

QUANTITATIVE DISCLOSURES UNDER BASEL II (PILLAR 3) IN TERMS OF RBI CIRCULAR ON PRUDENTIAL GUIDELINES ON CAPITAL ADEQUACY AND MARKET DISCIPLINE FOR THE HALF YEAR ENDED 30.09.2014:

Disclosures in this report pertain to Punjab National Bank (Solo).

DF 1. Scope of application

- (a) There is no capital deficiency in any of the subsidiaries
- (b) The bank presently is not involved in insurance manufacturing activity. However, bank has invested in the share capital of the following two insurance related subsidiaries/Associates:

S. No.	Name of the company	Country of Incorporation	Proportion of ownership	Face Value (₹ in crore)	Book value (₹ in crore)
1.	PNB Insurance Broking Pvt. Ltd@	India	81%	4.05	11.73
2.	PNB Metlife India Insurance Company Ltd.	India	30%	603.86	0.0001

@PNB Insurance Broking Pvt Ltd was licensed by Insurance Regulatory & Development Authority (IRDA) to carry out " Direct Broker" activity. It is a shell Company and has surrendered the broking license to IRDA. Steps are being taken for winding up of the Company.

DF.2. Capital Structure

- (a) The Tier 1 capital of the bank comprises:

		(₹ in crores)	
	Particulars	30.09.14	30.09.13
i)	Paid up share capital	362.07	353.47
ii)	Reserves (excluding revaluation reserves)	33971.68	30558.44
iii)	Innovative Perpetual Debt Instruments	2020.50	2020.50
iv)	Other Capital Instruments	0.00	0.00
Deductions			
v)	Equity Investment in subsidiaries (50%)	721.42	803.11
vi)	Intangible Assets (Deferred Tax Assets + Computer Software)	714.54	549.75
Tier I Capital (i + ii + iii + iv –v –vi)		34918.29	31579.56

- (b) The amount of Tier II capital (net of deductions) is:

		(₹ in crores)	
	Particulars	30.09.14	30.09.13
The amount of Tier II capital (net of deductions)		13099.72	9451.42



- (c) The debt capital instruments eligible for inclusion in Upper Tier II capital are:

Particulars	(₹ in crores)	
	30.09.14	30.09.13
Total amount outstanding	6610.00	6610.00
Of which amount raised during the current half year	0.00	0.00
Amount eligible to be reckoned as capital funds	6610.00	6610.00

- (d) The subordinated debts eligible for inclusion in Lower Tier II capital is:

	(₹ in crores)	
	30.09.14	30.09.13
Total amount outstanding	4999.80	1499.80
Of which amount raised during the current half year	2000.00	0.00
Amount eligible to be reckoned as capital funds	3799.96	599.92

- (e) Other deductions from capital, if any:

	(₹ in crores)	
	30.09.14	30.09.13
Other deductions from capital, if any:	NIL	NIL

- (f) The total eligible capital comprises:

	(₹ in crores)	
	30.09.14	30.09.13
Tier – I Capital	34918.29	31579.56
Tier – II Capital	13099.72	9451.42
Total Capital	48018.01	41030.98

DF 3. Capital Adequacy

- (a) The capital requirements for credit risk are:

	(₹ in crores)	
	30.09.14	30.09.13
Portfolios subject to standardized approach	28357.44	24966.33
Securitization exposure	NIL	NIL

- (b) The capital requirements for market risk (under standardized duration approach) are:

Risk Category	(₹ in crores)	
	30.09.14	30.09.13
i) Interest Rate Risk	1460.38	1118.01
ii) Foreign Exchange Risk (including Gold)	18.00	18.00
iii) Equity Risk	656.77	509.02
iv) Total capital charge for market risks under Standardized duration approach (i + ii + iii)	2135.15	1645.03



(c) The capital requirement for operational risk under Basic indicator approach is:

(₹ in crores)

Capital requirement for operational risk	30.09.14	30.09.13
Basic indicator approach	2850.37	2605.93
The standardised Approach	2787.99	2562.66

(d) The capital ratios of the bank and subsidiaries are:

Punjab National Bank

	30.09.14	30.09.13
CRAR (%)	12.54	12.32
CRAR – Tier I capital (%)	9.12	9.48
CRAR – Tier II capital (%)	3.42	2.84

Subsidiaries:

Name of Subsidiary	CRAR % Tier 1		CRAR % Tier 2		CRAR % Total	
	30.09.14	30.09.13	30.09.14	30.09.13	30.09.14	30.09.13
PNB Gilts Ltd	39.36	27.77	-	-	39.36	27.77
PNB Housing Finance Ltd	10.51	8.21	2.46	4.66	12.97	12.87
PNB Investment Services Ltd	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
PNB Insurance Broking Pvt. Ltd	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Punjab National Bank(International) Ltd.	10.26	11.37	5.73	5.76	15.99	17.13
Druk PNB Bank Ltd	17.24	15.77	5.73	2.99	22.97	18.76
JSC SB PNB Kazakhstan	87.61	108.47	8.13	36.27	95.74	144.74

