



PILLAR 3 DISCLOSURES

FOR THE YEAR ENDED 31 MARCH 2022



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1. Overview

1.1 Background

Punjab National Bank (International) Limited ('the Bank' or 'PNBIL') is a UK incorporated, wholly owned subsidiary of Punjab National Bank, India. The Bank is authorised by the Prudential Regulation Authority ('PRA') and regulated by the Financial Conduct Authority ('FCA') and the PRA. The Bank started its UK operations in May 2007 and currently operates in the United Kingdom through a network of seven branches. All branches focus on retail and business clients. The central London branch also manages the existing corporate portfolio of the Bank.

This document details the Pillar 3 disclosure requirements and is in addition to the consolidated Pillar 3 disclosures made by Punjab National Bank Limited ('the Parent Bank' or 'Parent').

1.2 Basis of disclosure

The Pillar 3 Disclosure requirements are documented in the Capital Requirements Regulation ('CRR') and Capital Requirements Directive ('CRD'), which first came into effect on 1 January 2014, and in a number of other EU regulations and guidelines. In the UK, the CRR and other regulations have been incorporated into UK law. With effect from 1 January 2022, the PRA introduced a single source of disclosure requirements under the PRA Capital Requirements Regulation. These UK standards are being closely aligned with the global Basel Committee of Banking Supervision ('BCBS') standards and the European CRR standards.

The Bank's Pillar 3 disclosures comply with PRA's disclosure requirements, specifically part eight of the CRR which sets out the minimum disclosure requirements. In accordance with Article 432 of the CRR, the Bank is permitted to exclude certain disclosures if they contain proprietary information or are non-material. Where the Bank is required to disclose fixed format templates, and either a row or column is not applicable to PNBIL, these have been omitted. Further, where rows are empty sets in the UK templates, these have also been omitted.

The Pillar 3 disclosures have been prepared for explaining the basis on which the Bank has prepared and disclosed certain capital requirements and information about the management of certain risks. These disclosures are intended to convey the Bank's risk profile comprehensively to market participants.

The Bank meets the definition of a non-listed 'Other institution' and is therefore subject to proportional disclosure requirements in accordance with Article 433c of the Disclosure (CRR) Part of the PRA Rulebook. Some of the information required to be declared as part of the Pillar 3 disclosures is discussed in various notes to the financial statements, and in the Directors' and Strategic Reports in the Annual Report and Financial Statements 2022 ('Annual Report'). This report should be read in conjunction with the Annual Report for completeness of the required disclosures.

1.3 Scope of Application

The Pillar 3 disclosures have been prepared for the Bank as per the rules laid out in the CRR and CRD, as adopted by the PRA into UK law. The Bank is a full CRD compliant firm and its accounting and



disclosures are on a solo basis. There is no subsidiary/joint venture of the firm that is required to be consolidated for accounting or prudential purposes. However, its Parent, Punjab National Bank ('PNB'), has to consolidate financial statements, capital adequacy and other information required for accounting, prudential and market disclosure purposes, and reports the same to its regulators and market participants on a consolidated basis.

1.4 Frequency and Location

The Bank's Pillar 3 disclosures are made on an annual basis. The disclosures are made as at 31 March ('Accounting Reference Date') and will be published alongside the Annual Report.

The Pillar 3 disclosures and the Annual Report are published on the Bank's corporate website (www.pnbint.com).

1.5 Currency

The Pillar 3 disclosures are presented in US Dollars as this is functional currency of the Bank.

1.6 Verification and Supervision

These disclosures have been prepared with inputs from the Finance, Risk, Legal and HR teams. These disclosures have been reviewed at executive committee level and approved by the Board of Directors ('Board').

The Board considered that, as at 31 March 2022, it had in place adequate systems and controls with regard the Bank's risk profile and strategy

1.7 Attestation

The Directors of the Bank confirm that these disclosures meet the minimum requirements for Pillar 3 disclosures laid out in the UK CRR and have been prepared in accordance with the Bank's internal controls processes.



2. Risk Management and Governance

The Bank has a centralised Risk Management Department ('RMD'). The RMD is independent of the business units and the Chief Risk Officer ('CRO') reports directly to the Managing Director ('MD') / Chief Executive Officer ('CEO'), and also has a reporting line to the Bank's Chairman of the Board Risk Committee ('BRC').

Bank-wide Risk Management is designed to help PNBIL enhance value through a holistic approach to the identification, assessment, mitigation, monitoring and reporting of the Bank's risk portfolio. The Bank's approach to holistic risk management as defined above is set out within the Risk Governance Framework ('RGF') of the Bank.

Overall risk management of the Bank is the ultimate responsibility of the Board. The Board has set up its risk appetite and the risk limits. The Bank takes strategic decisions based on the capital position and the portfolio mix is used to optimise the use of capital. The long-term business strategy of PNBIL is aligned to the risk appetite and capital projections of the Bank.

The Board is supported by the following Board level committees, the BRC, the Board Audit & Compliance Committee ('BACC'), Board Credit Approval Committee ('BCAC') and Nomination and Remuneration Committee ('NRC'). The Board and its subcommittees meet at least quarterly (except NRC, which meets as and when required) to discuss and deliberate its duties as per its terms of reference. The BRC met six times during the financial year 2021-22. Managing risks is an integral part of the day-to-day operations of the Bank at various levels. As a part of its risk management philosophy, the Board has approved various policies including the Risk Governance and Risk Appetite Framework, the Internal Capital Adequacy Assessment Process ('ICAAP'), the Internal Liquidity Adequacy Assessment Process ('ILAAP') including Liquidity Contingency Plan, Credit Risk Management Policy and Treasury & Investment Policy. The Bank also has Recovery and Resolution plans in place.

The Executive Committee ('EXCO') derives its authority from the Board, to which it reports. EXCO is the leadership body for the Bank. It has a broad remit in terms of scope, covering as necessary significant business and operational issues. The committee is chaired by the MD. EXCO has seven sub committees as follows:

- Risk and Compliance Committee ('RCC')
- Asset and Liability Committee ('ALCO')
- Credit Risk Oversight Committee ('CROC')
- HR, IT & Operations Committee ('HIOC')
- Product Development Committee ('PDC')
- COVID Emergency Committee ('CEC')
- Corporate Social Responsibility Committee ('CSRC')

The RCC has a principal focus on ensuring that the Bank has appropriate mechanisms for the measurement, monitoring and mitigation of all its risks other than those relating to credit and market risks which are monitored through CROC and ALCO respectively. All the internal governance committee meetings are conducted monthly and earlier, if required.



The RMD monitors various risk limits stipulated by the Board and prepares various management information reports for the information of senior management and the Board. These are reported to Board through various executive committees and Board sub committees. During the financial year 2021-22, there has been no change in the heads of business, risk management, compliance, and internal audit.

As part of its annual risk assessment under ICAAP, key material risks faced by the Bank are identified and assessed to ensure that the residual risk post implementation of controls & mitigants is within PNBIL's appetite. The risks are regularly monitored through various tools and frameworks such as Key Risk Indicator ('KRI'), Material Risk Trend Register ('MRTR'), Risk Appetite Dashboard and presented to management for oversight. The material risk identified by the Bank are disclosed in its annual report along with its mitigants. As on 31 March 2022, the Total Capital Ratio is 26.7% indicating adequacy of capital, the Leverage Ratio is 19.3% indicating health capital mix, the Liquidity Coverage Ratio is 294% indicating sufficient HQLA to meet its outflows over next 30 days and Net Stable Funding Ratio is 128% showing sufficiency of stable funding.

The Bank is a 100% owned subsidiary of PNB, India. PNB India provides core IT and server support to PNBIL, the relationship is governed through an up-to-date service level agreement ('SLA') in accordance with Outsourcing and Third-Party Risk management policy of the Bank. PNBIL is powered by the PNB brand and it also partners with PNB to provide INR remittance services to its customers. PNBIL maintains an arm length relationship with the parent (including all its branches in India and abroad) as well as its associates and joint ventures. All the outsourcing arrangements are governed by the Board approved Outsourcing and Third-Party Risk Management Policy of the Bank.

In compliance of Article 435(1)(e) of CRR, PNBIL's Board confirms that its risk management system is adequate in view of its scale and size of operations to manage the risk perceived by the Bank in meeting its business strategy.

Capital Adequacy

The Board ensures that its capital adequacy is higher than the regulatory requirements. It wishes to maintain a capital buffer and would operate at 110% of minimum regulatory requirements. The capital buffers can be utilized during a period of stress, but PNBIL has no appetite for going below the minimum hurdle rate as per the thresholds identified in the Recovery Plan. The Board keeps an oversight over the quality and quantity of capital through Common Equity Tier 1 ('CET 1'), Tier 1, Total Capital Ratio ('TCR') and the Leverage ratio. The Bank's strategy is to target secured and low risk weighted assets through real estate loans underwriting and maintaining a sufficient margin in line with Bank's risk appetite.

In addition to Pillar 1 capital requirement and capital buffers, PNBIL independently assesses additional capital requirement for various material risks perceived by the Bank in its due course of business and keeps additional capital where required.

Stress Testing

PNBIL annually assesses its capital and liquidity adequacy as part of its ICAAP & ILAAP assessment. The material risks faced by the Bank are annually identified and assessed against the controls and mitigants for containing them within the Bank's appetite. Where required, additional capital under Pillar



2 is kept. The capital position is supported by carrying out different stresses covering idiosyncratic, market and combined scenarios with increasing severity. The latest ICAAP indicated sufficient capital under stress over the projected period. Under ILAAP, the liquidity profile and behaviour is analysed to assess the stability of funds to meet its outflows. The liquidity of the Bank is further judged under different stress scenarios covering idiosyncratic, market & combined stress. The stress is applied over a horizon of 30, 90 and 180 days and is conducted at monthly intervals to identify a building risk and take corrective actions. The latest liquidity stress test indicated sufficient capital under stress over all the scanned horizons.

