

PROFILE OF PUNJAB NATIONAL BANK
(BASED ON JUNE'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 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.

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 has crossed the milestone of Rs.10 lakh crore and the Bank continues to maintain its forte in low cost CASA deposits. The Bank has been able to reach out to its customers across the nation with nearly 7000 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 enhance 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 30th June 2018 is given as under:
(Amt in Rs crore)

Parameter	Jun'17 (Q1)	Mar'18 (Q4)	Jun'18 (Q1)	YoY Gr.% (Jun'18/ Jun'17)
Total Deposits	625616	642226	630311	0.8
Net Advances	399750	433735	415339	3.9
Total Business	1025366	1075961	1045650	2.0
CASA Deposits	251551	263247	255879	1.7
CASA as% Dom. Dep	43.96	43.85	42.61	
Operating Profit	3217	-447	4195	30.4
Net Profit	343	-13417	-940	-374.1

In terms of Bottom Line parameters, during Q1 FY'19, the Bank's Operating Profit stood at Rs.4195 crore and **Net Interest Income** stood at Rs.4691 crore

showing YoY growth of 30.4% and 21.7% respectively. **Cost of Deposits** declined to 4.99% in Q1FY'19 from 5.10% in Q1FY'18. **Yield on Advances** increased from 7.91% in Q1FY'18 to 7.99% in Q1FY'19. Resultantly, **Domestic Net Interest Margin (NIM)** increased to 2.90% in Q1FY'19 from 2.56% in Q1FY'18.

Efforts towards Cost Optimization resulted in **decline in operating expenses** by 17.3%.

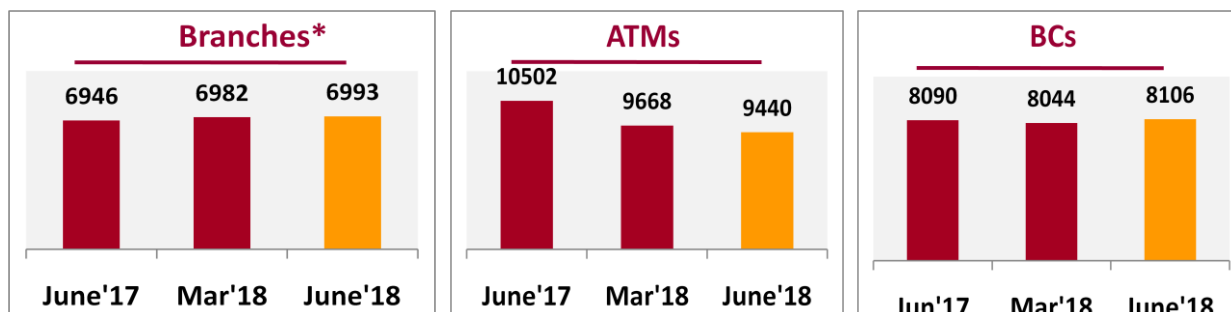
CAPITAL ADEQUACY RATIO

The Bank's CRAR stood at 9.62% (as compared to 9.20% in Mar'18) which comprised Tier I ratio of 7.33% (Mar'18: 7.12%) and Tier II ratio of 2.29% (Mar'18: 2.08%).

ASSET QUALITY

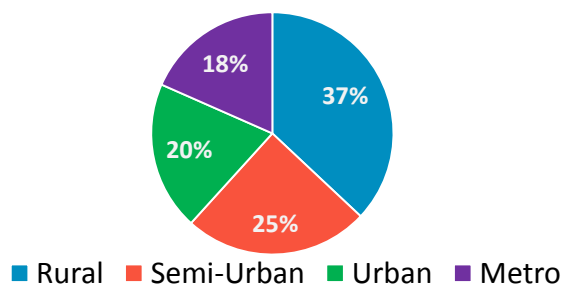
The Bank's focused attention on recovery in bad debts resulted into recovery of more than Rs. 8400 crore in Q1FY'19 and bringing down the Gross NPA ratio to 18.26% in Jun'18 (Mar'18:18.38%) and Net NPA Ratio to 10.58% in June'18 (Mar'18: 11.24%). Provision Coverage Ratio improved from 58.42% in Mar'18 to 61.80% in June'18.

BRANCH, ATMs AND BC NETWORK



* Domestic Branches

Distribution of Domestic Branches June'18



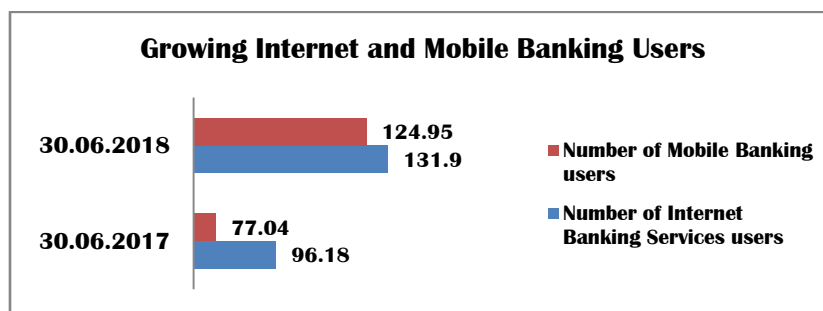
INTERNATIONAL FORAYS

The Bank is having 3 overseas branches in Hong Kong, Dubai and Offshore Banking Unit in Mumbai and Representative Offices at Dubai (UAE) and Dhaka (Bangladesh).

