



ਪੰਜਾਬ ਨੈਸ਼ਨਲ ਬੈਂਕ



punjab national bank

Share Department, Board & Coordination Division, HO Plot No.4 Sector 10, Dwarka, New Delhi-110075
Tel No: 011-28044857 E-mail: hosd@pnb.co.in

| | |
|---|--|
| Scrip Code : PNB The Asstt. Vice President National Stock Exchange of India Limited "Exchange Plaza" Bandra – Kurla Complex, Bandra (E) Mumbai – 400 051 | Scrip Code : 532461 The Dy General Manager Bombay Stock Exchange Limited 1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 |
|---|--|

Date: 19.11.2020

Dear Sir (s),

Reg.: Disclosure under Regulation 30 of SEBI (LODR) Regulations, 2015- Approval of the Proforma Financial Statements by the Capital Raising Committee of the Board.

This has reference to our intimation dated 09.07.2020 regarding approval of the Board of Directors for raising capital through various permitted modes.

The Exchange is hereby informed that the Capital Raising Committee of the Board in its meeting held today, has considered and approved the Proforma Financial Statements of the Amalgamated Bank (PNB post amalgamation of Oriental Bank of Commerce and United Bank of India w.e.f. 01st April, 2020) as at 31st March 2020, 30th September, 2019, 30th June, 2019 and 31st December, 2019. The copy of the Proforma Financial Statements is enclosed herewith.

This is for your information please.

Yours faithfully,


(Ekta Pasricha)
Company Secretary



INDEPENDENT AUDITORS' REPORT

To,
The Capital Raising Committee of Board,
Punjab National Bank,
New Delhi

Independent Auditors' Report on Proforma Financial Statements in Connection with the investor presentation towards the proposed issue of qualified institutional placement (QIP) of the Bank

Dear Sirs,

1. This report is issued in accordance with the terms of our engagement letter dated 17/11/2020.
2. We have completed our assurance engagement to report on the compilation of accompanying Proforma Financial Statements (hereinafter referred to as the "Proforma Financial Statements") of Punjab National Bank (hereinafter referred to as the "Bank") comprising of the Proforma Balance Sheet as at 30/06/2019, 30/09/2019, 31/12/2019 and 31/03/2020 and the Proforma Statement of Profit and Loss for the quarter ended 30/06/2019, half year/quarter ended 30/09/2019, nine month/quarter ended 31.12.2019 and year ended/quarter ended 31/03/2020, read with the notes thereto, has been prepared by the Management of the Bank in accordance with the requirements of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date (the "SEBI Regulations 2018") issued by the Securities and Exchange Board of India (the "SEBI") to reflect the impact of a significant amalgamation as on 01.04.2020 and as further set out in the basis of preparation paragraph included in the attached notes to the Proforma Financial Statements, which is initialed by us for identification purposes only.
3. We have examined the Proforma Financial Statements. For our examination, we have placed reliance on the following:
 - a. the audited standalone financial information of the Bank for the year ended 31/03/2020 on which we have expressed an unmodified opinion in our reports dated 19/06/2020;
 - b. the reviewed standalone financial statements of the Bank for the quarter ended 30/06/2019, half year ended 30/09/2019 and nine month ended 31/12/2019 on which we have expressed an unmodified opinion in our reports dated 26/07/2019, 05/11/2019 and 04/02/2020 respectively;
 - c. the audited standalone financial statements of the erstwhile Oriental Bank of Commerce for the year ended 31/03/2020 on which other firm of Chartered Accountants have expressed an unmodified audit opinion dated 19/06/2020;
 - d. the reviewed standalone financial statements of the erstwhile Oriental Bank of Commerce for the quarter ended 30/06/2019, quarter and half year ended 30/09/2019 and nine month ended 31/12/2019 on which

another firm of Chartered Accountants have expressed an unmodified audit opinion in their reports dated 22/07/2019, 22/10/2019 and 23/01/2020 respectively ;

- e. the audited standalone financial statements of the erstwhile United Bank of India Commerce for the year ended 31/03/2020 on which other firm of Chartered Accountants have expressed an unmodified audit opinion dated 19/06/2020;
 - f. the reviewed standalone financial statements of the erstwhile United Bank of India for the quarter ended 30/06/2019, half year ended 30/09/2019 and nine month ended 31/12/2019 on which another firm of Chartered Accountants have expressed an unmodified audit opinion in their reports dated 30/07/2019,30/10/2019 and 06/02/2020 respectively ;
4. For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Proforma Financial Statements, nor have we, in the course of this engagement, performed an audit or review of the financial information used by the Management in the compilation of the Proforma Financial Statements.

Managements' Responsibility for the Proforma Financial Statements

5. The preparation of the Profoma Financial Statements, which is to be included in the Placement Document/ Offer Document, is the responsibility of the Management of the Bank and has been approved by the Capital Raising Committee of Board (hereinafter referred to as "CRCB") in their meeting dated 19/11/2020. The management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Proforma Financial Statements. The Management is also responsible for identifying and ensuring that the Bank complies with the laws and regulations applicable to its activities.

Auditors' Responsibilities

6. Pursuant to the requirement of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date (the "SEBI Regulations 2018") it is our responsibility to express an opinion on whether the Proforma Financial Statement of the Bank for the quarter ended 30/06/2019, for the half year ended 30/09/2019, for the nine month ended 31/12/2019 and year ended 31/03/2020, as attached to this report, read with respective significant accounting policies and the notes thereto have been properly prepared by the Management of the Issuer Bank on the basis stated in the notes to the Proforma Financial Statements.
7. We conducted our engagement in accordance with Standards on Assurance Engagement (SAE-3420), Assurance engagement to report on the compilation of Proforma Financial Information included in the Prospectus and the Guidance Note on Audit Reports and Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India.



8. The purpose of the Proforma Financial Statements is to reflect the impact of a significant amalgamation effective from 01/04/2020, as set out in the basis of preparation paragraph included in the attached notes to the Proforma Financial Statements and solely to illustrate the impact of a significant event on the historical financial information of the Bank, as if the event had occurred at an earlier date selected for purposes of illustration and based on the judgements and assumptions of the Management of the Bank to reflect the hypothetical impact, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:
 - a. the standalone financial position of the Bank as at 30/09/2019 and 31/03/2020 or any future date; or
 - b. the standalone results of the Bank for the quarter ended 30/06/2019, half year ended 30/09/2019, nine month ended 31/12/2019 and year ended 31/03/2020 or any future periods.
9. A reasonable assurance engagement to report whether the proforma financial statements has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the management of the bank in the compilation of the proforma financial statements provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:
 - a. The related proforma adjustments give appropriate effect to those criteria:
and
 - b. The proforma financial statements reflect the proper application of those adjustments to the unadjusted financial information
10. The procedures selected depend on the practitioners' judgment, having regard to the practitioners understanding of the nature of the company, the event or transaction in respect of which the proforma financial statement has been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the proforma financial statements.
11. Our work consisted primarily of comparing the respective columns in the Proforma Financial Statements to the underlying audited / reviewed historical financial information, as the case may be, referred to in paragraph 3 above, considering the evidence supporting the adjustments and reclassifications, performing procedures to assess whether the basis of preparation of Proforma Financial Statements as explained in the attached notes to the Proforma Financial Statements provide a reasonable basis for presenting the significant effects directly attributable to the amalgamation and discussing the Proforma Financial Statements with the Management of the Bank.
12. We have not audited any financial statements of the Bank as of any date or for any period subsequent to 31/03/2020. Accordingly, we do not express any opinion on the financial position, results or cash flows of the Bank as of any date or for any period subsequent to 31/03/2020.



13. We have not reviewed any financial statements of the Bank as of any date or for any period subsequent to 30/09/2020. Accordingly, we do not express any opinion on the financial position, results or cash flows of the Bank as of any date or for any period subsequent to 30/09/2020.
14. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
15. We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to issue this report.
16. This engagement did not involve independent examination of any of the underlying financial information.
17. We believe that the procedures performed by us provide a reasonable basis for our opinion.

Opinion


18. In our opinion the Proforma Financial Statements of the Bank for quarter ended 30/06/2019, half year ended 30/09/2019, nine month ended 31/12/2019 and year ended 31/03/2020, as attached to this report, read with respective significant accounting policies and the notes thereto have been prepared by the Management of the Issuer Bank on the basis stated in the notes to the Proforma Financial Statements.

Restrictions on Use

19. This report is addressed to and is provided to enable the Capital Raising Committee of Board of the Bank to include this report in the investor presentation in connection with the qualified institutional placement and no offer has been made to the public or any other category of investor(s) and will be filed by the Bank with the SEBI.

For G S Mathur & Co.
Chartered Accountants
FRN 008744N




(Rajiv Kumar Wadhawan)
Partner
M No. 091007
UDIN:20091007AAAACX8581

Date: 19/11/2020
Place: New Delhi

PUNJAB NATIONAL BANK
PROFORMA BALANCE SHEET AS ON 31ST MARCH, 2020

(Rs.000s omitted)

| CAPITAL & LIABILITIES | Schedule | PNB A | eOBC B | eUNI C | Proforma Adjustments | | | Proforma Amalgamated as on 31.03.2020 G=A+B+C+F |
|--|----------|-------------------|-------------------|-------------------|-----------------------|---------------------------------|---------------------|---|
| | | | | | GAAP Adjustments D | Acquisition Adjustments E | Adjustment F=D+E | |
| Capital | 1 | 13475132 | | | 0 | 5346127 | 5346127 | 18821259 |
| Reserves & Surplus | 2 | 610099730 | 151688772 | -21606981 | 0 | 99043944 | 99043944 | 839225465 |
| Deposits | 3 | 7038463206 | 2301082280 | 1376146391 | 0 | 0 | 0 | 10715691877 |
| Borrowings | 4 | 502254292 | 141213918 | 22799452 | 0 | 0 | 0 | 866267662 |
| Other Liabilities and Provisions | 5 | 142366757 | 76751809 | 61896505 | 0 | 5012 | 5012 | 281020083 |
| Total | | 8306659117 | 2670736779 | 1439235367 | 0 | 104395083 | 104395083 | 12521026346 |
| TOTAL | | | | | | | | |
| ASSETS | | | | | | | | |
| Cash & Balances with Reserve Bank of India | 6 | 383978504 | 104323715 | 48529618 | 0 | 0 | 0 | 536831837 |
| Balances with Banks & Money at call & short notice | 7 | 375951792 | 57099957 | 87220485 | 0 | 0 | 0 | 520272234 |
| Investments | 8 | 2404656414 | 728713033 | 586369227 | 0 | 0 | 0 | 3719738674 |
| Advances | 9 | 4718277227 | 1579586666 | 675233277 | 0 | 0 | 0 | 6973097170 |
| Fixed Assets | 10 | 72390682 | 24430473 | 14184855 | 0 | 0 | 0 | 111006010 |
| Other Assets | 11 | 351404498 | 190285028 | 118390895 | 0 | 0 | 0 | 660080421 |
| Total | | 8306659117 | 2684438872 | 1529928357 | 0 | 0 | 0 | 12521026346 |
| TOTAL | | | | | | | | |
| Contingent Liabilities | 12 | 2108007358 | 364226364 | 123872189 | 0 | 0 | 0 | 2596105911 |
| Bills for collection | | 280499136 | 115278360 | 28653475 | 0 | 0 | 0 | 424430971 |
| Significant Accounting Policies | 17 | | | | | | | |

