
India SME Asset Reconstruction Co. Ltd, (India)						
Dakshin Bihar Gramin Bank, (India)						
Sarva Haryana Gramin Bank, (India)						
Himachal Pradesh Gramin Bank, (India)						
Punjab Gramin Bank, (India)						
Prathama UP Gramin Bank, (India)						
Assam Gramin						

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

Name of the entity & Country of incorporation	Whether the entity is included under accounting scope of consolidation (Yes/No)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (Yes/No)	Explain the method of consolidation	Reasons for difference in the method of consolidation	Reasons for consolidation under only one of the scopes of consolidation
Vikas Bank, (India)	Yes	Consolidated in accordance with AS-23, Accounting for Investments in Associates in Consolidated Financial Statements	No	Not applicable	Not applicable	Associate: Not under the Scope of regulatory Consolidation
Bangiya Gramin Vikas Bank, (India)						
Manipur Rural Bank, (India)						
Tripura Gramin Bank, (India)						
Everest Bank Ltd., (Nepal)						

\$Agency of the Republic of Kazakhstan revoked license of JSC Tengri Bank w.e.f. 18th September, 2020 and is under liquidation.

b. List of group entities not considered for consolidation both under accounting and regulatory scope of consolidation.

(Rs. in millions)

Name of the entity & Country of Incorporation	Principle & activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet)	% of bank's Holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet)
Nil					

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

(ii) Quantitative Disclosures:

c. List of group entities considered for regulatory consolidation.

(Rs. in millions)

Name of the entity & Country of incorporation	Principle activity of the entity	Total balance sheet equity (As per accounting balance sheet)*	Total balance sheet Assets (As per accounting balance sheet)
PNB Gilts Ltd. (India)	Primary Dealer	12988.41	236506.66
PNB Investment Services Ltd. (India)	Merchant Banking, Corporate Advisory & Debenture Trustee & Security Trustee	487.06	531.67
Punjab National Bank (International) Ltd. (U.K.)	Banking	8526.53	78806.64
Druk PNB Bank Ltd. (Bhutan)	Banking	4225.62	31191.23

*comprises equity share capital and reserves & surplus

d. The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation i.e., that are deducted

(Rs. in millions)

Name of the entity & Country of incorporation	Principle activity of the entity	Total balance sheet equity (As per accounting balance sheet)	% of bank's holding in the total equity	Capital deficiencies
Nil				

e. The aggregate amounts (e.g. current book value) of the Bank's total interests in insurance entities, which are risk-weighted:

(Rs. in millions)

Name of the Insurance entities / country of incorporation	Principle activity of the entity	Total balance sheet equity (as per accounting Balance sheet)*	% of Bank's Holding in the Total equity / Proportion of voting power	Quantitative Impact on regulatory capital of using risk weighting method versus using the full deduction method
Canara HSBC Life Insurance Co. Ltd (India)	Life Insurance/ Bancassurance	12642.30	23%	Insignificant impact with either method
PNB Metlife India Insurance Company Ltd (India)	Life Insurance/ Bancassurance	15507.35	30%	Insignificant impact with either method

*comprises equity share capital and reserves & surplus

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

f. Any restrictions or impediments on transfer of funds or regulatory capital within the banking group:

With regard to restriction and impediments, local laws and regulation of host countries are applicable

Table DF-2: Capital Adequacy

Qualitative Disclosures:

(a)

1. Capital Adequacy

The Bank believes in the policy of total risk management. The bank views the risk management function as a holistic approach whereby risk retention is considered appropriate after giving due consideration to factors such as specific risk characteristics of obligor, inter relationship between risk variables and corresponding return and achievement of various business objectives within the controlled operational risk environment. Bank believes that risk management is one of the foremost responsibilities of top/ senior management. The Board of Directors decides the overall risk management policies and approves the Risk Management Philosophy & Policy, Credit Management & Risk policy, Investment policy, ALM policy, Operational Risk Management policy, Policy for internal capital adequacy assessment process (ICAAP), Credit Risk Mitigation & Collateral Management Policy, Stress Testing Policy and Policy for Mapping Business Lines/Activities, containing the direction and strategies for integrated management of the various risk exposures of the Bank. These policies, inter alia, contain various trigger levels, exposure levels, thrust areas etc.

The Bank has constituted a Board level subcommittee namely Risk Management Committee (RMC). The committee has the overall responsibility of risk management functions and oversees the function of Credit Risk Management Committee (CRMC), Asset Liability Committee (ALCO), Market Risk Management Committee (MRMC) and Operational Risk Management Committee (ORMC). The meeting of RMC is held at least once in a quarter. The bank recognizes that the management of risk is integral to the effective and efficient management of the organization.

2. Credit Risk Management

2.1.1 Credit Risk Management Committee (CRMC) headed by MD & CEO is the top-level functional committee for Credit risk. The committee considers and takes decisions necessary to manage and control credit risk within overall quantitative prudential limit set up by Board. The committee is entrusted with the job of approval of policies on standards for presentation of credit proposal, fine-tuning required in various models based on feedbacks or change in market scenario, approval of any other action necessary to comply with requirements set forth in Credit Risk Management Policy/ RBI guidelines or otherwise required for managing credit risk.

2.1.2 In order to provide a robust risk management structure, the Credit Management and Risk policy of the Bank aims to provide a basic framework for implementation of sound credit risk management system in the bank. It deals with various areas of credit risk, goals to be achieved, current practices and future strategies. As such, the credit policy deals with short term implementation

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

as well as long term approach to credit risk management. The policy of the Bank embodies in itself the areas of risk identification, risk measurement, risk grading techniques, reporting and risk control systems / mitigation techniques and documentation practice.

Zonal Risk Management Cells (ZRMCs) have been set up at zonal level as an extended arm of HO: IRMD to inculcate risk culture at field level in line with Risk Philosophy of the Bank. The new risk assessment structure focuses on complete segregation of credit risk assessment system from credit underwriting by centralizing the risk rating process parallel to Zonal Level under direct control of Integrated Risk Management Division at Head Office, whereas the credit delivery system shall continue through business delivery structure of credit verticals and zones. The segregation of processes had been introduced to create an independent efficient risk assessment and third eye view based calculation of risk over a borrowing entity.

For better support, control & transparent structure of reporting, organization structure in the bank has been revamped. In this regard, Bank has introduced specialized lending branches for catering to loans from Rs 10 lacs to Rs 1 Crore through PNB Loan Point (PLP) in respect of Retail, Agriculture and MSME segments. Mid Corporate Centres (MCC) shall sanction corporate loans above 1 crore upto 10 crore. Corporate Banking Branches (CBBs) shall handle Non Retail Credit proposals above Rs. 10 Crores. LCB & ELCBs for loans above 50 crores has been put in place. All loan proposals falling under the powers of MCC, Circle Office, Zonal Office and Head office are considered by Credit Approval Committees.

- 2.1** Bank has developed comprehensive risk rating system that serves as a single point indicator of diverse risk factors of counterparty and for taking credit decisions in a consistent manner. The risk rating system is drawn up in a structured manner, incorporating different factors such as borrower's specific characteristics, industry specific characteristics etc. Risk rating system applicable to all borrowers with total limits above Rs.100 Lacs w.e.f. 07.05.2022. Bank is undertaking periodic validation exercise of its rating models and also conducting migration and default rate analysis to test robustness of its rating models.

