



NET INTEREST INCOME SURGES BY 45%
NET INTEREST MARGIN IMPROVES TO 3.94%
NET PROFIT RECORDS A GROWTH OF 28% TO REACH Rs.1068 CRORE
BUSINESS CROSSES Rs.4,50,000 CRORE
TOTAL ASSETS CROSS Rs.3,00,000 CRORE

Operating Profit	Rs.2098 crore	(33.7%)
Net Profit	Rs.1068 crore	(28.4%)
Business	Rs 4.52 Lac crore	(20.0%)
Total Assets	Rs.3.1 Lac crore	(20.4%)
Deposits	Rs.2.55 Lac crore	(16.6%)
Advances	Rs.1.97 Lac crore	(24.6%)
CASA	Rs. 1.04 Lac crore	(24.3%)
Customer Base	More than 5.8 crore	

- CASA Deposits as percentage to the Total Deposits of the Bank increases to 40.9%.
- Net Interest Income grew by 45.4%, while NIM improved to 3.94%
- Capital Adequacy Ratio (Basel II) is comfortable at 13.77 %
- Earnings per Share increased to Rs.135.53 (annualized)

Highlights of the performance for the quarter ended June 2010:

Profit

- **Operating Profit** for the first quarter of current financial year (Q1 FY11) stood at Rs.2098.17 crore as against Rs.1569.34 crore in Q1 FY10, recording a YOY growth of 33.7%.
 - **Core Operating Profit** excluding trading profit rose by **63.3%** to Rs.1977.06 crore in Q1 FY11 from Rs.1210.86 crore in Q1 FY10.
- **Net Profit** of the Bank for the Q1 FY11 amounted to Rs.1068.29 crore as compared to Rs.832.05 crore in the corresponding quarter of previous year, registering a YOY growth of **28.4%**.
 - **Net Profit** excluding treasury operations witnessed a jump of **127%** to reach Rs.960.81 crore in Q1 FY11 from Rs.423.18 crore in Q1 FY10.

Business

- **Total Business** of the Bank rose to Rs.4,52,205 crore as compared to Rs.3,76,939 crore in June 2009, showing a **y-o-y growth of 20%**.

- **Deposits** of the Bank at the end of June 2010 amounted to Rs.2,55,335 crore as compared to Rs.2,18,960 crore in June 2009, exhibiting a growth of **16.6%** on y-o-y basis.
- **CASA** improved from **Rs.83,948 crore** in June'09 to **Rs.1,04,385 crore** in June'10 recording a growth of **24.3%**.
 - **CASA share** improved to **40.9%** in Q1 of FY 2010-11 from 38.3% a year ago.
- **Advances** of the Bank at Rs. 1, 96,870 crore as on 30.06.2010 grew by **24.6%** (YoY) as against Rs.1,57,979 crore as on 30.06.2009.
- **Credit Deposit Ratio** improved to **77.1%** as at June'10 from 72.1% in June'09.

Income and Expenses

- **Total income** increased by **11.1%** to **Rs.6863.38 crore**, led by YoY growth of **16.4%** in *interest income*.
 - **Net Interest Income** rose by **spectacular 45.4%** on YoY basis to reach **Rs.2618.57 crore** in Q1 FY11.
 - **Core Non Interest Income** (excluding trading profit) witnessed a YoY growth of **10.9%** to touch **Rs.674.15 crore**.
- **Total expenses** (excluding provisions) at Rs.4765.21 crore at the end of June 2010 have registered a growth of **3.4% only** from a year ago.
 - While growth in Interest expenses was contained at a **miniscule 0.8%**, Non-Interest expenses growth was restricted to **mere 10.2%** during the first quarter of 2010-11 despite recent wage revision and provisions made for pension fund.

Important Ratios

- **Gross NPA to Gross Advances ratio** stood at 1.82% as at June'10.
- **Net NPA to Net Advances ratio** stood at **0.66%** as at June'10.
- **Provision Coverage Ratio** is at 77.61 % compared to RBI's stipulation of 70%.
- **Net Interest Margin (NIM)** has improved to **3.94%** for the quarter ended 30.06.2010 from 3.24% in corresponding quarter of last year.
- **Return on Assets** improved to **1.38%** in the quarter ended June 2010 as against 1.31% last year.
- **Low increase** in interest & operating expenses and a **satisfactory** interest income growth led to **substantial reduction** in **Cost to Income Ratio to 39.88%** for the quarter ended June 2010 as against 44.59% last year.
- **Earnings per Share** rose to **Rs.135.53** (annualized) for the quarter ended 30.06.2010 as against **Rs.105.55** last year.
 - **Book Value per Share** was higher at **Rs.548.66** as at June 2010 from Rs 443.11 as on June 2009.
- **As per Basel II the CRAR is 13.77% as at end of June'10** (Tier-I Capital: 8.70%; Tier-II Capital: 5.07%).
- **Return on Equity** improved to **24.70%** in the quarter ended June 2010 as against 23.82% last year.