R K Khichi
R K KHICHI
DEPUTY GENERAL MANAGER

A K Azad
A K AZAD
EXECUTIVE DIRECTOR

P K Sharma
PRAVEEN KUMAR SHARMA
GENERAL MANAGER

Vijay Dube
VIJAY DUBE
EXECUTIVE DIRECTOR

M Dhawan
MAHESH DHAWAN
GENERAL MANAGER

Ch. S.S. Mallikarjuna Rao
CH. S.S. MALLIKARJUNA RAO
MANAGING DIRECTOR & CEO

D K Jain
D K JAIN
GENERAL MANAGER & CFO

Sanjay Kumar
SANJAY KUMAR
EXECUTIVE DIRECTOR

For G S Mathur & Co.
Chartered Accountants
FRN 008744N

Rajiv Kumar Wadhawan
(Rajiv Kumar Wadhawan)
Partner
M No. 091007



Date: 19.11.2020
Place: New Delhi

PUNJAB NATIONAL BANK
PROFORMA PROFIT AND LOSS ACCOUNT FOR THE QUARTER/YEAR ENDED 31ST MARCH, 2020

(Rs.000s omitted)

| Schedule | PNB | eOBC | eUNI | Proforma Adjustments | | | Proforma Amalgamated for year ended 31.03.2020 | Proforma Amalgamated for quarter ended 31.03.2020 | |
|--------------------------------|-----|------------------|------------------|----------------------|-------------------------|------------|--|---|------------------|
| | | | | GAAP Adjustments | Acquisition Adjustments | Adjustment | | | |
| | A | B | C | D | E | F=D+E | G=A+B+C+F | | |
| I. INCOME | | | | | | | | | |
| Interest earned | 13 | 538000337 | 191930726 | 96555447 | 0 | 0 | 0 | 826486510 | 210281348 |
| Other Income | 14 | 92741277 | 32049328 | 25890414 | 0 | 0 | 0 | 150681019 | 40345828 |
| TOTAL | | 630741614 | 223980054 | 122445861 | 0 | 0 | 0 | 977167529 | 250627176 |
| II. EXPENDITURE | | | | | | | | | |
| Interest expended | 15 | 363622425 | 135773504 | 66698776 | 0 | 0 | 0 | 566094705 | 142181858 |
| Operating expenses | 16 | 119733704 | 58360150 | 54039950 | 0 | 0 | 0 | 232133804 | 90892743 |
| Provisions and Contingencies | | 144023541 | 52364528 | 65660211 | 0 | 0 | 0 | 262048280 | 118822694 |
| TOTAL | | 627379670 | 246498182 | 186398937 | 0 | 0 | 0 | 1060276789 | 351897295 |
| III. PROFIT | | | | | | | | | |
| Net Profit/(Loss) for the year | | 3361944 | -22518128 | -63953076 | 0 | 0 | 0 | -83109260 | -101270119 |
| Earnings per Share | | | | | | | | -10.22 | -10.76 |

R K Khichi
R K KHICHI
 DEPUTY GENERAL MANAGER

Praveen Kumar Sharma
PRAVEEN KUMAR SHARMA
 GENERAL MANAGER

Mdhawan
MAHESH DHAWAN
 GENERAL MANAGER

D K Jain
D K JAIN
 GENERAL MANAGER & CFO

Akshay
AKSHAY
 EXECUTIVE DIRECTOR

Vijay Dube
VIJAY DUBE
 EXECUTIVE DIRECTOR

Sanjay Kumar
SANJAY KUMAR
 EXECUTIVE DIRECTOR

Ch. S.S. Mallikarjuna Rao
CH. S.S. MALLIKARJUNA RAO
 MANAGING DIRECTOR & CEO

For G S Mathur & Co.
 Chartered Accountants
 FRN 008744N



Rajiv Kumar Wadhawan
(Rajiv Kumar Wadhawan)
 Partner
 M No. 091007

Date: 19.11.2020
 Place: New Delhi



PUNJAB NATIONAL BANK
Schedules to the Proforma Financial Statement as at 31.03.2020

(Rs. 000s omitted)

| | PNB A | eOBC B | eUNI C | Proforma Adjustments | | | Proforma Amalgated for year ended 31.03.2020 G=A+B+C+F |
|--|------------|------------|------------|--------------------------|---------------------------------|---------------------|--|
| | | | | GAAP Adjustments D | Acquisition Adjustments E | Adjustment F=D+E | |
| SCHEDULE 1 - CAPITAL | | | | | | | |
| Authorised 15,00,00,00,000 Equity Shares of ₹ 2 each | 30000000 | | | 0 | 0 | 0 | 30000000 |
| Issued, Subscribed & Paid up 9,41,06,29,315 Equity Shares of ₹ 2 each (includes equity shares of 8,05,41,25,685) ₹ 2 each held by Central Government) | 13475132 | | | | 5346127 | 5346127 | 18821259 |
| SCHEDULE 2 - RESERVES & SURPLUS | | | | | | | |
| I Statutory Reserves | 94727008 | 34767485 | 8323877 | 0 | 0 | 0 | 137818370 |
| II Capital Reserves | | | | | | | |
| a) Revaluation Reserve | 47586916 | 13480608 | 9023287 | 0 | 0 | 0 | 70090811 |
| b) Others | 32177240 | 6214956 | 17308484 | 0 | 99043944 | 99043944 | 154744624 |
| III Share Premium | 511885794 | 134704310 | 48107965 | 0 | 0 | 0 | 694698069 |
| IV Revenue and other Reserves | | | | | | | |
| a) Investment Reserve | 3705193 | 0 | 0 | 0 | 0 | 0 | 3705193 |
| b) Investment Fluctuation Reserve | 485199 | 101972 | 0 | 0 | 0 | 0 | 587171 |
| c) Exchange Fluctuation Reserve | 4168803 | 0 | 0 | 0 | 0 | 0 | 4168803 |
| d) Special Reserve under Sec.36(1) (viii) of Income Tax Act | 14636600 | 15850000 | 2200000 | 0 | 0 | 0 | 32886600 |
| e) Other Reserve | 0 | 27805008 | -106570594 | 0 | 0 | 0 | -78765588 |
| V Balance in Profit & Loss Account | -99273023 | -81235565 | 0 | 0 | 0 | 0 | -180508588 |
| Total of I, II, III, IV & V | 610099730 | 151688772 | -21606981 | 0 | 99043944 | 99043944 | 839225465 |
| SCHEDULE 3 - DEPOSITS | | | | | | | |
| A. I. Demand Deposits | | | | | | | |
| (i) From Banks | 18431176 | 163962 | 14070966 | 0 | 0 | 0 | 32666104 |
| (ii) From Others | 438713302 | 142437706 | 89138649 | 0 | 0 | 0 | 670289657 |
| | 457144478 | 142601668 | 103209615 | 0 | 0 | 0 | 702955761 |
| II. Savings Bank Deposits | 2567601188 | 561684108 | 597473026 | 0 | 0 | 0 | 3726758322 |
| III. Term Deposits | | | | | | | |
| (i) From Banks | 288390024 | 477281 | 1519682 | 0 | 0 | 0 | 290386987 |
| (ii) From Others | 3725327516 | 1596319223 | 673944068 | 0 | 0 | 0 | 5995590807 |
| | 4013717540 | 1596796504 | 675463750 | 0 | 0 | 0 | 6285977794 |
| Total I, II & III | 7038463206 | 2301082280 | 1376146391 | 0 | 0 | 0 | 10715691877 |
| B. (i) Deposits of branches in India | 6864930077 | 2301082280 | 1376146391 | 0 | 0 | 0 | 10542158748 |
| (ii) Deposits of branches outside India | 173533129 | 0 | 0 | 0 | 0 | 0 | 173533129 |
| Total B (i) & (ii) | 7038463206 | 2301082280 | 1376146391 | 0 | 0 | 0 | 10715691877 |
| SCHEDULE 4 - BORROWINGS | | | | | | | |
| I. Borrowings in India | | | | | | | |
| i Reserve Bank of India | 188250000 | 80400000 | 2750000 | 0 | 0 | 0 | 271400000 |
| ii Other Banks | 58498524 | 78718 | 6595 | 0 | 0 | 0 | 58583837 |
| iii Other Institutions and Agencies | 30060934 | 15485200 | 142857 | 0 | 0 | 0 | 45688991 |
| iv Unsecured Redeemable Bonds | 150500000 | 45250000 | 19900000 | 0 | 0 | 0 | 215650000 |
| II. Borrowings outside India | 74944834 | 0 | 0 | 0 | 0 | 0 | 74944834 |
| Total of I, II | 502254292 | 141213918 | 22799452 | 0 | 0 | 0 | 666267662 |
| SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS | | | | | | | |
| I. Bills Payable | 18119064 | 4233481 | 3138410 | 0 | 0 | 0 | 25490955 |
| II. Inter-Office adjustments(net) | 15441 | 2102301 | 74588 | 0 | 0 | 0 | 2192330 |
| III. Interest accrued | 15534796 | 11188196 | 5052526 | 0 | 0 | 0 | 31775518 |
| IV. Deferred Tax Liability (Net) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| V. Others (including Provisions) | 108697456 | 59227831 | 53630981 | 0 | 5012 | 5012 | 221561280 |
| Total of I, II, III, IV, V | 142366757 | 76751809 | 61896505 | 0 | 5012 | 5012 | 281020083 |
| SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA | | | | | | | |
| I. Cash in hand (including foreign currency notes) | 27461724 | 9705617 | 8120251 | 0 | 0 | 0 | 45287592 |
| II. Balance with Reserve Bank of India | | | | | | | |
| In Current Account | 356516780 | 94618098 | 40409367 | 0 | 0 | 0 | 491544245 |
| In other Account | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total of I, II | 383978504 | 104323715 | 48529618 | 0 | 0 | 0 | 536831837 |



Proforma Adjustments

| | PNB A | eOBC B | eUNI C | GAAP Adjustments D | Acquisition Adjustments E | Adjustment F=D+E | Proforma Amalgamated for year ended 31.03.2020 G=A+B+C+F |
|---|------------------|-----------------|-----------------|--------------------------|---------------------------------|---------------------|--|
| SCHEDULE 7- BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE | | | | | | | |
| I. In India | | | | | | | |
| (i) Balances with Banks | | | | | | | |
| a) In Current Accounts | 1761661 | 1262263 | 272667 | 0 | 0 | 0 | 3296591 |
| b) In Other Deposit Accounts | 81136778 | 0 | 0 | 0 | 0 | 0 | 81136778 |
| | 82898439 | 1262263 | 272667 | 0 | 0 | 0 | 84433369 |
| (ii) Money at Call and Short Notice | | | | | | | |
| a) with Banks | 0 | 0 | 86000000 | 0 | 0 | 0 | 86000000 |
| b) with Other Institutions | 200000000 | 47000000 | 0 | 0 | 0 | 0 | 247000000 |
| | 200000000 | 47000000 | 86000000 | 0 | 0 | 0 | 333000000 |
| TOTAL | 282898439 | 48262263 | 86272667 | 0 | 0 | 0 | 417433369 |
| II. Outside India | | | | | | | |
| (i) Balances with Banks | | | | | | | |
| a) In Current Accounts | 17151419 | 8837694 | 947818 | 0 | 0 | 0 | 26936931 |
| b) In Other Deposit Accounts | 75901934 | 0 | 0 | 0 | 0 | 0 | 75901934 |
| | 93053353 | 8837694 | 947818 | 0 | 0 | 0 | 102838865 |
| (ii) Money at Call & Short Notice | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 93053353 | 8837694 | 947818 | 0 | 0 | 0 | 102838865 |
| GRAND TOTAL of I, II | 375951792 | 57099957 | 87220485 | 0 | 0 | 0 | 520272234 |

