punjab national bank
...the name you can BANK upon !

RETAIL PNB - DIGITAL PNB

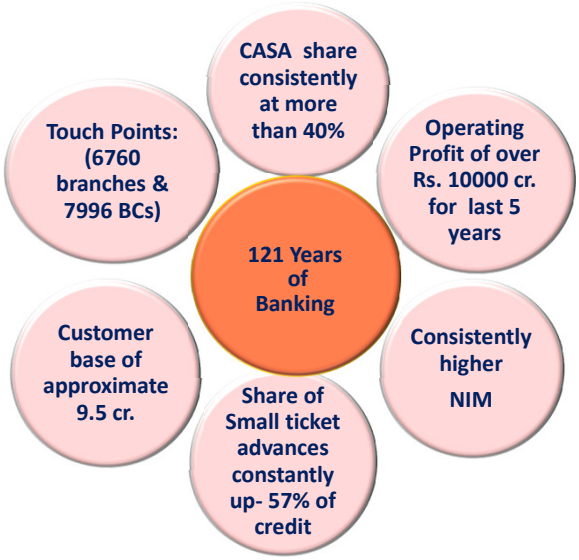
Presentation on Financial Performance for the Quarter/FY March 2016

1

New Landmarks

- *Operating Profit of the Bank crosses landmark of Rs. 12000 cr. (Over Rs. 10000 cr. for consecutive 5 years).*
- *Domestic Business has crossed Rs. 8.50 Lac Crore.*
- *Global Deposits has crossed Rs. 5.50 Lac Crore.*
- *CASA Deposits has crossed Rs. 2.00 Lac Crore, with CASA share in Total Deposit crossing 40%. Savings Deposit: Rs. 1.70 Lac Crore.*
- *Cost to Income Ratio declined from 46.74% in Mar'15 to 44.94% in Mar'16.*

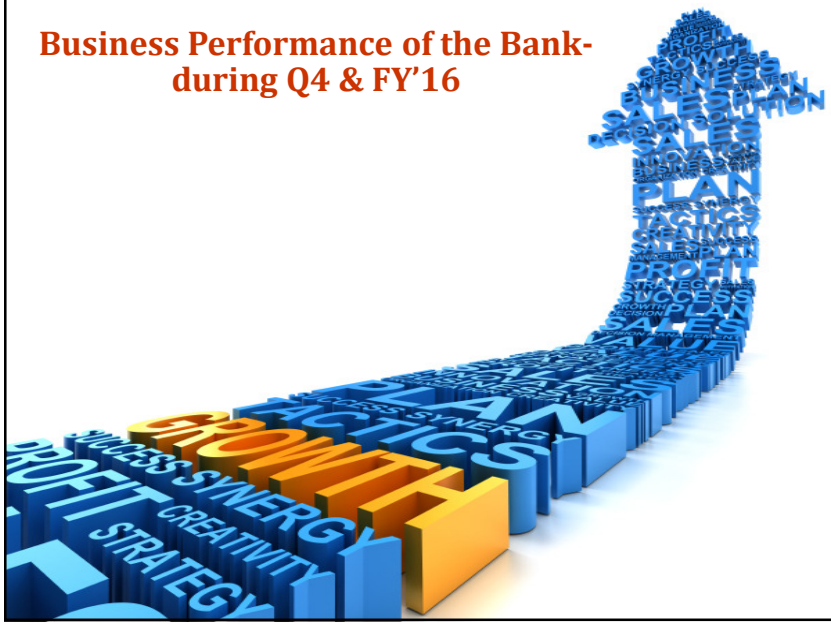
PNB – Key Strengths



PNB is ranked 1st among Nationalized Banks as the Most Trusted Bank according to The Brand Trust Report 2016 launched by TRA .

3

Business Performance of the Bank- during Q4 & FY'16



Business Performance–various component

(Terminal level)

(Rs. Cr.)

Sl.	Parameters	Mar'15	Dec'15	Mar'16	Mar'16/Mar'15	
					Amt.	(%)
1	Global Business	881913	941468	965377	83464	9.5
	Domestic Business	781128	827201	853254	72126	9.2
	Overseas Business	100785	114267	112123	11338	11.2
	Share of Overseas Business (%)	11.43%	12.14%	11.61%		
2	Global Deposits	501379	548532	553051	51672	10.3
3	Net Advances	380534	392937	412326	31791	8.4
4	CD Ratio [%]	75.90%	71.63%	74.55%		
5	CASA Deposits	183780	197922	205583	21803	11.9
6	Savings Deposits	150200	161460	169426	19227	12.8

Business Performance–various component

(Daily Average basis)

(Rs. Cr.)

Sl.	Parameters	Mar'15	Dec'15	Mar'16	Mar'16/Mar'15	
					Amt.	%
1	Global Business	795314	865586	876676	81362	10.2
	Domestic Business	710078	762524	772672	62594	8.8
	Overseas Business	85236	103062	104004	18768	22.0
	Share of Overseas Business [%]	10.72%	11.91%	11.86%		
2	Global Deposit	453295	503830	509869	56574	12.5
3	Net Advances	342019	361756	366807	24788	7.2
4	CASA Deposit	157534	170354	173032	15498	9.8
5	Savings Deposit	138033	148995	151298	13265	9.6

