

**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 30.09.2012:**

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 in the following two insurance related subsidiaries:

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 Life Insurance Company Ltd.	India	NIL	NIL	NIL

- PNB Insurance Broking Pvt. Ltd was a company licensed by Insurance Regulatory & Development Authority (IRDA) to carry out “Direct Broker” activity. The broking license was surrendered by the company. Steps are being taken for winding up of the company.
- PNB Life Insurance Company Ltd was incorporated to commence life insurance business but not operationalised. The company is under liquidation and the liquidator has distributed the assets between the shareholders.

DF.2. Capital Structure

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

		(₹ in crores)	
	Particulars	30.09.12	30.09.11
i)	Paid up share capital	339.18	316.81
ii)	Reserves (excluding revaluation reserves)	25734.66	19471.48
iii)	Innovative Perpetual Debt Instruments	2020.50	2020.50
iv)	Other Capital Instruments	0.00	0.0
Deductions			
v)	Equity Investment in subsidiaries (50%)	628.09	409.45
vi)	Intangible Assets (Deferred Tax Assets + Computer Software)	491.31	452.42
Tier I Capital (i + ii + iii + iv –v –vi)		26974.94	20946.92

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

(₹ in crores)		
Particulars	30.09.12	30.09.11
The amount of Tier II capital (net of deductions)	9294.58	9672.26

(c) The debt capital instruments eligible for inclusion in Upper Tier 2 capital are:

(₹ in crores)		
Particulars	30.09.12	30.09.11
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 2 capital is:

(₹ in crores)		
	30.09.12	30.09.11
Total amount outstanding	2264.80	2559.80
Of which amount raised during the current half year	0.00	0.00
Amount eligible to be reckoned as capital funds	899.88	1352.84

(e) Other deductions from capital, if any:

(₹ in crores)		
	30.09.12	30.09.11
Other deductions from capital, if any:	NIL	NIL

(f) The total eligible capital comprises:

(₹ in crores)		
	30.09.12	30.09.11
Tier – I Capital	26974.94	20946.92
Tier – II Capital	9294.58	9672.26
Total Capital	36269.52	30619.18

DF 3. Capital Adequacy

(a) The capital requirements for credit risk are:

(₹ in crores)		
	30.09.12	30.09.11
Portfolios subject to standardized approach @ 9%	24033.84	19496.37
Securitization exposure	NIL	NIL

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

(₹ in crores)

Risk Category	30.09.12	30.09.11
i) Interest Rate Risk	985.76	646.22
ii) Foreign Exchange Risk (including Gold)	18.00	18.00
iii) Equity Risk	542.78	478.77
iv) Total capital charge for market risks under Standardized duration approach (i + ii + iii)	1546.54	1142.99

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

(₹ in crores)

Capital requirement for operational risk	30.09.12	30.09.11
Basic indicator approach	2254.04	1887.40

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

Punjab National Bank

	30.09.12	30.09.11
CRAR (%)	11.73	12.23%
CRAR – Tier I capital (%)	8.72	8.37%
CRAR – Tier II capital (%)	3.01	3.86%

Subsidiaries:

Name of Subsidiary	CRAR % Tier 1		CRAR % Tier 2		CRAR % Total	
	30.09.12	30.09.11	30.09.12	30.09.11	30.09.12	30.09.11
PNB Gilts Ltd	41.61	79.76	-	-	41.61	79.76
PNB Housing Finance Ltd	12.27	12.45	1.73	7.93	14.00	20.38
PNB Investment Services Ltd	Not applicable					
PNB Insurance Broking Pvt. Ltd	Not applicable					
PNB Life Insurance Co Ltd	Not applicable					
Punjab National Bank(International) Ltd.	10.89	12.26	6.15	7.38	17.04	19.64
Druk PNB Bank Ltd	11.82	13.78	3.35	6.05	15.17	19.83
JSC SB PNB Kazakhstan	124.75	272.49	1.41	2.63	126.16	275.12

DF 4. Credit risk: general disclosures

(a) The total gross credit risk exposures are:

(₹ in Crores)

Category	30.09.12	30.09.11
Fund Based	300872.70	251704.52
Non Fund Based	75977.32	68839.52

(b) The geographic distribution of exposures is:

(₹ in crores)

Category	Overseas		Domestic	
	30.09.12	30.09.11	30.09.12	30.09.11
Fund Based	26832.23	16521.33	274040.47	235183.19
Non-fund based	3458.64	2302.58	72518.68	66536.94

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

(₹ in Crores)

