CareEdge
ANALYTICS & ADVISORY
A subsidiary of CARE Ratings Ltd.

Green Deposit Impact Analysis Report

July 2025

pnb

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1. Introduction

On 11 April 2023, the Reserve Bank of India (RBI) released the Framework for Acceptance of Green Deposits, which came into effect on 1 June 2023. In line with this framework, Punjab National Bank (PNB) introduced its Green Deposits Policy in FY 2024–25.

2. Scope of the engagement

PNB engaged with CARE Analytics and Advisory Private Limited (CAAPL) to prepare a Green Deposit Impact Analysis Report for green deposit allocation to the renewable energy and clean transportation sector as per the RBI green deposit framework. The impact analysis report covers the period from April 1, 2024, to Mar 31, 2025.

Key Aspects of the RBI framework for accepting green deposits.

The RBI introduced the framework for acceptance of green deposits, effective from June 1, 2023, encourages banks and NBFCs to mobilise funds for green activities by earmarking deposits for such purposes, requiring board-approved policies, and mandating third-party verification and impact assessments.

Key Features	Description
Purpose	To mobilise financial resources towards green activities and projects, including renewable energy, green transport, and green buildings.
Effective Date	June 1, 2023.
Applicability	Scheduled Commercial Banks, including SFBs, but excluding Regional Rural Banks (RRBs).
Green Deposits	Interest-bearing deposits are earmarked for allocation towards green finance.
Mandatory Policies	Banks and NBFCs must have board-approved policies for accepting and utilising green deposits
Third-Party Verification	The use of green deposit funds must be verified by a third party.
Exclusions	Activities involving fossil fuels, nuclear power, tobacco, etc., are excluded.
Reporting and Disclosures	Banks must maintain transparent and comprehensive reporting on green deposit mobilisation, fund utilisation, and impact assessment.

3. PNB's Green Deposit Policy

In alignment with RBI's notification dated April 11, 2023, Punjab National Bank (bank) introduced its Green Deposit Policy to promote sustainable finance and environmental stewardship. These deposits follow the applicable guidelines under RBI's Master Direction on Interest Rates and may be renewed or withdrawn at the depositor's discretion upon maturity.

The key highlights of the policy are as follows:

1. Purpose: To draw a road map for the Issuance and allocation of green deposits, in accordance with the RBI green deposit framework dated 11.04.2023.

2. Use of Proceeds: Proceeds of green deposits shall be used only to finance/ invest in eligible green activities/ projects. Eligible green activities/ projects include Renewable Energy, Waste Management, Clean Transportation, Energy Efficiency, Afforestation/ Reforestation as per RBI green deposit framework.

3. Temporary allocation of green deposit proceeds: Bank shall arrange temporary allocation (which would only be in liquid instruments up to a maximum original tenure of one year, as specified under the Financing Framework) of green deposit proceeds, pending their allocation to the eligible activities/projects. The bank shall provide details of the investment made in liquid instruments at yearly interval.

4.Project Evaluation: The green deposit proceeds shall be used only to finance/ or to invest in the projects that fall under the eligible green activities/ projects prescribed by RBI.

5.Sustainability Focus: Funds are allocated to projects in renewable energy, energy efficiency, and other eco-friendly sectors.

6.Transparency: Includes third-party verification, impact assessments, and regular reporting to ensure accountability.

4. Green Deposit Impact Assessment

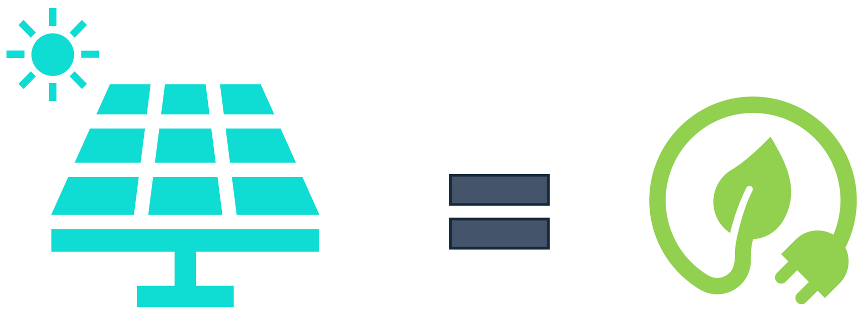
PNB has a board-approved green deposit policy aligned with the RBI's green deposit framework. The bank developed its green deposit policy based on the RBI's Green Deposits framework. According to records provided by PNB, all green deposits have been allocated to the Rooftop solar and Electric vehicles (EV).

