

PROFILE OF PUNJAB NATIONAL BANK

(Based on June'20 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. The Bank was established by the spirit of nationalism and was the first bank purely managed by Indians with Indian Capital. During the long history of the Bank, 9 banks have been merged with PNB. The financial year 2019-20 was significant in view of the announcement of amalgamation of Public sector Banks wherein Oriental Bank of Commerce and United Bank of India amalgamated with Punjab National Bank with effect from April 1, 2020.

The Bank's brand image and trust reposed by its customers have been reflected in growing customer base and rising business graph of the Bank. As at the end of 30th June 2020, PNB is the second largest Public sector Bank (PSB) of the country. Global Business increased by 2.7 % YoY to Rs.17,96,612 crore as at the end of June'20 from Rs.17,49,047 crore in June'19. The Bank continues to maintain its forte in low cost CASA deposits with share at 43.45%. Bank's focus has been on qualitative business growth, recovery and arresting fresh slippages.

BUSINESS PERFORMANCE

The Business figures of the Bank as on 30th June 2020 is given as under:

(Rs. Crore)

Sl.	Parameters	Jun'19	Mar'20	Jun'20	YoY variation	
					Amount	%
1	Domestic Deposits	1013986	1054216	1044290	30304	3.0
2	Global Deposits	1037248	1071569	1074917	37669	3.6
3	Gross Domestic Advances	695314	740838	702129	6815	1.0
4	Gross Global Advances	711799	762721	721695	9896	1.4
5	Gross Domestic Business	1709301	1795054	1746419	37118	2.2
6	Gross Overseas Business	39746	39237	50193	10447	26.3
7	Gross Global Business	1749047	1834290	1796612	47565	2.7
8	CASA Deposits	411999	442971	453816	41817	10.1
9	Current Deposits	63044	70296	66571	3527	5.6
10	Saving Deposits	348956	372676	387245	38289	11.0
11	CASA Share Domestic (%)	40.62%	42.01%	43.45%		

Note: Figure for June'19 and March' 20 is the aggregation of the 3 Banks and June'20 are based on audited figures.

In terms of Bottom Line parameters, the Bank's Operating Profit stood at Rs.5,280 crore in Q1 FY'21 with a YoY growth of 2.5%. Net Interest Income stood at Rs.6,748 crore. Total provisions increased to Rs.4,972 crore in Q1 FY'21 from

Rs.3,940 crore in Q1 FY'20. Bank incurred a Net Profit of Rs.308 crore in Q1 FY'21 as compared to a Net Profit of Rs.1210 crore in Q1 FY'20. Domestic Net Interest Margin (NIM) stood at 2.59 % in Q1 FY 21.

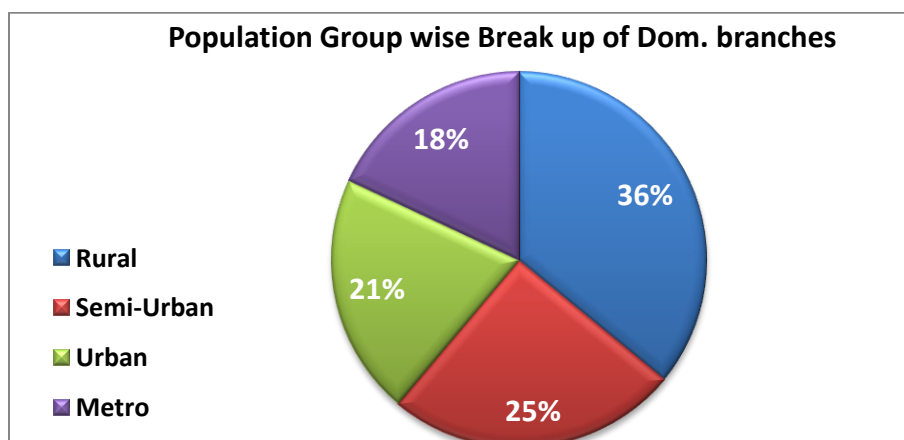
CAPITAL ADEQUACY RATIO

The Bank's CRAR as on June, 2020 improved to 12.63 % from 12.32 % as on 1st April 2020. Out of which Tier-I is 10.25 % and Tier-II CRAR is 2.38 % in June' 2020.