Small & Medium Enterprise (SME), Retail advances and lending to agriculture are subjected to scorecard assessment which support "Accept/ Reject" decisions based on the scores obtained. All eligible SME, Retail loan and Agriculture lending applications are necessarily to be evaluated under score card system. All rating models/ scorecards developed by the Bank are online at Bank's central server network and can be accessed through any office of the Bank. Additionally, Bank has also developed score cards, for evaluating lending proposals under other schemes/ product arrangements such as co-lending arrangement with NBFCs, digital lending & credit cards and these are placed within the portals being utilized for these products/ arrangements.

For monitoring the health of borrowal accounts at regular intervals, Bank has put in place a tool called PNB SAJAG - Early Warning Signal + Preventive

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

Monitoring System (EWS+PMS) for detection of early warning signals to address the issue of monitoring of causes of build-up of stress in assets with a view to prevent/minimize the loan losses.

To further strengthen the credit monitoring landscape, Bank has also implemented a new Early Warning system i.e., PNB SAJAG 2.0 (presently under parallel run with existing PNB SAJAG application), a completely automated system covering 133 early warning signals (including all RBI and DFS prescribed signals), for the purpose of monitoring eligible borrowal accounts on near-real time basis, powered by continuous flow of both internal and external data. The additional features of PNB SAJAG 2.0 include several new functionalities such as inbuilt alert closure mechanism with pre-defined timelines, alert escalation mechanism, independent alert closure review mechanism, intuitive dashboard and a separate RBI EWS score-dial.

- 2.1.3 Bank has implemented enterprise-wide data warehouse (EDW) project, to cater to the requirement for the reliable and accurate historical data base and to implement the sophisticated risk management solutions/ techniques and the tools for estimating risk components {PD (Probability of Default), LGD (loss Given Default), EAD (Exposure at Default)} and quantification of the risks in the individual exposures to assess risk contribution by individual accounts in total portfolio and identifying buckets of risk concentrations.
- 2.1.4 As an integral part of Risk Management System, Bank has put in place a well-defined Loan Review Mechanism (LRM). This helps bring about qualitative improvements in credit administration. A separate Division known as Credit Audit & Review Division has been formed to ensure LRM implementation.
- 2.1.5 The risk rating and vetting process is done independent of credit appraisal function to ensure its integrity and independency. The rating category wise portfolio of loan assets is reviewed on quarterly basis to analyze mix of quality of assets etc.
- 2.1.6 The Bank has implemented the Standardized Approach of credit risk as per RBI guidelines and further we are in the process of adoption of Internal Rating Based Approaches (IRB). Bank has received approval from RBI for adoption of Foundation Internal Rating Based Approach (FIRB) on parallel run basis w.e.f. 31.07.2013. Further, Bank has placed notice of intention to RBI for implementing Advanced Internal Rating Based (AIRB) approach for credit risk.

Major initiatives taken for implementation of IRB approach are as under:

- For corporate assets class, Bank has estimated PD based upon model wise default rates viz. Large Corporate and Mid Corporate borrowers using Maximum likelihood estimator (MLE). For retail asset class, PD is computed for identified homogeneous pool by using exponential smoothing technique.
- LGD (Loss Given Default) values have been calculated by using workout method for Corporate Asset Class as well as for each homogenous pool of Retail Asset Class.

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

- Bank has also put in place a mechanism to arrive at the LGD rating grade apart from the default rating of a borrower. The securities eligible for LGD rating are identified facility wise and the total estimated loss percentage in the account is computed using supervisory LGD percentage prescribed for various types of collaterals and accordingly LGD rating grades are allotted.
- Mapping of internal grades with that of external rating agencies grades: Bank has mapped its internal rating grades with that of external rating agencies grades. This exercise helps in unexpected loss calculation and PD estimation.
- Benchmarking of Cumulative Default Rates: Benchmark values of cumulative default rates for internal rating grades have been calculated based on the published default data of external rating agencies. The benchmark values is used for monitoring of cumulative default rates of internal rating grades and PD validation.
- Bank has adopted supervisory slotting criteria approach for calculation of capital under specialised lending (SL) exposure falling under corporate asset class.
- Bank has put in place a comprehensive "Credit Risk Mitigation & Collateral Management Policy", which ensures that requirements of FIRB approach are met on consistent basis.

2.2 Market Risk

- 2.2.1 The investment policy covering various aspects of market risk attempts to assess and minimize risks inherent in treasury operations through various risk management tools. Broadly, it incorporates policy prescriptions for measuring, monitoring and managing systemic risk, credit risk, market risk, operational risk and liquidity risk in treasury operations.
- 2.2.2 Besides regulatory limits, the Bank has put in place internal limits and ensures adherence thereof on continuous basis for managing market risk in trading book of the Bank and its business operations. Bank has prescribed entry level barriers, exposure limits, stop loss limits, VaR limits, Duration limits and Risk Tolerance limit for trading book investments. Bank is keeping constant track on Migration of Credit Ratings of investment portfolio. Limits for exposures to Counterparties, Industry Segments and Countries are monitored. The risks under Forex operations are monitored and controlled through Stop Loss Limits, Overnight limit, Daylight limit, Aggregate Gap limit, Individual Gap limit, Value at Risk (VaR) limit, Inter-Bank dealing and investment limits etc.

2.3 Operational Risk

Basel Committee and subsequently RBI have defined Operational Risk (OR) as "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events". This definition includes legal risk, but excludes strategic and reputational risk. The Bank has also adopted the same definition for management of operational risk within the Bank. The Bank has put in place Board approved policy with clearly defined roles and responsibilities to mitigate operational risk arising out of the Bank's business and operations. The bank adopts three lines of defense model for management of operational risk.

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

First line of defence is the Business Divisions. These Divisions being owner of various banking activities, take up management of operational risks within their owned activities, undertake actions for management/mitigation of these risks and take any business line/division level decisions with respect to operational risk. They propagate Operational Risk Management (ORM) policies as laid down by the Board. They analyze the findings of Risk & Control Self- Assessment (RCSA), Key Risk Indicators (KRI) & loss events and initiate action for strengthening of internal processes, management/ mitigation of Operational Risk and explore use of insurance and other mitigating options.

Second Line of defence is Risk Management Division which is responsible for framing the Operational Risk Framework/Policy and ensuring implementation thereof. Operational Risk Management Division acts as a repository of Operational Risk Loss Data Base, KRIs, RCSA Surveys results and uses the same for root cause analyses, Operational Risk Management and Measurement. Certain information collected and published by Control Units like Inspection & Audit Division, Fraud Risk Management Division and Security Department etc. are used to identify, control, monitor and mitigate the operational risk at Bank wide level.

Third line of defence is Inspection & Audit Division/ Management Audit & Review Division (IAD/MARD) which are responsible for independent review and validation of Operational Risk Management Framework (ORMF) and Operational Risk Management System (ORMS) at Bank wide level.

Governance and Organizational Structure for Managing Operational Risk:

Operational Risk Management Committee (ORMC) headed by Executive Director looking after Integrated Risk Management Division along with all the other EDs and CGMs / GMs of various divisions as members is the Executive level committee to oversee the entire operational risk management of the bank. An independent Operational Risk Management Department (ORMD) is responsible for implementation of ORM ensuring a strong ORM culture and responsibility across the Bank.

