Placement Document
Subject to completion
Not for circulation and strictly confidential
Serial number ____

PUNJAB NATIONAL BANK

Our Bank was incorporated as Punjab National Bank Limited under the Indian Companies Act, 1882 (Act VI of 1882) in 1894. Our Bank was constituted as Punjab National Bank under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, as amended ("**Banking Companies Act**") on July 19, 1969. For further details, see "*General Information*" on page 317.

Corporate Office: Plot No.4, Sector 10, Dwarka, New Delhi 110 075
Telephone: +91 11 2804 4857; **Website:** www.pnbindia.in; **Email:** hosd@pnb.co.in

Punjab National Bank (the "**Issuer**" or the "**Bank**") is issuing 48,19,27,710 equity shares of face value ₹ 2 each (the "**Equity Shares**") at a price of ₹ 103.75 per Equity Share, including a premium of ₹ 101.75 per Equity Share (the "**Issue Price**"), aggregating to ₹ 5000.00 crore (the **"Issue"**). For further details, see "*Summary of the Issue*" on page 29.

THIS ISSUE IS IN ACCORDANCE WITH CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS"), THE BANKING COMPANIES ACT, THE BANKING REGULATION ACT, 1949, AS AMENDED (THE "BANKING REGULATION ACT"), THE PUNJAB NATIONAL BANK (SHARES & MEETINGS) REGULATIONS, 2000, AS AMENDED (THE "PUNJAB NATIONAL BANK REGULATIONS") AND THE NATIONALISED BANKS (MANAGEMENT AND MISCELLANEOUS PROVISIONS) SCHEME, 1970 (THE "NATIONALISED BANKS SCHEME")

THE ISSUE, AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QUALIFIED INSTITUTIONAL BUYERS ("ELIGIBLE QIBs") AS DEFINED UNDER THE SEBI ICDR REGULATIONS IN RELIANCE UPON CHAPTER VI OF THE SEBI ICDR REGULATIONS. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR. THE ISSUE DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO ELIGIBLE QIBs.

YOU ARE NOT AUTHORISED TO, AND MAY NOT (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENT, OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT, IN WHOLE OR IN PART, IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS. THIS PLACEMENT DOCUMENT WILL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBS WHOSE NAMES ARE RECORDED BY OUR BANK PRIOR TO MAKING AN INTIMATION TO SUBSCRIBE TO THE EQUITY SHARES.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST ANY AMOUNT IN THIS ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "RISK FACTORS" ON PAGE 36 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THIS ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS ISSUE. PROSPECTIVE INVESTORS SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES AND OUR BANK. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR AND/OR LEGAL ADVISOR.

Invitations for subscription, offers and sales of the Equity Shares shall only be made pursuant to this Placement Document together with the respective Application Form and the Confirmation of Allocation Note (each as defined hereinafter). For further details, see "*Issue Procedure*" on page 255. The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Bank to any person, other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

The information on the websites of our Bank, Subsidiaries, Joint Venture or Associates or any website directly or indirectly linked to the websites of our Bank, Subsidiaries, Joint Venture or the website of the Book Running Lead Managers or their respective affiliates, does not form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites for their investment in this Issue.

The outstanding Equity Shares are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", together with BSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on BSE and NSE on September 25, 2024, was ₹ 105.00 and ₹ 104.88 per Equity Share, respectively. In-principle approvals under Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("**SEBI Listing Regulations**") for listing of the Equity Shares have been received from BSE and NSE each on September 23, 2024. Applications to the Stock Exchanges will be made for obtaining listing and trading approvals for the Equity Shares offered through the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to this Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of the business of our Bank or the Equity Shares.
A copy of the Preliminary Placement Document has been delivered to the Stock Exchanges and a copy of this Placement Document will also be delivered to the Stock Exchanges. This Placement Document has not been and will not be filed as a prospectus with the Registrar of Companies ("**RoC**") in India, and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction. The Preliminary Placement Document and this Placement Document will not be registered as a private placement offer letter with the RoC. This Placement Document has not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), the Stock Exchanges or the RoC or any other regulatory or listing authority and is intended only for use by the Eligible QIBs.

OUR BANK HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and, unless so registered, may not be offered, sold or delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons who are qualified institutional buyers (as defined in Regulation 144A under the U.S. Securities Act) ("U.S. QIBs") pursuant to Section 4(A)(2) or another available exemption from registration under the U.S. Securities Act, for avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Placement Document as "QIBs", and (b) outside the United States, in "offshore transactions", as defined in and in reliance on Regulation S under the U.S. Securities Act ("Regulation S") and the applicable laws of the jurisdictions where those offers and sales are made. The Equity Shares are transferable only in accordance with the restrictions described in the sections titled "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 272 and 279, respectively.

This Placement Document is dated September 26, 2024.

BOOK RUNNING LEAD MANAGERS

BNP Paribas	**ICICI Securities Limited**	**IDBI Capital Markets & Securities Limited**	**IIFL Securities Limited**	**Elara Capital (India) Private Limited**	**Emkay Global Financial Services Limited**
HSBC Securities and Capital Markets (India) Private Limited	**Motilal Oswal Investment Advisors Limited**	**Nuvama Wealth Management Limited**	**SBI Capital Markets Limited**	**PNB Investment Services Limited***	

* *PNB Investment Services Limited, a subsidiary of our Bank, shall be involved only in marketing of the Issue in compliance with Regulation 21A of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended ("SEBI Merchant Bankers Regulations") and Regulation 174(2) of the SEBI ICDR Regulations*

TABLE OF CONTENTS

NOTICE TO INVESTORS

Our Bank has furnished, and accepts full responsibility for, all of the information contained in this Placement Document and confirms that, to the best of its knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to our Bank and the Equity Shares which is material in the context of the Issue. The statements contained in this Placement Document relating to our Bank and the Equity Shares are, in all material respects, true, correct,accurate and not misleading, and the opinions and intentions expressed in this Placement Document with regard to our Bank and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Bank. There are no other facts in relation to our Bank and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, our Bank has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. The information contained in this Placement Document has been provided by our Bank and other sources identified herein.

BNP Paribas, ICICI Securities Limited, IDBI Capital Markets & Securities Limited, IIFL Securities Limited, Emkay Global Financial Services Limited, Elara Capital (India) Private Limited, HSBC Securities and Capital Markets (India) Private Limited, Motilal Oswal Investment Advisors Limited, Nuvama Wealth Management Limited, SBI Capital Markets Limited and PNB Investment Services Limited (collectively, the "**Book Running Lead Managers**" or the "**BRLMs**") have not separately verified the information contained in this Placement Document (financial, legal or otherwise). In compliance with Regulation 21A of the SEBI Merchant Bankers Regulations and Regulation 174(2) of the SEBI ICDR Regulations, PNB Investment Services Limited will be involved only in the marketing of the Issue. Accordingly, neither the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents, associates or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by any of the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents, associates or affiliates as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the Issue or the distribution of the Equity Shares. Each person receiving this Placement Document acknowledges that such person has not relied on either the Book Running Lead Managers or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Bank and the merits and risks involved in investing in the Equity Shares issued pursuant to this Issue.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Bank or by or on behalf of the Book Running Lead Managers. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including the United States Securities and Exchange Commission, any other federal or state authorities in the United States, the securities authorities of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.

The subscribers of the Equity Shares offered in the Issue will be deemed to make the representations, warranties, acknowledgments and agreements set forth in "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 3, 6, 272, and 279, respectively.

The distribution of this Placement Document and the issuance of Equity Shares pursuant to the Issue may be restricted by law in certain jurisdictions. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been taken by the Bank and the Book Running Lead Managers which would permit an issue of the Equity Shares offered in the Issue or the distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any other Issue-related materials in connection with the Issue may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see "*Selling Restrictions*" on page 272.

The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Bank to any person, other than Eligible QIBs specified by the Book Running Lead Managers or their representatives, and those retained by such QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and make no copies of this Placement Document or any offering material in connection with the Issue.

In making an investment decision, the prospective investors must rely on their own examination of our Bank and the terms of the Issue, including the merits and risks involved. Prospective investors should not construe the contents of this Placement Document as legal, tax, accounting or investment advice. Prospective investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Bank nor the Book Running Lead Managers or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates are making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under applicable legal, investment or similar laws or regulations. Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Bank under Indian law, including Chapter VI of the SEBI ICDR Regulations and is not prohibited by SEBI or any other regulatory, statutory or judicial authority from buying, selling or dealing in securities.

The information on our Bank's website (www.pnbindia.in) or any website directly or indirectly linked to our Bank's website or the websites of the Book Running Lead Managers and of their respective affiliates, does not constitute or form part of this Placement Document. Prospective investors should not rely on such information contained in, or available through, any such websites.

This Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such documents. All references herein to "you" or "your" is to the prospective investors in the Issue.

NOTICE TO INVESTORS IN THE UNITED STATES

THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR ANY OTHER APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE EQUITY SHARES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES, ONLY TO PERSONS WHO ARE U.S. QIB(S) PURSUANT TO SECTION 4(A)(2) OR ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT; AND (B) OUTSIDE THE UNITED STATES, IN "OFFSHORE TRANSACTIONS" AS DEFINED AND IN RELIANCE ON REGULATION S AND THE APPLICABLE LAWS OF THE JURISDICTION WHERE THOSE OFFERS AND SALES ARE MADE. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON TRANSFER OF THE EQUITY SHARES, SEE "*SELLING RESTRICTIONS*" AND "*TRANSFER RESTRICTIONS*" ON PAGES 272 AND 279, RESPECTIVELY.

THE EQUITY SHARES OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH, OR APPROVED OR DISAPPROVED BY, THE SEC OR ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER UNITED STATES REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED ON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PLACEMENT DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF OUR BANK AND THE TERMS OF THE OFFER, INCLUDING THE MERITS AND RISKS INVOLVED.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

This Placement Document is not an offer to sell securities and is not soliciting an offer to subscribe to or buy securities in any jurisdiction where such offer, solicitation, sale or subscription is not permitted. For information to investors in certain other jurisdictions, see "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 272 and 279, respectively.

REPRESENTATIONS BY INVESTORS

References herein to “you, “your” is to the prospective investors to the Issue.

By bidding for and/or subscribing to any Equity Share under the Issue, you are deemed to have represented, warranted to us and the Book Running Lead Managers, and acknowledged and agreed as follows:

a. your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Bank or Subsidiaries or Associates or Joint Venture that is not set forth in this Placement Document;

b. you are a “Qualified Institutional Buyer” as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under the applicable laws and regulations of India and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allocated (as defined hereinafter) to you in accordance with Chapter VI of the SEBI ICDR Regulations, and undertake to comply with the SEBI ICDR Regulations and all other applicable laws, including in respect of reporting requirements in India, and to make necessary filings, including with the RBI, if any, in connection with the Issue;

c. if you are not a resident of India, but a QIB, you are an Eligible FPI (and are not an individual, corporate body or a family office) having a valid and existing registration with SEBI under the applicable laws in India and not an FVCI or a multilateral or bilateral development financial institution and that you are not an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules. You also confirm that you are eligible to invest in India under applicable laws, including those issued by the RBI, and the FEMA Rules, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory or statutory authority or otherwise, from buying, selling or dealing in securities or otherwise accessing capital markets in India;

d. you confirm that you are not an FVCI;

e. if you are Allotted Equity Shares pursuant to this Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the recognised Stock Exchanges (additional restrictions apply if you are within the United States and certain other jurisdictions), and in accordance with any other resale restrictions applicable for you. For further details,see “*Selling Restrictions*” and “*Transfer Restrictions*” on pages 272 and 279, respectively;

f. you are aware that the Equity Shares issued pursuant to this Issue have not been and will not be filed through a prospectus under the Companies Act, SEBI ICDR Regulations or under any other law in force in India, and no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. This Placement Document has not been reviewed, verified or affirmed by RBI, SEBI, the Stock Exchanges or any other regulatory or listing authority and will not be filed with the RoC, and is intended only for use by Eligible QIBs. The Preliminary Placement Document has been filed and this Placement Document will be filed with the Stock Exchanges for record purposes only and this Placement Document is required to be displayed on the websites of our Bank and the Stock Exchanges;

g. you are entitled to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdiction(s) which apply to you and that you have the necessary capacity and fully observed such laws and obtained all such governmental and other consents in each case which may be required thereunder and complied with all necessary formalities to enable you to participate in this Issue and to perform your obligations in relation thereto (including, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Placement Document), and will honour such obligations;

h. you are aware of the additional requirements that are applicable, as set forth under “*Selling Restrictions*” and “*Transfer Restrictions*” on pages 272 and 279 respectively and you are permitted and have necessary capacity to acquire / subscribe to the Equity Shares under the laws of all relevant jurisdictions which apply to you and that you have fully observed such laws and obtained all such governmental and other consents in each case which may be required thereunder and complied with all necessary formalities and have obtained all necessary consents and approvals to enable you to commit to participation in this Issue and to perform your obligations in relation thereto (including, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Placement Document), and will honour such obligations;

i. neither our Bank nor the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents, associates or affiliates is making any recommendation to you, advising you regarding the suitability of any transactions it may enter into in connection with the Issue and that participation in the Issue is on the basis that you are not and will not, up to the Allotment, be a client of any of the Book Running Lead Managers and that the Book Running Lead Managers or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates have no duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are in no way acting in a fiduciary capacity to you;

j. you confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Bank or its agents ("**Bank's Presentations**") with regard to our Bank, the Equity Shares or the Issue; or (ii) if you have participated in or attended any Bank's Presentations: (a) you understand and acknowledge that the Book Running Lead Managers may not have knowledge of the statements that our Bank or its agents may have made at such Bank's Presentations and are therefore unable to determine whether the information provided to you at such Bank's Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Managers have advised you not to rely in any way on any information that was provided to you at such Bank's Presentations, and (b) confirm that, you have not been provided any material information relating to our Bank, the Equity Shares or the Issue that was not publicly available;

k. you are aware that if you are Allotted more than 5.00% of the Equity Shares in the Issue, our Bank shall be required to disclose your name and the number of Equity Shares Allotted to you to the Stock Exchanges, and the Stock Exchanges will make the same available on their website and you consent to such disclosures being made by us;

l. you understand that the Equity Shares issued pursuant to the Issue shall be subject to the provisions of the Banking Companies (Acquisition And Transfer of Undertakings) Act, 1970 read with the Banking Regulation Act, 1949, the Nationalised Banks (Management And Miscellaneous Provisions) Scheme, 1970 and the Punjab National Bank (Shares & Meetings) Regulations, 2000 and will be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive dividend and other distributions declared;

m. you are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law including but not limited to the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, and the Companies Act, 2013, each as amended;

n. all statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our Bank's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Bank's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Bank's present and future business strategies and environment in which our Bank will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Placement Document. Our Bank assumes no responsibility to update any of the forward-looking statements contained in this Placement Document;

o. you have been provided a serially numbered copy of this Placement Document and have read this Placement Document in its entirety, including, in particular, "*Risk Factors*" on page 36;

p. you are aware and understand that the Equity Shares are being offered only to Eligible QIBs and are not being offered to the general public and the Allotment of the same shall be made by our Bank on a discretionary basis, in consultation with the Book Running Lead Managers;

q. you have made, or been deemed to have made, as applicable, the representations, warranties, acknowledgements and undertakings as set forth under "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 272 and 279, respectively;

r. if you are within the United States, you are a U.S. QIB, who is acquiring the Equity Shares for your own account or for the account of an institutional investor who also meets the requirements of a U.S. QIB, for investment purposes only, and not with a view to, or for reoffer or resale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part;

s. if you are outside the United States, you are subscribing for the Equity Shares in an "offshore transaction" as defined in and in reliace on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made;

t. you are not acquiring or subscribing for the Equity Shares as a result of any general solicitation or general advertising (as those terms are defined in Regulation D under the U.S. Securities Act) or directed selling efforts (as defined in Regulation S) and you understand and agree that offers and sales (a) in the United States, are being made in reliance on an exemption to the registration requirements of the U.S. Securities Act provided by Section 4(A)(2) under the U.S. Securities Act, Rule 144A or another available exemption from registration under the U.S. Securities Act, and the Equity Shares may not be eligible for resale under Rule 144A thereunder; and (b) outside the United States, are being made in "offshore transactions" as defined in and reliance on with Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described in "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 272 and 279, respectively;

u. you represent and agree that you will only reoffer, resell, pledge or otherwise transfer the Equity Shares (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in transactions meeting the requirements of Rule 144A or another exemption from the registration requirements of the U.S. Securities Act or; (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act; and (B) in accordance with all applicable laws, including the securities laws of the states of the United States;

v. that in making your investment decision, (i) you have relied on your own examination of our Bank and the terms of the Issue, including the merits and risks involved; (ii) you have made and will continue to make your own assessment of our Bank, the Equity Shares and the terms of the Issue based on such information as is publicly available; (iii) you have consulted your own independent counsel and advisors (including tax advisors) or otherwise have satisfied yourself concerning, without limitation, the effects of local laws and taxation matters; (iv) you have relied solely on the information contained in this Placement Document and no other disclosure or representation by our Bank or the Book running Lead Managers or any other party; (v) you have received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Bank and the Equity Shares and; (vi) relied upon your investigation and resources in deciding to invest in the Issue. You are seeking to subscribe to / acquire the Equity Shares in this Issue for your own investment and not with a view to resale or distribution;

w. you are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of entities in a similar nature of the business, similar stage of development, and in similar jurisdictions. You and any accounts for which you are subscribing the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares; (ii) will not look to our Bank and/or the Book Running Lead Managers or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates for all or part of any such loss or losses that may be suffered including losses arising out of non-performance by our Bank of any of its respective obligations or any breach of any representations and warranties by our Bank, whether to you or otherwise; (iii) are able to sustain a complete loss on the investment in the Equity Shares; (iv) have no need for liquidity with respect to the investment in the Equity Shares; (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares; and (vi) are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment;

x. our Bank or the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents, associates or affiliates have not provided you with any tax advice or otherwise made any representations regarding the tax consequences of the purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice and will not rely on the Book Running Lead Managers or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates or our Bank when evaluating the tax consequences in relation to the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You waive and agree not to assert any claim against the Book Running Lead Managers or our Bank or any other respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents, associates or affiliates with respect to the tax aspects of the Equity Shares or the Issue or as a result of any tax audits by tax authorities, wherever situated;

y. you acknowledge that the Preliminary Placement Document does not, and this Placement Document does not not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

z. where you are acquiring the Equity Shares to be issued pursuant to this Issue for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire the Equity Shares for each managed account; and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

aa. you are not a 'promoter' of our Bank (as defined under the SEBI ICDR Regulations) and are not a person related to the Promoter (as defined hereinafter), either directly or indirectly and your Application does not directly or indirectly represent the promoter or promoter group (as defined under the SEBI ICDR Regulations) of our Bank or a person related to the Promoter;

bb. you have no rights under a shareholders agreement or voting agreement with the Promoter or promoter group, no veto rights or right to appoint any nominee director on the Board of our Bank other than the rights acquired if any in the capacity of a lender not holding any Equity Shares of our Bank shall not deem you to be a Promoter or a person related to the Promoter;

cc. you have no right to withdraw or revise downwards your Application after the Bid/ Issue Closing Date (as defined hereinafter);

dd. you are eligible to apply and hold Equity Shares so Allotted and together with any Equity Shares of our Bank held by you prior to the Issue. You further confirm that your holding upon the issue and allotment of the Equity Shares shall not exceed the level permissible as per any regulation applicable to you including, but not limited to, the Banking Regulation Act, 1949, Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, and in the event of your holding of the Equity Shares reaches any applicable limits as may be prescribed you will make the appropriate disclosures and obtain the necessary permissions in this regard from the relevant authorities/RBI;

ee. the Bid submitted by you would not eventually result in triggering an open offer under the SEBI Takeover Regulations (as defined hereinafter), and you shall be solely responsible for compliance with all other applicable provisions of the SEBI Takeover Regulations;

ff. your aggregate holding together with other prospective Investors participating in the Issue that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue Size. For the purposes of this representation:

- QIBs belonging to the "same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst a Eligible QIB, its subsidiary or holding company and any other Eligible QIB; and

- 'control' shall have the same meaning as is assigned to it by clause 1 (e) of Regulation 2 of the SEBI Takeover Regulations (as defined hereinafter).

gg. you shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approval for the Equity Shares is issued by the Stock Exchanges and if you are Allotted Equity Shares pursuant to this Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the recognised Stock Exchanges;

hh. you are aware and understand that the Book Running Lead Managers have entered into a Placement Agreement (as defined hereinafter) with our Bank whereby the Book Running Lead Managers have, subject to the satisfaction of certain conditions set out therein agreed to manage the Issue and, undertaken to use its reasonable endeavours to seek to procure subscription for the Equity Shares on the terms and conditions set forth therein;

ii. if you are an Eligible FPI as defined in this Placement Document, you confirm that you will participate in the Issue only under and in conformity with Schedule II of FEMA Rules and you confirm that you are not an FVCI or a multilateral or bilateral development financial institution and that you are not an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules. Further, you acknowledge that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) in our Bank does not exceed 10% of the post-Issue paid-up capital of our Bank on a fully diluted basis, and further with effect from April 1, 2020, the aggregate limit for FPI investments is the sectoral cap applicable to our Bank;

jj. you confirm that neither are you an entity of a country which shares land border with India nor is the beneficial owner of your investment situated in or a citizen of such country (in which case, investment can only be through the Government approval route), and that your investment is in accordance with press note no. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT and Rule 6 of the FEMA Rules;

kk. that the contents of this Placement Document are exclusively the responsibility of our Bank and that neither the Book Running Lead Managers nor any person acting on their behalf has or shall have any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of our Bank and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Placement Document or otherwise. By participating in the Issue, you agree to the same and confirm that you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Book Running Lead Managers or our Bank or any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents, associates or affiliates or any other person and neither the Book Running Lead Managers nor our Bank or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents, associates or affiliates nor any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

ll. that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares issued in pursuance of the Issue and that you have neither received nor relied on any other information given or representations, warranties or statements made by or on behalf of the Book Running Lead Managers or our Bank or any of their respective affiliates or any other person, and neither the Book Running Lead Managers nor our Bank nor any other person will be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

mm. that each of the representations, warranties, acknowledgements and agreements set forth above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue;

nn. you agree to indemnify and hold our Bank, its Directors, its senior managerial personnel and the Book Running Lead Managers and their respective shareholders, directors, officers, employees, counsel, affiliates, associates, controlling persons and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgments and agreements made by you in the Placement Document and this Placement Document. You agree that the indemnity set forth in this section shall survive the resale of the Equity Shares Allotted under the Issue by or on behalf of the managed accounts;

oo. that our Bank, the Book Running Lead Managers, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings which are given to the Book Running Lead Managers on their own behalf and on behalf of our Bank and are irrevocable and it is agreed that if any of such representations, warranties, acknowledgements, undertakings and agreements are no longer accurate, you will promptly notify the Book Running Lead Managers;

pp. that you understand that none of the Book Running Lead Managers nor its respective affiliates has any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by us of any of our respective obligations or any breach of any representations or warranties by us, whether to you or otherwise;

qq. that you are aware that (i) applications for in-principle approval, in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and such approval has been received from the Stock Exchanges; and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final approvals for listing of the Equity Shares will be obtained in time or at all. Neither our Bank nor the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, affiliates, associates, controlling persons and representatives shall be responsible for any delay or non-receipt of such final approvals or any loss arising from such delay or non-receipt;

rr. that you are a sophisticated investor who is seeking to purchase the Equity Shares for your own investment and not with a view to distribution. In particular, you acknowledge that (i) an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment, (ii) you have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of the purchase of the Equity Shares, and (iii) you are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions and have such knowledge and experience in financial, business and investments matters that you are capable of evaluating the merits and risks of your investment in the Equity Shares; and

ss. any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of the Republic of India and the courts at New Delhi, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Placement Document and the Placement Document.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an Eligible FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying, and all such offshore derivative instruments are referred to herein as "**P-Notes**"), for which they may receive compensation from the purchasers of such instruments. In terms of Regulation 21 of SEBI FPI Regulations, P-Notes may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs subject to exceptions provided in the SEBI FPI Regulations and compliance with 'know your client' requirements, as specified by SEBI and subject to compliance with such other conditions as may be specified by SEBI from time to time. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs and such instrument is being transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. P-Notes have not been and are not being offered or sold pursuant to this Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-Notes, including any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10% or above of our post-Issue Equity Share capital on a fully diluted basis. SEBI has, vide a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors (the "**FPI Operational Guidelines**"), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the above-mentioned restrictions shall also apply to subscribers of offshore derivative instruments and two or more subscribers of offshore derivative instruments having common ownership, directly or indirectly, of more than 50% or common control shall be considered together as a single subscriber of the offshore derivative instruments. Further, in the event a prospective investor has investments as an FPI and as a subscriber of offshore derivative instruments, these investment restrictions shall apply on the aggregate of the FPI and offshore derivative instruments investments held in the underlying company.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy dated October 15, 2020. These investment restrictions shall also apply to subscribers of offshore derivative instruments.

Affiliates of the Book Running Lead Managers which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of our Bank and do not constitute any obligation of, claims on or interests in our Bank. our Bank has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Bank. Our Bank and the Book Running Lead Managers do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Managers and does not constitute any obligations of or claims on the Book Running Lead Managers.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto.

Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of the Preliminary Placement Document and this Placement Document has been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Document and the Preliminary Placement Document;

2. warrant that the Equity Shares pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; or

3. take any responsibility for the financial or other soundness of our Bank, its Promoter, its management or any scheme or business activity of our Bank;

It should not for any reason be deemed or construed to mean that the Preliminary Placement Document and this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to "you", "your", "offeree", "purchaser", "Bidder", "subscriber", "recipient", "investors", "prospective investors" and "potential investor" are to the Eligible QIBs who are the prospective investors of the Equity Shares in the Issue and references to the "Issuer", "Bank" or "our Bank" are to the Punjab National Bank, on a standalone basis. All references to the "we", "us" or "our" are to the Punjab National Bank, its Subsidiaries, Associates and Joint Venture on a consolidated basis, unless otherwise specified or the context otherwise indicates or implies.

References in this Placement Document to "India" are to the Republic of India and its territories and possessions and the "Government" or the "Central Government" or the "state government" are to the Government of India, or the governments of any state in India, as applicable and as the case may be. All references herein to the "U.S." or the "United States" are to the United States of America and its territories and possessions. References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

Page Numbers

Unless otherwise stated, all references to page numbers in this Placement Document are to page numbers of this Placement Document.

Currency and Units of Presentation

In this Placement Document, references to "USD", "$", "U.S.$" and "U.S. dollars" are to the legal currency of the United States and references to, "₹","Rs.", "INR" and "Rupees" are to the legal currency of India.

References to "lakhs" and "crores" in this Placement Document are to the following:

1. one lakh represents ₹100,000 (one hundred thousand);
2. ten lakhs represents ₹1,000,000 (one million);
3. one crore represents ₹10,000,000 (ten million);
4. ten crores represents ₹100,000,000 (one hundred million); and
5. one hundred crores represents ₹1,000,000,000 (one thousand million or one billion).

Financial and Other Information

In this Placement Document, we have included the following financial statements prepared under Indian GAAP: (i) audited standalone and consolidated financial statements for Fiscal 2022 read along with the notes and auditors report thereto (the "Fiscal 2022 Audited Financial Statements"); (ii) audited standalone and consolidated financial statements for Fiscal 2023 read along with the notes and auditors report thereto (the "Fiscal 2023 Audited Financial Statements"); (iii) audited standalone and consolidated financial statements for Fiscal 2024 read along with the notes and auditors report thereto (the "Fiscal 2024 Audited Financial Statements" and collectively with Fiscal 2022 Audited Financial Statements and Fiscal 2023 Audited Financial Statements, the "**Audited Financial Statements**"), (iv) unaudited reviewed standalone and consolidated financial results of our Bank, which comprises of the standalone and consolidated balance sheet as of June 30, 2023 and the related standalone and consolidated profit & loss account for the three months period ended June 30, 2023 and selected explanatory notes thereon, subjected to a limited review, as filed with the Stock Exchanges on July 26, 2023 (the "**Unaudited June 2023 Financial Results**") and (v) unaudited reviewed standalone and consolidated financial results of our Bank, which comprises of the standalone and consolidated balance sheet as of June 30, 2024 and the related standalone and consolidated profit & loss account for the three months period ended June 30, 2024 and selected explanatory notes thereon, subjected to a limited review, as filed with the Stock Exchanges on July 27, 2024 (the "**Unaudited June 2024 Financial Results**" and collectively with Unaudited June 2023 Financial Results, the "**Reviewed Financial Results**").

The degree to which the financial information prepared in accordance with Indian GAAP will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

The Audited Financial Statements are prepared in accordance with Indian GAAP as applicable to banks, guidelines issued by the RBI from time to time, practices generally prevailing in the banking industry in India and the applicable standards on auditing. Our Bank prepares its financial statements in Rupees in accordance with Indian GAAP which differ in certain important aspects from U.S. GAAP and other accounting principles and standards on auditing with which prospective investors may be familiar in other countries. We have not attempted to quantify the impact of U.S. GAAP on the financial data included in this Placement Document, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP. Accordingly, the degree to which the financial statements prepared in accordance with Indian GAAP included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

In addition, IND AS roadmap for scheduled commercial banks (excluding regional rural banks), insurers/insurance companies and non-banking financial companies (NBFCs) was issued by Ministry of Corporate Affairs (MCA) through press release dated 18 January 2016. IND AS was applicable to the Bank in accordance with the MCA press release from financial year 2018-19 which was deferred to financial year 2019-20 vide RBI's Press Release (2017-18/2642) dated 5 April 2018. RBI has further deferred implementation of IND AS till further notice vide its Circular no DBR.BP.BC.No. 29/21.07.001/2018-19 dated 22.03.2019. Further, RBI advised banks to submit Proforma Ind AS Financial Statements (PIFS) on half yearly basis w.e.f. 30.09.2021 (earlier on quarterly basis starting from quarter ended 30.06.2018) as per the format / template provided in the mail.

The nature and extent of the possible impact of Ind-AS on our financial reporting and accounting practices is currently uncertain, and there can be no assurance that such impact will not be significant. Our Bank cannot assure you that it has completed a comprehensive analysis of the effect of Ind AS on future financial information or that the application of Ind AS will not result in a materially adverse effect on our Bank's future financial information. For further information on the transition to Ind AS, see "Risk Factors –*The effects of the adoption of Indian Accounting Standards ("Ind AS") are uncertain and any failure to successfully adopt Ind AS could adversely affect our business, financial conditions and results of operations*"

The Fiscal Year of our Bank commences on April 1 of each calendar year and ends on March 31 of the succeeding calendar year. Unless otherwise stated, references in this Placement Document to a particular "Fiscal" or "Fiscal Year" or "FY" are to the fiscal year ended on March 31.

All figures appearing in this Placement Document have been rounded off to two decimal places. Accordingly, the figure shown as totals herein may not be an arithmetic aggregation of the figures which precede them.

INDUSTRY AND MARKET DATA

Information regarding market position, market size, growth rates, other industry data and certain industry forecasts pertaining to the businesses of our Bank contained in this Placement Document consists of estimates, forecasts based on data reports compiled by government bodies, data from other external sources and knowledge of the markets in which our Bank competes. Unless stated otherwise, the statistical information included in this Placement Document relating to the industry in which our Bank operates has been reproduced from various trade, industry and government publications and websites.

Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on or base their investment decision on this information. In certain cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring us to rely on internally developed estimates.

All such data is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Neither our Bank nor any of the Book Running Lead Managers have independently verified this data and do not make any representation regarding accuracy or completeness of such data. Our Bank takes responsibility for accurately reproducing such information but accept no further responsibility in respect of such information, data, projections, forecasts, conclusions or any other information contained in this section. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so our Bank has relied on internally developed estimates. Similarly, while our Bank believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither our Bank nor any of the Book Running Lead Managers can assure potential investors as to their accuracy. Certain information contained herein pertaining to prior years is presented in the form of estimates as they appear in the respective reports/source documents. The actual data for those years may vary significantly and materially from the estimates so contained.

The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

AVAILABLE INFORMATION

Our Bank has agreed that, for so long as any Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, our Bank will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act, subject to compliance with the applicable provisions of Indian law.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute "forward-looking statements". Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "can", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "would", or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Bank are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our Bank's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Bank's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts.

These forward-looking statements and any other projections contained in this Placement Document (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that they may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about the Bank that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause our actual results, performances and achievements to be materially different from any of the forward-looking statements include, among others:

- Failures of our internal control system may cause significant operational errors;
- Inability to control or reduce the level of non-performing assets in our portfolio or any increase in our NPA portfolio;
- Ability to manage value of our collateral and delays in enforcing collateral or failure to recover the expected value of collateral;
- Ability to manage credit, market and operational risks; and
- Laws, rules, regulations, guidelines and norms applicable to the banking industry, including priority sector lending requirements, capital adequacy and liquidity requirements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry Overview*" and "*Our Business*" on pages 36, 84, 160 and 178 respectively.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. The forward-looking statements contained in this Placement Document are based on the beliefs of the management, as well as the assumptions made by, and information currently available to, the management of our Bank. Although our Bank believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and neither our Bank nor the Book Running Lead Managers undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialize, or if any of our Bank's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Bank could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Bank are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Bank is a nationalised bank under The Banking Companies (Acquisition and Transfer of undertakings) Act, 1970. All of our Bank's Directors, key managerial personnel and members of senior management are residents of India and a substantial portion of the assets of our Bank are located in India. As a result, it may not be possible for investors outside India to effect service of process upon our Bank or such persons outside India, or to enforce judgments obtained against such parties in courts outside of India.

Recognition and enforcement of foreign judgments are provided for under Section 13 and Section 44A of the Civil Procedure Code on a statutory basis. Section 13 of the Civil Procedure Code provides that foreign judgments shall be conclusive as to any matter thereby directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title, except:

- where the judgment has not been pronounced by a court of competent jurisdiction;
- where the judgment has not been given on the merits of the case;
- where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable;
- where the proceedings in which the judgment was obtained are opposed to natural justice;
- where the judgment has been obtained by fraud; and
- where the judgment sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, United Arab Emirates, Singapore and Hong Kong, amongst others has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it views the amount of damages awarded as excessive or inconsistent with public policy of India and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award denominated in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax pursuant to execution of such a judgment in accordance with applicable laws.

EXCHANGE RATE INFORMATION

Fluctuations in the exchange rate between the Rupees and the U.S. dollar will affect the U.S. dollar equivalent of the Rupee price of the Equity Shares on BSE and NSE. These fluctuations will also affect the conversion into U.S. dollar of any cash dividends paid in Rupees on the Equity Shares. The exchange rate between the Rupee and US Dollar has been volatile over the past year.

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per US$) for, or as of, the end of the periods indicated. The exchange rates are based on the reference rates released by the RBI and Financial Benchmarks India Private Limited (the "**FBIL**"), which are available on the website of the RBI and FBIL. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

As on September 16, the exchange rate (FBIL reference rate) was ₹ 83.89 to US$ 1.00.

Period	**(₹ per USD 1.00)**			
	Period End	**Average***	**High****	**Low*****
Year ended				
2024	83.37	82.79	83.40	81.65
2023	82.22	80.39	83.20	75.39
2022	75.81	74.51	76.92	72.48

**Average of the official rate for each working day of the relevant period.*
***Maximum of the official rate for each working day of the relevant period.*
****Minimum of the official rate for each working day of the relevant period.*

(Source: www.fbil.org.in)
Note: If the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day has been disclosed. The reference rates are rounded off to two decimal places.

Month:	**(₹ per USD 1.00)**			
	Month End	**Average***	**High****	**Low*****
August.2024	83.86	83.89	83.97	83.71
July, 2024	83.65	83.59	83.75	83.34
June, 2024	83.36	83.47	83.67	82.93
May, 2024	83.29	83.49	83.52	83.08
April, 2024	83.52	83.41	83.52	83.23
March, 2024	83.37	83.00	83.37	82.68

**Average of the official rate for each working day of the relevant period.*
***Maximum of the official rate for each working day of the relevant period.*
****Minimum of the official rate for each working day of the relevant period.*

(Source: www.rbi.org.in)
Note: If the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day has been disclosed. The reference rates are rounded off to two decimal places.

Although our Bank has translated selected Indian rupee amounts in this Placement Document into USD for convenience, this does not mean that the Indian rupee amounts referred to could have been, or could be, converted to USD at any particular rate or, the rates stated above, or at all. There are certain restrictions on the conversion of Indian rupees into USD.

DEFINITIONS AND ABBREVIATIONS

This Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalized terms used in this Placement Document is intended for the convenience of the reader / prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalized terms used in this Placement Document shall have the meaning as defined hereunder. Further, any references to any statute or regulations or policies shall include amendments thereto, from time to time.

The words and expressions used in this Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the SEBI ICDR Regulations, the SCRA, the Depositories Act, or the rules and regulations made thereunder.

Notwithstanding the foregoing, terms used in "*Selected Financial Information*", "*Taxation*", "*Industry Overview*", "*Legal Proceedings*" and "*Financial Statements*" on pages 34, 290, 160, 309 and 318, respectively, shall have the meaning given to such terms in such sections.

Bank Related Terms

Term	Description
Our "Bank", the "Bank", the "Issuer", or	Punjab National Bank, incorporated under the Indian Companies Act, 1882 (Act VI of 1882) in 1894. Our Bank was constituted as Punjab National Bank under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, as amended ("**Banking Companies Act**") on July 19, 1969 and having its corporate office at Plot No. 4, Sector 10, Dwarka, New Delhi 110 075
"we", "us" or "our"	Unless the context requires otherwise, the Bank and its Subsidiaries, Associate and Joint Ventures
Amalgamation	The Department of Financial Services, Ministry of Finance, Government of India issued a Gazette Notification no. CG-DL-E04032020-216535 dated March 4, 2020, approving the scheme of amalgamation of erstwhile Oriental Bank of Commerce and erstwhile United Bank of India into our Bank in exercise of the powers conferred by Section 9 of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1980 (40 of 1980)
Associate	Dakshin Bihar Gramin Bank, Patna, Sarva Haryana Gramin Bank, Rohtak, Himachal Pradesh Gramin Bank, Mandi, Punjab Gramin Bank, Kapurthala, Prathama UP Gramin Bank, Meerut, Assam Gramin Vikash Bank, Guwahati, Bangiya Gramin Vikash Bank, Murshidabad, Tripura Gramin Bank, Agartala, Manipur Rural Bank, Imphal, PNB Housing Finance Limited, PNB Metlife India Insurance Co. Limited, Canara HSBC Life Insurance Co. Limited, India SME Asset Reconstruction Co. Limited and JSC (Tengri Bank), Almaty Kazakhstan
Audited Financial Statements	Collectively, the Fiscal 2022 Audited Financial Statements, Fiscal 2023 Audited Financial Statements and the Fiscal 2024 Audited Financial Statements
Auditors/Statutory Auditors	The statutory central auditors of our Bank being, Ummed Jain & Co, Chartered Accountants, N K Bhargava and Co, Chartered Accountants, PSD & Associates, Chartered Accountants, D K Chhajer & Co., Chartered Accountants and S C Bapna & Associates, Chartered Accountants
Board or Board of Directors	Board of directors of our Bank
CFO	Chief financial officer of our Bank
Directors	Directors on the Board of our Bank
Equity Shares	Equity shares of face value ₹ 2 each of our Bank
Financial Statements	Audited Financial Statements and the Reviewed Financial Results
Fiscal 2022 Audited Financial Statements	Audited standalone and consolidated financial statements of our Bank prepared under Indian GAAP for Fiscal 2022 read along with the notes
Fiscal 2023 Audited Financial Statements	Audited standalone and consolidated financial statements of our Bank prepared under Indian GAAP for Fiscal 2023 read along with the notes
Fiscal 2024 Audited Financial Statements	Audited standalone and consolidated financial statements of our Bank prepared under Indian GAAP for Fiscal 2024 read along with the notes

Term	Description
Corporate Office	Plot No. 4, Sector 10, Dwarka, New Delhi 110 075
Joint Venture	Everest Bank Limited, Nepal
Managing Director and Chief Executive Officer	Managing Director and Chief Executive Officer of our Bank, namely Mr. Atul Kumar Goel.
NPS	National Pension Scheme
OBUs	Offshore Banking Units
PoS	Point of Sale
Promoter	The promoter of our Bank namely, the President of India, acting through the Ministry of Finance, Government of India
Reviewed Financial Results	Collectively, the Unaudited June 2023 Financial Results and the Unaudited June 2024 Financial Results
Senior Management	Members of the senior management of our Company as determined in accordance with the Regulation 2(1)(bbbb) of the SEBI ICDR Regulations, and as disclosed in the section titled "*Board of Directors and Senior Management*" on page 216.
Subsidiaries	Subsidiaries of our Bank namely: 1. PNB Gilts Limited; 2. PNB Investment Services Limited*; 3. PNB Cards & Services Limited; 4. Punjab National Bank (International) Limited; United Kingdom and 5. Druk PNB Bank Limited, Bhutan. ** PNB Investment Services Limited is one of the BRLMs, and shall be involved only in the marketing of the Issue in compliance with Regulation 21A of the SEBI Merchant Banker Regulations and Regulation 174(2) of the SEBI ICDR Regulations.*

Issue Related Terms

Term	Description
Allocated/Allocation	The allocation of Equity Shares, by our Bank in consultation with the Book Running Lead Managers, following the determination of the Issue Price to successful Bidders on the basis of the Application Form submitted by them, and in compliance with Chapter VI of the SEBI ICDR Regulations and other applicable laws
Allotted/Allotment/Allot	Unless the context otherwise requires, Issue and allotment of Equity Shares to successful Bidders pursuant to this Issue
Allottee	Bidders to whom the Equity Shares are Allotted pursuant to the Issue
Application Form	The form (including any revisions thereof) which will be submitted by an Eligible QIB for registering a Bid in the Issue during the Bid/ Issue Period
Bid(s)	An indication of interest of a Bidder to subscribe for the Equity Shares in the Issue as provided in the Application Form (including all revisions and modifications thereto). The term "Bidding" shall be construed accordingly.
Bid Amount	With respect to each Bidder, the amount determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by such Bidder
Bid/Issue Closing Date	September 26, 2024, the date after which our Bank (or BRLMs on behalf of our Bank) shall cease acceptance of Application Forms and the Bid Amount.
Bid/Issue Opening Date	September 23, 2024, the date on which our Bank (or the Book Running Lead Managers on behalf of our Bank) shall commence acceptance of the Application Forms and the Bid Amount
Bid/Issue Period	Period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids including any revision and/or modification thereof along with the Bid Amount.
Bidder	Any prospective investor, being an Eligible QIB, who makes a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form
Book Running Lead Managers/BRLMs	The book running lead managers to the Issue, in this case being BNP Paribas, ICICI Securities Limited, IDBI Capital Markets & Securities Limited, IIFL Securities Limited, Emkay Global Financial Services Limited, Elara Capital (India) Private Limited, HSBC Securities and Capital Markets (India) Private Limited, Motilal

Term	Description
	Oswal Investment Advisors Limited, Nuvama Wealth Management Limited, SBI Capital Markets Limited and PNB Investment Services Limited* ** PNB Investment Services Limited is one of the BRLMs, and shall be involved only in the marketing of the Issue in compliance with Regulation 21A of the SEBI Merchant Banker Regulations and Regulation 174(2) of the SEBI ICDR Regulations*
CAN/Confirmation of Allocation Notice	Note or advice or intimation to Successful Bidders confirming Allocation of Equity Shares to such Successful Bidders after determination of the Issue Price and requesting payment for the entire applicable Issue Price for all Equity Shares Allocated to such Successful Bidders.
Closing Date	The date on which Allotment of the Equity Shares pursuant to the Issue shall be expected to be made, i.e., on or about September 26, 2024.
Designated Date	The date of credit of Equity Shares to the Allottees' demat account, pursuant to the Issue, as applicable to the relevant Allottees
Eligible FPIs	FPIs that were eligible to participate in this Issue in terms of applicable law, other than individuals, corporate bodies and family offices
Eligible QIB(s)	A qualified institutional buyer, as defined in Regulation 2(1)(ss) of the SEBI Regulations which (i) is not restricted from participating in the Issue under the applicable laws, and (ii) is a resident of India or is an Eligible FPI participating through Schedule II of the FEMA Rules
Escrow Account	Special non-interest bearing, no-lien, current bank account without any cheques or overdraft facilities, to be opened in the name and style "*PNB QIP 2024–ESCROW ACCOUNT*" with the Escrow Bank, subject to the terms of the Escrow Agreement into which the Application Amount payable by the Bidders in connection with the subscription to the Equity Shares pursuant to the Issue shall be deposited
Escrow Agent	Punjab National Bank
Escrow Agreement	The escrow agreement dated September 23, 2024 entered into amongst our Bank, the Escrow Agent and the Book Running Lead Managers.
Escrow Bank	Punjab National Bank
Floor Price	The floor price of ₹ 109.16 per Equity Share which has been calculated in accordance with Regulation 176 of Chapter VI of the SEBI ICDR Regulations. Our Bank may offer a discount of not more than 5% on the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations and in accordance with the approval of the shareholders of our Bank accorded through their resolution passed on March 5, 2024.
Issue	Issue of up to 48,19,27,710 Equity Shares of face value ₹ 2 each at a price of ₹ 103.75 per Equity Share, including a premium of ₹101.75 per Equity Share, pursuant to the Preliminary Placement Document aggregating to ₹5000.00 crore.
Issue Price	₹103.75 per Equity Share
Issue Proceeds	The gross proceeds of the Issue. For details, see "*Use of Proceeds*".
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Mutual Fund Portion	10% of the Equity Shares proposed to be Allotted in the Issue, which is available for Allocation to Mutual Funds
Placement Agreement	The placement agreement dated September 23, 2024 entered into amongst our Bank and the Book Running Lead Managers
Placement Document	The placement document to be issued by our Bank in accordance with Chapter VI of the SEBI ICDR Regulations
Preliminary Placement Document	The preliminary placement document dated September 23, 2024 issued by our Bank in accordance with Chapter VI of the SEBI ICDR Regulations, pursuant to which a QIB shall submit a Bid in the Issue
Qualified Institutional Buyers or QIBs	Qualified institutional buyers, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement under chapter VI of the SEBI ICDR Regulations
Refund Amount	The aggregate amount to be returned to the Bidders, who have not been Allocated Equity Shares for all or a part of the Bid Amount submitted by such Bidder pursuant to the Issue

Term	Description
Refund Intimation Letter	Letters from our Bank intimating the Bidders on the amount to be refunded, if any, either in part or whole, to their respective bank accounts.
Relevant Date	September 23, 2024, being the date of the meeting in which a committee of Directors (duly authorised by the Board), decides to open the Issue
Stock Exchanges	BSE and NSE
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Bid Amount (along with the Application Form) and who will be Allocated Equity Shares in the Issue
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India

Conventional and General Terms/Abbreviations

Term	Description
ALCO	The Asset Liability Management Committee of our Bank
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AMC	Asset management company
AOP	Association of persons
App	Mobile application
AS	Accounting Standards issued by ICAI
AY	Assessment year
Banking Companies Act	Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970
Banking Regulation Act	The Banking Regulation Act, 1949
Banking Ombudsman Scheme	Banking Ombudsman Scheme, 2006
Basel III	A global regulatory framework for more resilient banks and banking systems published by the Bank for International Settlements. RBI issued guidelines on the implementation of Basel III capital regulations in India on May 2, 2012 and revised as per notification issued by the RBI on March 27, 2014
Billion	1,000 million
BNSS	Bharatiya Nagarik Suraksha (Second) Sanhita, 2023
BSE	BSE Limited
Calendar Year	Year ending on December 31
CBI	Central Bureau of Investigation
CCI	Competition Commission of India
CDR	Corporate debt restructuring
CDR System	A joint forum of banks and financial institutions in India established in 2001 as an institutional mechanism for corporate debt restructuring
CDSL	Central Depository Services (India) Limited
CII	Confederation of Indian Industry
CIN	Corporate identity number
CMP	Cash Management Product
Civil Code	The Code of Civil Procedure, 1908
Cr.P.C.	The Code of Criminal Procedure, 1973
Competition Act	The Competition Act, 2002
Consolidated FDI Policy	The Consolidated FDI Policy notified by the DPIIT under DPIIT File Number 5(2)/2020- FDI Policy dated the October 15, 2020, effective from October 15, 2020
Depositories Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996
Depository Participant	A depository participant as defined under the Depositories Act
DIIPT	Department for Promotion of Industry and Internal Trade (Formerly known as Department of Industrial Policy & Promotion)

Term	Description
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECB	External commercial borrowing
ECS	Electronic clearing service
EGM	Extraordinary general meeting
Eligible FPIs	FPIs that are eligible to participate in this Issue
FCNR(B)	Foreign currency non-resident (bank)
FDI	Foreign direct investment
FEDAI	Foreign Exchange Dealers' Association of India
FEMA	The Foreign Exchange Management Act, 1999 and the regulations issued thereunder
FEMA Rules/FEMA Non-Debt Rules	The Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FICCI	Federation of Indian Chambers of Commerce and Industry
Fiscal or Fiscal Year or Financial Year or FY	Period of 12 months ended 31 March of that particular year, unless otherwise stated
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations.
FRA/IRS	Forward rate agreements/interest rate swaps
FVCI	Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
GAAP	Generally accepted accounting principles
GAAR	General Anti-Avoidance Rules
GDP	Gross domestic product
GIR	General index registrar
GoI/Government	Government of India, unless otherwise specified
GST	Goods and services tax; a reform to Indian tax laws relating to indirect taxes on goods and services
HNIs	High net worth individuals
HR	Human resources
HUF	Hindu undivided family
IBA	Indian Bank's Association
IBC	Insolvency and Bankruptcy Code 2016
ICA	The Institute of Cost Accountants of India
ICAI	The Institute of Chartered Accountants of India
ICRA	ICRA Limited
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
IMF	International Monetary Fund
IND AS	Indian Accounting Standards converged with IFRS, which has been proposed for implementation by the ICAI
India	The Republic of India
Indian GAAP	Generally Accepted Accounting Principles of India as applicable to banks
ISO	International Standards Organisation
IT	Information technology
IT Act	The Income Tax Act, 1961
ITES	Information technology enabled services
MAT	Minimum alternate tax
MCA	The Ministry of Corporate Affairs, Government of India
MNC	Multinational corporation
MoF	Ministry of Finance
MoU	Memorandum of understanding
MSEs	Micro and small enterprises
Nationalised Bank Scheme	The Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970
NAV	Net asset value
NEAT	National Exchange for Automated Trading

Term	Description
NEFT	National electronic fund transfer
NGOs	Non-government organizations
NPCI	National Payments Corporation of India
NRE	Non-resident (external)
NRI	Non-resident Indian
NRO	Ordinary non-resident
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OFAC	Office of Foreign Assets Control of the U.S. Treasury Department
p.a	Per annum
PAN	Permanent account number
PDAI	Primary Dealers Association of India
PFRDA	Pension Fund Regulatory and Development Authority
PMLA	The Prevention of Money Laundering Act, 2002
Prudential Framework	The Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019.
Prudential Norms	Master Circular of RBI on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated April 02, 2024
PTC	Pass through certificate
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
Recovery of Debts Act	The Recovery of Debts Due To Banks and Financial Institutions Act, 1993
Regulation D	Regulation D under the U.S. Securities Act
Regulation S	Regulation S under the U.S. Securities Act
Rule 144A	Rule 144A under the U.S. Securities Act
RFID	Radio frequency identification
Rs./Rupees/INR/₹	Indian Rupees
RWA	Risk weighted assets
SARFAESI Act	The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SCBs	Scheduled commercial banks
SCR (SECC) Rules	The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012
SCRA	The Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011
SEC	United States Securities and Exchange Commission
SFIO	Serious Fraud Investigation Office, Ministry of Corporate Affairs, Government of India
SIDBI	Small Industries Development Bank of India
STT	Securities transaction tax
U.K.	United Kingdom
U.S. GAAP	Generally Accepted Accounting Principles in the United States
U.S. QIBs	"Qualified Institutional Buyers" as defined in Rule 144A under the U.S. Securities Act

Term	Description
U.S. Securities Act	United States Securities Act of 1933, as amended
USA/U.S. /United States	The United States of America
USD/U.S. $ /U.S. dollar	United States Dollar, the legal currency of the United States of America
VCF	Venture capital fund (as defined and registered with SEBI under the erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be
WOS	Wholly owned subsidiaries
WPI	Wholesale price index
WTO	World Trade Organisation

Industry Related Terms

Term/Abbreviation	Full Form/Description
ATMs	Automated Teller Machines
BSI	Banking Stability Indicator
CPI	Consumer Price Index
CRR	Cash Reserve Ratio
CRAR	Capital to risk weighted asset ratio
DCBS	Department of Cooperative Bank Supervision
FCs	Financial Conglomerates
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GNPA	Gross Non-Performing Asset
GST	Goods and Service Tax
GVA	Gross Value Added
HFC	Housing Finance Companies
LABs	Local Area Banks
LAF	Liquidity Adjustment Facility
LCR	Liquidity Cover Ratio
MIF	Micro Finance Institutions
MSME	Micro, Small and Medium Enterprises
MTM	Market to Market
MSF	Marginal Standing Facility
NABARD	National Bank for Agriculture and Rural Development
NBFC	Non Banking Financial Companies
NHB	National Housing Bank
NDTL	Net Demand and Time Liabilities
NPA	Non-Performing Asset
NNPA	Net Non-Performing Asset
NRO	Non-Resident Ordinary
NSFR	Net stable funding ratio
NSO	National Statistical Office
MPC	Monetary Policy Committee
OMO	Open Market Operation
PCA	Prompt corrective action
PCR	Provision Coverage Ratio
PMI	Purchasing managers' Index
PSBs	Public Sector Banks
PSLCs	Priority Sector Lending Certificates
PVBs	Private Sector Banks
Repo Rate	Re-purchase option rate; the annual rate at which RBI lends to other banks in India
Reverse Repo Rate	The rate at which RBI borrows money from banks in India
RRB	Regional rural bank
RTGS	Real time gross settlement
SBNs	Specified bank notes

Term/Abbreviation	Full Form/Description
SDR	Strategic Debt Restructuring
SLR	Statutory liquidity ratio (as per requirements of the RBI)
S4A	Sustainable Structuring of Stressed Assets
SME	Small and medium enterprises
SCBs	Scheduled Commercial Banks
SIDBI	Small Industries Development Bank of India
SFBs	Small Finance Banks
SMA	Special Mention Account
SPARC	Supervisory Programme for Assessment of Risk
Tier I Capital	Tier I capital instruments as defined under the guidelines on capital adequacy issued by RBI
Tier II Capital	Tier II capital instruments as defined under the guidelines on capital adequacy issued by RBI
UAN	Udyog Aadhaar Number
UCBs	Urban Cooperative Banks
VaR	Value-at-risk
WLA	White Label ATMs
WOS	Wholly Owned Subsidiary
YTM	Yield to maturity

SUMMARY OF THE ISSUE

The following is a general summary of the terms of this Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including under "Risk Factors", "Use of Proceeds", "Issue Procedure", "Description of the Equity Shares" and "Placement" on pages 36, 81, 255, 288 and 270 respectively. *The information contained in "Description of the Equity Shares" shall prevail in the event of any inconsistency with the terms set out in this section.*

Issuer	Punjab National Bank
Issue Size	Up to 48,19,27,710 Equity Shares of face value ₹2 each at a price of ₹103.75 per Equity Share, per Equity Share, aggregating to ₹5000.00 crore. **A minimum of 10% of the Issue Size i.e. at least 4,81,92,771 Equity Shares was available for Allocation to Mutual Funds only, and the balance of 43,37,34,939 Equity Shares was available for Allocation to all Eligible QIBs, including Mutual Funds.**
Face Value	₹2 per Equity Share
Issue Price	₹ 103.75 per Equity Share
Floor Price	The Floor Price for the Issue calculated in terms of Regulation 176 under Chapter VI of the SEBI ICDR Regulations is ₹ 109.16 per Equity Share. Our Bank has offered a discount of not more than 5% on the Floor Price in terms of Regulation 176(1) of the SEBI ICDR Regulations and in accordance with the approval of the shareholders of our Bank accorded through their resolution passed on March 05, 2024.
Date of Board resolution authorizing the Issue	December 28, 2023
Date of Shareholders resolution authorizing the Issue	March 05, 2024
Eligible Investors	Eligible QIBs, to whom the Preliminary Placement Document and the Application Form were delivered and who were eligible to make a Bid and participate in the Issue. See "*Issue Procedure*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 255, 272, and 279, respectively. The list of Eligible QIBs to whom the Preliminary Placement Document and Application Form was delivered has been determined by the Book Running Lead Managers, in consultation with our Bank, at their sole discretion
Equity Shares subcribed, issued, paid-up and outstanding immediately prior to the Issue	11,01,10,15,558 Equity Shares
Equity Shares subscribed, issued, paid-up and outstanding immediately after the Issue	11,49,29,43,268 Equity Shares
Dividend	For more information, see "*Description of the Equity Shares*", "*Dividend Policy*" and "*Taxation*" on pages 288, 82 and 290, respectively.
Indian Taxation	For more information, see "*Taxation*" on page 290.
Issue Procedure	The Issue is being made only to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations. For further details, see "*Issue Procedure*" on page 255.
Listing	Our Bank has obtained in-principle approvals each dated September 23, 2024 for the listing of the Equity Shares in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, from BSE and NSE. Our Bank shall apply to BSE and NSE for the final listing and trading approvals, after the Allotment and after the credit of the Equity Shares to the respective beneficiary accounts of the successful Bidders maintained with a Depository Participant.

Transfer Restriction	The Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a stock exchange. The Equity Shares are subject to certain selling and transfer restrictions. For details, see "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 272 and 279, respectively.
Closing Date	The date on which Allotment of the Equity Shares pursuant to the Issue shall be expected to be made, i.e., on or about September 26, 2024.
Ranking	The Equity Shares being issued shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividends. The shareholders will be entitled to participate in dividends and other corporate benefits, if any, declared by our Bank after the date of Allotment, in compliance with the Banking Companies Act, the Listing Regulations and other applicable laws and regulations. Shareholders may attend and vote in shareholders' meetings in accordance with applicable laws. For details, see "*Description of the Equity Shares*" on page 288.
Lock-up	For further details, see "*Placement*" on page 270 for a description of restrictions on our Bank in relation to Equity Shares.
Use of Proceeds	The gross proceeds from the Issue aggregate to ₹ 5000.00 crore. The Net Proceeds of the Issue, after deduction of fees, commissions and expenses in relation to the Issue, are expected to total approximately ₹ 4981.04 crore. For further details, see "*Use of Proceeds*" on page 81.
Risk Factors	Prior to making an investment decision, Eligible Investors should consider carefully the matters discussed under "*Risk Factors*" on page 36.
Security Codes for the Equity Shares:	
ISIN	INE160A01022
BSE Code	532461
NSE Code	PNB

SUMMARY OF BUSINESS

The Bank commenced operations on April 12, 1895 and is the second-largest public sector bank in terms of total business and deposits as of June 30, 2024 (*Source: Based on the unaudited limited reviewed financial results for the three months ended June 30, 2024 of the scheduled public and private sector banks in India submitted to the Stock Exchanges*).

Our principal business operations are broadly categorized into four segments: corporate/wholesale banking segment comprises commercial banking products and transactional services, which are provided to our corporate and institutional clients; retail banking comprises financial products provided to our retail customers; treasury operations comprising primarily of statutory reserves management, liquidity management and other such services and other banking operations comprising primarily of rural business and agri-business.

The range of products and services offered by the Bank includes loans and advances, deposits, foreign exchange products, retail lending and deposits and fee and commission-based products and services. Our principal banking operations include:

- *Retail banking*: Our retail banking products include loans and deposit products targeted primarily at individuals (salaried, self-employed professionals and other self-employed individuals) to meet their personal financial requirements, such as housing, vehicle, education and other personal requirements.

- *Corporate banking*: Our corporate banking operations cater to the business needs of various companies, institutions and other enterprises in the public and private sector. Our corporate banking loans include fund based and non-fund based products, of which the fund based products consist of term loans as well as working capital facilities. We also offer trade loans, bridge financing and foreign currency loans. We also provide finance to corporates through syndication of loans.

- *MSME banking*: Our micro, small and medium enterprises ("**MSME**") banking products include loans to entrepreneurs engaged in manufacturing and service activities as well as working capital.

- Agricultural banking: Our agricultural banking operations cater to farmers and agriculture-based entrepreneurs through various short, medium and/or long-term loan products.

The Bank is also present, through its Subsidiaries, Joint Venture and Associates, in diverse segments of the Indian financial sector, including housing finance, life insurance, corporate advisory, merchant banking and trustee services. The Bank contributed 97.79% of our total consolidated assets as of June 30, 2024.

The Bank has a presence throughout India with a total of 10,150 branches, of which 63.30% are located within rural and semi-urban areas in India, 12,080 ATMs, 32,630 banking correspondents, as of June 30, 2024. The Bank also has an overseas presence in Bhutan, United Kingdom, Nepal, Bangladesh and Myanmar through its branches, representative offices, Subsidiaries, Joint Venture and Associates outside India. The Government of India ("**GoI**") owned 73.15% of the Bank's share capital as of June 30, 2024.

The Bank's branch network is further complemented by its online and mobile banking solutions that enable it to provide its customers with access to on-demand banking services. We are focused on continuing investment in our technology platforms and systems. Our direct banking platforms enable us to connect with our customers through alternate channels by improving customer retention and supporting the increase in the volume of customer transactions.

As of June 30, 2024, the Bank had gross deposits, gross advances and a total asset base of ₹ 14,08,247.07 crore, ₹10,28,681.83 crore and ₹16,03,314.11 crore, respectively. As of March 31, 2024, the Bank's market share of aggregate domestic deposits (excluding HDFC merger) was 6.32%, and its market share of aggregate domestic non-food credit was 5.82%. (*Source: RBI data.)* In addition, the Bank's retail term deposits (deposits less than ₹ 3 crore) accounted for 42.75% of the Bank's domestic deposits.

The Bank also has a large stable percentage of relatively low-cost CASA deposits within its deposit mix. As of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, the Bank's CASA was ₹5,33,654.22 crores, ₹5,38,015.32 crores, ₹5,52,499.36 crores, ₹5,30,841.81 crores and ₹5,49,078.94 crores, respectively. As of March 31, 2022, 2023, 2024, June 30, 2023 and June 30, 2024, the Banks domestic CASA was ₹5,33,640.16 crore,

₹5,38,001.22 crore, ₹5,52,478.65 crore, ₹5,30,815.44 crores and ₹5,49,061.49 crores, respectively, while the Bank's ratio of domestic CASA deposits to its total domestic deposits as of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024 was 47.43%, 42.98%, 41.43%, 41.90% and 40.08%, respectively.

Under the Priority Sector Guidelines, under the applicable RBI circular for priority sector lending targets and classification (the "**Priority Sector Circular**"), which sets out that 40% of the adjusted net bank credit ("**ANBC**") should be provided to the priority sector ("**Priority Sector Credit**"), with 18% and 10% of such Priority Sector Credit provided to the agriculture sector and the weaker sections (as identified in the Priority Sector Circular), respectively. Our achievement under Total Priority Sector, Agriculture and Weaker Section was 42.52%, 18.12% and 13.52%, respectively for the three months ended June 30, 2023 and was 40.29%, 18.29% and 13.57%, respectively for the quarter ended June 30, 2024. We have achieved the goals set for priority sector lending for each of Fiscal 2022, Fiscal 2023, Fiscal 2024 and the three months ended June 30, 2023 and 2024.

For further information, see "*Regulations and Policies—Priority sector lending*" on page 236.

The table below sets forth summaries of certain of the Bank's key operating and financial performance parameters, as of and for the periods indicated below:

	As of and for the years ended March 31,			As of and for the three months ended June 30,	
	2022	2023	2024	2023	2024
	(₹ crore)				
Average interest-earning assets(1)	10,59,717.99	11,28,145.97	12,95,980.91	12,41,867.53	13,67,438.91
Net interest income	28,694.46	34,491.63	40,083.07	9,504.55	10,476.25
Average total assets(1)	13,39,446.24	14,02,842.41	15,30,884.81	15,02,671.91	15,98,323.48
Average yield(1)	7.07%	7.55%	8.25%	8.14%	8.38%
Average cost of funds(2)	3.45%	3.61%	4.36%	4.19%	4.54%
Spread(3)	2.14%	2.46%	2.62%	2.54%	2.63%
Net interest margin(4)	2.71%	3.06%	3.09%	3.08%	3.07%
Return on average equity(5)	5.96%	3.94%	11.66%	7. 48%	16.82%
Return on average assets(6)	0.26%	0.18%	0.54%	0.34%	0.82%
Earning per share	3.16	2.28	7.49	4.56	11.80
Book value per share	79.59	82.45	88.59	83.63	93.87
Book value per share – tangible	54.77	60.70	67.75	61.64	73.11
Tier I capital adequacy ratio	11.73%	12.69%	13.17%	12.29%	13.04%
Tier II capital adequacy ratio	2.77%	2.81%	2.80%	3.25%	2.75%
Total capital adequacy ratio	14.50%	15.50%	15.97%	15.54%	15.79%
Net NPAs(7)	34,908.73	22,585.06	6,798.77	17,129.47	5,930.06
Net NPAs ratio(8)	4.80%	2.72%	0.73%	1.98%	0.60%
Credit to deposit ratio(9)	68.50%	69.05%	71.79%	70.64%	73.05%
Cost to income ratio(10)	49.38%	51.69%	53.37%	53.87%	53.28%
Staff cost to income ratio	28.87%	31.76%	34.58%	34.68%	32.31%
Other cost to income ratio	20.51%	19.93%	18.80%	19.19%	20.97%

	As of and for the years ended March 31,			As of and for the three months ended June 30,	
	2022	2023	2024	2023	2024
	(₹ crore)				
Interest coverage ratio[(11)]	109.41%	106.72%	113.68%	109.37%	119.23%
Provisioning coverage ratio (including technical write-off)[(12)]	81.60%	86.90%	95.39%	89.83%	95.90%
Credit cost	1.91%	2.03%	1.40%	1.98%	0.32%
CASA ratio[(13)]	47.43%	42.98%	41.44%	41.90%	40.08%
Slippage ratio[(14)]	3.90%	2.31%	0.72%	1.19%	0.76%
Total business	19,31,322.81	21,65,843.79	23,53,037.51	22,14,740.79	24,36,928.90
Gross total advances	7,85,104.36	8,84,680.69	9,83,324.70	916,835.59	10,28,681.83
Gross Deposits	11,46,218.45	12,81,163.10	13,69,712.81	12,97,905.20	14,08,247.07

Notes:

(1) Average balances are daily averages for deposits/ advances/investments and all others are based on monthly averages as reported to the RBI.

(2) Cost of funds is interest expense divided by total monthly average assets.

(3) Spread is net interest income divided by monthly average assets.

(4) Net interest margin is the difference of interest earned and interest expended divided by the total average interest-earning assets, where advances, investment and money at call and short notice are based on daily averages and others are based on monthly averages.

(5) Return on average equity is the ratio of the net profit after tax to the quarterly average tangible net worth (capital plus reserves excluding revaluation reserves, DTA and other deduction).

(6) Return on average assets is the ratio of the net profit after tax to the monthly average assets.

(7) Net NPAs reflect the Bank's gross NPAs less provisions for NPAs.

(8) Net NPAs ratio is the ratio of net NPAs divided by net advances.

(9) Credit to deposit ratio is calculated as a ratio of total gross advances to total deposits.

(10) Cost to income ratio is calculated as a ratio of operating expenses divided by total operating income (total of net interest income and non-interest income).

(11) Interest coverage ratio is calculated as net profit and depreciation on the Bank's property, divided by interest expended.

(12) PCR (including technical write-off) comprises provisions plus technical write off as percentage to Gross NPA plus technical write off.

(13) Ratio of domestic current account deposits and savings account deposits to domestic deposits (including inter-bank deposits).

(14) Slippages are fresh accretion to NPAs during a period. Slippage Ratio is fresh NPAs divided by Standard Advances at the beginning of the period.

SELECTED FINANCIAL INFORMATION OF OUR BANK

Consolidated Summary Balance Sheet

(in crores)

Particulars	**As on March 31, 2024**	**As on March 31, 2023**	**As on March 31, 2022**
CAPITAL & LIABILITIES			
Capital	2,202.20	2,202.20	2,202.20
Reserves & Surplus	1,08,184.53	1,00,678.30	95,379.72
Minority Interest	560.77	459.38	473.47
Deposits	13,79,225.24	12,90,347.07	11,54,234.46
Borrowings	72,585.62	70,148.62	59,371.67
Other liabilities and provisions	35,877.60	29,813.37	27,639.61
Total	**15,98,635.96**	**14,93,648.94**	**13,39,301.13**
ASSETS			
Cash and balances with Reserve Bank of India	65,325.13	78,213.52	57,027.84
Balances with banks and money at call and short notice	66,075.06	79,114.96	77,166.04
Investments	4,46,421.27	4,16,913.84	3,88,585.82
Advances	9,41,762.47	8,37,458.98	7,33,765.83
Fixed Assets	12,347.84	12,083.96	10,696.21
Other Assets	66,704.19	69,863.68	72,059.39
Total	15,98,635.96	14,93,648.94	**1,33,93,001.13**

Consolidated Summary Profit and Loss Account

(in crores)

Particulars	**As on March 31, 2024**	**As on March 31, 2023**	**As on March 31, 2022**
I. INCOME			
Interest earned	1,09,064.58	86,845.29	76,241.83
Other income	13,329.43	12,239.59	12,097.66
Total	**1,22,394.01**	**99,084.88**	**88,339.49**
II. EXPENDITURE			
Interest expended	68,534.16	51,816.99	46,823.08
Operating expenses	28,808.98	24,335.68	20,490.77
Provisions and contingencies	16,721.96	19,862.87	17,349.68
Total	**1,14,065.10**	**96,015.54**	**84,663.53**
Share of earnings in Associates (net)	828.24	289.44	231.63
Consolidated Profit/(Loss) for the year before deducting Minorities' Interest	9,157.15	3,358.78	3,907.59
Less: Minorities Interest	49.95	10.33	46.85
Consolidated Profit/(loss) for the period attributable to the group	**9,107.20**	**3,348.45**	**3,860.74**
III. APPROPRIATIONS			
Transfer to Statutory Reserves	2,091.66	626.80	899.84
Transfer to Capital Reserves	46.28	52.15	700.93
Transfer to Investment Reserves	0.00	0.00	15.83
Transfer to Investment Fluctuation Reserves	288.95	194.74	854.85
Transfer to Other Reserves	3,935.56	767.55	-175.45

Particulars	As on March 31, 2024	As on March 31, 2023	As on March 31, 2022
Transfer to Special Reserves as per Income Tax Act	401.56	250.00	100.00
Proposed Dividend	1,651.65	715.72	704:71
Balance carried over to consolidated balance sheet	3,971.57	3,280.03	2,538.54
Total	**12,387.23**	**5,886.99**	**5,639.24**
Earnings per Share (In ₹) (Basic/ Diluted)	**8.27**	**3.04**	**3.53**

Consolidated Cash Flow Statement of the Bank for the years ended March 31, 2024, 2023 and 2022 are presented in the table below:

Particulars	As on March 31, 2024	As on March 31, 2023	As on March 31, 2022
Net Cash from Operating Activities	(27939.44)	22592.10	19,932.33
Net Cash used in Investing Activities	(1506.42)	(732.47)	(1,104.38)
Net Cash from Financing Activities	3517.57	1274.98	2,031.50
Net Change in Cash and Cash Equivalents	(25928.29)	23134.60	20,859.45

Financial Results for the three months ended June 30, 2024

Consolidated Profit and Loss Account

Particulars	As on June 30, 2024	As on June 30, 2023
I. INCOME		
Interest earned	29,144.54	25,672.85
Other income	3,615.35	3,360.26
Total	**32,759.89**	**2,90,33.11**
II. EXPENDITURE		
Interest expended	18,536.31	16,064.38
Operating expenses	7,569.95	2,510.42
Profit & Contingencies	2937.46	4,723.39
Total	**26,106.26**	**23,098.90**
Share of earnings in Associates (net)	275.21	152.15
Consolidated Profit/(Loss) for the year before deducting Minorities' Interest	3991.38	1362.97
Less: Minority Interest	15.52	20.92
Consolidated Profit/(loss) for the period attributable to the group	**3975.86**	**1342.05**
Earnings per Share (In ₹) (Basic/ Diluted)	**3.61**	**1.22**

RISK FACTORS

This Placement Document contains certain forward-looking statements that involve risks and uncertainties. Our financial performance may differ from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Placement Document. Prospective investors should carefully consider the following risk factors as well as other information included in this Placement Document prior to making any investment decision. If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business prospects, results of operations and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of the value of their investment.

The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors. In order to obtain a complete understanding of our business, you should read this section in conjunction with the sections "Industry Overview", "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Selected Statistical Information" on pages 160, 178, 84 and 123, respectively, as well as other financial information contained in this Placement Document. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Issue.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal year are to the twelve months ended March 31 of that year. Unless otherwise specified or as the context requires, financial information herein for Fiscals 2022, 2023 and 2024 is derived from our Audited Standalone Financial Statements, and the financial information for the three months ended June 30, 2023 and 2024 is derived from our Unaudited Limited Reviewed Standalone Financial Results, included in this Placement Document.

Unless otherwise stated, references to "the Bank" or "our Bank", are to Punjab National Bank on a standalone basis and references to "we", "us", "our", are to Punjab National Bank on a consolidated basis.

RISKS RELATING TO OUR BUSINESS

1. ***Weakness or failures of our internal control system may cause significant operational errors, which may in turn materially and adversely affect our business.***

We are exposed to operational risks, including the risk of fraud or other misconduct by employees or outsiders, unauthorized transactions by employees and third parties (including violation of regulations for prevention of corrupt practices, and other regulations governing our business activities), or operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems. Given the high volume of transactions that we handle on a day-to-day basis, certain errors may be repeated or compounded before they are discovered and successfully rectified.

We have, in the past, detected fraud involving certain accounts through connivance between borrowers and our employees, which led to losses, downgrade of credit ratings and reputational harm. In Fiscals 2022, 2023 and 2024 and the three months ended June 30, 2023 and 2024, there were 431, 289, 7,112, 1,101 and 2,448 fraud cases reported by the Bank to RBI, respectively. In the past, we have also been subject to a criminal complaint by the RBI alleging that our Bank and other accused persons willfully made false and misleading statements and furnished false information regarding the implementation of core banking software ("**CBS**") and integration of the SWIFT system with CBS. Subsequently, SWIFT was integrated with CBS, wherein all outward payment SWIFT messages are automatically generated through CBS without any manual intervention. Set forth below are the number of frauds identified in the corresponding years, and their pecuniary implication:

Particulars	Fiscal 2022	Fiscal 2023	Fiscal 2024	Three months ended June 30, 2023	Three months ended June 30, 2024
Number of frauds detected	431	289	7,112*	1,101#	2,448$

Particulars	Fiscal 2022	Fiscal 2023	Fiscal 2024	Three months ended June 30, 2023	Three months ended June 30, 2024
Aggregate pecuniary implication (₹ crores)	9,579.80	1,809.10	1,803.59*	5.85	2,558.30$

**1. Includes 6,981 digital frauds (customer liability cases) reported during the period under review, which amounts to 98.15% of total number of frauds reported. Bank has started reporting digital frauds (customer liability cases) since Fiscal 2024 as per the directives of RBI).*
2. Also includes 17 deactivated cases amounting to ₹ 1,246.56 crore reported during the period under review, which amounts to 69.12% of the total fraud amount reported.
3. 114 new fraud cases amounting to ₹ 532.77 crore were reported during Fiscals 2023-2024.
 # Includes 1,079 digital frauds (customer liability cases) reported during the period under review, which amounts to 98.00% of total number of frauds reported. Bank has started reporting digital frauds (customer liability cases) since Fiscal 2024 as per the directives of RBI).
$1. Includes 2,396 digital frauds (customer liability cases) reported during the period under review, which amounts to 97.87% of total number of frauds reported. Bank has started reporting digital frauds (customer liability cases) since Fiscal 2024 as per the directives of RBI).
2 Also includes 13 deactivated cases amounting to ₹ 2,156.35 crore reported during the period under review, which amounts to 84.29% of the total fraud amount reported.

We also outsource certain functions to other agencies, such as data entry, cash management and ATM management. As a result, we are also exposed to the risk that such external agencies may be unable to fulfil their contractual obligations to us (or will be subject to the same risk of fraud or operational errors by their respective employees as we are), and to the risk that our (or such agencies) business continuity and data security systems prove not to be sufficiently adequate.

Our risk management techniques may not be fully effective in mitigating our risk exposure in all market environments or against all types of risks, including risks that are unidentified or unanticipated. Some methods of managing risk are based upon observed historical market behavior. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up to date or properly evaluated. While we periodically test and update, as necessary, our internal control systems, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to guarantee effective internal controls in all circumstances.

2. ***If we are not able to control or reduce the level of non-performing assets in our portfolio or any increase in our NPA portfolio, RBI mandated provisioning requirements could adversely affect our business, financial conditions and results of operations.***

Our NPAs are dependent on several factors, including macroeconomic conditions, increased competition, adverse effect on the business and results of operations of our borrowers, a rise in unemployment, a sharp and sustained rise in interest rate, slow industrial and business growth, high levels of debt involved in financing of projects, and significant borrowings by companies in India at relatively high interest rates, and any such significant increase in NPAs may have a material adverse effect on our financial condition and results of operations. Set forth below are our gross and net NPAs as of the corresponding dates:

Particulars	As of March 31,			As of June 30,	
	2022	2023	2024	2023	2024
Gross NPAs (₹ crores)	92,448.04	77,327.67	56,343.05	70,899.34	51,262.78
Gross NPAs, as a percentage of gross advances (%)	11.78%	8.74%	5.73%	7.73%	4.98%
Net NPAs (₹ crores)	34,908.73	22,585.04	6,978.77	17,129.47	5,930.06
Net NPAs, as a percentage of net advances (%)	4.80%	2.72%	0.73%	1.98%	0.60%

Historically, we have experienced significant exposure to sectors such as infrastructure, including power, basic metal, textile, gems and jewellery, and food processing, and may continue to do so. Any financial difficulties experienced by any of these sectors of the Indian economy or by our customers, could significantly increase our NPA levels. For further information on our exposure to these sectors, see "*Selected Statistical Information*" on page 123.

Additionally, if the systems and process established by our Bank to identify NPAs fail or are unable to identify the NPAs correctly and in a timely manner, our financial position could be adversely affected. We have, in the past, experienced certain deficiencies in our NPA identification and monitoring systems and processes, and there can be no assurance that our systems and processes will always function appropriately or correctly in order to identify NPAs in a timely manner or at all, or that similar deficiencies will not arise in the future.

Provisions for NPAs are created by a charge to our profit and loss account and are currently subject to minimum provisioning requirements, linked to ageing of NPAs. In addition to the relevant regulatory minimum provisioning, we also consider our internal estimate for loan losses and risks inherent in the credit portfolio when deciding on the appropriate level of provisions. The determination of a suitable level of loan losses and provisions involves a degree of subjectivity and requires that we make estimates of current credit risks and future trends, all of which may be subject to material changes. Any incorrect estimation of risk may result in our provisions not being adequate to cover any further increase in the amount of NPAs or any further deterioration in our NPA portfolio. We cannot assure you that the NPAs reported by our Bank in the future will be as assessed by any regulatory authority, and that our Bank will not be subject to increased provisioning requirements. Any future increases in provisions mandated by the RBI or other regulatory changes or increase in provisioning requirements as a result of divergences identified by the RBI, could therefore lead to an adverse impact on our business, future financial performance and the trading price of the Equity Shares. For further information, see "*Regulations and Policies in India - Prudential framework for resolution of stressed assets*" on page 236.

3. Our business is particularly vulnerable to interest rate risk, and any volatility in interest rates could adversely affect our net interest margins, the value of our fixed income portfolio, income from treasury operations and our financial condition and results of operations.

Change in market interest rates affects the interest rates offered by our Bank on interest-earning assets as well as on interest-bearing liabilities. It also affects the value of our investments. If we are unable to increase rates charged on our loans and advances or if the volume of our interest-bearing liabilities is larger or growing faster than the volume of our interest-earning assets, an increase in interest rates could result in an increase in interest expense relative to interest earned. If the yield on our interest-earning assets does not increase at the same time or to the same extent as our cost of funds, or if our cost of funds does not decline at the same time or to the same extent as the decrease in yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted. In the event of such increase in interest rates, our net interest margin could be adversely affected as the interest paid by us on our deposits could increase at a rate higher than the interest received by us on our advances and other investments. Further, an increase in interest rates could negatively affect demand for our loans and credit substitutes and we may not be able to achieve our volume growth.

The requirement that we maintain a portion of our assets in fixed income Government securities could also have a negative impact on our net interest income and net interest margin since we typically earn interest on this portion of our assets at rates that are generally less favorable than those typically received on our other interest-earning assets. Any systemic decline in low-cost funding available in the form of current and savings account deposits would adversely impact our net interest margin. Set forth below are details of the Bank's Net Interest Income, and Net Interest Margin, for each of the corresponding periods:

Particulars	Fiscal 2022	Fiscal 2023	Fiscal 2024	Three months ended June 30, 2023	Three months ended June 30, 2024
Net Interest Income (₹ crore)	28,694.46	34,491.64	40,083.07	9,504.25	10,476.25
Net interest margin (%)	2.71%	3.06%	3.09%	3.08%	3.07%

We are also exposed to interest rate risk through our treasury operations. Any rise in interest rates or interest rate volatility could adversely affect our income from treasury operations or the value of our fixed income securities trading portfolio. Sudden or sharp and sustained increases in interest rates applicable to floating rate loans, could also result in extension of loan maturities and higher monthly instalments due from borrowers, which could result in higher rates of default in loan portfolio. In addition, any change in the volume of business in our treasury operations and profitability, could have an adverse impact on the overall profitability of the Bank. Revisions in deposit interest rates, or introduction of higher interest rates, by banks with whom we compete may also lead to revisions in our deposit rates to remain competitive and this could adversely impact our cost of funds.

4. ***We are exposed to various categories of borrowers, depositors and industry sectors, and a default by any large borrower, premature withdrawal of deposits or a deterioration in the performance of any of these industry sectors in which we have significant exposure would adversely affect our results of operations, the quality of our portfolio and financial condition.***

We conduct business with certain borrowers who have highly leveraged balance sheets and any default by any of these borrowers would have a significant impact on our profitability. Aggregate exposure (funded, non-funded and investment exposure) to our Bank’s 10 largest borrowers as of June 30, 2024 amounted to ₹ 1,51,583.76 crore, representing 154.55% of our total Tier I capital (excluding exempted exposure to Government of India ("**GoI**"), Uttar Pradesh, Maharashtra, Karnataka, Bihar and Tamil Nadu Governments). We are also subject to limitations on our exposure to single counterparties, and as of June 30, 2024, we are in compliance with these guidelines. As of June 30, 2024, the GoI, our largest single counterparty (exempted exposure in terms of LEF guidelines) accounted for approximately 249.18% of our Tier I capital fund, and the largest group of connected counterparties accounted for approximately 24.26% of our Tier I capital fund, within the permitted limits.

If any of our key borrowers default or become non-performing, our exposure to credit risk would increase, and our net profits would decline and, due to the scale of the exposures, our ability to meet capital requirements could be risked. We cannot assure you that these borrowers will continue to honour their commitments and that there will be no defaults in future and further, that there will not be any delay in payments of interest and/or principal from these borrowers. In addition, the RBI guidelines, and our focus on controlling and reducing concentration risk, may restrict our ability to grow our business with some customers, thereby impacting our earnings.

Further, set forth below are details of deposits from the Bank's top 10 depositors as of the corresponding dates:

Particulars	As of March 31,			As of June 30,	
	2022	2023	2024	2023	2024
Total deposits by top 10 depositors (₹ crores)	29,594.63	42,837.84	37,950.80	45,756.00	29,814.59
Total deposits by top 10 depositors, as a percentage of total deposits (%)	2.58%	3.34%	2.77%	3.53%	2.12%

However, we cannot assure you that there will not be any untimely withdrawal or non-renewal of deposits from these depositors. In the event of such withdrawal or non-renewal, our business, results of operations and financial conditions may be adversely affected.

In addition, we offer loans to a wide range of industries and businesses. Our Bank’s largest outstanding were to the NBFC, Infrastructure, Basic metal and metal products, food processing, textiles sectors at ₹ 1,48,157 crore, ₹ 97,279 crore, ₹ 25,026 crore, ₹ 22,369 crore and ₹ 11,729 crore respectively, that represented 14.41%, 9.46%, 2.43%, 2.18% and 1.14%, respectively, of our total advances i.e., ₹ 10,28,682 crore, as of June 30, 2024. Any financial difficulties experienced by our customers or by particular sectors of the Indian economy to which we have historically had and continue to have significant exposure, due to factors outside our control could significantly increase our NPA levels and adversely affect our business, future financial performance and the price of the Equity Shares.

5. ***The level of restructured loans in our portfolio may increase and the failure of our restructured loans to perform as expected could adversely affect our business, results of operations and financial condition.***

Our assets include restructured loans. As of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, our Bank’s gross restructured standard assets amounted to ₹ 22,402.10 crore, ₹ 19,682.79 crore, ₹ 16,355.68 crore, ₹ 19,202.93 crore and ₹ 15,406.50 crore and as a proportion of net advances were 3.08%, 2.37%, 1.75%, 2.22% and 1.57%, respectively. The provision on these accounts amounted to ₹ 2,464.81 crore, ₹ 1,932.94 crore, ₹ 1,756.09 crore, ₹ 1,810.39 crore and ₹ 1,708.64 crore, respectively, as of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024. The loan portfolio of our international branches and Subsidiaries also includes foreign currency loans to Indian companies for their Indian operations as well as for their international operations, including cross-border acquisitions. We restructure assets based on a borrower's potential to restore its financial health; however, there can be no assurance that borrowers will be able to meet their obligations under restructured advances as per regulatory requirements and certain assets classified as restructured, may be classified as delinquent. Any resulting increase in delinquency levels may adversely impact our business, financial condition and results of operations.

A combination of changes in regulations regarding restructured loans, provisioning, and any substantial increase in the level of restructured assets and the failure of these structured loans to perform as expected could adversely affect our business, future financial performance and the trading price of the Equity Shares.

6. ***We are subject to the directed lending requirements of the Reserve Bank of India, and any shortfall in meeting these requirements may be required to be invested in Government schemes that yield low returns, thereby impacting our profitability. We may also experience a higher level of non-performing assets in our directed lending portfolio, which could adversely impact the quality of our loan portfolio and our business.***

Under the directed lending norms of the RBI, the RBI requires that every bank extend at least 40.00% of its adjusted net bank credit or the credit equivalent amount of off-balance sheet exposure, whichever is higher, to "priority sectors" such as agriculture, MSMEs, export credit, education, social infrastructure, renewable energy and as determined by the RBI. Of this, banks have targets or sub-targets for lending to key segments or sectors, such as agriculture, micro-enterprises and advances to weaker sections. Our Bank's priority sector loan portfolio contains significant advances to the MSME and agriculture sector. Set forth below are certain details regarding our priority sector credit, loans to micro-enterprises and loans to the agriculture sector:

Particulars	As of March 31,			As of June 30,	
	2022	2023	2024	2023	2024
Priority sector credit (₹ crores)	2,83,712.12	2,82,322.16	3,33,010.64	2,94,604.36	3,67,503.75
Priority sector credit, as a percentage of Bank's adjusted net bank credit (%)	42.42%	41.22%	40.57%	42.52%	40.29%
Loans to micro-enterprises (₹ crores)	53,963.10	52,535.58	66,943.40	56,571.47	70,239.61
Loans to micro-enterprises, as a percentage of Bank's adjusted net bank credit (%)	8.07%	7.67%	8.16%	8.16%	7.70%
Loans to agriculture sector (₹ crores)	1,22,707.76	1,24,346.89	1,49,925.27	1,25,575.40	1,66,841.62
Loans to agriculture sector, as a percentage of Bank's adjusted net bank credit	18.35%	18.16%	18.27%	18.12%	18.29%

Any revision in the definition or classification of segments eligible for priority sector lending could impact our ability to meet priority sector lending requirements. Further, in the event we are required to increase our exposure to the agricultural sector pursuant to GoI mandated directed lending, it may adversely affect our future financial performance.

As a result of priority sector lending requirements, we may experience a higher level of non-performing assets in our directed lending portfolio, particularly due to loans to the agricultural sector and small enterprises, where we are less able to control the portfolio quality and where economic difficulties are likely to affect our borrowers more severely. Set forth below are certain details regarding the Bank's priority sector NPAs and MSME industry NPAs as of the corresponding dates:

Particulars	As of March 31,			As of June 30,	
	2022	2023	2024	2023	2024
Priority sector gross NPAs to total priority sector advances	19.95%	19.28%	14.61%	18.25%	13.92%
MSME gross NPAs to total outstanding MSME advances	21.21%	18.90%	14.16%	17.83%	13.65%

Particulars	As of March 31,			As of June 30,	
	2022	2023	2024	2023	2024
Agriculture gross NPAs to total agricultural advances	20.58%	18.34%	13.89%	17.05%	12.64%

Any future changes by the Reserve Bank of India to the directed lending norms may result in our continued inability to meet the priority sector lending requirements as well as require us to increase our lending to relatively riskier segments and may result in an increase in non-performing loans. Any shortfall in meeting the priority sector lending requirements may be required to be invested at any time, at the RBI's request, in an account with the NABARD under the Rural Infrastructure Development Fund Scheme, or with other financial institutions specified by the RBI, which generate lower levels of interest compared to advances made to the priority sector.

7. If borrowers who have availed secured loans default, there may be delays and difficulties in enforcing the sale of collateral and we may be unable to recover the expected value of the collateral, which could have an adverse effect on our business, financial condition, results of operations and cash flows.

As of June 30, 2024, ₹ 7,25,367.75 crore of our Bank's advances were secured by tangible assets, which collectively represented 73.72% of our Bank's total net advances.. However, we may be unable to realise the full value of the collateral, if at all, owing to factors such as, (i) delays in bankruptcy and foreclosure proceedings, including due to the introduction of any laws, rules or regulations that provide for moratoriums or exemptions on the sale of collateral in response to any adverse economic financial conditions; (ii) deficiencies in the perfection of collateral (including due to the inability to obtain approvals that may be required from third parties); (iii) fraud by borrowers; (iv) decreases in the value of the collateral; (v) errors in assessing the value of the collateral; (vi) an illiquid market for the sale of the collateral; (vii) current legislative provisioning coverage or changes thereto; (viii) future judicial pronouncements; (ix) volatility in commodity prices; (x) stock market volatility; (xi) changes in economic policies of the Government of India; (xii) borrowers and guarantors not being traceable; and (xiii) the Bank's records of borrowers' and guarantors' addresses being ambiguous or outdated.

In India, foreclosure on collateral may be subject to delays and administrative requirements that may result in, or be accompanied by, a decrease in the value of the collateral. In addition, pursuant to the RBI's prudential guidelines on restructuring of advances by banks, we may not be allowed to initiate recovery proceedings against a corporate borrower, if 60.00% of the creditors by number and at least 75.00% of the creditors by value decide to restructure their advances. In such a situation, we are restricted to a restructuring process only as approved by the majority lenders. If we own 20.00% or less of the debt of a borrower, we could be forced to agree to an extended restructuring of debt which may not be in our interests. In addition, for collateral we hold in jurisdictions outside India, the applicable laws in such jurisdictions may impact our ability to foreclose on collateral and realise its value. If we are unable to realise the full value of collateral, or otherwise fail to recover the full amount owed to us, there could be a material, adverse effect on our financial condition, results of operations and cash flows.

8. Our business and financial performance are dependent on maintaining and building a successful branch network. An inability to maintain, increase our coverage and any inability to use these branches productively, may have an adverse impact on our growth and profitability.

We have a large and diverse branch network across India and other jurisdictions. As of June 30, 2024, our Bank's distribution network in India included 10,150 branches across 28 States and 7 Union Territories in India. Further, as of June 30, 2024, our Bank's distribution network also included branches outside India. Our business and financial performance are dependent on maintaining our extensive network of branches, see "*Risk Factors – Majority of our offices, branches and ATMs are located on premises taken by us on lease or on leave and license basis. We may not be able to renew these agreements for our branches upon acceptable terms or at all which could have an adverse effect on our business and results of operations*." on page 36. Our newly opened branches may not be profitable immediately upon their opening or may take time to break-even. In the event of a delay in achieving break even by the newly opened branches within a reasonable period as envisaged by us, our profitability may be affected. Our branch expansion plans may have an adverse effect on the capital outlay which in turn may adversely affect our business, results of operations and financial condition. There will also be increased expenditure as a result of our strategy to expand into new geographies, including those planned for our branch network expansion, and newer businesses, such as retail assets and, where our brand is not well known in the market. As a consequence of our large and diverse branch network, we may be subject to additional risks inherent with an extensive network, including but not limited to higher technology costs, upgrading, expanding and securing our technology platform in such branches, operational risks including integration of internal controls and procedures, compliance with KYC, AML and other regulatory norms, ensuring customer satisfaction, recruiting, training and retaining skilled personnel, failure to manage third-party service providers in relation to any outsourced services and difficulties in the integration of new branches with our existing branch network. Any of these reasons may result in our failure to manage a large branch presence, which may adversely affect our business, results of operations and financial condition.

9. ***Our primary source of funding is in the form of deposits. If we are unable to secure funding on acceptable terms and at competitive rates when needed, there could be a material, adverse effect on our business, financial condition, results of operations and cash flows.***

Our funding requirements are met primarily through short-term and medium-term customer deposits. In the past, a substantial portion of our customer term deposits has been rolled over upon maturity and has been a stable source of funding. However, if a substantial number of our depositors do not roll over term deposits upon maturity, our liquidity position will be adversely affected. Although retail deposits constitute a significant part of our deposit base, we also accept high value deposits depending on funding requirements. Set forth below are details regarding our top 20 largest depositors as of the corresponding dates:

	As of March 31,			As of June 30,	
	2022	**2023**	**2024**	**2023**	**2024**
Total deposits of top 20 largest depositors (₹ crore)*	42,104.47	59,620.75	53,012.40	69,344.52	45,268.35
Total deposits of top 20 largest depositors, as a percentage of total deposits (%)	3.67%	4.65%	3.87%	5.34%	3.21%

**Figures do not include interbank deposits held by the Bank.*

We cannot guarantee that there will not be any premature withdrawal or non-renewal of deposits from these or other depositors. If depositors do not renew their deposits or if our Bank is unable to raise new deposits, our Bank may face a liquidity problem and may be required to pay higher rates of interest to attract deposits, which could adversely affect our results of operations. Additionally, there has been a general trend wherein people are investing in markets as compared to bank deposits due to better returns. We may also be required to seek funding from more expensive sources to finance our operations. Failure to obtain these sources of funding or replace them with other deposits or borrowings at competitive rates may materially and adversely affect our business, financial condition and results of operations.

10. ***We face asset liability mismatches, which could adversely affect our liquidity and, consequently, our financial condition, results of operations and cash flows.***

We face liquidity risks due to mismatches in the maturity of our assets and liabilities. Liquidity risk is the risk that our Bank either does not have available sufficient financial resources to meet its obligations as they fall due or can secure them only at excessive cost. This risk is inherent in any retail and commercial banking business and can be heightened by a number of enterprise-specific factors, including overreliance on a particular source of funding, changes in credit ratings or market-wide phenomena such as market dislocation. While our Bank implements liquidity management processes to seek to mitigate and control this risk, unforeseen systemic market factors make it difficult to completely eliminate it.

We may rely on funding options with a short-term maturity period for extending long-term loans, which may lead to an asset liability mismatch for certain periods. Mismatches between our assets and liabilities are compounded in case of pre-payments of the advances we grant to our customers. Further, asset liability mismatches create liquidity surplus or liquidity crunch situations and depending upon the interest rate movement, such situations may adversely affect our Net Interest Income. If we are unable to obtain additional borrowings or renew our existing credit facilities for matching tenures of our loan portfolio in a timely and cost-effective manner, if at all, this may lead to mismatches between our assets and liabilities, which could adversely affect our financial condition, results of operations and cash flows

11. ***We are exposed to fluctuations in foreign exchange rates which could adversely affect our business, future financial performance and trading price of the Equity Shares.***

We are exposed to exchange rate risk in our foreign exchange transactions and related derivative transactions, as a financial intermediary as well as foreign currency borrowings. We hedge our own risk to undertake various foreign exchange transactions and for proprietary trading which are exposed to various kinds of risks, such as, amongst others, credit risk, market risk and exchange rate risk. In order to mitigate such risks, we have adopted a market risk management policy and investment policy to mitigate risks arising out of customer transactions and proprietary trading through various risk limits such as counterparty bank exposure limits, country wise exposure limits, customer limits, overnight limits, intraday limits, stop loss limits, aggregate gap limits and value-at-risk limits.

As of June 30, 2024, our Bank's credit exposure on account of outstanding gross forward exchange contracts amounted to ₹ 2,452.85 crores. As of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, our Bank had foreign currency borrowings of ₹ 72.20 crores, ₹ 77.90 crores, ₹ 496.26 crores, ₹ 77.94 crores and ₹ 1,496.81 crores, respectively, which constitutes 0.005%, 0.005%, 0.032%, 0.005% and 0.093% respectively, of our total liabilities, thereby resulting in foreign currency risk in respect of our ability to service such debt. Adverse movements in foreign exchange rates may also impact our borrowers negatively, which may in turn impact the quality of our exposure to these borrowers. Volatility in foreign exchange rates may be further accentuated due to other global and domestic macroeconomic developments and as a result, may materially and adversely affect our business, future financial performance and the trading price of the Equity Shares.

Some of our borrowers also enter into derivative contracts to manage their foreign exchange risk exposures. Our derivative transactions are subject to regular monitoring by our risk assessment committee and to ensure compliance with limits prescribed by RBI. Some of our customers have incurred mark-to-market or crystallized losses on their foreign exchange contracts. The failure of our borrowers to manage their exposures to foreign exchange, derivative risk, adverse movements and volatility in foreign exchange rates may adversely affect our borrowers, the quality of our exposure to our borrowers and our business volumes and profitability. Defaults by our customers on their derivative contracts and their subsequent classification as NPAs may have an adverse impact on our profitability, business and the price of the Equity Shares.

12. ***We are required to maintain minimum cash reserve ratio ("CRR") and statutory liquidity ratio ("SLR") in accordance with RBI guidelines, and any increase in these requirements could adversely affect our business.***

Under RBI regulations, we are subject to a CRR requirement. The CRR is a bank's balance held in an interest-free current account with the RBI calculated as a specified percentage of its net demand and time liabilities, excluding interbank deposits. The CRR currently applicable to banks in India is 4.5%, and our Banks' CRR as of June 30, 2024 was 5.13%.

In addition, under the Banking Regulation Act, all banks operating in India are required to maintain an SLR. The SLR is a specified percentage of a bank's net demand and time liabilities required to be maintained by way of liquid assets such as cash, gold or approved unencumbered securities. Approved securities consist of unencumbered Government securities and other securities as may be approved from time to time by the RBI and, which earn lower levels of interest as compared to advances to customers or investments made in other securities.

Our Bank's SLR as of June 30, 2024 was 23.98% as against the regulatory requirement of 18.00%. Further, the RBI may increase the CRR and SLR requirements as a monetary policy measure. Any substantial increases in the CRR from the current levels could affect our ability to deploy our funds or make investments, which could in turn have a negative impact on our results of operations. If we are unable to meet the statutory reserve requirements of the RBI, the RBI may impose penal interest or prohibit us from receiving any further fresh deposits, which may have a material adverse effect on our business, financial condition and results of operations.

13. ***Our investment portfolio comprises largely of government securities that may limit our ability to deploy funds in higher yield investments.***

Under RBI regulations, the Bank's liabilities are subject to the SLR requirement that a minimum specified percentage, currently 18%, of a bank's net demand and time liabilities ("**NDTL**"), be invested in Government securities and other approved securities. As of June 30, 2024, government securities represented 88.08% of our Bank's domestic investment portfolio, and comprised 28.22% of the Bank's demand and term liabilities.

We earn interest on such government securities at rates which are less favorable than those which we typically receive in respect of our retail and corporate loan portfolio and this adversely impacts our net interest income and net interest margin. In addition, the market and accounting value of such securities could be adversely affected by overall rising interest rates. To reduce the risk of interest rate fluctuations, the Bank has classified a large majority of its Government securities as "held to maturity." However, the concentration of securities in such classification can limit gains in our treasury operations. The RBI has issued the Master Direction on Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023 on September 12, 2023. These directions were applicable from April 01, 2024.

14. A major part of our Bank's branches are concentrated in northern states of India, making us vulnerable to risks associated with having geographically concentrated operations.

Our Bank's branches are primarily concentrated in the northern states of India. As of June 30, 2024, 31.47% of our Bank's branches are distributed in northern states of India, namely, Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Ladakh, Punjab and Rajasthan.

As of June 30, 2024, 32.27% of our Bank's domestic advances and 35.02% of domestic deposits were contributed by the northern states of India, namely, Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Ladakh, Punjab and Rajasthan. Also see "*Selected Statistical Information—Regional concentration*".

Regional factors that impact our profitability include: (i) the growth in population, income levels, and deposits in these states, (ii) general economic and political conditions in the region, (iii) laws and regulations, and (iv) the favorability of these states as investment destinations. As a result, our operations may be more adversely affected than banks that have greater geographic diversity. Any one of these events may result in an adverse change in our business, financial condition, results of operations and cash flows.

15. The banking industry in India is subject to extensive regulation and significant changes in the banking regulations may adversely affect our business and our future financial performance.

Banks in India are subject to detailed regulation and supervision by the RBI. The RBI sets guidelines on matters related to our business including cash reserve ratios, statutory liquidity ratios, capital adequacy ratio, priority sector lending, recognition and provisioning for NPAs, export credit, market risk and branch licensing. As we operate under licences or registrations obtained from appropriate regulators, such as RBI, SEBI, IRDAI, we are subject to actions that may be taken by such regulators in the event of any noncompliance with any applicable policies, guidelines, circular, notifications and regulations issued by the relevant regulators. Our business could be directly affected by any changes in policies for banks in respect of directed lending, reserve requirements and other areas. In addition, banks are generally subject to changes in Indian laws, regulations, Government policies and accounting principles. In addition, we may be subject to other changes in laws and regulations, such as those affecting the extent to which we can engage in specific businesses, those that reduce our profits through a limit on fees or interest rates that we may charge our customers or those affecting foreign investment in the banking industry – as well as to changes in other governmental policies and enforcement decisions, income tax laws, foreign investment laws and accounting principles.

For instance, the Reserve Bank recently came out with draft guidelines on the financing of 'Projects under Implementation'. The existing prescribed provisions for standard project assets is 0.40% which the RBI has proposed to substantially increase to 5%. However, RBI has proposed making of such provisions over a three-year period time (the provisioning of 5% for standard assets during construction phase shall be achieved in a phased manner). The Capital Adequacy Ratio of our Bank was 15.79% as of June 30, 2024, above the regulatory requirement.

The RBI published a notification RBI/2023-24/85 DOR.STR.REC.57/21.06.001/2023-24 dated November 16, 2023, increasing the risk weights in respect of consumer credit exposure of commercial banks (outstanding as well as new), including personal loans, but excluding housing loans, education loans, vehicle loans and loans secured by gold and gold jewellery, by 25% to 125% and risk weight on credit card receivables of scheduled commercial banks ("**SCBs**") by 25% to 150%.

Further, exposures of SCBs to NBFCs, excluding core investment companies, are risk weighted as per the ratings assigned by accredited external credit assessment institutions ("**ECAI**"). On a review, it has been decided to increase the risk weights on such exposures of SCBs by 25% (over and above the risk weight associated with the given external rating) in all cases where the extant risk weight as per external rating of NBFCs is below 100%. For this purpose, loans to HFCs, and loans to NBFCs which are eligible for classification as priority sector in terms of the extant instructions shall be excluded.

For AAA-rated loans to NBFCs, the risk weight has been increased to 45% from the existing 20% (25% increase).

Conversely, AA-rated loans have seen a 15% increase, and A-rated loans a 25% increase. This inverted structure presents a challenge, as it disproportionately affects the risk weights for superior-quality loans (AAA) compared to lower-rated loans (AA and A).

Further, the decision to impose higher risk weights on bank loans to NBFCs, will also include government-backed NBFCs, including AAA-rated NBFCs like IRFC, IREDA, PFC, REC, etc. These NBFCs play a vital role in the country's economic development, particularly in sustained infrastructure growth, and the guidelines will impact the extension of credit to such critical NBFCs.

We are subject to cash reserve and the statutory liquidity ratios requirements, capital adequacy ratio requirements, priority sector lending requirements, among others, and failure to comply with these requirements may expose us to penalties and regulatory action.

In addition, we are present through our Subsidiaries, Joint Ventures and Associate in diverse segments of the Indian financial sector, including asset and funds management, treasury operations, credit cards, payment services and life insurance.

The regulatory and policy environment in which we operate is evolving and subject to change. There can be no assurance that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licences from the Government of India and other regulatory bodies. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have an adverse effect on our business, financial condition and results of operations. In addition, we may have to incur expenditure to comply with the requirements of any new regulations, which may also affect our results of operations.

16. A substantial portion of our income is derived from non-banking activities and fee-based services. Our financial performance may be materially and adversely affected by an inability to generate and sustain such income.

We have, over the years, expanded our operations from undertaking banking activities to providing certain non-banking and fee and commission-based services. Our fees from commissions, exchanges and brokerage services increased from ₹ 3,559.59 crore in Fiscal 2022 to ₹ 3,927.69 crore in Fiscal 2023 and ₹ 4,226.21 crore in Fiscal 2024, which accounted for 4.08%, 4.04% and 3.51% of our total income in Fiscals 2022, 2023 and 2024, respectively. Our fees from commissions, exchanges and brokerage services increased from ₹ 1,308.24 crore in the three months ended June 30, 2023 to ₹ 1,421.81 crore in the three months ended June 30, 2024. Our non-banking activities through our Subsidiaries, Joint Venture and Associates mainly include housing finance, life insurance/ bancassurance, merchant banking, corporate advisory and trusteeship services, primary dealership including equity trading and asset reconstruction.

We earn fee-based income from corporate agency services, which include marketing and distribution of insurance products. We also earn fee-based income from corporate agency services, which include marketing and distribution of insurance products. Fee-based income is also earned as part of our foreign exchange business. From time to time we hold assets on our balance sheet which may subject to market risk and credit risk. There can be no assurance that we will be able to sustain current levels of income from, or effectively manage the risks associated with, these businesses in the future.

New initiatives, products and services that we may introduce, will entail a number of risks and challenges, including risks relating to execution, the failure to identify new segments, the inability to attract customers and the inability to make competitive offerings. If we are unable to successfully diversify our products and services while managing the related risks and challenges, returns on such products and services may be less than anticipated, which may adversely affect our business, financial condition and results of operations.

17. We distribute third-party products, such as mutual funds, brokerage and insurance products. Our inability to effectively manage any of these businesses may adversely affect our business, results of operation and financial condition.

In order to grow our non-interest income, we distribute third-party products, such as, amongst others, mutual funds and insurance products. We have engaged with various third-party product companies to distribute such products. However, we have no control over the actions of such third-party product companies and their products. Any failure on the part of such third-party product companies, including any failure to comply with applicable regulatory norms, any regulatory action taken against such parties or any adverse publicity relating to such party could, in turn, result in negative publicity about us and adversely impact our brand and reputation. Further, in case customers to whom such products are sold, experience deficiency of service or are otherwise aggrieved, we may be subject to litigation or claims for damages by such aggrieved customers, which could have an adverse effect on our reputation and our business, financial position and results of operations.

18. The effects of the adoption of Indian Accounting Standards ("Ind AS") are uncertain and any failure to successfully adopt Ind AS could adversely affect our business, financial conditions and results of operations.

The Bank currently prepares its annual and interim financial statements in accordance with Indian GAAP. The Ministry of Corporate Affairs ("**MCA**"), in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS converged with IFRS for scheduled commercial banks. However, the RBI, in its circular dated March 22, 2019, deferred the implementation of Ind AS by scheduled commercial banks until further notice.

The adoption of Ind AS would change, among other things, our methodology for estimating allowances for expected loan losses and for classifying and valuing our investment portfolio and our revenue recognition policy.

For estimation of expected loan losses, the new accounting standards may require us to calculate the present value of the expected future cash flows realizable from our advances, including the possible liquidation of collateral (discounted at the loan's effective interest rate). This may result in us recognizing allowances for expected loan losses in the future that may be higher than under the current Indian GAAP.

The mark-to-market requirements required under Ind AS may also impact our revenues and profitability. We have made no attempt to quantify the impact of the differences between Indian GAAP and Ind AS. However, it is possible that our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under Ind AS than under Indian GAAP.

If we are required to report in Ind AS, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, we will have to modify our internal control framework and adopt new internal controls to report under Ind AS. These new internal controls will require, amongst others, a transition to more model-based evaluation of certain items, as well as staff who are adequately knowledgeable with Ind AS. If we are required to report in Ind AS, we may encounter difficulties in implementation of effective internal controls in a timely manner.

19. We rely on our correspondent banks in other countries to facilitate our foreign exchange operations. Any failure to maintain such relationships or enter such new relationships with correspondent banks may impact our ability to grow our foreign exchange business.

As of June 30, 2024, we maintain relationships with 26 correspondent banks (Nostro) across 15 countries internationally. We offer trade finance, foreign exchange and certain other treasury services from these relationships. We maintain nostro accounts in foreign currencies which facilitates inward and outward remittance. Our customers can remit funds to India in any of the currencies for which we have opened such accounts, by instructing their banks to remit the funds to our nostro account maintained in that particular currency. We may need to open such nostro accounts with the correspondent banks in those locations in case we intend to cater to a different foreign location or currency. Opening and maintaining such accounts requires compliance with strict KYC norms and any failure to adhere to such norms may result in the correspondent bank closing these accounts.

20. The regulatory authorities may have a different interpretation of the regulatory provisions, and we may not be in compliance with such interpretation.

SEBI vide amendment dated July 15, 2023, amended Regulations 30(4) of SEBI Listing Regulations, prescribing the criteria for determining the materiality, specified that while determining materiality the entity shall take into account that the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the (i) 2.00% of turnover, as per the last audited consolidated financial statements of the listed entity; (ii) 2.00% of net worth, as per the last audited consolidated financial statements of the listed entity, except in case the arithmetic value of the net worth is negative; or five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the listed entity, shall be considered material. While we have incorporated the same in our materiality policy in respect of materiality of events, our materiality policy gives power to decide the materiality about litigation to our Board of Directors and we have been making disclosure to stock exchanges in accordance with the said policy. Disclosure have been made in this Placement Document also, as per the policy decided by our Board of Directors. Our interpretation and approach may not be in compliance with SEBI Listing Regulations. In case, our interpretation is not agreed by the regulatory authorities, we may be penalized by regulatory authorities. In case of any such adverse interpretation, it may impact our business.

21. The Indian banking industry is very competitive and our growth strategy depends on our ability to compete effectively.

We operate in a competitive industry. Private sector banks, other public sector banks and foreign banks are our main competitors, followed closely by NBFCs, small finance banks, payment banks, insurance companies, asset management companies, development financial institutions, mutual funds and investment banks. Amalgamated public sector banks have increased their financial strength, management capabilities, resources, operational experience, customer base and distribution channels and, as such, their ability to compete with the Bank.

The Bank also faces competition from private sector banks in India, some of which have larger customer bases and greater financial resources. In addition, new entrants into the financial services industry, including companies in the financial technology sector, may further intensify competition in the business environments in which the Bank operates, especially in the digital business environment. As a result, the Bank may be forced to adapt its business to compete more effectively. For example, non-bank financial companies, particularly international technology companies, including large e-commerce players, have recently been increasing their presence in the financial sector in India and offering payment platforms and select services to customers, which increase competitive pressures on the Bank.

Further, technology innovations in mobility and digitisation of financial services require banks to continuously develop new and simplified models for offering banking products and services. Innovations in the payments system and increasing use of mobile banking are leading to the emergence of new platforms for cashless payments. This can also lead to new types of banks expanding their presence in other financial products, such as insurance and mutual funds. These trends in technology could increase competitive pressures on banks, including us, to adapt to new operating models and upgrade back-end infrastructure on an ongoing basis. Due to these and other competitive pressures, we may be unable to successfully execute our growth strategy, which could adversely affect our business, financial condition and results of operations.

22. We are subject to capital adequacy norms and are required to maintain a capital-to-risk asset ratio ("CRAR") at the minimum level required by RBI for domestic banks. Any inability to maintain adequate capital due to change in regulations or lack of access to capital or otherwise could materially and adversely affect our results of operations and financial condition.

We are subject to regulations relating to the capital adequacy of banks, which determines the CRAR, or the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio. The RBI requires banks in India to maintain a minimum CRAR of 11.50% (including capital conservation buffer). In addition, in accordance with the RBI Basel III Capital Regulations, the Bank is required to maintain a minimum common equity Tier I (“**CET-I**”) capital ratio of 8.00% (including a capital conservation buffer of 2.50%), and a minimum Tier I CRAR of 9.50% (including a capital conservation buffer of 2.50%) of its risk weighted assets. Any incremental capital requirement may adversely impact our ability to grow our business and may even require us to withdraw from, or curtail, some of our current business operations

In accordance with the Basel III norms, as of June 30, 2024, the Bank’s Tier I and total capital adequacy ratios were 13.04% and 15.79%, respectively. We are exposed to the risk of the RBI increasing the applicable risk weight for different asset classes from time to time. Although we have implemented and followed a policy of maintaining a minimum capital adequacy ratio as stipulated in the RBI Basel III Capital Regulations issued by the RBI, there can be no assurance that we will be able to maintain this ratio in the future. Implementation of Basel III or other such capital adequacy requirements imposed by RBI may result in the incurrence of substantial compliance and monitoring costs, and any breach of applicable laws and regulations will adversely affect our reputation, business operations and financial conditions. In addition, if additional or more stringent guidance on capital adequacy norms are imposed, we may be required to raise or maintain additional capital in a manner which could materially and adversely affect our business, financial condition and results of operations.

23. We may seek opportunities for growth through acquisitions, divest our existing businesses, or be required

to undertake mergers by the Reserve Bank of India and could face integration and other acquisitions risks.

We may seek opportunities for growth through acquisitions or be required to undertake mergers mandated by the RBI under its statutory powers. We may in the future examine and seek opportunities for acquisitions in countries where we currently operate. Our Subsidiaries or Associates may also undertake mergers, acquisitions and takeovers in India or internationally. Mergers and acquisitions by our Subsidiaries could lead to reduction in our shareholding in such Subsidiaries (including to below majority ownership in certain Subsidiaries). Any future acquisitions or mergers or takeovers, whether by us or our Subsidiaries, both Indian or international, may involve a number of risks, including the possibility of a deterioration of asset quality, quality of business and business operations, financial impact of employee related liabilities, diversion of our management's attention required to integrate the acquired business and the failure to retain key acquired personnel and clients, leverage synergies or rationalize operations, or develop the skills required for new businesses and markets, or unknown and known liabilities including any ongoing litigation, claims or disputes concerning such acquisition, merger, its shareholders, share capital or its legal and regulatory compliance obligations or practices, some or all of which could have an adverse effect on our business or that of our Subsidiaries or Associates. Our Bank has accorded approval for initiating the process of diluting 10.00% stake of the Bank in M/s Canara HSBC Life Insurance Company Ltd., an associate company of the Bank, by listing on stock exchanges through initial public offer. The same is subject to regulatory approvals.

We may also sell all or part of one or more of our businesses, including our Subsidiaries, for a variety of reasons including changes in strategic focus, redeployment of capital, contractual obligations and regulatory requirements.

24. ***Our inability to maintain or grow our CASA ratio may result in higher cost of deposits and impact our financial condition.***

We have traditionally maintained high CASA deposits due to our large retail customer base spread across India. In Fiscal 2022, 2023 and 2024 and the three months ended June 30, 2023 and 2024, the share of domestic CASA deposits was 47.43%, 42.98%, 41.44%, 41.90% and 40.08% of our Bank's total domestic deposits. Any decline in CASA share on total deposit could adversely impact the profitability of our Bank. Our liquidity position will also be adversely affected if a significant portion of our depositors do not roll over deposited funds upon maturity or do so for a shorter maturity than that of our assets. Our ability to raise fresh deposits and grow our deposit base depends in part on our ability to expand our network of branches. Further, though retail deposits constitute a huge portion of our deposit base, we also accept high value deposits depending on the funding requirements. Accordingly, we may be required to seek more expensive sources of funding to finance our operations, which would result in a decline in our profits and have a material adverse effect on our business, liquidity, financial condition and results of operations.

We intend to grow our CASA ratio, in order to reduce cost of funds and improve our core deposits. Our strategy is to improve our CASA ratio and growing CASA book through deeper engagement with existing relationships. In order to attract retail customers and increase our CASA deposits, we intend to introduce new products and promote our products through marketing campaigns. The interest rates that we must pay to attract customer deposits are determined by numerous factors such as the prevailing interest rate structure, competitive landscape, Indian monetary policy and inflation. However, there is no assurance that we will be successful in growing our CASA base.

We may not be able to maintain our CASA deposits and ratio owing to the increased competition from other banks and lending institutions. If we fail to maintain or grow our CASA ratio, our financial condition and cash flows may be materially and adversely affected.

25. ***Non-compliance with RBI inspection/ observations may have an adverse effect on our business, financial condition or results of operation. Our overseas branches are also subject to inspections from regulators in such jurisdictions. Any adverse observations from such regulators could an adverse effect on our business, financial condition or results of operation.***

We are subject to periodic inspections by RBI under the Banking Regulation Act, during the course of which, the RBI advises on issues related to various risk and regulatory non-compliances. During such inspections in the past, the RBI has made certain observations regarding our business and operations and incorporates such findings in its final inspection report and requires that we take certain actions to its satisfaction. The RBI has, among other things, identified deficiencies in our Bank's operations including, governance and risk management, fraud detection and reporting, strengthening of the control functions, cyber security capabilities, credit monitoring arrangements, effective monitoring of loan portfolio and classification of loans, including timely review of ratings, strengthening its collateral management system to include a framework for centralized monitoring of collaterals, ensuring timely creation of charge and periodic valuation of securities, implementation of unique customer identification code etc. Further, the RBI has observed that certain compliance requirements were not being met by our Bank, including in relation to risk management. The RBI also made certain observations in relation to our overseas subsidiaries. The last RBI inspection was for Fiscal 2023. Based on the RBI inspection, no divergences were identified by the Single Supervisory Mechanism. While we have undertaken steps to comply with these observations and have informed the RBI regarding the status of our compliance, there can be no assurance that the RBI will consider such steps to be adequate and treat the observations as being duly complied with. In the event we are not able to comply with the observations made by the RBI, we could be subject to supervisory actions which may have a material adverse effect on our reputation, financial condition and results of operations. Further, our overseas branches are also subject to inspections/ observations from regulators in such jurisdictions and any adverse observation may have an adverse effect on our business and financial conditions.

26. Our treasury income, debt investment portfolio and derivatives portfolio are exposed to risks relating to mark-to-market valuation, illiquidity, and credit risk and income volatility.

Our income from treasury operations is subject to volatility due to, among other things, changes in interest rates and foreign currency exchange rates as well as other market fluctuations. For example, Our Bank had a debt investment portfolio (consisting of government securities, treasury bills and other debt securities) in available for sale and held for trading of ₹ 89,179.94 crores as of June 30, 2024. In the event of a rise in interest rates, our portfolio will be exposed to the adverse impact of the mark-to-market valuation of such investments and may, under certain circumstances, require us to mark down the value of these investments on our balance sheet and recognize a loss on our income statement. Any rise in interest rates leading to a fall in the market value of such debentures or bonds may materially and adversely affect our business, financial condition and results of operations. We may also face income volatility due to the illiquid nature of market for the disposal of some of our debt investment portfolio.

While our gross non-performing investments are monitored and recovery efforts are carried out, any increase in the amount of non-performing investments due to adverse developments in the domestic or international markets, may adversely affect our financial condition.

Similarly, our derivative portfolio is subject to fluctuations in interest rates and foreign exchange rates, and any movement in those rates may require us to mark down the value of our derivatives portfolio. While we invest in corporate debt instruments as part of our normal business, we are exposed to the risk of an issuer defaulting on its obligations. Changes in corporate bond spreads also affect valuations and expose us to risk of valuation losses. Although we have risk and operational controls and procedures in place for our treasury operations, such as sensitivity limits, value at risk ("**VaR**") limits, position limits, stop loss limits and exposure limits that are designed to mitigate the extent of such losses, there can be no assurance that we will not lose our investments in the course of trading on our fixed income book in held for trading and available-for-sale portfolio. Any such losses could materially and adversely affect our business, financial condition, results of operations and prospects.

27. Our risk management policies and procedures may not adequately address unidentified or unanticipated risks.

Our risk management functions are divided on the basis of principal risks defined under applicable Basel III guidelines, i.e., credit risk, market risk, operational risk and liquidity risk. While we have a well-defined risk management governance framework that comprises of a risk management committee and sub committees for management of credit, market, liquidity and operational risk, to the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures, in particular to market environments or against particular types of risk. We have devoted significant resources to develop our risk management policies and procedures and aim to continue to do so in the future. See "*Our Business-Risk Management*" on page 178. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our methods of managing risks are based upon the use of observed historical market behavior. As a result, these methods may not accurately predict future risk exposures which could be significantly greater than those indicated by the historical measures. Management of operations, legal and regulatory risks requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective. As we seek to expand the scope of our operations, we also face the risk that we may not be able to develop risk management policies and procedures that are properly designed for new business areas or to manage the risks associated with the growth of our existing businesses effectively. Implementation and monitoring may prove particularly challenging with respect to businesses that we plan on developing. An inability to develop and implement effective risk management policies may materially and adversely affect our business, financial condition and results of operations.

28. We are involved in certain legal and other proceedings which, if determined against us, could have a material adverse impact on our financial condition.

We are involved in various legal proceedings and other proceedings in the ordinary course of our business. These legal proceedings are primarily in the nature of tax proceedings, recovery proceedings, consumer disputes, regulatory proceedings, criminal complaints and other civil proceedings, and are pending at different levels of adjudication before various courts, tribunals, statutory and regulatory authorities/ other judicial authorities. Although it is our policy to make provisions for probable loss, we do not make provisions or disclosures in our financial statements where our assessment is that the risk is insignificant. We have also been penalised by RBI for certain non-compliances or contravention of applicable law in the past, from time to time. See "*Risk Factors – Any regulatory investigations, fines, sanctions, and requirements relating to conduct of business and financial crime could negatively affect our business and financial results or cause serious reputational harm across our businesses.*" at page 36. We can give no assurance that these legal proceedings will be decided in our favour and we may incur significant expenses and management time in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If any new developments arise, for example, rulings against us by the appellate courts or tribunals, we may face losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities. If such claims are determined against us, there could be a material adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares. If our provisioning is inadequate relative to actual losses on final judgment, such additional losses could have an adverse impact on our business and financial condition. For further information, see "*Legal Proceedings*" on page 309.

29. We are exposed to risks derived from the performance of our Subsidiaries, Joint Venture and Associates.

As of June 30, 2024, we have 6* Subsidiaries, 1 Joint Venture and 5** Associates (excluding Regional Rural Banks). Our Bank has total of 9 Regional Rural Banks namely, Assam Gramin Vikas Bank ("**AGVB**"), Bangiya Gramin Vikas Bank ("**BGVB**"), Dakshin Bihar Gramin Bank ("**DBGB**"), Himachal Pradesh Gramin Bank ("**HPGB**"), Manipur Rural Bank ("**MRB**"), Punjab Gramin Bank ("**PGB**"), Prathama UP Gramin Bank ("**PUPGB**"), Sarva Haryana Gramin Bank ("**SHGB**") and Tripura Gramin Bank ("**TGB**").

**Out of 6 Subsidiaries – 1 subsidiary i.e. PNB Insurance Broking Pvt Ltd is under liquidation.*
***Out of 5 Associates – 1 associate i.e. JSC Tengri Bank is under liquidation.*

The performance of any or all of certain key Subsidiaries, Joint Ventures and Associates could have a material impact on our performance on a consolidated basis. For instance, our Associate incorporated in Kazakhstan, JSC Tengri Bank was penalized by the National Bank of the Republic of Kazakhstan ("**NBRK**") for an amount of ₹ 0.36 crore in the nine months ended December 31, 2020 for non-compliance with guidelines issued by the NBRK. There have also been certain arrests and allegations of fraud with respect to this entity by regulatory authorities in Kazakhstan. The regulatory authorities subsequently revoked the license of JSC Tengri Bank with effect from September 18, 2020, thereby prohibiting it from conducting banking operations and other activities in the securities market, and appointing a temporary administrator for the entity. With effect from February 15, 2021, the Chairman of the Agency for Regulation and Development of the Financial Market ("**AFR**") appointed a liquidation commission to manage the property and affairs of JSC Tengri Bank during the liquidation process. Our Associate entity, PNB Housing Finance Limited ("**PNBHFL**"), was penalized by the National Housing Bank ("**NHB**") for an amount of ₹ 75,000 (plus GST) in Fiscal 2020 and ₹ 2.24 crore in the nine months ended December 31, 2020, for non-compliance with certain guidelines issued by the NHB. In addition, Everest Bank Limited, our Joint Venture, was penalized by the Nepal Rastra Bank ("**NRB**") for an amount of Nepalese Rupees 5,00,000 in Fiscal 2020 for failing to comply with certain guidelines issued by the NRB. Our Subsidiary, Druk PNB Bank Limited, Bhutan ("**DPNBL**") was penalized in Fiscal 2020 for an amount of ₹ 1,50,000 by the Royal Monetary Authority ("**RMA**") for regulatory violation of directive on personal loans and directive on housing loans. DPNBL was also penalized in Fiscal 2020 for an amount of ₹ 1,100 by the RMA for detection of 1 fake note of denomination Nu 100 by the RMA from cash lifted from Phuntsholing branch of DPNBL. Our Subsidiary, PNB Gilts Limited was also penalized in Fiscal 2021 for an amount of ₹ 3,29,130.51 by Clearing Corporation of India Limited and ₹ 4,91,400.00 by the RBI respectively on account of shortage in subsidiary general ledger account balance maintained with the RBI. In addition, our overseas branches of Dubai, Hong Kong and PNB International UK, have been advised to file their claim to liquidation commission timely for amount aggregating to US$ 60.55 million. Our advisors have informed us that claim up to fifth line of creditors is settled 100%. Liquidation Creditor has commenced the payment of the 6th line of creditors and 6th line has been satisfied up to 54.35% as on June, 6 2024 and our Bank's claim as a creditor is 9th in the priority list. After acceptance of our claims, CoC was constituted and 41st CoC was held on May 17, 2024.The penalties imposed by such regulators may generate adverse publicity for our Bank and its business. Such adverse publicity, or any future scrutiny, investigation, inspection or audit which could result in penalties, public reprimands, reputational loss, significant time and attention from management, costs for investigations and remediation of non-compliances, may adversely affect our business and financial results.

30. Our business operations are heavily reliant on our information technology systems. Any failure of or disruptions in our systems could have an adverse impact on our operations and financial condition.

Our business is largely dependent on our information technology systems. We service our customers, undertake our risk management functions, provide deposit services, loan origination functions, as well as increase our portfolio of products and services, through our information technology systems. We also rely on our technology platform to undertake financial control and for transaction processing. In addition, our systems connect our ATMs, branches and other delivery channels. Our hardware and software systems are also subject to damage or incapacitation by human error, natural disasters, power loss, sabotage, computer viruses and similar events or the loss of support services from third parties such as internet backbone providers. Our information technology systems may be subject to interruptions and temporary disruptions and may not meet our requirements or be suitable for use at all times. We cannot assure you that we will not encounter service disruptions in the future due to substantially increased numbers of customers and transactions, or for other reasons. Further, any continued disruption in our information technology systems may also result in certain measures being imposed by the RBI, including limiting certain business activities. Any inability to maintain the reliability and efficiency of our systems could adversely affect our reputation, and our ability to attract and retain customers. In the event we experience system interruptions, errors or downtime (which could result from a variety of causes, including changes in customer use patterns, technological failure, changes to systems, linkages with third-party systems and power failures) or any other failures, or if we are unable to develop necessary technology, our business, financial condition and results of operations may be adversely affected. Following are the material IT disruptions which occurred in last three Fiscals and in the three months ended June 30, 2024 and have been informed to the RBI:

S. No.	Material IT disruptions as reported to RBI by the compliance department	Date of Reporting/ Incidence
1.	PNB E-commerce transactions through debit cards were affected on June 22, 2024. This incident was alerted via email to the Cyber Security and Information Technology Examination ("**CSITE**") on June 23, 2024 at 00:11 a.m.	June 26, 2024
2.	Downtime of more than 30 minutes was observed in Immediate Payment Service ("**IMPS**") on June 25, 2024 from 6:36 p.m. to 7:40 p.m.	June 25, 2024
3.	Technical decline of more than 3% was observed in IMPS on June 3, 2024. The incident reported is as per analytics shared by National Payments Corporation of India ("**NPCI**") with the Bank on June 4, 2024.	June 4, 2024
4.	Technical decline of more than 3% was observed in Unified Payments Interface ("**UPI**") on June 3, 2024. The incident reported is as per analytics shared by NPCI with the Bank on June 4, 2024.	June 4, 2024
5.	Downtime in IBS (Retail and Corporate) due to the dependent system IBS shield which is used for adaptive authentication.	June 5, 2024
6.	Due to a technical decline observed in UPI, the application was shifted from data center to data recovery site. These resulted in downtime of 31 minutes between 2:17 p.m. to 2:48 p.m. including the switchover time of NPCI.	June 3, 2024
7.	Technical decline of more than 3% was observed in UPI in a day on May 30, 2024. The incident reported is as per analytics shared by NPCI with the Bank on May 31, 2024.	May 31, 2024
8.	Technical decline of more than 3% was observed in UPI on May 18, 2024. The incident is as per analytics shared by NPCI with the Bank on May 18, 2024.	May 20, 2024
9.	Unplanned DR shifting of CBS and channel services.	May 17, 2024
10.	Technical decline of more than 3% was observed in UPI.	May 16, 2024
11.	Technical decline of more than 3% was observed in UPI.	April 3, 2024
12.	Partial disruption of PNB Digital Rupee front end.	March 22, 2024
13.	Down time in IBS (Retail and Corporate) due to dependent system IB Shield used for adaptive authentication.	March 15, 2024

S. No.	Material IT disruptions as reported to RBI by the compliance department	Date of Reporting/ Incidence
14.	Intermittent CBS login issue and slowness caused system downtime from 10:52 a.m. to 11:25 a.m., 12:38 p.m. to 1:22 p.m., 3:19 p.m. to 4.14 pm, 4:47 pm to 5:26 p.m., 5:40 p.m. to 6:10 p.m., 6:24 p.m. to 7:18 p.m. on February 26, 2024.	February 26, 2024
15.	CBS login issue and slowness on February 26, 2024 at 10:52 a.m. to 11:25 a.m., and on February 26, 2024 at 12:38 p.m. to 01:22 p.m.	February 26, 2024
16.	CBS login issue and slowness on February 23, 2024 from 15:55 a.m. to 18:55 a.m.	February 23, 2024
17.	Inadvertent selection of wrong file by staff, resulting in an issue in National Automated Clearing House ("**NACH**") inward credit.	February 6, 2024
18.	Inward IMPS transactions occurred between January 8, 2023 and January 10, 2023. 23% transactions (26% in terms of amount) were intermittently affected due to network latency between the IMPS database and one of the IMPS servers.	January 24, 2024
19.	PNB CBS Branch login was disrupted due to database hanging.	July 2, 2022
20.	PNB Twitter handle name and profile picture was changed to "Elon Musk" and there was a series of tweets containing the message "AWESOME", which were later removed.	May 3, 2022
21.	Various spoofed emails of PNB were sent to outside the organization from an email ID test "pnb.co.in" in the form of spam.	March 1, 2022

Any failure by our third-party vendors to perform any key processes and critical application systems could adversely affect our business, financial condition and results of operations. Although we intend to continue to implement security technology and establish operational procedures to prevent break-ins, damage and failures, there can be no assurance that these security measures will be adequate or successful. Failed security measures could have an adverse effect on our business, financial condition and results of operations.

31. ***Our international operations are subject to legal and regulatory risks. If we do not effectively manage our foreign operations or any further international expansion, our operations may incur losses or otherwise adversely affect our business and results of operations.***

Our international operations included two branches in Dubai and Gift City, IBU, as of June 30, 2024. In addition, we have one Associate bank in Kazakhstan, one Joint Venture in Nepal, one Subsidiary in the United Kingdom and one Subsidiary in Bhutan. As a result, we are subject to additional risks related to complying with wide variety of international banking and financial services laws and regulations and regulatory and enforcement authorities in the jurisdictions in which we operate. In addition, we also face risks related to economic and political environment challenges, restrictions on the import and export of certain intermediates, banking regulations, technologies and multiple and possibly overlapping tax structures.

The laws and regulations governing the banking and financial services industry in the jurisdictions we operate, have become increasingly complex, governing a wide variety of issues, including interest rates, liquidity, capital adequacy, securitization, investments, ethical issues, money laundering, privacy, record keeping, outsourcing and marketing and selling practices, with sometimes overlapping jurisdictional or enforcement authorities. We have in the past experienced certain instances of non-compliance with applicable regulations, and have been penalized for such non-compliances. See "*Risk Factor– We are exposed to risks derived from the performance of our Subsidiaries, Joint Venture and Associates*" on page 36. In addition, the regulatory authorities in the Republic of Kazakhstan revoked the license of our Associate, JSC Tengri Bank, with effect from September 18, 2020 for failing to comply with certain prudential standards and other mandatory norms and regulatory limits, thereby prohibiting it from conducting banking operations and other activities in the securities market, and appointing a temporary administrator for the entity. With effect from February 15, 2021, the Chairman of the Agency for Regulation and Development of the Financial Market ("**AFR**") appointed a liquidation commission to manage the property and affairs of JSC Tengri Bank during the liquidation process. On February 19, 2021, the liquidation commission of JSC Tengri Bank published information on the forced liquidation of the Bank indicating the procedure, terms for presentation of applications (claims) and addresses, to which creditors may submit their demands. Our advisors have informed us that claim up to fifth line of creditors is settled 100%. Liquidation Creditor has commenced the payment of the 6^{th} line of creditors and 6^{th} line has been satisfied up to 54.35% as on June 21, 2024 and our Bank's claim as a creditor is 9^{th} in the priority list. After acceptance of our claims, CoC was constituted and 41^{st} CoC was held on May 17, 2024.

Any failure to comply with applicable regulations in various jurisdictions, including unauthorized actions by employees, representatives, agents and third parties, suspected or perceived failures and media reports, and future inquiries or investigations by regulatory and enforcement authorities, may result in regulatory action including financial penalties and restrictions on or suspension of the related business operations. We may also face difficulties integrating new facilities in different countries into our existing operations, as well as integrating employees that we hire in different countries into our existing corporate culture or comply with unfamiliar laws and regulations. In addition, we face competition from banks in other countries that may have more experience and resources in those countries or in international operations generally. We remain a small-size operator in foreign markets where we are currently present and many of our competitors have much greater resources. If we do not effectively manage our foreign operations, our results of operations may be adversely affected.

32. Any downgrade in the Bank's credit ratings could affect our ability to access cost effective funding, thereby adversely affect our business, results of operations and financial condition.

The pricing on our issuances of debt will be negatively impacted by any downgrade or potential downgrade in our credit ratings, which could increase our financing costs, and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis. There is no downgrade of Bank's/Bank's Instrument for past three Fiscals and in the three months ended June 30, 2024. Set forth below are details of our credit ratings as of the corresponding periods:

Rating Agency	Instrument/Purpose/ Issue	As at March 31, 2022	As at March 31, 2023	As at March 31, 2024	As at June 30, 2023	As at June 30, 2024
INDIA	**Additional Tier 1 (AT1) bonds**	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable
	Basel III Tier 2 bonds	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable
	Senior Infrastructure Bonds	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable
CRISIL	**Tier I Bonds (Under Basel III)**	CRISIL AA/Stable	CRISIL AA/Stable	CRISIL AA+/Stable	CRISIL AA/Stable	CRISIL AA+/Stable
	Perpetual Tier-I Bonds (under Basel II)	CRISIL AA+/Stable	CRISIL AA+/Stable	CRISIL AAA/Stable	CRISIL AA+/Stable	CRISIL AAA/Stable
	Tier II Bonds (Under Basel III)	CRISIL AA+/Stable	CRISIL AA+/Stable	CRISIL AAA/Stable	CRISIL AA+/Stable	CRISIL AAA/Stable
	Upper Tier-II Bonds (under Basel II)	CRISIL AA+/Stable	CRISIL AA+/Stable	CRISIL AAA/Stable	CRISIL AA+/Stable	CRISIL AAA/Stable
	Lower Tier-II Bonds (under Basel II)	CRISIL AA+/Stable	CRISIL AA+/Stable	CRISIL AAA/Stable	CRISIL AA+/Stable	CRISIL AAA/Stable
	Infrastructure Bonds	CRISIL AA+/Stable	CRISIL AA+/Stable	CRISIL AAA/Stable	CRISIL AA+/Stable	CRISIL AAA/Stable
Brickwork	**Additional Tier 1 Bonds (Basel III)**	BWR AA/ Stable	BWR AA/ Stable	BWR AA+/ Stable/Upgraded	BWR AA+/ Stable	BWR AA+/ Stable/Upgraded
	Tier II Bonds (Basel III)	BWR AA+/ Stable	BWR AA+/ Stable	N.A.	N.A.	N.A.
CARE	**Additional Tier-I bonds (Basel III)**	CARE AA/Stable	CARE AA/Positive	CARE AA+/Stable	CARE AA/Positive	CARE AA+/Stable
	Perpetual Bonds (Basel II)	CARE AA/Stable	CARE AA/Positive	N.A.	CARE AA/Positive	N.A.

Rating Agency	Instrument/Purpose/ Issue	As at March 31, 2022	As at March 31, 2023	As at March 31, 2024	As at June 30, 2023	As at June 30, 2024
	Tier-II bonds (Basel III)	CARE AA+/Stable	CARE AA+/Positive	CARE AAA/Stable	CARE AA+/Positive	CARE AAA/Stable
	Upper Tier II Bonds (Basel II)	CARE AA+/Stable	N.A.	N.A.	N.A.	N.A.
	Lower Tier II Bonds (Basel II)	CARE AA+/Stable	CARE AA+/Positive	N.A.	CARE AA+/Positive	N.A.
	Infrastructure Bonds	CARE AA+/Stable	CARE AA+/Positive	CARE AAA/Stable	CARE AA+/Positive	CARE AAA/Stable
ICRA	**Basel III AT-I Bonds**	ICRA AA/Stable	ICRA AA/Stable	ICRA AA+/Stable	ICRA AA/Stable	ICRA AA+/Stable
	Basel III Tier II Bonds	ICRA AA+/Stable	ICRA AA+/Stable	ICRA AAA/Stable	ICRA AA+/Stable	ICRA AAA/Stable
	Basel II Lower Tier II Bonds	ICRA AA+/Stable	ICRA AA+/Stable	ICRA AAA/Stable	ICRA AA+/Stable	ICRA AAA/Stable
	Infrastructure Bonds	ICRA AA+/Stable	ICRA AA+/Stable	ICRA AAA/Stable	ICRA AA+/Stable	ICRA AAA/Stable

While our credit ratings have been downgraded in the past, our credit ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis, which may adversely affect our profitability and future growth.

Any downgrade in our credit ratings may increase interest rates for refinancing our outstanding debts in domestic and international markets, which would increase our financing costs and adversely affect both our future debt issuances and our ability to raise new capital on a competitive basis, which may, in turn, adversely affect our profitability and future growth. In addition, any downgrade of our credit ratings could result in additional terms and conditions being included in any financing or refinancing arrangements in the future. We cannot guarantee that our ratings will not change, or that any other rating agency will not downgrade India's credit rating. Also see, "*Risk Factors – Any downgrade in India's sovereign debt rating by international rating agencies could adversely impact our ability to raise additional foreign currency financing, interest rates and other commercial terms at which such financing is available*" on page 36.

33. We may not be able to detect money-laundering and other illegal or improper activities in a comprehensive manner or on a timely basis, which could expose us to additional liability and harm our business or reputation.

Although the Bank complies with the guidelines related to Anti-Money Laundering issued by Reserve Bank of India and Financial Intelligence Unit-India and all necessary reporting is also being done but Banking Channels have an inherent risk of misuse by money launderers, terrorists and cyber criminals. Since July 2019, regulatory reports are being submitted as per guidelines and no penalty has been imposed till date regarding regulatory reporting.

While we continue to strengthen our AML and KYC procedures, to the extent we fail to fully comply with applicable laws and regulations, the relevant governmental and regulatory agencies may impose fines and other penalties and, in certain circumstances, ask us to cease operations. In addition, any adverse action taken by such agencies could adversely affect our reputation, thereby affecting our business and future financial performance.

34. Our ability to pay dividends in the future will depend upon applicable RBI regulations, our earnings,

financial condition and capital requirements. Any inability to declare dividend may adversely affect the trading price of our Equity Shares.

While we have a formal board approved dividend policy to govern our dividend pay-out, our future ability to pay dividends and the amount of any such dividends, if declared, will depend upon a number of factors, including our future earnings, financial condition, capital requirements, our compliance with regulatory requirements, meeting the RBI mandated CRAR and net NPA parameters and our operating performance. Dividends distributed by us may attract dividend distribution tax at rates applicable from time to time. We cannot assure you that we will generate sufficient income to cover our operating expenses and shall be able to pay dividends. Our present and future dividend policy is based on the terms of the extant GoI/ RBI guidelines and directives, and is dependent on our revenues, profits, cash flow, financial condition, capital requirements and other factors. For further information, see "*Dividend Policy*" on page 83.

The RBI has prescribed limits on the dividend pay-out ratio of banks in India linked to certain parameters such as the risk-based capital ratio and net non-performing assets ratio. Under the RBI's Basel III guidelines, banks are subject to higher minimum capital requirements and must maintain a capital conservation buffer above the minimum requirements to avoid restrictions on capital distributions and discretionary bonus payments. Any change in restrictions on payment of dividend or capital requirements may limit our ability to pay dividends to Shareholders. The declaration and payment of dividends are subject to the provisions of the Banking Regulation Act and regulations made thereunder, the RBI Act and regulations and guidelines made thereunder including RBI Circular (RBI/2004-05/451DBOD.NO.BP.BC.88/21.02.067/2004-05) dated May 4, 2005 ("**RBI Dividend Circular**"). The Bank follows the Banking Regulation Act, the RBI Dividend Circular and Regulation 43A of the SEBI Listing Regulations in this regard. Dividends that our Bank has paid in the past may not be reflective of the dividends that our Bank may pay in a future period.

35. Our business and financial condition may be adversely affected if we are unable to develop new products and services.

The role of technology in driving differentiation and business growth is crucial in the highly competitive banking sector. Our Bank is committed to leveraging technological advancements to continually innovate and enhance customer experiences across all digital platforms. Our strategic focus includes the development of user-friendly digital banking services such as mobile banking, internet banking, UPI, and streamlined digital processes such as the PNB Krishi Tatkal Rin Yojana, KCC Renewal, PNB e-Mudra Scheme, Pre-approved Personal Loans, and Pre-Approved Business Loan offerings. Additionally, our collaborative efforts with 59 companies have introduced cutting-edge products, further expanding our digital footprint. Partnerships with third parties underscore our proactive approach in meeting the evolving needs of our diverse customer base. We have also increased the presence of authorized dealer branches, Foreign Currency Non-Resident Bank Account Authorized Branches, World Trade Center authorized Branches, and also have designated 50 Branches as Non-Resident Indian ("**NRI**") specialized Branches. In addition to above, NRI Customer Service center has been set up to cater the needs of NRI customers.

While we have been diversifying and expanding our products and services to deliver innovative, customer-centric solutions and forging strategic partnerships, we cannot assure you that we will be able to continue delivering value and maintain our competitive edge in the banking sector. The successful diversification of our product and service offerings, while managing associated risks and challenges, is essential. Potential outcomes, such as returns on new products falling short of expectations, could materially impact our liquidity, business prospects, financial condition, and overall operational results. Furthermore, heightened competition that better anticipates customer needs within our target markets could potentially diminish our market share and adversely affect our business operations.

36. There are limitations in the scope of the procedures adopted by our statutory auditors in the audit of our financial statements.

We are a commercial bank with a network of 10,150 branches in India as of June 30, 2024. As noted in the audit reports for the financial statements for Fiscals 2022, 2023 and 2024, there are certain limitations in the scope of the audit of such financial statements. For example, the audited standalone financial statements for Fiscal 2024 incorporate financial information from 9,638 branches in India which have not been subjected to audit. These unaudited branches accounted for 26.68% of advances, 66.60% of deposits, 20.53% of interest income and 60.27% of interest expenses in Fiscal 2024. For further details, see "*Financial Statements*" on page 318. An inability to maintain an effective internal audit system or adequate procedures by our officials in the audit of our financial statements may affect the reliability of our financial statements.

37. Our statutory auditors have highlighted certain matter of emphasis in relation to our historical audited financial statements for Fiscal 2022, 2023 and 2024 and in the unaudited limited review financial results for the three months ended June 30, 2023 and 2024.

Our statutory auditors have highlighted certain matters of emphasis in relation to our historical audited financial statements for Fiscal 2022. For further information, see "*Management's Discussion on Financial Condition and Results of Operations – Auditor Observations/Remarks"* on page 84.

There can be no assurance that our statutory auditors will not include such matters of emphasis in relation to our audited financial statements in the future, or that any matters of emphasis will not affect our financial results in future fiscal periods. Investors should consider these remarks in evaluating our financial condition, results of operations and cash flows. Any such matters of emphasis on our audited financial statements in the future may also adversely affect the trading price of the Equity Shares.

38. We may be barred by state and central government departments and other public sector bodies from undertaking transactions on their behalf. If such prohibitions persist, our results of operations and financial condition may be adversely impacted.

On August 12, 2024, the Government of Karnataka issued a circular directing all departments, universities, Public Sector Undertakings and local bodies to withdraw their deposits from our Bank and all their transactions with us in abeyance for 15 days. This could impact our financial transactions and liquidity management in the region. Should the Government of Karnataka further enforce the closure of accounts held by our Bank, we may face disruptions in our financial operations, including delays in payments, increased transaction costs and the need to establish new banking relationships. These changes could lead to temporary operational challenges and additional administrative burdens as we adapt to the evolving banking landscape in Karnataka. We cannot assure you that that such prohibitions will not occur or persist in the future, which would adversely impact on our business, financial condition and results of operations.

39. Any regulatory investigations, fines, sanctions, and requirements relating to conduct of business and financial crime could negatively affect our business and financial results, or cause serious reputational harm across our businesses.

The RBI is empowered under the Banking Regulation Act and the circulars, guidelines and notifications issued thereunder to impose penalties on banks and their employees, to enforce applicable regulatory requirements or in case of infringement of any provisions of the Banking Regulations Act. In the past, the RBI has levied penalty on us for non-compliance with guidelines and instructions issued by the RBI from time to time, as well as on account of fraud. For further details of penalties imposed by the RBI and other regulators, see also "*Legal Proceedings – Notices and actions by regulatory authorities*" on page 309.

We are periodically subject to inspections by the relevant authorities. Certain of these inspections have resulted in investigations and cases commenced against us or some of our employees. Going forward we will remain subject to similar inspections, investigations and cases. If one or more of such inspections, investigations or cases leads to a significant award or penalty against us, our business may be adversely affected. The table below sets forth details of regulatory penalties imposed by the RBI during the last three Fiscals and up to August 31, 2024:

Period	Date of Action/ Penalty	Brief Description of the Action/ Penalty	Quantum of Penalty (₹ Crores)
2022	June 7, 2021	Non-compliance of certain provisions of directions issued by RBI contained in the Master Directions on "Frauds - Classification and Reporting by commercial banks and select FIs" dated July 1, 2016 and, the circular on "Creation of a Central Repository of Large Common Exposures - Across Banks" dated September 11, 2013.	2.00
2022	December 15, 2021	Contravention of sub-section (2) of section 19 of the Banking Regulation Act, 1949 (the Act).	1.80
2024	October 30, 2023	Non-compliance with certain provisions of 'Reserve Bank of India (Interest Rate on Deposits) Directions, 2016', 'Reserve Bank of India (Interest Rate on Advances) Directions, 2016' and 'Master Circular on Customer Service in Banks'.	0.72
2025	July 7, 2024	Non-compliance with certain directions issued by RBI on 'Loans and Advances - Statutory and Other Restrictions', and 'Reserve Bank of India Know Your Customer (KYC) Direction, 2016'.	1.32

The penalties imposed by such regulators have in the past generated adverse publicity for us and our business. Such adverse publicity, or any future scrutiny, investigation, inspection or audit which could result in fines, public reprimands, reputational loss, significant time and attention from our management, costs for investigations and remediation of affected customers, may adversely affect our business and financial performance.

We cannot predict the initiation or outcome of any such investigations by other authorities or different investigations by relevant authorities. Any penalty imposed as a result of such investigations may generate adverse publicity for our business. Such adverse publicity, or any future scrutiny, investigation, inspection or audit which could result in fines, public reprimands, and damage to our reputation, significant time and attention from our management, costs for investigations and remediation of affected customers, may adversely affect our business and financial results.

40. Our failure to adapt to technological advancements that can potentially disrupt the banking industry could affect the performance and features of our products and services and reduce our attractiveness to customers.

Failing to adapt to technological advancements that have the potential to disrupt the banking industry could significantly impact the performance and features of our products and services, potentially diminishing our attractiveness to customers. In today's rapidly evolving digital landscape, staying ahead of technological changes is imperative for the Bank. Embracing innovation allows us to enhance customer experience, streamline operations, and maintain competitiveness in the market. By proactively integrating cutting-edge technologies into our offerings, we ensure that we not only meet but exceed customer expectations, thereby safeguarding our position as a leader in the banking sector. Our failure to adapt to such technological advancements quickly and effectively could affect the performance and features of our products and services and could reduce our attractiveness to existing and potential customers.

41. As on date of this Placement Document, our Board does not have prescribed strength in terms of the Banking Companies Act and the SEBI Listing Regulations.

As on the date of this Placement Document, our Board does not have the prescribed strength as the following positions are vacant:

1. Workmen Employee Director under section 9(3)(e) of the Banking Companies Act

2. Officer Employee Director under section 9(3)(f) of the Banking Companies Act
3. CA Director under section 9(3)(g) of the Banking Companies Act
4. Part-time non official Director under section 9(3)(h) of the Banking Companies Act

Given that our Bank is a public sector undertaking, matters pertaining to, among others, appointment of our Directors are determined by the Government of India, Ministry of Finance, except appointment of Shareholders Director under section 9(3)(i) of the Banking Companies Act. Therefore, we do not have the ability to appoint directors on our Board. As a result of this, we cannot provide any assurance that such non – compliance will be rectified in a timely manner or at all. Such delay or failure could result in statutory / regulatory authority(ies) taking action against us including imposing penalty on the Bank, any of which could adversely affect the Bank's business, reputation and results of operations.

42. A portion of our Bank's loans have a tenor exceeding one year or are unsecured, exposing the Bank to risks associated with economic cycles. In the event of non-payment by a borrowers of these loans, we may be unable to collect the unpaid balance.

We offer unsecured personal loans to the retail customer segment, including salaried individuals and self-employed professionals. In addition, we offer unsecured loans to corporates, small businesses and individual businessmen. As of June 30, 2024, our unsecured loans amounted to ₹ 2,25,281.79 crore, which contributed 21.90% of our Bank's gross exposure of ₹ 10,28,681.83 crore. Unsecured loans are at higher credit risk for us than our secured loan portfolio as they may not be supported by realizable collateral that could help ensure an adequate source of repayment for the loan. Although we may obtain direct debit instructions or post-dated checks from our customers for our unsecured loan products, we may be unable to collect in part or at all in the event of non-payment by a borrower. Further, any increase in delinquency in our unsecured loan portfolio could require us to increase our provision for credit losses, which would decrease our earnings

In addition as of June 30, 2024, loans with a tenor exceeding one year constituted 63.65% of our Bank's total standard domestic advances. The long tenor of these loans may expose our Bank to risks arising out of economic cycles exposing us to liquidity risks.

43. We have existing indebtedness, and may incur additional indebtedness, which could adversely affect our financial condition, and/or our ability to obtain financing in the future, react to changes in our business and/or satisfy our obligations.

As of June 30, 2024, our Bank had ₹ 51,223.13 crores of outstanding debt liabilities, *inter alia,* in the form of debt securities such as unsecured redeemable bonds, Tier I bonds, upper Tier II bonds, subordinate debts for Tier II capital and long-term infrastructure bond. Our existing indebtedness could impose restrictions on our business operations which may be in the nature of following:

- it may be challenging for us to obtain additional financing, should such a need arise, which may limit our ability to satisfy obligations with respect to our debt;
- a portion of our financial resources must be dedicated to the payment of principal and interest on our debt, thereby reducing the funds available to use for other purposes;
- it may be difficult for us to satisfy our obligations to our creditors, resulting in possible defaults on, and acceleration of, such debt;
- we may be more vulnerable to general adverse economic and industry conditions;
- our ability to refinance debt may be limited or the associated costs may increase; and
- our flexibility to adjust to changing market conditions could be limited, or we may be prevented from carrying out capital spending that is necessary or important to our growth strategy and efforts to improve operating margins of our businesses.

In addition, failure to comply with the terms of these financing agreements may lead to action against us, and may require us to accelerate payment of our loans. Default in our repayment obligations may also affect our ability to raise financing in future

44. Any deficiencies, inaccuracies or mis-specification in the models and data we rely on for our risk analysis could impact our decision-making and operations.

As part of ordinary decision-making process, our Bank relies on various models for data analysis and risk assessment. These models are based on historical data supplemented with managerial inputs and comments. These models analyze data which may not always be accurate or adequate to guide for strategic and operational decisions and protect from risks. Any misspecification, deficiencies or inaccuracies in the data used for model development might have a material adverse impact on bank's business, operations and financial conditions. As our Bank endeavours to broaden its operations in newer geographies and new product areas, there is a risk that we may struggle to create tailored risk management policies/procedures/models suitable for these new areas and products, or effectively handle the risks linked to the expansion of our current businesses. Also, Implementation and monitoring may prove to be challenging with respect to our expansion and development.

45. ***Majority of our offices, branches and ATMs are located on premises taken by us on lease or on leave and license basis. We may not be able to renew these agreements for our branches upon acceptable terms or at all which could have an adverse effect on our business and results of operations.***

Majority of our offices, branches and ATMs are located on premises taken by us on lease or leave and license basis from third parties. The arrangement for Head Office Building is on owned premises. In case of non-renewal of our leases or if such agreements are renewed on unfavorable terms and conditions, we may be forced to procure alternative space for our existing branches and incur additional costs in such relocation. We may also face the risk of being evicted in the event that our landlords allege a breach on our part of any terms under these lease or license agreements. This may cause a disruption in our operations or result in increased costs, or both, which may materially and adversely affect our business, financial condition and results of operations in respect of such defaulting premises. Further, some of our lease agreements and leave and license agreements may not be adequately stamped or registered with the registering authority of the appropriate jurisdiction. An instrument not duly stamped, or insufficiently stamped, shall not be admitted as evidence in any Indian court or may attract a penalty as prescribed under applicable law, which could adversely affect the continuance of our operations and business. Although we procure space that satisfies the safety, operational and financial criteria for our branches, we cannot assure you that we will be able to identify such space at commercially reasonable terms or at all.

46. ***We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.***

We have in the course of our business entered into, and will continue to enter into, several transactions with our related parties. We cannot assure you that we will receive similar terms in our related party transactions in the future and that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. The transactions we have entered into and any further transactions that we may have with our related parties have involved or could potentially involve conflicts of interest which may be detrimental to our Bank. We cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our business and financial results, including because of potential conflicts of interest or otherwise.

47. ***Our employees are unionized and any union action may adversely affect our business.***

Majority of our employees are members of national banking unions, including All India Punjab National Bank Officers Association ("**AIPNBOA**") for officers, and All India Punjab National Bank Employees Federation ("**AIPNBEF**") for workmen. We are a member of the Indian Banks' Association, which negotiates wages and other service conditions with the major unions.

From time to time, the labour unions for the banking employees organize strikes, as a result of which, we have been and may in the future be affected by strikes, work stoppages or other labor disputes. We have had past instances of industry wide strikes by the unions which affected all banks and we have also had past instances of strikes which only affected our Bank. In the event of a labour dispute, protracted negotiations and strike action may impair our ability to carry on our day-to-day operations, which could materially and adversely affect our business, future financial performance and results of operations. While we believe that we have a strong working relationship with our unions, associations and employees, and also believe that the same shall continue in future, there can be no assurance that we will continue to have such a relationship in the future, and that there will not be significant strikes or disputes with employees that could affect our operations in future.

48. ***A reduction in long-term interest rates may increase our pension liabilities which may adversely affect our future financial performance and results of operations.***

We operate a defined benefit pension fund scheme. A discount rate is used to calculate the present value of our future liabilities in relation to the scheme and is linked to the long-term yield on GoI securities. A reduction in the long-term interest rate would increase the present value of our pension obligations. As a result, we may be required to make further cash contributions to the scheme in order to cover the deficit which may in turn lead to an increase in its pension expenses. In a falling interest rate scenario, the held-to-maturity value of already invested securities is likely to go up, thereby offsetting the increase in present value of pension obligation to an extent.

49. Our inability to renew or maintain our statutory and regulatory permits and approvals required to operate our business may adversely impact our business, financial condition and results of operation.

We are required to obtain various statutory and regulatory licences, permits and approvals to operate our business which require us to comply with certain terms and conditions in the ordinary course of our business. Inability to obtain these licences/permits/approvals or non-compliance of the terms and conditions mentioned therein may attract penalties and strictures from the regulatory authorities if the irregularities pointed out by the inspecting officials of the concerned authorities are not rectified within the time allowed by them and in extreme cases, it may result in the interruption of all or some of our operations and may have a material adverse effect on our business, financial condition, results and cash flow and could also adversely affect our financial performance and reputation.

In addition, our branches in some states are also required to be registered under the relevant shops and establishments laws of the concerned states within whose territorial jurisdiction, our branch is located, unless otherwise exempt under such enactments. Inability to obtain these licences/permits/approvals or non-compliance of the terms and conditions mentioned therein may attract penalties and strictures from the authorities if the irregularities pointed out by the inspecting officials of the concerned authority is not rectified within the time allowed by them and in extreme cases, it may result in the interruption of all or some of our operations and may have a material adverse effect on our business, financial condition, results and cash flow and could also adversely affect our financial performance and reputation.

50. Our inability to attract and retain talented professionals may negatively affect our results of operation and financial position.

Attracting and retaining talented professionals is a key element to our growth strategy. Our remuneration schemes are guided by industry level negotiations between bank management represented by the Indian Banks' Association ("**IBA**"), and officers/ workmen represented by their respective unions. In addition to such remuneration, we also offer our employees certain incentive such as bonus payments, as may be approved by our Board. Our remuneration scheme is in accordance with industry level settlement formulated by the IBA following negotiation with various unions or associations. The remuneration prevalent in the public sector banks are similar except for perks which is determined by individual banks.

If the banking industry increasingly moves toward incentive-based pay schemes, attrition rates could increase and we could be forced to alter our remuneration scheme. The resultant pressures may result in diminished profitability, especially if rates of return do not experience a commensurate rise. An inability to attract and retain such talented professionals or the resignation or loss of such professionals may have an adverse impact on our business, future financial performance and trading price of the Equity Shares. In addition, we may experience difficulties in managing our expanding workforce.

51. We may face conflicts of interest relating to one of our Associate Companies, PNB Housing Finance Limited ("PNBHFL").

One of our Associate Companies, PNB Housing Finance Limited, is one of the leading housing finance companies in India with branches across India, as of June 30, 2024. It also uses the "PNB" name, brand and trademark pursuant to an agreement dated December 7, 2009 pursuant to which we granted PNBHFL the royalty-free, non-exclusive right to use the name, brand, trademark and logo "PNB" strictly in relation to its business. We have no agreements with PNBHFL that restricts them from offering similar products and services as us and as a result, our relationship with PNBHFL may cause certain conflicts of interest, particularly with respect to distribution of housing and non-housing loans and deposit products that PNBHFL distributes and we may compete with PNBHFL on the basis of the range of our product offerings, interest rates and fees as well as customer service, particularly in the retail housing market. Bank has given its brand to PNB Housing Finance Limited in terms of Trademark License Agreement ("**TLA**") dated May 24, 2021. The Bank has the right to charge royalty from PNBHFL post reduction in shareholding below 30% and withdraw the name post reduction of shareholding below 20%. Post rights issue of PNBHFL, the Bank's shareholding has come below 30.00% (28.13% present shareholding) and it has triggered the event for payment of royalty fees as stated in Clause 5 of TLA from Fiscal 2024. The trigger off date for payment of royalty is May 4, 2023 i.e., effective date for change in our Bank's shareholding below 30%.

We may also compete with PNBHFL for capital and other low-cost sources of funding as well as for the services of third party service providers, including for direct marketing associates and deposit brokers. There can be no assurance that we will be able to successfully compete with PNBHFL and if it continues to offer and distribute our products in the businesses that we are currently engaged in or if we forego certain business opportunities because of our relationship with PNBHFL, our business, financial condition, results of operations and prospects could be affected.

52. India's existing credit information infrastructure may cause increased risks of loan defaults. We depend on the accuracy and completeness of information furnished by the customers and counterparties and any misrepresentation, errors or incompleteness of such information could cause our business to suffer.

Our principal business is providing financing to borrowers, including individuals, SMEs and MSMEs. The credit risk of our borrowers may be higher than in other economies due to the higher uncertainty in our regulatory, political and economic environment and the inability of our borrowers to adapt to global technological advancements. Although India has credit information companies, adequate information regarding loan servicing histories, particularly in respect of individuals and small businesses, is limited. In the event that the reports of such credit information companies are not up-to-date, we may not be able to accurately assess the creditworthiness of our borrower which may increase our risk of exposure to default by borrower. Inadequate loan servicing histories for borrowers increase the risk of exposure and may lead to an increase in our NPAs which may adversely affect our business, results of operations and financial condition.

We rely on information furnished by customers and counterparties while determining whether to extend credit or to enter into other transactions with such customers and counterparties. Our financial condition and results of operations could be negatively affected by relying on financial statements that do not comply with generally accepted accounting principles or with other information that is materially misleading. We also rely on credit ratings and bureau scores assigned to our customers. Our financial condition and results of operations could be negatively impacted by such reliance on information that is inaccurate or materially misleading.

Currently, India has four Credit Information Companies ("**CICs**"): (i) Credit Information Bureau (India) Limited (“**CIBIL**”); (ii) CRIF Highmark; (iii) Experian India; and (iv) Equifax India which provide Credit Information Reports. Our Bank is member of all the four CICs. However, these CICs provide the reports on borrower’s repayment history only. The difficulties associated with the inability to accurately assess the value of collateral and to enforce rights in respect of collateral, along with the absence of such accurate statistical, corporate and financial information, may decrease the accuracy of our assessments of credit risk, thereby increasing the likelihood of borrower default on our loan and decreasing the likelihood that we would be able to enforce any security in respect of such a loan or that the relevant collateral will have a value commensurate to such a loan. The absence of reliable information, including audited financial statements, recognised debt rating reports and credit histories relating to our present and prospective corporate borrowers or other customers makes the assessment of credit risk, including the valuation of collateral, more difficult, especially for individuals and small businesses. The availability of accurate and comprehensive credit information on retail customers and small businesses in India is more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending. As a result, higher credit risk may expose us to greater potential losses, which could adversely affect our business, financial condition and results of operations.

53. Our Bank’s retail assets portfolio has experienced significant growth. If our Bank is unable to address credit risk in our retail asset portfolio, then our financial performance may be adversely affected.

As part of our Bank’s business and growth strategy, we will continue to focus on growth in its retail banking business. Set forth below are details of our Bank's retail credit portfolio as of the corresponding periods:

	As of March 31,			As of June 30,	
	2022	**2023**	**2024**	**2023**	**2024**
Retail credit portfolio (₹ crore)	1,39,592.55	1,97,698.22	2,22,574.10	2,05,058.26	2,34,563.60
Total Domestic Advance (₹ crore)	7,59,213.92	8,49,766.50	9,42,390.81	8,82,397.97	9,84,406.81
Retail credit portfolio, as a percentage of total loans (%)	18.39%	23.27%	23.62%	23.24%	23.83%

The availability of comprehensive credit history reports for new first-time borrowers is limited in India. As a result, our Bank is exposed to higher credit risk in the retail business compared to banks in more developed markets. If our Bank’s screening process proves to be inadequate, it may experience an increase in impaired loans and it may be required to increase its provision for defaulted loans. This may impact our future financial performance and credit rating and the market price of the Equity Shares. Although India has a credit bureau industry and we review credit history reports whenever they are available from credit bureaus, adequate information regarding loan servicing histories, particularly in respect of individuals and small businesses, is limited. Additionally, the economy in India is largely cash based, making it difficult for us to monitor the credit of our retail customers, who frequently do not maintain formal financial records. Furthermore, retail loans may carry a higher risk for delinquency if there is an increase in unemployment, prolonged recessionary conditions or a sharp rise in interest rates. Further, if our Bank is unable to maintain the quality of our retail loan portfolio as Bank grows its retail business, NPAs may increase, which could adversely affect our business, results of operations and financial condition.

54. ***Our insurance coverage may be inadequate to cover claims. If we incur substantial uninsured loss or loss that exceeds our insurance coverage, it could have a material adverse effect on our business, cash flows, results of operations and financial condition.***

While we are covered by a range of insurance that we believe is consistent with industry practice in India to cover risks associated with our business, we cannot assure you that the existing coverage will insure our Bank completely against all risks and losses that may arise in the future. We may not have insurance to cover all of the risks associated with our business, as insurance coverage is either unavailable for certain risks or is prohibitively expensive. In addition, even if such losses are insured, we may be compelled to contribute a substantial deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. In addition, our insurance policies are generally subject to annual renewal, and our ability to renew these policies on similar or otherwise acceptable terms, cannot be assured. If we incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have an adverse effect on our business, cash flows, results of operations and financial condition.

55. ***Our contingent liabilities could materially and adversely affect our financial condition and results of operations.***

As of June 30, 2024, our Bank had contingent liabilities amounting to ₹ 1,83,479.85 crore. The table below sets forth the details of contingent liabilities:

Particulars	As of June 30, 2024 (₹ crore)
Claims against our Bank not acknowledged as debts	787.02
Disputed income tax and interest tax demands under appeals, references etc.	7,489.32
Liability for partly paid investments	207.93
Liability on account on outstanding forward exchange contracts	91,953.19
Guarantees given on behalf of constituents:	
(a) In India	53,361.98
(b) Outside India	4,750.20
Acceptances, endorsements and other obligations	19,261.48
Other items for which the Bank is contingently liable	5,668.73
TOTAL	**1,83,479.85**

Most of the liabilities have been incurred in the normal course of business. If these contingent liabilities were to fully materialize or materialize at a level higher than we expect, it may materially and adversely impact our business, financial conditions, result of operations and prospects. If we are unable to recover payment from our customers in respect of the commitments that we are called upon to fulfill, our business, financial condition, cash flows, results of operations and prospects may be adversely impacted.

56. ***Any non-compliance with law or unsatisfactory service by the third-party service providers engaged by us for certain services could have an adverse impact on our business and results of operations.***

We enter into outsourcing arrangements with third party vendors, separate employees and independent contractors, in compliance with the RBI guidelines on outsourcing. These vendors, employees and contractors provide various services including, among others, ATM/ card related services, business correspondents, facility management services related to information technology, software services and call center services. We outsource several services through our customer care center, such as our call center, doorstep banking and Queue Management System ("**QMS**") in five selected branches exclusively on a proof of concept basis. During Fiscal

2022, 2023 and 2024 and the three months ended June 30, 2024, there have been no material failures by third parties in performing their contractual obligations of these services. We are also dependent on various vendors for certain non-core elements of our operations including implementing IT infrastructure and hardware, branch roll-outs, networking, managing our data center, and back-up support for disaster recovery. As a result of outsourcing such services, we are exposed to various risks including strategic, compliance, operational, legal and contractual risks. Any failure by a service provider to provide a specified service or a breach in security/ confidentiality or non-compliance with legal and regulatory requirements, may result in financial loss or loss of reputation. We cannot assure you that there will be no disruptions in the provision of such services or that these third parties will adhere to their contractual obligation. If there is a disruption in the third-party services, or if the third-party service providers discontinue their service agreement with us, our business, financial condition and results of operations will be adversely affected. In case of any dispute, we cannot assure you that the terms of such agreements will not be breached, which may result in litigation costs. Such additional cost, in addition to the cost of entering into agreements with third parties in the same industry, may materially and adversely affect our business, financial condition and results of operations. The "Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by Bank" issued by the RBI places obligations on banks, its directors and senior management for ultimate responsibility for the outsourced activity. Banks are required to provide prior approval for use of subcontractors by outsourced vendor and to review the subcontracting arrangements and ensure that such arrangements are compliant with aforementioned RBI guidelines. Legal risks, including actions being undertaken by the RBI, if our third-party service providers act unethically or unlawfully, could adversely affect our business, financial condition and results of operations.

57. We face security risks, including denial of service attacks, hacking, social engineering attacks targeting our colleagues and customers, malware intrusion or data corruption attempts, and identity theft that could result in the disclosure of confidential information, adversely affect our business or reputation, and create significant legal and financial exposure.

Our businesses rely on our secure processing, transmission, storage and retrieval of confidential, proprietary and other information in our computer and data management systems and networks and in the computer and data management systems and networks of third parties. Given our reliance and focus on technology and presence in diverse geographies, our technologies, systems, networks, and our customers' devices are subject to security risks and are susceptible to cyber-attacks (such as, denial of service attacks, hacking, terrorist activities or identity theft) that could negatively impact the confidentiality, integrity or availability of data pertaining to us or our customers, which in turn may cause direct loss of money to our customers or to us, damage to our reputation and adversely impact our business and financial results. Third parties with which we do business or that facilitate our business activities could also be sources of operational and information security risk to us, including from breakdowns or failures of their own systems or capacity constraints.

We, our customers, regulators and other third parties, including other financial services institutions and companies engaged in data processing, have been subject to, and are likely to continue to be the target of, cyberattacks. These cyber-attacks include computer viruses, malicious or destructive code, phishing attacks, denial of service or information, ransomware, improper access by employees or vendors, attacks on personal email of employees, ransom demands to not expose security vulnerabilities in our systems or the systems of third parties or other security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of ours, our employees, our customers or of third parties, damage our systems or otherwise materially disrupt our or our customers' or other third parties' network access or business operations. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. There have been no security breaches, hacking or other successful cyberattacks in preceding financial year. The cyber incidents are required to be reported to RBI as per their regulatory guidelines. Further, we also receive threat intel and advisories from NCIIPC, GroupIB, CSITE, Cert-In and other regulatory bodies which are promptly acted upon.

Any third-party technology failure, cyber-attack or other information or security breach, termination or constraint could, among other things, adversely affect our ability to effect transactions, service our clients, manage our exposure to risk or expand our business. Cyber-attacks or other information or security breaches, whether directed at us or third parties, may result in a material loss or have material consequences. Furthermore, the public perception that a cyber-attack on our systems has been successful, whether or not this perception is correct, may damage our reputation with customers and third parties with whom we do business. A successful penetration or circumvention of system security could cause us serious negative consequences, including our loss of customers and business opportunities, costs associated with maintaining business relationships after an attack or breach; significant business disruption to our operations and business, misappropriation, exposure, or destruction of our confidential information, intellectual property, funds, and/or those of our customers; or damage to our computers or systems, and could result in a violation of applicable privacy laws and other laws, litigation exposure, regulatory fines, penalties or intervention, loss of confidence in our security measures, reputational damage, reimbursement or other compensatory costs, additional compliance costs, and could adversely impact our results of operations, liquidity and financial condition.

58. If we are covered by RBI guidelines relating to prompt corrective action then our business, future financial performance and results of operations could be materially and adversely affected.

On November 2, 2021, the RBI revised the Prompt Corrective Action ("**PCA**") framework for banks. When the PCA framework is triggered, RBI has a range of discretionary actions it can take in addition to the corrective actions mentioned in the PCA. These discretionary actions include conducting supervisory meetings, conducting reviews, advising banks' boards for altering business strategy, review of capital planning, restricting staff expansion, removing of managerial persons and superseding the Board, as per the classification of different risk threshold. If we trigger any risk threshold under the PCA framework, it could materially and adversely affect our business, future financial performance and results of operations.

59. As the GoI controls a majority of our issued share capital, its public policy decisions may impact our strategy and operations.

The GoI controls a majority of our Bank's issued share capital. As of June 30, 2024, the GoI directly held 73.15% of our Bank's issued and paid up share capital. As our Bank's controlling shareholder, the GoI is able to exercise effective control over our Bank. Although historically we have enjoyed certain autonomy from the Government of India in the management of our affairs and strategic direction, as its controlling Shareholder, the Government of India is able to exercise effective control over the Bank. Furthermore, the Chairman, Managing Director and Chief Executive Officer, the Executive Directors and certain other Directors are appointed by the Government of India. Although our management runs the day-to-day operations, the Government of India may determine material policies and implement such policies or schemes, as a majority and controlling Shareholder, without the consent of the other Shareholders, as well as determine the outcome of any transaction or other matter submitted to Shareholders for approval, except for those matters requiring a special resolution of the Shareholders.

The Banking Companies Act mandates that the GoI's shareholding in our Bank cannot fall below 51.00%. This requirement could result in restrictions in our equity capital raising efforts as the GoI may not be able to fund any further investments that would allow it simultaneously to maintain its stake at a minimum of 51.00% and seek funding from the capital markets. As the Indian economy grows, more businesses and individuals will require capital financing. In order to meet and sustain increasing levels of growth in capital demand, we will need to accrete our capital base, whether through organic growth or capital market financing schemes. If we are unable to grow our capital base in step with demand, our business, financial prospects and profitability may be materially and adversely affected. Further, the approval issued by the Department of Financial Services, Ministry of Finance, Government of India to our Bank dated May 27, 2024 in relation to the Issue, requires us to raise capital in such a way that GoI's shareholding does not fall below 52.00%.

60. Significant security breaches of our systems and network infrastructure could adversely impact our business.

We seek to protect our computer systems and network infrastructure including ATMs from physical break-ins as well as security breaches and other disruptive problems caused by our increased use of the internet. Computer break-ins and power disruptions could affect the security of information stored in and transmitted through these computer systems and network infrastructure. There may be areas in the system that have not been properly protected from security breaches and other attacks. We employ security systems, including advance threat defense systems, sophisticated threat management systems and password encryption, designed to minimize the risk of security breaches. Although we intend to continue to implement security technology and establish operational procedures to prevent break-ins, damage and failures, there can be no assurance that these security measures will be adequate or successful.

Further, RBI has observed certain vulnerabilities in our cyber security framework, which may expose us to cyber security risks, and has in the past observed certain non-compliances relating to risk-based transaction monitoring requirements prescribed by RBI under its Cyber Security Framework vide circular no. DBS.

CO/CSITE/BC.11/33.01.001/2015-16 dated June 2, 2016. Failed security measures or failure to adhere with the cyber security policy under the Cyber Security Framework issued by the RBI or inadequate focus in addressing major issues such as those relating to implementation of risk management system, increase in reported frauds, absence of straight through processing in critical systems and their integration with CBS, inadequate collateral management and delayed compliance in implementing the observations of the risk assessment reports, could have a material adverse effect on our business and operations, our future financial performance and the trading price of the Equity Shares. Our Bank has ensured to put in place all the necessary control measures as required by the RBI. Our audit department conducts annual audit of the same by external auditors to adhere with the Cyber Security Framework issued by the RBI. Further, our business operations are based on a high volume of transactions. Although we take measures to safeguard against systems related and other fraud and have been compliant with the Cyber Security Framework as per regular internal and external information security audits, there can be no assurance that we will be able to prevent fraud. Our reputation could be adversely affected by significant fraud committed by employees, customers or outsiders.

While compliance checks are regularly reported to top executives and committees, and the bank is fully committed to protecting its IT infrastructure from all types of external and internal threats, we cannot guarantee that there are no potential breaches. While our prompt response to threat intelligence received from various platforms and our collaboration with external regulatory agencies have kept us compliant with the cyber security regulations, there remains a risk that such breaches could affect our business operations.

61. Our intellectual property rights may be subject to infringement or we may breach third party intellectual property rights.

We have established a strong brand, "PNB" which is registered under various classes of the Trademarks Act, 1999, as amended, as well as under [the (Indian) Copyright Act, 1957, as amended. We have also applied for certain intellectual property registrations. We are subject to the risk of brand dilution and consequently, loss of revenue in case of any misuse of our brand name by our agents or any third party. As such, any damage to our reputation or that of the "PNB" brand name, could substantially impair our ability to maintain or grow our business, or materially and adversely affect our business, financial condition, results of operation and prospects. If we fail to maintain this brand recognition with our target customers due to any issues with our product offerings, a deterioration in service quality, or otherwise, or if any premium in value attributed to our business or to the brands under which our services are provided declines, market perception and customer acceptance of our brands may also decline. We also enter into partnerships with external organizations over which we have limited control. Any negative news affecting such external organizations might also affect our reputation and brand value. In such an event, we may not be able to compete for customers effectively, and our business, financial condition and growth prospects may be materially and adversely affected.

In addition, we cannot guarantee that there shall be no infringement and unauthorized use of our intellectual property by third parties, including by our competitors. We may also be subject to claims brought by third parties, regarding alleged unauthorized use of their trademark or perceived breach of any intellectual property rights registered by such third parties. Any legal proceedings pursuant to such claims may divert management attention and require us to pay financial compensation to such third parties, as determined by a court of competent jurisdiction. If we are unable to obtain or maintain these registrations, it may adversely affect our competitive business position. This may affect our brand value and consequently our business, financial condition, results of operations and prospects may be adversely affected.

62. Increasing regulatory focus on personal information protection could impact our business and expose us to increased liability.

Regulators in various jurisdictions are increasingly scrutinizing how companies collect, process, use, store, share and transmit personal data. This increased scrutiny may result in new interpretations of existing laws, thereby further impacting our business. In India, the Personal Data Protection Act, 2023 ("**Data Protection Act**") has been enacted for implementing organisational and technical measures in processing personal data laying down norms for cross-border transfer of personal data to ensure the accountability of entities processing personal data. The Data Protection Act introduced stricter data protection norms for an entity such as ours and may impact our processes. The Data Protection Act is introduced to maintain the highest level of security and protection for all such information regarding our various customer. The RBI has also issued a circular dated April 6, 2018 on the procedure of storage of payment systems data to ensure that data relating to payment systems that we operate are stored only in India.

While we are ISO 27001: 2013 compliant and are in process of acquiring the ISO 27701 certification (Privacy Information Management System) which demonstrates our compliance to primary regulations and provide confidence to stakeholders and customers and also in defining clear roles and responsibilities, we cannot assure you that we will be able to continue to be compliant with evolving regulatory norms on personal information protection. Any failure, or perceived failure, by us to comply with any applicable regulatory requirements, including but not limited to privacy, data protection, information security, or consumer protection-related privacy laws and regulations, could result in proceedings or actions against us by governmental entities or individuals who may subject us to fines, penalties, and/ or judgments which may adversely affect our business and reputation.

63. Our Bank may not be successful in implementing its growth strategies or penetrating new markets.

Our Bank's strategies may ultimately fail to contribute to our Bank’s growth or profitability and may ultimately be unsuccessful. Even if such strategies are partially successful, our Bank cannot assure you that it will be able to manage its growth effectively or fully deliver on its growth objectives. For further information, see “*Business – Strategies*” on page 178.

Challenges that may result from our Bank’s growth strategies include our ability to, among other things:

- manage efficiently the operations and employees of its expanding businesses;
- maintain or grow its existing customer base;
- develop the technology and infrastructure necessary for the digital platforms and offerings necessary to compete effectively;
- assess the value, strengths and weaknesses of future investments;
- finance strategic investments;
- align the current information technology systems adequately with those of a larger group;
- apply risk management policy effectively to a larger group;
- hire and train additional skilled personnel; and
- manage a growing number of branch offices without over-committing management or losing key personnel,
- each of which would have a potential adverse effect on our Bank’s business and results of operations.

Our Bank may not be able to effectively manage this growth or achieve the desired profitability in the expected time frame, if at all, or the expected improvement in indicators of financial performance from the expansion. In addition, we also may fail to develop or retain the technical expertise required to operate and develop these new digital solutions. To the extent that our Bank fails to meet required targets, develop and launch new products or services successfully, it may lose any or all of the investments that it has made in promoting them, and our Bank’s reputation with its customers could be harmed. Moreover, if our Bank’s competitors are better able to anticipate the needs of individuals in its target market, our Bank could lose market share and our business, results of operations and financial condition could be adversely affected.

64. Statistical and industry data in this Placement Document may be incomplete or unreliable.

Statistical and industry data used throughout this Placement Document has been obtained from various government and industry publications. While we believe that the information contained has been obtained from sources that are reliable, but neither we nor the Book Running Lead Managers have independently verified it and the accuracy and completeness of this information is not guaranteed and its reliability cannot be assured. The market and industry data used from these sources may have been reclassified by us for purposes of presentation. In addition, market and industry data relating to India, its economy or its industries may be produced on different bases from those used in other countries. As a result, data from other market sources may not be comparable. The extent to which the market and industry data presented in this Placement Document is meaningful will depend upon the reader’s familiarity with and understanding of the methodologies used in compiling such data. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Placement Document. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors. Accordingly, investment decisions should not be based on such information.

65. We and our customers may engage in certain transactions in or with countries or persons that are subject to international economic sanctions.

Various international jurisdictions, including the United States and the United Kingdom, restrict investments or otherwise doing business in or with certain countries or territories and with certain persons or businesses that have been specially designated by such government agencies. Other governments and international or regional organizations also administer similar economic sanctions. Through our foreign branches and our international operations, we may provide various services to customers doing business with, or located in, countries to which certain economic sanctions apply. Although we believe we have compliance systems in place that are sufficient to block prohibited transactions, and we have not been notified that any penalties or other measures will be imposed on us, there can be no assurance that we will be able to fully monitor all of our transactions for any potential violation. There can be no assurance that our future business will be free of risk under sanctions implemented by these jurisdictions or that we will be able to conform our business operations to the expectations and requirements of such international regulatory agencies that do not have jurisdiction over our business but nevertheless assert the right to impose sanctions on an extraterritorial basis. Further, investors in the Equity Shares could incur reputational or other risks as a result of our or our customers' dealings in or with sanctioned countries or with persons that are the subject of such sanctions.

66. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and may be subject to change based on various factors, some of which are beyond our control.

We intend to use the Net Proceeds for the purposes described in "*Use of Proceeds*" on page 81 of this Placement Document towards to utilize the Net Proceeds towards augmentation of Bank's Tier-I capital base to meet Bank's future capital requirements and to support growth plans and to enhance the business of the Bank. As on the date of this Placement Document, our funding requirements are based on management estimates in view of past expenditures and have not been appraised by any bank or financial institution. They are based on current conditions and are subject to change in light of changes in external circumstances, costs, business initiatives, other financial conditions or business strategies. While we will use the Net Proceeds towards augmenting the Bank's Tier I Capital to meet the Bank's future capital requirements and to support growth plans and to enhance the business of the Bank or any other purposes in the manner specified in "*Use of Proceeds*" on page 81, the amount of Net Proceeds to be actually used will be based on our management's discretion. However, the deployment of the Net Proceeds will *not* be monitored by any monitoring agency. Our internal management estimates may exceed fair market value or the value that would have been determined by third-party appraisals, which may require us to reschedule or reallocate our capital expenditure and may have an adverse impact on our business, financial condition, results of operations and cash flows. We may have to reconsider our estimates or business plans due to changes in underlying factors, some of which are beyond our control, such as interest rate fluctuations, changes in input cost, and other financial and operational factors. Accordingly, prospective investors in the Issue will need to rely upon our management's judgment with respect to the use of Net Proceeds. If we are unable to deploy the Net Proceeds in a timely or an efficient manner, it may affect our business and the results of operations.

RISKS RELATING TO INDIA

67. Any downturn in the macroeconomic environment in India may adversely affect our business, financial condition, results of operations and cash flows.

The majority of our business, assets and employees are located in India, so our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. Therefore, any downturn in the macroeconomic environment in India could adversely affect our business, financial condition, results of operations and cash flows. The Indian economy faces potential adverse impacts from a range of factors, including pandemics, epidemics, political and regulatory shifts, social unrest, religious or communal tensions, terrorist attacks, violence or conflicts like those in the Russia-Ukraine hostilities, or the Israel-Hamas conflict.

Despite geopolitical tensions, Indian and global stock markets have so far managed to stay stable. However, investors are closely monitoring the situation, especially for any signs that Iran might escalate the conflict. Traders are concerned about potential disruptions to crude oil supplies from the Middle East, which is the world's largest oil-producing region. For instance, if Iran escalates tensions, especially by using more destructive weapons or if other nations become involved, it could exacerbate concerns about disruptions in crude oil supplies. This situation could also impact banks, as financial institutions may face increased volatility and risk in the oil markets. Banks with significant exposure to oil and energy sectors might experience financial strain or market losses due to fluctuating oil prices and heightened geopolitical risks.

68. High rates of inflation in India could have an adverse effect on our results of operations.

India has, in the past, experienced sustained periods of high inflation. A return to high rates of inflation with a resulting rise in interest rates and any corresponding tightening of monetary policy may have an adverse effect on economic growth in India. Although the RBI has enacted certain policy measures designed to curb inflation, these policies may not be successful. In addition, high rates of inflation could increase our expenses related to salaries or wages payable to our employees or any other expenses. There can be no assurance that we will be able to pass on any additional expenses to our customers or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our results of operations.

69. The occurrence of natural or man-made disasters, terrorist attacks, civil unrest or rioting in India and other acts of violence or war could adversely affect our business, financial condition, results of operations and cash flows—and could create a perception that investment in Indian companies involves a higher degree of risk, thereby adversely affecting the market price of the Equity Shares.

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, fires, explosions, pandemics (such as COVID-19) and epidemics, and man-made disasters, including acts of terrorism, other acts of violence and war, could adversely affect our business, financial condition, results of operations and cash flows. In addition, terrorist attacks and other acts of violence or war as well as civil unrest or rioting in India could create a perception that investment in Indian companies involves a higher degree of risk, thereby adversely affecting the market price of the Equity Shares.

The Indian stock market is likely to experience significant volatility this year, influenced by macroeconomic indicators, global developments, central bank policies, and news related to the US Presidential election. For example, recent volatility in the Indian stock market, particularly with the Nifty 50 index, has shown significant fluctuations, such as a sharp decline of nearly 1.00% after a previous rise of over 1.00%. This pattern suggests that market volatility may be perceived as more severe than it truly is. Investor behavior, which involves buying during price drops and selling to lock in profits during price increases, can exacerbate this perception. Additionally, global tensions and economic uncertainties may contribute to heightened volatility and the impression of increased market risk.

70. Political instability or changes in the Government could adversely affect economic conditions in India and by consequence, our business.

Political instability or changes in government can significantly impact India's economic conditions in several ways:

1. **Investment Climate:** Uncertainty about the political future can deter both domestic and foreign investors. Businesses may delay or cancel investments due to concerns over policy changes, regulatory shifts, or potential disruptions in governance. This can slow down economic growth and development.
2. **Policy Continuity:** Frequent changes in government or political instability can lead to inconsistent or unpredictable economic policies. This lack of continuity can affect long-term planning and decision-making for businesses and investors, leading to decreased economic confidence and slower economic activity.
3. **Economic Reforms:** Political instability might hinder the implementation of crucial economic reforms. Reform agendas may be stalled or reversed due to shifting political priorities, affecting the overall economic development and competitiveness of the country.
4. **Market Sentiment:** Political uncertainty can lead to volatile financial markets. Investors may react negatively to political turmoil, causing fluctuations in stock prices, currency value, and bond yields. This volatility can further impact economic stability and investor confidence.
5. **Public Spending:** Political instability can disrupt government spending and fiscal policies. Budget approvals might be delayed, or spending priorities might shift, affecting public infrastructure projects, social programs, and overall economic activity.

Consequently, the banking sector, heavily reliant on economic stability for asset quality, loan demand, and credit risk management, may face increased non-performing assets, reduced profitability, and heightened operational challenges, thereby affecting its overall business performance and stability.

Since the 1991 reforms, Indian governments have typically been multi-party coalitions, except for the last decade (2014 – 2024). Despite this, successive governments have consistently pursued economic liberalization and financial sector reforms, driving business growth. Any political instability could affect the rate of economic liberalisation and the specific laws and policies affecting foreign investment. Other matters affecting investment in the Equity Shares could change as well. A significant change in India's economic liberalisation and deregulation policies could adversely affect economic conditions in India generally and thereby adversely affect our business, financial condition, results of operations and cash flows.

71. Financial difficulty and other problems in certain long-term lending institutions and investment institutions in India could have a negative impact on our business, financial condition, results of operations and cash flows.

As an Indian bank, the Bank is exposed to the risks of the Indian financial system, which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions, such as clearing agencies, banks, securities firms and exchanges, may be closely related as a result of credit, trading, clearing or other relationships. Our transactions with these financial institutions expose us to credit risk in the event of default by the counterparty, which can be exacerbated during periods of market illiquidity. As the Indian financial system operates within an emerging market, the Bank faces risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs, notwithstanding the existence of a national deposit insurance scheme. The problems faced by individual Indian financial institutions, and any instability in or difficulties faced by the Indian financial system generally, could create an adverse market perception about Indian financial institutions and banks in general. This in turn could adversely affect our business, financial condition, results of operations and cash flows and could result in a decrease in the price of the Equity Shares regardless of whether or not our business, financial condition, results of operations and cash flows were adversely affected.

72. Any downgrade in India's sovereign debt rating by international rating agencies could adversely impact our ability to raise additional foreign currency financing, interest rates and other commercial terms at which such financing is available.

Banks' foreign currency debt ratings are tied to India's sovereign debt rating, meaning any downgrade in India's international debt credit rating also affects their ratings. The ability to secure additional foreign currency financing, along with the interest rates and other commercial terms for such financing, could be negatively impacted by any downgrade in the assessments of India's sovereign debt by international rating agencies. This could significantly harm the company's operations, cash flows, and financial condition.

Although, the current scenario is signalling towards an upgrade in near future after S&P Global Ratings revised its outlook on India to positive from stable on May 29, 2024. The positive outlook on India is predicated on the account of India's robust economic growth in recent years, pronounced improvement in the quality of government spending, and political commitment to fiscal consolidation. This could have a triggering effect as well with other rating agencies to follow up in coming months. Therefore, all those factors of debt financing mentioned above could reverse and impact positively our business, financial condition, results of operations and cash flows.

73. It may not be possible for investors to enforce any judgment obtained outside India against us, our Directors or our Executive Officers except by way of a lawsuit in India.

The enforcement by investors in the Equity Shares of civil liabilities, including the ability to effect service of process and to enforce judgments obtained in courts outside of India, may be adversely affected by the fact that we are incorporated under the laws of the Republic of India, and that almost all of our executive officers and directors reside in India. Nearly all of our assets and the assets of our executive officers and directors are also located in India. As a result, it may be difficult to enforce the service of process upon us and any of these persons in jurisdictions outside of India, or to enforce judgments obtained against us and these persons in courts outside of India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments are provided for under Sections 13, 14 and Section 44A of the Code of Civil Procedure, 1908 ("**Civil Code**") on a statutory basis. Section 44A of the Civil Code provides that, where a certified copy of a decree of any superior court, within the meaning of that Section, obtained in any country or territory outside India which the government has by notification declared to be in a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees and does not apply to decrees for amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties, and it does not apply to arbitration awards (even if such awards are enforceable as a decree or judgment).

The United Kingdom, United Arab Emirates, Singapore and Hong Kong, among others, have been declared by the government to be reciprocating territories for the purposes of Section 44A of the Civil Code. The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit upon the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognise the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and/ or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. The suit must be brought in India within three years from the date of judgment in the same manner as any other suit filed to enforce a civil liability in India.

It may be unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it may be unlikely that an Indian court would enforce foreign judgments if it views the amount of damages awarded as excessive or inconsistent with public policy of India and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under FEMA to repatriate any amount recovered pursuant to execution, and any such amount may be subject to income tax in accordance with applicable laws. Any judgment or award in a foreign currency would be converted into Indian rupees on the date of the judgment or award and not on the date of the payment.

74. A third party could be prevented from acquiring control over the Bank because of anti-takeover provisions under Indian law and the provisions of the Banking Regulation Act.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in the control of the Bank. These provisions may discourage or prevent certain types of transactions involving actual or threatened change in the control of the Bank. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that the interests of investors/ Shareholders are protected, these provisions may also discourage a third party from attempting to take control of the Bank. Further, given that the Bank is governed by the RBI, any significant change in shareholding would require the RBI's prior approval. Consequently, even if a potential takeover of the Bank would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of the regulatory framework applicable to the Bank.

75. Rights of Shareholders under Indian laws may be more limited than under the laws of other jurisdictions.

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities and Shareholders' rights may differ from those that would apply to a bank in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as Shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as Shareholder in an Indian bank than as Shareholder of a corporation in another jurisdiction.

76. There may be less information available about the companies listed on stock exchanges in India compared with information that would be available if we were listed on securities markets in certain other countries.

There may be differences between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants in India and that in the markets in the United States and certain other countries. SEBI is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about companies listed on an Indian stock exchange compared with information that would be available if that company were listed on a securities market in certain other countries. As a result, investors may have access to less information about the business, results of operations, cash flows and financial condition of companies, such as the Bank, listed on stock exchanges in India on an on-going basis than investors may find in the case of companies subject to reporting requirements of other countries.

77. Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which investors outside India may be more familiar with and may consider material to their assessment of our financial condition, results of operations and cash flows.

The Bank prepares its financial statements in accordance with Indian GAAP, which differs in certain important aspects from U.S. GAAP, IFRS and other accounting principles with which prospective investors may be familiar in other countries. Accordingly, the degree to which the financial statements prepared in accordance with Indian GAAP included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian GAAP. Prospective investors should review the accounting policies applied in the preparation of the financial statements included in this Placement Document and consult their own professional advisers for an understanding of the differences between these accounting policies and those with which they may be more familiar. Any reliance by persons not familiar with Indian GAAP on the financial disclosures presented in this Placement Document should accordingly be limited.

RISKS RELATING TO THE EQUITY SHARES

78. Any future issuance of Equity Shares could dilute the holdings of investors and could adversely affect the market price of the Equity Shares.

The Bank may be required to finance our future growth through additional equity offerings. Any future issuance of Equity Shares could dilute the investors' holdings and could adversely affect the market price of the Equity Shares. In addition, any future issuances of Equity Shares, sales by any significant Shareholder or a perception in the market that such issuance or sale may occur, could adversely affect the trading price of the Equity Shares. Such securities may also be issued at a price below the then current trading price of the Equity Shares.

79. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

Indian securities markets are less developed and more volatile than securities markets in certain other economies, especially countries that are members of the Organization for Economic Cooperation and Development. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. Indian stock exchanges have also experienced problems such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the United States. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies, the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

The Indian stock markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments in other emerging market countries, such as rising fiscal or trade deficits, or a default on national debt, may negatively affect investors' confidence in India, or may cause increased volatility in Indian stock markets and cause the price of the Equity Shares to decline.

80. After this Issue, the price of the Equity Shares may be volatile and the Issue Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.

The Issue Price will be determined by the Bank, in consultation with the Book Running Lead Managers, based on Bids received in compliance with Chapter VI of the SEBI Regulations, and the Issue Price may not necessarily be indicative of the market price of the Equity Shares after this Issue is completed. The price at which the Equity Shares will trade at after the Issue will be determined by the marketplace and may be influenced by many factors, including:

- volatility in the Indian and global securities markets or prospects for our business and the sectors in which we compete;
- our financial condition, results of operations and cash flows;

- the history of and prospects for our business;
- an assessment of our management, our past and present operations and the prospects for, as well as timing of, our future revenues and cost structures;
- the valuation of publicly traded companies that are engaged in business activities similar to ours;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial condition, including our results of operations and financial estimates by research analysts and investors;
- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements of significant claims or proceedings against us;
- new laws and government regulations that directly or indirectly affect our business;
- changes in interest rates;
- fluctuations in stock market prices and volume; and
- general economic conditions.

The Indian stock markets have, from time to time, experienced significant price and volume fluctuations that have affected market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our financial condition, results of operations and cash flows. We cannot assure prospective investors that they will be able to resell their Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to the Issue.

81. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a Shareholder's ability to sell, or the price at which a Shareholder can sell, the Equity Shares at a particular point in time.

The Equity Shares are subject to a daily circuit breaker imposed on listed companies by the Stock Exchanges, which does not allow transactions beyond a certain level of volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on the circuit breaker applicable to the Equity Shares is set by the Stock Exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges may change the percentage limit of the circuit breaker from time to time. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of Shareholders to sell the Equity Shares or the price at which Shareholders may be able to sell their Equity Shares.

82. Investors' ability to acquire and sell the Equity Shares offered in this Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Placement Document. Investors will be prohibited from selling any of the Equity Shares subscribed in this Issue other than on a recognised Indian stock exchange for a period of 12 months from the date of the allotment of the Equity Shares.

No actions have been taken to permit an offering of the Equity Shares offered in this Issue in any jurisdiction, except for India. As such, investors' ability to acquire Equity Shares offered in this Issue is restricted by the distribution and solicitation restrictions set forth in this Placement Document. For further information, see "*Selling Restrictions*" on page 272. Further, the Equity Shares offered in this Issue are subject to restrictions on transferability and resale pursuant to the SEBI Regulations, including that investors will be prohibited from selling any of the Equity Shares subscribed in this Issue other than on a recognised Indian stock exchange for a period of 12 months from the date of the allotment of the Equity Shares. Further, allotments made to certain categories of eligible QIBs in this Issue are subject to the rules and regulations applicable to them, including certain lock-in requirements. For further information, see "*Transfer Restrictions*" on page 279. Investors are required to inform themselves on, and observe, these restrictions. Our representatives, agents and Bank will not be obligated to recognise any acquisition, transfer or resale of the Equity Shares offered in this Issue made other than in compliance with applicable law.

83. Investors may be subject to Indian taxes arising out of capital gains on sales of Equity Shares.

Under current Indian tax laws, capital gains arising from the sale of equity shares in an Indian company or bank are generally taxable in India. A securities transaction tax ("**STT**") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realised on the sale of listed equity shares held for more than 12 months may be subject to long term capital gains tax in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the stock exchanges, the quantum of gains and any available treaty exemptions. Accordingly, investors may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by an Indian stock exchange on which the Equity Shares are sold.

Further, any gain realised on the sale of the Equity Shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of Equity Shares.

84. Foreign investors are subject to certain restrictions under Indian law in relation to transfer of Shareholding that may limit our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the valuation and reporting requirements specified under applicable law. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions, then prior approval of the relevant regulatory authority is required. Additionally, Shareholders who seek to convert rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Further, this conversion is subject to the shares having been held on a repatriation basis and is subject to either the security having been sold in compliance with the pricing guidelines or the relevant regulatory approval having been obtained for the sale of shares and corresponding remittance of the sale proceeds. The Bank cannot guarantee that any required approval from the RBI or any other governmental agency can be obtained with or without any particular terms or conditions. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020, which came into effect from April 22, 2020, investments where the beneficial owner of the Equity Shares is situated in, or is a citizen of, a country which shares one or more land border(s) with India, can only be made through the Government approval route, as prescribed in the Foreign Direct Investment ("**FDI**") Policy. These investment restrictions shall also apply to subscribers of offshore derivative instruments. We cannot guarantee that any required approval from the RBI or any other governmental agency can be obtained on any particular terms, if at all. Our ability to raise foreign capital under the FDI route is therefore constrained by Indian law, which may adversely affect our business, financial condition, results of operations and prospects.

85. The individual investment limit and aggregate foreign investment limit for registered FPIs in the Bank is currently 10.00% and 20.00%, respectively, of the total paid-up equity share capital of the Bank.

Foreign investment in India is governed by the provisions of FEMA along with the rules, regulations and notifications made by the RBI thereunder, and the Consolidated FDI Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, from time to time. Under the current FDI Policy (effective October 15, 2020), investment in public sector banks up to 20.00% is permitted under the government approval route. In terms of the SEBI (Foreign Portfolio Investors) Regulations, 2019, the issue of Equity Shares to a single FPI including its investor group (which means the same multiple entities registered as foreign portfolio investors having common ownership directly or indirectly of more than 50.00% or common control) must be below 10.00% of the Bank's post-Issue paid-up equity share capital on a fully diluted basis. Further, in terms of the FEMA Rules, the total holding by each FPI, or an investor group, shall be below 10.00% of the total paid-up equity share capital, on a fully diluted basis, of the Bank, and the total holdings of all FPIs put together can be up to 20.00% of the paid-up equity share capital of the Bank, which is the sectoral cap applicable to the Bank.

As per the SEBI (Foreign Portfolio Investors) Regulations, 2019 and the relevant circulars issued thereunder, the above investment restrictions shall also apply to subscribers of P-Notes. Two or more subscribers of P-Notes having a common beneficial owner shall be considered together as a single subscriber of the P-Notes. In the event an investor has investments as a FPI and as a subscriber of P-Notes, these investment restrictions shall apply on the aggregate of the FPI and P-Note investments in the Bank.

86. Our ability to borrow in foreign currencies is restricted by Indian law.

Indian banks and companies are subject to foreign exchange regulations that regulate borrowing in foreign currencies, including those specified under the Foreign Exchange Management Act ("**FEMA**"). Such regulatory restrictions limit our ability to borrow in foreign currencies and, therefore, could negatively affect our ability to obtain financing on competitive terms. In addition, we cannot guarantee that any required approvals for borrowing in foreign currency will be granted to us without onerous conditions, if at all. Such, and other, limitations on raising foreign capital may adversely affect our business, results of operations, financial condition and cash flows.

87. Fluctuations in the exchange rate between the rupee and other currencies could have an adverse effect on the value of the Equity Shares in those currencies, independent of our operating results.

The Equity Shares are quoted in rupees on the Stock Exchanges. Any dividends in respect to the Equity Shares will be paid in rupees. Any adverse movement in currency exchange rates during the time it takes to undertake such conversion may reduce the net dividends to investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by investors. The exchange rates between the rupee and other currencies (including the U.S. dollar, the Euro, the pound sterling, the Hong Kong dollar and the Singapore dollar) have changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of the Equity Shares and returns from the Equity Shares in foreign currency terms, independent of our operating results.

88. Bidders are not allowed to withdraw their Bids or revise their Bids downwards after the Bid/Issue Closing Date.

In terms of the SEBI ICDR Regulations, Bidders are not allowed to withdraw their Bids or revise their Bids downwards in terms of quantity of Equity Shares or the Bid Amount after the Bid/Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to an Allottees' demat account with the depository participant could take approximately seven days and up to 10 days from the Bid/Issue Closing Date. However, there is no assurance that material, adverse changes in the international or national monetary, financial, political or economic conditions—or other events in the nature of force majeure, material, adverse changes in our business, results of operation or financial condition, or other events affecting the Bidder's decision to invest in the Equity Shares—would not arise between the Bid/Issue Closing Date and the date of the Allotment of Equity Shares in the Issue. The occurrence of any such events after the Bid/Issue Closing Date could also adversely impact the market price of the Equity Shares. Bidders shall not have the right to withdraw their Bids or revise their Bids downwards in the event of any such occurrence. The Bank may complete the Allotment of the Equity Shares even if such events may limit the Allottees' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

89. Investors will be subject to market risks until the Equity Shares credited to their demat accounts are listed and permitted to be traded.

Investors can start trading the Equity Shares allotted to them in the Issue only after they have been credited to an investor's demat account, are listed and are permitted to be traded. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account, or that trading in the Equity Shares will commence in a timely manner.

90. Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.

Holders of our Equity Shares are entitled to pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new Equity Shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the Equity Shares who have voted on such a resolution. However, if the law of the jurisdiction that a Shareholder is in does not permit the exercise of such pre-emptive rights without the Bank filing an offering document or registration statement with the applicable authority in such jurisdiction, such a Shareholder will be unable to exercise their pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available to Shareholders by Indian law. To the extent that Shareholders are unable to exercise their pre-emptive rights in respect of the Equity Shares, they may suffer future dilution of their ownership positions and their proportional interests in us would be reduced.

91. Compliance with provisions of the U.S. Foreign Account Tax Compliance Act may affect payments made on the Equity Shares.

Certain U.S. tax provisions which are commonly referred to as FATCA, may impose 30.00% withholding on "foreign passthru payments" made by a "foreign financial institution" ("**FFI**"). Under current guidance, the term "foreign passthru payment" is not defined and it is therefore not clear whether or to what extent payments on the Equity Shares would be considered foreign passthru payments. Withholding on foreign passthru payments would not be required with respect to payments made before the date that is two years after the date of publication in the Federal Register of final regulations defining the term "foreign passthru payment." The United States has entered into an intergovernmental agreement with India ("**IGA**"), which potentially modifies the FATCA withholding regime described above. The Bank has registered as an FFI with the U.S. Internal Revenue Service and it believes that it may be subject to diligence, reporting and withholding obligations under the FATCA rules and the IGA. It is not yet clear how foreign passthru payments will be addressed in light of the IGA. Prospective investors in the Equity Shares should consult their tax advisors regarding the potential impact of FATCA, the IGA and any non-U.S. legislation implementing FATCA on their investment in the Equity Shares.

92. The Bank may be classified as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes, which could result in adverse U.S. federal income tax consequences to U.S. holders of Equity Shares.

