

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 30.09.2011:

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 Principal Insurance Broking Pvt. Ltd.	India	81%	4.05	11.73
2.	Principal PNB Life Insurance Company Ltd.	India	88%	1.76	0.82

- PNB Principal 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.
- Principal PNB Life Insurance Company Ltd. is incorporated with an authorized capital of Rs.110.00 crore to commence life insurance business. The paid-up capital of the company is Rs.2.00 crore and bank’s stake is 88%. This Company has not operationalised. The Bank is taking steps for winding up of the Company.

DF.2. Capital Structure

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

		(₹ in crores)	
	Particulars	30.09.11	30.09.10
i)	Paid up share capital	316.81	315.30
ii)	Reserves (excluding revaluation reserves)	19471.48	15708.01
iii)	Innovative Perpetual Debt Instruments	2020.50	2020.50
iv)	Other Capital Instruments	0.0	0.00
Deductions			
v)	Equity Investment in subsidiaries (50%)	409.45	293.23
vi)	Intangible Assets (Deferred Tax Assets + Computer Software)	452.42	386.36
Tier I Capital (i + ii + iii + iv –v –vi)		20946.92	17364.22

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

	(₹ in crores)	
Particulars	30.09.11	30.09.10
The amount of Tier II capital (net of deductions)	9672.26	9854.02

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

	(₹ in crores)	
Particulars	30.09.11	30.09.10
Total amount outstanding	6610.00	6610.00
Of which amount raised during the current half year	0.00	500.00
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)	
	30.09.11	30.09.10
Total amount outstanding	2559.80	2559.80
Of which amount raised during the current half year	0.00	0.00
Amount eligible to be reckoned as capital funds	1352.84	1864.80

(e) Other deductions from capital, if any:

	(₹ in crores)	
	30.09.11	30.09.10
Other deductions from capital, if any:	NIL	NIL

(f) The total eligible capital comprises:

	(₹ in crores)	
	30.09.11	30.09.10
Tier – I Capital	20946.92	17364.22
Tier – II Capital	9672.26	9854.02
Total Capital	30619.18	27218.24

DF 3. Capital Adequacy

(a) The capital requirements for credit risk are:

	(₹ in crores)	
	30.09.11	30.09.10
Portfolios subject to standardized approach @ 9%	19496.37	17129.66
Securitization exposure	NIL	NIL

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

(₹ in crores)

Risk Category	30.09.11	30.09.10
i) Interest Rate Risk	646.22	437.79
ii) Foreign Exchange Risk (including Gold)	18.00	18.00
iii) Equity Risk	478.77	357.87
iv) Total capital charge for market risks under Standardized duration approach (i + ii + iii)	1142.99	813.66

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

(₹ in crores)

Capital requirement for operational risk	30.09.11	30.09.10
Basic indicator approach	1887.40	1504.04

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

Punjab National Bank

	30.09.11	30.09.10
CRAR%	12.23%	12.60%
CRAR – Tier I capital (%)	8.37%	8.04%
CRAR – Tier II capital (%)	3.86%	4.56%

Subsidiaries:

Name of Subsidiary	CRAR % Tier 1		CRAR % Tier 2		CRAR % Total	
	30.09.11	30.09.10	30.09.11	30.09.10	30.09.11	30.09.10
PNB Gilts Ltd	79.76	70.66	-	-	79.76	70.66
PNB Housing Finance Ltd	12.45	12.00	7.93	4.41	20.38	16.41
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.	12.26	15.35	7.38	5.27	19.64	20.62
Druk PNB Bank Ltd	13.78	20.04	6.05	Not applicable	19.83	20.04
JSC SB PNB Kazakhstan	272.49	61.51	2.63	0.64	275.12	62.15

DF 4. Credit risk: general disclosures

(a) The total gross credit risk exposures are:

(₹ in Crores)

Category	30.09.11	30.09.10
Fund Based	251704.52	210856.30
Non Fund Based	68839.52	53641.08

(b) The geographic distribution of exposures is:

(₹ in crores)

Category	Overseas		Domestic	
	30.09.11	30.09.10	30.09.11	30.09.10
Fund Based	16521.33	9911.99	235183.19	200944.31
Non-fund based	2302.58	165.75	66536.94	53475.33

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

(₹ in Crores)