In addition to the above, the Bank has two overseas subsidiaries viz. PNB International Ltd. (100% owned subsidiary in UK with 7 branches) and Druk PNB Bank Ltd., Bhutan (51% share holding with 7 branches), One associate company viz. JSC Tengri Bank, Kazakhstan (49% share holding with 7 branches) and one Joint Venture in Nepal namely Everest Bank Ltd. Nepal (20% share holding and 80 branches).

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 **Digital Branch, PNB DIGIHUT** at Head Office, Dwarka and the concept is to be replicated at other major centres. These branches would enable customer immediate opening of accounts alongwith instant issuance of Debit cards. The customers can also interact with the Customer Care Executives about the various products and services of the Bank. These features are in addition to already existing features such as Passbook Updation Machine, Cheque Deposit Machine, Cash Deposit Machines.

The Bank has tied up with one of the biggest e-commerce players **“Amazon”** for providing lucrative deals to the customers. In order to promote digital transactions and to bring maximum customers to digital fold, the Bank is providing various promotional offers to the customers for performing digital transactions. The Bank is also celebrating special days such as Friendship Day, Senior Citizen Day, etc. to incentivize the customer for using digital platforms.

Recently, Ministry of Electronics and Information Technology (MeitY) has rated PNB as number one state-owned bank in terms of digital transactions. PNB

was rated as 'Good' with a score of 71 which is the highest category of performance.

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”**.

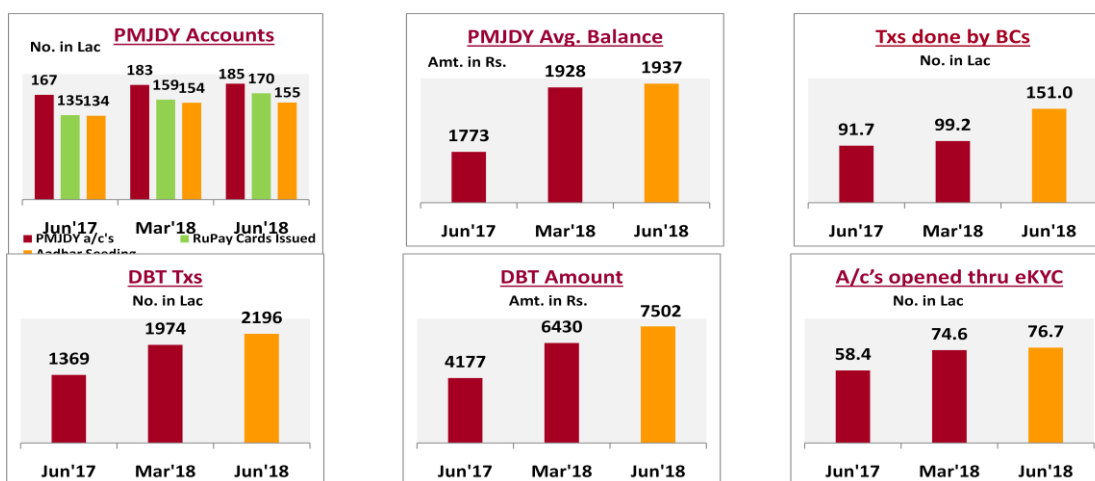
“Reverse Mentoring” concept implemented for General Managers enables a Senior Executive to interact with a young employee on topics such as technology, social media, new generation mindsets & expectations and current trends.

A **“360 degree Competency Assessment Framework”** is in place to identify behavioral competencies for optimum utilization of human capital using HR analytics.

PRIORITY SECTOR

- **The outstanding under Priority Sector as at 30th June'18** stood at Rs.1,64,153 crore .
- **The share of Credit to Small and Marginal Farmers in ANBC** stood at 8.66% i.e., above the National Goal of 8%.
- **Credit to Weaker Section** at 11.56% of ANBC (Rs. 44605 crore) exceeded the National Goal of 10%.
- **Credit to women beneficiaries** at 6.85% of ANBC against National Goal of 5%.

FINANCIAL INCLUSION



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 13,19,734 farmers and youth by conducting 42,360 training programmes since inception. 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, 2,38,502 persons were trained, out of which 85,127 belonged to BPL families and 1,51,064 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 30th June’18 is 103. During the year 2018-19 (upto June’18) enquiries were made by 69827 persons and 163535 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. Under **PNB Ujala**, the Bank provides Solar Street Lights in villages and Solar Lanterns to girl student adopted under PNB LADLI Scheme.

The Bank also has a scheme named **Swachchh 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. The Bank's **Twitter account** with the name "**@pnbindia**" has more than **47,000 followers** and **Facebook** page **@PunjabNationalBankIndia** has **2,52,108** likes at present.

Mr. Virat Kohli, the renowned cricketer and youth icon is the brand ambassador of the Bank.

WAY FORWARD

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

Going forward, 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 focused attention on '**CASA & Recovery**'.
