

**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 30.09.2016:**

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 activity. However, bank has invested in the share capital of the following two insurance related Subsidiaries/Associates:

Sl. 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%	603.87	0.00007

@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 on 14.02.2011. 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	30.09.2016	30.09.2015
i)	Paid up share capital	425.59	392.72
ii)	Reserves (excluding revaluation reserves)	36717.04	38606.50
iii)	Innovative Perpetual Debt Instruments	3520.50	3520.50
iv)	Other Capital Instruments	0.00	0.00
Deductions			
v)	Equity Investment in subsidiaries (50%)	920.60	887.32
vi)	Intangible Assets (Deferred Tax Assets + Computer Software)	5090.53	1629.73
Tier I Capital (i + ii + iii + iv –v –vi)		34652.00	40002.67

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

		(₹ in crores )	
	Particulars	30.09.2016	30.09.2015
	The amount of Tier II capital (net of deductions)	16536.43	13437.73

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

(₹ in crores )

Particulars	30.09.2016	30.09.2015
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 )

Particulars	30.09.2016	30.09.2015
Total amount outstanding	5000.00	4999.80
Of which amount raised during the current half year	0.00	0.00
Amount eligible to be reckoned as capital funds	5000.00	3500.00

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

(₹ in crores )

Particulars	30.09.2016	30.09.2015
Other deductions from capital, if any:	NIL	NIL

- (f) The total eligible capital comprises:

(₹ in crores )

Particulars	30.09.2016	30.09.2015
Tier – I Capital	34652.00	40002.67
Tier – II Capital	16536.43	13437.73
Total Capital	51188.43	53440.40

### DF 3. Capital Adequacy

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

(₹ in crores )

Particulars	30.09.2016	30.09.2015
Portfolios subject to standardized approach	29330.92	28993.30
Securitization exposure	NIL	NIL

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

(₹ in crores )

Risk Category	30.09.2016	30.09.2015
i) Interest Rate Risk	1920.70	1805.55
ii) Foreign Exchange Risk (including Gold)	18.00	18.00
iii) Equity Risk	1109.02	1008.29
iv) Total capital charge for market risks under Standardized duration approach (i + ii + iii)	3047.73	2831.84

(c) The capital requirement for operational risk :

(₹ in crores )

Capital requirement for operational risk under:	30.09.2016	30.09.2015
Basic Indicator Approach	3041.85	3012.10
The Standardised Approach	2980.21	2955.65

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

Punjab National Bank

	30.09.2016	30.09.2015
CRAR (%)	12.19	13.17
CRAR – Tier I capital (%)	8.25	9.86
CRAR – Tier II capital (%)	3.94	3.31

**Subsidiaries:**

Name of Subsidiary	CRAR % Tier 1		CRAR % Tier 2		CRAR % Total	
	30.09. 16	30.09.15	30.09.16	30.09.15	30.09.16	30.09.15
PNB Gilts Ltd	100.62	69.50		-	100.62	69.50
PNB Housing Finance Ltd	8.05	10.57	6.02	2.83	14.07	13.40
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., UK	9.41	9.84	4.70	5.38	14.11	15.22
Druk PNB Bank Ltd., Bhutan	15.09	13.40	2.78	3.46	17.86	16.87

**DF 4. Credit Risk: General Disclosures**

(a) The total gross credit risk exposures are:

(₹ in Crores)

Category	30.09.2016	30.09.2015
Fund Based	414205.70	392109.68
Non Fund Based	77883.48	82752.88

(b) The geographic distribution of exposures is:

(₹ in crores )

Category	Overseas		Domestic	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Fund Based	54068.32	55683.59	360137.38	336426.09
Non Fund Based	3020.52	8920.70	74862.96	73832.18

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

Industry Name	(₹. in crores)
A. Mining and Quarrying (A.1 + A.2)	
A.1 Coal	523.20
A.2 Others	885.49
B. Food Processing (B.1 to B.4)	
B.1 Sugar	5320.83
B.2 Edible Oils and Vanaspati	1145.55
B.3 Tea	2.67
B.4 Others	5234.13
C. Beverages (excluding Tea & Coffee) and Tobacco	888.16
D. Textiles (a to c)	
a. Cotton	3468.03
b. Jute	152.00
c. Man Made	1264.85
c. Others	6447.80
E. Leather and Leather products	961.04
F. Wood and Wood Products	404.37
G. Paper and Paper Products	1577.18
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	1635.20
I. Chemicals and Chemical Products (Dyes, Paints, etc.) (I.1 to I.4)	
I.1 Fertilizers	456.84
I.2 Drugs and Pharmaceuticals	1872.80
I.3 Petro-chemicals (excluding under Infrastructure)	1965.23
I.4 Others	3346.41
J. Rubber, Plastic and their Products	1331.92
K. Glass & Glassware	120.81
L. Cement and Cement Products	2371.47
M. Basic Metal and Metal Products (M.1 + M.2)	
M.1 Iron and Steel	26488.68
M.2 Other Metal and Metal Products	2204.31
N. All Engineering (N.1 + N.2)	
N.1 Electronics	1096.97
N.2 Others	3550.41
O. Vehicles, Vehicle Parts and Transport Equipments	718.79
P. Gems and Jewellery	2682.35
Q. Construction	3696.65
R. Infrastructure (a to d)	
a. Energy	30351.37
b. Transport	11982.46
c. Communication	3407.19

d. Other infrastructure	5405.13
S. Other Industries	15684.83
<b>T. All Industries (A to S) (Total)</b>	<b>148645.13</b>
<b>Residuary advances</b>	<b>265560.57</b>
<b>Total Loans and Advances</b>	<b>414205.70</b>