The Bank will be classified as a PFIC for any taxable year if either: (i) at least 75.00% of its gross income is "passive income" for purposes of the PFIC rules or (ii) at least 50.00% of the value of its assets (determined on the basis of a quarterly average) is attributable to assets that produce, or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents and gains from commodities and securities transactions, and from the sale or exchange of property that gives rise to passive income. However, under final and proposed U.S. Treasury Regulations and a notice from the U.S. Internal Revenue Service, special rules apply to income derived in the active conduct of a banking business. Based on the current and anticipated composition of the income, assets (including their expected values) and operations of the Bank and the application of the relevant PFIC rules governing banks referred to above, the Bank does not expect to be treated as a PFIC for the current taxable year or in the foreseeable future. Whether the Bank is treated as a PFIC is a factual determination that must be made annually after the close of each taxable year. This determination will depend on, among other things, the specific activities, the composition of the income and assets, as well as the value of the assets (which may fluctuate with the Bank's market capitalisation) of the Bank from time to time. In addition, the manner in which the PFIC rules governing banks apply to the Bank is unclear in some respects. Some of the administrative guidance governing the application of the PFIC rules to banks is in the form of proposed U.S. Treasury Regulations and may change significantly when finalised, and new or revised regulations or pronouncements interpreting or clarifying the PFIC bank provisions may be forthcoming. Therefore, there can be no assurance that the Bank will not be classified as a PFIC in any taxable year. If the Bank were treated as a PFIC for any taxable year during which a U.S. Holder held Equity Shares, certain adverse U.S. federal income tax consequences would apply to such a U.S. Holder.

MARKET PRICE INFORMATION

As of the date of the Placement Document, 11,01,10,15,558 Equity Shares of our Bank are issued, subscribed and fully paid up.

On September 25, 2024, the closing price of Equity Shares on BSE and NSE was ₹ 105.00 and ₹ 104.88 per Equity Share, respectively. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for BSE and NSE has been given separately.

(i) The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on BSE and NSE on the dates on which such high and low prices were recorded for Fiscal 2022, 2023 and 2024:

BSE

Financial Year ended	High (₹)	Date of high(1)	Number of Equity Shares traded on the date of high	Total turnover of Equity shares traded on the date of high (₹ million)	Low (₹)	Date of low(1)	Number of Equity Shares traded on the date of low	Total turnover of Equity Shares traded on the date of low (₹ million)	Average price for the year (₹)(2)
2022	46.30	October 27, 2021	61,45,070	285.65	32.00	February 24, 2022	1,25,87,070	428.39	39.00
2023	59.95	December 13, 2022	1,02,46,618	607.65	28.45	June 20, 2022	21,19,431	60.57	41.33
2024	130.30	March 06, 2024	50,94,988	656.11	46.69	April 5, 2023	21,10,007	98.60	77.90

(Source: www.bseindia.com)

Notes:

(1) High and low prices in the above tables are of the daily closing prices. In case of two days with the same high or low price, the date with the higher volume has been chosen.

(2) Average price for the year represents the average of daily closing prices on each day of each year

NSE

Financial Year ended	High (₹)	Date of high(1)	Number of Equity Shares traded on the date of high	Total turnover of Equity shares traded on the date of high (₹ million)	Low (₹)	Date of low(1)	Number of Equity Shares traded on the date of low	Total turnover of Equity Shares traded on the date of low (₹ million)	Average price for the year (₹)(2)
2022	46.30	October 27, 2021	11,16,81,059	5192.40	32.00	February 24, 2022	18,99,80,575	6438.90	39.00
2023	59.90	Decemeber 13, 2022	14,88,51,940	8829.93	28.45	June 20, 2022	25688389	733.25	41.33

Financial Year ended	High (₹)	Date of high[(1)]	Number of Equity Shares traded on the date of high	Total turnover of Equity shares traded on the date of high (₹ million)	Low (₹)	Date of low[(1)]	Number of Equity Shares traded on the date of low	Total turnover of Equity Shares traded on the date of low (₹ million)	Average price for the year (₹)[(2)]
2024	130.35	March 06, 2024	8,29,89,654	10696.23	46.70	April 5, 2023	2,48,82,531	1161.96	77.90

(Source: www.nseindia.com)

Notes:

(1) *High and low prices in the above tables are of the daily closing prices. In case of two days with the same high or low price, the date with the higher volume has been chosen.*
(2) *Average price for the year represents the average of daily closing prices.*

(ii) The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on BSE and NSE on the dates on which such high and low prices were recorded during each of the last six months:

BSE

Month ended	High (₹)	Date of high[(1)]	Number of Equity Shares traded on the date of high	Total turnover of Equity shares traded on the date of high (₹ million)	Low (₹)	Date of low[(1)]	Number of Equity Shares traded on the date of low	Total turnover of Equity shares traded on the date of low (₹ million)	Average price for the month (₹)[(1)]
March 2024	130.30	March 06, 2024	50,94,988	656.11	116.55	March 19, 2024	20,45,891	241.97	123.51
April 2024	141.10	April 30, 2024	53,39,309	747.25	125.55	April 01, 2024	7,98,124	100.20	133.20
May 2024	138.00	May 02, 2024	27,40,961	380.59	122.05	May 09, 2024	41,51,412	516.55	126.85
June 2024	137.00	June 03, 2024	36,94,429	500.79	115.35	June 04, 2024	1,34,25,979	1609.02	125.49
July 2024	126.95	July 29, 2024	48,10,529	611.61	116.45	July 19, 2024	8,86,387	104.15	120.51
August 2024	122.90	August 01, 2024	1803239	223.22	113.05	August 16, 2024	909222	102.49	115.86

(Source: www.bseindia.com)

Notes:

(1) High and low prices in the above tables are of the daily closing prices. In case of two days with the same high or low price, the date with the higher volume has been chosen.
(2) Average price for the month represents the average of daily closing prices.

NSE

Month ended	High (₹)	Date of high[(1)]	Number of Equity Shares traded on the date of high	Total turnover of Equity shares traded on the date of high (₹ million)	Low (₹)	Date of low[(1)]	Number of Equity Shares traded on the date of low	Total turnover of Equity shares traded on the date of low (₹ million)	Average price for the month (₹)[(1)]
March 2024	130.35	March 06, 2024	8,29,89,654	10696.23	116.55	March 19, 2024	3,33,25,451	3940.87	123.51
April 2024	141.05	April 30, 2024	9,53,90,289	13340.16	125.60	April 01, 2024	2,46,39,923	3093.77	133.22
May 2024	138.05	May 02, 2024	5,84,20,041	8122.12	122.15	May 09, 2024	8,27,30,547	10286.49	126.89
June 2024	137.00	June 03, 2024	9,59,48,403	13020.35	115.35	June 04, 2024	16,96,72,083	20377.20	125.52
July 2024	127.00	July 29, 2024	14,41,04,708	18351.07	116.51	July 19, 2024	3,24,80,581	3816.53	120.54
August 2024	122.95	August 01, 2024	23162046	2867.26	113.04	August 16, 2024	27059803	3051.80	115.87

(Source: www.nseindia.com)

Notes:

(1) High and low prices in the above tables are of the daily closing prices. In case of two days with the same high or low price, the date with the higher volume has been chosen.
(2) Average price for the month represents the average of daily closing prices.

(i) The following table set forth the details of the number of Equity Shares traded and the turnover during the financial years ended March 31, 2022, March 31, 2023 and March 31, 2024 on the Stock Exchanges:

Period	Number of Equity Shares Traded		Turnover (In ₹ million)	
	BSE	NSE	BSE	NSE
Year ended March 31, 2024	1,01,58,83,653	14,17,07,93,042	81638.45	1158699.17
Year ended March 31, 2023	1,22,27,54,143	15,73,52,83,231	55289.14	723346.86
Year ended March 31, 2022	1,48,85,51,771	21,10,61,19,324	58887.88	834521.75

(Source: www.bseindia.com and www.nseindia.com)

(ii) The following table set forth the details of the number of Equity Shares traded and the turnover during the six immediately preceding months:

Period	Number of Equity Shares Traded		Turnover (In ₹ million)	
	BSE	NSE	BSE	NSE
March 2024	4,92,09,819	85,11,14,757	6078.83	105251.70
April 2024	5,76,69,372	92,42,61,448	7725.57	123707.72
May 2024	4,78,81,045	1,08,71,28,197	6088.72	138685.70
June 2024	4,93,56,085	1,08,07,98,902	6090.51	134256.50
July 2024	3,09,80,242	80,99,74,836	3769.86	98665.18
August 2024	2,53,52,016	46,91,07,715	2945.99	54459.68

(Source: www.bseindia.com and www.nseindia.com)

(iii) The following table sets forth the market price on BSE and NSE on December 29, 2023, i.e., the first working day following the approval of the Board of Directors for the Issue:

Stock Exchange	Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares traded	Turnover (₹ million)
BSE	96.67	96.67	94.85	95.79	85,48,898	816.96
NSE	96.40	96.55	94.80	95.75	6,55,56,029	6,26,8.49

(Source: www.bseindia.com and www.nseindia.com)

USE OF PROCEEDS

The gross proceeds from the Issue are up to ₹ 5000.00 crore. Subject to compliance with applicable laws and regulations, the net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue from the aggregate proceeds of the Issue of approximately ₹ 18.96 crores, is expected to be approximately ₹ 4981.04 crore ("**Net Proceeds**").

Purpose of Funds and Utilization of Net Proceeds

Subject to compliance with applicable laws, our Bank intends to utilize the Net Proceeds towards augmentation of Bank's Tier-I capital base to meet Bank's future capital requirements and to support growth plans and to enhance the business of the Bank.

Schedule of deployment of funds

Our Bank currently proposes to deploy the Net Proceeds in the aforesaid object in Fiscal 2025.

Monitoring of utilization of funds

In terms of the proviso to Regulation 173A(1) of the SEBI ICDR Regulations, our Bank is not required to appoint a monitoring agency for this Issue.

Other Confirmations

The Net Proceeds are proposed to be deployed towards the purpose set out above and are not proposed to be utilized towards any specific project. Accordingly, the requirement to disclose (i) the break-up of cost of the project (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project, is not applicable.

None of our Directors are making any contribution either as part of the Issue or separately in furtherance of the objects of the Issue.

CAPITALISATION STATEMENT

The following table sets forth our Bank's capitalization (on a consolidated basis) on an actual basis as at June 30, 2024 which has been extracted from our Reviewed Financial Results, and as adjusted to give effect to the receipt of the gross proceeds of the Issue. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" beginning on pages 84 and 318, respectively.

(In ₹ crore)

Particulars	**Pre-Issue (as at June 30, 2024)**	**Post-Issue as adjusted [(1)]**
Borrowings:		
Short Term Borrowings	37,426.42	37426.42
Long Term Borrowings	35,343.20	35343.20
Total Borrowings (a)	**72,769.62**	72769.62
Shareholders' funds:		
Share capital	2,202.20	2298.59
Securities premium	46,038.53	50923.18
Reserves and surplus (excluding securities premium)	68,253.31	68253.31
Non-Controlling Interest	576.29	576.29
Shareholders' funds (excluding borrowings) (b)	**1,17,070.33**	**122051.37**
Total capitalization (a + b)	**1,89,839.95**	**194820.99**
Short Term Borrowings / Shareholders Funds	**0.32**	**0.31**
Long Term Borrowings / Shareholders Funds	**0.30**	**0.29**
Total Borrowings / Shareholders Funds	**0.62**	**0.60**

Note:

(1) As adjusted to reflect the number of Equity Shares issued pursuant to the Issue and proceeds from the Issue. Adjustments do not include Issue related expenses.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Banking Regulation Act and regulations made thereunder, the RBI has laid down certain guidelines on the declaration of dividends by banks pursuant to RBI Circular (RBI/2004-05/451DBOD.NO.BP.BC.88/21.02.067/2004-05) dated May 4, 2005 on declaration of dividends by banks ("**RBI Dividend Circular**"). Our Bank follows the Banking Regulation Act, the RBI Dividend Circular and Regulation 43A of the SEBI Listing Regulations in this regard.

For eligibility criteria for declaration of dividend in terms of the RBI Dividend Circular, see "*Regulations and Policies*" and "*Description of the Equity Shares - Declaration of Dividend*" on pages 236 and 288, respectively. For a summary of certain Indian tax consequences of dividend distributions to shareholders, see "*Taxation*" on page 290.

Further, the payment of dividends by banks is subject to restrictions under the Banking Regulation Act. Section 15(1) of the Banking Regulation Act states that no banking company shall pay any dividend on its shares until all its capitalized expenses (including preliminary expenses, organisation expenses, share-selling commission, brokerage, amounts of losses incurred and any other item of expenditure not represented by tangible assets) have been completely written off. In addition, Section 17(1) of the Banking Regulation Act requires every banking company to create a reserve fund and, transfer out of the balance of profit of each year as disclosed in the profit and loss account, a sum equivalent to not less than 20% of such profit to the reserve fund before declaring any dividend.

In addition, *vide* RBI circular no. BP.BC.24/21.04.018/2000-2001 dated 23.09.2000 read with RBI Master Direction on Financial Statements – Presentation and Disclosures dated August 30, 2021, Commercial Banks (excluding LABs and RRBs) are required to transfer not less than 25 per cent of 'net profit' before appropriations to the Statutory Reserve.

The details of dividend paid by our Bank are set out in the following table:

Year/ Period	**Subscribed and paid-up share capital (number of Equity Shares)**	**Face Value of Equity Share (In ₹)**	**Interim dividend per Equity Share (In ₹)**	**Final dividend per Equity Share (In ₹)**	**Total amount of dividend (In ₹ crore)**	**Dividend Rate (%)**
April 1, 2024 - till the date of this Placement Document	11,01,10,15,558	2	Nil	Nil	Nil	Nil
Fiscal 2024	11,01,10,15,558	2	Nil	1.50	1,651.65	75.00
Fiscal 2023	11,01,10,15,558	2	Nil	0.65	715.72	32.50
Fiscal 2022	11,01,10,15,558	2	Nil	0.64	704.70	32.00

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 18, for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Risk Factors" and "Management's Discussion And Analysis Of Financial Condition And Results Of Operations- Principal Factors affecting our Results of Operations and Financial Condition" on pages 36 and 84, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal year are to the twelve months ended March 31 of that year. Unless otherwise specified or unless the context otherwise requires, financial information herein for Fiscals 2022, 2023 and 2024 is derived from our Audited Standalone Financial Statements, and the financial information for the three months ended June 30, 2023 and 2024 is derived from our Unaudited Limited Reviewed Standalone Financial Results included in this Placement Document. For further information, see "Financial Statements" on page 318. The degree to which the financial information prepared in accordance with Indian GAAP will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, and includes extracts from publicly available documents from various sources, including officially prepared materials from the Government of India (the "**GoI**") and its various ministries, the Reserve Bank of India and Ministry of Statistics and Programme Implementation, and has not been prepared or independently verified by our Bank, the Book Running Lead Managers or any of their affiliates or advisers.*

Unless otherwise stated, references to "the Bank" or "our Bank", are to Punjab National Bank on a standalone basis and references to "we", "us", "our", are to Punjab National Bank on a consolidated basis.

OVERVIEW

For details on the business of the Bank, see "*Our Business*" on page 178.

PRESENTATION OF FINANCIAL INFORMATION

In this Placement Document we have included the following financial statements prepared under Indian GAAP: (i) audited standalone and consolidated financial statements as of and for the year ended March 31, 2022 read along with the notes thereto (the "**Fiscal 2022 Audited Financial Statements**");(ii) audited standalone and consolidated financial statements as of and for the year ended March 31, 2023 read along with the notes thereto (the "**Fiscal 2023 Audited Financial Statements**");(iii) audited standalone and consolidated financial statements as of and for the year ended March 31, 2024 read along with the notes thereto (the "**Fiscal 2024 Audited Financial Statements**" and collectively with Fiscal 2022 Audited Financial Statements and Fiscal 2023 Audited Financial Statements, the "**Audited Financial Statements**"); (iv) unaudited limited reviewed standalone and consolidated financial results as of and for the three months ended June 30, 2023 read along with the notes thereto (the "**Unaudited Limited Reviewed June 2023 Financial Results**"); and (v) unaudited limited reviewed standalone and consolidated financial results as of and for the three months ended June 30, 2024 read along with the notes thereto (the "**Unaudited Limited Reviewed June 2024 Financial Results**") and collectively with Unaudited Limited Reviewed June 2023 Financial Results, the "**Unaudited Limited Reviewed Financial Results**").

In this section, we have included (i) a comparison of our Bank's Unaudited Limited Reviewed Standalone Financial Results for the three months ended June 30, 2024 with our Bank's Unaudited Limited Reviewed Standalone Financial Results for the three months ended June 30, 2023; (ii) a comparison of our Bank's standalone Fiscal 2024 Audited Financial Statements with our Bank's standalone Fiscal 2023 Audited Financial Statements, and (iii) a comparison of our Bank's standalone Fiscal 2023 Audited Financial Statements with our Bank's standalone Fiscal 2022 Audited Financial Statements.

PRINCIPAL FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our results of operations and financial condition:

Macroeconomic environment

As a bank with significant operations in India, the Bank's financial position and results of operations have been and will continue to be significantly affected by overall economic growth patterns in India. India's economy has showed its strength and stability. India's GDP grew at 8.2% in Fiscal 2024 (Source: RBI Bulletin July 2024), marking the highest growth rate among major economies, propelled by a robust domestic market and government-led investments that have bolstered demand. Strong economic growth tends to positively impact our Bank's results of operations, since it can cause businesses to plan and invest more confidently, in turn driving stronger demand for bank credit as well as other banking products and services that our Bank offers. The fiscal policy adopted also contributes to our Bank's results of operations. Stronger economic growth also generally increases the interest income that our Bank is able to generate from the loans it offers and tends to improve the overall creditworthiness of our Bank's customers.

Economic growth in India is also influenced by inflation. The level of inflation may limit monetary easing or cause monetary tightening by the RBI. In periods of high rates of inflation, the Bank's costs, such as operating expenses, may increase, which could have an adverse effect on the Bank's results of operations. Inflation may also have a bearing on the overall interest rates which may adversely affect our net interest income. For further information, see "*Risk Factors – Risks Relating to India – Any downturn in the macroeconomic environment in India may adversely affect our business, financial condition, results of operations and cash flows*." on page 36.

NPA levels and provisioning

The quality of our Bank's portfolio of loan assets, in other words, the likelihood that its loans will be repaid in full and on time, is a fundamental driver of its financial performance. Our Bank uses a range of tools to monitor and account for the effect of loans that may not be repaid. In accordance with RBI guidelines, loans are classified as either performing or non-performing.

A non-performing asset is a loan or an advance where: (i) interest and/or instalment of principal remains 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 or cash credit; (iii) the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted; (iv) the instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops; (v) the instalment of principal or interest thereon remains overdue for one crop season for long duration crops; (vi) the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021; or (vii) in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment. According to guidelines specified by RBI in April 2023, an account should be classified as an NPA on the basis of the record of recovery and not merely on deficiencies which are temporary in nature, such as nonrenewal of limits on the due date or non-submission of stock statements. Under the RBI guidelines, NPAs are further classified into "Sub-Standard", "Doubtful" and "Loss" assets based on the age of arrears and whether actual loss has been identified.

The primary measure of asset quality is our Bank's NPA ratio, which is the value of NPAs as a percentage of our Bank's total loans. Our Bank measures the NPA ratio on a gross basis and on a net basis as a percentage of total loans. As of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, our Bank's gross NPA ratio was 11.78%, 8.74%, 5.73%, 7.73% and 4.98%, respectively, and our Bank's net NPA ratio was 4.80%, 2.72%, 0.73%, 1.98% and 0.60%, respectively.

The RBI has increasingly imposed greater focus and stricter standards on identifying and disclosing NPAs. Our Bank's NPA levels directly affect profitability, primarily through the provisions that it is required to recognize to account for the estimated losses it expects to incur on those loan assets. These provisions are recorded on the Bank's profit and loss account for the period in which they are incurred, reducing profit. The RBI requires banks to apply minimum provisioning requirements across their portfolio of NPAs, which consider the classification of the NPA and whether it is secured. Our Bank complies with these guidelines, as well as any stricter requirements in the foreign jurisdictions in which it operates. In addition, they may make additional specific provisions where it believes they are required to reflect anticipated losses.

The overall level of provisioning for NPAs is reflected in our Bank's "provision coverage ratio", which is the value of the provisions our Bank carries, as a percentage of the total NPAs. The RBI guidelines require banks to disclose the provisioning coverage ratio in the notes to their financial statements. Our Bank's net provisioning coverage ratio as of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, computed as per RBI guidelines, was 81.60%, 86.90%, 95.39%, 89.83% and 95.90%, respectively. See "*Risk Factors — Risks Relating to the Bank's Business — If we are not able to control or reduce the level of non-performing assets in our portfolio or any increase in our NPA portfolio, RBI mandated provisioning requirements could adversely affect our business, financial conditions and results of operations*" on page 37. In addition, the RBI's annual supervisory process may assess higher provisions than our Bank has made. In addition to provisions for non-performing loans, the Bank may also incur losses as a result of investments it makes.

To the extent our Bank is able to recover any loans that have been written-off, such amount is credited to our Bank's income statement. Recoveries in written-off accounts amounted to ₹ 3,440.64 crore, ₹ 6,508.05 crore, ₹ 6,100.58 crore, ₹ 1,021.92 crore and ₹ 869.69 crore for Fiscals 2022, 2023 and 2024 and the three months ended June 30, 2023 and 2024, respectively.

Capital adequacy, liquidity requirements and reserve ratios

The Basel III framework on 'Liquidity Standards' includes 'Liquidity Coverage Ratio', 'Net Stable Funding Ratio' ("**NSFR**") and liquidity risk monitoring tools. In June, 2014, the RBI issued guidelines in relation to liquidity coverage ratio ("**LCR**"), liquidity risk monitoring tools and LCR disclosure standards pursuant to the publication of the 'Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools' in January, 2013 and the 'Liquidity Coverage Ratio Disclosure Standards' in January, 2014 by the Basel Committee which provided enhanced guidance on liquidity, risk governance, measurement, monitoring and reporting to the RBI on liquidity positions. The guidelines stipulate that banks were to ensure an LCR of 60% for 2015 with effect from January 1, 2015, minimum 90% with effect from January 1, 2018 and were expected to make a transition to an LCR of 100% on January 1, 2019. In order to accommodate the burden on banks' cash flows on account of the COVID-19 pandemic, RBI issued a notification dated April 17, 2020, permitting banks to maintain LCR as set forth below:

From date of circular to September 30, 2020	80%
October 1, 2020 to March 31, 2021	90%
April 1, 2021 onwards	100%

The LCR measures a bank's ability to manage and survive for 30 days under a significant stress scenario that combines idiosyncratic as well as market-wide shock situations that would result in accelerated withdrawal of deposits from retail as well as wholesale depositors, partial loss of secured funding, increase in collateral requirements and unscheduled drawdowns of unused credit lines. At least 60% of the net cash outflows in the next 30 days, computed with these assumptions of a stressed scenario, are required to be supported by High Quality Liquid Assets ("**HQLA**"). Further, the Basel Committee on Banking Supervision issued the final rules on 'Net Stable Funding Ratio' on October 31, 2014 and RBI issued the guidelines on NSFR on May 17, 2018 with the objective to ensure that banks maintain a stable funding profile in relation to the composition of their assets and off- balance sheet activities. RBI had published a circular dated November 29, 2018, notifying that the NSFR guidelines shall come into effect from April 1, 2020. RBI had published a circular dated March 27, 2020, which deferred to the implementation.

As of June 30, 2024, the Bank's capital adequacy ratio was 15.79% as per Basel III comprising Tier I capital of ₹ 98,082.18 crore and Tier II capital of ₹ 20,751.47 crore. Although it currently exceeds the applicable capital adequacy requirements, adverse developments could affect our Bank's ability to satisfy these requirements in the future, including deterioration in asset quality, decline in the value of investments and inability to meet any regulatory requirements or changes. The regulatory minimum CET1, including capital conservation buffer, is 8% with effect from March 31, 2020.

Our Bank's profit may be affected by the amount of its provisions against loans. Banks are required to disclose the provisioning coverage ratio in the notes to accounts to their balance sheet. For further information, see "*Risk Factors - We are subject to capital adequacy norms and are required to maintain a capital-to-risk asset ratio ("**CRAR**") at the minimum level required by RBI for domestic banks. Any inability to maintain adequate capital due to change in regulations or lack of access to capital or otherwise could materially and adversely affect our results of operations and financial condition*" on page 36.

Interest income

Interest income has historically been the most significant component of our Bank's revenue. In Fiscal 2022, 2023 and 2024 and the three months ended June 30, 2023 and 2024, our Bank's interest income was ₹ 74,879.54 crore, ₹ 85,144.11 crore, ₹ 106,901.62 crore, ₹ 25,145.46 crore and ₹ 28,556.43 crore, respectively, representing 85.87%, 87.52%, 88.87%, 87.98% and 88.78%, respectively, of our Bank's total income.

In Fiscal 2022, 2023 and 2024 and the three months ended June 30, 2023 and 2024, net interest income was ₹ 28,694.46 crore, ₹ 34,491.64 crore, ₹ 40,083.07 crore, ₹ 9,504.25 crore and ₹ 10,476.25 crore, respectively, representing 32.91%, 35.45% and 33.32%, 33.26% and 32.57%, respectively, of our Bank's total income. Net interest income is the difference between the total interest earned on interest-earning assets and the total interest paid on interest-bearing liabilities. Our Bank's net interest income is dependent on a number of factors including the general prevailing level of interest rates, its ability to allocate its funds to assets that provide high interest rates and its cost of funding.

Interest rates

Changes in interest rates affect the interest rates we charge on our interest-earning assets and that we pay on our interest-bearing liabilities. Movements in short-term and long-term interest rates affect our interest income and interest expense as well as the level of gains and losses on our securities portfolio. Indian banks including us follow the direction of interest rates set by the RBI and adjust both deposit rates and lending rates upwards or downwards accordingly. Decreases in the RBI policy rates would prompt Indian banks to re-examine their lending rates. Adverse changes in prevailing interest rates may result in a decline in net interest income due to increase in our costs of funds or deposits without a corresponding increase in our yield on assets. Interest rates are highly sensitive to many external factors beyond our control, including growth rates in the economy, inflation, money supply, RBI's monetary policies, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors.

Further, the RBI issued a circular on September 4, 2019 making it mandatory for banks to link all floating rate personal or retail loans and floating rate loans to micro and small enterprise borrowers to an external benchmark with effect from October 1, 2019. With a view to further strengthening monetary policy transmission, RBI issued a circular on February 26, 2020, to further link all new floating rate loans to the medium enterprises extended by banks to the external benchmarks with effect from April 1, 2020. The banks are free to choose one of the several benchmarks indicated in the circular. The banks are also free to choose their spread over the benchmark rate, subject to the condition that the credit risk premium may undergo change only when borrower's credit assessment undergoes a substantial change, as agreed upon in the loan contract. For further information, see "*Risk Factors - Our business is particularly vulnerable to interest rate risk, and any volatility in interest rates could adversely affect net interest margins, the value of fixed income portfolio, income from treasury operations and financial condition and results of operations*" on page 36.

Allocation of funds

In recent years, there has been increased demand for funding across many sectors of the Indian economy. The growth of the Indian economy has enabled us to allocate our funds from Government securities to advances, which offer us higher returns subject to maintaining minimum statutory requirements. Further, we diversify our net interest income portfolio by lending to retail customers, large corporates and small and medium enterprises across various industry segments. If the volume of our loans decreases due to a general slowdown in the economy, increased competition or other factors, our net interest income will decrease as well. In addition, we seek to allocate our funds in an optimum manner at any point of time depending on our liquidity and prevailing interest rates.

Sources of funding

Our primary interest-bearing liability is our deposit base. Adverse economic conditions may also limit or negatively affect our ability to attract deposits, replace maturing liabilities in a timely manner and at commercially acceptable rates, satisfy statutory liquidity requirements and access funding. To continue to source low-cost funding through customer deposits, we must, among other measures, further develop our rapidly expanding branch network, increase brand recall and develop products and services to distinguish ourselves in an increasingly competitive industry. However, increasing customer sophistication, competition for funding, any sharp increase in prevailing interest rates and changes to the RBI's liquidity and reserve requirements may increase the rates that we pay on our deposits. As of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, we had total deposits of ₹ 11,46,218.45 crore, ₹ 12,81,163.10 crore, ₹ 13,69,712.81 crore, ₹ 12,97,905.21 crore and ₹ 14,08,247.07 crore, respectively, and an advance-to-deposit ratio (calculated as advances divided by deposits) of 68.50%, 69.05%, 71.79%, 70.64% and 73.05%, respectively. As of June 30, 2024, our Bank's domestic CASA deposits were ₹ 5,49,078.94 crore. Our domestic CASA ratio decreased from 47.43% as in Fiscal 2022 to 42.98% in Fiscal 2023 and was 41.44% in Fiscal 2024. Our domestic CASA ratio decreased from 41.90% in June 30, 2023 to 40.08% in June 30, 2024.

Our ability to meet demand for new loans and lower our cost of funding will depend on our ability to continue to broad base deposit profile, our ability to attract and retain new customers, and continued access to term deposits from the retail, corporate and inter-bank market. Our debt service costs and cost of funds depend on many external factors, including developments in the Indian credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the inter-bank markets. Internal factors that will impact cost of funds include changes in credit ratings, available credit limits and ability to mobilize low-cost deposits, particularly through our retail banking branches.

Regulatory measures and reforms

The banking industry in India is subject to extensive regulations issued by Governmental organizations and regulatory bodies including the RBI, SEBI and the Insurance Regulatory and Development Authority, and self-regulatory organisations. These regulations cover various aspects such as loans and advances, investments, deposits, risk management, foreign investment, corporate governance and market conduct, customer protection, foreign exchange management, capital adequacy, margin requirements, know-your customer and anti-money laundering, and provisioning for NPAs. The RBI also prescribes required levels of lending to "priority sectors" such as agriculture, which may expose us to higher levels of risk than we may otherwise face.

Since 2013, the GoI has introduced various economic reforms intended to provide increased control and transparency in the banking and financial services industry. In order to strengthen banks' ability to effectively resolve stressed assets and enhance transparency, the RBI has issued guidelines on the sale of stressed assets by banks and introduced measures to deal with stressed assets. These guidelines require banks to identify the specific financial assets identified for sale to other institutions, including securitisation companies/ reconstruction companies.

Basel III reforms are the response of Basel Committee on Banking Supervision ("**BCBS**") to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy. Basel III reforms strengthen the bank-level i.e. micro prudential regulation, with the intention to raise the resilience of individual banking institutions in periods of stress. Besides, the reforms have a macro prudential focus also, addressing system wide risks, which can build up across the banking sector, as well as the pro cyclical amplification of these risks over time.

Monetary policy is heavily influenced by the condition of the Indian economy, and changes in the monetary policy affect the interest rates of advances and deposits. The RBI responds to fluctuating levels of economic growth, liquidity concerns and inflationary pressures in the economy by adjusting its monetary policy. A monetary policy designed to combat inflation typically results in an increase in RBI lending rates. Further, in addition to having gradually established more stringent capital adequacy requirements, the RBI has also instituted several prudential measures including an increase in risk weights for capital adequacy computation and general provisioning for certain types of asset classes.

For further information, see "*Regulations and Policies*" on page 236. Other similar measures and regulatory developments relating to the Indian banking and financial services industry may have a significant impact on our operations and financial performance.

Competition

Although difficult to quantify, competition may significantly affect our Bank's results of operations and will continue to shape the products and services offered, efficiency and ultimately profitability of Indian banks. Our Bank faces strong competition in all of its principal lines of business. Our Bank's primary competitors are other large public sector banks, private sector banks, foreign banks and, in some product areas, development financial institutions. In particular, consolidation in the Indian banking industry has increased and may continue to increase competitive pressures experienced by the Bank. For example, five associate banks of State Bank of India and the Bharatiya Mahila Bank merged with State Bank of India, which became effective from April 1, 2017. In Fiscal 2019, the Government announced the merger of three other public sector banks, Bank of Baroda, Vijaya Bank and Dena Bank, effective from April 1, 2019. In Fiscal 2020, the Government announced several additional mergers of public banks including the Bank, each of which became effective from April 1, 2020: amalgamation of Syndicate Bank with Canara Bank; amalgamation of Andhra Bank and Corporation Bank; and Allahabad Bank's merger with Indian Bank. Following these mergers, the number of public sector banks is 12 in Fiscal 2023, as compared to 27 in Fiscal 2017.

Our Bank also faces competition from big tech and fintech companies in the financial landscape. Big tech firms are increasingly encroaching on traditional banking territories by offering digital payment solutions, lending services, and other financial products, leveraging their vast user bases and technological capabilities. Fintech startups, on the other hand, are introducing innovative solutions such as peer-to-peer lending, blockchain-based services, and mobile banking applications, which appeal to technologically savvy customers looking for convenience and lower costs. These players not only provide enhances customer experiences but also operate with greater agility, posing a challenge to our Bank's traditional banking model. To stay competitive in these landscapes, our Bank invests in digital transformation to meet the rising expectations our modern customers, such as our PNB One mobile banking platform.

As competitive pressures intensify, our Bank may be required to expend additional resources to offer a more attractive value proposition to its customers, which could make our products more customers friendly. In addition, increasing competition may exert downward pressures on the interest rates and may have impact on Bank's margins.

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared on historical cost basis and conform, in all material aspects, to Generally Accepted Accounting Principles ("**GAAP**") in India unless otherwise stated encompassing applicable statutory provisions, regulatory norms prescribed by Reserve Bank of India ("**RBI**"), circulars and guidelines issued by the Reserve Bank of India ("**RBI**") from time to time, Banking Regulation Act 1949, Accounting Standards ("**AS**") and pronouncements issued by The Institute of Chartered Accountants of India ("**ICAI**") and prevailing practices in Banking industry in India.

In respect of foreign offices, statutory provisions and practices prevailing in respective foreign countries are complied with except as specified elsewhere.

The financial statements have been prepared on going concern basis with accrual concept and in accordance with the accounting policies and practices consistently followed unless otherwise stated.

Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

Future results could differ from these estimates. Differences between the actual results and estimates is recognized in the period in which the results are known / materialized.

Any revision to the accounting estimates is recognized prospectively in the current and future periods unless otherwise stated.

Revenue Recognition

1. Income and expenditure (other than items referred to in paragraph 4) are generally accounted for on accrual basis.

Income from Non- Performing Assets ("**NPAs**"), comprising of advances and investments, is recognized upon realization, as per the prudential norms prescribed by the RBI/ respective country regulators in the case of foreign offices (hereafter collectively referred to as Regulatory Authorities).

2. Mode of appropriation of recovery in order of priority will be as below:

(a) Appropriation of recoveries in NPA accounts (irrespective of the mode / status / stage of recovery actions) shall be regulated in the following order of priority:

i. Expenditure/out of pocket expenses incurred for recovery (earlier recorded in Memorandum Dues).

ii. Thereafter towards the interest irregularities/accrued interest.

iii. Principal irregularities i.e. NPA outstanding in the account.

Clarification:

In the case of borrowers with multiple accounts, upon receiving recovery in one account, the system allocates the recovery towards the expenditure, recorded interest and principal outstanding of that account. Any surplus recovery amount is then applied to the expenditure, recorded interest and principal outstanding of another account for the same customer.

(b) However, in the case of compromise, resolution or settlement through the National Company law Tribunal, Technically Written Off amounts and credits received on account of Credit Guarantee Fund Trust for Micro and Small Enterprises, Export Credit Guarantee Corporation, Emergency Credit Line Guarantee Scheme, Credit guarantee Fund or Micro Units, as well as any subsidy, the appropriations shall be made in the order of Principal, Charges and interest.

(c) In case of suit filed/decreed accounts, recovery shall be appropriated as under: -

i. As per the directives of the concerned Court.

ii. In the absence of specific directives from the Court, as mentioned at point (a) above.

Any exceptions to the above may be considered by the Head Office Credit Approval Committee-III ("**HOCAC-III**") (for proposals falling under the powers of various committee's up to HOCAC-III and Management Committee for proposals under its vested powers.

3. The sale of NPA is accounted as per guidelines prescribed by RBI and as disclosed under the provisions of "*Loans and Advances Thereon*".

4. Commission (excluding on Government Business, Insurance Business, Mutual Fund Business, Letter of Credit and Bank Guarantee), exchange, locker rent and Income on Rupee Derivatives designated as ‘Trading’ are accounted for on realization and insurance claims are accounted for on settlement. Interest on overdue inland bills is accounted for on realization and interest on overdue foreign bill, till its crystallization is accounted for on crystallization and thereafter on realization.

5. In the case of a filed suit or decreed accounts, recovery shall be appropriated: (i) as per the directives of the concerned Court; and (ii) in the absence of specific directives from the Court, as mentioned at point (a) above.

6. Income from interest on refund of income tax is accounted for in the year the order is passed by the concerned authority.

7. Lease payments including cost escalation for assets taken on operating lease are recognized in the Profit and Loss Account over the lease term in accordance with the AS 19 (Leases) issued by ICAI.

8. Provision for Reward Points on Credit cards is made based on the accumulated outstanding points in each category.

9. If Term Deposit (“**TD**”) matures and proceeds are unpaid, the amount left unclaimed with the bank attracts rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower.

10. Dividend (excluding Interim Dividend) is accounted for as and when the right to receive the dividend is established.

Investments

The transactions in Securities are recorded on ‘Settlement Date’.

Investments are classified into six categories as stipulated in the Third Schedule to the Banking Regulation Act, 1949 (Form A – Schedule 8 – Investment).

Investments are classified into six categories as stipulated in Form A of the Third Schedule to the Banking Regulation Act, 1949.

Investments have been categorized into ‘Held to Maturity’ (“**HTM**”), ‘Available for Sale’ (“**AFS**”) and ‘Held for Trading’ (“**HFT**”) in terms of RBI guidelines as under:

(a) Securities acquired by the Bank with an intention to hold till maturity are classified under ‘Held to Maturity’.

(b) The securities acquired by the Bank with an intention to trade by taking advantages of short-term price/ interest rate movements are classified under ‘Held for Trading’.

(c) The securities, which do not fall within the above two categories, are classified under ‘Available for Sale’.

Investments in subsidiaries, joint ventures and associates are classified as HTM.

Transfer of securities from AFS / HFT category to HTM category is made at the lower of book value or market value.

Provided that where the market value is higher than the book value at the time of transfer, the appreciation shall be ignored, and the security shall be transferred at the book value.

Provided further that in cases where the market value is lower than the book value, the provision for depreciation held against the security (including the additional provision, if any, required based on valuation done on the date of transfer) shall be adjusted to reduce the book value to the market value and the security shall be transferred at the market value.

However, transfer of securities from HTM category to AFS category is carried out on book value. After transfer, these securities are immediately revalued and resultant depreciation, if any, is provided.

In determining acquisition cost of an investment:

(a) Brokerage, commission, Securities Transaction Tax ("**STT**"), etc., paid in connection with acquisition of securities are treated as revenue expenses upfront and excluded from cost.

(b) Interest accrued up to the date of acquisition/sale of securities, i.e., broken- period interest is excluded from the acquisition cost/sale consideration and the same is accounted as interest accrued but not due.

(c) Cost is determined on the weighted average cost method for all categories of investments.

Investments are valued as per RBI/ FIMMDA guidelines, on the following basis:

Held to Maturity

(i) Investments under 'Held to Maturity' category are carried at acquisition cost.

Wherever the book value is higher than the face value/ redemption value, the premium is amortized over the remaining period to maturity on straight line basis. Such amortization of premium is reflected in Interest Earned under the head 'Income on investments' as a deduction.

(ii) Investments in subsidiaries/joint ventures/associates are valued at carrying cost less diminution, other than temporary in nature for each investment individually.

(iii) Investments in sponsored regional rural banks are valued at carrying cost.

(iv) Investment in Venture Capital is valued at carrying cost.

(v) Equity shares held in HTM category are valued at carrying cost.

Available for Sale and Held for Trading:

(a)	**Government Securities**	
	I. Central Government Securities	At market prices/YTM as published by Fixed Income Money Market and Derivatives Association of India ("**FIMMDA**") / Financial Benchmark India Pvt. Ltd ("**FBIL**").
	II. State Government Securities	On appropriate yield to maturity basis as per FIMMDA/RBI guidelines.
(b)	**Securities guaranteed by Central / State Government, PSU Bonds (not in the nature of advances)**	On appropriate yield to maturity basis as per FIMMDA/RBI guidelines.
(c)	**Treasury Bills**	At carrying cost
(d)	**Equity shares**	At market price, if quoted, otherwise at breakup value of the Shares as per latest Balance Sheet. (The date as on which the latest balance sheet is drawn up shall not precede the date of valuation by more than 18 months), otherwise at Re.1 per company.

(e)	**Preference shares**	At market price, if quoted, or on appropriate yield to maturity basis not exceeding redemption value as per RBI/FIMMDA guidelines.
(f)	**Bonds and debentures (not in the nature of advances)**	At market price, if quoted, or on appropriate yield to maturity basis as per RBI/FIMMDA guidelines.
(g)	**Units of mutual funds**	As per stock exchange quotation, if quoted; at repurchase price/Net Asset Value ("**NAV**"), if unquoted.
(h)	**Commercial Paper**	At carrying cost.
(i)	**Certificate of Deposits**	At carrying cost.
(j)	**Security receipts**	Investments by lenders in Security Receipts ("**SRs**") / other securities issued by Asset Reconstruction Companies ("**ARCs**") shall be valued periodically by reckoning the NAV declared by the ARC based on the recovery ratings received for such instruments.
		The Bank shall carry the investment in its books, on an ongoing basis until its transfer or its realization, at lower of redemption value of SRs arrived based on NAV, and the Net Book Value ("**NBV**") of the transferred stressed loan at the time of transfer.
		If the investment by the transferor (Bank) in SRs issued against loans transferred by it is more than 10 percent of all SRs issued against the transferred asset, then the valuation of the SRs on the books of the transferor shall be the lower of the following:
		i) NAV declared by the ARC based on the recovery ratings received for such instruments; and
		ii) Face value of the SRs reduced by the notional provisioning rate applicable if the loans had continued on the books of the bank.
(k)	**Venture Capital Funds ("VCF")**	At NAV declared by the VCF.
(l)	**Other investments**	At carrying cost less diminution in value.

The above valuation in category of Available for Sale and Held for Trading is done scrip wise on quarterly basis and depreciation/appreciation is aggregated for each classification. Net depreciation for each classification, if any, is provided for while net appreciation is ignored. On provision for depreciation, the book value of the individual security remains unchanged after marking to market.

Investments in sponsored regional rural banks shall be valued at carrying cost irrespective of Category (HTM and AFS).

Investments are subject to appropriate provisioning/ de-recognition of income, in line with the prudential norms of Reserve Bank of India for NPI classification. The depreciation/ provision in respect of non-performing securities is not set off against the appreciation in respect of the other performing securities.

If any credit facility availed by an entity is NPA in the books of the Bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa. However, in respect of NPI preference share where the dividend is not paid, the corresponding credit facility is not treated as NPA.

In case of securities, i.e., bonds, debentures, etc., where the credit facilities are availed by the borrowers, the provision has been made on the basis of YTM or IRAC norms whichever is higher.

Profit or loss on sale of investments in any category is taken to Profit and Loss account but, in case of profit on sale of investments in 'Held to Maturity' category, an equivalent amount (net of taxes and amount transferred to Statutory Reserve) is appropriated to 'Capital Reserve Account', at year end.

Profit or loss on redemption of investments in the AFS and HFT categories is reflected in interest earned income on investments, as Sahin addition/deduction from interest income earned.

Securities repurchased/resold under buy back arrangement are accounted for at original cost.

The securities sold and purchased under Repo/Reverse Repo are accounted as Collateralized lending and borrowing transactions. However, securities are transferred as in the case of normal outright sale/purchase transactions and such movement of securities is reflected using the Repo/Reverse Repo Accounts and Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/income, as the case may be. Balance in Repo Account is classified under schedule 4 (Borrowings).

The derivatives transactions are undertaken for trading or hedging purposes. Trading transactions are marked to market. As per RBI guidelines, different categories of swaps are valued as under:

Hedge Swaps

Interest rate swaps with hedge interest bearing asset or liability are accounted for on accrual basis except the swaps designated with an asset or liability that are carried at lower of market value or cost in the financial statement.

Gain or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the asset/ liabilities.

Trading Swaps

Trading swap transactions are marked to market with changes recorded in the financial statements.

Exchange Traded Derivatives entered into for trading purposes are valued at prevailing market rates based on rates given by the Exchange and the resultant gains and losses are recognized in the Profit and Loss Account.

Foreign Currency Options:

Foreign currency options written by the Bank with a back-to-back contract with another bank are not marked to market since there is no market risk.

Premium received is held as a liability and transferred to the Profit and Loss Account on maturity/cancellation.

Loans / Advances and Provisions Thereon

Advances are classified as performing and non-performing assets; provisions are made in accordance with prudential norms prescribed by RBI.

(a) Advances are classified: Standard, Sub Standard, Doubtful and Loss assets borrower wise.

(b) Advances are stated net of specific loan loss provisions, provision for diminution in fair value of restructured advances.

In respect of foreign offices, the classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

Loans and advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the extant RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country.

Financial Assets sold are recognized as follows.

(a) Prudential norms for the transfer transactions to ARCs:

When the stressed loan is transferred to ARC at a price below the NBV at the time of transfer, the Bank has debited the shortfall to the profit and loss account for the year in which the transfer has taken place. Banks are permitted to use countercyclical or floating provisions for meeting any shortfall on transfer of stressed loan when the transfer is at a price below the NBV.

On the other hand, when the stressed loan is transferred to an ARC for a value higher than the NBV at the time of transfer, lenders shall reverse the excess provision on transfer to the profit and loss account in the year the amounts are received and only when the sum of cash received by way of initial consideration and / or redemption or transfer of Security Receipts ("**SR**") / Pass Through Certificates ("**PTCs**")/ other securities issued by ARCs is higher than the NBV of the loan at the time of transfer. Further, such reversal are limited to the extent to which cash received exceeds the NBV of the loan at the time of transfer"

(b) Prudential norms for the transfer transactions to transferee(s) other than ARCs - Provisioning norms:

i. When the bank transfers its NPAs to transferee(s) other than ARCs, the same are removed from the books on receipt of the entire transfer consideration.

ii. If the transfer to transferee(s) other than ARCs is at a price below the net NBV at the time of transfer, the shortfall is debited to the profit and loss account of the year in which transfer has taken place.

iii. If the sale consideration is for a value higher than the NBV at the time of transfer, the excess provisions has been reversed.

(c) The excess amount received, if any, over and above memoranda dues is credited proportionately to the respective heads of income interest on loans and advances such as income interest on credit cards and term loans.

In case, the excess amount is to be returned subsequently due to, e.g., Debts recovery Tribunal, Court orders or any other eventuality, the same head is debited to refund the excess amount recovered.

Restructured Assets. For restructured/rescheduled advances, provisions are made in accordance with guidelines issued by RBI from time to time.

Provision for diminution in fair value of restructured advances is measured at net present value terms as per RBI guidelines for accounts where total dues to the bank are ₹ 1 crore and above. For other accounts, the provision for diminution in fair value is computed notionally at 5% of total exposure to the bank as per RBI guidelines.

In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 5 of the Balance Sheet under "*Other Liabilities and Provisions – Others*" and are not considered as arriving at the Net NPAs.

Amounts recovered against debts written-off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognized in the profit and loss account.

In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 5 of the Balance Sheet under the head "*Other Liabilities and Provisions – Others*" and are not considered for arriving at the Net NPAs.

Amounts recovered against debts written-off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognized in the profit and loss account.

Provision for Country Exposure. In addition to the specific provisions held according to the asset classification status, provisions are also made for individual country exposures (other than the home country). Countries are categorized into seven risk categories, namely, insignificant, low, moderately low, moderate, moderately high, high and very high and provisioning made as per extant RBI guidelines. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposures. The provision is reflected in Schedule 5 of the Balance Sheet under the "*Other liabilities and Provisions – Others*".

An additional provision of 2% (in addition to country risk provision that is applicable to all overseas exposures) against standard assets representing all exposures to step down subsidiaries of Indian Corporates has been made to cover the additional risk arising from complexity in the structure, location of different intermediary entities in different jurisdictions exposing the Indian Company, and hence the Bank, to a greater political and regulatory risk (As per RBI Cir.No. RBI/ 2015.16/279 DBR. IBD.BC No. 68/ 23.37.001/ 2015-16 dated December 31, 2015).

Property, Plant and Equipment

Property, Plant and Equipment are stated at historical cost less accumulated depreciation/amortization, wherever applicable, except those premises, which have been revalued. The appreciation on revaluation is credited to revaluation reserve and incremental depreciation attributable to the revalued amount is deducted there from.

Software is capitalized and clubbed under intangible assets.

Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset till the time of capitalization. Subsequent expenditure/s incurred on the assets are capitalized only when it increases the future benefits from such assets or their functioning capability.

Depreciation

Depreciation on assets (including land where value is not separable) is provided on straight-line method based on estimated life of the asset, except in respect of computers where it is calculated on the straight-line method, at the rates prescribed by RBI.

Depreciation on assets has been provided at the rates specified below:

Particulars	Rate of Depreciation
PREMISES	
Freehold Properties	
Land	NIL
Depreciation to be provided on construction cost where the land cost is segregated and on total cost where the land cost is not ascertainable and cannot be segregated.	2.5% (40 years straight line method or remaining life whichever is lower)

Particulars	Rate of Depreciation
Land acquired on perpetual lease where no lease period is mentioned	NIL
Land acquired on lease where lease period is mentioned	Over lease period
Building	
Constructed on free hold land and on leased land, where lease period is above 40 years	2.50%
Constructed on leased land where lease period is below 40 years.	Over lease period
FIXED ASSETS EXCEPT PREMISES	
Furniture and fixtures – steel articles	5.00%
Furniture and fixtures –wooden articles	10.00%
Mattresses	20.00%
Mobile Phone Instruments	33.33%
Machinery, electrical and miscellaneous articles	15.00%
Motor cars and cycles	15.00%
Computers, ATMs and related items, laptop, iPad	33.33%
Computer Application Software – Intangible Assets etc., servers, networks, equipment and ATMs (including software forming an integral part of computer hardware)	

Items of office fixed assets amounting to less than ₹ 25,000/- and/or having useful life of less than 12 months from the date of acquisition are recognized as expenses (except for staff whose items costing more than ₹ 1,500/- which can be separately used). Assets costing less than ₹ 1,500/- each are depreciated at 100% in the year of purchase.

The cost of application software, operating systems and data bases amounting up to ₹ 25,000/- are charged to revenue.

Depreciation on fresh additions to assets other than bank's own premises is provided from the day in which the assets are put to use and in the case of assets sold/disposed of during the year, up to the date in which it is sold/ disposed of i.e. daily basis.

The depreciation on bank's own premises existing at the close of the year is charged for full year. The construction cost is depreciated only when the building is complete in all respects. Where the cost of land and building cannot be separately ascertained, depreciation is provided on the composite cost, at the rate applicable to buildings.

In respect of leasehold premises, the lease premium, if any, is amortized over the period of lease and the lease rent is charged in the respective year(s).

The revalued assets are depreciated over the balance useful life of the asset as assessed at the time of revaluation.

Impairment of Assets

The carrying costs of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors and impairment loss is recognized wherever the carrying cost of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, if any, depreciation is provided on the revised carrying cost of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

Employment Benefits

Provident Fund. Provident fund is a defined contribution scheme as the Bank pays fixed contribution at pre-determined rates. The obligation of the Bank is limited to such fixed contribution. The contribution is charged to Profit and Loss account.

Gratuity. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the bank and is managed by a separate trust.

Pension. Pension liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the bank and is managed by a separate trust.

The Bank operates a New Pension Scheme ("**NPS**") for all officers/ employees joining the Bank on or after April 1, 2010. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with a of 14% of their basic pay plus dearness allowance from the Bank. Pending completion of the registration procedures of the employees concerned, these contributions are retained. The Bank recognizes such annual contributions as an expense in the year to which they relate. Upon the receipt of the Permanent Retirement Account Number ("**PRAN**"), the consolidated contribution amounts are transferred to the NPS Trust.

Compensated Absences. Accumulating compensated absences such as privilege leave and sick leave (including unavailed casual leave) are provided for based on actuarial valuation. The scheme for privilege leave is funded by the bank and is managed by a separate trust.

Other Employee Benefits. Other Employee Benefits such as Leave Fare Concession, Silver Jubilee Award, etc. are provided for based on actuarial valuation. In respect of overseas branches and offices, the benefits in respect of employees other than those on deputation are valued and accounted for as per laws prevailing in the respective countries. The valuation method used for defined benefit obligations for employee benefits is 'Projected Unit Credit Method'.

Translation of Foreign Currency Transactions and Balances

Transactions involving foreign exchange are accounted for in accordance with AS 11, "*The Effect of Changes in Foreign Exchange Rates*".

Except advances of erstwhile London branches which are accounted for at the exchange rate prevailing on the date of parking in India, all other monetary assets and liabilities, guarantees, acceptances, endorsements and other obligations are translated in Indian Rupee equivalent at the exchange rates prevailing as on the Balance Sheet date as per Foreign Exchange Dealers' Association of India ("**FEDAI**") guidelines.

Non-monetary items other than fixed assets which are carried at historical cost are translated at exchange rate prevailing on the date of transaction.

Outstanding Forward exchange spot and forward contracts are translated as on the Balance Sheet date at the rates notified by FEDAI and the resultant gain/loss on translation is taken to Profit and Loss Account. Foreign exchange spot/forward contracts/deals (Merchant and Inter-bank) which are not intended for trading/Merchant Hedge and are outstanding on the Balance Sheet date, are reverse re-valued at the closing FEDAI spot/forward rate in order to remove revaluation effect on exchange profit. The premium or discount arising at the inception of such a forward exchange contract is amortized as interest expense or income over the life of the contract.

Income and expenditure items are accounted for at the exchange rate prevailing on the date of transaction.

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognized as income or as expense in the period in which they arise. Gains/Losses on account of changes in exchange rates of open position in currency futures trades are settled with the exchange clearing house on daily basis and such gains/ losses are recognized in the Profit and Loss Account.

Offices outside India / Offshore Banking Units:

i. Operations of foreign branches and off shore banking unit are classified as "Non-integral foreign operations" and operations of representative offices abroad are classified as "integral foreign operations".
ii. Foreign currency transactions of integral foreign operations and non-integral foreign operations are accounted for as prescribed by AS-11.
iii. Exchange Fluctuation resulting into Profit/loss of non-integral operations is credited /debited to Exchange Fluctuation Reserve.

Taxes on Income

Income tax expense is the aggregate amount of current tax including Minimum Alternate Tax ("**MAT**"), wherever applicable and deferred tax expense incurred by the Bank. The current tax and deferred tax are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively after taking into account taxes paid at the foreign offices, which are based on the tax laws of respective jurisdictions.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that there will be payment of normal income tax during the period specified under the income Tax Act, 1961.

Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognized by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognized in the profit and loss account. Deferred tax assets are recognized and re-assessed at each reporting date, based upon management's judgment as to whether their realization is considered as reasonably/virtually certain.

Earnings per Share

The Bank reports basic and diluted earnings per share in accordance with AS 20 - 'Earnings per Share' issued by the ICAI. Basic Earnings per Share are computed by dividing the Net Profit after Tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding for the year.

Diluted Earnings per Share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted Earnings per Share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding.

Provisions, Contingent Liabilities and Contingent Assets:

In conformity with AS 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Bank recognizes provisions only when it has a present obligation as a result of a past event, and it is probable that, outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

A Contingent Liability is a potential liability, in terms of money, which may arise depending on the outcome of an uncertain specific event. A possible obligation which may or may not arise depending on how a future event unfolds has been recognized as Contingent Liability.

Further, the cases which although have been filed against the Bank, but possibility of any obligation arising upon the Bank in those case is remote, have not been construed and included in Contingent Liability.

Contingent Assets are not recognized in the financial statements.

Bullion Transactions

The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on price quoted by the supplier.

The Bank earns a fee on such bullion transactions. The fee is classified under commission income. The Bank also accepts deposits and lends gold, which is treated as deposits/advances as the case may be with the interest paid / received classified as interest expense/income.

Segment Reporting

The Bank recognizes the Business segment as the primary reporting segment and Geographical segment as the secondary reporting segment, in accordance with the RBI guidelines and in compliance with the Accounting Standard 17 issued by ICAI.

Priority Sector Lending Certificates

The Bank, in accordance with RBI Circular FIDD.CO.Plan.BC.23/ 04.09.01/ 2015-16 dated April 7, 2016, trades in Priority Sector portfolio by selling or buying PSLC. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the Fee received from sale of PSLCs is treated as 'Other Income'.

Cash and Cash Equivalents

Cash and cash equivalents include cash and balances with the RBI, balances with the Bank and money at call and short notice. Balances in reverse repurchase agreements are reported as per the guidelines provided by the RBI according to its circular dated May 19, 2022, (i.e., under schedule 6, schedule 7 and schedule 9, as applicable). The balance held by the Bank under Standing Deposit Facilities is also reported similarly.

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

There is no material impact of changes in Significant Accounting Policies followed for preparation of financial results for the quarter ended June 30, 2024 as compared to those followed for the financial statements for the year ended March 31, 2024 except those pertaining to classification, valuation and accounting of investments in compliance of Master Direction No. RBI/DOR/2023-24/104 DOR.MRG.36/21.04.141/2023-24 on Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023 dated September 12, 2023, issued by Reserve Bank of India which have become applicable from April 1, 2024. Pursuant to the above guidelines, inter-alia, the Bank has recognised a net gain of ₹ 2,098.68 crore (net of taxes) in General Reserve. Additionally, as on June 30, 2024, net gain of ₹ 33.47 crore (net of taxes) is outstanding in the AFS Reserve.

There is no material impact of changes in significant Accounting Policies followed for preparation of financial results for the quarter and year ended March 31, 2024 as compared to those followed for the financial statements for the year ended March 31, 2023.

The financial results for the year ended March 31, 2023 have been prepared following the same significant Accounting Policies and practices as those followed in the annual financial statements for the year ended March 31, 2022.

The financial results for the year ended March 31, 2022 have been prepared following the same significant Accounting Policies and practices as those followed in the annual financial statements for the year ended March 31, 2021, except recognition of commission on Letter of Credit and Bank Guarantee. With effect from April 1, 2021, the commission on Letter of Credit and Bank Guarantee is recognized as revenue to the extent accrued for the period as against recognition done on receipt basis hitherto. This change in accounting policy has resulted in decrease in profit before tax by ₹ 11.67 crore for quarter ended March 31, 2022 and by ₹ 207.64 crore for the year ended March 31, 2022.

Proposed Adoption of Ind AS

The Financial Statements and other financial information included or incorporated by reference in this Placement Document are based on our Bank's standalone and consolidated financial statements prepared in accordance with Indian GAAP. The Ind AS roadmap for scheduled commercial banks (excluding regional rural banks), insurers/insurance companies and non-banking financial companies was issued by the Union Ministry of Corporate

Affairs ("**MCA**") through a press release dated January 18, 2016. Ind AS was applicable to the Bank in accordance with the MCA press release from Fiscal 2019 which was deferred to Fiscal 2020 following the RBI's Press Release (2017-18/2642) dated April 5, 2018. The RBI has further deferred implementation of Ind AS till further notice vide its Circular no DBR.BP.BC.No. 29/21.07.001/2018-19 dated March 22, 2019.

The RBI does not permit banks to adopt Ind AS earlier than the official implementation timelines. However, our Bank is in the process of taking necessary steps for implementation of Ind AS which includes updates to systems and other processes.

The new accounting standards will impact, among other matters, the methodology for estimating allowances for expected loan losses and for classification and valuation of investment portfolio, as well as revenue recognition policy. The key impact areas for our Bank include accounting of financial instruments, consolidation accounting and deferred tax. Accounting of financial instruments under Ind AS differs significantly from Indian GAAP, including classification, fair valuation, expected credit losses, effective interest rate accounting and derecognition of such instruments. Ind AS 109 – Financial Instruments (converged form of International Financial Reporting Standard 9) would have a significant impact on the way financial assets and liabilities are classified and measured, resulting in volatility in profit or loss and equity. There can be no assurance that the adoption of Ind AS will not adversely impact our reported results of operations or financial condition and the trading price of our Equity Shares.

For further information, see "*Regulations and Policies—Implementation of Indian Accounting Standards*" and "*Risk Factors –The effects of the adoption of Indian Accounting Standards ("**Ind AS**") are uncertain and any failure to successfully adopt Ind AS could adversely affect our business, financial conditions and results of operations*." on pages 236 and 36, respectively.

COMPONENTS OF INCOME AND EXPENDITURE

Income

Interest Earned

Interest earned consists of interest/ discount on advances and bills, income on investments, interest on balances with Reserve Bank of India and other inter-bank funds and other interest earned. Income from investments consists of interest on investments in India and outside India. Our securities portfolio consists primarily of Government securities, debentures and bonds and equity shares. We also have investments in our subsidiaries, joint ventures, and associates. On the balances that we maintain with RBI to meet our cash reserve requirements, we do not receive any interest.

Other Income

Our non-interest income consists of (i) commission, exchange and brokerage, (ii) profit on the sale of investments, (iii) profit/loss on revaluation of investments, (iv) profit/ loss on the sale of land, buildings and other assets (v) profit on exchange transactions, (vi) income earned by way of dividend etc. from subsidiaries/ companies and/or joint ventures abroad/in India, and (vii) miscellaneous income, which primarily includes recoveries in assets written off.

Expenditure

Interest Expended

Our interest expended includes interest on deposits, interest on RBI and inter-bank borrowings and other interest, such as, Tier I and Tier II bond interest.

Operating Expenses

Our operating expenses include, among others, (i) payments to and provision for employees, (ii) rent, taxes and lighting, (iii) printing and stationery, (iv) advertisement and publicity, (v) depreciation/ amortization on our Bank's property, (vi) directors' fees, allowances and expenses (vii) auditors' fee and expenses, (viii) law charges, (ix) postage, telegrams, telephones, etc., (x) repairs and maintenance, (xi) insurance, and (xii) other expenditure.

Provisions and Contingencies

Our provisions and contingencies consist of (i) provision made towards income tax, (ii) provision towards NPAs (net), (iii) provision for non-performing investments (net), (iv) provision towards standard assets, and (v) other provisions which includes provisions and contingencies towards restructured advances.

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2024 COMPARED TO THREE MONTHS ENDED JUNE 30, 2023

The following table sets forth certain information with respect to our Bank's results of operations on a standalone basis for three months ended June 30, 2023 and 2024:

	Three months ended June 30	
	2023	**2024**
	(₹ crores)	
Income		
Interest earned	25,145.46	28,556.43
Other income	3,433.81	3,609.52
Total Income	**28,579.27**	**32,165.95**
Expenditure		
Interest expended	15,641.21	18,080.18
Operating expenses	6,970.07	7,504.61
Provisions and contingencies (including income tax)	4,712.58	3,329.63
Total expenses	**27,323.86**	**28,914.42**
Net profit/ (loss) for the period	**1,255.41**	**3,251.53**

Income

Interest Earned

Total interest earned increased by 13.56% from ₹ 25,145.46 crore in the three months ended June 30, 2023 to ₹ 28,556.53 crore in the three months ended June 30, 2024. This increase was primarily attributable due to an increase in (i) interest on advances by 15.18% from ₹ 17,756.44 crore in the three months ended June 30, 2023, to ₹ 20,451.78 crore in the three months ended June 30, 2024, primarily due to an increase in gross advances by 13.92% during the same period; (ii) income on investments by 9.98% from ₹ 6,575.24 crore in the three months ended June 30, 2023 to ₹ 7,231.74 crore in the three months ended June 30, 2024 on account of an increase in our average investments and an increase in yield on investments by 33 basis points from 6.71% in the three months ended June 30, 2023 to 7.04% in in the three months ended June 30, 2024; and (iii) other interest income that increased by 7.26% from ₹ 813.78 crore in the three months ended June 30, 2023 to ₹ 872.90 crore in the three months ended June 30, 2024.

Other Income

Other income increasedby 5.12% from ₹ 3,433.81 crore in the three months ended June 30, 2023 to ₹ 3,609.52 crore in the three months ended June 30, 2024. This was primarily due to an increase in (i) fee-based income by 16.31% from ₹ 1,785.38 crore in the three months ended June 30, 2023 to ₹ 2,076.53 crore in the three months ended June 30, 2024 (ii) Treasury income by 4.88% from ₹ 617.96 crore in the three months ended June 30, 2023 to ₹ 648.09 crore in the three months ended June 30, 2024.

This increase was partially offset by a 14.90% decrease on a year-on-year basis in the recovery in written off accounts from ₹ 1,021.92 crore in the three months ended June 30, 2023 to ₹ 869.69 crore in the three months ended June 30, 2024.

Expenditure

Interest Expended

Total interest expended increasedby 15.59% from ₹ 15,641.21 crore in the three months ended June 30, 2023 to ₹ 18,080.18 crore in the three months ended June 30, 2024. This increase was primarily attributable due to (i) an increase in interest on deposits by 15.92% from ₹ 14,576.51 crore in the three months ended June 30, 2023 to ₹ 16,896.43 crore in the three months ended June 30, 2024 due to an increase in our aggregate term deposits by 12.01% in the three months ended June 30, 2024; (ii) an increase in interest on the RBI/ interbank borrowings by 5.40% from ₹ 334.00 crore in the three months ended June 30, 2023 to ₹ 352.03 crore in the three months ended June 30, 2024 on account of borrowings made under long-term repo operations, i.e., option given to banks for long-term borrowings from the RBI at the repo rate and (iii) an increase in interest expended on others by 13.83% from ₹ 730.70 crore in the three months ended June 30, 2023 to ₹ 831.73 crore in the three months ended June 30, 2024 due to an increase in interest paid on bonds.

Operating Expenses

Operating expenses increased by 7.67% from ₹ 6,970.07 crore in the three months ended June 30, 2023 to ₹ 7,504.61 crore in the three months ended June 30, 2024. This increase was primarily attributable due to (i) increase in other operating expenses by 18.96% from ₹ 2,483.06 crore in the three months ended June 30, 2023 to ₹ 2,953.80 crore in the three months ended June 30, 2024; (ii) increase in establishment expenses by 1.42% from ₹ 4,487.01 crore in the three months ended June 30, 2023 to ₹ 4,550.81 crore in the three months ended June 30, 2024.

Provisions and Contingencies (including income tax)

Provisions and contingencies decreased by 29.34% from ₹ 4,712.58 crore in the three months ended June 30, 2023 to ₹ 3,329.63 crore in the three months ended June 30, 2024. These provisions mainly include provision towards NPAs, provision towards standard assets, provision on restructured assets, provision for depreciation on investment, provisions made towards income tax and other provisions and contingencies. The decrease in provision and contingencies was primarily due to the improving asset quality which reduced the need for provisions for NPAs by 81.89% from ₹ 4,374.48 crore in the three months ended June 30, 2023 to ₹ 792.12 crore in the three months ended June 30, 2024. For further information, see "*Financial Statements*" and "*Management's Discussions and Analysis on Financial Condition and Results of Operations – Auditor Observations and Matters of Emphasis*" on pages 318 and 84, respectively.

Net Profit/ (Loss) for the Period

As a result of the reasons discussed above, we recorded an increase in net profit from ₹ 1,255.41 crore in the three months ended June 30, 2023 to ₹ 3,251.53 crore in the three months ended June 30, 2024.

FISCAL 2024 COMPARED TO FISCAL 2023

The following table sets forth certain information with respect to our Bank's results of operations on a standalone basis for Fiscals 2023 and 2024:

	Fiscal	
	2023	**2024**
	(₹ crores)	
Income		
Interest earned	85,144.11	1,06,901.62
Other income	12,142.53	13,383.54
Total Income	**97,286.64**	**1,20,285.16**
Expenditure		
Interest expended	50,652.47	66,818.55
Operating expenses	24,105.41	28,535.80
Provisions and contingencies	20,021.55	16,686.19
Total expenses	**94,779.44**	**1,12,040.54**
Net profit/ (loss) for the period	**2,507.20**	**8,244.62**

Income

Interest Earned

Total interest earned increased by 25.55% from ₹ 85,144.11 crore in Fiscal 2023 to ₹ 1,06,901.62 crore in Fiscal 2024. This increase was primarily attributable due to an increase in (i) interest/ discount on advances/ bills by 32.48% from ₹ 57,319.23 crore in Fiscal 2023 to ₹ 75,939.31 crore in Fiscal 2024 primarily due to an increase in gross advances by 11.15%, an increase in average advances by 14.60% as a result of increase in credit and interest income and a decrease in non-performing assets from 8.74% in Fiscal 2023 to 5.73% in Fiscal 2024; (ii) income on investments by 9.95% from ₹ 25,142.86 crore in Fiscal 2023 to ₹ 27,644.80 crore in Fiscal 2024 on account of an increase in our average investments by 6.54% and an increase in yield on investments by 21 basis points from 6.57% in Fiscal 2023 to 6.78% in Fiscal 2024; and (iii) interest on balances with Reserve Bank of India and other bank funds by 47.00% from ₹ 1,890.39 crore in Fiscal 2023 to ₹ 2,778.89 crore in Fiscal 2024 mainly due to increase in interest income on funds parked with the RBI through Sustainable Development Fund arrangements and increase in interest on deposits with other banks. This increase was partially offset by a decrease in interest earned on others by 31.96% from ₹ 791.63 crore in Fiscal 2023 to ₹ 538.62 crore in Fiscal 2024 primarily due to a decline in interest received in RIDF and decline in interest received on income tax refund.

Other Income

Other income increased by 10.22% from ₹ 12,142.53 crore in Fiscal 2023 to ₹ 13,383.54 crore in Fiscal 2024. This was primarily due to an increase in (i) commission, exchange and brokerage by 7.60% from ₹ 3,927.69 crore in Fiscal 2023 to ₹ 4,226.21 crore in Fiscal 2024; (ii) profit on sale of investments by 31.25% from ₹ 1,130.60 crore in Fiscal 2023 to ₹ 1,483.92 crore in Fiscal 2024 on account of increase in trading profit due to management of investment portfolio aided by favourable market conditions, such as the market movement of 10-year Government Securities allowing opportunities for banks to generate profit from bond issuances as well as good returns within the equity space in both the secondary and primary markets; and (iii) profit on revaluation of investments by 205.95% from ₹ 545.45 crore in Fiscal 2023 to ₹ 1,668.81 crore in Fiscal 2024 on account of the softening benchmark yield in the Government Securities market from 7.45% in Fiscal 2023 to 7.25% in Fiscal 2024 which has led to positive improvement in revaluation of investments.

This increase was partially offset by a decrease in (i) profit on sale of land, buildings and other assets by 54.65% from ₹ 15.59 crore in Fiscal 2023 to ₹ 7.07 crore in Fiscal 2024; (ii) profit on exchange transactions by 42.31% from ₹ 863.93 crore in Fiscal 2023 to ₹ 498.37 crore in Fiscal 2024 primarily due to unfavorable market conditions, especially tighter liquidity condition in the Indian Rupee; (iii) income earned by way of dividends from subsidiaries/ companies and/ or joint ventures in India and abroad, by 60.35% from ₹ 84.37 crore in Fiscal 2023 to ₹ 33.45 crore in Fiscal 2024 primarily due to improved financials of Subsidiaries and JVs; and (v) miscellaneous income by 5.93% from ₹ 8,461.45 crore in Fiscal 2023 to ₹ 7,959.97 crore in Fiscal 2024 on account of lower income from recovery in written-off accounts.

Expenditure

Interest Expended

Total interest expended increased by 31.92% from ₹ 50,652.47 crore in Fiscal 2023 to ₹ 66,818.55 crore in Fiscal 2024. This increase was primarily attributable due to (i) an increase in interest on deposits by 33.01% from ₹ 46,845.99 crore in Fiscal 2023 to ₹ 62,310.80 crore in Fiscal 2024 due to an increase in our term deposits by 9.97% in Fiscal 2024; (ii) an increase in interest on the RBI/ interbank borrowings by 12.25% from ₹ 1,149.09 crore in Fiscal 2023 to ₹ 1,289.86 crore in Fiscal 2024 on account of borrowings made under long-term repo operations, i.e., option given to banks for long-term borrowings from the RBI at the repo rate and an increase of 47.87% in call and short term borrowings due to rise in interest rate and to manage short term liquidity; and (iii) an increase in interest expended on others by 21.09% from ₹ 2,657.40 crore in Fiscal 2023 to ₹ 3,217.89 crore in Fiscal 2024 due to an increase in interest paid on bonds of ₹ 2956.58 crore during Fiscal 2024 from ₹ 2,414.99 crore in Fiscal 2023.

Operating Expenses

Operating expenses increased by 18.38% from ₹ 24,105.41 crore in Fiscal 2023 to ₹ 28,535.80 crore in Fiscal 2024. This increase was primarily attributable to (i) payments to and provisions for employees, which increased by 24.82% from ₹ 14,810.01 crore in Fiscal 2023 to ₹ 18,486.31 crore in Fiscal 2024; (ii) rent, taxes and lighting, which increased by 0.60% from ₹ 1,317.89 crore in Fiscal 2023 to ₹ 1,325.77 crore in Fiscal 2024; (iii) printing and stationery, which increased by 6.21% from ₹ 159.39 crore in Fiscal 2023 to ₹ 169.29 crore in Fiscal 2024; (iv) directors' fees, allowances and expenses, which increased by 16.46% from ₹ 2.43 crore in Fiscal 2023 to ₹ 2.83 crore in Fiscal 2024; (v) auditors' fees and expenses (including branch auditors), which increased by 0.94% from ₹ 43.49 crore in Fiscal 2023 to ₹ 43.90 crore in Fiscal 2024; (vi) law charges, which increased by 16.84% from ₹ 120.75 crore in Fiscal 2023 to ₹ 141.09 crore in Fiscal 2024; (vii) postage, telegrams, telephones, etc. which increased by 0.44% from ₹ 330.51 crore in Fiscal 2023 to ₹ 331.98 crore in Fiscal 2024; (viii) repairs and maintenance, which increased by 2.19% from ₹ 778.79 crore in Fiscal 2023 to ₹ 795.86 crore in Fiscal 2024; (ix) insurance, which increased by 9.49% from ₹ 1,550.86 crore in Fiscal 2023 to ₹ 1,697.99 crore in Fiscal 2024; and (x) other expenditure, which increased by 13.90% from ₹ 3,996.54 crore in Fiscal 2023 to ₹ 4,552.04 crore in Fiscal 2024 due to wage settlements for bank employees, resulting in an increase in establishment expenses by 24.82% in Fiscal 2024.

This increase was offset by a decrease in (i) advertisement and publicity by 4.80% from ₹ 98.20 crore in Fiscal 2023 to ₹ 93.49 crore in Fiscal 2024; and (ii) depreciation on banks' property by 0.15% from ₹ 896.56 crore in Fiscal 2023 to ₹ 895.25 crore in Fiscal 2024.

Provisions and Contingencies

Provisions and contingencies decreased by 16.66% from ₹ 20,021.55 crore in Fiscal 2023 to ₹16,686.19 crore in Fiscal 2024. These provisions mainly include provision towards NPAs, provision towards standard assets, provision on restructured assets, provision for depreciation on investment, provisions made towards income tax and other provisions and contingencies. The decrease in provision and contingencies was primarily due to the improving asset quality which reduced the need for provisions for NPAs by 22.37% from ₹ 15,902.82 crore in Fiscal 2023 to ₹ 12,345.01 crore in Fiscal 2024. For further information, see "*Financial Statements*" and "*Management's Discussions and Analysis on Financial Condition and Results of Operations – Auditor Observations and Matters of Emphasis*" on pages 318 and 84, respectively.

Net Profit/ (Loss) for the Period

As a result of the reasons discussed above, we recorded an increase by 228.84% in net profit from ₹ 2,507.20 crore in Fiscal 2023 to ₹ 8,244.62 crore in Fiscal 2024.

FISCAL 2023 COMPARED TO FISCAL 2022

The following table sets forth certain information with respect to our Bank's results of operations on a standalone basis for Fiscals 2022 and 2023:

	Fiscal	
	2022	**2023**
	(₹ crore)	
Income		
Interest earned	74,879.54	85,144.11
Other income	12,319.96	12,142.53
Total Income	**87,199.49**	**97,286.64**
Expenditure		
Interest expended	46,185.08	50,652.47
Operating expenses	20,252.60	24,105.41
Provisions and contingencies	17,304.86	20,021.55
Total expenses	**83,742.53**	**94,779.44**
Net profit/ (loss) for the period	**3,456.96**	**2,507.20**

Income

Interest Earned

Total interest earned increased by 13.71% from ₹ 74,879.54 crore in Fiscal 2022 to ₹ 85,144.11 crore in Fiscal 2023. This increase was primarily attributable due to an increase in (i) interest/ discount on advances/ bills by 18.19% from ₹ 48,498.31 crore in Fiscal 2022 to ₹ 57,319.23 crore in Fiscal 2023 primarily due to an increase in gross advances by 12.68% on a year-on-year basis, a growth of 12.09% in our average advances and a decrease in our gross NPA ratio from 11.78% in Fiscal 2022 to 8.74% in Fiscal 2023; (ii) income on investments by 7.05% from ₹ 23,487.18 crore in Fiscal 2022 to ₹ 25,142.86 crore in Fiscal 2023 on account of increase in the total investment book size by ₹ 26,037.49 crore and an increase in the average yield of benchmark Government Securities from 7.20% in Fiscal 2022 to 7.45% in Fiscal 2023; and (iii) interest earned on others by 30.09% from ₹ 608.52 crore in Fiscal 2022 to ₹ 791.63 crore in Fiscal 2023 primarily due to increase in interest received from investments in the rural infrastructure development fund.

This increase was offset by a decrease in interest on balances with Reserve Bank of India and other bank funds by 17.29% from ₹ 2,285.54 crore in Fiscal 2022 to ₹ 1,890.39 crore in Fiscal 2023 on account of reduced balances with the RBI through reverse repo operations.

Other Income

Other income decreased by 1.44% from ₹ 12,319.96 crore in Fiscal 2022 to ₹ 12,142.53 crore in Fiscal 2023. This was primarily due to a decrease in (i) profit on sale of investments significantly from ₹ 3,339.48 crore in Fiscal 2022 to ₹ 1,130.60 crore in Fiscal 2023 as yield on investment rose by 28 basis points from 6.29% in Fiscal 2022 to 6.57% in Fiscal 2023; (ii) profit on revaluation of investments from ₹ 1,079.52 crore in Fiscal 2022 to ₹ 545.45 crore in Fiscal 2023 on account of rate scenario and upgradation of accounts; and (iii) profit on exchange transaction net by 4.82% from ₹ 907.66 crore in Fiscal 2022 to ₹ 863.93 crore in Fiscal 2023 on account of lower foreign exchange turnover.

This decrease was significantly offset by an increase in (i) commission, exchange and brokerage by 10.34% from ₹ 3,559.59 crore in Fiscal 2022 to ₹ 3,927.69 crore in Fiscal 2023; (ii) profit on sale of land, buildings and other assets from ₹ 15.27 crore in Fiscal 2022 to ₹ 15.59 crore in Fiscal 2023, primarily due to sale of a portion of our erstwhile head office and few other properties; (iii) income earned by way of dividends, etc. from subsidiaries/companies and/or joint ventures abroad/in India by 82.86% from ₹ 46.14 crore in Fiscal 2022 to ₹ 84.37 crore in Fiscal 2023 on account of better dividends declared by Subsidiaries; and (iv) miscellaneous income by 66.91% from ₹ 5,069.46 crore in Fiscal 2022 to ₹ 8,461.45 crore in Fiscal 2023 on account of increase in realisation of written off accounts through implementation of resolution plans as well as normal recoveries i.e. one-time settlements, sale of immoveable properties under, SARFAESI proceedings and other recoveries.

Expenditure

Interest Expended

Total interest expended increased by 9.67% from ₹ 46,185.08 crore in Fiscal 2022 to ₹ 50,652.47 crore in Fiscal 2023. This increase was primarily attributable due to an increase in (i) interest on deposits by 8.35% from ₹43,237.50 crore in Fiscal 2022 to ₹ 46,845.99 crore in Fiscal 2023 primarily due to increase in cost of deposits from 3.99% in Fiscal 2022 to 4.10% in Fiscal 2023 in response to rising interest rates in the economy; (ii) interest on Reserve Bank of India/Interbank borrowings by 122.56% from ₹ 516.31 crore in Fiscal 2022 to ₹ 1,149.09 crore in Fiscal 2023 primarily due to rise in interest paid on liquidity adjustment facilities, which increased from ₹ 0.23 crore to ₹ 45.76 crore during this period, and increase in short term borrowings from ₹ 67.38 crore in Fiscal 2022 to ₹ 701.38 crore in Fiscal 2023, due to rising interest rates and the need for short term liquidity management; and (iii) in other interests by 9.30% from ₹ 2,431.27 crore in Fiscal 2022 to ₹ 2,657.40 crore in Fiscal 2023 primarily due to increase in interest paid on bonds which grew by 9.66% on a year-on-year basis. The total amount of bonds raised during Fiscal 2023 stood at ₹ 8,214.00 crore, which includes AT-1 bonds amounting to ₹ 4,214.00 crore.

Operating Expenses

Operating expenses increased by 19.02% from ₹ 20,252.60 crore in Fiscal 2022 to ₹ 24,105.41 crore in Fiscal 2023. This increase was primarily attributable to an increase in (i) payments to and provision for employees by 25.07% from₹ 11,841.01 crore in Fiscal 2022 to ₹ 14,810.01 crore in Fiscal 2023; (ii) rent, taxes and lighting by 2.46% from ₹ 1,286.25 crore in Fiscal 2022 to ₹ 1,317.89 crore in Fiscal 2023; (iii) printing and stationery by 2.28% from ₹155.84 crore in Fiscal 2022 to ₹ 159.39 crore in Fiscal 2023; (iv) advertisement and publicity by 17.25% from ₹ 83.75 crore in Fiscal 2022 to ₹ 98.20 crore in Fiscal 2023; (v) depreciation on bank's property by 0.89% from ₹ 888.61 crore in Fiscal 2022 to ₹ 896.56 crore in Fiscal 2023; (vi) directors' fees, allowances and expenses by 127.10% from ₹ 1.07 crore in Fiscal 2022 to ₹ 2.43 crore in Fiscal 2023; (vii) law charges by 60.85% from ₹ 75.07 crore in Fiscal 2022 to ₹ 120.75 crore in Fiscal 2023; (viii) repairs and maintenance by 39.53% from ₹ 558.16 crore in Fiscal 2022 to ₹ 778.79 crore in Fiscal 2023; (ix) insurance by 1.93% from ₹ 1,521.55 crore in Fiscal 2022 to ₹ 1,550.86 crore in Fiscal 2023; and (x) other expenditure by 15.93% from ₹ 3,447.52 crore in Fiscal 2022 to ₹ 3,996.54 crore in Fiscal 2023.

This increase was offset by a decrease in (i) auditors' fees and expenses (including branch auditors) by 31.02% from ₹ 63.05 crore in Fiscal 2022 to ₹ 43.49 in Fiscal 2023; and (ii) postage, telegrams, telephones, etc. by 0.06% from ₹ 330.72 crore in Fiscal 2022 to ₹ 330.51 crore in Fiscal 2023.

Provisions and Contingencies

Provisions and contingencies increased by 15.70% from ₹ 17,304.86 crore in Fiscal 2022 to ₹ 20,021.55 crore in Fiscal 2023. These provisions mainly include provision towards NPAs, provision towards standard assets, provision on restructured assets, provision for depreciation on investment, provisions made towards income tax and other provisions and contingencies. The increase in provision and contingencies was primarily due to an increase in provisions towards NPAs by 12.32% from ₹ 14,158.59 crore in Fiscal 2022 to ₹ 15,902.82 crore in Fiscal 2023.

Net Profit/ (Loss) for the Period

As a result of the reasons discussed above, we recorded net profit of ₹ 2,507.20 crore in Fiscal 2023 compared to net profit of ₹ 3,456.96 crore in Fiscal 2022.

FINANCIAL CONDITION

Assets

The table below sets out the principal components of our Bank's assets as of the dates indicated:

	As of March 31,			As of June 30,	
	2022	2023	2024	2023	2024
	(₹ crore)				
Cash and balances with the RBI	56,636.12	78,176.58	65,032.91	79,819.70	71,355.92
Balance with banks and money at call and short notice	76,010.66	76,932.23	64,071.67	48,123.08	48,717.99
Investments	3,72,167.76	3,95,996.72	4,20,318.21	4,05,280.95	4,22,174.83
Advances (net)	7,28,185.68	8,30,833.98	9,34,430.59	8,63,731.70	9,83,997.62
Fixed assets	10,673.61	12,051.07	12,318.77	12,076.02	12,317.20
Other assets	71,131.20	67,840.78	65,662.85	73,997.54	64,750.55
Total assets	**13,14,805.02**	**14,61,831.36**	**15,61,835.01**	**14,83,028.99**	**16,03,314.11**

Total assets increased by 8.11% from ₹ 14,83,028.99 crore as of June 30, 2023 to ₹ 16,03,314.11 crore as of June 30, 2024. This increase was primarily due to (i) an increase in investments by 4.17% from ₹ 4,05,280.95 crore as of June 30, 2023 to ₹ 4,22,174.83 crore as of June 30, 2024; (ii) an increase in (net) advances by 13.92% from ₹ 8,63,731.70 crore as of June 30, 2023 to ₹ 9,83,997.62 crore as of June 30, 2024; and (iii) an increase in fixed assets by 2.00% from ₹12,076.02 crore as of June 30, 2023 to ₹12,317.20 crore as of June 30, 2024; (iv) an increase in balance with banks and money at call and short notice by 1.24% from ₹ 48,123.08 crore as of June 30, 2023 to ₹48,717.99 crore as of June 30, 2024. This increase was marginally offset by (i) a decrease in cash and balances with the RBI by 10.60%

from ₹ 79,819.70 crore as of June 30, 2023 to ₹ 71,355.92 crore as of June 30, 2024; and (ii) a decrease in other assets by 12.50% from ₹73,997.54 crore as of June 30, 2023 to ₹64,750.55 crore as of June 30, 2024.

Total assets increased by 6.84% from ₹ 14,61,831.36 crore as of March 31, 2023 to ₹ 15,61,835.01 crore as of March 31, 2024. This increase was primarily due to (i) an increase in investments by 6.14% from ₹ 3,95,996.72 crore as of March 31, 2023 to ₹ 4,20,318.21 crore as of March 31, 2024; (ii) an increase in advances by 12.47% from ₹ 8,30,833.98 crore as of March 31, 2023 to ₹ 9,34,430.59 crore as of March 31, 2024; and (iii) an increase in fixed assets by 2.22% from ₹ 12,051.07 crore as of March 31, 2023 to ₹ 12,318.77 crore as of March 31, 2024. This increase was marginally offset by (i) a decrease in balance with banks and money at call and short notice by 16.72% from ₹ 76,932.23 crore as of March 31, 2023 to ₹ 64,071.67 crore as of March 31, 2024; (ii) a decrease in cash and balances with the RBI by 16.81% from ₹ 78,176.58 crore as of March 31, 2023 to ₹ 65,032.91 crore as of March 31, 2024; and (iii) a decrease in other assets by 3.21% from ₹ 67,840.78 crore as of March 31, 2023 to ₹ 65,662.85 crore as of March 31, 2024.

Total assets increased by 11.18% from ₹ 13,14,805.02 crore as of March 31, 2022 to ₹ 14,61,831.36 crore as of March 31, 2023. This increase was primarily due to (i) an increase in cash and balances with the RBI by 38.03% from ₹ 56,636.12 crore as of March 31, 2022 to ₹ 78,176.58 crore as of March 31, 2023; (ii) an increase in balance with banks and money at call and short notice by 1.21% from ₹ 76,010.66 crore as of March 31, 2022 to ₹ 76,932.23 crore as of March 31, 2023; (iii) an increase in investments by 6.40% from ₹ 3,72,167.76 crore as of March 31, 2022 to ₹ 3,95,996.72 crore as of March 31, 2023; (iv) an increase in advances by 14.10% from ₹ 7,28,185.68 crore as of March 31, 2022 to ₹8,30,833.98 crore as of March 31, 2023; and (v) an increase in fixed assets by 12.91% from ₹ 10,673.61 crore as of March 31, 2022 to ₹ 12,051.07 crore as of March 31, 2023. This increase was marginally offset by a decrease in other assets by 4.63% from ₹ 71,131.20 crore as of March 31, 2022 to ₹ 67,840.78 crore as of March 31, 2023.

Advances

The following table sets forth a breakdown of our Bank's gross advances as of the dates indicated:

	As of March 31,						**As of June 30,**			
	2022		**2023**		**2024**		**2023**		**2024**	
	(₹ crores)	**% of total**	**(₹ crores)**	**% of total**	**(₹ crores)**	**% of total**	**(₹ crores)**	**% of total**	**(₹ crores)**	**% of total**
MSME loans	1,25,032.11	16.47%	1,30,177.85	15.32%	1,39,288.44	14.78%	1,32,397.25	15.00%	1,42,886.37	14.51 %
Agriculture loans	1,24,286.40	16.37%	1,42,104.58	16.72%	1,58,187.72	16.79%	1,45,571.65	16.50%	1,68,503.35	17.12 %
Retail loans	1,39,592.55	18.39%	1,97,698.22	23.27%	2,22,574.10	23.62%	2,05,058.26	23.24%	2,34,563.60	23.83 %
Corporate and others	3,70,302.86	48.77%	3,79,785.85	44.69%	4,22,340.55	44.82%	3,99,370.81	45.26%	4,38,453.49	44.54 %
Total Gross domestic advances	7,59,213.92	**100.00%**	8,49,766.50	**100.00 %**	9,42,390.81	**100.00 %**	8,82,397.97	**100.00 %**	9,84,406.81	**100.00 %**
International loans	2,58,90.44	-	34,914.19	-	40,933.89	-	34,437.62	-	44,275.02	-
Total Gross advances	**7,85,104.36**	**-**	**8,84,680.69**	-	9,83,324.70	-	**9,16,835.59**	**-**	**10,28,681.83**	-

Gross advances consist of bills purchased and discounted, cash credit, overdrafts and loans repayable on demand, and term loans.

Our Bank's gross advances increased by 12.20% from ₹ 9,16,835.59 crore as of June 30, 2023 to ₹ 10,28,681.83 crore as of June 30, 2024. This increase was primarily due to increase in RAM (retail, Agri and MSME) advances which increased by 13.03% from ₹ 4,83,026.95 crore as of June 30, 2023 to ₹ 5,45,953.69 crore as of June 30, 2024.

Our Bank’s gross advances increased by 11.15% from ₹ 8,84,680.69 crore as of March 31, 2023 to ₹ 9,83,324.70 crore as at March 31, 2024. The increase was primarily due to increase in core retail which increased by 12.58% from ₹ 1,97,698.29 crore as of March 31, 2023 to ₹ 2,22,574.41 crore as of March 31, 2024.

Our Bank’s gross advances increased by12.68% from ₹ 7,85,104.36 crore as of March 31, 2022 to ₹ 8,84,680.69 crore as at March 31, 2023. The increase was primarily due to increase in RAM advances which increased by 20.85% from ₹ 3,88,912.61 crore as of March 31, 2022 to ₹ 4,69,980.72 crore as of March 31, 2023.

Investments

Our Bank’s investments primarily represent investments in government securities and other approved securities, investments in debt instruments such as debentures and bonds of highly rated public sector undertakings and corporates, investments in equity shares, security receipts, short term money market instruments such as commercial paper, certificates of deposits and investments in Subsidiaries and Associates.

Net Investments increased by 4.17% from ₹ 4,05,280.95 crore as of June 30, 2023 to ₹ 4,22,174.83 crore as of June 30, 2024, increase is in line with the normal business growth and investment under SLR category. Net investments outside India increased by 40.11% from ₹ 4,523.60 crore as of June 30, 2023 to ₹ 6,338.12 crore as of June 30, 2024.

Net Investments increased by 6.14% from ₹ 3,95,996.72 crore as of March 31, 2023 to ₹4,20,318.21 crore as of March 31, 2024, primarily due to an increase in net investments in India, largely comprising government securities that increased by 5.58% from ₹ 3,52,415.23 crore as of March 31, 2023 to ₹ 3,72,073.67 crore as of March 31, 2024. The increase of government securities in our investment portfolio was driven by increase in deposits and surplus liquidity conditions. We also recorded an increase in net investments in others - mutual funds, venture capital funds, ARCIL, commercial papers and certificate of deposits, which increased by 158.35% from ₹ 1,452.38 crore as of March 31, 2023 to ₹ 3,752.19 crore as of March 31, 2024. Further, debentures and bonds increased by 5.16% from ₹ 30,622.27 crore as of March 31, 2023 to ₹ 32,202.41 crore as of March 31, 2024. This increase was partially offset by a decrease in net investments in shares by 7.20% from ₹ 3,061.59 crore as of March 31, 2023 to ₹ 2,841.30 crore as of March 31, 2024 on account of prudent asset liability management strategy. Net investments outside India increased by 6.28% from ₹ 6,553.83 crore as of March 31, 2023 to ₹ 6,965.32 crore as of March 31, 2024.

Net Investments increased by 6.40% from ₹ 3,72,167.76 crore as of March 31, 2022 to ₹ 3,95,996.72 crore as of March 31, 2023, primarily due to an increase in net investments in India, largely comprising government securities that increased by 9.05% from ₹ 3,23,155.40 crore as of March 31, 2022 to ₹ 3,52,415.23 crore as of March 31, 2023. The increase of government securities in our investment portfolio was primarily driven by increase in deposits and also movement of investment from short term liquid instruments to dated government securities. This increase was offset by a decrease in net investments in shares by 6.22% from ₹ 3,264.81 crore as of March 31, 2022 to ₹ 3,061.59 crore as of March 31, 2023, decrease in net investments in debentures and bonds, which decreased by 8.77% from ₹ 33,566.83 crore as of March 31, 2022 to ₹ 30,622.27 crore as of March 31, 2023, and decrease in net investments in others - mutual funds, venture capital funds, ARCIL, commercial papers and certificate of deposits, etc. by 73.92% from ₹ 5,568.98 crore as of March 31, 2022 to ₹ 1,452.38 crore as of March 31, 2023 on account of movement of funds to dated government securities for improved yields. Net investments outside India increased by 31.17% from ₹ 4,996.32 crore as of March 31, 2022 to ₹ 6,553.83 crore as of March 31, 2023 on account of an increase in net investments in government securities including local authorities by 114.79% from ₹ 1,792.60 crore as of March 31, 2022 to ₹ 3,850.27 crore as of March 31, 2023 on account of liquidation of Investments which were earlier required to be maintained as per the local regulatory laws of foreign branches.

Balances with Banks and Money at Call and Short Notice

Balances with Banks and Money at Call and Short Notice was ₹ 48,717.99 crore as of June 30, 2024 compared to ₹ 48,123.08 crore as of June 30, 2023. The increase in the three months ended June 30, 2024 was primarily driven by an increase in deployment under money at call and short notice with other institutions.

Balances with Banks and Money at Call and Short Notice was ₹ 64,071.67 crore as of March 31, 2024 compared to ₹ 76,932.23 crore as of March 31, 2023 and ₹ 76,010.66 crore as of March 31, 2022. The decrease in Fiscal 2024 was primarily driven by a decrease in balances with banks outside India from ₹ 37,114.78 crore as of March 31, 2023 to ₹

19,152.62 crore as of March 31, 2024 by 48.40% on account decreases in (i) other deposit accounts outside India which decreased by 34.79% from ₹ 23,596.79 crore as of March 31, 2023 to ₹ 15,388.22 crore as of March 31, 2024; and (ii) balances in current account of banks by 72.15% from ₹ 13,518.00 crore as of March 31, 2023 to ₹ 3,764.40 crore as of March 31, 2024. Further, money at call and short notice in India decreased by 1.26% from ₹ 23,057.66 crore as of March 31, 2023 to ₹ 22,766.84 crore as of March 31, 2024. This was offset by increase in balances with banks in India in other deposit accounts by 32.19% from ₹ 16,754.58 crore as of March 31, 2023 to ₹ 22,148.16 crore as of March 31, 2024.

The marginal increase in overnight liquidity of the Bank in Fiscal 2023 by 1.21% from ₹ 76,010.66 crores in Fiscal 2022 to ₹ 76,932.23 crore in Fiscal 2023 was primarily attributable to a significant increase in (i) balances in other deposit accounts in India, which increased from ₹ 15,799.57 crore as of March 31, 2022 to ₹ 16,754.58 crore as of March 31, 2023, as a result of the Bank's preference to deploy excess overnight liquidity with the RBI through reverse repo in exchange for favorable returns and (ii) balances with Banks outside India in Current as well as in other deposit accounts, which increased by 19.98% from ₹ 30,935.41 crore as of March 31, 2022 to ₹ 37,114.78 crore as of March 31, 2023. This increase was partially offset by a decrease in (i) money at call and short notice with other institutions in India, which decreased by 20.84% from ₹ 29,129.48 crore as of March 31, 2022 to ₹ 23,057.66 crore as of March 31, 2023; and (ii) balances in current accounts in India, which decreased by 96.44% from ₹ 146.20 crore as of March 31, 2022 to ₹ 5.21 crore as of March 31, 2023.

Other Assets

Other assets primarily include interest accrued, tax paid in advance/ tax deducted at source (net), stationery and stamps, non-banking assets acquired in satisfaction of claims, others and deferred tax assets (net).

Other assets amounted to ₹ 64,750.55 crore as of June 30, 2024 compared to ₹ 73,997.54 crore as of June 30, 2023. The decrease as of June 30, 2024 was due to a decrease in heads such as Tax paid in advance/ Tax Deducted at Source by 26.68% from ₹ 12,531.50 crore as of June 30, 2023 to ₹ 9,187.78 crore as of June 30, 2024 and other items by 25.63% from ₹ 27,712.63 crore as of June 30, 2023 to ₹ 20,611.22 crore as of June 30, 2024

Other assets amounted to ₹ 65,662.85 crore as of March 31, 2024 compared to ₹ 67,840.78 crore as of March 31, 2023 and ₹ 71,131.20 crore as of March 31, 2022. The decrease in Fiscal 2024 was due to a decrease in (i) tax paid in advance/tax deducted at source by 15.99% from ₹ 13,166.93 crore as of March 31, 2023 to ₹ 11,061.59 crore as of March 31, 2024 mainly on account of utilization of MAT credit and issuance of refund by Income Tax Department during Fiscal 2024 (ii) deferred tax asset (net) by 4.29% from ₹ 23,761.16 crore as of March 31, 2023 to ₹ 22,741.53 crore as of March 31, 2024 mainly on account of reversal of DTA on provision for bad and doubtful debts and (iii) others by 8.93% from ₹ 22,122.18 crore as of March 31, 2023 to ₹ 20,147.45 crore as of March 31, 2024 mainly on account of lower contribution made under RIDF scheme NABARD. This decrease in Fiscal 2024 was partially offset by an increase in (i) interest accrued by 33.34% from ₹ 8,757.90 crore as of March 31, 2023 to ₹ 11,678.04 crore as of March 31, 2024, (ii) stationery and stamps by 26.67% from ₹ 6.15 crore as of March 31, 2023 to ₹ 7.79 crore as of March 31, 2024.

The decrease during Fiscal 2023 was primarily driven by a significant decrease in deferred tax asset (net) by 6.87% from ₹ 25,512.85 crore as of March 31, 2022 to ₹23,761.16 crore as of March 31, 2023 and others by 13.59% from ₹ 25,601.48 crore as of March 31, 2022 to ₹ 22,122.18 crore as of March 31, 2023. This decrease was offset by an increase in tax paid in advance/tax deducted at source by 9.50% from ₹ 12,024.11 crore as of March 31, 2022 to ₹ 13,166.93 crore as of March 31, 2023.

Liabilities

The table below sets out the principal components of our Bank's shareholders' funds and liabilities as of the dates indicated:

	As of March 31,			As of June 30,	
	2022	2023	2024	2023	2024
	(₹ crore)				
Capital	2,202.20	2,202.20	2,202.20	2,202.20	2,202.20

	As of March 31,			As of June 30,	
	2022	2023	2024	2023	2024
	(₹ crore)				
Reserves and surplus	93,284.69	97,653.46	1,04,274.37	98,908.00	1,09,657.78
Deposits	11,46,218.45	12,81,163.10	13,69,712.81	12,97,905.21	14,08,247.07
Borrowings	45,681.41	51,291.73	50,429.85	54,202.67	51,223.13
Other liabilities and provisions	27,418.27	29,520.87	35,215.77	29,810.91	31,983.93
Total Liabilities	**13,14,805.02**	**14,61,831.36**	**15,61,835.01**	**14,83,028.99**	**16,03,314.11**

Total liabilities amounted to ₹16,03,314.11 crore as of June 30, 2024 compared to ₹14,83,028.99 crore as of June 30, 2023. Total liabilities amounted to ₹ 15,61,835.01 crore as of March 31, 2024 compared to ₹ 14,61,831.36 crore as of March 31, 2023 and ₹ 13,14,805.02 crore as of March 31, 2022. The increase in the three months ended June 30, 2024 and 2023, and Fiscals 2024, 2023 and 2022 was primarily on account of growth in our Bank's deposits.

Deposits

The following table sets forth a breakdown of our Bank's deposits, as well as the percentage of total deposits that each item contributes, as of the dates indicated:

	As of March 31,						As of June 30,			
	2022		2023		2024		2023		2024	
	Amount (₹ crore)	Percentage of total deposits (%)	Amount (₹ crore)	Percentage of total deposits (%)	Amount (₹ crore)	Percentage of total deposits (%)	Amount (₹ crore)	Percentage of total deposits (%)	Amount (₹ crore)	Percentage of total deposits (%)
Demand deposits	81,974.61	7.15%	74,028.07	5.78%	72,201.03	5.27%	66,837.57	5.15%	64,702.26	4.59%
Savings bank deposits	4,51,679.61	39.40%	4,63,987.25	36.22%	4,80,298.33	35.07%	4,64,004.24	35.75%	4,84,376.69	34.40%
Term deposits	6,12,564.23	53.45%	7,43,147.78	58.00%	8,17,213.45	59.66%	7,67,063.39	59.10%	8,59,168.13	61.01%
Total deposits	**11,46,218.45**	**100.00%**	**12,81,163.10**	**100.00%**	**13,69,712.81**	**100.00%**	**12,97,905.20**	**100.00%**	**14,08,247.07**	**100.00%**

Deposits mainly comprise demand deposits, savings bank deposits and term deposits.

Deposits increased by 8.50% from ₹ 12,97,905.20 crore as of June 30, 2023 to ₹ 14,08,247.07 crore as of June 30, 2024 primarily due to increase in Term Deposits by 12.01% from ₹ 7,67,063.39 crore as of June 30, 2023 to ₹ 8,59,168.13 crore as of June 30, 2024.

Deposits increased by 6.91% from ₹ 12,81,163.10 crore as of March 31, 2023 to ₹ 13,69,712.81 crore as of March 31, 2024 primarily due to an increase in savings bank deposits by 3.52% from ₹ 4,63,987.25 crore as of March 31, 2023 to ₹ 4,80,298.33 crore as of March 31, 2024. There was also an increase in term deposits by 9.97% from ₹ 7,43,147.78 crore as of March 31, 2023 to ₹ 8,17,213.45 crore as of March 31, 2024.

Deposits increased by 11.77% from ₹ 11,46,218.45 crore as of March 31, 2022 to ₹ 12,81,163.10 crore as of March 31, 2023 primarily due to an increase in savings bank deposits by 2.72% from ₹ 4,51,679.61 crore as of March 31, 2022 to ₹ 4,63,987.25 crore as of March 31, 2023. There was also an increase in term deposits by 21.32% from ₹ 6,12,564.23 crore as of March 31, 2022 to ₹ 7,43,147.78 crore as of March 31, 2023.

Borrowings

Borrowings mainly comprise borrowings from the RBI, banks, institutions, agencies and unsecured redeemable debt.

Our Bank's borrowings decreased by 5.50% from ₹ 54,202.67 crore as of June 30, 2023 to ₹ 51,223.13 crore as of June 30, 2024, primarily attributable to a decrease in Subordinated debt for Tier II Capital of 9.30% and refinance from other institutions like SIDBI of 75.76%. This decrease was partially offset by increase in Tier I Bonds of 59.06% and borrowings outside India of 14.10%.

Our Bank's borrowings decreased by 1.68% from ₹ 51,291.73 crore as of March 31, 2023 to ₹ 50,429.85 crore as of March 31, 2024, primarily attributable to a decrease in (i) borrowings from other institutions and agencies in India by 50.04% from ₹ 6,921.49 crore as of March 31, 2023 to ₹ 3,458.15 crore as of March 31, 2024 and (ii) borrowing outside India by 36.07% from ₹ 12,476.68 crore as of March 31, 2023 to ₹ 7,976.55 crore as of March 31, 2024. This decrease was partially offset by an increase in (i) tier I bonds (perpetual debt instruments) by 59.06% from ₹ 10,180.00 crore as of March 31, 2023 to ₹ 16,192.00 crore as of March 31, 2024; and (ii) subordinate debts for tier II capital by 5.76% from ₹ 18,913.00 crore as of March 31, 2023 to ₹ 20,003.00 crore as of March 31, 2024.

Our Bank's borrowings increased by 12.28% from ₹ 45,681.41 crore as of March 31, 2022 to ₹ 51,291.73 crore as of March 31, 2023, primarily attributable to an increase in (i) tier I bonds (perpetual debt instruments) by 31.08% from ₹ 7,766.00 crore as of March 31, 2022 to ₹ 10,180.00 crore as of March 2023; (ii) upper tier II bonds by 12.29% from ₹ 16,843.00 crore as of March 31, 2022 to ₹ 18,913.00 crore as of March 31, 2023 on account of maturity of some of our high coupon Tier II bonds and raising of ₹ 4,000.00 crore Tier II bonds; and (iv) borrowings outside India increased by 77.25% from ₹ 7,038.97 crore as of March 31, 2022 to ₹ 12,476.68 crore as of March 31, 2023 on account of maturity of borrowings. This increase was partially offset by a decrease in borrowings from other institutions and agencies in India by 38.11% from ₹ 11,183.98 crore as of March 31, 2022 to ₹ 6,921.49 crore as of March 31, 2023 on account of refinancing of certain loans at favorable rates from government agencies/ institutions.

Other Liabilities and Provisions

Other liabilities and provisions represent bills payable, interest payable, deferred tax liability and other provisions. Other liabilities and provisions increased by 7.29% from ₹ 29,810.91 crore as of June 30, 2023 to ₹ 31,983.93 crore as of June 30, 2024, primarily due to an increase of 29.34% in interest accrued on other deposits as of June 30, 2024 to ₹ 5,226.62 crore from ₹ 4,040.94 crore as of June 30, 2023.

Other liabilities and provisions increased by 19.29% from ₹ 29,520.87 crore as of March 31, 2023 to ₹ 35,215.77 crore as of March 31, 2024, primarily due to an increase in (i) interest accrued by 22.19% from ₹ 3,322.99 crore as of March 31, 2023 to ₹ 4,060.33 crore as of March 31, 2024; and (ii) others (including provisions) by 23.61% from ₹ 22,524.06 crore as of March 31, 2023 to ₹ 27,841.98 crore as of March 31, 2024. This increase in Fiscal 2024 was partially offset by decrease in Bills payable from ₹ 3,673.82 crore as of March 31, 2023 to ₹ 3,313.47 crore as of March 31, 2024.

Other liabilities and provisions increased by 7.67% from ₹ 27,418.27 crore as of March 31, 2022 to ₹ 29,520.87 crore as of March 31, 2023, primarily due to an increase in (i) bills payable by 20.24% from ₹ 3,055.42 crore as of March 31, 2022 to ₹ 3,673.82 crore as of March 31, 2023; (ii) interest accrued by 22.82% from ₹ 2,705.59 crore as of March 31, 2022 to ₹ 3,322.99 crore as of March 31, 2023; and (iii) others (including provisions) by 6.81% from ₹ 21,088.85 crore as of March 31, 2022 to ₹22,524.06 crore as of March 31, 2023.

For further information, see "*Financial Statements*" and "*Risk Factors – Weakness or failures of our internal control system may cause significant operational errors, which may in turn materially and adversely affect our business*" on page 318 and 36, respectively.

Divergence in Asset Classification and Provisioning

The RBI assesses the compliance by banks with the extant prudential norms on income recognition, asset classification and provisioning ("**IRACP**") as part of its supervisory processes. As per RBI Master Direction on Financial Statements – Presentation and Disclosures No. DOR.ACC.REC.N0.45/21.04.018/2021-22 dated August 30, 2021 (updated as on April 1, 2024), banks shall make suitable disclosures as tabulated below, if either or both of the following conditions are satisfied:

(i) The additional provisioning for NPAs assessed by the RBI as part of its supervisory process exceeds 5% of the reported profit before provisions and contingencies for the reference period; and/ or

(ii) The additional gross NPAs identified by RBI as part of its supervisory process exceed 5% of the reported incremental Gross NPAs for the reference period.

There has been no divergence in respect of provision and NPAs for the financial year ended March 31, 2023.

LIQUIDITY AND CAPITAL RESOURCES

Our Bank regularly monitors its funding levels to ensure that it is able to satisfy requirements of loan disbursements and those that would arise upon maturity of liabilities. Our Bank maintains diverse sources of funding and liquid assets to facilitate flexibility in meeting its liquidity requirements.

CASH FLOWS

The following table sets forth our Bank's statement of cash flows for the periods indicated:

Particulars	Fiscal 2022	Fiscal 2023	Fiscal 2024
	(₹ crore)		
Net cash from/ (used in) operating activities	20,363.62	21,779.97	(27,894.60)
Net cash from/ (used in) investing activities	(1,107.35)	(682.24)	(1,539.34)
Net cash from/ (used in) financing activities	2,040.80	1,364.30	3,429.71
Net change in cash and cash equivalents	21,297.07	22,462.04	(26,004.23)

Operating Activities

Fiscal 2024

Net cash used in operating activities was ₹ 27,894.60 crore in Fiscal 2024. Profit before tax in Fiscal 2024 amounted to ₹ 13,194.21 crore with the primary adjustments consisting of provision for NPAs of ₹ 12,345.01 crore, and interest paid on bonds of ₹ 2,956.58 crore in Fiscal 2024. The main working capital adjustments towards decrease in cash flow in Fiscal 2024 included increase in advances of ₹ 1,15,941.62 crore, increase in investments of ₹ 22,810.50 crore and a decrease in borrowings of ₹ 7,963.88 crore. This was partially offset by increase in deposits of ₹ 88,549.70 crore and increase in other liabilities and provisions of ₹ 3,960.05 crore. Cash used in operations amounted to ₹ 26,069.99 crore in Fiscal 2024, and taxes paid (net of refund) amounted to ₹ 1,824.61 crore in Fiscal 2024.

Fiscal 2023

Net cash from operating activities was ₹ 21,779.97 crore in Fiscal 2023. Profit before tax in Fiscal 2023 amounted to ₹ 4,288.27 crore with the primary adjustments consisting of provision for NPAs of ₹ 15,902.82 crore, interest paid on bonds of ₹ 2,414.99 crore, net depreciation on investment ₹ 2356.68 crore and other provisions of ₹ 860.33 crore in Fiscal 2023. The main working capital adjustments towards increase in cash flow in Fiscal 2023 consists increase in deposits of ₹ 1,34,944.65 crore, increase in borrowings of ₹ 1,126.32 crore, and a decrease in other assets of ₹ 2,115.19 crore. This increase was partially offset by increase in advances of ₹ 1,17,522.17 crore and increase in investment of ₹ 25,575.80 crore. Cash from operations amounted to ₹ 22,952.17 crore in Fiscal 2023, and taxes paid (net of refund) amounted to ₹ 1,172.20 crore in Fiscal 2023.

Fiscal 2022

Net cash from operating activities was ₹ 20,363.62 crore in Fiscal 2022. Profit before tax in Fiscal 2022 amounted to ₹ 4,316.40 crore with the primary adjustments consisting of provision for NPAs of ₹ 14,158.59 crore, and interest paid on bonds of ₹ 2,202.25 crore in Fiscal 2022. The main working capital adjustments towards increase in cash flow in Fiscal 2022 included decrease in investments ₹ 20,278,.21 crore, increase in other liability and provisions of ₹ 4,252.70 crore and increase in deposits of ₹ 39,885.98 crore. This was partially offset by an increase in advances of ₹ 68,130.03

crore. Cash from operations amounted to ₹ 21,914.03 crore in Fiscal 2022, and taxes paid (net of refund) amounted to ₹ 1,550.41 crore in Fiscal 2022.

Investing Activities

Fiscal 2024

Net cash used in investing activities was ₹ 1,539.34 crore in Fiscal 2024, primarily due to purchase of fixed assets (net of sales) of ₹ 1,137.10 crore, and investment in subsidiary/ others of ₹ 435.68 crore. This was partially offset by dividend received from subsidiary/ others amounting to ₹ 33.45 crore in Fiscal 2024.

Fiscal 2023

Net cash used in investing activities was ₹ 682.24 crore in Fiscal 2023, primarily due to purchase of fixed assets (net of sales) of ₹ 533.81 crore and increase in investment in subsidiary/ others of ₹ 232.80 crore. This was partially offset by dividend received from subsidiary/ others amounting to ₹ 84.37 crore in Fiscal 2023.

Fiscal 2022

Net cash used in investing activities was ₹ 1,107.35 crore in Fiscal 2022, primarily due to purchase of fixed assets (net of sales) of ₹ 534.08 crore and investment in subsidiary/ others of ₹ 619.41 crore. This was partially offset by dividend received from subsidiary/ others amounting to ₹ 46.14 crore in Fiscal 2022.

Financing Activities

Fiscal 2024

Net cash from financing activities was ₹ 3,429.71 crore in Fiscal 2024, primarily on account of issue of bonds (net) amounting to ₹ 7,102.00 crore, which was offset by interest paid on bonds amounting to ₹ 2,956.58 crore and dividend paid amounting to ₹ 715.72 crore in Fiscal 2024.

Fiscal 2023

Net cash from financing activities was ₹ 1,364.30 crore in Fiscal 2023, primarily on account of issue of bonds (net) amounting to ₹ 4,484.00 crore, which was offset by interest paid on bonds amounting to ₹ 2,414.99 crore, and dividend paid amounting to ₹ 704.71 crore in Fiscal 2023.

Fiscal 2022

Net cash from financing activities was ₹ 2,040.80 crore in Fiscal 2022, primarily on account of issue of bonds (net) amounting to ₹ 2,450.00 crore, which was offset by interest paid on bonds amounting to ₹ 2,202.25 crore in Fiscal 2022 and issue of share capital amounting to ₹ 1,793.05 crore.

Capital

We calculate our Capital to Risk Weighted Assets Ratio under Basel III guidelines. Our Bank's CRAR under Basel III was 15.79% (on a standalone basis) as of June 30, 2024.

We are registered with and subject to supervision by the RBI, including the RBI's detailed guidelines for implementation of Basel III capital regulations that were issued in May 2012. Basel III Capital Regulations are being implemented in India with effect from April 1, 2013 in a phased manner, which our Bank has complied with. Also see "*Management's Discussion And Analysis Of Financial Condition And Results Of Operations – Principal Factors Affecting Our Results of Operations and Financial Condition – Capital Adequacy, liquidity requirements and reserve ratios*" on page 84.

Our Bank's regulatory capital and capital adequacy ratios calculated under Basel III as of the dates indicated, are as follows:

		As of June 30, 2024
	Regulatory Capital	**(₹ crore)**
	Tier I capital	98,082.18
	Tier II capital	20,751.47
	Total Capital	1,18,833.65
	Regulatory Capital	
(i)	Common Equity Tier I Ratio	10.95%
(ii)	Capital Conservation Buffer (comprising Common Equity)	2.50%
(iii)	Common Equity Tier I Ratio plus Capital Conservation Buffer (i)+(ii)	13.45%
(iv)	Additional Tier I capital (CRAR)	2.09%
(v)	Tier I capital adequacy ratio (i) +(iv)	13.04%
(vi)	Tier II capital (CRAR)	2.75%
(vii)	Total Capital Ratio (MTC) (v)+(vi)	15.79%
(viii)	Total Capital Ratio plus Capital Conservation Buffer (vii)+(ii)	18.29%

Capital Expenditure

Our capital expenditure consists principally of expenditure relating to branch network expansion as well as investment in technology and communication infrastructure, in each case principally in India. During Fiscals 2022, 2023 and 2024 and in the three months ended June 30, 2023 and 2024, our Bank incurred ₹ 598.39 crore, ₹ 993.17 crore, ₹ 1,220.4 crore, ₹ 271.88 crore and ₹ 191.42 crore, respectively, as capital expenditure.

Our planned future capital expenditure relates primarily to maintenance and investment in technology and communication infrastructure. We do not consider our current capital expenditure plans to be material in amount, given the size, scope and nature of our business. However, our actual expenditure may be higher or lower than our current expectations, and could be material in amount. Moreover, we may incur capital expenditure for purposes other than above, depending on, among other factors, the business environment prevailing at the time and any change in our business plans.

Contingent Liabilities

Our contingent liabilities primarily relate to claims against us not acknowledged as debts which represent claims filed against us in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities and disputed by us. Contingent liabilities also include liabilities on account of outstanding forward exchange contracts that we enter into on our own account and on behalf of our customers. Guarantees given on behalf of entities, acceptances, endorsements and other obligations also form part of our contingent liabilities.

The table below sets forth, as of the dates indicated, the principal components of our contingent liabilities as of the dates indicated:

Contingent Liabilities	**As of March 31,**			**As of June 30,**	
	2022	**2023**	**2024**	**2023**	**2024**
	(₹ crore)				
Claims against our Bank not acknowledged as debts	617.09	814.56	771.35	791.59	787.02
Disputed income tax and interest tax demands under appeals, references etc.	11,427.56	8,687.76	7,362.88	8,690.64	7,489.32
Liability for partly paid investments	351.87	252.56	209.36	246.67	207.93
Liability on account on outstanding forward exchange contracts	5,16,739.35	5,58,442.35	1,32,782.70	3,65,582.26	91,953.19
Guarantees given on behalf of constituents:					
(a) In India	48,174.01	49,201.18	54,421.04	49,551.73	53,361.98
(b) Outside India	2,789.09	4,633.64	4,298.43	4,691.69	4,750.20

Contingent Liabilities	As of March 31,			As of June 30,	
	2022	2023	2024	2023	2024
	(₹ crore)				
Acceptances, endorsements and other obligations	19,631.59	16,849.97	18,178.63	16,958.48	19,261.48
Other items for which the Bank is contingently liable	5,449.50	5,589.86	5,499.30	5,706.46	5,668.73
TOTAL	**6,05,180.05**	**6,44,471.88**	**2,23,523.69**	**4,52,219.52**	**1,83,479.85**

Off Balance Sheet Arrangements

Except as disclosed in the Financial Statements or elsewhere in this Placement Document, there are no off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates, other unconsolidated entities or financial partnerships that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

Auditor Observations and Matters of Emphasis

There are no reservations, qualifications or adverse remarks highlighted by the Statutory Auditors in their reports to our financial statements/ results for Fiscals 2022, 2023 and 2024, except as stated below:

The Statutory Auditors have, in their audit report to the standalone and consolidated financial results for the year ended March 31, 2022, drawn attention to the following matters:

- The Statutory Auditors draw attention to the following note accompanying the financial results regarding change in policy of revenue recognition of commission on Letter of Credit and Bank Guarantee on a prorata basis to the extent accrued for the period.

  "The financial results for the year ended March 31, 2022 have been prepared following the same Accounting Policies and practices as those followed in the annual financial statements for the year ended March 31, 2021, except recognition of commission on Letter of Credit and Bank Guarantee. With effect from April 1, 2021, the commission on Letter of Credit and Bank Guarantee is recognised as revenue to the extent accrued for the period as against recognition done on receipt basis hitherto. This change in accounting policy has resulted in decrease in profit before tax by ₹ 11.67 crore for quarter ended March 31, 2022 and by ₹ 207.64 crore for year ended March 31, 2022."

- The Statutory Auditors draw attention to the following note accompanying the financial results regarding amortization of additional liability on account of revision in family pension amounting to ₹ 3,093.95 crores. The Bank has charged an amount of ₹ 1,573.79 crores to the Profit and Loss Account for the year ending 31 March 2022 and the balance unamortized expense of ₹ 1,520.16 crores has been carried forward.

  "Bank has estimated the additional liability on account of revision in family pension for employees as per IBA Joint Note dated November 11, 2020, amounting to ₹ 3,093.95 crore. However, RBI vide their Circular RBI/2021-22/105 DOR.ACC.REC.57/21.04.018/2021-22 dated October 4, 2021, has permitted Banks to amortize the said additional liability over a period of not exceeding 5 years, beginning with the year ended March 31, 2022, subject to a minimum of 1/5th of the total amount being expensed every year. The Bank has opted the said provision of RBI and In addition to providing the minimum amount of ₹ 618.79 crore (i.e., 1/5th of total liability of ₹ 3,093.95 crore) for Fiscal 2022,the Bank has further provided additional past service cost of ₹ 955.00 crore during Fiscal 2022, aggregating the total amount charged to the profit and loss account is ₹ 1,573.79 crore during the year ended March 31, 2022 and the balance unamortized expense for additional family pension liability of ₹ 1,520.16 crore has been carried forward. If the unamortized expenditure had been fully recognised in the profit and loss account, the consequential net profit for the year would have been ₹ 2,468 crore."

- The Statutory Auditors draw attention to the following note accompanying the financial results regarding which describes the uncertainties due to outbreak of novel corona virus (COVID-19) and the management's assessment of its impact on the business operations of the Bank.

  "COVID-19 pandemic across several countries including India has resulted in a significant decline and volatility in global as well as Indian financial markets and economic activities. The Government of India announced a series of lock down measures since March 2020 onwards, which were lifted and re-imposed for activities by various Governments at various points of time depending on the situation prevailing in their respective jurisdictions and the same had resulted in disruption of business and common life.

  The situation continues to be uncertain due to new variants of COVID-19 and the Bank is evaluating the situation on ongoing basis. The extent to which the COVID-19 pandemic will impact the Bank's results will depend on future developments. The major identified challenges for the Bank would arise from eroding cash-flows and extended working capital cycles. The Bank is gearing itself on all the fronts to meet these challenges."

For further information, including on key audit matters, see "*Financial Statements*" on page 318.

Related Party Transactions

Our Bank enters into various transactions with related parties in the ordinary course of business. These transactions principally include remuneration paid to KMP and others, and interest received/ paid on deposits and IBPC borrowing/ lending involving Associates. For further information relating to our related party transactions, see "*Financial Statements*" on page 318.

Qualitative Disclosure about Risks and Risk Management

We are exposed to various risks that are an inherent part of any banking business, with the major risks being credit risk, market risk, liquidity risk and operational risk. We have various policies and procedures in place to measure, manage and monitor these risks systematically across all its portfolios.

For further information about the types of risks and our risk management policies, see "*Our Business – Risk Management*" on page 178.

Total Turnover of each Major Industry Segment in which the Bank Operated

We have one primary business segment, namely banking industry. For further information, see "*Industry Overview*" and "*Financial Statements*" on pages 160 and 318, respectively.

New Products or Business Segments

Other than as disclosed in the section titled "*Our Business*" on page 178, our Bank has not publicly announced any new products or business segments nor have there been any material increases in our revenues due to increased disbursements and introduction of new products.

Unusual or Infrequent Events or Transactions

Except as described in this Placement Document, there have been no other events or transactions that, to our knowledge, may be described as "unusual" or "infrequent".

Significant Economic Changes that materially affect or are likely to affect Income from Continuing Operations

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect income from our operations identified above in "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Principal Factors Affecting our Results of Operations* *and Financial Condition*" and the uncertainties described in the section "*Risk Factors*" on pages 84 and 36, respectively.

Known Trends or Uncertainties

Other than as described in this Placement Document, particularly in this section and "*Risk Factors*" section on page 36, to our knowledge, there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.

Future Relationship between Cost and Income

Other than as described elsewhere in this section and the sections "*Risk Factors*" and "*Our Business*" on pages 36 and 178, respectively, to our knowledge there are no known factors that will have a material adverse impact on our operations and finances.

Competitive Conditions

We operate in a competitive environment. See sections, "*Our Business*", "*Industry Overview*", "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Principal Factors Affecting our Results of Operations and Financial Condition – Competition*" on pages 178, 160, 84, and 36, respectively.

Significant Developments after June 30, 2024 that may affect our Future Results of Operations

Except as discussed below and as otherwise stated in this Placement Document, to our knowledge, no circumstances have arisen since June 30, 2024 which may materially and adversely affect or is likely to affect, our profitability, or the value of our assets or our ability to pay our liabilities.

The RBI has implemented the Guidelines on Investment

Investments

Investments are classified into six categories as stipulated in the Third Schedule to the Banking Regulation Act, 1949 (Form A – Schedule 8 – Investment).

The Reserve Bank of India's new investment guidelines applicable from April 1, 2024 have introduced a revised framework for classifying investments by banks. Under these guidelines, Banks should classify their entire investment portfolio(except investments in their own subsidiaries, joint ventures and associates) under three categories – Held to Maturity ("**HTM**"), Available for Sale ("**AFS**") and Fair Value through Profit and Loss ("**FVTPL**"). Held for Trading ("**HFT**") is a separate investment subcategory within FVTPL. All Investments in own subsidiaries, joint ventures and associates would be held in a distinct category, which is separate from other investment categories (i.e., HTM, AFS and FVTPL). These changes aim to align with international standards, providing more flexibility and transparency in managing investment portfolios (*Source: RBI Master direction on Investment valuation September 23, 2024*).

In determining acquisition cost of an investment:

a) Brokerage, commission, Securities Transaction Tax ("**STT**") etc. paid in connection with acquisition of securities are treated as revenue expenses upfront and excluded from cost;
b) Interest accrued up to the date of acquisition/sale of securities i.e. broken- period interest is excluded from the acquisition cost/sale consideration and the same is accounted as interest accrued but not due;
c) Cost is determined on the weighted average cost method for all categories of investments; and
d) All investments are measured at fair value on initial recognition. Unless facts and circumstances suggest that the fair value is materially different from the acquisition cost, it is presumed that the acquisition cost is the fair value. In other cases, following treatment is done –

- Where the securities are quoted or the fair value is determined based on market observable inputs (such as yield curve, credit spread, etc.) any Day 1 gain/ loss is recognised in the Profit and Loss Account, under Schedule 14: 'Other Income' within the subhead 'Profit on revaluation of investments' or 'Loss on revaluation of investments'.
- Any Day 1 loss arising from Level 3 investments is recognised immediately.
- Any Day 1 gains arising from Level 3 investments is deferred. In the case of debt instruments, the Day 1 gain is amortized on a straight-line basis up to the maturity date (or earliest call date for perpetual instruments), while for unquoted equity instruments, the gain is set aside as a liability until the security is listed or derecognised.

Investments are valued as per RBI/ FIMMDA guidelines, on the following basis:

I. Held to Maturity

Securities held in HTM are carried at cost are not marked to market ("**MTM**") after initial recognition.

II. AFS

The securities held in AFS are fair valued on daily basis. The valuation gains and losses across all performing investments, irrespective of classification (i.e., Government securities, Other approved securities, Bonds and Debentures, etc.), held under AFS is aggregated and net appreciation or depreciation, net of applicable taxes is directly credited or debited to AFS Reserve.

III. FVTPL

The securities held in FVTPL are fair valued and the net gain or loss arising on such valuation is credited or debited to the Profit and Loss Account. Out of above, Securities that are classified under the HFT sub-category within FVTPL are fair valued on daily basis and other securities under FVTPL on daily basis.

IV. Investments in Subsidiaries, Associates and Joint Ventures

All investments (i.e., including debt and equity) in subsidiaries, associates and joint ventures are held at acquisition cost. Investments in subsidiaries, associates or joint ventures are evaluated for impairment on quarterly basis and if required, on more frequent basis. In case of impairment, valuation of the investment is being done by an independent registered valuer and provision for impairment is made from Profit and Loss Account. It can be subsequently reversed through Profit and Loss Account, if there is a reversal of the diminution.

V. Amortization/ Accretion

Any discount or premium on the acquisition of debt securities in HTM/ AFS/ FVTPL/ Subsidiaries, Associates and Joint Ventures category is amortised over the remaining life of the instrument. The amortised amount is reflected in the financial statements under item II 'Income on Investments' of Schedule 13: 'Interest Earned' with a contra in Schedule 8:'Investments'. For amortization and accretion of investments, the bank continues to follow the 'straight line method'.

Fair Value of Investments:
The fair value for the purpose of initial recognition and periodical valuation of Investments is determined as per table below –

(a)	**Quoted Securities**	The fair value for the quoted securities are the prices declared by the Financial Benchmarks India Private Ltd. ("**FBIL**") For securities whose prices are not published by FBIL, the fair value of the quoted security is based upon quoted price as available from the trades/ quotes on recognised stock exchanges, reporting platforms or trading platforms authorized by RBI/SEBI or prices declared by the Fixed Income Money Market and Derivatives Association of India ("**FIMMDA**").

(b)	**Unquoted SLR Securities**	(i) Treasury Bills are valued at carrying cost. (ii) Unquoted Central / State Government securities are valued on the basis of the prices/ YTM rates published by the FBIL. (iii) Other approved securities are valued by applying YTM method by marking them up by 25 basis points above the yields of the Central Government Securities of equivalent maturity put out by FBIL.
(c)	**Unquoted Non-SLR Securities**	Unquoted debentures and bonds are valued by applying the appropriate mark-up over the YTM rates for Central Government Securities as put out by FBIL/FIMMDA.
(d)	**Ujjwal DISCOM Assurance Yojana ("UDAY") bonds and bonds issued by state distribution companies ("DISCOMs")**	(i) UDAY bonds are valued on basis of prices/yields published by FBIL. (ii) State government guaranteed bonds issued and serviced by DISCOM are valued by applying a mark-up of 75 basis points on YTM rates for Central Government securities of equivalent maturities as published by FBIL. (iii) Other bonds issued and serviced by DISCOMs are valued by applying a mark-up of 100 basis points on YTM rates for Central Government Securities of equivalent maturities published by FBIL. (iv) Bonds issued and serviced by the State Government is valued by applying a mark-up of 50 basis points on YTM rates for Central Government Securities of equivalent maturities as published by FBIL.
(e)	**Special securities**	Special securities issued by Government of India but do not carry SLR status are valued at a spread of 25 basis points above the corresponding yield on Central Government securities of equivalent maturity.
(f)	**Zero coupon bonds ("ZCBs")**	In the absence of market value, the ZCBs are marked to market with reference to the present value of the ZCB. The fair value so determined is compared with the carrying cost to determine valuation gain or loss.
(g)	**Preference Shares**	**Quoted:** If traded on exchange within 15 days prior to the valuation date, the value is not taken higher than the price at which the share was traded. **Unquoted:** On YTM basis with appropriate mark-up over the YTM rates for Central Government Securities of equivalent maturity put out by the FBIL subject to ceiling of redemption value of such preference shares.
(h)	**Equity shares**	For equity shares which are classified as illiquid or not listed on a recognised exchange, the fair value considered is break-up value (without considering 'revaluation reserves', if any) and the same is ascertained from the company's latest audited balance sheet. In case, the latest audited balance sheet is not available or is more than 18 months old, the shares is valued at ₹ 1 per company.
(i)	**Mutual Funds Unit ("MF Units")**	(a) Investment in un-quoted MF units are valued on the basis of the latest repurchase price declared by the MF in respect of each scheme. (b) In case of funds with a lock-in period or where repurchase price/ market quote is not available, units are valued at Net Asset Value ("**NAV**") of the scheme. If NAV is not available, these are valued at cost, till the end of the lock-in period.
(j)	**CD/ CP**	Certificate of Deposits or Commercial paper is valued at the carrying cost.
(k)	**Security receipts ("SRs") and other instruments issued by Asset Reconstruction Company ("ARC")**	Investments by lenders in SRs / other securities issued by ARCs (Asset Reconstruction Companies) are valued periodically by reckoning the NAV declared by the ARC based on the recovery ratings received for such instruments. When SRs/PTCs are issued by ARCs for stressed loans transferred by the Bank to the ARCs, the Bank records the investment in its books at the lower of the redemption value of the SRs (based on NAV) or the Net Book Value ("**NBV**") of the transferred stressed loan at the time of transfer. Similar basis of valuation is followed on ongoing basis until the investment is either transferred or realized.

		If the investment by the transferor (Bank) in SRs issued against loans transferred by it is more than 10.00% of all SRs issued against the transferred asset, then the valuation of the SRs on the books of the transferor is the lower of the following: i) NAV declared by the ARC based on the recovery ratings received for such instruments; and ii) Face value of the SRs reduced by the notional provisioning rate applicable if the loans had continued on the books of the bank.
(l)	**Investment in Alternative Investment Funds ("AIFs")**	If Quoted, as per market price. Unquoted instruments of AIFs are valued at the NAV as disclosed by the AIF. Where an AIF fails to carry out and disclose the valuation of its investments, the value of its units is treated as ₹1.
(m)	**Venture Capital Funds**	At net asset value declared by the VCF
(n)	**Other Investments**	At carrying cost less diminution in value

When principal and/or interest are converted into equity, debentures, bonds, etc., these instruments are classified in the same asset category as the original loan only at the initial recognition (i.e., when the loan is derecognised and the new instrument is recognised). The asset classification of these instruments remains consistent with that of the original loan, and provisions are made in accordance with the relevant norms.

Subsequent Treatment on sale/ maturity of investments under:

I. HTM: Any profit or loss on the sale of investments in HTM is being recognised in the Profit and Loss Account under Item II of Schedule 14:'*Other Income'*. The profit on sale of an investment in HTM is appropriated from the Profit and Loss Account to the 'Capital Reserve Account'. The amount so appropriated will be net of taxes and the amount to be transferred to Statutory Reserve.

II. AFS:

a. In the case of equity instruments designated under AFS at the time of initial Recognition, any gain or loss on sale of such investments is transferred from AFS-Reserve to the Capital Reserve.
b. On sale or maturity of a debt instrument in AFS category, the accumulated gain/ loss for that security in the AFS-Reserve is transferred from the AFS Reserve and recognized in the Profit and Loss Account under item II *Profit on sale of investments* under Schedule 14-*Other Income*.

III. FVTPL: Any profit or loss on the sale is recognised directly through Profit and Loss Account including HFT securities.

IV. Subsidiaries, Associates and Joint Ventures: Any gain/ profit arising on the reclassification/ sale of an investment in a subsidiary, associate or joint venture is first recognised in the Profit and Loss Account and then appropriated from the Profit and Loss Account to the 'Capital Reserve Account'. The amount so appropriated will be net of taxes and the amount to be transferred to Statutory Reserves.

All other guidelines of RBI Master Direction on Classification, Valuation and operation of Investment portfolio of Commercial Banks (Directions), 2023 dated September 12, 2023 and other subsequent guidelines/clarifications is being adhered to.

Securities repurchased/resold under buy back arrangement are accounted for at original cost.

Investments are subject to appropriate provisioning/ de-recognition of income, in line with the prudential norms of Reserve Bank of India for NPI classification. Once an investment is classified as an NPI, it is segregated from rest of the portfolio and not considered for netting valuation gains and losses.

If any credit facility availed by an entity is NPA in the books of the Bank, investment in any of the securities issued by the same entity is also treated as NPI and vice versa. However, in respect of NPI preference share where the dividend is not paid, the corresponding credit facility may not be treated as NPA.

In case of securities i.e. bonds, debentures, etc. the provision is made as higher of the following amounts –

- The amount of provision required as per IRACP norms computed on the carrying value of the investment immediately before it was classified as NPI; and
- The depreciation on the investment with reference to its carrying value on the date of classification as NPI.

Upon an account being upgraded as per IRACP norms, any provision previously recognised is reversed and symmetric recognition of MTM gains and losses will be resumed.

In the case of investment in the unquoted shares of any company which are valued at Re.1 per company on account of the non-availability of the latest balance sheet, those equity shares are reckoned as NPI. The NPI may be upgraded subsequently on receipt of audited balance sheet.

Provisions for investments classified under Available for Sale ("**AFS**") are managed as follows:

- When there are cumulative gains in the AFS-Reserve, the required provision may be created by charging the AFS-Reserve up to the amount of these gains.

When there are cumulative losses in the AFS-Reserve, these losses are transferred from the AFS-Reserve to the Profit and Loss Account.

Securities sold or purchased with an agreement to repurchase or resell under Repo or Reverse Repo transactions, including those under the Liquidity Adjustment Facility ("**LAF**") with the RBI, shall be recorded as borrowings or lending. Securities sold under Repo agreements remain classified under investments, while securities purchased under Reverse Repo agreements shall not be included in investments. The associated costs and revenues shall be accounted for as interest expenditure or income, respectively.

SELECTED STATISTICAL INFORMATION

Our fiscal year ends on March 31 of each year, and references to a particular fiscal year are to the twelve months ended March 31 of that year. Unless otherwise specified or unless the context otherwise requires, financial information herein for Fiscals 2022, 2023 and 2024 is derived from our Audited Standalone Financial Statements, and the financial information included herein for the three months ended June 30, 2024 and June 30, 2023 is based on or derived from the Unaudited Limited Reviewed Financial Results, included in this Placement Document.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Placement Document. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. However, note that these non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks in India or elsewhere.

Average Balance Sheet of the Bank

The tables below set forth the Bank's average balances for interest-earning assets and interest-bearing liabilities together with the related interest income and expense amounts, resulting in the presentation of the average yield and average cost of average interest bearing liabilities, for the periods indicated.

Average Balance: The average balance in respect of advances, investments, deposits, average yields and average costs are based on daily averages. All other averages are based on monthly averages, as reported to the RBI.

Average Yield on Average Interest-Earning Assets: The average yield on average interest-earning assets is the ratio of interest income to average interest-earning assets, where advances, investment and money at call and short notice are based on daily average and all other averages are based on monthly averages.

Average Cost of Average Interest-Bearing Liabilities: The average cost of average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities.

The average balances in the table below include gross NPAs. We have not recalculated income that is subject to tax benefits on a tax-equivalent basis.

	As of / For the Year Ended March 31,								
	2022			2023			2024		
	Average Balance[1]	Interest Income/ Expense[3]	Average Yield/ Cost (%)	Average Balance[1]	Interest Income/ Expense[3]	Average Yield/ Cost (%)	Average Balance[1]	Interest Income/ Expense[3]	Average Yield/ Cost (%)
	(₹ crores, except percentages)								
Interest-earning assets:									
Advances	6,11,250.78	48,498.31	7.93%	7,11,846.12	57,319.23	8.05%	8,55,863.39	75,939.31	8.87%
Investments	3,68,195.38	23,487.18	6.38%	3,75,496.57	25,142.86	6.70%	4,01,026.01	27,644.80	6.89%
Others[2]	80,271.83	2,894.05	3.61%	40,803.28	2,682.02	6.57%	39,091.51	3,317.51	8.49%
Total interest-earning assets	**10,59,717.99**	**74,879.54**	**7.07%**	**11,28,145.97**	**85,144.11**	**7.55%**	**12,95,980.91**	**1,06,901.62**	**8.25%**
Non-interest earning assets:									
Fixed assets	11,201.15	-	-	11,976.63	-	-	12,442.65	-	-
Other assets	2,68,527.10	-	-	2,62,719.81	-	-	2,22,461.25	-	-
Total non-interest earning assets	2,79,728.25	-	-	2,74,696.44	-	-	2,34,903.90	-	-
Total Assets	**13,39,446.24**	**74,879.54**	**5.59%**	**14,02,842.41**	**85,144.11**	**6.07%**	**15,30,884.81**	**1,06,901.62**	**6.98%**
Liabilities:									
Total deposits	**10,84,461.00**	**43,237.50**	**3.99%**	**11,41,770.09**	**46,845.99**	**4.10%**	**12,68,956.63**	**62,310.80**	**4.91%**

	As of / For the Year Ended March 31,								
	2022			2023			2024		
	Average Balance(1)	Interest Income/ Expense(3)	Average Yield/ Cost (%)	Average Balance(1)	Interest Income/ Expense(3)	Average Yield/ Cost (%)	Average Balance(1)	Interest Income/ Expense(3)	Average Yield/ Cost (%)
	(₹ crores, except percentages)								
- Demand deposits(4)	55,049.00	-	-	54,617.64	-	-	55,142.56	-	-
- Savings deposits	4,18,110.00	12,239.68	2.93%	4,41,995.64	12,219.98	2.76%	4,63,709.49	12,650.11	2.73%
- Term deposits	6,11,303.00	30,997.82	5.07%	6,45,156.81	34,626.01	5.37%	7,50,104.57	49,660.69	6.62%
Borrowings									
- Unsecured subordinated bonds	25,896.00	2,202.25	8.50%	28,800.50	2,414.99	8.39%	35,994.50	2,956.68	8.21%
- Other borrowings	20,840.00	745.33	3.57%	34,187.00	1,391.49	4.07%	36,745.73	1,551.07	4.22%
Total interest-bearing liabilities	**11,31,198.00**	**46,185.08**	**4.08%**	**12,04,757.69**	**50,652.47**	**4.20%**	**13,41,696.85**	**66,818.55**	**4.98%**
Non-interest bearing liabilities:									
Capital and reserves	95,780.00	-	-	98,878.00	-	-	1,03,894.00	-	-
Other liabilities	1,12,468.00	-	-	99,206.00	-	-	85,294.00	-	-
Total non-interest bearing liabilities	**2,08,248.00**	**-**	**-**	**1,98,084.00**	**-**	**-**	**1,89,188.00**	**-**	**-**
Total liabilities	**13,39,446.24**	**46,185.08**	**3.45%**	**14,02,842.41**	**50,652.47**	**3.61%**	**15,30,884.81**	**66,818.55**	**4.36%**

Notes:

(1) Average balances are daily averages for deposits/ advances/investments and all others are based on monthly averages as reported to the RBI.

*(2) Other interest-earning assets comprises monthly average of overseas earning assets excluding advances, money at call and short notice and contribution to the Rural Infrastructure Development Fund (“**RIDF**”).*

(3) Interest earned on advances includes Balances with Reserve Bank of India in other accounts, Balances with banks in other deposit accounts, money at call and short notice

(4) Demand deposits do not bear interest.

	As of / For the Three Months ended June 30,					
	2023			2024		
	Average Balance(1)	Interest Income/ Expense(3)	Average Yield/ Cost (%)	Average Balance(1)	Interest Income/ Expense(3)	Average Yield/ Cost (%)
	(₹ crores, except percentages)					
Interest-earning assets:						
Advances	8,08,527.47	17,756.44	8.83%	9,27,701.24	20,451.78	8.84%
Investments	3,87,348.57	6,575.24	6.83%	4,05,451.66	7,231.74	7.15%
Others(2)	45,991.49	813.78	7.12%	34,286.01	872.90	10.21%
Total interest-earning assets	**12,41,867.53**	**25,145.46**	**8.14%**	**13,67,438.91**	**28,556.42**	**8.38%**
Non-interest earning assets:						
Fixed assets	12,168.32	0.00	0.00	12,448.07	0.00	0.00
Other assets	2,48,636.06	0.00	0.00	2,18,436.51	0.00	0.00
Total non-interest earning assets	**2,60,804.38**	**0.00**	**0.00**	**2,30,884.57**	**0.00**	**0.00**
Total Assets	**15,02,671.91**	**25,145.76**	**6.73%**	**15,98,323.48**	**28,556.42**	**7.17%**
Liabilities:						
Total deposits	12,40,998.62	14,576.51	4.72%	13,27,977.44	16,896.43	5.10%
- Demand deposits(4)	55,830.02	0.00	0.00%	55,996.24	0.00	0.00%

	As of / For the Three Months ended June 30,					
	2023			2024		
	Average Balance(1)	Interest Income/ Expense(3)	Average Yield/ Cost (%)	Average Balance(1)	Interest Income/ Expense(3)	Average Yield/ Cost (%)
	(₹ crores, except percentages)					
- Savings deposits	4,57,098.39	3,028.54	2.66%	4,76,149.45	3,282.95	2.77%
- Term deposits	7,28,070.21	11,547.97	6.38%	7,95,831.75	13,613.47	6.86%
Borrowings						
- Unsecured subordinated bonds	32,756.33	661.39	8.12%	38,495.00	788.80	8.22%
- Other borrowings	34,578.04	403.30	4.69%	39,149.77	394.95	4.05%
Total interest-bearing liabilities	**13,08,332.99**	**15,641.21**	**4.81%**	**14,05,622.21**	**18,080.18**	**5.16%**
Non-interest bearing liabilities:						
Capital and reserves	99,855.19	0.00	0.00	1,04,277.86	0.00	0.00
Other liabilities	94,483.73	0.00	0.00	88,423.41	0.00	0.00
Total non-interest bearing liabilities	**1,94,338.92**	**0.00**	**0.00**	**1,92,701.27**	**0.00**	**0.00**
Total liabilities	**15,02,671.91**	**15,641.21**	**4.19%**	**15,98,323.48**	**18,080.18**	**4.54%**

Notes:

(1) Average balances are daily averages for deposits/ advances/investments and all others are based on monthly averages as reported to the RBI.

*(2) Other interest-earning assets comprises monthly average of overseas earning assets excluding advances, money at call and short notice and contribution to the Rural Infrastructure Development Fund (“**RIDF**”).*

(3) Interest earned on advances includes Balances with Reserve Bank of India in other accounts, Balances with banks in other deposit accounts, money at call and short notice

(4) Demand deposits do not bear interest.

Analysis of Changes in Interest Revenue and Interest Expense by Volume and Rate

The following tables set forth, for the periods indicated, the allocation of the changes in the Bank’s interest revenue (including, with respect to equity investments, dividend income) and interest expense between average volume and changes in average rates.

	Fiscal 2022 vs. Fiscal 2023			Fiscal 2023 vs. Fiscal 2024			Three months ended June 30, 2023 vs. Three months ended June 30, 2024		
	Increase (Decrease) Due to			Increase (Decrease) Due to			Increase (Decrease) Due to		
	Net Change	Change in Average Volume	Change in Average Rate	Net Change	Change in Average Volume	Change in Average Rate	Net Change	Change in Average Volume	Change in Average Rate
	(₹ crores, unless otherwise stated)								
Interest revenue									
Advances	8,820.92	1,00,595.34	12 bps	18,620.08	1,44,017.27	82 bps	2,695.34	1,19,173.77	1 bps
Investments	1,655.68	7,301.19	32 bps	2,501.94	25,529.44	19 bps	656.50	18,103.09	32 bps
Others(1)	(212.03)	(39,468.55)	296 bps	635.49	(1,711.77)	192 bps	59.12	(11,705.48)	309 bps
Total interest-earning assets	**10,264.57**	**68,427.98**	**48 bps**	**21,757.51**	**1,67,834.94**	**70 bps**	**3,410.96**	**1,25,571.38**	**24 bps**
Total	3,608.49	57,309.09	11 bps	15,464.81	1,27,186.54	81 bps	2,319.92	86,978.82	38 bps

	Fiscal 2022 vs. Fiscal 2023			Fiscal 2023 vs. Fiscal 2024			Three months ended June 30, 2023 vs. Three months ended June 30, 2024		
	Increase (Decrease) Due to			Increase (Decrease) Due to			Increase (Decrease) Due to		
	Net Change	Change in Average Volume	Change in Average Rate	Net Change	Change in Average Volume	Change in Average Rate	Net Change	Change in Average Volume	Change in Average Rate
	(₹ crores, unless otherwise stated)								
deposits[2]									
Subordinated loan	0.00	0.00	0 bps	0.00	0.00	0 bps	0.00	0.00	0 bps
Borrowings[3]	859.00	16,251.00	(20 bps)	702.00	9,753.00	16 bps	119.06	10,310.40	(24 bps)
Total interest-bearing liabilities.	**4,467.49**	**73,560.09**	**12 bps**	**16,166.81**	**1,36,939.54**	**78 bps**	**2,438.97**	**97,289.22**	**35 bps**
Net interest revenue	**5,797.08**	**(5,132.11)**		**5,590.70**	**30,895.40**		**971.99**	**28,282.16**	

Notes:

*(1) Other interest-earning assets comprises monthly average of overseas earning assets excluding advances, money at call and short notice and contribution to the Rural Infrastructure Development Fund (“**RIDF**”).*

(2) Total deposits comprises savings deposits, demand deposits and term deposits. Demand deposits do not bear interest.

(3) Borrowings comprises unsecured subordinated bonds and other borrowings.

Yields, Spreads and Margins

The following table sets forth, for the periods indicated, the yields, spreads and interest margins on the Bank’s interest-earning assets.

Particulars	As of / For the Year ended March 31,			As of / For the Three months ended June 30,	
	2022	2023	2024	2023	2024
	(₹ crores, except percentages)				
Interest income on interest-earning assets (advances)	74,879.54	85,144.11	1,06,901.62	25,145.46	28,556.42
Interest expense on interest-bearing liabilities	46,185.08	50,652.47	66,818.55	15,641.21	18,080.18
Average interest-earning assets (advances)[1]	10,59,717.99	11,28,145.97	12,95,980.91	12,41,867.53	13,67,438.91
Average interest-bearing liabilities[1]	11,31,198.00	12,04,757.69	13,41,696.85	13,08,332.99	14,05,622.21
Average total assets[1]	13,39,446.24	14,02,842.41	15,30,884.81	15,02,671.91	15,98,323.48
Pre-provisioning operating profit[2]	20,761.82	22,528.75	24,930.81	5,967.99	6,581.16
Profit after tax	3,456.96	2,507.20	8,244.62	1,255.41	3,251.53
Net interest income	28,694.46	34,491.63	40,083.10	9,504.25	10,476.24

Particulars	As of / For the Year ended March 31,			As of / For the Three months ended June 30,	
	2022	2023	2024	2023	2024
	(₹ crores, except percentages)				
Average interest-earning assets as a percentage of average total assets[(1)]	79.12%	80.42%	84.66%	82.64%	85.55%
Average interest-bearing liabilities as a percentage of average total assets[(1)]	84.45%	85.88%	87.64%	87.07%	87.94%
Average interest-earning assets as a percentage of average interest-bearing liabilities[(1)]	93.68%	93.64%	96.59%	94.92%	97.28%
Average Yield[(3)]	7.07%	7.55%	8.25%	8.14%	8.38%
Yield on advances[(4)]	6.79%	7.16%	8.28%	8. 05%	8.33%
Yield on funds[(5)]	5.59%	6.07%	6.98%	6.73%	7.17%
Yield on investments[(6)]	6. 29%	6. 57%	6. 78%	6. 71%	7. 04%
Cost of funds[(7)]	3.45%	3.61%	4.36%	4.19%	4.54%
Cost of deposits[(8)]	3.99%	4.10%	4.91%	4.72%	5.10%
Spread[(9)]	2.14%	2.46%	2.62%	2.54%	2.63%
Net interest margin[(10)]	2.71%	3.06%	3.09%	3.08%	3.07%
Credit to deposit ratio[(11)]	68.50%	69.05%	71.79%	70.64%	73.05%
Cost to Income ratio[(12)]	49.38%	51.69%	53.37%	53.87%	53.28%
Other income to operating income ratio[(13)]	30.03%	26.04%	25.03%	26.54%	25.63%

Notes:

(1) *Average balances are daily averages for deposits/ advances/ investments and all others are based on monthly averages as reported to the RBI.*

(2) *Pre-provisioning operating profit is calculated as interest earned plus other income less interest expended and operating expenses.*

(3) *Yield is interest income divided by total quarterly average interest-earning assets.*

(4) *Yield on advances is interest on advances divided by daily average balance of advances.*

(5) *Yield on funds is interest income earned on monthly average assets.*

(6) *Yield on investments is income earned on investments divided by daily average investment.*

(7) *Cost of funds is interest expense divided by total monthly average assets.*

(8) *Cost of deposits is interest paid on deposits divided by average deposits.*

(9) *Spread is net interest income divided by monthly average assets*

(10) *Net interest margin is the difference of interest earned and interest expended divided by the total average interest-earning assets, where advances, investment and money at call and short notice are based on daily averages and others are based on monthly averages.*

(11) *Credit to deposit ratio is calculated as a ratio of total gross advances to total deposits.*

(12) *Cost to income ratio is calculated as a ratio of operating expenses divided by total operating income (total of net interest income and non-interest income).*

(13) *Other income to operating income ratio is calculated as a ratio of other income divided by total operating income (total of net interest income and non-interest income).*

Financial Ratios of the Bank

The following tables set forth certain key financial indicators as of and for the dates and periods indicated for the Bank.

	As of / For the Year Ended March 31,			As of / For the Three Months Ended June 30,	
	2022	2023	2024	2023	2024
	(percentage)				
Return on average equity[(1)]	5.96%	3.94%	11.66%	7.48%	16.82%
Return on average assets[(2)]	0.26%	0.18%	0.54%	0.34%	0.82%
Dividend payout ratio[(3)]	20.38%	28.55%	20.03%	0.00%	0.00%
Cost to average assets[(4)]	1.51%	1.72%	1.86%	1.86%	1.88%
Net non-performing assets ratio[(5)]	4.80%	2.72%	0.73%	1.98%	0.60%
Allowance as percentage of gross non-performing assets[(6)]	62.24%	70.79%	87.93%	75.84%	88.43%

	As of / For the Year Ended March 31,			As of / For the Three Months Ended June 30,	
	2022	2023	2024	2023	2024
	(percentage)				
Average net worth to total average assets(7)	4.33%	4.53%	4.62%	4.48%	4.85%

Notes:

(1) *Return on average equity is the ratio of the net profit after tax to the quarterly average tangible net worth (capital plus reserves excluding revaluation reserves, DTA and other deduction).*

(2) *Return on average assets is the ratio of the net profit after tax to the monthly average assets.*

(3) *Dividend payout ratio is the ratio of dividend to adjusted net profit (after dividend tax).*

(4) *Cost to average assets is the ratio of the operating expenses, excluding lease depreciation, to the monthly average assets.*

(5) *Net non-performing assets ratio is the ratio of net non-performing assets divided by net advances.*

(6) *Allowance as a percentage of gross non-performing assets is the ratio of non-performing asset provisions made to the gross non-performing assets i.e., (Gross NPA-Net NPA)/Gross NPA.*

(7) *Average net worth to total average assets is the ratio of quarterly average capital and reserves capital plus reserves excluding revaluation reserves, DTA and other deduction) divided by total monthly average assets.*

Return on Equity and Assets

The following table presents selected financial ratios for the Bank for the periods indicated:

	As of / For the Year Ended March 31,			As of / For the Three months ended June 30,	
	2022	2023	2024	2023	2024
	(₹ crores, except percentages)				
Net profit	3,456.96	2,507.20	8,244.62	1,255.41	3,251.53
Average total assets(1)	13,39,446.24	14,02,842.41	15,30,884.81	15,02,671.91	15,98,323.48
Average shareholders' equity(2)	57,957.00	63,574.36	70,719.34	67,357.77	77,548.43
Net profit as a percentage of average total assets	0.26%	0.18%	0.54%	0.34%	0.82%
Net profit as a percentage of average shareholders' equity	5.96%	3.94%	11.66%	7.48%	16.82%
Average shareholders' equity as a percentage of average total assets	4.33%	4.53%	4.62%	4.48%	4.85%

Notes:

(1) *The Average Total Assets is the monthly average of balances of total assets outstanding for the year.*

(2) *Average shareholders' equity is average tangible net worth.*

Investment Portfolio

As of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, the Bank's investments comprised 28.52%, 27.35%, 27.10%, 27.69% and 26.37%, respectively, of its total assets, while total advances were 55.38%, 56.84%, 59.83%, 58.24% and 61.37%, respectively, of the Bank's total assets. The Bank carries out its investment activities according to various investment and trading policies. These policies set forth delegation of powers, types of instruments, maximum limits on investments in different types of securities, position limits, stop loss limits, duration limits and minimum acceptable credit spreads.

The Bank is required to maintain a minimum holding of 18.00% of its demand and time liabilities in SLR securities, as of June 30, 2024. In addition, the surplus funds of the Bank's deposits and advances are invested by the domestic treasury. These investments are in conformity with the Bank's policy on investments and the risk limits set by the Bank's board.

Total Bank Investment Portfolio

The following tables set forth, as of the dates indicated, information relating to the Bank's total investment portfolio. Investments constituted 98.84%, 98.62%, 98.67%, 99.14% and 98.80% of the Bank's investment portfolio as of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, respectively.

	As of March 31, 2022				As of March 31, 2023				As of March 31, 2024			
	Book Value	Market Value	Unreal-ized Gain	Unreal-ized Loss	Book Value	Market Value	Unreal-ized Gain	Unreal-ized Loss	Book Value	Market Value	Unreal-ized Gain	Unreal-ized Loss
	(₹ crores)											
Government securities	3,23,458.43	3,20,952.97	1,453.02	3,958.48	3,52,897.29	3,44,660.08	172.40	8,409.61	3,72,073.67	3,68,141.79	803.77	4,735.65
Other debt securities[(1)]	34,420.96	32,445.09	639.56	2,615.43	33,593.42	29,406.74	205.87	4,392.55	35,902.49	30,609.71	199.90	5,492.68
Total debt securities	**3,57,879.39**	**3,53,398.06**	**2,092.58**	**6,573.91**	**3,86,490.71**	**3,74,066.82**	**378.27**	**12,802.16**	**4,07,976.16**	**3,98,751.50**	**1,003.67**	**10,228.33**
Non-debt securities[(2)]	6,827.19	5,699.96	3,757.41	4,884.64	5,679.23	4,995.73	3,182.79	3,866.29	5,179.21	6,429.00	4,225.51	2,975.72
Subsidiaries and associates — at cost	4,065.93	6,734.61	3,621.37	952.68	4,775.76	7,793.91	4,294.89	1,276.74	5,543.13	10,571.49	6,286.91	1,258.54
Others[(3)]	6,233.89	6,714.28	983.77	503.39	2,884.05	1,448.37	71.80	1,507.48	4,606.27	3,735.30	89.61	960.57
Total	**3,75,006.39**	**3,72,546.91**	**10,455.14**	**12,914.62**	**3,99,829.76**	**3,88,304.83**	**7,927.74**	**19,452.67**	**4,23,304.76**	**4,19,487.30**	**1,1605.70**	**15,423.17**

Notes:

(1) Non-SLR other than equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.

(2) Non-SLR equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.

(3) Includes investments in certificates of deposits, commercial paper, units of mutual funds, pass through certificates, security receipts and deposits with NABARD, SIDBI and NHB under the priority/weaker section lending schemes

	As of June 30, 2023				As of June 30, 2024			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss
	(₹ crores)							
Government securities	3,63,646.66	3,58,126.27	615.39	6,135.78	3,72,428.36	3,69,817.06	884.05	3,423.47
Other debt securities[(1)]	34,020.99	29,980.27	214.62	4,255.34	33,366.76	30,440.84	99.04	3,037.24
Total debt securities	**3,97,667.65**	**3,88,106.54**	**830.01**	**10,391.12**	**4,05,795.11**	**4,00,257.90**	**983.09**	**6,460.70**
Non-debt securities[(2)]	5,629.56	5,644.54	3,708.51	3,693.53	9043.20	6,914.03	589.62	2,140.39
Subsidiaries and associates — at cost	5,274.51	9,214.84	5,215.63	1,275.30	5,542.93	11,852.70	7920.90	1,611.13
Others[(3)]	2,028.58	586.25	57.39	1,499.71	2,440.95	2,440.95	3.81	257.57
Total	**4,10,600.30**	**4,03,552.18**	**9811.55**	**16,859.67**	**4,22,822.19**	**4,21,465.58**	**9497.41**	**10,469.80**

Notes:

(1) Non-SLR other than equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.

(2) Non-SLR equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.

(3) Includes investments in certificates of deposits, commercial paper, units of mutual funds, pass through certificates, security receipts and deposits with NABARD, SIDBI and NHB under the priority/weaker section lending schemes

Treasury

The following tables set forth, as of the dates indicated, information relating to the Bank's total gross investments.

	As of March 31,			As of June 30,	
	2022	2023	2024	2023	2024
	(₹ crore)				
Gross domestic investment	3,75,006.39	3,99,829.76	4,23,304.76	4,10,600.30	4,22,822.19
SLR	2,67,070.57	2,96,708.07	3,16,060.67	3,07,457.43	3,16,413.74
SLR as a percentage to domestic investment	71.22%	74.21%	74.67%	74.88%	74.83%
Non-SLR	1,07,935.82	1,03,121.69	1,07,244.09	1,03,142.87	1,06,408.45
Held to maturity ("**HTM**")	3,02,856.35	3,17,708.8	3,28,221.02	3,21,197.32	3,11,174.41
HTM to gross domestic investment (%)	80.76%	79.46%	77.54%	78.23%	73.59%
Available for sale ("**AFS**")	72,178.90	81,991.17	93,301.21	87,015.22	89,414.59

Held for trading (“**HFT**”)	(28.87)	129.79	1,782.53	2,387.76	5,600.39
Fair value through profit and loss (non-HFT)	-	-	-	-	11,089.88
Subsidiaries, joint venture & associates	-	-	-	-	5,542.93
Modified duration (AFS+HFT)	3.29	2.53	3.50	3.33	3.61
Net demand and time liabilities	10,98,982.04	11,75,098.75	12,92,409.41	12,38,906.21	13,14,488.81
Investment by overseas branches	4,386.67	5,600.80	5,696.79	3,577.20	5,121.37
Total gross investment	3,79,393.06	4,05,430.56	4,29,001.55	4,14,177.50	4,27,943.56

Non-SLR Investment

The following tables set forth, as of the dates indicated, information relating to the Bank’s non-SLR investments.

	As of March 31,						**As of June 30,**			
	2022		**2023**		**2024**		**2023**		**2024**	
	(₹ crore)	**As a percentage of total non-SLR investments (%)**	**(₹ crore)**	**As a percentage of total non-SLR investments (%)**	**(₹ crore)**	**As a percentage of total non-SLR investments (%)**	**(₹ crore)**	**As a percentage of total non-SLR investments (%)**	**(₹ crore)**	**As a percentage of total non-SLR investments (%)**
PSU bonds	17,528.23	16.24%	20,200.62	19.59%	19,211.34	17.91%	20,434.70	19.81%	18,968.32	17.83%
Corporate and other bonds & debentures	16,892.58	15.65%	13,392.65	12.99%	16,691.00	15.56%	13,586.14	13.17%	14,398.30	13.53%
Special government sector (excluding recap bonds)	1,114.01	1.03%	915.38	0.89%	739.14	0.69%	915.38	0.89%	740.76	0.70%
Central government recap bond	55,274.00	51.21%	55,274.00	53.60%	55,274	51.54%	55,274.00	53.59%	55,274.00	51.95%
Share of PSU/ corporate/ others	6,827.19	6.33%	5,679.23	5.51%	5,179.21	4.83%	5,629.56	5.46%	9,041.30	8.50%
Venture capital fund	364.84	0.34%	407.11	0.39%	306.30	0.29%	317.88	0.31%	143.54	0.14%
Regional rural bank	814.38	0.75%	1,387.21	1.35%	1,583.00	1.48%	1,387.21	1.34%	1,583.00	1.49%
Security receipts	1,611.78	1.49%	1,379.50	1.34%	789.11	0.74%	1,329.75	1.29%	0.00	0.00%
Subsidiaries JV	3,251.54	3.01%	3,388.55	3.29%	3,960.13	3.69%	3,887.30	3.77%	3,961.83	3.72%
Other	4,257.27	3.94%	1,097.44	1.06%	3,510.86	3.27%	380.95	0.37%	2,297.40	2.16%
Total non-SLR investment	**1,07,935.82**	**100.00%**	**1,03,121.69**	**100.00%**	**1,07,244.09**	**100.00%**	**1,03,142.87**	**100.00%**	**1,06,408.45**	**100.00%**

Available for Sale Investments

The following tables set forth, as of the dates indicated, information related to the Bank’s investments available for sale.

	As of March 31, 2022				As of March 31, 2023				As of March 31, 2024			
	Book Value	Market Value	Unreal-ized Gain	Unreal-ized Loss	Book Value	Market Value	Unreal-ized Gain	Unreal-ized Loss	Book Value	Market Value	Unreal-ized Gain	Unreal-ized Loss
	(₹ crores)											
Government securities	30,311.95	30,008.91	118.11	421.15	44,479.70	43,997.84	23.13	504.99	51,868.50	51,917.24	167.12	118.38
Other debt securities[1]	28,914.77	26,733.62	404.77	2,585.93	29,076.74	24,865.43	117.49	4,328.79	31,701.69	26,366.40	121.56	5,456.86
Total debt securities	**59,226.72**	**56,742.53**	**522.88**	**3,007.08**	**73,556.44**	**68,863.27**	**140.62**	**4,833.78**	**83,570.19**	**78,283.64**	**288.68**	**5,575.24**
Non-debt securities[2]	6,822.06	5,671.13	3,732.60	4,883.52	5,674.10	4,964.85	3,155.84	3,865.10	5,174.07	6,391.33	4,191.90	2,974.65
Subsidiaries and associates — at cost	51.12	51.12	-	-	100.00	97.55	-	2.45	100.00	98.97	-	1.03
Others[3]	6,079.01	6,567.29	978.35	490.07	2,660.63	1,228.97	66.77	1,498.43	4,456.94	3,602.87	86.56	940.64
Total	**72,178.91**	**69,032.08**	**5,233.84**	**8,380.66**	**81,991.17**	**75,154.64**	**3,363.23**	**10,199.76**	**93,301.21**	**88,376.81**	**4,567.14**	**9,491.55**

Notes:

(1) Non-SLR other than equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.

(2) Non-SLR equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.

(3) Includes investments in certificates of deposits, commercial paper, units of mutual funds, pass through certificates, security receipts and deposits with NABARD, SIDBI and NHB under the priority/weaker section lending schemes

	As of June 30, 2023				As of June 30, 2024			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss
	(₹ crores)							
Government securities	49,801.34	49,756.49	261.31	306.16	61,482.85	61,482.85	86.23	9.81
Other debt securities[1]	29,608.74	25,523.28	125.90	4,211.36	25,156.64	24,877.03	24.86	322.96
Total debt securities	**79,410.08**	**75,279.77**	**387.21**	**4,517.51**	**86,639.49**	**86,359.87**	**111.09**	**332.77**
Non-debt securities[2]	5,624.43	5,613.07	3681.04	3,692.40	667.07	558.43	69.61	108.64
Subsidiaries and associates — at cost	100.00	98.99	0.00	1.01	0.00	0.00	0.00	0.00
Others[3]	1,880.71	440.22	53.52	1,494.02	2,108.03	2,108.03	0.00	0.00
Total	**87,015.22**	**81,432.05**	**4121.77**	**9,704.94**	**89,414.59**	**89,026.34**	**180.70**	**441.41**

Notes:

(1) Non-SLR other than equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.

(2) Non-SLR equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.

(3) Includes investments in certificates of deposits, commercial paper, units of mutual funds, pass through certificates, security receipts and deposits with NABARD, SIDBI and NHB under the priority/weaker section lending schemes

Held to Maturity Investments

The following tables set forth, as of the dates indicated, information related to the Bank's domestic investments held to maturity.

	As of March 31, 2022				As of March 31, 2023				As of March 31, 2024			
	Book Value	Market Value	Unreal-ized Gain	Unreal-ized Loss	Book Value	Market Value	Unreal-ized Gain	Unreal-ized Loss	Book Value	Market Value	Unreal-ized Gain	Unreal-ized Loss
	(₹ crores)											
Government securities	2,93,175.36	2,90,972.84	1,334.81	3,537.33	3,08,287.81	3,00,532.66	149.27	7,904.42	3,18,422.64	3,14,439.67	633.90	4,616.87
Other debt securities[1]	5,506.18	5,711.47	234.79	29.50	4,516.68	4,541.31	88.38	63.75	4,200.80	4,243.31	78.34	35.82

	As of March 31, 2022				As of March 31, 2023				As of March 31, 2024			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss
	(₹ crores)											
Total debt securities	**2,98,681.54**	**2,96,684.31**	**1,569.60**	**3,566.83**	**3,12,804.49**	**3,05,073.97**	**237.65**	**7,968.17**	**3,22,623.44**	**3,18,682.98**	**712.24**	**4,652.69**
Non-debt securities[(2)]	5.13	28.83	24.82	1.12	5.13	30.88	26.94	1.20	5.13	37.67	33.61	1.07
Subsidiaries and associates — at cost	4,014.81	6,683.49	3,621.37	952.68	4,675.76	7,696.36	4,294.89	1,274.29	5,443.13	10,472.52	6,286.91	1,257.51
Others[(3)]	154.88	146.98	5.42	13.32	223.42	219.40	5.03	9.05	149.32	132.43	3.05	19.94
Total	**3,02,856.36**	**3,03,543.61**	**5,221.21**	**4,533.95**	**3,17,708.80**	**3,13,020.60**	**4,564.51**	**9,252.71**	**3,28,221.02**	**3,29,325.60**	**7,035.81**	**5,931.22**

Notes:

(1) Non-SLR other than equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.

(2) Non-SLR equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.

(3) Includes investments in certificates of deposits, commercial paper, units of mutual funds, pass through certificates, security receipts and deposits with NABARD, SIDBI and NHB under the priority/weaker section lending schemes

	As of June 30, 2023				As of June 30, 2024			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Carrying Value	Market Value	Unrealized Gain	Unrealized Loss
	(₹ crores)							
Government securities	31,1457.57	3,06,001.25	352.68	5,809.00	3,08,505.08	3,05,893.79	797.80	3,409.09
Other debt securities[(1)]	4,412.25	4456.99	88.72	43.98	2,669.32	2,704.58	59.51	24.26
Total debt securities	**3,15,869.81**	**3,10,458.24**	**441.41**	**5,852.98**	**3,11,174.41**	**3,08,598.37**	**857.30**	**3,433.35**
Non-debt securities[(2)]	5.13	31.47	27.47	1.13	0.00	0.00	0.00	0.00
Subsidiaries and associates — at cost	5,174.51	9,115.85	5,215.63	1,274.29	0.00	0.00	0.00	0.00
Others[(3)]	147.87	146.04	3.87	5.70	0.00	0.00	0.00	0.00
Total	**3,21,197.32**	**3,19,751.60**	**5,688.38**	**7,134.10**	**3,11,174.41**	**3,08,598.37**	**857.30**	**3,433.35**

Notes:

(1) Non-SLR other than equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.

(2) Non-SLR equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.

(3) Includes investments in certificates of deposits, commercial paper, units of mutual funds, pass through certificates, security receipts and deposits with NABARD, SIDBI and NHB under the priority/weaker section lending schemes

Held for Trading Investments

The following tables set forth, as of the dates indicated, information related to the Bank's domestic investments held for trading.

	As of March 31, 2022				As of March 31, 2023				As of March 31, 2024			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss
	(₹ crores)											
Government securities	(28.87)	(28.78)	0.09	-	129.79	129.58	-	0.20	1,782.53	1,784.88	2.75	0.40
Total	**(28.87)**	**(28.78)**	**0.09**	**-**	**129.79**	**129.58**	**-**	**0.20**	**1,782.53**	**1,784.88**	**2.75**	**0.40**

	As of June 30, 2023				As of June 30, 2024			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss
	(₹ crores)							
Government securities	2387.76	2368.53	1.40	20.62	0.00	0.00	0.00	0.00
Total	**2387.76**	**2368.53**	**1.40**	**20.62**	**0.00**	**0.00**	**0.00**	**0.00**

Fair Value through Profit or Loss – Held for Trading

	As of June 30, 2023				As of June 30, 2024			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Carrying Value	Market Value	Unrealized Gain	Unrealized Loss
	(₹ crores)							
Government securities	0.00	0.00	0.00	0.00	2,440.42	2,440.42	0.02	4.57
Other debt securities[(1)]	0.00	0.00	0.00	0.00	100.03	100.03	0.09	0.00
Total debt securities	**0.00**	**0.00**	**0.00**	**0.00**	**2,540.45**	**2,540.45**	**0.12**	**4.57**
Non-debt securities[(2)]	0.00	0.00	0.00	0.00	3,059.93	3,059.93	519.81	11.22
Subsidiaries and associates — at cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Others[(3)]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	**0.00**	**0.00**	**0.00**	**0.00**	**5,600.39**	**5,600.39**	**519.93**	**15.79**

Fair Value through Profit or Loss – Non Held for Trading

	As of June 30, 2023				As of June 30, 2024			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Carrying Value	Market Value	Unrealized Gain	Unrealized Loss
	(₹ crores)							
Government securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other debt securities[(1)]	0.00	0.00	0.00	0.00	5,440.76	2,759.20	14.58	2,690.02
Total debt securities	**0.00**	**0.00**	**0.00**	**0.00**	**5,440.76**	**2,759.20**	**14.58**	**2,690.02**
Non-debt securities[(2)]	0.00	0.00	0.00	0.00	5,316.19	3,295.66	0.20	2,020.53
Subsidiaries and associates — at cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Others[(3)]	0.00	0.00	0.00	0.00	332.92	332.92	3.81	257.57
Total	**0.00**	**0.00**	**0.00**	**0.00**	**11,089.88**	**6,387.78**	**18.58**	**4,968.13**

Subsidiaries, Joint Ventures and Associates

	As of June 30, 2023				As of June 30, 2024			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Carrying Value	Market Value	Unrealized Gain	Unrealized Loss
	(₹ crores)							
Government securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	As of June 30, 2023				As of June 30, 2024			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Carrying Value	Market Value	Unrealized Gain	Unrealized Loss
	(₹ crores)							
Other debt securities[1]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total debt securities	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Non-debt securities[2]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subsidiaries and associates — at cost	0.00	0.00	0.00	0.00	5,542.93	11,852.70	7,920.90	1,611.13
Others[3]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	**0.00**	**0.00**	**0.00**	**0.00**	**5,542.93**	**11,852.70**	**7,920.90**	**1,611.13**

Residual Maturity Profile

Available for sale

The following table sets forth, as of the date indicated, an analysis of the residual maturity profile of the Bank's domestic investments in government and corporate debt securities classified as available for sale and their weighted average market yields.

	As of June 30, 2024							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	3,913.61	5.44	10,226.15	7.13	37,432.31	7.04	9,910.78	7.36
Other debt securities	3,649.01	6.41	16,382.84	7.52	4,924.77	7.48	200.03	8.39
Gross book value	7,562.62	5.91	26,608.99	7.37	42,357.07	7.09	10,110.81	7.38
Total debt securities market value	7,558.01		26,333.99		42,357.07		10,110.81	

	As of June 30, 2023							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	5,100.64	6.36	9,009.19	6.22	17,431.52	7.56	18,259.99	7.83
Other debt securities	4,721.93	5.92	15,444.62	6.66	6,303.76	6.09	3,138.42	4.55
Gross book value	9,822.57	6.15	24,453.81	6.50	23,735.28	7.17	21,398.41	7.35
Total debt securities market value	9,716.79		23,128.38		22,364.88		20,069.72	

	As of March 31, 2024							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	311.51	7.10	13,249.13	6.58	27,467.52	7.46	10,840.35	7.72
Other debt securities	4,390.95	6.09	15,069.56	7.10	7,650.08	5.39	4,591.10	4.03
Gross book value	4,702.46	6.16	28,318.69	6.86	35,117.60	7.01	15,431.45	6.62
Total debt securities market value	4,656.75		27,481.18		33,003.23		13,142.49	

	As of March 31, 2023							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	6,523.35	5.75	10,010.04	6.30	18,167.00	7.29	9,779.30	8.03
Other debt securities	5,409.98	6.30	14,509.02	6.36	6,117.38	6.04	3,040.36	4.25
Gross book value	11,933.33	6.00	24,519.06	6.34	24,284.38	6.98	12,819.67	7.13
Total debt securities market value	11,801.85	-	23,011.29	-	22,767.18	-	11,282.96	-

	As of March 31, 2022							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	5,689.00	3.87	7,781.66	4.91	9,942.98	6.25	6,898.28	5.85
Other debt securities	2,603.30	6.86	15,286.89	6.42	8,844.45	6.91	2,180.13	3.47
Gross book value	8,292.30	4.81	23,068.55	5.91	18,787.43	6.56	9,078.41	5.28
Total debt securities market value	8,220.30	-	22,759.71	-	17,773.38	-	7,988.67	-

Held to maturity

The following table sets forth, as of the date indicated, an analysis of the residual maturity profile of the Bank's domestic investments in government and corporate debt securities classified as held to maturity and their weighted average market yields.

	As of June 30, 2024							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	5,411.07	7.22	84,178.71	7.04	1,59,066.46	7.10	59,848.83	7.05
Other debt securities	180.19	6.99	346.58	7.72	2,142.55	8.81	0.00	0.00
Gross book value	5,591.26	7.21	84,525.30	7.04	1,61,209.01	7.12	59,848.83	7.05
Total debt securities market value	5,552.09		83,619.31		1,59,816.04		59,610.93	

	As of June 30, 2023							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	4,365.58	7.25	64,303.97	6.90	1,73,618.52	7.02	69,169.49	6.97
Other debt securities	105.50	7.78	1,756.49	7.43	2,550.25	8.77	0.00	0.00
Gross book value	4,471.09	7.27	66,060.46	6.91	1,76,168.77	7.05	69,169.49	6.97
Total debt securities market value	4,440.35		64,724.76		1,73,370.88		67,922.24	

	As of March 31, 2024							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							

Government securities	4,767.09	7.59	82,779.38	7.01	1,69,485.70	7.02	61,390.47	6.97
Other debt securities	205.54	7.14	1,776.94	7.52	2,218.31	8.75	-	-
Gross book value	4,972.63	7.58	84,556.33	7.02	1,71,704.01	7.04	61,390.47	6.97
Total debt securities market value	4,938.60	-	83,319.25	-	1,69,669.67	-	60,755.45	-

	As of March 31, 2023							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	6,241.68	7.23	59,051.54	6.84	1,60,696.44	7.02	82,298.15	7.02
Other debt securities	123.93	7.08	1,837.04	7.44	2,550.83	8.77	4.87	9.39
Gross book value	6,365.60	7.23	60,888.59	6.86	1,63,247.27	7.05	82,303.02	7.02
Total debt securities market value	6,323.99	-	59,362.16	-	1,59,543.93	-	79,843.89	-

	As of March 31, 2022							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	8,520.65	7.97	52,547.96	6.65	1,56,108.12	6.86	75,998.62	6.86
Other debt securities	733.67	8.76	1,657.48	7.44	3,041.91	8.67	73.11	9.39
Gross book value	9,254.32	8.03	54,205.44	6.67	1,59,150.04	6.89	76,071.74	6.86
Total debt securities market value	9,383.64	-	54,528.76	-	1,58,232.06	-	74,539.86	-

Held for trading

The following table sets forth, as of the date indicated, an analysis of the residual maturity profile of the Bank's domestic investments in government and corporate debt securities classified as held for trading and their weighted average market yields.

Fair Value through Profit or Loss – Held for Trading

	As of June 30, 2024							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	0.00	0.00	0.00	0.00	2,012.91	7.06	427.52	7.10
Other debt securities	0.00	0.00	0.00	0.00	50.00	7.64	50.03	7.35
Gross book value	0.00	0.00	0.00	0.00	2,062.91	7.08	477.54	7.13
Total debt securities market value	0.00		0.00		2,062.91		477.54	

Fair Value through Profit or Loss – Non Held for Trading

	As of June 30, 2024							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other debt securities	0.14	5.70	356.15	0.47	1,648.79	3.02	3,435.68	4.78
Gross book value	0.14	5.70	356.15	0.47	1,648.79	3.02	3,435.68	4.78
Total debt securities market value	0.14		78.82		726.25		1,953.98	

Held for trading

	As of June 30, 2023							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	0.00	0.00	55.71	7.29	1,522.01	7.13	810.04	7.23
Gross book value	0.00	0.00	55.71	7.29	1,522.01	7.13	810.04	7.23
Total debt securities market value	0.00		55.57		1,510.25		802.72	

	As of March 31, 2024							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	-	-	30.42	7.27	918.56	7.13	833.56	7.15
Gross book value	-	-	30.42	7.27	918.56	7.13	833.56	7.15
Total debt securities market value	-	-	30.37	-	918.21	-	836.31	-

	As of March 31, 2023							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	-	-	5.04	7.33	124.75	7.27	-	-
Other debt securities	-	-	-	-	-	-	-	-
Gross book value	-	-	5.04	7.33	124.75	7.27	-	-
Total debt securities market value	-	-	5.03	-	124.55	-	-	-

	As of March 31, 2022							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	-	-	-	-	-	-	(28.87)	6.93
Gross book value	-	-	-	-	-	-	(28.87)	6.93
Total debt securities market value	-	-	-	-	-	-	(28.78)	-

Funding

The Bank's funding operations are designed to ensure stability, low cost of funding and effective liquidity management. The Bank's principal sources of funds are deposits from retail and corporate customers, borrowings from the RBI and other financial institutions, foreign currency borrowings, profits from the purchase and sale of investments, and the public issuance of bonds. Retail term deposits (less than ₹ 3 crore) raised were ₹ 5,22,192.00 crores, ₹ 5,23,514.81 crores, ₹ 5,71,999.00 crores, ₹ 5,36,285.17 crores and ₹ 5,85,598.00 crores and accounted for 46.42%, 41.82%, 42.90%, 42.33% and 42.75% of total domestic deposits as of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, respectively. Of the Bank's domestic deposits as of June 30, 2024, 4.72% were current deposits and 35.36% were savings bank deposits, while 47.23% were retail term deposits up to ₹ 10 crores.

Bank's ratio of domestic CASA deposits to its total domestic deposits as of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024 was 47.43%, 42.98%, 41.43%, 41.90% and 40.08%, respectively.

Total Deposits

As of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, the average cost (interest expense divided by the daily average of balance for the relevant period) of savings deposits was 2.93%, 2.76%, 2.73%, 2.66% and 2.77%, respectively, and the daily average cost of time deposits was 5.07%, 5.37%, 6.62%, 6.38% and 6.86%, respectively.

The average deposits (domestic) on a quarterly average basis for the periods set forth are as follows:

	As of March 31,						As of June 30,			
	2022		2023		2024		2023		2024	
	Amount	Percentage of Total (%)	Amount	Percentage of Total (%)	Amount	Percentage of Total (%)	Amount	Percentage of Total (%)	Amount	Percentage of Total (%)
	(₹ crores, except percentages)									
Current deposits	55,049.00	5.08%	54,617.64	4.78%	55,142.56	4.35%	55,830.02	4.50%	55996.24	4.22%
Savings deposits	4,18,110.00	38.55%	4,41,995.64	38.71%	4,63,709.49	36.54%	4,57,098.39	36.83%	476149.45	35.86%
CASA deposits	4,73,159.00	43.63%	4,96,613.28	43.49%	5,18,852.06	40.89%	5,12,928.41	41.33%	532145.69	40.07%
Time deposits	6,11,303.00	56.37%	6,45,156.81	56.51%	7,50,104.57	59.11%	7,28,070.21	58.67%	795831.75	59.93%
Total	**10,84,462.00**	**100.00%**	**11,41,770.09**	**100.00%**	**12,68,956.63**	**100.00%**	**12,40,998.62**	**100.00%**	**13,27,977.44**	**100.00%**

The following table sets forth, as at the dates indicated, the regional exposure of the Bank's domestic deposits (based on RBI classification).

	As of March 31,						As of June 30,			
	2022		2023		2024		2023		2024	
	(₹ crores, except percentages)									
	Balance Outstanding	Percentage of Total (%)	Balance Outstanding	Percentage of Total (%)	Balance Outstanding	Percentage of Total (%)	Balance Outstanding	Percentage of Total (%)	Balance Outstanding	Percentage of Total (%)
Northern	4,10,174.53	36.46%	4,39,965.72	35.15%	4,62,348.32	34.68%	4,54,870.36	35.90%	4,79,715.67	35.02%
North Eastern	29,043.35	2.58%	31,207.07	2.49%	33,161.95	2.49%	31,033.91	2.45%	33,033.33	2.41%
Eastern	2,22,871.70	19.81%	2,36,732.32	18.91%	2,47,284.50	18.55%	2,38,154.41	18.80%	2,47,687.28	18.08%
Central	2,76,617.29	24.59%	2,97,776.62	23.79%	3,15,710.35	23.68%	2,93,173.88	23.14%	3,14,893.49	22.99%
Western	1,23,991.57	11.02%	1,76,871.52	14.13%	2,03,283.87	15.25%	1,84,244.23	14.54%	2,21,870.37	16.20%
Southern	62,351.15	5.54%	69,155.31	5.52%	71,576.05	5.37%	65,525.80	5.17%	72,716.23	5.31%
Total	**11,25,048.59**	**100.00%**	**12,51,707.56**	**100.00%**	**13,33,365.05**	**100.00%**	**12,67,001.59**	**100.00%**	**13,69,916.38**	**100.00%**

Total Borrowings

The following tables set forth, for the periods indicated, the Bank's daily average outstanding borrowings from debt securities with and without Tier 2 bonds.

	As of March 31,								
	2022			2023			2024		
	Average Balance	Interest expense	Average Cost	Average Balance	Interest expense	Average Cost	Average Balance	Interest expense	Average Cost
Borrowings excluding Tier 2 bonds	30,736.28	1,597.28	5.20%	45,644.12	2,374.43	5.20%	51,988.87	2,828.55	5.44%
Tier 2 bonds	15,999.72	1,350.30	8.44%	17,343.38	1,432.05	8.25%	20,751.36	1,679.20	8.09%
Total Borrowings	**46,736.00**	**2,947.58**	**6.31%**	**62,987.50**	**3,806.48**	**6.04%**	**72,740.23**	**4,507.75**	**6.20%**

	As of June 30,					
	2023			2024		
	Average Balance	Interest expense	Average Cost	Average Balance	Interest expense	Average Cost

Borrowings excluding Tier 2 bonds	48,414.89	681.03	1.41%	58,130.78	798.30	1.37%
Tier 2 bonds	18,919.48	383.66	2.03%	19,513.99	385.45	1.98%
Total Borrowings	**67,334.37**	**1,064.69**	**1.58%**	**77,644.77**	**1,183.75**	**1.52%**

Short-term Borrowings

The following table sets forth, for the periods indicated, information related to the Bank's short-term Rupee borrowings, which are comprised primarily of money-market borrowings (call borrowing and CBLO borrowing). Short-term Rupee borrowings exclude deposits and securities sold under repurchase agreements.

	As of March 31,			**As of June 30,**	
	2022	**2023**	**2024**	**2023**	**2024**
	(₹ crores, except percentages)				
Period end balance	4,998.09	0.00	0.00	5,496.87	0.00
Average balance during the period not captured(1)	894.50	6,772.03	9,158.17	9,992.19	11,476.07
Average interest rate during the period(2)	3.38%	5.58%	6.65%	6.62%	6.56%
Interest at period end(3)	30.10	377.89	609.62	164.88	187.62

Notes:

(1) Average daily balances outstanding.

(2) Represents the ratio of interest expense on short-term borrowings to the average of balances of short-term borrowings.

(3) Represents the total interest paid on account of short term borrowings during the period.

Cash Flow Mismatch Analysis

The following table sets forth the Bank's structural liquidity gap position for its standalone operations as of June 30, 2024:

	As of June 30, 2024(1)(2)(3)				
	Up to 3 Months	**Over 3 Months to 1 Year**	**Over 1 Year to 5 Years**	**Over 5 Years**	**Total**
	(₹ crores, except percentages)				
Cash and bank balances	48,431.51	15,439.29	38,902.96	17,300.14	1,20,073.91
Advances	1,97,490.93	1,63,496.10	4,42,679.51	1,80,331.07	9,83,997.62
Investments	1,37,635.99	36,461.02	1,15,533.22	1,32,544.60	4,22,174.83
Fixed assets	0.00	0.00	0.00	12,317.20	12,317.20
Other assets	59,483.66	42,046.61	23,937.24	26,453.02	1,51,920.52
Total inflows	**4,43,042.10**	**2,57,443.02**	**6,21,052.94**	**3,68,946.03**	**16,90,484.08**
Capital and Reserves	0.00	0.00	0.00	1,11,859.98	1,11,859.98
Deposits	2,22,262.47	2,16,991.33	5,61,412.74	4,07,580.53	14,08,247.07
Borrowings	3,031.85	13,614.46	24,431.98	10,144.85	51,223.13
Other liabilities	73,784.98	27,297.73	5,484.01	21,227.15	1,27,793.87
Total outflows	**2,99,079.30**	**2,57,903.52**	**5,91,328.73**	**5,50,812.51**	**16,99,124.05**
Liquidity gap	1,43,962.80	(460.49)	29,724.21	(1,81,866.48)	(8,639.97)
Cumulative liquidity gap	1,43,962.80	1,43,502.31	1,73,226.51	(8,639.97)	(8,639.97)
Cumulative liabilities	2,99,079.30	5,56,982.81	11,48,311.54	16,99,124.05	16,99,124.05
Cumulative liquidity gap as a % of cumulative liabilities	48.14	25.76	15.09	(0.51)	(0.51)

Notes:

(1) Classification methodologies are based on the Asset Liability Management Guidelines issued by the RBI.

(2) Assets and liabilities are classified into categories as per residual maturity.

(3) Assets and liabilities that do not mature or have ambiguous maturities are classified as per historical behavioral analysis or management judgment.

Loan Portfolio

As of June 30, 2024, the Bank's gross loan portfolio was ₹ 10,28,681.83 crores. As of June 30, 2024, the Bank's gross non-fund based outstanding was ₹ 77,373.66 crores. The majority of the Bank's gross loans and credit substitutes are to borrowers in India.

The Bank makes loans to a wide range of customers in the public and private sectors, including commercial and industrial customers, agricultural customers and individual customers, in each case within the guidelines issued by the RBI. Working capital facilities consist of revolving cash credit facilities and short-term loans. Revolving cash credit facilities, based on a traditional overdraft system of lending, have been the most common form of working capital financing in India. Pursuant to RBI guidelines, only a specified percentage of a working capital facility can be accessed as cash credit, with the balance being short-term loans having a minimum maturity of one year.

The following tables set forth, for the periods indicated, the Bank's retail loan portfolio.

Particulars	**As of March 31,**			**As of June 30,**	
	2022	**2023**	**2024**	**2023**	**2024**
	(₹ crore)				
MSME loans	1,25,032.11	1,30,177.85	1,39,288.44	1,32,397.25	1,42,886.37
Micro enterprises	54,642.71	55,935.66	61,921.58	56,884.62	65,230.94
Small enterprises	43,424.12	46,621.47	51,414.60	48,273.76	51,657.24
Medium enterprises	26,965.28	27,620.72	25,952.26	27,238.87	25,998.19
Agriculture loans	1,24,286.40	1,42,104.58	1,58,187.72	1,45,571.65	1,68,503.35
Retail loans	1,39,592.55	1,97,698.22	2,22,574.10	2,05,058.26	2,34,563.60
Home loans	84178.98	89785.46	136113.39	88742.31	139411.52
Vehicle loans	13864.96	44414.95	23766.43	44270.13	28724.98
Personal loans	12192.95	19972.70	22493.29	20519.51	22377.65
Gold loans	1058.50	726.85	566.66	654.61	721.00
Others	28297.16	42798.26	39634.33	50871.70	43328.45
Corporate and others	3,70,302.86	3,79,785.85	4,22,340.55	3,99,370.81	4,38,453.49
Total Gross domestic advances	**7,59,213.92**	**8,49,766.50**	**9,42,390.81**	**8,82,397.97**	**9,84,406.81**
International loans	25,890.44	34,914.19	40,933.89	34,437.62	44,275.02
Total Gross advances	**7,85,104.36**	**8,84,680.69**	**9,83,324.70**	**9,16,835.59**	**10,28,681.83**

As of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, the Bank's RAM (as a percentage of domestic advances) was 51.23%, 55.31%, 55.18%, 54.75% and 55.46% respectively.

The following table sets forth the rating-wise distribution of the Bank's standard domestic advances as of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024:

Rating	**As of March 31,**						**As of June 30,**			
	2022		**2023**		**2024**		**2023**		**2024**	
	Amount (₹ crores)	**Percentage of Total (%)**	**Amount (₹ crores)**	**Percentage of Total (%)**	**Amount (₹ crores)**	**Percentage of Total (%)**	**Amount (₹ crores)**	**Percentage of Total (%)**	**Amount (₹ crores)**	**Percentage of Total (%)**
AAA and above	1,26,693.09	46.49%	1,40,136.30	42.72%	1,57,548.96	42.97%	1,52,529.00	33.15%	1,68,768.48	42.72%
AA	55,196.63	20.25%	84,061.61	25.63%	89,120.47	24.31%	95,983.28	20.86%	97,469.97	24.67%
A	44,184.39	16.21%	46,008.12	14.03%	57,222.34	15.61%	68,673.67	14.92%	66,676.71	16.88%
BBB	21,000.38	7.71%	25,618.06	7.81%	29,434.72	8.03%	33,555.28	7.29%	31,647.29	8.01%
Total BBB and above	**2,47,074.49**	**90.66%**	**2,95,824.09**	**90.18%**	**3,33,326.49**	**90.91%**	**3,50,741.23**	**76.22%**	**3,64,562.45**	**92.28%**
BB	10,374.83	3.81%	8,363.65	2.55%	9,712.56	2.65%	10,463.37	2.27%	9,309.28	2.36%
B	3,507.38	1.29%	2,647.04	0.81%	2,068.22	0.56%	3,044.50	0.66%	1,774.43	0.45%
C	74.33	0.03%	1,284.22	0.39%	1,016.76	0.28%	1,154.25	0.25%	708.28	0.18%
D	2,560.62	0.94%	1,001.97	0.31%	1,133.73	0.31%	1,582.43	0.34%	379.83	0.10%

Rating	As of March 31,						As of June 30,			
	2022		2023		2024		2023		2024	
	Amount (₹ crores)	Percentage of Total (%)	Amount (₹ crores)	Percentage of Total (%)	Amount (₹ crores)	Percentage of Total (%)	Amount (₹ crores)	Percentage of Total (%)	Amount (₹ crores)	Percentage of Total (%)
Total BB and below	**16,517.17**	**6.06%**	**13,296.88**	**4.05%**	**13,931.26**	**3.80%**	**16,244.56**	**3.53%**	**12,171.82**	**3.08%**
Unrated	8,946.69	3.28%	18,916.38	5.77%	19,399.72	5.29%	93,160.84	20.25%	18,311.27	4.64%
Total	**2,72,538.35**	**100.00%**	**3,28,037.36**	**100.00%**	**366,657.47**	**100.00%**	**46,0146.62**	**100.00%**	**3,95,045.54**	**100.00%**

Advances (gross) to public sector undertakings/ enterprises was ₹1,73,788.93 crores, ₹1,60,220.50 crores, ₹ 1,73,360.87 crores, ₹ 1,65,725.10 crores and ₹ 1,77,375.98 crores and accounted for 20.29%, 16.97%, 16.79%, 16.92% and 16.47% of total advances as of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, respectively.

Guarantees to public sector undertakings/ enterprises was ₹ 84,058.93 crores, ₹ 81,611.74 crores, ₹ 79,454.87 crores, ₹ 80,899.77 crores and ₹ 79,410.47 crores as of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, respectively.

The following table sets forth the Bank's total advances based on the lending rate as of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024:

Rating	As of March 31,						As of June 30,			
	2022		2023		2024		2023		2024	
	Amount (₹ crores)	Percentage of Total Advances (%)	Amount (₹ crores)	Percentage of Total Advances (%)	Amount (₹ crores)	Percentage of Total Advances (%)	Amount (₹ crores)	Percentage of Total Advances (%)	Amount (₹ crores)	Percentage of Total Advances (%)
Base Rate	53,050.29	6.76%	29,033.00	3.28%	23,570.89	2.40%	29,128.37	3.18%	22,598.68	2.20%
MCLR	3,22,133.57	41.03%	3,19,658.00	36.13%	3,45,060.77	35.09%	3,40,292.85	37.12%	3,43,541.55	33.40%
BPLR	812.42	0.10%	328.00	0.04%	124.00	0.01%	242.22	0.03%	84.00	0.01%
RLLR	2,26,378.81	28.83%	3,47,044.68	39.23%	3,91,552.84	39.82%	3,52,687.41	38.47%	4,08,161.99	39.68%
Others	1,82,728.91	23.27%	1,88,617.00	21.32%	2,23,016.49	22.68%	1,94,485.15	21.21%	2,54,295.78	24.72%

The table below shows the amount of the Bank's net advances which are secured or covered by guarantees, as at the dates indicated.

Rating	As of March 31,						As of June 30,			
	2022		2023		2024		2023		2024	
	Amount (₹ crores)	Percentage of Total Advances (%)	Amount (₹ crores)	Percentage of Total Advances (%)	Amount (₹ crores)	Percentage of Total Advances (%)	Amount (₹ crores)	Percentage of Total Advances (%)	Amount (₹ crores)	Percentage of Total Advances (%)
Secured by tangible assets (including advances against book debts)	5,45,842.44	74.96%	6,56,973.71	79.07%	6,88,040.94	73.63%	6,94,161.07	80.37%	7,25,367.75	73.72%

Rating	As of March 31,						As of June 30,			
	2022		2023		2024		2023		2024	
	Amount (₹ crores)	Percentage of Total Advances (%)	Amount (₹ crores)	Percentage of Total Advances (%)	Amount (₹ crores)	Percentage of Total Advances (%)	Amount (₹ crores)	Percentage of Total Advances (%)	Amount (₹ crores)	Percentage of Total Advances (%)
Covered by bank or Government guarantees	28,475.67	3.91%	22,824.72	2.75%	32,372.65	3.46%	25,340.59	2.93%	33,348.08	3.39%
Unsecured	1,53,867.56	21.13%	1,51,035.55	18.18%	2,14,017.00	22.90%	1,44,230.04	16.70%	2,25,281.79	22.89%
Total	**7,28,185.67**	**100.00%**	**8,30,833.98**	**100.00%**	**9,34,430.59**	**100.00%**	**8,63,731.70**	**100.00%**	**9,83,997.62**	**100.00%**

Interest Rate Sensitivity Analysis

The following table sets forth the interest rate sensitivity analysis of the Bank's assets and liabilities for the Bank's Indian operations as of June 30, 2024:

	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-Sensitive	Total
	(₹ crores)					
Assets						
Cash and Balances with RBI	0.00	0.00	0.00	0.00	71,355.92	71,355.92
Balances with other banks	30,902.78	6,034.72	8,369.18	219.31	3,192.01	48,717.99
Advances	6,15,001.95	2,89,997.94	49,320.79	29,676.94	0.00	9,83,997.62
Investments	10,709.52	27,099.75	1,10,417.25	2,66,031.13	7,917.17	4,22,174.83
Fixed Assets	0.00	0.00	0.00	0.00	12,317.20	12,317.20
Other Assets	0.00	0.00	0.00	0.00	64,753.11	64,753.11
Forex Swaps	1,321.81	3,488.18	0.00	0.00	0.00	4,809.98
Total Assets	6,57,936.05	3,26,620.58	1,68,107.22	2,95,927.38	1,59,535.42	16,08,126.66
OBS Items	873.77	249.19	0.00	0.00	0.00	1,122.95
Total RSA/Assets	**6,58,809.82**	**3,26,869.77**	**1,68,107.22**	**2,95,927.38**	**1,59,535.42**	**16,09,249.61**
Liabilities						
Capital and Reserve	1,500.00	2,500.00	21,605.00	10,090.00	0.00	35,695.00
Deposits	2,99,664.04	4,54,824.75	6,45,459.98	8,298.31	0.00	14,08,247.07
Borrowings	1,759.65	7,900.35	5,114.32	753.82	0.00	15,528.13
Other Liabilities	0.00	0.00	0.00	0.00	31,983.93	31,983.93
Total Liabilities	3,02,923.69	4,65,225.09	6,72,179.29	19,142.12	31,983.93	14,91,454.13
OBS Items	7,252.91	215.83	0.00	0.00	0.00	7,468.74
Total RSL/Liabilities	**3,10,176.60**	**4,65,440.93**	**6,72,179.29**	**19,142.12**	**31,983.93**	**14,98,922.87**

The following table sets forth the Bank's classification of interest rate of loans by maturity as of March 31, 2022, 2023 and 2024:

Particulars	As of March 31,								
	2022			2023			2024		
	Due in one year or less	Due in one to five years	Due after five years	Due in one year or less	Due in one to five years	Due after five years	Due in one year or less	Due in one to five years	Due after five years
Interest Rate Classification of Loans by Maturity									
Fixed Rate	42,181.57	16,912.58	5,130.86	38,682.65	19,301.44	5,673.92	52,063.56	25,978.09	7,636.61
Variable Rate	2,07,403.07	2,35,462.48	2,78,013.45	1,78,923.48	3,32,920.88	3,09,178.32	1,95,621.98	3,63,991.58	3,38,033.18

Particulars	As of March 31,								
	2022			2023			2024		
	Due in one year or less	Due in one to five years	Due after five years	Due in one year or less	Due in one to five years	Due after five years	Due in one year or less	Due in one to five years	Due after five years
Gross loans	2,49,584.64	2,52,375.05	2,83,144.31	2,17,606.13	3,52,222.32	3,14,852.23	2,47,685.53	3,89,969.67	3,45,669.79

The following table sets forth the Bank's classification of interest rate of loans by maturity as of June 30, 2023 and 2024:

Particulars	As of June 30,					
	2023			2024		
	Due in one year or less	Due in one to five years	Due after five years	Due in one year or less	Due in one to five years	Due after five years
Interest Rate Classification of Loans by Maturity						
Fixed Rate	2,307.93	12,132.06	51,702.02	3,602.72	18,938.38	80,707.89
Variable Rate	63,448.20	3,07,295.08	4,79,950.72	69,022.53	3,34,292.95	5,22,117.51
Gross loans	65,756.12	3,19,427.14	5,31,652.74	72,625.25	3,53,231.34	6,02,825.41

Concentration of Loans and Credit Substitutes

The Bank follows a policy of portfolio diversification and evaluates its total financing exposure in a particular industry in the light of the Bank's growth and profitability forecasts for that industry. The Bank's Risk Department monitors all major sectors of the economy and specifically follows industries in which the Bank has credit exposure. The Bank actively manages its loan portfolio by responding to economic weaknesses in an industry segment by restricting new credits to that industry segment and by increasing new credits to growing industry segments. In order to avoid concentration, the Bank has set internal ceilings on portfolio exposures to different industry sectors.

The following tables set forth, at the dates indicated, the Bank's industry portfolio for corporate advances by borrower industry or economic activity.

	As at March 31,					
	2022		2023		2024	
	Amount of Loans (₹ crores)	Percentage (%)	Amount of Loans (₹ crores)	Percentage (%)	Amount of Loans (₹ crores)	Percentage (%)
Mining and Quarrying	1,755.46	0.80%	1,410.67	0.65%	841.70	0.38%
– Coal	1,021.73	0.46%	739.70	0.34%	348.71	0.16%
– Others	733.73	0.33%	670.97	0.31%	492.99	0.22%
Food Processing	20,375.43	9.25%	19,143.14	8.82%	22,614.85	10.10%
– Sugar	4,306.19	1.95%	3,203.16	1.48%	3,934.85	1.76%
– Edible Oils and Vanaspati	1,958.59	0.89%	2,058.87	0.95%	2,341.21	1.05%
– Tea	769.91	0.35%	779.65	0.36%	930.65	0.42%
– Coffee	10.95	0.00%	9.27	0.00%	71.08	0.03%
– Others	13,329.79	6.05%	13,092.19	6.03%	15,337.07	6.85%
Beverages (excluding Tea and Coffee) and Tobacco	327.01	0.15%	384.67	0.18%	345.29	0.15%
– Tobacco and tobacco products	19.98	0.01%	24.42	0.01%	10.69	0.00%
– Others	307.03	0.14%	360.25	0.17%	334.60	0.15%
Textiles	11,642.53	5.28%	11,058.68	5.09%	11,906.74	5.32%
– Cotton	3,236.85	1.47%	3,189.29	1.47%	3,547.21	1.58%
– Jute	87.43	0.04%	77.72	0.04%	47.96	0.02%
– Man Made	1,441.26	0.65%	1,599.88	0.74%	2,312.30	1.03%
– Others	6,877.00	3.12%	6,191.79	2.85%	5,999.28	2.68%
Leather and Leather products	1,197.64	0.54%	990.10	0.46%	961.39	0.43%
Wood and Wood Products	1,013.68	0.46%	998.80	0.46%	1,094.44	0.49%

	As at March 31,					
	2022		2023		2024	
	Amount of Loans (₹ crores)	Percentage (%)	Amount of Loans (₹ crores)	Percentage (%)	Amount of Loans (₹ crores)	Percentage (%)
Paper and Paper Products	2,234.16	1.01%	2,441.08	1.12%	2,419.87	1.08%
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	4,924.02	2.23%	12,220.02	5.63%	6,106.95	2.73%
Chemicals and Chemical Products (Dyes, Paints, among others)	10,515.40	4.77%	5,879.24	2.71%	6,288.23	2.81%
– Fertilizers	4,171.00	1.89%	165.68	0.08%	645.13	0.29%
– Drugs and Pharmaceuticals	1,339.94	0.61%	1,307.74	0.60%	1,477.15	0.66%
– Petro-chemicals (excluding under Infrastructure)	2,379.29	1.08%	1,622.73	0.75%	1,652.34	0.74%
– Others	2,625.17	1.19%	2,783.09	1.28%	2,513.62	1.12%
Rubber, Plastic and their Products	3,748.71	1.70%	4,410.81	2.03%	4,756.16	2.12%
Glass and Glassware	614.20	0.28%	702.26	0.32%	792.28	0.35%
Cement and Cement Products	1,379.45	0.63%	1,969.98	0.91%	1,998.61	0.89%
Basic Metal and Metal Products	19,412.84	8.81%	23,384.06	10.77%	23,737.01	10.60%
– Iron and Steel	15,646.65	7.10%	20,226.04	9.32%	20,983.43	9.37%
– Other Metal and Metal Products	3,766.19	1.71%	3,158.02	1.45%	2,753.58	1.23%
All Engineering	7,204.46	3.27%	6,471.73	2.98%	7,359.60	3.29%
– Electronics	2,409.19	1.09%	2,118.00	0.98%	2,029.68	0.91%
– Others	4,795.27	2.18%	4,353.73	2.01%	5,329.92	2.38%
Vehicles, Vehicle Parts and Transport Equipment	1,187.31	0.54%	1,182.85	0.54%	860.97	0.38%
Gems and Jewellery	9,217.83	4.18%	8,484.93	3.91%	978.03	0.44%
Construction	3,176.68	1.44%	3,360.55	1.55%	2,382.27	1.06%
Infrastructure	1,02,522.19	46.52%	91,403.74	42.10%	98,494.32	43.98%
– Energy	41,679.17	18.91%	40,542.68	18.67%	42,789.47	19.11%
– Transport	38,456.89	17.45%	35,441.54	16.32%	38,163.42	17.04%
– Communication	11,083.79	5.03%	8,207.29	3.78%	11,419.65	5.10%
– Others	11,302.34	5.13%	7,212.23	3.32%	6,121.78	2.73%
Other Industries	17,930.28	8.14%	21,219.99	9.77%	30,004.90	13.40%
All Industries	**2,20,379.28**	**100.00%**	**217,138.32**	**100.00%**	**2,23,943.61**	**100.00%**

	As at June 30,			
	2023		2024	
	Amount of Loans (₹ crores)	Percentage (%)	Amount of Loans (₹ crores)	Percentage (%)
Mining and Quarrying	1,306.46	0.61%	862.54	0.38%
– Coal	669.90	0.31%	365.37	0.16%
– Others	636.56	0.30%	497.17	0.22%
Food Processing	19,349.64	9.08%	22,369.29	9.91%
– Sugar	2,720.04	1.28%	3,399.21	1.51%
– Edible Oils and Vanaspati	2,100.80	0.99%	2,363.34	1.05%
– Tea	889.57	0.42%	1,004.35	0.44%
– Coffee	9.65	0.00%	67.39	0.03%
– Others	13,629.58	6.40%	15,535.01	6.88%
Beverages (excluding Tea and Coffee) and Tobacco	405.89	0.19%	317.00	0.14%
– Tobacco and tobacco products	17.00	0.01%	8.80	0.00%
– Others	388.89	0.18%	308.20	0.14%
Textiles	10,739.45	5.04%	11,728.77	5.19%
– Cotton	2,939.67	1.38%	3,557.87	1.58%
– Jute	75.14	0.04%	25.35	0.01%

	As at June 30,			
	2023		2024	
	Amount of Loans (₹ crores)	**Percentage (%)**	**Amount of Loans (₹ crores)**	**Percentage (%)**
– Man Made	1,734.84	0.81%	2,540.41	1.12%
– Others	5,989.81	2.81%	5,605.15	2.48%
Leather and Leather products	1,010.29	0.47%	1,065.40	0.47%
Wood and Wood Products	996.39	0.47%	1,210.05	0.54%
Paper and Paper Products	2,485.78	1.17%	2,460.42	1.09%
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	7,944.74	3.73%	6,276.80	2.78%
Chemicals and Chemical Products (Dyes, Paints, among others)	5,716.35	2.68%	7,455.75	3.30%
– Fertilizers	128.89	0.06%	1,029.27	0.46%
– Drugs and Pharmaceuticals	1,354.61	0.64%	1,625.32	0.72%
– Petro-chemicals (excluding under Infrastructure)	1,596.95	0.75%	1,581.32	0.70%
– Others	2,635.91	1.24%	3,219.83	1.43%
Rubber, Plastic and their Products	4,611.43	2.16%	4,670.76	2.07%
Glass and Glassware	700.33	0.33%	917.79	0.41%
Cement and Cement Products	2,166.96	1.02%	1,955.82	0.87%
Basic Metal and Metal Products	20,455.58	9.60%	25,026.13	11.08%
– Iron and Steel	17,298.17	8.12%	22,264.47	9.86%
– Other Metal and Metal Products	3,157.42	1.48%	2,761.66	1.22%
All Engineering	6,184.73	2.90%	7,261.17	3.22%
– Electronics	2,095.26	0.98%	2,274.35	1.01%
– Others	4,089.47	1.92%	4,986.82	2.21%
Vehicles, Vehicle Parts and Transport Equipment	1,073.22	0.50%	815.96	0.36%
Gems and Jewellery	8,512.21	4.00%	979.29	0.43%
Construction	2,575.00	1.21%	2,052.11	0.91%
Infrastructure	89,618.98	42.06%	97,278.70	43.08%
– Energy	40,222.94	18.88%	43,572.40	19.30%
– Transport	35,613.05	16.72%	39,024.20	17.28%
– Communication	7,624.62	3.58%	9,655.74	4.28%
– Others	6,158.37	2.89%	5,026.36	2.23%
Other Industries	27,206.84	12.77%	31,111.34	13.78%
All Industries	**213,060.26**	**100.00%**	**2,25,815.08**	**100.00%**

The tables below sets forth the details of the Bank's aggregate exposure to key sectors:

Particulars	As of March 31,			As of June 30,	
	2022	2023	2024	2023	2024
	(₹ crore)				
Capital Market	2,679.32	458.50	230.90	310.32	230.99
Commercial Real Estate	20,698.46	16,305.69	23,433.61	19,447.51	27,338.07
NBFCs	1,39,659.30	1,66,441.77	1,68,760.32	1,72,847.20	1,88,578.05
Out of which					
- HFCs	47,812.12	56,267.53	50,204.59	57,220.96	56,804.49
Aviation	118.87	3,520.45	3,516.31	3,520.42	3,500.37

As of June 30, 2024, the aggregate exposure of the Bank's ten largest group borrowers (fund-based) amounted to ₹ 1,50,252.92 crores representing 126.44% of the Bank's total capital, which comprises ₹ 98,082.18 crores Tier I and ₹ 20,751.47 crores Tier II capital. The Bank's exposure to the single largest group borrower (fund-based) on such date was ₹ 21,299.88 crores representing 17.92% of the Bank's capital.

