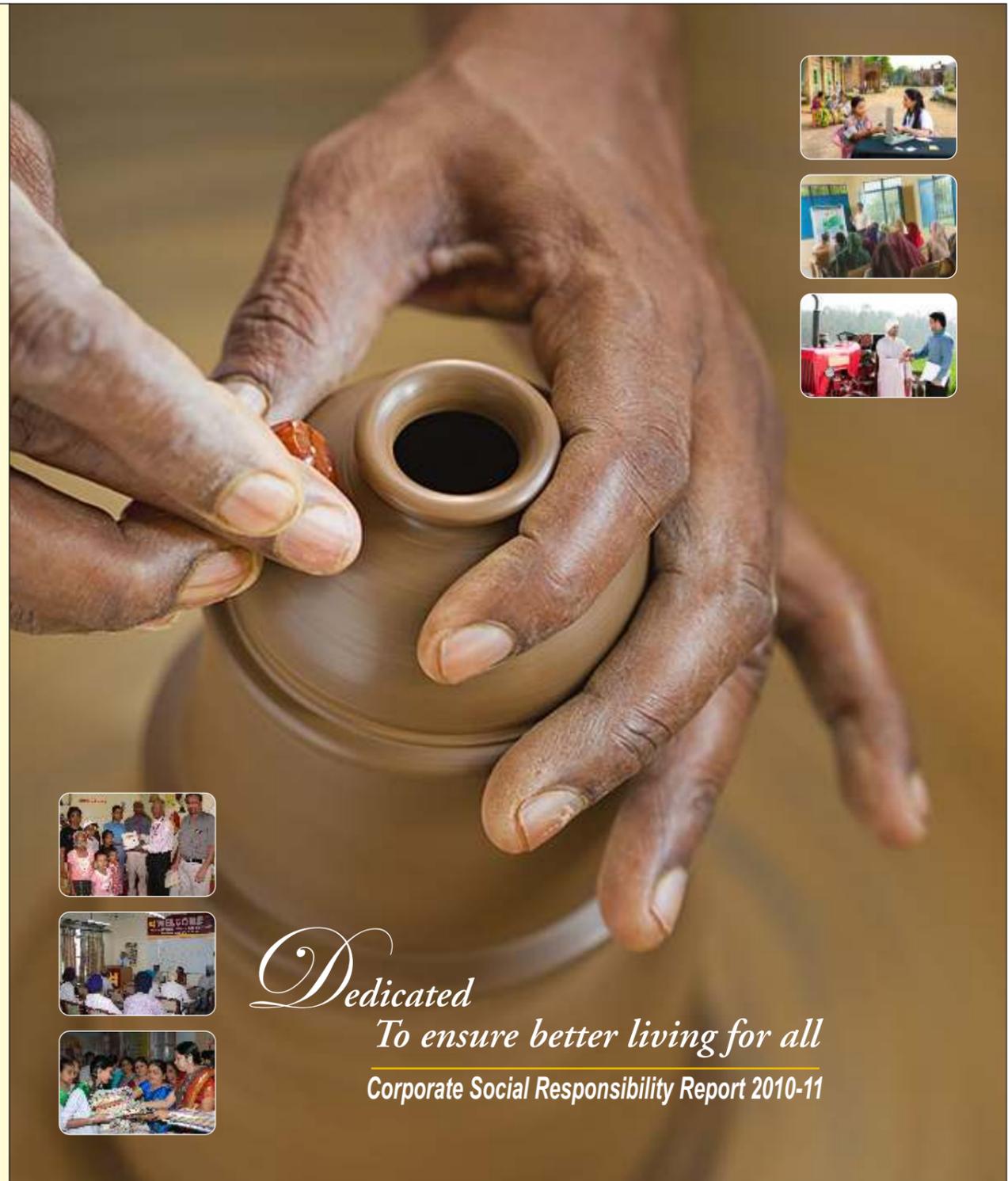




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Dedicated
To ensure better living for all
Corporate Social Responsibility Report 2010-11

Our Vision

To be a leading Global Bank with Pan India footprints and become a household brand in the Indo-Gangetic Plains, providing entire range of financial products and services under one roof.



Mission

"Banking for the unbanked"

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Inclusion Through Empowerment

From the Chairman & Managing Director's Desk

I take pleasure in presenting the second Corporate Social Responsibility (CSR) Report of your Bank. It has been another fruitful year towards building sustainable business model and creating value for all stakeholders. In our endeavour to serve our customers, we have been contributing to the society as well. It is quite satisfying that your Bank has moved towards internalizing CSR and I thank the members of PNB Board and stakeholders in supporting the cause of social development.

PNB has formulated CSR Policy which has been approved by the Board and the budgets for CSR activities are also Board approved. The budgets, both in terms of number of activities and in terms of resources given to functional units all over India, have built up the momentum in making the CSR agenda broad based. The monitoring mechanism has also been streamlined to make quarterly reporting to Board mandatory. CSR Committee, headed by Executive Directors, has been directing the Bank's activities and ensuring sustainability of our developmental efforts.

Bank's Corporate Social Responsibility (CSR) programmes are anchored in our commitment to supporting inclusive and sustainable growth by providing viable financial solutions to the cross-section of the people. While, the Bank is providing full support to development of agriculture, medium and small scale industry, women empowerment and financial inclusion, it is facilitating rural development through various interventions like educating farmers on progressive agricultural practices, imparting entrepreneurial skills for self-employment and increasing financial literacy amongst the population. To achieve these objectives, Bank has set up Farmers Training Centres (FTCs), Rural Self Employment Training Institutes (RSETIs) and Financial Literacy and Credit Counseling Centres (FLCCCs). Spreading



financial literacy is aimed at helping people to take informed financial decisions. The Bank is also contributing towards building human capital by supporting educational initiatives and expanding opportunities to students to pursue higher education.

An important step to take forward the CSR activities of the Bank is the establishment of **PNB Prerna**, an Association of the wives of the Bank's senior management. The Association, through its voluntary initiatives, has undertaken activities like distribution of food to the poor and needy, provision of computers, books, stationary items to poor girl students at various orphanages and schools etc.

CSR activities of the Bank have won wide acclaim and various awards have followed. Bank won the Bombay Stock Exchange Award for "**Best**

Corporate Social Responsibility Practice" for the second time in a row. The Institute of Directors have also recognized Bank's efforts and have bestowed your Bank with the prestigious Golden Peacock Award for CSR. The "**CSR Excellence Award**" from ASSOCHAM is another feather in the Bank's cap.

I take this opportunity to express my gratitude to all those who have supported us in our endeavour towards building an inclusive society. I believe this is a journey well begun and with the strong commitment of the Bank, it will gather further momentum to become self sustaining.

(K.R. Kamath)
Chairman and Managing Director

Punjab National Bank : A Profile

Fired by the spirit of nationalism and founded on the idea that Indians should have a national Bank of their own, Punjab National Bank Ltd. was the result of the efforts of far-sighted visionaries and patriots, among whom were persons like Lala Lajpat Rai, Mr. E C Jessawala, Babu Kali Prasono Roy, Lala Harkishan Lal and Sardar Dyal Singh Majithia. Incorporated under the Act VI of 1882, Indian Companies Act, the Bank commenced



PNB, Head Office at Mall Road, Lahore

operations on April 12, 1895 from Lahore, with an authorized total capital of ₹ 2 lakh and working capital of ₹ 20,000. Prophetically, the Bank chose "Stability" as its telegraphic address, as the future course of events were to prove - the Bank withstood various financial crises including the trauma in the form of partition of India when the Bank had to close 92 offices (33%) in west Pakistan which constituted 40% of its deposits and 15 of its staff fell victims to the frenzy. The registered office was shifted to Delhi and the Bank honored all the deposit claims of the refugees even on the basis of whatever little evidence they could produce. Subsequently, the Bank registered impressive performance and grew from strength to strength.

