

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

THIS OFFERING OF THE SECURITIES DESCRIBED IN THE ATTACHED PLACEMENT DOCUMENT IS AVAILABLE ONLY TO INVESTORS WHO ARE QUALIFIED INSTITUTIONAL BUYERS AS DEFINED UNDER REGULATION 2(1)(SS) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (“SEBI ICDR REGULATIONS”).

IMPORTANT: This e-mail is intended for the named recipient(s) only. If you are not an intended recipient, please delete this e-mail from your system immediately. You must read the following before continuing. The following applies to the pre-numbered placement document of Punjab National Bank (the “Bank”) dated December 18, 2020 in relation to the proposed qualified institutions placement of equity shares of ₹ 2 each (“Equity Shares”) by the Bank filed with BSE Limited and National Stock Exchange of India Limited (the “Stock Exchanges”) (such document, the “Placement Document”) attached to this e-mail, and you are therefore advised to read this carefully before reading, accessing or making any other use of the attached Placement Document. In accessing the Placement Document, you agree to be bound by the following terms and conditions, including any modifications to them, from time to time, each time you receive any information from us as a result of such access. The information in the Placement Document is confidential and subject to updation, completion, revision, verification, amendment and change without notice. None of ICICI Securities Limited, Axis Capital Limited, Edelweiss Financial Services Limited, IIFL Securities Limited, SBI Capital Markets Limited, Yes Securities (India) Limited and PNB Investment Services Limited (the “Book Running Lead Managers”) or any person who controls any of them or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers accepts any liability whatsoever for any loss howsoever arising from any use of this e-mail or the attached Placement Document or their respective contents or otherwise arising in connection therewith. **You acknowledge that the Placement Document is intended for use by you only and you agree not to forward it to any other person, internal or external to your company, in whole or in part, or otherwise provide access via e-mail or otherwise to any other person.**

INVESTING IN THE EQUITY SHARES DESCRIBED IN THE PLACEMENT DOCUMENT INVOLVES RISKS AND YOU SHOULD NOT INVEST ANY FUNDS IN THE EQUITY SHARES, UNLESS YOU ARE PREPARED TO RISK LOSING ALL OR PART OF YOUR INVESTMENT. YOU ARE ADVISED TO CAREFULLY READ THE SECTION TITLED “RISK FACTORS” AS WELL AS INFORMATION CONTAINED ELSEWHERE IN THE ATTACHED PLACEMENT DOCUMENT BEFORE MAKING AN INVESTMENT DECISION.

THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR ANY OTHER APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE EQUITY SHARES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO PERSONS WHO ARE “QUALIFIED INSTITUTIONAL BUYERS” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”)) (“U.S. QIB(S)”) PURSUANT TO SECTION 4(A)(2) OR ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT; FOR AVOIDANCE OF DOUBT, THE TERM U.S. QIBS DOES NOT REFER TO A CATEGORY OF INSTITUTIONAL INVESTORS DEFINED UNDER APPLICABLE INDIAN REGULATIONS AND REFERRED TO IN THIS PLACEMENT DOCUMENT

AS “QIBS” AND (B) OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE UPON REGULATIONS UNDER THE SECURITIES ACT (“**REGULATION S**”) AND THE APPLICABLE LAWS OF THE JURISDICTION WHERE THOSE OFFERS AND SALES ARE MADE.

FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF THE EQUITY SHARES OF THE BANK AND DISTRIBUTION OF THIS PLACEMENT DOCUMENT, SEE “SELLING RESTRICTIONS”, “NOTICE TO INVESTORS”, AND “TRANSFER RESTRICTIONS”. THE ATTACHED PRE-NUMBERED PLACEMENT DOCUMENT MAY NOT BE FORWARDED, DOWNLOADED, DELIVERED OR DISTRIBUTED, IN WHOLE OR IN PART, ELECTRONICALLY OR OTHERWISE TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE EQUITY SHARES DESCRIBED IN THE ATTACHED PLACEMENT DOCUMENT.

This Issue and the distribution of this Placement Document is being done in reliance on Chapter VI of the SEBI ICDR Regulations. This Placement Document is personal to each prospective investor and does not constitute an offer or invitation or solicitation of an offer to the public or to any other person or class of investors.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

Confirmation of your Representation: You are accessing the attached Placement Document on the basis that you have confirmed your representation, agreement and acknowledgement to the Book Running Lead Managers that: (1) (i) the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions and to the extent that you purchase the securities described in the attached Placement Document, you will be doing so pursuant to Regulation S or (ii) you are, or are acting on behalf of, a “qualified institutional buyer” (as defined in Rule 144A) pursuant to Section 4(a)(2) of the Securities Act; (2) the securities offered hereby have not been registered under the Securities Act; (3) that you consent to delivery of the attached Placement Document and any amendments or supplements thereto by electronic transmission.; (4) you are the intended recipient of the attached Placement Document and are a “Qualified Institutional Buyer” as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not restricted from participating in the offering under the SEBI ICDR Regulations and other applicable laws including FEMA and not excluded pursuant to Regulations 179(2)(b) of the SEBI ICDR Regulations i.e. (i) “Qualified Institutional Buyers” which are resident in India; and (ii) Eligible FPIs, participating through Schedule II of the FEMA Rules. Further, except as provided in (ii) above, FVCIs, multilateral or bilateral development financial institution, AIFs and VCFs whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules are not permitted to participate in the Issue; (5) you are aware that if you, together with any other Qualified Institutional Buyers belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in this Issue, the Bank shall be required to disclose your name, along with the name of such other Allottees and the number of Equity Shares Allotted to you and to such other Allottees, on the website of the Stock Exchanges, and you consent to such disclosure; (6) you are aware that if you are circulated the Placement Document or are Allotted any Equity Shares in the Issue, the Bank is required to

disclose details such as your name, address, PAN, email-id and the number of Equity Shares Allotted along with other relevant information as may be required, to the Registrar of Companies, and you consent to such disclosures; and (8) that you consent to delivery of the attached Placement Document and any amendments or supplements thereto by electronic transmission.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the issuer of the securities or the Book Running Lead Managers to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute a “general solicitation” or “general advertising” (each as defined in Regulation D under the Securities Act) or “directed selling efforts” (as defined in Regulation S) in the United States or elsewhere. You are reminded that the attached Placement Document has been delivered to you on the basis that you are a person into whose possession the attached Placement Document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached Placement Document to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or invitation or solicitation in any place where offers, invitations or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and Book Running Lead Managers or any affiliate of the Book Running Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Book Running Lead Managers or such affiliate on behalf of the Bank in such jurisdiction. Further, nothing in this electronic transmission constitutes an offer or an invitation or solicitation of an offer or an offer or invitation to the public under any applicable law, by or on behalf of either the Bank or the Book Running Lead Managers to subscribe for or purchase any of the Equity Shares described in the attached Placement Document. The attached Placement Document has not been and will not be registered as a prospectus with any registrar of companies in India and is not and should not be construed as an offer document under the SEBI ICDR Regulations or any other applicable law. The attached Placement Document has not been and will not be reviewed or approved by any regulatory authority in India, including the Securities and Exchange Board of India, the Reserve Bank of India, any registrar of companies in India or any stock exchange in India. The attached Placement Document is not and should not be construed as an invitation, offer or sale of any securities to the public in India.

The Placement Document been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Bank, Book Running Lead Managers or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any of them accepts any liability or responsibility whatsoever in respect of any difference between the Placement Document distributed to you in electronic format and the hard copy version available to you on request from the Book Running Lead Managers. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature. The attached Placement Document is intended only for use by the addressee named herein and may contain legally privileged and/ or confidential information. If you are not the intended recipient of the attached Placement Document, you are hereby notified that any dissemination, distribution or copying of the attached Placement Document is strictly prohibited. If you have received the attached Placement Document in error, please immediately notify the sender or the Book Running Lead Managers by reply email and destroy the email received and any printouts of it.

You are reminded that no representation or warranty, expressed or implied, is made or given by or on behalf of any Book Running Lead Managers named herein, nor any person who controls them or any director, officer, employee or agent of them, or affiliate or associate of any such person as to the accuracy,

completeness or fairness of the information or opinions contained in this document and such persons do not accept responsibility or liability for any such information or opinions.

Actions That You May Not Take: You should not reply by e-mail to this announcement, and you may not purchase any of the Equity Shares described in the attached pre-numbered Placement Document by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. You may not nor are you authorized to deliver or forward this document, electronically or otherwise, to any other person.

YOU MAY NOT AND ARE NOT AUTHORIZED TO (1) FORWARD, DISTRIBUTE OR DELIVER THE ATTACHED PLACEMENT DOCUMENT, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR (2) REPRODUCE THE ATTACHED PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISSEMINATION, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Placement Document attached hereto.



PUNJAB NATIONAL BANK

Our Bank was incorporated as Punjab National Bank Limited under the Indian Companies Act, 1882 (Act VI of 1882) in 1894. Our Bank was constituted as Punjab National Bank under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, as amended ("Banking Companies Act") on July 19, 1969. For further details, see "General Information" on page 322.

Corporate Office: Plot No.4, Sector 10, Dwarka, New Delhi 110 075

Telephone: +91 11 2804 4866; **Website:** www.pnbindia.in; **Email:** hosd@pnb.co.in

Punjab National Bank (the "Issuer" or the "Bank") is issuing 1,06,70,52,910 equity shares of face value ₹ 2 each (the "Equity Shares") at a price of ₹ 35.50 per Equity Share, including a premium of ₹ 33.50 per Equity Share (the "Issue Price"), aggregating to approximately ₹ 3,788.04 crore (the "Issue"). For further details, see "Summary of the Issue" on page 27.

THIS ISSUE IS IN ACCORDANCE WITH CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS"), THE BANKING COMPANIES ACT, THE BANKING REGULATION ACT, 1949, AS AMENDED (THE "BANKING REGULATION ACT"), THE PUNJAB NATIONAL BANK (SHARES & MEETINGS) REGULATIONS, 2000, AS AMENDED (THE "PUNJAB NATIONAL BANK REGULATIONS") AND THE NATIONALISED BANKS (MANAGEMENT AND MISCELLANEOUS PROVISIONS) SCHEME, 1970 (THE "NATIONALISED BANKS SCHEME")

THE ISSUE, AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QUALIFIED INSTITUTIONAL BUYERS ("ELIGIBLE QIBs") AS DEFINED UNDER THE SEBI ICDR REGULATIONS IN RELIANCE UPON CHAPTER VI OF THE SEBI ICDR REGULATIONS. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR. THE ISSUE DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO ELIGIBLE QIBs.

YOU ARE NOT AUTHORISED TO, AND MAY NOT (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENT, OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT, IN WHOLE OR IN PART, IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS. THIS PLACEMENT DOCUMENT WILL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBs WHOSE NAMES ARE RECORDED BY OUR BANK PRIOR TO MAKING AN INTIMATION TO SUBSCRIBE TO THE EQUITY SHARES.

INVESTMENTS IN EQUITY SHARES INVOLVE A DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THIS ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "RISK FACTORS" ON PAGE 48 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THIS ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS ISSUE. PROSPECTIVE INVESTORS OF THE EQUITY SHARES OFFERED SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR.

Invitations for subscription, offer and sale of the Equity Shares shall only be made pursuant to the Preliminary Placement Document together with the respective Application Form and the Confirmation of Allocation Note (each as defined hereinafter). For further details, see "Issue Procedure" on page 258. The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Bank to any person, other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and make no copies of this Placement Document or any documents referred to in this Placement Document.

The information on the websites of our Bank, Subsidiaries or Joint Venture or Associates or any website directly or indirectly linked to the websites of our Bank, Subsidiaries or Joint Venture or the website of the Book Running Lead Managers or their respective affiliates, does not form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites for their investment in this Issue.

The outstanding Equity Shares are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), together with BSE, the "Stock Exchanges"). The closing price of the outstanding Equity Shares on BSE and NSE on December 14, 2020 was ₹ 41.25 and ₹ 41.25 per Equity Share, respectively. In-principle approvals under Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations") for listing of the Equity Shares have been received from BSE and NSE each on December 15, 2020. Applications to the Stock Exchanges will be made for obtaining listing and trading approvals for the Equity Shares offered through the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to trading on BSE and NSE should not be taken as an indication of the merits of the business of our Bank or the Equity Shares.

A copy of the Preliminary Placement Document and this Placement Document have been delivered to the Stock Exchanges. This Placement Document has not been and will not be filed as a prospectus with the Registrar of Companies ("RoC") in India, and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction. The Preliminary Placement Document and this Placement Document will not be registered as a private placement offer letter with the RoC. The Preliminary Placement Document has not been reviewed by the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI"), the Stock Exchanges or the RoC or any other regulatory or listing authority and is intended only for use by the Eligible QIBs.

OUR BANK HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or any other applicable state securities laws of the United States and, unless so registered, may not be offered, sold or delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons who are "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("Rule 144A")) ("U.S. QIB(s)") pursuant to Section 4(a)(2) or another available exemption from registration under the U.S. Securities Act; for avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Placement Document as "QIBs"; and (b) outside the United States, in offshore transactions in reliance upon Regulation S under the U.S. Securities Act ("Regulation S") and the applicable laws of the jurisdiction where those offers and sales are made. For further information, see "Selling Restrictions" and "Transfer Restrictions" on pages 273 and 281, respectively.

This Placement Document is dated December 18, 2020.

BOOK RUNNING LEAD MANAGERS

ICICI Securities Limited	Axis Capital Limited	Edelweiss Financial Services Limited	IIFL Securities Limited	SBI Capital Markets Limited	YES Securities (India) Limited	PNB Investment Services Limited*

*PNB Investment Services Limited, a subsidiary of our Bank, shall be involved only in marketing of the Issue in compliance with Regulation 21A of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended ("SEBI Merchant Bankers Regulations") and Regulation 174(2) of the SEBI ICDR Regulations.

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NOTICE TO INVESTORS

Our Bank has furnished, and accepts full responsibility for, all of the information contained in this Placement Document and confirms that, to the best of its knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to our Bank and the Equity Shares which is material in the context of the Issue. The statements contained in this Placement Document relating to our Bank and the Equity Shares are, in all material respects, true and accurate and not misleading, and the opinions and intentions expressed in this Placement Document with regard to our Bank and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Bank. There are no other facts in relation to our Bank and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, our Bank has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. The information contained in this Placement Document has been provided by our Bank and other sources identified herein.

ICICI Securities Limited, Axis Capital Limited, Edelweiss Financial Services Limited, IIFL Securities Limited, SBI Capital Markets Limited, YES Securities (India) Limited and PNB Investment Services Limited (collectively, the **“Book Running Lead Managers”** or the **“BRLMs”**) have not separately verified the information contained in this Placement Document (financial, legal or otherwise). In compliance with Regulation 21A of the SEBI Merchant Bankers Regulations and Regulation 174(2) of the SEBI ICDR Regulations, PNB Investment Services Limited will be involved only in the marketing of the Issue. Accordingly, neither the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents, associates or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by any of the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents, associates or affiliates as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the Issue or the distribution of the Equity Shares. Each person receiving this Placement Document acknowledges that such person has not relied on either the Book Running Lead Managers or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates in connection with such person’s investigation of the accuracy of such information or such person’s investment decision, and each such person must rely on its own examination of our Bank and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Bank or by or on behalf of the Book Running Lead Managers. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares to be issued pursuant to the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction including SEBI, the United States Securities and Exchange Commission, any other federal or state authorities in the United States, the securities authorities of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any other applicable state securities laws of the United States and, unless so registered, may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States, only to persons who are “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act (“Rule 144A”)) (“U.S. QIB(s)”) pursuant to Section 4(a)(2) or another available exemption from registration under the U.S. Securities Act; for avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Placement Document as “QIBs”; and (b) outside the United States, in offshore transactions in reliance upon Regulation S under the U.S. Securities Act (“Regulation S”) and the applicable laws of the jurisdiction where those offers and sales are made. The Equity Shares are transferable only in accordance with the restrictions described in *“Selling Restrictions”* and *“Transfer Restrictions”* on pages 273 and 281, respectively.

The subscribers of the Equity Shares offered in the Issue will be deemed to make the representations, warranties, acknowledgments and agreements set forth in “*Notice to Investors*”, “*Representations by Investors*”, “*Selling Restrictions*” and “*Transfer Restrictions*” on pages 1, 4, 273, and 281, respectively.

The distribution of this Placement Document and the issuance of Equity Shares pursuant to the Issue may be restricted by law in certain jurisdictions. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been taken by the Bank and the Book Running Lead Managers which would permit an issue of the Equity Shares offered in the Issue or the distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any other Issue-related materials in connection with the Issue may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see “*Selling Restrictions*” on page 273.

The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Bank to any person, other than Eligible QIBs specified by the Book Running Lead Managers or their representatives, and those retained by such QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and make no copies of this Placement Document or any offering material in connection with the Issue.

In making an investment decision, investors must rely on their own examination of our Bank and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Bank nor the Book Running Lead Managers or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates are making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under applicable legal, investment or similar laws or regulations. Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Bank under Indian law, including Chapter VI of the SEBI ICDR Regulations and is not prohibited by SEBI or any other regulatory, statutory or judicial authority from buying, selling or dealing in securities.

The information on our Bank’s website (www.pnbindia.in) or any website directly or indirectly linked to our Bank’s website or the websites of the Book Running Lead Managers and of their respective affiliates, does not constitute or form part of this Placement Document. Prospective investors should not rely on such information contained in, or available through, any such websites.

This Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such documents. All references herein to “you” or “your” is to the prospective investors in the Issue.

NOTICE TO INVESTORS IN THE UNITED STATES

THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR ANY OTHER APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE EQUITY SHARES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO PERSONS WHO ARE “QUALIFIED INSTITUTIONAL BUYERS” (AS DEFINED IN RULE 144A) PURSUANT TO SECTION 4(a)(2) UNDER THE U.S. SECURITIES ACT OR ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT, AND (B) OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE UPON REGULATION S AND THE APPLICABLE LAWS OF THE JURISDICTION WHERE THOSE OFFERS AND SALES ARE MADE. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON TRANSFER OF THE EQUITY SHARES, SEE “*SELLING RESTRICTIONS*” AND “*TRANSFER*”

RESTRICTIONS” ON PAGES 273 AND 281, RESPECTIVELY.

THE EQUITY SHARES OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH, OR APPROVED OR DISAPPROVED BY, THE SEC OR ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER UNITED STATES REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED ON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PLACEMENT DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF OUR BANK AND THE TERMS OF THE OFFER, INCLUDING THE MERITS AND RISKS INVOLVED.

Information to Distributors (as defined below)

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Equity Shares have been subject to a product approval process, which has determined that such Equity Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, “distributors” (for the purposes of the MiFID II Product Governance Requirements) (“**Distributors**”) should note that: the price of the Equity Shares may decline and investors could lose all or part of their investment; the Equity Shares offer no guaranteed income and no capital protection; and an investment in the Equity Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Issue.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Equity Shares. Each Distributor is responsible for undertaking its own target market assessment in respect of the Equity Shares and determining appropriate distribution channels.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

For information to investors in certain other jurisdictions, see “*Selling Restrictions*” and “*Transfer Restrictions*” on pages 273 and 281, respectively.

REPRESENTATIONS BY INVESTORS

References herein to “you, “your” is to the prospective investors to the Issue.

By bidding for and/or subscribing to any Equity Share under the Issue, you are deemed to have represented, warranted to us and the Book Running Lead Managers, and acknowledged and agreed as follows:

- a. your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Bank or Subsidiaries or Associates or Joint Venture that is not set forth in the Preliminary Placement Document and this Placement Document;
- b. you are a “Qualified Institutional Buyer” as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under the applicable laws and regulations of India and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allocated (as defined hereinafter) to you in accordance with Chapter VI of the SEBI ICDR Regulations, and undertake to comply with the SEBI ICDR Regulations and all other applicable laws, including in respect of reporting requirements in India, or making necessary filings, including with the RBI, if any, in connection with the Issue;
- c. if you are not a resident of India, but a QIB, you are an Eligible FPI (and are not an individual, corporate body or a family office) having a valid and existing registration with SEBI under the applicable laws in India and not an FVCI or a multilateral or bilateral development financial institution and that you are not an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules. You also confirm that you are eligible to invest in India under applicable laws, including those issued by the RBI, and the FEMA Rules, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory or statutory authority or otherwise, from buying, selling or dealing in securities or otherwise accessing capital markets in India;
- d. you confirm that you are not an FVCI;
- e. if you are Allotted Equity Shares pursuant to the Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the Stock Exchanges (additional restrictions apply if you are within the United States and certain other jurisdictions), see “*Selling Restrictions*” and “*Transfer Restrictions*” on pages 273 and 281, respectively;
- f. you are aware that the Equity Shares have not been and will not be filed through a prospectus under the Companies Act, SEBI ICDR Regulations or under any other law in force in India, and no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. This Placement Document has not been reviewed, verified or affirmed by RBI, SEBI, the Stock Exchanges or any other regulatory or listing authority and will not be filed with the RoC, and is intended only for use by Eligible QIBs. The Preliminary Placement Document and this Placement Document have been filed with the Stock Exchanges for record purposes only and the Preliminary Placement Document and this Placement Document are required to be displayed and will be displayed on the websites of our Bank and the Stock Exchanges;
- g. you are entitled to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdiction(s) which apply to you and that you have the necessary capacity and fully observed such laws and obtained all such governmental and other consents in each case which may be required thereunder and complied with all necessary formalities to enable you to participate in this Issue and to perform your obligations in relation thereto (including, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Placement Document), and will honour such obligations;
- h. you are aware of the additional requirements that are applicable, as set forth under “*Selling Restrictions*” and “*Transfer Restrictions*” on pages 273 and 281 respectively and you are permitted and have necessary capacity to acquire / subscribe to the Equity Shares under the laws of all relevant jurisdictions which apply to you and that you have fully observed such laws and obtained all such governmental and other consents in each case which may be required thereunder and complied with all necessary formalities and have obtained all necessary consents and approvals to enable you to commit to participation in this Issue and to perform your obligations in relation thereto (including, in the case of any person on whose behalf you are

acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Placement Document), and will honour such obligations;

- i. neither our Bank nor the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents, associates or affiliates is making any recommendation to you, advising you regarding the suitability of any transactions it may enter into in connection with the Issue and that participation in the Issue is on the basis that you are not and will not, up to the Allotment, be a client of any of the Book Running Lead Managers and that the Book Running Lead Managers or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates have no duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are in no way acting in a fiduciary capacity to you;
- j. you confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Bank or its agents ("**Bank's Presentations**") with regard to our Bank, the Equity Shares or the Issue; or (ii) if you have participated in or attended any Bank's Presentations: (a) you understand and acknowledge that the Book Running Lead Managers may not have knowledge of the statements that our Bank or its agents may have made at such Bank's Presentations and are therefore unable to determine whether the information provided to you at such Bank's Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Managers have advised you not to rely in any way on any information that was provided to you at such Bank's Presentations, and (b) confirm that, you have not been provided any material information relating to our Bank, the Equity Shares or the Issue that was not publicly available;
- k. you are aware that if you are Allotted more than 5.00% of the Equity Shares in the Issue, our Bank shall be required to disclose your name and the number of Equity Shares Allotted to you to the Stock Exchanges, and they will make the same available on their website and you consent to such disclosures being made by us;
- l. you understand that the Equity Shares issued pursuant to the Issue shall be subject to the provisions of the Banking Companies (Acquisition And Transfer Of Undertakings) Act, 1970 read with the Banking Regulation Act, 1949, the Nationalised Banks (Management And Miscellaneous Provisions) Scheme, 1970 and the Punjab National Bank (Shares & Meetings) Regulations, 2000 and will be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive dividend and other distributions declared;
- m. you are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law including but not limited to the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, and the Companies Act, 2013, each as amended;
- n. all statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our Bank's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Bank's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Bank's present and future business strategies and environment in which our Bank will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Placement Document. Our Bank assumes no responsibility to update any of the forward-looking statements contained in this Placement Document;
- o. you have been provided a serially numbered copy of the Preliminary Placement Document and this Placement Document respectively and have read them in their entirety, including, in particular, "*Risk Factors*" on page 48;

- p. you are aware and understand that the Equity Shares are being offered only to Eligible QIBs and are not being offered to the general public and the Allotment of the same shall be made by our Bank on a discretionary basis, in consultation with the Book Running Lead Managers;
- q. you have made, or been deemed to have made, as applicable, the representations, warranties, acknowledgements and undertakings as set forth under “*Selling Restrictions*” and “*Transfer Restrictions*” on pages 273 and 281, respectively;
- r. if you are within the United States, you are a U.S. QIB, who is acquiring the Equity Shares for your own account or for the account of an institutional investor who also meets the requirements of a U.S. QIB, for investment purposes only, and not with a view to, or for reoffer or resale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part;
- s. if you are outside the United States, you are subscribing for the Equity Shares in an “offshore transaction” within the meaning of Regulation S and the applicable laws of the jurisdiction where those offers and sales are made;
- t. you are not acquiring or subscribing for the Equity Shares as a result of any general solicitation or general advertising (as those terms are defined in Regulation D under the U.S. Securities Act) or directed selling efforts (as defined in Regulation S) and you understand and agree that offers and sales (a) in the United States, are being made in reliance on an exemption to the registration requirements of the U.S. Securities Act provided by Section 4(a)(2) under the U.S. Securities Act, Rule 144A or another available exemption from registration under the U.S. Securities Act, and the Equity Shares may not be eligible for resale under Rule 144A thereunder; and (b) outside the United States, are being made in offshore transactions in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described in “*Selling Restrictions*” and “*Transfer Restrictions*” on pages 273 and 281, respectively;
- u. you represent and agree that you will only reoffer, resell, pledge or otherwise transfer the Equity Shares (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in transactions meeting the requirements of Rule 144A or another exemption from the registration requirements of the U.S. Securities Act or; (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act; and (B) in accordance with all applicable laws, including the securities laws of the states of the United States;
- v. that in making your investment decision, (i) you have relied on your own examination of our Bank and the terms of the Issue, including the merits and risks involved; (ii) you have made and will continue to make your own assessment of our Bank, the Equity Shares and the terms of the Issue based on such information as is publicly available; (iii) you have consulted your own independent advisors (including tax advisors) or otherwise have satisfied yourself concerning, without limitation, the effects of local laws and taxation matters; (iv) you have relied solely on the information contained in this Placement Document and no other disclosure or representation by our Bank or the Book running Lead Managers or any other party; (v) you have received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Bank and the Equity Shares and; (vi) relied upon your investigation and resources in deciding to invest in the Issue. You are seeking to subscribe to / acquire the Equity Shares in this Issue for your own investment and not with a view to resale or distribution;
- w. you are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of entities in a similar nature of the business, similar stage of development, and in similar jurisdictions. You and any accounts for which you are subscribing the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares; (ii) will not look to our Bank and/or the Book Running Lead Managers or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates for all or part of any such loss or losses that may be suffered including losses arising out of non-performance by our Bank of any of its respective obligations or any breach of any representations and warranties by our Bank, whether to you or otherwise; (iii) are able to sustain a complete loss on the investment in the Equity Shares; (iv) have no need for liquidity with respect to the investment in the Equity Shares; (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise,

which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares; and (vi) are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment;

- x. our Bank or the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents, associates or affiliates have not provided you with any tax advice or otherwise made any representations regarding the tax consequences of the purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice and will not rely on the Book Running Lead Managers or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates or our Bank when evaluating the tax consequences in relation to the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You waive and agree not to assert any claim against the Book Running Lead Managers or our Bank or any other respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents, associates or affiliates with respect to the tax aspects of the Equity Shares or the Issue or as a result of any tax audits by tax authorities, wherever situated;
- y. you acknowledge that the Preliminary Placement Document did not, and this Placement Document does not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;
- z. where you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire the Equity Shares for each managed account; and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to “you” to include such accounts;
- aa. you are not a ‘promoter’ of our Bank (as defined under the SEBI ICDR Regulations) and are not a person related to the Promoter (as defined hereinafter), either directly or indirectly and your Application does not directly or indirectly represent the promoter or promoter group (as defined under the SEBI ICDR Regulations) of our Bank or a person related to the Promoter;
- bb. you have no rights under a shareholders agreement or voting agreement with the Promoter or promoter group, no veto rights or right to appoint any nominee director on the Board of our Bank other than the rights acquired if any in the capacity of a lender not holding any equity Shares of our Bank the acquisition of which shall not deem you to be a Promoter or a person related to the Promoter;
- cc. you have no right to withdraw or revise downwards your Application after the Bid/ Issue Closing Date (as defined hereinafter);
- dd. you are eligible to apply and hold Equity Shares so Allotted and together with any securities of our Bank held by you prior to the Issue. You further confirm that your holding upon the issue and allotment of the Equity Shares shall not exceed the level permissible as per any regulation applicable to you including, but not limited to, the Banking Regulation Act, 1949, Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, and in the event of your holding of the Equity Shares reaches any applicable limits as may be prescribed you will make the appropriate disclosures and obtain the necessary permissions in this regard from the relevant authorities/RBI;
- ee. the Bid submitted by you would not eventually result in triggering an open offer under the SEBI Takeover Regulations (as defined hereinafter), and you shall be solely responsible for compliance with all other applicable provisions of the SEBI Takeover Regulations;
- ff. your aggregate holding together with other prospective Investors participating in the Issue that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue Size. For the purposes of this representation:
 - QIBs belonging to the “same group” shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control

over the others; or (c) there is a common director, excluding nominee and independent directors, amongst a Eligible QIB, its subsidiary or holding company and any other Eligible QIB; and

- ‘control’ shall have the same meaning as is assigned to it by clause 1 (e) of Regulation 2 of the SEBI Takeover Regulations (as defined hereinafter).
- gg. you shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approval for the Equity Shares is issued by the Stock Exchanges;
- hh. you are aware and understand that the Book Running Lead Managers have entered into a Placement Agreement (as defined hereinafter) with our Bank whereby the Book Running Lead Managers have, subject to the satisfaction of certain conditions set out therein agreed to manage the Issue and, undertaken to use its reasonable endeavours to seek to procure subscription for the Equity Shares on the terms and conditions set forth therein;
- ii. if you are an Eligible FPI as defined in this Placement Document, you confirm that you will participate in the Issue only under and in conformity with Schedule II of FEMA Rules and you confirm that you are not an FVCI or a multilateral or bilateral development financial institution and that you are not an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules. Further, you acknowledge that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) in our Bank does not exceed 10% of the post-Issue paid-up capital of our Bank on a fully diluted basis, and further with effect from April 1, 2020, the aggregate limit for FPI investments is the sectoral cap applicable to our Bank;
- jj. you confirm that neither are you an entity of a country which shares land border with India nor is the beneficial owner of your investment situated in or a citizen of such country (in which case, investment can only be through the Government approval route), and that your investment is in accordance with press note no. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT and Rule 6 of the FEMA Rules;
- kk. that the contents of this Placement Document are exclusively the responsibility of our Bank and that neither the Book Running Lead Managers nor any person acting on their behalf has or shall have any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of our Bank and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Placement Document or otherwise. By participating in the Issue, you agree to the same and confirm that you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Book Running Lead Managers or our Bank or any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents, associates or affiliates or any other person and neither the Book Running Lead Managers nor our Bank or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents, associates or affiliates nor any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;
- ll. that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares issued in pursuance of the Issue and that you have neither received nor relied on any other information given or representations, warranties or statements made by the Book Running Lead Managers or our Bank and neither the Book Running Lead Managers nor our Bank will be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty or statement that you have obtained or received;
- mm. that each of the representations, warranties, acknowledgements and agreements set forth above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue;
- nn. you agree to indemnify and hold our Bank and the Book Running Lead Managers and their respective shareholders, directors, officers, employees, counsel, affiliates, associates, controlling persons and

representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgments and agreements made by you in this Placement Document and this Placement Document. You agree that the indemnity set forth in this section shall survive the resale of the Equity Shares Allotted under the Issue by or on behalf of the managed accounts;

- oo. that our Bank, the Book Running Lead Managers, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings which are given to the Book Running Lead Managers on their own behalf and on behalf of our Bank and are irrevocable and it is agreed that if any of such representations, warranties, acknowledgements, undertakings and agreements are no longer accurate, you will promptly notify the Book Running Lead Managers;
- pp. that you understand that none of the Book Running Lead Managers nor its respective affiliates has any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by us of any of our respective obligations or any breach of any representations or warranties by us, whether to you or otherwise;
- qq. that you are aware that (i) applications for in-principle approval, in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and such approval has been received from the Stock Exchanges; and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final approvals for listing of the Equity Shares will be obtained in time or at all. Neither our Bank nor the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, affiliates, associates, controlling persons and representatives shall be responsible for any delay or non-receipt of such final approvals or any loss arising from such delay or non-receipt;
- rr. that you are a sophisticated investor who is seeking to purchase the Equity Shares for your own investment and not with a view to distribution. In particular, you acknowledge that (i) an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment, (ii) you have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of the purchase of the Equity Shares, and (iii) you are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions and have such knowledge and experience in financial, business and investments matters that you are capable of evaluating the merits and risks of your investment in the Equity Shares; and
- ss. any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of the Republic of India and the courts at New Delhi, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Preliminary Placement Document and this Placement Document.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an Eligible FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying, and all such offshore derivative instruments are referred to herein as “**P-Notes**”), for which they may receive compensation from the purchasers of such instruments. In terms of Regulation 21 of SEBI FPI Regulations, P-Notes may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs subject to exceptions provided in the SEBI FPI Regulations and compliance with ‘know your client’ requirements, as specified by SEBI and subject to compliance with such other conditions as may be specified by SEBI from time to time. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs and such instrument is being transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. P-Notes have not been and are not being offered or sold pursuant to this Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-Notes, including any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10% or above of our post-Issue Equity Share capital on a fully diluted basis. SEBI has, vide a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors (the “**FPI Operational Guidelines**”), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the above mentioned restrictions shall also apply to subscribers of offshore derivative instruments and two or more subscribers of offshore derivative instruments having common ownership, directly or indirectly, of more than 50% or common control shall be considered together as a single subscriber of the offshore derivative instruments. Further, in the event a prospective investor has investments as an FPI and as a subscriber of offshore derivative instruments, these investment restrictions shall apply on the aggregate of the FPI and offshore derivative instruments investments held in the underlying company.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy dated October 15, 2020. These investment restrictions shall also apply to subscribers of offshore derivative instruments.

Affiliates of the Book Running Lead Managers which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of our Bank and do not constitute any obligation of, claims on or interests in our Bank. Our Bank has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Bank. Our Bank and the Book Running Lead Managers do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Managers and does not constitute any obligations of or claims on the Book Running Lead Managers.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto.

Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of the Preliminary Placement Document and this Placement Document have been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of the Preliminary Placement Document and this Placement Document;
2. warrant that the Equity Shares pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; or
3. take any responsibility for the financial or other soundness of our Bank, its Promoter, its management or any scheme or business activity of our Bank;

It should not for any reason be deemed or construed to mean that the Preliminary Placement Document and this Placement Document have been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to “you”, “your”, “offeree”, “purchaser”, “Bidder”, “subscriber”, “recipient”, “investors”, “prospective investors” and “potential investor” are to the Eligible QIBs who are the prospective investors of the Equity Shares in the Issue and references to the “Issuer”, “Bank” or “our Bank” are to the Punjab National Bank, on a standalone basis. All references to the “we”, “us” or “our” are to the Punjab National Bank, its Subsidiaries, Associates and Joint Venture on a consolidated basis, unless otherwise specified or the context otherwise indicates or implies.