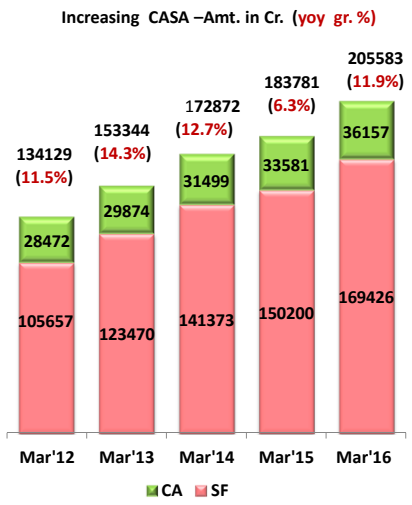
Approach for Deposits Growth

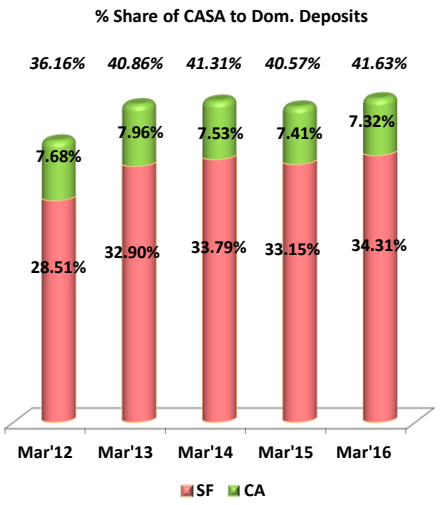
Shift in focus during last 5 quarters in the following areas:

- *Emphasis on stable deposit growth (on daily average basis)*
- *Least dependence on Bulk Deposits*
- *Emphasis on low cost deposits – CASA share consistently above 40%*
- *Aggressive savings deposit mobilization – growth 12.8%.*
- *Conversion of zero balance a/cs under Financial Inclusion into value a/cs - contributing to stable saving fund growth*

CONSTANTLY GROWING CASA

(Rs. Cr.)





Bank has crossed landmarks of Rs 2 lakh Cr. in CASA and close to Rs. 1.7 Lakh cr. in Savings Deposits.

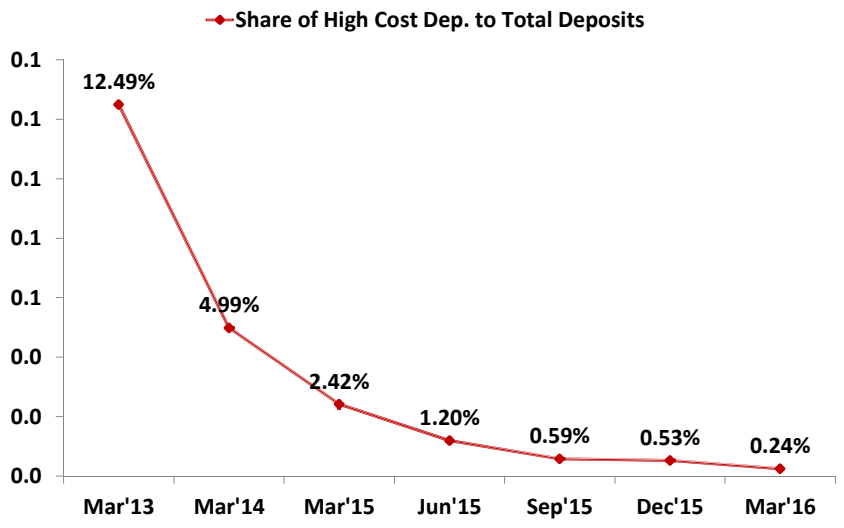
Business Performance -Deposits

(Rs. Cr.)

Sl.	Parameters	Mar'15	Dec'15	Mar'16	Mar'16/Mar'15	
					Amt.	(%)
1	Global Deposits	501379	548532	553051	51672	10.3
2	Domestic Deposits	453029	490095	493855	40826	9.0
3	Overseas Deposits	48350	58437	59196	10847	22.4
4	CASA Deposits	183780	197922	205583	21803	11.9
5	Current Deposits	33581	36462	36157	2576	7.7
6	SB Deposits	150200	161460	169426	19227	12.8
	Share of CASA To Dom. Dep. (%)	40.57%	40.38%	41.63%		
7	Term Deposit	317598	350610	347468	29870	9.4
8	Differential Rate Dep. Incl. CD	12123	2913	1354	-10769	-88.8
	Share of DRI Dep. to Total %	*2.42%*	*0.53%*	*0.24%*		

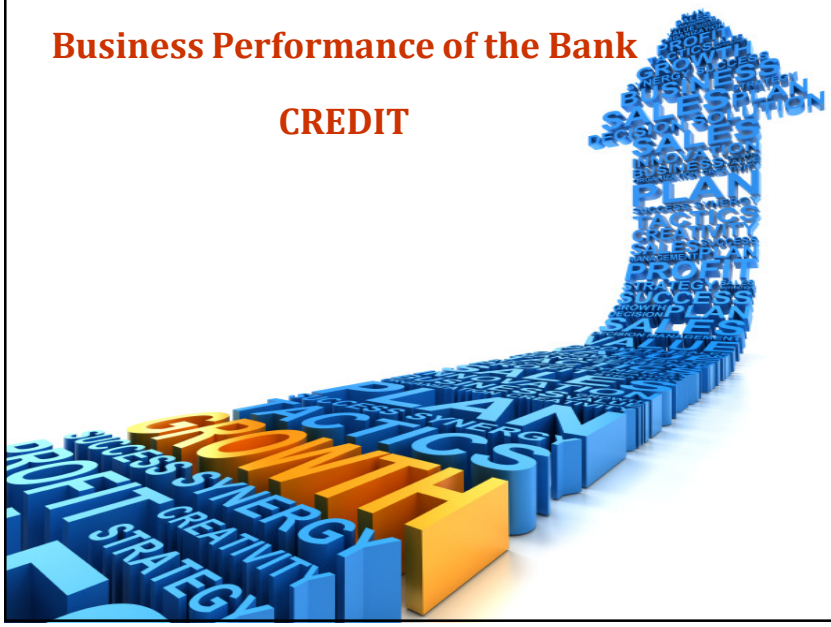
Reduced dependence on DRI deposits and increasing share of CASA

Reducing Dependence on Bulk/High Cost Deposits



Business Performance of the Bank

CREDIT



Approach for Credit Growth

Shift in focus during last 5 quarters

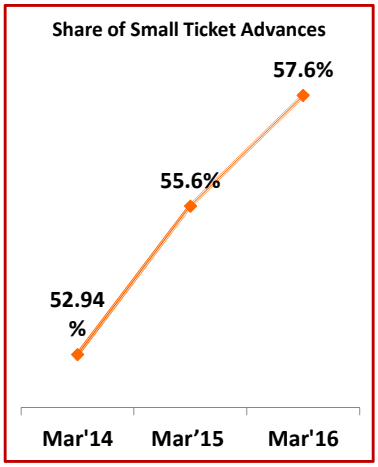
- **Shift in focus from Corporate to Retail/MSME/Agriculture Credit**
- **De-risking of credit portfolio by focusing on growth of Small Ticket Advances**
- **Engagement of each business unit in contributing towards qualitative credit**

Profitable Growth from the Grassroots (Branches)

(Rs. Cr.)

