

PRIVATE & CONFIDENTIAL – FOR PRIVATE CIRCULATION ONLY

THIS DISCLOSURE DOCUMENT IS NEITHER A PROSPECTUS NOR A STATEMENT IN LIEU OF PROSPECTUS. THIS DISCLOSURE DOCUMENT IS PREPARED IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2008/13/127878 DATED JUNE 06, 2008 AS AMENDED BY SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2012 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2012-13/19/5392 DATED OCTOBER 12, 2012 AS AMENDED BY SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2014 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2013-14/43/207 DATED JANUARY 31, 2014, AS AMENDED.



PUNJAB NATIONAL BANK

(A Government of India Undertaking)

Constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970

Head Office: 7, Bhikaji Cama Place, New Delhi - 110 066

Tel No: +91-011-26102303; Fax No: +91-011-26108741

E-mail: treasury@pnb.co.in

Website: www.pnbindia.com

DISCLOSURE DOCUMENT

DISCLOSURE DOCUMENT FOR PRIVATE PLACEMENT OF UNSECURED, SUBORDINATED, FULLY PAID-UP, NON-CONVERTIBLE, BASEL III COMPLIANT, PERPETUAL DEBT INSTRUMENTS (SERIES VIII) IN THE NATURE OF DEBENTURES FOR INCLUSION IN ADDITIONAL TIER I CAPITAL OF FACE VALUE OF RS. 10.00 LACS EACH (“BONDS”) AT PAR AGGREGATING TO Rs. 1,500 CRORES BY PUNJAB NATIONAL BANK (“PNB”/ THE “ISSUER”/ THE “BANK”).

GENERAL RISK

For taking an investment decision, investors must rely on their own examination of the Issuer and the Offer including the risks involved. The Bonds have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of information/ contents of this Disclosure Document.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Disclosure Document contains all information with regard to the Issuer and the issue, which is material in the context of the issue, that the information contained in this Disclosure Document is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

CREDIT RATING

The current issue of Bonds have been rated as “**IND AA+ with Stable outlook**” by India Ratings & Research Pvt. Ltd. (“**IRRPL**”) and “**BWR AA+ with Stable Outlook**” by Brickwork Ratings. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. The ratings are not a recommendation to buy, sell or hold securities and Investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning Rating Agencies on the basis of new information. Each rating should be evaluated independent of any other rating.

LISTING

The Bonds shall be listed on the Wholesale Debt Market (“WDM”) segment of BSE Limited (“BSE”).

DEBENTURE TRUSTEE TO THE ISSUE		REGISTRAR TO THE ISSUE	
 <p>MILESTONE TRUSTEE SERVICES</p>	<p>Milestone Trusteeship Services Pvt Ltd 602, Hallmark Business Plaza, Sant Dnyaneshwar Marg Opp. Guru Nanak Hospital, Bandra (East), Mumbai — 400051 +91-22- 22 67167080 +91-22- 6716 7077 compliance@milestonetrustee.in www.milestonetrustee.in</p>	 <p>Health & Wealth We Manage Both</p>	<p>Alankit Assignments Ltd. Alankit Heights, 1E/13 Jhandewalan Extension New Delhi 110055 Tel No: 011-42541960 Fax: 011-41543474 E-mail: rta@alankit.com</p>

INTERNAL LEGAL ADVISOR FOR THE ISSUE

	<p>Mr. Sudhir Sharma Asst. General Manager - Law Division Punjab National Bank Head Office 7, Bhikaji Cama Place New Delhi - 110 066 Tel No: +91-011-26102303 Fax No: +91-011-26108741 E-mail: law@pnb.co.in</p>
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EXTERNAL LEGAL ADVISOR FOR THE ISSUE

	<p>M/s Intralegal Advocates & Consultants No. 2, Lalani Building, 1st Floor 83/85, Janmabhoomi Marg Fort, Mumbai - 400001</p>
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SOLE ARRANGER TO THE ISSUE

 <p>TRUST</p>	<p>Trust Investment Advisor Private Ltd 1101, Naman Centre, BKC, Bandra (E) Mumbai – 400 051, Ph: +91 22 40845000 Email: mbd.trust@trustgroup.in</p>
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ISSUE SCHEDULE*

ISSUE OPENS ON	FRIDAY, MARCH 03, 2017
ISSUE CLOSES ON	FRIDAY, MARCH 03, 2017
PAY IN DATES	FRIDAY, MARCH 03, 2017
DEEMED DATE OF ALLOTMENT	FRIDAY, MARCH 03, 2017

* The Bank reserves the right to pre-poner/ post-poner the above Issue Schedule at its sole and absolute discretion in consultation with the Sole Arranger, without giving any reasons or prior notice. In the event of any change in the above Issue Schedule, the Bank will intimate the investors about the revised Issue Schedule.

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I. DEFINITIONS/ ABBREVIATIONS

ALM	Asset Liability Management
ATM	Automated Teller Machine
Board/ Board of Directors	The Board of Directors of Punjab National Bank or Committee thereof
Bonds	Unsecured, Subordinated, Fully Paid-Up, Non-Convertible, Basel III Compliant, Perpetual Debt Instruments (Series VIII) In The Nature Of Debentures For Inclusion In Additional Tier I Capital Of Face Value Of Rs. 10.00 Lacs Each offered through private placement route under the terms of this Private Placement Offer Letter.
Book Closure/ Record Date	The date of closure of register of Bonds for payment of interest and repayment of principal (either on maturity or on exercise of Call Option)
CAR	Capital Adequacy Ratio

BWR	Brickwork Ratings
IRRPL	India Ratings & Research Pvt Ltd.
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Ltd.
CDR	Corporate Debt Restructuring
CRR	Cash Reserve Ratio
Debt Securities	Non-Convertible debt securities which create or acknowledge indebtedness and include debenture, bonds and such other securities of the Issuer, whether constituting a charge on the assets of the Issuer or not, but excludes security receipts and securitized debt instruments
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A Depository participant as defined under Depositories Act
Designated Stock Exchange	Bombay Stock Exchange of India Ltd.
DICGC	Deposit Insurance and Credit Guarantee Corporation of India
Director(s)	Director(s) of Punjab National Bank unless otherwise mentioned
DP	Depository Participant
ECGC	Export Credit Guarantee Corporation of India
EPS	Earning Per Share
FDI	Foreign Direct Investment
FEDAI	Foreign Exchange Dealers Association of India
FIs	Financial Institutions
FIIIs	Foreign Institutional Investors
Financial Year/ FY	Period of twelve months period ending March 31, of that particular year
Gol	Government of India/ Central Government
HUF	Hindu Undivided Family
ITSL/ Trustee	Milestone Trustee Services
Issuer/ PNB/ Bank	Punjab National Bank
Private Placement Offer Letter	Disclosure document dated March 03 rd , 2017 for private placement of Unsecured, Subordinated, Fully Paid-Up, Non-Convertible, Basel III Compliant, Perpetual Debt Instruments In The Nature Of Debentures For Inclusion In Additional Tier I Capital Of Face Value Of Rs. 10.00 Lacs Each ("Bonds") At Par Aggregating To Rs. 1,500 Crores By Punjab National Bank ("PNB"/ The "Issuer"/ The "Bank").
I.T. Act	The Income Tax Act, 1961, as amended from time to time
MoF	Ministry of Finance
NPAs	Non Performing Assets
NRIs	Non Resident Indians
NSE	National Stock Exchange of India Ltd.
NSDL	National Securities Depository Ltd.
OCBs	Overseas Corporate Bodies
PAN	Permanent Account Number
PLR	Prime Lending Rate
Rs.	Indian National Rupee
RBI	Reserve Bank of India
RTGS	Real Time Gross Settlement
RBI Guidelines	RBI Master Circular Master Circular DBOD.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 on Basel III Capital Regulations covering criteria for inclusion of debt capital instruments as Tier 1 capital (Annex 5 of the Master Circular) and minimum requirements to ensure loss absorbency of Additional Tier 1 instruments at pre-specified trigger and of all non-equity regulatory capital instruments at the point of non-viability (Annex 16 of the Master Circular) read along with RBI circular no. DBR.BP.BC.No.50/21.06.201/2016-17 dated February 02, 2017 on "Basel III Capital Regulations- Additional Tier 1 Capital".

Registrar	Registrar to the Issue, in this case being Alankit Assignments Ltd
SARFAESI Act	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended, Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide Circular No. LAD-NRO/GN/2013-14/43/207 Dated January 31, 2014, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2016 issued vide circular no. LAD-NRO/GN/2016-17/004 dated May 25, 2016.
SLR	Statutory Liquidity Ratio
TDS	Tax Deducted at Source
The Bank/ the Issuer	Punjab National Bank, constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.
The Act	Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970
The Issue/ The Offer/ Private Placement	Private Placement of Unsecured, Subordinated, Fully Paid-Up, Non-Convertible, Basel III Compliant, Perpetual Debt Instruments In The Nature Of Debentures For Inclusion In Additional Tier I Capital Of Face Value Of Rs. 10.00 Lacs Each ("Bonds") At Par Aggregating To Rs. 1,500 Crores By Punjab National Bank ("PNB"/ The "Issuer"/ The "Bank").

II. DISCLAIMER

1. DISCLAIMER OF THE ISSUER

This Private Placement Offer Letter is neither a Prospectus nor a Statement in Lieu of Prospectus and is prepared in accordance with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended. This Private Placement Offer Letter does not constitute an offer to public in general to subscribe for or otherwise acquire the Bonds to be issued by Punjab National Bank ("PNB"/ the "Issuer"/ the "Bank"). This Private Placement Offer Letter is for the exclusive use of the addressee and it should not be circulated or distributed to third party(ies). It is not and shall not be deemed to constitute an offer or an invitation to the public in general to subscribe to the Bonds issued by the Issuer. This Bond Issue is made strictly on private placement basis. Apart from this Private Placement Offer Letter, no offer document or prospectus has been prepared in connection with the offering of this Issue or in relation to the Issuer.

This Private Placement Offer Letter is not intended to form the basis of evaluation for the prospective subscribers to whom it is addressed and who are willing and eligible to subscribe to the Bonds issued by PNB. This Private Placement Offer Letter has been prepared to give general information regarding PNB to parties proposing to invest in this issue of Bonds and it does not purport to contain all the information that any such party may require. PNB believes that the information contained in this Private Placement Offer Letter is true and correct as of the date hereof. PNB does not undertake to update this Private Placement Offer Letter to reflect subsequent events and thus prospective subscribers must confirm about the accuracy and relevancy of any information contained herein with PNB. However, PNB reserves its right

for providing the information at its absolute discretion. PNB accepts no responsibility for statements made in any advertisement or any other material and anyone placing reliance on any other source of information would be doing so at his own risk and responsibility.

Prospective subscribers must make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in Bonds. It is the responsibility of the prospective subscriber to have obtained all consents, approvals or authorizations required by them to make an offer to subscribe for, and purchase the Bonds. It is the responsibility of the prospective subscriber to verify if they have necessary power and competence to apply for the Bonds under the relevant laws and regulations in force. Prospective subscribers should conduct their own investigation, due diligence and analysis before applying for the Bonds. Nothing in this Private Placement Offer Letter should be construed as advice or recommendation by the Issuer or by the Arrangers to the Issue to subscribers to the Bonds. The prospective subscribers also acknowledge that the Arrangers to the Issue do not owe the subscribers any duty of care in respect of this private placement offer to subscribe for the bonds. Prospective subscribers should also consult their own advisors on the implications of application, allotment, sale, holding, ownership and redemption of these Bonds and matters incidental thereto.

This Private Placement Offer Letter is not intended for distribution. It is meant for the consideration of the person to whom it is addressed and should not be reproduced by the recipient. The securities mentioned herein are being issued on private placement Basis and this offer does not constitute a public offer/ invitation.

The Issuer reserves the right to withdraw the private placement of the bond issue prior to the issue closing date(s) in the event of any unforeseen development adversely affecting the economic and regulatory environment or any other force majeure condition including any change in applicable law. In such an event, the Issuer will refund the application money, if any, along with interest payable on such application money, if any.

2. DISCLAIMER OF THE SECURITIES AND EXCHANGE BOARD OF INDIA

This Private Placement Offer Letter has not been filed with Securities & Exchange Board of India ("SEBI"). The Bonds have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Private Placement Offer Letter. It is to be distinctly understood that this Private Placement Offer Letter should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this Private Placement Offer Letter. The Issue of Bonds being made on private placement basis, filing of this Private Placement Offer Letter is not required with SEBI. However SEBI reserves the right to take up at any point of time, with the Issuer, any irregularities or lapses in this Private Placement Offer Letter.

3. DISCLAIMER OF THE STOCK EXCHANGE

As required, a copy of this Private Placement Offer Letter has been submitted to BSE Limited (hereinafter referred to as "BSE") for hosting the same on its website. It is to be distinctly understood that such submission of the Private Placement Offer Letter with BSE or hosting the same on its website should not in any way be deemed or construed that the Private Placement Offer Letter has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Private Placement Offer Letter; nor does it warrant that this Issuer's securities will be listed or continue to be listed on the Exchange; nor does it take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Issuer. Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange 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 any other reason whatsoever.

III. ISSUER INFORMATION

Name of the Issuer	:	Punjab National Bank
Head Office	:	7, Bhikaji Cama Place, New Delhi – 110 066
Telephone No.	:	(011) 26102303
Fax No.	:	(011) 26196456
Website	:	www.pnbindia.com
Compliance Officer for the Issue	:	Mr. Balbir Singh Chief Manager & Company Secretary Punjab National Bank Finance Division, 5 Sansad Marg, New Delhi 110 001 Tel: (011) 23708252; Fax: (011) 23766079 E-mail: balbirs@pnb.co.in
Chief Financial Officer of the Issuer	:	Mr. P K Sharma Chief Financial Officer Punjab National Bank Finance Division, 5, Sansad Marg, New Delhi - 110001 Tel: (011) 23766451; Fax: (011) 23766079 E-mail: pk.sharma2@pnb.co.in
Legal Advisor to the Issue	:	Mr. Sudhir Sharma Asst. General Manager (Law Division) Punjab National Bank Head Office 7, Bhikaji Cama Place, New Delhi - 110 066
Trustees for the Bondholders	:	Milestone Trustee Services Registered Office, 602, Hallmark Business Plaza Sant Dhyaneswar Marg, Opp Guru Nanak Hospital Bandra (East), Mumbai — 400051 Tel: (022) 22 67167080 Fax: (022) 6716 7077
Registrar to the Issue	:	Alankit Assignments Limited 1E/13 Jhandewalan Extension New Delhi – 110055 Tel No: 011-42541960 Fax No: 011- 41543474 Email Id:rta@alankit.com
Credit Rating Agencies	:	Brickwork Ratings 3 rd Floor, Raj Alkaa Park 29/3 & 32/2 Kalena Agrahara Bannerghatta Road, Bangalore – 560 076 +91 (80) 4040 9940 +91 (80) 4040 9941 India Ratings & Research Private Limited Wockhardt Tower, Level 4, West Wing, Bandra Kurla Complex, Bandra (E), Mumbai 400051 Tel: (022) 40001700
Sole Arranger of the issue:		Trust Investment Advisor Private Ltd 1101, Naman Centre, BKC, Bandra (E) Mumbai – 400 051, Ph: +91 22 40845000

IV. DETAILS OF DIRECTORS OF THE ISSUER

1. NAMES AND ADDRESSES OF THE CURRENT DIRECTORS OF THE ISSUER

The composition of the Board of Directors of the Bank as on the date of this Private Placement Offer Letter is as under:

Name, Designation & DIN (S/Shri)	Age (Years)	Address (Residential)	Director of the Bank since	Details of Other Directorships/ Membership
Ms. Usha Ananthasubramanian, MD & CEO (DIN: 02784580)	58	Punjab National Bank, 7 - Bhikaji Cama Place, New Delhi (Office)	14.08.2015	1. PNB Hosing Finance 2. PNB Gilts Ltd. 3.PNB Investment Services Ltd. 4. PNB International Ltd. London. 5. PNB MetLife India. 6. Exim Bank
Kunchu Veera Brahmaji Rao Executive Director (DIN: 06861202)	57	C-1/8, Khel Gaon Chhota Singh Block New Delhi-110049	22.01.2014	1.PNB Gilts Ltd. 2.PNB Investment Services Ltd. 3.Tengri Bank, Kazakhstan
Dr. Ram Saduba Sangapure Executive director (DIN:03297417)	58	A-265, Ganpat Andalkar Block, Asiad Village Complex, New Delhi - 110049	13.03.2014	1.PNB Housing Finance Ltd. 2. Everest Bank Ltd., Nepal
Shri Sanjiv Sharan Executive Director (DIN: 07340257)	57	Punjab National Bank 7-Bhikhaiji Cama Place New Delhi-110607	15.09.2016	1. Druk PNB Bank Ltd., Bhutan
Shri Anil Kumar Khachi Govt. of India Nominee (Non Executive Director) (DIN: 00122260)	53	Additional Secretary Ministry of Finance Deptt. Of Financial Services Jeevan Deep Bldg. New Delhi-110001	14.06.2016	None
Dr. Rabi N. Mishra RBI Nominee (Non Executive Director)	56	Principal Reserve Bank Staff College 259, Anna Salai, Teynampet CHENNAI -600 018	26.04.2016	None
Shri Mahesh Baboo Gupta CA Director (DIN: 0014313)	58	C-9, Sector 19, Noida	05.08.2016	None
Hiroo Mirchandani, Shareholder Director	55	Flat No.9, Bldg No. 3, Near Pushp Vihar, 159, Shahid Bhagat Singh Marg, Mumbai	02.05.2015	1. Tata Teleservices 2. Tata Communications Payment Solutions Ltd

(DIN: 06992518)		- 400005		3. Religare Health Insurance Co. Ltd. 4. Roots Corp. Ltd. 5. Neelkamal Ltd. 6. DFM Foods Ltd.
Sudhir Nayar, Shareholder Director (DIN: 00200415)	66	D-7/2, Vasant Vihar, New Delhi - 110057	19.12.2015	1. SML ISUZU Ltd.

2. CHANGE IN DIRECTORS OF THE ISSUER SINCE LAST THREE YEARS

Changes in the Board of Directors of the Issuer during the last three years are as under:

SN	Name (S/Sh/Smt)	Category	From	To	Remarks
1	K.V. Brahmaji Rao	Executive Director	22.01.2014	-	Appointment
2	G.P. Khandelwal	Part Time Non-Official Director	24.01.2014	23.01.2017	Term Expired
3	Dr. Ram S. Sangapure	Executive Director	13.03.2014	-	Appointment
4	Rajesh Aggarwal	GOI Director	29.01.2015	14.06.2016	Appointment
5	Prem Narain	Shareholder Director	02.05.2015	29.08.2015	Resigned
6	Hiroo Mirchandani	Shareholder Director	02.05.2015	-	Elected
7	Rajinder Mohan Singh	Shareholder Director	01.07.2015	16.01.2017	Resigned
8	Usha Ananthasubramanian	MD & CEO	14.08.2015	-	Appointed
9	Gauri Shankar	Executive Director	07.10.2013	31.03.2016	Superannuation
10	Sudhir Nayar	Shareholder Director	19.12.2015	-	Elected
11	T.C. Jhalani	Workmen Employee Director	08.03.2013	07.03.2016	Term expired
12	Dilip kumar Saha	Officer employee	26.06.2013	25.06.2016	Term expired
13	Madnesh kumar mishra	GOI Director	14.06.2016	22.07.2016	Ceased to be director
14	Anil kumar Khachi	GOI Director	22.07.2016	-	Appointed
15	Mahesh Baboo Gupta	CA Director	05.08.2016	-	Nominated
16	Sanjiv Sharan	Executive director	15.09.2016	-	Appointed

V. DETAILS OF STATUTORY AUDITORS OF THE ISSUER

1. CURRENT STATUTORY AUDITORS OF THE ISSUER

Name of Statutory Auditors	Firm Registration No.	Address & Contact Details	Auditor since
M/s Chhajed & Doshi	101794W	101, Hubtown Solaris, Near East West Flyover, N.S. Phadke Marg. Andheri (E) Mumbai - 400069 Tel/Mobile: 022-33671400/9821797379 Email: info@cndindia.com	March-15
M/s R.Devendra Kumar & Associates	114207W	205, Blue Rose Industrial Estate, Near Petrol Pump, Western Express Highway, Borivali (East), Mumbai - 400066 Tel/Mobile: 9821111282 Email: rdevendra@vabeo.com	March-15

M/s Hem Sandeep & Co.	009907N	G-59 A, Sanjay Gandhi Puram, Faizabad Road, PO: Indira Nagar, Lucknow – 226016 Tel/Mobile: 0522-4026095/9818478888 Email: hemsandeep@yahoo.com	March-15
M/s Suri & Co.	004283S	New No: 4 /Old No 55A ChevaliarSivajiGanesanSalai (South Boag Road)Thyagarayanagar Chennai 600 017 Tel/Mobile:044-24341150/9444475430 Email: chennai@suriandco.com	Dec-15
M/s SPMG & Company	509249C	3322A, II Floor, Karol Bagh, New Delhi-110005 Tel/Mobile:011-45037535/9810114536 Email: mandeep_spmg@yahoo.co.in	Dec-15

2. CHANGE IN STATUTORY AUDITORS OF THE ISSUER SINCE LAST THREE YEARS

Sl. No	Name	Address	Date of appointment	Date of cessation	Auditor of the	Remarks
1.	M/sBORKAR &MUZUMDAR	21/168,AnandNagar, OmCo-op.HousingSociety,AnandNagar Lane,OffNehruRoad,Santacruz(East) , Mumbai– 400 055 022-66899991,9820188573	Dec-11	Dec-14	Dec-11	Nil
2.	M/sG S MADHAVARAO&Co.	F 5&7,HyderabadBusinessCentre Hyderabad – 500 029 040-66662727,09390100918	Dec-11	Dec-14	Dec-11	Nil
3.	M/s PHILLIPOS & CO	No. 87/1,ColesRoad, Fraser Town,Bangalore, Karnataka – 560 005 08041251474, 09845415919	Dec-12	Dec-14	Dec-12	Nil
4.	M/sC VK & ASSOCIATES	2,SAMARTH APTS., D.S.BABREKARMARG,DADAR (W), MUMBAI- 400028 022-24468717,09820187110	Dec-12	Sep-15	Dec-12	Nil
5.	M/sKN GUTGUTIA& CO	FLATNO. 23, 2NDFLOOR, 6C, MIDDLETON STREET, KOLKATA- 700071 033-2287-3756,	Dec-12	Sep-15	Dec-12	Nil
6.	M/sRAMESH KAPOOR & CO.	N.A.KhansVilla,54,ZakuraCrossing , Near SkaustFarms,Srinagar Jammu&Kashmir 9810241087	Dec-12	Sep-15	Dec-12	Nil
7.	M/s Chhajed&Doshi	101, Hubtown Solaris, Near East West Flyover,N.S. Phadke Marg. Andheri (E) Mumbai – 400069	March-15	Continuing	March-15	Nil
8.	M/s R.Devendra Kumar & Associates	205, Blue Rose Industrial Estate, Near Petrol Pump, Western Express Highway, Borivali (East), Mumbai – 400066	March-15	Continuing	March-15	Nil
9.	M/s Hem Sandeep & Co.	G-59 A, Sanjay Gandhi Puram, Faizabad Road, PO: Indira Nagar, Lucknow – 226016	March-15	Continuing	March-15	Nil

10.	M/s Suri & Co.	New No: 4 /Old No 55A Chevaliar Sivaji Ganesan Salai (South Boag Road)Thyagarayanagar Chennai 600 017	Dec-15	Continuing	Dec-15	Nil
11.	M/s Shah Gupta & Co.	38,Bombay Mutual Building,2nd Floor, Dr.D.N.Road,Fort Mumbai- 400001, Maharashtra.	Dec-15	Sep-16	Dec-15	Nil
12.	M/s SPMG & Company	3322A, II Floor, Karol Bagh, New Delhi-110005	Dec-15	Continuing	Dec-15	Nil

VI. BRIEF SUMMARY OF BUSINESS/ ACTIVITIES OF ISSUER AND ITS LINE OF BUSINESS HIGHLIGHTS OF THE BANK

- Operating profit of the bank as on 31st December 2016 was ₹ 3154.60 Crore as compared to ₹ 2917.88 Crore during the same period last year, registering a YOY growth of 8.11%.
- Net interest Income of the Bank as on 31st December 2016 was ₹ 3731 Crore as compared to ₹ 4120 Crore during the same period last year.
- Total Business of the Bank reached Rs 997,907 crore in December 2016 as against Rs. 941,468 Crore in December 2015, showing a Y-o-Y growth of 6.00%.
- Total deposits of the bank rose by 11.60% on December 2016 compared to 13.30% as on December 15 with share of CASA deposits in total domestic deposits maintaining above the 42% mark.
- Gross advances rose by 0.20% to Rs 406,042 crore on December 2016 against Rs 405,210 crores on December 2015.
- Credit Deposit Ratio stood at 63.01% as on 31st December 16 from 71.63% as on 31st December 15
- Gross NPA stood at 13.70% in December 2016 compared to 8.47% in December 2015.
- Net NPA stood at 9.09% in December 2016 compared to 5.86 % in December 2015.
- Basel III capital adequacy ratio as on 31.12.2016 stood at 11.62% with Tier I capital constituting 8.84% (as compared to 8.52% as on 31.12.2015) and Tier II capital constituting 2.78%.