A pioneer throughout, the Bank distinguished itself by appointing auditors in 1895 long before it was mandatory; introduced the "teller" system in 1944; established profit sharing bonus, provident fund and voluntary outside audit well before they formed keystones of good management.

Nationalization came in 1969 which unleashed a new chapter in the long history of the Bank. Keeping with the economic ideology of catalyzing development and amelioration of poverty by funding various self-employment schemes, PNB expanded its presence rapidly in unbanked areas and by December 1980 had 1680 branches compared to 307 in December 1950. The Bank donned the role of a facilitator in providing the vital input of credit and consistently exceeded the national goals in respect of priority sector lending. With its large presence throughout the country and with a view to strengthening the rural credit



delivery system, the Bank sponsored Regional Rural Banks (RRBs).

By the end of a decade of nationalization, PNB had established itself firmly as one of the premier Banking institutions in the country with a long tradition of sound and prudent Banking. The Bank's growth was aided by 7 take-over/merger during different periods in its history. The first ever and the only merger of a nationalized Bank with PNB was in 1993, viz., New Bank of India and the merger includes the erstwhile Nedungadi Bank Ltd (e-NBL), a Kerala based private Bank in the year 2003. This was the seventh merger in PNB's history of more than 117 years. PNB's management team has been quite successful in managing the mergers and ensuring the integration process in a smooth and effective

manner. It may be added that no other Bank in the nationalized Bank group has a track-record of so many mergers. This has improved the franchise value of the Bank, particularly, in the relatively under-represented Kerala region.

By late 1980s when the first whiff of liberalization came about, the Bank initiated strategic moves towards diversification; in 2002, 20% of government ownership was disinvested through a very successful IPO to the public. In order to meet future capital requirements on account of implementation of Basel II norms, in March 2005, the Bank came out with Follow-on Public Offer (FPO) through the book building process, reducing the shareholding of Govt. of India to 57.8%.

Initially taking up only traditional Banking business practices of taking deposits and giving

advances, Bank has initiated various innovative and non-traditional activities due to rising pressures from increasingly dynamic market conditions and growing competition in the industry. Moreover, the Bank envisions being a "ONE STOP SHOP" for servicing all the consumer requirements. Apart from offering banking products, the bank has also entered the credit card, debit card; bullion business; life and non-life insurance; Gold coins & asset management business, etc. The Bank believes in continuing development and innovation of its product and service offerings to satisfy ever changing customer requirements.

Today, PNB is ranked as the 2nd largest bank in the country after SBI in terms of branch network, business and many other parameters. Bank has achieved significant growth in business which at the end of March 2011 amounted to ₹ 5,55,005 crore. During the FY 2010-11, with 39.16% share of CASA to domestic deposits, the Bank achieved a net profit of ₹ 4433 crore. Bank has a strong capital base with capital adequacy ratio of 12.42% as on Mar'11 as per Basel II with Tier I and Tier II capital ratio at 8.44% and 3.98% respectively. As on March'11, the Bank has the Gross and Net NPA ratio of 1.79% and 0.85% respectively. During the FY 2010-11, its ratio of Priority Sector Credit to Adjusted Net Bank Credit at 40.67% & Agriculture Credit to Adjusted Net Bank Credit at 19.30% was also higher than the stipulated requirement of 40% & 18% respectively.

Bank in the network of branches, many awards and accolades during the financial year 2010-11 in appreciation of excellence in services, Corporate Social Responsibility (CSR) practices, transparent governance structure, best use of technology and good human resource management practices. The Bank was conferred with the Gold trophy of "SCOPE Meritorious Award for Best Managed

Bank, Financial Institution or Insurance Company" for 2009-10 by Her Excellency, the President of India. PNB has found place in the league tables in various categories. PNB figures as one of the top 5 banks in India according to "The Banker" magazine, London. The Bank ranks at 257th position amongst world's Top 1000 Banks. As per Forbes magazine, PNB tops the list of nationalized banks with a global ranking of 653. The Bank is ranked as 24th Best Company amongst top 500 Indian Companies as per Economic Times. Business World recognized PNB as the 3rd best large bank and 5th Fastest Growing Bank for 2010, while Business Today ranked it as 14th Most Valuable Public Sector Company for 2010.

Values

- **Doing the right thing.** Each of us has the freedom, authority, and responsibility to do the right thing for our clients, customers, communities and each other.
- **Trusting and teamwork.** We rely on each other and succeed together. We take collective responsibility for the quality of client and customer experiences.
- **Inclusive meritocracy.** We care about each other, focus on results and strive to help all associates develop their full potential.
- **Winning.** We have a passion for achieving results and winning - for our clients and customers, for our teammates and communities and for our shareholders.
- **Leadership.** We are decisive leaders at every level, communicating our vision and taking action to help build a better future.

Punjab National Bank's CSR Strategy



Building Social Capital

Punjab National Bank views Corporate Social Responsibility (CSR) as a commitment to operate in an economically, socially and environmentally sustainable manner, while recognizing the interests of its stakeholders including investors, customers, employees, business partners, local communities, the environment and society at large and contribute to the quality of life of the society. At the heart of this strategy is our Bank's unwavering commitment to build vibrant communities across our global footprints. This commitment comes to life through our investment in institutions and programmes to support and enhance Community Development in a sustainable fashion.

We leverage our core competencies in following ways:

Sustainability: We, at PNB, intend to be a catalyst for change that benefits present and future generations. Sustainability is an integral part of all PNB activities – in our core business and beyond. Thus we believe in being responsible to our shareholders, clients, employees, society and the environment.

Corporate Volunteering : "Giving back to the society" is the motive behind our CSR activities. The message that we give to our staff regarding CSR is that whatever we do today will have an impact on future generations. Thus we undertake CSR activities with full participation by our staff members. Our employees even volunteer their personal time in contributing to society through various CSR activities.

Social Investments : Being a socially responsible organization, we contribute to society through the PNB Farmers Welfare Trust, PNB Centenary Rural Development Trust, PNB Prerna, Farmers' Training Centres, Financial Literacy & Credit Counseling Centres, Rural Self Employment & Training Institutes and other such initiatives. We help the underprivileged communities overcome unemployment and poverty and shape their own future through awareness creation and upskilling them.

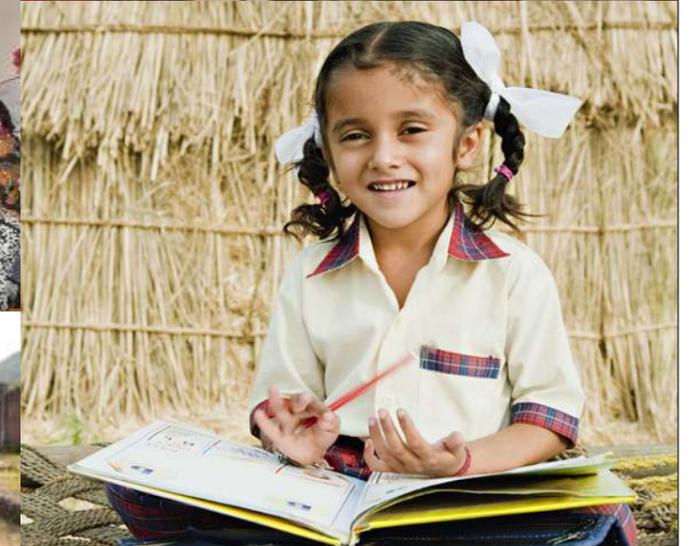
Health : We strongly endorse the view that healthy mind and healthy body in a healthy environment is essential for overall growth of society and the nation. Thus we invest in areas that facilitate such enhancements.

Green Initiatives: We have implemented some quick win "Green practices" to conserve resources be it electricity, water, paper, etc. We have introduced "Green audit" of all our functional units to sensitise the staff towards sustainable practices. We are making efforts for rainwater harvesting in existing buildings and new constructions are environment friendly. We are promoting wind energy and popularizing solar energy usage in rural areas.