Moving through Small Ticket Advances

Share of Small Ticket Advances



Drivers of Small Ticket Advances

Parameters	Mar'15	Mar'16	YoY Gr.	
			Amt	%
Agriculture & Allied	**59157**	**64155**	**4998**	**8.4**
Small & Marginal Farmers	23823	30058	6235	26.2
MSME	**78162**	**93471**	**15309**	**19.6**
MSME Manufacturing	40161	39213	-948	-2.4
MSME Services	38001	54258	16257	42.8
Retail Credit	**48415**	**57801**	**9386**	**19.4**
Housing	21544	26923	5379	25.0
Car/vehicle	4089	4772	683	16.7
Education	4397	4589	192	4.4
Total Small Ticket	**185734**	**215427**	**29693**	**16.0**

Bank is aligning Business strategy with cyclical movement in the economy

13

Advances - Sectoral Classification

(Rs. Cr.)

Sl.	Parameters	Mar'15	Dec'15	Mar'16	% Share	YoY Variation	
						Amt.	(%)
1	Global Gross Advances	392422	405210	432775	100.0	40353	10.3
2	Overseas Advances	52435	55830	52926	12.2	491	0.9
3	Domestic Gross Advances	339987	349380	379849	87.8	39862	11.7
3a	Large Industries	106190	115129	111866	25.8	5676	5.3
3b	Agriculture & Allied	59157	60132	64155	14.8	4998	8.4
3c	MSME	78162	85506	93471	21.6	15309	19.6
3d	Retail Loans	48415	54351	57801	13.4	9386	19.4
3e	Others (incl. NBFC)	48063	34262	52556	12.1	4493	9.3

Diversification through Small Ticket Advances and reduced dependence on Large Ticket

14

Advances to Industry - Breakup

(Rs. Cr.)

Sl.	Major Industry	Mar'15		Dec' 15		Mar'16		Variation Mar'16/Mar'15	
		Amt.	Share % to NFC	Amt.	Share % to NFC	Amt.	Share % to NFC	Amt.	(%)
1	Food Processing	11789	3.5	12714	3.7	13390	3.6	1601	13.6
2	Textiles	10546	3.2	11749	3.4	12082	3.2	1536	14.6
3	Chemical & Chemical Products	5734	1.7	6835	2.0	7013	1.9	1279	22.3
4	Cement & Cement Products	2101	0.6	2333	0.7	2298	0.6	197	9.4
5	Basic Metal & Metal Products	23652	7.1	27839	8.1	29988	8.0	6336	26.8
5a	-Iron & Steel	21445	6.4	25494	7.4	27766	7.4	6321	29.5
6	Paper & paper products	1432	0.4	1607	0.5	1503	0.4	71	5.0
7	Petroleum	1267	0.4	1503	0.4	1992	0.5	725	57.2
8	All Engineering Products	4405	1.3	4832	1.4	4827	1.3	422	9.6
9	Vehicles & Vehicle parts	789	0.2	862	0.3	867	0.2	78	9.9
10	Construction	3558	1.1	3986	1.2	3660	1.0	102	2.9
11	Infrastructure	57023	17.1	61764	18.0	49223	13.1	-7800	-13.7
12	Residual	22895	6.9	23787	6.9	24236	6.5	1341	5.9
	Total Industry @	145190	43.5	159811	46.7	151079	40.4	5889	4.1

* NFC: Domestic Non Food Credit; @This includes Large Industries of Rs. 111866 cr. and MSME manufacturing of Rs. 39213 cr.

To improve Asset Quality & conserve Capital we are pruning our exposure in Stressed Sectors.

Investment

Domestic Treasury Operations - Highlights

(As on 31st Mar'16)

- Domestic Investment Book at Rs. 154727 Crore.
- Yield on Investment at 8.02% during Q4 FY 16.
- Share of SLR Securities in Total Investment at 77.14%.
- 64.9% of Total Domestic Investment in HTM.
- SLR as percentage to NDTL as on Mar'16 at 24.44%.
- Modified duration of AFS investments at 4.11.
- Trading Profit at Rs. 114.29 crore in Q4 FY 16 *and Rs. 726.10 crore in FY 16*.

Business performance –Investment portfolio (Rs. Cr.)

	Particulars	Mar'15	Dec'15	Mar'16
1	Gross Domestic Investment	149266	162532	154727
	Total SLR	123133	128561	119364
	Total Non SLR	26133	33971	35363
	Held To Maturity (HTM)	106969	104103	100410
	Available For Sale (AFS)	39116	58211	53909
	Held For trading (HFT)	3181	218	408
2	Duration (AFS)	4.97	4.31	4.33
3	Modified Duration (AFS)	4.73	4.10	4.11
4	Duration Total Portfolio	5.09	4.79	4.87
5	Modified Duration Total Portfolio	4.89	4.59	4.67
6	Net demand & time Liabilities	455134	480521	488445
7	SLR (%)	27.19	26.75	24.44
8	SLR HTM to Total SLR (%)	84.97	79.07	78.37
9	HTM To Gross Investment (%)	71.66	64.05	64.89
10	Investment by overseas branches	2620	3607	4080
	Total Gross Investment (1+10)	151886	166139	158807