BACKGROUND OF THE BANK

Punjab National Bank is a leading public sector commercial bank in India, offering banking products and services to corporate and commercial, retail and agricultural customers. We started our operations in 1895 and since then have grown to become one of India's largest banks in terms of assets and second largest bank in terms of number of branches. Although we began our operations in the agriculturally rich areas of Northern India, we have expanded our operations to provide products and services across India through 6075 branches. Bank has presence in 9 countries- branches at Kabul, Dubai & Hongkong & Representative Offices in Almaty, Dubai, Shanghai & Oslo. Bank has joint venture with Everest Bank Ltd, Nepal. Bank's wholly owned subsidiary PNBIL has 4 branches in UK at Gresham Street, Southhall London, Leicester & Birmingham.

Our banking operations for corporate and commercial customers include a range of products and services for large corporate customers as well as for small and middle market businesses and government entities. We cater to the financing needs of the agricultural sector and have created innovative financing products for farmers. We also provide significant financing to other priority sectors including small scale industries. We offer a wide range of retail credit products including home loans, personal loans and automobile loans. Through our subsidiaries and joint ventures, we deal in Indian government securities and provide housing finance and asset management services. Through our treasury operations, we manage our balance sheet, including the maintenance of required regulatory reserves, and seek to maximize profits from our trading portfolio by taking advantage of market opportunities.

BUSINESS OVERVIEW (as on 31st December 2016)

Bank's total business reached ₹ 997,907 Crore in December 2016 as against Rs. 941,468 Crore in December 2015, showing a Y-o-Y growth of 6.00% with Bank's overseas business at ₹ 104,045 Crore.

Bank's global deposits amounted to ₹ 612,180 crore as at the end of December'16, showing an absolute accretion of ₹ 548,532 crore and a growth of 11.60% over previous year. Cost of Deposit came down to 5.38% as on Dec'16 compared to 5.92% in corresponding period last year. The yield on investments decreased from 7.93 in December 2015 to 7.64 in December 2016. Gross advances rose by 0.20% to Rs 406,042 crore on December 2016 against Rs 405,210 crores on December 2015. The loan portfolio of the Bank remains well diversified with Yield on Advances at 8.34% for the year ended December 2016.

PNB'S SUBSIDIARIES, REGIONAL RURAL BANKS AND JOINT VENTURES

DOMESTIC SUBSIDIARIES

PNB Gilts Ltd.

PNB Gilts Ltd., a subsidiary of the Bank, is engaged in the business of trading in Govt. securities, treasury bills and Non SLR Investments. It is also engaged in dealing in Money Market Instruments (Call/Notice/Term Money, Repo /Reverse Repo, Inter-corporate Deposits, Commercial Paper, Certificate of Deposit) and Mutual Funds Distribution. The company is listed at NSE and BSE.

PNB Gilts Ltd fulfilled all its obligations as a Primary dealer in both primary and secondary markets. Company's profit after tax was Rs 34.50 crore in FY'16 vis-à-vis Rs 88.27 crore posted in FY'15. The total income of the company was Rs. 343.42 crore for period ended 31.03.16 vis-à-vis Rs. 410.01 crore for the period ended 31.03.15. Company posted trading loss of Rs. 16.90 crore during FY2015-16 as against trading income of Rs 75.85 crore in the previous financial year. The total turnover of the company amounted to Rs 413787 crore.

PNB Investment Services Ltd

PNB Investment Services Ltd is an "Investment Banking" arm of Punjab National Bank, incorporated in 2009 as its wholly owned subsidiary. The company is a category I Merchant Banker registered with SEBI. PNBISL offers a gamut of financial services like managing IPO, FPO, right issue, Buy Back, Offer of Sale etc in capital market. The company is also actively engaged in other financial services like Project Appraisal, Loan Syndication, Debt Placement, stressed asset resolution, TEV studies, Merger & Acquisition and Security Trustee .The Company has its Registered Office at Delhi, Corporate Office at Mumbai, and Rep. Offices at Chennai, Hyderabad and Ahmedabad. The Company has earned total income of Rs 10.93 crore in the FY'16.

PNB Insurance Broking Pvt Ltd[#]

The Bank is holding majority stake in above company, jointly with Vijaya Bank, minor shareholder.

PNB Insurance Broking Company is non-functional. The broking license has been surrendered and liquidator has been appointed for looking after voluntary winding up process of the company.

INTERNATIONAL SUBSIDIARIES

Punjab National Bank (International) Limited (PNBIL)

During the year 2015-16, total business of PNBIL decreased from \$2975.17 million (as on 31st March 2015) to \$2804.42 million (as on 31st March 2016), registering a YoY decline of 5.74%. Deposits decreased to \$1324.21million in March 2016 (2015: \$1420.67million), while advances decreased to \$1480.21 million in March 2016 (2015: \$1554.50 million), registering YoY decline of 6.79% and 4.78% respectively. Operating profit dropped from \$41.49 million to \$38.26 million, registering YOY decline of 7.78% in the year. However, due to remarkable deterioration in the quality of assets subject to the global economic slowdown the additional provision made on Impaired assets was 71.85mn USD (total provision 110.90mn USD) this led to a loss of 27.2mn USD and the retained earnings are \$3.61 million (as on 31st March,2016).

In response to the Credit and Capital review undertaken by PRA in 2013 and subsequent Section 166 report of Mazar's our Bank had undertaken a Remediation Programme. With a view to address the concerns of the PRA, we were on a holding strategy thus having a controlled growth.

However, since there was an increase in specific provisions for impaired loans, PNBIL incurred substantial losses. Due to this the available capital of the bank reduced considerably. As a result, PNBIL had to consciously control their growth, resulting in decrease in their business figures.

Druk PNB Bank Limited

Druk PNB Bank Limited is incorporated in Bhutan and PNB holds 51% stake in the company. The Druk PNB Bank is first FDI bank in Bhutan. The total Capital of the bank is Nu.300 million. Out of which 51% share is of Punjab National Bank, 19% Bhutanese promoters and 30% initial share has already been floated to the public of Bhutan.

List of Associate Companies (where PNB has 20% or above stake):

A. Domestic:

Sr. No.	Name of Regional Rural Banks / Other Associates	Proportion of ownership
1	Madhya Bihar Gramin Bank, Patna	35%
2	Sarva Haryana Gramin Bank, Rohtak	35%
3	Himachal Gramin Bank, Mandi	35%
4	Punjab Gramin Bank, Kapurthala	35%
5	Sarva UP Gramin Bank, Meerut	35%
6	Principal PNB Asset Management Co. Pvt. Ltd.	21.38%
7	Principal Trustee Co. Pvt. Ltd.	30%
8	PNB Metlife India Insurance Company Ltd	30%
9	PNB Housing Finance Ltd.	39.08%

B. Outside India:

Sr. No	Name Of The Entity / Associates	Country Of Incorporation	Proportion Of Ownership
1	Everest Bank Ltd.	Nepal	20%
2	JSC PNB Kazakhstan	Kazakhstan	49%

REGIONAL RURAL BANKS

- At present, **five RRBs** are sponsored by our Bank which are operating in five States, namely, Bihar, Haryana, Himachal Pradesh, Punjab and Uttar Pradesh covering **74 districts** with a network of **2301 branches**.
- The aggregate paid-up capital of these Regional Rural Banks is Rs.199.30 crore. Central Government, State Governments and PNB contributed in paid-up capital of these RRBs in the ratio of 50: 15: 35 respectively. Our Bank's contribution towards capital of these RRBs is Rs.69.76 crore.
- The combined net worth of our RRBs as on March 2016 is Rs.3095 crore.
- During the year the aggregate business of all RRBs increased from Rs.45630 crore to Rs.52073 crore showing a growth of Rs.6443 crore (14.12%).
- The aggregate deposits and aggregate advances as on 31.03.2016 stood at Rs.33492 crore (YoY 14.72 %) and Rs.18581 crore (YoY 13.05 %).
- The aggregate Net profit of the RRBs as on 31.03.2016 stood at Rs.286.21 crore and YoY growth over March 2015 is negative by Rs 45.04 crore (-13.60%). All our sponsored RRBs are in Profit.
- The gross NPAs of the RRBs has increased from Rs.692 crore to Rs.872 crore (4.69% of Total Advances) during the period. Further, Net NPAs is also increased from Rs.338 crore to Rs.432 crore (i.e. 2.42% of Net Advances) as on 31.03.2016.
- During the year, 157 new branches have been opened by RRBs, taking the total net work of Branches to 2301 with all being on CBS and total numbers of employees are 8714.
- Recently, our worthy Prime Minister has launched the ambitious Pradhan Mantri Jan Dhan Yojana (PMJDY) in National mission mode with objective to cover all households in the country with banking & insurance facilities.
- Progress in opening of accounts under PMJDY as on 31.03.16 was 32, 99,189 accounts, out of which RuPay debit cards have been issued in 22, 86,660 accounts. Balance outstanding in these accounts is Rs.653.70 crore. The survey of allotted wards & Sub Service Areas (SSAs) has been completed by all RRBs in time.
- The RRBs sponsored by our Bank are actively participating in economic development of the areas of their presence. With the implementation of Core Banking Solution (CBS), rural customers are also getting benefit of latest technology thus providing services to the rural poor under Financial Inclusion Plan at their doorsteps.
- RRBs are also opening NRE/NRO accounts. The facility of NEFT, RuPay ATM cards & KCC cards, KIOSK banking solution (KBS) under FIP, Aadhar Payment Bridge System (ABPS) under DBT etc. is also being provided to customers in all the RRBs.
- We have achieved all the SOI targets (given by the Ministry of Finance, Govt. of India, DFS to Punjab National Bank) for March 2015. Position is as under:

Performance of RRBs as on 31.03.2016 (Audited)

(Amt. in Rs. Crore)

S. No.	Performance of RRBs	31 st Mar'15 (Audited)	Mar'16 Final Goal	31 st Mar'16 (Audited)	YoY Growth %
1	Aggregate deposits	29194	31748	33492	14.72
2	Aggregate Advances	16436	17915	18581	13.05
3	Aggregate net profit	331.25	333	286.21	-13.6
4	Branches under CBS	100%	100%	100%	
5	Profit Per Employee (Rs lakh)	4.04	3.6	3.28	-18.68
6	No. of Loss Making Branches (being 12 month old or more)	93	150	84	

Outside India:

Sr. No.	Name of Associate	Country of Incorporation	Proportion of ownership
1	Everest Bank Ltd.	Nepal	20%
2	JSC SB PNB Kazakhstan	Kazakhstan	49%

BRANCH NETWORK OF THE BANK

The population group wise break up of branches of the Bank is as under (as on 31st December 2016):

Population Group-31.12.2016	Number of Branches	% Share to Total
Rural	2,705	39.27%
Semi-Urban	1,671	24.26%
Urban	1,420	20.62%
Metro	1,092	15.85%
Total	6,888	100.00%

Deposits (As on 31st December 2016)

(Rs. in crore)

	Mar'12	Mar'13	Mar'14	Mar'15	Dec'15	Mar'16	Dec'16
1. Current	28472	29874	31499	33581	36462	36157	40778
Growth % yoy	6.09%	4.92%	5.44%	6.61%	22.88%	7.67%	11.84%
2. Savings	105657	123470	141373	150200	161460	169426	221997
Growth % yoy	13.02%	16.86%	14.50%	6.24%	12.54%	12.80%	37.49%
3. Fixed	245459	238216	278525	317598	350610	347468	349405
Growth % yoy	27.46%	-2.95%	16.92%	14.03%	12.74%	9.40%	-0.34%
Total Deposits	379588	391560	451397	501379	548532	553051	612180
Growth % yoy	21.31%	3.15%	15.28%	11.07%	13.30%	10.31%	11.60%

Advances (As on 31st December 2016)

(Rs. in crore)

	Mar'12	Mar'13	Mar'14	Mar'15	Dec'15	Mar'16	Dec'16
Total Advances (Net)	293775	308796	349269	380534	405210	412325.8	406042
Growth %	21.34%	5.11%	13.11%	8.95%	8.90%	8.35%	0.21%
C-D Ratio	77.39%	78.86%	77.38%	75.90%	71.63%	74.55%	63.01%

Non-Performing Assets

(Rs. in crore)

	Mar'12	Mar'13	Mar'14	Mar'15	Dec'15	Mar'16	Dec'16
Gross NPAs at start of year	4379	8720	13466	18880	25695	25695	55818
Reductions	2331	3901	5396	9845	10064	12128	18319
- Cash Recovery	1675	1942	2611	2925	3357	4262	9283
- Upgradation	530	962	1429	1000	1630	1382	2480
- Write-off	126	997	1355	5920	5076	6485	6556
Additions	6672	8647	10810	16660	18707	42252	18128
Gross NPAs at end of year/qtr	8720	13466	18880	25695	34338	55818	55628
Gross NPA %	2.93%	4.27%	5.25%	6.55%	8.47%	12.90%	13.70%
Net NPAs	4454	7237	9917	15396	22983	35423	34994
Net NPAs %	1.52%	2.35%	2.85%	4.06%	5.86%	8.61%	9.09%
NPA Coverage ratio (%)	62.73%	58.83%	59.07%	58.21%	53.85%	51.06%	54.96%

Asset Classification

(Rs. in crore)

Classification of assets as on	Mar'12	Mar'13	Mar'14	Mar'15	Dec'15	Mar'16	Dec'16
Standard	289173	301777	340766	366727	370872	376957	350415
Sub-standard	5409	6671	7268	12622	18580	25522	23205
Doubtful	2871	5400	10783	12246	14814	28506	29862
Loss	440	1396	830	826	945	1790	2560
Gross Adv.	297893	315243	359646	392422	405210	432775	406042

Capital Adequacy Position of the Bank

(Rs. in crore)

Capital Adequacy	Mar'12	Mar'13	Mar'14	Mar'15	Dec'15	Mar'16	Dec'16
Total Capital	36853	41273	42928	48546	49807	47921	51170
TIER 1 Capital	27080	31664	33059	36991	37714	35718	38912
TIER 2 Capital	9773	9608	9867	11555	12093	12203	12258
Risk Weighted Assets (BASEL II)	291919	324380	372548	397610	442538	424868	440424
Total CRAR	12.63%	12.72%	11.52%	12.21%	11.25	11.28%	11.62
TIER 1	9.28%	9.76%	8.87%	9.30%	8.52	8.41%	8.84
TIER 2	3.35%	2.96%	2.65%	2.91%	2.73	2.87%	2.78

Key Accounting Ratios

	Mar'12	Mar'13	Mar'14	Mar'15	Dec'15	Mar'16	Dec'16
Return on Equity (%)	18.52	15.19	9.69	8.12	4.55	-11.21	3.67
Earnings per Share (amt in Rs)	154.02	27.90	18.78	16.91	10.00	-20.82	7.00
Book Value per Share (amt in Rs.)	777.35	176.81	190.50	203.24	208.00	180.61	182.00
Cost of Deposits	6.59%	6.82%	6.33%	6.09%	5.92%	5.85%	5.38
Yield on Advances	11.67%	11.06%	10.36%	9.88%	9.59%	9.10%	8.49
Net Interest Margin	3.84%	3.52%	3.44%	3.15%	2.87%	2.60%	2.43
Net Profit Per Employee (in Lac)	8.42	8.06	5.49	4.83	2.78	-6.02	2.05
Return on Assets (%)	1.19	1.00	0.64	0.53	0.29	-0.61	0.21
Business Per Employee (In Lac)	1132	1165	1283	1319	1308	1359	1358.47
Business Per Branch	11603	11685	12610	12742	13041	13265	13612.10

Net Investment

(Rs. in crore)

	Mar'12	Mar'13	Mar'14	Mar'15	Dec'15	Mar'16	Dec'16
1. Government Securities	99759	107599	112290	123954	131754	126496	184757
2. Other Approved Securities	223	211	187	188	188	188	188
3. Shares	2611	2574	2754	3603	4877	4533	4871
4. Debentures & Bonds	7637	9969	18111	14797	19096	18866	23238
5. Subsidiaries & Joint Ventures	1352	1495	1727	2091	2238	2305	753
6. Others	11120	8049	8716	6650	6948	5457	2775
Total Investment (Net)	122703	129896	143786	151282	165101	157846	216583
Growth % yoy	28.94%	5.86%	10.69%	5.21%	17.19%	4.34%	31.18%

Statement of Net Worth

(Rs. in crore)

	Mar'12	Mar'13	Mar'14	Mar'15	Dec'15	Mar'16	Dec'16
Share Capital	339	353	362	371	393	393	426
Reserves & surplus	27476	32323	35533	38709	41807	37917	41983
Capital & Reserves	27815	32677	35895	39080	42199	38310	42409
Less : Revaluation Reserves	1450	1429	1408	1388	1372	2845	3766
Net Worth	26366	31248	34487	37692	40827	35465	38643
Less : Intangible Assets	455	608	634	1602	2745	4711	5249
Goodwill	0	0	0	0	0	0	0
Computer Software amortized	37	58	80	88	95	93.9	76
Deferred tax asset	418	550	555	1513	2650	4617	5172
Tangible Net Worth	25911	30640	33853	36090	38082	30754	33394
Growth %	32.06%	18.25%	10.48%	6.61%	4.18%	-14.79%	-12.31%

VII. KEY OPERATIONAL & FINANCIAL PARAMETERS OF THE ISSUER FOR THE LAST 3 AUDITED YEARS

(in Rs crore)

	Mar'13	Mar'14	Mar'15	Dec'15	Mar'16	Dec'16
Capital	353	362	371	393	393	426
Reserves & Surplus (excl. revaluation reserves)	30895	34125	37321	40434	35073	38217
Net Worth	31248	34487	37692	40827	35465	38643
Total Deposits	391560	451397	501379	548532	553051	612180
Borrowings	39621	48034	45671	39989	59755	43205
Investments (Net)	129896	143786	151282	165101	157846	221819

Advances	308796	349269	380534	392937	412326	385727
Fixed Assets	3300	3340	3463	3650	5129	6118
Total Interest Income	41886	43223	46315	36600	47424	35389
Total Interest Expenses	27037	27077	29760	24056	32113	24080
TOTAL INCOME (A + B)	46109	47800	52206	41025	54301	42646
TOTAL EXPENSES (A + B)	35202	36416	40251	32037	42085	32905
Operating profit	10907	11384	11955	8988	12216	9741
Provisions & Contingencies	6160	8042	8893	7596	16191	8678
Net Profit	4748	3343	3062	1393	-3974	1063

DEBT EQUITY RATIO OF THE ISSUER

(Rs. in crore)

Particulars	Pre-Issue (as on 31.12.2016)	Post Issue of Bonds of Rs. 1500.00 Crore
TOTAL DEBT (Subordinated Debt)		
Tier-I Bonds (Perpetual Debt Instruments)	3521	5021
Upper Tier-II Bonds	6110	6110
Subordinate debts for Tier II Capital	5000	5000
Long term infrastructure bonds	2800	2800
TOTAL	17431	18931
SHAREHOLDERS' FUNDS		
Share Capital	426.00	426.00
Reserve & Surplus (excluding Revaluation Reserve)	38217	38217
TOTAL	38643	38643
Gross Debt/ Equity Ratio	0.45	0.49

PROJECT COST AND MEANS OF FINANCING, IN CASE OF FUNDING OF NEW PROJECTS

The funds being raised by the Bank through present issue of Bonds are not meant for financing any particular project. The Bank shall utilise the proceeds of the Issue for its regular business activities and other associated business objectives such as discharging existing debt obligations which were generally undertaken for business operations. The Bank undertakes that proceeds of the Issue shall not be used for any purpose which may be in contravention of the regulations/ guidelines/ norms issued by the RBI/ SEBI/ Stock Exchange.

VIII. BRIEF HISTORY OF ISSUER SINCE INCEPTION, DETAILS OF ACTIVITIES INCLUDING ANY REORGANIZATION, RECONSTRUCTION OR AMALGAMATION, CHANGES IN CAPITAL STRUCTURE, (AUTHORIZED, ISSUED AND SUBSCRIBED) AND BORROWINGS

HISTORY OF THE BANK AND MAJOR EVENTS

We were incorporated under the Indian Companies Act, 1882 (Act VI of 1882) in 1894 as Punjab National Bank Limited and commenced operations on April 12, 1895 from Lahore. Upon nationalisation in 1969, we were renamed Punjab National Bank.

1904-13

- The Bank expanded from Punjab to Karachi and Peshawar in 1904.
- In 1908, the Bank began its first dealings abroad by asking its Bombay branch to open an account in London.

1914-1921

- In 1914, the Bank made a public issue of 5,000 shares.
- In 1919, the Bank took steps to establish an agency at London and an agency account with the London City Midland Bank Ltd.

1922-1939

- In 1926, the Bank was admitted to the clearing house of Calcutta.
- In 1928, Bhagat Ishwar Das became the first 'Chairman Emeritus' of the Bank.
- In 1929, a system of continuous audit was introduced to prevent possibility of fraud and the inspection of staff was strengthened.

1940-49

- In January 1940 the Bank made its first acquisition of Bhagwandas Bank Limited.
- On June 29, 1947 the registered office of the Bank was shifted from Lahore to New Delhi.
- In 1949, the Punjab National Bank Workmen's Union came into existence.

1950- till date

- In 1952, Bharat Bank merged with us.
- In 1956, Indo Commercial Bank merged with us.
- In 1961, Universal Bank of India merged with the Bank.
- In 1969, 14 private banks including our Bank were nationalised.
- The first overseas branch of the Bank was opened in London in 1978 and closed in 1986 under instructions from the RBI.
- In 1986, Hindustan Commercial Bank merged with the Bank.
- In 1993, New Bank of India merged with the Bank, which was the first ever merger of a nationalised bank with another.
- In 2002, we had an initial public offering of shares of the Bank which resulted in the reduction of the government's shareholding in the Bank.
- In 2003, the erstwhile Nedungadi Bank, a Kerala based private bank, was amalgamated with the Bank.
- In 2005, Bank came out with an Follow on Public Offer of 8 crore shares at a price of Rs.390 per share aggregating Rs.3120 crore, resulting in further reduction of Government shareholding to 57.80%
- During 2008-09 the bank achieved the landmark of becoming the largest Nationalised Bank to bring all branches/Extension counters in to Core Banking Solution (CBS).
- The number of branches we operated grew from 619 at the time of nationalization in 1969 to reach 6634 by September 30, 2015.

CAPITAL STRUCTURE

Particulars	(Amount in Rs crore)
	As on 31.03.2016
A. Authorised Share Capital	
15,000,000,000 Equity Shares of Rs. 2 each	3,000.00
B. Issued, Subscribed and Paid-Up Capital	
1,854,556,947 Equity Shares of Rs.2 each fully paid-up	392.72
C. Share Premium Account	8712.92

Note: In March 2002, the Bank had raised equity capital by way of Public Issue of 530,61,200 Equity Shares of Rs 10/- each at a price of Rs 31/- each, aggregating to Rs 164.49 Crore. In March 2005 the Bank raised additional Equity Capital by way of Public Issue of 800,00,000 Equity Shares of Rs 10/- each at a price of Rs 390/- each, aggregating to Rs 3120 Crore. During FY 2014-15, the bank allotted 4,42,07,317 Equity shares of Rs. 2/- each to the Government of India. After the issue, the Government of India holds 59.86% of the equity capital of the Bank. During FY 2015-16, the bank allotted 10,90,40,543 Equity shares of Rs. 2/- each to the Government of India. After the issue, the Government of India holds 62.08% of the equity capital of the Bank. During FY 2016-17 (till 31.01.2017), the bank allotted 16,43,70,768 Equity shares to the Government of India. After the issue, the Government of India holds 65.01% of the equity capital of the Bank.

