

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

(CONSOLIDATED)

Table DF-1: Scope of Application

Qualitative Disclosures:

Top bank in the group

Punjab National Bank (herein after referred to as the 'Bank') is the top bank in the group to which the Capital Adequacy Framework under Basel III applies. The Bank has three domestic and two international subsidiaries, which together constitute the Group in the context of Consolidated Financial Statements (CFS).

The Bank has three domestic subsidiaries, namely:

- i) PNB Gilts Ltd.
- ii) PNB Investment Services Ltd.
- iii) PNB Cards and Services Ltd.*

The Bank has two international subsidiaries, namely:

- i) Punjab National Bank (International) Limited (PNBIL), UK
- ii) Druk PNB Bank Ltd., Bhutan

*However, PNB Cards and Services Ltd. has not been considered for Consolidated Financial Statements (CFS) as per Reserve Bank of India (RBI) Basel III guidelines as the same does not fall under the Scope of regulatory consolidation.

Note: PNB Insurance Broking Pvt. Ltd. is non-functional, the Broking license has been surrendered, capital stands extinguished and liquidator shall be completing the necessary formalities to conclude the winding up procedure.

The Bank is not directly involved in insurance activity. However, Bank has invested in the share capital in the following insurance related Subsidiaries/Associates.

S. No.	Name of the company	Country of Incorporation	Status	Proportion of ownership
1.	PNB MetLife India Insurance Company Ltd.	India	Associate	30 %
2.	Canara HSBC Oriental Bank of Commerce Life Insurance Co. Ltd.	India	Associate	23 %

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

a. List of group entities considered for consolidation

(i) All the group entities as mentioned above are considered for consolidation under accounting scope of consolidation.

(ii) All the subsidiaries except associates/JVs, insurance and non-financial subsidiaries as mentioned above are considered for consolidation under regulatory scope of Consolidation. Regulatory scope of consolidation refers to consolidation in such a way as to result in the assets of the underlying group entities being included in the calculation of consolidated risk- weighted assets of the group.

Name of the entity & Country of incorporation	Whether the entity is included under accounting scope of consolidation (Yes/No)	Method of consolidation	Whether the entity is included under regulatory scope of consolidation (Yes/No)	Method of consolidation	Reasons for difference in the method of consolidation	Reasons for consolidation under only one of the scopes of consolidation
PNB Gilts Ltd.(India)	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	Not applicable	Not applicable
PNB Investment Services Ltd. (India)						
Punjab National Bank (International) Ltd. (U.K.)						
Druk PNB Bank Ltd (Bhutan)						
PNB Cards and Services Ltd.			No	Not Applicable	Not Applicable	Non-Financial Subsidiary: Not under the Scope of regulatory Consolidation

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

Name of the entity & Country of incorporation	Whether the entity is included under accounting scope of consolidation (Yes/No)	Method of consolidation	Whether the entity is included under regulatory scope of consolidation (Yes/No)	Method of consolidation	Reasons for difference in the method of consolidation	Reasons for consolidation under only one of the scopes of consolidation
PNB MetLife India Insurance Co Ltd	Yes	Consolidated in accordance with AS-23	No	Not Applicable	Not applicable	Associate: Not under the Scope of regulatory Consolidation
JSC (Tengri Bank), Almaty, Kazakhstan \$						
PNB Housing Finance Ltd, India						
Canara HSBC Oriental Bank of Commerce Life Insurance Co. Ltd, India						
India SME Asset Reconstruction Co. Ltd, India						
Dakshin Bihar Gramin Bank, Patna, India						
Sarva Haryana Gramin Bank, Rohtak, India						

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

Name of the entity & Country of incorporation	Whether the entity is included under accounting scope of consolidation (Yes/No)	Method of consolidation	Whether the entity is included under regulatory scope of consolidation (Yes/No)	Method of consolidation	Reasons for difference in the method of consolidation	Reasons for consolidation under only one of the scopes of consolidation
Himachal Pradesh Gramin Bank, Mandi, India	Yes	Consolidated in accordance with AS-23	No	Not Applicable	Not applicable	Associate: Not under Scope of regulatory Consolidation
Punjab Gramin Bank, Kapurthala, India						
Prathama UP Gramin Bank, Moradabad, India						
Assam Gramin Vikas Bank, Guwahati, India						
Bangiya Gramin Vikas Bank, Murshidabad, India						
Manipur Rural Bank, Imphal, India						
Tripura Gramin Bank, Agartala, India						
Everest Bank Ltd., Nepal						

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

\$ Agency of the Republic of Kazakhstan revoked license of JSC Tengri Bank w.e.f. 18th September, 2020 and is under liquidation.

b. List of group entities not considered for consolidation both under accounting and regulatory scope of consolidation.

Rs. in millions

Name of the entity & Country of Incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's Holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
NA	NA	NA	NA	NA	NA

Quantitative Disclosures:

c. Group entities considered for regulatory consolidation.

Rs. in millions

Name of the entity & Country of incorporation	Principle activity of the entity	Total balance sheet equity as on 30 th June'2022 (As per accounting balance sheet)	Total balance sheet Assets as on 30 th June'2022 (As per accounting balance sheet)
PNB Gilts Ltd. (India)	Primary Dealer	13260.01	198562.17
PNB Investment Services Ltd. (India)	Merchant Banking, Corporate Advisory & Debenture Trustee & Security Trustee	474.15	497.37
Punjab National Bank (International) Ltd. (U.K.)	Banking	6470.14	77082.42
Druk PNB Bank Ltd. (Bhutan)	Banking	2431.96	20143.06

d. Capital deficiency in subsidiaries

There is no capital deficiency in the subsidiaries of the Bank as on 30th June'2022.

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

e. The aggregate amounts (e.g. current book value) of the bank's total interests in insurance entities, which are risk-weighted:

Rs. in millions

Name of the Insurance entities / country of incorporation	Principle activity of the entity	Total balance sheet equity (as per the accounting Balance sheet of the legal entity) as on 31 st March 2022	% of bank's Holding in the Total equity / Proportion of voting power	Quantitative Impact on regulatory capital of using risk weighting method versus using the full deduction method
Canara HSBC Oriental Bank of Commerce Life Insurance Co. Ltd (India)	Life Insurance/ Bancassurance	12613.79	23%	Risk weight up to the value of investment
PNB Metlife India Insurance Company Ltd (India)	Life Insurance/ Bancassurance	20249.45	30%	Risk weight up to the value of investment

f. Any restrictions or impediments on transfer of funds or regulatory capital within the banking group is as governed by RBI.