Reduced SLR portfolio-funds being deployed in higher returns avenues

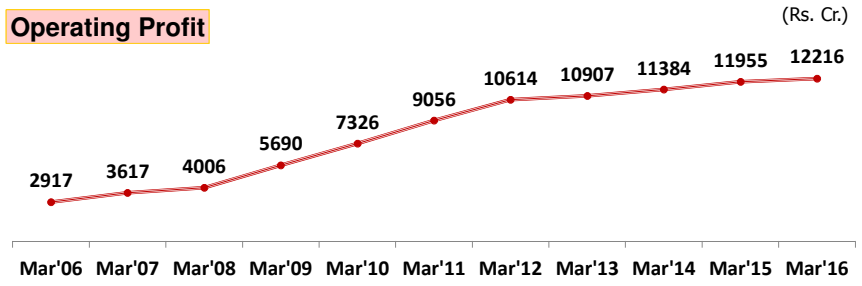
Profitability-

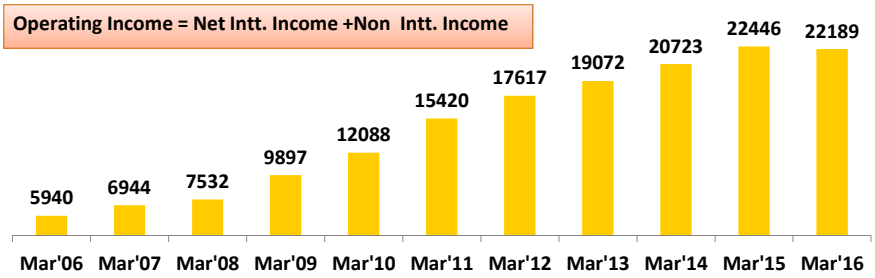
Performance during Q4 & FY Mar'16

Profitability –Performance Highlights

- **Operating Profit of the Bank crosses landmark of Rs. 12000 cr. (Over Rs. 10000 cr. for consecutive 5 years).**
- **Consistently high Net Interest Margin at 2.60%.**
- **Decreasing Cost of Deposits (5.85%) / Funds (4.93%).**
- **High growth in Non Interest Income i.e. 16.7% during FY16 on yoy basis.**

Consistently higher Operating Profit & Operating Income





Business Performance-Profit

(Rs. Cr.)

Sl.	Parameters	Q4' FY 15	Q4' FY 16	YoY Gr. %	FY 15	FY 16	YoY Gr. %
1	Interest Income	11651	10824	-7.1	46315	47424	2.4
2	Interest Expenses	7859	8056	2.5	29760	32113	7.9
3	NII (Spread) (1-2)	3792	2768	-27.0	16556	15312	-7.5
4	Other Income	1805	2452	35.8	5891	6877	16.7
5	Operating Expenses	2394	1992	-16.8	10492	9972	-4.9
6	Contribution (4-5)	-589	460	-178.1	-4601	-3095	-32.7
7	Operating Profit (3+6)	3203	3228	0.8	11955	12216	2.2
8	Provisions	2896	8595	196.8	8893	16192	82.1
9	Net Profit	307	-5367		3062	-3974	

Provisions

(Rs. Cr.)

Sl.	Parameters	Q4' FY 15	Q4' FY 16	YoY Gr. %	FY 15	FY 16	YoY Gr. %
1	Provision towards NPAs	3281	11380	246.8	7979	18469	131.5
2	Standard Advances incl. Standard Restructured	324	-1019	-414.3	491	-1385	-381.9
3	Depreciation on Investment	286	-80	-127.8	-567	345	-161.0
4	Income Tax	-938	-1890	101.5	896	-1762	-296.9
5	Others	-57	204	-454.0	94	525	459.3
	Total Provision	2896	8595	196.8	8893	16192	82.1

Income –head wise break up

(Rs. Cr.)

Sl.	Parameters	Q4' FY 15	Q4' FY 16	YoY Gr. %	FY 15	FY 16	YoY Gr. %
1	Interest Income (2+3+4)	11651	10824	-7.1	46315	47424	2.4
2	Interest on Advances	8569	7592	-11.4	34794	34446	-1.0
3	Interest on Investments	2781	2980	7.2	10600	12034	13.5
4	Other Interest Income	301	252	-16.5	921	944	2.6
5	Other Income (6+7+8+9+10)	1805	2452	35.8	5891	6877	16.7
	of which						
6	Fee Based Income	850	920	8.2	3485	3470	-0.4
7	Recovery in Written off A/Cs	335	1326	296.2	1017	2297	125.9
8	Trading Profit	538	114	-78.7	1023	726	-29.0
9	Dividend from Liquid MF	85	91	8.1	334	351	5.0
10	Residual (incl. Derivative inc)	-2	1	-166.8	32	33	2.2
	Total Income (1+5)	13456	13276	-1.3	52206	54301	4.0

Fee Based Income-head wise break up

(Rs. Cr.)

Sl.	Parameters	Q4' FY 15	Q4' FY 16	FY 15	FY 16
1	Processing Fees	124	133	577	606
2	LC/LG Income	198	197	796	727
3	Bills & Remittance	120	110	483	473
4	Incidental Charges	52	53	201	194
5	Inc from ATM operations	93	118	384	402
6	Income from Ins & MF	30	42	85	114
7	Govt. Business	22	33	85	103
8	Misc Income	114	125	376	424
9	Exchange Profit	98	109	498	427
	Total Fee Based Income	850	920	3485	3470

Expenditure-head wise break up

(Rs. Cr.)