EQUITY SHARE CAPITAL HISTORY OF THE ISSUER

Date of Allotment	No of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (Cash, other than cash etc)	Nature of Allotment	Cumulative			Remark
						No of equity shares	Equity Share Capital (Rs. Crore)	Equity Share Premium (Rs. Crore)	
28.03.2011	1509657	10/-	1218.82	Cash	Preferential	316812157	316.81	2193.92	
26.03.2012	15840607	10/-	1003.69	Cash	Preferential	332652764	332.65	-	LIC
30.03.2012	6525919 (22366526)	10/-	1003.69	Cash	Preferential	339178683	339.18	4416.46	GOI Total (Allotment to LIC and GoI was made on different dates). Share premium as on 31.03.12 is given.
04.03.2013	14294713	10/-	873.05	Cash	Preferential	353473396	353.47	5650.16	
16.12.2013	8596530	10/-	581.63	Cash	Preferential	362069926	362.07		
31.03.2015	44207317	2/-	196.80	Cash	Preferential	1854556947	370.91		
30.09.2015	109040543	2/-	158.84	Cash	Preferential	1963597490	392.72		
14.09.2016	164370768	2/-	128.49	Cash	Preferential	2127968258	425.59		

CHANGES IN CAPITAL STRUCTURE OF THE ISSUER FOR LAST FIVE YEARS

Particulars of change	Amount (Rs Crore)	Date of Change
Increase in Capital-FY.2008-09	Nil	Nil
Increase in Capital-FY2009-10	Nil	Nil
Increase in Capital-FY.2010-11	1.51 (316.81)	28.03.2011
Increase in Capital-FY2011-12	22.37 (339.18)	26.03.2012 and 30.03.2012
Increase in Capital-FY.2012-13	14.29 (353.47)	04.03.2013
Increase in Capital-FY.2013-14	8.60 (362.07)	16.12.2013
Increase in Capital-FY.2014-15	8.84 (370.91)	31.03.2015
Increase in Capital-FY.2015-16	21.81 (392.72)	30.09.2015
Increase in Capital-FY.2016-17 (till date)	32.87 (425.59)	14.09.2016

DETAILS OF ANY ACQUISITION OR AMALGAMATION IN THE LAST 1 YEAR: NIL

DETAILS OF ANY REORGANIZATION OR RECONSTRUCTION IN THE LAST 1 YEAR: NIL

SHAREHOLDING PATTERN

(as on Dec 31, 2016)

Sl. No.	Category of Shareholder	No of Shareholders	Total No of Shares	Total Shareholding as a %of Total No. of Shares
(A)	Shareholding of Promoter and Promoter Group			
1	Indian			
(a)	Central Government /State Government(s)	1	1383459223	65.01
	Sub Total	1	1383459223	65.01
2	Foreign			
	Total shareholding of Promoter and	1	1383459223	65.01
(B)	Public Shareholding			
1	Institutions			
(a)	Mutual Funds/ UTI	76	96831558	4.55
(b)	Financial Institutions/	21	2404178	0.11
(c)	Central Govt/State Govt.	2	321800	0.02
(d)	Insurance Companies	62	290476376	13.65
(e)	Foreign Institutional	168	221016363	10.39
(f)	FFI/Banks	0	0	0
	Sub Total	329	611050275	28.72
2	Non-Institutions			
(a)	Bodies Corporate	2092	19117620	0.90
(b)	Individuals			
	Individual shareholders holding nominal share capital up	376948	100425357	4.72
	Individual shareholders holding nominal share capital in excess of Rs2	7	2406797	0.11
(c)	Any Others (Specify)			
(i)	Non Resident Indians	1391	654057	0.03
(ii)	Overseas Corporate	1	4715	0
(iii)	Trusts	39	1931312	0.09
(iv)	Clearing Members	325	6971145	0.33
	Foreign Nationals			0
	HUF	5261	1947757	0.09
	Sub Total	7017	11508986	0.54
	Total Public	386393	744509035	34.99
	Total(A)+(B)	386394	2127968258	100.00
(C)	Shares held by Custodians and against which	-	-	-

TOP 10 SHAREHOLDERS

The Government of India through Ministry of Finance holds 65.01% of the equity Capital of the Bank. The details of Top-10 shareholders (as on 31.12.2016) are as under:

SN	Name of Shareholder	Number of Shares Held	% Shareholding
1	President Of India	1383459223	65.01
2	Life Insurance Corporation Of India	266505945	12.52
3	Hdfc Trustee Company Limited	59447585	2.79
4	Lazard Asset Management Llc	56702802	2.66
5	California Public Employees' Retirement System	11871660	0.56
6	Franklin Templeton Mutual Fund	11500000	0.54
7	Sbi Life Insurance Co. Ltd	9910408	0.47
8	Calstrs Managed By Lazard Asset Management Llc	8577564	0.40

9	Lazard/Wilmington Collective Trust	8065106	0.38
10	DSP Blackrock Balanced Fund	8017162	0.38

PROMOTER HOLDING IN THE ISSUER AS ON 31.12.2016

Sr. No.	Name of Shareholder	Total No. of Equity Shares held	Total shareholding as a %age of Total No. of Equity Shares	No of Equity Shares Pledged	% of Equity Shares pledged with respect to shares owned
1	President of India	1383459223	65.01%	Nil	N/A

BORROWINGS

Particulars of Borrowings 31.12.2016

(Rs. in crore)

Borrowing in India		
Borrowings from Other Banks		2991
Borrowings from Other Institutions and Agencies		2482
Unsecured Redeemable Bonds		17431
Sub Total		22904
Borrowings Outside India		
		20302
Grand Total		43205

Besides the above, the Bank has raised unsecured subordinated bonds, details of which are as under:

1. PRIVATE PLACEMENT OF BONDS (As on 31.12.2016)

The Bank has raised Tier I / Tier II capital by way of private placement of Unsecured Non-Convertible Bonds in the nature of Promissory Notes/ debentures to augment capital adequacy. The details of the same are as under:

Series	Date of Allotment	Amount (Rs. cr.)	Tenor (months)	Coupon (%)	Redemption Date
Upper Tier-II Bonds:					
Upper Tier II Series II*	12.12.2007	500.00	180	9.35	December 12, 2022
Upper Tier II Series III*	05.03.2008	510.00	180	9.35	March 05, 2023
Upper Tier II Series IV*	27.03.2008	600.00	180	9.45	March 27, 2023
Upper Tier II Series V*	29.09.2008	500.00	180	10.85	September 29, 2023
Upper Tier II Series VI*	22.12.2008	500.00	180	8.95	December 22, 2023
Upper Tier II Series VII*	18.02.2009	1000.00	180	9.15	Feb 18, 2024
Upper Tier II Series VIII*	21.04.2009	500.00	180	8.80	April 21, 2024
Upper Tier II Series IX*	04.06.2009	500.00	180	8.37	June 4, 2024
Upper Tier II Series X*	09.09.2009	500.00	180	8.60	September 09, 2024
Upper Tier II Series XI*	27.11.2009	500.00	180	8.60	November 27, 2024
Upper Tier II Series XII*	24.05.2010	500.00	180	8.50	May 24, 2025
Basel III Bonds:					
Tier II Series XIV#	24.02.2014	1000.00	120	9.65	February 24, 2024
Tier II Series XV^	28.03.2014	500.00	120	9.68	March 28, 2024
Tier II Series XVI^	03.04.2014	500.00	120	9.68	April 3, 2024
Tier II Series XVII^	09.09.2014	500.00	120	9.35	September 9, 2024
Tier II Series XVIII^	30.09.2014	1000.00	120	9.25	September 30, 2024
Tier II Series XIX^	05.02.2016	1500.00	120	8.65	February 05, 2026
IPDI Bonds:					
Tier I Perpetual Bond Series I**	20.07.2007	500.00	Perpetual	10.40	Perpetual

Tier I Perpetual Bond Series II**	11.12.2007	300.00	Perpetual	9.75	Perpetual
Tier I Perpetual Bond Series III**	18.01.2008	300.00	Perpetual	9.45	Perpetual
Tier I Perpetual Bond Series IV**	19.01.2009	220.50	Perpetual	8.90	Perpetual
Tier I Perpetual Bond Series V**	28.08.2009	500.00	Perpetual	9.15	Perpetual
Tier I Perpetual Bond Series VI**	27.11.2009	200.00	Perpetual	9.00	Perpetual
Additional Tier-1	13.02.2015	1500	Perpetual	9.15	Perpetual
Long Term Bonds					
Long Term Bonds (Borrowing)	09.02.2015	1000	120	8.23	09.02.2025
Long Term Bonds (Borrowing)	24.03.2015	1800	120	8.35	24.03.2025

Note: The Bank has redeemed Series I to Series X and NBL 2000 on the due dates

These bond include option of either temporary or permanent written down (at the option of RBI) on occurrence of a PONV breach event under relevant Basel III guidelines

^ These bond include option of permanent written down (at the option of RBI) on occurrence of a PONV breach event under relevant Basel III guidelines

* Bond has call option after 10 years and coupon will go up by 0.50% after 10 years if not called back.

** Bond has call option after 10 years and thereafter on each coupon date: coupon will go up by 0.50% after 10 years if not called back.

2. CERTIFICATE OF DEPOSITS ISSUED BY THE ISSUER AS ON 31.12.2016:

Nil

TOP 10 BONDHOLDERS (as on 27th January 2017)*

S.N.	Name of bondholder	Total face value amount of bonds held (Rs. in crore)	% Holding
1.	LIFE INSURANCE CORPORATION OF INDIA	3430.00	19.68
2.	LIFE INSURANCE CORPORATION OF INDIA P & GS FUND	2575.90	14.78
3.	CBT EPF-05-C-DM	1141.00	6.55
4.	ICICI BANK LTD	961.00	5.51
5.	CBT-EPF-11-E-DM	824.00	4.73
6.	CBT EPF-05-B-DM	725.30	4.16
7.	CBT EPF-05-D-DM	637.50	3.66
8.	STATE BANK OF INDIA EMPLOYEES PENSION FUND	535.00	3.07
9.	CBT-EPF-05-E-DM	500.00	2.87
10.	CBT EPF-05-A-DM	445.00	2.55
Total		11774.70	67.67

* Top 10 holders of bonds have been shown on a cumulative basis for all outstanding bonds.

AMOUNT OF CORPORATE GUARANTEES ISSUED BY THE ISSUER IN FAVOUR OF VARIOUS COUNTER PARTIES INCLUDING ITS SUBSIDIARIES, JOINT VENTURE ENTITIES, GROUP COMPANIES ETC.

The Issuer has not issued any corporate guarantee in favour of any counterparty including its joint venture entities, group companies etc.

OTHER BORROWINGS (INCLUDING HYBRID DEBT LIKE FOREIGN CURRENCY CONVERTIBLE BONDS (“FCCBs”), OPTIONALLY CONVERTIBLE BONDS/ DEBENTURES/ PREFERENCE SHARES)

The Bank has not issued any hybrid debt like Foreign Currency Convertible Bonds (“FCCBs”), Optionally Convertible Bonds/ Debentures (“OCBs”)/ Preference Shares etc.

PARTICULARS OF DEBT SECURITIES ISSUED (I) FOR CONSIDERATION OTHER THAN CASH, WHETHER IN WHOLE OR PART, (II) AT A PREMIUM OR DISCOUNT, OR (III) IN PURSUANCE OF AN OPTION

The Bank hereby confirms that it has not issued any debt securities or agreed to issue any debt securities for consideration other than cash, whether in whole or in part, at a premium or discount or in pursuance of an option since inception.

SERVICING BEHAVIOR ON EXISTING DEBT SECURITIES AND OTHER BORROWINGS

The Bank hereby confirms that:

- a) The main constituents of Bank’s borrowings have been in the form of borrowings from RBI, inter-bank borrowings, call money borrowings, term money borrowings, savings bank deposits, current account deposits, term deposits, subordinated bonds, certificate of deposits etc.
- b) The Bank has been servicing all its principal and interest liabilities on time and there has been no instance of delay or default since inception.
- c) The Bank has neither defaulted in repayment/ redemption of any of its borrowings nor affected any kind of roll over against any of its borrowings in the past.

IX. AUDITED STANDALONE & CONSOLIDATED FINANCIAL INFORMATION OF THE ISSUER

Standalone Statement of Profit & Loss

(in Rs crore)

S No	Particulars	Year ended March 31,2014	Year ended March 31,2015	Year ended March 31,2016
I	INCOME			
	Interest Earned	43,223.25	46,315.36	47424.35
	Other Income	4,576.71	5,890.73	6877.02
	TOTAL	47,799.96	52,206.09	54301.37
II	EXPENDITURE			
	Interest Expended	27,077.28	29,759.79	32112.57
	Operating Expenses	9,338.23	10,491.55	9972.45
	Provisions and Contingencies	8,041.88	8,893.17	16190.74
	TOTAL	44,457.39	49,144.51	58275.76
III	PROFIT			
	Net Profit for the period	3,342.57	3,061.58	-3974.40
	Available for Appropriation	3,342.57	3,061.58	-3974.40
IV	Appropriations			
	Statutory Reserve	835.64	765.40	0.00
	Capital Reserve	46.58	85.40	111.73
	Revenue and Other Reserves	1,809.61	937.67	-4080.33
	Dividend proposed for the year	0.00	612.32	0.00
	Interim Dividend@100% of paid up	362.06	0.00	0.00
	Tax on Dividend proposed for the year	61.53	125.37	0.00
	Add Balance Transferred from provision for Tax on Dividend	-2.86	-2.98	-5.80
	Special Reserve u/s 36(1)	230.00	275.00	0.00

	Balance in Profit & Loss Account	0.00	0.00	0.00
	TOTAL	3,342.57	3,061.58	-3974.4
	Basic & Diluted Earnings per Share (in Rs)	18.78	16.91	-20.82

Consolidated Statement of Profit & Loss

(in Rs crore)

S.No	Particulars	Year ended March 31,2014	Year ended March 31,2015	Year ended March 31,2016
I	INCOME			
	Interest Earned	44,958.09	48,709.82	50803.87
	Other Income	4,710.34	6,174.60	6976.60
	TOTAL	49,668.43	54,884.42	57780.47
II	EXPENDITURE			
	Interest Expended	28,220.27	31,343.05	34330.59
	Operating Expenses	9,581.49	10,808.99	10349.88
	Provisions and Contingencies	8,332.06	9,390.96	16763.27
	TOTAL	46,133.82	51,543.00	61443.74
	Consolidated Net Profit for the year of the parent & subsidiaries before Minority interest	3,534.61	3,341.41	-3663.27
	Less : Minority Interest	56.83	125.84	179.69
	Consolidated Net Profit for the year of the parent & subsidiaries after Minority interest	3,477.78	3,215.57	-3842.96
	Shares of earnings in Associates (net)	139.29	184.02	153.19
	Consolidated Net Profit for the year attributable to the group	3,617.07	3,399.59	-3689.77
	Add: Brought forward consolidated profit attributable to the group	542.67	647.70	846.68
	Add: Transfer from Capital Reserve	0.00	0.00	0.00
	Profit available for Appropriation	4,159.74	4,047.29	-2843.09
	APPROPRIATIONS			
	Transfer to Reserve (Net)			
	Statutory reserve	871.66	798.44	35.32
	Capital reserve Others	58.42	96.12	115.30
	Investment Fluctuation Reserve	0.00	282.77	20.85
	Other reserve	1,878.56	940.96	-4097.25
	Special Reserve	236.80	306.24	58.68
	Dividend Including Dividend Tax			
	Proposed Dividend	42.05	805.16	74.91
	Interim Dividend	420.73	0.00	0.00
	Balance Carried over to consolidated Balance Sheet	647.96	816.54	954.90
	Total	4,159.74	4,047.29	-2843.09
	Earnings per Share Non Annualized (in Rs)(Nominal value per share Rs10)	20.32	18.78	-20.38

Standalone Balance Sheet

(in Rs crore)

Particulars	As on March 31, 2014	As on March 31, 2015	As on March 31, 2016
CAPITAL & LIABILITIES			
Capital	362.07	370.91	392.72
Reserves and Surplus	35,533.25	38,708.61	37917.42

Deposits	451,396.75	501,378.64	553051.13
Borrowings	48,034.40	45,670.55	59755.24
Other Liabilities and Provisions	15,093.44	172,014.89	16273.94
TOTAL	550,419.91	603,333.60	667390.45
ASSETS			
Cash and Balances with Reserve Bank of India	22,245.58	24,224.94	26479.07
Balances with Banks and Money at Call and Notice	22,972.87	31,709.23	47144.02
Investments	143,785.50	151,282.35	157845.89
Advances	349,269.12	380,534.41	412325.80
Fixed Assets	3,419.74	3,551.48	5222.73
Other Assets	8,727.10	12,031.20	18372.94
TOTAL	550,419.91	603,333.60	667390.45
Contingent Liabilities	216,274.48	273,945.38	335795.92
Bills for Collection	20,325.97	19,640.62	23221.19

Consolidated Balance Sheet

(in Rs crore)

Particulars	As on March 31, 2014	As on March 31, 2015	As on March 31, 2016
CAPITAL&LIABILITIES			
Capital	362.07	370.91	392.72
Reserves and Surplus	37,731.15	41668.53	41411.53
Minority Interest	423.11	548.95	728.65
Deposits	4,61,203.53	5,15,245.43	570382.64
Borrowings	59,033.31	59,204.76	81673.74
Other Liabilities and Provisions	16,067.31	18,972.59	18203.68
TOTAL	174,824.48	636,011.17	712792.96
ASSETS			
Cash and Balances with Reserve Bank of India	22,406.14	24,435.78	26492.19
Balances with Banks and Money at Call and Short Notice	24,459.85	33,823.44	50557.19
Investments	1,49,224.70	1,56,761.66	165126.48
Loans & Advances	3,66,073.21	4,04,614.06	446083.03
Fixed Assets	3,490.44	3,655.77	5308.12
Other Assets	9,166.14	12,720.46	19225.95
TOTAL	174,824.48	636,011.17	712792.96
Contingent Liabilities	2,21,673.88	2,82,956.16	339168.05
Bills for Collection	20,325.97	19,640.62	23255.66

Standalone Cash Flows Statement

(in Rs crore)

S N	Particulars	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
A	Cash flow from operating activities:			
	Net Profit after Tax	3,342.57	3,061.58	-3,974.40
	Add: Provision for Tax (net of deferred tax)	1,347.93	895.67	-1,763.49
	Profit before taxes (i)	4,690.50	3,957.25	-5,737.88
	(ii) Adjustment for			
	Depreciation Charges (Gross) / Fixed Assets	373.06	390.86	416.36
	Less: Amount drawn from Revaluation Reserve	-20.67	-20.63	-20.63
	Provision for NPAs, Floating provision towards	4,517.08	7,979.19	18,469.15

	NPAs and Bad Debts Write off			
	Provision on standard assets & Standard Restructured Accounts	1,374.00	491.12	-1,370.71
	Other Provisions (net)	68.86	102.17	520.29
	Depreciation/(Release),Write off, Provision on Investment(net)	782.75	-567.03	345.49
	Dividend from subsidiary/Other(Investing activity)	-28.46	-35.03	-38.34
	Interest on Bonds (financing Activity)	939.43	1,224.28	1,646.81
	Profit/Loss on sale of Fixed asset (net)	-4.68	-2.62	-2.50
	ii)	8,001.38	9,562.31	19,965.91
	Operating Profit before Change in Operating assets and liabilities (i+ii)	12,691.89	13,519.56	14,228.03
	iii) Adjustment for net change in operating Assets and liabilities			
	Decrease/(Increase) in Investment	-14,439.64	-8,616.76	-8,099.65
	Decrease/(Increase) in advances	-44,990.30	-39,604.72	-50,260.54
	Decrease/(Increase) in other Assets	1,239.67	135.83	-1,823.04
	Increase/(Decrease) in Deposits	59,836.68	49,981.89	51,672.49
	Increase/(Decrease) in Borrowings	7,678.48	-8,663.86	12,584.70
	Increase/(Decrease) in Other Liabilities & Provisions	-2,678.27	1,225.71	785.55
	(iii)	6,646.61	5,541.91	4,859.49
	Cash generated from Operations (i+ii+iii)	19,338.51	7,977.65	19,087.52
	Tax Paid (net of refund)	-1,609.39	-2,358.98	-1,472.15
	Net cash from operating activities (A)	17,729.11	5,618.67	17,615.37
B	Cash flow from investing activities:			
	Purchase of Fixed assets(Net of sale)	-4,30.44	-519.97	-607.25
	Dividend received from Subsidiaries/JVs/RRBs	28.46	35.02	38.34
	Investment in Subsidiaries/JVs/RRBs	-232.42	-363.73	-213.82
	Net cash used in investing activities (B)	-634.40	-848.67	-782.74
C	Cash flow from financing activities:			
	Share Capital (Incl. Premium)	499.99	870.00	1,732.00
	Bonds(Tier I & Tier II) Issued/Redemption	735.00	6,300.00	1,500.00
	Interest paid on Bonds	-939.43	-1,224.28	-1,646.81
	Payments of dividends/Corporate Tax on Dividend	692.77	0.00	-728.90
	Net cash from financing activities (C)	988.34	5,945.72	856.29
D	Net change in cash & cash equivalents (A)+(B)+(C)	18,083.06	10,715.73	17,688.92
	Cash and cash equivalents as at the Beginning of they are			
	Cash and Balance with Reserve bank of India	17,886.24	22,245.58	24,224.94
	Balance with Banks & Money at call & short notice	9,249.13	22,972.87	317,09.23
		27,135.38	45,218.45	55,934.17
	Cash and cash equivalents as at the end of the year			
	Cash and Balance with Reserve bank of India	22,245.57	24,224.94	26,479.07
	Balance with Banks & Money at call & short notice	22,972.86	31,709.23	47,144.02
		45,218.44	55,934.17	73,623.09
	Total	18,083.06	10,715.73	17,688.92

Consolidated Cash Flows Statement

(in Rs crore)

S No	Particulars	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
A	Cash flow from (Used in) operating activities:			
	Net Profit after Tax	3,534.62	3,341.41	(3,663.27)
	Add: Share of earning in Associate	139.29	184.02	153.19
	Net Profit before Minority interest	3,673.91	3,525.43	(3,510.08)
	Add: Provision for Tax (Net of Deferred Tax) (i)	1,434.84	1,070.84	(1,603.56)
	Profit before Tax	5,108.75	4,596.27	(5,113.64)
	(ii) Adjustment for			
	Depreciation Charges (Gross) / Fixed Assets	387.30	404.62	433.78
	Less: Amount drawn from Revaluation Reserve	-20.67	-20.63	(20.63)
	Provision for NPAs, Floating provision towards NPAs and Bad Debts Write off	4,627.08	8,238.90	18,780.73
	Provision on standard assets & Standard Restructured Accounts	1,420.03	551.35	-1283.59
	Other Provisions (net)	144.06	(585.55)	345.49
	Depreciation/(Release),Write off, Provision on Investment(net)	710.17	156.70	594.19
	Dividend from subsidiary/Other(Investing activity)	0.00	0.00	(22.95)
	Interest on Bonds (financing Activity)	939.43	1,224.27	1,646.81
	Profit/Loss on sale of Fixed asset (net)	-4.28	-3.07	(2.38)
	ii)	8,202.58	9,966.59	20,471.45
	Operating Profit before Change in Operating assets and liabilities (i+ii)	13,311.33	14,562.86	15,357.81
	iii) Adjustment for net change in operating Assets and liabilities			
	Decrease/(Increase) in Investment	-15,328.76	-6,625.86	(8,094.93)
	Decrease/(Increase) in advances	-50,411.15	-46,779.75	(60,249.70)
	Decrease/(Increase) in other Assets	1,089.06	-2,036.01	(3,466.64)
	Increase/(Decrease) in Deposits	62,203.36	54,041.90	55,137.21
	Increase/(Decrease) in Borrowings	8,031.27	-7,219.46	16,051.23
	Increase/(Decrease) in Other Liabilities & Provisions	-263.74	1,426.26	1,003.53
	iii)	5,320.04	7,192.92	380.70
	Cash generated from Operations (i+ii+iii)	18,631.37	7,369.94	15,738.51
	Tax Paid (net of refund)	-1,725.28	-2,556.34	(1,571.51)
	Net cash used in operating activities (A)	16,906.09	4,813.60	14,167.00
B	Cash flow from investing activities:			
	Purchase of Fixed assets(Net of sale)	-429.88	-546.25	(605.89)
	Dividend received from Subsidiaries/JVs/RRBs	0.00	0.00	22.95
	Investment in Subsidiaries/JVs/RRBs	127.88	-325.55	(768.57)
	Other Investment	0.00	0.00	0.00
	Net cash used in investing activities (B)	-302.00	-871.80	(1,351.51)
C	Cash flow from financing activities:			

	Issue of Share Capital (Incl. Share Premium)	643.30	1326.84	2,008.89
	Bonds(Tier I & Tier II) Issued/Redemption	3,912.09	7390.19	6,417.75
	Interest paid on Bonds (Tier I & II)	-939.43	-1,224.27	(1,646.81)
	Payments of dividends(Inclusive Tax on Dividend)	-1,487.09	-42.05	(805.16)
	Net cash used in financing activities (C)	21,28.87	7,451.43	5,974.67
D	Net change in cash & cash equivalents (A)+(B)+(C)	18,732.96	11,393.23	18,790.16
	Cash and cash equivalents as at the Beginning of the year			
	Cash and Balance with RBI	17,929.51	22,406.14	24,435.78
	Balance with Banks & Money at call & short notice	10,203.52	24,459.85	33,823.44
		28,133.03	46,865.99	58,259.22
	Cash and cash equivalents as at the end of they are			
	Cash and Balance with Reserve bank of India	22,406.14	24,435.78	26,492.19
	Balance with Banks & Money at call & short notice	24,459.85	33,823.44	50,557.19
		46,865.99	58,259.22	77,049.38
	Total	18,732.96	11,393.23	18,790.16

X. LIMITED REVIEW QUARTERLY STANDALONE FINANCIAL INFORMATION OF THE ISSUER AS OF DECEMBER 31st, 2016

(Amt. in Rs. Crores)