ASSET QUALITY

Management of stressed assets continues to be one of the top priorities for the Bank. As a result of focused efforts in this direction, Gross NPA of the Bank declined to Rs.10,1849 crore as at June 2020 from Rs.11,0276 crore as at June'19. Similarly, Net NPA declined to Rs.35,303 crore as on June 2020 (Rs.45,019 crore as at June 2019). In terms of ratios, Gross NPA ratio declined to 14.11% in June'20 (June'19: 15.49%) and Net NPA ratio declined to 5.39% in June'20 (June'19: 6.97%). Provision Coverage Ratio (PCR) improved to 80.75 % in June' 2020 from 70.37 % in June' 2019.

BREAK UP OF DOMESTIC BRANCHES (% Share)



INTERNATIONAL FORAYS

As on 30th June 2020, Bank is having 2 overseas branches in Hong Kong and Dubai. The Bank has two overseas subsidiaries viz. PNB International Ltd. and Druk PNB Bank Ltd. – Bhutan, One associate company viz. JSC Tengri Bank, Kazakhstan and one joint venture bank in Nepal under the name Everest Bank Ltd. Nepal.

ENHANCING DIGITALISATION

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 18 crore customers of

the Bank. The Bank believes in leveraging technology for delivering best customer experience

- a) Bank continues to invest in automation of our internal processes to improve efficiency, risk management and reduce cost of operations. The Bank is focusing on harnessing the power of both big data and small data not only to drive decision-making and operational excellence but also to provide personalized experiences to increase customer delight. Bank has a large Database and is using advanced Enterprise Data Warehouse Technology for leveraging smart data mining for reporting and taking informed decision for enhanced business decision support. To augment Bank's analytics capabilities, a Centre of Excellence (CoE) with analytics technology platform has been set up using emerging technologies like Machine Learning and Artificial Intelligence. It is working with multiple lines of businesses to identify and realize new value-creation and cross-sell opportunity, and to build the Bank's capability in leveraging analytics to increase revenue, reduce costs and improve risk profiling of the customer base. By using Data analytics tool, Bank is practicing to maximize its digital impact in terms of context and targeting.
- b) **Internet Banking Services (IBS):** As on 30th June 2020, Bank's user base stood at more than 233.03 lakhs.
- c) **UPI:** As on 30th June 2020, UPI transactions increased YoY by 76% to 19.16 crore.
- d) **POS** installed increased YoY by 17.78% to 88,204.
- e) **Bharat/BHIM QR Code** installed increased YoY by 139% to 1,73,958.
- f) **ATMs:** In order to cater to the banking needs of customers, Bank has a vast Network of 13,856 ATMs.

PEOPLE MANAGEMENT

Various measures have been taken for staff development recognizing that people development is the key to organization development. There was accelerated completion of promotion process within March 2020 itself, in order to ensure uninterrupted Bank's operations during the Financial Year. Performance Management System has also been made more objective and system driven with Quantifiable Key Responsibility Areas (KRAs). Capacity building measures like addition of one staff training college at Lucknow and grooming of leaders with futuristic skills were undertaken. Bank has also reviewed its Mandatory Leave Policy as part of an operational risk management measure apart from undertaking competency mapping of senior officers. Besides, outstanding performers have been recognized and rewarded by way of trainings in India and abroad.