Monitoring mechanism and policies status

To implement Risk management systems and processes in PNBIL, Board has approved an overarching ‘Risk Governance Framework’ for the Bank which acts as a guiding document for the Bank. Within this overarching framework, various policies and procedures have been framed and adopted by the Bank to implement and develop a Bank-wide risk culture. This is supported by following set of policies / procedures:

Risk	Policies, Procedures and Processes addressing and mitigating the risks
Credit Risk	Credit Risk Management Policy and Procedures, Credit Risk Mitigation & Collateral Management Policy, Asset Classification and Impairment Policy and Debt Recovery Policy
Market Risk	Treasury & Investment Policy
Liquidity Risk	ILAAP
Operational Risk	Operational Risk Policy, Fraud Prevention Policy, Cyber Security Policy, Complaints Handling Policy, Model risk Management Policy
Other Key Policies	Risk Appetite Statement, Risk Governance Framework, Recovery Plan, Resolution Plan, Reputational Risk Policy, Pillar 3 disclosures, Tax Strategy, Business strategy document, ICAAP, Corporate Governance Framework, CSR Policy
Regulatory Risk / Financial Crime / Anti-Money Laundering	Anti-Bribery and Corruption Policy, AML Counterterrorism and Sanctions Policy, Information Security Policy, Financial Promotion Policy, Whistleblowing and reporting policy, Treating Customer Fairly Policy, Compliance Policy, Vulnerable Customer Policy, Privacy Notice Framework, Data Protection Policy
Operations / HR Related policies	Business Continuity Plan, Outsourcing Policy, Code of Practice on Taxation, Appraisal Policy, Expenses Policy, Health and Safety Policy, Promotion Policy, Recruitment and Onboarding Policies, Remuneration Policy, Resignation, Termination and Retirement Policy, Staff Handbook, Training Policy, Transfer Policy and Operational Resilience Policy

In addition to above policies, PNBIL has put in place various tools, procedures and framework to monitor the various risks faced by the Bank and initiate corrective actions wherever required. Different MIs such as KRI, MRTR, Risk Appetite Dashboard, Daily/Weekly/Monthly reports, etc. are prepared at various frequencies and communicated to SMFs, management and governance committee for their oversight.



Board of Directors

The Board of Directors is ultimately responsible for the effectiveness of the Bank's risk management framework. The Board is committed to maintaining high standards of corporate governance in the Bank.

The Board incorporates a wide range of experience and diversity to ensure that the appropriate level of expertise and knowledge is applied to the Bank's management. The Board consists of a total of six members. These include two non-executive directors from the Parent Bank and two independent non-executive directors. The following tables shows the Board composition and the number of directorships held by the Board of Directors as at 31 March 2022:

Position	Directors	Number of Directorships
Chairman	Atul Kumar Goel	13
Managing Director	Rajeeva	1
Executive Director	Vasudevan Mundokulam	2
General Manager Non-Executive Director	Vibha Aren	1
Independent Non-Executive Director	Sundeep Bhandari	7
Independent Non-Executive Director	Adrian John Stirrup	1

Further details on the experience and expertise of the Board members can be found on our website www.pnbint.com

Diversity and Inclusion

At PNBIL, we believe that creating a diverse, inclusive and supportive culture is not only the right thing to do, but also what is best for our business. It makes us better at understanding the needs of our customers and clients, and it creates a sense of belonging and value that enables our colleagues to perform at their best.

Diversity and inclusion are embedded within the Bank's culture. Different attributes relating to diversity and inclusion are tracked at the management committee level reinforcing the importance of diversity and inclusion.

Further details on our risk management objectives, policies, governance and risk appetite framework are set out in in the Strategic Report (pages 6 to 15) of our Annual Report.



3. Capital Resources

The following tables below provide details of the capital base of the Bank:

3.1 Reconciliation with Balance Sheet:

As at 31 st March	(Figures in Million)	
Particulars	2022	2021
Shareholders' equity as per statement of financial position	274.6	274.6
Retained earnings	(110.1)	(115.6)
Fair value reserve	(1.3)	0.1
IFRS 9 transitional adjustment	1.1	1.5
Less: Intangible assets	(0.6)	(1.0)
Less: Adjustments due to prudential filters	(0.6)	(0.5)
Less: Deferred tax assets	(25.2)	(24.7)
Total Core Tier I capital	137.9	134.4
Additional Tier I capital	45.0	45.0
Total Tier I capital	182.9	179.4
Eligible amount of Tier II adjustments	50.0	50.0
Less: Amortisation of Date Tier II capital maturing within 5 years	(19.0)	(22.8)
Total Tier II capital	31.0	27.2
Total Regulatory capital	213.9	206.6

3.2 Capital Ratios

As at 31 st March	(Figures in Million)	
Particulars	2022	2021
Risk Weighted Assets	802.6	784.6
Total Capital Ratio	26.7%	26.3%
CET 1 Ratio	17.2%	17.1%
Tier 1 Ratio	22.8%	22.9%
Tier 2 Ratio	3.9%	3.5%

3.3 Own funds disclosure templates

The following disclosures have been included in the appendices section:

- Appendix 3 - Table UK CC1 – Composition of regulatory own funds
- Appendix 4 - Table UK CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements
- Appendix 5 - Table UK CCA - Main features of regulatory own funds instruments and eligible liabilities instruments



4. Capital Requirements

4.1 Approaches to assess minimum capital requirement under Pillar 1

The Bank determines its Pillar 1 regulatory capital requirement based on the following approaches:

- **Credit Risk:** Standardised approach
- **Market Risk:** Standardised approach
- **Operational Risk:** Basic Indicator approach

Besides, capital requirement on the following is also included in Pillar 1 requirements:

- Counterparty credit risk ('CCR'): Simplified standardised approach
- Credit valuation adjustment ('CVA') risk: Standardised method

The capital requirement for all the above risks is then aggregated to arrive at the minimum capital requirement under Pillar 1.

4.2 Own funds requirements under Pillar 1

Minimum Capital requirement under Pillar 1 as at 31 March is shown below:

As at 31st March

(Figures in Million)

Particulars	2022		2021	
	RWA	Pillar 1 capital requirements	RWA	Pillar 1 capital requirements
Credit Risk - Balance Sheet Assets	745.9	59.7	726.9	58.2
Credit Risk - Off Balance Sheet Assets	1.4	0.1	0.3	-
CCR For Forex Swaps	1.8	0.1	0.9	0.1
Credit Valuation Adjustment	0.4	-	0.6	-
Total Credit Risk	749.5	59.9	728.7	58.3
Market Risk – Foreign Exchange	10.3	0.8	10.7	0.9
Market Risk – Position risk on traded debt instruments	-	-	0.3	-
Total Market Risk	10.3	0.8	11.0	0.9
Operational Risk	42.8	3.4	44.9	3.6
Total RWA & Own funds requirements	802.6	64.1	784.6	62.8

4.3. Capital Buffers

➤ Countercyclical Capital Buffer

The tables below show the distribution of relevant credit exposures for the calculation of the Bank's countercyclical capital buffer ('CCyB').



As at 31st March 2022

(Figures in Million)

010 Breakdown by country	Credit Exposures	Own Funds Requirements		
	Exposure value	Own funds requirements	Own funds weights	Countercyclical capital rate
	010	070	110	120
All Other Countries	847.6	54.3	0.0	0.0%
020 Total	847.6	54.3	0.0	

As at 31st March 2021

(Figures in Million)

010 Breakdown by country	Credit Exposures	Own Funds Requirements		
	Exposure value	Own funds requirements	Own funds weights	Countercyclical capital rate
	010	070	110	120
All Other Countries	738.9	52.4	0.0	0.0%
020 Total	738.9	52.4	0.0	

➤ Institution Specific Countercyclical Capital Buffer

The table below shows the value and rate of the Bank's institution-specific countercyclical capital buffer requirement as under:

As at 31st March

(Figures in Million)

	2022	2021
010 Total risk exposure amount	802.6	784.6
020 Institution specific countercyclical capital buffer rate	0.00%	0.00%
030 Institution specific countercyclical capital buffer requirement	0.0	0.0

4.4. Total Capital Requirement ('TCR')

The Bank's TCR applicable as at 31 March 2022 was 12.38% of risk weighted assets. The TCR includes Pillar 1 requirement of 8% and Pillar 2A requirement of 4.38% of risk weighted assets.

The Bank assesses its Pillar 2A requirement internally under the annual ICAAP review. However, as the internal assessment is lower than the requirements prescribed by the regulator, the Bank maintains capital as per prescribed regulatory requirements.

5. Leverage Ratio

The leverage ratio measures capital adequacy by measuring the relationship between the Bank's Tier 1 capital and total assets (excluding claims on central banks). The UK leverage ratio as at 31 March 2022 excludes deposits at the central bank if they are matched by liabilities in the same currency and of identical or longer maturity.

The leverage ratio is not a binding requirement for the Bank. The PRA expects firms that do not have a binding requirement to maintain a leverage ratio to be above the minimum requirement of 3.25%. The



Bank's leverage ratio as calculated in accordance with the UK leverage ratio framework was 19.3% as at 31 March 2022, well above the regulatory minimum applicable to larger UK banks.

6. Asset Encumbrance

Asset encumbrance arises from collateral pledged against secured funding and other collateralised obligations. As at 31 March 2022, the Bank has no encumbered assets (2021: Nil).

7. Liquidity

Liquidity risk is the possibility of being unable to meet present and future financial obligations as they become due. The Bank has implemented liquidity guidelines as specified by the PRA. It maintains a Liquidity Coverage Ratio ('LCR') and a Net Stable Funding Ratio ('NSFR') above the minimum levels as stipulated by the PRA. The table below shows the LCR and NSFR as at 31 March:

Key Liquidity Metrics	2022	2021
Liquidity Coverage Ratio (LCR)	294%	748%
Net Stable Funding Ratio (NSFR)	128%	146%

8. Credit Risk: General Disclosures

8.1 Qualitative Disclosures

Credit Risk Management Policy

Credit risk is defined as a potential financial loss on account of delay or denial of repayment of principal or interest with respect to a credit facility extended by the Bank, both fund and non-fund based. Credit risk can also arise on account of downgrading of counterparties to whom credit facilities are extended or whose credit instruments the Bank may be holding, causing the value of those assets to fall. Risks arising from adverse changes in the credit quality of borrowers or general deterioration in the economic conditions under which these counterparties operate could also affect the recoverability and value of Bank's assets and therefore its financial performance.