Particulars	Quarter Ended			Year Ended
	31.12.2016	30.09.2016	31.12.2015	31.03.2016
	Reviewed	Reviewed	Reviewed	Audited
Interest Earned (a+b+c+d)	11984.16	11830.36	12220.60	47424.35
a) Interest/discount on advances/bills	8262.94	8467.29	8881.43	34445.54
b) Income on Investments	3372.12	2909.33	3119.16	12033.65
c) Interest on Balances with RBI & other Inter Bank Funds	299.00	253.17	184.28	730.50
d) Others	50.10	200.57	35.73	214.66
Other Income	2513.49	2387.91	1670.60	6877.02
TOTAL INCOME (1+2)	14497.65	14218.27	13891.20	54301.37
Interest Expended	8253.36	7950.51	8100.97	32112.57
Operating Expenses (i+ii)	3089.69	2955.72	2872.35	9972.45
(i) Employees' Cost	2102.13	1967.16	1991.18	6425.95
(ii) Other operating expenses	987.56	988.56	881.17	3546.50
TOTAL EXPENSES (4+5) (excluding provisions & contingencies)	11343.05	10906.23	10973.32	42085.02
Operating Profit (3-6) (Profit before Provisions & Contingencies)	3154.60	3312.04	2917.88	12216.35
Provisions (other than tax) and contingencies	2935.86	2533.76	3775.53	17954.23
Exceptional items	0	0.00	0	0.00
Tax Expense	11.56	228.92	-908.66	-1763.49
Net Profit (+)/Loss(-) from ordinary activities after tax (10-11)	207.18	549.36	51.01	-3974.39
Extraordinary items (net of tax expense)	0	0.00	0	0.00
Net Profit (+)/Loss(-) for the period (12-13)	207.18	549.36	51.01	-3974.39
Paid up equity Share Capital (Face value Rs.10/-)	425.59	425.59	392.72	392.72
Reserves excluding revaluation reserves (As		0.00		37321.06

per Balance Sheet of previous year)				
Analytical Ratios		0.00		0.00
(i) Share holding of Govt. of India (%)	65.01	65.01	62.08	62.08
(ii) Capital Adequacy Ratio (%) as per Basel-III	11.62	11.65	11.25	11.28
(iii) Earnings per Share (EPS) not annualized (in Rs.)				
(a) Basic & diluted EPS before extraordinary items	0.97	2.76	0.26	-20.82
(b) Basic & diluted EPS after extraordinary items	0.97	2.76	0.26	-20.82
(iv) NPA Ratios:				
(a) Amount of gross non-performing assets	55627.51	56465.63	34338.22	55818.33
(b) Amount of net non-performing assets	34993.53	35722.32	22983.40	35422.57
(c) % of gross NPAs	13.70	13.63	8.47	12.90
(d) % of net NPAs	9.09	9.10	5.86	8.61
(v) Return on Assets (Annualised) %	0.12	0.32	0.03	-0.61
Public Shareholding				
(i) No. of Shares	744509035	744509035	744509035	744509035
(ii) Percentage of Share holding	34.99	34.99	37.92	40.14
Promoters and Promoter Group Share Holding	0.00	0.00	0.00	0.00
Pledged/Encumbered	0.00	0.00	0.00	0.00
--Number of shares	NIL	NIL	NIL	NIL
--Percentage of shares(as % of the total shareholding of promoter & promoter group)	NIL	NIL	NIL	NIL
--Percentage of shares(as % of the total share capital of the bank)	NIL	NIL	NIL	NIL
Non-Encumbered	0.00	0.00	0.00	0.00
--Number of shares	1383459223	1383459223	1219088455	1110047912
--Percentage of shares(as % of the total shareholding of promoter & promoter group)	100	100	100	100
--Percentage of shares (as % of the total share capital of the bank)	65.01	65.01	62.08	59.86

XI. SUMMARY TERM SHEET

No.	Particulars	Description / Details
1.	Issuer	Punjab National Bank ("PNB"/ the "Bank"/ the "Issuer")
2.	Security Name	8.95% p.a. (Semi Annually payable) - PNB - PDI-I Series VIII
3.	Issue Size	Rs. 1,500 crores
4.	Option to retain oversubscription	NIL
5.	Instrument	Unsecured, Subordinated, Fully Paid-Up, Non-Convertible, Basel III Compliant, Perpetual Debt Instruments in the nature of Debentures for inclusion in Additional Tier I Capital ("Bonds")
6.	Seniority of claims of the Bondholders	<p>The claims of the Bondholders shall be:</p> <p>(a) Superior to the claims of investors in equity/ common shares and perpetual non-cumulative preference shares, if any, of the Bank whether currently outstanding or issued at any time in the future;</p> <p>(b) Subordinated to the claims of all depositors, general creditors and subordinated debt of the Bank other than any subordinated debt qualifying as Additional Tier 1 Capital (as defined in the Basel III Guidelines) of the Bank;</p> <p>(c) Neither secured nor covered by a guarantee of the Bank or its related entity or any other arrangement that legally or economically enhances the seniority of the claims of Bondholders vis-à-vis creditors of the Bank.</p> <p>(d) Pari passu without preference amongst themselves and other subordinated debt classifying as Additional Tier 1 Capital in terms of Basel III Regulations, whether currently outstanding or issued at any time in the future;</p>
7.	Credit Rating	"IND AA+" by India Ratings & Research and "BWR AA+" by Brickwork Ratings
8.	Mode of Issue	Private Placement
9.	Issuance Mode	In dematerialized form only
10.	Trading Mode	In dematerialized form only
11.	Security	Unsecured and Subordinated
12.	Objects of the Issue	Augmenting Additional Tier 1 Capital (as the term is defined in the Basel III Regulations) and overall capital of the Bank for strengthening its capital adequacy and for enhancing its long term resources.
13.	Utilization of the Proceeds of the Issue	<p>The funds being raised by the Bank through the present Issue are not meant for financing any particular project. The Bank shall utilize the proceeds of the Issue for its regular business activities.</p> <p>The Bank undertakes that proceeds of the Issue shall not be used for any purpose which may be in contravention of the regulations/ guidelines/ norms issued by the RBI/ SEBI/ Stock Exchange.</p>
14.	RBI Regulations/ RBI Basel III Guidelines	The present Issue of Bonds is being made in pursuance of Master Circular No. DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015 issued by the Reserve Bank of India on Basel III capital regulations ("Master Circular") covering terms and conditions for issue of Perpetual Debt Instruments ("PDIs") for inclusion in Additional Tier 1 Capital (Annex 4 of the Master Circular) and minimum requirements to ensure loss absorbency of Additional Tier 1 instruments at pre-specified trigger and of all non-equity regulatory capital instruments at the point of non-viability ("PONV") (Annex 16 of the Master Circular) read along with RBI Circular No. DBOD.No.BP.BC.1/21.06.201/ 2015-16 dated July 01, 2015 on "Implementation of Basel III Capital Regulations in India- Amendments" alongwith RBI Notification dated 02.02.2017. In the event of any discrepancy or inconsistency between the terms of the Bonds and any other Transaction Document(s), the provisions of the RBI Basel III Guidelines shall prevail.

15.	Face Value	Rs. 10.00 lakh per Bond
16.	Issue Premium	Nil
17.	Issue Discount	Nil
18.	Issue Price	At par i.e. Rs. 10.00 lakh per Bond
19.	Minimum Application	10 (ten) Bonds (i.e. Rs. 1.00 crore) and in multiples of 1 (one) Bond (i.e. Rs. 10.00 lakh) thereafter
20.	Tenor	The Bonds shall be perpetual i.e. there is no maturity date and there are no step-ups or other incentives to redeem.
21.	Redemption Date	Not applicable as the Bonds are perpetual and there shall be no Redemption Date
22.	Convertibility	Non-Convertible
23.	Redemption Premium	Nil
24.	Redemption Discount	Nil
25.	Redemption Amount	Not applicable. However in case of redemption due to exercise of call option in accordance with Basel III Regulations, the Bonds shall be redeemed at par along with interest, subject to terms specified therein.
26.	Put Option	None
27.	Put Option Due Date	Not applicable
28.	Put Option Notification Time	Not applicable
29.	Put Option Price	Not applicable
30.	Call Option	<p>A. Issuer's Call</p> <p>The Bank shall reserve the right to exercise the "Issuer's Call" on the Bonds at a particular date subject to following conditions:</p> <ol style="list-style-type: none"> Issuer's Call shall be permissible at the initiative of the Bank after the Bonds have run for at least 05 (five) years. To exercise the Issuer's Call, the Bank must receive prior approval of the RBI (Department of Banking Operations and Development). The Bank shall not do anything which creates an expectation that the Issuer's Call would be exercised. The Bank shall not exercise Issuer's Call on the Bonds unless: <ul style="list-style-type: none"> (i) It replaces the Bonds with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of the Bank. Replacement issues may be concurrent with but not after the Bonds are called; or (ii) The Bank demonstrates that its capital position is well above the minimum capital requirements after the Issuer's Call is exercised. Here "minimum capital requirements" shall mean Common Equity Tier 1 of 8% of Risk Weighted Assets ("RWAs") (including Capital Conservation Buffer of 2.5% of RWAs) and Total capital of 11.5% of RWAs including additional capital requirements identified under Pillar 2. <p>Subject to compliance with the above conditions if the Bank decides to exercise the Issuer's Call, the Bank shall notify the Debenture Trustee not less than 30 calendar days prior to the date of exercise of such Issuer Call (which notice shall specify the "Call Option Due Date").</p> <p>Potential Investors may note that approvals to be obtained from RBI to exercise call options are not routine and are subject to the discretion of RBI. Further, RBI shall, before providing such approvals, thoroughly</p>

		<p>consider the financial and capital position of the Bank or any other criteria or basis it deems fit.</p> <p>B. Tax Event Call</p> <p>a. The Bank may exercise “Tax Event Call” on the Bonds subject to requirements set out in points (b) to (d) of clause 30 (A) above.</p> <p>b. To illustrate, if there is a change in tax treatment which makes the Bonds with tax deductible coupons into an instrument with non-tax deductible coupons, the Bank shall have the option (not obligation) to repurchase the Bonds. In such a situation, the Bank may be allowed to replace the Bonds with another capital instrument that has tax deductible coupons.</p> <p>c. A Tax Event shall be deemed to have occurred if, as a result of any change in, or amendment to, the laws affecting taxation (or regulations or rulings promulgated thereunder) of India or any change in official application of such laws, regulations or rulings, the Bank will no longer be entitled to claim a deduction in respect of computing its taxation liabilities with respect to coupon on the Bonds.</p> <p>d. RBI shall permit the Bank to exercise Tax Event Call on the Bonds only if the RBI is convinced that the Bank was not in a position to anticipate such tax event(s) at the time of issuance of the Bonds.</p> <p>If a Tax Event has occurred and continuing, the Bank shall notify the Debenture Trustee not less than 30 calendar days prior to the date of exercise of such Tax Event Call (which notice shall specify the “Call Option Due Date”) for exercising Tax Event Call on the Bonds or substitute the Bonds so that the Bonds have better classification.</p> <p>C. Regulatory Event Call or Variation</p> <p>a. The Bank may exercise “Regulatory Event Call or Variation” on the Bonds subject to requirements set out in points (b) to (d) of clause 30 (A) above.</p> <p>b. If there is a downgrade of the Bonds in regulatory classification (e.g. if it is decided by the RBI to exclude the Bonds from regulatory capital), the Bank shall have the option to exercise Regulatory Event Call or Variation on the Bonds and replace the Bonds with an instrument with a better regulatory classification, or a lower coupon with the same regulatory classification with prior approval of RBI. However, the Bank shall not create an expectation/ signal an early redemption/ maturity of the Bonds.</p> <p>c. A Regulatory Event shall be deemed to have occurred if, there is a downgrade of the Bonds in regulatory classification i.e. the Bonds are excluded from the consolidated Additional Tier 1 capital of the Bank.</p> <p>d. RBI shall permit the Bank to exercise Regulatory Event Call or Variation on the Bonds only if the RBI is convinced that the Bank was not in a position to anticipate such tax event(s) at the time of issuance of the Bonds.</p>
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		<p>e. If a Regulatory Event has occurred and continuing, the Bank shall notify the Debenture Trustee not less than 30 calendar days prior to the date of exercise of such Regulatory Event Call or Variation (which notice shall specify the "Call Option Due Date") on the Bonds or substitute the Bonds or vary the terms of the Bonds so that the Bonds have better classification.</p>
31.	Call Option Due Date	<p>The Bank may exercise the Call Option ("Issuer's Call"/ "Tax Event Call"/ "Regulatory Event Call or Variation") on the Bonds only after receiving prior approval of the RBI (Department of Banking Operations and Development) and after the Bonds have run for at least 05 (Five) years from the deemed date of allotment i.e. 03.03.2022 and thereafter on each Coupon date i.e. 03rd March and 03 September every year.</p> <p>If the Call Option Due Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the Call Option Price shall be paid by the Bank on the immediately preceding Business Day along with interest/ coupon accrued on the Bonds until but excluding the date of such payment.</p>
32.	Call Option Notification Time	<p>Any redemption of the Bonds on account of exercise of Call Option ("Issuer's Call"/ "Tax Event Call"/ "Regulatory Event Call or Variation") shall be subject to the Issuer giving not less than Thirty (30) calendar days prior notice to the Bondholders and/or the Debenture Trustee. In case of exercise of Call Option, the trading in Bonds shall remain suspended from the Record Date and upto the Call Option Due Date.</p>
33.	Call Option Price	At Par i.e. INR 10.00 Lakh per Bond
34.	Repurchase/ Buy-Back/ Redemption	<p>a. Principal amount of the Bonds may be repaid through repurchase or redemption, only with prior approval of RBI. Such repurchase/ buy-back/ redemption of the principal amount of the Bonds could be in a situation other than in the event of exercise of Call Option by the Bank. One of the major differences is that in the case of the former, the option to offer the Bonds for repayment on announcement of the decision to repurchase/ buy-back/ redeem the Bonds, shall lie with the investors whereas, in case of the latter, it lies with the Bank.</p> <p>b. The Bank may repurchase/ buy-back/ redeem the Bonds only if:</p> <p>(i) It replaces the Bonds with capital of the same or better quality and the replacement of capital is done at conditions which are sustainable for the income capacity of the Bank; or</p> <p>(ii) It demonstrates that its capital position is well above the minimum capital requirements after the repurchase/ buy-back/ redemption.</p> <p>c. The Bonds so repurchased, bought-back or redeemed, may be held, reissued, resold, extinguished or surrendered at the option of the Bank, subject to applicable laws.</p>
35.	Coupon Rate	8.95% p.a. Semi Annually payable
36.	Step Up/ Step Down Coupon Rate	None
37.	Coupon Payment Frequency	Semi - Annual
38.	Coupon Payment Dates	First coupon payment shall be made on 04.09.2017 (comprising of interest/ coupon from and including the Deemed Date of Allotment upto but excluding the first Coupon Payment Date) and subsequent

		coupon payments shall be made semi-annually on 03 rd September and 03 rd March every year thereafter, subject to Coupon Discretion clause (upto Call Option Due Date, in case if Call Option is exercised by the Bank).
39.	Coupon Type	Fixed
40.	Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.)	Not Applicable
41.	Default Interest Rate	In case of delay/ default in payment of interest/ coupon on the due dates (other than in the event of cancellation or non-payment of any interest/ coupon pursuant to "Coupon Discretion" clause), the Bank shall pay additional interest/ coupon at the rate of 2.00 per cent per annum over the Coupon Rate for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and upto but excluding the date on which such amount is actually paid.
42.	Day Count Basis	"Actual/ Actual" (as per SEBI circular no. CIR/IMD/DF/18/2013 dated October 29, 2013). All coupon/ interest, penal interest, interest on application money, delay/ default interest shall be computed on an "actual/actual basis". Where the period for which such amounts are to be calculated (start date to end date) includes February 29, coupon/ interest shall be computed on 366 days-a-year basis.
43.	Interest on Application Money	<p>A. In respect of investors who get allotment in the Issue</p> <p>The Bank shall pay interest on application money at the Coupon Rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) on the aggregate face value amount of Bonds from the date of realization of application money upto one day prior to the Deemed Date of Allotment. The Bank shall make remittance of interest on application money by way of direct credit to the account of the investors. Alternatively, the Bank may dispatch the interest warrants at the sole risk of the investors, to the sole/first applicant. A tax deduction certificate will be issued by the Bank for the amount of income tax deducted on such payments.</p> <p>B. In respect of investors who do not get allotment in the Issue</p> <p>The Bank shall pay interest on the amount which is liable to be refunded to the investors at the Coupon Rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) from the date of realization of application money upto one day prior to the Deemed Date of Allotment. Such interest shall be paid along with the monies liable to be refunded. Interest warrants will be dispatched/ credited (in case of electronic payment) along with the Refund Orders at the sole risk of the investors, to the sole/first applicant. A tax deduction certificate shall be issued by the Bank for the amount of income tax deducted on such payments.</p> <p>The Bank shall not pay any interest on application money liable to be refunded in case of (a) invalid applications or applications liable to be rejected and (b) monies paid in excess of the amount of Bonds applied for in the application form.</p>
44.	Settlement	The Bank shall make payment of coupon/ interest, penal interest, interest on application money, delay/ default interest and Call Option Price (in case of exercise of Call Option), by way of cheque(s)/

		<p>interest/ redemption warrant(s)/ demand draft(s)/ credit through direct credit/ NECS/ RTGS/ NEFT mechanism/ other electronic mode as may be allowed by RBI from time to time, in the name of the sole/ first Beneficial Owners of the Bonds as given by Depository to the Bank as on the Record Date.</p> <p>The Bonds shall be taken as discharged on payment of the Call Option Price by the Bank on the Call Option Due Date to the sole/ first Beneficial Owners of the Bonds as given by the Depository to the Bank as on the Record Date. Such payment will be a legal discharge of the liability of the Bank towards the Bondholders and the Bank shall not be liable to pay any interest or compensation from the Call Option Due Date. On such payment being made, the Bank shall inform NSDL/ CDSL/ Depository Participant and accordingly the account of the Beneficial Owners with NSDL/ CDSL/ Depository Participant shall be adjusted.</p>
45.	Business Days/ Working Days	<p>Business days/ working days shall be all days (excluding Sundays and public holidays) on which commercial banks are open for business in the city of Mumbai, Maharashtra except with reference to Issue Period and Record Date, where business days/ working days shall mean all days, excluding Sundays and public holidays in Mumbai or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.</p>
46.	Effect of Holidays	<p>If the interest payment date falls on a holiday, the payment may be made on the following working day however the dates of the future coupon payments would be as per the schedule originally stipulated at the time of issuing the security.</p> <p>In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday.</p> <p>In case of a leap year, if February 29 falls during the tenor of a security, then the number of days shall be reckoned as 366 days (Actual/Actual day count convention) for a whole one year period, irrespective of whether the interest is payable annually, half yearly, quarterly or monthly etc. It is thus emphasized that for a half yearly interest payment, 366 days would be reckoned twice as the denominator; for quarterly interest, four times and for monthly interest payment, twelve times.</p> <p>In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day shall be considered as the Record Date.</p>
47.	Record Date	<p>15 (fifteen) days prior to the each Coupon Payment Date/ Call Option (as the case may be). In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day shall be considered as the Record Date.</p>
48.	Events of Default	<p>The following event(s) shall be construed as an "Event of Default":</p> <ol style="list-style-type: none"> a. any delay/ default by the Bank in (i) making payment of interest/ coupon on the respective Coupon Payment Date and/or (ii) making payment of the Call Option Price on the Call Option Due Date (except in circumstances or clauses mentioned in the RBI Basel III Guidelines); b. non-performance/ non-compliance by the Bank with any one or more of its material obligations in relation to the Bonds issued in pursuance of terms and conditions stated in the Disclosure

		<p>Document, Application Form and Debenture Trustee Agreement, which in opinion of the Debenture Trustee, is incapable of remedy.</p> <p>The Bank shall notify all instances of non-payment of coupon/ interest to the Chief General Managers-in-Charge of Department of Banking Operations and Development and Department of Banking Supervision of the Reserve Bank of India, Mumbai.</p> <p>It is further clarified that cancellation of discretionary payments shall not be deemed to be an event of default. The Bondholders shall have no rights to accelerate the repayment of future scheduled payments (coupon or principal) except in bankruptcy and liquidation.</p>
49.	Remedies	If an Event of Default occurs and the same is continuing, the Debenture Trustee may, with the consent of the Bondholders obtained in accordance with the Debenture Trustee Agreement, and with prior written notice to the Bank, take appropriate action in terms of the Debenture Trustee Agreement.
50.	Cross Default	Not applicable
51.	Debenture Trustee	Milestone Trustee Services Ltd.
52.	Role and Responsibilities of Debenture Trustee	<p>The Debenture Trustee shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Debenture Trustee by the Bondholder(s) and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Debenture Trustee. The Debenture Trustee shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Debenture Trustee Agreement, Disclosure Document and all other related transaction documents, with due care, diligence and loyalty.</p> <p>The Debenture Trustee shall be vested with the requisite powers for protecting the interest of the Bondholders. The Debenture Trustee shall ensure disclosure of all material events on an ongoing basis.</p> <p>The Bank shall, till the redemption of Bonds (consequent to exercise of Call Option), submit its latest audited/ limited review half yearly consolidated and standalone financial information such as Statement of Profit & Loss, Balance Sheet and Cash Flow Statement and auditor qualifications, if any, to the Debenture Trustee within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended. Besides, the Bank shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Debenture Trustee and the Debenture Trustee shall be obliged to share the details so submitted with all Qualified Institutional Buyers (“QIBs”) and other existing Bondholders within two working days of their specific request.</p> <p>Besides, it shall be the duty of the Debenture Trustee to:</p> <ol style="list-style-type: none"> satisfy himself that the Disclosure Document does not contain any matter which is inconsistent with the terms of the Issue of Bonds or with the Debenture Trustee Agreement; satisfy himself that the covenants in the Debenture Trustee Agreement are not prejudicial to the interest of the Bondholders; call for periodical status or performance reports from the Bank; communicate promptly to the Bondholders about default, if any,

		<p>with regard to payment of interest/ coupon or Call Option Price and action taken by the Debenture Trustee therefor;</p> <p>e. appoint a nominee director on the board of directors of the Bank in the event of:</p> <p>(i) two consecutive defaults in payment of interest/ coupon to the Bondholders (except in circumstances or clauses mentioned in the RBI Basel III Guidelines); or</p> <p>(ii) default in making payment of the Call Option Price on the Call Option Due Date (except in circumstances or clauses mentioned in the RBI Basel III Guidelines).</p> <p>f. ensure that the Bank does not commit any breach of the terms of Issue of Bonds or covenants of the Debenture Trustee Agreement and take such reasonable steps as may be necessary to remedy any such breach;</p> <p>inform the Bondholders immediately of any breach of the terms of Issue of Bonds or covenants of the Debenture Trustee Agreement.</p>
53.	Listing	The Bonds shall be listed on the Wholesale Debt Market (WDM) segment of BSE Limited ("BSE")
54.	Delay in Listing	<p>The Bank shall make an application to BSE within 15 days from the Deemed Date of Allotment to list the Bonds and seek listing permission from BSE within 20 days from the Deemed Date of Allotment. In case of delay in listing of Bonds beyond 20 days from the Deemed Date of Allotment, the Bank shall pay penal interest at the rate of 1.00 per cent per annum over the Coupon Rate on the face value amount of Bonds from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds. Such penal interest shall be paid by the Bank to the Bondholders on the first Coupon Payment Date.</p> <p>In case the Bonds issued to the SEBI registered FII/Sub-Accounts of FII are not listed within 15 days from the Deemed Date of Allotment, the investors shall immediately dispose off the Bonds by way of sale to eligible third parties or the Issuer would immediately redeem/buyback the said Bonds from the investors as per A. P. 9 DIR Series Circular no. 89 dated March 01, 2012.</p>
55.	Registrar	Alankit Assignments Limited
56.	Depositories	National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL")
57.	Coupon Discretion	<p>a. The Bank shall have full discretion at all times to cancel coupon payments either in part or in Full in order to meet the eligibility criteria for perpetual debt instruments.</p> <p>b. Cancellation of discretionary coupon payments on the Bonds shall not be construed as an "Event of Default".</p> <p>c. The Bank shall have full access to cancelled coupon payments to meet obligations as they fall due.</p> <p>d. The Bonds do not carry a 'dividend pusher' feature i.e. if the Bank makes any payment (coupon/dividend) on any other capital instrument or share, the Bank shall not be obligated to make Coupon payment on the Bonds.</p> <p>e. Cancellation of coupon payments shall not impose restrictions on the Bank except in relation to distributions to equity/ common shareholders.</p> <p>f. Coupon may be paid out of current year profits. However, if current year profits are not sufficient, coupon may be paid subject to availability of:</p>