Collaboration : The Bank engages with local agencies so as to offer facilities as per the local needs and requirements. We have district coordinators for better access to Government machinery and equipment for carrying our social responsibilities. We have started appointing local people as Business Correspondents and Business Facilitators for improved reach. The Bank also collaborates with local panchayats/Self Help Groups for facilitating better acceptability and dovetailing products as per requirements of local populace. Our alliances with local organizations help ensure that we are supporting programs that are most likely to succeed and facilitate long-term, positive change.



Punjab National Bank's CSR Activities





Regulatory Compliance

A. Regulatory Compliance

PNB has always been a pioneer towards social banking initiatives. The Bank has consistently met all the social banking norms stipulated by the Government and the regulator. While we focus on generating steady profit stream for our shareholders, we are equally concerned about building social and human capital aimed at improving the quality of life of people at the bottom of the pyramid. We are sensitive to the fact that the profitability of the banking institutions and social agenda are not mutually exclusive; rather they are complimentary to each other.

A.1 Priority Sector

Bank has been showing significant improvement in lending to priority sector over the years and continued to achieve the national goals under Priority Sector.

The portfolio of Priority Sector (PS) advances increased to ₹ 75,652 crore at the end of March 2011, registering a growth of 18.63%. With ratio of PS advances to Adjusted Net Bank Credit (ANBC) at 40.67%, Bank surpassed the National Goal of 40%.

**Priority Sector Credit
(As on Last Reporting Friday of March 2011)**
(₹ crore)

	March 2010	March 2011
Priority Sector Credit (%age to ANBC)	63769 (40.55)	75652 (40.67)
Of which:		
(a) Agriculture Sector (%age to ANBC)	30207 (19.53)	35462 (19.30)
- Direct	23604	27398
- Indirect	6603	8064
(b) Small Enterprises	24222	29540
(c) Others	9340	10650
Credit to Weaker Section (%age to ANBC)	15779 (10.33)	18681 (10.13)
Credit to Women beneficiaries (%age to ANBC)	7848 (5.14)	9218 (5.08)

Note: Figures in the brackets are %age to ANBC and are calculated based on Last Reporting Friday data.



A.2 Credit to Weaker Sections & SC/ST

Bank has established a smooth and hassle free channel for flow of credit to the Minority communities for their welfare. Credit to weaker sections increased to ₹ 18,365 crore at the end of March 2011, registering a growth of 16.39%. Ratio of weaker section advances to ANBC at 10.13% continued to be higher than the National Goal of 10%. Credit to SC/ST beneficiaries amounted to ₹ 3453 crore in 2010-11 as against ₹ 3396 crore in 2009-10.

A.3 Credit to Women beneficiaries

PNB is proud of its efforts to develop and support women through its various products and services. We strongly believe that when we support a woman, we help the entire family. This is supported by the fact that credit extended by bank to women beneficiaries rose by ₹ 1370 crore to ₹ 9218 crore, at the end of March 2011 registering a growth of 17.46%. As a percentage to ANBC, agriculture credit stood at 5.08%, higher than the National Goal of 5%. A separate Women Cell at corporate office closely monitors various lending

schemes aimed at women beneficiaries and modifications in the schemes are brought about wherever required.



Dr. Raman Singh, Chief Minister of Chhattisgarh, alongwith CMD Sh. K.R. Kamath handing over the draft of sanctioned Loan amount to the woman beneficiaries of SHG

A.4 RBI's Outreach Programme

Reserve Bank of India celebrated the year 2009-10 as its Platinum Jubilee Year. An important part of the Platinum jubilee celebration was the Outreach Programme which focused on financial inclusion in general and financial education in particular.

As a part of the aforesaid programme of RBI, PNB was given the responsibility of providing banking services to Village Kulharia (Koilar Development Block in Bhojpur District, Bihar), Village Amarut (Gaya District, Bihar), Nalanda & Jehanabad Districts in Bihar, Village Mastabad (Dist. Alwar), CO: Bharatpur and Village Malikpur, Dist. Sikar. Resultantly, the Bank has been providing smart card/GCC/KCC/OD



Sh. Namo Narain Meena, Union Minister of State for Finance inaugurating PNB Branch Bamanvas at Rajasthan along with ED Sh. Rakesh Sethi

facility to atleast one member of the households in these villages. A follow up programme pursuant to inclusion of the village Amarut in Gaya District of Bihar was organized by RBI in Bihar. Along with this, the villagers were being made aware of banking services.



Hon'ble Finance Minister, Sh. Pranab Mukherjee, inaugurating two branches in West Bengal along with ED, Sh. M.V. Tanksale

A.5 Provision of banking services in Villages with population over 2000

In order to deepen the banking penetration for achieving financial inclusion, the Reserve Bank of India has directed the banks to send their specific Board approved Financial Inclusion Plans (FIPs) to be rolled out over the next three years. The objective has been to allow the banks to build their own strategy for achieving financial inclusion in line with their business model and comparative advantage. Our Bank has submitted the Board approved Financial Inclusion Plan to Reserve Bank of India incorporating qualitative and quantitative targets till 2013.

Bank has been allocated 4683 villages with population in excess of 2000 for providing banking services by March 2012. Of these, 2186 villages have already been covered and BC Agents have been deployed. Over 10 lakh enrollments have been done. We propose to cover the remaining villages by end of March 2012.

A.6 Credit to Agriculture

Agriculture sector continues to support more than 60% of the workforce of India and plays a significant role in the overall socio-economic development of India. Increased availability of credit to the sector facilitates improved life styles of people dependent on agriculture through income generation.

Agricultural lending continued to be a focus area for the Bank. Credit to Agriculture sector grew by 17.4% to ₹ 35,462 crore at the end of March 2011 from ₹ 30,207 crore at end March 2010. The ratio of Agriculture Advances to ANBC at 19.30% was higher than the prescribed National Goal of 18%.



Direct Agriculture Advances of Bank rose to ₹ 27,398 crore in March 2011 showing a growth of 16.07% over March 2010. Bank issued ₹ 3.57 lakh Kisan Credit Cards (KCCs) during 2010-11, taking the cumulative number of KCCs issued to ₹ 36.16 lakh. Further, Bank disbursed ₹ 6530 crore during 2010-11 to ₹ 5.54 lakh new farmers under Special Agricultural Credit Plan.

During the year, Bank took various initiatives to accelerate flow of credit to agriculture sector. Under KCC Scheme, Loan application form and agreement have been simplified for limit up to ₹ 1 lakh. Further, limit for Cash disbursement of investment credit has been enhanced from ₹ 3 lakh to ₹ 5 lakh. PNB Kisan ATM Card has been launched for KCC account holders to facilitate easy credit disbursement. While finance against pledge of commodities kept



Wheat and mustard demo to farmers

in Covered and Plinth (CAP) storage in open compound was permitted, relaxation in rate of interest for financing to food and agro processing units and cold storages has been extended in 28 Circles. The Dairy Vikas Card scheme to provide composite loan to dairy farmers was extended throughout the country. Relaxations were given in rate of interest for activities like construction and

running of cold storages/warehouses/rural godowns and financing against pledge of warehouse receipts issued by approved Collateral Managers for loans above ₹ 10 lakh. Further, short-term production credit upto ₹ 3 lakh was provided to farmers at 7% interest with a 1.5% subvention support from Govt of India/RBI.



Empowerment Initiatives

B. Empowerment Initiatives

Bank's approach to CSR is changing the lives of underprivileged through empowerment initiatives. Towards this, the Bank has established 2 trusts viz. **PNB Farmers' Welfare Trust and PNB Centenary Rural Development Trust**. These trusts are involved in running training centres which imparts training in farming as well as non-farm activities.