S.NO	CODE	INDUSTRY	30.09.12		30.09.11	
1	1	COAL		166.74		42.28
2	2	MINING		1119.86		1636.49
3	3	IRON AND STEEL		17927.95		10327.74
4	4	OTHER METAL & METAL PRODUCTS		1491.94		2516.39
5	5	ALL ENGINEERING		5374.24		5292.27
	5.1	Of which (005) Electronics	362.29		720.28	
6	6	ELECTRICITY		8419.54		5481.05
7	7	COTTON TEXTILES		2923.23		2005.02
8	8	JUTE TEXTILTILES		90.23		89.76
9	9	OTHER TEXTILES		4294.25		4164.83
10	10	SUGAR		1910.65		1063.73
11	11	TEA		7.61		6.17
12	12	FOOD PROCESSING		3034.34		3394.01
13	13	VEGETABLE OILS AND VANASPATI		477.94		797.70
14	14	TOBACCO & TOBACCO PRODUCTS		21.70		27.16
15	15	PAPER & PAPER PRODUCTS		1682.29		1078.99
16	16	RUBBER & RUBBER PRODUCTS		617.07		800.81
17	17	CHEMICALS, DYES, PAINTS, ETC.		3308.02		2679.15
	17.1	Of which Fertilizers	146.55		115.10	
	17.2	Of which Petro-chemicals	219.56		286.17	
	17.3	Of which Drugs & Pharmaceuticals	1369.40		1365.90	
18	18	CEMENT		995.30		1701.69
19	19	LEATHER & LEATHER PRODUCTS		563.36		537.25
20	20	GEMS AND JEWELLERY		1144.38		1948.11
21	21	CONSTRUCTION		4100.33		3914.81
22	22	PETROLEUM		2202.63		2291.91
23	23	AUTOMOBILES INCLUDING TRUCKS		1725.29		1401.45
24	24	COMPUTER SOFTWARE		31.82		27.34
25	25	INFRASTRUCTURE		50478.02		38531.41
	25.1	Of which Power	26167.47		15577.49	
	25.2	Of which Telecommunications	8004.75		7828.81	
	25.3	Of which Roads & Ports	10020.98		6833.87	

26	26	NBFCs		11729.93		7675.96
27	27	TRADING		11883.58		9865.08
28	28	OTHER INDUSTRIES		25806.98		23357.55
		TOTAL		163529.23		132656.10
29	29	Residuary Other Advances		137343.47		119048.42
		GRAND TOTAL		300872.70		251704.52
		Industry exposure is more than 5% of gross fund based exposure				
1.	25.	INFRASTRUCTURE		50478.02		38531.41
2.	3.	IRON & STEEL		17927.95		10327.74

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

(₹ in Crores)

S.NO	CODE	INDUSTRY	30.09.12		30.09.11	
1	1	COAL		57.46		41.77
2	2	MINING		970.39		275.67
3	3	IRON AND STEEL		8151.12		6859.25
4	4	OTHER METAL & METAL PRODUCTS		799.17		1033.76
5	5	ALL ENGINEERING		5475.47		5882.29
	5.1	Of which (005) Electronics	200.44		695.20	
6	6	ELECTRICITY		10.00		67.80
7	7	COTTON TEXTILES		217.19		11.84
8	8	JUTE TEXTILTILES		32.67		17.14
9	9	OTHER TEXTILES		868.63		791.91
10	10	SUGAR		282.48		79.89
11	11	TEA		0.13		0.02
12	12	FOOD PROCESSING		301.30		875.72
13	13	VEGETABLE OILS AND VANASPATI		2368.39		1046.70
14	14	TOBACCO & TOBACCO PRODUCTS		20.07		21.15
15	15	PAPER & PAPER PRODUCTS		234.77		188.69
16	16	RUBBER & RUBBER PRODUCTS		70.89		38.49
17	17	CHEMICALS, DYES, PAINTS, ETC.		1416.84		1699.66
	17.1	Of which Fertilizers	221.59		216.32	
	17.2	Of which Petro-chemicals	509.13		673.92	
	17.3	Of which Drugs & Pharmaceuticals	388.56		469.44	
18	18	CEMENT		241.00		397.48
19	19	LEATHER & LEATHER PRODUCTS		65.89		38.89
20	20	GEMS AND JEWELLERY		390.57		2727.92
21	21	CONSTRUCTION		327.21		226.70
22	22	PETROLEUM		281.65		119.28
23	23	AUTOMOBILES INCLUDING TRUCKS		230.38		189.40
24	24	COMPUTER SOFTWARE		9.75		9.23
25	25	INFRASTRUCTURE		10557.71		8844.18
	25.1	Of which Power	7098.32		4784.04	

	25.2	Of which Telecommunications	1765.11		2466.34	
	25.3	Of which Roads & Ports	934.32		315.22	
26	26	NBFCs		152.71		438.26
27	27	TRADING		4812.48		3549.67
28	28	OTHER INDUSTRIES		7388.27		5533.50
		TOTAL		45734.59		41006.26
29	29	Residuary Other Advances		30242.73		27833.26
		GRAND TOTAL		75977.32		68839.52
	Industry where non- fund based outstanding is more than 5% of gross non-fund based outstanding.					
1	25	INFRASTRUCTURE		10557.71		8844.18
2	3	IRON AND STEEL		10437.23		6859.25
3	27	TRADING		4811.41		3549.67
2	5	ALL ENGINEERING		5475.26		5882.29

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

(₹ in Crores)

