

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

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 31.03.2023

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 31.03.2023

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 31.03.2023

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 31.03.2023

(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	12639.42	205464.13
PNB Investment Services Ltd. (India)	Merchant Banking, Corporate Advisory & Debenture Trustee & Security Trustee	486.28	499.74
Punjab National Bank (International) Ltd. (U.K.)	Banking	7886.93	81874.04
Druk PNB Bank Ltd. (Bhutan)	Banking	2686.45	33123.08

*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	13530.65	23%	Insignificant impact with either method
PNB Metlife India Insurance Company Ltd (India)	Life Insurance/ Bancassurance	20171.18	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 31.03.2023

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

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

future strategies. As such, the credit policy deals with short term implementation 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.

- 2.1.3 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.

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

For monitoring the health of borrowal accounts at regular intervals, Bank has put in place a tool called PNB SAJAG - Early Warning Signal + Preventive 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 Signal (EWS) and Intelligent Transaction Monitoring System (ITMS), i.e. PNB SAJAG 2.0, covering 133 early warning signals, for the purpose of monitoring 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 an inbuilt alert closure mechanism, time-based mechanism for alert closure, alert escalation mechanism, independent alert closure review mechanism, intuitive dashboard and a separate RBI EWS score-dial.

- 2.1.4 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.
- 2.1.5 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.
- 2.1.6 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.
- 2.1.7 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 31.03.2023

- 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 31.03.2023

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, Scenario Analyses and used the same for root cause analyses, Operational Risk Management and Measurement. Certain information collected and published by Control Units like Inspection & Audit Division, Management Audit & Review 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 Organisational 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 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 31.03.2023

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:

- Operational Risk Management (ORM) policy
- Policy for Business Continuity Plan (BCP)
- Policy for Approval of New Product (SoP, Risk Description Charts, Review etc.)
- Policy for Outsourcing of Financial Services
- Loss Data Collection Framework
- 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.
- Business Line Mapping Framework as per Basel defined 8 Business Lines and 7 Loss Event Types.
- 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	642742.11
Securitization exposures	0.00

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

(Rs. in millions)

Risk Category	Amount
i) Interest Rate Risk	22931.82
ii) Foreign Exchange Risk (including Gold)	1028.38
iii) Equity Risk	9569.10
iv) CDS	0.00
Total capital charge for market risks under Standardized duration approach (i + ii + iii + iv)	33529.30

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

(d) Capital requirement for operational risk:

(Rs. in millions)

Capital requirement for operational risk	Amount
i) Basic indicator approach	57182.61
ii) The Standardized approach (if applicable)	NA

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

Particulars	Standalone	Consolidated
Common equity Tier 1 Capital ratio	11.22%	11.24%
Tier 1 Capital ratio	12.69%	12.73%
Total Capital ratio (CRAR)	15.50%	15.54%

For Significant Bank Subsidiaries:

Name of subsidiary	Common equity Tier 1 Capital ratio	Tier 1 Capital ratio	Total Capital ratio (CRAR)
PNB Gilts Ltd	21.98%	21.98%	21.98%
Punjab National Bank (International) Ltd.	9.63%	14.17%	20.09%
PNB Investment Services Ltd.	NA	NA	NA
Druk PNB Bank Ltd.	13.40%	13.40%	14.88%

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

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

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 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 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	10372501.50
Non Fund Based exposure	1105430.35
Total gross credit risk exposure	11477931.85

(c) The geographic distribution of exposures:

(Rs. in millions)

Category	Overseas	Domestic
Fund Based exposure	498339.63	9874161.87
Non Fund Based exposure	56.94	1105373.41
Total gross credit risk exposure	498396.57	10979535.28

(d) Industry type distribution of exposures

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

(Rs. in millions)

Industry Name	Standalone	Consolidated
A. Mining and Quarrying	19994.05	21336.59
A.1 Coal	12009.13	13167.94
A.2 Others	7984.92	8168.65
B. Food Processing	239956.03	241251.73