The Bank’s exposure (fund based) to its ten largest individual borrowers as of June 30, 2024 was ₹ 1,35,219.35 crores.

The Bank’s fund based outstanding advances to the tourism, hotel and restaurant sector amounted to ₹ 5,414.42 crores as of June 30, 2024.

Priority Sector Lending

As stipulated by the RBI guidelines, commercial banks in India are required to lend, through advances or investment, 40.00% of their adjusted net bank credit (“**ANBC**”) or credit equivalent amount of off-balance sheet exposures, whichever is higher, to certain specified “priority sectors”, subject to certain exemptions permitted by the RBI from time to time. We actively extend financial support and finance to such sectors. Our “priority sector” advances include loans to the agriculture, small-scale industries and services, loans to certain sectors targeted as requiring special assistance, such as education, food and agriculture based processing sectors, and loans to the housing sector. Although the GoI and the RBI have identified the “priority sectors” and provided lending guidelines, we have complete discretion in determining the commercial terms and conditions in extending financing to borrowers in such sectors.

In the case of non-achievement of priority sector lending targets, including sub-targets, we are required to invest in the Rural Infrastructure Development Fund established with NABARD and other government directed funds as decided by the RBI from time to time. The amount to be deposited, interest rates on such deposits and periods of deposits, and other terms, are determined by the RBI from time to time. We report priority sector loans to the RBI on a quarterly basis. Pursuant to the RBI guidelines, at least 18.00% and 7.50% of the net bank credit is also required to be provided to the agriculture sector and micro enterprises sector, respectively, within priority sector lending requirements. Our Bank’s advances to the agriculture sector and micro enterprises sector as a percentage of our ANBC was 18.29% and 7.70%, as of June 30, 2024.

As of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, our outstanding priority sector lending, as a percentage of our ANBC were 42.42%, 41.22%, 40.57%, 42.52% and 40.29%, respectively. The following table presents certain information on our outstanding priority sector lending, as a percentage of our ANBC as of the dates indicated:

Particulars	As of March 31,						As of June 30,			
	2022		2023		2024		2023		2024	
	Amount (₹ crores)	Percentage of ANBC (%)	Amount (₹ crores)	Percentage of ANBC (%)	Amount (₹ crores)	Percentage of ANBC (%)	Amount (₹ crores)	Percentage of ANBC (%)	Amount (₹ crores)	Percentage of ANBC (%)
Agriculture credit	1,22,707.76	18.35%	1,24,346.89	18.16%	1,49,925.29	18.27%	1,25,575.40	18.12%	1,66,841.62	18.29%
MSMEs	1,23,753.61	NA	1,24,758.25	NA	1,50,058.55	NA	1,36,009.44	NA*	1,50,494.08	NA*
Other Priority Sectors credit	37,250.74	NA	33,217.03	NA	33,026.83	NA	33,019.52	NA*	50,168.05	NA*
Priority Sectors credit total	2,83,712.12	42.42%	2,82,322.16	41.22%	3,33,010.66	40.57%	2,94,604.36	42.52%	3,67,503.75	40.29%
Adjusted net bank credit	6,68,752.39	NA	6,84,853.45	NA	8,20,791.16	NA	6,92,856.78	NA*	9,12,121.23	NA*

Note: All figures and % to ANBC for March 31, 2022, 2023, 2024 and the three months ended June 30, 2023 and 2024 are on a quarterly average basis.

** The RBI has set a target of 40% of ANBCs for the priority sectors credit total, with 18% of ANBCs allocated to agriculture credit. Therefore, there are no specific targets for MSMEs or other priority sectors credit and are marked as ‘NA’ accordingly.*

The RBI also requires commercial banks to advance at least 12.00% of adjusted net bank credit to weaker sections identified by the RBI. Our Bank actively participates in various Government sponsored schemes, such as, Prime Minister’s Employment Generation Programme, National Rural Livelihood Mission, National Urban Livelihood Mission, Differential Rate of Interest Scheme, Stand-Up India and Pradhan Mantri Mudra Yojana. Our Bank’s performance under such Government schemes as of June 30, 2024 is as under:

Scheme	Outstanding as of June 30, 2024 (₹ crores)
Stand-Up India	2,427.91
Mudra	28,835.54

NRLM	7,653.82
NULM	514.23
PMEGP	6,376.04

Scheme	**Sanction as of June 30, 2024 (₹ crores)**
PMEGP	150.02

In particular, under the differential rate of interest scheme, we extend loans to the lower-income sections of the community that are engaged in productive ventures at an interest rate of 4.00% per annum to meet their credit requirements.

Fee based income

The following table presents a breakdown of the Bank's fee based income as of the dates indicated:

Particulars	**As of March 31,**			**As of June 30,**	
	2022	**2023**	**2024**	**2023**	**2024**
	(₹ crores)				
Processing fees	930.69	999.85	1,093.77	574.04	644.48
Non fund based income (LC/LG)	538.45	516.62	685.08	138.98	175.39
Incidental charges	644.47	777.48	698.33	195.75	164.26
Bills & remittance	387.78	488.16	445.89	100.86	115.41
Rent on safe deposit vault (lockers rent)	222.87	271.96	264.45	101.54	96.92
Income from insurance & mutual fund	400.60	437.39	456.57	86.39	86.32
Government business	185.47	154.46	211.64	35.02	34.39
Miscellaneous income	1,869.05	1,965.65	2,227.85	552.79	759.36
Total fee based income	**5,179.38**	**5,611.57**	**6,083.58**	**1,785.37**	**2,076.53**

Regional Concentration

The Bank's widespread branch network enables the Bank to diversify its lending risks geographically. The following table presents an analysis of the Bank's domestic advances by region (based on RBI classification) as of the dates indicated:

Region	**States**	**As of March 31,**			**As of June 30,**	
		2022	**2023**	**2024**	**2023**	**2024**
		(₹ crores)				
Northern Region	Chandigarh	15,668.70	12,901.96	10,587.23	14,794.75	16,893.21
	National Capital Territory of Delhi	1,30,801.12	1,24,199.81	1,40,008.13	1,28,150.96	1,51,820.38
	Haryana	31,556.00	32,709.91	35,380.61	32,151.47	36,081.44
	Himachal Pradesh	9,633.74	10,538.12	12,379.16	11,022.93	12,761.69
	Jammu and Kashmir	2,023.85	2,525.46	3,191.51	2,695.81	3,303.67
	Ladakh	58.95	91.98	127.51	107.31	153.01
	Punjab	45,053.44	42,405.79	45,610.64	42,752.28	46,741.78
	Rajasthan	41,504.50	43,846.36	48,294.46	43,889.08	49,955.62
	Total	**2,76,300.30**	**2,69,219.39**	**2,95,579.25**	**2,75,564.59**	**3,17,710.84**
North Eastern Region	Arunachal Pradesh	182.34	201.46	255.25	220.45	264.78
	Assam	9,651.96	11,098.64	10,406.23	11,413.79	10,602.85
	Manipur	898.84	1,132.09	1,356.05	1,142.26	1,413.23
	Meghalaya	259.02	286.71	344.67	308.90	341.75
	Mizoram	139.48	152.39	152.74	151.39	151.86
	Nagaland	72.84	84.41	83.18	83.14	82.68
	Tripura	1,314.50	1,476.15	1,682.68	1,593.55	1,743.61

Region	States	As of March 31,			As of June 30,	
		2022	2023	2024	2023	2024
		(₹ crores)				
	Total	**12,518.98**	**14,431.85**	**14,280.80**	**14,913.48**	**14,600.76**
Eastern Region	Andaman and Nicobar Islands	57.24	63.12	74.09	63.20	75.44
	Bihar	19,933.90	21,412.66	23,432.24	21,370.66	23,926.97
	Jharkhand	4,801.51	5,183.57	5,842.51	5,302.57	5,873.62
	Odisha	13,679.87	15,955.97	21,017.31	18,666.51	22,716.56
	Sikkim	244.25	286.07	351.31	297.59	358.47
	West Bengal	50,388.90	53,098.08	54,712.13	51,550.99	56,277.52
	Total	**89,105.88**	**95,999.47**	**1,05,429.60**	**97,251.52**	**1,09,228.59**
Central Region	Chhattisgarh	10,752.57	13,218.50	15,032.83	11,509.69	16,192.66
	Madhya Pradesh	24,631.97	26,890.80	31,313.26	26,524.69	31,337.97
	Uttar Pradesh	74,817.08	80,547.17	87,260.61	81,370.36	89,937.79
	Uttarakhand	13,227.39	13,474.87	14,981.37	14,034.47	15,761.61
	Total	**1,23,429.01**	**1,34,131.34**	**1,48,588.07**	**1,33,439.20**	**1,53,230.03**
Western Region	Dadra and Nagar Haveli	102.00	123.24	169.93	119.00	174.00
	Daman and Diu	77.37	78.00	82.00	80.35	82.69
	Goa	907.99	927.38	1,089.02	928.74	1,113.98
	Gujarat	19,758.74	21,044.86	22,323.38	20,815.40	23,086.39
	Maharashtra	1,52,122.53	2,23,865.45	2,54,694.12	**2,48,319.99**	**2,62,590.49**
	Total	**1,72,968.63**	**2,46,038.93**	**2,78,358.45**	**2,70,263.48**	**2,87,047.55**
Southern Region	Andhra Pradesh	13,461.51	13,883.25	14,776.28	14,061.36	15,195.29
	Karnataka	12,179.79	12,659.99	14,917.03	13,198.73	15,053.11
	Kerala	7,824.65	9,231.71	10,451.82	9,301.47	10,446.89
	Puducherry	219.69	229.11	275.65	232.35	291.63
	Tamil Nadu	26,347.04	30,069.93	36,315.37	30,929.44	37,341.12
	Telangana	24,858.65	23,871.71	23,418.55	23,242.39	24,261.02
	Total	**84,891.33**	**89,945.52**	**1,00,154.70**	**90,965.73**	**1,02,589.07**
Total Domestic Advances		**7,59,214.00**	**8,49,766.78**	**9,42,390.88**	**8,82,398.00**	**9,84,406.81**

Non-Performing Assets

The Bank has in the past suffered losses through impairment of loans as some borrowers were impacted by negative trends in the global market place, recessionary conditions in the domestic economy, increased competition and volatility in industrial growth and commodity prices. The Bank has adopted several measures to refine its credit selection processes and appraisal capabilities.

The management of NPAs has been one of the focus areas of the Bank with the objective to achieve global benchmarks. Towards this goal, the Bank has focused on:

- identification and monitoring of Special Mention Accounts as per RBI guidelines in order to check the movement of Standard Assets into the NPA category, conducting regular reviews and taking quick corrective action;
- restructuring impaired standard accounts as well as viable NPAs, both under the Corporate Debt Restructuring ("**CDR**") scheme developed by the RBI as well as under the Bank's own scheme for limiting NPAs;
- upgrading the Bank's assets; and
- high-value accounts and cases referred to the BIFR.

The Bank's gross NPA ratio decreased from 11.78% as of March 31, 2022 to 8.74% as of March 31, 2023 and was 5.73% as of March 31, 2024. The Bank's net NPA ratio decreased from 4.80% as of March 31, 2022 to 2.72% as of March 31, 2023 and was 0.73% as of March 31, 2024.

The Bank's gross NPA ratio decreased from 7.73% as of June 30, 2023 to 4.98% as of June 30, 2024. The Bank's net NPA ratio decreased from 1.98% as of June 30, 2023 to 0.60% as of June 30, 2024.

See "*Risk Factors — Risks Relating to Our Business — If we are not able to control or reduce the level of non-performing assets in our portfolio or any increase in our NPA portfolio, RBI mandated provisioning requirements could adversely affect our business, financial conditions and results of operations.*" on page 37.

The following table sets forth, for the periods indicated, information about the Bank's NPA portfolio.

	As of March 31,			As of June 30,	
	2022	2023	2024	2023	2024
	(₹ crores, except percentages)				
Non-Performing Assets					
Gross NPAs	92,448.04	77,327.67	56,343.05	70,899.34	51,262.78
Specific provisions	56,856.63	53,823.79	48,713.45	53,070.41	44,503.47
Floating provisions	0.00	0.00	150.00	0.00	150.00
NPA net of provisions	34,908.73	22,585.06	6,798.77	17,129.47	5,930.06
Gross customer assets	7,85,104.36	8,84,680.69	9,83,324.70	9,16,835.59	10,28,681.83
Net customer assets	7,27,502.99	8,29,938.06	9,33,780.42	8,63,065.73	9,83,349.12
Gross NPAs/gross customer assets (%)	11.78%	8.74%	5.73%	7.73%	4.98%
Net NPAs/net customer assets (%)	4.80%	2.72%	0.73%	1.98%	0.60%
Specific provision as a percentage of gross NPAs	61.50%	69.60%	86.46%	74.85%	86.81%
Total provisions as a percentage of gross NPAs	62.24%	70.79%	87.93%	75.83%	88.43%
Provision cover (including technical write-offs)	81.60%	86.90%	95.39%	89.83%	95.90%
Slippage Amount	24,743.67	16,028.92	5,826.20	2,389.75	1,754.97
Total Recovery (including technical write-offs and residual income)	21,041.14	24,576.05	20,163.51	5,416.55	3,249.02

The Bank's provision coverage ratio (including technical write-off) as of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024 computed as per RBI guidelines, was 81.60%, 86.90%, 95.39%, 89.83% and 95.90%, respectively.

Details of the Bank's NCLT accounts as of June 30, 2024 are as below:

Parameters	Accounts	Balance (₹ crores)	Provision (₹ crores)	Provision Coverage Ratio (%)
RBI List 1	3	3,542.35	3,542.35	100.00%
RBI List 2	10	4,440.01	4,440.01	100.00%
Filed by the Bank	115	7,868.11	7,838.26	99.62%
Filed by other lenders	404	40,792.41	40,753.97	99.89%
Total	**532**	**56,642.88**	**56,574.59**	**99.87%**

Provisions for NPAs

The following table sets forth, for the periods indicated, movements in the Bank's provisions against NPAs.

	Year Ended March 31,			Three Months Ended June 30,	
	2022	2023	2024	2023	2024
	(₹ crores)				
Specific provisions:					
Specific provisions at the beginning of the period	65,127.85	56,856.63	53,823.79	53,823.79	48,713.45
Additions during the period	19,938.02	18,660.80	18,217.40	4,892.80	940.69

	Year Ended March 31,			Three Months Ended June 30,	
	2022	2023	2024	2023	2024
	(₹ crores)				
Reductions during the period on account of recovery and write-offs	28,209.24	21,693.64	23,327.74	5,646.18	5,150.67
Specific provisions at the end of the period	56,856.63	53,823.79	48,713.45	53,070.41	44,503.47
Floating provisions:					
Floating provisions at the beginning of the period	0.00	0.00	0.00	0.00	150.00
Additions during the period	0.00	0.00	150.00	0.00	0.00
Utilizations during the period	0.00	0.00	0.00	0.00	0.00
Floating provisions at the end of the period	0.00	0.00	150.00	0.00	150.00
Total specific and floating provisions at the end of the period	**56,856.63**	**53,823.79**	**48,863.45**	**53,070.41**	**44,653.47**

The following tables set forth the details of the movement in NPAs for the periods indicated:

	Fiscal 2022	Fiscal 2023	Fiscal 2024	Three Months Ended June 30, 2023	Three Months Ended June 30, 2024
	(₹ crores, except percentages)				
Cash Recovery	9,466. 65	9,800.99	7,105.78	1,923.27	1,196.17
Up gradation	5,253.26	4,770.30	3,447.81	1,671.64	524.43
Write Off	21,999.14	16,578.00	16,257.22	5,223.18	5,114.64
Gross Reduction	36,719.05	31,149.29	26,810.81	8,818.08	6,835.24
Fresh Slippages	21,611.78	14,197.92	5,552.37	2,257.92	1,652.70
Net Increase/ (Decrease)	3,131.90	1,831.00	273.83	131.83	102.28
Gross NPA%	**11.78%**	**8.74%**	**5.73%**	**7.73%**	**4.98%**

The following table sets forth the classification of gross loan assets of the Bank at the dates indicated.

	As of March 31,			As of June 30,	
	2022	2023	2024	2023	2024
	(₹ crores)				
Standard	6,92,656.32	8,07,353.02	9,26,981.65	8,45,936.25	9,77,419.06
Non-performing assets	92,448.04	77,327.67	56,343.05	70,899.34	51,262.78
Sub-standard assets	16,401.47	12,226.61	4,875.91	9,987.90	5,131.86
Doubtful assets	59,009.18	43,413.63	39,550.75	41,958.43	36,072.35
Loss assets	17,037.39	21,687.43	11,916.39	18,953.00	10,058.57
Total	**7,85,104.36**	**8,84,680.69**	**9,83,324.70**	**9,16,835.59**	**10,28,681.83**

The following tables set forth the details of the Bank's credit cost and slippage ratio as at the dates indicated:

	As of March 31,			As of June 30,	
	2022	2023	2024	2023	2024
Credit Cost (NPA provisions)	1.91%	2.03%	1.40%	1.98%	0.32%
Slippage Ratio	3.90%	2.31%	0.72%	1.19%	0.76%

The following table sets forth the Bank's NPAs for its ten largest industry NPA accounts, as of June 30, 2024.

Industry	Gross Principal Outstanding (₹ crores)
Food Processing	22,369.29
Infrastructure	97,278.70

Industry	Gross Principal Outstanding (₹ crores)
Textiles	11,728.77
Basic Metal and Metal Products	25,026.13
All Engineering	7,261.17
Gems and Jewellery	979.29
Rubber, Plastic and their Products	4,670.76
Chemicals and Chemical Products (Dyes, Paints, etc.)	7,455.75
Paper and Paper Products	2,460.42
Leather and Leather products	1,065.40
Total	**1,80,295.68**

The following tables set forth details of the Bank's Special Mention Accounts ("**SMAs**") as of the dates indicated.

	As at March 31,								
	2022			2023			2024		
	No. of Accounts	Amount Outstanding (₹ crores)	(%)	No. of Accounts	Amount Outstanding (₹ crores)	(%)	No. of Accounts	Amount Outstanding (₹ crores)	(%)
SMA 2	162,454	5,616.56	0.72%	13,823	849.91	0.09%	1,53,557	11,837.19	1.20%
SMA 2 as a percentage of gorss advances									
- Retail	23,292	1,790.24	0.23%	3,004	293.42	0.03%	53,337	5,828.86	0.59%
- MSME	23,906	1,330.76	0.17%	8,625	439.33	0.05%	85,728	4,912.62	0.50%
- Agriculture	1,10,770	2,462.68	0.32%	2,088	102.61	0.01%	13,396	808.39	0.08%
- Corporate and Others	4,486	32.86	0.00%	106	14.55	0.00%	1,096	287.32	0.03%
SMA 1	3,19,056	29,377.52	3.74%	2,14,665	17,289.80	1.96%	1,52,281	10,860.94	1.11%
Total SMA 1 and SMA 2	4,81,510	34,994.08	4.46%	2,28,488	18,139.71	2.05%	3,05,838	22,698.13	2.31%
SMA 0	6,37,328	1,40,396.87	17.88%	4,60,535	52,621.94	5.95%	4,97,650	62,979.11	6.40%
Total	**11,18,838**	**1,75,390.95**	**22.34%**	**6,89,023**	**70,761.65**	**8.00%**	**8,03,488**	**85,677.24**	**8.71%**

	As at June 30,					
	2023			2024		
	No. of Accounts	Amount Outstanding (₹ crores)	(%)	No. of Accounts	Amount Outstanding (₹ crores)	(%)
SMA 2	1,25,992	10,645.05	1.16%	1,56,683	12,498.56	1.22%
SMA 2 as a percentage of gorss advances						
- Retail	48,075	4,824.28	0.53%	56,003	6,186.17	0.60%
- MSME	67,246	4,556.19	0.50%	82,851	5,041.08	0.49%
- Agriculture	9,853	868.50	0.09%	15,948	981.34	0.10%
- Corporate and Others	818	396.07	0.04%	1,881	289.98	0.03%
SMA 1	124341	10,320.13	1.13%	151403	11,431.61	1.11%
Total SMA 1 and SMA 2	2,50,333	20,965.17	2.29%	3,08,086	23,930.17	2.33%
SMA 0	378531	57,853.77	6.31%	431649	77,952.37	7.58%
Total	**6,28,864**	**78,818.94**	**8.60%**	**7,39,735**	**1,01,882.54**	**9.91%**

Recognition of NPAs and Provisioning

RBI Classification and Provisioning Requirements

The Bank classifies its assets in accordance with the RBI guidelines. The guidelines require Indian banks to classify their NPAs into three categories, as described below, based on the period for which the asset has remained nonperforming and the estimated realization of amounts due in relation to such asset. Further, the NPA classification is at the borrower level, rather than at the facility level and, accordingly, if one of the advances granted to a borrower becomes non-performing, such borrower is classified as non-performing and all advances due from it are so classified.

A non-performing asset is a loan or an advance where: (i) interest and/or instalment of principal remains overdue for a period of more than 30 days in respect of a term loan; (ii) the account remains "out of order" in respect of an overdraft of cash credit; (iii) the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted; (iv) the instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops; (v) the instalment of principal or interest thereon remains overdue for one crop season for long duration crops; (vi) the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of guidelines on a securitization dated February 1, 2006; or (vii) in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment. According to guidelines specified by RBI in July 2013, an account should be classified as an NPA on the basis of the record of recovery and not merely on deficiencies which are temporary in nature, such as non-renewal of limits on the due date or non-submission of stock statements.

Further, RBI requires the banks to classify an account as a non-performing asset only if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter.

Standard asset	Performing assets are Standard assets which do not disclose any problem and which do not carry more than the normal risk attached to the business. The performing asset is one which generates income for the bank.
Sub-standard asset	With effect from March 31, 2005, a Sub-standard Asset would be one which has remained a NPA for a period less than or equal to 12 months.
Doubtful asset	With effect from March 31, 2005, and in accordance with RBI guidelines, a doubtful asset is an asset that has remained in the substandard category for a period of 12 months. Further, these doubtful assets are to be classified into the following three categories, depending on the period for which such assets have been classified as doubtful: • assets which have remained in the doubtful category for a period of up to one year; • assets which have remained in the doubtful category for a period of more than one year but less than three years; and • assets which have remained in the doubtful category for a period of more than three years.
Loss asset	In accordance with RBI guidelines, a loss asset is an asset where loss has been identified by the bank or internal or external auditors or RBI at the time of inspection, but the amount has not been written off wholly. In cases of serious credit impairment, an asset is required to be immediately classified as doubtful or as a loss asset, as appropriate. Further, erosion in the value of the security provided may also be considered significant when the realizable value of the security is less than 50.00% of the value as assessed by the bank or as accepted by RBI at the time of the last inspection of the security, as the case may be. In such a case, the assets secured by such impaired security may immediately be classified as doubtful, and provisioning should be made as applicable to doubtful assets. If the realizable value of the security, as assessed by the bank or approved valuation agents or by RBI, is less than 10.00% of the outstanding amount in the borrower's accounts, the existence of security should be ignored and the asset should be immediately classified as a loss asset and it may be either written off or fully provided for by the bank.

Pursuant to the RBI's 'COVID-19 Regulatory Packages', which were announced by the RBI on March 27, 2020, April 17, 2020 and May 23, 2020 (collectively, the "**COVID-19 Regulatory Packages**"), lending institutions, including our Bank, were permitted to grant a moratorium of six months on the payment of all instalments and interest on term loans (including credit card dues) and working capital facilities falling due between March 1, 2020 and August 31, 2020. The moratorium period, wherever granted, in respect of term loans was excluded by the lending institution from the number of days past-due for the purpose of asset classification under the RBI's Income Recognition and Asset Classification norms in respect of all accounts classified as standard or as SMAs from February 29, 2020. Further, banks were allowed to convert the accumulated interest for the deferment period from March 1, 2020 to August 31, 2020 on working capital facilities into a funded interest term loan that was repayable by March 31, 2021. The RBI's circulars in relation to the moratorium required us to make provisions of up to 10.00% on loans that are subject to the moratorium and that were overdue but standard as at February 29, 2020.

The Supreme Court of India, vide an interim order dated September 3, 2020, directed the banks that accounts that were not declared as NPAs as at August 31, 2020 shall not be declared as NPAs until further orders. Pursuant to the order, which was vacated on March 23, 2021, we did not classify any borrower account as an NPA that has not been declared an NPA as at August 31, 2020, as per the RBI's prudential norms on income recognition, asset classification, provisioning and other related matters after August 31, 2020 up to March 23, 2021. The Supreme Court of India in *Small Scale Industrial Manufactures Associate (Regd.) vs Union of India and others* Writ Petition (Civil) No. 476 of 2020 under Art 32 of the Constitution of India vide a judgment dated March 23, 2021 directed that the interim order granted on September 3, 2020 to not declare the accounts of borrowers as NPAs stands vacated. Since the date of the judgment on March 23, 2021, our Bank has classified such overdue accounts as NPAs.

The following table provides a summary of the Bank's gross loan assets as of the periods indicated, in accordance with RBI classifications.

Asset Category	**As of March 31,**			**As of June 30,**	
	2022	**2023**	**2024**	**2023**	**2024**
	(₹ crores)				
Standard assets	6,92,656.32	8,07,353.02	9,26,981.65	8,45,936.25	9,77,419.06
Sub-standard assets	16,401.47	12,226.61	4,875.91	9,987.90	5,131.86
Doubtful assets	59,009.18	43,413.63	39,550.75	41,958.43	36,072.35
Loss assets	17,037.39	21,687.43	11,916.39	18,953.00	10,058.57
Total	**7,85,104.36**	**8,84,680.69**	**9,83,324.70**	**9,16,835.59**	**10,28,681.83**

The following table sets forth the Bank's provisions for possible credit losses at the dates indicated.

Asset Category	**As of March 31,**			**As of June 30,**	
	2022	**2023**	**2024**	**2023**	**2024**
	(₹ crores)				
Provision held	57,539.31	54,742.63	49,544.28	53,769.87	45,332.71
Provision held as percentage of gross advances	7.33%	6.19%	5.04%	5.86%	4.41%
Provision held as percentage of gross NPAs	62.24%	70.79%	87.93%	75.84%	88.43%

Non-Accrual Policy

When an asset is classified as non-performing, interest accrual is stopped and the unrealized interest is reversed by debit to the profit and loss account. In accordance with the RBI guidelines, interest realized on NPAs may be added to the income account provided the credits in the accounts towards interest are not out of additional credit facilities sanctioned to the borrower. The RBI has also stipulated that in the absence of a clear agreement between the Bank and the borrower for the purpose of appropriating recoveries in NPAs (i.e. towards principal or interest due), banks should adopt an accounting principle and exercise the right of appropriation of recoveries in a uniform and consistent manner.

Interest Foregone

Interest foregone is the interest due on non-performing loans that has not been accrued in the Bank's books of accounts. The following table sets forth the outstanding amount of interest foregone on existing non-performing loans as at the respective dates.

	As at March 31,			**As at June 30,**	
	2022	**2023**	**2024**	**2023**	**2024**

	(₹ crores)				
Interest Foregone	1,42,668.84	1,74,714.76	1,97,676.12	1,83,299.55	2,05,547.07

Analysis of Non-Performing Loans by Industry Sector

The following tables set forth the Bank's domestic NPAs, by borrowers' industry or economic activity and as a percentage of its loans in the respective industry or economic activities sector for Fiscals 2022, 2023 and 2024. These figures do not include credit substitutes.

Name of the Industry	March 31, 2022			March 31, 2023			March 31, 2024		
	Gross Loans	NPA	% of NPA in Industry	Gross Loans	NPA	% of NPA in Industry	Gross Loans	NPA	% of NPA in Industry
	(₹ crores, except percentages)								
Mining and Quarrying	1,755.46	155.42	8.85%	1,410.66	146.87	10.41%	841.70	79.73	9.47%
Food Processing	20,375.43	5,296.97	26.00%	19,148.14	4,331.91	22.62%	22,614.85	3,363.42	14.87%
Beverages (excluding Tea and Coffee) and Tobacco	327.01	69.93	21.38%	384.67	72.41	18.82%	345.29	38.33	11.10%
Textiles	11,642.53	1,933.02	16.60%	11,056.68	1,790.56	16.19%	11,906.74	1,490.79	12.52%
Leather and Leather Products	1,197.64	167.17	13.96%	990.10	165.19	16.68%	961.39	150.37	15.64%
Wood and Wood Products	1,013.68	191.84	18.93%	998.80	150.64	15.08%	1,094.44	130.96	11.97%
Paper and Paper Products	2,234.16	227.77	10.20%	2,441.08	242.00	9.91%	2,419.87	224.83	9.29%
Petroleum (Non-infra), Coal Products (Non-mining) and Nuclear Fuels	4,924.02	22.41	0.46%	12,220.02	18.26	0.15%	6,106.95	6.02	0.10%
Chemicals and Chemical Products (Dyes, Paints, among others)	10,515.40	444.77	4.23%	5,879.25	320.80	5.46%	6,288.23	282.10	4.49%
Rubber, Plastic and their Products	3,748.71	704.30	18.79%	4,410.81	567.04	12.86%	4,756.16	470.52	9.89%
Glass and Glassware	614.20	55.35	9.01%	702.26	23.95	3.41%	792.28	35.02	4.42%
Cement and Cement Products	1,379.45	109.44	7.93%	1,969.98	103.65	5.26%	1,998.61	78.55	3.93%
Basic Metal and Metal Products	19,412.84	2,056.54	10.59%	23,383.06	1,383.92	5.92%	23,737.01	1,183.89	4.99%
All Engineering	7,204.46	1,316.76	18.28%	6,471.73	804.48	12.43%	7,359.60	819.06	11.13%
Vehicle, Vehicle Parts and Transport Equipment	1,187.31	184.62	15.55%	1,182.85	129.96	10.99%	860.97	96.12	11.16%
Gems and Jewellery	9,217.83	8,247.83	89.48%	8,484.93	8,098.37	95.44%	978.03	586.14	59.93%
Construction	3,176.68	1,830.42	57.62%	3,360.55	1,425.21	42.41%	2,382.27	92.62	3.89%
Infrastructure	1,02,522.19	9,538.35	9.30%	91,404.74	3,463.96	3.79%	98,494.32	2,863.01	2.91%
Other Industries	17,930.28	3,667.70	20.46%	21,237.99	3,334.17	15.70%	30,004.90	2,749.68	9.16%
Grand Total	**2,20,379.28**	**36,220.60**	**16.44%**	**2,17,138.32**	**26,573.33**	**12.24%**	**2,23,943.61**	**14,741.18**	**6.58%**

The following table sets forth the Bank's domestic NPAs, by borrowers' industry or economic activity and as a percentage of its loans in the respective industry or economic activities sector for the three months ended June 30, 2023 and 2024.

Name of the Industry	June 30, 2023			June 30, 2024		
	Gross Loans	NPA	% of NPA in Industry	Gross Loans	NPA	% of NPA in Industry
	(₹ crores, except percentages)					
Mining and Quarrying	1,306.46	144.27	11.04%	862.54	81.13	6.39%
Food Processing	19,349.64	4,279.00	22.11%	22,369.29	3,129.90	10.80%
Beverages (excluding Tea and Coffee) and Tobacco	405.89	100.46	24.75%	317.00	34.13	6.54%
Textiles	10,739.45	1,705.96	15.89%	11,728.77	1,060.70	6.19%
Leather and Leather Products	1,010.29	162.47	16.08%	1,065.40	165.13	8.76%
Wood and Wood Products	996.39	149.52	15.01%	1,210.05	135.23	8.37%
Paper and Paper Products	2,485.78	239.71	9.64%	2,460.42	186.90	5.69%
Petroleum (Non-infra), Coal Products (Non-mining) and Nuclear Fuels	7,944.74	17.33	0.22%	6,276.80	6.2663	0.06%

Name of the Industry	June 30, 2023			June 30, 2024		
	Gross Loans	NPA	% of NPA in Industry	Gross Loans	NPA	% of NPA in Industry
	(₹ crores, except percentages)					
Chemicals and Chemical Products (Dyes, Paints, among others)	5,716.35	272.78	4.77%	7,455.75	206.58	2.04%
Rubber, Plastic and their Products	4,611.43	565.48	12.26%	4,670.76	321.98	4.86%
Glass and Glassware	700.33	38.53	5.50%	917.79	34.80	1.89%
Cement and Cement Products	2,166.96	100.24	4.63%	1,955.82	67.69	2.27%
Basic Metal and Metal Products	20,455.58	1,306.10	6.39%	25,026.13	886.04	1.90%
All Engineering	6,184.73	654.16	10.58%	7,261.17	869.81	5.06%
Vehicle, Vehicle Parts and Transport Equipment	1,073.22	121.05	11.28%	815.96	84.86	5.95%
Gems and Jewellery	8,512.21	8,131.88	95.53%	979.29	582.45	48.07%
Construction	2,575.00	163.87	6.36%	2,052.11	73.08	0.68%
Infrastructure	89,618.98	2,599.53	2.90%	97,278.70	2,298.09	1.56%
Other Industries	27,206.84	3,173.01	11.66%	31,111.34	2,468.09	5.89%
Grand Total	2,13,060.26	23,925.36	11.23%	2,25,815.08	12,692.86	3.60%

Business segment analysis of the Bank's domestic NPA portfolio as of the dates indicated.

Business segment	As of March 31,						As at June 30,			
	2022		2023		2024		2023		2024	
	(₹ crores, except percentages)									
	GNPA	GNPA (%)	GNPA	GNPA (%)	GNPA	GNPA (%)	GNPA	GNPA (%)	GNPA	GNPA (%)
Retail Loans	6,954.81	4.98%	5,863.21	2.97%	5,060.39	2.27%	5,857.96	2.86%	3,339.65	1.42%
- Housing	3,876.90	4.61%	3,275.27	3.65%	2,730.95	2.01%	3,304.13	3.72%	1,776.09	1.27%
- Car/ Vehicle	575.18	4.15%	539.36	1.21%	508.73	2.14%	531.80	1.20%	208.50	0.73%
- Education	942.83	12.74%	893.12	11.58%	732.86	8.93%	845.01	10.98%	494.74	6.19%
- Others	1,559.91	4.57%	1,155.46	2.07%	1,087.85	2.00%	1,177.02	1.83%	860.32	1.47%
Agriculture and allied	25,572.00	20.58%	26,067.00	18.34%	21,979.20	13.89%	24,826.36	17.05%	21,300.74	12.64%
MSME	26,520.32	21.21%	24,600.70	18.90%	19,726.88	14.16%	23,607.60	17.83%	19,498.51	13.64%
Corporate and others	31,536.26	8.52%	19,190.81	5.05%	7,952.71	1.88%	15,005.67	3.76%	5,500.57	1.25%
Total - Domestic	**90,583.39**	**11.93%**	**75,721.72**	**8.91%**	**54,719.18**	**5.81%**	**69,297.60**	**7.85%**	**49,639.47**	**5.04%**
Total – Overseas	**1,864.65**	**7.20%**	**1,605.94**	**4.80%**	**1,623.87**	**3.97%**	**1,601.74**	**4.65%**	**1,623.31**	**3.67%**
Global Gross Advances	**92,448.04**	**11.78%**	**77,327.67**	**8.74%**	**56,343.05**	**5.73%**	**70,899.34**	**7.73%**	**51,262.78**	**4.98%**

Business segment analysis of the Bank's domestic NPA portfolio as of June 30, 2024:

Business segment	As of June 30, 2024*
	(₹ crores)
Corporate	5,500.57
Small and Medium Enterprises	8,728.62
Retail	3,339.65
Other banking operations*	10,769.89
Agriculture	21,300.74
Total – Domestic	49,639.47

**Micro Sector under MSME*

Top Ten Non-Performing Corporate Loans

The following table sets forth, for the period indicated information regarding its ten largest NPAs, classified by industry sector, as well as the value of the collateral securing the loan, as of June 30, 2024. However, the net realizable value of such collateral may be substantially less, if anything. See "*Risk Factors — Risks Relating to the Bank's Business - The value of the collateral provided by borrowers against advances may decrease or we may experience delays in enforcing our collateral if borrowers default on their obligations.*"

Name	Industry	Type Of Banking Arrangement	Total Balance (₹ crores)	Provisions (₹ crores)	Principal Outstanding Net Of Provisions For Credit Losses (₹ crores)	Security (₹ crores)
IL and FS Tamilnadu Power Co Ltd	Infrastructure	Consortium	1,021.58	1,021.58	0.00	2,518.23
Entertainment City Limited	Commercial Real Estate	Sole Banking	726.00	726.00	0.00	3,143.06
PC Jeweller Limited	Gems And Jewellery	Consortium	432.21	432.21	0.00	1,172.81
Fabworth Promoters Pvt Ltd	Infrastructure	Sole Banking	390.58	156.23	234.35	713.77
Gupta Power Infrastructure Limited	Infrastructure	Consortium	270.57	270.57	0.00	1,665.71
Kohinoor Foods Ltd	Agri-Ancillary	Consortium	195.32	181.25	14.07	89.10
Sadbhav Engineering Ltd	Infrastructure	Consortium	182.82	182.82	0.00	0.00
Jharkhand Infrastructure Implementation Co Ltd	Infrastructure	Consortium	182.67	182.67	0.00	163.62
Asian Hotel North Ltd	Hospitality	Consortium	170.79	170.79	0.00	998.28
Distribution Logistics Infrastructure Private Limited	Logistics	Consortium	166.61	166.61	0.00	471.87

Restructuring of Debts

The Bank's NPAs are restructured on a case-by-case basis after it is determined that restructuring is the best means of maximizing realization of the loan. These loans continue to be on a non-accrual basis and are reclassified as performing loans only after sustained performance under the loan's renegotiated terms for a period of at least one year.

The RBI introduced the One Time Restructuring 1 Scheme ("**OT1**") per the RBI guidelines dated August 6, 2020 to provide relief to borrowers impacted by the COVID-19 pandemic. This allowed personal and corporate loans to be restructured without being classified as NPAs, protecting credit ratings and the financial health of banks. Borrowers with viable pre-pandemic financials could apply before December 31, 2020, with options like loan tenure extensions and moratoriums. Under OTI, banks were required to provision 10% of restructured loans to mitigated risks. Further, per the RBI guidelines dated May 5, 2021, the RBI launched the Resolution Framework 2.0 to offer a second round of restructuring for borrowers affected by the COVID-19 pandemic's second wave. This framework covered individuals, small businesses, and MSMEs with loans classified as "standard" as of March 31, 2021, and allowed for moratoriums of up to two years or adjusted repayment schedules. Borrowers who had previously used the OT1 scheme could also extend their loan tenures, with the deadline for applying set at September 30, 2021.

The tables below set forth details of the Bank's standard restructured assets by segment as of the dates indicated:

Segment	As of March 31,			As at June 30,	
	2022	2023	2024	2023	2024
	(₹ crores)				
Retail	5,979.07	4,931.35	4,162.70	4,597.79	4,119.52
Agriculture and allied	3,309.26	2,489.48	2,321.69	2,432.45	2,318.58
MSME	6,288.89	3,467.96	2,719.05	3,225.23	2,778.22
Corporate and others	7,463.86	8,794.00	7,152.24	8,947.46	6,190.17

For restructured/rescheduled advances, provisions are made in accordance with guidelines issued by RBI from time to time. Provision for diminution in fair value of restructured advances is measured at net present value terms as per RBI guidelines for accounts where total dues to the bank are ₹ 1 crore and above. For other accounts, the provision for diminution in fair value is computed notionally at 5% of total exposure to the bank as per RBI guidelines.

Management of Stressed Assets

An integrated approach to review and management of stressed assets including rehabilitation and restructuring has been put in place. The primary intent in the approach is to ensure that an SMA does not slip into an NPA. Identification, determination of the cause of the problem and initiation of remedial measures on a proactive basis with a thrust on restructuring of accounts that are intrinsically viable, are the hallmarks of this approach.

A review of stressed assets is provided to the appropriate reviewing authority at specified intervals, who would then give necessary directions on the recommended action plan. Based on a detailed viability study, if the unit is found viable, it is put on a rehabilitation package.

NPA Management

The Bank is committed to efficiently managing and reducing its NPAs and has implemented the following measures to manage and reduce its NPA ratio:

- Initiating recovery action on slippage of accounts, including taking non-legal recovery actions or initiating legal action.

- Conducting recovery meetings at regional and Circle levels to arrive at settlements which are both cost effective and mutually beneficial. Recovery meetings involve inviting defaulting borrowers to the Bank in order to negotiate and reach mutually agreeable settlement proposals.

- Compromise settlements through Lok Adalats, ("people's courts"), established by the Government to facilitate the efficient settlement of disputes by way of mutual agreement. While only claims not exceeding ₹ 10 crores can be brought to a permanent Lok Adalat and any amount to Lokadalat of DRT given that the Lok Adalats do not charge any fees and their decisions are binding on the parties, it is often quicker to resolve disputes through a Lok Adalat than through regular courts. In light of this, the Bank strives to recover NPAs through the Lok Adalats as much as practicable.

- Reporting of wilful defaulters with overdue amounts equal to ₹ 0.25 crores and above to the RBI. The RBI then consolidates the data of such wilful defaulters and disseminates this information amongst banks for their use. While the Bank does not rehabilitate or restructure NPAs of a wilful defaulter, it enters into an acceptable mutual settlement with such a borrower.

- Close monitoring of "compromise settled accounts" for recovery in accordance with the terms of settlement. By maintaining open dialogue with borrowers of the compromise settled accounts, the Bank seeks to recover its NPAs within specified periods and with minimum costs.

- Aggressively pursuing and achieving substantial progress in respect of measures allowed to be implemented by the Bank under the SARFAESI Act (as further explained below).

- Monitoring the recovery of overdue amounts under any account by law officers subject to a court ruling. The role of such law officers is to liaise with the advocate, branch and debtor and the Debt Recovery Tribunal ("**DRT**") during the relevant debt recovery action, and to take timely action.

- Strict adherence to rehabilitation packages under the CDR (for both normal and SME accounts) and monitoring the accounts closely for early recovery.

See "*Risk Factors — Risks Relating to our Business — If we are not able to control or reduce the level of non-performing assets in our portfolio or any increase in our NPA portfolio, RBI mandated provisioning requirements could adversely affect our business, financial conditions and results of operations.*" on page 37

The Bank has been improving its asset quality by resolving stressed accounts through the National Company Law Tribunal ("**NCLT**"). By focusing on the recovery of NPAs through the legal framework of the NCLT, the Bank has been able to expedite the resolution of large corporate defaults and improve its financial health, successfully recover dues from several distressed companies, thereby reducing its NPA ratio. The following table sets forth information with respect to the Bank's NCLT admitted accounts as of June 30, 2024:

Particulars	**As of June 30, 2024**			
	Accounts	**Balance (₹ crore)**	**Provision (₹ crore)**	**Provisioning coverage ratio (%)**
RBI List 1	3	3,542.35	3,542.35	100.00%
RBI List 2	10	4,440.01	4,440.01	100.00%
Filed by the Bank	115	7,868.11	7,838.26	99.62%
Filed by other lenders	404	40,792.41	40,753.97	99.91%
Total	**532**	**56,642.88**	**56,574.59**	**99.88%**

The Bank has also been resolving accounts through the National Asset Reconstruction Company Limited ("**NARCL**"). The following table sets forth information with respect to the position of accounts with our Bank as of June 30, 2024:

Position of accounts with the Bank	**As of June 30, 2024**	
	Number of accounts	**Balance outstanding**
Accounts already resolved	14	3,778.16
Bids received from NARCL and in progress	2	476.40
Under process with NARCL – due diligence	7	1,073.41
Total	**23**	**5,327.97**

Interest Coverage Ratio

The following table sets forth information with respect to the Bank's interest coverage ratio for the periods indicated. This ratio, however, is typically used to measure the debt-servicing ability of a corporate and is not relevant to a banking company.

Particulars	**As at March 31,**			**As at June 30,**	
	2022	**2023**	**2024**	**2023**	**2024**
	(₹ crores, except percentages)				
(i) Net profit	3,456.96	2,507.20	8,244.62	1,255.41	3,251.53
(ii) Depreciation on the Bank's property	888.61	896.56	895.25	210.81	225.23
(iii) Interest expended	46,185.08	50,652.47	66,818.55	15,641.21	18,080.18
(iv) Total (i) + (ii) + (iii)	50,530.65	54,056.23	75,958.42	17,107.43	21,556.94
Interest coverage ratio (iv) / (iii)	109.41%	106.72%	113.68%	109.37%	119.23%

Capital Adequacy

The following table sets forth, for the periods indicated, the Bank's capital adequacy ratios computed as per applicable RBI guidelines.

Particulars	As at March 31,			As at June 30,	
	2022	2023	2024	2023	2024
	(₹ crores, except percentages)				
Common Equity Tier -1 (CET-1)	63,430.05	73,927.95	81,187.00	72,650.54	82,383.19
Additional tier I capital	7,027.87	9,677.73	15,698.26	9,682.08	15,698.99
Tier I capital	70,457.92	83,605.67	96,885.26	82,332.61	98,082.18
Tier II capital	16,652.74	18,551.14	20,581.01	21,786.57	20,751.47
Total capital	87,110.66	1,02,156.81	1,17,466.27	1,04,119.18	1,18,833.65
Risk weighted assets	6,00,821.23	6,58,981.51	7,35,434.54	6,69,813.33	7,52,450.06
CET I ratio (%)	10.56%	11.22%	11.04%	10.85	10.95
Tier I capital ratio	11.73%	12.69%	13.17%	12.29	13.04
Tier II capital ratio	2.77%	2.81%	2.80%	3.25	2.75
Total capital adequacy ratio	14.50%	15.50%	15.97%	15.54	15.79

Notes: Capital Adequacy ratios have been calculated in accordance with RBI Guidelines (Basel-III Capital Regulations, generally referred to as Basel-III). See the section "Regulation and Policies" on page 236.

The following table sets forth, for the periods indicated, our risk weighted assets ("**RWA**") pertaining to credit risk, market risk and operational risk computed as per applicable the RBI guidelines:

Particulars	As at March 31,			As at June 30,	
	2022	2023	2024	2023	2024
	(₹ crores)				
Credit risk RWA	4,88,969.11	5,51,574.66	6,13,703.97	5,55,600.40	6,67,094.94
Market risk RWA	42,224.54	37,187.19	50,676.74	43,159.10	8,991.84
Operational risk RWA	69,627.57	70,219.65	71,053.83	71,053.83	76,363.28
Total risk weighted assets	6,00,821.23	6,58,981.51	7,35,434.54	6,69,813.33	7,52,450.06

Productivity Ratios

	For the Year ended March 31,			For the three months ended June 30,	
	2022	2023	2024	2023	2024
	(₹ crores)				
Business# per employee	19.41	21.64	23.84	22.22	24.80
Business# per branch	187.73	209.53	225.25	214.77	233.26

 # Business comprises advances and deposits (excluding inter-bank deposits)

INDUSTRY OVERVIEW

The information in this section includes extracts from publicly available documents from various sources and has not been prepared or independently verified by our Bank, the BRLMs or any of their affiliates or advisers. Data in this section may have been re-classified by us for the purposes of presentation. The accuracy and completeness of the industry sources and publications referred to by us, and the underlying assumptions on which such sources and publications are based, are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Further, statements in this section that are not statements of historical fact constitute "forward-looking statements". Such forward-looking statements are subject to various risks, assumptions and uncertainties and certain factors could cause actual results to materially differ. Accordingly, prospective investors should not base their investment decision, or otherwise place undue reliance, on this information. If one source is used for an entire paragraph, the source for the information in that paragraph is given at the end of that paragraph.

Global Macroeconomic Outlook

The global economy is expected to grow by 3.2% in 2024 and 3.3% in 2025. While momentum varied at the start of the year, output divergence among economies has narrowed as cyclical factors wane. Services price inflation is hindering disinflation efforts complicating monetary policy normalization. With increased risks to inflation, interest rates may remain high for longer, amidst escalating trade tensions and policy uncertainty. Effective management of these risks is crucial to maintaining growth and achieving price stability. Global activity and trade improved, driven by strong exports from Asia's technology sector. While first quarter growth exceeded expectations in many countries, the US and Japan saw notable slowdowns due to moderating consumption and supply disruption, respectively. Europe experienced an economic recovery in services and China saw a boost from domestic consumption and surge in exports. *(Source: IMF World Economic Outlook, July 2024)*

The pace of global disinflation is slowing, with persistent services inflation and stronger goods disinflation. Nominal wage growth remains high in some countries, influenced by earlier wage negotiations and elevated inflation expectations. *(Source: IMF World Economic Outlook, July 2024)*. In advanced economies, the pace of disinflation is projected to decelerate through 2024 and 2025. This is primarily due to persistent inflation in service prices and elevated commodity costs. Despite these challenges, a gradual cooling of labor markets and anticipated declines in energy prices are expected to help achieve target headline inflation by the end of 2025. Meanwhile, emerging market and developing economies are likely to experience higher and slower-declining inflation compared to advanced economies. Nonetheless, thanks in part to decreasing energy prices, inflation in these economies is approaching levels seen before the pandemic. (*Source: IMF World Economic Outlook, July 2024)*

Headline inflation remains elevated in most advanced economies and about a quarter of inflation-targeting emerging market and developing economies ("**EMDEs**"), with global inflation reaching 3.2% year-on-year in April, down from 6.7% a year earlier. Global inflation, weighted by gross domestic product ("**GDP**"), is expected to decrease to 3.5% in 2024 and further to 2.8% by 2026, aligning closely with average country inflation targets. While goods prices in advanced economies show signs of stabilizing, service prices continue to rise notably in both advanced economies and EMDEs *(Source: World Bank Global Monthly July, 2024).*

Indian Economy

Amidst the sluggish global growth, India's economy has showed its strength and stability. India's GDP grew at 8.2% in Fiscal 2024 (*Source: RBI Bulletin July 2024*), marking the highest growth rate among major economies, propelled by a robust domestic market and government-led investments that have bolstered demand. Early estimates suggest that GDP growth for the first quarter of Fiscal 2025 is likely to remain close to 7.1% (Source *RBI Bulletin August*

2024). The growth momentum of Indian economy is anticipated to remain robust in Fiscal 2025 as well with a projected GDP growth of 7.2% as per the Reserve Bank of India ("**RBI**") (*Source RBI MPC August 6 to August 8, 2024*).

The Indian economy also ended Fiscal 2024 on a strong footing as can be seen from high frequency indicators. GST collections crossed ₹ 2.1 trillion benchmark in April 2024, the highest ever (*Source Press Information Bureau dated May 1, 2024*). India's manufacturing Purchasing Managers' Index ("**PMI**") was recorded at 57.5, while India's services PMI was also strong at 60.9 in August 2024 (*Source: PMI by S&P Global, dated September 2, 2024*). High frequency indicators point towards sustained momentum in domestic demand conditions in April 2024. E-way bills grew year-on-year by 19.2% in July 2024 and toll collections increased year-on-year by 9.4% in July 2024. GST collections recorded a growth of 10.3%. Non-tax revenue receipts recorded a year-on-year growth of 80.7% during April-June 2024 on the back of higher than budgeted surplus transfer from the Reserve Bank. *(Source: RBI Bulletin August 2024)*

Fiscal deficit also improved to 5.6% of GDP in Fiscal 2024, lower than the targeted 5.8%, with robust capex and tax collections (*Source: RBI Bulletin July 2024*). Going forward, Fiscal 2025 fiscal deficit is expected to be even lower at around 4.9% of GDP (*Source: Indian Budget 2024-2025*). Industrial sector has also been performing well with the IIP and Core sector indices registering good growth on account of sustained demand economic activity in the country.

Inflationary pressures moderated albeit unevenly during Fiscal 2024, reflecting the combined impact of calibrated monetary tightening, easing of input cost pressures and supply management measures. Headline inflation softened to 5.4% during Fiscal 2024 from 6.7% in the previous year, driven by the fall in core inflation (CPI excluding food and fuel) to 4.3% from 6.1%. *(Source: RBI, Annual Report 2023-2024)* In June 2024, India's headline inflation, measured by year-on-year changes in the all-India consumer price index ("**CPI**"), rose slightly to 5.1% from 4.8% in May. Food inflation increased to 8.4% in June 2024 from 7.9% in May 2024, driven by higher prices in cereals, milk, fruits, sugar, and prepared meals. Fuel group continued to remain in deflation, reflecting the cumulative impact of the sharp cut in LPG price in August 2023 and March 2024 *(Source: RBI Bulletin August 2024)*.

Growth Outlook

The global economy is stabilizing and domestic economic activity is strengthening as exhibited by the resilient performance of leading indicators. Equity markets are performing well and corporates are reporting healthy balance sheets. Business sentiments are upbeat with sustained momentum in manufacturing and services activity. The south-west monsoon is expected to be above normal, which augurs well for agriculture and rural demand. Coupled with sustained momentum in manufacturing and services activity, this should enable a revival in private consumption. Investment activity is likely to remain on track, with high-capacity utilisation, government's continued thrust on infrastructure spending, and optimism in business sentiments. Improving world trade prospects could support external demand. Headwinds from geopolitical tensions, volatility in international commodity prices, and geo-economic fragmentation, however, pose risks to the outlook. Moreover, the slow moderation in retail inflation, along with persistent food price inflation, elevated services inflation, and volatile international crude prices are additional downside risks. The RBI projects real GDP growth for Fiscal 2025 at 7.2% (*Source: Reserve Bank of India, Resolution of the Monetary Policy Committee ("**MPC**") August 6 to August 8, 2024*).

Indian Banking Authority

The RBI was established on April 1, 1935 in accordance with the provisions of the Reserve Bank of India Act, 1934. The central office of the RBI was initially established in Kolkata but was permanently moved to Mumbai in 1937. The central office is where the Governor sits and where policies are formulated. Though originally privately owned, since nationalization in 1949, the RBI has been fully owned by the Government of India ("**GoI**"). The RBI performs a supervisory function under the guidance of the Board for Financial Supervision. The Board was constituted in November 1994 as a committee of the Central Board of Directors of the RBI. *(Source: RBI, About Us)*

Impact of Liberalization on the Indian Financial Sector

Until 1991, the financial sector in India was heavily controlled and commercial banks and long-term lending institutions had mutually exclusive roles and objectives, operating in a largely stable environment with little to no competition. Long-term lending institutions were focused on achieving the GoI's various socioeconomic objectives, including balanced industrial growth and employment creation, especially in areas requiring development. Long-term lending institutions were extended access to long-term funds at subsidized rates through loans and equity from the GoI, funds guaranteed by the GoI originating from commercial banks in India and foreign currency resources from multilateral and bilateral agencies. The focus of commercial banks was primarily to mobilise household savings through demand and time deposits and to use these deposits to meet the short-term financial needs of borrowers in industry, trade and agriculture. In addition, commercial banks provided a range of banking services to individuals and business entities. *(Source: RBI Circular on Approach to Universal Banking dated April 28, 2001)*

However, since 1991, there have been comprehensive changes in the Indian financial system. Various financial sector reforms have transformed the operating environment of banks and long-term lending institutions. In particular, the deregulation of interest rates, the emergence of a liberalised domestic capital market and the entry of new private sector banks, along with the broadening of long-term lending institutions' product portfolios, have progressively intensified the competition between banks and long-term lending institutions. The RBI has permitted the transformation of long-term lending institutions into banks subject to compliance with the prudential standards applicable to banks. *(Source: RBI Circular on Approach to Universal Banking dated April 28, 2001)*

Further, development of GIFT city as the international financial hub in India containing India’s first International Financial Services Centre (“**IFSC**”) and several international banks and exchanges has been a massive step towards liberalization. GIFT city is envisaged to be the hub of financial and technological services for the world. (*Source: investindia.gov.in*)

The government and the RBI have also been striving to promote the use of Indian Rupee (“**INR**”) for cross-border trade and other current account transactions. In 2023, the RBI put in place a mechanism for trade settlement in INR with 18 countries wherein banks from these countries have been permitted to open Special Rupee Vostro accounts for settlement in INR. RBI has also enabled external commercial borrowings in Indian Rupees (especially through Masala Bonds). (*Source: investindia.gov.in*)

Introduction to the Indian Financial Sector

The RBI, the central banking and monetary authority of India, is the central regulatory and supervisory authority for the Indian financial system. A variety of financial intermediaries in the public and private sectors participate in India's financial sector, including (i) commercial banks, comprising: private sector banks, regional rural banks (“**RRBs**”), public sector banks (“**PSBs**”), foreign banks, co-operative banks, small finance banks and payment banks; (ii) long-term lending institutions; (iii) non-banking financial companies (“**NBFCs**”), including housing finance companies (“**HFCs**”); (iv) other specialized financial institutions and state-level financial institutions; (v) insurance companies; (vi) micro-finance companies; and (vii) mutual funds.

Set forth below are the details of financial intermediaries in the public and private sectors participating in India's financial sector.

Scheduled Commercial Banks (“SCBs”)

Scheduled commercial banks in India have traditionally focused on meeting the short-term financial needs of industry, trade and agriculture. In recent years, they have also focused on increasing long-term financing to sectors like infrastructure. Scheduled commercial banks are banks that are listed in the second schedule to the RBI Act and are further categorized as public sector banks, private sector banks, small finance banks, payments banks, regional rural banks and foreign banks. *(Source: RBI, List of Scheduled Commercial Banks)*

Public Sector Banks ("PSBs")

Public sector banks are SCBs with significant government shareholding. PSBs constitute the largest category of banks in the Indian banking system. These include the 12 nationalised banks, as of August 2024 *(Source: RBI, List of Scheduled Commercial Banks (SCBs))* In Fiscal 2020, the GoI announced several additional amalgamations of public banks: the amalgamation of Canara Bank with Syndicate Bank; the amalgamation of United Bank of India and Oriental Bank of Commerce with our Bank; the amalgamation of Andhra Bank and Corporation Bank with Union Bank; and the amalgamation of Allahabad Bank with Indian Bank, all of which were effective from April 1, 2020. Following these amalgamations, the number of PSBs is 12 as at April 1, 2020, down from 27 as at March 31, 2017.

Further, the government's focus has now also shifted towards disinvestment and promoting privatisation of state-owned commercial banks. As per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations, 2015. Every listed company [other than public sector company] shall maintain public shareholding of at least 25%. Any listed company which has public shareholding below 25%, on the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010, shall increase its public shareholding to at least 25%, within a period of three years from the date of their commencement. (*Source: SEBI Circular*)

With respect to the same, the central government recently came out with the decision to reduce its shareholding to less than 75% in five Public Sector Banks including Punjab & Sind Bank, Indian Overseas Bank, UCO Bank, Central Bank of India, and Bank of Maharashtra in order to comply with SEBI's minimum public shareholding ("**MPS**") norms. (*Source: RBI Notification on Merger March 30, 2020*)

Private Sector Banks

Most large banks in India were nationalised in 1969, resulting in PSBs making up the largest portion of Indian banking. The GoI's focus on PSBs was maintained throughout the 1970s and 1980s. In addition, existing private sector banks that showed signs of an eventual default were merged with state-owned banks. In July 1993, as part of the banking reform process and as a measure to induce competition in the banking sector, the RBI permitted entry of the private sector into the banking system. This resulted in the introduction of private sector banks. *(Source: Banking Law and Practice by Mishra Sukhvinder, Chapter 5: Commercial Banks, page 176)* As of June 2024, there were a total of 21 private banks. *(Source: RBI, List of SCBs)*

Foreign Banks

According to the RBI, there were 45 foreign banks operating in India as of June 2024. *(Source: RBI, List of SCBs)* Foreign banks may operate in India by establishing wholly owned subsidiaries, which are allowed to raise rupee resources through the issue of non-equity capital instruments, as allowed to domestic banks. In addition, wholly owned subsidiaries of foreign banks may be allowed to open branches in Tier I to Tier VI centres except at specified locations considered sensitive for national security reasons. Establishment of a wholly owned subsidiary would require approval of the RBI which would be subject to various factors including economic and political relations with the parent bank's country of incorporation and reciprocity with the parent bank's home country. The regulatory framework for a subsidiary of a foreign bank is substantially similar to the regulatory framework applicable to domestic banks, including with respect to management, directed lending, investments and branch expansion. Wholly owned subsidiaries of foreign banks may, after further review, be permitted to enter into merger and acquisition transactions with Indian private sector banks, subject to adherence to the foreign ownership limit of 49% under the automatic route and 74% under the government approval route that is currently applicable to Indian private sector banks. *(Source: RBI – Scheme for Setting up of Wholly Owned Subsidiaries ("**WOS**") by foreign banks in India and Consolidated FDI Policy notified by the DPIIT under DPIIT File Number 5(2)/2020 – FDI Policy dated the October 15, 2020, effective from October 15, 2020)* .

Co-operative Banks

The RBI continues to play a key role in strengthening the co-operative banking sector by fortifying the regulatory and supervisory framework. The primary responsibility of the Department of Co-operative Bank Supervision ("**DCBS**") is supervising urban co-operative banks ("**UCBs**") and ensuring the development of a safe and well-managed co-operative banking sector. The Banking Regulation (Amendment) and Miscellaneous Provisions Act, 2004, which came into effect on September 24, 2004, specifies that all multistate co-operative banks are under the supervision and regulation of the RBI. Accordingly, the RBI is currently responsible for the supervision and regulation of urban co-operative societies, state co-operative banks and district central co-operative banks. The wide network of co-operative banks, both rural and urban, supplements the commercial banking network for deepening financial intermediation by bringing a large number of depositors/borrowers under the formal banking network.

According to the RBI, there are 34 state co-operative banks, 49 scheduled urban co-operative banks and 1,434 non-scheduled urban co-operative banks. *(Source: RBI List of Co-operative Banks)*

Non-Banking Financial Companies

The primary activities of the non-banking financial companies are providing consumer credit, including automobile finance, home finance and consumer durable products finance, factoring, microfinance, wholesale finance products such as bill discounting for small and medium companies and infrastructure finance, and fee-based services such as investment banking and underwriting. All non-banking financial companies are required to register with the RBI.

Depending upon the line of activity, NBFCs are categorised into different types such as Asset Finance Company, Loan Company, Infrastructure Finance Company, securitisation/asset reconstruction companies, Investment Company, (Systemically Important) Core Investment Company, Infrastructure Debt Fund – NBFC, NBFC – Micro Finance Institution, NBFC – Factors, Mortgage Guarantee Companies, NBFC – Non-Operative Financial Holding Company. *(Source: RBI, Discussion Paper on Wholesale & Long-Term Finance Banks, April 2017)*

There were 9,327 NBFCs registered with the RBI as at March 31, 2024, of which 25 were deposit accepting **("NBFCs-D")** and 504 were systemically important non-deposit accepting NBFCs **("NBFCs-ND-SI")**. *(Source: RBI, accessed in September 2024)*

As per the framework for scale-based regulation for NBFCs by RBI released on October 22, 2021, regulatory structure for NBFCs shall comprise of four layers based on their size, activity and perceived riskiness. NBFCs in the lowest layer shall be known as NBFC – Base Layer ("**NBFC-BL**"). NBFCs in middle layer and upper layer shall be known as NBFC – Middle Layer ("**NBFC-ML**") and NBFC – Upper Layer ("**NBFC-UL**") respectively. The Top layer is ideally expected to be empty and will be known as NBFC – Top Layer ("**NBFC-TL**"). *(Source: RBI, Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs)*

Housing Finance Companies

HFCs are specialised institutions which extend housing credit, along with SCBs. Effective August 9, 2019 HFCs are being regulated as a category of NBFCs, after the transfer of regulation of HFCs to the Reserve Bank by amendment of the National Housing Bank Act, 1987.

Furthermore, with a view of harmonising the regulations between HFCs and NBFCs in a phased manner, HFCs have undergone several legislative/regulatory changes. As of September 2024, there were 94 HFCs, of which only 12 were deposit taking entities. *(Source: NHB, List of HFCs in India, available, accessed in September 2024)*

Microfinance Institutions

Microfinance institutions form a distinct sub-group of non-banking financial companies. They focus on providing access to small-scale financial services, especially to the poor, and play an important role in delivering credit to people at the bottom of the economic pyramid. Microfinance institutions differ from other financial service providers as they do not depend on grants or subsidies to provide unsecured loans to borrowers with low incomes and no access to the mainstream banking system. They encompass a host of financial institutions engaged in advancing loans to low-income groups. The essential features of microfinance loans are that they are of small amounts, have short tenures, are extended without collateral, and require a frequency of loan repayments that is greater than that for traditional commercial loans. These loans are generally taken for income-generating activities but are also provided for consumption, housing and other purposes. *(Source: RBI Bulletin, Microfinance: Reaching out to the Bottom of the Pyramid dated September 11, 2020)*

Regional Rural Banks

Regional rural banks were formed under the Regional Rural Bank Act, 1976 with a view towards developing the rural economy by providing, for the purpose of developing agriculture, trade, commerce, industry and other productive activities in the rural areas, credit and other facilities, particularly to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs, and for matters connected therewith and incidental thereto. *(Source: Department of Financial Services)* In Fiscal 2022, ₹ 10,890 crore was allocated for the recapitalisation of RRBs to help in greater adoption of technology, accompanied by operational and governance reforms *(Source: Key Statistics & Financial Statements Of Regional Rural Banks 31 March 2023, NABARD)*

As of March 2023, there were 43 RRBs sponsored by 12 SCBs, with 21,995 branches, and operations extending to 30.5 crore deposit accounts and 2.9 crore loan accounts *(Source: https://www.nabard.org/auth/writereaddata/WhatsNew/0109235107final-key-statistics-of-rrbs-2022-23.pdf, accessed in September 2024)*

Long-Term Lending Institutions

Long-term lending institutions were established to provide medium-term and long-term financial assistance to various industries for setting up new projects and expanding and modernising existing facilities. These institutions provided fund-based and non-fund-based assistance to industries in the form of loans, underwriting and direct subscription to shares, debentures and guarantees.

Long-term lending institutions were expected to play a critical role in Indian industrial growth and, accordingly, had access to concessional government funding. However, in recent years, the operating environment of long-term lending institutions has changed substantially. Although the initial role of these institutions was largely limited to providing a channel for government funding to industries, the reform process required such institutions to expand the scope of their business activities, including into fee-based activities like investment banking and advisory services and into short-term lending activities including corporate finance and working capital loans.

Pursuant to the recommendations of the Narasimham Committee II and the Khan Working Group in 1998, a working group was created in 1999 to harmonise the role and operations of long-term lending institutions and banks. The RBI, in its mid-term review of monetary and credit policy for Fiscal 2000, announced that long-term lending institutions would have the option of transforming themselves into banks subject to compliance with the prudential norms applicable to banks. In April 2001, the RBI issued guidelines on several operational and regulatory issues which were required to be addressed in evolving a path for conversion of a long-term lending institution into a universal bank. (*Source: RBI Report of the working group for harmonising the role & operations of DFIs and Banks – May 1998*)

Small Finance Banks

The objective of small finance banks is to further financial inclusion by providing savings vehicles and supplying credit to small business units, small and marginal farmers, micro and small industries and other unorganized sector entities through high technology-low cost operations. The RBI granted in-principle approvals to ten small finance banks in September 2015 pursuant to which all ten small finance banks have started operations. *(Source: Draft Guidelines for 'on tap' Licensing of Small Finance Banks in the Private Sector and RBI – RBI grants "In-principle" Approval to 10 Applicants for Small Finance Banks)*

Payment Banks

The RBI has liberalised the licensing regime for banks in India and intends to issue licences on an ongoing basis, subject to meeting the RBI's criteria. The RBI is supportive of creating more specialised banks and granting differentiated banking licences, e.g., for payment banks and small finance banks. The RBI also plans to create wholesale and long-term finance banks in the near future. In November 2014, the RBI released guidelines for licensing payment banks and for licensing of small finance banks in the private sector. On August 19, 2015 the RBI granted in-principle approval to 11 applicants to set up payment banks. (*Source: RBI Press Release dated August 19, 2015)*. As of September 2024, there are six (6) payments banks in India *(Source: RBI. List of Payment Banks, accessed in September 2024)*

Recent Developments in the Banking Sector

The RBI from time to time also comes out with regulations and guidelines for the above mentioned institutions to ensure overall effectiveness and supervision of the banking system:

- The RBI in November 2023 had come out with a notification wherein it increased the risk weights on consumer loans and NBFCs by 25 percentage points (from 100% to 125%). For AAA-rated loans to NBFCs, the risk weight has been increased to 45% from the existing 20% (25 percentage point increase). These guidelines are applicable to Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks) and Non-Banking Financial Companies (including HFCs). *(Source : RBI Circular Regulatory measures towards consumer credit and bank credit to NBFCs)*

- The Reserve Bank recently came out with draft guidelines on the financing of Projects under Implementation. The existing prescribed provisions for standard Project assets is 0.40% which the RBI has proposed to increase to 5%. This is expected to substantially increase the provisioning requirements for banks in India. These guidelines are applicable to all Commercial Banks (including Small Finance Banks but excluding Payments Banks), Local Area Banks and Regional Rural Banks, all Primary (Urban) Co-operative Banks, all All-India Financial Institutions, and all Non-Banking Financial Companies. *(Source : RBI Circular Draft Prudential Framework for Income Recognition, Asset Classification and Provisioning pertaining to Advances – Projects Under Implementation, Directions, 2024)*

- RBI in its notification dated June 7, 2024 revised the definition of bulk deposits for all Scheduled Commercial Banks (excluding RRBs), Small Finance Banks and Local Area Banks. The term "Bulk Deposit" would now mean:

  i. Single Rupee term deposits of Rupees three crore and above (earlier Rupees two crore) for Scheduled Commercial Banks (excluding RRBs) and Small Finance Banks.

  ii. Single Rupee term deposits of Rupees one crore and above for Regional Rural Banks and Local Area Banks. *(Source : RBI notification)*

Other Financial Institutions

Specialised Financial Institutions

In addition to the long-term lending institutions, there are various specialised financial institutions which cater to the specific needs of different sectors. These include the National Bank for Agriculture and Rural Development ("**NABARD**"), the Export-Import Bank of India ("**EXIM Bank**"), the Small Industries Development Bank of India ("**SIDBI**"), Risk Capital and Technology Finance Corporation Limited, Tourism Finance Corporation of India Limited, the NHB, Power Finance Corporation Limited, Infrastructure Development Finance Corporation Limited, the Industrial Investment Bank of India, the North Eastern Development Finance Corporation and the India Infrastructure Finance Company. *(Source: Report on Trend and Progress of Banking in India, 2003-2004). To provide financial support to the diversified growth of Industries across the sectors Industrial Finance Corporation of India as a statutory organisation was set up in 1948.* To support the long-term infrastructure financing in India, the Government set-up the National Bank for Financing Infrastructure and Development ("**NaBFID**") in 2021. *(Source: RBI Press Release dated March 9, 2022)*

State Financial Institutions

State financial corporations ("**SFCs**") operate at the state level and form an integral part of the institutional financing system. State financial corporations were set up to finance and promote small and medium-sized enterprises. State financial institutions are expected to achieve balanced regional socio-economic growth by generating employment opportunities and widening the ownership base of industries. At the state level, there are also state industrial development corporations, which primarily finance medium-sized and large enterprises. *(Source: Report on Trend and Progress of Banking in India, 2003-2004)*

Insurance Companies

The General Insurance Corporation of India, a re-insurance company, the Life Insurance Corporation of India and other public sector general insurance companies provide long-term financial assistance to the industrial sector.

The insurance sector in India is regulated by the Insurance Regulatory Development Authority of India ("**IRDAI**"). In December 1999, the Indian Parliament passed the Insurance Regulatory and Development Authority Act, 1999, which amended the Insurance Act, 1938 and opened up the Indian insurance sector for foreign and private investors. The Insurance Act, 1938 was further amended by the Insurance Law (Amendment) Act, 2015 which raised permitted foreign equity participation in new insurance companies from 26.00% to 49.00%. Insurance companies are required to be Indian-owned and controlled. In this context, "Control" includes the right to appoint a majority of the Directors or control management or policy decisions by virtue of shareholding, management rights, shareholders' agreements or voting agreements. Therefore, both ownership and control are required to remain in Indian hands. Further, the amendment permitted insurers to raise capital through instruments other than equity. (*Source: DPIIT, Consolidated FDI Policy (Effective from October 15, 2020))*

As announced in the Union Budget for Fiscal 2022, the limit of foreign investment in Indian insurance companies has been raised from the existing 49% to 74%. This brings the insurance sector at par with the private banking sector. The act will enable global insurance companies to take more strategic and long-term view on the Insurance sector in India, thereby bringing in greater inflow of long-term capital, global technology, processes, and international best practices. (*Source: Monthly Economic Review, March 2021, Economic Division, Department of Economic Affairs, Government of India*)

IRDAI has operationalized a series of regulatory changes in 2024 regarding health coverage. These changes include the removal of the upper age cap and the introduction of new features such as a customer information sheet to enhance transparency and the option to distribute claim amounts across multiple policies held with different companies. Also Health insurance companies have to do final authorisation for cashless claims within three hours of receiving a patient discharge request from the hospital and policy holders cannot be kept waiting to be discharged from hospital under any circumstances. (*Source: Press release IRDAI*)

The amendment to the Expenses of Management ("**EOM**") regulations grants significant greater flexibility and autonomy to industry players. This provision supports the industry in multiple ways as now they can determine how to manage their fixed costs and commissions according to the model that best suits their needs. As stakeholders gain better control over managing their expenses and reducing distribution costs, this will lead to improved pricing structures, ultimately benefiting the end consumer. This approach will harmonize the industry's diverse efforts towards the overarching goal of closing India's protection gap.

Mutual Funds

The mutual funds industry was opened up to the private sector in 1993. The industry is regulated by the Securities and Exchange Board of India ("**SEBI**") (Mutual Funds) Regulations, 1996.

In June 2009, the SEBI removed the entry load, up-front charges deducted by mutual funds for all mutual fund schemes and required that the up-front commission to distributors should be paid by the investor to the distributor directly. In November 2009, to enhance the reach and marketability of mutual fund schemes, the SEBI permitted the use of stock exchange terminals to facilitate transactions in mutual fund schemes, as a result of which mutual fund units can now be traded on recognized stock exchanges. In February 2010, the SEBI introduced guidelines for the valuation of money market and debt securities with a view to ensure that the value of money market and debt securities in the portfolio of mutual fund schemes reflect the current market value. The valuation guidelines were effective from August 1, 2010.

In the month ended August 2024, the aggregate average assets under management for mutual funds (excluding fund of funds – domestic but including fund of funds – overseas) was ₹ 66,04,057.21 crore, and aggregate average assets under management for mutual funds (domestic fund of funds) was ₹ 82,517.98 crore. The total number of schemes as of August 2024 was 1,599. (*Source: Association of Mutual Funds in India, Monthly Report for the Month of August 2024).* On April 27, 2020, the RBI opened a special liquidity facility for mutual funds with a view to ease liquidity pressures on mutual funds. Under such a facility, the RBI would conduct repo operations of 90 days' tenor at the fixed repo rate in an on-tap and open-ended manner, starting April 27, 2020 and up to May 11, 2020 or up to the full usage of the allocated amount, whichever is earlier. Funds availed under this facility are to be used by banks exclusively for meeting mutual funds' liquidity requirements by extending loans and outright purchase of, and/ or repos against, the collateral of investment grade corporate bonds, commercial papers, debentures and certificates of Deposit held by mutual funds. Liquidity support availed under this facility will be classified as HTM even in excess of 25.0% of the total investment permitted to be included in the HTM portfolio. Exposures under this facility will also not be considered under the large exposure framework or for computation of adjusted non-food bank credit for determining priority sector targets/ sub-targets, and they will be exempt from banks' capital market exposure limits. *(Source: RBI, Press Release dated April 27, 2020)*

Key Banking Industry Trends in India

The soundness and resilience of India's banking sector has been underpinned by ongoing improvement in asset quality, enhanced provisioning for bad loans, sustained capital adequacy and rise in profitability. Credit growth remains robust, mainly driven by lending to services and personal loans. Deposit growth has also gained momentum due to transmission of previous rate increases resulting in repricing of deposits and higher accretion to term deposits. Pace of growth in advances by non-banking financial companies ("**NBFCs**") moderated during the second half of Fiscal 2024, reflecting the impact of regulatory prescription of higher risk weights on NBFC lending to certain categories of consumer credit and bank lending to NBFCs. Overall, the NBFC sector maintained large capital buffers boosted by improving asset quality and robust earnings. On an incremental basis, bank lending to NBFCs declined in the second half of Fiscal 2024. The asset quality of Scheduled Commercial Banks ("**SCB**") recorded sustained improvement and their gross non-performing assets ("**GNPA**") ratio moderated to a 12-year low level of 2.8% in March 2024. Their net non-performing assets ("**NNPA**") ratio too improved to a record low of 0.6%, indicative of active and deep provisioning. Among bank groups, PSBs' GNPA ratio recorded substantial improvement (76 basis points) during the second half of Fiscal 2024. With the stock of GNPA coming down, requirement of provisions also reduced; however, active and deep provisioning by SCBs was reflected in their improved provisioning coverage ratio ("**PCR**"), which stood at 76.4% in March 2024 compared to 74% in March 2023. (*Source: RBI – Financial Stability Report Issue No. 29, June 2024*)

As per RBI's fortnightly data, bank credit growth has moderated to 13.9% or 17.4% when considering the impact of the merger between HDFC Bank and HDFC Ltd, as on June 2024. Deposit growth during this period stood at 10.6% or 11.1% (including the impact of the merger). *(Source: RBI SCBs Statement of Position as on Friday, June 28, 2024)* Additionally, GNPA have notably decreased from 11.25% in 2018 to 2.8% by March 2024. (*Source: RBI – Financial Stability Report Issue No. 29, June 2024)*

Although recent regulatory measures, such as the increase in risk weights for exposure to unsecured loans and non-banking financial companies, and the impending transition to the estimated credit loss ("**ECL**")-based framework, could negatively affect reported capitalization levels, the capital positions of most constituent banks remain robust. These banks are well-equipped to absorb these impacts while continuing to grow their portfolios at a reasonable pace.

Performance – Assets and Earnings

The SCBs credit growth year-on-year, which started picking up during Fiscal 2022, sustained its momentum and gathered pace to touch 17.36% (including HDFC Bank and HDFC merger) as on June 28, 2024. The increase has been broad-based across geography, economic sectors, population groups, organisations, type of accounts and bank groups. Aggregate deposits recorded some moderation growing year-on-year at 11.12% (including HDFC Bank and HDFC merger), with growth in time deposits outpacing demand deposits (11.83% versus 6.22%) as on May 17, 2024. (*Source: RBI SCBs Statement of Position as on Friday, June 28, 2024*)

The share of CASA in total deposits for SCBs has declined from 43.5% in March 2023 from 41.0% in March 2024 primarily driven by higher interest rate differential between Term Deposits and CASA deposits. The term deposits in the 1 to 3-year bucket have increased because of probable higher interest rate offered by the SCBs in this bucket. (*Source: RBI – BSR 1 – Quarterly Statistics – Credit by SCBs March 2024*)

The net interest margin ("**NIM**") of all SCBs witnessed a slight moderation from 3.7% in March 2023 to 3.6% in March 2024. A growing net interest income ("**NII**") and other operating income ("**OOI**") and coupled with a decline in the need for additional provisions due to declining NPAs, resulted in their profit after tax ("**PAT**") rising year-on-year by 32.5 % in March 2024, despite an increase in operating expenses. On the back of significant increase in NII and OOI, PVBs registered higher PAT growth vis-à-vis PSBs. A significant fall in OOI of FBs, however, led to moderation in their PAT despite a steep fall in provisioning. (*Source: RBI – Financial Stability Report Issue No. 29, June 2024)*

Profitability indicators remained strong: Return on equity ("**RoE**") (13.8% for all SCBs in Fiscal 2024) and Return on assets ("**RoA**") (1.3% for all SCBs in Fiscal 2024) ratios touched decadal highs in March 2024 even as the transmission of past monetary policy rate increases led to a 100 basis points rise in cost of funds (5.4% in Fiscal 2024) from March 2023 to March 2024. The yield on assets remained stable compared to the first half of Fiscal 2024 (8.4% in Fiscal 2024). (*Source: RBI – Financial Stability Report Issue No. 29, June 2024)*

Asset Quality and Capital Adequacy

The asset quality of SCBs recorded sustained improvement and their GNPA ratio improved in March 2024 to a 12-year low level (2.8% as on March 2024). Their NNPA ratio too has improved to a record low (0.6% as on March 2024). Among bank groups, PSBs' GNPA ratio recorded substantial reduction (76 basis points) in the second half of Fiscal 2024. With the stock of GNPA coming down, requirement of provisions also reduced; however, active and deep provisioning by SCBs was reflected in their improved PCR in March 2024 (76.4% as on March 2024). The half-yearly slippage ratio (viz., new NPA accretions as a share of standard advances), decreased across bank groups. It stood at 0.5% for PSBs and 0.8% for PVBs as on March 2024, compared to 0.7% and 1.2% in September 2023 respectively. Though the amount of write-offs declined during the year, the write-off ratio remained almost at the same level as a year ago (28.9% as on March 2024), due to reduction in GNPA stock. Overall, the sustained reduction in the GNPA ratio since March 2020 has been primarily due to a persistent fall in new NPA accretions and increased write-offs. (*Source: RBI – Financial Stability Report Issue No. 29, June 2024, RBI – Financial Stability Report Issue No. 28, December 2023)*

As SCBs bolstered their capital base through capitalisation of reserves from higher profits and by raising fresh capital, their capital to risk-weighted assets ratio ("**CRAR**") remained robust in March 2024 (16.8%), albeit lower than the March 2023 level (17.1%). The Tier I leverage ratio remained close to its September 2023 level, with additional Tier I capital accretion matching incremental total exposure during the second half of Fiscal 2024 (7.8%) (*Source: RBI – Financial Stability Report Issue No. 29, June 2024*)

The RBI increased the risk weights for banks i.e. the capital that banks need to set aside for every loan by 25 percentage points to 125% on retail loans. Moreover, risk weights on credit card exposures have been increased by 25 percentage points to 150% for banks. *(Source: RBI Circular – Regulatory measures towards consumer credit and bank credit to NBFCs dated November 16, 2023*) A higher risk weight implies a higher capital requirement for a given exposure, potentially leading to a lower Capital Adequacy Ratio ("**CAR**") which could lead banks to raise additional capital to meet regulatory requirements. Higher RWAs will keep a check on unsecured lending by the banks instilling suitable safeguards in banks' own interest.

Sectoral Asset Quality

The asset quality of SCBs recorded sustained improvement and their GNPA ratio moderated to a 12-year low in March 2024. Among major sectors, the impairment ratio in agriculture remained the highest with 6.2%, but it has recorded persistent improvement during the second half of Fiscal 2024 down from 7.0% from the first half of Fiscal 2024. At an overall level, asset quality in the personal loans segment has improved across bank groups. Even, the credit card receivables category, which has the highest GNPA ratio in the personal loans segment has shown improvement from 13.3% in September 2023 to 11.3% as of March 2024. Within the industrial sector, asset quality improved across all major sub-sectors barring the vehicles and transport equipment sector that accounts for 3.0 % share in bank credit to industry. (*Source: RBI – Financial Stability Report Issue No. 29, June 2024*)

Credit Quality of Large Borrowers

With retail loan growth outpacing borrowings by large borrowers, the share of the latter in gross advances of SCBs has declined further between March 2020 and March 2024. Asset quality in the large borrower portfolio saw significant improvement, which contributed to lowering of the share of large borrowers (47.6% in March 2024 down from 53.9% in March 2023) in GNPAs of SCBs (GNPA of large borrowers – 3.0% in March 2024). The SMA-2 ratio for large borrowers, which had risen during the first half of Fiscal 2024, declined during the third quarter and fourth quarter of Fiscal 2024. The same was evident in the SMA-2 ratio also (0.3% for Fiscal 2024). In the large borrower accounts, the proportion of standard assets to total funded amount outstanding has been improving over the past three years (96.1% for Fiscal 2024), and the share of top 100 borrowers, which was rising for two years until March 2023, witnessed moderation during Fiscal 2024 (35.5% for Fiscal 2024). In terms of value, investment grade advances (rated BBB and above) constituted 90.3% of total externally rated funded advances of large borrowers. (*Source: RBI - Financial Stability Report Issue No. 29, June 2024*)

Resilience – Macro Stress Tests

Macro stress tests are performed to assess the resilience of SCBs' balance sheets to unforeseen shocks emanating from the macroeconomic environment. These tests attempt to assess capital ratios over a one-year horizon under a baseline and two adverse (medium and severe) scenarios. The stress test results reveal that SCBs are well-capitalised and capable of absorbing macroeconomic shocks even in the absence of any further capital infusion by stakeholders. Under the baseline scenario, the aggregate CRAR of 46 major banks is projected to slip from 16.7% in March 2024 to 16.1% by March 2025. It may go down to 14.4% in the medium stress scenario and to 13.0% under the severe stress scenario by March 2025, which would also remain above the minimum capital requirements. No SCB would breach the minimum capital requirement of 9% in the next one year. The common equity tier 1 ("**CET1**") ratio of the select 46 SCBs may decline from 13.8% in March 2024 to 13.4% by March 2025 under the baseline scenario. Even in a severely stressed macroeconomic environment, the aggregate CET1 ratio would deplete by 300 basis points, but would still remain above the minimum regulatory norms. All banks would be able to meet the minimum regulatory CET1 ratio of 5.5%. Under the baseline scenario, the GNPA ratio of all SCBs may improve to 2.5% by March 2025 from the current level of 2.8%. If the macroeconomic environment worsens to a medium or a severe stress scenario, the ratio may rise to 2.8% and 3.4%, respectively. At the bank group level, the GNPA ratios of PSBs may swell from 3.7% in March 2024 to 4.1% in March 2024, whereas it may go up from 1.8% to 2.8% for PVBs and from 1.2% to 1.3% for FBs under the severe stress scenario. (*Source: RBI - Financial Stability Report Issue No. 29, June 2024*)

Shift towards a Digital and Cashless Economy

The GoI is taking steps to promote a cashless economy such as its flagship 'Digital India' program, which envisions transforming India into a digitally empowered society and knowledge economy. As part of promoting cashless transactions, various modes of digital payment are available, including debit cards, credit cards, mobile banking, point of sale, unified payment interface and forex cards. *(Source: RBI Annual Report – 2019-20)*

In the last year, banking sector has witnessed a profound transformation driven by digitalization. The widespread adoption of digital technologies has revolutionized customer interactions, streamlining processes and enhancing operational efficiency. Digital banking platforms have enabled seamless transactions, personalized services, and real-time access to financial products, thereby improving customer experience and satisfaction. Moreover, digitalization has facilitated the integration of innovative FinTech solutions, fostering collaborations and partnerships to deliver innovative financial services. India is experiencing the rise of new business models due to the success of UPI, the implementation of the Account Aggregator ("**AA**") framework, and the widespread adoption of digital banking services. Access to numerous easy and convenient digital payment modes such as BHIM-UPI, debit/credit cards, IMPS, NEFT, RTGS, AePS, NETC, PPIs have transformed the digital payment ecosystem increasing person-to-person ("**P2P**") and person-to-merchant ("**P2M**") payments.

For instance, the volume (in terms of number of transfers) of Real Time Gross Settlement ("**RTGS**"), immediate payment service ("**IMPS**"), National Electronic Funds Transfer ("**NEFT**") and United Payment Interface ("**UPI**") transfers were 7.00 crore, 600.53 crore, 726.40 crore, and 13,112.95 crore, respectively, in Fiscal 2024, up from 24.26 crore, 565.33 crore, 528.47 crore and 8,371.44 crore, respectively in Fiscal 2023. The value of RTGS, IMPS, NEFT and UPI transfers were ₹ 7,08.9 lakh crore, ₹ 65.0 lakh crore, ₹ 391.4 lakh crore and ₹ 200.0 lakh crore, respectively, in Fiscal 2024, compared to ₹ 1,499.46 lakh crore, ₹ 55.85 lakh crore, ₹337.20 lakh crore and ₹ 139.15 lakh crore, respectively, in Fiscal 2023. *(Source: RBI Annual Report – 2023-2024)*. India has also surpassed the US in daily cashless transactions using UPI. India's UPI services have also been extended to Sri Lanka, Mauritius, and Nepal, indicating the growing influence and acceptance of Indian digital payment solutions beyond its borders.

The RBI is also engaged in introduction of Digital Rupee ("**e₹**"), the central bank digital currency ("**CBDC**") in India. It is similar to the physical currency in terms of being a legal tender, accepted as a medium of payment and a safe store of value. The e₹ will provide an additional form of money to be used by the public. *(Source: RBI – Financial Stability Report Issue No. 26, December 2022*). Additionally, the RBI plans to expand access to Central Bank Digital Currency ("**CBDC**") wallets to a broader customer base by allowing non-bank payment system operators to offer them.

Recently, the RBI has also proposed to set up a Digital Payments Intelligence Platform which will harness advanced technologies to mitigate payment fraud risks, and to bring recurring payments such as Fastag, NCMC, UPI Lite, etc. within the ambit of the e-mandate framework by introducing an auto-replenishment facility for such payments. *(Source: RBI Statement on Developmental and Regulatory Policies, June 19, 2024)*

Certain Key Banking Business Sectors

MSME Sector

Both public and private sector banks increased their lending to the MSME sector in Fiscal 2024. The strong growth, despite the expiry of the Emergency Credit Line Guarantee Scheme ("**ECLGS**"), introduced during the COVID-19 pandemic, points to the underlying growth momentum of the sector.

In the Union Budget for Fiscal 2024, the government announced the revamping of credit guarantee scheme for micro and small enterprises with effect from April 1, 2023, with an infusion of ₹ 9,000 crore to the corpus to enable additional collateral-free guaranteed credit of ₹ 2 lakh crore and the reduction in the cost of the credit by about 1 %. Besides, the limit on ceiling for guarantees has been enhanced from ₹ 2 crore to ₹ 5 crore *(Source: RBI Annual Report - 2023-2024)*

Priority Sector - I

The priority sector lending ("**PSL**") for SCBs stood at 45.1% as on March 31, 2024. All bank groups achieved the prescribed PSL target of 40% during Fiscal 2024. In case any bank falls short in achieving priority sector targets/sub-targets, they are advised to contribute towards the Rural Infrastructure Development Fund ("**RIDF**") and other funds administered by the National Bank for Agriculture and Rural Development ("**NABARD**"), Small Industries Development Bank of India, Micro Units Development & Refinance Agency Ltd. and National Housing Bank. (*Source: RBI Annual Report 2023-2024*)

(₹ in lakh crores, except parentheses)

Performance in Achievement of Priority Sector Lending Targets			
Financial Year	**Public Sector Banks**	**Private Sector Banks**	**Foreign Banks**
2023	28.4	19.5	2.3

Performance in Achievement of Priority Sector Lending Targets			
Financial Year	**Public Sector Banks**	**Private Sector Banks**	**Foreign Banks**
	(43.7)	(45.3)	(42.8)
2024*	32.2	24.7	2.3
	(43.4)	(48.1)	(41.5)
**: Provisional*			
Note: Figures in parentheses are percentages to ANBC or CEOBE, whichever is higher.			

(Source: RBI Annual Report 2023-2024)

Developments and Reforms in the Banking Sector

Implementation of the Basel III Capital Regulations

The RBI has issued guidelines based on the Basel III reforms on Capital Regulation to the extent applicable to banks operating in India. These guidelines require, among other things, higher levels of Tier I capital and common equity, a capital conservation buffer ("**CCB**"), maintenance of a minimum prescribed leverage ratio on a quarterly basis, higher deductions from common equity and Tier I capital for investments in subsidiaries and changes in the structure of non-equity instruments eligible for inclusion in Tier I and Tier II capital.

In December 2010, the Basel Committee on Banking Supervision issued a comprehensive reform package for capital regulations (Basel III). The objective of the reform package is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, thus reducing the risk of spill over from the financial sector to the real economy. *(Source: RBI – Guidelines on Implementation of Basel III Capital Regulations in India)*

The RBI's Basel III Capital Regulations, which are more stringent than the requirements prescribed by earlier RBI guidelines, have been implemented in India in phases since April 1, 2013. The Basel III Capital Regulations were expected to be fully implemented by March 31, 2019. Banks shall maintain a minimum Pillar 1 capital to risk-weighted assets ratio of 9% on an on-going basis (other than capital conservation buffer and countercyclical capital buffer amongst others). Common Equity Tier 1 capital must be at least 5.5% of risk-weighted assets ("**RWAs**"). Tier 1 capital must be at least 7% of RWAs on an ongoing basis. Thus, within the minimum Tier 1 capital, Additional Tier 1 capital can be admitted maximum at 1.5% of RWAs. Banks are also required to maintain a capital conservation buffer ("**CCB**") of 2.5% of RWAs in the form of Common Equity Tier 1 capital. *(Source: RBI Master Circular - Basel III Capital Regulations, April 1, 2024)*

The RBI has advised ECAIs to disclose the name of the banks and the corresponding credit facilities rated by them in the Press Releases issued on rating actions. A bank loan rating without this disclosure by the ECAI shall not be eligible for being reckoned for capital computation by banks. *(Source: RBI Master Circular - Basel III Capital Regulations, April 1, 2024)*

In addition, the Basel III liquidity framework introduced the net stable funding ratio ("**NSFR**"), which measures the ratio between the available stable funding with maturities greater than one year and the required stable funding with maturities greater than one year to support long-term lending and other long-term assets. For banks in India, the RBI had released the final guidelines and prescribed an NSFR of at least 100% from April 1, 2020. However, in view of exceptional conditions due to COVID-19, the RBI, by way of its notifications dated March 27, 2020 and September 29, 2020, deferred its NSFR implementation to April 1, 2021. In view of the ongoing economic stress on account of COVID-19, it has been decided to defer the implementation of NSFR guidelines by a further period of six months.

Accordingly, the NSFR Guidelines came into effect from October 1, 2021. *(Source: RBI – Basel III Framework on Liquidity Standards – Net Stable Funding Ratio, February 5, 2021)*

Leverage Ratio Framework

In June 2019, as a part of the 'Leverage Ratio Framework', the RBI announced that the minimum Leverage Ratio would be 4% for Domestic Systemically Important Banks and 3.5% for other banks. Both the capital measure and exposure measure along with Leverage Ratio are to be disclosed on a quarter-end basis. However, banks must meet the minimum Leverage Ratio requirement at all times. These guidelines were effective from the quarter commencing October 1, 2019. *(Source: RBI Master Circular – Basel III Capital Regulations, April 1, 2024)*

Domestic Systemically Important Banks

In August 2015, the RBI designated the State Bank of India ("**SBI**"), ICICI Bank and later in September 2017, the HDFC Bank as Domestic Systemically Important Banks ("**D-SIBs**"). Based on the methodology provided in the D-SIB framework and data collected from banks as of March 31, 2018, the RBI, in its release dated March 14, 2019, required SBI, ICICI Bank and HDFC Bank to provide Additional CET1 requirements as a percentage of RWAs of 0.6%, 0.2% and 0.2%, respectively. In accordance with the RBI's press release dated March 14, 2019, these CET1 requirements were applicable to D-SIBs from April 1, 2016 in a phased manner and became fully effective from April 1, 2019 onwards. The additional CET1 requirements were in addition to the CCB. As per the RBI press release dated December 28, 2023, SBI and HDFC Bank are required to maintain additional CET1 requirements as a percentage of RWAs of 0.8% and 0.4% respectively, which will be effective from April 1, 2025. The additional Common Equity Tier 1 ("**CET1**") requirement will be in addition to the capital conservation buffer. *(Source: RBI releases 2018 List of Domestic Systemically Important Banks dated March 14, 2019 and RBI releases 2020 List of Domestic Systemically Important Banks dated January 19, 2021 and RBI releases 2022 List of Domestic Systemically Important Banks dated January 2, 2023 and RBI releases 2023 List of Domestic Systemically Important Banks dated December 28, 2023*)

The Insolvency and Bankruptcy Code (Amendment) Act, 2017

The Insolvency and Bankruptcy Code ("**IBC**") (Amendment) Act, 2017 bars willful defaulters, defaulters whose dues have been classified as NPAs for more than one year, and all connected persons ('connected persons' refers only to persons who are connected to the resolution applicant's business activity) from submitting resolution plans and purchasing the assets of corporate debtors in liquidation. An enabling provision is in place to provide a cure for ineligibility conditions and help in meeting the corporate insolvency resolution process timeline. It also empowers the insolvency professional to lay down qualifying criteria for resolution applicants familiar with the complexity and scale of the corporate debtor's operations. *(Source: The Gazette of India – The Insolvency and Bankruptcy Code (Amendment) Act, 2017)*

The Insolvency and Bankruptcy Code (Second Amendment) Act, 2020

The Insolvency and Bankruptcy Code (Second Amendment) Act, 2020 (effective June 5, 2020) provides a time-bound process for resolving insolvency in companies and among individuals. The Act seeks to temporarily suspend initiation of the corporate insolvency resolution process ("**CIRP**") under the IBC. The Act provides that, for defaults arising during the six months from March 25, 2020, CIRP can never be initiated by either the company or its creditors. The central government may extend this period to one year by way of a notification. The Act clarifies that, during this period, CIRP can be initiated for any defaults arising before March 25, 2020. Under the IBC, a Director or Partner of the corporate debtor may be liable to make personal contributions to the assets of the company in certain situations. This liability can occur if, despite knowing that the insolvency proceedings could not be avoided, the person did not exercise due diligence in minimizing potential loss to the creditors. The resolution professional may apply to the National Company Law Tribunal to hold such persons liable. The resolution professional is appointed to manage the resolution process upon the acceptance of an application for initiation of the CIRP. The Bill prohibits the resolution professional from filing such an application in relation to the defaults for which initiation of the CIRP has been prohibited. *(Source: The Gazette of India – The Insolvency and Bankruptcy Code (Second Amendment) Act, 2020 dated September 23, 2020)*

The Insolvency and Bankruptcy Code (Amendment) Act, 2021

The Insolvency and Bankruptcy Code (Amendment) Act, 2021 (effective April 4, 2021) introduced an alternate insolvency resolution process called the Pre-packaged Insolvency Resolution Process ("**PIRP**") for MSMEs with defaults up to ₹ 1 crore. It also allows Distressed Corporate Debtors ("**CDs**") to initiate a PIRP with the approval of two-thirds of their creditors to resolve their outstanding debt under the new mechanism. The management of the affairs of the corporate debtor shall continue to vest in the board of directors or the partners who shall make every endeavour to protect and preserve the value of the property of the corporate debtor, and manage its operations as a going concern. (*Source: The Gazette of India – The Insolvency and Bankruptcy Code (Amendment) Act, 2021 dated August 11, 2021*)

Amendments to the Banking Regulation Act

The Banking Regulation (Amendment) Act, 2017 was enacted with a view to give the RBI extensive powers to issue directions to banks for the resolution of stressed assets. The amendment introduced two new sections to the Banking Regulation Act: Section 35AA, which enables the RBI, with the authorisation of the Central Government, to direct banks to commence the insolvency resolution process against the defaulting company under the IBC and Section 35AB, which enables the RBI to issue directions to any banking company or group of banking companies for the resolution of stressed assets. *(Source: The Gazette of India – The Insolvency and Bankruptcy Code (Amendment) Act, 2017)*

The Banking Regulation (Amendment) Act, 2020 was enacted with a view to expand the RBI's regulatory control over co-operative banks in terms of management, capital, audit and liquidation. The Bill makes two changes: (i) extending previously omitted provisions of the Banking Regulation (Amendment) Act, 2017 to co-operative banks, and (ii) amending certain provisions of the Banking Resolution Act, 1949 applying to all banks. *(Source: The Gazette of India – The Banking Regulation (Amendment) Act, 2020)*

Recent Policy Measures Undertaken by the RBI

<u>SLR Holdings in Held-to-Maturity Category</u>

On September 1, 2020, the RBI increased the limits under the HTM category from 19.5% to 23% of NDTL in respect of SLR-eligible securities acquired on or after September 1, 2020 and on or before March 31, 2021. (*Source: RBI - Statement on Developmental and Regulatory Policies dated February 5, 2022)* This dispensation was made available up to March 31, 2023. With a view to enable banks to better manage their investment portfolios, it has now been decided to extend the dispensation of the enhanced HTM limit of 23% up to March 31, 2024 to include securities acquired between September 1, 2020 and March 31, 2024. The HTM limit will be restored from 23% to 19.5% in a phased manner starting from the quarter ending June 30, 2024. *(Source: RBI Annual Report – 2022-2023)*

<u>Individual Housing Loans – Rationalisation of Risk Weights</u>

On October 12, 2020, the RBI had rationalized the risk weights for individual housing loans by linking them only with loan to value ratios for all new housing loans sanctioned up to March 31, 2022. Taking importance of the housing sector into consideration along with its multiplier effects and its role in supporting the overall credit growth, it was decided that the risk weights as prescribed in October 2020 circular shall continue for all new housing loans sanctioned up to March 31, 2023. *(Source: RBI – Statement on Developmental and Regulatory Policies dated April 8, 2022)*

<u>Introduction of the Standing Deposit Facility</u>

In 2018, RBI introduced Standing Deposit Facility ("**SDF**") – an additional tool for absorbing liquidity without any collateral. On April 8, 2022, it was decided to institute SDF with an interest rate of 3.75% with immediate effect. The SDF will replace the fixed rate reverse repo ("**FRRR**") as the floor of the liquidity adjustment facility ("**LAF**") corridor. Both the standing facilities viz., the marginal standing facility ("**MSF**") and the SDF will be available on all days of the week, throughout the year. The FRRR rate was retained at 3.35%. The FRRR along with the SDF will impart flexibility to the RBI's liquidity management framework. *(Source: RBI – Statement on Developmental and Regulatory Policies dated April 8, 2022)*

<u>Restoration of the Symmetric LAF Corridor</u>

With effect from April 8, 2022, the RBI restored width of LAF corridor to pre-pandemic level. With the introduction of the SDF at 3.75%, the policy repo rate being at 4.00% and the MSF rate at 4.25%, the width of the LAF corridor is restored to its pre-pandemic configuration of 50 basis points. *(Source: RBI – Statement on Developmental and Regulatory Policies dated April 8, 2022)*

Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies

On January 16, 2023, the RBI issued Master Directions and guidelines for major shareholders (Acquisition and Holding of Shares or Voting Rights in Banking Companies) consolidating the earlier directions. The major changes made in the guidelines include updates in the limits on permissible shareholding by different categories of shareholders, introduction of reporting requirements for encumbrance of shares by promoter and strengthening of arrangements for continuous monitoring of the 'fit and proper' status of major shareholders of a banking company. *(Source: RBI Notifications on 'Master Directions and Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies' dated January 16, 2023. Available at https://www.rbi.org.in)*

Securities Lending and Borrowing in Government Securities

The RBI proposed to permit lending and borrowing of Government securities which will augment the existing market for 'special repos'. The system is expected to facilitate wider participation in the securities lending market by providing investors an avenue to deploy idle securities and enhance portfolio returns. (*Source: RBI – Statement on Developmental and Regulatory Policies dated February 8, 2023*). The eligible securities for Government Securities Lending ("**GSL**") are – (a) Government securities issued by the Central Government excluding Treasury Bills shall be eligible for lending/borrowing under a GSL transaction. Securities obtained under a repo transaction, including through Reserve Bank's Liquidity Adjustment Facility, or borrowed under another GSL transaction shall also be eligible to be lent under a GSL transaction; (b) Government securities issued by the Central Government (including Treasury Bills) and the State Governments shall be eligible for placing as collateral under a GSL transaction. Securities obtained under a repo transaction, including through Reserve Bank's Liquidity Adjustment Facility, or borrowed under another GSL transaction shall also be eligible to be placed as collateral under a GSL transaction.

The use of security borrowed and substitution of collateral is (a) Securities borrowed under a GSL transaction may be – (1) Sold either through an outright or a repo transaction or used for meeting a delivery obligation in a short sale; or (2) Used for availing Reserve Bank's Liquidity Adjustment Facility; or; (3) Lent under another GSL transaction; or; (d) Placed as collateral under another GSL transaction; (b) Securities placed as collateral may be substituted by the borrower with other eligible securities in terms of the rules of the central counterparty.

The computation of Statutory Liquidity Ratio ("**SLR**") – (1) SLR eligible securities borrowed under a GSL transaction shall be eligible to be reckoned for SLR by the borrower. Accordingly, such securities lent under a GSL transaction shall not be eligible to be reckoned for SLR by the lender; (2) SLR eligible securities received as collateral under a GSL transaction shall be eligible to be reckoned for SLR by the lender. Accordingly, such securities placed as collateral under a GSL transaction shall not be eligible to be reckoned for SLR by the borrower (*Reserve Bank of India (Government Securities Lending) Directions, 2023 dated December 27, 2023*)

Recovery of Penal Charges on Loans

The extant regulatory guidelines on levy of penal interest have been reviewed by the RBI. It has been decided that any penalty for delay/default in servicing of the loan or any other non-compliance of material terms and conditions of loan contract by the borrower shall be in the form of 'penal charges' in a reasonable and transparent manner and shall not be levied in the form of 'penal interest' that is added to the rate of interest being charged on the advances. Further, there shall be no capitalization of penal charges (i.e., the same shall be recovered separately and shall not be added to the principal outstanding). However, in case of any deterioration in credit risk profile of the borrower, Regulated Entities ("**REs**") shall be free to alter the credit risk premium under extant guidelines on interest rate. *(Source: RBI – Statement on Developmental and Regulatory Policies dated February 8, 2023)*

Governance, measurement, and management of Interest Rate Risk in Banking Book

On February 17, 2023, the RBI issued final guidelines on Interest Rate Risk in Banking Book ("**IRRBB**"), in line with revised framework issued by the Basel Committee on Banking Supervision ("**BCBS**"). The IRRBB arises from banking activities and is encountered by all banks. It arises because interest rates can vary significantly over time, while the business of banking typically involves intermediation activity that produces exposure to both maturity mismatch and rate mismatch. The date of implementation will be communicated in due course. *(Source: RBI Notifications on 'Governance, measurement and management of Interest Rate Risk in Banking Book' dated February 17, 2023)*

<u>Operation of Pre-Sanctioned Credit Lines at Banks through the Unified Payments Interface</u>

Unified Payments Interface ("**UPI**") is a robust payments platform supporting an array of features. Presently it handles 75% of the retail digital payments volume in India. The UPI system has been leveraged to develop products and features aligned to India's payments digitization goals. Recently, RuPay credit cards were permitted to be linked to UPI. It is now proposed to expand the scope of UPI by enabling transfer to / from pre-sanctioned credit lines at banks, in addition to deposit accounts. Currently, savings account, overdraft account, prepaid wallets and credit cards can be linked to UPI. (*Source: RBI – Statement on Developmental and Regulatory Policies dated April 6, 2023 and RBI – Statement on Developmental and Regulatory Policies dated September 4, 2023*)

<u>Framework for acceptance of Green Deposits</u>

On April 11, 2023, the RBI notified framework for acceptance of green deposits to enable financial sector mobilising resources and their allocation thereof in green activities/projects. The framework to come in effect from June 1, 2023. *(Source: RBI Notifications on 'Framework for acceptance of Green Deposits' dated April 11, 2023)*

<u>₹ 2,000 Denomination Banknotes – Withdrawal from Circulation</u>

On May 19, the RBI decided to withdraw ₹ 2,000 denomination banknotes from circulation in pursuance of the "Clean Note Policy". The ₹ 2000 denomination banknotes will remain legal tender. The facility for deposit and/or exchange of ₹ 2,000 banknotes shall be available for members of the public up to September 30, 2023. *(Source: RBI Circular)* As the period specified for the withdrawal has come to an end, based on a review, it has been decided to extend the current arrangement for deposit / exchange of ₹ 2,000 banknotes until October 7, 2023. With effect from October 8, 2023, banks shall stop accepting ₹2000 banknotes for credit to accounts or exchange to other denomination banknotes. ₹2,000 banknotes shall continue to be allowed to be presented at the 19 Regional Offices of RBI having Issue Departments (RBI Issue offices) for credit to the bank accounts in India or exchange *(Source: RBI Circular)*

<u>Guidelines on Default Loss Guarantee in Digital Lending</u>

The RBI decided to permit arrangements between **REs** and Lending Service Providers ("**LSPs**") or between two REs involving default loss guarantee ("**DLG**"), commonly known as FLDG, subject to the guidelines laid down in the Annex to the referred circular. DLG arrangements conforming to these guidelines shall not be treated as 'synthetic securitisation' and/or shall also not attract the provisions of 'loan participation'. *(Source: RBI Notifications dated June 8, 2023)*

<u>Requirement for maintaining additional Cash Reserve Ratio ("**CRR**")</u>

On August 10, 2023, while reviewing the monetary policy for Fiscal 2024, the RBI announced incremental CRR ("**I-CRR**") of 10 % on the increase in net demand and time liabilities ("**NDTL**") between May 19, 2023, and July 28, 2023. (*Source: RBI Notifications dated August 10, 2023*)

As announced in the RBI Press Release dated September 08, 2023, on a review, it has been decided to discontinue the I-CRR in a phased manner. Based on an assessment of current and evolving liquidity conditions, it has been decided that the amounts impounded under the I-CRR would be released in stages so that system liquidity is not subjected to sudden shocks and money markets function in an orderly manner. As on September 9, September 23 and October 7, 2023 amount to be released are 25%, 25% and 50% of the ICRR maintained. (*Source: RBI Notifications dated September 8, 2023*)

Regulatory measures towards consumer credit and bank credit to NBFCs

On November 16, 2023, RBI has announced the following regulatory measures towards consumer credit and bank credit to NBFCs:

A. Consumer credit exposure

(a) The risk weight for commercial banks towards consumer credit (outstanding as well as new) including personal loan, but excluding housing loans, education loans, vehicle loans and loans secured by gold and gold jewellery has been increased by 25% points from 100% to 125%; and

(b) The risk weight for credit card receivables of SCBs has been increased by 25% points from 125% to 150%.

B. *Bank credit to NBFCs*

Increase the risk weight on exposure of SCBs to NBFCs (excluding core investment companies) by 25% points in all cases where the extant of risk weight as per external rating of NBFCs is below 100%. For this purpose, loans to HFCs, and loans to NBFCs which are eligible for classification as priority sector shall be excluded.

C. Strengthening credit standards

The REs shall review their extant sectoral exposure limits for consumer credit and put in place, if not already there, Board approved limits in respect of various sub-segments under consumer credit as may be considered necessary by the Boards as part of prudent risk management. In particular, limits shall be prescribed for all unsecured consumer credit exposures. The limits so fixed shall be strictly adhered to and monitored on an ongoing basis by the Risk Management Committee.

All top-up loans extended by REs against movable assets which are inherently depreciating in nature, such as vehicles, shall be treated as unsecured loans for credit appraisal, prudential limits and exposure purposes.

(Source: RBI notifications dated November 16, 2023)

Revised definition of "Bulk Deposits":

Revised definition of bulk deposits for all Scheduled Commercial Banks (excluding RRBs), Small Finance Banks and Local Area Banks. The term "Bulk Deposit" would now mean:

1. Single Rupee term deposits of Rupees three crore and above for Scheduled Commercial Banks (excluding RRBs) and Small Finance Banks

2. Single Rupee term deposits of Rupees one crore and above for Local Area Banks as applicable in case of Regional Rural Banks

(*Source: Amendment to Master Direction – Reserve Bank of India (Interest Rate on Deposits) Directions, 2016 dated June 7, 2024*)

OUR BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward Looking Statements" on page 18 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read sections "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", on pages 36 and 84, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal year are to the twelve months ended March 31 of that year. Unless otherwise specified or unless the context otherwise requires, financial information herein for Fiscals 2022, 2023 and 2024 is derived from our Audited Standalone Financial Statements, and the financial information for the three months ended June 30, 2023 and 2024 is derived from our Unaudited Limited Reviewed Standalone Financial Results included in this Placement Document.

The degree to which the financial information prepared in accordance with Indian GAAP will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, and includes extracts from publicly available documents from various sources, including officially prepared materials from the Government of India (the "**GoI**") and its various ministries, the Reserve Bank of India and Ministry of Statistics and Programme Implementation, and has not been prepared or independently verified by our Bank, the Book Running Lead Managers or any of their affiliates or advisers.*

Unless otherwise stated, references to "the Bank" or "our Bank", are to Punjab National Bank on a standalone basis and references to "we", "us", "our", are to Punjab National Bank on a consolidated basis.

Overview

The Bank was incorporated on May 19, 1894 as India's first Swadeshi Bank and is the second-largest public sector bank in terms of total business and deposits as of March 31, 2024. (*Source: Based on the unaudited limited reviewed financial results for the three months ended June 30, 2024 of the scheduled public and private sector banks in India submitted to the Stock Exchanges*).

Our principal business operations are broadly categorized into four segments: corporate/wholesale banking segment comprises commercial banking products and transactional services, which are provided to our corporate and institutional clients; retail banking comprises financial products provided to our retail customers; treasury operations comprising primarily of statutory reserves management, liquidity management and other such services and other banking operations comprising primarily of rural business and agri-business.

The range of products and services offered by the Bank includes loans and advances, deposits, foreign exchange products, retail lending and deposits and fee and commission-based products and services. Our principal banking operations include:

- *Retail banking*: Our retail banking products include loans and deposit products targeted primarily at individuals (salaried, self-employed professionals and other self-employed individuals) to meet their personal financial requirements, such as housing, vehicle, education and other personal requirements.

- *Corporate banking*: Our corporate banking operations cater to the business needs of various companies, institutions and other enterprises in the public and private sector. Our corporate banking loans include fund based and non-fund based products, of which the fund based products consist of term loans as well as working capital facilities. We also offer trade loans, bridge financing and foreign currency loans. We also provide finance to corporates through syndication of loans.

- *MSME banking*: Our micro, small and medium enterprises ("**MSME**") banking products include loans to entrepreneurs engaged in manufacturing and service activities as well as working capital.

- Agricultural banking: Our agricultural banking operations cater to farmers and agriculture-based entrepreneurs through various short, medium and/or long-term loan products.

The Bank is also present, through its Subsidiaries, Joint Venture and Associates, in diverse segments of the Indian financial sector, including housing finance, life insurance, corporate advisory, merchant banking and trustee services. The Bank contributed 97.79% of our total consolidated assets as of June 30, 2024.

The Bank has a presence throughout India with a total of 10,150 branches, of which 63.30% are located within rural and semi-urban areas in India, 12,080 ATMs, 32,630 banking correspondents, as of June 30, 2024. The Bank also has an overseas presence in Bhutan, United Kingdom, Nepal, Bangladesh and Myanmar through its branches, representative offices, Subsidiaries, Joint Venture and Associates outside India. The President of India, acting through the Ministry of Finance, Government of India ("**GoI**") owned 73.15% of the Bank's share capital as of June 30, 2024.

The Bank's branch network is further complemented by its online and mobile banking solutions that enable it to provide its customers with access to on-demand banking services. We are focused on continuing investment in our technology platforms and systems. Our direct banking platforms enable us to connect with our customers through alternate channels by improving customer retention and supporting the increase in the volume of customer transactions.

As of June 30, 2024, the Bank had gross deposits, gross advances and a total asset base of ₹ 14,08,247.07 crore, ₹ 10,28,681.83 crore and ₹ 16,03,314.11 crore, respectively. As of March 31, 2024, the Bank's market share of aggregate domestic deposits (excluding HDFC merger) was 6.32%, and its market share of aggregate domestic non-food credit was 5.82%. (*Source: RBI data.)* In addition, the Bank's retail term deposits (deposits less than ₹ 3 crore) accounted for 42.75% of the Bank's domestic deposits.

The Bank also has a large stable percentage of relatively low-cost CASA deposits within its deposit mix. As of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, the Bank's CASA was ₹ 5,33,654.22 crores, ₹ 5,38,015.32 crores, ₹ 5,52,499.36 crores, ₹ 5,30,841.81 crores and ₹ 5,49,078.94 crores, respectively. As of March 31, 2022, 2023, 2024, and as of June 30, 2023 and June 30, 2024, the Banks domestic CASA was ₹ 5,33,640.16 crore, ₹ 5,38,001.22 crore, ₹ 5,52,478.65 crore, ₹ 5,30,815.44 crores and ₹ 5,49,061.49 crores, respectively, while the Bank's ratio of domestic CASA deposits to its total domestic deposits as of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024 was 47.43%, 42.98%, 41.43%, 41.90% and 40.08%, respectively.

Under the Priority Sector Guidelines, under the applicable RBI circular for priority sector lending targets and classification (the "**Priority Sector Circular**"), which sets out that 40% of the adjusted net bank credit ("**ANBC**") should be provided to the priority sector ("**Priority Sector Credit**"), with 18% and 10% of such Priority Sector Credit provided to the agriculture sector and the weaker sections (as identified in the Priority Sector Circular), respectively. Our achievement under Total Priority Sector, Agriculture and Weaker Section was 42.52%, 18.12% and 13.52%, respectively for the three months ended June 30, 2023 and was 40.29%, 18.29% and 13.57%, respectively for the quarter ended June 30, 2024. We have achieved the goals set for priority sector lending for each of Fiscal 2022, Fiscal 2023, Fiscal 2024 and the three months ended June 30, 2023 and 2024.

For further information, see "*Regulations and Policies—Priority sector lending*" on page 236.

The table below sets forth summaries of certain of the Bank's key operating and financial performance parameters, as of and for the periods indicated below:

	As of and for the years ended March 31,			As of and for the three months ended June 30,	
	2022	2023	2024	2023	2024
	(₹ crore)				
Average interest-earning assets(1)	10,59,717.99	11,28,145.97	12,95,980.91	12,41,867.53	13,67,438.91
Net interest income	28,694.46	34,491.63	40,083.07	9,504.55	10,476.25
Average total assets(1)	13,39,446.24	14,02,842.41	15,30,884.81	15,02,671.91	15,98,323.48
Average yield(1)	7.07%	7.55%	8.25%	8.14%	8.38%
Average cost of funds(2)	3.45%	3.61%	4.36%	4.19%	4.54%
Spread(3)	2.14%	2.46%	2.62%	2.54%	2.63%
Net interest margin(4)	2.71%	3.06%	3.09%	3.08%	3.07%
Return on average equity(5)	5.96%	3.94%	11.66%	7. 48%	16.82%
Return on average assets(6)	0.26%	0.18%	0.54%	0.34%	0.82%
Earning per share	3.16	2.28	7.49	4.56	11.80
Book value per share	79.59	82.45	88.59	83.63	93.87
Book value per share – tangible	54.77	60.70	67.75	61.64	73.11
Tier I capital adequacy ratio	11.73%	12.69%	13.17%	12.29%	13.04%
Tier II capital adequacy ratio	2.77%	2.81%	2.80%	3.25%	2.75%
Total capital adequacy ratio	14.50%	15.50%	15.97%	15.54%	15.79%
Net NPAs(7)	34,908.73	22,585.06	6,798.77	17,129.47	5,930.06
Net NPAs ratio(8)	4.80%	2.72%	0.73%	1.98%	0.60%
Credit to deposit ratio(9)	68.50%	69.05%	71.79%	70.64%	73.05%
Cost to income ratio(10)	49.38%	51.69%	53.37%	53.87%	53.28%
Staff cost to income ratio	28.87%	31.76%	34.58%	34.68%	32.31%
Other cost to income ratio	20.51%	19.93%	18.80%	19.19%	20.97%
Interest coverage ratio(11)	109.41%	106.72%	113.68%	109.37%	119.23%
Provisioning coverage ratio (including technical write-off)(12)	81.60%	86.90%	95.39%	89.83%	95.90%
Credit cost	1.91%	2.03%	1.40%	1.98%	0.32%
CASA ratio(13)	47.43%	42.98%	41.44%	41.90%	40.08%
Slippage ratio(14)	3.90%	2.31%	0.72%	1.19%	0.76%
Total business	19,31,322.81	21,65,843.79	23,53,037.51	22,14,740.79	24,36,928.90
Gross total advances	7,85,104.36	8,84,680.69	9,83,324.70	916,835.59	10,28,681.83
Gross Deposits	11,46,218.45	12,81,163.10	13,69,712.81	12,97,905.20	14,08,247.07

Notes:

(15) Average balances are daily averages for deposits/ advances/investments and all others are based on monthly averages as reported to the RBI.

(16) Cost of funds is interest expense divided by total monthly average assets.

(17) Spread is net interest income divided by monthly average assets.
(18) Net interest margin is the difference of interest earned and interest expended divided by the total average interest-earning assets, where advances, investment and money at call and short notice are based on daily averages and others are based on monthly averages.
(19) Return on average equity is the ratio of the net profit after tax to the quarterly average tangible net worth (capital plus reserves excluding revaluation reserves, DTA and other deduction).
(20) Return on average assets is the ratio of the net profit after tax to the monthly average assets.
(21) Net NPAs reflect the Bank's gross NPAs less provisions for NPAs.
(22) Net NPAs ratio is the ratio of net NPAs divided by net advances.
(23) Credit to deposit ratio is calculated as a ratio of total gross advances to total deposits.
(24) Cost to income ratio is calculated as a ratio of operating expenses divided by total operating income (total of net interest income and non-interest income).
(25) Interest coverage ratio is calculated as net profit and depreciation on the Bank's property, divided by interest expended.
(26) PCR (including technical write-off) comprises provisions plus technical write off as percentage to Gross NPA plus technical write off.
(27) Ratio of domestic current account deposits and savings account deposits to domestic deposits (including inter-bank deposits).
(28) Slippages are fresh accretion to NPAs during a period. Slippage Ratio is fresh NPAs divided by Standard Advances at the beginning of the period.

Competitive Strengths

Strong Industry Presence with long operating history

With over 125 years of banking services, we believe that we are one of the well-recognized public sector bank brands in India. Through our expansive operations across India, we have over the years provided a banking platform that has aided in the growth of financial and commercial activity across India, enabling us to strengthen our brand, reputation and goodwill. Following the amalgamation with Oriental Bank of Commerce and United Bank of India effective from April 1, 2020, we have significantly expanded our geographical footprint, broadened our customer base, and substantially increased our asset base.

We have the second largest domestic branch network in India, as of June 30, 2024. We have capitalized on our strong brand by establishing an extensive branch network throughout India serving a broad range of customers in rural, urban and semi-urban regions. As of June 30, 2024, the Bank had 10,150 domestic branches, 12,080 ATMs and over 32,630 banking correspondents. Of our 10,150 branches as of June 30, 2024, approximately 63.30% were located in rural and semi-urban areas. The Bank's branch network is further complemented by its digital strategy, including online and mobile banking solutions, to provide its customers with access to on-demand banking services, which we believe allows us to develop strong and loyal relationships with our customers.

As a result of our brand recognition and widespread presence across India, we believe that we rank favorably among public sector banks in India. We have an established market presence in several business segments in which we operate. We provide agricultural, MSME and retail loans ("**RAM Advances**") in India. The Bank's gross deposits aggregated to ₹ 11,46,218.45 crore, ₹ 12,81,163.10 crore, ₹ 13,69,712.81 crore, ₹ 12,97,905.20 crore and ₹ 14,08,247.07 crore as of March 31, 2022, 2023, 2024 and as of June 30, 2023 and 2024, respectively, growing at a CAGR of 9.32% from March 31, 2022 to March 31, 2024 and a growth rate of 8.50% from June 30, 2023 to June 30, 2024. The Bank's gross total advances aggregated to ₹ 7,85,104.36 crore, ₹ 8,84,680.69 crore, ₹ 9,83,324.70 crore, ₹ 9,16,835.59 crore and ₹ 10,28,681.83 crore as of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, respectively, growing at a CAGR of 11.91% from March 31, 2022 to March 31, 2024 and a growth rate of 12.20% from June 30, 2023 to June 30, 2024.

Additionally, we have also adopted alternate channels to increase our presence across India in a cost-effective manner, by engaging banking correspondents in rural and semi-urban areas. As of June 30, 2023, the Bank had engaged an aggregate of 25,115 banking correspondents, which increased to 32,630 business correspondents as of June 30, 2024.

As of June 30, 2024, out of an aggregate of 32,630 banking correspondents engaged, 28,606 business correspondents were located in rural and semi-urban areas. We believe that our operational performance reflects our industry position.

The Bank's domestic NIM was 2.79%, 3.19%, 3.23%, 3.21% and 3.21% in Fiscal 2022, 2023 and 2024, and in the three months ended June 30, 2023 and 2024, respectively. During Fiscal 2022, 2023 and 2024, and in the three months ended June 30, 2023 and 2024, the Bank's return on average equity (tangible net worth) was 5.96%, 3.94%, 11.66%, 7.50% and 16.82%, respectively, the return on average assets was 0.26%, 0.18%, 0.54%, 0.34% and 0.82% , respectively, and the cost to income ratio was 49.38%, 51.69%, 53.37%, 53.87% and 53.28%, respectively.

In addition, our Promoter and majority shareholder, the President of India, acting through the Ministry of Finance, GoI, held 73.15% of our paid-up and issued share capital as of June 30, 2024. We believe that our relationship with the the President of India, acting through the Ministry of Finance, GoI enhances our brand value and goodwill.

Strength of portfolio, with a focus on balance, quality and profit

Well balanced offerings

Our expansive network enables us to provide banking services to a large, diverse and growing customer base, including large industries, corporates and state-owned enterprises, as well as commercial, agricultural, industrial and retail customers. We offer a range of banking products and services and we are also a participant bank for direct benefit transfer ("**DBT**") transactions, a GoI program to effect direct transfers of subsidies targeted at women, children and social welfare. Our comprehensive product and service offering includes short-term and long-term deposits, secured and unsecured loans, internet banking, mobile banking, agricultural and micro-finance banking products as well as project finance loans. We are also present through our Subsidiaries, Joint Venture and Associates in diverse segments of the Indian financial sector, including asset and funds management, housing finance, life and medi-claim insurance, corporate advisory, merchant banking and trustee services. The Bank has increased its focus on branch activation, new business premium and renewal persistency for insurance and mutual fund business. The Bank also offers customized medi-claim policies of three general insurance companies (Oriental Insurance Company Limited, Bajaj Allianz General Insurance Company Limited, and Cholamandalam MS General Insurance Company Limited) and two standalone health insurance companies (Care Health Insurance Company Limited and Star Health & Allied Insurance Company Limited), each of which offers a customized health insurance policy exclusively for our account holders and employees, which are sold through our branches across India, with premiums which we consider comparable with other health insurance providers. We believe we are able to address the entire range of our customers' banking and financial product and service requirements through our diverse product and service portfolio.

To grow and maintain our customer base, we implement several strategic initiatives, which include offering specialised services such as wealth management and customized banking solutions to cater to diverse client needs. We are enhancing our operational efficiency through process automation and system enablers to improve turnaround time. To further enhance customer satisfaction, we are focusing on imbibing a strong customer service culture. Our strategies also involve non-traditional digital channels and fintech partnerships, such as embedded banking, to expand the reach of our financial products. Additionally, we are utilizing merchant acquisition solutions and salary account mobilization to attract more clients. Our revamped CMS for current deposits, dedicated marketing teams for deposit mobilization, and targeted customer segmentation, along with the launch of privilege programs, are all part of our efforts to deepen customer engagement and loyalty.

For instance, our diversified product and service offerings enable us to have a diverse customer base. As of June 30, 2024, approximately 95.70% of the Bank's gross advances, aggregating to ₹9,84,406.81 crore were provided domestically. Out of the Bank's total loan portfolio of gross domestic advances, as of June 30, 2024, approximately 44.54%, aggregating to ₹ 4,38,453.49 crore were to corporate and others, 14.51% aggregating to ₹ 1,42,886.37 crore were to MSMEs, 23.83% aggregating to ₹ 2,34,563.60 crore were to retail and 17.12% aggregating to ₹ 1,68,503.35 crore were to the agriculture and allied services.

Portfolio Quality

We also believe that our diversified portfolio of loans limits our exposure to NPAs. As of June 30, 2024, the infrastructure sector accounted for approximately 9.45% of the Bank's global advances and 4.48% of the Bank's gross NPAs, the metal sector accounted for approximately 2.43% of the Bank's global advances and 1.73% of the Bank's gross NPAs, textiles accounted for 1.14% of the Bank's global advances and 2.07% of the Bank's gross NPAs, food processing accounted for 2.17% of the Bank's global advances and 6.11% of the Bank's gross NPAs, chemicals accounted for 0.72% of the Bank's global advances and 0.40% of the Bank's gross NPAs. As of June 30, 2024, the Bank's provision coverage ratio (including technical written-off accounts) stood at 98.22%, 99.88%, 95.02%, 95.59%

and 94.83% for the metal, infrastructure, food processing, textile and chemical sectors, respectively, and as of that date, the Bank's overall provision coverage ratio was 95.90%.

Our gross NPAs were 11.78% of total advances as of March 31, 2022, 8.74% as of March 31, 2023, 5.73% as of March 31, 2024, 7.73% as of June 30, 2023 and 4.98% as of June 30, 2024, and our net NPA was 4.80%, 2.72%, 0.73%, 1.98% and 0.60% as of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, respectively. We believe that our NPAs have reduced since Fiscal 2022 as a result of the steps taken by us to diversify and improve the quality of our loan portfolio. We have also implemented certain initiatives to control slippages, as a result of which our fresh slippages have decreased to ₹ 1,754.97 crore during the three months ended June 30, 2024 from ₹ 2,389.75 crore during the three months ended June 30, 2023, decreased to ₹ 5,826.20 crore during Fiscal 2024 from ₹ 16,028.92 crore during Fiscal 2023.

Also see "*Selected Statistical Information—NPAs", "Risk Factors — [We are exposed to various categories of borrowers, depositors and industry sectors, and a default by any large borrower, premature withdrawal of deposits or a deterioration in the performance of any of these industry sectors in which we have significant exposure would adversely affect our results of operations, the quality of our portfolio and financial condition.]" and "Risk Factors — [If we are not able to control or reduce the level of non-performing assets in our portfolio or any increase in our NPA portfolio, RBI mandated provisioning requirements could adversely affect our business, financial conditions and results of operations.]*", on pages 123, 39 and 37, respectively.

Investments in Subsidiaries and Associates

As of June 30, 2024, we had 6* Subsidiaries, 1 Joint Venture and 5** Associates (excluding 9 Regional Rural Banks).

**PNB Insurance Broking Pvt. Ltd.(Subsidiary) – The company was in voluntary liquidation and capital stands extinguished and liquidator shall be completing the necessary formalities to conclude the winding up procedure.*

***JSC Tengri Bank (Associate) – Agency of Republic of Kazakhstan for Regulation and Development of Financial Market (AFR) revoked license of JSC Tengri Bank with effect from September 18, 2020 to conduct banking, other operations and activities in the securities market and is under liquidation. In addition, our Bank had also provided liquidity support by way of Inter Bank placement to JSC Tengri Bank aggregating USD 52.55 million from Branch Office: Dubai and Branch Office: Hong Kong and USD 8.00 million from Punjab National Bank (International) Limited, UK. Claim of the Bank as shareholder and creditor and Punjab National Bank (International) Limited, UK as a creditor has been filed with Head of Liquidation Commission within stipulated time. Our legal advisor has informed that claim up to fifth line of creditors is settled 100%. The Liquidation Commission has commenced the payment of the 6th line of creditors and 6th line has been satisfied up to 54.35% as on June 21, 2024 and our Bank's claim as a creditor is 9th in the priority list. Due to accumulated losses the reserves are setting off assets to the tune of ₹ 1,349.74 crores. Liabilities exceed assets by ₹ 515.58 crores. Claim settled from 1st priority to 5th priority total ₹ 434.19 crores.*

Our Subsidiaries collectively accounted for ₹ 25,783.62 crores, ₹ 32,112.87 crores, ₹ 36,156.72 crores, ₹ 34,328.14 crores and ₹ 35,000.10 crores in total assets as of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, respectively. During Fiscal 2022, 2023 and 2024 and the three months ended June 30, 2023 and 2024, our Subsidiaries contributed ₹ 1,228.66 crores, ₹ 1,550.76 crores, ₹ 2,408.50 crores, ₹ 615.09 crores and ₹ 629.99 crores, respectively, of our total consolidated income and our Subsidiaries, Joint Venture and Associates collectively contributed ₹ 403.77 crores, ₹ 841.25 crores, ₹ 862.58 crores, ₹ 86.64 crores and ₹ 724.33 crores, respectively, of our total consolidated profit after tax, during the same period.

The following table sets forth information relating to the Bank's Subsidiaries, Joint Venture and Associates as of June 30, 2024.

Subsidiary/ Joint Venture/ Associates	Business	Bank's Ownership Percentage (%)	Net Income (as of and for the three months ended June 30, 2024) (₹ crores) [(4)]
Subsidiaries			
PNB Gilts Limited	Primary dealer in government securities	74.07%	53.44 (INDAS)
PNB Investment Securities Limited	Corporate advisory, merchant banking and trustee services	100.00%	0.89
PNB (International) Limited [(2)]	Banking services	100.00%	US$2.42 million
PNB Insurance Broking P Limited	Not functional at present	81.00%[(6)]	NA
Druk PNB Bank Limited [(2)] (Fiscal year: January 1 to December 31)	Banking services	51.00%	8.99
PNB Cards & Services Limited	Sourcing of credit card, retail loans and CASA for PNB	100%	0.64
Associates [(1)]			
PNB MetLife India Insurance Company Limited	Life insurance company	30.00%	47
PNB Housing Finance Limited	Housing finance company	28.13%	420.94 (IGAAP)
Canara HSBC Life Insurance Company Limited ("**CHOICE**") [(5)]	Insurance	23.00%	18.70
India SME Asset Reconstruction Company Limited ("**ISARC**") [(5)]	Acquire, manage and recover illiquid or NPA from Banks/Fis	20.90%	17.68
JSC Tengri Bank [(2)] [(3)] (Fiscal year: January 1 to December 31)	Banking services	41.64%	Under Liquidation
Joint Venture			
Everest Bank Limited [(2)] (Fiscal year: July 16 to July 15)	Banking services	20.02%	63.73

Notes:

(1) Excluding RRBs. For details of RRBs, see "- Regional Rural Banks".

(2) These entities are incorporated outside India.

(3) Agency of Republic of Kazakhstan for Regulation and Development of Financial Market revoked license of JSC Tengri Bank with effect from September 18, 2020 to conduct banking, other operations and activities in the securities market and is under liquidation. In addition, our Bank had also provided liquidity support by way of Inter Bank placement to JSC Tengri Bank aggregating USD 52.55 million from Branch Office: Dubai and Branch Office: Hong Kong and USD 8.00 million from Punjab National Bank (International) Limited, UK. Claim of the Bank as shareholder and creditor and Punjab National Bank (International) Limited, UK as a creditor has been filed with Head of Liquidation Commission within stipulated time. Our legal advisor has informed that claim up to fifth line of creditors is settled 100%. The Liquidation Commission has commenced the payment of the 6th line of creditors and 6th line has been satisfied up to 54.35% as on June 21, 2024 and our Bank's claim as a creditor is 9th in the priority list. Due to accumulated losses the reserves are setting off assets to the tune of ₹ 1,349.74 crores. Liabilities exceed assets by ₹ 515.58 crores. Claim settled from 1st priority to 5th priority total ₹ 434.19 crores. For details, see "Risk Factors – Our international operations are subject to legal and regulatory risks. If we do not effectively manage our foreign operations or any further international expansion, our operations may incur losses or otherwise adversely affect our business and results of operations." on page 36.

(4) In respect of Subsidiaries, the amount stated represents Total Profit earned by the entities as considered in the Unaudited Limited Review Financial Results for the three months ended June 30, 2024; in respect of Associates and Joint Venture, the amount stated represents our Bank's share in the profit as considered in the Unaudited Limited Review Financial Results for the three months ended June 30, 2024.

(5) CHOICE and ISARC have been classified as Associates of the Bank with effect from April 1, 2020.

(6) PNB Insurance Broking Pvt. Ltd.: Investment in PNB Insurance Broking Pvt. Ltd. stands extinguished and now liquidator shall be completing the necessary formalities as per the provisions of Companies Act, 2013 and conclude the winding up procedure.

Of our foreign subsidiaries, Punjab National Bank (International) Limited provides banking solutions in the United Kingdom through 7 branches and as of June 30, 2024, had assets aggregating ₹ 8,359.09 crores as per the subsidiaries financials considered in compilation of the Consolidated Financial Statements.

Druk PNB Bank Limited was the first bank in Bhutan with foreign direct investment and conducts its banking operations through 9 branches and 30 ATMs in Bhutan.

PNBHFL, one of our Associates, is a housing finance company with operations across India. As of June 30, 2024, PNBHFL provided the following details:

Particulars	As of June 30, 2024 (₹ crores)	
	Standalone	Consolidated
Total Assets	73,226.29	73,241.86
PAT	438.71	432.81
PNB % holding in PNBHFL	28.13%	28.13%

PNB Metlife Insurance Company Limited is a provider of domestic life insurance and as of March 31, 2024 has insured over 17,21,973 persons and has a presence in over 150 locations across India.

PNB Gilts Limited is a primary dealer in the primary and secondary market for government securities. As of June 30, 2024, it had total assets of ₹23,332.00 crores and our share of its profits as of and for the three months ended June 30, 2024 was ₹31.73 crores as per the subsidiaries' financials considered in compilation of Consolidated Financial Statements.

Canara HSBC Life Insurance Company Limited (CANH), a joint venture between Canara Bank (51%), HSBC Insurance (Asia-Pacific) Holdings Limited (26%) and the Bank (23%) also offers various products across individual and group space comprising various kinds of life insurance policies and retirement solutions, among others. As of June 30, 2024, our share of profits in Canara HSBC Life Insurance Company Limited as ₹ 4.30 crores.
As of June 30, 2024, Canara HSBC Life Insurance Company Limited had insured over 15,75,191 persons and has a presence in 104 locations across India.

Our active customer base comprises those with ETI, paid-up endowment, term or annuity, premium paying, paid up policy status. Our active customer, non-active customer and total customer count as of June 30, 2024 was 8,93,669, 6,81,522 and 15,75,191, respectively. Our active customer count as on March 31, 2024 was 8,69,212, non-active customer count as on March 31, 2024 was 6,66,869, and total customer count as on March 31, 2024 was 15,36,081. The Bank's share of its profits in Canara HSBC Life Insurance during Fiscal 2024 was ₹ 28.49 crores, which amounted to 23.00% of the Bank's profit before tax in Fiscal 2024.

Strong focus on RAM Advances, with a focus on financial inclusion

Retail credit has been a principal focus area for the Bank. The Bank's retail advances, which comprise housing loans, vehicle loans, education loans, personal loans, mortgages and gold loans ("**Retail Advances**") increased by 59.44% from ₹ 1,39,592.55 crore as of March 31, 2022 to ₹ 2,22,574.10 crore as of March 31, 2024 and was ₹ 2,34,563.60 crore, as of June 30, 2024. As of June 30, 2024, our Retail Advances segment comprised primarily of secured loans with housing loans, vehicle loans, education loans and other loans contributing to 59.43%, 12.25%, 3.41% and 24.91% of the Retail Advances portfolio, respectively. Within the Bank's Retail Advances segment, taking into account pool and IBPCs, the Bank's housing and vehicle loans experienced a growth of 65.61% and 107.18%, respectively, from March 31, 2022 to June 30, 2024.

Further, we have also launched a scheme, PNB Pride, to provide housing and vehicle loans to government employees at a concessional interest rate. Key initiatives undertaken by the Bank to diversify asset portfolio include the revival of cluster-based approach for lending, credit offered based on data analytics undertaken, enter into strategic partnerships for channel financing, OEMs for commercial vehicle and construction equipment loans and fintech companies for micro-loan financing using their end-to-end digital solutions. We believe this will also help us establish our presence in underpenetrated areas. The Bank is also co-originating loans with NBFCs. In Fiscal 2024, the Bank launched PNB Festival Bonanza Offer 2023 to accelerate the growth of retail loans and offer full waiver of upfront or processing fee and documentation charges under housing, car and property loans.

We have large customer deposits. The Bank's customer gross deposits aggregated to ₹11,10,984.48 crore, ₹ 12,26,986.03 crore, ₹ 13,00,251.65 crore, ₹ 12,48,512.29 crore and ₹ 13,39,324.59 crore, as of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, respectively.

As of March 31, 2024, the Bank's market share of aggregate domestic deposits (excluding HDFC merger) was 6.32%, and its market share of aggregate domestic non-food credit was 5.82%. (*Source: RBI data.*)

We also have a large, stable percentage of relatively low-cost CASA deposits within our deposit mix. The Bank's ratio of domestic CASA deposits to its total domestic deposits was 47.43%, 42.98%, 41.43%, 41.90% and 40.08% as of March 31, 2022, 2023, 2024, June 30, 2023 and June 30, 2024, respectively. Our savings deposits have also been growing over the years and grew from ₹ 4,51,679.61 crores as of March 31, 2022 to ₹ 4,63,987.25 crores as of March 31, 2023 and ₹ 4,80,298.33 crores as of March 31, 2024. Our savings deposits grew from ₹ 4,64,004.24 crores as of the three months ended June 30, 2023 to ₹ 4,84,376.69 crores as of the three months ended June 30, 2024. Our funding requirements are met through deposits and borrowings and a substantial share is derived from the low-cost demand and savings deposits from customers. Deposits constituted 87.83% of our total liabilities as of June 30, 2024 and contributed 93.45% to our average cost of funds as of and for the three months ended June 30, 2024.

Initiatives undertaken by us to grow our deposit base include online opening of savings account and account opening at door-step of customers through tablet banking and online opening of savings account through video KYC.
The Bank is in the process of launching new savings and current account products of different variants for different customer segments. Through the use of data analytics, the Bank has segmented customer profiles for cross-selling different products such as mutual fund, life insurance and health insurance products. The Bank has also begun opening Demat account online through digital modes. To focus HNI and NRI customers, dedicated officials have been deployed at all Customer Acquisition Centers ("**CACs**") for cross-selling and up selling the bouquet of financial products offered by the Bank. As of June 30, 2024, the Bank has functionalized 55 CACs and 21 Government Business Verticals to specifically targeting bulk business from institutions, corporates and government bodies.

Under the Priority Sector Guidelines, 40.00% of the ANBC should be provided to the priority sector, with 18% and 10% of such priority sector credit provided to the agriculture sector and weaker sections (as identified in the Priority Sector Guidelines), respectively and 5% of ANBC should be given to women beneficiaries, among other. We have achieved the goals set for priority sector lending for each of Fiscal 2022, 2023, 2024 and the three months ended June 30, 2023 and 2024.

Set out below are details of our financial inclusion targets.

Parameter	**National Goals (based on Priority Sector Circular)**	**Achieved**	**Outstanding Balance as of June 30, 2024 (₹ crores)**
Priority Sector			
Priority Sector (% of ANBC)	40%	40.29%	3,67,503.75
Total agriculture advances (% of ANBC)	18%	18.29%	1,66,841.62
Small and marginal farmers (% of ANBC)	10%	10.16%	92,694.74
Other national goals			
Micro enterprises accounts (year on year growth) (%)	NA	NA	NA
Credit to micro enterprises (% of ANBC)	7.50%	7.70%	70,239.61

As of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, we had achieved the targets set out for us by the RBI for lending to the priority sector, amounting to 42.42%, 41.22%, 40.57%, 42.52% and 40.29% of our ANBC, respectively. The GoI launched the Pradhan Mantri Jan-Dhan Yojana ("**PMJDY**") in Fiscal 2015 to ensure access to financial services to a large segment of the country with a view to promoting financial inclusion.

Pursuant to the scheme, as at June 30, 2024, the Bank had 5,13,07,430 PMJDY accounts, amounting to a total value of ₹ 22,612.78 crore, with an average balance of approximately ₹ 4,407 per account.

Experienced leadership team

Our leadership team, including our Board of Directors, consists of professionals with experience in the banking and finance industries. Our executive directors and senior management have served in national banks and the financial services sector at various levels. Our Board is supported by a team of senior management professionals. The experience and expertise of our Board and senior management team across a variety of disciplines and industries assist us in understanding the preferences of our customers and adapt our business and operations accordingly.

We believe that our leadership team's comprehensive industry experience and expertise has contributed to the development of our brand over the years. We believe that having a management team with such breadth and depth of experience is well suited to leverage the competitive strengths that we have developed across our large, diverse and growing network and that our management team has created a clear, strategic direction for us which will allow us to expand and maintain its position as a leading public sector bank in India.

Strategies

Continued focus on improving operating performance

We continue to enhance our productivity by creating an organizational culture of cost control and operational efficiencies. In order to achieve this, we aim to optimize our allocation and utilization of resources, and effectively balance human resources, processes and technology. We also intend to continue to focus on improving efficiency levels of the Bank measured through its cost-to-income ratio, which was 49.38%, 51.69%, 53.37%, 53.87% and 53.28% in Fiscal 2022, 2023 and 2024 and the three months ended June 30, 2023 and 2024, respectively.

We believe we have optimized the utilization of resources by adopting alternate channels to increase our presence across India, in a cost-effective manner, by engaging banking correspondents. As of March 31, 2022, we had engaged an aggregate of 15,719 banking correspondents, which increased to 24,227 as of March 31, 2023 and 33,614 as of March 31, 2024. As of June 30, 2023, we had engaged an aggregated of 25,115 banking correspondents, which increased to 32,630 as at June 30, 2024. By engaging banking correspondents, we have decreased costs on human resources and capital expenditure on establishing brick and mortar branches. Banking correspondents agents / Bank Mitras provide basic banking services in rural, semi-urban, urban and metro centres depending upon the requirements of the Bank. The Banking correspondents agents / Bank Mitras use laptops, mobiles and tablets to provide banking services.

Further, we focus on increased operational efficiencies by further optimizing our operating platform through technology enhancement and process streamlining, in order to achieve a more efficient operating model and to support new business models and distribution channels. We also have established single service window mechanisms through our retail asset processing centres, which provide for faster turn-around time, thereby increasing our operational efficiencies. A Centralized Processing Centre, C-PLP, was established to handle retail loan leads sourced through PNBCSL. This structure ensures efficient lead management and faster processing, resulting in sanctioning of more than ₹100 crore retail loans within a short span of time. Additionally, we continue to focus on increasing customer usage of the Bank's internet banking platform in order to effect a significant reduction in its transaction costs.

For further details on the digital initiatives undertaken by us, see *"Our Business—Focus on digitization and technology*" on page 178. Also see "*Risk Factors—Significant security breaches of our computer systems and network infrastructure could adversely impact our business.*" on page 36.

In order to achieve increased customer usage, we conduct technology learning programs to engage with our customers and to encourage increased usage of the Bank's internet banking services, ATMs, cash deposit machines, mobile banking applications and debit cards, in addition to providing guidance on secure usage of these channels.

Further, we assimilate and intend to continue assimilating relevant customer information at our branches and ATMs in order to assess the suitability of the branch or ATM location and accordingly monitor our cost efficiencies. For instance, we are in the process of merging or closing certain of our branches and ATMs which are not presently being utilized at optimal capacity, in order to decrease our operating costs.

Risk Management and Compliance

We intend to enhance our risk management and compliance to further complement our operational efficiency and performance. This entails building a holistic risk culture by strengthening our risk reporting mechanisms for timely mitigation, leverage technology for digitalization, automation and predictive capabilities, implementation of our various frameworks on risk management, climate risk and operational risk resilience, and a ramp-up of network security through Next Generation firewalls and upgradation of our intrusion prevention systems.

Focus on portfolio quality

Though a reduction in impaired assets and an improvement of the quality of our assets through recovery and due diligence measures have been our key focus area in the recent past, we intend to continue to focus on reducing our impaired assets with the objective of reducing our NPA levels, while improving the quality of our assets. The Bank's gross NPAs, as a percentage of gross advances, were 11.78%, 8.74%, 5.73%, 7.73% and 4.98% as at March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, respectively. As at June 30, 2024, corporate and others, MSME and retail comprised 44.54%, 14.51% and 23.83% of the Bank's gross domestic advances, respectively. The reduction in our NPA levels will be further facilitated by a dedicated setup for monitoring asset quality and boosting recovery and collection, i.e. our application for real time follow up of potential NPA accounts, automation of recovery actions through the Samarth portal and OTS and eOTS schemes. We will also utilise technology-driven credit underwriting, delivery and monitoring structures to improve risk evaluation and loan quality, which would concurrently strengthen and utilise our call center as a collection channel.

The Bank's average ticket size of advances to RAM and corporate and other loans was ₹ 0.07 crores, ₹ 0.03 crores, ₹ 0.08 crores, ₹ 64.80 crores, respectively, as of June 30, 2024. We have diversified our gross domestic advances, such that as at June 30, 2024, the Bank's advances to corporate and others, MSME and Retail and Agri were ₹ 4,38,453.49 crore, ₹ 1,42,886.37 crore, ₹ 2,34,563.60 crore, ₹ 1,68,503.35 crore as compared to ₹ 3,99,370.81 crore, ₹ 1,32,397.25 crore, ₹ 2,05,058.26 crore and ₹ 1,45,571.65 crore, respectively, as at June 30, 2023, demonstrating a yearly growth of 9.80%, 7.90%, 14.40% and 15.80% respectively. Our growth across these segments have driven our decision making in over 20 propensity models for different bank products, leveraging unstructured data, capital conservation through credit RWA optimisation, taxation based nudges for boosting our retail products, utilising an analytics based digital collection management system, machine learning ("**ML**") based cash retention limits for ATMs and Bunched Note Acceptors ("**BNAs**"), ML based risk mitigation and recommendation engines for a Next Best Offer model.

Further, we intend to increase our Retail Credit, Agriculture and MSME ("**RAM**") share in our overall advances portfolio through a specialised credit delivery structure equipped with devoted credit professionals. The targeted areas for credit growth include sunrise sectors, the infrastructure sector and other key industries. We will forge strategic co-lending partnerships, leveraging on-ground channels through 57 CACs and our subsidiaries PNBCSL and PNBISL, as well as cluster-based financing.

Focus on digitization and technology

We believe that the increased usage of internet by consumers and access to data networks in India has led to the need for a comprehensive digital strategy by banks and financial institutions to proactively develop new methods of reaching customers. We intend to leverage our digital channels to source business, and in particular, grow our CASA and advances. We will also leverage our advanced technology infrastructure to further improve client and transaction management and achieve enhanced efficiency and productivity levels. We currently provide a range of options for customers to access their accounts, including internet banking and mobile banking, which is as on June 30, 2024, the Bank had 4.33 crores and 1.87 crores internet banking and PNB One activated mobile banking users respectively. The Bank's internet banking transactions have grown from 6.37 crores during Fiscal 2022 to 6.81 crores during Fiscal 2024 while PNB One transactions have grown from 2.53 crores during Fiscal 2022 to 5.41 crores during Fiscal 2024. Further, digital transactions increased from 247.46 crores during Fiscal 2022 to 658.77 crores during Fiscal 2024. Our customers can also access their bank accounts through mobile applications based on a Unified Payment Interface ("**UPI**") developed by the National Payments Corporation of India called "Bharat Interface for Money" ("**BHIM**"). As at June 30, 2024, we have 0.25 crores of our accounts registered with BHIM (NPCI), 0.43 crores of our customers on BHIM PNB and a total of 3.41 crores of customer registered on third party UPI.

We intend to focus on harnessing the power of data to drive decision making and operational excellence while providing personalized experience to each customer. The endeavor will be to migrate customers to digital channels and move transactions away from branches to contactless banking modes. The Bank has a large database and is using advanced enterprise data warehouse technology to enable data mining. A 'Centre of Excellence' has been set up to focus on emerging technologies like machine learning and artificial intelligence and is working across the Bank to identify and realize new cross-sell opportunities.

We received the Infosys Finacle Innovation Awards 2023 for Maximising Customer Engagement, being the Platinum winter for PNB One-Super App and the Gold winner for Channel Innovation eOTS. The award ceremony was held during the Finacle India Banking Connect 2023 event in Mumbai on June 2, 2023. Further, at the IBSi Global Fintech Innovation Awards, we have received awards for two categories: (1) Best Digital Channel/Platform Implementation: Best Adopted Tools and Practices for the PNB One-Super App Initiative; and (2) Best Transaction Banking Implementation.

During the three months ended June 30, 2024, We were felicitated with Infosys Finacle Innovation Awards 2024 in following category:

A. Ecosystem-led Innovation **– Platinum Winner** - **Krishi Tatkal Rinn**
B. Channel Innovation – **Gold Winner - Digital Execution of Locker Agreement**
C. Maximizing Customer Engagement – **Gold Winner - AADHAR-based Mobile Onboarding**

We believe additional investment in our technology infrastructure and in-house analytics to further develop our digital strategy will allow us to cross-sell a wider range of products available on our digital platform in response to our customers' needs and thereby expand our relationships across a range of customer segments. As our customers can interact with us more frequently than previously and easily access their accounts wherever and whenever they desire, we believe that a comprehensive digital strategy will provide opportunities for development of long-term customer relationships.

We plan to focus on operational and cost efficiencies, expansion of service delivery models and increasing penetration among existing and new customer segments. We have migrated branches to our core banking application platform and expanded our ATM and internet banking networks, providing a comprehensive suite of mobile banking, debit and prepaid card services, and payment systems. We continue to focus on increased operational efficiencies by further optimizing our operating platform through technology enhancement and process streamlining, in order to achieve a more efficient operating model and to support new business models and distribution channels.

We have made significant strides in end-to-end digital lending and digital initiatives, leveraging digital infrastructure to accelerate growth while prioritizing major security measures to safeguard data. We offer user-friendly digital banking services such as Mobile banking, Internet banking, UPI, and comprehensive digital journeys like PNB Krishi Tatkal Rin Yojana, KCC Renewal, PNB e-Mudra Scheme, Pre-approved Personal Loan, and Pre-Approved Business Loan etc. for secure and convenient banking anytime, anywhere. Security is ensured through Device Binding, SIM Binding, Biometric authentication, Velocity checks, and Two-factor authentication for transactions and beneficiary addition. Additionally, Internet Banking is integrated with our EFRM solution. We have also collaborated with 59 Fintech companies in digital domains to introduce new technology and innovative products, enhancing customer outreach.

Further, we have implemented 9 industry-first digital initiatives with Express One Time Settlement ("**eOTS**"), Digital journey for NTB Credit Card, Credit Card on UPI, Co-Lending portal, Aadhar-based PNB One, Current Account v-KYC, Bharat Bill Payment System ("**BBPS**") for loan EMI, e-PM SVANidhi and Credit Card against fixed deposits digitally.

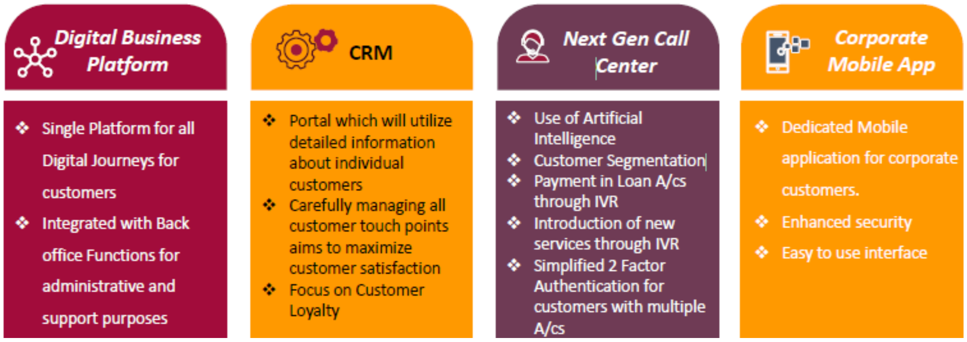
The table below sets forth our diversified digital reach across various segments:

Segment	Digital Infrastructure
Retail	• Pre-approved personal loan • Top-up approved personal loan • Pre-qualified credit card • Online credit card against FD

	• Insta EMI credit card • Insta EMI debit card • Virtual credit card • e-OD against FD • Digital home loan • PNB Swagat • Digi education loan • Digital vehicle loan
MSME	• STP e-Mudra • MSME Easy Renewal • Pre-approved business loan • STP GST Sahay • e-GST express loan • e-PM SVANidhi
Agri	• Krishi Tatkaal Rin • Digital renewal of KCC • Digi Gold Loan
Liabilities	• Insta saving account • SB account opening through tab or ETB • Current account opening through video-KYC • Current account opening through tab • Multi-currency world travel card
Others	• WhatsApp banking • Revamped PNB One • Cash management services – corporate • CMS – Virtual Account Management • CBDC – Central Bank Digital Currency • e-SWAR – Soundbox for Bharat QR • Integrated payment and collection services • CMS auto debit mandate • Digital document execution

Upcoming Digital Journeys

Our commitment to leveraging digital infrastructure to boost our growth and operational excellence is underscored by our continuous efforts to develop new product and service offerings to our customers in the digital space. Below sets forth certain key upcoming digital products and services to be offered in the near future:



Also see "*Risk Factors — [Our failure to adapt to technological advancements that can potentially disrupt the banking industry could affect the performance and features of our products and services and reduce our attractiveness to customers.]" and "Risk Factors — [Significant security breaches of our computer systems and network infrastructure could adversely impact our business.]*" on pages 57 and 64, respectively.

Focus on capital optimization

We have implemented a risk management architecture with focus on maximizing our business operations that, we believe, will in turn maximize our profits or return on average equity. In order to enable a more efficient, equitable and prudent allocation of resources, we endeavor to benchmark our operations on globally accepted risk management systems and conform to the Basel III framework, particularly in relation to capital adequacy. The Bank's capital adequacy ratio as of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, in accordance with Basel III norms, was at 14.50%, 15.50%, 15.97%, 15.54% and 15.79%, respectively.

To counter the impact of the NPAs on our financial position, we are following a multi-pronged approach including creation of a robust follow-up and recovery mechanism that is monitored from our head office and creation of specialized NPA recovery branches to take control over high value NPAs from our other branches.

We will focus on improving our capital adequacy ratios and focus on capital optimization.

See "*Risk Factors— We are subject to capital adequacy norms and are required to maintain a CRAR at the minimum level required by RBI for domestic banks. Any inability to maintain adequate capital due to change in regulations or lack of access to capital or otherwise could materially and adversely affect our results of operations and financial condition*" on page 36.

Focus on profitable growth in the priority segment

We believe that our priority sectors, such as agriculture and MSME industries, offer large and potentially profitable growth opportunities. As at June 30, 2024, 63.30% of the Bank's branches were located in rural and semi-urban centers.

We intend to maintain and enhance our position in agricultural lending and further strengthen our ties with the agricultural community and related agri-based industry participants.

We have a nationwide presence in, and extend finance to, the MSME industry. Details of initiatives being taken to boost MSME business are as follows:

- Cluster Based Financing: The Bank has adopted cluster based lending approach various clusters have already been approved with customized schemes having concessional pricing, service charges and relaxed lending norms;
- Tie-ups with original equipment manufacturers for commercial vehicle/ construction equipment;
- Tie-up arrangement for supply chain financing to the dealers of reputed manufacturing companies;
- Lending through TreDS Platform: The Bank is using all the three platform of TReDS i.e., (1) RXIL (2) M1xchange and (3) A.TReDS. TReDS is an institutional mechanism set up for financing of trade receivables

of MSMEs from corporate and other buyers including Government Departments and Public Sector Undertakings. Centralized hub at Delhi has been established to undertake operations on TReDS platform effectively;

- Cash Flow Based Financing - GST Express: The scheme provides hassle free credit to meet working capital requirement to GST registered business enterprises. Unique feature of the scheme is that there is no requirement of submitting financial statements and the quantum of loan permitted is from ₹ 0.10 crore to ₹ 5 crore;
- e-GST: The module is a near to Straight Through Process ("**STP**") product having loan amount from ₹0.10 crore to ₹ 1 crore, wherein Cash Credit Facility shall be allowed based on 25.00% of the sales reported in the GST returns ("**GSTR-3B**") or the trade related credit summation in current accounts in the last one year, whichever is lower;
- PNB Tatkal: The scheme provides hassle free credit from ₹ 1,00,000 to ₹ 0.25 crore to meet financial requirements related to business activity or expansion of business wherein proposals are invariably routed through the pslbloansin59minutes.com portal and the borrower gets an In-Principle sanction in 59 minutes; and
- Pre-Approved Business Loan ("**PABL**"): This module is a straight through digital lending to MSME segment to provide loan facility from ₹ 1,00,000 to ₹ 0.10 crore under business loan to those customers who are maintaining current account with the Bank and it is completely system driven. Loan assessment is based on Trade Related Credits ("**TRC**") arrived in current accounts through credit summation in last 12 months and the PABL Score. Keeping in view of the success of Pre-Approved Personal Loan ("**PAPL**"), it is expected to garner a good number of business under this module.

Shouldering the responsibility of social banking, the Bank has surpassed all the Priority Sector goals this year. As per the Economic Survey 2022-2023, the agriculture sector in India has grown at an average annual growth rate of 4.60% during the last six years. The Bank has major contribution in this development by providing finance to the sector.

Government of India is launching various programmes for the benefit of farmers from time to time. KCC Saturation campaign was launched in February 2020. The Government of India has also launched various schemes under Atma Nirbhar Bharat package in 2020. The schemes like Agriculture Infrastructure Fund, Animal Husbandry Infrastructure Development Fund and Pradhan Mantri Formalisation of Micro Food Processing Enterprises Scheme has helped Banks in targeting and financing under various activities under Farm credit and pre & post-harvest management. Since all these schemes are part of Agriculture and priority sector, these have helped in achieving Priority Sector targets also. In addition to this, various other programmes such as National Rural Livelihood Mission and National Urban Livelihood Mission are also helping in increasing the Priority sector advances.

Continue to focus on human resources transformation and ESG practices

We intend to progress our HR transformation and ESG endeavors through a suite of projects and innovations. These include continuation of the successful ongoing implementation of our HR Transformation Project "UDAAN", focusing on digital performance management system ("**PMS**"), capacity building and HR enablers with the introduction of 12 new tools and systems. By maintaining a high degree of performance objectivity and measurability, we have defined more than 7,500 key result areas. Additionally, we plan to advance employee learning analytics, foster dedicated centers of excellence for learning and innovation, and utilize a postings tool for the scientific placement of officers to enhance transparency and a performance culture. With these initiatives, we aspire to becoming the leading HR brand in the banking, financial services and insurance sector over the next two years.

In alignment with our commitment to environmental sustainability, we will continue advancing out PNB Palaash 2.0 initiative, a "Go Green" campaign focused on environmental sustainability. We are dedicated to accelerating green finance for electric cars, solar power systems, e-rickshaws and biogas units, thereby contributing to an increase in sustainable financing and infrastructure-led credit growth. We will further our commitment by supporting the formation of our Sustainability and Resilience Committee to manage climate risks effectively. We also plan to launch new products, such as green bonds and diversify our portfolio by partnering with relevant organizations to mitigate climate risks. Leveraging our extensive network and touchpoints, we aim to promote financial inclusion, thereby generating a positive impact on society.

Our Principal Business Activities

Our business operations are broadly categorized into four segments: corporate/wholesale banking, retail banking, treasury and other banking operations. The table below sets forth the profit before tax attributable to our reportable segments during Fiscals 2022, 2023, 2024 and the three months ended June 30, 2023 and 2024:

Particulars	Fiscal			Three months ended June 30,	
	2022	2023	2024	2023	2024
	(₹ crore)				
Corporate/ Wholesale	(4,174.61)	(2,966.67)	4,505.80	(321.64)	2,728.37
Retail	3,095.91	3,853.99	5,689.10	1,120.10	2,048.09
Treasury	9,022.82	6,807.92	7,599.64	2,425.76	1,749.01
Other Banking Operations*	647.96	1,149.12	748.15	151.70	190.30

** Other banking operations comprise foreign exchange operations.*

As at June 30, 2024, the Bank's advances to corporate and others, MSME, retail and Agri were ₹ 4,38,453.49 crores, ₹ 1,42,886.37 crores, ₹ 2,34,563.60 crores and ₹ 1,68,503.35 crore respectively.

Corporate/ Wholesale

We provide our corporate and institutional clients a wide array of commercial banking products and transactional services.

Our principal commercial banking products include a range of financing products, documentary credits (primarily letters of credit) and bank guarantees, foreign exchange, and corporate deposit products. Our financing products primarily include loans, overdrafts and bill discounting.

For our commercial banking products, our customers include companies that are part of public sector enterprises, private sector business houses, and multinational corporations, as well as small and mid-sized businesses. Our customers also include suppliers and distributors of corporations to whom we provide credit facilities and with whom we thereby establish relationships as part of a supply chain initiative for both our commercial banking products and transactional services. We aim to provide our corporate customers with high quality customized service.

Our principal corporate loans comprise the following:

Working Capital Financing

The Bank provides working capital to meet short-term fund requirements for managing day-to-day operations of businesses. Loans are provided by way of both fund and non-fund-based facilities to various kinds of entities including corporates. Funded facilities include cash credit, overdraft, demand loan and bill discounting. Non-fund-based instruments primarily comprise letters of credit and bank guarantees.

Export Finance

The Bank provides export finance at pre-shipment and post shipment stage to exporters by way of various types of fund based and non-fund based credit facility. Besides, the Bank also provides trade finance facility to importers at competitive rates.

Project Finance and Infrastructure Finance

The Bank provides project finance and infrastructure finance by providing fund and non-fund based credit facilities for new projects as well as expansion, diversification and modernization of existing projects in several sectors, including the power sector, road sector, oil and gas sector, telecommunication, housing finance, aviation sector, heavy industries, mining, chemicals and fertilizers, cement, steel, agriculture, FMCG, food processing, textile sector, manufacturing units, amongst others.

Rooftop PV Solar Power Project Funding

Ministry of New and Renewable Energy, a nodal Ministry of Government of India aims at developing and deploying new and renewable energy to supplement the energy requirements of the country.

In line with Government initiatives for popularizing solar rooftop systems for residential Homes, Bank is offering finance for Rooftop solar power system. This finance is meant for installation of new rooftop solar power system at residential house with maximum capacity up to 10 kw.

Loan against Future Lease Rentals/Cash Flow Discounting

The Bank has introduced schemes for discounting of rentals of owners of properties who have leased their properties to public sector undertakings, reputed corporates, reputed schools or colleges, reputed private hospitals or nursing homes or franchisees, dealers, distributors of reputed corporates. Further, Schemes has been made to cover receivables from future toll collection/annuity receivables in case of BOT road projects.

Bill Financing

The Bank provides advances against inland bills in the form of limit for purchase of bills, discount of bills or advance against bills sent for collection to borrowers for their genuine trade transactions. Bills facilities are also allowed to the borrowers against bills accompanied by railway receipts, motor transport receipts, government supply bills, third party demand drafts and cheques. We provide our corporate and institutional clients a wide array of commercial banking products and transactional services.

Other Services

We provide various services to exporters and importers, including pre-shipment finance, handling export bills, outward or inward remittance and establishment of import letters of credit covering import into India and handling of bills under letters of credit and foreign exchange services.

We also provide certain insurance products at our branches. We provide life insurance through our Associate, PNB Metlife Insurance Company Limited and we have also entered into a bancassurance tie-up with a large insurance company, which would enable our customers to have access to the insurance company's products across our branches. Additionally, we are a corporate agent of a public sector company which offers a variety of insurance products, including health insurance products, among others Canara HSBC Life Insurance Company Limited, a joint venture between Canara Bank (51.00%), HSBC Insurance (Asia Pacific) Holdings Limited (26.00%) and the Bank (23.00%) also offers various products across individual and group space comprising various kinds of life insurance policies and retirement solutions, among others.

Retail Banking

We provide a comprehensive range of financial products including deposit products, loans, credit cards, debit cards, insurance products and other services. As at June 30, 2024, the Bank had ₹953.93 crores credit cards outstanding, respectively.

The Bank's retail banking loan products include housing loans, vehicle loans, education loans and personal loans, which together accounted for 84.63% (including pool and IBPC) of its total retail banking loans as at June 30, 2024. The Bank focuses on growing small ticket advances which it believes helps in capital conservation and risk diversification. Set forth below is bifurcation of the Bank's advances by ticket size.

Segment	As of March 31,			As of June 30,	
	2022	2023	2024	2023	2024
	(₹ crore)				
₹5 crore and below	3,03,131.84	3,33,523.29	3,76,626.19	3,38,477.77	3,84,770.46
₹5 crore to ₹10 crore	18,744.69	20,237.60	22,500.31	20,845.00	23,685.41
₹10 crore to ₹50 crore	53,559.10	51,051.26	57,015.55	51,027.20	56,208.13
₹50 crore to ₹250 crore	87,965.70	79,045.97	85,754.40	77,426.00	87,804.63
₹250 crore and above	2,95,813.59	3,65,907.38	4,00,494.35	3,94,622.00	4,31,938.18
Total	**7,59,214.92**	**8,49,765.50**	**9,42,390.80**	**8,82,397.97**	**9,84,406.81**

We actively market our services through our branches and alternate sales channels, as well as through our relationships with automobile dealers. We seek to establish a relationship with a retail customer and then expand it by offering more products. As at June 30, 2024, the Bank had 10,150 branches and 12,080 ATMs across India.

The Bank also provides internet and mobile banking to its customers. As on June 30, 2024, the Bank had 4.31 crores and 1.87 crores internet banking and PNB One activated mobile banking users respectively. Our PNB One and internet banking services have been enriched with more than 240 features, catering to diverse customer needs and preferences. Our key value-added services on our PNB One platform include application for IPOs through ASBA, cardless cash withdrawal, recurring and fixed deposits, virtual debit card and sovereign gold bonds. We offer more than 60 services through our WhatsApp banking. The Bank's internet banking transactions have grown from 6.37 crores during Fiscal 2022 to 6.81 crores during Fiscal 2024 while PNB One mobile banking transactions have grown from 2.53 crores during Fiscal 2022 to 5.41 crores during Fiscal 2024. UPI transactions have increased from 20.51 crores in Fiscal 2022 to 622.62 crores in Fiscal 2024. Further, digital transactions increased from 247.46 crores during Fiscal 2022 to 658.77 crores during Fiscal 2024 and were 221.74 crores in the three months ended June 30, 2024.

As at June 30, 2024, the Bank had 36,275 PoS across India.

The Bank's gross retail loan portfolio aggregated to ₹ 2,34,563.60 crores as of June 30, 2024. Loans are classified as retail based on the criteria of orientation, the nature of the product, level of the exposure and quantum thereof as per our reporting system to the RBI.

Housing Loans

The Bank had a market share of 5.80%, in terms of amount outstanding of home loans in India, as of June 28, 2024, among all scheduled commercial banks. We provide home loans for the construction, purchase, alteration and repair of houses. For the construction, addition or purchase of houses, the loans typically provided are need based loans, depending on the project cost and repayment capacity. For purchase of land, the maximum quantum of loan available is ₹ 5 crores for metro cities (only in cases where land/ plots are allotted by State Development authorities or State Housing Boards) and ₹ 3 crores for other centers. We also have a scheme PNB Pride for Government Employees, pursuant to which housing loans are provided to permanent employees of the central or state government, defence and paramilitary forces personnel for which we provide loan at concessional rates and zero processing and documentation charges.

The Bank's housing loans have grown from ₹ 84,178.98crores as of March 31, 2022 to ₹ 89,785.46 crores as of March 31, 2023 and to ₹ 1,36,113.39 crores as of March 31, 2024 and were ₹ 1,39,411.52 crores as of June 30, 2024.

Vehicle Loans

The Bank had a market share of 4.80%, in terms of amount outstanding as a provider of vehicle loans in India, as at June 28, 2024, among all scheduled commercial banks. We offer loans at floating/ Fixed interest rates for financing purchase of new and used vehicles. We offer a number of automobile loan products to meet the requirements of our diverse segment of customers. We also have a scheme PNB Pride for Government Employees, pursuant to which Car loans are provided to permanent employees of the central or state government, defence and paramilitary forces personnel for which we provide loan at concessional rates and zero processing and documentation charges.

Education Loans

As at June 30, 2024, the Bank had a market share of 6.70%, in terms of amount outstanding as a provider of education loans to Indian national for study in India and abroad, among all scheduled commercial banks. We offer student loans to provide financial assistance to pursue higher studies. The maximum education loan amounts under our education loan schemes is need based. Other schemes include targeted products such as PNB Pratibha, which provide loans to students securing admissions in certain premier or reputed educational institutions of India and the PNB Saraswati Scheme, which provides financial aid to students pursuing higher education in India. We also provide education loans for pursuing higher education abroad through PNB UDAAN scheme.

Miscellaneous Loans

Additionally, we provide loan against mortgage of immovable property to individuals for business and personal requirements.

Further, we also provide deposit products to our customers, including savings, term deposits and hybrid accounts that combine features of savings and term deposit accounts. The Bank's gross deposits aggregated to ₹ 11,46,218.45 crore, ₹ 12,81,163.10 crore, ₹ 13,69,712.81 crore, ₹ 12,97,905.21 crores and ₹ 14,08,247.07 crores as of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, respectively. As of June 30, 2024, 42.75% of the Bank's total domestic deposits were retail term deposits up to ₹3 crore and 6.04% were bulk deposits from corporates (at differential rate). The Bank's term deposits as of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024 was ₹ 6,12,564.23 crores, ₹ 7,43,147.78 crores, ₹8,17,213.45 crores, ₹ 7,67,063.39 crores and ₹ 8,59,168.13 crores, respectively. The Bank's savings deposits as of March 31, 2022, 2023 and 2024 and as of June, 2023 and 2024 was ₹ 4,51,679.61 crores, ₹ 4,63,987.25 crores, ₹ 4,80,298.33 crores, ₹ 4,64,004.24 crores and ₹ 4,84,376.69 crores, respectively. The Bank's current deposits as of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024 was ₹ 81,974.61 crores, ₹ 74,028.07 crores, ₹ 72,201.03 crores, ₹ 66,837.57 crores and ₹ 64,702.26 crores, respectively.

Treasury

Our treasury operations are our interface with the financial markets. Our treasury operations consist primarily of statutory reserves management, liquidity management, investment and trading activities, money market and foreign exchange activities. Our treasury department endeavors to provide standardized and structured client solutions including liquidity management and bond placement. The treasury department is responsible for balancing and managing our daily cash flow and liquidity of funds.

Our treasury department manages our treasury operations on a day-to-day basis and is subject to oversight by our Board. Through our treasury operations, we manage our funds, invest in debt and equity products and maintain the required regulatory reserves. We operate a proprietary trading book in debt, equity and foreign exchange within the framework of our treasury policy.

The main functions of our integrated treasury department include:

Reserve management and investment: Ensuring that we meet our CRR and SLR obligations and have an appropriate mix within our portfolio to optimize yield, duration and profitability.

Liquidity and funds management: Analysis of major cash flows arising out of asset liability transactions, providing a well-developed and diversified liability base to fund various assets and providing policy inputs on funding mix.

Foreign exchange treasury operations: Our treasury department also undertakes foreign currency borrowings and deployment activities. It also caters to the foreign exchange needs of our corporate clients and trading in currencies, among others.

The structure of our treasury department is provided below.

Front office: The front office consists of dealers and traders, who are the first point of interface with other market participants, including brokers and customers. Each of our traders and dealers report to department heads.

Back-office: The back office primarily undertakes accounting, settlement and reconciliation operations but is also responsible for reporting requirements of the bank including that of internal and statutory compliances

The Bank's interest income from investments and treasury operations was ₹ 7,465.04 crore and ₹ 7,951.91 crore during the three months ended June 30, 2023 and June 30, 2024, respectively. The Bank's non-interest income from its treasury operations, consisting of profit and loss from the sale of investments and foreign exchange transactions was ₹ 582.15 crore and ₹ 774.39 crore during the three months ended June 30, 2023 and June 30, 2024, respectively.

For details of the allocation of our net investment portfolio, see "*Selected Statistical Information*" beginning on page 123.

Rural Business

The Bank continues to focus on rural banking as a key driver of future growth. It has been involved in extending banking facilities to rural areas in India even before such requirements became mandatory for banks. It is also an active participant in the GoI's and the RBI's financial inclusion programs.

The Bank has expanded its network in rural and semi-urban areas in India by setting up a large number of branches. As at June 30, 2024, the Bank had 10,150 branches in India, out of which 3,934 branches were in rural areas and 2,491 branches were in semi-urban areas.

Rural banking requires an innovative approach in respect of delivery of services in remote areas to a population with low literacy rates, and involves a large volume of small-value transactions. In order to cater to rural customers' needs, the Bank has developed alternative delivery channels for banking services and products through the business correspondent model. As at June 30, 2024, the Bank had engaged over 32,630 customer service points with third party business correspondents in rural areas.

Pursuant to the PMJDY scheme launched by the GoI on August 15, 2014, to ensure access to basic finance services to the weaker sections and low-income groups, the Bank had opened 5,13,07,430 accounts amounting to a total value of ₹22,612.78 crore and issued 3.73 crore RuPay debit cards to eligible customers, as at June 30, 2024.

The value of transactions handled through our banking correspondents increased by 31.07% to ₹75,509.3 crore during Fiscal 2024 from ₹ 57,611.08 crores during Fiscal 2023, and 12.27 % from Fiscal 2023 to ₹ 57,611.08 crores during Fiscal 2022. The value of transactions handled through our banking correspondents increased by 35.16% to ₹ 23,930.23 crores in the three months ended June 30, 2024 from ₹ 17,704.03 crores in the three months ended June 30, 2023. The Bank's continued focus on the development of innovative, technology enabled channels for delivering banking services to the rural population in India has resulted in the launch of a number of new initiatives such as Aadhaar enabled Payment Systems, automated e-KYC, Micro ATM rollout and savings bank-overdraft facility under PMJDY.

Agri-Business

We believe that we continue to play an important role to support farmers and other persons engaged in the agriculture industry in India.

The Bank has also developed IT-driven products for PNB RuPay Kisan Cards ("**KC**") to allow continuous interaction with customers in the agricultural and allied industries. Initiatives aimed at strengthening ties with the farming community include attending farmers' meetings and events, as well as a village adoption program, to support integrated development of the village.

The Bank has taken various steps to contain NPA levels, and lending by individual branches under certain loan programs may be linked to NPA levels. In addition, the Bank increasingly uses recovery agents for debt collection, generally by enforcing the underlying collateral securing the loans. NPAs are also controlled through programs designed specifically for farmers and to improve loan initiation and monitoring, such as increased training for the Bank's representatives, use of regular audio and video conferencing, in-person visits and recruitment of specialists such as marketing, agriculture officers and recovery officers, organization of special recovery and counselling camps in all agri-business intensive branches, wide publicity of additional incentives from the Government on a timely basis. Lok Adalats are used to resolve agri-loan related disputes. The Lok Adalat is a forum organized under Chapter VI of the Legal Services Authorities Act, 1987, as amended ("**LSA Act, 1987**") where the disputes pending in a court of law or at pre-litigation stage are settled amicably. Under the LSA Act, 1987, the award made by the Lok Adalat is deemed to be the decree of a civil court and is final and binding on all parties with no right of appeal.

Distribution Channels

Branches

As at June 30, 2024, the Bank had an aggregate of 10,150 branches across India.

All of the Bank's branches are electronically linked so that its customers can access their accounts from any branch regardless of the location of their account in India.

Almost all of the Bank's branches focus exclusively on providing retail services and products, though a few also provide wholesale banking services. The range of products and services available at each branch depends in part on the size and location of the branch.

	As of March 31			**As of June 30**	
	2022	**2023**	**2024**	**2023**	**2024**
Number of Branches in India	10,098	10,076	10,136	10,080	10,150

As part of its branch licensing conditions, the RBI requires that at least 25% of the total number of branches opened during the year must be located in unbanked rural centers.

As at June 30, 2024, 3,934 of the Bank's branches operated in rural areas. Additionally, as at June 30, 2024, of the Bank's total branches, 38.76% were located in rural areas, 24.54% were located at semi-urban areas, 19.71% were located at urban areas, and 16.99% were located at metros.

We offer various banking services to our customers through our arrangements with correspondent banks and exchange houses in overseas locations. We have representative offices in countries outside India, i.e., in Bangladesh and Myanmar. Through these representative offices, we provide services to Indian corporates and their affiliates to cater to their international banking requirements, as well as to retail customers.

ATMs

As at June 30, 2024, the Bank had a total of 12,080 ATMs/BNAs, located at residential and commercial developments, or on major roads in metropolitan areas. Customers can use our ATMs/BNAs for a variety of functions, including withdrawing cash, monitoring bank balances, fund transfer, making new cheque book request, green pin generation & depositing cash in BNAs. Customers can access their accounts from any of the PNB ATMs/BNAs or non-PNB ATMs/BNAs. Debit/Credit cards issued by other banks can be used at our ATMs/BNAs and we receive a fee for each transaction.

	As of March 31			**As of June 30**	
	2022	**2023**	**2024**	**2023**	**2024**

Number of ATMs/BNAs	13,350	12,898	12,131	12,820	12,080

Our debit/credit cards can be used on ATMs/BNAs of other banks' ATM networks.

Telephone and Mobile Banking

We provide services to our customers through Interactive Voice Response ("**IVR**") at call centres which is functional 24*7 throughout the year. Customers can check their accounts, order cheque books, conduct balance inquiries and order stop payments on cheques.

Our mobile banking platform, 'PNB One', offers "anytime, anywhere" banking services to our customers through smartphones. Using our mobile banking application, customers can perform non-financial transactions such as balance enquiries, requests for account statements and requests for mini-statements of their transactions etc. Customers can carry out financial transactions, such as transferring funds within/outside the Bank and value added services using their PNB account by downloading this application on their mobile phones. Mobile banking is available on both Android and iOS devices. 'PNB One' is available in multiple languages and serves as a unified mobile application to manage all key banking activities. Key functionalities include creation of fixed deposits and recurring deposits, availing overdraft facility against fixed deposits, viewing/downloading interest certificates of loans and deposits, real-time gross settlement ("**RTGS**"), fund transfer to contacts, and payments to Sukanya Samriddhi Account. The application has the ability to activate and deactivate debit cards.

Internet Banking

Through our Net Banking channel, customers can access their accounts 24*7 and securely perform various financial and non-financial transactions such as balance enquiry, update nominee, change home branch, view and download account statement, order cheque book, submit cheque information in PPS, instantly remit funds intra-bank and interbank using Immediate Payment Service ("**IMPS**"), National Electronic Funds Transfer ("**NEFT**"), RTGS, UPI or schedule transfers to a future date, pay utility bills, make payments on e-commerce platforms, personalize their debit cards, open fixed deposits, avail overdraft against fixed deposits, purchase Sovereign Gold Bonds, invest using Applications Supported by Blocked Amount ("**ASBA**"), pay credit card outstanding, enrol for government schemes such as Pradhan Mantri Jeevan Jyoti Bima Yojana ("**PMJJBY**"), Pradhan Mantri Suraksha Bima Yojana ("**PMSBY**"), and Atal Pension Yojana ("**APY**"). As at June 30, 2024, the Bank had 65.39 lakh PMJJBY accounts, 261.68 lakh PMSBY accounts and 39.80 lakh APY accounts. Corporate customers can perform bulk transactions, set multi-level hierarchy for authenticating transactions, generate GST invoice and much more for free or at a lower cost.

The follow table sets forth information on the Bank's number of IMPS, NEFT and RTGS transactions for the periods indicated: [

Transactions	As of March 31			As of June 30	
	2022	2023	2024	2023	2024
IMPS	2.10	1.90	2.60	0.60	0.80
NEFT	7.30	7.30	7.60	1.70	1.80
RTGS	1.10	1.20	1.30	0.30	0.30

Risk Management

Managing risk is fundamental to the financial services industry, and key to sustained profitability and stability. While risks are assumed after appropriate consideration, some risks may arise due to unintended consequences of internal actions or external events. We are exposed to various risks that are an inherent part of any banking business, which include, amongst others, credit risk, market risk, liquidity risk and operational risk.

Our risk philosophy is to ensure a sustainable and diversified growth of business with net returns that are healthy and commensurate with the risk taken. We have various policies and procedures in place to measure, manage and monitor these risks systematically across all its portfolios, and adopt the following approaches in dealing with risk:

- ensuring sustained and diversified growth of business with healthy net returns commensurate with risk taken in a controlled risk environment;
- supporting growth of Bank by efficient deployment of funds within an acceptable risk-return framework;
- adopting 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 risk environment;
- ensuring all analytical, decision-making and implementation processes are oriented towards prudently managing the risk before focusing on the potential reward; and
- facilitating embedding risk appetite into the Bank's risk culture & evaluate opportunities for appropriate risk taking and act as a defence against excessive risk-taking.

Risk Management Framework

Our risk management framework is supervised by the Risk Management Committee, which is supported by the following functional committees:

- Credit Risk Management Committee;
- Asset and Liability Management Committee;
- Operations Risk Management Committee;
- Market Risk Management Committee;
- Group Risk Management Committee;
- Steering Committee on Information Security; and
- Sustainability and Resilience Committee

The risk management organizational structure of the Bank consist of following verticals:

- Credit Rating
- Credit Policy
- Credit Risk
- Credit Intelligence and Support Desk
- Mid-Office
- ALM Cell
- Operational Risk
- IT Risk
- System & Models
- Model Validation Cell
- Core IRM
- Group Risk
- Climate Risk

Retail Credit Risk Policy

We offer a range of retail products, such as vehicle loans, personal loans, business banking, two-wheeler loans and loans against securities, among others. Our retail approval processes are designed for the fact that we have high volumes of relatively homogeneous, small value transactions in retail loans. There are product programs for each of these products, which define the target markets, credit philosophy and process, detailed underwriting criteria for evaluating individual credits, exception reporting systems and individual loan exposure caps.

For individual customers to be eligible for a loan, minimum credit parameters, so defined, are to be met for each product. Any deviations to such parameters need to be approved at the designated levels. The product parameters have been selected based on the perceived risk characteristics specific to the product. The quantitative parameters considered include income, residence stability, the nature of the employment/business, while the qualitative parameters include accessibility and profile. Our credit policies/product programs are based on a statistical analysis of our own experience and industry data, in combination with the judgment of our officers.

We mine information on our borrower account behavior as well as static information regularly to monitor the portfolio performance of each product segment regularly, and use these as inputs in revising our product programs, target market definitions and credit assessment criteria to meet our twin objectives of combining volume growth and maintenance of asset quality.

Our retail loans are generally secured by a charge on the asset financed (vehicle loans, property loans and loans against gold). Retail business banking loans are secured with current assets as well as immovable property and fixed assets in some cases. However, collateral securing each individual loan may not be adequate in relation to the value of the loan. If the customer fails to pay, we would, as applicable, liquidate collateral and/or set off accounts. In most cases we obtain direct debit instructions or ECS/NACH from the customer.

Wholesale Credit Risk Policy

We have a credit risk department, which is primarily responsible for implementing the credit risk strategy approved by our Board, developing procedures and systems for managing credit risk and carrying out an independent assessment of credit risk. In addition to the credit approval process, there is also an independent framework for the review and approval of credit ratings.

For our wholesale banking products, we target leading private businesses and public sector enterprises in the country, subsidiaries of multinational corporations and leaders in the Micro, Small and Medium Enterprises (MSME) segment.

We consider the credit risk of counter-parties comprehensively, and thus, our credit policies and procedures apply to not only credit exposures but also credit substitutes and contingent exposures.

Our credit risks policies are central in controlling credit risk in various activities and products.

Based on what we believe is an adequately comprehensive risk assessment, credit exposure limits are set on individual counterparties. These limits take into account the overall potential exposure on the counterparty, be it on balance sheet or off balance sheet, across the banking book and the trading book, including foreign exchange and derivatives exposures. These are reviewed in detail at annual or more frequent intervals.

Based on rich data collected over a number of years, we have developed an internal rating system which assesses and grades borrowers, producing helpful metrics such as, among other things, a borrower's probability of default, or the estimated loss, given a default.

Our credit approval process is based on an approval system that combines credit approval authorities and discretionary powers. The level for approval of a credit varies depending upon the amount of the loan, nature of credit, conditions of the transaction, the grading of the borrower, the quantum of facilities required and whether it is a repeat customer. Accordingly, each credit approval committee is vested with the power to grant credit up to designated thresholds. The loan appraising authority recommends prospective loans to the relevant credit approval committee. Thereafter, credit exposure on each loan is monitored on an ongoing basis.

To ensure adequate diversification of risk, concentration limits have been set up in terms of:

a) Borrower/business group: Exposure to a borrower/business group is subject to the general ceilings established by the Reserve Bank of India from time to time, or specific approval by Reserve Bank of India. The exposure-ceiling limit for a single borrower is 20% of Bank’s Tier I capital. The exposure-ceiling limit in the case of a borrower group is 25% of Bank’s Tier I capital (30% till June 30, 2021). In addition to the above exposure limit, a bank may, in exceptional circumstances, with the approval of its board, consider increasing its exposure to a borrower up to an additional 5% of its capital funds. Further, we may, while keeping in line with regulatory limits, specify lower limits for certain borrowers, depending on the specific borrower's credit risk rating.

b) Industry: We have developed a model for determining industry-based exposure-ceiling limits based on certain factors such as asset impairment benchmarks, portfolio quality and industry risk ratings provided by external rating agencies. Retail advances are exempt from such ceiling. In addition, investment exposure to any one industry does not exceed 15% of our total non-SLR portfolio.

While we primarily make our credit decisions on a cash flow basis, we also obtain security for a significant portion of credit facilities extended by us as a second potential remedy. This can take the form of a floating charge on the movable assets of the borrower or a (first or residual) charge on the fixed assets and properties owned by the borrower. We may also require guarantees and letters of support from the flagship companies of the group in cases where facilities are granted based on our comfort level or relationship with the parent company.

We have a process for regular monitoring of all accounts at several levels. These include periodic calls on the customer, visits, credit reviews and monitoring of secondary information. These measures are designed to detect any early warning signals of deterioration in credit quality so that we can take timely corrective action. In addition, we have developed an in-house platform called the preventive monitoring system, which we use for monitoring large value accounts. The preventive monitoring system allows us to track account conduct, compliance with our terms and conditions, and various other metrics that assist us in decision making.

Credit Risk Management Committee

The Credit Risk Management Committee is entrusted with the work of taking all policy decisions related to credit risk. It is a top executive level committee headed by our Managing Director and Chief Executive Officer. The Credit Risk Management Committee is responsible for the implementation of credit risk policy and strategy, which is approved by the Risk Management Committee or our Board of Directors. The structure and scope of the committee is defined in our Credit Management and Risk Policy, which is reviewed at least annually, or more frequently, if the need arises.

Asset Liability Risk Management

In an increasingly deregulated market, banks face various risks, including liquidity risk and market risk. Liquidity risk is the potential inability of a bank to meet its liabilities as they become due. Market risk is the risk to a bank's earnings and capital due to changes the market. Market risk can be further categorized into interest rate risk, foreign exchange risk and equity/commodity price risk. Accordingly, our asset liability management framework aims to identify, measure, monitor and manage these risks, and operates in the following manner:

Board of Directors

The Board has the overall responsibility for management of liquidity and interest rate risk. The Board decides the strategy, policies and procedures of the Bank to manage liquidity and interest rate risk, including setting the risk tolerance/limits and reviewing the results of stress tests. It is also responsible for evaluating the overall risks faced by the Bank, including liquidity risk and interest rate risk. It also addresses the potential interaction of liquidity risk and interest rate risk with other risks faced by the Bank.

Asset Liability Management Committee

The Asset Liability Management Committee is the decision-making unit responsible for ensuring adherence to the risk tolerance/limits set by the Board of Directors, as well as implementing the Bank's liquidity and interest rate risk management strategy in line with the Bank's risk management objectives and risk tolerance. The Asset Liability Management Committee is also responsible for balance sheet planning from a risk-return perspective, including strategic management of interest rate and liquidity risks. The role of the asset liability management committee includes the following:

- product pricing for deposits and advances;
- deciding the desired maturity profile and mix of incremental assets and liabilities;
- articulating the Bank's interest rate view and deciding on its future business strategy;

- reviewing and articulating funding strategy;
- ensuring adherence to the limits set by the Board of Directors;
- determining the structure, responsibilities and controls for managing liquidity and interest rate risk;
- reviewing stress test results; and
- deciding on the transfer pricing policy of the Bank.

The structure and scope of the committee is defined in our Asset Liability Management Policy, which is reviewed at least annually, or more frequently, if the need arises.

The Asset Liabilities Management Committee is supported by certain internal operational groups, which includes the Asset Liabilities Management Committee Secretariat, the Mid Office, which is responsible for independent market risk monitoring, measurement and analysis, and the Technical Advisory Group, which assists the Asset Liabilities Management Committee in analyzing interest rate movement.

Risk Measurement Systems and Reporting

Liquidity risk is measured using the flow approach and the stock approach. The flow approach involves comprehensive tracking of cash flow mismatches whereas the stock approach involves the measurement of critical ratios in respect of liquidity risk. Analysis of liquidity risk also involves examining how funding requirements are likely to be affected under crisis scenarios.

In each approach, we adopt more precise metrics for monitoring liquidity risk than the standards set by the Reserve Bank of India. For example, in the flow approach, we have prescribed further Board-approved cumulative gap limits other than the four cumulative gap limits of -5%, -10%, -15% and -20% set by the Reserve Bank of India. The same enhanced levels precision track is applied to the stock approach, in which we prescribe 21 ratios, rather than just the seven set by the Reserve Bank of India. These additional metrics allow us to perform monitor liquidity risk at a more granular level. The impact on NII and intrinsic value of the Bank is evaluated through traditional gap analysis and duration gap analysis, respectively.

In addition, to strengthen the liquidity framework of banks, two liquidity standards for funding and liquidity were introduced, i.e. Liquidity Coverage Ratio (LCR) which promotes short-term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days. Further, Net Stable Funding Ratio (NSFR) - promotes resilience over a longer-term time horizon by requiring banks to fund their activities with more stable sources of funding on an ongoing basis.

Operational Risk Management

Operational risk is risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputational risk and it seeks to identify the cause of a loss. Legal risk includes, but is not limited to, exposure to fines, penalties, punitive damages resulting from supervisory actions, as well as private settlements. Operational risk has four principal causes: people, process, systems and external factors. The way operational risk is managed has the potential to positively or negatively impact the Bank's customers, financial performance and reputation.

Our operational risk management policy establishes a risk framework that guides us in the management of operational risk and allocation of capital for potential losses. This requires that all our functional areas, departments and business units identify, assess, measure, mitigate, monitor, control and report on their significant operational risks in a consistent manner. Our operational risk management policy is supplemented by operational systems, procedures and guidelines, which we periodically updated.

The objectives of our operational risk management policy are to minimize operational risk, strengthen internal controls and adopt best practices which seek to achieve the following:

- identify operational loss events and analyze the corresponding causal factors;
- build robust databases of operational loss;

- estimate losses and allocate capital efficiently for operational results;
- set prudent limits;
- control or otherwise mitigate factors leading to expected losses;
- prepare against unexpected losses;
- make audit system independent of operations;
- minimize and eventually eliminate losses and customer dissatisfaction due to operational failures; and
- identify flaws in the design of products, processes and activities that may expose us to loss.

Operational Controls and Risk Management Methodology

The Bank is using various Policies & Tools for Governance, Identification, Management and Measurement of Operational Risk. Various Board Approved policies are in place such as Operational Risk Management ("**ORM**") Policy, Policy for Approval of New Product, Policy on Business Continuity Plan, and Policy on Outsourcing of Financial Services to strengthen Operational Risk Management in the Bank.

The Bank uses Internal Loss Data, Key Risk Indicators, Risk and Control Self-Assessment Survey and Scenario Analysis for Risk assessment, measurement and monitoring operational risks. Root cause analysis and actions proposed to mitigate the risks identified are placed to ORM Committee on regular intervals for mitigating operational risk.

Based on the experience, "Key Risk Indicators" which act as early warning signals for monitoring of operational risk are devised. Thresholds for Key Risk Indicators are defined; if a Key Risk Indicator breaches the thresholds, the matter is escalated to the next level of management for monitoring and the initiation of corrective measures.

The Bank through Scenario Analysis and Stress Testing forecast operational losses which helps to assess the adequacy of the Bank's financial resources to sustain it in a period of severe stress as defined under extreme but plausible stress scenarios.

The Bank's Policy on Approval of New Product ensures that the operational risk inherent in all material products, activities, processes and systems are comprehensively identified and assessed. The policy brings out the definition, risks that are to be addressed, approval process, authority for approval process, roles and responsibilities at different level, systematic and periodic review for all new products, activities, processes and systems and also modifications /discontinuation of the existing products /activities / processes / systems.

Reserve Bank of India Approvals relating to Operational Risk Management

Operational risk appeared as a separate risk type with explicit capital requirement in the Basel II framework in 2006. Basel II introduced the Basic Indicator Approach ("**BIA**") for calculation of minimum capital requirement for operational risk. Bank has also been accorded approval for parallel run for The Standardized Approach ("**TSA**") in November 2011 and Advanced Measurement Approach ("**AMA**") in September 2015. However, the RBI in 2019 had advised to discontinue submission of capital charge calculations for operational risk under the AMA approach and TSA. Presently Bank is maintaining capital under BIA.

The RBI has released the "Master Direction on Minimum Capital Requirements for Operational Risk" dated June 26, 2023 according to which existing approaches shall be replaced by New Standardized Approach (Basel-III Standardized Approach). The effective date of implementation of the Mater Direction is yet to be communicated by RBI. The Bank is under the process of revisiting Loss data Collection Framework to align with RBI's guidelines on Capital requirement for Operational Risk to strengthen and gain valuable insights into the Bank's Operational Risk Profile, take proactive steps to mitigate potential risks, and enhancing controls. Presently, the Bank is having repository of operational risk loss data since Fiscal 2005. The Bank also has ORMC approved loss data collection framework which provides detailed guidelines for collection of internal loss data related to operational risk including the roles and responsibilities at various levels for its collection and submission to the central Loss Data Repository. The review of loss data collection framework is under process. Bank is placing the quarterly agenda on Impact on Operational Risk Regulatory Capital under The New Standardized Approach vis-a-vis BIA to ORMC.

Operational Risk Management Committee

The Operational Risk Management Committee is headed by the Executive Director looking after the Risk Department and is entrusted with the work of implementing policies and strategies for operational risk management and monitoring the compliance of various such policies. The structure and scope of the committee is reviewed at least annually, or more frequently, if the need arises. The ORM policy inter-alia mentions new members may be admitted in ORMC after approval from the Committee as part of review of the Operational Risk Management Policy and further Invitees may be called to any ORMC meeting as per the requirement.

Information Security Risk Management

Steering Committee on Information Security

A steering committee serves as an effective communication channel for management's aims and directions and provides an ongoing basis for ensuring alignment of the security programme with organizational objectives. It is also instrumental in achieving behaviour change toward a culture that promotes good security practices and compliance with policies.

Major responsibilities of the Steering Committee on Information Security ("**ISSC**") include:

a) Developing and facilitating the implementation of information security policies, standards and procedures to ensure that all identified risks are managed within a bank's risk appetite.

b) Approving and monitoring major information security projects and the status of information security plans and budgets, establishing priorities, approving standards and procedures.

c) Supporting the development and implementation of a bank-wide information security management program.

d) Reviewing cyber incidents, Information system audit observations, monitoring and mitigation and various information security assessments and monitoring activities across the Bank.

e) Updating IT Strategy Committee ("**ITSC**") and Chief Executive Officer periodically on the activities of ISSC. The same is facilitated by presenting the Minutes of Meeting to ITSC.

f) Reviewing the status of security awareness program.

g) Assessing new developments or issues relating to information security.

h) Reporting to the Board of Directors on information security activities.

As per the Gazette notification published by Government of India dated May 22, 2018, "The organisation having "Protected System" shall constitute an Information Security Steering Committee under the chairmanship of Chief Executive Officer/Managing Director/Secretary of the organisation." Since our Bank is having "Protected System", the ISSC is chaired by the Managing Director and Chief Executive Officer of the Bank.

A new vertical has been established in the bank under the umbrella of the operational risk management department to assess and manage IT and information security risk. The information security risk management encompasses all information technology assets, networks, Cloud and electronic data. Further this also covers third party IT risk which includes, the processes and responsibilities for identification, measurement, mitigation, management, and reporting of risks associated with IT services outsourcing and areas of risk related to Information and Communication Technology ("**ICT**").

Mission Parivartan Division

To carry forward the Bank's transformation process in a structured manner and to achieve transformational goals set under the mission, Mission Parivartan Division at the head office was constituted.

For better administrative support, control and to ensure transparency, an exercise of re-organization / forming of new administrative offices/ verticals/ specialized branches has been carried out under "Mission Parivartan". The revamped organization structure comprises a four-tier structure involving branch – circle – zone and head office. The branches are controlled by circle offices, which further report to zones who directly report to head office. Branches have been mapped with the verticals.

Specialized verticals have been created to undertake identified activities with a focused approach as under:

- **Mid Corporate Centres (MCCs)**: MCCs deal with pre-sanction appraisal and post-sanction monitoring of Loans having exposure above ₹1 crore to ₹50 crore. MCCs report to their respective Circle Offices.
- **PNB Loan Point (PLP)**: PLPs report to their respective Circle Offices & deal with pre-sanction appraisal of loans as under:

Retail Loans	Above ₹10 lakhs
MSME Loans	Above ₹10 lakhs and up to ₹1 crore
Agriculture Loans	Above ₹10 lakhs and up to ₹1 crore

- **Hybrid PNB Loan Point ("H-PLP")**: H-PLPs are variant of PLPs and they deal post sanction monitoring of non-retail loan accounts in line with MCC Structure & report to their respective Circle Offices.
- **Centralized PNB Loan Point ("C-PLP"):** A Centralized Processing Centre, C-PLP, is established at Delhi to handle retail loan leads sourced through PNB Cards & Services Limited ("**PNBCSL**") across the country and reports directly to the head office. This structure ensures efficient lead management and faster processing/sanctioning of loans.
- **Centralized Back Office for Opening of Savings and Current Account ("COSCA")**: COSCA deals with opening of saving and current accounts and directly reports to the zonal office.
- **Zonal Audit Office ("ZAO")**: Zone level independent audit office caters to the audit requirements and ensure the compliance of systems and procedures and directly report to the head office.
- **Zonal Risk Management Cells ("ZRMC")**: The ZRMC, an independent risk vertical, has been created to segregate and strengthen risk assessment processes. It deals with credit risk rating of exposure above ₹1 crore, credit risk assessment, operational risk assessment and risk side review and reports directly to the head office.
- **Trade Finance Centre** is in place to cater to foreign trade finance transactions and outward remittances and reports directly to the head office.
- **Customer Acquisition Centre ("CAC") and Government Business Vertical ("GBV")**: Customer Acquisition Centre and Government Business Verticals have been introduced as specialized offices for marketing and generating bulk business. CACs focus on product wise marketing from Corporates, Institutions, HNIs, NRIs, MSME Businesses units, etc. The Government Business Vertical is made operational to target business opportunities arising from Government Institutions, PSUs and defense establishments. CACs and GBVs verticals report directly to the Head Office.
- **Stressed Assets Targeted Resolution & Action ("SASTRA") Centers:** SASTRA vertical structure has been implemented in the Bank to improve efficiency and reduce turnaround time in recovery actions. It provides scope for focused monitoring of NPA accounts. The vertical is equipped with specialized teams to handle NCLT and DRT cases and to quicken the recovery processes. Circle SASTRA Centre directly reports to the Zonal SASTRA Centre which reports to the Head Office. Circle and Zonal SASTRA Centre deals with recovery and resolution of NPA as below:

Circle SASTRA Centre	Above ₹10 lakhs
Zonal SASTRA Centre	Above ₹10 crores

In addition to verticals, Credit Intensive Branches have been set up as under:

- **Large Corporate Branches ("LCB")/ Extra Large Corporate Branches ("ELCB")**: These deal with pre sanction appraisal and post sanction monitoring of loans as below and directly report to the head office:

LCB	Above ₹50 crores
E-LCB	Above ₹500 crores

- **Corporate Banking Branches (“CBBs”):** CBBs are credit intensive branches at non-LCB Centres and deal with pre sanction appraisal and post sanction monitoring of loans above ₹ 10 crore. CBBs report to their respective Circle Offices.

