

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.06.2024

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 30.06.2024

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 30.06.2024

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 30.06.2024

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 30.06.2024

(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	14072.43	233320.03
PNB Investment Services Ltd. (India)	Merchant Banking, Corporate Advisory & Debenture Trustee & Security Trustee	516.31	679.55
Punjab National Bank (International) Ltd. (U.K.)	Banking	9260.60	83590.91
Druk PNB Bank Ltd. (Bhutan)	Banking	4314.12	32191.86

*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	14375.80	23%	Insignificant impact with either method
PNB Metlife India Insurance Company Ltd (India)	Life Insurance/ Bancassurance	17831.50	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 30.06.2024

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

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.06.2024

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 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 and 500 crores respectively have 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 (previously the minimum threshold for considering Internal Risk Ratings was above Rs.50 Lacs). Bank is undertaking periodic validation exercise of its rating models and also conducting migration of Internal Risk Ratings and default rate analysis to test robustness of its internal risk 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

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.06.2024

arrangement with NBFCs, digital lending & credit cards and these are placed within the portals being utilized for these products/ arrangements.

To strengthen the credit monitoring landscape, Bank has implemented a new Early Warning system i.e., PNB SAJAG 2.0, a fully digitized and automated Early Warning Signal (EWS), which monitors all eligible borrowal accounts through 133 early warning signals (including 42 EWS prescribed by RBI and 85 EWS prescribed by DFS), powered by automated continuous flow of both internal and external data.

In addition to these 133 alerts, PNB SAJAG 2.0 also incorporates 27 overrides, to highlight certain critical risk parameters, which if invoked, escalates the EWS score of the borrower to pre-defined levels. These 133 alerts have been categorized into 4 severity categories, viz. Critical, High, Medium and Low, and timelines for closure of alerts falling under each of these categories have been prescribed.

PNB SAJAG 2.0 also displays last 5-year financials, key ratios, list of suspicious transactions, round-tripping transactions, transactions with suppliers and clients, any cases pending in NCLT, etc. for each borrower. Further, the system also provides intuitive graphical time charts for trends in key risk factors such as transaction count, Drawing Power, Key financial ratios, etc. to provide a 360-degree view on the borrower.

- 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 half yearly basis to analyze mix of quality of assets etc.
- 2.1.7 The bank has implemented the Standardized Approach of credit risk for RWA computation as per RBI extant 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

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.06.2024

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 the PD (Probability of Default) 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.
- 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.
- 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.
- For Low Default Portfolios, separate model has been deployed and PD is being estimated based on the same, tailored to the unique characteristics of these portfolios. Additionally, Bank has also developed Exposure at Default Model for corporates asset class-based utilizing internally estimated conversion factors to account for the undrawn portion of credit limits.

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

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.06.2024

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 a robust Board approved Operational Risk Management 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.

First line of defence are 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 analyse 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, Transaction Monitoring Division and Security Department etc. are used to identify, control, monitor and mitigate the operational risk at Bank wide level.

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.06.2024

Third line of defence is Inspection & Audit Division which is 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 other EDs and CGMs / GMs of various divisions as members, is the Executive level committee to oversee the operational risk, responses to risk issues and the adequacy and effectiveness of controls within operational risk control area. Operational Risk Management Committee (ORMC) reports to Risk Management Committee (**RMC**) and **Board**. Risk Management Committee (RMC) is a sub-committee of the Board which oversees the overall risk management of the bank.

An independent Operational Risk Management Department (**ORMD**) is a sub-division under Integrated Risk Management Division headed by Group Chief Risk Officer. ORMD is responsible for implementation of ORM Policies for ensuring a strong ORM culture and effective operational risk management across the Bank. It works in co-ordination with the business divisions, control divisions and all other functions of the bank.

With increasing digitization and role of IT in banking operation, the bank has set up IT risk vertical under ORMD to effectively identify, assess, monitor and address ICT risk and build IT operational resilience in the bank.

To address risk and control in product and process, the Bank has a product approval policy. All the product/processes are routed through System and Product Approval Committee of Executives (**SPACE**). The policy defines the roles and responsibilities of First, Second and Third line of defence to establish effective governance for product and processes.

