

PROFILE OF PUNJAB NATIONAL BANK

(BASED ON MAR'18 RESULTS)

Punjab National Bank, India's first Swadeshi Bank, commenced its operations on April 12, 1895 from Lahore, with an authorised capital of Rs 2 lac and working capital of Rs 20,000. Far-sighted visionaries and patriots like Lala Lajpat Rai, Mr. E C Jessawala, Babu Kali Prasono Roy, Lala Harkishan Lal and Sardar Dyal Singh Majithia displayed courage in giving expression to the spirit of nationalism by establishing the first bank purely managed by Indians with Indian Capital. During the long history of the Bank, 7 banks have merged with PNB.

Despite facing a challenging business environment in FY'18, the Bank relying on its core strengths, has been able to steer through the tough times. The Bank's brand image and trust reposed by its customers have been reflected in the growing customer base and rising business graph of the Bank. Domestic Business of the Bank crossed the milestone of Rs.10 lakh crore and the Bank continued to maintain its forte in low cost CASA deposits. The Bank has been able to reach out to its customers across the nation with it more than 6900 branches, of which nearly 62% branches are in Rural and Semi Urban Areas (RU-SU).

MISSION PARIVARTAN, a transformational exercise for Business Excellence is currently underway to improve upon the Efficiency, Productivity and Profitability for long term sustenance and giving the Bank an edge over its competitors. An independent 'THINK TANK' named 'Mission Parivartan Division' has been formed to initiate, implement and drive change through improvement in **People, Products and Processes**. This will enable Bank to continue to serve the customers with the enhanced vigour and zeal to live upto its tagline **"the name you can Bank upon"**.

BUSINESS PERFORMANCE

The Business figures of the Bank as on 31st March 2018 is given as under:
(Amt in Rs crore)

Parameter	Mar'16	Mar'17	Mar'18	YoY Gr.% (Mar'18/Mar'17)
Total Deposits	553051	621704	642226	3.30
Net Advances	412326	419493	433735	3.40
Total Business	965377	1041197	1075961	3.34
CASA Deposits	205583	260016	263247	1.24
CASA as% Dom. Dep	41.63	45.97	43.85	-
Operating Profit	11339	14565	10294	-29.32
Net Profit	-3974	1325	-12283	-

In terms of Bottom Line parameters, the Bank's Operating Profit stood at Rs.10,294 crore and Net Interest Income of the Bank stood at Rs.14,922 crore as on FY'18. Cost of Deposits of the Bank declined to 4.96% in FY'18 from 5.33% in FY'17.

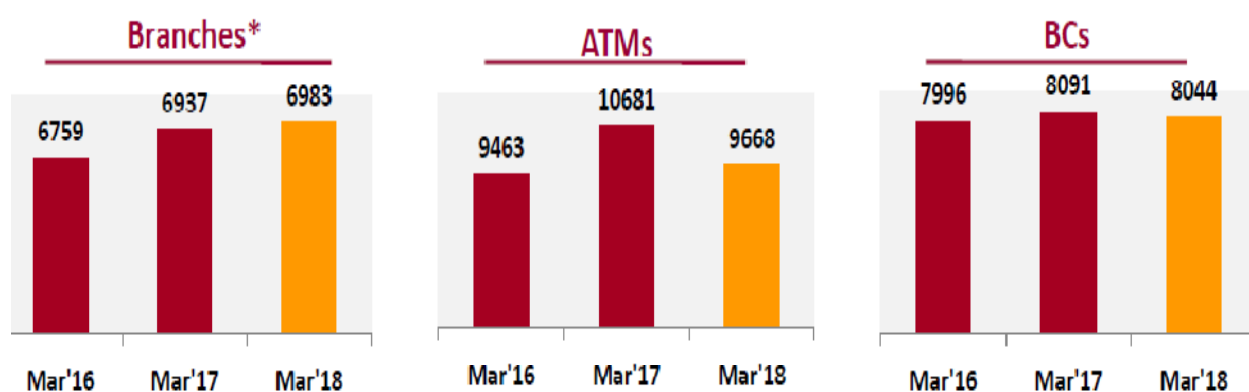
CAPITAL ADEQUACY RATIO

The Bank's CRAR stood at 9.20% which comprised Tier I ratio of 7.12% and Tier II ratio of 2.08%. The Bank's Credit RWA density also improved from 64.9% in Mar'17 to 58.0% in Mar'18.