For management of operational risks at HO division level, each business line/division has a Risk Assessment Committee (RAC). This committee is headed by Divisional Head of the concerned division. The committee identifies the operational risks present in the existing/new products/processes/activities of that business line/division, take corrective/preventive/pre-emptive steps to monitor and control the Operational Risk within the overall framework of the ORM Policy of the Bank.

In order to ensure completeness and correctness of loss data and also to inculcate risk culture deep down the ladder in the Bank, committees named as 'Checks on Threats to Reduce Op-risk Losses (CONTROL) and Joint Action Group on Op-risk Control (JAGROC) have been formed at Circle level and Zonal level respectively which also identify and evaluate the internal and external factors that could adversely affect the achievement of Bank's performance, corporate goals, information system, and compliance objective in the HO guidelines.

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

Tools to measure & monitor Operational Risk

Internal Control is an essential pre-requisite for an efficient and effective operational risk management. Bank has clearly laid down policies and procedures to ensure the integrity of its operations, appropriateness of operating systems and compliance with the management policies. Established Frameworks/Policies for control and mitigation of operational risk are in place:

- 1) Operational Risk Management (ORM) policy
- 2) Policy for Business Continuity Plan (BCP)
- 3) Policy for Approval of New Product
- 4) Policy for Outsourcing of Financial Services
- 5) Loss Data Collection Framework
- 6) Risk & Control Self - Assessment Framework - It's a proactive exercise which helps in identifying control gaps and consequent actions proposed to close the gaps. RCSA is used for identification & mitigation of operational risks, reporting of control deficiencies, monitoring of changes in control environment and assessment of operational risk profile.
- 7) Business Line Mapping Framework as per Basel defined 8 Business Lines and 7 Loss Event Types.
- 8) Key Risk Indicator Framework - The indicators have been defined subject to annual review with threshold and monitoring mechanism. These indicators are metrics/ measures that are derived from various factors to indicate an early warning of or to monitor increasing risk or control failures in an activity.

Quantitative Disclosures:

(b) Capital requirement for credit risk:

(Rs. in millions)

Particulars	Amount
Portfolios subject to standardized approach	680940.91
Securitization exposures	0.00

(c) Capital requirement for market risk (under standardized duration approach):

(Rs. in millions)

Risk Category	Amount
i) Interest Rate Risk	32625.32
ii) Foreign Exchange Risk (including Gold)	1031.69
iii) Equity Risk	13868.16
iv) CDS	0.00
Total capital charge for market risks under Standardized duration approach (i + ii + iii + iv)	47525.17

(d) Capital requirement for operational risk:

(Rs. in millions)

Capital requirement for operational risk	Amount
i) Basic indicator approach	57761.47
ii) The Standardized approach (if applicable)	NA

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

(e) Common Equity Tier 1, Tier 1 and Total Capital ratios:

Particulars	Consolidated	Standalone
Common equity Tier 1 Capital ratio	10.29%	10.23%
Tier 1 Capital ratio	12.08%	12.02%
Total Capital ratio (CRAR)	15.13%	15.09%

For Significant Bank Subsidiaries:

Name of subsidiary	Common equity Tier 1 Capital ratio	Tier 1 Capital ratio	Total Capital ratio (CRAR)
PNB Gilts Ltd	16.01%	16.01%	16.01%
Punjab National Bank (International) Ltd.	11.90%	16.66%	22.33%
PNB Investment Services Ltd.	NA	NA	NA
Druk PNB Bank Ltd.	19.46%	19.46%	20.87%

Table DF- 3: Credit Risk: General Disclosures

(i) Qualitative Disclosures:

(a)

3.1. Any amount due to the Bank under any credit facility is overdue if it is not paid on the due date fixed by the Bank. Further, an impaired asset is a loan or an advance where:

- (i) Interest and/or installment of principal remain overdue for a period of more than 90 days in respect of a term loan.
- (ii) The account remains out of order in respect of an overdraft/cash credit continuously for a period of 90 days.

An account will be treated as out of order, if:

- the outstanding balance in CC/OD account remains continuously in excess of the sanctioned limit/drawing power for 90 days, or
- the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but there are no credits continuously for 90 days, or the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but credits are not enough to cover the interest debited during the previous 90 days period ('Previous 90 days period' shall be inclusive of the day for which the day-end process is being run).
- (iii) The bill remains overdue for a period of more than 90 days in the case of bills purchased & discounted.
- (iv) The installment of principal or interest thereon remains overdue for two crop seasons for short duration crops and the installment of principal or interest

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

thereon remains overdue for one crop season for long duration crops in case of direct Agricultural loans.

The classification of an assets as overdue/impaired, reflects the status of an account at the day-end of that calendar date, irrespective of the time of running of such processes.

Credit approving authority, prudential exposure limits, industry exposure limits, credit risk rating system, risk based pricing and loan review mechanisms are the tools used by the Bank for credit risk management. All these tools have been defined in the Credit Management & Risk Policy of the Bank. At the macro level, policy document is an embodiment of the Bank's approach to understand measure and manage the credit risk and aims at ensuring sustained growth of healthy loan portfolio while dispensing the credit and managing the risk.

(ii) Quantitative Disclosures

(b) The total gross credit risk exposures:

(Rs. in millions)

Category	Amount
Fund Based exposure	11109332.13
Non Fund Based exposure	1200465.02
Total gross credit risk exposure	12309797.15

(c) The geographic distribution of exposures:

(Rs. in millions)

Category	Overseas	Domestic
Fund Based exposure	541888.94	10567443.19
Non Fund Based exposure	1693.53	1198771.49
Total gross credit risk exposure	543582.47	11766214.68

(d) Industry type distribution of exposures

(i) Industry type fund based exposure is as under:

(Rs. in millions)

Industry Name	Amount
A. Mining and Quarrying	19644.25
A.1 Coal	12191.66
A.2 Others	7452.59
B. Food Processing	238860.01
B.1 Sugar	29325.01
B.2 Edible Oils and Vanaspati	26423.31
B.3 Tea	10405.55
B.4 Coffee	143.87
B.5 Others	172562.27
C. Beverages (excluding Tea & Coffee) and Tobacco	3614.35
C.1 Tobacco and tobacco products	969.95
C.2 Others	2644.40

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

Industry Name	Amount
D. Textiles	157338.20
D.1 Cotton	47213.47
D.2 Jute	629.36
D.3 Man-made	21422.43
D.4 Others	88072.94
E. Leather and Leather products	15449.04
F. Wood and Wood Products	12674.00
G. Paper and Paper Products	32654.40
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	219183.79
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	82907.26
I.1 Fertilizers	2035.80
I.2 Drugs and Pharmaceuticals	25310.82
I.3 Petro-chemicals (excluding under Infrastructure)	23215.92
I.4 Others	32344.72
J. Rubber, Plastic and their Products	56487.37
K. Glass & Glassware	11583.80
L. Cement and Cement Products	28999.50
M. Basic Metal and Metal Products	278128.73
M.1 Iron and Steel	238255.88
M.2 Other Metal and Metal Products	39872.85
N. All Engineering	87533.96
N.1 Electronics	25053.35
N.2 Others	62480.61
O. Vehicles, Vehicle Parts and Transport Equipments	16411.25
P. Gems and Jewellery	61154.76
Q. Construction	39274.43
R. Infrastructure	1305087.04
R.1 Energy	600324.99
R.2 Transport	503314.91
R.3 Communication	131507.36
R.4 Others	69939.78
S. Other Industries	715291.98
All Industries (A to S)	3382278.09
T. Residuary other advances	7727054.04
Total fund based (Domestic + Overseas) exposure	11109332.13

