

MINUTES OF THE 13th ANNUAL GENERAL MEETING OF PUNJAB NATIONAL BANK HELD ON MONDAY, THE 30<sup>TH</sup> JUNE, 2014 AT 11.00 A.M. AT PUNJAB NATIONAL BANK AUDITORIUM, 8, UNDERHILL ROAD, CIVIL LINES, DELHI- 110054.

**Present**

1	Sh. K.R. Kamath	Chairman & Managing Director (In the Chair)
2	Sh. Gauri Shankar	Executive Director
3	Sh. K.V.B. Rao	Executive Director
4	Dr. R.S. Sangapure	Executive Director
5	Sh. B.B. Chaudhry	Director - Govt nominee -- CA category
6	Sh. D.K. Singla	Shareholder Director
7	Dr. Sunil Gupta	Shareholder Director
8	Sh. Dilip Kumar Saha	OfficerNominee Director

Members : 164 (in person)  
 Members : 41 (in proxy)  
 Members : 43 (Authorized representatives)

**In Attendance:**

Shri A. Gopinathan, Company Secretary

At the outset, Shri P.K. Mohapatra, General Manager, welcomed the shareholders to the 13th Annual General Meeting of the Bank and informed the schedule of the meeting and procedure for seeking clarifications on Annual accounts. He also informed that the Chairman and Managing Director (CMD) Shri K.R. Kamath shall preside over the meeting.



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# MINUTE BOOK

Shipra

Later he requested CMD, Executive Directors and other Directors on the dais to pay floral tributes to Late Shri Lala Lajpat Rai, freedom fighter and one of the founder members of the Bank. His photograph was already conspicuously placed on the dais. Floral tributes were paid by CMD and all the directors on the dais.

Thereafter extending a warm welcome to the Shareholders and necessary quorum being present pursuant to Regulation 58 of the Punjab National Bank (Shares and Meetings) Regulations 2000, CMD called the meeting to order. He also introduced other Directors on the dais to the shareholders.

He informed that till 25.06.2014 being the last date for receipt of proxies, out of 51 proxies received, 50 proxies representing 2.03 crore Equity Shares constituting 5.62% of the Paid up Equity Capital of the Bank were found to be valid and in order.

He also announced that Bank had received 75 letters appointing authorized representatives with 26.21 crore Equity Shares constituting 72.39% of the Paid up Equity Share Capital of the Bank for attending the meeting and all the letters were found valid and in order. He informed that Bank had received communication from the Government of India (GoI) authorizing Shri C.K. Sundareswaran, Section Officer, Department of Financial Services, Ministry of Finance, New Delhi to attend the meeting as its nominee and that he is present in the meeting. He added that the Central Government, the major shareholder, held 21,31,68,119 equity shares, representing 58.87% of the paid up Equity Share Capital of the Bank.

He informed that the Notice convening the 13th Annual General Meeting was published in Financial Express (English edition) & Jansatta (Hindi edition) on 03<sup>rd</sup> June 2014, as required under Punjab National Bank (Shares & Meetings) Regulations, 2000. He further informed that the soft & hard copies of the Notice were sent to Stock Exchanges (NSE & BSE) and the Notice for the Meeting was e-mailed to those shareholders who had registered their e-mail

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INITIALS



# MINUTE BOOK

Shipra

addresses with the Depository Participant or Share Transfer Agent as the case may be and to the remaining they were dispatched under Registered Post before the statutory time limit and simultaneously the same was also hosted on the Bank's website [www.pnbindia.in](http://www.pnbindia.in). Annual Reports for 2013-14 have been separately e-mailed/dispached to all the shareholders, he added.

CMD while delivering his address to the shareholders apprised them of the performance of the Bank during the Financial Year 2013-14. His speech is appended to the Minutes.

CMD informed the shareholders that as per amended clause 35B of the Listing Agreement with Stock Exchanges, all the agenda items of the AGM are required to be passed by voting by the shareholders and to enable the shareholders to cast their vote e-voting platform was provided through NSDL e-voting platform from 18.06.2014 to 20.06.2014.