SCHEDULE 8 - INVESTMENTS

| | | | | | | | |
|--|-------------------|------------------|------------------|----------|----------|----------|-------------------|
| I. Investments in India : Gross | 2365054225 | 746137287 | 598837219 | 0 | 0 | 0 | 3710028731 |
| Less: Provision for Depreciation | 32794688 | 17424254 | 12467992 | 0 | 0 | 0 | 62686934 |
| Net Investment in India | 2332259537 | 728713033 | 586369227 | 0 | 0 | 0 | 3647341797 |
| (i) Government Securities | 2035593755 | 523582804 | 435123697 | 0 | 0 | 0 | 2994300256 |
| (ii) Other Approved Securities | 842231 | 1500 | 0 | 0 | 0 | 0 | 843731 |
| (iii) Shares | 29216181 | 7701502 | 7027928 | 0 | 0 | 0 | 43945611 |
| (iv) Debentures and Bonds | 208122135 | 162702954 | 54637884 | 0 | 0 | 0 | 425462973 |
| (v) Subsidiaries and/or joint ventures | 6320487 | 2185000 | 0 | 0 | 0 | 0 | 8505487 |
| (vi) Others | 52164748 | 32539273 | 89579718 | 0 | 0 | 0 | 174283739 |
| TOTAL of I | 2332259537 | 728713033 | 586369227 | 0 | 0 | 0 | 3647341797 |
| II. Investments Outside India : Gross | 72487675 | 0 | 0 | 0 | 0 | 0 | 72487675 |
| Less: Provision for depreciation | 90798 | 0 | 0 | 0 | 0 | 0 | 90798 |
| Net Investments outside India | 72396877 | 0 | 0 | 0 | 0 | 0 | 72396877 |
| (i) Govt. securities including local authorities | 18136138 | 0 | 0 | 0 | 0 | 0 | 18136138 |
| (ii) Subsidiary and / or Joint ventures abroad | 24188677 | 0 | 0 | 0 | 0 | 0 | 24188677 |
| (iii) Others | 30072052 | 0 | 0 | 0 | 0 | 0 | 30072052 |
| TOTAL of II | 72396877 | 0 | 0 | 0 | 0 | 0 | 72396877 |
| GRAND TOTAL of I, II | 2404656414 | 728713033 | 586369227 | 0 | 0 | 0 | 3719738674 |

SCHEDULE 9 - ADVANCES

| | | | | | | | |
|--|-------------------|-------------------|------------------|----------|----------|----------|-------------------|
| A. i) Bills purchased and discounted | 4460651 | 5896974 | 2337905 | 0 | 0 | 0 | 12695530 |
| ii) Cash Credits, Overdrafts & Loans repayable on demand | 3115806803 | 678778017 | 221418902 | 0 | 0 | 0 | 4016003722 |
| iii) Term Loans | 1598009773 | 894911675 | 451476470 | 0 | 0 | 0 | 2944397918 |
| Total | 4718277227 | 1579586666 | 675233277 | 0 | 0 | 0 | 6973097170 |
| B. i) Secured by tangible assets | 3636652675 | 1442440908 | 611729707 | 0 | 0 | 0 | 5690823290 |
| ii) Covered by Bank/Government guarantees | 35769607 | 9961413 | 10819392 | 0 | 0 | 0 | 56550412 |
| iii) Unsecured | 1045854945 | 127184345 | 52684178 | 0 | 0 | 0 | 1225723468 |
| Total | 4718277227 | 1579586666 | 675233277 | 0 | 0 | 0 | 6973097170 |
| C.(i) Advances in India | | | | | | | |
| (i) Priority Sector | 1539924301 | 592095842 | 309227677 | 0 | 0 | 0 | 2441247820 |
| (ii) Public Sector | 899300129 | 149473300 | 45902900 | 0 | 0 | 0 | 1094676329 |
| (iii) Banks | 45927 | 65314666 | 83300 | 0 | 0 | 0 | 65443893 |
| (iv) Others | 2085795143 | 772702858 | 320019400 | 0 | 0 | 0 | 3178517401 |
| Total | 4525065500 | 1579586666 | 675233277 | 0 | 0 | 0 | 6779885443 |
| C.(ii) Advances outside India | | | | | | | |
| (i) Due from Banks | 66894807 | 0 | 0 | 0 | 0 | 0 | 66894807 |
| (ii) Due from Others | | | | | | | |
| (a) Bills Purchased & Discounted | 13116 | 0 | 0 | 0 | 0 | 0 | 13116 |
| (b) Syndicated Loans | 18272239 | 0 | 0 | 0 | 0 | 0 | 18272239 |
| (c) Others | 108031565 | 0 | 0 | 0 | 0 | 0 | 108031565 |
| Total | 193211727 | 0 | 0 | 0 | 0 | 0 | 193211727 |
| GRAND TOTAL (Total of I & II) | 4718277227 | 1579586666 | 675233277 | 0 | 0 | 0 | 6973097170 |



| | PNB A | eOBC B | eUNI C | Proforma Adjustments | | | Proforma Amalgated for year ended 31.03.2020 G=A+B+C+F |
|---|------------------|------------------|-----------------|--------------------------|---------------------------------|---------------------|--|
| | | | | GAAP Adjustments D | Acquisition Adjustments E | Adjustment F=D+E | |
| SCHEDULE 15 - INTEREST EXPENDED | | | | | | | |
| I. Interest on Deposits | 343748037 | 129533888 | 64191569 | 0 | 0 | 0 | 537473494 |
| II. Interest on Reserve Bank of India/inter-bank borrowings | 6539538 | 658040 | 671164 | 0 | 0 | 0 | 7868742 |
| III. Others | 13334850 | 5581576 | 1836043 | 0 | 0 | 0 | 20752469 |
| Total of I, II, III | 363622425 | 135773504 | 66698776 | 0 | 0 | 0 | 566094705 |
| SCHEDULE 16 - OPERATING EXPENSES | | | | | | | |
| I. Payments to and Provisions for employees | 69616787 | 36699405 | 45356656 | 0 | 0 | 0 | 151672848 |
| II. Rent, Taxes and Lighting | 8009799 | 3677863 | 1652200 | 0 | 0 | 0 | 13339862 |
| III. Printing and Stationery | 892030 | 211731 | 222468 | 0 | 0 | 0 | 1326229 |
| IV. Advertisement and Publicity | 784076 | 250475 | 35774 | 0 | 0 | 0 | 1070325 |
| V. Depreciation/Amortisation on Bank's property | 6076793 | 3652228 | -1348134 | 0 | 0 | 0 | 8380887 |
| VI. Directors' fees, allowances and expenses | 19208 | 7649 | 9563 | 0 | 0 | 0 | 36420 |
| VII. Auditors' fees and expenses | 707656 | 243776 | 256373 | 0 | 0 | 0 | 1207805 |
| VIII. Law Charges | 1017080 | 541258 | 147909 | 0 | 0 | 0 | 1706247 |
| IX. Postage, Telegrams, Telephones, etc. | 2002366 | 692377 | 472948 | 0 | 0 | 0 | 3167691 |
| X. Repairs and Maintenance | 3234956 | 939025 | 202702 | 0 | 0 | 0 | 4376683 |
| XI. Insurance | 7621231 | 2459097 | 1829674 | 0 | 0 | 0 | 11910002 |
| XII. Other expenditure | 19751722 | 8985266 | 5201817 | 0 | 0 | 0 | 33938805 |
| Total of I to XII | 119733704 | 58360150 | 54039950 | 0 | 0 | 0 | 232133804 |



Notes to Proforma Financial Statements

1. Basis for preparation of Proforma Financial Statements (PFS) of Punjab National Bank for the period/quarter ended 31st March, 2020 (consequent to the amalgamation of erstwhile Oriental Bank of Commerce & erstwhile United Bank of India)

The PFS has been prepared by the Management of the Bank in accordance with the requirements of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date (the "SEBI Regulations 2018") issued by the Securities and Exchange Board of India (the "SEBI") to reflect the impact of a significant amalgamation effective from April 1, 2020 and as further set out in the basis of preparation paragraph included in the attached notes to the Proforma Financial Statements.

Consequent to the amalgamation of erstwhile Oriental Bank of Commerce ("eOBC") and erstwhile United Bank of India ("eUNI") with Punjab National Bank (PNB) effective from April 01, 2020, the Proforma Financial Statements (hereinafter referred to as "PFS") along with accounting policies and selective notes to PFS of the amalgamated entity for the quarter/year ended 31st Mar, 2020 are prepared by the management and adopted by the Capital Raising Committee of Board (hereinafter referred to as "CRCB") in its meeting held on November 19, 2020.

- For the purpose of preparing the PFS, the carrying book values of assets and liabilities as per the audited financials as on Mar 31, 2020 of eOBC and eUNI have been incorporated with the carrying book value of assets and liabilities based on the audited financial statements of PNB as on Mar 31, 2020 in accordance with the "Guide to reporting on Proforma Financial Statements" issued by The Institute of Chartered Accountants of India. The PFS has been prepared by aggregation of audited numbers of Balance Sheet and Profit & loss account and do not entail any adjustments except to the extent of changes in Issued Capital and Amalgamation Adjustment Reserve consequent to the Amalgamation. The adjustments made to Issued Share Capital, Amalgamation Adjustment Reserve and Other Liabilities and Provision consequent to amalgamation have been explained in Note 3 and Note 4 below.
- The amount of Share capital issued by PNB amounting to Rs.534.61crore (2,67,30,63,327 equity shares of face value of Rs.2 each issued at par) together with cash paid in lieu of fractional entitlement of shares of Rs.0.50 crore as consideration pursuant to the scheme has been adjusted in the PFS.
- The Bank has adopted Pooling of Interest method prescribed under the Accounting Standard 14 on Accounting for Amalgamations to record amalgamation of eOBC & eUNI (the amalgamating banks) with the Bank with effect from April 1, 2020. Accordingly, the difference of Rs. 9904.39 crores between the net assets of the amalgamating banks and the amount of shares issued to the shareholders of the amalgamating banks including fractional entitlements has been recognized as Amalgamation Adjustment Reserve.