Table DF-2: Capital Adequacy

Qualitative Disclosures:

(a)

1. Capital Adequacy

The bank believes in the policy of total risk management. The bank views the risk management function as a holistic approach whereby risk retention is considered appropriate after giving due consideration to factors such as specific risk characteristics of obligor, inter relationship between risk variables and corresponding return and achievement of various business objectives within the controlled operational risk environment. Bank believes that risk management is one of the foremost responsibilities of top/ senior management. The Board of Directors decides the overall risk management policies and approves the Risk Management Philosophy & Policy, Credit Management & Risk policy, Investment policy, ALM policy, Operational Risk Management policy, Policy for internal capital adequacy assessment process (ICAAP), Credit Risk Mitigation & Collateral Management Policy, Stress Testing Policy and Policy for Mapping Business Lines/Activities, containing the direction and strategies for integrated management of the various risk exposures of the Bank. These policies, inter alia, contain various trigger levels, exposure levels, thrust areas etc.

The bank has constituted a Board level subcommittee namely Risk Management Committee (RMC). The committee has the overall responsibility of risk management functions and oversees the function of Credit Risk Management Committee (CRMC), Asset Liability Committee (ALCO), Market Risk Management Committee (MRMC) and Operational Risk Management Committee (ORMC). The meeting of RMC is held

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

at least once in a quarter. The bank recognizes that the management of risk is integral to the effective and efficient management of the organization.

2.1. Credit Risk Management

2.1.1 Credit Risk Management Committee (CRMC) headed by MD & CEO is the top-level functional committee for Credit risk. The committee considers and takes decisions necessary to manage and control credit risk within overall quantitative prudential limit set up by Board. The committee is entrusted with the job of approval of policies on standards for presentation of credit proposal, fine-tuning required in various models based on feedbacks or change in market scenario, approval of any other action necessary to comply with requirements set forth in Credit Risk Management Policy/ RBI guidelines or otherwise required for managing credit risk.

2.1.2 In order to provide a robust risk management structure, the Credit Management and Risk policy of the bank aims to provide a basic framework for implementation of sound credit risk management system in the bank. It deals with various areas of credit risk, goals to be achieved, current practices and future strategies. As such, the credit policy deals with short term implementation as well as long term approach to credit risk management. The policy of the bank embodies in itself the areas of risk identification, risk measurement, risk grading techniques, reporting and risk control systems / mitigation techniques and documentation practice.

Zonal Risk Management Cells (ZRMCs) have been set up at zonal level as an extended arm of HO: IRMD to inculcate risk culture at field level in line with Risk Philosophy of the Bank. The new risk assessment structure focuses on complete segregation of credit risk assessment system from credit underwriting by centralizing the risk rating process parallel to Zonal Level under direct control of Integrated Risk Management Division at Head Office, whereas the credit delivery system shall continue through business delivery structure of credit verticals and zones. The segregation of processes had been introduced to create an independent efficient risk assessment and third eye view based calculation of risk over a borrowing entity.

For better support, control & transparent structure of reporting, organization structure in the bank has been revamped. In this regard, bank has introduced specialized lending branches for catering to loans from Rs 10 lacs to Rs 1 Crore through PNB Loan Point (PLP) in respect of Retail, Agriculture and MSME segments. Mid Corporate Centres (MCC) shall sanction corporate loans above 1 crore upto 10 crore. Corporate Banking Branches (CBBs) shall handle Non Retail Credit proposals above Rs. 10 Crores. LCB & ELCBs for loans above 50 crores has been put in place. All loan proposals falling under the powers of MCC, Circle Office, Zonal Office and Head office are considered by Credit approval Committees.

2.1.3 Bank has developed comprehensive risk rating system that serves as a single point indicator of diverse risk factors of counterparty and for taking credit decisions in a consistent manner. The risk rating system is drawn up in a structured manner, incorporating different factors such as borrower's specific characteristics, industry specific characteristics etc. Risk rating system is being applied to the loan accounts with total limits above Rs 100 Lacs w.e.f. 07.05.2022. Bank is undertaking periodic

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

validation exercise of its rating models and also conducting migration and default rate analysis to test robustness of its rating models.

Small & Medium Enterprise (SME), Retail advances and lending to agriculture are subjected to scorecard assessment which support “Accept/ Reject” decisions based on the scores obtained. All SME, Retail loan and Agriculture lending applications are necessarily to be evaluated under score card system. Further, bank has developed score cards for evaluating lending proposals under co-lending arrangement, digital lending and credit cards.

Recognizing the need of technology platform in data handling and analytics for risk management, the bank has placed rating/ scoring systems at central server network. All these models can be accessed by the users ‘on line’ through any office of the bank.

For monitoring the health of borrowal accounts at regular intervals, bank has put in place a tool called PNB SAJAG - Early Warning Signal + Preventive Monitoring System (EWS+PMS) for detection of early warning signals to address the issue of monitoring of causes of build-up of stress in assets with a view to prevent/minimize the loan losses.

Bank has also implemented EWS for Retail & MSME segment (exposure up to Rs.1 Crore) through subscription to the services of M/s TransUnion CIBIL Ltd wherein on change in credit profile of retail borrowers & MSME borrowers (exposure up to Rs.1 Crore) with our/other banks, triggers are being generated on daily basis and sent to field functionaries for taking necessary action.

2.1.4 Bank has implemented enterprise-wide data warehouse (EDW) project, to cater to the requirement for the reliable and accurate historical data base and to implement the sophisticated risk management solutions/ techniques and the tools for estimating risk components {PD (Probability of Default), LGD (loss Given Default), EAD (Exposure at Default)} and quantification of the risks in the individual exposures to assess risk contribution by individual accounts in total portfolio and identifying buckets of risk concentrations.

2.1.5 As an integral part of Risk Management System, bank has put in place a well-defined Loan Review Mechanism (LRM). This helps bring about qualitative improvements in credit administration. A separate Division known as Credit Audit & Review Division has been formed to ensure LRM implementation.

2.1.6 The risk rating and vetting process is done independent of credit appraisal function to ensure its integrity and independency. The rating category wise portfolio of loan assets is reviewed on quarterly basis to analyze mix of quality of assets etc.