Recovery of NPAs

We have devised a strategic policy for the recovery of NPAs by identifying such risky assets at an early stage with the daily recognition of NPAs. The various measures recommended for recovery include one-time settlements, out-of-court settlements, filing of suits before the Debt Recovery Tribunals and courts, actions under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 and Lok Adalats, which is a system for out-of-court settlements of impaired loans through mutual consent in accordance with the LSA Act, 1987.

Additionally, NPA accounts of ₹ 1.00 crore and above are reviewed periodically by our senior management and appropriate measures are taken for their early recovery or upgrading. Non-performing loans which are not capable of upgrading or recovery are also considered for write-off on a case-by-case basis, although recovery efforts continue to be undertaken on accounts that have been written off.

We have assembled special teams for monitoring our high value NPAs and technically written-off accounts with a specific focus on the resolution of such NPAs and to recover the sums in the technically written-off accounts. We also have a team for the slippage prevention and recovery of NPA portfolios through the collection and recovery or resolution agents. The above measures are coupled with our resolution strategies to prevent the migration of assets to a lower asset class. We believe that the healthy level of recoveries from NPAs and in unrealized interest were primarily due to the collateral that has been provided to secure the impaired loans, which encourages borrowers to repay loans and interest rather than forfeit their property.

The Bank’s strategy for the resolution of stressed assets involves referring these cases for resolution under the Insolvency and Bankruptcy Code with the National Company Law Tribunal. The Insolvency and Bankruptcy Code, 2016, enacted in May 2016, provides for a time-bound revival and rehabilitation mechanism to resolve stressed assets. The Bank has referred certain non-performing borrowers for resolution under the Insolvency and Bankruptcy Code, 2016, with the National Company Law Tribunal. Further, the filing for resolution by various stakeholders, including financial creditors and any other participants as may be eligible, could impact the Bank’s provisioning and credit loss. In addition, the requirement to complete the resolution process within the stipulated timeline to avoid liquidation of the borrower may impact recoveries from these stressed accounts. In the event borrowers go into liquidation, the additional credit losses may be significant.

Subsidiaries, Joint Venture and Associates

As of June 30, 2024, the Bank has 6 Subsidiaries, 1 Joint Venture and 5 Associates (excluding 9 Regional Rural Banks). The Bank currently provides financial services through its non-banking Subsidiaries and Associates, including housing finance, merchant banking, assets and fund management and insurance. In the Bank’s financial statements, investment in subsidiaries and joint ventures (both in India and outside India) are valued at historical cost and a provision is made for diminutions, other than temporary.

Our Subsidiaries collectively accounted for ₹ 25,783.62 crores, ₹ 32,112.87 crores, ₹ 36,156.72 crores, ₹ 34,328.14 crores and ₹ 35,000.10 crores in total assets as of March 31, 2022, 2023 and 2024 and as of June 30, 2023 and 2024, respectively. During Fiscal 2022, 2023 and 2024 and the three months ended June 30, 2023 and 2024, our Subsidiaries contributed ₹ 1,228.66 crores, ₹ 1,550.76 crores, ₹ 2,408.50 crores, ₹ 615.09 crores and ₹ 629.99 crores, respectively, of our total consolidated income and our Subsidiaries, Joint Venture and Associates collectively contributed ₹ 403.77 crores, ₹ 841.25 crores, ₹ 862.58 crores, ₹ 86.64 crores and ₹ 724.33 crores, respectively, of our total consolidated profit after tax, during the same period.

The following table sets forth information relating to the Bank’s Subsidiaries, Joint Venture and Associates as at June 30, 2024.

Subsidiary/ Joint Venture/ Associates	Business	Bank's Ownership Percentage (%)	Net Income (during the three months ended June 30, 2024) (₹ crore) [4]
Subsidiaries			
PNB Gilts Limited	Primary dealer in government securities	74.07%	53.44 (INDAS)
PNB Investment Securities Limited	Corporate advisory, merchant banking and trustee services	100.00%	0.89
PNB (International) Limited [2]	Banking services	100.00%	USD 2.42 million
PNB Insurance Broking P Limited	Not functional at present	81.00%[6]	NA
Druk PNB Bank Limited [2] (Fiscal year: January 1 to December 31)	Banking services	51.00%	8.99
PNB Cards & Services Limited	Sourcing of credit card, retail loans and CASA for PNB	100%	0.64
Associates [1]			
PNB MetLife India Insurance Company Limited	Life insurance company	30.00%	47
PNB Housing Finance Limited	Housing finance company	28.13%	420.94 (IGAAP)
Canara HSBC Life Insurance Company Limited ("**CHOICE**") [5]	Insurance	23.00%	18.70
India SME Asset Reconstruction Company Limited ("**ISARC**") [5]	Acquire, manage and recover illiquid or NPA from Banks/FIs	20.90%	17.68
JSC Tengri Bank [2] [3] (Fiscal year: January 1 to December 31)	Banking services	41.64%	Under Liquidation
Joint Venture			
Everest Bank Limited [2] (Fiscal year: July 16 to July 15)	Banking services	20.02%	63.73

Notes:

(1) Excluding RRBs. For details of RRBs, see "- Regional Rural Banks".

(2) These entities are incorporated outside India.

(3) Agency of Republic of Kazakhstan for Regulation and Development of Financial Market revoked license of JSC Tengri Bank with effect from September 18, 2020 to conduct banking, other operations and activities in the securities market and is under liquidation. In addition, our Bank had also provided liquidity support by way of Inter Bank placement to JSC Tengri Bank aggregating USD 52.55 million from Branch Office: Dubai and Branch Office: Hong Kong and USD 8.00 million from Punjab National Bank (International) Limited, UK. Claim of the Bank as shareholder and creditor and Punjab National Bank (International) Limited, UK as a creditor has been filed with Head of Liquidation Commission within stipulated time. Our legal advisor has informed that claim up to fifth line of creditors is settled 100%. The Liquidation Commission has commenced the payment of the 6th line of creditors and 6th line has been satisfied up to 54.35% as on June 21, 2024 and our Bank's claim as a creditor is 9th in the priority list. Due to accumulated losses the reserves are setting off assets to the tune of ₹ 1,349.74 crores. Liabilities exceed assets by ₹ 515.58 crores. Claim settled from 1st priority to 5th priority total ₹ 434.19 crores. For details, see "Risk Factors – Our international operations are subject to legal and regulatory risks. If we do not effectively manage our foreign operations or any further international expansion, our operations may incur losses or otherwise adversely affect our business and results of operations." on page 36.

(4) In respect of Subsidiaries, the amount stated represents Total Profit earned by the entities as considered in the Unaudited Limited Review Financial Results for the three months ended June 30, 2024; in respect of Associates and Joint Venture, the amount stated represents our Bank's share in the profit as considered in the Unaudited Limited Review Financial Results for the three months ended June 30, 2024.

(5) CHOICE and ISARC have been classified as Associates of the Bank with effect from April 1, 2020.

(6) PNB Insurance Broking Pvt. Ltd.: Investment in PNB Insurance Broking Pvt. Ltd. stands extinguished and now liquidator shall be completing the necessary formalities as per the provisions of Companies Act, 2013 and conclude the winding up procedure.

Regional Rural Banks

Regional Rural Banks ("**RRBs**") were established under the Regional Rural Banks Act, 1976. They are sponsored jointly by the GoI, a sponsor bank and state governments. RRBs provide credit primarily to small farmers, artisans, small entrepreneurs and agricultural labourers. They have predominant presence in rural and semi-urban areas.

Sponsor banks are responsible for managing the RRBs. The GoI has undertaken consolidation of RRBs in two phases to optimize their efficiency. The Bank was, as at June 30, 2024 sponsoring 9 RRBs, which were operating in Bihar, Haryana, West Bengal, Assam, Tripura, Manipur, Himachal Pradesh, Punjab and Uttar Pradesh and covered 167 districts with a network of 4,674 branches.

Given below are details of the RRBs sponsored by the Bank along with the proportion of its ownership, as at June 30, 2024.

S. No.	Name of RRB	Proportion of Ownership (%)
1.	Dakshin Bihar Gramin Bank, Patna	35%
2.	Sarva Haryana Gramin Bank, Rohtak	35%
3.	Himachal Pradesh Gramin Bank, Mandi	35%
4.	Punjab Gramin Bank, Kapurthala	35%
5.	Prathama Uttar Pradesh Gramin Bank, Moradabad	35%
6.	Tripura Gramin Bank	35%
7.	Manipur Rural Bank	35%
8.	Assam Gramin Vikash Bank	35%
9.	Bangiya Gramin Vikash Bank	35%

Awards and Certifications

Year	Certification/ Award	Awarding Organization or Authority
June 2024	**Infosys Finacle Innovation Awards 2024 in following category** • Ecosystem-led Innovation – Platinum Winner • Krishi Tatkal Rinn • Channel Innovation – Gold Winner • Digital Execution of Locker Agreement • Maximizing Customer Engagement – Gold Winner • Aadhar-based Mobile Onboarding	Infosys
	PSE Award 2024 – Enterprise Applications category- Express Computer	The Indian Express Group.
	Award Circle of Excellence – January 1, 2024 to February 17, 2024 meant for Executive Directors of the banks	Pension Fund Regulatory and Development Authority
	Award of achievement to Bank under Mission Upgrade Campaign for the Fiscal 2024.	Pension Fund Regulatory and Development Authority
	TransUnion CIBIL Award: • Best Data Quality-PSB Consumer Award 2023-24 • Best Data Quality-PSB Commercial Award 2023-24 • TUCIBIL Best Data Quality Award 2023-24	TransUnion CIBIL
Fiscal 2024	Treasury Strategist of the Year	India Treasury Summit & Awards 2024
	Overall 3nd Rank under EASE Reforms 5.0 with 1st Runners Up in the following themes: a. Digital Enabled Customer Offerings b. Big Data & Analytics.	IBA
	9th Innovative CIOs Awards & Symposium 2024 for 2 projects e-BG and PNB Aarambh	CIO Axis
	Best MSME Bank in 10th MSME Excellence Awards 2024	ASSOCHAM
	Best Data Quality in Commercial Bureau Segment"	IBA & TransUnion CIBIL
	Data Excellence Award	CRIF Highmark
	Best MSME Friendly Bank	Confederation of Indian MSME
	Best Fintech And DPI Adoption	IBA Banking technology
	Excellence in Gender Inclusion Award	International Inclusion Alliance

Year	Certification/ Award	Awarding Organization or Authority
	SCOPE Meritorious Award for innovative Practices in Women Empowerment 2016-17-Commendation Certificate	SCOPE
	Second position in the category of Public Sector Banks with Highest Pledge Finance.	Warehousing Development and Regulatory Authority
	Environmental Excellence	23rd Greentech Environment Award 2023
	Rajbhasha Kirti First Prize	Department of Official Language, Ministry of Home Affairs, Government of India
	a. Maximizing Customer Engagement – Platinum winner-PNB One - Super App	Infosys Finacle Innovation Awards 2023
	b. Channel Innovation – Gold winner – eOTS	
Fiscal 2023	Achievement award for "Excellent Guarantee Coverage (number)" for Fiscal 2023	Credit Guarantee Fund Trust for Micro and Small Enterprises
	Third in NPS Reward Recognition Programme (Maximum number of fresh Subscriber Registration) for Fiscal 2023	Pension Fund Regulatory and Development Authority
	ET Best BFSI Brands	Economic Times
	Best MSME Bank (Runner Up) at 9th MSME Excellence Awards and Summit	Associated Chambers of Commerce & Industry of India
	Best MSME Bank, MSME Friendly Bank, Government Schemes implementing Bank and Implementing COVID related scheme Bank in MSME Banking Excellence Award 2022 ceremony organized	Chamber of Indian Micro, Small and Medium Enterprises
	First prize for outstanding contribution under Prime Minister's Employment Generation Program in Uttar Pradesh	Government of Uttar Pradesh
	Award of Excellence award in circle of excellence campaign launched for APY enrolment	Pension Fund Regulatory and Development Authority
	a. Runner-up award for the Best Fintech Collaboration b. Special award for Best AI & ML Bank.	IBA
	Contribution as an emerging Banks in the e-NWR space	NCDEX
	"Rajbhasha Kirti" 2nd prize for Fiscal 2022	Department of Official Language, Ministry of Home Affairs, Government of India
	a. Tech Enabled Banking – 1st Runner Up b. Governance and HR – 1st Runner Up	EASE
	Performance under National Pension System in Quarterly Award Recognition Programme for Q4 Fiscal 2023.	PFRDA
	National MSME Awards 2022 to Banks for Outstanding Contribution in the Promotion and Development of MSME Sector – 3rd Prize Winner	Ministry of MSME.
Fiscal 2022	Special Commemorative Award 2021 Best PSU in the fields of Agriculture Credit, Micro Finance, Financial Inclusion and Technology Adoption.	NABARD
	Finacle Client Innovation Award – Runner Up for PNB's path breaking "Process Innovations"	Infosys
	Runner Up under Digital service under PSB Merged Category	ASSOCHAM
	EASE 3.0 Awards	IBA
	Runner up under Theme 3 Institutionalizing Prudent Banking	
	Runner up under Theme 4 Governance and Outcome Centric HR	
	Amongst Top 3 Banks in Improvement from March baseline	
	Rajbhasha Kirti Award for Fiscal 2021	Department of Official Language, Ministry of Home Affairs, Government of India
	2nd highest percentage of digital payment Transactions "Utkarsh-Puruskar" Digi-Dhan Award 2019-20 (e-UNI)	Ministry of Electronics & Information Technology
	2nd Best Bank in SHG Credit Linkage under NRLM scheme	Ministry of Rural Development
	1st position amongst peer banks under Agriculture Infrastructure Fund campaign launched	Ministry of Agriculture and Farmers Welfare.
	Contributions towards NPS Diwas	Pension Fund Regulatory and

Year	Certification/ Award	Awarding Organization or Authority
		Development Authority
	Best MSME Bank (PSU) in 8th MSME Excellence Awards	by ASSOCHAM
	Dr. Ambedkar Business Excellence Awards under the Category 'Most Significant Lender Supporting SC Entrepreneurs'	Ministry of Social Justice and Empowerment
	Best Data Quality Improvement Award on Commercial Bureau for Fiscal 2021 amongst Public sector Banks	TransUnion CIBIL

Competition

The Indian banking industry is highly competitive, and we face competition in all our principal areas of business. Private sector banks, foreign banks and other public sector banks are our main competitors, followed closely by finance companies, insurance companies, asset and wealth management companies, development financial institutions, mutual funds and investment banks.

We may also face increased competition from foreign banks if the Indian retail market is further liberalized or if regulations and restrictions upon branch network growth by foreign banks are simplified or reduced, foreign banks may operate in India by establishing wholly owned subsidiaries which are allowed to raise Rupee resources through issue of non-equity capital instruments. Further, under the foreign exchange regulations, an aggregate foreign investment of up to 49.00% under the automatic route, and 74.00% under the government approval route, in Indian private sector banks is allowed, subject to government approval. For public sector banks, subject to the Banking Companies (Acquisition and Transfer of Undertakings) Act, foreign direct investment of up to 20% under the government approval route is permitted.

An increase in operations of existing competitors or entry of additional banks offering a similar or a wider range of products and services could increase competition. In addition, the moderation of growth in the Indian banking sector is expected to lead to greater competition for business opportunities. The GoI is also actively encouraging banks and other financial institutions to significantly increase their lending to the agricultural sector, which will make this segment more competitive. We seek to gain a competitive advantage by its innovative products and services, maximizing the functions of its extensive branch network, in particular in rural and semi-urban areas, investing in technology and building on relationships with our key customers.

Corporate Banking

Corporate banking faces competition from foreign banks, private banks and other public sector banks in such areas as pricing, Rupee loans, foreign currency loans, foreign exchange transactions, trade finance services and cash management services. The lower risk rating of corporate clients, as well as the higher income generating capacity due to the volume and diversity of their business, attracts foreign and private banks to this sector. Foreign banks also have the advantage of their home country connections, with much larger and cost-effective resource raising abilities. In addition, traditional corporate banking faces competition from the disintermediation of financial products. Customers increasingly have multiple financing sources available to them beyond those generally provided by traditional banks, which in turn is putting pressure on margins. We believe that we have been able to manage this competition through our policy of financing corporate customers with high ratings, as well as through efficient and focused delivery of products and services in areas such as foreign currency loans, foreign exchange transactions, trade finance services and cash management services. We also provide access to salary accounts for employees of our corporate customers, and cross-sell our products and services.

Retail Banking

In the retail banking sector, we face competition primarily from foreign and Indian commercial banks and housing finance companies. Foreign banks typically focus on limited customer segments, such as high net worth individuals and affluent locations due to limitations of their smaller branch networks relative to Indian commercial banks. Indian commercial banks generally have wider distribution networks than foreign banks, but relatively weaker technology and marketing capability. We seek to compete in this sector by offering a wide product portfolio through our extensive branch network and by leveraging our client relationships in diverse market and geographic segments.

We also seek to leverage the Bank's extensive and diverse corporate relationships to gain individual customer accounts through payroll management products. Furthermore, we intend to continue to pursue a multi-channel distribution strategy using physical branches, ATMs, call centers and the internet to reach customers.

International Banking

Our international strategy is focused on India-linked opportunities, and we also intend to expand banking operations to serve non-resident Indians as well as local clients in these jurisdictions. In our international operations, we face competition from other Indian banks with international operations, as well as foreign banks with products and services targeted at non-resident Indians and Indian businesses and other service providers.

Insurance

Our standard insurance policies cover for losses of or damage to property including premises, furniture, fixtures, computer hardware and ATMs. Cash-in-transit, cash, securities and precious metals and other valuables are covered against theft, forgery, burglary, house breaking and robbery, and natural calamities. We also have an all-risk policy, standard fire and special perils policy and terrorism insurance. Our insurance policies include a banker's indemnity insurance policy, which is a comprehensive insurance policy that offers coverage for various forms of risk such as packaged policy covering cash and valuables, money in transit, forgery and alteration, dishonesty of staff, hypothecated goods, registered post parcel and appraisers. We believe that we carry insurance coverage commensurate with our level of operations and risk perception, including for business interruption.

Environment, Social and Governance

We believe that true business sustainability means creating value that goes beyond what is reflected in financial statements. While tangible assets are essential, we also place significant emphasis on intangible value, considering the broader spectrum of stakeholders, including society and the environment.

We value creation is central to our philosophy, leading us to integrate Environmental, Social, and Governance ("**ESG**") factors into every aspect of our operations. Embracing sustainable development not only aligns with our vision but also offers the opportunity to conduct business in an innovative and responsible manner, ensuring long-term viability.

We have implemented an extensive suite of ESG practices as detailed below.

Environmental

We have launched several environmental initiatives under the "Go Green" campaign, including the PNB Palaash 2.0 program, including planting of approximately 1.10 lakh plants in the ongoing tree PNB Palaash plantation drive. To encourage the use of EVs, PNB has launched various schemes for green financing like financing of EVs, installation of EV charging stations, rooftop solar panels and extending credit to various renewable energy projects. To promote water conservation, measures such as rainwater harvesting and sensor-based taps have been implemented. Our Bank has already installed 612 KWp of rooftop solar System in the existing buildings with 625 kWp solar plant under execution and plans to install 1,497 kWp of solar power at bank-owned buildings and ATMs. Out headquarters is a 5-star rated green building under the Green Rating for Integrated Habitat Assessment ("**GRIHA**") equipped with smart occupancy sensors and a sewage treatment plant. All our new building projects are designed as green buildings. Additionally, we have established a financing framework for green, social and sustainability-linked activities and projects, with emissions under Scope 1, Scope 2 and Scope 3 calculated for Fiscals 2023 and 2024.

Social

Our Bank has adopted a Gender Diversity Policy, for women workforce in which our major initiatives include placement on promotion, transfer request, teleconsulting, creche, promoting work life balance and a leadership development program. In Fiscal 2024, 12 Farmer Training Centers ("**FTCs**") provided training to 18.28 lakh people, including 8,072 seminars and camps and training to 2,95,558 persons by 175 Financial Literacy Camps during Fiscal 2024. There are 76 Rural Self-Employment Training Institutes ("**RSETIs**") under the aegis of the Ministry of Rural Development and 2 Rural Development Centers (of which are PNB initiatives) operating in India that are engaged in providing training to rural population and their families for skill upgradation to undertake self-employment ventures. 60,721 people were trained in these centers in Fiscal 2024, out of which 47,911 belonged to below-poverty-line families and 47,899 were women. Since its inception, RSETIs has trained 6,02,566 people, out of which 4,04,491 were women and 1,90,592 were SC category and 36,568 were ST category. As an impact of RSETIs, 3,94,855 people became self-employed after getting training from these institutions. Total expenditure in Fiscal 2024 was ₹ 3,857.36 lakhs. Additionally, loans were sanctioned to women beneficiaries under the 'Standup India' Scheme. Our corporate social responsibility efforts include supporting the Delhi Government School on its 130th Foundation Day, aiding school infrastructure for a government senior secondary school in Gurgaon, and providing support to the Maolkhum Foundation to help internally displaced people in Manipur.

We intend to progress our HR transformation and ESG endeavors through a suite of projects and innovations. These include continuation of the successful ongoing implementation of our HR Transformation Project "UDAAN", focusing on digital performance management system ("**PMS**"), capacity building and HR enablers with the introduction of 12 new tools and systems. By maintaining a high degree of performance objectivity and measurability, we have defined more than 75,000 key result areas. Additionally, we plan to advance employee learning analytics, foster dedicated centers of excellence for learning and innovation, and utilize a postings tool for the scientific placement of officers to enhance transparency and a performance culture. With these initiatives, we aspire to becoming the leading HR brand in the banking, financial services and insurance sector over the next two years. We experienced a highly successful first year in Project UDAAN, in which we focused on a comprehensive range of tools in relation to digital PMS, capacity building and HR enablers. The table below sets forth details on the tools that were covered:

Digital PMS	Capacity Building	HR Enablers
• Role Clarity Tool • Performance Dashboards • Target Setting Tool and Target Collation Tool • Appraisal Tool • PMS Profiler • Actual Collation Tool	• Management Trainee Induction Tool • Promotion and Placement Tool • Job Family • Succession Planning and Talent Management • Competency and Leadership Development Tool	• 360 Degree Feedback • Manpower Assessment Tool • Diagnostic Survey • Change Management • Recruitment Tool

Our pipeline for the program of the second year of the UDAAN Project encompasses implementation of reward and recognition tool, creation of next-generation talent pool, re-imagination of the practices and process, design of cross functional team, conducting manpower audit and introduction of HR benefit programs.

Governance

We have implemented several governance policies to enhance transparency and accountability. These include the Whistle Blower Policy, Customer Rights Policy and Equal Opportunity Policy. We have also introduced a technology-driven Customer Grievance Redressal System for timely and faster resolution of complaints. Additionally, our Samadhaan Initiative addresses employee grievances, while the New Enterprises Fraud Risk Management Framework and the Sustainability and Resilience Committee oversee sustainability-related activities. The Cyber Security Center of Excellence at our Bank manages over 30 security technology products. Furthermore, we adhere to the highest industry standards, achieving the ISO/IEC 27001:2013 certification for information security management systems.

Employees

The Bank had an aggregate of 1,02,349 employees as at March 31, 2024. Most of our employees are located in India. We continue to focus on a collaborative culture and consultative process at various levels of administration within the Bank to ensure amicable relations with our employees.

The information technology infrastructure introduced in our branches and network and other IT initiatives have resulted in decreased employee responsibilities and enabled the Bank to effectively limit and minimize additional recruitment activities over the last several years despite the significant growth in its business, network and operations.

The following table sets forth the average business per employee and average business per branch of the Bank during Fiscal 2022, 2023, 2024 and the three months ended June 30, 2023 and 2024 and the average business per employee and average business per branch on a consolidated basis during such periods:

Particulars	**Fiscal**			**Three months ended June 30**	
	2022	**2023**	**2024**	**2023**	**2024**
Business per employee (in ₹ crores)	19.41	21.64	23.84	22.22	24.80
Net profit per employee (in ₹ lakhs) #	3.54	2.57	8.61	5.18	13.66
Business per branch (in ₹ crores)	187.73	209.53	225.25	214.77	233.26
Net profit per branch (in ₹ lakhs)	34.23	24.88	81.33	49.95	128.47

 # Net profit per employee excludes part time sweepers.

Our compensation structure is fixed as per the Indian Banks' Association guidelines. In addition to basic compensation, employees are eligible to participate in our provident fund and other employee benefit plans. In addition, the Bank contributes specified amounts to a gratuity fund set up pursuant to Indian statutory requirements and amount is contributed to the fund as per actuary valuations.

The Training system is aligned with business priorities partnering with other corporate business verticals for realization the Bank's vision. The training vertical comprises of the Learning & Knowledge Management Centre ("**LKMC**") for handling various aspects of learning and training including training policy, training strategy and methodology, nominations, standardization of training content, courses and infrastructure.

The LKMC handles the Bank's training requirements through planning and monitoring, research and development, e-learning and training colleges. Dedicated teams for planning and monitoring as well as research and development take care of the identification of overall training needs identification. E-learning takes care of digital inroads in training with platform maintenance of the Knowledge Centre, PNB Saransh, PNB Gyan Kosh (focused on job family), Digital Library, Podcasts the knowledge repository, etc.. We have also set up "PNB Univ", an e-learning platform which is accessible to all employees.

Learning through e-platform and online training is increased to supplement classroom training. The e-learning department of LKMC regularly updates and adds useful information. The Bank has set up 14 staff training centers at various cities across India.

Training is an area of continuing focus for the Bank to ensure that its employees are equipped to provide quality customer service and are also aware of the latest developments in their respective fields. The 'Learning & Knowledge Management' system of the Bank addresses the task of skilling of employees in the following areas: (i) functional skills; (ii) management skills; and (iii) behavioral skills through various trainings viz. capacity building, Induction, upskilling, cadre change, role change, Leadership Development, training in external institutes, etc.

Training is an area of continuing focus for the Bank to ensure that its employees are equipped to provide quality customer service and are also aware of the latest developments in their respective fields. The Bank's training strategy has been aligned to develop competencies in specialized domains. Management and executive trainees of the Bank also undergo training modules covering various aspect of banking.

Properties

The Bank’s corporate office, located in New Delhi is owned by the Bank. The Bank’s network consisted of 10,150 branches and 12,080 ATMs (including cash deposit machines and self-service kiosks) as of June 30, 2024, in India. In addition, we have administrative offices in most of the metros and some other major cities in India.

Of the properties used by the Bank, certain properties are held by the Bank on a freehold basis and certain properties are held on a leasehold basis.

BOARD OF DIRECTORS AND SENIOR MANAGERIAL PERSONNEL

Our Bank has been constituted as a body corporate under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970. In terms of the provisions of the Banking Companies Act, the general superintendence and direction of the affairs and business of our Bank is entrusted to the Board constituted as per the provisions of the Banking Companies Act, the Nationalised Banks Scheme and the Punjab National Bank Regulations.

As per Sub-section 3 of Section 9 of the Banking Companies Act, every board of directors of a corresponding new bank, constituted under any scheme made under Sub-section 1 of Section 9 of the Banking Companies Act is required to include:

- not more than five whole-time directors to be appointed by the Central Government after consultation with RBI;
- one director who is an official of the Central Government to be nominated by the Central Government, provided that no such director shall be a director of any other corresponding new bank;
- one director, possessing necessary expertise and experience in matters relating to regulation or supervision of commercial banks, to be nominated by the Central Government on the recommendation of RBI;
- one director, from among such of the employees of the corresponding bank who are workmen (as defined under Clause (s) of Section 2 of the Industrial Disputes Act, 1947) to be nominated by the Central Government;
- one director, from among the employees of the corresponding bank who are not workmen (as defined under Clause (s) of Section 2 of the Industrial Disputes Act, 1947) to be nominated by the Central Government after consultation with RBI;
- one director who has been a Chartered Accountant for not less than 15 years to be nominated by the Central Government after consultation with RBI;
- subject to directors elected by shareholders as provided under clause (i) of Sub-section 3 of Section 9 of the Banking Companies Act, not more than six directors to be nominated by the Central Government;
- directors elected by shareholders of the bank (other than the Central Government) from amongst themselves where the capital raised by public issue or rights issue or by issue of bonus shares or preferential allotment or private placement, of equity shares or preference shares is:

1. not more than 16.00% of the total paid-up capital, one director;
2. more than 16.00% but not more than 32.00% of the total paid-up capital, two directors; and
3. more than 32.00% of the total paid-up capital, three directors

As on the date of this Placement Document, we have twelve (12) directors on our Board. Our Board has one (1) Part-Time Non-Official Director and Non-Executive Chairman, five (5) Whole-Time Directors, out of which, one (1) is designated as the Managing Director and Chief Executive Officer, while four (4) directors are designated as the Executive Directors. Further, we have one (1) Government of India Nominee Director, one (1) RBI Nominee Director, two (2) Part Time Non – Official Directors and two (2) Shareholder Directors on our Board. All Directors are appointed/nominated/elected pursuant to the Banking Companies Act, the Nationalized Banks Scheme and the Punjab National Bank Regulations.

As on the date of this Placement Document, the Board does not have the full strength in terms of the Banking Companies Act, as the following positions are vacant:

(i) one (1) position each under Sections 9(3)(e) and 9(3)(f) of the Banking Companies Act to be nominated by the Central Government:

(ii) one (1) position under Section 9(3)(g) the Banking Companies Act, to be nominated by the Central Government in consultation with RBI; and

(iii) one (1) position under Section 9(3)(h) the Banking Companies Act, to be nominated by the Central Government;

The Directors on the Board of the Bank are appointed by Govt. of India in terms of provisions of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 read with the Nationalized Banks (Management and Miscellaneous Provisions) Scheme, 1970, except Shareholder Directors under Section 9(3)(i) of the Act who are elected by the Shareholders of the Bank, other than the Central Government. For further details, please see "*Risk Factors* - As on date of this Placement Document, *our Board does not have prescribed strength in terms of the Banking Companies Act and independent women director in terms of the SEBI (LODR) Regulations.*" beginning on page 36.

The following table sets forth details regarding our Board as on the date of this Placement Document:

Name, Occupation, Term, Nationality	**Clause (as per Section 9(3) of the Banking Companies Act) under which appointed / nominated / elected**	**Age (years)**	**Designation**
K G Ananthakrishnan **Occupation**: Professional **Term**: with effect from November 7, 2022 till November 6, 2025 or until further orders, whichever is earlier **Nationality**: Indian	Clause (h) and (3A)	67	Part-Time Non-Official Director and Non – Executive Chairman
Atul Kumar Goel **Occupation**: Service **Term**: with effect from February 1, 2022 till December 31, 2024 or until further orders, whichever is earlier **Nationality**: Indian	Clause (a)	59	Managing Director and Chief Executive Officer
Kalyan Kumar **Occupation**: Service **Term**: with effect from October 21, 2021 till October 20, 2026, or until further orders, whichever is earlier. **Nationality**: Indian	Clause (a)	55	Executive Director
Binod Kumar **Occupation**: Service **Term**: with effect from November 21, 2022 till November 20, 2025, or until further orders, whichever is earlier. **Nationality**: Indian	Clause (a)	53	Executive Director
M. Paramasivam **Occupation**: Service	Clause (a)	57	Executive Director

Name, Occupation, Term, Nationality	Clause (as per Section 9(3) of the Banking Companies Act) under which appointed / nominated / elected	Age (years)	Designation
Term: with effect from December 1, 2022 till November 30, 2025, or until further orders, whichever is earlier. **Nationality**: Indian			
Bibhu Prasad Mahapatra **Occupation**: Service **Term**: with effect from October 9, 2023 till June 30, 2026, or until further orders, whichever is earlier. **Nationality**: Indian	Clause (a)	58	Executive Director
Pankaj Sharma **Occupation**: Joint Secretary, Department of Financial Services, Ministry of Finance, Government of India. **Term**: with effect from April 11, 2022 and until further orders **Nationality**: Indian	Clause (b)	50	Government of India Nominee Director
Uma Sankar **Occupation**: Regional Director, Reserve Bank of India **Term**: with effect from July 14, 2023 and until further orders. **Nationality**: Indian	Clause (c)	58	RBI Nominee Director
Pankaj Joshi **Occupation**: Professional **Term**: with effect from December 21, 2021 till December 20, 2024, or until further orders, whichever is earlier. **Nationality**: Indian	Clause (h) and (3A)	56	Part Time Non Official Director
Sanjeev Kumar Singhal **Occupation**: Professional	Clause (h) and (3A)	53	Part Time Non Official Director

Name, Occupation, Term, Nationality	Clause (as per Section 9(3) of the Banking Companies Act) under which appointed / nominated / elected	Age (years)	Designation
Term: with effect from December 21, 2021 till December 20, 2024, or until further orders, whichever is earlier. **Nationality**: Indian			
Jatinder Singh Bajaj **Occupation**: Service **Term**: with effect from October 6, 2023 for a period of three years up to October 5, 2026 **Nationality**: Indian	Clause (i) and (3A)	57	Shareholder Director
Ambarish Ojha **Occupation:** Service **Term:** with effect from September 12, 2024 for a period of three years up to September 11, 2027 **Nationality:** Indian	Clause (i) and (3A)	60	Shareholder Director

Brief Profiles of our Directors

K G Ananthakrishnan is the Part-Time Non-Official Director and Non – Executive Chairman of our Bank. He has been associated with our bank since November 07, 2022.

Atul Kumar Goel assumed charge as the Managing Director and Chief Executive Officer of our Bank w.e.f. February 01, 2022. Prior to this, he was the Managing Director and Chief Executive officer of UCO Bank. He has around three decades of Professional Banking experience in four banks viz. Allahabad Bank (now Indian Bank), Union Bank of India as Executive Director, UCO Bank and Punjab National Bank as MD & CEO. He also served as the Chairman of Indian Banks' Association (IBA) from 14.10.2021 to 21.03.2024. He has experience as member of Governing Council of Indian Institute of Banking and Finance (IIBF). As a qualified Chartered Accountant, he has vast experience, exposure and expertise in all major areas of banking including as Chief Financial Officer, experience in Large Corporate, Treasury Management, Risk Management, Financial Planning, Investor Relations, Business Process Transformation, etc.

Kalyan Kumar assumed charge as the Executive Director of our Bank on October 21, 2021. He is a post-graduate in science from Rajendra Prasad Agriculture University, Pusa and Leadership Development Programme from IIM, Bangalore. Currently, he is the Chairman on the Board of two subsidiaries of our Bank (PNB Gilts Limited and PNB Cards and Services Limited). He is on the Board of IIFCL as SCB nominee Director and on the Board of NIBSCOM as Chairman. He is the nominee member of Board of Governors of Management Development Institute (MDI) Society. He has handled key areas in banking especially Agriculture, MSME, Learning and Knowledge, Human Resources, Business Process Reengineering, Digital and Analytics; also a member of Committee constituted by FSIB (then BBB) for evolving suitable training and development programmes for management personnel in PSBs.

Binod Kumar assumed charge as the Executive Director of our Bank on November 21, 2022. He has experience of 30+ years in Banking and is a Graduate in science from Ranchi University and holds Post Graduate Diploma in

Banking & Finance from NIBM, Financial Risk Manager (FRM) from GARP (USA) and a Certified Associate Member of Indian Institute of Bankers (CAIIB). He has Diploma in Treasury Investment & Risk Management, Banking & Finance by IIBF and Leadership Skill development Program from IIM Bangalore and IIM Ahmedabad. In his career, he functioned in almost all areas of banking especially Corporate Credit, Integrated Risk Management Division, Administrative offices, and as Zonal Head, Circle Head and Branch Head. Also headed the Dubai International Financial Centre as Chief Executive Officer at Dubai.

M. Paramasivam assumed charge as the Executive Director of our Bank on December 01, 2022. He started his Banking journey with Canara Bank in the year 1990 as Agriculture Officer. He has Banking Experience of more than 34 years serving in various capacities at various locations all across the country. He is well-recognised for his extraordinary ability to demonstrate leadership qualities at various levels viz., Branch/ Region/ Circle for more than 15 years. As Executive Director of the Bank, he handled Business divisions i.e. Retail, Agriculture, MSME and Recovery portfolio of the Bank in the past. Currently, he is overseeing the Control divisions of the Bank – Risk, Audit, Compliance, Cyber and Information Security. He is appointed as a Director in M/s PSB Alliance Pvt. Ltd., actively involved in decision making at the Board level. He has previously served as a Nominee Director in M/s NABFINS Limited (Subsidiary of NABARD).

Bibhu Prasad Mahapatra assumed charge as the Executive Director of our Bank on October 09, 2023. He started his banking journey in Punjab National Bank as Management Trainee and has served the Bank for the last 34 years in various capacities across the country. He is a banking veteran, with the knowledge across multiple domains of Branch Banking, Credit and MSME, Business process, Forex and Trade Finance, Compliance, among others. Previously, he headed the Mumbai Zone of our Bank as Chief General Manager. He holds a post-graduation degree in political science from Utkal University, a Certified Associate Member of Indian Institute of Bankers (CAIIB) and also holds a diploma in Leadership Development Programme for Senior Management of PSBs from IIM, Bangalore.

Pankaj Sharma is the Government of India Nominee Director of our Bank. He is working as Joint Secretary, Government of India, Ministry of Finance, Department of Financial Services. He is an officer of Indian Civil Account Service.

Uma Sankar is the RBI Nominee Director of our Bank. She is working as Regional Director of Reserve Bank of India.

Pankaj Joshi is a Part-Time Non-Official Director of the Bank. He has been associated with our bank since December 21, 2021.

Sanjeev Kumar Singhal is a Part-Time Non-Official Director of the Bank. He has been associated with our bank since December 21, 2021.

Jatinder Singh Bajaj is the Shareholder Director of our Bank. He has been associated with our bank since October 06, 2023.

Ambarish Ojha is the Shareholder Director of our Bank with effect from September 12, 2024.

Relationship between our Directors

None of our Directors are related to each other as on the date of this Placement Document.

Remuneration details of our directors

(i) *Remuneration details of our Whole-time Directors*

The details of the remuneration paid by our Bank to our present Whole-time Directors including all allowances, provident fund contribution for the period ended June 30, 2024 and for the Fiscals 2024, 2023 and 2022, respectively are set forth below:

(₹ in crores)

Name of the Director	Remuneration			
	For the period April 1, 2024 up to June 30, 2024	For Fiscal 2024	For Fiscal 2023	For Fiscal 2022
Atul Kumar Goel	0.12	0.42	0.40	0.10
Kalyan Kumar	0.10	0.38	0.34	0.14
Binod Kumar	0.10	0.38	0.12	N.A.
M. Paramasivam	0.10	0.38	0.11	N.A.
Bibhu Prasad Mahapatra	0.10	0.17	N. A	N.A.

Remuneration details of our Non-Executive Directors

As per Government of India's directive F.No.15/1/2011-BO.I dated August 30, 2019, non-executive chairman and part-time non-official directors nominated under clause (e), (f) (g), (h) and (i) of Sub-section (3) of Section 9 of the Banking Companies Act, are to be paid a sitting fees for attending meetings of the Board and committees of the Board, additional fees for chairing the meeting of the Board and committees of the Board, as decided by the Board of Directors subject to overall ceiling of ₹25 lakh.

The Board of Directors, in its meeting held on March 19, 2020, approved ₹70,000 to be paid as sitting fees for attending per meeting of the Board and ₹35,000 to be paid for attending per meeting of the committees of the Board, additional fees of ₹20,000 to be paid for chairing per meeting of the Board and ₹10,000 to be paid for chairing per meeting of committees of the Board with effect from April 1, 2020.

Accordingly, the details of the sitting fees paid by our Bank to our present Non-Executive Directors for the period ended June 30, 2024 and for the Fiscals 2024, 2023 and 2022, respectively are set forth below:

(*₹ in crore*)

Name of the Director	Sitting fees paid*			
	For the period April 1, 2024 up to June 30, 2024	For Fiscal 2024	For Fiscal 2023	For Fiscal 2022
K G Ananthakrishnan	0.07	0.25	0.11	NA
Pankaj Sharma	NA	NA	NA	NA
Uma Sankar	NA	NA	NA	NA
Pankaj Joshi	0.07	0.25	0.25	0.06
Sanjeev Kumar Singhal	0.09	0.25	0.25	0.07
Jatinder Singh Bajaj	0.04	0.0955	NA	NA

Performance Linked Incentive or Bonus or profit-sharing plan for our directors

Government of India, Ministry of Finance, Department of Financial Services *vide* notification number F.No.12/1/2014 – BOA dated August 08, 2015 has set out broad parameters for payment of performance linked incentives to whole time directors on the boards of public sector banks. Such performance linked incentives are given in accordance with scores obtained as per the performance evaluation matrix prescribed in the notification. The performance evaluation matrix consists of qualitative and quantitative parameters. Further, in accordance with the action point 16 of banking reforms set out in the Reforms Agenda for Responsive and Responsible PSBs ("**PSB Reforms Agenda**"), the board of directors of a public sector bank shall evaluate the performance of the bank's whole-time directors in terms of its implementation of the six-point action plan stated in the PSB Reforms Agenda.

Shareholding details of our Directors in our Bank

The directors elected under section 9(3)(i) of the Banking Companies Act by the shareholders (other than the Government), are required to hold a minimum of 100 Equity Shares of our Bank in terms of Regulation 65 of the Punjab National Bank Regulations.

The following table sets forth details of shareholding of our Directors in our Bank, as on June 30, 2024:

Name of the Director	No. of Equity Shares (pre-Issue)	Percentage shareholding (%)
Atul Kumar Goel	15	NA
Kalyan Kumar	0	NA
Binod Kumar	6350	Nominal
M. Paramasivam	25	Nominal
Bibhu Prasad Mahapatra	6350	Nominal
K G Ananthakrishnan	2000	NA
Pankaj Sharma	0	NA
Uma Sankar	0	NA
Pankaj Joshi	0	NA
Sanjeev Kumar Singhal	1000	Nominal
Jatinder Singh Bajaj	100	Nominal
Ambarish Ojha	100	Nominal

Interest of our Directors

Our Whole-Time Directors may be deemed to be interested to the extent of salary and remuneration paid to them for services rendered as Directors of our Bank, perquisites and reimbursement of expenses, if any, payable to them, as allowed in the ordinary course of business in terms of Central Government guidelines and RBI guidelines, as may be applicable.

Further, our Non-Executive Directors other than the Government's Nominee Director and RBI's Nominee Director, are entitled to receive sitting fees for attending each meeting of our Board and its Committees and are also entitled to reimbursement of expenses to attend such meeting as may be applicable.

Our Directors may also be regarded as interested to the extent of Equity Shares held by them in our Bank and dividend payable to them, if any. For details of Equity Shares held by our Directors in our Bank, see "*Shareholding details of our Directors in our Bank*" above.

Except as disclosed in this Placement Document, and except to the extent of shareholding in our Bank, our Directors do not have any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interests of other persons.

Except as otherwise stated in this Placement Document, we have not entered into any contract, agreement or arrangement during the preceding three years from the date of this Placement Document in which any of the Directors or any of their relatives are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them.

Except as stated in "*Related Party Transactions*" in *"Financial Statements"* on page 318, our Directors do not have any other interest in the business of our Bank.

Other Confirmations

Neither our Bank nor any of our Directors have not been identified as wilful defaulters or Fraudulent Borrowers by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters or Fraudulent Borrowers issued by RBI.

Neither our Bank nor any of our Directors have been debarred from accessing capital markets under any order or direction made by SEBI, the Stock Exchanges or any other regulatory or supervisory authority.

Corporate Governance

The Board presently consists of twelve (12) Directors on our Board. Our Board has one (1) Part-Time Non-Official Director and Non – Executive Chairman, one (1) Managing Director and Chief Executive Officer, four (4) Executive Directors, one (1) Government of India Nominee Director, one (1) RBI Nominee Director, two (2) Part Time Non – Official Directors and two (2) Shareholder Directors on our Board.

Pursuant to the SEBI Listing Regulations (i) where the chairperson of the board of directors of a listed entity is non-executive, not less than one-third of the board of directors is required to comprise of independent directors and (ii) where the chairperson of the board of directors of the listed entity does not have a regular non-executive chairperson, at least half of the board of directors of the listed entity is required to comprise of independent directors.

Except as stated below, our Bank is in compliance with the requirements of the SEBI (LODR) Regulations to appoint independent directors on our Board:

In terms of Regulation 17(1)(a) of SEBI (LODR) Regulations, the Board of the Bank shall have at least one independent woman director. W.e.f. 12.09.2024, there is no independent woman director on the Board of the Bank.

RBI issued a circular RBI/2021-22/24 DOR.GOV.REC.8/29.67.001/2021-22 dated April 26, 2021 pertaining to instructions with regard to the chair and meetings of the board, composition of certain committees of the board, age, tenure and remuneration of directors, and appointment of the whole-time directors ("**RBI Circular**"). Except as stated below, our Bank complies with the instructions as mentioned in the RBI Circular:

As per the RBI Circular, at least half of the directors attending the meetings of the board shall be independent directors.

As on date, there are 12 Directors on the Board of the Bank out of which 5 are Independent Directors. In view of the existing vacancies on the Board of the Bank, the guidelines relating to half of the directors attending the meetings of the board being independent directors are not always adhered to.

For further details please see "*Risk Factors - As on date of this Placement Document, our Board does not have prescribed strength in terms of the Banking Companies Act and the SEBI Listing Regulations.*" beginning on page 36.

Committees of our Board

Our Board has constituted the following key Committees, as may be applicable on our Bank:

1. Management Committee of the Board;
2. Audit Committee of the Board;
3. Stakeholders' Relationship Committee;
4. Risk Management Committee of the Board;
5. Nomination and Remuneration Committee;
6. Capital Raising Committee;
7. Customer Service Committee of the Board;
8. IT Strategy Committee of the Board;
9. Performance Evaluation committee;
10. Business Review Committee;
11. Director's Promotion Committee;
12. Appellate Authority and Reviewing Authority;
13. Committee of the Board to monitor the progress in recovery;
14. Special Committee of the Board to monitor and follow up fraud cases involving ₹ 1.00 crore and above;
15. Committee of Directors to Review Vigilance and Non Vigilance cases;
16. Credit Approval Committee of the Board - Level III;

17. Election of Shareholder Directors - Voting by Public Sector Banks;
18. Committee for Review of Identification of Wilful Defaulters & Non Cooperative Borrowers Classification; and
19. Steering Committee of the Board on HR.

Details of Committees are as follows:

1. *Management Committee of the Board*

The Management Committee of the Board has been constituted in pursuance of Clause 13 of Nationalized Banks Scheme read with the directives of the MoF, Government of India. The composition of Management Committee of the Board has been advised by Department of Financial Services, Ministry of Finance, Government of India vide communication F. No. 13/1/2006-BO.1/80061042 dated August 24, 2015, as may be amended by further communications. Our Management Committee comprises the following members:

Name of Director	Designation	Nature of Directorship
Atul Kumar Goel	Chairperson	Managing Director and Chief Executive Officer
Kalyan Kumar	Member	Executive Director
Binod Kumar	Member	Executive Director
M. Paramasivam	Member	Executive Director
Bibhu Prasad Mahapatra	Member	Executive Director
Uma Sankar	Member	RBI Nominee Director
Pankaj Joshi	Member	Part Time Non Official Director

2. *Audit Committee of the Board*

Our Audit Committee has been constituted in terms of RBI circular bearing No. RBI/2021-22/24 DOR.GOV.REC.8/29.67.001/2021-22 dated April 26, 2021 and such other circulars issued by RBI. Our Audit Committee comprises the following members:

Name of Director	Designation	Nature of Directorship
Sanjeev Kumar Singhal	Chairperson	Part Time Non Official Director
Uma Sankar	Member	RBI Nominee Director
Dr. Rekha Jain	Member	Shareholder Director
Jatinder Singh Bajaj	Member	Shareholder Director
Ambarish Ojha	Member	Shareholder Director

Further, the SEBI (LODR) Regulations require two-third of the Audit Committee to comprise independent directors. As on the date of this Placement Document, the Audit Committee includes three independent directors, that is, Sanjeev Kumar Singhal, who is our Part Time Non Official Director, appointed pursuant to Section 9(3)(h) of the Banking Companies Act, Jatinder Singh Bajaj and Ambarish Ojha, who are our Shareholder Directors, elected pursuant to Section 9(3)(i) of the Banking Companies Act.

3. *Stakeholders' Relationship Committee*

Our Stakeholders' Relationship Committee has been constituted pursuant to Regulation 20 read with Clause B of Part D of Schedule II of the SEBI (LODR) Regulations as amended and Punjab National Bank Regulations. Our Stakeholders' Relationship Committee comprises the following members:

Name of Director	Designation	Nature of Directorship
Ambarish Ojha	Chairperson	Shareholder Director
Atul Kumar Goel	Member	Managing Director and Chief Executive Officer
Binod Kumar	Member	Executive Director
Pankaj Joshi	Member	Part Time Non Official Director

4. Risk Management Committee of the Board

Our Risk Management Committee has been constituted in accordance with the RBI circular bearing No. RBI/2021-22/24 DOR.GOV.REC.8/29.67.001/2021-22 dated April 26, 2021, as may be amended and Regulation 21 of the SEBI Listing Regulations, as may be amended. Our Risk Management Committee comprises the following members:

Name of Director	Designation	Nature of Directorship
Ambarish Ojha	Chairperson	Shareholder Director
Atul Kumar Goel	Member	Managing Director and Chief Executive Officer
M. Paramasivam	Member	Executive Director
Sanjeev Kumar Singhal	Member	Part Time Non Official Director
Jatinder Singh Bajaj	Member	Shareholder Director

5. Nomination & Remuneration Committee

Our Nomination & Remuneration Committee has been constituted in terms of RBI circular bearing No. RBI/2021-22/24 DOR.GOV.REC.8/29.67.001/2021-22 dated April 26, 2021 and the Master RBI (Fit and Proper Criteria for Elected Directors on the Boards of PSBs) Directions, 2019 dated August 2, 2019, as may be amended. Our Nomination & Remuneration Committee comprises the following members:

Name of Director	Designation	Nature of Directorship
Jatinder Singh Bajaj	Chairperson	Shareholder Director
K G Ananthakrishnan	Member	Part-Time Non-Official Director and Non – Executive Chairman
Sanjeev Kumar Singhal	Member	Part Time Non Official Director
Ambarish Ojha	Member	Shareholder Director

Management Organization Structure

Set forth is the organization structure of our Bank:

Our Senior Managerial Personnel

The details of the Senior Managerial Personnel of our Bank are as follows:

Raghvendra Kumar is the Chief Vigilance Officer of our Bank. He has been associated with our Bank since Feb 01, 2023.

Dilip Kumar Jain is Chief Financial Officer-CGM (Finance Division) of our Bank with effect from October 03, 2020. He has been associated with our Bank since March 25, 1996.

V Sundaresan is the Chief General Manager (Credit Review & monitoring Division) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, he was associated with erstwhile United Bank of India since November 27, 2006.

Sameer Bajpai is Zonal Manager- CGM (Kolkata Zone) of our Bank. He has been associated with our Bank since November 20, 1989.

Amit Kumar Srivastava is the Chief General Manager (Integrated Risk Management Division) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, he was associated with erstwhile Oriental Bank of Commerce since March 15, 1994.

Hemant Verma is the Chief General Manager (Information Technology Division) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, he was associated with erstwhile Oriental Bank of Commerce since September 22, 2007.

Sanjay Varshneya is the Chief General Manager (General Banking Division) of our Bank. He has been associated with our Bank since September 30, 1991.

Rakesh Grover is the Chief General Manager (SASTRA Division) of our Bank. He has been associated with our Bank since September 19, 1988.

Sanjeevan Nikhar is Group Chief Compliance Officer- CGM (Compliance Division) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, he was associated with erstwhile Oriental Bank of Commerce since August 30, 1994.

Rakesh Gandhi is the Chief General Manager (Board & Co-Ordination Division) of our Bank. He has been associated with our Bank since September 30, 1991.

Sunil Kumar Chugh is the Chief General Manager (RAM & FI Division) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, he was associated with erstwhile Oriental Bank of Commerce since December 23, 2010.

Suresh Kumar Rana is the Chief General Manager (Human Resources Division) of our Bank. He has been associated with our Bank since October 01, 1986

Binay Kumar Gupta is the Chief General Manager (BA & RM Division) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, he was associated with erstwhile Oriental Bank of Commerce since March 15, 1994.

Firoz Hasnain is Zonal Manager- CGM (Mumbai Zone) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, he was associated with erstwhile Oriental Bank of Commerce since April 3, 1995.

Sunil Kumar Goyal is the Chief General Manager (Digital Banking Transformation Division) of our Bank. He has been associated with our Bank since October 14, 1985.

Sanjay Gupta is the Chief General Manager (Information & Audit Division) of our Bank. He has been associated with our Bank since September 30, 1991

Sunil Agrawal is the Chief General Manager (SASTRA Division) of our Bank. He has been associated with our Bank since November 20, 1989.

Amresh Prasad is the Chief General Manager (Transaction Monitoring Division) of our Bank. He has been associated with our Bank since July 12, 1993.

Parveen Goyal is Zonal Manager- CGM (Delhi Zone) of our Bank. He has been associated with our Bank since January 23, 1991.

Sudhanshu Shekhar Das is Zonal Manager- GM (Patna Zone) of our Bank. He has been associated with our Bank since December 04, 1989.

P Mahendar is Zonal Manager- GM (Chennai Zone) of our Bank. He has been associated with our Bank since November 20, 1989.

Radha Krishan Bajpai is Zonal Manager- GM (Jaipur Zone) of our Bank. He has been associated with our Bank since May 07, 1986.

Shailendra Singh Bora is Zonal Manager- GM (Bhopal Zone) of our Bank. He has been associated with our Bank since November 20, 1989.

Manish Agrawal is the General Manager (Mission Parivartan Division) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, he was associated with erstwhile United Bank of India since December 01, 2006.

Mousumi Majumder is the General Manager (In-charge Corporate Credit Division) of our Bank. She has been associated with our Bank since April 1, 2020. Prior to amalgamation, she was associated with erstwhile Oriental Bank of Commerce since May 23, 1992.

Kiran Kumar Tarania is the General Manager (Treasury Division) of our Bank. He has been associated with our Bank since November 20, 1989.

Sanjeev Kumar Dubey is General Manager (Incharge of Centralized Procurement and Partnership Division) of our Bank. He has been associated with our Bank since July 12, 1993.

Debarchan Sahoo is the General Manager (General Services & Admin Division) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, he was associated with erstwhile Oriental Bank of Commerce since April 09, 2009.

Dipankar Mahapatra is Zonal Manager- GM (Ahmedabad Zone) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, he was associated with erstwhile Oriental Bank of Commerce since December 03, 2010.

Ajay Kumar Singh is Zonal Manager- GM (Varanasi Zone) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, he was associated with erstwhile Oriental Bank of Commerce since April 27, 1992.

Chittaranjan Prusty is Zonal Manager- GM (Guwahati Zone) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, he was associated with erstwhile Oriental Bank of Commerce since April 03, 1995.

Jan Mohammed is Zonal Manager- GM (Agra Zone) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, he was associated with erstwhile Oriental Bank of Commerce since February 14, 1986.

Dr. Rajesh Prasad is Zonal Manager- GM (Chandigarh Zone) of our Bank. He has been associated with our Bank since March 25, 2003.

Deepak Kumar Shrivastava is Zonal Manager- GM (Hyderabad Zone) of our Bank. He has been associated with our Bank since November 30, 1992.

Sachidanand Dubey is Zonal Manager- GM (Dehradun Zone) of our Bank. He has been associated with our Bank since November 02, 1992.

Mrityunjay is Zonal Manager- GM (Lucknow Zone) of our Bank. He has been associated with our Bank since July 12, 1993.

Sumant Kumar is Zonal Manager- GM (Durgapur Zone) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, he was associated with erstwhile Oriental Bank of Commerce since November 19, 2001.

Ashwini Kumar Pandey is is General Manager- CISO (Cyber & Information Security Division) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, he was associated with erstwhile Oriental Bank of Commerce since July 01, 2000.

Rajesh Kumar is Zonal Manager- GM (Bhubaneshwar Zone) of our Bank. He has been associated with our Bank Since April 1, 2020. Prior to amalgamation, he was associated with erstwhile Oriental Bank of Commerce since June 05, 1995

Amritabh Anand is Zonal Manager- GM (Amritsar Zone) of our Bank. He has been associated with our Bank since November 02, 1992.

Balbir Singh is Zonal Manager- GM (Meerut Zone) of our Bank. He has been associated with our Bank since March 04, 1991.

Ashish Kumar Chaturvedi is Zonal Manager- GM (Raipur Zone) of our Bank. He has been associated with our Bank since September 30, 1991.

Nitil Pandya is the General Manager (Group Business Management Division) of our Bank. He has been associated with our Bank since June 03, 2008.

Manoj Kumar Srivastava is Zonal Manager- GM (Shimla Zone) of our Bank. He has been associated with our Bank since January 19, 1996.

Deepak Singh is the General Manager (SMEAD) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, He was associated with erstwhile Oriental Bank of Commerce since April 12, 2004.

Parmesh Kumar is Zonal Manager- GM (Ludhiana Zone) of our Bank. He has been associated with our Bank since July 02, 1986.

Ekta Pasricha is the Dy. General Manager- Board Secretary (Board & Co- Ordination Division) and the Company Secretary and Compliance Officer – SEBI of our Bank. She has been associated with our Bank since April 1, 2020. Prior to amalgamation, she was associated with erstwhile Oriental Bank of Commerce since November 18, 2013.

All our above mentioned Senior Managerial Personnel are permanent employees of our Bank.

Relationships between Senior Managerial Personnel and with Directors

None of our Senior Managerial Personnel are related to each other or to our Directors.

Bonus or a profit-sharing plan to our Senior Managerial Personnel

Our Bank does not have a performance linked bonus or a profit-sharing plan for the Senior Managerial Personnel.

Shareholding of our Senior Managerial Personnel

The following table sets forth details of shareholding of our Senior Managerial Personnel in our Bank, as on the date of this Placement Document:

Name of the Senior Managerial Personnel	No. of Equity Shares (pre-Issue)	Percentage shareholding (%)
Raghvendra Kumar	0	N.A.
Dilip Kumar Jain	7285	Nominal
V Sundaresan	1270	Nominal
Sameer Bajpai	7380	Nominal
Amit Kumar Srivastava	4400	Nominal
Hemant Verma	830	Nominal
Sanjay Varshneya	2350	Nominal
Rakesh Grover	6650	Nominal
Sanjeevan Nikhar	3984	Nominal
Rakesh Gandhi	0	N.A.
Sunil Kumar Chugh	4927	Nominal
Suresh Kumar Rana	6965	Nominal
Binay Kumar Gupta	9096	Nominal
Firoz Hasnain	4830	Nominal
Sunil Kumar Goyal	7350	Nominal
Sanjay Gupta	7886	Nominal
Sunil Agrawal	6350	Nominal
Amresh Prasad	6255	Nominal
Parveen Goyal	4527	Nominal
Sudhanshu Shekhar Das	6927	Nominal
P Mahendar	6350	Nominal
Radha Krishan Bajpai	3090	Nominal
Shailendra Singh Bora	5000	Nominal
Manish Agarwal	0	N.A.
Mousumi Majumder	6927	Nominal
Kiran Kumar Tarania	5835	Nominal
Sanjeev Kumar Dubey	5300	Nominal
Debarchan Sahoo	0	N.A.
Dipankar Mahapatra	0	N.A.
Ajay Kumar Singh	5330	Nominal
Chittaranjan Prusty	6927	Nominal
Jan Mohammed	4111	Nominal
Dr. Rajesh Prasad	5300	Nominal
Deepak Kumar Shrivastava	0	N.A.
Sachidanand Dubey	5300	Nominal
Mrityunjay	5300	Nominal
Sumant Kumar	5135	Nominal
Ashwini Kumar Pandey	4140	Nominal
Rajesh Kumar	3611	Nominal

Name of the Senior Managerial Personnel	No. of Equity Shares (pre-Issue)	Percentage shareholding (%)
Amritabh Anand	5300	Nominal
Balbir Singh	0	N.A.
Ashish Kumar Chaturvedi	5300	Nominal
Nitil Pandya	5300	Nominal
Manoj Kumar Srivastava	3640	Nominal
Deepak Singh	4145	Nominal
Parmesh Kumar	3600	Nominal
Ekta Pasricha	2111	Nominal

Interests of our Senior Managerial Personnel

None of our Senior Managerial Personnel have any interest in our Bank except to the extent of their, remuneration, benefits and reimbursement of expenses incurred by them in the ordinary course of business, which they receive from our Bank, and loans availed from our Bank, if any.

Our Senior Managerial Personnel may also be deemed to be interested to the extent of Equity Shares held by them in our Bank and any dividend or other distributions payable to them in respect of the said Equity Shares (if any). For details of Equity Shares held by our Senior Managerial Personnel in our Bank, see "*Shareholding details of our Senior Managerial Personnel*" above.

None of our Senior Managerial Personnel have any financial or other material interest in the Issue and there is no effect of an interest by virtue of having shareholding in our Bank, so far as it is different from the interests of other persons.

Other than as disclosed in this Placement Document, there were no outstanding transactions other than in the ordinary course of business undertaken by our Bank in which the Senior Managerial Personnel were the interested parties**.**

Policy on disclosures and internal procedure for prevention of insider trading

Regulation 8(1) and 9(1) of the SEBI Prohibition of Insider Trading Regulations, 2015 as amended applies to the Bank and its employees and requires our Bank to implement a code of practices and procedures for fair disclosure of unpublished price sensitive information and to regulate, monitor and report trading by its employees and other connected persons towards achieving compliance with. Our Bank has implemented a code of conduct for prevention of insider trading in accordance with the SEBI Prohibition of Insider Trading Regulations, 2015, as amended.

Employee Stock Option Scheme/Employee Stock Purchase Scheme

As on the date of this Placement Document, our Bank does not have any Employee Stock Option Scheme/ Employee Stock Purchase Scheme.

PRINCIPAL SHAREHOLDERS AND OTHER INFORMATION

The following table presents information regarding the ownership of Equity Shares by the Shareholders as of June 30, 2024:

Summary statement holding of Equity Shares

Category of Shareholder	No. of Shareholders	No. of fully paid up equity shares held	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting Right	No. of Locked in shares		No. of equity shares held in dematerialized form
							No. (a)	As a % of total Shares held (b)	
(A) Promoter & Promoter Group	1	8,05,41,25,685	8,05,41,25,685	73.15	8,05,41,25,685	73.15	-	-	8,05,41,25,685
(B) Public	25,29,282	2,95,68,89,873	2,95,68,89,873	26.85	2,95,68,89,873	26.85	-	-	2,94,87,19,319
(C1) Shares underlying DRs	-	-	-	0	-	0	-	-	0
(C2) Shares held by Employee Trust	-	-	-	0	-	0	-	-	0
(C) Non Promoter-Non Public	-	-	-	0	-	0	-	-	0
Grand Total	**25,29,283**	**11,01,10,15,558**	**11,01,10,15,558**	**100.00**	**11,01,10,15,558**	**100.00**	**0**	**0**	**11,00,28,45,004**

Shareholding Pattern of Promoters and Promoter Group of our Bank as on June 30, 2024

Category of Shareholder	No. of Shareholders	No. of fully paid up equity shares held	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Locked in shares		No. of equity shares held in dematerialized form
					No. (a)	As a % of total Shares held (b)	
A1) Indian	-	-	-	0.00	-	-	-
Central Government (through President of India)	1	8054125685	8054125685	73.15	-	-	8054125685
Sub Total A1	1	8054125685	8054125685	73.15	0	0	8054125685
A2) Foreign	-	-	-	-	-	-	-
A=A1+A2	**1**	**8054125685**	**8054125685**	**73.15**	**0**	**0**	**8054125685**

Shareholding Pattern of Public Shareholders as on June 30, 2024

Category of Shareholder	No. of Shareholders	No. of fully paid up equity shares held	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting Right	No. of Locked in shares		No. of equity shares held in dematerialized form
							No. (a)	As a % of total Shares held (b)	
B1) Institutions									
Mutual Funds/	30	210255973	210255973	1.9095	210255973	1.9095	-	-	210248383
Alternate Investment Funds	10	4286139	4286139	0.0389	4286139	0.0389	-	-	4286139
Banks	18	10419716	10419716	0.0946	10419716	0.0946	-	-	10416726
Insurance Companies	20	960549859	960549859	8.7235	960549859	8.7235	-	-	960549744
Life Insurance Corporation of India	1	900673925	900673925	8.1798	900673925	8.1798	-	-	900673925
Other Financial Institution	2	620	620	0.00	620	0.00	-	-	620
Sub Total B1	80	1185512307	1185512307	10.7666	1185512307	10.7666	-	-	1185501612
B2) Institutions (Foreign)							-	-	
Foreign Portfolio Investors Category I	454	583942632	583942632	5.3033	583942632	5.3033	-	-	583942632
Foreign Portfolio Investors Category II	19	22924305	22924305	0.2082	22924305	0.2082	-	-	22924305
Other- Foreign Institution Investor	28	16100	16100	0.0001	16100	0.0001	-	-	0
Other- Foreign Bank	1	115	115	0.00	115	0.00	-	-	115
Sub Total B2	502	606883152	606883152	5.5116	606883152	5.5116	-	-	606867052
B3) Central Government/ State Government(s)/ President of India							-	-	
Central Government/ State Government(s)/ President of India							-	-	
Shareholding by Companies or Bodies Corporate where	5	340333	340333	0.0031	340333	0.0031	-	-	340333

Category of Shareholder	No. of Shareholders	No. of fully paid up equity shares held	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting Right	No. of Locked in shares		No. of equity shares held in dematerialized form
							No. (a)	As a % of total Shares held (b)	
Central/State Government is a promoter									
Sub Total B3	5	340333	340333	0.0031	340333	0.0031	-	-	340333
B4) Non-Institutions							-	-	
Individual share capital up to Rs. 2 Lacs	2493088	894324665	894324665	8.1221	894324665	8.1221	-	-	886451470
Individual share capital in excess of Rs. 2 Lacs	369	107715879	107715879	0.9783	107715879	0.9783	-	-	107715879
Any Other (specify)							-	-	
Non-Resident Indians (NRIs)-Non-Repatriable	5969	8681958	8681958	0.0788	8681958	0.0788	-	-	8681958
Non-Resident Indians (NRIs)-Repatriable	6529	16924977	16924977	0.1537	16924977	0.1537	-	-	16921528
Foreign Nationals	2	720	720	0.00	720	0.00	-	-	720
Foreign Companies	1	4715	4715	0.00	4715	0.00	-	-	4715
Bodies Corporate	3494	102916515	102916515	0.9347	102916515	0.9347	-	-	102712935
Trusts	55	807969	807969	0.0073	807969	0.0073	-	-	793279
HUF	19141	31877728	31877728	0.2895	31877728	0.2895	-	-	31829228
Clearing Member/House-Corp	27	747188	747188	0.0068	747188	0.0068	-	-	747188
Clearing Member/House-Ind	19	147847	147847	0.0013	147847	0.0013	-	-	147847
Unclaimed/Suspense/Escrow A/c	1	3920	3920	0.00	3920	0.00	-	-	3575
Sub Total B4	2528695	1164154081	1164154081	10.5726	1164154081	10.5726	-	-	1156010322
B=B1+B2+B3+B4	**2529282**	**2956889873**	**2956889873**	**26.8539**	**2956889873**	**26.8539**	**0**	**0**	**2948719319**

Shareholding Pattern of the Non Promoter – Non Public shareholder as on June 30, 2024

Category & Name of Shareholder (I)	No. of Shareholders (III)	No. of fully paid up equity shares held (IV)	Total no. of shares held (VII = IV + V + VI)	Shareholding as a % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	No. of Locked in shares		No. of equity shares held in dematerialized form (XIV) (Not Applicable)
					No.	As a % of total Shares held	
C1) Custodian/ DR Holder	-	-	-	-	-	-	-
C2) Employee Benefit Trust	-	-	-	-	-	-	-

Details of disclosure made by the Trading Members holding 1% or more of the Total Number of shares of our Bank as on June 30, 2024.

S. No.	Name of the Trading Member	Name of the Beneficial Owner	No. of shares held	% of total no. of shares	Date of reporting by the Trading Member
-	NIL	NIL	NIL	NIL	NIL

REGULATIONS AND POLICIES

The following description is a summary of some of the relevant regulations and policies as prescribed by the central, state and regulatory bodies in India that are applicable to our Bank and its Subsidiaries. The following description is not meant to be exhaustive and is only intended to provide general information to the investors on some of the key regulations and policies applicable to us.

*The primary legislation governing banking companies in India is the Banking Regulation Act, 1949 (the "Banking Regulation Act") which applies to public sector banks such as our Bank, only to a limited extent. Sections 34A, 36AD and section 51 of the Banking Regulation Act are applicable to corresponding new banks constituted under the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970 ("**Banking Companies Act**"). In turn, section 51 of the Banking Regulation Act makes some of its sections applicable to corresponding new banks. Our Bank, as a corresponding new bank, is governed primarily by the provisions of the Banking Companies Act. The Nationalised Bank Scheme and the Bank Regulations also governs our operations. Other important laws governing banking companies include the Reserve Bank of India Act, 1934, the Negotiable Instruments Act, 1881 the SARFAESI Act, 2002 the Recovery of Debts and Bankruptcy Act, 1993, Foreign Exchange Management Act, 1999. Additionally, the RBI, from time to time, issues guidelines, regulations, policies, notifications, press releases, circulars, etc. to be followed by us and supervises our compliance with these guidelines. Our Bank is listed on a Stock Exchanges in India and therefore, our Bank will be governed by various regulations of the SEBI.*

Reserve Bank of India Act, 1934

RBI may, subject to certain conditions, direct the inclusion or exclusion of any bank from the second schedule of the RBI Act. Scheduled banks are required to maintain cash reserves with the RBI. In this regard, RBI may stipulate an average daily balance requirement to be complied with, by such banks and may direct that such banks regard a transaction or class of transactions as a liability. RBI has the power to impose penalties against any person for, *inter alia,* failure to produce any book, account or other document or furnish any statement, information, or particulars which such person is duty-bound to produce or furnish under the RBI Act, or any order, regulation, or direction thereunder.

Banking Regulation Act, 1949 ("Banking Regulation Act")

Our Bank is a 'Corresponding New Bank' as defined under the Banking Companies Act, only certain provisions of the Banking Regulation Act is applicable thereto, including in respect of inspection by the RBI, penalties and restrictions on commission and brokerage payable on sale of shares. The RBI can direct a special audit in the interest of depositors or in public interest. The Banking Regulation Act also prescribes certain requirements in relation to financial statements of Banks including our Bank.

Commercial banks in India are required to obtain a license from the RBI to carry on banking business in India as per Section 22 of the Banking Regulation Act. Such license is granted to a bank subject to compliance with certain conditions including (i) that the bank has or will have the ability to pay its present and future depositors in full as their claims accrue; (ii) that the affairs of the bank are not or are not likely to be conducted in a manner detrimental to the interests of present or future depositors; (iii) bank has adequate capital structure and earnings prospects; (iv) any other condition, the fulfilment of which would, in the opinion of the RBI, be necessary to ensure that the carrying on of banking business in India by the company will not be prejudicial to the public interest or the interest of its depositors ; and (v) that public interest will be served if such license is granted to the bank.

The RBI may cancel the license if the bank fails to meet the qualifications /conditions imposed on it or if the bank ceases to carry on banking operations in India. Additionally, the RBI has issued various reporting and record-keeping requirements for commercial banks. Further, the appointing, re-appointing, or removing of auditor or auditors of the bank requires prior approval of the RBI, as the Bank is a government company.

We have obtained a banking license since the date of nationalisation through Gazette of India and are regulated and supervised by the RBI as applicable to as a Corresponding New Bank. The RBI requires us to furnish statements, information and certain details relating to our business and it has issued guidelines for commercial banks on recognition of income, classification of assets, valuation of investments, maintenance of capital adequacy and provisioning for non-performing and restructured assets. The RBI has set up a board for financial supervision ("**BFS**"), under the chairmanship of the Governor of the RBI. The primary objective of BFS is to undertake consolidated supervision of the financial sector comprising of *inter alia*, commercial banks, financial institutions and non-banking finance companies. The RBI can direct a special audit in the interest of the bank or the depositors or in the public interest.

The Banking Regulation Act confers power on the RBI (in consultation with the central government) in the public interest or for preventing the affairs of the bank from being conducted in a manner detrimental to the interest of the depositors or any banking company or for securing the proper management of any banking company, to pass orders to supersede the board of directors of a banking company for a period of up to six months, provided that the period of supersession may be extended from time to time, so, however, that the total period shall not exceed 12 months.

During the moratorium, the RBI may prepare a scheme: (i) for the reconstruction of the bank, or (ii) for the amalgamation of the banking company with any other banking institution, if it is satisfied that it is necessary to do so in:

(i) in the public interest; or
(ii) in the interests of the depositors; or
(iii) in order to secure the proper management of the banking company; or
(iv) in the interest of the banking system of the country as a whole.

The abovementioned scheme shall be in accordance with the provisions of the Banking Regulation Act.

When a bank fails to or omits to comply with the provisions of the Banking Regulation Act, the RBI may impose fine within prescribed limits on banks and its officers or punish with imprisonment for the term provided in the law, on the basis of the nature of the violation.

The Banking Regulation (Amendment) Act, 2017 had been promulgated by the President of India with a view to give extensive powers to RBI to issue directions to banks for resolution of stressed assets. The amendment introduced two new sections to the Banking Regulation Act, Section 35AA and Section 35AB which enables RBI to direct banks to commence the insolvency resolution process against the defaulting company under the Insolvency and Bankruptcy Code, 2016 ("**IBC**"). The RBI has also been granted the discretion to set up one or more advisory/supervisory committees to advise banks on resolution of stressed assets.

The Banking Regulation (Amendment) Ordinance, 2020, ("**Ordinance**") was promulgated by the President of India on June 26, 2020. The Ordinance amends the Banking Regulation Act as applicable to Cooperative Banks. It seeks to protect the interests of depositors and strengthen cooperative banks by improving governance and oversight by extending powers already available with RBI in respect of other banks to Co-operative Banks as well for sound banking regulation, and by ensuring professionalism and enabling their access to capital.

The Ordinance also amends Section 45 of the Banking Regulation Act, to enable making of a scheme of reconstruction or amalgamation of a banking company for protecting the interest of the public, depositors and the banking system and for securing its proper management, even without making an order of moratorium, so as to avoid disruption of the financial system.

Punjab National Bank (Shares & Meetings) Regulations, 2000 ("Punjab National Bank Regulations")

Our Bank is governed by Punjab National Bank Regulations which regulates matters including, inter alia, the transfer of shares, issuance of share certificates, voting rights and manner of voting of the shareholders of the Bank. Every shareholder registered on the register of shareholders prior to a general meeting has one vote on show of hand and in case of a poll has one vote for every share held by him. Further, the Punjab National Bank Regulations also govern the manner of elections of the Directors on the Board of the Bank. Every shareholder on the register of shareholders, except the Central Government, has the right to elect the Directors from amongst themselves.

Regulatory reporting and examination procedures

The RBI is empowered under the Banking Regulation Act to call for certain information from a bank as well as to inspect a bank. The RBI monitors prudential parameters at periodic basis.

RBI has introduced the Centralised Information Management System (CIMS) to revolutionize its data handling, analysis, and governance. The system leverages advanced technology to manage big data, enabling powerful data mining, text mining, visual analytics, and statistical analysis. Apart from CIMS, RBI has also launched Daksh– a new suptech initiative aimed at developing an Advanced Supervisory Monitoring System. The application allows for the collection and analysis of data from various sources and the automation of various steps of the supervisory process.

RBI has adopted a Risk Based Supervisory (RBS) approach, based on the recommendations of the High-Level Steering Committee (HLSC) for Review of Supervisory Processes of Commercial Banks. RBI's revised supervisory approach is called Supervisory Program for Assessment of Risk and Capital – SPARC. RBI conducts Inspection for Supervisory Evaluation (ISE) of the Bank under Section 35 of Banking Regulation Act, 1949 and shares Inspection & Risk Assessment Report (IRAR) as part of Supervisory Programme for Assessment of Risk and Capital (SPARC). This involves on-site inspection of the Banks on on matters relating to the bank's portfolio, risk management systems, governance & oversight, internal controls, credit allocation and regulatory compliance.

Maintenance of records

Extant Record Maintenance Policy of the bank, for the year 2024-25 circulated vide Operations (GB) Circular No. 17/2024 dated 20.03.2024. covers all aspects of maintenance of record at bank under guidelines of Banking Regulation Act 1934.

Further, as per RBI's KYC Policy dated 25.02.2016 and updated from time to time, also provide for certain records to be maintained for a minimum period of period of five years from the business relationship have ended- this is covered under POLICY FOR KNOW YOUR CUSTOMER as per KYC Cir. No 14/2023 dated 14.11.2023. For, further information on POLICY FOR KNOW YOUR CUSTOMER, HO: DPMD is the owner division.

Regulations relating to the opening of branches

Under Section 23 of the Banking Regulation Act, banks are required to obtain the prior approval of the RBI to open new branches, in or outside India or to change the existing place of such business, other than a change of existing place within the same city, town or village. Permission is granted based on factors such as overall financial position of the bank, the history of the bank, the general character of its management, the adequacy of its capital structure, its earning prospects and public interest.

The RBI issues instructions and guidelines to banks on branch authorization from time to time, including guidelines allowing banking companies to open new branches, banking outlets, closure, shifting of branches/ ATMs etc. In terms of the Rationalisation of Branch Authorisation Policy - Revision of Guidelines issued by the RBI dated May 18, 2017, domestic scheduled commercial banks may open branches, unless otherwise specifically restricted, in tier 1 to tier 6 centres without prior permission from RBI, subject to the conditions laid down by RBI thereunder.

The RBI has further stipulated that the banks are required to open at least 25 percent of the total number of 'Banking Outlets' opened during a financial year in 'unbanked rural centres' i.e., tier 5 and tier 6 centre that does not have a core banking solution (CBS) enabled 'Banking Outlet' of a scheduled commercial bank, a small finance bank, a payment bank or a regional rural bank nor a branch of local area bank or licensed co-operative bank for carrying out customer based banking transactions, failing which appropriate penal measures, including restrictions on opening of tier 1 branches, may be imposed.

Further, such banks may also shift, merge, or close all branches except rural branches and sole semi-urban branches without prior permission from District Consultative Committee/ District Level Review Committee, subject to certain conditions. Rural branches and sole semi-urban branches can also be closed subject to certain conditions. Further, RBI has permitted installation of onsite/offsite ATMs at centres identified by banks. Further, banks are required to periodically report details of the branches opened/closed/shifted to RBI.

Capital adequacy requirements

RBI had issued guidelines based on the Basel III reforms on capital regulation on May 2, 2012, to the extent applicable to banks operating in India. The Basel III capital regulations were implemented from April 1, 2013 in India in a phased manner and were fully implemented by October 1, 2021, as specified below. Banks have to comply with the regulatory limits and minima as prescribed under Basel III capital regulations on an ongoing basis. The table below summarizes the capital requirements under Basel III guidelines for banks in India:

Sr. No.	Regulatory Capital	As % of Risk Weighted Assets
1.	Minimum Common Equity Tier I Ratio	5.50%
2.	Capital Conservation Buffer (comprised of Common Equity)	2.50%
3.	Minimum Common Equity Tier I Ratio plus Capital Conservation Buffer (1)+(2)	8.00%
4.	Additional Tier I Capital	1.50%
5.	Minimum Tier I Capital Ratio (1)+(4)	7.00%
6.	Tier II Capital	2.00%
7.	Minimum Total Capital Ratio (MTC) (5)+(6)	9.00%
8.	Minimum Total Capital Ratio plus Capital Conservation Buffer (7)+(2)	11.50%

To ensure smooth transition to Basel III, appropriate transitional arrangements were provided for meeting the minimum Basel III capital ratios, full regulatory adjustments to the components of capital etc and accordingly, RBI had introduced the master circular on "Basel III Capital Regulations" dated July 1, 2015 (Master Circular No. DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015). The Basel III capital regulations were implemented in India with effect from April 1, 2013 and have been fully implemented as on October 1, 2021. Banks have to comply with the regulatory limits and minima as prescribed under Basel III capital regulations, on an ongoing basis.

RBI has thereafter issued revisions to the Master Circular - Basel III Capital Regulations lastly dated April 1, 2024*vide* its notification, namely, Master Circular – Basel III Capital Regulations (bearing number RBI/2024-25/08 DOR.CAP.REC.4/21.06.201/2024-25).

Liquidity coverage ratio

The Basel III framework on 'Liquidity Standards' includes 'Liquidity Coverage Ratio', 'Net Stable Funding Ratio' ('**NSFR**") and liquidity risk monitoring tools. In June, 2014, the RBI issued guidelines in relation to liquidity coverage ratio ("**LCR**"), liquidity risk monitoring tools and LCR disclosure standards pursuant to the publication of the 'Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools' in January, 2013 and the 'Liquidity Coverage Ratio Disclosure Standards' in January, 2014 by the Basel Committee which provided enhanced guidance on liquidity, risk governance, measurement, monitoring and reporting to the RBI on liquidity positions. The guidelines stipulate that banks were to ensure an LCR of 60% for the calendar year 2015 with effect from January 1, 2015, minimum 90% with effect from January 1, 2018 and were expected to make a transition to an LCR of 100% on January 1, 2019. In order to accommodate the burden on banks' cash flows on account of the Covid-19 pandemic, RBI *vide* notification dated April 17, 2020, permitted banks to maintain LCR as under:

From date of circular to September 30, 2020	80%
October 1, 2020 to March 31, 2021	90%
April 1, 2021 onwards-	100

The notification further provides that banks shall prepare LCR restoration plans upon breach of the LCR requirement set out above, for scrutiny by the RBI's Department of Supervision.

The LCR measures a bank's ability to manage and survive for 30 days under a significant stress scenario that combines idiosyncratic as well as market-wide shock situations that would result in accelerated withdrawal of deposits from retail as well as wholesale depositors, partial loss of secured funding, increase in collateral requirements and unscheduled drawdown of unused credit lines. 100% of the net cash outflows in the next 30 days, computed with these assumptions of a stressed scenario, are required to be supported by High Quality Liquid Assets ("**HQLA**").

The RBI has permitted banks to reckon Government securities as Level 1 HQLA under FALLCR within the mandatory SLR requirement up to 16 per cent of their NDTL. Accordingly, the total HQLA carve out from the mandatory SLR, which can be reckoned for meeting LCR requirement will be 18 per cent of NDTL (2 per cent MSF plus 16 per cent FALLCR).

Further, the Basel Committee on Banking Supervision issued the final rules on 'Net Stable Funding Ratio' on October 31, 2014 and RBI issued the guidelines on NFSR on May 17, 2018 with the objective to ensure that banks maintain a stable funding profile in relation to the composition of their assets and off- balance sheet activities. RBI has vide circular dated November 29, 2018 notified that the NSFR guidelines shall come into effect from April 1, 2020. RBI had vide circular dated March 27, 2020, deferred the implementation of NSFR guidelines by six months i.e. till October 1, 2020 and *vide* notification dated September 29, 2020, has decided to defer the implementation of NSFR guidelines by a further period of six months i.e till April 1, 2021. The NSFR guidelines came into effect on October 1, 2021 pursuant to notification dated February 5, 2021.

Prudential framework for resolution of stressed assets

The RBI has, pursuant to its circular dated June 7, 2019, established a new regulatory framework for resolution of stressed assets ("**Revised Framework**"). Pursuant to the Revised Framework, existing guidelines and schemes for debt resolution such as revitalising distressed assets, CDR, flexible structuring of existing long term project loans, SDR, change in ownership outside SDR, and S4A have been withdrawn. In addition, the guidelines /framework for joint lenders' forum has also been discontinued. According to the Revised Framework, the lenders must identify incipient stress in loan accounts immediately on default by classifying stressed assets as special mention account.

Under the Revised Framework, the RBI had introduced a revised framework for resolution of stressed assets, where banks are required to put in place a board approved policy for resolution of stressed assets. Upon the occurrence of a default, banks are required to within a period of 30 days from the date of such default ("**Review Period**"), review the account of the borrower and determine a strategy for implementing a resolution plan or choose to initiate legal proceedings or recovery. If a resolution plan route is chosen by the lenders during the Review Period, the lenders are required to enter into an inter-creditor agreement to provide rules for finalisation and implementation of the resolution plan and also provide in such inter-creditor agreement that decisions by lenders representing 75% of outstanding facilities and 60% by number shall bind all lenders to the inter-creditor agreement. The resolution plan is to be implemented within 180 days from the end of the Review Period in respect of accounts with aggregate exposure above a threshold (as listed below) with the lenders. Depending on the aggregate exposure (including fund based and non- fund based) of the borrower towards the lender, the Review Period is required to commence by a specified date, as set out below:

(i) INR 2,000 crore and above – June 7, 2019;

(ii) INR 1500 crore and above but less than INR 2,000 crore – January 1, 2020; and

(iii) Less than INR 1,500 crore – To be announced.

The Revised Framework further clarifies that in the event a viable resolution plan in respect of the borrower is not implemented within the aforementioned timelines, all lenders (whether party to the inter-creditor agreement or not) are required to make additional provisions as set out below ("**Additional Provisions**"):

Timeline for implementation of viable resolution plan	Additional Provisions to be made as a percentage of total outstanding, if resolution plan not implemented within the timeline
180 days from the end of Review Period	20%
365 days from the commencement of Review Period	15% (i.e., total additional provisioning of 35%)

As per the Revised Framework, the additional provisions shall also be required to be made in cases where the lenders have initiated recovery proceedings, unless the recovery proceedings are fully completed. The Revised Framework shall not be available for borrower entities in respect of which specific instructions have already been issued or are issued by the RBI to the banks for initiation of insolvency proceedings under the IBC. It may be noted that the certain sections of the Revised Framework (Implementation of Resolution Plan, Implementation Conditions of Resolution Plan, Delayed Implementation of Resolution Plan) is not applicable to MSMEs whose revival and rehabilitation is already mentioned RBI Circular on 'Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises (MSMEs)' dated March 17, 2016.

As part of the regulatory measures aimed at alleviating the lingering impact of Covid-19 pandemic, the RBI through its circulars dated April 17, 2020 and May 23, 2020 each titled "Covid-19 Regulatory Package - Review of Resolution Timelines Under the Prudential Framework on Resolution of Stressed Assets" extended the resolution timeline under the Revised Framework as follows:

i. within the Review Period as on March 1, 2020, the period from March 1, 2020 to August 31, 2020 shall be excluded from the calculation of the 30-day timeline for the Review Period. In respect of all such accounts, the residual Review Period shall resume from September 1, 2020, upon expiry of which the lenders shall have the usual 180 days for resolution; and

ii. in respect of accounts where the Review Period was over, but the 180-day resolution period had not expired as on March 1, 2020, the timeline for resolution shall get extended by 180 days from the date on which the 180-day period was originally set to expire.

Consequently, the requirement of making additional provisions as specified above shall be triggered as and when the extended resolution timeline expires. Further, the RBI directed that the lending institutions shall make relevant disclosures in respect of accounts where the resolution period was extended in the 'Notes to Accounts' while preparing their financial statements for the half year ending September 30, 2020, as well as the financial years 2020 and 2021

The Insolvency and Bankruptcy Code, 2016 ("IBC")

The IBC was enacted and notified in the Gazette of India on May 28, 2016. The IBC covers individuals, companies, limited liability partnerships, partnership firms, proprietorship firms and other legal entities. The IBC has established an Insolvency and Bankruptcy Board of India to function as the regulator for all matters pertaining to insolvency and bankruptcy. The IBC prescribes a time limit of 180 days (extendable by up to a maximum of 90 days) for the insolvency resolution process to be completed ("**IBC Moratorium Period**") during which period the entity shall be revived. During the Moratorium Period, (i) the management of the debtor vests in favour of the resolution professional appointed by National Company Law Tribunal ("**NCLT**"); (ii) no assets of the debtor can be transferred, encumbered; (iii) there can no enforcement of security interest; (iv) no fresh proceedings can be initiated against the debtor and the continuation of pending proceedings are prohibited.

The resolution professional shall invite and verify claims of all creditors of the debtor and constitute a committee of creditors comprising of all creditors whose claims are verified and accepted. Thereafter a resolution plan is prepared for the revival of the entity which shall be approved by majority of the committee of creditors which is then sanctioned by the NCLT. In the event no resolution plan is approved by committee of creditor or the NCLT rejects the resolution plan for non-compliance, the NCLT directs the liquidation of the debtor.

The IBC was recently amended by the Insolvency and Bankruptcy Code (Amendment) Act, 2020 ("**Amendment**"), which received Presidential Assent on March 13, 2020 and is deemed to be effective from December 28, 2019. The Amendment has *inter alia* prescribed minimum thresholds for filing of the application in certain cases i.e. in terms of number, for instance, in case of homebuyers / allottees, at least 100 homebuyers/allottees under the same project or at least 10% of the total numbers of such allottees whichever is less.

The Amendment has introduced a non-obstante explanation stating that any permit, license, registration which has been provided by any local, central or state authority constituted under any law for the time being in force, shall not be suspended or terminated on the grounds of insolvency, subject to the condition that there is no default in the payment of current dues arising for the use or continuation of such license, permit or registration during the IBC Moratorium Period.

The Amendment also clarifies that the effect of the approval of a resolution plan by the Adjudicating Authority should result in (i) the extinguishment of all liabilities of the corporate debtor existing at or pertaining to the period prior to the insolvency commencement date; and (ii) no action being taken against the property of the corporate debtor, in relation to the offences committed in the period prior to the insolvency commencement date. However, this immunity is only available in cases where the resolution plan specifically provides for a change in the management control of the corporate debtor to a person not being a promoter managing or controlling the corporate debtor / any related party or a person against whom a complaint has been made before the relevant authority in relation to the aforementioned offence.

The Insolvency and Bankruptcy Code (Second Amendment) Act, 2020 and the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2021

In terms of the Insolvency and Bankruptcy Code (Second Amendment) Act, 2020 (effective June 5, 2020) (the "**2020 Act**") Section 10 A was inserted in the IBC through of which an embargo was imposed on initiation of corporate insolvency resolution proceedings ("**CIRP**") against corporate debtors for any default arising on or after March 25, 2020 for a period of period of six months or such further period not exceeding one year ("**Embargo Period**"). Further, the Act also provided that initiation of CIRP, for defaults arising during the Embargo Period shall be barred in perpetuity. Subsequently, the Embargo Period was initially extended up till December 24, 2020 and thereafter up till March 24, 2021. Additionally, the 2020 Act also amended Section 66 of the IBC in terms of a resolution professional was authorised to apply to the National Company Law Tribunal against persons who were knowingly party to transactions undertaken to defraud the creditors of a Corporate Debtor or for any fraudulent purposes. In terms of the 2020 Act, Section 66 was amended to restrict resolution professionals from initiating actions under such persons provided the CIRP of the relevant corporate debtor is covered under the Embargo Period.

Subsequently, the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2021 was introduced on April 4, 2021 in terms of which, the pre-packaged insolvency framework was introduced, and the Embargo Period ended with effect from March 24, 2021. On July 26, 2021, the Insolvency and Bankruptcy Code (Amendment) Bill, 2021 ("**Bill**") was introduced.On the August 11, 2021, the Bill received the assent of the President thus enacting the Insolvency and Bankruptcy (Amendment) Act, 2021 ("**Amendment**") deemed to have come into force on the April 4, 2021.

The Recovery of Debts and Bankruptcy Act, 1993 as amended by the Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2019 ("RDB Act")

The DRT Act prescribes the rules for establishment of DRTs, procedure for making application to Debt Recovery Tribunals ("**DRTs**"), powers of DRTs and modes of recovery of debts determined by DRTs, including attachment and sale of movable and immovable properties of defendants, arrest of defendants, defendants' detention in prison and appointment of receivers for management of the movable or immovable properties of defendants.

The DRT Act also provides that a bank or public financial institution, having a claim to recover its debt may join an ongoing proceeding filed by some other bank or public financial institution against its debtor at any stage of the proceedings before the final order is passed by making an application to the DRT. Pursuant to the recovery certificate being issued, the recovery officer of the respective DRT shall effectuate the final orders of the DRT in the application. Unless such final orders of the DRT have been passed with the consent of the parties to an application, an appeal may be filed against such final orders of the DRT before the debt recovery appellate tribunal ("**DRAT**"), which is the appellate authority constituted under the RDB Act.

Further, no court or other authority, except the Supreme Court of India or a high court exercising jurisdiction under Articles 226 and 227 of the Constitution of India, shall have, or is entitled to exercise, any jurisdiction, powers or authority in relation to the aforementioned matter.

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act")

The SARFAES1 Act, read with the Security Interest Enforcement Rules, 2002, as amended, governs securitization of assets in India. Any securitization or reconstruction company may acquire assets of a bank or financial institution by either entering into an agreement with such bank or financial institution for transfer of such assets to the company or by issuing a debenture or bond or other security in the nature of debentures, for consideration, as per such terms and conditions as may be mutually agreed. If a bank or financial institution is a lender in relation to financial assets acquired by the securitization/reconstruction company, such company shall be deemed to be the lender in relation to those financial assets.

The SARFAESI Act provides for sale of financial assets by banks and financial institutions to asset reconstruction companies. The SARFAESI Act provides for measures in relation to enforcement of security interests and rights of the secured creditor in case of default. The Prudential Norms issued by the RBI describe the process to be followed for sales of financial assets to asset reconstruction companies. The banks may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realisation.

The SARFAESI Act provides for the enforcement of security interest without the intervention of the courts. Under the provisions of the SARFAESI Act, a secured creditor can recover dues from its borrowers by taking any of the measures as provided therein. Rights, with respect to the enforcement of security interest, under the SARFAESI Act cannot be enforced unless the account of the borrower has been classified as an NPA in the books of account of the secured creditor in accordance with the directions or guidelines issued by the RBI or any other applicable regulatory authority.

The secured creditors must serve a 60-days' notice on the borrower demanding repayment of the amount due and specifying the borrower's assets over which the bank proposes to exercise remedies. If the borrower still fails to pay, the secured creditors, on expiry of the 60-days' notice period, can: (i) take possession of the secured assets; (ii) take over the management of the secured assets along with the right to transfer by way of lease, assignment or sale of the secured assets; (iii) appoint any person to manage the secured assets; and (iv) require any person who has acquired any of the secured assets from the borrower to pay amounts necessary to satisfy the debt.

The security interests covered by the SARFAESI Act are security interests over immovable and movable property, existing or future receivables, certain intangible assets (such as know- how, patents, copyrights, trademarks, licenses, franchises) and any debt or any right to receive payment of money, or any receivable, present or future, and in which security interest has been created. Security interests over ships and aircraft, any statutory lien, a pledge of movables, any conditional sale, hire purchase or lease or any other contract in which no security interest is created, rights of unpaid sellers, any property not liable to attachment, security interest for securing repayment of less than ₹ 100,000, agricultural land and any case where the amount due is less than 20% of the principal amount and interest are not enforceable under the SARFAESI Act.

In the event that the secured creditor is unable to recover the entire sum due by exercise of the remedies under the SARFAESI Act in relation to the assets secured, such secured creditor may approach a debt recovery tribunal or the relevant court for the recovery of the balance amounts. A secured creditor may also simultaneously pursue its remedies under the SARFAESI Act as well as a debt recovery tribunal.

The Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 ("ESIRDA Amendment Act")

The ESIRDA Amendment Act received Presidential Assent on August 12, 2016. It seeks to amend certain provisions of the SARFAESI, RDB Act, the Indian Stamp Act, 1899 and the Depositories Act, 1996.

The key amendments to the SARFAESI include: (a) Debenture Trustees registered with SEBI have now been included in the definition of 'secured creditor' and can take enforcement action under Section 13 of the SARFAESI, as the remedies under SARFAESI have been extended to apply to listed debt securities. The scope of SARFAESI has been widened to include hire purchase, financial leasing and conditional sale transactions; (b) the process of taking possession over collateral against which a loan has been provided by a secured creditor, with the assistance of the Chief Metropolitan Magistrate or District Magistrate, has been made time-bound, requiring an order to be passed within 30 days from the date of the application by the secured creditor; and (c) amendments in relation to registration of security interest have been introduced, including *inter alia* setting up of a central database to integrate records of security registered under various registration systems.

The key amendments to the RDB Act include (a) Debenture Trustees registered with SEBI can initiate proceedings under the RDB Act regarding defaults in listed debt securities; (b) a bank or a financial institution has now been permitted to take proceedings under the RDB Act before a tribunal in whose jurisdiction where the defaulted account is maintained / located; (c) a defendant, upon service of summons under the RDB act, is restricted from transferring the secured assets or other assets disclosed in the application made by the bank of financial institution without the approval of the tribunal, except in the ordinary course of business; and (d) electronic filing of recovery application, documents and written statements has been introduced.

Prevention of Money Laundering Act, 2002 ("PMLA")

In order to prevent money laundering activities, the Government enacted the PMLA which seeks to prevent money laundering and to provide for confiscation of property derived from, or involved in money laundering, and for incidental matters connected therewith. Section 12 of the PMLA casts certain obligations on, *inter alia*, banking companies in regard to preservation and reporting of customer account information.

The RBI has advised all banks to go through the provisions of the PMLA and the rules notified thereunder and to take all steps considered necessary to ensure compliance with the requirements of Section 12 of the PMLA.

Master Circulars and Directions of Reserve Bank of India

Priority sector lending

The Reserve Bank of India (Priority Sector Lending – Targets and Classification) Directions, 2020 dated September 04, 2020 ("**PSL Master Directions**"), as amended from time to time, sets out the broad policy in relation to priority sector lending. In accordance with this circular, the priority sectors for all scheduled banks include (i) agriculture; (ii) micro, small and medium enterprises; (iii) export credit; (iv) education; (v) housing; (vi) social infrastructure; (vii) renewable energy and (viii) others.

Further, it also prescribes the details of eligible activities under the aforesaid categories. Under the aforementioned master direction, the priority sector lending targets are linked to adjusted net bank credit as defined ("**ANBC**") or credit equivalent amount of off-balance sheet exposure ("**CEOBE**"), whichever is higher, as on the corresponding date of the preceding year. Currently, the total priority sector lending target for domestic banks is 40% of ANBC or CEOBE, whichever is higher. This has to be achieved in a phased manner by 2020 as prescribed in the directions. It also prescribed sub-targets for small and marginal farmers, micro-enterprises and weaker sections. By way of a notification dated September 20, 2019, the RBI has, in relation to export credit, enhanced the sanctioned limit, for classification of export credit under priority sector lending, from ₹250 million per borrower to ₹ 400 million per borrower and removed the existing criteria of 'units having turnover of up to ₹ 1 billion.

The RBI via circular reference FIDD.CO.Plan.BC.7/04.09.01/2019-20 dated August 13, 2019, decided that bank credit to registered NBFCs (other than MFIs) for on-lending will be eligible for classification as priority sector under respective categories, subject to the conditions laid out therein. This was to be applicable will March 31, 2020, and was subject to review thereafter. Therefore, RBI via FIDD.CO.Plan. BC.No.19/04.09.01/2019-20 dated March 23, 2020 decided to extend the priority sector classification for bank loans to NBFCs for on-lending for FY 2020-21. Further, existing loans disbursed under the on-lending model will continue to be classified under Priority Sector till the date of repayment/maturity.

The RBI via master circular reference FIDD.CO.Plan.BC.5/04.09.01/2020-21 dated September 4, 2020, amended the definition of MSME in line with amendment to MSME Act and also aligned guidelines to bring sharper focus on inclusive development and achieve sustainable development goals.

The PSL Master Directions requires the banks to furnish the data on priority sector advances on a quarterly and annual basis and also provides for measures to be taken in the event of non-achievement of the prescribed targets which includes Banks having any shortfall in lending to priority sector shall be allocated amounts for contribution to the Rural Infrastructure Development Fund established with National Bank For Agriculture And Rural Development ("**NABARD**") and other funds with NABARD /National Housing Bank / Small Industries Development Bank of India / Micro Units Development and Refinance Agency Limited, as decided by the RBI from time to time and such non-achievements shall also be taken into account while granting regulatory clearances/approvals for various purposes.

Exposure norms

As a prudent measure aimed at better risk management and avoidance of concentration of credit risk, the RBI advised the banks to fix limits on their exposure to specific industry or sectors and has prescribed credit exposure for banks in respect of their lending to individual borrowers and to all borrowers belonging to a single group. In addition, banks are also required to observe certain statutory and regulatory exposure limits in respect of advances against / investments in shares, convertible debentures /bonds, units of equity-oriented mutual funds and all exposures to venture capital funds ("**VCFs**").

Section 19(2) of the Banking Regulation Act, 1949, restricts a banking company from holding shares in any company, whether as pledgee, mortgagee or absolute owner, of an amount exceeding 30% of the paid-up share capital of that company or 30%of its own paid-up share capital and reserves, whichever is less, except as provided in sub-section (1) of Section 19 of the Act.

The aggregate exposure of a bank to the capital markets in all forms (both fund based and non-fund based) should not exceed 40% of its net worth, on both standalone and consolidated basis as on March 31 of the previous year. Within this overall ceiling, the bank's direct investment in shares, convertible bonds/debentures, units of equity oriented mutual funds and all exposures to VCFs (both registered and unregistered) should not exceed 20% of its net worth on both standalone and consolidated basis.

On August 25, 2016, the RBI released guidelines on 'Enhancing Credit Supply for Large Borrowers through Market Mechanism' with the objective of mitigating the risk posed to the banking system on account of large aggregate lending to a single corporate. As per the framework, exposure to corporate with large borrowing from banking system beyond the prescribed limit would attract additional provisions and higher risk weights.

On June 3, 2019, the RBI released the guidelines on 'Large Exposures Framework to align the exposure norms for Indian banks' with the Basel Committee. As per the framework, the sum of all exposure values of a bank to a counterparty or a group of connected counterparties is defined as a 'Large Exposure (LE)', if it is equal to or above 10 percent of the bank's eligible capital base (i.e., Tier 1 capital) and the bank is required to report their LE to the Reserve Bank of India (RBI) and Department of Banking Supervision, Central Office, (DBS, CO). Further, exposure limits to a single counterparty and group of connected counterparties will be 20% (extendable up to additional 5% exposure by the board of the banks during exceptional circumstances) and 25% of available eligible capital base respectively. Further, RBI vide its notification dated September 12, 2019 prescribes that bank's exposure to a single NBFC (excluding gold loan companies) will be restricted to 20 percent of that bank's eligible capital base. Banks' exposures to a group of connected NBFCs or group of connected counterparties having NBFCs in the group will be restricted to 25 percent of their Tier I Capital.

Central Repository of Information on Large Credits

The RBI has *vide* its circular dated May 22, 2014, set up the Central Repository of Information on Large Credits ("**CRILC**") to collect, store and disseminate data on all borrowers' credit exposures including 'special mention accounts' (SMA 0, 1 & 2) having aggregate fund-based and non-fund based exposure of ₹ 50 million and above. The CRILC is designed entirely for supervisory purposes and its focus is on the reporting entities' exposure to the borrower (as individual and/or as a group) under various heads, such as bank's exposure to a large borrower; the borrower's current account balance; bank's written-off accounts; and identification of non-cooperative borrowers, among others. Further, the CRILC system started with information on SMA2 (default for 61-90 days) to be submitted on as and when basis i.e., whenever repayment for a large borrower's account becomes overdue for 61 days it is to be reported by the bank immediately.

Further, in terms of RBI circular dated June 7, 2019, all banks are required to report to CRILC, on a monthly basis, exposures of individuals and entities having exposure (both fund and non-fund based) of ₹ 50 million and above. Banks are also required to report to CRILC, on a weekly basis for all borrower entities in default, having aggregate exposure of more than ₹50 million. In addition, banks are required to report to CRILC the classification of an account to 'special mention account' in respect of borrower entities having aggregate exposure of more than ₹ 50 million. Any non-submission of or incorrect reporting in these returns attracts penalties as specified in the Banking Regulation Act.

Short selling of Government securities

As per the Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023 dated September 12, 2023, Banks may undertake short sale transactions in Government securities provided it is in accordance with the requirements of Short Sale (Reserve Bank) Directions, 2018 as amended from time to time

Regulations relating to interest rates on deposits and advances

The RBI has issued Reserve Bank of India – (Interest rate on Deposits) Directions, 2016 dated March 3, 2016 (updated as of June 7,2024 Scheduled commercial banks are required to pay interest on deposits of money (other than current account deposits) accepted by them or renewed by them in their domestic, ordinary non-resident (NRO), non-resident (external) accounts (NRE) and foreign currency (non-resident) accounts (banks) scheme deposit account), subject to certain conditions prescribed in the directions. Further, certain additional restrictions have been prescribed to determine interest rates for savings deposits and term deposits. Additionally, interest rates offered by banks on NRO and NRE deposits cannot be higher than those offered by them on comparable domestic rupee term deposits.

The RBI has issued Reserve Bank of India – (Interest rate on Advances) Directions, 2016 dated March 3, 2016 (updated as ofSeptember 12,2023). Scheduled commercial banks shall charge interest on advances on the terms and conditions specified in these directions. Further, the bank shall have freedom to offer all categories of advances on fixed or floating rates.There shall be no lending below the benchmark rate for a particular maturity for all loans linked to that benchmark.

RBI in its circular DOR.AML.REC 13/14.01.001/2021-22 dated May 5, 2021 advised the Regulated Entities (REs) who have to carry out periodic updation of KYC of existing customers as per Section 38 of the KYC Directions, that keeping in view the current Covid-19 related restrictions in various parts of the country, the customer accounts where periodic updation of KYC is due and pending as on date, no restrictions on operations of such account shall be imposed till December 31, 2021, for this reason alone, unless warranted under instructions of any regulator/ enforcement agency/court of law, etc. Further, RBI *vide* its circular DOR.AML.REC.74/14.01.001/2021-22 dated December 30, 2021 extended the aforementioned circular till March 31, 2022.

Deposit insurance

Demand and time deposits of up to ₹ 5,00,000 accepted by all commercial banks including branches of foreign banks functioning in India, local area banks and regional rural banks are insured by Deposit Insurance and Credit Guarantee Corporation, a wholly owned subsidiary of the RBI. Each depositor in a bank is insured up to a maximum of ₹ 500,000 for both principal and interest amount held by him in the same right and same capacity as on the date of liquidation/cancellation of bank's license or the date on which the scheme of amalgamation / merger / reconstruction comes into force. Banks are required to pay the insurance premium for the eligible amount to the Deposit Insurance and Credit Guarantee Corporation on a half yearly basis. The cost of the insurance premium cannot be passed on to the customer and is borne entirely by the bank.

Regulations relating to Know Your Customer ("KYC") and anti-money laundering

The RBI issued the Reserve Bank of India Master Direction-Know Your Customer (KYC) Directions, 2016 ("**KYC Directions**") on February 25, 2016, (as updated up to May 10, 2021), prescribing the guidelines for KYC and anti-money laundering procedures. Banks are required to formulate a KYC policy which shall include (i) customer acceptance policy, (ii) customer identification procedures, (iii) monitoring of transactions and (iv) risk management. In relation to each of the above, the master direction also specifies minimum procedures required to be followed by banks. Banks are not permitted to make payment of cheques/drafts/pay orders/banker's cheques if they are presented beyond the period of three months from the date of such instrument.

Banks have been advised to ensure that systems and procedures are in place to control financial frauds, identify money laundering or financing of terrorism activities and suspicious activities and monitor high value cash transactions. Banks shall carry out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise periodically to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk and our Bank is in the process of issuing RFP for outsourcing of the said risk assessment, suggesting mitigation measures. Further, banks have also been advised to ensure that adequate policies are formulated and adopted in relation to KYC and Anti Money Laundering.

RBI in its circular DOR.AML.REC 13/14.01.001/2021-22 dated May 5, 2021 advised the Regulated Entities (REs) who have to carry out periodic updation of KYC of existing customers as per Section 38 of the KYC Directions, that keeping in view the current Covid-19 related restrictions in various parts of the country, the customer accounts where periodic updation of KYC is due and pending as on date, no restrictions on operations of such account shall be imposed till December 31, 2021, for this reason alone, unless warranted under instructions of any regulator/ enforcement agency/court of law, etc. Further, RBI *vide* its circular DOR.AML.REC.74/14.01.001/2021-22 dated December 30, 2021 extended the aforementioned circular till March 31, 2022.

Regulations relating to maintenance of statutory reserves

A bank is required to maintain, on a daily basis, Cash Reserve Ratio ("**CRR**"), which is a specified percentage of its Net Demand and Time Liabilities ("**NDTL**"), excluding interbank deposits, by way of a balance in a current account with the RBI. The RBI does not pay any interest on CRR balances. The CRR has to be maintained on an average basis for a fortnightly period and the minimum daily maintenance of the CRR should be 90%of the requirement. The RBI may impose penal interest at the rate of 3% above the bank rate on the amount by which the reserve falls short of the CRR required to be maintained on a particular day and if the shortfall continues further, the penal interest charged shall be increased to a rate of 5% above the bank rate in respect of each subsequent day, during which the default continues.

In addition to the CRR, a bank is required to maintain Statutory Liquidity Ratio ("**SLR**"), a specified percentage of its NDTL, by way of liquid assets like cash, gold or approved unencumbered securities. The percentage of this liquidity ratio is fixed by the RBI from time to time, pursuant to Section 24 of the Banking Regulation Act. At present, the required SLR is 18%.

Further, the RBI has permitted banks to avail funds from the RBI on an overnight basis, under the Marginal Standing Facility ("**MSF**"), against their excess SLR holdings. Additionally, they can also avail themselves of funds, on an overnight basis below the stipulated SLR, up to 2% of their respective NDTL outstanding at the end of the second preceding fortnight.

Further, the RBI requires the banks to create a reserve fund to which it must transfer not less than 25 per cent of the net profit of each year before declaring dividends. Unless specifically allowed by extant regulations, the Bank is required to take prior approval from the Reserve Bank of India before any appropriation is made from the Statutory Reserve.

Regulations relating to authorized dealers for foreign exchange and cross-border business transactions

The foreign exchange and cross border transactions undertaken by banks, both on its own account and also on behalf of customers, are subject to the provisions of FEMA and rules/ regulations/ directions and notifications issued thereunder. The bank should monitor all non-resident accounts and cross border transactions to prevent money laundering. RBI may impose penalty for contravention of Foreign Exchange Management Act and regulations/ notifications issued there under, or for contravention of any conditions, subject to which an authorization is issued by the RBI.

The Master Direction on Risk Management and Interbank Dealings, dated July 5, 2016, (Updated as on May 03, 2024) states that-

(A) All categories of overseas foreign currency borrowings of AD Category I banks, (except for borrowings at point (B) below), including existing External Commercial Borrowings and loans/ overdrafts from their Head office, overseas branches and correspondents outside India, International/ Multilateral Financial Institutions [refer to point (C) below] or any other entity as permitted by RBI and overdrafts in nostro accounts (not adjusted within five days), shall not exceed 100% of their unimpaired Tier I capital or U.S. Dollar 10 million (or its equivalent), whichever is higher. The aforesaid limit applies to the aggregate amount availed of by all the offices and branches in India from all their branches/correspondents abroad and also includes overseas borrowings in gold for funding domestic gold loans. If drawals in excess of the above limit are not adjusted within five days, a report, should be submitted to the Chief General Manager, Financial Markets Regulation Department, Reserve Bank of India, Central Office, 9th Floor, Central Office Building, Shahid Bhagat Singh Road, Fort, Mumbai – 400 001, within 15 days from the close of the month in which the limit was exceeded. Such a report is not necessary if arrangements exist for value dating.

(B) The following borrowings would continue to be outside the limit of 100 per cent of unimpaired Tier I capital or USD 10 million (or its equivalent), whichever is higher:

(i) Overseas borrowings by AD Category I banks for the purpose of financing export credit subject to the conditions prescribed in DBOD Master Circular dated July 2, 2015 on Rupee / Foreign Currency Export Credit & Customer Service to Exporters.

(ii) Subordinated debt placed by head offices of foreign banks with their branches in India as Tier II capital.

(iii) Capital funds raised/augmented by the issue of Innovative Perpetual Debt Instruments and Debt Capital Instruments, in foreign currency, in terms of Circulars DBOD. No. BP.BC.57/21.01.002/2005-06 dated January 25, 2006, DBOD. No. BP.BC.23/21.01.002/2006-07 dated July 21, 2006 and Perpetual Debt Instruments and Debt Capital Instruments in foreign currency issued in terms of circular DBOD.No.BP.BC.98/21.06.201/2011-12 dated May 2, 2012; and

(iv) Any other overseas borrowing with the specific approval of the Reserve Bank.

(C) AD Category-I banks may borrow only from International / Multilateral Financial Institutions in which Government of India is a shareholding member or which have been established by more than one government or have shareholding by more than one government and other international organizations.

(D) The borrowings beyond 50 per cent of unimpaired Tier I capital of AD Category – I banks will be subject to the following conditions:

(i) The bank should have a Board approved policy on overseas borrowings which shall contain the risk management practices that the bank would adhere to while borrowing abroad in foreign currency.

(ii) The bank should maintain a CRAR of 12.0 per cent; and

(iii) The borrowings beyond the existing ceiling shall be with a minimum maturity of three years.

(iv) All other existing norms (FEMA regulations, NOPL norms, etc) shall continue to be applicable.

(E) The funds so raised may be used for purposes other than lending in foreign currency to constituents in India and repaid without reference to RBI. As an exception to this rule, AD Category-I banks are permitted to use borrowed funds as also foreign currency funds received through swaps for granting foreign currency loans for export credit in terms of IECD Circular No 12/04.02.02/2002-03 dated January 31, 2003. Any fresh borrowing above this limit shall be made only with the prior approval of the Reserve Bank. Applications for fresh ECBs should be made as per the current ECB Policy.

(F) Interest on loans/overdrafts may be remitted (net of taxes) without the prior approval of Reserve Bank.

Secrecy obligations-

A bank's obligations relating to maintaining secrecy arise out of Section 13 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and common law principles governing its relationship with its customers. Subject to certain exceptions, a bank cannot disclose any information to third parties. Further, the RBI may, in the public interest, publish the information obtained from the bank.

Ownership restrictions

Under the current policy, the total foreign ownership in a private sector bank cannot exceed 74% (49% under the automatic route and above 49% and up to 74% under the government approval route) of the paid-up capital. At all times, at least 26% of the paid up capital will have to be held by residents, except in regard to a wholly owned subsidiary of a foreign bank.

The Banking Regulation Act requires any person to seek prior approval of the RBI to acquire or agree to acquire, directly or indirectly, shares or voting rights of a bank, by himself or with persons acting in concert, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in aggregate shareholding of such person to be 5% or more of the paid up capital of a bank or entitles him to exercise 5% or more of the voting rights in a bank.

Further, the RBI may, by passing an order, restrict any person holding more than 5.00% of the total voting rights of all the shareholders of the banking company from exercising voting rights on poll in excess of the said 5%, if such person is deemed to be not 'fit and proper' by the RBI. Pursuant to Section 12(2) of the Banking Regulation Act, 1949, the RBI has, on July 21, 2016, notified that no shareholder in a bank can exercise voting rights on poll in excess of 26% of total voting rights of all the shareholders of the bank.

Further, the RBI may, by passing an order, restrict any person holding more than 5.00% of the total voting rights of all the shareholders of the banking company from exercising voting rights on poll in excess of the said 5%, if such person is deemed to be not 'fit and proper' by the RBI. In this regard, the RBI has issued master directions for prior approval for acquisition of shares or voting rights on January 16, 2023 (the "**Master Directions for Acquisitions**").

The Master Directions for Acquisitions are applicable to the existing and proposed "major shareholders" of all banking companies as defined under the Banking Regulation Act including local area banks, small finance banks and payment banks. The Master Directions for Acquisitions define a "major shareholding" as "aggregate holding" of five per cent or more of the paid-up share capital or voting rights in a banking company by a person. The term "aggregate holding" has been defined as the total holding, directly or indirectly, beneficial or otherwise, of shares or voting rights by a person along with his relatives, associate enterprises and persons acting in concert with him in a banking company.

Every person desirous of undertaking such acquisition shall seek prior approval of the RBI as per the procedure set out in the Master Directions for Acquisitions. Any person who intends to acquire shares or voting rights in a banking company beyond the limit for which approval was obtained from the Reserve Bank, is required to apply to the Reserve Bank for prior approval to increase their aggregate holding in the banking company. It is the responsibility of the concerned bank to ensure that all its major shareholders are 'fit and proper' and every bank shall make continuous monitoring arrangements to ensure that the major shareholders continue to be 'fit and proper' as per the Master Directions for Acquisitions.

Further, SEBI has, through a circular dated April 5, 2018, put in place a system for monitoring foreign investment limits in listed Indian companies, and, by a circular dated May 17, 2018, SEBI has directed that the system be made operational from June 1, 2018. Accordingly, each listed Indian company shall have to appoint any one depository as its designated depository to facilitate the monitoring of the foreign investment limits.

Additionally, the DIPP by way of press note no. 3 (2020 series) amended the FEMA Regulations by restricting foreign direct investments by an entity of any country which shares a border with India or where the beneficial owner of an investment into India is situated in or is a citizen of such country, only through the Government approval.

Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021

Securitisation involves transactions where credit risk in assets are redistributed by repackaging them into tradeable securities with different risk profiles which may give investors of various classes access to exposures which they otherwise might be unable to access directly. Keeping in view that complicated and opaque securitisation structures could be undesirable from the point of view of financial stability, prudentially structured securitisation transactions can be an important facilitator in a well-functioning financial market in that it improves risk distribution and liquidity of lenders in originating fresh loan exposures, the RBI issued the RBI (Securitisation of Standard Assets) Directions, 2021 *vide* its circular dated September 24, 2021(updated as on December 05, 2022),which are applicable to all the scheduled commercial banks in India.

Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021

Loan transfers are resorted to by lending institutions for multitude of reasons ranging from liquidity management, rebalancing their exposures or strategic sales. A robust secondary market in loans can be an important mechanism for the management of credit exposures by lending institutions and also create additional avenues for raising liquidity. Thus, RBI *vide* its circular dated September 24, 2021, notified RBI (Transfer of Loan Exposures) Directions, 2021 which is a comprehensive set of regulatory guidelines governing the transfer of loan exposures, which are applicable to all the scheduled commercial banks in India.

Master Direction on Transfer of Loan Exposure was amended to inter alia permit overseas branches of specified lenders to (a) acquire only 'not in default' loan exposures from a financial entity operating and regulated as a bank in the host jurisdiction; (b) transfer exposures 'in default' as well as 'not in default' pertaining to resident entities to a financial entity operating and regulated as a bank in the host jurisdiction; and (c) transfer exposures 'in default' as well as 'not in default' pertaining to non-residents, to any entity regulated by a financial sector regulator in the host jurisdiction. Amendments have also been made in certain provisions related to minimum holding period (MHP), valuation of security receipts (SRs), transfer of stressed loans to ARCs, and credit/ investment exposure of lenders. Additionally, the term 'Economic Interest' has now been explicitly defined as 'the risks and rewards that may arise out of loan exposure through the life of the loan exposure'.

Downstream investment by banks-

In accordance with Rule 23 of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, downstream investments made by a banking company, as defined in section 5(c) of the Banking Regulation Act, incorporated in India, which is owned or controlled by non-residents/non-resident entity, under corporate debt restructuring, or other loan restructuring mechanism, or in trading books, or for acquisition of shares due to defaults in loans, shall not count towards indirect foreign investment. However, their 'strategic downstream investment' shall count towards indirect foreign investment. For this purpose, 'strategic downstream investments' would mean investment by these banking companies in their subsidiaries, joint ventures, and associates.

Regulation of financial services provided by banks

The Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 dated May 26, 2016 as updated on August 10, 2021require banks to comply with certain restrictions while undertaking financial services including in relation to risk mitigation measures, limits on investment that can be made by banks in companies undertaking financial services. The directions also provide for specific regulations for certain financial services such as, *inter alia*, setting of an infrastructure debt fund, underwriting activities, mutual fund business, insurance.

Guidelines on management of intra-group transactions and exposures

The RBI issued the "Guidelines on Management of Intra-Group Transactions and Exposures on February 11, 2014". Pursuant to the said guidelines, the RBI has prescribed quantitative limits on financial intra-group transactions and exposures and prudential measures for the non-financial intra-group transactions and exposures. These guidelines also require that all intra- group transactions to be at "arms-length".

The objective of these guidelines is to ensure that banks engage in intra-group transactions and exposures in safe and sound manner in order to contain concentration and contagion risks arising out of such transactions.

Capital and provisioning requirements for exposures to entities with unhedged foreign currency exposure

The RBI issued a circular relating to "Reserve Bank of India (Unhedged Foreign Currency Exposure) Directions, 2022" on October 11, 2022. Pursuant to these guidelines, the RBI has introduced incremental provisioning and capital requirements for bank exposures to entities with unhedged foreign currency exposures. The circular also lays down the method of calculating the incremental provisioning and capital requirements. The banks will be required to calculate the incremental provisioning and capital requirements at least on a quarterly basis. This framework became fully effective from January 1, 2023.

Revised Prompt Corrective Action (PCA) framework for banks

The RBI *vide* its circular dated April 13, 2017 had reviewed and revised the Prompt Corrective Action (PCA) framework for banks, which was effective from April 1, 2017. Further, RBI *vide* its circular dated November 2, 2021, stated that the existing PCA Framework has further been revised and the new provisions will be effective from January 1, 2022. The PCA framework sets out certain 'risk thresholds', the breach of which would mandate the relevant bank to implement certain mandatory and discretionary actions. The 'risk thresholds' take into consideration the capital adequacy ratio, net non-performing advances ratio and the leverage ratio of the relevant bank.

The Banking Ombudsman Scheme, 2006

The Banking Ombudsman Scheme, 2006 provides the extent and scope of the authority and functions of the Banking Ombudsman for redressal of grievances against deficiency in banking services, concerning loans and advances and other specified matters and has gone through various amendments to provide for revised procedures for redressal of grievances by a complainant under the scheme and to broaden the scope of complaints addressed by the Banking Ombudsman. RBI *vide* its circular dated November 12, 2021 being satisfied that it is in public interest to do so to make the alternate dispute redress mechanism simpler and more responsive to the customers of entities regulated by it integrated the three Ombudsman schemes – (i) the Banking Ombudsman Scheme, 2006, as amended up to July 01, 2017; (ii) the Ombudsman Scheme for Non-Banking Financial Companies, 2018; and (iii) the Ombudsman Scheme for Digital Transactions, 2019 into the Reserve Bank - Integrated Ombudsman Scheme, 2021 (the Scheme), thereby being applicable to commercial banks as well.

Declaration of dividend by banks

The payment of dividends by banks is subject to restrictions under the Banking Regulation Act. Section 15(1) of the Banking Regulation Act states that no banking company may pay any dividend on its shares until all its capitalized expenses (including preliminary expenses, organisation expenses, share-selling commissions, brokerage, amounts of losses incurred and any other item of expenditure not represented by tangible assets) have been completely written off. In addition, Section 17(1) of the Banking Regulation Act and RBI circular dated September 20, 2006 requires every banking company to create a reserve fund and, out of the balance of the profit of each year as disclosed in the profit and loss account, transfer a sum equivalent to not less than 20% of such profit to the reserve fund before declaring any dividend. If there is an appropriation from this account, the bank is required to report the same to the RBI within 21 days, explaining the circumstances leading to such appropriation.

Further, on May 4, 2005, the RBI issued guidelines on 'Declaration of Dividends by Banks', which prescribed certain conditions for declaration of dividends by banks.

Classification and Reporting of Fraud Cases

RBI has issued Master Directions on Fraud Risk Management in Commercial Banks (including Regional Rural Banks) and All India Financial Institutions vide circular no. RBI/ DOS/ 2024-25/ 118/ DOS.CO.FMG.SEC.No.5/ 23.04.001/ 2024-25 dated July 15th, 2024.The fraud cases have been classified into misappropriation and criminal breach of trust, fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property, cheating by concealment of facts with the intention to deceive any person and cheating by impersonation, forgery with the intention to commit fraud by making any false documents/electronic records, wilful falsification, destruction, alteration, mutilations of any book, electronic record, paper, writing, valuable security or account with intent to defraud, fraudulent credit facilities extended for illegal gratification, cash shortages on account of frauds, fraudulent transactions involving foreign exchange, fraudulent electronic banking/ digital payment related transactions committed on banks; and other type of fraudulent activity not covered under any of the above.

The Senior Management shall be responsible for implementation of the fraud risk management policy approved by the Board of the bank. A periodic review of incidents of fraud shall also be placed before Board / Audit Committee of Board (ACB), as appropriate, by the Senior Management of the bank.

Issue of Long Term Bonds by Banks - Financing of Infrastructure and Affordable Housing

In order to ensure adequate credit flow to infrastructure sector also towards the affordable housing needs of the country, RBI issued guidelines on issue of long term bonds by banks on July 15, 2014 ("Infrastructure and Affordable Housing Guidelines"), amended from time to time. Banks can issue long-term bonds with a minimum maturity of seven years to raise resources for lending to (i) long term projects in infrastructure sub-sectors, and (ii) affordable housing. As a regulatory incentive, these bonds exempted from computation of net demand and time liabilities and would therefore not be subjected to CRR / SLR requirements subject to certain conditions. Eligible bonds will also get exemption in computation of ANBC for the purpose of priority sector lending ("**PSL**"). As on 31.03.2024, outstanding amount of bond raised by the bank under this category is Rs 2800 crores.

Marginal Cost of Funds based Lending Rate (MCLR)

Pursuant to the notification issued by RBI dated December 17, 2015, all rupee loans sanctioned and credit limits renewed w.e.f. April 1, 2016 were priced with reference to the MCLR which is the internal benchmark for such purposes. MCLR comprises of: (a) marginal cost of funds; (b) negative carry on account of CRR; (c) operating costs and; (d) tenor premium.

In terms of the notification, the board of directors of the banks is required to adopt a policy delineating the components of spread charged to a customer. Actual lending rates are to be determined by adding the components of spread to the MCLR.

External benchmark-based lending

The RBI *vide* circular dated September 04, 2019 (as amended from time to time) mandated that all new floating rate personal or retail loans (housing, auto, etc.) and floating rate loans extended by banks to Micro and Small Enterprises from October 01, 2019 and floating rate loans to Medium Enterprises from April 01, 2020 extended by banks shall be linked to external benchmarks. Banks are free to offer such external benchmark linked loans to

other types of borrowers as well.
In furtherance of the same, the said new floating rate shall be benchmarked to one of the following: (1) RBI's policy repo rate; (2) Government of India 3-Months Treasury Bill yield published by the Financial Benchmarks India Private Limited ("**FBIL**"); (3) Government of India 6-Months Treasury Bill yield published by the FBIL; and (4) Any other benchmark market interest rate published by the FBIL.

The adoption of multiple benchmarks by the same bank is not allowed within a loan category.

Banks are free to decide the spread over the external benchmark, subject to the conditions specified in the aforesaid circular. The interest rate under external benchmark shall be reset at least once in three months.

Implementation of Indian Accounting Standards ("Ind AS")

The MCA notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015, pursuant to which the banking companies were exempted to comply with Ind AS for preparation of financial statements. However, in terms of the MCA press release dated January 18, 2016, the scheduled commercial banks are required to prepare Ind AS based financial statements on consolidated and standalone basis in relation to accounting period beginning from April 1, 2018 onwards, with comparatives for the period ending March 31, 2018 or thereafter and not even voluntarily before that,whichwas deferred to financial year 2019-20 vide RBI's Press Release (2017-18/2642)dated 5 April 2018. Subsequently, Ind AS implementation has been deferred by RBI vide their notification dated 22.03.2019 till further notice. Further, as per RBI directive, the Audit Committee of the Board (ACB) shall oversee the progress of the Ind AS implementation process and report to the Board of Directors on quarterly basis. The Audit Committee of the Board& Board is being apprised of the progress made on quarterly basis.

RBI vide email dated 20.07.2018 advised the banks to submit Proforma Ind AS Financial Statements(PIFS) every quarter, starting from the quarter ended 30.06.2018 as per the format /template provided by them .RBI stated that these Proforma Financial Statements are for regulatory analysis purpose only and may not necessarily be completely Ind AS compliant or indicative of the final format to be specified in the Third Schedule to the Banking Regulation Act, 1949. RBI vide e-mail dated 08.08.2021, advised banks to submit Proforma Ind AS Financial Statements on half yearly basis. Bank is submitting the Proforma Ind AS Financial Statements to the RBI as per prescribed periodicity within stipulated time.

Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances dated April 1, 2023 ("Prudential Norms")

An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank. The Prudential Norms further, specify the timeline within which specific assets are to be considered non-performing. Once the account has been classified as a non-performing asset, the unrealized interest and other income already debited to the account is derecognized and further interest is not recognized or credited to the income account unless collected in cash. The Prudential Norms require banks to further classify NPAs into the following three categories based on the period for which the asset has remained non- performing and the realisability of the dues (i) sub-standard assets; (ii) doubtful assets; and (iii) loss assets. These norms also specify provisioning requirements specific to the classification of the assets.

The banks should maintain provisioning coverage ratio, including floating provisions, of at least 70.00%. In case of restructuring, the accounts classified as 'standard' shall be immediately downgraded as non-performing assets. Scheduled commercial banks shall report credit information, including classification of an account as SMA to Central Repository of Information on Large Credits ("**CRILC**"), on all borrowers having aggregate exposure of ₹5 crore and above with them. Banks must put in place Board-approved policies for resolution of stressed assets, including the timelines for resolution. Since default with any lender is a lagging indicator of financial stress faced by the borrower, it is expected that the lenders initiate the process of implementing a resolution plan (RP) even before a default.

In any case, once a borrower is reported to be in default by any of the lenders, lenders shall undertake a prima facie review of the borrower account within thirty days from such default. Any action by the Banks with an intent to conceal the actual status of accounts or evergreen the stressed accounts, will be subjected to stringent supervisory / enforcement actions as deemed appropriate by the Reserve Bank, including, but not limited to, higher provisioning on such accounts and monetary penalties.

Master Regulations and Guidelines of the SEBI

SEBI was established in 1992 in accordance with the provisions of the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") to protect the interests of public investors in securities and to promote the development of, and to regulate, the Indian securities market including all related matters. The SEBI Act also provides for the registration and regulation of the function of various market intermediaries including stock brokers, depository participants, merchant bankers, portfolio managers, investment advisers, and research analysts. Pursuant to the SEBI Act, SEBI has formulated various rules and regulations to govern the functions and working of these intermediaries. SEBI also issues various circulars, notifications and guidelines from time to time in accordance with the powers vested with it under the SEBI Act.

SEBI has the power to impose (i) monetary penalty under the SEBI Act and the regulations made thereunder, and (ii) penalties prescribed under the SEBI Intermediaries Regulations including suspending or cancelling the certificate of registration of an intermediary and to initiate prosecution under the SEBI Act. Further, SEBI has the power to conduct inspection of all intermediaries in the securities market, including, stock brokers, sub brokers, investment advisers, merchant bankers, underwriters, research analysts, to ensure, amongst others, that the books of account are maintained in the manner required in accordance with applicable law.

We are subject to regulations prescribed by SEBI in respect of capital issuances as well as some of our activities, including acting as agent for collecting subscriptions to public offerings of securities made by other Indian companies, underwriting, custodial, depositary participant, and investment banking and because our Equity Shares are listed on Indian stock exchanges. These regulations provide for registering with SEBI the functions, responsibilities, and the code of conduct applicable for each of these activities.

Guidelines on digital lending issued by RBI on September 2, 2022 ("Guidelines on Digital Lending")

The guidelines issued by RBI on September 2, 2022 are applicable to digital lending extended by (a) all commercial banks, (b) primary (urban) co-operative banks, state co-operative banks, district central co-operative banks, and (c) non – banking financial companies (including house finance companies).

The Guidelines on Digital Lending require, among other things: (a) all loan disbursals and repayments to be executed only between the bank accounts of the borrower and the regulated entity without any pass-through/ pool account of the loan service provider or any third party; (b) all-inclusive costs of digital loans to be disclosed to the borrower; (c) a cooling-off period to be provided to borrowers, during which the borrowers can exit digital loans by paying the principal and the proportionate costs without any penalty; (d) the appointment of a nodal grievance redressal officer by loan service providers; and (e) reporting of loans to credit information companies. Additionally, the Recommendations have noted some issues for further examination by the RBI, which may be incorporated into the Guidelines on Digital Lending in the future.

In the Guidelines on Digital Lending, the RBI has also provided that regulated entities engaged in credit delivery through digital lending will have time until November 30, 2022 to comply with the lending norms for repeat and top up loans to existing digital lending customers

Reserve Bank of India's Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021

The RBI issued the guideline for appointment/re-appointment of SCAs/ SAs of the entities on April 27, 2021 superseding all the previous guidelines as annexed in the guidelines. The guidelines are applicable to commercial banks (excluding RRBs), UCBs and NBFCs including HFCs for financial year 2021-22 and onwards. UCBs and NBFCs shall have the flexibility to adopt the guidelines from second half of financial year 2021-22 in order to ensure that there is no disruption. Under the guidelines, Commercial Banks and UCBs will be required to take prior approval of RBI for the appointment of SCAs/ SAs on annual basis.

It also specifies the maximum number of SCAs/ SAs to be appointed by the board based on the asset size of the entity. Entities are required to appoint audit firms as it SCAs/ SAs fulfilling the eligibility norms and independence of auditors requirements as prescribed under these directions. Other criteria's including eligibility for appointment based on the asset size of the entity being audited (as on March 31 of the previous year), professional standards for discharge of audit responsibilities, tenure and rotation, and audit fees and expenses for SCAs/ SAs have been provided. Each entity is required to formulate a board approved policy to be hosted on its official website/ public domain and formulate necessary procedure thereunder to be followed for appointment of SCAs/ SAs.

Other laws

In addition to the above, our Bank is also required to comply with the provisions of other applicable statutes imposed by the Central or the State Government and other authorities for our day-to-day business and operations. Our Bank is also amenable to various central and state tax laws.

ISSUE PROCEDURE

Below is a summary, intended to provide a general outline of the procedures for the Bidding, payment of Bid amount, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below, and prospective Bidders are presumed to have apprised themselves of the same from our Bank or the Book Running Lead Managers.

Our Bank, the Book Running Lead Managers and their respective directors, officers, agents, affiliates, shareholders, employees, counsel and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Bidders are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Bidders are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws.

Bidders are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Bidders that applied in the Issue were required to confirm and havel been deemed to have represented to our Bank, the Book Running Lead Managers and their respective directors, officers, agents, affiliates, shareholders, employees, counsel and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Bank, the Book Running Lead Managers and their respective directors, officers, agents, affiliates shareholders, employees, counsel and representatives accept no responsibility or liability for advising any Bidder on whether such Bidder is eligible to acquire the Equity Shares. For details, see the sections titled, "Selling Restrictions" and "Transfer Restrictions" beginning on pages 272 and 279.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBS ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

The Preliminary Placement Document and this Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue has been made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations through the mechanism of a qualified institutions placement ("**QIP**"). Under Chapter VI of the SEBI ICDR Regulations, our Bank, being a listed entity in India may issue Equity Shares to Eligible QIBs, provided that:

- a special resolution approving the qualified institutions placement has been passed by its shareholders. Such special resolution must *inter alia* specify (a) that the allotment of Equity Shares is proposed to be made pursuant to the QIP and (b) the Relevant Date;

- approval letter dated May 27, 2024 from the Ministry of Finance, GoI has been obtained on the basis of the recommendation from RBI specifying that the allotment of Equity Shares is proposed to be made pursuant to the QIP;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of our Bank, which are proposed to be allotted through the Issue, are listed on the recognized Stock Exchanges that has nation-wide trading terminals, for a period of at least one year prior to the date of issuance of notice to our Shareholders for convening the meeting to adopt the above-mentioned special resolution;

- invitation to apply in the Issue must be made through a private placement offer-cum-application (i.e., this Placement Document) and an application form serially numbered and addressed specifically to the Eligible QIBs to whom the Issue is made;

- our Bank shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue; and

- the Directors are not fugitive economic offenders.

At least 10% of the equity shares issued to Eligible QIBs must be available for Allocation to Mutual Funds, provided that, if this portion or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

The above approval is subject to the following conditions as provided in the approval letter dated May 27, 2024 from the Ministry of Finance, GoI (**"GoI Approval Letter"**):

i. FDI Policy conditionalities (including, inter alia, paragraph 5.2(a) of the Policy, which provides that the FDI allowed is subject to applicable laws/ regulations) and other Sectoral Regulations/ Guidelines.

ii. Claim of any tax relief under the Income-Tax Act, 1961 or the relevant Double Taxation Avoidance Agreement (DTAA) will be examined independently by the tax authorities to determine the eligibility and extent of such relief and the approval of the Department of Financial Services by itself will not amount to any recognition of eligibility for giving such relief.

iii. Department of Financial Services approval by itself does not provide any immunity from tax investigations to determine whether specific or general anti-avoidance rules apply.

iv. The fair market value of various payments, services, assets, shares etc., determined in accordance with extent guidelines shall be examined by the tax authorities under the tax laws and rules in force and may be varied accordingly for tax purposes; and

v. The taxation of dividend, future capital gains on alienation of shares by the foreign investor, interest income and income of any other nature shall be examined by the field formation in accordance with the provision of Income-Tax Act, 1961 and DTAA applicable to the facts of the case.

Bidders are not allowed to withdraw or revise downwards their Bids after the Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares issued pursuant to this Issue shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares of the same class quoted on the stock exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. However, a discount of not more than 5% of the Floor Price may be offered by our Bank in accordance with the provisions of the SEBI ICDR Regulations. Accordingly, pursuant to a resolution of the Shareholders passed in the EGM held on March 5, 2024, our Bank may offer a discount of not more than 5% on the Floor Price.

The "Relevant Date" referred to above means the date of the meeting in which the Board or the Capital Raising Committee decides to open the Issue and "stock exchange" means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date.

The Equity Shares will be Allotted within 365 days from the date of the shareholders' resolution approving the Issue, being March 05, 2024 and within 60 days from the date of receipt of Bid Amount from the Successful Bidders. For details of refund of Bid Amount, see "*– Pricing and Allocation – Designated Date and Allotment of Equity Shares*" on page 267.

Subscription to the Equity Shares offered pursuant to the Issue must be made by Eligible QIBs on the basis of the Preliminary Placement Document and this Placement Document that shall contain all material information required under applicable law including the information specified in Schedule VII of SEBI ICDR Regulations. The Preliminary Placement Document and this Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Bank with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of the Preliminary Placement Document or this Placement Document addressed to you, you may not rely on the Preliminary Placement Document or this Placement Document uploaded on the website of the Stock Exchanges or our Bank for making an application to subscribe to Equity Shares pursuant to the Issue.

This Issue was authorized and approved by the Board on December 28, 2023 and approved by the Shareholders in the EGM held on March 05, 2024. The minimum number of Allottees with respect to a QIP shall at least be:

a. two, where the issue size is less than or equal to ₹250 crore; and

b. five, where the issue size is greater than ₹250 crore.

No single Allottee shall be Allotted more than 50% of the Issue Size. Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes "same group" or "common control", see "—*Bid Process—Application Form*" on page 261.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on a recognised stock exchange.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue. AIFs and VCFs whose sponsor and manager are not Indian owned and controlled in terms of the FEMA Rules are not permitted to participate in the Issue.

We have applied for and received the in-principle approvals of from both BSE and NSE on September 23, 2024, respectively, under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares on the Stock Exchanges. We have filed a copy of the Preliminary Placement Document and a copy of this Placement Document with the Stock Exchanges.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws of the United States and unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons who are qualified institutional buyers (as defined in Rule 144A) pursuant to Section 4(A)(2) or another available exemption from registration under the U.S. Securities Act, and (b) outside the United States in offshore transactions in reliance upon Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. There will be no public offering of the Equity Shares in the United States. For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investors defined under the applicable Indian regulations and referred to in this Placement Document as "QIBs". The Equity Shares are transferable only in accordance with the restrictions described under the sections "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 272 and 279, respectively.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. On the Bid / Issue Opening Date, our Bank in consultation with the Book Running Lead Managers have circulated serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form, to identified Eligible QIBs and the Application Form will be specifically addressed to each such Eligible QIB. Our Bank have maintained records of the Eligible QIBs to whom the Preliminary Placement Document and the serially numbered Application Form have been dispatched.

2. The list of Eligible QIBs to whom the Preliminary Placement Document and Application Form has been delivered was determined by our Bank in consultation with the Book Running Lead Managers, at their sole discretion. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Bid Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to make an offer to subscribe was deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the

possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid and shall be rejected. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB were required to submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Bid/Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and could not be withdrawn or revised downwards after the Bid/Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB was authorised to do so.

3. Eligible QIBs were required to submit a duly completed Application Form, including any revisions thereof along with the Bid Amount (which is to be transferred to the Escrow Account specified in the Application Form) and a copy of the PAN card or PAN allotment letter and/or any other documents mentioned in the Application Form, during the Issue Period to the Book Running Lead Managers and their Bid Amount shall be deposited into the Escrow Account.

4. Bidders were required to indicate the following in the Application Form:

- full official name of the Eligible QIB to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details, phone number and bank account details;

- number of Equity Shares Bid for;

- price at which they are agreeable to subscribe for the Equity Shares and the aggregate Bid Amount for the number of Equity Shares Bid for;

- details of the beneficiary account maintained with the Depository Participant to which the Equity Shares should be credited;

- Equity Shares held by the Eligible QIBs in our Bank prior to the Issue;

- that it has agreed to certain other representations set forth in the Application Form; and

- a representation that it is either (i) outside the United States acquiring the Equity Shares in an offshore transaction under Regulation S, or (ii) a "qualified institutional buyer" as defined in Rule 144A, and it has agreed to certain other representations set forth in the "*Representations by Investors*" on page 6 and "*Transfer Restrictions*" on page 279 and certain other representations made in the Application Form.

Note: *Eligible FPIs are required to indicate the SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

5. Eligible QIBs shall be required to make the entire payment of the Bid Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account opened in the name of **"*PNB QIP Escrow account*"** with the Escrow Agent, within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Bid Amount for the Equity Shares was required to be made from the bank accounts of the relevant Bidders and our Bank was required to keep a record of the bank account from where such payment had been received. Bid Amount payable on Equity Shares to be held by joint holders was required to be paid from the bank account of the person whose name appears first in the Application Form. Until Allotment, and receipt of final listing and trading approvals from the Stock Exchanges, Bid Amount received for subscription of the Equity Shares was required to be kept by the Bank in a separate bank account with a scheduled bank. Notwithstanding the above, in the event

(a) any Bidder is not allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount had been paid by such Bidder, (c) the Bid Amount had been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but prior to the Bid Closing Date, the excess Bid Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "– *Refunds*" on page 268.

6. Once a duly completed Application Form is submitted by a Bidder and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Issue Closing Date. In case of an upward revision before the Issue Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

7. Upon receipt of the duly completed Application Form and the Bid Amount in the Escrow Account, on or after the Issue Closing Date, our Bank shall, in consultation with the Book Running Lead Managers, determine the final terms, including the Issue Price of the Equity Shares Allocation of Equity Shares to be issued pursuant to the Issue. Upon such determination, the Book Running Lead Managers will send the serially numbered CAN s, along with serially numbered Placement Document, in electronic form only, to the successful Bidders who have been Allocated the Equity Shares. The dispatch of a CAN, and the Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. **Please note that the Allocation will be at the absolute discretion of our Bank and will be in consultation with the Book Running Lead Managers.**

8. Upon dispatch of the serially numbered Placement Document and CAN, our Bank shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. Our Bank will inform the Stock Exchanges of the details of the Allotment.

9. After passing the resolution for Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the Depository Participant, as specified in the records of the depositories or as indicated in their respective Application Form, our Bank shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

10. After receipt of the listing approvals of the Stock Exchanges, our Bank shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

11. Our Bank will then apply for the final trading approvals from the Stock Exchanges.

12. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Eligible QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

13. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Bank may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Bank and the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Bank.

Eligible Qualified Institutional Buyers

Only QIBs as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations, and not otherwise restricted from participating in the Issue under the applicable laws, including the SEBI ICDR Regulations and are residents of India or are Eligible FPI participating through Schedule II of the FEMA rules are eligible to invest in the Issue, provided that with respect to FPIs, only Eligible FPIs applying under Schedule II of the FEMA Rules will be considered as Eligible QIBs and are eligible to invest in this Issue, in accordance with the GoI Approval Letters. AIFs or VCFs whose sponsor and manager are not Indian owned and controlled in terms of the FEMA Rules or FVCIs, multilateral or bilateral development financial institutions are not permitted to participate in this Issue.

Currently, the definition of a QIB as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations includes:

- Mutual funds, venture capital funds and alternate investment funds (except AIFs and VCFs whose sponsor and manager are not Indian owned and controlled in terms of the FEMA Rules) registered with SEBI;
- Eligible FPIs other than individuals, corporate bodies and family offices;
- Public financial institutions;
- Scheduled commercial banks;
- State industrial development corporations;
- Insurance companies registered with IRDAI;
- Provident funds with minimum corpus of ₹25 crore;
- Pension funds with minimum corpus of ₹25 crore registered with the Pension Fund Regulatory and Development Authority established under section 3(1) of the Pension Fund Regulatory and Development Authority Act, 2013;
- National Investment Fund set up by Government of India, set up by resolution no. F. No. 2/3/2005-DDII, dated November 23, 2005 of the Government published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, India; and
- Systemically important non-banking financial companies.

ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF FEMA NON-DEBT RULES IN THIS ISSUE. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THIS ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF THE ELIGIBLE FPIs DOES NOT EXCEED SPECIFIED LIMIT AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THIS ISSUE.

Please note that participation by non-residents in the Issue is restricted to participation by Eligible FPIs through the portfolio investment scheme under Schedule II of the FEMA Rules, subject to the limits prescribed under the SEBI FPI Regulations and the FEMA Rules. Further, AIFs or VCFs whose sponsor and manager are not Indian owned and controlled in terms of the FEMA Rules or FVCIs, multilateral or bilateral development financial institutions are not permitted to participate in this Issue.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10% or more of the post-Issue equity share capital of our Bank, and the total holding of all FPIs, collectively, shall not exceed 20% of the paid-up equity share capital of our Bank. Further, if any FPI holds 10% or more of the Equity Share capital of our Bank, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done, the total investment made by such FPI together with its investor group will be re-classified as FDI as per procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in the company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (i) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable.

In terms of the approval of the GoI Approval Letters, prior approval of the GoI for the issuance of equity shares up to 20% of paid-up capital to FIIs/FPIs in the Issue, subject to provisions of the Banking Companies Act and other provisions of the Consolidated FDI Policy.

Allotments made to Eligible QIBs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. In terms of FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all FPIs shall be included. In accordance with the Consolidated FDI Policy, the total foreign ownership in a public sector bank, subject to Banking Companies Act, cannot exceed 20% of the paid-up capital. In accordance with Section 3(2D) of the Banking Companies Act, shareholding of non-residents in a corresponding new bank cannot exceed 20.00% of its paid up capital and in accordance with Section 3(2E) of the Banking Companies Act, no shareholder, other than the Government shall be entitled to exercise voting rights in excess of 10.00% of the total voting rights of all the shareholders of the corresponding new bank;

As of June 30, 2024, the aggregate FPI shareholding in our Bank is 5.51% of our Bank's paid up Equity Share capital (on a fully diluted basis). For further details, see "*Principal Shareholders and Other Information*" beginning on page 216.

Restriction on Allotment

Pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being a promoter, or any person related to, the promoter. Eligible QIBs, which have all or any of the following rights, shall be deemed to be persons related to the promoter:

- rights under a shareholders' agreement or voting agreement entered into with the promoter or members of the promoter group;
- veto rights; or
- a right to appoint any nominee director on our Board

Provided, however, that an Eligible QIB which does not hold any equity shares in our Bank and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the promoter.

Our Bank, the Book Running Lead Managers and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors, associates or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the Takeover Regulations, and ensure compliance with applicable laws.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of under subscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: Affiliates or associates of the Book Running Lead Managers who are Eligible QIBs may participate in the Issue in compliance with applicable laws.

Bid Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are specifically addressed to them) supplied by our Bank and the Book Running Lead Managers in electronic form only for the purpose of making a Bid (including revision of a Bid) in terms of this Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Placement Document, the Eligible QIB will be deemed to have made the following representations, warranties, acknowledgements and undertakings given or made under "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 3, 6, 272 and 279, respectively:

1. The Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India and is eligible to participate in this Issue;

2. The Bidder confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoter or promoter group, no veto rights or right to appoint any nominee director on the Board other than

those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoter;

3. The Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Issue Closing Date;

4. The Bidder confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India, including the FEMA Rules, as amended, and any notifications, circulars or clarifications issued thereunder and not an FVCI or a multilateral or bilateral development financial institution. Each Eligible QIB confirms that it is not an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules. Each Eligible QIB confirms that they have not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets;

5. The Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the floor of the Stock Exchanges. Additionally, this will be subject to the Selling and Transfer Restrictions under the applicable laws;

6. The Eligible QIB confirms that the QIB is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. The QIB further confirms that the holding of the QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the QIB;

7. The Eligible QIB confirms that its Bid would not result in triggering an open offer under the Takeover Regulations;

8. The Eligible QIB agrees that although the Bid Amount is required to be paid by it along with the Application Form within the Issue Period, our Bank reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the Book Running Lead Managers. The Eligible QIB further acknowledges and agrees that the payment of Bid Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

9. The Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

   a. QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and Independent Directors, amongst an Eligible QIB, its subsidiary(ies) or holding company and any other Eligible QIB ; and

   b. 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations;

10. The Eligible QIBs acknowledge that no Allotment shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price.

11. The Eligible QIBs confirm that they shall not undertake any trade in the Equity Shares credited to their beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

12. The Eligible QIB confirms that:

   a. It is an U.S. QIB who is, or are acquiring the Equity Shares for its own account or for the account of an institutional investor who also meets the definition of an U.S. QIB, for investment purposes only and not with a view to, or for resale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part and are not our affiliate or a person acting on behalf of such an affiliate; or

   b. It is outside the United States purchasing the Equity Shares in an "offshore transaction" as defined in and in reliance on Regulation S, and is not our affiliate or a person acting on behalf of such an affiliate.

It has read and understood, and by making a Bid for the Equity Shares through the Application Forms and pursuant to the terms of this Placement Document, will be deemed to have made the representations, warranties and agreements made under the sections titled "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" beginning on pages 3, 6, 272 and 279, respectively.

ELIGIBLE QIBs MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGERS TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, ESCROW AGENT OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSURE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Bid Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Bid Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form and payment of the Bid Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder to pay the entire Issue Price for the Equity Shares and becomes a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Bank (by itself or by the Book Running Lead Managers) in favour of the Successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter. The Bid Amount shall be deposited in the Escrow Account as is specified in the Application Form and the Application Form shall be submitted to the Book Running Lead Managers through electronic form at either of the following addresses:

Name of BRLM	Address	Contact person	Email	Phone
BNP Paribas	1 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra	Sameer Lotankar	DL.project.pacific.2024@bnpparibas.com	+91 22 33704000
IDBI Capital Markets & Securities Limited	6th Floor, IDBI Tower, WTC Complex,	Subodh Gandhi	project.kuber@idbicapital.com	+91 22 4069 1700

Name of BRLM	Address	Contact person	Email	Phone
	Cuffe Parade, Mumbai – 400 005			
IIFL Securities Limited	24th Floor, One Lodha Place, Senapati Bapat Marg, Lower Parel (West), Mumbai, 400013, Maharashtra, India	Mansi Sampat/ Sagar Lenka	project.kuber@iiflcap.com	+91 22 46464728
Emkay Global Financial Services Limited	7th Floor, The Ruby, Senapati Bapat Marg, Dadar (W), Mumbai – 400 028	Pranav Nagar / Pooja Sarvankar	pnb.qip@emkayglobal.com	Tel: +91 – 22 – 6612 1212
Elara Capital (India) Private Limited	One International Center, Tower 3, 21st Floor, Senapati Bapat Marg, Mumbai – 400 013	Astha Daga	elara.ecm@elaracapital.com	Tel: +91-22-6164-8599
HSBC Securities and Capital Markets (India) Private Limited	52/60, Mahatma Gandhi Road, Fort, Mumbai 400 001 Maharashtra, India	Rishi Tiwari Harshit Tayal	projectkuber2024@hsbc.co.in	Tel: +91 22 6864 1289
ICICI Securities Limited	ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025	Ashik Joisar Gaurav Mittal	projectkuber@icicisecurities.com	+91 22 6807 7100

Name of BRLM	Address	Contact person	Email	Phone
Motilal Oswal Investment Advisors Limited	Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai- 400 025, Maharashtra, India	Ritu Sharma	kuber@motilaloswal.com	Tel.: +91 (22) 7193 4380
Nuvama Wealth Management Limited	801 - 804, Wing A, Building No 3, Inspire BKC, G Block Bandra Kurla Complex, Bandra East Mumbai 400 051, Maharashtra, India	Lokesh Shah	PNB.Qip2024@nuvama.com	+ 91 22 4009 4400
SBI Capital Markets Limited	1501, 15th Floor, A & B Wing, Parinee Crescezo BKC, Bandra East, Mumbai 400051	Krithika Shetty/Janardhan Wagle	pnb.qip2024@sbicaps.com	Tel: +91 22 4006 9807
PNB Investment Services Limited*	PNB Pragati Towers, 2nd Floor, C-9, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051	Rahul Tiwari/ Pushkaraj Talwadkar	projectkuber@pnbisl.com	Tel: +91 22 2653 2745

***PNB Investment Services Limited, a subsidiary of our Bank, shall be involved only in marketing of the Issue in compliance with Regulation 21A of the SEBI Merchant Bankers Regulations and Regulation 174(2) of the SEBI ICDR Regulations.*

The Book Running Lead Managers shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

Bidders Bidding in the Issue shall pay the entire Bid Amount along with the submission of the Application Form, within the Issue Period.

Payment of Bid Amount

Our Bank has opened the Escrow Account in the name of "***PNB QIP 2024 – ESCROW ACCOUNT***" with the Escrow Agent, in terms of the arrangement among our Bank, the Book Running Lead Managers and the Escrow Agent. Each Bidder will be required to deposit the Bid Amount payable for the Equity Shares Bid by it along with the submission of the Application Form and during the Bidding Period. Bidders can make payment of the Bid Amount only through electronic transfer of funds from their own bank account.

Note: Payments are to be made only through electronic fund transfer. Payments made through cash or cheques are liable to be rejected. Further, if the payment is not made favouring the Escrow Account, the Application Form is liable to be rejected.

Pending Allotment, our Bank undertakes to utilise the amount deposited in "***PNB QIP 2024 – ESCROW ACCOUNT***" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Bid Amount if our Bank is not able to Allot Equity Shares in the Issue. In case of cancellations or default by the Bidders, our Bank and the Book Running Lead Managers have the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws. Notwithstanding the above, in the event a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, the excess Bid Amount will be refunded to the same bank account from which Bid Amount was remitted, in the form and manner set out in "*Issue Procedure – Refunds*" on page 268.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the stock exchange during the two weeks preceding the Relevant Date. For the purpose of determination of the Floor Price, 'stock exchange' shall mean any of the recognised stock exchanges in which the Equity Shares are listed and in which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. However, our Bank may offer a discount of not more than 5% of the Floor Price, in terms of Regulation 176(1) of the SEBI ICDR Regulations, in accordance with the approval of our Shareholders pursuant to resolution passed at EGM held on March 5, 2024.

The "Relevant Date" referred to above, for Allotment, will be the date of the meeting in which the Board or the Capital Raising Committee of the Board decides to open the Issue and "stock exchange" means any of the recognized stock exchanges in India on which the Equity Shares of the issuer of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date.

Build-up of the book

The Eligible QIBs shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the Book Running Lead Managers. Such Bids cannot be withdrawn or revised downwards after the Issue Closing Date. The book shall be maintained by the Book Running Lead Managers.

Price discovery and Allocation

Our Bank, in consultation with the Book Running Lead Managers, shall determine the Issue Price, which shall be at or above the Floor Price. However, our Bank may offer a discount of not more than 5% of the Floor Price, in terms of Regulation 176(1) of the SEBI ICDR Regulations, in accordance with the approval of our Shareholders pursuant to resolution passed at EGM held on March 5, 2024.

Method of Allocation

Our Bank shall determine the Allocation in consultation with the Book Running Lead Managers on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Bids received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF OUR BANK IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBs. BIDDERS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR BANK, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE PRICE. NEITHER OUR BANK NOR THE BOOK RUNNING LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON- ALLOCATION.

CONFIRMATION OF ALLOCATION NOTE OR CAN

Based on receipt of the serially numbered Application Forms and Bid Amount, our Bank, in consultation with the Book Running Lead Managers, in their sole and absolute discretion, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price and the Bid Amount for the Equity Shares Allocated to them shall be notified to such Successful Bidders. Additionally, the CAN will include the probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Successful Bidder ("**Designated Date**").

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in the Bank) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and the Placement Document in the electronic form, to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to subscribe to the Equity Shares Allocated to such Successful Bidders. Subsequently, our Board or the Capital Raising Committee of the Board will approve the Allotment of the Equity Shares to the Allottees in consultation with the Book Running Lead Managers.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in section titled "*Notice to Investors*" on page 3 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Successful Bidders are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

Designated Date and Allotment of Equity Shares

1. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Bank will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.

2. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.

3. Our Bank, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Following the Allotment of the Equity Shares pursuant to the Issue, our Bank shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, our Bank

shall credit the Equity Shares into the beneficiary accounts of the Eligible QIBs.

5. Following the credit of Equity Shares into the Successful Bidders' beneficiary accounts, our Bank will apply for the final listing and trading approvals from the Stock Exchanges.

6. The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Bank.

7. After finalization of the Issue Price, our Bank has updated the Preliminary Placement Document with the Issue details and file it with the Stock Exchanges as this Placement Document. Pursuant to a circular SEBI/CFD/DIL/LA/1/2010/05/03 dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, namely, names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Bank along with the Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or the Bidder has deposited the Bid Amount arrived at using a price higher than the Issue Price, or Equity Shares are not Allocated to a Bidder for any reasons, is cancelled prior to Allocation, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted (as set out in the Application Form). The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN.

In the event that our Bank is unable to issue and Allot the Equity Shares offered in the Issue or if the Issue is cancelled from the date of receipt of application monies, our Bank shall repay the application monies. The application monies to be refunded by us shall be refunded to the same bank account from which application monies was remitted by the Bidders, as mentioned in the Application Form.

In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Depositories Act and other applicable laws

We, at our sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Release of Funds to our Bank

The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Bank. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

Other instructions

Permanent account number or PAN

Each Bidder should mention its PAN allotted under the IT Act. A copy of PAN card is required to be submitted with the Application Form. Further, the Application Forms without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR Number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank account details

Each Bidder shall mention the details of the bank account from which the payment of Bid Amount has been made along with confirmation that such payment has been made from such account.

Right to reject applications

Our Bank, in consultation with the Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Bank in consultation with the Book Running Lead Managers in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Bank, the Bid Amount paid by the Bidder shall be refunded to the same bank account from which the Bid Amount was remitted by such Bidder. For details see "*Bid Process" – "Refund*".

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all Eligible QIBs in the demat segment of the respective Stock Exchanges.

Our Bank and the Book Running Lead Managers will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

PLACEMENT

Placement Agreement

The Book Running Lead Managers have entered into a placement agreement with the Bank dated September 23, 2024 (the "**Placement Agreement**"), pursuant to which the Book Running Lead Managers have agreed to manage the Issue and act as placement agents in connection with the proposed Issue and procure subscriptions for the Equity Shares on a reasonable efforts basis pursuant to Chapter VI of SEBI ICDR Regulations.

The Placement Agreement contains customary representations, warranties and indemnities from the Bank and it is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

The Preliminary Placement Document and this Placement Document has not been, and will not be, filed as a prospectus with RoC and, no Equity Shares issued pursuant to the Issue will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs.

In connection with the Issue, the Book Running Lead Managers (or their affiliates) may, for its own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers may subscribe to Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. See "*Offshore Derivative Instruments*" on page 12.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and, unless so registered, may not be offered, sold or delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons who are U.S. QIBs pursuant to Section 4(A)(2) or another available exemption from registration under the U.S. Securities Act, for avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Placement Document as "QIBs", and (b) outside the United States, in "offshore transactions", as defined in and in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. The Equity Shares are transferable only in accordance with the restrictions described in the sections titled "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 272 and 279, respectively.

The Book Running Lead Managers and their respective affiliates may engage in transactions with and perform services for the Bank, its Subsidiaries, Joint Ventures, Associate or affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with the Bank and Subsidiary or affiliates, for which they have received compensation and may in the future receive compensation.

Lock-up

Under the Placement Agreement, the Bank will not, for a period commencing the date hereof and ending 60 days from the Closing Date, without the prior written consent of the Book Running Lead Managers, directly or indirectly:

(a) issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention with respect to any of the foregoing;

(b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares;

(c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe to or purchase Equity Shares or which carry the right to subscribe to or purchase Equity Shares in depository receipt facilities or enter into any such transactions (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares in any depository receipt facility; or

(d) announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise,

provided however that the foregoing restrictions shall not apply to: (i) the issuance of any Equity Shares; and (ii) any issue or offer of Equity Shares by the Bank, to the extent such issue or offer is: (a) required to be undertaken pursuant to Applicable Law; or (b) required to be undertaken pursuant to the instructions, orders or guidelines as may be issued by the Government of India or an undertaking of the Government of India or such other authority acting on its behalf, in each case with the requisite authority to issue such instructions, orders or guidelines, as the case may be.

The Equity Shares held by the Promoter shall not be subject to any lock-up under the Placement Agreement.

SELLING RESTRICTIONS

The distribution of this Placement Document and the offer, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Persons who come into possession of this Placement Document are advised to take legal advice with regard to any restrictions that may be applicable to them and to observe such restrictions. This Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorized or permitted.

General

No action has been taken or will be taken in any jurisdiction by our Bank or the Book Running Lead Managers that would permit a public offering of the Equity Shares or the possession, circulation or distribution of this Placement Document or any other material relating to our Bank or the Equity Shares in any jurisdiction where action for such purpose is required.

Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations. Each purchaser of the Equity Shares offered by this Placement Document will be required to make, or be deemed to have made, as applicable, the representations, acknowledgments and agreements as described under "*Notice to Investors*", "*Representation by Investors*", and "*Transfer Restrictions*" on pages 3, 6 and 279 respectively.

India

This Placement Document may not be distributed, directly or indirectly, in India or to residents of India and any Equity Shares may not be offered or sold, directly or indirectly, in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to eligible QIBs and is not an offer to the public. This Placement Document has not been and will not be filed as a prospectus with the RoC, and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Australia

This Placement Document is not a disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) ("**Corporations Act**") and has not been lodged with the Australian Securities and Investments Commission and it does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act.

No offer will be made under this Placement Document to investors to whom disclosure is required to be made under Chapter 6D of the Corporations Act. Each purchaser of the Equity Shares offered in the Issue in Australia shall be deemed to represent and warrant that it is either a "sophisticated investor" or a "professional investor" and that not it is not a "retail client" within the meaning of those terms in the Corporations Act.

The Equity Shares acquired in the Issue in Australia must not be offered for sale in Australia in the period of 12 months after the date of the Allotment, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under Section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document that complies with Chapter 6D of the Corporations Act. Each purchaser of the Equity Shares offered in the Issue in Australia shall be deemed to undertake to our Bank that it will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those Equity Shares to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where or where the offer is pursuant to a disclosure document that complies with Chapter 6D of the Corporations Act.

No financial product advice is provided in this Placement Document and nothing in this Placement Document should be taken to constitute a recommendation or statement of opinion that is intended to influence a person or persons in making a decision to invest in the Equity Shares offered in the Issue.

This Placement Document does not take into account the objectives, financial situation or needs of any particular person. Before acting on the information contained in this Placement Document, or making a decision to invest in the Equity Shares offered in the Issue, prospective investors should seek professional advice as to whether investing in the Equity Shares is appropriate in light of their own circumstances.

None of the Book Running Lead Managers or any of their respective affiliates is the holder of an Australian Financial Services Licence.

Bahrain

All marketing and offering of the Equity Shares in the Issue has been made and will be made outside the Kingdom of Bahrain. This Placement Document and the Equity Shares offered in the Issue have not been registered, filed, approved or licensed by the Central Bank of Bahrain ("**CBB**"), the Bahrain Bourse, the Ministry of Industry, Commerce and Tourism ("**MOICT**") or any other relevant licensing authorities in the Kingdom of Bahrain.

The CBB, the Bahrain Bourse and the MOICT of the Kingdom of Bahrain takes no responsibility for the accuracy of the statements and information contained in this Placement Document, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. This Placement Document is only intended for Accredited Investors as defined by the CBB and the Equity Shares offered by way of private placement may only be offered in minimum subscriptions of USD 100,000 (or equivalent in other currencies). No invitation to the public in the Kingdom of Bahrain to subscribe to the Equity Shares is being made and this Placement Document will not be issued to, passed to, or made available to the public generally in the Kingdom of Bahrain. The CBB has not reviewed, nor has it approved this Placement Document and any related offering documents or the marketing thereof in the Kingdom of Bahrain. The CBB is not and will not be responsible for the performance of the Equity Shares.

European Economic Area

In relation to each Member State of the European Economic Area (each a "Relevant State"), an offer to the public of any Equity Shares in the Issue may not be made in that Relevant State, except if the Equity Shares are offered to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation (EU) 2017/1129 (and any amendment thereto) (the "Prospectus Regulation"):

- to any legal entity that is a qualified investor, as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the Book Running Lead Managers for any such offer;
- or in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall result in a requirement for the publication by the Bank or the Book Running Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For the purposes of this section, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares.

Each person in a Relevant State who acquires Equity Shares in the Issue or to whom any offer is made shall be deemed to have represented that it is a "qualified investor" as defined in the Prospectus Regulation.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant State to qualified investors (as so defined) or in circumstances in which the prior consent of the Book Running Lead Managers has been obtained to each such proposed offer or resale.

Our Bank, the Book Running Lead Managers and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Hong Kong

The Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O.

No advertisement, invitation or document relating to the Equity Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO has been or will be issued, whether in Hong Kong or elsewhere.

Any offer of the Equity Shares will be personal to the person to whom relevant offer documents are delivered, and a subscription for the Equity Shares will only be accepted from such person. No person who has received a copy of the Placement Document may issue, circulate or distribute the Placement Document in Hong Kong or make or give a copy of the Placement Document to any other person. No person allotted Equity Shares may sell, or offer to sell, such Shares to the public in Hong Kong within six months following the date of issue of such Equity Shares.

Japan

The Equity Shares offered hereby have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). The Placement Document is not an offer of shares for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used in the Placement Document means any person resident in Japan, including any corporation or entity organized under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Kuwait

This Placement Document is not for general circulation to the public in Kuwait. The Equity Shares have not been licenced for offering in Kuwait by the Kuwait Capital Markets Authority or any other relevant Kuwaiti government agency. The offering of the Equity Shares in Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of the Equity Shares is being made in Kuwait, and no agreement relating to the sale of the Equity Shares will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in Kuwait.

Mauritius

The public of the republic of Mauritius is not invited to subscribe for the interests offered hereby. This memorandum relates to a private placement and does not constitute an offer to the public in Mauritius to subscribe for the interests offered hereby. the interests are only being offered to a limited number of sophisticated investors meeting the eligibility criteria. no regulatory approval has been sought for the offer in Mauritius and it must be distinctly understood that the Mauritius financial services commission does not accept any responsibility for the financial soundness of or any representations made in connection with the issue. The memorandum is for the use only of the named addressee and should not be given or shown to any other person.

New Zealand

This Placement Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMA Act**"). The Equity Shares offered in the Issue may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who: (a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act; (b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act; (c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act; (d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or (e) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Qatar (excluding the Qatar Financial Centre)

This Placement Document did not, and was not intended to, constitute an invitation or an offer of securities in the State of Qatar (including the Qatar Financial Centre) and accordingly should not be construed as such. The Equity Shares have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar; (b) neither the Bank nor the Book Running Lead Managers are authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Equity Shares has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. The persons representing the Book Running Lead Managers are, by distributing this document, not advising individuals resident in the State of Qatar as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Qatar and Qatar Financial Centre

Nothing in this Placement Document is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of securities in the State of Qatar or in the Qatar Financial Centre or the inward marketing of securities or an attempt to do business, as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre other than in compliance with any laws applicable in the State of Qatar or in the Qatar Financial Centre governing the issue, offering and sale of securities under the laws of the State of Qatar and the Qatar Financial Centre.

This Placement Document and any underlying instruments or securities have not been and will not be filed with, reviewed or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Exchange or any other relevant Qatar governmental body or securities exchange. The Bank has not been authorised or licenced by any Qatari governmental body or regulator to market, offer or sell the Equity Shares in the State of Qatar or in the Qatar Financial Centre.

This Placement Document is strictly private and confidential. This Placement Document is provided on an exclusive basis to the specifically intended recipient of such document, upon that person's request and initiative, and for the recipient's personal use only. It is being distributed to a limited number of qualified investors and must not be provided to any person other than the original recipient. It is not for general circulation in the State of Qatar or the Qatar Financial Centre and may not be reproduced or used for any other purpose. Any distribution of this document by the recipient to third parties in the State of Qatar or the Qatar Financial Centre is not authorised and shall be at the liability of such recipient.

Recourse against the Bank and/or its affiliates may be limited or difficult and may have to be pursued in a jurisdiction outside the State of Qatar and/or the Qatar Financial Centre.

Saudi Arabia

This Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority ("**CMA**"). The CMA does not make any representation as to the accuracy or completeness of this Placement Document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Placement Document. Prospective investors of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser.

Singapore

This Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

i. a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

ii. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notification under Sections 309B(1)(a) and 309B(1)(c) of the SFA: We have determined, and hereby notify all relevant persons (as defined in Section 309A of the SFA) that the Equity Shares are: (A) prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and (B) Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment: Notice on Recommendations on Investment Products).

Sultanate of Oman

The information contained in this Placement Document does not constitute a public offer of securities in Oman as contemplated by the Oman Commercial Companies Law (Sultani Decree 18/2019, as amended) or Article 3 of the Capital Market Authority Law (Sultani Decree 80/98, as amended). This Placement Document will only be made available to investors in Oman in accordance with the provisions of Article 139 of the Executive Regulations of the Capital Markets Law (Capital Markets Law Decision No. 1/2009, as amended) (the "**Executive Regulations**") by an entity duly licenced by the Capital Market Authority of Oman to market non-Omani securities in Oman.

This Placement Document is strictly private and confidential. It is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to invest in the Equity Shares outside of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient. Additionally, this Placement Document is not intended to lead to the making of any contract within the territory or under the laws of Oman.

This Placement Document has not been (and will not be) filed with the Capital Market Authority of Oman (except in accordance with Article 139 of the Executive Regulations) or any other regulatory authority in Oman and the Capital Market Authority of Oman neither assumes responsibility for the accuracy and adequacy of the statements and information contained in this Placement Document nor shall have any liability to any person for damage or loss resulting from reliance on any statements or information contained herein.

Switzerland

The Equity Shares may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Equity Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Placement Document nor any other offering or marketing material relating to the Equity Shares constitutes a prospectus pursuant to the FinSA, and neither this Placement Document nor any other offering or marketing material relating to the Equity Shares may be publicly distributed or otherwise made publicly available in Switzerland.

The Equity Shares may, however, be offered in Switzerland to professional clients within the meaning of the FinSA, without any public offer and only to investors who do not purchase the Equity Shares with the intention to distribute them to the public. The investors will be individually approached from time to time. This Placement Document may only be used by those investors to whom it has been handed out in connection with the Issue described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent.

United Arab Emirates (excluding the Dubai International Financial Centre)

This Placement Document does not constitute or contain an offer of securities to the general public in the UAE. No offering, marketing, promotion, advertising or distribution (together, "Promotion") of this document or the Equity Shares may be made to the general public in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to "Qualified Investors" (excluding "**High Net Worth Individuals**") (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE. None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this document nor does any such entity accept any liability for the contents of this document.

United Kingdom

The Equity Shares have not been offered or will not be offered pursuant to the Issue to the public in the United Kingdom prior to the publication of a prospectus in relation to the Equity Shares which is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus Amendment etc. (EU Exit) Regulations 2019/1234, except that it may make an offer to the public in the United Kingdom of any Equity Shares at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Book Running Lead Managers for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of the Equity Shares shall require the Bank or the Book Running Lead Managers to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

United States

The Equity Shares have not been and will not be registered under the U.S. Securities Act or registered, listed or otherwise qualified in any other jurisdiction outside India and unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons who are qualified institutional buyers (as defined in Rule 144A) pursuant to Section 4(A)(2) or another available exemption from registration under the U.S. Securities Act, and (b) outside the United States in “offshore transactions” as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For further information, see “*Transfer Restrictions*” on page 279.

Other Jurisdictions

The distribution of this Placement Document and the offer and sale of the Equity Shares may be restricted by law in certain jurisdictions. Persons into whose possession this Placement Document comes are required to inform themselves about, and to observe, any such restrictions to the extent applicable.

TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult their legal counsel prior to purchasing Equity Shares or making any resale, pledge or transfer of the Equity Shares.

Pursuant to Chapter VI of the SEBI ICDR Regulations, any resale of Equity Shares, except on the Stock Exchanges, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult legal counsels prior to making any resale, pledge or transfer of our Equity Shares. In addition to the above, allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see "*Selling Restrictions*" on page 272.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and, unless so registered, may not be offered, sold or delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons who are U.S. QIBs pursuant to Section 4(A)(2) or another available exemption from registration under the U.S. Securities Act, for avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Placement Document as "QIBs", and (b) outside the United States, in "offshore transactions", as defined in and in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made. Each purchaser of the Equity Shares will be deemed to have made the representations, agreements and acknowledgements as described under "*Transfer Restrictions*" on page 279.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Transfer restrictions and purchaser representations for purchasers within the United States

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

If you purchase the Equity Shares offered in the United States pursuant to Section 4(A)(2) of the U.S. Securities Act, in reliance upon Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, by accepting delivery of this Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of any Equity Shares, you will be deemed to have represented and agreed to us and the Book Running Lead Managers as follows:

- You are authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations.

- You (A) are a "qualified institutional buyer" (as defined in Rule 144A) (a "U.S. QIB"), (B) are aware that the sale of the Equity Shares to you is being made pursuant to Section 4(A)(2) of the U.S. Securities Act or another available exemption from the registration requirements of the U.S. Securities Act, and (C) are acquiring such Equity Shares for your own account or for the account of a U.S. QIB.

- You understand and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering within the meaning of the U.S. Securities Act, have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be reoffered, resold, pledged or otherwise transferred except (A)(i) in the United States, (1) to a person who the seller reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A, (2) pursuant to an exemption from the registration requirements under the U.S. Securities Act provided by Rule 144 under the U.S. Securities Act (if available), (3) pursuant to another available exemption from the registration requirements of the U.S. Securities Act, or (4) pursuant to an effective registration statement under the U.S. Securities Act, or (ii) outside the United States in an offshore transaction in reliance upon Regulation S, as applicable, and (B) in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdictions in which such offers or sales are made.

- You agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer agrees) that neither you, nor any of your affiliates, nor any person acting on your behalf, will make any "directed selling efforts" as defined in Regulation S, with respect to the Equity Shares. You acknowledge and agree that you are not purchasing any Equity Shares as a result of any directed selling efforts.

- The Equity Shares offered and sold in the United States as part of the Issue are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for re-sales of any Equity Shares.

- You will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act.

- You have been provided access to the Preliminary Placement Document and to this Placement Document, which you have read in its entirety. You will base your investment decision on a copy of the Preliminary Placement Document and this Placement Document. You acknowledge that neither our Bank nor any of its affiliates nor any other person (including the Book Running Lead Managers) or any of its affiliates has made or will make any representations, express or implied, to you with respect to our Bank, the Issue, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning our Bank, the Issue or the Equity Shares, other than (in the case of our Bank only) the information contained in this Placement Document, as it may be supplemented.

- You are a sophisticated investor and possess such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in similar jurisdictions. You and any accounts for which you are subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Bank or any of the BRLMs or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) are seeking to subscribe to the Equity Shares in this Issue for investment purposes and not with a view to resell or distribute them and you or they have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it of all or any part of the Equity Shares, (v) have no need for liquidity with respect to the investment in the Equity Shares, and (vi) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment.

- You will notify any transferee to whom you subsequently offer, sell, pledge or otherwise transfer and the executing broker and any other agent involved in any resale of the Equity Shares of the foregoing restrictions applicable to the Equity Shares and instruct such transferee, broker or agent to abide by such restrictions.

- You acknowledge that if at any time your representations cease to be true, you agree to resell the Equity Shares at our Bank's request.

- You agree that any offer, resale, pledge or other transfer, or attempted offer, resale, pledge or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions will not be recognised by the Bank.

You acknowledge and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges and agrees) that the Bank, the BRLMs and their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agree that, if any of such acknowledgements, representations or agreements are no longer accurate you will promptly notify Bank and the BRLMs; and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make, and do make, the foregoing acknowledgements, representations and agreements on behalf of each such account. You agree that the terms and provisions of the foregoing acknowledgements, representations and agreements shall inure to the benefit of and any document incorporating such acknowledgements, representations and agreements shall be enforceable by the Bank, its successors and its permitted assigns, and the terms and provisions hereof shall be binding on its permitted successors in title, permitted assigns and permitted transferees. You understand that these acknowledgments, representations and undertakings are required in connection with United States securities laws and irrevocably authorize the Bank to produce these acknowledgments, representations and undertakings (or any document incorporating them) to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered herein.

Transfer restrictions and purchaser representations for purchasers outside the United States

If you purchase the Equity Shares offered outside the United States in reliance on Regulation S, by accepting delivery of this Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of any Equity Shares, you will be deemed to have represented and agreed as follows:

- You are authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations and will comply with all laws, regulations and restrictions (including the selling restrictions contained in this Placement Document) which may be applicable in your jurisdiction and you have obtained or will obtain any consent, approval or authorization required for you to purchase and accept delivery of Equity Shares, and you acknowledge and agree that none of the Bank or the BRLMs and their respective affiliates shall have any responsibility in this regard.

- You acknowledge (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges) that the Equity Shares are being issued in offshore transactions in reliance upon Regulation S and such Equity Shares have not been and will not be registered under the U.S. Securities Act.

- You certify that either (A) you are, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, are located outside the United States (within the meaning of Regulation S), and you have not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States, or (B) you are a broker-dealer acting on behalf of your customer and your customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, (ii) such customer is located outside the United States (within the meaning of Regulation S), and (iii) such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States.

- You are aware of the restrictions of the offer, sale and resale of the Equity Shares pursuant to Regulation S.

- You agree (or you are a broker-deal acting on behalf of a customer that has confirmed to you that such customer agrees) that neither it, nor any of its affiliates, nor any person acting on its behalf, will make any "directed selling efforts" as defined in Regulation S. You acknowledge and agree that you are not purchasing any Equity Shares as a result of any "directed selling efforts" as defined in Regulation S.

- You understand and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and that such Equity Shares may be offered, resold, pledged or otherwise transferred except (A)(i) in the United States, (1) to a person who the seller reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A, (2) pursuant to an exemption from registration under the U.S Securities Act provided by Rule 144 under the U.S. Securities Act (if available),

(3) pursuant to another available exemption from the registration requirements of the U.S Securities Act, or (4) pursuant to an effective registration statement under the U.S. Securities Act, or (ii) outside the United States in an "offshore transaction" complying with Rule 903 or Rule 904 of Regulation S, as applicable, and (B) in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdictions in which such offers or sales are made.

- You are a sophisticated investor and possess such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions. You and any accounts for which you are subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Bank or the BRLMs or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) are seeking to subscribe to the Equity Shares in this Issue for investment purposes and not with a view to resell or distribute them and you or they have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it of all or any part of the Equity Shares, (v) have no need for liquidity with respect to the investment in the Equity Shares, and (vi) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment.

- You have been provided access to the Preliminary Placement Document and this Placement Document, which you have read in its entirety. You will base your investment decision on a copy of the Preliminary Placement Document and this Placement Document. You acknowledge that neither our Bank nor any of its affiliates nor any other person (including the Book Running Lead Managers) or any of its affiliates has made or will make any representations, express or implied, to you with respect to our Bank, the Issue, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning our Bank, the Issue or the Equity Shares, other than (in the case of our Bank only) the information contained in this Placement Document, as it may be supplemented.

- You agree to indemnify and hold the Bank and the BRLMs harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. You will not hold any of the Bank or the BRLMs liable with respect to its investment in the Equity Shares. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

- Where you are subscribing to the Equity Shares for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts.

- You agree that any offer, resale, pledge or other transfer, or attempted offer, resale, pledge or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions shall not be recognised by the Bank.

You acknowledge and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges and agrees) that the Bank and the BRLMs and their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agree that, if any of such acknowledgements, representations or agreements are no longer accurate, you will promptly notify the Bank and the BRLMs; and if you are acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make, and do make, the foregoing acknowledgements, representations and agreements on behalf of each such account. You agree that the terms and provisions of the foregoing acknowledgements, representations and agreements shall inure to the benefit of and any document incorporating such acknowledgements, representations and agreements shall be enforceable by the Bank, its successors and its permitted assigns, and the terms and provisions hereof shall be binding on its permitted successors in title, permitted assigns and permitted transferees. You understand that these acknowledgments, representations and undertakings are required in connection with United States securities laws and irrevocably authorize the Bank to produce these acknowledgments, representations and undertakings (or any document incorporating them) to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered herein

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the websites of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Bank or the Book Running Lead Managers or any of their affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "**SECC Regulations**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SECC Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, protect the interests of investors in securities, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buybacks of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and Delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI and the SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of a company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognised stock exchange.

Further, the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 govern the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 requires all listed companies to maintain a minimum public shareholding of 25%, subject to certain time bound exceptions.

Minimum Level of Public Shareholding

Pursuant to an amendment to SCRR in June 2010 and Regulation 38 of SEBI Listing Regulations, all listed companies are required to maintain a minimum public shareholding of 25%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Where the public shareholding in a listed company falls below 25% at any time, such company shall bring the public shareholding to 25% within a maximum period of 12 months from the date of the public shareholding having fallen below the 25% threshold. However, every listed public sector company whose public shareholding falls below 25% at any time on or after the commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2018, shall increase its public shareholding to at least 25%, within a period of two years from the date of such fall, respectively, in the manner specified by

SEBI. Consequently, a listed company may be delisted from the Stock Exchanges for not complying with above-mentioned requirements.Further, pursuant to the budget 2019-2020, SEBI has been authorised to consider increase in minimum public shareholding to 35%.

Disclosures under the SEBI Listing Regulations

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. The Stock Exchanges on a daily basis translate the circuit breaker limits based on previous day's closing level of the index. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of BSE or the CNX NIFTY of NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of up to 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available. The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, BSE is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005, BSE was incorporated as a company under the Companies Act, 1956 in 2005. BSE was listed on NSE with effect from February 3, 2017.

NSE

NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. NSE became the first exchange to grant approval to its members for providing internet based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of NSE.

Trading Hours

Trading on both NSE and BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). BSE and NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, BSE replaced its open outcry system with BSE On-line Trading (or "**BOLT**") facility in 1995. This totally automated screen-based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation trading platform BOLT Plus.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading (or "**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Takeover Regulations, which provides specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The Takeover Regulations prescribe certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

The SEBI Takeover Regulations also provides certain general exemptions which exempt certain acquisitions from the obligation to make an open offer. The SEBI Takeover Regulations were further amended on June 22, 2020 to exempt any acquisitions by way of preferential issue from the obligation to make an open offer. Subsequently, the SEBI Takeover Regulations were amended on August 13, 2021 exempting (a) persons, together with persons acting in concert with him, holding shares or voting rights entitling him to exercise twenty-five per cent or more of the voting rights in a target company; and (b) promoter of the target company, together with persons acting in concert with him, from making continual disclosures in relation to aggregate shareholding and voting rights in the target company. Further, the amendment has also removed certain disclosure obligations for acquirers/promoters, pertaining to acquisition or disposal of shares aggregating to 5% and any change of 2% thereafter, annual shareholding disclosure and creation/invocation/release of encumbrance registered in depository systems under the SEBI Takeover Regulations. These relaxations have been given on account of implementation of the System Driven Disclosures (SDD).

Insider Trading Regulations

SEBI had earlier notified the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 to prohibit and penalise insider trading in India. The regulations, among other things, prohibited an 'insider' from dealing in the securities of a listed company when in possession of unpublished price sensitive information ("UPSI").

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 were notified on January 15, 2015 and came into effect on May 15, 2015, which repealed the regulations of 1992. The Insider Trading Regulations, *inter alia*, impose certain restrictions on the communication of information by listed companies. Under the Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the Insider Trading Regulations.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the

Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the Insider Trading Regulations.

Initial disclosures are required from promoters, members of the promoter group,key managerial personnel, directors as well as continual disclosures by every promoter, members of the promoter group, employee or director in case value of trade exceed monetary threshold of 10 lakh rupees over a calendar quarter, within two days of reaching such threshold. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the SEBI Insider Trading Regulations. Further, on July 17, 2020, SEBI amended the SEBI Insider Trading Regulations to prescribe that the board of directors or head(s) of listed companies shall ensure that a structured digital database be maintained, containing the nature of unpublished price sensitive information, the names and details of persons who have shared the information and the names and details person with whom information is shared.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. Further, SEBI framed regulations in relation to, among other things, the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of SEBI.

DESCRIPTION OF THE EQUITY SHARES

Set forth below are certain provisions relating to our Bank's share capital and the Equity Shares, including brief summaries of certain provisions of the Punjab National Bank (Shares and Meetings) Regulations, 2000, as amended. Our Bank follows the RBI Dividend Circular in relation to declaration of dividends.

General

The authorized share capital of our Bank is ₹ 3000 crore consisting of 1500 crore equity shares of ₹ 2 each.

As on the date of this Placement Document, the issued, subscribed and paid-up share capital of our Bank is ₹2202.20 crore divided into 11,01,10,15,558 Equity Shares. The Equity Shares are listed on NSE and BSE.

Capital

The shares of our Bank are movable property, transferable in the manner provided under the Punjab National Bank Regulations. Our Bank is permitted to raise capital by public issue or preferential allotment or private placement of equity shares or preference shares in accordance with provisions of the Banking Companies Act. Our Bank is required to formulate a proposal to raise capital in accordance with the guidelines, rules or regulations of the SEBI, relating to raising of such capital. In accordance with the Punjab National Bank Regulations, our Bank is required to submit the proposal to the RBI and consider the views of the RBI before finalizing the proposal. Further, the final proposal is required to be submitted to the Government for its sanction and the Government may grant sanction subject to such terms and conditions as it may deem fit.

Register of Shareholders

Our Bank is required to keep, maintain and update a share register of its shareholders. The particulars required to be entered in the share register are required to be maintained in the form of books or data stored in magnetic / optical / magneto-optical media by way of diskettes, floppies, cartridges or otherwise in computers to be maintained by the Bank's RTA and back up at such location as may be decided from time to time by the Chairman or Managing Director or any other designated official. Our Bank is required to maintain the register in electronic format subject to safeguards stipulated in the Information Technology Act, 2000, as amended.

Share Certificate

Each share certificate in respect of shares of our Bank is required to bear a distinctive share certificate number; the number of shares in respect of which it is issued and the name of the shareholder to whom it is issued and it should be in such form as may be specified by the Board. Every share certificate should be issued under the common seal of our Bank in pursuance of a resolution of the Board and it should be signed by two Directors and some other officer not below the rank of Scale-II or the company secretary appointed by the Board for the purpose.

No share certificate is valid unless and until it is so signed. Share certificate so signed will be valid and binding notwithstanding that, before the issue thereof, any person whose signature appears thereon may have ceased to be a person authorized to sign the share certificates on behalf of our Bank.

Issue of Share Certificates

Under the provisions of the Punjab National Bank Regulations, a shareholder who has been registered as a shareholder shall be entitled to one certificate for each hundred shares or multiples thereof registered in his name on any one occasion and one additional share certificate for the number of shares in excess thereof but less than hundred. Further, if the number of shares to be registered is less than hundred, one certificate shall be issued for all the shares. In the case of shares held jointly by several persons, delivery of the relative certificate or certificates to one of such joint holders shall be sufficient delivery to all such holders.

Forfeiture of shares

Our Bank can by a resolution of the Board forfeit the shares, if the calls on such shares are unpaid. Any share so forfeited will be deemed to be the property of our Bank and may be sold, re-allocated or otherwise disposed of to any person upon such terms and in such manner as the Board may decide.

Meeting of Shareholders

There are two types of general meetings of shareholders: AGM and extra ordinary general meeting. For convening an AGM, a notice signed by the chairman and the managing director or the executive director or any officer not below the rank of scale VII or the company secretary should be published at least twenty-one clear days before the meeting in not less than two daily newspapers having wide circulation in India.

Every such notice is required to state the time, date and place of such meeting, and also the business that should be transacted at that meeting. An extraordinary general meeting of shareholders can be convened by the chairman and managing director or in their absence by the Executive Director or in their absence by any one of the other Directors, or on a requisition for such a meeting having been received either from the Government or from other shareholders holding an aggregate of shares carrying not less than 10.00% of the total voting rights of all the shareholders. The requisition should state the purpose for which such extraordinary general meeting is required to be convened. The time, date and place of an extraordinary general meeting shall be decided by the Board, provided that a special general meeting convened on requisition by other shareholders will be convened not later than forty five days of the receipt of the requisition.

No business shall be transacted at any meeting of the shareholders unless a quorum of at least five shareholders entitled to vote at such meeting in person are present at the commencement of such business. If within half an hour after the time appointed for the holding of a meeting, a quorum is not present in the case of a meeting called by a requisition of shareholders other than the Government, the meeting shall stand dissolved. In any other case, if within half an hour after the time appointed for the holding of a meeting, a quorum is not present, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and such other time and place as the Chairman may determine.

Voting rights of Shareholders

The Punjab National Bank Regulations read with the Banking Companies Act provide that no shareholder other than the Government shall be entitled to exercise voting rights in respect of any shares held by them in excess of 10.00% of the total voting rights of all the shareholders of our Bank. In addition, Section 3(2D) of the Banking Companies Act mandates that shareholding of non-residents in a corresponding new bank cannot exceed 20.00% of its paid up capital. Each shareholder who has been registered as a shareholder on the date of closure of the register prior to the date of a general meeting shall, at such meeting, have one vote on show of hands and in case of a poll shall have one vote for each share held by him. Shareholders of our Bank entitled to attend and vote at a general meeting shall be entitled to appoint another person (whether a shareholder or not) as their proxy to attend and vote instead of them, but a proxy so appointed shall not have any right to speak at the meeting.

Right to elect Directors

A director, under sub-section (1) of Regulation 63 of the Punjab National Bank Regulations, is to be elected by the shareholders on the register, other than the Government, from amongst themselves in a general meeting of our Bank. Where an election of a director is to be held at any general meeting, the notice thereof should be included in the notice convening the meeting. Every such notice should specify the number of directors to be elected and the particulars of vacancies in respect of which the election is to be held.

Declaration of Dividend

As per the RBI Dividend Circular, our Bank can declare dividends only if our Bank has a (i) CRAR of at least 9.00% for the preceding two completed years and the accounting year for which it proposes to declare a dividend; and (ii) net NPA less than 7.00%. In case our Bank does not meet the said CRAR norm, but has a CRAR of at least 9.00% for the accounting year for which it proposes to declare dividend, it would be eligible to declare dividend provided its net NPA ratio is less than 5.00%.

Our Bank is required to comply with certain provisions of the Banking Regulation Act including Section 15; Section 10(7) of the Banking Companies Act and the prevailing regulations / guidelines issued by the RBI, including creating adequate provisions for impairment of assets and staff retirement benefits, transfer of profits to statutory reserves. See, "*Dividend Policy*" on page 82. The proposed dividend should be paid out of the current year's profit. Also, the RBI should not have placed any explicit restrictions on our Bank for declaration of dividends. The rate of dividend shall be determined by the Board.

TAXATION

To,

Board of Directors
Punjab National Bank
Corporate Office
Plot No 4, Sector-10
Dwarka, New Delhi- 110 075

IDBI Capital Markets & Securities Limited
6th Floor, IDBI Tower,
WTC Complex
Cuffe Parade, Mumbai 400 005,
Maharashtra, India

BNP Paribas
1 North Avenue, Maker Maxity,
Bandra-Kurla Complex,
Bandra (East), Mumbai 400051
Maharashtra, India

Elara Capital (India) Private Limited
One International Center
Tower 3, 21st Floor
Senapati Bapat Marg
Mumbai – 400 013

Emkay Global Financial Services Limited
7th Floor, The Ruby, Senapati Bapat Marg,
Dadar (W), Mumbai – 400 028

HSBC Securities and Capital Markets (India) Private Limited
52/60, Mahatma Gandhi
Road, Fort, Mumbai 400 001
Maharashtra, India

ICICI Securities Limited
ICICI Venture House,
Appasaheb Marathe Marg,
Prabhadevi, Mumbai – 400025,
Maharashtra, India

IIFL Securities Limited
24th Floor, One Lodha Place,
Senapati Bapat Marg, Lower Parel (West),
Mumbai, 400013,
Maharashtra, India

Motilal Oswal Investment Advisors Limited
Motilal Oswal Tower,
Rahimtullah Sayani Road,
Opposite Parel ST Depot, Prabhadevi,
Mumbai- 400 025, Maharashtra, India

Nuvama Wealth Management Limited
(formerly known as Edelweiss Securities Limited)
801-804, Wing A, Building No. 3,
Inspire BKC, G Block,

Bandra Kurla Complex, Bandra East,
Mumbai – 400 051

PNB Investment Services Limited
2nd Floor, Plot No. C-9, G-Block,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051

SBI Capital Markets Limited
1501, 15th Floor, A & B Wing, Parinee Crescezo
BKC, Bandra East, Mumbai 400041

(together with any other book running lead managers appointed for the Issue, collectively referred to as the **"Book Running Lead Managers"** or **"BRLMs"**)

Dear Sirs,

Re.: Certificate on tax benefits

Sub: Proposed qualified institutions placement of equity shares of face value ₹ 2 each ("Equity Shares") by Punjab National Bank (the "Bank") under Chapter VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended as amended (the "SEBI ICDR Regulations") (the proposed qualified institutions placement to be referred to as the "Issue").

We, S C Bapna & Associates, Chartered Accountants, Firm Registration Number: 115649W, D K Chhajer & Co., Chartered Accountants, Firm Registration Number: 304138E, Ummed Jain & Co., Chartered Accountants, Firm Registration Number: 119250W, N K Bhargava & Co., Chartered Accountants, Firm Registration Number: 000429N, P S D & Associates, Chartered Accountants, Firm Registration Number: 004501C (hereinafter collectively referred as "**Statutory Central Auditors**") hereby report the possible tax benefits available to the Bank, its subsidiaries (including material subsidiaries) and the shareholders of the Bank, under the Income Tax Act, 1961 read with the rules, circulars and notifications issued in connection thereto, (the "**IT Act**") as amended, applicable for the financial year ended March 31, 2025 and relevant to the assessment year 2025-26, presently in force in India and under indirect taxation laws presently in force in India ("**Tax Laws**"), in the enclosed statement at **Annexure A**.

The preparation of statement of possible tax benefits, which is to be included in the preliminary placement document ("PPD")/ placement document ("PD") is the responsibility of the management of the Bank.

Several of these stated tax benefits/consequences are dependent on the Bank or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Therefore, the ability of the Bank or its shareholders to derive the tax benefits is dependent on fulfilling such conditions.

The benefits discussed in the enclosed annexure are not exhaustive. **Annexure A** is for your information, and we consent its inclusion in the Preliminary Placement Document and Placement Document, as amended or supplemented thereto (together the "**Placement Documents**") to be filed by the Bank with the Stock Exchanges, and any other authority and such other documents as may be prepared in connection with the Issue.

In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue. Neither are we suggesting nor advising the investor to invest money based on this statement.

We do not express any opinion or provide any assurance as to whether:

i) the Bank or its shareholders will continue to obtain these benefits in future; or

ii) the conditions prescribed for availing the benefits have been/would be met with; or

iii) the revenue authorities / courts will concur with the views expressed herein.

We also consent to the references to us as "Experts", as provided under Section 2(38) of the Companies Act, 2013 to the extent of the certification provided hereunder and included in the Placement Documents of the Bank or in any other documents in connection with the Issue.

The aforesaid information contained herein and in **Annexure A** can be relied upon by the BRLMs and Legal Counsels appointed pursuant to the Issue and can be submitted to the Stock Exchanges, Securities and Exchange Board of India, and any other regulatory or statutory authority in respect of the Issue and for the records to be maintained by the BRLMs in connection with the Issue. We undertake to immediately inform in writing to the BRLMs and Legal Counsels in case of any changes to the above until the date when the Equity Shares issued pursuant to the Issue commence trading on the Stock Exchanges. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate.

We hereby consent to this certificate being disclosed by the BRLMs, if required (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority, or to be uploaded in repository by order of SEBI circular; or (ii) in seeking to establish a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation in connection with the contents of the Issue Documents.

Capitalized terms used herein, unless otherwise specifically defined, shall have the same meaning as ascribed to them in the Placement Documents.

Signed by the Statutory Central Auditors of the Bank

For S C Bapna & Associates
Chartered Accountants
414, Hubtown Viva, Western Expressway,
Shankerwadi, Jogeshwari East,
Mumbai- 400060
CA Jai Prakash Gupta
Partner
Membership Number: 088903

Date: September 23, 2024
UDIN: 24088903BKGPYE3993

For D K Chhajer & Co.
Chartered Accountants
Nilhat House,
11, R N Mukherjee road,
Ground floor, Kolkata- 700001
CA Nand Kishore Sarraf
Partner
Membership Number: 510708

Date: September 23, 2024
UDIN: 24510708BKBMRG5462

For Ummed Jain & Co.
Chartered Accountants
51, Snehdhara Jeevan Vikas,
Kendra Marg, Andheri East,
Mumbai- 400069
CA Akhil Jain
Partner
Membership Number: 137970

Date: September 23, 2024
UDIN: 24137970BKFJDL4329

For N K Bhargava & Co.
Chartered Accountants
C - 31, 1st floor, Acharya Niketan,
Opp. Pocket- 1, Mayur Vihar, Phase 1,
New Delhi- 110 091
CA N K Bhargava
Partner
Membership Number: 080624

Date: September 23, 2024
UDIN: 24080624BKEJXR6250

For P S D & Associates
Chartered Accountants
324, Ganpati Plaza, M. I. Road,
Jaipur- 302 001
CA Abhinav Sharma
Partner
Membership Number: 411219

Date: September 23, 2024
UDIN: 24411219BKFXEV9683

ANNEXURE -A

THE STATEMENT OF TAX BENEFITS AVAILABLE TO THE BANK AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

The information provided below sets out the possible tax benefits available to the shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the Equity Shares, under the current tax laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of any shareholder to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultants and advisors with respect to the tax implications of an investment in the Equity Shares, particularly in view of certain recently enacted legislation which may not have a direct legal precedent or may have a different interpretation on the benefits which can be availed. All the tax benefits mentioned in this document are subject to the specific conditions mentioned in the respective section and / or the related rules or guidelines.

The law stated below is as per the Income tax Act, 1961 as amended by the Finance (No. 2) Act, 2024.

LIMITATION

Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the Offer relying on the statement. This statement has been prepared solely in connection with the Offer under the Regulations as amended.

I. INCOME-TAX ACT, 1961

A. TAX BENEFIT TO THE BANK

1. Currently, the Bank is subject to income-tax rate of 30% (plus 12% Surcharge and 4% Health & Education Cess) under the normal provisions of the Act. A new Section 115BAA was introduced in the Act vide the Taxation Laws (Amendment) Act, 2019 which provides for an option to domestic companies to opt for a lower income-tax rate of 22% (plus 10% Surcharge and 4% Health & Education Cess) subject to the condition that they will not avail specified tax exemptions/ deductions or incentives under the Act. The Bank is eligible to exercise the option for concessional income-tax rate u/s 115BAA. However, once the Bank opts for paying income-tax as per Section 115BAA of the Act, the provisions relating to Minimum Alternate Tax (MAT) u/s 115JB shall not be applicable to the Bank and carry forward of MAT credit will not be available. Such option for lower tax regime can be exercised only once.

   The income of the Bank under the head Profit and gain of Business or Profession is computed in accordance with applicable provisions of the Act read with Income Computation and Disclosure Standards (ICDS) notified under Section 145(2) of the Act.
2. Income by way of interest, premium on redemption or other payment on notified securities, bonds, certificates issued by the Central Government is exempt from tax under Section 10(15) as per conditions specified in the concerned notification.
3. Under Section 36(1)(vii), any bad debt or part thereof written off as irrecoverable in the accounts of the Bank is allowable as a deduction, subject to the provisions of section 36(2). The deduction of bad debts is limited to the amount, by which such bad debts or part thereof, exceeds the credit balance in the provision for bad and doubtful debts account made under Section 36(1)(viia). The Bank shall continue to be entitled for this deduction even if it opts for the benefit of lower rate of tax under section 115BAA of the Act as discussed at para 2 above.
   If the amount subsequently recovered on such debt or part thereof, written off is greater than the difference between the debt or the part of debt, so written off and the amount so allowed, the excess shall be deemed

to be profit and gain of business or profession and accordingly chargeable to tax in accordance with Section 41(4) in the year in which it is recovered.

4. Under Section 36(1)(viia),a deduction is allowable in respect of any provision made for bad and doubtful debts, by an amount not exceeding 8.5% of total income (computed before making any deduction under this Clause and Chapter VIA) and an amount not exceeding 10% of the aggregate average advances made by rural branches of the Bank computed in the prescribed manner. The Bank shall continue to be entitled for this deduction even if it opts for the benefit of lower rate of tax under section 115BAA of the Act as discussed at para 2 above.
5. In terms of Section 36(1)(viii) of the Act, the bank is allowed deduction in respect of any special reserve created and maintained by the Bank for an amount not exceeding 20% of the profits (before making any deduction under this clause) derived from the business of long term finance for industrial or agricultural development or development of infrastructure facility in India or development of housing in India. Further, if the aggregate amount carried to the Special Reserve account from time to time exceeds twice the paid-up capital and general reserves, no deduction shall be allowed on the excess amount under the Section. The amount withdrawn from such a Special Reserve Account would be chargeable to income tax in the year of withdrawal, in accordance with the provisions for Section 41(4A) of the Act. The Bank shall continue to be entitled for this deduction even if it opts for the benefit of lower rate of tax under section 115BAA of the Act as discussed at para 2 above.
6. Under Section 36(1)(xv), securities transaction tax paid by a taxpayer in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the Income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession". However, as per seventh proviso of section 48, no deduction shall be allowed in computing the income chargeable under the head “Capital Gains” in respect of any sum paid on account of Securities Transaction Tax.
7. Interest income on certain categories of bad and doubtful debts, as specified in Rule 6EA of the Income tax Rules, 1962, is chargeable to tax only in the year of receipt or credit to the Profit & Loss Account of the Bank whichever is earlier, in accordance with the provisions of Section 43D.
8. As per provisions of Section 72, the Bank is entitled to carry forward business losses that cannot be set off against permitted sources of income in the relevant assessment year, for a period of 8 consecutive assessment years immediately succeeding the assessment year when the losses were first computed, and set off such losses against income chargeable under the head "Profits and gains from business or profession" in such assessment year. The set off is permissible even if the business in which the loss was sustained is not carried on in the year of set off.
9. Under Section 74, short-term capital loss suffered during the year is allowed to be carried forward and set-off against short-term as well as long-term capital gains of a subsequent year. Such loss is permitted to be carried forward for up to eight years immediately succeeding the year in which such loss arises, for claiming set-off against subsequent years' short-term as well as long term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for up to eight consecutive assessment years immediately succeeding the assessment year when the losses were first computed for claiming set-off against subsequent years' long-term capital gains.
10. Governments of India, vide Notification dated 4th March, 2020 amalgamated Oriental Bank of Commerce (OBC) and United Bank of India (UNI) into Punjab National Bank with effect from 1st April, 2020. As per the provisions of Section 72AA of the Act, in case of amalgamation of one or more bank or banks with any other bank under a scheme brought into force by the Central Government under section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970) or under section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980) or both, as the case may be, the accumulated loss and the unabsorbed depreciation of such bank or banks shall be deemed to be the loss or, as the case may be, allowance for depreciation of such banking institution or amalgamated corresponding new bank for the previous year in which the scheme of amalgamation was brought into force and other provisions of this Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly.

B. STATEMENT OF GENERAL DIRECT TAX BENEFITS AVAILABLE TO THE RESIDENT SHAREHOLDERS:

1. The gains/losses, arising from sale of shares will assume the character of Capital Gains or Business Income depending on the nature of holding in the hands of the shareholder and various other factors. Taxability of income on regular trading of securities will depend on facts and circumstances of each case.