He further informed that user-id and password for e-voting were sent to all the shareholders through e-mail (where e-mail ID is available)/registered post along with notice of the meeting.

He further informed that although the Ministry of Corporate Affairs (MCA) Government of India vide their circular dated 17.06.2014 postponed the mandatory provisions of e-voting till 31.12.2014, the bank has proceeded with e-voting and polling as per the extant SEBI guidelines.

He also informed the shareholders that the Bank has appointed Mr. Ranjeet Pandey of M/s Ranjeet Pandey & Associates, a Practicing Company Secretary, as the Scrutineer for the e-voting process and polling as per the extant guidelines and that the Scrutineer shall prepare his report and submit it to him. He also informed that those shareholders who did not participate in the e-voting may cast their vote on the sole agenda item after the polling is announced.



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INITIALS

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# MINUTE BOOK

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Thereafter, CMD took up the agenda item of the Meeting as under:

**Sole Agenda Item**

The CMD moved the Resolution for discussion, approval and adoption of the Balance Sheet of the Bank as at 31.03.2014, Profit & Loss Account of the Bank for the year ended 31.03.2014, the Directors' Report on the working and activities of the Bank for the period covered by the Accounts and the Auditors' Report on the Balance Sheet and Accounts.

Before putting Resolution to vote through the polling, CMD invited suggestions/queries, from the shareholders. He also set the ground rules for free and fair discussions.

The shareholders in general appreciated the performance of the Bank and also expressed satisfaction at the arrangements made for their reception and refreshments.

The following is the gist of queries raised by the shareholders and Chairman's response thereon.

S No	Shareholder's Query/Suggestion	CMD's reply
1.	<p><b>Mr. Rakesh Kumar</b></p> <p>- In the memory and 150<sup>th</sup> Birth Anniversary of late Shri Lala Lajpat Rai, freedom fighter and one of the founders of the Bank, Bank should take up with the Government for issuance of commemorative coins as has been done by some other Companies/Govt. undertakings etc.</p>	<p>- CMD informed that in the memory of late Shri Lala Lajpat Rai and on the occasion of his 150<sup>th</sup> Birth Anniversary, the Bank has chalked out a plan to celebrate the event in a befitting manner. A number of activities are being undertaken at his birth place i.e. Village, Dudhike (Punjab). The Bank has already set up a training institute for rural youth &amp; women.</p>

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# MINUTE BOOK

Shipra

		<p>- The Bank shall consider taking up with the Govt. for issue of commemorative coins.</p>
<p>2.</p>	<p><b>Mr. R.K. Gupta</b></p> <p>- Shri Gupta wanted to know the improved security measures taken by the bank to protect the ATM users after the reported unfortunate ATM incident at Bangalore.</p> <p>- The guards do not perform their duty well. Anyone can open the glass gate and close it. The ATM gate should be opened only through the Card.</p> <p>- There should be Alarm button which the customer may press in case of any trouble. There should be camera near the shutter to record the movement of persons in and out of ATM.</p> <p>- Bonus Shares should be issued to reward the shareholders.</p> <p>-Charges should not be levied on the ATM Cards of Senior Citizens.</p>	<p>CMD informed that the Bank has approved installation of e-surveillance system for further security at the ATMs.</p> <p>The Bank is planning to down the shutters in the ATM outlets in night between 10 p.m. and 6 a.m. where the number of hits are very low, except ATMs at public places like hospitals, bus stand, railway stations etc.</p> <p>CMD informed that the suggestion is taken note of. However, Bank is yet to take a call on FPO and may take a decision in the second half of 2014.</p> <p>CMD informed that the matter will be looked into.</p>
<p>3.</p>	<p><b>T.N. Ramakrishna</b></p> <p>- Shri Lala Lajpat Rai is the founder of the Bank. His photo/statue is not displayed in many of the branches of PNB. His photograph should also be printed in the Annual Report of the Bank.</p> <p>Bank should apply to the Government for issue of the commemorative coins of Rs.5/-10/- or other denominations in his memory.</p>	<p>CMD assured him that the matter will be looked into. He also informed that the Bank is in the process of compilation of a book on History of the Bank.</p> <p>CMD informed that the matter is already replied in response to an earlier query.</p>