2.1.7 The bank has implemented the Standardized Approach of credit risk as per RBI guidelines and further we are in the process of adoption of Internal Rating Based Approaches (IRB). Bank has received approval from RBI for adoption of Foundation Internal Rating Based Approach (FIRB) on parallel run basis w.e.f. 31.07.2013. Further, bank has placed notice of intention to RBI for implementing Advanced Internal Rating Based (AIRB) approach for credit risk.

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

Major initiatives taken for implementation of IRB approach are as under:

- For corporate assets class, bank has estimated PD based upon model wise default rates viz. Large Corporate and Mid Corporate borrowers using Maximum likelihood estimator (MLE). For retail asset class, PD is computed for identified homogeneous pool by using exponential smoothing technique.
- LGD (Loss Given Default) values have been calculated by using workout method for Corporate Asset Class as well as for each homogenous pool of Retail Asset Class.
- Bank has also put in place a mechanism to arrive at the LGD rating grade apart from the default rating of a borrower. The securities eligible for LGD rating are identified facility wise and the total estimated loss percentage in the account is computed using supervisory LGD percentage prescribed for various types of collaterals and accordingly LGD rating grades are allotted.
- Mapping of internal grades with that of external rating agencies grades: Bank has mapped its internal rating grades with that of external rating agencies grades. This exercise helps in unexpected loss calculation and PD estimation.
- Benchmarking of Cumulative Default Rates: Benchmark values of cumulative default rates for internal rating grades have been calculated based on the published default data of external rating agencies. The benchmark values is used for monitoring of cumulative default rates of internal rating grades and PD validation.
- Bank has adopted supervisory slotting criteria approach for calculation of capital under specialised lending (SL) exposure falling under corporate asset class.
- Bank has put in place a comprehensive "Credit Risk Mitigation & Collateral Management Policy", which ensures that requirements of FIRB approach are met on consistent basis.

2.2 Market Risk & Liquidity Risk

2.2.1 The investment policy covering various aspects of market risk attempts to assess and minimize risks inherent in treasury operations through various risk management tools. Broadly, it incorporates policy prescriptions for measuring, monitoring and managing systemic risk, credit risk, market risk, operational risk and liquidity risk in treasury operations.

2.2.2 Besides regulatory limits, the bank has put in place internal limits and ensures adherence thereof on continuous basis for managing market risk in trading book of the bank and its business operations. Bank has prescribed entry level barriers, exposure limits, stop loss limits, VaR limits, Duration limits and Risk Tolerance limit for trading book investments. Bank is keeping constant track on Migration of Credit Ratings of investment portfolio. Limits for exposures to Counterparties, Industry

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

Segments and Countries are monitored. The risks under Forex operations are monitored and controlled through Stop Loss Limits, Overnight limit, Daylight limit, Aggregate Gap limit, Individual Gap limit, Value at Risk (VaR) limit, Inter-Bank dealing and investment limits etc.

2.3 Operational Risk:

(i) Qualitative Disclosures:

Operational Risk:

Basel Committee and subsequently RBI have defined Operational Risk (OR) as “the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events”. This definition includes legal risk, but excludes strategic and reputational risk. The bank has also adopted the same definition for management of operational risk within the bank. The Bank has put in place Board approved policy with clearly defined roles and responsibilities to mitigate operational risk arising out of the Bank’s business and operations. The bank adopts three lines of defense model for management of operational risk.

First line of defence is the Business Divisions These Divisions being owner of various banking activities, take up management of operational risks within their owned activities, undertake actions for management/mitigation of these risks and take any business line/division level decisions with respect to operational risk. They propagate Operational Risk Management (ORM) policies as laid down by the Board. They analyze the findings of Risk & Control Self- Assessment (RCSA), Key Risk Indicators (KRI) & loss events and initiate action for strengthening of internal processes, management/ mitigation of Operational Risk and explore use of insurance and other mitigating options.

Second Line of defence is Risk Management Division which is responsible for framing the Operational Risk Framework/Policy and ensuring implementation thereof. Operational Risk Management Division acts as a repository of Operational Risk Loss Data Base, KRIs, RCSA Surveys results, Scenario Analyses and used the same for root cause analyses, Operational Risk Management and Measurement. Certain information collected and published by Control Units like Inspection & Audit Division, Management Audit & Review Division, Fraud Risk Management Division and Security Department etc. are used to identify, control, monitor and mitigate the operational risk at Bank wide level. Separate division has been created, presently Mission Parivartan Division, to look into Business Process Reengineering.

Third line of defence is Inspection & Audit Division/Management Audit & Review Division (IAD/MARD) which are responsible for independent review and validation of Operational Risk Management Framework (ORMF) and Operational Risk Management System (ORMS) at bank wide level.

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

Operational Risk Management Committee (ORMC) headed by Executive Director looking after Integrated Risk Management Division along with all the other EDs and CGMs / GMs of various divisions as members is the Executive level committee to oversee the entire operational risk management of the bank. An independent Operational Risk Management Department (ORMD) is responsible for implementation of ORM ensuring a strong ORM culture and responsibility across the Bank.

For management of operational risks at HO division level, each business line/division has a **Risk Assessment Committee (RAC)**. This committee is headed by Divisional Head of the concerned division. The committee identifies the operational risks present in the existing/new products/processes/activities of that business line/division, take corrective/preventive/pre-emptive steps to monitor and control the Operational Risk within the overall framework of the ORM Policy of the Bank.

In order to ensure completeness and correctness of loss data and also to inculcate risk culture deep down the ladder in the Bank, committees named as '**Checks on Threats to Reduce Op-risk Losses (CONTROL)**' and **Joint Action Group on Op-risk Control (JAGROC)** have been formed at Circle level and Zonal level respectively which also identify and evaluate the internal and external factors that could adversely affect the achievement of Bank's performance, corporate goals, information system, and compliance objective in the HO guidelines.