The following measures are in place to mitigate the credit risks:

- The Bank has a Credit Risk Management Policy, Risk Appetite Framework & Collateral Management Policy in place for management of Credit Risk.
- Every credit facility (except loans secured by fixed deposits and staff loans) is sanctioned by the Credit Approval Committee at the Corporate office.
- Credit risk is independently assessed by Corporate Credit Department team on financial & non-financial parameters and challenged by the Credit Approval Committee before sanction.
- Concentration risk as per parameters defined in Risk Appetite Framework are considered, both with respect to individual or group exposures as well as industry/sector wide or country wide exposures.
- Most of the facilities are secured by tangible securities with the Bank having a low threshold for undertaking unsecured exposure as defined in the Risk Appetite Framework.
- Centralised Credit Administration Department for better control over post sanction activities.



- Periodic review and monitoring of facilities is undertaken to identify and attend to any observed weakness in any facility.
- All facilities above prescribed threshold limits are reported to the Board from time to time.
- Lending policies and limits are periodically reviewed by the Board.

Internal Ratings

The Bank has in place internal rating and scoring models. All eligible non-bank credit counterparties are rated on these models. Rating/scoring is given on various financial and non-financial parameters such as financial strength, creditworthiness and repayment capacity of the borrower. Internal ratings/scorings are used while taking credit decisions.

For further information, see note 25 ‘Exposure to credit risk and availability of collateral security’ of the Annual Report.

8.2 Quantitative Disclosures

i. The total gross credit risk exposures were:

As at 31st March

(Figures in Million)

Particulars	2022	2021
On-balance sheet exposures	1,295.0	1,296.3
Off-balance sheet exposures	135.0	130.9
Derivatives	3.9	3.1
Total	1,433.9	1,430.3

ii. Exposure class wise distribution of exposure subject to credit risk is as below:

As at 31st March 2022

(Figures in Million)

Exposure Class	Gross Original Exposure	Exposure value ¹	Risk Weighted Assets	Average exposure value ²
On Balance Sheet exposures:				
Central governments or central banks	162.2	162.2	-	163.8
Institutions	74.0	92.1	68.8	114.2
Corporates	189.2	125.1	124.7	144.8
Retail	8.3	3.0	2.2	1.0
Secured by mortgages on Immovable Property	459.6	454.5	255.7	407.1
Exposures in Default	309.3	115.1	158.6	126.8
High risk	88.2	88.1	132.1	100.5
Other Items	4.2	60.4	3.8	61.4
Total On Balance Sheet Exposures	1,295.0	1,100.5	745.9	1,119.6
Off Balance Sheet exposures:				
Exposures to Corporates	101.4	1.4	1.4	0.5
Retail Exposures	6.2	-	-	-
Exposures Secured by Mortgages on Immovable Property	2.4	-	-	-
High Risk	25.0	-	-	-
Total Off Balance Sheet Exposures	135.0	1.4	1.4	0.5



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Counterparty Risk Exposure:				
Derivatives	3.9	3.9	1.8	2.5
Total Counterparty Risk Exposure	3.9	3.9	1.8	2.5
Total Exposure subject to Credit Risk	1,433.9	1,105.8	749.1	1,122.6
CVA Risk	-	-	0.4	-
Total	1,433.9	1,105.8	749.5	1,122.6

¹Exposure value: Exposure value after impairment provisions, credit risk mitigation and applying credit conversion factors.

² Average Exposure value: Average is calculated using the previous four quarters' exposures

As at 31st March 2021

(Figures in Million)

Exposure Class	Gross Original Exposure	Exposure value ¹	Risk Weighted Assets	Average exposure value ²
On Balance Sheet exposures:				
Central governments or central banks	228.4	228.4	-	224.3
Institutions	66.7	90.2	72.7	120.8
Corporates	194.3	127.5	127.1	118.7
Retail	10.7	0.4	0.3	0.4
Secured by mortgages on Immovable Property	308.2	307.4	184.0	275.1
Exposures in Default	374.1	134.9	175.9	140.3
High risk	107.2	107.1	160.6	93.0
Other items	6.7	61.2	6.4	52.3
Total On Balance Sheet Exposures	1,296.3	1,057.1	727.0	1,024.9
Off Balance Sheet exposures:				
Exposures to Corporates	67.3	0.3	0.3	0.1
Retail Exposures	5.1	-	-	-
Exposures Secured by Mortgages on Immovable Property	19.3	-	-	-
High Risk	39.2	-	-	-
Total Off Balance Sheet Exposures	130.9	0.3	0.3	0.1
Counterparty Risk Exposure:				
Derivatives	3.1	3.1	0.9	1.8
Total Counterparty Risk Exposure	3.1	3.1	0.9	1.8
Total Exposure subject to Credit Risk	1,430.3	1,060.5	728.2	1,026.8
CVA Risk	-	-	0.6	-
Total	1,430.3	1,060.5	728.8	1,026.8

iii. Geographical distribution into major areas is as below:

As at 31st March 2022

(Figures in Million)

Geography	Gross Original Exposure	Exposure value	Risk Weighted Assets	Actual RWA as % of total
United Kingdom	922.0	794.6	441.6	58.9%
India	266.5	192.1	213.4	28.5%
USA	69.6	54.9	13.2	1.8%
Luxembourg	39.7	-	-	0.0%
Mauritius	38.3	19.0	26.4	3.5%
Others	97.8	45.2	54.9	7.3%
Total	1,433.9	1,105.8	749.5	100.0%



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Geography	Gross Original Exposure	Exposure value	Risk Weighted Assets	Actual RWA as % of total
United Kingdom	874.0	744.8	402.5	55.3%
India	278.8	203.0	225.3	30.9%
USA	75.0	33.8	11.4	1.6%
Luxembourg	40.4	-	-	0.0%
Mauritius	39.7	18.3	18.3	2.5%
Others	122.4	60.6	70.7	9.7%
Total	1,430.3	1,060.5	728.2	100.0%

iv. Industry wise distribution of exposures by asset class:

As at 31st March 2022

(Figures in Million)

Exposure class	Finance	Manufacturing & Mining	Real Estate & Construction	Retail/ Wholesale Trade	Others	Exposure Value
Central Govts. or Central Banks	162.2	-	-	-	-	162.2
Corporates	32.1	20.1	-	4.6	69.7	126.5
Exposures in default	0.2	54.0	37.0	0.9	23.0	115.1
High Risk	-	-	88.1	-	-	88.1
Institutions	96.0	-	-	-	-	96.0
Secured by mortgages on immovable property	-	-	445.7	0.6	8.2	454.5
Other items	60.4	-	-	-	-	60.4
Retail	-	-	-	-	3.0	3.0
Exposure Value	350.9	74.1	570.8	6.1	103.9	1,105.8

As at 31st March 2021

(Figures in Million)

Exposure class	Finance & Business	Manufacturing & Mining	Real Estate & Construction	Retail/ Wholesale Trade	Others	Exposure Value
Central Govts. or Central Banks	228.4	-	-	-	-	228.4
Corporates	39.0	30.5	-	7.4	50.9	127.8
Exposures in default	0.2	67.2	39.1	2.1	26.3	134.9
High Risk	-	-	107.1	-	-	107.1
Institutions	76.8	-	-	-	16.5	93.3
Secured by mortgages on immovable property	-	-	298.1	0.6	8.7	307.4
Other items	61.2	-	-	-	-	61.2
Retail	-	-	-	-	0.4	0.4
Exposure Value	405.6	97.7	444.3	10.1	102.8	1,060.5

v. Exposure value subject to credit risk analysed by Credit Quality Step ('CQS'):

The Bank uses credit ratings provided by external credit rating agencies. There has been no change in the usage of these ratings from last year. The Bank assigns each of its exposures to one of the CQS with reference to relevant issuer and issue credit assessments. Risk weight percentage are then determined



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with reference to exposure class, CQS, and maturity of the exposure. The following tables detail the standardised credit risk exposures by CQS and exposure class. All exposures are stated after impairment provisions and post application of CRM techniques and after application of CCF.

As at 31st March 2022

(Figures in Million)

Exposure class	CQS 1	CQS 2	CQS 3	CQS 4	CQS 5	Unrated	Exposure Value
Central Govts. or Central banks	162.2	-	-	-	-	-	162.2
Corporates	-	-	67.1	-	-	58.0	125.1
Exposures in default	-	-	-	15.0	-	100.1	115.1
High Risk	-	-	-	-	-	88.1	88.1
Institutions	0.5	15.8	9.8	50.9	14.4	0.7	92.1
Secured by mortgages on immovable property	-	-	-	-	-	454.5	454.5
Other items	-	-	-	-	-	60.4	60.4
Retail	-	-	-	-	-	3.0	3.0
Total On Balance Sheet exposures	162.7	15.8	76.9	65.9	14.4	764.8	1,100.5
Off Balance Sheet exposures							
Corporates	-	-	-	-	-	1.4	1.4
Total Off-Balance Sheet exposures	-	-	-	-	-	1.4	1.4
Total Derivatives exposures	0.5	3.4	-	-	-	-	3.9
Total	163.2	19.2	76.9	65.9	14.4	766.2	1,105.8

As at 31st March 2021

(Figures in Million)

Exposure class	CQS 1	CQS 2	CQS 3	CQS 4	CQS 5	Unrated	Exposure Value
Central Govts. or Central banks	228.4	-	-	-	-	-	228.4
Corporates	-	-	46.9	-	-	80.6	127.5
Exposures in default	-	-	-	14.2	-	120.7	134.9
High Risk	-	-	-	-	-	107.1	107.1
Institutions	1.8	7.1	14.1	36.9	29.6	0.7	90.2
Secured by mortgages on immovable property	-	-	-	-	-	307.4	307.4
Other items	-	-	-	-	-	61.2	61.2
Retail	-	-	-	-	-	0.4	0.4
Total On Balance Sheet exposures	230.2	7.1	61.0	51.1	29.6	678.1	1,057.1
Off Balance Sheet exposures							
Unrated	-	-	-	-	-	0.3	0.3
Total Off-Balance Sheet exposures	-	-	-	-	-	0.3	0.3
Total Derivatives exposures	0.7	2.4	-	-	-	-	3.1
Total	230.9	9.5	61.0	51.1	29.6	678.4	1,060.5



vi. **The residual contractual maturity breakdown of exposures by asset class:**

As at 31st March 2022

(Figures in Million)

Exposure Class	0-3 Months	4-12 Months	1-5 Years	5+ Years	Exposure Value
Central Govts. or Central banks	142.3	12.8	-	7.1	162.2
Corporates	23.2	39.4	60.8	3.1	126.5
Exposures in Default	-	-	-	115.1	115.1
High Risk	29.3	50.6	8.2	-	88.1
Institutions	47.7	18.2	30.1	-	96.0
Secured by mortgages on immovable property	25.6	37.6	350.7	40.6	454.5
Other Items	60.4	-	-	-	60.4
Retail	2.4	0.5	0.1	-	3.0
Exposure Value	330.9	159.1	449.9	165.9	1,105.8

As at 31st March 2021

(Figures in Million)

Exposure Class	0-3 Months	4-12 Months	1-5 Years	5+ Years	Exposure Value
Central Govts. or Central banks	221.3	-	-	7.1	228.4
Corporates	26.9	24.4	69.5	7.0	127.8
Exposures in Default	-	-	-	134.9	134.9
High Risk	51.4	27.5	28.2	-	107.1
Institutions	39.8	20.1	33.4	-	93.3
Secured by mortgages on immovable property	25.1	14.3	259.9	8.1	307.4
Other Items	61.2	-	-	-	61.2
Retail	0.3	-	0.1	-	0.4
Exposure Value	426.0	86.3	391.1	157.1	1,060.5

The above tables show residual maturity of exposures with a breakdown by exposure class. All exposures are stated after impairment provisions and post application of CRM and after application of any CCF.

