

Press Release

Punjab National Bank registers 31.1% growth in Q2 Net Profit

- **Punjab National Bank records 17.4% growth in Q2 Operating Profit**
- **Net Interest Income grows by 22.4%**
- **46.5% y-o-y growth in H1 Non Interest Income**
- **Net NPA ratio further reduced to 0.14%**
- **Provision Coverage Ratio stands at 91.11%**
- **Capital Adequacy Ratio (Basel II) surges to 14.74%**
- **Earning Per Share increased to Rs. 117.60**

Highlights of the performance for the quarter ended September 2009:

- **Operating Profit** increased from Rs.1368 crore as at Sept'08 quarter to **Rs.1606 crore** as at the quarter ended Sept'09, registering a y-o-y growth of 17.4% during the period. Operating Profit increased to Rs. 3176 crore as at the Half Year ended Sept'09. (Half Year ended Sept'08, Rs.2350 crore - growth 35.1%)
- **Net Profit** of the bank was **Rs.927 crore** for the quarter ended Sept'09 as against Rs. 707 crore in the corresponding period last year recording a growth of 31.1%. **Net Profit** increased to **Rs. 1759 crore** as at the half year ended Sept'09 showing a growth of 44.2% over Rs. 1219 crore during the corresponding period last year.
- **Interest Income** during Q2 ended Sept'09 at Rs. 5407 crore show a growth of 16.3%. Interest Income stood at Rs. 10615 crore as at the half year ended Sept'09 showing y-o-y growth of 20.8%.
- **Non-Interest Income** increased to Rs.1639 crore as at the half-year ended Sept'09 showing y-o-y growth of 46.5%.
- **Total Business** of the bank stood at Rs.394382 crore as on 30.09.2009 as against Rs.316747 crore in previous year, showing a y-o-y growth of 24.5%.
- **Deposits** of the bank went up to Rs. 230823 crore as on 30.09.2009 from Rs.186315 crore as on 30.09.2008 and Rs.209760 crore as on 31.3.2009. Year-on-Year basis, total **Deposits** grew by 23.9%.
- **Credit** of the bank was Rs. 163559 crore as on 30.09.2009 as against Rs.130432 crore as on 30.09.2008 and Rs.154703 crore as on 31.3.2009. Year-on-Year basis, the Credit of the bank increased by 25.4%.
- **Credit Deposit Ratio** stood at 70.86% as at Sept'09.
- **Gross NPA to Gross Advances ratio** further **declined to 1.58%** as at Sept'09 from 2.18% as at Sept'08 and 1.60% as at March 2009.

- **Net NPA to Net Advances ratio declined to 0.14%** as at Sept'09 from 0.42% as at Sept'08 and 0.17% as at March 2009.
- **Provision Coverage Ratio reached 91.11%.**
 - **Net Interest Margin (NIM)** was **3.64%** for the quarter ended 30.09.2009 as against 3.78% during corresponding previous quarter (HY: 3.51% against 3.53%).
 - **Return on Asset increased** from 1.33% during the quarter ended Sept'08 to **1.44%** in the quarter ended 30.09.09 (HY: 1.39% against 1.17%).
 - **Cost to Income Ratio reduced to 41.88%** as at the quarter ended Sept'09 as against 42.41% during the corresponding period last year (HY: 43.25% against 45.03%).
- **Earnings Per Share increased** from Rs.89.70 (annualized) for the quarter ended 30.09.08 to **Rs.117.60** in the quarter ended 30.09.2009 (HY: Rs.111.58 against Rs.77.35)
 - **Book Value Per Share increased to Rs. 472.51** as at Sept'09 from Rs.380.70 as on 30.09.08.
- **Capital Adequacy Ratio (Base II) increased** from 13.64% as on 30.09.2008 to **14.74%** as on 30.09.2009 against the stipulated norm of 9% (Tier-I Capital: 9.41% Tier-II Capital: 5.33%).

New Initiatives

- The bank is progressive in passing on the benefit of RBI's easing monetary measures to its customers by offering one of the **lowest BPLR**.
- Bank had launched **PNB Global Credit Card** which is acceptable all over the world.
- Response to the bank's 'CASA Campaign' during August 1 to Sept 30, 2009 was impressive. During the campaign, more than 16 lakh CASA accounts were opened.
- Bank is associated with M/s SMC Global Securities Ltd and M/s Networth Stock Broking Ltd (NSBL) to offer unique '3-in-1 account' comprising of savings account, demat and trading account.
- Bank has entered into tie up arrangements with major auto makers in India, viz., M/s Hyundai Motors Ltd, M/s Honda Motors Ltd, M/s Maruti Suzuki Ltd, M/s International Car & Motor Ltd and M/s Tata Motors Ltd;
- Bank is venturing into new businesses and has set up Merchant Banking Subsidiary, namely PNB Investment Services Ltd. for carrying out the Merchant Banking Advisory (Non-Fund Based) services with corporate office at Delhi.
- To facilitate, factoring & trade finance related business, the bank has obtained permission from the RBI to set up a joint venture factoring company with FIM Bank (Malta).
- To expand PNB's presence in central Asia, the bank is acquiring a controlling stake in Kazakhstan based bank. Soon, the bank is opening a Joint Venture Bank (JVB) in Bhutan and a branch at DIFC, UAE. The bank has also received RBI's approval for setting up a

subsidiary at Vancouver (Canada) and upgradation of Representative Office at Shanghai (China) to a branch.