Priority Sector:

- PS advances grew by more than **25%** to reach **Rs.64,452 crore**.
 - Outstanding Agricultural advances grew by around **27%** to cross **Rs.30,000 crore**.
 - Issued **77,839 Kisan Credit Cards (KCCs)** during Quarter ended June 10, taking cumulative number of KCCs issued to **33.42 lakh** since inception.

Small & Medium Enterprise:

- Credit to MSME sector reached **Rs.37,018 crore** including retail trade advances of Rs.3905 crore at the end of June 2010, recording a YoY growth of **29%**.
- Besides **7 SME Hubs**, **523** MSME specialized/focus branches have been operationalised to provide single window services to SME borrowers.
- **Bank tops in extending collateral/guarantee free lending** to MSMEs under CGTMSE amongst the member lending institutions of CGTMSE.
- Bank has adopted **two Mega Artisans Clusters** – Brass and brassware products at Moradabad and Wood carving cluster at Saharanpur for intensive lending. Collateral free loans to **9000 artisans** have been extended at Moradabad Artisans Cluster and **800 Artisans** at Muzaffarnagar. During the current quarter, Bank adopted 25 MSME clusters for cluster based lending approach taking total to 41 clusters.

Retail Credit:

- Total Retail credit of the Bank marked a y-o-y increase of **more than 17%** to **Rs.19,410 crore** at the end of June 2010.
 - Good y-o-y growth in all key schemes i.e. Education loan (42%), Personal Loan (39%) and Housing loans (16%).

Financial Inclusion:

- Opened **57.25 lakh “No Frill”/PNB Mitra accounts** and issued more than **46000 General Credit Cards**.
- Implemented 39 ICT based projects in 16 states.
- Set up exclusive FI Back Offices at Delhi, Chandigarh, Jaipur, Hyderabad, Lucknow, Patna, Shimla and Raipur.
- Bank has been allocated **4700 villages** with population of over 2,000 in the country for providing Banking services. PNB propose to cover these by 2012.

International Forays:

- International presence in 9 countries, with branches at Hong Kong, Kabul and Dubai & representative offices at Almaty, Dubai, Shanghai and Norway; a wholly owned subsidiary in UK; a joint venture in Nepal and a JV banking subsidiary in Bhutan.
- Bank is pursuing upgradation of its representative offices in Norway into a full-fledged branch and is in the process of setting up a representative office in Sydney, Australia and taking controlling stake in Kazak Bank apart from opening a subsidiary in Canada.

I.T. Initiatives:

- Bank has installed **3715 ATMs** facilitating more than **108 lakh ATM/Debit cardholders** of the Bank transacting at more than 60000 ATMs of various Banks and at over 3 million POS terminals across the country.
- Bank has introduced **Online Credit Proposal Tracking System** in order to enable customers online access to view the status of their loan applications.
- **Registered Payee Mechanism** has been enabled for Funds transfer to other/3rd party accounts in respect of Retail Internet Banking Users for protecting our valued customers from online frauds & phishing attacks.
- Bank has launched **PNB Platinum Debit Card** embedded with the brand equity of PNB and endorsed by Master Card for the premium customers. Bank is also planning to launch **Platinum Credit Cards** shortly.
- PNB has over 10 lac customers using Internet Banking and 2.3 lac customers availing SMS alert facility.

CSR initiatives:

- A board approved CSR policy has been adopted by the Bank to take CSR agenda forward in synchronization with its mission of "**Banking for the Unbanked**". Under this a "**Green**" drive has been implemented across the organization to conserve energy/optimize resource and lower costs.
- Bank has so far brought **68,949 farmers** out of the clutches of moneylenders by financing them **Rs.264 crore** under **PNB Krishak Saathi** (Debt Swap Scheme).
- Bank has 9 Farmers' Training Centres where around **2.70 lac persons** have been trained till June 2010 at Bank's cost including more than **51,000 women**.
- Bank has operationalised **20 PNB Rural Self Employment Training Institutes** (PNBRSETIs) which provide training to Rural BPL youth and women. Till June, **9255** persons have been trained in these centres of which **5518** are women.
- **42** Medical Health Check Up Camps, **44** Tree Plantation Camps and **17** Blood Donation Camps were arranged during Q1 FY11.
- Launched a pioneering "**PNB Saathi Scheme**" to provide credit facility to milk pourers in Bulandshahar District, Uttar Pradesh with support of Mother Dairy.

Awards and Accolades:

- **Adjudged Best Public Sector Bank** by **Financial Express-Ernst & young (FE-EY) India's Best Banks Survey**.
- "**CSR Excellence Award 2010**" by The Associated Chamber of Commerce and Industry of India (ASSOCHAM).
- **Best Bank Awards** under the category of "Customer Relationship Management Initiatives" by IDRBT.
- IDRBT Award for "**Best use of Technology for Financial Inclusion**" for the year 2009
- **PC Quest Award 2010** for "Project with the Best Automation" for the CBS for its sponsored RRBs.

New Delhi

Date: 22.07.2010