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

Industry Name	Standalone	Consolidated
B.1 Sugar	49963.86	49963.86
B.2 Edible Oils and Vanaspati	24533.62	24533.62
B.3 Tea	9317.28	9317.28
B.4 Coffee	112.76	112.76
B.5 Others	156028.51	157324.21
C. Beverages (excluding Tea & Coffee) and Tobacco	5157.25	5868.22
C.1 Tobacco and tobacco products	280.68	991.64
C.2 Others	4876.57	4876.58
D. Textiles	158469.52	158890.81
D.1 Cotton	49303.75	49303.75
D.2 Jute	900.20	900.20
D.3 Man-made	21368.88	21368.88
D.4 Others	86896.69	87317.98
E. Leather and Leather products	15003.79	15003.79
F. Wood and Wood Products	12368.93	12713.89
G. Paper and Paper Products	32497.51	32509.69
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	257778.61	258792.93
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	78939.20	79894.53
I.1 Fertilizers	3106.25	3106.25
I.2 Drugs and Pharmaceuticals	17727.25	18567.81
I.3 Petro-chemicals (excluding under Infrastructure)	23501.63	23616.41
I.4 Others	34604.07	34604.06
J. Rubber, Plastic and their Products	57206.28	57206.28
K. Glass & Glassware	11432.57	11432.57
L. Cement and Cement Products	25684.93	25684.93
M. Basic Metal and Metal Products	277194.09	279520.14
M.1 Iron and Steel	239124.25	239974.27
M.2 Other Metal and Metal Products	38069.84	39545.87
N. All Engineering	85782.61	85786.92
N.1 Electronics	25950.90	25955.21
N.2 Others	59831.71	59831.71
O. Vehicles, Vehicle Parts and Transport Equipments	17380.17	18386.02
P. Gems and Jewellery	88302.02	89757.93
Q. Construction	45799.71	50747.20
R. Infrastructure	1234321.20	1240220.83
R.1 Energy	553604.89	554997.25
R.2 Transport	507448.56	511689.93
R.3 Communication	89635.02	89900.92
R.4 Others	83632.73	83632.73
S. Other Industries	537564.91	597263.64
All Industries (A to S)	3200833.38	3282268.64
T. Residuary other advances	7095873.51	7090232.86
Total fund based (Domestic + Overseas) exposure	10296706.89	10372501.50

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

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

(Rs. in millions)

S.No.	Industry Name	Standalone	Consolidated
1	Energy (Infrastructure)	553604.89	554997.25

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

(Rs. in millions)

Industry Name	Standalone	Consolidated
A. Mining and Quarrying	3014.40	3014.40
A.1 Coal	2327.47	2327.47
A.2 Others	686.93	686.93
B. Food Processing	28502.68	28502.68
B.1 Sugar	3689.21	3689.21
B.2 Edible Oils and Vanaspati	7726.97	7726.97
B.3 Tea	157.30	157.30
B.4 Coffee	0.00	0.00
B.5 Others	16929.20	16929.19
C. Beverages (excluding Tea & Coffee) and Tobacco	220.44	221.09
C.1 Tobacco and tobacco products	0.00	0.65
C.2 Others	220.44	220.44
D. Textiles	27133.88	27133.88
D.1 Cotton	12607.41	12607.41
D.2 Jute	69.70	69.70
D.3 Man-made	5896.49	5896.49
D.4 Others	8560.28	8560.27
E. Leather and Leather products	2012.77	2012.77
F. Wood and Wood Products	2707.36	2714.19
G. Paper and Paper Products	5796.77	5796.77
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	6972.63	6972.63
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	19409.06	19425.54
I.1 Fertilizers	2.15	2.15
I.2 Drugs and Pharmaceuticals	3272.65	3289.13
I.3 Petro-chemicals (excluding under Infrastructure)	7034.82	7034.82
I.4 Others	9099.44	9099.43
J. Rubber, Plastic and their Products	6976.39	6976.39
K. Glass & Glassware	2265.47	2265.47
L. Cement and Cement Products	3065.42	3065.42
M. Basic Metal and Metal Products	135856.50	135856.58
M.1 Iron and Steel	132165.51	132165.51
M.2 Other Metal and Metal Products	3690.99	3691.07
N. All Engineering	87726.67	87763.86
N.1 Electronics	23241.77	23278.97