References in this Placement Document to “India” are to the Republic of India and its territories and possessions and the “Government” or the “Central Government” or the “state government” are to the Government of India, or the governments of any state in India, as applicable and as the case may be. All references herein to the “U.S.” or the “United States” are to the United States of America and its territories and possessions. References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

Page Numbers

Unless otherwise stated, all references to page numbers in this Placement Document are to page numbers of this Placement Document.

Currency and Units of Presentation

In this Placement Document, references to “USD”, “\$”, “U.S.\$” and “U.S. dollars” are to the legal currency of the United States and references to, “₹”, “Rs.”, “INR” and “Rupees” are to the legal currency of India.

References to “lakhs” and “crores” in this Placement Document are to the following:

1. one lakh represents ₹100,000 (one hundred thousand);
2. ten lakhs represents ₹1,000,000 (one million);
3. one crore represents ₹10,000,000 (ten million);
4. ten crores represents ₹100,000,000 (one hundred million); and
5. one hundred crores represents ₹1,000,000,000 (one thousand million or one billion).

Financial and Other Information

In this Placement Document, we have included the following financial statements prepared under Indian GAAP: (i) audited standalone and consolidated financial statements for Fiscal 2018 read along with the notes thereto (the “**Fiscal 2018 Audited Financial Statements**”); (ii) audited standalone and consolidated financial statements for Fiscal 2019 read along with the notes thereto (the “**Fiscal 2019 Audited Financial Statements**”); (iii) audited standalone and consolidated financial statements for Fiscal 2020 read along with the notes thereto (the “**Fiscal 2020 Audited Financial Statements**” and collectively with Fiscal 2018 Audited Financial Statements and Fiscal 2019 Audited Financial Statements, the “**Audited Financial Statements**”); and (iv) pursuant to the meeting of our Board of Directors on November 2, 2020, we have adopted and filed with the Stock Exchanges, the Indian GAAP unaudited standalone and consolidated financial results (reviewed) for the quarter and half year ended September 30, 2020 (including the comparative financial information with respect to the quarter and half year ended September 30, 2019 and other financial information with respect to historical fiscal year/ periods as required under applicable law) read along with the notes thereto (the “**Reviewed Financial Results**”). However, potential investors are cautioned that the presentation of our Audited Financial Statements may not be strictly comparable to our Reviewed Financial Results.

The Department of Financial Services, Ministry of Finance, Government of India issued a Gazette Notification no. CG-DL-E-04032020-216535 dated March 4, 2020, approving the scheme of amalgamation of erstwhile Oriental Bank of Commerce and erstwhile United Bank of India into our Bank (“**Amalgamation**”) in exercise of the powers conferred by Section 9 of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1980 (40 of 1980) and Section 9 of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970 (5 of 1970). The amalgamation came into effect from April 1, 2020. Accordingly, the historical financial and other information of our Bank prior to the Amalgamation are not comparable to those subsequent to the Amalgamation, including the Audited Financial Statements and the Indian GAAP unaudited standalone and consolidated financial

results (reviewed) for the quarter and half year ended September 30, 2019 included in the Reviewed Financial Results.

Since the Amalgamation had a significant impact on the standalone financial statements of our Bank, we have included in this Placement Document following additional financial information with respect to the Amalgamation:

- Proforma financial statements as of and for the three months ended June 30, 2019;
- Proforma financial statements as of and for the three and six months ended September 30, 2019;
- Proforma financial statements as of and for the three and nine months ended December 31, 2019; and
- Proforma financial statements for the three months and financial year ended March 31, 2020.

(collectively, the “**Proforma Financial Statements**”)

The Proforma Financial Information seeks to present the impact of the Amalgamation on the Bank’s financial performance, and assumes that the Amalgamation had taken place with effect from April 1, 2019. The proforma impact of the Amalgamation is therefore reflected in the Proforma Financial Statements for Fiscal 2020, the three months ended June 30, 2019, the three and six months ended September 30, 2019, the three and nine months ended December 31, 2019, and the three months and year ended March 31, 2020.

Solely to illustrate the impact of the Amalgamation on a proforma basis, in the section “*Additional Proforma Combined Information*”, the financial and other information prior to the Amalgamation (*i.e.* as of and for the three and six months ended September 30, 2019 and as of and for the three months and year ended March 31, 2020) have been presented on a proforma combined basis, assuming that the Amalgamation had taken place with effect from April 1, 2019 and consequently presented as an aggregation of the respective financial and other information for our Bank and the erstwhile Oriental Bank of Commerce and erstwhile United Bank of India in the respective financial periods (“**Proforma Combined Information**”). The Proforma Combined Information is for illustration purposes only and investors are cautioned against relying on such Proforma Combined Information in connection with any investment decision. There can be no assurance that the manner in which such financial and other information was calculated for erstwhile Oriental Bank of Commerce and erstwhile United Bank of India prior to the Amalgamation would have been identical to the manner in which such information was calculated for our Bank. For further information, see “*Proforma Financial Statements*” on page 326.

The Proforma Financial Statements and Proforma Combined Information address a hypothetical situation and, therefore, do not represent our Bank’s actual financial position or results. The Proforma Financial Statements and Proforma Combined Information only purport to indicate the results of operations that would have resulted had the amalgamation been completed at the beginning of the period presented and the financial position had the amalgamation been completed as at the year/period end. The Proforma Financial Statements and Proforma Combined Information have been prepared for illustrative purposes only based on various assumptions stated therein, do not purport to predict our Bank’s future financial condition, results of operations or cash flows, and potential investors should therefore not place undue reliance on such information in connection with any investment decision. For further information, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Presentation of Financial Information – Amalgamation of the erstwhile Oriental Bank of Commerce and erstwhile United Bank of India into our Bank*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Principal Factors Affecting our Results of Operations and Financial Condition – Effect of Amalgamation of the erstwhile Oriental Bank of Commerce and erstwhile United Bank of India into our Bank*” and “*Proforma Financial Statements*” on pages 101, 105 and 326, respectively.

We have also included in this Placement Document, the historical audited financial statements of the erstwhile Oriental Bank of Commerce for the financial year ended March 31, 2019 and 2020. For further information on the historical financial performance of the erstwhile Oriental Bank of Commerce, see “*Oriental Bank of Commerce Financial Statements*” on page 324.

We have also included in this Placement Document, the historical audited financial statements of the erstwhile United Bank of India for the financial year ended March 31, 2019 and 2020. For further information on the historical financial performance of the erstwhile United Bank of India, see “*United Bank of India Financial Statements*” on page 325.

The degree to which the financial information prepared in accordance with Indian GAAP will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian GAAP. Any reliance by persons

not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

The audited Financial Statements are prepared in accordance with Indian GAAP as applicable to banks, guidelines issued by the RBI from time to time, practices generally prevailing in the banking industry in India and the applicable standards on auditing. Our Bank prepares its financial statements in Rupees in accordance with Indian GAAP which differ in certain important aspects from U.S. GAAP and other accounting principles and standards on auditing with which prospective investors may be familiar in other countries. We have not attempted to quantify the impact of U.S. GAAP on the financial data included in this Placement Document, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP. Accordingly, the degree to which the financial statements prepared in accordance with Indian GAAP included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

In addition, the Ministry of Corporate Affairs (the "MCA"), in its press release dated January 18, 2016, issued a roadmap for implementation of Ind-AS converged with IFRS for scheduled commercial banks, insurers, insurance companies and non-banking financial companies, which was subsequently confirmed by the RBI through its circular dated February 11, 2016. These regulations required our Bank to prepare Ind-AS based financial statements for accounting period commencing April 1, 2018 with comparative financial statements for the accounting period ending March 31, 2018. On June 23, 2016, RBI directed all scheduled commercial banks (excluding regional rural banks) to submit proforma Ind-AS financial statements, for the half year ended September 30, 2016 to Reserve Bank of India, Mumbai. RBI *vide* notification dated March 22, 2019, decided to defer the implementation of Ind-AS on scheduled commercial banks (excluding regional rural banks) till further notice. The nature and extent of the possible impact of Ind-AS on our financial reporting and accounting practices is currently uncertain, and there can be no assurance that such impact will not be significant. Our Bank cannot assure you that it has completed a comprehensive analysis of the effect of Ind AS on future financial information or that the application of Ind AS will not result in a materially adverse effect on our Bank's future financial information. For further information on the transition to Ind AS, see "*Risk Factors –The effects of the adoption of Indian Accounting Standards ("Ind AS") are uncertain and any failure to successfully adopt Ind AS could adversely affect our business, financial conditions and results of operations*" on page 64.

The Fiscal Year of our Bank commences on April 1 of each calendar year and ends on March 31 of the succeeding calendar year. Unless otherwise stated, references in this Placement Document to a particular year are to the calendar year ended on December 31, and to a particular "Fiscal" or "Fiscal Year" or "FY" are to the fiscal year ended on March 31.

All figures appearing in this Placement Document have been rounded off to two decimal places. Accordingly, the figure shown as totals herein may not be an arithmetic aggregation of the figures which precede them.

INDUSTRY AND MARKET DATA

Information regarding market position, market size, growth rates, other industry data and certain industry forecasts pertaining to the businesses of our Bank contained in this Placement Document consists of estimates, forecasts based on data reports compiled by government bodies, data from other external sources and knowledge of the markets in which our Bank competes. Unless stated otherwise, the statistical information included in this Placement Document relating to the industry in which our Bank operates has been reproduced from various trade, industry and government publications and websites.

Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on or base their investment decision on this information. In certain cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring us to rely on internally developed estimates.

All such data is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Neither our Bank nor any of the Book Running Lead Managers have independently verified this data and do not make any representation regarding accuracy or completeness of such data. Our Bank takes responsibility for accurately reproducing such information but accept no further responsibility in respect of such information, data, projections, forecasts, conclusions or any other information contained in this section. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so our Bank has relied on internally developed estimates. Similarly, while our Bank believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither our Bank nor any of the Book Running Lead Managers can assure potential investors as to their accuracy. Certain information contained herein pertaining to prior years is presented in the form of estimates as they appear in the respective reports/source documents. The actual data for those years may vary significantly and materially from the estimates so contained.

The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

AVAILABLE INFORMATION

Our Bank has agreed that, for so long as any Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act, our Bank will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act, subject to compliance with the applicable provisions of Indian law.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute “forward-looking statements”. Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “can”, “could”, “estimate”, “expect”, “intend”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “should”, “will”, “would”, or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Bank are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our Bank’s expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Bank’s business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts.

These forward-looking statements and any other projections contained in this Placement Document (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that they may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or other projections.

Important factors that could cause our actual results, performances and achievements to be materially different from any of the forward-looking statements include, among others:

- Our inability to predict the impact of the COVID-19 pandemic on our Bank’s business, cash flows, results of the operations;
- Failures of our internal control system may cause significant operational errors;
- Inability to control or reduce the level of non-performing assets in our portfolio or any increase in our NPA portfolio;
- Ability to manage value of our collateral and delays in enforcing collateral or failure to recover the expected value of collateral;
- Ability to manage credit, market and operational risks; and
- Laws, rules, regulations, guidelines and norms applicable to the banking industry, including priority sector lending requirements, capital adequacy and liquidity requirements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “*Risk Factors*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, “*Industry Overview*” and “*Our Business*” on pages 48, 101, 180 and 198 respectively.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. The forward-looking statements contained in this Placement Document are based on the beliefs of the management, as well as the assumptions made by, and information currently available to, the management of our Bank. Although our Bank believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and neither our Bank nor the Book Running Lead Managers undertake our Bank undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialize, or if any of our Bank’s underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Bank could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Bank are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

All of our Bank's Directors, key managerial personnel and members of senior management are residents of India and a substantial portion of the assets of our Bank are located in India. As a result, it may not be possible for investors outside India to effect service of process upon our Bank or such persons outside India, or to enforce judgments obtained against such parties in courts outside of India.

Recognition and enforcement of foreign judgments are provided for under Section 13 and Section 44A of the Civil Code on a statutory basis. Section 13 of the Civil Code provides that foreign judgments shall be conclusive as to any matter thereby directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title, except:

- where the judgment has not been pronounced by a court of competent jurisdiction;
- where the judgment has not been given on the merits of the case;
- where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable;
- where the proceedings in which the judgment was obtained are opposed to natural justice;
- where the judgment has been obtained by fraud; and
- where the judgment sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, United Arab Emirates, Singapore and Hong Kong, amongst others has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it views the amount of damages awarded as excessive or inconsistent with public policy of India and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award denominated in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax pursuant to execution of such a judgment in accordance with applicable laws.

EXCHANGE RATE INFORMATION

Fluctuations in the exchange rate between the Rupees and the U.S. dollar will affect the U.S. dollar equivalent of the Rupee price of the Equity Shares on BSE and NSE. These fluctuations will also affect the conversion into U.S. dollar of any cash dividends paid in Rupees on the Equity Shares. The exchange rate between the Rupee and US Dollar has been volatile over the past year.

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per US\$) for, or as of, the end of the periods indicated. The exchange rates are based on the reference rates released by the RBI and Financial Benchmarks India Private Limited (the “**FBIL**”), which are available on the website of the RBI and FBIL. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

As on December 14, 2020, the exchange rate (FBIL reference rate) was ₹ 73.54 to US\$ 1.00.

Period	(₹ per USD 1.00)			
	Period End	Average*	High**	Low***
Year ended				
2020	75.39	70.88	76.15	68.37
2019	69.17	69.89	74.39	64.93
2018	65.04	64.45	65.76	63.35
Quarter ended				
September 30, 2020	73.68	74.20	75.50	72.91
September 30, 2019	70.88	70.50	72.41	68.29

*Average of the official rate for each working day of the relevant period.

**Maximum of the official rate for each working day of the relevant period.

***Minimum of the official rate for each working day of the relevant period.

(Source: www.rbi.org.in (for the period prior to July 10, 2018) and www.fbil.org.in (for the period post-July 10, 2018))

Note: If the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day has been disclosed. The reference rates are rounded off to two decimal places.

Month:	(₹ per USD 1.00)			
	Month End	Average*	High**	Low***
November, 2020	73.80	74.22	74.69	73.80
October, 2020	73.46	73.97	73.97	73.13
September, 2020	73.80	73.48	73.92	72.82
August, 2020	73.60	74.67	75.09	73.35
July, 2020	74.77	74.99	75.58	74.68
June, 2020	75.53	74.73	76.21	75.33

*Average of the official rate for each working day of the relevant period.

**Maximum of the official rate for each working day of the relevant period.

***Minimum of the official rate for each working day of the relevant period.

(Source: www.rbi.org.in)

Note: If the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day has been disclosed. The reference rates are rounded off to two decimal places.

Although our Bank has translated selected Indian rupee amounts in this Placement Document into USD for convenience, this does not mean that the Indian rupee amounts referred to could have been, or could be, converted to USD at any particular rate or, the rates stated above, or at all. There are certain restrictions on the conversion of Indian rupees into USD.

DEFINITIONS AND ABBREVIATIONS

This Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalized terms used in this Placement Document is intended for the convenience of the reader / prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalized terms used in this Placement Document shall have the meaning as defined hereunder. Further, any references to any statute or regulations or policies shall include amendments thereto, from time to time.

The words and expressions used in this Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the SEBI ICDR Regulations, the SCRA, the Depositories Act, or the rules and regulations made thereunder.

Notwithstanding the foregoing, terms used in “*Selected Financial Information*”, “*Taxation*”, “*Industry Overview*”, “*Legal Proceedings*” and “*Financial Statements*” on pages 40, 292, 180, 310 and 323, respectively, shall have the meaning given to such terms in such sections.

Bank Related Terms

Term	Description
Our “Bank”, the “Bank”, the “Issuer”, or “we”, “us” or “our”	Punjab National Bank, incorporated under the Indian Companies Act, 1882 (Act VI of 1882) in 1894. Our Bank was constituted as Punjab National Bank under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, as amended (“Banking Companies Act”) on July 19, 1969 and having its corporate office at Plot No. 4, Sector 10, Dwarka, New Delhi 110 075
Amalgamation	The Department of Financial Services, Ministry of Finance, Government of India issued a Gazette Notification no. CG-DL-E04032020-216535 dated March 4, 2020, approving the scheme of amalgamation of erstwhile Oriental Bank of Commerce and erstwhile United Bank of India into our Bank in exercise of the powers conferred by Section 9 of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1980 (40 of 1980).
Associate	Dakshin Bihar Gramin Bank, Patna, Sarva Haryana Gramin Bank, Rohtak, Himachal Pradesh Gramin Bank, Mandi, Punjab Gramin Bank, Kapurthala, Prathama UP Gramin Bank, Meerut, Guwahati Gramin Vikash Bank, Assam, Bangia Gramin Vikash Bank, Murshidabad, Tripura Gramin Bank, Agartala, Manipur Rural Bank, Imphal, PNB Housing Finance Limited, PNB Metlife India Insurance Co. Limited, Canara HSBC OBC Life Insurance Co. Limited, India SME Asset Reconstruction Co. Limited and JSC (Tengri Bank), Almaty Kazakhstan.
Audited Financial Statements	Collectively, the Fiscal 2018 Audited Financial Statements, Fiscal 2019 Audited Financial Statements and the Fiscal 2020 Audited Financial Statements
Auditors/Statutory Auditors	The statutory central auditors of our Bank being, M/s MKPS & Associates, Chartered Accountants, M/s G. S. Mathur & Co., Chartered Accountants, M/s H D S G & Associates, Chartered Accountants, M/s MK Aggarwal & Co., Chartered Accountants and M/s A. John Moris & Co., Chartered Accountants
Banking Companies Act	Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970
Banking Regulation Act	The Banking Regulation Act, 1949
Board or Board of Directors	Board of directors of our Bank
CFO	Chief financial officer of our Bank
Directors	Directors on our Board
Equity Shares	Equity shares of face value ₹ 2 each of our Bank
Financial Statements	Audited Financial Statements and the Reviewed Financial Results
Fiscal 2018 Audited Financial Statements	Audited standalone and consolidated financial statements of our Bank prepared under Indian GAAP for Fiscal 2018 read along with the notes
Fiscal 2019 Audited Financial Statements	Audited standalone and consolidated financial statements of our Bank prepared under Indian GAAP for Fiscal 2019 read along with the notes
Fiscal 2020 Audited Financial Statements	Audited standalone and consolidated financial statements of our Bank prepared under Indian GAAP for Fiscal 2020 read along with the notes
Corporate Office	Plot No. 4, Sector 10, Dwarka, New Delhi 110 075
Joint Venture	Everest Bank Limited, Nepal
Managing Director and Chief Executive Officer	Managing Director and Chief Executive Officer of our Bank
Nationalized Banks Scheme	The Nationalized Banks (Management & Miscellaneous Provisions) Scheme 1970
NPS	National Pension Scheme
OBUs	Offshore Banking Units
PoS	Point of Sale

Term	Description
Promoter	The promoter of our Bank namely, the President of India, acting through the Ministry of Finance, Government of India
Reviewed Financial Results	The Indian GAAP unaudited standalone and consolidated financial results (reviewed) of our Bank for the quarter and half year ended September 30, 2020 (including the comparative financial information with respect to the quarter and half year ended September 30, 2019 and other financial information with respect to historical fiscal year/ periods as required under applicable law) read along with the notes thereto
Subsidiaries	Subsidiaries of our Bank namely: <ol style="list-style-type: none"> 1. PNB Gilts Limited; 2. PNB Investment Services Limited*; 3. PNB Insurance Broking Private Limited#; 4. Punjab National Bank (International) Limited; United Kingdom and 5. Druk PNB Bank Limited, Bhutan. <p><i>* PNB Investment Services Limited is one of the BRLMs, and shall be involved only in the marketing of the Issue in compliance with Regulation 21A of the SEBI Merchant Banker Regulations and Regulation 174(2) of the SEBI ICDR Regulations.</i></p> <p><i># PNB Insurance Broking Private Limited is non-functional and the broking license has been surrendered and steps are being initiated for its winding-up.</i></p>

Issue Related Terms

Term	Description
Allocated/Allocation	The allocation of Equity Shares, by our Bank in consultation with the Book Running Lead Managers, following the determination of the Issue Price to successful Bidders on the basis of the Application Form submitted by them, and in compliance with Chapter VI of the SEBI ICDR Regulations and other applicable laws
Allotted/Allotment/Allot	Unless the context otherwise requires, Issue and allotment of Equity Shares to successful Bidders pursuant to this Issue
Allottee	Bidders to whom the Equity Shares are Allotted pursuant to the Issue
Application Form	The form (including any revisions thereof) which will be submitted by an Eligible QIB for registering a Bid in the Issue during the Bid/ Issue Period
Bid(s)	An indication of interest of a Bidder to subscribe for the Equity Shares in the Issue as provided in the Application Form (including all revisions and modifications thereto). The term "Bidding" shall be construed accordingly.
Bid Amount	With respect to each Bidder, the amount determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by such Bidder
Bid/Issue Closing Date	December 18, 2020, the date after which our Bank (or BRLMs on behalf of our Bank) shall cease acceptance of Application Forms and the Bid Amount.
Bid/Issue Opening Date	December 15, 2020, the date on which our Bank (or the Book Running Lead Managers on behalf of our Bank) shall commence acceptance of the Application Forms and the Bid Amount
Bid/Issue Period	Period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids including any revision and/or modification thereof along with the Bid Amount.
Bidder	Any prospective investor, being an Eligible QIB, who makes a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form
Book Running Managers/BRLMs	Lead The book running lead managers to the Issue, in this case being ICICI Securities Limited, Axis Capital Limited, Edelweiss Financial Services Limited, IIFL Securities Limited, SBI Capital Markets Limited, YES Securities (India) Limited and PNB Investment Services Limited
CAN/Confirmation Allocation Notice	of Note or advice or intimation to Successful Bidders confirming Allocation of Equity Shares to such Successful Bidders after determination of the Issue Price.
Closing Date	The date on which Allotment of the Equity Shares pursuant to the Issue shall be expected to be made, i.e., on or about December 19, 2020.
Designated Date	The date of credit of Equity Shares to the Allottees' demat account, pursuant to the Issue, as applicable to the relevant Allottees
Eligible FPIs	FPIs that are eligible to participate in this Issue in terms of applicable law, other than individuals, corporate bodies and family offices
Eligible QIB(s)	A qualified institutional buyer, as defined in Regulation 2(1)(ss) of the SEBI Regulations which (i) is not restricted from participating in the Issue under the applicable laws, and (ii) is a resident of India or is an Eligible FPI participating through Schedule II of the FEMA Rules
Escrow Account	The non-interest bearing, no-lien, current account opened with the Escrow Agent, pursuant to the Escrow Agreement, into which the application monies payable by Bidders towards

Term	Description
	subscription of the Equity Shares and for remitting refunds pursuant to the Issue shall be deposited.
Escrow Agent	Punjab National Bank
Escrow Agreement	The escrow agreement dated December 15, 2020 entered into amongst our Bank, the Escrow Agent and the Book Running Lead Managers
Floor Price	The floor price of ₹ 37.35 per Equity Share which has been calculated in accordance with Regulation 176 of Chapter VI of the SEBI ICDR Regulations. Our Bank has offered a discount of 4.95% that is ₹ 1.85 per Equity Shares on the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations and in accordance with the approval of the shareholders of our Bank accorded through their resolution passed on August 4, 2020.
Issue	Issue of 1,06,70,52,910 Equity Shares of face value ₹2 each at a price of ₹ 35.50 per Equity Share, including a premium of ₹33.50 per Equity Share, pursuant to this Placement Document aggregating to approximately ₹ 3,788.04 crore.
Issue Price	₹35.50 per Equity Share
Issue Proceeds	The gross proceeds of the Issue. For details, see “Use of Proceeds”.
Mutual Fund Portion	10% of the Equity Shares proposed to be Allotted in the Issue, which is available for Allocation to Mutual Funds
Placement Agreement	The placement agreement dated December 15, 2020 entered into amongst our Bank and the Book Running Lead Managers
Placement Document	This placement document dated December 18, 2020 issued by our Bank in accordance with Chapter VI of the SEBI ICDR Regulations
Preliminary Placement Document	The preliminary placement document cum application form dated December 15, 2020 issued in accordance with Chapter VI of the SEBI ICDR Regulations, pursuant to which a QIB submitted a Bid in the Issue
Qualified Institutional Buyers or QIBs	Qualified institutional buyers, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement under chapter VI of the SEBI ICDR Regulations
Refund Amount	The aggregate amount to be returned to the Bidders, who have not been Allocated Equity Shares for all or a part of the Bid Amount submitted by such Bidder pursuant to the Issue
Refund Intimation Letter	Letters from our Bank intimating the Bidders on the amount to be refunded, if any, either in part or whole, to their respective bank accounts.
Relevant Date	December 15, 2020, being the date of the meeting in which a committee of Directors (duly authorised by the Board), decides to open the Issue
Stock Exchanges	BSE and NSE
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Bid Amount (along with the Application Form) and who will be Allocated Equity Shares in the Issue
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India

Conventional and General Terms/Abbreviations

Term	Description
ALCO	The Asset Liability Management Committee of our Bank
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AMC	Asset management company
AOP	Association of persons
App	Mobile application
AS	Accounting Standards issued by ICAI
AY	Assessment year
Banking Companies Act	Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970
Banking Regulation Act	The Banking Regulation Act, 1949
Banking Ombudsman Scheme	Banking Ombudsman Scheme, 2006
Basel III	A global regulatory framework for more resilient banks and banking systems published by the Bank for International Settlements. RBI issued guidelines on the implementation of Basel III capital regulations in India on May 2, 2012 and revised as per notification issued by the RBI on March 27, 2014
Billion	1,000 million
BSE	BSE Limited

Term	Description
Calendar Year	Year ending on December 31
CBI	Central Bureau of Investigation
CCI	Competition Commission of India
CDR	Corporate debt restructuring
CDR System	A joint forum of banks and financial institutions in India established in 2001 as an institutional mechanism for corporate debt restructuring
CDSL	Central Depository Services (India) Limited
CII	Confederation of Indian Industry
CIN	Corporate identity number
CMP	Cash Management Product
Civil Code	The Code of Civil Procedure, 1908
Cr.P.C.	The Code of Criminal Procedure, 1973
Competition Act	The Competition Act, 2002
Consolidated FDI Policy	The Consolidated FDI Policy notified by the DPIIT under DPIIT File Number 5(2)/2020-FDI Policy dated the October 15, 2020, effective from October 15, 2020
Depositories Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996
Depository Participant	A depository participant as defined under the Depositories Act
DPIIT	Department for Promotion of Industry and Internal Trade (Formerly known as Department of Industrial Policy & Promotion)
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECB	External commercial borrowing
ECS	Electronic clearing service
EGM	Extraordinary general meeting
Eligible FPIs	FPIs that are eligible to participate in this Issue
FCNR(B)	Foreign currency non-resident (bank)
FDI	Foreign direct investment
FEDAI	Foreign Exchange Dealers' Association of India
FEMA	The Foreign Exchange Management Act, 1999 and the regulations issued thereunder
FEMA Rules/FEMA Non-Debt Rules	The Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FICCI	Federation of Indian Chambers of Commerce and Industry
Fiscal or Fiscal Year	Period of 12 months ended 31 March of that particular year, unless otherwise stated
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations.
FRA/IRS	Forward rate agreements/interest rate swaps
FVCI	Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
GAAP	Generally accepted accounting principles
GAAR	General Anti-Avoidance Rules
GDP	Gross domestic product
GIR	General index registrar
GoI/Government	Government of India, unless otherwise specified
GST	Goods and services tax; a reform to Indian tax laws relating to indirect taxes on goods and services
HNIs	High net worth individuals
HR	Human resources
HUF	Hindu undivided family
ICA	The Institute of Cost Accountants of India
ICAI	The Institute of Chartered Accountants of India
ICRA	ICRA Limited
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
IMF	International Monetary Fund
IND AS	Indian Accounting Standards converged with IFRS, which has been proposed for implementation by the ICAI
Indian GAAP	Generally Accepted Accounting Principles of India as applicable to banks
ISO	International Standards Organisation
IT	Information technology
IT Act	The Income Tax Act, 1961
ITES	Information technology enabled services
MAT	Minimum alternate tax
MNC	Multinational corporation

Term	Description
MoF	Ministry
MoU	Memorandum of understanding
MSEs	Micro and small enterprises
NEAT	National Exchange for Automated Trading
NEFT	National electronic fund transfer
NGOs	Non-government organizations
NPCI	National Payments Corporation of India
NRE	Non-resident (external)
NRI	Non-resident Indian
NRO	Ordinary non-resident
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
Nationalised Banks Scheme	The Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970
OBC	Oriental Bank of Commerce
OFAC	Office of Foreign Assets Control of the U.S. Treasury Department
PAN	Permanent account number
PDAI	Primary Dealers Association of India
PFRDA	Pension Fund Regulatory and Development Authority
PMLA	The Prevention of Money Laundering Act, 2002
Prudential Framework	The Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019.
Prudential Norms	Prudential norms on income recognition, asset classification and provisioning pertaining to advances issued by the RBI on July 1, 2015
PTC	Pass through certificate
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
Recovery of Debts Act	The Recovery of Debts Due To Banks and Financial Institutions Act, 1993
Regulation D	Regulation D under the U.S. Securities Act
Regulation S	Regulation S under the U.S. Securities Act
Rule 144A	Rule 144A under the U.S. Securities Act
RFID	Radio frequency identification
Rs./Rupees/INR/₹	Indian Rupees
RWA	Risk weighted assets
SARFAESI Act	The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SCBs	Scheduled commercial banks
SCR (SECC) Rules	The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012
SCRA	The Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011
SEC	United States Securities and Exchange Commission
SFIO	Serious Fraud Investigation Office, Ministry of Corporate Affairs, Government of India
SIDBI	Small Industries Development Bank of India
STT	Securities transaction tax
UBI	United Bank of India
U.K.	United Kingdom
U.S. GAAP	Generally Accepted Accounting Principles in the United States
U.S. QIBs	“Qualified Institutional Buyers” as defined in Rule 144A under the U.S. Securities Act
U.S. Securities Act	U.S. Securities Act of 1933, as amended
USA/U.S. /United States	The United States of America
USD/U.S. \$ /U.S. dollar	United States Dollar, the legal currency of the United States of America

Term	Description
VCF	Venture capital fund (as defined and registered with SEBI under the erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be
WOS	Wholly owned subsidiaries
WPI	Wholesale price index
WTO	World Trade Organisation

Industry Related Terms

Term/Abbreviation	Full Form/Description
ATMs	Automated Teller Machines
BSI	Banking Stability Indicator
CPI	Consumer Price Index
CRR	Cash Reserve Ratio
CRAR	Capital to risk weighted asset ratio
DCBS	Department of Cooperative Bank Supervision
FCs	Financial Conglomerates
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GNPA	Gross Non-Performing Asset
GST	Goods and Service Tax
GVA	Gross Value Added
HFC	Housing Finance Companies
LABs	Local Area Banks
LAF	Liquidity Adjustment Facility
LCR	Liquidity Cover Ratio
MIF	Micro Finance Institutions
MSME	Micro, Small and Medium Enterprises
MTM	Market to Market
MSF	Marginal Standing Facility
NABARD	National Bank for Agriculture and Rural Development
NBFC	Non Banking Financial Companies
NHB	National Housing Bank
NDTL	Net Demand and Time Liabilities
NPA	Non-Performing Asset
NNPA	Net Non-Performing Asset
NRO	Non-Resident Ordinary
NSFR	Net stable funding ratio
NSO	National Statistical Office
MPC	Monetary Policy Committee
OMO	Open Market Operation
PCA	Prompt corrective action
PCR	Provision Coverage Ratio
PMI	Purchasing managers' Index
PSBs	Public Sector Banks
PSLCs	Priority Sector Lending Certificates
PVBs	Private Sector Banks
Repo Rate	Re-purchase option rate; the annual rate at which RBI lends to other banks in India
Reverse Repo Rate	The rate at which RBI borrows money from banks in India
RRB	Regional rural bank
RTGS	Real time gross settlement
SBNs	Specified bank notes
SDR	Strategic Debt Restructuring
SLR	Statutory liquidity ratio (as per requirements of the RBI)
S4A	Sustainable Structuring of Stressed Assets
SME	Small and medium enterprises
SCBs	Scheduled Commercial Banks
SIDBI	Small Industries Development Bank of India
SFBs	Small Finance Banks
SMA	Special Mention Account
SPARC	Supervisory Programme for Assessment of Risk
Tier I Capital	Tier I capital instruments as defined under the guidelines on capital adequacy issued by RBI

Term/Abbreviation	Full Form/Description
Tier II Capital	Tier II capital instruments as defined under the guidelines on capital adequacy issued by RBI
UAN	Udyog Aadhaar Number
UCBs	Urban Cooperative Banks
VaR	Value-at-risk
WLA	White Label ATMs
WOS	Wholly Owned Subsidiary
YTM	Yield to maturity

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including under “Risk Factors”, “Use of Proceeds”, “Issue Procedure”, “Description of the Equity Shares” and “Placement” on pages 48, 98, 258, 289 and 271 respectively. The information contained in “Description of the Equity Shares” shall prevail in the event of any inconsistency with the terms set out in this section.

Issuer	Punjab National Bank
Issue Size	1,06,70,52,910 Equity Shares of face value ₹2 each at a price of ₹35.50 per Equity Share, including a premium of ₹33.50 per Equity Share, aggregating to approximately ₹ 3,788.04 crore. A minimum of 10% of the Issue Size i.e. at least 10,67,05,291 Equity Shares were made available for Allocation to Mutual Funds only, and the balance of 96,03,47,619 Equity Shares was made available for Allocation to all Eligible QIBs, including Mutual Funds.
Face Value	₹2 per Equity Share
Issue Price	₹35.50 per Equity Share
Floor Price	The Floor Price for the Issue calculated in terms of Regulation 176 under Chapter VI of the SEBI ICDR Regulations is ₹ 37.35 per Equity Share with reference to December 15, 2020 as the Relevant Date. Our Bank has offered a discount of 4.95% that is ₹ 1.85 per Equity Share on the Floor Price in terms of Regulation 176(1) of the SEBI ICDR Regulations and in accordance with the approval of the shareholders of our Bank accorded through their resolution passed on August 4, 2020.
Date of Board resolution authorizing the Issue	July 9, 2020
Date of Shareholders resolution authorizing the Issue	August 4, 2020
Eligible Investors	Eligible QIBs, to whom this Placement Document and the Application Form are delivered and who are eligible to make a Bid and participate in the Issue. See “Issue Procedure”, “Selling Restrictions” and “Transfer Restrictions” on pages 258, 273, and 281, respectively. The list of Eligible QIBs to whom the Preliminary Placement Document and Application Form has been delivered was determined by the Book Running Lead Managers, in consultation with our Bank, at their sole discretion
Equity Shares subscribed, issued, paid-up and outstanding immediately prior to the Issue	9,41,06,29,315 Equity Shares
Equity Shares subscribed, issued, paid-up and outstanding immediately after the Issue	10,47,76,82,225 Equity Shares*
Dividend	For more information, see “Description of the Equity Shares”, “Dividend Policy” and “Taxation” on pages 289, 100 and 292, respectively.
Indian Taxation	For more information, see “Taxation” on page 292.
Issue Procedure	The Issue is being made only to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations. For further details, see “Issue Procedure” on page 258.
Listing	Our Bank has obtained in-principle approvals each dated December 15, 2020 for the listing of the Equity Shares in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, from BSE and NSE. Our Bank shall apply to BSE and NSE for the final listing and trading approvals, after the Allotment and after the credit of the Equity Shares to the respective beneficiary accounts of the successful Bidders, maintained with a Depository Participant.
Transfer Restriction	The Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a stock exchange. The Equity Shares are subject to certain selling and transfer restrictions. For details, see “Selling Restrictions” and “Transfer Restrictions” on pages 273 and 281, respectively.
Closing Date	The date on which Allotment of the Equity Shares pursuant to the Issue shall be expected to be made, i.e., on or about December 19, 2020.
Ranking	The Equity Shares being issued shall rank <i>pari passu</i> in all respects with the existing Equity Shares including rights in respect of dividends. The shareholders will be

	entitled to participate in dividends and other corporate benefits, if any, declared by our Bank after the date of Allotment. Shareholders may attend and vote in shareholders' meetings in accordance with applicable laws. For details, see " <i>Description of the Equity Shares</i> " on page 289.
Lock-up	For further details, see " <i>Placement - Lock up</i> " on page 271 for a description of restrictions on our Bank in relation to Equity Shares.
Use of Proceeds	The gross proceeds from the Issue aggregate to approximately ₹ 3,788.04 crore. The Net Proceeds of the Issue, after deduction of fees, commissions and expenses in relation to the Issue, is approximately ₹ 3,776.46 crore. For further details, see " <i>Use of Proceeds</i> " on page 98.
Risk Factors	Prior to making an investment decision, Eligible Investors should consider carefully the matters discussed under " <i>Risk Factors</i> " on page 48.
Security Codes for the Equity Shares:	
ISIN	INE160A01022
BSE Code	532461
NSE Code	PNB

* Assuming Allotment of Equity Shares to the proposed Allottees pursuant to the Issue.