		<p>(i) Profits brought forward from previous years, and/or (ii) Reserves representing appropriation of net profits, including statutory reserves, and excluding share premium, revaluation reserve, foreign currency translation reserve, investment reserve and reserves created on amalgamation. The accumulated losses and deferred revenue expenditure, if any, shall be netted off from (i) and (ii) to arrive at the available balances for payment of coupon.</p> <p>If the aggregate of: (a) profits in the current year; (b) profits brought forward from the previous years and (c) permissible reserves as at (ii) above, excluding statutory reserves, net of accumulated losses and deferred revenue expenditure are less than the amount of coupon, only then the bank shall make appropriation from the statutory reserves. In such cases, banks are required to report to the Reserve Bank within twenty-one days from the date of such appropriation in compliance with Section 17(2) of the Banking Regulation Act 1949.</p> <p>It may be noted that prior approval of the Reserve Bank for appropriation of reserves as above, in terms of the <u>circular, DBOD.BP.BC No.31/21.04.018/2006-07 dated September 20, 2006</u> on 'Section 17 (2) of Banking Regulation Act, 1949 - Appropriation from Reserve Fund' is not required in this regard. However, payment of coupons on PDIs from the reserves is subject to the issuing bank meeting minimum regulatory requirements for CET1, Tier 1 and Total Capital ratios including the additional capital requirements for Domestic Systemically Important Banks at all times and subject to the restrictions under the capital buffer frameworks (i.e. capital conservation buffer and counter cyclical capital buffer in terms of paras 15 and 17 respectively of the Master Circular on Basel III Capital Regulations dated July 1, 2015 as amended from time to time).</p> <p>g. The coupon/ interest on the Bonds shall be non-cumulative. If coupon is not paid or paid at a rate lesser than the Coupon Rate, the unpaid coupon shall not be paid in future years under any circumstances. In the event that the Bank determines that it shall not make a payment of coupon on the Bonds, the Bank shall notify the Debenture Trustee not less than 30 calendar days prior to the relevant Coupon Payment Date of the fact and of the amount that shall not be paid.</p> <p>h. The Bonds shall carry a fixed rate of interest and shall not have any credit sensitive coupon feature, i.e. a coupon that is reset periodically based in whole or in part on the Banks' credit standing, Bank's own creditworthiness, changes in the credit worthiness of the wider banking sector etc.</p> <p>i. The Bonds shall have a "dividend stopper arrangement" which shall oblige the Bank to stop dividend payments on equity/ common shares in the event of Bondholders not being paid coupon. However, such "dividend stopper arrangement" shall not impede the full discretion that the Bank shall have at all times to cancel payments on the Bonds, nor shall they act in a way that could hinder the re-capitalisation of the Bank. For example, "dividend stopper arrangement" on the Bonds shall not be permitted to:</p> <p>(i) attempt to stop payment on another instrument where the payments on such other instrument were not also fully discretionary;</p>
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		<p>(ii) prevent distributions to shareholders for a period that extends beyond the point in time that coupon on the Bonds are resumed;</p> <p>(iii) impede the normal operation of the Bank or any restructuring activity (including acquisitions/ disposals).</p> <p>The “dividend stopper arrangement” may act to prohibit actions that are equivalent to payment of dividend, such as the Bank undertaking discretionary share buy-backs, if otherwise permitted.</p> <p>All instances of non-payment of coupon on the Bonds shall be notified by the Bank to the Chief General Managers-in-Charge of Department of Banking Operations and Development and Department of Banking Supervision of the Reserve Bank of India, Mumbai.</p>
58.	Treatment in Insolvency	The Bonds shall not contribute to liabilities exceeding assets if such a balance sheet test forms part of a requirement to prove insolvency under any law or otherwise.
59.	Prohibition on Purchase/ Funding of Bonds	Neither the Bank nor its related party over which the Bank exercises control or significant influence (as defined under relevant Accounting Standards) shall purchase the Bonds, nor shall the Bank directly or indirectly fund the purchase of the Bonds. The Bank shall also not grant advances against the security of the Bonds issued by it.
60.	Re-capitalisation	The Bonds shall not have any features that may hinder re-capitalisation, such as provisions which require the Bank to compensate investors if a new instrument is issued at a lower price during a specified time frame.
61.	Debenture Redemption Reserve (“DRR”)	In pursuance of rule 18 (7) (b) (i) of the Companies (Share Capital and Debentures) Rules, 2014, no DRR is required for debentures issued by banking companies for both public as well as privately placed debentures.
62.	Classification in the Balance Sheet	The Bonds shall be classified as “Liabilities” under “Schedule 4 – Borrowings” in the Balance Sheet for accounting purposes and not for the purpose of insolvency as indicated in clause 58 above.
63.	Order of claims at the event of gone concern situation	<p>The order of claims/ write-down of various types of regulatory capital instruments issued by the Bank or may be issued by the Bank in future shall be in accordance with the order of seniority and as per usual legal provisions governing priority of charges. The claims of Bondholders (investors in Perpetual Debt Instruments for inclusion as Additional Tier 1 Capital) shall be:</p> <p>a. superior to the claims of investors in equity/ common shares, perpetual non-cumulative preference shares and other regulatory capital instruments eligible for inclusion in Tier 1 capital of the Bank;</p> <p>b. subordinated to the claims of (i) all depositors; (ii) general creditors; (iii) subordinated debt other than subordinated debt qualifying as Additional Tier 1 capital; (iv) subordinated debt eligible for inclusion in hybrid Tier 1 capital under the then prevailing Basel II guidelines (to the extent permitted under the RBI guidelines); (v) Debt Capital Instruments eligible for inclusion in Tier 2 capital issued and to be issued in future by the Bank; (vi) perpetual cumulative preference shares; (vii) redeemable non-cumulative preference shares; (viii) redeemable cumulative preference shares eligible for inclusion in Tier 2 capital issued and to be issued in future by the Bank;</p> <p>c. neither secured nor covered by a guarantee of the Bank or its related entity or any other arrangement that legally or economically enhances the seniority of the claims of</p>

		<p>Bondholders vis-à-vis creditors of the Bank;</p> <p>d. pari passu with the claims of investors in instruments eligible for inclusion in Additional Tier 1 capital including but not limited to (a) perpetual non-cumulative preference shares eligible for inclusion in Additional Tier 1 capital; and (b) perpetual debt instruments eligible for inclusion in Additional Tier 1 capital of the Bank;</p> <p>e. Neither secured nor covered by a guarantee of the Bank or its related entity or any other arrangement that legally or economically enhances the seniority of the claim of the Bondholders vis-à-vis creditors of the Bank;</p> <p>f. Claims of holders of perpetual non-cumulative preference shares shall be superior to the claims of holders of equity/common shares;</p> <p>g. Once the Basel III Compliant Additional Tier 1 instruments are written-off, the Bondholders shall have no claim on the proceeds of liquidation.</p>
64.	Loss Absorption Features	<p>The Bonds (including all claims, demands on the Bonds and interest thereon, whether accrued or contingent) are issued subject to loss absorbency features applicable for non-equity capital instruments issued in terms of Basel III Guidelines and are subject to certain loss absorbency features as described herein and required of Additional Tier 1 instruments at Pre-Specified Trigger Level and at the PONV.</p> <p>Accordingly, without the need of the consent of Bondholders or Trustee, the Bonds and any claims or demands of any Bondholder or any other person claiming for or on behalf of or through such Bondholder, against the Bank, may be written-off or converted into common shares, in whole or in part, upon the occurrence of the following trigger events:</p> <p>(i) Pre-Specified Trigger Level; (ii) Point of Non-Viability.</p> <p>(i) Loss Absorption at Pre-Specified Trigger Level</p> <p>In conformity with RBI Basel III Guidelines, the Bonds shall have principal loss absorption at an objective pre-specified trigger point by way of temporary or permanent write-down mechanism which shall allocate losses to the Bonds. The write-down of the Bonds shall have the following effects:</p> <p>(i) reduce the claims of the Bondholders in liquidation; (ii) reduce the amount to be repaid when Call Option is exercised; and (iii) partially or fully reduce coupon payments on the Bonds.</p> <p>If fully paid-up Bonds are fully and permanently written-down, they shall cease to exist resulting in extinguishment of a liability of the Bank and thus create CET1. The par value of the Bonds may be written-down (decrease) on the occurrence of the trigger event and may be written-up (increase) back to its original value in future in conformity with provisions of the RBI Basel III Guidelines. The amount shown in the balance sheet subsequent to temporary write-down may depend on the features of the Bonds and the prevailing Accounting Standards.</p>

	<p>The write-down of any Common Equity Tier 1 capital shall not be required before a write-down of any AT1 instruments (including the Bonds). The Bank shall have full discretion to determine the amount of AT1 Instruments (including the Bonds) to be converted/ written down subject to the amount of conversion/write-down not exceeding the amount which would be required to bring CET1 ratio to 8% of RWAs. Further, the aggregate amount to be converted/written-down for all AT1 Instruments on breaching the trigger level shall be at least the amount needed to immediately return the bank's CET1 ratio to the trigger level (i.e. CET from write-down generated under applicable Indian Accounting Standards or RBI Instructions net of contingent liabilities, potential tax liabilities etc., if any) or, if this is not possible the full principal value of the instruments. When the Bank breaches a Pre-Specified Trigger Level and the equity is replenished through conversion or write-down, such replenished amount of equity will be excluded from the total equity of the Bank for the purpose of determining the proportion of earnings to be paid out as dividend in terms of rules laid down for maintaining capital conservation buffer. However, once the Bank has attained total common equity ratio of 8% without counting the replenished equity capital that point onwards, the Bank may include the replenished equity capital for all purposes. The Bank shall have the discretion to convert or write-down the Bonds multiple times in case the Bank hits Pre-Specified Trigger Level subsequent to the first conversion or write-down. The Bonds which have been written off can be written up (partially or full) at the absolute discretion of the Bank and subject to compliance with RBI instructions (including permission, consent if any).</p> <p>(ii) Loss Absorption at the Point of Non-Viability ("PONV")</p> <p>A write-off of the Bonds at the PONV may have the following effects:</p> <ul style="list-style-type: none"> (i) reduce the claim of the Bond (up to nil) in liquidation; (ii) reduce the amount to be re-paid on the Bond when call is exercised (up to nil); (iii) partially or fully reduce coupon payments on the Bond. <p>PONV trigger event shall be as defined in the aforesaid Basel III Guidelines and shall be determined by the RBI.</p> <p>RBI may in its imminence alter or modify the PONV trigger whether generally or in relation to the Bank or otherwise. In any case it should be noted that following writing-off of the Bonds and claims and demands as noted above neither the Bank, nor any other person on the Bank's behalf shall be required to compensate or provide any relief, whether absolutely or contingently, to the Bondholder or any other person claiming for or on behalf of or through such holder and all claims and demands of such persons, whether under law, contract or equity, shall stand permanently and irrevocably extinguished and terminated. Unless otherwise specified in this Information Memorandum, the write-off of any common equity or any other regulatory capital (as understood in terms of the aforesaid circular or any replacement/amendment thereof), whether senior or pari passu or subordinate, and whether a Tier 1 capital or otherwise shall not be required before the write-off of any of the Bonds and there is no right available to the Bondholder hereof or any other person claiming for or on behalf of or through such holder to demand or seek that any other regulatory capital be subject to prior or simultaneous write-off or that the treatment offered to holders of such other regulatory capital be also offered to the Bondholders.</p>
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		<p>I. Level of Pre-Specified Trigger and amount of Equity to be created by Write-Down.</p> <p>a. The pre-specified trigger for loss absorption through write-down of Bonds shall be at least CET1 of 6.125% of risk weighted assets ("RWAs").</p> <p>b. The bonds issued before March 31, 2019 i.e. before the full implementation of Basel III shall have two pre-specified triggers. A lower pre-specified trigger at CET1 of 5.5% of RWAs shall apply and remain effective before March 31, 2019. From this date, the trigger shall be raised to CET1 of 6.125% of RWAs for all such bonds. Bonds issued on or after March 31, 2019 shall have pre-specified trigger at CET1 of 6.125% of RWAs only.</p> <p>c. The write-down of any CET1 capital shall not be required before write-down of Bonds. The temporary or permanent write-down of Bonds must generate CET1 under applicable Indian Accounting Standards. The Bonds shall receive recognition in AT1 capital only up to the extent of minimum level of CET1 generated (i.e. net of contingent liability recognized under the Indian Accounting Standards, potential tax liabilities, etc., if any) by a full write-down of the Bonds.</p> <p>d. The aggregate amount of Bonds to be written-down on breaching the trigger level shall be at least the amount needed to immediately return the Bank's CET1 ratio to the trigger level or, if this is not possible, the full principal value of the Bonds. The Bank shall have full discretion to determine the amount of AT1 instruments to be written-down subject to the amount of write-down not exceeding the amount which would be required to bring the CET1 ratio to 8% of RWAs (minimum CET1 of 5.5% + capital conservation buffer of 2.5%).</p> <p>e. If the Bank breaches the pre-specified trigger of loss absorbency and equity is replenished through write-down of Bonds, such replenished amount of equity shall be excluded from the total equity of the Bank for the purpose of determining the proportion of earnings to be paid out as dividend in terms of rules laid down for maintaining capital conservation buffer. However, once the Bank attains total Common Equity ratio of 8% without counting the replenished equity capital, that point onwards, the Bank may include the replenished equity capital for all purposes. If the total CET1 ratio of the Bank falls again below the 8%, it would include the replenished capital for the purpose of applying the capital conservation buffer framework.</p> <p>f. The write-down of Bonds may be allowed more than once in case the Bank hits the pre-specified trigger level subsequent to the first write-down which was partial.</p> <p>g. The write-down of Bonds shall be primarily intended to replenish the equity in the event it is depleted by losses. Therefore, the Bank shall not use write-down of Bonds to support expansion of balance sheet by incurring further obligations/ booking assets. If the Bank's Common Equity ratio slips below 8% due to losses and is still above 6.125% i.e. trigger point, the Bank shall seek to expand its balance sheet further only by raising fresh equity from its existing shareholders or market and the internal accruals. The Bank may take fresh exposures to the extent of</p>
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		<p>amortization of the existing ones. If any expansion in exposures, such as due to draw down of sanctioned borrowing limits, is inevitable, this should be compensated within the shortest possible time by reducing other exposures.</p> <p>h. For the purpose of determination of breach of trigger, the fresh equity, if any, raised after slippage of CET1 below 8% shall not be subtracted i.e. if CET1 of the Bank is above the trigger level though it would have been below the trigger had the Bank not raised the fresh equity which it did, the trigger shall not be treated as breached.</p> <p>Treatment of Bonds in the event of Winding-Up, Amalgamation, Acquisition, Re-Constitution etc. of the Bank</p> <p>a. If the Bank goes into liquidation before the Bonds have been written-down, the Bonds shall absorb losses in accordance with the order of seniority and as per usual legal provisions governing priority of charges as listed herein.</p> <p>b. If the Bank goes into liquidation after the Bonds have been written-down, the holders of the Bonds shall have no claim on the proceeds of liquidation.</p> <p>(A) <i>Amalgamation of a Banking Company (Section 44 A of BR Act, 1949):</i></p> <p>a. If the Bank is amalgamated with any other bank before the Bonds have been written-down, the Bonds shall become a part of the corresponding categories of regulatory capital of the new bank emerging after the merger.</p> <p>b. If the Bank is amalgamated with any other bank after the Bonds have been written-down temporarily, the amalgamated entity can write-up such Bonds as per its discretion.</p> <p>c. If the Bank is amalgamated with any other bank after the Bonds have been written-down permanently, such Bonds cannot be written-up by the amalgamated entity.</p> <p>(B) <i>Scheme of Reconstitution or Amalgamation of a Banking Company (Section 45 of BR Act, 1949):</i></p> <p>If the relevant authorities decide to reconstitute the Bank or amalgamate the Bank with any other bank under the Section 45 of BR Act, 1949, such a bank will be deemed as non-viable or approaching non-viability and both the pre-specified trigger and the trigger at the point of non-viability for write-down of Bonds shall be activated. Accordingly, the Bonds shall be fully written-down permanently before amalgamation/ reconstitution in accordance with these rules.</p>
65.	Point of Non Viability (PONV)	<p>The Bonds(including all claims, demands on the Bonds and interest thereon, whether accrued or contingent), at the option of the RBI, can be permanently written down or converted into common equity, upon the occurrence of the trigger event called “Point of Non-Viability Trigger” (“PONV Trigger”)</p> <p>The PONV Trigger event is the earlier of:</p> <p>(i) a decision that a permanent write-off without which the Bank would become non-viable, as determined by the Reserve Bank of India; and</p> <p>(ii) the decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the relevant authority.</p> <p>The amount of non-equity capital to be converted/ written-off will be</p>

		<p>determined by RBI.</p> <p>The Write-off of any Common Equity Tier 1 capital shall not be required before the write-off of any Non-equity (Additional Tier 1 and Tier 2) regulatory capital instrument. The order of write-off of the Bonds shall be as specified in the order of seniority as per this Information Memorandum and any other regulatory norms as may be stipulated by the RBI from time to time.</p> <p>The Bonds can be converted or written-down multiple times in case the Bank hits the PONV Trigger Level subsequent to the first conversion or write-down. The Bonds which has been written off shall not be written up.</p> <p>Such a decision would invariably imply that the write-off or issuance of any new shares as a result of conversion consequent upon the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted. The Bondholders shall not have any residual claims on the Bank (including any claims which are senior to ordinary shares of the Bank), following any trigger event. In any case it should be noted that following writing-off or conversion of the instruments and claims and demands as noted above neither the Bank, nor any other person on the Bank's behalf shall be required to compensate or provide any relief, whether absolutely or contingently, to the Bondholder or any other person claiming for or on behalf of or through such holder and all claims and demands of such persons, whether under law, contract or equity, shall stand permanently and irrevocably extinguished and terminated. Unless otherwise specified in this Information Memorandum, the write-off of any common equity or any other regulatory capital (as understood in terms of the aforesaid circular or any replacement/amendment thereof), whether senior or pari passu or subordinate, and whether a Tier 1 capital or otherwise shall not be required before the write-off of any of the Bonds and there is no right available to the Bondholder hereof or any other person claiming for or on behalf of or through such holder to demand or seek that any other regulatory capital be subject to prior or simultaneous write-off or that the treatment offered to holders of such other regulatory capital be also offered to the Bondholders.</p> <p>For these purposes, the Bank may be considered as non-viable if:</p> <p>The Bank which, owing to its financial and other difficulties, may no longer remain a going concern on its own in the opinion of the RBI unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by the Bank should be such that these are likely to result in financial losses and raising the Common Equity Tier 1 capital of the Bank should be considered as the most appropriate way to prevent the Bank from turning non-viable. Such measures would include write-off / conversion of non-equity regulatory capital into common shares in combination with or without other measures as considered appropriate by the Reserve Bank.</p> <p>The Bank facing financial difficulties and approaching a PONV will be deemed to achieve viability if within a reasonable time in the opinion of RBI; it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including augmentation of equity capital through write off of Bonds/conversion/ public sector injection of funds are likely to:</p>
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		<ul style="list-style-type: none"> a. Restore depositors'/investors' confidence; b. Improve rating /creditworthiness of the Bank and thereby improve its borrowing capacity and liquidity and reduce cost of funds; and c. Augment the resource base to fund balance sheet growth in the case of fresh injection of funds. <p>The trigger at PONV will be evaluated both at consolidated and solo level and breach at either level will trigger write-off.</p> <ul style="list-style-type: none"> a. The write-off of any Common Equity Tier 1 capital shall not be required before the write-off of any non-equity (Additional Tier 1 and Tier 2) regulatory capital instrument. b. Such a decision would invariably imply that the write-off consequent upon the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted. c. The Bonds shall not carry any residual claims on the Bank which are senior to equity/ ordinary shares of the Bank (or banking group entity where applicable), following a trigger event and when write-off is undertaken. <p>For the purpose of these guidelines, the Bank shall be deemed as "non-viable" if:</p> <ul style="list-style-type: none"> a) Owing to its financial and other difficulties, it may no longer remain a going concern on its own in the opinion of the Reserve Bank of India unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by a Bank should be such that they are likely to result in financial losses and raising the Common Equity Tier 1 capital of the Bank should be considered as the most appropriate way to prevent the Bank from turning non-viable. Such measures shall include write-off of Bonds in combination with or without other measures as considered appropriate by the Reserve Bank of India. b) In rare situations, the Bank may also become non-viable due to non-financial problems, such as conduct of affairs of the Bank in a manner which is detrimental to the interest of depositors, serious corporate governance issues, etc. In such situations raising capital shall not be considered a part of the solution and therefore, may not attract provisions of this framework. <p>Restoring Viability</p> <p>The Bank facing financial difficulties and approaching a PONV shall be deemed to achieve viability if within a reasonable time in the opinion of the Reserve Bank of India, it shall be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including write-off of the Bonds/ public sector injection of funds are likely to:</p> <ul style="list-style-type: none"> (i) Restore depositors'/ investors' confidence; (ii) Improve rating/ creditworthiness of the Bank and thereby improve its borrowing capacity and liquidity and reduce cost of funds; and
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		<p>(iii) Augment the resource base to fund balance sheet growth in the case of fresh injection of funds.</p> <p>Other Requirements to be met by the Non-Common Equity Capital Instruments to Absorb Losses at the PONV</p> <p>a. The Bonds shall have a provision that requires the Bonds to be permanently written off, at the option of the Reserve Bank of India, upon the occurrence of the "Point of Non-Viability (PONV) Trigger.</p> <p>b. The amount of Bonds to be written-off shall be determined by the Reserve Bank of India.</p> <p>c. If the Bank breaches the PONV trigger and the equity is replenished through write-off of the Bonds, such replenished amount of equity shall be excluded from the total equity of the Bank for the purpose of determining the proportion of earnings to be paid out as dividend in terms of rules laid down for maintaining capital conservation buffer. However, once the Bank attains a total Common Equity ratio of 8% without counting the replenished equity capital, that point onwards, the Bank may include the replenished equity capital for all purposes.</p> <p>d. If the total CET1 ratio of the Bank falls again below the total Common Equity ratio of 8%, it shall include the replenished capital for the purpose of applying the capital conservation buffer framework.</p> <p>Criteria to Determine PONV</p> <p>a. The above framework shall be invoked when the Bank is adjudged by Reserve Bank of India to be approaching the point of non-viability, or has already reached the point of non-viability, but in the views of RBI:</p> <p>(i) There is a possibility that a timely intervention in form of capital support, with or without other supporting interventions, is likely to rescue the Bank; and</p> <p>(ii) If left unattended, the weaknesses would inflict financial losses on the Bank and, thus, cause decline in its common equity level.</p> <p>b. The purpose of write-off of non-equity regulatory capital elements shall be to shore up the capital level of the Bank. RBI would follow a two-stage approach to determine the non-viability of the Bank. The Stage 1 assessment would consist of purely objective and quantifiable criteria to indicate that there is a prima facie case of the Bank approaching non-viability and, therefore, a closer examination of the Bank's financial situation is warranted. The Stage 2 assessment would consist of supplementary subjective criteria which, in conjunction with the Stage 1 information, would help in determining whether the Bank is about to become non-viable. These criteria shall be evaluated together and not in isolation.</p> <p>c. Once the PONV is confirmed, the next step shall be to decide whether rescue of the Bank would be through write-off alone or write-off in conjunction with public sector injection of funds.</p> <p>d. The PONV Trigger shall be evaluated both at consolidated and solo level and breach at either level will trigger write-off.</p>
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66.	Eligible Investors	<ol style="list-style-type: none"> 1. Public Financial Institutions as defined in section 2(72) of the Companies Act, 2013; 2. Insurance Companies registered with the Insurance Regulatory and Development Authority; 3. Scheduled Commercial Banks; 4. Co-operative Banks; 5. Regional Rural Banks authorized to invest in bonds/ debentures; 6. Provident Funds, Pension Funds, Gratuity Funds and Superannuation Funds; 7. Mutual Funds registered with SEBI; 8. Foreign Institutional Investors registered with SEBI; 9. Companies falling within the meaning of section 2(20) of the

