

TOTAL BUSINESS CROSSES Rs 4,82,000 CRORE
ADVANCES CROSS Rs.2,00,000 CRORE MILESTONE
NET INTEREST INCOME SURGES BY 47.1%
NET INTEREST MARGIN IMPROVES TO 3.99%
NET PROFIT RECORDS 21.8% GROWTH TO REACH Rs. 2143 CRORE
OPERATING PROFIT GROWS BY 32.2% TO TOUCH Rs. 4198 CRORE

Total Assets	Rs.3.28 Lac crore	(21.2%)
Deposits	Rs.2.73 Lac crore	(18.4%)
Advances	Rs.2.09 Lac crore	(27.6%)
CASA Deposit	Rs.1.11 Lac crore	(24.9%)
Customer Base	More than 6 crore	

- Net Interest Income increased to Rs 5575 crore backed by an impressive 27.6% advances growth.
- NIM improved to 3.99% due to 18.9% rise in interest income compared to 2.9% hike in interest expenses.
- Decline of 80 bps in cost of deposits to 4.99%.
- Capital Adequacy Ratio (Basel II) is comfortable at 12.60 %.
- CASA Deposits to Total Deposits of the Bank increases to 40.6%.
- Earnings per Share increased to Rs.135.92 (annualized).

Performance Highlights for the quarter ended September 2010

Profit

- **Net Profit** of the Bank recorded a YoY growth of **15.9%** to reach **Rs.1075 crore** for the second quarter of 2010-11 (Q2 FY'11) as compared to a profit of Rs.927 crore in Q2 FY'10.
 - **Net Profit** from core operations (excluding treasury operations) witnessed a jump of 28.3% to reach Rs.1102 crore in Q2FY'11 from Rs.859 crore in Q2FY'10
- **Net Profit** for Half Year ended Sep'10 (H1FY'11) amounted to **Rs.2143 crore** as compared to Rs.1759 crore last year, registering a y-o-y growth of **21.8%**.
- **Operating Profit** for Q2 FY'11 stood at **Rs.2100** crore as against Rs.1606 crore in Q2 FY'10 registering a YoY growth of **30.7%**.
 - **Core Operating Profit** excluding trading profit rose substantially by 41.6% to **Rs.2062 crore** in Q2FY'11 from Rs.1456 crore in Q2FY'10.
- **Operating profit** of the Bank during the H1FY'11 grew by **32.2%** to reach **Rs.4198 crore** from Rs.3176 crore as at H1 FY'10.

Business

- **Total Business** of the Bank rose to **Rs.4,82,159 crore** as compared to Rs.3,94,382 crore in Sep'09, showing a YoY growth of **22.3%**.
- **Deposits** at the end of Sep'10 amounted to **Rs.2,73,394 crore** as compared to Rs.2,30,823 crore in Sep'09, exhibiting a growth of **18.4%** on YoY basis.
- **CASA deposits** increased from Rs.88,826 crore in Sep'09 to **Rs.1,10,983 crore** in Sep'10 recording a growth of **24.9%**.
 - **CASA share** improved to **40.6%** as on H1FY'11 from 38.5% a year ago.
 - **Saving deposits** increased by **25.1%** to **Rs.87,296 crore** while **Current deposits** rose by **24.3%** to **Rs.23,687 crore**.
- **Advances** of the Bank at **Rs.2,08,764 crore** at the end of Sep'10 grew by robust **27.6%** (YoY) from Rs.1,63,559 crore at the end of Sep'09.
- **Credit Deposit Ratio** improved to **76.4%** as at Sep'10 from 70.9% in Sep'09.

Income

- **Total income** during Q2FY'11 rose by **18.1%** to **Rs.7174 crore** due to healthy growth of **21.7%** in Interest Income to reach **Rs.6455 crore**.
- **Total income during H1FY'11 increased to Rs.14,037 crore, recording a growth of 14.6% on account of 18.9% growth in Interest Income (Rs.12,427 crore).**
- **Net interest income** during Q2FY'11 improved by **49.4%** from Rs 1992 crore to Rs 2977 crore.
- **Non-Interest Income** in Q2FY'11 amounted to **Rs.718 crore.** (H1FY'11: Rs.1610 crore)

Important Ratios

- **Gross NPA ratio** stood at **1.91%** as at Sep'10 whereas **Net NPA ratio** was **0.69%**.
- **Provision Coverage Ratio** at **77.13%** was above stipulated 70%.
- **Net Interest Margin (NIM)** improved to a handsome **4.06%** for the quarter ended Sep'10 and **3.99%** for H1 ended Sep'10.
- **Return on Assets** stood at **1.36%** in the Q2 FY'11. (H1 FY'11: 1.37%)
- **Cost of Deposit reduced by 71 bps to 4.96%** in Q2FY'11. (H1FY'11: 4.99% reduced by 80 bps)
- **Cost to Income ratio reduced by 168 bps to 41.57% in HIFY'11** as against 43.25% last year.
- **Earnings Per Share** (annualized) was Rs.136.32 for the Q2 FY'11 against Rs.117.60 last year (H1 ended Sep'10: Rs.135.92 against Rs 111.58 in previous period)
- **Book Value Per Share improved to Rs.582.7 in Sep'10 as against Rs.472.5 in Sep'09.**
- **CRAR** of the bank is strong at 12.60% under **BASEL-II** (Tier-I Capital: 8.04%; Tier-II Capital : 4.56%).