PRIORITY SECTOR LENDING

PNB has constantly been achieving National Goals and Targets allocated under flagship schemes of the nation for upliftment and employment of targeted groups. The outstanding under Priority Sector and Agriculture as on June'2020 stood at Rs.2,70,558 crore and Rs. 1,18,527 crore respectively. National Goal achievement of Priority Sector Advances & Agriculture Advances was 40.25% & 17.63% of ANBC respectively against the National Goal of 40% & 18% respectively as on 30.06.2020. The Bank achieved National Goals for Credit for weaker Sections (11.01% of ANBC against the target of 10% of ANBC) and women beneficiaries (6.49 % of ANBC against National Goal of 5%).

FINANCIAL INCLUSION

The Bank has been a pioneer in taking initiatives in the area of financial inclusion. Under PMJDY, 385 Lac accounts were opened with an average balance of Rs. 4070 per account.

Social Security Schemes: The progress under the social security schemes is as under:-

- i. Pradhan Mantri Suraksha Bima Yojana [PMSBY]: As on 30.06.2020, 143.50 lac customers enrolled under PMSBY.
- ii. Pradhan Mantri Jeevan Jyoti Bima Yojana [PMJJBY]: As on 30.06.2020, 31.30 lac customers enrolled under PMJJBY.
- iii. Atal Pension Yojana [APY]: As on 30.06.2020, 11.4 lac customers enrolled under APY.

CORPORATE SOCIAL RESPONSIBILITY

The Bank has established 12 "Farmers Training Centres" for providing free of cost training on agriculture & allied activities and also for Computers, cutting & tailoring/ embroidery and entrepreneurship development programs. Since inception, FTCs have imparted training to 15,62,124 persons by conducting 50,043 training programs. These Training Centres have been equipped with the Mobile Van having Soil testing facilities at the farmers' fields and LED for audio visual display of informative video clips to the farmers.

The Bank has 76 Rural Self Employment Training Institutes (RSETIs) (under aegis of MoRD) and 2 Rural Development Centre (PNB initiatives) are operating in India which are engaged in providing training to rural population and their families for skill up gradation to undertake self- employment ventures/Jobs.

During FY 2020-21, in the quarter ended June'20, no training programmes were organized as per instructions of respective state authorities due to Covid-19. Total number of trained candidates since inception is 4,23,973, out of which 1,63,711 were from BPL families and 2,62,684 were women.

175 “**Financial Literacy Centres**” has been operationalized by the Bank as on 30.06.2020. These centres provide face to face counseling regarding Deposits, No Frill accounts, Credit, Debt restructuring, Technology, Industry, Education and Finance for livelihood to all. On-location extension services through mobile vans are provided to farmers and rural youth in collaboration with FLCs and Rural Self Employment Training Institutes (RSETIs).

The Bank has adopted 169 villages (78 in lead districts and 91 in non-lead districts) in different Circles under **PNB VIKAS**- Village Adoption Scheme, objective of the Scheme is to develop the adopted villages in an holistic manner, which includes Human, Economic & other Infrastructure Development like sanitation, drinking water supply, education, electricity, health, etc in co-ordination with the other stake holders (villagers, the Govt. authorities, local bodies etc).

Further “**PNB Ladli**” scheme has been launched by the Bank for popularization of education among girls of Rural/Semi urban areas. The Scheme is for popularization of education among girls of Rural/Semi urban areas by providing for education inputs of specified amount per month as pocket allowance to 10 needy girls. Selected girl gets support every year till they complete 12th class. During FY’2020-21, Bank has distributed inputs to 161 girls under the scheme. So far Bank have distributed to 9,523 girls under this scheme up to 30.06.2020.

The Bank has also launched “**PNB KISAN BALAK SHIKSHA PROTSAHAN YOJANA**” to provide financial assistance to the students of poor agriculture borrowers (comprising of small farmers, marginal farmers, tenant farmers, oral lessees and agriculture labour) are eligible. Since inception, Rs 47.98 lakhs have been given as an incentive to 1553 students upto June’2020 under the scheme.