2.
   a) Dividend income from equity shares is taxable in the hands of shareholders at the applicable tax rates.
   b) A deduction of expenses u/s 57 of the Act shall be allowed against such dividend income only in respect of interest expense up to a maximum of 20% of such dividend
   c) The domestic company declaring/ distributing/ paying dividends shall be liable to withhold taxes at 10% on dividend income paid to resident shareholders. The aggregate threshold of Rs 5,000/- in a financial year applies in case of dividend income payable to a resident individual shareholder.
3. If the resident shareholder is a domestic company and its gross total income in any tax year includes any income by way of dividends from any other domestic company (which includes the Bank) or foreign company or a business trust, it shall be allowed a deduction u/s 80M of the Act in computation of its total income, of an amount equal to so much of the amount of income by way of dividends received from domestic/ foreign companies or business trust as does not exceed the amount of dividend distributed by it up to a date not exceeding one month prior to the due date of filing its return of income.
4. Income arising from transfer of shares held for more than 12 months and subject to Securities Transaction Tax (STT) shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets. The characterization of gains/ losses, arising from sale of shares, as Capital Gains or Business Income would depend on the nature of holding in the hands of the shareholder and various other factors. The Central Board of Direct Taxes (CBDT) has clarified in a circular that income arising from transfer of listed shares and securities, which are held for more than 12 months would be taxed as “Capital Gains” unless the shareholder itself treats these as its stock-in-trade and income arising from transfer thereof as its business income.
5. Section 112A of the Act provides for concessional rate of 12.5% (plus applicable surcharge and cess) on long term capital gains exceeding Rs. 1,25,000 arising on transfer of equity shares, if STT has been paid on both acquisition and transfer in case of equity shares. The requirement of chargeability to STT is not applicable to transaction undertaken on a recognized stock exchange located in International Financial Service Centre where the consideration for such transaction is payable in foreign currency.
6. In case of an individual or Hindu Undivided Family (HUF), being a resident, where the total taxable income as reduced by long-term capital gains is below the basic exemption limit, such long-term capital gains will be reduced to the extent of the shortfall and only the balance long term capital gains will be subjected to such tax in accordance with the provision to Section 112A(1) or provision to Section 112(1) of the Act as the case may be.
7. Short-term capital gains arising on transfer of shares will be chargeable to tax at the rate of 20% (plus applicable surcharge and cess) as per the provisions of Section 111A of the Act if such transaction is chargeable to STT. The requirement of chargeability of STT is not applicable to transaction undertaken on a recognized stock exchange located in International Financial Service Centre and where the consideration for such transactions is payable in foreign currency

   In case of an individual or HUF, being a resident, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the provision to Section 111A(1) of the Act.
8. The rate of surcharge on capital gains u/s 111A and u/s 112A arising on sale of equity shares for all taxpayers will not exceed 15% on the income-tax
9. In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in Section 54F of the Act, long term capital gains arising on transfer of the shares shall be exempt from capital gains u/s 54F, if the net sale consideration is utilized within a period of one year before or two years after the date of transfer, for the purchase of a new residential house, or is utilized for construction of a residential house within three years. If the whole of the net sale consideration is not so utilized, the exemption shall be allowed on a pro rata basis.

   Further, where the cost of new asset exceeds ten crore rupees, the amount exceeding ten crore rupees shall not be taken into account for providing exemption under section 54F.
10. As per Section 70 read with Section 74 of the Act short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any shall be carried forward and se-off against any capital gains (short term capital gains or long term capital gains) arising during subsequent eight assessment years. As per Section 70 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against

long term capital gains. Balance loss, if any shall be carried forward and se-off against long term capital gains arising during subsequent eight assessment years. As per Section 71 of the Act short term capital loss or long term capital loss for the year cannot be set-off against income under any other head for the same year.

11. Where the gains arising on the transfer of shares are included in the business income of an assessee assessable under the head "Profit and Gains from Business or Profession" and on which STT has been charged, such STT shall be a deductible expense from the business income as per the provisions of Section 36(1)(xv) of the Act. However, as per seventh proviso of section 48, no deduction shall be allowed in computing the income chargeable under the head "Capital Gains" in respect of any sum paid on account of Securities Transaction Tax.
12. Section 56(2)(x)(c) of the Act provides that, subject to exception provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of recipient :
    a) Where the shares are received without consideration, aggregate Fair Market Value (FMV) exceeds Rs 50,000/-, the whole FMV
    b) Where the shares are received for a consideration less than FMV but exceeding Rs 50,000/-, the aggregate FMV in excess of the consideration paid

    Rule 11UA of the Income tax Rules, 1962 ("the Rules") provides for the method for determination of FMV of shares and securities.
13. In case of income arising to a shareholder on account of buyback of shares (listed or unlisted) by a Company will be exempt u/s 10(34A) of the Act if the company buying back the shares has paid additional income tax at the rate of 20% (plus applicable surcharge and cess) on distributed income u/s 115QA of the Act. Above clause will not apply with respect to any buy back of shares by a company on or after 01st October 2024. W.e.f. 01st October 2024, receipt of buy back proceeds will be taxed as "deemed dividend". The cost of acquisition of the said shares will be allowed as a capital loss and may be set-off / carry forward against other capital gains.

C. STATEMENT OF GENERAL DIRECT TAX BENEFITS AVAILABLE TO THE NON RESIDENT SHAREHOLDERS INCLUDING FOREIGN PORTFOLIO INVESTORS ("FPI") / FOREIGN INSTITUTIONAL INVESTORS ("FII"):

1. Under the provisions of Section 90(2) of the Act a non-resident will be governed by the provisions of the Double Taxation Avoidance Agreement ("DTAA") between India and the country of tax residence of the non-resident [as modified by the Multilateral convention to implement Tax treaty related measures to prevent Base Erosion and Profit Shifting (MLI)] or the provisions of the Act to the extent they are more beneficial to the non-resident.
2.
    a) Dividend income from equity shares is taxable in the hands of shareholders at the applicable tax rates.
    b) A deduction of expenses u/s. 57 of the Act shall be allowed against such dividend income only in respect of interest expense up to a maximum of 20% of such dividend.
    c) The domestic company declaring/distributing/paying dividends shall be liable to withhold taxes at the rates in force on dividend income paid to non-resident shareholders. Thus, the non-resident shareholders are liable to tax on dividend income received from domestic company u/s. 115A at 20% of gross dividend income (plus applicable surcharge and cess) subject to the provisions of the relevant DTAA read with the MLI (wherever applicable).
3. Income arising from transfer of shares held for more than 12 months and subject to STT, shall be considered as long-term capital assets. Assets not considered as long-term capital assets shall be considered as short-term capital assets. The characterization of gains/losses, arising from sale of shares, as Capital Gains or Business Income would depend on the nature of holding in the hands of the shareholder and various other factors. The Central Board of Direct Taxes (CBDT) in a circular has clarified that income arising from transfer of listed shares and securities, which are held for more than 12 months would be taxed as "Capital Gains" unless the shareholder itself treats these as its stock-in-trade and income arising from transfer thereof as its business income.
4. Section 112A of the Act provides for concessional rate of 12.5% (plus applicable surcharge and cess) on long term capital gains exceeding Rs. 1,25,000 arising on transfer of equity shares, if STT has been paid on both acquisition and transfer in case of equity shares. The requirement of chargeability to STT is not applicable to transaction undertaken on a recognized stock exchange located in International Financial Service Centre where the consideration for such transaction is payable in foreign currency.

5. The long-term capital gains arising to the shareholders from the transfer of equity shares held as investments, not covered under point 4 above shall be taxable as follows:

   Where the equity shares are acquired in convertible foreign exchange, the same shall be taxable at the rate of 12.5% on the amount of capital gains computed as per point 6 below;

   Where the equity shares are acquired in INR, the same shall be taxable at the rate of 20% (plus applicable surcharge and cess) on the amount of capital gains computed after considering the indexation benefit provided under second proviso to Section 48 or at the rate of 10% on the amount of capital gains computed without indexing the cost of acquisition, whichever is lower.
6. In accordance with, and subject to Section 48 of the Act read with Rule 115A of the Rules, capital gains arising on transfer of shares which are acquired in convertible foreign exchange and not covered under point 4 above shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilized in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/ arising from every reinvestment thereafter.
7. Short-term capital gains arising on transfer of the shares will be chargeable to tax at the rate of 20% (plus applicable surcharge and cess) as per the provisions of Section 111A of the Act if such transaction is chargeable to STT. The requirement of chargeability to STT is not applicable to transactions undertaken on a recognized stock exchange located in International Financial Services Centre where the consideration for such transactions is payable in foreign currency.
8. The rate of surcharge on capital gains u/s. 111A and u/s. 112A arising on sale of equity shares for all taxpayers and capital gains on securities u/s. 115AD(1)(b) for FIIs will not exceed 15% on the income tax.
9. In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in Section 54F of the Act, long term capital gains arising on transfer of the shares shall be exempt from capital gains u/s 54F, if the net sale consideration is utilized within a period of one year before or two years after the date of transfer, for the purchase of a new residential house, or is utilized for construction of a residential house within three years. If the whole of the net sale consideration is not so utilized, the exemption shall be allowed on a pro rata basis.
   Further, where the cost of new asset exceeds ten crore rupees, the amount exceeding ten crore rupees shall not be taken into account for providing exemption under section 54F.
10. As per Section 70 read with Section 74 of the Act short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains (short term capital gains or long-term capital gains) arising during subsequent eight assessment years. As per Section 70 read with Section 74 of the Act long term capital loss arising during a year is allowed to be set- off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years. As per Section 71 of the Act short term capital loss or long term capital loss for the year cannot be set-off against income under any other heads for the same year
11. Where the gains arising on the transfer of shares are included in the business income of an assessee assessable under the head “Profits and Gains from Business or Profession” and on which STT has been charged, such STT shall be a deductible expense from business income as per the provisions of Section 36(1)(xv) of the Act. However, as per seventh proviso of section 48, no deduction shall be allowed in computing the income chargeable under the head “Capital Gains” in respect of any sum paid on account of Securities Transaction Tax.
12. Section 56(2)(x)(c) of the Act provides that, subject to exception provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient:

    (i) Where the shares are received without consideration, aggregate Fair Market Value ("FMV") exceedsRs.50, 000/-, the whole FMV;
    (ii) Where the shares are received for a consideration less than FMV but exceeding Rs. 50,000/-, the aggregate FMV in excess of the consideration paid.

Rule 11UA of the Rules provides for the method for determination of the FMV of shares and securities.

13. As per Explanation 4 to Section 115JB(2), the provisions of Section 115JB shall not be applicable to a foreign company if the foreign company is a resident of a country having DTAA with India and such foreign company does not have a Permanent Establishment within the definition of the term in the relevant DTAA, or the foreign company is a resident of a country which does not have a DTAA with India and such foreign company is not required to seek registration u/s. 592 of the Companies Act 1956 or u/s. 380 of the Companies Act 2013.
14. In respect of foreign companies which are not exempt from MAT provisions as per point 13 above, capital gains (whether long term or short term) arising on transactions in securities will need to be adjusted / reduced (if such income is credited to Profit and Loss account and tax payable on such capital gains income under normal provisions is less than the MAT rate of 15%) from the book profits while computing MAT u/s. 115JB of the Act. Consequently, corresponding expenses shall also be excluded while computing MAT.
15. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement ("DTAA"), if any, between India and the country of residence of the non-resident. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the DTAA to the extent they are more beneficial to the non-resident. As per section 90(4) of the Act, the non-residents shall not be entitled to claim relief under section 90(2) of the Act, unless a certificate of their being a resident in any country outside India, is obtained by them from the government of that country or any specified territory. As per section 90(5) of the Act, the non-residents shall be required to provide such other document and information, as has been notified.

D. SPECIFIC PROVISIONS APPLICABLE TO FPIs AND FIIs:

1. As per Section 2(14) of the Act transfer of any shares/securities by FPIs/FIIs being invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be treated as Capital Assets.
2. As per the amended provisions of Section 115AD of the Act:
   - (i) Income by way of short term capital gains arising to a FPI/FII on transfer of shares shall be chargeable at a rate of 30% (plus applicable surcharge and cess) where such transactions are not subjected to STT and at the rate of 20% (plus applicable surcharge and cess) if such transaction of sale is entered on a recognized stock exchange in India and is chargeable to STT;
   - (ii) Income by way of long-term capital gains arising to a FPI/FII from transfer of long term capital asset referred to in Section 112A of the Act shall be liable to tax at the rate of 12.5% (plus applicable surcharge and cess) on such income exceeding Rs. 1,25,000;
   - (iii) Income by way of long term capital gains arising to a FPI/FII from the transfer of shares held in the Company (other than that taxable u/s.112A) shall be taxable at the rate of 10% (plus applicable surcharge and cess).

   The benefits of foreign currency fluctuations and of indexation of cost as per first and second proviso to Section 48 of the Act are not available to FPIs/FIIs.
3. As per Section 196D(2) of the Act no tax is to be deducted from any income, by way of capital gains arising from the transfer of shares, payable to FIIs. Further, TDS on dividend shall be withheld at the rate of 20% u/s. 196D.

E. SPECIFIC PROVISIONS APPLICABLE TO NON RESIDENT SHAREHOLDER BEING NON RESIDENT INDIANS (NRIs):

1. Besides the above benefits available to non-residents, NRIs have the option of being governed by the provisions of Chapter XII-A of the Act which, inter alia, entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange:

a. Section 115E of the Act provides that NRIs will be taxed at 12.5% (plus applicable surcharge and cess) on long-term capital gains arising on sale of shares of the Company which are acquired in convertible foreign exchange.
b. Section 115F of the Act provides that, subject to the conditions and to the extent specified therein, long-term capital gains arising to NRIs from transfer of shares of the Company acquired out of convertible foreign exchange shall be exempt from capital gains tax if the net consideration is invested within 6 months of the date of transfer of the asset in any specified asset or in any saving certificates referred to in Section 10(4B) of the Act. In case the whole of the net consideration is not so invested, the exemption shall be allowed on a pro rata basis.
c. In accordance with the provisions of Section 115G of the Act, NRIs are not obliged to file a return of income u/s. 139(1) of the Act if their only source of income is income from investments or longterm capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
d. In accordance with the provisions of Section 115H of the Act when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year u/s. 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to them in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or converted into money.
e. As per the provisions of Section 115-I of the Act NRIs may elect not to be governed by the provisions of Chapter XII-A for any assessment year byfurnishing their return of income for that year u/s. 139 of the Act declaring therein that the provisions of Chapter XII-A shall not apply to them for that assessment year and accordingly, their total income for that assessment year will be computed in accordance with the other provisions of the Act.

F. SPECIFIC PROVISIONS APPLICABLE TO MUTUAL FUNDS:

Section 10(23D) of the Act provides that any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf. As per Section 196 of the Act no tax is to be deducted from any income payable to a Mutual Fund specified u/s. 10(23D) of the Act.

G. SPECIFIC PROVISIONS APPLICABLE TO VENTURE CAPITAL COMPANIES/ FUNDS:

Section 10(23FB) of the Act provides that any income of Venture Capital Company or Venture Capital Fund, to whom the certificate of registration is granted under SEBI (Venture Capital Funds) Regulations, 1996 before May 21, 2012 or has been granted a certificate of registration as Venture Capital Fund as a sub-category I Alternative Investment Fund and is regulated under SEBI (Alternative Investment Funds Regulations) 2012, under the SEBI Act, 1992, from a Venture Capital Undertaking would be exempt from income tax, subject to conditions specified therein. As per Section 115U of the Act any income derived by a person from his investment in Venture Capital Company/Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing or arising to or received by such person had the investments been made directly in the Venture Capital Undertaking.

H. SPECIFIC PROVISIONS APPLICABLE TO INVESTMENT FUNDS:

1. Income of an Investment Fund, being a Trust, Company, Limited Liability Partnership or a body corporate which has been granted a certificate of registration and is regulated under SEBI (Alternative Investment Funds) Regulations, 2012 as Category I or Category II Alternate Investment Fund, other than the income chargeable under the head 'profits and gains of business and profession', shall be exempt from tax u/s. 10(23FBA) of the Act.

2. Section 115UB of the Act provides that the income chargeable under the head 'profits and gains of business and profession' shall be taxed in the hands of the Investment Fund depending on the legal status (i.e. a company, a limited liability partnership, body corporate or a Trust) of the Fund and at the rate or rates as specified in the Finance Act of the relevant year. However income (other than income chargeable under the head "Profits and gains of business or profession) of the unit holder out of the investment made

in such investment fund is chargeable to income-tax in the same manner as if it were income accruing or arising to, or received by, such unit holder had the investments, made by the Investment Fund, been made directly by him. Further, the income accruing or arising to or received by the Investment Fund if not paid or credited to a person (who has made investments in an Investment Fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

3. As regards income of an Investment Fund, being a Trust, Company, Limited Liability Partnership or a body corporate which has been granted a certificate of registration as Category III Alternate Investment Fund, and is regulated under SEBI (Alternative Investment Funds) Regulations, 2012 will be taxed in India depending on the legal status of the Fund. In case the Fund is set-up as a 'Trust', the principles of trust taxation should apply.

I. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS UNDER THE ACT

No Special Tax benefits are available to the shareholders.

J. REQUIREMENT TO FURNISH PAN UNDER THE ACT:

1. Section 139A(5A) of the Act requires every person receiving any sum or income or amount from which tax is required to be deducted under Chapter XVII-B of the Act to furnish his PAN to the person responsible for deducting such tax.

2. Section 206AA of the Act requires every person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVII-B ("deductee") to furnish his PAN to the deductor, failing which tax shall be deducted at the higher of the following rates:
   (i) at the rate specified in the relevant provision of the I. T. Act; or
   (ii) at the rate or rates in force; or
   (iii) at the rate of 20%

   Accordingly, in case the shareholders do not intimate PAN to the company (which includes the Bank) paying dividends, then TDS shall be deducted at 20% on the amount of dividend.

3. As per amended provisions of Rule 37BC, w.e.f. July 24, 2020, the higher rate u/s. 206AA shall not apply to a non-resident, not being a company, or to a foreign company, in respect, of payment of dividend, if the non-resident deductee furnishes the prescribed details including, inter alia, Tax Residency Certificate (TRC) and Tax Identification Number (TIN) of the deductee in the country of his residence.
4. Linking of Aadhaar with PAN is mandatory, in case of non-linking, PAN will become inoperative and following consequences will arise as a result of PAN becoming inoperative inter alia includes where tax is deductible under Chapter XVII-B in case of such person, such tax shall be deducted at higher rate, in accordance with the provisions of section 206AA and where tax is collectible at source under Chapter XVII-BB in case of such person, such tax shall be collected at higher rate, in accordance with the provisions of section 206CC

Note:
This Statement is prepared on the basis of information available with the management of the Bank and there is no assurance that:

(i) the Bank or its shareholders or material subsidiaries will continue to obtain these benefits in future;
(ii) the conditions prescribed for availing the benefits have been/ would be met with; and
(iii) the revenue authorities/courts will concur with the view expressed herein. Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein.

Our views are based on the existing provisions of the Act and its interpretation, which are subject to change from time to time. This statement does not discuss any tax consequences in the country outside India of an investment in the shares. The shareholders / investors in the country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them.We do not assume responsibility to update the views consequent to such changes. Reliance on this statement is on the express understanding that we do no assume responsibility towards the investors who may or may not invest in the proposed issue relying on this statement. This statement has been prepared solely in connection with the Issue under the Regulations as amended.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general description of certain material United States federal income tax consequences to U.S. Holders and Non-U.S. Holders under present law of an investment in the Equity Shares. This summary applies only to investors that hold the Equity Shares as capital assets (generally, property held for investment). This discussion is based on the tax laws of the United States as in effect on the date of this Placement Document; U.S. Treasury regulations in effect as of the date of this Placement Document; judicial and administrative interpretations thereof available on or before such date; and the Convention Between the Government of the United States of America and the Government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "US India Treaty"). All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The following discussion does not address alternative minimum tax considerations or state, local, non-United States or other tax laws, or the tax consequences to any particular investor or to persons in special tax situations such as:

- banks;
- certain financial institutions;
- insurance companies;
- dealers in stocks, securities, currencies or notional principal contracts;
- U.S. expatriates and former long-term residents of the United States;
- regulated investment companies and real estate investment trusts;
- tax-exempt entities, including companies classified as foreign governments for U.S. federal income tax purposes;
- U.S. Holders that have a functional currency other than the U.S. dollar;
- persons holding an Equity Share as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of our Bank's voting stock;
- persons who acquired Equity Shares pursuant to the exercise of any employee share option or otherwise as consideration; or
- persons holding Equity Shares through partnerships or other pass-through entities.

For purposes of this summary, a "**U.S. Holder**" is a beneficial owner of Equity Shares that is for United States federal income tax purposes,

- an individual who is a citizen or resident of the United States;
- a corporation organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to United States federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions of the trust, or (2) has a valid election in effect under the applicable U.S. Treasury regulations to be treated as a U.S. person.

A "**Non-U.S. Holder**" is a beneficial owner of Equity Shares that is not a U.S. Holder.

If you are a partner in a partnership, or other entity taxable as a partnership for United States federal income tax purposes, that holds Equity Shares, your tax treatment generally will depend on your status and the activities of the partnership. Prospective purchasers of Equity Shares that are partnerships should consult their tax advisors.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE APPLICATION OF THE UNITED STATES FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE AND LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF EQUITY SHARES.

U.S. Holders

Taxation of Distributions on the Equity Shares

Subject to the Passive Foreign Investment Company ("**PFIC**") rules discussed below, the gross amount of distributions to you with respect to the Equity Shares generally will be included in your gross income in the year received as foreign source ordinary dividend income, but only to the extent that the distribution is paid out of our Bank's current or accumulated earnings and profits (as determined under United States federal income tax principles). To the extent that the amount of the distribution exceeds our Bank's current and accumulated earnings and profits, it will be treated first as a tax-free return of your tax basis in your Equity Shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain. However, our Bank does not intend to calculate its earnings and profits under United States federal income tax principles. Therefore, a U.S. Holder should expect that a distribution will generally be treated as a dividend. The dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

Subject to applicable limitations, with respect to non-corporate U.S. Holders (including individual U.S. Holders), dividends may constitute "qualified dividend income" that is taxed at the lower applicable capital gains rate provided that (1) our Bank is not a PFIC (as discussed below) for either the taxable year in which the dividend is paid or the preceding taxable year, (2) such dividend is paid on the Equity Shares that have been held by you for at least 61 days during the 121-day period beginning 60 days before the ex-dividend date, and (3) our Bank is eligible for the benefits of the US India Treaty. Our Bank expects to be eligible to for the benefits of the US India Treaty. Further, our Bank does not believe it was a PFIC for the taxable year ending March 31, 2024 and does not expect to be a PFIC for the current year or any future years. *Non-corporate U.S. Holders are strongly urged to consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to the Equity Shares.*

The amount of any distribution paid by our Bank in a currency other than U.S. dollars (a "**foreign currency**") will be equal to the U.S. dollar value of such foreign currency on the date such distribution is received by the U.S. Holder, regardless of whether the payment is in fact converted into U.S. dollars at that time. If the foreign currency so received is converted into U.S. dollars on the date of receipt, a U.S. Holder generally will not recognize foreign currency gain or loss on such conversion. If the foreign currency so received is not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Gain or loss, if any, realized on the subsequent sale or other disposition of such foreign currency will generally be U.S. source ordinary income or loss. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

For foreign tax credit purposes, dividends distributed with respect to the Equity Shares will generally constitute "passive category income". A U.S. Holder will not be able to claim a U.S. foreign tax credit for Indian taxes for which our Bank is liable and must pay with respect to distributions on the Equity Shares. The rules relating to the determination of the U.S. foreign tax credit are complex and U.S. Holders should consult their tax advisors to determine whether and to what extent a credit would be available in their particular circumstances.

Taxation of a Disposition of Equity Shares

Subject to the PFIC rules discussed below, you generally will recognize capital gain or loss on any sale or other taxable disposition of an Equity Share equal to the difference between the U.S. dollar value of the amount realized for the Equity Share and your tax basis (in U.S. dollars) in the Equity Share. If you are a non-corporate U.S. Holder (including an individual U.S. Holder) who has held the Equity Share for more than one year, capital gain on a disposition of an Equity Share generally will be eligible for reduced U.S. federal income tax rates. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognize generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes.

Because gains on a disposition of an Equity Share generally will be treated as U.S. source, the use of foreign tax credits relating to any Indian income tax imposed upon gains in respect of Equity Shares may be limited. U.S. Holders should consult their tax advisors regarding the application of Indian taxes to a disposition of an Equity Share and their ability to credit an Indian tax against their United States federal income tax liability.

A U.S. Holder that receives foreign currency from the sale or disposition of the Equity Shares generally will realize an amount equal to the U.S. dollar value of such foreign currency on the date of sale or disposition or, if such U.S. Holder is a cash basis or electing accrual basis taxpayer and the Equity Shares are treated as being traded on an "established securities market" for this purpose, the settlement date. If the Equity Shares are so treated and the foreign currency received is converted into U.S. dollars on the settlement date, a cash basis or electing accrual basis U.S. Holder will not recognize foreign currency gain or loss on the conversion. If the foreign currency received is not converted into U.S. dollars on the settlement date, the U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the settlement date. Gain or loss, if any, realized on the subsequent conversion or other disposition of such foreign currency will generally be U.S. source ordinary income or loss.

Medicare Tax

Certain U.S. Holders who are individuals, estates, or trusts are required to pay a 3.8% Medicare surtax on all or part of that holder's "net investment income" or "undistributed net investment income" in the case of an estate or trust, which includes, among other items, dividends on, and capital gains from the sale or other taxable disposition of, the Equity Shares, subject to certain limitations and exceptions. The 3.8% Medicare surtax is determined in a different manner than the regular U.S. income tax. Prospective investors should consult their own tax advisors regarding the effect, if any, of this surtax on their ownership and disposition of the Equity Shares.

Information with Respect to Foreign Financial Assets

Individuals and certain entities who are U.S. Holders that own "specified foreign financial assets", including stock of a non-U.S. corporation not held through a financial institution, with an aggregate value in excess of certain dollar thresholds may be required to file an information report with respect to such assets on IRS Form 8938 with their United States federal income tax returns. Penalties apply for failure to properly complete and file IRS Form 8938. U.S. Holders are encouraged to consult their tax advisors regarding the application of this reporting requirement to their ownership of the Equity Shares.

Passive Foreign Investment Company

Certain U.S. federal income tax rules generally apply to a U.S. person that owns or disposes of stock in a non-U.S. corporation that is treated as a PFIC. A non-U.S. corporation is considered to be a passive foreign investment company, or a PFIC, for any taxable year if either:

- at least 75% of its gross income is passive income, or
- at least 50% of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income.

Passive income for these purposes generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. Our Bank will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock.

Although not free from doubt, our Bank does not believe it was a PFIC for its taxable year ending March 31, 2024, and does not expect to be a PFIC for the current year or any future years. However, the determination of whether our Bank is a PFIC is a factual determination made annually after the end of each taxable year, and there can be no assurance that our Bank will not be considered a PFIC in the current taxable year or any future taxable year because, among other reasons, (i) the composition of our Bank's income and assets will vary over time, and (ii) the manner of the application of relevant rules is uncertain in several respects. Furthermore, our Bank's PFIC status may depend on the market price of its Equity Shares, which may fluctuate considerably. *Prospective purchasers are urged to consult their tax advisors regarding our Bank's possible status as a PFIC.*

If our Bank is a PFIC for any taxable year during which you are a U.S. Holder of Equity Shares, you will be subject to special tax rules with respect to any "excess distribution" that you receive and any gain you realize from a sale or other disposition (including a pledge) of the Equity Shares, unless you make a "mark-to-market" election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the Equity Shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the Equity Shares,
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which our Bank became a PFIC, will be treated as ordinary income, and

- the amount allocated to each other year will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or "excess distribution" cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the Equity Shares cannot be treated as capital, even if you hold the Equity Shares as capital assets.

If our Bank is a PFIC for any year during which you are a U.S. Holder of Equity Shares, our Bank generally will continue to be treated as a PFIC with respect to you for all succeeding years during which you hold Equity Shares, regardless of whether our Bank in fact continues to meet the income or asset test described above.

In addition, if our Bank is treated as a PFIC, to the extent any of its direct or indirect subsidiaries (if any) are also PFICs, you may be deemed to own shares in such subsidiaries (if any) and you may be subject to the adverse PFIC tax consequences with respect to the shares of such subsidiaries (if any) that you would be deemed to own.

Qualified electing fund election

To mitigate the application of the PFIC rules discussed above, a U.S. Holder may make an election to treat our Bank as a qualified electing fund ("**QEF**") for U.S. federal income tax purposes. To make a QEF election, our Bank must provide U.S. Holders with information compiled according to U.S. federal income tax principles. Our Bank does not currently intend to prepare or provide the information that would enable you to make a QEF election.

Mark-to-market election

A U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election with respect to such stock to elect out of the tax treatment discussed above, although it is possible the mark-to-market election may not apply or be available with respect to the shares in our Bank's subsidiaries (if any) to the extent they are PFICs that you may be deemed to own if our Bank is treated as a PFIC, as discussed above. If you make a valid mark-to-market election for the Equity Shares, you will include in income each year an amount equal to the excess, if any, of the fair market value of the Equity Shares as of the close of your taxable year over your adjusted basis in such Equity Shares. You are allowed a deduction for the excess, if any, of the adjusted basis of the Equity Shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the Equity Shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the Equity Shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to market loss on the Equity Shares, as well as to any loss realized on the actual sale or disposition of the Equity Shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such Equity Shares. Your basis in the Equity Shares will be adjusted to reflect any such income or loss amounts. If you make such an election, the tax rules that apply to distributions by corporations that are not PFICs generally would apply to distributions by our Bank, except that the lower applicable capital gains rate with respect to qualified dividend income (discussed above) would not apply.

The mark-to-market election is available only for "marketable stock", which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter on a qualified exchange or other market, as defined in the applicable U.S. Treasury regulations. Under applicable U.S. Treasury regulations, a "qualified exchange" includes a foreign exchange that is regulated by a governmental authority in the jurisdiction in which the exchange is located and in respect of which certain other requirements are met. *U.S. Holders of Equity Shares should consult their own tax advisors as to whether the Equity Shares would qualify for the mark-to-market election.*

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISOR REGARDING THE APPLICATION OF THE PFIC RULES TO THEIR INVESTMENT IN EQUITY SHARES, AND THE AVAILABILITY AND ADVISABILITY OF ANY ELECTIONS.

Non-U.S. Holders

A Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any distributions made on the Equity Shares or gain from the sale, redemption or other disposition of the Equity Shares unless: (i) that distribution and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business in the United States; or (ii) in the case of any gain realized on the sale or exchange of an Equity Share by an individual Non-U.S. Holder, that Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met.

Information Reporting and Backup Withholding

Dividend payments with respect to the Equity Shares and proceeds from the sale, exchange or redemption of Equity Shares may be subject to information reporting to the Internal Revenue Service and possible U.S. backup withholding under certain circumstances.

Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certifications or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on Internal Revenue Service Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules. Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information.

U.S. Holders that hold Equity Shares in any year in which our Bank is a PFIC, will be required to file Internal Revenue Service Form 8621 with respect to their ownership of the Equity Shares. This filing requirement is in addition to a U.S. Holder’s obligation to file other Internal Revenue Service forms with respect to our common shares, including Form 8938. In addition, U.S. Holders may be required to file additional information with respect to their ownership of the Equity Shares.

STATUTORY AUDITORS

As on the date of this Placement Document, D K Chhajer & Co., Chartered Accountants, S C Bapna & Associates, Chartered Accountants, Ummed Jain & Co, Chartered Accountants, N K Bhargava and Co, Chartered Accountants and PSD & Associates, Chartered Accountants, are the Statutory Central Auditors of our Bank (the "**Statutory Auditors**"). Our Bank's financial statements are prepared in accordance with Indian GAAP under the guidelines issued by the ICAI, guidelines issued by the RBI from time to time and practices generally prevailing in the banking industry in India. The Bank's financial statements included in this Placement Document were audited, as the case may be, by a rotation of auditors appointed by RBI.

Our audited consolidated financial statements and standalone financial statements as at and for Fiscals 2024, included in this Placement Document were jointly audited by D K Chhajer & Co, S C Bapna & Associates, Ummed Jain & Co, N K Bhargava & Co., and P S D & Associates.

Our audited consolidated financial statements and standalone financial statements as at and for Fiscals 2023 and 2022, included in this Placement Document were jointly audited by S N Dhawan & Co LLP, S R Goyal & Co, P S M G & Associates, S C Bapna & Associates and D K Chhajer & Co.

LEGAL PROCEEDINGS

Our Bank, its Subsidiaries and Joint Venture are involved in various legal proceedings from time to time, mostly arising in the ordinary course of business. Our Bank believes that the number of proceedings and disputes in which our Bank or its Subsidiaries or Joint Venture are involved is not unusual for a bank of our size doing business in India and in international markets. These legal proceedings are primarily in the nature of tax proceedings, recovery proceedings, consumer disputes, regulatory and statutory proceedings, criminal complaints and other civil proceedings, pending before various adjudicating forums. Further, certain regulatory and statutory authorities such as the Reserve Bank of India, the banking ombudsman, various tax authorities and other authorities have, in the past, taken action and/or imposed penalties against our Bank and its Subsidiaries and Joint Venture, including those during routine inspections undertaken in the ordinary course of business.

*This section discloses outstanding legal proceedings which have been considered material in accordance with our Bank's periodically published disclosure policies framed in accordance with Regulation 30 of the SEBI Listing Regulations ("**Policy of Materiality**").*

*Additionally, solely for the purpose of the Issue, our Bank has also disclosed in this section, to the extent applicable, (i) all outstanding criminal proceedings involving our Bank, its Directors, its Subsidiaries and Joint Venture; (ii) all outstanding actions by statutory or regulatory authorities (such as SEBI, RBI, Stock Exchanges or such similar authorities) against our Bank, its Directors, its Subsidiaries and Joint Venture and all notices and actions by regulatory authorities against our Bank in the financial years ended March 31, 2022, March 31, 2023, March 31, 2024 and the period till the date of this Placement Document, in each case other than in the ordinary course of business; (iii) any other outstanding civil litigation involving our Bank its Directors, its Subsidiaries and Joint Venture, where the amount involved in such proceeding is exceeding ₹ 1,252.54 crore (approximately 5% of the operating profit of our Bank being ₹ 25,050.87 crores for the year ended March 31, 2024) ("**Materiality Threshold**") or above; and (iv) any other outstanding litigation involving our Bank, its Directors, its Subsidiaries, and Joint Venture wherein the amount involved cannot be determined or is below the Materiality Threshold, but an adverse outcome of which could materially and adversely affect the reputation, operations or financial position of our Bank, as on the date of this Placement Document. Further, all outstanding direct and indirect taxes proceedings involving our Bank, its Directors, its Subsidiaries and Joint Venture have been disclosed herein, where the amount involved in such proceedings exceeds the Materiality Threshold. Further, the banking ombudsman has imposed certain penalties on our Bank and the cumulative amounts of the penalties imposed on our Bank during the Financial Years ended March 31, 2022, March 31, 2023 ,March 31, 2024 , have been disclosed.*

It is clarified that for the purposes of the above, pre-litigation notices received by our Bank, its Directors, its Subsidiaries, and Joint Venture from third parties (excluding those notices issued by statutory/regulatory authorities) have not been disclosed in this Placement Document unless the above-mentioned entities have been impleaded as a defendant or respondent in a litigation proceeding before any judicial forum or arbitral tribunal. In the ordinary course of business, especially in relation to recovery of loans, our Bank initiates criminal proceedings under applicable laws, which have not been disclosed in this Placement Document separately unless the amount involved therein is more than the Materiality Threshold. A consolidated disclosure for dishonour of cheques (under Section 138 of the NIA), cases under the Banking Ombudsman Scheme and fraud reporting has been made in this Placement Document. In the ordinary course of business, our Bank is also involved in litigation instituted by its employees, including in relation to retrenchment, gratuity etc. and cases instituted by its customers before the designated banking ombudsman.

All terms defined in a particular litigation disclosure below are for that particular litigation only.

1. Litigation against our Bank

A. *Criminal case against the Bank*

The Reserve Bank of India ("**RBI**") on November 30, 2018, filed a criminal complaint under section 200 of the Code of Criminal Procedure, 1973 read with section 47 of the Banking Regulation Act, 1949, before the Court of Metropolitan Magistrate, Patiala House Courts, New Delhi ("**Metropolitan Magistrate**"), seeking prosecution against our Bank including our Bank's ex-directors and certain other employees, under section 46 of the Banking Regulation Act, 1949 read with section 120B of the Indian Penal Code, 1860. The complaint made by the RBI is arising out of the inspection conducted by RBI during the period between February 8, 2016 to February 12, 2016, in respect of the system and procedures of information technology aspects ("**IT**") being followed in our Bank including IT operations, information security, IS/IT audit function and extent of IT risk assessment. The said inspection was carried out pursuant to RBI's order dated January 29, 2016. The allegation made by RBI against our Bank and the other accused persons in the said complaint is that our Bank and other accused persons wilfully made false and misleading statements and furnished false information regarding the implementation of core banking software ("**CBS**") and integration of the Society for Worldwide Interbank Financial Telecommunication ("**SWIFT")** system with CBS. RBI in its IT examination reports dated June 6, 2016 and progress report dated June 27, 2017 indicated failure of our Bank in integrating SWIFT system with CBS and introducing Straight Through Processing ("**STP"**) interface between SWIFT messages and the CBS. Further, RBI, in the said complaint, alleged that CBS was not integrated with many critical applications and there was no online integration of SWIFT with CBS. RBI has therefore alleged in the complaint that our Bank and the other accused persons have wilfully and deliberately made false statements in contravention to their statutory obligation under section 46 of the Banking Regulation Act, 1949. Our Bank has filed a petition under section 482 of the Code of Criminal Procedure, 1973, before the Delhi High Court, for quashing of the criminal complaint which was dismissed by the Hon'ble Court vide order dated June 25, 2021. Thereafter, the Bank challenged the said judgement of Hon'ble High Court of Delhi in Hon'ble Supreme Court which was dismissed by Hon'ble Supreme Court vide order dated December 02, 2022. The criminal complaint is presently pending for further hearing, before the metropolitan magistrate.

B. *Civil cases above the materiality threshold against the Bank*

As on the date of this Placement Document, there are no civil cases exceeding the Materiality Threshold that have been filed against the Bank.

C. *Taxation cases above the materiality threshold against the Bank*

i. Our Bank received a show cause cum demand notice dated April 20, 2018 ("**SCN I**") from the Directorate General of GST Intelligence, Delhi Zonal Unit ("**DGGI**") wherein the DGGI observed that our Bank is providing additional services in certain savings bank and current bank accounts having a feature of maintenance of minimum balance or average monthly balance or average quarterly balance ("**MAB**"), as opposed to basic savings bank deposit accounts of our Bank. Further, the DGGI observed that our Bank's recurrent provision of features, services and benefits to account holders constitutes a 'service' in the nature of "*agreeing to the obligation to do an act"*, in lieu of a recurrent commitment from customers to maintain MAB. This commitment constitutes 'consideration' for the features, services and benefits provided by our Bank. The maintenance of MAB is alleged to be in the nature of an account service fee to our Bank for providing its facilities or features to customers. On the basis of such observations, the DGGI *vide* SCN I asked our Bank to show cause as to why the maintenance of MAB and the charges levied by our Bank for non-maintenance of MAB should not be liable to service tax. Further, the DGGI demanded our Bank pay service tax on the services rendered in relation to MAB, aggregating to ₹ 970.06 crores for the period starting from July 1, 2012 until March 31, 2017. Similarly, the erstwhile United Bank of India (now amalgamated with our Bank) ("**UBI**") received a show cause cum demand notice dated July 15, 2019 ("**SCN II**") from DGGI asking UBI to show cause as to why maintenance of MAB and the charges levied by our Bank for non-maintenance of MAB should not be liable to service tax. Further, the DGGI vide SCN II demanded UBI to pay service tax on the services rendered in relation to MAB, aggregating to ₹ 310.29 crores for the period starting from October 2013 until June 2017. Our Bank along with certain other banks and Indian Banks Association, has filed a civil writ petition under Article 226 of the Constitution of India before the Delhi High Court, challenging the contentions of the DGGI in respect of MAB being liable to service tax. Erstwhile United Bank of India (now amalgamated with our Bank) has also separately filed a civil writ petition under Article 226 of the Constitution of India before the Delhi High Court, challenging the contentions of the DGGI. These writ petitions are pending as on the date of this Placement Document.

ii. PNB filed its original return of income for the assessment year 2019-20 on November 29, 2019 declaring a total income of Rs. NIL with a refund claim of ₹166.83 crores. Subsequently Bank revised the return of income on July 30, 2020 which was further revised on September 29, 2020 declaring total income of ₹ Nil with a refund claim of ₹169.50 crores. After the scrutiny of the return, an assessment order under section 143(3) of the Income Tax Act, dated September 30, 2021 was issued by the Assessing Officer making certain additions/disallowances. Pursuant to the order, assessing officer assessed the total income at ₹5156.84 crore and arrived at a tax liability of ₹2245.90 crore. Aggrieved by the demand raised by the Assessing Officer, Bank filed an appeal before the Commissioner of Income Tax (Appeals) – New Delhi ("CIT(A)") on all the additions/ disallowances made by assessing officer The matter is pending before CIT (A).

D. *Outstanding actions by statutory or regulatory authorities (such as SEBI, RBI, Stock Exchanges or such similar authorities) against our Bank and all notices and actions by regulatory authorities against our Bank in the financial years ended March 31, 2022, March 31, 2023, March 31, 2024 and the period till the date of this Placement Document*

i. Financial Intelligence Unit – India ("**FIU-IND**") had issued a show cause notice dated November 9, 2018 alleging violations of the provisions of the Prevention of Money Laundering Act, 2002 by our Bank. Pursuant to its order dated July 29, 2019, the FIU-IND has imposed a penalty of ₹ 15.63 crores on our Bank. Our Bank has appealed the said order of FIU-IND before the Appellate Tribunal under the said Act on August 19, 2019 and the matter is presently pending.

E. Banking Ombudsman Complaints

The Banking Ombudsman has imposed penalties on our Bank based on complaints received from our customers alleging, inter alia, non-receipt of cash from ATM despite debit of account, fraudulent debit/ credit transactions in Savings/ Current Accounts, non- receipt of subsidy on certain Housing Loan/ Education Loan Accounts, discrepencies in remittances etc. The cumulative amount of penalties imposed by the Banking Ombudsman for Fiscals 2022, 2023 and 2024 are ₹ 2.77 crores, ₹ 2.23 crores and ₹ 4.23 crores respectively..

F. Other Material Litigation

An FIR bearing number RCBSM2018E000I dated January 31, 2018 ("**FIR-1**") was registered with the Central Bureau of Investigation ("**CBI**") in Mumbai by Deputy General Manager, Punjab National Bank, Zonal Office Mumbai ("**Complainant"**) in respect of unauthorized and fraudulent issuance of Letters of Undertaking ("**LOUs**") at our branch at Brady House, Mumbai (herein after referred as "**Brady House Branch**"). Complainant alleged that partnership firms of Nirav Modi, Neeshal Modi, Ami Nirav Modi and Mehul Chinubhai Choksi namely, (i) M/s Diamond R US, (ii) M/s Solar Exports, and (iii) M/s Stellar Diamonds (collectively referred to as "**Partnership Firms**") were maintaining current accounts in Brady House Branch, Mumbai and that they were not sanctioned any facility for issuance of Letter of Understanding (**"LOU"**) for raising buyer's credit by the Partnership Firms from overseas banks. It was alleged that on January 16, 2018, the Partnership Firms approached the Brady House Branch and presented a set of import documents with a request to allow buyers' credit for making payment to the overseas suppliers. Since there was no sanctioned limit in the name of the Partnership Firms, the branch officials requested the Partnership Firms to furnish at least 100% cash margin for issuing LOU for raising buyer's credit. On refusal, the Partnership Firms contested that they have been availing such transactions since past several years. After that on scrutiny, it was observed that in connivance with certain employees of the Brady House Branch, the Partnership Firms have got LOU's issued fraudulently without sanctioned limit and without following Bank's prescribed procedures of obtaining request applications, documents, approval of the authorities thereto etc. and without making entries in the banking system avoiding detection of the transactions, so made, transmitted SWIFT instructions to the overseas branches of Indian bank under buyer's credit. Basis the FIR -1 filed with the Central Bureau of Investigation ("**CBI**") by the Complainant, the CBI on May 14, 2018, filed its first charge sheet against the Partnership Firm and filed supplementary chargesheet on December 20, 2019. Further investigation is going on for LOUs issued during the year 2008 to 2016.

Further, an FIR bearing no. RC 02(E)/2018/CBI/BS&FC/Mum ("**FIR-2**") was filed against Mehul Choksi, Gitanjali Gems Limited, Gili India Limited, Nakshatra Brands Limited and others on February 15, 2018 for the unauthorised issue of LOUs and Foreign Letters of Credit. Basis the FIR-2 filed against Mehul Choksi, Gitanjali Gems Limited and Gili India Limited, Nakshtra Brands Limited and others, the CBI has filed a charge sheet on May 16, 2018 and supplementary charge sheet has been filed by the CBI on 10.06.2021 Further investigation is going on.

Our Bank has also filed an FIR bearing no. RCBSM2018E0003 ("**FIR-3**") against Nirav Modi, Firestar Diamonds International Private Limited, officials of Firestar International Limited and others on March 4, 2018 for the criminal conspiracy and fraud pursuant to circular transactions with the Partnership Firms. As on the date of this Placement Document, CBI is yet to file any charge sheet basis the FIR-3 filed by the Bank. Further investigation is going on.

Thereafter, our Bank has filed an FIR bearing number RCBSM2018E0004 ("**FIR-4**") against Chandri Paper & Allied Products Private Limited and others on March 9, 2018 for committing fraud in the matter of issuance of unauthorised LOUs. Basis the FIR-4 filed by our Bank against Chandri Paper & Allied Products Private Limited, the CBI has filed its charge sheet. As on the date of this Placement Document, no cognizance has been taken of the charge sheet filed by the CBI.

In respect of unauthorized and fraudulent issuance of LOUs and Foreign Letters of Credit ("**FLCs**") at the Brady House Branch, our Bank has reported to RBI through respective FMR-1 on different dates starting from January 29, 2018 to June 15, 2018 aggregating to ₹ 13,953.99 crore (₹6,820.08 crore in Nirav Modi group, ₹ 7,093.96 crore Gitanjali Group and ₹ 39.95 crore in Chandri Paper & Allied Products Private Limited).

Our Bank has lodged a complaint with Enforcement Directorate ("**ED**") against the Nirav Modi group and Mehul Choksi group, and the ED has initiated necessary action in this regard.

Our Bank also lodged a complaint with the Ministry of Corporate Affairs ("**MCA**") on February 19, 2018. On February 23, 2018, in relation to a petition filed by the MCA (company petition No.277 of 2018) filed sections, 221, 222, 241, 242 and 246 read with section 339 of the Companies Act, 2013, the National Company Law Tribunal, Mumbai has granted a restraint order as prayed for by the Government of India preventing removal, transfer or disposal of funds, assets and properties of the entities and individuals, who are respondents in the Government's petition.

Our bank filed a complaint with the Central Bureau of Investigation (**"CBI"**), Headquarters on June 20, 2022, in relation to M/s IL&FS Tamil Nadu Power Company Ltd, a special purpose vehicle sponsored by IL&FS Energy Development Corporation Ltd. (under the IL&FS group) (the "**Borrower**"). The Borrower had been availing credit facilities from our Bank and eleven other banks under a consortium. The Borrower's account was classified as a Non-Performing Asset (**"NPA"**) on January 30, 2019. A forensic audit was conducted by Grant Thornton (**"GT''**) basis which, the account was reported as fraudulent to the Reserve Bank of India (**"RBI"**) on March 15, 2022, under reference no PNB 2201-0060 for an amount of ₹ 2,060.14 crores. The Large Corporate Branch ("**LCB**") Delhi of the Bank, via an email dated February 23, 2024 had requested the registration of an FIR in accordance with the Bank's complaint dated June 20, 2022 Subsequently, the complaint was transferred to the CBI Office (AC-IV) in Bhopal, Madhya Pradesh with the investigation commencing on March 3, 2023. A FIR in the present matter has been lodged against the erstwhile promoters of the borrower and is yet to be registered by the competent authority. The Reserve Bank of India (**"RBI"**), in the present matter have given special dispensation to the Banks for restructuring of the account despite the account being fraud. The account has since been restructured by all the lenders and company is regular in servicing its dues as per the terms of restructuring.'

2. Litigation by our Bank

A. Criminal cases filed by our Bank

i. Cases filed under Section 138 of Negotiable Instruments Act, 1881

A total of 6658 legal proceedings filed by our Bank are pending as on date of this Placement Document, against accused persons under section 138 of the Negotiable Instruments Act, 1881 and the amount involved in such cases aggregates to a sum of ₹ 143.45 crores.

ii. *Fraud Complaints*

Our Bank has a Fraud Risk Management Cell ("**FRMC**") created under Inspection & Audit departments ("**IAD**") in each circle / zonal office of the Bank. The FRMC head at the circle / zonal offices submits the Fraud Monitoring Returns ("**FMR**") to the Fraud Risk Management Division, Head Office bank to when requisitioned. The FRMC head ensures compliance with regulatory guidelines on fraud classification and reporting. The authority for deciding any case as fraud in which the amount involved is more than ₹ 3 crore but less than ₹ 50 crores rests with the executive director of our Bank. Further, the Managing Director and Chief Executive Officer of our Bank possess the authority to decide cases of fraud where the amount involved is more than ₹ 50 crores. Thereafter, in terms of the guidelines issued by the RBI, our Bank files the complaint in fraud cases, with the respective authority assigned as per the following criteria set up:

AMOUNT INVOLVED IN THE FRAUD	AGENCY TO WHOM COMPLAINT SHOULD BE LODGED
Below ₹ 1.00 lac	Local Police Station
₹ 1 lac - ₹ 3.00 crore	State CID / Economic Offences Wing of the State concerned
₹ 3.00 crore and above	Central Bureau of Investigation

Details of aggregate complaints made by our Bank, against its borrowers on account of fraud in the financial years ended March 31, 2022, March 31, 2023 and March 31, 2024, and quarter ended June 30, 2024 are tabulated below:

PERIOD	NUMBER OF COMPLAINTS	AMOUNT INVOLVED *(₹ IN CRORE)*
Financial year ended March 31, 2022	122	6078.54
Financial year ended March 31, 2023	149	1150.57
Financial year ended March 31, 2024	39	1050.25
Quarter ended June 30, 2024	32	1032.09
TOTAL	**342**	**9311.45**

Details of aggregate complaints made by our Bank, against its employees on account of fraud in the financial years ended March 31, 2022, March 31, 2023 and March 31, 2024, and quarter ended June 30, 2024 are tabulated below:

PERIOD	NUMBER OF COMPLAINTS	AMOUNT INVOLVED *(₹ IN CRORE)*
Financial year ended March 31, 2022	40	20.95
Financial year ended March 31, 2023	52	218.74
Financial year ended March 31, 2024	40	17.74
Quarter ended June 30, 2024	10	1.38
TOTAL	**142**	**258.81**

Details of aggregate complaints made by our Bank, on account of fraud in the financial years ended March 31, 2022, March 31, 2023 and March 31, 2024, and quarter ended June 30, 2024 are tabulated below:

PERIOD	NUMBER OF COMPLAINTS	AMOUNT INVOLVED *(₹ IN CRORE)*
Financial year ended March 31, 2022	388	6104.99
Financial year ended March 31, 2023	267	1382.50
Financial year ended March 31, 2024	116	1080.25
Quarter ended June 30, 2024	46	1034.22
TOTAL	**823**	**9831.40**

There are a total of 823 cases filed by our Bank in relation to fraud matters before various police stations and CBI, in accordance with the RBI circulars and guidelines on fraud classification and reporting in the financial years ended March 31, 2022, March 31, 2023 and March 31, 2024, and quarter ended June 30, 2024. These cases are pending at various stages of adjudication.

B. *Civil cases above the Materiality Threshold filed by our Bank*

(i) Our Bank, the erstwhile Oriental Bank of Commerce ("**OBC**") and the erstwhile United Bank of India ("**UBI**") had advanced certain credit facilities to Gitanjali Gems Limited (**"Borrower"**) as part of a consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities, ICICI Bank, the lead bank of the consortium, initiated Corporate Insolvency Resolution Process ("**CIRP**") against the Borrower under the Insolvency and Bankruptcy Code, 2016 (**"the Code"**) on October 08, 2018 before the National Company Law Tribunal, Mumbai ("**NCLT**"). The aggregate amount claimed by our Bank, OBC and UBI amounted to ₹ 1,665.81 crore. The CIRP of the Borrower failed and therefore the committee of creditors on April 05, 2019 decided to refer the Borrower for liquidation under section 33 of the Code and the NCLT vide its order dated February 07, 2024 ordered the borrower to be liquidated. A liquidator has been appointed to oversee the liquidation process. Our bank has filed a claim with liquidator for Rs. 11331.98 crore which is completely admitted by the Liquidator. Our Bank has filed a recovery suit against the Borrower before the Debt Recovery Tribunal (**"DRT"**), Mumbai which is current pending.

(ii) Our Bank had advanced certain credit facilities to M/s. Dishnet Wireless Limited. And M/s. Aircel Cellular Limited ("**Borrowers**"). Since the Borrowers had failed to pay its outstanding dues towards the credit facilities, separate Corporate Insolvency Resolution Process(s) ("**CIRP**") were initiated under the Insolvency and Bankruptcy Code, 2016 against the Borrowers in March 2018 before the National Company Law Tribunal, Mumbai vide order dated March 12, 2018 and March 19, 2018 respectively. The aggregate of admitted claim of all the financial creditors against the Borrowers amounts to ₹ 19,788.10 crores, out of which our Bank's admitted claim amounts to ₹2,986.10 crore. The consolidated resolution plan for M/s. Aircel Limited and M/s. Dishnet Wireless Limited amount to ₹ 6,630 crores to Financial Creditors of which the Bank's share amounting to ₹ 1,001.13 crores, has been approved by the respective committee(s) of creditors and thereafter by the respective National Company Law Tribunal vide order dated June 6, 2020. The implementation of the resolution plan is pending in view of the pendency of matter of spectrum rights as part of Corporate Debtors ("**CD**") assets which is to be given to the Successful Resolution Applicant (**"SRA"**). The matter is currently sub-judice & pending before the Hon'ble Supreme Court.

(iii) Our Bank, the erstwhile Oriental Bank of Commerce ("**OBC**") and the erstwhile United Bank of India ("**UBI**") had advanced certain credit facilities to Lanco Infratech Limited ("**Borrower**") as part of consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities, Corporate Insolvency Resolution Process ("**CIRP**") was initiated under the Insolvency and Bankruptcy Code, 2016 against the Borrower on August 7, 2017 before the National Company Law Tribunal, Hyderabad ("**NCLT**"). The CIRP did not succeed and CoC decided to refer the Borrower for liquidation. The NCLT approved the liquidation of the corporate debtor ("**CD**") vide order dated August 27, 2018. During liquidation, the admitted claim of our Bank, OBC and UBI amounts to ₹ 2,846.20 crores (secured borrowings) and ₹ 3,208.43 crores (unsecured borrowings). The NCLT has approved the sale of borrower as a going concern vide its order dated September 26, 2022. Presently, the Bank has realized total recovery of Rs. 165.45 crores during financial year 2023-24. Further, the Bank has also filed recovery suit before the Debts Recovery Tribunal-1 Hyderabad ("**DRT**") which is currently pending before DRT.

(iv) Our Bank had advanced certain credit facilities to M/s Stellar Diamonds, M/s Solar Exports, M/s Diamonds R Us and Others (**"Borrowers"**) as part of consortium financing with other lenders. Since the Borrowers had failed to pay its outstanding dues towards the credit facilities, our Bank filed a suit for recovery on July 2, 2018 before the Debt Recovery Tribunal-1, Mumbai ("**DRT**"). The recovery suit was filed for ₹ 7,029.07 crores. The DRT vide its decree dated July 06, 2019 issued a recovery certificate in favour of the bank for recovery of a sum amounting to ₹ 7,029.07 crores. On the application of the Bank the Hon'ble special court under the PMLA vide its order dated August 13, 2021 and August 28, 2021 directed ED to release charged assets, personal assets of the guarantor and borrowers in favour of the bank. The necessary steps are being taken by the respective authorities to sell the released assets and realize the dues. A Notice for Settling the Sale Proclamation for a property in Amravati district was issued on June 19, 2024. The matter is still pending before DRT Mumbai.

(v) Our Bank had advanced certain credit facilities to Kudos Chemie Limited ("**Borrower**") as part of consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities. The bank filed a recovery before the Debts recovery Tribunal-2, Chandigarh ("**DRT**"). The claim of our Bank amounts to ₹ 2707.03 crores. The DRT vide its order dated January 06, 2020 decreed in favour of the bank the claim amount and a recovery certificate was issued under sub section 22 of Section 19 of the Recovery of Debts Due to Banks and Financial Act 1993 (Act 51 of 1993). The recovery process is still in ongoing. The matter is currently pending before the recovery officer of DRT, Chandigarh.

(vi) Our Bank had advanced certain credit facilities to Bhushan Steel Limited formerly known as Bhushan Steel and Strips Limited (**"Borrower"**) Since the Borrower had failed to pay its outstanding dues towards the credit facilities, their account was classified as nonperforming asset ("**NPA**") on December 12, 2015 w.e.f from October 10, 2014. The borrower was referred to the National Company Law Tribunal ("**NCLT**") under the Insolvency & Bankruptcy Code, 2016 (**"IBC"**), and the NCLT vide its order dated July 26, 2017, initiated Corporate Insolvency Resolution Proceedings ("**CIRP**") against the borrower. The account was resolved through Tata Steel, the resolution applicant. The Bank recovered ₹3,059.31 crores against an admitted claim of ₹4,904.37 crores under NCLT. On April 2, 2019, the Bank filed a recovery suit against the guarantor before the Debts Recovery Tribunal-3, Delhi ("**DRT**") The matter is currently pending before the Presiding Officer (**"PO"**) of DRT, Delhi.

(vii) Our Bank had advanced certain credit facilities to Gitanjali Gem Limited, its companies and other key managerial people ("**Borrower**") Since the Borrower had failed to pay its outstanding dues towards the credit facilities, our Bank filed a suit for recovery on July 31, 2018 before the Debt Recovery Tribunal-1, Mumbai (“**DRT**”). The recovery suit was filed for ₹ 6595.15 crores and the matter is currently pending before the DRT.

(viii) Our Bank had advanced certain credit facilities to Bhushan Power & Steels Limited (“**Borrower**”). Since the Borrower had failed to pay its outstanding dues towards the credit facilities, their account was classified as non performing asset (“**NPA**”) on March 31, 2015. The borrower was referred to the National Company Law Tribunal (“**NCLT**”) under the Insolvency & Bankruptcy Code, 2016 (“**IBC**”) and Corporate Insolvency Resolution Proceedings (“**CIRP**”) were initiated against the borrower. Through, the Resolution Plan (“**RP**”) implemented by JSW (“**Resolution Applicant**”) on March 26, 2021 through Resolution Framework Agreement and the borrower’s asset was handed over to JSW Steels. An amount of ₹ 19,350 crores was transferred to an escrow account and the amount was remitted to the lenders on pro-rata basis as per claim admitted. Separately, the State Bank of India (“**SBI**”) had also initiated an action against guarantors on behalf of the consortium on January 11, 2021. The Serious Fraud Investigation Office (“**SFIO**”), Central Bureau of Investigation (“**CBI**”) and Enforcement Directorate (“**ED**”) are also continuing their investigations against the promoters over the alleged financial irregularities. A recovery suit has also been filed against guarantors on March 19, 2019, before the Debts Recovery Tribunal, Delhi-1 which has been presently transferred to Debts Recovery Tribunal, Delhi -3, Delhi (“**DRT-3**”). The matter is currently pending before the tribunal.

3. Litigation involving the Subsidiaries and the Joint Venture

A. Criminal case involving the Subsidiaries

i. A criminal complaint for defamation has been filed against our Subsidiary Punjab National Bank International Limited (“**PNBIL**”) and its management officials by Irfan Furniturewala (“**Complainant**”) before the Metropolitan Magistrate Court, Andheri, Mumbai. The complaint has been filed under section 500 read with section 34 of the Indian Penal Code, 1860 alleging that the solicitor of PNBIL had made defamatory remarks against the Complainant to a company in the United Kingdom. Subsequently, PNBIL has filed a criminal revision application before Session Court, Mumbai challenging the proceedings and the same has been admitted on March 21, 2020 with condonation of delay. The revision applications was listed on January 13, 2021, before the Sessions Court, Mumbai. The Hon’ble court has stayed the criminal proceedings filed against PNBIL before Metropolitan Magistrate Court and notice was issued against the complainant to appear in the captioned revision applications. The matter is currently pending before the Sessions Court, Mumbai for final arguments.

ii. Criminal proceedings were initiated by Druk PNB Bank Limited (“**DNPBL**”) in relation to an ATM fraud case involving the embezzlement of Nu. 10.48 million before the Thimphu District Court, Bhutan. The Thimpu District Court sentenced one of the former employees of DPNBL to nine years and six months of imprisonment ordered to restitute a sum of Nu. 10,484,750/-(Ten million four lakhs eighty-four thousand seven hundred fifty) .The judgment was appealed to the High Court of Bhutan (“**High Court**”). The High Court, in its order dated May 16, 2023 (“**Judgment Date**”), upheld the judgement of the Thimphu District Court and partially altered the sentencing from 9 years 6 months to 9 years for embezzlement of funds by Public Servant.and ordered for restitution of the total amount of Nu. 10,484,750/- (Ten million four lakhs eighty-four thousand seven hundred fifty) to DPNBL within one month of the Judgment Date. The enforcement of the judgment is being overseen by the Office of the Advocate General. The said employee has informed the authorities of his inability to pay the amount until after his release from prison. Any further developments will be communicated to the bank

B. Civil cases above the materiality threshold involving the Subsidiaries

As on the date of this Placement Document, there are no civil cases exceeding the Materiality Threshold that have been filed against the Subsidiaries.

C. Taxation cases above the materiality threshold against the Subsidiaries

As on the date of this Placement Document, there are no tax matters exceeding the Materiality Threshold that have been filed against the Subsidiaries.

D. *Outstanding actions by statutory or regulatory authorities (such as SEBI, RBI, Stock Exchanges or such similar authorities) against the Subsidiaries*

As on the date of this Placement Document, there are no regulatory actions involving the Subsidiaries.

E. Criminal cases involving the Joint Venture

As on the date of this Placement Document, there are no criminal cases involving the Joint Venture.

F. Civil cases above the materiality threshold involving the Joint Venture

As on the date of this Placement Document, there are no civil cases exceeding the Materiality Threshold that have been filed against the Joint Venture.

G. Taxation cases above the materiality threshold against the Joint Venture

As on the date of this Placement Document, there are no tax matters exceeding the Materiality Threshold that have been filed against the Joint Venture.

H. Outstanding actions by statutory or regulatory authorities (such as SEBI, RBI, Stock Exchanges or such similar authorities) against the Joint Venture

As on the date of this Placement Document, there are no regulatory actions involving the Joint Venture.

4. Litigation Involving our Directors

A. Criminal cases involving our Directors

As on the date of this Placement Document, there are no criminal cases involving any of our Directors.

B. Civil cases involving our Directors

As on the date of this Placement Document, there are no civil cases above the Materiality Threshold, involving any of our Directors.

C. Material Tax Proceedings involving our Directors

As on the date of this Placement Document, there are no tax proceedings above the Materiality Threshold, involving any of our Directors.

D. Outstanding actions by statutory or regulatory authorities (such as SEBI, RBI, Stock Exchanges or such similar authorities) against our Directors

As on the date of this Placement Document, there are no regulatory actions against our Directors.

GENERAL INFORMATION

1. Our Bank was incorporated as Punjab National Bank Limited under the Indian Companies Act, 1882 (Act VI of 1882) in 1894. Our Bank was constituted as Punjab National Bank under the Banking Companies Act on July 19, 1969.

2. The corporate office of our Bank is located at Plot No.4, Sector 10, Dwarka, New Delhi 110 075.

3. The Equity Shares are listed on the BSE and NSE.

4. The Issue has been authorised and approved by the Board, through its resolution dated December 28, 2023 and our Shareholders through a special resolution passed at the EGM held on March 5, 2024.

5. Our Bank has received in-principle approvals under Regulation 28(1)(a) of the SEBI Listing Regulations from both BSE and NSE on September 23, 2024, respectively. We will apply for final listing and trading approvals of the Equity Shares on the Stock Exchanges.

6. Our Bank has also obtained the necessary consents, approvals and authorisations required in connection with the Issue, including the approval from RBI dated April 02, 2024 and approval from the Ministry of Finance, GoI dated May 27, 2024.

7. As on the date of this Placement Document, D K Chhajer & Co., Chartered Accountants , S C Bapna & Associates, Chartered Accountants ,Ummed Jain & Co, Chartered Accountants, N K Bhargava and Co, Chartered Accountants and PSD and Associates, Chartered Accountants, are the statutory auditors of our Bank.

8. Except as disclosed in this Placement Document, there are no litigation or arbitration proceedings against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue.

9. The Floor Price for the Equity Shares under the Issue is ₹ 109.16 per Equity Share which has been calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Bank may offer a discount of not more than 5% on the Floor Price in terms of Regulation 176(1) of the SEBI ICDR Regulations.

10. Our Bank and the Book Running Lead Managers accept no responsibility for statements made otherwise than in this Placement Document and anyone placing reliance on any other source of information, including our website, would be doing it at his or her own risk.

FINANCIAL STATEMENTS

S N Dhawan & Co LLP
Chartered Accountants

S R Goyal & Co
Chartered Accountants

P S M G & Associates
Chartered Accountants

S C Bapna & Associates
Chartered Accountants

D K Chhajer & Co
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of Punjab National Bank

Report on Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying Standalone Financial Statements of the Punjab National Bank ("the Bank) which comprise the Balance Sheet as at 31 March, 2022, and the Profit and Loss Account and the Cash Flow Statement for the year then ended and Notes to Standalone Financial Statements including a Summary of Significant Accounting Policies and Other Explanatory Information, in which are included returns for year ended on that date of the Central Office, Zonal Offices, and

   i) 20 branches, treasury division, credit card division and 41 other offices audited by us
   ii) 4270 branches and other offices audited by statutory branch auditors
   iii) 2 foreign branches audited by local auditors.

   The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also included in the Balance Sheet, the Profit and Loss account and the Cash Flow Statement are the returns from 7088 branches and other offices of the bank which have not been subjected to audit. These unaudited branches account for 15.55 percent of advances, 41.88 percent of deposits, 11.34 percent of interest income and 40.62 percent of interest expenses.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Banking Regulation Act, 1949 (the 'Act') in the manner so required for Bank and are in conformity with accounting principles generally accepted in India and:

   a. the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at 31 March, 2022;

   b. the Profit and Loss Account, read with the notes thereon shows a true balance of profit and

c. the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Bank in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the Standalone Financial Statements in India, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our matter was addressed in the audit
<u>Advances – classification and provisioning</u> (Refer Schedule 9 to the Standalone Financial Statements, read with the Accounting Policy No.5) The advances are classified as performing and non-performing advances (NPA) and provisioning thereon is made in accordance with the prudential norms as prescribed by the Reserve Bank of India (RBI). The Bank has implemented complete system driven recognition of advances and their classification in SASCL Application under Core Banking Solution (CBS). The extent of provisioning of NPA under the prudential norms are mainly based on its ageing and recoverability of the underlined security. The same are also reviewed manually based on necessity. In the event of any improper application of the prudential norms or consideration of the	Our audit approach included an understanding of the Bank's software, circulars, guidelines and directives of the Reserve Bank of India and the Bank's internal instructions and procedures in respect of the assets classification and its provisioning and adopted the following audit procedures: • Evaluated and understood the Bank's internal control system in adhering to the Relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances. • Test checked the design and implementation as well as operational effectiveness of relevant internal controls and substantive testing, including involvement of manual

incorrect value of the security, as the valuation of the security involves high degree of estimation and judgement, the carrying value of the advances could be materially misstated either individually or collectively, and in view of the significance of the amount of advances in the Standalone Financial Statements the classification of the advances and provisioning thereon has been considered as Key Audit Matter in our audit.	process in relation to income recognition, asset classification and provisioning pertaining to advances • Reviewed the Bank's monitoring mechanisms to identify errors and omission in applying/ implementation of logic / data integrity and. its corrective action. • Reviewed the documentations, operations / performance and monitoring of the advance accounts, on as per RBI guidelines basis of the large and stressed advances, to ascertain any overdue, unsatisfactory conduct or weakness in any advance account, examination of classification as per prudential norms of the RBI, in respect of the branches / relevant divisions audited by us. In respect of the branches audited by the branch statutory auditors, we have placed reliance on their reports. • Reviewed the report of independent IT Expert on review of SASCL Application (Income Recognition and Asset Classification solution) used by CBS including the review of "Baseline Requirements for the NPA classification Solution". • Reviewed on test check basis the reports of the credit audit, inspection audit, risk based internal audit, concurrent audit, regulatory audit to ascertain the advances having any adverse features / comments, and reviewed the reports generated from the Bank's system. Our Results: The results of our audit process were observed to be adequate and satisfactory

	considering the materiality of the transactions.
<u>Investments – valuation, and identification and provisioning for Non-Performing Investments</u> (Refer Schedule 8 to the Standalone Financial Statements, read with the Accounting Policy No.4) Investment portfolio of the bank comprises of Investments in Government Securities, Bonds, Debentures, Shares, Security Receipts and other Approved Securities which are classified under three categories, Held to Maturity, Available for Sale and Held for Trade. Valuation of Investments, identification of Non-performing Investments (NPI) and the corresponding non-recognition of income and provision thereon, is carried out in accordance with the relevant circulars / guidelines / directions of RBI. The valuation of each category (type) of aforesaid security is to be carried out as per the methodology prescribed in circulars and directives issued by the RBI which involves collection of data/ information from various sources such as FBIL rates, rates quoted on BSE/ NSE, financial statements of unlisted companies, NAV in case of mutual funds & security receipts etc. Certain investments are based on the valuation methodologies that include statistical models with inherent assumptions, assessment of price for valuation based on financial statements etc. Hence, the price discovered for the valuation of these Investments may not be the true representative but only a fair assessment of the Investments as on date. Hence the valuation of Investments requires special attention and further in view of the significance of the amount of Investments in the financial statements the same has been considered as Key Audit Matter in our audit.	Our audit approach towards Investments with reference to the RBI circulars / directives included the review and testing of the design, implementation, operating effectiveness of internal controls and audit procedures in relation to valuation, classification, identification of Non-Performing Investments, provisioning / depreciation related to Investments as per RBI guidelines. ▪ We reviewed and evaluated the process adopted for collection of information from various sources for determining fair value of these investments. ▪ For selected sample of investments (covering all categories of investments based on nature of security) we tested accuracy and compliance with the RBI Master circulars and directions. ▪ We assessed and evaluated the process of identification of NPIs, and corresponding reversal of income and creation of provision. <u>Our Results:</u> The results of our audit process were observed to be adequate and satisfactory considering the materiality.

<u>Assessment of Information Technology (IT):</u> IT controls with respect to recording of transactions, generating various reports in compliance with RBI guidelines including IRAC, preparing. Other compliances to regulators etc. is an important part of the process. Such reporting is highly dependent on the effective working of Core Banking Software and other allied systems. We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong reporting of data to the management and regulators.	Our audit approach included: - • Understanding the coding system adopted by the Bank for various categories of customers. • Reviewed the design, implementation and operating effectiveness of the Bank's IT controls including application, access controls that are critical to financial reporting on test check basis. • Understanding the feeding of the data in the system and going through the extraction of the financial information and statements from the IT system existing in the Bank. • Checking of the user requirements for any changes in the regulations/ policy of the Bank. • Reviewed the reports generated by the system on sample basis. • Reviewed the report of independent I T Expert on review of SASCL Application (Income Recognition and Asset Classification solution) used by CBS including the review of "Baseline Requirements for the NPA classification Solution" <u>Our Result</u> There is continuous progress, still the system needs to be strengthened for its efficacy to control deficiencies of input/output data from the system.

Litigation & Contingent Liabilities	
Assessment of Contingent liabilities in respect of certain litigations including Direct and Indirect Taxes and various other claims filed by other parties upon the Bank not acknowledged as debts. The Bank's assessment is supported by the facts of matter, their own judgment, past experience, and advice from legal and independent tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Bank's reported profit and the Balance Sheet. We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of litigations which requires application of judgment in interpretation of law. Accordingly, our audit was focused on analysing the facts of subject matter under consideration and judgments/ interpretation of law involved.	Our audit approach included: - • Going through the current status of the tax litigations and contingent liabilities; • Examining the orders and/or communication received from various Tax Authorities/ Judicial forums and follow up action thereon; • Evaluating the merits of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice; and • Wherever required, reliance is placed on the opinion of legal and tax consultants.

Emphasis of Matter

5. We draw attention to following:

   a. Note No. 15 (a) of Schedule 18 to the Standalone Financial Statements regarding change in policy of revenue recognition of commission on Letter of Credit and Bank Guarantee on prorata basis to the extent accrued for the period.

   b. Note No. 15 (e) (ii) of Schedule 18 to the Standalone Financial Statements, regarding amortization of additional liability on account of revision in family pension amounting to Rs. 3,093.95 crores. The Bank has charged an amount of Rs. 1573.79 crores to the Profit and Loss Account for the year ending 31 March 2022 and the balance unamortized expense of Rs. 1520.16 crores has been carried forward.

c. *Note* No. 30 of the Schedule 18 to to the Standalone Financial Statements, which describes the uncertainties due to outbreak of novel corona virus (COVID 19) and the management's assessment of its impact on the business operations of the Bank.

Our opinion is not modified in respect of these matters.

Information Other than the Standalone Financial Statements and Auditor's Report thereon

6. The Bank's Board of Directors is responsible for the other information. The other information comprises the Directors' Report, including annexures, Corporate Governance Report and other reports (but does not include the financial statements and our auditor's report thereon). Our opinion on the Standalone Financial Statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

   In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The Bank's Board of Directors is responsible with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the applicable Accounting Standards issued by ICAI, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

   In preparing the Standalone Financial Statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

   As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. In terms of RBI Directions, we are also responsible for expressing our opinion through a separate report on whether the Bank has adequate internal financial controls with reference to the Standalone Financial Results in place and the operating effectiveness of such controls.

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.

   - Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of the misstatements in the standalone financial statements that, individually or aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

9. We did not audit the financial statements / information of 4270 branches and other offices and 2 foreign branches included in the Standalone Financial Statements of the Bank whose financial statements / financial information reflect total assets of Rs. 724077 Crore as at 31 March 2022 and total revenue of Rs. 20,487.60 Crores for the year ended on that date, as considered in the Standalone Financial Statements. These branches and other offices and foreign branches cover 35.05% advances, 54.32 % of deposits 38.02% of non-performing assets as at 31 March 2022 and 23.50% of revenue for the year ended 31 March 2022. The financial statements / information of these branches has been audited by the branch auditors whose reports have been furnished to us, and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of these matter.

Report on Other Legal and Regulatory Requirements

10. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949;

11. Subject to the limitations of the audit indicated in paragraphs 7 and 9 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and subject also to the limitations of disclosure required therein, we report that:

    a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;

    b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and

    c. The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

12. As required by letter No. DOS.ARG.No.6270/08.91.001/2019- 20 dated 17 March 2020 on "Appointment of Statutory Central Auditors (SCAs) in Public Sector Banks – Reporting obligations for SCAs from FY 2019-20", read with subsequent communication dated 19 May 2020 issued by the RBI, we further report on the matters specified in paragraph 2 of the aforesaid letter as under:

    a. In our opinion, the aforesaid Standalone Financial Statements comply with the applicable Accounting Standards issued by ICAI, to the extent they are not inconsistent with the accounting policies prescribed by the RBI.

    b. There are no observations or comments on financial transactions or matters which have any adverse effect on the functioning of the Bank.

    c. As the Bank is not registered under the Companies Act, 2013 the disqualification from being a director of the bank under sub-section (2) of section 164 of the Companies Act, 2013 do not apply to the Bank.

    d. There are no qualifications, reservations or adverse remarks relating to the maintenance of accounts and other matters connected therewith.

    e. Our audit report on the adequacy and operating effectiveness of the Bank's internal financial controls over financial reporting is given in Annexure A to this report. Our report expresses an unmodified opinion on the Bank's internal financial controls over financial reporting as at 31 March 2022.

13. We further report that:

a. in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

b. the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;

c. the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report; and

d. In our opinion, the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

For S N Dhawan & Co LLP
Chartered Accountants
FRN 000050N/N500045

CA Surinder Kr. Khattar
Partner
(M.NO.084993)
UDIN: 22084993AIUQGR2071

For S R Goyal & Co
Chartered Accountants
FRN:001537C

CA Praveen Goyal
Partner
(M.NO. 074789)
UDIN: 22074789AIUKMX6027

For P S M G & Associates
Chartered Accountants
FRN: 008567C

CA Sandeep Jain
Partner
(M.NO. 077281)
UDIN: 22077281AIUKEN8449

For S C Bapna & Associates
Chartered Accountants
FRN 115649W

CA Subhash Chand Bapna
Partner
(M.NO. 071765)
UDIN: 22071765AIUSCT6938

For D K Chhajer & Co
Chartered Accountants
FRN 304138E

CA Jagannath Prasad Mohapatro
Partner
(M.NO. 217012)
UDIN: 22217012AIULVX2887

Place: New Delhi
Date: 11 May 2022

S N Dhawan & Co LLP
Chartered Accountants
S C Bapna & Associates
Chartered Accountants

S R Goyal & Co
Chartered Accountants
D K Chhajer & Co
Chartered Accountants

P S M G & Associates
Chartered Accountants

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 12 (e) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls over Financial Reporting as required by the Reserve Bank of India (the "RBI") Letter DOS.ARG. No.6270/08.91.001/2019-20 dated 17 March 2020 (as amended) (the "RBI communication")

We have audited the internal financial controls over financial reporting of Punjab National Bank ("the Bank") as of 31 March 2022 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date which includes internal financial controls over financial reporting of the Bank's branches.

Management's Responsibility for Internal Financial Controls

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Banking Regulation Act, 1949 and the circulars and guidelines issued by the Reserve Bank of India.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI") and the Standards on Auditing (SAs) issued by the ICAI, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the branchauditors, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Bank's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the branch auditors referred to in the Other Matters paragraph below, the Bank has, in all material respects, adequate internal financial controls over financial reporting that were operating effectively as at 31 March 2022, based on the criteria for internal financial control over financial reporting established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report insofar as it relates to the operating effectiveness of internal financial controls over financial reporting of 4271 branches/offices is based on the corresponding reports of the respective branch auditors of those branches.

Our opinion is not modified in respect of this matter.

For S N Dhawan & Co LLP
Chartered Accountants
FRN 000050N/N500045

CA Surinder Kr. Khattar
Partner
(M.NO.084993)
UDIN: 22084993AIUQGR2071

For S R Goyal & Co
Chartered Accountants
FRN:001537C

CA Praveen Goyal
Partner
(M.NO. 074789)
UDIN: 22074789AIUKMX6027

For P S M G & Associates
Chartered Accountants
FRN: 008567C

CA Sandeep Jain
Partner
(M.NO. 077281)
UDIN: 22077281AIUKEN8449

For S C Bapna & Associates
Chartered Accountants
FRN 115649W

CA Subhash Chand Bapna
Partner
(M.NO. 071765)
UDIN: 22071765AIUSCT6938

For D K Chhajer & Co
Chartered Accountants
FRN 304138E

CA Jagannath Prasad Mohapatro
Partner
(M.NO. 217012)
UDIN: 22217012AIULVX2887

Place: New Delhi
Date: 11 May 2022

PUNJAB NATIONAL BANK

STANDALONE BALANCE SHEET AS ON 31st MARCH, 2022

(Rs.000s omitted)

Particulars	Schedule	As on 31.03.2022	As on 31.03.2021
Capital and Liabilities			
Capital	1	2202,20,31	2095,53,64
Reserves and Surplus	2	93284,69,23	88841,77,27
Deposits	3	1146218,44,96	1106332,47,28
Borrowings	4	45681,40,93	42840,31,07
Other liabilities and provisions	5	27418,26,83	20522,52,32
Total		**1314805,02,26**	**1260632,61,58**
Assets			
Cash and balances with Reserve Bank of India	6	56636,11,66	43958,82,83
Balances with banks and money at call and short notice	7	76010,65,64	67390,87,62
Investments	8	372167,76,19	392983,25,40
Advances	9	728185,67,53	674230,08,02
Fixed Assets	10	10673,61,39	11020,89,74
Other Assets	11	71131,19,85	71048,67,97
Total		**1314805,02,26**	**1260632,61,58**
Contingent liabilities	12	605180,05,46	383279,78,14
Bills for Collection		37786,04,52	40491,16,13
Significant Accounting Policies	17		
Notes on Accounts	18		

Schedules referred to above form an integral part of the Balance Sheet

Prabudh Sharma
Asst. General Manager

P K Varshney
Deputy General Manager

R K Khichi
Deputy General Manager

Praveen Kumar Sharma
General Manager

D K Jain
Chief General Manager (Finance) & CFO

Kalyan Kumar
Executive Director

Swarup Kumar Saha
Executive Director

Vijay Dube
Executive Director

Sanjay Kumar
Executive Director

Atul Kumar Goel
Managing Director & CEO

Dr. Rekha Jain
Director

Gautam Guha
Director

Sanjeev Kumar Singhal
Director

Pankaj Joshi
Director

Anil Kumar Misra
Director

Pankaj Sharma
Director

For S N Dhawan & Co LLP
Chartered Accountants
FRN: 000050N/N500045
CA Surinder Kr. Khattar
Partner
(M.No. 084993)

For S R Goyal & Co
Chartered Accountants
FRN: 001537C
CA Praveen Goyal
Partner
(M.No. 074789)

For P S M G & Associates
Chartered Accountants
FRN: 008567C
CA Sandeep Jain
Partner
(M.No. 077281)

For S C Bapna & Associates
Chartered Accountants
FRN: 115649W
CA Subhash Chand Bapna
Partner
(M.No. 071765)

For D K Chhajer & Co
Chartered Accountants
FRN: 304138E
CA Jagannath Prasad Mohapatra
Partner
(M.No. 217012)

Date : May 11, 2022
Place: New Delhi

PUNJAB NATIONAL BANK

STANDALONE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2022

(Rs.000s omitted)

Particulars	Schedule	Year ended 31.03.2022	Year ended 31.03.2021
I. **Income**			
Interest earned	13	74879,53,69	80818,40,27
Other Income	14	12319,95,79	11922,31,49
Total		**87199,49,48**	**92740,71,76**
II. **Expenditure**			
Interest expended	15	46185,07,66	50272,79,13
Operating expenses	16	20252,59,51	20308,74,75
Provisions and Contingencies		17304,85,95	20137,56,01
Total		**83742,53,12**	**90719,09,89**
III. **Profit/Loss**			
Net Profit/(Loss) for the year		**3456,96,36**	**2021,61,87**
Add: Balance in Profit and Loss A/c		0	0
Profit available for Appropriation		**3456,96,36**	**2021,61,87**
IV. **Appropriations**			
Transfer to Statutory Reserves		864,24,09	505,40,47
Transfer to Capital Reserves		700,92,63	1036,12,43
Transfer to Investment Reserve		15,82,58	0
Transfer to Investment Fluctuation Reserve		854,85,27	480,08,97
Transfer to Special Reserve as per Income Tax Act		100,00,00	0
Proposed Dividend		704,70,50	0
Other Reserves		216,41,29	0
Balance in Profit and Loss Account		0	0
Total		**3456,96,36**	**2021,61,87**
Earning per Share (Rs.) (Basic/Diluted)		**3.16**	**2.08**
(Nominal Value Rs.2 per share)			

Significant Accounting Policies 17
Notes on Accounts 18
Schedules referred to above form an integral part of the Profit and Loss Account

Prabudh Sharma
Asst. General Manager

P K Varshney
Deputy General Manager

R K Khichi
Deputy General Manager

Praveen Kumar Sharma
General Manager

D K Jain
Chief General Manager (Finance) & CFO

Kalyan Kumar
Executive Director

Swarup Kumar Saha
Executive Director

Vijay Dube
Executive Director

Sanjay Kumar
Executive Director

Atul Kumar Goel
Managing Director & CEO

Dr. Rekha Jain
Director

Gautam Guha
Director

Sanjeev Kumar Singhal
Director

Pankaj Joshi
Director

Anil Kumar Misra
Director

Pankaj Sharma
Director

For S N Dhawan & Co LLP
Chartered Accountants
FRN: [illegible]
CA Surinder Kr. Khattar
Partner
(M No. 084993)

For S R Goyal & Co
Chartered Accountants
FRN: 001537C
CA Praveen Goyal
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For S C Bapna & Associates
Chartered Accountants
FRN: 115649W
CA Subhash Chand Bapna
Partner
(M No. [illegible])

For R K Chhajer & Co
Chartered Accountants
FRN: [illegible]
CA Jagannath Prasad [illegible]
Partner
(M No. 217012)

Date : May 11, 2022
Place: New Delhi

(Rs.000 omitted)

Particulars	As on 31.03.2022	As on 31.03.2021
Schedule 1 - Capital		
Authorised		
1500,00,00,000 Equity Shares of Rs. 2 each (Previous year 1500,00,00,000 Equity Shares of Rs. 2 each)	3000,00,00	3000,00,00
Issued and Subscribed		
1101,10,15,558 Equity Shares of Rs. 2 each (Previous year 1047,76,82,225 Equity Shares of Rs. 2 each)	2202,20,31	2095,53,64
Paid Up		
(1101,10,15,558 Equity Shares of Rs. 2 each) Previous year 1047,76,82,225 Equity Shares of Rs. 2 each	2202,20,31	2095,53,64
[The above includes 805,41,25,685 Equity Shares of Rs. 2 each (Previous year 805,41,25,685 Equity Shares of Rs. 2 each) held by the Central Government]		
Total	2202,20,31	2095,53,64

PUNJAB NATIONAL BANK

(Rs.000 omitted)

Particulars	As on 31.03.2022		As on 31.03.2021	
Schedule 2 - Reserves and Surplus				
I. Statutory Reserves				
Opening Balance	14287,24,16		9472,70,08	
Addition during the year*	0		4309,13,61	
Add: Transfer from P&L Appropriation A/c	864,24,09		505,40,47	
		15151,48,25		14287,24,16
II. Capital Reserves				
a) Revaluation Reserve				
Opening Balance	7200,41,19		4758,69,16	
Addition during the year*	7,47		2384,05,56	
Deduction during the year	7,18,13		34,30	
Transfer from Other Reserve	7,20,62		185,58,21	
Transfer to Other Reserves	151,88,74		127,57,44	
(being depreciation on revalued portion of property)		7048,62,41		7200,41,19
b) Others				
Opening Balance	15874,48,10		3217,72,40	
Add: Transfer from P&L Appropriation A/c	700,92,63		1036,12,43	
Addition during the year*	0		11620,63,27	
(including Amalgamation Reserve of Rs. 9268.29 Crore)				
		16575,40,73		15874,48,10
III. Share Premium				
Opening Balance	44325,80,27		51188,57,94	
Addition during the year*	1686,38,51		21845,14,15	
Less: Appropriation of Accumulated Losses	0		28707,91,82	
		46012,18,78		44325,80,27
IV. Revenue and Other Reserves				
a) Investment Reserve				
Opening Balance	370,51,93		370,51,93	
Add: Transfer from P&L Appropriation A/c	15,82,58		0	
		386,34,51		370,51,93
b) Investment Fluctuation Reserve				
Opening Balance	538,80,68		48,51,99	
Addition during the period*	0		10,19,72	
Add: Transfer from P&L Appropriation A/c	854,85,27		480,08,97	
Less: Transfer to P&L Appropriation A/c	0		0	
		1393,65,95		538,80,68
c) Exchange Fluctuation Reserve				
Opening Balance	392,20,19		416,88,03	
Add: Addition during the year	31,52,99		0	
Less: Deduction during the year (Net)	4,29,74		24,67,84	
		419,43,44		392,20,19
d) Special Reserve under Sec.36(1) (viii) of Income Tax Act, 1961				
Opening Balance	3268,66,00		1463,66,00	
Addition during the year*	100,00,00		1805,00,00	
		3368,66,00		3268,66,00
e) Other Reserve				
Opening Balance	2583,64,75		0	
Addition during the year*	1013,10,00		3654,75,52	
Add: Transfer from P&L Appropriation A/c	216,41,29		0	
Less: Withdrawal during the year	1028,95,00		1013,10,00	
Add: Transfer from Revaluation Reserves	151,88,74		127,57,44	
Less: Transfer to Revaluation Reserve	7,20,62		185,58,21	
		2928,89,16		2583,64,75
V. Balance in Profit and Loss Account				
Opening Balance	0		-9927,30,23	
Addition during the year*	3456,96,36		-18780,61,59	
Less: Appropriations as per Statement of Profit & Loss	3456,96,36		0	
Less: Appropriation from Share Premium	0	0	28707,91,82	0
Total (I, II, III, IV and V)		93284,69,23		88841,77,27

*Addition/deduction in Reserves for the comparative period includes balances of transferee banks as at date of amalgamation.

(`000 omitted)

Particulars		As on 31.03.2022		As on 31.03.2021
Schedule 3 - Deposits				
A.I. Demand Deposits				
(i) From Banks	3494,29,87		2305,40,98	
(ii) From Others	78480,31,46	81974,61,33	73240,83,93	75546,24,91
II. Savings Bank Deposits		451679,60,54		417236,77,20
III. Term Deposits				
(i) From Banks	31739,66,84		29160,44,34	
(ii) From Others	580824,56,25	612564,23,09	584389,00,83	613549,45,17
Total (I, II and III)		1146218,44,96		1106332,47,28
B. (i) Deposits of branches in India		1125049,19,27		1083335,06,40
(ii) Deposits of branches outside India		21169,25,69		22997,40,88
Total		1146218,44,96		1106332,47,28
Schedule 4 - Borrowings				
I. Borrowings in India				
(a) Reserve Bank of India		0		0
(b) Other Banks		49,45,84		4158,82,57
(c) Other Institutions and Agencies		11183,97,86		7450,34,56
(d) Unsecured Redeemable Bonds				
(i) Tier-I Bonds (Perpetual Debt Instruments)	7766,00,00		6045,00,00	
(ii) Upper Tier-II Bonds	0		0	
(iii) Subordinate debts for Tier II Capital	16843,00,00		16114,00,00	
(iv) Long term infrastructure bonds	2800,00,00	27409,00,00	2800,00,00	24959,00,00
II. Borrowings outside India		7038,97,23		6272,13,94
Total (I and II)		45681,40,93		42840,31,07
Secured Borrowings included in I and II above		7251,31,04		4867,93,68
Schedule 5 - Other Liabilities and Provisions				
I. Bills Payable		3055,41,93		3208,40,96
II. Inter-office adjustments (net)		568,41,34		430,37,79
III. Interest accrued		2705,58,69		2642,53,25
IV Deferred Tax Liability (Net)		0		0
V. Others (including provisions)		21088,84,87		14241,20,32
Total		27418,26,83		20522,52,32

PUNJAB NATIONAL BANK

(Rs. 000s omitted)

Particulars		As on 31.03.2022		As on 31.03.2021
Schedule 6 - Cash and Balances with Reserve Bank of India				
I. Cash in hand (including foreign currency notes)		3491,54,63		3478,01,65
II. Balance with Reserve Bank of India				
(a) in Current Account		53144,57,03		40480,81,18
(b) in Other Accounts		0		0
Total (I and II)		**56636,11,66**		**43958,82,83**
Schedule 7 - Balances with Banks and Money at Call and Short Notice				
I. In India				
(i) Balances with Banks				
(a) in Current Accounts	146,19,69		735,51,86	
(b) in Other Deposit Accounts	15799,56,82	**15945,76,51**	7085,88,49	**7821,40,35**
(ii) Money at Call and Short Notice				
(a) with Banks	0		0	
(b) with Other Institutions	29129,47,96	**29129,47,96**	27500,00,00	**27500,00,00**
Total (i and ii)		**45075,24,47**		**35321,40,35**
II. Outside India				
(i) Balances with Banks				
(a) In Current Accounts	9228,43,97		7204,21,53	
(b) In Other Deposit Accounts	21706,97,20	30935,41,17	24865,25,74	32069,47,27
(ii) Money at Call and Short Notice		0		0
Total (i and ii)		**30935,41,17**		**32069,47,27**
Grand Total (I and II)		**76010,65,64**		**67390,87,62**

(Rs. 000s omitted)

Particulars	As on 31.03.2022	As on 31.03.2021
Schedule 8 - Investments		
I. Investments in India in		
(i) Government securities	323155,39,50	343771,97,53
(ii) Other approved securities	15,00	15,00
(iii) Shares	3264,81,13	4132,33,29
(iv) Debentures and Bonds	33566,82,92	34318,46,15
(v) Subsidiaries and/or joint ventures (including sponsored institutions)	1615,28,02	1600,28,02
(vi) Others Mutual Funds, Venture Capital Funds, ARCIL Commercial Papers & Certificate of Deposits, etc.	5568,97,99	4067,58,98
Total	**367171,44,56**	**387890,78,97**
II. Investments outside India in		
(i) Government securities (including local authorities)	1792,59,61	1241,86,43
(ii) Subsidiaries and/or Joint ventures abroad	2108,85,50	2077,28,00
(iii) Others	1094,86,52	1773,32,00
Total	**4996,31,63**	**5092,46,43**
Grand Total (I and II)	**372167,76,19**	**392983,25,40**
III. Investments in India		
(i) Gross value of investments	374006,94,95	394722,21,62
(ii) Aggregate of provisions for depreciation	6835,50,39	6831,42,65
(iii) Net investment	**367171,44,56**	**387890,78,97**
IV. Investments outside India		
(i) Gross value of investments	5386,11,76	5452,49,07
(ii) Aggregate of provisions for depreciation	389,80,13	360,02,64
(iii) Net investment	**4996,31,63**	**5092,46,43**
Grand Total (III and IV)	**372167,76,19**	**392983,25,40**

Finance Division

NEW DELHI

JAIPUR 001537C

MUMBAI

KOLKATA

PUNJAB NATIONAL BANK

(Rs. 000s omitted)

Particulars	As on 31.03.2022	As on 31.03.2021
Schedule 9 - Advances		
A. (i) Bills purchased and discounted	1309,04,78	600,95,28
(ii) Cash credits, overdrafts and loans repayable on demand	442585,36,07	410280,57,55
(iii) Term loans	284291,26,68	263348,55,19
Total	**728185,67,53**	**674230,08,02**
B. (i) Secured by tangible assets (includes advances against Book Debts Rs.79487,54,42 thousands; Previous year Rs.64859,41,17 thousands)	545842,44,14	524608,48,02
(ii) Covered by Bank/Government guarantees	28475,67,46	15779,81,52
(iii) Unsecured*	153867,55,93	133841,78,48
Total	**728185,67,53**	**674230,08,02**
C.I. Advances in India		
(i) Priority Sector	234687,04,75	243442,79,97
(ii) Public Sector	171957,31,76	145971,76,23
(iii) Banks	2,36	4,94
(iv) Others	297480,51,28	265862,88,71
Total	**704124,90,15**	**655277,49,85**
C.II. Advances outside India		
(i) Due from banks	9091,98,74	8572,94,98
(ii) Due from others		
(a) Bills purchased and discounted	0	20,12,05
(b) Syndicated loans	4466,84,84	4286,54,84
(c) Others	10501,93,80	6072,96,30
Total	**24060,77,38**	**18952,58,17**
Grand Total (C.I and C.II)	**728185,67,53**	**674230,08,02**

(Rs. 000s omitted)

Particulars		As on 31.03.2022		As on 31.03.2021*
Schedule 10 - Fixed Assets				
A Tangible Assets				
I. Premises				
At cost / valuation as on 31st March of the preceding year	10463,83,43		6796,47,94	
Add: Revaluation during the year	0		133,66,62	
Addition during the period*	37,08,11		3556,07,78	
	10500,91,54		**10486,22,34**	
Deduction during the year	90,21		22,38,91	
	10500,01,33		**10463,83,43**	
Depreciation to date (Including on revalued amount)	1603,32,81		1424,87,88	
		8896,68,52		**9038,95,55**
II. Other Fixed Assets (including Furniture and Fixtures)				
At cost as on 31st March of the preceding year	8743,68,89		4861,24,67	
Addition during the period*	411,07,71		3892,51,41	
	9154,76,60		**8753,76,08**	
Deduction during the period	12,33,68		10,07,19	
	9142,42,92		**8743,68,89**	
Depreciation to date	7654,73,32		7077,77,38	
		1487,69,60		**1665,91,51**
III Leased Assets				
At cost as on 31st March of the preceding year	25,23,86		25,23,86	
	25,23,86		**25,23,86**	
Addition/adjustment during the year	0		0	
Deduction during the year	0		0	
	25,23,86		**25,23,86**	
Amortisation/lease adjustment to date	25,23,86		25,23,86	
		0		**0**
Total (I, II and III)		**10384,38,12**		**10704,87,06**
B Intangible Assets				
Computer Software				
At cost as on 31st March of the preceding year	1102,91,20		621,88,75	
Addition during the period*	106,40,23		481,02,45	
	1209,31,43		**1102,91,20**	
Deduction during the year	0		0	
	1209,31,43		**1102,91,20**	
Amortised to date	920,08,16		786,88,52	
Total		**289,23,27**		**316,02,68**
Grand Total (A and B)		**10673,61,39**		**11020,89,74**

*Addition to gross block and depreciation to date includes balances of transferee Banks as at date of amalgamation and is recasted with no impact in net block.

PUNJAB NATIONAL BANK

Particulars	As on 31.03.2022	As on 31.03.2021
		(Rs. 000s omitted)
Schedule 11 - Other Assets		
I. Inter-office adjustments (net)	0	0
II. Interest accrued	7937,73,45	7944,78,38
III. Tax paid in advance/tax deducted at source	12024,11,36	9791,78,30
IV. Stationery and stamps	4,81,66	10,18,97
V. Non-banking assets acquired in satisfaction of claims	50,20,97	50,21,37
VI. Deferred tax asset (net)	25512,84,80	27054,20,11
VII. Others [includes deposits with NABARD/SIDBI/NHB, etc. Rs.15368,56,98 thousands on account of shortfall in priority sector targets; Previous year Rs.19102,70,88 thousands)	25601,47,61	26197,50,84
Total	**71131,19,85**	**71048,67,97**
Schedule 12 - Contingent Liabilities		
I (i) Claims against the bank not acknowledged as debts	617,09,26	588,57,72
(ii) Disputed income tax and interest tax demands under appeals, references etc.	11427,55,85	9835,82,17
II. Liability for partly paid investments	351,86,55	377,98,55
III. Liability on account of outstanding forward exchange contracts	516739,35,20	301400,36,11
IV. Guarantees given on behalf of constituents		
(a) In India	48174,00,53	51183,78,98
(b) Outside India	2789,09,25	2085,76,27
V. Acceptances, endorsements and other obligations	19631,58,62	13287,96,53
VI. Other items for which the Bank is contingently liable	5449,50,20	4519,51,81
Total	**605180,05,46**	**383279,78,14**

(Rs. 000s omitted)

Particulars		Year ended 31.03.2022		Year ended 31.03.2021
Schedule 13 - Interest Earned				
I. Interest/discount on advances/bills		48498,30,57		53351,19,90
II. Income on investments		23487,17,50		24634,45,89
III. Interest on balances with Reserve Bank of India and other inter-bank funds		2285,53,50		1898,62,07
IV. Others		608,52,12		934,12,41
Total		**74879,53,69**		**80818,40,27**
Schedule 14 - Other Income				
I. Commission, exchange and brokerage		3559,59,18		3840,53,85
II. Profit on sale of Investments	3339,48,40		4503,90,25	
Less: Loss on sale of Investments	170,41,79		153,99,40	
		3169,06,61		4349,90,85
IV. Profit on revaluation of investments	1079,52,25		993,99,18	
Less: Loss on revaluation of investments	1313,50,08		1814,89,38	
		-233,97,83		-820,90,20
V Profit on sale of land, buildings and other assets	15,26,90		5,02,37	
Less: Loss on sale of land, buildings and other assets	92,15		17,77,76	
		14,34,75		-12,75,39
VI. Profit on exchange transactions	907,65,57		1060,04,54	
Less: Loss on exchange transactions	212,32,53		574,51,91	
		695,33,04		485,52,63
VII. Income earned by way of dividends, etc. from subsidiaries/companies and/or joint ventures abroad/in India		46,13,84		139,72,63
VIII Miscellaneous Income (includes recovery in written off accounts Rs.3440,63,84 thousands; Previous Year Rs.2497,64,12 thousands)		5069,46,20		3940,27,12
Total		**12319,95,79**		**11922,31,49**
Schedule 15 - Interest Expended				
Interest on Deposits		43237,49,73		47150,04,30
II. Interest on Reserve Bank of India/Inter-bank borrowings		516,30,71		881,75,13
III. Others		2431,27,22		2240,99,70
Total		**46185,07,66**		**50272,79,13**
Schedule 16 - Operating Expenses				
I. Payments to and provisions for employees		11841,00,68		12175,73,58
II. Rent, taxes and lighting		1286,25,07		1294,88,88
III. Printing and stationery		155,84,06		127,80,25
IV. Advertisement and publicity		83,75,31		55,79,10
V. Depreciation on bank's property		888,60,51		974,91,80
VI. Directors' fees, allowances and expenses		107,32		77,71
VII. Auditors' fees and expenses (including branch auditors)		63,04,81		83,53,98
VIII. Law charges		75,06,72		74,54,66
IX. Postage, Telegrams, Telephones, etc.		330,71,76		289,82,85
X. Repairs and maintenance		558,16,26		483,25,96
XI. Insurance		1521,55,14		1470,87,37
XII. Other expenditure		3447,51,87		3276,78,61
Total		**20252,59,51**		**20308,74,75**

PUNJAB NATIONAL BANK
SCHEDULE 17: (STANDALONE) 31.03.2022
SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION:

The financial statements have been prepared on historical cost basis and conform, in all material aspects, to Generally Accepted Accounting Principles (GAAP) in India unless otherwise stated encompassing applicable statutory provisions, regulatory norms prescribed by Reserve Bank of India (RBI), circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, Banking Regulation Act 1949, Accounting Standards (AS) and pronouncements issued by The Institute of Chartered Accountants of India (ICAI) and prevailing practices in Banking industry in India.

In respect of foreign offices, statutory provisions and practices prevailing in respective foreign countries are complied with except as specified elsewhere.

The financial statements have been prepared on going concern basis with accrual concept and in accordance with the accounting policies and practices consistently followed unless otherwise stated.

2. USE OF ESTIMATES:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

Future results could differ from these estimates.

Difference between the actual results and estimates is recognized in the period in which the results are known / materialized.

Any revision to the accounting estimates is recognized prospectively in the current and future periods unless otherwise stated.

3. REVENUE RECOGNITION:

3.1 Income & expenditure (other than items referred to in paragraph 3.5) are generally accounted for on accrual basis.

3.2 Income from Non- Performing Assets (NPAs), comprising of advances and investments, is recognized upon realization, as per the prudential norms prescribed by the RBI/ respective country regulators in the case of foreign offices (hereafter collectively referred to as Regulatory Authorities).

3.3 Mode of appropriation of recovery in order of priority will be as below:

PUNJAB NATIONAL BANK
SCHEDULE 17: (STANDALONE) 31.03.2022
SIGNIFICANT ACCOUNTING POLICIES

(a) Recoveries in NPA accounts (irrespective of the mode / status / stage of recovery actions) shall be appropriated in the following order of priority except for the cases covered under below mentioned points (b) & (c):

i. Expenditure/Out of Pocket Expenses incurred for Recovery, including under SARFAESI Action (Recorded in Memorandum Dues);

ii. Thereafter towards the unrealised/accrued interest.

iii. Principal irregularities i.e. NPA outstanding in the account.

Any exceptions to the above may be considered by HOCAC-III (for proposals falling under the powers of various committee's upto HOCAC-III) & Management Committee for proposals under its vested powers.

(b) However, in case of Compromise and Resolution/Settlement through NCLT, recovery shall be appropriated as per the terms of respective compromise/ resolution settlement.

(c) In case of suit filed/decreed accounts, recovery shall be appropriated as under:-
• As per the directives of the concerned Court.
• In the absence of specific directives from the Court, as mentioned at point (a) above.

3.4 The sale of NPA is accounted as per guidelines prescribed by RBI and as disclosed under Para 5.3.

3.5 Commission (excluding on Government Business, Insurance Business, Mutual Fund Business, Letter of Credit and Bank Guarantee), exchange, locker rent and Income on Rupee Derivatives designated as "Trading" are accounted for on realization and insurance claims are accounted for on settlement. Interest on overdue inland bills is being accounted for on realization and interest on overdue foreign bill, till its crystallization is accounted for on crystallization and thereafter on realization.

3.6 In case of suit filed accounts, related legal and other expenses incurred are charged to Profit & Loss Account and on recovery the same are accounted for as such.

3.7 Income from interest on refund of income tax is accounted for in the year the order is passed by the concerned authority.

3.8 Lease payments including cost escalation for assets taken on operating lease are recognized in the Profit and Loss Account over the lease term in accordance with the AS 19 (Leases) issued by ICAI.

3.9 Provision for Reward Points on Credit cards is made based on the accumulated outstanding points in each category.

3.10 Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower.

3.11 Dividend (excluding Interim Dividend) is accounted for as and when the right to receive the dividend is established.

4. INVESTMENTS:

4.1 The transactions in Securities are recorded on "Settlement Date".

4.2 Investments are classified into six categories as stipulated in form A of the third schedule to the Banking Regulation Act, 1949.

4.3 Investments have been categorized into "Held to Maturity", "Available for Sale" and "Held for Trading" in terms of RBI guidelines as under:

(a) Securities acquired by the Bank with an intention to hold till maturity are classified under "Held to Maturity".

(b) The securities acquired by the Bank with an intention to trade by taking advantages of short-term price/ interest rate movements are classified under "Held for Trading".

(c) The securities, which do not fall within the above two categories, are classified under "Available for Sale".

4.4 Investments in subsidiaries, joint ventures and associates are classified as HTM.

4.5 Transfer of securities from one category to another is carried out at the lower of acquisition cost/ book value/ market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for.

However, transfer of securities from HTM category to AFS category is carried out on book value. After transfer, these securities are immediately revalued and resultant depreciation, if any, is provided.

An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

4.6 In determining acquisition cost of an investment

(a) Brokerage, commission, Securities Transaction Tax (STT) etc. paid in connection with acquisition of securities are treated as revenue expenses upfront and excluded from cost.

(b) Interest accrued up to the date of acquisition/sale of securities i.e. broken-period interest is excluded from the acquisition cost/sale consideration and the same is accounted in interest accrued but not due account.

(c) Cost is determined on the weighted average cost method for all categories of investments.

4.7 Investments are valued as per RBI/ FIMMDA guidelines, on the following basis:

Held to Maturity

(i) Investments under "Held to Maturity "category are carried at acquisition cost.

Wherever the book value is higher than the face value/redemption value, the premium is amortized over the remaining period to maturity on straight line basis. Such amortization of premium is reflected in Interest Earned under the head "Income on investments" as a deduction.

(ii) Investments in subsidiaries/joint ventures/associates are valued at carrying cost less diminution, other than temporary in nature for each investment individually.

(iii) Investments in sponsored regional rural banks are valued at carrying cost.

(iv) Investment in Venture Capital is valued at carrying cost.

(v) Equity shares held in HTM category are valued at carrying cost.

Available for Sale and Held for Trading:

(a)	**Govt. Securities**	
	I. Central Govt. Securities	At market prices/YTM as published by Fixed Income Money Market and Derivatives Association of India (FIMMDA) / Financial Benchmark India Pvt. Ltd (FBIL).
	II. State Govt. Securities	On appropriate yield to maturity basis as per FIMMDA/RBI guidelines.
(b)	Securities guaranteed by Central / State Government, PSU Bonds (not in the nature of advances)	On appropriate yield to maturity basis as per FIMMDA/RBI guidelines
(c)	Treasury Bills	At carrying cost

(d)	Equity shares	At market price, if quoted, otherwise at breakup value of the Shares as per latest Balance Sheet (not more than one year old), otherwise at Re.1 per company
(e)	Preference shares	At market price, if quoted or on appropriate yield to maturity basis not exceeding redemption value as per RBI/FIMMDA guidelines.
(f)	Bonds and debentures (not in the nature of advances)	At market price, if quoted, or on appropriate yield to maturity basis as per RBI/FIMMDA guidelines.
(g)	Units of mutual funds	As per stock exchange quotation, if quoted; at repurchase price/NAV, if unquoted
(h)	Commercial Paper	At carrying cost
(i)	Certificate of Deposits	At carrying cost
(j)	Security receipts of ARCIL	At net asset value of the asset as declared by ARCIL
(k)	Venture Capital Funds	At net asset value (NAV) declared by the VCF
(l)	Other Investments	At carrying cost less diminution in value

The above valuation in category of Available for Sale and Held for Trading is done scrip wise on quarterly basis and depreciation/appreciation is aggregated for each classification. Net depreciation for each classification, if any, is provided for while net appreciation is ignored. On provision for depreciation, the book value of the individual security remains unchanged after marking to market.

4.8 Investments are subject to appropriate provisioning/ de-recognition of income, in line with the prudential norms of Reserve Bank of India for NPI classification. The depreciation/provision in respect of non-performing securities is not set off against the appreciation in respect of the other performing securities.

If any credit facility availed by an entity is NPA in the books of the Bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa. However, in respect of NPI preference share where the dividend is not paid, the corresponding credit facility is not treated as NPA.

In case of securities i.e. bonds, debentures, etc. where the credit facilities are availed by the borrowers, the provision has been made on the basis of YTM or IRAC norms whichever is higher.

4.9 Profit or loss on sale of investments in any category is taken to Profit and Loss account but, in case of profit on sale of investments in "Held to Maturity" category, an equivalent amount (net of taxes and amount required to be transferred to Statutory Reserve) is appropriated to "Capital Reserve Account".

4.10 Securities repurchased/resold under buy back arrangement are accounted for at original cost.

4.11 The securities sold and purchased under Repo/Reverse Repo are accounted as Collateralized lending and borrowing transactions. However, securities are transferred as in the case of normal outright sale/purchase transactions and such movement of securities is reflected using the Repo/Reverse Repo Accounts and Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/income, as the case may be. Balance in Repo Account is classified under schedule 4 (Borrowings) and balance in Reverse Repo Account is classified under Schedule 7 (Balance with Banks and Money at Call & Short Notice).The same is also applicable to LAF with RBI.

4.12 The derivatives transactions are undertaken for trading or hedging purposes. Trading transactions are marked to market. As per RBI guidelines, different categories of swaps are valued as under:-

Hedge Swaps
Interest rate swaps with hedge interest bearing asset or liability are accounted for on accrual basis except the swaps designated with an asset or liability that are carried at market value or lower of cost in the financial statement.

Gain or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the asset/ liabilities.

Trading Swaps
Trading swap transactions are marked to market with changes recorded in the financial statements.

Exchange Traded Derivatives entered into for trading purposes are valued at prevailing market rates based on rates given by the Exchange and the resultant gains and losses are recognized in the Profit and Loss Account.

4.13 Foreign Currency Options:

Foreign currency options written by the bank with a back-to-back contract with another bank are not marked to market since there is no market risk.

Premium received is held as a liability and transferred to the Profit and Loss Account on maturity/cancellation.

5. LOANS / ADVANCES AND PROVISIONS THEREON:

5.1 Advances are classified as performing and non-performing assets; provisions are made in accordance with prudential norms prescribed by RBI.

(a) Advances are classified: Standard, Sub Standard, Doubtful and Loss assets borrower wise.

(b) Advances are stated net of specific loan loss provisions, provision for diminution in fair value of restructured advances.

5.2 In respect of foreign offices, the classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

Loans and advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the extant RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country.

5.3 Financial Assets sold are recognized as under:

(a) For Sale of financial assets sold to SCs/RCs

(i) If the sale to SCs/RCs is at a price below the Net Book Value (NBV), (i.e. Book Value less provisions held), the shortfall should be debited to the Profit & Loss account of that year. Bank can also use counter cyclical / floating provisions for meeting the shortfall on sale of NPAs i.e. when the sale is at a price below the NBV.

(ii) If the sale is for a value higher than the NBV, Bank can reverse the excess provision on sale of NPAs to its profit and loss account in the year, the amounts are received. However, Bank can reverse excess provision (when the sale is for a value higher than the NBV) arising out of sale of NPAs, only when the cash received (by way of initial consideration and/ or redemption of SRs/ PTCs) is higher than the NBV of the asset. Further, reversal of excess provision will be limited to the extent to which cash received exceeds the NBV of the asset.

(b) For Sale of financial assets sold to Other Banks/NBFCs/FIs etc.

(i) In case the sale is at a price below the Net Book Value (NBV) i.e. Book Value less provision held, the shortfall should be debited to the Profit & Loss A/c of that year.

(ii) In case the sale is for a value higher than the Net Book Value (NBV) i.e.

Book Value less provision held, the excess provision shall not be reversed but will be utilized to meet the shortfall / loss on account of sale of other Non Performing Financial Assets.

(iii) In case there is overall surplus over and above the excess provision in any of the sale transaction that surplus amount will be taken in the Profit & loss a/c.

5.4 Restructured Assets:

For restructured/rescheduled advances, provisions are made in accordance with guidelines issued by RBI from time to time. Necessary provision for diminution in the fair value of a restructured account is made.

The bank considered a restructured account as one where the bank, for economic or legal reasons relating to the borrower's financial difficulty, grants concessions to the borrower. Restructuring would normally involve modification of terms of the advances / securities, which would generally include, among others, alteration of repayment period / repayable amount/ the amount of installments / rate of interest / roll over of credit facilities / sanction of additional credit facility / enhancement of existing credit limits / compromise settlements where time for payment of settlement amount exceeds three months. Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package.

Standard accounts classified as NPA and NPA accounts retained in the same category on restructuring by the bank are upgraded only when all the outstanding loan / facilities in the account demonstrate 'satisfactory performance' (i.e., the payments in respect of borrower entity are not in default at any point of time) during the 'specified period'.

'Specified period' means the period from the date of implementation of Resolution plan (RP) up to the date by which at least 20 percent of the outstanding principal debt as per the RP and interest capitalization sanctioned as part of the restructuring, if any, is repaid. Provided that the specified period cannot end before one year from the commencement of the first payment of interest or principal (whichever is later) on the credit facility with longest period of moratorium under the terms of RP.

For the large accounts (i.e., accounts where the aggregate exposure of lenders is Rs 100 crore and above) to qualify for an upgrade, in addition to demonstration of satisfactory performance, the credit facilities of the borrower shall also be rated as investment grade (BBB- or better) as at the end of the 'specified period' by CRAs accredited by the Reserve Bank for the purpose of bank loan ratings. While accounts with aggregate exposure of Rs 500 crore and above shall require two ratings, those below Rs 500crore shall require one rating. If the ratings are obtained from more than the required number of CRAs, all such ratings shall be investment grade to qualify for an upgrade.

In case satisfactory performance during the specified period is not demonstrated, the accounts, immediately on such default, are reclassified as per the repayment schedule that existed before the restructuring. Any future upgrade for such accounts would be contingent on implementation of a fresh RP and demonstration of satisfactory performance thereafter.

5.5 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 5 of the Balance Sheet under the head “Other Liabilities & Provisions – Others” and are not considered for arriving at the Net NPAs.

5.6 In accordance with RBI guidelines, accelerated provision is made on non-performing advances which were not earlier reported by the Bank as Special Mention Account under “SMA-2” category to Central Repository of Information on Large Credits (CRILC).

5.7 Amounts recovered against debts written-off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognized in the profit and loss account.

5.8 Provision for Country Exposure:

In addition to the specific provisions held according to the asset classification status, provisions are also made for individual country exposures (other than the home country). Countries are categorized into seven risk categories, namely, insignificant, low, moderately low, moderate, moderately high, high & very high and provisioning made as per extant RBI guidelines. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposures. The provision is reflected in Schedule 5 of the Balance Sheet under the “Other liabilities & Provisions – Others”.

5.9 An additional provision of 2% (in addition to country risk provision that is applicable to all overseas exposures) against standard assets representing all exposures to step down subsidiaries of Indian Corporates has been made to cover the additional risk arising from complexity in the structure, location of different intermediary entities in different jurisdictions exposing the Indian Company, and hence the Bank, to a greater political and regulatory risk. (As per RBI Cir.No. RBI/ 2015.16/279 DBR. IBD.BC No. 68/ 23.37.001/ 2015-16 dated 31.12.2015).

6. PROPERTY, PLANT & EQUIPMENT:

6.1 Property, Plant & Equipment are stated at historical cost less accumulated depreciation/amortization, wherever applicable, except those premises, which have been revalued. The appreciation on revaluation is credited to revaluation reserve and incremental depreciation attributable to the revalued amount is deducted there from.

6.2 Software is capitalized and clubbed under Intangible assets.

6.3 Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset till the time of capitalization. Subsequent expenditure/s incurred on the assets are capitalized only when it increases the future benefits from such assets or their functioning capability.

6.4 DEPRECIATION:

A. Depreciation on assets (including land where value is not separable) is provided on straight-line method based on estimated life of the asset, except in respect of computers where it is calculated on the straight-line method, at the rates prescribed by RBI.

B. Depreciation on assets has been provided at the rates furnished below:-

Particulars	Rate of Depreciation
PREMISES	
Freehold Properties	
Land	NIL
Depreciation to be provided on Construction Cost where the land cost is segregated and on total cost where the land cost is not ascertainable and cannot be segregated.	2.5% (40 years Straight Line Method or remaining life whichever is lower)
Land acquired on perpetual lease where no lease period is mentioned	NIL
Land acquired on lease where lease period is mentioned	Over lease period
Building	
Constructed on free hold land and on leased land, where lease period is above 40 years	2.50%
Constructed on leased land where	Over lease period

lease period is below 40 years.	
FIXED ASSETS EXCEPT PREMISES	
Furniture and fixtures- Steel articles	5.00%
Furniture and fixtures-wooden articles	10.00%
Mattresses	20.00%
Mobile Phone Instruments	33.33%
Machinery, electrical and miscellaneous articles	15.00%
Motor cars and cycles	15.00%
Computers, ATMs and related items, laptop, i pad etc:- Servers, Network, Equipment & Automated Teller Machines (Including software forming an integral part of computer hardware)	33.33%
Items of office fixed assets (excepts to staff) amount less than Rs. 25000.00 and / or having useful life of less than 12 months from the date of acquisition should be recognized as expense. Cost of Application Software / Operating System / Data base amounting upto Rs. 25000.00 are charged to revenue.	

C. Depreciation on fresh additions to assets other than bank's own premises is provided from the day in which the assets are capitalized and in the case of assets sold/disposed off during the year, up to the date in which it is sold/ disposed off i.e. daily basis.

D. The depreciation on bank's own premises existing at the close of the year is charged for full year. The construction cost is depreciated only when the building is complete in all respects. Where the cost of land and building cannot be separately ascertained, depreciation is provided on the composite cost, at the rate applicable to buildings.

E. In respect of leasehold premises, the lease premium, if any, is amortized over the period of lease and the lease rent is charged in the respective year(s).

F. The Revalued assets is depreciated over the balance useful life of the asset as assessed at the time of revaluation.

7. IMPAIRMENT OF ASSETS:

The carrying costs of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors.

An impairment loss is recognized wherever the carrying cost of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, if any, depreciation is provided on the revised carrying cost of the asset over its remaining useful life.
A previously recognized impairment loss is increased or reversed depending on changes in circumstances.

However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

8. EMPLOYMENT BENEFITS:

PROVIDENT FUND:

Provident fund is a defined contribution scheme as the Bank pays fixed contribution at pre-determined rates. The obligation of the Bank is limited to such fixed contribution. The contribution is charged to Profit & Loss A/c.

GRATUITY:

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the bank and is managed by a separate trust.

PENSION:

Pension liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the bank and is managed by a separate trust.

The Bank operates a New Pension Scheme (NPS) for all officers/ employees joining the Bank on or after 01.04.2010. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with contribution of 14% of their basic pay plus dearness allowance from the Bank w.e.f. 11.11.2020. Pending completion of the registration procedures of the employees concerned, these contributions are retained. The Bank recognizes such annual contributions as an expense in the year to which they relate. Upon the receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust.

COMPENSATED ABSENCES:

Accumulating compensated absences such as Privilege Leave (PL) and Sick Leave (including unavailed casual leave) are provided for based on actuarial valuation. The scheme for Privilege Leave (PL) is funded by the Bank and is managed by a separate trust.

OTHER EMPLOYEE BENEFITS:

Other Employee Benefits such as Leave Fare Concession (LFC), Silver Jubilee Award, etc. are provided for based on actuarial valuation.

In respect of overseas branches and offices, the benefits in respect of employees other than those on deputation are valued and accounted for as per laws prevailing in the respective countries.

9. TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS & BALANCES:

Transactions involving foreign exchange are accounted for in accordance with AS 11, "The Effect of Changes in Foreign Exchange Rates".

9.1 Except advances of erstwhile London branches which are accounted for at the exchange rate prevailing on the date of parking in India, all other monetary assets and liabilities, guarantees, acceptances, endorsements and other obligations are translated in Indian Rupee equivalent at the exchange rates prevailing as on the Balance Sheet date as per Foreign Exchange Dealers' Association of India (FEDAI) guidelines.

9.2 Non-monetary items other than fixed assets which are carried at historical cost are translated at exchange rate prevailing on the date of transaction.

9.3 Outstanding Forward exchange spot and forward contracts are translated as on the Balance Sheet date at the rates notified by FEDAI and the resultant gain/loss on translation is taken to Profit & Loss Account.

Foreign exchange spot/forward contracts/deals (Merchant and Inter-bank) which are not intended for trading/Merchant Hedge and are outstanding on the Balance Sheet date, are reverse re-valued at the closing FEDAI spot/forward rate in order to remove revaluation effect on exchange profit. The premium or discount arising at the inception of such a forward exchange contract is amortized as interest expense or income over the life of the contract.

9.4 Income and expenditure items are accounted for at the exchange rate prevailing on the date of transaction.

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognized as income or as expense in the period in which they arise.

Gains/Losses on account of changes in exchange rates of open position in currency futures trades are settled with the exchange clearing house on daily basis and such gains/losses are recognized in the Profit and Loss Account.

9.5 Offices outside India / Offshore Banking Units:

(i) Operations of foreign branches and off shore banking unit are classified as "Non-integral foreign operations" and operations of representative offices abroad are classified as "integral foreign operations".

(ii) Foreign currency transactions of integral foreign operations and non-integral foreign operations are accounted for as prescribed by AS-11.

(iii) Exchange Fluctuation resulting into Profit / loss of non-integral operations is credited /debited to Exchange Fluctuation Reserve.

10. TAXES ON INCOME

Income tax expense is the aggregate amount of current tax including Minimum Alternate Tax (MAT), wherever applicable and deferred tax expense incurred by the Bank. The current tax and deferred tax are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively after taking into account taxes paid at the foreign offices, which are based on the tax laws of respective jurisdictions.

MAT credit is recognized as an asset only when and to the extend there is convincing evidence that there will be payment of normal income tax during the period specified under the income Tax Act, 1961,

Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognized by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognized in the profit and loss account.

Deferred tax assets are recognized and re-assessed at each reporting date, based upon management's judgment as to whether their realization is considered as reasonably/virtually certain.

11. Earnings per Share:

The Bank reports basic and diluted earnings per share in accordance with AS 20 -'Earnings per Share' issued by the ICAI. Basic Earnings per Share are computed by dividing the Net Profit after Tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding for the year.

Diluted Earnings per Share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted Earnings per Share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at year.

12. Provisions, Contingent Liabilities and Contingent Assets:

In conformity with AS 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Bank recognises provisions only when it has a present obligation as a result of a past event, and would result in a probable outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

A Contingent Liability is a potential liability, in terms of money, which may arise depending on the outcome of an uncertain specific event. A possible obligation which may or may not arise depending on how a future event unfolds has been recognized as Contingent Liability.

Further, the cases which although have been filed against the bank, but possibility of any obligation arising upon the bank is those case is remote, have not been construed and included in Contingent Liability.

Contingent Assets are not recognised in the financial statements.

13. Bullion Transactions:

The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on price quoted by the supplier. The Bank earns a fee on such bullion transactions. The fee is classified under commission income. The

Bank also accepts deposits and lends gold, which is treated as deposits/advances as the case may be with the interest paid / received classified as interest expense/income.

14. Segment Reporting:

The Bank recognizes the Business segment as the Primary reporting segment and Geographical segment as the Secondary reporting segment, in accordance with the RBI guidelines and in compliance with the Accounting Standard 17 issued by ICAI.

15. The Bank, in accordance with RBI Circular FIDD.CO.Plan.BC.23/ 04.09.01/ 2015-16 dated April 7, 2016, trades in Priority Sector portfolio by selling or buying PSLC. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the Fee received from sale of PSLCs is treated as 'Other Income'.

16. CASH & CASH EQUIVALENTS

Cash and cash equivalents include Cash and Balances with RBI, Balances with Banks and money at call and short notice.

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PUNJAB NATIONAL BANK
SCHEDULE 18: NOTES TO ACCOUNTS (STANDALONE) – 31.03.2022

1. Regulatory Capital

1. a) Composition of Regulatory Capital

(Amount in ₹ Crore)

Sr. No.	Particulars	Current Year	Previous Year
i)	Common Equity Tier 1 capital (CET 1) (net of deductions, if any)	63430.05	64351.35
ii)	Additional Tier 1 capital	7027.87	5362.01
iii)	Tier 1 capital (i + ii)	70457.92	69713.36
iv)	Tier 2 capital	16652.74	17144.55
v)	**Total capital (Tier 1+Tier 2)**	**87110.66**	**86857.91**
vi)	Total Risk Weighted Assets (RWAs)	600821.23	606584.91
vii)	CET 1 Ratio (CET 1 as a percentage of RWAs)	10.56%	10.61%
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	11.73%	11.49%
ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	2.77%	2.83%
x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	14.50%	14.32%
xi)	Leverage Ratio	4.27%	4.37%
xii)	Percentage of the shareholding of Government of India	73.15%	76.87%
xiii)	Amount of paid-up equity capital raised during the Year	1793.05*	4322.65**
xiv)	Amount of non-equity Tier 1 capital raised during the Year,	3971.00	495.00
	of which:		
	a) Basel III compliant Perpetual Non-Cumulative Preference Shares,	NIL	NIL
	b) Basel III compliant, Perpetual Debt Instruments	3971.00	495.00
xv)	Amount of Tier 2 capital raised during the Year,	1919.00	3994.00
	of which		
	a) Basel III compliant Perpetual Non-Cumulative Preference Shares,	NIL	NIL
	b) Basel III compliant, Perpetual Debt Instruments	1919.00	3994.00

* Through QIP

During the year Bank has issued 53,33,33,333 equity shares having Face Value of Rs.2 each for cash to Qualified Eligible Buyers pursuant to Qualified Institutional Placement (QIP), in May 2021. in accordance with the provisions of Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations. 2018, as amended, at a premium of ₹31.75 per share aggregating ₹1,800.00 Crore. This has resulted in an increase of Rs.106.67 Crore in the issued and paid up Equity Share Capital and ₹1,686.38 Crore (Net of share Issue Expenses) in Share Premium Account.

(** ₹534.61Crore: By way of 2673063327 Equity shares of Rs. 2.00 each issued to shareholders of erstwhile Oriental Bank of Commerce and erstwhile United Bank of India in lieu shares held by them in erstwhile banks.

₹3788.04Crore: By way of QIP: During the FY 2020-21 the Bank issued 1,06,70,52,910 equity shares having Face Value of Rs.2 each for cash to Qualified Eligible Buyers pursuant to Qualified Institutional Placement (QIP) in accordance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 at a premium of Rs.33.50 per share aggregating Rs. 3,788.04 Crore. This resulted in an increase of Rs.213.41 Crore in the issued and paid up Equity Share Capital and Rs. 3,563.91 Crore (Net of Issue Expenses) in Share Premium Account).

Note: CET I Capital includes Amalgamation Reserve ₹9268.29Crore.

RBI vide circular no. DBR.No.BP.BC.83/21.06.201/2015-16 dated 1st March, 2016 has given discretion to banks to consider Revaluation Reserve, Foreign Currency Translation Reserve and Deferred Tax Asset for purpose of computation of Capital Adequacy as CET-1 capital ratio. The Bank has exercised the option in the above computation.

1. b) Draw down from Reserves

(Amount in ₹ Crore)

Sr. No.	Reserves	Amount drawn	Purpose
1.	Other Reserves	1028.95 (1013.10)	Dispensation on Fraud reported accounts
2.	Other Reserves	7.21 (185.58)	Reinstatement of Revaluation reserve of revalued premises.
3.	Revaluation reserves	151.89 (127.57)	Revaluation surplus of Assets disposed off and Depreciation on revalued portion transferred to Other Reserve
4.	Share Premium	0.00 (28707.92)	Appropriation of accumulated loss from share premium.

2. Asset liability management

2. a) Maturity Pattern of certain items of assets and liabilities

(Amount in ₹ crore)

	Deposits	Advances	Investments (Gross)	Borrowings	Foreign Currency assets	Foreign Currency liabilities
Day 1	14555.40	2209.26	0.00	5622.46	8886.62	1508.48
	(20520.49)	(16128.39)	(1910.00)	(1036.63)	(9793.24)	(2176.36)
2 to 7 days	25946.99	17764.11	943.37	0.31	2733.67	2024.12
	(35708.26)	(12068.99)	(0.00)	(2047.99)	(3325.82)	(2105.48)
8 to 14 days	11054.33	7989.58	289.68	192.94	2712.47	1302.17
	(23269.92)	(3591.04)	(67.85)	(442.51)	(1691.08)	(578.86)
15 to 30 Days	15387.37	25184.83	793.53	29.41	4013.43	790.03
	(46738.14)	(13527.03)	(111.08)	(1754.65)	(4357.79)	(2020.57)
31 days to 2	35843.86	33294.94	937.28	1505.98	12715.05	11840.79

	Deposits	Advances	Investments (Gross)	Borrowings	Foreign Currency assets	Foreign Currency liabilities
months	(94230.66)	(17271.10)	(1889.28)	(2175.02)	(8910.76)	(10083.31)
Over 2 months and to 3 months	32754.19	48216.30	962.71	195.95	1752.82	4709.84
	(54349.73)	(35792.87)	(3338.13)	(1707.95)	(5030.01)	(6035.05)
Over 3 months and up to 6 Months	59117.68	23407.53	7864.17	763.75	14013.11	3128.37
	(39107.03)	(31552.78)	(31289.04)	(798.86)	(11501.24)	(3484.00)
Over 6 months and up to 1 year	73490.83	53213.06	12422.43	2379.20	3550.94	1542.00
	(21725.45)	(40628.93)	(13932.06)	(4093.95)	(9851.78)	(14425.41)
Over 1 year and up to 3 years	145582.01	122876.22	29161.45	13422.28	15991.13	12284.83
	(149933.49)	(156657.00)	(32733.51)	(6761.45)	(13511.39)	(5397.55)
Over 3 years and up to 5 years	384455.83	276319.46	51322.61	5325.06	15908.45	6717.89
	(295530.93)	(223015.17)	(34349.96)	(8303.00)	(7989.34)	(2626.00)
Over 5 years	348029.96	117710.39	274695.83	16243.07	2165.00	2757.34
	(325218.37)	(124001.78)	(280553.69)	(13718.30)	(2011.47)	(2381.15)
Total	**1146218.45**	**728185.68**	**379393.06**	**45681.41**	**84442.69**	**48605.86**
	(1106332.47)	**(674230.08)**	**(400174.70)**	**(42840.31)**	**(77973.92)**	**(51313.74)**

2 b) Liquidity coverage ratio (LCR)

QUALITATIVE DISCLOSURE ON LIQUIDITY COVERAGE RATIO

The Bank has implemented RBI guidelines on Liquidity Coverage Ratio (LCR) from 1st January 2015.

The LCR standard aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be readily converted into cash at little/no loss of value to meet its liquidity needs for a 30 calendar day time horizon under a liquidity stress scenario.

LCR has two components:

i. The value of the stock of High Quality Liquid Assets (HQLA)–*The Numerator.*
ii. Total Net Cash Outflows: Total expected cash outflows minus Total expected cash inflows, in stress scenario, for the subsequent 30 calendar days - *The denominator.*

Definition of LCR:

$$\frac{\text{Stock of high quality liquid assets (HQLAs)}}{\text{Total net cash outflows over the next 30 calendar days}} \geq 100\% \text{ (w.e.f 01.04.2021)}$$

The LCR requirement has become binding on the banks with the following minimum required level as per the time-line given below:

	Jan 1, 2015	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018	Jan 1, 2019
Minimum LCR	60%	70%	80%	90%	100%

For Q4 FY'2021-22, the daily average LCR was 183.92% (based on simple average of daily observations) at consolidated level, as against the regulatory requirement of 100%.

The main drivers of LCR of the bank are High Quality Liquid Assets (HQLAs) to meet liquidity needs of the bank at all times and basic funding from retail and small business customers. The retail and small business customers contribute about 70.91% of total deposit portfolio of the bank which attracts low run-off factor of 5/10% as on 31.03.2022.

Composition of High Quality Liquid Assets (HQLA)

HQLAs comprises of Level 1 and Level 2 assets. Level 2 assets are further divided into Level 2A and Level 2B assets, keeping in view their marketability and price volatility.

Level-1assets are those assets which are highly liquid. For quarter ended March 31, 2022, the Level-1 asset of the bank includes Cash in Hand, Excess CRR, Government Securities in excess of minimum SLR, Marketable securities issued or guaranteed by foreign sovereign, MSF and FALLCR totalling to Rs. 292135.40 cr (based on simple average of daily observations).

Level-2A & 2B assets are those assets which are less liquid and their weighted amount comes to Rs. 8182.86 cr (based on simple average of daily observations). Break-up of daily observation Average HQLA during quarter ended March 31, 2022 is given hereunder:

High Quality Liquid Assets (HQLAs)	Average %age contribution to HQLA
Level 1 Assets	
Cash in hand	1.07%
Excess CRR balance	0.58%
Government Securities in excess of minimum SLR requirement	34.27%
Government securities within the mandatory SLR requirement, to the extent allowed by RBI under MSF (presently to the extent of 3 per cent of NDTL)	10.12%
Marketable securities issued or guaranteed by foreign sovereigns having 0% risk-weight under Basel II Standardized Approach	0.62%
Facility to avail Liquidity for Liquidity Coverage Ratio – FALLCR (presently to the extent of 15 per cent of NDTL)	50.61%
Total Level 1 Assets	**97.27%**
Total Level 2A Assets	**2.59%**
Total Level 2B Assets	**0.14%**
Total Stock of HQLAs	**100.00%**

Concentration of Funding Sources

This metric includes those sources of funding, whose withdrawal could trigger liquidity risks. It aims to address the funding concentration of bank by monitoring its funding requirement from each significant counterparty and each significant product/ instrument. As per RBI guidelines, a "significant counterparty/Instrument/product" is defined as a single counterparty/Instrument/product or group of connected or affiliated counter-parties accounting in aggregate for more than 1% of the bank's total liabilities.

The bank has no significant counterparty (deposits/borrowings) as at 31.03.2022. Top 20 depositors of the bank constitute 3.67% of bank's total Deposit as at March 31, 2022. The significant product/ instrument include Saving Fund, Current deposit and Core Term Deposit the funding from which are widely spread and cannot create concentration risk for the bank.

Derivative exposure

The bank has low exposure in derivatives having negligible impact on its liquidity position.

Currency Mismatch

As per RBI guidelines, a currency is considered as "significant" if the aggregate liabilities denominated in that currency amount to 5 per cent or more of the bank's total liabilities. In our case, only USD (17.80 % of bank's total liabilities) falls in this criteria whose impact on total outflows in LCR horizon can be managed easily as the impact is not large considering the size of balance sheet of the bank.

Degree of centralization of liquidity management and interaction between group's units

The group entities are managing liquidity on their own. However, the bank has put in place a group-wide contingency funding plan to take care of liquidity requirement of the group as a whole in the stress period.

QUANTITATIVE DISCLOSURE ON LIQUIDITY COVERAGE RATIO

(Amount in ₹ crore)

		Quarter ended Mar'22		Quarter ended Dec'21		Quarter ended Sep'21		Quarter ended Jun'21		Quarter ended Mar'21	
		Total Unweighted Value (average)*	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)*	Total Weighted Value (average)
	Based on the simple average of daily observations	62 Data Points		62 Data Points		64 data Points		60 Data Points		63 Data Points	
	High Quality Liquid Assets										
1	Total High Quality Liquid Assets (HQLA)		300318.26		325716.89		347401.01		339543.84		332851.63
	Cash Outflows										
2	Retail deposits and deposits from small business customers of which :	786357.93	73859.96	769280.58	71792.95	792909.15	73486.01	795802.72	73756.54	789288.43	73786.10
(i)	Stable deposits	95516.71	4775.84	102702.16	5135.11	116098.21	5804.91	116474.60	5823.73	102854.97	5142.75
(ii)	Less stable deposits	690841.22	69084.12	666578.42	66657.84	676810.94	67681.09	679328.11	67932.81	686433.46	68643.35
3	Unsecured wholesale funding, of which:	208070.77	104212.60	211150.40	106572.62	219745.18	111092.81	227125.55	117208.88	229423.85	121768.79
(i)	Operational deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii)	Non-operational deposits (all counterparties)	208070.77	104212.60	211150.40	106572.62	219745.18	111092.81	227125.55	117208.88	229423.85	121768.79
(iii)	Unsecured debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Secured wholesale funding										
5	Additional requirements, of which	96617.79	7759.79	91570.08	8052.92	96970.25	8638.60	106243.20	9891.96	100893.38	9437.56
(i)	Outflows related to derivative exposures	365.17	365.17	600.40	600.40	165.19	165.19	241.87	241.87	48.35	48.35

Sch 18 / 6

QUANTITATIVE DISCLOSURE ON LIQUIDITY COVERAGE RATIO

(Amount in ₹ crore)

		Quarter ended Mar'22		Quarter ended Dec'21		Quarter ended Sep'21		Quarter ended Jun'21		Quarter ended Mar'21	
		Total Unweighted Value (average)*	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)*	Total Weighted Value (average)
	and other collateral requirements										
(ii)	Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii)	Credit and liquidity facilities	96252.62	7394.63	90969.68	7452.52	96805.06	8473.41	106001.32	9650.09	100845.03	9389.21
6	Other contractual funding obligations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	Other contingent funding obligations	87198.33	3063.73	81199.35	2821.20	83009.11	2866.51	80212.77	2694.82	81130.81	2711.36
8	Total Cash Outflows		188896.08		189239.70		196083.93		203552.20		207703.81
	Cash Inflows										
9	Secured lending (e.g. reverse repos)	35530.75	0.00	52102.49	0.00	53851.06	0.00	31665.12	0.00	44085.97	0.00
10	Inflows from fully performing exposures	26408.40	22641.90	23470.55	19537.58	23096.90	19768.87	26013.66	21946.58	35519.81	30858.93
11	Other cash inflows	2969.37	2969.37	2107.73	2107.73	1338.49	1338.49	1442.84	1442.84	2548.99	2548.99
12	Total Cash Inflows	64908.52	25611.27	77680.77	21645.31	78286.45	21107.36	59121.63	23389.42	82154.77	33407.92
13	TOTAL HQLA		300318.26		325716.89		347401.01		339543.84		332851.63
14	Total Net Cash Outflows		163284.80		167594.39		174976.58		180162.78		174295.89
15	Liquidity Coverage Ratio (%)		183.92		194.35		198.54		188.47		190.97

* As compiled and certified by the Management and relied upon by the Auditors.

2. c) Net Stable Funding ratio (NSFR)

QUALITATIVE DISCLOSURE ON NET STABLE FUNDING RATIO

The Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR) are significant components of the Basel III reforms. The LCR guidelines which promote short term resilience of a bank's liquidity profile have been issued vide circular DBOD.BP.BC.No.120/21.04.098/2013-14 dated June 9, 2014. The NSFR guidelines on the other hand ensure reduction in funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress.

In the Indian context, the guidelines for NSFR were effective from October 1, 2021. The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. "Available stable funding" (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of stable funding required ("Required stable funding") (RSF) of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet (OBS) exposures. The run-off factors for the stressed scenarios are prescribed by the RBI, for various categories of liabilities (viz., deposits, unsecured and secured wholesale borrowings), undrawn commitments, derivative-related exposures, and offset with inflows emanating from assets maturing within the same time period. The minimum NSFR requirement set out in the RBI guideline for the standalone Bank and for Group effective October 1, 2021 is 100%. PNB on a consolidated basis at 31st Mar, 2022 maintained Available Stable Funding (ASF) of ₹ 1117942 Crore against the RSF requirement of ₹ 708590 crore. The NSFR for the quarter ended Mar 31, 2022 was at 157.77%.

The Available Stable Funding (ASF) is primarily driven by the total regulatory capital as per Basel III Capital Adequacy guidelines stipulated by RBI and deposits from retail customers, small business customers and non-financial corporate customers. Under the Required Stable Funding (RSF), the primary drivers are unencumbered performing loans with residual maturities of one year or more.

PUNJAB NATIONAL BANK

SCHEDULE 18: NOTES TO ACCOUNTS (STANDALONE) – 31.03.2022

QUANTITATIVE DISCLOSURE ON NET STABLE FUNDING RATIO

Consolidated

NSFR Disclosure as on		31.12.2021					31.03.2022				
(₹ in Crore)		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item											
1	Capital: (2+3)	92420	2250	3730	19094	117494	105583	0	0	13768	119299
2	Regulatory capital	91341	2250	3730	19094	116415	105583	0	0	12571	118179
3	Other capital instruments	1079	0	0	0	1079	0	0	0	1197	1120
4	Retail deposits and deposits from small business customers: (5+6)	423639	26903	237138	205844	829507	431772	29615	235519	209263	632569
5	Stable deposits	60049	5061	29915	91224	181496	61103	3467	14295	15382	92109
6	Less stable deposits	363590	21842	207223	114620	648011	370669	26148	221224	193881	540460
7	Wholesale funding: (8+9)	83180	38846	72701	56256	153620	101887	55628	67939	67299	365997
8	Operational deposits	0	0	0	0	0	0	0	0	0	0
9	Other wholesale funding	83180	38846	72701	56256	153620	101887	55628	67939	67299	365997
10	Other liabilities: (11+12)	0	15415	133	52165	0	0	20301	4426	52165	77
11	NSFR derivative liabilities		3	0	0			3	0	0	
12	All other liabilities and equity not included in the above categories	0	15412	133	52165	0	0	20298	4426	52165	77
13	**Total ASF (1+4+7+10)**					**1100621**					**1117942**
RSF Item											
14	Total NSFR high-quality liquid assets (HQLA)					16338					13165
15	Deposits held at other financial institutions for operational purposes	9170	439	0	0	4804	11143	29	0	0	9784
16	Performing loans and securities: (17+18+19+21+23)	0	162012	33460	640711	598771	9370	177765	64363	634778	672589
17	Performing loans to	0	70	0	0	7	0	418	0	0	41

NSFR Disclosure as on (₹ in Crore)		Consolidated 31.12.2021 Unweighted value by residual maturity No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value	31.03.2022 Unweighted value by residual maturity No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
	financial institutions secured by Level 1 HQLA										
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	0	14161	4924	59193	63778	0	14161	4627	59192	61119
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	0	147671	28271	410472	403903	0	159484	55448	410472	456564
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0	107901	19458	164848	170828	0	108015	19247	164990	2155
21	Performing residential mortgages, of which:	0	40	38	73050	47534	0	0	0	74540	71254
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0	40	38	73050	47534	0	0	0	74540	27875
23	Securities that are not in default and do not qualify as HQLA, including exchange- traded	0	70	227	97996	83549	9370	3702	4288	90574	83611

		Consolidated									
NSFR Disclosure as on		31.12.2021					31.03.2022				
(₹ in Crore)		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	equities										
24	Other assets: (sum of rows 25 to 29)	5486	144	8	70701	75628	632	147	8	70701	9978
25	Physical traded commodities, including gold	0	0	0	0	0	0	0	0	0	0
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	4742	0	0	0	4030	449	0	0	0	382
27	NSFR derivative assets	29	6	0	0	34	51	6	0	0	57
28	NSFR derivative liabilities before deduction of variation margin posted	29	0	0	0	29	39	2	0	0	41
29	All other assets not included in the above categories	686	139	8	70701	71534	93	139	8	70701	9498
30	Off-balance sheet items	0	23435	12	65394	3152	0	22213	12	65472	3074
31	**Total RSF**					**698694**					**708590**
32	**Net Stable Funding Ratio (%)**					**157.53**					**157.77**

3. Investments

3. a) Composition of Investment Portfolio

As at 31.03.2022 (Current FY)

(Amount in ₹ Crore)

	Investments in India							Investments outside India				
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	Total Investments
Held to Maturity												
Gross	293175.36	0.15	5.13	5506.03	1564.16	154.88	**300405.71**	0.00	2450.45	0.20	**2450.65**	**302856.36**
Less: Provision for non-performing investments (NPI)	0.00	0.00	1.11	0.00	0.00	0.00	**1.11**	0.00	341.59	0.00	**341.59**	**342.70**
Net	293175.36	0.15	4.02	5506.03	1564.16	154.88	**300404.60**	0.00	2108.86	0.20	**2109.06**	**302513.66**
Available for Sale												
Gross	30311.94	0.00	6822.06	30365.97	51.12	6079.01	**73630.10**	1820.01	0.00	1115.46	**2935.47**	**76565.57**
Less: Provision for depreciation and NPI	303.03	0.00	3561.27	2305.18	0.00	664.91	**6834.39**	27.41	0.00	20.80	**48.21**	**6882.60**
Net	30008.91	0.00	3260.79	28060.79	51.12	5414.10	**66795.71**	1792.60	0.00	1094.66	**2887.26**	**69682.97**
Held for Trading												
Gross	-28.87	0.00	0.00	0.00	0.00	0.00	**-28.87**	0.00	0.00	0.00	0.00	**-28.87**
Less: Provision for depreciation and NPI	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	0.00	**0.00**
Net	-28.87	0.00	0.00	0.00	0.00	0.00	**-28.87**	0.00	0.00	0.00	0.00	**-28.87**
Total Investments	**323458.43**	**0.15**	**6827.19**	**35872.00**	**1615.28**	**6233.89**	**374006.94**	**1820.01**	**2450.45**	**1115.66**	**5386.12**	**379393.06**

	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
Less: Provision for non-Performing investments (NPI)#	0.00	0.00	1.11	0.00	0.00	0.00	1.11	0.00	341.59	0.00	341.59	342.70
Less: Provision for depreciation and NPI	303.03	0.00	3561.27	2305.18	0.00	664.91	6834.39	27.41	0.00	20.80	48.21	6882.60
Net	**323155.40**	**0.15**	**3264.81**	**33566.82**	**1615.28**	**5568.98**	**367171.44**	**1792.60**	**2108.86**	**1094.86**	**4996.32**	**372167.76**

#HTM only

As at 31.03.2021 (Previous FY)

(Amount in ₹ Crore)

	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
Held to Maturity												
Gross	271387.65	0.15	5.13	7076.16	1549.16	427.50	**280445.75**	0.00	2418.87	0.26	**2419.13**	**282864.88**
Less: Provision for non-performing investments (NPI)	0.00	0.00	1.13	0.00	0.00	0.00	**1.13**	0.00	341.59	0.00	**341.59**	**342.72**
Net	271387.65	0.15	4.00	7076.16	1549.16	427.50	**280444.62**	0.00	2077.28	0.26	**2077.54**	**282522.16**

	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
Available for Sale												
Gross	72694.83	0.00	8713.15	28637.62	51.12	4179.74	**114276.46**	1260.30	0.00	1773.06	**3033.36**	**117309.82**
Less: Provision for depreciation and NPI	310.51	0.00	4584.82	1395.31	0.00	539.65	**6830.29**	18.44	0.00	0.00	**18.44**	**6848.73**
Net	72384.32	0.00	4128.33	27242.31	51.12	3640.09	**107446.17**	1241.86	0.00	1773.06	**3014.92**	**110461.09**
Held for Trading												
Gross	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	**0.00**	**0.00**
Less: Provision for depreciation and NPI	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	**0.00**	**0.00**
Net	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	**0.00**	**0.00**
Total Investments	**344082.48**	**0.15**	**8718.28**	**35713.78**	**1600.28**	**4607.24**	**394722.21**	**1260.30**	**2418.87**	**1773.32**	**5452.49**	**400174.70**
Less: Provision for non-Performing investments (NPI)/dep#	**0.00**	**0.00**	**1.13**	**0.00**	**0.00**	**0.00**	**1.13**	**0.00**	**341.59**	**0.00**	**341.59**	**342.72**
Less: Provision for depreciation and NPI	**310.51**	**0.00**	**4584.82**	**1395.31**	**0.00**	**539.65**	**6830.29**	**18.44**	**0.00**	**0.00**	**18.44**	**6848.73**
Net	**343771.97**	**0.15**	**4132.33**	**34318.47**	**1600.28**	**4067.59**	**387890.79**	**1241.86**	**2077.28**	**1773.32**	**5092.46**	**392983.25**

#HTM only

3. b) Movement of Provisions for Depreciation and Investment Fluctuation Reserve

(Amount in ₹ crore)

	Particulars	Current Year	Previous Year
i) Movement of provisions held towards depreciation on investments			
a)	Opening balance	7191.44	3288.55
b)	Addition on account of amalgamation of eOBC and eUNI	0.00	2989.22
c)	Add: Provision made during the year	1643.55	1038.05
d)	Less: Write off / write back of excess provisions during the Year	1609.69	124.38
e)	Closing balance	**7225.30**	**7191.44**
ii) Movement of Investment Fluctuation Reserve			
a)	Opening balance	538.81	48.52
b)	Addition on account of amalgamation of eOBC and eUNI	0.00	10.20
c)	Add: Amount transferred during the year	854.85	480.09
d)	Less: Drawdown	0.00	0.00
e)	Closing balance	1393.66	538.81
iii) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category (Net)		2.00%	0.49%

3. c) Sale and transfers to/from HTM category

The total value of sales and transfers of securities to / from HTM category after netting permitted exclusions in terms of RBI Master Circular No. DOR.MRG.42/21.04.141/ 2021-22 dated 25.08.2021 during 1st April 2021 to 31st March 2022 has not exceeded 5% of the book value of investments held in HTM category as on 31.03.2021.
As such no disclosure is to be made in terms of extant RBI guidelines.

(Previous year: The total value of sales and transfers of securities to / from HTM category during 1st April 2020 to 31st March 2021 has not exceeded 5% of the book value of investments held in HTM category as on 31.03.2020 (Excluding following Transactions). [The 5 percent threshold referred to above will exclude (a) the one- time transfer of securities to/ from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning quarter of the accounting year (b) sales to the Reserve Bank of India under pre-announced OMO auctions, (c) Repurchase of Government Securities by Government of India from banks, (d) Sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM in addition to the shifting permitted at the beginning quarter of the accounting year]. As such no disclosure is to be made in terms of extant RBI guidelines).

3. d) Non-SLR investment portfolio

3. d).i) Non-performing non-SLR investments

(Amount in ₹ crore)

Sr. No.	Particulars	Current Year	Previous Year
a)	Opening balance	5470.93	2914.85
b)	Addition on account of amalgamation of eOBC and eUNI	0.00	2717.64
c)	Additions during the year	3656.41	831.86
d)	Reductions during the above period	2100.07	993.42
e)	Closing balance	7027.27	5470.93
f)	Total provisions held	6447.31	4667.50

3. d) ii) Issuer composition of non-SLR investments

(Amount in ₹ crore)

Sr. No.	Issuer	Amount		Extent of Private Placement		Extent of 'Below Investment Grade' Securities		Extent of 'Unrated' Securities		Extent of 'Unlisted' Securities	
(1)	(2)	(3)		(4)		(5)		(6)		(7)	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
a)	PSUs	13385.85	12046.54	8685.95	7022.72	265.56	0.00	0.00	0.00	2577.10	2466.33
b)	FIs	7622.74	11847.21	5691.89	8111.88	44.00	0.00	0.00	0.00	0.00	0.00
c)	Banks	6131.67	6339.24	3130.80	2698.79	1662.00	1575.02	0.00	0.00	0.00	0.00
d)	Private Corporates	10063.10	9736.84	8719.08	7802.18	5505.16	543.63	0.00	0.00	0.00	0.00
e)	Subsidiaries/ Joint Ventures	3351.54	3205.02	3351.54	3205.02	664.01	341.59	0.00	0.00	0.00	0.00
f)	Others*	71767.61	69444.25	10097.86	9567.15	72.22	662.70	0.00	0.00	0.00	0.00
g)	Less: Provision held towards depreciation	6922.28	6880.53	3126.31	3633.25	4497.05	710.00	0.00	0.00	0.00	0.00
	Total **	**105400.23**	**105738.57**	**36550.81**	**34774.49**	**3715.90**	**2412.94**	**0.00**	**0.00**	**2577.10**	**2466.33**

*Others include special Govt. Securities of ₹ 56388.01Crore (previous year ₹57769.30Crore) [Net of depreciation, if any]

**Amounts reported under columns 4, 5, 6 and 7 above may not be mutually exclusive.

Sch. 18 / 16

3. e) Repo transactions (in face value terms)

(Amount in ₹ crore)

		Minimum outstanding during the Year	Maximum outstanding during the Year	Daily average outstanding during the Year	Outstanding as on 31.03.2022
i)	Securities sold under repo				
a)	Government securities	35.00 (40.00)	21151.92 (6701.91)	946.17 (400.15)	5110.84 (1540.53)
b)	Corporate debt securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
c)	Any other securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
ii)	Securities purchased under reverse repo				
a)	Government securities	10.00 (5.13)	27739.18 (781.66)	500.51 (24.80)	30.00 (0.00)
b)	Corporate debt securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
c)	Any other securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)

4. Asset Quality

4. a) Classification of advances and provisions held

(Amount in ₹ crore)

	Standard	Non-Performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
	Gross Standard Advances and NPAs					
Opening Balance	634984.01 (443450.07)	22979.98 (12532.04)	60327.67 (50291.11)	21115.77 (10655.61)	104423.42 (73478.76)	739407.43 (516928.83)
Addition on account of amalgamation of eOBC and eUNI	[redacted]	[redacted]	[redacted]	[redacted]	0.00 (31686.38)	[redacted]
Add: Additions during the Year including effect of harmonization, if any	[redacted]	[redacted]	[redacted]	[redacted]	24743.67 (28939.83)	[redacted]
Less: Reductions during the Year *	[redacted]	[redacted]	[redacted]	[redacted]	36719.05 (29681.55)	[redacted]
Closing balance	692656.32 (634984.01)	16401.47 (22979.98)	59009.18 (60327.67)	17037.39 (21115.77)	**92448.04** **(104423.42)**	**785104.36** **(739407.43)**
*Reductions in Gross NPAs due to:	[redacted]	[redacted]	[redacted]	[redacted]		
i) Upgradation	[redacted]	[redacted]	[redacted]	[redacted]	5253.26	5253.26

PUNJAB NATIONAL BANK
SCHEDULE 18: NOTES TO ACCOUNTS (STANDALONE) – 31.03.2022

	Standard	Non-Performing				
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	Total
Gross Standard Advances and NPAs						
	[redacted]	[redacted]	[redacted]	[redacted]	(2363.04)	(2363.04)
i)Recoveries (excluding recoveries from upgraded accounts)	[redacted]	[redacted]	[redacted]	[redacted]	9466.65 (11441.53)	9466.65 (11441.53)
iii)Technical/ Prudential Write-offs	[redacted]	[redacted]	[redacted]	[redacted]	18139.36 (12202.43)	18139.36 (12202.43)
iv) Write-offs other than those under (iii) above	[redacted]	[redacted]	[redacted]	[redacted]	3859.78 (3674.55)	3859.78 (3674.55)

	[redacted]	Non-Performing				
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	Total
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	4755.91 (2782.43)	4089.89 (2299.41)	40003.31 (32315.53)	21034.65 (10868.29)	65127.85 (45483.23)	69883.76 (48265.66)
Addition on account of amalgamation of eOBC and eUNI	[redacted]	[redacted]	[redacted]	[redacted]	0.00 (20367.09)	[redacted]
Add Harmonisation	[redacted]	[redacted]	[redacted]	[redacted]	0.00 (451.17)	[redacted]
Add Fresh provisions made during the Year	[redacted]	[redacted]	[redacted]	[redacted]	19938.02 (23643.62)	[redacted]
Less: Excess provision reversed/ Write-off loans	[redacted]	[redacted]	[redacted]	[redacted]	28209.24 (24817.26)	[redacted]
Closing balance of provisions held	**5986.96 (4755.91)**	**2649.76 (4089.89)**	**37253.77 (40003.31)**	**16953.10 (21034.65)**	**56856.63 (65127.85)**	**62843.59 (69883.76)**

	Standard	Non-Performing				
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	Total
Net NPAs						
Opening Balance	[redacted]	18890.10 (10232.64)	19604.48 (16986.26)	81.12 (0.00)	38575.70 (27218.90)	[redacted]
Addition on account of amalgamation of eOBC and eUNI	[redacted]	[redacted]	[redacted]	[redacted]	0.00 (11100.63)	[redacted]
Add: Fresh additions during the year	[redacted]	[redacted]	[redacted]	[redacted]	17580.49 (21677.98)	[redacted]
Less: Reductions during the year	[redacted]	[redacted]	[redacted]	[redacted]	21247.46 (21421.81)	[redacted]
Closing Balance	[redacted]	**13751.71 (18890.10)**	**21072.72 (19604.48)**	**84.30 (81.12)**	**34908.73 (38575.70)**	**34908.73 (38575.70)**

	Standard	Non-Performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Floating Provisions						
Opening Balance	[redacted]					0.00 (360.25)
Addition on account of amalgamation of eOBC and eUNI						0.00 (24.12)
Add: Additional provisions made during the Year						0.00 (0.00)
Less: Amount drawn down during the Year						0.00 (384.37)
Closing balance of floating provisions						**0.00 (0.00)**

	Standard	Non-Performing				Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts	[redacted]					89799.69 (49095.75)
Addition on account of amalgamation of eOBC and eUNI						0.00 (28501.52)
Add: Technical/ Prudential write-offs during the Year						18356.29 (18040.70)
Less: Recoveries made from previously technical/ prudential written-off accounts during the Year						10855.23 (5838.28)
Closing balance						**97300.75 (89799.69)**

Ratios (in per cent)	Current Year	Previous Year
Gross NPA to Gross Advances	11.78%	14.12%
Net NPA to Net Advances	4.80%	5.73%
Provision coverage ratio	81.60%	80.14%

Sl.h 18 / 19

4. b) Sector-wise Advances and Gross NPAs

(Amount in ₹ Crore)

Sl. No.	Sector	Current Year: Outstanding Total Advances	Current Year: Gross NPAs	Current Year: Percentage of Gross NPAs to Total Advances in that sector	Previous Year: Outstanding Total Advances	Previous Year: Gross NPAs	Previous Year: Percentage of Gross NPAs to Total Advances in that sector
i)	**Priority Sector**						
a)	Agriculture and allied activities	105870.98	24354.60	23.00%	103023.38	21481.70	20.85%
b)	Advances to industries sector eligible as priority sector lending	45970.12	8005.11	17.41%	45382.05	9544.18	21.03%
c)	Services	78632.45	18156.22	23.09%	80409.18	17081.34	21.24%
d)	Personal Loans	35188.84	2473.09	7.03%	41086.77	2522.42	6.14%
	Sub-total (i)	**265662.39**	**52989.02**	**19.95%**	**269901.38**	**50629.64**	**18.76%**
ii)	**Non Priority Sector**						
a)	Agriculture and allied activities	18937.52	858.55	4.53%	9799.74	407.97	4.16%
b)	Industry	135356.14	22198.10	16.40%	148470.25	28648.15	19.30%
c)	Services	143186.03	5567.89	3.89%	139820.54	9771.09	6.99%
d)	Personal Loans	221962.28	10834.48	4.88%	171415.52	14966.57	8.73%
	Sub-total (ii)	**519441.97**	**39459.02**	**7.60%**	**469506.05**	**53793.78**	**11.46%**
	Total (i+ii)	**785104.36**	**92448.04**	**11.78%**	**739407.43**	**104423.42**	**14.12%**

4. c) Overseas assets, NPAs and revenue

(Amount in ₹ crore)

Particulars	Current Year	Previous Year
Total Assets	43561.22	45802.81
Total NPAs	1845.08	2340.67
Total Revenue	754.81	1365.21

4. d) Particulars of resolution plan and restructuring

4. d) i) Disclosure related to Resolution Plan implemented during the year in terms of RBI Circular No. DBR.No.BP.BC.45/21.04.048/2018-19 dated 07.06.2019

(Amount in ₹Crore)

Particulars	Current Year: No. of Accts	Current Year: Amount	Previous Year: No. of Accts	Previous Year: Amount
Total amount of Loan assets subjected to restructuring etc.	6	346.68	4	1869.24
The amount of standard assets subjected to restructuring etc.	NIL	NIL	1	300.38

Particulars	Current Year		Previous Year	
	No. of Accts	Amount	No. of Accts	Amount
The amount of Sub-standard assets subjected to restructuring etc.	6	346.68	3	1568.86
Acquisition of shares due to conversion of equity on re-structuring during the year	1	1.54	1	25.90

4.d) ii) In terms of RBI Circular DBR No. BP. BC 45/21.04.048/2018-19 dated June 7, 2019 on Prudential Framework for Resolution of Stressed Assets, the Bank is holding additional provision of Rs.2007.22 Crore as on March 31, 2022 in 20 accounts as detailed below:

(Amount in ₹Crore)

Amount of loans impacted by RBI Circular	Amount of Loans to be classified as NPA	Amount of loans as on 31.03.2022 out of (b) classified as NPA	Provision held as on 31.03.2022
(a)	(b)	(c)	(d)
5875.07	4617.59	4617.59	2007.22

31.03.2021 (Previous Year)

Bank was holding additional provision of ₹2139.28Crores as on 31.03.2021 in 15 accounts as detailed below:

(Amount in ₹Crore)

Amount of loans impacted by RBI Circular	Amount of Loans to be classified as NPA	Amount of loans as on 31.03.2021 out of (b) classified as NPA	Provision held as on 31.03.2021
(a)	(b)	(c)	(d)
9491.98	3605.06	3605.06	2139.28

4. d) iii). Disclosure of Restructured Accounts

31.03.2022 (Current Year)

(Rs in lakhs)

Disclosure of Restructured Accounts (As on 31.03.2022) as per revised guidelines

Sl No	Type of Restructuring ->		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification ->		Standard	Sub -Standard	Doubtful	Loss	Total	Standard	Sub -Standard	Doubtful	Loss	Total	Standard	Sub -Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)					
1	Restructured Accounts as on April 1 2021 (opening figures)	No. of borrowers	0	3	3	[illegible]	[illegible]	459	26	19	1	505	3,892	4	17	[illegible]	[illegible]	4,351	33	39	1	4,424
		Amount outstanding	0.00	21204.53	59188.94	0.00	80393.47	17,284.37	23588.98	8375.25	4.03	49252.63	219,909.53	19296.52	118186.22	0.00	357392.27	237,193.90	64,090.03	185,750.41	4.03	487,038.38
		Provision thereon	0.00	484.74	500.96	0.00	985.70	1,997.62	1374.19	1402.34	4.03	4778.18	12,716.16	5363.00	780.42	0.00	18859.58	14,713.78	7,221.93	2,683.72	4.03	24,623.46
2	Fresh restructuring during the year 2021-22 (plus addition in O/s in existing a/cs)	No. of borrowers	[illegible]	[illegible]	[illegible]	0	[illegible]	0	0	[illegible]	[illegible]	[illegible]	1,737	1665	760	[illegible]	4162	1,737	1,666	761	[illegible]	4,164
		Amount outstanding	0.00	3025.03	13951.36	0	16976.39	0.00	477.98	0.00	[illegible]	477.98	248,364.48	5905.34	23169.18	0.00	277439.00	248,364.48	9,408.35	37,120.54	0.00	294,893.37
		Provision thereon	0.00	1.65	285.88	0.00	287.53	63.85	233.71	630.85	0.00	928.41	10,252.01	264.86	5593.65	0.00	16110.52	10,315.86	500.22	6,510.38	0.00	17,326.46
3	Upgradations to restructured standard category during the FY 2021-22	No. of borrowers	[illegible]	[illegible]	[illegible]	0	0	2	-2	[illegible]	[illegible]	0	3585	7	0	[illegible]	3592	3,587	5	0	[illegible]	3,592
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	142.33	-142.33	0.00	0.00	0.00	0.00	97058.69	0.00	0.00	97058.69	142.33	96,916.36	0.00	0.00	97,058.69
		Provision thereon	0.00	0.00	0.00	0.00	0.00	12.30	-12.30	0.00	0.00	0.00	0.00	1091.45	0	0.00	1091.45	12.30	1,079.15	0.00	0.00	1,091.45
4	Restructured standard advances at the beginning of the FY 2021-22, which cease to attract higher provisioning and / or additional risk weight at the end of the FY 2021-22 and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	[illegible]	[illegible]	[illegible]	0	0	0	[illegible]	-3	[illegible]	-3	-1	0	0	[illegible]	-1	-1	0	-3	[illegible]	-4
		Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2147.80	0.00	-2147.80	-2642.54	[illegible]	[illegible]	0.00	-2642.54	-2,642.54	0.00	-2,147.80	0.00	-4,790.34
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-682.27	0.00	-682.27	-132.13	[illegible]	[illegible]	0.00	-132.13	-132.13	0.00	-682.27	0.00	-814.40
5	Downgradations of restructured accounts during the FY 2021-22	No. of borrowers	[illegible]	-2	[illegible]	[illegible]	-2	-176	27	129	20	[illegible]	-2509.00	-4	[illegible]	[illegible]	-2513	-2,685	21	129	20	-2,515
		Amount outstanding	0.00	-17228.55	0.00	0.00	-17228.55	-11,153.95	-19392.99	20,583.53	9963.39	-0.02	-3593.48	-19605.35	[illegible]	0.00	-23198.83	-14,747.43	-56,226.89	20,583.53	9,963.39	-40,427.40
		Provision thereon	0.00	-263.55	0.00	0.00	-263.55	-1,523.11	-29.51	1273.63	3106.75	2827.76	-358.92	-5415.46	[illegible]	0.00	-5774.38	-1,882.03	-5,708.52	1,273.63	3,106.75	-3,210.17
6	Write-offs of restructured accounts during the FY 2021-22 (Exit)	No. of borrowers	[illegible]	[illegible]	-1	[illegible]	-1	-52	-4	-4	-21	-81	0.00	-1.00	-3	[illegible]	-4	-52	-5	-8	-21	-86
		Amount outstanding	0.00	0.00	-739.43	0.00	-739.43	-784.70	0.00	-159.97	-9967.42	-10912.09	0.00	-601.40	-42107.73	0.00	-42709.13	-784.70	-601.40	-43,007.13	-9,967.42	-54,360.65
		Provision thereon	0.00	0.00	0.00	0.00	0.00	-13.66	-153.57	0.00	-3110.78	-3278.01	-5768.25	-762.12	-491.77	0.00	-7022.14	-5,781.91	-915.69	-491.77	-3,110.78	-10,300.15
7	Accounts Restructured as on March 31, 2022 (closing figures)	No. of borrowers	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	233	47	141	[illegible]	421	6,704	1,671	774	[illegible]	9,149	6,937	1,719	918	[illegible]	9,574
		Total Amount outstanding	0.00	7,001.01	72,400.87	0.00	79,401.88	5,488.05	4,531.64	26,651.01	0	36,670.70	462,037.99	102,053.80	99,247.67	[illegible]	663,339.46	467,526.04	113,586.45	198,299.55	0.00	779,412.05
		Provision thereon	0.00	222.83	786.84	0.00	1,009.67	537.00	1,412.52	2,624.55	0	4,574.07	16,708.87	541.73	5,882.30	[illegible]	23,132.90	17,245.87	2,177.08	9,293.69	0.00	28,716.64

PUNJAB NATIONAL BANK

SCHEDULE 18: NOTES TO ACCOUNTS (STANDALONE) – 31.03.2022

31.03.2021 (Previous Year)

Sch. 18 / 23

4.d) iv) Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A), as on 31.03.2022

(Amount in ₹ Crore)

Particulars	No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision Held
			In Part A	In Part B	
Current Year					
Classified as Standard	2	155.95	58.36	97.59	54.31
Classified as NPA	7	3560.94	2118.44	1621.54	2805.90
Previous Year					
Classified as Standard	3	1600.95	472.19	1128.76	695.17
Classified as NPA	7	2848.14	1883.78	1143.40	2018.27

4.d) v) Disclosures on Strategic Debt Restructuring Scheme (Accounts which are currently under the stand-still period) as on 31.03.2022

(Amount in ₹ Crore)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has been taken place	
	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
Current Year: NIL						
Previous Year: NIL						

4.d) vi) Disclosures on Change in ownership outside Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period):

(Amount in ₹ Crore)

No. of accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date i.e. 31.03.2022		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA

Current Year: NIL
Previous Year: NIL

4.d) vii) Disclosures on application of Flexible Structuring to Existing Loans as on 31.03.2022:

(Amount in ₹ Crore)

Period	No. of borrowers taken up for flexibly structuring	Amount of loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
Current Year			NIL		
Previous Year			NIL		

4.d) viii) Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period):

(Amount in ₹ Crore)

No. of project loan accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date i.e. 31.03.2022		
	Classified as Standard	Classified as Standard restructured	Classified as NPA
Current Year: NIL			
Previous Year NIL			

4. e) Divergence in Asset Classification and Provisioning

As per RBI Circular No DBR.BP.BC No.32/21.04 018/2018-19 dated April 1. 2019, in case the additional provisioning for NPA assessed by RBI exceeds 10% of the reported profit before provisions and contingencies for the reference period and /or additional gross NPAs identified by RBI exceed 15% of the published incremental Gross NPAs for the reference period, then the banks are required to disclose divergence from prudential norms on income recognition, assets classification and provisioning.

Divergences in terms of above circular, are within threshold limits as specified above, hence no disclosure is required with respect to RBI's annual supervisory process for FY 2021.

(Previous year: As per RBI Circular No.DBR.BPBC No.32/21.04.018/2018-19 dated April 1. 2019, in case the additional provisioning for NPA assessed by RBI exceeds 10% of the reported profit before provisions and contingencies for the reference period and /or additional gross NPAs identified by RBI exceeds 15% of the published incremental Gross NPAs for the reference period, then the banks are required to disclose divergence from prudential norms on income recognition, assets classification and provisioning.

Divergences in terms of above circular, are within threshold limits as specified above, hence no disclosure is required with respect to RBI's annual supervisory process for FY 2020).

4. f) Disclosure of transfer of loan exposures: Total amount of loan not in default / stressed loans transferred and acquired to / from other entities:

In accordance with RBI circular no. DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021, the details of loans transferred/acquired during the FY ended March 31, 2022 are given below

4. f) i) Loans not in default transferred:

(Amount in ₹ crore)

31.03.2022 - Current year	31.03.2021 - Previous Year
NIL	NIL

Loans not in default acquired:

(Amount in ₹ crore)

31.03.2022 - Current year
NIL

31.03.2021 - Previous Year: Loan acquired through assignment:

(Amount in ₹ crore)

Particulars	Value
	₹499.50
Weighted average maturity	18 months
Weighted average holding period	3 months
Retention of beneficial economic interest	10.00%
Tangible security coverage	150.12%
Rating wise distribution of rated loans	NA

4. f) ii) Details of stressed Loans transferred during the Year - loans classified as SMA:

31.03.2022 Current Year

(all Amount in ₹ crore)	To ARCs	To permitted transferees	To other permitted transferees (please specify)
No. of accounts	NIL	NIL	NIL
Aggregate principal outstanding of loans transferred	NIL	NIL	NIL
Weighted average residual tenor of the loans transferred	NIL	NIL	NIL
Net book value of loans transferred (at the time of transfer)	NIL	NIL	NIL
Aggregate consideration	NIL	NIL	NIL

(all Amount in ₹ crore)	To ARCs	To permitted transferees	To other permitted transferees (please specify)
Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL	NIL
Quantum of excess Provision reversed to the Profit & Loss account on account of sale of stressed loans	NIL	NIL	NIL

31.03.2021 Previous Year

(all Amount in ₹ crore)	To ARCs	To permitted transferees	To other permitted transferees (please specify)
No. of accounts	NIL	NIL	NIL
Aggregate principal outstanding of loans transferred	NIL	NIL	NIL
Weighted average residual tenor of the loans transferred	NIL	NIL	NIL
Net book value of loans transferred (at the time of transfer)	NIL	NIL	NIL
Aggregate consideration	NIL	NIL	NIL
Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL	NIL
Quantum of excess Provision reversed to the Profit & Loss account on account of sale of stressed loans	NIL	NIL	NIL

4. f) iii) Details of stressed Loans acquired during the Year - loans classified as SMA:

31.03.2022 Current Year

(all Amount in ₹ crore)	From SCBs, RRBs, UCBs, StCBs, DCCBs, AIFs, SFBs and NBFCs including Housing Finance Companies (HFCs)	From ARCs
Aggregate principal outstanding of loans acquired	NIL	NIL
Aggregate consideration paid	NIL	NIL
Weighted average residual tenor of loans acquired	NIL	NIL

Sch. 18 / 27

31.03.2021 Previous Year

(all Amount in ₹ crore)	From SCBs, RRBs, UCBs, StCBs, DCCBs, AIFs, SFBs and NBFCs including Housing Finance Companies (HFCs)	From other ARCs
Aggregate principal outstanding of loans acquired	NIL	NIL
Aggregate consideration paid	NIL	NIL
Weighted average residual tenor of loans acquired	NIL	NIL

4. f) iv) Details of stressed Loans transferred during the Year - loans classified as NPA:

31.03.2022 Current Year

(all Amount in ₹ crore)	To ARCs	To permitted transferees	To other transferees (please specify)
No. of accounts	4	NIL	NIL
Aggregate principal outstanding of loans transferred	2421.42	NIL	NIL
Weighted average residual tenor of the loans transferred	NIL	NIL	NIL
Net book value of loans transferred (at the time of transfer)	198.17	NIL	NIL
Aggregate consideration	1057.64	NIL	NIl
Additional consideration realized in respect of accounts transferred in earlier years	17.15	NIL	NIL
Quantum of excess Provision reversed to the Profit & Loss account on account of sale of stressed loans	859.47	NIl	NIL

31.03.2021 Previous Year

(all Amount in ₹ crore)	To ARCs	To permitted transferees	To other transferees (please specify)
No. of accounts	1	NIL	NIL
Aggregate principal outstanding of loans transferred	18.31	NIL	NIL
Weighted average residual tenor of the loans transferred	NIL	NIL	NIL
Net book value of loans transferred (at the time of transfer)	0.00	NIL	NIL
Aggregate consideration	11.01	NIL	NIL
Additional consideration realized in respect of accounts transferred in earlier years	88.25	NIL	NIL

Quantum of excess Provision reversed to the Profit & Loss account on account of sale of stressed loans	11.01	NIL	NIL

4. f) v) Details of stressed Loans acquired during the Year - loans classified as NPA:

31.03.2022 Current Year

(all Amount in ₹ crore)	From SCBs, RRBs, UCBs, StCBs, DCCBs, AIFs, SFBs and NBFCs including Housing Finance Companies (HFCs)	From ARCs
Aggregate principal outstanding of loans acquired	NIL	NIL
Aggregate consideration paid	NIL	NIL
Weighted average residual tenor of loans acquired	NIL	NIL

31.03.2021 Previous Year

(all Amount in ₹ crore)	From SCBs, RRBs, UCBs, StCBs, DCCBs, AIFs, SFBs and NBFCs including Housing Finance Companies (HFCs)	From ARCs
Aggregate principal outstanding of loans acquired	NIL	NIL
Aggregate consideration paid	NIL	NIL
Weighted average residual tenor of loans acquired	NIL	NIL

4. f) vi) Distribution of the SRs held across the various categories of Recovery Ratings assigned to such SRs by the credit rating agencies as on March 31, 2022:

(Amount in ₹ Crore)

Recovery Rating Band	Book Value 31.03.2022	Book Value 31.03.2021
RR1+	0.00	9.47
RR1	446.58	1060.09
RR2	354.76	342.15
RR3	365.29	527.99
RR4	434.70	77.25
RR5	4.40	26.50
Rating Withdrawn	86.78	70.32
Total	**1692.51**	**2113.77**

As per RBI guidelines post 8 years Rating is not applicable.

Sch 18 / 29

4. f) vii) Investments in Security Receipts (SRs):

(Amount in ₹ Crore)

	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
a)	Book value of SRs where NPAs sold by the bank are the underlying	594.80 (1930.75)	1016.98 (118.75)	80.73 (64.27)
	Provision held against (a)	287.29 (534.79)	384.38 (15.19)	80.73 (64.27)
b)	Book value of SRs where NPAs sold by other banks / financial institutions / non-banking financial companies are the underlying	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
	Provision held against (b)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
	Total (a) + (b)	**594.80 (1930.75)**	**1016.98 (118.75)**	**80.73 (64.27)**

4.g) Fraud accounts

		Current Year	Previous Year
Number of frauds reported	Borrowal	142	153@
	Non Borrowal	289	561#
	TOTAL	**431**	**714**
Amount involved in fraud (₹ crore)	Borrowal	9553.81	10872.49
	Non Borrowal	25.99	75.02
	TOTAL	**9579.80**	**10947.51**
Amount of provision made for such frauds (₹ crore)	Borrowal	8524.87	9197.38
	Non Borrowal	19.26	54.99
	TOTAL	**8544.13**	**9252.37**
Amount of Unamortised provision debited from 'other reserves' as at the end of the year. (₹ crore)	-	1028.95	1013.10

@Out of 153 accounts, 13 accounts are old fraud cases & ₹854.49Crores have been enhanced & updated to RBI due to harmonization. #Out of 561 accounts, 1 account is old fraud case & ₹18.00 Crores have been enhanced & updated to RBI due to harmonization.

4.h) i) In accordance with RBI circular no. DBR No BP.BC.18/21.04.048/2018-19 dated January 01, 2019, DOR.No.BP.BC.34/21.4.048/2019-20 dated February 11, 2020 and DOR.No.BP.BC/4/21.04.048/2020-21 dated August 06, 2020 on "Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances", the detail of MSME restructured accounts is as under:

(Amount in ₹ Crore)

Current Year		Previous Year	
No. of Accounts Restructured	Amount	No. of Accounts Restructured	Amount
11788	967.24	60101	3274.16

4.h) ii) In accordance with RBI circular no. DOR.STR.REC.12/21.04.048/2021-22 dated May 05, 2021 on "Resolution Framework 2.0 - Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)" the details of accounts restructured is as under:

(Amount in ₹ Crore)

Current Year		Previous Year	
No. of Accounts Restructured	Amount	No. of Accounts Restructured	Amount
86364	5266.77	NIL	NIL

4.h) iii) Details of resolution plan implemented under Resolution Framework for COVID 19 related stress as per RBI Circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 and RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 are given below:

(Amount in ₹Crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at 30.09.2021 (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at 31.03.2022
Personal Loans	750.79	27.51	0.00	56.73	700.60
Corporate persons*	5504.77	735.52	0.00	410.32	4334.65
* Of which MSMEs	836.56	56.74	0.00	377.10	389.56
Others	41.19	0.01	0.00	2.61	33.32
Total OTR 1.0	**6296.75**	**763.04**	**0.00**	**469.66**	**5068.47**
Personal Loans	4744.83	236.84	0.00	234.60	5198.57
Business Loans	185.44	25.87	0.00	15.17	171.07
Small Business	756.12	107.75	0.00	53.91	929.84
Total OTR 2.0	**5686.39**	**371.46**	**0.00**	**303.68**	**6299.48**
Grand Total	**11983.14**	**1134.50**	**0.00**	**773.34**	**11367.95**

#There are 249 borrower accounts having aggregate exposure of Rs 17.81 Crore to the Bank where resolution plans had been implemented and now modified under RBI's resolution framework 2.0 dated May 5, 2021.

5. Exposures

5. a) Exposure to real estate sector

(Amounts in ₹ crore)

	Category	Current Year	Previous Year
i)	**Direct Exposure**		
a)	Residential Mortgages– Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.		
	Housing loans classified as priority sector	27419.64	29937.09
	Others Residential Mortgages	67774.36	65491.77
	Total	**95194.00**	**95428.86**
b)	Commercial Real Estate– Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, industrial or warehouse space, land acquisition, development and construction, etc.).;		
	Fund Based	19747.38	21976.72
	Non Fund Based	951.08	1371.76
	Total	**20698.46**	**23348.48**
c)	Investments in Mortgage-Backed Securities (MBS) and other securitized exposures–		
	i. Residential	0.00	0.00
	ii. Commercial Real Estate	0.00	0.00
ii)	**Indirect Exposure**		
	Fund based and non-fund-based exposures to National Housing Bank (NHB) and Housing Finance Companies HFCs) Including Foreign Offices.	37277.39	35320.59
	Investments made by the Bank in Housing Companies and Corporations	6649.94	6188.37
	Total	**43927.33**	**41508.96**
	Total Exposure to Real Estate Sector	**159819.79**	**160286.30**

5. b). Exposure to capital market

(Amounts in ₹ crore)

	Particulars	Current Year	Previous Year
i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	2916.47	3194.24

	Particulars	Current Year	Previous Year
ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	1.16	2.03
iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	NIL	NIL
iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	634.60	440.26
v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers;	43.56	174.98
vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	NIL	NIL
vii)	Bridge loans to companies against expected equity flows /issues;	NIL	NIL
viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	NIL	NIL
ix)	Financing to stockbrokers for margin trading;	NIL	NIL
x)	All exposures to Venture Capital Funds (both registered and unregistered)	716.41	714.76
xi)	Advances to Mutual Funds	2000.00	3000.00
	Total exposure to capital market	**6314.20**	**7526.27**

5. c) Risk category-wise country exposure

Total Net Funded Exposure as on 31.03.2022 is ₹49214.90Crores. Total assets of the Bank (PNB2.0) as on 31.12.2021 were ₹1304849Crores, 1% of total asset is ₹13048.49Crore. Bank exceeded the exposure to UAE beyond ₹13048.49Crores i.e. 1% of Total Assets of the Bank as on 31.12.2021. Hence, provision of ₹28.94Crores is required with respect to country risk exposure as on 31.03.2022:

(Previous year: Total Net Funded Exposure as on 31.03.2021 was ₹66771.96 Crores. Total assets of the Bank (PNB 2.0) as on 31.12.2020 were ₹1254934.00 Crores, 1%

of total asset ₹12549.34 Crore. Bank did not exceed the exposure in any country beyond ₹12549.34 Crores i.e. 1% of Total Assets of the Bank as on 31.12.2020. Hence, no provision was required with respect to country risk exposure as on 31.03.2021).

(Amount in ₹ crore)

Risk Category	ECGC Rating	Funded Exposure (net) as on 31.03.2022 (Current Year)	Provision held as on 31.03.2022 (Current Year)	Funded Exposure (net) as on 31.03.2021 (Previous Year)	Provision held as on 31.03.2021 (Previous Year)
Insignificant	A1	24187.89	0.00	39892.90	0.00
Low	A2	24563.04	28.94	21570.31	0.00
Moderately Low	B1	418.66	0.00	5302.52	0.00
Moderate	B2	14.60	0.00	1.82	0.00
Moderately High	C1	17.58	0.00	4.41	0.00
High	C2	13.13	0.00	0.00	0.00
Very High	D	0.00	0.00	0.00	0.00
Total		**49214.90**	**28.94**	**66771.96**	**0.00**

5.d) Unsecured advances

(Amount in ₹ Crore)

Particulars	Current Year	Previous Year
Total Unsecured Advances of the bank	153867.56	133841.78
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken	6128.09	21528.37
Estimated value of such intangible securities	7892.59	22525.02

5. e). Factoring exposures
Factoring exposures (Under TReDS)

(Amount in ₹ Crore)

Balance Outstanding Current Year	Balance Outstanding Previous Year
776.39	450.35

5. f) Intra-group exposures

(Amount in ₹ Crore)

Sl. No.	Particulars	Current Year	Previous Year
i)	Total amount of intra-group exposures	8494.13	8126.08
ii)	Total amount of top 20 intra-group exposures	8494.13	8126.08
iii)	Percentage of intra-group exposures to total exposure of the Bank on borrower/customers	0.81%	0.82%
iv)	Details of breach of limits on intra-group exposures and regulatory action, if any	NA	NA

5.g) Unhedged foreign currency exposure

The Bank has framed a policy to manage Currency Induced Credit Risk and has been incorporated in Bank's Credit Management & Risk Policy 2021-22 as follows:

In terms of RBI guidelines the Bank has framed a policy to manage currency induced credit risk and has incorporated the same in bank's current Credit Management & Risk Policy as follows:

"In terms of RBI guidelines, Bank monitors the currency wise Unhedged Foreign Currency Exposure in the books of borrowers at quarter ends along-with the Annualized Earnings before Interest & Depreciation (EBID). The incremental provision (ranging from 0 to 80 bps on total credit exposure, over and above the standard asset provisioning) and capital requirement will depend on likely loss (due to foreign currency fluctuation), that borrowers may face due to their un-hedged forex exposure in their books. Bank maintains separate charge and provisioning requirement on account of such exposures which may impact the cost to the borrowers. Appropriate disclosures in the financial statements of the bank shall also be made."

(Amount in ₹ Crore)

Particulars	Current Year	Previous Year
Incremental Provision	85.48	87.91
Incremental Capital held RWA (@11.50%)	142.27	167.18*

*Incremental Capital Held RWA (@10.875% AS ON 31.03.2021).

The Bank has estimated the liability for Unhedged Foreign Currency Exposure in terms of RBI Circular DBOD.NO.BP.BC 82/21.06.200/2013-14 dated January 15, 2014 and is holding a provision of ₹85.48Crores as on 31.03.2022 (previous year ₹87.91Crores).

6. Concentration of deposits, advances, exposures and NPAs

6. a) Concentration of deposits

(Amount in ₹ crore)

Particulars	Current Year	Previous Year
Total deposits of the twenty largest depositors	42104.47	40565.38
Percentage of deposits of twenty largest depositors to total deposits of the bank	3.79%	3.77%

Note: The above deposit figures do not include Inter Bank deposit held by Bank.

6. b) Concentration of advances

(Amount in ₹ crore)

Particulars	Current Year	Previous Year
Total advances to the twenty largest borrowers	139719.04	122259.97
Percentage of advances to twenty largest borrowers to total advances of the bank	17.80%	16.53%

6. c) Concentration of exposures

(Amount in ₹ crore)

Particulars	Current Year	Previous Year
Total exposure to the twenty largest borrowers/customers	162628.84	150466.09
Percentage of exposures to the twenty largest borrowers/ customers to the total exposure of the bank on borrowers/customers	15.68%	15.23%

6. d). Concentration of NPAs

(Amount in ₹ crore)

Particulars	Current Year	Previous Year
Total Exposure to the top twenty NPA accounts	19398.37	27092.45
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	20.98%	25.94%

7. Derivatives

7. a) Forward rate agreement/Interest rate swap

(Amount in ₹ crore)

	Particulars	Current Year	Previous Year
i)	The notional principal of swap agreements	385.00	75.00
ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	0.40	0.57
iii)	Collateral required by the bank upon entering into swaps	NIL	NIL
iv)	Concentration of credit risk arising from the swaps$	NIL	NIL
v)	The fair value of the swap book@	-2.3859	-3.7931

$All these swap deals are with Banks and FI.

@All these swaps deals are Trading swap and the fair value is its mark to market value

The above Trades are Interest rate Swap Deal done with Interbank for ₹385.00Crores (previous year ₹75.00Crores) and with Financial Institution ₹ NIL (previous year ₹NIL)

Credit Risk (Credit Exposure) for Current Year is ₹2.70Crore (previous year ₹1.32Crore).

There are total 19 deals out of which 0 deals are Back to Back Deals, 2 Deals where payment is made at Fixed Contract rate and received at Floating rate and in remaining 17 deals, payment is made at Floating Rate and received at Fixed Contract rate"

7. b) Exchange traded interest rate derivatives

(Amount in ₹ crore)

Sr. No.	Particulars	Current Year	Previous Year
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the Year (instrument wise) a) Interest Rate Futures	NIL	NIL
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st	NIL	NIL

Sr. No.	Particulars	Current Year	Previous Year
	March 2022 (instrument wise) a) Interest Rate Futures		
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective' (instrument wise)	NIL	NIL
iv)	Mark to market value of exchange traded interest rate derivatives outstanding and not 'highly effective' (instrument wise)	NIL	NIL

7. c) Disclosures on risk exposure in derivatives
7.c).I). Qualitative disclosures

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.

7.c). ii) Quantitative disclosures

(Amount in ₹ crore)

Sr. No	Particulars	Current Year		Previous Year	
		Currency Derivatives	Interest rate derivatives	Currency Derivatives	Interest rate derivatives
a)	Derivatives (Notional Principal Amount)				
	i) For hedging	0.00	0.00	0.00	0.00
	ii) For trading	0.00	385.00	0.00	75.00
b)	Marked to Market Positions				
	Hedging				
	i) Asset (+)	0.00	0.00	0.00	0.00
	ii) Liability (-)	0.00	0.00	0.00	0.00
	Trading				
	i) Asset (+)	0.00	0.00	0.00	0.00
	ii) Liability (-)	0.00	-2.3859	0.00	-3.7931

Sr. No	Particulars		Current Year		Previous Year	
			Currency Derivatives	Interest rate derivatives	Currency Derivatives	Interest rate derivatives
c)	Credit Exposure [1]		0.00	2.7050	0.00	1.3238
d)	Likely impact of one percentage change in interest rate (100*PV01)					
	i) on hedging derivatives		0.00	0.00	0.00	0.00
	ii) on trading derivatives		0.00	2.53	0.00	0.50
e)	Maximum and Minimum of 100* PV01 observed during the year					
	i) on hedging	maximum	0.00	0.00	0.00	0.00
		minimum	0.00	0.00	0.00	0.00
	i) on trading	maximum	0.00	0.30	0.00	0.55
		minimum	0.00	-2.70	0.00	0.50

[1]Banks adopt the Current Exposure Method on Measurement of Credit Exposure of Derivative Products as per Reserve Bank of India instructions.

7. d) Credit default swaps

Since the Bank is not using any proprietary pricing model for pricing Credit default swaps contracts, and it is over the counter contract (OTC), the price is determined by the market dynamics.

As such no disclosure is to be made in terms of extant RBI guidelines for Current & Previous year.

8. Disclosures relating to securitisation

(Numbers / Amount in ₹ crore)

Sr. No	Particulars	Simple, Transparent and Comparable (STC) March 31 Current Year	Simple, Transparent and Comparable (STC) March 31 Previous Year	Non-STC transactions March 31 Current Year	Non-STC transactions March 31 Previous Year
1	No of SPEs holding assets for securitization transactions originated by the originator (only the SPVs relating to outstanding securitization exposures to be reported here)	NIL	NIL	NIL	NIL
2.	Total amount of securitised assets as per books of the SPEs	NIL	NIL	NIL	NIL
3.	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet	NIL	NIL	NIL	NIL
	a) Off-balance sheet exposures • First loss • Others	NIL	NIL	NIL	NIL
	b) On-balance sheet exposures • First loss • Others	NIL	NII	NIL	NIL

Sr. No	Particulars	Simple, Transparent and Comparable (STC)		Non-STC transactions	
		March 31 Current Year	March 31 Previous Year	March 31 Current Year	March 31 Previous Year
4.	Amount of exposures to securitisation transactions other than MRR	NIL	NIL	NIL	NIL
	a) Off-balance sheet exposures i) Exposure to own securitisations • First loss • Others ii) Exposure to third party securitizations • First loss • Others	NIL	NIL	NIL	NIL
	b) On-balance sheet exposures i) Exposure to own securitisations • First loss • Others ii) Exposure to third party securitizations • First loss • Others	NIL	NIL	NIL	NIL
5.	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	NIL	NIL	NIL	NIL
6.	Form and quantum (outstanding value) of services provided by way of liquidity support, post-securitisation asset servicing, etc	NIL	NIL	NIL	NIL
7.	Performance of facility provided, please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided. (a) Amount paid (b) Repayment received (c) Outstanding amount	NIL	NIL	NIL	NIL
8.	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc.	NIL	NIL	NIL	NIL
9.	Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc.	NIL	NIL	NIL	NIL
10.	Investor complaints (a) Directly / Indirectly received and (b) Complaints out standing	NIL	NIL	NIL	NIL

Sch. 18 / 39

9. Off balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored			
Current Year		Previous Year	
Domestic	Overseas	Domestic	Overseas
NIL	NIL	NIL	NIL

10. Transfers to Depositor Education and Awareness Fund (DEA Fund)

(Amount in ₹ crore)

Sr. No.	Particulars	Current Year	Previous Year
i)	Opening balance of amounts transferred to DEA Fund	4485.80	2323.62
ii)	Addition on account of amalgamation of eOBC and eUNI	0.00	1481.06
iii)	Add: Amounts transferred to DEA Fund during the Year	665.21	784 59
iv)	Less: Amounts reimbursed by DEA Fund towards claims during the Year	81.69	103 47
v)	Closing balance of amounts transferred to DEA Fund	**5069.32**	**4485.80**

11. Disclosure of complaints

a) **Summary Information on Complaints received by the bank from customers and from the Offices of Ombudsman, including ATM complaints**

Sr. No.		Particulars	Current Year	Previous Year
		Complaints received by the bank from its customers		
1.		Number of complaints pending at beginning of the year	27282	3831
2.		Number of complaints received during the Year	619507	1306250
3.		Number of complaints disposed during the Year	642589	1282799
	3.1	Of which, number of complaints rejected by the bank	149163	441362
4.		Number of complaints pending at the end of the Year	4200	27282
		Maintainable complaints received by the bank from Office of Ombudsman		
5.		Number of maintainable complaints received by the bank from Office of Ombudsman	16249*	18428**
	5.1	Of 5, number of complaints resolved in favour of the bank by Office of Ombudsman	15193	16195
	5 2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	785	1423
	5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the bank	2	12
6.		Number of Awards unimplemented within the stipulated time (other than those appealed)	0	0

*Total complaints received during the FY 2021-22 are 16525. out of which total non-maintainable/ rejected complaints are 276. therefore. total maintainable complaints received during the FY 2021-22 are 16249. The pendency as on 31.03.2022 is 269.

**Total complaints received during the FY 2020-21 were 18442. out of which total non-maintainable/ rejected complaints were 14, therefore, total maintainable complaints received during the FY 2020-21 were 18428. The pendency as on 31.03.2021 was 798, which are resolved during the year

Note Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously Banking Ombudsman scheme, 2006) and covered within the ambit of the scheme

b) Top five grounds* of complaints received by the bank from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the Year	% Increase/ decrease in the number of complaints received over the Previous year	Number of complaints pending at the end of the Year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
			Current Year		
ATM/ Debit cards	20905	504312	-57.92	3342	0
Account opening/ difficulty in operations of accounts	2165	33950	21.42	235	0
Internet/ Mobile/ Electronic banking	320	15216	2.21	27	0
Loans and Advances	380	5074	-5.35	60	0
Pension and facilities for senior citizens/ differently abled	232	2827	-17.46	1	0
Others	3280	58128	3.38	535	2
Total	**27282**	**619507**	**-52.57**	**4200**	**2**
			Previous Year		
ATM/Debit cards	2118	1198388	-7.47	20905	127
Account opening/ difficulty in operations of accounts	29	27961	89.16	2165	1080
Internet/ Mobile/ Electronic banking	20	14887	74.48	320	62
Loans and Advances	163	5361	30.18	380	207
Pension and facilities for senior citizens/ differently abled	62	3425	42.06	232	106
Others	1439	56228	1630.62	3280	1437
Total	**3831**	**1306250**	**-1.66**	**27282**	**3019**

*As per Master List for identifying grounds of complaints as provided in Appendix 1 to circular CEPD CO.PRD.Cir No.01/13.01.013/2020-21 dated January 27, 2021 on 'Strengthening the Grievance Redress Mechanism of Banks'

12. Disclosure of penalties imposed by the Reserve Bank of India

12. i) Banking Regulation Act 1949

Sl. No.	Current Year	Previous Year
1.	1. In exercise of powers conferred under section 47A (1)(c) read with sections 46(4)(i) of the Banking Regulation Act 1949, RBI imposed an aggregate penalty of ₹2 crore (Rupees Two crore) (Order dated June 07, 2021) on Bank pertaining to ISE 2018 & 2019, for a. Delay in reporting of frauds (143 cases during 2017-18 & 145 cases during 2018-19); AND b. Not ensuring data accuracy and integrity while submitting data on CRILC platform / to RBI (42 instances during 2017-18 & 46 instances during 2018-19). 2. In exercise of powers conferred under section 47A (1)(c) read with sections 46(4)(i) & 51(1) of the Banking Regulation act 1949, RBI imposed an aggregate penalty of ₹ 1.80 crore (Rupees one crore & eighty lakhs only) on bank for holding shares in four (04) borrower companies, as pledgee, of an amount exceeding 30% of paid-up share capital of those companies in contravention of provisions of section 19(2) of Banking Regulation Act ,1949 (Order dated December 15, 2021)	NIL

12. ii) Payment and Settlement System Act, 2007:

Sl. No.	Current Year	Previous Year
1.	NIL	In exercise of powers conferred in terms of Section 30 of the PSS Act RBI vide speaking order dated 13th November 2020 imposed upon bank, a penalty of ₹1.00Crore for operating a bilateral ATM sharing arrangement with Druk PNB Bank Ltd. (DPNBL), Bhutan since April, 2010 without approval / authorization from RBI in violation of RBI instructions issued vide letter DPSS.CO PD No. 74/ 02.10.002/ 2010-11 dated July 8, 2010, wherein bank was advised to seek authorization before implementing this payment system

12. iii) Government Securities Act, 2006 (Bouncing of SGL):

Particulars of Bouncing of SGL securities during the period 01.04.2021 to 31.03.2022 is ₹NIL (previous year ₹NIL)

12. (iv) **Disclosure relating to default under reverse repo transaction:**

(Amount in ₹ crore)

Current Year		Previous Year	
Number of instances	Quantum of penalty paid to Reserve Bank of India	Number of instances	Quantum of penalty paid to Reserve Bank of India
NIL	NIL	NIL	NIL

13. Disclosure on remuneration of Whole Time Directors/ Chief Executive Officer:

(Amount in ₹ crore)

Name	Designation	Current Year	Previous Year
Shri Atul Kumar Goel	Managing Director & CEO	0.10	0.00
Shri CH S S Mallikarjuna Rao	Ex Managing Director & CEO	0.84	0.34
Shri Sanjay Kumar	Executive Director	0.32	0.29
Shri Vijay Dube	Executive Director	0.32	0.17
Shri Swarup Kumar Saha	Executive Director	0.39	0.01
Shri Kalyan Kumar	Executive Director	0.14	0.00
Shri Mukesh Kumar Jain	Ex MD & CEO	0.01	0.74
Shri Ashok Kumar Pradhan	Ex MD & CEO	0.01	0.00
Shri Rajesh Kumar Yaduvanshi	Ex Executive Director	0.01	0.74
Shri Agyey Kumar Azad	Ex Executive Director	0.59	0.61
Shri Bal Krishna Alse	Ex Executive Director	0.01	0.55
Total		**2.74**	**3.45**

14. Other Disclosure

14. a) Business ratios

Particular	Current Year	Previous Year
Interest Income as a percentage to Working Funds	5.59%	6.09%
Non-interest income as a percentage to Working Funds	0.92%	0.97%
Cost of Deposits	3.99%	4.44%
Net Interest Margin	2.71%	2.88%
Operating Profit as a percentage to Working Funds	1.55%	1.73%
Return on Assets	0.26%	0.15%
Business (deposits plus advances) per employee (in ₹crore)	19.41	18.85
Profit per employee (in ₹crore)	0.04	0.02

14. b) Bancassurance business

(Amount in ₹ Crore)

Particulars	Current Year	Previous Year
Details of Fees/ Brokerage earned in respect of Insurance broking, agency and bancassurance		

Particulars		Current Year	Previous Year
business undertaken by the bank			
(i)	Life Insurance Business;	294.04	276.21
(ii)	Non-life Insurance Business;	100.59	92.65
(iii)	Prime Minister Jeevan Jyoti Bima Yojana (PMJJBY)	10.66	8.42
(iv)	Prime Minister Suraksha Bima Yojna	2.90	2.93
	TOTAL	**408.19**	**380.21**

14. c) Marketing and distribution

(Amount in ₹ Crore)

Particulars		Current Year	Previous Year
Details of Fee/remuneration received in respect of the marketing and distribution function (excluding bancassurance business) undertaken by the bank			
(i)	Mutual Fund Business;	5.72	3.81
(ii)	Atal Pension Yojna (APY);	8.98	11.56
(iii)	Income / Commission on Aadhar;	6.28	3.50
(iv)	Pension,	117.27	115.14
(v)	Taxes & Others;	51.09	44.30
(vi)	Govt. Deposit Scheme;	18.68	12.77
(vii)	Currency Chest	1.68	1.88
	TOTAL	**209.70**	**192.96**

14. d) Disclosures regarding Priority Sector Lending certificates (PLSCs)

(Amount in ₹ Crores)

Sr. No.	Types of PSLCs	PSLC bought during the Current Year	PSLC sold during the Current Year	PSLC bought during the Previous Year	PSLC sold during the Previous Year
1	Agriculture	0.00	0.00	9998.50	0.00
2	Small and Marginal Farmers	6000.00	0.00	0.00	0.00
3	Micro Enterprises	0.00	0.00	0.00	0.00
4	General	0.00	0.00	0.00	0.00
	TOTAL	**6000.00**	**0.00**	**9998.50**	**0.00**
Fee Paid for PSLCs purchased		150.01	0.00	180.85	0.00

14. e) Provisions and contingencies

(Amount in ₹ Crores)

Provision debited to Profit and Loss Account		Current Year	Previous Year
i)	Provisions for NPI	348.50	-221.70
ii)	Provision towards NPA	14158.59	17059.51
iii)	Provision made towards Income Tax (including Fringe Benefit Tax & Wealth Tax)	859.43	1457.78
iv)	Provision towards Standard Assets	1255.26	1207.58

	Provision debited to Profit and Loss Account			Current Year	Previous Year
v)	Other Provisions and Contingencies (with details)			683.08	634.39
	Detail	Current Year	Previous Year		
	Standard Restructured including FITL	389.27	66.29		
	Written off & others	293.81	568.10		
	TOTAL			17304.86	20137.56

14. f) Implementation of IFRS converged Indian Accounting Standards (Ind AS)

The strategy for Ind AS implementation, including the progress made in this regard:

"IND AS roadmap for scheduled commercial banks (excluding regional rural banks), insurers/insurance companies and non-banking financial companies (NBFCs) was issued by Union Ministry of Corporate Affairs (MCA) through press release dated 18 January 2016. IND AS was applicable to the Bank in accordance with the MCA press release from financial year 2018-19 which was deferred to financial year 2019-20 vide RBI's Press Release (2017-18/2642) dated 5 April 2018. RBI has further deferred implementation of IND AS till further notice vide its Circular no DBR.BP.BC.No. 29/21.07.001/2018-19 dated 22.03.2019 The Bank accordingly, has appointed a Consultant to assist in implementation of the Ind AS. The Audit Committee of the Board is being apprised of the progress made from time to time The Bank has a well-planned strategy for Ind AS implementation and has made substantial progress in this regard. Further, Bank is submitting the Proforma Ind AS Financial Statements to the RBI as per prescribed periodicity."

14. g) Payment of DICGC Insurance Premium

(Amount in ₹ Crores)

Sr. No.	Particulars	Current Year	Previous Year
i)	Payment of DICGC Insurance Premium	1522.35	1441.64
ii)	Arrears in payment of DICGC premium	NIL	NIL

15. Other Disclosures with respect to certain Accounting Standards

15.a) Accounting Standard 5 - Net Profit or Loss for the period, Prior Period Items and Change in Accounting Policy:

During the Current and Previous year there were no material prior period income/expenditure items requiring disclosure under Accounting Standard 5

The financial results for the year ended March 31, 2022 have been prepared following the same Accounting Policies and practices as those followed in the annual financial statements for the year ended March 31, 2021, except recognition of commission on Letter of Credit and Bank Guarantee. With effect from April 01, 2021, the commission on Letter of Credit and Bank Guarantee is recognised as revenue to the extent accrued for the period as against recognition done on receipt basis hitherto. This change in accounting policy has resulted in decrease in profit before tax by ₹11.67 Crore for quarter ended March 31, 2022 and by ₹207.64 Crore for year ended March 31, 2022.

(Previous year. The financial results for the year ended March 31, 2021 was prepared following the Accounting Policies and practices as those followed in the annual financial statements for the year ended March 31, 2020. except appropriation of recoveries in NPA accounts. After March 31, 2020. the Bank has changed its accounting policy for appropriation of recovery in NPA accounts from the earlier policy of appropriating recovery first against charges recorded then principal advance amount and balance towards recorded/derecognized income, to the new policy of appropriation of recovery first against the charges recorded, followed by recorded interest/derecognized interest and balance against the principal. This change in accounting policy has resulted in increase in profit before tax by Rs 611.97Crore for year ended March 31, 2021)

15. b) Accounting Standard 9 - Revenue Recognition

Certain items of income are recognized on realization basis as per Accounting Policy No. 3.5. However, the said income is not considered to be material. (Previous year: Certain items of income are recognized on realization basis as per Accounting Policy No. 3.5 However, the said income is not considered to be material).

15. c) Accounting Standard 10 - Properties, Plant and Equipment.

Break-up of total depreciation for the FY ended March 31, 2022 for each class of assets:

(Amount in ₹ Crore)

Class of assets	Current Year	Previous Year
Premises	178.45	159.02
Other fixed assets	576.96	668.91
Leased assets	0.00	0.00
Computer software	133.20	146.99
Total	**888.61**	**974.92**

15. d) Accounting Standard 11 –The Effects of Changes in foreign exchange rates:
Movement of Foreign Currency Translation Reserve

(Amount in ₹ Crore)

Particulars	Current Year	Previous Year
Opening balance	392.20	416.88
Addition/Deduction during the Year due to change in Profit & Loss account	5.42	-0.59
Addition/Deduction during Year due to translation of Assets & Liabilities	21.81	-24.09
Closing Balance	**419.43**	**392.20**

PUNJAB NATIONAL BANK

SCHEDULE 18: NOTES TO ACCOUNTS (STANDALONE) – 31.03.2022

15. e) Accounting Standard 15 – Employees Benefits:

DISCLOSURE IN ACCORDANCE WITH AS-15(R):

In line with the accounting policy and as per the Accounting Standard – 15(R), the summarized position of employment benefits is as under.