SUMMARY OF BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read “Forward Looking Statements” on page 17 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read sections “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, on pages 48 and 101, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal year are to the twelve months ended March 31 of that year. Unless otherwise specified or unless the context otherwise requires, financial information herein for Fiscals 2018, 2019 and 2020 is derived from our Audited Standalone Financial Statements, and the financial information included herein for the six months ended September 30, 2020 (including the comparative financial information with respect to the six months ended September 30, 2019) is based on the standalone Unaudited Reviewed Financial Results, included in this Placement Document.

Pursuant to the Gazette Notification no. CG-DL-E04032020-216535 dated March 4, 2020 issued by the Government of India, the scheme of amalgamation between Oriental Bank of Commerce, United Bank of India, and our Bank was approved, and Oriental Bank of Commerce and United Bank of India were amalgamated with our Bank with effect from April 1, 2020. Accordingly, our Bank’s historical financial statements and/ or financial results prior to this Amalgamation are not comparable to those subsequent to such Amalgamation. For further information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Presentation of Financial Information – Amalgamation of erstwhile Oriental Bank of Commerce and United Bank of India into our Bank”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Principal Factors Affecting our Results of Operations and Financial Condition – Effect of Amalgamation of erstwhile Oriental Bank of Commerce and erstwhile United Bank of India” and “Financial Statements” on pages 101, 105 and 323, respectively. The degree to which the financial information prepared in accordance with Indian GAAP will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, and includes extracts from publicly available documents from various sources, including officially prepared materials from the Government of India (the “GoI”) and its various ministries, the Reserve Bank of India and Ministry of Statistics and Programme Implementation, and has not been prepared or independently verified by our Bank, the Book Running Lead Managers or any of their affiliates or advisers.

Unless otherwise stated, references to “the Bank” or “our Bank”, are to Punjab National Bank on a standalone basis and references to “we”, “us”, “our”, are to Punjab National Bank on a consolidated basis.

Overview

The Bank commenced operations on April 12, 1895 and is the second largest public sector bank in terms of total business and deposits as at September 30, 2020 (Source: Based on the reviewed/ unaudited financial results for the half year ended September 30, 2020 of the scheduled public and private sector banks in India submitted to the Stock Exchanges).

Our principal business operations are broadly categorized into four segments: corporate/wholesale banking segment comprises commercial banking products and transactional services, which are provided to our corporate and institutional clients; retail banking comprises financial products provided to our retail customers; treasury operations comprising primarily of statutory reserves management, liquidity management and other such services and other banking operations comprising primarily of rural business and agri-business.

The range of products and services offered by the Bank includes loans and advances, deposits, foreign exchange products, retail lending and deposits and fee and commission-based products and services. Our principal banking operations include:

- **Retail banking:** Our retail banking products include loans and deposit products targeted primarily at individuals (salaried, self-employed professionals and other self-employed individuals) to meet their personal financial requirements, such as housing, vehicle, education and other personal requirements.
- **Corporate banking:** Our corporate banking operations cater to the business needs of various companies, institutions and other enterprises in the public and private sector. Our corporate banking loans include fund based and non-fund based products, of which the fund based products consist of term loans as well as working capital facilities. We also offer trade loans, bridge financing and foreign currency loans. We also provide finance to corporates through syndication of loans.
- **MSME banking:** Our micro, small and medium enterprises (“**MSME**”) banking products include loans to entrepreneurs engaged in manufacturing and service activities as well as working capital.
- **Agricultural banking:** Our agricultural banking operations cater to farmers and agriculture based entrepreneurs through various short, medium and/or long term loan products.

The Bank is also present, through its Subsidiaries, Joint Venture and Associates, in diverse segments of the Indian financial sector, including housing finance, life insurance, corporate advisory, merchant banking and trustee services. The Bank contributed 97.56% of our total consolidated assets as at March 31, 2020.

The Bank has a presence throughout India with a total of 10,930 branches, of which 61.15% are located within rural and semi-urban areas in India, 13,878 ATMs, 12,756 banking correspondents, as at September 30, 2020. The Bank also has overseas presence in Hong Kong, Dubai, Bhutan, United Kingdom, Nepal, Bangladesh and Myanmar through its branches, representative offices, Subsidiaries, Joint Venture and Associates outside India. The Government of India (“**GoI**”) owned 85.59% of the Bank’s share capital as at September 30, 2020.

The Bank’s branch network is further complemented by its online and mobile banking solutions that enables it to provide its customers with access to on-demand banking services. We are focused on continuing investment in our technology platforms and systems. Our direct banking platforms enable us to connect with our customers through alternate channels by improving customer retention and supporting the increase in volume of customer transactions.

As at September 30, 2020, the Bank had gross deposits, gross advances and a total asset base of ₹ 1,069,747.07 crore, ₹716,924.28 crore and ₹1,227,125.70 crore, respectively. As at September 30, 2020, the Bank’s market share of aggregate domestic deposits was 7.05%, and its market share of aggregate domestic non-food credit was 6.52%. (*Source: RBI data.*) In addition, the Bank’s retail term deposits (up to ₹ 2 crore) accounted for 46.40% of the Bank’s total deposits.

The Bank also has a large stable percentage of relatively low-cost CASA deposits within its deposit mix. As at March 31, 2018, 2019 and 2020 and as at September 30, 2020, the Bank’s CASA was ₹263,247.31 crores, ₹285,040.47 crores, ₹302,474.57 crores and ₹459,477.20 crores, respectively. As at March 31, 2018, 2019 and 2020 and as at September 30, 2020, the Bank’s domestic CASA was ₹ 262,996.26 crore, ₹ 284,815.10 crore, ₹ 302,374.57 crore and ₹ 459,393.12 crore, respectively, while the Bank’s ratio of domestic CASA deposits to its total domestic deposits as at March 31, 2018, 2019, 2020 and as at September 30, 2020 was 43.80%, 43.51%, 44.05% and 44.10%, respectively.

Under the Priority Sector Guidelines, under the applicable the RBI circular for priority sector lending targets and classification (the “**Priority Sector Circular**”), which sets out that 40% of the adjusted net bank credit (“**ANBC**”) should be provided to the priority sector (“**Priority Sector Credit**”), with 18% and 10% of such Priority Sector Credit provided to the agriculture sector and the weaker sections (as identified in the Priority Sector Circular), respectively. Further, RBI’s Master Directions dated September 4, 2020 on ‘Priority Sector Lending – Targets and Classification’ provides that the target for domestic commercial banks for advances to weaker sections will be revised upwards in a phased manner from 10% for Fiscal 2021 to 11% for Fiscal 2022, 11.5% for Fiscal 2023 and 12% for Fiscal 2024. We have, achieved the goals set for priority sector lending for Fiscal 2018 and Fiscal 2019 but missed achieving in Fiscal 2020 marginally. We have achieved the goal for the six months ended September 30, 2020.

For further information, see “*Regulations and Policies—Priority sector lending*” on page 252.

The table below sets forth summaries of certain of the Bank's key operating and financial performance parameters, as at and for the periods indicated below.

	As at and for the years ended March 31,			As at and for the six months ended September 30,	
	2018	2019	2020	2019	2020*
	(₹crore)				
Average interest-earning assets ⁽¹⁾	691,648.40	710,651.20	756,524.34	739,594.84	1,170,304.17
Net interest income	14,922.40	17,156.31	17,437.79	8,405.20	15,141.63
Average total assets ⁽¹⁾	767,061.87	796,177.63	856,438.58	829,141.61	1,324,278.34
Average yield ⁽¹⁾	6.94%	7.22%	7.11%	7.13%	7.10%
Average cost of funds ⁽²⁾	4.31%	4.29%	4.25%	4.34%	3.99%
Spread ⁽³⁾	1.95%	2.15%	2.04%	2.03%	2.29%
Net interest margin ⁽⁴⁾	2.16%	2.41%	2.30%	2.27%	2.85%
Return on average equity ⁽⁵⁾	(43.86)%	(43.54)%	1.15%	9.93%	3.72%
Return on average assets ⁽⁶⁾	(1.60)%	(1.25)%	0.04%	0.37%	0.14%
Tier I capital adequacy ratio	7.12%	7.49%	11.90%	12.18%	10.33%
Tier II capital adequacy ratio	2.08%	2.24%	2.24%	1.89%	2.51%
Total capital adequacy ratio	9.20%	9.73%	14.14%	14.07%	12.84%
Net NPAs ⁽⁷⁾	48,684.29	30,037.66	27,218.90	32,658.68	30,919.84
Net NPAs ratio ⁽⁸⁾	11.24%	6.56%	5.78%	7.65%	4.75%
Credit to deposit ratio ⁽⁹⁾	73.38%	74.88%	73.44%	68.14%	67.02%
Cost to income ratio ⁽¹⁰⁾	56.75%	47.03%	44.82%	44.74%	48.62%
Interest coverage ratio ⁽¹¹⁾	64.61%	72.48%	102.60%	110.22%	105.48%
Provisioning coverage ratio (including technical write-off) ⁽¹²⁾	58.42%	74.50%	77.79%	73.58%	83.00%
CASA ratio ⁽¹³⁾	43.80%	43.51%	44.05%	43.51%	44.10%
Gross total advances	471,296.60	506,194.30	516,928.83	474,085.26	716,924.28
Gross Deposits	642,226.19	676,030.14	703,846.32	695,782.08	1,069,747.07

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Notes:

- (1) Average balances are daily averages for deposits/ advances/investments and all others are based on monthly averages as reported to the RBI.
- (2) Cost of funds is interest expense divided by total monthly average assets.
- (3) Spread is net interest income divided by monthly average assets
- (4) Net interest margin is the difference of interest earned and interest expended divided by the total average interest-earning assets, where advances, investment and money at call and short notice are based on daily averages and others are based on monthly averages.
- (5) Return on average equity is the ratio of the net profit after tax to the quarterly average tangible net worth (capital plus reserves excluding revaluation reserves, DTA and other deduction).
- (6) Return on average assets is the ratio of the net profit after tax to the monthly average assets
- (7) Net NPAs reflect the Bank's gross NPAs less provisions for NPAs.
- (8) Net NPAs ratio is the ratio of net NPAs divided by net advances.
- (9) Credit to deposit ratio is calculated as a ratio of total gross advances to total deposits.
- (10) Cost to income ratio is calculated as a ratio of operating expenses divided by total operating income (total of net interest income and non-interest income).
- (11) Interest coverage ratio is calculated as net profit and depreciation on the Bank's property, divided by interest expended.
- (12) PCR (including technical write-off) comprises provisions plus technical write off as percentage to Gross NPA plus technical write off.
- (13) Ratio of domestic current account deposits and savings account deposits to domestic deposits (including inter-bank deposits).

Recent Developments

Amalgamation of erstwhile Oriental Bank of Commerce and United Bank of India

The Department of Financial Services, Ministry of Finance, Government of India issued a Gazette Notification no. CG-DL-E04032020-216535 dated March 4, 2020, approving the scheme of amalgamation of erstwhile Oriental Bank of Commerce and United Bank of India into our Bank ("Amalgamation") in exercise of the powers

conferred by Section 9 of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1980 (40 of 1980) and Section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970). The Amalgamation came into effect from April 1, 2020.

The Amalgamation has resulted in expansion of our Bank's distribution network in a number of additional geographic regions in India and in particular, in eastern and south India, which has enabled our Bank to strengthen customer relationships and grow its customer base in these regions. In order to realize the synergy benefits of the Amalgamation, we have completed the transfer and promotion of all employees, aligned all departments with the head office, and amalgamated the circle offices.

As part of the integration process, the Bank has formed committees for the smooth implementation of amalgamation and joint decision making. From a customer orientation perspective, change in interest rates and service charges as approved by all three banks were communicated before the effective date of the amalgamation. A 'Bank-Sathi' has been nominated for each branch, circle and zone to provide real-time assistance to customers. In addition, customer care was made operational with modified IVR to provide quick resolution of queries and to provide clarifications. The Central Grievance Redressal Management System was upgraded to handle complaints. The Bank has also implemented a number of initiatives internally that involved the reorganization or forming of new administrative offices and creation of new verticals to streamline processes and bring specialization to ensure focus on identified growth levers. Town hall meetings have been conducted across India and led by senior officials from all three banks to address concerns of employees and customers.

On the technology front, the websites and mobile applications of all three banks were harmonized with a common landing page. The Bank implemented Finacle Mobile Teller to undertake transactions across all three banks. A number of interoperable services were operationalized. These intend to act as a bridge until the integration of core banking solution is completed. The Bank has also initiated harmonization of NEFT/RTGS/IMPS and UPI cooling off period.

Common NPA identification and requisite provisions for additional NPA accounts on account of the Amalgamation has been done. The treasury of all three banks has been integrated including the migration of the software application of domestic treasury and the entire processes has been harmonized.

Key synergies include divestiture of premises – identification of immovable properties to be sold, cost savings from rationalization of branches, ATMs, trade finance centers, revenue from fee based income expected to be enhanced and savings on account of vendor cost optimization.

Competitive Strengths

Strong Industry Presence

With over 125 years of banking services, we believe that we are one of the well-recognized public sector bank brands in India. Through our expansive operations across India, we have over the years provided a banking platform that has aided in the growth of financial and commercial activity across India, enabling us to strengthen our brand, reputation and goodwill.

We have capitalized on our strong brand by establishing an extensive branch network throughout India serving a broad range of customers in rural, urban and semi-urban regions. As at September 30, 2020, the Bank had 10,930 domestic branches, 13,878 ATMs and over 18 crore customers. Of our 10,930 branches as at September 30, 2020, approximately 61.15% were located in rural and semi-urban areas. The Bank's branch network is further complemented by its digital strategy, including online and mobile banking solutions, to provide its customers with access to on-demand banking services, which we believe allows us to develop strong and loyal relationships with our customers.

As a result of our brand recognition and widespread presence across India, we believe that we rank favorably among public sector banks in India. We have an established market presence in several business segments in which we operate. We provide agricultural, MSME and retail loans in India. The Bank's gross deposits aggregated to ₹642,226.19 crore, ₹676,030.14 crore and ₹703,846.32 crore as at March 31, 2018, 2019 and 2020, respectively, growing at a CAGR of 4.69% from March 31, 2018 to March 31, 2020 and was ₹1,069,747.07 crore as at September 30, 2020. The Bank's gross total advances aggregated to ₹471,296.60 crore, ₹506,194.30 crore and ₹516,928.83 crore as at March 31, 2018, 2019 and 2020, respectively, growing at a CAGR of 4.73% from March 31, 2018 to March 31, 2020 and was ₹716,924.28 crore as at September 30, 2020.

Additionally, we have also adopted alternate channels to increase our presence across India in a cost-effective manner, by engaging banking correspondents in rural and semi-urban areas. As at March 31, 2018, the Bank had engaged an aggregate of 8,161 banking correspondents, which increased to 12,756 business correspondents as at September 30, 2020. As at September 30, 2020, out of an aggregate of 12,756 banking correspondents engaged, 11,375 business correspondents were located in rural and semi-urban areas.

We believe that our operational performance reflects our industry position. The Bank's domestic NIM was 2.42%, 2.59%, 2.40% and 2.96% in Fiscal 2018, 2019 and 2020, and during the six months ended September 30, 2020, respectively. During Fiscal 2018, 2019 and 2020, and the six months ended September 30, 2020, the Bank's return on average equity (tangible net worth) was (43.86)%, (43.54)%, 1.15% and 3.72%, respectively, the return on average assets was (1.60)%, (1.25)%, 0.04% and 0.14%, respectively, and the cost to income ratio was 56.75%, 47.03%, 44.82% and 48.62%, respectively.

In addition, our Promoter and majority shareholder, the GoI, held 85.59% of our paid-up and issued share capital as at September 30, 2020. We believe that our relationship with the GoI enhances our brand value and goodwill.

Strength of portfolio, with a focus on balance, quality and profit

Well balanced offerings

Our expansive network enables us to provide banking services to a large, diverse and growing customer base, including large industries, corporates and state-owned enterprises, as well as commercial, agricultural, industrial and retail customers. We offer a range of banking products and services and we are also a participant bank for direct benefit transfer ("DBT") transactions, a GoI program to effect direct transfers of subsidies targeted at women, children and social welfare. Our comprehensive product and service offering includes short-term and long-term deposits, secured and unsecured loans, internet banking, mobile banking, agricultural and micro-finance banking products as well as project finance loans. We are also present through our Subsidiaries, Joint Venture and Associates in diverse segments of the Indian financial sector, including asset and funds management, housing finance, life and medi-claim insurance, corporate advisory, merchant banking and trustee services. The Bank has increased its focus on branch activation, new business premium and renewal persistency for insurance and mutual fund business. The Bank also offers customized medi-claim policies of three general insurance companies (Oriental Insurance Company Ltd., Bajaj Allianz General Insurance Company Ltd, and Cholamandalam MS General Insurance Company Ltd.) and two standalone health insurance companies (Care Health Insurance Company Ltd. and Star Health & Allied Insurance Company Ltd.), each of which offers a customized health insurance policy exclusively for our account holders and employees, which are sold through our branches across India, with premiums which we consider comparable with other health insurance providers. We believe we are able to address the entire range of our customers' banking and financial product and service requirements through our diverse product and service portfolio.

Our diversified product and service offerings enable us to have a diverse customer base. For instance, as at September 30, 2020, approximately 97.27% of the Bank's gross advances, aggregating to ₹697,342.06 crore were provided domestically. Out of the Bank's total loan portfolio of gross domestic advances, as at September 30, 2020, approximately 46.01%, aggregating to ₹320,833.86 crore were to corporate and others, 17.49% aggregating to ₹122,002.74 crore were to MSMEs, 18.67% aggregating to ₹130,155.45 crore were to retail and 17.83% aggregating to ₹124,350.01 crore were to the agriculture and allied services.

Portfolio Quality

We also believe that our diversified portfolio of loans limits our exposure to NPAs. As at September 30, 2020, the infrastructure sector accounted for approximately 9.60% of the Bank's gross advances and 14.44% of the Bank's gross NPAs, the metal sector accounted for approximately 4.54% of the Bank's gross advances and 10.16% of the Bank's gross NPAs, textiles accounted for 1.78% of the Bank's gross advances and 2.94% of the Bank's gross NPAs, food processing accounted for 1.41% of the Bank's gross advances and 2.68% of the Bank's gross NPAs, chemicals accounted for 1.38% of the Bank's gross advances and 1.22% of the Bank's gross NPAs. As at September 30, 2020, the Bank's provision coverage ratio (including technical written-off accounts) stood at 86.42%, 75.33%, 89.33%, 88.83% and 87.13% for the metal, infrastructure, food processing, textile and chemical sectors, respectively, and as at that date, the Bank's overall provision coverage ratio was 83.00%.

Our gross NPAs were 18.38% of total advances as at March 31, 2018, 15.50% as at March 31, 2019, 14.21% as at March 31, 2020, and 13.43% as at September 30, 2020, and our net NPA was 11.24%, 6.56%, 5.78% as at March 31, 2018, 2019 and 2020, and 4.75% as at September 30, 2020. We believe that our NPAs have reduced since Fiscal 2018 as a result of the steps taken by us to diversify and improve the quality of our loan portfolio. We have also implemented certain initiatives to control slippages, as a result of which our fresh slippages have decreased to ₹4,384.10 crore during the six month period ended September 30, 2020 from ₹12,889.25 crore during the six month period ended September 30, 2019.

Also see “*Selected Statistical Information—Non-Performing Assets*”, “*Risk Factors—We are exposed to various categories of borrowers, depositors and industry sectors, and a default by any large borrower, premature withdrawal of deposits or a deterioration in the performance of any of these industry sectors in which we have significant exposure would adversely affect our results of operations, the quality of our portfolio and financial condition*” and “*Risk Factors—If we are not able to control or reduce the level of non-performing assets in our portfolio or any increase in our NPA portfolio, RBI mandated provisioning requirements could adversely affect our business, financial conditions and results of operations*”, on pages 166, 55 and 52, respectively.

Investments in Subsidiaries and Associates

As at March 31, 2020, we had five Subsidiaries, one Joint Venture and eight Associates (including five Regional Rural Banks), which in the aggregate contributed ₹102.26 crore to our consolidated profit/(loss) during Fiscal 2020, representing 23.32% of our consolidated profit/(loss) during that period. While the Bank made a profit of ₹336.19 crore on a standalone basis, which resulted in our profit of ₹438.45 crore on a consolidated basis. Of our foreign subsidiaries, Punjab National Bank (International) Limited provides banking solutions in the United Kingdom through seven branches and as at September 30, 2020, had assets aggregating ₹6,637.24 crores. Druk PNB Bank Limited was the first bank in Bhutan with foreign direct investment and conducts its banking operations through eight branches and 30 ATMs in Bhutan.

PNBHFL, one of our Associates, is a housing finance company with operations across India. As at September 30, 2020, PNBHFL had total assets of ₹77,084.80 crores and our share of its profits during the six month period ended September 30, 2020 were ₹164.55 crores. PNB Metlife Insurance Company Limited is a provider of domestic life insurance and as of September 30, 2020 has insured over 0.71 crore persons and has a presence in over 109 locations across India. Our share of its profits during the six-month period ended September 30, 2020 was ₹8.49 crores. PNB Gilts Limited is a primary dealer in the primary and secondary market for government securities. As at September 30, 2020, it had total assets of ₹15,411.89 crores and our share of its profits during the six month period ended September 30, 2020 was ₹234.29 crores.

Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited, a joint venture between Canara Bank (51%), HSBC Insurance (Asia Pacific) Holdings Limited (26%) and the Bank (23%) also offers various products across individual and group space comprising various kinds of life insurance policies and retirement solutions, among others. As at September 30, 2020, Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited had insured over 0.51 crore persons and has a presence in over 50 locations across India.

Strong retail presence, with a focus on financial inclusion

Retail credit has been a principal focus area for the Bank. The Bank’s retail advances, which comprise housing loans, vehicle loans, education loans, personal loans, mortgages and gold loans (“**Retail Advances**”) increased by 55.92% from ₹83,479.42 crore as at March 31, 2020 to ₹130,155.45 crore as at September 30, 2020. As at September 30, 2020, our Retail Advances segment comprised primarily of secured loans with housing loans, vehicle loans, education loans and other loans contributing to the 64.48%, 6.84%, 5.99% and 22.68% of the Retail Advances portfolio, respectively. Within the Bank’s Retail Advances segment, the Bank’s housing, vehicle and education loans experienced a growth of 63.70%, 62.50% and 33.52% respectively, from March 31, 2020 to September 30, 2020.

Further, we have also launched a scheme, PNB Pride, to provide housing and vehicle loans to government employees at a concessional interest rate and we have entered into a memorandum of understanding with a state government for providing retail loans to its employees. Key initiatives undertaken by the Bank to diversify asset portfolio include revival of cluster-based approach for lending, credit offered based on data analytics undertaken, enter into strategic partnerships for channel financing, OEMs for commercial vehicle and construction equipment loans and fintech companies for micro loan financing using their end-to-end digital solutions. We believe this will also help us establish our presence in underpenetrated areas. The Bank is also co-originating loans with NBFCs.

In September 2020, the Bank launched PNB Festival Bonanza Offer2020 to accelerate growth of retail loans and offer full waiver of upfront or processing fee and documentation charges under housing car and property loans. The Bank has also launched dedicated campaigns including 'Each One Lead One' and 'Car Login Day' to increase retail loan growth.

We have large customer deposits. The Bank's customer gross deposits aggregated to ₹642,226.19 crore, ₹676,030.14 crore, ₹703,846.32 crore, and ₹1,069,747.07 crore as at March 31, 2018, 2019, 2020 and as at September 30, 2020, respectively. As at September 25, 2020, the Bank's market share of aggregate domestic deposits was 7.05%, and its market share of aggregate domestic non-food credit was 6.52%. (Source: RBI data.) We also have a large, stable percentage of relatively low-cost CASA deposits within our deposit mix. The Bank's ratio of domestic CASA deposits to its total domestic deposits was 43.80%, 43.51%, 44.05% and 44.10%, as at March 31, 2018, 2019, 2020 and as at September 30, 2020, respectively. Our savings deposits have also been growing over the years and grew from ₹222,873.11 crore as at March 31, 2018 to ₹256,760.12 crore as at March 31, 2020 and were ₹392,884.38 crore as at September 30, 2020. Our funding requirements are met through deposits and borrowings and a substantial share is derived from the low-cost demand and savings deposits from customers. Deposits constituted 84.73% of our total liabilities as at March 31, 2020 and contributed 94.53% to our average cost of funds during Fiscal 2020.

Initiatives undertaken by us to grow our deposit base include online opening of savings account and account opening at door step of customers through tablet banking and the Bank is in the process of launching online opening of savings account through video KYC. The Bank is in the process of launching new savings and current account products of different variants for different customer segments. Through the use of data analytics, the Bank has segmented customer profiles for cross selling different products such as mutual fund, life insurance and health insurance products. The Bank has also begun opening demat account online through digital modes. To focus HNI and NRI customers, dedicated officials have been deployed at all Customer Acquisition Centres ("CACs") for cross-selling and up selling the bouquet of financial products offered by the Bank. As at September 30, 2020. The Bank has functionalized 57 CACs and 21 government business verticals to specifically targeting bulk business from institutions, corporates and government bodies.

We have also undertaken certain steps towards meeting our financial inclusion goals. During Fiscal 2020, we deployed RuPay Card enabled micro ATMs, which are hand-held devices, in order to make ATMs viable at rural or semi-urban centres at certain of the locations where the Bank is located.

Under the Priority Sector Guidelines, 40.00% of the ANBC should be provided to the priority sector, with 18% and 10% of such priority sector credit provided to the agriculture sector and weaker sections (as identified in the Priority Sector Guidelines), respectively and 5% of ANBC should be given to women beneficiaries women beneficiaries, among other. We have, achieved the goals set for priority sector lending for Fiscal 2018 and Fiscal 2019 but missed achieving in Fiscal 2020 marginally. We have achieved the goal for the six months ended September 30, 2020.

Set out below are details of our financial inclusion targets.

Parameter	National Goals (based on Priority Sector Circular)	Achieved	Outstanding Balance as at September 30, 2020* (₹ crore)
Priority Sector			
Priority Sector (% of ANBC)	40	41.33	276,633.34
Total agriculture advances (% of ANBC)	18	18.15	121,435.84
Small and marginal farmers (% of ANBC)	8	8.58	57,420.00
Other national goals			
Micro enterprises accounts (year on year growth) (%)	NA	NA	NA
Credit to micro enterprises (% of ANBC)	7.50	8.31	55,612.06

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

As at March 31, 2018, 2019 and 2020, we had achieved the targets set out for us by the RBI for lending to the priority sector, amounting to 40.94%, 41.89% and 39.47% of our ANBC, respectively. The GoI launched the Pradhan Mantri Jan-Dhan Yojana (“**PMJDY**”) in Fiscal 2015 to ensure access to financial services to a large segment of the country with a view to promote financial inclusion. Pursuant to the scheme, as at September 30, 2020, the Bank had approximately 390.24 crore PMJDY accounts with an average balance of approximately ₹3,706.13 per account.

Experienced leadership team

Our leadership team, including our Board of Directors, consists of professionals with experience in the banking and finance industries. Our executive directors and senior management have served in national banks and in the financial services sector at various levels. Our Board is supported by a team of senior management professionals. The experience and expertise of our Board and senior management team across a variety of disciplines and industries assists us in understanding the preferences of our customers and adapt our business and operations accordingly.

We believe that our leadership team’s comprehensive industry experience and expertise has contributed to the development of our brand over the years. We believe that having a management team with such breadth and depth of experience is well suited to leverage the competitive strengths that we have developed across our large, diverse and growing network and that our management team has created a clear, strategic direction for us which will allow us to expand and maintain its position as a leading public sector bank in India.

Strategies

Continued focus on improving operating performance

We continue to enhance our productivity by creating an organizational culture of cost control and operational efficiencies. In order to achieve this, we aim to optimize our allocation and utilization of resources, and effectively balance human resources, processes and technology. We also intend to continue to focus on improving efficiency levels of the Bank measured through its cost-to-income ratio, which was 56.75%, 47.03%, 44.82% and 48.62%, in Fiscal 2018, 2019, 2020 and in the six months ended September 30, 2020, respectively.

We believe we have optimized the utilization of resources by adopting alternate channels to increase our presence across India, in a cost-effective manner, by engaging banking correspondents. As at March 31, 2018, we had engaged an aggregate of 8,161 banking correspondents, which increased to 12,756 as at September 30, 2020. By engaging banking correspondents, we have decreased costs on human resources and capital expenditure on establishing brick and mortar branches.

Further, we focus on increased operational efficiencies by further optimizing our operating platform through technology enhancement and process streamlining, in order to achieve a more efficient operating model and to support new business models and distribution channels. We also have established single service window mechanisms through our retail asset processing centres, which provide for faster turn-around time, thereby increasing our operational efficiencies. Additionally, we continue to focus on increasing customer usage of the Bank’s internet banking platform in order to effect a significant reduction in its transaction costs.

For further details on the digital initiatives undertaken by us, see “—*Focus on digitization and technology*” on page 37. Also see “*Risk Factors— Significant security breaches of our computer systems and network and network infrastructure could adversely impact our business.*” on page 82.

In order to achieve increased customer usage, we conduct technology learning programs every month at certain branches to engage with our customers and to encourage increased usage of the Bank’s internet banking services, ATMs, cash deposit machines, mobile banking applications and debit cards, in addition to providing guidance on secure usage of these channels.

Further, we assimilate and intend to continue assimilating relevant customer information at our branches and ATMs in order to assess the suitability of the branch or ATM location and accordingly monitor our cost efficiencies. For instance, we are in the process of merging or closing certain of our branches and ATMs which are not presently being utilized at optimal capacity, in order to decrease our operating costs. We also have undertaken certain initiatives to centralize our operations. For instance, we are in the process of centralizing and

digitizing our filings for tax deducted at source from depositors, vendors, employees and pensioners, which we believe will decrease our operating costs.

Focus on portfolio quality

Though a reduction in impaired assets and an improvement of the quality of our assets through recovery and due diligence measures have been our key focus area in the recent past, we intend to continue to focus on reducing our impaired assets with the objective of reducing our NPA levels, while improving the quality of our assets. The Bank's gross NPAs, as a percentage of gross advances, were 14.21% and 13.43% as at March 31, 2020 and September 30, 2020, respectively, compared with 15.50% and 16.76% as at March 31, 2019 and September 30, 2019, respectively. As at September 30, 2020, large industry, MSME and retail comprised 46.01%, 17.49% and 18.67% of the Bank's gross domestic advances, respectively

The Bank's average ticket size of advances to retail, agriculture, MSME and corporate and other loans was ₹ ₹694,453.68, ₹246,902.53, ₹628,902.16 and ₹31,164,046.62, respectively. We have diversified our gross domestic advances, such that as at September 30, 2020, the Bank's advances to corporate and others, MSME and retail were ₹320,833.86 crore, ₹122,002.74 crore and ₹130,155.45 crore as compared to ₹256,274.42 crore, ₹70,284.15 crore and ₹83,479.42 crore, respectively, as at September 30, 2019, demonstrating a yearly growth of 25.19%, 73.58% and 65.53% respectively.

The Bank has initiated a comprehensive transformational exercise "Mission Parivartan" on June 1, 2017. Each alphabet of the word 'Parivartan' is a guidepost to reorient the Bank towards more profitability, productivity and efficiency. Various initiatives are being initiated under Mission Parivartan to redefine/ revisit the processes and products of the Bank.

Focus on digitization and technology

We believe that the increased usage of internet by consumers and access to data networks in India has led to the need for a comprehensive digital strategy by banks and financial institutions to proactively develop new methods of reaching customers. We intend to leverage our digital channels to source business, and in particular, grow our CASA and advances. We will also leverage our advanced technology infrastructure to further improve client and transaction management and achieve enhanced efficiency and productivity levels. We currently provide a range of options for customers to access their accounts, including internet banking and mobile banking, which as at September 30, 2020, facilitated 3.34 crore and 5.89 crore transactions, respectively, at the Bank. Our customers can also access their bank accounts through mobile applications based on a Unified Payment Interface ("UPI") developed by the National Payments Corporation of India called "Bharat Interface for Money" ("BHIM"). As at September 30, 2020, we had approximately 1.37 crore of our accounts registered with BHIM and had installed 199,165 Bharat/BHIM QR Code.

We intend to focus on harnessing the power of data to drive decision making and operational excellence while providing personalized experience to each customer. The endeavour will be to migrate customers to digital channels and move transactions away from branches to contactless banking modes. The Bank has a large database and is using advanced enterprise data warehouse technology to enable data mining. A 'Centre of Excellence' has been set up to focus on emerging technologies like machine learning and artificial intelligence and is working across the Bank to identify and realize new cross-sell opportunities. The Bank was awarded the 'Runner Up' at the IBA Awards for "Best Use of Data Analytics for Business Outcome" in Large Bank Category for Fiscal 2020.

The Bank has launched the 'Digital Apnayen' campaign to encourage customers to increasingly use its digital assets. Since its launch on August 15, 2020, more than 0.19 crore customers have been onboarded by the Bank on its digital platforms. The Bank has also launched a digital customer assistant, 'PIHU'.

We believe additional investment in our technology infrastructure and in-house analytics to further develop our digital strategy will allow us to cross-sell a wider range of products available on our digital platform in response to our customers' needs and thereby expand our relationships across a range of customer segments. As our customers can interact with us more frequently than previously and easily access their accounts wherever and whenever they desire, we believe that a comprehensive digital strategy will provide opportunities for development of long-term customer relationships.

We plan to focus on operational and cost efficiencies, expansion of service delivery models and increasing penetration among existing and new customer segments. We have migrated branches to our core banking

application platform and expanded our ATM and internet banking networks, providing a comprehensive suite of mobile banking, debit and prepaid card services, and payment systems. We have undertaken certain initiatives during Fiscal 2018 such as the introduction of a pilot scheme PNB E-Rupaya pursuant to which we introduced pre-paid cards which may be used for digital transactions in rural areas with limited internet connectivity. Based on the success of the pilot scheme, we have identified villages in two districts for testing under RBI Sandbox Testing. We continue to focus on increased operational efficiencies by further optimizing our operating platform through technology enhancement and process streamlining, in order to achieve a more efficient operating model and to support new business models and distribution channels.