Industry where Fund-Based Exposure is more than 5% of Gross Fund Based Exposure:

(Rs. in millions)

S.No.	Industry Name	Amount
1	Energy (Infrastructure)	600324.99

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

(ii) Industry type non fund based exposure is as under:

(Rs. in millions)

Industry Name	Amount
A. Mining and Quarrying	2626.90
A.1 Coal	2335.94
A.2 Others	290.96
B. Food Processing	36785.97
B.1 Sugar	2366.12
B.2 Edible Oils and Vanaspati	13500.04
B.3 Tea	858.94
B.4 Coffee	0.00
B.5 Others	20060.87
C. Beverages (excluding Tea & Coffee) and Tobacco	69.12
C.1 Tobacco and tobacco products	1.30
C.2 Others	67.82
D. Textiles	44915.85
D.1 Cotton	13057.23
D.2 Jute	6.30
D.3 Man-made	4541.87
D.4 Others	27310.45
E. Leather and Leather products	919.43
F. Wood and Wood Products	2837.61
G. Paper and Paper Products	6090.17
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	4506.76
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	20859.55
I.1 Fertilizers	2.20
I.2 Drugs and Pharmaceuticals	4041.94
I.3 Petro-chemicals (excluding under Infrastructure)	7034.50
I.4 Others	9780.91
J. Rubber, Plastic and their Products	30835.70
K. Glass & Glassware	3385.11
L. Cement and Cement Products	2240.11
M. Basic Metal and Metal Products	143380.34
M.1 Iron and Steel	136355.75
M.2 Other Metal and Metal Products	7024.59
N. All Engineering	98979.99
N.1 Electronics	25949.89
N.2 Others	73030.10
O. Vehicles, Vehicle Parts and Transport Equipment's	2853.23
P. Gems and Jewellery	5105.34
Q. Construction	63249.56
R. Infrastructure	223999.97
R.1 Energy	74352.56
R.2 Transport	81233.76
R.3 Communication	12201.00
R.4 Others	56212.65
S. Other Industries, pl. specify	38324.33

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

Industry Name	Amount
All Industries (A to S)	731965.02
T. Residuary other advances	468500.00
Total non-fund based (Domestic+Overseas) exposure	1200465.02

Industry where Non- Fund based Exposure is more than 5% of Gross Non-Fund based Exposure:

(Rs. in millions)

S. No.	Industry Name	Amount
1.	Iron & Steel	136355.75
2.	Energy	74352.56
3.	Transport	81233.76
4.	Construction	63249.56

(e) The residual contractual maturity break down of assets:

(Rs. in millions)

Maturity Pattern	Advances*	Investments (Gross)	Foreign Currency Assets
Next day	107950.19	552.33	62744.41
2 - 7 days	81763.05	13956.31	34017.99
8 -14 days	261952.43	12486.34	13074.73
15- 30 days	643161.11	4284.20	29121.66
31days - 2months	615945.30	50440.93	108073.17
Over 2 months & upto 3 Months	600488.19	27682.83	55087.48
Over 3 Months to 6 months	818134.42	62417.58	107319.46
Over 6 Months & upto 1 year	752029.03	47137.55	203371.62
Over 1Year & upto 3 Years	3133478.90	574277.16	183675.95
Over 3 Years & upto 5 Years	760720.69	557619.76	153756.21
Over 5 Years	1189335.75	3147532.06	34364.39
Total	8964959.06	4498387.07	984607.07

*Figures are shown on net basis.

(f) Amount of gross NPAs are:

(Rs. in millions)

Category	Amount
Sub Standard	68827.24
Doubtful – 1	95255.02
Doubtful – 2	165274.54
Doubtful – 3	165578.80
Loss	183396.82
Total NPAs (Gross)	678332.42

(g) Amount of Net NPAs are:

(Rs. in millions)

Particulars	Amount
Net NPA	132076.32

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

(h) The NPA Ratios are as under:

Particulars	Consolidated	Standalone
% of Gross NPAs to Gross Advances	7.14%	6.96%
% of Net NPAs to Net Advances	1.47%	1.47%

(i) Movement of gross NPAs are as under:

(Rs. in millions)

Particulars	Amount
i) Opening Balance at the beginning of the year	794926.64
ii) Additions during the period	35560.64
iii) Reductions during the period	152154.86
iv) Closing Balance at the end of the period (i + ii - iii)	678332.42

(j) The movement of provision with a description of each type of provision is as under:

(Rs. in millions)

Name of Provisions	Opening balance as on 01.04.2022	Provision made during the period	Adjustment / Transfer / Write-off	Closing balance as on 30.09.2023
Provision for Standard Assets including derivatives	78022.69	11854.20	-8405.99	81470.90
Provision for NPAs	559737.98	74260.21	-94532.19	539466.00

The amount of recovery in write off accounts booked directly in income statement is Rs. 24026.23 Million.

(k) The amount of non-performing investments are:

(Rs. in millions)

Particulars	Amount
Gross amount of non-performing investment	68637.35

(l) The amount of provisions held for non-performing investments are:

(Rs. in millions)

Particulars	Amount
Amount of provision held for non-performing investment	68617.30

(m) The movement of provisions for depreciation (including NPI) on investments are:

(Rs. in millions)

Particulars	Amount
i) Opening balance at the beginning of the year	96542.86
ii) Provisions made during the period	1459.18
iii) Write-off made during the period	11828.97
vi) Closing balance as at the end of the period (i + ii –iii)	86173.07

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

(n) Amount of NPAs and provisions against major industry or counterparty type:
(Rs. in million)

Name of major industry or counter-party type	Amount of NPA	Specific and general provisions	Write-offs during the current period	Specific provisions during the current period
Food Processing	40970.88	36931.88	575.16	3004.99
Textiles	16931.23	14420.94	664.58	1829.11
Basic Metal and Metal products	12706.17	10321.73	606.84	1809.09
All Engineering	7763.97	5194.97	1311.28	593.38
Gems and Jewellery	52497.57	52143.48	28340.95	6.80
Infrastructure	29114.12	27010.24	10209.48	492.68
Rubber, plastic and their products	5290.83	4605.12	25.74	1486.55
Construction	7026.97	6748.86	12687.18	106.54

(o) Geography-wise NPA and provisions

(Rs. in million)

Particulars	Overseas	Domestic	Total
Amount of Gross NPA	24863.23	653469.19	678332.42
General and Specific Provisions	24159.02	515306.98	539466.00

Table DF- 4 - Credit Risk: Disclosures for Portfolios Subject to the Standardized Approach

Qualitative Disclosures:

(a)

4.1. Bank has the following six approved domestic credit rating agencies as on 30.09.2023 accredited by RBI vide "Basel III Capital Regulations - Eligible Credit Rating Agencies" notification dated 09.01.2023 for mapping its exposure with domestic borrowers under standardized approach of credit risk.

- CARE
- CRISIL
- ICRA
- India Ratings
- Acuite (Erstwhile SMERA)
- INFOMERICS

Bank has also approved the following three international credit rating agencies accredited by RBI in respect of exposure with overseas borrowers.