The maturity of exposures is shown on a contractual basis and does not consider any instalments receivable over the life of the exposure. Hence, the actual maturity may be different.

9. Impairment and provisions

The allowance for credit losses represents the Bank's estimate of the expected credit loss ('ECL') on receivables at the date of the statement of financial position. The adequacy of the allowance for credit losses is assessed monthly and the assumptions and models used in establishing the allowance are evaluated regularly.

Under IFRS 9, credit loss allowances are measured on each reporting date according to a three stage ECL impairment model:



- Stage 1 (12-month ECL) – unimpaired and without significant increase in credit risk on which a 12-month allowance for ECL is recognised.
- Stage 2 (Lifetime ECL not credit impaired) – following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognised equal to the credit losses expected over the remaining lifetime of the asset.
- Stage 3 (Lifetime ECL credit impaired) – objective evidence of impairment and are therefore considered to be in default or credit impaired on which a lifetime ECL is recognised.

For more information on impairment and provisions, see section 3.5 (b) G – ‘Accounting policies’ and note 24 ‘Allowance for expected credit losses’ of the Annual Report.

Further quantitative information in relation to credit risk quality has been disclosed in the appendices section as below:

- Appendix 7 -Table UK CQ3 - Credit quality of performing and non-performing exposures by past due days.
- Appendix 8 - Table UK CR1 - Performing and non-performing exposures and related provisions.

10. Credit Risk Mitigation

Policies and processes for, and an indication of the extent to which the Bank makes use of, on and off-balance sheet netting;

➤ Policies and processes for collateral valuation and management

The Bank has in place a ‘Collateral Management Policy’ which is used for collateral valuation and management. The collateral management policy addresses the following basic objectives of credit management:

- ❖ Mitigation of credit risk & enhancing awareness on identification of appropriate collateral
- ❖ Optimising the benefit of credit risk mitigation in computation of Capital Charge
- ❖ Mitigation of risks attendant to the use of credit Risk Mitigation techniques

For more information on collateral valuation and management, see note 25 ‘Exposure to credit risk and availability of collateral security’ of the Annual Report.

➤ A description of the main types of collateral taken by the Bank

Deposits kept with the Bank are the only financial collateral treated for credit risk mitigation. These are included under financial collateral (funded credit protection) for the purpose of credit risk mitigation.

➤ The main types of guarantor counterparty and their credit worthiness

Deposits kept with the Parent Bank against our exposure are treated as a guarantee for credit risk mitigation. Depending on the level of external rating of the Parent Bank, deposits with the Parent Bank are treated as an exposure with the parent. The Bank has a netting agreement with the Parent Bank, under which exposures with the parent are netted, and risk weights are only applied on the remaining exposure. The Bank has also put in place limits on net exposure to the parent and operates within those limits.



Further, other guarantees/Stand-by letters of credit (SBLC) issued by banks are treated as guarantees. No other guarantee is recognised for the purpose of risk mitigation. For guarantees/SBLC issued by banks, exposure is shifted to that bank.

➤ **Information about (market or credit) risk concentrations within the mitigation taken**

Except deposits (with us or the Parent Bank), SBLC's (primarily with Indian banks) are the only risk concentrations within the mitigation taken.

11. Market Risk

The general qualitative disclosure requirement for market risk, including the portfolios covered by the standardised approach:

The Bank's trading book portfolio includes US treasury securities; this portfolio is subject to mark to market which is recognised through profit and loss. As at 31 March 2022, the Bank's trading book was \$10 million and amounted to less than 1% of total assets. Therefore, the Bank is applying the derogation for small trading book in calculating its own funds requirements as prescribed by the UK CRR.

The table below shows the market risk own funds requirements and risk weighted exposure amounts:

As at 31 st March		(Figures in Million)		
Particulars	2022		2021	
Market Risk Category	Risk Weighted exposure amount	Own funds requirements	Risk weighted exposure amount	Own funds requirements
Foreign exchange risk	10.3	0.8	10.7	0.9
Position risk on traded debt instruments	-	-	0.3	0.0
Total	10.3	0.8	11.0	0.9

12. Operational Risk

Operational risk is the risk of losses on account of inadequate or defective systems and processes, human or technical failures, or external events. Operational risk is monitored continuously through the KRI framework, Incident reporting, Risk and Control Self-Assessment ('RCSA') framework of the Bank. Major sources of operational risks for the Bank are identified by management and include IT and cyber security risk, data security risk, people risk, internal and external fraud, business process risk, financial crime, legal risk, change risk, outsourcing risk and external events like failure of transportation, non-availability of utilities etc.

The Bank assesses the plausibility of the above risks in light of the various controls put in place to mitigate these risks to keep them within the Bank's appetite. They are regularly monitored for early warning signals through various tools in place so that that appropriate and timely action could be undertaken.



The Bank has different teams such as the Financial Crime Operations Team, Mid-Office and Compliance Conduct Risk team for strengthening the quality, controls and processes. The Bank also has in place Cyber incident response plan and Cyber security strategy implementation plan to strengthen its cyber security in the rising cybercrime environment.

The Bank uses the Basic Indicator Approach (‘BIA’) to determine our Pillar 1 requirements for operational risk. The BIA uses an average of the last three years audited operating income to calculate the Pillar 1 requirement. Under the BIA, the Bank holds capital of 15% of the average annual gross operating income over a three-year period.

Table UK OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

As at 31st March 2022

(Figures in Million)

Banking activities		a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk weighted exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to BIA	23.8	19.4	25.2	3.4	42.8

As at 31st March 2021

(Figures in Million)

Banking activities		a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk weighted exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to BIA	28.6	23.8	19.4	3.6	44.9

13. Interest Rate Risk in the Banking Book (‘IRRBB’)

IRRBB more specifically refers to the current or prospective risk to the Bank’s capital and earnings arising from adverse movements in interest rates that affect the institution’s banking book positions. The Bank monitors its interest rate mismatches on a regular basis through Economic value at risk (200 basis point parallel rate shock), gap monitoring and monitoring of prescribed limits. The Bank has a stipulated limit for open positions and the actual open position is measured and monitored regularly.

Assets and liabilities on floating rate of interest are placed as per the next interest rate reset date. Those with fixed rate of interest are placed as per the contractual maturity date. Assets/ liabilities not sensitive to rate of interest are treated as non-sensitive for the purpose of this calculation. Non-performing assets are also treated as non-sensitive. Non maturity deposits are placed in the first bucket. IRRBB is measured on a monthly basis. The risk calculated on this account is treated as a Pillar 2 risk and capital is provided accordingly.

Most of our liabilities are at a fixed rate of interest and any change in interest is not applicable to liabilities contracted in past. Most of our loans and advances are at floating rate of interest. The floating component is linked to Bank of England base rate or USD LIBOR, and a fixed spread over that rate is



charged to the customers. Therefore, the impact on the Bank is mostly limited to variation in Bank of England base rate/USD LIBOR.

The potential loss on account of upward or downward movement of interest rates by 2% based on exposure as at 31 March 2022 \$0.3 million (2021: \$1.4 million).

14. Counterparty Credit Risk ('CCR')

CCR is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows.

Given the current business model and as the size of the derivative business does not exceed £260 million and 10% of total assets, the Bank has opted for the Simplified Standardised Approach to calculate CCR. The Bank uses forex swaps and interest rate swaps as derivatives in our books which fall under the scope for calculation of CCR.

No derivatives are entered for clients. Forex swaps are entered to cover own positions. Similarly, interest rate swaps are also entered to minimise own interest rate risk in the banking book.

The Bank mitigates the credit risk of derivatives by entering into International Swaps and Derivative Association (ISDA) master netting agreements. Under these agreements, when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the terminal value is assessed and only a single net amount is due or payable in settlement of all transactions. The Bank's sale and repurchase transactions are also covered by master agreements with netting terms similar to ISDA master netting agreements. The ISDA and similar master netting agreements create for the parties to the agreement a right to the set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Bank or the counterparties or following other predetermined events.

The Bank has netting agreements in place but does not take collateral margin in practice and hence all over the counter ('OTC') derivatives are treated as unmarginated transactions. Even though no margin is exchanged, the netting agreements meet the conditions laid out in the CRR and are considered in identifying and evaluating 'netting sets' for the purposes of calculation of CCR.

In addition to CCR, Credit Valuation adjustment ('CVA') on derivatives is being calculated based on the standardised approach.



Table UK CCR1 – Analysis of CCR exposure by approach

As at 31st March 2022

(Figures in Million)

		a	b	d	e	f	g	h
		Replace ment cost (RC)	Potential future exposure (PFE)	Alpha used for computing regulatory exposure value	Exposure value pre- CRM	Exposure value post- CRM	Exposure value	RWEA
UK 2	Simplified SA-CCR (for derivatives)	1.1	2.8	1.4	3.9	3.9	3.9	1.8
6	Total				3.9	3.9	3.9	1.8

*A comparable table for the previous year has not been shown as revised guidelines for CCR were applicable from 1 January 2022.