A. Defined benefit Plans

TABLE I - Principal Actuarial Assumptions and the basis of these assumptions

Actuarial Assumptions	PENSION		GRATUITY		LEAVE ENCASHMENT	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Discount Rate	7.20%	6.85%	6.95%	6.55%	6.95%	6.55%
Expected Return on Plan Assets	7.20%	6.85%	6.95%	6.55%	6.95%	6.55%
Rate of Escalation in salary	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Dearness Relief Escalation Rate	5.80%	5.80%	-	-	-	-
Attrition Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

(All Amounts in Crores)

TABLE II - Changes in Present value of the obligation

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Present value of Obligation at the beginning of period	46355.35	29043.14	4398.78	3729.08	3446.03	1944.29
Add	PVO of erstwhile OBC & UNI	0.00	16605.01	0.00	1601.39	0.00	1142.62
Add	Interest Cost	3055.43	3043.60	254.87	274.85	187.67	199.11
Add	Current Service Cost	488.52	508.01	247.10	252.96	331.28	212.19
Add	Past Service Cost	3093.85	-	-	-	-	-
Less	Benefits paid	(4002.18)	(2979.81)	(899.49)	(697.05)	(735.42)	(646.57)
	Actuarial loss / (gain) on obligations (Balancing Figure)	(544.10)	135.40	77.26	(262.45)	400.10	594.39
	Present value of Obligation as at the end of the period	**48456.97**	**46355.35**	**4078.52**	**4398.78**	**3629.66**	**3446.03**

TABLE III - Changes in the FV of the Plan Assets

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Fair value of Plan Assets at the beginning of period	46731.79	29011.96	4502.06	3118.63	2779.62	-
Add	Fair value of erstwhile OBC & UNI	0.00	13290.92	0.00	1409.10	0.00	141.69

TABLE III - Changes in the FV of the Plan Assets

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Add	Expected return on Plan assets	3091.21	2813.19	269.73	263.49	145.48	9.36
Add:	Contributions paid by Bank	1228.41	4927.20	153.30	440.24	839.99	2944.68
	Contributions paid by Bank for Past Service	618.79	-	-	-	-	-
Add.	Cost (on Family Pension Liability)						
Less	Benefits Paid	(4002.18)	(2979.81)	(899.49)	(697.05)	(735.42)	(383.48)
Less	Actuarial (loss) / gain on Plan Assets (Balancing Figure)	479.76	(347.66)	45.78	(32.33)	92.52	47.16
	Fair value of Plan Assets as at the end of the period	**48147.78**	**46731.79**	**4071.40**	**4502.08**	**3122.19**	**2779.62**

TABLE IV - Actual Return on Plan Assets

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Expected return on Plan Assets	3091.21	2813.19	269.73	263.49	145.48	9.36
Add.	Actuarial (loss) / gain on Plan Assets	479.76	(347.66)	45.78	(32.33)	92.52	47.16
	Actual Return on Plan Assets	**3570.97**	**2465.53**	**315.51**	**231.16**	**238.00**	**56.52**

TABLE V - Net Actuarial (Gain) / loss recognized

	PENSION		GRATUITY		LEAVE ENCASHMENT	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Actuarial loss / (gain) for the period - Obligations	(544.10)	135.40	77.26	(262.45)	400.10	594.39
Actuarial (gain)/ loss for the period - Plan Assets	(479.76)	347.66	(45.78)	32.33	(92.52)	(47.16)
Total (gain) /loss for the period	(1023.86)	483.06	31.48	(230.12)	307.58	547.23
Actuarial (gain) or loss recognized in the period	**(1023.86)**	**483.06**	**31.48**	**(230.12)**	**307.58**	**547.23**
Unrecognized Actuarial (gain) / loss at the end of the year	-	-	-	-	-	-

TABLE VI - Amount recognized in Balance Sheet

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Present value of Defined Benefit Obligation	46456.97	46355.35	4078.52	4398.78	3629.66	3446.03
Less	Fair value of Plan Assets	48147.78*	46731.79	4071.40	4502.08	3122.19	2779.62
	Difference	309.19	(376.44)	7.12	(103.30)	507.47	666.41
Less	Unrecognized Past Service cost (on Family Pension liability)	1520.16	-	-	-	-	-
	Net Liability/ (Asset)	**(1210.97)**	**(376.44)**	**7.12**	**(103.30)**	**507.47**	**666.41**
	Amounts in the Balance Sheet						
	Liability Recognized in the Balance Sheet	955.00**	-	7.12	-	507.47	666.41
	Assets Recognized in the Balance Sheet (on Family Pension liability)	(2165.97)	(376.44)	-	(103.30)	-	-
	Net Liability/ (Asset)	**(1210.97)**	**(376.44)**	**7.12**	**(103.30)**	**507.47**	**666.41**
	Negative amount determined under Paragraph 55 of AS-15 (R)	-	-	-	-	-	-
	Present value of available refunds and reductions in future contributions	-	-	-	-	-	-
	Asset recognized as per Paragraph 59 (b) of AS-15 (R)	2165.97	376.44	-	103.30	-	-

*includes contributions paid by Bank of Rs 618.79 crore for Past service cost on account of Additional Family Pension Liability

** In addition to providing the minimum amount of Rs.618.79 crore (i.e., 1/5th of total liability of Rs 3093.95 crore) for the financial year 2021-22, the Bank has further provided additional Past service cost of Rs 955.00 crore during FY 2021-22, aggregating the total amount charged to the Profit & Loss account is Rs 1573.79 crore during the year ended March 31, 2022 and the balance unamortized expense for additional family pension liability of Rs.1520.16 Crore has been carried forward

TABLE VII - Expense to be recognized in Profit and loss Account

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Current Service Cost	452.52	508.01	247.10	252.96	331.28	212.19
Add	Interest cost	3065.43	3043.60	254.86	274.85	187.57	199.11
Less	Expected return on Plan assets	(3091.21)	(2813.19)	(269.73)	(263.49)	(145.48)	(9.36)
Add	Net Actuarial (gain) / loss recognized in year	(1023.68)	483.06	31.48	(230.12)	307.58	547.23

TABLE VII - Expense to be recognized in Profit and loss Account

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Add	Past Service Cost-Recognized (on Family Pension liability)	1573.79	-	-	-	-	-
	Expenses recognized in the statement of profit and loss	**1012.67**	**1221.48**	**263.71**	**34.20**	**681.05**	**949.16**

TABLE VIII- Movement in Net Liability to be recognized in Balance Sheet

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Opening Net Liability	(376.44)	31.19	(103.29)	302.75	666.41	1944.30
Add	Opening Net liability of Erstwhile OBC & UNI	-	3308.09	-	-	-	1000.72
Add	Expense	1012.67	1221.48	263.71	34.20	681.05	949.16
Less	Contributions Paid	(1647.20)	(4937.20)	(153.30)	(440.24)	(839.99)	(2944.68)
Less	Benefits Paid by the company	-	-	-	-	-	(283.09)
	Closing Net Liability/ (Asset) recognised in B/S in current period)	**(1210.97)**	**(376.44)**	**7.12**	**(103.29)**	**507.47**	**666.41**

TABLE IX -Amount for the current Period

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Present value of Obligation	48456.97	45355.35	4078.52	4398.78	3625.66	3446.03
Less	Fair value of Plan Assets	48147.78	46731.79	4071.40	4502.08	3122.19	2779.62
	Surplus / (Deficit)	**(309.19)***	**376.44**	**(7.12)**	**103.30**	**(507.47)**	**(666.41)**
	Experience Adjustments in Plan Liabilities (loss) / Gain	1230.77	(1016.12)	199.27	(243.27)	446.48	744.92
	Experience Adjustments in Plan Assets (loss) / gain	479.76	(347.66)	45.78	(32.33)	92.52	47.18

*This amount is inclusive of additional liability amount on account of revision in family pension for employees, which our Bank had opted for amortization over a period not exceeding five years beginning with the financial year ending March 31, 2022 (subject to a minimum of 1/5th of the total liability). The total amount charged to the Profit & Loss account is Rs 1573.79 crore during the year ended March 31, 2022 and the balance unamortized expense for additional family pension liability of Rs.1520.16 Crore has been carried forward.

TABLE X -Major Categories of Plan Assets (as percentage of Total Plan Assets) as managed by Trust

(In Percentage)

	PENSION		GRATUITY		LEAVE ENCASHMENT	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Government of India Securities	2.75%	3.76%	5.00%	8.00%	0.00%	0.00%
State Govt Securities	11.91%	13.91%	10.00%	13.00%	0.00%	0.00%

TABLE X -Major Categories of Plan Assets (as percentage of Total Plan Assets) as managed by Trust

(In Percentage)

	PENSION		GRATUITY		LEAVE ENCASHMENT	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
High Quality Corporate Bonds	5.36%	5.67%	3.00%	3.00%	0.00%	0.00%
Equity Shares of listed companies/ Mutual Fund Investments	0.28%	0.60%	0.00%	0.00%	0.00%	0.00%
Property	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Special deposit scheme/ FDRs	4.05%	5.50%	6.00%	7.00%	0.00%	0.00%
Funds managed by Insurer / Investment in Life insurance Companies	69.10%	59.94%	66.00%	54.00%	100.00%	100.00%
Other Deposits, Accruals etc	6.53%	10.60%	10.00%	15.00%	0.00%	0.00%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

TABLE XI -ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR

	Pension (Funded)		Gratuity (Funded)		Leave Encashment (Funded)	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Bank's best estimate of Contribution during next year	720.00	2720.00	250.00	10.00	410.00	670.00

TABLE XII- Other Long Term employee benefits (Unfunded)

Particulars	Sick Leave & Un availed Casual leave (Unfunded)		Leave Fare concession (unfunded)		Silver Jubilee Bonus (unfunded)	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Present Value of Obligation	168.36	71.73	237.76	217.68	16.15	15.91
Opening Balance of Transitional Liability	-	-	-	-	-	-
Transitional Liability recognized in the year	-	-	-	-	-	-
Closing Balance Of Transitional Liability	-	-	-	-	-	-
Liability Recognized in Balance Sheet	168.36	71.73	237.76	217.68	16.15	15.91

Particulars	Basis of assumption
Discount Rate	Discount Rate has been determined by reference to market yields at the balance Sheet date on Government bonds (published by FBIL) of term consistent with currency and estimated term of the obligations
Expected Rate of Return on Plan Assets	It is assumed that return on the plan assets pertaining to the Pension, Gratuity and Leave Encashment fund will be 7.20% p.a., 6.95% p.a. and 6.95% p.a. respectively.
Salary Escalation Rate (SER)	Based on the broad guidance provided by IBA, SER for the bank has been taken at 6.0% (Basic Pay increase of 2.8% and DA increase of 5.8% pa with overall salary escalation of 6.0%.)
Attrition Rate	Attrition rate is assumed at 1% taken with reference to past experience and expected future experience related to voluntary withdrawals.

Note:

15.e)i) Defined Contribution Plans: -

The Bank has Defined Contribution Plan applicable to all categories of employees joining the Bank on or after 01.04.2010. The scheme is managed by NPS trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited has been appointed as the Central Record Keeping Agency for the NPS.
The detail of the contribution is as under-
During the Financial Year 2021-2022= Rs 974 43 Crore
(Contribution Includes both Bank + Employee contribution)
During the Financial Year 2020-2021= Rs 747 67 Crore
(Contribution Includes both Bank + Employee contribution)

15.e)ii) Bank has estimated the additional liability on account of revision in family pension for employees as per IBA Joint Note dated November 11, 2020, amounting to Rs.3093.95 Crore. However, RBI vide their Circular RBI/2021-22/105 DOR.ACC.REC.57/21.04.018/2021-22 dated 4th October 2021, has permitted Banks to amortize the said additional liability over a period of not exceeding 5 (five) years, beginning with financial year ending 31st March, 2022, subject to a minimum of 1/5th of the total amount being expensed every year. The Bank has opted the said provision of RBI and In addition to providing the minimum amount of Rs.618.79 crore (i.e., 1/5th of total liability of Rs 3093.95 crore) for the financial year 2021-22 the Bank has further provided additional Past service cost of Rs 955.00 crore during FY 2021-22,aggregating the total amount charged to the Profit & Loss account is Rs 1573.79 crore during the year ended March 31, 2022 and the balance unamortized expense for additional family pension liability of Rs.1520.16 Crore has been carried forward. If the unamortized expenditure had been fully recognised in the Profit & Loss account, the consequential Net Profit for the year would have been Rs.2468 Crore

15.f) Accounting Standard 17 – Segment Reporting

Segment Identification

I. **Primary (Business Segment):**

The following are the primary segments of the Bank -

i) **Treasury:** The Treasury Segment includes the entire investment portfolio and trading in foreign exchange contracts and derivative contracts. The revenue of the treasury segment primarily consists of fees and gains or losses from trading operations and interest income on the investment portfolio.

ii) **Corporate / Wholesale Banking:** As per the RBI guidelines RBI/2020-21/53, DOR.No.BP.BC.23/21.06.201/2020-21, dated 12th October 2020, the Corporate / Wholesale Banking segment comprises the lending activities of borrowers having exposure of ₹7.50Crores and above

iii) **Retail Banking:** The Retail Banking Segment comprises of borrower accounts having exposure of less than ₹7.50Crores.

iv) **Other Banking Operations** Segments not classified under (i) to (iii) above are classified under this primary segment.

II **Secondary (Geographical Segment):**

i) **Domestic Operations** - Branches/Offices having operations in India

ii) **Foreign Operations** - Branches/Offices having operations outside India and offshore banking units having operations in India.

III. **Basis of allocation**

The interest income is allocated on the basis of actual interest received from different segments

Expenses not directly attributable are allocated on the basis of Interest income earned by the wholesale banking / retail banking segment/other banking segment

Capital employed for each segment is calculated based on the assets and liabilities of that particular segment

The Bank has certain common assets and liabilities, which cannot be attributed to any segment, and the same are treated as unallocated

PART A: BUSINESS SEGMENTS

(Amount in ₹ Crore)

Sl. No.	Particulars	Current Year (Audited)	Previous Year (Audited)
i.	**Segment Revenue**		
	a) Treasury	29530.09	30706.97
	b) Corporate/Wholesale Banking	30646.03	31720.52
	c) Retail Banking	24638.13	26300.90
	d) Other Banking Operations	2385.24	4012.33
	Total	**87199.49**	**92740.72**
ii.	**Segment Results**		
	a) Treasury	9022.82	9605.06
	b) Corporate/Wholesale Banking	-4174.61	-7023.60
	c) Retail Banking	3095.91	4127.28
	d) Other Banking Operations	647.96	1106.80
	Total	**8592.08**	**7815.54**
iii	Unallocated Expenses	4275.68	4336.14
iv.	Operating Profit	20761.82	22159.18
v.	Provision for Tax	859.44	1457.78
vi.	Extraordinary Items	0.00	0.00
vii.	Net Profit	3456.96	2021.62
Other Information:			
viii.	**Segment Assets**		
	a) Treasury	423122.44	428936.22
	b) Corporate/Wholesale Banking	542009.51	513012.15
	c) Retail Banking	259162.10	245913.43
	d) Other Banking Operations	44043.15	26709.05
	Sub Total	**1268337.20**	**1214570.85**
	e) Unallocated Assets	46467.81	46061.77
	Total Assets	**1314805.01**	**1260632.62**
ix.	**Segment Liabilities**		
	a) Treasury	406533.55	413086.54
	b) Corporate/Wholesale Banking	520759.54	494055.77
	c) Retail Banking	249001.42	236826.65

Sl. No.	Particulars	Current Year (Audited)	Previous Year (Audited)
	d) Other Banking Operations	42316.40	25722.12
	Sub Total	**1218610.91**	**1169691.08**
	e) Unallocated Liabilities	707.22	4.23
	Total Liabilities	**1219318.13**	**1169695.31**
x.	**Capital Employed**		
	a) Treasury	16588.89	15849.68
	b) Corporate/Wholesale Banking	21249.97	18956.38
	c) Retail Banking	10160.68	9086.78
	d) Other Banking Operations	1726.75	986.93
	Sub Total	**49726.29**	**44879.77**
	e) Unallocated Liabilities	45760.59	46057.54
	Total Capital Employed	**95486.88**	**90937.31**

PART B: GEOGRAPHIC SEGMENTS

(Amount in ₹ Crore)

Sl. No	Particulars	Current Year (Audited)	Previous Year (Audited)
1.	**Revenue**		
	a) Domestic	86712.97	91946.84
	b) International	486.52	793.88
	Total	87199.49	92740.72
2.	**Assets**		
	a) Domestic	1271243.80	1214829.81
	b) International	43561.21	45802.81
	Total	1314805.01	1260632.62

Note:

1. Segment Liabilities are distributed in the ratio of their respective Segment Assets.
2. Figures of the previous period have been re-grouped /re-classified wherever necessary

15. g) Accounting Standard 18 - Disclosure of Related Parties as per Accounting Standard – 18 issued by ICAI: (Parent Company):

Names of the related parties and their relationship with the Bank:

Key Management Personnel (KMP):

i) Shri Atul Kumar Goel, Managing Director & CEO. w.e.f. 01.02.2022
ii) Shri CH S S Mallikarjuna Rao, Managing Director & CEO. upto 31.01.2022
iii) Shri Agyey Kumar Azad, Executive Director. up to 30.04.2021
iv) Shri Sanjay Kumar, Executive Director
v) Shri Vijay Dube, Executive Director
vi) Shri Swarup Kumar Saha, Executive Director
vii) Shri Kalyan Kumar, Executive Director, w.e.f. 21.10.2021

Subsidiaries:

i) PNB Gilts Ltd.
ii) PNB Investment Services Ltd.
iii) PNB Cards and Services Ltd.
iv) Punjab National Bank (International) Ltd., UK.
v) Druk PNB Bank Ltd, Bhutan.

Associates:

i) PNB Metlife India Insurance Company Ltd*
ii) PNB Housing Finance Limited
iii) JSC (Tengri Bank), Almaty, Kazakhstan**
iv) Canara HSBC Oriental Bank of Commerce Life Insurance Co. Ltd.
v) India SME Asset Reconstruction Co. Ltd.
vi) Everest Bank Limited, Kathmandu, Nepal
vii) Dakshin Bihar Gramin Bank, Patna
viii) Himachal Pradesh Gramin Bank, Mandi
ix) Punjab Gramin Bank, Kapurthala
x) Sarva Haryana Gramin Bank, Rohtak
xi) Prathama UP Gramin Bank, Moradabad
xii) Assam Gramin Vikas Bank, Guwahati
xiii) Bangiya Gramin Vikas Bank, West Bengal
xiv) Manipur Rural Bank, Imphal
xv) Tripura Gramin Bank, Agartala

*PNB has acquired 30% stake in PNB Metlife at consideration of Rs. 700.48 as brand equity.
**AFR revoked license of JSC Tengri Bank w.e.f. 18.09.2020 and is under Liquidation.

Others:

i) PNB Centenary Rural Development Trust

Transactions with Related Parties:

(Amount in ₹ Crores)

Items/ Related Party	Parent** (as per ownership or control)		Subsidiaries**		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Total	
	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year
Remuneration	NA	NA	NA	NA	-	-	2.74	-	-	-	2.74	-
	NA	NA	NA	NA	-	-	(3.45)	-	-	-	(3.45)	-
Borrowings	NA	NA	NA	NA	25.01	25.01	-	-	-	-	25.01	25.01
	NA	NA	NA	NA	(25.01)	(25.01)	-	-	-	-	(25.01)	(25.01)
Deposits	NA	NA	NA	NA	88.80	92.56	-	-	-	-	88.80	92.56
	NA	NA	NA	NA	(30.60)	(116.44)	-	-	-	-	(30.60)	(116.44)
Placement of Deposits	NA	NA	NA	NA	0.00	0.00	-	-	-	-	0.00	0.00
	NA	NA	NA	NA	0.00	0.00	-	-	-	-	0.00	0.00

PUNJAB NATIONAL BANK

SCHEDULE 18: NOTES TO ACCOUNTS (STANDALONE) – 31.03.2022

Other Liabilities	N.A	N.A	N.A	N.A	0.61	1.52					0.61	1.52
	N.A	N.A	N.A	N.A	(0.30)	(7.45)					(0.30)	(7.45)
Balance with banks and Money at call and short notice	N.A	N.A	N.A	N.A	38.27	757.65	-	-	-	-	38.27	757.65
	N.A	N.A	N.A	N.A	(1743.04)	(2772.04)	-	-	-	-	(1743.04)	(2772.04)
Advances (IBPC borrowings)	N.A	N.A	N.A	N.A	0.00	0.00					0.00	0.00
	N.A	N.A	N.A	N.A	(0.00)	(0.00)					(0.00)	(0.00)
Advances (IBPC lending)	N.A	N.A	N.A	N.A	0.00	0.00					0.00	0.00
	N.A	N.A	N.A	N.A	(0.00)	(0.00)					(0.00)	(0.00)
Advances (Others)	N.A	N.A	N.A	N.A	4025.59	4634.45					4025.59	4634.45
	N.A	N.A	N.A	N.A	(4548.43)	(5354.44)					(4548.43)	(5354.44)
Investments	N.A	N.A	N.A	N.A	817.54	817.54					817.54	817.54
	N.A	N.A	N.A	N.A	(717.54)	(717.54)	-	-	-	-	(717.54)	(717.54)
Investments in Debentures	N.A	N.A	N.A	N.A	-			-	-		-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Other Assets	N.A	N.A	N.A	N.A	129.82	212.15					129.82	212.15
	N.A	N.A	N.A	N.A	(259.28)	(313.07)					(259.28)	(313.07)
Non Funded Commitments (LCs/BGs)	N.A	N.A	N.A	N.A	17.88	17.88	-	-	-	-	17.88	17.88
	N.A	N.A	N.A	N.A	(5.99)	(5.99)	-	-	-	-	(5.99)	(5.99)
Leasing/HP arrangements availed	N.A	N.A	N.A	N.A		-	-	-	-	-	-	-
Leasing/HP arrangements provided	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Purchase of fixed assets	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Sale of Fixed Assets	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Transaction IBPC Sale Deal Value	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Transaction IBPC Purchase Deal Value	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Interest paid on Deposits	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Interest Paid on IBPC	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Interest Paid Others	N.A	N.A	N.A	N.A	4.70	-	-	-	-	-	4.70	-
	N.A	N.A	N.A	N.A	(15.67)	-	-	-	-	-	(15.67)	-
Interest received on IBPC	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Interest received Others	N.A	N.A	N.A	N.A	505.55						505.55	
	N.A	N.A	N.A	N.A	(859.17)	-	-	-	-	-	(859.17)	-
Receiving of Services	N.A	N.A	N.A	N.A	-							
	N.A	N.A	N.A	N.A		-	-	-	-	-	-	-
Rendering of Services	N.A	N.A	N.A	N.A	-	-	-	-	-	-		
	N.A	N.A	N.A	N.A		-	-	-	-	-	-	-
Management contracts	N.A	N.A	N.A	N.A	0.54	-	-	-	-	-	0.54	
	N.A	N.A	N.A	N.A	(0.54)	-	-	-	-	-	(0.54)	-
Dividend received	N.A	N.A	N.A	N.A	-							
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Bank Charges	N.A	N.A	N.A	N.A	-		-	-	-	-		-
	N.A	N.A	N.A	N.A	-	-						-
Interest Paid on Bonds	N.A	N.A	N.A	N.A	-	-		-		-	-	-
	N.A	N.A	N.A	N.A						-	-	-
Commission Received	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A		-	-	-	-	-	-	-
Other Expenditure	N.A	N.A	N.A	N.A	194.21	-	-	-			194.21	
	N.A	N.A	N.A	N.A	(79.16)	-	-	-	-		(79.16)	-
Other Income	N.A	N.A	N.A	N.A	255.90	-	-	-	-	-	255.90	-
	N.A	N.A	N.A	N.A	(406.15)	-	-	-	-	-	(406.15)	

Notes: 1 **The transactions with the subsidiaries and certain associates have not been disclosed in view of para-9 of AS-18 'Related Party Disclosure', which exempts state controlled enterprises from making any disclosures pertaining to their transactions with other related parties, which are also state controlled

2. Further, in terms of Paragraph 5 of AS 18, transactions in the nature of Banker-Customer relationship have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel

3. The amounts reported are net of provision, if any.

4. Figures in brackets relate to previous year and have been regrouped / rearranged / reclassified wherever necessary

15. h) Accounting Standard 19 - Lease

i. Operating lease primarily comprise office premises, which are renewable at the option of the bank normally at the end of every 3 / 5th years.

ii. As per information available, Non-Cancellable lease as on 31.03.2022: NIL (Previous year: NIL)

iii. Amount of lease payment recognized in P & L Account for operating lease is as under:

Current Year		Previous Year	
No. of lease / rented premises	(Amount in ₹Crore)	No. of lease / rented premises	(Amount in ₹Crore)
15750	782.24	16050	790.74

15. i) Accounting Standard 20 - Earnings per Share

Sl.N	Particulars	Current Year	Previous Year
A	EPS - Basic / Diluted (in ₹) (Non Annualized)	3.16	2.08
B	Amount used as numerator Profit/ (Loss) after tax (₹ in 000)	34569636	20216187
C	Nominal value of share	₹2.00 each	₹2.00 each
D	Weighted average number of equity shares used as the denominator	10946723321	9705896011

15. j) (i) Accounting Standard 22- Accounting for taxes on Income

The Bank has recognized deferred tax assets and liability as per accounting policy no. 10. Major components of which are set out below:

(Amount in ₹Crore)

Particulars	Current Year	Previous Year
Deferred Tax Assets		
Provision for Leave encashment & others	112.80	1226.76
Provision for bad & doubtful debts	23821.41	25408.50
Taxable loss (carried forward)	2353.34	1335.18
Other Contingencies	162.16	55.00
Total	**26449.71**	**28025.44**
Deferred Tax Liabilities		
Depreciation on fixed assets	-233.45	-164.13
Special Reserve u/s 36(1)(viii) of Income Tax Act 1961	1170.31	1135.37
Total	**936.86**	**971.24**
Deferred Tax Assets (Net)	**25512.85**	**27054.20**

The deferred tax assets ₹ 1541.35 Crore for the year ended 31.03.2022 (FY 2021-22) is debited to Profit & Loss Account (Previous year: Debited ₹ 1426 Crores)

ii) Current Tax: After opting certain eligible cases under Vivad se Vishwas Scheme 2020, the Bank has reversed remaining Income Tax provision amounting to ₹ 700.00 crore during the year ended 31.03.2022, as the same is no longer required. Accordingly for the financial year ended 31.03.2022 the bank has credited ₹ 681.91 Crores to Profit & Loss Account (Previous year: Debited ₹ 31.78 Crore) on account of current tax. Accordingly the total tax expense on account of current tax & deferred tax assets charged to Profit & Loss account amounts to ₹ 859.44 Crore.

iii) Tax Paid in advance/Tax deducted at source appearing under "Other Assets" includes disputed amount adjusted by the department/paid by the Bank in respect of tax demands for various assessment years.

iv) No provision is considered necessary in respect of disputed Income Tax demands of ₹11427.55 Crore (Previous year ₹ 9835.82 Crore) as in the bank's view duly supported by expert opinion and/or decision in bank's own appeals on same issues, additions / disallowances made are not sustainable.

v) The Bank has evaluated the options available under section 115BAA of Income Tax Act, 1961 and opted to continue to recognise the taxes on income for the financial year 2021-22 as per the earlier provisions of Income Tax Act, 1961.

vi) The current tax expenses and deferred tax expenses are determined in accordance with the provisions of the Income Tax Act, 1961 and as per the Accounting Standard 22- "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India respectively. The current Tax in India has been calculated in accordance with the provisions of Income Tax Act 1961 after taking appropriate relief for taxes paid on foreign jurisdiction.

15. k) Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements

Since Investments of the bank in its Associates are participative in nature and the Bank having the power to exercise significant influence on their activities, such Investments are recognized in the Consolidated Financial Statements of the Bank.
(Previous year: Since Investments of the bank in its Associates are participative in nature and the Bank having the power to exercise significant influence on their activities, such Investments are recognized in the Consolidated Financial Statements of the Bank).

15. l) Accounting Standard 24 – Discontinuing operations

During the period from 01.04.2021 to 31.03.2022, the bank has not discontinued operations of any of its branches, which resulted in shedding of liability and realization of assets and no decision has been finalized to discontinue an operation in its entirety which have the above effect.

(Previous year: During the period from 01.04.2020 to 31.03.2021, the bank has not discontinued operations of any of its branches, which resulted in shedding of liability and realization of assets and no decision has been finalized to discontinue an operation in its entirety which have the above effect).

15.m. Accounting Standard 26 – Intangible asset

Particulars	Useful life (No. of Years)	Amortization rates used	Amortization Method
Software	03	33.33%	Straight Line Method

Intangible Assets

(Amount in ₹ Crores)

Particulars	Gross Block					Amortization				Net Block	
	As at 01.04.21	Additions	Other Adjustments	Reclassifications / Deletions	As at 31.03.22	As at 01.04.21	For the year*	Reclassifications / Deletions	As at 31.03.22	As at 31.03.22	As at 31.03.21
Software	1102.91	106.40	0.00	0.00	1209.31	786.88	133.20	0.00	920.08	289.23	316.03
TOTAL	**1102.91**	**106.40**	**0.00**	**0.00**	**1209.31**	**786.88**	**133.20**	**0.00**	**920.08**	**289.23**	**316.03**
Previous FY 2020-21*	621.89	481.02	0.00	0.00	1102.91	491.15	295.73	0.00	786.88	316.03	-

*Addition to gross block and depreciation to date includes balances of transferee Banks as at date of Amalgamation and is re-casted with no impact in net Block.

15. n) Accounting Standard 28 – Impairment of assets

A substantial portion of the bank's assets comprises 'financial assets' to which Accounting Standard 28 'Impairment of Assets' is Not Applicable. In the opinion of the bank, there is no impairment of its assets (to which the standard applies) to any material extent as at 31.03.2022 requiring recognition in terms of the said standard.

(Previous year: A substantial portion of the bank's assets comprises 'financial assets' to which Accounting Standard 28 'Impairment of Assets' is Not Applicable. In the opinion of the bank, there is no impairment of its assets (to which the standard applies) to any material extent as at 31.03.2021 requiring recognition in terms of the said standard).

15. o) Accounting Standard 29 - Provisions, Contingent Liabilities and Contingent Assets

i) Movement of provisions for liabilities*

(Amount in ₹Crore)

Particulars	Salary arrears	Legal cases/ contingencies
Opening Balance	44.00 (911.91)	74.20 (29.35)
Addition on account of amalgamation of eOBC and eUNI	0.00 (461.75)	0.00 (43.02)
Addition / Provided during the Year	0.00 (1564.66)	11.81 (5.93)
Amounts used during the Year	0.00 (2316.96)	0.23 (0.23)
Reversed during the period Year	44.00 (577.36)	2.27 (3.87)
Balance as at 31.03.2022	**0.00** **(44.00)**	**83.51** **(74.20)**

Particulars	Salary arrears	Legal cases/ contingencies
Timing of outflow/uncertainties	On actual Payment (On actual Payment)	Outflow on settlement / crystallization (Outflow on settlement / crystallization)

*Excluding provisions for others

ii) Refer Schedule-12 on contingent liabilities

Such liabilities at S.No.(I), (II), (III), (IV), (V) & (VI) are dependent upon the outcome of Court / arbitration / out of court settlement, disposal of appeals, the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, respectively.

Other Disclosures:

16. Bank's Disclosure in respect of Credit Exposures where the same had exceeded the Prudential Exposure limits as per Large Exposure (LE) framework prescribed by RBI for Individual/Group Borrowers for the Financial year ended 31.03.2022:

Details of accounts where Bank has exceeded prudential exposure ceilings as per Large Exposure (LE) framework in respect of any Individual and Group Accounts based on Tier – 1 Capital of ₹62636Crores for the financial year 31.03.2022 are as below:-

(Amount in ₹ Crore)

S. No.	Name of the Borrower	Prescribed Ceiling	Exposure (as on 31.03.2022)	Total Exposure as % of Tier-1 Capital as on 31.03.2022	Outstanding (as on 31.03.2022)	Total Outstanding Exposure as per LE Framework as % of Tier – 1 Capital as on 31.03.2022
			Individual			
1.	Food Corporation of India	₹12527.20Crores (20% of Tier – I Capital)	14469.27	23.10%	14469.27	*23.10%
2.	NABARD		14052.65	22.44%	14052.65	*22.44%
*Group						
			NIL			

31.03.2021 (FY ended 31.03.2021)

Details of accounts where Bank has exceeded prudential exposure ceilings as per Large Exposure (LE) framework in respect of any Individual and Group Accounts based on Tier – 1 Capital of ₹55507Crores for the financial year 31.03.2021 are as below: -

(Amount in ₹ Crore)

S. No.	Name of the Borrower	Prescribed Ceiling	Exposure (as on 31.03.2021)	Total Exposure as % of Tier-1 Capital as on 31.03.2021	Outstanding (as on 31.03.2021)	Total Outstanding Exposure as per LE Framework as % of Tier – 1 Capital as on 31.03.2021
			Individual			
1.	Indian Railway Finance Corp Ltd	₹11101.40Crores (20% of Tier – I Capital)	11356.43	$20.46%	11356.43	20.46%
^Group						
			NIL			

^RBI Circular dated 03.06.2019 has given leverage of 5% over and above the ceiling of 20% of single counterparty under the Bank's Board Power. Board in its meeting dated 28.03.2017 has approved that bank may in exceptional circumstances consider enhancement of the exposure ceiling for single counterparty classified as Large Exposure upto 5% over and above ceiling of 20%.

$RBI Circular dated 03.06.2019 has given leverage of 5% over and above the ceiling of 20% of single counterparty under the bank's Board power. The same was ratified by the board in its meeting dated 05.03.2021 vide Agenda No. A-3

All the exposure (other than exempted exposure) of Individual and Group Accounts (except as mentioned above) for the financial year ended 31.03.2022 are within the prescribed regulatory limits, as per LE Framework.

(All the exposure (other than exempted exposure) of Individual and Group Accounts (except as mentioned above) for the financial year ended 31.03.2021 are within the prescribed regulatory limits, as per LE Framework).

17. Disclosure: Letter of Comfort (LoC)

"The Bank has issued a Letter of Comfort to Prudential Regulation Authority (PRA), the regulator in United Kingdom, committing that the bank shall provide financial support to its subsidiary, Punjab National Bank (International) Ltd., UK so that it meets its financial commitments as and when they fall due".

The said letter of Comfort has been renewed on 15.03.2022 after seeking approval of our Board in favor of PRA w.r.t. our subsidiary PNBIL wherein we have reiterated our commitment. The renewal was done as per instruction of PRA and RBI.

Apart from the above, the Bank has not issued any Letter of Comfort to Group Entities (Excl. RRBs) and therefore, there are no cumulative financial obligations under Letter of Comfort.

18. Disclosure: Letter of Undertaking

"The Bank has issued a **Letter of Undertaking to International Financial Services Centers Authority (IFSCA), GIFT City, Gandhinagar, Gujarat** that it will provide necessary Capital support of **USD 20.00 Mio.**

Further, the bank hereby confirms that it will provide such support and assistance (including liquidity, whenever needed) and may be appropriated to enable the IFSC Banking Unit to meet obligations in the course of the operation".

Apart from the above the Bank has not issued any Letter of Comfort for overseas branches and there are no cumulative financial obligations under Letter of Comfort.

19. Reward Points of Credit Card

PNB Global Credit Card holders are rewarded as and when they make purchases through usage of Credit Card. Reward Points are generated at the time of usage of Credit Card by Cardholder at merchant Establishment. Card holder can redeem the accumulated reward points. The amount payable on account of reward points is charged to Profit and Loss account and credited to Sundry Provision Account on daily basis.

Position of outstanding reward points of Credit Cards and Provision thereon:

Particulars	Current Year	Previous Year
Balance Reward Points outstanding	203815605	206320567
Provision held for these points (₹ in Crore)*	2.55	2.58

*The provision held against Rewards points in respect of Credit Cards has been worked out at ₹0.50 for 1 point. Based on past trend of redemption, provision has been made @25% of accumulated Reward points on estimated basis as in the previous year.

20. Disclosure related to Non -Banking assets:

(Amount in ₹ Crore)

Current Year		Previous Year	
No. of Properties	Balance Outstanding	No. of Properties	Balance Outstanding
13	50.21	14	61.35

21. Corporate debt securities lent or acquired under repo or reverse repo transactions:

Current Year	Previous Year
NIL	NIL

22. As per RBI guidelines, the Bank worked out the amount of Inter Branch Credit entries outstanding for more than 5 years to create a Blocked Account. Accordingly, a sum of ₹NIL(previous year ₹8.65Crores) [net of adjustments since carried out has been included under "Other Liabilities-others" in Schedule-5].

23. Premises includes properties amounting to ₹2.48Crore [Net of Depreciation] {Cost ₹4.12Crore} are awaiting registration of title deeds (Previous year ₹2.26Crore)[Net of Depreciation] {Cost ₹4.12Crore}]

24. Premises includes Capital work in progress of ₹127.08Crore (previous year ₹82.36Crore).

25. Guidelines given in Micro, Small and Medium Enterprises Development Act 2006 have been complied with for purchases made during the twelve months ended March 2022 (FY 2021-22) and payments have been made to the Vendors in time as per Act. Since there had been no delay in payment, no penal interest applicable during year ended March 2022 (FY 2021-22)

26. Depreciation on Revalued Portion of Premises for the current financial year ended March, 2022 is ₹144.61Crores (Previous year ₹127.57Crores).

27. During the year ended 31.03.2022 the Bank has not Revalued Immovable Properties (In the Previous financial year the Bank Revalued (appreciation) properties having original cost ₹133.93Crores by ₹123.99Crores).

28. In compliance of RBI letter no. BPC.7201/21.04.132/2017-18 dated 08.02.2018, Bank has made a provision of ₹98.95Crore (Previous year ₹103.77Crore) being 5 % of the existing outstanding of ₹1979.11Crore (Previous year ₹2075.40Crore) as on 31.03.2022 in respect of Advance to Government of Punjab Long term Loan (LTL).

29. In terms of RBI Letter no. DBR.No.BP.15199/21.04.048/2016-17 dated June 23, 2017 (RBI List-1) and Letter no. DBR.BP.1906/21.04.048/2017-18 dated August 28, 2017 (RBI List-2) for the accounts admitted under the provisions of Insolvency & Bankruptcy Code (IBC), the Bank is holding total provision of ₹8384.09 Crore (Aggregate provision of RBI List 1 and List 2 accounts) as on March 31, 2022 (99.78% of Gross NPA advances). (Previous Year ₹8,374.53 Crore (Aggregate provision of RBI List 1 and List 2 accounts), 100% of Gross NPA advances)

30. COVID - 19 pandemic across several countries including India has resulted in a significant decline and volatility in global as well as Indian financial markets and economic activities. The Government of India announced a series of lock down measures since March 2020 onwards, which were lifted and re-imposed for activities by various Governments at various points of time depending on the situation prevailing in their respective jurisdictions and the same had resulted in disruption of business and common life.
The situation continues to be uncertain due to new variants of COVID-19 and the Bank is evaluating the situation on ongoing basis. The extent to which the COVID-19 pandemic will impact the Bank's results will depend on future developments. The major identified challenges for the Bank would arise from eroding cash-flows and extended working capital cycles. The Bank is gearing itself on all the fronts to meet these challenges.

31. The Board of Directors has recommended a dividend of Re.0.64 per equity share (32%) for the year ended March 31, 2022 subject to requisite approvals

32. I. Figures of the previous periods have been regrouped / rearranged / reclassified wherever necessary to conform to current period's classification.
II. Figures in the bracket wherever given (except Item no. 15.(e). - Accounting Standard 15 - Employees Benefits) relates to previous year.

S N Dhawan & Co LLP
Chartered Accountants

S R Goyal & Co
Chartered Accountants

P S M G & Associates
Chartered Accountants

S C Bapna & Associates
Chartered Accountants

D K Chhajer & Co
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of Punjab National Bank
Report on Audit of the Consolidated Financial Statements

Opinion

1. We have audited the attached Consolidated Financial Statements of Punjab National Bank (**"the Bank"**), its subsidiaries (**the parent and its subsidiaries together referred to as "the group"**), and associates as at 31 March 2022, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information annexed thereto, in which the following are incorporated:

i. Audited Financial Statements of Punjab National Bank (the Bank), audited by us, vide our audit report dated 11 May 2022;

ii. Audited Financial Statements of 04 Subsidiary and 11 Associates, audited by other auditors; and

iii. Unaudited accounts of 01 Subsidiaries and 03 Associates.

2. In our opinion and to the best of our information and according to the explanations given to us and based on our consideration of the reports of other auditors on separate financial statements of subsidiaries and associates, the unaudited financial statements and the other financial information of subsidiaries/ associates as furnished by the management the aforesaid consolidated financial statements give the information required by the Banking Regulation Act, 1949 (the 'Act') in the manner so required for bank and are in conformity with accounting principles generally accepted in India and :

a. the Consolidated Balance Sheet, read with the notes thereon is a full and fair view of Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at 31 March, 2022;

b. the Consolidated Profit and Loss Account, read with the notes thereon shows a true balance of profit; and

c. the Consolidated Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the Consolidate Financial Statements in India, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our matter was addressed in the audit
Advances – classification and provisioning (Refer Schedule 9 to the Consolidated Financial Statements, read with the Accounting Policy No.5) The advances are classified as performing and non-performing advances (NPA) and provisioning thereon is made in accordance with the prudential norms as prescribed by the Reserve Bank of India (RBI). The Bank has implemented complete system driven recognition of advances and their classification in SASCL Application under Core Banking Solution (CBS) The extent of provisioning of NPA under the prudential norms are mainly based on its ageing and recoverability of the underlined security. The same are also reviewed manually based on necessity. In the event of any improper application of the prudential norms or consideration of the incorrect value of the security, as the valuation of the security involves high degree of estmation and judgement, the carrying value of the advances could be	Our audit approach included an understanding of the Bank's software, circulars, guidelines and directives of the Reserve Bank of India and the Bank's internal instructions and procedures in respect of the assets classification and its provisioning and adopted the following audit procedures: • Evaluated and understood the Bank's internal control system in adhering to the Relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances. • Test checked the design and implementation as well as operational effectiveness of relevant internal controls and substantive testing, including involvement of manual process in relation to income recognition, asset classification and provisioning pertaining to advances. • Reviewed the Bank's monitoring mechanisms to identify errors and omission in applying/ implementation of

materially misstated either individually or collectively, and in view of the significance of the amount of advances in the financial statements the classification of the advances and provisioning thereon has been considered as Key Audit Matter in our audit.	logic / data integrity and its corrective action. • Reviewed the documentations, operations / performance and monitoring of the advance accounts, on test check basis of the large and stressed advances, to ascertain any overdue, unsatisfactory conduct or weakness in any advance account, examination of classification as per prudential norms of the RBI, in respect of the branches / relevant divisions audited by us. In respect of the branches audited by the branch statutory auditors, we have placed reliance on their reports. • Reviewed the report of independent I T Expert on review of SASCL Application (Income Recognition and Asset Classification solution) used by CBS including the review of "Baseline Requirements for the NPA classification Solution". • Reviewed on test check basis the reports of the credit audit, inspection audit, risk based internal audit, concurrent audit, regulatory audit to ascertain the advances having any adverse features / comments, and reviewed the reports generated from the Bank's system. Our Results: The results of our audit process were observed to be adequate and satisfactory considering the materiality of the transactions.
<u>Investments – valuation, and identification and provisioning for Non-Performing Investments</u> (Refer Schedule 8 to the Consolidated Financial Statements, read with the Accounting Policy No.4) Investment portfolio of the bank comprises of Investments in Government	Our audit approach towards Investments with reference to the RBI circulars / directives included the review and testing of the design, implementation, operating effectiveness of internal controls and audit procedures in relation to valuation, classification, identification of Non-Performing Investments, provisioning /

Securities, Bonds, Debentures, Shares, Security Receipts and other Approved Securities which are classified under three categories, Held to Maturity, Available for Sale and Held for Trade. Valuation of Investments, identification of Non-performing Investments (NPI) and the corresponding non-recognition of income and provision thereon, is carried out in accordance with the relevant circulars / guidelines / directions of RBI. The valuation of each category (type) of aforesaid security is to be carried out as per the methodology prescribed in circulars and directives issued by the RBI which involves collection of data/ information from various sources such as FBIL rates, rates quoted on BSE/ NSE, financial statements of unlisted companies, NAV in case of mutual funds & security receipts etc. Certain investments are based on the valuation methodologies that include statistical models with inherent assumptions, assessment of price for valuation based on financial statements etc. Hence, the price discovered for the valuation of these Investments may not be the true representative but only a fair assessment of the Investments as on date. Hence the valuation of Investments requires special attention and further in view of the significance of the amount of Investments in the financial statements the same has been considered as Key Audit Matter in our audit.	depreciation related to Investments as per RBI guidelines. • We reviewed and evaluated the process adopted for collection of information from various sources for determining fair value of these investments. • For selected sample of investments (covering all categories of investments based on nature of security) we tested accuracy and compliance with the RBI Master Circulars and directions. • We assessed and evaluated the process of identification of NPIs and corresponding reversal of income and creation of provision. <u>Our Results:</u> The results of our audit process were observed to be adequate and satisfactory considering the materiality.
<u>Assessment of Information Technology (IT):</u> IT controls with respect to recording of transactions, generating various reports in compliance with RBI guidelines including IRAC norms. Other compliances to regulators etc is an important part of the process. Such reporting is highly dependent on the effective working of Core Banking Software and other allied systems.	Our audit approach included:- • Understanding the coding system adopted by the bank for various categories of customers. • Reviewed the design, implementation and operating effectiveness of the Bank's IT controls including application, access

We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong reporting of data to the management and regulators.	controls that are critical to financial reporting on test check basis. • Understanding the feeding of the data in the system and going through the extraction of the financial information and statements from the IT system existing in the Bank. • Checking of the user requirements for any changes in the regulations/ policy of the bank. • Reviewed the reports generated by the system on sample basis. • Reviewed the report of Independent I T Expert on review of SASCL Application (Income Recognition and Asset Classification solution) used by CBS including the review of "Baseline Requirements for the NPA classification Solution". Our Result There is continuous progress, still the system needs to be strengthened for its efficacy to control deficiencies of input/output data from the system.
Litigation & Contingent Liabilities Assessment of Contingent liabilities in respect of certain litigations including Direct and Indirect Taxes and various other claims filed by other parties upon the Bank not acknowledged as debts. The Bank's assessment is supported by the facts of matter, their own judgment, past experience, and advice from legal and independent tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Bank's reported profit and the Balance Sheet.	Our audit approach included :- • Going through the current status of the tax litigations and contingent liabilities; • Examining the orders and/or communication received from various Tax Authorities/ Judicial forums and follow up action thereon; • Evaluating the merits of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice; and

We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of litigations which requires application of judgment in interpretation of law. Accordingly, our audit was focused on analysing the facts of subject matter under consideration and judgments/ interpretation of law involved.	• Wherever required, reliance is placed on the opinion of legal and tax consultants.

Emphasis of Matter

5. We draw attention to following:

a. Note No. 15 (a) of Schedule 18 to the consolidated financial statements regarding change in policy of revenue recognition of commission on Letter of Credit and Bank Guarantee by the Bank on prorata basis to the extent accrued for the period.

b. Note No. 15 (e) (ii) of Schedule 18 to the consolidated financial statements regarding amortization of additional liability on account of revision in family pension amounting to Rs. 3,093.95 crores. The Bank has charged an amount of Rs. 1573.79 crores to the Profit and Loss Account during year ended 31 March 2021 and the balance unamortized expense of Rs. 1520.16 crores have been carried forward.

c. Note No 30 of Schedule 18 to the consolidated financial statement, which describes the uncertainties due to outbreak of novel corona virus (COVID 19) and the management's assessment of its impact on the business operations of the Bank.

Our opinion is not modified in respect of these matters.

Information Other than the Financial Statements and Auditor's Report thereon

6. The Bank's Board of Directors is responsible for the other information. The other information comprises the Directors' Report, including annexures, Corporate Governance Report and other reports (but does not include the financial statements and our auditor's report thereon). Our opinion on the Financial Statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The Bank's Board of Directors is responsible with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

   In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

   As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control on the consolidated financial statements.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the consolidated financial results/financial information of the entities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of the misstatements in the statements that, individually or aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in: (i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

9. The accompanying consolidated financial statements includes the audited financial statements and other financial information, in respect of:

- Four (04) subsidiaries viz. (i) Druk PNB Bank Limited, (ii) PNB Gilts Limited, (iii) PNB Investment Services Limited and (iv) PNB Cards and Services Limited whose financial statements / financial information reflect total assets of Rs. 18053.63 crore as at 31 March 2022, total revenues of Rs. 896.84 crore, and the Group's share of total net profit/(loss) after tax of Rs. 174.29 crore for the year ended on that date have been audited by its respective independent auditor whose reports have been furnished to us, and our opinion is based solely on the reports of the said auditors.
- Eleven (11) domestic associates whose financial results/ statements include Group's share of net profit after tax of Rs. 257.26 crore for the year ended 31 March 2022 respectively, as considered in the consolidated financial statements whose financial results/financial statements, other financial information has been audited by their respective independent auditors whose audit reports have been furnished, and our opinion is based solely on the reports of the said auditors.

10. The accompanying consolidated financial statements includes the unaudited financial results/statements and other unaudited financial information, in respect of:

- One (01) subsidiary viz. (i) Punjab National Bank (International) Ltd. whose financial statements / financial information reflect total assets of Rs. 7730 crore as at 31 March, 2022, total revenues of Rs. 307.91 crore and share of total net profit after tax of Rs. 99.34 crore for the year ended on that date have been furnished by the management of the Bank.

- Two (02) domestic associates and one (01) foreign associate whose financial results/ statements include Group's share of net profit/(loss) after tax of Rs. (0.16) crore for the year ended 31 March 2022 respectively, as considered in the Consolidated Financial Statements whose financial results/financial statements, other financial information has been furnished by the management of the Bank.

In our opinion and according to the information and explanations given to us by the Board of Directors, these financial statements/financial results / financial information are not material to the Group.

Our opinion on the Statement is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

11. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949;

12. Subject to the limitations of the audit indicated in paragraphs 9 and 10 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act,

1970/1980, and subject also to the limitations of disclosure required therein, we report that:

a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;
b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
c. The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit; and
d. We have not observed any financial transaction or matter which has adverse effect on the functioning of the bank.

13. As required by letter No. DOS.ARG.No.6270/08.91.001/2019- 20 dated March 17, 2020 on "Appointment of Statutory Central Auditors (SCAs) in Public Sector Banks – Reporting obligations for SCAs from FY 2019-20", read with subsequent communication dated May 19, 2020 issued by the RBI, we further report on the matters specified in paragraph 2 of the aforesaid letter as under:

a. In our opinion, the aforesaid Consolidated Financial Statements comply with the applicable Accounting Standards issued by ICAI, to the extent they are not inconsistent with the accounting policies prescribed by the RBI.

b. There are no observations or comments on financial transactions or matters which have any adverse effect on the functioning of the Bank.

c. As the Bank is not registered under the Companies Act, 2013 the disqualification from being a director of the bank under sub-section (2) of section 164 of the Companies Act 2013 do not apply to the Bank.

d. There are no qualifications, reservations or adverse remarks relating to the maintenance of accounts and other matters connected therewith of the Bank.

e. The Bank's internal financial controls over financial reporting is not applicable on the Consolidated Financial Statement.

14. We further report that:

a. in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

b. the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;

c. the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report; and

d. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

For S N Dhawan & Co LLP
Chartered Accountants
FRN 000050N/N500045

CA Surinder Kr. Khattar
Partner
(M.NO.084993)
UDIN: 22084993AIUQQZ3077

For S R Goyal & Co
Chartered Accountants
FRN:001537C

CA Praveen Goyal
Partner
(M.NO. 074789)
UDIN: 22074789AIUKEL8209

For P S M G & Associates
Chartered Accountants
FRN: 008567C

CA Sandeep Jain
Partner
(M.NO. 077281)
UDIN: 22077281AIUKME9859

For S C Bapna & Associates
Chartered Accountants
FRN 115649W

CA Subhash Chand Bapna
Partner
(M.NO. 071765)
UDIN: 22071765AIURTO9424

For D K Chhajer & Co
Chartered Accountants
FRN 304138E

CA Jagannath Prasad Mohapatro
Partner
(M.NO. 217012)
UDIN: 22217012AIULZF5228

Place: New Delhi
Date: 11 May 2022

PUNJAB NATIONAL BANK

CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2022

(Rs. in Crore)

Particulars	Schedule	As on 31.03.2022	As on 31.03.2021
CAPITAL AND LIABILITIES			
Capital	1	2202.20	2095.64
Reserves and Surplus	2	95378.72	90438.50
Minority Interest	2A	473.47	486.70
Deposits	3	1154234.46	1113716.68
Borrowings	4	59371.67	52238.14
Other Liabilities and Provisions	5	27639.61	20668.93
	TOTAL	1339301.13	1279725.06
ASSETS			
Cash and Balances with Reserve Bank of India	6	57027.84	44207.27
Balances with banks and money at call and short notice	7	77166.04	69067.10
Investments	8	385585.82	404398.96
Advances	9	733765.83	679545.77
Fixed Assets	10	10696.21	11046.70
Other Assets	11	72059.39	71627.16
Goodwill on Consolidation			
	TOTAL	1339301.13	1279725.06
Contingent Liabilities	12	806685.43	585387.90
Bills for Collection		37766.06	40483.78
Significant Accounting Policies and Notes on Accounts	18		

The Schedules 1 to 18 form an integral part of the Accounts.

Prabudh Sharma
Asstt. General Manager

R K Varshney
Deputy General Manager

R K Khichi
Deputy General Manager

Praveen Kumar Sharma
General Manager

D K Jain
Chief General Manager (Finance) and CFO

Kalyan Kumar
Executive Director

Swarup Kumar Saha
Executive Director

Vijay Dube
Executive Director

Sanjay Kumar
Executive Director

Atul Kumar Goel
Managing Director and CEO

Dr. Rekha Jain
Director

Gautam Guha
Director

Sanjeev Kumar Singhal
Director

Pankaj Joshi
Director

Anil Kumar Misra
Director

Pankaj Sharma
Director

For S N Dhawan & Co. LLP
Chartered Accountants
FRN: 000050N/N500045

CA Surinder Kr. Khattar
Partner
(M.No. 084993)

For S R Goyal & Co.
Chartered Accountants
FRN: 001537C

CA Praveen Goyal
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For PSMG & Associates
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For D K Chhajer & Co.
Chartered Accountants
FRN: 304138E

CA Jagannath Prasad Mohapatro
Partner
(M.No. 217012)

Date: May 11, 2022
Place: New Delhi

PUNJAB NATIONAL BANK

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31[st] MARCH, 2022

(Rs. in Crore)

Particulars	Schedule	Year ended 31.03.2022	Year ended 31.03.2021
I. INCOME			
Interest earned	13	76241.83	81906.05
Other income	14	12097.66	12253.91
	TOTAL	88339.49	94159.96
II. EXPENDITURE			
Interest expended	15	46823.06	50804.56
Operating expenses	16	20490.77	20815.77
Provisions and contingencies		17349.70	20677.20
	TOTAL	84663.53	92297.53
Share of earnings in Associates (net)	17	231.63	942.16
Consolidated Profit/(Loss) for the year before deducting Minorities' Interest		3907.59	2804.59
Less: Minorities Interest		46.85	132.62
Consolidated Profit/(Loss) for the period attributable to the group		3860.74	2671.97
Add: Brought forward consolidated profit/(loss) attributable to the group		1738.11	1702.01
Less: Adjustments		40.39	211.17
Profit available for Appropriation		5639.24	4585.15
III. APPROPRIATIONS			
Transfer to statutory reserves		909.84	617.30
Transfer to capital reserves		700.93	1536.12
Transfer to investment reserves		15.83	0.00
Transfer to investment fluctuation reserves		854.85	400.09
Transfer to other reserves		-175.45	0.06
Transfer to special reserves as per income tax		100.00	0.89
Proposed Dividend		706.71	180.51
Balance carried over to consolidated balance sheet		1538.94	1738.11
		5639.24	4585.15
Earnings per Share (in Rs.) (Basic/ Diluted)		3.53	2.94
Significant Accounting Policies and Notes on Accounts	18		

Prabodh Sharma
Asstt. General Manager

P K Varshney
Deputy General Manager

R K Khichi
Deputy General Manager

Praveen Kumar Sharma
General Manager

D K Jain
Chief General Manager (Finance) & CFO

Kalyan Kumar
Executive Director

Swarup Kumar Saha
Executive Director

Vijay Dube
Executive Director

Sanjay Kumar
Executive Director

Atul Kumar Goel
Managing Director and CEO

Rekha Jain

Dr. Rekha Jain
Director

Gautam Guha
Director

Sanjeev Kumar Singhal
Director

Pankaj Joshi
Director

Anil Kumar Misra
Director

Pankaj Sharma
Director

For S N Dhawan & Co. LLP
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FRN: 000050N/N500045
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For D K Chhajer & Co.
Chartered Accountants
FRN: 304138E
CA Jagannath Prasad Mohapatra
Partner
(M.No.217012)

Date : May 11, 2022
Place: New Delhi

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars	As on 31.03.2022	As on 31.03.2021
SCHEDULE 1 - CAPITAL		
Authorised Capital		
1500,00,00,000 Equity shares of Rs. 2 each	3000.00	3000.00
(Previous year 1500,00,00,000 Equity shares of Rs. 2 each)		
Issued Capital		
1101,10,15,588 Equity shares of Rs. 2 each	2202.20	2095.54
(Previous Year 1047,76,82,225) Equity shares of Rs. 2 each)		
Paid up Capital		
1101,10,15,588 Equity shares of Rs. 2 each	2202.20	2095.54
(Previous Year 1047,76,82,225 Equity shares of Rs. 2 each)		
[The above includes 805,41,25,685 equity shares of Rs. 2 each (Previous Year 805,41,25,685 Equity shares of Rs. 2 each held by Central Government)]		
TOTAL	2202.20	2095.54

(Rs. In Crore)

Particulars		As on 31.03.2022		As on 31.03.2021
SCHEDULE 2 - RESERVES AND SURPLUS				
I. Statutory Reserves				
Opening Balance	14627.22		9741.46	
Addition during the year*	899.04		4521.09	
Add/(Less) : Adjustment during the year	-1.62	15525.43	364.71	14627.22
II. Capital Reserves				
a. Revaluation Reserve				
Opening Balance	7200.41		4758.68	
Addition during the year*	7.28		2384.06	
Deduction during the year	159.07		0.38	
Less: Transfer to other reserves	0.00		-58.61	
(being depreciation on revalued portion of property)		7048.62		7200.41
b. Others				
Opening Balance	15877.75		3213.85	
Addition during the year*	751.61	16629.36	12663.90	15877.75
(including Amalgamation Reserve of Rs. 9286.29 Crores)				
IIA. Capital Reserve on consolidation (Net)		74.21		74.21
III. Share Premium				
Opening Balance	44352.14		51214.92	
Addition during the year*	1686.39		21845.14	
Add/(Less) : Adjustment during the year		46038.53	-28707.92	44352.14
IV. Revenue and Other Reserves				
a. Investment Reserve				
Opening Balance	370.52		417.18	
Addition during the year	15.83			
Less: Adjustment	-		-46.66	
Less: Trf to P & L Account	-	386.35	-	370.52
b. Investment Fluctuation Reserve				
Opening Balance	595.47		48.52	
Add: Adjustment			56.86	
Add: Addition during the year*	854.85		490.09	
Less: Transfer to P&L Appropriation A/c	-	1449.32		595.47
c. Other Reserve				
Opening Balance	1427.25		-1003.78	
Addition during the year*	630.50		3519.41	
Less: Transfer to Revaluation Reserve	7.31		187.37	
Less: Withdrawal during the year	1,028.95		1013.10	
Add/(Less) : Adjustment during the year	-	1321.59	-202.96	1427.25
d. Exchange Fluctuation Reserve				
Opening Balance	917.08		975.89	
Add: Addition during the year (Net)	95.36		0.65	
Add/(Less) : Adjustment during the year	-4.30	1008.10	-60.52	917.08
e. Special Reserve under Sec.36 (1) (viii) of Income Tax Act,1961				
Opening Balance	3268.56		1463.56	
Addition during the year*	100.00		1805.00	
Add/(Less) : Adjustment during the year	-	3368.56	-	3268.56
V. Balance in Profit & Loss Account		2518.54		1738.11
Total (I, II, III, IV and V)		95379.72		90438.30

*Addition/deduction in Reserves of comparative period include balances of transferor banks as at date of amalgamation.

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars		As on 31.03.2022		As on 31.03.2021
Schedule 2A - Minority Interest				
Minority interest at the date on which the parent subsidiary relationship came into existence		149.25		149.25
Subsequent increase/ decrease		324.21		337.54
Minority interest at the date of balance sheet		473.47		486.79
SCHEDULE 3 - DEPOSITS				
A. I **Demand Deposits**				
(i) From Banks	3455.97		3984.29	
(ii) From Others	79658.77	83114.74	74215.17	78199.46
II **Savings Banks Deposits**		453036.86		416793.57
III **Term Deposits**				
(i) From Banks	31842.70		29269.08	
(ii) From Others	586240.15	618082.85	589454.76	618723.84
TOTAL (I, II and III)		1154234.46		1113716.87
B. (i) Deposits of branches in India		1124689.98		1083275.10
(ii) Deposits of branches outside India		29544.48		30441.77
TOTAL (i, ii)		1154234.46		1113716.87
SCHEDULE 4 - BORROWINGS				
I **Borrowings in India**				
(i) Reserve Bank of India		0.00		0.00
(ii) Other Banks		2704.49		5902.30
(iii) Other Institutions and Agencies		22090.83		15040.14
(iv) Bonds (including Tier-II, Tier-II, Subordinated Debts)		24737.60		22283.66
(v) Long Term Infrastructure Bonds		2600.00		2800.00
II **Borrowings outside India**		7038.97		6272.14
TOTAL (I and II)		59171.67		52298.14
Secured Borrowings included in I and II above		10038.01		4887.88

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars		As on 31.03.2022		As on 31.03.2021
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS				
I. Bills payable		3031.71		3202.10
II. Inter-office adjustments (net)		534.48		426.05
III. Interest accrued		2782.69		2738.60
IV. Others (including provisions)		21790.75		14250.79
TOTAL OF I, II, III and IV		27639.61		20618.33
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA				
I. Cash in hand (including foreign currency notes)		3513.69		3497.86
II. Balance with Reserve Bank of India				
(i) in Current account	53514.15		40769.41	
(ii) in Other Accounts	0.00	53514.15	0.00	40769.41
TOTAL (I and II)		57027.84		44267.27
SCHEDULE 7- BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE				
I. In India				
(i) Balance with Banks:				
(a) In Current accounts	147.35		796.32	
(b) In Other Deposit accounts	15799.70	15947.04	7090.76	7887.08
(ii) Money at Call and Short Notice:				
(a) with Banks	0.00		0.00	
(b) with Other Institutions	29129.48	29129.48	27500.00	27500.00
TOTAL (i and ii)		45076.52		35387.08
II. Outside India				
(i) In Current accounts	10382.54		8614.82	
(ii) In Other Deposit accounts	21706.97		24665.26	
(iii) Money at call and short notice	0.00		0.00	
TOTAL (i,ii and iii)		32089.51		33280.08
GRAND TOTAL (I and II)		77166.04		68667.16

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars	As on 31.03.2022	As on 31.03.2021
SCHEDULE 8 - INVESTMENTS		
I. Investments in India in		
(i) Government securities	337053.29	358298.80
(ii) Other approved securities	0.15	0.15
(iii) Shares	2234.81	4109.74
(iv) Debentures and Bonds	35705.87	37935.62
(v) Associates	3387.95	2980.77
(vi) Others Mutual Funds, Venture Capital Funds, ARCIL Commercial Paper, Certificate of Deposits, etc.	5968.98	4062.50
TOTAL of I	384860.85	400730.67
II. Investments outside India in		
(i) Government Securities (including local authorities)	2020.76	1386.50
(ii) Associates	301.32	286.53
(iii) Others investments	1402.87	1966.26
TOTAL of II	3724.97	3638.29
III. Investments in India		
i) Gross value of Investments	391832.30	407580.57
ii) Less: Aggregate of provision for depreciation	6971.45	6849.90
iii) Net investment	384860.85	400730.67
IV. Investments outside India		
i) Gross value of Investments	4175.40	4016.85
ii) Less: Aggregate of provisions for depreciation	450.43	378.56
iii) Net investment	3724.97	3638.29
GRAND TOTAL of (I), (II)	388585.82	404368.96

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars	As on 31.03.2022	As on 31.03.2021
SCHEDULE 9 - ADVANCES		
A. i) Bills purchased and discounted	1309.05	709.11
ii) Cash credits, overdrafts and loans repayable on demand	442544.50	410350.39
iii) Term loans	289912.28	267691.27
Total (i,ii and iii)	733765.83	679345.77
B. i) Secured by tangible assets (including advances against book debts)	551239.27	533670.44
ii) Covered by Bank/Government Guarantees	28476.87	11359.99
iii) Unsecured	154049.69	134303.35
Total (i,ii and iii)	733765.83	679345.77
C. (I) **Advances in India**		
i) Priority sector	234887.05	243942.80
ii) Public sector	171957.32	146971.76
iii) Banks	110.27	222.37
iv) Others	296310.95	265453.59
Total (i,ii,iii and iv)	703265.59	656690.76
C. (II) **Advances outside India**		
i) Due from banks	9091.99	8572.87
ii) Due from others		
(a) Bills purchased and discounted	0.00	20.10
(b) Syndicated Loans	9987.01	2165.18
(c) Others	11421.24	13278.22
Total (i and ii)	30500.24	24035.82
GRAND TOTAL of C (I) and C (II)	733765.83	679345.77

(Rs. in Crore)

Particulars	As on 31.03.2022		As on 31.03.2021*	
SCHEDULE 10 - FIXED ASSETS				
I. Premises				
At Cost as on 31st March of preceeding year	10489.73		6903.37	
Additions during the year*	87.08		3560.06	
Deductions during the year	0.00		22.39	
Adjustment during the year	0.00		133.67	
Depreciation to date	1678.58	8899.23	1428.17	9041.58
II. Other Fixed Assets (including furniture and fixtures)				
At Cost as on 31st March of preceeding year	8818.44		4933.53	
Additions during the year	442.94		3895.09	
Deductions during the year	13.74		11.08	
Depreciation to date	7718.78	1598.86	7135.42	1682.02
IIA. Leased Assets				
At Cost as on 31st March of preceeding year	25.33		25.78	
Additions during the year	0.06		0.00	
Deductions during the year	0.00		0.45	
Depreciation to date	25.29	0.06	25.27	0.06
IIB. Computer Software				
At Cost as on 31st March of preceeding year	1127.54		640.97	
Additions during the year	165.40		486.56	
Deductions during the year	0.00		0.00	
Amortised to date	998.00	295.94	802.46	325.07
TOTAL OF I, II, IIA,IIB		10696.21		11048.73

*Addition to gross block and depreciation to date includes balances of transferee Banks as at date of amalgamation and is recasted with no impact in net block.

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars	As on 31.03.2022	As on 31.03.2021
SCHEDULE 11 - OTHER ASSETS		
I Inter office adjustment (Net)	0.00	0.00
II Interest accrued	6229.85	4162.38
III Tax paid in advance/tax deducted at source	12030.05	12091.38
IV Stationery and stamps	5.07	10.40
V Non banking assets acquired in satisfaction of claims	60.21	60.21
VI Deferred Tax asset (net)	25703.30	27021.48
VII Others	28041.00	28381.40
TOTAL of I, II, III, IV, V, VI and VII	72069.39	71627.19
SCHEDULE 12 - CONTINGENT LIABILITIES		
I (i) Claims against the bank not acknowledged as debts	817.09	565.58
I (ii) Disputed income tax and interest tax demands under appeal, references, etc.	11430.81	9841.02
II Liability for partly paid investments	351.87	377.90
III Liability on account of outstanding forward exchange contracts	571856.56	505202.48
IV Guarantees given on behalf of constituents		
(a) In India	48425.22	51280.18
(b) Outside India	2799.62	7225.81
V Acceptance, Endorsements and Other obligations	16840.63	17332.18
VI Other items for which the Bank is contingently liable	5448.50	4519.82
TOTAL (I, II, III, IV, V and VI)	656965.43	596367.59

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars		Year ended 31.03.2022		Year ended 31.03.2021
SCHEDULE 13 - INTEREST EARNED				
I Interest/discount on advances/bills		48876.12		53689.92
II Income on investments (including dividends)		24471.01		25415.55
III Interest on balances with Reserve Bank of India and other inter-bank funds		2287.88		1902.42
IV Others		606.82		934.14
TOTAL (I, II, III and IV)		76241.83		81935.93
SCHEDULE 14 - OTHER INCOME				
I Commission, exchange and brokerage		3592.50		3870.10
II Profit on sale of land, buildings and other assets	15.32		5.04	
Less: Loss on sale of land, buildings and other assets	0.92	14.40	17.78	-12.74
III Profit on exchange transaction	913.79		1058.66	
Less: Loss on exchange transaction	212.33	701.46	574.52	487.14
IV Profit on sale of investments (net)	3328.24		4788.44	
Less: Loss on sale of investments	424.92	2903.32	174.30	4614.14
V Profit on revaluation of investments	1079.52		893.69	
Less: Loss on revaluation of investments	1313.50	-233.98	1814.66	-920.97
VI Miscellaneous Income		5119.96		4093.08
TOTAL (I, II, III, IV, V and VI)		12097.66		12234.91

(Rs. in Crore)

Particulars		Year ended 31.03.2022		Year ended 31.03.2021
SCHEDULE 15 - INTEREST EXPENDED				
I. Interest on deposits		43360.01		47292.50
II. Interest on Reserve Bank of India/ inter-bank borrowings		916.31		969.15
III. Others		2045.87		2633.84
TOTAL (I, II and III)		46823.28		50894.59
SCHEDULE 16 - OPERATING EXPENSES				
I. Payment to and provisions for employees		11070.90		13268.72
II. Rent, taxes and lighting		1301.52		1309.21
III. Printing and stationery		157.40		129.78
IV. Advertisement and publicity		54.06		56.36
V. (a) Depreciation on bank's property other than leased assets	896.17		982.23	
(b) Depreciation on Leased assets	0.00	896.17	0.00	982.20
VI. Directors' fees, allowances and expenses		1.55		1.76
VII. Auditors' fees and expenses (including branch auditors' fees and expenses)		56.37		56.40
VIII. Law charges		35.39		85.40
IX. Postage, telegrams, telephones, etc.		304.55		284.31
X. Repairs and Maintenance		553.54		469.89
XI. Insurance		1525.39		1477.97
XII. Other expenditure		3490.08		[illegible]
TOTAL of I to XII		20490.77		20819.77
SCHEDULE 17 - SHARE OF EARNINGS/LOSS IN ASSOCIATES				
(a) Share of Earnings in Associates in India		210.51		345.49
(b) Share of Earnings in Associates outside India		21.12		-3.29
TOTAL of (a and b)		231.63		342.19

SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 31.03.2022

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION:

The consolidated financial statements have been prepared on historical cost basis and conform, in all material aspects, to Generally Accepted Accounting Principles (GAAP) in India, unless otherwise stated, 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.

In respect of foreign entities, statutory provisions and practices prevailing in respective foreign countries are complied with except as specified elsewhere.

The financial statements have been prepared on going concern basis with accrual concept and in accordance with the accounting policies and practices consistently followed unless otherwise stated.

USE OF ESTIMATES

The preparation of consolidated financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

Future results could differ from these estimates.

Difference between the actual results and estimates is recognized in the period in which the results are known / materialized.

Any revision to the accounting estimates is recognized prospectively in the current and future periods unless otherwise stated.

2. CONSOLIDATION PROCEDURES:

Subsidiaries

i) PNB Gilts Ltd.
ii) PNB Investment Services Ltd.
iii) PNB Cards and Services Ltd.
iv) Punjab National Bank (International) Ltd., UK.
v) Druk PNB Bank Ltd, Bhutan.

Associates:

i) PNB Metlife India Insurance Company Ltd*
ii) PNB Housing Finance Limited
iii) JSC (Tengri Bank), Almaty, Kazakhstan**
iv) Canara HSBC Oriental Bank of Commerce Life Insurance Co. Ltd.
v) India SME Asset Reconstruction Co. Ltd.
vi) Everest Bank Limited, Kathmandu, Nepal
vii) Dakshin Bihar Gramin Bank, Patna
viii) Himachal Pradesh Gramin Bank, Mandi
ix) Punjab Gramin Bank, Kapurthala
x) Sarva Haryana Gramin Bank, Rohtak
xi) Prathama UP Gramin Bank, Moradabad
xii) Assam Gramin Vikas Bank, Guwahati
xiii) Bangiya Gramin Vikas Bank, West Bengal
xiv) Manipur Rural Bank, Imphal
xv) Tripura Gramin Bank, Agartala

*PNB has acquired 30% stake in PNB Metlife at consideration of Rs. 700.48 as brand equity.

**AFR revoked license of JSC Tengri Bank w.e.f. 18.09.2020 and is under Liquidation.

2.1 Consolidated financial statements of the Group (comprising of 5 Subsidiaries and 15 Associates as per detail given above) have been prepared on the basis of:

i. Audited financial statements of Punjab National Bank (Parent/the Bank),
ii. As per AS 21, line by line aggregation of like items of assets, liabilities, income and expenses of subsidiaries with the respective item of the parent after eliminating material intra-group balances/transactions, unrealized profit/losses and making necessary adjustments, wherever required, to conform to uniform accounting policies, based on data received from these subsidiaries, duly Audited/ certified by their Management. The financial statements of the subsidiaries are drawn up to the same reporting date as that of parent i.e. March 31, 2022.
iii. Foreign currency translation of overseas subsidiaries has been done as under:
(i). Income and Expenditure - at weighted average rates prevailing during the period.
(ii). Assets and Liabilities - at rates applicable at reporting date.
The resultant foreign currency translation difference, whether gain or loss, has been included under Reserves and Surplus - Foreign Currency Translation Reserve.
iv. Investments in associates, where the group holds 20% or more of the voting power, have been accounted for using the equity method in terms of Accounting Standard – 23 issued by The Institute of Chartered Accountants of India.

2.2 The difference between cost to the Group of its investment in the subsidiaries and the group's portion of the equity of the subsidiaries is recognized as Goodwill/Capital Reserve.

2.3 Minority interest in the net assets of consolidated subsidiaries consists of:

a) The amount of equity attributable to the minority at the date on which investments in a subsidiary is made; and

b) The minority share of movements in equity since date of parent-subsidiary relationship came into existence.

SIGNIFICANT ACCOUNTING POLICIES FOLLOWED BY THE PARENT:

3. REVENUE RECOGNITION:

3.1 Income & expenditure (other than items referred to in paragraph 3.5) are generally accounted for on accrual basis.

3.2 Income from Non- Performing Assets (NPAs), comprising of advances and investments, is recognized upon realization, as per the prudential norms prescribed by the RBI/ respective country regulators in the case of foreign offices (hereafter collectively referred to as Regulatory Authorities).

3.3 Mode of appropriation of recovery in order of priority will be as below:

(a) Recoveries in NPA accounts (irrespective of the mode / status / stage of recovery actions) shall be appropriated in the following order of priority except for the cases covered under below mentioned points (b) & (c):

i. Expenditure/Out of Pocket Expenses incurred for Recovery, including under SARFAESI Action (Recorded in Memorandum Dues);

ii. Thereafter towards the unrealised/accrued interest.

iii. Principal irregularities i.e. NPA outstanding in the account.

Any exceptions to the above may be considered by HOCAC-III (for proposals falling under the powers of various committee's upto HOCAC-III) & Management Committee for proposals under its vested powers.

(b) However, in case of Compromise and Resolution/Settlement through NCLT, recovery shall be appropriated as per the terms of respective compromise/ resolution settlement.

(c) In case of suit filed/decreed accounts, recovery shall be appropriated as under:-

• As per the directives of the concerned Court.

• In the absence of specific directives from the Court, as mentioned at point (a) above.

3.4 The sale of NPA is accounted as per guidelines prescribed by RBI and as disclosed under Para 5.3.

3.5 Commission (excluding on Government Business, Insurance Business, Mutual Fund Business, Letter of Credit and Bank Guarantee), exchange, locker rent and Income on Rupee Derivatives designated as "Trading" are accounted for on realization and insurance claims are accounted for on settlement. Interest on overdue inland bills is being accounted for on realization and interest on overdue foreign bill, till its crystallization is accounted for on crystallization and thereafter on realization.

3.6 In case of suit filed accounts, related legal and other expenses incurred are charged to Profit & Loss Account and on recovery the same are accounted for as such.

3.7 Income from interest on refund of income tax is accounted for in the year the order is passed by the concerned authority.

3.8 Lease payments including cost escalation for assets taken on operating lease are recognized in the Profit and Loss Account over the lease term in accordance with the AS 19 (Leases) issued by ICAI.

3.9 Provision for Reward Points on Credit cards is made based on the accumulated outstanding points in each category.

3.10 Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower.

3.11 Dividend (excluding Interim Dividend) is accounted for as and when the right to receive the dividend is established.

4. INVESTMENTS:

4.1 The transactions in Securities are recorded on "Settlement Date".

4.2 Investments are classified into six categories as stipulated in form A of the third schedule to the Banking Regulation Act, 1949.

4.3 Investments have been categorized into "Held to Maturity", "Available for Sale" and "Held for Trading" in terms of RBI guidelines as under:

(a) Securities acquired by the Bank with an intention to hold till maturity are classified under "Held to Maturity".

(b) The securities acquired by the Bank with an intention to trade by taking advantages of short-term price/ interest rate movements are classified under "Held for Trading".

(c) The securities, which do not fall within the above two categories, are classified under "Available for Sale".

4.4 Investments in subsidiaries, joint ventures and associates are classified as HTM.

4.5 Transfer of securities from one category to another is carried out at the lower of acquisition cost/ book value/ market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for.

However, transfer of securities from HTM category to AFS category is carried out on book value. After transfer, these securities are immediately revalued and resultant depreciation, if any, is provided.

An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

4.6 In determining acquisition cost of an investment

(a) Brokerage, commission, Securities Transaction Tax (STT) etc. paid in connection with acquisition of securities are treated as revenue expenses upfront and excluded from cost.

(b) Interest accrued up to the date of acquisition/sale of securities i.e. broken-period interest is excluded from the acquisition cost/sale consideration and the same is accounted in interest accrued but not due account.

(c) Cost is determined on the weighted average cost method for all categories of investments.

4.7 Investments are valued as per RBI/ FIMMDA guidelines, on the following basis:

Held to Maturity

(i) Investments under "Held to Maturity "category are carried at acquisition cost.

Wherever the book value is higher than the face value/redemption value, the premium is amortized over the remaining period to maturity on straight line basis. Such amortization of premium is reflected in Interest Earned under the head "Income on investments" as a deduction.

(ii) Investments in subsidiaries/joint ventures/associates are valued at carrying cost less diminution, other than temporary in nature for each investment individually.

(iii) Investments in sponsored regional rural banks are valued at carrying cost.

(iv) Investment in Venture Capital is valued at carrying cost.

(v) Equity shares held in HTM category are valued at carrying cost.

Available for Sale and Held for Trading:

(a)	**Govt. Securities**	
	I. Central Govt. Securities	At market prices/YTM as published by Fixed Income Money Market and Derivatives Association of India (FIMMDA) / Financial Benchmark India Pvt. Ltd (FBIL).
	II. State Govt. Securities	On appropriate yield to maturity basis as per FIMMDA/RBI guidelines.
(b)	Securities guaranteed by Central / State Government, PSU Bonds (not in the nature of advances)	On appropriate yield to maturity basis as per FIMMDA/RBI guidelines
(c)	Treasury Bills	At carrying cost
(d)	Equity shares	At market price, if quoted, otherwise at breakup value of the Shares as per latest Balance Sheet (not more than one year old), otherwise at Re.1 per company
(e)	Preference shares	At market price, if quoted or on appropriate yield to maturity basis not exceeding redemption value as per RBI/FIMMDA guidelines.
(f)	Bonds and debentures (not in the nature of advances)	At market price, if quoted, or on appropriate yield to maturity basis as per RBI/FIMMDA guidelines.
(g)	Units of mutual funds	As per stock exchange quotation, if quoted; at repurchase price/NAV, if unquoted
(h)	Commercial Paper	At carrying cost
(i)	Certificate of Deposits	At carrying cost
(j)	Security receipts of ARCIL	At net asset value of the asset as declared by ARCIL
(k)	Venture Capital Funds	At net asset value (NAV) declared by the VCF
(l)	Other Investments	At carrying cost less diminution in value

The above valuation in category of Available for Sale and Held for Trading is done scrip wise on quarterly basis and depreciation/appreciation is aggregated for each classification. Net depreciation for each classification, if any, is provided for while net appreciation is ignored. On provision for depreciation, the book value of the individual security remains unchanged after marking to market.

4.8 Investments are subject to appropriate provisioning/ de-recognition of income, in line with the prudential norms of Reserve Bank of India for NPI classification. The depreciation/provision in respect of non-performing securities is not set off against the appreciation in respect of the other performing securities.

If any credit facility availed by an entity is NPA in the books of the Bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa. However, in respect of NPI preference share where the dividend is not paid, the corresponding credit facility is not treated as NPA.

In case of securities i.e. bonds, debentures, etc. where the credit facilities are availed by the borrowers, the provision has been made on the basis of YTM or IRAC norms whichever is higher.

4.9 Profit or loss on sale of investments in any category is taken to Profit and Loss account but, in case of profit on sale of investments in "Held to Maturity" category, an equivalent amount (net of taxes and amount required to be transferred to Statutory Reserve) is appropriated to "Capital Reserve Account".

4.10 Securities repurchased/resold under buy back arrangement are accounted for at original cost.

4.11 The securities sold and purchased under Repo/Reverse Repo are accounted as Collateralized lending and borrowing transactions. However, securities are transferred as in the case of normal outright sale/purchase transactions and such movement of securities is reflected using the Repo/Reverse Repo Accounts and Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/income, as the case may be. Balance in Repo Account is classified under schedule 4 (Borrowings) and balance in Reverse Repo Account is classified under Schedule 7 (Balance with Banks and Money at Call & Short Notice). The same is also applicable to LAF with RBI.

4.12 The derivatives transactions are undertaken for trading or hedging purposes. Trading transactions are marked to market. As per RBI guidelines, different categories of swaps are valued as under:-

Hedge Swaps

Interest rate swaps with hedge interest bearing asset or liability are accounted for on accrual basis except the swaps designated with an asset or liability that are carried at market value or lower of cost in the financial statement.

Gain or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the asset/ liabilities.

Trading Swaps

Trading swap transactions are marked to market with changes recorded in the financial statements.

Exchange Traded Derivatives entered into for trading purposes are valued at prevailing market rates based on rates given by the Exchange and the resultant gains and losses are recognized in the Profit and Loss Account.

4.13 Foreign Currency Options:

Foreign currency options written by the bank with a back-to-back contract with another bank are not marked to market since there is no market risk.

Premium received is held as a liability and transferred to the Profit and Loss Account on maturity/cancellation.

5. LOANS / ADVANCES AND PROVISIONS THEREON:

5.1 Advances are classified as performing and non-performing assets; provisions are made in accordance with prudential norms prescribed by RBI.

(a) Advances are classified: Standard, Sub Standard, Doubtful and Loss assets borrower wise.

(b) Advances are stated net of specific loan loss provisions, provision for diminution in fair value of restructured advances.

5.2 In respect of foreign offices, the classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

Loans and advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the extant RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country.

5.3 Financial Assets sold are recognized as under:

(a) For Sale of financial assets sold to SCs/RCs

(i) If the sale to SCs/RCs is at a price below the Net Book Value (NBV), (i.e. Book Value less provisions held), the shortfall should be debited to the Profit & Loss account of that year. Bank can also use counter cyclical / floating provisions for meeting the shortfall on sale of NPAs i.e. when the sale is at a price below the NBV.

(ii) If the sale is for a value higher than the NBV, Bank can reverse the excess provision on sale of NPAs to its profit and loss account in the year, the amounts are received. However, Bank can reverse excess provision (when the sale is for a value higher than the NBV) arising out of sale of NPAs, only when the cash received (by way of initial consideration and/ or redemption of SRs/ PTCs) is higher than the NBV of the asset. Further, reversal of excess provision will be limited to the extent to which cash received exceeds the NBV of the asset.

(b) For Sale of financial assets sold to Other Banks/NBFCs/FIs etc.

(i) In case the sale is at a price below the Net Book Value (NBV) i.e. Book Value less provision held, the shortfall should be debited to the Profit & Loss A/c of that year.

(ii) In case the sale is for a value higher than the Net Book Value (NBV) i.e. Book Value less provision held, the excess provision shall not be reversed but will be utilized to meet the shortfall / loss on account of sale of other Non Performing Financial Assets.

(iii) In case there is overall surplus over and above the excess provision in any of the sale transaction that surplus amount will be taken in the Profit & loss a/c.

5.4 Restructured Assets:

For restructured/rescheduled advances, provisions are made in accordance with guidelines issued by RBI from time to time. Necessary provision for diminution in the fair value of a restructured account is made.

The bank considered a restructured account as one where the bank, for economic or legal reasons relating to the borrower's financial difficulty, grants concessions to the borrower. Restructuring would normally involve modification of terms of the advances / securities, which would generally include, among others, alteration of repayment period / repayable amount/ the amount of installments / rate of interest / roll over of credit facilities / sanction of additional credit facility / enhancement of existing credit limits / compromise settlements where time for payment of settlement amount exceeds three months. Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package.

Standard accounts classified as NPA and NPA accounts retained in the same category on restructuring by the bank are upgraded only when all the outstanding loan / facilities in the account demonstrate 'satisfactory performance' (i.e., the payments in respect of borrower entity are not in default at any point of time) during the 'specified period'.

'Specified period' means the period from the date of implementation of Resolution plan (RP) up to the date by which at least 20 percent of the outstanding principal debt as per the RP and interest capitalization sanctioned as part of the restructuring, if any, is repaid. Provided that the specified period cannot end before one year from the commencement of the first payment of interest or principal (whichever is later) on the credit facility with longest period of moratorium under the terms of RP.

For the large accounts (i.e., accounts where the aggregate exposure of lenders is Rs 100 crore and above) to qualify for an upgrade, in addition to demonstration of satisfactory performance, the credit facilities of the borrower shall also be rated as investment grade (BBB- or better) as at the end of the 'specified period' by CRAs accredited by the Reserve Bank for the purpose of bank loan ratings. While accounts with aggregate exposure of Rs 500 crore and above shall require two ratings, those below Rs 500crore shall require one rating. If the ratings are obtained from more than the required number of CRAs, all such ratings shall be investment grade to qualify for an upgrade.

In case satisfactory performance during the specified period is not demonstrated, the accounts, immediately on such default, are reclassified as per the repayment schedule that existed before the restructuring. Any future upgrade for such accounts would be contingent on implementation of a fresh RP and demonstration of satisfactory performance thereafter.

5.5 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 5 of the Balance Sheet under the head "Other Liabilities & Provisions – Others" and are not considered for arriving at the Net NPAs.

5.6 In accordance with RBI guidelines, accelerated provision is made on non-performing advances which were not earlier reported by the Bank as Special Mention Account under "SMA-2" category to Central Repository of Information on Large Credits (CRILC).

5.7 Amounts recovered against debts written-off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognized in the profit and loss account.

5.8 Provision for Country Exposure:

In addition to the specific provisions held according to the asset classification status, provisions are also made for individual country exposures (other than the home country). Countries are categorized into seven risk categories, namely, insignificant, low, moderately low, moderate, moderately high, high & very high and provisioning made as per extant RBI guidelines. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposures. The provision is reflected in Schedule 5 of the Balance Sheet under the "Other liabilities & Provisions – Others".

5.9 An additional provision of 2% (in addition to country risk provision that is applicable to all overseas exposures) against standard assets representing all exposures to step down subsidiaries of Indian Corporates has been made to cover the additional risk arising from complexity in the structure, location of different intermediary entities in different jurisdictions exposing the Indian Company, and hence the Bank, to a greater political and regulatory risk. (As per RBI Cir.No. RBI/ 2015.16/279 DBR. IBD.BC No. 68/ 23.37.001/ 2015-16 dated 31.12.2015)

6. PROPERTY, PLANT & EQUIPMENT:

6.1 Property, Plant & Equipment are stated at historical cost less accumulated depreciation/amortization, wherever applicable, except those premises, which have been revalued. The appreciation on revaluation is credited to revaluation reserve and incremental depreciation attributable to the revalued amount is deducted there from.

6.2 Software is capitalized and clubbed under Intangible assets.

6.3 Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset till the time of capitalization. Subsequent expenditure/s incurred on the assets are capitalized only when it increases the future benefits from such assets or their functioning capability.

6.4 DEPRECIATION:

A. Depreciation on assets (including land where value is not separable) is provided on straight-line method based on estimated life of the asset, except in respect of computers where it is calculated on the straight-line method, at the rates prescribed by RBI.

B. Depreciation on assets has been provided at the rates furnished below:-

Particulars	Rate of Depreciation
PREMISES	
Freehold Properties	
Land	NIL
Depreciation to be provided on Construction Cost where the land cost is segregated and on total cost where the land cost is not ascertainable and cannot be segregated.	2.5% (40 years Straight Line Method or remaining life whichever is lower)
Land acquired on perpetual lease where no lease period is mentioned	NIL
Land acquired on lease where lease period is mentioned	Over lease period
Building	
Constructed on free hold land and on leased land, where lease period is above 40 years	2.50%
Constructed on leased land where lease period is below 40 years.	Over lease period
FIXED ASSETS EXCEPT PREMISES	
Furniture and fixtures- Steel articles	5.00%
Furniture and fixtures-wooden articles	10.00%
Mattresses	20.00%
Mobile Phone Instruments	33.33%
Machinery, electrical and miscellaneous articles	15.00%
Motor cars and cycles	15.00%
Computers, ATMs and related items, laptop, i pad etc:-	33.33%

Servers, Network, Equipment & Automated Teller Machines (Including software forming an integral part of computer hardware)	
Items of office fixed assets (excepts to staff) amount less than Rs. 25000.00 and / or having useful life of less than 12 months from the date of acquisition should be recognized as expense. Cost of Application Software / Operating System / Data base amounting upto Rs. 25000.00 are charged to revenue.	

C. Depreciation on fresh additions to assets other than bank's own premises is provided from the day in which the assets are capitalized and in the case of assets sold/disposed off during the year, up to the date in which it is sold/ disposed off i.e. daily basis.

D. The depreciation on bank's own premises existing at the close of the year is charged for full year. The construction cost is depreciated only when the building is complete in all respects. Where the cost of land and building cannot be separately ascertained, depreciation is provided on the composite cost, at the rate applicable to buildings.

E. In respect of leasehold premises, the lease premium, if any, is amortized over the period of lease and the lease rent is charged in the respective year(s).

F. The Revalued assets is depreciated over the balance useful life of the asset as assessed at the time of revaluation.

7. IMPAIRMENT OF ASSETS:

The carrying costs of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors.

An impairment loss is recognized wherever the carrying cost of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, if any, depreciation is provided on the revised carrying cost of the asset over its remaining useful life.
A previously recognized impairment loss is increased or reversed depending on changes in circumstances.

However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

8. EMPLOYMENT BENEFITS:

PROVIDENT FUND:

Provident fund is a defined contribution scheme as the Bank pays fixed contribution at pre-determined rates. The obligation of the Bank is limited to such fixed contribution. The contribution is charged to Profit & Loss A/c.

GRATUITY:

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the bank and is managed by a separate trust.

PENSION:

Pension liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the bank and is managed by a separate trust.

The Bank operates a New Pension Scheme (NPS) for all officers/ employees joining the Bank on or after 01.04.2010. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with contribution of 14% of their basic pay plus dearness allowance from the Bank w.e.f. 11.11.2020. Pending completion of the registration procedures of the employees concerned, these contributions are retained. The Bank recognizes such annual contributions as an expense in the year to which they relate. Upon the receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust.

COMPENSATED ABSENCES:

Accumulating compensated absences such as Privilege Leave (PL) and Sick Leave (including unavailed casual leave) are provided for based on actuarial valuation. The scheme for Privilege Leave (PL) is funded by the Bank and is managed by a separate trust.

OTHER EMPLOYEE BENEFITS:

Other Employee Benefits such as Leave Fare Concession (LFC), Silver Jubilee Award, etc. are provided for based on actuarial valuation.

In respect of overseas branches and offices, the benefits in respect of employees other than those on deputation are valued and accounted for as per laws prevailing in the respective countries.

9. TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS & BALANCES:

Transactions involving foreign exchange are accounted for in accordance with AS 11, "The Effect of Changes in Foreign Exchange Rates".

9.1 Except advances of erstwhile London branches which are accounted for at the exchange rate prevailing on the date of parking in India, all other monetary assets and liabilities, guarantees, acceptances, endorsements and other obligations are translated in Indian Rupee equivalent at the exchange rates prevailing as on the Balance Sheet date as per Foreign Exchange Dealers' Association of India (FEDAI) guidelines.

9.2 Non-monetary items other than fixed assets which are carried at historical cost are translated at exchange rate prevailing on the date of transaction.

9.3 Outstanding Forward exchange spot and forward contracts are translated as on the Balance Sheet date at the rates notified by FEDAI and the resultant gain/loss on translation is taken to Profit & Loss Account.

Foreign exchange spot/forward contracts/deals (Merchant and Inter-bank) which are not intended for trading/Merchant Hedge and are outstanding on the Balance Sheet date, are reverse re-valued at the closing FEDAI spot/forward rate in order to remove revaluation effect on exchange profit. The premium or discount arising at the inception of such a forward exchange contract is amortized as interest expense or income over the life of the contract.

9.4 Income and expenditure items are accounted for at the exchange rate prevailing on the date of transaction.

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognized as income or as expense in the period in which they arise.

Gains/Losses on account of changes in exchange rates of open position in currency futures trades are settled with the exchange clearing house on daily basis and such gains/losses are recognized in the Profit and Loss Account.

9.5 Offices outside India / Offshore Banking Units:

(i) Operations of foreign branches and off shore banking unit are classified as "Non-integral foreign operations" and operations of representative offices abroad are classified as "integral foreign operations".

(ii) Foreign currency transactions of integral foreign operations and non-integral foreign operations are accounted for as prescribed by AS-11.

(iii) Exchange Fluctuation resulting into Profit / loss of non-integral operations is credited /debited to Exchange Fluctuation Reserve.

10. TAXES ON INCOME

Income tax expense is the aggregate amount of current tax including Minimum Alternate Tax (MAT), wherever applicable and deferred tax expense incurred by the Bank. The current tax and deferred tax are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively after taking into account taxes paid at the foreign offices, which are based on the tax laws of respective jurisdictions.

MAT credit is recognized as an asset only when and to the extend there is convincing evidence that there will be payment of normal income tax during the period specified under the income Tax Act, 1961,

Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognized by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognized in the profit and loss account. Deferred tax assets are recognized and re-assessed at each reporting date, based upon management's judgment as to whether their realization is considered as reasonably/virtually certain.

11. Earnings per Share:

The Bank reports basic and diluted earnings per share in accordance with AS 20 -'Earnings per Share' issued by the ICAI. Basic Earnings per Share are computed by dividing the Net Profit after Tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding for the year.

Diluted Earnings per Share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted Earnings per Share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at year.

12. Provisions, Contingent Liabilities and Contingent Assets:

In conformity with AS 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Bank recognises provisions only when it has a present obligation as a result of a past event, and would result in a probable outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

A Contingent Liability is a potential liability, in terms of money, which may arise depending on the outcome of an uncertain specific event. A possible obligation which may or may not arise depending on how a future event unfolds has been recognized as Contingent Liability.

Further, the cases which although have been filed against the bank, but possibility of any obligation arising upon the bank is those case is remote, have not been construed and included in Contingent Liability.

Contingent Assets are not recognised in the financial statements.

13. Bullion Transactions:

The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on price quoted by the supplier. The Bank earns a fee on such bullion transactions. The fee is classified under commission income. The Bank also accepts deposits and lends gold, which is treated as deposits/advances as the case may be with the interest paid / received classified as interest expense/income.

PUNJAB NATIONAL BANK

SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 31.03.2022

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

14. Segment Reporting:

The Bank recognizes the Business segment as the Primary reporting segment and Geographical segment as the Secondary reporting segment, in accordance with the RBI guidelines and in compliance with the Accounting Standard 17 issued by ICAI.

15. The Bank, in accordance with RBI Circular FIDD.CO.Plan.BC.23/ 04.09.01/ 2015-16 dated April 7, 2016, trades in Priority Sector portfolio by selling or buying PSLC. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the Fee received from sale of PSLCs is treated as 'Other Income'.

16. CASH & CASH EQUIVALENTS

Cash and cash equivalents include Cash and Balances with RBI, Balances with Banks and money at call and short notice.

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PUNJAB NATIONAL BANK

SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 31.03.2022

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

NOTES TO ACCOUNTS

1. The 05 Subsidiaries and 15 Associates (which along with Punjab National Bank, the parent, constitute the Group) are considered in the preparation of the consolidated financial statements are as under:

(in %)

Sl. No.	Name of the Subsidiary Company	Country of incorporation	% Voting power held as at	
			Current Year	Previous Year
1.	PNB Gilts Limited[1]	India	74.07	74.07
2.	PNB Investment Services Ltd.	India	100.00	100.00
3.	PNB Cards and Services Ltd.[2]	India	100.00	100.00
4.	Punjab National Bank (International) Ltd.UK[$]	United Kingdom	100.00	100.00
5.	Druk PNB Bank Ltd. Bhutan	Bhutan	51.00	51.00

[$]Un-Audited Financials have been taken while preparing consolidated financial statements of PNB group.

[1]The financial statements of the company is subject to Supplementary Audit by the Comptroller & Audit General of India, under the Companies Act, 2013 and receipt of their report.

[2]PNB Cards & Services Limited ("the Company") having CIN No. U74999DL2021PLC378579, was incorporated on 16th March, 2021. The first financial year of the company is from 16th March, 2021 to 31st March 2022 and subsequent financial year shall commence from 01st April and close on 31st March of next year.

2. Associates considered in consolidated financial statements are as under:

(In %)

Sl. No.	Associates	Country of incorporation	Proportion of ownership percentage as at	
			Current Year	Previous Year
1.	PNB Metlife India Insurance Company Ltd[$*]	India	30.00	30.00
2.	PNB Housing Finance Limited	India	32.57	32.65
3.	JSC (Tengri Bank), Almaty, Kazakhstan[$**]	Kazakhstan	41.64	41.64
4.	Canara HSBC Oriental Bank of Commerce Life Insurance Co. Ltd.	India	23.00	23.00
5.	India SME Asset Reconstruction Co. Ltd.[$]	India	20.90	20.90
6.	Everest Bank Ltd.[$***]	Nepal	20.03	20.03
7.	Dakshin Bihar Gramin Bank, Patna[$]	India	35.00	35.00

Sl. No.	Associates	Country of incorporation	Proportion of ownership percentage as at	
			Current Year	Previous Year
8.	Himachal Pradesh Gramin Bank, Mandi.	India	35.00	35.00
9.	Punjab Gramin Bank, Kapurthala	India	35.00	35.00
10.	Sarva Haryana Gramin Bank, Rohtak	India	35.00	35.00
11.	Prathama UP Gramin Bank, Moradabad	India	35.00	35.00
12.	Assam Gramin Vikas Bank, Guwahati	India	35.00	35.00
13.	Bangiya Gramin Vikas Bank, (West Bengal)	India	35.00	35.00
14.	Manipur Rural Bank, Imphal	India	35.00	35.00
15.	Tripura Gramin Bank, Agartala	India	35.00	35.00

$Un-Audited Financials have been taken while preparing consolidated financial statements of PNB group.

*PNB has acquired 30% stake in PNB Metlife at consideration of Rs. 700.48 as brand equity.

**AFR revoked license of JSC Tengri Bank w.e.f. 18.09.2020 and is under Liquidation.

***Everest Bank Ltd. Follows accounting year different from that of the parent.

3.1 Capital Reserve

(Amount in Rs Crore)

Particulars	Current Year	Previous Year
Capital Reserve on Consolidation (Net)	74.21	74.21

3.2 Perpetual bonds/sub-ordinated debt raised as Tier I and Tier II Capital:

(Amount in Rs Crore)

Particulars	Current Year	Previous Year
Amount of sub-ordinated debt raised as Lower Tier-II Capital during the period	2012.63	3994.00
Amount of sub-ordinated debt raised as Upper Tier-II Capital during the period	0.00	0.00
Amount of perpetual bonds raised as Tier-I Capital during the period	0.00	0.00

PUNJAB NATIONAL BANK

SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 31.03.2022

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

3.3 The capital adequacy ratio (as per Basel III) of the bank group is as under:

(Amount in Rs Crore)

Sr. No.	Particulars	Current Year	Previous Year
i)	Common Equity Tier 1 capital (CET 1) (net of deductions, if any)	64911.43	67096.61
ii)	Additional Tier 1 capital	7285.67	5619.80
iii)	Tier 1 capital (i + ii)	72197.10	72716.41
iv)	Tier 2 capital	16943.49	17505.40
v)	Total capital (Tier 1+Tier 2)	89140.59	90221.81
vi)	Total Risk Weighted Assets (RWAs)	611984.12	616351.57
vii)	CET 1 Ratio (CET 1 as a percentage of RWAs)	10.61%	10.89%
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	11.80%	11.80%
ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	2.77%	2.84%
x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	14.57%	14.64%
xi)	Leverage Ratio	4.31%	4.52%

Note: CET I Capital includes Amalgamation Reserve Rs. 9268.29Crores.

RBI vide circular no. DBR.No.BP.BC.83/21.06.201/2015-16 dated 1st March, 2016 has given discretion to banks to consider Revaluation Reserve, Foreign Currency Translation Reserve and Deferred Tax Asset for purpose of computation of Capital Adequacy as CET-1 capital ratio. The Bank has exercised the option in the above computation.

4. Disclosures required by Accounting Standards

4.1 Accounting Standard 5 – Net Profit or Loss for the Period, Prior Period items and Change in Accounting Policies

During the Current and Previous year there were no material prior period income/expenditure items requiring disclosure under Accounting Standard 5.

The financial results for the year ended March 31, 2022 have been prepared following the same Accounting Policies and practices as those followed in the annual financial statements for the year ended March 31, 2021, except recognition of commission on Letter of Credit and Bank Guarantee. With effect from April 01, 2021, the commission on Letter of Credit and Bank Guarantee is recognised as revenue to the extent accrued for the period as against recognition done on receipt basis hitherto. This change in accounting policy has resulted in decrease in profit before tax by ₹11.67 Crore for quarter ended March 31, 2022 and by ₹207.64 Crore for year ended March 31, 2022.

(Previous year: The financial results for the year ended March 31, 2021 was prepared following the Accounting Policies and practices as those followed in the annual financial statements for the year ended March 31, 2020, except appropriation of recoveries in NPA accounts. After March 31, 2020, the Bank has changed its accounting policy for appropriation of recovery in NPA accounts from the earlier policy of appropriating recovery first against charges recorded then principal advance amount and balance towards recorded/derecognized income, to the new policy of appropriation of recovery first against the charges recorded, followed by recorded interest/derecognized interest and balance against the principal. This change in accounting policy has resulted in increase in profit before tax by Rs.611.97Crore for year ended March 31, 2021).

4.2 Accounting Standard 9 - Revenue Recognition

The income which has been accounted for on realization basis is not considered to be material. (Previous year: The income which has been accounted for on realization basis is not considered to be material).

4.3 Accounting Standard 10 – Properties, Plant and Equipment.

Break-up of total depreciation for the period/ FY for each class of assets

(Amount in Rs Crore)

Particulars (Class of Assets)	Current Year	Previous Year
Premises	178.60	159.07
Other fixed assets	581.68	673.35
Leased assets	0.01	0.01
Computer software	135.88	149.80
Total	**896.17**	**982.23**

4.4 Accounting Standard 11- The effects of Changes in Foreign Exchange rates:

Movement of Exchange Fluctuation Reserve

(Amount in Rs Crore)

Particulars	Current Year	Previous Year
Opening Balance	917.05	823.79
Addition/Deduction during the FY due to change in Profit & Loss account	69.24	118.55
Addition/Deduction during the FY due to translation of Assets & Liabilities	21.81	-25.29
Closing Balance	**1008.10**	**917.05**

PUNJAB NATIONAL BANK

SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 31.03.2022

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

4.5 Accounting Standard 15 (Revised) – Employees Benefits (Parent Company):

DISCLOSURE IN ACCORDANCE WITH AS-15(R):

In line with the accounting policy and as per the Accounting Standard – 15(R), the summarized position of employment benefits is as under:

A. Defined benefit Plans

TABLE I - Principal Actuarial Assumptions and the basis of these assumptions

Actuarial Assumptions	PENSION		GRATUITY		LEAVE ENCASHMENT	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Discount Rate	7.20%	6.85%	6.95%	6.55%	6.95%	6.55%
Expected Return on Plan Assets	7.20%	6.85%	6.95%	6.55%	6.95%	6.55%
Rate of Escalation In salary	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Dearness Relief Escalation Rate	5.80%	5.80%	-	-	-	-
Attrition Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

(ALL AMOUNTS IN CRORES)

TABLE II - Changes in Present value of the obligation

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Present value of Obligation at the beginning of period	46355.35	29043.14	4398.78	3229.08	3446.03	1944.29
Add	PVO of erstwhile OBC & UNI	0.00	16605.01	0.00	1601.39	0.00	1142.62
Add:	Interest Cost	3065.43	3043.60	254.87	274.85	187.67	199.11
Add:	Current Service Cost	488.52	508.01	247.10	252.96	331.28	212.19
Add:	Past Service Cost	3093.95	-	-	-	-	-
Less:	Benefits paid	(4002.18)	(2979.81)	(899.49)	(697.05)	(735.42)	(646.57)
	Actuarial loss / (gain) on obligations (Balancing Figure)	(544.10)	135.40	77.26	(262.45)	400.10	594.39
	Present value of Obligation as at the end of the period	**48456.97**	**46355.35**	**4078.52**	**4398.78**	**3629.66**	**3446.03**

TABLE III - Changes in the FV of the Plan Assets

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Fair value of Plan Assets, at the beginning of period	46731.79	29011.95	4502.08	3118.63	2779.62	-
Add	Fair value of erstwhile OBC & UNI	0.00	13296.92	0.00	1409.10	0.00	141.89
Add:	Expected return on Plan assets	3091.21	2813.19	269.73	263.49	145.48	9.36
Add:	Contributions paid by Bank	1228.41	4937.20	153.30	440.24	839.99	2944.68
Add:	Contributions paid by Bank for Past Service Cost (on Family Pension liability)	618.79	-	-	-	-	-
Less:	Benefits Paid	(4002.18)	(2979.81)	(899.49)	(697.05)	(735.42)	(363.48)
Less:	Actuarial (loss) / gain on Plan Assets (Balancing Figure)	479.76	(347.66)	45.78	(32.33)	92.52	47.16
	Fair value of Plan Assets as at the end of the period	**48147.78**	**46731.79**	**4071.40**	**4502.08**	**3122.19**	**2779.62**

TABLE IV - Actual Return on Plan Assets

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Expected return on Plan Assets	3091.21	2813.19	269.73	263.49	145.48	9.36
Add:	Actuarial (loss) / gain on Plan Assets	479.76	(347.66)	45.78	(32.33)	92.52	47.16
	Actual Return on Plan Assets	**3570.97**	**2465.53**	**315.51**	**231.16**	**238.00**	**56.52**

TABLE V - Net Actuarial (Gain) / loss recognized

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Actuarial loss / (gain) for the period - Obligations	(544.10)	135.40	77.26	(262.45)	400.10	594.39

	Actuarial (gain)/ loss for the period - Plan Assets	(479.76)	347.66	(45.78)	32.33	(92.52)	(47.16)
	Total (gain) /loss for the period	(1023.86)	483.06	31.48	(230.12)	307.58	547.23
	Actuarial (gain) or loss recognized in the period	**(1023.86)**	**483.06**	**31.48**	**(230.12)**	**307.58**	**547.23**
	Unrecognized Actuarial (gain) / loss at the end of the year	-	-	-	-	-	-

TABLE VI - Amount recognized in Balance Sheet

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2022	**31.03.2021**	**31.03.2022**	**31.03.2021**	**31.03.2022**	**31.03.2021**
	Present value of Defined Benefit Obligation	48456.97	46355.35	4078.52	4398.78	3629.66	3446.03
Less	Fair value of Plan Assets	48147.78*	46731.79	4071.40	4502.08	3122.19	2779.62
	Difference	309.19	(376.44)	7.12	(103.30)	507.47	666.41
Less	Unrecognized Past Service cost (on Family Pension liability)	1520.16	-	-	-	-	-
	Net Liability/ (Asset)	**(1210.97)**	**(376.44)**	**7.12**	**(103.30)**	**507.47**	**666.41**
	Amounts in the Balance Sheet						
	Liability Recognized in the Balance Sheet	955.00**	-	7.12	-	507.47	666.41
	Assets Recognized in the Balance Sheet (on Family Pension liability)	(2165.97)	(376.44)	-	(103.30)	-	-
	Net Liability/ (Asset)	**(1210.97)**	**(376.44)**	**7.12**	**(103.30)**	**507.47**	**666.41**
	Negative amount determined under Paragraph 55 of AS-15 (R)	-	-	-	-	-	-
	Present value of available refunds and reductions in future contributions	-	-	-	-	-	-

	Asset recognized as per Paragraph 59 (b) of AS-15 (R)	2165.97	376.44	-	103.30	-	-

*includes contributions paid by Bank of Rs 618.79 crore for Past service cost on account of Additional Family Pension Liability

** In addition to providing the minimum amount of Rs.618.79 crore (i.e., 1/5th of total liability of Rs 3093.95 crore) for the financial year 2021-22,the Bank has further provided additional Past service cost of Rs 955.00 crore during FY 2021-22,aggregating the total amount charged to the Profit & Loss account is Rs 1573.79 crore during the year ended March 31, 2022 and the balance unamortized expense for additional family pension liability of Rs.1520.16 Crore has been carried forward

TABLE VII - Expense to be recognized in Profit and loss Account

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Current Service Cost	488.52	508.01	247.10	252.96	331.28	212.19
Add:	Interest cost	3065.43	3043.60	254.86	274.85	187.67	199.11
Less	Expected return on Plan assets	(3091.21)	(2813.19)	(269.73)	(263.49)	(145.48)	(9.36)
Add:	Net Actuarial (gain) / loss recognized in year	(1023.86)	483.06	31.48	(230.12)	307.58	547.23
Add:	Past Service Cost-Recognized (on Family Pension liability)	1573.79	-	-	-	-	-
	Expenses recognized in the statement of profit and loss	**1012.67**	**1221.48**	**263.71**	**34.20**	**681.05**	**949.16**

TABLE VIII- Movement in Net Liability to be recognized in Balance Sheet

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	Opening Net Liability	(376.44)	31.19	(103.29)	302.75	666.41	1944.30
Add	Opening Net liability of Erstwhile OBC & UNI	-	3308.09	-	-	-	1000.72
Add:	Expense	1012.67	1221.48	263.71	34.20	681.05	949.16
Less:	Contributions Paid	(1847.20)	(4937.20)	(153.30)	(440.24)	(839.99)	(2944.68)
Less	Benefits Paid by the company	-	-	-	-	-	(283.09)

	Closing Net Liability/ (Asset) recognised in B/S in current period)	**(1210.97)**	**(376.44)**	**7.12**	**(103.29)**	**507.47**	**666.41**

TABLE IX -Amount for the current Period

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2022	**31.03.2021**	**31.03.2022**	**31.03.2021**	**31.03.2022**	**31.03.2021**
	Present value of Obligation	48456.97	46355.35	4078.52	4398.78	3629.66	3446.03
Less	Fair value of Plan Assets	48147.78	46731.79	4071.40	4502.08	3122.19	2779.62
	Surplus / (Deficit)	**(309.19)***	**376.44**	**(7.12)**	**103.30**	**(507.47)**	**(666.41)**
	Experience Adjustments in Plan Liabilities -(loss) / Gain	1230.77	(1016.12)	199.27	(243.27)	446.48	744.92
	Experience Adjustments in Plan Assets (loss) / gain	479.76	(347.66)	45.78	(32.33)	92.52	47.16

*This amount is inclusive of additional liability amount on account of revision in family pension for employees, which our Bank had opted for amortization over a period not exceeding five years beginning with the financial year ending March 31, 2022 (subject to a minimum of 1/5th of the total liability). The total amount charged to the Profit & Loss account is Rs 1573.79 crore during the year ended March 31, 2022 and the balance unamortized expense for additional family pension liability of Rs.1520.16 Crore has been carried forward.

TABLE X -Major Categories of Plan Assets (as percentage of Total Plan Assets) as managed by Trust

(In Percentage)

	PENSION		GRATUITY		LEAVE ENCASHMENT	
	31.03.2022	**31.03.2021**	**31.03.2022**	**31.03.2021**	**31.03.2022**	**31.03.2021**
Government Of India Securities	2.76%	3.78%	5.00%	8.00%	0.00%	0.00%
State Govt Securities	11.91%	13.91%	10.00%	13.00%	0.00%	0.00%
High Quality Corporate Bonds	5.36%	5.67%	3.00%	3.00%	0.00%	0.00%
Equity Shares of listed companies/ Mutual Fund Investments	0.28%	0.60%	0.00%	0.00%	0.00%	0.00%
Property	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Special deposit scheme/ FDR's	4.06%	5.50%	6.00%	7.00%	0.00%	0.00%
Funds managed by Insurer/ Investments in Life Insurance Companies	69.10%	59.94%	66.00%	54.00%	100.00%	100.00%

Other Deposits, Accruals etc.	6.53%	10.60%	10.00%	15.00%	0.00%	0.00%
TOTAL	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

TABLE XI -ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR						
	Pension (Funded)		**Gratuity (Funded)**		**Leave Encashment (Funded)**	
	31.03.2023	**31.03.2022**	**31.03.2023**	**31.03.2022**	**31.03.2023**	**31.03.2022**
Bank's best estimate of Contribution during next year	720.00	2720.00	230.00	10.00	410.00	670.00

TABLE XII- Other Long Term employee benefits (Unfunded)						
Particulars	**Sick Leave & Un availed Casual leave (Unfunded)**		**Leave Fare concession (unfunded)**		**Silver Jubilee Bonus (unfunded)**	
	31.03.2022	**31.03.2021**	**31.03.2022**	**31.03.2021**	**31.03.2022**	**31.03.2021**
Present Value of Obligation	168.36	71.73	237.76	217.68	16.15	15.91
Opening Balance of Transitional Liability	-	-	-	-	-	-
Transitional Liability recognized in the year	-	-	-	-	-	-
Closing Balance Of Transitional Liability	-	-	-	-	-	-
Liability Recognized in balance Sheet	168.36	71.73	237.76	217.68	16.15	15.91

Particulars	**Basis of assumption**
Discount Rate	Discount Rate has been determined by reference to market yields at the balance Sheet date on Government bonds (published by FBIL) of term consistent with currency and estimated term of the obligations.
Expected Rate of Return on Plan Assets	It is assumed that return on the plan assets pertaining to the Pension, Gratuity and Leave Encashment fund will be 7.20% p.a., 6.95% p.a. and 6.95% p.a. respectively.
Salary Escalation Rate (SER)	Based on the broad guidance provided by IBA, SER for the bank has been taken at 6.0% (Basic Pay increase of 2.8% and DA increase of 5.8% pa with overall salary escalation of 6.0%.)
Attrition Rate	Attrition rate is assumed at 1% taken with reference to past experience and expected future experience related to voluntary withdrawals.

Note:

4.5.1 Defined Contribution Plans:-

"The Bank has Defined Contribution Plan applicable to all categories of employees joining the Bank on or after 01.04.2010. The scheme is managed by NPS trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited has been appointed as the Central Record Keeping Agency for the NPS.

The details of the contribution is as under-

During the Financial Year 2021-2022= (Contribution Includes both Bank + Employee contribution)	Rs 974.43 Crore
During the Financial Year 2020-2021= (Contribution Includes both Bank + Employee contribution)	Rs 747.67 Crore

4.5.2 Bank has estimated the additional liability on account of revision in family pension for employees as per IBA Joint Note dated November 11, 2020, amounting to Rs.3093.95 Crore. However, RBI vide their Circular RBI/2021-22/105 DOR.ACC.REC.57/21.04.018/2021-22 dated 4th October 2021, has permitted Banks to amortize the said additional liability over a period of not exceeding 5 (five) years, beginning with financial year ending 31st March, 2022, subject to a minimum of 1/5th of the total amount being expensed every year. The Bank has opted the said provision of RBI and in addition to providing the minimum amount of Rs.618.79 crore (i.e., 1/5th of total liability of Rs 3093.95 crore) for the financial year 2021-22,the Bank has further provided additional Past service cost of Rs 955.00 crore during FY 2021-22,aggregating the total amount charged to the Profit & Loss account is Rs 1573.79 crore during the year ended March 31, 2022 and the balance unamortized expense for additional family pension liability of Rs.1520.16 Crore has been carried forward. If the unamortized expenditure had been fully recognised in the Profit & Loss account, the consequential Net Profit for the year would have been Rs.2468 Crore

4.6 Accounting Standard 17 - Segment Reporting

Segment Identification

I. Primary (Business Segment):

The following are the primary segments of the Bank:-

i) **Treasury:** The Treasury Segment includes the entire investment portfolio and trading in foreign exchange contracts and derivative contracts. The revenue of the treasury segment primarily consists of fees and gains or losses from trading operations and interest income on the investment portfolio.

ii) **Corporate / Wholesale Banking:** As per the RBI guidelines RBI/2020-21/53, DOR.No.BP.BC.23/21.06.201/2020-21, dated 12thOctober 2020, the Corporate / Wholesale Banking segment comprises the lending activities of borrowers having exposure of ₹7.50Crores and above.

iii) **Retail Banking:** The Retail Banking Segment comprises of borrower accounts having exposure of less than ₹7.50Crores.

iv) **Other Banking Operations** Segments not classified under (i) to (iii) above are classified under this primary segment.

II Secondary (Geographical Segment):

i) **Domestic Operations** - Branches/Offices having operations in India

ii) **Foreign Operations** - Branches/Offices having operations outside India and offshore banking units having operations in India.

III. Basis of allocation

The interest income is allocated on the basis of actual interest received from different segments

Expenses not directly attributable are allocated on the basis of Interest income earned by the wholesale banking / retail banking segment/other banking segment

Capital employed for each segment is calculated based on the assets and liabilities of that particular segment

The Bank has certain common assets and liabilities, which cannot be attributed to any segment, and the same are treated as unallocated.

PART A: BUSINESS SEGMENTS

(Amount in Rs Crore)

Sl. No.	Particulars		Current Year (Audited) (Consolidated)	Previous Year (Audited) (Consolidated)
i.	**Segment Revenue**			
	a)	Treasury	30244.25	31762.08
	b)	Corporate/Wholesale Banking	30887.23	31966.43
	c)	Retail Banking	24783.71	26399.59
	d)	Other Banking Operations	2424.30	4041.85
	Total		**88339.49**	**94169.95**
ii.	**Segment Results**			
	a)	Treasury	9191.30	10190.68
	b)	Corporate/Wholesale Banking	-4052.27	-7201.52
	c)	Retail Banking	3110.22	4045.64
	d)	Other Banking Operations	620.96	1085.80
	Total		**8870.21**	**8120.60**
iii.	Unallocated Expenses		4275.69	4336.14
iv.	Operating Profit		21025.64	22849.60
v.	Provision for Tax		918.56	1632.03
vi.	Extraordinary Items		0.00	0.00
vii.	Share of Earnings in Associates (Net)		231.63	542.17

PUNJAB NATIONAL BANK

SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 31.03.2022

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

viii.	Minority Interest		46.85	132.62
ix.	Net Profit		3860.74	2561.98
	Other Information:			
x.	**Segment Assets**			
	a)	Treasury	441108.02	442311.31
	b)	Corporate/Wholesale Banking	545178.01	516525.16
	c)	Retail Banking	261644.19	247594.08
	d)	Other Banking Operations	44903.09	27449.67
	Sub Total		**1292833.31**	**1233880.22**
	e)	Unallocated Assets	46467.81	45844.84
	Total Assets		**1339301.12**	**1279725.06**
xi.	**Segment Liabilities**			
	a)	Treasury	421033.81	422469.79
	b)	Corporate/Wholesale Banking	523784.94	497345.55
	c)	Retail Banking	253207.32	241048.52
	d)	Other Banking Operations	42478.99	25806.53
	Sub Total		**1240505.06**	**1186670.39**
	e)	Unallocated Liabilities	1214.16	520.34
	Total Liabilities		**1241719.22**	**1187190.73**
xii.	**Capital Employed**			
	a)	Treasury	20074.21	19841.52
	b)	Corporate/Wholesale Banking	21393.07	19179.61
	c)	Retail Banking	8436.87	6545.56
	d)	Other Banking Operations	2424.10	1643.14
	Sub Total		**52328.25**	**47209.83**
	e)	Unallocated Liabilities	45253.65	45324.50
	Total Capital Employed		**97581.90**	**92534.33**

PART B: GEOGRAPHIC SEGMENTS

Sl. No	Particulars		Current Year (Audited) (Consolidated)	Previous Year (Audited) (Consolidated)
1.	**Revenue**			
	a)	Domestic	87409.26	92976.91
	b)	International	930.23	1193.04
	Total		**88339.49**	**94169.95**
2.	**Assets**			
	a)	Domestic	1285938.01	1225016.02
	b)	International	53363.11	54709.04
	Total		**1339301.12**	**1279725.06**

Note:-

Sch. 18 / 31

1. Segment Liabilities are distributed in the ratio of their respective Segment Assets.
2. Figures of the previous period have been re-grouped / reclassified wherever necessary.

4.7 Accounting Standard 18 - Disclosure of Related Parties as per Accounting Standard –18 issued by ICAI: (Parent Company)

Names of the related parties and their relationship with the Bank:

Key Management Personnel (KMP):

i) Shri Atul Kumar Goel, Managing Director & CEO, w.e.f. 01.02.2022
ii) Shri CH S S Mallikarjuna Rao, Managing Director & CEO, upto 31.01.2022
iii) Shri Agyey Kumar Azad, Executive Director, up to 30.04.2021
iv) Shri Sanjay Kumar, Executive Director
v) Shri Vijay Dube, Executive Director
vi) Shri Swarup Kumar Saha, Executive Director
vii) Shri Kalyan Kumar, Executive Director, w.e.f. 21.10.2021

Subsidiaries:

i) PNB Gilts Ltd.
ii) PNB Investment Services Ltd.
iii) PNB Cards and Services Ltd.
iv) Punjab National Bank (International) Ltd., UK.
v) Druk PNB Bank Ltd, Bhutan.

Associates:

i) PNB Metlife India Insurance Company Ltd*
ii) PNB Housing Finance Limited
iii) JSC (Tengri Bank), Almaty, Kazakhstan**
iv) Canara HSBC Oriental Bank of Commerce Life Insurance Co. Ltd.
v) India SME Asset Reconstruction Co. Ltd.
vi) Everest Bank Limited, Kathmandu, Nepal
vii) Dakshin Bihar Gramin Bank, Patna
viii) Himachal Pradesh Gramin Bank, Mandi
ix) Punjab Gramin Bank, Kapurthala
x) Sarva Haryana Gramin Bank, Rohtak
xi) Prathama UP Gramin Bank, Moradabad
xii) Assam Gramin Vikas Bank, Guwahati
xiii) Bangiya Gramin Vikas Bank, West Bengal
xiv) Manipur Rural Bank, Imphal
xv) Tripura Gramin Bank, Agartala

*PNB has acquired 30% stake in PNB Metlife at consideration of Rs. 700.48 as brand equity.

**AFR revoked license of JSC Tengri Bank w.e.f. 18.09.2020 and is under Liquidation.

Others:

i) PNB Centenary Rural Development Trust

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Transactions with Related Parties:

(Amount in ₹ Crores)

Items/ Related Party	Parent** (as per ownership or control)		Subsidiaries**		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Total	
	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year
Remuneration	N.A	N.A	N.A	N.A	-	-	2.74	-	-	-	2.74	-
	N.A	N.A	N.A	N.A	-	-	(3.45)	-	-	-	(3.45)	-
Borrowings	N.A	N.A	N.A	N.A	25.01	25.01	-	-	-	-	25.01	25.01
	N.A	N.A	N.A	N.A	(25.01)	(25.01)	-	-	-	-	(25.01)	(25.01)
Deposits	N.A	N.A	N.A	N.A	88.80	92.56					88.80	92.56
	N.A	N.A	N.A	N.A	(96.06)	(116.44)	-	-	-	-	(96.06)	(116.44)
Placement of Deposits	N.A	N.A	N.A	N.A	0.00	0.00					0.00	0.00
	N.A	N.A	N.A	N.A	0.00	0.00	-	-	-	-	0.00	0.00
Other Liabilities	N.A	N.A	N.A	N.A	0.61	1.52					0.61	1.52
	N.A	N.A	N.A	N.A	(0.30)	(7.45)					(0.30)	(7.45)
Balance with banks and Money at call and short notice	N.A	N.A	N.A	N.A	38.27	767.65	-	-	-	-	38.27	767.65
	N.A	N.A	N.A	N.A	(1745.04)	(2772.04)	-	-	-	-	(1745.04)	(2772.04)
Advances (IBPC borrowings)	N.A	N.A	N.A	N.A	0.00	0.00					0.00	0.00
	N.A	N.A	N.A	N.A	(0.00)	(0.00)	-	-	-	-	(0.00)	(0.00)
Advances (IBPC lending)	N.A	N.A	N.A	N.A	0.00	0.00					0.00	0.00
	N.A	N.A	N.A	N.A	(0.00)	(0.00)	-	-	-	-	(0.00)	(0.00)
Advances (Others)	N.A	N.A	N.A	N.A	4325.89	4634.45					4325.89	4634.45
	N.A	N.A	N.A	N.A	(4648.43)	(5384.44)	-	-	-	-	(4648.43)	(5384.44)
Investments	N.A	N.A	N.A	N.A	817.54	817.54					817.54	817.54
	N.A	N.A	N.A	N.A	(717.54)	(717.54)	-	-	-	-	(717.54)	(717.54)
Investments in Debentures	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Other Assets	N.A	N.A	N.A	N.A	129.82	212.15					129.82	212.15
	N.A	N.A	N.A	N.A	(259.28)	(313.07)					(259.28)	(313.07)
Non funded Commitments (LCs/BGs)	N.A	N.A	N.A	N.A	17.89	17.89	-	-	-	-	17.89	17.89
	N.A	N.A	N.A	N.A	(5.99)	(5.99)	-	-	-	-	(5.99)	(5.99)
Leasing/ HP arrangements availed	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Leasing/ HP arrangements provided	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Purchase of fixed assets	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Sale of Fixed Assets	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Transaction IBPC Sale Deal Value	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Transaction IBPC Purchase Deal Value	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Interest paid on Deposits	N.A	N.A	N.A	N.A								
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Interest Paid on IBPC	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Interest Paid Others	N.A	N.A	N.A	N.A	4.70	-	-	-	-	-	4.70	-
	N.A	N.A	N.A	N.A	(16.67)	-	-	-	-	-	(16.67)	-
Interest received on IBPC	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Interest received Others	N.A	N.A	N.A	N.A	586.65	-					586.65	-
	N.A	N.A	N.A	N.A	(860.17)	-	-	-	-	-	(860.17)	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-

Receiving of Services	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Rendering of Services	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Management contracts	N.A	N.A	N.A	N.A	0.54	-	-	-	-	-	0.54	-
	N.A	N.A	N.A	N.A	(0.54)	-	-	-	-	-	(0.54)	-
Dividend received	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Bank Charges	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Interest Paid on Bonds	N.A	N.A	N.A	N.A	-	-					-	-
	N.A	N.A	N.A	N.A	-	-					-	-
Commission Received	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Other Expenditure	N.A	N.A	N.A	N.A	194.21	-	-	-	-	-	194.21	-
	N.A	N.A	N.A	N.A	(79.16)	-	-	-	-	-	(79.16)	-
Other Income	N.A	N.A	N.A	N.A	288.90	-	-	-	-	-	288.90	-
	N.A	N.A	N.A	N.A	(436.16)	-	-	-	-	-	(436.16)	-

Notes: 1. **The transactions with the subsidiaries and certain associates have not been disclosed in view of para-9 of AS-18 'Related Party Disclosure', which exempts state controlled enterprises from making any disclosures pertaining to their transactions with other related parties, which are also state controlled.
2. Further, in terms of Paragraph 5 of AS 18, transactions in the nature of Banker-Customer relationship have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel.
3. The amounts reported are net of provision, if any.
4. Figures in brackets relate to previous year and have been regrouped / rearranged / reclassified wherever necessary.

4.8. Accounting Standard 19 - Lease (Parent Company)

i. Operating lease primarily comprise office premises, which are renewable at the option of the bank normally at the end of every 3 / 5th years.
ii. As per information available, Non-Cancellable lease as on 31.03.2022: NIL (Previous year: NIL).
iii. Amount of lease payment recognized in P & L Account for operating lease is as under:

Current Year		Previous Year	
No. of lease / rented premises	**(Amount in ₹Crore)**	**No. of lease / rented premises**	**(Amount in ₹Crore)**
15750	782.24	16050	790.74

4.9 Accounting Standard 20 - Earnings per Share

(Amount in Rs Crore)

Particulars		Current Year	Previous Year
Earnings per Share	Basic	3.53	2.64
	Diluted	3.53	2.64
Amount used as numerator Profit after tax (Rs. In Crore)		3860.74	2561.97
Nominal value of shares		Rs.2.00 each	Rs.2.00 each

Particulars	Current Year	Previous Year
Weighted average number of equity shares used as the denominator	10946723321	9705896011

4.10 Major components of deferred tax assets and liability are set out below:

(Amount in Rs Crore)

Particulars	Current Year	Previous Year
Deferred Tax Assets		
Provision for bad & doubtful debts	23821.55	25408.71
Provision for leave encashment	113.17	1227.01
Provision for Pension & Gratuity	0.21	0.07
Taxable Loss (Carried Forward)	2353.34	1335.75
Pre-Incorporation Expenditure	0.05	0.00
Depreciation on fixed assets	162.44	0.29
Others Contingencies	189.40	237.78
Total	**26640.16**	**28209.61**
Deferred Tax Liabilities		
Depreciation on fixed assets	-233.45	-164.13
Deduction u/s 36(1)(viii)of Income- tax Act,1961	1170.31	1135.37
Others	0.00	216.91
Total	**936.86**	**1188.15**
Deferred Tax Assets/ (Liability) – Net	**25703.30**	**27021.46**

4.11 Accounting Standard 28 - Impairment of Assets

A substantial portion of the bank's assets comprises 'financial assets' to which Accounting Standard 28 'Impairment of Assets' is Not Applicable. In the opinion of the bank, there is no impairment of its assets (to which the standard applies) to any material extent as at 31.03.2022 requiring recognition in terms of the said standard. (Previous year: A substantial portion of the bank's assets comprises 'financial assets' to which Accounting Standard 28 'Impairment of Assets' is Not Applicable. In the opinion of the bank, there is no impairment of its assets (to which the standard applies) to any material extent as at 31.03.2021 requiring recognition in terms of the said standard).

4.12 Accounting Standard 29 - Provisions, Contingent Liabilities and Contingent Assets

i. Movement of provisions for liabilities *

(Amount in Rs Crore)

Particulars	Salary arrears under negotiation	Legal cases/ contingencies
Balance as at 1st April 2021	44.00 (911.91)	74.20 (29.35)
Provided during the year	0.00	11.81

(Amount in Rs Crore)

Particulars	Salary arrears under negotiation	Legal cases/ contingencies
	(2026.41)	(48.95)
Amounts used during the year	0.00 (2316.96)	0.23 (0.23)
Reversed during the year	44.00 (577.36)	2.27 (3.87)
Balance as at 31.03.2022	**0.00** **(44.00)**	**83.51** **(74.20)**
Timing of outflow/uncertainties	On actual Payment	Outflow on settlement / crystallization
	On actual Payment	Outflow on settlement / crystallization

* Excluding provisions for others

ii **Break-up of "Provisions and Contingencies" shown under the head Expenditure in Profit and Loss Account is as follows:**

(Amount in Rs Crore)

Particulars	Current Year	Previous Year
Provisions for NPI	348.50	-221.70
Provision towards NPAs	14123.13	17462.42
Floating provisions for NPAs (over and above RBI provisioning norms)	0.00	0.00
Provision towards Standard Assets	1259.14	1214.38
Provision made towards Income-tax (including FBT & Wealth Tax)	918.50	1629.93
Other Provisions & Contingencies	700.41	612.14
Total	**17349.68**	**20697.17**

4.13 Refer Schedule-12 on Contingent Liabilities

Such liabilities are dependent upon the outcome of Court/arbitration/out of court settlement, disposal of appeals, and the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, respectively. No reimbursement is expected in such cases.

4.14 Break-up of Floating Provisions is as follows:

(Amount in Rs Crore)

Particulars	Current Year	Previous Year
Opening balance	0.00	360.25

Particulars	Current Year	Previous Year
Quantum of floating provisions made during the year	0.00	24.12
Purpose and amount of draw down made during the year	0.00	384.37
Closing balance	0.00	NIL

4.15. Disclosure: Letter of Comfort (LoC)

"The Bank has issued a Letter of Comfort to Prudential Regulation Authority (PRA), the regulator in United Kingdom, committing that the bank shall provide financial support to its subsidiary, Punjab National Bank (International) Ltd., UK so that it meets its financial commitments as and when they fall due".

The said letter of Comfort has been renewed on 15.03.2022 after seeking approval of our Board in favor of PRA w.r.t. our subsidiary PNBIL wherein we have reiterated our commitment. The renewal was done as per instruction of PRA and RBI.

Apart from the above, the Bank has not issued any Letter of Comfort to Group Entities (Excl. RRBs) and therefore, there are no cumulative financial obligations under Letter of Comfort.

4.16. Disclosure: Letter of Undertaking

"The Bank has issued a **Letter of Undertaking to International Financial Services Centers Authority (IFSCA), GIFT City, Gandhinagar, Gujarat** that it will provide necessary Capital support of **USD 20.00 Mio.**

Further, the Bank hereby confirms that it will provide such support and assistance (including liquidity, whenever needed) and may be appropriated to enable the IFSC Banking Unit to meet obligations in the course of the operation".

Apart from the above the Bank has not issued any Letter of Comfort for overseas branches and there are no cumulative financial obligations under Letter of Comfort

4.17 The Consolidated financial results are prepared in accordance with Accounting Standard 21 on "Consolidated Financial Statements", Accounting Standard 23 on "Accounting for Investment in Associates in Consolidated Financial Statements" and Accounting Standard 27 on "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India and guidelines issued by RBI.

4.18. COVID - 19 pandemic across several countries including India has resulted in a significant decline and volatility in global as well as Indian financial markets and economic activities. The Government of India announced a series of lock down measures since March 2020 onwards, which were lifted and re-imposed for activities by various Governments at various points of time depending on the situation prevailing in their respective jurisdictions and the same had resulted in disruption of business and common life.

The situation continues to be uncertain due to new variants of COVID-19 and the Bank is evaluating the situation on ongoing basis. The extent to which the COVID-19 pandemic will impact the Bank's results will depend on future developments. The major identified challenges for the Bank would arise from eroding cash-flows and extended working capital cycles. The Bank is gearing itself on all the fronts to meet these challenges.

4.19. Fraud accounts

		Current Year	Previous Year
Number of frauds reported	Borrowal	142	153[@]
	Non Borrowal	289	561[#]
	TOTAL	**431**	**714**
Amount involved in fraud (₹ crore)	Borrowal	9553.81	10872.49
	Non Borrowal	25.99	75.02
	TOTAL	**9579.80**	**10947.51**
Amount of provision made for such frauds (₹ crore)	Borrowal	8524.87	9197.38
	Non Borrowal	19.26	54.99
	TOTAL	**8544.13**	**9252.37**
Amount of Unamortised provision debited from 'other reserves' as at the end of the year. (₹ crore)	-	1028.95	1013.10

[@]Out of 153 accounts, 13 accounts are old fraud cases & ₹854.49Crores have been enhanced & updated to RBI due to harmonization. [#]Out of 561 accounts, 1 account is old fraud case & ₹18.00 Crores have been enhanced & updated to RBI due to harmonization.

5. 1 Figures of the previous year have been regrouped / rearranged / reclassified wherever necessary to conform to current period's classification.

2. Figures in the bracket wherever given (except Item no. 4.5 - Accounting Standard 15 - Employees Benefits) relates to previous year.

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S R Goyal & Co
Chartered Accountants

S N Dhawan & Co LLP
Chartered Accountants

P S M G & Associates
Chartered Accountants

D K Chhajer & Co.
Chartered Accountants

S C Bapna & Associates
Chartered Accountants

Independent Auditor's Report

To
The Members of
Punjab National Bank

Report on Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Punjab National Bank ('the Bank'), which comprise the Balance Sheet as at March 31, 2023, the Profit and Loss Account and the Statement of Cash Flows for the year then ended, and notes to financial statements including a summary of significant accounting policies and other explanatory information in which are included the returns for the year ended on that date of the Central Office, 22 Zonal Offices and

   i. 20 Domestic branches, 1 International Banking Unit, Treasury division, Credit Card division and 40 other offices audited by us.
   ii. 1763 Indian branches and other offices audited by statutory branch auditors
   iii. 1 foreign branch audited by local auditors

   The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also incorporated in the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows are the returns from 9490 branches which have not been subjected to audit. These unaudited branches account for 25.01 percent of advances, 65.03 per cent of deposits, 19.03 percent of interest income and 61.87 percent of interest expenses.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 in the manner so required for bank and are in conformity with accounting principles generally accepted in India and:

   a. the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at March 31, 2023;

   b. the Profit and Loss Account, read with the notes thereon shows a true balance of profit/loss (as applicable); and

c. the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the ICAI. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements prepared in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by the ICAI, and provisions of section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended March 31, 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters prescribed below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our matter was addressed in the audit
Advances – classification and provisioning (Refer Schedule 9 to the Standalone Financial Statements, read with the Accounting Policy No 5) The advances are classified as performing and non-performing advances (NPA) and provisioning thereon is made in accordance with the prudential norms as prescribed by the Reserve Bank of India (RBI). The Bank has implemented complete system driven recognition of advances and their classification in SASCL Application under Core Banking Solution (CBS). The extent of provisioning of NPA under the prudential norms are mainly based	Our audit approach included an understanding of the Bank's software, circulars, guidelines and directives of the Reserve Bank of India and the Bank's internal instructions and procedures in respect of the assets classification and its provisioning and adopted the following audit procedures. • Evaluated and understood the Bank's internal control system in adhering to the Relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances. • Test checked the design and implementation as well as operational effectiveness of relevant internal controls and substantive testing, including involvement of manual process in

on its ageing and recoverability of the underlined security. The same are also reviewed manually based on necessity. In the event of any improper application of the prudential norms or consideration of the incorrect value of the security, as the valuation of the security involves high degree of estimation and judgement, the carrying value of the advances could be materially misstated either individually or collectively, and in view of the significance of the amount of advances in the Standalone Financial Statements the classification of the advances and provisioning thereon has been considered as Key Audit Matter in our audit.	relation to Income recognition, asset classification and provisioning pertaining to advances • Reviewed the Bank's monitoring mechanisms to identify errors and omission in applying/ implementation of logic / data integrity and its corrective action. • Reviewed the documentations, operations / performance and monitoring of the advance accounts on as per RBI guidelines basis of the large and stressed advances, to ascertain any overdue, unsatisfactory conduct or weakness in any advance account, examination of classification as per prudential norms of the RBI, in respect of the branches / relevant divisions audited by us. In respect of the branches audited by the branch statutory auditors, we have placed reliance on their reports • Reviewed the report of independent IT Expert on review of SASCL Application (Income Recognition and Asset Classification solution) used by CBS including the review of 'Baseline Requirements for the NPA classification Solution'. • Reviewed on test check basis the reports of the credit audit, inspection audit, risk based internal audit, concurrent audit, regulatory audit to ascertain the advances having any adverse features / comments and reviewed the reports generated from the Bank's system **Our Results:** The results of our audit process were observed to be adequate and satisfactory considering the materiality of the transactions
Investments – valuation, and identification and provisioning for Non-Performing Investments (Refer Schedule 8 to the Standalone Financial Statements, read with the Accounting Policy No.4)	Our audit approach towards Investments with reference to the RBI circulars / directives included the review and testing of the design implementation, operating effectiveness of internal controls and audit procedures in relation to valuation, classification, identification of Non-

Investment portfolio of the bank comprises of Investments in Government Securities, Bonds, Debentures, Shares, Security Receipts and other Approved Securities which are classified under three categories, Held to Maturity, Available for Sale and Held for Trade Valuation of Investments, identification of Non performing Investments (NPI) and the corresponding non-recognition of income and provision thereon, is carried out in accordance with the relevant circulars / guidelines / directions of RBI. The valuation of each category (type) of aforesaid security is to be carried out as per the methodology prescribed in circulars and directives issued by the RBI which involves collection of data/ information from various sources such as FBIL rates, rates quoted on BSE/NSE, financial statements of unlisted companies, NAV in case of mutual funds & security receipts etc. Certain investments are based on the valuation methodologies that include statistical models with inherent assumptions, assessment of price for valuation based on financial statements etc. Hence, the price discovered for the valuation of these Investments may not be the true representative but only a fair assessment of the Investments as on date. Hence the valuation of Investments requires special attention and further in view of the significance of the amount of Investments in the financial statements the same has been considered as Key Audit Matter in our audit.	Performing Investments, provisioning / depreciation related to Investments as per RBI guidelines. • We reviewed and evaluated the process adopted for collection of information from various sources for determining fair value of these investments • For selected sample of investments (covering all categories of investments based on nature of security) we tested accuracy and compliance with the RBI Master circulars and directions. • We assessed and evaluated the process of identification of NPIs, and corresponding reversal of income and creation of provision. **Our Results:** The results of our audit process were observed to be adequate and satisfactory considering the materiality.
Assessment of Information Technology (IT): IT controls with respect to recording of transactions, generating various reports in compliance with RBI guidelines including IRAC norms Other compliances to regulators etc., is an important part of the process. Such	**Our audit approach Included: -** • Understanding the coding system adopted by the Bank for various categories of customers • Reviewed the design, implementation and operating effectiveness of the Bank's IT controls including application

reporting is highly dependent on the effective working of Core Banking Software and other allied systems. We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong reporting of data to the management and regulators.	access controls that are critical to financial reporting on test check basis • Understanding the feeding of the data in the system and going through the extraction of the financial information and statements from the IT system existing in the Bank. • Checking of the user requirements for any changes in the regulations/ policy of the Bank • Reviewed the reports generated by the system on sample basis • Reviewed the report of independent IT Expert on review of SASCI. Application (Income Recognition and Asset Classification solution) used by CBS including the review of "Baseline Requirements for the NPA classification Solution". **Our Results:** There is continuous progress, still the system needs to be strengthened for its efficacy to control deficiencies of input/output data from the system
Litigation & Contingent Liabilities Assessment of Contingent liabilities in respect of certain litigations including Direct and Indirect Taxes and various other claims filed by other parties upon the Bank not acknowledged as debts. The Bank's assessment is supported by the facts of matter, their own judgment, past experience, and advice from legal and independent tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Bank's reported profit and the Balance Sheet. We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of litigations which requires application of judgment in interpretation of law	**Our audit approach included: -** • Going through the current status of the tax litigations and contingent liabilities • Examining the orders and/or communication received from various Tax Authorities/ Judicial forums and follow up action thereon; • Evaluating the merits of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice, and • Wherever required, reliance is placed on the opinion of legal and tax consultants

Accordingly, our audit was focused on analysing the facts of subject matter under consideration, and judgments/ interpretation of law involved

Information Other than the Standalone Financial Statements and Auditor's Report thereon

5. The Bank's Board of Directors is responsible for the other information. The other information comprises the Directors Report including annexures, Corporate Governance Report, Business Responsibility and Sustainability report, and other reports (but does not include the financial statements and our auditor's report thereon). Our opinion on the Standalone Financial Statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon

   In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated

   If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

6. The Bank's Board of Directors is responsible with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the applicable Accounting Standards, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

   In preparing the standalone financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

   Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
   As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of the misstatements in the standalone financial statements that, individually or aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning of the scope of our audit work and evaluating the results of our work, and (ii) to evaluate the effect of any identified misstatement in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

8 We did not audit the financial statements / information of 1763 (number) branches and other offices and 1 foreign branch included in the standalone financial statements of the Bank whose financial statements / financial information reflect total assets of Rs. 2,54,776.99 crores as at March 31, 2023 and total revenue of Rs. 15,007.19 crores for the year ended on that date, as considered in the standalone financial statements. These branches and other offices and foreign branches cover 23.42% of advances, 28.82% of deposits and 33.06% of non-performing assets as at March 31, 2023 and 15.43% of revenue for the year ended March 31, 2023. The financial statements / information of these branches has been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

9 The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949;

10 Subject to the limitations of the audit indicated in paragraphs 7 and 9 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and subject also to the limitations of disclosure required therein, we report that:

JAIPUR 001537C

NEW DELHI 000457C

KOLKATA 304150E

MUMBAI 150194W

a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;

b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and

c. The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit

11. As required by letter No. DOS. ARG. No. 6270/08.91.001/2019-20 dated March 17, 2020 on 'Appointment of Statutory Central Auditors (SCAs) in Public Sector Banks – Reporting obligations for SCAs from FY 2019-20', read with subsequent communication dated May 19, 2020 issued by the RBI, we further report on the matters specified in paragraph 2 of the aforesaid letter as under:

   a. In our opinion, the aforesaid Standalone Financial Statements comply with the applicable Accounting Standards issued by ICAI, to the extent they are not inconsistent with the accounting policies prescribed by the RBI.

   b. There are no observations or comments on financial transactions or matters which have any adverse effect on the functioning of the Bank.

   c. As the Bank is not registered under the Companies Act, 2013 the disqualification from being a director of the bank under sub-section (2) of section 164 of the Companies Act, 2013 do not apply to the Bank.

   d. There are no qualifications, reservations or adverse remarks relating to the maintenance of accounts and other matters connected therewith.

   e. Our audit report on the adequacy and operating effectiveness of the Bank's internal financial controls over financial reporting is given in **Annexure A** to this report. Our report expresses an unmodified opinion on the Bank's internal financial controls over financial reporting with reference to the Standalone Financial Statements as at March 31, 2023.

12. **We further report that:**

a. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.

b. the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us.

c. the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report, and

d. In our opinion the Balance Sheet the Profit and Loss Account and the Statement of Cash Flows comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

For S R Goyal & Co
Chartered Accountants
FRN: 001537C

CA Anurag Goyal
Partner
(M. No. 412538)
UDIN: 23412538BGXIDB1081

For S N Dhawan & Co LLP
Chartered Accountants
FRN: 000050N/N500045

CA Surinder Kr. Khattar
Partner
(M. No. 084993)
UDIN: 23084993BGYUTN8696

For P S M G & Associates
Chartered Accountants
FRN: 008567C

CA Prabuddha Gupta
Partner
(M. No. 400189)
UDIN: 23400189BHALGR7267

For D K Chhajer & Co
Chartered Accountants
FRN: 304138E

CA Nand Kishore Sarraf
Partner
(M. No. 510708)
UDIN: 23510708BGQHPX2670

For S C Bapna & Associates
Chartered Accountants
FRN: 115649W

CA Jai Prakash Gupta
Partner
(M. No. 088903)
UDIN: 23088903BGYNXR9838

Place New Delhi
Date May 19, 2023

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 11 (e) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls over Financial Reporting as required by the Reserve Bank of India (the "RBI") Letter DOS.ARG. No.6270/08.91.001/2019-20 dated March 17, 2020 (as amended) (the "RBI communication")

We have audited the internal financial controls over financial reporting of Punjab National Bank ("the Bank") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date which includes internal financial controls over financial reporting of the Bank's branches.

Management's Responsibility for Internal Financial Controls

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Banking Regulation Act, 1949 and the circulars and guidelines issued by the Reserve Bank of India.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI") and the Standards on Auditing (SAs) issued by the ICAI, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the branch auditors, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Bank's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the branch auditors referred to in the Other Matters paragraph below, the Bank has, in all material respects, adequate internal financial controls over financial reporting that were operating effectively as at March 31, 2023, based on the criteria for internal financial control over financial reporting established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report in so far as it relates to the operating effectiveness of internal financial controls over financial reporting of 1785 branches/offices is based on the corresponding reports of the respective central statutory Auditors / branch auditors of those branches.

Our opinion is not modified in respect of this matter.

For S R Goyal & Co
Chartered Accountants
FRN: 001537C

CA Anurag Goyal
Partner
(M. No. 412538)
UDIN: 23412538BGXIDB1081

For S N Dhawan & Co LLP
Chartered Accountants
FRN: 000050N/N500045

CA Surinder Kr. Khattar
Partner
(M. No. 084993)
UDIN: 23084993BGYUTN8696

For P S M G & Associates
Chartered Accountants
FRN: 008567C

CA Prabuddha Gupta
Partner
(M. No. 400189)
UDIN: 23400189BHALGR7267

For D K Chhajer & Co
Chartered Accountants
FRN: 304138E

CA Nand Kishore Sarraf
Partner
(M. No. 510708)
UDIN: 23510708BGQHPX2670

For S C Bapna & Associates
Chartered Accountants
FRN: 115649W

CA Jai Prakash Gupta
Partner
(M. No. 088903)
UDIN: 23088903BGYNXR9838

Place: New Delhi
Date: May 19, 2023

PUNJAB NATIONAL BANK

STANDALONE BALANCE SHEET AS ON MARCH 31, 2023

(Rs 000's omitted)

Particulars	Schedule	As on 31.03.2023	As on 31.03.2022
Capital and Liabilities			
Capital	1	2202,20,31	2202,20,31
Reserves and Surplus	2	97653,45,81	93284,69,23
Deposits	3	1281163,10,45	1146218,44,56
Borrowings	4	51291,73,08	45681,40,93
Other liabilities and provisions	5	29520,86,75	27418,20,83
Total		1461831,36,23	1314805,02,26
Assets			
Cash and balances with Reserve Bank of India	6	78176,57,52	85736,11,66
Balances with banks and money at call and short notice	7	70932,23,31	46910,05,04
Investments	8	385996,71,63	372107,70,19
Advances	9	830833,98,13	728185,67,53
Fixed Assets	10	12051,07,45	10673,61,39
Other Assets	11	87840,78,19	71131,19,85
Total		1461831,36,23	1314805,02,26
Contingent liabilities	12	644471,87,87	605160,05,46
Bills for Collection		34377,50,01	37766,04,52
Significant Accounting Policies	17		
Notes on Accounts	18		

Schedules referred to above form an integral part of the Balance Sheet

Finance Division

Prabodh Sharma Asstt. General Manager	Mukesh Kumar Asstt. General Manager	R K Khichi Deputy General Manager	Praveen Kumar Sharma General Manager

D K Jain
Chief General Manager & CFO

M Paramasivam Executive Director	Binod Kumar Executive Director	Kalyan Kumar Executive Director	Vijay Dube Executive Director

Atul Kumar Goel
Managing Director & CEO

K G Ananthakrishnan
Chairman

Dr. Rekha Jain Director	Gautam Guha Director	Sanjeev Kumar Singhal Director
Pankaj Joshi Director	Anil Kumar Misra Director	Pankaj Sharma Director

For S N Dhawan & Co LLP Chartered Accountants FRN: 000050N/N500045	For S R Goyal & Co Chartered Accountants FRN: 001537C	For P S M G & Associates Chartered Accountants FRN: 008567C
CA Surinder Kr. Khattar Partner (M.No. 084993)	CA Anurag Goyal Partner (M.No. 412538)	CA Pramuddha Gupta Partner (M.No. 409189)
For S C Bapna & Associates Chartered Accountants FRN: 115649W	For O K Chhajer & Co Chartered Accountants FRN: 304138E	
CA Jai Prakash Gupta Partner (M.No. 088903)	CA Nand Kishore Saraf Partner (M.No. 510708)	

NEW DELHI 000050N/N500045
JAIPUR 001537C
NEW DELHI 008567C
MUMBAI 115649W
KOLKATA 304138E

Place: New Delhi
Date: May 19, 2023

PUNJAB NATIONAL BANK

STANDALONE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2023

(Rs.000's omitted)

Particulars	Schedule	Year ended 31.03.2023	Year ended 31.03.2022
I. Income			
Interest earned	13	85144,11,13	74879,53,69
Other Income	14	12142,53,13	12319,95,79
Total		97286,64,26	87199,49,48
II. Expenditure			
Interest expended	15	50652,47,47	46185,07,66
Operating expenses	16	24105,40,85	20252,59,51
Provisions and Contingencies		20021,55,45	17304,85,95
Total		94779,43,77	83742,53,12
III. Profit/Loss			
Net Profit/(Loss) for the year		2507,20,49	3456,96,36
Add: Balance in Profit and Loss A/c		0	0
Profit available for Appropriation		2507,20,49	3456,96,36
IV. Appropriations			
Transfer to Statutory Reserves		626,80,13	864,24,09
Transfer to Capital Reserves		52,15,39	700,92,83
Transfer to Investment Reserve		0	15,02,58
Transfer to Investment Fluctuation Reserve		134,74,12	854,65,27
Transfer to Special Reserve as per Income Tax Act		250,00,00	100,00,00
Proposed Dividend		715,71,60	704,70,50
Other Reserves		667,00,00	216,41,79
Balance in Profit and Loss Account		79,25	0
Total		2507,20,49	3456,96,36
Earning per Share (Rs.) (Basic/Diluted) (Nominal Value Rs.2 per share)		2.28	3.16
Significant Accounting Policies	17		
Notes on Accounts	18		

Schedules referred to above form an integral part of the Profit and Loss Account

Prabudh Sharma
Asstt. General Manager

Mukesh Kumar
Asstt. General Manager

R K Khichi
Deputy General Manager

Praveen Kumar Sharma
General Manager

D K Jain
Chief General Manager & CFO

S Paramasivam
Executive Director

Binod Kumar
Executive Director

Kalyan Kumar
Executive Director

Vijay Dube
Executive Director

Atul Kumar Goel
Managing Director & CEO

K G Ananthakrishnan
Chairman

Dr Rekha Jain
Director

Gautam Guha
Director

Sanjeev Kumar Singhal
Director

Pankaj Joshi
Director

Anil Kumar Misra
Director

Pankaj Sharma
Director

For S N Dhawan & Co LLP
Chartered Accountants
FRN: 000050N/N500045

CA Surinder Kr. Khattar
Partner
(M.No. 084993)

For S R Goyal & Co
Chartered Accountants
FRN: 001537C

CA Anurag Goyal
Partner
(M.No. 412538)

For P S M G & Associates
Chartered Accountants
FRN: 008567C

CA Prabuddha Gupta
Partner
(M.No. 400189)

For S C Bapna & Associates
Chartered Accountants
FRN: 115649W

CA Jai Prakash Gupta
Partner
(M.No. 088903)

For D K Chhajer & Co
Chartered Accountants
FRN: 304138E

CA Nand Kishore Sarraf
Partner
(M.No. 510768)

Place: New Delhi
Date: May 19, 2023

PUNJAB NATIONAL BANK

([illegible])

Particulars	As on 31.03.2023	As on 31.03.2022
Schedule 1 - Capital		
Authorised		
1500,00,00,000 Equity Shares of Rs. 2 each (Previous year 1500,00,00,000 Equity Shares of Rs. 2 each)	3000,00.00	3000,00.00
Issued and Subscribed		
1101,10,15,558 Equity Shares of Rs. 2 each (Previous year 1101,10,15,558 Equity Shares of Rs. 2 each)	2202,20.31	2202,20.31
Paid Up		
1101,10,15,558 Equity Shares of Rs. 2 each (Previous year 1101,10,15,558 Equity Shares of Rs. 2 each)	2202,20.31	2202,20.31
[The above includes [illegible] Equity Shares of Rs. 2 each (Previous year [illegible] Equity Shares of Rs. 2 each) held by the Central Government]		
Total	2202,20.31	2202,20.31

PUNJAB NATIONAL BANK

(₹ in '000)

Particulars		As on 31.03.2023		As on 31.03.2022
Schedule 2 - Reserves and Surplus				
I **Statutory Reserves**				
Opening Balance	[illegible]		[illegible]	
Add: Transfer from P&L Appropriation A/c	[illegible]		[illegible]	
		16778,28,38		15151,48,25
II **Capital Reserves**				
a) Revaluation Reserve				
Opening Balance	[illegible]		[illegible]	
Add: Addition during the year	[illegible]		7,47	
Deduction during the year	[illegible]		[illegible]	
Transfer from Other Reserves	[illegible]		[illegible]	
Transfer to Other Reserves	[illegible]		[illegible]	
		6455,17,74		7046,02,41
b) Others				
(including Amalgamation Reserve of Rs. [illegible] Crore)				
Opening Balance	[illegible]		[illegible]	
Add: Transfer from P&L Appropriation A/c	[illegible]		[illegible]	
		16637,56,17		15575,60,73
III Share Premium				
Opening Balance	[illegible]		[illegible]	
Add: Addition during the year	0		[illegible]	
		46012,15,78		46012,15,78
IV Revenue and Other Reserves				
a) Investment Reserve				
Opening Balance	[illegible]		[illegible]	
Add: Transfer from P&L Appropriation A/c	0		15,57,56	
		386,34,51		386,34,51
b) Investment Fluctuation Reserve				
Opening Balance	[illegible]		[illegible]	
Add: Transfer from P&L Appropriation A/c	[illegible]		[illegible]	
		1588,40,57		1393,65,55
c) Exchange Fluctuation Reserve				
Opening Balance	[illegible]		[illegible]	
Add: Addition during the year	[illegible]		[illegible]	
Less: Deduction during the year	[illegible]		4,20,14	
		220,10,57		419,43,44
d) Special Reserve under Sec.36(1)(viii) of Income Tax Act, 1961				
Opening Balance	[illegible]		[illegible]	
Add: Addition during the year	[illegible]		[illegible]	
		3618,66,20		3358,66,20
e) Other Reserve				
Opening Balance	[illegible]		[illegible]	
Add: Addition during the year	[illegible]		[illegible]	
Add: Transfer from P&L Appropriation A/c	[illegible]		[illegible]	
Less: Withdrawal during the year	0		[illegible]	
Add: Transfer from Revaluation Reserves	[illegible]		[illegible]	
Less: Transfer to Revaluation Reserve	0		[illegible]	
		4956,58,59		2526,89,16
V. **Balance in Profit and Loss Account**				
Opening Balance	0		0	
Add: Addition during the year	[illegible]		[illegible]	
Less: Appropriations as per Appropriation Profit & Loss	[illegible]		[illegible]	
		79,26		0
Total (I, II, III, IV and V)		97653,46,51		93284,69,23

PUNJAB NATIONAL BANK

Particulars		As on 31.03.2023		As on 31.03.2022
Schedule 3 - Deposits				
A. I. Demand Deposits				
(i) From Banks	[illegible]		[illegible]	
(ii) From Others	[illegible]	74058,07.15	[illegible]	81974,61.33
II. Savings Bank Deposits		463987,24.86		451029,00.51
III. Term Deposits				
(i) From Banks	[illegible]		[illegible]	
(ii) From Others	[illegible]	743147,78.42	[illegible]	612564,23.04
Total (I, II and III)		1281153,10.45		1146218,44.95
B. (i) Deposits of branches in India		[illegible]		[illegible]
(ii) Deposits of branches outside India		[illegible]		[illegible]
Total		1281153,10.45		1146218,44.95
Schedule 4 - Borrowings				
I. Borrowings in India				
(a) Reserve Bank of India		0		0
(b) Other Banks		55.25		[illegible]
(c) Other Institutions and Agencies		[illegible]		[illegible]
(d) Unsecured Redeemable Bonds				
(i) Tier I Bonds (Perpetual Debt Instrument)	[illegible]		[illegible]	
(ii) Upper Tier II Bonds	0		0	
(iii) Subordinated debts for Tier II Capital	[illegible]		[illegible]	
(iv) Infrastructure/Affordable Housing Bonds	[illegible]	31351.20.50	[illegible]	27409.00.00
II. Borrowings outside India		[illegible]		[illegible]
Total (I and II)		51281,73.26		45681,40.83
Secured Borrowings included in I and II above		[illegible]		[illegible]
Schedule 5 - Other Liabilities and Provisions				
I. Bills Payable		[illegible]		[illegible]
II. Inter-office adjustments (net)		0		[illegible]
III. Interest accrued		[illegible]		[illegible]
IV. Deferred Tax Liability (Net)		0		0
V. Others (including provisions)		[illegible]		[illegible]
Total		39520,86.78		27415,26.83

PUNJAB NATIONAL BANK

Particulars		As on 31.03.2021		As on 31.03.2022
Schedule 6 - Cash and Balances with Reserve Bank of India				
I. Cash in hand (including foreign currency notes)		[illegible]		[illegible]
II. Balances with Reserve Bank of India				
(i) In Current Account		[illegible]		[illegible]
(ii) In Other Accounts		[illegible]		[illegible]
Total (I and II)		[illegible]		[illegible]
Schedule 7 - Balances with Banks and Money at Call and Short Notice				
I. In India				
(i) Balances with Banks				
(a) In Current Accounts	[illegible]		[illegible]	
(b) In Other Deposit Accounts	[illegible]	[illegible]	[illegible]	[illegible]
(ii) Money at Call and Short Notice				
(a) With Banks	0		0	
(b) With Other Institutions	[illegible]	[illegible]	[illegible]	[illegible]
Total (i and ii)		[illegible]		[illegible]
II. Outside India				
(i) Balances with Banks				
(a) In Current Accounts	[illegible]		[illegible]	
(b) In Other Deposit Accounts	[illegible]	[illegible]	[illegible]	[illegible]
(ii) Money at Call and Short Notice		0		0
Total (i and ii)		[illegible]		[illegible]
Grand Total (I and II)		75932,28.31		[illegible]

PUNJAB NATIONAL BANK

Particulars	As on 31.03.2023	As on 31.03.2022
Schedule 8 - Investments		
I. Investments in India in		
(i) Government securities	[illegible]	[illegible]
(ii) Other approved securities	15.00	15.00
(iii) Shares	[illegible]	[illegible]
(iv) Debentures and Bonds	[illegible]	[illegible]
(v) Subsidiaries and/or joint ventures (including sponsored institutions)	[illegible]	[illegible]
(vi) Others (Mutual funds, Venture Capital Funds, RIDF, Commercial Papers & Certificate of Deposits, etc)	[illegible]	[illegible]
Total	385842 88 91	367171 44,56
II. Investments outside India in		
(i) Government securities (including local authorities)	[illegible]	[illegible]
(ii) Subsidiaries and/or joint ventures abroad	[illegible]	[illegible]
(iii) Others	[illegible]	[illegible]
Total	9553 83 72	4996 31,63
Grand Total (I and II)	395936 71 63	372167 75,19
III. Investments in India		
(i) Gross value of Investments	[illegible]	[illegible]
(ii) Less: Aggregate of provisions for depreciation	[illegible]	[illegible]
(iii) Net investment (I)	385842 88 91	367171 44,56
IV. Investments outside India		
(i) Gross value of Investments	[illegible]	[illegible]
(ii) Less: Aggregate of provisions for depreciation	[illegible]	[illegible]
(iii) Net investment	9553 83 72	4996 31,63
Grand Total (III and IV)	395936 71 63	372167 75,19

PUNJAB NATIONAL BANK

[illegible]

Particulars	As on 31.03.2023	As on 31.03.2022
Schedule 9 - Advances		
A. i) Bills purchased and discounted	4526,50,41	[illegible]
ii) Cash credits, overdrafts and loans repayable on demand	425476,80,53	441741,08,77
iii) Term loans	[illegible]	[illegible]
Total	830833,98,13	728185,67,53
B. i) Secured by tangible assets (includes advances against Book Debts)	707870,11,10	[illegible]
ii) Covered by Bank/Government Guarantees	22909,72,54	28475,67,40
iii) Unsecured	100053,54,49	[illegible]
Total	830833,98,13	728185,67,53
C. I Advances in India		
i) Priority Sector	[illegible]	236487,06,45
ii) Public Sector	[illegible]	[illegible]
iii) Banks	0	[illegible]
iv) Others	[illegible]	[illegible]
Total	797525,73,07	704124,90,15
C. II Advances outside India		
i) Due from banks	19948,50,52	[illegible]
ii) Due from others		
(a) Bills purchased and discounted	670,10,[illegible]	0
(b) Syndicated loans	1396,07,52	1800,01,54
(c) Others	[illegible]	[illegible]
Total	33308,25,06	24060,77,38
Grand Total (C.I and C.II)	830833,98,13	728185,67,53

PUNJAB NATIONAL BANK

[illegible]

Particulars		As on 31.03.2023		As on 31.03.2022
Schedule 10 - Fixed Assets				
A. Tangible Assets				
I. Premises				
At cost/ Valuation as on 31st March of the preceding year	[illegible]		10462 82 45	
Add: Revaluation during the year	[illegible]		0	
Add: Additions during the period	25 82 72		[illegible]	
	12862 56.12		10500,94,54	
Less: Deductions during the year	[illegible]		97,21	
	12087 14 85		10500 01,33	
Less: Depreciation to date (including on revalued amount)	[illegible]		[illegible]	
		10281,85,12		8856 68 52
II. Other Fixed Assets (including Furniture and Fixtures)				
At cost as on 31st March of the preceding year	9142 42 92		[illegible]	
Add: Additions during the period	[illegible]		[illegible]	
	9736 55 11		9154 76,65	
Less: Deduction during the period	[illegible]		[illegible]	
	9732 29 45		9142 42 92	
Less: Depreciation to date	[illegible]		[illegible]	
		1584,27,37		1487,59 65
III. Leased Assets				
At cost as on 31st March of the preceding year	[illegible]		[illegible]	
Add: Additions/adjustment during the year	0		0	
	25,23,86		25,23,86	
Less: Deduction during the year	0		0	
	25,23,86		25,23,86	
Less: Amortisation/Lease adjustment to date	[illegible]		[illegible]	
		0		0
Total (I, II and III)		11865.62.49		10363.38.12
B. Intangible Assets				
Computer Software				
At cost as on 31st March of the preceding year	[illegible]		[illegible]	
Add: Additions during the period	[illegible]		[illegible]	
	1251.32.90		1209,31,45	
Less: Deduction during the year	0		0	
	1251.32.90		1209,31,45	
Less: Amortisation to date	[illegible]		[illegible]	
Total		184 44,95		289,20,27
Grand Total (A and B)		12051 07,45		10653,57,39

PUNJAB NATIONAL BANK

Particulars	As on 31.03.2023	As on 31.03.2022
Schedule 11 - Other Assets		
I [illegible]	0	0
II [illegible]	[illegible]	[illegible]
III [illegible]	[illegible]	[illegible]
IV [illegible]	[illegible]	[illegible]
V [illegible]	[illegible]	[illegible]
VI [illegible]	[illegible]	[illegible]
VII [illegible] [illegible]	[illegible]	[illegible]
Total	67840,78.19	71137,19.86
Schedule 12 - Contingent Liabilities		
I [illegible]	[illegible]	[illegible]
II [illegible]	[illegible]	[illegible]
III [illegible]	[illegible]	[illegible]
IV [illegible]	[illegible]	[illegible]
V [illegible]		
(a) [illegible]	[illegible]	[illegible]
(b) [illegible]	[illegible]	[illegible]
VI [illegible]	[illegible]	[illegible]
VII [illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]

(Rs. 000 omitted)

Particulars		Year ended 31.03.2023		Year ended 31.03.2022
Schedule 13 - Interest Earned				
I. Interest/discount on advances/bills		[illegible]		[illegible]
II. Income on investments		[illegible]		[illegible]
III. Interest on balances with Reserve Bank of India and other inter bank funds		[illegible]		[illegible]
IV. Others		[illegible]		[illegible]
Total		[illegible]		[illegible]
Schedule 14 - Other Income				
I. Commission, exchange and brokerage		[illegible]		[illegible]
II. Profit on sale of investments	[illegible]		[illegible]	
Less: Loss on sale of investments	[illegible]		[illegible]	
		[illegible]		[illegible]
III. Profit on revaluation of investments	[illegible]		[illegible]	
Less: Loss on revaluation of investments	[illegible]		[illegible]	
		[illegible]		[illegible]
IV. Profit on sale of land, buildings and other assets	[illegible]		[illegible]	
Less: Loss on sale of land, buildings and other assets	[illegible]		[illegible]	
		[illegible]		[illegible]
V. Profit on exchange transactions	[illegible]		[illegible]	
Less: Loss on exchange transactions	[illegible]		[illegible]	
		[illegible]		[illegible]
VI. Income earned by way of dividends etc. from subsidiaries/companies and/or joint ventures abroad/in India		[illegible]		[illegible]
VII. Miscellaneous income		[illegible]		[illegible]
Total		[illegible]		[illegible]
Schedule 15 - Interest Expended				
I. Interest on Deposits		[illegible]		[illegible]
II. Interest on Reserve Bank of India/inter-bank borrowings		[illegible]		[illegible]
III. Others		[illegible]		[illegible]
Total		[illegible]		[illegible]
Schedule 16 - Operating Expenses				
I. Payments to and provisions for employees		[illegible]		[illegible]
II. Rent, taxes and lighting		[illegible]		[illegible]
III. Printing and stationery		[illegible]		[illegible]
IV. Advertisement and publicity		[illegible]		[illegible]
V. Depreciation on bank's property		[illegible]		[illegible]
VI. Directors' fees, allowances and expenses		[illegible]		[illegible]
VII. Auditors' fees and expenses (including branch auditors)		[illegible]		[illegible]
VIII. Law charges		[illegible]		[illegible]
IX. Postage, Telegrams, Telephones etc.		[illegible]		[illegible]
X. Repairs and maintenance		[illegible]		[illegible]
XI. Insurance		[illegible]		[illegible]
XII. Other expenditure		[illegible]		[illegible]
Total		[illegible]		[illegible]

SCHEDULE 17: (STANDALONE) FY 2022-23
SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION:

The financial statements have been prepared on historical cost basis and conform, in all material aspects, to Generally Accepted Accounting Principles (GAAP) in India unless otherwise stated encompassing applicable statutory provisions, regulatory norms prescribed by Reserve Bank of India (RBI), circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, Banking Regulation Act 1949, Accounting Standards (AS) and pronouncements issued by The Institute of Chartered Accountants of India (ICAI) and prevailing practices in Banking industry in India.

In respect of foreign offices, statutory provisions and practices prevailing in respective foreign countries are complied with except as specified elsewhere.

The financial statements have been prepared on going concern basis with accrual concept and in accordance with the accounting policies and practices consistently followed unless otherwise stated.

2. USE OF ESTIMATES:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

Future results could differ from these estimates. Difference between the actual results and estimates is recognized in the period in which the results are known / materialized.

Any revision to the accounting estimates is recognized prospectively in the current and future periods unless otherwise stated.

3. REVENUE RECOGNITION:

3.1 Income & expenditure (other than items referred to in paragraph 3.5) are generally accounted for on accrual basis.

3.2 Income from Non- Performing Assets (NPAs), comprising of advances and investments, is recognized upon realization, as per the prudential norms prescribed by the RBI/ respective country regulators in the case of foreign offices (hereafter collectively referred to as Regulatory Authorities).

3.3 Mode of appropriation of recovery in order of priority will be as below:

(a) Recoveries in NPA accounts (irrespective of the mode / status / stage of recovery actions) are appropriated in the following order of priority except for the cases covered under below mentioned points (b) & (c):

i. Expenditure/Out of Pocket Expenses incurred for Recovery, including under SARFAESI Action (Recorded in Memorandum Dues):

ii. Unrealized/accrued interest.

iii. Principal irregularities i.e. NPA outstanding in the account.

Any exceptions to the above may be considered by HOCAC-III (for proposals falling under the powers of various committees up to HOCAC-III) & Management Committee for proposals under its vested powers.

(b) However, in case of Compromise and Resolution/Settlement through NCLT, recovery is appropriated as per the terms of respective compromise/ resolution settlement.

(c) In case of suit filed/decreed accounts, recovery is appropriated as under:
• As per the directives of the concerned Court.
• In the absence of specific directives from the Court, as mentioned at point (a) above.

3.4 The sale of NPA is accounted as per guidelines prescribed by RBI and as disclosed under Para 5.3.

3.5 Commission (excluding on Government Business, Insurance Business, Mutual Fund Business, Letter of Credit and Bank Guarantee), exchange, locker rent and Income on Rupee Derivatives designated as 'Trading' are accounted for on realization and insurance claims are accounted for on settlement. Interest on overdue inland bills is accounted for on realization and interest on overdue foreign bill, till its crystallization is accounted for on crystallization and thereafter on realization.

3.6 In case of suit filed accounts, related legal and other expenses incurred are charged to Profit & Loss Account and on recovery, the same are accounted for as such.

3.7 Income from interest on refund of income tax is accounted for in the year the order is passed by the concerned authority

3.8 Lease payments including cost escalation for assets taken on operating lease are recognized in the Profit and Loss Account over the lease term in accordance with the AS 19 (Leases) issued by ICAI.

3.9 Provision for Reward Points on Credit cards is made based on the accumulated outstanding points in each category.

3.10 Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the bank attracts rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower

3.11 Dividend (excluding Interim Dividend) is accounted for as and when the right to receive the dividend is established.

4. INVESTMENTS:

4.1 The transactions in Securities are recorded on 'Settlement Date'.

4.2 Investments are classified into six categories as stipulated in Form A of the Third Schedule to the Banking Regulation Act, 1949.

4.3 Investments have been categorized into 'Held to Maturity', 'Available for Sale' and 'Held for Trading' in terms of RBI guidelines as under:

(a) Securities acquired by the Bank with an intention to hold till maturity are classified under 'Held to Maturity'.

(b) The securities acquired by the Bank with an intention to trade by taking advantages of short-term price/ interest rate movements are classified under 'Held for Trading'

(c) The securities, which do not fall within the above two categories, are classified under 'Available for Sale'.

4.4 Investments in subsidiaries, joint ventures and associates are classified as HTM

4.5 Transfer of securities from one category to another is carried out at the lower of acquisition cost/ book value/ market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for.

However, transfer of securities from HTM category to AFS category is carried out on book value. After transfer, these securities are immediately revalued and resultant depreciation, if any, is provided.

An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

4.6 In determining acquisition cost of an investment

(a) Brokerage, commission, Securities Transaction Tax (STT), etc. paid in connection with acquisition of securities are treated as revenue expenses upfront and excluded from cost.

(b) Interest accrued up to the date of acquisition/sale of securities i.e. broken-period interest is excluded from the acquisition cost/sale consideration and the same is accounted as interest accrued but not due.

(c) Cost is determined on the weighted average cost method for all categories of investments.

4.7 Investments are valued as per RBI/ FIMMDA guidelines, on the following basis:

Held to Maturity

(i) Investments under 'Held to Maturity' category are carried at acquisition cost.

Wherever the book value is higher than the face value/redemption value the premium is amortized over the remaining period to maturity on straight line basis. Such amortization of premium is reflected in Interest Earned under the head 'Income on investments' as a deduction.

(ii) Investments in subsidiaries/joint ventures/associates are valued at carrying cost less diminution, other than temporary in nature for each investment individually

(iii) Investments in sponsored regional rural banks are valued at carrying cost

(iv) Investment in Venture Capital is valued at carrying cost.

(v) Equity shares held in HTM category are valued at carrying cost.

Available for Sale and Held for Trading:

(a)	Govt. Securities	
	I. Central Govt. Securities	At market prices/YTM as published by Fixed Income Money Market and Derivatives Association of India (FIMMDA) / Financial Benchmark India Pvt. Ltd (FBIL)
	II. State Govt. Securities	On appropriate yield to maturity basis as per FIMMDA/RBI guidelines.
(b)	Securities guaranteed by Central / State Government, PSU Bonds (not in the nature of advances)	On appropriate yield to maturity basis as per FIMMDA/RBI guidelines
(c)	Treasury Bills	At carrying cost
(d)	Equity shares	At market price, if quoted, otherwise at breakup value of the Shares as per latest Balance Sheet (The date as on which the latest

		balance sheet is drawn up shall not precede the date of valuation by more than 18 months), otherwise at Re 1 per company.
(e)	Preference shares	At market price, if quoted, or on appropriate yield to maturity basis not exceeding redemption value as per RBI/FIMMDA guidelines
(f)	Bonds and debentures (not in the nature of advances)	At market price, if quoted, or on appropriate yield to maturity basis as per RBI/FIMMDA guidelines.
(g)	Units of mutual funds	As per stock exchange quotation, if quoted; at repurchase price/NAV, if unquoted
(h)	Commercial Paper	At carrying cost
(i)	Certificate of Deposits	At carrying cost
(j)	Security receipts	Investments by lenders in SRs (Security Receipts) / other securities issued by ARCs (Asset Reconstruction Companies) shall be valued periodically by reckoning the Net Asset Value (NAV) declared by the ARC based on the recovery ratings received for such instruments. The Bank shall carry the investment in its books, on an ongoing basis until its transfer or its realization, at lower of redemption value of SRs arrived based on NAV, and the Net Book Value (NBV) of the transferred stressed loan at the time of transfer. If the investment by the transferor (Bank) in SRs issued against loans transferred by it is more than 10 percent of all SRs issued against the transferred asset, then the valuation of the SRs on the books of the transferor shall be the lower of the following i) Net Asset Value (NAV) declared by the ARC based on the recovery ratings received for such instruments, and ii) Face value of the SRs reduced by the notional provisioning rate applicable if the loans had continued on the books of the bank.
(k)	Venture Capital Funds	At net asset value (NAV) declared by the VCF
(l)	Other Investments	At carrying cost less diminution in value

The above valuation in category of Available for Sale and Held for Trading is done scrip wise on quarterly basis and depreciation/appreciation is aggregated for each classification. Net depreciation for each classification, if any, is provided for while net appreciation is ignored. On provision for depreciation, the book value of the individual security remains unchanged after marking to market.

Investments in sponsored regional rural banks shall be valued at carrying cost irrespective of Category (HTM & AFS).

4.8 Investments are subject to appropriate provisioning/ de-recognition of income, in line with the prudential norms of Reserve Bank of India for NPI classification. The depreciation/provision in respect of non-performing securities is not set off against the appreciation in respect of the other performing securities.

If any credit facility availed by an entity is NPA in the books of the Bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa. However, in respect of NPI preference share where the dividend is not paid, the corresponding credit facility is not treated as NPA.

In case of securities i.e. bonds, debentures, etc. where the credit facilities are availed by the borrowers, the provision has been made on the basis of YTM or IRAC norms whichever is higher.

4.9 Profit or loss on sale of investments in any category is taken to Profit and Loss account but, in case of profit on sale of investments in 'Held to Maturity' category, an equivalent amount (net of taxes and amount transferred to Statutory Reserve) is appropriated to 'Capital Reserve Account', at year end.

Profit or loss on redemption of investments in AFS & HFT category is reflected in interest earned income on investments, as an addition/deduction from interest income earned.

4.10 Securities repurchased/resold under buy back arrangement are accounted for at original cost.

4.11 The securities sold and purchased under Repo/Reverse Repo are accounted as Collateralized lending and borrowing transactions. However, securities are transferred as in the case of normal outright sale/purchase transactions and such movement of securities is reflected using the Repo/Reverse Repo Accounts and Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/income, as the case may be. Balance in Repo Account is classified under schedule 4 (Borrowings).

4.12 The derivatives transactions are undertaken for trading or hedging purposes. Trading transactions are marked to market. As per RBI guidelines, different categories of swaps are valued as under.

Hedge Swaps
Interest rate swaps with hedge interest bearing asset or liability are accounted for on accrual basis except the swaps designated with an asset or liability that are carried at lower of market value or cost in the financial statement.

Gain or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the asset/ liabilities.

Trading Swaps
Trading swap transactions are marked to market with changes recorded in the financial statements.

Exchange Traded Derivatives entered into for trading purposes are valued at prevailing market rates based on rates given by the Exchange and the resultant gains and losses are recognized in the Profit and Loss Account.

4.13 Foreign Currency Options:

Foreign currency options written by the Bank with a back-to-back contract with another bank are not marked to market since there is no market risk.

Premium received is held as a liability and transferred to the Profit and Loss Account on maturity/cancellation

5. LOANS / ADVANCES AND PROVISIONS THEREON:

5.1 Advances are classified as performing and non-performing assets; provisions are made in accordance with prudential norms prescribed by RBI

(a) Advances are classified: Standard, Sub Standard, Doubtful and Loss assets borrower wise

(b) Advances are stated net of specific loan loss provisions, provision for diminution in fair value of restructured advances

5.2 In respect of foreign offices, the classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

Loans and advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the extant RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country

5.3 Financial Assets sold are recognized as under

(a) For Sale of financial assets sold to SCs/RCs

(i) If the sale to SCs/RCs is at a price below the Net Book Value (NBV) (i.e Book Value less provisions held), the shortfall is debited to the Profit & Loss account. Bank can also use counter cyclical / floating provisions for meeting the shortfall on sale of NPAs i.e. when the sale is at a price below the NBV.

(ii) If the sale is for a value higher than the NBV, Bank can reverse the excess provision on sale of NPAs to its profit and loss account in the year, the amounts are received. However, Bank can reverse excess provision (when the sale is for a value higher than the NBV) arising out of sale of NPAs only when the cash received (by way of initial consideration and/ or redemption of SRs/ PTCs) is higher than the NBV of the asset. Further, reversal of excess provision will be limited to the extent to which cash received exceeds the NBV of the asset.

(b) For Sale of financial assets sold to Other Banks/NBFCs/FIs etc

(i) In case the sale is at a price below the Net Book Value (NBV) i.e. Book Value less provision held, the shortfall should be debited to the Profit & Loss A/c of that year

(ii) In case the sale is for a value higher than the Net Book Value (NBV) i.e Book Value less provision held, the excess provision shall not be reversed but will be utilized to meet the shortfall / loss on account of sale of other Non Performing Financial Assets.

(iii) In case there is overall surplus over and above the excess provision in any of the sale transaction that surplus amount will be taken in the Profit & loss a/c

5.4 Restructured Assets:

For restructured/rescheduled advances, provisions are made in accordance with guidelines issued by RBI from time to time. Provision for diminution in fair value of restructured advances is measured at net present value terms as per RBI guidelines for accounts where total dues to the bank are Rupees One Crore and above. For other accounts, the provision for diminution in fair value is computed notionally at 5% of total exposure to the bank as per RBI guidelines.

5.5 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 5 of the Balance Sheet under the head 'Other Liabilities & Provisions – Others' and are not considered for arriving at the Net NPAs.

5.6 In accordance with RBI guidelines, accelerated provision is made on non-performing advances which were not earlier reported by the Bank as

Special Mention Account under 'SMA-2' category to Central Repository of Information on Large Credits (CRILC).

5.7 Amounts recovered against debts written-off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognized in the profit and loss account.

5.8 Provision for Country Exposure

In addition to the specific provisions held according to the asset classification status, provisions are also made for individual country exposures (other than the home country). Countries are categorized into seven risk categories, namely, insignificant, low, moderately low, moderate, moderately high, high and very high, and provisioning made as per extant RBI guidelines. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposures. The provision is reflected in Schedule 5 of the Balance Sheet under the 'Other Liabilities & Provisions – Others'.

5.9 An additional provision of 2% (in addition to country risk provision that is applicable to all overseas exposures) against standard assets representing all exposures to step down subsidiaries of Indian Corporates has been made to cover the additional risk arising from complexity in the structure location of different intermediary entities in different jurisdictions exposing the Indian Company, and hence the Bank, to a greater political and regulatory risk. (As per RBI Cir.No. RBI/ 2015.16/279 DBR. IBD.BC No. 68/ 23.37.001/ 2015-16 dated 31.12.2015).

6. PROPERTY, PLANT & EQUIPMENT:

6.1 Property, Plant & Equipment are stated at historical cost less accumulated depreciation/amortization, wherever applicable, except those premises, which have been revalued. The appreciation on revaluation is credited to revaluation reserve and incremental depreciation attributable to the revalued amount is deducted there from.

6.2 Software is capitalized and clubbed under Intangible assets.

6.3 Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset till the time of capitalization. Subsequent expenditure/s incurred on the assets are capitalized only when it increases the future benefits from such assets or their functioning capability.

6.4 Depreciation:

Depreciation on assets (including land where value is not separable) is provided on straight-line method based on estimated life of the asset except in respect of computers where it is calculated on the straight-line method. at the rates prescribed by RBI.

B Depreciation on assets has been provided at the rates furnished below: -

Particulars	Rate of Depreciation
PREMISES	
Freehold Properties	
Land	NIL
Depreciation to be provided on Construction Cost where the land cost is segregated and on total cost where the land cost is not ascertainable and cannot be segregated	2.50% (40 years Straight Line Method or remaining life whichever is lower)
Land acquired on perpetual lease where no lease period is mentioned	NIL
Land acquired on lease where lease period is mentioned	Over lease period
Building	
Constructed on free hold land and on leased land, where lease period is above 40 years	2.50%
Constructed on leased land where lease period is below 40 years	Over lease period
FIXED ASSETS EXCEPT PREMISES	
Furniture and fixtures- Steel articles	5.00%
Furniture and fixtures-wooden articles	10.00%
Mattresses	20.00%
Mobile Phone Instruments	33.33%
Machinery, electrical and miscellaneous articles	15.00%
Motor cars and cycles	15.00%
Computers, ATMs and related items, laptop, i pad etc Servers, Network. Equipment & Automated Teller Machines (Including software forming an integral part of computer hardware)	33.33%
Items of office fixed assets (excepts to staff) amount less than Rs 25,000/- and / or having useful life of less than 12 months from the date of acquisition are recognized as expense.	
Cost of Application Software / Operating System / Data base amounting up to Rs. 25,000/- are charged to revenue.	

C. Depreciation on fresh additions to assets other than Bank's own premises is provided from the day in which the assets are capitalized and in the case of assets sold/disposed off during the year, up to the date in which it is sold/ disposed off i.e. daily basis

D. The depreciation on bank's own premises existing at the close of the year is charged for full year. The construction cost is depreciated only when the building is complete in all respects. Where the cost of land and building cannot be separately ascertained, depreciation is provided on the composite cost, at the rate applicable to buildings.

E In respect of leasehold premises, the lease premium, if any, is amortized over the period of lease and the lease rent is charged in the respective year(s).

F The Revalued assets is depreciated over the balance useful life of the asset as assessed at the time of revaluation.

7. IMPAIRMENT OF ASSETS:

The carrying costs of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors an impairment loss is recognized wherever the carrying cost of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset

After impairment, if any, depreciation is provided on the revised carrying cost of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

8. EMPLOYMENT BENEFITS:

PROVIDENT FUND:

Provident fund is a defined contribution scheme as the Bank pays fixed contribution at pre-determined rates. The obligation of the Bank is limited to such fixed contribution. The contribution is charged to Profit & Loss A/c

GRATUITY:

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the Bank and is managed by a separate trust.

PENSION:

Pension liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the Bank and is managed by a separate trust

The Bank operates a New Pension Scheme (NPS) for all officers/ employees who have joined the Bank on or after 01.04.2010. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with contribution of 14% of their basic pay plus dearness allowance from the Bank. Pending completion of the registration procedures of the employees concerned, these contributions are retained. The Bank recognizes such annual contributions as an expense in the year to which they relate. Upon the receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust

COMPENSATED ABSENCES:

Accumulating compensated absences such as Privilege Leave (PL) and Sick Leave (including unavailed casual leave) are provided for based on actuarial valuation. The scheme for Privilege Leave (PL) is funded by the Bank and is managed by a separate trust.

OTHER EMPLOYEE BENEFITS:

Other Employee Benefits such as Leave Fare Concession (LFC), Silver Jubilee Award etc. are provided for based on actuarial valuation.

In respect of overseas branches and offices, the benefits in respect of employees other than those on deputation are valued and accounted for as per laws prevailing in the respective countries.

9. TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS & BALANCES:

Transactions involving foreign exchange are accounted for in accordance with AS 11, 'The Effect of Changes in Foreign Exchange Rates'.

9.1 Except advances of erstwhile London branches which are accounted for at the exchange rate prevailing on the date of parking in India, all other monetary assets and liabilities, guarantees, acceptances, endorsements and other obligations are translated in Indian Rupee equivalent at the exchange rates prevailing as on the Balance Sheet date as per Foreign Exchange Dealers' Association of India (FEDAI) guidelines.

9.2 Non-monetary items other than fixed assets which are carried at historical cost are translated at exchange rate prevailing on the date of transaction.

9.3 Outstanding Forward exchange spot and forward contracts are translated as on the Balance Sheet date at the rates notified by FEDAI and the resultant gain/loss on translation is taken to Profit & Loss Account.

Foreign exchange spot/forward contracts/deals (Merchant and Inter-bank) which are not intended for trading/Merchant Hedge and are outstanding on the Balance Sheet date, are reverse re-valued at the closing FEDAI spot/forward rate in order to remove revaluation effect on exchange profit. The premium or discount arising at the inception of such a forward exchange contract is amortized as interest expense or income over the life of the contract.

9.4 Income and expenditure items are accounted for at the exchange rate prevailing on the date of transaction
Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognized as income or as expense in the period in which they arise.

Gains/Losses on account of changes in exchange rates of open position in currency futures trades are settled with the exchange clearing house on daily basis and such gains/losses are recognized in the Profit and Loss Account

9.5 Offices outside India / Offshore Banking Units:

(i) Operations of foreign branches and off shore banking unit are classified as 'Non-integral foreign operations' and operations of representative offices abroad are classified as 'integral foreign operations'.

(ii) Foreign currency transactions of integral foreign operations and non-integral foreign operations are accounted for as prescribed by AS-11.

(iii) Exchange Fluctuation resulting into Profit / loss of non-integral operations is credited /debited to Exchange Fluctuation Reserve

10. TAXES ON INCOME

Income tax expense is the aggregate amount of current tax including Minimum Alternate Tax (MAT), wherever applicable and deferred tax expense incurred by the Bank. The current tax and deferred tax are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively after taking into account taxes paid at the foreign offices, which are based on the tax laws of respective jurisdictions.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that there will be payment of normal income tax during the period specified under the income Tax Act, 1961

Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognized by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognized in the profit and loss account. Deferred tax assets are recognized and re-assessed at each reporting date, based upon management's judgment as to whether their realization is considered as reasonably/virtually certain

11. EARNINGS PER SHARE:

The Bank reports basic and diluted earnings per share in accordance with AS 20 - 'Earnings per Share' issued by the ICAI. Basic Earnings per Share is computed by dividing the Net Profit after Tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding for the year

Diluted Earnings per Share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted Earnings per Share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding.

12. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

In conformity with AS 29, 'Provisions, Contingent Liabilities and Contingent Assets', issued by the Institute of Chartered Accountants of India, the Bank recognizes provisions only when it has a present obligation as a result of a past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

A Contingent Liability is a potential liability, in terms of money, which may arise depending on the outcome of an uncertain specific event. A possible obligation which may or may not arise depending on how a future event unfolds has been recognized as Contingent Liability.

Further, the cases which although have been filed against the Bank, but possibility of any obligation arising upon the Bank in those case is remote, have not been construed and included in Contingent Liability.

Contingent Assets are not recognized in the financial statements

13. BULLION TRANSACTIONS.

The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on price quoted by the supplier. The Bank earns a fee on such bullion transactions. The fee is classified under commission income The Bank also accepts deposits and lends gold, which is treated as deposits/advances as the case may be with the interest paid / received classified as interest expense/income.

14. SEGMENT REPORTING:

The Bank recognizes the Business segment as the Primary reporting segment and Geographical segment as the Secondary reporting segment, in accordance with the RBI guidelines and in compliance with the Accounting Standard 17 issued by ICAI.

15. The Bank, in accordance with RBI Circular FIDD CO.Plan.BC 23/ 04.09.01/ 2015-16 dated April 7. 2016, trades in Priority Sector portfolio by selling or buying PSLC. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the Fee received from sale of PSLCs is treated as 'Other Income'.

16. CASH & CASH EQUIVALENTS

Cash and cash equivalents include:

a) Cash and Balances with RBI, Balances with Bank and money at call and short notice

b) The balances in Reverse Repo are reported as per the guidelines provided by RBI vide its circular dated 19.05.2022 (i.e. under schedule 6, schedule 7 and schedule 9, as applicable). The balance held by the Bank under Standing Deposit Facility (SDF) is also reported similarly.

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1. **Regulatory Capital**

1. a) **Composition of Regulatory Capital**

(Amount in ₹ Crore)

Sr. No.	Particulars	Current Year	Previous Year
i)	Common Equity Tier 1 capital (CET 1) (net of deductions, if any)	73927.95	63430.05
ii)	Additional Tier 1 capital	9677.73	7027.87
iii)	Tier 1 capital (i + ii)	83605.67	70457.92
iv)	Tier 2 capital	18551 14	16652.74
v)	**Total capital (Tier 1+Tier 2)**	**102156.81**	**87110.66**
vi)	Total Risk Weighted Assets (RWAs)	658981.51	600821 23
vii)	CET 1 Ratio (CET 1 as a percentage of RWAs)	11.22%	10 56%
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	12 69%	11.73%
ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	2.81%	2.77%
x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	15.50%	14.50%
xi)	Leverage Ratio	4.75%	4.27%
xii)	Percentage of the shareholding of Government of India	73.15%	73.15%
xiii)	Amount of paid-up equity capital raised during the Year	Nil	1793.05*
xiv)	Amount of non-equity Tier 1 capital raised during the Year, *of which*:	4214.00	3971.00
	a) Basel III compliant Perpetual Non-Cumulative Preference Shares,	NIL	NIL
	b) Basel III compliant. Perpetual Debt Instruments	4214.00	3971 00
xv)	Amount of Tier 2 capital raised during the Year, ended 31.03.2023, *of which Basel III compliant:*	4000 00	1919.00
	a) Debt Capital Instruments as Tier 2 Capital	4000.00	1919 00
	b) Perpetual Cumulative Preference Shares	NIL	NIL
	c) Redeemable Non-Cumulative Preference Shares	NIL	NIL
	d) Redeemable Cumulative Preference Shares	NIL	NIL

(* Through QIP

During the year ended 31 03 2022 Bank had issued 53,33,33,333 equity shares having Face Value of Rs.2 each for cash to Qualified Eligible Buyers pursuant to Qualified Institutional Placement (QIP), in May 2021, in accordance with the provisions of Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, at a premium of ₹31.75 per share aggregating ₹1,800 00 Crore. This has resulted in an increase of Rs.106 67 Crore in the issued and paid up Equity Share Capital and ₹1,686.38 Crore (Net of share Issue Expenses) in Share Premium Account).

Note: CET I Capital includes Amalgamation Reserve ₹9268.29Crore.

RBI vide circular no DOR.No CAP.REC.3/21 06.201/2022-23 dated 1st April, 2022 has given discretion to banks to consider Revaluation Reserve, Foreign Currency Translation Reserve and Deferred Tax Asset for purpose of computation of Capital Adequacy as CET-1 capital ratio. The Bank has exercised the option in the above computation.

1. b) Draw down from Reserves

(Amount in ₹ Crore)

Sr. No.	Reserves	Amount drawn	Purpose
1.	Exchange Fluctuation Reserve	285.18 (4.30)	Withdrawal on account of closure of operation at Hong Kong Branch
2.	Revaluation Reserves	376.01 (7.18)	Reduction in carrying cost of revalued property
3.	Other Reserves	0.00 (1028.95)	Dispensation on Fraud reported accounts

2. Asset liability management

2. a) Maturity Pattern of certain items of assets and liabilities

(Amount in ₹ crore)

	Deposits	Advances	Investments (Gross)	Borrowings	Foreign Currency assets	Foreign Currency liabilities
Day 1	13519.24 (14555.40)	9979.58 (2209.26)	0.00 (0.00)	977.62 (5622.46)	11891.37 (8886.62)	34928.02 (1508.48)
2 to 7 days	26725.83 (25946.99)	14502.50 (17764.11)	1026.87 (943.37)	780.65 (0.31)	4268.95 (2733.67)	3853.94 (2024.12)
8 to 14 days	25535.79 (11054.33)	14875.09 (7989.58)	2588.48 (269.68)	629.81 (192.94)	2188.94 (2712.47)	1840.57 (1302.17)
15 to 30 Days	46173.15 (15387.37)	70595.39 (25184.83)	2110.34 (793.53)	1643.40 (29.41)	4693.79 (4013.43)	6088.86 (790.03)
31 days to 2 months	40611.38 (35843.86)	48231.89 (33294.94)	4646.05 (937.28)	1168.67 (1506.98)	11128.81 (12715.05)	10476.81 (11840.79)
Over 2 months and to 3 months	37209.54 (32754.19)	44123.99 (48216.30)	1694.28 (962.71)	1886.67 (195.95)	5410.40 (1752.62)	7012.05 (4709.84)
Over 3 months and up to 6 Months	68095.19 (59117.68)	59038.95 (23407.53)	2198.18 (7864.17)	1275.63 (763.75)	10504.41 (14013.11)	7216.06 (3126.37)
Over 6 months and up to 1 year	106622.66 (73490.83)	55635.62 (53213.06)	9592.29 (12422.43)	5960.44 (2379.20)	10998.42 (3550.94)	7372.68 (1542.00)
Over 1 year and up to 3 years	164915.71 (145582.01)	170774.92 (122876.22)	33549.94 (29161.45)	15153.45 (13422.28)	19260.06 (15991.13)	12588.81 (12284.83)
Over 3 years and up to 5 years	392696.69 (384455.83)	222016.97 (276319.46)	54102.41 (51322.61)	17.47 (5325.06)	13796.90 (15908.45)	5875.23 (6717.89)
Over 5 years	359057.92 (348029.96)	121059.08 (117710.39)	293921.72 (274695.83)	21797.92 (16243.07)	2012.79 (2165.00)	2283.10 (2757.34)
Total	**1281163.11**	**830833.98**	**405430.57**	**54291.73**	**95754.84**	**99635.14**

	Deposits	Advances	Investments (Gross)	Borrowings	Foreign Currency assets	Foreign Currency liabilities
	(1146218.45)	(728185.68)	(379393.06)	(45681.41)	(84442.69)	(48605.86)

2 b) Liquidity coverage ratio (LCR)

QUALITATIVE DISCLOSURE ON LIQUIDITY COVERAGE RATIO

The bank has implemented RBI guidelines on Liquidity Coverage Ratio (LCR) from 1st January 2015.

The LCR standard aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be readily converted into cash at little/no loss of value to meet its liquidity needs for a 30 calendar day time horizon under a liquidity stress scenario.

LCR has two components.

i. The value of the stock of High Quality Liquid Assets (HQLA)–*The Numerator.*
ii. Total Net Cash Outflows: Total expected cash outflows minus Total expected cash inflows, in stress scenario, for the subsequent 30 calendar days - *The denominator*

Definition of LCR:

$$\frac{\text{Stock of high quality liquid assets (HQLAs)}}{\text{Total net cash outflows over the next 30 calendar days}} \geq 100\% \text{ (w.e.f 01.04.2021)}$$

The LCR requirement has become binding on the banks with the following minimum required level as per the time-line given below.

	Jan 1. 2015	Jan 1 2016	Jan 1. 2017	Jan 1, 2018	Jan 1, 2019
Minimum LCR	60%	70%	80%	90%	100%

For Q4 FY'2022-23, the daily average LCR was 162.29% (based on simple average of daily observations) at consolidated level, as against the regulatory requirement of 100%.

The main drivers of LCR of the bank are High Quality Liquid Assets (HQLAs) to meet liquidity needs of the bank at all times and basic funding from retail and small business customers. The retail and small business customer's contribute about 67.18% of total deposit portfolio of the bank, which attracts low run-off factor of 5/10% as on 31.03.2023.

Composition of High Quality Liquid Assets (HQLA)

HQLAs comprises of Level 1 and Level 2 assets. Level 2 assets are further divided into Level 2A and Level 2B assets, keeping in view their marketability and price volatility.

Level-1assets are those assets which are highly liquid. For quarter ended March 31. 2023, the Level-1 asset of the bank includes Cash in Hand, Excess CRR. Government Securities in excess of minimum SLR, Marketable securities issued or guaranteed by foreign sovereign. MSF and FALLCR totalling to Rs. 286489.39 cr (based on simple average of daily observations).

Level-2A & 2B assets are those assets which are less liquid and their weighted amount comes to Rs. 8772.41 cr (based on simple average of daily observations). Break-up of daily observation Average HQLA during quarter ended Mar. 2023 is given hereunder:

High Quality Liquid Assets (HQLAs)	Average %age contribution to HQLA
Level 1 Assets	
Cash in hand	3.06%
Excess CRR balance	0.54%
Government Securities in excess of minimum SLR requirement	24.31%
Government securities within the mandatory SLR requirement, to the extent allowed by RBI under MSF (presently to the extent of 2 per cent of NDTL)	7.60%
Marketable securities issued or guaranteed by foreign sovereigns having 0% risk-weight under Basel II Standardized Approach	0.77%
Facility to avail Liquidity for Liquidity Coverage Ratio – FALLCR (presently to the extent of 16 per cent of NDTL)	60.75%
Total Level 1 Assets	**97.03%**
Total Level 2A Assets	**2.85%**
Total Level 2B Assets	**0.12%**
Total Stock of HQLAs	**100.00%**

Concentration of Funding Sources

This metric includes those sources of funding, whose withdrawal could trigger liquidity risks. It aims to address the funding concentration of bank by monitoring its funding requirement from each significant counterparty and each significant product/ instrument. As per RBI guidelines, a "significant counterparty/Instrument/product" is defined as a single counterparty/Instrument/product or group of connected or affiliated counter-parties accounting in aggregate for more than 1% of the bank's total liabilities.

The bank has no significant counterparty (deposits/borrowings) as at 31.03.2023. Top 20 depositors of the bank constitute 4.66% of bank's total Deposit as on Mar 31, 2023. The significant product/ instrument include Saving Fund, Current deposit and Core Term Deposit the funding from which are widely spread and cannot create concentration risk for the bank.

Derivative exposure

The bank has low exposure in derivatives having negligible impact on its liquidity position.

Currency Mismatch

As per RBI guidelines, a currency is considered as "significant" if the aggregate liabilities denominated in that currency amount to 5 per cent or more of the bank's total liabilities. In our case, only USD (18.11 % of bank's total liabilities) falls in this criteria whose impact on total outflows in LCR horizon can be managed easily as the impact is not large considering the size of balance sheet of the bank.

Degree of centralization of liquidity management and interaction between group's units

The group entities are managing liquidity on their own. However, the bank has put in place a group-wide contingency funding plan to take care of liquidity requirement of the group as a whole in the stress period.

PUNJAB NATIONAL BANK
SCHEDULE 18: NOTES TO ACCOUNTS (STANDALONE) – 31.03.2023

QUANTITATIVE DISCLOSURE ON LIQUIDITY COVERAGE RATIO

(Amount in ₹ crore)

		Quarter Ended March' 23		Quarter Ended December' 22		Quarter Ended September' 22		Quarter Ended June' 22		Quarter Ended March' 22	
		Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
	Based on the simple average of daily observations	63 Data Points		62 Data Points		65 Data Points		63 Data Points		62 Data Points	
	High Quality Liquid Assets										
1	Total High Quality Liquid Assets (HQLA)		295254.95		283376.99		276290.74		279152.04		300316.28
	Cash Outflows										
2	Retail deposits and deposits from small business customers of which :	840710.12	79289.81	811881.31	76438.07	800216.92	75312.13	797675.41	74999.50	786357.53	73859.96
(i)	Stable deposits	95624.11	4781.21	95001.14	4750.06	94191.31	4709.57	95575.63	4777.41	95516.71	4775.84
(ii)	Less stable deposits	745086.01	74508.60	716850.17	71688.01	706025.61	70602.56	701099.76	70222.09	690841.22	69064.12
3	Unsecured wholesale funding, of which:	**240162.41**	**128990.16**	**242188.13**	**128625.84**	**211104.69**	**110201.77**	**211697.34**	**108487.91**	**208070.77**	**104212.60**
(i)	Operational deposits (all counterparties)	0	0	0	0	0	0	0	0	0	0

PUNJAB NATIONAL BANK

SCHEDULE 18: NOTES TO ACCOUNTS (STANDALONE) – 31.03.2023

QUANTITATIVE DISCLOSURE ON LIQUIDITY COVERAGE RATIO

(Amount in ₹ crore)

		Quarter Ended March' 23		Quarter Ended December' 22		Quarter Ended September' 22		Quarter Ended June' 22		Quarter Ended March' 22	
		Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
(ii)	Non-operational deposits (all counterparties)	240162.41	129990.15	242188.12	128625.84	211104.59	110201.77	211697.34	108487.31	208070.77	104212.60
(iii)	Unsecured debt	0	0	0.01	0	0	0	0	0	0	0
4	Secured wholesale funding		0		0		0		0		0
5	Additional requirements, of which	**52241.31**	**5850.03**	**85843.52**	**7068.07**	**101588.15**	**8361.91**	**92119.48**	**9049.17**	**96617.79**	**7759.80**
(i)	Outflows related to derivative exposures and other collateral requirements	221.62	221.62	323.98	323.98	207.22	207.22	1639.11	1660.79	365.17	365.17
(ii)	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0	0	0
(iii)	Credit and liquidity facilities	52019.69	5628.41	85319.54	6744.09	101380.93	8154.69	90480.37	7388.38	96252.62	7394.63
6	Other contractual funding obligations	0	0	0	0	0	0	0	0	0	0
7	Other contingent	143739.79	6065.79	93652.56	5164.3	85419.4	4039.31	90938.13	3222.97	87198.33	3063.73

QUANTITATIVE DISCLOSURE ON LIQUIDITY COVERAGE RATIO

(Amount in ₹ crore)

		Quarter Ended March' 23		Quarter Ended December' 22		Quarter Ended September' 22		Quarter Ended June' 22		Quarter Ended March' 22	
		Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
	funding obligations										
8	Total Cash Outflows		223215.79		217296.28		197915.12		195759.45		188896.09
	Cash Inflows										
9	Secured lending (e.g. reverse repos)	3146.27	0	1002.37	0	3471.58	0	15850.69	0	35530.75	0
10	Inflows from fully performing exposures	40858.59	33053.53	35689.8	30016.55	29710.43	24629.77	26632.03	23909.35	28406.4	22341.9
11	Other cash inflows	8226.79	8226.79	7974.39	7974.39	4924.95	4924.95	3222.76	2737.26	2969.37	2969.37
12	Total Cash Inflows	**52233.75**	**41282.32**	**44666.56**	**37990.94**	**38106.94**	**29554.72**	**46715.48**	**26646.6**	**64908.52**	**25611.27**
13	TOTAL HQLA		295254.95		283378.99		276230.74		279152.04		300316.26
14	Total Net Cash Outflows		181933.47		179305.34		168250.40		169112.85		163284.82
15	Liquidity Coverage Ratio (%)		162.29		158.04		164.11		165.07		183.92

* Simple averages of Daily observations over previous quarter.