- FITCH
- Moody's
- Standard & Poor

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

These agencies are being used for rating (Long Term & Short Term) of fund based/ non-fund-based facilities provided by the bank to the borrowers. The bank uses solicited rating from the chosen credit rating agencies.

The ratings available in public domain are mapped according to mapping process as envisaged in RBI guidelines on the subject.

Quantitative Disclosures:

(b) For exposure amounts after risk mitigation subject to the standardized approach, amount of a bank's outstanding (rated and unrated) in the following three major risk buckets as well as those that are deducted are as under:

(Rs. in millions)

Particulars	Amount
i) Below 100% risk weight exposure outstanding	8339139.54
ii) 100% risk weight exposure outstanding	1838297.48
iii) More than 100% risk weight exposure outstanding	550234.82
iv) Deducted	0.00

Table DF-5: Credit Risk Mitigation: Disclosures for Standardized Approaches

Qualitative Disclosures:

(a)

5.1. Bank has put in place Board approved 'Credit Risk Mitigation and Collateral Management Policy' which, inter alia, covers policies and processes for various collaterals including financial collaterals and netting of on and off-balance sheet exposure.

5.2. The collaterals used by the Bank as risk mitigant comprise of the financial collaterals (i.e. bank deposits, govt./postal securities, life policies, gold jewellery, units of mutual funds etc.). A detailed process of calculation of correct valuation and application of haircut thereon has been put in place by developing suitable software.

5.3. Guarantees, which are direct, explicit, irrevocable and unconditional, are taken into consideration by Bank for calculating capital requirement. Use of such guarantees for capital calculation purposes is strictly as per RBI guidelines on the subject.

5.4. Majority of financial collaterals held by the Bank are by way of own deposits and government securities, which do not have any issue in realization. As such, there is no risk concentration on account of nature of collaterals.

Quantitative Disclosures

(Rs. in million)

Particulars	Amount
(b) For each separately disclosed credit risk portfolio the total exposure (after, where applicable, on or off balance sheet netting) that is covered by eligible financial collateral after the application of haircuts.	381488.43

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

(c) For each separately disclosed portfolio the total exposure (after, where applicable, on or off-balance sheet netting) that is covered by guarantees/credit derivatives (whenever specifically permitted by RBI)	802062.86
---	-----------

Table DF-6: Securitization Exposures: Disclosure for Standardized Approach:
Bank/Group does not have any securitization exposure

Table DF-7: Market Risk in Trading Book

Qualitative Disclosures:

(a)

7.1 RBI prescribed Standardized Measurement Method (duration based) for computation of capital charge for market risk has been adopted by Bank. Being fully compliant with Standardized Measurement Method as per RBI guidelines, now Bank is preparing for the Internal Model Approach (Advanced Approach on Market risk) based on Value at Risk (VaR) model.

Quantitative Disclosures:

(b)

(Rs. in million)

Risk Category	Amount
i) Interest Rate Risk	32625.32
ii) Foreign Exchange Risk (including Gold)	1031.69
iii) Equity Risk	13868.16
iv) CDS	0.00
Total capital charge for market risks under Standardized duration approach (i + ii + iii + iv)	47525.17

Table DF-8: Operational Risk

As per RBI directives, the bank has been maintaining capital for operational risk under Basic Indicator approach (BIA) w.e.f. 31.03.2008. The capital requirement as per Basic Indicator Approach (BIA) is Rs. 57761.47 Millions.

Table DF-9: Interest Rate Risk in the Banking Book (IRRBB)

Qualitative Disclosures:

(a)

9.1 The interest rate risk arises due to fluctuating interest rates on rate sensitive assets and liabilities. For earning perspective, Traditional Gap Analysis (TGA) and for economic value perspective, Duration Gap Analysis (DGA) is carried out to assess the interest rate risk at monthly intervals on both trading book and banking book for domestic and overseas operations, as per RBI guidelines. As per ALM Policy, prudential limits have been fixed for impact on Net Interest Income (NII), Net Interest Margin (NIM), Duration gap and Market Value of Equity for the bank. Moreover,

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

behavioral studies are also being done for assessing and apportioning volatile and core portion of various non-maturity products of both assets and liabilities.

Earning Approach

Since, in case of banks, interest income comprises major part of the income, a standardized rate shock analysis for upward or downward rate movement on the Gap statement is done. Accordingly, Earning at Risk (EaR) for different rate shocks is done to assess the impact on Net Interest Income (NII) of the bank due to adverse movement of rate of interest.

9.2 Economic Value Approach

The economic value approach involves analyzing the impact on the capital funds due to change in interest rate by 200 bps using Duration Gap Approach. It assesses the intrinsic values of assets and liabilities from time to time thereby improving banks insight into the profile of assets and liabilities vis-a vis contractual rate and market rate. As a prudential measure, a limit has been fixed for net duration gap of the assets and liabilities and the same is monitored at regular interval.

Quantitative Disclosures:

(b)

Earning at Risk: The table reveals the impact of 50 bps adverse change in interest rate on Net Interest Income (NII).

Change in interest rate	Estimated impact on NII due to adverse change in rate of interest up to 1 year
50 bps	Rs. 11303.17 Million

Economic Value of Equity: The table reveals the impact on Economic Value of Equity for an assumed rate shock of 200 bps on the banking book as at 30.09.2023.

Change in Economic value of Equity	200 bps
	Rs. 64619.79 Million

Table DF-10: General Disclosure for Exposures Related to Counterparty Credit Risk

Qualitative Disclosures:

(a)

The Bank uses derivatives products for hedging its own balance sheet items as well as for trading purposes. The risk management of derivative operation is headed by a senior executive, who reports to top management, independent of the line functions. Trading positions are marked to market on daily basis.

The derivative policy is framed by Integrated Risk Management Division, which includes measurement of credit risk and market risk.

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

The hedge transactions are undertaken for balance sheet management. Proper system for reporting and monitoring of risks are in place. Policy for hedging and processes for monitoring the same is in place.

Accounting policy for recording hedge and non-hedge transactions are in place, which includes recognition of income, premiums and discounts.

Valuation of outstanding contracts, provisioning, collateral and credit risk mitigation are being done.

Quantitative Disclosures:
(b)

Exposure of Counterparty Credit Risk			
Item	Notional Amount	Current Credit Exposure	Exposure at Default under Current Exposure Method or Exposure amount under CEM Method
Cross CCY Interest Rate Swaps	0.00	0.00	0.00
Forward Rate Agreements	0.00	0.00	0.00
Foreign exchange Contracts & Exchange traded Currency Futures	3632501.64	17134.53	94119.72
Single CCY Interest Rate Swaps	1816835.59	129.64	6215.31
Interest Rate Futures	0.00	0.00	0.00
Credit Default Swaps	0.00	0.00	0.00

Table DF-11 :Composition of Capital (Consolidated)			(Rs. in million)
Basel III common disclosure template to be used from March 31, 2017			
Common Equity Tier 1 capital: instruments and reserves			Ref No
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	482407.28	(A)
2	Retained earnings	4744.76	
3	Accumulated other comprehensive income (and other reserves)	445566.93	
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies ¹)	0.00	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	2516.20	
6	Common Equity Tier 1 capital before regulatory adjustments	935235.16	
Common Equity Tier 1 capital: regulatory adjustments			