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# MINUTE BOOK

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	<p>- The subsidiaries of PNB have issued Bonus shares but the parent Bank has not issued any bonus shares.</p> <p>- The expansion of branches in Karnataka is less.</p>	<p>CMD informed that the matter is already replied in response to an earlier query.</p> <p>CMD informed that there are sufficient branches in Karnataka i.e. around 125-130 with at least one branch each in every District of Karnataka.</p>
<p>4.</p>	<p><b>Mr. K.N. Uppal</b></p> <p>Mr. Uppal informed that he had applied for issue of a cheque book at BO: Lajpat Nagar, Delhi, and the branch refused to issue cheque book in the absence of Mobile No. Why is it necessary to give Mobile No.?</p> <p>As per RBI guidelines, there should not be any penalty for not maintaining minimum balance in the SF Accounts but PNB is still imposing penalty.</p>	<p>CMD informed that cheque books are being sent through post.</p> <p>To prevent any pilferage or fraudulent activity, mobile numbers are being obtained to notify dispatch of the cheque book through SMS immediately on its issue.</p> <p>CMD requested him to collect the cheque book from the branch.</p> <p>CMD informed that RBI guidelines are being followed in this regard.</p>

CHAIRMAN'S INITIALS




# MINUTE BOOK

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5.	<b>Mr. Sagar Kumar Batra</b>  - What are the CSR activities being undertaken by the Bank?	CMD informed that the Bank is yet to receive the final guidelines regarding CSR from RBI.  He, however, informed that the Bank has taken initiatives in the following two areas i.e. Health & Education.  He informed that the Bank has established a wing of wives of Senior Executives at the Circle & HO levels for undertaking CSR activities in the name of "PNB Prerna" for identifying and helping the deprived sections of the society in the above two areas.
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After responding to the observations made by the shareholders, CMD moved the Resolution for discussion, approval and adoption of the Balance Sheet of the Bank as at 31.03.2014 & Profit & Loss Account of the Bank for the year ended 31.03.2014, the Directors' Report on the working and activities of the Bank for the period covered by the Accounts and the Auditors' Report on the Balance Sheet and Accounts.

He informed that those shareholders who have not cast their e-vote and who are given ballot paper may proceed to the polling booth to cast their vote "for" or "against" the resolution. He informed that Scrutineer's report shall be uploaded in the websites of the Stock Exchanges and the Bank within 48 hours of this meeting. Mr. SP Gupta, a shareholder, resident of Vasant Kunj, New Delhi, was appointed as second scrutinizer for the polling process in terms of Clause 61A (iii) of the PNB (Shares & Meetings) Regulations 2000. CMD informed that the meeting shall be closed after completion of the polling.

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INITIALS



# MINUTE BOOK

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## Conclusion of Meeting

There being no other business, the CMD concluded the meeting and thanked the shareholders present, members on the Board, NSE, BSE, SEBI, RBI, Ministry of Finance and staff of the Bank, for their active participation and support.

The Resolution on sole agenda item was passed based on the basis of total votes polled.

  
COMPANY SECRETARY

  
CHAIRMAN & MANAGING DIRECTOR



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**Speech of Chairman & Managing Director  
at the 13<sup>th</sup> Annual General Meeting of the Shareholders on 30<sup>th</sup> June  
2014**

**Dear Shareholders,**

It is indeed a great pleasure for me to extend a warm welcome to our shareholders and their representatives to the 13<sup>th</sup> Annual General Meeting (AGM) of Punjab National Bank (PNB). The gathering reflects your keen interest in the Bank and is a further motivation for us to keep providing you with comprehensive annual performance reports of the Bank.

The notice of AGM, the Directors' Report and the audited financial results are already with you and with your consent, I take them as read.