		<p>Companies Act, 2013 and bodies corporate authorised to invest in Bonds;</p> <p>10. Statutory Corporations established/ constituted under union/ central/ state legislature or under other applicable laws in India; and</p> <p>11. Trusts, Association of Persons, Societies registered under the applicable laws in India which are duly authorised to invest in Bonds.</p> <p>The above categories of investors may apply for the Bonds, subject to applicable laws and subject to fulfilling their respective investment norms/ rules by submitting all the relevant documents along with the Application Form. Investors are required to independently verify their eligibility to subscribe to the Bonds on the basis of norms/ guidelines/ parameters laid by their respective regulatory body including but not limited to RBI, SEBI, IRDA, Government of India, Ministry of Finance, Ministry of Labour etc.</p>										
67.	Investors who are not eligible to apply	<p>The following categories of investors are not eligible to apply for this private placement of Bonds:</p> <ol style="list-style-type: none"> 1. Non-Resident Indians (applying on repatriation/ non-repatriation basis); 2. Foreign Portfolio Investors registered with SEBI; 3. Partnership Firms in the name of their partners; 4. Charitable Institutions registered under section 25 of the Companies Act, 1956; 5. Limited Liability Partnerships; 6. Universities incorporated by Central, State or Provincial Act or declared to be a university under section 3 of the University Grants Commission Act, 1956 (3 of 1956); 7. Minors applying through/ not applying through their guardians; 8. Resident Indian Individuals. 9. Hindu Undivided Families applying in the name of Karta; 10. Persons Resident outside India and Foreign Nationals (applying on repatriation/ non-repatriation basis); 11. Overseas Corporate Bodies; 12. Venture Capital Funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 and Foreign Venture Capital Investors; 13. Alternative Investment Funds (as defined in and registered under the SEBI (Alternative Investment Funds) Regulations, 2012; 14. Multilateral and Bilateral Development Financial Institutions; 15. Associations of Persons; and Persons ineligible to contract under applicable statutory/ regulatory requirements. 										
68.	Remittance of Application Money	<p>Applicants may make remittance of application money either through cheque(s)/ demand draft(s) drawn in favour of “Punjab National Bank Additional A/c BASEL III Compliant AT-1 Bonds Series VIII” and crossed “Account Payee Only” payable at par at place/ centre where the application form is deposited or by way of electronic transfer of funds through funds transfer/ RTGS mechanism for credit in the account as per following details:</p> <table border="1" data-bbox="566 1816 1401 2031"> <tr> <td>Name of the Banker</td> <td>Punjab National Bank</td> </tr> <tr> <td>Account Name</td> <td>PNB AT1 BASEL III Bonds Series VIII</td> </tr> <tr> <td>Credit into Current A/c No.</td> <td>[●]</td> </tr> <tr> <td>IFSC Code</td> <td>PUNB0477600</td> </tr> <tr> <td>Address of the Branch</td> <td>Punjab National Bank, BO: Capital Market Service Branch, BKC, Mumbai</td> </tr> </table>	Name of the Banker	Punjab National Bank	Account Name	PNB AT1 BASEL III Bonds Series VIII	Credit into Current A/c No.	[●]	IFSC Code	PUNB0477600	Address of the Branch	Punjab National Bank, BO: Capital Market Service Branch, BKC, Mumbai
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Credit into Current A/c No.	[●]											
IFSC Code	PUNB0477600											
Address of the Branch	Punjab National Bank, BO: Capital Market Service Branch, BKC, Mumbai											

		Narration	Application Money for Bond Issue								
69.	Conditions Precedent to Disbursement	<p>The subscription from Investors shall be accepted for allocation and allotment by the Bank subject to the following:</p> <ol style="list-style-type: none"> Rating letters from IRRPL and Brickwork Ratings not being more than one month old from the Issue Opening Date; Letter from the Debenture Trustee conveying their consent to act as Trustee for the holder(s) of Bonds; Letter from BSE conveying its in-principle approval for listing of Bonds. 									
70.	Condition Subsequent to Disbursement	<p>The Bank shall ensure that the following documents are executed/ activities are completed as per time frame mentioned in the Disclosure Document:</p> <ol style="list-style-type: none"> Credit of demat account(s) of the allottee(s) by number of Bonds allotted within 2 (two) working days from the Deemed Date of Allotment; Making application to NSE and/or BSE within 15 days from the Deemed Date of Allotment to list the Bonds and seek listing permission from NSE and/or BSE within 20 days from the Deemed Date of Allotment; Neither the Bank nor any related party over which the Bank exercises control or significant influence (as defined under relevant Accounting Standards) shall purchase the Bonds, nor would the Bank directly or indirectly fund the purchase of the Bonds. The Bank shall not grant advances against the security of the Bonds issued by it. <p>Besides, the Bank shall perform all activities, whether mandatory or otherwise, as mentioned in the Disclosure Document.</p>									
71.	Applicable SEBI Regulations	<p>Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008 as amended pursuant to the Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide circular no. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014, as and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2016 issued vide circular no. LAD-NRO/GN/2016-17/004 dated May 25, 2016.</p>									
72.	Governing Law & Jurisdiction	<p>The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of district courts of Mumbai, Maharashtra.</p>									
73.	Issue Schedule*	<table border="1"> <tbody> <tr> <td>Issue Opening Date</td> <td>03rd March 2017</td> </tr> <tr> <td>Issue Closing Date</td> <td>03rd March 2017</td> </tr> <tr> <td>Pay-in Dates</td> <td>03rd March 2017</td> </tr> <tr> <td>Deemed Date of Allotment</td> <td>03rd March 2017</td> </tr> </tbody> </table>		Issue Opening Date	03 rd March 2017	Issue Closing Date	03 rd March 2017	Pay-in Dates	03 rd March 2017	Deemed Date of Allotment	03 rd March 2017
Issue Opening Date	03 rd March 2017										
Issue Closing Date	03 rd March 2017										
Pay-in Dates	03 rd March 2017										
Deemed Date of Allotment	03 rd March 2017										

Note: The Bank reserves its sole and absolute right to modify (pre-poner/ post-poner) the above issue schedule without giving any reasons or prior notice. In such a case, applicants shall be intimated about the revised time schedule by the Bank. The Bank also reserves the right to keep multiple Date(s) of Allotment at its sole and absolute discretion without any notice. In case if the Issue Closing Date/ Pay in Dates is/are changed (pre-poned/ post-poned), the Deemed Date of Allotment may also be changed (pre-poned/ post-poned) by the Bank at its sole and absolute discretion. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates and/or Call Option Due Date may also be changed at the sole and absolute discretion of the Bank.

XII. DISCLOSURE OF CASH FLOWS (as per SEBI Circular No: CIR/IMD/DF/18/2013 dated October 29, 2013 and SEBI Circular No. CIR/IMD/DF-1/122/2016)

In pursuance of SEBI circular no. CIR/IMD/DF/18/2013 dated October 29 2013 and SEBI Circular No. CIR/IMD/DF-1/122/2016, set forth below is an illustration for guidance in respect of the day count convention and effect of holidays on payments.

Name of the Issuer	Punjab National Bank
Face Value per Bond	Rs. 10,00,000
Deemed Date of Allotment	03 rd March 2017
Call Option Due Date	03 rd September 2022 (for illustration purpose, if bank exercises call option at the end of 05 years from the date of issue) and thereafter on each Coupon Payment Date i.e. March 03 rd , each year.
Coupon / Interest Rate	8.95% p.a. payable Semi - Annually
Frequency of the Interest Payment with specified dates	First coupon payment shall be made on September 04 th , 2017 (comprising of interest/ coupon from and including the Deemed Date of Allotment upto but excluding the first Coupon Payment Date) and subsequent coupon payments shall be made on March 3 rd and September 3 rd , each year, upto Call Option Due Date i.e. March 03 rd 2022 (it has been assumed that the Bank exercises the Call Option at the end of 05 th year from the Deemed Date of Allotment).
Day Count Convention	Actual / Actual

Illustrative Cash Flows

Particulars	Original Coupon Payment Dates and illustrative Call Option Due Date	Modified Coupon Payment Dates and illustrative Call Option Due Date	No. of Days	Amount per Bond (in Rs.)
Deemed Date of Allotment	Friday, March 03, 2017	Friday, March 03, 2017		-10,00,000
1st Coupon Payment	Sunday, September 03, 2017	Monday, September 04, 2017	185	45,117.81
2nd Coupon Payment	Saturday, March 03, 2018	Saturday, March 03, 2018	180	44,382.19
3rd Coupon Payment	Monday, September 03, 2018	Monday, September 03, 2018	184	45,117.81
4th Coupon Payment	Sunday, March 03, 2019	Monday, March 04, 2019	181	44,382.19
5th Coupon Payment	Tuesday, September 03, 2019	Tuesday, September 03, 2019	183	45,117.81
6th Coupon Payment	Tuesday, March 03, 2020	Tuesday, March 03, 2020	182	44,505.46
7th Coupon Payment	Thursday, September 03, 2020	Thursday, September 03, 2020	184	44,994.54
8th Coupon Payment	Wednesday, March 03, 2021	Wednesday, March 03, 2021	181	44,382.19
9th Coupon Payment	Friday, September 03, 2021	Friday, September 03, 2021	184	45,117.81
10th Coupon Payment	Thursday, March 03, 2022	Thursday, March 03, 2022	181	44,382.19
Redemption of principal on account of exercise of Call Option on the illustrative Call Option Due Date	Thursday, March 03, 2022	Thursday, March 03, 2022	184	10,00,000

Assumptions and Notes:

1. For the purposes of the above illustration, it has been assumed that none of the Coupon Payment Dates and Redemption Date detailed in the illustration fall on non-Business Day and accordingly, only such dates that fall on Sundays or non working Saturdays, have been considered as non-Business Days;
2. The Illustration has been prepared with the assumption that the Bank will exercise CALL Option with approval of RBI after 5 years of Date of Allotment i.e. 03.03.2022.
3. If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the respective redemption proceeds shall be paid by the Bank on the immediately preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.

THE AGGREGATE COUPON PAYABLE TO EACH BONDHOLDER SHALL BE ROUNDED OFF TO THE NEAREST RUPEE AS PER THE FIXED INCOME MONEY MARKET AND DERIVATIVES ASSOCIATION HANDBOOK ON MARKET PRACTICES.

XIII. OTHER TERMS OF OFFER

(DETAILS OF DEBT SECURITIES PROPOSED TO BE ISSUED, MODE OF ISSUANCE, ISSUE SIZE, UTILIZATION OF ISSUE PROCEEDS, STOCK EXCHANGES WHERE SECURITIES ARE PROPOSED TO BE LISTED, REDEMPTION AMOUNT, PERIOD OF MATURITY, YIELD ON REDEMPTION, DISCOUNT AT WHICH OFFER IS MADE AND EFFECTIVE YIELD FOR INVESTOR)

PRIVATE PLACEMENT OF UNSECURED, SUBORDINATED, FULLY PAID-UP, NON-CONVERTIBLE, BASEL III COMPLIANT, PERPETUAL DEBT INSTRUMENTS IN THE NATURE OF DEBENTURES FOR INCLUSION IN ADDITIONAL TIER I CAPITAL OF FACE VALUE OF RS. 10.00 LACS EACH (“BONDS”) FOR CASH AT PAR AGGREGATING TO RS. 1,500 CRORES (THE “ISSUE”), BY PUNJAB NATIONAL BANK (“PNB”/ THE “ISSUER”/ THE “BANK”).

AUTHORITY FOR THE ISSUE

The present issue of Bonds is being made pursuant to the resolution of the Board of Directors of the Bank, passed at its meeting held on 21.10.2016 and the delegation provided there under.

The present issue of Bonds is being made in pursuance of Circular No. RBI Master Circular DBOD.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 on Basel III Capital Regulations covering criteria for inclusion of debt capital instruments as Tier 1 capital (Annex 5 of the Master Circular) and minimum requirements to ensure loss absorbency of Additional Tier 1 instruments at pre-specified trigger and of all non-equity regulatory capital instruments at the point of non-viability (Annex 16 of the Master Circular) read along with RBI circular no. DBR.BP.BC.No.50/21.06.201/2016-17 dated February 02, 2017 on “Basel III Capital Regulations- Additional Tier 1 Capital”.

The Bank can issue the Bonds proposed by it in view of the present approvals and no further internal or external permission/ approval(s) is/ are required by it to undertake the proposed activity.

The Bonds offered are subject to provisions of the Securities Contract Regulation Act, 1956, Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, terms of this Disclosure Document, Instructions contained in the Application Form and other terms and conditions as may be incorporated in the Trustee Agreement. Over and above such terms and conditions, the Bonds shall also be subject to the applicable provisions of the Depositories Act 1996 and the laws as applicable, guidelines, notifications and regulations relating to the allotment & issue of capital and listing of securities issued from time to time by the Government of India (GoI), Reserve Bank of India (RBI), Securities & Exchange Board of India (SEBI), concerned Stock Exchange or any other authorities and other documents that may be executed in respect of the Bonds. Any disputes arising out of this issue will be subject to the exclusive jurisdiction of the district courts of city of Mumbai.

AN UNDERTAKING THAT THE ISSUER SHALL USE A COMMON FORM OF TRANSFER

The Bonds shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSDL/ CDSL/ Depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Bonds held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Bank.

The Bank undertakes that it shall use a common form/ procedure for transfer of Bonds issued under terms of this Disclosure Document.

TERMS AND CONDITIONS OF THE ISSUE

This is a confidential Disclosure Document setting out the terms and conditions pertaining to issue of private placement of unsecured, subordinated, fully paid-up, non-convertible, Basel III compliant, perpetual debt instruments in the nature of debentures for inclusion in additional Tier I Capital of face value of Rs. 10.00 lacs each ("bonds") for cash at par aggregating to Rs. 1,500 crores (the "issue"), by Punjab National Bank ("pnb"/ the "Issuer"/ the "bank"). Your participation is subject to the completion and submission of Application Form along with application money and acceptance of the offer by the Bank.

RMS OF PAYMENT

The full face value of the Bonds applied for is to be paid along with the Application Form. Investor(s) need to send in the Application Form and the cheque(s)/ NEFT/ RTGS for the full face value of the Bonds applied for.

Face Value Per Bond	Minimum Application for	Amount Payable on Application per Bond
Rs. 10,00,000/- (Rupees Ten Lacs Only)	10 Bonds and in multiple(s) of 1 Bond thereafter	Rs. 10,00,000/- (Rupees Ten Lacs Only)

DEEMED DATE OF ALLOTMENT

Interest on Bonds shall accrue to the Bondholder(s) from March 03rd 2017, which shall be the Deemed Date of Allotment. All benefits relating to the Bonds will be available to the investors from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment. The Bank reserves the right to keep multiple allotment date(s)/ deemed date(s) of allotment at its sole and absolute discretion without any notice. In case if the issue closing date is changed (preponed/ postponed), the Deemed Date of Allotment may also be changed (preponed/ postponed) by the Bank at its sole and absolute discretion.

MINIMUM SUBSCRIPTION

10 (ten) Bonds (i.e. Rs. 1.00 crore) and in multiples of 1 (one) Bond (i.e. Rs. 10.00 lakh) thereafter.

BASIS OF ALLOCATION / ALLOTMENT

The Issuer reserves the right to reject any/all applications fully or partially at its sole discretion, without assigning any reason whatsoever.

MARKET LOT

The market lot will be one Bond ("Market Lot"). Since the Bonds are being issued only in dematerialised form, the odd lots will not arise either at the time of issuance or at the time of transfer of Bonds.

The market lot will be 1 Bond of the face value of Rs.10 lacs (Rupees Ten Lacs Only).

TRADING OF BONDS

The marketable lot for the purpose of trading of Bonds shall be 1 (one) Bond of face value of Rs. 10 Lacs each. Trading of Bonds would be permitted in demat mode only in standard denomination of Rs. 10 Lacs and such trades shall be cleared and settled in recognized stock exchange(s) subject to conditions specified by SEBI. In case of trading in Bonds which has been made over the counter, the trades shall be reported on a recognized stock exchange having a nationwide trading terminal or such other platform as may be specified by SEBI.

EFFECT OF HOLIDAYS (as per SEBI circular dated October 29, 2013 to be read with SEBI circular dated 11.11.2016)

If the interest payment date falls on a holiday, the payment may be made on the following working day however the dates of the future coupon payments would be as per the schedule originally stipulated at the time of issuing the security.

In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday.

In case of a leap year, if February 29 falls during the tenor of a security, then the number of days shall be reckoned as 366 days (Actual/Actual day count convention) for a whole one year period, irrespective of whether the interest is payable annually, half yearly, quarterly or monthly etc. It is thus emphasized that for a half yearly interest payment, 366 days would be reckoned twice as the denominator; for quarterly interest, four times and for monthly interest payment, twelve times.

In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day shall be considered as the Record Date.

DEPOSITORY ARRANGEMENTS

The Bank has appointed **Alankit Assinments Ltd.** Delhi as Registrars & Transfer Agent for the present Bond issue. The Bank shall make necessary depository arrangements with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for issue and holding of Bond in dematerialized form. In this context the Bank has signed two tripartite agreements as under:

- Tripartite Agreement between the Bank, RTA and National Securities Depository Ltd. (NSDL) for offering depository option to the investors.
- Tripartite Agreement between the Bank, RTA and Central Depository Services (India) Ltd. (CDSL) for offering depository option to the investors.

Investors can hold the Bonds only in dematerialized form and deal with the same as per the provisions of Depositories Act, 1996 as amended from time to time.

LIST OF BENEFICIAL OWNERS

The Bank shall request the Depository to provide a list of Beneficial Owners as at the end of the Record Date. This shall be the list, which shall be considered for payment of interest or repayment of principal amount (in case of exercise of Call Option).

LETTER OF ALLOTMENT AND BOND CERTIFICATE

The beneficiary account of the investor(s) with National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL)/ Depository Participant will be given initial credit within 2 days from the Deemed Date of Allotment. The initial credit in the account will be akin to the Letter of

Allotment. On completion of the all statutory formalities, such credit in the account will be akin to a Bond Certificate.

ISSUE OF BOND CERTIFICATE(S)

Subject to the completion of all statutory formalities within time frame prescribed in the relevant regulations/ act/ rules etc, the initial credit akin to a Letter of Allotment in the Beneficiary Account of the investor would be replaced with the number of Bonds allotted. The Bonds since issued in electronic (dematerialized) form, will be governed as per the provisions of The Depository Act, 1996, Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, rules notified by NSDL/ CDSL/ Depository Participant from time to time and other applicable laws and rules notified in respect thereof. The Bonds shall be allotted in dematerialized form only.

DISPATCH OF REFUND ORDERS

The Bank shall ensure dispatch of Refund Order(s) by Registered Post only and adequate funds for the purpose shall be made available to the Registrar to the Issue by the Issuer Bank.

JOINT-HOLDERS

Where two or more persons are holders of any Bond(s), they shall be deemed to hold the same as joint tenants with benefits of survivorship subject to other provisions contained in the Articles.

SHARING OF INFORMATION

The Bank may, at its option, use on its own, as well as exchange, share or part with any financial or other information about the Bond holders available with the Bank, with its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Bank or its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

MODE OF TRANSFER OF BONDS

Bonds shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSDL/ CDSL/ Depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Bonds held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

Transfer of Bonds to and from NRIs/ OCBs, in case they seek to hold the Bonds and are eligible to do so, will be governed by the then prevailing guidelines of RBI. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Bank.

SUCCESSION

In the event of the demise of the sole/first holder of the Bond(s) or the last survivor, in case of joint holders for the time being, the Bank shall recognize the executor or administrator of the deceased Bond holder, or the holder of succession certificate or other legal representative as having title to the Bond(s). The Bank shall not be bound to recognize such executor or administrator, unless such executor or administrator obtains probate, wherever it is necessary, or letter of administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter. The Bank may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Bond (s) standing in the name of the deceased Bond holder on production of sufficient documentary proof or indemnity. Where a non-resident Indian becomes entitled to the Bond by way of succession, the following steps have to be complied with:

- Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the Bond was acquired by the NRI as part of the legacy left by the deceased holder.
- Proof that the NRI is an Indian National or is of Indian origin.

Such holding by the NRI will be on a non-repatriation basis.

RIGHT TO ACCEPT OR REJECT APPLICATIONS

The Bank reserves its full, unqualified and absolute right to accept or reject any application, in part or in full, without assigning any reason thereof. The rejected applicants will be intimated along with the refund warrant, if applicable, to be sent. Interest on application money will be paid from the date of realization of the cheque(s)/ demand drafts(s)/RTGS till one day prior to the date of refund. The application forms that are not complete in all respects are liable to be rejected and would not be paid any interest on the application money. Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- Number of Bonds applied for is less than the minimum application size;
- Applications exceeding the issue size;
- Bank account details not given;
- Details for issue of Bonds in electronic/ dematerialized form not given; PAN/GIR and IT Circle/Ward/District not given;
- In case of applications under Power of Attorney by limited companies, corporate bodies, trusts, etc relevant documents not submitted;

In the event, if any Bond(s) applied for is/ are not allotted in full, the excess application monies of such Bonds will be refunded, as may be permitted.

FICTITIOUS APPLICATIONS

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who—

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name.

Shall be liable for action under section 447.”

FUTURE BORROWINGS

The Bank shall be entitled, from time to time, to make further issue of bonds and / or Bonds and other such instruments to the public / members of the Bank / banks / financial institutions / bodies corporate / mutual funds and / or any other person(s) and /or to raise further loans, advances and/or avail of further financial and / or guarantee facilities from all or any of the above without obtaining the approval of the Bondholders and/or the Trustee.

RIGHTS OF BOND HOLDER(S)

The Bond holders will not be entitled to any rights and privileges of share holders other than those available to them under statutory requirements. The Bonds shall not confer upon the holders the right to receive notice, or to attend and vote at the general meetings of shareholders of the Bank. The principal amount and interest, if any, on the Bonds will be paid to the sole holder only, and in the case of joint holders, to the one whose name stands first in the Register of Bond holders. The Bonds shall

be subject to other usual terms and conditions incorporated in the Bond certificate(s) that will be issued to the allottee (s) of such Bonds by the Bank and also in the Trustee Agreement / Trust Deed.

MODIFICATION OF RIGHTS

The rights, privileges, terms and conditions attached to the Bonds may be varied, modified or abrogated with the consent, in writing, of those holders of the Bonds who hold at least three fourth of the outstanding amount of the Bonds or with the sanction accorded pursuant to a resolution passed at a meeting of the Bondholders, provided that nothing in such consent or resolution shall be operative against the Bank where such consent or resolution modifies or varies the terms and conditions of the Bonds, if the same are not acceptable to the Bank.

BONDHOLDER NOT A SHAREHOLDER

The bondholders will not be entitled to any of the rights and privileges available to the shareholders. If, however, any resolution affecting the rights attached to the Bonds is placed before the members of the Bank, such resolution will first be placed before the bondholders through the Trustees for their consideration.

NOTICES

All notices required to be given by the Issuer or by the Trustees to the Bondholders shall be deemed to have been given if sent by ordinary post/ courier to the original sole/ first allottees of the Bonds and/ or if published in one All India English daily newspaper and one regional language newspaper.

All notices required to be given by the Bondholder(s), including notices referred to under "Payment of Interest" shall be sent by registered post or by hand delivery to the Issuer or to such persons at such address as may be notified by the Issuer from time to time.

ADDITIONAL COVENANTS

1. DELAY IN LISTING

The Bank shall make an application to BSE within 15 days from the Deemed Date of Allotment to list the Bonds and seek listing permission from BSE within 20 days from the Deemed Date of Allotment. In case of delay in listing of Bonds beyond 20 days from the Deemed Date of Allotment, the Bank shall pay penal interest at the rate of 1.00% p.a. over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of the Bonds to the investors. Such penal interest shall be paid by the Bank to the Bondholders on the first Coupon Payment Date.

2. REFUSAL OF LISTING

If listing permission is refused before the expiry of the 20 days from the Deemed Date of Allotment, the Bank shall forthwith repay all monies received from the applicants in pursuance of the Disclosure Document along with penal interest at the rate of 1.00% p.a. over the Coupon Rate from the expiry of 20 days from the Deemed Date of Allotment. If such monies are not repaid within 8 days after the Issuer becomes liable to repay it (i.e. from the date of refusal or 20 days from the Deemed Date of Allotment, whichever is earlier), then the Bank and every director of the Bank who is an officer in default shall, on and from the expiry of 8 days, shall be jointly and severally liable to repay the money, with interest at the rate of 15% p.a. on the application money.

3. DELAY/ DEFAULT

In case of delay/ default in payment of interest/ coupon on the due dates (other than in the event of cancellation or non-payment of any interest/ coupon pursuant to "Coupon Discretion" clause), the Bank shall pay additional interest/ coupon at the rate of 2.00% p.a. over the Coupon Rate for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and upto but excluding the date on which such amount is actually paid.

All applicants should mention their Permanent Account Number or the GIR Number allotted under Income Tax Act, 1961 and the Income Tax Circle/ Ward/ District. In case where neither the PAN nor the GIR Number has been allotted, the fact of such a non-allotment should be mentioned in the Application Form in the space provided.

TAX DEDUCTION AT SOURCE

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source. Tax exemption certificate/ document, under Section 193 of the Income Tax Act, 1961, if any, must be lodged at the registered office of the Bank or at such other place as may be notified by the Bank in writing, at least 30 (thirty) calendar working days before the interest payment dates.

Tax exemption certificate/ declaration of non-deduction of tax at source on interest on application money, should be submitted along with the application form. Where any deduction of Income Tax is made at source, the bank shall send to the Bondholder(s) a Certificate of Tax Deduction at Source. Regarding deduction of tax at source and the requisite declaration forms to be submitted, prospective investors are advised to consult their own tax consultant(s).

Tax Deducted at source will be paid to Income tax authorities on accrual or payment whichever is earlier basis.

TAX BENEFITS TO THE BOND HOLDERS OF THE BANK

The holder(s) of the Bonds are advised to consider in their own case, the tax implications in respect of subscription to the Bonds after consulting their own tax advisor/ counsel.