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

Industry Name	Standalone	Consolidated
N.2 Others	64484.90	64484.89
O. Vehicles, Vehicle Parts and Transport Equipment's	3965.89	3971.00
P. Gems and Jewellery	919.30	919.30
Q. Construction	32661.11	32926.19
R. Infrastructure	237364.12	237364.12
R.1 Energy	82969.16	82969.16
R.2 Transport	86298.86	86298.86
R.3 Communication	11800.75	11800.75
R.4 Others	56295.35	56295.35
S. Other Industries, pl. specify	43035.97	43092.92
All Industries (A to S)	649606.82	649995.18
T. Residuary other advances	452689.09	455435.17
Total non-fund based (Domestic + Overseas) exposure	1102295.91	1105430.35

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

(Rs. in millions)

S. No.	Industry Name	Standalone	Consolidated
1.	Iron & Steel	132165.51	132165.51
2.	Energy	82969.16	82969.16
3.	Transport	86298.86	86298.86

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

(Rs. in millions)

Maturity Pattern	Advances*	Investments (Gross)	Foreign Currency Assets
Next day	103701.77	13.75	122793.10
2 - 7 days	145365.18	11102.12	42689.55
8 -14 days	151460.08	25987.89	24245.37
15- 30 days	712053.24	29416.96	50488.85
31days - 2months	485703.86	50994.00	111998.02
Over 2 months & upto 3 Months	444772.05	23319.11	54991.32
Over 3 Months to 6 months	599215.88	31245.29	113323.17
Over 6 Months & upto 1 year	557307.42	99926.18	119817.50
Over 1Year & upto 3 Years	1722469.28	479033.31	212987.95
Over 3 Years & upto 5 Years	2236388.31	547758.02	152275.23
Over 5 Years	1216152.74	2938694.48	23543.17
Total	8374589.81	4237491.11	1029153.23

*Figures are shown on net basis.

(f) Amount of gross NPAs are:

(Rs. in millions)

Category	Amount
Sub Standard	122398.63
Doubtful – 1	102190.54

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

Doubtful – 2	181971.90
Doubtful – 3	150171.18
Loss	238194.39
Total NPAs (Gross)	794926.64

(g) Amount of Net NPAs are:

(Rs. in millions)

Particulars	Amount
Net NPA	226000.31

(h) The NPA Ratios are as under:

Particulars	Standalone	Consolidated
% of Gross NPAs to Gross Advances	8.74%	8.90%
% of Net NPAs to Net Advances	2.72%	2.70%

(i) Movement of gross NPAs are as under:

(Rs. in millions)

Particulars	Amount
i) Opening Balance at the beginning of the year	947397.81
ii) Additions during the period	160705.31
iii) Reductions during the period	313176.48
iv) Closing Balance at the end of the period (i + ii - iii)	794926.64

(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 31.03.2023
Provision for Standard Assets including derivatives	60326.76	25234.21	-7538.28	78022.69
Provision for NPAs	590825.72	187189.49	-218277.29	559737.98

The amount of recovery in write off accounts booked directly in income statement is Rs 65080.54 Million.

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

(Rs. in millions)

Particulars	Amount
Gross amount of non-performing investment	70748.53

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

(Rs. in millions)

Particulars	Amount
Amount of provision held for non-performing investment	67962.69

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

(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	74218.79
ii) Provisions made during the period	12787.39
iii) Write-off made during the period	9536.68
vi) Closing balance as at the end of the period (i + ii –iii)	49445.14

(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	43269.14	34637.24	7873.80	148.33
Textiles	17925.59	13810.71	2770.90	43.13
Basic Metal and Metal products	13839.19	8969.44	8607.92	721.04
All Engineering	8044.76	5280.26	5844.27	0.00
Gems and Jewellery	80983.69	80902.35	1418.61	2816.15
Infrastructure	40273.31	37164.09	50797.98	72.91
Rubber, plastic and their products	5670.36	2900.49	1034.90	156.82

(o) Geography-wise NPA and provisions

(Rs. in million)

Particulars	Overseas	Domestic	Total
Amount of Gross NPA	24847.52	770079.11	794926.64
General and Specific Provisions	24736.92	535001.06	559737.98

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 31.03.2023 circulated vide IRMD circular no. 03/2023 dated 19.01.2023 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

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

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

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	7599742.60
ii) 100% risk weight exposure outstanding	1756838.92
iii) More than 100% risk weight exposure outstanding	551357.14
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.