Also see “*Risk Factors—Our failure to adapt to technological advancements that can potentially disrupt the banking industry could affect the performance and features of our products and services and reduce our attractiveness to customers.*” and “*Risk Factors—Significant security breaches of our computer systems and network infrastructure could adversely impact our business.*” on pages 73 and 82, respectively.

Focus on capital optimization and explore sale of non-core assets

We have implemented a risk management architecture with focus on maximizing our business operations that, we believe, will in turn maximize our profits or return on average equity. In order to enable a more efficient, equitable and prudent allocation of resources, we endeavour to benchmark our operations on globally accepted risk management systems and conform to the Basel III framework, particularly in relation to capital adequacy. The Bank’s capital adequacy ratio as at March 31, 2018, 2019, 2020 and as at September 30, 2020, in accordance with Basel III norms, was at 9.20%, 9.73%, 14.14% and 12.84%, respectively.

To counter the impact of the NPAs on our financial position, we are following a multi-pronged approach including creation of a robust follow-up and recovery mechanism that is monitored from our head office and creation of specialized NPA recovery branches to take control over high value NPAs from our other branches.

Further, we aim to reduce our dependence on high cost deposits and have already managed to reduce this to 3.02% of our total deposits during Fiscal 2020 from 3.81% during Fiscal 2018. This, we believe, will help in reducing our cost of funds. This dependence was further reduced to 1.11% during the six months ended September 30, 2020. Additionally, we are also in the process of rationalizing our branch structure and reallocating resources to increase efficiencies and further aim to improve productivity by creating a culture of cost control and operational efficiency internally by striking an effective balance between people, processes and technology through the optimal allocation and utilization of resources.

We will focus on improving our capital adequacy ratios and focus on capital optimization. In order to enhance our capital base, in addition to this Issue, we intend to undertake the sale of non-core assets and investments as well as our shareholding in certain of our Subsidiaries and Associates. We have undertaken and are in the process of monetizing certain of our non-core assets through sale of our stake in various entities.

See “*Risk Factors— We are subject to capital adequacy norms and are required to maintain a CRAR at the minimum level required by RBI for domestic banks. Any inability to maintain adequate capital due to change in regulations or lack of access to capital or otherwise could materially and adversely affect our results of operations and financial condition*” on page 65.

Focus on profitable growth in the priority segment

We believe that our priority sectors, such as agriculture and MSME industries, offer large and potentially profitable growth opportunities. As at September 30, 2020, 61.15% of the Bank’s branches were located in rural and semi-urban centers. We intend to maintain and enhance our position in agricultural lending and further strengthen our ties with the agricultural community and related agri-based industry participants.

We have a nationwide presence in, and extend finance to, the MSME industry. The Bank intends to further expand its MSME sector banking activities, which is in the process of getting further integrated into the formal Indian economic and banking system after the recent implementation of the GST regime.

As part of the Bank’s strategy to focus its priority sector banking business, the Bank has undertaken the following initiatives, among others:

- Under the PNB Gram Uday Scheme, loans of up to ₹1,00,000 are provided for reclamation of soil, soil conservation measures, conditioning of land, purchase of seeds, bio-fertilizers, manure, compost and other materials for organic farming, to farmers who hold a soil health card;
- Under a scheme for financing landless agriculture labourers on unregistered leased land, loans of up to ₹100,000 are provided to undertake agricultural activity for financing unregistered leased land; and
- Under a scheme for women joint liability groups, we provide collateral free term loans or working capital facilities up to ₹1,000,000.

We also endeavor to improve certain schemes for the priority sector which we have set up in the past. For instance, during Fiscal 2020, we enhanced the limit for working capital to MSEs that are exempted from GST registration.

SELECTED FINANCIAL INFORMATION OF OUR BANK

The following selected financial data as of and for the six months ended September 30, 2020 and for the Fiscal Years ended March 31, 2020, March 31, 2019 and March 31, 2018 have been derived from our Financial Statements included in this Placement Document. The financial data set forth below should be read in conjunction with “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 101 and “*Financial Statements*” on page 323, including the schedules and notes thereto, included elsewhere in this Placement Document. Our Financial Statements were prepared in accordance with Indian GAAP and provisions of Banking Regulation Act, read with relevant guidelines and directions issued by RBI. The historical results do not necessarily indicate results expected for any future period. Indian GAAP differs in certain material respects from US GAAP and IFRS. Neither the information set forth below nor the format in which it is presented should be viewed as comparable to information prepared in accordance with IFRS or other accounting principles.

Consolidated Summary Balance Sheet

(₹ in crore)

Particulars	As on March 31, 2020	As on March 31, 2019	As on March 31, 2018
CAPITAL & LIABILITIES			
Capital	1,347.51	920.81	552.11
Reserves & Surplus	62,528.85	44,276.70	41,933.03
Minority Interest	360.69	320.62	799.42
Deposits	7,10,254.37	6,81,874.18	6,48,439.01
Borrowings	62,512.41	46,827.97	65,329.66
Other Liabilities & Provisions	14,453.42	15,045.51	21,941.68
Total	8,51,457.25	7,89,265.79	7,78,994.91
ASSETS			
Cash & Balances with Reserve Bank of India	38,603.79	32,338.32	29,028.91
Balances with Banks and Money at call and short notice	39,151.96	44,957.65	68,459.24
Investments	2,53,782.47	2,09,723.00	2,05,910.18
Loans and Advances	4,76,853.34	4,62,416.23	4,38,798.00
Fixed Assets	7,261.98	6,247.58	6,374.31
Other Assets	35,803.71	33,583.01	30,424.27
Total	8,51,457.25	7,89,265.79	7,78,994.91

Consolidated Summary Profit and Loss Account

(₹ in crore)

Particulars	Year ended March 31		
	2020	2019	2018
I. Income			
Interest earned	54,918.47	52,147.14	48,724.85
Other Income	9,387.66	7,367.38	8,883.34
Total	64,306.13	59,514.52	57,608.19
II. Expenditure			
Interest expended	36,997.47	34,655.66	33,530.39
Operating Expenses	12,150.50	11,689.26	13,642.59
Provisions & Contingencies	14,794.82	23,196.01	23,019.55
Total	63,942.79	69,540.93	70,192.53
III. Consolidated Profit/(loss) for the year attributable to the group	363.34	-10,026.41	-12,584.34
Share of earnings in Associates (net)	121.59	476.39	473.07
Less: Minority Interest	46.48	20.09	18.79
Net Profit for the year	438.45	-9,570.11	-12,130.06
Profit/(Loss) brought forward	-8,488.92	206.00	1,093.65
Total	-8,050.47	-9,364.11	-11,036.41
IV. Appropriations			
Transfer to			
Statutory Reserves	139.74	29.49	20.64
Capital Reserves-Others	203.63	86.13	1,028.24
Spl. Reserve u/s 36(1)(viii) of IT Act	0.00	0.00	0.27
Investment Fluctuation Reserve	48.52	0.00	0.00
Exchange Fluctuation Reserve	0.00	0.35	0.00
Revenue Reserves	-105.35	-134.31	-13,307.75
Staff Welfare Fund	0.00	0.00	0.00
Proposed Equity Dividend	32.07	30.01	61.97
Proposed Preference Dividend	0.00	0.00	0.00
Dividend Distribution Tax	0.00	0.00	0.00
Balance carried over to consolidated Balance Sheet	-8,369.08	-9,375.78	1,160.23
Total Appropriations	-8,050.47	-9,364.11	-11,036.41
Earnings per Share in ₹ (Basic & diluted)	0.80	-29.68	-54.71

Consolidated Cash Flow Statement of the Bank for the years ended March 31, 2020, 2019 and 2018 are presented in the table below:

(₹ in crore)

Particulars	Fiscal 2020	Fiscal 2019	Fiscal 2018
	(Audited)		
Net cash from/ (used in) operating activities	-12,743.53	-34,157.97	-140.21
Net cash from/ (used in) investing activities	-987.10	224.78	-1,103.18
Net cash from/ (used in) financing activities	14,190.41	13,741.01	7,352.44
Net change in cash and cash equivalents	459.78	-20,192.18	6,109.05

Notes:

1. Direct taxes paid (net of refund) are treated as arising from operating activities and are not bifurcated between investing and financing activities.
2. All figures in minus represents "Cash Out Flow"

Standalone Summary Balance Sheet

(₹ in crore)

Particulars	As on March 31, 2020	As on March 31, 2019	As on March 31, 2018
LIABILITIES			
Capital	1,347.51	920.81	552.11
Reserves and Surplus	61,009.97	43,866.32	40,522.19
Deposits	7,03,846.32	6,76,030.14	6,42,226.19
Borrowings	50,225.43	39,325.91	60,850.75
Other Liabilities & Provisions	14,236.68	14,806.28	21,678.86
TOTAL	8,30,665.91	7,74,949.46	7,65,830.10
ASSETS			
Cash & Balances with RBI	38,397.85	32,129.13	28,789.03
Balances with Banks and Money at Call and Short Notice	37,595.18	43,158.91	66,672.97
Investments	2,40,465.64	2,02,128.22	2,00,305.98
Loans and Advances	4,71,827.72	4,58,249.20	4,33,734.72
Fixed Assets	7,239.07	6,224.85	6,349.33
Other Assets	35,140.45	33,059.15	29,978.07
TOTAL	8,30,665.91	7,74,949.46	7,65,830.10

Standalone Summary Profit and Loss Account

(₹ in crore)

Particulars	Year ended on March 31		
	2020	2019	2018
I. INCOME			
Interest earned	53,800.03	51,310.25	47,995.77
Other Income	9,274.13	7,377.41	8,880.87
TOTAL	63,074.16	58,687.66	56,876.64
II. EXPENDITURE			
Interest expended	36,362.24	34,153.94	33,073.36
Operating expenses	11,973.37	11,538.48	13,509.08
Provisions & Contingencies	14,402.36	22,970.73	22,577.02
TOTAL	62,737.97	68,663.15	69,159.46
III. PROFIT/LOSS			
Net Profit/Loss(-) for the year	336.19	-9,975.49	-12,282.82
Profit/Loss(-) Brought forward			
TOTAL			
IV. APPROPRIATIONS			
Transfer to :			
Statutory Reserves	84.05	0.00	0.00
Capital Reserves	203.62	86.12	1,024.93
Special Reserves u/s 36(1)(viii)	0.00	0.00	0.00
Revenue Reserves	0.00	-134.31	-13,307.75
Investment Fluctuation Reserve	48.52	0.00	0.00
Staff Welfare Fund	0.00	0.00	0.00

Particulars	Year ended on March 31		
	2020	2019	2018
Equity Dividend	0.00	0.00	0.00
Dividend Distribution Tax	0.00	0.00	0.00
Bal. carried over to Balance Sheet /Others	0.00	-9,927.30	0.00
TOTAL	336.19	-9,975.49	-12,282.82
Earnings Per Share in ₹(basic & diluted)	0.62	-30.94	-55.39

Standalone Cash Flow Statement of the Bank for the years ended March 31, 2020, 2019 and 2018 are presented in the table below:

Particulars	(₹ in crore)		
	Fiscal 2020	Fiscal 2019	Fiscal 2018
	(Audited)		
Net cash from/ (used in) operating activities	-11,336.23	-31,344.38	1,011.69
Net cash from/ (used in) investing activities	-1,515.85	-260.37	-1,288.01
Net cash from/ (used in) financing activities	13,557.07	11,430.79	7,406.68
Net change in cash and cash equivalents	704.99	-20,173.96	7,130.36

Notes:

- 1. Direct taxes paid (net of refund) are treated as arising from operating activities and are not bifurcated between investing and financing activities.*
- 2. All figures in minus represents "Cash Out Flow"*

Reviewed Financial Results for the six months ended September 30, 2020

Standalone Balance Sheet

(₹ in crore)

Particulars	As on September 30, 2020 (Reviewed)	As on September 30, 2019 (Reviewed)
LIABILITIES		
Capital	1,882.13	920.81
Reserves and Surplus	85,074.96	47,060.00
Share Application Money pending allotment	0.00	16,091.00
Deposits	10,69,747.07	6,95,782.08
Borrowings	45,731.17	32,561.71
Other Liabilities & Provisions	24,690.37	13,836.83
TOTAL	12,27,125.70	8,06,252.43
ASSETS		
Cash & Balances with RBI	68,592.81	37,858.17
Balances with Banks and Money at Call and Short Notice	35,204.57	58,238.25
Investments	3,91,754.24	2,39,131.74
Loans and Advances	6,52,662.69	4,27,902.89
Fixed Assets	10,852.85	7,352.79
Other Assets	68,058.54	35,768.59
TOTAL	12,27,125.70	8,06,252.43

Standalone Profit and Loss Account

(₹ in crore)

Particulars	For the six month ended September 30, 2020 (Reviewed)	For the six month ended September 30, 2019 (Reviewed)
I. INCOME		
Interest earned	41,550.75	26,378.36
Other Income	6,180.61	4,339.99
TOTAL	47,731.36	30,718.35
II. EXPENDITURE		
Interest expended	26,409.12	17,973.16
Operating expenses	10,367.28	5,701.82
Provisions & Contingencies	10,025.70	5,517.69
TOTAL	46,802.10	29,192.67
III. PROFIT/LOSS		
Net Profit/Loss (-) for the year	929.26	1,525.68
Earnings Per Share in ₹ (basic & diluted)	0.99	3.31

Standalone Cash Flow Statement

(₹ in crore)

Particulars	As on September 30, 2020 (Reviewed)	As on September 30, 2019 (Reviewed)
Net cash from/ (used in) operating activities	(723.88)	7,437.49
Net cash from/ (used in) investing activities	(342.04)	(34.85)
Net cash from/ (used in) financing activities	(840.54)	13,405.75
Cash and Cash equivalent received on account of amalgamation	29,710.82	0.00
Net change in cash and cash equivalents	27,804.36	20,808.39

Reviewed Financial Results for the six months ended September 30, 2020

Consolidated Balance Sheet

(₹ in crore)

Particulars	As on September 30, 2020 (Reviewed)	As on September 30, 2019 (Reviewed)
LIABILITIES		
Capital	1,882.13	920.81
Reserves and Surplus	86,467.35	47,218.27
Share Application Money pending allotment	0.00	16,091.00
Minority Interest	430.26	333.49
Deposits	10,76,501.37	7,01,426.90
Borrowings	59,614.51	43,820.09
Other Liabilities & Provisions	25,267.18	14,064.97
TOTAL	12,50,162.80	8,23,875.53
ASSETS		
Cash & Balances with RBI	68,954.76	38,052.14
Balances with Banks and Money at Call and Short Notice	36,474.80	59,164.19
Investments	4,07,127.49	2,50,210.30
Loans and Advances	6,57,882.55	4,32,685.28
Fixed Assets	10,878.95	7,375.24
Other Assets	68,844.25	36,388.38
TOTAL	12,50,162.80	8,23,875.53

Consolidated Profit and Loss Account

(₹ in crore)

Particulars	For the six month ended September 30, 2020 (Reviewed)	For the six month ended September 30, 2019 (Reviewed)
I. INCOME		
Interest earned	42,136.54	26,877.53
Other Income	6,435.31	4,393.16
TOTAL	48,571.85	31,270.69
II. EXPENDITURE		
Interest expended	26,694.45	18,270.19
Operating expenses	10,471.29	5,777.83
Provisions & Contingencies	10,386.26	5,760.41
TOTAL	47,552.00	29,808.43
III. PROFIT/LOSS		
III. Consolidated Profit/(loss) for the period attributable to the group	1,019.85	1,462.26
Share of earnings in Associates (net)	179.16	194.57
Less: Minority Interest	85.14	12.93
Net Profit for the period	1,113.87	1,643.90
Earnings per Share in ₹ (Basic & diluted)	1.18	3.57

Consolidated Cash Flow Statement

(₹ in crore)

Particulars	As on September 30, 2020 (Reviewed)	As on September 30, 2019 (Reviewed)
Net cash from/ (used in) operating activities	-988.78	6,422.74
Net cash from/ (used in) investing activities	-274.43	438.54
Net cash from/ (used in) financing activities	-773.80	13,059.08
Cash and Cash equivalent received on account of amalgamation	29,710.82	0.00
Net change in cash and cash equivalents	27,673.81	19,920.36

RISK FACTORS

This Placement Document contains certain forward-looking statements that involve risks and uncertainties. Our financial performance may differ from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Placement Document. Prospective investors should carefully consider the following risk factors as well as other information included in this Placement Document prior to making any investment decision. If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business prospects, results of operations and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of the value of their investment.

The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors. In order to obtain a complete understanding of our business, you should read this section in conjunction with the sections “Industry Overview”, “Our Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Selected Statistical Information” on pages 180, 198, 101, and 138, respectively, as well as other financial information contained in this Placement Document. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Issue.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal year are to the twelve months ended March 31 of that year. Unless otherwise specified or as the context requires, financial information herein for Fiscals 2018, 2019 and 2020 is derived from our Audited Standalone Financial Statements, and the financial information included herein for the six months ended September 30, 2020 (including the comparative financial information with respect to the six months ended September 30, 2019) is based on the standalone Unaudited Reviewed Financial Results, included in this Placement Document. Pursuant to the Gazette Notification no. CG-DL-E04032020-216535 dated March 4, 2020 issued by the Government of India, the scheme of amalgamation between Oriental Bank of Commerce (“OBC”), United Bank of India (“UBI”), and our Bank was approved and OBC and UBI were amalgamated with our Bank with effect from April 1, 2020. Accordingly, our Bank’s historical financial statements and/or financial results prior to this amalgamation are not comparable to those subsequent to such amalgamation. For further information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Presentation of Financial Information – Amalgamation of OBC and UBI” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Principal Factors Affecting our Results of Operations and Financial Condition – Effect of Amalgamation of OBC and UBI” and “Financial Statements” on pages 101, 105 and 323, respectively.

Unless otherwise stated, references to “the Bank” or “our Bank”, are to Punjab National Bank on a standalone basis and references to “we”, “us”, “our”, are to Punjab National Bank on a consolidated basis.

RISKS RELATING TO OUR BUSINESS

1. We may not be able to predict the impact of the COVID-19 pandemic on our Bank’s business, cash flows, results of the operations and financial condition.

The COVID-19 pandemic has impacted, and will likely continue to impact most countries, including India, and has resulted in substantial volatility in global financial markets, increased unemployment and operational challenges, such as the temporary closures of businesses, sheltering-in-place directives and increased remote work protocols, which have significantly slowed down economic activity. The GoI initiated a nation-wide lockdown from March 25, 2020 for three weeks which was subsequently extended to May 31, 2020. While India has commenced gradual easing of lockdown measures, the trajectory of the eventual outcome remains uncertain and contingent on the future path of the viral outbreak and the effectiveness of measures to counter it. The COVID-19 pandemic has resulted in economic challenges driven by labour shortage, logistics disruptions and reduced demand. As a result, many industries have been exposed to disruptions in carrying out business operations, resulting in loss of business and reduction in cash flows, which has created stress in different sectors of the economy.

The extent to which the COVID-19 pandemic outbreak impacts our business, cash flows, results of operations and financial condition will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of the COVID-19 pandemic both in India and internationally by governments, central banks, healthcare providers, health system participants, other businesses and individuals,

which are highly uncertain and cannot be predicted. There is currently substantial medical uncertainty regarding the COVID-19 pandemic and no government-certified treatment or vaccine is available. A rapid increase in severe cases and deaths where measures taken by governments fail or are lifted prematurely, may cause unprecedented economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of the COVID-19 pandemic remain uncertain and are likely to be severe.

The impact of the pandemic on our business, operations and future financial performance include, but are not limited to the following:

- delays and defaults associated with collection of payments from customers, due to economic slowdown caused by the COVID-19 pandemic, which may adversely affect our Bank's cash flows. This may be further aggravated with difficulty in accessing sources of financing as a consequence of volatility in domestic and international markets and/or a global recession;
- increase in NPA levels in the future due to possible deterioration in the credit quality of customers, who are impacted due to the economic downturn caused by the COVID-19 pandemic related measures such as closure of non-essential services. In the event our borrowers' enterprises have been unable to withstand the economic pressures caused by the COVID-19 pandemic, we may experience higher NPAs than anticipated driven by deterioration in asset quality due to our borrower's reduced ability to make timely repayments. Our NPA levels may continue to increase even once lockdown and associated restrictions are entirely lifted.
As a result, we may be required to recognize higher loan loss provisions in future periods, on account of the uncertainty in the external environment due to the COVID-19 pandemic, which may adversely impact our asset quality and profitability in future periods.
- adverse impacts to interest income, EPS and growth rates – particularly if operating expenses do not decrease at the same pace as revenue declines. Many of our expenses are less variable in nature and may not correlate to changes in revenues, such as depreciation, employee benefit expenses and other costs associated with operating and maintaining our branches. As such, we may not be able to decrease them significantly in the short-term, or we may choose not to significantly reduce them in an effort to remain focused on long-term growth and investment opportunities.
- borrowers in certain sectors such as travel, airlines, hospitality, real estate, logistics, transportation and entertainment or borrowers that have high fixed costs or high leverage, leading to restructuring of their loans and additional stress;
- large scale furloughs, or terminations of employees or reductions in salaries may lead to defaults by the Bank's retail borrowers;
- restrictions placed by the Government have been changing based on the dynamic situation and it is not clear when a return to office locations with full workforce or travel will be permitted or what restrictions will be in place in those environments. The extent and/ or duration of ongoing workforce restrictions and limitations could impact our ability to successfully introduce and grow our new products and services, comply with various reporting requirements to the regulators in a timely manner, among others. Further, governmental lockdowns, restrictions or new regulations could significantly impact the ability of our service providers to work productively. The rapid shift in the working environment creates inherent productivity, connectivity, and oversight challenges;
- the spread of the COVID-19 amongst the Bank's employees, or any quarantine or lockdown measures affecting the Bank's employees or branches, may reduce the Bank employees' ability to carry out their work as usual. In the event a member or members of the Bank's management team contracts COVID-19, it may potentially affect the operations of the Bank;
- the Bank's stress testing, changes in loan disbursement, and other measures to address the effects of the COVID-19 pandemic may fail;
- an overall deterioration in the economy may also lead to a reduction in the value of collateral provided for our Bank's loans, leading to higher than anticipated losses on default. Further, as the Bank's unsecured loan portfolio is not supported by any collateral, in the event of non-payment by borrowers under these loans, our Bank may be unable to collect the unpaid balance.
- our Bank believes that during periods of uncertainty, people generally tend to avoid higher risk assets and shift to safer ones such as bank deposits. Further, the Bank believes that depositors also shift to larger banks that are considered safer, better capitalized and better able to withstand economic shock. This tends to result in a tightening of liquidity in smaller Indian banks during periods of uncertainty. The RBI has undertaken measures to support liquidity (such as the reduction of the repo rate, cash reserve ratio and liquidity ratio). There is no guarantee that the Bank and the Indian banking industry in general, notwithstanding measures taken by the RBI, will be able to maintain sufficient liquidity given the uncertain scope and duration of the COVID-19 outbreak. The banking system presently has significant excess liquidity which is placed with the RBI through the reverse repo window. Any decision by the RBI to either reduce the reverse repo rates further

or curtail reverse repo amounts can cause a loss of return to banks.

- Reduction in policy rates may be passed on to customers, however, there may not be a corresponding reduction in borrowing costs in-line with the reduction in policy rates.
- In certain cases, teams of cash replenishment agencies and engineers got infected. This led to delays in cash loading and resolutions of down calls at certain ATMs. Further, developmental activities in internet banking, mobile banking, UPI and attending to calls/issues were affected due to the unavailability of vendors onsite. Additionally, ATMs located at metro stations were impacted due to the nationwide lockdown.

In addition, the RBI has issued guidelines on March 27, 2020, April 17, 2020 and May 23, 2020 in an effort to contain the impact of the COVID-19 pandemic on the financial services sector (“**RBI COVID Guidelines**”). Under these guidelines, all term loans are eligible for moratoriums on instalments and working capital facilities on interest due during a period of three months, *i.e.*, from March 1, 2020 to May 31, 2020. This was subsequently extended by another period of three months, *i.e.*, until August 31, 2020 by the RBI, contingent on the lending institutions believing that the same is necessitated on account of the economic fallout from COVID-19. Such moratorium period shall be excluded by the lending institutions (including SFBs) for calculating the number of days past-due for the purpose of asset classification under the income recognition and asset classification norms prescribed by the RBI, in respect of all accounts classified as standard as on February 29, 2020.

In line with the RBI COVID Guidelines, we have provided a moratorium to eligible borrowers, even if overdue, as on February 29, 2020, on the payment of all principal amounts and/ or interest, as applicable, falling due between March 1, 2020 to August 31, 2020, resulting in a decline in our collections during such period. Additionally, the matter of declaring accounts as NPAs if such accounts were not declared as NPAs till August 31, 2020, has been kept on hold by the Supreme Court of India *vide* its orders dated September 3, 2020, September 10, 2020 and September 28, 2020 until further orders. Further, the Supreme Court has directed certain financial institutions, including public sector banks, to make *ex gratia* payment of difference between compound interest and simple interest, for the period from March 1, 2020 to August 31, 2020, for certain categories of borrowers and subject to certain conditions, in accordance with a scheme issued by the Department of Financial Services, Ministry of Finance, Government of India. As a result, our Bank has paid an *ex-gratia* amount of ₹ 118.78 crore to certain account holders as of September 30, 2020, to be reimbursed by the Government of India. Further, in the event our borrowers’ enterprises have been unable to withstand the economic pressures caused by the COVID-19 pandemic, we may experience higher NPAs than anticipated driven by deterioration in asset quality due to our borrower’s reduced ability to make timely repayments. However, the full impact of the pandemic on our asset quality may be realized only once the relevant asset classification periods have lapsed. For further information relating to the moratorium option exercised by our customers as of March 31, 2020 and as of September 30, 2020, see “*Our Business – Recent Development – Impact of COVID – 19 – Collection Efficiencies and Moratorium Information*” on page 198.

The RBI COVID Guidelines also require us to make provisions of up to 10% on loans that were overdue but standard as of February 29, 2020, and to borrowers that were provided certain asset classification benefits. In order to address the impact of the COVID-19 pandemic on our Bank’s business and in line with the RBI guidelines on COVID-19 regulatory package, the Bank made COVID-19 related provisions amounting to ₹ 415.41 crore and ₹ 579.90 crore in Fiscal 2020 and in the six months ended September 30, 2020, respectively. Among other changes/ impact, this provision impacted the net profit of the Bank which was ₹ 336.19 crore in Fiscal 2020. Net profit of the Bank in the six months ended September 30, 2020 was ₹ 929.26 crore. In view of the evolving COVID-19 situation, there is no assurance that the provisions created by the Bank will be sufficient and our Bank may be required to make additional provisions in the future. Further, any unexpected or onerous requirements or regulations resulting from the pandemic or any changes in laws, or the promulgation of new laws, rules and regulations relating to our operations as a response to the pandemic may have a material adverse effect on our business, financial condition and results of operations.

Any resulting adverse financial impact due to the above cannot be reasonably estimated at this time. In addition, we cannot predict the impact that the COVID-19 pandemic will have on our customers, vendors and other business partners, and each of their financial conditions; however, any material effect on these parties could adversely impact us. As a result of these uncertainties, the impact may vary significantly from that estimated by our management from time to time, and any action to contain or mitigate such impact, whether government-mandated or opted by us, may not have the anticipated effect or may fail to achieve its intended purpose altogether. Existing insurance coverage may not provide protection for all costs that may arise from all such possible events. Further, we generate a significant amount of our revenue in India. As India is a developing country with limited medical resources and certain places with dense populations, the effects of COVID-19 in India may be of a greater magnitude, scope and duration than those experienced to date in other countries.

As of the date of this Placement Document, there is significant uncertainty relating to the severity of long-term adverse impact of the ongoing COVID-19 pandemic on the global economy, global financial markets, the Indian economy and the Indian banking industry, and we are unable to accurately predict the long-term impact of the COVID-19 pandemic on our business. To the extent that the COVID-19 pandemic adversely affects our business and operations, it may also have the effect of heightening many of the other risks described in this section.

2. *Weakness or failures of our internal control system may cause significant operational errors, which may in turn materially and adversely affect our business.*

Banks and financial institutions are generally exposed to many types of operational risks, including the risk of fraud or other misconduct by employees or outsiders, unauthorized transactions by employees and third parties (including violation of regulations for prevention of corrupt practices, and other regulations governing our business activities), or operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems. Given the high volume of transactions that we handle on a day to day basis, certain errors may be repeated or compounded before they are discovered and successfully rectified. In addition, our dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect.

During the quarter ended March 31, 2018, a fraud was detected at our Brady House, Mumbai branch involving certain accounts under gems and jewelry sector where through apparent connivance between the borrower entities and few employees of the Bank, some Letters of Undertaking (LOUs)/ Foreign Letter of Credit (FLCs) were issued fraudulently and in an unauthorized manner to certain overseas branches of Indian banks through the misuse of SWIFT system of the Bank which was then not integrated with our core banking system. The liabilities on account of these LOUs/ FLCs which became due as of March 31, 2018, amounted to ₹ 6,586.11 crore, and as a matter of prudence our Bank created additional liability in its books in respect of LOUs/ FLCs becoming due after March 31, 2018, of an amount of ₹ 6,959.79 crores, after including outstanding facilities to the above entities, the amount of liability was ₹ 14,356.84 crore, i.e. approximately USD 1.9 billion. We were required to make provisions towards this liability, which subsequently resulted in a loss of ₹ 12,282.82 crore in Fiscal 2018, and ₹ 9,975.49 crore in Fiscal 2019. For further information, see “*Legal Proceedings*”, “*Financial Statements*” and “*Management’s Discussions and Analysis on Financial Condition and Results of Operations – Auditor Observations and Matters of Emphasis*” on pages 310, 323 and 101, respectively. The fraudulent transactions were not detected by the Bank’s concurrent internal audit that reflected a failure to comply with internal controls. The incident also resulted in rating agencies putting our Bank’s ratings at the time under review. Moody’s Investors Service put our Bank’s then local and foreign currency deposit rating of Baa3/P-3 and foreign currency issuer rating Baa3 under review for a downgrade. Fitch Ratings downgraded our Bank’s then Viability Rating of ‘bb’ to ‘bb-’ following the disclosure of the fraud. The fraud led to a systemic review of the Indian banking system and put additional stress on the banking sector that has been affected by increasing NPAs. Such instances of fraud also result in public mistrust of the banking system.

Further, the RBI, on November 30, 2018, filed a criminal complaint under section 200 of the Code of Criminal Procedure, 1973 read with section 47 of the Banking Regulation Act, “**Criminal Complaint**”), before the Court of Metropolitan Magistrate, Patiala House Courts, New Delhi (“**Metropolitan Magistrate**”), seeking prosecution against our Bank including our Bank’s directors and certain other employees, under section 46 of the Banking Regulation Act read with section 120B of the Indian Penal Code, 1860. The complaint made by the RBI was regarding the detailed inspection conducted by the RBI during the period between February 8, 2016 to February 12, 2016, in respect of the system and procedures of information technology aspects (“**IT**”) being followed in our Bank including IT operations, information security, IS/IT audit function and extent of IT risk assessment. The inspection was carried out pursuant to RBI’s order dated January 29, 2016. In the complaint, the RBI alleged that our Bank and other accused persons wilfully made false and misleading statements and furnished false information regarding the implementation of core banking software (“**CBS**”) and integration of the SWIFT system with CBS. The RBI, in its IT examination reports dated June 6, 2016 and progress report dated June 27, 2017, indicated failure of our Bank in integrating SWIFT system with CBS and introducing Straight Through Processing (“**STP**”) interface between SWIFT messages and the CBS. Further the RBI alleged that CBS was not integrated with many critical applications and there was no online integration of SWIFT with CBS. The matter is presently pending before the Metropolitan Magistrate. Moreover, our Bank has also filed a petition under Section 482 of the Code of Criminal Procedure 1973, before the Delhi High Court, for quashing of the Criminal Complaint, wherein a stay was granted by the Delhi High Court.

Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not identify every instance of non-compliance or every suspicious transaction. If internal control weaknesses are identified, our actions may not be sufficient to fully correct such internal control weakness. In Fiscal 2020 and in the six months ended September 30, 2020, the number of frauds detected were 398 and 409, having an aggregate pecuniary implication of ₹ 15,547.25 crore and ₹ 7,309.82 crore, respectively. We also outsource certain functions to other agencies, such as data entry, cash management and ATM management. We are also, as a result, exposed to the risk that such external agencies may be unable to fulfil their contractual obligations to us (or will be subject to the same risk of fraud or operational errors by their respective employees as we are), and to the risk that our (or such agencies) business continuity and data security systems prove not to be sufficiently adequate. We also face the risk that the design of our controls and procedures may prove inadequate, or are circumvented, thereby causing delays in detection or errors in information. While we periodically test and update, as necessary, our internal control systems, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to guarantee effective internal controls in all circumstances.

Our risk management techniques may not be fully effective in mitigating our risk exposure in all market environments or against all types of risks, including risks that are unidentified or unanticipated. Some methods of managing risk are based upon observed historical market behavior. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up to date or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events. Our policies and procedures to address such issues may not be fully effective which could adversely affect our business or result in losses.

3. *If we are not able to control or reduce the level of non-performing assets in our portfolio or any increase in our NPA portfolio, RBI mandated provisioning requirements could adversely affect our business, financial conditions and results of operations.*

As of March 31, 2018, March 31, 2019 and March 31, 2020, the Bank's gross NPAs were ₹ 86,620.05 crore, ₹ 78,472.70 crore and ₹ 73,478.76 crore, representing 18.38%, 15.50%, and 14.21%, of its gross advances, respectively while the Bank's net NPAs were ₹ 48,684.29 crore, ₹ 30,037.66 crore and ₹ 27,218.90 crore, representing 11.24%, 6.56%, and 5.78%, of its net advances as of such dates, respectively. As a result of the Amalgamation, as of September 30, 2020 the Bank's gross NPAs was ₹ 96,313.94 crore representing 13.43% of gross advances as of such date, while, the Bank's net NPAs was ₹ 30,919.84 crore representing 4.75%, of its net advances as of such date. Our NPAs may increase in the future, due to several factors, including macroeconomic conditions, increased competition, adverse effect on the business and results of operations of our borrowers, a rise in unemployment, a sharp and sustained rise in interest rate, slow industrial and business growth, high levels of debt involved in financing of projects, and significant borrowings by companies in India at relatively high interest rates, and any such significant increase in NPAs may have a material adverse effect on our financial condition and results of operations.

Historically, we have had and will continue to have significant exposure to sectors such as infrastructure, basic metal, textile, gems and jewellery, and food processing. Any financial difficulties experienced by any of these particular sectors of the Indian economy or by our customers, could significantly increase our NPA levels and materially and adversely affect our business, future financial performance and the trading price of the Equity Shares. For further information on our exposure to these sectors, see "*Selected Statistical Information*" on page 138. Further, we may witness a significant increase in our NPA levels due to possible deterioration in the credit quality of our customers who were impacted due to the economic downturn caused by COVID-19 related measures such as closure of non-essential services. In the event our borrowers' enterprises are unable to withstand the economic pressures caused by the COVID-19 pandemic, we may experience higher NPAs than anticipated driven by deterioration in asset quality due to our borrower's reduced ability to make timely repayments. Our NPA levels may therefore continue to increase even once associated restrictions have been lifted, and once the asset classification periods have subsequently lapsed.

Additionally, if the systems and process established by the Bank to identify NPAs fail or are unable to identify the NPAs correctly and in a timely manner, the Bank's financial position could be adversely affected. The Bank has, in the past, experienced certain deficiencies in its NPA identification and monitoring systems and processes., and there can be no assurance that our systems and processes will always function appropriately or correctly in order to identify NPAs in a timely manner or at all, or that similar deficiencies will not arise in the future.