AWARDS AND RECOGNITIONS

- In the area of technology, the Bank was declared winner of **IBA Banking Technology Awards** 2020 in the categories of most Innovate Project using Technology for PNB One.
- Bank was also recognized as **Runners Up in Best Use of Data and Analytics** for Business Outcome in the Large Bank Category.
- Bank has won **BFSI Digital Innovation Awards** in the category of Robotic Process Automation. Besides, Bank has received award of Governance Now BFSI Awards 2019 in Mobile App and SME Connect.
- PNB was adjudged ‘**Bank of the year**’ by **Indo-American Chamber of Commerce (IACC)**. Bank has also been recognized as the Best State Nodal Bank Award 2018-19 by Ministry of Rural Development, Government of India.

- Bank was also recognized as **“Best Bank for Corporate Social Responsibility”** by the Asiamoney Banking Awards 2020, second year in row.
- Bank has received **1st Prize in Rajbhasha Kirti Award by Govt. of India (Home Ministry)**. The Bank has also been bestowed with third prize in the SCOPE Excellence Award 2019 in the category of ‘Crisis Handling’.
- Bank has been **ranked 3rd among all Public Sector Banks in India** in the recent Forbes magazine’s annual ranking of the world’s 2000 largest public companies.

SOCIAL MEDIA PRESENCE

Bank believes in a thriving communication with its customers and in this context understands the importance of Social media as an effective tool. Punjab National Bank is having a Facebook following of 9,22,112, Twitter following of 1,54,225, LinkedIn of 57,624, Instagram of 35,049 and YouTube following of 24,725.

AMALGAMATION OF ORIENTAL BANK OF COMMERCE AND UNITED BANK OF INDIA INTO PUNJAB NATIONAL BANK

Amalgamation is a value creator for our stakeholders and the 3 Banks have come “Together for the better”.

The amalgamation process provides significant benefits to the Bank and its customers besides, providing scale and growth. It has led to an augmented Capacity, Capability and Reach with wider geographical presence with a combined distribution network of 10,930 branches & 13,856 ATMs across India and 12,814 BCs to cater to a base of 18 Crore plus customers.

The amalgamation has propelled the Bank to the position of the second largest Public Sector Bank in the country and will enable us to realize operational, revenue and cost synergies. A new vertical organization structure has been set up whose salient points are:

- Departmental Verticals at Head Office have been re-organized, and number of Zonal Offices & Circle Offices have been increased to 24 and 161, respectively.
- Business and Control functions have been segregated to have focused approach for business development and improve customer service.

- 57 Customer Acquisition Centres for focussing on liability business from Corporates, Institutions, HNIs, NRIs including Wealth Management and Retail Business.
- Separate Recovery & Resolution Vertical formed for focused recovery action.
- 24 Zonal Risk Management Cells operationalized to strengthen Risk Culture.

The synergies accrue from increased cross-selling opportunities of State-of-Art Products and Services to large pool of customers, optimization of distribution network, rationalization of administrative offices, integration of IT infrastructure and access to wider pool of resources. The global footprints of Bank will enable to fund foreign exchange requirements of customers and meet their multi-currency funding needs.

WAY FORWARD

Despite challenges on the economy front, there was visible progress in the key parameters of core profitability, asset quality and Capital. Bank's prime goal will be to strengthen the balance sheet, which will create a foundation for sustainable profitability going ahead. Bank will continue its focus on asset quality management and capital improvement in the post-pandemic environment.

Apart from continuing the accelerated momentum in recovery, product leadership, technology, efficiency, and small ticket lending, Bank will also endeavour to increase its non-interest income sources. Product & processes will be made more customer friendly to ensure a consistent and seamless customer experience across all channels. Going forward, Bank's endeavour will be to enhance value through multi-pronged digital transformation strategy and greater focus on better underwriting prudence and risk controls. Bank always strives to maintain its leadership position in order to maximize its stakeholders value.

Note: All the Figures for June'19 and March' 20 are aggregation of the 3 Banks and for June'20 are audited figures.