4.1 Green Deposit Impact assessment of Renewable Energy project

A	B	C	D	E	F
Name of the project	Green deposit Amount allocated in FY 24-25 (Rs crore)	KW Capacity	Units generated by 1 KW capacity/ year (kwh)*	Total units generated (kWh/year)	Emission Avoided tCO_2e
				(C*D)	(E*0.727/10^3)
Solar Roof Top Projects	123.07	25024	1435	3,59,09,440	26106.16

1) **To calculate abated emissions, we have referred to the weighted average emission factor (0.727 TCO2/MWh electricity) provided by the Central Electricity Authority. This factor is combined with the energy generation data from renewable sources to arrive the specific CO2-equivalent (CO2eq) for power generation in India.
2) * https://pvwatts.nrel.gov/pvwatts.php NREL PV Watts calculator was used for getting estimated generation for 1kW capacity plant at the India Location.
3) There is no unused portion of the Green Deposit portfolio of the bank as on 31.03.2025

Green Deposit Impact assessment of Renewable Energy project



Total Emissions Avoided = 26106.16 tCO_2e

4.2 Green Deposit Impact Assessment of Clean Transportation

PNB has a board-approved green deposit policy aligned with the RBI's green deposit framework. The bank developed its green deposit policy in accordance with the Reserve Bank of India (RBI) framework. According to the RBI green deposits framework green car loan portfolio falls in the green eligible category, namely 'Clean Transportation'.

Year	Number of EV Financed (Units)	Amount of EV loans (Rs Crore)
FY 24-25	2,629	271.24

Source PNB data.

According to the International Council on Clean Transportation (ICCT), the life cycle GHG emissions of Petrol cars correspond to 213 g CO2 eq./ km, for hatchback 228 g CO2 eq./km and for sedan 272 g CO2 eq./km. The life cycle GHG emissions of Battery Electric Vehicles (BEV)s in India are at 131–162 g CO2 eq./km for the hatchback segment, 150–185 g CO2 eq./km for the sedan segment, and 140–169 g CO2 eq./km for the SUV segment.

Table 2: The life cycle GHG emissions of cars in India

Internal Combustion Engine Vehicle		Battery Electric Vehicles (BEVs)s	
Car Segment	**GHG emissions (g CO2 eq./km)**	**Car Segment**	**GHG emissions (g CO2 eq./km)**
Gasoline cars	213	Hatchback	131–162
Hatchback	228	Sedan	150–185
Sedan	272	SUV segment	140–169

Source- ICCT Report: A GLOBAL COMPARISON OF THE LIFE-CYCLE GREENHOUSE EMISSIONS OF COMBUSTION ENGINE AND ELECTRIC PASSENGER CAR

[A global comparison of the life-cycle greenhouse gas emissions of combustion engine and electric passenger cars]

The emissions avoided are calculated using the average difference between the emissions of internal combustion engine (ICE) vehicles (238) and the average of upper-limit emissions of battery electric vehicles (BEVs) (172). According to the data mentioned in Table 2, BEVs produce 66 g CO_2 eq./km fewer emissions than ICE vehicles, indicating the difference between GHG emissions by ICE vehicles and BEVs (238g CO2 eq./km - 172 g CO2 eq./km) avoided.

Table 3- Green Deposit Assessment: (CO2e) Emissions Avoided

Indicators	FY 25 (Units)
Emissions avoided per BEV car (g/km) *	66
Average annual distance covered by a car in India*	12,000
Emission avoided (g/km) per car (Yearly)	7,92,000
Emission avoided (Tonnes) per car (yearly)	0.792
Total BEV cars (Units) Financed by PNB	2,629
Emission avoided for all units (tonnes of CO_2 equivalent emissions Annually)	2082.16

Source- ICCT Report: A GLOBAL COMPARISON OF THE LIFE-CYCLE GREENHOUSE EMISSIONS OF COMBUSTION ENGINE AND ELECTRIC PASSENGER CAR

*https://theicct.org/sites/default/files/publications/Global-LCA-passenger-cars-jul2021_0.pdf

To perform green deposit impact analysis, CAAPL sought detailed information materials to obtain all the evidence, information and explanations that it considered necessary to arrive at a meaningful conclusion. The following is the list of information checklists we referred to.