B.1 PNB Farmers' Welfare Trust, established in year 2000 for welfare of farmers, women and youth in rural areas, runs 9 Farmers' Training Centres (FTCs), at village Sacha Khera (Haryana); Vidisha (MP); Neemrana (Rajasthan); Shamsher Nagar (Punjab); Saifai (UP), Labhandi (Chhattisgarh); Mehraj (Punjab), Pillayarpatti

(Tamil Nadu) and Karapalli, Tehsil Berhampur (Orissa). Two more centres will be set up at Jhalara Patan (Rajasthan) and at Suti (West Bengal) during the year 2011-12.

- Mobile Van is being used at FTC Sacha Khera for providing off site training on improved package & practices of agricultural crops & allied activities, soil testing and Jatropa cultivation. In addition, the van is acting as an information kiosk.
- All the 9 FTCs of the Bank are located in rural areas and provide free of cost training on agriculture and allied activities, computer courses for rural youth and tailoring & embroidery for rural women. These FTCs imparted training to 3,22,768 farmers and youth including 60,829 women till March 31, 2011.

- Further during 2010-11, 32 human health check-up camps, 97 animal health camps were held and 53 visits of farmers to agricultural universities/ colleges/fairs/ government farms etc. were arranged by the FTCs
- A scheme for meritorious children of members of PNB Farmers' Welfare Fund Scheme has been launched in 2010. The cash incentive, given to eligible students for passing of Matriculation, Intermediate and Graduation exams (with minimum of 60% marks) is ₹ 5000/-, ₹ 8000/- and ₹ 10000/- respectively; an additional incentive of ₹ 1000/- is given to eligible Girl students. During the FY 2010-11, an amount of ₹ 2.15 lakh has been given to 31 meritorious students.



Students attending classes at FTC Labhandi, Chhattishgarh

Sh. K.R. Kamath interacting with farmers at FTC Neemrana



- Each FTC has adopted one village for undertaking developmental activities, wherein developmental works like construction of public conveniences, classrooms for schools, village library, dispensary, playgrounds, providing fans, water coolers etc. to schools are being undertaken.



- The Trust has been appointed as Business Facilitator and Business Correspondent for 'Financial Inclusion'. Pilot projects are operational at Famers' Training Centres Neemrana (Rajasthan), Shamsher Nagar (Punjab), Sacha Khera (Haryana) and Saifai (UP). The Trust has launched Kisan Bandhu Scheme wherein local youth are associated to work for the project.

B.2 The Bank has established PNB Centenary Rural Development Trust (PNBCRDT) with an objective of assiting rural youth for taking up gainful employment and rural development.



People attending programme at village Dhudike (Punjab)

- Three units under the Trust are currently functional, viz., Soil Testing & Artificial Insemination Centre at Village Matki Jharoli (UP); Training Centre for Rural Youth for Self Employment at village Dhudike (Punjab) and PNB Swarojgar Vikas Sansthan for training of unemployed youth at Patna (Bihar).



Diseased animals treated at Matki Jharoli Centre (UP)

- At Matki Jharoli Centre (UP), 40,401 soil samples have been analyzed, 9,904 artificial insemination have been done and 87,008 diseased animals have been treated till March 31, 2011. Besides, 1,11,732 persons have attended demonstrations on vermi composting and solar energy. In these three centres, training has been provided to 5,142 persons including 3,102 women till March 2011.



Training programmers in PNB Swarojgar Vikas Sansthan at Patna, Bihar

- At Dhudike Centre, the birth place of (Late) Shri Lala Lajpat Rai, training on self employment ventures like Repair and maintenance of farm machinery, cutting, Tailoring & Embroidery, Computer courses etc. have been imparted to 930 boys and 893 girls so far.
- PNB Swarojgar Vikas Sansthan, Patna (Bihar) is a Rural Development and Self Training Institute established on 15.01.2007 for channelizing youth power in wealth creation through entrepreneurship development and imparting knowledge and skill required for taking up self employment ventures. Till March 2011, training has been provided to 1996 including 1606 women by the Institute.
- The Bank has also appointed PNBCRD as Business Facilitators/Business Correspondents for Financial Inclusion and the pilot project is operational at Matki Jharoli, Distt. Saharanpur (U.P.).



- Further, as per the Ministry of Rural Development, Govt. of India guidelines, each Bank is to establish a Rural Self Employment Training Institute (RSETI) in its lead districts as well as in non lead districts allotted by the concerned SLBC.
- Under the aegis of **PNB Centenary Rural Development Trust**, 11 additional PNB Rural Self Employment Training Institutes (PNBRSETIs) have been established during the year 2010-11, taking total number of RSETIs to 30. These institutes are providing training to rural youth including women so that they can engage themselves in productive self employment activities and raise their income level. Till end March 2011, these centres imparted training to 27,303 persons.



PNB RSETI



- Towards awareness creation and counseling of farmers, the Bank resorted to dissemination of useful information to the rural community through organization of Kisan Goshthies and formation of Kisan Clubs. The Bank conducted 16,883 Kisan Goshthies during 2010-11 wherein 3,84,210 farmers participated and formed 159 Farmers' Clubs. These forums have helped farmers in enhancing their skills and knowledge. They have proved useful to farmers by bridging the gap between the users and experts in the area.



B.3 Financial Literacy and Credit Counseling Centres (FLCCCs)

- In realizing the objective of achieving “financially inclusive growth”, the biggest challenge is improving financial literacy so that borrowers could take informed decisions. Bank’s extensive financial literacy programmes overcomes this problem by reaching thousands of customers and small entrepreneurs. As per the RBI guidelines, each Lead Bank is expected to open a Financial Literacy and Credit Counseling Centre (FLCCCs) in every district where it has lead responsibility.
- Financial counseling through face-to-face interaction with interested individuals is provided at these centres. Financial education imparted includes importance of responsible borrowing, financial planning and information about various financial products and services. Besides, debt counseling is provided for amelioration of debt-related distress of any individual.

- PNB has lead bank responsibility in 57 districts and Bank has opened FLCCCs in all these districts for providing financial education/credit counseling free of charge. In addition to this, Bank has opened one FLCCC at New Delhi, for addressing urban financial literacy need, taking the total number of FLCCCs to 58. During the year 2010-11, almost 86,645 persons made enquiries at FLCCCs and 73,856 persons attended the seminars conducted by FLCCCs.



Villagers in Financial Literacy drive at Khanpur Village, Kurukshetra



Women entrepreneurs at loan disbursement programme

B.4 Micro Credit

- Bank continued its efforts to promote micro finance through formation and credit linkage of Self Help Groups (SHGs). At end of March 2011, the number of credit linked SHGs registered a 10.23% increase to reach 1,65,355 SHGs with an amount of ₹ 1254 crore. The cumulative number of SHGs that had been deposit-linked rose to 1,97,731 from 1,78,166 (growth of 10.98%). Bank has credit linked 1,11,944 women SHGs and Saving linked 1,29,513 women SHGs.
- In order to boost microcredit, relaxations were approved for financing of SHGs sponsored by different agencies. Further, modified scheme of “Micro Credit-SHG-Non Govt Sponsored Scheme” was approved for financing of SHGs promoted by Bihar Rural Livelihoods Promotion Society (JEEVIKA).



Micro Small & Medium Enterprises

C. Micro, Small & Medium Enterprises

Micro, Small and Medium Enterprises (MSME) sector plays an important role in economic development through their contribution to GDP, exports and employment generation in manufacturing and service sector. The MSMEs are playing a significant role in the development and economic upsurge of the country.

At the end of March 2011, credit to MSME sector stood at ₹ 45,296 crore registering growth of 29.3% over March 2010 and constituting 20.2% of total credit. Advances to Micro Enterprises grew at 44.8% to reach a level of ₹ 14,370 crore.



ED, Sh. M.V. Tanksale interacting with artisans at a brass-ware unit financed under artisan mega camp at Moradabad



Brass-ware artisan at work

Bank has implemented recommendations of High Level Task Force constituted by Hon'ble Prime Minister to address the issues of Micro, Small & Medium Enterprises (MSME) Sector. Against the envisaged growth of 20% as on March 2011, the outstanding Micro and Small Enterprises (MSE) advances grew by 25.5% to ₹ 35,032 crore. Share of Micro Enterprises in MSE lending stood at 51.5% against the envisaged share of 50% while annual growth in Micro Enterprises was more than 15% as against the target of 10%. For objective and speedier appraisal of loan proposals, Bank has developed and launched SME Credit Scoring Model for loans upto ₹ 50 lakh in all the branches.