Tools to measure & monitor Operational Risk

Internal Control is an essential pre-requisite for an efficient and effective operational risk management. Bank has clearly laid down policies and procedures to ensure the integrity of its operations, appropriateness of operating systems and compliance with the management policies. Established Frameworks/Policies for control and mitigation of operational risk are in place:

- 1) Operational Risk Management (ORM) policy
- 2) Policy for Business Continuity Plan (BCP)
- 3) Policy for Approval of New Product (SoP, Risk Description Charts, Review etc.)
- 4) Policy for Outsourcing of Financial Services
- 5) Loss Data Collection Framework
- 6) Risk & Control Self-Assessment Framework. It's a proactive exercise which helps in identifying control gaps and consequent actions proposed to close the gaps. RCSA is used for identification & mitigation of operational risks, reporting of control deficiencies, monitoring of changes in control environment and assessment of operational risk profile.
- 7) Business Line Mapping Framework as per Basel defined 8 Business Lines and 7 Loss Event Types.
- 8) Key Risk Indicator Framework. The indicators have been defined subject to annual review with threshold and monitoring mechanism. These indicators are metrics/ measures that are derived from various factors to indicate an early warning of or to monitor increasing risk or control failures in an activity.

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

Quantitative Disclosures:

(b) Capital requirement for credit risk:

(Rs. in million)

Particulars	30.06.2022
Portfolios subject to standardized approach	582017.52
Securitization exposure	0

(c) Capital requirement for market risk (under standardized duration approach):

(Rs. in million)

Risk Category	30.06.2022
i) Interest Rate Risk	22623.94
ii) Foreign Exchange Risk (including Gold)	731.84
iii) Equity Risk	10695.31
iv) CDS	0.00
Total capital charge for market risks under Standardized duration approach (i + ii + iii + iv)	34051.09

(d) Capital requirement for operational risk:

(Rs. in million)

Capital requirement for operational risk	30.06.2022
i) Basic indicator approach	57159.77
ii) The Standardized approach (if applicable)	-

(e) Common Equity Tier 1, Tier 1 and Total Capital ratios (Group basis):

	30.06.2022
Common equity Tier 1 Capital ratio (%) (Basel- III)	10.98
Tier 1 Capital ratio (%) (Basel- III)	12.16
Tier 2 Capital ratio (%) (Basel- III)	2.72
Total Capital ratio (CRAR) (%) (Basel- III)	14.88

For Significant Bank Subsidiaries:

	30.06.2022				
Name of subsidiary	Common equity Tier 1 Capital ratio (%) (Basel- III)	Additional Tier 1 Capital ratio (%) (Basel- III)	Tier 1 Capital ratio (%) (Basel- III)	Tier 2 Capital ratio (%) (Basel- III)	Total Capital ratio (CRAR) (%) (Basel- III)
PNB Gilts Ltd	23.01	0	23.01	0	23.01
Punjab National Bank (International) Ltd.*	8.19	4.79	12.98	4.71	17.69
PNB Investment Services Ltd.	NA	NA	NA	NA	NA
Druk PNB Bank Ltd.	14.51	0	14.51	1.67	16.18

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

*The capital ratios are as per IFRS Accounting Standard

Table DF- 3: Credit Risk: General Disclosures

Qualitative Disclosures:

(a)

3.1 Any amount due to the bank under any credit facility is overdue if it is not paid on the due date fixed by the bank. Further, an impaired asset is a loan or an advance where:

- (i) Interest and/or instalment of principal remains overdue for a period of more than 90 days in respect of a term loan.
- (ii) The account remains out of order in respect of an overdraft/cash credit continuously for a period of 90 days.

Account will be treated out of order, if:

- The outstanding balance in CC/OD accounts remains continuously in excess of the sanctioned limit/drawing power for 90 days, or
 - The outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but there are no credits continuously for 90 days, or the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but credits are not enough to cover the interest debited during the previous 90 days period ('Previous 90 days period' shall be inclusive of the day for which the day-end process is being run).
- (iii) In case of bills purchased & discounted, the bill remains overdue for a period of more than 90 days
 - (iv) The instalment or principal or interest thereon remains overdue for two crop seasons for short duration and the instalment of principal or interest thereon remains overdue for one crop season for long duration crops in case of Agricultural loans.

The classification of an assets as overdue/impaired, reflects the status of an account at the day-end of that calendar date, irrespective of the time of running of such processes.

Credit approving authority, prudential exposure limits, industry exposure limits, credit risk rating system, risk based pricing and loan review mechanisms are the tools used by the bank for credit risk management. All these tools have been defined in the Credit Management & Risk Policy of the bank. At the macro level, policy document is an embodiment of the Bank's approach to understand measure and manage the credit risk and aims at ensuring sustained growth of healthy loan portfolio while dispensing the credit and managing the risk.

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

(ii) Quantitative Disclosures

(b) The total gross credit risk exposures:

(Rs. in million)

Category	30.06.2022
Fund Based exposure	9475845.05
Non Fund Based (O/s)	1058313.51

(c) The geographic distribution of exposures:

(Rs. in million)

Category	Overseas	Domestic
	30.06.2022	30.06.2022
Fund Based exposure	440314.87	9035530.18
Non Fund Based (O/s)	3690.73	1054622.78

(d)

(i) Industry type distribution of Exposures (Fund Based as on 30.06.2022) on Consolidated basis is as under:

Industry Name	(Rs. In Million)
A. Mining and Quarrying	34718.55
A.1 Coal	25268.36
A.2 Others	9450.19
B. Food Processing	223806.55
B.1 Sugar	42790.52
B.2 Edible Oils and Vanaspati	20048.31
B.3 Tea	9205.13
B.4 Coffee	140.76
B.5 Others	151621.83
C. Beverages (excluding Tea & Coffee) and Tobacco	5496.68
C.1 Tobacco and tobacco products	1876.56
C.2 Others	3620.12
D. Textiles	161999.32
D.1 Cotton	43752.89
D.2 Jute	868.69
D.3 Man-made	19711.65
D.4 Others	97666.10
E. Leather and Leather products	15772.42
F. Wood and Wood Products	11567.42
G. Paper and Paper Products	28178.27
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	168004.52
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	105738.36
I.1 Fertilizers	12680.03
I.2 Drugs and Pharmaceuticals	17010.53
I.3 Petro-chemicals (excluding under Infrastructure)	42358.37
I.4 Others	33689.43
J. Rubber, Plastic and their Products	57174.31
K. Glass & Glassware	8089.16
L. Cement and Cement Products	19425.27