As at 31 March 2022, Credit Valuation Adjustment (CVA) risk exposure amounted to \$0.4 million (2021: \$0.6 million).

15. Remuneration Disclosure

For the year end 31 March 2022, the current remuneration guidance for the Bank is based on the Remuneration part of the PRA rulebook and the FCA’s Dual-regulated firms Remuneration Code (SYSC 19D). This section includes information which is required to be disclosed in accordance with Article 450 of the CRR. The Bank currently falls within Proportionality level Three firm in accordance with PRA Supervisory Statement SS2/17 and is accordingly not required to publish certain disclosures.

The PRA has defined certain requirements relating to remuneration, referred to as the Remuneration Code (‘the Code’). Firms that fall within the scope of the Code (which includes banks) must establish, implement and maintain remuneration policies, procedures and practices that are consistent with, and promote, sound and effective risk management. The Bank’s Remuneration Policies are designed to comply with the Code and the Bank is committed to adherence to its practices and guidelines in respect of Code Staff.

Remuneration matters pertaining to the Bank are undertaken by the Nomination and Remuneration Committee (‘NRC’). The NRC consists of three non-executive directors. Members are appointed by the Board on the recommendation of the NRC with input from the Chairperson of the NRC. The Chairperson of the NRC is the chairperson of the Bank’s Board. In addition to NRC members, other individuals such as the Bank’s MD/CEO, Executive Director may attend on invitation. The NRC meets as required. It met once during the financial year 2021-22.

The NRC performs the following role:

- evaluate the balance of skills, experience, independence and knowledge of the Board.



- regularly review the structure, size and composition (including skills, knowledge, experience and diversity) of PNBIL's executive directors, executive management and senior management¹ and make recommendations to the Board with regard to any changes.
- give full consideration to succession planning for executive directors, executive management and senior management in the course of its work, taking into account the challenges and opportunities facing PNBIL, and the skills and expertise needed at Board and in senior executive appointments in the future and having regard to length of service and expected date on which existing directors and senior level executives will conclude their term of office.
- oversee the design and operation of PNBIL's remuneration policy, ensuring that remuneration is appropriate and consistent with PNBIL's culture, long-term business and risk appetite, PNBIL's performance and control environment, legal and regulatory requirements and the principles of corporate governance.
- consistent with the remuneration policies of the Punjab National Bank, India ('Parent') to set and recommend to the Board for approval, the overarching principles and parameters of the remuneration policy across PNBIL to ensure an overall coherent approach to remuneration in respect of all employees.
- review any performance conditions and remuneration incentives ensuring an appropriate balance between fixed and performance related, immediate and deferred remuneration and that any incentives are fully compatible with risk policies and systems.
- ensure upper limits of any remuneration incentives are disclosed and ensure any performance conditions, including non-financial metrics are relevant, stretching and designed to promote PNBIL's long-term success.
- ensure that all relevant legislation, regulatory requirements and guidance on remuneration practice including but not necessarily limited to the Companies Act 2006, the Remuneration Code and the UK Corporate Governance Code publishes from time to time are considered and complied with when setting the remuneration policy.

The Remuneration policy reflects the Bank's objectives for good corporate governance as well as sustained and long-term value creation for shareholders. In addition, it ensures that the Bank is able to attract, develop and retain high-performing and motivated employees. The Remuneration policy was not reviewed in the financial year 2021-22.

The Chairperson of the Board and one of the non-executive directors are from Parent Bank and the Bank doesn't pay any remuneration to them. The Managing Director is a Parent Bank Appointee on a secondment basis and his remuneration is guided by a Standing Committee set up by Government of India for determining salary and other service conditions of officers of public sector banks posted abroad. Two independent Non-Executive Directors are paid fixed salary/fees and allowances per annum. The other executive director and key persons are on special contract or negotiated pay, which is annually reviewed by the NRC.

Other than Director's remunerations, the Bank has two pay groups of employees in UK – those on secondment to the Bank from the Parent Bank and those who are locally recruited. The employees on secondment are governed by the salary structure approved by the Standing Committee set up by Government of India for determining salary and other service conditions of officers of public sector banks posted abroad, as well as by the Board of Directors of the Parent Bank. Their salary, perquisites and allowances are fixed accordingly and include certain fixed net of tax basic pay, payment of tax and NI and reimbursement of furnished accommodation, utility bills, telephone, newspaper and medical expenses.



In relation to locally recruited staff, annual increments are considered based on the employee’s performance and conduct as determined by Key performance indicators (‘KPI’). Such annual increments are paid as per the employee’s scale of pay.

The Bank has an independent back office in India. At the back office, there are two groups of employees. Senior officers are on deputation from the Parent Bank and are paid salary as per the salary structure of nationalised banks in India. In addition, each of them is paid a deputation allowance. Junior staff is on contract from an employee management agency and are treated as employees of the contractor.

None of the employees of the Bank fall in the category of high earners. As a matter of policy, the Bank does not pay any bonus to its employees. There is no deferral policy. There is no variable pay.

The Remuneration Code requires that banks identify relevant senior and key roles and designate them as Code Staff/Material Risk Takers (‘MRT’). As at 31 March 2022, 38 staff (2021: 31 staff) were identified as MRTs. These exclude the two directors from the Parent Bank as they are not paid any remuneration.

Remuneration for staff in control functions is independent from that of staff in the business units. Remuneration of such staff also comes under the scope of the NRC.

The Bank does not make discretionary pension payments and therefore does not benefit from the derogation laid down in Article 94(3) CRD in accordance with point (k) of Article 450(1) CRR.

Table UK REM1 - Remuneration awarded for the financial year

As at 31st March 2022

(Figures in Million)

			a	b	d
			MB Supervisory function	MB Management function	Other identified staff
1	Fixed remuneration	Number of identified staff	2	6	30
2		Total fixed remuneration	0.1	1.2	2.8
3		Of which: cash-based	0.1	1.1	1.9
7		Of which: other forms	-	0.1	0.9
9	Variable remuneration	Number of identified staff	-	-	-
10		Total variable remuneration	-	-	-

*Previous year’s table has not been provided as the above table is applicable from 1 January 22

The entire remuneration, as above, is fixed, and there is no variable remuneration.

No special payments, sign-on or severance payment wages were made to identified staff.



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Appendix 1 – UK KM1 – Key metrics template

As at 31st March

(Figures in Million)

		a	b
		2022	2021
	Available own funds (amounts)		
1	Common equity tier 1 (CET 1) capital	137.9	134.4
2	Tier 1 capital	182.9	179.4
3	Total capital	213.9	206.6
	Risk-weighted exposure amounts		
4	Total risk-weighted exposure amount	802.6	784.6
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	17.2%	17.1%
6	Tier 1 ratio (%)	22.8%	22.9%
7	Total capital ratio (%)	26.7%	26.3%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)		
UK 7a	Additional CET1 SREP requirements (%)	2.5%	2.5%
UK 7b	Additional AT1 SREP requirements (%)	0.8%	0.8%
UK 7c	Additional T2 SREP requirements (%)	1.1%	1.1%
UK 7d	Total SREP own funds requirements (%)	12.4%	12.4%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	2.5%	2.5%
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-
9	Institution specific countercyclical capital buffer (%)	0.0%	0.0%
UK 9a	Systemic risk buffer (%)	-	-
10	Global Systemically Important Institution buffer (%)	-	-



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UK 10a	Other Systemically Important Institution buffer	-	-
11	Combined buffer requirement (%)	2.5%	2.5%
UK 11a	Overall capital requirements (%)	14.9%	14.9%
12	CET1 available after meeting the total SREP own funds requirements (%)	10.2%	10.2%
	Leverage ratio		
13	Total exposure measure excluding claims on central banks	948.2	
14	Leverage ratio excluding claims on central banks (%)	19.3%	
	Liquidity Coverage Ratio		
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	191.2	
UK 16a	Cash outflows - Total weighted value	81.3	
UK 16b	Cash inflows - Total weighted value	34.1	
16	Total net cash outflows (adjusted value)	47.2	
17	Liquidity coverage ratio (%)	405.1%	
	Net Stable Funding Ratio		
18	Total available stable funding	842.6	
19	Total required stable funding	657.4	
20	NSFR ratio (%)	128.2%	

- The LCR in the above table is calculated using the relevant balances which are calculated using the simple average of month end balances from April 2021 to March 2022.



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Appendix 2 – UK OV1 - Overview of risk weighted exposure amounts

As at 31^{sts} March

(Figures in Million)

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		a	b	c
		2022	2021	2022
1	Credit risk (excluding CCR)	747.3	727.2	59.8
2	Of which the standardised approach	747.3	727.2	59.8
3	Of which the foundation IRB (FIRB) approach	-	-	-
4	Of which slotting approach	-	-	-
UK 4a	Of which equities under the simple risk weighted approach	-	-	-
5	Of which the advanced IRB (AIRB) approach	-	-	-
6	Counterparty credit risk - CCR	1.8	0.9	0.1
7	Of which the standardised approach	1.8	0.9	0.1
8	Of which internal model method (IMM)	-	-	-
UK 8a	Of which exposures to a CCP	-	-	-
UK 8b	Of which credit valuation adjustment - CVA	0.4	0.6	-
9	Of which other CCR	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
UK 19a	Of which 1,250% /deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	10.3	11.0	0.8



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21	Of which the standardised approach	10.3	11.0	0.8
22	Of which IMA	-	-	-
UK 22a	Large exposures	-	-	-
23	Operational risk	42.8	44.9	3.4
UK 23a	Of which basic indicator approach	42.8	44.9	3.4
UK 23b	Of which standardised approach	-	-	-
UK 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	-	-	-
29	Total	802.6	784.6	64.1



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Appendix 3 – UK CC1 - Composition of regulatory own funds

The table below uses the standard template issued by the PRA to show the composition of the Bank’s own funds but only displays the rows of the template that are applicable.