5. In view of the management, in following cases due to the nature of the change, it is not feasible to calculate the impact and give the effect of changes. Accordingly, no adjustment is made in the PFSs for period prior to amalgamation in respect of the below mentioned items:
- a. Inter-bank holdings of Investments and Deposits/Balance with Banks along with interest thereon.
 - b. During the quarter and half year ended 30.09.2020, the Bank has changed its accounting policy for appropriation of recovery in NPA accounts from the earlier policy of appropriating recovery first against charges recorded then principal advance amount and balance towards recorded/derecognized interest income, to the new policy of appropriation of recovery first against the charges recorded, followed by Recorded Interest/Derecognized interest and balance against the principal. This change in accounting policy has resulted in increase in Profit before Tax by Rs. 271.46 Crore for the quarter and half year ended 30.09.2020 and corresponding increase in Net Advance by the even amount.
 - c. Based on the audited financial statements of the entities amalgamated, the residual harmonization impact in respect of Investments, Loans & Advances, Employees Benefits, Taxation and other provision which was assessed at Rs. 636.11 Crore and has been given effect in the Opening Balance Sheet of the amalgamated entity as on 01.04.2020.
6. The PFS has been prepared for inclusion in the investor presentation and offer documents to be filed with stock exchanges and other relevant authorities, in respect of the proposed fund raising exercise of the Bank and accordingly, the same is for illustrative purpose only and therefore, does not represent the Bank's actual or expected financial position or results.



PUNJAB NATIONAL BANK
SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION:

The financial statements have been prepared on historical cost basis and conform, in all material aspects, to Generally Accepted Accounting Principles (GAAP) in India unless otherwise stated encompassing applicable statutory provisions, regulatory norms prescribed by Reserve Bank of India (RBI), circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, Banking Regulation Act 1949, Accounting Standards (AS) and pronouncements issued by The Institute of Chartered Accountants of India (ICAI) and prevailing practices in Banking industry in India.

In respect of foreign offices, statutory provisions and practices prevailing in respective foreign countries are complied with except as specified elsewhere.

The financial statements have been prepared on going concern basis with accrual concept and in accordance with the accounting policies and practices consistently followed unless otherwise stated.

2. USE OF ESTIMATES:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

Future results could differ from these estimates.

Difference between the actual results and estimates is recognized in the period in which the results are known / materialized.

Any revision to the accounting estimates is recognised prospectively in the current and future periods unless otherwise stated.

3. REVENUE RECOGNITION:

- 3.1 Income & expenditure (other than items referred to in paragraph 3.5) are generally accounted for on accrual basis.
- 3.2 Income from Non- Performing Assets (NPAs), comprising of advances and investments, is recognised upon realisation, as per the prudential norms prescribed by the RBI/ respective country regulators in the case of foreign offices (hereafter collectively referred to as Regulatory Authorities).
- 3.3 Recoveries in NPA accounts (irrespective of the mode / status / stage of recovery actions) are appropriated in the following order of priority :-
- (a) Expenditure/out of pocket expenses incurred for recovery including under SARFAESI Action (earlier recorded in memorandum dues);



- (b) Principal irregularities i.e. NPA outstanding in the account gets updated/adjusted, whichever is earlier;
 - (c) Thereafter, towards the interest irregularities/accrued interest.
- 3.4 The sale of NPA is accounted as per guidelines prescribed by RBI and as disclosed under Para 5.3.
 - 3.5 Commission (excluding on Government Business), exchange, locker rent, income from merchant banking transactions and Income on Rupee Derivatives designated as "Trading" are accounted for on realization and insurance claims are accounted for on settlement. Interest on overdue inland bills is being accounted for on realization and interest on overdue foreign bill, till its crystallization is accounted for on crystallization and thereafter on realization.
 - 3.6 In case of suit filed accounts, related legal and other expenses incurred are charged to Profit & Loss Account and on recovery the same are accounted for as such.
 - 3.7 Income from interest on refund of income tax is accounted for in the year the order is passed by the concerned authority.
 - 3.8 Lease payments including cost escalation for assets taken on operating lease are recognised in the Profit and Loss Account over the lease term in accordance with the AS 19 (Leases) issued by ICAI.
 - 3.9 Provision for Reward Points on Credit cards is made based on the accumulated outstanding points in each category.
 - 3.10 Interest on unpaid and unclaimed matured term deposits is accounted for at savings bank rate.
 - 3.11 Dividend (excluding Interim Dividend) is accounted for as and when the right to receive the dividend is established.
- 4. INVESTMENTS:**
- 4.1 The transactions in Securities are recorded on "Settlement Date".
 - 4.2 Investments are classified into six categories as stipulated in form A of the third schedule to the Banking Regulation Act, 1949.
 - 4.3 Investments have been categorized into "Held to Maturity", "Available for Sale" and "Held for Trading" in terms of RBI guidelines as under:
 - (a) Securities acquired by the Bank with an intention to hold till maturity are classified under "Held to Maturity".
 - (b) The securities acquired by the Bank with an intention to trade by taking advantages of short-term price/ interest rate movements are classified under "Held for Trading".
 - (c) The securities, which do not fall within the above two categories, are classified under "Available for Sale".
 - 4.4 Investments in subsidiaries, joint ventures and associates are classified as

HTM.

- 4.5 Transfer of securities from one category to another is carried out at the lower of acquisition cost/ book value/ market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for.

However, transfer of securities from HTM category to AFS category is carried out on book value. After transfer, these securities are immediately revalued and resultant depreciation, if any, is provided.

An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

- 4.6 In determining acquisition cost of an investment

- (a) Brokerage, commission, Securities Transaction Tax (STT) etc. paid in connection with acquisition of securities are treated as revenue expenses upfront and excluded from cost.
- (b) Interest accrued up to the date of acquisition/sale of securities i.e. broken- period interest is excluded from the acquisition cost/sale consideration and the same is accounted in interest accrued but not due account.
- (c) Cost is determined on the weighted average cost method for all categories of investments.

- 4.7 Investments are valued as per RBI/ FIMMDA guidelines, on the following basis:

Held to Maturity

- (i) Investments under "Held to Maturity "category are carried at acquisition cost.

Wherever the book value is higher than the face value/redemption value, the premium is amortized over the remaining period to maturity on straight line basis. Such amortisation of premium is reflected in Interest Earned under the head " Income on investments" as a deduction.

- (ii) Investments in subsidiaries/joint ventures/associates are valued at carrying cost less diminution, other than temporary in nature for each investment individually.
- (iii) Investments in sponsored regional rural banks are valued at carrying cost.
- (iv) Investment in Venture Capital is valued at carrying cost.
- (v) Equity shares held in HTM category are valued at carrying cost.

Available for Sale and Held for Trading:

| (a) | Govt. Securities | |
|-----|-----------------------------|---|
| | I. Central Govt. Securities | At market prices/YTM as published by Fixed Income Money Market and Derivatives Association of India (FIMMDA) / Financial Benchmark India Pvt. Ltd (FBIL). |
| | II. State Govt. Securities | On appropriate yield to maturity basis as per FIMMDA/RBI guidelines. |



| | | |
|-----|--|---|
| (b) | Securities guaranteed by Central / State Government, PSU Bonds (not in the nature of advances) | On appropriate yield to maturity basis as per FIMMDA/RBI guidelines |
| (c) | Treasury Bills | At carrying cost |
| (d) | Equity shares | At market price, if quoted, otherwise at break up value of the Shares as per latest Balance Sheet (not more than one year old), otherwise at Re.1 per company |
| (e) | Preference shares | At market price, if quoted or on appropriate yield to maturity basis not exceeding redemption value as per RBI/FIMMDA guidelines. |
| (f) | Bonds and debentures (not in the nature of advances) | At market price, if quoted, or on appropriate yield to maturity basis as per RBI/FIMMDA guidelines. |
| (g) | Units of mutual funds | As per stock exchange quotation, if quoted; at repurchase price/NAV, if unquoted |
| (h) | Commercial Paper | At carrying cost |
| (i) | Certificate of Deposits | At carrying cost |
| (j) | Security receipts of ARCIL | At net asset value of the asset as declared by ARCIL |
| (k) | Venture Capital Funds | At net asset value (NAV) declared by the VCF |
| (l) | Other Investments | At carrying cost less diminution in value |

The above valuation in category of Available for Sale and Held for Trading is done scrip wise on quarterly basis and depreciation/appreciation is aggregated for each classification. Net depreciation for each classification, if any, is provided for while net appreciation is ignored. On provision for depreciation, the book value of the individual security remains unchanged after marking to market.

- 4.8** Investments are subject to appropriate provisioning/ de-recognition of income, in line with the prudential norms of Reserve Bank of India for NPI classification. The depreciation/provision in respect of non-performing securities is not set off against the appreciation in respect of the other performing securities.

If any credit facility availed by an entity is NPA in the books of the Bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa. However, in respect of NPI preference share where the dividend is not paid, the corresponding credit facility is not treated as NPA.

- 4.9** Profit or loss on sale of investments in any category is taken to Profit and Loss account but, in case of profit on sale of investments in "Held to Maturity" category, an equivalent amount (net of taxes and amount required to be transferred to Statutory Reserve) is appropriated to "Capital Reserve Account".
- 4.10** Securities repurchased/resold under buy back arrangement are accounted for at original cost.
- 4.11** The securities sold and purchased under Repo/Reverse Repo are accounted as Collateralized lending and borrowing transactions. However, securities are transferred as in the case of normal outright sale/purchase transactions and such

movement of securities is reflected using the Repo/Reverse Repo Accounts and Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/income, as the case may be. Balance in Repo Account is classified under schedule 4 (Borrowings) and balance in Reverse Repo Account is classified under Schedule 7 (Balance with Banks and Money at Call & Short Notice). The same is also applicable to LAF with RBI.

- 4.12 The derivatives transactions are undertaken for trading or hedging purposes. Trading transactions are marked to market. As per RBI guidelines, different categories of swaps are valued as under:-

Hedge Swaps

Interest rate swaps with hedge interest bearing asset or liability are accounted for on accrual basis except the swaps designated with an asset or liability that are carried at market value or lower of cost in the financial statement.

Gain or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the asset/ liabilities.

Trading Swaps

Trading swap transactions are marked to market with changes recorded in the financial statements.

Exchange Traded Derivatives entered into for trading purposes are valued at prevailing market rates based on rates given by the Exchange and the resultant gains and losses are recognized in the Profit and Loss Account.

4.13 Foreign Currency Options:

Foreign currency options written by the bank with a back-to-back contract with another bank are not marked to market since there is no market risk.

Premium received is held as a liability and transferred to the Profit and Loss Account on maturity/cancellation.

5. LOANS / ADVANCES AND PROVISIONS THEREON:

- 5.1 Advances are classified as performing and non-performing assets; provisions are made in accordance with prudential norms prescribed by RBI.
- (a) Advances are classified: Standard, Sub Standard, Doubtful and Loss assets borrower wise.
- (b) Advances are stated net of specific loan loss provisions, provision for diminution in fair value of restructured advances.
- 5.2 In respect of foreign offices, the classification of loans and advances and provisions for NPAs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.