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 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 of the Bank guidelines.

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

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.06.2024

integrity of its operations, appropriateness of operating systems and compliance with the management policies. Apart from the Operational Risk Management (ORM) Policy and the Policy for approval of New Product, other established Frameworks/Policies for control and mitigation of operational risk includes

- 1) Policy for Business Continuity Plan (BCP)
- 2) Policy for Outsourcing of Financial Services
- 3) Loss Data Collection Framework
- 4) IT and Information Security Risk Management Framework.
- 5) 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.
- 6) Business Line Mapping Framework as per Basel defined 8 Business Lines and 7 Loss Event Types.
- 7) 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.
- 8) Stress testing/Scenario analysis to assess the operational risk impact based on hypothetical severe loss situation.
- 9) Incident Reporting Mechanism.

Quantitative Disclosures:

(b) Capital requirement for credit risk:

(Rs. in millions)

Particulars	Amount
Portfolios subject to standardized approach	776993.01
Securitization exposures	0.00

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

(Rs. in millions)

Risk Category	Amount
i) Interest Rate Risk	5964.15
ii) Foreign Exchange Risk (including Gold)	1662.60
iii) Equity Risk	4604.35
iv) CDS	0.00
Total capital charge for market risks under Standardized duration approach (i + ii + iii + iv)	12231.10

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.06.2024

(d) Capital requirement for operational risk:

(Rs. in millions)

Capital requirement for operational risk	Amount
i) Basic indicator approach	61856.49
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	10.95%	11.01%
Tier 1 Capital ratio	13.04%	13.09%
Total Capital ratio (CRAR)	15.79%	15.84%

For Significant Bank Subsidiaries:

Name of subsidiary	Common equity Tier 1 Capital ratio	Tier 1 Capital ratio	Total Capital ratio (CRAR)
PNB Gilts Ltd.	20.47%	20.47%	20.47%
Punjab National Bank (International) Ltd.	11.60%	15.77%	20.46%
PNB Investment Services Ltd.	NA	NA	NA
Druk PNB Bank Ltd.	17.64%	17.64%	18.31%

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 30.06.2024

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) In case of bills purchased & discounted, the bill remains overdue for a period of more than 90 days.
- (iv) The installment or 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 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	12066600.14
Non Fund Based exposure	1097189.44
Total gross credit risk exposure	13163789.58

(c) The geographic distribution of exposures:

(Rs. in millions)

Category	Overseas	Domestic
Fund Based exposure	623897.77	11442702.37
Non Fund Based exposure	676.44	1096513.00
Total gross credit risk exposure	624574.21	12539215.37

(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	10612.86
A.1 Coal	4760.52
A.2 Others	5852.34
B. Food Processing	265211.47

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.06.2024

Industry Name	Amount
B.1 Sugar	41640.69
B.2 Edible Oils and Vanaspati	27012.65
B.3 Tea	11043.88
B.4 Coffee	692.72
B.5 Others	184821.54
C. Beverages (excluding Tea & Coffee) and Tobacco	6338.55
C.1 Tobacco and tobacco products	1455.66
C.2 Others	4882.89
D. Textiles	152221.47
D.1 Cotton	47738.72
D.2 Jute	272.73
D.3 Man-made	32086.31
D.4 Others	72123.69
E. Leather and Leather products	17954.43
F. Wood and Wood Products	14201.05
G. Paper and Paper Products	30023.16
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	218713.34
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	91718.95
I.1 Fertilizers	11513.88
I.2 Drugs and Pharmaceuticals	21201.93
I.3 Petro-chemicals (excluding under Infrastructure)	20939.93
I.4 Others	38063.20
J. Rubber, Plastic and their Products	58885.54
K. Glass & Glassware	12620.98
L. Cement and Cement Products	25085.82
M. Basic Metal and Metal Products	319804.21
M.1 Iron and Steel	283885.00
M.2 Other Metal and Metal Products	35919.20
N. All Engineering	96768.26
N.1 Electronics	27604.68
N.2 Others	69163.58
O. Vehicles, Vehicle Parts and Transport Equipments	13187.47
P. Gems and Jewellery	13091.24
Q. Construction	27898.24
R. Infrastructure	1335180.67
R.1 Energy	628509.90
R.2 Transport	533028.50
R.3 Communication	115859.96
R.4 Others	57782.31
S. Other Industries	785270.76
All Industries (A to S)	3494788.48
T. Residuary other advances	8571811.66
Total fund based (Domestic + Overseas) exposure	12066600.14