ASSET QUALITY

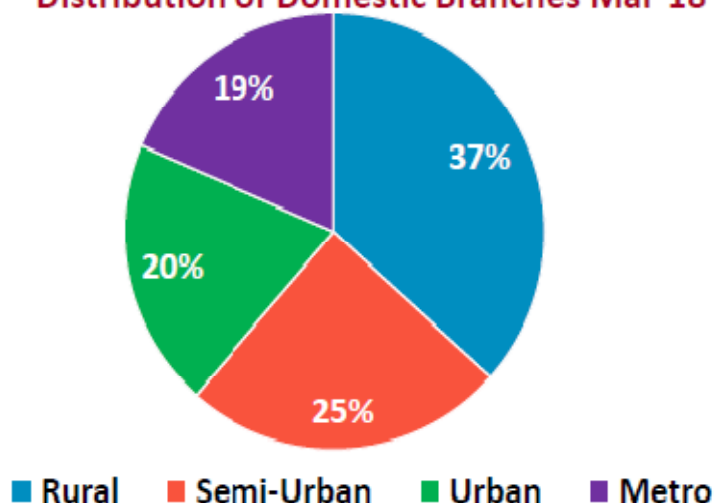
As on 31st March 2018, the Bank's Gross NPA and Net NPA stood at Rs.86,620 crore and Rs.48,684 crore respectively. Correspondingly, the Gross NPA and Net NPA ratios stood at 18.38% and 11.24% respectively and Provision Coverage Ratio stood at 58.42%.

BRANCH, ATMs AND BC NETWORK



* Domestic Branches

Distribution of Domestic Branches Mar'18



INTERNATIONAL FORAYS

Overseas Presence

Type of Office	Destination
Branches (4)	Hong Kong (2) , Dubai, Mumbai.
Subsidiary (2)	PNBIL, UK (7 branches), DRUK PNB Ltd., Bhutan (7 Branches)
Joint Venture (1)	Everest Bank Limited, Kathmandu, Nepal (80 Branches), One Associate at JSC Tengri Bank, Kazakhstan (7 Branches)
Representative Office (3)	Shanghai(China), Dubai (UAE), Dhaka (Bangladesh)

DIGITAL BANKING

The Bank's journey towards digitalization continues through constant innovation and upgradation of its existing products and services. The Bank strives to provide hassle free and convenient banking services to more than 10 crore customers of the Bank.

The Bank has opened its **first Proof of Concept (POC) Model of Digital Branch PNB DIGIHUT** at Head Office, Dwarka. In order to promote digital transactions in village areas in closed group where there are internet connectivity issue, a digital set up named as **PNB e-Rupaya Project**, based on Food-Court Model has been started with pilot run in Rarah village in Bharatpur Circle, Rajasthan.

Some of the major developments are given as under:

- Security has been the mainstay, as Bank moved from paper ATM PIN to paperless Green PIN and commenced instant hot-listing of lost cards through call centres, besides, Interactive Voice Response System (IVRS) in branches and call centres.
- The Bank launched **Integrated Fee Portal (IFP)** in which the customers are on boarded for fee payments through Internet Banking Gateway. Customers can make payments through Internet Banking, Debit card and Credit card facilities, anytime.
- The Bank was granted in-principle approval by RBI to act as a **Bharat Bill Payment Operating Unit** and it was made live in September 2017.
- Data Centre of the Bank, Network Operating Centres (NOC) and Disaster Recovery (DR) site are ISO 27001:2013 certified for the period 2016-19.
- The Bank organized various Digital Campaigns and Digital Days for increasing the usage of its digital products.

PEOPLE DEVELOPMENT

The Bank believes that people development matters more now than ever before to drive profitability through growth. The Bank took various initiatives in human

resources development by keeping employee morale high through the inclusion of employees voice in various forums and decision making like **“Lead the Parivartan”** and providing learning and training through on-boarding and mentoring program **“PNB Navodaya”**.

“Reverse Mentoring” concept has been implemented for General Managers to enable a Senior Executive to interact with a young employee on topics such as technology, social media, new generation mindsets & expectations and current trends.

A **“360 degree Competency Assessment Framework”** has been introduced in the Bank through which identification of behavioral competencies is being done for optimum utilization of human capital using HR analytics.

PRIORITY SECTOR

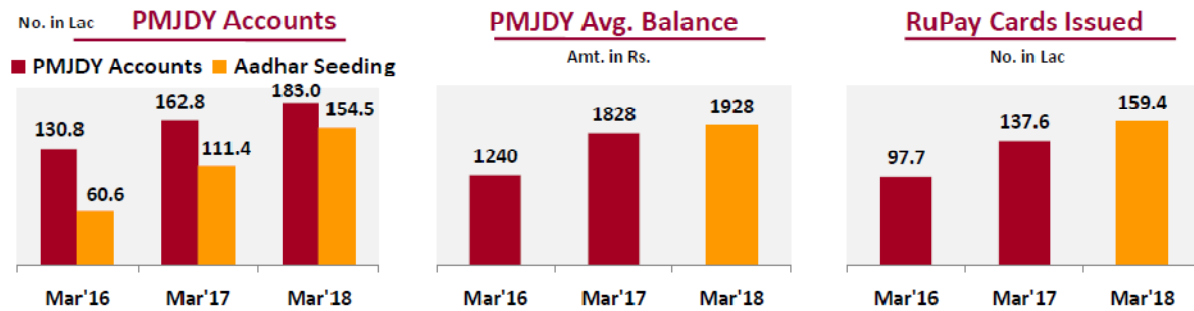
- **The outstanding under Priority Sector as on Mar, 2018** stood at Rs.1,69,772 crore.
- **Credit to Agriculture sector** stood at Rs.69207 crore as on Mar 2018. The percentage of Agriculture Advances to Quarterly annual average ANBC is 18.49% against the prescribed National Goal of 18%.
- The Bank envisions creating an **“Agri Bank within the Bank”**. In this direction, the Bank also organized **“Agriculture Conclave”**. New processes, products and clientele were showcased in the event for spreading awareness.