Loans and advances held at the overseas branches that are identified as impaired as per host country regulations for reasons other than record of recovery, but which are standard as per the extant RBI guidelines, are classified as NPAs to the extent of amount outstanding in the host country.



5.3 Financial Assets sold are recognized as under:

- (a) For Sale of financial assets sold to SCs/RCs
- (i) If the sale to SCs/RCs is at a price below the Net Book Value (NBV), (i.e. Book Value less provisions held), the shortfall should be debited to the Profit & Loss account of that year. Bank can also use counter cyclical / floating provisions for meeting the shortfall on sale of NPAs i.e when the sale is at a price below the NBV.
 - (ii) If the sale is for a value higher than the NBV, Bank can reverse the excess provision on sale of NPAs to its profit and loss account in the year, the amounts are received. However, Bank can reverse excess provision (when the sale is for a value higher than the NBV) arising out of sale of NPAs, only when the cash received (by way of initial consideration and/ or redemption of SRs/ PTCs) is higher than the NBV of the asset. Further, reversal of excess provision will be limited to the extent to which cash received exceeds the NBV of the asset.
- (b) For Sale of financial assets sold to Other Banks/NBFCs/FIs etc.
- (i) In case the sale is at a price below the Net Book Value (NBV) i.e. Book Value less provision held, the shortfall should be debited to the Profit & Loss A/c of that year.
 - (ii) In case the sale is for a value higher than the Net Book Value (NBV) i.e. Book Value less provision held, the excess provision shall not be reversed but will be utilized to meet the shortfall / loss on account of sale of other Non Performing Financial Assets.
 - (iii) In case there is overall surplus over and above the excess provision in any of the sale transaction that surplus amount will be taken in the Profit & loss a/c.

5.4 Restructured Assets:

For restructured/rescheduled advances, provisions are made in accordance with guidelines issued by RBI from time to time. Necessary provision for diminution in the fair value of a restructured account is made.

The bank considered a restructured account as one where the bank, for economic or legal reasons relating to the borrower's financial difficulty, grants concessions to the borrower. Restructuring would normally involve modification of terms of the advances / securities, which would generally include, among others, alteration of repayment period / repayable amount/ the amount of installments / rate of interest / roll over of credit facilities / sanction of additional credit facility / enhancement of existing credit limits / compromise settlements where time for payment of settlement amount exceeds three months. Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package.

Standard accounts classified as NPA and NPA accounts retained in the same category on restructuring by the bank are upgraded only when all the outstanding loan / facilities in the account demonstrate 'satisfactory performance' (i.e., the payments in respect of borrower entity are not in default at any point of time) during the 'specified period'.

'Specified period' means the period from the date of implementation of Resolution plan (RP) up to the date by which at least 20 percent of the outstanding principal debt as per the RP and interest capitalization sanctioned as part of the



restructuring, if any, is repaid. Provided that the specified period cannot end before one year from the commencement of the first payment of interest or principal (whichever is later) on the credit facility with longest period of moratorium under the terms of RP.

For the large accounts (i.e., accounts where the aggregate exposure of lenders is Rs 100 crore and above) to qualify for an upgrade, in addition to demonstration of satisfactory performance, the credit facilities of the borrower shall also be rated as investment grade (BBB- or better) as at the end of the 'specified period' by CRAs accredited by the Reserve Bank for the purpose of bank loan ratings. While accounts with aggregate exposure of Rs 500 crore and above shall require two ratings, those below Rs 500 crore shall require one rating. If the ratings are obtained from more than the required number of CRAs, all such ratings shall be investment grade to qualify for an upgrade.

In case satisfactory performance during the specified period is not demonstrated, the accounts, immediately on such default, are reclassified as per the repayment schedule that existed before the restructuring. Any future upgrade for such accounts would be contingent on implementation of a fresh RP and demonstration of satisfactory performance thereafter.

5.5 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. These provisions are reflected in Schedule 5 of the Balance Sheet under the head "Other Liabilities & Provisions – Others" and are not considered for arriving at the Net NPAs.

5.6 In accordance with RBI guidelines, accelerated provision is made on non-performing advances which were not earlier reported by the Bank as Special Mention Account under "SMA-2" category to Central Repository of Information on Large Credits (CRILC).

5.7 Amounts recovered against debts written-off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognised in the profit and loss account.

5.8 Provision for Country Exposure:

In addition to the specific provisions held according to the asset classification status, provisions are also made for individual country exposures (other than the home country). Countries are categorized into seven risk categories, namely, insignificant, low, moderately low, moderate, moderately high, high & very high and provisioning made as per extant RBI guidelines. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposures. The provision is reflected in Schedule 5 of the Balance Sheet under the "Other liabilities & Provisions – Others".

5.9 An additional provision of 2% (in addition to country risk provision that is applicable to all overseas exposures) against standard assets representing all exposures to step down subsidiaries of Indian Corporates has been made to cover the additional risk arising from complexity in the structure, location of different intermediary entities in different jurisdictions exposing the Indian Company, and hence the Bank, to a greater political and regulatory risk. (As per RBI Cir.No. RBI/



6. PROPERTY, PLANT & EQUIPMENT:

6.1 Property, Plant & Equipment are stated at historical cost less accumulated depreciation/amortisation, wherever applicable, except those premises, which have been revalued. The appreciation on revaluation is credited to revaluation reserve and incremental depreciation attributable to the revalued amount is deducted there from.

6.2 Software is capitalized and clubbed under Intangible assets.

6.3 Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset till the time of capitalization. Subsequent expenditure/s incurred on the assets are capitalised only when it increases the future benefits from such assets or their functioning capability.

6.4 DEPRECIATION:

A. Depreciation on assets (including land where value is not separable) is provided on straight-line method based on estimated life of the asset, except in respect of computers where it is calculated on the straight-line method, at the rates prescribed by RBI.

B. Depreciation on assets has been provided at the rates furnished below:-

| Particulars | Rate of Depreciation |
|---|--|
| Freehold Properties | |
| Land | NIL |
| Depreciation to be provided on Construction Cost where the land cost is segregated and on total cost where the land cost is not ascertainable and cannot be segregated. | 2.5% (40 years Straight Line Method or remaining life which ever is lower) |
| Land acquired on perpetual lease where no lease period is mentioned | NIL |
| Land acquired on lease where lease period is mentioned | Over lease period |
| Building | |
| Constructed on free hold land and on leased land, where lease period is above 40 years | 2.50% |
| Constructed on leased land where lease period is below 40 years. | Over lease period |
| Built-up Assets taken over from erstwhile Nedungadi Bank Ltd | 4.00% |
| Furniture and fixtures- Steel articles | 5.00% |
| Furniture and fixtures-wooden articles | 10.00% |
| Mattresses | 20.00% |
| Mobile Phone Instruments | 33.33% |
| Machinery, electrical and miscellaneous articles | 15.00% |

| | |
|---|--|
| Motor cars and cycles | 15.00% |
| Computers, ATMs and related items, laptop, i pad | 33.33% |
| Computer Application Software – Intangible Assets | |
| - Up to Rs. 25,000 | Charged to Revenue |
| - Others | 33.33% |
| ENBI Properties | Since 25 years have already passed, we will adopt the same method as in case of PNB properties |

- C. Depreciation on fresh additions to assets other than bank's own premises is provided from the day in which the assets are put to use and in the case of assets sold/disposed off during the year, up to the date in which it is sold/ disposed off i.e daily basis.
- D. The depreciation on bank's own premises existing at the close of the year is charged for full year. The construction cost is depreciated only when the building is complete in all respects. Where the cost of land and building cannot be separately ascertained, depreciation is provided on the composite cost, at the rate applicable to buildings.
- E. In respect of leasehold premises, the lease premium, if any, is amortised over the period of lease and the lease rent is charged in the respective year(s).
- F. The Revalued assets is depreciated over the balance useful life of the asset as assessed at the time of revaluation.

7. IMPAIRMENT OF ASSETS:

The carrying costs of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors.

An impairment loss is recognized wherever the carrying cost of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, if any, depreciation is provided on the revised carrying cost of the asset over its remaining useful life.

A previously recognized impairment loss is increased or reversed depending on changes in circumstances.

However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

8. EMPLOYMENT BENEFITS:

PROVIDENT FUND:

Provident fund is a defined contribution scheme as the Bank pays fixed



contribution at pre-determined rates. The obligation of the Bank is limited to such fixed contribution. The contribution is charged to Profit & Loss A/c.

GRATUITY:

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the bank and is managed by a separate trust.

PENSION:

Pension liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the bank and is managed by a separate trust.

The Bank operates a New Pension Scheme (NPS) for all officers/ employees joining the Bank on or after 01.04.2010. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with a matching contribution from the Bank. Pending completion of the registration procedures of the employees concerned, these contributions are retained. The Bank recognizes such annual contributions as an expense in the year to which they relate. Upon the receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust.

COMPENSATED ABSENCES:

Accumulating compensated absences such as Privilege Leave (PL) and Sick Leave (including unavailed casual leave) are provided for based on actuarial valuation.

OTHER EMPLOYEE BENEFITS:

Other Employee Benefits such as Leave Fare Concession (LFC), Silver Jubilee Award, etc. are provided for based on actuarial valuation.

In respect of overseas branches and offices, the benefits in respect of employees other than those on deputation are valued and accounted for as per laws prevailing in the respective countries.

9. TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS & BALANCES:

Transactions involving foreign exchange are accounted for in accordance with AS 11, "The Effect of Changes in Foreign Exchange Rates".

- 9.1 Except advances of erstwhile London branches which are accounted for at the exchange rate prevailing on the date of parking in India, all other monetary assets and liabilities, guarantees, acceptances, endorsements and other obligations are translated in Indian Rupee equivalent at the exchange rates prevailing as on the Balance Sheet date as per Foreign Exchange Dealers' Association of India (FEDAI) guidelines.

- 9.2 Non-monetary items other than fixed assets which are carried at historical cost are translated at exchange rate prevailing on the date of transaction.



- 9.3 Outstanding Forward exchange spot and forward contracts are translated as on the Balance Sheet date at the rates notified by FEDAI and the resultant gain/loss on translation is taken to Profit & Loss Account.

Foreign exchange spot/forward contracts/deals (Merchant and Inter-bank) which are not intended for trading/Merchant Hedge and are outstanding on the Balance Sheet date, are reverse re-valued at the closing FEDAI spot/forward rate in order to remove revaluation effect on exchange profit. The premium or discount arising at the inception of such a forward exchange contract is amortised as interest expense or income over the life of the contract.

- 9.4 Income and expenditure items are accounted for at the exchange rate prevailing on the date of transaction.

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognised as income or as expense in the period in which they arise.

Gains/Losses on account of changes in exchange rates of open position in currency futures trades are settled with the exchange clearing house on daily basis and such gains/losses are recognised in the Profit and Loss Account.

- 9.5 Offices outside India / Offshore Banking Units:

- (i) Operations of foreign branches and off shore banking unit are classified as "Non-integral foreign operations" and operations of representative offices abroad are classified as "integral foreign operations".
- (ii) Foreign currency transactions of integral foreign operations and non-integral foreign operations are accounted for as prescribed by AS-11.
- (iii) Exchange Fluctuation resulting into Profit / loss of non-integral operations is credited /debited to Exchange Fluctuation Reserve.