- To meet the increasing future demand on IT system, the bank has taken steps to upgrade infrastructure/hardware which will ensure better processing time. The bank has targeted a data centre capable of handling business of 6000 branches and 1 lakh terminals.
- To have an effective mechanism for security of all information assets, the bank has established a world class Security Operations Centre (SOC).
- The staff of the bank has been groomed to efficiently function in computerized CBS environment. Staff welfare measures have been further improved and promotion policy has been modified to provide increased promotional avenues for professional growth of the talented staff.
- **Bank opened 184 franchises during Sept'09 half year** taking the total to 4750 domestic offices (including 139 extension counters). The bank has operationalised 510 specialized MSME branches/focus branches to provide hassle free credit, single window services to SME borrowers.
- Under Branchless banking model of **financial inclusion**, the bank is implementing 46 projects in 17 States. Out of these, 38 are technology based financial inclusion projects while other 8 are credit driven projects.
- **The bank has launched an ambitious 'Project Namaskar'** under which 1 lakh touch points will be established in unbanked villages by 2013 to extend the bank's outreach and create a large customer base.

Retail Credit

- Aftermath Global financial turmoil, the sentiments of retail consumers dampened to a great extent. In consonance with market trend, total Retail outstanding of the bank marked a y-o-y increase of 6.8% to Rs. 17033 crore at the end of Sept'09.
- Bank has launched **Festival Bonanza** for its housing and Car loan schemes in which rebate in interest rates and processing fees are available to its customers upto 31.10.2009.

Social Banking

- **Priority Sector Credit grew** from Rs 44918 crore as on 30.09.2008 to Rs.53756 crore as on 30.09.2009, registering an absolute growth of Rs 8838 crore and y-o-y growth of 19.7%.
- Outstanding **Agriculture Credit increased** from Rs. 20749 crore as at Sept'08 to **Rs. 25009 crore** as at Sept'09, registering an absolute growth of Rs. 4260 crore and y-o-y growth of 20.5%.
- Multi pronged strategy has been put in place to **disburse fresh agriculture loans of around Rs. 18368 crore** during the current year.

- Credit to **Micro & Small Enterprises** grew from Rs 13928 crore as on 30.09.2008 to **Rs. 24351 crore as on 30.09.2009** registering an absolute growth of Rs. 10423 crore and y-o-y growth of 74.8%.
- By end Sept'09, the bank has opened 58.21 lakh "No Frill" accounts/PNB Mitra account. Out of these 27.30 lakh are technology based 'No Frill' accounts, which have been opened with the help of BC/BF. The bank has also issued more than 56,140 General Credit Cards.
- The bank has launched unique initiatives focusing on the marginalized sections of the economy, such as - comprehensive scheme covering finance, insurance (health & life) for rickshaw pullers, tie-up with Mother Dairy in Bulandshahar to provide door step transaction facility to dairy farmers, project for migrant construction workers at Bangalore, etc.
- MoU for Interest subsidy claim under "Interest Subsidy Scheme for Housing Urban Poor" (ISHUP) has been executed with National Housing Bank under EWS and LIG category of borrowers.

Small & Medium Enterprise

- As at the end of Sept'09, the bank's credit to SME sector increased by 63.8% to Rs 31030 crore from Rs. 18948 crore as at 30.09.08 and Rs. 23700 crore as at 31.03.09.
- SME Centres (HUB) have been set up at Delhi, Kolkata, Chennai, Mumbai, Ludhiana, Amritsar and Chandigarh on pilot basis.
- The bank has set up Rehabilitation cum Care Centers at Circle Offices/SME branches manned by officials having experience in financing SMEs. They guide the MSME units on the matters relating to their financial needs and the facilities available from the banks/Govt/RBI.
- PNB has developed 'Scoring Models' for SME advances upto Rs 2 crore and is on pilot run in all the branches.

Technology

- **Bank geared up 100% CBS implementation**, achieving the **landmark** of becoming the largest nationalised bank to bring ALL branches & extension counters into CBS in 2008. Bank has also achieved another milestone of 5001 CBS SOLs on 30.09.2009.
- **Internet Banking:** Besides, providing "single window view" to accounts in the Bank, customers also enjoy benefit of payment towards services availed over Internet like Air/Rail tickets booking, e-Payment of Taxes, e-freight for Indian Railways, on-line donations, online share trading etc.
- SMS Alerts facility on transactions done through branch, ATM, Internet banking channels started for registered customers.
- Bank has installed **2455 ATMs** facilitating **more than 83.50 lakh cardholders** of the bank transacting at more than 45,000 ATMs of various banks and around 60,000 **POS** terminals across the country.
- Bank is offering **RTGS through 4527 branches and NEFT through 4529 branches.**

- **ECS (Electronic Clearing System)** facility has been provided in 981 branches of the Bank at 49 Centres.

Recent Accolades

- PNB is Asia Pacific's 2nd strongest bank as per, "The Asian Banker", (Singapore);
- PNB is ranked as 54th "Biggest Emerging Market Banks", out of the list of 200 such banks, as per the 'Global Finance Magazine';
- PNB is ranked at 239th position amongst top 1000 World Banks, as per 'The Banker' (London).

Recent Awards

- **Corporate Governance:** Golden Peacock Award for Excellence in Corporate Governance (2009) presented by Institute of Directors;
- **Excellence in PSU:** India Pride Awards for excellence in PSU (2009) presented by Dainik Bhaskar in association with Daily News and Analysis;
- **IT:** 3 Awards – CIO 100 Awards (2009); Emerson Uptime Champion Award and IBM information on Demand (2009);
- **SME:** 2 Awards for excellent performance in lending under Prime Minister's Employment Generation Program (PMEGP); 3 Awards for excellence in institutional finance in propagating KVIC programs;
- **Hindi:** Indira Gandhi Rajbhasha Shield for promoting Hindi in its day to day work.

New Delhi

Date: 29.10.2009