2. c) Net Stable Funding ratio (NSFR)

QUALITATIVE DISCLOSURE ON NET STABLE FUNDING RATIO

The Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR) are significant components of the Basel III reforms. The LCR guidelines which promote short term resilience of a bank's liquidity profile have been issued vide circular DBOD.BP.BC.No.120/21.04.098/2013-14 dated June 9, 2014 **The NSFR guidelines on the other hand ensure reduction in funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress.**

In the Indian context. the guidelines for NSFR were effective from October 1, 2021 The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding "Available stable funding" (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of stable funding required ("Required stable funding") (RSF) of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet (OBS) exposures The run-off factors for the stressed scenarios are prescribed by the RBI, for various categories of liabilities (viz . deposits, unsecured and secured wholesale borrowings), undrawn commitments derivative-related exposures, and offset with inflows emanating from assets maturing within the same time period. **The minimum NSFR requirement set out in the RBI guideline for the standalone Bank and for Group effective October 1, 2021 is 100%.**

The PNB on a consolidated basis at 31st March, 2023 maintained Available Stable Funding (ASF) of ₹ 1256951 Crore against the RSF requirement of ₹ 842686 crore. The NSFR for the quarter ended March 31, 2023 was at 149.16%.
The Available Stable Funding (ASF) is primarily driven by the total regulatory capital as per Basle III Capital Adequacy guidelines stipulated by RBI and deposits from retail customers, small business customers and non-financial corporate customers. Under the Required Stable Funding (RSF), the primary drivers are unencumbered performing loans with residual maturities of one year or more

PUNJAB NATIONAL BANK
SCHEDULE 18: NOTES TO ACCOUNTS (STANDALONE) – 31.03.2023

QUANTITATIVE DISCLOSURE ON NET STABLE FUNDING RATIO

Consolidated

NSFR Disclosure as on		31.03.2023					31.12.2022				
(₹ in Crore)		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF	**Item**										
1	Capital: (2+3)	111135	0	0	29261	140396	99865	0	0	27760	127625
2	Regulatory capital	111138	0	0	23230	134367	99865	0	0	23486	123351
3	Other capital instruments	0	0	0	6031	6031	0	0	0	4274	4274
4	Retail deposits and deposits from small business customers: (5+6)	441613	30249	156713	316906	887185	436526	30099	189429	268036	670528
5	Stable deposits	47682	4186	15440	31577	95554	48924	4556	19738	105664	175228
6	Less stable deposits	393931	26063	143273	285328	791631	386601	25503	179691	163274	695300
7	Wholesale funding: (8+9)	96403	101179	67114	97054	229368	81006	71411	76272	65092	144870
8	Operational deposits	0	0	0	0	0	0	0	0	0	0
9	Other wholesale funding	96403	101179	67114	97054	229368	81006	71411	76272	65092	144870
10	Other liabilities: (11+12)	31073	8564	51	5	0	34612	40489	22	52165	7365
11	NSFR derivative liabilities	[redacted]	0	0	5	[redacted]	[redacted]	6	0	0	[redacted]
12	All other liabilities and equity not included in the above categories	31073	8554	51	0	0	34612	40483	22	52165	7365
13	**Total ASF (1+4+7+10)**	[redacted]	[redacted]	[redacted]	[redacted]	**1256951**	[redacted]	[redacted]	[redacted]	[redacted]	**1150387**
RSF	**Item**										
14	Total NSFR high-quality liquid assets (HQLA)	[redacted]	[redacted]	[redacted]	[redacted]	17331	[redacted]	[redacted]	[redacted]	[redacted]	15533
15	Deposits held at other financial institutions for operational purposes	13523	30	0	0	5776	10654	21	0	0	4955
16	Performing loans and securities: (17+18+19+21+23)	9370	95636	55367	724258	704935	9370	72043	43537	664045	674547
17	Performing loans to	0	23650	0	0	2399	0	865	310	0	241

NSFR Disclosure as on		Consolidated									
		31.03.2023					31.12.2022				
(₹ in Crore)		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	financial institutions secured by Level 1 HQLA										
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	0	40608	11377	139008	150788	0	28516	5613	89423	95607
19	Performing loans to non financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs of which:	0	24253	24703	410472	415793	0	34934	29841	410472	430725
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0	10896	14738	238618	157815	0	16062	11611	252441	177522
21	Performing residential mortgages, of which:	0	3273	4999	84204	61853	0	4026	3256	73576	54198
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0	2735	4178	70561	49694	0	3243	2729	61323	43183
23	Securities that are not in default and do not qualify as HQLA including exchange- traded	9370	3702	4288	90574	74132	9370	3702	4288	90574	93075

PUNJAB NATIONAL BANK

SCHEDULE 18: NOTES TO ACCOUNTS (STANDALONE) – 31.03.2023

NSFR Disclosure as on		Consolidated									
		31.03.2023					31.12.2022				
		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
(₹ in Crore)		No maturity	< 6 months	6 months to < 1yr	≥ 1yr		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	equities										
24	Other assets (sum of rows 25 to 29)	83660	492	14	29066	109698	122744	511	19	70701	126108
25	Physical traded commodities, including gold	0	0	0	0	0	0	0	0	0	0
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	338	0	0	0	287	338	0	0	0	287
27	NSFR derivative assets	5	0	0	0	6	3	0	0	0	3
28	NSFR derivative liabilities before deduction of variation margin posted	42	0	0	0	42	46	0	0	0	46
29	All other assets not included in the above categories	63275	492	14	29065	109364	122357	511	19	70701	125772
30	Off-balance sheet items	0	820	42051	60064	3946	0	710	16827	51936	2435
31	Total RSF	[redacted]				842686	[redacted]				823878.53
32	Net Stable Funding Ratio (%)					149.16					139.63

PUNJAB NATIONAL BANK

SCHEDULE 18: NOTES TO ACCOUNTS (STANDALONE) – 31.03.2023

		Consolidated									
NSFR Disclosure as on		30.09.2022					30.06.2022				
(₹ in Crore)		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item											
1	Capital: (2+3)	99962	0	0	25347	125329	99267	1500	0	26287	127053
2	Regulatory capital	99962	0	0	19729	119710	99267	1500	0	17804	118570
3	Other capital instruments	0	0	0	5510	5619	0	0	0	8483	8483
4	Retail deposits and deposits from small business customers (5+6)	443201	30771	228402	231313	866841	434647	31030	237147	209786	846316
5	Stable deposits	51850	4763	23317	96070	172035	50706	11799	92140	63531	166139
6	Less stable deposits	391351	26007	205056	135245	694806	384141	19251	145007	120136	681177
7	Wholesale funding (9+8)	81247	78539	55869	50295	136412	81690	46506	60344	50428	127693
8	Operational deposits	0	0	0	0	0	0	0	0	0	0
9	Other wholesale funding	81247	78539	55869	50293	136412	81690	46506	60344	50428	127693
10	Other liabilities: (11+12)	30935	34647	1979	52165	7052	26424	53657	44	52166	2173
11	NSFR derivative liabilities		8	0	0			6	0	0	
12	All other liabilities and equity not included in the above categories	30958	34639	1979	52165	7052	26424	53651	44	52166	2173
13	Total ASF (1+4+7+10)					1135634					1103426
RSF Item											
14	Total NSFR high-quality liquid assets (HQLA)					15805					14676
15	Deposits held at other financial institutions for operational purposes	5561	34	0	0	2847	8633	27	0	0	4330
16	Performing loans and securities: (17+18+19+21+23)	9370	66819	36474	658329	661046	9371	50337	45634	616610	761107
17	Performing loans to financial institutions secured by Level 1 HQLA	0	285	204	0	131	0	650	0	0	65

Sch 18 - Page 13 of 59

PUNJAB NATIONAL BANK

SCHEDULE 18: NOTES TO ACCOUNTS (STANDALONE) – 31.03.2023

NSFR Disclosure as on	(₹ in Crore)	Consolidated 30.09.2022 Unweighted value by residual maturity					30.06.2022 Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	0	27085	6475	67687	94987	0	22180	6765	54727	62439
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	0	31963	23030	410472	417203	1	16256	24158	410472	548374
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0	14046	8928	233338	167057	0	7772	9980	297665	262685
21	Performing residential mortgages, of which:	0	3783	2477	59606	50330	0	5547	8369	61037	48720
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0	3311	2168	61071	42655	0	4705	7115	51973	39958
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	9370	3702	4268	90574	98395	9370	3702	4286	90574	101510
24	Other assets: (sum of rows 25 to 29)	135168	10046	14	70701	138484	4641	185	10	70701	3909

Sch.18 - Page [illegible]

	NSFR Disclosure as on	Consolidated									
		30.09.2022					30.06.2022				
	(₹ in Crore)	Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
25	Physical traded commodities including gold	0	0	0	0	0	0	0	0	0	0
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	329	23	0	0	302	4455	0	0	0	366
27	NSFR derivative assets	14	18	0	0	32	42	9	0	0	51
28	NSFR derivative liabilities before deduction of variation margin posted	67	0	0	0	67	97	0	0	0	97
29	All other assets not included in the above categories	134756	10005	14	70701	136083	47	176	10	70701	3375
30	Off-balance sheet items	0	17010	0	50446	2364	0	19883	18	50955	2526
31	Total RSF	[redacted]				820547	[redacted]				786749
32	Net Stable Funding Ratio (%)					138.40					140.25

3. Investments

3. a) Composition of Investment Portfolio

As at 31.03.2023 (Current FY)

(Amount in ₹ Crore)

	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total Investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
Held to Maturity												
Gross	308287.81	0.15	5.13	4516.53	2188.11	223.42	315221.14	0.00	2487.46	0.20	2487.66	317708.80
Less: Provision for non-performing investments (NPI)	0.00	0.00	1.01	0.00	394.39	0.00	395.40	0.00	341.59	0.00	341.59	736.99
Net	**308287.81**	**0.15**	**4.12**	**4516.53**	**1793.71**	**223.42**	**314825.73**	**0.00**	**2145.87**	**0.20**	**2146.07**	**316971.80**
Available for Sale												
Gross	44479.70	0.00	5674.10	30185.27	100.00	2660.63	83099.70	3895.22	0.00	597.06	4492.28	87591.98
Less: Provision for depreciation and NPI	481.86	0.00	2616.63	4079.53	2.45	1431.67	8612.13	44.95	0.00	39.57	84.52	8696.65
Net	**43997.84**	**0.00**	**3057.47**	**26105.74**	**97.55**	**1228.97**	**74487.57**	**3850.27**	**0.00**	**557.49**	**4407.76**	**78895.33**
Held for Trading												
Gross	129.79	0.00	0.00	0.00	0.00	0.00	129.79	0.00	0.00	0.00	0.00	129.79
Less: Provision for depreciation and NPI	0.20	0.00	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.20
Net	**129.58**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**129.58**	**0.00**	**0.00**	**0.00**	**0.00**	**129.58**

SCHEDULE 18: NOTES TO ACCOUNTS (STANDALONE) – 31.03.2023

	Investments In India							Investments outside India				
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	Total Investments
Total Investments	352897.29	0.15	5679.23	34701.80	2288.11	2884.05	398450.62	3895.22	2487.46	597.26	6979.94	405430.56
Less: Provision for non-Performing investments (NPI)*	0.00	0.00	1.01	0.00	394.39	0.00	395.40	0.00	341.59	0.00	341.59	736.99
Less: Provision for depreciation and NPI	482.06	0.00	2616.63	4079.53	2.45	1431.67	8612.33	44.96	0.00	39.57	84.52	8696.85
Net	352415.23	0.15	3061.59	30622.27	1891.27	1452.38	389442.89	3850.27	2145.87	557.69	6553.83	395996.72

*HTM only

PUNJAB NATIONAL BANK
SCHEDULE 18: NOTES TO ACCOUNTS (STANDALONE) – 31.03.2023

As at 31.03.2022 (Previous FY)

(Amount in ₹ Crore)

	Investments in India							Investments outside India				
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	Total Investments
Held to Maturity												
Gross	293175.36	0.15	5.13	5506.03	1564.16	154.88	300405.71	0.00	2450.45	0.20	2450.65	302856.36
Less: Provision for non-performing investments (NPI)	0.00	0.00	1.11	0.00	0.00	0.00	1.11	0.00	341.59	0.00	341.59	342.70
Net	293175.36	0.15	4.02	5506.03	1564.16	154.88	300404.60	0.00	2108.86	0.20	2109.06	302513.66
Available for Sale												
Gross	30311.94	0.00	6822.06	30265.97	151.12	6079.01	73630.10	1820.01	0.00	1115.46	2935.47	76565.57
Less: Provision for depreciation and NPI	303.03	0.00	3561.27	2305.18	0.00	664.91	6834.39	27.41	0.00	20.80	48.21	6882.60
Net	30008.91	0.00	3260.79	27960.79	151.12	5414.10	66795.71	1792.60	0.00	1094.66	2887.26	69682.97
Held for Trading												
Gross	-28.87	0.00	0.00	0.00	0.00	0.00	-28.87	0.00	0.00	0.00	0.00	-28.87
Less: Provision for depreciation and NPI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net	-28.87	0.00	0.00	0.00	0.00	0.00	-28.87	0.00	0.00	0.00	0.00	-28.87
Total Investments	323458.43	0.15	6827.19	35772.00	1715.28	6233.89	374006.94	1820.01	2450.45	1115.66	5386.12	379393.06
Less: Provision for non-	0.00	0.00	1.11	0.00	0.00	0.00	1.11	0.00	341.59	0.00	341.59	342.70

	Investments in India							Investments outside India				
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	Total Investments
Performing investments (NPI)*												
Less: Provision for depreciation and NPI	303.03	0.00	3561.27	2305.18	0.00	664.91	6834.39	27.41	0.00	20.80	48.21	6882.60
Net	323155.40	0.15	3264.81	33466.82	1715.28	5568.98	367171.44	1792.60	2108.86	1094.86	4996.32	372167.76

*HTM only

3. b) Movement of Provisions for Depreciation and Investment Fluctuation Reserve

(Amount in ₹ crore)

	Particulars	Current Year	Previous Year
i)	Movement of provisions held towards depreciation on investments		
a)	Opening balance	7225.30	7191.44
b)	Add: Provision made during the year	2467.59	1643.55
c)	Add: Proportionate Provision transferred to NPI Provision on account of restructuring	1012.26	0.00
d)	Less: Write off / write back of excess provisions during the Year	65 13	1609 69
e)	Less: Provisions against securities sold/restructured/ write-off	1206.18	0 00
f)	Closing balance	**9433.84**	**7225.30**
ii)	Movement of Investment Fluctuation Reserve		
a)	Opening balance	1393 66	538 81
b)	Add: Transfer from P&L Appropriation A/c	194.74	854.85
c)	Less: Drawdown	0.00	0.00
d)	Closing balance	1588.40	1393 66
iii)	Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category (Net)	2.01%	2.00%

3. c) Sale and transfers to/from HTM category:

The total value of sales and transfers of securities to / from HTM category after netting permitted exclusions in terms of RBI Master Circular No. DOR MRG.42/21.04 141/ 2021-22 dated 25.08.2021 during 1st April 2022 to 31st March 2023 has not exceeded 5% of the book value of investments held in HTM category as on 31 03.2022.

As such no disclosure is to be made in terms of extant RBI guidelines

(Previous year The total value of sales and transfers of securities to / from HTM category after netting permitted exclusions in terms of RBI Master Circular No DOR.MRG.42/21.04 141/ 2021-22 dated 25.08.2021 during 1st April 2021 to 31st March 2022 has not exceeded 5% of the book value of investments held in HTM category as on 31.03.2021.

As such no disclosure is to be made in terms of extant RBI guidelines)

3. d) Non-SLR investment portfolio

3. d).i) Non-performing non-SLR investments

(Amount in ₹ crore)

Sr. No.	Particulars	Current Year	Previous Year
a)	Opening balance	7027.26	5470.92
b)	Additions during the year	1818 17	3656.41
c)	Reductions during the above period	1842.85	2100.07
d)	Closing balance	7002.58	7027 26
e)	Total provisions held	7001.51	6447.31

3. d) ii) Issuer composition of non-SLR investments

(Amount in ₹ crore)

Sr. No.	Issuer	Amount		Extent of Private Placement		Extent of 'Below Investment Grade' Securities		Extent of 'Unrated' Securities		Extent of 'Unlisted' Securities	
(1)	(2)	(3)		(4)		(5)		(6)		(7)	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
a)	PSUs	15 419.93	13385.85	9,573.05	8685.95	1249.07	265.56	0.00	0.00	2289.17	2577.10
b)	FIs	6,972.83	7622.74	4,794.66	5691.89	44.00	44.00	0.00	0.00	0.00	0.00
c)	Banks	5,340.74	6131.67	2234.06	3130.80	51.12	1662.00	0.00	0.00	0.00	0.00
d)	Private Corporates	8597.09	10063.10	7857.26	8719.08	4972.21	5505.16	0.00	0.00	0.00	0.00
e)	Subsidiaries/ Joint Ventures	3388.55	3351.54	3388.55	3351.54	0.00	664.01	0.00	0.00	0.00	0.00
f)	Others*	68,703.35	71767.61	5,907.33	10097.86	93.36	72.22	0.00	0.00	0.00	0.00
g)	Less. Provision held towards depreciation	8,952.22	6922.28	8312.88	3126.31	4694.29	4497.05	0.00	0.00	0.00	0.00
	Total **	99770.27	105400.23	25442.03	36550.81	1715.47	3715.90	0.00	0.00	2289.17	2577.10

*Others include special Govt. Securities of ₹ 56189.38 Crore (previous year ₹56388.01 Crore) [Net of depreciation, if any] and includes US Treasury and China govt. bonds/local govt. bond.

**Amounts reported under columns 4, 5, 6 and 7 above may not be mutually exclusive.

PUNJAB NATIONAL BANK
SCHEDULE 18: NOTES TO ACCOUNTS (STANDALONE) – 31.03.2023

3. e) Repo transactions (in face value terms)

(Amount in ₹ crore)

	Minimum outstanding during the Year	Maximum outstanding during the Year	Daily average outstanding during the Year	Outstanding as on 31.03.2023
i) Securities sold under repo				
a) Government securities	15.18 (35.00)	2022.08 (21151.92)	254.20 (946.17)	0.00 (5110.84)
b) Corporate debt securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
c) Any other securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
ii) Securities purchased under reverse repo				
a) Government securities	10.08 (10.00)	11817.61 (27739.18)	265.58 (500.51)	11817.61 (30.00)
b) Corporate debt securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
c) Any other securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)

4. Asset Quality

4. a) Classification of advances and provisions held

(Amount in ₹ crore)

	Standard	Non-Performing				
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	Total
	Gross Standard Advances and NPAs					
Opening Balance	692656.32 (634984.01)	16401.47 (22979.98)	69009.18 (60327.67)	17037.39 (21115.77)	92448.04 (104423.42)	785104.36 (739407.43)
Add: Additions during the Year	[redacted]				16028.92 (24743.67)	[redacted]
Less: Reductions during the Year *	[redacted]				31149.29 (36719.05)	[redacted]
Closing balance	**807353.02** **(692656.32)**	**12226.61** **(16401.47)**	**43413.63** **(59009.18)**	**21687.43** **(17037.39)**	**77327.67** **(92448.04)**	**884680.69** **(785104.36)**
*Reductions in Gross NPAs due to:	[redacted]					
i) Upgradation					4770.30 (5253.26)	4770.30 (5253.26)
ii) Recoveries (excluding recoveries from upgraded accounts)					9800.99 (9466.65)	9800.99 (9466.65)
iii) Technical/					13362.86	13362.86

	Standard	Non-Performing				
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	Total
	Gross Standard Advances and NPAs					
Prudential Write-offs	[redacted]				(18139.36)	(18139.36)
iv) Write-offs other than those under (iii) above					3215.14 (3859.78)	3215.14 (3859.78)

	Standard	Non-Performing				
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	Total
	Provisions (excluding Floating Provisions)					
Opening balance of provisions held	5986.96 (4755.91)	2649.76 (4089.89)	37253.77 (40003.31)	16953.10 (21034.65)	56856.63 (65127.85)	62843.59 (69883.76)
Add: Fresh provisions made during the Year	[redacted]				18660.80 (19938.02)	[redacted]
Less: Excess provision reversed/ Write off loans					21693.64 (28209.24)	
Closing balance of provisions held	**7746.99 (5986.96)**	**1793.48 (2649.76)**	**30479.17 (37253.77)**	**21551.14 (16953.10)**	**53823.79 (56856.63)**	**61570.78 (62843.59)**

	Standard	Non-Performing				
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	Total
		Net NPAs				
Opening Balance	[redacted]	13751.71 (18890.10)	21072.72 (19604.48)	84.30 (81.12)	34908.73 (38575.70)	[redacted]
Add: Fresh additions during the year		[redacted]			10852.35 (17580.49)	
Less: Reductions during the year					23176.04 (21247.46)	
Closing Balance		**10433.12 (13751.71)**	**12015.63 (21072.72)**	**136.29 (84.30)**	**22585.04 (34908.73)**	**22585.04 (34908.73)**

	Standard	Non-Performing				
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	Total
		Floating Provisions				
Opening Balance	[redacted]					0.00 (0.00)
Add: Additional provisions made during the Year						0.00 (0.00)
Less: Amount drawn down during the Year						0.00 (0.00)
Closing balance of						**0.00**

PUNJAB NATIONAL BANK

SCHEDULE 18: NOTES TO ACCOUNTS (STANDALONE) – 31.03.2023

floating provisions	[redacted]	(0.00)

	Standard: Total Standard Advances	Non-Performing: Sub-standard	Doubtful	Loss	Total Non-Performing Advances	Total
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts	[redacted]					97300.75 (89799.69)
Add: Technical/ Prudential write-offs during the Year	[redacted]					13538.42 (18356.29)
Less: Recoveries made from previously technical/ prudential written-off accounts during the Year	[redacted]					15716.62 (10855.23)
Closing balance	[redacted]					**95122.55** **(97300.75)**

Ratios (in per cent)	**Current Year**	**Previous Year**
Gross NPA to Gross Advances	8.74%	11.78%
Net NPA to Net Advances	2.72%	4.80%
Provision Coverage Ratio	86.90%	81.60%

4. b) Sector-wise Advances and Gross NPAs

(Amount in ₹ Crore)

Sl. No	Sector	AS ON 31.03.2023: Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	AS ON 31.03.2022: Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
i)	**Priority Sector**						
a)	Agriculture and allied activities	106547.99	25483.76	23.92%	105870.98	24354.60	23.00%
b)	Advances to industries sector eligible as priority sector lending	47239.16	7435.81	15.74%	45970.12	8005.11	17.41%
c)	Services	81885.58	16833.41	20.56%	78632.45	18156.22	23.09%
d)	Personal Loans	33508.80	2156.37	6.44%	35188.85	2473.09	7.03%
	Sub-total (i)	**269181.52**	**51909.35**	**19.28%**	**265662.39**	**52989.02**	**19.95%**

Sl. No.	Sector	AS ON 31.03.2023 Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	AS ON 31.03.2022 Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
ii)	**Non Priority Sector**						
a)	Agriculture and allied activities	35577.81	609.68	1.71%	18937.52	858.55	4.53%
b)	Industry	126556.63	14313.59	11.31%	135356.14	22198.10	16.40%
c)	Services	191433.12	2222.31	1.16%	143186.03	5567.89	3.89%
d)	Personal Loans	261931.60	8272.74	3.16%	221962.28	10834.48	4.88%
	Sub-total (ii)	**615499.16**	**25418.32**	**4.13%**	**519441.97**	**39459.02**	**7.60%**
	Total (i+ii)	**884680.69**	**77327.67**	**8.74%**	**785104.36**	**92448.04**	**11.78%**

4. c) Overseas assets, NPAs and revenue

(Amount in ₹ crore)

Particulars	Current Year	Previous Year
Total Assets	61211.00	43561.22
Total NPAs	1676.86	1845.08
Total Revenue	2052.77	754.81

4. d) Particulars of resolution plan and restructuring

4. d) i) Disclosure related to Resolution Plan implemented during the year in terms of RBI Circular No. DBR.No.BP.BC.45/21.04.048/2018-19 dated 07.06.2019

(Amount in ₹Crore)

Particulars	Current Year No. of Accts	Current Year Amount	Previous Year No. of Accts	Previous Year Amount
Total amount of Loan assets subjected to restructuring etc.	10	3358.52	6	346.68
The amount of standard assets subjected to restructuring etc.	NIL	NIL	NIL	NIL
The amount of Sub-standard assets subjected to restructuring etc.	10	3358.52	6	346.68
Acquisition of shares due to conversion of equity on re-structuring during the year	4	82.07	1	1.54

4.d) ii) In terms of RBI Circular DBR No. BP. BC 45/21.04.048/2018-19 dated June 7, 2019 on Prudential Framework for Resolution of Stressed Assets, the Bank is holding additional provision of Rs.2371.03 Crore as on March 31, 2023 in 18 accounts as detailed below:

(Rs.in Crore)

Amount of loans impacted by RBI Circular (FB+NFB)	Amount of Loans to be classified as NPA (FB)	Amount of loans as on 31.03.2023 out of (b) classified as NPA (FB)	Provision held as on 31.03.2023
(a)	(b)	(c)	(d)
8794.28	3414.48	3414.48	2371.03

31.03.2022 (Previous Year)

Bank was holding additional provision of ₹2007.22 Crores as on 31.03.2022 in 20 accounts as detailed below:

(Amount in ₹Crore)

Amount of loans impacted by RBI Circular	Amount of Loans to be classified as NPA	Amount of loans as on 31.03.2022 out of (b) classified as NPA	Provision held as on 31.03.2022
(a)	(b)	(c)	(d)
5875.07	4617.59	4617.59	2007.22

4. d) iii). Disclosure of Restructured Accounts

31.03.2023 (Current Year)

(Rs in Lakhs)

[illegible]

PUNJAB NATIONAL BANK

SCHEDULE 18: NOTES TO ACCOUNTS (STANDALONE) – 31.03.2023

(Rs in Lakhs)

31.03.2022 (Previous Year)

4.d) iv) Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A), as on 31.03.2023

(Amount in ₹ Crore)

Particulars	No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision Held
			In Part A	In Part B	
As on 31.03.2023					
Classified as Standard	2	146.54	48.95	97.59	50.52
Classified as NPA	5	2359.25	934.12	1425.13	2336.42
As on 31.03.2022					
Classified as Standard	2	155.95	58.36	97.59	54.31
Classified as NPA	7	3560.94	1939.40	1621.54	2894.88

4.d) v) Disclosures on Strategic Debt Restructuring Scheme (Accounts which are currently under the stand-still period) as on 31.03.2023

(Amount in ₹ Crore)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has been taken place	
	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
Current Year 31.03.2023: NIL						
Previous Year 31.03.2022: NIL						

4.d) vi) Disclosures on Change in ownership outside Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period):

(Amount in ₹ Crore)

No. of accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date i.e. 31.03.2023	Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares is pending	Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place	Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity

	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
Current Year 31.03.2023 NIL								
Previous Year 31.03.2022: NIL								

4.d) vii) Disclosures on application of Flexible Structuring to Existing Loans as on 31.03.2023:

(Amount in ₹ Crore)

Period	No. of borrowers taken up for flexibly structuring	Amount of loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
Current Year 31.03.2023			NIL		
Previous Year 31.03.2022			NIL		

4.d) viii) Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period):

(Amount in ₹ Crore)

No. of project loan accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date i.e. 31.03.2023		
	Classified as Standard	Classified as Standard restructured	Classified as NPA
Current Year: NIL			
Previous Year: NIL			

4. e) Divergence in Asset Classification and Provisioning

Disclosure on divergence in Asset classification and provisioning for NPAs is not required w.r.t. RBI's annual supervisory process for the year ended March 31, 2022 based on conditions mentioned in RBI Master Direction no. RBI/DOR/2021-22/83 DOR.ACC.REC.No.45/21.04.018/2021-22 dated August 30, 2021 (Updated as on February 20, 2023).

(Previous year: As per RBI Circular No.DBR.BP.BC No.32/21.04.018/2018-19 dated April 1, 2019, in case the additional provisioning for NPA assessed by RBI exceeds 10% of the reported profit before provisions and contingencies for the reference period and /or additional gross NPAs identified by RBI exceed 15% of the published incremental Gross NPAs for the reference period, then the banks are required to disclose divergence from prudential norms on income recognition, assets classification and provisioning.

Divergences in terms of above circular, are within threshold limits as specified above, hence no disclosure is required with respect to RBI's annual supervisory process for FY 2021.

4. f) Disclosure of transfer of loan exposures: Total amount of loan not in default / stressed loans transferred and acquired to / from other entities:

In accordance with RBI circular no. DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021, the details of loans transferred/acquired during the FY ended March 31, 2023 are given below.

4. f) i) Loans not in default transferred:

(Amount in ₹ crore)

31.03.2023 - Current year	31.03.2022 - Previous Year
NIL	NIL

Loans not in default acquired through pool buyout via assignment:

(Amount in ₹ crore)

	Current Period (01.04.2022 to 31.03.2023)	Previous Period (01.04.2021 to 31.03.2022)
Amount of Loan	5222.55	Nil
Weighted average maturity (in months)	57.94	Nil
Weighted average holding period (in months)	14.33	Nil
Retention of beneficial economic interest (by originator)	10.00%	Nil
Tangible security coverage	115.70%	Nil
Rating wise distribution of rated loans	NA	Nil

4. f) ii) Details of stressed Loans transferred during the Year - loans classified as SMA:

31.03.2023 Current Year

(All Amount in ₹ crore)	To ARCs	To permitted transferees	To other transferees
No. of accounts	NIL	NIL	NIL
Aggregate principal outstanding of loans transferred	NIL	NIL	NIL
Weighted average residual tenor of the loans transferred	NIL	NIL	NIL
Net book value of loans transferred (at the time of transfer)	NIL	NIL	NIL
Aggregate consideration	NIL	Nil	NIL

(All Amount in ₹ crore)	To ARCs	To permitted transferees	To other transferees
Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL	NIL
Quantum of excess Provision reversed to the Profit & Loss account on account of sale of stressed loans	NIL	NIL	NIL

31.03.2022 Previous Year

(All Amount in ₹ crore)	To ARCs	To permitted transferees	To other transferees
No. of accounts	NIL	NIL	NIL
Aggregate principal outstanding of loans transferred	NIL	NIL	NIL
Weighted average residual tenor of the loans transferred	NIL	NIL	NIL
Net book value of loans transferred (at the time of transfer)	NIL	NIL	NIL
Aggregate consideration	NIL	NIL	NIL
Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL	NIL
Quantum of excess Provision reversed to the Profit & Loss account on account of sale of stressed loans	NIL	NIL	NIL

4. f) iii) Details of stressed Loans acquired during the Year - loans classified as SMA:

31.03.2023 Current Year

(all Amount in ₹ crore)	From SCBs, RRBs, UCBs, StCBs, DCCBs, AIFs, SFBs and NBFCs including Housing Finance Companies (HFCs)	From ARCs
Aggregate principal outstanding of loans acquired	NIL	NIL
Aggregate consideration paid	NIL	NIL
Weighted average residual tenor of loans acquired	NIL	NIL

31.03.2022 Previous Year

(all Amount in ₹ crore)	From SCBs, RRBs, UCBs, StCBs, DCCBs, AIFs, SFBs and NBFCs including Housing Finance Companies (HFCs)	From ARCs
Aggregate principal outstanding of loans acquired	NIL	NIL

(all Amount in ₹ crore)	From SCBs, RRBs, UCBs, StCBs, DCCBs, AIFs, SFBs and NBFCs including Housing Finance Companies (HFCs)	From ARCs
Aggregate consideration paid	NIL	NIL
Weighted average residual tenor of loans acquired	NIL	NIL

4. f) iv) Details of stressed Loans transferred during the Year - loans classified as NPA:

31.03.2023 Current Year

(All Amount in ₹ crore)	To ARCs	To permitted transferees	To other transferees
No. of accounts	7	NIL	NIL
Aggregate principal outstanding of loans transferred	1409.12	NIL	NIL
Weighted average residual tenor of the loans transferred	NIL	NIL	NIL
Net book value of loans transferred (at the time of transfer)	32.20	NIL	NIL
Aggregate consideration	617.71	NIL	NIL
Additional consideration realized in respect of accounts transferred in earlier years	95.62	NIL	NIL
Quantum of excess Provision reversed to the Profit & Loss account on account of sale of stressed loans	585.51	NIL	NIL

31.03.2022 Previous Year

(All Amount in ₹ crore)	To ARCs	To permitted transferees	To other transferees
No. of accounts	4	NIL	NIL
Aggregate principal outstanding of loans transferred	2421.42	NIL	NIL
Weighted average residual tenor of the loans transferred	NIL	NIL	NIL
Net book value of loans transferred (at the time of transfer)	198.17	NIL	NIL
Aggregate consideration	1057.64	NIL	NIL
Additional consideration realized in respect of accounts transferred in earlier years	17.15	NIL	NIL
Quantum of excess Provision reversed to the Profit & Loss account on account of sale of stressed loans	859.47	NIL	NIL

4. f) v) Details of stressed Loans acquired during the Year - loans classified as NPA:

31.03.2023 Current Year

(all Amount in ₹ crore)	From SCBs, RRBs, UCBs, StCBs, DCCBs, AIFs, SFBs and NBFCs including Housing Finance Companies (HFCs)	From ARCs
Aggregate principal outstanding of loans acquired	NIL	NIL
Aggregate consideration paid	NIL	NIL
Weighted average residual tenor of loans acquired	NIL	NIL

31.03.2022 Previous Year

(all Amount in ₹ crore)	From SCBs, RRBs, UCBs, StCBs, DCCBs, AIFs, SFBs and NBFCs including Housing Finance Companies (HFCs)	From ARCs
Aggregate principal outstanding of loans acquired	NIL	NIL
Aggregate consideration paid	NIL	NIL
Weighted average residual tenor of loans acquired	NIL	NIL

4. f) vi) Distribution of the SRs held across the various categories of Recovery Ratings assigned to such SRs by the credit rating agencies as on March 31, 2023:

(Amount in ₹ Crore)

Recovery Rating Band	Book Value 31.03.2023	Book Value 31.03.2022
RR1+	28.72	0.00
RR1	262.86	446.58
RR2	94.68	354.76
RR3	136.49	365.29
RR4	443.44	434.70
RR5	389.93	4.40
Rating Withdrawn	162.07	86.78
Total	**1518.19**	**1692.51**

As per RBI guidelines post 8 years Rating is not applicable

4. f) vii) Investments in Security Receipts (SRs):

(Amount in ₹ Crore)

	Particulars	Current Year (As on 31.03.2023)			Previous Year (As on 31.03.2022)		
		SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
a)	Book value of SRs where NPAs sold by the bank are the underlying	87.99	1291.51	138.69	594.80	1016.98	80.73
	Provision held against (a)	87.99	1291.51	138.69	287.29	384.38	80.73
b)	Book value of SRs where NPAs sold by other banks / financial institutions / non-banking financial companies are the underlying	0.00	0.00	0.00	0.00	0.00	0.00
	Provision held against (b)	0.00	0.00	0.00	0.00	0.00	0.00
	Total (a) + (b)	**87.99**	**1291.51**	**138.69**	**594.80**	**1016.98**	**80.73**

4.g) Fraud accounts

		Current Year	Previous Year
Number of frauds reported	Borrowal	165	142
	Non Borrowal	124	289
	TOTAL	**289**	**431**
Amount involved in fraud (₹ crore)	Borrowal	1578.46	9553.81
	Non Borrowal	230.64	25.99
	TOTAL	**1809.10**	**9579.80**
Amount of provision made for such frauds (₹ crore)	Borrowal	1578.46	8524.87
	Non Borrowal	224.22*	19.26
	TOTAL	**1802.68**	**8544.13**
Amount of Un-amortised provision debited from 'other reserves' as at the end of the year. (₹ crore)		-	1028.95

4.h) i) In accordance with RBI circular no DBR.No BP.BC 18/21 04 048/2018-19 dated January 01, 2019, DOR.No BP.BC 34/21.4.048/2019-20 dated February 11, 2020 and DOR No.BP.BC/4/21 04 048/2020-21 dated August 06, 2020 on "Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances", the detail of MSME restructured accounts is as under

(Rs. in Crore)

No. of Accounts Restructured	Amount	Provision held
7401	782 39	39.11

4.h) ii) In accordance with RBI circular no DOR.STR.REC.12/21 04.048/2021-22 dated May 05 2021 on "Resolution Framework 2 0 - Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)" the details of accounts restructured is as under -

(Rs. in Crore)

No. of Accounts Restructured	Amount	Provision held
40393	2656 36	265.63

4.h) iii) Details of resolution plan implemented under Resolution Framework for COVID 19 related stress as per RBI Circular RBI/2020-21/16 DOR.No.BP.BC/3/21 04.048/2020-21 dated August 06, 2020 and RBI/2021 22/31 DOR.STR.REC.11/21 04.048/2021-22 dated May 5, 2021 are given below.

(Amount in ₹Crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at 30.09.2022 (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at 31.03.2023
Personal Loans	631.79	47.92	0 00	50 12	551 14
Corporate persons*	2433 00	213.51	0 00	81.02	2268.60
* *Of which MSMEs*	350.96	0 00	0.00	18.58	332.54
Others	22.79	6 57	0 00	5 27	11 00
Total OTR 1.0	**3087.58**	**268.00**	**0.00**	**136.41**	**2830.74**
Personal Loans	4977 73	241.39	0.00	298.08	4326.63
Business Loans	148 49	13.10	0.00	15.96	128.31
Small Business	850.87	64 05	0.00	80 49	648 53
Total OTR 2.0	**5927.09**	**318.54**	**0.00**	**394.53**	**5103.47**
Grand Total	**9014.67**	**586.54**	**0.00**	**530.94**	**7934.21**

There are 249 borrower accounts having aggregate exposure of Rs 17.81 Crore to the Bank where resolution plans had been implemented and now modified under RBI's resolution framework 2 0 dated May 5, 2021.

5. Exposures

5. a) Exposure to real estate sector

(Amounts in ₹ crore)

	Category	Current Year	Previous Year
i)	**Direct Exposure**		
a)	Residential Mortgages– Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.		
	Housing loans classified as priority sector	28491 37	27419 64
	Others Residential Mortgages	69493 35	67774.36
	Total	**97984.72**	**95194.00**
b)	Commercial Real Estate– Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial promises, industrial or warehouse space, land acquisition, development and construction. etc.).:		
	Fund Based	15679.28	19747.38
	Non Fund Based	626.41	951.08
	Total	**16305.69**	**20698.46**
c)	Investments in Mortgage-Backed Securities (MBS) and other securitized exposures–		
	i Residential	0.00	0 00
	ii. Commercial Real Estate	0.00	0.00
ii)	**Indirect Exposure**		
	Fund based and non-fund-based exposures to National Housing Bank (NHB) and Housing Finance Companies HFCs) Including Foreign Offices.	45887.15	37277 39
	Investments made by the Bank in Housing Companies and Corporations	6251.82	6649.94
	Total	**52138.97**	**43927.33**
	Total Exposure to Real Estate Sector	**166429.38**	**159819.79**

5. b). Exposure to capital market

(Amounts in ₹ crore)

	Particulars	Current Year	Previous Year
i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	2634 50	2918.47

	Particulars	Current Year	Previous Year
ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds:	0.66	1.16
iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	NIL	NIL
iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	432.84	634.60
v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers;	25.00	43.56
vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	NIL	NIL
vii)	Bridge loans to companies against expected equity flows /issues;	NIL	NIL
viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	NIL	NIL
ix)	Financing to stockbrokers for margin trading.	NIL	NIL
x)	All exposures to Venture Capital Funds (both registered and unregistered)	659.37	716.41
Total exposure to capital market		**3752.37**	**4314.20**

5. c) Risk category-wise country exposure

Total Net Funded Exposure as on 31.03.2023 is ₹52,827.59 Crores. Total assets of the Bank as on 31.12.2022 were ₹14,01,797 Crores. 1% of total asset is ₹14,017.97 Crore. Bank exceeded the exposure to USA beyond ₹14,017.97 Crores i.e. 1% of Total Assets of the Bank as on 31.12.2022. Hence, provision of ₹11.82 Crores is required with respect to country risk exposure as on 31.03.2023:

(Previous year: Total Net Funded Exposure as on 31.03.2022 was ₹49214.90 Crores. Total assets of the Bank as on 31.12.2021 were ₹1304849 Crores. 1% of total asset ₹13048.49 Crore. Bank exceeded the exposure to UAE beyond ₹13048.49 Crores i.e.

1% of Total Assets of the Bank as on 31.12.2021. Hence, provision of ₹28.94 Crores is required with respect to country risk exposure as on 31.03.2022

(Amount in ₹ crore)

Risk Category	ECGC Rating	Funded Exposure (net) as on 31.03.2023 (Current Year)	Provision held as on 31.03.2023 (Current Year)	Funded Exposure (net) as on 31.03.2022 (Previous Year)	Provision held as on 31.03.2022 (Previous Year)
Insignificant	A1	30344.40	11.82	24187.89	0.00
Low	A2	21812.89	0.00	24563.04	28.94
Moderately Low	B1	275.02	0.00	418.66	0.00
Moderate	B2	394.25	0.00	14.60	0.00
Moderately High	C1	0.62	0.00	17.58	0.00
High	C2	0.41	0.00	13.13	0.00
Very High	D	0.00	0.00	0.00	0.00
Total		**52827.59**	**11.82**	**49214.90**	**28.94**

5.d) Unsecured advances

(Amount in ₹ Crore)

Particulars	Current Year	Previous Year
Total Unsecured Advances of the bank	151035.55	153867.56
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken	6218.08	6128.09
Estimated value of such intangible securities	11002.90	7992.59

5. e). Factoring exposures
Factoring exposures (Under TReDS)

(Amount in ₹ Crore)

Balance Outstanding Current Year	Balance Outstanding Previous Year
827.88	776.39

5. f) Intra-group exposures

(Amount in ₹ Crore)

Sl. No.	Particulars	Current Year	Previous Year
i)	Total amount of intra-group exposures	8193.42	8494.13
ii)	Total amount of top 20 intra-group exposures	8193.42	8494.13
iii)	Percentage of intra-group exposures to total exposure of the Bank on borrower/customers	0.71%	0.81%
iv)	Details of breach of limits on intra-group exposures and regulatory action, if any	NA	NA

5.g) Unhedged foreign currency exposure

The Bank has framed a policy to manage Currency Induced Credit Risk and has been incorporated in Bank's Credit Management & Risk Policy 2022-23 as follows:

In terms of RBI guidelines, the Bank has framed a policy to manage currency induced credit risk and has incorporated the same in bank's current Credit Management & Risk Policy as follows:

"In terms of RBI guidelines, Bank monitors the currency wise Unhedged Foreign Currency Exposure in the books of borrowers at quarter ends along-with the Annualized Earnings before Interest & Depreciation (EBID). The incremental provision (ranging from 0 to 80 bps on total credit exposure, over and above the standard asset provisioning) and capital requirement will depend on likely loss (due to foreign currency fluctuation), that borrowers may face due to their un-hedged forex exposure in their books. Bank maintains separate charge and provisioning requirement on account of such exposures which may impact the cost to the borrowers. Appropriate disclosures in the financial statements of the bank shall also be made."

(Amount in ₹ Crore)

Particulars	Current Year 31.03.2023	Previous Year 31.03.2022
Incremental Provision (Domestic)	127.42	85.48
Incremental Provision (Overseas)	4.93	-
Total incremental Provision	**132.35**	**85.48**
Risk Weighted Assets (RWA)	949.47	1237.12
Incremental Capital held RWA (@11.50%)	109.19	142.27

The Bank has estimated the liability for Unhedged Foreign Currency Exposure in terms of RBI Circular DBOD.NO.BP.BC 82/21.06.200/2013-14 dated January 15, 2014 and is holding a provision of ₹132.35 Crores as on 31.03.2023 (previous year ₹ 85.48 Crores).

6. Concentration of deposits, advances, exposures and NPAs

6. a) Concentration of deposits

(Amount in ₹ crore)

Particulars	Current Year	Previous Year
Total deposits of the twenty largest depositors	59620.75	42104.47
Percentage of deposits of twenty largest depositors to total deposits of the bank	4.86%	3.79%

Note: The above deposit figures do not include Inter Bank deposit held by Bank.

6. b) Concentration of advances

(Amount in ₹ crore)

Particulars	Current Year	Previous Year
Total advances to the twenty largest borrowers	153698.47	139719.04
Percentage of advances to twenty largest borrowers to total advances of the bank	17.37%	17.80%

6. c) Concentration of exposures

(Amount in ₹ crore)

Particulars	Current Year	Previous Year
Total exposure to the twenty largest borrowers/customers	194823.45	162628.84
Percentage of exposures to the twenty largest borrowers/ customers to the total exposure of the bank on borrowers/customers	16.87%	15.68%

6. d). Concentration of NPAs

(Amount in ₹ crore)

Particulars	Current Year	Previous Year
Total Exposure to the top twenty NPA accounts	14311.77	19398.37
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	18.51%	20.96%

7. Derivatives

7. a) Interest rate swap

(Amount in ₹ crore)

	Particulars	Current Year	Previous Year
i)	The notional principal of swap agreements	745.00	385.00
ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	0.23	0.40
iii)	Collateral required by the bank upon entering into swaps	NIL	NIL
iv)	Concentration of credit risk arising from the swaps$	NIL	NIL
v)	The fair value of the swap book@	-2.5804	-2.3859

$All these swap deals are with Banks and FI.

@All these swaps deals are Trading swap and the fair value is its mark to market value

The above Trades are Interest rate Swap Deal done with Interbank for ₹745.00Crores (previous year ₹385.00Crores) and with Financial Institution ₹ NIL (previous year ₹NIL)

Credit Risk (Credit Exposure) for Current Year is ₹4.08 Crore (previous year ₹2.70 Crore)

There are total 40 deals out of which 0 deals are Back to Back Deals, 2 Deals where payment is made at Fixed Contract rate and received at Floating rate and in remaining 38 deals, payment is made at Floating Rate and received at Fixed Contract rate'.

7. b) Exchange traded interest rate derivatives

(Amount in ₹ crore)

Sr. No.	Particulars	Current Year	Previous Year
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the Year (instrument wise) a) Interest Rate Futures	NIL	NIL

Sr. No.	Particulars	Current Year	Previous Year
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2022 (instrument wise) a) Interest Rate Futures	NIL	NIL
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective' (instrument wise)	NIL	NIL
iv)	Mark to market value of exchange traded interest rate derivatives outstanding and not 'highly effective' (instrument wise)	NIL	NIL

7. c) Disclosures on risk exposure in derivatives

7.c). i). Qualitative disclosures

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

7.c). ii) Quantitative disclosures

(Amount in ₹ crore)

Sr. No	Particulars	Current Year		Previous Year	
		Currency Derivatives	Interest rate derivatives	Currency Derivatives	Interest rate derivatives
a)	Derivatives (Notional Principal Amount)				
	i) For hedging	0.00	0.00	0.00	0.00
	ii) For trading	0.00	745.00	0.00	385.00
b)	Marked to Market Positions				
	Hedging				
	i) Asset (+)	0.00	0.00	0.00	0.00
	ii) Liability (-)	0.00	0.00	0.00	0.00
	Trading				

Sr. No	Particulars		Current Year Currency Derivatives	Current Year Interest rate derivatives	Previous Year Currency Derivatives	Previous Year Interest rate derivatives
	i) Asset (+)		0.00	0.00	0.00	0.00
	ii) Liability (-)		0.00	-2.5804	0.00	-2.3859
c)	Credit Exposure [1]		0.00	4.0817	0.00	2.7050
d)	Likely impact of one percentage change in interest rate (100*PV01)					
	i) on hedging derivatives		0.00	0.00	0.00	0.00
	ii) on trading derivatives		0.00	2.13	0.00	2.53
e)	Maximum and Minimum of 100* PV01 observed during the year					
	i) on hedging	maximum	0.00	0.00	0.00	0.00
		minimum	0.00	0.00	0.00	0.00
	i) on trading	maximum	0.00	3.94	0.00	0.30
		minimum	0.00	2.13	0.00	-2.70

[1] Banks adopt the Current Exposure Method on Measurement of Credit Exposure of Derivative Products as per Reserve Bank of India instructions

7. d) Credit default swaps

Since the Bank is not using any proprietary pricing model for pricing Credit default swaps contracts and it is over the counter contract (OTC), the price is determined by the market dynamics.

As such no disclosure is to be made in terms of extant RBI guidelines for Current & Previous year.

8. Disclosures relating to securitization

(Numbers / Amount in ₹ crore)

Sr. No	Particulars	Simple, Transparent and Comparable (STC) 31.03.2023	STC 31.03.2022	Non-STC transactions 31.03.2023	Non-STC transactions 31.03.2022
1.	No of SPEs holding assets for securitization transactions originated by the originator (only the SPVs relating to outstanding securitization exposures to be reported here)	NIL	NIL	NIL	NIL
2.	Total amount of securitized assets as per books of the SPEs	NIL	NIL	NIL	NIL
3.	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet	NIL	NIL	NIL	NIL
	a) Off-balance sheet exposures • First loss • Others	NIL	NIL	NIL	NIL
	b) On-balance sheet exposures • First loss	NIL	NIL	NIL	NIL

Sr. No	Particulars	Simple, Transparent and Comparable (STC) 31.03.2023	Simple, Transparent and Comparable (STC) 31.03.2022	Non-STC transactions 31.03.2023	Non-STC transactions 31.03.2022
	• Others				
4.	Amount of exposures to securitisation transactions other than MRR	NIL	NIL	NIL	NIL
	a) Off-balance sheet exposures i) Exposure to own securitisations • First loss • Others ii) Exposure to third party securitizations • First loss • Others	NIL	NIL	NIL	NIL
	b) On-balance sheet exposures i) Exposure to own securitisations • First loss • Others ii) Exposure to third party securitizations • First loss • Others	NIL	NIL	NIL	NIL
5.	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	NIL	NIL	NIL	NIL
6.	Form and quantum (outstanding value) of services provided by way of liquidity support, post-securitisation asset servicing, etc.	NIL	NIL	NIL	NIL
7	Performance of facility provided. please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided (a) Amount paid (b) Repayment received (c) Outstanding amount	NIL	NIL	NIL	NIL
8	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	NIL	NIL	NIL	NIL
9.	Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	NIL	NIL	NIL	NIL
10.	Investor complaints (a) Directly / Indirectly received and (b) Complaints out standing	NIL	NIL	NIL	NIL

9. Off balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored			
Current Year		Previous Year	
Domestic	Overseas	Domestic	Overseas
NIL	NIL	NIL	NIL

10. Transfers to Depositor Education and Awareness Fund (DEA Fund)

(Amount in ₹ crore)

Sr. No.	Particulars	Current Year	Previous Year
i)	Opening balance of amounts transferred to DEA Fund	5069.32	4485.80
ii)	Add: Amounts transferred to DEA Fund during the Year	370.09	665.21
iii)	Less: Amounts reimbursed by DEA Fund towards claims during the Year	93.44	81.69
iv)	Closing balance of amounts transferred to DEA Fund	**5345.97**	**5069.32**

11. Disclosure of complaints

a) Summary Information on Complaints received by the bank from customers and from the Offices of Ombudsman, including ATM complaints

Sr. No.		Particulars	Current Year	Previous Year
		Complaints received by the bank from its customers		
1.		Number of complaints pending at beginning of the year	4200	27282
2.		Number of complaints received during the Year	493141	619507
3.		Number of complaints disposed during the Year	494581	642589
	3.1	Of which, number of complaints rejected by the bank	131745	149163
4.		Number of complaints pending at the end of the Year	2760	4200
		Maintainable complaints received by the bank from Office of Ombudsman		
5.		Number of maintainable complaints received by the bank from Office of Ombudsman	9384	16249
	5.1	Of 5, number of complaints resolved in favour of the bank by Office of Ombudsman	3340	15193
	5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	6042	785
	5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the bank	2	2
6.		Number of Awards unimplemented within the stipulated time (other than those appealed)	0	0

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously Banking Ombudsman scheme, 2006) and covered within the ambit of the scheme.

b) Top five grounds* of complaints received by the bank from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the Year	% increase/ decrease in the number of complaints received over the Previous year	Number of complaints pending at the end of the Year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
			Current Year		
ATM/ Debit cards	3342	382662	-24.12	1551	0
Account opening/ difficulty in operations of accounts	235	34975	3.02	303	3
Internet/ Mobile/ Electronic banking	27	9208	-39.48	23	0
Loans and Advances	60	6270	23.57	128	3
Pension and facilities for senior citizens/ differently abled	1	7002	147.68	106	0
Others	535	53023	-8.78	649	24
Total	**4200**	**493141**	**-20.40**	**2760**	**30**
			Previous Year		
ATM/Debit cards	20905	504312	-57.92	3342	0
Account opening/ difficulty in operations of accounts	2165	33950	21.42	235	0
Internet/ Mobile/ Electronic banking	320	15216	2.21	27	0
Loans and Advances	380	5074	-5.35	60	0
Pension and facilities for senior citizens/ differently abled	232	2827	-17.46	1	0
Others	3280	58128	3.38	535	2
Total	**27282**	**619507**	**-52.57**	**4200**	**2**

*As per Master List for identifying grounds of complaints as provided in Appendix 1 to circular CEPD CO PRD.Cir.No.01/13.01.013/2020-21 dated January 27, 2021 on 'Strengthening the Grievance Redress Mechanism of Banks'

12. Disclosure of penalties imposed by the Reserve Bank of India

12. i) Banking Regulation Act 1949

Sl. No.	Current Year	Previous Year
1.	NIL	In exercise of powers conferred under section 47A (1)(c) read with sections 46(4)(i) of the Banking Regulation Act 1949, RBI imposed an aggregate penalty of ₹2 crore (Rupees Two crore) (Order dated June 07, 2021) on Bank pertaining to ISE 2018 & 2019, for a. Delay in reporting of frauds (143 cases during 2017-18 & 145 cases during 2018-19); AND b. Not ensuring data accuracy and integrity while submitting data on CRILC platform / to RBI (42 instances during 2017-18 & 46 instances during 2018-19).
2.		In exercise of powers conferred under section 47A (1)(c) read with sections 46(4)(i) & 51(1) of the Banking Regulation act 1949, RBI imposed an aggregate penalty of ₹ 1.80 crore (Rupees one crore & eighty lakhs only) on bank for holding shares in four (04) borrower companies, as pledgee, of an amount exceeding 30% of paid-up share capital of those companies in contravention of provisions of section 19(2) of Banking Regulation Act ,1949 (Order dated December 15, 2021)

12. ii) Payment and Settlement System Act, 2007:

Sl. No.	Current Year	Previous Year
1.	NIL	NIL

12 iii) Government Securities Act, 2006 (Bouncing of SGL):

Sl. No.	Current Year	Previous Year
1.	NIL	NIL

12 (iv) Disclosure relating to default under reverse repo transaction:

(Amount in ₹ crore)

Current Year		Previous Year	
Number of instances	Quantum of penalty paid to Reserve Bank of India	Number of instances	Quantum of penalty paid to Reserve Bank of India
NIL	NIL	NIL	NIL

13. Disclosure on remuneration of Whole Time Directors/ Chief Executive Officer:

(Amount in ₹ crore)

Name	Designation	Current Year	Previous Year
Shri Atul Kumar Goel	Managing Director & CEO	0.48	0.10
Shri CH SS Mallikarjuna Rao	Ex- Managing Director & CEO	0.00	0.64
Shri Mukesh Kumar Jain	Ex- Managing Director & CEO of erstwhile Banks	0.00	0.01
Shri Ashok Kumar Pradhan		0.00	0.01
Shri Vijay Dube	Executive Director	0.42	0.32
Shri Kalyan Kumar	Executive Director	0.35	0.14
Shri Binod Kumar	Executive Director	0.13	0.00
Shri M Paramasivam	Executive Director	0.12	0.00
Shri Sanjay Kumar	Ex Executive Director	0.31	0.32
Shri Swarup Kumar Saha	Ex Executive Director	0.13	0.39
Shri Rajesh Kumar Yaduvanshi	Ex Executive Director	0.00	0.01
Shri Agyey Kumar Azad	Ex Executive Director	0.00	0.59
Shri Bal Krishna Alse	Ex Executive Director of erstwhile Bank	0.00	0.01
Total		**2.54**	**2.74**

14. Other Disclosure

14. a) Business ratios

Particular	Current Year	Previous Year
Interest Income as a percentage to Working Funds	6.07%	5.59%
Non-interest income as a percentage to Working Funds	0.87%	0.92%
Cost of Deposits	4.10%	3.99%
Net Interest Margin	3.06%	2.71%
Operating Profit as a percentage to Working Funds	1.61%	1.55%
Return on Assets	0.18%	0.26%
Business (deposits plus advances) per employee (in ₹crore)	21.64	19.41
Profit per employee (in ₹crore)	0.03	0.04

14. b) Bancassurance business

(Amount in ₹ Crore)

Particulars	Current Year	Previous Year
Details of Fees/ Brokerage earned in respect of Insurance broking, agency and bancassurance business undertaken by the bank		
(i) Life Insurance Business:	310.39	294.04
(ii) Non-life Insurance Business:	118.00	100.59
(iii) Prime Minister Jeevan Jyoti Bima Yojana (PMJJBY):	5.63	10.66
(iv) Prime Minister Suraksha Bima Yojna	1.66	2.90

Particulars	Current Year	Previous Year
TOTAL	435.88	408.19

14. c) Marketing and distribution

(Amount in ₹ Crore)

Particulars	Current Year	Previous Year
Details of Fee/remuneration received in respect of the marketing and distribution function (excluding bancassurance business) undertaken by the bank		
(i) Mutual Fund Business;	8.26	5.72
(ii) Atal Pension Yojna (APY);	13.90	8.98
(iii) Income / Commission on Aadhar;	3.32	6.28
(iv) Pension;	114.45	117.27
(v) Taxes & Others;	57.19	51.09
(vi) Govt. Deposit Scheme;	17.78	18.68
(vii) Currency Chest	2.96	1.68
TOTAL	**217.86**	**209.70**

14. d) Disclosures regarding Priority Sector Lending certificates (PLSCs)

(Amount in ₹ Crores)

Sr. No.	Types of PSLCs	PSLC bought during the Current Year	PSLC sold during the Current Year	PSLC bought during the Previous Year	PSLC sold during the Previous Year
1	Agriculture	8000.00	0.00	0.00	0.00
2	Small and Marginal Farmers	10500.00	0.00	6000.00	0.00
3	Micro Enterprises	0.00	2207.00	0.00	0.00
4	General	0.00	0.00	0.00	0.00
	TOTAL	**18500.00**	**2207.00**	**6000.00**	**0.00**
Fee Paid for PSLCs purchased (Excluding GST)		175.50	10.51	133.94	NIL

14. e) Provisions and contingencies

(Amount in ₹ Crores)

	Provision debited to Profit and Loss Account	Current Year	Previous Year
i)	Provisions for NPI	173.22	348.50
ii)	Provision towards NPA	15902.82	14158.59
iii)	Provision made towards Income Tax	1781.06	859.43

	Provision debited to Profit and Loss Account (including Fringe Benefit Tax & Wealth Tax)	Current Year	Previous Year
iv)	Provision towards Standard Assets	1779.06	1255.26
v)	Other Provisions and Contingencies (with details)	385.39	683.08
	Detail / **Current Year** / **Previous Year**		
	Standard Restructured including FITL / -474.94 / 389.27		
	Others / 860.33 / 293.81		
	TOTAL	**20021.55**	**17304.86**

14. f) Implementation of IFRS converged Indian Accounting Standards (Ind AS)

The strategy for Ind AS implementation, including the progress made in this regard:

IND AS roadmap for scheduled commercial banks (excluding regional rural banks), insurers/insurance companies and non-banking financial companies (NBFCs) was issued by Union Ministry of Corporate Affairs (MCA) through press release dated 18 January 2016. IND AS was applicable to the Bank in accordance with the MCA press release from financial year 2018-19 which was deferred to financial year 2019-20 vide RBI's Press Release (2017-18/2642) dated 5 April 2018. RBI has further deferred implementation of IND AS till further notice vide its Circular no DBR.BP.BC.No. 29/21.07.001/2018-19 dated 22.03.2019. The Bank accordingly, has appointed a Consultant to assist in implementation of the Ind AS. The Audit Committee of the Board is being apprised of the progress made from time to time. The Bank has a well-planned strategy for Ind AS implementation and has made substantial progress in this regard. Further, Bank is submitting the Proforma Ind AS Financial Statements to the RBI as per prescribed periodicity.

14. g) Payment of DICGC Insurance Premium

(Amount in ₹ Crores)

Sr. No.	Particulars	Current Year	Previous Year
i)	Payment of DICGC Insurance Premium	1591.50	1522.35
ii)	Arrears in payment of DICGC premium	NIL	NIL

15. Other Disclosures with respect to certain Accounting Standards

15.a) Accounting Standard 5 - Net Profit or Loss for the period, Prior Period Items and Change in Accounting Policy:

During the Current and Previous year there were no material prior period income/expenditure items requiring disclosure under Accounting Standard 5.

The financial results for the year ended March 31, 2023 have been prepared following the same significant Accounting Policies and practices as those followed in the annual financial statements for the year ended March 31, 2022.

(Previous year: The financial results for the year ended March 31, 2022 have been prepared following the same Accounting Policies and practices as those followed in the annual financial statements for the year ended March 31, 2021. except recognition of commission on Letter of Credit and Bank Guarantee. With effect from April 01, 2021, the commission on Letter of Credit and Bank Guarantee is recognised as revenue to the extent accrued for the period as against recognition done on receipt basis hitherto. This change in accounting policy has resulted in decrease in profit before tax by ₹11.67 Crore for quarter ended March 31, 2022 and by ₹207.64 Crore for year ended March 31, 2022.

15. b) Accounting Standard 9 - Revenue Recognition

Certain items of income are recognized on realization basis as per Accounting Policy No. 3.5. However, the said income is not considered to be material. (Previous year: Certain items of income are recognized on realization basis as per Accounting Policy No. 3.5 However, the said income is not considered to be material)

15. c) Accounting Standard 10 - Properties, Plant and Equipment.

Break-up of total depreciation for the FY ended March 31, 2023 for each class of assets:

(Amount in ₹ Crore)

Class of assets	Current Year	Previous Year
Premises	201.97	178.45
Other fixed assets	547.79	576.96
Leased assets	0	0.00
Computer software	146.80	133.20
Total	**896.56**	**888.61**

15. d) Accounting Standard 11 –The Effects of Changes in foreign exchange rates:

Movement of Exchange Fluctuation Reserve

(Amount in ₹ Crore)

Particulars	Current Year	Previous Year
Opening balance	419 43	392.20
Addition/Deduction during the year due to change in Profit & Loss account	6 05	5 42
Addition/Deduction during the year due to translation of Assets & Liabilities	79 98	21.81
Deduction Seed Capital /Reserves/Appropriation of Hong Kong Branch Closure	-275.35	0
Closing Balance	**230.11**	**419.43**

15. c) Accounting Standard 15 – Employees Benefits:

DISCLOSURE IN ACCORDANCE WITH AS-15(R):

In line with the accounting policy and as per the Accounting Standard – 15(R), the summarized position of employment benefits is as under:

A. Defined benefit Plans

TABLE I - Principal Actuarial Assumptions and the basis of these assumptions

Actuarial Assumptions	PENSION		GRATUITY		LEAVE ENCASHMENT	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Discount Rate	7.45%	7.20%	7.45%	6.95%	7.45%	6.95%
Expected Return on Plan Assets	7.45%	7.20%	7.45%	6.95%	7.45%	6.95%
Rate of Escalation in salary	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Attrition Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

(All Amounts in Crores)

TABLE II - Changes in Present value of the obligation

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Present value of Obligation at the beginning of period	48456.97	46355.35	4078.52	4396.78	3629.66	3446.03
Add	Interest Cost	3373.37	3065.43	251.26	254.87	211.69	187.67
Add	Current Service Cost	375.38	488.52	224.09	247.10	366.95	331.26
Add.	Past Service Cost	0.00	3093.95	0.00	0.00	0.00	0.00
Less.	Benefits paid	-3719.34	-4002.18	-624.34	-899.49	-603.71	-735.42
	Actuarial loss / (gain) on obligations (Balancing Figure)	691.14	-544.10	-93.95	77.26	186.64	400.10
	Present value of Obligation as at the end of the period*	**49177.52**	**48456.97**	**3835.58**	**4078.52**	**3791.63**	**3629.66**

**Present value of obligation for the period ended as on Mar'23 includes the proportionate impact of impending wage revision.*

TABLE III - Changes in the FV of the Plan Assets

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Fair value of Plan Assets at the beginning of period	48147.78	46731.79	4071.40	4507.08	3122.19	2770.62
Add.	Expected return on Plan assets	3351.11	3091.21	258.55	260.73	189.37	145.48
Add.	Contributions paid by Bank	207.53	1228.41	305.76	153.30	658.07	839.99
Add	Contributions paid by Bank for Past Service Cost (on Family Pension liability)	955.00	618.79	0.00	0.00	0.00	0.00

TABLE III - Changes in the FV of the Plan Assets

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Less:	Benefits Paid	-3719.34	-4002.18	-624.34	899.49	-603.71	-735.42
Less	Actuarial (loss) / gain on Plan Assets (Balancing Figure)	191.18	479.76	31.39	45.78	70.39	92.52
	Fair value of Plan Assets as at the end of the period	**49133.26**	**48147.78**	**4042.76**	**4071.40**	**3416.31**	**3122.19**

TABLE IV - Actual Return on Plan Assets

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Expected return on Plan Assets	3351.11	3091.21	258.55	269.73	189.37	145.48
Add:	Actuarial (loss) / gain on Plan Assets	191.18	479.76	31.39	45.78	70.39	92.52
	Actual Return on Plan Assets	**3542.29**	**3570.97**	**289.94**	**315.51**	**259.76**	**238.00**

TABLE V - Net Actuarial (Gain) / loss recognized

	PENSION		GRATUITY		LEAVE ENCASHMENT	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Actuarial loss / (gain) for the period - Obligations	691.14	-544.10	93.95	77.26	186.84	400.10
Actuarial (gain)/ loss for the period - Plan Assets	-191.18	-479.76	-31.39	-45.78	-70.39	-92.52
Total (gain) /loss for the period	499.96	-1023.86	-125.34	31.48	116.45	307.58
Actuarial (gain) or loss recognized in the period	**499.96**	**-1023.86**	**-125.34**	**31.48**	**116.45**	**307.58**
Unrecognized Actuarial (gain) / loss at the end of the year	-	-		-	-	-

TABLE VI - Amount recognized in Balance Sheet

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Present value of Defined Benefit Obligation	49177.52	48456.97	3835.58	4078.52	3791.63	3629.66
Less	Fair value of Plan Assets	49133.26	48147.78	4042.76	4071.40	3416.31	3122.19
	Deficit/ (Surplus)	44.26	309.19	-207.18	7.12	375.32	507.47

PUNJAB NATIONAL BANK

SCHEDULE 18: NOTES TO ACCOUNTS (STANDALONE) – 31.03.2023

TABLE VI - Amount recognized in Balance Sheet

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Less	Unrecognized Past Service cost (on Family Pension liability)	0.00	1520.16	0.00	0.00	0.00	0.00
	Net Liability/ (Asset)	**44.26**	**-1210.97**	**-207.18**	**7.12**	**375.32**	**507.47**
	Amounts in the Balance Sheet	-	-	-	-	-	-
	Liability Recognized in the Balance Sheet	44.26	955.00	-207.18	7.12	375.32	507.47
	Assets Recognized in the Balance Sheet (on Family Pension liability)	-	-2165.97	-	-	-	-
	Net Liability/ (Asset)	**44.26**	**-1210.97**	**-207.18**	**7.12**	**375.32**	**507.47**
	Negative amount determined under Paragraph 55 of AS-15 (R)	-	-	-	-	-	-
	Present value of available refunds and reductions in future contributions	-	-	-	-	-	-
	Asset recognized as per Paragraph 59 (b) of AS 15 (R)	-	2165.97	-	-	-	-

TABLE VII - Expense to be recognized in Profit and loss Account

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Current Service Cost	375.38	488.52	224.09	247.10	366.95	321.28
Add	Interest cost	2373.37	3065.43	251.26	254.88	211.83	187.67
Less	Expected return on Plan assets	-3351.11	-3091.21	-258.55	269.73	-189.37	-145.48
Add	Net Actuarial (gain) / loss recognized in year	499.93	-1023.86	-125.34	31.48	116.45	307.58
Add :	Past Service Cost- Recognized (on Family Pension liability)	1520.16	1573.79	-	-	-	-
	Expenses recognized in the statement of profit and loss	**2417.76**	**1012.67**	**91.46**	**263.71**	**505.92**	**681.05**

TABLE VIII - Movement In Net Liability to be recognized in Balance Sheet

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Opening Net Liability	-1210.97	-376.44	7.12	-103.29	507.47	666.41
Add	Expense	2417.76	1012.67	91.46	263.71	505.92	681.05
Less	Contributions Paid	-1162.53	-1847.20	-305.76	-153.30	-638.07	-839.99
Less	Benefits Paid by the company	-		-	-	-	

Closing Net Liability/ (Asset) recognized in B/S in current period)	44.26	-1210.97	-207.18	7.12	375.32	507.47

TABLE IX -Amount for the current Period

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Present value of Obligation	49177.52	48456.97	3835.58	4078.52	3791.63	3629.66
Less	Fair value of Plan Assets	49133.26	48147.78	4042.76	4071.40	3416.31	3122.19
	Surplus / (Deficit)	**-44.26**	**-309.19**	**207.18**	**-7.12**	**-375.32**	**-507.47**
	Experience Adjustments in Plan Liabilities -(loss) / Gain	1763.45	1230.77	31.43	199.27	213.31	446.48
	Experience Adjustments in Plan Assets (loss) / gain	191.18	479.76	31.39	45.78	70.39	92.52

TABLE X -Major Categories of Plan Assets (as percentage of Total Plan Assets) as managed by Trust

(In Percentage)

	PENSION		GRATUITY		LEAVE ENCASHMENT	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Government of India Securities	3.00%	2.76%	5.00%	5.00%	0.00%	0.00%
State Govt Securities	10.05%	11.91%	6.00%	10.00%	0.00%	0.00%
High Quality Corporate Bonds	5.95%	5.36%	3.00%	3.00%	0.00%	0.00%
Equity Shares of listed companies/ Mutual Fund Investments	0.24%	0.25%	0.00%	0.00%	0.00%	0.00%
Property	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Special deposit scheme/ FDRs	2.47%	4.06%	4.00%	6.00%	0.00%	0.00%
Funds managed by Insurer / Investment in Life insurance Companies	75.81%	69.10%	72.00%	56.00%	100.00%	100.00%
Other Deposits, Accruals etc.	2.58%	6.53%	10.00%	10.00%	0.00%	0.00%
TOTAL	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

TABLE XI -ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR

	Pension (Funded)		Gratuity (Funded)		Leave Encashment (Funded)	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Bank's best estimate of Contribution during next year	890.00	720.00	210.00	230.00	440.00	410.00

TABLE XII- **Other Long Term employee benefits (Unfunded)**

Particulars	**Sick Leave & Un availed Casual leave (Unfunded)**		**Leave Fare concession (unfunded)**		**Silver Jubilee Bonus (unfunded)**	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Present Value of Obligation	216.35	168.36	257.64	237.76	20.24	16.15
Opening Balance of Transitional Liability	-	-	-	-	-	-

Transitional Liability recognized in the year	-	-	-	-	-	-
Closing Balance Of Transitional Liability	-	-	-	-	-	-
Liability Recognized In balance Sheet	216.35	168.36	267.64	237.76	20.24	16.15

Particulars	Basis of assumption
Discount Rate	Discount Rate has been determined by reference to market yields on the balance Sheet date on Government bonds (published by FBIL) of term consistent with currency and estimated term of the obligations.
Expected Rate of Return on Plan Assets	It is assumed that return on the plan assets pertaining to the Pension, Gratuity and Leave Encashment fund will be 7.45% p.a.
Salary Escalation Rate (SER)	Based on the broad guidance provided by IBA, SER for the bank has been taken at 6.00% p.a.
Attrition Rate	Attrition rate is assumed at 1% taken with reference to past experience and expected future experience related to voluntary withdrawals.

15.e) i) Defined Contribution Plans: -

The Bank has Defined Contribution Plan applicable to all categories of employees joining the Bank on or after 01.04.2010. The scheme is managed by NPS trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited (Protean eGov Technologies Limited) has been appointed as the Central Record Keeping Agency for the NPS.
The detail of the contribution is as under-
During the Financial Year 2022-2023= Rs 1220.32 Crore
(Contribution Includes both Bank + Employee contribution)
During the Financial Year 2021-2022= Rs 974.43 Crore
(Contribution Includes both Bank + Employee contribution)

15.e)ii) Pursuant to the revision in family pension payable to the employees of the Bank, covered under 11th Bi- Partite Settlement and joint note dated November 11, 2020, the Bank had estimated additional liability of Rs.3093.95 Crore, of which a sum of Rs.1573.79 Crore was amortized during the financial year 2021-22, in terms of RBI Circular no. RBI/2021-22/105 DOR.ACC.REC 57/21.04.018/2021-22 dated October 04, 2021 and unamortized part of Rs.1520.16 Crore has been fully charged to the Profit & Loss Account during the FY 2022-23. There is no unamortized expenditure in the Balance Sheet on account of additional family pension.

15.f) Accounting Standard 17 – Segment Reporting

Segment Identification

I. Primary (Business Segment):

The following are the primary segments of the Bank:-

i) **Treasury:** The Treasury Segment includes the entire investment portfolio and trading in foreign exchange contracts and derivative contracts. The revenue of the treasury segment primarily consists of fees and gains or losses from trading operations and interest income on the investment portfolio.

ii) **Corporate / Wholesale Banking**: As per the RBI guidelines RBI/2020-21/53, DOR.No.BP.BC.23/21.06.201/2020-21, dated 12th October 2020, the Corporate / Wholesale Banking segment comprises the lending activities of borrowers having exposure of ₹7.50Crores and above.

iii) **Retail Banking:** The Retail Banking Segment comprises of borrower accounts having exposure of less than ₹7.50Crores

iv) **Other Banking Operations** Segments not classified under (i) to (iii) above are classified under this primary segment.

II **Secondary (Geographical Segment):**

i) **Domestic Operations** - Branches/Offices having operations in India

ii) **Foreign Operations** - Branches/Offices having operations outside India and offshore banking units having operations in India

III. **Basis of allocation**

The interest income is allocated on the basis of actual interest received from different segments

Expenses not directly attributable are allocated on the basis of Interest income earned by the wholesale banking / retail banking segment/other banking segment

Capital employed for each segment is calculated based on the assets and liabilities of that particular segment

The Bank has certain common assets and liabilities, which cannot be attributed to any segment, and the same are treated as unallocated

PART A – BUSINESS SEGMENTS **(Rs. in Crores)**

Sr. No.	Particulars	Year Ended 31.03.2023 Audited	Year Ended 31.03.2022 Audited
1	**Segment Revenue**		
	(a) Treasury Operations	26606.82	29530.09
	(b) Corporate/Wholesale Banking	40482.23	30646.03
	(c) Retail Banking	26872.68	24638.13
	1) Digital Banking	0.02	
	2) Other Retail Banking	26872.66	24638.13
	(d) Other Banking Operations	3124.91	2385.24
	Total Revenue	**97286.64**	**87199.49**
2	**Segment Results**		
	(a) Treasury Operations	6807.92	9022.82
	(b) Corporate/Wholesale Banking	-2966.67	-4174.61
	(c) Retail Banking	3853.99	3095.91

	1) Digital Banking	-4.35	
	2) Other Retail Banking	3858.34	3095.91
	(d) Other Banking Operations	1149.12	647 96
	Total	8844.36	8592.08
	Unallocated Expenditure	4556.1	4275.68
	Profit before Tax	4288.26	4316.4
	Provision for Tax	1781 06	859 44
	Extraordinary items	-	-
	Net profit	**2507.20**	**3456.96**
3	**Segment Assets**		
	(a) Treasury Operations	467011.82	423122.44
	(b) Corporate/Wholesale Banking	600703.68	542009.51
	(c) Retail Banking	299324.5	259162.1
	1) Digital Banking	1.86	
	2) Other Retail Banking	299322.64	259162 1
	(d) Other Banking Operations	47728.85	44043.16
	(e) Unallocated	47062.51	46467.81
	Total	**1461831.36**	**1314805.02**
4	**Segment Liabilities**		
	(a) Treasury Operations	449346	406533.55
	(b) Corporate/Wholesale Banking	577983.22	520759 54
	(c) Retail Banking	288003.13	249001 42
	1) Digital Banking	6 09	
	2) Other Retail Banking	287997.04	249001.42
	(d) Other Banking Operations	45923.59	42316.4
	(e) Unallocated	717.76	707.22
	Total	**1361975.7**	**1219318.13**
5	**Capital Employed**		
	(a) Treasury Operations	17663.82	16588.89
	(b) Corporate/Wholesale Banking	22720 46	21249.97
	(c) Retail Banking	11321 37	10160.68
	1) Digital Banking	-4.23	
	2) Other Retail Banking	11325.6	10160 68
	(d) Other Banking Operations	1805.26	1726.76
	(e) Unallocated	46344.75	45760.59
	Total Capital Employed	**99855.66**	**95486.89**

PART B - GEOGRAPHICAL SEGMENTS

(Rs. in Crores)

Sr. No.	Particulars	STANDALONE	
		Year Ended	
		31.03.2023 Audited	31.03.2022 Audited
1	Revenue		
	(a) Domestic	95277.08	86712.97
	(b) International	2009.56	486.52
	Total	**97286.64**	**87199.49**
2	**Assets**		
	(a) Domestic	1400620.35	1271243.81
	(b) International	61211.01	43561.21
	Total	**1461831.36**	**1314805.02**

Notes:

1. Segment Liabilities are distributed in the ratio of their respective Segment Assets
2. As per RBI Circular RBI/2022-23/19 DOR AUT.REC. 12/22.01.001/2022-23 dated April 07, 2022, for the purpose of disclosure under Accounting Standard 17, Segment Reporting, Digital Banking Segment has been identified as sub-segment under Retail Banking by Reserve Bank of India (RBI). During the year ended March 31, 2023, 8 (eight) Digital Banking Units (DBUs) of the Bank have commenced operations and the segment information disclosed as Digital Banking under Retail Banking Operations is related to the said DBUs.
3. Figures of the previous period have been re-grouped/re-classified wherever necessary

15. g) Accounting Standard 18 - Disclosure of Related Parties as per Accounting Standard – 18 issued by ICAI:

Names of the related parties and their relationship with the Bank:

Key Management Personnel (KMP):

i) Shri Atul Kumar Goel, Managing Director & CEO
ii) Shri Sanjay Kumar, Executive Director, upto 30.11.2022*
iii) Shri Vijay Dube, Executive Director.
iv) Shri Swarup Kumar Saha, Executive Director, upto 03.06.2022**
v) Shri Kalyan Kumar Executive Director
vi) Shri Binod Kumar, Executive Director with effect from 21.11.2022
vii) Shri M. Paramasivam, Executive Director 01.12.2022

*** Tenure completed on 30.11.2022,**
****Tenure up to 03.06.2022**
Subsidiaries:

i) PNB Gilts Ltd.
ii) PNB Investment Services Ltd

iii) PNB Cards and Services Ltd
iv) Punjab National Bank (International) Ltd , UK.
v) Druk PNB Bank Ltd, Bhutan.

Associates:

i) PNB Metlife India Insurance Company Ltd*
ii) PNB Housing Finance Limited
iii) JSC (Tengri Bank), Almaty, Kazakhstan**
iv) Canara HSBC Life Insurance Co Ltd.
v) India SME Asset Reconstruction Co. Ltd.
vi) Everest Bank Limited, Kathmandu, Nepal
vii) Dakshin Bihar Gramin Bank, Patna
viii) Himachal Pradesh Gramin Bank, Mandi
ix) Punjab Gramin Bank, Kapurthala
x) Sarva Haryana Gramin Bank, Rohtak
xi) Prathama UP Gramin Bank Moradabad
xii) Assam Gramin Vikas Bank, Guwahati
xiii) Bangiya Gramin Vikas Bank, West Bengal
xiv) Manipur Rural Bank, Imphal
xv) Tripura Gramin Bank, Agartala

*PNB has acquired 30% stake in PNB Metlife at a consideration of Rs 700.48 as brand equity.
**AFR revoked license of JSC Tengri Bank w.e.f. 18.09 2020 and is under Liquidation.

Others:
i) PNB Centenary Rural Development Trust

Transactions with Related Parties:

(Amount in ₹ Crores)

Items/ Related Party	Parent** (as per ownership or control)		Subsidiaries**		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Total	
	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year
Remuneration	NA	NA	NA	NA	-	-	2.34	-	-	-	2.34	-
	NA	NA	NA	NA	-	-	(2.74)	-	-	-	(2.74)	-
Borrowings	NA	NA	NA	NA	25.00	25.01	-	-	-	-	25.00	25.01
	NA	NA	NA	NA	(25.01)	(25.01)	-	-	-	-	(25.01)	(25.01)
Deposits	NA	NA	NA	NA	1000.35	1724.98	-	-	-	-	1080.35	1725.58
	NA	NA	NA	NA	(124.50)	[illegible]	-	-	-	-	(124.56)	[illegible]
Placement of Deposits	NA	NA	NA	NA	0.00	0.00	-	-	-	-	0.00	0.00
	NA	NA	NA	NA	(0.00)	(0.00)	-	-	-	-	(0.00)	(0.00)
Other liabilities	NA	NA	NA	NA	0.44	2.57	-	-	-	-	0.44	2.57
	NA	NA	NA	NA	[illegible]	(1.52)	-	-	-	-	[illegible]	(1.52)
Balance with banks and Money at call and short notice	NA	NA	NA	NA	0.00	0.00	-	-	-	-	0.00	0.00
	NA	NA	NA	NA	(0.00)	(0.00)	-	-	-	-	(0.00)	(0.00)
Advances - NPA	NA	NA	NA	NA	0.00	0.00	-	-	-	-	0.00	0.00

PUNJAB NATIONAL BANK

SCHEDULE 18: NOTES TO ACCOUNTS (STANDALONE) – 31.03.2023

Items/ Related Party	Parent** (as per ownership or control)		Subsidiaries**		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Total	
	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year
Borrowings	N.A	N.A	N.A	N.A	(0.00)	(0.00)	-	-	-	-	(0.00)	(0.00)
Advances (IBPC lending)	N.A	N.A	N.A	N.A	0.00	0.00	-	-	-	-	0.00	0.00
	N.A	N.A	N.A	N.A	(0.00)	(0.00)	-	-	-	-	(0.00)	(0.00)
Advances (Others)	N.A	N.A	N.A	N.A	4608.56	4651.76	-	-	-	-	4609.03	4651.76
	N.A	N.A	N.A	N.A	(4325.86)	(4534.43)	-	-	-	-	(4325.88)	(4634.45)
Investments	N.A	N.A	N.A	N.A	817.54	817.54	-	-	-	-	817.54	817.54
	N.A	N.A	N.A	N.A	(817.54)	(817.54)	-	-	-	-	(817.54)	(817.54)
Investments in Debentures	N.A	N.A	N.A	N.A			-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-		
Other Assets	N.A	N.A	N.A	N.A	111.43	152.03	-	-	-	-	111.43	152.03
	N.A	N.A	N.A	N.A	(120.81)	(212.15)	-	-	-	-	(120.81)	(212.15)
Non Fund Commitment (LCs/BGs)	N.A	N.A	N.A	N.A	7.63	7.63					7.63	7.63
	N.A	N.A	N.A	N.A	(17.89)	(17.89)	-	-	-	-	(17.89)	(17.89)
Leasing/ HP arrangements availed	N.A	N.A	N.A	N.A				-	-	-	-	-
Leasing/ HP arrangements provided	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Purchase of fixed assets	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Sale of Fixed Assets	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Transaction IBPC Sale Deal Value	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Transaction IBPC Purchase Deal value	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Interest paid on Deposits	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A								
Interest Paid on IBPC	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A								
Interest Paid Others	N.A	N.A	N.A	N.A	9.45	-	-	-	-	-	9.45	-
	N.A	N.A	N.A	N.A	(4.70)	-	-	-	-	-	(4.70)	-
Interest received on IBPC	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A								
Interest received Others	N.A	N.A	N.A	N.A	557.07	-	-	-	-	-	557.07	-
	N.A	N.A	N.A	N.A	(599.62)	-	-	-	-	-	(599.62)	-
Receiving of Services	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A								
Rendering of Services	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A								
Management contracts	N.A	N.A	N.A	N.A	0.54	-	-	-	-	-	0.54	-
	N.A	N.A	N.A	N.A	(0.54)	-	-	-	-	-	(0.54)	-
Dividend received	N.A	N.A	N.A	N.A	15.70	-	-	-	-	-	15.70	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Bank Charges	N.A	N.A	N.A	N.A	1.15	-	-	-	-	-	1.15	-
	N.A	N.A	N.A	N.A	(0.22)	-	-	-	-	-	(0.22)	-
Interest Paid on Bonds	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A								
Commission Received	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A								
Other Expenditure	N.A	N.A	N.A	N.A	5.42	-	-	-	-	-	5.42	-
	N.A	N.A	N.A	N.A	(194.21)	-	-	-	-	-	(194.21)	-
Other Income	N.A	N.A	N.A	N.A	315.92	-	-	-	-	-	315.92	-
	N.A	N.A	N.A	N.A	(299.90)	-	-	-	-	-	(299.90)	-

Notes: 1 **The transactions with the subsidiaries and certain associates have not been disclosed in view of para-9 of AS-18 'Related Party Disclosure', which exempts state controlled enterprises from making any disclosures pertaining to their transactions with other related parties which are also state controlled.

2 Further, in terms of Paragraph 5 of AS 18, transactions in the nature of Banker-Customer relationship have not been disclosed including those with Key Management Personnel and

relatives of Key Management Personnel.
3. The amounts reported are net of provision, if any.
4. Figures in brackets relate to previous year and have been regrouped / rearranged / reclassified wherever necessary.

15. h) Accounting Standard 19 – Lease

i. Operating lease primarily comprise office premises, which are renewable at the option of the bank normally at the end of every 3 / 5th years.
ii. As per information available. Non-Cancellable lease as on 31.03.2023: NIL (Previous year. NIL).
iii Amount of lease payment recognized in P & L Account for operating lease is as under:

Current Year Ended 31.03.2023		Previous Year Ended 31.03.2022	
No. of lease / rented premises	(Amount in ₹Crore)	**No. of lease / rented premises**	(Amount in ₹Crore)
15813	798.92	15750	782 24

15. i) Accounting Standard 20 - Earnings per Share

Sl.N	Particulars	Current Year	Previous Year
A	EPS - Basic / Diluted (in ₹) (Non Annualized)	2.28	3 16
B	Amount used as numerator Profit/ (Loss) after tax (₹ in 000)	25072049	34569636
C	Nominal value of share	₹2 00 each	₹2.00 each
D	Weighted average number of equity shares used as the denominator	11011015558	10946723321

15. j) (i) Accounting Standard 22- Accounting for taxes on Income

The Bank has recognized deferred tax assets and liability as per accounting policy no 10 Major components of which are set out below:

(Amount in ₹Crore)

Particulars	Current Year	Previous Year
Deferred Tax Assets		
Provision for Leave encashment & others	137.95	112.80
Provision for bad & doubtful debts	24319.67	23821 41
Taxable loss (carried forward)	0.00	2353.34
Other Contingencies	248.00	162 16
Total	**24705.62**	**26449.71**
Deferred Tax Liabilities		
Depreciation on fixed assets	-304.80	-233.45
Special Reserve u/s 36(1)(viii) of Income Tax Act 1961.	1249.26	1170.31
Total	**944.46**	**936.86**
Deferred Tax Assets (Net)	**23761.16**	**25512.85**

The deferred tax assets ₹ 1751.69 Crore for the year ended 31 03.2023 (FY 2022-23) is debited to Profit & Loss Account (Previous year: Debited ₹ 1541 35 Crores).

ii) **Current Tax:** During the financial year ended 31 03 2023 the bank has debited ₹ 29 38 Crore to Profit & Loss Account (Previous Year: Debited ₹ Nil) on account of current tax after reversal of provision of earlier years of ₹ 515.94 Crore. Accordingly, the total tax expenses on account of current tax & deferred tax assets charged to Profit & Loss account amounts to ₹ 1781.07 Crore.

iii) Tax Paid in advance/Tax deducted at source appearing under "Other Assets" includes disputed amount adjusted by the department/paid by the Bank in respect of tax demands for various assessment years

iv) No provision is considered necessary in respect of disputed Income Tax demands of ₹8475.38 Crore (Previous year ₹ 11427.55 Crore) as in the bank's view, duly supported by expert opinion and/or decision in bank's own appeals on same issues, additions / disallowances made are not sustainable

v) The Bank has evaluated the options available under section 115BAA of Income Tax Act, 1961 and opted to continue to recognise the taxes on income for the financial year 2022 23 as per the earlier provisions of Income Tax Act, 1961.

vi) The current tax expenses and deferred tax expenses are determined in accordance with the provisions of the Income Tax Act, 1961 and as per the Accounting Standard 22- "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India respectively. The current Tax in India has been calculated in accordance with the provisions of Income Tax Act 1961 after taking appropriate relief for taxes paid on foreign jurisdiction

15. k) Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements

Since Investments of the bank in its Associates are participative in nature and the Bank having the power to exercise significant influence on their activities, such Investments are recognized in the Consolidated Financial Statements of the Bank.
(Previous year: Since Investments of the bank in its Associates are participative in nature and the Bank having the power to exercise significant influence on their activities, such Investments are recognized in the Consolidated Financial Statements of the Bank)

15. l) Accounting Standard 24 – Discontinuing operations

During the period from 01.04.2022 to 31.03.2023, the bank has not discontinued operations of any of its branches, which resulted in shedding of liability and realization of assets and no decision has been finalized to discontinue an operation in its entirety which have the above effect.

(Previous year: During the period from 01.04.2021 to 31.03 2022, the bank has not discontinued operations of any of its branches, which resulted in shedding of liability and realization of assets and no decision has been finalized to discontinue an operation in its entirety which have the above effect)

PUNJAB NATIONAL BANK

SCHEDULE 18: NOTES TO ACCOUNTS (STANDALONE) – 31.03.2023

15.m. Accounting Standard 26 – Intangible asset

Particulars	Useful life (No. of Years)	Amortization rates used	Amortization Method
Software	03	33.33%	Straight Line Method

Intangible Assets

(Amount in ₹ Crores)

Particulars	Gross Block					Amortization				Net Block	
	As at 01.04.2022	Additions	Other Adjustments	Reclassifications / Deletions	As at 31.03.2023	As at 01.04.2022	For the year	Reclassifications / Deletions	As at 31.03.2023	As at 31.03.2023	As at 31.03.2022
Software	1209.31	42.01	0.00	0.00	1251.33	920.08	146.79	0.00	1066.88	184.45	289.23
Other if any, please specify	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	**1209.31**	**42.01**	0.00	0.00	1251.33	**920.08**	**146.79**	0.00	**1066.88**	**184.45**	**289.23**
FY 2021-22	1102.91	106.40	0.00	0.00	1209.31	786.89	133.20	0.00	920.08	289.23	NA

15. n) Accounting Standard 28 – Impairment of assets

A substantial portion of the bank's assets comprises 'financial assets' to which Accounting Standard 28 'Impairment of Assets' is Not Applicable. In the opinion of the bank, there is no impairment of its assets (to which the standard applies) to any material extent as at 31.03.2023 requiring recognition in terms of the said standard.

(Previous year: A substantial portion of the bank's assets comprises 'financial assets' to which Accounting Standard 28 'Impairment of Assets' is Not Applicable. In the opinion of the bank, there is no impairment of its assets (to which the standard applies) to any material extent as at 31.03.2022 requiring recognition in terms of the said standard).

15. o) Accounting Standard 29 - Provisions, Contingent Liabilities and Contingent Assets

i) Movement of provisions for liabilities*

(Amount in ₹Crore)

Particulars	Salary arrears	Legal cases/ contingencies
Opening Balance	0.00 (44.00)	83.51 (74.20)
Addition / Provided during the Year	459.51	4.98

Particulars	Salary arrears	Legal cases/ contingencies
	(0.00)	(11.81)
Amounts used during the Year	0.00 (0.00)	0.39 (0.23)
Reversed during the period Year	0.00 (44.00)	2.52 (2.27)
Balance as at 31.03.2023	**459.51** **(44.00)**	**85.56** **(83.51)**
Timing of outflow/uncertainties	On actual Payment (On actual Payment)	Outflow on settlement / crystallization (Outflow on settlement / crystallization)

*Excluding provisions for others

ii) Refer Schedule-12 on contingent liabilities

Such liabilities at S.No.(I), (II), (III), (IV), (V) & (VI) are dependent upon the outcome of Court / arbitration / out of court settlement, disposal of appeals, the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, respectively.

Other Disclosures:

16. Bank's Disclosure in respect of Credit Exposures where the same had exceeded the Prudential Exposure limits as per Large Exposure (LE) framework prescribed by RBI for Individual/Group Borrowers for the Financial year ended 31.03.2023:

Details of accounts where Bank has exceeded prudential exposure ceilings as per Large Exposure (LE) framework in respect of any Individual and Group Accounts based on Tier – 1 Capital of ₹ 60747.81Crores for the financial year 31.03.2023 are as below -

(Amount in ₹ Crore)

S. No.	Name of the Borrower	Prescribed Ceiling	Exposure (as on 31.03.2023)	Total Exposure as % of Tier-1 Capital as on 31.03.2023	Outstanding (as on 31.03.2023)	Total Outstanding Exposure as per LE Framework as % of Tier – 1 Capital as on 31.03.2023
			Individual			
1.	Small Industries Development Bank of India	₹12149.56 Crores (20% of Tier – I Capital)	12735.80	20.97%	12686.13	*20.88%
*Group						
			NIL			

(FY ended 31.03.2022) (Amount in ₹ Crore)

S. No.	Name of the Borrower	Prescribed Ceiling	Exposure (as on 31.03.2022)	Total Exposure as % of Tier-1 Capital as on 31.03.2022	Outstanding (as on 31.03.2022)	Total Outstanding Exposure as per LE Framework as % of Tier – 1 Capital as on 31.03.2022
			Individual			
1	Food Corporation of India	₹ 12527.20 Crores (20% of Tier – I Capital)	14469.27	23.10%	14469.27	*23.10%
2	NABARD		14052.65	22.44%	14052.65	*22.44%
*Group						
			NIL			

RBI Circular dated 03.06.2019 has given leverage of 5% over and above the ceiling of 20% of single counterparty under the Bank's Board Power. Board in its meeting dated 28.03.2017 has approved that bank may in exceptional circumstances consider enhancement of the exposure ceiling for single counterparty classified as Large Exposure upto 5% over and above ceiling of 20%.

$The same was approved by the Board in its meeting dated 04.06.2022

* The same was approved by the Board in its meeting dated 04.06.2021

All the exposure (other than exempted exposure) of Individual and Group Accounts (except as mentioned above) for the financial year ended 31.03.2023 are within the prescribed regulatory limits, as per LE Framework

(Previous year- All the exposure (other than exempted exposure) of Individual and Group Accounts (except as mentioned above) for the financial year ended 31.03.2022 are within the prescribed regulatory limits, as per LE Framework).

17. Disclosure: Letter of Comfort (LoC) -

"The Bank has issued a Letter of Comfort to Prudential Regulation Authority (PRA), the regulator in United Kingdom, committing that the bank shall provide financial support to its subsidiary, Punjab National Bank (International) Ltd., UK so that it meets its financial commitments as and when they fall due"

The said letter of Comfort has been renewed on 15.03.2022 after seeking approval of our Board in favor of PRA w.r.t. our subsidiary PNBIL wherein we have reiterated our commitment. The renewal was done as per instruction of PRA and RBI. Further Annual assessment of LOC was also done vide note dated 20.02.2023 placed in Board meeting dated 28.02.2023.

Apart from the above, the Bank has not issued any Letter of Comfort to Group

Entities (Excl. RRBs) and therefore, there are no cumulative financial obligations under Letter of Comfort

18. Disclosure: Letter of Undertaking-

The Bank has provided a Letter of Undertaking for PNB IBU Gift City Branch under Regulation 3(3) of International Financial Service Centre Authority(IFSCA) that:

"Bank will provide support and assistance (including liquidity, whenever needed) and as may be appropriate to enable the banking unit to meet its obligations in the course of its obligation".

Apart from the above the Bank has not issued any Letter of Comfort for overseas branches and there are no cumulative financial obligations under Letter of Comfort.

19. Reward Points of Credit Card –

PNB Global Credit Card holders are rewarded as and when they make purchases through usage of Credit Card. Reward Points are generated at the time of usage of Credit Card by Cardholder at merchant Establishment. Card holder can redeem the accumulated reward points. The amount payable on account of reward points is charged to Profit and Loss account and credited to Sundry Provision Account on daily basis

Position of outstanding reward points of Credit Cards and Provision thereon:

Particulars	Current Year	Previous Year
Balance Reward Points outstanding	225980457	203815605
Provision held for these points (₹ in Crore)*	2.82	2.55

*The provision held against Rewards points in respect of Credit Cards has been worked out at ₹0.50 for 1 point. As per latest actuary report on Trend Analysis of credit card rewards points redemption provision has been made @25% of accumulated Reward points on estimated basis as in the previous year.

20. Disclosure related to Non -Banking assets:

(Amount in ₹ Crore)

Current Year		Previous Year	
No. of Properties	Balance Outstanding	No. of Properties	Balance Outstanding
12	26.45	13	50.21

21. Corporate debt securities lent or acquired under repo or reverse repo transactions.

Current Year	Previous Year
NIL	NIL

22. As per RBI guidelines, the Bank worked out the amount of Inter Branch Credit entries outstanding for more than 5 years to create a Blocked Account. Accordingly, a sum of ₹0.00 Crores (previous year ₹0.00 Crores) [net of adjustments since carried out has been included under "Other Liabilities-others" in Schedule-5].

PUNJAB NATIONAL BANK

SCHEDULE 18: NOTES TO ACCOUNTS (STANDALONE) – 31.03.2023

23. Premises includes 10 properties amounting to ₹3.72Crore (cost) & depreciation amount to Rs. 2.27 Crore are awaiting registration of title deeds

Previous year: Premises includes properties amounting to ₹3.72Crore (cost) & depreciation amount to Rs. 2 20 Crore are awaiting registration of title deeds.

24. Premises includes Capital work in progress of ₹42.37 Crore for the year ended 31.03.2023 (in the previous Financial Year 2021-22, ₹127 08 Crore)

25 Guidelines given in Micro, Small and Medium Enterprises Development Act 2006 have been complied with for purchases made during the twelve months ended March 2023 (FY 2022-23) and payments have been made to the Vendors in time as per Act Since there had been no delay in payment, no penal interest applicable during year ended March, 2023 (FY 2022-23)

26. Depreciation on Revalued Portion of Premises for the current financial year ended March, 2023 is ₹166.92 Crores (Previous year ended March, 2022 ₹144.61 Crores).

27. During the Financial Year ended 31.03.2023 the Bank has Revalued Immovable Properties (forming part of Schedule -10) during the quarter ended 30.06.2022, based on the reports obtained from external independent valuers. As at 31.03.2023 the revaluation surplus (net) amounting to Rs. 1737 65 crore is credited to the revaluation reserves. (In the Previous financial year 2021-22 ended March, 2022 the Bank has not Revalued Immovable Properties.)

28. In compliance of RBI letter no. BPC.7201/21.04.132/2017-18 dated 08.02.2018, Bank has made a provision of ₹93 58 Crore (Previous year ₹98.95 Crore) being 5 % of the existing outstanding of ₹1871.68 Crore (Previous year ₹1979 11 Crore) as on 31.03.2023 in respect of Advance to Government of Punjab Long term Loan (LTL).

29. In terms of RBI Letter no. DBR.No BP 15199/21.04.048/2016-17 dated June 23. 2017 (RBI List-1) and Letter no. DBR.BP.1908/21 04.048/2017-18 dated August 28. 2017 (RBI List-2) for the accounts admitted under the provisions of Insolvency & Bankruptcy Code (IBC), the Bank is holding total provision of ₹9297.46 Crore (Aggregate provision of RBI List 1 and List 2 accounts) as on March 31. 2023 (100 00% of Gross NPA advances) (Previous Year ₹8,384.09 Crore (Aggregate provision of RBI List 1 and List 2 accounts), 99.78% of Gross NPA advances).

30. The Board of Directors has recommended a dividend of Re 0 65 per equity share (32.50%) for the year ended March 31, 2023 subject to requisite approvals

31. Pursuant to cessation of the operations of the branch at Hong Kong, disposal of its major assets and liabilities, the seed capital and accumulated profits have been repatriated. The impact of closure of operations in this branch on the business of the Bank is not significant.

32. In terms of RBI Circular no DOR.ACC.REC.No.91/21 04.018/2022-23 dated 13 12.2022. the disclosure relating to item under the subhead 'Miscellaneous Income' under the head 'Schedule 14 - Other Income' exceeding one percent of total income. is as under:

Amount (Rs. In Crore)

Items under the Sub-head	Current Year	Previous Year
Realisation in written off A/Cs	6508.05	3440.64
ATM / Kiosk Charges	984.73	913.17

a) There is no item under 'Other expenditure' in schedule 16: Operating Expenses that exceeds 1% of total income.
b) There is no item under 'Others (including provisions)' in schedule 5: Other Liabilities and Provisions that exceeds 1% of total assets.
c)There is no item under 'Others' in schedule 11: Other Assets that exceeds 1% of total assets.

33. I. Figures of the previous periods have been regrouped / rearranged / reclassified wherever necessary to conform to current period's classification.
II. Figures in the bracket wherever given relates to previous year.

S R Goyal & Co
Chartered Accountants

S N Dhawan & Co LLP
Chartered Accountants

P S M G & Associates
Chartered Accountants

D K Chhajer & Co.
Chartered Accountants

S C Bapna & Associates
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of Punjab National Bank

Report on Audit of the Consolidated Financial Statements

Opinion

1. We have audited the attached Consolidated Financial Statements of Punjab National Bank ("the Bank"), its subsidiaries (the parent and its subsidiaries together referred to as "the group"), and associates as at March 31, 2023, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information annexed thereto, in which the following are incorporated:

   i. Audited Financial Statements of Punjab National Bank (the Bank), audited by us, vide our audit report dated May 19, 2023;

   ii. Audited Financial Statements of 04 Subsidiary and 13 Associates, audited by other auditors; and

   iii. Unaudited accounts of 01 Subsidiary and 01 Associate.

2. In our opinion and to the best of our information and according to the explanations given to us and based on our consideration of the reports of other auditors on separate financial statements of subsidiaries and associates, the unaudited financial statements and the other financial information of subsidiaries/associates as furnished by the management the aforesaid consolidated financial statements give the information required by the Banking Regulation Act, 1949 (the 'Act') in the manner so required for bank and are in conformity with accounting principles generally accepted in India and :

   a. the Consolidated Balance Sheet, read with the notes thereon is a full and fair view of Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at March 31, 2023;

   b. the Consolidated Profit and Loss Account, read with the notes thereon shows a true balance of profit; and

   c. the Consolidated Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the Consolidated Financial Statements in India, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our matter was addressed in the audit
Advances – classification and provisioning (Refer Schedule 9 to the Standalone Financial Statements, read with the Accounting Policy No.5) The advances are classified as performing and non-performing advances (NPA) and provisioning thereon is made in accordance with the prudential norms as prescribed by the Reserve Bank of India (RBI). The Bank has implemented complete system driven recognition of advances and their classification in SASCL Application under Core Banking Solution (CBS). The extent of provisioning of NPA under the prudential norms are mainly based on its ageing and recoverability of the underlined security. The same are also reviewed manually based on necessity. In the event of any improper application of the prudential norms or consideration of the incorrect value of the security, as the valuation of the security involves high degree of	Our audit approach included an understanding of the Bank's software, circulars, guidelines and directives of the Reserve Bank of India and the Bank's internal instructions and procedures in respect of the assets classification and its provisioning and adopted the following audit procedures: • Evaluated and understood the Bank's internal control system in adhering to the Relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances. • Test checked the design and implementation as well as operational effectiveness of relevant internal controls and substantive testing, including involvement of manual process in relation to income recognition, asset classification and provisioning pertaining to advances. • Reviewed the Bank's monitoring mechanisms to identify errors and omission in applying/ implementation of logic / data integrity and its corrective action.

estimation and judgement, the carrying value of the advances could be materially misstated either individually or collectively, and in view of the significance of the amount of advances in the Standalone Financial Statements the classification of the advances and provisioning thereon has been considered as Key Audit Matter in our audit.	• Reviewed the documentations, operations / performance and monitoring of the advance accounts, on as per RBI guidelines basis of the large and stressed advances, to ascertain any overdue, unsatisfactory conduct or weakness in any advance account, examination of classification as per prudential norms of the RBI, in respect of the branches / relevant divisions audited by us. In respect of the branches audited by the branch statutory auditors, we have placed reliance on their reports. • Reviewed the report of independent IT Expert on review of SASCL Application (Income Recognition and Asset Classification solution) used by CBS including the review of "Baseline Requirements for the NPA classification Solution". • Reviewed on test check basis the reports of the credit audit, inspection audit, risk based internal audit, concurrent audit, regulatory audit to ascertain the advances having any adverse features / comments, and reviewed the reports generated from the Bank's system. **Our Results:** The results of our audit process were observed to be adequate and satisfactory considering the materiality of the transactions.
Investments – valuation, and identification and provisioning for Non-Performing Investments (Refer Schedule 8 to the Standalone Financial Statements, read with the Accounting Policy No.4) Investment portfolio of the bank comprises of Investments in Government Securities, Bonds, Debentures, Shares, Security Receipts and other Approved Securities which are classified under three categories, Held to Maturity, Available for Sale and Held for Trade.	Our audit approach towards Investments with reference to the RBI circulars / directives included the review and testing of the design, implementation, operating effectiveness of internal controls and audit procedures in relation to valuation, classification, identification of Non-Performing Investments, provisioning / depreciation related to Investments as per RBI guidelines. • We reviewed and evaluated the process adopted for collection of information from various sources for determining fair value of these investments. • For selected sample of investments

Valuation of Investments, identification of Non performing Investments (NPI) and the corresponding non-recognition of income and provision thereon, is carried out in accordance with the relevant circulars / guidelines / directions of RBI. The valuation of each category (type) of aforesaid security is to be carried out as per the methodology prescribed in circulars and directives issued by the RBI which involves collection of data/ information from various sources such as FBIL rates, rates quoted on BSE/NSE, financial statements of unlisted companies, NAV in case of mutual funds & security receipts etc. Certain investments are based on the valuation methodologies that include statistical models with inherent assumptions, assessment of price for valuation based on financial statements etc. Hence, the price discovered for the valuation of these Investments may not be the true representative but only a fair assessment of the Investments as on date. Hence the valuation of Investments requires special attention and further in view of the significance of the amount of Investments in the financial statements the same has been considered as Key Audit Matter in our audit.	(covering all categories of investments based on nature of security) we tested accuracy and compliance with the RBI Master circulars and directions. ▪ We assessed and evaluated the process of identification of NPIs, and corresponding reversal of income and creation of provision. **<u>Our Results:</u>** The results of our audit process were observed to be adequate and satisfactory considering the materiality.
Assessment of Information Technology (IT): IT controls with respect to recording of transactions, generating various reports in compliance with RBI guidelines including IRAC norms. Other compliances to regulators etc., is an important part of the process. Such reporting is highly dependent on the effective working of Core Banking Software and other allied systems. We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong reporting of data to the management and regulators.	**Our audit approach included: -** ▪ Understanding the coding system adopted by the Bank for various categories of customers. ▪ Reviewed the design, implementation and operating effectiveness of the Bank's IT controls including application, access controls that are critical to financial reporting on test check basis. ▪ Understanding the feeding of the data in the system and going through the extraction of the financial information and statements from the IT system existing in the Bank. ▪ Checking of the user requirements for any changes in the regulations/ policy of the Bank.

	• Reviewed the reports generated by the system on sample basis. • Reviewed the report of independent IT Expert on review of SASCL Application (Income Recognition and Asset Classification solution) used by CBS including the review of "Baseline Requirements for the NPA classification Solution" **Our Results:** There is continuous progress, still the system needs to be strengthened for its efficacy to control deficiencies of input/output data from the system.
Litigation & Contingent Liabilities Assessment of Contingent liabilities in respect of certain litigations including Direct and Indirect Taxes and various other claims filed by other parties upon the Bank not acknowledged as debts. The Bank's assessment is supported by the facts of matter, their own judgment, past experience, and advice from legal and independent tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Bank's reported profit and the Balance Sheet. We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of litigations which requires application of judgment in interpretation of law. Accordingly, our audit was focused on analysing the facts of subject matter under consideration and judgments/ interpretation of law involved.	**Our audit approach included: -** • Going through the current status of the tax litigations and contingent liabilities; • Examining the orders and/or communication received from various Tax Authorities/ Judicial forums and follow up action thereon; • Evaluating the merits of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice; and • Wherever required, reliance is placed on the opinion of legal and tax consultants.

Information Other than the Financial Statements and Auditor's Report thereon

5. The Bank's Board of Directors is responsible for the other information. The other information comprises the Directors' Report, including annexures, Corporate Governance Report, Business Responsibility and Sustainability report, and other

reports (but does not include the financial statements and our auditor's report thereon). Our opinion on the Financial Statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

6. The Bank's Board of Directors is responsible with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

   In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control on the consolidated financial statements.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the consolidated financial results/financial information of the entities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of the misstatements in the statements that, individually or aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in: (i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

8. The accompanying consolidated financial statements includes the audited financial statements and other financial information, in respect of:

- Four (04) subsidiaries viz. (i) Druk PNB Bank Limited, (ii) PNB Gilts Limited, (iii) PNB Investment Services Limited and (iv) PNB Cards and Services Limited whose financial statements / financial information reflect total assets of Rs. 23,925.47 crore as at March 31, 2023, total revenues of Rs. 1,185.89 crore, and the Group's share of total net profit/(loss) after tax of Rs. 15.73 crore for the year ended on that date have been audited by its respective independent auditor whose reports have been furnished to us, and our opinion is based solely on the reports of the said auditors.

- Thirteen (13) domestic associates whose financial results/ statements include Group's share of net profit after tax of Rs. 244.89 crore for the year ended March 31, 2023 respectively, as considered in the consolidated financial statements whose financial results/financial statements, other financial information has been audited by their respective independent auditors whose audit reports have been furnished, and our opinion is based solely on the reports of the said auditors.

9. The accompanying consolidated financial statements includes the unaudited financial results/statements and other unaudited financial information, in respect of:

- One (01) subsidiary viz. (i) Punjab National Bank (International) Ltd. whose financial statements / financial information reflect total assets of Rs. 8,187.40 crore as at March 31, 2023, total revenues of Rs. 364.87 crore and share of total net profit after tax of Rs. 136.34 crore for the year ended on that date have been furnished by the management of the Bank.

- One (01) foreign associate whose financial results/ statements include Group's share of net profit/(loss) after tax of Rs. 44.55 crore for the year ended March 31, 2023 respectively, as considered in the Consolidated Financial Statements whose financial results/financial statements, other financial information has been furnished by the management of the Bank.

In our opinion and according to the information and explanations given to us by the Board of Directors, these financial statements/financial results / financial information are not material to the Group.

Our opinion on the Statement is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

10. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949;

11. Subject to the limitations of the audit indicated in paragraphs 9 and 10 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and subject also to the limitations of disclosure required therein, we report that:

a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;

b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank;

c. The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit; and

d. We have not observed any financial transaction or matter which has adverse effect on the functioning of the bank.

12. As required by letter No. DOS.ARG.No.6270/08.91.001/2019- 20 dated March 17, 2020 on "Appointment of Statutory Central Auditors (SCAs) in Public Sector Banks – Reporting obligations for SCAs from FY 2019-20", read with subsequent communication dated May 19, 2020 issued by the RBI, we further report on the matters specified in paragraph 2 of the aforesaid letter as under:

a. In our opinion, the aforesaid Consolidated Financial Statements comply with the applicable Accounting Standards issued by ICAI, to the extent they are not inconsistent with the accounting policies prescribed by the RBI.

b. There are no observations or comments on financial transactions or matters which have any adverse effect on the functioning of the Bank.

c. As the Bank is not registered under the Companies Act, 2013 the disqualification from being a director of the bank under sub-section (2) of section 164 of the Companies Act, 2013 do not apply to the Bank.

d. There are no qualifications, reservations or adverse remarks relating to the maintenance of accounts and other matters connected therewith of the Bank.

e. The Bank's internal financial controls over financial reporting is not applicable on the Consolidated Financial Statement.

13. We further report that:

a. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.

b. the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;

c. the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report; and

d. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

For S R Goyal & Co
Chartered Accountants
FRN: 001537C

CA Anurag Goyal
Partner
(M. No. 412538)
UDIN: 23412538BGXIDD8609

For S N Dhawan & Co LLP
Chartered Accountants
FRN: 000050N/N500045

CA Surinder Kr. Khattar
Partner
(M. No. 084993)
UDIN: 23084993BGYUTO4630

For P S M G & Associates
Chartered Accountants
FRN: 008567C

CA Prabuddha Gupta
Partner
(M. No. 400189)
UDIN: 23400189BHALGS8019

For D K Chhajer & Co
Chartered Accountants
FRN: 304138E

CA Nand Kishore Sarraf
Partner
(M. No. 510708)
UDIN: 23510708BGQHPY4464

For S C Bapna & Associates
Chartered Accountants
FRN: 115649W

CA Jai Prakash Gupta
Partner
(M. No. 088903)
UDIN: 23088903BGYNXS8013

Place: New Delhi
Date: May 19, 2023

PUNJAB NATIONAL BANK

CONSOLIDATED BALANCE SHEET AS ON MARCH 31, 2023

(Rs. In Crore)

Particulars	Schedule	As on 31.03.2023	As on 31.03.2022
CAPITAL AND LIABILITIES			
Capital	1	2202.20	2202.20
Reserves and Surplus	2	100678.30	96379.72
Minority Interest	2A	459.38	473.47
Deposits	3	1290347.07	1154234.46
Borrowings	4	70148.62	59371.87
Other Liabilities and Provisions	5	29813.37	27639.61
	TOTAL	1493648.94	1339381.13
ASSETS			
Cash and Balances with Reserve Bank of India	6	78213.52	88127.84
Balances with banks and money at call and short notice	7	79114.56	48066.04
Investments	8	416913.84	368586.82
Advances	9	837458.98	733765.83
Fixed Assets	10	12083.96	10896.21
Other Assets	11	69863.68	72059.39
Goodwill on Consolidation			
	TOTAL	1493648.94	1339381.13
Contingent Liabilities	12	645283.22	809865.43
Bills for Collection		34377.60	37798.05
Significant Accounting Policies and Notes on Accounts	18		
The Schedules 1 to 18 form an integral part of the Accounts			

Prabudh Sharma
Asstt. General Manager

Mukesh Kumar
Asstt. General Manager

R K Khichi
Deputy General Manager

Praveen Kumar Sharma
General Manager

D K Jain
Chief General Manager & CFO

M Paramasivam
Executive Director

Binod Kumar
Executive Director

Kalyan Kumar
Executive Director

Vijay Dube
Executive Director

Atul Kumar Goel
Managing Director & CEO

K G Ananthakrishnan
Chairman

Dr. Rekha Jain
Director

Gautam Guha
Director

Sanjeev Kumar Singhal
Director

Pankaj Joshi
Director

Anil Kumar Misra
Director

Pankaj Sharma
Director

For S N Dhawan & Co. LLP
Chartered Accountants
FRN: 000050N/N500045

CA Surinder Kr. Khattar
Partner
(M.No. 084993)

For S R Goyal & Co.
Chartered Accountants
FRN: 001537C

CA Anurag Goyal
Partner
(M.No. 412538)

For PSMG & Associates
Chartered Accountants
FRN:008567C

CA Prabuddha Gupta
Partner
(M.No. 400183)

For S C Bapna & Associates
Chartered Accountants
FRN: 115649W

CA Jai Prakash Gupta
Partner
(M.No. 088903)

For D K Chhajer & Co.
Chartered Accountants
FRN: 304138E

CA Nand Kishore Sarraf
Partner
(M.No.510708)

Place: New Delhi
Date: May 19, 2023

PUNJAB NATIONAL BANK

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2023

(Rs. in Crore)

Particulars	Schedule	Period ended 31.03.2023	Period ended 31.03.2022
I. INCOME			
Interest earned	13	86845.29	76241.83
Other income	14	12239.59	12097.66
	TOTAL	99084.88	88339.49
II. EXPENDITURE			
Interest expended	15	51816.99	46823.08
Operating expenses	16	24335.88	20490.77
Provisions and contingencies		19862.67	17349.68
	TOTAL	96015.54	84663.53
Share of earnings in Associates (net)	17	289.44	231.63
Consolidated Profit/(Loss) for the year before deducting Minorities' Interest		3358.78	3907.59
Less : Minorities Interest		10.33	46.85
Consolidated Profit/(loss) for the period attributable to the group		**3348.45**	**3860.74**
Add: Brought forward consolidated profit/(loss) attributable to the group		2538.54	1738.11
Less: Adjustments		-	40.39
Profit available for Appropriation		**5886.99**	**5639.24**
III. APPROPRIATIONS			
Transfer to Statutory Reserves		526.80	899.64
Transfer to Capital Reserves		52.15	700.90
Transfer to Investment Reserves		0.00	15.83
Transfer to Investment Fluctuation Reserves		194.74	854.88
Transfer to Other Reserves		767.55	-175.49
Transfer to Special Reserves as per Income Tax Act		250.00	100.00
Proposed Dividend		715.72	704.71
Balance carried over to consolidated balance sheet		3380.03	2538.54
		5886.99	5639.24
Earnings per Share (in Rs.) (Basic/ Diluted)		3.04	3.63
Significant Accounting Policies and Notes on Accounts	18		

Prabudh Sharma
Asstt. General Manager

Mukesh Kumar
Asstt. General Manager

R K Khichi
Deputy General Manager

Praveen Kumar Sharma
General Manager

D K Jain
Chief General Manager & CFO

M Paramasivam
Executive Director

Binod Kumar
Executive Director

Kalyan Kumar
Executive Director

Vijay Dube
Executive Director

Atul Kumar Goel
Managing Director & CEO

K G Ananthakrishnan
Chairman

Dr. Rekha Jain
Director

Gautam Guha
Director

Sanjeev Kumar Singhal
Director

Pankaj Joshi
Director

Anil Kumar Misra
Director

Pankaj Sharma
Director

For S N Dhawan & Co. LLP
Chartered Accountants
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For D K Chhajer & Co.
Chartered Accountants
FRN: 304138E

CA Nand Kishore Sarraf
Partner
(M.No.510785)

Place: New Delhi
Date: May 19, 2023

(Rs. in Crore)

Particulars	As on 31.03.2023	As on 31.03.2022
SCHEDULE 1 - CAPITAL		
Authorised Capital		
1500,00,00,000 Equity shares of Rs. 2 each (Previous year 1500,00,00,000 Equity shares of Rs. 2 each)	3000.00	3000.00
Issued Capital		
1101,10,15,558 Equity shares of Rs. 2 each (Previous Year 1101,10,15,558 Equity shares of Rs. 2 each)	2202.20	2202.20
Paid up Capital		
1101,10,15,558 Equity shares of Rs. 2 each (Previous Year 1101,10,15,558 Equity shares of Rs. 2 each)	2202.20	2202.20
[The above includes 805,41,25,890 equity shares of Rs. 2 each (Previous Year 805,41,25,890 Equity shares of Rs. 2 each held by Central Government)]		
TOTAL	2202.20	2202.20

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars	As on 31.03.2023		As on 31.03.2022	
SCHEDULE 2 - RESERVES AND SURPLUS				
I. Statutory Reserves				
Opening Balance	15525.44		14627.22	
Addition during the year	626.80		899.84	
Add/(Less) Adjustment during the year	0.00	16152.24	-1.62	15525.44
II. Capital Reserves				
a. Revaluation Reserve				
Opening Balance	7048.62		7200.41	
Addition during the year	2113.66		7.28	
Deduction during the year	376.01		159.07	
Less: Transfer to other reserves	331.15		0.00	
(being depreciation on revalued portion of property)		8455.12		7048.62
b. Others				
(including Amalgamation Reserve of Rs. 9206.28 Crores)				
Opening Balance	16629.36		15877.75	
Addition during the year	52.15	16681.51	751.61	16629.36
IIA. Capital Reserve on consolidation (Net)		74.21		74.21
III. Share Premium				
Opening Balance	46038.53		44352.14	
Addition during the year		46038.53	1686.39	46038.53
IV. Revenue and Other Reserves				
a. Investment Reserve				
Opening Balance	386.35		370.52	
Addition during the year	-	386.35	15.83	386.35
b. Investment Fluctuation Reserve				
Opening Balance	1440.32		585.47	
Add: Addition during the year	194.74	1635.06	854.85	1440.32
c. Other Reserve				
Opening Balance	1321.59		1427.29	
Addition during the year	1697.16		930.50	
Add: Transfer from Revaluation Reserve	331.15		7.21	
Less: Withdrawal during the year	-		1029.95	
Add/(Less) Adjustment during the year	163.17	3513.07	0.00	1321.59
d. Exchange Fluctuation Reserve				
Opening Balance	1008.10		917.05	
Add: Addition during the year (Net)	95.95		95.34	
Add/(Less) : Adjustment during the year	-260.43	843.62	-4.29	1008.10
e. Special Reserve under Sec.36 (1) (viii) of Income Tax Act,1961				
Opening Balance	3368.66		3268.66	
Addition during the year	250.00	3618.66	100.00	3368.66
V. Balance in Profit & Loss Account		3280.03		2538.54
Total (I, II, III, IV and V)		100678.30		95379.72

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars		As on 31.03.2023		As on 31.03.2022
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS				
I. Bills payable		3708.85		3081.71
II. Inter-office adjustments (net)		0.05		384.48
III. Interest accrued		3461.14		2782.66
IV. Others (including provisions)		22643.33		21290.76
TOTAL OF I, II, III and IV		**29813.37**		**27539.61**
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA				
I. Cash in hand (including foreign currency notes)		3738.22		3513.66
II. Balance with Reserve Bank of India				
(i) In Current account	53352.30		32514.18	
(ii) In Other Accounts	21123.00	74475.30	20100.00	52614.18
TOTAL (I and II)		**78213.52**		**56127.84**
SCHEDULE 7- BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE				
I. In India				
(i) Balance with Banks				
(a) In Current accounts	25.09		147.33	
(b) In Other Deposit accounts	18754.71	**18779.80**	15799.71	**15947.04**
(ii) Money at Call and Short Notice				
(a) with Banks	0.00		0.00	
(b) with Other Institutions	23057.66	**23057.66**	29.48	**29.48**
TOTAL (i and ii)		**41837.46**		**15976.52**
II. Outside India				
(i) In Current accounts	15405.08		10382.54	
(ii) In Other Deposit accounts	23596.70		21706.98	
(iii) Money at call and short notice	275.62		0.00	
TOTAL (i,ii and iii)		**39277.40**		**32089.52**
GRAND TOTAL (I and II)		**81114.86**		**48066.04**

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars		As on 31.03.2023		As on 31.03.2022
Schedule 2A - Minority Interest				
Minority interest at the date on which the parent subsidiary relationship came into existence		149.25		149.25
Subsequent increase/ decrease		310.13		324.22
Minority interest at the date of balance sheet		**459.38**		**473.47**
SCHEDULE 3 - DEPOSITS				
A. I **Demand Deposits**				
(i) From Banks	3200.55		3455.67	
(ii) From Others	72587.74	**75788.29**	79659.08	**83114.74**
II **Savings Banks Deposits**		**465153.67**		**453036.86**
III **Term Deposits**				
(i) From Banks	51083.07		31842.70	
(ii) From Others	698322.04	**749405.11**	586240.15	**618082.85**
TOTAL (I, II and III)		**1290347.07**		**1154234.46**
B. (i) Deposits of branches in India		1251329.97		1124889.98
(ii) Deposits of branches outside India		39017.10		29344.48
TOTAL (i, ii)		**1290347.07**		**1154234.46**
SCHEDULE 4 - BORROWINGS				
I. **Borrowings in India**				
(i) Reserve Bank of India		0.00		0.00
(ii) Other Banks		1869.36		2704.49
(iii) Other Institutions and Agencies		33803.18		32000.53
(iv) Bonds (including Tier-I, Tier-II, Subordinated Debts)		29199.40		24737.89
(v) Long Term Infrastructure Bonds		2800.00		2800.00
II. **Borrowings outside India**		12476.68		7038.97
TOTAL (I and II)		**79148.62**		**69371.87**
Secured Borrowings included in I and II above		**21597.65**		**19938.01**

Finance Division

S.N. Dhawan & Co LLP New Delhi 000050N/N500045 Chartered Accountants

S.R. Goyal & Co. Jaipur 001537C Chartered Accountants

P S M G & Associates New Delhi 008567C Chartered Accountants

S.K. Mittal & Associates Mumbai 115649W Chartered Accountants

D.K. Chhajer & Co. Kolkata 304138E Chartered Accountants

(Rs. in Crore)

Particulars	As on 31.03.2023	As on 31.03.2022
SCHEDULE 8 - INVESTMENTS		
I. Investments in India in		
(i) Government securities	369306.55	337063.29
(ii) Other approved securities	0.15	0.15
(iii) Shares	3061.59	3254.81
(iv) Debentures and Bonds	33153.84	16805.87
(v) Associates	4304.70	3367.85
(vi) Others Mutual Funds, Venture Capital Funds, ARCIL Commercial Papers , Certificate of Deposits etc	1452.39	8568.96
TOTAL of I	**411279.22**	**384860.85**
II. Investments outside India in		
i) Government Securities (including local authorities)	4324.37	2020.78
(ii) Associates	337.22	301.82
(iii) Other Investments	973.03	1402.37
TOTAL of II	**5634.62**	**3724.97**
III. Investments in India		
i) Gross value of Investments	420441.66	391832.30
ii) Less: Aggregate of provisions for depreciation	9162.44	6971.45
iii) Net investment	411279.22	384860.85
IV. Investments outside India		
i) Gross value of Investments	6126.47	4175.40
ii) Less: Aggregate of provisions for depreciation	491.85	450.43
iii) Net Investment	5634.62	3724.97
GRAND TOTAL of (I), (II)	**416913.84**	**388585.82**

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars	As on 31.03.2023	As on 31.03.2022
SCHEDULE 9 - ADVANCES		
A. i) Bills purchased and discounted	3599.37	1309.05
ii) Cash credits, overdrafts and loans repayable on demand	480421.84	442544.50
iii) Term loans	353437.77	289912.28
Total (i, ii and iii)	837458.98	733765.83
B. i) Secured by tangible assets (including advances against book debts)	663558.23	551240.46
ii) Covered by Bank/Government Guarantees	22824.73	28475.67
iii) Unsecured	151076.02	154049.68
Total (i, ii and iii)	837458.98	733765.83
C. (I) Advances in India		
i) Priority sector	238476.44	234887.00
ii) Public sector	166380.08	173957.32
iii) Banks	0.00	110.27
iv) Others	393201.26	298510.98
Total (i, ii, iii and iv)	798126.78	703265.59
C. (II) Advances outside India		
i) Due from banks	15055.54	9091.99
ii) Due from others		
(a) Bills purchased and Discounted	876.19	0.00
(b) Syndicated Loans	11068.44	9977.01
(c) Others	12592.03	11431.24
Total (i and ii)	39332.20	30500.24
GRAND TOTAL of C (I) and C (II)	837458.98	733765.83

Finance Division

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S R GOYAL & CO JAIPUR 001537C Chartered Accountants

P S M G & ASSOCIATES NEW DELHI 008567C Chartered Accountants

S K MEHTA & ASSOCIATES MUMBAI 115643W Chartered Accountants

D K CHHAJER & CO KOLKATA 304138E Chartered Accountants

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars	As on 31.03.2023		As on 31.03.2022	
SCHEDULE 10 - FIXED ASSETS				
I. **Premises**				
At Cost as on 31st March of preceeding year	10505.91		10469.73	
Additions during the year	25.84		37.08	
Deductions during the year	176.55		0.90	
Revaluation during the year	1737.65		0.00	
Depreciation to date	1806.67	**10284.37**	1606.55	**8899.36**
II. **Other Fixed Assets (Including furniture and fixtures)**				
At Cost as on 31st March of preceeding year	9217.54		8819.44	
Additions during the year	881.18		412.94	
Deductions during the year	11.66		13.74	
Depreciation to date	8486.57	**1600.66**	7718.78	**1500.88**
IIA. **Leased Assets**				
At Cost as on 31st March of preceeding year	25.33		25.33	
Additions during the year	0.00		0.00	
Deductions during the year	0.00		0.00	
Depreciation to date	25.29	**0.04**	25.28	**0.06**
IIB. **Computer Software**				
At Cost as on 31st March of preceeding year	1233.94		1127.54	
Additions during the year	53.75		106.40	
Deductions during the year	0.00		0.00	
Amortised to date	1088.94	**198.69**	937.98	**295.96**
TOTAL OF I, II, IIA, IIB		**12083.90**		**10695.21**

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. In Crore)

Particulars	As on 31.03.2023	As on 31.03.2022
SCHEDULE 11 - OTHER ASSETS		
I Inter office adjustment (Net)	0.03	0.00
II. Interest accrued	9107.22	3229.84
III. Tax paid in advance/tax deducted at source	13171.82	13880.05
IV. Stationery and stamps	6.45	5.00
V Non banking assets acquired in satisfaction of claims	28.45	50.28
VI Deferred Tax asset (net)	23873.49	25703.30
VII. Others	23578.77	29041.00
TOTAL of I, II, III, IV, V, VI and VII	**69863.68**	**72059.39**
SCHEDULE 12 - CONTINGENT LIABILITIES		
I (i) Claims against the bank not acknowledged as debts	514.98	817.09
I (ii) Disputed income tax and interest tax demands under appeal, references, etc	8891.13	11430.81
II. Liability for partly paid investments	252.86	301.87
III Liability on account of outstanding forward exchange contracts	558818.89	517968.68
IV. Guarantees given on behalf of constituents		
(a) In India	49507.22	49429.22
(b) Outside India	4644.20	2789.62
V Acceptance, Endorsements and Other obligations	16646.01	19840.63
VI Other items for which the Bank is contingently liable	5660.86	5449.61
TOTAL (I, II, III, IV, V and VI)	**645263.22**	**606088.43**

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars		Period ended 31.03.2023		Period ended 31.03.2022
SCHEDULE 15 - INTEREST EXPENDED				
I Interest on deposits		47018.04		43360.91
II Interest on Reserve Bank of India/ inter-bank borrowings		1149.32		516.31
III Others		3649.63		2945.86
TOTAL (I, II and III)		**51816.99**		**46823.08**
SCHEDULE 16 - OPERATING EXPENSES				
I Payment to and provisions for employees		14942.59		11971.93
II Rent, taxes and lighting		1336.41		1201.52
III Printing and stationery		106.74		157.49
IV Advertisement and publicity		99.40		84.88
V (a) Depreciation on bank's property other than leased assets	904.87		898.17	
(b) Depreciation on Leased assets	0.00	904.87	0.00	898.17
VI Directors' fees, allowances and expenses		3.05		1.56
VII Auditors' fees and expenses (including branch auditors' fees and expenses)		47.62		66.37
VIII Law charges		137.09		96.99
IX Postage,telegrams,telephones, etc		335.33		334.58
X Repairs and Maintenance		786.72		683.54
XI Insurance		1552.84		1523.59
XII Other expenditure		4030.49		3403.38
TOTAL of I to XII		**24335.68**		**20490.77**
SCHEDULE 17 - SHARE OF EARNINGS/LOSS IN ASSOCIATES				
(a) Share of Earnings in Associates in India		244.89		210.51
(b) Share of Earnings in Associates outside India		44.55		21.12
TOTAL of (a and b)		**289.44**		**231.63**

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars		Period ended 31.03.2023		Period ended 31.03.2022
SCHEDULE 13 - INTEREST EARNED				
I Interest/discount on advances/bills		57741.67		48874.12
II Income on investments (including dividends)		26401.79		24471.01
III Int. on balances with Reserve Bank of India and other inter-bank funds		1909.98		2287.86
IV Others		781.05		608.82
TOTAL (I, II, III and IV)		**86846.20**		**76241.83**
SCHEDULE 14 - OTHER INCOME				
I. Commission, exchange and brokerage		3952.93		3599.50
II Profit on sale of land, buildings and other assets	15.61		15.32	
Less: Loss on sale of land, buildings and other assets	13.03	2.58	0.92	14.40
III. Profit on exchange transaction	875.65		913.79	
Less: Loss on exchange transaction	60.28	815.37	212.33	701.46
IV. Profit on sale of investments (net)	1137.77		3328.24	
Less: Loss on sale of investments	356.68	781.09	424.92	2903.32
V. Profit on revaluation of investments	545.45		1079.52	
Less: Loss on revaluation of investments	2339.43	-1793.98	1313.50	-233.98
VI. Miscellaneous income		8481.81		5119.96
TOTAL (I, II, III, IV, V and VI)		**12239.59**		**12087.66**

Punjab National Bank Division

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P S M G & Associates New Delhi 008567C Chartered Accountants

Sagar & Associates Mumbai 115649W Chartered Accountants

D K Chhajer & Co. Kolkata 304138E Chartered Accountants

PUNJAB NATIONAL BANK
SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 31.03.2023
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION:

The consolidated financial statements have been prepared on historical cost basis and conform, in all material aspects, to Generally Accepted Accounting Principles (GAAP) in India, unless otherwise stated, 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.

In respect of foreign entities, statutory provisions and practices prevailing in respective foreign countries are complied with except as specified elsewhere.

The financial statements have been prepared on going concern basis with accrual concept and in accordance with the accounting policies and practices consistently followed unless otherwise stated.

USE OF ESTIMATES

The preparation of consolidated financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

Future results could differ from these estimates.

Difference between the actual results and estimates is recognized in the period in which the results are known / materialized.

Any revision to the accounting estimates is recognized prospectively in the current and future periods unless otherwise stated.

2. CONSOLIDATION PROCEDURES:

Subsidiaries

i) PNB Gilts Ltd.
ii) PNB Investment Services Ltd.
iii) PNB Cards and Services Ltd.

iv) Punjab National Bank (International) Ltd., UK.

v) Druk PNB Bank Ltd, Bhutan.

Associates:

i) PNB Metlife India Insurance Company Ltd*

ii) PNB Housing Finance Limited

iii) JSC (Tengri Bank), Almaty, Kazakhstan**

iv) Canara HSBC Life Insurance Co. Ltd.

v) India SME Asset Reconstruction Co. Ltd.

vi) Everest Bank Limited, Kathmandu, Nepal

vii) Dakshin Bihar Gramin Bank, Patna

viii) Himachal Pradesh Gramin Bank, Mandi

ix) Punjab Gramin Bank, Kapurthala

x) Sarva Haryana Gramin Bank, Rohtak

xi) Prathama UP Gramin Bank, Moradabad

xii) Assam Gramin Vikas Bank, Guwahati

xiii) Bangiya Gramin Vikas Bank, West Bengal

xiv) Manipur Rural Bank, Imphal

xv) Tripura Gramin Bank, Agartala

*PNB has acquired 30% stake in PNB Metlife at consideration of Rs. 700.48 as brand equity.

**AFR revoked license of JSC Tengri Bank w.e.f. 18.09.2020 and is under Liquidation.

2.1 Consolidated financial statements of the Group (comprising of 5 Subsidiaries and 15 Associates as per detail given above) have been prepared on the basis of:

i. Audited financial statements of Punjab National Bank (Parent/the Bank).

ii. As per AS 21, line by line aggregation of like items of assets, liabilities, income and expenses of subsidiaries with the respective item of the parent after eliminating material intra-group balances/transactions, unrealized profit/losses and making necessary adjustments, wherever required, to conform to uniform accounting policies, based on data received from these subsidiaries, duly Audited/ certified by their Management. The financial statements of the subsidiaries are drawn up to the same reporting date as that of parent i.e. March 31, 2023.

iii. Foreign currency translation of overseas subsidiaries has been done as under.
(i). Income and Expenditure - at weighted average rates prevailing during the period.
(ii). Assets and Liabilities - at rates applicable at reporting date.
The resultant foreign currency translation difference, whether gain or loss, has been included under Reserves and Surplus - Foreign Currency Translation Reserve.

Sd/-

iv. Investments in associates, where the group holds 20% or more of the voting power, have been accounted for using the equity method in terms of Accounting Standard – 23 issued by The Institute of Chartered Accountants of India.

2.2 The difference between cost to the Group of its investment in the subsidiaries and the group's portion of the equity of the subsidiaries is recognized as Goodwill/Capital Reserve.

2.3 Minority interest in the net assets of consolidated subsidiaries consists of:

a) The amount of equity attributable to the minority at the date on which investments in a subsidiary is made; and

b) The minority share of movements in equity since date of parent-subsidiary relationship came into existence.

SIGNIFICANT ACCOUNTING POLICIES FOLLOWED BY THE PARENT:

3. REVENUE RECOGNITION:

3.1 Income & expenditure (other than items referred to in paragraph 3.5) are generally accounted for on accrual basis.

3.2 Income from Non- Performing Assets (NPAs), comprising of advances and investments, is recognized upon realization, as per the prudential norms prescribed by the RBI/ respective country regulators in the case of foreign offices (hereafter collectively referred to as Regulatory Authorities).

3.3 Mode of appropriation of recovery in order of priority will be as below:

(a) Recoveries in NPA accounts (irrespective of the mode / status / stage of recovery actions) are appropriated in the following order of priority except for the cases covered under below mentioned points (b) & (c):

i. Expenditure/Out of Pocket Expenses Incurred for Recovery, including under SARFAESI Action (Recorded in Memorandum Dues);

ii Unrealized/accrued interest.

iii. Principal irregularities i.e. NPA outstanding in the account.

Any exceptions to the above may be considered by HOCAC-III (for proposals falling under the powers of various committees up to HOCAC-III) & Management Committee for proposals under its vested powers.

(b) However, in case of Compromise and Resolution/Settlement through NCLT, recovery is appropriated as per the terms of respective compromise/ resolution settlement.

(c) In case of suit filed/decreed accounts, recovery is appropriated as under:
• As per the directives of the concerned Court.
• In the absence of specific directives from the Court, as mentioned at point (a) above.

3.4 The sale of NPA is accounted as per guidelines prescribed by RBI and as disclosed under Para 5.3.

3.5 Commission (excluding on Government Business, Insurance Business, Mutual Fund Business, Letter of Credit and Bank Guarantee), exchange, locker rent and Income on Rupee Derivatives designated as 'Trading' are accounted for on realization and insurance claims are accounted for on settlement. Interest on overdue inland bills is accounted for on realization and interest on overdue foreign bill, till its crystallization is accounted for on crystallization and thereafter on realization.

3.6 In case of suit filed accounts, related legal and other expenses incurred are charged to Profit & Loss Account and on recovery, the same are accounted for as such.

3.7 Income from interest on refund of income tax is accounted for in the year the order is passed by the concerned authority.

3.8 Lease payments including cost escalation for assets taken on operating lease are recognized in the Profit and Loss Account over the lease term in accordance with the AS 19 (Leases) issued by ICAI.

3.9 Provision for Reward Points on Credit cards is made based on the accumulated outstanding points in each category.

3.10 Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the bank attracts rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower.

3.11 Dividend (excluding Interim Dividend) is accounted for as and when the right to receive the dividend is established.

4. INVESTMENTS:

4.1 The transactions in Securities are recorded on 'Settlement Date'.

4.2 Investments are classified into six categories as stipulated in Form A of the Third Schedule to the Banking Regulation Act, 1949.

4.3 Investments have been categorized into 'Held to Maturity', 'Available for Sale' and 'Held for Trading' in terms of RBI guidelines as under:

(a) Securities acquired by the Bank with an intention to hold till maturity are classified under 'Held to Maturity'.

(b) The securities acquired by the Bank with an intention to trade by taking advantages of short-term price/ interest rate movements are classified under 'Held for Trading'.

(c) The securities, which do not fall within the above two categories, are classified under 'Available for Sale'.

4.4 Investments in subsidiaries, joint ventures and associates are classified as HTM.

4.5 Transfer of securities from one category to another is carried out at the lower of acquisition cost/ book value/ market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for.

However, transfer of securities from HTM category to AFS category is carried out on book value. After transfer, these securities are immediately revalued and resultant depreciation, if any, is provided.

An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

4.6 In determining acquisition cost of an investment:

(a) Brokerage, commission, Securities Transaction Tax (STT), etc. paid in connection with acquisition of securities are treated as revenue expenses upfront and excluded from cost.

(b) Interest accrued up to the date of acquisition/sale of securities i.e. broken-period interest is excluded from the acquisition cost/sale consideration and the same is accounted as interest accrued but not due.

(c) Cost is determined on the weighted average cost method for all categories of investments.

4.7 Investments are valued as per RBI/ FIMMDA guidelines, on the following basis:

Held to Maturity

(i) Investments under 'Held to Maturity' category are carried at acquisition cost.

Wherever the book value is higher than the face value/redemption value, the premium is amortized over the remaining period to maturity on straight line basis. Such amortization of premium is reflected in Interest Earned under the head 'Income on investments' as a deduction.

(ii) Investments in subsidiaries/joint ventures/associates are valued at carrying cost less diminution, other than temporary in nature for each investment individually.

(iii) Investments in sponsored regional rural banks are valued at carrying cost

(iv) Investment in Venture Capital is valued at carrying cost.

(v) Equity shares held in HTM category are valued at carrying cost.

Available for Sale and Held for Trading:

(a)	Govt. Securities I. Central Govt. Securities	At market prices/YTM as published by Fixed Income Money Market and Derivatives Association of India (FIMMDA) / Financial Benchmark India Pvt. Ltd (FBIL).
	II. State Govt. Securities	On appropriate yield to maturity basis as per FIMMDA/RBI guidelines.
(b)	Securities guaranteed by Central / State Government, PSU Bonds (not in the nature of advances)	On appropriate yield to maturity basis as per FIMMDA/RBI guidelines
(c)	Treasury Bills	At carrying cost
(d)	Equity shares	At market price, if quoted, otherwise at breakup value of the Shares as per latest Balance Sheet. (The date as on which the latest balance sheet is drawn up shall not precede the date of valuation by more than 18 months), otherwise at Re.1 per company.
(e)	Preference shares	At market price, if quoted, or on appropriate yield to maturity basis not exceeding

		redemption value as per RBI/FIMMDA guidelines.
(f)	Bonds and debentures (not in the nature of advances)	At market price, if quoted, or on appropriate yield to maturity basis as per RBI/FIMMDA guidelines.
(g)	Units of mutual funds	As per stock exchange quotation, if quoted; at repurchase price/NAV, if unquoted
(h)	Commercial Paper	At carrying cost
(i)	Certificate of Deposits	At carrying cost
(j)	Security receipts	Investments by lenders in SRs (Security Receipts) / other securities issued by ARCs (Asset Reconstruction Companies) shall be valued periodically by reckoning the Net Asset Value (NAV) declared by the ARC based on the recovery ratings received for such instruments. The Bank shall carry the investment in its books, on an ongoing basis until its transfer or its realization, at lower of redemption value of SRs arrived based on NAV, and the Net Book Value (NBV) of the transferred stressed loan at the time of transfer. If the investment by the transferor (Bank) in SRs issued against loans transferred by it is more than 10 percent of all SRs issued against the transferred asset, then the valuation of the SRs on the books of the transferor shall be the lower of the following: i) Net Asset Value (NAV) declared by the ARC based on the recovery ratings received for such instruments; and ii) Face value of the SRs reduced by the notional provisioning rate applicable if the loans had continued on the books of the bank.
(k)	Venture Capital Funds	At net asset value (NAV) declared by the VCF
(l)	Other Investments	At carrying cost less diminution in value

The above valuation in category of Available for Sale and Held for Trading is done scrip wise on quarterly basis and depreciation/appreciation is aggregated for each classification. Net depreciation for each classification, if any, is provided for while net appreciation is ignored. On provision for depreciation, the book value of the individual security remains unchanged after marking to market.

Investments in sponsored regional rural banks shall be valued at carrying cost irrespective of Category (HTM & AFS).

4.8 Investments are subject to appropriate provisioning/ de-recognition of income, in line with the prudential norms of Reserve Bank of India for NPI classification. The depreciation/provision in respect of non-performing securities is not set off against the appreciation in respect of the other performing securities.

If any credit facility availed by an entity is NPA in the books of the Bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa. However, in respect of NPI preference share where the dividend is not paid, the corresponding credit facility is not treated as NPA.

In case of securities i.e. bonds, debentures, etc. where the credit facilities are availed by the borrowers, the provision has been made on the basis of YTM or IRAC norms whichever is higher.

4.9 Profit or loss on sale of investments in any category is taken to Profit and Loss account but, in case of profit on sale of investments in 'Held to Maturity' category, an equivalent amount (net of taxes and amount transferred to Statutory Reserve) is appropriated to 'Capital Reserve Account', at year end.

Profit or loss on redemption of investments in AFS & HFT category is reflected in interest earned income on investments, as an addition/deduction from interest income earned.

4.10 Securities repurchased/resold under buy back arrangement are accounted for at original cost.

4.11 The securities sold and purchased under Repo/Reverse Repo are accounted as Collateralized lending and borrowing transactions. However, securities are transferred as in the case of normal outright sale/purchase transactions and such movement of securities is reflected using the Repo/Reverse Repo Accounts and Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/income, as the case may be. Balance in Repo Account is classified under schedule 4 (Borrowings).

4.12 The derivatives transactions are undertaken for trading or hedging purposes. Trading transactions are marked to market. As per RBI guidelines, different categories of swaps are valued as under:

Hedge Swaps
Interest rate swaps with hedge interest bearing asset or liability are accounted for on accrual basis except the swaps designated with an asset or liability that are carried at lower of market value or cost in the financial statement.

Gain or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the asset/ liabilities.

Trading Swaps
Trading swap transactions are marked to market with changes recorded in the financial statements.

Exchange Traded Derivatives entered into for trading purposes are valued at prevailing market rates based on rates given by the Exchange and the resultant gains and losses are recognized in the Profit and Loss Account.

4.13 Foreign Currency Options:

Foreign currency options written by the Bank with a back-to-back contract with another bank are not marked to market since there is no market risk.

Premium received is held as a liability and transferred to the Profit and Loss Account on maturity/cancellation.

5. LOANS / ADVANCES AND PROVISIONS THEREON:

5.1 Advances are classified as performing and non-performing assets; provisions are made in accordance with prudential norms prescribed by RBI.

(a) Advances are classified: Standard, Sub Standard, Doubtful and Loss assets borrower wise.

(b) Advances are stated net of specific loan loss provisions, provision for diminution in fair value of restructured advances.

5.2 In respect of foreign offices, the classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

Loans and advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the extant RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country.

5.3 Financial Assets sold are recognized as under:

(a) For Sale of financial assets sold to SCs/RCs

(i) If the sale to SCs/RCs is at a price below the Net Book Value (NBV), (i.e. Book Value less provisions held), the shortfall is debited to the Profit & Loss account. Bank can also use counter cyclical / floating provisions for meeting the shortfall on sale of NPAs i.e. when the sale is at a price below the NBV.

(ii) If the sale is for a value higher than the NBV, Bank can reverse the excess provision on sale of NPAs to its profit and loss account in the year, the amounts are received. However, Bank can reverse excess provision (when the sale is for a value higher than the NBV) arising out of sale of NPAs, only when the cash received (by way of initial consideration and/ or redemption of SRs/ PTCs) is higher than the NBV of the asset. Further, reversal of excess provision will be limited to the extent to which cash received exceeds the NBV of the asset.

(b) For Sale of financial assets sold to Other Banks/NBFCs/FIs etc.

(i) In case the sale is at a price below the Net Book Value (NBV) i.e. Book Value less provision held, the shortfall should be debited to the Profit & Loss A/c of that year.

(ii) In case the sale is for a value higher than the Net Book Value (NBV) i.e. Book Value less provision held, the excess provision shall not be reversed but will be utilized to meet the shortfall / loss on account of sale of other Non Performing Financial Assets.

(iii) In case there is overall surplus over and above the excess provision in any of the sale transaction that surplus amount will be taken in the Profit & loss a/c.

5.4 Restructured Assets:

For restructured/rescheduled advances, provisions are made in accordance with guidelines issued by RBI from time to time. Provision for diminution in fair value of restructured advances is measured at net present value terms as per RBI guidelines for accounts where total dues to the bank are Rupees One Crore and above. For other accounts, the provision for diminution in fair

Sch.

value is computed notionally at 5% of total exposure to the bank as per RBI guidelines.

5.5 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 5 of the Balance Sheet under the head 'Other Liabilities & Provisions – Others' and are not considered for arriving at the Net NPAs.

5.6 In accordance with RBI guidelines, accelerated provision is made on non-performing advances which were not earlier reported by the Bank as Special Mention Account under 'SMA-2' category to Central Repository of Information on Large Credits (CRILC).

5.7 Amounts recovered against debts written-off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognized in the profit and loss account.

5.8 Provision for Country Exposure:

In addition to the specific provisions held according to the asset classification status, provisions are also made for individual country exposures (other than the home country). Countries are categorized into seven risk categories, namely, insignificant, low, moderately low, moderate, moderately high, high and very high, and provisioning made as per extant RBI guidelines. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposures. The provision is reflected in Schedule 5 of the Balance Sheet under the 'Other Liabilities & Provisions – Others'.

5.9 An additional provision of 2% (in addition to country risk provision that is applicable to all overseas exposures) against standard assets representing all exposures to step down subsidiaries of Indian Corporates has been made to cover the additional risk arising from complexity in the structure, location of different intermediary entities in different jurisdictions exposing the Indian Company, and hence the Bank, to a greater political and regulatory risk. (As per RBI Cir.No. RBI/ 2015.16/279 DBR. IBD.BC No. 68/ 23.37.001/ 2015-16 dated 31.12.2015).

6. PROPERTY, PLANT & EQUIPMENT:

6.1 Property, Plant & Equipment are stated at historical cost less accumulated depreciation/amortization, wherever applicable, except those premises, which have been revalued. The appreciation on revaluation is credited to revaluation reserve and incremental depreciation attributable to the revalued amount is deducted there from.

6.2 Software is capitalized and clubbed under Intangible assets.

6.3 Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset till the time of capitalization. Subsequent expenditure/s incurred on the assets are capitalized only when it increases the future benefits from such assets or their functioning capability.

6.4 Depreciation:

A. Depreciation on assets (including land where value is not separable) is provided on straight-line method based on estimated life of the asset, except in respect of computers where it is calculated on the straight-line method, at the rates prescribed by RBI.

B. Depreciation on assets has been provided at the rates furnished below: -

Particulars	Rate of Depreciation
PREMISES	
Freehold Properties	
Land	NIL
Depreciation to be provided on Construction Cost where the land cost is segregated and on total cost where the land cost is not ascertainable and cannot be segregated	2.50% (40 years Straight Line Method or remaining life whichever is lower)
Land acquired on perpetual lease where no lease period is mentioned	NIL
Land acquired on lease where lease period is mentioned	Over lease period
Building	
Constructed on free hold land and on leased land, where lease period is above 40 years	2.50%
Constructed on leased land where lease period is below 40 years	Over lease period
FIXED ASSETS EXCEPT PREMISES	
Furniture and fixtures- Steel articles	5.00%
Furniture and fixtures-wooden articles	10.00%
Mattresses	20.00%
Mobile Phone Instruments	33.33%

Sch 18 12

Machinery, electrical and miscellaneous articles	15.00%
Motor cars and cycles	15.00%
Computers, ATMs and related items, laptop, i pad etc Servers, Network, Equipment & Automated Teller Machines (Including software forming an integral part of computer hardware)	33.33%
Items of office fixed assets (excepts to staff) amount less than Rs. 25,000/- and / or having useful life of less than 12 months from the date of acquisition are recognized as expense. Cost of Application Software / Operating System / Data base amounting up to Rs. 25,000/- are charged to revenue.	

C. Depreciation on fresh additions to assets other than Bank's own premises is provided from the day in which the assets are capitalized and in the case of assets sold/disposed off during the year, up to the date in which it is sold/ disposed off i.e. daily basis.

D. The depreciation on bank's own premises existing at the close of the year is charged for full year. The construction cost is depreciated only when the building is complete in all respects. Where the cost of land and building cannot be separately ascertained, depreciation is provided on the composite cost, at the rate applicable to buildings.

E. In respect of leasehold premises, the lease premium, if any, is amortized over the period of lease and the lease rent is charged in the respective year(s).

F. The Revalued assets is depreciated over the balance useful life of the asset as assessed at the time of revaluation.

7. IMPAIRMENT OF ASSETS:

The carrying costs of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors an impairment loss is recognized wherever the carrying cost of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Sch. 18 /

After impairment, if any, depreciation is provided on the revised carrying cost of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

8. EMPLOYMENT BENEFITS:

PROVIDENT FUND:

Provident fund is a defined contribution scheme as the Bank pays fixed contribution at pre-determined rates. The obligation of the Bank is limited to such fixed contribution. The contribution is charged to Profit & Loss A/c.

GRATUITY:

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the Bank and is managed by a separate trust.

PENSION:

Pension liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the Bank and is managed by a separate trust.

The Bank operates a New Pension Scheme (NPS) for all officers/ employees who have joined the Bank on or after 01.04.2010. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with contribution of 14% of their basic pay plus dearness allowance from the Bank. Pending completion of the registration procedures of the employees concerned, these contributions are retained. The Bank recognizes such annual contributions as an expense in the year to which they relate. Upon the receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust.

COMPENSATED ABSENCES:

Accumulating compensated absences such as Privilege Leave (PL) and Sick Leave (including unavailed casual leave) are provided for based on actuarial valuation. The scheme for Privilege Leave (PL) is funded by the Bank and is managed by a separate trust.

Sch 18/14

OTHER EMPLOYEE BENEFITS:

Other Employee Benefits such as Leave Fare Concession (LFC), Silver Jubilee Award, etc. are provided for based on actuarial valuation.

In respect of overseas branches and offices, the benefits in respect of employees other than those on deputation are valued and accounted for as per laws prevailing in the respective countries.

9. TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS & BALANCES:

Transactions involving foreign exchange are accounted for in accordance with AS 11, 'The Effect of Changes in Foreign Exchange Rates'.

9.1 Except advances of erstwhile London branches which are accounted for at the exchange rate prevailing on the date of parking in India, all other monetary assets and liabilities, guarantees, acceptances, endorsements and other obligations are translated in Indian Rupee equivalent at the exchange rates prevailing as on the Balance Sheet date as per Foreign Exchange Dealers' Association of India (FEDAI) guidelines.

9.2 Non-monetary items other than fixed assets which are carried at historical cost are translated at exchange rate prevailing on the date of transaction.

9.3 Outstanding Forward exchange spot and forward contracts are translated as on the Balance Sheet date at the rates notified by FEDAI and the resultant gain/loss on translation is taken to Profit & Loss Account.

Foreign exchange spot/forward contracts/deals (Merchant and Inter-bank) which are not intended for trading/Merchant Hedge and are outstanding on the Balance Sheet date, are reverse re-valued at the closing FEDAI spot/forward rate in order to remove revaluation effect on exchange profit. The premium or discount arising at the inception of such a forward exchange contract is amortized as interest expense or income over the life of the contract.

9.4 Income and expenditure items are accounted for at the exchange rate prevailing on the date of transaction.
Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognized as income or as expense in the period in which they arise.

Gains/Losses on account of changes in exchange rates of open position in currency futures trades are settled with the exchange clearing house on daily basis and such gains/losses are recognized in the Profit and Loss Account.

9.5 Offices outside India / Offshore Banking Units:

(i) Operations of foreign branches and off shore banking unit are classified as 'Non-integral foreign operations' and operations of representative offices abroad are classified as 'integral foreign operations'.

(ii) Foreign currency transactions of integral foreign operations and non-integral foreign operations are accounted for as prescribed by AS-11.

(iii) Exchange Fluctuation resulting into Profit / loss of non-integral operations is credited /debited to Exchange Fluctuation Reserve.

10. TAXES ON INCOME

Income tax expense is the aggregate amount of current tax including Minimum Alternate Tax (MAT), wherever applicable and deferred tax expense incurred by the Bank. The current tax and deferred tax are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively after taking into account taxes paid at the foreign offices, which are based on the tax laws of respective jurisdictions.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that there will be payment of normal income tax during the period specified under the income Tax Act, 1961

Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognized by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognized in the profit and loss account. Deferred tax assets are recognized and re-assessed at each reporting date, based upon management's judgment as to whether their realization is considered as reasonably/virtually certain.

11. EARNINGS PER SHARE:

The Bank reports basic and diluted earnings per share in accordance with AS 20 - 'Earnings per Share' issued by the ICAI. Basic Earnings per Share is computed by dividing the Net Profit after Tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding for the year.

Diluted Earnings per Share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted Earnings per Share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding.

12. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

In conformity with AS 29, 'Provisions, Contingent Liabilities and Contingent Assets', issued by the Institute of Chartered Accountants of India, the Bank recognizes provisions only when it has a present obligation as a result of a past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

A Contingent Liability is a potential liability, in terms of money, which may arise depending on the outcome of an uncertain specific event. A possible obligation which may or may not arise depending on how a future event unfolds has been recognized as Contingent Liability.

Further, the cases which although have been filed against the Bank, but possibility of any obligation arising upon the Bank in those case is remote, have not been construed and included in Contingent Liability.

Contingent Assets are not recognized in the financial statements.

13. BULLION TRANSACTIONS:

The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on price quoted by the supplier. The Bank earns a fee on such bullion transactions. The fee is classified under commission income. The Bank also accepts deposits and lends gold, which is treated as deposits/advances as the case may be with the interest paid / received classified as interest expense/income.

PUNJAB NATIONAL BANK

SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 31.03.2023

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

14. SEGMENT REPORTING:

The Bank recognizes the Business segment as the Primary reporting segment and Geographical segment as the Secondary reporting segment, in accordance with the RBI guidelines and in compliance with the Accounting Standard 17 issued by ICAI.

15. The Bank, in accordance with RBI Circular FIDD.CO.Plan.BC.23/ 04.09.01/ 2015-16 dated April 7, 2016, trades in Priority Sector portfolio by selling or buying PSLC. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the Fee received from sale of PSLCs is treated as 'Other Income'.

16. CASH & CASH EQUIVALENTS

Cash and cash equivalents include:

a) Cash and Balances with RBI, Balances with Bank and money at call and short notice.

b) The balances in Reverse Repo are reported as per the guidelines provided by RBI vide its circular dated 19.05.2022 (i.e. under schedule 6, schedule 7 and schedule 9, as applicable). The balance held by the Bank under Standing Deposit Facility (SDF) is also reported similarly.

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Sch. 18 / 18

PUNJAB NATIONAL BANK

SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 31.03.2023

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

NOTES TO ACCOUNTS

1. The 05 Subsidiaries and 15 Associates (which along with Punjab National Bank, the parent, constitute the Group) are considered in the preparation of the consolidated financial statements are as under:

(in %)

Sl. No.	Name of the Subsidiary Company	Country of incorporation	% Voting power held as at	
			Current Year	Previous Year
1.	PNB Gilts Limited[1]	India	74.07	74.07
2.	PNB Investment Services Ltd.[1]	India	100.00	100.00
3.	PNB Cards and Services Ltd.[1]	India	100.00	100.00
4.	Punjab National Bank (International) Ltd.UK[$]	United Kingdom	100.00	100.00
5.	Druk PNB Bank Ltd. Bhutan[*]	Bhutan	51.00	51.00

[$]Un-Audited Financials have been taken while preparing consolidated financial statements of PNB group.

[1]The financial statements of the company is subject to Supplementary Audit by the Comptroller & Audit General of India, under the Companies Act, 2013 and receipt of their report.

[*]Druk PNB Bank Ltd. Bhutan follows accounting year different from that of the parent.

2. Associates considered in consolidated financial statements are as under:

(in %)

Sl. No.	Associates	Country of incorporation	Proportion of ownership percentage as at	
			Current Year	Previous Year
1.	PNB Metlife India Insurance Company Ltd[*]	India	30.00	30.00
2.	PNB Housing Finance Limited	India	32.52	32.57
3.	JSC (Tengri Bank), Almaty, Kazakhstan[**]	Kazakhstan	41.64	41.64
4.	Canara HSBC Life Insurance Co. Ltd.	India	23.00	23.00
5.	India SME Asset Reconstruction Co. Ltd.	India	20.90	20.90
6.	Everest Bank Ltd.[$***]	Nepal	20.03	20.03
7.	Dakshin Bihar Gramin Bank, Patna	India	35.00	35.00
8.	Himachal Pradesh Gramin Bank, Mandi	India	35.00	35.00

Sch. 18 / 1

Sl. No.	Associates	Country of incorporation	Proportion of ownership percentage as at	
			Current Year	Previous Year
9.	Punjab Gramin Bank, Kapurthala	India	35.00	35.00
10.	Sarva Haryana Gramin Bank, Rohtak	India	35.00	35.00
11.	Prathama UP Gramin Bank, Moradabad	India	35.00	35.00
12.	Assam Gramin Vikas Bank, Guwahati	India	35.00	35.00
13.	Bangiya Gramin Vikas Bank, (West Bengal)	India	35.00	35.00
14.	Manipur Rural Bank, Imphal	India	35.00	35.00
15.	Tripura Gramin Bank, Agartala	India	35.00	35.00

$Un-Audited Financials have been taken while preparing consolidated financial statements of PNB group.

*PNB has acquired 30% stake in PNB Metlife at consideration of Rs. 700.48 as brand equity.

**AFR revoked license of JSC Tengri Bank w.e.f. 18.09.2020 and is under Liquidation.

***Everest Bank Ltd. Follows accounting year different from that of the parent.

3.1 Capital Reserve

(Amount in Rs Crore)

Particulars	Current Year	Previous Year
Capital Reserve on Consolidation (Net)	74.21	74.21

3.2 Perpetual bonds/sub-ordinated debt raised as Tier I and Tier II Capital:

(Amount in Rs Crore)

Particulars	Current Year	Previous Year
Amount of sub-ordinated debt raised as Tier-II Capital during the period	4101.98	2012.63
Amount of perpetual bonds raised as Tier-I Capital during the period	4214.00	3971.00

PUNJAB NATIONAL BANK

SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 31.03.2023

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

3.3 The capital adequacy ratio (as per Basel III) of the bank group is as under:

(Amount in Rs Crore)

Sr. No.	Particulars	Current Year	Previous Year
i)	Common Equity Tier 1 capital (CET 1) (net of deductions, if any)	75580.00	64911.43
ii)	Additional Tier 1 capital	9972.33	7285.67
iii)	Tier 1 capital (i + ii)	85552.33	72197.10
iv)	Tier 2 capital	18910.34	16943.49
v)	Total capital (Tier 1+Tier 2)	104462.67	89140.59
vi)	Total Risk Weighted Assets (RWAs)	672297.09	611984.12
vii)	CET 1 Ratio (CET 1 as a percentage of RWAs)	11.24%	10.61%
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	12.73%	11.80%
ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	2.81%	2.77%
x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	15.54%	14.57%
xi)	Leverage Ratio	4.77%	4.31%

Note: CET I Capital includes Amalgamation Reserve ₹9268.29Crore.

RBI vide circular no. DOR.No.CAP.REC.3/21.06.201/2022-23 dated 1st April, 2022 has given discretion to banks to consider Revaluation Reserve, Foreign Currency Translation Reserve and Deferred Tax Asset for purpose of computation of Capital Adequacy as CET-1 capital ratio. The Bank has exercised the option in the above computation.

4. Disclosures required by Accounting Standards

4.1 Accounting Standard 5 – Net Profit or Loss for the Period, Prior Period items and Change in Accounting Policies

During the Current and Previous year there were no material prior period income/expenditure items requiring disclosure under Accounting Standard 5.

The financial results for the year ended March 31, 2023 have been prepared following the same Accounting Policies and practices as those followed in the annual financial statements for the year ended March 31, 2022.

(Previous year: The financial results for the year ended March 31, 2022 have been prepared following the same Accounting Policies and practices as those followed in the annual financial statements for the year ended March 31, 2021, except recognition of commission on Letter of Credit and Bank Guarantee. With effect from April 01, 2021, the commission on Letter of Credit and Bank Guarantee is recognised as revenue to the extent accrued for the period as against recognition done on receipt basis hitherto. This change in accounting policy has resulted in decrease in profit before tax by ₹11.67 Crore for quarter ended March 31, 2022 and by ₹207.64 Crore for year ended March 31, 2022).

4.2 Accounting Standard 9 - Revenue Recognition

The income which has been accounted for on realization basis is not considered to be material. (Previous year: The income which has been accounted for on realization basis is not considered to be material).

4.3 Accounting Standard 10 – Properties, Plant and Equipment.

Break-up of total depreciation for the period/ FY for each class of assets

(Amount in Rs Crore)

Particulars (Class of Assets)	Current Year	Previous Year
Premises	202.12	178.60
Other fixed assets	551.95	581.68
Leased assets	0.01	0.01
Computer software	150.79	135.88
Total	**904.87**	**896.17**

4.4 Accounting Standard 11- The effects of Changes in Foreign Exchange rates:
Movement of Foreign Currency Fluctuation Reserve

(Amount in Rs Crore)

Particulars	Current Year	Previous Year
Opening Balance	**1008.10**	917.05
Addition/Deduction during the FY due to change in Profit & Loss account	6.05	69.24
Addition/Deduction during the FY due to translation of Assets & Liabilities	79.26	21.81
Other Adjustment	-249.89	0.00
Closing Balance	**843.52**	**1008.10**

PUNJAB NATIONAL BANK

SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 31.03.2023

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

4.5 Accounting Standard 15 (Revised) – Employees Benefits:

DISCLOSURE IN ACCORDANCE WITH AS-15(R):

In line with the accounting policy and as per the Accounting Standard – 15(R), the summarized position of employment benefits is as under:

A. Defined benefit Plans

TABLE I - Principal Actuarial Assumptions and the basis of these assumptions (Parent Company)

Actuarial Assumptions	PENSION		GRATUITY		LEAVE ENCASHMENT	
	31.03.23	31.03.22	31.03.23	31.03.22	31.03.23	31.03.22
Discount Rate	7.45%	7.20%	7.45%	6.95%	7.45%	6.95%
Expected Return on Plan Assets	7.45%	7.20%	7.45%	6.95%	7.45%	6.95%
Rate of Escalation In salary	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Attrition Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

(ALL AMOUNTS IN CRORES)

TABLE II - Changes in Present value of the obligation

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.23	31.03.22	31.03.23	31.03.22	31.03.23	31.03.22
	Present value of Obligation at the beginning of period	48456.97	46355.35	4296.87	4587.12	3729.21	3464.49
Add:	Interest Cost	3373.37	3065.43	267.04	267.54	214.83	187.71
Add:	Current Service Cost	375.38	488.52	255.83	270.31	515.43	452.35
Add:	Past Service Cost	0.00	3093.95	0.00	0.00	0.00	0.00
Less:	Benefits paid	-3719.34	-4002.18	-625.98	-902.00	-721.68	-814.83
	Actuarial loss / (gain) on obligations (Balancing Figure)	691.14	-544.1	-73.71	73.90	163.76	439.49

	Present value of Obligation as at the end of the period*	**49177.52**	**48456.97**	**4120.05**	**4296.87**	**3901.55**	**3729.21**

**Present value of obligation for the period ended as on Mar'23 includes the proportionate impact of impending wage revision.*

TABLE III - Changes in the FV of the Plan Assets							
		PENSION		**GRATUITY**		**LEAVE ENCASHMENT**	
		31.03. 23	**31.03.23**	**31.03.23**	**31.03.22**	**31.03.23**	**31.03.22**
	Fair value of Plan Assets, at the beginning of period	48147.78	46731.79	4339.25	4718.68	3122.19	2779.62
Add:	Expected return on Plan assets	3351.11	3091.21	279.59	285.80	189.37	145.48
Add:	Contributions paid by Bank	207.53	1228.41	353.59	197.78	638.07	839.99
Add:	Contributions paid by Bank for Past Service Cost (on Family Pension liability)	955.00	618.79	0.00	0.00	0.00	0.00
Less:	Benefits Paid	-3719.34	-4002.18	-626.00	-901.70	-603.71	-735.42
Less:	Actuarial (loss) / gain on Plan Assets (Balancing Figure)	191.18	479.76	26.44	38.69	70.39	92.52
	Fair value of Plan Assets as at the end of the period	**49133.26**	**48147.78**	**4372.87**	**4339.25**	**3416.31**	**3122.19**

PUNJAB NATIONAL BANK

SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 31.03.2023

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

TABLE IV - Actual Return on Plan Assets

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.23	31.03.22	31.03.23	31.03.22	31.03.23	31.03.22
	Expected return on Plan Assets	3351.11	3091.21	279.59	285.80	189.37	145.48
Add :	Actuarial (loss) / gain on Plan Assets	191.18	479.76	26.44	45.78	70.39	92.52
	Actual Return on Plan Assets	**3542.29**	**3570.97**	**306.03**	**315.51**	**259.76**	**238.00**

TABLE V - Net Actuarial (Gain) / loss recognized

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.23	31.03.22	31.03.23	31.03.22	31.03.23	31.03.22
	Actuarial loss / (gain) for the period - Obligations	691.14	-544.10	-73.70	73.90	163.76	439.49
	Actuarial (gain)/ loss for the period - Plan Assets	-191.18	-479.76	-26.44	-38.69	-70.39	-92.52
	Total (gain) /loss for the period	499.96	-1023.86	-100.14	35.21	93.37	346.97
	Actuarial (gain) or loss recognized in the period	**499.96**	**-1023.86**	**-100.14**	**35.21**	**93.37**	**346.97**
	Unrecognized Actuarial (gain) / loss at the end of the year	**0.00**	0.00	**0.00**	**0.00**	**0.00**	0.00

TABLE VI - Amount recognized in Balance Sheet

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.23	**31.03.22**	**31.03.23**	**31.03.22**	**31.03.23**	**31.03.22**
	Present value of Defined Benefit Obligation	49177.52	48456.97	4120.06	4296.87	3901.55	3729.21
Less	Fair value of Plan Assets	49133.26	48147.78	4373.25	4339.25	3416.31	3122.19
	Difference	44.26	309.19	-253.19	-42.38	485.24	607.02
Less	Unrecognized Past Service cost (on Family Pension liability)	0.00	1520.16	0.00	0.00	0.00	0.00
	Net Liability/ (Asset)	44.26	-1210.97	-253.19	-42.38	485.24	607.02
	Amounts in the Balance Sheet	-		0.00	0.00	0.00	0.00
	Liability Recognized in the Balance Sheet	44.26	955	-253.19	-42.38	485.24	607.02
	Assets Recognized in the Balance Sheet (on Family Pension liability)	0.00	-2165.97	0.00	0.00	0.00	0.00
	Net Liability/ (Asset)	44.26	-1210.97	-253.19	-42.38	485.24	607.02
	Negative amount determined under Paragraph 55 of AS-15 (R)	0.00	0.00	0.00	0.00	0.00	0.00
	Present value of available refunds and reductions in future contributions	0.00	0.00	0.00	0.00	0.00	0.00
	Asset recognized as per Paragraph 59 (b) of AS-15 (R)	0.00	2165.97	0.00	0.00	0.00	0.00

PUNJAB NATIONAL BANK

SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 31.03.2023

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

TABLE VII - Expense to be recognized in Profit and loss Account

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.23	**31.03.22**	**31.03.23**	**31.03.22**	**31.03.23**	**31.03.22**
	Current Service Cost	375.38	488.52	255.83	270.31	515.43	452.35
Add :	Interest cost	3373.37	3065.43	267.04	267.54	214.83	187.71
Less	Expected return on Plan assets	-3351.11	-3091.21	-279.59	-285.80	-189.37	-145.48
Add :	Net Actuarial (gain) / loss recognized in year	499.96	-1023.86	-100.14	35.21	93.37	346.97
Add :	Past Service Cost-Recognized (on Family Pension liability)	1520.16	1573.79	0.00	0.00	0.00	0.00
	Expenses recognized in the statement of profit and loss	2417.76	1012.67	143.14	287.43	634.26	841.55

TABLE VIII- Movement in Net Liability to be recognized in Balance Sheet

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.23	**31.03.22**	**31.03.23**	**31.03.22**	**31.03.23**	**31.03.22**
	Opening Net Liability	-1210.97	-376.44	-42.38	-131.55	607.02	684.87
Add:	Expense	2417.76	1012.67	143.14	287.43	657.34	841.55
Less :	Contributions Paid	-1162.53	-1847.20	-353.59	-198.26	-778.83	-918.78
Less	Benefits Paid by the company	0.00	0.00	-0.36	0.00	-0.29	0.23
	Closing Net Liability/ (Asset) recognised in B/S in current period)	44.26	-1210.97	-253.19	-42.38	485.24	607.87

Sch. 18 / 27

PUNJAB NATIONAL BANK
SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 31.03.2023
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

TABLE IX -Amount for the current Period

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.23	31.03.22	31.03.23	31.03.22	31.03.23	31.03.22
	Present value of Obligation	49177.52	48456.97	4120.06	4296.87	3901.55	3729.21
Less	Fair value of Plan Assets	49133.26	48147.78	4373.25	4339.25	3416.31	3122.19
	Surplus / (Deficit)	-44.26	-309.19	-253.19	-42.38	485.24	607.02
	Experience Adjustments in Plan Liabilities - (loss) / Gain	1763.45	1230.77	31.39	199.27	213.32	446.48
	Experience Adjustments in Plan Assets (loss) / gain	191.18	479.76	31.39	45.78	70.39	92.52

TABLE X -Major Categories of Plan Assets (as percentage of Total Plan Assets) as managed by Trust

(In Percentage)

	PENSION		GRATUITY		LEAVE ENCASHMENT	
	31.03.23	31.03.22	31.03.23	31.03.22	31.03.23	31.03.22
Government Of India Securities	3.00%	2.76%	5.00%	5.00%	0.00%	0.00%
State Govt Securities	10.05%	11.91%	6.00%	10.00%	0.00%	0.00%
High Quality Corporate Bonds	5.85%	5.36%	3.00%	3.00%	0.00%	0.00%
Equity Shares of listed companies/ Mutual Fund Investments	0.24%	0.28%	0.00%	0.00%	0.00%	0.00%
Property	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Special deposit scheme/ FDR's	2.47%	4.06%	4.00%	6.00%	0.00%	0.00%
Funds managed by Insurer/ Investments in Life Insurance Companies	75.81%	69.10%	72.00%	66.00%	100.00%	100.00%
Other Deposits, Accruals etc.	2.58%	6.53%	10.00%	10.00%	0.00%	0.00%
TOTAL	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

TABLE XI -ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR						
	Pension (Funded)		Gratuity (Funded)		Leave Encashment (Funded)	
	31.03.23	31.03.22	31.03.23	31.03.22	31.03.23	31.03.22
Bank's best estimate of Contribution during next year	890.00	720.00	210.07	230.08	440.07	410.07

TABLE XII- Other Long Term employee benefits (Unfunded)						
Particulars	**Sick Leave & Un availed Casual leave (Unfunded)**		**Leave Fare concession (unfunded)**		**Silver Jubilee Bonus (unfunded)**	
	31.03.23	**31.03.22**	**31.03.23**	**31.03.22**	**31.03.23**	**31.03.22**
Present Value of Obligation	216.35	168.36	257.64	237.76	20.24	16.15
Opening Balance of Transitional Liability	0.00	0.00	0.00	0.00	0.00	0.00
Transitional Liability recognized in the year	0.00	0.00	0.00	0.00	0.00	0.00
Closing Balance Of Transitional Liability	0.00	0.00	0.00	0.00	0.00	0.00
Liability Recognized in balance Sheet	216.35	168.36	257.64	237.76	20.24	16.15

Particulars	Basis of assumption (Parent Company)
Discount Rate	Discount Rate has been determined by reference to market yields at the balance Sheet date on Government bonds (published by FBIL) of term consistent with currency and estimated term of the obligations.
Expected Rate of Return on Plan Assets	It is assumed that return on the plan assets pertaining to the Pension, Gratuity and Leave Encashment fund will be 7.45% p.a.
Salary Escalation Rate (SER)	Based on the broad guidance provided by IBA, SER for the bank has been taken at 6.00% p.a.
Attrition Rate	Attrition rate is assumed at 1% taken with reference to past experience and expected future experience related to voluntary withdrawals.

Sch.

PUNJAB NATIONAL BANK

SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 31.03.2023

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

4.5 i) Defined Contribution Plans (Parent Company): -

The Bank has Defined Contribution Plan applicable to all categories of employees joining the Bank on or after 01.04.2010. The scheme is managed by NPS trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited (Protean eGov Technologies Limited) has been appointed as the Central Record Keeping Agency for the NPS. The detail of the contribution is as under-

During the Financial Year 2022-2023= Rs 1220.32 Crore
(Contribution Includes both Bank + Employee contribution)

During the Financial Year 2021-2022= Rs 974.43 Crore
(Contribution Includes both Bank + Employee contribution)

4.5 ii) Pursuant to the revision in family pension payable to the employees of the Bank, covered under 11th Bi- Partite Settlement and joint note dated November 11, 2020, the Bank had estimated additional liability of Rs.3093.95 Crore, of which a sum of Rs.1573.79 Crore was amortized during the financial year 2021-22, in terms of RBI Circular no. RBI/2021-22/105 DOR.ACC.REC.57/21.04.018/2021-22 dated October 04, 2021 and unamortized part of Rs.1520.16 Crore has been fully charged to the Profit & Loss Account during the FY 2022-23. There is no unamortized expenditure in the Balance Sheet on account of additional family pension.

4.6 Accounting Standard 17 - Segment Reporting

Segment Identification

I. **Primary (Business Segment):**

The following are the primary segments of the Bank:-

i) **Treasury:** The Treasury Segment includes the entire investment portfolio and trading in foreign exchange contracts and derivative contracts. The revenue of the treasury segment primarily consists of fees and gains or losses from trading operations and interest income on the investment portfolio.

ii) **Corporate / Wholesale Banking:** As per the RBI guidelines RBI/2020-21/53, DOR.No.BP.BC.23/21.06.201/2020-21, dated 12thOctober 2020, the Corporate / Wholesale Banking segment comprises the lending activities of borrowers having exposure of ₹7.50Crores and above.

iii) **Retail Banking:** The Retail Banking Segment comprises of borrower accounts having exposure of less than ₹7.50Crores.

iv) **Other Banking Operations** Segments not classified under (i) to (iii) above are classified under this primary segment.

Sch.

PUNJAB NATIONAL BANK
SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 31.03.2023
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

II **Secondary (Geographical Segment)**:

i) **Domestic Operations** - Branches/Offices having operations in India

ii) **Foreign Operations** - Branches/Offices having operations outside India and offshore banking units having operations in India.

III. **Basis of allocation**

The interest income is allocated on the basis of actual interest received from different segments

Expenses not directly attributable are allocated on the basis of Interest income earned by the wholesale banking / retail banking segment/other banking segment

Capital employed for each segment is calculated based on the assets and liabilities of that particular segment

The Bank has certain common assets and liabilities, which cannot be attributed to any segment, and the same are treated as unallocated.

SEGMENT REPORTING FOR THE YEAR ENDED 31st MARCH 2023

PART A – BUSINESS SEGMENTS **(Rs in Crores)**

Sr. No.	Particulars	Year Ended	
		31.03.2023 Audited	**31.03.2022 Audited**
1	**Segment Revenue**		
	(a) Treasury Operations	28123.94	30244.25
	(b) Corporate/Wholesale Banking	40732.73	30887.23
	(c) Retail Banking	27071.27	24783.71
	1) Digital Banking	0.02	
	2) Other Retail Banking	27071.25	24783.71
	(d) Other Banking Operations	3156.94	2424.3
	Total Revenue	**99084.88**	**88339.49**
2	**Segment Results**		
	(a) Treasury Operations	7185.00	9191.30
	(b) Corporate/Wholesale Banking	-2816.51	-4052.27
	(c) Retail Banking	3920.39	3110.22
	1) Digital Banking	-4.35	
	2) Other Retail Banking	3924.74	3110.22
	(d) Other Banking Operations	1128.64	620.96
	Total	**9417.52**	**8870.21**
	Unallocated Expenditure	4556.10	4275.69
	Provisions & Contingencies		
	Profit before Tax	**4861.42**	**4594.52**

PUNJAB NATIONAL BANK
SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 31.03.2023
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Sr. No.	Particulars	Year Ended	
		31.03.2023 Audited	31.03.2022 Audited
	Provision for Tax	1792.08	918.56
	Extraordinary items	0.00	0.00
	Share of Earning in Associates(Net)	289.44	231.63
	Minority Interest	10.33	46.85
	Net profit	**3348.45**	**3860.74**
3	**Segment Assets**		
	(a) Treasury Operations	490396.13	441108.02
	(b) Corporate/Wholesale Banking	604518.31	545178.01
	(c) Retail Banking	302145.46	261644.19
	1) Digital Banking	1.86	
	2) Other Retail Banking	302143.60	261644.19
	(d) Other Banking Operations	49526.55	44903.10
	(e) Unallocated	47062.49	46467.81
	Total	**1493648.94**	**1339301.13**
4	**Segment Liabilities**		
	(a) Treasury Operations	468241.16	421033.81
	(b) Corporate/Wholesale Banking	582274.16	523784.94
	(c) Retail Banking	292978.42	253207.32
	1) Digital Banking	6.09	
	2) Other Retail Banking	292972.33	253207.32
	(d) Other Banking Operations	46056.66	42478.98
	(e) Unallocated	1218.04	1214.16
	Total	**1390768.44**	**1241719.21**
5	**Capital Employed**		
	(a) Treasury Operations	22154.97	20074.21
	(b) Corporate/Wholesale Banking	22244.15	21393.07
	(c) Retail Banking	9167.04	8436.87
	1) Digital Banking	-4.23	
	2) Other Retail Banking	9171.27	8436.87
	(d) Other Banking Operations	3469.89	2424.12
	(e) Unallocated	45844.45	45253.65
	Total Capital Employed	**102880.54**	**97581.92**

PUNJAB NATIONAL BANK
SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 31.03.2023
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

PART B - GEOGRAPHICAL SEGMENTS (Rs. in Crores)

Sr. No.	Particulars	CONSOLIDATED	
		Year Ended	
		31.03.2023 Audited	31.03.2022 Audited
1	**Revenue**		
	(a) Domestic	96537.10	87409.26
	(b) International	2547.78	930.23
	Total	**99084.88**	**88339.49**
2	**Assets**		
	(a) Domestic	1420938.21	1285938.02
	(b) International	72710.73	53363.11
	Total	**1493648.94**	**1339301.13**

Notes :

1. Segment Liabilities are distributed in the ratio of their respective Segment Assets.
2. Figures of the previous period have been re-grouped/re-classified wherever necessary.
3. As per RBI Circular RBI/2022-23/19 DOR.AUT.REC. 12/22.01.001/2022-23 dated April 07, 2022, for the purpose of disclosure under Accounting Standard 17, Segment Reporting, Digital Banking Segment has been identified as sub-segment under Retail Banking by Reserve Bank of India (RBI). During the year ended March 31, 2023, 8 (eight) Digital Banking Units (DBUs) of the Bank have commenced operations and the segment information disclosed as Digital Banking under Retail Banking Operations is related to the said DBUs.

4.7 Accounting Standard 18 - Disclosure of Related Parties as per Accounting Standard –18 issued by ICAI: (Parent Company)

Names of the related parties and their relationship with the Bank:

Key Management Personnel (KMP):

i) Shri Atul Kumar Goel, Managing Director & CEO.
ii) Shri Sanjay Kumar, Executive Director, upto 30.11.2022*
iii) Shri Vijay Dube, Executive Director.
iv) Shri Swarup Kumar Saha, Executive Director, 10.03.2021 to 03.06.2022**
v) Shri Kalyan Kumar, Executive Director
vi) Shri Binod Kumar, Executive Director Since 21.11.2022
vii) Shri M. Paramasivam, Executive Director, since 01.12.2022

*** Tenure completed on 30.11.2022,**
****Tenure up to 03.06.2022**

Subsidiaries:

i) PNB Gilts Ltd.
ii) PNB Investment Services Ltd.
iii) PNB Cards and Services Ltd.
iv) Punjab National Bank (International) Ltd., UK.
v) Druk PNB Bank Ltd, Bhutan.

Associates:

i) PNB Metlife India Insurance Company Ltd*
ii) PNB Housing Finance Limited
iii) JSC (Tengri Bank), Almaty, Kazakhstan**
iv) Canara HSBC Life Insurance Co. Ltd.
v) India SME Asset Reconstruction Co. Ltd.
vi) Everest Bank Limited, Kathmandu, Nepal
vii) Dakshin Bihar Gramin Bank, Patna
viii) Himachal Pradesh Gramin Bank, Mandi
ix) Punjab Gramin Bank, Kapurthala
x) Sarva Haryana Gramin Bank, Rohtak
xi) Prathama UP Gramin Bank, Moradabad
xii) Assam Gramin Vikas Bank, Guwahati
xiii) Bangiya Gramin Vikas Bank, West Bengal
xiv) Manipur Rural Bank, Imphal
xv) Tripura Gramin Bank, Agartala

*PNB has acquired 30% stake in PNB Metlife at consideration of Rs. 700.48 as brand equity.
**AFR revoked license of JSC Tengri Bank w.e.f. 18.09.2020 and is under Liquidation.

Others:
i) PNB Centenary Rural Development Trust

Transactions with Related Parties:

(Amount in ₹ Crores)

Items/ Related Party	Parent** (as per ownership or control)		Subsidiaries**		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Total	
	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year
Remuneration	N.A	N.A	N.A	N.A	-	-	2.54	-	-	-	2.54	-
	N.A	N.A	N.A	N.A	-	-	(2.74)	-	-	-	(2.74)	-
Borrowings	N.A	N.A	N.A	N.A	25.01	25.01	-	-	-	-	25.01	25.01
	N.A	N.A	N.A	N.A	(25.01)	(25.01)	-	-	-	-	(25.01)	(25.01)
Deposits	N.A	N.A	N.A	N.A	1080.36	1228.98	-	-	-	-	1080.36	1228.98
	N.A	N.A	N.A	N.A	(124.66)	(157.80)	-	-	-	-	(124.66)	(157.80)
Placement of Deposits	N.A	N.A	N.A	N.A	0.00	0.00	-	-	-	-	0.00	0.00
	N.A	N.A	N.A	N.A	(0.00)	(0.00)	-	-	-	-	(0.00)	(0.00)
Other Liabilities	N.A	N.A	N.A	N.A	0.44	2.57	-	-	-	-	0.44	2.57
	N.A	N.A	N.A	N.A	(0.61)	(1.52)	-	-	-	-	(0.61)	(1.52)
Balance with banks and Money at call and short notice	N.A	N.A	N.A	N.A	0.00	0.00	-	-	-	-	0.00	0.00
	N.A	N.A	N.A	N.A	(0.00)	(0.00)	-	-	-	-	(0.00)	(0.00)
Advances (IBPC borrowings)	N.A	N.A	N.A	N.A	0.00	0.00	-	-	-	-	0.00	0.00
	N.A	N.A	N.A	N.A	(0.00)	(0.00)	-	-	-	-	(0.00)	(0.00)
Advances (IBPC lending)	N.A	N.A	N.A	N.A	0.00	0.00	-	-	-	-	0.00	0.00
	N.A	N.A	N.A	N.A	(0.00)	(0.00)	-	-	-	-	(0.00)	(0.00)
Advances (Others)	N.A	N.A	N.A	N.A	4636.68	4651.76	-	-	-	-	4636.68	4651.76
	N.A	N.A	N.A	N.A	(4325.89)	(4634.45)	-	-	-	-	(4325.89)	(4634.45)
Investments	N.A	N.A	N.A	N.A	817.54	817.54	-	-	-	-	817.54	817.54
	N.A	N.A	N.A	N.A	(817.54)	(817.54)	-	-	-	-	(817.54)	(817.54)
Investments in Debentures	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Other Assets	N.A	N.A	N.A	N.A	111.43	152.03	-	-	-	-	111.43	152.03
	N.A	N.A	N.A	N.A	(129.81)	(212.15)	-	-	-	-	(129.81)	(212.15)
Non funded Commitments (LCs/BGs)	N.A	N.A	N.A	N.A	7.63	7.63	-	-	-	-	7.63	7.63
	N.A	N.A	N.A	N.A	(17.89)	(17.89)	-	-	-	-	(17.89)	(17.89)
Leasing/ HP arrangements availed	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Leasing/ HP arrangements provided	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Purchase of fixed assets	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Sale of Fixed Assets	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Transaction IBPC Sale Deal Value	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Transaction IBPC Purchase Deal Value	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A								

PUNJAB NATIONAL BANK
SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 31.03.2023
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Items/ Related Party	Parent** (as per ownership or control)		Subsidiaries**		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Total	
	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year	Outstanding at year end	Maximum amount outstanding during the year
Interest paid on Deposits	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Interest Paid on IBPC	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Interest Paid Others	N.A	N.A	N.A	N.A	9.45	-	-	-	-	-	9.45	-
	N.A	N.A	N.A	N.A	(4.70)	-	-	-	-	-	(4.70)	-
Interest received on IBPC	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Interest received Others	N.A	N.A	N.A	N.A	557.07	-	-	-	-	-	557.07	-
	N.A	N.A	N.A	N.A	(586.62)	-	-	-	-	-	(586.62)	-
Receiving of Services	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Rendering of Services	N.A	N.A	N.A	N.A		-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Management contracts	N.A	N.A	N.A	N.A	0.54	-	-	-	-	-	0.54	-
	N.A	N.A	N.A	N.A	(0.54)	-	-	-	-	-	(0.54)	-
Dividend received	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Bank Charges	N.A	N.A	N.A	N.A	1.15	-	-	-	-	-	1.15	-
	N.A	N.A	N.A	N.A	(0.22)	-	-	-	-	-	(0.22)	-
Interest Paid on Bonds	N.A	N.A	N.A	N.A	-	-					-	-
	N.A	N.A	N.A	N.A	-	-					-	-
Commission Received	N.A	N.A	N.A	N.A		-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A		-	-	-	-	-	-	-
Other Expenditure	N.A	N.A	N.A	N.A	5.42	-	-	-	-	-	5.42	-
	N.A	N.A	N.A	N.A	(194.21)	-	-	-	-	-	(194.21)	-
Other Income	N.A	N.A	N.A	N.A	316.92	-	-	-	-	-	316.92	-
	N.A	N.A	N.A	N.A	(288.09)	-	-	-	-	-	(288.09)	-

Notes: 1. **The transactions with the subsidiaries and certain associates have not been disclosed in view of para-9 of AS-18 'Related Party Disclosure', which exempts state controlled enterprises from making any disclosures pertaining to their transactions with other related parties, which are also state controlled.
2. Further, in terms of Paragraph 5 of AS 18, transactions in the nature of Banker-Customer relationship have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel.
3. The amounts reported are net of provision, if any.
4. Figures in brackets relate to previous year and have been regrouped / rearranged / reclassified wherever necessary.

4.8. Accounting Standard 19 - Lease (Parent Company)

I. Operating lease primarily comprise office premises, which are renewable at the option of the bank normally at the end of every 3 / 5th years.

ii. As per information available, Non-Cancellable lease as on 31.03.2023: NIL (Previous year: NIL).

iii. Amount of lease payment recognized in P & L Account for operating lease is as under:

Current Year Ended 31.03.2023		Previous Year Ended 31.03.2022	
No. of lease / rented premises	(Amount in ₹Crore)	No. of lease / rented premises	(Amount in ₹Crore)
15813	798.92	15750	782.24

4.9 Accounting Standard 20 - Earnings per Share

(Amount in Rs Crore)

Particulars		Current Year	Previous Year
Earnings per Share	Basic	3.04	3.53
	Diluted	3.04	3.53
Amount used as numerator Profit after tax (Rs. In Crore)		3348.45	3860.74
Nominal value of shares		₹2.00 each	₹2.00 each
Weighted average number of equity shares used as the denominator		11011015558	10946723321

4.10 Major components of deferred tax assets and liability are set out below:

(Amount in Rs Crore)

Particulars	Current Year	Previous Year
Deferred Tax Assets		
Provision for bad & doubtful debts	24319.77	23821.55
Provision for leave encashment	138.28	113.17
Provision for Pension & Gratuity	0.04	0.21
Taxable Loss (Carried Forward)	208.77	2353.34
Pre-Incorporation Expenditure	0.00	0.05
Depreciation on fixed assets	0.33	162.44
Others Contingencies	250.77	189.40
Total	**24917.96**	**26640.16**
Deferred Tax Liabilities		
Depreciation on fixed assets	-304.79	-233.45
Deduction u/s 36(1)(viii)of Income- tax Act,1961	1249.26	1170.31
Others	0.00	0.00
Total	**944.47**	**936.86**
Deferred Tax Assets/ (Liability) – Net	**23973.49**	**25703.30**

4.11 Accounting Standard 28 - Impairment of Assets

A substantial portion of the bank's assets comprises 'financial assets' to which Accounting Standard 28 'Impairment of Assets' is Not Applicable. In the opinion of the bank, there is no impairment of its assets (to which the standard applies) to any material extent as at 31.03.2023 requiring recognition in terms of the said standard.

(Previous year: A substantial portion of the bank's assets comprises 'financial assets' to which Accounting Standard 28 'Impairment of Assets' is Not Applicable. In the opinion of the bank, there is no impairment of its assets (to which the standard applies) to any material extent as at 31.03.2022 requiring recognition in terms of the said standard)

4.12 Accounting Standard 29 - Provisions, Contingent Liabilities and Contingent Assets

i. Movement of provisions for liabilities *

(Amount in Rs Crore)

Particulars	Salary arrears under negotiation	Legal cases/ contingencies
Balance as at 1st April 2022	0.00 (44.00)	83.51 (74.20)
Provided during the year	459.63 (0.00)	4.98 (11.81)
Amounts used during the year	0.00 (0.00)	0.39 (0.23)
Reversed during the year	0.00 (44.00)	2.52 (2.27)
Balance as at 31.03.2023	**459.63** **(0.00)**	**85.58** **(83.51)**
Timing of outflow/uncertainties	On actual Payment	Outflow on settlement / crystallization
	On actual Payment	Outflow on settlement / crystallization

* Excluding provisions for others

ii Break-up of "Provisions and Contingencies" shown under the head Expenditure in Profit and Loss Account is as follows:

(Amount in Rs Crore)

PUNJAB NATIONAL BANK
SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 31.03.2023
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Particulars	Current Year	Previous Year
Provisions for NPI	173.22	348.50
Provision towards NPAs	15828.44	14123.13
Floating provisions for NPAs (over and above RBI provisioning norms)	0.00	0.00
Provision towards Standard Assets	1786.56	1259.14
Provision made towards Income-tax (including FBT & Wealth Tax)	1792.08	918.50
Other Provisions & Contingencies	282.56	700.41
Total	**19862.86**	**17349.68**

4.13 Refer Schedule-12 on Contingent Liabilities

Such liabilities are dependent upon the outcome of Court/arbitration/out of court settlement, disposal of appeals, and the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, respectively.

4.14 Break-up of Floating Provisions is as follows:

(Amount in Rs Crore)

Particulars	Current Year	Previous Year
Opening balance	0.00	0.00
Quantum of floating provisions made during the year	0.00	0.00
Purpose and amount of draw down made during the year	0.00	0.00
Closing balance	0.00	0.00

4.15. Disclosure: Letter of Comfort (LoC)

"The Bank has issued a Letter of Comfort to Prudential Regulation Authority (PRA), the regulator in United Kingdom, committing that the bank shall provide financial support to its subsidiary, Punjab National Bank (International) Ltd., UK so that it meets its financial commitments as and when they fall due".

The said letter of Comfort has been renewed on 15.03.2022 after seeking approval of our Board in favor of PRA w.r.t. our subsidiary PNBIL wherein we have reiterated our commitment. The renewal was done as per instruction of PRA and RBI. Further Annual assessment of LOC was also done vide note dated 20.02.2023 placed in Board meeting dated 28.02.2023.

PUNJAB NATIONAL BANK

SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 31.03.2023

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Apart from the above, the Bank has not issued any Letter of Comfort to Group Entities (Excl. RRBs) and therefore, there are no cumulative financial obligations under Letter of Comfort.

4.16. Disclosure: Letter of Undertaking

The Bank has provided a Letter of Undertaking for PNB IBU Gift City Branch under Regulation 3(3) of International Financial Service Centre Authority(IFSCA) that:

"Bank will provide support and assistance (including liquidity, whenever needed) and as may be appropriate to enable the banking unit to meet its obligations in the course of its obligation".

Apart from the above the Bank has not issued any Letter of Comfort for overseas branches and there are no cumulative financial obligations under Letter of Comfort.

4.17 The Consolidated financial results are prepared in accordance with Accounting Standard 21 on "Consolidated Financial Statements", Accounting Standard 23 on "Accounting for Investment in Associates in Consolidated Financial Statements" and Accounting Standard 27 on "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India and guidelines issued by RBI.

4.19. Fraud accounts

Particulars		Current Year	Previous Year
Number of frauds reported	Borrowal	165	142
	Non Borrowal	124	289
	TOTAL	**289**	**431**
Amount involved in fraud (₹ crore)	Borrowal	1578.46	9553.81
	Non Borrowal	230.64	25.99
	TOTAL	**1809.10**	**9579.80**
Amount of provision made for such frauds (₹ crore)	Borrowal	1578.46	8524.87
	Non Borrowal	224.22*	19.26
	TOTAL	**1802.68**	**8544.13**
Amount of Un-amortised provision debited from 'other reserves' as at the end of the year. (₹ crore)	-	-	1028.95

5.1 Figures of the previous year have been regrouped / rearranged / reclassified wherever necessary to conform to current period's classification.

5.2 Figures in the bracket wherever given relates to previous year.

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D K Chhajer & Co.	**S C Bapna & Associates**	**Ummed Jain & Co.**
Chartered Accountants	Chartered Accountants	Chartered Accountants
N K Bhargava & Co.	**P S D & Associates**	
Chartered Accountants	Chartered Accountants	

INDEPENDENT AUDITOR'S REPORT ON AUDITED STANDALONE FINANCIAL RESULTS OF PUNJAB NATIONAL BANK FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2024

To,
The Board of Directors
Punjab National Bank,
New Delhi

Report on the Audit of Standalone Financial Results

Opinion

1. We have audited the accompanying Statement of Standalone Financial Results of Punjab National Bank (**"the Bank"**) for the Quarter and Year Ended **March 31, 2024**, the Standalone Statement of Assets and Liabilities as on that date and the Standalone Statement of Cash Flow for the year ended on that date (**"the Statement"**) attached herewith, being prepared and submitted by the Bank pursuant to the requirement of Regulation 33 and Regulation 52 read with regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (**"LODR Regulations"**) except for the disclosures relating to Pillar 3 disclosure as at **March 31, 2024** under Basel III Capital Regulations issued by Reserve Bank of India as have been disclosed on the Bank's website and in respect of which a link has been provided in the aforesaid Financial Results and have not been audited by us.

   The Statement includes returns for the year ended on that date of:

   i. 20 Domestic branches, Treasury division, Credit Card division and 37 other offices audited by us.
   ii. 1629 Indian branches and other offices audited by Statutory Branch Auditors.
   iii. 1 foreign branch audited by local auditor
   iv. 1 International Banking Unit situated at Gujarat International Finance Tec-City (Gift City) audited by Statutory Branch Auditor.

   The Branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India (**"RBI"**). Also incorporated in the Statements are the returns from 9638 Indian branches and other offices which have not been subjected to audit. These Unaudited Branches and other offices account for 26.68 % of advances, 66.60 % of deposits, 20.53 % of interest income and 60.27 % of interest expenses.

   In our opinion and to the best of our information and according to the explanations given to us, the Statements:

i. are presented in accordance with the requirements of Regulation 33 and Regulation 52 read with Regulation 63(2) of the LODR Regulations except for the disclosures relating to Pillar 3 disclosures as at March 31, 2024 under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the standalone financial results and have not been audited by us; and

ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards, the relevant provision of the Banking Regulation Act, 1949, circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time (RBI guidelines) and other accounting principles generally accepted in India, of the standalone net profit and other financial information for the quarter and year ended March 31, 2024.

Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing ("SAs") issued by the Institute of Chartered Accountants of India ("the ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Results section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the ICAI together with ethical requirements that are relevant to our audit of the standalone financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Board of Directors' Responsibility for the Standalone Financial Results

3. The Statement has been compiled from the audited annual Standalone Financial Statements and approved by Board of Directors. The Bank's Board of Directors are responsible for the preparation and presentation of these standalone Financial Results that give a true and fair view of the financial positions, financial performance and cash flows of the bank in accordance with the accounting principle generally accepted in India including Accounting Standards issued by the Institute of Chartered Accountants of India, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and in compliance with Regulation 33 and Regulation 52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Banking Regulations Act, 1949 for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable; matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

4 Our objectives are to obtain reasonable assurance about whether the Standalone Financial Results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Financial Results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. In terms of RBI Directions, we are also responsible for expressing our opinion through a separate report on whether the Bank has adequate internal financial controls with reference to the Standalone Financial Results in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the Standalone Financial Results made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Statement, including the disclosures and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.

  Materiality is the magnitude of the misstatements in the Standalone Financial Statements that, individually or aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the Standalone Financial Statements.

  We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

  We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

5. These Standalone Financial Results incorporate the relevant financial statements/ financial information of 1629 branches audited by Statutory Branch Auditors, 1 international banking unit situated in Gujarat International Finance Tec-City (GIFT City) audited by an audit firm specifically appointed for this purpose, and 1 foreign branch in Dubai audited by the other auditors specially appointed for this purpose. These branches audited by other auditors cover 22.61 % of advances, 26.43 % of deposits and 31.10 % of non-performing assets as on March 31, 2024, 15.85 % of revenue for the year ended March 31, 2024. In conduct of our audit, we have taken note of the unaudited returns in respect of 9638 branches and other offices certified by the respective branch's management. These unaudited branches cover 26.68 % of advances, 66.60 % of deposits and 23.41 % of non-performing assets as on March 31, 2024 and 20.76 % of revenue for the year ended March 31, 2024.

6. We report that the figures for the quarter ended March 31, 2024 represent the balancing figures between the audited figures in respect of the full financial year ended March 31, 2024 and the published unaudited year-to-date figures up to December 31, 2023 being the date of the end of the third quarter of the current financial year, which were subjected to a limited review by us, as required under LODR Regulations.

7. The Standalone Financial results of the Bank for the previous year ended 31st March, 2023 were audited by the joint auditors, three of them are predecessor audit firms and have expressed unmodified opinion on such financial results vide report dated May 19, 2023.

Our opinion is not modified in respect of above matters.

For D K Chhajer & Co
Chartered Accountants
FRN: 304138E

CA Nand Kishore Sarraf
Partner
(M. No. 510708)
UDIN: 24510708BKBMOX6599

For S C Bapna & Associates
Chartered Accountants
FRN: 115649W

CA Jai Prakash Gupta
Partner
(M. No. 088903)
UDIN: 24088903BKGPWK5771

For Ummed Jain & Co.
Chartered Accountants
FRN: 119250W

CA Dinesh Godika
Partner
(M. No. 072738)
UDIN: 24072738BKEGTN4937

For N K Bhargava & Co.
Chartered Accountants
FRN: 000429N

CA N K Bhargava
Partner
(M. No. 080624)
UDIN: 24080624BKEJVY3610

For P S D & Associates
Chartered Accountants
FRN: 004501C

CA Abhinav Sharma
Partner
(M. No. 411219)
UDIN: 24411219BKFXEI6882

Place: New Delhi
Date: 09 May, 2024

D K Chhajer & Co.	**S C Bapna & Associates**	**Ummed Jain & Co.**
Chartered Accountants	Chartered Accountants	Chartered Accountants
N K Bhargava & Co.	**P S D & Associates**	
Chartered Accountants	Chartered Accountants	

INDEPENDENT AUDITOR'S REPORT ON AUDITED CONSOLIDATED FINANCIAL RESULTS OF PUNJAB NATIONAL BANK FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2024

To,
The Board of Directors
Punjab National Bank,
New Delhi

Report on the Audit of the Consolidated Financial Results

Opinion

We have audited the accompanying Statement of Consolidated Annual Financial Results of Punjab National Bank (**"the Bank"**) and its subsidiaries (the parent and its subsidiaries together referred to as **"the Group"**) and its associates for the Quarter and Year Ended 31 March, 2024, the Consolidated Statement of Assets and Liabilities as on date and the Consolidated Statement of Cash Flow for the year ended on that date (**"the Statement"**) attached herewith, being prepared and submitted by the Bank pursuant to the requirement of Regulation 33 and Regulation 52 read with regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (**"LODR Regulations"**) except for the disclosures relating to Pillar 3 disclosure as at 31 March, 2024, under Basel III Capital Regulations issued by the Reserve Bank of India as have been disclosed on the Bank's website and in respect of which a link has been provided in the aforesaid Consolidated Financial Results and have not been audited by us.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate audited financial statements/financial results/financial information of other subsidiaries and associates as furnished by the management, referred to in Other Matters section below.

a. the aforesaid Consolidated Financial Results include the financial results of the following entities:

Parent: Punjab National Bank

Subsidiaries:

i. PNB Gilts Ltd
ii. PNB Investment Services Ltd
iii. PNB Cards and Services Ltd
iv. Punjab National Bank (International) Ltd, UK
v. Druk PNB Bank Ltd, Bhutan

Associates:

i. PNB Metlife India Insurance Company Ltd
ii. PNB Housing Finance Limited
iii. JSC (Tengri Bank) Almaty, Kazakhstan (Under Liquidation)*
iv. Canara HSBC Life Insurance Co. Ltd
v. India SME Asset Reconstruction Co. Ltd.
vi. Everest Bank Limited, Kathmandu, Nepal
vii. Dakshin Bihar Gramin Bank
viii. Himachal Pradesh Gramin Bank
ix. Punjab Gramin Bank
x. Sarva Haryana Gramin Bank
xi. Prathama UP Gramin Bank
xii. Assam Gramin Vikas Bank
xiii. Bangiya Gramin Vikas Bank
xiv. Manipur Rural Bank
xv. Tripura Gramin Bank

*Due to revocation of license of JSC Tengri Bank w.e.f. 18 September 2020 and is under liquidation. So the same is not considered in Consolidated Financial Statements.

b. are presented in accordance with the requirements of Regulation 33 and Regulation 52 of the Listing Regulations in this regard except for the disclosures relating to Pillar 3 disclosure as at 31 March, 2024, under Basel III Capital Regulations issued by the Reserve Bank of India as have been disclosed on the Bank's website and in respect of which a link has been provided in the aforesaid Consolidated Financial Results and have not been audited by us; and

c. give a true and fair view, in conformity with the recognition and measurement principles laid down in the applicable accounting standards, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and other directions issued by the Reserve Bank of India from time to time (**"RBI Guidelines"**) and other accounting principles generally accepted in India, of the consolidated net profit and other financial information of the Group for the quarter and year ended 31 March, 2024.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (**"the ICAI"**). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Results section of our report. We are independent of the Group, its associates in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the Consolidated Financial Results, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion.