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.06.2024

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)	628509.90

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

(Rs. in millions)

Industry Name	Amount
A. Mining and Quarrying	3272.43
A.1 Coal	2542.28
A.2 Others	730.15
B. Food Processing	25644.69
B.1 Sugar	4216.84
B.2 Edible Oils and Vanaspati	2729.47
B.3 Tea	181.11
B.4 Coffee	39.31
B.5 Others	18477.97
C. Beverages (excluding Tea & Coffee) and Tobacco	122.04
C.1 Tobacco and tobacco products	0.00
C.2 Others	122.04
D. Textiles	19310.15
D.1 Cotton	9274.07
D.2 Jute	0.00
D.3 Man-made	4295.55
D.4 Others	5740.53
E. Leather and Leather products	895.77
F. Wood and Wood Products	2205.17
G. Paper and Paper Products	2862.38
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	13690.10
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	10682.03
I.1 Fertilizers	1982.00
I.2 Drugs and Pharmaceuticals	3377.00
I.3 Petro-chemicals (excluding under Infrastructure)	2.90
I.4 Others	5320.13
J. Rubber, Plastic and their Products	7342.78
K. Glass & Glassware	5807.91
L. Cement and Cement Products	4808.16
M. Basic Metal and Metal Products	148971.84
M.1 Iron and Steel	136581.44
M.2 Other Metal and Metal Products	12390.41
N. All Engineering	76470.22
N.1 Electronics	24965.19
N.2 Others	51505.04
O. Vehicles, Vehicle Parts and Transport Equipment's	2169.54
P. Gems and Jewellery	430.94
Q. Construction	85387.13

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.06.2024

Industry Name	Amount
R. Infrastructure	209765.77
R.1 Energy	68090.92
R.2 Transport	85719.59
R.3 Communication	4876.70
R.4 Others	51078.55
S. Other Industries, pl. specify	36046.88
All Industries (A to S)	655885.94
T. Residuary other advances	441303.51
Total non-fund based (Domestic+Overseas) exposure	1097189.44

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	136581.44
2.	Energy	68090.92
3.	Transport	85719.59
4.	Construction	85387.13

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

(Rs. in millions)

Maturity Pattern	Advances*	Investments (Gross)	Foreign Currency Assets
Next day	56162.21	127.47	35031.95
2 - 7 days	86391.19	4264.76	50079.13
8 -14 days	105657.77	1199.66	44074.81
15- 30 days	606219.90	20473.40	61187.40
31days - 2months	571777.89	6532.02	101252.89
Over 2 months & upto 3 Months	568335.94	31587.44	65396.39
Over 3 Months to 6 months	798304.84	44239.28	73752.63
Over 6 Months & upto 1 year	847508.21	105243.38	75617.20
Over 1Year & upto 3 Years	3433389.29	641760.34	189334.99
Over 3 Years & upto 5 Years	1061488.59	650380.94	97553.94
Over 5 Years	1778839.49	2993152.68	25207.01
Total	9914075.33	4498961.36	818488.34

*Figures are shown on net basis.