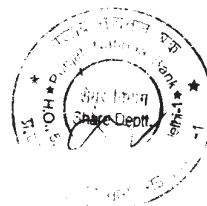
**Global Economic Scenario**

Global growth, after decelerating for the last three years improved in 2013 to 3%. Revival in the growth scenario of US, European Union, UK and Japan has resulted in increasing demand for imports from developing and emerging market economies. However, the gradual withdrawal of extraordinary monetary accommodation, i.e. Quantitative Easing by US Federal Reserve, deflation in European Union, etc, continued to pose challenges for both developed and emerging market economies in 2013.

**Domestic Economic Scenario**

Indian economy has been slowing down over past two financial years. The economy, once growing at 9.3% in FY'08, has perceptibly slowed down to 4.7% in FY'14, which of course is a little better than the 4.5% growth in FY'13. Slowdown in industrial production and subdued performance of services sector has pulled down the overall economic growth.

High inflation continued to concern the policy makers and also the common people throughout the FY'14. However, tight monetary policy



measures adopted by Reserve Bank of India (RBI) and certain prudent fiscal measures adopted by Government of India helped in containing inflation.

The current account deficit which was a major cause of rupee depreciation was successfully controlled at 1.7% in FY'14 by adoption of proactive monetary and fiscal measures. However, high fiscal deficit of 4.5% is still a challenge.

The FY'15 is expected to be relatively better, looking at the positive statistics on the economic growth front emerging so far in the current financial year.

### Banking Scenario

Indian banking industry was adversely impacted by the visible slowdown in industrial production, stalled infrastructure and manufacturing projects. As a result of protracted economic slowdown, cash flows into the banks too slowed down substantially resulting into piling up of non-performing assets in the banks' balance sheets. Squeezed banking business and higher provisions for NPAs reduced the profits of banks thereby impacting their ability to plough back earnings and build up additional capital as per Basel III norms.

Stringent liquidity measures and tight monetary policy followed by RBI continued to keep interest rates high. As a result of these, banks had to book MTM losses on the investment portfolio. High provisioning requirements for NPA and restructured assets along with provisions required for MTM losses, depleted net profits of the banks which were already under pressure because of decelerating interest income. In the aforesaid difficult scenario, banks have started implementing new capital requirement norms under Basel III since 1<sup>st</sup> April'13.

However, going forward into FY15, expectation of an improvement in the economic growth, may bring better times for the Indian banking industry.



### Performance Highlights

2014 saw great challenges, such as fragile domestic economic condition, volatile markets, scores of new regulations and intense pressure on the asset quality of banking sector. Against these odds, your Bank continued to show a resilient performance.

During FY'14, PNB aligned its business activities with the changing economic scenario. As a result of this, today, your Bank is fundamentally strong with strengthened balance sheet, adequate capital, prudent risk management systems and most importantly enhanced brand value through improved customer service.

I am happy to inform you that during FY'14 your Bank crossed various landmarks such as Rs 8,00,000 crore total business, Rs 4,50,000 crore total deposits, Rs 3,50,000 crore Gross Advances, Rs 1,70,000 crore CASA deposits, and Rs 11,000 crore Operating Profit. With these milestones your Bank maintained its Number One position amongst Nationalized Banks in terms of Domestic Business, Domestic Deposits, Domestic Advances, CASA Deposits, Saving Deposits and Operating Profit.

I would now like to discuss in detail your Bank's performance during the year under review.

### Top Line: Balance Sheet

As mentioned earlier, the Global Business of your Bank crossed Rs 8.0 lakh crore as on 31<sup>st</sup> March'2014 with a YoY growth of 14.3%. The Bank registered a robust growth of 52% over previous year in Overseas Business while crossing the milestone of Rs 70,000 crore. Further the share of Overseas Business in Global Business improved from 6.90% in March'13 to 9.17% in March'14.