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

Industry Name	(Rs. In Million)
M. Basic Metal and Metal Products	261899.72
M.1 Iron and Steel	222076.27
M.2 Other Metal and Metal Products	39823.45
N. All Engineering	81538.55
N.1 Electronics	26715.60
N.2 Others	54822.95
O. Vehicles, Vehicle Parts and Transport Equipments	15599.06
P. Gems and Jewellery	111557.95
Q. Construction	52173.64
R. Infrastructure	1329765.72
R.1 Energy	620403.44
R.2 Transport	514048.50
R.3 Communication	110212.63
R.4 Others	85101.15
S. Other Industries	493599.39
All Industries (A to S)	3186104.86
T. Residuary other advances	6289740.20
TOTAL Fund Based (Domestic+ Overseas) Advances	9475845.05

Industry where Fund-Based Exposure (as on 30.06.2022) on consolidated basis is more than 5% of Gross Fund Based Exposure:

S.No.	Industry Name	(Rs. in million)
1	Energy (Infrastructure)	620403.44
2	Transport(Infrastructure)	514048.50

(ii) Industry type distribution of Exposures (Non Fund Based as on 30.06.2022) on consolidated basis is as under:

Industry Name	(Rs. In Millions)
A. Mining and Quarrying	8274.14
A.1 Coal	2087.48
A.2 Others	6186.66
B. Food Processing	26381.91
B.1 Sugar	6557.95
B.2 Edible Oils and Vanaspati	3412.71
B.3 Tea	177.13
B.4 Coffee	0.00
B.5 Others	16234.12
C. Beverages (excluding Tea & Coffee) and Tobacco	149.21
C.1 Tobacco and tobacco products	0.10
C.2 Others	149.11
D. Textiles	26155.16
D.1 Cotton	5231.36
D.2 Jute	59.70
D.3 Man-made	3125.36
D.4 Others	17738.74

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

Industry Name	(Rs. In Millions)
E. Leather and Leather products	2576.17
F. Wood and Wood Products	1316.35
G. Paper and Paper Products	4367.02
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	4378.71
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	13561.53
I.1 Fertilizers	3573.67
I.2 Drugs and Pharmaceuticals	4489.80
I.3 Petro-chemicals (excluding under Infrastructure)	59.78
I.4 Others	5438.29
J. Rubber, Plastic and their Products	9232.50
K. Glass & Glassware	1939.99
L. Cement and Cement Products	1463.12
M. Basic Metal and Metal Products	122228.82
M.1 Iron and Steel	117958.69
M.2 Other Metal and Metal Products	4270.13
N. All Engineering	68692.93
N.1 Electronics	28917.77
N.2 Others	39775.16
O. Vehicles, Vehicle Parts and Transport Equipment's	2911.10
P. Gems and Jewellery	1307.37
Q. Construction	44475.23
R. Infrastructure	193311.87
R.1 Energy	63719.38
R.2 Transport	74009.12
R.3 Communication	12419.90
R.4 Others	43163.47
S. Other Industries, pl. specify	38698.02
All Industries (A to S)	571421.14
T. Residuary other advances	486892.37
TOTAL Non-Fund Based (Domestic+ Overseas) Advances	1058313.51

Industry where Non- Fund based Exposure (as on 30.06.2022) on Consolidated basis is more than 5% of Gross Non-Fund based Exposure:

S. No.	Industry Name	(Rs. In Million)
1.	Iron & Steel	117958.69
2.	Energy	63719.38
3.	Transport	74009.12

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

(e) The residual contractual maturity break down of assets as on 30.06.2022 is:

(Rs. in million)

Maturity Pattern	Advances*	Investments (Gross)	Foreign Currency Assets
Next day	40018.61	51.03	94700.62
2 - 7 days	164041.29	3622.63	16676.86
8 -14 days	63491.63	15480.43	8723.13
15- 30 days	313861.86	17620.10	21478.26
31days - 2months	397111.26	36842.34	104248.50
Over 2 months & upto 3 Months	358845.56	19245.53	54443.36
Over 3 Months to 6 months	681101.89	102203.24	260276.37
Over 6 Months & upto 1 year	746780.41	140350.44	76592.11
Over 1Year & upto 3 Years	1102816.32	417858.09	189388.75
Over 3 Years & upto 5 Years	2402315.49	483461.13	187339.55
Over 5 Years	1213094.86	2808797.88	26556.89
Total	7483479.16	4045532.84	1040424.40

*Figures are shown on net basis.

(f) The gross NPAs are:

(Rs. in million)

Category	30.06.2022
Sub Standard	145733.44
Doubtful – 1	224355.63
Doubtful – 2	217428.37
Doubtful – 3	152523.35
Loss	184977.39
Total NPAs (Gross)	925018.17

(g) The amount of Net NPAs is:

(Rs. in million)

Particulars	30.06.2022
Net NPA	318086.48

(h) The NPA Ratios are as under:

NPA Ratios	30.06.2022
% of Gross NPAs to Gross Advances	11.45
% of Net NPAs to Net Advances	4.25

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

(Rs. in million)

Movement of gross NPAs	30.06.2022
i) Opening Balance at the beginning of the year	947397.81
ii) Addition during the period	65652.93
iii) Reduction during the period	88032.56
iv) Closing Balance as at the end of the period (i + ii - iii)	925018.17

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

(j) The movement of provision with a description of each type of provision is as under:

(Rs. in million)

Name of Provisions	Opening Provisions as on 01.04.2022	Provision made during the period	Adjustment / Transfer / Write-off	Provision as on 30.06.2022
Provision for Standard Assets	59822.77	8569.01	(8770.98)	59363.38
Provision for Standard Derivatives	503.99	151.57	0.00	655.56
Provision for NPAs (excluding Standard Assets)	590825.72	91286.36	(84058.62)	598053.47

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

(Rs. in million)

Particulars	30.06.2022
Amount of non-performing investment	69963.40

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

(Rs. in million)

Particulars	30.06.2022
Amount of provision held for non-performing investment	62151.84

(m) The movement of provisions for depreciation on investments is:

(Rs. in million)

Movement of provisions for depreciation on investments	30.06.2022
i) Opening balance at the beginning of the year	74218.79
ii) Provisions made during the period	16762.42
iii) Write-off made during the period	7702.20
iv) Write-back of excess provisions made during the period	35.56
v) Closing balance as at the end of the period (i + ii –iii-iv)	83243.46

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

(n) NPA and provisions maintained by major industry or counterparty type as on 30.06.2022

(Rs. in million)