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

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.	336559.28
(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)	911983.18

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	22931.82
ii) Foreign Exchange Risk (including Gold)	1028.38
iii) Equity Risk	9569.10
iv) CDS	0.00
iv) Total capital charge for market risks under Standardized duration approach (i + ii + iii)	33529.30

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. 57182.61 Millions.

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

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, 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 NII.

Change in interest rate	Estimated impact on NII due to adverse change in rate of interest up to 1 year
50 bps	Rs.7481.16 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 31.03.2023.

Change in Economic value of Equity	200 bps
	Rs. 58183.47 Million

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

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.

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)

(Rs. in million)

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	5577116.79	25810.32	140800.73
Single CCY Interest Rate Swaps	1763242.94	55.28	5899.08
Interest Rate Futures	0.00	0.00	0.00
Credit Default Swaps	0.00	0.00	0.00

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

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) + (B) (ii)
2	Retained earnings	4744.76	
3	Accumulated other comprehensive income (and other reserves)	443230.18	
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies1)	0.00	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	1963.30	
6	Common Equity Tier 1 capital before regulatory adjustments	932345.52	
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	0.00	
8	Goodwill (net of related tax liability)	0.00	
9	Intangibles (net of related tax liability)	1988.86	(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	2071.80	
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	8598.40	
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)	17635.61	
20	Mortgage servicing rights (amount above 10% threshold)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	142513.78	
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	

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

Table DF-11 :Composition of Capital (Consolidated)		(Rs. in million)	
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	3587.10	
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	176545.55	
29	Common Equity Tier 1 capital (CET1)	755799.97	
Additional Tier 1 capital: instruments			
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	101800.00	(F) (vi)
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)	368.10	
35	of which: instruments issued by subsidiaries subject to phase out	0.00	
36	Additional Tier 1 capital before regulatory adjustments	102168.10	
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	1933.60	
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	

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

Table DF-11 :Composition of Capital (Consolidated)		(Rs. in million)	
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	2444.80	
44	Additional Tier 1 capital (AT1)	99723.30	
45	Tier 1 capital (T1 = CET1 + AT1) (29 + 44)	855523.27	
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	130130.00	
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)	503.70	
49	of which: instruments issued by subsidiaries subject to phase out	0.00	
50	Provisions + Reserves	59977.84	
51	Tier 2 capital before regulatory adjustments	190611.54	
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	532.60	
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)	975.50	
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	1508.10	
58	Tier 2 Capital (T2)	189103.44	
59	Total Capital (TC= T1+ Admissible T2) (45+58)	1044626.71	
60	Total Risk Weighted Assets (60a+60b+60c)	6722970.94	
60 a	of which: total credit risk weighted assets	5589061.87	

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

Table DF-11 :Composition of Capital (Consolidated)		(Rs. in million)	
60 b	of which: total market risk weighted assets	419116.52	
60 c	of which: total operational risk weighted assets	714792.55	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	11.24%	
62	Tier 1 (as a percentage of risk weighted assets)	12.73%	
63	Total capital (as a percentage of risk weighted assets)	15.54%	
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)	5.74%	
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	
73	Significant investments in the common stock of financial entities	12030.79	
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)	101051.13	
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)	43627.20	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	69863.27	
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	

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

Table DF-11 :Composition of Capital (Consolidated)		(Rs. in million)	
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	

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	101051.13
	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	43627.20
	Eligible Revaluation Reserves included in Tier 2 capital	0.00
	Total of Row 50	59977.84

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

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 31.03.2023	Balance sheet under regulatory scope of consolidation As on reporting date 31.03.2023
A	Capital & Liabilities		
i	Paid-up Capital	22022.03	22022.03
	Reserves & Surplus	1006782.99	978714.02
	Minority Interest	4593.77	4593.77
	Total Capital	1033398.79	1005329.82
ii	Deposits	12903470.73	12903634.58
	of which: Deposits from banks	542836.18	542836.18
	of which: Customer deposits	12360634.55	12360798.40
	of which: Other deposits	0.00	0.00
iii	Borrowings	701486.25	701486.25
	of which: From RBI	0.00	0.00
	of which: From banks	18693.58	18693.58
	of which: From other institutions & agencies	238031.85	238031.85
	of which: Others (From outside India & Long Term Infrastructure Bonds)	152766.79	152766.79
	of which: Capital instruments	291994.03	291994.03
iv	Other liabilities & provisions	298133.58	298129.32
	Total Liabilities	14936489.35	14908579.96
B	Assets		
i	Cash and balances with Reserve Bank of India	782135.25	782135.25
	Balance with banks and money at call and short notice	791149.61	791149.63
ii	Investments:	4169138.40	4140948.25
	of which: Government securities	3736309.18	3736309.18
	of which: Other approved securities	1.50	1.50
	of which: Shares	30615.92	30615.92
	of which: Debentures & Bonds	331538.39	331538.39
	of which: Subsidiaries / Joint Ventures / Associates	46419.24	18229.10
	of which: Others (Commercial Papers, Mutual Funds etc.)	24254.17	24254.16
iii	Loans and advances	8374589.78	8374589.82