C.1. Collateral Free Lending

Banks leveraged Credit Guarantee Scheme of Micro & Small Enterprises (CGTMSE) for providing Collateral free/ guarantee free loans upto ₹ 100 lakh. During 2010-11, 26,210 cases were covered under the scheme involving credit outlay of ₹ 1,428 crore

C.2. Other Support Initiatives

- A combo product for working capital requirement upto ₹ 10 lakh was launched with concession in rate of interest and current account.
- Bank also launched a new scheme for advances to Tour & Travel operators.
- Bank has adopted the cluster based lending approach to meet the requirements of the

MSME under which Bank has adopted 41 clusters including two Artisans Clusters.

- For providing better customer care and transparency in services, Bank has adopted the Code of Bank's Commitment to Micro and Small Enterprises prescribed by the Banking Codes and Standards Board of India, Mumbai.
- Bank has identified MSME focus branches in addition to already existing Specialized MSME branches. As on date there are 523 such branches (59 specialized SME branches & 464 MSME focus branches).
- Apart from extending 1.00% concessions on chargeable Interest Rate to Micro Enterprises for loans up to ₹ 25 lakh, higher Loaning Powers have been vested to Branch Managers for directly disposing proposals at Branch Level for financing micro enterprises under CGTMSE.

Bank is also pro-actively participating in various schemes of Government of India like Prime Minister Employment Generation Programme etc.

- The CGTMSE conferred **2nd award for excellence in performance for obtaining Credit Guarantee Cover under CGTMSE** up to the year 2010.
- The Khadi & Village Industry Commission, Ministry of MSME, Government of India conferred National Award** for Excellence in Lending to Khadi & Village Industries in North Zone.



ED, Sh Nagesh Pydah receiving 'excellent performance in lending under PMEGP scheme' award from Sh. Dinsha Patel, MoS (Independent Charge) and Sh. Dinesh Rai, Secretary, Ministry of Micro, Small & Medium Enterprises



Financial Inclusion Initiatives

D. Financial Inclusion Initiatives

Financial Inclusion means extension of financial services, at affordable cost, to reach those who are "unbanked" particularly the rural and less privileged sections of the society, through mainstream financial institutions. Achievement of financial inclusion has become easier now due to advent of ICT (Information and Communication Technology) based delivery mechanism.

Access to financial services facilitates making and receiving financial payments and reduces transaction costs. Improved access to financial services contributes to productivity and social protection, as the financial sector – through savings, credit and insurance – serves as means of crisis mitigation. Inclusiveness improves economic growth by

unleashing productive capacities of excluded segments as well as boosting domestic demand on a sustainable basis arising out of income and consumption growth from such sectors. Bank's financial inclusion initiatives are aimed at financial empowerment and participation of rural masses in the growth process.

Financial inclusion has been priority area for the Bank not only for compliance with the directives of the Government of India but also as a business proposition. Thus, Bank has decided to extend the foot prints of the Bank to the hitherto unbanked areas and take as many customers as possible on board.



Sh. Bhupinder Singh Hooda, Chief Minister of Haryana, alongwith CMD, Sh. K.R. Kamath, with the beneficiaries at the loan distribution function for farmers and self employed

D.1 Opening of 'No Frill Account'

During the year, the Bank opened ₹ 19.49 lakh No Frill Account (including ICT based accounts) taking the total number of accounts to ₹ 73.33 lakh at the end of March 2011. Amount outstanding stood at ₹ 100342 lakh as on 31.03.2011. Overdraft facility has been provided in 16103 No Frill Accounts, taking the cumulative total to 47784 accounts with an amount outstanding at ₹ 535 lakh.

Status of Financial Inclusion (As on March 31, 2011) Amt: ₹ in Lacs

	2010	2011
No Frill Accounts (Lakh)	53.84	73.33
Amount outstanding	77700	100342
- ICT Based No Frill Accounts (Lakh)	29.31	40.89
-Amount outstanding	17075	17870
Overdraft Accounts (No)	31681	47784
-Amount Outstanding	285	535
General Credit Cards	43835	54655

General Credit Cards issued during the year stood at 10820 and cumulative GCCs issued stood at 54655 with an amount outstanding of ₹ 115 lakh.

D.2 Financial Inclusion Projects

D.2.1 The Technology based FI programme is being implemented in 39 different remote areas in the country thereby covering 3355 villages

through 894 Business Correspondent (BC) Agents. Extensive use of technology leveraging the Core Banking solution has been made for providing Banking services in these villages. Bank has been able to extend its reach to a wider area by use of the technology.



ED Sh. M.V. Tanksale, receiving Skoch Financial Award 2011 from Dr. K.C. Chakrabarty, Dy. Governor, RBI

Further, PNB has utilized the services of NGOs/SHGs, MFIs and other civil society organizations as intermediaries in providing banking services through the Business Facilitator/Business Correspondent model along with the use of information technology. The BC model allows the bank to undertake 'cash in-cash out' transactions at the doorstep of rural population and to reach last mile customers with use of portable POS machines (hand held devices) which are able to read/write smart cards. Thus technology has helped in dramatically reducing the operational costs for large number of small transactions and improving service delivery.

D.2.2 Credit Driven Projects

PNB has always been acting in the best interest of its customers. Bank has highquality, suitable products and services that meet the needs of our diverse consumers.

Bank has implemented various credit driven projects for providing financial assistance to the customers like vegetable vendors, Village Level Entrepreneurs, weavers, rickshaw pullers, milk producers, construction workers, contract workers, self help groups, etc., benefitting over 18000 beneficiaries with an assistance of over ₹ 53 crore. Bank is investing in resources to help our customers do business with us easily and securely. Credit driven projects are as under:

- **PNB Janmitra Project**

This project aims at enabling the rickshaw pullers to own rickshaws for improving their earnings and raising their standard of living by uplifting them above the poverty line. These poor people are linked with banking services. Under this project, over 9400 accounts were opened during the year with a loan amount of ₹ 9.80 crore.



CMD, Sh. K.R. Kamath distributing cycle rickshaw Loans at Karnal

- **ICT Based Mother Dairy Project, Bulandshahar**

The objective of this project is to free the villagers from the clutches of money lenders and private milk vendors. Mother Dairy has established a direct contact with the Milk producers for procurement of milk. Our Bank is helping in streamlining timely payment of their dues by providing doorstep banking services through BC agents. Biometric smart card is used for authentication. The Bank is also giving loans to needy milk producers. Under this, 602 accounts were opened during the year with loans amounting to ₹ 2.93 crore.

- **Associating with Kabongram Asa Kashung Shang Social Upliftment Society, North East**

The Bank has tied up with the NGO in North Eastern States of Manipur, Assam, Mizoram, Meghalaya and Arunachal Pradesh, finance micro finance activities of farmers spread in these states. Till end of March 2011, 5038 accounts were opened with loan amounting to ₹ 25.19 crore.

- **Vegetable producers' Project, Patna**

Vegetable Sellers in urban centers are a vulnerable section of the society earning their livelihood through selling vegetables after procuring it from Mandis on cash payment. In Punpun (Patna), State of Bihar, nearly 700 vegetable sellers were supported with ₹ 2.33 crore to help them improve their living conditions.

- **Project for Women Weavers in Varanasi**

With an objective of financial empowerment of women, more than 2320 women weavers of Varanasi comprising mainly weavers of traditional Banaras Silk have been provided with financial assistance to the extent of ₹ 11.61 crore.