Name of major industry or counterparty type	Amount of NPA (if available, past due loans be provided separately)	Specific and general provisions	Specific provisions during the current period	Write-offs during the current period
A. Mining and Quarrying	1562.61	926.91	Bank has made a provisions of Rs. 47819.80 Million towards NPA during current FY	Bank has written off Rs. 34249.50 Million during current FY
B. Food Processing	47361.56	31963.95		
C. Textiles	19205.32	9933.08		
D. Chemical & Chemical Products	4407.96	3125.46		
E. Cement and Cement Products	1104.51	718.06		
F. Basic Metal and Metal products	17862.36	9746.83		
G. Petroleum(Non Infra), Coal Products(Non Mining) and nuclear fuels	208.07	134.90		
H. All Engineering	8791.77	5386.72		
I. Gems and Jewellery	88230.99	88230.99		
J. Construction	22116.29	22115.33		
K. Infrastructure	95358.35	74101.65		
L. Computer Software	0.00	0.00		
M. Other Industry	39075.35	25139.90		
N. Trading	83.57	67.49		
O. Beverages & Tobacco	670.93	260.90		
P. Leather and Leather Products	1720.68	951.28		
Q. Wood and Wood products	1271.83	547.59		
R. Paper and Paper Products	2136.04	1052.26		
S. Rubber, plastic and their products	6726.20	3572.37		
T. Vehicle, Vehicle parts and Transport equipment's	1401.66	723.19		
U. Glass & Glassware	536.93	237.42		

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

(o) Geography-wise NPA and provisions as on 30.06.2022

(i)

(Rs. in million)

Amount of Gross NPA	Overseas (Outside India)	Domestic (In India)
925018.17	27916.43	897101.75

(ii)

(Rs. in million)

Provisions	Overseas (Outside India)	Domestic (In India)
Specific provisions	27126.35	570072.12
General Provisions		

Table DF- 4 - Credit Risk: Disclosures for Portfolios Subject to the Standardized Approach

Qualitative Disclosures:

(a)

4.1. Bank has approved the following seven domestic credit rating agencies accredited by RBI for mapping its exposure with domestic borrowers under standardized approach of credit risk.

- Brickwork
- CARE
- CRISIL
- ICRA
- India Ratings
- Acuite (Erstwhile SMERA)
- INFOMERICS

Bank has also approved the following three international credit rating agencies accredited by RBI in respect of exposure with overseas borrowers.

- FITCH
- Moody's
- Standard & Poor

These agencies are being used for rating (Long Term & Short Term) of fund based/ non fund-based facilities provided by the bank to the borrowers. The bank uses solicited rating from the chosen credit rating agencies.

The ratings available in public domain are mapped according to mapping process as envisaged in RBI guidelines on the subject.

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

Quantitative Disclosures:

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

(Rs. in million)

Particulars	30.06.2022
i) Below 100% risk weight exposure outstanding	56532156.36
ii) 100% risk weight exposure outstanding	1298000.86
iii) More than 100% risk weight exposure outstanding	506102.52
iv) Deducted	0.00

Table DF - Disclosures in respect of computation of leverage ratio:

(Rs. in million)

	30.06.2021	30.09.2021	31.12.2021	31.03.2022	30.06.2022
Capital Measure	642410.85	655614.20	649648.40	613282.24	645685.3
Exposure Measure	13789545.83	14119583.06	14292878.40	14223890.18	14046231.01
Leverage Ratio	4.66%	4.64%	4.55%	4.31%	4.60%

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022
Important ratios on Solo Basis

**(a) Common Equity Tier 1, Tier 1 and Total Capital ratios:
Punjab National Bank (SOLO)**

	30.06.2022
Common equity Tier 1 Capital ratio (%) (Basel- III)	10.94
Tier 1 Capital ratio (%) (Basel- III)	12.10
Tier 2 Capital ratio (%) (Basel- III)	2.72
Total Capital ratio (CRAR) (%) (Basel- III)	14.82

(b)

(i) Industry type distribution of Exposures (Fund Based as on 30.06.2022) on Solo basis is as under:

INDUSTRY NAME	(Rs. in million)
A. Mining and Quarrying	32572.36
A.1 Coal	23303.61
A.2 Others	9268.75
B. Food Processing	222362.84
B.1 Sugar	42790.52
B.2 Edible Oils and Vanaspati	20048.31
B.3 Tea	9205.13
B.4 Coffee	140.76
B.5 Others	150178.12
C. Beverages (excluding Tea & Coffee) and Tobacco	4916.86
C.1 Tobacco and tobacco products	1296.74
C.2 Others	3620.12
D. Textiles	161581.61
D.1 Cotton	43752.89
D.2 Jute	868.69
D.3 Man-made	19711.65
D.4 Others	97248.39
E. Leather and Leather products	15772.42
F. Wood and Wood Products	11025.91
G. Paper and Paper Products	28172.32
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	166791.36
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	104794.07
I.1 Fertilizers	12680.03
I.2 Drugs and Pharmaceuticals	16158.53
I.3 Petro-chemicals (excluding under Infrastructure)	42266.07
I.4 Others	33689.43
J. Rubber, Plastic and their Products	57174.31
K. Glass & Glassware	8089.16
L. Cement and Cement Products	19360.62
M. Basic Metal and Metal Products	259536.58
M.1 Iron and Steel	221259.33
M.2 Other Metal and Metal Products	38277.25
N. All Engineering	81535.39
N.1 Electronics	26712.44

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

N.2 Others	54822.95
O. Vehicles, Vehicle Parts and Transport Equipments	14568.91
P. Gems and Jewellery	110159.51
Q. Construction	47523.60
R. Infrastructure	1323986.83
R.1 Energy	618882.62
R.2 Transport	510051.18
R.3 Communication	109951.88
R.4 Others	85101.15
S. Other Industries	438024.31
All Industries (A to S)	3107948.97
T. Residuary other advances	6294893.60
TOTAL Fund Based (Domestic+ Overseas) Advances	9402842.57

Industry where Fund-Based Exposure (as on 30.06.2022) on Solo basis is more than 5% of Gross Fund Based Exposure:

S. No.	Industry Name	(Rs. in million)
1	Energy (Infrastructure)	618882.62
2	Transport	510051.18

(ii) - Industry type distribution of Exposures (Non Fund Based as on 30.06.2022) on Solo basis is as under:

Industry Name	(Rs. in million)
A. Mining and Quarrying	8274.14
A.1 Coal	2087.48
A.2 Others	6186.66
B. Food Processing	26381.26
B.1 Sugar	6557.95
B.2 Edible Oils and Vanaspati	3412.71
B.3 Tea	177.13
B.4 Coffee	0.00
B.5 Others	16233.47
C. Beverages (excluding Tea & Coffee) and Tobacco	148.56
C.1 Tobacco and tobacco products	0.10
C.2 Others	148.46
D. Textiles	26155.16
D.1 Cotton	5231.36
D.2 Jute	59.70
D.3 Man-made	3125.36
D.4 Others	17738.74
E. Leather and Leather products	2576.17
F. Wood and Wood Products	1316.28
G. Paper and Paper Products	4367.02
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	4378.71
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	13559.02
I.1 Fertilizers	3573.67
I.2 Drugs and Pharmaceuticals	4487.28

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

Industry Name	(Rs. in million)
I.3 Petro-chemicals (excluding under Infrastructure)	59.78
I.4 Others	5438.29
J. Rubber, Plastic and their Products	9232.50
K. Glass & Glassware	1939.99
L. Cement and Cement Products	1462.97
M. Basic Metal and Metal Products	122228.74
M.1 Iron and Steel	117958.61
M.2 Other Metal and Metal Products	4270.13
N. All Engineering	68692.85
N.1 Electronics	28917.69
N.2 Others	39775.16
O. Vehicles, Vehicle Parts and Transport Equipment's	2710.22
P. Gems and Jewellery	1307.37
Q. Construction	44123.82
R. Infrastructure	193311.87
R.1 Energy	63719.38
R.2 Transport	74009.12
R.3 Communication	12419.90
R.4 Others	43163.47
S. Other Industries, pl. specify	38596.86
All Industries (A to S)	570763.49
T. Residuary other advances	1054622.78
TOTAL Non-Fund Based (Domestic+ Overseas) Advances	1054622.78

Industry where Non- Fund based Exposure (as on 30.06.2022) on Solo basis is more than 5% of Gross Non-Fund based Exposure:

S. No.	Industry Name	(Rs. in million)
1.	Iron & Steel	117958.61
2.	Energy	63719.38
3.	Transport	74009.12

The NPA Ratios are as under:

NPA Ratios	30.06.2022
SOLO	%
% of Gross NPAs to Gross Advances	11.27
% of Net NPAs to Net Advances	4.28

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022
QUALITATIVE DISCLOSURE ON LIQUIDITY COVERAGE RATIO

The bank has implemented RBI guidelines on Liquidity Coverage Ratio (LCR) from 1st January 2015.

The LCR standard aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be readily converted into cash at little/no loss of value to meet its liquidity needs for a 30 calendar day time horizon under a liquidity stress scenario.

LCR has two components:

- i. The value of the stock of High Quality Liquid Assets (HQLA)–*The Numerator*.
- ii. Total Net Cash Outflows: Total expected cash outflows minus Total expected cash inflows, in stress scenario, for the subsequent 30 calendar days - *The denominator*.

Definition of LCR:

Stock of high quality liquid assets (HQLAs) ≥ 100% (w.e.f 01.04.2021)
Total net cash outflows over the next 30 calendar days

The LCR requirement has become binding on the banks with the following minimum required level as per the time-line given below:

	Jan 1, 2015	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018	Jan 1, 2019
Minimum LCR	60%	70%	80%	90%	100%

For Q1 FY'2022-23, the daily average LCR was 165.07% (based on simple average of daily observations) at consolidated level, as against the regulatory requirement of 100%.

The main drivers of LCR of the bank are High Quality Liquid Assets (HQLAs) to meet liquidity needs of the bank at all times and basic funding from retail and small business customers. The retail and small business customers contribute about 71.78% of total deposit portfolio of the bank, which attracts low run-off factor of 5/10% as on 30.06.2022.

Composition of High Quality Liquid Assets (HQLA)

HQLAs comprises of Level 1 and Level 2 assets. Level 2 assets are further divided into Level 2A and Level 2B assets, keeping in view their marketability and price volatility.

Level-1 assets are those assets which are highly liquid. For quarter ended June 30, 2022, the Level-1 asset of the bank includes Cash in Hand, Excess CRR, Government Securities in excess of minimum SLR, Marketable securities issued or guaranteed by foreign sovereign, MSF and FALLCR totalling to Rs. 270567.83 Crore (based on simple average of daily observations).

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

Level-2A & 2B assets are those assets, which are less liquid, and their weighted amount comes to Rs. 8584.20 Crore (based on simple average of daily observations). Break-up of daily observation Average HQLA during quarter ended June, 2022 is given hereunder:

High Quality Liquid Assets (HQLAs)	Average %age contribution to HQLA
Level 1 Assets	
Cash in hand	2.62%
Excess CRR balance	0.70%
Government Securities in excess of minimum SLR requirement	25.82%
Government securities within the mandatory SLR requirement, to the extent allowed by RBI under MSF (presently to the extent of 3 per cent of NDTL)	7.37%
Marketable securities issued or guaranteed by foreign sovereigns having 0% risk-weight under Basel II Standardized Approach	1.42%
Facility to avail Liquidity for Liquidity Coverage Ratio – FALLCR (presently to the extent of 15 per cent of NDTL)	58.99%
Total Level 1 Assets	96.92%
Total Level 2A Assets	2.92%
Total Level 2B Assets	0.16%
Total Stock of HQLAs	100.00%

Concentration of Funding Sources

This metric includes those sources of funding, whose withdrawal could trigger liquidity risks. It aims to address the funding concentration of bank by monitoring its funding requirement from each significant counterparty and each significant product/instrument. As per RBI guidelines, a "significant counterparty/Instrument/product" is defined as a single counterparty/Instrument/product or group of connected or affiliated counter-parties accounting in aggregate for more than 1% of the bank's total liabilities.

The bank has no significant counterparty (deposits/borrowings) as at 30.06.2022. Top 20 depositors of the bank constitute 2.92% of bank's total Deposit as at June 30, 2022. The significant product/ instrument include Saving Fund, Current deposit, Core Term Deposit and DRI deposit the funding from which are widely spread and cannot create concentration risk for the bank.

Derivative exposure

The bank has low exposure in derivatives having negligible impact on its liquidity position.

Currency Mismatch

As per RBI guidelines, a currency is considered as "significant" if the aggregate liabilities denominated in that currency amount to 5 per cent or more of the bank's total liabilities. In our case, only USD (18.72 % of bank's total liabilities) falls in this criteria whose impact on total outflows in LCR horizon can be managed easily as the impact is not large considering the size of balance sheet of the bank.