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

Table DF-11 :Composition of Capital (Consolidated)		(Rs. in million)	
7	Prudential valuation adjustments	1530.00	
8	Goodwill (net of related tax liability)	0.00	
9	Intangibles (net of related tax liability)	1750.33	(L) (i)
10	Deferred tax assets (Losses)	0.00	
11	Cash-flow hedge reserve	0.00	
12	Shortfall of provisions to expected losses	0.00	
13	Securitisation gain on sale	0.00	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0.00	
15	Defined-benefit pension fund net assets	465.70	
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	0.00	
17	Reciprocal cross-holdings in common equity	10248.30	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	0.00	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	23163.57	
20	Mortgage servicing rights (amount above 10% threshold)	0.00	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	149681.00	
22	Amount exceeding the 15% threshold	0.00	
23	of which: significant investments in the common stock of financial entities	0.00	
24	of which: mortgage servicing rights	0.00	
25	of which: deferred tax assets arising from temporary differences	0.00	
26	National specific regulatory adjustments (26a+26b+26c+26d)	0.00	
26 a	of Which : Investments in the equity capital of the unconsolidated insurance subsidiaries.	0.00	
26 b	of Which : Investments in the equity capital of the unconsolidated non-financial subsidiaries.	150.00	
26 c	of Which : Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	3720.90	
26 d	Of which : Unamortized Pension funds expenditures	0.00	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0.00	
28	Total regulatory adjustments to Common equity Tier 1	190709.80	
29	Common Equity Tier 1 capital (CET1)	744525.37	
Additional Tier 1 capital: instruments			

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

Table DF-11 :Composition of Capital (Consolidated)		(Rs. in million)	
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	0.00	
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	0.00	
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	0.00	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	131800.00	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	471.80	
35	of which: instruments issued by subsidiaries subject to phase out	0.00	
36	Additional Tier 1 capital before regulatory adjustments	132271.80	
Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	0.00	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	1890.20	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	511.20	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0.00	
41	National specific regulatory adjustments (41a+41b)	0.00	
41 a	of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	0.00	
41 b	of which: Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	0.00	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	0.00	
43	Total regulatory adjustments to Additional Tier 1 capital	2401.40	
44	Additional Tier 1 capital (AT1)	129870.40	
45	Tier 1 capital (T1 = CET1 + AT1) (29 + 44)	874395.77	
Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	0.00	
47	Directly issued capital instruments subject to phase out from Tier 2	159030.00	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	629.10	
49	of which: instruments issued by subsidiaries subject to phase out	0.00	
50	Provisions + Reserves	62803.94	
51	Tier 2 capital before regulatory adjustments	222463.04	
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	522.60	

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

Table DF-11 :Composition of Capital (Consolidated)		(Rs. in million)	
53	Reciprocal cross-holdings in Tier 2 instruments	0.00	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	990.50	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0.00	
56	National specific regulatory adjustments (56a+56b)	0.00	
56 a	Of which : Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	0.00	
56 b	of Which : Shortfall in the Tier 2 Capital of majority owned financial entities which have not been consolidated with the Bank	0.00	
57	Total regulatory adjustments to Tier 2 capital	1513.10	
58	Tier 2 Capital (T2)	220949.94	
59	Total Capital (TC= T1+ Admissible T2) (45+58)	1095345.71	
60	Total Risk Weighted Assets (60a+60b+60c)	7237308.24	
60 a	of which: total credit risk weighted assets	5921225.30	
60 b	of which: total market risk weighted assets	594064.61	
60 c	of which: total operational risk weighted assets	722018.33	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	10.29%	
62	Tier 1 (as a percentage of risk weighted assets)	12.08%	
63	Total capital (as a percentage of risk weighted assets)	15.13%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	8.00%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical buffer requirement	0.00%	
67	of which: G-SIB buffer requirement	0.00%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	4.79%	
National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%	
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%	
Amounts below the thresholds for deduction(before risk weighting)			
72	Non-significant investments in the capital of other financial entities	0.00	

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

Table DF-11 :Composition of Capital (Consolidated)		(Rs. in million)	
73	Significant investments in the common stock of financial entities	14280.33	
74	Mortgage servicing rights (net of related tax liability)	Not applicable in India	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	97042.66	
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	46453.30	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	74015.32	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA	
Capital instruments subject to phase-out arrangements (Only applicable between March 31,2017 and March 31,2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	NA	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	NA	
82	Current cap on AT1 instruments subject to phase out arrangements	NA	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	NA	
84	Current cap on T2 instruments subject to phase out arrangements	NA	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	NA	

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

Notes to the Template

Row no of the template	Particular	(Rs. in million)
10	Deferred tax assets associated with accumulated losses	0.00
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	97042.66
	Total as indicated in row 10	0.00
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	0.00
	of which: increase in Common equity tier 1 capital	0.00
	of which: increase in Additional Tier 1 capital	0.00
	of which: increase in Tier 2 capital	0.00
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	0.00
	(i) Increase in Common Equity Tier 1 capital	0.00
	(ii) Increase in risk weighted assets	0.00
50	Eligible provisions included in Tier 2 capital	46453.30
	Eligible Revaluation Reserves included in Tier 2 capital	0.00
	Total of Row 50	62803.94

Table DF-12: Composition of Capital- Reconciliation Requirements (Step 1)

Rs. In million			
S. No.	Items	Balance sheet as in financial statements As on reporting date 30.09.2023	Balance sheet under regulatory scope of consolidation As on reporting date 30.09.2023
A	Capital & Liabilities		
i	Paid-up Capital	22022.03	22022.03
	Reserves & Surplus	1040329.24	1009915.06
	Minority Interest	5438.45	5438.45
	Total Capital	1067789.72	1037375.54
ii	Deposits	13182636.58	13182795.45
	of which: Deposits from banks	547189.69	547189.69
	of which: Customer deposits	12635446.89	12635605.76
	of which: Other deposits	0.00	0.00
iii	Borrowings	746658.15	746658.15
	of which: From RBI	0	0
	of which: From banks	26356.53	26356.53
	of which: From other institutions & agencies	285286.84	285286.84
	of which: Others (From outside India)	59120.75	59120.75

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

	of which: Capital instruments	375894.05	375894.03
iv	Other liabilities & provisions	319644.05	319615.56
	Total	15316728.50	15286444.70
B	Assets		
i	Cash and balances with Reserve Bank of India	630557.91	630557.91
	Balance with banks and money at call and short notice	417374.86	417374.86
ii	Investments:	4442739.97	4412213.97
	of which: Government securities	3949712.51	3949712.6
	of which: Other approved securities	1.50	1.50
	of which: Shares	31736.01	31736.01
	of which: Debentures & Bonds	345477.03	345477.03
	of which: Subsidiaries / Joint Ventures / Associates	53757.60	23231.59
	of which: Others (Commercial Papers, Mutual Funds etc.)	62055.32	62055.24
iii	Loans and advances	8964959.00	8964959.00
	of which: Loans and advances to banks	162064.63	162064.63
	of which: Loans and advances to customers	8802894.37	8802894.37
iv	Fixed assets	119652.37	119648.19
v	Other assets	741444.39	741690.77
	of which: Goodwill and intangible assets	1751.47	1751.45
	of which: Deferred tax assets	241959.50	241959.28
vii	Debit balance in Profit & Loss account	0.00	0.00
	Total Assets	15316728.50	15286444.70