Provisions for NPAs are created by a charge to our profit and loss account and are currently subject to minimum provisioning requirements, linked to ageing of NPAs. In addition to the relevant regulatory minimum provisioning, we also consider our internal estimate for loan losses and risks inherent in the credit portfolio when deciding on the appropriate level of provisions. The determination of a suitable level of loan losses and provisions involves a degree of subjectivity and requires that we make estimates of current credit risks and future trends, all of which may be subject to material changes. Any incorrect estimation of risk may result in our provisions not being adequate to cover any further increase in the amount of NPAs or any further deterioration in our NPA portfolio. For instance, there have been certain divergences in the Bank's classification of assets and provisions for NPAs as of March 31, 2018 and 2019, as a result of non-identification of certain accounts, and incorrect classification of certain types of loans and risk-weighted assets. For further information, see "*Financial Statements*" and "*Management's Discussion and Analysis on Financial Condition and Results of Operations – Divergence in Asset Classification and Provisioning*" beginning on pages 323 and 130, respectively. There can be no assurance that the NPAs reported by the Bank in the future will be as assessed by the regulatory authority, and that the Bank will not be subject to increased provisioning requirements. Any future increases in provisions mandated by the RBI or other regulatory changes or increase in provisioning requirements as a result of divergences identified by the RBI, could therefore lead to an adverse impact on the Bank's business, future financial performance and the trading price of the Equity Shares. For further information, see "*Regulations and Policies in India - Prudential framework for resolution of stressed assets*" on page 250. We may need to make further provisions if there is dilution/ deterioration in the quality of our security or downgrading of the account or recoveries with respect to such NPAs do not materialize in time or at all. This increase in provisions may adversely impact our financial performance.

4. *Oriental Bank of Commerce and United Bank of India have recently merged with our Bank and are in the process of integration. Any failure in successfully integrating these entities with our Bank's business may have an adverse effect on our business, results of operations and financial condition.*

With effect from April 1, 2020, Oriental Bank of Commerce and United Bank of India merged with our Bank pursuant to the Government's approved scheme of amalgamation of Oriental Bank of Commerce and United Bank of India into Punjab National Bank Scheme, 2000 notified on March 4, 2020 under the Alternative Mechanism, (such amalgamation referred to herein as the "**Amalgamation**"). The Bank is currently in the process of integrating the operations of these entities with its own operations, to leverage cost and operational efficiencies. We intend to undertake branch rationalization/ relocation as part of such integration processes, including discontinuing operations at head offices of Oriental Bank of Commerce and United Bank of India and a number of overlapping zonal, regional and network offices of these entities, and most of the employees engaged in such administrative offices may be redeployed. The Bank also intends to implement a centralized data management system to facilitate seamless operation of a unified customer base. However, we may experience difficulties in integrating these businesses within our existing business and operations. There can be no assurance that the integration processes will be implemented successfully and any anticipated synergies will materialize within the expected timeframes or at all.

The Bank may also incur additional costs towards absorbing losses and liabilities, integrating operations and harmonizing functions pursuant to the Amalgamation. In particular, Oriental Bank of Commerce and United Bank of India recorded losses in Fiscal 2020 of ₹ 2,251.81 crore and ₹ 6,395.31 crore, respectively. Further, the absorption of over 34,040 employees of Oriental Bank of Commerce and United Bank of India is expected to increase employee benefit expenses mainly accruing out of liabilities with respect to provision of additional superannuation benefits. The Amalgamation may also expose the Bank to potential risks, including risks associated with the integration of new offices, operations, redeployment of employees, unforeseen or hidden liabilities, employee misconduct, union issues, the diversion of resources and management attention from existing businesses, any of which could affect our business and financial performance. If the Bank fails to identify issues specific to the Amalgamation during the course of integrating operations, it may, in future, be forced to address unforeseen issues that could result in an adverse impact on its business, reputation and future financial performance. In addition to the risks associated with the Amalgamation, other risks or factors outside the Bank's control may arise and the Bank may be subject to additional liabilities in connection with the Amalgamation. There can be no assurance that the Bank will not have to undertake write-downs or write-offs in connection with the Amalgamation, which could have a negative impact on its financial condition and results of operation. If the Bank is unable to successfully integrate operations with Oriental Bank of Commerce and United Bank of India, its business, results of operations and financial condition may be adversely affected.

5. *Our business is particularly vulnerable to interest rate risk, and any volatility in interest rates could*

adversely affect our net interest margins, the value of our fixed income portfolio, income from treasury operations and our financial condition and results of operations.

We largely depend on our interest income as our primary source of revenue. Interest rate risk depends upon the nature of gaps in risk sensitive assets and rate sensitive liabilities. In case of volatility in interest rates our net interest income could be adversely affected by a rise or fall in interest rates on assets and liabilities, especially if the changes were sudden or sharp.

Market interest rate changes affect the interest rates we charge on our interest-earning assets differently from the interest rates we pay on our interest-bearing liabilities and in addition, affect the value of our investments. If we are unable to increase rates charged on our loans and advances or if the volume of our interest-bearing liabilities is larger or growing faster than the volume of our interest-earning assets, an increase in interest rates could result in an increase in interest expense relative to interest earned. In the event of such increase in interest rates, our net interest margin could be adversely affected as the interest paid by us on our deposits could increase at a rate higher than the interest received by us on our advances and other investments. Further, an increase in interest rates could negatively affect demand for our loans and credit substitutes and we may not be able to achieve our volume growth, which could materially adversely affect our net profits.

The requirement that we maintain a portion of our assets in fixed income Government securities could also have a negative impact on our net interest income and net interest margin since we typically earn interest on this portion of our assets at rates that are generally less favorable than those typically received on our other interest-earning assets. As of March 31, 2018, 2019, 2020 and as of September 30, 2020, our Bank's net interest margins were 2.16%, 2.41%, 2.30% and 2.85%, respectively.

Since the outbreak of the COVID-19 pandemic in January 2020, emerging markets have seen significant capital outflows from both debt and equity markets, including India, which has impacted bond yields. At the same time, the GoI and the RBI have taken several steps to minimize the economic impact of the COVID-19 pandemic, including cutting statutory interest rates and providing additional liquidity measures which have helped cool down interest rates. Since April 2020, the Bank's asset yields have decreased primarily due to a decline in its one year MCLR rates from 8.05% on March 31, 2020 to 7.35% as of September 30, 2020. Any systemic decline in low-cost funding available to banks in the form of current and savings account deposits would adversely impact the Bank's net interest margin. In December 2015, the Reserve Bank of India released guidelines on the computation of lending rates based on the marginal cost of funds methodology, which is applicable on incremental lending from April 1, 2016. Further, on December 5, 2018, the RBI published a report recommending referencing floating rate advances to certain external benchmarks which came into effect on October 1, 2019. To give effect to the aforesaid, the RBI, by way of its notification dated September 4, 2019, amended the Master Direction on Interest Rate on Advances, dated March 3, 2016, pursuant to which, it linked all new floating rate personal or retail loans (housing, auto, etc.) and floating rate loans to micro and small enterprises extended by banks with effect from October 1, 2019, to external benchmarks ("**September Circular**"). Further, on February 26, 2020, the RBI stipulated that all new floating rate loans to the medium enterprises extended by banks from April 1, 2020, shall be linked to the external benchmarks as indicated in the September Circular. This change in the methodology for calculating the cost of funds may lead to lower lending rates and more frequent revisions in lending rates due to the prescribed monthly review of cost of funds. This may impact the yield on our interest-earning assets, our net interest income and our net interest margin.

We are also exposed to interest rate risk through our treasury operations. Any rise in interest rates or any greater interest rate volatility could adversely affect our income from treasury operations or the value of our fixed income securities trading portfolio. Sudden or sharp and sustained increases in interest rates applicable to floating rate loans, could also result in extension of loan maturities and higher monthly instalments due from borrowers, which could result in higher rates of default in loan portfolio. In addition, any change in the volume of business in our treasury operations and profitability, could have an adverse impact on the overall profitability of the Bank.

If the yield on our interest-earning assets does not increase at the same time or to the same extent as our cost of funds, or if our cost of funds does not decline at the same time or to the same extent as the decrease in yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted. Any systemic decline in low cost funding available to banks in the form of current and savings account deposits would adversely impact our net interest margin. A slower growth in low cost deposits compared to total deposits would result in an increase in the cost of funds and could adversely impact our net interest margin if we are not able to pass on the increase to borrowers. Revisions in deposit interest rates, or introduction of higher interest rates, by

banks with whom we compete may also lead to revisions in our deposit rates to remain competitive and this could adversely impact our cost of funds.

6. *We are exposed to various categories of borrowers, depositors and industry sectors, and a default by any large borrower, premature withdrawal of deposits or a deterioration in the performance of any of these industry sectors in which we have significant exposure would adversely affect our results of operations, the quality of our portfolio and financial condition.*

We conduct business with certain borrowers who have highly leveraged balance sheets and any default by any of these borrowers would have a significant impact on our profitability. Aggregate advances (both funded and non-funded) to the Bank's 10 largest borrowers as of September 30, 2020 amounted to ₹ 75,733.36 crore representing 94.98% of its total Tier I and Tier II capital. As of September 30, 2020 aggregate advances (funded and non-funded) to the Bank's single largest borrower amounted to ₹ 14,054.66 crore, representing 17.63% of its total Tier I and Tier II capital. In December 2016, the Reserve Bank of India released a framework for large exposures with limits on exposure of banks to single counterparty and a group of connected counterparties. As per this framework, the sum of all the exposure values of a bank to a single counterparty must not be higher than 20% of the bank's available eligible capital base at all times and the sum of all the exposure values of a bank to a group of connected counterparties must not be higher than 25% of the bank's available eligible capital base at all times (increased to 30.0% until June 30, 2021, by the RBI in its notification dated May 23, 2020, in order to address economic challenges resulting from the COVID-19 pandemic). Eligible capital base represents the Bank's Tier I capital as per the last audited balance sheet. Banks may, in exceptional circumstances, with the approval of their boards, consider enhancement of the exposure to a single counterparty further by 5.0% (i.e., 25.0% of the Tier I capital fund). The limit is applicable to total exposure, including off-balance sheet exposures. Off-balance sheet items are required to be converted into credit exposure equivalents through the use of credit conversion factors as per the standardized approach for credit risk for risk based capital requirements, with a floor of 10%. This framework has been fully implemented since April 1, 2019. As of September 30, 2020, we were in compliance with these guidelines. As of September 30, 2020, our largest single counterparty (Government of India - exempted exposure in terms of LEF guidelines) accounted for approximately 407.07% of our Tier I capital fund, and the largest group of connected counterparties accounted for approximately 21.76% of our Tier I capital fund.

There can be no assurance that we will be able to effectively reduce concentration risks. If any of such borrowers default or become non-performing, our exposure to credit risk would increase, and our net profits would decline and, due to the scale of the exposures, our ability to meet capital requirements could be risked. We cannot assure you that these borrowers will continue to honour their commitments and that there will be no defaults in future and further, that there will not be any delay in payments of interest and/or principal from these borrowers. In addition, the RBI guidelines, and our focus on controlling and reducing concentration risk, may restrict our ability to grow our business with some customers, thereby impacting our earnings.

Total deposits of the Bank's 10 top depositors as of March 31, 2018, 2019 and 2020 and as of September 30, 2020, were ₹ 22,894.77 crore, ₹ 14,270.88 crore, ₹ 17,786.00 crore and ₹ 22,307.06 crore, respectively. As of March 31, 2018, 2019 and 2020 and as of September 30, 2020, the percentage of deposits of the 10 largest depositors to the Bank's total deposits accounted for 3.81%, 2.18%, 2.59% and 2.14%, respectively. However, we cannot assure you that there will not be any untimely withdrawal or non-renewal of deposits from these depositors. In the event of such withdrawal or non-renewal, our business, results of operations and financial conditions may be adversely affected.

In addition, we offer loans to a wide range of industries and businesses. The Bank's largest exposures were to the infrastructure, basic metal and metal products, textiles, gems and jewellery at ₹ 97,069.44 crore, ₹ 33,025.24 crore, ₹ 12,739.07 crore and ₹ 10,215.75 crores respectively, and comprising 37.80%, 12.86%, 4.96% and 3.98%, respectively, of its total MSME and large industry advances, as of September 30, 2020. Any financial difficulties experienced by our customers or by particular sectors of the Indian economy to which we have historically had and continue to have significant exposure, due to factors outside our control, such as, global or domestic economic trends, regulatory action or policy announcements by GoI or state Government authorities, could significantly increase our NPA levels and materially and adversely affect our business, future financial performance and the price of the Equity Shares. As a result, we could experience increased delinquencies in such industries, which may adversely affect our business and results of operations. Moreover, concentration of exposure to a limited group of industries could exacerbate the adverse effect.

7. *The level of restructured loans in our portfolio may increase and the failure of our restructured loans to perform as expected could adversely affect our business, results of operations and financial condition.*

Our assets include restructured loans. As of March 31, 2018, 2019 and 2020 and as of September 30, 2020, the Bank's gross restructured standard assets as a proportion of net advances were 1.21%, 0.56%, 0.39% and 0.30%, respectively. As a result of slowing economic activity, rising interest rates and the limited ability of corporations to access capital due to volatility in global markets, there has been an increase in restructured loans in the banking system. The loan portfolio of our international branches and Subsidiaries also includes foreign currency loans to Indian companies for their Indian operations as well as for their international operations, including cross-border acquisitions.

We restructure assets based on borrower's potential to restore its financial health; however, there can be no assurance that borrowers will be able to meet their obligations under restructured advances as per regulatory requirements and certain assets classified as restructured, may be classified as delinquent. Any resulting increase in delinquency levels may adversely impact our business, financial condition and results of operations.

RBI has, by way of its circular dated June 7, 2019, established a new regulatory framework for resolution of stressed assets ("**Revised Framework**"). Pursuant to the Revised Framework, the then existing guidelines and schemes for debt resolution such as revitalizing distressed assets, corporate debt restructuring scheme, flexible structuring of existing long term project loans, strategic debt restructuring ("**SDR**"), change in ownership outside SDR, and scheme for sustainable structuring of stressed assets, were withdrawn. In addition, the guidelines/framework for joint lenders' forum were discontinued. Pursuant to the Revised Framework, in case of a restructuring, the accounts classified as 'standard' shall be immediately downgraded to 'sub-standard' as NPAs at the outset. The NPAs, upon restructuring, would continue to have the same asset classification as prior to restructuring. Such accounts may be upgraded only when all the outstanding loan and facilities in the account demonstrate 'satisfactory performance', where payments in respect of the borrower entity are not in default at any point in time, during the 'specified period' as defined in the Revised Framework. For large accounts where the aggregate exposure of the lenders is more than ₹ 1 crore, any upgrade shall be subject to an additional requirement of an "investment grade" credit rating of the borrower's credit facilities. Further, if the satisfactory performance is not demonstrated during the monitoring period, any upgrade of the account shall be subject to implementation of a fresh restructuring/change in ownership under the Revised Framework and the bank shall make an additional provisioning, along with other provisioning, in terms of the Revised Framework. Further, considering the impact of the COVID-19 pandemic and to mitigate the impact on the ultimate borrowers, the RBI vide a notification dated August 6, 2020, provides a window under the Revised Framework to enable lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans, while classifying such exposures as standard, subject to specified conditions. Further, the RBI vide a notification dated September 7, 2020 specified the financial parameters with sector specific benchmark ranges to be factored in the resolution plans in Resolution Framework. Given the differential impact of the pandemic on various sectors/entities, the lending institutions may, at their discretion, adopt a graded approach depending on the severity of the impact on the borrowers, while preparing or implementing the resolution plan. Our Bank framed policies, approved by the Board, which pertain to the implementation of viable resolution plans for eligible borrowers under the Revised Framework. These ensure that the resolution under this facility is provided only to the borrowers having stress because of COVID-19 pandemic. The Bank had outstanding standard restructured accounts of ₹ 2,339.86 crore, with provision of ₹ 141.44 crore on this account, as of September 30, 2020. Our profitability is also adversely affected, as a result of such provisioning requirements under the applicable RBI guidelines. The combination of changes in regulations regarding restructured loans, provisioning, and any substantial increase in the level of restructured assets and the failure of these structured loans to perform as expected could materially adversely affect our business, future financial performance and the trading price of the Equity Shares.

8. *The financial statements of the Bank subsequent to the Amalgamation are not comparable with the Bank's historical financial statements.*

Given that the effective date of the Amalgamation was April 1, 2020, the Bank's audited standalone and consolidated financial statements as of and for the years ended March 31, 2018, 2019 and 2020, included in this Placement Document do not reflect the impact of the Amalgamation.

The audited financial statements of the Bank and in particular, the standalone balance sheet of the Bank for April 1, 2020 and September 30, 2020 subsequent to the Amalgamation are therefore not comparable to the audited standalone balance sheet of the Bank as of March 31, 2018, 2019 and 2020 included elsewhere in this Placement Document. In preparing the audited opening balance sheet of the Bank as of April 1, 2020, the Amalgamation has been accounted under the "pooling of interest" method as prescribed in AS-14 on 'Accounting for Amalgamation'

to record the amalgamation of the erstwhile Oriental Bank of Commerce and United Bank of India with the Bank with effect from April 1, 2020.

The Amalgamation has had a significant impact on the standalone financial statements of the Bank. In order to present the effect of the Amalgamation on the standalone financial statements of the Bank with effect from April 1, 2020, we have also included in this Placement Document, the following additional financial statements:

- Proforma financial statements for the three months ended June 30, 2019;
- Proforma financial statements for the three and six months ended September 30, 2019;
- Proforma financial statements for the three and nine months ended December 31, 2019; and
- Proforma financial statements for the three months and year ended March 31, 2020;

(collectively, the “**Proforma Financial Statements**”)

The Proforma Financial Statements involve various assumptions as stated therein, including that the carrying book values of assets and liabilities as per the audited financials as of March 31, 2020, and as per the reviewed financial results as of December 31, 2019, September 30, 2019, and June 30, 2019, of OBC and UBI have been incorporated with the carrying book value of assets and liabilities based on the audited financial statements as of March 31, 2020, and the reviewed financial results as of December 31, 2019, September 30, 2019, and June 30, 2019, of the Bank, respectively, in accordance with the “Guide to reporting on Proforma Financial Statements” issued by The Institute of Chartered Accountants of India. Further, the Proforma Financial Statements have been prepared by aggregation of audited numbers of balance sheet, profit and 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. These adjustments are set out in the notes to the Proforma Financial Statements. For further information, see “*Proforma Financial Statements*” on page 326. The Proforma Financial Statements have been prepared by our Bank’s management, and reported on by M/s. GS Mathur & Co., one of our Statutory Auditors.

Solely to illustrate the impact of the Amalgamation on a proforma basis, in the section “*Additional Proforma Combined Information*”, the financial and other information prior to the Amalgamation, (i.e. as of and for the six months ended September 30, 2019 and as of and for the year ended March 31, 2020) have been presented on a proforma combined basis, assuming that the Amalgamation had taken place with effect from April 1, 2019 and consequently presented as an aggregation of the respective financial and other information for our Bank and the erstwhile Oriental Bank of Commerce and erstwhile United Bank of India, in the respective financial periods (“**Proforma Combined Information**”). There can be no assurance that the manner in which such financial and other information was calculated for Oriental Bank of Commerce and United Bank of India prior to the Amalgamation would have been identical to the manner in which such information was calculated for our Bank. For further information, see “*Proforma Financial Statements*” and “*Additional Proforma Combined Information*” on pages 326 and 327, respectively.

The Proforma Financial Statements and Proforma Combined Information address a hypothetical situation and, therefore, do not represent our Bank’s actual financial position or results. The Proforma Financial Statements and Proforma Combined Information only purport to indicate the results of operations that would have resulted had the Amalgamation been completed at the beginning of the period presented and the financial position had the Amalgamation been completed as at the year/period end. The Proforma Financial Statements and Proforma Combined Information have been prepared for illustrative purposes only based on various assumptions stated therein, do not purport to predict our Bank’s future financial condition, results of operations or cash flows, and potential investors are cautioned against relying on such information in connection with any investment decision. The Proforma Financial Statements have not been prepared in accordance with auditing or other standards and practices generally accepted in other jurisdictions. For further information, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Presentation of Financial Information*” on page 101.

9. ***We are subject to the directed lending requirements of the Reserve Bank of India, and any shortfall in meeting these requirements may be required to be invested in Government schemes that yield low returns, thereby impacting our profitability. We may also experience a higher level of non-performing assets in our directed lending portfolio, which could adversely impact the quality of our loan portfolio and our business.***

Under the directed lending norms of the RBI, the RBI requires that every bank extend at least 40.00% of its adjusted net bank credit or the credit equivalent amount of off-balance sheet exposure, whichever is higher, to “priority sectors” such as agriculture, MSMEs, export credit, education, social infrastructure, renewable energy and as determined by the RBI. Of this, banks have targets or sub-targets for lending to key segments or sectors,

such as agriculture, micro-enterprises and advances to weaker sections. The RBI requires domestic commercial banks to extend at least 18.00% of the adjusted net bank credit or the credit equivalent amount of off-balance sheet exposure, whichever is higher, to the agricultural sector, out of which 8.00% is prescribed for small and marginal farmers. Further, 7.5% of the adjusted net bank credit or the credit equivalent amount of off-balance sheet exposure, whichever is higher, is prescribed for micro-enterprises and 10.00% is prescribed for advances to weaker sections. The targets prescribed for weaker sections and small and marginal farmers shall be implemented in a phased manner.

Our Bank's priority sector loan portfolio contains significant advances to the MSME and agriculture sector. As of September 30, 2020, MSME loans amounted to ₹ 118,090.40 crore (of which ₹ 55,612.06 crore were loans towards micro-enterprises representing 8.31% of our Bank's ANBC as of September 30, 2020), and ₹ 121,435.84 crore were loans towards the agriculture sector, representing 18.51% of our Bank's ANBC as of September 30, 2020.

As of March 31, 2018, 2019 and 2020 and as of September 30, 2020, priority sector credit constituted 40.94%, 41.89%, 39.47% and 41.33%, respectively, of the Bank's adjusted net bank credit, and loans to micro-enterprises contributed 7.65%, 7.71%, 7.27% and 8.31%, respectively, and to agriculture sector constituted 18.49%, 18.40%, 17.85% and 18.15%, respectively, of the Bank's adjusted net bank credit. Any revision in the definition or classification of segments eligible for priority sector lending could impact our ability to meet priority sector lending requirements. Further, in the event we are required to increase our exposure to the agricultural sector pursuant to GoI mandated directed lending, it may adversely affect our future financial performance. Public sector banks may be required to lend at below market rates in the agriculture sector according to the GoI's agricultural lending plans, which may make the market perceive that the exposure of public sector banks to the agricultural sector involves higher risks.

Our ability to receive repayment and interest upon our MSME loans is dependent upon various factors, including the health of the overall economy, the ability of our borrowers to repay their loan, the results of operations of such borrowers and their business. These and other factors could lead to an increase in impairment losses and adversely affect our business and results of operations. As a result of priority sector lending requirements, we may experience a higher level of non-performing assets in our directed lending portfolio, particularly due to loans to the agricultural sector and small enterprises, where we are less able to control the portfolio quality and where economic difficulties are likely to affect our borrowers more severely. As of March 31, 2018, 2019 and 2020 and as of September 30, 2020, the percentage of the Bank's priority sector gross NPAs to total priority sector advances was 13.95%, 14.98%, 18.39% and 14.95%, respectively. As of March 31, 2018, 2019 and 2020 and as of September 30, 2020, the percentage of the Bank's MSME industry gross NPAs to total MSME industry advances was 16.23%, 17.54%, 16.80% and 15.93%, respectively and the ratio of the Bank's agriculture gross NPAs to total agricultural advances was 10.98%, 11.91%, 15.63% and 14.10%, respectively, compared to the Bank's overall ratio of NPAs to total domestic advances of 18.38%, 15.50%, 14.21% and 13.43%, respectively. In Fiscal 2018 and Fiscal 2019, some states in India announced schemes for waiver of loans taken by farmers. While the cost of such schemes is borne by the state governments, such schemes or borrower expectations of such schemes result in higher delinquencies including in the kisan credit card portfolio for banks, including us. Under the RBI guidelines, specified categories of agricultural loans are classified as non-performing when they are overdue for more than two crop seasons in the case of short-duration crops and one crop season for long-duration crops, as compared to 90 days for loans in general. Thus, the classification of overdue loans as non-performing occurs at a later stage in respect of such loans than the loan portfolio in general. Any future changes by the Reserve Bank of India to the directed lending norms may result in our continued inability to meet the priority sector lending requirements as well as require us to increase our lending to relatively riskier segments and may result in an increase in non-performing loans.

Any shortfall in meeting the priority sector lending requirements may be required to be invested at any time, at the RBI's request, in an account with the NABARD under the Rural Infrastructure Development Fund Scheme, or with other financial institutions specified by the RBI, which generate lower levels of interest compared to advances made to the priority sector.

10. The value of our collateral may decrease or we may experience delays in enforcing collateral when borrowers default on their obligations, which may result in failure to recover the expected value of collateral security exposing us to potential loss.

Our loans to corporate customers also include working capital credit facilities that are typically secured by a first lien on inventory, receivables and other current assets. In some cases, we may have taken further security of a first

or second lien on fixed assets or a pledge of financial assets such as marketable securities. A substantial portion of our loans to retail customers is also secured by the assets financed, which are predominantly property and vehicles.

The value of the collateral provided by borrowers against advances may fluctuate or decline due to factors beyond our control, including deterioration in global and regional economic conditions or of asset values or as a result of adverse changes in the credit quality of our borrowers and counterparties or delays in bankruptcy and foreclosure proceedings or defects or deficiencies in the perfection of collateral. In the event of a decline in any of these, some of our loans may exceed the value of their underlying collateral. Changes in asset prices may cause the value of our collateral to decline. While we factor in any reduction in value to an extent, it may not be sufficient if the value of the collateral reduces substantially. This is particularly applicable in situation where the advances are secured by highly depreciating fixed assets such as, amongst others, vehicles and agricultural equipment.

In the event our borrowers default on the repayment of loans, we may not be able to realize the full value of the collateral due to various reasons, including a possible decline in the realizable value of the collateral, defective title or pledge of damaged items as security, prolonged legal proceedings and fraudulent actions by borrowers, or we may not be able to foreclose on collateral at all. The SARFAESI Act, the Recovery of Debts Due to Banks and Financial Institutions Act, 1993, Insolvency and Bankruptcy Code, 2016 (“**IBC**”), together with the Banking Regulation (Amendment) Act, 2017, through which the RBI has been given extensive powers for the recovery of bad loans and resolution of stressed assets, have strengthened the ability of lenders to recover NPAs by granting lenders greater rights to enforce security and recover amounts owed from secured borrowers. While we believe that such legislations have contributed to its enforcement efforts, there can be no assurance that these legislations will continue to be effective in resolving NPAs. A failure to recover the expected value of collateral security could expose us to potential losses and may adversely affect our financial condition. In light of the COVID-19 pandemic, the GoI has enacted the Insolvency and Bankruptcy Code (Second Amendment) Act, 2020 dated September 23, 2020, introducing Section 10A of the IBC, which provides that, notwithstanding anything contained in Sections 7, 9 and 10 of the IBC, no application for initiation of corporate insolvency resolution process of a corporate debtor shall be filed for any default arising on or after March 25, 2020 or a period of six months or such further period, not exceeding one year from such date, as may be notified in this behalf. This amendment may affect the recoveries for the Bank.

In addition, certain kinds of loans that are advanced by us are not secured by any assets. Pursuant to RBI prudential guidelines on restructuring of advances by banks, we may not be allowed to initiate recovery proceedings against a corporate borrower, where the borrower's aggregate total debt is ₹ 1,500 crore or more and 60.00% of the creditors by number and at least 75.00% of the creditors by value decide to restructure their advances. In such a situation, we are restricted to a restructuring process only as approved by the majority lenders. If we own 20.00% or less of the debt of a borrower, we could be forced to agree to an extended restructuring of debt which may not be in our interests. Further, considering the impact of the COVID-19 pandemic and to mitigate the impact on the ultimate borrowers, the RBI *vide* a notification dated August 6, 2020, has decided to provide a window under the Revised Framework to enable the lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans, while classifying such exposures as standard, subject to specified conditions.

We may be required to increase our provision for loan losses in case of any decline in the value of the security which could impair our ability to realize the secured assets upon any foreclosure. The amounts we receive upon sale of the secured assets may be insufficient to recover the outstanding principal and interest on the loan, in the event of a default with respect to any of these loans. Our profitability could be adversely affected, if we are required to re-value the assets securing a loan to satisfy the debt during a period of reduced asset values or to increase our allowance for loan losses, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

11. Consolidation of public sector banks as proposed by the GoI could lead to increased competition, which could have an adverse effect on our business, financial condition and results of operations.

As NPA levels have risen significantly over the years, the GoI and the RBI have undertaken various initiatives to monitor such defaults and strengthen the risk profile of public sector banks. These initiatives include proposal for public sector banks in India to amalgamate through an ‘Alternative Mechanism’ (“**AM**”). The GoI through a notification dated August 23, 2017, has granted in-principle approval for the same and further, the GoI through a notification dated November 1, 2017, has constituted an AM for consolidation of public sector banks in India. All proposal received from the public sector banks for in-principle approval to formulate schemes of amalgamation

is required to be placed before the AM and the AM may also direct the public sector banks to examine proposals of amalgamation. The GoI, in consultation with the RBI, will be required to approve the final schemes of amalgamation. In addition, the GoI announced the merger of three other public sector banks in Fiscal 2019, Bank of Baroda, Vijaya Bank and Dena Bank, which became effective from April 1, 2019. In Fiscal 2019, IDBI Bank, was acquired by LIC, following which IDBI Bank was reclassified as a private sector bank by the RBI. In Fiscal 2020, the GoI announced several additional mergers of public banks: Syndicate Bank's merger with Canara Bank; Andhra Bank's merger with Corporation Bank and Union Bank of India; and Allahabad Bank's merger with Indian Bank.

Consolidated entities may also gain increased financial strength, management capabilities, resources, operational experience, customer base and distribution channels. This could affect our ability to recruit and effectively train and retain a sufficient number of employees to keep pace with the growth of our business operations. Any decrease in our growth rates, whether in absolute terms or relative to industry standards, could adversely affect our market share and future prospects. Any of the foregoing events may materially and adversely affect our business, financial condition and results of operations.

12. Our business and financial performance are dependent on maintaining and building a successful branch network. Any failure to maintain, increase our coverage and any inability to use these branches productively, may have an adverse impact on our growth and profitability.

We have a large and diverse branch network across India and other jurisdictions. As of September 30, 2020, the Bank's distribution network in India included 10,930 branches across 28 States and eight Union Territories in India. Further, as of September 30, 2020, the Bank's distribution network also included two branches outside India. Our business and financial performance are dependent on maintaining our extensive network of branches, see "– Majority of our offices, branches and ATMs are located on premises taken by us on lease or on leave and license basis. We may not be able to renew these agreements for our branches upon acceptable terms or at all which could have an adverse effect on our business and results of operations." on page 75. In Fiscal 2020, we added nine branches in India. Our newly opened branches may not be profitable immediately upon their opening or may take time to break even. In the event of a delay in achieving break even by the newly opened branches within a reasonable period as envisaged by us, our profitability may be affected. Our branch expansion plans may have an adverse effect on the capital outlay which in turn may adversely affect our financial condition and results of operations. There will also be increased expenditure as a result of our strategy to expand into new geographies, including those planned for our branch network expansion, and newer businesses where our brand is not well known in the market.

As a consequence of our large and diverse branch network, we may be subject to additional risks inherent with an extensive network, including but not limited to higher technology costs for upgrading, expanding and securing our technology platform in such branches, operational risks including integration of internal controls and procedures, compliance with KYC, AML and other regulatory norms, ensuring customer satisfaction, recruiting, training and retaining skilled personnel, failure to manage third-party service providers in relation to any outsourced services and difficulties in the integration of new branches with our existing branch network. Any of these reasons may result in our failure to manage a large branch presence, which may materially and adversely affect our brand, reputation, financial condition and result of operations.

13. Our funding is primarily short-term and if depositors do not roll over deposited funds upon maturity, we may face asset-liability mismatches, which could affect our liquidity and our business could be adversely affected.

We meet a significant portion of our funding requirements through short and medium-term borrowings from sources such as deposits raised from retail and corporate customers, inter-bank deposits, borrowings from financial institutions and public and private issuance of bonds. However, a significant portion of our assets (such as loans to our customers) have maturities with longer terms than our borrowings.

We also obtain funding from capital reserves and borrowings. We may be unable to obtain these sources of funding or replace them with other deposits or borrowings at competitive rates, and there can be no assurance that a substantial number of our customers will roll over their deposits with us upon maturity, and we may be required to pay higher interest rates in order to attract or retain further deposits. Moreover, raising long-term borrowings in India has historically been challenging. Our inability to obtain additional credit facilities or renew our existing credit facilities for matching tenure of our liabilities in a timely and cost-effective manner, or at all, may adversely affect our liquidity position. Furthermore, the long average tenure of our loans may expose us to risks arising out

of economic cycles and our exposure to liquidity risk may increase as a result of an increase in delinquency rates on our loans or the risk of being unable to liquidate a position in a timely manner at a reasonable price, which may in turn materially and adversely affect our business, financial condition, results of operations and prospects. Assets and liability mismatch (“ALM”), which represents a situation when the financial terms of an institution’s assets and liabilities do not match, is a key financial parameter for us. We may face potential liquidity risks as a result of maturity and interest rate mismatches between our assets and liabilities. We may also have to source additional funding if we face stress in the market.

Interest rate fluctuations affect our cost of funds, and as a result, we are exposed to the risk of reduction in spreads, which is the difference between the returns that we earn on our advances and investments and the amounts that we must pay to fund them, on account of changing interest rates. In addition, if we are unable to re-invest the proceeds at similar interest rates, we will also face pre-payment risk on our loans, which may result in losing future interest and reduced cash flow. We may not be able to collect prepayment charges for certain products. We are also not permitted by the extant regulatory guidelines to charge foreclosure charges or prepayment penalties on all floating-rate term loans to individual borrowers. High volumes of deposit withdrawals or failure of a substantial number of our depositors to roll over deposited funds upon maturity or to replace deposited funds with fresh deposits as well as our inability to grow our deposit base, could have an adverse effect on our liquidity position and our business. We cannot assure you that we will be able to maintain a positive ALM. We may rely on funding options with a short term maturity period for extending long term loans, which may lead to negative ALM. Further, mismatches between our assets and liabilities are compounded in case of pre-payments of the financing facilities we grant to our customers. Any mismatch in our ALM, may lead to a liquidity risk and may adversely affect our operations and profitability. Also see “*Selected Statistical Information—Asset liability gap*” on page 138.

14. We are exposed to fluctuations in foreign exchange rates which could adversely affect our business, future financial performance and trading price of the Equity Shares.

We are exposed to exchange rate risk in our foreign exchange transactions and related derivative transactions, as a financial intermediary as well as foreign currency borrowings. We hedge our own risk to undertake various foreign exchange transactions and for proprietary trading which are exposed to various kinds of risks, such as, amongst others, credit risk, market risk and exchange rate risk. In order to mitigate such risks, we have adopted a market risk management policy and forex dealing and trading operations policy to mitigate risks arising out of customer transactions and proprietary trading through various risk limits such as counterparty bank exposure limits, country wise exposure limits, customer limits, overnight limits, intraday limits, stop loss limits, aggregate gap limits and value-at-risk limits.