KOLKATA 301138E MUMBAI 115648W MUMBAI 119250W DELHI 000429N JAIPUR 003301C

Board of Directors' Responsibility for the Consolidated Financial Results

The Statement has been compiled from the Consolidated Annual Audited Financial Statements approved by the Board of Directors.

The Bank's Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Results that give a true and fair view of the consolidated net profit and other financial information of the Group including its associates in accordance with the recognition and measurement principal laid down in the Accounting Standards issued by the ICAI, the relevant provisions of the Banking Regulation Act, 1949, RBI Guidelines and other accounting principles generally accepted in India and in compliance with LODR Regulations. The respective Board of Directors of the entities included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act / Banking Regulations Act, 1949 for safeguarding of the assets of the Group, and its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the Consolidated Financial Results by the Directors of the Bank, as aforesaid.

In preparing the Statement, the respective Board of Directors of the entities included in the Group, and its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group and its associates or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group and its associates are responsible for overseeing the financial reporting process of the Group and its associates.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control on the Consolidated Financial Results.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Results, including the disclosures, and whether the Consolidated Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the consolidated financial results/financial information of the entities within the Group and its associates to express an opinion on the Consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Consolidated Financial Results of which we are the independent auditors. For the other entities included in the Consolidated Financial Results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of the misstatements in the Consolidated Financial Statements that, individually or aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in: (i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the consolidated financial statements.

We communicate with those charged with governance of the Bank and such other entities included in the Consolidated Financial Results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

Other Matters

i. The Consolidated Financial Results include the audited financial results of 04 subsidiaries, whose financial statements/financial results/financial information reflect Group's share of total assets of Rs. 27,767.78 crores as at 31 March 2024, Group's share of total revenue of Rs. 1,875.97 crores and Group's share of total net profit/(loss) after tax of Rs. 105.66 crores for the year ended 31 March 2024 not audited by us. Further, the Consolidated Financial Results include the audited financial results of 8 associates whose financial statements/financial results/financial information reflects Group's share of total net profit after tax of Rs. 777.85 crores for the year ended 31 March 2024, as considered in the Consolidated Financial Results, which have been audited by their respective independent auditors. The independent auditors' reports on the financial statements/financial results/financial information of these entities have been furnished to us and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the reports of such auditors and the procedures performed by us are as stated in paragraph above.

ii. The Consolidated Financial Results include the unaudited financial results of 01 subsidiary, whose financial statements/financial results/financial information reflect Group's share of total assets of Rs. 8388.94 crores as at 31 March 2024, Group's share of total revenue of Rs. 532.53 crores and Group's share of total net profit after tax of Rs. 89.19 crores for the year ended 31 March 2024. Further, the unaudited financial results of 6 associate whose financial statements/financial results/financial information reflect Group's share of total net profit/(loss) after tax of Rs. 126.17 crores for the year ended 31 March 2024, as considered in the Consolidated Financial Results. These unaudited financial statements/financial results/financial information have been furnished to us by the Board of Directors and our opinion on the Consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates is based solely on such unaudited financial statements/financial results/ financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, these financial statements/financial results/financial information are not material to the Group.

iii. The Consolidated Financial results of the Bank for the previous year ended 31st March, 2023 were audited by the joint auditors, three of them are predecessor audit firms and have expressed unmodified opinion on such financial results vide report dated May 19, 2023.

Our opinion on the Consolidated Financial Results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Financial Results/financial information certified by the Board of Directors.

The Consolidated Financial Results include the results for the quarter ended 31 March 2024 being the balancing figure between the audited figures in respect of the full financial year ended 31st March 2024 and the published unaudited year-to-date figures up to the 31st December 2023, being the date

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of the end of the third quarter of the current financial year which were subject to limited review by us, as required under the LODR Regulations.

For D K Chhajer & Co
Chartered Accountants
FRN: 304138E

CA Nand Kishore Sarraf
Partner
(M. No. 510708)
UDIN: 24510708BKBMOY8918

For S C Bapna & Associates
Chartered Accountants
FRN: 115649W

CA Jai Prakash Gupta
Partner
(M. No. 088903)
UDIN: 24088903BKGPWM6526

For Ummed Jain & Co.
Chartered Accountants
FRN: 119250W

CA Dinesh Godika
Partner
(M. No. 072738)
UDIN: 24072738BKEGTO7152

For N K Bhargava & Co.
Chartered Accountants
FRN: 000429N

CA N K Bhargava
Partner
(M. No. 080624)
UDIN: 24080624BKEJVZ6375

For P S D & Associates
Chartered Accountants
FRN: 004501C

CA Abhinav Sharma
Partner
(M. No. 411219)
UDIN: 24411219BKFXEJ6094

Place: New Delhi
Date: 09 May, 2024

PUNJAB NATIONAL BANK

HEAD OFFICE: NEW DELHI

FINANCIAL RESULTS (REVIEWED) FOR THE QUARTER ENDED JUNE 30, 2023

(Rs. in lacs)

S.No.	Particulars	STANDALONE				CONSOLIDATED			
		Quarter ended			Year ended	Quarter ended			Year ended
		30.06.2023	31.03.2023	30.06.2022	31.03.2023	30.06.2023	31.03.2023	30.06.2022	31.03.2023
		Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited
1	Interest Earned (a+b+c+d)	2514546	2384861	1875704	8514411	2587285	2430534	1914376	8684529
	(a) Interest / discount on advances / bills	1775644	1664350	1225837	5731823	1788800	1877338	1234774	5774187
	(b) Income on Investments	667524	657034	591961	2614286	696375	888709	621444	2840179
	(c) Interest on Balances with RBI & other inter bank funds	71935	51621	46752	189039	72881	52818	47003	180988
	(d) Others	9443	11656	11154	79183	9451	11670	11155	79185
2	Other Income	343381	342034	253699	1214253	336026	382689	288366	1223959
A	TOTAL INCOME (1+2)	2857927	2726895	2129403	9728664	2903311	2813223	2162742	9908488
3	Interest Expended	1564121	1434986	1121420	5066248	1606438	1468955	1144282	5181099
4	Operating Expenses (a+b)	697007	705266	470062	2410541	703452	710481	476189	2433568
	(a) Employees Cost	448701	457072	254676	1481001	452410	460610	258161	1494259
	(b) Other operating expenses	248306	248194	215386	929540	251042	249871	218028	939309
B	TOTAL EXPENDITURE (3+4) (excluding provisions & contingencies)	2261128	2140252	1591482	7476789	2309880	2179436	1620471	7615267
C	Operating Profit (A-B) (before Provisions & Contingencies)	596799	586643	537921	2252875	593421	633787	532271	2293221
D	Provisions (other than tax) and contingencies	396526	383058	479019	1824049	395502	370818	478065	1807079
	of which provisions for Non Performing Assets	437448	362471	481404	1590282	436317	300372	479187	1582844
E	Exceptional items	0	0	0	0	0	0	0	0
F	Profit / (Loss) from ordinary activities before tax (C-D-E)	200273	203585	58802	428826	197919	262969	58206	486142
G	Tax Expenses	74732	87724	28058	178106	76837	88858	25761	179208
H	Net Profit (+)/Loss(-) from ordinary activities after tax (F-G)	125541	115861	30844	250720	121082	174111	30445	306934
I	Extraordinary items (net of tax expense)	0	0	0	0	0	0	0	0
J	Net Profit / (Loss) for the period (H-I)	125541	115861	30844	250720	121082	174111	30445	306934
K	Share in Profit / (Loss) of associates					15216	13518	-3316	28944
L	Share of minority					2092	1190	-1047	1030
M	Net Profit / (Loss) after minority interest (J+K-L)	125541	115861	30844	250720	134206	186434	28173	334848
5	Paid up equity Share Capital (Face value Rs. 2/- each)	220220	220220	220220	220220	220220	220220	220220	220220
6	Reserves excluding revaluation reserves (as per Balance sheet of previous year)				8919830				8222318
7	Analytical Ratios								
	(i) Share holding of Govt. of India (%)	73.15	73.15	73.15	73.15	73.15	73.15	73.15	73.15
	(ii) Capital Adequacy Ratio - Basel-III (%)	15.54	15.50	14.62	15.50	15.57	15.64	14.88	15.64
	(a) CET 1 Ratio (%)	10.85	11.22	10.84	11.22	10.88	11.24	10.98	11.24
	(b) Additional Tier 1 Ratio (%)	1.44	1.47	1.16	1.47	1.45	1.49	1.18	1.49
	(iii) Earnings per Share (EPS) not annualized (in Rs.)								
	(a) Basic and diluted EPS before extraordinary items	1.14	1.05	0.28	2.28	1.22	1.69	0.26	3.04
	(b) Basic and diluted EPS after extraordinary items	1.14	1.05	0.28	2.28	1.22	1.69	0.26	3.04
	(iv) NPA Ratios								
	(a) Amount of Gross NPAs	7069934	7732767	9016718	7732767				
	(b) Amount of Net NPAs	1712947	2258504	3174431	2258504				
	(c) % of Gross NPAs	7.73	8.74	11.27	8.74				
	(d) % of Net NPAs	1.98	2.72	4.28	2.72				
	(v) Return on Assets (Annualised) %	0.34	0.32	0.06	0.18				
	(vi) Outstanding redeemable preference shares (Quantity and Value)	-	-	-	-				
	(vii) Capital redemption reserve/debenture redemption reserve	-	-	-	-				
	(viii) Net Worth	6787708	6683847	9292915	6683847				
	(ix) Debt-equity ratio (Borrowings/Net Worth)	0.60	0.77	1.01	0.77				
	(x) Total Debts to Total Assets (Borrowings/Total Assets)	0.04	0.04	0.06	0.04				
	(xi) Operating Margin (%) (Operating Profit/Total Income)	20.88	21.51	25.26	23.16				
	(xii) Net Profit Margin (%) (Net Profit after tax/Total Income)	4.39	4.25	1.45	2.58				

PUNJAB NATIONAL BANK

SEGMENT REPORTING FOR THE QUARTER ENDED JUNE 30, 2023

PART A – BUSINESS SEGMENTS

(Rs. in lacs)

Sr No	Particulars	STANDALONE				CONSOLIDATED			
		Quarter Ended			Year Ended	Quarter Ended			Year Ended
		30.06.2023 Reviewed	31.03.2023 Audited	30.06.2022 Reviewed	31.03.2023 Audited	30.06.2023 Reviewed	31.03.2023 Audited	30.06.2022 Reviewed	31.03.2023 Audited
1	**Segment Revenue**								
	(a) Treasury Operations	796494	709060	560120	2890682	826488	777960	563408	2812994
	(b) Corporate/Wholesale Banking	1175235	1204814	888486	4048223	1182959	1213069	873480	4073213
	(c) Retail Banking	826456	748537	614803	2687268	832786	753663	619234	2707127
	1) Digital Banking	2	1	0	2	2	1	0	2
	2) Other Retail Banking	826454	748536	614803	2687266	832786	753662	619234	2707125
	(d) Other Banking Operations	59712	63984	65994	312491	61059	68093	96620	315694
	Total Revenue	**2857927**	**2726895**	**2129403**	**9728664**	**2903311**	**2813223**	**2152742**	**9908488**
2	**Segment Results**								
	(a) Treasury Operations	242578	178446	129094	690752	234498	229600	117573	713909
	(b) Corporate/Wholesale Banking	-32194	-13773	-67389	-299667	-27813	-4923	-62675	-281651
	(c) Retail Banking	112019	141325	92172	388599	113453	145012	93369	362039
	1) Digital Banking	-120	-196	0	-435	-120	-196	0	-435
	2) Other Retail Banking	112139	141519	92172	389034	113573	145208	93369	362474
	(d) Other Banking Operations	15170	19783	21731	114913	15100	20079	20635	112864
	Total	**337592**	**325778**	**171698**	**884436**	**335238**	**390168**	**168932**	**941752**
	Unallocated Expenditure	137319	122193	102696	455610	137319	127199	112696	455610
	Profit before Tax	**200273**	**203585**	**68902**	**428826**	**197919**	**262969**	**56236**	**486142**
	Provision for Tax	74732	87724	28058	178106	76837	88858	25781	178306
	Extraordinary items	-	-	-	-	-	-	-	-
	Share of Earning in Associates(Net)	-	-	-	-	15215	13519	-3319	28944
	Minority Interest	-	-	-	-	2082	1185	-1047	1033
	Net profit	**125541**	**115861**	**30844**	**250720**	**134205**	**186434**	**28173**	**334846**
3	**Segment Assets**								
	(a) Treasury Operations	44991072	46761182	46188806	46761182	47384652	49039813	42392591	49039813
	(b) Corporate/Wholesale Banking	63993554	60070388	56960548	60070388	64232145	60451831	56293320	60451831
	(c) Retail Banking	30330277	29932460	26701400	29932469	30623927	30214546	26935560	30214546
	1) Digital Banking	172	186	0	186	172	186	0	186
	2) Other Retail Banking	30330135	29932284	26701400	29932284	30623755	30214360	26935560	30214360
	(d) Other Banking Operations	4489176	4772885	4540157	4772885	4618236	4852665	4617425	4852666
	(e) Unallocated	4858821	4706261	4734709	4706251	4668621	4706249	4734710	4706235
	Total	**148302899**	**146183136**	**132107620**	**146183136**	**151697781**	**149364894**	**134973206**	**149364894**
4	**Segment Liabilities**								
	(a) Treasury Operations	43260811	44834806	38509111	44834806	45447750	45824116	40385737	45824116
	(b) Corporate/Wholesale Banking	61378793	57798322	53748086	57798322	61794304	58227416	54141875	58227416
	(c) Retail Banking	29163907	28800313	25650315	28800313	29580203	29297842	28060019	29297842
	1) Digital Banking	919	609	0	609	919	609	0	609
	2) Other Retail Banking	29162988	28799704	25650315	28799704	29579284	29297233	28060019	29297233
	(d) Other Banking Operations	4316640	4592259	4381438	4592259	4330129	4605666	4375663	4605666
	(e) Unallocated	71728	71776	251	71776	123833	121804	50191	121804
	Total	**138191879**	**136197570**	**122359201**	**136197570**	**141275718**	**139076844**	**125013479**	**139076844**
5	**Capital Employed**								
	(a) Treasury Operations	1730161	1766382	1581895	1766382	2116902	2215497	2006464	2215497
	(b) Corporate/Wholesale Banking	2494761	2272046	2202462	2272046	2437841	2224415	2151441	2224415
	(c) Retail Banking	1166370	1132137	1051085	1132137	1043724	916704	875531	916704
	1) Digital Banking	-747	-423	0	-423	-747	-423	0	-423
	2) Other Retail Banking	1167117	1132560	1051085	1132560	1044471	917127	875531	917127
	(d) Other Banking Operations	172535	180526	178719	180526	288107	246989	241772	246989
	(e) Unallocated	4587093	4634475	4734458	4634475	4535489	4584445	4684519	4584445
	Total Capital Employed	**10111020**	**9985566**	**9748419**	**9985566**	**10422063**	**10288050**	**9959727**	**10288050**

PART B - GEOGRAPHICAL SEGMENTS

Sr No.	Particulars	STANDALONE				CONSOLIDATED			
		Quarter Ended			Year Ended	Quarter Ended			Year Ended
		30.06.2023 Reviewed	31.03.2023 Audited	30.06.2022 Reviewed	31.03.2023 Audited	30.06.2023 Reviewed	31.03.2023 Audited	30.06.2022 Reviewed	31.03.2023 Audited
1	Revenue								
	(a) Domestic	2777946	2638304	2103529	9527708	2806255	2727038	2115237	9653710
	(b) International	79981	88591	25874	200956	97056	86185	37505	254778
	Total	**2857927**	**2726895**	**2129403**	**9728664**	**2903311**	**2813223**	**2152742**	**9908488**
2	Assets								
	(a) Domestic	142332779	140062035	126831586	140062035	144658110	142093821	128724917	142093821
	(b) International	5970120	6121101	5276034	6121101	7039671	7271073	6248289	7271073
	Total	**148302899**	**146183136**	**132107620**	**146183136**	**151697781**	**149364894**	**134973206**	**149364894**

Notes :

1 Segment Liabilities are distributed in the ratio of their respective Segment Assets.

2 Figures of the previous period have been re-grouped/re-classified wherever necessary.

3 As per RBI Circular RBI/2022-23/19 DOR.AUT.REC. 12/22.01.001/2022-23 dated April 07, 2022, for the purpose of disclosure under Accounting Standard 17 Segment Reporting, Digital Banking Segment has been identified as sub-segment under Retail Banking by Reserve Bank of India (RBI). As on June 30, 2023, 8 (eight) Digital Banking Units (DBUs) of the Bank have commenced operations and the segment information disclosed as Digital Banking under Retail Banking Operations is related to the said DBUs.

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PUNJAB NATIONAL BANK

SUMMARISED STATEMENT OF ASSETS AND LIABILITIES

(Rs in Lacs)

Particulars	Standalone			Consolidated		
	30.06.2023 (Reviewed)	31.03.2023 (Audited)	30.06.2022 (Reviewed)	30.06.2023 (Reviewed)	31.03.2023 (Audited)	30.06.2022 (Reviewed)
CAPITAL & LIABILITIES						
Capital	220220	220220	220220	220220	220220	220220
Reserves & Surplus	9890800	9765346	9528199	10201843	10067830	9739507
Minority Interest				47412	45938	46300
Deposits	129790521	128116310	113674651	130611944	129034707	114464346
Borrowings	5420267	5129173	6352424	7602682	7014862	8143333
Other Liabilities and Provisions	2981091	2952087	2332126	3013680	2981337	2359500
TOTAL	**148302899**	**146183136**	**132107620**	**151697781**	**149364894**	**134973206**
ASSETS						
Cash & Balances with Reserve Bank of India	7981970	7817658	6523334	7983708	7821352	6556403
Balances with Banks & Money at Call & Short Notice	4812308	7693223	4937774	4913232	7911496	5026491
Investments	40528095	39589672	37838270	43005501	41681384	39822046
Advances	86373170	83083398	74264331	87064388	83745898	74834791
Fixed Assets	1207602	1205107	1177118	1211038	1208396	1179788
Other Assets	7399754	6784078	7366793	7519914	6986368	7553687
TOTAL	**148302899**	**146183136**	**132107620**	**151697781**	**149364894**	**134973206**

Notes forming part of Standalone and Consolidated Financial results for the quarter ended June 30, 2023:

1. The above financial results have been reviewed by the Audit Committee of Board and approved by the Board of Directors in their respective meetings held on July 26, 2023. The same have been subjected to limited review by the Statutory Central Auditors of the Bank, in line with the guidelines issued by the Reserve Bank of India and as per the requirements of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended thereafter.

2. The financial results of the Bank have been arrived at after considering provisions for non-performing assets, standard assets, restructured advances, stressed sector accounts, standard derivative exposures, direct taxes including deferred tax, unhedged foreign currency exposure and investment depreciation on the basis of extant guidelines issued by Reserve Bank of India and applicable accounting standards issued by The Institute of Chartered Accountants of India. Other usual and necessary provisions (including provision for employee

benefits) for the quarter have been made on estimated basis and are subject to adjustments, if any, at the year end.

3. There is no material change in significant Accounting Policies followed for preparation of financial results for the quarter ended June 30, 2023 as compared to those followed for the preparation of financial statements for the year ended March 31, 2023.

4. The Consolidated financial results are prepared in accordance with Accounting Standard 21 on "Consolidated Financial Statements", Accounting Standard 23 on "Accounting for Investment in Associates in Consolidated Financial Statements" and Accounting Standard 27 on "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India and guidelines issued by RBI.

5. The consolidated financial results of the Group comprise financial results of 5 Subsidiaries and 15 Associates listed hereunder. The consolidated results are prepared in accordance with RBI guidelines, section 133 of Companies Act, 2013 and regulation 33 of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Sl. No.	Name of the Entity	Type of Association	Proportion of Ownership
1	PNB Gilts Limited	Subsidiary	74.07%
2	PNB Investment Services Ltd.	Subsidiary	100.00%
3	PNB Cards and Services Ltd.	Subsidiary	100.00%
4	Punjab National Bank (International) Ltd., UK	Subsidiary	100.00%
5	Druk PNB Bank Ltd., Bhutan	Subsidiary	51.00%
6	PNB Metlife India Insurance Company Ltd.	Associate	30.00%
7	PNB Housing Finance Limited	Associate	28.15%
8	JSC (Tengri Bank), Almaty, Kazakhstan*	Associate	41.64%
9	Canara HSBC Life Insurance Co. Ltd.	Associate	23.00%
10	India SME Asset Reconstruction Co. Ltd.	Associate	20.90%
11	Everest Bank Ltd., Nepal	Associate	20.03%
12	Dakshin Bihar Gramin Bank, Patna	Associate	35.00%
13	Himachal Pradesh Gramin Bank, Mandi	Associate	35.00%
14	Punjab Gramin Bank, Kapurthala	Associate	35.00%
15	Sarva Haryana Gramin Bank, Rohtak	Associate	35.00%
16	Prathama UP Gramin Bank, Moradabad	Associate	35.00%
17	Assam Gramin Vikas Bank, Guwahati	Associate	35.00%
18	Bangiya Gramin Vikas Bank, Murshidabad	Associate	35.00%
19	Manipur Rural Bank, Imphal	Associate	35.00%
20	Tripura Gramin Bank, Agartala	Associate	35.00%

* Under liquidation

6. In terms of RBI Letter no. DBR.No.BP.15199/21.04.048/2016-17 dated June 23, 2017 (RBI List-1) and Letter no. DBR.BP.1906/21.04.048/2017-18 dated August 28, 2017 (RBI List-2) for the accounts admitted under the provisions of Insolvency & Bankruptcy Code (IBC), the

Bank is holding total provision of Rs.9173.79 Crore (Aggregate provision of RBI List 1 and List 2 accounts) as on June 30, 2023 (100% of Gross NPA advances).

7. During the quarter, the Bank has not availed any dispensation in respect of frauds in terms of option available as per RBI Circular No. RBI/2023-24/06 DOR.STR.REC.3/ 21.04.048/2023-24 dated April 01, 2023. Further, there is no un-amortized amount which has been carried forward to subsequent quarters.

8. In terms of RBI Circular DBR No. BP. BC 45/21.04.048/2018-19 dated June 7, 2019 on Prudential Framework for Resolution of Stressed Assets, the Bank is holding additional provision of Rs.2303.69 Crore as on June 30, 2023 in 19 accounts as detailed below:

(Rs.in Crore)

Amount of loans impacted by RBI Circular (FB+NFB)	Amount of loans to be classified as NPA (FB)	Amount of loans as on 30.06.2023 out of (b) classified as NPA (FB)	Provision held as on 31.03.2023	Additional provision made during quarter ended 30.06.2023	Provision held as on 30.06.2023
(a)	(b)	(c)	(d)	(e)	(f)
8748.07	3120.04	3120.04	2371.03	-67.34	2303.69

9. In accordance with RBI circular no. DBR.No.BP.BC.18/21.04.048/2018-19 dated January 01, 2019, DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 and DOR.No. BP.BC/4/ 21.04.048/2020-21 dated August 06, 2020 on "Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances", the detail of MSME restructured accounts as on June 30, 2023 is as under:

(Rs. in Crore)

No. of Accounts Restructured	Amount involved	Provision held
6725	719.99	35.99

10. In accordance with RBI circular no. DOR.STR.REC.12/21.04.048/2021-22 dated May 05, 2021 on "Resolution Framework 2.0 - Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)" the detail of restructured accounts as on June 30, 2023 is as under -

(Rs. in Crore)

No. of Accounts Restructured	Amount involved	Provision held
36158	2474.31	247.43

11. The Bank has estimated the liability for Unhedged Foreign Currency Exposure (UFCE) in terms of RBI circular RBI/2022-23/131 DOR.MRG.REC.76/00-00-007/2022-23 dated October 11, 2022 and is holding a provision of Rs.126.73 Crore as on June 30, 2023 (Rs. 86.00 Crore as on June 30, 2022).

12. The Provisioning Coverage Ratio as on June 30, 2023 works out to 89.83% (83.04% as at June 30, 2022).

13. In accordance with RBI circular no. DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021, the details of loans transferred/acquired during the quarter ended June 30, 2023 are given below:

i. The Bank has not acquired any Special Mention Accounts (SMA) and also not transferred any loans not in default or Special Mention Accounts (SMA).

ii. Details of loans not in default acquired through pool buyout via assignment:

Particulars	Values
Amount of Loan	Rs.2622.65 Crore
Weighted average maturity	89.33 months
Weighted average holding period	14.36 months
Retention of beneficial economic interest (by originator)	10.00%
Tangible security coverage	239.69%
Rating wise distribution of rated loans	NA

iii. The Bank has not acquired any non-performing assets.

iv. Details of non-performing assets (NPAs) transferred:

(all amounts in Rs. Crore)	To ARCs	To permitted transferees	To other transferees
No. of accounts	1	Nil	Nil
Aggregate principal outstanding of loans transferred	48.90	Nil	Nil
Weighted average residual tenor of the loans transferred	Nil	Nil	Nil
Net book value of loans transferred (at the time of transfer)	0.00	Nil	Nil
Aggregate consideration	19.00	Nil	Nil
Additional consideration realized in respect of accounts transferred in earlier years	6.71	Nil	Nil
Quantum of excess Provision reversed to the Profit & Loss account on account of sale of stressed loans	19.00	Nil	Nil

Distribution of the SRs held across the various categories of Recovery Ratings assigned to such SRs by the credit rating agencies as on June 30, 2023:

Recovery Rating Band	Book Value (Rs. in Crore)
RR1+	28.72
RR1	249.22
RR2	83.26
RR3	118.98
RR4	443.44
RR5	382.75

Recovery Rating Band	Book Value (Rs. in Crore)
Unrated	160.43
Total	**1466.80**

As per RBI guidelines, post 8 years Rating is not applicable.

14. During the quarter ended June 30, 2023, the Bank raised Basel III compliant Tier II Bonds of Rs. 3090.00 Crore. Further, during the same period, the Bank has redeemed Basel III compliant Tier II Bonds of Rs.500.00 Crore due to maturity.

15. Pending settlement of the Bipartite agreement on wage revision (due from November 01, 2022), an adhoc amount of Rs.283.84 Crore has been provided during the quarter ended June 30, 2023 towards wage revision. The aggregate provision held by the Bank in this regard is Rs.743.35 Crore as on June 30, 2023.

16. Other income includes income (including commission) from non-fund based banking activities, fees, earnings from foreign exchange, profit/loss on sale of assets, profit/loss (including revaluation) from investments, dividends from subsidiaries, recoveries from accounts written off, etc.

17. As per RBI Circular RBI/2022-23/19 DOR.AUT.REC. 12/22.01.001/2022-23 dated April 07, 2022, for the purpose of disclosure under Accounting Standard 17, Segment Reporting, Digital Banking Segment has been identified as sub-segment under Retail Banking by Reserve Bank of India (RBI). As on June 30, 2023, 8 (eight) Digital Banking Units (DBUs) of the Bank have commenced operations and the segment information disclosed as Digital Banking under Retail Banking Operations is related to the said DBUs.

18. The Bank has not opted for the option available under section 115BAA of Income Tax Act, 1961 and continues to recognise the taxes on income for the quarter ended June 30, 2023 as per the regular provisions of Income Tax Act, 1961. Further, the Deferred Tax has also been recognised as per Accounting Standard-22.

19. In terms of RBI circular no. RBI/2023-24/31 DOR.CAP.REC.15/21.06.201/2023-24 dated May 12, 2023, banks are required to make Pillar 3 disclosures under BASEL III capital regulations. Accordingly, Pillar 3 disclosures under BASEL III capital regulations are being made available on Bank's website i.e. www.pnbindia.in. These disclosures have not been subjected to limited review by the Statutory Central Auditors.

20. Details of Investors complaints for the quarter ended June 30, 2023: Pending at Beginning: Nil, Received: 07; Disposed off: 07; Closing: Nil.

21. In accordance to SEBI regulations, for the purpose of quarterly consolidated financial results, minimum eighty percent of consolidated revenue, assets and profits have been subjected to limited review.

22. The figures of the last quarter of the previous year are the balancing figures between audited figures in respect of financial year 2022-23 and the published year to date figures up to the end of the third quarter of the previous year.

23. Figures of the previous periods have been regrouped / rearranged / re-classified wherever necessary to conform to current period's classification.

Prabudh Sharma Asstt. General Manager	Mukesh Kumar Asstt. General Manager	R.K. Khichi Deputy General Manager	Praveen Kumar Sharma General Manager

D K Jain
Chief General Manager & CFO

M Paramasivam Executive Director	Binod Kumar Executive Director	Kalyan Kumar Executive Director	Vijay Dube Executive Director

Atul Kumar Goel Managing Director & CEO	K G Ananthakrishnan Chairman

For S.N. Dhawan & Co. LLP Chartered Accountants FRN: 000050N/N500045	For S R Goyal & Co. Chartered Accountants FRN: 001537C	For PSMG & Associates Chartered Accountants FRN: 008567C
CA Surinder Kr. Khattar Partner (M.No. 084993)	CA Ajay Kumar Atolia Partner (M.No. 077201)	CA Sandeep Jain Partner (M.No. 077281)

For S C Bapna & Associates Chartered Accountants FRN: 115649W	For D K Chhajer & Co. Chartered Accountants FRN: 304138E
CA Jai Prakash Gupta Partner (M.No. 088903)	CA Nand Kishore Sarraf Partner (M.No. 510708)

Place: New Delhi
Date: July 26, 2023

S R Goyal & Co
Chartered Accountants

S. N. Dhawan & Co LLP
Chartered Accountants

PSMG & Associates
Chartered Accountants

S C Bapna & Associates
Chartered Accountants

D K Chhajer & Co.
Chartered Accountants

INDEPENDENT AUDITORS' REVIEW REPORT ON THE UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2023

To
The Board of Directors
Punjab National Bank
New Delhi

1. We have reviewed the accompanying statements of unaudited financial results ("the Statement") of Punjab National Bank (The "Bank") for the quarter ended June 30, 2023 attached herewith, being submitted by the Bank pursuant to requirement of regulation 33 and 52 of SEBI (Listing Obligations and Disclosure Requirements, 2015 as amended (Listing Regulations). The disclosures relating to "Pillar 3 including Leverage Ratio and Liquidity Coverage Ratio and Net Stable Funding Ratio under Basel III Capital Regulations" as have been disclosed on the Banks website and in respect of which a link has been provided in the aforesaid Statement, have not been reviewed by us.

2. This statement, which is the responsibility of the Bank's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" ("AS 25"), issued by the Institute of Chartered Accountants of India (ICAI), the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. These unaudited interim standalone financial results incorporate the relevant returns of 20 domestic branches, 1 International Banking Unit, 1 treasury and 1 credit card division reviewed by us, 1 foreign branch reviewed by overseas audit firm specifically appointed for this purpose and un-reviewed returns in respect of 10100 branches and other offices. In the conduct of our review, we have relied upon the review reports in respect of non-performing assets submitted by external concurrent auditors (including retired employees of the Bank) of 801 domestic branches, in-house concurrent auditors of 349 branches to the Bank Management. These review reports cover 76.59 % including 53.58% which has been covered by us, of the advance portfolio of the Bank (excluding the advances of asset recovery branches and outstanding food credit) and 81.92% including 67.53% which has been covered by us, of the non-performing assets of the Bank as at June 30, 2023. Apart from these review reports, in the conduct of our review, we have also relied upon various information and returns received from unreviewed branches/other offices of the Bank and generated through centralized database at the Bank's Head Office.

5. Based on our review conducted as above, subject to limitation in scope as mentioned in Para 4 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited interim financial results read together with the notes thereon, prepared in accordance with applicable accounting standards and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters except for the disclosures relating to Pillar 3 disclosures as at June 30, 2023, including leverage

ratio, liquidity coverage ratio and net stable funding ratio under Basel III Capital Regulations, as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement and have not been reviewed by us.

For S R Goyal & Co
Chartered Accountants
FRN: 001537C

CA Ajay Kumar Atolia
Partner
(M. No. 077201)
UDIN: 23077201BGXMSJ9981

For S N Dhawan & Co LLP
Chartered Accountants
FRN: 000050N/N500045

CA Surinder Kr. Khattar
Partner
(M. No. 084993)
UDIN: 23084993BGYUTS5516

For P S M G & Associates
Chartered Accountants
FRN: 008567C

CA Sandeep Jain
Partner
(M. No. 077281)
UDIN: 23077281BGUTFV3566

For S C Bapna & Associates
Chartered Accountants
FRN: 115649W

CA Jai Prakash Gupta
Partner
(M. No. 088903)
UDIN: 23088903BGYNYJ6768

For D K Chhajer & Co
Chartered Accountants
FRN: 304138E

CA Nand Kishore Sarraf
Partner
(M. No. 510708)
UDIN: 23510708BGQHQP8642

Place: New Delhi
Date: July 26, 2023

F-367

PUNJAB NATIONAL BANK

STANDALONE BALANCE SHEET AS ON JUNE 30, 2023

(Rs.000's omitted)

Particulars	Schedule	As on 30.06.2023	As on 30.06.2022
Capital and Liabilities			
Capital	1	2202,20,31	2202,20,31
Reserves and Surplus	2	98808,00,15	95281,99,25
Deposits	3	1297905,20,38	1136746,51,22
Borrowings	4	54202,67,18	63524,23,78
Other liabilities and provisions	5	29910,90,52	23321,20,00
Total		**1483028,98,54**	**1321076,20,21**
Assets			
Cash and balances with Reserve Bank of India	6	79819,69,92	65223,34,45
Balances with banks and money at call and short notice	7	48123,07,80	49377,74,70
Investments	8	406290,95,28	378382,69,72
Advances	9	863731,69,81	742843,30,66
Fixed Assets	10	12076,02,09	11771,17,73
Other Assets	11	73997,53,64	73867,92,95
Total		**1483028,98,54**	**1321076,20,21**
Contingent Liabilities	12	452219,52,12	959516,44,93
Bills for Collection		35118,37,08	35809,47,79
Significant Accounting Policies	17		
Notes on Accounts	18		

Schedules referred to above form an integral part of the Balance Sheet

Prabudh Sharma Asstt. General Manager	Mukesh Kumar Asstt. General Manager	R K Khichi Deputy General Manager	Praveen Kumar Sharma General Manager

D K Jain
Chief General Manager & CFO

M Paramasivam Executive Director	Binod Kumar Executive Director	Kalyan Kumar Executive Director	Vijay Dube Executive Director

Atul Kumar Goel Managing Director & CEO	K G Ananthakrishnan Chairman

Date : July 26, 2023
Place: New Delhi

PUNJAB NATIONAL BANK

STANDALONE PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED JUNE 30, 2023

(Rs.000's omitted)

Particulars	Schedule	Period ended 30.06.2023	Period ended 30.06.2022
I. Income			
Interest earned	13	25145,45,78	18757,04,43
Other Income	14	3433,81,58	2536,98,94
Total		28579,27,36	21294,03,37
II. Expenditure			
Interest expended	15	15641,20,78	11214,19,87
Operating expenses	16	6970,07,44	4700,63,07
Provisions and contingencies		4712,58,26	5070,76,61
Total		27323,86,48	20985,59,55
III. Profit			
Net Profit for the period		1255,40,88	308,43,82
IV. Appropriations		Nil	Nil
Earning per Share (Rs.) (Basic/Diluted) (Nominal Value Rs.2 per share)		1.14	0.28
Significant Accounting Policies	17		
Notes on Accounts	18		

Schedules referred to above form an integral part of the Profit and Loss Account

Prabudh Sharma
Asstt. General Manager

Mukesh Kumar
Asstt. General Manager

R K Khichi
Deputy General Manager

Praveen Kumar Sharma
General Manager

D K Jain
Chief General Manager & CFO

M Paramasivam
Executive Director

Binod Kumar
Executive Director

Kalyan Kumar
Executive Director

Vijay Dube
Executive Director

Atul Kumar Goel
Managing Director & CEO

K G Ananthakrishnan
Chairman

Date : July 26, 2023
Place: New Delhi

(Rs.000's omitted)

Particulars	As on 30.06.2023	As on 30.06.2022
Schedule 1 - Capital		
Authorised		
1500,00,00,000 Equity Shares of Rs. 2 each (Previous year 1500,00,00,000 Equity Shares of Rs. 2 each)	3000,00,00	3000,00,00
Issued & Subscribed		
1101,10,15,558 Equity Shares of Rs. 2 each. (Previous year 1101,10,15,558 Equity Shares of Rs. 2 each)	2202,20,31	2202,20,31
Paid Up		
1101,10,15,558 Equity Shares of Rs. 2 each (Previous year 1101,10,15,558 Equity Shares of Rs. 2 each)	2202,20,31	2202,20,31
[The above includes 805,41,25,685 Equity Shares of Rs. 2 each (Previous year 805,41,25,685 Equity Shares of Rs. 2 each) held by the Central Government]		
Total	2202,20,31	2202,20,31

PUNJAB NATIONAL BANK

(Rs.000's omitted)

Particulars		As on 30.06.2023		As on 30.06.2022
Schedule 2 - Reserves and Surplus				
I. **Statutory Reserves**				
Opening Balance	15778,28,38		15151,48,25	
Addition during the period	0		0	
Deduction during the period	0		0	
		15778,28,38		15151,48,25
II. **Capital Reserves**				
a) **Revaluation Reserve**				
Opening Balance	8455,12,74		7048,62,41	
Addition during the period	0		1257,61,99	
Deduction during the period	0		0	
Transfer to Other Reserves	41,47,41		119,04,12	
		8413,65,33		8187,20,28
b) **Others**				
(including Amalgamation Reserve of Rs. 9268.29 Crore)				
Opening Balance	16627,56,12		16575,40,73	
Addition during the period	0		0	
		16627,56,12		16575,40,73
III **Share Premium**				
Opening Balance	46012,18,78		46012,18,78	
Addition during the period	0		0	
Deduction during the period	0		0	
		46012,18,78		46012,18,78
IV. **Revenue and Other Reserves**				
a) **Investment Reserve**				
Opening Balance	386,34,51		386,34,51	
Add: Transfer from P&L Appropriation A/c	0		0	
Less: Transfer to P&L Appropriation A/c	0		0	
		386,34,51		386,34,51
b) **Investment Fluctuation Reserve**				
Opening Balance	1588,40,07		1393,65,96	
Addition during the period	0		0	
Add: Transfer from P&L Appropriation A/c	0		0	
Less: Transfer to P&L Appropriation A/c	0		0	
		1588,40,07		1393,65,96
c) **Exchange Fluctuation Reserve**				
Opening Balance	230,10,87		419,43,44	
Addition during the period	0		53,49,21	
Deduction during the period	86,34		0	
		229,24,53		472,92,65
d) **Special Reserve u/s 36(1) (viii) of Income Tax Act, 1961**				
Opening Balance	3618,66,00		3368,66,00	
Transferred from Other Reserves	0		0	
Addition during the period	0		0	
		3618,66,00		3368,66,00
e) **Other Reserves**				
Opening Balance	4955,98,89		2928,89,16	
Addition during the year	0		377,75,00	
Less: Withdrawal during the year	0		0	
Add: Transfer from Revaluation Reserves	41,47,41		119,04,12	
Less: Payment for blocked accounts	0		0	
		4997,46,30		3425,68,28
V. **Balance in Profit and Loss Account**				
Opening Balance	79,25		0	
Addition during the year	1255,40,88		308,43,82	
		1256,20,13		308,43,82
Total (I, II, III, IV and V)		98908,00,15		95281,88,25

Finance Division

(Rs.000's omitted)

Particulars		As on 30.06.2023		As on 30.06.2022
Schedule 3 - Deposits				
A.I. Demand Deposits				
(i) From Banks	2359,62,60		2429,58,25	
(ii) From Others	64477,94,15		66902,13,17	
		66837,56,75		69331,71,42
II. Savings Bank Deposits		464004,24,15		447257,87,11
III. Term Deposits				
(i) From Banks	47033,28,52		34667,44,57	
(ii) From others	720030,10,96		585489,48,12	
		767063,39,48		620156,92,69
Total (I, II and III)		1297905,20,38		1136746,51,22
B. (i) Deposits of branches in India		1267001,85,26		1114706,30,47
(ii) Deposits of branches outside India		30903,35,12		22040,20,75
Total		1297905,20,38		1136746,51,22
Schedule 4 - Borrowings				
I. Borrowings in India				
(a) Reserve Bank of India		0		0
(b) Other Banks		22,89		86,20,82
(c) Other Institutions and Agencies		11338,11,93		28482,62,84
(d) Unsecured Redeemable Bonds				
(i) Tier I Bonds (Perpetual Debt Instruments)	10150,00,00		7766,00,00	
(ii) Upper Tier-II Bonds	0		0	
(iii) Subordinate debts for Tier II Capital	21533,00,00		16843,00,00	
(iv) Long term infrastructure bonds	2800,00,00		2800,00,00	
		34483,00,00		27409,00,00
II. Borrowings outside India		8351,32,36		7546,40,12
Total (I and II)		54262,67,18		63524,23,78
Secured borrowings included in I and II above		4860,61,67		24413,24,18
Schedule 5 - Other Liabilities and Provisions				
I. Bills payable		2780,37,09		2618,88,63
II. Inter-office adjustments (net)		1,16,86		541,49,81
III. Interest accrued		4040,94,27		3672,82,64
IV. Deferred Tax Liability (Net)		0		0
V. Others (including provisions)		22988,42,30		16488,04,57
Total		29810,90,52		23321,25,65

PUNJAB NATIONAL BANK

(Rs.000's omitted)

Particulars		As on 30.06.2023		As on 30.06.2022
Schedule 6 - Cash and Balances with Reserve Bank of India				
I. Cash in hand (including foreign currency notes)		4595,20,60		3784,13,26
II Balance with Reserve Bank of India				
(a) in Current Account		57409,49,32		49822,21,19
(b) in Other Accounts		17815,00,00		11627,00,00
Total (I and II)		**79819,69,92**		**65233,34,45**
Schedule 7 - Balances with Banks and Money at Call and Short Notice				
I. In India				
(i) Balances with banks				
(a) in Current Accounts	5,73,83		196,02,48	
(b) in Other Deposit Accounts	13528,40,24	13534,14,07	22021,74,19	22217,76,67
(ii) Money at call and short Notice				
(a) with Banks	20,00,00		0	
(b) with Other Institutions	469,67,40	489,67,40	327,71,99	327,71,99
Total (i and ii)		**14023,81,47**		**22545,48,66**
II. Outside India				
(i) Balances with Banks				
(a) In Current Accounts	14335,22,50		8409,60,31	
(b) In Other Deposit Accounts	19764,03,83	34099,26,33	18422,65,73	26832,26,04
(ii) Money at Call and Short Notice		0		0
Total (i and ii)		**34099,26,33**		**26832,26,04**
Grand Total (I and II)		**48123,07,80**		**49377,74,70**

(Rs.000's omitted)

Particulars	As on 30.06.2023	As on 30.06.2022
Schedule 8 - Investments		
I. Investments in India in		
(i) Government securities	363582,58,72	330373,52,94
(ii) Other approved securities	15,00	15,00
(iii) Shares	3024,90,18	3384,63,37
(iv) Debentures and Bonds	31170,17,95	30860,22,81
(v) Subsidiaries and/or joint ventures (including sponsored institutions)	2391,45,14	1972,32,49
(vi) Others Mutual Funds, Venture Capital Funds, ARCIL Commercial Papers, Certificate of Deposits, etc.	588,08,23	5806,99,15
Total	**400757,35,22**	**372177,85,76**
II. Investments outside India in		
(i) Government securities (including local authorities)	1824,43,63	3027,98,51
(ii) Subsidiaries and/or joint ventures abroad	2145,88,75	2108,85,50
(iii) Others	553,29,68	1068,01,95
Total	**4523,60,06**	**6204,83,96**
Grand Total (I and II)	**405280,95,28**	**378382,69,72**
III. Investments in India		
(i) Gross value of investments	409231,02,07	379720,53,39
(ii) Less: Aggregate of provisions for depreciation	8473,66,85	7542,67,63
(iii) Net investment	400757,35,22	372177,85,76
IV. Investments outside India		
(i) Gross value of investments	4946,48,45	6629,05,88
(ii) Less: Aggregate of provisions for depreciation	422,88,39	424,21,90
(iii) Net investment	4523,60,06	6204,83,96
Grand Total (III and IV)	**405280,95,28**	**378382,69,72**

PUNJAB NATIONAL BANK

(Rs.000's omitted)

Particulars	As on 30.06.2023	As on 30.06.2022
Schedule 9 - Advances		
A. (i) Bills purchased and discounted	3086,14,24	2822,36,30
(ii) Cash Credits, Overdrafts & Loans repayable on demand	505087,28,49	447327,50,22
(iii) Term Loans	355558,28,08	292493,44,14
Total	**863731,69,81**	**742643,30,66**
B. (i) Secured by tangible assets (Includes advances against Book Debts)	694161,07,08	550628,39,91
(ii) Covered by Bank/Government guarantees	25340,58,92	27458,44,99
(iii) Unsecured	144230,03,81	164556,45,76
Total	**863731,69,81**	**742643,30,66**
C.I. Advances in India		
(i) Priority Sector	240481,41,63	230876,71,06
(ii) Public Sector	172160,29,97	173318,94,66
(iii) Banks	0	2,17
(iv) Others	418254,10,49	309468,42,43
Total	**830895,82,09**	**713664,10,32**
C.II. Advances outside India		
(i) Due from Banks	16835,41,42	11156,53,52
(ii) Due from Others		
(a) Bills Purchased & Discounted	500,39,12	0
(b) Syndicated Loans	5013,87,67	8497,54,92
(c) Others	9786,19,51	11326,11,98
Total	**32835,87,72**	**28979,20,34**
Grand Total (C.I and C.II)	**863731,69,81**	**742643,30,66**

Finance Division

PUNJAB NATIONAL BANK

(Rs 000's omitted)

Particulars		As on 30.06.2023		As on 30.06.2022
Schedule 10 - Fixed Assets				
A Tangible Assets				
I. Premises				
At cost / valuation as on 31st March of the preceding year	12087,14,86		10500,01,33	
Add: Revaluation during the year	0		1178,76,45	
Add: Addition during the period	23,25,00		5,79,87	
	12110,39,86		**11685,57,65**	
Less: Deduction during the period	0		5,04,49	
	12110,39,86		**11879,63,16**	
Less: Depreciation to date	1855,64,55	**10254,75,30**	1852,04,71	**10027,58,45**
II. Other Fixed Assets (including Furniture and Fixtures)				
At cost as on 31st March of the preceding year	9787,29,49		9142,42,92	
Add: Addition during the period	186,31,72		125,70,32	
	9973,61,21		**9268,13,24**	
Less: Deduction during the period	3,71,42		2,10,43	
	9969,89,79		**9266,02,81**	
Less: Depreciation to date	8338,23,93	**1631,65,86**	7788,73,77	**1477,29,04**
III. Leased Assets				
At cost as on 31st March of the preceding year	25,23,86		25,23,86	
Add: Addition/adjustment during the period	0		0	
Less: Deduction during the period	0		0	
	25,23,86		**25,23,86**	
Less: Amortisation / lease adjustment to date	25,23,86	0	25,23,86	0
Total (I, II and III)		**11886,41,16**		**11504,87,49**
B Intangible Assets				
Computer Software				
At cost as on 31st March of the preceding year	1251,32,90		1209,31,43	
Add: Addition during the period	29,90,68		9,33,87	
	1281,23,58		**1218,65,30**	
Less: Deduction during the period	0		0	
	1281,23,58		**1218,65,30**	
Less: Amortised to date	1091,62,65		952,35,06	
Total		**189,60,93**		**266,30,24**
Grand Total (A and B)		**12076,02,09**		**11771,17,73**

PUNJAB NATIONAL BANK

(Rs.000's omitted)

Particulars	As on 30.06.2023	As on 30.06.2022
Schedule 11 - Other Assets		
I. Inter-office adjustments (net)	0	0
II. Interest accrued	9705,13,99	9208,81,60
III. Tax paid in advance / tax deducted at source	12531,49,52	12200,52,20
IV. Stationery and stamps	7,55,21	5,06,32
V. Non-banking assets acquired in satisfaction of claims	26,44,97	50,20,97
VI. Deferred tax asset (net)	24014,27,14	25232,27,10
VII. Others [includes deposits with NABARD/SIDBI/NHB, etc. Rs 13711,90,51 thousands on account of shortfall in priority sector targets. Previous year Rs 15639,15,14 thousands]	27712,62,80	26971,04,78
Total	**73997,53,64**	**73667,92,96**
Schedule 12 - Contingent Liabilities		
I (i) Claims against the Bank not acknowledged as debts	791,58,90	615,85,70
(ii) Disputed income tax and interest tax demands under appeals, references etc.	8690,64,11	11427,45,85
II. Liability for partly paid investments	246,96,55	328,86,55
III. Liability on account of outstanding forward exchange contracts	366562,26,87	572278,11,99
IV Guarantees given on behalf of constituents:		
(a) In India	49551,73,42	47077,17,62
(b) Outside India	4691,68,95	3573,88,24
V Acceptances, endorsements and other obligations	16958,46,33	18845,85,52
VI Other items for which the Bank is contingently liable	5706,46,39	5371,34,90
Total	**452219,52,12**	**659518,44,93**

PUNJAB NATIONAL BANK

(Rs.000's omitted)

Particulars		Period ended 30.06.2023		Period ended 30.06.2022
Schedule 13 - Interest Earned				
I. Interest/discount on advances/bills		17756,43,85		12258,37,44
II. Income on investments		6575,23,60		5919,60,75
III. Interest on balances with Reserve Bank of India and other inter-bank funds		719,35,14		467,51,82
IV. Others		94,43,19		111,54,41
Total		25145,45,78		18757,04,43
Schedule 14 - Other Income				
I. Commission, exchange and brokerage		1306,24,28		1231,08,32
II. Profit on sale of investments	334,15,16		591,92,78	
Less: Loss on sale of investments	25,93,32		19,19,52	
		308,21,84		572,73,26
III. Profit on revaluation of investments	447,57,37		65,19,46	
Less: Loss on revaluation of investments	340,70,49		1475,61,02	
		106,86,88		-1409,41,56
IV. Profit on sale of land, buildings and other assets	1,30,01		3,07,61	
Less: Loss on sale of land, buildings and other assets	4,04		8,42,45	
		1,25,97		-5,34,84
V. Profit on exchange transactions	215,04,26		320,46,09	
Less: Loss on exchange transactions	12,16,73		16,17,12	
		202,87,53		304,28,97
VI. Income earned by way of dividends, etc. from subsidiaries/companies and/or joint ventures abroad/in India		18,42,53		0
VII. Miscellaneous Income (includes recovery in written off accounts Rs 1021,91,80 thousands; Previous Year Rs 1335,31,60 thousands)		1490,02,46		1843,64,79
Total		3433,81,58		2536,98,94
Schedule 15 - Interest Expended				
I. Interest on Deposits		14576,60,97		10426,54,15
II. Interest on Reserve Bank of India/inter-bank borrowings		333,89,54		177,50,79
III. Others		730,70,27		610,14,93
Total of I, II and III		15641,20,78		11214,19,87
Schedule 16 - Operating Expenses				
I. Payments to and provisions for employees		4447,00,04		2546,76,16
II. Rent, taxes and lighting		345,05,30		275,58,50
III. Printing and stationery		41,36,07		32,96,48
IV. Advertisement and publicity		15,87,24		18,45,17
V. Depreciation on bank's property		210,81,35		214,98,26
VI. Directors' fees, allowances and expenses		74,16		48,35
VII. Auditors' fees and expenses (including branch auditors)		10,85,24		11,37,08
VIII. Law charges		26,40,85		24,58,12
IX. Postage, Telegrams, Telephones, etc.		67,58,25		58,01,85
X. Repairs and maintenance		192,26,75		168,23,15
XI. Insurance		418,67,15		398,95,48
XII. Other expenditure		1153,46,34		960,23,47
Total of I to XII		6970,07,44		4700,63,07

S R Goyal & Co	**S. N. Dhawan & Co LLP**	**PSMG & Associates**
Chartered Accountants	**Chartered Accountants**	**Chartered Accountants**
S C Bapna & Associates	**D K Chhajer & Co.**	
Chartered Accountants	**Chartered Accountants**	

INDEPENDENT AUDITORS' REVIEW REPORT ON THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2023

To
The Board of Directors,
Punjab National Bank
New Delhi

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results ("the Statement") of Punjab National Bank ("the Parent"/"the Bank") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), its share of net profit/(loss) after tax of its associates for the quarter ended June 30, 2023 attached herewith, being submitted by the Parent pursuant to the requirement of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"). Statement is the responsibility of Bank's Management and has been recommended by the Audit Committee of Board and has been approved by Board of Directors at their respective meetings held on July 26, 2023, which has been initialed by us for the purpose of identification only. Further, disclosures relating to Pillar 3 including leverage ratio and liquidity coverage ratio and net stable funding ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement have not been reviewed by us.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" ("AS 25"), issued by the Institute of Chartered Accountants of India (ICAI), the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally

accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended to the extent applicable.

4. The financial results of the Parent incorporate the relevant returns of 20 domestic branches, 1 International Banking Unit, 1 treasury division and 1 credit card division reviewed by us, 1 foreign branch reviewed by overseas audit firm specifically appointed for this purpose.

   In the conduct of our review of the Parent, we have also considered the review reports in respect of non-performing assets submitted by the external concurrent auditors (including retired employees of the Bank) of 801 domestic branches and in-house concurrent auditors of 349 branches to the Bank Management of the Parent included in the Group. Apart from these review reports, in the conduct of our review, we have also relied upon various information and returns received from un-reviewed branches/other offices of the Bank and generated through centralized database at the Bank's Head Office.

5. The Statement includes the results of the following entities:

Parent:

i. Punjab National Bank

Subsidiaries:

i. PNB Gilts Ltd.
ii. PNB Investment Services Ltd.
iii. Punjab National Bank (International) Ltd., UK
iv. Druk PNB Bank Ltd., Bhutan
v. PNB Cards and Services Ltd.

Associates:

i. PNB Metlife India Insurance Company Ltd.
ii. PNB Housing Finance Limited
iii. Canara HSBC Life Insurance Co. Ltd.
iv. India SME Asset Reconstruction Co. Ltd.
v. JSC (Tengri Bank) Almaty, Kazakhstan (Under Liquidation)
vi. Everest Bank Limited, Kathmandu, Nepal
vii. Dakshin Bihar Gramin Bank, Patna
viii. Himachal Pradesh Gramin Bank, Mandi
ix. Punjab Gramin Bank, Kapurthala
x. Sarva Haryana Gramin Bank, Rohtak
xi. Prathama UP Gramin Bank, Moradabad
xii. Assam Gramin Vikas Bank, Guwahati
xiii. Bangia Gramin Vikas Bank, Murshidabad
xiv. Manipur Rural Bank, Imphal
xv. Tripura Gramin Bank, Agartala

6. Based on our review conducted and procedures performed as stated in paragraph 3 and 4 above and based on the consideration of the review reports of internal inspection teams and reports of other auditors referred to in paragraph 7 to 10 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition measurement principles laid down in the aforesaid Accounting Standard, RBI Guidelines and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters except for the disclosures relating to Pillar 3 disclosures as at June 30, 2023, including leverage ratio, liquidity coverage ratio and net stable funding ratio under Basel III Capital

Regulations, as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement and have not been reviewed by us.

7. We did not review the interim financial information of 1,151 branches (including 1 overseas branch) included in the standalone unaudited interim financial statements of the entities included in the Group, whose results reflect total advances (asset) of Rs 2,32,768.31 Crore as at June 30, 2023 and total revenues of Rs. 4,691.27 Crore for the quarter ended June 30, 2023, as considered in the respective standalone unaudited interim financial results of the entities included in the Group.

   The interim financial results of these branches have been reviewed by the internal inspection teams of entities whose reports have been furnished to us or other auditors, and our conclusion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such inspections teams and other auditors.

8. The Consolidated Unaudited Financial Results includes the interim financial results which have not been reviewed of 10100 branches and other offices included in the standalone unaudited results of the entities included in the Group, whose results reflect total advances of Rs 2,39,516.60 Crore as at June 30, 2023 and total revenues of Rs 5,336.67 Crore for the quarter ended June 30, 2023, as considered in the respective standalone unaudited financial results of the entities included in the Group.

9. We did not review the Interim financial information of 2 Subsidiaries which have been reviewed by their auditors whose interim financial results reflect total assets of Rs. 23,586.31 Crore as at June 30, 2023, revenue of Rs. 442.23 Crore for the quarter ended June 30, 2023 as considered in the consolidated financial results. The Consolidated Unaudited Financial Results also includes 12 associates whose share of net profit / (loss) for consolidation is Rs. 217.36 Crore for the quarter ended June 30, 2023 whose interim financial information have been reviewed by other auditors. These reports have been furnished to us by the Management and our conclusion on the statement, in so far as it relates to the amounts and disclosures included in respect of these associates is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

10 The Consolidated Unaudited Financial Results includes the interim financial results of 3 Subsidiaries which have not been reviewed by their auditors, whose interim

S.R. Goyal & Co. Jaipur 001537C Chartered Accountants

S.K. Dhawan & Co. LLP New Delhi Chartered Accountants

P.S.M.G. & Associates New Delhi 008567S Chartered Accountants

S.C. Bapna & Associates Mumbai 115649W Chartered Accountants

D.K. Chhajer & Co. Kolkata 304138E Chartered Accountants financial results reflect total assets of Rs 10,746.85 Crore as at June 30, 2023, revenue of Rs.172.86 Crore for the quarter ended June 30, 2023 as considered in the consolidated financial results. The Consolidated Unaudited Financial Results also includes the Group's share of Net Profit / (Loss) of Rs 10.58 Crore for the quarter ended June 30, 2023, as considered in the Consolidated Unaudited Financial Results, in respect of 2 associates, based on interim financial results which have not been reviewed by their auditors. According to the information and explanations given to us by the Management, these interim financial results are not material to the Group.

For S R Goyal & Co
Chartered Accountants
FRN: 001537C

CA Ajay Kumar Atolia
Partner
(M. No. 077201)
UDIN: 23077201BGXMSK5542

For S N Dhawan & Co LLP
Chartered Accountants
FRN: 000050N/N500045

CA Surinder Kr. Khattar
Partner
(M. No. 084993)
UDIN: 23084993BGYUTT2286

For P S M G & Associates
Chartered Accountants
FRN: 008567C

CA Sandeep Jain
Partner
(M. No. 077281)
UDIN: 23077281BGUTFW9585

For S C Bapna & Associates
Chartered Accountants
FRN: 115649W

CA Jai Prakash Gupta
Partner
(M. No. 088903)
UDIN: 23088903BGYNYK9167

For D K Chhajer & Co
Chartered Accountants
FRN: 304138E

CA Nand Kishore Sarraf
Partner
(M. No. 510708)
UDIN: 23510708BGQHQQ5026

Place: New Delhi
Date: July 26, 2023

PUNJAB NATIONAL BANK

CONSOLIDATED BALANCE SHEET AS ON JUNE 30, 2023

(Rs. in Crore)

Particulars	Schedule	As on 30.06.2023	As on 30.06.2022
CAPITAL AND LIABILITIES			
Capital	1	2202.20	2202.20
Reserves and Surplus	2	102018.43	97396.07
Minority Interest	2A	474.12	463.00
Deposits	3	1306119.44	1144643.46
Borrowings	4	76026.82	81439.33
Other Liabilities and Provisions	5	30136.80	23595.00
	TOTAL	1516977.81	1349732.06
ASSETS			
Cash and Balances with Reserve Bank of India	6	79837.08	65564.03
Balances with banks and money at call and short notice	7	49132.32	50264.91
Investments	8	430056.01	398220.46
Advances	9	870643.88	748347.91
Fixed Assets	10	12110.38	11797.88
Other Assets	11	75198.14	75536.87
Goodwill on Consolidation			
	TOTAL	1516977.81	1349732.06
Contingent Liabilities	12	453158.56	661139.29
Bills for Collection		35116.37	35689.48
Significant Accounting Policies and Notes on Accounts	18		
The Schedules 1 to 18 form an integral part of the Accounts			

Prabudh Sharma
Asstt. General Manager

Mukesh Kumar
Asstt. General Manager

R K Khichi
Deputy General Manager

Praveen Kumar Sharma
General Manager

D K Jain
Chief General Manager & CFO

M Paramasivam
Executive Director

Binod Kumar
Executive Director

Kalyan Kumar
Executive Director

Vijay Dube
Executive Director

Atul Kumar Goel
Managing Director & CEO

K G Ananthakrishnan
Chairman

Place: New Delhi
Date: July 26, 2023

PUNJAB NATIONAL BANK

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED JUNE 30, 2023

(Rs. in Crore)

Particulars		Period ended 30.06.2023	Period ended 30.06.2022
I. INCOME	**Schedule**		
Interest earned	13	25672.85	19143.76
Other income	14	3360.26	2383.66
	TOTAL	**29033.11**	**21527.42**
II. EXPENDITURE			
Interest expended	15	16064.38	11442.82
Operating expenses	16	7034.52	4761.89
Provisions and contingencies		4723.39	5018.26
	TOTAL	**27822.29**	**21222.97**
Share of earnings in Associates (net)	17	152.15	-33.19
Consolidated Profit/(Loss) for the year before deducting Minorities' Interest		1362.97	271.26
Less : Minorities Interest		20.92	-10.47
Consolidated Profit/(loss) for the period attributable to the group		**1342.05**	**281.73**
III. APPROPRIATIONS		**Nil**	**Nil**
Earnings per Share (In Rs.) (Basic/ Diluted)		**1.22**	**0.26**
Significant Accounting Policies and Notes on Accounts	18		

Prabudh Sharma
Asstt. General Manager

Mukesh Kumar
Asstt. General Manager

R K Khichi
Deputy General Manager

Praveen Kumar Sharma
General Manager

D K Jain
Chief General Manager & CFO

M Paramasivam
Executive Director

Binod Kumar
Executive Director

Kalyan Kumar
Executive Director

Vijay Dube
Executive Director

Atul Kumar Goel
Managing Director & CEO

K G Ananthakrishnan
Chairman

Place: New Delhi
Date: July 26, 2023

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars	As on 30.06.2023	As on 30.06.2022
SCHEDULE 1 - CAPITAL		
Authorised Capital		
1500,00,00,000 Equity shares of Rs. 2 each	3000.00	3000.00
(Previous year 1500,00,00,000 Equity shares of Rs. 2 each)		
Issued Capital		
1101,10,15,558 Equity shares of Rs. 2 each	2202.20	2202.20
(Previous Year 1101,10,15,558 Equity shares of Rs. 2 each)		
Paid up Capital		
1101,10,15,558 Equity shares of Rs. 2 each	2202.20	2202.20
(Previous Year 1101,10,15,558 Equity shares of Rs. 2 each)		
[The above includes 805,41,25,685 equity shares of Rs. 2 each (Previous Year 805,41,25,685 Equity shares of Rs. 2 each held by Central Government]		
TOTAL	2202.20	2202.20

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars	As on 30.06.2023		As on 30.06.2022	
SCHEDULE 2 - RESERVES AND SURPLUS				
I. **Statutory Reserves**				
Opening Balance	16152.24		15525.44	
Addition during the year	8.26		0.00	
Add/(Less) : Adjustment during the year	0.00	**16160.50**	0.00	**15525.44**
II. **Capital Reserves**				
a. Revaluation Reserve				
Opening Balance	8455.12		7048.62	
Addition during the year	0.00		1257.62	
Deduction during the year	0.00		0.00	
Less: Transfer to other reserves	41.47		119.04	
(being depreciation on revalued portion of property)		**8413.65**		**8187.20**
b. Others				
(including Amalgamation Reserve of Rs. 9208.29 Crores)				
Opening Balance	16881.51		16629.36	
Addition during the year	0.00	**16881.51**	0.00	**16629.36**
IIA. Capital Reserve on consolidation (Net)		**74.21**		**74.21**
III. **Share Premium**				
Opening Balance	46038.53		46038.53	
Addition during the year	0.00	**46038.53**	0.00	**46038.53**
IV. **Revenue and Other Reserves**				
a. Investment Reserve				
Opening Balance	386.35		386.35	
Addition during the year		**386.35**		**386.35**
b. Investment Fluctuation Reserve				
Opening Balance	1635.06		1440.32	
Add: Addition during the year		**1635.06**		**1440.32**
c. Other Reserve				
Opening Balance	3513.07		1321.59	
Addition during the year	136.64		417.11	
Add: Transfer from Revaluation Reserve	41.47		119.04	
Less: Withdrawal during the year	0.00		0.00	
Add/(Less) : Adjustment during the year	0.00	**3691.18**	0.00	**1857.74**
d. Exchange Fluctuation Reserve				
Opening Balance	843.52		1008.10	
Add: Addition during the year (Net)	3.73		53.49	
Add/(Less) : Adjustment during the year	-3.75	**843.50**	104.74	**1166.33**
e. Special Reserve under Sec.36 (1) (viii) of Income Tax Act,1961				
Opening Balance	3618.66		3368.66	
Addition during the year	0.00	**3618.66**		**3368.66**
V. **Balance in Profit & Loss Account**		**4475.28**		**2720.94**
Total (I, II, III, IV and V)		**102018.43**		**97396.07**

(Rs. in Crore)

Particulars		As on 30.06.2023		As on 30.06.2022
Schedule 2A - Minority Interest				
Minority Interest at the date on which the parent subsidiary relationship came into existence		149.25		149.25
Subsequent increase/ decrease		324.87		313.75
Minority Interest at the date of balance sheet		**474.12**		**463.00**
SCHEDULE 3 - DEPOSITS				
A. I **Demand Deposits**				
(i) From Banks	2361.46		2423.19	
(ii) From Others	65567.48	**67928.94**	68063.51	**70486.70**
II **Savings Banks Deposits**		**465109.74**		**448547.16**
III **Term Deposits**				
(i) From Banks	47136.32		34770.48	
(ii) From Others	725944.44	**773080.76**	590839.12	**625609.60**
TOTAL (I, II and III)		**1306119.44**		**1144643.46**
B. (i) Deposits of branches in India		1266519.92		1114624.02
(ii) Deposits of branches outside India		39599.52		30019.44
TOTAL (i, ii)		**1306119.44**		**1144643.46**
SCHEDULE 4 - BORROWINGS				
I. **Borrowings in India**				
(i) Reserve Bank of India		0.00		0.00
(ii) Other Banks		2043.19		1944.78
(iii) Other Institutions and Agencies		31012.91		44399.69
(iv) Bonds (including Tier-I, Tier-II, Subordinated Debts)		31789.40		24742.46
(v) Long Term Infrastructure Bonds		2800.00		2800.00
II. **Borrowings outside India**		8381.32		7546.40
TOTAL (I and II)		**76026.82**		**81433.33**
Secured Borrowings included in I and II above		**26535.41**		**40916.34**

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars		As on 30.06.2023		As on 30.06.2022
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS				
I. Bills payable		2815.50		2838.38
II. Inter-office adjustments (net)		1.24		581.24
III. Interest accrued		4199.46		3834.45
IV. Others (including provisions)		23120.60		15740.93
TOTAL OF I, II, III and IV		**30136.80**		**22995.00**
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA				
I. Cash in hand (including foreign currency notes)		4612.12		3806.26
II. Balance with Reserve Bank of India				
(i) In Current account	57409.96		50130.77	
(ii) In Other Accounts	17815.00	75224.96	11627.00	61757.77
TOTAL (I and II)		**79837.08**		**65564.03**
SCHEDULE 7- BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE				
I. In India				
(i) Balance with Banks:				
(a) In Current accounts	5.57		197.91	
(b) In Other Deposit accounts	13528.53	**13534.10**	22021.87	**22219.78**
(ii) Money at Call and Short Notice:				
(a) with Banks	20.00		0.00	
(b) with Other Institutions	469.67	**489.67**	327.72	**327.72**
TOTAL (i and ii)		**14023.77**		**22547.50**
II. Outside India				
(i) In Current accounts	15344.51		9294.75	
(ii) In Other Deposit accounts	19764.04		18422.66	
(iii) Money at call and short notice	0.00		0.00	
TOTAL (i,ii and iii)		**35108.55**		**27717.41**
GRAND TOTAL (I and II)		**49132.32**		**50264.91**

Finance Division

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars	As on 30.06.2023	As on 30.06.2022
SCHEDULE 8 - INVESTMENTS		
I. Investments in India in		
(i) Government securities	384117.33	348977.49
(ii) Other approved securities	0.15	0.15
(iii)Shares	3032.57	3366.45
(iv) Debentures and Bonds	33596.25	13288.72
(v) Associates	4809.24	3579.02
(vi) Others Mutual Funds, Venture Capital Funds, ARCIL Commercial Papers , Certificate of Deposits, etc	824.71	8806.99
TOTAL of I	**426380.25**	**393018.82**
II. Investments outside India in		
(i) Government Securities (including local authorities)	2308.77	3458.50
(ii) Associates	347.63	314.61
(iii) Other investments	1018.36	1428.53
TOTAL of II	**3674.76**	**5201.64**
III. Investments in India		
i) Gross value of Investments	434986.70	400853.91
ii) Less: Aggregate of provisions for depreciation	8606.45	7835.09
iii) Net Investment	**426380.25**	**393018.82**
IV. Investments outside India		
i) Gross value of Investments	4163.28	5689.03
ii) Less: Aggregate of provisions for depreciation	488.52	487.39
iii) Net Investment	**3674.76**	**5201.64**
GRAND TOTAL of (I), (II)	**430055.01**	**398220.46**

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars	As on 30.06.2023	As on 30.06.2022
SCHEDULE 9 - ADVANCES		
A. i) Bills purchased and discounted	3086.15	2822.36
ii) Cash credits, overdrafts and loans repayable on demand	505604.98	447505.09
iii) Term loans	361952.75	298020.46
Total (i, ii and iii)	**870643.88**	**748347.91**
B. i) Secured by tangible assets (including advances against book debts)	701077.45	556101.63
ii) Covered by Bank/Government Guarantees	25340.59	27458.45
iii) Unsecured	144225.84	164787.83
Total (i, ii and iii)	**870643.88**	**748347.91**
C. (I) Advances in India		
i) Priority sector	240481.42	230876.71
ii) Public sector	172160.30	173318.95
iii) Banks	0.00	0.02
iv) Others	417799.69	308804.83
Total (i, ii, iii and iv)	**830441.41**	**713000.51**
C. (II) Advances outside India		
i) Due from banks	16635.41	11156.54
ii) Due from others		
(a) Bills purchased and discounted	500.39	0.00
(b) Syndicated Loans	12166.51	11860.67
(c) Others	10900.16	12330.19
Total (i and ii)	**40202.47**	**35347.40**
GRAND TOTAL of C (I) and C (II)	**870643.88**	**748347.91**

(Rs. in Crore)

Particulars		As on 30.06.2023		As on 30.06.2022
SCHEDULE 10 - FIXED ASSETS				
I. **Premises**				
At Cost as on 31st March of preceeding year	12093.04		10505.91	
Additions during the year	23.25		6.80	
Deductions during the year	0.00		5.94	
Revaluation during the year	0.00		1178.76	
Depreciation to date	1859.06	10257.23	1655.31	10030.22
II. **Other Fixed Assets (including furniture and fixtures)**				
At Cost as on 31st March of preceeding year	9867.24		9217.64	
Revaluation due to exchange rate fluctuation	3.45		0.00	
Additions during the year	198.70		129.42	
Deductions during the year	3.76		2.16	
Depreciation to date	8405.36	1660.27	7851.32	1493.58
IIA. **Leased Assets**				
At Cost as on 31st March of preceeding year	25.33		25.33	
Additions during the year	0.00		0.00	
Deductions during the year	0.00		0.00	
Depreciation to date	25.29	0.04	25.28	0.05
IIB. **Computer Software**				
At Cost as on 31st March of preceeding year	1287.72		1233.94	
Revaluation due to exchange rate fluctuation	1.56		0.00	
Additions during the year	29.91		9.34	
Deductions during the year	11.77		0.00	
Amortised to date	1114.58	192.84	969.25	274.03
TOTAL OF I, II, IIA,IIB		12110.38		11797.88

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars	As on 30.06.2023	As on 30.06.2023
SCHEDULE 11 - OTHER ASSETS		
I. Inter office adjustment (Net)	0.00	0.00
II. Interest accrued	10065.05	9511.72
III. Tax paid in advance/tax deducted at source	12535.41	12206.20
IV. Stationery and stamps	7.82	5.26
V. Non banking assets acquired in satisfaction of claims	26.45	60.21
VI. Deferred Tax asset (net)	24224.79	25459.91
VII. Others	28339.62	28304.17
TOTAL of I, II, III, IV, V, VI and VII	**75199.14**	**75536.87**
SCHEDULE 12 - CONTINGENT LIABILITIES		
I (i) Claims against the bank not acknowledged as debts	791.59	615.86
I (ii). Disputed income tax and interest tax demands under appeal, references, etc.	8701.82	11430.81
II. Liability for partly paid investments	246.87	320.86
III. Liability on account of outstanding forward exchange contracts	366242.31	573587.10
IV. Guarantees given on behalf of constituents		
(a) In India	49811.01	47357.31
(b) Outside India	4702.12	3583.80
V. Acceptance, Endorsements and Other obligations	16956.58	18864.20
VI Other items for which the Bank is contingently liable	5706.48	5371.35
TOTAL (I, II, III, IV, V and VI)	**453158.56**	**661139.29**

Finance Division

(Rs. in Crore)

Particulars		Period ended 30.06.2023		Period ended 30.06.2022
SCHEDULE 13 - INTEREST EARNED				
I. Interest/discount on advances/bills		17888.08		12347.74
II. Income on Investments (including dividends)		6963.75		6214.44
III. Int. on balances with Reserve Bank of India and other inter-bank funds		726.51		470.03
IV. Others		94.51		111.55
TOTAL (I, II, III and IV)		25672.85		19143.76
SCHEDULE 14 - OTHER INCOME				
I. Commission, exchange and brokerage		1312.37		1238.15
II. Profit on sale of land, buildings and other assets	1.30		3.08	
Less: Loss on sale of land, buildings and other assets	0.04	1.26	8.42	-5.34
III. Profit on exchange transaction	217.76		324.98	
Less: Loss on exchange transaction	12.17	205.59	16.17	308.81
IV. Profit on sale of investments (net)	253.28		591.73	
Less: Loss on sale of investments	26.04	227.24	185.90	405.83
V. Profit on revaluation of investments	447.57		66.19	
Less: Loss on revaluation of investments	340.70	106.87	1475.61	-1409.42
VI. Miscellaneous Income		1506.93		1845.63
TOTAL (I, II, III, IV, V and VI)		3360.26		2383.66

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. In Crore)

Particulars		Period ended 30.06.2023		Period ended 30.06.2022
SCHEDULE 15 - INTEREST EXPENDED				
i. Interest on deposits		14630.67		10460.80
ii. Interest on Reserve Bank of India/ inter-bank borrowings		334.00		177.51
iii. Others		1099.71		804.51
TOTAL (i, ii and iii)		**16064.38**		**11442.82**
SCHEDULE 16 - OPERATING EXPENSES				
I. Payment to and provisions for employees		4524.10		2591.61
II. Rent, taxes and lighting		348.64		279.82
III. Printing and stationery		41.77		33.24
IV. Advertisement and publicity		18.06		18.77
V. (a) Depreciation on bank's property other than leased assets	213.69		217.69	
(b) Depreciation on Leased assets	0.00	213.69	0.00	217.69
VI. Directors' fees, allowances and expenses		0.85		0.58
VII. Auditors' fees and expenses (including branch auditors' fees and expenses)		12.13		12.33
VIII. Law charges		31.40		28.23
IX. Postage,telegrams,telephones, etc.		68.40		59.06
X. Repairs and Maintenance		187.51		172.07
XI. Insurance		418.94		399.05
XII. Other expenditure		1160.97		959.64
TOTAL of I to XII		**7034.52**		**4761.89**
SCHEDULE 17 - SHARE OF EARNINGS/LOSS IN ASSOCIATES				
(a) Share of Earnings in Associates in India		141.74		-45.98
(b) Share of Earnings in Associates outside India		10.41		12.79
TOTAL of (a and b)		**152.15**		**-33.19**

Finance Division

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PUNJAB NATIONAL BANK

HEAD OFFICE: NEW DELHI

FINANCIAL RESULTS (REVIEWED) FOR THE QUARTER ENDED JUNE 30, 2024

(Rs. in lacs)

S.No.	Particulars	STANDALONE				CONSOLIDATED			
		Quarter ended			Year ended	Quarter ended			Year ended
		30.06.2024	31.03.2024	30.06.2023	31.03.2024	30.06.2024	31.03.2024	30.06.2023	31.03.2024
		Reviewed	Audited	Reviewed	Audited	Reviewed	Audited	Reviewed	Audited
1	**Interest Earned (a+b+c+d)**	2855643	2811343	2514546	10690162	2914454	2868232	2597285	10906458
	(a) Interest / discount on advances / bills	2045178	2011370	1779644	7593931	2060521	2025687	1788608	7551579
	(b) Income on Investments	723175	696332	657524	2784460	765416	737794	696375	2519714
	(c) Interest on Balances with RBI & other inter bank funds	69321	77799	71935	277889	70523	78893	72651	282285
	(d) Others	17969	25851	5443	53862	17994	25858	9451	53660
2	Other Income	360952	424761	343381	1338354	361535	429415	306026	1332943
A	**TOTAL INCOME (1+2)**	3216595	3236104	2857927	12028516	3275989	3297647	2903311	12239401
3	Interest Expended	1808018	1775032	1564121	6681855	1853631	1820592	1606438	7153416
4	**Operating Expenses (a+b)**	750461	819604	697007	2853580	756995	827094	703452	2580898
	(a) Employees Cost	455081	563002	448701	1848631	459301	567238	452410	1564324
	(b) Other operating expenses	295380	256602	248306	1004949	297694	259856	251042	1016574
B	**TOTAL EXPENDITURE (3+4) (excluding provisions & contingencies)**	2558479	2594536	2261128	9535435	2610626	2647686	2309890	9734314
C	**Operating Profit (A-B) (before Provisions & Contingencies)**	658116	641568	596799	2493081	665363	649961	593421	2505087
D	Provisions (other than tax) and contingencies	131232	158805	396526	1173660	90256	155974	395502	1171916
	of which provisions for Non Performing Assets	79212	195799	437448	1234601	78079	192545	436217	1232196
E	Exceptional items	0	0	0	0	0	0	0	0
F	**Profit / (Loss) from ordinary activities before tax (C-D-E)**	526884	482763	200273	1319421	575107	493987	197919	1333171
G	Tax Expenses	201731	181736	74732	494959	203490	183899	76837	500280
H	**Net Profit (+)/Loss(-) from ordinary activities after tax (F-G)**	325153	301027	125541	824462	371617	310088	121082	832891
I	Extraordinary items (net of tax expense)	0	0	0	0	0	0	0	0
J	**Net Profit / (Loss) for the period (H-I)**	325153	301027	125541	824462	371617	310088	121082	832891
K	Share in Profit / (Loss) of associates					27521	26214	15215	82824
L	Share of minority					1552	2082	2092	4995
M	**Net Profit / (Loss) after minority interest (J+K-L)**	325153	301027	125541	824462	397586	334220	134205	910720
5	Paid up equity Share Capital (Face value Rs. 2/- each)	220220	220220	220220	220220	220220	220220	220220	220220
6	Reserves (excluding revaluation reserves (as per Balance sheet of previous year)				8598874				8997800
7	**Analytical Ratios**								
	(i) Share holding of Govt. of India (%)	73.15	73.15	73.15	73.15	73.15	73.15	73.15	73.15
	(ii) Capital Adequacy Ratio - Basel-III (%)	15.79	15.97	15.64	15.97	15.84	16.00	15.57	16.00
	(a) CET 1 Ratio (%)	10.95	11.04	10.85	11.04	11.01	11.08	10.88	11.08
	(b) Additional Tier 1 Ratio (%)	2.09	2.13	1.44	2.13	2.08	2.13	1.45	2.13
	(iii) Earnings per Share (EPS) not annualized (in Rs.)								
	(a) Basic and diluted EPS before extraordinary items	2.95	2.73	1.14	7.49	3.61	3.04	1.22	8.27
	(b) Basic and diluted EPS after extraordinary items	2.95	2.73	1.14	7.49	3.61	3.04	1.22	8.27
	(iv) NPA Ratios:								
	(a) Amount of Gross NPAs	5126278	5834305	7089934	5834305				
	(b) Amount of Net NPAs	593006	679877	1712947	679877				
	(c) % of Gross NPAs	4.98	5.73	7.73	5.73				
	(d) % of Net NPAs	0.60	0.73	1.98	0.73				
	(v) Return on Assets (Annualised) %	0.82	0.77	0.34	0.54				
	(vi) Outstanding redeemable preference shares (Quantity and Value)	-	-	-	-				
	(vii) Capital redemption reserve/debenture redemption reserve	-	-	-	-				
	(viii) Net Worth	8049868	7460021	6787708	7460021				
	(ix) Debt-equity ratio (Borrowings/Net Worth)	0.64	0.68	0.80	0.68				
	(x) Total Debts to Total Assets (Borrowings/Total Assets)	0.03	0.03	0.04	0.03				
	(xi) Operating Margin (%) (Operating Profit/Total Income)	20.46	19.83	20.88	20.73				
	(xii) Net Profit Margin (%) (Net Profit after tax /Total Income)	10.11	9.30	4.39	6.85				

D.K. CHHAJER & CO. KOLKATA 304138E Chartered Accountants

S.C. BAPNA & ASSOCIATES MUMBAI 115649W Chartered Accountants

UMMED JAIN & CO. MUMBAI 119250W Chartered Accountants

K.K. BHARGAVA & CO. DELHI 000429N Chartered Accountants

PSD & ASSOCIATES JAIPUR 004501C Chartered Accountants

punjab national bank
...the name you can BANK upon!

PUNJAB NATIONAL BANK

SUMMARISED STATEMENT OF ASSETS AND LIABILITIES

(Rs in Lacs)

Particulars	Standalone			Consolidated		
	30.06.2024 (Reviewed)	31.03.2024 (Audited)	30.06.2023 (Reviewed)	30.06.2024 (Reviewed)	31.03.2024 (Audited)	30.06.2023 (Reviewed)
CAPITAL & LIABILITIES						
Capital	220220	220220	220220	220220	220220	220220
Reserves & Surplus	10965778	10427437	9890800	11429184	10818453	10201843
Minority Interest				57629	56077	47412
Deposits	140824707	136971281	129790521	141732697	137922524	130611944
Borrowings	5122313	5042985	5420267	7276962	7258562	7602682
Other Liabilities and Provisions	3198393	3521578	2981091	3241757	3587760	3013680
TOTAL	**160331411**	**156183501**	**148302899**	**163958449**	**159863596**	**151697781**
ASSETS						
Cash & Balances with Reserve Bank of India	7135592	6503291	7981970	7192913	6532513	7983708
Balances with Banks & Money at Call & Short Notice	4871799	6407167	4812308	4967983	6607506	4913232
Investments	42217483	42031821	40528095	44775048	44642127	43005501
Advances	98399762	93443059	86373170	99141191	94176247	87064388
Fixed Assets	1231720	1231878	1207602	1234565	1234784	1211038
Other Assets	6475055	6566285	7399754	6646729	6670419	7519914
TOTAL	**160331411**	**156183501**	**148302899**	**163958449**	**159863596**	**151697781**

Notes forming part of Reviewed Standalone and Consolidated Financial results for the quarter ended June 30, 2024:

1. The above financial results have been reviewed by the Audit Committee of Board and approved by the Board of Directors in their respective meetings held on July 27, 2024. The same have been subjected to limited review by the Statutory Central Auditors of the Bank, in line with the guidelines issued by the Reserve Bank of India and as per the requirements of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended thereafter.

2. The financial results of the Bank have been arrived at after considering provisions for non-performing assets, standard assets, restructured advances, stressed sector accounts, standard derivative exposures, direct taxes including deferred tax, unhedged foreign currency exposure and investment depreciation on the basis of extant guidelines issued by Reserve Bank of India and applicable accounting standards issued by The Institute of Chartered Accountants of India. Other usual and necessary provisions (including provision for employee benefits) for the quarter have been made on estimated basis and are subject to adjustments, if any, at the year end.

3. There is no material impact of changes in Significant Accounting Policies followed for preparation of financial results for the quarter ended June 30, 2024 as compared to those followed for the financial statements for the year ended March 31, 2024 except those pertaining to classification, valuation and accounting of investments in compliance of Master Direction No. RBI/DOR/2023-24/104 DOR.MRG.36/21.04.141/2023-24 on Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023 dated September 12, 2023, issued by Reserve Bank of India which have become applicable from April 1, 2024. Pursuant to the above guidelines, inter-alia, the Bank has recognised a net gain of Rs. 2,098.68 crore (net of taxes) in General Reserve. Additionally, as on June 30, 2024, net gain of Rs. 33.47 crore (net of taxes) is outstanding in the AFS Reserve.

   To the extent of impact of these guidelines, the corresponding previous periods' / year's figures are not comparable with that of the current period.

4. The Consolidated financial results are prepared in accordance with Accounting Standard 21 on "Consolidated Financial Statements", Accounting Standard 23 on "Accounting for Investment in Associates in Consolidated Financial Statements" and Accounting Standard 27 on "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India and guidelines issued by RBI.

5. The consolidated financial results of the Group comprise financial results of 5 Subsidiaries and 15 Associates listed hereunder. The consolidated results are prepared in accordance with RBI guidelines, section 133 of Companies Act, 2013 and regulation 33 of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Sl. No.	Name of the Entity	Type of Association	Proportion of Ownership (%)
1	PNB Gilts Limited	Subsidiary	74.07
2	PNB Investment Services Ltd.	Subsidiary	100
3	PNB Cards and Services Ltd.	Subsidiary	100
4	Punjab National Bank (International) Ltd., UK	Subsidiary	100
5	Druk PNB Bank Ltd., Bhutan	Subsidiary	51.00
6	PNB Metlife India Insurance Company Ltd.	Associate	30.00
7	PNB Housing Finance Limited	Associate	28.13
8	JSC (Tengri Bank), Almaty, Kazakhstan*	Associate	41.64
9	Canara HSBC Life Insurance Co. Ltd.	Associate	23.00
10	India SME Asset Reconstruction Co. Ltd.	Associate	20.90
11	Everest Bank Ltd., Nepal	Associate	20.02
12	Dakshin Bihar Gramin Bank, Patna	Associate	35.00
13	Himachal Pradesh Gramin Bank, Mandi	Associate	35.00
14	Punjab Gramin Bank, Kapurthala	Associate	35.00
15	Sarva Haryana Gramin Bank, Rohtak	Associate	35.00
16	Prathama UP Gramin Bank, Moradabad	Associate	35.00
17	Assam Gramin Vikas Bank, Guwahati	Associate	35.00
18	Bangiya Gramin Vikas Bank, Murshidabad	Associate	35.00
19	Manipur Rural Bank, Imphal	Associate	35.00
20	Tripura Gramin Bank, Agartala	Associate	35.00

*Under liquidation

6. In accordance to SEBI regulations, for the purpose of quarterly consolidated financial results, minimum eighty percent of consolidated revenue, assets and profits have been subjected to limited review.

7. As per RBI Letter no. DBR.No.BP.15199/21.04.048/2016-17 dated 23rd June, 2017 (RBI List-1) and Letter no. DBR.BP.1908/21.04.048/2017-18 dated 28th August, 2017 (RBI List-2) for the accounts under the provisions of Insolvency & Bankruptcy Code (IBC), where the Bank is having exposure, the Bank is holding total provision of Rs. 7982.36 Crore (Aggregate provision of RBI List 1 and List 2 accounts is 100%) as on 30th June, 2024.

8. During the quarter, the Bank has not availed any dispensation in respect of frauds in terms of option available as per RBI Circular No. RBI/2024-25/12 DOR.STR.REC.8/21.04.048/2024-25 dated April 02, 2024. Further, there is no un-amortized amount which has been carried forward to subsequent quarters.

9. In terms of RBI Circular DBR No. BP. BC 45/21.04.048/2018-19 dated June 7, 2019 on Prudential Framework for Resolution of Stressed Assets, having total banking exposure of Rs. 1,500 Crore and above, the Bank is holding additional provision of Rs.1,740.94 Crore as on June 30, 2024 in 17 accounts as detailed below:

(Rs.in Crore)

Amount of loans impacted by RBI Circular (FB+NFB)	**Amount of Loans NPA as on 30.06.2024 out of (a) (FB+NFB)**	**Amount of loans NPA as on 30.06.2024 out of (b) (FB)**	**Amount of loans Standard as on 30.06.2024 out of (a)**	**Total Additional Provision held as on 31.03.2024**	**Additional Provision / (Reversal) made during quarter ended 30.06.2024**	**Total Provision held as on 30.06.2024**
(a)	(b)	(c)	(d)	(e)	(f)	(g)
5752.68	2941.28	434.68	2811.40	2196.18	(455.24)	1740.94

10. In accordance with RBI circular no. DBR.No.BP.BC.18/21.04.048/2018-19 dated January 01, 2019, DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 and DOR.No. BP.BC/4/21.04.048/2020-21 dated August 06, 2020 on "Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances", the summary of MSME restructured accounts as on June 30, 2024 is as under:

(Rs. in Crore)

No. of Accounts Restructured	**Amount involved**
4244	599.77

11. In accordance with RBI circular no. DOR.STR.REC.12/21.04.048/2021-22 dated May 05, 2021 on "Resolution Framework 2.0 - Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)" the summary of restructured accounts as on June 30, 2024 is as under:

(Rs. in Crore)

No. of Accounts Restructured	**Amount involved**
21737	1966.98

12. As per RBI Circular RBI/2022-23/19 DOR.AUT.REC. 12/22.01.001/2022-23 dated April 07, 2022, for the purpose of disclosure under Accounting Standard 17, Segment Reporting, Digital Banking Segment has been identified as sub-segment under Retail Banking by Reserve Bank of India (RBI). As on June 30, 2024, 8 (eight) Digital Banking Units (DBUs) of

the Bank have commenced operations and the segment information disclosed as Digital Banking under Retail Banking Operations is related to the said DBUs.

13. As on June 30, 2024, the Bank is holding an additional provision of Rs.229.41 Crore (additional provision outstanding at end of previous quarter was Rs. 238.68 crore) towards the standard accounts restructured under COVID 19 Resolution Framework 1.0 and 2.0, at a higher rate of 12.50% as against the prescribed rate of 5%/10% based on the evaluation of risk and stress in these sectors, in terms of RBI Master Circular regarding Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated April 02, 2024.

14. The Bank has estimated the liability for Unhedged Foreign Currency Exposure (UFCE) in terms of Reserve Bank of India (Unhedged Foreign Currency Exposure) Directions, 2022, no. RBI/2022-23/131 DOR.MRG.REC.76/00-00-007/2022-23 dated October 11, 2022 and is holding a provision of Rs.175.54 Crore as on June 30, 2024 (Previous Year Rs.126.73 Crore).

15. The Provisioning Coverage Ratio (including Technically Written off accounts) as on June 30, 2024 works out to 95.90% (89.83% as at June 30, 2023).

16. In accordance with RBI circular no. DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021, the details of loans transferred/acquired during the quarter ended June 30, 2024 are given below:

   i. The Bank has not acquired any Special Mention Accounts (SMA) and also not transferred any loans not in default or Special Mention Accounts (SMA).
   ii. Details of loans not in default acquired through pool buyout via assignment:

Particulars	Values
Amount of Loan	Rs.3392.28 Crore
Weighted average maturity	132.36 months
Weighted average holding period	26.82 months
Retention of beneficial economic interest (by originator)	10%
Tangible security coverage	222.50%
Rating wise distribution of rated loans	NA

   iii. The Bank has not acquired any non-performing assets.
   iv. Details of non-performing assets (NPAs) transferred:

(all amounts in Rs. Crore)	To ARCs	To permitted transferees	To other transferees
No. of accounts	2	Nil	Nil
Aggregate principal outstanding of loans transferred	254.04	Nil	Nil
Weighted average residual tenor of the loans transferred	Nil	Nil	Nil
Net book value of loans transferred (at the time of transfer)	Nil	Nil	Nil
Aggregate consideration	302.15	Nil	Nil
Additional consideration realized in respect of accounts transferred in earlier years	90.11	Nil	Nil

(all amounts in Rs. Crore)	To ARCs	To permitted transferees	To other transferees
Quantum of excess Provision reversed to the Profit & Loss account on account of sale of stressed loans	0.00	Nil	Nil

Distribution of the SRs held across the various categories of Recovery Ratings assigned to such SRs by the credit rating agencies as on June 30, 2024:

Recovery Rating Band	Face Value (Rs. in Crore)	Carrying Value* (Rs. In Crore)
RR1+	13.58	0.00
RR1	460.17	0.00
RR2	322.63	0.00
RR3	141.51	0.00
RR4	0.00	0.00
RR5	596.83	0.00
Unrated	1,815.79	417.88
Total	**3,350.51**	**417.88**

As per RBI guidelines, post 8 years Rating is not applicable.

* Provision of Rs.417.88 Crore is held against carrying value.

17. During the quarter ended June 30, 2024, the Bank redeemed Basel III compliant Tier II Bonds of Rs.500.00 Crore due to maturity.

18. Other income includes income (including commission) from non-fund based banking activities, fees, earnings from foreign exchange, profit/loss on sale of assets, profit/loss (including revaluation) from investments, dividends from subsidiaries, recoveries from accounts written off/technically written off, etc.

19. The Bank has evaluated the options available under section 115BAA of Income Tax Act, 1961 and opted to continue to recognise the taxes on income for the year ended June 30, 2024 as per the regular provisions of Income Tax Act, 1961. Further, the Deferred Tax has also been recognised as per Accounting Standard-22.

20. In terms of RBI circular no. RBI/2023-24/31 DOR.CAP.REC.15/21.06.201/2023-24 dated May 12, 2023, banks are required to make Pillar 3 disclosures under BASEL III capital regulations. Accordingly, Pillar 3 disclosures under BASEL III capital regulations are being made available on Bank's website i.e. www.pnbindia.in. These disclosures have not been subjected to limited review by the Statutory Central Auditors.

21. Details of Investors complaints for the quarter ended June 30, 2024: Pending at Beginning: Nil, Received: 08; Disposed off: 08; Closing: Nil.

22. The figures of the last quarter of the previous year are the balancing figures between audited figures in respect of financial year 2023-24 and the published year to date figures up to the end of the third quarter of the previous year.

23. Figures of the previous periods have been regrouped / rearranged / re-classified wherever necessary to conform to current period's classification.

Prabudh Sharma **Asstt. General Manager**	**Mukesh Kumar** **Asstt. General Manager**	**R.K. Khichi** **Deputy General Manager**	**Praveen Kumar Sharma** **General Manager**

D K Jain
Chief General Manager & CFO

Bibhu Prasad Mahapatra **Executive Director**	**M Paramasivam** **Executive Director**	**Binod Kumar** **Executive Director**	**Kalyan Kumar** **Executive Director**

Atul Kumar Goel **Managing Director & CEO**	**K G Ananthakrishnan** **Chairman**

For D K Chhajer & Co **Chartered Accountants** **FRN: 304138E**	**For S C Bapna & Associates** **Chartered Accountants** **FRN: 115649W**	**For Ummed Jain & Co.** **Chartered Accountants** **FRN: 119250W**
CA Jagannath Prasad Mohapatro **Partner** **(M.No. 217012)**	**CA Jai Prakash Gupta** **Partner** **(M.No. 088903)**	**CA U.M.Jain** **Partner** **(M.No. 070863)**

For N K Bhargava & Co. **Chartered Accountants** **FRN: 000429N**	**For P S D & Associates** **Chartered Accountants** **FRN: 004501C**
CA N K Bhargava **Partner** **(M.No. 080624)**	**CA Abhinav Sharma** **Partner** **(M.No. 411219)**

Place: New Delhi
Date: July 27, 2024

PUNJAB NATIONAL BANK

SEGMENT REPORTING FOR THE QUARTER ENDED 30th JUNE, 2024

PART A – BUSINESS SEGMENTS

(Rs. in lacs)

Sr. No.	Particulars	STANDALONE				CONSOLIDATED			
		Quarter Ended			Year Ended	Quarter Ended			Year Ended
		30.06.2024 Reviewed	31.03.2024 Audited	30.06.2023 Reviewed	31.03.2024 Audited	30.06.2024 Reviewed	31.03.2024 Audited	30.06.2023 Reviewed	31.03.2024 Audited
1	**Segment Revenue**								
	(a) Treasury Operations	888000	868000	796494	3159106	910765	912271	826488	3200249
	(b) Corporate/Wholesale Banking	1385882	1386221	1175265	5161387	1374758	1394206	1182969	5194746
	(c) Retail Banking	930504	907502	828456	3488913	938081	914293	832702	3497339
	1) Digital Banking	6	6	2	13	6	6	2	13
	2) Other Retail Banking	930598	907495	828454	3488900	938075	914287	832700	3497326
	(d) Other Banking Operations	32109	74581	59712	241120	52381	76877	61050	247069
	Total Revenue	**3216595**	**3236104**	**2857927**	**12028516**	**3275988**	**3297647**	**2903311**	**12239401**
2	**Segment Results**								
	(a) Treasury Operations	174901	196868	242576	759084	219637	199986	234496	753800
	(b) Corporate/Wholesale Banking	272837	243016	32164	450580	276292	249452	-27913	463424
	(c) Retail Banking	204809	150662	112010	569910	205288	151078	115463	579692
	1) Digital Banking	-193	-241	-120	-633	-168	-241	-120	639
	2) Other Retail Banking	204972	150849	112130	569649	205466	151318	115573	578331
	(d) Other Banking Operations	19030	26349	15170	74815	18578	30685	15109	73103
	Total	**671577**	**616867**	**337582**	**1854269**	**719800**	**628091**	**335236**	**1868019**
	Unallocated Expenditure	144693	134104	137318	534848	144693	134104	137319	534840
	Profit before Tax	**526884**	**482763**	**200273**	**1319421**	**575107**	**493987**	**197913**	**1333171**
	Provision for Tax	201731	181736	74732	494959	209400	163696	73897	500280
	Extraordinary items	-	-	-	-	-	-	-	-
	Share of Earning in Associates(Net)	-	-	-	-	27521	28214	15215	82824
	Minority Interest	-	-	-	-	1562	2082	2092	4995
	Net profit	**325153**	**301027**	**125541**	**824462**	**397588**	**334236**	**134206**	**910720**
3	**Segment Assets**								
	(a) Treasury Operations	44529697	46825929	44501072	46928929	47274016	49690342	47564652	49690342
	(b) Corporate/Wholesale Banking	71012865	66470759	62833554	66470759	71432489	66860380	64232545	66860380
	(c) Retail Banking	35864181	34197464	30030977	34197464	36189385	34519268	30623927	34519268
	1) Digital Banking	212	230	172	230	212	230	172	230
	2) Other Retail Banking	35863969	34197234	30030805	34197234	36189173	34519038	30623755	34519038
	(d) Other Banking Operations	4733320	4186831	4489175	4186831	4871714	4371078	4516236	4371078
	(e) Unallocated	4191845	4402518	4658821	4402518	4191845	4402518	4658821	4402518
	Total	**160331411**	**156183501**	**148302899**	**156183501**	**163958449**	**159863596**	**151697781**	**159863596**
4	**Segment Liabilities**								
	(a) Treasury Operations	42487845	44844063	43280911	44844063	44650052	47188814	45447750	47188814
	(b) Corporate/Wholesale Banking	67758138	63693429	61373703	63662436	68191880	64194273	61754904	64194273
	(c) Retail Banking	34219678	32753171	29163807	32753171	34686802	33189260	29580203	33189260
	1) Digital Banking	2550	2144	919	2144	2550	2144	919	2144
	2) Other Retail Banking	34217128	32751027	29162888	32751027	34684252	33187116	29579284	33187116
	(d) Other Banking Operations	4516219	4010005	4318540	4010005	4552794	4025887	4330129	4025887
	(e) Unallocated	165425	165166	71728	165166	227547	225709	123332	225709
	Total	**149145413**	**145535844**	**138191879**	**145535844**	**152309045**	**148824923**	**141275718**	**148824923**
5	**Capital Employed**								
	(a) Treasury Operations	2041852	1981866	1720161	1981866	2623964	2501528	2116902	2501528
	(b) Corporate/Wholesale Banking	3256180	2807330	2454791	2807330	3240829	2666117	2437641	2666117
	(c) Retail Banking	1646505	1444293	1166370	1444293	1501585	1330008	1043724	1330008
	1) Digital Banking	-2338	-1914	-747	-1914	-2338	-1914	-747	-1914
	2) Other Retail Banking	1648843	1446207	1167117	1446207	1503921	1331922	1044471	1331922
	(d) Other Banking Operations	217041	176826	172635	176826	318920	344211	265107	344211
	(e) Unallocated	4026420	4237352	4587093	4237352	3964208	4176809	4535485	4176809
	Total Capital Employed	**11185998**	**10647657**	**10111020**	**10647657**	**11649404**	**11038673**	**10422063**	**11038673**

PART B - GEOGRAPHICAL SEGMENTS

Sr. No.	Particulars	STANDALONE				CONSOLIDATED			
		Quarter Ended			Year Ended	Quarter Ended			Year Ended
		30.06.2024 Reviewed	31.03.2024 Audited	30.06.2023 Reviewed	31.03.2024 Audited	30.06.2024 Reviewed	31.03.2024 Audited	30.06.2023 Reviewed	31.03.2024 Audited
1	**Revenue**								
	(a) Domestic	3115560	3133718	2777046	11663233	3155548	3176812	2806255	11798287
	(b) International	101035	102386	79881	365283	120441	120835	97056	441114
	Total	**3216595**	**3236104**	**2857927**	**12028516**	**3275989**	**3297647**	**2903311**	**12239401**
2	**Assets**								
	(a) Domestic	152860774	149162931	142332779	149162931	155329984	151642379	144658110	151642379
	(b) International	7470637	7020570	5970120	7020570	8628465	8221217	7039671	8221217
	Total	**160331411**	**156183501**	**148302899**	**156183501**	**163958449**	**159863596**	**151697781**	**159863596**

Notes :-

1. Segment Liabilities are distributed in the ratio of their respective Segment Assets.
2. Figures of the previous period have been re-grouped/re-classified wherever necessary.
3. As per RBI Circular RBI/2022-23/19 DOR.AUT.REC. 12/22.01.001/2022-23 dated April 07, 2022, for the purpose of disclosure under Accounting Standard 17, Segment Reporting, Digital Banking Segment has been identified as sub-segment under Retail Banking by Reserve Bank of India (RBI). As on June 30, 2024, 5 (eight) Digital Banking Units (DBUs) of the Bank have commenced operations and the segment information disclosed as Digital Banking under Retail Banking Operations is related to the said DBUs.

KOLKATA 304088E

MUMBAI 145869W

MUMBAI 105520W

DELHI 000129N

JAIPUR 004201C

D K Chhajer & Co.
Chartered Accountants

S C Bapna & Associates
Chartered Accountants

Ummed Jain & Co.
Chartered Accountants

N K Bhargava & Co.
Chartered Accountants

P S D & Associates
Chartered Accountants

Independent Auditors' Limited Review Report on Unaudited Standalone Financial Results of Punjab National Bank for the Quarter ended 30 June 2024 pursuant to the Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To,
The Board of Directors
Punjab National Bank
New Delhi

1. We have reviewed the accompanying statements of unaudited standalone financial results ("the Statement") of Punjab National Bank (the "Bank") for the quarter ended 30 June 2024 attached herewith, being submitted by the Bank pursuant to requirement of regulation 33 and 52 read with regulation 63(2) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended ("The Regulation"). The disclosures relating to "Pillar 3 including Leverage Ratio and Liquidity Coverage Ratio and Net Stable Funding Ratio under Basel III Capital Regulations" as have been disclosed on the Bank's website and in respect of which a link has been provided in the aforesaid Statement, have not been reviewed by us.

2. This statement, which is the responsibility of the Bank's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" ("AS 25"), issued by the Institute of Chartered Accountants of India (ICAI), the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Bank's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. These unaudited interim standalone financial results incorporate the relevant returns of 20 domestic branches and 1 treasury, and 1 credit card division reviewed by us, 1 international banking unit situated in Gujarat International Finance Tec-City (GIFT City) reviewed by an audit firm specifically appointed for this purpose, 1 foreign branch situated in Dubai is reviewed by overseas audit firm specifically appointed for this purpose and un-reviewed returns in respect of 10218 branches, and other offices. In the conduct of our review, we have relied upon the review reports in respect of non-performing assets submitted by

external concurrent auditors (including retired employees of the Bank) of 699 domestic branches, In-house concurrent auditors of 335 branches to the Bank Management. These review reports cover 73.82% including 51.20 % which has been covered by us, of the advances portfolio of the Bank (excluding the advances of asset recovery branches and outstanding food credit) and 81.00 % including 69.65 % which has been covered by us, of the non-performing assets of the Bank as at 30 June 2024. Apart from these review reports, in the conduct of our review, we have also relied upon various information and returns received from un-reviewed branches/other offices of the Bank and generated through centralized database at the Bank's Head Office.

5. Based on our review conducted as above, subject to limitation in scope as mentioned in Para 4 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited interim financial results read together with the notes thereon, prepared in accordance with applicable accounting standards and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

6. The unaudited standalone financial results of the bank for the corresponding quarter ended 30 June 2023 were reviewed by five joint auditors of the bank, three of whom were predecessor audit firms and they had expressed an unmodified conclusion vide their reports 26 July 2023 on such financial results.

Our conclusion is not modified in respect of this matter.

For D K Chhajer & Co.
Chartered Accountants
FRN: 304138E

CA Jagannath Prasad Mohapatra
Partner
(M.No. 217012)
UDIN: 24217012BKCBVL8719

For S C Bapna & Associates
Chartered Accountants
FRN: 115649W

CA Jai Prakash Gupta
Partner
(M.No.088903)
UDIN: 24088903BKGPXC1753

For Ummed Jain & Co.
Chartered Accountants
FRN: 119250W

CA U.M.Jain
Partner
(M.No. 070863)
UDIN: 24070863BKEHJQ7609

For N K Bhargava & Co.
Chartered Accountants
FRN: 000429N

CA N K Bhargava
Partner
(M.No. 080624)
UDIN: 24080624BKEJXA4416

For P S D & Associates
Chartered Accountants
FRN: 004501C

CA Abhinav Sharma
Partner
(M.No. 411219)
UDIN: 24411219BKFXER5016

Place: New Delhi
Date : 27 July 2024

PUNJAB NATIONAL BANK

STANDALONE BALANCE SHEET AS ON JUNE 30, 2024

(Rs.000's omitted)

Particulars	Schedule	As on 30.06.2024	As on 30.06.2023
Capital and Liabilities			
Capital	1	2202,20,31	2202,20,31
Reserves and Surplus	2	109657,77,55	98908,00,15
Deposits	3	1408247,06,96	1297905,20,38
Borrowings	4	51223,13,11	54202,67,18
Other liabilities and provisions	5	31983,92,85	29810,90,52
Total		**1603314,10,78**	**1483028,98,54**
Assets			
Cash and balances with Reserve Bank of India	6	71355,91,95	79819,89,92
Balances with banks and money at call and short notice	7	48717,98,98	48123,07,80
Investments	8	422174,83,06	405280,95,28
Advances	9	983997,62,04	863731,69,81
Fixed Assets	10	12317,20,37	12078,02,09
Other Assets	11	64750,54,87	73997,53,64
Total		**1603314,10,78**	**1483028,98,54**
Contingent Liabilities	12	183479,85,12	452219,52,12
Bills for Collection		38163,85,83	38116,37,06
Significant Accounting Policies	17		
Notes on Accounts	18		

Schedules referred to above form an integral part of the Balance Sheet

Finance Division

Prabudh Sharma
Asstt. General Manager

Mukesh Kumar
Asstt. General Manager

R K Khichi
Deputy General Manager

Praveen Kumar Sharma
General Manager

D K Jain
Chief General Manager & CFO

Bibhu Prasad Mahapatra
Executive Director

M Paramasivam
Executive Director

Binod Kumar
Executive Director

Kalyan Kumar
Executive Director

Atul Kumar Goel
Managing Director & CEO

K G Ananthakrishnan
Chairman

Date : July 27, 2024
Place: New Delhi

PUNJAB NATIONAL BANK

STANDALONE PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED JUNE 30, 2024

(Rs.000's omitted)

Particulars	Schedule	Period ended 30.06.2024	Period ended 30.06.2023
I. Income			
Interest earned	13	28556,42,52	25145,45,78
Other Income	14	3609,52,34	3433,81,58
Total		**32165,94,86**	**28579,27,36**
II. Expenditure			
Interest expended	15	18080,18,21	15641,20,78
Operating expenses	16	7504,60,57	6970,07,44
Provisions and contingencies		3329,63,14	4712,58,26
Total		**28914,41,92**	**27323,86,48**
III. Profit			
Net Profit for the period		**3251,52,94**	**1255,40,88**
IV. Appropriations:		Nil	Nil
Earning per Share (Rs.) (Basic/Diluted) (Nominal Value Rs.2 per share)		**2.95**	**1.14**
Significant Accounting Policies	17		
Notes on Accounts	18		

Schedules referred to above form an integral part of the Profit and Loss Account

Prabudh Sharma
Asstt. General Manager

Mukesh Kumar
Asstt. General Manager

R K Khichi
Deputy General Manager

Praveen Kumar Sharma
General Manager

D K Jain
Chief General Manager & CFO

Bibhu Prasad Mahapatra
Executive Director

M Paramasivam
Executive Director

Binod Kumar
Executive Director

Kalyan Kumar
Executive Director

Atul Kumar Goel
Managing Director & CEO

K G Ananthakrishnan
Chairman

Date : July 27, 2024
Place: New Delhi

(Rs.000's omitted)

Particulars	As on 30.06.2024	As on 30.06.2023
Schedule 1 - Capital		
Authorised		
1500,00,00,000 Equity Shares of Rs. 2 each (Previous year 1500,00,00,000 Equity Shares of Rs. 2 each)	3000,00,00	3000,00,00
Issued & Subscribed		
1101,10,15,558 Equity Shares of Rs. 2 each (Previous year 1101,10,15,558 Equity Shares of Rs. 2 each)	2202,20,31	2202,20,31
Paid Up		
1101,10,15,558 Equity Shares of Rs. 2 each (Previous year 1101,10,15,558 Equity Shares of Rs. 2 each)	2202,20,31	2202,20,31
[The above includes 805,41,25,885 Equity Shares of Rs. 2 each (Previous year 805,41,25,885 Equity Shares of Rs. 2 each) held by the Central Government]		
Total	2202,20,31	2202,20,31

PUNJAB NATIONAL BANK

(Rs 000's omitted)

Particulars	As on 30.06.2024		As on 30.06.2023	
Schedule 2 - Reserves and Surplus				
I. **Statutory Reserves**				
Opening Balance	17839,43,77		15778,28,38	
Addition during the period	0	17839,43,77	0	15778,28,38
II. **Capital Reserves**				
a) **Revaluation Reserve**				
Opening Balance	8305,62,99		8455,12,74	
Addition during the period	0		0	
Transfer to Other Reserves	41,49,73	8264,13,26	41,47,41	8413,65,33
ii) **Others**				
(including Amalgamation Reserve of Rs. 9266.29 Crore)				
Opening Balance	16673,84,36		16627,56,12	
Addition during the period	0	16673,84,36	0	16627,56,12
III **Share Premium**				
Opening Balance	46012,18,78		46012,18,78	
Addition during the period	0	46012,18,78	0	46012,18,78
IV. **Revenue and Other Reserves**				
a) **Investment Reserve**				
Opening Balance	386,34,51		386,34,51	
Less: Transfer to Investment Fluctuation Reserve	386,34,51	0	0	386,34,51
b) **Investment Fluctuation Reserve**				
Opening Balance	1877,35,20		1588,40,07	
Add: Transferred from Investment Reserve	386,34,51		0	
Add: Transfer from P&L Appropriation A/c	0		0	
Less: Transfer to P&L Appropriation A/c	0	2263,69,71	0	1588,40,07
c) **Exchange Fluctuation Reserve**				
Opening Balance	238,88,44		230,10,87	
Addition during the period	0		0	
Deduction during the period	27,08	238,61,36	86,34	229,24,53
d) **Special Reserve u/s 36(1) (viii) of Income Tax Act, 1961**				
Opening Balance	4015,78,00		3618,56,00	
Addition during the period	0	4015,78,00	0	3618,56,00
e) **Other Reserves**				
Opening Balance	8924,10,17		4955,98,89	
Add: Impact of transition of Investment Portfolio	2098,67,84		0	
Less: Withdrawal during the period	0		0	
Add: Transfer from Revaluation Reserves (net)	41,49,73	11064,27,74	41,47,41	4997,46,30
f) **AFS-Reserve**				
Opening Balance	0		0	
Add: Impact of transition of Investment Portfolio	-46,30,50		0	
Add: Addition during the period (net including tax impact)	79,77,32		0	
Less: Deduction during the period	0	33,46,82	0	0
V. **Balance in Profit and Loss Account**				
Opening Balance	80,81		79,25	
Addition during the period	3251,52,94	3252,33,75	1255,40,88	1256,20,13
Total (I, II, III, IV and V)		109657,77,55		98508,00,18

PUNJAB NATIONAL BANK

(Rs.000's omitted)

Particulars		As on 30.06.2024		As on 30.06.2023
Schedule 3 - Deposits				
A.I. Demand Deposits				
(i) From Banks	3017,74,24		2359,62,60	
(ii) From Others	61684,51,57	64702,25,81	64477,94,15	66837,56,75
II. Savings Bank Deposits		484376,68,62		454004,24,15
III. Term Deposits				
(i) From Banks	65904,73,64		47033,28,52	
(ii) From others	793263,38,89	859168,12,53	720030,10,96	767063,39,48
Total (I, II and III)		1408247,06,96		1297905,20,38
B. (i) Deposits of branches in India		1369916,19,58		1267001,85,26
(ii) Deposits of branches outside India		38330,87,38		30903,35,12
Total		1408247,06,96		1297905,20,38
Schedule 4 - Borrowings				
I. Borrowings in India				
(a) Reserve Bank of India		0		0
(b) Other Banks		417,32,47		22,69
(c) Other Institutions and Agencies		2747,65,35		11338,11,90
(d) Unsecured Redeemable Bonds				
(i) Tier-I Bonds (Perpetual Debt Instruments)	16192,00,00		10180,00,00	
(ii) Upper Tier-II Bonds	0		0	
(iii) Subordinate debts for Tier II Capital	19503,00,00		21503,00,00	
(iv) Long term infrastructure bonds	2800,00,00	38495,00,00	2800,00,00	34483,00,00
II. Borrowings outside India		9563,15,29		8381,32,58
Total (I and II)		51223,13,11		54202,67,18
Secured borrowings included in I and II above		2916,86,25		8860,61,67
Schedule 5 - Other Liabilities and Provisions				
I. Bills payable		2848,55,26		2740,87,08
II. Inter-office adjustments (net)		312,21,27		1,16,86
III. Interest accrued		5226,62,44		4040,94,27
IV. Deferred Tax Liability (Net)		0		0
V. Others (including provisions)		23596,53,88		22988,42,30
Total		31983,92,85		29810,89,52

PUNJAB NATIONAL BANK

(Rs.000's omitted)

Particulars		As on 30.06.2024		As on 30.06.2023
Schedule 6 - Cash and Balances with Reserve Bank of India				
I. Cash in hand (including foreign currency notes)		3655,67,13		4595,20,60
II. Balance with Reserve Bank of India				
(a) In Current Account		67700,24,82		57400,49,32
(b) In Other Accounts		0		17815,00,00
Total (I and II)		71355,91,95		79810,69,92
Schedule 7 - Balances with Banks and Money at Call and Short Notice				
I. In India				
(i) Balances with banks				
(a) in Current Accounts	4,53,32		5,73,83	
(b) in Other Deposit Accounts	25302,08,11	**25306,61,43**	13528,40,24	13534,14,07
(ii) Money at call and short Notice				
(a) with Banks	0		20,00,00	
(b) with Other Institutions	2618,22,44	**2618,22,44**	469,87,40	**489,87,40**
Total (i and ii)		**27924,83,87**		**14023,91,47**
II. Outside India				
(i) Balances with Banks				
(a) In Current Accounts	4132,32,57		14335,22,50	
(b) In Other Deposit Accounts	16660,82,25	**20793,14,82**	19764,03,83	**34099,26,33**
(ii) Money at Call and Short Notice		**0**		**0**
Total (i and ii)		20793,14,82		**34099,26,33**
Grand Total (I and II)		**48717,98,69**		**48123,07,80**

(Rs.000's omitted)

Particulars	As on 30.06.2024	As on 30.06.2023
Schedule 8 - Investments		
I. Investments in India in		
(i) Government securities	372420,35,59	363682,58,72
(ii) Other approved securities	14,47	15,00
(iii) Shares	7034,41,60	3024,90,18
(iv) Debentures and Bonds	31619,20,24	31170,17,98
(v) Subsidiaries and/or joint ventures (including sponsored institutions)	2113,61,46	2391,40,14
(vi) Others Mutual Funds, Venture Capital Funds, ARCIL Commercial Papers, Certificate of Deposits, etc	2440,94,97	588,08,23
Total	**415836,71,47**	**400757,35,22**
II. Investments outside India in		
(i) Government securities (including local authorities)	3906,11,58	1824,43,63
(ii) Subsidiaries and/or Joint ventures abroad	1619,61,98	2146,86,75
(iii) Others	812,38,03	553,29,68
Total	**6338,11,59**	**4523,60,06**
Grand Total (I and II)	**422174,83,06**	**405280,95,28**
III. Investments in India		
(i) Gross value of investments	420864,78,88	409231,02,07
(ii) Less: Aggregate of provisions for depreciation	5028,07,41	8473,66,85
(iii) Net investment	**415836,71,47**	**400757,35,22**
IV. Investments outside India		
(i) Gross value of investments	7078,77,93	4946,48,45
(ii) Less: Aggregate of provisions for depreciation	740,66,34	422,88,39
(iii) Net investment	**6338,11,59**	**4523,60,06**
Grand Total (III and IV)	**422174,83,06**	**405280,95,28**

PUNJAB NATIONAL BANK

(Rs.000's omitted)

Particulars	As on 30.06.2024	As on 30.06.2023
Schedule 9 - Advances		
A. (i) Bills purchased and discounted	4598,38,77	2980,15,34
(ii) Cash Credits, Overdrafts & Loans repayable on demand	425272,82,64	399467,94,57
(iii) Term Loans	554125,70,63	461283,60,10
Total*	**983997,62,04**	**863731,69,81**
B. (i) Secured by tangible assets (includes advances against Book Debts)	725367,74,74	694161,07,08
(ii) Covered by Bank/Government guarantees	33348,08,02	25340,58,92
(iii) Unsecured	225281,79,28	144230,03,81
Total	**983997,62,04**	**863731,69,81**
C.I. Advances in India		
(i) Priority Sector	263173,04,07	240481,41,63
(ii) Public Sector	164599,31,39	172160,29,97
(iii) Banks	0	0
(iv) Others	513573,55,24	418254,10,48
Total	**941345,90,70**	**830895,82,09**
C.II. Advances outside India		
(i) Due from Banks	20013,31,72	18835,41,42
(ii) Due from Others		
(a) Bills Purchased & Discounted	1479,93,87	600,39,12
(b) Syndicated Loans	5851,88,34	5913,87,67
(c) Others	15306,57,41	9788,19,51
Total	**42651,71,34**	**32835,87,72**
Grand Total (C.I and C.II)	**983997,62,04**	**863731,69,81**

****The facility-wise categorization of provisions have been realigned. Accordingly, previous year's figures have been regrouped without any change in total of advances.***

PUNJAB NATIONAL BANK

(Rs 000's omitted)

Particulars	As on 30.06.2024		As on 30.06.2023	
Schedule 10 - Fixed Assets				
A Tangible Assets				
I. Premises				
At cost / valuation as on 31st March of the preceding year	12214,74,13		12087,14,86	
Add: Revaluation during the year	0		0	
Add: Addition during the period	49,00,40		23,25,00	
	12263,74,53		**12110,39,86**	
Less: Deduction during the period	3,73,07		0	
	12260,01,46		**12110,39,86**	
Less: Depreciation to date	2078,35,06	**10181,66,40**	1855,64,56	**10254,75,30**
II. Other Fixed Assets (including Furniture and Fixtures)				
At cost as on 31st March of the preceding year	10704,74,55		9787,29,49	
Add: Addition during the period	156,34,17		186,31,72	
	10861,08,72		**9973,61,21**	
Less: Deduction during the period	2,94,00		3,71,42	
	10858,14,72		**9969,89,79**	
Less: Depreciation to date	8929,78,28	**1928,36,44**	8338,23,93	**1631,65,86**
III. Leased Assets				
At cost as on 31st March of the preceding year	25,23,86		25,23,86	
Add: Addition/adjustment during the period	0		0	
Less: Deduction during the period	0		0	
	25,23,86		**25,23,86**	
Less: Amortisation / lease adjustment to date	25,23,86	0	25,23,86	0
Total (I, II and III)		**12110,02,84**		**11886,41,16**
B Intangible Assets				
Computer Software				
At cost as on 31st March of the preceding year	1368,44,43		1251,32,90	
Add: Addition during the period	25,29,40		29,90,68	
	1393,73,83		**1281,23,58**	
Less: Deduction during the period	0		0	
	1393,73,83		**1281,23,58**	
Less: Amortised to date	1186,56,30		1091,62,65	
Total		**207,17,53**		**189,60,93**
Grand Total (A and B)		**12317,20,37**		**12076,02,09**

PUNJAB NATIONAL BANK

(Rs.000's omitted)

Particulars	As on 30.06.2024	As on 30.06.2023
Schedule 11 - Other Assets		
I Inter-office adjustments (net)	0	0
II Interest accrued	12261,89,33	9705,13,90
III. Tax paid in advance / tax deducted at source	9187,77,52	12531,49,52
IV Stationery and stamps	9,80,52	7,36,21
V. Non-banking assets acquired in satisfaction of claims	26,44,97	26,44,97
VI Deferred tax asset (net)	22853,40,34	24014,27,14
VII. Others [includes deposits with NABARD/SIDBI/NHB, etc. Rs. 11794,71,20 thousands on account of shortfall in priority sector targets; Previous year Rs.13711,90,51 thousands]	20611,21,99	27712,82,90
Total	**64760,64,67**	**73997,53,64**
Schedule 12 - Contingent Liabilities		
I. (i) Claims against the Bank not acknowledged as debts	787,02,02	791,68,50
(ii) Disputed income tax and interest tax demands under appeals, references,etc	7480,32,47	8590,64,11
II. Liability for partly paid investments	207,93,27	246,86,55
III. Liability on account of outstanding forward exchange contracts	91953,18,59	366882,25,87
IV. Guarantees given on behalf of constituents		
(a) In India	53361,97,62	49551,73,42
(b) Outside India	4750,20,43	4691,86,95
V. Acceptances, endorsements and other obligations	19261,47,68	18958,48,33
VI. Other items for which the Bank is contingently liable	5666,72,67	5706,46,38
Total	**183479,85,12**	**452219,82,12**

Punjab National Bank Finance Division

(Rs.000's omitted)

Particulars		Period ended 30.06.2024		Period ended 30.06.2023
Schedule 13 - Interest Earned				
I. Interest/discount on advances/bills		20451,77,75		17758,43,85
II. Income on investments		7231,74,33		5975,23,80
III. Interest on balances with Reserve Bank of India and other inter-bank funds		693,21,16		719,35,14
IV. Others		179,69,28		94,43,19
Total		28556,42,52		25145,45,78

Particulars		Period ended 30.06.2024		Period ended 30.06.2023
Schedule 14 - Other Income				
I. Commission, exchange and brokerage		1421,81,09		1308,24,28
II. Profit on sale of investments	333,06,31		334,15,16	
Less: Loss on sale of investments	7,20,46		25,93,32	
		325,85,85		308,21,84
III. Profit on revaluation of investments	538,50,96		447,57,37	
Less: Loss on revaluation of investments	281,81,83		340,70,49	
		256,69,13		106,86,88
IV. Profit on sale of land, buildings and other assets	92,66		1,30,01	
Less: Loss on sale of land, buildings and other assets	12,90		4,04	
		79,76		1,25,97
V. Profit on exchange transactions	66,66,40		215,04,26	
Less: Loss on exchange transactions	1,12,06		12,16,73	
		65,54,34		202,87,53
VI. Income earned by way of dividends, etc. from subsidiaries/companies and/or joint ventures abroad/in India		12,85,20		6,42,60
VII. Miscellaneous Income (includes recovery in written off accounts Rs. 869,68,81 thousands; Previous Year Rs 1021,91,60 thousands)		1625,96,95		1499,92,48
Total		3809,52,34		3433,81,58

Particulars	Period ended 30.06.2024	Period ended 30.06.2023
Schedule 15 - Interest Expended		
I. Interest on Deposits	16896,42,60	14576,60,97
II. Interest on Reserve Bank of India/inter-bank borrowings	352,02,60	333,89,54
III. Others	831,72,99	730,70,27
Total of I, II and III	18080,18,21	15641,20,78

Particulars	Period ended 30.06.2024	Period ended 30.06.2023
Schedule 16 - Operating Expenses		
I. Payments to and provisions for employees	4550,80,83	4467,00,84
II. Rent, taxes and lighting	349,79,88	318,05,30
III. Printing and stationery	38,70,00	41,36,07
IV. Advertisement and publicity	21,80,70	15,87,24
V. Depreciation on bank's property	225,23,02	210,61,35
VI. Directors' fees, allowances and expenses	58,12	74,19
VII. Auditors' fees and expenses (including branch auditors)	6,14,59	10,85,24
VIII. Law charges	29,23,40	26,40,95
IX. Postage, Telegrams, Telephones, etc.	87,49,71	97,06,25
X. Repairs and maintenance	205,06,20	192,36,75
XI. Insurance	453,49,02	418,67,15
XII. Other expenditure	1536,25,32	1153,46,34
Total of I to XII	7504,60,57	6970,07,44

PUNJAB NATIONAL BANK

CONSOLIDATED BALANCE SHEET AS ON JUNE 30, 2024

(Rs. in Crore)

Particulars	Schedule	As on 30.06.2024	As on 30.06.2023
CAPITAL AND LIABILITIES			
Capital	1	2202.20	2202.20
Reserves and Surplus	2	114291.84	102018.43
Minority Interest	2A	576.29	474.12
Deposits	3	1417326.97	1306119.44
Borrowings	4	72769.62	76026.82
Other Liabilities and Provisions	5	32417.57	30136.80
	TOTAL	1639584.49	1516977.81
ASSETS			
Cash and Balances with Reserve Bank of India	6	71929.13	79837.08
Balances with banks and money at call and short notice	7	49679.83	49132.32
Investments	8	447750.48	430055.01
Advances	9	991411.91	870643.88
Fixed Assets	10	12346.85	12110.38
Other Assets	11	66467.29	75199.14
Goodwill on Consolidation			
	TOTAL	1639584.49	1516977.81
Contingent Liabilities	12	184844.95	453158.56
Bills for Collection		36163.86	35116.37
Significant Accounting Policies and Notes on Accounts	18		

The Schedules 1 to 18 form an integral part of the Accounts.

Prabudh Sharma
Asstt. General Manager

Mukesh Kumar
Asstt. General Manager

R K Khichi
Deputy General Manager

Praveen Kumar Sharma
General Manager

D K Jain
Chief General Manager & CFO

Bibhu Prasad Mahapatra
Executive Director

M Paramasivam
Executive Director

Binod Kumar
Executive Director

Kalyan Kumar
Executive Director

Atul Kumar Goel
Managing Director & CEO

K G Ananthakrishnan
Chairman

Place: New Delhi
Date: 27.07.2024

Finance Division

PUNJAB NATIONAL BANK

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED JUNE 30, 2024

(Rs. in Crore)

Particulars	Schedule	Period ended 30.06.2024	Period ended 30.06.2023
I. INCOME			
Interest earned	13	29144.54	25672.85
Other income	14	3615.35	3360.26
	TOTAL	**32759.89**	**29033.11**
II. EXPENDITURE			
Interest expended	15	18535.31	16064.38
Operating expenses	16	7560.95	7034.52
Provisions and contingencies		2937.46	4723.39
	TOTAL	**29043.72**	**27822.29**
Share of earnings in Associates (net)	17	275.21	152.15
Consolidated Profit/(Loss) for the year before deducting Minorities' Interest		3991.38	1362.97
Less : Minorities Interest		15.52	20.92
Consolidated Profit/(loss) for the period attributable to the group		**3975.86**	**1342.05**
III. APPROPRIATIONS		**Nil**	**Nil**
Earnings per Share (in Rs.) (Basic/ Diluted)		**3.61**	**1.22**
Significant Accounting Policies and Notes on Accounts	18		

Prabudh Sharma
Asstt. General Manager

Mukesh Kumar
Asstt. General Manager

R K Khichi
Deputy General Manager

Praveen Kumar Sharma
General Manager

D K Jain
Chief General Manager & CFO

Bibhu Prasad Mahapatra
Executive Director

M Paramasivam
Executive Director

Binod Kumar
Executive Director

Kalyan Kumar
Executive Director

Atul Kumar Goel
Managing Director & CEO

K G Ananthakrishnan
Chairman

Place: New Delhi
Date: 27.07.2024

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars	As on 30.06.2024	As on 30.06.2023
SCHEDULE 1 - CAPITAL		
Authorised Capital		
1500,00,00,000 Equity shares of Rs. 2 each	3000.00	3000.00
(Previous year 1500,00,00,000 Equity shares of Rs. 2 each)		
Issued Capital		
1101,10,15,558 Equity shares of Rs. 2 each	2202.20	2202.20
(Previous Year 1101,10,15,558 Equity shares of Rs. 2 each)		
Paid up Capital		
1101,10,15,558 Equity shares of Rs. 2 each	2202.20	2202.20
(Previous Year 1101,10,15,558 Equity shares of Rs. 2 each)		
[The above includes 805,41,25,685 equity shares of Rs. 2 each (Previous Year 805,41,25,685 Equity shares of Rs. 2 each held by Central Government)]		
TOTAL	**2202.20**	**2202.20**

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars	As on 30.06.2024		As on 30.06.2023	
SCHEDULE 2 - RESERVES AND SURPLUS				
I. **Statutory Reserves**				
Opening Balance	18243.90		18152.24	
Addition during the year	0.00		8.26	
Add/(Less) : Adjustment during the year	0.00	**18243.90**	0.00	**18160.50**
II. **Capital Reserves**				
a. **Revaluation Reserve**				
Opening Balance	8305.63		8455.12	
Addition during the year	0.01		0.00	
Less: Transfer to other reserves	41.50		41.47	
(being depreciation on revalued portion of property)		**8264.14**		**8413.65**
b. Others				
(including Amalgamation Reserve of Rs. 9268.20 Crores)				
Opening Balance	16727.79		16681.51	
Addition during the year	0.00	**16727.79**	0.00	**16681.51**
IIA. Capital Reserve on consolidation (Net)		**74.21**		**74.21**
III. **Share Premium**				
Opening Balance	46038.53		46038.53	
Addition during the year	-	**46038.53**	0.00	**46038.53**
IV. **Revenue and Other Reserves**				
a. Investment Reserve				
Opening Balance	386.35		386.35	
Less: Tfr to Inv Fluctuation Res	386.35	-	-	**386.35**
b. Investment Fluctuation Reserve				
Opening Balance	1924.01		1635.06	
Add: Transfer from Investment Reserve	386.35	**2310.36**	-	**1635.06**
c. Other Reserve				
Opening Balance	7615.32		3513.07	
Addition during the year	2103.75		136.64	
Add: Transfer from Revaluation Reserve	41.50		41.47	
Add/(Less) : Adjustment during the year	0.00	**9760.57**	0.00	**3691.18**
d. Exchange Fluctuation Reserve				
Opening Balance	877.00		843.52	
Add: Addition during the year (Net)	0.00		3.73	
Add/(Less) : Adjustment during the year	88.62	**965.62**	3.75	**843.50**
e. AFS Reserve				
Opening Balance	-		-	
Add: Addition during the year (Net)	33.47		-	
Add/(Less) : Adjustment during the year	-		-	
		33.47		-
f. Special Reserve under Sec.36 (1) (viii) of Income Tax Act,1961				
Opening Balance	4020.22		3618.66	
Addition during the year	-4.44	**4015.79**	-	**3618.66**
V. **Balance in Profit & Loss Account**		**7857.46**		**4475.28**
Total (I, II, III, IV and V)		**114291.84**		**102018.43**

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars		As on 30.06.2024		As on 30.06.2023
Schedule 2A - Minority Interest				
Minority interest at the date on which the parent subsidiary relationship came into existence		149.25		149.25
Subsequent increase/ decrease		427.04		324.87
Minority interest at the date of balance sheet		**576.29**		**474.12**
SCHEDULE 3 - DEPOSITS				
A. I **Demand Deposits**				
(i) From Banks	2976.92		2361.46	
(ii) From Others	62733.95	**65710.87**	65567.48	**67928.94**
II **Savings Banks Deposits**		**485374.24**		**465109.74**
III **Term Deposits**				
(i) From Banks	66164.55		47136.32	
(ii) From Others	800077.31	**866241.86**	725944.44	**773080.76**
TOTAL (I, II and III)		**1417326.97**		**1306119.44**
B. (i) Deposits of branches in India		1369766.75		1266519.92
(ii) Deposits of branches outside India		47560.22		39599.52
TOTAL (i, ii)		**1417326.97**		**1306119.44**
SCHEDULE 4 - BORROWINGS				
I. **Borrowings in India**				
(i) Reserve Bank of India		0.00		0.00
(ii) Other Banks		2503.02		2043.19
(iii) Other Institutions and Agencies		22116.96		31012.91
(iv) Bonds (including Tier-I, Tier-II, Subordinated Debts)		35786.40		31789.40
(v) Long Term Infrastructure Bonds		2800.00		2800.00
II. **Borrowings outside India**		9563.25		8381.32
TOTAL (I and II)		**72769.62**		**76026.82**
Secured Borrowings included in I and II above		**2918.56**		**28636.41**

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars		As on 30.06.2024		As on 30.06.2023
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS				
I Bills payable		2882.68		2815.50
II Inter-office adjustments (net)		312.29		1.24
III Interest accrued		5472.21		4199.46
IV Others (including provisions)		23750.39		23120.60
TOTAL OF I, II, III and IV		**32417.57**		**30136.80**
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA				
I. Cash in hand (including foreign currency notes)		3676.33		4612.12
II. Balance with Reserve Bank of India				
(i) In Current account	68252.80		57409.96	
(ii) In Other Accounts	0.00	68252.80	17815.00	75224.96
TOTAL (I and II)		**71929.13**		**79837.08**
SCHEDULE 7- BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE				
I. In India				
(i) Balance with Banks:				
(a) In Current accounts	12.39		5.57	
(b) In Other Deposit accounts	25302.21	**25314.60**	13828.53	**13834.10**
(ii) Money at Call and Short Notice:				
(a) with Banks	208.47		20.00	
(b) with Other Institutions	2618.23	**2826.70**	469.67	**489.67**
TOTAL (I and II)		**28141.30**		**14323.77**
II. Outside India				
(i) In Current accounts	4877.71		15344.51	
(ii) In Other Deposit accounts	16660.82		19764.04	
(iii) Money at call and short notice	0.00		0.00	
TOTAL (i,ii and iii)		**21538.53**		**35108.55**
GRAND TOTAL (I and II)		**49679.83**		**49432.32**

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars	As on 30.06.2024	As on 30.06.2023
SCHEDULE 8 - INVESTMENTS		
I. Investments in India in		
(i) Government securities	392379.76	384117.33
(ii) Other approved securities	0.14	0.15
(iii)Shares	7047.16	3032.57
(iv) Debentures and Bonds	34355.34	33596.25
(v) Associates	5395.36	4809.24
(vi) Others Mutual Funds, Venture Capital Funds, ARCIL Commercial Papers , Certificate of Deposits, etc	2632.33	824.71
TOTAL of I	**441810.09**	**426380.25**
II. Investments outside India in		
(i) Government Securities (including local authorities)	4352.11	2308.77
(ii) Associates	381.48	347.63
(iii) Other investments	1206.79	1018.36
TOTAL of II	**5940.38**	**3674.76**
III. Investments in India		
i) Gross value of Investments	446874.87	434086.70
ii) Less: Aggregate of provisions for depreciation	5064.78	7706.45
iii) Net Investment	**441810.09**	**426380.25**
IV. Investments outside India		
i) Gross value of Investments	6747.76	4163.28
ii) Less: Aggregate of provisions for depreciation	807.37	488.52
iii) Net Investment	**5940.38**	**3674.76**
GRAND TOTAL of (I), (II)	**447750.48**	**430055.01**

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars	As on 30.06.2024	As on 30.06.2023
SCHEDULE 9 - ADVANCES		
A. i) Bills purchased and discounted	4598.99	2980.16
ii) Cash credits, overdrafts and loans repayable on demand	426037.57	399985.63
iii) Term loans	560775.35	467678.09
Total (i, ii and iii)*	**991411.91**	**870643.88**
B. i) Secured by tangible assets (including advances against book debts)	732140.06	701077.45
ii) Covered by Bank/Government Guarantees	33348.08	25340.59
iii) Unsecured	225923.77	144225.84
Total (i, ii and iii)*	**991411.91**	**870643.88**
C. (i) Advances in India		
i) Priority sector	263173.04	240481.42
ii) Public sector	164599.31	172160.30
iii) Banks	0.00	0.00
iv) Others	513344.63	417799.69
Total (i, ii, iii and iv)	**941116.98**	**830441.41**
C. (ii) Advances outside India		
i) Due from banks	20013.32	16635.41
ii) Due from others		
(a) Bills purchased and discounted	1479.94	500.39
(b) Syndicated Loans	12484.93	12166.51
(c) Others	16316.74	10900.16
Total (i and ii)	**50294.93**	**40202.47**
GRAND TOTAL of C (i) and C (ii)	**991411.91**	**870643.88**

**The facility wise categorization of provisions have been realigned. Accordingly, previous year's figures have been regrouped without any change in total of advances.*

(Rs. In Crore)

Particulars	As on 30.06.2024		As on 30.06.2023	
SCHEDULE 10 - FIXED ASSETS				
I. Premises				
At Cost as on 31st March of preceeding year	12220.64		12093.04	
Additions during the year	49.00		23.25	
Deductions during the year	3.73		0.00	
Revaluation during the year	0.00		0.00	
Depreciation to date	2082.39	**10183.52**	1859.06	**10257.23**
II. Other Fixed Assets (including furniture and fixtures)				
At Cost as on 31st March of preceeding year	10802.74		9867.23	
Revaluation due to exchange rate fluctuation	0.00		3.45	
Additions during the year	156.68		198.70	
Deductions during the year	3.17		3.76	
Depreciation to date	9002.85	**1953.40**	8405.36	**1660.27**
IIA. Leased Assets				
At Cost as on 31st March of preceeding year	25.33		25.33	
Additions during the year	0.00		0.00	
Deductions during the year	0.00		0.00	
Depreciation to date	25.30	**0.03**	25.29	**0.04**
IIB. Computer Software				
At Cost as on 31st March of preceeding year	1395.18		1287.72	
Revaluation due to exchange rate fluctuation	0.00		1.56	
Additions during the year	25.36		29.91	
Deductions during the year	0.00		11.77	
Adjustment during the year	0.14		0.00	
Amortised to date	1211.78	**208.90**	1114.58	**192.84**
TOTAL OF I, II, IIA, IIB		**12346.85**		**12110.38**

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars	As on 30.06.2024	As on 30.06.2023
SCHEDULE 11 - OTHER ASSETS		
I. Inter office adjustment (Net)	0.00	0.00
II. Interest accrued	12666.94	10065.05
III. Tax paid in advance/tax deducted at source	9187.78	12535.41
IV. Stationery and stamps	10.12	7.82
V. Non banking assets acquired in satisfaction of claims	26.45	26.45
VI. Deferred Tax asset (net)	22867.17	24224.79
VII. Others	21706.83	28339.63
TOTAL of I, II, III, IV, V, VI and VII	**66467.29**	**75199.14**
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. (i) Claims against the bank not acknowledged as debts	787.02	791.89
I. (ii) Disputed income tax and interest tax demands under appeal, references, etc.	7900.42	8701.82
II. Liability for partly paid investments	207.93	246.87
III. Liability on account of outstanding forward exchange contracts	93131.86	366242.31
IV. Guarantees given on behalf of constituents		
(a) In India	53529.86	49811.01
(b) Outside India	4760.75	4702.12
V. Acceptance, Endorsements and Other obligations	19258.38	16956.58
VI. Other items for which the Bank is contingently liable	5668.73	5706.46
TOTAL (I, II, III, IV, V and VI)	**184844.96**	**453158.66**

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars		Period ended 30.06.2024		Period ended 30.06.2023
SCHEDULE 13 - INTEREST EARNED				
I Interest/discount on advances/bills		20605.21		17888.08
II Income on investments (including dividends)		7654.16		6963.75
III. Int. on balances with Reserve Bank of India and other inter-bank funds		705.23		726.51
IV. Others		179.94		94.51
TOTAL (I, II, III and IV)		**29144.54**		**25672.85**
SCHEDULE 14 - OTHER INCOME				
I Commission, exchange and brokerage		1424.62		1312.37
II Profit on sale of land, buildings and other assets	0.93		1.30	
Less: Loss on sale of land, buildings and other assets	0.13	0.80	0.04	1.26
III. Profit on exchange transaction	64.61		217.76	
Less: Loss on exchange transaction	1.12	63.49	12.17	205.60
IV. Profit on sale of investments (net)	348.06		253.28	
Less: Loss on sale of investments	9.20	338.86	26.04	227.24
V Profit on revaluation of investments	538.51		447.57	
Less: Loss on revaluation of investments	281.82	256.69	340.70	106.87
VI. Miscellaneous Income		1530.89		1506.93
TOTAL (I, II, III, IV, V and VI)		**3615.35**		**3360.26**

PUNJAB NATIONAL BANK

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in Crore)

Particulars		Period ended 30.06.2024		Period ended 30.06.2023
SCHEDULE 15 - INTEREST EXPENDED				
I. Interest on deposits		16989.34		14630.67
II. Interest on Reserve Bank of India/ inter-bank borrowings		352.03		334.00
III. Others		1194.95		1099.71
TOTAL (I, II and III)		**18536.31**		**16064.38**
SCHEDULE 16 - OPERATING EXPENSES				
I. Payment to and provisions for employees		4593.01		4524.10
II. Rent, taxes and lighting		355.11		348.64
III. Printing and stationery		39.06		41.77
IV. Advertisement and publicity		21.91		18.06
V. (a) Depreciation on bank's property other than leased assets	226.88		213.69	
(b) Depreciation on Leased assets	0.00	226.88	0.00	213.69
VI. Directors' fees, allowances and expenses		0.74		0.65
VII. Auditors' fees and expenses (including branch auditors' fees and expenses)		7.69		12.13
VIII. Law charges		32.89		31.40
IX. Postage, telegrams, telephones, etc		68.46		68.45
X. Repairs and Maintenance		208.61		187.51
XI. Insurance		453.78		416.94
XII. Other expenditure		1561.64		1160.97
TOTAL of I to XII		**7569.85**		**7034.82**
SCHEDULE 17 - SHARE OF EARNINGS/LOSS IN ASSOCIATES				
(a) Share of Earnings in Associates in India		262.45		141.74
(b) Share of Earnings in Associates outside India		12.76		10.41
TOTAL of (a and b)		**275.21**		**152.15**

PUNJAB NATIONAL BANK
SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 30.06.2024
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION:

The financial statements have been prepared on historical cost basis and conform, in all material aspects, to Generally Accepted Accounting Principles (GAAP) in India unless otherwise stated encompassing applicable statutory provisions, regulatory norms prescribed by Reserve Bank of India (RBI), circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, Banking Regulation Act 1949, Accounting Standards (AS) and pronouncements issued by The Institute of Chartered Accountants of India (ICAI) and prevailing practices in Banking industry in India.

In respect of foreign offices, statutory provisions and practices prevailing in respective foreign countries are complied with except as specified elsewhere.

The financial statements have been prepared on going concern basis with accrual concept and in accordance with the accounting policies and practices consistently followed unless otherwise stated.

USE OF ESTIMATES:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

Future results could differ from these estimates. Difference between the actual results and estimates is recognized in the period in which the results are known / materialized.

Any revision to the accounting estimates is recognized prospectively in the current and future periods unless otherwise stated.

2. CONSOLIDATION PROCEDURES:

Subsidiaries

i) PNB Gilts Ltd.

ii) PNB Investment Services Ltd.

iii) PNB Cards and Services Ltd.

iv) Punjab National Bank (International) Ltd., UK.

v) Druk PNB Bank Ltd, Bhutan

Associates:

i) PNB Metlife India Insurance Company Ltd*

ii) PNB Housing Finance Limited

iii) JSC (Tengri Bank), Almaty, Kazakhstan**

iv) Canara HSBC Life Insurance Co. Ltd.

v) India SME Asset Reconstruction Co. Ltd.

vi) Everest Bank Limited, Kathmandu, Nepal

vii) Dakshin Bihar Gramin Bank, Patna

viii) Himachal Pradesh Gramin Bank, Mandi

ix) Punjab Gramin Bank, Kapurthala

x) Sarva Haryana Gramin Bank, Rohtak

xi) Prathama UP Gramin Bank, Moradabad

xii) Assam Gramin Vikas Bank, Guwahati

xiii) Bangiya Gramin Vikas Bank, West Bengal

xiv) Manipur Rural Bank, Imphal

xv) Tripura Gramin Bank, Agartala

*PNB has acquired 30% stake in PNB Metlife at consideration of Rs. 700.48 as brand equity.

**AFR revoked license of JSC Tengri Bank w.e.f. 18.09.2020 and is under Liquidation

2.1 Consolidated financial statements of the Group (comprising of 5 Subsidiaries and 15 Associates as per detail given above) have been prepared on the basis of:

i. Audited financial statements of Punjab National Bank (Parent/ the Bank).

ii. As per AS 21, line by line aggregation of like items of assets, liabilities, income and expenses of subsidiaries with the respective item of the parent after eliminating material intra-group balances/transactions, unrealized profit/losses and making necessary adjustments, wherever required, to conform to uniform accounting policies, based on data received from these subsidiaries, duly Audited/ certified by their Management. The financial statements of the subsidiaries are drawn up to the same reporting date as that of parent i.e. June 30, 2024.

iii. Foreign currency translation of overseas subsidiaries has been done as under:

(i) Income and Expenditure - at weighted average rates prevailing during the period.

(ii) Assets and Liabilities - at rates applicable at reporting date. The resultant foreign currency translation difference, whether gain or loss has been included under Reserves and Surplus - Foreign Currency Translation Reserve.

(iii) Investments in associates, where the group holds 20% or more of the voting power, have been accounted for using the equity method in terms of Accounting Standard – 23 issued by The Institute of Chartered Accountants of India.

2.2 The difference between cost to the Group of its investment in the subsidiaries and the group's portion of the equity of the subsidiaries is recognized as Goodwill/Capital Reserve.

2.3 Minority interest in the net assets of consolidated subsidiaries consists of:

a) The amount of equity attributable to the minority at the date on which investments in a subsidiary is made; and

b) The minority share of movements in equity since date of parent-subsidiary relationship came into existence

SIGNIFICANT ACCOUNTING POLICIES FOLLOWED BY THE PARENT:

3. REVENUE RECOGNITION:

3.1 Income & expenditure (other than items referred to in paragraph 3.5) are generally accounted for on accrual basis.

3.2 Income from Non- Performing Assets (NPAs), comprising of advances and investments, is recognized upon realization, as per the prudential norms prescribed by the RBI/ respective country regulators in the case of foreign offices (hereafter collectively referred to as Regulatory Authorities).

3.3 Mode of appropriation of recovery in order of priority will be as below:

(a) Appropriation of Recoveries in NPA accounts (irrespective of the mode / status / stage of recovery actions) shall be regulated in the following order of priority:

i. Expenditure/Out of Pocket Expenses incurred for Recovery (earlier recorded in Memorandum Dues);

ii. Thereafter towards the interest irregularities / accrued interest;

iii. Principal irregularities, i.e., NPA outstanding in the account.

iv. Penal Charges

Clarification:

In case of borrower who are having multiple accounts – On receiving recovery in one account, system shall appropriate recovery towards Expenditure, Interest,

Principal and penal charges. Further, surplus recovery amount, if any, shall appropriate towards Expenditure, Interest, Principal and penal charges of another account for same customer.

(b) However, in case of Compromise, Resolution/ Settlement through NCLT, **Technically Written Off (TWO) & Credits received on account of CGTMSE / ECGC / GECL / CGMFU and subsidy if any, shall be appropriated in the order of Principal, Expenditure / out of pocket expenses incurred for recovery (earlier recorded in Memorandum Dues), Interest and penal charges.**

(c) In case of suit filed/decreed accounts, recovery is appropriated as under:

i. As per the directives of the concerned Court.
ii. In the absence of specific directives from the Court, as mentioned at point (a) above.

Any exceptions to the above may be considered by HOCAC-III (for proposals falling under the powers of various committees upto HOCAC-III) & Management Committee / Board for proposals under their vested powers.

3.4 The sale of NPA is accounted as per guidelines prescribed by RBI and as disclosed under Para 5.3.

3.5 Commission (excluding on Government Business, Insurance Business, Mutual Fund Business, Letter of Credit and Bank Guarantee), exchange, locker rent, Income on Rupee Derivatives designated as 'Trading' exchanges and Income from units of mutual funds, alternative investment funds & other such pooled/ collective investment funds are accounted for on realization and insurance claims are accounted for on settlement. Interest on overdue inland bills is accounted for on realization and interest on overdue foreign bill, till its crystallization is accounted for on crystallization and thereafter on realization.

3.6 In case of suit filed accounts, related legal and other expenses incurred are charged to Profit & Loss Account and on recovery, the same are accounted for as such.

3.7 Income from interest on refund of income tax is accounted for in the year the order is passed by the concerned authority.

3.8 Lease payments including cost escalation for assets taken on operating lease are recognized in the Profit and Loss Account over the lease term in accordance with the AS 19 (Leases) issued by ICAI.

3.9 Provision for Reward Points on Credit cards is made based on the accumulated outstanding points in each category.

3.10 Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the bank attracts rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower.

3.11 Dividend (excluding Interim Dividend) is accounted for as and when the right to receive the dividend is established.

4. Accounting for the treasury instruments has been done in accordance with RBI circ. No. RBI/DOR/2023-24/104 DOR.MRG.36/21.04.141/2023-24 dated September 12, 2023 regarding "Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023" read with FIMMDA's (Fixed Income Money Market and Derivatives Association of India) FAQs in this matter.

4.1 Securities repurchased/resold under buy back arrangement are accounted for at original cost.

4.2 The derivatives transactions are undertaken for trading or hedging purposes. Trading transactions are marked to market. As per RBI guidelines, different categories of swaps are valued as under:

Hedge Swaps
Interest rate swaps with hedge interest bearing asset or liability are accounted for on accrual basis except the swaps designated with an asset or liability that are carried at market value or lower of cost in the financial statement.

Gain or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the asset/ liabilities.

Trading Swaps
Trading swap transactions are marked to market with changes recorded in the financial statements.

Exchange Traded Derivatives entered into for trading purposes are valued at prevailing market rates based on rates given by the Exchange and the resultant gains and losses are recognized in the Profit and Loss Account.

4.3 Foreign Currency Options:
Foreign currency options written by the Bank with a back-to-back contract with another bank are not marked to market since there is no market risk.

Premium received is held as a liability and transferred to the Profit and Loss Account on maturity/cancellation.

5. LOANS / ADVANCES AND PROVISIONS THEREON:

5.1 Advances are classified as performing and non-performing assets; provisions are made in accordance with prudential norms prescribed by RBI.

(a) Advances are classified: Standard, Sub Standard, Doubtful and Loss assets borrower wise.

(b) Advances are stated net of specific loan loss provisions, provision for diminution in fair value of restructured advances.

5.2 In respect of foreign offices, the classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

Loans and advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the extant RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country.

5.3 Financial Assets sold are recognized as under:

(a) Prudential norms for the transfer transactions to ARCs:

When the stressed loan is transferred to ARC at a price below the NBV at the time of transfer, the Bank has debited the shortfall to the profit and loss account for the year in which the transfer has taken place. Banks are permitted to use countercyclical or floating provisions for meeting any shortfall on transfer of stressed loan when the transfer is at a price below the NBV.

On the other hand, when the stressed loan is transferred to an ARC for a value higher than the NBV at the time of transfer, lenders shall reverse the excess provision on transfer to the profit and loss account in the year the amounts are received and only when the sum of cash received by way of initial consideration and / or redemption or transfer of Security Receipts (SR) / Pass Through Certificates (PTCs)/ other securities issued by ARCs is higher than the NBV of the loan at the time of transfer. Further, such reversals are limited to the extent to which cash received exceeds the NBV of the loan at the time of transfer".

(b) For Sale of financial assets sold to Other Banks/NBFCs/FIs etc.

Prudential norms for the transfer transactions to transferee(s) other than ARCs - Provisioning norms:

(i) When the bank transfers its NPAs to transferee(s) other than ARCs, the same are removed from the books on receipt of the entire transfer consideration.

(ii) If the transfer to transferee(s) other than ARCs is at a price below the net NBV at the time of transfer, the shortfall is debited to the profit and loss account of the year in which transfer has taken place.

(iii) If the sale consideration is for a value higher than the NBV at the time of transfer, the excess provisions has been reversed.

(c) The excess amount received, if any, over & above memoranda dues is credited proportionately to the respective heads of Income Interest on Loans and Advances say Income Interest on CC/ Term Loan, etc.

In case, the excess amount is to be returned subsequently due to, e.g., DRT/Court orders or any other eventuality, the same head is debited to refund the excess amount recovered.

Sch. 18/ 6

5.4 Restructured Assets:

For restructured/rescheduled advances, provisions are made in accordance with guidelines issued by RBI from time to time. Provision for diminution in fair value of restructured advances is measured at net present value terms as per RBI guidelines for accounts where total dues to the bank are Rupees One Crore and above. For other accounts, the provision for diminution in fair value is computed notionally at 5% of total exposure to the bank as per RBI guidelines.

5.5 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 5 of the Balance Sheet under the head 'Other Liabilities & Provisions – Others' and are not considered for arriving at the Net NPAs.

5.6 Amounts recovered against debts written-off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognized in the profit and loss account.

5.7 Provision for Country Exposure:

In addition to the specific provisions held according to the asset classification status, provisions are also made for individual country exposures (other than the home country). Countries are categorized into seven risk categories, namely, insignificant, low, moderately low, moderate, moderately high, high and very high, and provisioning made as per extant RBI guidelines. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposures. The provision is reflected in Schedule 5 of the Balance Sheet under the 'Other Liabilities & Provisions – Others'.

5.8 An additional provision of 2% (in addition to country risk provision that is applicable to all overseas exposures) against standard assets representing all exposures to step down subsidiaries of Indian Corporates has been made to cover the additional risk arising from complexity in the structure, location of different intermediary entities in different jurisdictions exposing the Indian Company, and hence the Bank, to a greater political and regulatory risk. (As per RBI Cir.No. RBI/ 2015 16/279 DBR. IBD.BC No. 68/ 23.37 001/ 2015-16 dated 31.12.2015)

6. PROPERTY, PLANT & EQUIPMENT:

6.1 Property, Plant & Equipment are stated at historical cost less accumulated depreciation/amortization, wherever applicable, except those premises, which have been revalued. The appreciation on revaluation is credited to revaluation reserve and incremental depreciation attributable to the revalued amount is deducted there from.

6.2 Software is capitalized and clubbed under Intangible assets.

6.3 Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset till the time of capitalization. Subsequent expenditure/s incurred on the assets are capitalized only when it increases the future benefits from such assets or their functioning capability.

6.4 Depreciation:

A. Depreciation on assets (including land where value is not separable) is provided on straight-line method based on estimated life of the asset, except in respect of computers where it is calculated on the straight-line method, at the rates prescribed by RBI.

B. Depreciation on assets has been provided at the rates furnished below: -

Particulars	Rate of Depreciation
PREMISES	
Freehold Properties	
Land	NIL
Depreciation to be provided on Construction Cost where the land cost is segregated and on total cost where the land cost is not ascertainable and cannot be segregated	2.50% (40 years Straight Line Method or remaining life whichever is lower)
Land acquired on perpetual lease where no lease period is mentioned	NIL
Land acquired on lease where lease period is mentioned	Over lease period
Building	
Constructed on free hold land and on leased land, where lease period is above 40 years	2.50%
Constructed on leased land where lease period is below 40 years	Over lease period
FIXED ASSETS EXCEPT PREMISES	
Furniture and fixtures- Steel articles	5.00%
Furniture and fixtures-wooden articles	10.00%
Mattresses	20.00%
Mobile Phone Instruments	33.33%
Machinery, electrical and miscellaneous articles	15.00%
Motor cars and cycles	15.00%
Computers, ATMs and related items, Laptop, I-pad, etc., Servers, Network, Equipment & Automated Teller Machines (Including software forming an integral part of computer hardware)	33.33%
Items of office fixed assets amounting less than Rs. 25,000/- and / or having useful life of less than 12 months from the date of acquisition are recognized as expense (except to staff, items costing more than Rs.1,500/- which can be separately used). Assets costing less than Rs.1,500/- each are depreciated @100% in the year of purchase. Cost of Application Software / Operating System / Data base amounting up to Rs. 25,000/- are charged to revenue.	

C. Depreciation on fresh additions to assets other than Bank's own premises is provided from the day in which the assets are capitalized and in the case of assets sold/disposed-off during the year, up to the date in which it is sold/ disposed-off, i.e., daily basis.

D. The depreciation on bank's own premises existing at the close of the year is charged for full year. The construction cost is depreciated only when the building is complete in all respects. Where the cost of land and building cannot be separately ascertained, depreciation is provided on the composite cost, at the rate applicable to buildings.

E. In respect of leasehold premises, the lease premium, if any, is amortized over the period of lease and the lease rent is charged in the respective year(s).

F. The Revalued assets is depreciated over the balance useful life of the asset as assessed at the time of revaluation.

7. IMPAIRMENT OF ASSETS:

The carrying costs of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors, an impairment loss is recognized wherever the carrying cost of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, if any, depreciation is provided on the revised carrying cost of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

8. EMPLOYMENT BENEFITS:

PROVIDENT FUND:

Provident fund is a defined contribution scheme as the Bank pays fixed contribution at pre-determined rates. The obligation of the Bank is limited to such fixed contribution. The contribution is charged to Profit & Loss A/c.

GRATUITY:

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the Bank and is managed by a separate trust.

PENSION:

Pension liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the Bank and is managed by a separate trust.

The Bank operates a New Pension Scheme (NPS) for all officers/ employees who have joined the Bank on or after 01.04.2010. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with contribution of 14% of their basic pay plus dearness allowance from the Bank. Pending completion of the registration procedures of the employees concerned, these contributions are retained. The Bank recognizes such annual contributions as an expense in the year to which they relate. Upon the receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust.

COMPENSATED ABSENCES:

Accumulating compensated absences such as Privilege Leave (PL) and Sick Leave (including unavailed casual leave) are provided for based on actuarial valuation. The scheme for Privilege Leave (PL) is funded by the Bank and is managed by a separate trust.

OTHER EMPLOYEE BENEFITS:

Other Employee Benefits such as Leave Fare Concession (LFC), Silver Jubilee Award, etc., are provided for based on actuarial valuation.

In respect of overseas branches and offices, the benefits in respect of employees other than those on deputation are accounted for as per laws prevailing in the respective countries.

The valuation method used for defined benefit obligations for employee benefits is 'Projected Unit Credit Method'.

9. TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS & BALANCES:

Transactions involving foreign exchange are accounted for in accordance with AS 11, 'The Effect of Changes in Foreign Exchange Rates'.

9.1 Except advances of erstwhile London branches which are accounted for at the exchange rate prevailing on the date of parking in India, all other monetary assets and liabilities, guarantees, acceptances, endorsements and other obligations are translated in Indian Rupee equivalent at the exchange rates prevailing as on the Balance Sheet date as per Foreign Exchange Dealers' Association of India (FEDAI) guidelines.

9.2 Non-monetary items other than fixed assets which are carried at historical cost are translated at exchange rate prevailing on the date of transaction.

9.3 Outstanding Forward exchange spot and forward contracts are translated as on the Balance Sheet date at the rates notified by FEDAI and the resultant gain/loss on translation is taken to Profit & Loss Account.

Foreign exchange spot/forward contracts/deals (Merchant and Inter-bank) which are not intended for trading/Merchant Hedge and are outstanding on the Balance Sheet date, are reverse re-valued at the closing FEDAI spot/forward rate in order to remove revaluation effect on exchange profit. The premium or discount arising at the inception of such a forward exchange contract is amortized as interest expense or income over the life of the contract.

9.4 Income and expenditure items are accounted for at the exchange rate prevailing on the date of transaction.

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognized as income or as expense in the period in which they arise.

Gains/Losses on account of changes in exchange rates of open position in currency futures trades are settled with the exchange clearing house on daily basis and such gains/losses are recognized in the Profit and Loss Account.

9.5 Offices outside India / Offshore Banking Units:

(i) Operations of foreign branches and off shore banking unit are classified as 'Non-integral foreign operations' and operations of representative offices abroad are classified as 'integral foreign operations'.
(ii) Foreign currency transactions of integral foreign operations and non-integral foreign operations are accounted for as prescribed by AS-11.
(iii) Exchange Fluctuation resulting into Profit / loss of non-integral operations is credited /debited to Exchange Fluctuation Reserve.

10. TAXES ON INCOME

Income tax expense is the aggregate amount of current tax including Minimum Alternate Tax (MAT), wherever applicable and deferred tax expense incurred by the Bank. The current tax and deferred tax are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively after taking into account taxes paid at the foreign offices, which are based on the tax laws of respective jurisdictions.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that there will be payment of normal income tax during the period specified under the income Tax Act, 1961.

Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognized by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognized in the profit and loss account. Deferred tax assets are recognized and re-assessed at each reporting date, based upon management's judgment as to whether their realization is considered as reasonably/virtually certain.

11. EARNINGS PER SHARE:

The Bank reports basic and diluted earnings per share in accordance with AS 20 - 'Earnings per Share' issued by the ICAI. Basic Earnings per Share is computed by dividing the Net Profit after Tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding for the year.

Diluted Earnings per Share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted Earnings per Share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding.

12. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

In conformity with AS 29, 'Provisions, Contingent Liabilities and Contingent Assets', issued by the Institute of Chartered Accountants of India, the Bank recognizes provisions only when it has a present obligation as a result of a past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

A Contingent Liability is a potential liability, in terms of money, which may arise depending on the outcome of an uncertain specific event. A possible obligation which may or may not arise depending on how a future event unfolds has been recognized as Contingent Liability.

Further, the cases which although have been filed against the Bank, but possibility of any obligation arising upon the Bank in those case is remote, have not been construed and included in Contingent Liability.

Contingent Assets are not recognized in the financial statements.

13. BULLION TRANSACTIONS:

The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on price quoted by the supplier. The Bank earns a fee on such bullion transactions.

The fee is classified under commission income. The Bank also accepts deposits and lends gold, which is treated as deposits/advances as the case may be with the interest paid / received classified as interest expense/income.

14. SEGMENT REPORTING:

The Bank recognizes the Business segment as the Primary reporting segment and Geographical segment as the Secondary reporting segment, in accordance with the RBI guidelines and in compliance with the Accounting Standard 17 issued by ICAI.

15. The Bank, in accordance with RBI Circular FIDD.CO.Plan.BC.23/ 04.09.01/ 2015-16 dated April 7, 2016, trades in Priority Sector portfolio by selling or buying PSLC. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the Fee received from sale of PSLCs is treated as 'Other Income'.

16. CASH & CASH EQUIVALENTS

Cash and cash equivalents include:

a) Cash and Balances with RBI, Balances with Bank and money at call and short notice.

b) The balances in Reverse Repo are reported as per the guidelines provided by RBI vide its circular dated 19.05.2022, (i.e., under schedule 6, schedule 7 and schedule 9, as applicable). The balance held by the Bank under Standing Deposit Facility (SDF) is also reported similarly.

NOTES TO ACCOUNTS

1. The 05 Subsidiaries and 15 Associates (which along with Punjab National Bank, the parent, constitute the Group) are considered in the preparation of the consolidated financial statements are as under:

(in %)

Sl. No.	Name of the Subsidiary Company	Country of incorporation	% Voting power held as at	
			QE 30.06.2024	QE 30.06.2023
1.	PNB Gilts Limited[1]	India	74.07	74.07
2.	PNB Investment Services Ltd.[1]	India	100.00	100.00
3.	PNB Cards and Services Ltd.[1]	India	100.00	100.00
4.	Punjab National Bank (International) Ltd UK[$]	United Kingdom	100.00	100.00
5.	Druk PNB Bank Ltd. Bhutan*	Bhutan	51.00	51.00

[$]Un-Audited Financials have been taken while preparing consolidated financial statements of PNB group.

[1]The financial statements of the company is subject to Supplementary Audit by the Comptroller & Audit General of India, under the Companies Act, 2013 and receipt of their report.

*Druk PNB Bank Ltd. Bhutan follows accounting year different from that of the parent.

2. Associates considered in consolidated financial statements are as under:

(in %)

Sl. No.	Associates	Country of incorporation	Proportion of ownership percentage as at	
			QE 30.06.2024	QE 30.06.2023
1	PNB Metlife India Insurance Company Ltd**	India	30.00	30.00
2	PNB Housing Finance Limited	India	28.13	28.15
3	JSC (Tengri Bank), Almaty, Kazakhstan**	Kazakhstan	41.64	41.64
4	Canara HSBC Life Insurance Co. Ltd.	India	23.00	23.00
5	India SME Asset Reconstruction Co. Ltd.[$]	India	20.90	20.90
6	Everest Bank Ltd.[$***]	Nepal	20.02	20.03
7	Dakshin Bihar Gramin Bank, Patna[$]	India	35.00	35.00

Sl. No.	Associates	Country of incorporation	Proportion of ownership percentage as at	
			QE 30.06.2024	QE 30.06.2023
8	Himachal Pradesh Gramin Bank, Mandi. $	India	35.00	35.00
9	Punjab Gramin Bank, Kapurthala$	India	35.00	35.00
10	Sarva Haryana Gramin Bank, Rohtak	India	35.00	35.00
11	Prathama UP Gramin Bank, Moradabad$	India	35.00	35.00
12	Assam Gramin Vikas Bank, Guwahati	India	35.00	35.00
13	Bangiya Gramin Vikas Bank, (West Bengal)	India	35.00	35.00
14	Manipur Rural Bank, Imphal	India	35.00	35.00
15	Tripura Gramin Bank, Agartala	India	35.00	35.00

$Un-Audited Financials have been taken while preparing consolidated financial statements of PNB group.

*PNB has acquired 30% stake in PNB Metlife at consideration of Rs. 700.48 as brand equity.

**AFR revoked license of JSC Tengri Bank w.e.f. 18.09.2020 and is under Liquidation.

***Everest Bank Ltd. Follows accounting year different from that of the parent.

3.1 Capital Reserve

(Amount in Rs Crore)

Particulars	QE 30.06.2024	QE 30.06.2023
Capital Reserve on Consolidation (Net)	74.21	74.21

3.2 Perpetual bonds/sub-ordinated debt raised as Tier I and Tier II Capital:

(Amount in Rs Crore)

Particulars	Current QE 30.06.2024	Previous QE 30.06.2023
Amount of non-equity Tier 1 capital raised during the year, *of which:*	NIL	NIL
a) Basel III compliant Perpetual Non-Cumulative Preference Shares;	NIL	NIL

Particulars	Current QE 30.06.2024	Previous QE 30.06.2023
b) Basel III compliant Perpetual Debt Instruments	NIL	NIL
Amount of Tier 2 capital raised during the year, *of which Basel III compliant:*	NIL	3090.00
a) Debt Capital Instruments as Tier 2 Capital	NIL	3090.00
b) Perpetual Cumulative Preference Shares	NIL	NIL
c) Redeemable Non-Cumulative Preference Shares	NIL	NIL
d) Redeemable Cumulative Preference Shares		

3.3 The capital adequacy ratio (as per Basel III) of the bank group is as under:

(Amount in Rs Crore)

Sr. No.	Particulars	Current QE 30.06.2024	Previous QE 30.06.2023
i)	Common Equity Tier 1 capital (CET 1) (net of deductions, if any)	84,548.59	74,566.72
ii)	Additional Tier 1 capital	16,001.71	9,984.80
iii)	Tier 1 capital (i + ii)	1,00,550.30	84,551.52
iv)	Tier 2 capital	21,120.18	22,155.30
v)	Total capital (Tier 1+Tier 2)	1,21,670.48	1,06,706.82
vi)	Total Risk Weighted Assets (RWAs)	6,75,646.10	6,85,495.60
vii)	CET 1 Ratio (CET 1 as a percentage of RWAs)	11.01%	10.88%
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	13.09%	12.33%
ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	2.75%	3.24%
x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	15.84%	15.57%
xi)	Leverage Ratio	5.88%	5.33%

Note: CET I Capital includes Amalgamation Reserve ₹9268.29Crore

RBI vide circular no. DOR.CAP.REC.15/21.06.201/2023-24 dated 1st April, 2022 has given discretion to banks to consider Revaluation Reserve, Foreign Currency Translation Reserve and Deferred Tax Asset for purpose of computation of Capital Adequacy as CET-1 capital ratio. The Bank has exercised the option in the above computation.

4. Disclosures required by Accounting Standards

4.1 Accounting Standard 5 – Net Profit or Loss for the Period, Prior Period items and Change in Accounting Policies

During the Current and Previous year there were no material prior period income/expenditure items requiring disclosure under Accounting Standard 5.

There is no material impact of changes in Significant Accounting Policies followed for preparation of financial results for the quarter ended June 30, 2024 as compared to those followed for the financial statements for the year ended March 31, 2024 except those pertaining to classification, valuation and accounting of investments in compliance of Master Direction No. RBI/DOR/2023-24/104 DOR. MRG. 36/ 21.04.141/ 2023-24 on Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023 dated September 12, 2023, issued by Reserve Bank of India which have become applicable from April 1, 2024. Pursuant to the above guidelines, inter-alia, the Bank has recognised a net gain of Rs. 2,098.68 Crore (net of taxes) in General Reserve. Additionally, as on June 30, 2024, net gain of Rs. 33.47 crore (net of taxes) is outstanding in the AFS Reserve.

To the extent of impact of these guidelines, the corresponding previous periods' / year's figures are not comparable with that of the current period.

4.2 Accounting Standard 9 - Revenue Recognition

The income which has been accounted for on realization basis is not considered to be material. (Previous quarter: The income which has been accounted for on realization basis is not considered to be material).

4.3 Accounting Standard 10 – Properties, Plant and Equipment.

Break-up of total depreciation for the period/ FY for each class of assets

Amount in Rs Crore)

Particulars (Class of Assets)	Current QE 30.06.2024	Previous QE 30.06.2023
Premises	50.06	50.39
Other fixed assets	154.10	137.21
Leased assets	0.00	0.00
Computer software	22.70	26.09
Total	**226.86**	**213.69**

4.4 Accounting Standard 11- The effects of Changes in Foreign Exchange rates:

Movement of Foreign Currency Fluctuation Reserve

(Amount in Rs Crore)

Particulars	Current QE 30.06.2024	Previous QE 30.06.2023
Opening Balance	877.00	843.52
Addition/Deduction during the FY due to change in Profit & Loss account	-0.12	1.83
Addition/Deduction during the FY due to translation of Assets & Liabilities	88.74	-1.85
Closing Balance	**965.62**	**843.50**

4.5 Accounting Standard 15 (Revised) – Employees Benefits:

4.5 i) Defined Contribution Plans (Parent Company): -

The Bank has Defined Contribution Plan applicable to all categories of employees joining the Bank on or after 01.04.2010. The scheme is managed by NPS trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited (Protean eGov Technologies Limited) has been appointed as the Central Record Keeping Agency for the NPS. The details of contribution are as under: -

During the QE 30.06.2024 = ₹374.58 Crores
During the QE 30.06.2023 = ₹312.33 Crores
(Contribution includes both Bank + Employee contribution)

4.6 Accounting Standard 17 - Segment Reporting

I. Primary (Business Segment):

The following are the primary segments of the Bank:-

i) **Treasury:** The Treasury Segment includes the entire investment portfolio and trading in foreign exchange contracts and derivative contracts. The revenue of the treasury segment primarily consists of fees and gains or losses from trading operations and interest income on the investment portfolio.

ii) **Corporate / Wholesale Banking:** As per the RBI guidelines RBI/2020-21/53, DOR.No.BP.BC.23/21.06.201/2020-21, dated 12th October 2020, the Corporate / Wholesale Banking segment comprises the lending activities of borrowers having exposure of ₹7.50Crores and above.

iii) **Retail Banking:** The Retail Banking Segment comprises of borrower accounts having exposure of less than ₹7.50Crores.
As per RBI Circular RBI/2022-23/19 DOR.AUT.REC. 12/22.01.001/2022-23 dated April 07, 2022, for the purpose of disclosure under Accounting Standard 17, Segment Reporting. Digital Banking Segment has been identified as sub-segment under Retail Banking by Reserve Bank of India (RBI). As on March 31, 2024, 8 (eight) Digital Banking Units (DBUs) of the Bank have commenced operations and the segment information disclosed as Digital Banking under Retail Banking Operations is related to the said DBUs.

iv) **Other Banking Operations** Segments not classified under (i) to (iii) above are classified under this primary segment.

II Secondary (Geographical Segment):

i) **Domestic Operations** - Branches/Offices having operations in India

ii) **Foreign Operations** - Branches/Offices having operations outside India and offshore banking units having operations in India.

III. Basis of allocation

The interest income is allocated on the basis of actual interest received from different segments.

Expenses not directly attributable are allocated on the basis of Interest income earned by the wholesale banking / retail banking segment/other banking segment.

Capital employed for each segment is calculated based on the assets and liabilities of that particular segment.

The Bank has certain common assets and liabilities, which cannot be attributed to any segment, and the same are treated as unallocated.

PUNJAB NATIONAL BANK
SCHEDULE 18: CONSOLIDATED FINANCIAL STATEMENT 30.06.2024
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

PART A – BUSINESS SEGMENTS

(Rs. in Crore)

Sr. No.	Particulars	Quarter Ended	
		30.06.2024 Reviewed	30.06.2023 Reviewed
1	**Segment Revenue**		
	(a) Treasury Operations	9107.69	8264.98
	(b) Corporate/Wholesale Banking	13747.58	11829.69
	(c) Retail Banking	9380.81	8327.88
	1) Digital Banking	0.06	0.02
	2) Other Retail Banking	9380.75	8327.86
	(d) Other Banking Operations	523.81	610.56
	Total Revenue	32759.89	29033.11
2	**Segment Results**		
	(a) Treasury Operations	2196.37	2344.98
	(b) Corporate/Wholesale Banking	2762.92	-278.13
	(c) Retail Banking	2052.93	1134.53
	1) Digital Banking	-1.63	-1.20
	2) Other Retail Banking	2054.56	1135.73
	(d) Other Banking Operations	185.78	151.00
	Total	7198.00	3352.38
	Unallocated Expenditure	1446.93	1373.19
	Profit before Tax	5751.07	1979.19
	Provision for Tax	2034.90	768.37
	Extraordinary items	0.00	0.00
	Share of Earning in Associates(Net)	275.21	152.15
	Minority Interest	15.52	20.92
	Net profit	3975.86	1342.05
3	**Segment Assets**		
	(a) Treasury Operations	472740.16	475646.52
	(b) Corporate/Wholesale Banking	714324.89	642321.45
	(c) Retail Banking	361883.85	306239.27
	1) Digital Banking	2.12	1.72
	2) Other Retail Banking	361881.73	306237.55
	(d) Other Banking Operations	48717.14	46182.36
	(e) Unallocated	41918.45	46588.21
	Total	**1639584.49**	**1516977.81**
4	**Segment Liabilities**	0.00	0.00
	(a) Treasury Operations	446500.52	454477.50
	(b) Corporate/Wholesale Banking	681918.60	617943.04
	(c) Retail Banking	346868.02	295802.03
	1) Digital Banking	25.50	9.19
	2) Other Retail Banking	346842.52	295792.84
	(d) Other Banking Operations	45527.84	43301.29

Sch. 18/ 19

Sr. No.	Particulars	Quarter Ended	
		30.06.2024 Reviewed	30.06.2023 Reviewed
	(e) Unallocated	2275.47	1233.32
	Total	**1523090.45**	**1412757.18**
5	**Capital Employed**	0.00	0.00
	(a) Treasury Operations	26239.64	21169.02
	(b) Corporate/Wholesale Banking	32406.29	24378.41
	(c) Retail Banking	15015.83	10437.24
	1) Digital Banking	-23.38	-7.47
	2) Other Retail Banking	15039.21	10444.71
	(d) Other Banking Operations	3189.30	2881.07
	(e) Unallocated	39642.98	45354.89
	Total Capital Employed	116494.04	104220.63

PART B - GEOGRAPHICAL SEGMENTS

(Rs. in Crores)

Sr. No.	Particulars	Quarter Ended	
		30.06.2024 Reviewed	30.06.2023 Reviewed
1	Revenue		
	(a) Domestic	31555.48	28062.55
	(b) International	1204.41	970.56
	Total	32759.89	29033.11
2	Assets		
	(a) Domestic	1553299.84	1446581.1
	(b) International	86284.65	70396.71
	Total	1639584.49	1516977.81

Notes :

1. Segment Liabilities are distributed in the ratio of their respective Segment Assets.

2. Figures of the previous period have been re-grouped/re-classified wherever necessary.

3. As per RBI Circular RBI/2022-23/19 DOR.AUT.REC. 12/22.01.001/2022-23 dated April 07, 2022, for the purpose of disclosure under Accounting Standard 17, Segment Reporting, Digital Banking Segment has been identified as sub-segment under Retail Banking by Reserve Bank of India (RBI). As on March 31, 2024, 8 (eight) Digital Banking Units (DBUs) of the Bank have commenced operations and the segment information disclosed as Digital Banking under Retail Banking Operations is related to the said DBUs.

4.7 Accounting Standard 18 - Disclosure of Related Parties as per Accounting Standard –18 issued by ICAI: (Parent Company)

Names of the related parties and their relationship with the Bank:

Key Management Personnel (KMP):

i) Shri Atul Kumar Goel, Managing Director & CEO
ii) Shri Kalyan Kumar, Executive Director
iii) Shri Binod Kumar, Executive Director
iv) Shri M. Paramasivam, Executive Director
v) Shri Bibhu Prasad Mahapatra, Executive Director

Subsidiaries:

i) PNB Gilts Ltd.
ii) PNB Investment Services Ltd.
iii) PNB Cards and Services Ltd.
iv) Punjab National Bank (International) Ltd., UK.
v) Druk PNB Bank Ltd, Bhutan.

Associates:

i) PNB Metlife India Insurance Co. Ltd*
ii) PNB Housing Finance Limited
iii) JSC (Tengri Bank), Almaty, Kazakhstan**
iv) Canara HSBC Life Insurance Co. Ltd.
v) India SME Asset Reconstruction Co. Ltd.
vi) Everest Bank Limited, Kathmandu, Nepal
vii) Dakshin Bihar Gramin Bank, Patna
viii) Himachal Pradesh Gramin Bank, Mandi
ix) Punjab Gramin Bank, Kapurthala
x) Sarva Haryana Gramin Bank, Rohtak
xi) Prathama UP Gramin Bank, Moradabad
xii) Assam Gramin Vikas Bank, Guwahati
xiii) Bangiya Gramin Vikas Bank, West Bengal
xiv) Manipur Rural Bank, Imphal
xv) Tripura Gramin Bank, Agartala

*PNB has acquired 30% stake in PNB Metlife at a consideration of Rs. 700.48 as brand equity.
**AFR (Agency for regulation and development of financial market, Kazakhstan) revoked license of JSC Tengri Bank w.e.f. 18.09.2020 and is under Liquidation.

Others:

i) PNB Centenary Rural Development Trust

4.8. Accounting Standard 19 - Lease (Parent Company)

i. Operating lease primarily comprise office premises, which are renewable at the option of the bank normally at the end of every 3rd / 5th year.
ii. As per information available, Non-Cancellable lease as on 30.06.2024: NIL

(Previous quarter as on 30.06.2023: NIL).

iii. Amount of lease payment recognized in P & L Account for operating lease is as under:

Current Quarter Ended 30.06.2024		Previous Quarter Ended 30.06.2023	
No. of lease / rented premises	(Amount in ₹Crore)	**No. of lease / rented premises**	(Amount in ₹Crore)
15377	175.36	15813	171.48

4.9 Accounting Standard 20 - Earnings per Share

(Amount in Rs Crore)

Particulars		Current QE 30.06.2024	Previous QE 30.06.2023
Earnings per Share	Basic	3.61	1.22
	Diluted	3.61	1.22
Amount used as numerator Profit after tax (Rs. In Crore)		3975.86	1342.05
Nominal value of shares		₹2.00 each	₹2.00 each
Weighted average number of equity shares used as the denominator		11011015558	11011015558

4.10 Major components of deferred tax assets and liability are set out below:

(Amount in Rs Crore)

Particulars	Current QE 30.06.2024	Previous QE 30.06.2023
Deferred Tax Assets		
Provision for bad & doubtful debts	23,013.07	24,570.78
Provision for leave encashment	429.86	140.12
AFS Reserve	2.26	0.00
Provision for Pension & Gratuity	0.26	0.26
Taxable Loss (Carried Forward)	208.39	206.38
Pre-Incorporation Expenditure	0.00	0.00
Depreciation on fixed assets	2.04	0.81
Others Contingencies	276.04	247.87
Total	**23,931.92**	**25,166.02**
Deferred Tax Liabilities		
Depreciation on fixed assets	-343.51	-308.03
Deduction u/s 36(1)(viii)of Income- tax Act,1961	1,388.02	1249.26
AFS Reserves	20.24	0.00
Total	**1,064.75**	**941.23**
Deferred Tax Assets/ (Liability) – Net	**22,867.17**	**24224.79**

4.11 Accounting Standard 28 - Impairment of Assets

A substantial portion of the bank's assets comprises 'financial assets' to which Accounting Standard 28 'Impairment of Assets' is Not Applicable. In the opinion of the bank, there is no impairment of its assets (to which the standard applies) to any material extent as at 30.06.2024 requiring recognition in terms of the said standard.

(Previous Quarter: A substantial portion of the bank's assets comprises 'financial assets' to which Accounting Standard 28 'Impairment of Assets' is Not Applicable. In the opinion of the bank, there is no impairment of its assets (to which the standard applies) to any material extent as at 30.06.2023 requiring recognition in terms of the said standard).

4.12 Accounting Standard 29 - Provisions, Contingent Liabilities and Contingent Assets

i. Movement of provisions for liabilities *

(Amount in Rs Crore)

Particulars	Salary arrears under negotiation	Legal cases/ contingencies
Balance as at 1st April 2024	150.00 (459.63)	119.65 (85.58)
Provided during the quarter	0.00 (283.92)	2.38 (1.13)
Amounts used/Reversed during the quarter	0.00 (0.00)	4.26 (4.41)
Balance as at 30.06.2024	**150.00 (743.54)**	**117.77 (82.30)**
Timing of outflow/uncertainties	On actual Payment	Outflow on settlement / crystallization
	On actual Payment	Outflow on settlement / crystallization

* Excluding provisions for others

ii **Break-up of "Provisions and Contingencies" shown under the head Expenditure in Profit and Loss Account is as follows:**

(Amount in Rs Crore)

Particulars	Current Period QE 30.06.2024	Previous QE 30.06.2023
Provisions for NPI	392.27	-321.52
Provision towards NPAs	780.79	4363.18
Floating provisions for NPAs (over and above RBI provisioning norms)	150.00	0.00
Provision towards Standard Assets	220.09	-116.16
Provision made towards Income	2034.90	768.35
Other Provisions & Contingencies	-91.50	29.54
Total	**3486.55**	**4723.39**

4.13 Refer Schedule-12 on Contingent Liabilities

Such liabilities are dependent upon the outcome of Court/arbitration/out of court settlement, disposal of appeals, and the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, respectively.

4.14 Break-up of Floating Provisions is as follows:

(Amount in Rs Crore)

Particulars	Current Period QE 30.06.2024	Previous QE 30.06.2023
Opening balance	150.00	0.00
Quantum of floating provisions made during the quarter	0.00	0.00
Purpose and amount of draw down made during the quarter	0.00	0.00
Closing balance	150.00	0.00

4.15. Disclosure: Letter of Comfort (LoC)

a. Regarding RRBs

As on 30.06.2024, PNB (as a Sponsor Bank) has issued Letters of Comfort in favour of Micro Units Development & Refinance Agency Limited (MUDRA Ltd.) on behalf of Assam Gramin Vikash Bank (AGVB) and Manipur Rural Bank (MRB) for enabling these Sponsored RRBs to become Member Lending Institutions (MLIs) for MUDRA Loans.

On the basis of financials of the above RRBs for FY 2023 and Letter of Comfort issued by us, MUDRA worked out the exposure limits for AGVB and MRB and these RRBs were accepted as MLI up to the exposure limit under MUDRA for Rs. 56.79 Crore and Rs. 1.92 Crore respectively. Further, the banks AGVB and MRB have not availed any refinance from MUDRA as on 30.06.2024. Hence, there is no financial impact.

b. Regarding Subsidiaries and other Associates:

The Bank has issued a Letter of Comfort to Prudential Regulation Authority (PRA), the regulator in United Kingdom, committing that the bank shall provide financial support to its subsidiary, Punjab National Bank (International) Ltd., UK so that it meets its financial commitments as and when they fall due.

The said Letter of Comfort has been renewed on 15.03.2022 after seeking approval of our Board in favor of PRA w.r.t. our subsidiary PNBIL wherein we have reiterated our commitment. The renewal was done as per instruction of PRA and RBI. Further, Annual assessment of impact of LOC was approved by the Board in its meeting held on 28.03.2024, as per which the Bank does not foresee any crystallization of financial obligation. Therefore, there is no financial impact on account of this LOC for FY 2023-24.

Apart from the above, the Bank has not issued any Letter of Comfort to Group Entities (subsidiaries and associates).

4.16. Disclosure: Letter of Undertaking

The Bank has provided a Letter of Undertaking for PNB IBU Gift City Branch under Regulation 3(3) of International Financial Service Centre Authority (IFSCA) that:

"Bank will provide support and assistance (including liquidity, whenever needed) and as may be appropriate to enable the banking unit to meet its obligations in the course of its obligation".

Apart from the above the Bank has not issued any Letter of Comfort for overseas branches and there are no cumulative financial obligations under Letter of Comfort.

4.17 The Consolidated financial results are prepared in accordance with Accounting Standard 21 on "Consolidated Financial Statements", Accounting Standard 23 on "Accounting for Investment in Associates in Consolidated Financial Statements" and Accounting Standard 27 on "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India and guidelines issued by RBI.

4.18. Fraud accounts

		QE 30.06.2024	QE 30.06.2023
Number of frauds reported	Borrowal*	38	0
	Non Borrowal	14	22
	Digital Fraud	2396	1079
	TOTAL	**2448**	**1101**
Amount involved in fraud (₹ crore)	Borrowal*	2550.60**	3.58
	Non Borrowal	2.13	3.01
	Digital Fraud	5.56	2.85
	TOTAL	**2558.30**	**9.44**
Amount of provision made for such frauds (₹ crore)	Borrowal	1802.25***	0.00
	Non Borrowal	1.94	2.04
	Digital Fraud	0.00	0.00
	TOTAL	**1804.19**	**2.04**
Amount of Un-amortised provision debited from 'other reserves' as at the end of the quarter. (₹ crore)		-	-

* 38 borrowal fraud cases include 13 cases of amount ₹2156.35 Crore, which have been reported to RBI again after deactivation of fraud in light of judgement by Hon'ble supreme court.

**Amount reported to RBI as fraud.

***100% provision held on present outstanding as on 30.06.2024

5.1 Figures of the previous quarter have been regrouped / rearranged / reclassified wherever necessary to conform to current period's classification.

5.2 Figures in the bracket wherever given relates to previous quarter.

****

DECLARATION

Our Bank certifies that all relevant provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our Bank's business have been obtained, are currently valid and have been complied with.

Our Bank further certifies that all the statements in this Placement Document are true and correct.

Signed by:

Atul Kumar Goel Managing Director and Chief Executive Officer	**Dilip Kumar Jain** Chief Financial Officer

Place: New Delhi

Date: September 26, 2024

CORPORATE OFFICE OF OUR BANK

Punjab National Bank
Plot No.4, Sector 10, Dwarka, New Delhi 110 075
Tel: +91 11 2804 4857;
Website: www.pnbindia.in; **Email:** hosd@pnb.co.in

BOOK RUNNING LEAD MANAGERS

BNP Paribas
1 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra

IIFL Securities Limited
24th Floor, One Lodha Place, Senapati Bapat Marg, Lower Parel (W), Mumbai, 400013,Maharshtra, India

IDBI Capital Markets & Securities Limited
6th Floor, IDBI Tower, WTC Complex, Cuffe Parade, Mumbai – 400 005

ICICI Securities Limited
ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025

Elara Capital (India) Private Limited
One International Center, Tower 3, 21st Floor, Senapati Bapat Marg, Mumbai – 400 013

HSBC Securities and Capital Markets (India) Private Limited
52/60, Mahatma Gandhi Road, Fort, Mumbai 400 001 Maharashtra, India

Emkay Global Financial Services Limited
7th Floor, The Ruby, Senapati Bapat Marg, Dadar (W), Mumbai – 400 028

SBI Capital Markets Limited
1501, 15th Floor, A & B Wing, Parinee Crescezo BKC, Bandra East, Mumbai 400051

Motilal Oswal Investment Advisors Limited
Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai- 400 025, Maharashtra, India

Nuvama Wealth Management Limited
801 - 804, Wing A, Building No 3, Inspire BKC, G Block Bandra Kurla Complex, Bandra East Mumbai 400 051, Maharashtra, India

PNB Investment Services Limited*
PNB Pragati Towers, 2nd Floor, C-9, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051

**PNB Investment Services Limited, a subsidiary of our Bank, shall be involved only in marketing of the Issue in compliance with Regulation 21A of the SEBI Merchant Bankers Regulations and Regulation 174(2) of the SEBI ICDR Regulations.*

Legal Advisor to the Bank
As to Indian law
M/s. Crawford Bayley & Co.
State Bank Buildings
4th Floor, N.G. N. Vaidya Marg
Fort, Mumbai 400 023
Maharashtra, India

Legal Advisors to the Book Running Lead Managers

As to Indian law
Dentons Link Legal
Aiwan-e-Ghalib Complex Mata Sundari Lane New Delhi-110 002 Delhi, India

As to U.S. law
Hogan Lovells Lee & Lee
50 Collyer Quay #10-01 OUE Bayfront Singapore 049321

STATUTORY AUDITORS

D K Chhajer & Co, Chartered Accountants
Nilhat House, Ground Floor,
11 R.N. Mukherjee Road,
Kolkata – 700 001

S C Bapna & Associates, Chartered Accountants
305, Lodha Supremus (Next To Lodha Eternis),
End Of 11th Road, Off Mahakali Caves Road,
Near Hote Tunga International, Andheri East,
Mumbai-400 069

Ummed Jain & Co, Chartered Accountants
51, Snehdhara, Jeevan Vikas Kendra Marg,
Andheri East, Mumbai - 400069

N K Bhargava & Co, Chartered Accountants
C - 31, 1st Floor Acharya Niketan,
Opp. Pocket - I Mayur Vihar, Phase – I, New Delhi - 110091

P S D & Associates, Chartered Accountants
324, 3rd Floor, Ganpati Plaza,
M. I. Road,
Jaipur - 302001

SAMPLE APPLICATION FORM

Following is the indicative Application Form that formed part of the Preliminary Placement Document

PUNJAB NATIONAL BANK
Corporate Office: Plot No.4, Sector 10, Dwarka, New Delhi 110 075
CIN: Not Applicable; **Website**: www.pnbindia.in, Tel: +91 (11) 28044857 **Email:** hosd@pnb.co.in
LEI: 335800LE3GBR6I412V82
ISIN: INE160A01022

APPLICATION FORM

(a) Name of the Bidder: ______________________________

(b) Form No.: ___________

(c) Date: _______________

QUALIFIED INSTITUTIONS PLACEMENT OF UP TO [●] EQUITY SHARES OF FACE VALUE ₹ 2 EACH (THE "EQUITY SHARES") FOR CASH, AT A PRICE OF ₹[●] PER EQUITY SHARE (THE "ISSUE PRICE"), INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE, AGGREGATING TO ₹[●] CRORES IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS"), THE BANKING COMPANIES (ACQUISITION AND TRANSFER OF UNDERTAKINGS) ACT, 1970, AS AMENDED ("THE BANKING COMPANIES ACT"), THE BANKING REGULATION ACT, 1949, AS AMENDED (THE "BANKING REGULATION ACT"), THE PUNJAB NATIONAL BANK (SHARES & MEETINGS) REGULATIONS, 2000, AS AMENDED (THE "PUNJAB NATIONAL BANK REGULATIONS") AND THE NATIONALISED BANKS (MANAGEMENT AND MISCELLANEOUS PROVISIONS) SCHEME, 1970, AS AMENDED (THE "NATIONALISED BANKS SCHEME"), BY PUNJAB NATIONAL BANK (THE "BANK") (AND SUCH ISSUE, THE "ISSUE"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹109.16 PER EQUITY SHARE AND OUR BANK MAY OFFER A DISCOUNT OF UPTO 5% ON THE FLOOR PRCE, AS APPROVED BY ITS SHAREHOLDERS.

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which are (a) not excluded pursuant to Regulation 179(2)(b) of the SEBI Regulations; or (b) have not been prohibited or debarred by any regulatory authority from buying, selling or dealing in securities, are eligible to invest in this Issue. In addition to the above, with respect to the Issue, Eligible QIBs shall consist of (i) QIBs which are resident in India; and (ii) Eligible FPIs participating through Schedule II of the FEMA Rules. Further, except as provided in (ii) above, other nonresident QIBs including foreign venture capital investors and multilateral and bilateral development financial institutions are not permitted to participate in the Issue. Also, please note that AIFs or VCFs whose sponsor and manager are not Indian owned and controlled in terms of the FEMA Rules are not permitted to participate in this Issue

The Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or any other applicable state securities laws of the United States and, unless so registered may not be offered, sold or delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons who are "qualified institutional buyers" (as defined in Rule 144A under the Securities Act ("Rule 144A") and referred to herein as "U.S. QIBs") pursuant to Section 4(a)(2) or another available exemption from registration under the U.S. Securities Act; for avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in the PPD (as defined hereinafter) as "QIBs"; and (b) outside the United States, in "offshore transactions" as defined in and in reliance on Regulation S under the Securities Act ("Regulation S") and the applicable laws of the jurisdiction where those offers and sales are made. You should note and observe the selling and transfer restrictions contained in the sections entitled "Selling Restrictions" and "Transfer Restrictions" on pages 272 and 279, respectively, in the accompanying preliminary placement document dated September 23, 2024 (the "PPD").

ONLY ELIGIBLE QIBs ARE PERMITTED TO PARTICIPATE IN THE ISSUE. ELIGIBLE FPIS ARE PERMITTED TO PARTICIPATE THROUGH SCHEDULE II OF THE FEMA RULES, IN THIS ISSUE, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF FPIS DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS, INCLUDING THE BANKING COMPANIES ACT, IN THIS REGARD. ALLOTMENTS MADE TO AIFs AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY, INCLUDING THE FEMA RULES. OTHER ELIGIBLE NON-RESIDENT QIBs SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES. FVCIs ARE NOT

PERMITTED TO PARTICIPATE IN THE ISSUE.

To,

The Board of Directors
Punjab National Bank
Corporate Office: Plot No.4, Sector 10, Dwarka, New Delhi 110 075

Dear Sir/ Madam,

On the basis of the serially numbered PPD of the Bank and subject to the terms and conditions contained therein, and in this Application Form, we hereby submit our Application Form for the Allotment of the Equity Shares in the Issue, on the terms and price indicated below. We confirm that we are an Eligible QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and: (a) are not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; or (b) have not been prohibited or debarred by any regulatory authority from buying, selling or dealing in securities, and are eligible to invest in this Issue; and (c) are not restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws; including foreign exchange related laws. We are not a promoter of the Bank (as defined in the SEBI ICDR Regulations) or any person related to the promoter of the Bank, directly or indirectly.

STATUS (Please tick for applicable category)			
FI	Scheduled Commercial Bank and Financial Institutions	**IC**	Insurance Companies
MF	Mutual Funds	**VCF**	Venture Capital Funds**
NIF	National Investment Fund	**FPI**	Foreign Portfolio Investor*
IF	Insurance Funds	**AIF**	Alternative Investment Funds
SI-NBFC	Systematically Important Non – Banking Financial Companies	**OTH**	Others ________________ (Please specify)

**Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended.*
*** Sponsor and Manager should be Indian owned and controlled.*

Further, we confirm that we do not have any right under a shareholders' agreement, veto rights or right to appoint any nominee director on the Board. We confirm that we are either an Eligible QIB resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Rules or a multilateral or bilateral development financial institution eligible to invest in India under applicable law. We confirm that we are not a FVCI participating in this Issue. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation of the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020. We confirm that the bid size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid does not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**"). We further understand and agree that (i) our names, address, contact details, PAN and bank account details will be recorded by the Bank; (ii) in the event that any Equity Shares are Allocated to us in the Issue, our names (as proposed Allottees) and the percentage of our post-Issue shareholding in the Bank will be disclosed in the Placement Document; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Bank will place our name in the register of members of the Bank or the relevant depository will record our name in the beneficial owner records maintained by the respective depositories, as a holder of such Equity Shares that may be Allotted to us. Further, we are aware and agree that if we are Allotted more than 5% of the Equity Shares in the Issue, the Bank will disclose our name and the number of Equity Shares Allotted to us on the websites of National Stock Exchange of India Limited and BSE Limited (together referred to as the "**Stock Exchanges**"), and we consent to such disclosure. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations and other applicable laws. We confirm, that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations. We undertake that we will submit all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the undersigned is duly authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals for applying in the Issue. We note that the Bank is entitled, in its absolute discretion in consultation with the BRLMs (as defined hereunder), to accept or reject this Application Form without assigning any reason thereof. We hereby accept the Equity Shares that may be Allocated to us pursuant to the CAN and request you to credit the same to our beneficiary account as per the details given below, subject to receipt of this Application Form and the Bid Amount towards the Equity Shares that may be allocated to us. The amount payable by us as Bid Amount for the Equity Shares applied for has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form prior to or on Bid/Issue Closing Date and such Bid Amount has been /will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole and absolute discretion of the Bank, in consultation with the BNP Paribas, ICICI Securities Limited, Emkay Global Financial Services Limited, HSBC Securities and Capital Markets (India) Private Limited, Elara Capital (India) Private Limited, IIFL Securities Limited, SBI Capital Markets Limited, Motilal Oswal Investment Advisors Limited, IDBI Capital Markets & Securities Limited, Nuvama Wealth Management Limited and PNB Investment Services Limited ("**BRLMs**"); and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Bank is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount has been paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Bank to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

By submitting this Application Form, we hereby confirm and agree that the representations, warranties, acknowledgements and agreements as provided in the sections "Notice to Investors", "Representations by Investors", "Issue Procedure", "Selling Restrictions" and "Transfer Restrictions" sections of the PPD are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Bank and the BRLMs, each of which is entitled to rely on and is relying on these representations and warranties in consummating the Issue.

By submitting this Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided a serially numbered copy of the PPD along with the Application Form, have read it in its entirety including in particular, the section "Risk Factors" therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Bank, the BRLMs or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document, this Application Form, the CAN and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Bid/Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the sole and absolute discretion of the Bank in consultation with the BRLMs and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) upon Allocation, the Bank shall disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the absolute discretion of the Bank, in consultation with the BRLMs; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50% of the Issue. For the purposes of this representation: The expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations i.e. entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, amongst the Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations; (9) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the Banking Companies Act, the Banking Regulation Act, the Punjab National Bank Regulations and the Nationalised Banks Scheme, other applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

We acknowledge that the Equity Shares have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. By submitting this Application Form and checking the applicable box above, we hereby represent that we are either (i) a U.S. QIB, or (ii) located outside the United States and purchasing the Equity Shares in an "offshore transaction" as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made.

By submitting this Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares. We acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and could not be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of an Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB.

BIDDER DETAILS (In Block Letters)

NAME OF BIDDER*			
NATIONALITY			
REGISTERED ADDRESS			
CITY AND CODE			
COUNTRY			
PHONE NO.		**FAX NO.**	
MOBILE NO.			
EMAIL ID			
FOR ELIGIBLE FPIs**	SEBI FPI REGISTRATION NO. ______________________________		
FOR MF	SEBI MF REGISTRATION NO ______________________________		
FOR AIFs***	SEBI AIF REGISTRATION NO. ______________________________		
FOR VCFs***	SEBI VCF REGISTRATION NO. ______________________________		
FOR SI-NBFC	RBI REGISTRATION DETAILS ______________________________		
FOR INSURANCE COMPANIES	IRDAI REGISTRATION DETAILS. ______________________________		
FOR PENSION FUNDS	PFRDA REGISTRATION DETAILS: ______________________________		

**Name should exactly match with the name in which the beneficiary account is held. Bid Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund Bidders are requested to provide details of the bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Bank and the BRLMs.*

*** In case you are an Eligible FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*

**** Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

We are aware that the number of Equity Shares held by us in the Bank, together with the number of Equity Shares, if any, Allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Bank in the Placement Document. For such information, the BRLMs have relied on the information provided by the Bank for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

NO. OF EQUITY SHARES BID FOR		**PRICE PER EQUITY SHARE (RUPEES)**	
(In Figures)	(In Words)	(In Figures)	(In Words)
BID AMOUNT (RUPEES)			
(In Figures)		(In Words)	

DEPOSITORY ACCOUNT DETAILS		
Depository Name (Please ✓)	National Securities Depository Limited	Central Depository Services (India) Limited
Depository Participant Name		

DEPOSITORY ACCOUNT DETAILS																									
DP – ID	I	N																							
Beneficiary Account Number										(16-digit beneficiary A/c. No. to be mentioned above)															

The demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. However, for the purposes of refund, if any, only the bank details as mentioned below, from which the Bid Amount has been remitted for the Equity Shares applied for in the Issue will be considered.

PAYMENT DETAILS
REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER
By [•] p.m. (IST), [•], 2024, [•] ("Issue Closing Date")

BANK ACCOUNT DETAILS FOR PAYMENT OF BID AMOUNT THROUGH ELECTRONIC FUND TRANSFER			
Name of the Account	**PNB QIP 2024 – ESCROW ACCOUNT**	**Account Type**	Escrow Account
Name of Bank	**Punjab National Bank**	**Address of the Branch of the Bank**	Punjab National Bank, Branch Office : Bandra Kurla Complex (D. No. 7538), Ground Floor, Pragati Towers, Bandra Kurla Complex, Mumbai - 400051
Account No.	**7538002900006060**	**IFSC**	**PUNB0753800**
Phone No.	**+91-99309 73207**	**E-Mail ID**	**Bo7538@pnb.co.in**
Legal Entity Identifier Code	**335800LE3GBR6I412V82**		

The Bid Amount should be transferred pursuant to this Application Form only by way of electronic fund transfers, towards the Escrow Account. Payment of the entire Bid Amount should be made along with this Application Form on or before the closure of the Issue Period i.e. prior to or on the Bid/Issue Closing Date. All payments must be made in favor of "*PNB QIP 2024 – ESCROW ACCOUNT*". The payment for subscription to the Equity Shares to be allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in this Application Form.

You are responsible for the accuracy of the bank details mentioned below. You are aware that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank details provided by you. The Bank and the BRLMs shall not be liable in any manner for refunds that are not processed due to incorrect bank details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	

DETAILS OF CONTACT PERSON			
Name:			
Address:			
Tel. No:		**Fax No:**	
Mobile No.		**Email:**	

OTHER DETAILS	
PAN	
Date of Application	
LEI	
Signature of Authorised Signatory (may be signed either physically of digitally)*	

ENCLOSURES ATTACHED
☐ Copy of PAN Card or PAN allotment letter**
☐ FIRC
☐ Copy of the SEBI registration certificate as a Mutual Fund
☐ Copy of the SEBI registration certificate as an Eligible FPI
☐ Copy of the SEBI registration certificate as an AIF
☐ Copy of the SEBI registration certificate as a VCF
☐ Certified copy of certificate of registration issued by the RBI as an SI-NBFC/ a scheduled commercial bank

		☐ Copy of the IRDA registration certificate ☐ Intimation of being part of the same group ☐ Certified true copy of the power of attorney ☐ Other, please specify __________________

**A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practicable.*
***Please note that the Bidder should not mention the GIR number or any other identification number instead of the PAN, unless the Bidder is exempted from requirement of obtaining a PAN under the Income-tax Act, 1961, as the application is liable to be rejected on this ground.*

Note 1: Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD.
Note 2: This Application Form may be rejected if any information provided is incomplete or inadequate, at the discretion of the Bank in consultation with the BRLMs.
Note 3: The duly filed Application Form along with all enclosures shall be submitted to the BRLMs either through electronic form at the email mentioned in the PPD or through physical delivery at the address mentioned in the PPD.
Note 4:The Application Form and the PPD sent to you and the Placement Document which will be sent to you in electronic form, are specific to you and you may not distribute or forward the same and are subject to the disclaimers and restrictions contained or accompanying these documents.