As at 31st March

(Figures in Million)

		2022	2021	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 (CET1) capital: instruments and reserve			
1	Capital instruments and the related share premium accounts	274.6	274.6	(d)
	of which: ordinary shares	274.6	274.6	(d)
2	Retained earnings	(110.1)	(115.6)	(f)
3	Accumulated other comprehensive income (and other reserves)	(1.3)	0.1	(e)
UK-3a	Funds for general banking risk	-	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	-	
5	Minority interests (amount allowed in consolidated CET1)	-	-	
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	-	
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	163.2	159.1	-
	Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(0.6)	(0.5)	
8	Intangible assets (net of related tax liability) (negative amount)	(0.6)	(1.0)	(a)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	(25.2)	(24.7)	(b)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	-	



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12	Negative amounts resulting from the calculation of expected loss amounts	-	-	
13	Any increase in equity that results from securitised assets (negative amount)	-	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	-	
15	Defined-benefit pension fund assets (negative amount)	-	-	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
UK-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	-	
UK-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	-	
UK-20c	of which: securitisation positions (negative amount)	-	-	
UK-20d	of which: free deliveries (negative amount)	-	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	-	
22	Amount exceeding the 17,65% threshold (negative amount)	-	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	-	
25	of which: deferred tax assets arising from temporary differences	-	-	
UK-25a	Losses for the current financial year (negative amount)	-	-	
UK-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	-	
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	1.1	1.5	-



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28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(25.3)	(24.7)	-
29	Common Equity Tier 1 (CET 1) capital	137.9	134.4	-
	Additional Tier 1 (AT1) capital: regulatory adjustments			
30	Capital instruments and the related share premium accounts	45.0	45.0	(d)
31	of which: classified as equity under applicable accounting standards	45.0	45.0	-
32	of which: classified as liabilities under applicable accounting standards	-	-	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR	-	-	
UK-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	-	
UK-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	-	
36	Additional Tier 1 (AT1) capital before regulatory adjustments	45.0	45.0	-
	Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	-	
42a	Other regulatory adjustments to AT1 capital	-	-	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	-	
44	Additional Tier 1 (AT1) capital	45.0	45.0	-
45	Tier 1 capital (T1= CET1+AT1)	182.9	179.4	-
	Tier 2 (T2) capital: instruments and provisions			



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46	Capital instruments and the related share premium accounts	50.0	50.0	(c)
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	-	
UK-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	-	-	
UK-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	-	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	-	
50	Credit risk adjustments	-	-	
51	Tier 2 (T2) capital before regulatory adjustments	50.0	50.0	-
	Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-	
UK-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	-	
UK-56b	Other regulatory adjustments to T2 capital	(19.0)	(22.8)	-
57	Total Regulatory adjustments to Tier 2 (T2) capital	(19.0)	(22.8)	-
58	Tier 2 (T2) capital	31.0	27.2	-
59	Total capital (TC=T1+T2)	213.9	206.6	-
60	Total Risk exposure amount	802.6	784.6	-
	Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	17.2%	17.1%	-



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62	Tier 1 (as a percentage of total risk exposure amount)	22.8%	22.9%	-
63	Total capital (as a percentage of total risk exposure amount)	26.7%	26.3%	-
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	7.7%	7.7%	-
65	of which: capital conservation buffer requirement	2.5%	2.5%	-
66	of which: countercyclical buffer requirement	0.0%	0.0%	-
67	of which: systemic risk buffer requirement			
UK-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer			
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	10.2%	10.2%	-
	Amounts below the thresholds for deduction (before risk weighing)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	-	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-	-	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	-	
	Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	-	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	-	



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83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-	

Appendix 4 – UK CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

As at 31st March

(Figures in Million)

	a	b	c
	Balance sheet as in published financial statements	Balance sheet as in published financial statements	Reference UK CC1
	2022	2021	
Assets			
Cash and balances with central banks	149.8	221.3	
Loans and advances to banks	0.7	30.4	
Loans and advances to customers	791.2	690.6	
Investment securities – FVTPL	10.0	10.1	
Investment securities – FVOCI	54.8	39.3	
Investment securities – amortised cost	89.1	58.3	
Derivative financial instruments	1.1	1.9	
Right of use lease assets	3.1	4.0	
Prepayments and other receivables	0.4	0.6	
Property, plant and equipment	0.4	0.5	
Intangible assets	0.6	1.0	(a)
Deferred tax assets	25.2	24.7	(b)
Total Assets	1,126.3	1,082.7	



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Liabilities			
Deposits from banks	1.1	0.9	
Deposits from customers	858.1	819.5	
Derivative financial instruments	0.3	-	
Current tax liability	-	-	
Lease liability	3.2	4.1	
Other liabilities	5.3	4.1	
Subordinated bonds and other borrowed funds	50.0	50.0	(c)
Total liabilities	918.0	878.6	
Shareholder's Equity			
Share capital	319.6	319.6	(d)
Fair value reserve	(1.3)	0.1	(e)
Retained earnings	(110.1)	(115.6)	(f)
Total shareholders' equity	208.3	204.1	

- The Bank's Pillar 3 disclosures are prepared on a solo basis. There is no subsidiary/joint venture of the Bank that is required to be consolidated for accounting or regulatory prudential purposes. The Bank's scope of accounting and regulatory consolidation is the same and hence columns (a) and (b) of the template UK CC2 have been merged for the disclosure above.
- Share capital includes additional tier 1 capital for \$45 million (2021: \$45 million).



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Appendix 5 – UK CCA – Main features of capital instruments

As at 31st March 2022

		a	b	c	d	e	f	g	h
		Equity Share Capital	Additional Tier 1 Capital Bonds	Additional Tier 1 Capital Bonds	Dated Tier 2 Capital Bonds	Dated Tier 2 Capital Bonds	Dated Tier 2 Capital Bonds	Dated Tier 2 Capital Bonds	Dated Tier 2 Capital Bonds
1	Issuer	Punjab National Bank (International) Limited	Punjab National Bank (International) Limited	Punjab National Bank (International) Limited	Punjab National Bank (International) Limited	Punjab National Bank (International) Limited	Punjab National Bank (International) Limited	Punjab National Bank (International) Limited	Punjab National Bank (International) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Non Demat	Non Demat	Non Demat	Non Demat	Non Demat	Non Demat	Non Demat	Non Demat
2a	Public or private placement	Private	Private	Private	Private	Private	Private	Private	Private
3	Governing law(s) of the instrument	English Law	English Law	English Law	English Law	English Law	English Law	English Law	English Law
3a	Contractual recognition of write down and conversion powers of resolution authorities	NA	NA	NA	NA	NA	NA	NA	NA
	<i>Regulatory treatment</i>								
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier I	Additional Tier I	Additional Tier I	Tier II	Tier II	Tier II	Tier II	Tier II
5	Post-transitional CRR rules	Common Equity Tier I	Additional Tier I	Additional Tier I	Tier II	Tier II	Tier II	Tier II	Tier II
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo	Solo	Solo	Solo	Solo	Solo	Solo	Solo



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7	Instrument type (types to be specified by each jurisdiction)	Common Equity Tier I	Additional Tier I	Additional Tier I	Subordinated debt	Subordinated debt	Subordinated debt	Subordinated debt	Subordinated debt
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	274.6	25.0	20.0	1.3	7.5	12.5	4.7	5.0
9	Nominal amount of instrument	274.6	25.0	20.0	12.5	10.0	12.5	10.0	5.0
UK-9a	Issue price	USD 1/ GBP1	USD 1	USD 1	100%	100%	100%	100%	100%
UK-9b	Redemption price	NA	NA	NA	100%	100%	100%	100%	100%
10	Accounting classification	Equity share capital	Equity Share Capital	Equity Share Capital	Liabilities - Subordinated debt	Liabilities - Subordinated debt	Liabilities - Subordinated debt	Liabilities - Subordinated debt	Liabilities - Subordinated debt
11	Original date of issuance	Issued on various dates	Converted to AT1 on 15.03.16	31.03.2017	4.10.2012	30.12.2015	31.1.2022	19.8.2014	23.12.2013
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Dated	Dated	Dated	Dated	Dated
13	Original maturity date	Undated	Undated	Undated	10 Years	10 Years	10 Years	10 Years	15 Years
14	Issuer call subject to prior supervisory approval	NA	5 Years	5 Years	5 Years	NA	5 Years	NA	10 Years
15	Optional call date, contingent call dates and redemption amount	NA	Each interest payment date on or after 5 yrs.	Each interest payment date on or after 5 yrs.	Each interest payment date on or after 5 yrs.	NA	NA	NA	23.12.2023
16	Subsequent call dates, if applicable	NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<i>Coupons / dividends</i>								
17	Fixed or floating dividend/coupon	NA	Floating	Floating	Floating	Floating	Floating	Floating	Floating



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18	Coupon rate and any related index	Nil	6M LIBOR + 500 bps	6M LIBOR + 500 bps	6M LIBOR + 400 bps	6M LIBOR + 450 bps	6M SOFR + 400 bps	6M LIBOR + 450 bps	6M LIBOR + 450 bps
19	Existence of a dividend stopper	Nil	Yes	Yes	Nil	Nil	Nil	Nil	Nil
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully Discretionary	Fully Discretionary	Fully Discretionary	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully Discretionary	Fully Discretionary	Fully Discretionary	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-Cumulative	Non-Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	NA	Convertible	Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA	CET1 Ratio falls below required	CET1 Ratio falls below required	NA	NA	NA	NA	NA
25	If convertible, fully or partially	NA	Fully	Fully	NA	NA	NA	NA	NA
26	If convertible, conversion rate	NA	USD 1	USD 1	NA	NA	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	Mandatory	Mandatory	NA	NA	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	Ordinary Shares	Ordinary Shares	NA	NA	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	Punjab National Bank (International) Limited	Punjab National Bank (International) Limited	NA	NA	NA	NA	NA
30	Write-down feature	NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil



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31	If write-down, write-down trigger(s)	NA	NA	NA	NA	NA	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA	NA	NA	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA	NA	NA	NA	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA	NA	NA	NA	NA	NA	NA
34a	Type of subordination (only for eligible liabilities)	NA	NA	NA	Contractual	Contractual	Contractual	Contractual	Contractual
UK-34b	Ranking of the instrument in normal insolvency proceedings	Additional Tier 1 capital bonds	Dated Tier 2 capital bonds	Dated Tier 2 capital bonds	Unsubordinated creditors	Unsubordinated creditors	Unsubordinated creditors	Unsubordinated creditors	Unsubordinated creditors
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	First	Subordinated to all other creditors	Subordinated to all other Creditors	Subordinated to all other Creditors	Subordinated to all other Creditors	Subordinated to all other Creditors	Subordinated to all other Creditors	Subordinated to all other Creditors
36	Non-compliant transitioned features	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
37	If yes, specify non-compliant features	Nil	As above	As above	As above	As above	As above	As above	As above
37a	Link to the full term and conditions of the instrument (signposting)	Nil	Being perpetual, not to be amortised.	Being perpetual, not to be amortised.	To be amortised in the last five years.	To be amortised in the last five years.	To be amortised in the last five years.	To be amortised in the last five years.	To be amortised in the last five years.