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

Degree of centralization of liquidity management and interaction between group's units

The group entities are managing liquidity on their own. However, the bank has put in place a group-wide contingency funding plan to take care of liquidity requirement of the group as a whole in the stress period.

QUANTITATIVE DISCLOSURE
(On consolidated basis {including domestic & foreign subsidiaries})

(Amount in ₹ Crore)

		30.06.2022		30.06.2021	
		Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
	Based on the simple average of daily observations	63 Data Points		60 Data Points	
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)		279152.04		339543.84
Cash Outflows					
2	Retail deposits and deposits from small business customers of which :	797575.41	74999.50	795802.72	73756.54
(i)	Stable deposits	95575.63	4777.41	116474.60	5823.73
(ii)	Less stable deposits	701999.78	70222.09	679328.11	67932.81
3	Unsecured wholesale funding, of which:	211697.34	108487.91	227125.55	117208.88
(i)	Operational deposits (all counterparties)	0	0	0	0
(ii)	Non-operational deposits (all counterparties)	211697.34	108487.91	227125.55	117208.88
(iii)	Unsecured debt	0	0	0	0
4	Secured wholesale funding		0.00		0.00
5	Additional requirements, of which	92119.48	9049.17	106243.20	9891.96
(i)	Outflows related to derivative exposures and other collateral requirements	1639.11	1660.79	241.87	241.87
(ii)	Outflows related to loss of funding on debt products	0	0	0	0
(iii)	Credit and liquidity facilities	90480.37	7388.38	106001.32	9650.09
6	Other contractual funding obligations	0	0	0	0
7	Other contingent funding obligations	90938.13	3222.87	80212.77	2694.82
8	Total Cash Outflows		195759.45		203552.20

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

Cash Inflows					
9	Secured lending (e.g. reverse repos)	16860.69	0	31665.12	0
10	Inflows from fully performing exposures	28632.03	23909.35	26013.66	21946.58
11	Other cash inflows	3222.76	2737.25	1442.84	1442.84
12	Total Cash Inflows	48715.48	26646.60	59121.63	23389.42
Total Adjusted Value					
13	TOTAL HQLA		279152.04		339543.84
14	Total Net Cash Outflows		169112.85		180162.78
15	Liquidity Coverage Ratio (%)		165.07%		188.47%
* Simple averages of Daily observations over previous quarter					

QUALITATIVE DISCLOSURE ON NET STABLE FUNDING RATIO

The Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR) are significant components of the Basel III reforms. The LCR guidelines which promote short term resilience of a bank's liquidity profile have been issued vide circular DBOD.BP.BC.No.120/21.04.098/2013-14 dated June 9, 2014. **The NSFR guidelines on the other hand ensure reduction in funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress.**

In the Indian context, the guidelines for NSFR were effective from October 1, 2021. The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. "Available stable funding" (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of stable funding required ("Required stable funding") (RSF) of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet (OBS) exposures. The run-off factors for the stressed scenarios are prescribed by the RBI, for various categories of liabilities (viz., deposits, unsecured and secured wholesale borrowings), undrawn commitments, derivative-related exposures, and offset with inflows emanating from assets maturing within the same time period. **The minimum NSFR requirement set out in the RBI guideline for the standalone Bank and for Group effective October 1, 2021 is 100%.**

The PNB on a consolidated basis at 30th June, 2022 maintained Available Stable Funding (ASF) of ₹11,03,436 Crore against the RSF requirement of ₹7,86,749 crore. The NSFR for the quarter ended June 30, 2022 was at 140.25%.

The Available Stable Funding (ASF) is primarily driven by the total regulatory capital as per Basle III Capital Adequacy guidelines stipulated by RBI and deposits from retail customers, small business customers and non-financial corporate customers. Under the Required Stable Funding (RSF), the primary drivers are unencumbered performing loans with residual maturities of one year or more.

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022
QUANTITATIVE DISCLOSURE
(On consolidated basis {including domestic & foreign subsidiaries})

NSFR Disclosure as of 30.06.2022						
(₹ in Crore)		Unweighted value by residual maturity				Weighted value
		No maturity*	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item						
1	Capital: (2+3)	99267	1500	0	26287	127053
2	Regulatory capital	99267	1500	0	17804	118570
3	Other capital instruments	0	0	0	8483	8483
4	Retail deposits and deposits from small business customers: (5+6)	434847	31030	237147	209786	846316
5	Stable deposits	50706	11799	92140	89591	165139
6	Less stable deposits	384141	19231	145007	120195	681177
7	Wholesale funding: (8+9)	81680	46506	60344	50428	127893
8	Operational deposits	0	0	0	0	0
9	Other wholesale funding	81680	46506	60344	50428	127893
10	Other liabilities: (11+12)	26424	53657	44	52165	2173
11	NSFR derivative liabilities		6	0	0	
12	All other liabilities and equity not included in the above categories	26424	53651	44	52165	2173
13	Total ASF (1+4+7+10)					1103436
14	Total NSFR high-quality liquid assets (HQLA)					14876
15	Deposits held at other financial institutions for operational purposes	8633	27	0	0	4330
16	Performing loans and securities: (17+18+19+21+23)	9371	50337	45634	616810	761107

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

17	Performing loans to financial institutions secured by Level 1 HQLA	0	650	0	0	65
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	0	22180	8769	54727	62439
19	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	1	18258	24188	410472	548374
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0	7772	9980	297 665	263685
21	Performing residential mortgages, of which:	0	5547	8389	61037	48720
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0	4705	7115	51973	39958
23	Securities that are not in default and do not qualify as HQLA, including exchange- traded equities	9370	3702	4288	90574	101510
24	Other assets: (sum of rows 25 to 29)	4641	185	10	70701	3909
25	Physical traded commodities, including gold	0	0	0	0	0

PUNJAB NATIONAL BANK
Pillar 3 Disclosures under Basel III Framework
For the Qtr ended 30.06.2022

26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	4455	0	0	0	386
27	NSFR derivative assets	42	9	0	0	51
28	NSFR derivative liabilities before deduction of variation margin posted	97	0	0	0	97
29	All other assets not included in the above categories	47	176	10	70701	3375
30	Off-balance sheet items	0	19883	18	50955	2526
31	Total RSF					786749
32	Net Stable Funding Ratio (%)					140.25