(f) Amount of gross NPAs are:

(Rs. in millions)

Category	Amount
Sub Standard	51684.19
Doubtful – 1	63361.42
Doubtful – 2	148623.51
Doubtful – 3	149683.19
Loss	119337.87
Total NPAs (Gross)	532690.18

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.06.2024

(g) Amount of Net NPAs are:

(Rs. in millions)

Particulars	Amount
Net NPA	60132.15

(h) The NPA Ratios are as under:

Particulars	Standalone	Consolidated
% of Gross NPAs to Gross Advances	4.98%	5.13%
% of Net NPAs to Net Advances	0.60%	0.61%

(i) Movement of gross NPAs are as under:

(Rs. in millions)

Particulars	Amount
i) Opening Balance at the beginning of the year	584023.04
ii) Additions during the period	17551.47
iii) Reductions during the period	68884.34
iv) Closing Balance at the end of the period (i + ii - iii)	532690.18

(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 01.04.2024	Provision made during the period	Adjustment / Transfer / Write-off	Closing balance as on 30.06.2024
Provision for Standard Assets including derivatives	78287.11	2244.96	0.00	80532.07
Provision for NPAs	508023.55	9447.07	-51705.07	465765.55

The amount of recovery in write off accounts booked directly in income statement is Rs. 8696.88 Million.

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

(Rs. in millions)

Particulars	Amount
Gross amount of non-performing investment	66180.08

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

(Rs. in millions)

Particulars	Amount
Amount of provision held for non-performing investment	66180.08

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

(Rs. in millions)

Particulars	Amount
-------------	--------

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.06.2024

i) Opening balance at the beginning of the year	121868.91
ii) Provisions made during the period	7518.38
iii) Write-off made during the period	-70665.88
vi) Closing balance as at the end of the period (i + ii –iii)	58721.41

(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	31298.99	27871.42	2005.48	0.00
Textiles	10606.97	8486.14	5193.43	0.00
Basic Metal and Metal products	8860.41	7597.49	3382.67	0.00
All Engineering	8698.09	7459.11	253.94	0.00
Gems and Jewellery	5824.49	5774.78	8.27	0.00
Infrastructure	26819.48	26620.88	1089.09	0.00
Rubber, plastic and their products	3219.84	2995.00	1256.86	0.00
Construction	5694.48	5536.27	482.01	0.00

(o) Geography-wise NPA and provisions

(Rs. in million)

Particulars	Overseas	Domestic	Total
Amount of Gross NPA	23700.41	508989.77	532690.18
General and Specific Provisions	23048.01	442717.58	465765.59

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 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

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

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.06.2024

- 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	9389898.48
ii) 100% risk weight exposure outstanding	1628924.20
iii) More than 100% risk weight exposure outstanding	753182.84
iv) Deducted	0.00

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 2024-2025](http://www.pnbindia.in/Regulatory_Disclosures/Basel_III_Disclosures/Financial_year_2024-2025)

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

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	16395844.90
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purpose but outside the scope of regulatory consolidation	(37343.50)
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	37520.70

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.06.2024

5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	163.93
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	871862.16
7	Other adjustments	(172923.90)
8	Leverage ratio exposure	17095124.29

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)	16358337.50
2. (Asset amounts deducted in determining Basel III Tier 1 capital)	(172760.00)
3. Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	16185577.50
Derivative exposures	
4. Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	3996.60
5. Add-on amounts for PFE associated with all derivatives transactions	33524.10
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)	37520.70
Securities financing transaction exposures	
12. Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	25163.93
13. (Netted amounts of cash payables and cash receivables of gross SFT assets)	(25000.00)
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)	163.93
Other off-balance sheet exposures	
17. Off-balance sheet exposure at gross notional amount	3379601.40

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.06.2024

18. (Adjustments for conversion to credit equivalent amounts)	()
19. Off-balance sheet items (sum of lines 17 and 18)	871862.16
Capital and total exposures	
20. Tier 1 capital	1005503.00
21. Total exposures (sum of lines 3, 11, 16 and 19)	17095124.29
Leverage ratio	
22. Basel III leverage ratio (per cent)	5.88%

Regulatory disclosures in respect of computation of leverage ratio:

(Rs. in million)

Item	30.06.2023	30.09.2023	31.12.2023	31.03.2024	30.06.2024
Capital Measure	845515.19	874395.77	887785.48	992584.11	1005503.00
Exposure Measure	15854208.94	16020716.40	16236097.09	16662941.47	17095124.29
Leverage Ratio	5.33%	5.46%	5.47%	5.96%	5.88%

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

(Rs. in million)