10. TAXES ON INCOME:

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively after taking into account taxes paid at the foreign offices, which are based on the tax laws of respective jurisdictions.

Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognised by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account. Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgment as to whether their realisation is considered as reasonably/virtually certain.



11. Earnings per Share:

The Bank reports basic and diluted earnings per share in accordance with AS 20 -'Earnings per Share' issued by the ICAI. Basic Earnings per Share are computed by dividing the Net Profit after Tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding for the year.

12. Provisions, Contingent Liabilities and Contingent Assets:

In conformity with AS 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Bank recognises provisions only when it has a present obligation as a result of a past event, and would result in a probable outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

Contingent Assets are not recognised in the financial statements.

13. Bullion Transactions:

The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on price quoted by the supplier. The Bank earns a fee on such bullion transactions. The fee is classified under commission income. The Bank also accepts deposits and lends gold, which is treated as deposits/advances as the case may be with the interest paid / received classified as interest expense/income.

14. Segment Reporting:

The Bank recognizes the Business segment as the Primary reporting segment and Geographical segment as the Secondary reporting segment, in accordance with the RBI guidelines and in compliance with the Accounting Standard 17 issued by ICAI.

15. The Bank, in accordance with RBI Circular FIDD.CO.Plan.BC.23/ 04.09.01/ 2015-16 dated April 7, 2016, trades in Priority Sector portfolio by selling or buying PSLC. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the Fee received from sale of PSLCs is treated as 'Other Income'.



PUNJAB NATIONAL BANK
PROFORMA BALANCE SHEET AS ON 31ST DECEMBER, 2019

Rs.000s omitted

| CAPITAL & LIABILITIES | PNB A | eOBC B | eUNI C | Proforma Adjustments | | | Proforma Amalgamated as on 31.12.2019 G=A+B+C+F |
|--|-------------------|-------------------|-------------------|--------------------------|---------------------------------|---------------------|---|
| | | | | GAAP Adjustments D | Acquisition Adjustments E | Adjustment F=D+E | |
| Capital | 13475132 | | | 0 | 5346127 | 5346127 | 18821259 |
| Reserves & Surplus | 624270148 | 179712763 | 45770512 | 0 | 99043944 | 99043944 | 948797367 |
| Deposits | 7085443521 | 2309883222 | 1346243944 | 0 | 0 | 0 | 10741570687 |
| Borrowings | 341499704 | 106708974 | 20087458 | 0 | 0 | 0 | 468296136 |
| Other Liabilities and Provisions | 143111311 | 49933017 | 32631833 | 0 | 5012 | 5012 | 225681173 |
| Total | 8207799816 | 2646237976 | 1444733747 | 0 | 104395083 | 104395083 | 12403166622 |
| ASSETS | | | | | | | |
| Cash & Balances with Reserve Bank of India | 322622936 | 106797456 | 63913680 | 0 | 0 | 0 | 493334072 |
| Balances with Banks & Money at call & short notice | 806443632 | 25554180 | 46750835 | 0 | 0 | 0 | 878748647 |
| Investments | 2373082232 | 739788800 | 596365335 | 0 | 0 | 0 | 3709236367 |
| Advances | 4255044874 | 1590234225 | 685287780 | 0 | 0 | 0 | 6530566879 |
| Fixed Assets | 72742674 | 25470648 | 11697286 | 0 | 0 | 0 | 109910608 |
| Other Assets | 377863468 | 172094760 | 131411821 | 0 | 0 | 0 | 681370049 |
| Total | 8207799816 | 2659940069 | 1535426737 | 0 | 0 | 0 | 12403166622 |
| Contingent Liabilities | 2527960912 | 375760401 | 73006361 | 0 | 0 | 0 | 2976727674 |
| Bills for collection | 280957886 | 114905314 | 26673995 | 0 | 0 | 0 | 422537195 |

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R K KHICHI
DEPUTY GENERAL MANAGER

[Signature]
PRAVEEN KUMAR SHARMA
GENERAL MANAGER

Mdhawan
MAHESH DHAWAN
GENERAL MANAGER

[Signature]
D K JAIN
GENERAL MANAGER & CFO

[Signature]
A K KAZAD
EXECUTIVE DIRECTOR

[Signature]
VIJAY DUBE
EXECUTIVE DIRECTOR

[Signature]
SANJAY KUMAR
EXECUTIVE DIRECTOR

[Signature]
CH. S.S. MALLIKARJUNA RAO
MANAGING DIRECTOR & CEO

For G S Mathur & Co.
Chartered Accountants
FRN 008744N

[Signature]
(Rajiv Kumar Wadhawan)
Partner
M No. 091007



Date: 19.11.2020
Place: New Delhi



PUNJAB NATIONAL BANK
PROFORMA PROFIT AND LOSS ACCOUNT FOR THE QUARTER/PERIOD ENDED 31ST DECEMBER, 2019

Rs.000s Omitted

| | PNB | eOBC | eUNI | Proforma Adjustments | | | Proforma Amalgamated for 9M ended 31.12.2019 | Proforma Amalgamated for quarter ended 31.12.2019 |
|----------------------------------|------------------|------------------|-----------------|----------------------|----------------------------|------------|---|---|
| | | | | GAAP Adjustments | Acquisition Adjustments | Adjustment | | |
| | A | B | C | D | E | F=D+E | G=A+B+C+F | |
| I. INCOME | | | | | | | | |
| Interest earned | 399410572 | 144543796 | 72250794 | 0 | 0 | 0 | 616205162 | 206304094 |
| Other Income | 67447944 | 25255498 | 17631749 | 0 | 0 | 0 | 110335191 | 39510795 |
| TOTAL | 466858516 | 169799294 | 89882543 | 0 | 0 | 0 | 726540353 | 245814889 |
| II. EXPENDITURE | | | | | | | | |
| Interest expended | 271808042 | 103050825 | 49053980 | 0 | 0 | 0 | 423912847 | 141338102 |
| Operating expenses | 86987731 | 32604974 | 21648356 | 0 | 0 | 0 | 141241061 | 48348125 |
| Provisions and Contingencies | 97728722 | 29741074 | 15755790 | 0 | 0 | 0 | 143225586 | 57899206 |
| TOTAL | 456524495 | 165396873 | 86458126 | 0 | 0 | 0 | 708379494 | 247585433 |
| III. PROFIT | | | | | | | | |
| Net Profit/(Loss) for the period | 10334021 | 4402421 | 3424417 | 0 | 0 | 0 | 18160859 | -1770544 |
| Earnings per Share | | | | | | | 2.36 | -0.21 |

Recheck
R K KHICHI
 DEPUTY GENERAL MANAGER

[Signature]
PRAVEEN KUMAR SHARMA
 GENERAL MANAGER

Mdhawan
MAHESH DHAWAN
 GENERAL MANAGER

[Signature]
D K JAIN
 GENERAL MANAGER & CFO

[Signature]
A R AZAD
 EXECUTIVE DIRECTOR

[Signature]
V JAY DUBE
 EXECUTIVE DIRECTOR

[Signature]
SANJAY KUMAR
 EXECUTIVE DIRECTOR

[Signature]
CH. S.S. MALLIKARJUNA RAO
 MANAGING DIRECTOR & CEO

For G S Mathur & Co.
 Chartered Accountants
 FRN 008744N



[Signature]
 (Rajiv Kumar Wadhawan)
 Partner
 M No. 091007

Date: 19.11.2020
 Place: New Delhi



Notes to Proforma Financial Statements

1. Basis for preparation of Proforma Financial Statements (PFS) of Punjab National Bank for the period/quarter ended 31st Dec, 2019 (consequent to the amalgamation of erstwhile Oriental Bank of Commerce & erstwhile United Bank of India)

The PFS has been prepared by the Management of the Bank in accordance with the requirements of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date (the "SEBI Regulations 2018") issued by the Securities and Exchange Board of India (the "SEBI") to reflect the impact of a significant amalgamation effective from April 1, 2020 and as further set out in the basis of preparation paragraph included in the attached notes to the Proforma Financial Statements.

Consequent to the amalgamation of erstwhile Oriental Bank of Commerce ("eOBC") and erstwhile United Bank of India ("eUNI") with Punjab National Bank (PNB) effective from April 01, 2020, the Proforma Financial Statements (hereinafter referred to as "PFS") along with accounting policies and selective notes to PFS of the amalgamated entity for the period/quarter ended 31st Dec, 2019 are prepared by the management and adopted by the Capital Raising Committee of Board (hereinafter referred to as "CRCB") in its meeting held on November 19, 2020.

2. For the purpose of preparing the PFS, the carrying book values of assets and liabilities as per the reviewed financials as on Dec 31, 2019 of eOBC and eUNI have been incorporated with the carrying book value of assets and liabilities based on the reviewed financial statements of PNB as on Dec 31, 2019 in accordance with the "Guide to reporting on Proforma Financial Statements" issued by The Institute of Chartered Accountants of India. The PFS has been prepared by aggregation of reviewed numbers of Balance Sheet and Profit & loss account and do not entail any adjustments except to the extent of changes in Issued capital and Amalgamation Adjustment Reserve consequent to the amalgamation. The adjustments made to Issued Share Capital, Amalgamation Adjustment Reserve and Other Liabilities and Provisions consequent to amalgamation have been explained in Note 3 and Note 4 below.
3. The amount of Share capital issued by PNB amounting to Rs.534.61crore (2,67,30,63,327 equity shares of face value of Rs.2 each issued at par) together with cash paid in lieu of fractional entitlement of shares of Rs.0.50 crore as consideration pursuant to the scheme has been adjusted in the PFS.
4. The Bank has adopted Pooling of Interest method prescribed under the Accounting Standard 14 on Accounting for Amalgamations to record amalgamation of eOBC and eUNI (the amalgamating banks) with the Bank effective April 1, 2020. Accordingly, the difference of Rs. 9,904.39 crores between the net assets of the amalgamating banks and the amount of shares issued to the shareholders of the amalgamating banks including fractional entitlements has been recognized as Amalgamation Adjustment Reserve.