Industry where fund- based exposure is more than 5% of gross fund based exposure:

<b>Industry Name</b>	<b>Amount</b>
Basic Metal and Metal Products	28693.00
Infrastructure	51146..15

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

<b>Industry Name</b>	<b>(₹. in crores)</b>
<b>A. Mining and Quarrying (A.1 + A.2)</b>	
A.1 Coal	72.14
A.2 Others	42.98
<b>B. Food Processing (B.1 to B.4)</b>	
B.1 Sugar	938.45
B.2 Edible Oils and Vanaspati	705.10
B.3 Tea	0.00
B.4 Others	357.50
<b>C. Beverages (excluding Tea &amp; Coffee) and Tobacco</b>	<b>117.73</b>
<b>D. Textiles (a to c)</b>	
a. Cotton	283.01
b. Jute	33.37
c. Man made	122.50
d. Others	1157.62
<b>E. Leather and Leather products</b>	<b>76.72</b>
<b>F. Wood and Wood Products</b>	<b>70.79</b>
<b>G. Paper and Paper Products</b>	<b>328.92</b>
<b>H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels</b>	<b>1905.34</b>
<b>I. Chemicals and Chemical Products (Dyes, Paints, etc.) (I.1 to I.4)</b>	
I.1 Fertilizers	16.28
I.2 Drugs and Pharmaceuticals	457.27
I.3 Petro-chemicals (excluding under Infrastructure)	1042.79
I.4 Others	417.59
<b>J. Rubber, Plastic and their Products</b>	<b>336.49</b>
<b>K. Glass &amp; Glassware</b>	<b>9.28</b>
<b>L. Cement and Cement Products</b>	<b>228.78</b>
<b>M. Basic Metal and Metal Products (M.1 + M.2)</b>	
M.1 Iron and Steel	8514.16

M.2 Other Metal and Metal Products	382.06
<b>N. All Engineering (N.1 + N.2)</b>	
N.1 Electronics	1770.66
N.2 Others	5953.20
<b>O. Vehicles, Vehicle Parts and Transport Equipments</b>	109.71
<b>P. Gems and Jewellery</b>	328.03
<b>Q. Construction</b>	2918.89
<b>R. Infrastructure (a to d)</b>	
a. Energy	7695.47
b. Transport	1938.67
c. Communication	639.38
d. Other Infrastructure	1919.84
<b>S. Other Industries</b>	6690.91
<b>T. All Industries (A to S)</b>	47581.63
<b>Residuary advances</b>	30301.84
<b>Total Loans and Advances</b>	77883.47

Industry where non- fund based exposure is more than 5% of gross non-fund based exposure:

<b>Industry Name</b>	<b>Amount</b>
Basic Metal and Metal Products	8896.23
All Engineering	7723.86
Infrastructure	12193.36

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

(₹ in Crores)			
Maturity Pattern	Advances*	Investments (gross)	Foreign Currency Assets*
Next day	7721.95 (7958.18)	0.00 (140.62)	290.67 (2645.20)
2 - 7 days	7113.17 (8147.06)	1274.74 (88.14)	3525.90 (1516.18)
8 -14 days	4119.00 (4709.69)	58.03 (825.26)	2416.83 (2165.04)
15- 28 days	5087.61 (8478.89)	1356.42 (1457.24)	4649.59 (7724.35)
29 days – 3 months	15638.53 (41064.03)	1192.98 (5613.70)	20162.53 (23755.59)
>3 months-6 months	14886.77 (32035.38)	2668.38 (4929.19)	11500.50 (21747.70)
>6 months- 1 yr	17186.88 (18585.66)	8922.56 (9352.01)	13475.40 (13416.16)
>1 yr-3 yrs	185931.41 (181580.23)	23939.54 (19552.84)	2603.42 (11272.08)
>3 yrs-5 yrs	57138.86	24115.37	975.12

	(29232.64)	(27763.12)	(2301.83)
>5 yrs	78906.74 (48411.03)	109062.86 (98891.91)	704.67 (568.07)
Total	393730.92 (380202.78)	172590.89 (168614.04)	60304.64 (87112.18)

\*Figures are shown on net basis

(Figures in brackets relate to previous year)

(e) The gross NPAs are:

(₹ in Crores)