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Appendix 6 – IFRS 9 Transitional impact

The table below shows the capital, RWA and leverage positions with and without the application of transitional arrangements for IFRS 9.

As at 31st March

(Figures in Million)

		2022	2021
	Available Capital		
1	Common Equity Tier 1 (CET1) capital	137.9	134.4
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 transitional arrangements had not been applied	136.8	132.9
3	Tier 1 capital	182.9	179.4
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	181.8	177.9
5	Total capital	213.9	206.6
6	Total capital as if IFRS 9 transitional arrangements had not been applied	212.8	205.1
	Risk-Weighted Assets		
7	Total risk-weighted assets	802.6	784.6
8	Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	801.8	783.2
	Capital Ratios		
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	17.2%	17.1%
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 transitional arrangements had not been applied	17.1%	17.0%
11	Tier 1 (as a percentage of risk exposure amount)	22.8%	22.9%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 transitional arrangements had not been applied	22.7%	22.7%
13	Total capital (as a percentage of risk exposure amount)	26.7%	26.3%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 transitional arrangements had not been applied	26.5%	26.1%
	Leverage Ratio		
15	Leverage ratio total exposure measure	948.2	1,037.2
16	Leverage ratio	19.3%	17.3%
17	Leverage ratio as if IFRS 9 transitional arrangements had not been applied	19.2%	17.2%



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Appendix 7 – UK CQ3: Credit quality of performing and non-performing exposures by past due days

As at 31st March 2022

(Figures in Million)

		a	b	c	d	e	f	g	h	i	j	k	l	
		Gross carrying amount/nominal amount												
		Performing exposures			Non-performing exposures									
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted	
005	Cash balances at central banks and other demand deposits	149.4	149.4	-	-	-	-	-	-	-	-	-	-	
010	Loans and advances	678.1	665.0	13.1	308.5	-	-	4.8	8.0	27.6	147.6	120.5	308.5	
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	
030	General governments	-	-	-	-	-	-	-	-	-	-	-	-	
040	Credit institutions	-	-	-	8.0	-	-	-	8.0	-	-	-	8.0	
050	Other financial corporations	39.7	39.7	-	-	-	-	-	-	-	-	-	-	
060	Non-financial corporations	605.3	592.2	13.1	299.7	-	-	4.8	-	27.6	146.8	120.5	299.7	
070	Of which SMEs	437.1	424.0	13.1	26.7	-	-	-	-	7.3	0.7	18.7	26.8	
080	Households	33.1	33.1	-	0.8	-	-	-	-	-	0.8	-	0.8	
090	Debt securities	154.0	154.0	-	0.8	-	-	-	-	0.4	-	0.4	0.8	



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100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	29.9	29.9	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	56.9	56.9	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	67.2	67.2	-	0.8	-	-	-	-	0.4	-	0.4	0.8
150	Off-balance-sheet exposures	135.0	-	-	-	-	-	-	-	-	-	-	-
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-	-	-	-	-	-	-
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
190	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
200	Non-financial corporations	110.6	-	-	-	-	-	-	-	-	-	-	-
210	Households	24.4	-	-	-	-	-	-	-	-	-	-	-
220	Total	1,116.5	968.4	13.1	309.3	-	-	4.8	8.0	28.0	147.6	120.9	309.3



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Appendix 8 – UK CR1: Performing and non-performing exposures and related provisions.

As at 31st March 2022

(Figures in Million)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	149.4	149.4	-	-	-	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	678.1	637.5	40.6	308.5		308.5	(1.7)	(1.6)	(0.1)	(192.9)		(192.9)		670.4	85.5
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	8.0	-	8.0	-	-	-	(8.0)	-	(8.0)	-	-	-
050	Other financial corporations	39.7	39.7	-	-	-		(0.1)	(0.1)			-		-	39.6	-
060	Non-financial corporations	605.2	565.2	40.0	299.7	-	299.7	(1.5)	(1.4)	(0.1)	(184.9)	-	(184.9)	-	597.9	84.7
070	Of which SMEs	436.9	421.7	15.2	26.8	-	26.8	(0.6)	(0.6)		(26.6)	-	(26.6)	-	436.4	0.1
080	Households	33.2	32.6	0.6	0.8	-	0.8	(0.1)	(0.1)			-		-	32.9	0.8
090	Debt securities	154.0	144.0	-	0.8	-	0.8	(0.3)	(0.3)		(0.7)	-	(0.7)	-	-	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	29.9	19.9	-	-	-	-	-	-	-	-	-	-	-	-	-



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120	Credit institutions	56.9	56.9	-	-	-	-	(0.1)	(0.1)	-	-	-	-	-	-	-
130	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	67.2	67.2	-	0.8	-	0.8	(0.2)	(0.2)	-	(0.7)	-	(0.7)	-	-	-
150	Off-balance-sheet exposures	135.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
190	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
200	Non-financial corporations	110.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
210	Households	24.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
220	Total	1,116.5	930.9	40.6	309.3	-	309.3	(2.0)	(1.9)	(0.1)	(193.6)	-	(193.6)	-	670.4	85.5



Appendix 9 – UK CR3 - Disclosure of the use of credit risk mitigation techniques

As at 31st March 2022

(Figures in Million)

		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	30.0	761.9	740.9	21.0	-
2	Debt securities	153.9	-	-	-	-
3	Total	183.9	761.9	740.9	21.0	-
4	Of which non-performing exposures	24.1	91.5	90.7	0.8	-
5	Of which defaulted	24.1	91.5	-	-	-



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Appendix 10 – Compliance with UK CRR disclosures requirements

UK CRR reference	Disclosure requirement	Minimum Disclosure Requirement for PNBIL	PNBIL's compliance reference
Article 431 (1)	Requirement to publish Pillar 3 disclosures	✓	Pillar 3 published as required
Article 431 (2)	Firms with special permissions must disclose the information required in Title III	✓	No special permissions obtained by the Bank
Article 431 (3)	Institution must have a policy covering frequency of disclosures. Their verification, comprehensiveness, and appropriateness. At least one senior manager must attest in writing that the policy is being followed	✓	Pillar 3 - Overview section – Frequency and location, Verification and Supervision, Attestation
Article 431 (4)	All quantitative disclosures must be accompanied by descriptive text where required to aid users' understanding.	✓	Wherever required, appropriate disclosure have been made
Article 431 (5)	Explanation of ratings decision upon request	✓	As required in the course of business
Article 432 (1)	Institutions may omit information that is not material if certain conditions are respected.	✓	Pillar 3 - Overview – Basis of disclosure
Article 432 (2)	Institutions may omit information that is proprietary or confidential if certain conditions are respected.	✓	Pillar 3 - Overview – Basis of disclosure
Article 432 (3)	Where 432 (2) applies this must be stated in the disclosures, and more general information must be disclosed.	✓	Not applicable
Article 433	Institutions shall publish Pillar 3 in line with the rules laid out in Articles 433a ,433b & 433c. Disclosures must be published once a year at a minimum, and more frequently if necessary.	✓	Pillar 3 - Overview section Pillar 3 is published annually
Article 433a	Disclosures by Large Institutions	X	Not applicable
Article 433b	Disclosures by Small and Non-Complex Institutions	X	Not applicable
Article 433c (1)	Institutions that are not subject to Article 433a or 433b shall disclose the information outlined below with the following frequency:	X	Not applicable



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UK CRR reference	Disclosure requirement	Minimum Disclosure Requirement for PNBIL	PNBIL's compliance reference
Article 433c (1) (a)	all the information required under this Part on an annual basis;	X	Not applicable
Article 433c (1) (b)	the key metrics referred to in Article 447 on a semi-annual basis;	X	Not applicable
Article 433c (1) (c)	Additional disclosure requirements for LREQ firms	X	Not applicable
Article 433c (2)	Non-listed firms should follow Article 433c(2) and disclose the following:	✓	Refer to sub points
Article 433c (2) (a)	points (a). (e) and (f) of Article 435(1);	✓	See Article 435
Article 433c (2) (b)	points (a). (b) and (c) of Article 435(2);	✓	See Article 435
Article 433c (2) (c)	point (a) of Article 437;	✓	See Article 437
Article 433c (2) (d)	points (c) and (d) of Article 438;	✓	See Article 438
Article 433c (2) (e)	the key metrics referred to in Article 447;	✓	See Article 447
Article 433c (2) (f)	points (a) to (d). (h) to (k) of Article 450(1).	✓	See Article 450
Article 434 (1)	To include all disclosures in one appropriate medium, or provide clear cross-references. Disclosures made under other requirements (e.g. accounting) can be used to satisfy Pillar 3 if appropriate.	✓	Pillar 3 disclosures and Annual Report are available on www.pnbint.com
Article 434 (2)	Disclosures should be made available on firm's websites, kept for the same period as financial statements.	✓	www.pnbint.com
Article 434a	[Note: Provision left blank]	X	Not Applicable
Article 434b	Additional disclosure requirements for G-SII Firms	X	Not Applicable