5. In view of the management, in following cases due to the nature of the change, it is not feasible to calculate the impact and give the effect of changes. Accordingly, no adjustment has been made in the PFS for the period ended 31.12.2019 in respect of the below mentioned items:
- a. Inter-bank holdings of Investments and Deposits/Balance with Banks along with interest thereon.
 - b. In pursuance of amalgamation approved by the Board of Directors and further directives by Reserve Bank of India, the Bank carried out the process of harmonisation of common borrowers with regard to impact of Divergence in Asset Classification across PNB, eOBC and eUNI as per extant IRAC norms as on 31.03.2020. Accordingly, an amount of Rs. 366.33 Crore has been provided in PNB and Rs. 591 Crores in eOBC & Rs. 0.21 Crore in eUNI as on 31.03.2020.
 - c. Further, as a part of harmonization of policies as regards Revenue recognition, Investments, Advances (provision other than NPA as mentioned above), Depreciation/Amortisation of Fixed Assets, Taxation and Employees Benefits (AS-15), the eOBC and eUNI have made provisions aggregating to Rs. 4,381.21 crore.
 - d. Based on the audited financial statements of the entities amalgamated, the residual harmonization impact in respect of Investments, Loans & Advances, Employees Benefits, Taxation and other provision which was assessed at Rs. 636.11 Crore and has been given effect in the Opening Balance Sheet of amalgamated entity as on 01.04.2020.
 - e. During the quarter and half year ended 30.09.2020, the Bank has changed its accounting policy for appropriation of recovery in NPA accounts from the earlier policy of appropriating recovery first against charges recorded then principal advance amount and balance towards recorded/derecognized interest income, to the new policy of appropriation of recovery first against the charges recorded, followed by Recorded Interest/Derecognized interest and balance against the principal. This change in accounting policy has resulted in increase in Profit before Tax by Rs. 271.46 Crore for the quarter and half year ended 30.09.2020 and corresponding increase in Net Advance by the even amount.
6. The PFS has been prepared for inclusion in the investor presentation and offer documents to be filed with stock exchanges and other relevant authorities, in respect of the proposed fund raising exercise of the Bank and accordingly, the same is for illustrative purpose only and therefore, does not represent the Bank's actual or expected financial position or results.



PUNJAB NATIONAL BANK
PROFORMA BALANCE SHEET AS ON 30TH SEPTEMBER, 2019

Rs.000s omitted

| CAPITAL & LIABILITIES | PNB A | eOBC B | eUNI C | Proforma Adjustments | | | Proforma Amalgamated as on 30.09.2019 G=A+B+C+F |
|--|-------------------|-------------------|-------------------|--------------------------|---------------------------------|---------------------|---|
| | | | | GAAP Adjustments D | Acquisition Adjustments E | Adjustment F=D+E | |
| | | | | | | | |
| Capital | 9208094 | | | 0 | 5346127 | 5346127 | 14554221 |
| Reserves & Surplus | 470600027 | 177696165 | 43925191 | 0 | 99290151 | 99290151 | 791511534 |
| Share Application, pending allotment | 160910000 | 0 | 0 | 0 | 0 | 0 | 160910000 |
| Deposits | 6957820767 | 2252025866 | 1343043240 | 0 | 0 | 0 | 10552889873 |
| Borrowings | 325617101 | 132407743 | 20006177 | 0 | 0 | 0 | 478031021 |
| Other Liabilities and Provisions | 138368341 | 53977869 | 27955875 | 0 | 5012 | 5012 | 220306897 |
| Total | 8062524330 | 2616107443 | 1434930483 | 0 | 104641290 | 104641290 | 12218203546 |
| ASSETS | | | | | | | |
| Cash & Balances with Reserve Bank of India | 378581747 | 109312775 | 67822796 | 0 | 0 | 0 | 555717318 |
| Balances with Banks & Money at call & short notice | 582382520 | 34011536 | 37618650 | 0 | 0 | 0 | 654012706 |
| Investments | 2391317403 | 778361281 | 594022194 | 0 | 0 | 0 | 3763700878 |
| Advances | 4279028852 | 1527139434 | 684216227 | 0 | 0 | 0 | 6490384513 |
| Fixed Assets | 73527908 | 25678570 | 11924016 | 0 | 0 | 0 | 111130494 |
| Other Assets | 357685900 | 155305940 | 130265797 | 0 | 0 | 0 | 643257637 |
| Total | 8062524330 | 2629809536 | 1525869680 | 0 | 0 | 0 | 12218203546 |

| | | | | | | | |
|------------------------|------------|-----------|----------|---|---|---|------------|
| Contingent Liabilities | 2620552163 | 356572980 | 64198332 | 0 | 0 | 0 | 3041323475 |
| Bills for collection | 274650724 | 113959234 | 35149193 | 0 | 0 | 0 | 423759151 |

R K Khichi
R K KHICHI
 DEPUTY GENERAL MANAGER

Praveen Kumar Sharma
PRAVEEN KUMAR SHARMA
 GENERAL MANAGER

Mdhawan
MAHESH DHAWAN
 GENERAL MANAGER

D K Jain
D K JAIN
 GENERAL MANAGER & CFO

A Kazad
A KAZAD
 EXECUTIVE DIRECTOR

Vijay Dube
VIJAY DUBE
 EXECUTIVE DIRECTOR

Sanjay Kumar
SANJAY KUMAR
 EXECUTIVE DIRECTOR

Ch. S. S. Mallikarjuna Rao
CH. S. S. MALLIKARJUNA RAO
 MANAGING DIRECTOR & CEO

For G S Mathur & Co.
 Chartered Accountants
 FRN 008744N



Rajiv Kumar Wadhawan
(Rajiv Kumar Wadhawan)
 Partner
 M No. 091007

Date: 19.11.2020
 Place: New Delhi



PUNJAB NATIONAL BANK
PROFORMA PROFIT AND LOSS ACCOUNT FOR THE QUARTER / HALF YEAR ENDED 30TH SEPTEMBER, 2019

Rs.000s Omitted

| | PNB A | eOBC B | eUNI C | Proforma Adjustments | | | Proforma Amalgamated for HY ended 30.09.2019 G=A+B+C+F | Proforma Amalgamated for quarter ended 30.09.2019 |
|----------------------------------|------------------|------------------|-----------------|--------------------------|---------------------------------|---------------------|--|--|
| | | | | GAAP Adjustments D | Acquisition Adjustments E | Adjustment F=D+E | | |
| I. INCOME | | | | | | | | |
| Interest earned | 263783633 | 97974492 | 48142943 | 0 | 0 | 0 | 409901068 | 206094501 |
| Other Income | 43399935 | 15398686 | 12025775 | 0 | 0 | 0 | 70824396 | 36632494 |
| TOTAL | 307183568 | 113373178 | 60168718 | 0 | 0 | 0 | 480725464 | 242726995 |
| II. EXPENDITURE | | | | | | | | |
| Interest expended | 179731648 | 69702707 | 33140390 | 0 | 0 | 0 | 282574745 | 141172791 |
| Operating expenses | 57018194 | 21657368 | 14217374 | 0 | 0 | 0 | 92892936 | 48186881 |
| Provisions and Contingencies | 55176885 | 19627280 | 10522215 | 0 | 0 | 0 | 85326380 | 45798805 |
| TOTAL | 291926727 | 110987355 | 57879979 | 0 | 0 | 0 | 460794061 | 235158477 |
| III. PROFIT | | | | | | | | |
| Net Profit/(Loss) for the period | 15256841 | 2385823 | 2288739 | 0 | 0 | 0 | 19931403 | 7568518 |
| Earnings per Share | | | | | | | 2.74 | 1.04 |

R K Khichi
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 DEPUTY GENERAL MANAGER

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 FRN 008744N



Rajiv Kumar Wadhawan
(Rajiv Kumar Wadhawan)
 Partner
 M No. 091007

Date: 19.11.2020
 Place: New Delhi



Notes to Proforma Financial Statements

1. Basis for preparation of Proforma Financial Statements (PFS) of Punjab National Bank for the period/quarter ended 30th Sep, 2019 (consequent to the amalgamation of erstwhile Oriental Bank of Commerce & erstwhile United Bank of India)

The PFS has been prepared by the Management of the Bank in accordance with the requirements of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date (the "SEBI Regulations 2018") issued by the Securities and Exchange Board of India (the "SEBI") to reflect the impact of a significant amalgamation effective from April 1, 2020 and as further set out in the basis of preparation paragraph included in the attached notes to the Proforma Financial Statements.

Consequent to the amalgamation of erstwhile Oriental Bank of Commerce ("eOBC") and erstwhile United Bank of India ("eUNI") with Punjab National Bank (PNB) effective from April 01, 2020, the Proforma Financial Statements (hereinafter referred to as "PFS") along with accounting policies and selective notes to PFS of the amalgamated entity for the period/quarter ended 30th Sep, 2019 are prepared by the management and adopted by the Capital Raising Committee of Board (hereinafter referred to as "CRCB") in its meeting held on November 19, 2020.

2. For the purpose of preparing the PFS, the carrying book values of assets and liabilities as per the reviewed financials as on Sep 30, 2019 of eOBC and eUNI have been incorporated with the carrying book value of assets and liabilities based on the reviewed financial statements of PNB as on Sep 30, 2019 in accordance with the "Guide to reporting on Proforma Financial Statements" issued by The Institute of Chartered Accountants of India. The PFS has been prepared by aggregation of reviewed numbers of Balance Sheet and Profit & loss account and do not entail any adjustments except to the extent of changes in Issued capital and Amalgamation Adjustment Reserve consequent to the amalgamation. The adjustments made to Issued Share Capital, Amalgamation Adjustment Reserve and Other Liabilities and Provisions consequent to amalgamation have been explained in Note 3, Note 4 and Note 5 below.
3. The amount of Share capital issued by PNB amounting to Rs.534.61crore (2,67,30,63,327 equity shares of face value of Rs.2 each issued at par) together with cash paid in lieu of fractional entitlement of shares of Rs.0.50 crore as consideration pursuant to the scheme has been adjusted in the PFS.
4. Share application money pending allotment at eUNI of Rs. 1,666 Crore comprises Rs. 1,641.38 Crore as equity capital and Rs. 24.62 Crore as securities premium. The equity component has been considered at par with equity shares for the purpose of cancellation and Securities premium component has been adjusted in Reserves and Surplus.
5. The Bank has adopted Pooling of Interest method prescribed under the Accounting Standard 14 on Accounting for Amalgamations to record amalgamation of eOBC and eUNI (the amalgamating banks) with the Bank effective April 1, 2020. Accordingly, the difference of Rs. 9,904.39 crores between the net assets of the amalgamating banks and the amount of shares



issued to the shareholders of the amalgamating banks including fractional entitlements has been recognized as Amalgamation Adjustment Reserve.

6. In view of the management, in following cases due to the nature of the change, it is not feasible to calculate the impact and give the effect of changes. Accordingly, no adjustment has been made in the PFS for period ended 30.09.2020 in respect of the below mentioned items:
 - a. Inter-bank holdings of Investments and Deposits/Balance with Banks along with interest thereon.
 - b. In pursuance of amalgamation approved by the Board of Directors and further directives by Reserve Bank of India, the Bank carried out the process of harmonisation of common borrowers with regard to impact of Divergence in Asset Classification across PNB, eOBC and eUNI as per extant IRAC norms as on 31.03.2020. Accordingly, an amount of Rs. 366.33 Crore has been provided in PNB and Rs. 591 Crores in eOBC & Rs. 0.21 Crore in eUNI as on 31.03.2020.
 - c. Further, as a part of harmonization of policies as regards Revenue recognition, Investments, Advances (provision other than NPA as mentioned above), Depreciation/Amortisation of Fixed Assets, Taxation and Employees Benefits (AS-15), the eOBC and eUNI have made provisions aggregating to Rs. 4,381.21 crore.
 - d. Based on the audited financial statements of the entities amalgamated, the residual harmonization impact in respect of Investments, Loans & Advances, Employees Benefits, Taxation and other provision which was assessed at Rs. 636.11 Crore and has been given effect in the Opening Balance Sheet of amalgamated entity as on 01.04.2020.
 - e. During the quarter and half year ended 30.09.2020, the Bank has changed its accounting policy for appropriation of recovery in NPA accounts from the earlier policy of appropriating recovery first against charges recorded then principal advance amount and balance towards recorded/derecognized interest income, to the new policy of appropriation of recovery first against the charges recorded, followed by Recorded Interest/Derecognized interest and balance against the principal. This change in accounting policy has resulted in increase in Profit before Tax by Rs. 271.46 Crore for the quarter and half year ended 30.09.2020 and corresponding increase in Net Advance by the even amount.
7. The PFS has been prepared for inclusion in the investor presentation and offer documents to be filed with stock exchanges and other relevant authorities, in respect of the proposed fund raising exercise of the Bank and accordingly, the same is for illustrative purpose only and therefore, does not represent the Bank's actual or expected financial position or results.