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

	of which: Loans and advances to banks	150555.35	150555.35
	of which: Loans and advances to customers	8224034.43	8224034.47
iv	Fixed assets	120839.65	120836.86
v	Other assets	698636.67	698920.15
	of which: Goodwill and intangible assets	0.00	0.00
	of which: Deferred tax assets	239734.86	239734.53
vii	Debit balance in Profit & Loss account	0.00	0.00
	Total Assets	14936489.35	14908579.96

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 31.03.2023	As on reporting date 31.03.2023	
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	1006782.99	978714.02	(B)
	of which : Amount eligible for CET 1	986568.89	958499.92	(B) (i)
	Stock surplus (share premium)	460385.25	460385.25	(B) (ii)
	Statutory reserves	161522.38	161522.33	(B) (iii)
	Other reserves	71317.28	71303.86	(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	25385.44	5007.00	(B) (vi)
	Current Financial Year Profit, to the extent admissible	7414.86	-262.23	(B) (vii)
	Revaluation Reserves (taken @ discount of 55% in capital)	84551.24	84551.27	(B) (viii)

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

	Foreign Currency Translation Reserve (taken @ discount of 25% in capital)	8435.18	8435.18	(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	4593.77	4593.77	(C)
	Total Capital	1033398.79	1005329.82	(D)
ii	Deposits	12903470.73	12903634.58	(E)
	of which: Deposits from banks	542836.18	542836.18	(E) (i)
	of which: Customer deposits	12360634.55	12360798.40	(E) (ii)
	of which: Other deposits (pl. specify)	0.00	0.00	(E) (iii)
iii	Borrowings	701486.25	701486.25	(F)
	of which: From RBI	0.00	0.00	(F) (i)
	of which: From banks	18693.58	18693.58	(F) (ii)
	of which: From other institutions & agencies	238031.85	238031.85	(F) (iii)
	of which: Others (From outside India & Long Term Infrastructure Bonds)	152766.79	152766.79	(F) (iv)
	of which: Capital instruments	291994.03	291994.03	(F) (v)
	(a) Eligible for AT1 Capital	101800.00	101800.00	F(vi)
	(b) Eligible for Tier 2 Capital	190194.03	190194.03	F(vii)
iv	Other liabilities & provisions	298133.58	298129.32	(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 Liabilities	14936489.35	14908579.96	
B	Assets			
i	Cash and balances with Reserve Bank of India	782135.25	782135.25	(H) (i)
	Balance with banks and money at call and short notice	791149.61	791149.63	(H) (ii)
ii	Investments	4169138.40	4140948.25	(I)
	of which: Government securities	3736309.18	3736309.18	(I) (i)
	of which : Other approved securities	1.50	1.50	(I) (ii)
	of which: Shares	30615.92	30615.92	(I) (iii)
	of which: Debentures & Bonds	331538.39	331538.39	(I) (iv)
	of which: Subsidiaries / Joint Ventures/Associates	46419.24	18229.10	(I) (v)

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

	of which: Others (Commercial Papers, Mutual Funds etc.)	24254.17	24254.16	(I) (vi)
	Loans and advances	8374589.78	8374589.82	(J)
iii	of which: Loans and advances to banks	150555.35	150555.35	(J) (i)
	of which: Loans and advances to customers	8224034.43	8224034.47	(J) (ii)
iv	Fixed assets	120839.65	120836.86	(K)
	Other assets	698636.67	698920.15	(L)
	of which : Goodwill and intangible assets, out of which :	0.00	0.00	(L) (i)
v	Goodwill	0.00	0.00	(L) (i)
	Other intangibles (excluding MSRs)	0.00	0.00	(L) (i)
	Deferred tax assets	239734.86	239734.53	(L) (i)
vi	Debit balance in Profit & Loss accounts	0.00	0.00	(N)
	Total Assets	14936489.35	14908579.96	

TABLE DF 13 - Main Features of Regulatory Capital instruments

TABLE DF 14 - Full Terms and Conditions of Regulatory Capital Instruments

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 2022-2023

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 required to make this disclosure.