Industry Name	Amount
A. Mining and Quarrying	9429.69
A.1 Coal	3788.31
A.2 Others	5641.38
B. Food Processing	264049.12
B.1 Sugar	41640.69
B.2 Edible Oils and Vanaspati	27012.65
B.3 Tea	11043.88
B.4 Coffee	692.72
B.5 Others	183659.17
C. Beverages (excluding Tea & Coffee) and Tobacco	5101.07
C.1 Tobacco and tobacco products	218.18
C.2 Others	4882.89
D. Textiles	151913.07
D.1 Cotton	47738.72
D.2 Jute	272.73
D.3 Man-made	32086.31
D.4 Others	71815.31
E. Leather and Leather products	17954.43
F. Wood and Wood Products	13964.55
G. Paper and Paper Products	30011.07
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	217686.37
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	90704.29
I.1 Fertilizers	11513.88

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.06.2024

I.2 Drugs and Pharmaceuticals	20333.94
I.3 Petro-chemicals (excluding under Infrastructure)	20939.93
I.4 Others	37916.54
J. Rubber, Plastic and their Products	58884.30
K. Glass & Glassware	12620.98
L. Cement and Cement Products	24973.82
M. Basic Metal and Metal Products	317749.76
M.1 Iron and Steel	283022.38
M.2 Other Metal and Metal Products	34727.37
N. All Engineering	96619.74
N.1 Electronics	27600.39
N.2 Others	69019.35
O. Vehicles, Vehicle Parts and Transport Equipments	12097.75
P. Gems and Jewellery	13091.24
Q. Construction	23047.27
R. Infrastructure	1330189.47
R.1 Energy	627695.57
R.2 Transport	528881.71
R.3 Communication	115829.88
R.4 Others	57782.31
S. Other Industries	720458.39
All Industries (A to S)	3410546.37
T. Residuary other advances	8575376.19
TOTAL Fund Based (Domestic+ Overseas) exposure	11985922.56

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)	627695.57

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

(Rs. in million)

Industry Name	Amount
A. Mining and Quarrying	3272.43
A.1 Coal	2542.28
A.2 Others	730.15
B. Food Processing	25644.39
B.1 Sugar	4216.84
B.2 Edible Oils and Vanaspati	2729.47
B.3 Tea	181.11
B.4 Coffee	39.31
B.5 Others	18477.67
C. Beverages (excluding Tea & Coffee) and Tobacco	122.04
C.1 Tobacco and tobacco products	0.00
C.2 Others	122.04
D. Textiles	19310.15
D.1 Cotton	9274.07

PUNJAB NATIONAL BANK
Pillar 3 Disclosures (consolidated) under Basel III Framework
as on 30.06.2024

Industry Name	Amount
D.2 Jute	0.00
D.3 Man-made	4295.55
D.4 Others	5740.54
E. Leather and Leather products	895.77
F. Wood and Wood Products	2193.87
G. Paper and Paper Products	2862.38
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	13690.10
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	10663.03
I.1 Fertilizers	1982.00
I.2 Drugs and Pharmaceuticals	3358.06
I.3 Petro-chemicals (excluding under Infrastructure)	2.90
I.4 Others	5320.07
J. Rubber, Plastic and their Products	7342.78
K. Glass & Glassware	5807.91
L. Cement and Cement Products	4808.16
M. Basic Metal and Metal Products	148881.54
M.1 Iron and Steel	136491.22
M.2 Other Metal and Metal Products	12390.32
N. All Engineering	76465.72
N.1 Electronics	24965.19
N.2 Others	51500.53
O. Vehicles, Vehicle Parts and Transport Equipment's	2159.55
P. Gems and Jewellery	430.94
Q. Construction	85138.22
R. Infrastructure	209718.18
R.1 Energy	68090.92
R.2 Transport	85719.59
R.3 Communication	4829.11
R.4 Others	51078.55
S. Other Industries, pl. specify	35990.18
All Industries (A to S)	655397.34
T. Residuary other advances	439436.79
TOTAL Non-Fund Based (Domestic+ Overseas) Exposure	1094834.13

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	136491.22
2.	Energy	68090.92
3.	Transport	85719.59
4.	Construction	85138.22