As of September 30, 2020 the Bank’s credit exposure on account of outstanding gross forward exchange contracts amounted to ₹ 3,308.66 crore. As of March 31, 2018, 2019 and 2020 and as of September 30, 2020, the Bank had foreign currency borrowings of ₹ 3,714.30 crore, ₹ 5,321.60 crore, ₹ 751.15 crore and ₹ 938.74 crore, respectively, which constitutes 0.49%, 0.69%, 0.09% and 0.08%, respectively, of its total liabilities, thereby resulting in foreign currency risk in respect of our ability to service such debt. Adverse movements in foreign exchange rates may also impact our borrowers negatively, which may in turn impact the quality of our exposure to these borrowers. Volatility in foreign exchange rates may be further accentuated due to other global and domestic macroeconomic developments and as a result, may materially and adversely affect our business, future financial performance and the trading price of the Equity Shares.

Some of our borrowers also enter into derivative contracts to manage their foreign exchange risk exposures. Our derivative transactions are subject to regular monitoring by our risk assessment committee and to ensure compliance with limits prescribed by RBI. Some of our customers have incurred mark-to-market or crystallized losses on their foreign exchange contracts. The failure of our borrowers to manage their exposures to foreign exchange, derivative risk, adverse movements and volatility in foreign exchange rates may adversely affect our borrowers, the quality of our exposure to our borrowers and our business volumes and profitability. Defaults by our customers on their derivative contracts and their subsequent classification as NPAs may have an adverse impact on our profitability, business and the price of the Equity Shares.

15. We are required to maintain minimum cash reserve ratio (“CRR”) and statutory liquidity ratio (“SLR”) in accordance with RBI guidelines, and any increase in these requirements could adversely affect our business.

Under RBI regulations, we are subject to a CRR requirement. The CRR is a bank’s balance held in an interest-free current account with the RBI calculated as a specified percentage of its net demand and time liabilities,

excluding interbank deposits. The CRR currently applicable to banks in India is 3.00%. In addition, under the Banking Regulation Act, all banks operating in India are required to maintain an SLR. The SLR is a specified percentage of a bank's net demand and time liabilities required to be maintained by way of liquid assets such as cash, gold or approved unencumbered securities. Approved securities consist of unencumbered Government securities and other securities as may be approved from time to time by the RBI and, which earn lower levels of interest as compared to advances to customers or investments made in other securities.

Currently, the RBI requires banks to maintain a SLR of 18.00%. For Fiscal 2020 and the six months ended September 30, 2020, majority of Government securities held by us comprised fixed income bonds. In an environment of rising interest rates, the value of Government securities and other fixed income securities may depreciate. Our large portfolio of Government securities may limit our ability to deploy funds into higher yielding investments. Further, a decline in the valuation of our trading book as a result of rising interest rates may adversely affect our financial condition and results of operations. As a result of the statutory requirements imposed on us, we may be more structurally exposed to interest rate risk as compared to banks in other countries.

Further, the RBI may increase the CRR and SLR requirements to significantly higher proportions as a monetary policy measure. Any substantial increases in the CRR from the current levels could affect our ability to deploy our funds or make investments, which could in turn have a negative impact on our results of operations. If we are unable to meet the requirements of the RBI, the RBI may impose penal interest or prohibit us from receiving any further fresh deposits, which may have a material adverse effect on our business, financial condition and results of operations.

16. Our investment portfolio comprises largely of government securities that may limit our ability to deploy funds in higher yield investments.

As of September 30, 2020, government securities represented 86.44% of the Bank's investment portfolio, and comprised 31.65% of the Bank's demand and term liabilities. We earn interest on such government securities at rates which are less favorable than those which we typically receive in respect of our retail and corporate loan portfolio, and this adversely impacts our net interest income and net interest margin. In addition, the market and accounting value of such securities could be adversely affected by overall rising interest rates.

Although many of these government securities are long-term in nature, the market value of our holdings could decrease if interest rates increase. In such cases, we may have to choose between liquidating our investments and incurring losses, or holding the securities and potentially being required to recognize an accounting loss upon marking to market the value of such investments, and either outcome may adversely impact our business, financial condition and results of operations.

17. A major part of our Bank's branches are concentrated in northern states of India, making us vulnerable to risks associated with having geographically concentrated operations.

Our Bank's branches are primarily concentrated in the northern states of India. As of September 30, 2020, 37.70% of our Bank's domestic advances and deposits were contributed by the northern states of India, namely, Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Punjab and Rajasthan. Also see "Selected Statistical Information—Regional concentration".

Regional factors that impact our profitability include: (i) the growth in population, income levels, and deposits in these states, (ii) general economic and political conditions in the region, (iii) laws and regulations, and (iv) the favorability of these states as investment destinations. As a result, our operations may be more adversely affected than banks that have greater geographic diversity. Any one of these events may result in a material adverse change in our business, financial condition, results of operations and cash flows.

18. The banking industry in India is subject to extensive regulation and significant changes in the banking regulations may adversely affect our business and our future financial performance.

Banks in India are subject to detailed regulation and supervision by the RBI. In addition, banks are generally subject to changes in Indian law, as well as to changes in regulations, government policies and accounting principles. We operate in a highly regulated environment in which the RBI, SEBI and IRDAI and other domestic and international regulators regulate our operations. As we operate under licenses or registrations obtained from appropriate regulators, we are subject to actions that may be taken by such regulators in the event of any non-compliance with any applicable policies, guidelines, circular, notifications and regulations issued by the relevant

regulators. Our business could be directly affected by any changes in policies for banks in respect of directed lending, reserve requirements and other areas. For example, the RBI could change its methods of enforcing directed lending standards so as to require more lending to certain sectors, which could require us to change certain aspects of our business. Further, the RBI also appoints the statutory central auditors of our Bank. The RBI has, instructed that our Statutory Central Auditors appointed for Fiscal 2020 also conduct the review for the six months ended September 30, 2020. In addition, we may be subject to other changes in laws and regulations, such as those affecting the extent to which we can engage in specific businesses or those that reduce our profits through a limit on either fees or interest rates that we may charge our customers or those affecting foreign investment in the banking industry, as well as changes in other governmental policies and enforcement decisions, income tax laws, foreign investment laws and accounting principles. For instance, as a result of the COVID-19 pandemic and consequent impact on the economy, the RBI along with other government agencies have revised certain regulations and modified the applicability of certain existing regulations, including with respect to grant of moratoriums, recognition of NPAs, collections and recoveries under resolution plans, and determination of interest payable, in an effort to address the challenges being faced by the banking industry. See “ – We may not be able to predict the impact of the COVID-19 pandemic on our Bank’s business, cash flows, results of the operations and financial condition.” On page 48 and “ – The value of our collateral may decrease or we may experience delays in enforcing collateral when borrowers default on their obligations, which may result in failure to recover the expected value of collateral security exposing us to potential loss.” On page 58.

The laws and regulations governing the banking sector, including those governing the products and services that we provide or propose to provide, could change in the future, and any changes may adversely affect our business, our future financial performance and the trading price of our Equity Shares. Any change to the existing legal or regulatory framework will require us to allocate additional resources, which may increase our regulatory compliance costs and direct management attention and consequently affect our business.

19. A substantial portion of our income is derived from non-banking activities and fee-based services. Our financial performance may be materially and adversely affected by an inability to generate and sustain such income.

We have, over the years, expanded our operations from undertaking banking activities to providing certain non-banking and fee and commission-based services. Fee from commission, exchange and brokerage services increased from ₹ 2,791.91 crore in Fiscal 2018 to ₹ 2,817.00 crore in Fiscal 2020. Our non-banking activities through our Subsidiaries, Joint Venture and Associates mainly include housing finance, life insurance/ bancassurance, merchant banking, corporate advisory and trusteeship services, primary dealership including equity trading and asset reconstruction.

We earn fee-based income from corporate agency services, which include marketing and distribution of insurance products. We also earn fee-based income from our foreign exchange and treasury operations business. As part of our foreign exchange and treasury operations business, we may from time to time hold assets on our balance sheet which may subject us to market risk and credit risk. There can be no assurance that we will be able to sustain current levels of income from, or effectively manage the risks associated with, these businesses in the future.

New initiatives, products and services that we may introduce, will entail a number of risks and challenges, including risks relating to execution, the failure to identify new segments, the inability to attract customers and the inability to make competitive offerings. If we are unable to successfully diversify our products and services while managing the related risks and challenges, returns on such products and services may be less than anticipated, which may materially and adversely affect our business, financial condition and results of operations.

20. We distribute third-party investment products, such as mutual funds, brokerage and insurance products. Our inability to effectively manage any of these businesses may adversely affect our business, results of operation and financial condition.

In order to grow our non-interest income, we distribute third-party products, such as, amongst others, mutual funds and insurance products. We have engaged with various third-party product companies to distribute such products. However, we have no control over the actions of such third-party product companies and their products. Any failure on the part of such third-party product companies, including any failure to comply with applicable regulatory norms, any regulatory action taken against such parties or any adverse publicity relating to such party could, in turn, result in negative publicity about us and adversely impact our brand and reputation. Further, in case customers to whom such products are sold, experience deficiency of service or are otherwise aggrieved, we may

be subject to litigation or claims for damages by such aggrieved customers, which could have adverse effects on our reputation and our business, financial position and results of operations.

21. The effects of the adoption of Indian Accounting Standards (“Ind AS”) are uncertain and any failure to successfully adopt Ind AS could adversely affect our business, financial conditions and results of operations.

The Bank currently prepares its annual and interim financial statements under Indian GAAP. The Ministry of Corporate Affairs (the “MCA”), in its press release dated January 18, 2016, issued a roadmap for implementation of Ind-AS converged with IFRS for scheduled commercial banks, insurers, insurance companies and non-banking financial companies. This roadmap requires scheduled commercial banks and insurance companies and specified categories of NBFCs to prepare Ind AS based financial statements for the accounting periods beginning from April 1, 2018 onwards with comparatives for the periods ending March 31, 2018. Further, the RBI in its circular dated February 11, 2016, through which it has indicated that scheduled commercial banks should comply with Ind AS for preparation of financial statements for the same periods stated above. In April 2018, the RBI deferred the effective date for implementation of Ind AS by one year at which point the necessary legislative amendments are expected to have been completed. The RBI has subsequently decided to defer the implementation of Ind AS on scheduled commercial banks until further notice, in its circular dated March 22, 2019.

We have submitted unaudited proforma Ind AS financial statements to the RBI, however, the possible nature and extent of impact of Ind AS on our financial reporting is still not entirely clear. Further, the new accounting standards will change, among other things, our methodology for estimating allowances for expected loan losses and for classifying and valuing our investment portfolio and our revenue recognition policy. For estimation of expected loan losses, the new accounting standards may require us to calculate the present value of the expected future cash flows realizable from our advances, including the possible liquidation of collateral (discounted at the loan's effective interest rate). This may result in us recognizing allowances for expected loan losses in the future which may be higher than under the current Indian GAAP. We have made no attempt to quantify the impact of the differences between Indian GAAP and Ind AS. There may be a possibility that our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under Ind AS than under Indian GAAP. The mark to market requirements required under Ind AS may also impact our revenues and profitability. In our transition to Ind AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Further, there is no significant body of established practice on which to draw in forming judgments regarding the new system's implementation and application. There can be no assurance that our adoption of Ind AS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt Ind AS could materially adversely affect our business, financial condition and results of operations.

Moreover, although we currently have an internal control framework in place in order to report our financial statements under Indian GAAP, and are in the process of taking necessary steps for implementation of Ind AS, we will have to modify our internal control framework and adopt new internal controls in order to report under Ind AS. These new internal controls will require, amongst others, a transition to more model-based evaluation of certain items, as well as staff that are adequately knowledgeable with Ind AS. There is no assurance that we will be able to implement effective internal controls under Ind AS in a timely manner or at all and any failure to do so could materially adversely affect our financial condition and results of operations.

22. We rely on our correspondent banks in other countries to facilitate our foreign exchange operations. Any failure to maintain such relationships or enter such new relationships with correspondent banks may impact our ability to grow our foreign exchange business.

As of September 30, 2020, we maintain relationships with 120 correspondent banks across 49 countries internationally. We offer trade finance, foreign exchange and certain other treasury services from these relationships. We maintain Nostro accounts in foreign currencies which facilitates inward and outward remittance. Our customers can remit funds to India in any of the currencies for which we have opened such accounts, by instructing their banks to remit the funds to our Nostro account maintained in that particular currency. We may need to open such Nostro accounts with the correspondent banks in those locations in case we intend to cater to a different foreign location or currency. Opening and maintaining such accounts requires compliance with strict KYC norms and any failure to adhere to such norms may result in the correspondent bank closing these accounts.

A correspondent bank may discontinue any of the services that it offers in relation to accounts, which may result in customer dissatisfaction. There can be no assurance that we will be able to retain our existing correspondent banks

or enter into similar arrangements with new correspondent banks on commercially reasonable terms or at all. We could be forced to scale back our treasury, trade and remittance business, in the event that we are unable to open new accounts or continue to maintain existing accounts with our nostro correspondent banks for any reason whatsoever, which could adversely affect our business, cash flows, results of operations and financial condition.

23. *The Indian banking industry is very competitive and our growth strategy depends on our ability to compete effectively.*

We face competition in all our principal areas of business. Private sector banks, foreign banks, other public sector banks, and other companies engaged in the distribution of any of the products/ services that our Bank offers (including small finance banks and payment banks), are our main competitors, followed closely by finance companies, insurance companies, asset management companies, development financial institutions, mutual funds, and investment banks.

We may also face increased competition from foreign banks if the Indian retail market is further liberalized or if regulations and restrictions on branch network growth by foreign banks are simplified or reduced. Foreign banks may operate in India by establishing wholly owned subsidiaries which are allowed to raise Rupee resources through issue of non-equity capital instruments. In addition, wholly owned subsidiaries of foreign banks may be allowed to open branches in Tier II to Tier VI centers except at specified locations which are considered sensitive for national security reasons. Further, under the foreign exchange regulations, an aggregate foreign investment of up to 49.00% under the automatic route, and 74.00% under the government approval route, in Indian private sector banks is allowed; compared to 20.00% under the government route for public sector banks, as provided under the Banking Companies Act. Competition from foreign banks may increase as the RBI has indicated that it plans to give greater access to foreign banks in the Indian market. Such deregulation may result in the Bank facing increasing competition in the raising of funds from market sources and individual depositors.

In addition, new entrants into the financial services industry, including companies in the financial technology sector, may further intensify competition in the business environments in which the Bank operates, especially in the digital business environment. As a result, the Bank may be forced to adapt its business to compete more effectively. For example, non-bank financial companies, particularly international technology companies including large e-commerce players, have recently been increasing their presence in the financial sector in India and offering payment platforms and select services to customers, which increase competitive pressures on the Bank. The RBI has released guidelines with respect to a continuous licensing policy for universal banks as compared to its earlier practice of intermittently issuing licenses. The RBI has also demonstrated an intention to allow small finance banks to apply for a universal banking license under this framework. Further, the RBI has issued Guidelines for On-Tap Licensing of SFBs in the Private Sector on December 5, 2019, which permits applicants, including payments banks, to apply for SFB license to the RBI at any time, subject to fulfilment of certain eligibility criteria and other conditions. These developments may increase the number of players in India's banking space.

Increased competitive pressure may have an adverse impact on the Bank's earnings, its future financial performance and the trading price of the Equity Shares. Due to competitive pressures, the Bank may be unable to retain resources at reasonable costs, or successfully execute its growth strategy and offer products and services at reasonable returns and this may adversely affect its business and operations.

24. *We are subject to capital adequacy norms and are required to maintain a CRAR at the minimum level required by RBI for domestic banks. Any inability to maintain adequate capital due to change in regulations or lack of access to capital or otherwise could materially and adversely affect our results of operations and financial condition.*

We are subject to regulations relating to capital adequacy of banks, which determines the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio, or capital-to-risk weighted asset ratio. The RBI requires banks in India to maintain a minimum CRAR of 10.875% (including capital conservation buffer) as on date, which will increase to 11.50% of RWAs from April 1, 2021. In addition, RBI issued the RBI Basel III Capital Regulations on May 2, 2012 pursuant to our Bank for International Settlement's Basel III international regulatory framework and was implemented on April 1, 2013. The RBI Basel III Capital Regulations require, among other things, higher levels of Tier I capital and common equity, capital conservation buffers, maintenance of a minimum prescribed leverage ratio on a quarterly basis, higher deductions from common equity and Tier I capital for investments in subsidiaries and changes in the structure of non-equity instruments eligible for inclusion in Tier I capital. The RBI Basel III Capital Regulations also set out elements of regulatory capital

and the scope of the capital adequacy framework, including disclosure requirements of components of capital and risk coverage. The transitional arrangements for the implementation of Basel III capital regulations in India began on April 1, 2013 and the guidelines are required to be fully implemented by April 1, 2021. In accordance with the Basel III capital regulations, the Bank is required to maintain a minimum CET-I capital ratio of 7.375% (including capital conservation buffer of 1.875%), and a minimum Tier I CRAR of 8.875% (including capital conservation buffer of 1.875%) of its risk weighted assets, as of September 30, 2020. Any incremental capital requirement may adversely impact our ability to grow our business and may even require us to withdraw from or curtail some of our current business operations.

In accordance with the Basel III norms, as of September 30, 2020, the Bank's Tier I and total capital adequacy ratios were 10.33% and 12.84%, respectively. We are exposed to the risk of the RBI increasing the applicable risk weight for different asset classes from time to time. Although we have implemented and follow a policy of maintaining a minimum capital adequacy ratio as stipulated in the Basel III Capital Regulations issued by the RBI, there can be no assurance that we will be able to maintain this ratio in the future. For instance, we have previously recorded CRAR, CET1 capital ratio, and leverage ratio that were below the regulatory requirement. Implementation of Basel III or other such capital adequacy requirements imposed by RBI may result in incurrence of substantial compliance and monitoring costs and any breach of applicable laws and regulations will adversely affect our reputation or our business operations and financial conditions. In addition, Government of India has announced recapitalization plan for public sector banks. However, there can be no assurance that GoI will provide additional capital to the Bank. Moreover, if the Basel Committee on Banking Supervision (the "**Basel Committee**") releases additional or more stringent guidance on capital adequacy norms which are given the effect of law in India in the future, we may be required to raise or maintain additional capital in a manner which could materially adversely affect our business, financial condition and results of operations.

The RBI, by its circular dated April 17, 2020, on the 'Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR)', has stated that while banks are required to maintain LCR of 100% with effect from January 1, 2019, in order to accommodate the burden on the banks' cash flows on account of the COVID-19 pandemic, banks are permitted to maintain LCR as follows: (i) 80% from the date of circular (being, April 17, 2020) to September 30, 2020, (ii) 90% from October 1, 2020 to March 31, 2021 and (iii) 100% with effect from April 1, 2021.

If we fail to meet capital adequacy requirements, the RBI may take certain actions, including restricting our lending and investment activities and the payment of dividends by us. These actions could materially and adversely affect our reputation, results of operations and financial condition.

25. *We may seek opportunities for growth through acquisitions, divest our existing businesses, or be required to undertake mergers by the Reserve Bank of India and could face integration and other acquisitions risks.*

We may seek opportunities for growth through acquisitions or be required to undertake mergers mandated by the RBI under its statutory powers. Also see " – *Oriental Bank of Commerce and United Bank of India have recently merged with our Bank and are in the process of integration. Any failure in successfully integrating these entities with our Bank's business may have an adverse effect on our business, results of operations and financial condition*" on page 53. We may in the future examine and seek opportunities for acquisitions in countries where we currently operate. Our Subsidiaries or Associates may also undertake mergers, acquisitions and takeovers in India or internationally. Mergers and acquisitions by our Subsidiaries could lead to reduction in our shareholding in such Subsidiaries (including to below majority ownership in certain Subsidiaries). Any future acquisitions or mergers or takeovers, whether by us or our Subsidiaries, both Indian or international, may involve a number of risks, including the possibility of a deterioration of asset quality, quality of business and business operations, financial impact of employee related liabilities, diversion of our management's attention required to integrate the acquired business and the failure to retain key acquired personnel and clients, leverage synergies or rationalize operations, or develop the skills required for new businesses and markets, or unknown and known liabilities including any ongoing litigation, claims or disputes concerning such acquisition, merger, its shareholders, share capital or its legal and regulatory compliance obligations or practices, some or all of which could have an adverse effect on our business or that of our Subsidiaries or Associates.

We may also sell all or part of one or more of our businesses, including our Subsidiaries, for a variety of reasons including changes in strategic focus, redeployment of capital, contractual obligations and regulatory requirements.

26. *Our inability to maintain or grow our CASA ratio may result in higher cost of deposits and impact our financial condition.*

We have traditionally maintained high CASA deposits due to our large retail customer base spread across India. As of September 30, 2020, the share of domestic CASA deposits was 44.10% of the Bank's total domestic deposits. Any decline in CASA share on total deposit could adversely impact the profitability of the Bank. Our liquidity position will also be adversely affected if a significant portion of our depositors do not roll over deposited funds upon maturity or do so for a shorter maturity than that of our assets. Our ability to raise fresh deposits and grow our deposit base depends in part on our ability to expand our network of branches. Further, though retail deposits constitute a huge portion of our deposit base, we also accept high value deposits depending on the funding requirements. Accordingly, we may be required to seek more expensive sources of funding to finance our operations, which would result in a decline in our profits and have a material adverse effect on our business, liquidity, financial condition and results of operations.

We intend to grow our CASA ratio, in order to reduce cost of funds and improve our core deposits. Our strategy is to improve our CASA ratio and growing CASA book through deeper engagement with existing relationships. In order to attract retail customers and increase our CASA deposits, we intend to introduce new products and promote our products through marketing campaigns. The interest rates that we must pay to attract customer deposits are determined by numerous factors such as the prevailing interest rate structure, competitive landscape, Indian monetary policy and inflation. However, there is no assurance that we will be successful in growing our CASA base.

We may not be able to maintain our CASA deposits and ratio owing to the increased competition from other banks and lending institutions. If we fail to maintain or grow our CASA ratio, our financial condition and cash flows may be materially and adversely affected.

27. Non-compliance with RBI inspection/ observations may have a material adverse effect on our business, financial condition or results of operation. Our overseas branches are also subject to inspections from regulators in such jurisdictions. Any adverse observations from such regulators could have a material adverse effect on our business, financial condition or results of operation.

We are subject to periodic inspections by RBI under the Banking Regulation Act, during the course of which, the RBI advises on issues related to various risk and regulatory non-compliances. During such inspections in the past, the RBI has made certain observations regarding our business and operations and incorporates such findings in its final inspection report and requires that we take certain actions to its satisfaction. The RBI has, among other things, identified deficiencies in our Bank's operations including, governance and risk management, fraud detection and reporting, strengthening of the control functions, cyber security capabilities, credit monitoring arrangements, effective monitoring of loan portfolio and classification of loans, including timely review of ratings, strengthening its collateral management system to include a framework for centralized monitoring of collaterals, ensuring timely creation of charge and periodic valuation of securities, implementation of unique customer identification code etc. Further, the RBI has observed that certain compliance requirements were not being met by our Bank, including in relation to risk management, delays in reporting and provision of certain services in micro-ATMs. The RBI also made certain observations in relation to our overseas subsidiaries. The last RBI inspection was for Fiscal 2019. Based on the RBI inspection, our Bank has disclosed divergence in asset classification and provisioning for NPAs to the Stock Exchanges. While we have undertaken steps to comply with these observations and have informed RBI regarding the status of our compliance, there can be no assurance that RBI will consider such steps to be adequate and treat the observations as being duly complied with. In the event we are not able to comply with the observations made by the RBI, we could be subject to supervisory actions which may have a material adverse effect on our reputation, financial condition and results of operations. Further, our overseas branches are also subject to inspections/ observations from regulators in such jurisdictions and any adverse observation may have an adverse effect on our business and financial conditions.

Further, whilst OBC and UBI were amalgamated with our Bank with effect from April 1, 2020, in recent observations provided by RBI prior to the Amalgamation, RBI has, among other things, identified issues in the operations of erstwhile OBC and UBI, including in the areas of fraud risk management, customer service, cyber security and compliance with RBI mandated guidelines and directions, an increase in vigilance cases and persistent levels of NPAs in the corporate, agriculture and MSME portfolios.

28. Our treasury income, debt investment portfolio and derivatives portfolio are exposed to risks relating to mark-to-market valuation, illiquidity, and credit risk and income volatility.

The Bank had a debt investment portfolio (consisting of government securities, treasury bills and other debt

securities) in available for sale and held for trading of ₹ 111,678.83 crore as at September 30, 2020. We run value-at-risk tests to manage risks in our investments, but in the event interest rates rise, our portfolio will be exposed to the adverse impact of the mark-to-market valuation of such investments. Any rise in interest rates leading to a fall in the market value of such debentures or bonds may materially and adversely affect our business, financial condition and results of operations. We may face income volatility due to the illiquid market for the disposal of some of our debt investment portfolio.

Our Bank's gross non-performing investments increased during the six months ended September 30, 2020, and while these accounts are monitored and recovery efforts are carried out, any increase in the amount of non-performing investments due to adverse developments in the domestic or international markets, may adversely affect our financial condition.

Our income from treasury operations is subject to volatility due to, among other things, changes in interest rates and foreign currency exchange rates as well as other market fluctuations. For example, an increase in interest rates may have a negative impact on the value of certain investments such as Government securities and corporate bonds and may, under certain circumstances, require us to mark down the value of these investments on our balance sheet and recognize a loss on our income statement. Similarly, our derivative portfolio is subject to fluctuations in interest rates and foreign exchange rates, and any movement in those rates may require us to mark down the value of our derivatives portfolio. While we invest in corporate debt instruments as part of our normal business, we are exposed to the risk of an issuer defaulting on its obligations. Changes in corporate bond spreads also affect valuations and expose us to risk of valuation losses. Although we have risk and operational controls and procedures in place for our treasury operations, such as sensitivity limits, value at risk ("VaR") limits, position limits, stop loss limits and exposure limits that are designed to mitigate the extent of such losses, there can be no assurance that we will not lose our investments in the course of trading on our fixed income book in held for trading and available-for-sale portfolio. Any such losses could materially and adversely affect our business, financial condition, results of operations and prospects.

29. Our risk management policies and procedures may not adequately address unidentified or unanticipated risks.

Our risk management functions are divided on the basis of principal risks defined under applicable Basel III guidelines, i.e., credit risk, market risk, operational risk and liquidity risk. While we have a well-defined risk management governance framework that comprises of a risk management committee and sub committees for management of credit, market, liquidity and operational risk, to the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures, in particular to market environments or against particular types of risk. We have devoted significant resources to develop our risk management policies and procedures and aim to continue to do so in the future. See "Risk Management" on page 217. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our methods of managing risks are based upon the use of observed historical market behavior. As a result, these methods may not accurately predict future risk exposures which could be significantly greater than those indicated by the historical measures. Management of operations, legal and regulatory risks requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective. As we seek to expand the scope of our operations, we also face the risk that we may not be able to develop risk management policies and procedures that are properly designed for new business areas or to manage the risks associated with the growth of our existing businesses effectively. Implementation and monitoring may prove particularly challenging with respect to businesses that we plan on developing. An inability to develop and implement effective risk management policies may materially and adversely affect our business, financial condition and results of operations.

30. We are involved in certain legal and other proceedings which, if determined against us, could have a material adverse impact on our financial condition.

We are involved in various legal proceedings and other proceedings in the ordinary course of our business. These legal proceedings are primarily in the nature of tax proceedings, recovery proceedings, consumer disputes, regulatory proceedings, criminal complaints and other civil proceedings, and are pending at different levels of adjudication before various courts, tribunals, statutory and regulatory authorities/ other judicial authorities. Although it is our policy to make provisions for probable loss, we do not make provisions or disclosures in our financial statements where our assessment is that the risk is insignificant. We have also been penalised by RBI for certain non-compliances or contravention of applicable law in the past, from time to time. We can give no

assurance that these legal proceedings will be decided in our favour and we may incur significant expenses and management time in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If any new developments arise, for example, rulings against us by the appellate courts or tribunals, we may face losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities. If such claims are determined against us, there could be a material adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares. If our provisioning is inadequate relative to actual losses on final judgment, such additional losses could have an adverse impact on our business and financial condition. For further information, see “*Legal Proceedings*” on page 310.

31. *We are exposed to risks derived from the performance of our Subsidiaries, Joint Venture and Associates.*

As of September 30, 2020, we have five Subsidiaries, one Joint Venture and 14 Associates (including nine Regional Rural Banks). During Fiscal 2020, our Subsidiaries, Joint Venture and Associates generated an aggregate of ₹ 102.26 crore of profit, while the Bank made a profit of ₹ 336.19 crore on a standalone basis, which resulted in our profit of ₹ 438.45 crore on a consolidated basis. As a result, an impact on the performance of any or all of certain key Subsidiaries, Joint Venture and Associates could have a material impact on our performance on a consolidated basis.

For instance, our Associate incorporated in Kazakhstan, JSC Tengri Bank was penalized by the National Bank of the Republic of Kazakhstan (“**NBRK**”) for an amount of ₹ 0.36 crore in the six months ended September 30, 2020 for non-compliance with guidelines issued by the NBRK. There have also been certain arrests and allegations of fraud with respect to this entity by regulatory authorities in Kazakhstan. The regulatory authorities subsequently revoked the license of JSC Tengri Bank with effect from September 18, 2020, thereby prohibiting it from conducting banking operations and other activities in the securities market, and appointing a temporary administrator for the entity. Our Associate entity, PNB Housing Finance Limited (“**PNBHFL**”), was penalized by the National Housing Bank (“**NHB**”) for an amount of ₹ 75,000 (plus GST) in Fiscal 2020 and ₹ 2.24 crore in the six months ended September 30, 2020, for non-compliance with certain guidelines issued by the NHB. In addition, Everest Bank Limited, our Joint Venture, was penalized by the Nepal Rastra Bank (“**NRB**”) for an amount of Nepalese Rupees 500,000 in Fiscal 2020 for failing to comply with certain guidelines issued by the NRB. Our Subsidiary Druk PNB Bank Limited was also penalized in Fiscal 2020 for an amount of ₹ 150,000 by the Royal Monetary Authority (“**RMA**”) for regulatory violation of directive on personal loans and directive on housing loans. In addition, our overseas branches of Dubai, Hong Kong and PNB International UK, have been advised to file their claim to liquidation commission timely for amount aggregating to US\$ 60.55 million. For further information, see “*Legal Proceedings*” on page 310. The penalties imposed by such regulators may generate adverse publicity for the Bank and its business. Such adverse publicity, or any future scrutiny, investigation, inspection or audit which could result in penalties, public reprimands, reputational loss, significant time and attention from management, costs for investigations and remediation of non-compliances, may materially adversely affect our business and financial results.

32. *Our business operations are heavily reliant on our information technology systems. Any failure of or disruptions in our systems could have an adverse impact on our operations and financial condition.*

Our business is largely dependent on our information technology systems. We service our customers, undertake our risk management functions, provide deposit services, loan origination functions, as well as increase our portfolio of products and services, through our information technology systems. We also rely on our technology platform to undertake financial control and for transaction processing. In addition, our systems connect our ATMs, branches and other delivery channels. Our hardware and software systems are also subject to damage or incapacitation by human error, natural disasters, power loss, sabotage, computer viruses and similar events or the loss of support services from third parties such as internet backbone providers. Our information technology systems may be subject to interruptions and temporary disruptions, and may not meet our requirements or be suitable for use at all times. Further, on account of the COVID-19 pandemic, some of our suppliers were unable to supply hardware items on time. So far, we have not experienced widespread disruptions of service to our customers, but there can be no assurance that we may not encounter such disruptions in the future due to substantially increased numbers of customers and transactions, or for other reasons. Further, any continued disruption in our information technology systems may also result in certain measures being imposed by the RBI, including limiting certain business activities. Any inability to maintain the reliability and efficiency of our systems could adversely affect our reputation, and our ability to attract and retain customers. In the event we experience system interruptions, errors or downtime (which could result from a variety of causes, including changes in customer use patterns, technological failure, changes to systems, linkages with

third-party systems and power failures) or any other failures, or if we are unable to develop necessary technology, our business, financial condition and results of operations may be adversely affected.

33. Our international operations are subject to legal and regulatory risks. If we do not effectively manage our foreign operations or any further international expansion, our operations may incur losses or otherwise adversely affect our business and results of operations.

Our international operations included two branches as of September 30, 2020, in Hong Kong and Dubai. In addition, we have one Associate bank in Kazakhstan, one in Nepal, one Subsidiary in the United Kingdom and one Subsidiary in Bhutan. As a result, we are subject to additional risks related to complying with wide variety of international banking and financial services laws and regulations and regulatory and enforcement authorities in the jurisdictions in which we operate. In addition, we also face risks related to economic and political environment challenges, restrictions on the import and export of certain intermediates, banking regulations, technologies and multiple and possibly overlapping tax structures.

The laws and regulations governing the banking and financial services industry in the jurisdictions we operate, have become increasingly complex, governing a wide variety of issues, including interest rates, liquidity, capital adequacy, securitization, investments, ethical issues, money laundering, privacy, record keeping, outsourcing and marketing and selling practices, with sometimes overlapping jurisdictional or enforcement authorities. We have in the past experienced certain instances of non-compliance with applicable regulations, and have been penalized for such non-compliances. See “ – We are exposed to risks derived from the performance of our Subsidiaries, Joint Venture and Associates” on page 69. In addition, the regulatory authorities in the Republic of Kazakhstan revoked the license of our Associate, JSC Tengri Bank, with effect from September 18, 2020 for failing to comply with certain prudential standards and other mandatory norms and regulatory limits, thereby prohibiting it from conducting banking operations and other activities in the securities market, and appointing a temporary administrator for the entity. Any failure to comply with applicable regulations in various jurisdictions, including unauthorized actions by employees, representatives, agents and third parties, suspected or perceived failures and media reports, and future inquiries or investigations by regulatory and enforcement authorities, may result in regulatory action including financial penalties and restrictions on or suspension of the related business operations. We may also face difficulties integrating new facilities in different countries into our existing operations, as well as integrating employees that we hire in different countries into our existing corporate culture or comply with unfamiliar laws and regulations. In addition, we face competition from banks in other countries that may have more experience and resources in those countries or in international operations generally. We remain a small-size operator in foreign markets where we are currently present and many of our competitors have much greater resources. If we do not effectively manage our foreign operations, our results of operations may be adversely affected.

34. Any downgrade of our debt ratings or of India’s debt rating by international rating agencies could adversely affect our business.

Our debt is rated by various agencies, including by India Rating, ICRA, CARE, Brickwork, and CRISIL. For our infrastructure bonds, we have been granted a rating of CRISIL AA+, CARE AA+, and ICRA AA-. For our Basel III compliant Tier II bonds a rating of CRISIL AA+, ICRA AA-, and CARE AA+; and for our Basel III perpetual bonds a rating of Brickwork AA, CRISIL AA- and CARE AA-. While our credit ratings have been upgraded recently, any downgrade in our credit ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis, which may adversely affect our profitability and future growth.

There can be no assurance that these ratings will not be further revised or changed by the above rating agencies due to various factors, including on account of the COVID-19 pandemic, and our corresponding performance, or that any of the other global rating agencies will not downgrade India’s credit rating. For instance, the Bank’s ratings its Basel III perpetual bonds were downgraded from A+ to A by India Ratings in 2019. Moreover, any adverse revisions to India’s credit ratings for domestic and international debt by international rating agencies may adversely impact the Bank’s ability to raise additional financing and the interest rates and other commercial terms at which such financing is available. A downgrading of India’s credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside the Bank’s control. Any of these developments may materially and adversely affect our business, financial condition and results of operations.