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UK CRR reference	Disclosure requirement	Minimum Disclosure Requirement for PNBIL	PNBIL's compliance reference
Article 435 (1)	Firm's must disclose information on risk management for each type of risk including;	✓	Pillar 3 - Risk management and governance section & Annual Report – Strategic Report section
Article 435 (1) (a)	The strategies and processes to manage those risks	✓	Pillar 3 - Risk management and governance section & Annual Report – Strategic Report section
Article 435 (1) (b)	Structure and organisation of risk management function	X	Not Applicable - Due to Article 433c(2)
Article 435 (1) (c)	Risk reporting and measurement systems	X	Not Applicable - Due to Article 433c(2)
Article 435 (1) (d)	Hedging and mitigating risk - policies and processes.	X	Not Applicable - Due to Article 433c(2)
Article 435 (1) (e)	Adequacy of risk management arrangements.	✓	Pillar 3 - Risk management and governance section and Annual Report – Strategic Report section
Article 435 (1) (f)	Concise risk statement approved by the Board.	✓	Pillar 3 - Risk management and governance section
Article 435 (1) (f) (i)	Key metrics for external stakeholders to get a comprehensive view of the firm's risk management.	✓	Pillar 3 – Appendix 1 – Key metrics
Article 435 (1) (f) (ii)	Information on intragroup and related party transactions.	✓	Pillar 3 - Risk management and governance section and Annual Report - Note 40 Related party transactions
Article 435 (2)	Information on governance arrangements, including information on Board composition and recruitment, and risk committees.	✓	Refer to sub points
Article 435 (2) (a)	Number of directorships held by directors.	✓	Pillar 3 - Risk management and governance section
Article 435 (2) (b)	Recruitment policy of the Board, their experience and expertise.	✓	Pillar 3 – Remuneration disclosure and on the Bank's website - www.pnbint.com/PNBIL/About-Us/Directors-Profiles
Article 435 (2) (c)	Policy on diversity of management body	✓	Pillar 3 –Risk management and governance section



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UK CRR reference	Disclosure requirement	Minimum Disclosure Requirement for PNBIL	PNBIL's compliance reference
Article 435 (2) (d)	Disclosure of whether a dedicated risk committee is in place, and number of meetings in the year.	X	Pillar 3 - Risk management and governance section
Article 435 (2) (e)	Description of information flow risk to Board.	X	Pillar 3 - Risk management and governance section
Article 436	Disclosure of the Scope of Application	X	Pillar 3 - Overview section
Article 437	Requirement to disclose following information regarding own funds:	✓	Pillar 3 - Appendix 3 and Appendix 4
Article 437 (a)	Reconciliation of regulatory values for Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and filters and deductions to audited financial statements	✓	Pillar 3 - Appendix 3 and Appendix 4
Article 437 (b)	Description of the main features of Capital Instruments issued by institution;	X	Pillar 3 - Appendix 5
Article 437 (c)	Full terms and conditions of Capital Instruments issued by institution;	X	Pillar 3 - Appendix 5
Article 437 (d)	Disclosure of the nature and amounts of the following:	X	Not Applicable - Due to Article 433c(2)
Article 437 (d) (i)	each prudential filter applied	X	Not Applicable - Due to Article 433c(2)
Article 437 (d) (ii)	each capital deduction applied	X	Not Applicable - Due to Article 433c(2)
Article 437 (d) (iii)	items not deducted from capital	X	Not Applicable - Due to Article 433c(2)
Article 437 (e)	a description of all restrictions applied to the calculation of own funds in accordance with this regulation and the instruments, prudential filters and deductions to which those restrictions apply;	X	Not Applicable - Due to Article 433c(2)
Article 437 (f)	where institutions disclose capital ratios calculated using elements of own funds determined on a different basis.	X	Not Applicable - Due to Article 433c(2)
Article 437a	Disclosure of Own Funds and Eligible Liabilities	X	Not Applicable - Due to Article 433c(2)



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UK CRR reference	Disclosure requirement	Minimum Disclosure Requirement for PNBIL	PNBIL's compliance reference
Article 438	Requirement to disclose following information regarding capital adequacy:		Refer to sub points
Article 438 (a)	Summary of institution's approach to assessing adequacy of capital levels.	X	Not Applicable - Due to Article 433c(2)
Article 438 (b)	Additional own funds requirements specified by the regulator and its composition	X	Not Applicable - Due to Article 433c(2)
Article 438 (c)	The result of the ICAAP	✓	Pillar 3 - Capital requirements section
Article 438 (d)	Total risk weighted exposure and own funds requirements by risk category	✓	Pillar 3 - Capital requirements section
Article 438 (e)	Exposures, risk weighted exposure and expected losses for specialised lending and equity exposures	X	Not Applicable - Due to Article 433c(2)
Article 438 (f)	Exposure details on instruments held in any insurance related company	X	Not Applicable - Due to Article 433c(2)
Article 438 (g)	Additional capital requirements for financial conglomerates	X	Not Applicable - Due to Article 433c(2)
Article 438 (h)	Changes in risk weighted exposure from prior period calculated by internal models	X	Not Applicable - Due to Article 433c(2)
Article 439	Disclosure of Exposures to Counterparty Credit Risk	X	Pillar 3 – Counterparty credit risk section
Article 440	Disclosure of Countercyclical Capital Buffers	X	Pillar 3 – Capital requirements – Capital buffers section
Article 441	Disclosure of Indicators of Global Systemic Importance	X	Not Applicable - Due to Article 433c(2)
Article 442	Disclosure of Exposures to Credit Risk and Dilution Risk	X	Pillar 3 – Credit Risk section, Appendix 7 and Appendix 8, Annual Report – note 25
Article 443	Disclosure of Encumbered and Unencumbered Assets	X	Not Applicable - Due to Article 433c(2)
Article 444	Disclosure of the Use of the Standardised Approach	X	Not Applicable - Due to Article 433c(2)



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UK CRR reference	Disclosure requirement	Minimum Disclosure Requirement for PNBIL	PNBIL's compliance reference
Article 445	Disclosure of Exposure to Market Risk	X	Pillar 3 – Market Risk section
Article 446	Disclosure of Operational Risk Management	X	Pillar 3 – Operational Risk section
Article 447	Requirement to publish the following key metrics;	✓	Refer to sub points
Article 447 (a)	Composition of own funds amounts and requirements	✓	Pillar 3 – Appendix 1 – Key Metrics
Article 447 (b)	Risk exposure amounts	✓	Pillar 3 – Appendix 1 – Key Metrics
Article 447 (c)	Additional own funds requirements and composition required in line with regulation 34(1) of the Capital Requirements Regulations	✓	Pillar 3 – Appendix 1 – Key Metrics
Article 447 (d)	Combined buffer requirements	✓	Pillar 3 – Appendix 1 – Key Metrics
Article 447 (e)	The following information regarding the leverage ratio;	✓	Pillar 3 – Appendix 1 – Key Metrics
Article 447 (e) (i)	Leverage ratio and exposure	✓	Pillar 3 – Appendix 1 – Key Metrics
Article 447 (e) (iii)	Additional requirements from Article 451 for LREQ firms	X	Not Applicable
Article 447 (f)	The following information regarding the liquidity coverage ratio;	✓	Pillar 3 – Appendix 1 – Key Metrics
Article 448	Disclosure of exposures to interest rate risk on position not held in the trading book	X	Not Applicable – Due to Article 433c(2)
Article 449	Disclosure of Exposure to Securitisation Positions	X	Not Applicable
Article 450 (1)	Disclosure of Remuneration policy	✓	Refer to sub points
Article 450 (1) (a)	Decision-making process for determining remuneration policy	✓	Pillar 3 – Remuneration disclosure
Article 450 (1) (b)	Link between pay and performance	✓	Pillar 3 – Remuneration disclosure
Article 450 (1) (c)	Design characteristics of the remuneration system, criteria for performance measurement, risk adjustment, deferral policy and vesting criteria	X	Pillar 3 - Remuneration disclosure
Article 450 (1) (d)	Ratios between fixed and variable remuneration	X	Not applicable



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UK CRR reference	Disclosure requirement	Minimum Disclosure Requirement for PNBIL	PNBIL's compliance reference
Article 450 (1) (e)	Performance criteria on which entitlement to shares, options or variable components of remuneration is based	X	Not Applicable
Article 450 (1) (f)	Parameters and rationale for variable components Schemes and other non-cash benefits	X	Not Applicable
Article 450 (1) (g)	Aggregate quantitative information on remuneration	✓	Pillar 3 - Remuneration disclosure
Article 450 (1) (h)	Aggregate quantitative information on remuneration, broken down by senior management and members of staff with significant impact on risk profile of the institution	✓	Refer to sub points
Article 450 (1) (h) (i)	The amounts of remuneration for the financial year, split into fixed and flexible and number of beneficiaries	X	Pillar 3 - Remuneration disclosure
Article 450 (1) (h) (ii)	The amounts of outstanding deferred remuneration, split into vested and unvested	X	Not Applicable
Article 450 (1) (h) (iii)	The amounts of outstanding deferred remuneration, split into vested and unvested	X	Not Applicable
Article 450 (1) (h) (iv)	The amounts of deferred remuneration due to vest in the financial year, and the number of beneficiaries	X	Not Applicable
Article 450 (1) (h) (v)	Guaranteed variable remuneration awarded in the financial year and the number of beneficiaries	X	Not Applicable
Article 450 (1) (h) (vi)	Severance payments awarded in prior years, paid out in this financial year	X	Not Applicable
Article 450 (1) (h) (vii)	The amount of severance payments awarded during the financial year, number of beneficiaries and highest award	X	Pillar 3 - Remuneration disclosure
Article 450 (1) (i)	The number of individuals been remunerated EUR 1 million or more, between EUR 1 and 5 million and of EUR 5 million or above	X	Pillar 3 - Remuneration disclosure



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UK CRR reference	Disclosure requirement	Minimum Disclosure Requirement for PNBIL	PNBIL's compliance reference
Article 450 (1) (j)	[Note: Provision deleted]	X	Not Applicable
Article 450 (1) (k)	Information on if the institution benefits from the derogation laid out in the Remuneration part of the PRA Rulebook	✓	Pillar 3 – Remuneration disclosure
Article 450 (2)	For large institutions, quantitative information from this article shall be made available to the public, split by executives and non-executives.	X	Not Applicable
Article 451	Disclosure of the Leverage Ratio	X	Pillar 3 – Leverage ratio section and Appendix 1 – Key Metrics
Article 451a	Disclosure of Liquidity Requirements	X	Not Applicable
Article 452	Disclosure of the Use of the IRB Approach to Credit Risk	X	Not applicable
Article 453	Disclosure of the Use of Credit Risk Mitigation Techniques	X	Pillar 3 – Credit Risk mitigation section and Appendix 9
Article 454	Disclosure of the Use of the Advanced Measurement Approaches to Operational Risk	X	Not applicable
Article 455	Use of Internal Market Risk Models	X	Not applicable