DF 4. Credit risk: general disclosures

(a) The total gross credit risk exposures are:

(₹ in Crores)

Category	30.09.14	30.09.13
Fund Based	367421.95	321539.05
Non Fund Based	93022.56	75699.87

(b) The geographic distribution of exposures is:

(₹ in crores)

Category	Overseas		Domestic	
	30.09.14	30.09.13	30.09.14	30.09.13
Fund Based	50821.89	32343.74	316600.06	289195.31
Non-fund based	22328.26	7334.16	70694.30	68365.71



(c) (i) Industry type distribution of exposures (Fund Based) is as under:

(₹ in Crores)

S. NO.	CODE	INDUSTRY	30.09.14		30.09.13	
			Amount of total exposure (1)	Out of (1) exposure of sub-head (wherever applicable)	Amount of total exposure (1)	Out of (1) exposure of sub-head (wherever applicable)
1	1	COAL	809.89		515.37	
2	2	MINING	856.65		881.43	
3	3	IRON AND STEEL	22870.62		19927.71	
4	4	OTHER METAL & METAL PRODUCTS	1018.49		843.84	
5	5	ALL ENGINEERING	5689.02		4970.88	
	5.1	Of which (005) Electronics		849.88		796.53
6	6	ELECTRICITY	9974.12		9695.50	
7	7	COTTON TEXTILES	3072.17		2807.55	
8	8	JUTE TEXTILES	136.54		115.34	
9	9	OTHER TEXTILES	4509.50		3636.31	
10	10	SUGAR	5101.23		3795.95	
11	11	TEA	6.59		8.30	
12	12	FOOD PROCESSING	4624.50		3283.07	
13	13	VEGETABLE OILS AND VANASPATHI	825.52		404.88	
14	14	TOBACCO & TOBACCO PRODUCTS	113.74		21.78	
15	15	PAPER & PAPER PRODUCTS	1566.52		1453.46	
16	16	RUBBER & RUBBER PRODUCTS	452.15		1360.74	
17	17	CHEMICALS, DYES, PAINTS, ETC.	3567.47		3144.80	
	17.1	Of which Fertilizers		317.69		160.70
	17.2	Of which Petro-chemicals		422.01		221.21
	17.3	Of which Drugs & Pharmaceuticals		1327.97		1494.87
18	18	CEMENT	2457.29		858.60	
19	19	LEATHER & LEATHER PRODUCTS	659.03		473.85	
20	20	GEMS AND JEWELLERY	4401.70		4337.16	
21	21	CONSTRUCTION	5350.86		4641.12	
22	22	PETROLEUM	959.88		1389.38	
23	23	AUTOMOBILES INCLUDING TRUCKS	1319.12		1045.54	
24	24	COMPUTER SOFTWARE	84.50		31.89	
25	25	INFRASTRUCTURE	60320.61		56842.11	
	25.1	Of which Power		33989.49		32108.20
	25.2	Of which		6326.02		6854.56



		Telecommunications				
	25.3	Of which Roads & Ports		13197.10		10991.36
26	26	NBFCs	12850.46		11692.55	
27	27	TRADING	13653.23		12071.35	
28	28	OTHER INDUSTRIES	26923.88		25343.68	
		TOTAL	184201.17		175594.15	
29	29	Residuary Other Advances	183220.78		145944.91	
		GRAND TOTAL	367421.95		321539.05	
Industry where fund-based exposure is more than 5% of gross fund based exposure:						
1.	25.	INFRASTRUCTURE	60320.61		56842.11	
2.	3.	IRON & STEEL	22870.62		19927.71	

(ii) - Industry type distribution of exposures (Non Fund Based) is as under:

(₹ in Crores)