On Deposits side, your Bank registered 15.3% annual growth to reach Rs 4.51 lakh crore. PNB maintained its legacy of highest low cost deposits amongst nationalized banks which grew by 12.7% over previous year. The share of CASA Deposits in Domestic Deposits increased from 40.9%



in March'13 to 41.3% in March'14. This satisfactory performance was on account of Saving Deposits which reached Rs 1.41 lakh crore, the highest amongst nationalized banks.

Your Bank effectively consolidated the balance sheet during FY14 by shedding the high cost Bulk Deposits by 54% during the year. The share of such Deposits in Total Deposits has been brought down from 12.49% as on 31<sup>st</sup> March'13 to 4.99% as on 31<sup>st</sup> March'14. This has resulted in making the Bank leaner but stronger and better prepared to handle the low profit environment.

Further, Core Deposits of your Bank crossed the level of Rs. 4 lakh crore as on 31<sup>st</sup> March'14 by registering an annual growth of 24.5%. The share of Core Deposits in Total Deposits increased from 84.67% in March'13 to 91.46% in March'14.

Moving towards the asset side of balance sheet, your bank managed to grow its net credit portfolio by 13.1% to reach Rs 3.49 lakh crore as on 31<sup>st</sup> March'14. Within the sectoral deployment of credit, your Bank posted a growth of 39.4% in Agriculture & allied activities and 22.5% in Retail segment which has been the focus area of the Bank.

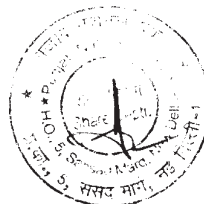
### Bottom-line: Profits

On profitability front, I am happy to inform you that your bank is the only nationalized bank to remain above Rs 10,000 crore in Operating Profit for the third year in a row. Your Bank's Operating Profit increased from Rs 10,907 crore in FY'13 to Rs 11,384 crore in FY'14. However Net Profit of the Bank stood at Rs 3343 crore on account of higher provisioning. Your Bank recorded the highest Net Interest Margin amongst peers at 3.44% during FY'14.

### Enhanced Productivity level

Your Bank's staff productivity has been improving on a steady basis. During FY'14, Business per Employee improved from Rs 11.65 crore in March'13 to Rs 12.83 crore in March'14. Further the Business per Branch increased from Rs 116.84 crore in March'13 to Rs 126.10 crore in March'14.

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INITIALS



**Other Key Financial Indicators**

Your Bank is well capitalized with the Capital Adequacy Ratio (CRAR) at 11.52% and Tier I capital at 8.87% as per Basel III. Your Bank has adopted the Basel III guidelines from 1<sup>st</sup> April, 2013. Further your Bank raised Rs 1500 crore as Tier II Bonds and additional Rs 500 crore as Common Equity Tier I capital during FY'14 to support its growing business activities.

The Book Value per share of your Bank improved to Rs 952.50 in March'14 from Rs 884.03 in March'13, which is one of the highest amongst nationalized banks.

**Asset Quality**

The slowdown in domestic economy built tremendous pressure on asset quality of the Bank. The Gross NPA and Net NPA ratios of the Bank stood at 5.25% and 2.85% respectively as at end of March'14. However, Provision Coverage Ratio of the Bank increased from 58.83% in March'13 to 59.07% in March'14.

Your Bank redefined its asset management system by initiating measures like, Special NPA Reduction Campaign, Engagement of retired bank officials as Resolution Agents and Online Portal for monitoring of SARFAESI and DRT Cases. As a result of these pro-active measures, accounts with aggregate outstanding of Rs 1429 crore were upgraded to standard category and total cash recoveries in NPA accounts amounted to Rs 2611 crore during FY'14.

**Risk Management**

Your Bank has a robust risk management framework to maintain its solvency and stability in testing times. The Bank is gearing itself to adopt the advanced approaches under different risks and the estimation of various risk elements is already in progress. Your Bank has received approval from RBI for adoption of Foundation Internal Rating Based Approach (FIRB) for Credit Risk on parallel run basis.