Category	30.09.2016	30.09.2015
Sub Standard	27381.71	10933.66
Doubtful – 1	15818.85	5907.63
Doubtful – 2	10598.88	6377.71
Doubtful – 3	1205.27	1025.19
Loss	1460.92	701.05
Total NPAs (Gross)	56465.63	24945.24

(f) The amount of net NPAs is:

(₹ in Crores)

Particulars	30.09.2016	30.09.2015
Net NPA	35722.32	15186.98

(g) The NPA ratios are as under:

NPA Ratios	30.09.2016	30.09.2015
% of Gross NPAs to Gross Advances	13.63%	6.36%
% of Net NPAs to Net Advances	9.10%	3.99%

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

(₹ in Crores)

Movement of gross NPAs	30.09.2016	30.09.2015
i) Opening Balance at the beginning of the year	55818.33	25694.86
ii) Addition during the half year	13911.58	5994.93
iii) Reduction during the half year	13264.29	6744.55
iv) Closing balance as at the end of half year	56465.63	24945.24

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

(₹ in Crores)

Movement of provision for NPAs	30.09.2016	30.09.2015
i) Opening Balance at the beginning of the year	19854.43	9801.76
ii) Provisions made during the half year	7173.27	4180.71
iii) Write-off made during the half year	4004.50	3205.10
iv) Write –back of excess provisions made during the half year	2936.69	1413.83
v) Closing Balance as at the end of the half year (i + ii - iii-iv)	20086.51	9363.54

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

(₹ in Crores)

Particulars	30.09.2016	30.09.2015
Amount of non-performing investment	727.25	321.44

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

(₹ in Crores)

Particulars	30.09.2016	30.09.2015
Amount of provision held for non-performing investment	62.13	253.60

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

(₹ in Crores)

Movement of provisions for depreciation on investments	30.09.2016	30.09.2015
i) Opening balance at the beginning of the year	960.64	603.44
ii) Provisions made during the half year	369.22	374.58
iii) Write-off made during the half year	252.70	66.18
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)	1077.16	911.84

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

The exposure amounts after risk mitigation (subject to the standardized approach) amount of bank's outstanding ( rated an unrated) in the following three major risk buckets as well as those that are deducted, are as under:

(₹ in Crores)

Particulars	30.09.2016	30.09.2015
i) Below 100% risk weight exposure outstanding	271569.60	215307.52
ii) 100% risk weight exposure outstanding	127777.92	170162.41
iii) More than 100% risk weight exposure outstanding	89541.81	81514.41
iv) Deducted	NIL	NIL

#### DF 6. Credit Risk Mitigation: disclosures for standardized approaches

(₹ in Crores)

Particulars	30.09.2016	30.09.2015
(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.	26223.87	30357.20



(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)	16651.78	17882.20
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#### 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	30.09.2016	30.09.2015
i) Interest Rate Risk	1920.70	1805.55
ii) Foreign Exchange Risk (including Gold )	18.00	18.00
iii) Equity Position Risk	1109.02	1008.29
iv) Total capital charge for market risks under Standardized duration approach (i+ii+iii)	3047.72	2831.84

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

#### DF-10. Interest Rate Risk in the Banking Book (IRRBB)

**10.1** The interest rate risk arises due to fluctuating interest rates on rate sensitive assets and liabilities. For earning perspective, Traditional Gap Analysis (TGA) and for economic value perspective, Duration Gap Analysis (DGA) is carried out to assess the interest rate risk at quarterly intervals on both trading book and banking book for domestic and overseas operations, as per RBI guidelines. As per ALM Policy, prudential limits have been fixed for impact on Net Interest Income (NII), Net Interest Margin (NIM), Duration gap and Market Value of Equity for the bank. Moreover, behavioral studies are also being done for assessing and apportioning volatile and core portion of various non-maturity products of both assets and liabilities.

##### Earning Approach

Since, in case of banks, interest income comprises major part of the income, a standardized rate shock analysis for upward or downward rate movement on the Gap statement is done. Accordingly, Earning at Risk (EaR) for different rate shocks is done to assess the impact on Net Interest Income (NII) of the bank due to adverse movement of rate of interest.

**Earning at Risk:** The table reveals the impact of 0.50% adverse change in interest rate on NII as at 30.09.2016.

Change in interest rate	Estimated impact on NII due to adverse change in rate of interest up to 1 year
50 bps	Rs. 299 cr.

**Economic Value of Equity:** The table reveals the impact on Economic Value of Equity for an assumed rate shock of 200 bps on the banking book as at 30.09.2016.

Change in Economic value of Equity	200 bps
	Rs. 4612.75 cr.

### 10.2 Economic Value Approach

The economic value approach involves analyzing the impact on the capital funds due to change in interest rate by 200 bps using Duration gap Approach. It assesses the intrinsic values of assets and liabilities from time to time thereby improving banks insight into the profile of assets and liabilities vis-a vis contractual rate and market rate. 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 interval.

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