Sl.	Parameters	Q4' FY 15	Q4' FY 16	YoY Gr. %	FY 15	FY 16	YoY Gr. %
1	Total Interest Paid (2+3+4)	7859	8056	2.5	29760	32113	7.9
2	Intt. Paid on Deposits	7161	7448	4.0	27621	29803	7.9
3	Intt. Paid on Borrowings	81	51	-36.8	567	250	-55.9
4	Others	617	557	-9.7	1571	2060	31.1
5	Operating Expenses (6+9)	2394	1992	-16.8	10492	9972	-4.9
6	Estab. Expenses	1507	1008	-33.1	7337	6426	-12.4
	Of Which						
7	Empl. Benefits (AS-15)	850	-255	-130.0	3218	1569	-51.2
8	Other Operating Expenses	887	984	11.0	3155	3546	12.4
	Total Expenses (1+5)	10253	10048	-2.0	40251	42085	4.6

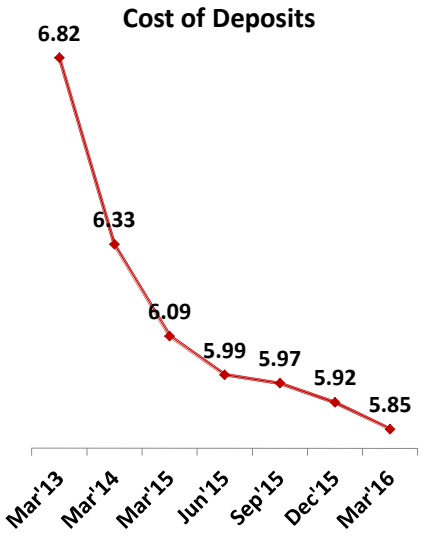
Cost & Yield Ratios

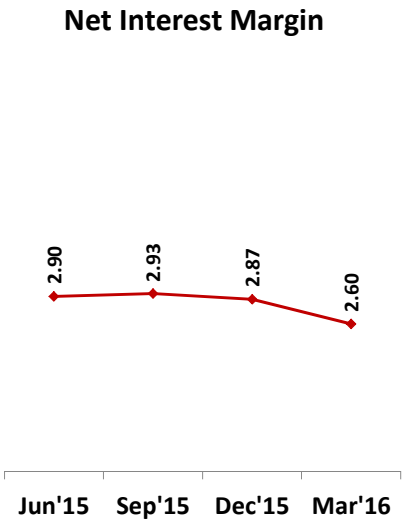
(Annualized)

Sl.	Particulars	FY Mar'15	FY Mar'16
1	Cost of Deposit [%]	6.09	5.85
2	Cost of Fund [%]	5.14	4.93
3	Yield on Advances [%]	9.88	9.10
4	Yield on Investment [%]	7.99	7.94
5	Yield on Fund [%]	8.00	7.28
6	Net Interest Margin [%]		
	-Global	3.15	2.60
	-Domestic	3.55	2.95

Net Interest Margin (%)

(Annualized)





Profitability Ratios

(Annualized)

Sl.	Particulars	FY Mar'15	FY Mar'16
1	Return on Assets [%]	0.53	Negative
2	Return on Net worth [%]	8.12	Negative
3	Opt. Profit to AWF [%]	2.06	1.88
4	Cost to Income Ratio [%]	46.74	44.94
5	Estb. Exp. To Total Exp. [%]	18.23	15.27
6	Opt. Exp. To AWF [%]	1.81	1.53
7	Book Value per Share [Rs]	203.24	180.61
8	Earnings per share [Rs]	16.91	Negative

Asset Quality

Eight months of war on Non Performing Assets

- Creation of 'War Room' at HO – real time monitoring of NPA recovery / reduction across Pan India. Minimum target of Rs. 50 lac per day per circle
- Increase in pace of growth in up gradation/recovery in NPA a/cs
- Cash recovery & Recovery in written off account has increased due to recent new measures
- Better control on slippages due of regular follow-up even in SMA '0' a/cs
- Intensification of e-auction drive /exploring possibilities in each stressed account is yielding result
- Intensification of sale to ARCs especially in those a/cs in which all other banks have already sold their exposures

Break up of Gross Credit as per Asset Class

(Rs. Cr.)

Year	Standard Adv.	Restructured Standard (O/S)	GNPA	Stressed Advances	Gross Advances
	1	2	3	4 (2+3)	5 (1+4)
Mar' 15	328412	38315	25695	64010	392422
% Share	83.69	9.76	6.55	16.31	100.00
Mar' 16	356813	20144	55818	75962	432775
% Share	82.45	4.65	12.90	17.55	100.00

Share of Stressed Advances as on Dec'15: 17.11%

33

Industry wise O/S Restructured Accounts

(Rs. Cr.)

Sl.	Sector	Mar'15	%age Share	Mar'16	%age Share
1	Iron & Steel	5588	14.6	2562	12.7
2	Infrastructure	16042	41.9	8777	43.6
	Power	13685	35.7	5635	28.0
	of which SEBs	8127	21.2	1904	9.5
	Telecom	371	1.0	263	1.3
3	Drilling	610	1.6	0	0.0
4	Textiles	1414	3.7	1000	5.0
5	Aviation	32	0.1	61	0.3
6	Sugar	1415	3.7	1391	6.9
7	Paper/Printing	147	0.4	76	0.4
8	Chemical/Fertiliser/Drugs	1947	5.1	613	3.0
9	Cement	535	1.4	357	1.8
10	Manufacturing	1589	4.1	846	4.2
11	Engineering	194	0.5	11	0.1
12	Auto parts	156	0.4	0	0.0
13	Hotel	732	1.9	409	2.0
14	Education	478	1.2	320	1.6
15	Finance	105	0.3	117	0.6
16	Others	3294	8.6	1667	8.3
	Total Industries	34278	89.5	18208	90.4