SIGNATURES

Signatures should be made in English or in any of the Indian Languages. Thumb impressions must be attested by an authorized official of a Bank or by a Magistrate/ Notary Public under his/her official seal.

ACKNOWLEDGEMENTS

No separate receipts will be issued for the application money. However, the Bankers to the Issue receiving the duly completed Application Form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each Application Form.

THE DISCOUNT AT WHICH SUCH OFFER IS MADE AND THE EFFECTIVE PRICE FOR THE INVESTOR AS A RESULT OF SUCH DISCOUNT

The Bonds are being issued at face value and not at discount to offer price.

XIV. MATERIAL CONTRACTS & AGREEMENTS INVOLVING FINANCIAL OBLIGATIONS OF THE BANK

By very nature of its business, the Bank is involved in a large number of transactions involving financial obligations and therefore it may not be possible to furnish details of all material contracts and agreements involving financial obligations of the Bank. However, the contracts referred to in Para A below (not being contracts entered into in the ordinary course of the business carried on by the Bank) which are or may be deemed to be material have been entered into by the Bank. Copies of these contracts together with the copies of documents referred to in Para B may be inspected at the Head Office of the Bank between 10.00 a.m. and 2.00 p.m. on any working day until the issue closing date.

A. MATERIAL CONTRACTS

- a) Copy of letter appointing Registrar and Transfer Agents and copy of Agreement entered into between the Bank and the Registrar.

- b) Copy of letter appointing Sole Arranger to the Issue.
- c) Copy of letter appointing Trustees to the Bondholders.

B. DOCUMENTS

- a. The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, as amended from time to time.
- b. Board resolution authorizing issue of Bonds offered under terms of this Private Placement Offer Letter.
- c. Letter of consent from the Trustees for acting as trustees for and on behalf of the bond holder(s)
- d. Letter of consent from the Registrars for acting as Registrars to the Issue.
- e. Application made to the BSE for grant of in-principle approval for listing of Bonds.
- f. Letter from Brickwork Ratings conveying the credit rating for the Bonds.
- g. Letter from India Ratings & Research Limited conveying the credit rating for the Bonds.
- h. Tripartite Agreement between the Bank, NSDL and Registrars for issue of Bonds in dematerialized form.
- i. Tripartite Agreement between the Bank, CDSL and Registrars for issue of Bonds in dematerialized form.

XV. OTHER TERMS AND CONDITIONS:

1. ISSUE SIZE

PNB proposes to raise upto Rs 1,500 crores through issue of private placement of unsecured, subordinated, fully paid-up, non-convertible, Basel III compliant, perpetual debt instruments in the nature of debentures for inclusion in additional Tier I Capital of face value of Rs. 10.00 lacs each ("bonds").

2. ELIGIBILITY TO COME OUT WITH THE ISSUE

The Bank or its promoter has not been restrained or prohibited or debarred by SEBI/ any other Government authority from accessing the securities market or dealing in securities and no such direction or order is in force.

3. REGISTRATION AND GOVERNMENT APPROVALS

The Bank can undertake the activities proposed by it in view of the present approvals and no further approval from any government authority(ies) is required by it to undertake the proposed activities save and except those approvals which may be required to be taken in the normal course of business from time to time.

4. OBJECTS OF THE ISSUE

The proposed issue of Bonds is being made for augmenting Additional Tier 1 Capital (as the term is defined in the Basel III Regulations) and overall capital of the Bank for strengthening its capital adequacy and for enhancing its long term resources.

5. UTILISATION OF ISSUE PROCEEDS

The funds being raised by the issuer through the present issue of Bonds are not meant for financing any particular project. The Issuer shall utilize the proceeds of the issue for its regular business activities. The Issuer is subject to a number of regulatory checks and balances as stipulated in its regulatory environment. The Issuer is a Government of India undertaking under the administrative control of Ministry of Finance, Government of India and is managed by professionals under the supervision of the Board of Directors. The management of the Issuer shall ensure that the funds raised via the present issue shall be utilized only towards satisfactory fulfilment of the objects of the issue.

The Issuer undertakes that proceeds of the present issue shall not be used for any purpose which may be in contravention of the regulations/ guidelines/ norms issued by the RBI / SEBI / Stock Exchange(s).

In accordance with the SEBI Debt Regulations, the Issuer undertakes that it shall not utilize the proceeds of the issue for providing loan to or acquisition of shares of any person who is part of the same group or who is under the same management. However, the Issuer is a Government of India Undertaking and, as such, it does not have any identifiable 'Group Companies' or 'Companies under the Same Management'. The issue proceeds shall not be utilized towards full or part consideration for the purchase of any acquisition, including by way of a lease, of any property.

Further, the Issuer undertakes that issue proceeds from the present issue of Bonds shall not be used for any purpose which may be in contravention of the RBI guidelines on bank financing to NBFCs including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI regulations.

6. UNDERWRITING

The present Issue of Bonds is not underwritten.

7. STATUS OF BONDHOLDERS/ SENIORITY OF CLAIM

The claims of the Bondholders shall be:

- (a) Superior to the claims of investors in equity/ common shares and perpetual non-cumulative preference shares, if any, of the Bank whether currently outstanding or issued at any time in the future;
- (b) Subordinated to the claims of all depositors, general creditors and subordinated debt of the Bank other than any subordinated debt qualifying as Additional Tier 1 Capital (as defined in the Basel III Guidelines) of the Bank;
- (c) Neither secured nor covered by a guarantee of the Bank or its related entity or any other arrangement that legally or economically enhances the seniority of the claims of Bondholders vis-à-vis creditors of the Bank.
- (d) Pari passu without preference amongst themselves and other subordinated debt classifying as Additional Tier 1 Capital in terms of Basel III Regulations, whether currently outstanding or issued at any time in the future.

8. POINT OF NON VIABILITY ("PONV")

The Bonds (including all claims, demands on the Bonds and interest thereon, whether accrued or contingent), at the option of the RBI, can be permanently written down or converted into common equity, upon the occurrence of the trigger event called "**Point of Non-Viability Trigger**" ("**PONV Trigger**")

The PONV Trigger event is the earlier of:

- (iii) a decision that a permanent write-off without which the Bank would become non-viable, as determined by the Reserve Bank of India; and
- (iv) the decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the relevant authority.

The amount of non-equity capital to be converted/ written-off will be determined by RBI.

The Write-off of any Common Equity Tier 1 capital shall not be required before the write-off of any Non-equity (Additional Tier 1 and Tier 2) regulatory capital instrument. The order of write-off of the Bonds shall be as specified in the order of seniority as per this Information Memorandum and any other regulatory norms as may be stipulated by the RBI from time to time.

The Bonds can be converted or written-down multiple times in case the Bank hits the PONV Trigger Level subsequent to the first conversion or write-down. The Bonds which has been written off shall not be written up.

Such a decision would invariably imply that the write-off or issuance of any new shares as a result of conversion consequent upon the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted. The Bondholders shall not have any residual claims on the Bank (including any claims which are senior to ordinary shares of the Bank), following any trigger event. In any case it should be noted that following writing-off or conversion of the instruments and claims and demands as noted above neither the Bank, nor any other person on the Bank's behalf shall be required to compensate or provide any relief, whether absolutely or contingently, to the Bondholder or any other person claiming for or on behalf of or through such holder and all claims and demands of such persons, whether under law, contract or equity, shall stand permanently and irrevocably extinguished and terminated. Unless otherwise specified in this Information Memorandum, the write-off of any common equity or any other regulatory capital (as understood in terms of the aforesaid circular or any replacement/amendment thereof), whether senior or pari passu or subordinate, and whether a Tier 1 capital or otherwise shall not be required before the write-off of any of the Bonds and there is no right available to the Bondholder hereof or any other person claiming for or on behalf of or through such holder to demand or seek that any other regulatory capital be subject to prior or simultaneous write-off or that the treatment offered to holders of such other regulatory capital be also offered to the Bondholders.

For these purposes, the Bank may be considered as non-viable if:

The Bank which, owing to its financial and other difficulties, may no longer remain a going concern on its own in the opinion of the RBI unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by the Bank should be such that these are likely to result in financial losses and raising the Common Equity Tier 1 capital of the Bank should be considered as the most appropriate way to prevent the Bank from turning non-viable. Such measures would include write-off / conversion of non-equity regulatory capital into common shares in combination with or without other measures as considered appropriate by the Reserve Bank.

The Bank facing financial difficulties and approaching a PONV will be deemed to achieve viability if within a reasonable time in the opinion of RBI; it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including augmentation of equity capital through write off of Bonds/conversion/ public sector injection of funds are likely to:

- a. Restore depositors'/investors' confidence;
- b. Improve rating /creditworthiness of the Bank and thereby improve its borrowing capacity and liquidity and reduce cost of funds; and
- c. Augment the resource base to fund balance sheet growth in the case of fresh injection of funds.

The trigger at PONV will be evaluated both at consolidated and solo level and breach at either level will trigger write-off.

- a. The write-off of any Common Equity Tier 1 capital shall not be required before the write-off of any non-equity (Additional Tier 1 and Tier 2) regulatory capital instrument.
- b. Such a decision would invariably imply that the write-off consequent upon the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted.
- c. The Bonds shall not carry any residual claims on the Bank which are senior to equity/ ordinary shares of the Bank (or banking group entity where applicable), following a trigger event and when write-off is undertaken.

For the purpose of these guidelines, the Bank shall be deemed as "non-viable" if:

- a) Owing to its financial and other difficulties, it may no longer remain a going concern on its own in the opinion of the Reserve Bank of India unless appropriate measures are taken to

revive its operations and thus, enable it to continue as a going concern. The difficulties faced by a Bank should be such that they are likely to result in financial losses and raising the Common Equity Tier 1 capital of the Bank should be considered as the most appropriate way to prevent the Bank from turning non-viable. Such measures shall include write-off of Bonds in combination with or without other measures as considered appropriate by the Reserve Bank of India.

- b) In rare situations, the Bank may also become non-viable due to non-financial problems, such as conduct of affairs of the Bank in a manner which is detrimental to the interest of depositors, serious corporate governance issues, etc. In such situations raising capital shall not be considered a part of the solution and therefore, may not attract provisions of this framework.

Restoring Viability

The Bank facing financial difficulties and approaching a PONV shall be deemed to achieve viability if within a reasonable time in the opinion of the Reserve Bank of India, it shall be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including write-off of the Bonds/ public sector injection of funds are likely to:

- (i) Restore depositors'/ investors' confidence;
- (ii) Improve rating/ creditworthiness of the Bank and thereby improve its borrowing capacity and liquidity and reduce cost of funds; and
- (iii) Augment the resource base to fund balance sheet growth in the case of fresh injection of funds.

Other Requirements to be met by the Non-Common Equity Capital Instruments to Absorb Losses at the PONV

- a. The Bonds shall have a provision that requires the Bonds to be permanently written off, at the option of the Reserve Bank of India, upon the occurrence of the "Point of Non-Viability (PONV) Trigger.
- b. The amount of Bonds to be written-off shall be determined by the Reserve Bank of India.
- c. If the Bank breaches the PONV trigger and the equity is replenished through write-off of the Bonds, such replenished amount of equity shall be excluded from the total equity of the Bank for the purpose of determining the proportion of earnings to be paid out as dividend in terms of rules laid down for maintaining capital conservation buffer. However, once the Bank attains a total Common Equity ratio of 8% without counting the replenished equity capital, that point onwards, the Bank may include the replenished equity capital for all purposes.
- d. If the total CET1 ratio of the Bank falls again below the total Common Equity ratio of 8%, it shall include the replenished capital for the purpose of applying the capital conservation buffer framework.

Criteria to Determine PONV

- a. The above framework shall be invoked when the Bank is adjudged by Reserve Bank of India to be approaching the point of non-viability, or has already reached the point of non-viability, but in the views of RBI:
 - (i) There is a possibility that a timely intervention in form of capital support, with or without other supporting interventions, is likely to rescue the Bank; and
 - (ii) If left unattended, the weaknesses would inflict financial losses on the Bank and, thus, cause decline in its common equity level.
- b. The purpose of write-off of non-equity regulatory capital elements shall be to shore up the capital level of the Bank. RBI would follow a two-stage approach to determine the non-viability of the Bank. The Stage 1 assessment would consist of purely objective and quantifiable criteria to indicate that there is a prima facie case of the Bank approaching non-viability and, therefore, a closer examination of the Bank's financial situation is warranted. The Stage 2 assessment would consist of supplementary subjective criteria which, in conjunction with the Stage 1 information, would help in determining whether the Bank is

about to become non-viable. These criteria shall be evaluated together and not in isolation.

- c. Once the PONV is confirmed, the next step shall be to decide whether rescue of the Bank would be through write-off alone or write-off in conjunction with public sector injection of funds.
- d. The PONV Trigger shall be evaluated both at consolidated and solo level and breach at either level will trigger write-off.
- e. As the capital adequacy is applicable both at solo and consolidated levels, the minority interests in respect of capital instruments issued by subsidiaries of the Bank including overseas subsidiaries may be included in the consolidated capital of the banking group only if such instruments have pre-specified triggers (in case of AT1 capital instruments)/ loss absorbency at the PONV (for all non-common equity capital instruments).
- f. The cost to the parent of its investment in each subsidiary and the parent's portion of equity of each subsidiary, at the date on which investment in each subsidiary is made, is eliminated as per AS-21. So, in case of wholly-owned subsidiaries, it would not matter whether or not it has same characteristics as the Bank's capital. However, in the case of less than wholly owned subsidiaries (or in the case of non-equity regulatory capital of the wholly owned subsidiaries, if issued to the third parties), minority interests constitute additional capital for the banking group over and above what is counted at solo level; therefore, it should be admitted only when it (and consequently the entire capital in that category) has the same characteristics as the Bank's capital.
- g. If the Bank wishes the instrument issued by its subsidiary to be included in the consolidated group's capital in addition to its solo capital, the terms and conditions of such instruments should specify an additional trigger event.
- h. Such additional trigger event shall be the earlier of:
 - (i) a decision that a write-off, without which the Bank or its subsidiary would become non-viable, is necessary, as determined by the Reserve Bank of India; and
 - (ii) the decision to make a public sector injection of capital, or equivalent support, without which the Bank or its subsidiary would have become non-viable, as determined by the Reserve Bank of India. Such a decision would invariably imply that the write-off consequent upon the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted.
- i. In such cases, the subsidiary should obtain its regulator's approval/ no-objection for allowing the capital instrument to be written-off at the additional trigger point referred to above.
- j. Any common shares paid as compensation to the holders of the instrument must be common shares of either the issuing subsidiary or the parent bank (including any successor in resolution).

Permanent Write-off Features

These instruments are subject to permanent write-off upon the occurrence of the trigger event called PONV as determined by Reserve Bank of India.

The amount of non-equity capital to be written-off will be determined by RBI. When a bank breaches the PONV trigger and the equity is replenished through write-off, such replenished amount of equity will be excluded from the total equity of the bank for the purpose of determining the proportion of earnings to be paid out as dividend in terms of rules laid down for maintaining capital conservation buffer. However, once the bank has attained total Common Equity ratio of 8% without counting the replenished equity capital, that point onwards, the bank may include the replenished equity capital for all purposes.

Treatment in Bankruptcy / Liquidation

The Bondholders shall have no rights to accelerate the repayment of future scheduled payments (coupon or principal) except in bankruptcy and liquidation of the Issuer.

If the bank goes into liquidation before these instruments have been written-down, these instruments will absorb losses in accordance with the order of seniority indicated in the offer

document and as per usual legal provisions governing priority of charges.

If the bank goes into liquidation after these instruments have been written-down, the holders of these instruments will have no claim on the proceeds of liquidation.

Amalgamation of a banking company

If a bank is amalgamated with any other bank before these instruments have been written-down, these instruments will become part of the corresponding categories of regulatory capital of the new bank emerging after the merger.

If a bank is amalgamated with any other bank after the non-equity regulatory capital instruments have been written-down permanently, these cannot be written-up by the amalgamated entity.

If the relevant authorities decide to reconstitute a bank or amalgamate a bank with any other bank under the Section 45 of BR Act, 1949, such a bank will be deemed as non-viable or approaching non-viability and both the pre-specified trigger and the trigger at the point of non-viability for write-down of these instruments will be activated. Accordingly, these instruments will be fully written-down permanently before amalgamation / reconstitution in accordance with these rules.

9. APPLICABLE RBI GUIDELINES

The present Issue of Bonds is being made in pursuance of Master Circular No. DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015 issued by the Reserve Bank of India on Basel III capital regulations ("Master Circular") covering terms and conditions for issue of Perpetual Debt Instruments ("PDIs") for inclusion in Additional Tier 1 Capital (Annex 4 of the Master Circular) and minimum requirements to ensure loss absorbency of Additional Tier 1 instruments at pre-specified trigger and of all non-equity regulatory capital instruments at the point of non-viability ("PONV") (Annex 16 of the Master Circular) read along with RBI Circular No. DBOD.No.BP.BC.1/21.06.201/ 2015-16 dated July 01, 2015 on "Implementation of Basel III Capital Regulations in India- Amendments" along with RBI Notification dated 02.02.2017. In the event of any discrepancy or inconsistency between the terms of the Bonds and any other Transaction Document(s), the provisions of the RBI Basel III Guidelines shall prevail.

10. PURCHASE/ FUNDING OF BONDS BY THE BANK

Neither the Bank nor any related party over which the Bank exercises control or significant influence (as defined under relevant Accounting Standards) shall purchase the Bonds, nor would the Bank directly or indirectly fund the purchase of the Bonds. The Bank shall also not grant advances against the security of the Bonds issued by it.

11. FACE VALUE, ISSUE PRICE, EFFECTIVE YIELD FOR INVESTOR

Each Bond has a face value of Rs.10 lakhs and is issued as well as redeemable at par i.e. for Rs.10 lakhs. Since there is no premium or discount on either issue price or on redemption value of the Bonds, the effective yield for the investors shall be the same as the Coupon Rate on the Bonds.

12. SECURITY

The Bonds are unsecured in nature.

13. TERMS OF PAYMENT

The full face value of the Bonds applied for is to be paid along with the Application Form. Applicant(s) need to send in the Application Form and the cheque(s)/demand draft(s)/ RTGS for the full value of Bonds applied for on the pay-in date.

14. PROCEDURE FOR APPLYING FOR DEMAT FACILITY

- a. Applicant(s) should have/ open a Beneficiary Account with any Depository Participant of NSDL

or CDSL.

- b. The applicant(s) must specify their beneficiary account number and depository participants ID in the relevant columns of the Application Form.
- c. If incomplete/ incorrect beneficiary account details are given in the Application Form which does not match with the details in the depository system, the allotment of Bonds shall be held in abeyance till such time satisfactory demat account details are provided by the applicant.
- d. The Bonds shall be directly credited to the Beneficiary Account as given in the Application Form and after due verification, allotment advice/ refund order, if any, would be sent directly to the applicant by the Registrars to the Issue but the confirmation of the credit of the Bonds to the applicant's Depository Account will be provided to the applicant by the Depository Participant of the applicant.
- e. Interest or other benefits with respect to the Bonds would be paid to those bondholders whose names appear on the list of beneficial owners given by the depositories to the Bank as on the Record Date. In case, the beneficial owner is not identified by the depository on the Record Date due to any reason whatsoever, the Bank shall keep in abeyance the payment of interest or other benefits, till such time the beneficial owner is identified by the depository and intimated to the Bank. On receiving such intimation, the Bank shall pay the interest or other benefits to the beneficiaries identified, within a period of 15 days from the date of receiving such intimation.
- f. Applicants may please note that the Bonds shall be allotted and traded on the stock exchange(s) only in dematerialized form.

15. COMMON FORM OF TRANSFER

The Bank undertakes that it shall use a common form/ procedure for transfer of Bonds issued under terms of this Private Placement Offer Letter.

16. INTEREST ON APPLICATION MONEY

Interest at the Coupon Rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to the applicants on the application money for the Bonds.

Such interest shall be paid for the period starting from and including the date of realization of application money in issuer's Bank Account upto one day prior to the Deemed Date of Allotment. The interest on application money will be computed as per Actual/ Actual day count convention. Such interest would be paid on all valid applications, including the refunds. Where the entire subscription amount has been refunded, the interest on application money will be paid along with the Refund Orders. Where an applicant is allotted lesser number of Bonds than applied for, the excess amount paid on application will be refunded to the applicant along with the interest on refunded money.

The interest cheque(s)/ demand draft(s) for interest on application money (along with Refund Orders, in case of refund of application money, if any) shall be dispatched by the Bank within 15 days from the Deemed Date of Allotment and the relative interest warrant(s) alongwith the Refund Order(s), as the case may be, will be dispatched by registered post to the sole/ first applicant, at the sole risk of the applicant.

17. COMPUTATION OF INTEREST

Interest for each of the interest periods shall be computed as per Actual/ Actual day count convention on the face value amount of Bonds outstanding at the Coupon Rate rounded off to the nearest Rupee as per the Fixed Income Money Market and Derivatives Association handbook on market practices. Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis, on the face value amount of Bonds outstanding.

18. RECORD DATE

The Record Date i.e. the reference date for payment of interest/ repayment of principal shall be the date falling 15 days prior to the relevant Coupon/ Interest Payment Date on which interest or the Redemption/ Maturity Date on which the Maturity Amount is due and payable. In the event the Record Date falls on a day which is not a business day, the next business day will be considered as the Record Date. In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the Record Date and the Redemption Date. Interest payment and principal repayment shall be made to the person whose name appears as beneficiary with the Depositories as on Record Date. In the event of the Bank not receiving any notice of transfer at least 15 days before the respective Coupon Payment Date and at least 15 days prior to the Redemption Date, the transferees for the Bonds shall not have any claim against the Bank in respect of interest so paid to the registered Bondholders.

19. PUT & CALL OPTION

In pursuance of the Master Circular Master Circular DBOD.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 issued by the Reserve Bank of India on Basel III capital regulations covering terms and conditions for issue of debt capital instruments for inclusion as Tier I capital, as well as any amendment made by the RBI from time to time, the Bonds shall not have any Put Option.

A. Issuer's Call

The Bank shall reserve the right to exercise the "Issuer's Call" on the Bonds at a particular date subject to following conditions:

- a. Issuer's Call shall be permissible at the initiative of the Bank after the Bonds have run for at least 05 (five) years.
- b. To exercise the Issuer's Call, the Bank must receive prior approval of the RBI (Department of Banking Operations and Development).
- c. The Bank shall not do anything which creates an expectation that the Issuer's Call would be exercised.
- d. The Bank shall not exercise Issuer's Call on the Bonds unless:

(i) It replaces the Bonds with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of the Bank. Replacement issues may be concurrent with but not after the Bonds are called; or

(ii) The Bank demonstrates that its capital position is well above the minimum capital requirements after the Issuer's Call is exercised. Here "minimum capital requirements" shall mean Common Equity Tier 1 of 8% of Risk Weighted Assets ("RWAs") (including Capital Conservation Buffer of 2.5% of RWAs) and Total capital of 11.5% of RWAs including additional capital requirements identified under Pillar 2.

Subject to compliance with the above conditions if the Bank decides to exercise the Issuer's Call, the Bank shall notify the Debenture Trustee not less than 30 calendar days prior to the date of exercise of such Issuer Call (which notice shall specify the "Call Option Due Date").

Potential Investors may note that approvals to be obtained from RBI to exercise call options are not routine and are subject to the discretion of RBI. Further, RBI shall, before providing such approvals, thoroughly consider the financial and capital position of the Bank or any other criteria or basis it deems fit.

B. Tax Event Call

- a. The Bank may exercise "Tax Event Call" on the Bonds subject to requirements set out in points (b) to (d) of clause 30 (A) above.

- b. To illustrate, if there is a change in tax treatment which makes the Bonds with tax deductible coupons into an instrument with non-tax deductible coupons, the Bank shall have the option (not obligation) to repurchase the Bonds. In such a situation, the Bank may be allowed to replace the Bonds with another capital instrument that has tax deductible coupons.
- c. A Tax Event shall be deemed to have occurred if, as a result of any change in, or amendment to, the laws affecting taxation (or regulations or rulings promulgated thereunder) of India or any change in official application of such laws, regulations or rulings, the Bank will no longer be entitled to claim a deduction in respect of computing its taxation liabilities with respect to coupon on the Bonds.
- d. RBI shall permit the Bank to exercise Tax Event Call on the Bonds only if the RBI is convinced that the Bank was not in a position to anticipate such tax event(s) at the time of issuance of the Bonds.

If a Tax Event has occurred and continuing, the Bank shall notify the Debenture Trustee not less than 30 calendar days prior to the date of exercise of such Tax Event Call (which notice shall specify the "Call Option Due Date") for exercising Tax Event Call on the Bonds or substitute the Bonds so that the Bonds have better classification.