General requirements:

- Details on Use of Proceeds
- List of nominated projects and activities
- Management and Reporting practices

Specific requirements regarding the deployment of green deposits:

- Evidence on the amount allocated.
- Evidence on the amount unallocated
- Evidence of tracking and reporting of proceeds

Specific requirements for Deposit:

- Amount Deployed

5 Portfolio information

Particulars	Current Financial Year (2024-25) (Amount in ₹ Crore)	Total (Amount in ₹ Crore)
Total green deposits raised (A)	394.31	394.31
Use of green deposit funds		
(1) Renewable Energy (Rooftop Solar Projects)	123.07	123.07
(2) Energy Efficiency	-	-
(3) Clean Transportation (EV car finance)	271.24	271.24
(4) Climate Change Adaptation	-	-
(5) Sustainable Water and Waste	-	-
Management	-	-
(6) Pollution Prevention and Control	-	-
(7) Green Buildings	-	-
(8) Sustainable Management of Living Natural Resources and Land Use	-	-
9) Terrestrial and Aquatic Biodiversity Conservation	-	-
Total Green Deposit funds allocated (B = Sum of 1 to 9)	394.31	394.31
Amount of Green Deposit funds not allocated (C = A – B)	NIL	NIL
Details of the temporary allocation of the green deposit proceeds pending them allocation to the eligible green activities/projects	NOT APPLICABLE	NOT APPLICABLE

Format Source: https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=12487&Mode=0 Data provided by the PNB.

Unutilized Proceeds

As on 31st March 2025, there are no unutilized proceeds from Green Deposits, as the entire amount has been effectively allocated to eligible projects in the renewable energy and clean transportation sectors.

6 Work undertaken.

To reach our conclusion we:

• Referred RBI framework for accepting green deposits

• Reviewed the PNB’s Green Deposit Policy

• Held conversations with management and key personnel involved in the Green Deposit deployment to assess the implementation of processes, systems, and controls outlined in the Green Deposit Policy and the RBI framework for accepting green deposits.

• We have referred to a list of accounts provided by PNB to which green deposit proceeds have been allocated. The performance of the projects has been assessed in line with the criteria defined in the RBI framework for accepting green deposits.

• We have referred to a detailed record of all green deposit transactions guided by a clearly defined product specification.

• Confirmed the amount of deposit proceeds allocated to nominated projects and assets through examination of PNB’s internal system for tracking the same. The data has been provided by PNB.

7 Conclusion

The following conclusion is based on the work performed and evidence obtained, and the scope of our engagement described above.

CareEdge Advisory believes that the green deposits raised during Financial Year 24-25 is aligned with the PNB green deposit policy and the Reserve Bank of India (RBI) framework for accepting green deposits, issued on April 11, 2023.

8 PNB’s Management’s Responsibilities

The management of the PNB is responsible for ensuring the deployment of green deposits is align with the PNB Green deposit policy and Reserve Bank of India (RBI) framework for accepting green deposits, issued on April 11, 2023.

9 Specific limitations and exclusions

CAAPL green deposit impact analysis report is subject to the following limitations, as we have not been engaged to:

•PNB’s financial statements and economic performance

•Verify the PNB’s statements that describe the expression of opinion, belief, aspiration, expectation, aim or future intention or global socio-economic and environmental aspects provided by the PNB.

10 CAAPL’s Responsibilities

CAAPL's Responsibility is limited to the extent of providing impact analysis for the Deposit allocation basis PNB green deposit policy and RBI green deposit framework in relation to the procedures performed and the evidence obtained. We conducted our engagement with a multidisciplinary team which included professionals with suitable skills and experience in understanding environment, social and governance practices.

This green deposit impact analysis report is made solely to the PNB by the team of our engagement, which includes an agreed arrangement for disclosure. Any party other than the PNB who obtains access to our impact assessment report or a copy thereof

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