S.NO.	CODE	INDUSTRY	30.09.11		30.09.10	
1	1	COAL		42.28		80.5
2	2	MINING		1636.49		768.08
3	3	IRON AND STEEL		10327.74		10010.71
4	4	OTHER METAL & METAL PRODUCTS		2516.39		1143.6
5	5	ALL ENGINEERING		5292.27		5162.19
	5.1	Of which (005) Electronics	720.28		1144.17	
6	6	ELECTRICITY		5481.05		4085.76
7	7	COTTON TEXTILES		2005.02		2161.92
8	8	JUTE TEXTILTES		89.76		160.91
9	9	OTHER TEXTILES		4164.83		3882.24
10	10	SUGAR		1063.73		1939.11
11	11	TEA		6.17		6.29
12	12	FOOD PROCESSING		3394.01		3051.27
13	13	VEGETABLE OILS AND VANASPATI		797.70		667.71
14	14	TOBACCO & TOBACCO PRODUCTS		27.16		34.25
15	15	PAPER & PAPER PRODUCTS		1078.99		2510.83
16	16	RUBBER & RUBBER PRODUCTS		800.81		196.21
17	17	CHEMICALS, DYES, PAINTS, ETC.		2679.15		3045.63
	17.1	Of which Fertilizers	115.10		23.69	
	17.2	Of which Petro-chemicals	286.17		559.64	
	17.3	Of which Drugs & Pharmaceuticals	1365.90		1485.7	
18	18	CEMENT		1701.69		1836.04
19	19	LEATHER & LEATHER PRODUCTS		537.25		542.05
20	20	GEMS AND JEWELLERY		1948.11		1426.42
21	21	CONSTRUCTION		3914.81		3858.99
22	22	PETROLEUM		2291.91		2599.61
23	23	AUTOMOBILES INCLUDING TRUCKS		1401.45		1307.97
24	24	COMPUTER SOFTWARE		27.34		41.44
25	25	INFRASTRUCTURE		38531.41		27249.26
	25.1	Of which Power	15577.49		10750.19	
	25.2	Of which Telecommunications	7828.81		7114.87	
	25.3	Of which Roads & Ports	6833.87		5112.28	
26	26	NBFCs		7675.96		5966.85

27	27	TRADING		9865.08		9646.15
28	28	OTHER INDUSTRIES		23357.55		17711.46
		TOTAL		132656.10		111093.45
29	29	Residuary Other Advances		119048.42		99762.89
		GRAND TOTAL		251704.52		210856.32
		<i>Industry exposure is more than 5% of gross fund based exposure</i>				
2.	25.	INFRASTRUCTURE		38531.41		27249.26

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

(` in Crores)

S.NO.	CODE	INDUSTRY		30.09.11		30.09.10
1	1	COAL		41.77		26.2
2	2	MINING		275.67		356.03
3	3	IRON AND STEEL		6859.25		5865.12
4	4	OTHER METAL & METAL PRODUCTS		1033.76		456.84
5	5	ALL ENGINEERING		5882.29		3826.63
	5.1	Of which (005) Electronics	695.20		644.38	
6	6	ELECTRICITY		67.80		30.45
7	7	COTTON TEXTILES		11.84		93.55
8	8	JUTE TEXTILTES		17.14		14.77
9	9	OTHER TEXTILES		791.91		433.13
10	10	SUGAR		79.89		112.97
11	11	TEA		0.02		0.02
12	12	FOOD PROCESSING		875.72		859.3
13	13	VEGETABLE OILS AND VANASPATI		1046.70		1349.08
14	14	TOBACCO & TOBACCO PRODUCTS		21.15		6.06
15	15	PAPER & PAPER PRODUCTS		188.69		192.11
16	16	RUBBER & RUBBER PRODUCTS		38.49		61.29
17	17	CHEMICALS, DYES, PAINTS, ETC.		1699.66		788.89
	17.1	Of which Fertilizers	216.32		2.56	
	17.2	Of which Petro-chemicals	673.92		206.93	
	17.3	Of which Drugs & Pharmaceuticals	469.44		268.09	
18	18	CEMENT		397.48		370.04
19	19	LEATHER & LEATHER PRODUCTS		38.89		163.92
20	20	GEMS AND JEWELLERY		2727.92		520.22
21	21	CONSTRUCTION		226.70		320.81
22	22	PETROLEUM		119.28		170.12
23	23	AUTOMOBILES INCLUDING TRUCKS		189.40		166.15
24	24	COMPUTER SOFTWARE		9.23		1.88
25	25	INFRASTRUCTURE		8844.18		9973.76
	25.1	Of which Power	4784.04		4727.48	
	25.2	Of which Telecommunications	2466.34		2544.52	

	25.3	Of which Roads & Ports	315.22		1415.61	
26	26	NBFCs		438.26		412.48
27	27	TRADING		3549.67		3091.92
28	28	OTHER INDUSTRIES		5533.50		4885.65
		TOTAL		41006.26		34549.39
29	29	Residuary Other Advances		27833.26		19091.69
		GRAND TOTAL		68839.52		53641.08
	Industry where non-fund based outstanding is more than 5% of gross non-fund based outstanding.					
1	25	INFRASTRUCTURE		8844.18		9973.76
2	3	IRON AND STEEL		6859.25		5865.12
3	27	TRADING		3549.67		3091.92
2	5	ALL ENGINEERING		5882.29		3826.63

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

(₹ in Crores)