Table DF-12: Composition of Capital- Reconciliation Requirements (Step 2)
(Rs. In million)

S. No.	Items	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref. No.
		As on reporting date 30.09.2023	As on reporting date 30.09.2023	
A	Capital & Liabilities			
	Paid-up Capital	22022.03	22022.03	(A)
	of which : Amount eligible for CET 1	22022.03	22022.03	(A) (i)
	of which : Amount eligible for AT1	0.00	0.00	(A) (ii)
	Reserves & Surplus	1040329.24	1009915.06	(B)
	of which : Amount eligible for CET 1	983928.54	953514.36	(B) (i)

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

	Stock surplus (share premium)	460385.25	460385.25	(B) (ii)
	Statutory reserves	161605.00	161605.00	(B) (iii)
	Other reserves	37337.45	37314.67	(B) (iv)
	Capital reserves representing surplus arising out of sale proceeds of assets	167557.25	167557.25	(B) (v)
	Balance in Profit & Loss Account at the end of the previous financial year	32800.30	4744.77	(B) (vi)
	Current Financial Year Profit, to the extent admissible	31847.82	29511.95	(B) (vii)
	Revaluation Reserves (taken @ discount of 55% in capital)	83717.18	83717.18	(B) (viii)
	Foreign Currency Translation Reserve (taken @ discount of 25% in capital)	8678.29	8678.29	(B) (ix)
	of which : Amount eligible for Tier 2	20214.10	20214.10	(B) (x)
	Investment Reserve	3863.45	3863.45	(B) (xi)
	Investment Fluctuation Reserve	16350.65	16350.65	(B) (xii)
	Minority Interest	5438.40	5438.40	(C)
	Total Capital	1067789.67	1037375.54	(D)
	Deposits	13182636.58	13182795.45	(E)
ii	of which: Deposits from banks	547189.69	547189.69	(E) (i)
	of which: Customer deposits	12635446.89	12635605.76	(E) (ii)
	of which: Other deposits (pl. specify)	0.00	0.00	(E) (iii)
iii	Borrowings	746658.15	746658.15	(F)
	of which: From RBI	0.00	0.00	(F) (i)
	of which: From banks	26356.53	26356.53	(F) (ii)
	of which: From other institutions & agencies	285286.84	285286.84	(F) (iii)
	of which: Others (pl. specify)	59120.75	59120.75	(F) (iv)
	of which: Capital instruments	375894.03	375894.03	(F) (v)
	(a) Eligible for AT1 Capital	131800.00	131800.00	F(vi)
	(b) Eligible for Tier 2 Capital	216094.03	216094.03	F(vii)
iv	Other liabilities & provisions	319644.05	319615.56	(G)
	of which DTLs related to goodwill	0.00	0.00	(G) (i)
	of which DTLs related to intangible assets	0.00	0.00	(G) (ii)
	Total	15316728.50	15286444.70	

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

B	Assets			
i	Cash and balances with Reserve Bank of India	630557.91	630557.91	(H) (i)
	Balance with banks and money at call and short notice	417374.86	417374.86	(H) (ii)
ii	Investments	4442739.97	4412213.97	(I)
	of which: Government securities	3949712.51	3949712.60	(I) (i)
	of which : Other approved securities	1.50	1.50	(I) (ii)
	of which: Shares	31736.01	31736.01	(I) (iii)
	of which: Debentures & Bonds	345477.03	345477.03	(I) (iv)
	of which: Subsidiaries / Joint Ventures/Associates	53757.60	23231.59	(I) (v)
	of which: Others (Commercial Papers, Mutual Funds etc.)	62055.32	62055.24	(I) (vi)
iii	Loans and advances	8964959.00	8964959.00	(J)
	of which: Loans and advances to banks	162064.63	162064.63	(J) (i)
	of which: Loans and advances to customers	8802894.37	8802894.37	(J) (ii)
iv	Fixed assets	119652.37	119648.19	(K)
v	Other assets	741444.38	741690.77	(L)
	of which : Goodwill and intangible assets, out of which :	1751.47	1751.45	(L) (i)
	Goodwill	0.00	0.00	(L) (i)
	Other intangibles (excluding MSRs)	0.00	0.00	(L) (i)
	Deferred tax assets	241959.50	241959.28	(L) (i)
vi	Debit balance in Profit & Loss accounts	0.00	0.00	(N)
	Total Assets	15316728.50	15286444.70	

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

TABLE DF 13 - Main Features of Regulatory Capital instruments

TABLE DF – 14: Full Terms and Conditions of Regulatory Capital Instruments of PNB Bonds

These disclosures i.e. DF 13 and DF 14 have been uploaded on the Bank's website i.e. www.pnbindia.in>Regulatory Disclosures>Basel III Disclosures>Financial year 2023-2024

Weblink: (<https://www.pnbindia.in/Basel-III-Disclosures.html>)

TABLE DF 15 – Disclosure Requirements for Remuneration

Not applicable, as Private sector and foreign banks operating in India are mandated to make this disclosure.

TABLE DF-16: Equities – Disclosure for Banking Book Positions			
Qualitative Disclosures			
1	The general qualitative disclosure requirement with respect to market risk is given in para 2.2 of this disclosure. Further, additional details includes:		
	• Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and	All Equity HTM investments are in Foreign and Indian subsidiaries, Joint Venture, Associates & Regional Rural Banks. These are strategic in nature.	
	• Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.	Accounting and Valuation policies for securities held under HTM category are detailed under schedule 17 of Bank's Annual report for FY 2022-23	
Quantitative Disclosures			(Rs. in million)
		BOOK VALUE 30.09.2023	FAIR VALUE 30.09.2023
1	Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.	46813.97	99828.47
	Of which Publicly quoted share values where the share price is materially different from fair value.	10286.60	61312.83
2	The types and nature of investments including the amount that can be classified as:		
	• Publicly traded	10286.60	61312.83

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

TABLE DF-16: Equities – Disclosure for Banking Book Positions			
	Fls (IFCI)	34.02	82.94
	Associates (In India) PNB HFL	9502.46	50639.09
	Subsidiaries(In India) PNB GILTS LTD	750.00	10590.67
	Fin Corp(GUJRAT STATE FINANCIAL COR-NSLR)	0.12	0.13
	• Privately held.	36527.38	38515.63
	Financial Corporation Except Gujrat State Financial Cor	11.56	0.53
	JVs (Outside India)	266.44	6098.70
	Associates (outside india)	3415.88	0.00
	Associates (In India) Except PNB HFL	2394.00	7574.59
	RRBs	13360.90	9416.96
	Subsidiaries(In India) Except PNB Gilts	350.00	647.05
	Subsidiaries(Outside India)	15720.96	14479.08
	Others (Central Warehousing)	7.63	298.71
	The cumulative realised gains (losses) arising from sales and liquidations in the reporting period (01.04.2023 to 30.09.2023)	NIL	NIL
3	Total unrealised gains (losses) ¹³	NIL	NIL
4	Total latent revaluation gains (losses) ¹⁴	NIL	NIL
5	Any amounts of the above included in Tier 1 and/or Tier 2 capital.	Significant Investment is recognised in the CET1 capital up to 10% of a bank's CET1 capital (after all adjustments from 4.4.1 to 4.4.9.2 C (ii) except DTA(TD) & SI) but taken together not exceed 15% of the CET1 capital (after all adjustments from 4.4.1 to 4.4.9.2 C (ii)) in terms of RBI master circular no. DOR.CAP.REC.15/21.06.201/2023-24 dated May 12, 2023 on Basel III Capital Regulations	
6	Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory transition or grandfathering provisions regarding regulatory capital requirements.	NA	NA