Under Operational risk, the Bank has already got an approval for migration to "The Standardized Approach (TSA)" on parallel run basis. Your Bank is the first bank in India to get such an approval. Based on Letter of Intent filed by the Bank for migration to Advanced Measurement Approach (AMA) for Operational Risk, RBI advised the Bank to submit detailed application for the same. Accordingly, the Bank has submitted formal application to RBI for in-principle approval for parallel run of AMA on 22<sup>nd</sup> March, 2014. Under Market risk, your Bank has also submitted formal Letter of Intent for adoption of Internal Models Approach (IMA) to RBI.

Apart from this, your Bank has put in place new automated Preventive Monitoring System for all borrowal accounts having exposure of more than Rs 1 crore across branches. Your Bank implemented framework for assigning rating to facilities sanctioned to borrowers based on default rating and securities available. This will help the Bank to price facilities availed by borrowers in a scientific and transparent manner.

### Priority Sector

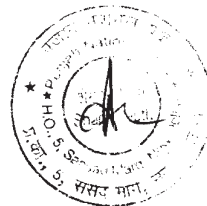
I am happy to mention that your Bank crossed the level of Rs 1,20,000 crore in Priority Sector advances, which formed 42.30% of the Adjusted Net bank Credit (ANBC) against the National Goal of 40% and registered a robust YoY growth of 31.8% as on 31<sup>st</sup> March'14. Credit to Agriculture sector constituted 18.70% of ANBC and credit to Weaker Sections constituted 10.75% of ANBC, both of them remained above the National Goals. Your Bank has been allotted lead responsibility of 3 new districts of Delhi namely North East Delhi, North West Delhi and East Delhi by RBI bringing the total number of districts in which the Bank has lead responsibility to 63.

### MSME sector

Your Bank's credit to MSME sector increased to Rs 75,051 crore reflecting a growth of 22.08% as on 31<sup>st</sup> March '14.

To give boost to the MSME business, your Bank launched MSME credit growth initiative in 250 branches in January 2014. This initiative

CHAIRMAN'S  
INITIALS





proposes to reduce turnaround time and to grow MSME portfolio by 30% from December'13 to December'14. Apart from this, your Bank has provided the facility of on-line submission of applications with a provision to track progress of applications under MSE segment. Also a concession of 20% in upfront fee and processing fee is extended to borrowers who submit application on-line as an incentive.

**Financial Inclusion**

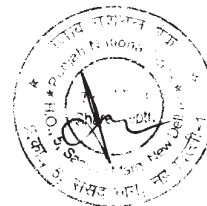
Your Bank has remained committed to every strata of society for their financial empowerment. Towards this your Bank participated in the Direct Benefit Transfer (DBT) Scheme. Under DBT Scheme, the Bank has covered all Sub Service Areas (SSAs) through banking outlets i.e. bank branches/BC locations.

Further to provide BC services in on-line mode, your Bank has put in place a Kiosk Banking Solution (KBS) which is a proprietary software. With this new technology, the Financial Inclusion customers can access all basic banking services at BC locations in real time. In addition, FI customers can also transact on ATMs and Merchant POS outlets.

Your Bank is also working towards offering inter-operability at BC locations that would further facilitate interbank transactions across the country. The Bank is using Aadhaar Payment Bridge System (APBS) platform of NPCI for DBT/ MGNREGA/ National Social Assistance Programme (NSAP) payments. Under its FI plan for FY'15, your Bank is gearing up for Aadhaar Enabled Payment Services (AEPS) for payments by way of Aadhaar authentication from UIDAI data base.

**Bank's Network**

Your Bank, with more than 120 years of purposeful existence, has one of the largest domestic network of 6201 outlets serving around 8.9 crore valuable customers as on 31<sup>st</sup> March'14. These include 5636 General Banking Branches, 241 Specialized Branches, one Extension Counter and 323 Service Back Offices.