S.N O.	CODE	INDUSTRY	30.09.14		30.09.13	
			Amount of total exposure (1)	Out of (1) exposure of sub-head (wherever applicable)	Amount of total exposure (1)	Out of (1) exposure of sub-head (wherever applicable)
1	1	COAL	71.62		39.77	
2	2	MINING	1845.67		596.07	
3	3	IRON AND STEEL	12164.25		10573.99	
4	4	OTHER METAL & METAL PRODUCTS	276.38		374.83	
5	5	ALL ENGINEERING	3796.24		6387.45	
	5.1	Of which (005) Electronics		421.70		361.00
6	6	ELECTRICITY	521.86		255.32	
7	7	COTTON TEXTILES	248.08		107.02	
8	8	JUTE TEXTILTES	14.69		17.69	
9	9	OTHER TEXTILES	772.77		549.87	
10	10	SUGAR	238.75		131.75	
11	11	TEA	0.07		0.00	
12	12	FOOD PROCESSING	1072.96		290.66	
13	13	VEGETABLE OILS AND VANASPATI	1235.40		1645.25	
14	14	TOBACCO & TOBACCO PRODUCTS	2.92		2.88	
15	15	PAPER & PAPER PRODUCTS	159.29		298.80	
16	16	RUBBER & RUBBER PRODUCTS	81.86		67.90	
17	17	CHEMICALS, DYES, PAINTS, ETC.	768.52		706.83	
	17.1	Of which Fertilizers		324.64		270.17



	17.2	Of which Petro-chemicals		104.26		96.47
	17.3	Of which Drugs & Pharmaceuticals		186.08		141.76
18	18	CEMENT	333.25		144.54	
19	19	LEATHER & LEATHER PRODUCTS	94.05		56.73	
20	20	GEMS AND JEWELLERY	311.08		425.71	
21	21	CONSTRUCTION	393.37		328.10	
22	22	PETROLEUM	638.86		216.49	
23	23	AUTOMOBILES INCLUDING TRUCKS	268.31		194.54	
24	24	COMPUTER SOFTWARE	15.24		12.71	
25	25	INFRASTRUCTURE	10267.20		11026.41	
	25.1	Of which Power		5561.29		6998.40
	25.2	Of which Telecommunications		2767.83		1853.10
	25.3	Of which Roads & Ports		888.18		679.75
26	26	NBFCs	103.76		524.54	
27	27	TRADING	4101.29		4761.42	
28	28	OTHER INDUSTRIES	7275.33		5654.28	
		TOTAL	46551.20		45136.23	
29	29	Residuary Other Advances	46471.36		30563.64	
		GRAND TOTAL	93022.56		75699.87	
Industry where non- fund based outstanding is more than 5% of gross non-fund based exposure:						
1	25	INFRASTRUCTURE	10267.20		11026.41	
2	3	IRON AND STEEL	12164.25		10573.99	
3	27	TRADING	-		4761.42	
2	5	ALL ENGINEERING	-		6387.45	

(d) The residual contractual maturity break down of assets is:

(₹ in Crores)

Maturity Pattern	Advances*	Investments (gross)	Foreign Currency Assets*
Next day	19669.30 (16822.56)	400.00 (0.00)	7689.66 (672.72)
2 - 7 days	5882.76 (6313.02)	2157.52 (0.00)	2401.79 (1689.24)
8 -14 days	6355.78 (5450.50)	1125.54 (374.23)	1820.16 (1377.60)
15- 28 days	6760.23 (5973.47)	4257.60 (351.13)	6140.93 (5108.87)
29days – 3months	19896.34 (18824.64)	5520.49 (1236.56)	24042.26 (12879.30)
>3months-6months	32248.67 (31543.63)	2904.07 (2040.42)	32530.02 (15228.83)



>6months-1yr	23609.36 (21613.36)	2591.48 (5506.54)	12539.73 (7342.32)
>1yr-3yrs	175268.43 (152640.29)	20339.40 (19771.37)	10614.96 (1587.00)
>3yrs-5yrs	31328.53 (23738.64)	22883.38 (18595.94)	1604.48 (1311.14)
>5yrs	36073.52 (30931.77)	83143.42 (87246.21)	343.40 (590.33)
Total	357092.94 (313851.88)	145322.91 (135122.41)	99727.40 (47787.34)

*Figures are shown on net basis
(Figures in brackets relate to previous year)

(e) The gross NPAs are:

Category	30.09.14	30.09.13
Sub Standard	9530.35	8060.82
Doubtful – 1	4933.58	50953.37
Doubtful – 2	3568.53	2493.36
Doubtful – 3	456.50	211.68
Loss	2262.93	665.03
Total NPAs (Gross)	20751.89	16526.26

(f) The amount of net NPAs is:

Particulars	30.09.14	30.09.13
Net NPA	11617.77	9609.03

(g) The NPA ratios are as under:

NPA Ratios	30.09.14	30.09.13
% of Gross NPAs to Gross Advances	5.65	5.14
% of Net NPAs to Net Advances	3.26	3.07

(h) The movement of gross NPAs is as under:

Movement of gross NPAs	30.09.14	30.09.13
i) Opening Balance at the beginning of the year	18880.06	13465.79
ii) Addition during the half year	6574.21	5973.06
iii) Reduction during the half year	4702.38	2912.59
iv) Closing balance as at the end of half year	20751.89	16526.26