Delivery Channels

- Bank's branch network stands at more than **5000**. Plans to add around 350 more branches before end of the year.
- Installed more than **4000 ATMs** for our **117 lakh card holders** that recorded an annual growth of 41%.
- More than **11 lac internet banking users** with **8 lac customers availing SMS facility**.

- Bank is offering **RTGS** through **4894** branches and **NEFT** through **4896** branches.

Retail Credit

- Retail loans outstanding grew by 21% on YoY basis to cross Rs 20,000 crore at end Sep'10.
 - Good y-o-y growth in Education loan (38.4%) and Car/Vehicle (17.1%).
 - **Gold loan** portfolio rose by **57%** to Rs.247 crore.
- Under the **Festival Bonanza** started in August'10, Bank is offering rebate in interest rates and processing fees for housing and Car loans which has generated business worth Rs 440 crore so far.

International Forays

- Bank has established overseas footprints via 4 overseas branches, 2 subsidiaries, 1 joint venture and 4 Rep offices.
 - Bank's future overseas forays include a wholly owned subsidiary in Canada, upgradation of rep-office at Norway into a branch, opening Rep-office in Sydney, Australia and acquiring majority stake in a Kazak Bank.

CSR initiatives

- **"PNB Vikas", a scheme for adoption of 116 villages has been initiated for integrated development of adopted villages in a holistic manner.**

Priority Sector

- PS Advances grew by **28.68%** to **Rs 69,175 crore**.
 - Outstanding Agricultural advances grew by more than 29% to Rs. 32,274 crore as at Sep'10.
 - Issued 34.36 lakh Kisan Credit Cards till Sept 30, 2010 with an enhanced limit of Rs 20 lakh.

Micro, Small & Medium Enterprises

- Credit to MSME sector grew by **32.03%** to more than Rs 40,000 crore as at end Sept'10.
 - Credit to **Micro & Small Enterprises** recorded a remarkable growth of more than 34% to around Rs **32,000 crore as on 30.09.2010**.
 - **Credit Scoring Model** launched for MSE sector for loans up to Rs. 50 lakh.
- Adopted **41 MSME Clusters** for intensive financing & operationalised **533** Specialised MSME/SME focus branches for single window services.

Financial Inclusion

- **“No Frill”/PNB Mitra accounts** and issued more than **51000 General Credit Cards till now.**
 - **Around 32 lac** ICT based accounts opened so far through 40 Financial Inclusion projects.
 - Extended credit facilities of Rs. 41 crore in several credit driven projects till date.
- PNB proposes to cover allocated **4700 villages** with population of over 2,000 by March 2012. Around **200** villages are already covered under existing FI projects.

Empowerment Initiatives

- More than **2.85 lakh** persons trained at Bank's cost by **9 Farmers' Training Centres** including around **55,000 women** till date.
- **58 Financial Literacy and Credit Counseling Centers (FLCCs)** operationalised at each of the Bank's 57 Lead Districts and one in Delhi to educate and guide the masses regarding credit & other Bank related matters.
- Till now more than **17,000 persons** including 10,166 women trained at **29 PNB Rural Self Employment Training Institutes (PNBRSETIs).**
- **97** Medical Health Check Up Camps, **231** Tree Plantation Camps and **28** Blood Donation Camps arranged during H1 ended Sep'10.

New Initiatives

- Three new customer friendly **Term Deposit Schemes** launched during this Quarter, viz., **PNB Lakhpati, PNB Dugana** and **PNB Combo** to augment Term Deposit portfolio.
- **PNB Shikshak**, saving Scheme for teachers launched on Teachers day with Sweep in/out or with OD facility.
- Defence Personnel offered additional concessions under savings account with sweep in/sweep out facility or OD facility of maximum Rs 50000/-or last salary credited.
- **PNB Uphaar, a pre-paid gift card in collaboration with MasterCard.** The card, valid for 36 months, is **issued free of charge** to non-customers as well.
- PNB has launched value added benefits for its Debit Card users :
 - **Free Accidental death insurance** cover: Rs. 50,000/- for Classic & Maestro Card Holders and Rs.2 Lacs for Gold / Platinum Card holders.
 - Under **Free Reward Points scheme**, Free Reward Points would accrue to Debit Card holders, in proportion to the amount of card usage.
- Launched **World Travel Card, a pre-paid card**, in collaboration with MasterCard, for foreign travelers outside India in 3 currencies, viz., US Dollar, EURO & British Pound.
- To facilitate customers, **Dwibhashik Mitra software** installed at all Branches to update passbooks/other statements in English as well as Hindi.

Recent Awards and Accolades

- Bank's rank improved to **24th** position from **26th** place last year in **ET 500** list of 2010.
- **Business World** has recognized PNB as the **3rd** biggest financial company for 2010.
- **Business Today** ranked PNB as **14th** most valuable public sector company for 2010.
- **Skoch Award 2010** for Computerization of RRBs.
- **CSR Excellence Award 2010** by Associated Chamber of Commerce & Industry.
- **World HRD Congress** recognized Bank's **outstanding contribution to the cause of Education.**
- CGTMSE conferred **award for Excellence in performance for obtention of Credit Guarantee Cover** under CGTMSE for FY '10.
- **National Award for Excellent performance in lending under Prime Minister's Employment Generation Programme (PMEGP) Scheme in North Zone** for 2009-10 by Khadi & Village Industry Commission, Ministry of MSME, Govt. of India.

New Delhi

Date: 28.10.2010