CHAIRMAN'S INITIALS

### Global Forays

Your Bank has presence in 10 overseas countries. The Bank has two branches in Hong Kong and a branch each in Dubai and Kabul taking the total to 4 overseas branches, besides an Off Shore Banking Unit in Mumbai. Your Bank has 5 representative offices in Dubai, Almaty, Shanghai, Oslo and Sydney. PNB has 3 overseas subsidiaries i.e., PNB International Ltd. (UK), Druk PNB Ltd. (Bhutan) & JSC SB PNB Kazakhstan and a joint venture in Nepal - Everest Bank Limited.

### Forex Business

In the area of forex business, your Bank has set up 22 Exchange Bureaus at important tourist centres to facilitate encashment of foreign currency notes/travellers cheques. Your Bank registered a forex turnover of Rs.1,31,191 crore for FY'14. Further your Bank has Rupee Drawing Arrangements (RDA) with 32 Exchange Houses to facilitate remittances from NRIs. During FY'14, the remittance business handled by the Bank increased to Rs.54,303 crore registering a YoY growth of 28.54%.

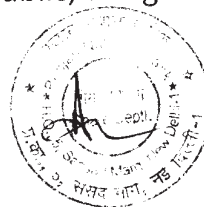
### Technological Advancement

PNB is a pioneer in leveraging technology for the benefit of Bank's customers. I am happy to inform you that during FY'14, your Bank's ATM Network reached 6940. Besides this, the Bank has installed 1411 Cash Deposit Machines, 685 Electronic Cheque Deposit Machines and 1409 Pass Book Updation Machines.

To promote the use of mobile banking, your Bank is offering services at two levels i.e, basic level and advanced level. Presently close to 1 lakh customers have subscribed for Mobile banking facility and around 2,00,000 transactions amounting to more than Rs 100 crore per month are being carried out. Your Bank also offers SMS alerts services to around 2.5 crore customers and on an average around 18 lakh SMS alerts are generated every day.

Your Bank has also launched three new Debit Cards viz., EMV chip based Global Debit Card for general public, Pungrain RUPAY debit Card

CHAIRMAN'S  
INITIALS





for farmers of Punjab and Haryana State Agricultural Marketing Board RUPAY Debit Cards for Arhtiyas in Haryana.

### Human Resource Management

Your Bank has taken several initiatives during the year in the areas of Manpower Planning, Recruitment, Succession Planning, Leadership Development and Staff Welfare. Your Bank has a talent pool of 65,541 employees at the end of March'14.

In order to address the Human Resource gaps arising in critical positions due to retirements in the coming years, your Bank has created Leadership Development Forums (LDF) which facilitates identification of potential successors for various critical positions in the Bank considering their skills and aptitude. During FY'14, the Bank has imparted training to 513 identified executives under LDF.

### Operations Division: Capacity Building Initiative

Under "Organizational Transformation and Business Excellence Program 2011" named PNB Pragati, Operations Division at Head Office was formed w.e.f. 01.04.2013.

Further, Pragati Productivity Points (PPP) system has been introduced, which is a unique initiative of its kind by any bank to measure productivity and efficiency in all domestic general banking branches.

Customers' feedback is important for the Bank to ensure an ongoing improvement in services. Towards this a poster has been displayed at the Pragati branches inviting the customers to send SMS "Happy" or "Unhappy" after getting service at the branch. Further Queue Management System was installed in 407 branches.

### Subsidiaries

You would be happy to know that our existing subsidiaries have fared well during the year under review. With the completion of 25 years of existence, **PNB Housing Finance Limited's** loan book crossed Rs 10,000 crore and Deposits crossed Rs 1700 crore to register a YoY growth of 60% and 63% respectively. The company's Profit after Tax (PAT) grew by



39% to reach Rs 127 crore. During FY'14, **PNB Gilts Limited** made a bonus issue of equity shares in the ratio of 1:3, thus increasing the paid-up capital to Rs 180 crore. The business of **PNB International Limited** grew by 21% to reach \$2818 million as on 31<sup>st</sup> March'14. It closed the year with 32% growth in its Operating Profit at \$ 28 million. During FY'14, **PNB Investment Services Limited (PNBISL)** has added a new business activity i.e., 'Lenders Engineering Services' in its kitty of services, besides focusing on Corporate Debt Restructuring and Security Trustee assignments. The company has earned Total Income of Rs 11 crore in FY'14.