- **Village Level Entrepreneurs in Bihar**

Government of India has launched technology enabled scheme for setting up Common Service Centers (CSCs) at village level, a part of e-governance initiatives functioning under public private partnership. Bank has provided credit to the extent of ₹ 1.95 crore to 190 rural youths to set up these CSCs in Bihar.

D.3 Training Programmes for Business Facilitator/Business Correspondents

Business Correspondent is the face of the Bank in the village and his conduct has a direct bearing on the reputation of the Bank. Elaborate training in banking and soft skills is provided to BCs immediately after appointment. A pool of trainers has been created in the Bank with help from the Indian Institute of Banking and Finance, Mumbai which is used for providing training to the BCs. PNB's Central Staff College/Zonal training Centres/Regional Staff Colleges have conducted 11 such programmes and trained 247 persons (LDMs, faculty members of training colleges, Agricultural officers, persons from RSETIs, etc.) who are used as faculty for further training to BCs.

D.4 Opening of banking KIOSKs

30 Banking KIOSKs have been set up in District Gaya (Bihar), Rohtak (Haryana) and Bulandshahar (UP) for providing banking services through ICT based BC model.

D.5 Regional Rural Banks

After amalgamation of our sponsored RRBs, presently bank has 6 RRBs operating in 6 States covering 67 districts with a network of 1483 branches. 75 new branches have been opened during 2010-11.

During the year, RRBs have made fresh disbursement of ₹ 7276 crore to Agriculture and Allied Sector registering a growth of 36.94% over the previous year. Core advances of RRBs increased to ₹ 9576 crore showing a growth of 15.32% and core Deposits of all the RRBs increased to ₹ 15604 crore, registering growth of 17.14%. During the year 2010-11, profit of the RRBs grew by 15.89 % to ₹ 266.78 crore.

The process of migration of all branches of our RRBs to CBS has since been completed. Further, process for implementation of NEFT/RTGS in RRBs has been initiated so as to provide an improved customer service. Similarly, the issuance of ATM cards to customers of RRBs is also in progress.

RRBs also share the vision of PNB on financial inclusion. Our RRBs have been allocated 1924 unbanked villages having population of more than 2000 for undertaking ICT based financial inclusion by 31st March 2012. Out of these allotted villages, our RRBs selected 131 villages for financial inclusion implementation during the financial year 2010-11. Out of this, financial inclusion has been implemented in 147 villages and 4155 new accounts have been opened till 31st March 2011.

D.6 PNB VIKAS- Village Adoption Scheme

As part of Corporate Social Responsibility initiatives, the Bank has launched a welfare scheme of adoption of village viz., "PNB VIKAS". The basic objective of PNB



CMD, Sh. K.R. Kamath unveiling the Bank's adoption of Village Jairampur, UP under PNB VIKAS



CMD , Sh K.R. Kamath visiting Computer lab in adopted Village Jairampur, UP

VIKAS is integrated development of identified unbanked villages as part of Financial Inclusion Plan of the bank. Through this initiative, the Bank will work towards provision of better amenities like safe drinking water, development and maintenance of rain water harvesting ponds, construction of bus shelters, plantation of trees and sanitary facilities, aimed at improving the quality of life of the villagers. By providing books, sport kits and scholarships to school going children, the educational needs of the villages will be fulfilled, while by holding health care check up camps, cleanliness drives and organizing local festivals, PNB VIKAS programme will



Library

ensure all-round improvement in the standards of living of the villagers. PNB VIKAS is designed as village specific programme with full flexibility to suit the local conditions of the villages and will be shaped as a self sustainable activity with the ownership ultimately resting with the villagers themselves. Under the Scheme, Bank has selected 117 villages (60 in lead districts and 57 in non lead districts) in different circles for adoption.



Bank Installed Solar Light



Health and Social Initiatives

E. Health and Social Initiatives

E.1 With the active involvement of the staff, various Community based activities were undertaken during the year which included 187 free medical (eyes and general) checks-up Camps and 79 Blood Donation Camps.



CMD, Sh. K.R. Kamath donating Blood during Blood donation Camp



Top management participating in Airtel Delhi Half Marathon

- E.2 Bank participated in Airtel Delhi Half Marathon which was organized to raise funds for the welfare of children with mental and multiple disabilities and also contributed to the cause.
- E.3 Bank also participated in Mumbai Marathon, the motto of which was "Education for AllChildren".
- E.4 The Bank set up other facilities like installation of water coolers, construction of toilets, etc for improving living standards at various places.



Bank's participation in Mumbai Marathon



Green Initiatives

F. Green Initiatives

Climate change is one of the most critical global challenges facing us today. If we do not find a way to rapidly reduce greenhouse gas emissions in an economically feasible way, the challenge may become more costly over time.

As one of the leading financial institutions, PNB recognizes that the health of the economy rests on the health of the planet. Our goal is to make a positive contribution to sustainability by integrating environmental principles into our business model. Bank is fully committed to the protection of environment. Green Initiatives taken by the Bank included promotion of rainwater harvesting, reduced use of paper by using email for inter-office communications, reduced power consumption through



Herbal Park at Sacha Khara

various energy conservation measures and conducting tree plantation drives. PNB believes that by taking action today, we can improve the quality of life for generations to come.

- F.1 Bank organized more than 290 Tree Plantation Drives.

- F.2** A separate audit sheet to assess the implementation and impact of the green initiatives has been evolved. With growing concerns about climate change, Bank has taken various steps for reducing emissions and energy consumption. The Bank has begun conducting Electricity Audit of offices as an energy conservation initiative.
- F.3** Bank is also emphasizing on green buildings and earnestly encouraging simple Green practices such as opting for energy efficient lights, printing on both sides of paper, purchasing composite fax machines which can perform multiple functions, immediate repair/redressal of water leakage, use of master censor /master switches for light, fans etc, wherever possible.
- F.4** Further Bank has signed "Green Pledge" of the Ministry of New and Renewable Energy. As a unique green initiative, Ernakulum circle of the Bank has set up a butterfly park in the compound of the Guruvayur Temple which houses 18 types of medicinal plants.
- F.5** Mainstreaming environmental protection into credit process, Bank has formulated guidelines to ensure that all necessary statutory and other approvals/permissions including from the Pollution Control Board have been obtained before disbursement of term loans. In all project loans, compliance with environmental and social safeguards including resettlement and rehabilitation of project affected people is to be ensured as pre-disbursement condition.
- F.6** Further, Bank has in place guidelines for providing finance to units producing clean energy such as, solar energy, wind energy and hydel energy on merits of each case which help in containing Green House Gases

(GHGs) emissions leading to clean environment. To curb financing of units and activities which use Ozone Depleting Substances (ODS), Bank has evolved guidelines. Besides, the Bank is considering steps for promotion of Sustainable Development with particular reference to IFC Principles on Project Finance (The Equator Principles).

- F.7** Wind energy is emerging all over the world as an important source of clean energy. Towards promotion of this source of energy, Bank has envisaged to provide upto 1% of its total advances to this segment. During the current year 2010-11, Bank sanctioned 9 wind energy projects with aggregate limit of ₹ 185.81 crore. In recognition of efforts to promote wind energy, PNB was awarded the second prize for the "Best Wind Power Project Financer" by Wind Power India 2011.



Education Initiatives

G. Education Initiatives

- G.1** Education is the key to help young people succeed in life and work. At PNB, we support educational initiatives that inspire children to complete their education and pursue higher-education opportunities. Our goal is to improve the educational opportunities available to disadvantaged students from kindergarten to 12th grade. Naturally, we invest in programs that have proven their ability to deliver tangible improvements in the society. We also believe that innovation is critical and choose to partner with nonprofit organizations that are developing new idea.

The Bank endorses the philosophy that "No deserving student should be deprived of the education opportunity for lack of funds." Accordingly, a customer friendly education loan scheme has been designed for the benefit of the needy students. The Bank has even tied up with a number of educational institutes across the country for facilitating creation of an "Empowered India" Education Loans grew by 24% to ₹ 2820 crore at the end of March' 2011 from ₹ 2272 crore last year.