35. We may not be able to detect money-laundering and other illegal or improper activities in a comprehensive manner or on a timely basis, which could expose us to additional liability and harm our business or

reputation.

We are required to comply with applicable anti-money laundering and anti-terrorism laws and other regulations in India and in other jurisdictions where we have operations. These laws and regulations require us to adopt certain measures, including, to adopt and enforce “know-your-customer/ anti-money laundering/ combating financing of terrorism” (“KYC/AML/CFT”) policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities in different jurisdictions. Remittances and trade finance transactions are increasingly required to be covered under our scrutiny and monitoring. Our international offices are required to adopt enhanced processes, new software systems, expanded data feeds, increased employee skills and robust risk management systems. We are also required to undertake constant review and assessment of existing control processes and programs to meet the increased regulatory expectation. We face significant challenges in keeping pace with frequent reviews and rapid upgrading required by such regulatory developments. While we regularly adopt policies and procedures aimed at detecting and preventing the use of our banking networks for money-laundering activities and by terrorists and terrorist-related organizations and individuals generally, such policies and procedures may not completely eliminate instances where we may be used by other parties to engage in money-laundering and other illegal or improper activities due to, in part, the short history of these policies and procedures. In addition, there may be significant inconsistencies in the manner in which specific operational and KYC/AML/CFT policies are actually interpreted and implemented at an operational level in each of the branch and other customer interface levels. For instance, the Financial Intelligence Unit – India (FIU-IND) has previously penalized us for an amount of ₹ 15.63 crore on July 29, 2019 for violations of the provisions of the Prevention of Money Laundering Act, 2002. For further information, see “*Legal Proceedings*” on page 310. While we have disputed these claims and the matter is pending with the Appellate Tribunal, Prevention of Money Laundering Act at New Delhi, there can be no assurance that we will not be subject to such penalties in the future. Our business and reputation could suffer if any such parties use our banking channels for money-laundering or illegal or improper purposes. We have been penalized by the RBI for a cumulative amount of ₹ 1 crore in Fiscal 2020.

While we continue to strengthen our AML and KYC procedures, to the extent we fail to fully comply with applicable laws and regulations, the relevant governmental and regulatory agencies may impose fines and other penalties and, in certain circumstances, ask us to cease operations. In addition, any adverse action taken by such agencies could adversely affect our reputation, thereby affecting our business and future financial performance.

36. Our ability to pay dividends in the future will depend upon applicable RBI regulations, our earnings, financial condition and capital requirements. Any inability to declare dividend may adversely affect the trading price of our Equity Shares.

While we have a formal board approved dividend policy to govern our dividend pay-out, our future ability to pay dividends and the amount of any such dividends, if declared, will depend upon a number of factors, including our future earnings, financial condition, capital requirements, our compliance with regulatory requirements, meeting the RBI mandated CRAR and net NPA parameters and our operating performance. Dividends distributed by us may attract dividend distribution tax at rates applicable from time to time. We cannot assure you that we will generate sufficient income to cover our operating expenses and shall be able to pay dividends. In addition, dividends that we have paid in the past may not be reflective of the dividends that we may pay in a future period. Our present and future dividend policy is based on the terms of the extant GoI/ RBI guidelines and directives, and is dependent on our revenues, profits, cash flow, financial condition, capital requirements and other factors. For further information, see “*Dividend Policy*” on page 100.

Further, pursuant to a notification dated April 17, 2020 read with notification dated December 4, 2020, the RBI has restricted banks from making any further dividend pay outs from the profits pertaining to Fiscal 2020, in order to enable banks to conserve capital to retain capacity to support the economy and absorb losses.

37. Our business and financial condition may be adversely affected if we are unable to develop new products and services.

We have been diversifying and expanding our products and services for retail, corporate and MSMEs. In addition, we have expanded our branch and ATM network into semi-urban and rural areas. Such new initiatives and products and services entail a number of risks and challenges, including but not limited to insufficient knowledge of and expertise applicable to the new businesses, which may differ from those required in our current operations, adopting adequate risk management procedures, guidelines and systems, credit appraisal, monitoring and recovery systems, lower profitability potential than we anticipated, failure to identify new segments and offer attractive new products and services in a timely fashion, putting us at a disadvantage to our competitors, competition from

similar offerings or products and services by our competitors in the banking and non-banking financial services sectors, inability to attract customers from our competitors in our new businesses or failure to attain requisite approvals from any regulatory authority.

If we are unable to successfully diversify our products and services while managing the associated risks and challenges, our returns on such products and services may be less than anticipated, which may materially and adversely affect our liquidity, business, prospects, financial condition, and results of operations. In addition, if our competitors are able to better anticipate the needs of customers within our target market, our market share could decrease and our business could be adversely affected.

38. *There are limitations in the scope of the procedures adopted by our statutory auditors in the audit of our financial statements.*

We are a commercial bank with a network of 7,040 branches in India as of March 31, 2020. As noted in the audit reports for the financial statements for Fiscals 2018, 2019 and 2020, there are certain limitations in the scope of the audit of such financial statements. For example, the audited standalone financial statements for Fiscal 2020 incorporate financial information from 4,852 branches in India which have not been subjected to audit. These unaudited branches accounted for 9.51% of advances, 39.00% of deposits as of March 31, 2020, 12.00% of interest income and 39.00% of interest expenses in Fiscal 2020. For further details, see “*Financial Statements*” on page 323. An inability to maintain an effective internal audit system or adequate procedures by our officials in the audit of our financial statements may affect the reliability of our financial statements.

39. *Our statutory auditors have highlighted certain matter of emphasis in relation to our historical audited financial statements for Fiscal 2018, 2019 and 2020, and in relation to our limited reviewed financial results as of and for the six months ended September 30, 2020.*

Our statutory auditors have highlighted certain matters of emphasis in relation to our historical audited financial statements for Fiscal 2018, 2019 and 2020, and in relation to our limited reviewed financial results as of and for the six months ended September 30, 2020. For further details, see “*Management’s Discussion on Financial Condition and Results of Operations – Auditor Observations/Remarks*” on page 101.

There can be no assurance that our statutory auditors will not include such matters of emphasis in relation to our audited financial statements in the future, or that such matters of emphasis will not affect our financial results in future fiscal periods. Investors should consider these remarks in evaluating our financial condition, results of operations and cash flows. Any such matters of emphasis on our audited financial statements in the future may also adversely affect the trading price of the Equity Shares.

40. *Any regulatory investigations, fines, sanctions, and requirements relating to conduct of business and financial crime could negatively affect our business and financial results, or cause serious reputational harm across our businesses.*

The RBI is empowered under the Banking Regulation Act and the circulars, guidelines and notifications issued thereunder to impose penalties on banks and their employees, to enforce applicable regulatory requirements or in case of infringement of any provisions of the Banking Regulations Act. In the past, the RBI has levied penalty on us for non-compliance with guidelines and instructions issued by the RBI from time to time, as well as on account of fraud. For further details of penalties imposed by the RBI and other regulators, see also “*Legal Proceedings – Notices and actions by regulatory authorities*” on page 310.

We are periodically subject to inspections by the relevant authorities. Certain of these inspections have resulted in investigations and cases commenced against us or some of our employees. Going forward we will remain subject to similar inspections, investigations and cases. If one or more of such inspections, investigations or cases leads to a significant award or penalty against us, our business may be adversely affected.

The penalties imposed by such regulators have in the past generated adverse publicity for us and our business. Such adverse publicity, or any future scrutiny, investigation, inspection or audit which could result in fines, public reprimands, reputational loss, significant time and attention from our management, costs for investigations and remediation of affected customers, may materially and adversely affect our business and financial performance.

We cannot predict the initiation or outcome of any such investigations by other authorities or different investigations by relevant authorities. Any penalty imposed as a result of such investigations may generate adverse

publicity for our business. Such adverse publicity, or any future scrutiny, investigation, inspection or audit which could result in fines, public reprimands, and damage to our reputation, significant time and attention from our management, costs for investigations and remediation of affected customers, may materially adversely affect our business and financial results.

41. We are subject to certain contractual restrictions and increased regulatory control on account of one of our Associates.

We have entered into a shareholder agreement with third parties in relation to one of our Associates, which contains certain restrictions. For instance, there are restrictions on our ability to transfer our shareholding to third parties and on our ability to carry on certain activities similar to the business carried on by our Associate. These restrictive covenants may limit our ability and our Associate's ability to take certain material decisions in relation to their respective businesses.

Further, due to the nature of our Associate's business we may be subject to increased regulatory control. For instance, we may require prior approval of the relevant regulatory authorities, including the IRDAI and the RBI for transferring our shareholding in some of our Associate to a third party or otherwise diluting our shareholding in our Associate.

42. Our failure to adapt to technological advancements that can potentially disrupt the banking industry could affect the performance and features of our products and services and reduce our attractiveness to customers.

Any technological advancement in the way customers prefer to execute their banking services may change the way banking has been perceived and carried out. Technological innovation such as mobile wallets, mobile operator banking, payment banks and internet banking through smart phones, could disrupt the banking industry as a whole. There can be no assurance that we will be able to adapt our systems quickly and efficiently to such changing environment. Even if we are able to maintain, upgrade or replace our existing systems or innovate or customize and develop new technologies and systems, we may not be as quick or efficient as our competitors in upgrading or replacing our systems. Our failure to adapt to such technological advancements quickly and effectively could affect the performance and features of our products and services and could reduce our attractiveness to existing and potential customers.

43. As on date of this Placement Document, our Board does not have prescribed strength in terms of the Banking Companies Act and the SEBI Listing Regulations.

As on the date of this Placement Document, our Board does not have the prescribed strength as following positions are vacant:

- One (1) position of an executive director under section 9(3)(a) of the Banking Companies Act, as prescribed by the GoI through its circular F.No. 16/20/2019-BO.I dated August 30, 2019.
- One (1) position each under section 9(3)(e) and under section 9(3)(f) of the Banking Companies Act, to be nominated by the Central Government.
- One (1) position under section 9(3)(g) the Banking Companies Act, to be nominated by the Central Government in consultation with RBI.
- Five (5) positions under section 9(3)(h) of the Banking Companies Act, to be appointed by the Central Government.

In addition, the Bank is currently not in compliance with the requirements of the SEBI Listing Regulations to appoint independent directors on our Board. Pursuant to the SEBI Listing Regulations (i) where the chairperson of the board of directors of a listed entity is non-executive, not less than one-third of the board of directors is required to comprise of independent directors and (ii) where the chairperson of the board of directors of the listed entity does not have a regular non-executive chairperson, at least half of the board of directors of the listed entity is required to comprise of independent directors.

Further, the SEBI Listing Regulations requires 2/3rd of the Audit Committee to comprise independent directors. As on date of this Placement Document, the Audit Committee includes one Independent Director. In addition, the post of Non-executive Chartered Accountant director in the Audit Committee is also vacant.

Furthermore, due to the vacancy in the Board, only one Director has been appointed to the Nomination & Remuneration Committee of our Board. Accordingly, as on the date of this Placement Document, the Nomination & Remuneration Committee of our Board is non-functional and the quorum requirements for this committee are not being met presently.

Given that our Bank is a public sector undertaking, matters pertaining to, among others, appointment of our Directors are determined by the Government of India, Ministry of Finance, except appointment of Shareholders Director under section 9(3)(i) of the Banking Companies Act. Therefore, we do not have the ability to appoint directors on our Board. As a result of this, we cannot provide any assurance that such non – compliance will be rectified in a timely manner.

44. We offer unsecured loans to customers which are not supported by any collateral. In the event of non-payment by a borrower of one of these loans, we may be unable to collect the unpaid balance.

We offer unsecured personal loans to the retail customer segment, including salaried individuals and self-employed professionals. In addition, we offer unsecured loans to corporates, small businesses and individual businessmen. As of September 30, 2020, unsecured loans contributed 18.83% of the Bank's total assets. Unsecured loans are at higher credit risk for us than our secured loan portfolio as they may not be supported by realizable collateral that could help ensure an adequate source of repayment for the loan. Although we may obtain direct debit instructions or post-dated checks from our customers for our unsecured loan products, we may be unable to collect in part or at all in the event of non-payment by a borrower. Further, any increase in delinquency in our unsecured loan portfolio could require us to increase our provision for credit losses, which would decrease our earnings.

45. We have existing indebtedness, and may incur additional indebtedness, which could adversely affect our financial condition, and/or our ability to obtain financing in the future, react to changes in our business and/or satisfy our obligations.

As of September 30, 2020, the Bank had ₹ 21,559.00 crore of outstanding debt liabilities, *inter alia*, in the form of debt securities such as unsecured redeemable bonds, Tier I bonds, upper Tier II bonds, subordinate debts for Tier II capital and long-term infrastructure bond. Our existing indebtedness could impose restrictions on our business operations which may be in the nature of following:

- it may be challenging for us to obtain additional financing, should such a need arise, which may limit our ability to satisfy obligations with respect to our debt;
- a portion of our financial resources must be dedicated to the payment of principal and interest on our debt, thereby reducing the funds available to use for other purposes;
- it may be difficult for us to satisfy our obligations to our creditors, resulting in possible defaults on, and acceleration of, such debt;
- we may be more vulnerable to general adverse economic and industry conditions;
- our ability to refinance debt may be limited or the associated costs may increase; and
- our flexibility to adjust to changing market conditions could be limited, or we may be prevented from carrying out capital spending that is necessary or important to our growth strategy and efforts to improve operating margins of our businesses.

46. Our Bank had incurred a loss in Fiscal 2018 and 2019. In the event our net loss continues to increase, it may adversely affect our business and financial condition.

Due to sharp increase in provisions and contingencies on account of bad loans and NPAs, our Bank reported net loss, on a standalone basis, which was ₹ 12,282.82 crore and ₹ 9,975.49 crore in Fiscal 2018 and 2019, respectively. In the event our level of NPAs increase, our interest earnings and net profits will be impacted. If our net profit deteriorates further, our financial condition may be adversely affected.

47. Our Bank may not be able to meet the minimum public shareholding within the prescribed timelines.

Pursuant to an amendment dated June 4, 2010 to the Securities Contract (Regulations) Rules, 1957, as amended ("SCRR"), all listed companies are required to maintain a minimum public shareholding of at least 25%. Any listed public sector company which had public shareholding of less than 25% at the time of commencement of the amendment dated June 4, 2010 to the SCRR was required to increase its public shareholding to at least 25% within a period of three years from the date of such commencement of the amendment i.e., August 3, 2018. The SCRR

also provides that if the public shareholding in a listed public sector company falls below 25% at any time, such company is required to bring the public shareholding to 25% within a maximum period of two years from the date of such fall in the manner prescribed by the SEBI. Pursuant to the preferential allotment of Equity Shares to the Government of India on March 28, 2019, the public shareholding in our Bank was reduced to 24.59% from 29.78%, while the Government of India's shareholding increased to 75.41%. As of September 30, 2020, the public shareholding in the Bank is 14.41%. Pursuant to the SCRR and in compliance with an order passed by SEBI dated March 27, 2019 in relation to the aforementioned preferential allotment, our Bank is required to meet the minimum public shareholding of at least 25% within a period of 2 (two) years from the fall of such public shareholding below 25% (i.e., by March 27, 2021). While our Bank has requested the relevant regulatory authorities for an exemption from the applicability of these provisions for a further period of two years, there is no assurance that such exemption will be granted in a timely manner or at all, or that we will be able to meet the minimum public shareholding of at least 25% within the prescribed timelines. In the event such exemption is refused and we fail to meet the minimum public shareholding within the prescribed timelines, our Bank may be subject to penalties and face regulatory actions, including delisting from the stock exchanges.

48. Any deficiencies, inaccuracies or mis-specification in the models and data we rely on for our risk analysis could impact our decision-making and operations.

As part of our ordinary decision making-process, we rely on various models for risk and data analysis. These models are based on historical data and supplemented with managerial input and comments. These models and the data they analyze may not always be accurate or adequate to guide our strategic and operational decisions and protect us from risks. Any mis-specification, deficiencies or inaccuracies in the models or the data might have a material adverse effect on our business, financial condition or results of operation. As we seek to expand the scope of our operations in newer geographies or new product areas, we also face the risk that we will be unable to develop risk management policies and procedures that are properly designed for those new geographies or areas or products or to manage the risks associated with the growth of our existing businesses. Implementation and monitoring may prove particularly challenging with respect to our expansion and the products that we plan on developing.

49. We have experienced negative cash flows from operating activities and investing activities in certain recent fiscal periods.

We have experienced negative cash flows from operating activities and investing activities in recent fiscal years. In Fiscals 2019 and 2020, the Bank used ₹ 31,344.38 crore and ₹ 11,336.23 crore, respectively, in cash for operating activities. In Fiscals 2018, 2019 and 2020, the Bank used ₹ 1,288.01 crore, ₹ 260.37 crore and ₹ 1,515.85 crore, respectively, in cash for investing activities. For further information, see “*Management's Discussion and Analysis of Financial Condition and Results of Operations*” on page 101. Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate its business and implement growth plans.

50. Majority of our offices, branches and ATMs are located on premises taken by us on lease or on leave and license basis. We may not be able to renew these agreements for our branches upon acceptable terms or at all which could have an adverse effect on our business and results of operations.

Majority of our offices, branches and ATMs are located on premises taken by us on lease or leave and license basis from third parties. In case of non-renewal of our leases or if such agreements are renewed on unfavorable terms and conditions, we may be forced to procure alternative space for our existing branches and incur additional costs in such relocation. We may also face the risk of being evicted in the event that our landlords allege a breach on our part of any terms under these lease or license agreements. This may cause a disruption in our operations or result in increased costs, or both, which may materially and adversely affect our business, financial condition and results of operations in respect of such defaulting premises. Further, some of our lease agreements and leave and license agreements may not be adequately stamped or registered with the registering authority of the appropriate jurisdiction. An instrument not duly stamped, or insufficiently stamped, shall not be admitted as evidence in any Indian court or may attract a penalty as prescribed under applicable law, which could adversely affect the continuance of our operations and business. Although we procure space that satisfies the safety, operational and financial criteria for our branches, we cannot assure you that we will be able to identify such space at commercially reasonable terms or at all.

51. A substantial portion of our Bank's loans have a tenor exceeding one year, exposing us to risks associated with economic cycles.

As of September 30, 2020, loans with a remaining tenor exceeding one year represented 80.64% of our Bank's total term loan portfolio. The long tenor of these loans may expose our Bank to risks arising out of economic cycles such as rising default levels, reduction in the value of collateral and asset-liability mismatch, any of which could adversely impact our results of operations. In addition, some of these loans are project finance loans. There can be no assurance that these projects will perform as anticipated or that such projects will be able to generate cash flows to service commitments under the loans. Further, we are also exposed to risks arising out of delay in execution, failure of borrowers to execute projects on time, delay in getting approvals from necessary authorities and breach of contractual obligations by counterparties, all of which may adversely impact the projected cash flows. There can be no assurance that these projects will perform as anticipated.

52. We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.

We have in the course of our business entered into, and will continue to enter into, several transactions with our related parties. We cannot assure you that we will receive similar terms in our related party transactions in the future and that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. The transactions we have entered into and any further transactions that we may have with our related parties have involved or could potentially involve conflicts of interest which may be detrimental to the Bank. We cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our business and financial results, including because of potential conflicts of interest or otherwise.

53. Our employees are unionized and any union action may adversely affect our business.

Majority of our employees are members of national banking unions, including All India Punjab National Bank Officers Association ("AIPNBOA") for officers, and All India Punjab National Bank Employees Federation ("AIPNBEF") for workmen. We are a member of the Indian Banks' Association, which negotiates wages and other service conditions with the major unions. From time to time, the labour unions for the banking employees organize strikes, as a result of which, we have been and may in the future be affected by strikes, work stoppages or other labor disputes. We have had past instances of industry wide strikes by the unions which affected all banks and we have also had past instances of strikes which only affected our Bank. In the event of a labor dispute, protracted negotiations and strike action may impair our ability to carry on our day-to-day operations, which could materially and adversely affect our business, future financial performance and results of operations. While we believe that we have a strong working relationship with our unions, associations and employees, there can be no assurance that we will continue to have such a relationship in the future, and that there will not be significant strikes or disputes with employees that could affect our operations in future.

54. A reduction in long-term interest rates may increase our pension liabilities which may adversely affect our future financial performance and results of operations.

We operate a defined benefit pension fund scheme. A discount rate is used to calculate the present value of our future liabilities in relation to the scheme and is linked to the long-term yield on GoI securities. A reduction in the long-term interest rate would increase the present value of our pension obligations. As a result, we may be required to make further cash contributions to the scheme in order to cover the deficit which may in turn lead to an increase in its pension expenses. In a falling interest rate scenario, the held-to-maturity value of already invested securities is likely to go up, thereby offsetting the increase in present value of pension obligation to an extent.

55. Our inability to renew or maintain our statutory and regulatory permits and approvals required to operate our business may adversely impact our business, financial condition and results of operation.

We are required to obtain various statutory and regulatory permits and approvals to operate our business which requires us to comply with certain terms and conditions to continue our banking operations. Our licenses to carry out our banking activities require us to comply with certain terms and conditions. In the event that we are unable to comply with any or all of these terms and conditions, or seek waivers or extensions of time for complying with these terms and conditions, it is possible that the RBI may revoke this license or may place stringent restrictions on our operations. This may result in the interruption of all or some of our operations and may have a material adverse effect on our business, financial condition, results and cash flow. In the event that we are unable to renew or maintain other statutory permits and approvals or comply with regulatory requirements, it may result in the interruption of all or some of our operations, imposition of penalties and could materially and adversely affect our business, financial performance and reputation.

56. *Our inability to attract and retain talented professionals may negatively affect our results of operation and financial position.*

Attracting and retaining talented professionals is a key element to our growth strategy. Our remuneration schemes are guided by industry level negotiations between bank management represented by the Indian Banks' Association ("IBA"), and officers/ workmen represented by their respective unions. In addition to such remuneration, we also offer our employees certain incentive such as bonus payments, as may be approved by our Board. Our remuneration scheme is in accordance with industry level settlement formulated by the IBA following negotiation with various unions or associations. The remuneration prevalent in the public sector banks are similar except for perks which is determined by individual banks.

If the banking industry increasingly moves toward incentive-based pay schemes, attrition rates could increase and we could be forced to alter our remuneration scheme. The resultant pressures may result in diminished profitability, especially if rates of return do not experience a commensurate rise. An inability to attract and retain such talented professionals or the resignation or loss of such professionals may have an adverse impact on our business, future financial performance and trading price of the Equity Shares. In addition, we may experience difficulties in managing our expanding workforce.

57. *We may face conflicts of interest relating to one of our Associate Companies, PNB Housing Finance Limited ("PNBHFL").*

One of our Associate Companies, PNB Housing Finance Limited, is one of the leading housing finance companies in India with branches across India, as at September 30, 2020. It also uses the "PNB" name, brand and trademark pursuant to an agreement dated December 7, 2009 pursuant to which we granted PNBHFL the royalty-free, non-exclusive right to use the name, brand, trademark and logo "PNB" strictly in relation to its business. We have no agreements with PNBHFL that restricts them from offering similar products and services as us and as a result, our relationship with PNBHFL may cause certain conflicts of interest, particularly with respect to distribution of housing and non-housing loans and deposit products that PNBHFL distributes and we may compete with PNBHFL on the basis of the range of our product offerings, interest rates and fees as well as customer service, particularly in the retail housing market. We may also compete with PNBHFL for capital and other low-cost sources of funding as well as for the services of third party service providers, including for direct marketing associates and deposit brokers. There can be no assurance that we will be able to successfully compete with PNBHFL and if it continues to offer and distribute our products in the businesses that we are currently engaged in or if we forego certain business opportunities because of our relationship with PNBHFL, our business, financial condition, results of operations and prospects could be affected.

58. *We may face greater credit risks than banks in more developed countries.*

Our principal business is to provide financing to our customers. We are subject to the credit risk that our borrowers may not pay in a timely fashion or at all. In addition, India's system for gathering and publishing statistical information relating to the Indian economy and the financial performance of companies is not as comprehensive as those of established market economies. Although India has a credit bureau industry, adequate information regarding loan servicing histories, particularly in respect of individuals and small businesses, is limited. As a result, our credit risk exposure is higher in comparison to banks operating in advanced markets. Since a significant portion of our lending operations are linked to businesses based in India, we may be exposed to a greater potential for loss in comparison to banks with lending operations in more developed countries. CIBIL does not presently report information from retailers, utility companies and trade creditors and no other nationwide bureau of this nature presently exists. The difficulties associated with the inability to accurately assess the value of collateral and to enforce rights in respect of collateral, along with the absence of such accurate statistical, corporate and financial information, may decrease the accuracy of our assessments of credit risk, thereby increasing the likelihood of borrower default on our loan and decreasing the likelihood that we would be able to enforce any security in respect of such a loan. The absence of reliable information, including audited financial statements, recognized debt rating reports and credit histories relating to our present and prospective corporate borrowers or other customers makes the assessment of credit risk, including the valuation of collateral, more difficult, especially for individuals and small businesses.

If our screening processes prove to be inadequate, we may experience an increase in impaired advances and may be required to increase our provision for defaulted advances. As a result, higher credit risk may expose us to

greater potential losses, which may materially and adversely affect our business, prospects, financial condition and results of operations.

59. External or internal fraud could adversely affect our reputation, business, results of operations and financial condition.

In the past, we have experienced acts of fraud (as defined under the applicable RBI guidelines) committed by or involving our customers/ employees/ third parties. Such acts could also bind us to transactions that exceed authorized limits or present unacceptable risks or hiding unauthorized or unlawful activities from us. For fraud matters reported by us to the RBI in the Fiscal 2018, 2019 and 2020 and in the six months ended September 30, 2020, see “Legal Proceedings” and “Financial Statements” on pages 310 and 323, respectively.

There is also a likelihood for employee misconduct, which could involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and serious reputational or financial harm, including harm to our brand. It is not always possible to deter misconduct by employees and the precautions we take and the systems we have put in place to prevent and deter such activities may not be effective in all cases. Any instances of such misconduct or fraud could adversely affect our reputation, business, results of operations and financial condition. Also see, “ – Weakness or failures of our internal control system may cause significant operational errors, which may in turn materially and adversely affect our business.” on page 51.

60. We face restrictions on lending to large borrowers which may have a material adverse effect on our business, financial condition and results of operations.

On June 3, 2019, the RBI released the Guidelines on Large Exposure Framework (“LEF”) applicable to all scheduled commercial banks (other than regional rural banks) with a view to capture exposures and concentration risks more accurately and to align the previous guidelines and instructions on Large Exposures Framework with international norms, which superseded the previous circulars on large exposure framework. For further information, see “Regulations and Policies” on page 246. From April 2019, in accordance with the LEF, our limits for single borrowers and group of connected borrowers are 20.00% and 25.00% of our Tier 1 Capital funds. On account of the COVID-19 pandemic and with a view to facilitate greater flow of resources to corporates borrowers, the RBI vide notification dated May 23, 2020, increased the group exposure limit to 30% of the eligible capital base of our Bank till June 30, 2021. These limits may be subjected to further changes and revisions in future. These new regulations may have a material adverse effect on our business, cash flows, financial condition and results of operations.

61. Our insurance coverage may be inadequate to cover claims. If we incur substantial uninsured loss or loss that exceeds our insurance coverage, it could have a material adverse effect on our business, cash flows, results of operations and financial condition.

While we are covered by a range of insurance that we believe is consistent with industry practice in India to cover risks associated with our business, we cannot assure you that the existing coverage will insure our Bank completely against all risks and losses that may arise in the future. We may not have insurance to cover all of the risks associated with our business, as insurance coverage is either unavailable for certain risks or is prohibitively expensive. In addition, even if such losses are insured, we may be compelled to contribute a substantial deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. In addition, our insurance policies are generally subject to annual renewal, and our ability to renew these policies on similar or otherwise acceptable terms, cannot be assured. If we incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have a material adverse effect on our business, cash flows, results of operations and financial condition.

62. Our contingent liabilities could materially and adversely affect our financial condition and results of operations.

As of March 31, 2020, our Bank had contingent liabilities amounting to ₹ 210,800.73 crore. The table below sets forth the details of contingent liabilities:

Particulars	As of March 31, 2020
	(₹ crore)
Claims against our Bank not acknowledged as debts	300.81
Disputed income tax and interest tax demands under appeals, references etc.	1,131.50

Particulars	As of March 31, 2020
	(₹ crore)
Liability for partly paid investments	428.47
Liability on account on outstanding forward exchange contracts	154,146.29
Guarantees given on behalf of constituents:	
(a) In India	37,913.14
(b) Outside India	1,398.56
Acceptances, endorsements and other obligations	13,131.45
Other items for which the Bank is contingently liable	2,350.51
TOTAL	210,800.73

Most of the liabilities have been incurred in the normal course of business. If these contingent liabilities were to fully materialize or materialize at a level higher than we expect, it may materially and adversely impact our business, financial conditions, result of operations and prospects. If we are unable to recover payment from our customers in respect of the commitments that we are called upon to fulfill, our business, financial condition, cash flows, results of operations and prospects may be materially and adversely impacted.

63. Any non-compliance with law or unsatisfactory service by the third-party service providers engaged by us for certain services could have an adverse impact on our business and results of operations.

We enter into outsourcing arrangements with third party vendors, separate employees and independent contractors, in compliance with the RBI guidelines on outsourcing. These vendors, employees and contractors provide various services including, among others, ATM/ card related services, business correspondents, facility management services related to information technology, software services and call center services. We are also dependent on various vendors for certain non-core elements of our operations including implementing IT infrastructure and hardware, branch roll-outs, networking, managing our data center, and back-up support for disaster recovery. As a result of outsourcing such services, we are exposed to various risks including strategic, compliance, operational, legal and contractual risks. Any failure by a service provider to provide a specified service or a breach in security/ confidentiality or non-compliance with legal and regulatory requirements, may result in financial loss or loss of reputation. We cannot assure you that there will be no disruptions in the provision of such services or that these third parties will adhere to their contractual obligation. If there is a disruption in the third-party services, or if the third-party service providers discontinue their service agreement with us, our business, financial condition and results of operations will be adversely affected. In case of any dispute, we cannot assure you that the terms of such agreements will not be breached, which may result in litigation costs. Such additional cost, in addition to the cost of entering into agreements with third parties in the same industry, may materially and adversely affect our business, financial condition and results of operations. The “Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by Bank” issued by the RBI places obligations on banks, its directors and senior management for ultimate responsibility for the outsourced activity. Banks are required to provide prior approval for use of subcontractors by outsourced vendor and to review the subcontracting arrangements and ensure that such arrangements are compliant with aforementioned RBI guidelines. Legal risks, including actions being undertaken by the RBI, if our third-party service providers act unethically or unlawfully, could materially and adversely affect our business, financial condition and results of operations.

64. We face security risks, including denial of service attacks, hacking, social engineering attacks targeting our colleagues and customers, malware intrusion or data corruption attempts, and identity theft that could result in the disclosure of confidential information, adversely affect our business or reputation, and create significant legal and financial exposure.

Our businesses rely on our secure processing, transmission, storage and retrieval of confidential, proprietary and other information in our computer and data management systems and networks and in the computer and data management systems and networks of third parties. To access our products and services, our customers may use personal smartphones, tablets, laptops, PCs, and other mobile devices that are beyond our control systems and subject to their own cybersecurity risks. Given our reliance and focus on technology and presence in diverse geographies, our technologies, systems, networks, and our customers’ devices are subject to security risks and are susceptible to cyber-attacks (such as, denial of service attacks, hacking, terrorist activities or identity theft) that could negatively impact the confidentiality, integrity or availability of data pertaining to us or our customers, which in turn may cause direct loss of money to our customers or to us, damage to our reputation and adversely impact our business and financial results. Third parties with which we do business or that facilitate our business activities could also be sources of operational and information security risk to us, including from breakdowns or

failures of their own systems or capacity constraints.

We, our customers, regulators and other third parties, including other financial services institutions and companies engaged in data processing, have been subject to, and are likely to continue to be the target of, cyberattacks. These cyber-attacks include computer viruses, malicious or destructive code, phishing attacks, denial of service or information, ransomware, improper access by employees or vendors, attacks on personal email of employees, ransom demands to not expose security vulnerabilities in our systems or the systems of third parties or other security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of ours, our employees, our customers or of third parties, damage our systems or otherwise materially disrupt our or our customers' or other third parties' network access or business operations. Like many other large global financial institutions, we are also susceptible to denial of services attack intended to disrupt customer access to our main portal. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities.

As technology is currently in a phase of rapid evolution and the methods used for cyber-attacks are changing frequently or, in some cases, are not recognized until an actual attack, we may not be able to anticipate or to implement effective preventive measures against all such security breaches. Further, circumstances such as the COVID-19 pandemic requiring a large number of our employees to work from home may increase our vulnerability to cyber-attacks. Cybersecurity risks for banking organizations have significantly increased in recent years in part because of the proliferation of new technologies, and the use of the internet and telecommunications technologies to conduct financial transactions. For example, cybersecurity risks may increase in the future as we continue to increase our mobile-payment and other internet-based product offerings and expand our internal usage of web-based products and applications. In addition, cybersecurity risks have significantly increased in recent years in part due to the increased sophistication and activities of organized crime affiliates, terrorist organizations, hostile foreign governments, disgruntled employees or vendors, activists and other external parties, including those involved in corporate espionage. Even the most advanced internal control environment may be vulnerable to compromise.

Targeted social engineering attacks and "spear phishing" attacks are becoming more sophisticated and are extremely difficult to prevent. In such an attack, an attacker will attempt to fraudulently induce colleagues, customers or other users of our systems to disclose sensitive information in order to gain access to its data or that of its clients. Persistent attackers may succeed in penetrating defenses given enough resources, time, and motive. The techniques used by cyber criminals change frequently, may not be recognized until launched and may not be recognized until well after a breach has occurred. The risk of a security breach caused by a cyberattack at a vendor or by unauthorized vendor access has also increased in recent years. Additionally, the existence of cyber-attacks or security breaches at third-party vendors with access to our data may not be disclosed to us in a timely manner.

We also face indirect technology, cybersecurity and operational risks relating to clients and other third parties with whom we do business or upon whom we rely to facilitate or enable our business activities, including, for example, financial counterparties, regulators and providers of critical infrastructure such as internet access and electrical power. As a result of increasing consolidation, interdependence and complexity of financial entities and technology systems, a technology failure, cyber-attack or other information or security breach that significantly degrades, deletes or compromises the systems or data of one or more financial entities could have a material impact on counterparties or other market participants, including us. This consolidation, interconnectivity and complexity increases the risk of operational failure, on both individual and industry-wide bases, as disparate systems need to be integrated, often on an accelerated basis.

Any third-party technology failure, cyber-attack or other information or security breach, termination or constraint could, among other things, adversely affect our ability to effect transactions, service our clients, manage our exposure to risk or expand our business. Cyber-attacks or other information or security breaches, whether directed at us or third parties, may result in a material loss or have material consequences. Furthermore, the public perception that a cyber-attack on our systems has been successful, whether or not this perception is correct, may damage our reputation with customers and third parties with whom we do business. Hacking of personal information and identity theft risks, in particular, could cause serious reputational harm. A successful penetration or circumvention of system security could cause us serious negative consequences, including our loss of customers and business opportunities, costs associated with maintaining business relationships after an attack or breach; significant business disruption to our operations and business, misappropriation, exposure, or destruction of our confidential information, intellectual property, funds, and/or those of our customers; or damage to our computers or systems, and could result in a violation of applicable privacy laws and other laws, litigation exposure, regulatory

finances, penalties or intervention, loss of confidence in our security measures, reputational damage, reimbursement or other compensatory costs, additional compliance costs, and could adversely impact our results of operations, liquidity and financial condition. Our insurance coverage may be insufficient to cover all losses.