34

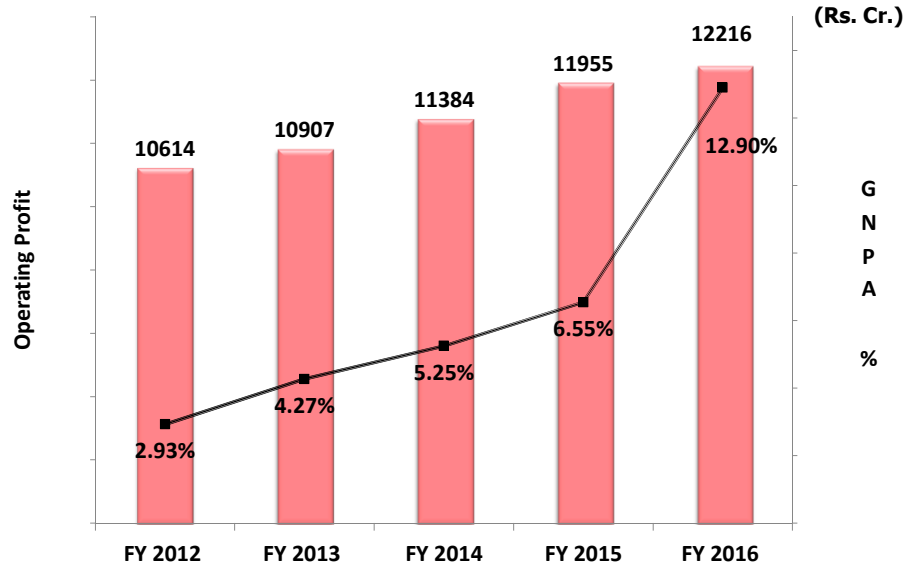
Non-Performing Assets

(Rs. Cr.)

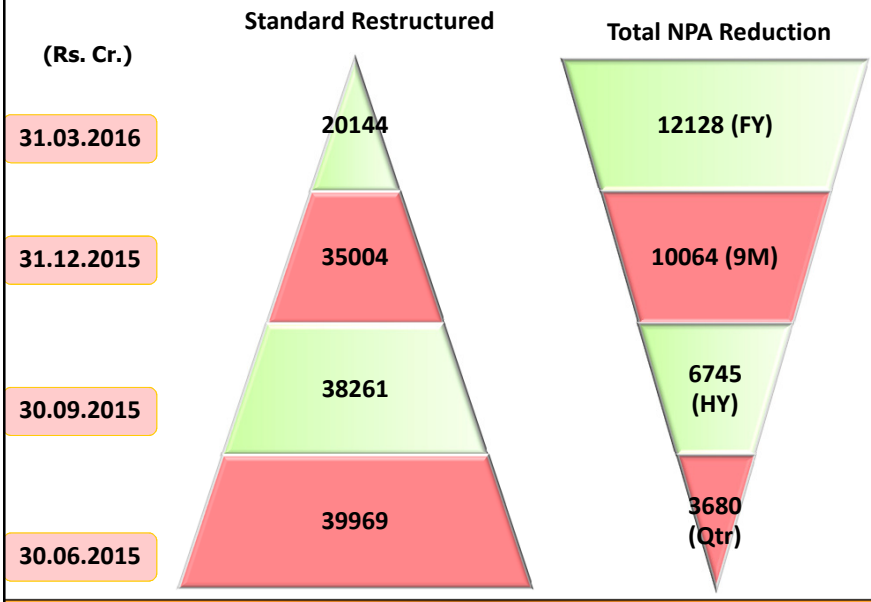
Sl.	Parameters	Mar'15	Mar'16
1	NPA as at the beginning of Yr.	18880	25695
2	Cash Recovery	2925	4262
3	Up-gradation	1000	1381
4	Write Off	5920	6485
5	Total Reduction (2+3+4)	9845	12128
6	Fresh Addition	16660	42252
	-Fresh slippages	15692	41060
	-Debits in existing NPA A/cs	968	1192
7	Gross NPAs end period	25695	55818
8	Eligible Deductions incl. Provisions	10298	20395
9	Net NPAs	15396	35423
10	Recovery in written-off debt accounts	1017	2297

Particulars	Mar'15	Mar'16
Gross NPA%	6.55%	12.90%
Net NPA%	4.06%	8.61%
NPA Coverage Ratio	58.21%	51.06%

Sustained higher operating profit despite NPAs



Reducing Restructured Adv – Increasing Reduction



Capital Adequacy

Capital Conservation/ new initiatives

- Diversification of loan portfolio towards low risk sectors & borrowers requiring lower RWAs
- Emphasis on better quality collaterals while taking fresh exposure to ensure capital conservation
- Efforts for sale of non-core assets to ensure release of capital

Capital Adequacy (Basel III)

(Rs. Cr.)

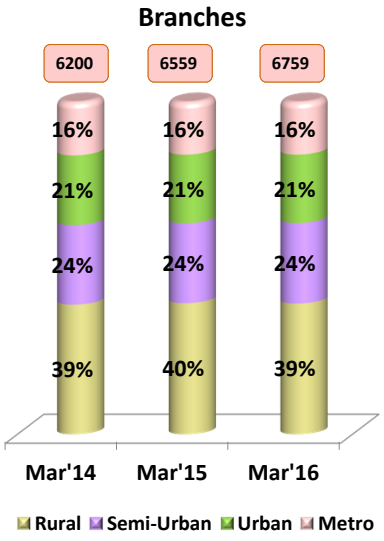
Capital raising Plan:-

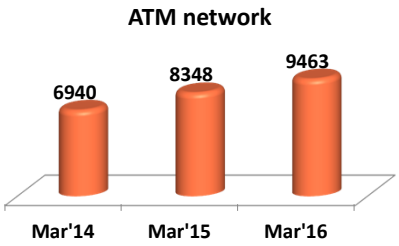
- Infusion by Govt. of India
- Bank is in readiness to shore up Capital at an opportune time and market
- Option is available through AT1 and Tier 2 bonds.

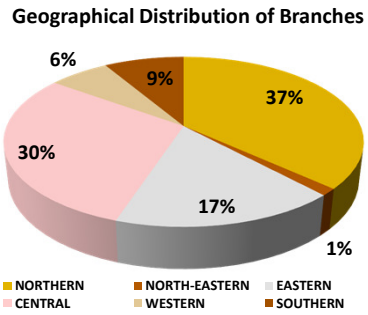
➡CET I is well above the regulatory level .
➡Focus on Capital Conservation.