G.2 The Bank is maintaining Library-cum-Reading Rooms in rural areas in the states of Punjab, M.P., Haryana, Bihar, West Bengal, Himachal Pradesh, Uttar Pradesh and Uttaranchal.



Library-cum-reading room in UP



Affordable Housing: Rehabilitating communities



H. Affordable Housing: Rehabilitating communities

H.1 Housing is one of the top priorities for most people, regardless of their income levels. Without the security and comfort of a home, there is no escape to the difficulties resulting from poverty. Adequate housing is considered by many to be a fundamental human right. Thus, PNB is committed to improve access to safe, decent and affordable housing. Bank is concerned about providing shelter to the deprived sections. To meet their requirements, the Bank extends support to the needy for building a modest house or to improve or add to his existing dwelling unit in the rural areas under various schemes. Our mission is to help people buy homes.

Under the Golden Jubilee Rural Housing Finance, the Bank has facilitated 12,472 persons with an amount of ₹ 413.37 crore during 2010-11. Bank implements low cost housing scheme like Indira Awas Yojana under which they are extended credit to a concessional rate at 4% for loans upto ₹ 20,000/- per housing unit. The portfolio of the Housing Loans up to ₹ 20 lakh as on March 2011, stood at ₹ 7375 crore covering 1,54,274.



Promotion of Sports

I. Promotion of Sports

I.1 Bank has always been actively supporting sport activities and towards this end, Bank opened PNB Hockey Academy, taking care of needs and aspirations of the prospective players.

Grooming the players for the National and international level is the sole aim of the Academy. Players prepared at the academy have been able to carve a niche for themselves at the National and International Level.



PNB Hockey Team



Voluntary Initiatives

J. Voluntary Initiatives

J.1 ASHA PROJECT

Mentoring and promoting NGOs/Self Help Groups continues to be another thrust area for the Bank. ASHA – NGO was started by Dr. Kiran Martin, a pediatrician by profession, in 1988, after outbreak of cholera in a South Delhi slum. This organization is working for providing a range of vital community development and health services for the people living in desperately poor conditions in the slums of Delhi. This organization is active in slum communities to empower them to improve their living conditions. Asha acts as a catalyst, offering people the basic knowledge and means to change things for themselves.



Hon'ble Sh. P.Chidambaram, Union Minister of Home Affairs & CMD, Sh. K.R. Kamath at a function organised by NGO-ASHA

Punjab National Bank actively associated with ASHA NGO and was instrumental in helping 741 beneficiaries from 19.06.2008 to 15.11.2010 and has given loans amounting to ₹ 265.88 lakh. Out of this, Education loans were given to 36 beneficiaries (₹ 61.8 lakh), DRI loans were given to 199 beneficiaries (₹ 33.37 lakh) and Business loans were extended to 36 beneficiaries (₹ 20.71 lakh).



J.2 PNB PRERNA

PNB PRERNA, a pioneering initiative in the form of an association of the wives of the top executives, has been formed to take forward the CSR agenda of the Bank. The overarching goal of PNB Prerna is to supplement the Corporate Social Responsibility initiatives of the Bank by engaging in the empowerment activities of the underprivileged section of the society through provision of books, computers, sewing machines, teaching them or even counseling them to lead a better life. Some of the initiatives taken by the PNB Prerna during the year are as follows:

- On 8th March 2011 "International Womens' Day", PNB Prerna distributed computers to girl students in Adharshila and Arya Orphanage as a step towards women empowerment.



PNB PRERNA distributing computers to girl students on International Womens' Day

- On 30th March 2011, PNB Prerna donated All India Reporters (1915 – 2000) at the District Bar Association, Faridabad, a gesture well appreciated amongst the lawyers' community. Computers were donated to Etasha, an NGO in Faridabad that works for upliftment of girls from nearby slums.



PNB PRERNA distributing Books at District Bar Association, Faridabad and to needy girls in a school

PNB PRERNA Serving food at Shri Krishna Temple, New Delhi

- An auspicious beginning of novel initiative in the form of PNB PRERNA was made by serving of food to the less privileged by the lady members along with PNB Top Management at Saraswath Sanskriti Bhawan, (Sri Krishna Temple), New Rajinder Nagar, New Delhi on 3rd January 2011.

J.3 Other Novel steps

J.3.1 Budgeting for CSR

In order to provide adequate funds to the CSR activities to be taken up by the circles, the Bank initiated the process of budgeting which has led to easy availability of funds for taking up activities at the circle level and also assess the extent and kind of work being taken up under CSR umbrella.

J.3.2 Enthusing Staff

Bank is committed to our long tradition of volunteerism, which aligns business goals with philanthropic efforts. Bank motivates employees to actively push themselves to lend a helping hand for the betterment of the society and making world a better place to live in.



To promote innovation in the CSR activities at the field level and engaging them in CSR initiatives, award for 3 most innovative CSR activities of the year was announced. Under this, out of entries received from circles, those from Lucknow, Moradabad & North Delhi circle were adjudged the most innovative activities of the year.

I. **Lucknow:** Innovative CSR activities conducted during the year were:

- On National Voters' Day, a Mini Marathon



Governor Sh. B.L. Joshi presenting mementos and "Angvastram" to winner of national voters day Mini Marathon Race in Lucknow

was conducted by the Circle in association with the local authorities for creating awareness about voting rights. This gesture was hailed by press and public and helped building a brand value of the Bank.

- Moreover, Circle also organised a State level Cricket tournament for Visually Impaired. In this, teams from Rajasthan, Maharashtra, Bihar, Jharkhand, Goa, Karnataka Haryana and U.P participated. UP Team was prepared by the Team PNB at Lucknow Circle and coached by the one of the staff members posted at BO: Chattameel, Lucknow.

State level Cricket tournament for Visually Impaired in Lucknow



II. **Moradabad:** Circle undertook the following Innovative CSR activities during the year.

- Circle organized 32 road shows in villages to educate and entertain the masses.
- Children cycle race was also organized to pay tribute to the freedom fighters of India.
- The Circle distributed blankets to poor and conducted flood relief camps at Mundapandey and Bijnor.
- Further, Roza Iftaar Party was also organised by the Circle to promote communal harmony.



Roza Iftaar party



III. **North Delhi:** Circle took up the following innovative CSR during the year:

- Circle is supporting “Cankids..... Kidscan” a family support centre providing children and their families fighting cancer with complete range of support services from infrastructure for stay of the suffering families coming for treatment to counseling.
- The Circle also started a computer centre along with Adharshila (NGO) where students from economically weaker sections are provided vocational training and computer skills. They are also helping the children from nearby slums in educational efforts.



CMD, Sh. K.R. Kamath, alongwith EDs Sh. M.V.Tanksale & Sh. Rakesh Sethi, handing over a donation cheque to Hon'ble President of India Smt. Pratibha Devisingh Patil for Hindu Kusht Nivaran Sangh

During the year, Bank donated a sum of ₹ 51.65 lakh to various NGOs, societies, charitable institutions, educational institutions and organsiation working for the benefit of downtrodden and weaker section

of the society, tribal people/orphans, underprivileged, spastics, handicaps, mentally challenged children, women in shelter homes, etc.



Awards and Recognitions

At PNB, our progress can be seen, in large part, by the recognition we are receiving in the marketplace:

- “Golden Peacock Award for Corporate Social Responsibility” for the year 2011 by Institute of Directors (IOD).
- “CSR Excellence Award 2010” by ASSOCHAM.
- Wind Power India 2011 Awards -Second Prize under the category of “Best Wind Power Project Financier” 2011 by World Institute of Sustainable Energy.
- SKOCH Award 2010 for “Computerization of RRBs”.
- SKOCH Financial Inclusion Award 2010.
- Outlook Money Award 2010 for “ Best Home and Education Loan Provider”
- Best Corporate Social Responsibility practice Award by Bombay Stock Exchange 2011 for 2nd year in a row.
- Gold trophy of SCOPE Meritorious Award for Best Managed Bank, Financial Institution or Insurance Company by Standing Conference of Public Enterprises
- Golden Peacock National Training Award 2011 by IOD.
- 6th BML Munjal Award for Excellence in Learning & Knowledge Development-2010 by Hero Mindmine Institute.
- Dun and Bradstreet - Rolta Corporate Award 2010

- “Global HR Excellence Award 2010” for the outstanding Contribution to the cause of Education and “Asia Best Employer Brand Award” by World HRD Congress.