Maturity Pattern	Advances*	Investments (gross)	Foreign Currency Assets
Next day	10818.67 (11255.69)	0.00 (0.00)	3115.09 (732.19)
2 - 7 days	12263.12 (4706.47)	632.20 (1232.27)	1080.57 (608.15)
8 -14 days	6426.35 (4108.83)	338.19 (1248.51)	609.59 (548.65)
15- 28 days	4628.15 (4806.08)	481.79 (723.42)	1642.13 (1919.49)
29days – 3months	7959.24 (14219.01)	4729.96 (7717.46)	10120.62 (7507.41)
>3months-6months	7015.92 (15190.19)	3352.12 (1974.60)	12785.05 (8602.54)
>6months-1yr	9727.95 (20494.31)	6683.20 (4982.68)	6038.37 (2490.13)
>1yr-3yrs	180645.18 (125705.07)	15694.09 (10426.30)	3168.58 (2355.04)
>3yrs-5yrs	25410.60 (22835.09)	17328.90 (18437.17)	2408.72 (1294.82)
>5yrs	29891.33 (25698.82)	79935.69 (64,267.44)	409.97 (1112.72)
Total	294786.51 (249019.56)	129176.14 (111,009.85)	41378.69 (27171.14)

*Figures are shown on net basis

(Figures in brackets relate to previous year)

(e) The gross NPAs are:

(₹ in Crores)		
Category	30.09.12	30.09.11
Sub Standard	9125.52	3073.97
Doubtful – 1	2528.53	1077.33
Doubtful – 2	999.34	399.81
Doubtful – 3	296.19	269.23
Loss	1074.30	329.77
Total NPAs (Gross)	14023.88	5150.11

(f) The amount of net NPAs is:

(₹ in Crores)		
Particulars	30.09.12	30.09.11
Net NPA	7883.43	2088.51

(g) The NPA ratios are as under:

NPA Ratios	30.09.12	30.09.11
% of Gross NPAs to Gross Advances	4.66%	2.05%
% of Net NPAs to Net Advances	2.69%	0.84%

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

(₹ in Crores)		
Movement of gross NPAs	30.09.12	30.09.11
i) Opening Balance at the beginning of the year	8719.62	4379.39
ii) Addition during the half year	7312.83	2170.24
iii) Reduction during the half year	2008.57	1399.52
iv) Closing balance as at the end of half year	14023.88	5150.11

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

(₹ in Crores)		
Movement of provision for NPAs	30.09.12	30.09.11
i) Opening Balance at the beginning of the year	4184.06	2296.75
ii) Provisions made during the half year	2619.46	1131.59
iii) Write-off made during the half year	50.31	28.93
iv) Write –back of excess provisions made during the half year	732.15	372.03
v) Closing Balance as at the end of the half year (i + ii - iii-iv)	6021.06	3027.38

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

(₹ in Crores)		
Particulars	30.09.12	30.09.11
Amount of non-performing investment	108.95	30.18

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

(₹ in Crores)		
Particulars	30.09.12	30.09.11
Amount of provision held for non-performing investment	65.26	30.18

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

(₹ in Crores)		
Movement of provisions for depreciation on investments	30.09.12	30.09.11
i) Opening balance at the beginning of the year	517.77	350.71
ii) Provisions made during the half year	0.00	116.65
iii) Write-off made during the half year	0.00	0.00
iv) Write-back of excess provisions made during the half year	192.01	0.00
v) Closing balance as at the end of the half year (i + ii -iii-iv)	325.76	467.36

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	30.09.12	30.09.11
i) Below 100% risk weight exposure outstanding	150718.99	152089.68
ii) 100% risk weight exposure outstanding	154819.32	144865.60
iii) More than 100% risk weight exposure outstanding	46935.49	23110.92
iv) Deducted	NIL	NIL

DF 6.Credit Risk Mitigation: disclosures for standardized approaches

(₹ in Crores)		
Particulars	30.09.12	30.09.11
(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.	20540.89	19052.52
(b) For each separately disclosed portfolio	16702.62	11606.30

the total exposure (after, where applicable, on or off-balance sheet netting) that is covered by guarantees/credit derivatives (whenever specifically permitted by RBI)		
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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:

Risk Category	30.09.12	30.09.11
i) Interest Rate Risk	985.76	646.22
ii) Equity Position Risk	542.78	478.77
iii) Foreign Exchange Risk (including Gold)	18.00	18.00
iv) Total capital charge for market risks under Standardized duration approach (i+ii+iii)	1546.54	1142.99

(₹ in Crores)

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:

10.2.1 Earning Approach – Interest rate sensitivity (Net gaps) as on 30.09.2012

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	10606.14	-500.00	10106.14	47314.31	21%
29 days - 3months	104310.97	0.00	104310.97	167914.12	62%
>3 to 6 months	-52820.48	0.00	-52820.48	21953.98	-241%
>6 to 12 months	-45451.71	0.00	-45451.71	15506.55	-293%
>1 to 3 years	-112955.86	0.00	-112955.86	70804.86	-160%
>3 to 5 years	15439.82	0.00	15439.82	24947.97	62%
>5 years	72906.85	0.00	72906.85	86341.68	84%

(₹. in Crore)

* 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	164.86
Up to 1 year	262.04

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.