Maturity Pattern	Advances*	Investments (gross)	Foreign Currency Assets
Next day	11255.69 (5031.22)	0.00 (0.00)	732.19 (560.49)
2 - 7 days	4706.47 (5720.14)	1232.27 (0.10)	608.15 (719.12)
8 -14 days	4108.83 (2567.80)	1248.51 (398.30)	548.65 (338.68)
15- 28 days	4806.08 (3152.34)	723.42 (462.56)	1919.49 (623.76)
29days – 3months	14219.01 (11377.66)	7717.46 (3879.61)	7507.41 (5055.71)
>3months-6months	15190.19 (11732.56)	1974.60 (1998.87)	8602.54 (5774.72)
>6months-1yr	20494.31 (24634.19)	4982.68 (2879.89)	2490.13 (3620.86)
>1yr-3yrs	125705.07 (94194.48)	10426.30 (11161.64)	2355.04 (1133.54)
>3yrs-5yrs	22835.09 (26638.33)	18437.17 (13574.74)	1294.82 (1789.68)
>5yrs	25698.82 (23715.63)	64,267.44 (52,218.89)	1112.72 (473.81)
Total	249019.56 (208764.35)	111,009.85 (86574.60)	27171.14 (20090.37)

*Figures are shown on net basis

(Figures in brackets relate to previous year)

(e) The gross NPAs are:

(₹ in Crores)

Category	30.09.11	30.09.10
Sub Standard	3073.97	2604.99
Doubtful – 1	1077.33	502.93
Doubtful – 2	399.81	434.02
Doubtful – 3	269.23	201.45
Loss	329.77	281.43
Total NPAs (Gross)	5150.11	4024.82

(f) . The amount of net NPAs is:

(₹ in Crores)

Particulars	30.09.11	30.09.10
Net NPA	2088.51	1425.50

(g) The NPA ratios are as under:

NPA Ratios	30.09.11	30.09.10
% of Gross NPAs to Gross Advances	2.05%	1.91%
% of Net NPAs to Net Advances	0.84%	0.69%

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

(₹ in Crores)

Movement of gross NPAs	30.09.11	30.09.10
i) Opening Balance at the beginning of the year	4379.39	3214.41
ii) Addition during the half year	2170.24	2127.06
iii) Reduction during the half year	1399.52	1316.65
iv) Closing balance as at the end of half year	5150.11	4024.82

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

(₹ in Crores)

Movement of provision for NPAs	30.09.11	30.09.10
i) Opening Balance at the beginning of the year	2296.75	2180.05
ii) Provisions made during the half year	1131.59	735.83
iii) Write-off made during the half year	28.93	0.00
iv) Write –back of excess provisions made during the half year	372.03	365.83
v) Closing Balance as at the end of the half year (i + ii - iii-iv)	3027.38	2550.05

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

(₹ in Crores)

Particulars	30.09.11	30.09.10
Amount of non-performing investment	30.18	71.71

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

(₹ in Crores)		
Particulars	30.09.11	30.09.10
Amount of provision held for non-performing investment	30.18	71.71

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

(₹ in Crores))		
Movement of provisions for depreciation on investments	30.09.11	30.09.10
i) Opening balance at the beginning of the year	350.71	333.23
ii) Provisions made during the half year	116.65	64.99
iii) Write-off made during the half year	0.00	0.00
iv) Write-back of excess provisions made during the half year	0.00	97.40
v) Closing balance as at the end of the half year (i + ii –iii-iv)	467.36	300.82

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	30.09.11	30.09.10
i) Below 100% risk weight exposure outstanding	152089.68	130602.92
ii) 100% risk weight exposure outstanding	144865.60	132126.53
iii) More than 100% risk weight exposure outstanding	23110.92	16624.26
iv) Deducted	NIL	NIL

DF 6. Credit Risk Mitigation: disclosures for standardized approaches

(₹ in Crores)		
	30.09.11	30.09.10
(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.	19052.52	14991.79
(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)	11606.30	9428.51

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	30.09.11	30.09.10
i) Interest Rate Risk	646.22	437.79
ii) Equity Position Risk	478.77	357.87
iii) Foreign Exchange Risk (including Gold)	18.00	18.00
iv) Total capital charge for market risks under Standardized duration approach (i+ii+iii)	1142.99	813.66

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:

Table 1: Interest rate sensitivity - net gaps as on 30.09.11

(₹ in Crores)

Maturity Period	Gap (RSA-RSL)	Other Products* (Int. rate)	Net Gap (1+2)	Total Assets	Net Gaps as % to Total Assets
	1	2	3	4	5
1-28 days	2243.05	300.00	2543.05	37008.04	7%
29 days – 3 months	99421.05	0.00	99421.05	148742.63	67%
>3 to 6 months	-41080.02	0.00	-41080.02	13229.49	-311%
>6 to 12 months	-51393.51	0.00	-51393.51	13071.61	-393%
>1 to 3 yrs.	-101948.64	0.00	-101948.64	51945.39	-196%
>3 to 5 yrs.	19620.36	0.00	19620.36	27804.51	71%
Over 5 yrs.	59172.18	0.00	59172.18	71650.60	83%

* Other products include: FRAs, Swaps, Futures, Options & other derivatives.

The re-pricing assumptions on assets and liabilities are taken as per RBI guidelines. The floating rate advances are assumed to be re-priced in 29 days to 3 months.

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%
Upto 6 months	146.58
Upto 1 year	234.55

B. 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.