(i) The movement of provision for NPAs is as under:

Movement of provision for NPAs	30.09.14	30.09.13
i) Opening Balance at the beginning of the year	8737.15	6102.84
ii) Provisions made during the half year	1319.34	2450.02
iii) Write-off made during the half year	32.77	872.18



iv) Write –back of excess provisions made during the half year	1201.05	847.22
v) Closing Balance as at the end of the half year (i + ii - iii-iv)	8822.67	6833.46

(j) The amount of non-performing investment is:

(₹ in Crores)

Particulars	30.09.14	30.09.13
Amount of non-performing investment	156.57	180.66

(k) The amount of provisions held for non-performing investment is:

(₹ in Crores)

Particulars	30.09.14	30.09.13
Amount of provision held for non-performing investment	152.98	154.14

(l) The movement of provisions for depreciation on investments is as under:

(₹ in Crores)

Movement of provisions for depreciation on investments	30.09.14	30.09.13
i) Opening balance at the beginning of the year	1188.99	539.49
ii) Provisions made during the half year	0.06	457.88
iii) Write-off made during the half year	443.18	NIL
iv) Write-back of excess provisions made during the half year	NIL	NIL
v) Closing balance as at the end of the half year (i + ii -iii-iv)	745.87	997.37

DF 5. Credit Risk: disclosure for portfolios subject to the standardized approach

The exposure amounts after risk mitigation (subject to the standardized approach) in different risk buckets are as under:

(₹ in Crores)

Particulars	30.09.14	30.09.13
i) Below 100% risk weight exposure outstanding	186562.83	191445.97
ii) 100% risk weight exposure outstanding	197583.61	140156.01
iii) More than 100% risk weight exposure outstanding	68773.70	66012.83
iv) Deducted	NIL	NIL



DF 6. Credit Risk Mitigation: disclosures for standardized approaches

(₹ in Crores)

Particulars	30.09.14	30.09.13
(a) For each separately disclosed credit risk portfolio the total exposure (after, where applicable, on or off balance sheet netting) that is covered by eligible financial collateral after the application of haircuts.	38065.16	16810.02
(b) For each separately disclosed portfolio the total exposure (after, where applicable, on or off-balance sheet netting) that is covered by guarantees/credit derivatives (whenever specifically permitted by RBI)	18457.07	15499.02

DF 7. Securitization: disclosure for standardized approach

Bank does not have any securitization exposure.

DF 8. Market Risk in Trading Book

The capital requirements for market risk are as under:

(₹ in Crores)

Risk Category	30.09.14	30.09.13
i) Interest Rate Risk	1460.38	1118.01
ii) Equity Position Risk	18.00	18.00
iii) Foreign Exchange Risk (including Gold)	656.77	509.02
iv) Total capital charge for market risks under Standardized duration approach (i+ii+iii)	2135.15	1645.03

DF 9. Operational Risk (Being qualitative disclosures, not required for half year)

DF 10. Interest rate risk in the banking book (IRRBB)

Quantitative Disclosure

A. Earning Approach as on:

1 Earning Approach – Interest rate sensitivity (Net gaps) as on 30.09.2014

(₹ in Crore)

Maturity Period	GAP	Other Products*	Net Gap	Total Assets	Net Gaps as % to Total Assets
	(RSA-RSL)	(Int. rate)	(1+2)		
	(1)	(2)	(3)		
1-28 days	3137.93	-675.00	2462.93	55864.47	4%
29 days - 3months	157057.02	0.00	157057.02	207948.49	76%



>3 to 6 months	-35271.79	0.00	-35271.79	30691.00	-115%
>6 to 12 months	-51267.55	0.00	-51267.55	24118.58	-213%
>1 to 3 years	-116206.24	0.00	-116206.24	86551.31	-134%
>3 to 5 years	15440.72	0.00	15440.72	35158.68	44%
>5 years	71270.00	0.00	71270.00	83507.00	85%

* Other products include FRAs, Swaps, Futures, Options & Other Derivatives.

The repricing assumptions on assets and liabilities are as per RBI guidelines. The floating rate advances are assumed to be repriced in 29 days to 3 months bucket.

Earning at Risk: Impact of 0.5% adverse change in interest rate on NII.

(₹ in crores)

Remaining period	Estimated impact on NII with adverse change in rate of interest by 0.50%
Up to 6 months	246.50
² Up to 1 year	493.00

2. Economic Value Approach

The economic value i.e. impact on the capital fund due to change in interest rate by 200 bps on the economic value is assessed on regular intervals through duration gap method. As a prudential measure a limit has been fixed for net duration gap of the assets and liabilities and the same is monitored at regular intervals.