13 Unrealised gains (losses) recognised in the balance sheet but not through the profit and loss account.

14 Unrealised gains (losses) not recognised either in the balance sheet or through the profit and loss account

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

Table DF 17 - Summary comparison of accounting assets vs. leverage ratio exposure measure		
	Item	(Rs. In Million)
1	Total consolidated assets as per published financial statements	15316728.50
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purpose but outside the scope of regulatory consolidation	(30283.80)
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	0.00
4	Adjustments for derivative financial instruments	100335.04
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	5007.86
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	834626.00
7	Other adjustments	(205697.20)
8	Leverage ratio exposure	16020716.40

DF-18 Leverage ratio common disclosure template		
	Item	Leverage Ratio Framework (Rs. In millions)
On-balance sheet exposures		
1.	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	15281436.80
2.	(Asset amounts deducted in determining Basel III Tier 1 capital)	(200689.34)
3.	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	15080747.46
Derivative exposures		
4.	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	17264.17
5.	Add-on amounts for PFE associated with all derivatives transactions	83070.87
6.	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0.00
7.	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0.00
8.	(Exempted CCP leg of client-cleared trade exposures)	0.00
9.	Adjusted effective notional amount of written credit derivatives	0.00
10.	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0.00
11.	Total derivative exposures (sum of lines 4 to 10)	100335.04
Securities financing transaction exposures		
12.	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	77645.89
13.	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(72638.03)

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

14. CCR exposure for SFT assets	0.00
15. Agent transaction exposures	0.00
16. Total securities financing transaction exposures (sum of lines 12 to 15)	5007.86
Other off-balance sheet exposures	
17. Off-balance sheet exposure at gross notional amount	3193776.51
18. (Adjustments for conversion to credit equivalent amounts)	(2359150.51)
19. Off-balance sheet items (sum of lines 17 and 18)	834626.00
Capital and total exposures	
20. Tier 1 capital	874395.77
21. Total exposures (sum of lines 3, 11, 16 and 19)	16020716.40
Leverage ratio	
22. Basel III leverage ratio (per cent)	5.46%

Regulatory disclosures in respect of computation of leverage ratio:

(Rs. in million)

Item	30.09.2022	31.12.2022	31.03.2023	30.06.2023	30.09.2023
Capital Measure	671021.10	687941.70	747035.90	845516.33	874395.77
Exposure Measure	14607234.71	14889809.68	15672476.35	15854208.94	16020716.40
Leverage Ratio	4.59%	4.62%	4.77%	5.33%	5.46%

Industry type fund based exposures on Standalone basis is as under:

(Rs. in million)

Industry Name	Amount
A. Mining and Quarrying	18321.42
A.1 Coal	11063.97
A.2 Others	7257.45
B. Food Processing	237528.17
B.1 Sugar	29325.01
B.2 Edible Oils and Vanaspati	26423.31
B.3 Tea	10405.55
B.4 Coffee	143.87
B.5 Others	171230.43
C. Beverages (excluding Tea & Coffee) and Tobacco	2922.97
C.1 Tobacco and tobacco products	278.56
C.2 Others	2644.41
D. Textiles	156959.24
D.1 Cotton	47213.47
D.2 Jute	629.36
D.3 Man-made	21422.43
D.4 Others	87693.98
E. Leather and Leather products	15449.04
F. Wood and Wood Products	12398.16
G. Paper and Paper Products	32642.51
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	218160.78
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	81505.58

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

I.1 Fertilizers	2035.80
I.2 Drugs and Pharmaceuticals	24465.59
I.3 Petro-chemicals (excluding under Infrastructure)	22659.47
I.4 Others	32344.72
J. Rubber, Plastic and their Products	56487.37
K. Glass & Glassware	11583.80
L. Cement and Cement Products	28892.44
M. Basic Metal and Metal Products	275859.91
M.1 Iron and Steel	237396.80
M.2 Other Metal and Metal Products	38463.11
N. All Engineering	87530.50
N.1 Electronics	25049.90
N.2 Others	62480.60
O. Vehicles, Vehicle Parts and Transport Equipments	15415.67
P. Gems and Jewellery	59683.34
Q. Construction	34532.23
R. Infrastructure	1299376.75
R.1 Energy	598917.73
R.2 Transport	499106.05
R.3 Communication	131413.19
R.4 Others	69939.78
S. Other Industries	658056.96
All Industries (A to S)	3303306.84
T. Residuary other advances	7730954.12
TOTAL Fund Based (Domestic+ Overseas) exposure	11034260.95

Industry where Fund-Based Exposure on Standalone basis is more than 5% of Gross Fund Based Exposure:

(Rs. in million)

S. No.	Industry Name	Amount
1	Energy (Infrastructure)	598917.73

Industry type Non Fund exposure on Standalone basis is as under:

(Rs. in million)

Industry Name	Amount
A. Mining and Quarrying	2626.90
A.1 Coal	2335.94
A.2 Others	290.96
B. Food Processing	36785.97
B.1 Sugar	2366.12
B.2 Edible Oils and Vanaspati	13500.04
B.3 Tea	858.94
B.4 Coffee	0.00
B.5 Others	20060.87
C. Beverages (excluding Tea & Coffee) and Tobacco	67.82
C.1 Tobacco and tobacco products	0.00
C.2 Others	67.82
D. Textiles	44915.85

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.09.2023

Industry Name	Amount
D.1 Cotton	13057.23
D.2 Jute	6.30
D.3 Man-made	4541.87
D.4 Others	27310.46
E. Leather and Leather products	919.43
F. Wood and Wood Products	2835.26
G. Paper and Paper Products	6090.17
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	4506.76
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	20845.13
I.1 Fertilizers	2.20
I.2 Drugs and Pharmaceuticals	4027.52
I.3 Petro-chemicals (excluding under Infrastructure)	7034.50
I.4 Others	9780.91
J. Rubber, Plastic and their Products	30835.70
K. Glass & Glassware	3385.11
L. Cement and Cement Products	2240.08
M. Basic Metal and Metal Products	143380.26
M.1 Iron and Steel	136355.75
M.2 Other Metal and Metal Products	7024.51
N. All Engineering	98949.39
N.1 Electronics	25919.28
N.2 Others	73030.11
O. Vehicles, Vehicle Parts and Transport Equipment's	2853.23
P. Gems and Jewellery	5105.34
Q. Construction	63182.23
R. Infrastructure	223999.97
R.1 Energy	74352.56
R.2 Transport	81233.76
R.3 Communication	12201.00
R.4 Others	56212.65
S. Other Industries, pl. specify	38270.88
All Industries (A to S)	731795.45
T. Residuary other advances	466285.79
TOTAL Non-Fund Based (Domestic+ Overseas) Exposure	1198081.24

Industry where Non- Fund based Exposure on Standalone basis is more than 5% of Gross Non-Fund based Exposure:

(Rs. in million)

S. No.	Industry Name	Amount
1.	Iron & Steel	136355.75
2.	Energy	74352.56
3.	Transport	81233.76
4.	Construction	63182.23