Sl.	Particulars	Mar'15	Mar'16
	Capital Fund		
1	Tier I	36991	35718
	Of Which		
	Common Equity	34745	33435
	Additional Tier I	2246	2283
2	Tier II	11555	12203
3	Total (Tier I+II)	48546	47921
4	Risk-weighted Assets	397610	424868
	Capital Adequacy Ratio		
5	Tier I	9.30%	8.41%
	Of Which		
	Common Equity	8.74%	7.87%
	Additional Tier I	0.56%	0.54%
6	Tier II	2.91%	2.87%
7	Total (Tier I+II)	12.21%	11.28%

Expanding Network







Number of BCs as on 31.03.16 : 7996

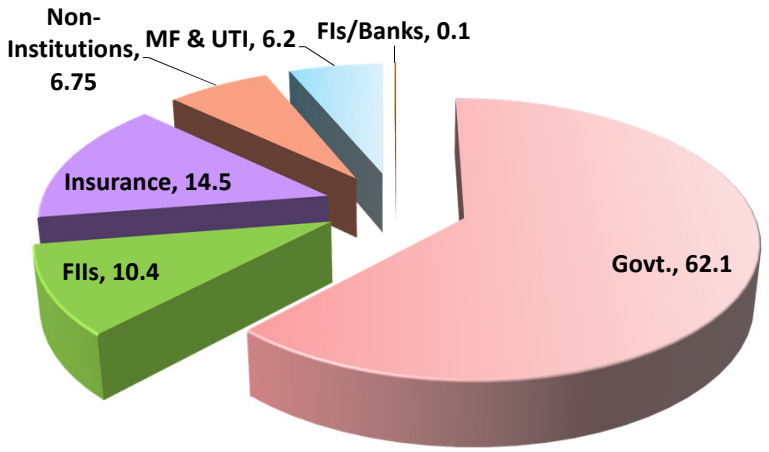
Overseas Network

- Bank has overseas presence in 9 countries i.e. Hong Kong, Dubai, UK, Bhutan, Kazakhstan, Australia, China, Nepal and Bangladesh.
- 4 Overseas branches, 2 in Hong Kong, 1 in Dubai and 1 Offshore Banking Unit at Mumbai.
- 2 subsidiaries viz. UK (Punjab National Bank International Ltd-wholly owned) with 7 branches & Druk PNB Bank Ltd Bhutan with 6 branches and one Associate at JSC Bank Kazakhstan with 4 branches.
- 4 Representative Offices at Dubai-UAE, Sydney-Australia, Shanghai-China and Dhaka- Bangladesh.
- Joint Venture with Everest Bank Ltd. Kathmandu Nepal, (EBL) with 61 branches.

Overseas Business as on 31.03.2016 (USD MIO)			
Branches	Deposit	Advances	Business
Hong Kong	5180	3397	8576
Dubai	3735	4608	8342
OBU	20	71	92
TOTAL	**8935**	**8076**	**17010**
TOTAL (INR Crore)	**59196**	**53505**	**112701**

Shareholding Pattern (%)

(31st Mar'16)



पंजाब नैशनल बैंक punjab national bank

PNB Indradhanush

Retail PNB *Digital PNB*

People before the Numbers

PNB UNIV: An online learning platform, available on all major Mobile Platforms.

- Provide quick access to quality curriculum and training 24x7 right on the palm top.
- 'PNB Univ" will bring learning to people instead of people to learning'.

PNB NAVODAYA: On-boarding & Mentoring Mechanism: Introduced for newly recruited energetic, tech-savvy but inexperienced employees.

Employee Communication: Employee Surveys, Employee Suggestion Box (ESB)

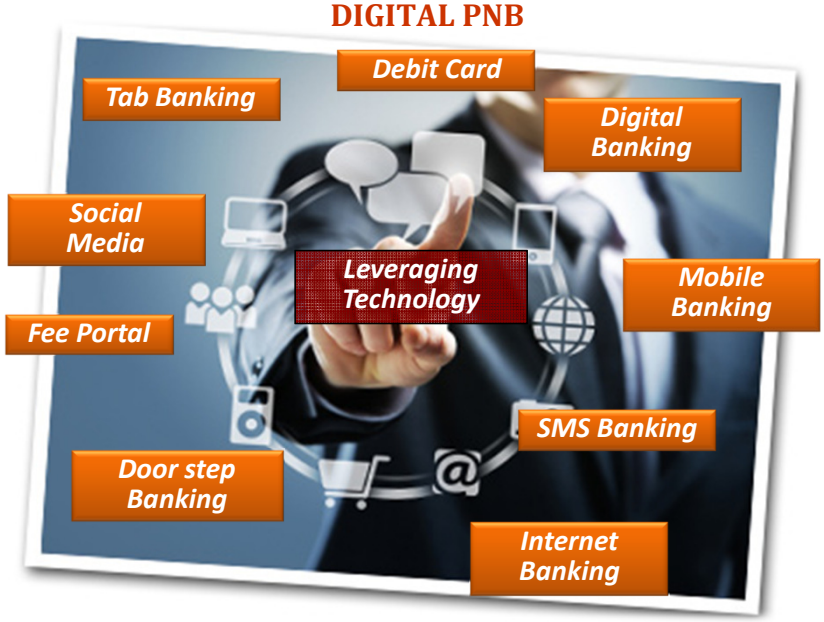
Organizational Development:

- Competency Mapping
- Succession Planning,
- Performance Management System with Measurable KRAs
- HR Audit
- Reward & Recognition etc.