PUNJAB NATIONAL BANK
PROFORMA BALANCE SHEET AS ON 30TH JUNE, 2019

(Rs.000s omitted)

| CAPITAL & LIABILITIES | PNB A | eOBC B | eUNI C | Proforma Adjustments | | | Proforma Amalgamated as on 30.06.2019 G=A+B+C+F |
|--|-------------------|-------------------|-------------------|--------------------------|---------------------------------|---------------------|---|
| | | | | GAAP Adjustments D | Acquisition Adjustments E | Adjustment F=D+E | |
| | | | | | | | |
| Capital | 9208094 | | | 0 | 5346127 | 5346127 | 14554221 |
| Reserves & Surplus | 451321854 | 176437114 | 42222870 | 0 | 82630151 | 82630151 | 752611989 |
| Deposits | 6724713527 | 2323747556 | 1324020268 | 0 | 0 | 0 | 10372481351 |
| Borrowings | 284200348 | 101163788 | 20026419 | 0 | 0 | 0 | 405390555 |
| Other Liabilities and Provisions | 139568501 | 53612803 | 35701345 | 0 | 5012 | 5012 | 228887661 |
| Total | 7609012324 | 2654961261 | 1421970902 | 0 | 87981290 | 87981290 | 11773925777 |
| ASSETS | | | | | | | |
| Cash & Balances with Reserve Bank of India | 281438782 | 108135769 | 60983241 | 0 | 0 | 0 | 450557792 |
| Balances with Banks & Money at call & short notice | 610959665 | 22128848 | 74416713 | 0 | 0 | 0 | 707505226 |
| Investments | 2082320694 | 785241965 | 547194401 | 0 | 0 | 0 | 3414757060 |
| Advances | 4217937536 | 1581082617 | 672056868 | 0 | 0 | 0 | 6471077021 |
| Fixed Assets | 61649258 | 25844538 | 12157081 | 0 | 0 | 0 | 99650877 |
| Other Assets | 354706389 | 146229617 | 129441795 | 0 | 0 | 0 | 630377801 |
| Total | 7609012324 | 2668663354 | 1496250099 | 0 | 0 | 0 | 11773925777 |
| Contingent Liabilities | 2794043455 | 347931693 | 60000750 | 0 | 0 | 0 | 3201975898 |
| Bills for collection | 264471317 | 116140778 | 26272259 | 0 | 0 | 0 | 406884354 |

R K Khichi
R K KHICHI
 DEPUTY GENERAL MANAGER

A K Azad
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 EXECUTIVE DIRECTOR

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CH. S.S. MALLIKARJUNA RAO
 MANAGING DIRECTOR & CEO

For G S Mathur & Co.
 Chartered Accountants
 FRN 008744N

(Rajiv Kumar Wadhawan)
 Partner
 M No. 091007



Date: 19.11.2020
 Place: New Delhi

PUNJAB NATIONAL BANK
PROFORMA PROFIT AND LOSS ACCOUNT FOR THE QUARTER YEAR ENDED 30TH JUNE, 2019

(Rs.000s omitted)

| | PNB A | eOBC B | eUNI C | Proforma Adjustments | | | Proforma Amalgamated for quarter ended 30.06.2019 G=A+B+C+F |
|----------------------------------|------------------|-----------------|-----------------|--------------------------|---------------------------------|---------------------|---|
| | | | | GAAP Adjustments D | Acquisition Adjustments E | Adjustment F=D+E | |
| I. INCOME | | | | | | | |
| Interest earned | 130864443 | 49198196 | 23743928 | 0 | 0 | 0 | 203806567 |
| Other Income | 20752962 | 7151595 | 6287345 | 0 | 0 | 0 | 34191902 |
| TOTAL | 151617405 | 56349791 | 30031273 | 0 | 0 | 0 | 237998469 |
| II. EXPENDITURE | | | | | | | |
| Interest expended | 89450759 | 35482042 | 16469153 | 0 | 0 | 0 | 141401954 |
| Operating expenses | 27352439 | 10616653 | 6736963 | 0 | 0 | 0 | 44706055 |
| Provisions and Contingencies | 24627948 | 9124324 | 5775303 | 0 | 0 | 0 | 39527575 |
| TOTAL | 141431146 | 55223019 | 28981419 | 0 | 0 | 0 | 225635584 |
| III. PROFIT | | | | | | | |
| Net Profit/(Loss) for the period | 10186259 | 1126772 | 1049854 | 0 | 0 | 0 | 12362885 |
| Earnings per Share | | | | | | | 1.70 |

R K Khichi
R K KHICHI
 DEPUTY GENERAL MANAGER

Praveen Kumar Sharma
PRAVEEN KUMAR SHARMA
 GENERAL MANAGER

Mahesh Dhawan
MAHESH DHAWAN
 GENERAL MANAGER

D K Jain
D K JAIN
 GENERAL MANAGER & CFO

A K Azad
A K AZAD
 EXECUTIVE DIRECTOR

Vijay Dube
VIJAY DUBE
 EXECUTIVE DIRECTOR

Sanjay Kumar
SANJAY KUMAR
 EXECUTIVE DIRECTOR

Ch. S.S. Mallikarjuna Rao
CH. S.S. MALLIKARJUNA RAO
 MANAGING DIRECTOR & CEO

For G S Mathur & Co.
 Chartered Accountants
 FRN 008744N



Rajiv Kumar Wadhawan
 (Rajiv Kumar Wadhawan)
 Partner
 M No. 091007



Date: 19.11.2020
 Place: New Delhi

Notes to Proforma Financial Statements

1. Basis for preparation of Proforma Financial Statements (PFS) of Punjab National Bank for the period/quarter ended 30th June, 2019 (consequent to the amalgamation of erstwhile Oriental Bank of Commerce & erstwhile United Bank of India)

The PFS has been prepared by the Management of the Bank in accordance with the requirements of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date (the "SEBI Regulations 2018") issued by the Securities and Exchange Board of India (the "SEBI") to reflect the impact of a significant amalgamation effective from April 1, 2020 and as further set out in the basis of preparation paragraph included in the attached notes to the Proforma Financial Statements.

Consequent to the amalgamation of erstwhile Oriental Bank of Commerce ("eOBC") and erstwhile United Bank of India ("eUNI") with Punjab National Bank (PNB) effective from April 01, 2020, the Proforma Financial Statements (hereinafter referred to as "PFS") along with accounting policies and selective notes to PFS of the amalgamated entity for the period/quarter ended 30th June, 2019 are prepared by the management and adopted by the Capital Raising Committee of Board (hereinafter referred to as "CRCB") in its meeting held on November 19, 2020.

2. For the purpose of preparing the PFS, the carrying book values of assets and liabilities as per the reviewed financials as on June 30, 2019 of eOBC and eUNI have been incorporated with the carrying book value of assets and liabilities based on the reviewed financial statements of PNB as on June 30, 2019 in accordance with the "Guide to reporting on Proforma Financial Statements" issued by The Institute of Chartered Accountants of India. The PFS has been prepared by aggregation of reviewed numbers of Balance Sheet and Profit & loss account and do not entail any adjustments except to the extent of changes in Issued capital and Amalgamation Adjustment Reserve consequent to the amalgamation. The adjustments made to Issued Share Capital, Amalgamation Adjustment Reserve and Other Liabilities and Provisions consequent to amalgamation have been explained in Note 3 and Note 4 below.
3. The amount of Share capital issued by PNB amounting to Rs.534.61crore (2,67,30,63,327 equity shares of face value of Rs.2 each issued at par) together with cash paid in lieu of fractional entitlement of shares of Rs.0.50 crore as consideration pursuant to the scheme has been adjusted in PFS.
4. The Bank has adopted Pooling of Interest method prescribed under the Accounting Standard 14 on Accounting for Amalgamations to record amalgamation of eOBC and eUNI (the amalgamating banks) with the Bank effective April 1, 2020. Accordingly, the difference of Rs. 8,263.01 crores between the net assets of the amalgamating banks as on the date of PFS and the amount of shares issued to the shareholders of the amalgamating banks (including fractional entitlements) has been recognized as Amalgamation Adjustment Reserve.



5. In view of the management, in following cases due to the nature of the change, it is not feasible to calculate the impact and give the effect of changes. Accordingly, no adjustment has been made in the PFS for quarter ended 30.06.2019 in respect of the below mentioned items:
- a. Inter-bank holdings of Investments and Deposits/Balance with Banks along with interest thereon.
 - b. In pursuance of amalgamation approved by the Board of Directors and further directives by Reserve Bank of India, the Bank carried out the process of harmonisation of common borrowers with regard to impact of Divergence in Asset Classification across PNB, eOBC and eUNI as per extant IRAC norms as on 31.03.2020. Accordingly, an amount of Rs. 366.33 Crore has been provided in PNB and Rs. 591 Crores in eOBC & Rs. 0.21 Crore in eUNI as on 31.03.2020.
 - c. Further, as a part of harmonization of policies as regards Revenue recognition, Investments, Advances (provision other than NPA as mentioned above), Depreciation/Amortisation of Fixed Assets, Taxation and Employees Benefits (AS-15), the eOBC and eUNI have made provisions aggregating to Rs. 4,381.21 crore.
 - d. Based on the audited financial statements of the entities amalgamated, the residual harmonization impact in respect of Investments, Loans & Advances, Employees Benefits, Taxation and other provision which was assessed at Rs. 636.11 Crore and has been given effect in the Opening Balance Sheet of amalgamated entity as on 01.04.2020.
 - e. During the quarter and half year ended 30.09.2020, the Bank has changed its accounting policy for appropriation of recovery in NPA accounts from the earlier policy of appropriating recovery first against charges recorded then principal advance amount and balance towards recorded/derecognized interest income, to the new policy of appropriation of recovery first against the charges recorded, followed by Recorded Interest/Derecognized interest and balance against the principal. This change in accounting policy has resulted in increase in Profit before Tax by Rs. 271.46 Crore for the quarter and half year ended 30.09.2020 and corresponding increase in Net Advance by the even amount.
6. The PFS has been prepared for inclusion in the investor presentation and offer documents to be filed with stock exchanges and other relevant authorities, in respect of the proposed fund raising exercise of the Bank and accordingly, the same is for illustrative purpose only and therefore, does not represent the Bank's actual or expected financial position or results.