TABLE DF-16: Equities – Disclosure for Banking Book Positions		
Qualitative Disclosures		
1	The general qualitative disclosure requirement (Para 2.1 of this annex) with respect to equity risk, including:	
	• 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	Accounting and Valuation policies for securities held under HTM category are detailed under schedule 17 of Banks Half yearly Financial results

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

TABLE DF-16: Equities – Disclosure for Banking Book Positions			
	valuation as well as significant changes in these practices.		
Quantitative Disclosures		(Rs. in million)	
		BOOK VALUE 31.03.2023	FAIR VALUE 31.03.2023
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.	41098.19	71551.84
	Of which Publicly quoted share values where the share price is materially different from fair value.	5299.10	35839.63
2	The types and nature of investments including the amount that can be classified as:	0.00	0.00
	• Publicly traded	5299.10	35839.63
	Fls (IFCI)	34.02	33.34
	Associates (In India) PNB HFL	4514.96	28179.55
	Subsidiaries(In India) PNB GILTS LTD	750.00	7626.67
	Fin Corp(GUJRAT STATE FINANCIAL COR-NSLR)	0.12	0.07
	• Privately held.	35799.10	35712.21
	Financial Corporation Except Gujrat State Financial Cor	11.56	0.53
	JVs (Outside India)	266.44	5272.21
	Associates (outside india)	3415.88	0.00
	Associates (In India) Except PNB HFL	2394.00	7222.43
	RRBs	13360.90	9416.96
	Subsidiaries(In India) Except PNB Gilts	350.00	617.50
	Subsidiaries(Outside India)	15992.68	12885.57
	Others (Central Warehousing)	7.63	297.01
	The cumulative realised gains (losses) arising from sales and liquidations in the reporting period (01.04.2022 to 31.03.2023)	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))	

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

TABLE DF-16: Equities – Disclosure for Banking Book Positions			
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

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	14936489.35
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purpose but outside the scope of regulatory consolidation	(27909.39)
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	199013.81
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	830.87
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	765695.90
7	Other adjustments	(201644.19)
8	Leverage ratio exposure	15672476.35

DF-18 Leverage ratio common disclosure template		(Rs. in millions)
	Item	Leverage Ratio Framework
On-balance sheet exposures		
1.	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	14907749.09
2.	(Asset amounts deducted in determining Basel III Tier 1 capital)	(200813.32)
3.	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	14706935.77
Derivative exposures		
4.	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	26334.19

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 31.03.2023

DF-18 Leverage ratio common disclosure template		(Rs. in millions)
5. Add-on amounts for PFE associated with all derivatives transactions		172679.62
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)		199013.81
Securities financing transaction exposures		
12. Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions		231407.51
13. (Netted amounts of cash payables and cash receivables of gross SFT assets)		(230576.64)
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)		830.87
Other off-balance sheet exposures		
17. Off-balance sheet exposure at gross notional amount		2826083.74
18. (Adjustments for conversion to credit equivalent amounts)		(2060387.84)
19. Off-balance sheet items (sum of lines 17 and 18)		765695.90
Capital and total exposures		
20. Tier 1 capital		747035.90
21. Total exposures (sum of lines 3, 11, 16 and 19)		15672476.35
Leverage ratio		
22. Basel III leverage ratio (per cent)		4.77%

Regulatory disclosures in respect of computation of leverage ratio:

(Rs. in million)					
Item	31.03.2022	30.06.2022	30.09.2022	31.12.2022	31.03.2023
Capital Measure	613282.24	645685.30	671021.10	687941.70	747035.90
Exposure Measure	14223890.18	14046231.01	14607234.71	14889809.68	15672476.35
Leverage Ratio	4.31%	4.60%	4.59%	4.62%	4.77%