Robust HRMS covering entire gamut of data relating to employees

Constantly improving 'Age Profile' of human resource				
Avg. Age as on	Officers	Clerks	Others	All
31.03.2015	48.22	41.08	38.79	43.13
31.03.2016	46.23	39.67	37.35	41.63

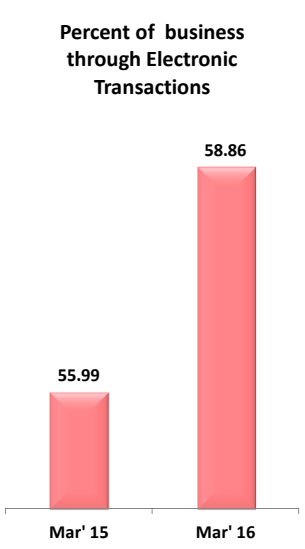
DIGITAL PNB

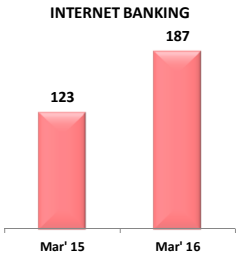


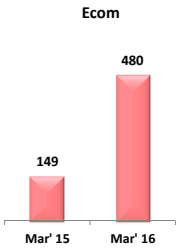
DIGITAL PNB FOR CUSTOMER CONVENIENCE

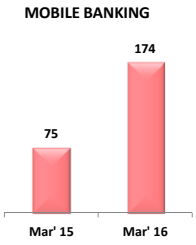
- **PNB Mobi-ease** an android mobile app, introduced to facilitate SMS Banking customers execute their Banking operations through single touch.
- Mobile App namely "**ATM Assist**" launched to meet twin objectives of assisting and resolving ATM problems of the customers and improve customer services.
- **Online PPF/RD account opening**: Internet Banking Users can open PPF account, RD account, link existing PPF account, transfer funds to PPF accounts through Internet Banking.
- **Presence in Social Media:** With an objective of brand promotion and better customer service, Bank had made presence on Twitter with over 8370 following.
- Bank has recently come out with **Tab Banking** for acquisition of new customers using the newly set up marketing vertical.
- As a part of **Green initiative, PNB has launched Green Pin** facility for its Debit Card holders.
- **PNB Sleep Easy** has been introduced for blocking internet banking and mobile banking transaction password by sending SMS through registered mobile number, when not in use.

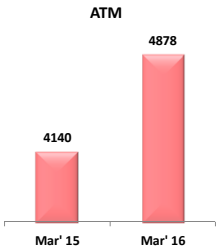
Leveraging of Digital platform – (Transactions in lakh)



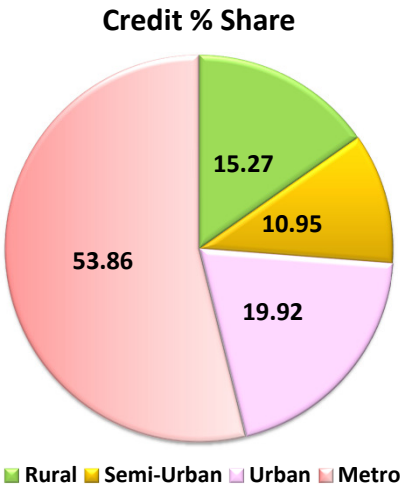


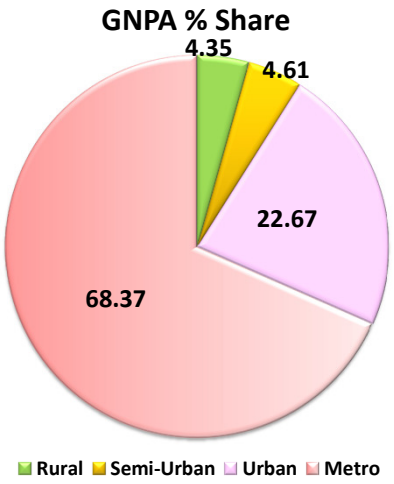






Growth in Rural & Semi-Urban areas where risk is lower



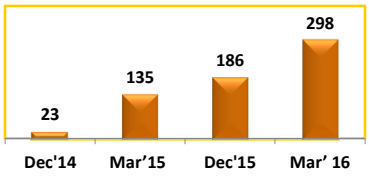


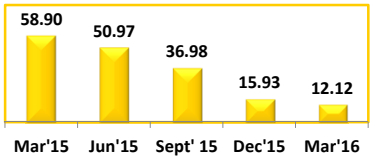
- More than 60% of branches of the Bank are in Rural & Semi Urban area
- These areas have low concentration of NPAs
- Bank's Business Model is oriented towards qualitative growth through branches in these areas

Financial Inclusion as a Business Driver

(Amt. in Cr.)

Sl	Particulars	Mar' 15	Mar' 16
1	Deposits Mobilized under Financial Inclusion	2195.39	3193.28
2	Income earned from Financial Inclusion	12.01	47.61
3	Average Balance under Financial Inclusion(Rs.)	1152.9	1242.34
4	Accounts opened under PMJDY (No. in Lakh)	89.73	130.80
5	-Amt. mobilized under PMJDY	777.39	1621.45
6	-No. of Rupay Card Issued (in Lakh)	84.09	97.65
7	Aadhaar Seeding in PMJDY A/Cs (No. in Lakh)	20.78	60.55





Farmers' Training Centers -10	Financial Literacy Center -108	RSETIs-56
Supporting farmers in learning & earning Free of cost training Trained 936555 farmers	239562 persons were attended during FY16 520358 persons attended 7345 seminars	35917 persons have been trained during FY 16 Out of above 19082 were women

Awards & Accolades

During FY'16, in recognition of its performance and initiatives in multifarious areas, PNB received various awards, some of the notable are:

- **Golden Peacock National Training Award 2016 by Institute of Directors.**
- **Social Banking Excellence Awards 2015 under Rural Banking Category (Large Bank) by ASSOCHAM.**
- **Best Bank Award for PMJDY (Large Bank)-Winner of Banking Excellence Awards 2015 by CIMSME.**
- **Best MSME Bank (Large Bank)-Runners Up by CIMSME- Banking Excellence Awards 2015**
- **ABP News Brand Excellence Awards 2015 under Banking Financial Services and Insurance Category by CMO Asia with World Marketing Congress**
- **Inspiring Work Place Awards 2015 under the category Best HR and Talent Management Practices by The Banking Frontiers.**
- **Agriculture Leadership Award 2015 by Agriculture Today Group.**