C. Regulatory Event Call or Variation

- a. The Bank may exercise "Regulatory Event Call or Variation" on the Bonds subject to requirements set out in points (b) to (d) of clause 30 (A) above.
- b. If there is a downgrade of the Bonds in regulatory classification (e.g. if it is decided by the RBI to exclude the Bonds from regulatory capital), the Bank shall have the option to exercise Regulatory Event Call or Variation on the Bonds and replace the Bonds with an instrument with a better regulatory classification, or a lower coupon with the same regulatory classification with prior approval of RBI. However, the Bank shall not create an expectation/ signal an early redemption/ maturity of the Bonds.
- c. A Regulatory Event shall be deemed to have occurred if, there is a downgrade of the Bonds in regulatory classification i.e. the Bonds are excluded from the consolidated Additional Tier 1 capital of the Bank.
- d. RBI shall permit the Bank to exercise Regulatory Event Call or Variation on the Bonds only if the RBI is convinced that the Bank was not in a position to anticipate such tax event(s) at the time of issuance of the Bonds.
- e. If a Regulatory Event has occurred and continuing, the Bank shall notify the Debenture Trustee not less than 30 calendar days prior to the date of exercise of such Regulatory Event Call or Variation (which notice shall specify the "Call Option Due Date") on the Bonds or substitute the Bonds or vary the terms of the Bonds so that the Bonds have better classification.

The Bank may exercise the Call Option ("Issuer's Call"/ "Tax Event Call"/ "Regulatory Event Call or Variation") on the Bonds only after receiving prior approval of the RBI (Department of Banking Operations and Development) and after the Bonds have run for at least 05 (Five) years from the deemed date of allotment i.e. 03.03.2022 and thereafter on each Coupon date i.e. 03rd March and 03 September every year.

If the Call Option Due Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the Call Option Price shall be paid by the Bank on the immediately preceding Business Day along with interest/ coupon accrued on the Bonds until but excluding the date of such payment.

20. REDEMPTION

Not applicable. However in case of redemption due to exercise of call option in accordance with Basel III Regulations, the Bonds shall be redeemed at par along with interest, subject to terms specified therein.

21. LIST OF BENEFICIAL OWNERS

The Bank shall request the Depository to provide a list of Beneficial Owners as at the end of the Record Date. This shall be the list, which shall be considered for payment of interest or repayment of principal amount, as the case may be.

22. WHO CAN APPLY

The following categories of applicants are eligible to apply for this Issue of Bonds. However, the prospective subscribers must make their own independent evaluation and judgement regarding their eligibility to invest in the Issue.

1. Public Financial Institutions as defined in section 2(72) of the Companies Act, 2013;
2. Insurance Companies registered with the Insurance Regulatory and Development Authority;
3. Scheduled Commercial Banks;
4. Co-operative Banks;
5. Regional Rural Banks authorized to invest in bonds/ debentures;
6. Provident Funds, Pension Funds, Gratuity Funds and Superannuation Funds;
7. Mutual Funds registered with SEBI;
8. Foreign Institutional Investors registered with SEBI;
9. Companies falling within the meaning of section 2(20) of the Companies Act, 2013 and bodies corporate authorised to invest in Bonds;
10. Statutory Corporations established/ constituted under union/ central/ state legislature or under other applicable laws in India; and
11. Trusts, Association of Persons, Societies registered under the applicable laws in India which are duly authorised to invest in Bonds.

The above categories of investors may apply for the Bonds, subject to applicable laws and subject to fulfilling their respective investment norms/ rules by submitting all the relevant documents along with the Application Form. Investors are required to independently verify their eligibility to subscribe to the Bonds on the basis of norms/ guidelines/ parameters laid by their respective regulatory body including but not limited to RBI, SEBI, IRDA, Government of India, Ministry of Finance, Ministry of Labour etc.

23. WHO ARE NOT ELIGIBLE TO APPLY FOR BONDS

This Issue is not being offered to the following categories of applicants and any application from such applicants will be deemed an invalid application and rejected:

1. Non-Resident Indians (applying on repatriation/ non-repatriation basis);
2. Foreign Portfolio Investors registered with SEBI;
3. Partnership Firms in the name of their partners;
4. Charitable Institutions registered under section 25 of the Companies Act, 1956;
5. Limited Liability Partnerships;
6. Universities incorporated by Central, State or Provincial Act or declared to be a university under section 3 of the University Grants Commission Act, 1956 (3 of 1956);
7. Minors applying through/ not applying through their guardians;
8. Resident Indian Individuals.
9. Hindu Undivided Families applying in the name of Karta;
10. Persons Resident outside India and Foreign Nationals (applying on repatriation/ non-repatriation basis);
11. Overseas Corporate Bodies;
12. Venture Capital Funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 and Foreign Venture Capital Investors;
13. Alternative Investment Funds (as defined in and registered under the SEBI (Alternative Investment Funds) Regulations, 2012);
14. Multilateral and Bilateral Development Financial Institutions;
15. Associations of Persons; and Persons ineligible to contract under applicable statutory/ regulatory requirements.

24. DOCUMENTS TO BE PROVIDED BY APPLICANTS

Applicants need to submit the certified true copies of the following documents, along-with the Application Form, as applicable:

- a. Memorandum and Articles of Association/ Constitution/ Bye-laws/ Trust Deed;
- b. Board Resolution authorizing the investment and containing operating instructions;
- c. Power of Attorney/ relevant resolution/ authority to make application;
- d. Specimen signatures of the authorized signatories (ink signed), duly certified by an appropriate authority;
- e. Government Notification (in case of Primary Co-operative Bank and RRBs);
- f. Copy of Permanent Account Number Card ("PAN Card") issued by the Income Tax Department;
- g. Copy of a cancelled cheque for ECS payments;
- h. Necessary forms for claiming exemption from deduction of tax at source on interest on application money, wherever applicable.

25. HOW TO APPLY

This being a private placement Issue, only the eligible investors who have been addressed through this communication directly, are eligible to apply. Applications for the Bonds must be in the prescribed form and completed in BLOCK LETTERS in English and as per the instructions contained therein. Applications complete in all respects must be submitted before the last date indicated in the issue time table or such extended time as decided by the Bank, at any of the designated collection centres, accompanied with the application money. The original Applications Forms (along with all necessary documents as detailed in this Private Placement Offer Letter), pay-in slip and other necessary documents should be sent to the Head Office of the Bank on the same day.

The remittance of application money should be made by electronic transfer of funds through RTGS mechanism for credits as per details given hereunder:

Name of the Banker	Punjab National Bank
Account Name	PNB AT1 BASEL III Bonds Series VIII
Credit into Current A/c No.	7538002900000996
IFSC Code	PUNB0477600
Address of the Branch	Punjab National Bank, BO: BKC, Mumbai
Narration	Application Money for Bond Issue

Cheque(s), demand draft(s), money orders, postal orders will not be accepted. The Bank assumes no responsibility for any applications lost in mail. The entire amount of Rs.10 lakhs per Bond is payable on application.

Applications should be for the number of Bonds applied by the Applicant. Applications not completed in the said manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be filled in the Application Form. This is required for the applicant's own safety and these details will be printed on the refund orders and interest/ redemption warrants.

The applicant or in the case of an application in joint names, each of the applicant, should mention his/her Permanent Account Number (PAN) allotted under the Income-Tax Act, 1971 or where the same has not been allotted, the GIR No. and the Income tax Circle/Ward/District. As per the provision of Section 139A (5A) of the Income Tax Act, PAN/GIR No. needs to be mentioned on the TDS certificates. Hence, the applicant should mention his PAN/GIR No. In case neither the PAN nor the GIR Number has been allotted, the applicant shall mention 'Applied for' and in case the applicant is not assessed to income tax, the applicant shall mention 'Not Applicable' (stating reasons for non-applicability) in the appropriate box provided for the purpose. Application Forms without this information will be considered incomplete and are liable to be rejected.

All applicants are requested to tick the relevant column "Category of Investor" in the Application Form. Public/ Private/Religious/ Charitable Trusts, Provident Funds and Other Superannuation Trusts and other investors requiring "approved security" status for making investments.

For further instructions about how to make an application for applying for the Bonds and procedure for remittance of application money, please refer to the Summary Term Sheet and the Application Form.

26. FORCE MAJEURE

The Bank reserves the right to withdraw the issue prior to the Issue Closing Date in the event of any unforeseen development adversely affecting the economic and regulatory environment.

27. APPLICATIONS UNDER POWER OF ATTORNEY

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories and the tax exemption certificate/ document, if any, must be lodged along with the submission of the completed Application Form. Further modifications/ additions in the power of attorney or authority should be notified to the Bank or to the Registrars or to such other person(s) at such other address(es) as may be specified by the Bank from time to time through a suitable communication.

28. APPLICATION BY MUTUAL FUNDS

In case of applications by Mutual Funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications, provided that the application made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the application has been made.

29. BASIS OF ALLOCATION

Beginning from the issue opening date and until the day immediately prior to the issue closing date, full and firm allotment against all valid applications for the Bonds will be made to applicants on a first-come-first-served basis, subject to the limit of the Issue size, in accordance with applicable laws. If and to the extent, the Issue is fully subscribed prior to the issue closing date, no allotments shall be accepted once the Issue is fully subscribed.

Allotment will be done on "day-priority basis". In case of oversubscription over and above the issue size, the allotment of such valid applications received on the closing day shall be on pro rata basis to the applicants in the ratio in which they have applied regardless of category of investors.

If the proportionate allotment of Bonds to such applicants is not a minimum of one Bond or in multiples of one Bond (which is the market lot), the decimal would be rounded off to the next higher whole number if that decimal is 0.5 or higher and to the next lower whole number if that decimal is lower than 0.5. All successful applicants on the issue closing date would be allotted the number of Bonds arrived at after such rounding off.

30. PAN/GIR NUMBER

All applicants should mention their Permanent Account Number or the GIR Number allotted under Income Tax Act, 1971 and the Income Tax Circle/ Ward/ District. In case where neither the PAN nor the GIR Number has been allotted, the fact of such a non-allotment should be mentioned in the Application Form in the space provided.

31. NOMINATION FACILITY

As per Section 109 A of the Companies Act, 2013, only individuals applying as sole applicant/Joint Applicant can nominate, in the prescribed manner, a person to whom his Bonds shall vest in the event of his death. Non-individuals including holders of Power of Attorney cannot nominate.

32. BOND/ DEBENTURE REDEMPTION RESERVE (“DRR”)

The Ministry of Corporate Affairs, Government of India has vide circular no. 11/02/2012-CL-V(A) dated February 11, 2013, clarified that no Debenture Redemption Reserve is required for debentures issued by Banking Companies for both public as well as well as privately placed debentures. The Bank has appointed a trustee to protect the interest of the Bondholders.

33. DISPUTES & GOVERNING LAW

The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of district courts of Mumbai, Maharashtra.

34. INVESTOR RELATIONS AND GRIEVANCE REDRESSAL

Arrangements have been made to redress investor grievances expeditiously as far as possible, the Bank endeavours to resolve the investor's grievances within 30 days of its receipt. All grievances related to the issue quoting the Application Number (including prefix), number of Bonds applied for, amount paid on application and details of collection centre where the Application was submitted, may be addressed to the Compliance Officer at Corporate office of the Bank. All investors are hereby informed that the Bank has appointed a Compliance Officer who may be contracted in case of any pre-issue/ post-issue related problems such as non-credit of letter(s) of allotment/ bond certificate(s) in the demat account, non-receipt of refund order(s), interest warrant(s)/ cheque(s) etc. Contact details of the Compliance Officer are given elsewhere in this Private Placement Offer Letter.

Investor Relations Officer	Shri Balbir Singh
Designation / Department	Chief Manager and Company Secretary
Address	Punjab National Bank, Finance Division, 5 Sansad Marg, New Delhi-110001
Tel. No.	011-23708252
Fax No.	011-23766079
E-mail	balbirs@pnb.co.in
Website	www.pnbindia.com

XVI. CREDIT RATING FOR THE BONDS

India Ratings & Research Private Limited (“India Ratings”) has vide its letter dated February 28th, 2017, assigned a credit rating of “IND AA+” with a Stable Outlook for the present issue of Bonds aggregating Rs. 1500 crore. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. A copy of rating letter from India Ratings is enclosed elsewhere in this Private Placement Offer Letter.

Brickwork Ratings has vide its letter dated March 02nd 2017, assigned a credit rating of “BWR AA+” with Stable Outlook for the present issue of Bonds aggregating Rs. 1500 crore. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. A copy of rating letter from Brickwork Ratings is enclosed elsewhere in this Private Placement Offer Letter.

Other than the credit ratings mentioned hereinabove, the Bank has not sought any other credit rating from any other credit rating agency(ies) for the Bonds offered for subscription under the terms of this Private Placement Offer Letter.

The above ratings are not a recommendation to buy, sell or hold securities and applicants should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies. The ratings obtained are subject to revision at any point of time in the future. The rating agencies have the right to suspend, withdraw the rating at any time on the basis of new information etc.

XVII. NAME OF DEBENTURE TRUSTEE

In accordance with the provisions of (i) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended, (ii) Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended, (iii) Section 117B of the Companies Act, 2013 and (iv) Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Bank has appointed Milestone Trustee Services, to act as Trustees (“Trustees”) for and on behalf of the holder(s) of the Bonds. The address and contact details of the Trustees are as under:

Milestone Trustee Services
Registered Office, 602, Hallmark Business Plaza
Sant Dhyaneswar Marg, Opp Guru Nanak Hospital
Bandra (East), Mumbai — 400051
Tel: (022) 22 67167080
Fax: (022) 6716 7077

A copy of letter from **Milestone Trustee Services** dated February 6th, 2017 conveying their consent to act as Trustees for the current issue of Bonds is enclosed elsewhere in this Private Placement Offer Letter.

The Bank hereby undertakes that a Debenture Trusteeship Deed shall be executed by it in favour of the Trustees within three permissible under applicable laws. The Debenture Trusteeship Agreement shall contain such clauses as may be prescribed under section 117A of the Companies Act, 2013 and those mentioned in Schedule IV of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993. Further, the Debenture Trusteeship Agreement shall not contain a clause which has the effect of (i) limiting or extinguishing the obligations and liabilities of the Trustees or the Bank in relation to any rights or interests of the holder(s) of the Bonds, (ii) limiting or restricting or waiving the provisions of the Securities and Exchange Board of India Act, 1992 (15 of 1992); Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 and circulars, regulations or guidelines issued by SEBI and (iii) indemnifying the Trustees or the Bank for loss or damage caused by their act of negligence or commission or omission.

The Bondholder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustees or any of their agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Trustees may in their absolute discretion deem necessary or require to be done in the interest of the holder(s) of the Bonds. Any payment made by the Bank to the Trustees on behalf of the Bondholder(s) shall discharge the Bank pro tanto to the Bondholder(s). The Trustees shall protect the interest of the Bondholders in the event of default by the Bank in regard to timely payment of interest and repayment of principal and shall take necessary action at the cost of the Bank. No Bondholder shall be entitled to proceed directly against the Bank unless the Trustees, having become so bound to proceed, fail to do so.

The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustee by the holder(s) of the Bonds and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations 1993, the Debenture Trusteeship Agreement, Private Placement Offer Letter and all other related transaction documents, with due care, diligence and loyalty. The Trustees shall be vested with the requisite powers for protecting the interest of holder(s) of the Bonds including but not limited to the right to appoint a nominee director on the Board of the Bank in consultation with institutional holder(s) of such Bonds. The Trustees shall ensure disclosures of all material events on an ongoing basis.

The Bank shall, till the redemption of Bonds, submit its latest audited/ limited review half yearly consolidated (wherever available) and standalone financial information such as Statement of Profit & Loss, Balance Sheet and Cash Flow Statement and auditor qualifications, if any, to the Trustees within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/ 11/05 dated May 11, 2009 as amended. Besides, the Bank shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustees and the Trustees shall be obliged to share the details so submitted with all 'Qualified Institutional Buyers' (QIBs) and other existing Bondholder(s) within two working days of their specific request.

XVIII. STOCK EXCHANGES WHERE SECURITIES ARE PROPOSED TO BE LISTED

The Bonds are proposed to be listed on the Wholesale Debt Market (WDM) segment of the BSE Limited ("BSE"). The Bank has made an application to BSE for seeking its in-principle approval for listing of Bonds offered under the terms of this Private Placement Offer Letter.

In pursuance of SEBI Debt Regulations, the Bank shall make listing application to BSE within 15 days from the Deemed Date of Allotment of Bonds and seek listing permission within 20 days from the Deemed Date of Allotment of Bonds. In the event of delay in listing of Bonds beyond 20 days from the Deemed Date of Allotment, the Bank shall pay penal interest of 1.00% p.a. over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds to the Bondholder(s).

In connection with listing of Bonds with BSE, the Bank hereby undertakes that:

- a. it shall comply with the conditions of listing as specified in the Listing Agreement for the Bonds;
- b. the credit rating obtained for the Bonds shall be periodically reviewed by the credit rating agency) and any revision in the rating shall be promptly disclosed by the Bank to BSE;
- c. any change in credit rating shall be promptly disseminated to the Bondholder(s) in such manner as BSE may determine from time to time;
- d. The Bank, the Trustees and BSE shall disseminate all information and reports on the Bonds including compliance reports filed by the Banks and the Trustees regarding the Bonds to the Bondholder(s) and the general public by placing them on their websites;
- e. Trustees shall disclose the information to the Bondholder(s) and the general public by issuing a press release and placing on the websites of the Trustees, the Bank and BSE, in any of the following events:
 - i) default by Bank to pay interest on the Bonds or redemption amount;
 - ii) revision of the credit rating assigned to the Bonds.

- f. The Bank shall, till the redemption of Bonds, submit its latest audited/ limited review half yearly consolidated (wherever available) and standalone financial information such as Statement of Profit & Loss, Balance Sheet and Cash Flow Statement and auditor qualifications, if any, to the Trustees within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended. Besides, the Bank shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustees and the Trustees shall be obliged to share the details so submitted with all Qualified Institutional Buyers (“QIBs”) and other existing Bondholder(s) within two working days of their specific request.

XIX. DECLARATION

The Bank undertakes that this Disclosure Document contains full disclosures in accordance with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008 as amended by Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012 as amended by Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide circular no. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014, as amended.

The Bank also confirms that this Disclosure Document does not omit disclosure of any material fact which may make the statements made therein, in light of the circumstances under which they are made, misleading. This Disclosure Document also does not contain any false or misleading statement.

The Bank accepts no responsibility for the statement made otherwise than in this Disclosure Document or in any other material issued by or at the instance of the Bank and that anyone placing reliance on any other source of information would be doing so at his own risk.

Signed pursuant to internal authority granted for Punjab National Bank.

Authorised Signatory

Name: Ashwini Vats

Designation: General Manager

Place: Mumbai

Date: March 03rd, 2017



PUNJAB NATIONAL BANK
 Head Office: 7, Bhikaji Cama Place, New Delhi, 110 066
 Tel No: (011) 26102303; Fax No: (011) 26108741

For Office Use Only	
Date of Receipt of Application	
Date of Clearance of Cheque	

APPLICATION FORM FOR UNSECURED, SUBORDINATED, FULLY PAID-UP, NON-CONVERTIBLE, BASEL III COMPLIANT (SERIES VIII)

To,

Punjab National Bank

Dear Sir,

Having read, understood and agreed to the contents and terms and conditions of Punjab National Bank's Private Placement Offer Letter, i/we hereby apply for allotment to me/us, of the under mentioned Bonds (hereinafter referred to as "Bonds"), out of the Private Placement Issue. I/We irrevocably give my/ our authority and consent to IDBI Trusteeship Services Ltd., to act as my/our Trustees and for doing such acts and signing such documents as are necessary to carry out their duties in such capacity. The amount payable on application as shown below is remitted herewith. I/We note that the Bank is entitled in its absolute discretion to accept or reject this application in whole or in part without assigning any reason whatsoever

APPLICANT'S DETAILS (PLEASE READ CAREFULLY THE INSTRUCTIONS ON THE NEXT PAGE BEFORE FILLING UP THIS FORM)

SOLE/FIRST APPLICANT'S NAME IN FULL												SIGNATORY/AUTHORISE											
D SIGNATORY																							
SECOND APPLICANT'S NAME																							
THIRD APPLICANT'S NAME																							
ADDRESS (Do not repeat name) (Post Box No. alone is not sufficient)																							
TEL												FAX						PIN CODE					

SOLE/ FIRST APPLICANT CATEGORY (Tick one)												INVESTMENT DETAILS											
<input type="checkbox"/> Scheduled Commercial Bank												Face Value/ Issue Price						Rs. 10,00,000/- (Rupees Ten Lacs Only) per Bond					
<input type="checkbox"/> Financial Institution												Minimum Application						10 (ten) Bonds (i.e. Rs. 1.00 crore) and in multiples of 1 (one) Bond (i.e. Rs. 10.00 lakh) thereafter.					
<input type="checkbox"/> Insurance Company												Tenure						Perpetual with 5 year Call Option					
<input type="checkbox"/> Primary/ State/ District/ Central Co-operative Bank												Coupon Rate						8.95% p.a. Semi Annually payable					
<input type="checkbox"/> Regional Rural Bank												Interest Payment						Annual					
<input type="checkbox"/> Mutual Fund												Amount payable per Bond (i)						Rs. 10,00,000/-					
<input type="checkbox"/> Company/ Body Corporate												No. of Bonds Applied For (ii)											
<input type="checkbox"/> Provident/ Gratuity/ Superannuation Fund												Total Amount Payable (Rs.) (in fig) (i) x (ii)											
<input type="checkbox"/> Others (please specify) –																							

PAYMENT DETAILS

Total Amount Payable		Cheque/ DD No./UTR No.	
(Rs. in figures)	(Rs. in words)	Dated	
		Drawn on (Name of the Bank)	
		Branch	

SOLE/ FIRST APPLICANT'S BANK DETAILS (Ref. Instructions)
Instructions)

INCOME TAX DETAILS (Ref. Instructions)

Bank Name			Sole/ First Applicant	Second Applicant	Third Applicant
Branch					
City			P.A,N./ G.I.R. NO. (enclosed copy)		
Account Number			I.T. Circle/ Ward/ District No.		
IFSC Code					
Type of Account	<input type="checkbox"/> Savings	<input type="checkbox"/> Current			
		<input type="checkbox"/> Others			

TO BE FILLED IN ONLY IF THE APPLICANT IS AN INSTITUTION

Name of the Authorised Signatory(ies)	Designation	Signature
1.	1.	
2.	2.	
3.	3.	
4.	4.	

DETAILS FOR ISSUE OF BONDS IN ELECTRONIC/ DEMATERIALIZED FORM SIGNATURE(S)

APPLICANT'S

Depository Name (please tick)	<input type="checkbox"/> NSDL	<input type="checkbox"/> CDSL	Sole/ First Applicant	
Depository Participant Name			Second Applicant	
DP-ID Number			Third Applicant	
Client-ID				
Beneficiary Account Number				
Name of the Applicant				

-----*(Tear Here)-----*

PUNJAB NATIONAL BANK
Head Office: 7, Bhikaji Cama Place, New Delhi, 110 066
Tel No: (011) 26102303; Fax No: (011) 26108741

ACKNOWLEDGEMENT SLIP

(To be filled in by the Applicant)
Received from _____
Address _____
an application for _____ Bonds vide Cheque/ Demand Draft No. _____
Drawn on _____
Dated _____ amounting to Rs. _____

Note: Cheque(s) are subject to realisation.

All future communication in connection with this application should be addressed to the Registrars: Alankit Assignments Ltd Jhandeala extension, New Delhi quoting full name of Sole/ First Applicant, Application No., Number of Bonds applied for, Date, Bank and Branch where the application was submitted and Cheque/ Demand Draft Number and Issuing Bank.

INSTRUCTIONS

- Application forms must be completed in full in BLOCK LETTERS IN ENGLISH. A blank space must be left between two or more parts of the name.

A	B	C	D	E		L	T	D
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Signatures should be made in English or in any of the Indian languages. Thumb impressions must be attested by an authorised official of a Bank or by a Magistrate/ Notary Public under his/ her official seal.

- Application forms duly completed in all respects must be submitted with the respective Collecting Banker.
- Applicants can remit the application amount through RTGS/ funds transfer as per following details:

Name of the Banker	Punjab National Bank
Account Name	PNB AT1 BASEL III Bonds Series VIII
Credit into Current A/c No.	
IFSC Code	PUNB0477600
Address of the Branch	Punjab National Bank BO Capital Market Service Branch, BKC, Mumbai
Narration	Application Money for Bond Issue

- Outstation cheques, cash, money orders, postal orders and stock invest shall not be accepted.
- As a matter of precaution against possible fraudulent encashment of interest warrants due to loss/misplacement, applicants are requested to mention the full particulars to their bank account, as specified in the Application Form. Interest warrants will then be made out in favour of the bank for credit to the applicant's account. In case the full particulars are not given, cheques will be issued in the name of the applicant at his/ her risk.
- Receipt of applications will be acknowledged by the respective Collecting Branch of the Bank in the "Acknowledgment Slip", appearing below the Application Form. No separate receipt will be issued.
- All applicants should mention their Permanent Account Number or the GIR number allotted under Income-Tax Act, 1961 and the Income-Tax Circle/Ward/District. In case where neither the PAN nor GIR number has been allotted, the fact of non-allotment should be mentioned in the application form in the space provided.