- “Award for Brand Excellence” under Banking & Financial Services By CMO Asia

PNB has found place in the league tables in various categories.

- Topped the list of nationalized banks with a global ranking of 653 as per Forbes magazine
- Ranked 257th position amongst world's Top 1000 Banks as per “The Banker” magazine, London.
- Ranked 24th Best Company amongst top 500 Indian Companies as per Economic Times.
- Ranked 3rd Best Large Bank and 5th Fastest Growing Bank for 2010 by Business World
- Ranked 14th Most Valuable Public Sector Company for 2010 by Business Today.



“CSR Excellence Award 2010” by ASSOCHAM



GM, Smt, Sushma Bali receiving "Golden Peacock Award for Corporate Social Responsibility" 2011 by Institute of Directors

The awards and recognitions received by the Bank bear testimony to the efforts and initiatives to remain highly customer-focused, adoption of good business practices and extending the reach to the

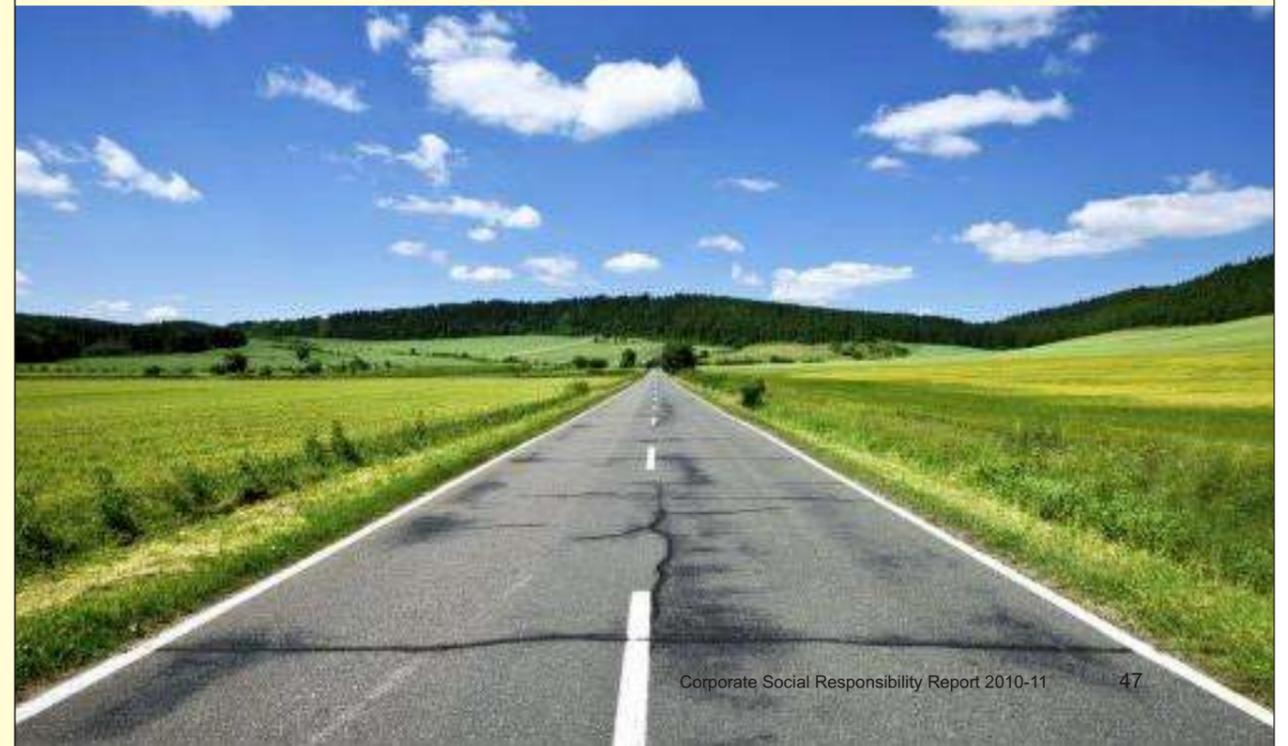
unbanked. It is also reflection of how the Bank has been able to successfully pursue business opportunities with acumen while continuing to fulfill its social responsibilities.

Moving Forward

ATPNB, we believe that the goal of being profitable and doing good work for the people and the world around us isn't exclusive of each other; it is integrated with each other. When our business is strong and well governed, we're in a better position to translate positive financial results into sustainable community and environmental efforts that benefit everyone. This is the essence of corporate responsibility. Every day, we strive to make our firm a good corporate citizen - and the most respected financial services institution in the world.

PNB has taken steps towards achieving CSR goals in all earnestness and is committed to continuing its efforts for promoting a socially inclusive society and sustainable development. Bank is identifying

new opportunities where it can play a leadership role and set new standards. Bank will pursue various CSR activities while ensuring that the outcomes are regularly monitored and measured. People involvement is a key to success of CSR activities and Bank will encourage voluntary participation of employees. Innovations anchored in environmental protection and community development will be recognized at the field level and Bank will showcase such activities at various CSR related forums. Based on the experience gained, Bank will make efforts to gradually move for the adoption of the Equator Principles in project financing and mainstream environmental and social safeguards.



Performance Highlights

Sl. Parameters (₹ crore)	FY'07	FY'08	FY'09	FY'10	FY'11	FY'11 (US \$ Mn)
1. Capital	315	315	315	315	317	71
2. Reserve	10120	12003	14338	17408	21192	4752
3. Deposit	139860	166457	209761	249330	312899	70165
4. Advances	96597	119502	154703	186601	242107	54290
5. Total Business	236456	285959	364464	435931	555005	124455
6. Total Assets	162423	199020	246919	296633	378325	84836
7. Investment (Gross)	45190	53992	63385	77724	95162	21339
8. Total Branches	4540	4589	4668	5002	5189	-
9. Operating Profit	3617	4006	5690	7326	9056	2031
10. Total Provision	2077	1958	2599	3421	4622	1036
11. Net Profit	1540	2049	3091	3905	4433	994
12. Business/Employee (₹ Lakh)	407	505	655	808	1018	2.24
13. Profit/Employee (₹ Lakh)	2.68	3.66	5.64	7.31	8.35	0.02
14. Credit-Deposit Ratio (%)	69.10	71.79	73.75	74.84	77.38	77.38
15. Cost of Deposit (%)	4.53	5.59	6.25	5.38	5.24	5.24
16. Yield on Advances (%)	9.17	10.36	11.41	10.36	10.58	10.58
17. Yield on Investment (%)	7.10	6.94	6.92	6.73	6.67	6.67
18. Net Interest Margin (%)	3.85	3.58	3.52	3.57	3.96	3.96
19. Return on Assets (%)	1.03	1.15	1.39	1.44	1.34	1.34
20. Cost to Income Ratio (%)	47.9	46.81	42.50	39.39	41.27	41.27
21. Gross NPA (%)	3.45	2.74	1.60	1.71	1.79	1.79
22. Net NPAs (%)	0.76	1.64	0.17	0.53	0.85	0.85
23. Capital Adequacy Ratio (Basel II) (%)	12.29	12.96	14.03	14.16	12.42	12.42
24. Tier I	8.93	8.52	8.98	9.11	8.44	8.44
25. Tier II	3.36	4.44	5.05	5.05	3.98	3.98
26. Dividend (%)	60	130	200	220	220	220

Conversion Rate - 1US \$ = ₹44.595