### Awards & Accolades

During the year 2013-14, your Bank was bestowed with many awards and laurels in recognition of its good work in the areas of Information Technology, Corporate Social Responsibility, etc. Some of the major awards won by the Bank were "Most Innovative Mass Retail Lender for Under-served segments (Special Mention)" in BANCON and Best Bankers' Award under the category of "Agriculture Credit and Inclusion" by The Sunday Standard. In terms of technology, your Bank was conferred with 'Banking Technology Awards' under the category of "Best Risk Management and Security Initiatives" by IBA, Banking Technology Excellence Awards under "Customer Management and Business Excellence Initiatives" by IDRBT, Hyderabad, etc. The ABP news has awarded the Bank with 'Global CSR Excellence and Leadership Awards' for 'Organizations with Best CSR Practices' and 'Bank with leading Financial Inclusion Initiatives Award'.

Further PNB was adjudged as the 'Most Profitable Bank' amongst Public sector banks by Financial Express and 'Most Cost Efficient Public Sector Bank' by Institute of Cost Accountants of India.

### Dividend

The Board of Directors in its meeting held on 31st January 2014 declared an interim dividend @ Rs 10 (i.e. 100%) per equity share of Rs 10 each for FY'14. In order to conserve capital to meet the increasing



needs of Basel III, the board decided to contain the dividend to 100% for the current year.

### The Road Ahead

The growth process in the domestic economy is firming up as we move ahead in the year 2015. This positive economic outlook is on account of anticipation of decisive policy actions by government, gradual revival in macroeconomic factors and enhanced investors' confidence.

Against this backdrop, PNB is poised to capture the opportunities available with the uptick in economy. I would now like to set out the priorities for the year 2015. First and foremost is to improve asset quality. Your Bank shall strive to contain incremental delinquency while simultaneously taking strong action to bring about a reduction in the existing NPAs. This is part of the Bank's strategy to release funds locked in NPAs and increase the profitability and efficiency of operations.

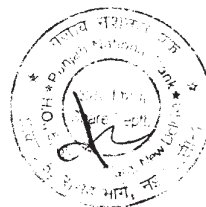
Secondly, your Bank is concentrating on growth which is the most important factor for the existence of any organization. Hence the core business strategy of your Bank in FY'15 is 'Profitable growth from the grassroots' which is essential given the challenging nature of the operating environment.

Thirdly, your Bank will strengthen its balance sheet further by focusing on the low cost deposits on the liability side and qualitative expansion of credit on asset side.

Last but not least, the sole aim of the Bank is to provide customers with the best and most comprehensive financial services. I am confident that by putting customers at the centre of our operations, the Bank will achieve the targeted financial levels of FY15 successfully.

### Acknowledgements

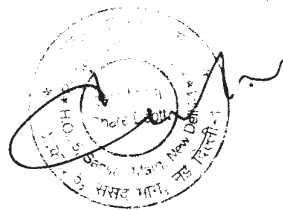
I would like to thank all our stakeholders for their continued support. The Bank is grateful to all its shareholders for their sustained faith, support and confidence.



On behalf of the Board, I would like to compliment the employees for their whole hearted contribution and their firm commitment. PNB's human assets live the Bank's values every day and they deserve our appreciation.

I would also like to thank the Securities and Exchange Board of India and Stock Exchanges, Government of India, Department of Financial Services and Reserve Bank of India for their support and valuable guidance. Last but not least, I would like to thank my colleagues on the Board of Directors who have given their valuable time and guidance in charting Bank's progressive moves and ensuring PNB's frontline position in the financial industry.

Thank You.

*Praveen Chakravarty*  


*sd/-*  
(K. R. Kamath)  
Chairman & Managing Director

CHAIRMAN'S  
INITIALS