FINANCIAL INCLUSION

The following initiatives were taken for driving financial inclusion during FY'18:

- a. **OTP Based Aadhaar seeding and authentication** of accounts through secure web page made available as link in PNB website.
- b. **Biometric based Aadhaar seeding and authentication** of existing customers at branches.
- c. Training and certification to all **Bank Mitras** either through IIBF or in-house certification.
- d. **Aadhaar seeding** facility made operational at BC locations in addition to branches, ATM, Internet Banking.
- e. **Atal Pension Yojana (APY)** registration facility introduced at BC locations.

- f. PNB MetLife product “**Met Gramin Ashray**” through BC Channel launched and presently running on a pilot basis in three Zones.
- g. The Bank continues to maintain its momentum in Financial Inclusion which is reflected in its progress as under:



CORPORATE SOCIAL RESPONSIBILITY

Twelve “**Farmers’ Training Centres**” are working under the aegis of the PNB Farmers’ Welfare Trust, which are located in rural and provide free of cost training on agriculture & allied activities and also for computer, cutting/tailoring/embroidery and entrepreneurship development. These FTCs have imparted training to 1278403 farmers and youth by conducting 42206 training programmes during the third quarter of the FY’18. Each of the FTCs has been converted into a centre of excellence as a pivot for exemplary Agri activities for the farmers.

The Bank has 55 **Rural Self Employment Training Institutes (RSETIs)** and 2 Rural Development Centre are operational. In these centres, 231177 persons were trained, out of which 81268 belonged to BPL families and 146208 were women. RSETIs are focusing on economic upliftment of participants by ensuring adequate credit for inclusive growth.

Total number of **Financial Literacy Centres (FLCs)** as on 31st March 2018 is 103. During the year 2017-18 (upto Mar’18) enquiries were made by 297629 persons and 700470 persons attended seminars conducted by FLCs.

Under **PNB VIKAS-Village Adoption Scheme**, the Bank has adopted 169 villages in different states. Further through **PNB Ladli**, the Bank is popularizing education among the girls in rural and semi urban areas. The Bank also has a scheme named **Swachhh Vidyalaya Campaign** to provide financial assistance for construction of toilets in government schools of adopted villages under **PNB VIKAS**. The Bank also has **PNB Kisan Balak Shiksha Protsahan Yojana** for providing financial assistance to the students of poor agriculture borrowers comprising of small farmers, marginal farmers, tenant farmers, oral lessees and agricultural labour.

AWARDS AND RECOGNITIONS

The Bank has won many prestigious awards from influential domestic and overseas awarding institutions. The Bank won Dun & Bradstreet Banking Awards 2017- **Best Public Sector Bank- Government Scheme participation- Pradhan Mantri Mudra Yojana (PMMY)**. The Bank also won **National Award in SHG-Bank Linkage for the year 2016-17 under Large Category Bank** by Ministry of Rural Development, Govt. of India.

PNB regained its **Number One** slot amongst Nationalized Banks and 2nd place amongst Public Sector Banks (PSBs) with overall rank at 191st amongst Top 1000 World Bank by **'The Banker' in 2017**.

ENHANCED VISIBILITY

To create a sustainable competitive advantage, the Bank continues to lay focus on strengthening brand equity by connecting with the Gen-Next segment. Towards this, the Bank has taken the following steps:

- The Bank has made its official debut on the **social networking sites, Twitter and LinkedIn**, with an aim of strengthening **"Brand PNB"** on social media and to engage with its customers in a cost efficient manner. The Bank also has presence on **Facebook with 1 lakh likes at present**.
- The demonetization drive paved way for enhanced digitalization process. The Bank also aligned its strategy accordingly and paced up the digitalization process to provide superior banking experience to its customers.
- To carry forward the digital agenda and connect with Next Gen, the Bank has engaged **Mr. Virat Kohli**, the renowned cricketer and youth icon as brand ambassador of the Bank.

WAY FORWARD

Going forward, the Bank has taken up various measures to tighten internal control and vigilance measures. The Bank is also making consistent efforts toward faster recovery & resolution of NPAs through creation of dedicated teams in identified processes. The Bank is also focusing on strict control on credit slippages.

The Bank aims to leverage its strengths, remove weaknesses, cash-in on opportunities and neutralize threats to achieve **"Profitable growth with Conservation of Capital"** through improved performance in **'CASA & Recovery'**.