In view of the COVID-19 pandemic, work-from-home has been enabled for certain of our employees, other than at the branches, which continue to function as banking is classified as an essential service. This may expose us to risks arising on account of remote work environment, data security issues, increased cyber-attacks and availability of critical functions and IT systems. Our customers could also be exposed to increased phishing and vishing attacks that could result in a financial loss to them, and in turn lead to claims for compensation from the Bank or reputation loss for the Bank.

65. If we are covered by RBI guidelines relating to prompt corrective action then our business, future financial performance and results of operations could be materially and adversely affected.

On April 13, 2017, the RBI revised the Prompt Corrective Action (“PCA”) framework for banks. The new PCA framework has stipulated thresholds for capital ratios, non-performing assets, profitability and leverage for banks. When the PCA framework is triggered, the RBI would have a range of discretionary actions it can take in addition to the mandatory actions mentioned in the PCA. These discretionary actions include conducting supervisory meetings, advising banks’ boards for altering business strategy, review of capital planning, restricting staff expansion, removing of managerial persons and recommend superseding the Board, as per the classification of different risk threshold. If we trigger any risk threshold under the PCA framework, it could materially and adversely affect our business, future financial performance and results of operations.

66. Uncertainty about the future of LIBOR may adversely affect the Bank’s business.

On July 27, 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates the London Interbank Offered Rate (“LIBOR”), announced that it intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. In June 2019, the Financial Conduct Authority asked banks and markets to stop using the LIBOR as a basis for pricing contracts. These announcements indicate that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. It is impossible to predict whether and to what extent banks will continue to provide LIBOR submissions to the administrator of LIBOR or whether any additional reforms to LIBOR may be enacted in the United Kingdom or elsewhere. At this time, no consensus exists as to what rate or rates may become accepted alternatives to LIBOR and it is impossible to predict the effect of any such alternatives on the value of LIBOR-based securities and variable rate loans or other financial arrangements, given LIBOR’s role in determining market interest rates globally. Uncertainty as to the nature of alternative reference rates and as to potential changes or other reforms to LIBOR may adversely affect LIBOR rates and other interest rates. In the event that a published LIBOR rate is unavailable after 2021, the value of such securities, loans or other financial arrangements may be adversely affected, and, to the extent that the Bank is the issuer of or obligor under any such instruments or arrangements, the Bank’s cost thereunder may increase. Currently, the manner and impact of this transition and related developments, as well as the effect of these developments on the Bank’s funding costs, investment and trading securities portfolios and business, is uncertain.

67. As the GoI controls a majority of our issued share capital, its public policy decisions may impact our strategy and operations.

The GoI controls a majority of our Bank’s issued share capital. As of September 30, 2020, the GoI directly held 85.59% of our Bank’s issued and paid up share capital. Although historically we have enjoyed certain autonomy from the GoI in the management of our affairs and strategic direction, as its controlling shareholder, the GoI is able to exercise effective control over our Bank.

The Banking Companies Act mandates that the GoI’s shareholding in our Bank cannot fall below 51.00%. This requirement could result in restrictions in our equity capital raising efforts as the GoI may not be able to fund any further investments that would allow it simultaneously to maintain its stake at a minimum of 51.00% and seek funding from the capital markets. As the Indian economy grows, more businesses and individuals will require capital financing. In order to meet and sustain increasing levels of growth in capital demand, we will need to accrete our capital base, whether through organic growth or capital market financing schemes. If we are unable to grow our capital base in step with demand, our business, financial prospects and profitability may be materially and adversely affected. Further, the approval issued by the Department of Financial Services, Ministry of Finance, Government of India to our Bank dated October 28, 2020 in relation to the Issue, requires us to raise capital in

such a way that GoI's shareholding does not fall below 52.00%.

68. Significant security breaches of our computer systems and network infrastructure could adversely impact our business.

We seek to protect our computer systems and network infrastructure including ATMs from physical break-ins as well as security breaches and other disruptive problems caused by our increased use of the internet. Computer break-ins and power disruptions could affect the security of information stored in and transmitted through these computer systems and network infrastructure. There may be areas in the system that have not been properly protected from security breaches and other attacks. We employ security systems, including advance threat defense systems, sophisticated threat management systems and password encryption, designed to minimize the risk of security breaches. Although we intend to continue to implement security technology and establish operational procedures to prevent break-ins, damage and failures, there can be no assurance that these security measures will be adequate or successful.

For instance, the RBI, on November 30, 2018, filed a criminal complaint under section 200 of the Code of Criminal Procedure, 1973 read with section 47 of the Banking Regulation Act ("**Criminal Complaint**"), before the Court of Metropolitan Magistrate, Patiala House Courts, New Delhi ("**Metropolitan Magistrate**"), seeking prosecution against our Bank including our Bank's directors and certain other employees, under section 46 of the Banking Regulation Act read with section 120B of the Indian Penal Code, 1860. The complaint made by the RBI was regarding the detailed inspection conducted by the RBI during the period between February 8, 2016 to February 12, 2016, in respect of the system and procedures of information technology aspects ("**IT**") being followed in our Bank including IT operations, information security, IS/IT audit function and extent of IT risk assessment. The inspection was carried out pursuant to RBI's order dated January 29, 2016. In the complaint, the RBI alleged that our Bank and other accused persons wilfully made false and misleading statements and furnished false information regarding the implementation of core banking software ("**CBS**") and integration of the SWIFT system with CBS. The RBI, in its IT examination reports dated June 6, 2016 and progress report dated June 27, 2017, indicated failure of our Bank in integrating SWIFT system with CBS and introducing Straight Through Processing ("**STP**") interface between SWIFT messages and the CBS. Further the RBI alleged that CBS was not integrated with many critical applications and there was no online integration of SWIFT with CBS. The matter is presently pending before the Metropolitan Magistrate. Moreover, our Bank has also filed a petition under Section 482 of the Code of Criminal Procedure 1973, before the Delhi High Court, for quashing of the Criminal Complaint, wherein a stay was granted by the Delhi High Court till final order. Presently the matter is pending before the Delhi High Court. For further information, see "*Legal Proceedings*" on page 310.

Further, RBI has observed certain vulnerabilities in our cyber security framework, which may expose us to cyber security risks, and has in the past observed certain non-compliances relating to risk-based transaction monitoring requirements prescribed by RBI under its Cyber Security Framework. Failed security measures or failure to adhere with the cyber security policy under the Cyber Security Framework issued by the RBI or inadequate focus in addressing major issues such as those relating to implementation of risk management system, increase in reported frauds, absence of straight through processing in critical systems and their integration with CBS, inadequate collateral management and delayed compliance in implementing the observations of the risk assessment reports, could have a material adverse effect on our business and operations, our future financial performance and the trading price of the Equity Shares. Our business operations are based on a high volume of transactions. Although we take measures to safeguard against systems related and other fraud, there can be no assurance that we will be able to prevent fraud. Our reputation could be adversely affected by significant fraud committed by employees, customers or outsiders.

69. Our intellectual property rights may be subject to infringement or we may breach third party intellectual property rights.

We have established a strong brand, "PNB" which is registered under various classes of the Trademarks Act, 1999, as amended, as well as under the (Indian) Copyright Act, 1957, as amended. We have also applied for certain intellectual property registrations. We are subject to the risk of brand dilution and consequently, loss of revenue in case of any misuse of our brand name by our agents or any third party. As such, any damage to our reputation or that of the "PNB" brand name, could substantially impair our ability to maintain or grow our business, or materially and adversely affect our business, financial condition, results of operation and prospects. If we fail to maintain this brand recognition with our target customers due to any issues with our product offerings, a deterioration in service quality, or otherwise, or if any premium in value attributed to our business or to the brands under which our services are provided declines, market perception and customer acceptance of our brands

may also decline. We also enter into partnerships with external organizations over which we have limited control. Any negative news affecting such external organizations might also affect our reputation and brand value. In such an event, we may not be able to compete for customers effectively, and our business, financial condition and growth prospects may be materially and adversely affected.

In addition, we cannot guarantee that there shall be no infringement and unauthorized use of our intellectual property by third parties, including by our competitors. We may also be subject to claims brought by third parties, regarding alleged unauthorized use of their trademark or perceived breach of any intellectual property rights registered by such third parties. Any legal proceedings pursuant to such claims may divert management attention and require us to pay financial compensation to such third parties, as determined by a court of competent jurisdiction. If we are unable to obtain or maintain these registrations, it may adversely affect our competitive business position. This may affect our brand value and consequently our business, financial condition, results of operations and prospects may be adversely affected.

70. Increasing regulatory focus on personal information protection could impact our business and expose us to increased liability.

Regulators in various jurisdictions are increasingly scrutinizing how companies collect, process, use, store, share and transmit personal data. This increased scrutiny may result in new interpretations of existing laws, thereby further impacting our business. Recent regulations, such as the General Data Protection Regulation, which went into effect in the European Union (“EU”) on May 25, 2018, applies to the collection, use, retention, security, processing, and transfer of personally identifiable information of residents of EU countries. In India, the Supreme Court, in a judgment delivered on August 24, 2017, has held that the right to privacy is a fundamental right. Following this judgment, the Government of India is considering enactment of Personal Data Protection Bill, 2019 (“**Data Protection Bill**”) for implementing organizational and technical measures in processing personal data and lays down norms for cross-border transfer of personal data and to ensure the accountability of entities processing personal data. The enactment of the Data Protection Bill may introduce stricter data protection norms for a company such as us and may impact our processes. The RBI has also issued a circular on the procedure of storage of payment systems data, to ensure that data, relating to payment systems operated by us is stored only in India. Any failure, or perceived failure, by us to comply with any applicable regulatory requirements, including but not limited to privacy, data protection, information security, or consumer protection-related privacy laws and regulations, could result in proceedings or actions against us by governmental entities or individuals, subject us to fines, penalties, and/or judgments, or otherwise adversely affect our business, as our reputation could be negatively impacted.

71. Statistical and industry data in this Placement Document may be incomplete or unreliable.

Statistical and industry data used throughout this Placement Document has been obtained from various government and industry publications. While we believe that the information contained has been obtained from sources that are reliable, but neither we nor the Book Running Lead Managers have independently verified it and the accuracy and completeness of this information is not guaranteed and its reliability cannot be assured. The market and industry data used from these sources may have been reclassified by us for purposes of presentation. In addition, market and industry data relating to India, its economy or its industries may be produced on different bases from those used in other countries. As a result, data from other market sources may not be comparable. The extent to which the market and industry data presented in this Placement Document is meaningful will depend upon the reader’s familiarity with and understanding of the methodologies used in compiling such data. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Placement Document. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors. Accordingly, investment decisions should not be based on such information.

72. We and our customers may engage in certain transactions in or with countries or persons that are subject to international economic sanctions.

Various international jurisdictions, including the United States and the United Kingdom, restrict investments or otherwise doing business in or with certain countries or territories and with certain persons or businesses that have been specially designated by such government agencies. Other governments and international or regional organizations also administer similar economic sanctions.

Through our foreign branches and our international operations, we may provide various services to customers

doing business with, or located in, countries to which certain economic sanctions apply. Although we believe we have compliance systems in place that are sufficient to block prohibited transactions, and we have not been notified that any penalties or other measures will be imposed on us, there can be no assurance that we will be able to fully monitor all of our transactions for any potential violation.

There can be no assurance that our future business will be free of risk under sanctions implemented by these jurisdictions or that we will be able to conform our business operations to the expectations and requirements of such international regulatory agencies that do not have jurisdiction over our business but nevertheless assert the right to impose sanctions on an extraterritorial basis. Further, investors in the Equity Shares could incur reputational or other risks as a result of our or our customers' dealings in or with sanctioned countries or with persons that are the subject of such sanctions.

73. Our results of operations are dependent on macro-economic developments and other market factors, and any such developments cause our results of operations to fluctuate or decline from period to period.

Our business is subject to a number of macro-economic factors that are outside of our control, and can lead to business and financial losses in the future, including growth in GDP, inflation, fiscal deficits, disposable household income in India, international and domestic political and economic conditions, fiscal and monetary policies of governments and central banks, and changes in interest rates. As a result of (i) the volatility of these macro-economic factors, including exchange rates and interest rates, (ii) provisions we make from period to period for non-performing assets, commitments and contingencies (such as for letters of credit and bank guarantees), (iii) volatility in our trading operations, our results of operations have varied from period to period in the past and may fluctuate or decrease in the future due to these and other factors. Such fluctuations may also adversely affect our liquidity. These factors may also make period-to-period comparisons of our operating results less meaningful than they would be for a business that is not as significantly affected by such factors. Any adverse development in India or global macro-economic conditions could have a material adverse effect on our business, financial condition, results of operations or prospects.

74. Compliance with provisions of Foreign Account Tax Compliance Act may affect payments on the Equity Shares.

The U.S. "Foreign Account Tax Compliance Act" (or "**FATCA**") imposes a new reporting regime and potentially, imposes a 30% withholding tax on certain "foreign passthru payments" made by certain non-U.S. financial institutions (including intermediaries).

If payments on the Equity Shares are made by such non-U.S. financial institutions (including intermediaries), this withholding may be imposed on such payments if made to any non-U.S. financial institution (including an intermediary) that is not otherwise exempt from FATCA or other holders who do not provide sufficient identifying information to the payer, to the extent such payments are considered "foreign passthru payments". Under current guidance, the term "foreign passthru payment" is not defined and it is therefore not clear whether and to what extent payments on the Equity Shares would be considered "foreign passthru payments". The United States has entered into intergovernmental agreements with many jurisdictions (including India) that modify the FATCA withholding regime described above. It is not yet clear how the intergovernmental agreements between the United States and these jurisdictions will address "foreign passthru payments" and whether such agreements will require us or other financial institutions to withhold or report on payments on the Equity Shares to the extent they are treated as "foreign passthru payments". Prospective investors should consult their tax advisors regarding the consequences of FATCA, or any intergovernmental agreement or non-U.S. legislation implementing FATCA, to their investment in Equity Shares.

75. U.S. holders should consider the impact of the passive foreign investment company rules in connection with an investment in our Equity Shares.

A foreign corporation will be treated as a passive foreign investment company ("**PFIC**") for U.S. federal income tax purposes for any taxable year in which either: (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of its gross assets during the taxable year (based on of the quarterly values of the assets during a taxable year) are "passive assets," which generally means that they produce passive income or are held for the production of passive income.

The Bank does not believe it was a PFIC for the fiscal quarter ending September 30, 2020 and does not expect to be a PFIC for the current year or any future years. Special rules treat certain interest and certain types of investment

income earned by foreign active banks as active income. In 2019 the U.S. Treasury Department proposed PFIC regulations applicable to foreign banks (the “**2019 PFIC Proposed Regulations**”). The 2019 PFIC Proposed Regulations generally provide that passive income includes income of a kind that would be foreign personal holding company income, as defined in Internal Revenue Code § 954, which generally provides exceptions for income derived in an active banking business that would otherwise be categorized as passive income. The Bank believes that it meets the qualification as an active banking business and that the Code § 954 active banking exceptions apply. However, there can be no assurances that the 2019 PFIC Proposed Regulations will be finalized in their current form, and their application is unclear in certain respects. Furthermore, the Bank’s PFIC status for any taxable year is an annual determination that will depend on the composition of its income and assets and the value of its assets in any given year. Therefore, there can be no assurance that the Bank will not be a PFIC for any taxable year. If the Bank is a PFIC for any taxable year during which a U.S. investor owns Equity Shares, certain adverse U.S. federal income tax consequences could apply to such U.S. investor. See “*Taxation—Certain U.S. Federal Income Tax Considerations*” on page 292.

76. *Your holdings may be diluted by additional issuances of equity and any dilution may adversely affect the market prices of our Equity Shares.*

We may conduct additional equity offerings to fund the growth of our business, including our international operations, or our other Subsidiaries. We constantly evaluate different financing options and any future issuance of Equity Shares would dilute the positions of investors in Equity Shares and could adversely affect the market prices of our Equity Shares.

RISKS RELATING TO INDIA

77. *Political instability or changes in the Government could adversely affect economic conditions in India and consequently our business.*

Our performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The GoI has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. The business of our Bank, and the market price and liquidity of the Equity Shares may be affected by changes in GoI policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Since 1991, successive Indian governments have pursued policies of economic liberalisation, financial sector reforms including significantly relaxing restrictions on the private sector. The governments have usually been multi-party coalitions with differing agendas. Any political instability could affect the rate of economic liberalisation and the specific laws and policies affecting foreign investment. Other matters affecting investment in the Equity Shares could change as well. A significant change in India’s economic liberalisation and deregulation policies could adversely affect business and economic conditions in India generally, and our business in particular, if any new restrictions on the private sector are introduced or if existing restrictions are increased.

78. *Financial instability, economic developments and volatility in securities markets in other countries may also cause the price of the Equity Shares to decline.*

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors’ reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets and countries where the Bank has established operations or any worldwide financial instability may cause volatility in Indian financial markets and adversely affect the Indian economy, directly or indirectly, such as through movements of exchange rates and interest rates in India. The occurrence of any financial disruptions may have an adverse effect on the Bank’s cost of funding, loan portfolio, business, future financial performance and the trading price of the Equity Shares. In particular, in February 2020, the COVID-19 pandemic caused stock markets worldwide to lose significant value and impacted economic activity in Asia and worldwide. A number of governments revised GDP growth forecasts for fiscal 2020 downward in response to the economic slowdown caused by the outbreak of the COVID-19 pandemic, and it is possible that the COVID-19 pandemic will cause a prolonged global economic crisis or recession.

Developments in the Eurozone, including concerns regarding large budget deficits, rising public debts in Europe, sovereign debt default, negotiations between the United Kingdom and European policymakers following the withdrawal of the United Kingdom from the European Union, the exit of any other country from the European Union, recessionary economic conditions as well as concerns related to the impact of tightening monetary policy in the United States and a trade war between large economies may lead to increased risk aversion and volatility in global capital markets. Financial markets and the supply of credit could continue to be negatively impacted by ongoing concerns surrounding the sovereign debts and/or fiscal deficits of several countries in Europe, the possibility of further downgrades of, or defaults on, sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the stability and overall standing of the European Monetary Union. Trade tensions between the U.S. and major trading partners, most notably China, continue to escalate following the introduction of a series of tariff measures in both countries. China's policy response to these trade measures presents a degree of uncertainty. This may also impact other emerging markets, primarily in Asia and could undermine efforts to address already high debt levels and increase medium-term risks.

These and other related events such as concerns over recession, inflation or deflation, energy costs, geopolitical issues, slowdown in economic growth in China and Renminbi devaluation, commodity prices and the availability and cost of credit may have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the United States and global credit and financial markets. A lack of clarity over the process for managing the exit and uncertainties surrounding the economic impact could lead to a further slowdown and instability in financial markets. In addition, any increase in interest rates by the United States Federal Reserve will lead to an increase in the borrowing costs in the United States which may in turn impact global borrowing as well. This and any prolonged financial crisis may have an adverse impact on the Indian economy, and in turn on our business, financial condition and results of operations.

In response to these and other developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. See “*Regulations and Policies in India*” on page 246. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could have an adverse effect on the Bank's cost of funding, loan portfolio, business, future financial performance and the trading price of the Equity Shares. Adverse economic developments overseas in countries where the Bank has operations could have a material adverse impact on the Bank and the trading price of the Equity Shares.

Investors should be aware that there is a recent history of financial crises and boom-bust cycles in multiple markets in both emerging and developed economies which leads to risks for all financial institutions, including our Bank. We remain subject to the indirect economic effect of any potential tightening in global credit conditions, some of which cannot be anticipated and the vast majority of which are not under our control. We also remain subject to counterparty risk arising from financial institutions that can fail or are otherwise unable to meet their obligations under their contractual commitment to us.

79. Current account deficits, including trade deficits, and capital flow and exchange rate volatility could adversely affect our business and the prices of our equity shares.

India's trade relationships with other countries and its trade deficit, may adversely affect Indian economic conditions and the exchange rate for the rupee. The current account deficit increased in Fiscal 2018 to 1.9% of India's gross domestic product and further to 2.2% in Fiscal 2019, following the increase in global prices of crude oil and other commodities, combined with the growth in non-oil imports. Exchange rates are impacted by a number of factors including volatility of international capital markets, interest rates and monetary policy stance in developed economies like the United States, level of inflation and interest rates in India, the balance of payment position and trends in economic activity. Rising volatility in capital flows due to changes in monetary policy in the United States or other economies or a reduction in risk appetite or increase in risk aversion among global investors and consequent reduction in global liquidity may impact the Indian economy and financial markets. Following the outbreak of the COVID-19 pandemic, there was a significant outflow of foreign portfolio investments from Indian equity and debt markets during the three months ended March 31, 2020, and the Indian rupee depreciated by 5.6% vis-à-vis the U.S. dollar during the quarter to end at ₹ 75.39 per U.S. dollar at March 31, 2020. During the three months ended June 30, 2020, the exchange rate depreciated further to reach a high ₹ 76.95 per U.S. dollar on April 21, 2020, and subsequently eased in the remaining part of the quarter to ₹ 75.53 per U.S. dollar at June 30, 2020. If current account and trade deficits increase, or are no longer manageable because of factors impacting the trade deficit like a significant rise in global crude oil prices or otherwise, the Indian

economy, and therefore our business, our financial performance and the prices of our equity shares could be adversely affected. Any reduction of or increase in the volatility of capital flows may impact the Indian economy and financial markets and increase the complexity and uncertainty in monetary policy decisions in India, leading to volatility in inflation and interest rates in India, which could also adversely impact our business, our financial performance, our stockholders' equity, and the prices of our equity shares.

Further, any increased intervention in the foreign exchange market or other measures by the RBI to control the volatility of the exchange rate, may result in a decline in India's foreign exchange reserves and reduced liquidity and higher interest rates in the Indian economy. For instance, following the depreciation of the rupee between August 2018 and October 2018, the RBI implemented several measures including, intervention in the foreign exchange market, which resulted in a temporary decline in foreign exchange reserves. Prolonged periods of volatility in exchange rates, reduced liquidity and high interest rates could adversely affect our business, our future financial performance and the prices of our equity shares. A sharp depreciation in the exchange rate may also impact some corporate borrowers having foreign currency obligations that are not fully hedged.

80. A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could have an adverse impact on the Bank. A rapid decrease in reserves would also create a risk of higher interest rates and a consequent slowdown in growth.

A decline in India's foreign exchange reserves could result in reduced liquidity and higher interest rates in the Indian economy as well as an adverse effect on the valuation of the Rupee. Flows to foreign exchange reserves in India have been volatile in the past and may continue to be volatile in the future. Foreign exchange reserves increased by US\$ 369.96 billion from Fiscal 2017 to US\$ 424 billion in Fiscal 2018. In Fiscal 2019, foreign exchange reserves diminished by US \$12 billion to US \$412 billion. However, in Fiscal 2020, foreign exchange reserves increased by US\$ 64 billion to US\$ 476 billion.

Declines in foreign exchange reserves could adversely affect the valuation of the Rupee and could result in reduced liquidity and higher interest rates that could adversely affect the future financial performance of the Bank and the trading price of the Equity Shares.

81. Financial difficulty and other problems in certain financial institutions in India could materially adversely affect our business and the price of our Equity Shares.

We are exposed to the risks of the Indian financial system by being a part of the system. The financial difficulties faced by certain Indian financial institutions could materially adversely affect our business because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. Such "systemic risk", may materially adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with which we interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and materially adversely affect our business. Our transactions with these financial institutions expose us to various risks in the event of default by a counterparty, which can be exacerbated during periods of market illiquidity.

82. The Indian tax regime is currently undergoing substantial changes which could adversely affect the Bank's business and the trading price of the Equity Shares.

The Goods and Service Tax ("GST") that was implemented with effect from July 1, 2017 combines taxes and levies by the GoI and state governments into a unified rate structure, and replaces indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, VAT, cess and surcharge and excise that are currently being collected by the GoI and state governments. GST is expected to increase tax incidence and administrative compliance for banks. Due to direct dependence on policies of the government, we are unable to provide any assurance on the aspects of the tax regime following implementation of the GST. The implementation of this rationalized tax structure may be affected by any disagreement between certain state governments, which may create uncertainty. The tax rate for goods and service tax under the GST regime is higher than the service tax rate that was applicable, affecting our profitability to some extent. Additionally, since the GST is a newly implemented legislation, it is subject to various challenges, which may require issue of clarifications from time to time by the relevant authorities. We cannot assure you that pending receipt of such clarification, our business, financial condition and results of operation may not be adversely affected due to GST.

Furthermore, the GST has reduced the taxation threshold such that companies with an aggregate turnover

exceeding ₹ 2 million are now liable for GST. Aggregate turnover would be computed on an all-India basis and shall include both exempted and non-taxable supplies. Import and inter-state supplies shall be taxable without any threshold limit. Further, central registration has been replaced with state registration, resulting in additional compliance requirements for the SME sector. With the introduction of GST, any major impact on the SME and MSME sector may have a material effect on our business, results of operations and financial conditions.

The Government of India has made it mandatory for business establishments with turnover above a certain size to offer digital modes of payment from November 2019, with no charges being levied on the customers or the merchants by banks and payment service providers. Such measures could adversely impact the Bank's income streams in the future and adversely affect its financial performance.

As regards GAAR, the provisions of Chapter X-A (sections 95 to 102) of the Income Tax Act, 1961, are applicable from assessment year 2019 (Fiscal 2018) onwards. The GAAR provisions intend to declare an arrangement as an "impermissible avoidance arrangement", if the main purpose or one of the main purposes of such arrangement is to obtain a tax benefit, and satisfies at least one of the following tests (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, that is not ordinarily engaged for bona fide purposes. If GAAR provisions are invoked, the tax authorities will have wider powers, including denial of tax benefit or a benefit under a tax treaty. In the absence of any precedents on the subject, the application of these provisions is uncertain. As the taxation regime in India is undergoing a significant overhaul, its consequent effects on the banking system cannot be determined at present and there can be no assurance that such effects would not adversely affect our business, future financial performance and the trading price of the Equity Shares.

83. Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, prospects, results of operations and, financial condition.

Our business and financial performance could be adversely affected by changes in law or interpretations of existing, or the promulgation of new, laws, rules and regulations in India applicable to us and our business. There can be no assurance that the central or the state governments may not implement new regulations and policies which will require us to obtain approvals and licenses from the governments and other regulatory bodies or impose onerous requirements and conditions on our operations.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

84. Our ability to borrow foreign capital may be constrained by Indian law.

As an Indian bank regulated by the RBI, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

85. A third party could be prevented from acquiring control over us because of the anti-takeover provisions under Indian law and the provisions of the Banking Companies Act.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Bank even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. These provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of us. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Further, under the Banking Companies Act and the Banking Regulations Act, any investment in a nationalized bank exceeding the prescribed limits is subject to regulatory approval. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Bank. Consequently, even if a potential takeover of our Bank would result in the purchase of the

Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of the takeover regulations.

86. It may not be possible for investors to enforce any judgment obtained outside India against us, the Placement Agents or any of their directors and executive officers in India respectively, except by way of a law suit in India.

The enforcement of civil liabilities by overseas investors in the Equity Shares, including the ability to effect service of process and to enforce judgments obtained in courts outside of India may be adversely affected by the fact that the Bank is incorporated under the laws of the Republic of India and all of its executive officers and directors reside in India. As a result, it may be difficult to enforce the service of process upon the Bank and any of these persons outside of India or to enforce outside of India, judgments obtained against the Bank and these persons in courts outside of India.

India is not a signatory to the Hague Convention on the Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters, 1971 or to any multilateral international treaty in relation to the recognition and enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under Section 13, 14 and Section 44A of the Code of Civil Procedure, 1908 (“**Civil Code**”) on a statutory basis. Section 44A of the Civil Code provides that where a certified copy of a decree/ foreign judgment of any superior court, within the meaning of that Section, in any country or territory outside India which the Government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by a relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties and does not apply to arbitration awards.

The United Kingdom, United Arab Emirates, Singapore and Hong Kong, among others, have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Code. The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a new suit upon the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. The suit must be brought in India within three years from the date of judgment in the same manner as any other suit filed to enforce a civil liability in India.

It may be unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it may be unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India, and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian Law. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under FEMA to repatriate any amount recovered pursuant to execution and any such amount may be subject to income tax in accordance with applicable laws. Any judgment or award in a foreign currency would be converted into Indian Rupees on the date of the judgment or award and not on the date of the payment. Our Bank and the Book Running Lead Managers cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

87. Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.

In recent months, consumer and wholesale prices in India have exhibited subdued inflationary trends, as the result of a decrease in crude oil prices, lower international commodity prices, and lower domestic food prices. The Consumer Price Index declined from 3.6% (average) in Fiscal 2018 to 3.4% (average) in Fiscal 2019 and increased to 5.84% (average) in Fiscal 2020. On the heels of a prolonged 8-quarter slowdown, GDP growth in India slumped to its lowest level since the global financial crisis (GFC) to 4.2 per cent in 2019-20, with Q4:2019-20 growth (y-o-y) at 3.1 per cent turning out to be lowest in the history of the current (2011-12 based) GDP series (*Source: RBI*

– *Financial Stability Report, July 2020*). Although the RBI has enacted certain policy measures designed to curb inflation, these policies may not be successful. Continued high rates of inflation may increase our expenses related to salaries or wages payable to our employees or any other expenses. There can be no assurance that we will be able to pass on any additional expenses to our customers or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our profitability and, if significant, on our financial condition.

88. *The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.*

India has experienced natural calamities such as earthquakes, floods and drought in the recent past, with the most recent example being the global outbreak of COVID-19 described above. The extent and severity of these natural disasters determine their impact on the Indian economy. For example, in fiscals 2015 and 2016, many parts of India received significantly less than normal rainfall, which significantly impacted the performance of the agricultural sector. An erratic monsoon season could also adversely affect sowing operations for certain crops and result in a decline in the growth rate of the agricultural sector. Prolonged spells of below-normal rainfall in the country or other natural calamities could have a negative impact on the Indian economy, adversely affecting the Bank's business and potentially causing the trading price of the Equity Shares to decrease. For example, recent floods in the Indian state of Kerala led to the dislocation of the local population, which had have affected normal functioning of the branches located in that particular region.

In addition, influenza A H5N1 has had a profound effect on the poultry industry and Nipah virus encephalitis, is an emerging infectious disease of public health importance in Asia. India's southern state of Kerala was put under a lot of stress in May 2018 due to an outbreak of the Nipah virus. Asia is home to dynamic systems in which biological, social, ecological, and technological processes interconnect in ways that enable microbes to exploit new ecological niches. These processes include population growth and movement, urbanization, changes in food production, agriculture and land use, water and sanitation, and the effect of health systems through generations of drug resistance. There can be no assurance that the ongoing situation caused by the COVID-19 pandemic or a future outbreak of an infectious disease among humans or animals (if any) or any other serious public health concern will not have a material adverse effect on our business, financial condition and results of operations.

India has from time to time experienced instances of social, religious and civil unrest and hostilities between neighboring countries. Present relations between India and Pakistan continue to be fragile on the issues of terrorism, armaments and Kashmir. In April 2019, skirmishes along India's border with Pakistan and the downing of an Indian military jet fighter plane significantly escalated tensions between the two countries. India has also experienced terrorist attacks in some parts of the country. In November 2008, several coordinated shooting and bombing attacks occurred across Mumbai, India's financial capital. These attacks resulted in loss of life, property and business. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine. Certain countries in Southeast Asia have reported cases of bird-to-human transmission of avian and swine influenza, resulting in numerous human deaths. The World Health Organisation and other agencies have issued warnings on a potential avian or swine influenza pandemic if there is sustained human-to-human transmission. Future outbreaks of avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region. As a result, any present or future outbreak of avian or swine influenza or other contagious disease could have a material adverse effect on the Bank's business and the trading price of the Equity Shares.

89. *Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.*

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a bank in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other

countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian bank than as shareholder of a corporation in another jurisdiction.

90. India's existing credit information infrastructure may cause increased risks of loan defaults. We depend on the accuracy and completeness of information furnished by the customers and counterparties and any misrepresentation, errors or incompleteness of such information could cause our business to suffer.

Our principal activity is providing financing to borrowers, including individuals, SMEs and MSMEs. The credit risk of our borrowers may be higher than in other economies due to the higher uncertainty in our regulatory, political and economic environment and the inability of our borrowers to adapt to global technological advancements. In addition, India's system for gathering and publishing statistical information relating to the Indian economy generally or specific economic sectors within it, or corporate or financial information relating to companies or other economic enterprises is not as comprehensive as those of several countries with established market economies. Although India has credit information companies, adequate information regarding loan servicing histories, particularly in respect of individuals and small businesses, is limited. In the event that the reports of such credit information companies are not up-to-date, we may not be able to accurately assess the credit-worthiness of our borrower which may increase our risk of exposure to default by borrower. As our lending operations are primarily limited to India, we may be exposed to a greater potential for loss compared to banks with lending operations in more developed countries. Inadequate loan servicing histories for borrowers increase the risk of exposure and may lead to an increase in our NPAs which may adversely affect our business, results of operations and financial condition.

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of our customers and counterparties, including financial statements and other financial information. We may also rely on certain representations as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. The difficulties associated with the inability to accurately assess the value of collateral and to enforce rights in respect of collateral, along with the absence of such accurate statistical, corporate and financial information, may decrease the accuracy of our assessments of credit risk, thereby increasing the likelihood of borrower default on our loan and decreasing the likelihood that we would be able to enforce any security in respect of such a loan or that the relevant collateral will have a value commensurate to such a loan. Moreover, the availability of accurate and comprehensive credit information on retail customers and small businesses in India is more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending.

Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our non-performing and restructured assets, which could materially and adversely affect our business, financial condition and results of operations.

91. There may be less information available about the companies listed on the Indian securities markets compared with information that would be available if we were listed on securities markets in certain other countries.

There may be differences between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants in India and that in the markets in the United States and certain other countries. SEBI is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about companies listed on an Indian stock exchange compared with information that would be available if that company was listed on a securities market in certain other countries. As a result, investors may have access to less information about the business, results of operations, cash flows and financial conditions, and those of the competitors that are listed on BSE and NSE and other stock exchanges in India on an on-going basis than you may find in the case of companies subject to reporting requirements of other more developed countries.

RISKS RELATING TO THE ISSUE AND THE EQUITY SHARES

92. The Issue Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.

The Issue Price of the Equity Shares will be determined by our Bank in accordance with applicable prevailing regulations. This price will be determined on the basis of applicable law and may not be indicative of the market

price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

93. The trading price of our Equity Shares may be subject to volatility and you may not be able to sell the Equity Shares at or above the Issue Price.

The trading price of our Equity Shares may fluctuate after the Issue due to a variety of factors, including the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, economic liberalisation, deregulation policies and procedures or programs applicable to our business, volatility in the Indian and global securities market, performance of our competitors, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others on our operations or capital commitments, adverse media reports on our Bank, or the Indian financial sector or significant developments in India's fiscal and other regulations. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other banking entities, and entities in other industries funded by public sector banks in India, even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares.

94. Currency exchange rate fluctuations may affect the value of the Equity Shares.

The exchange rate between the Rupee and other foreign currencies, including the U.S. Dollar, the British pound sterling, the Euro, the Hong Kong Dollar, the Singapore Dollar and the Japanese Yen, has changed substantially in recent years and may fluctuate substantially in the future. Fluctuations in the exchange rate between the foreign currencies with which an investor may have purchased Rupees may affect the value of the investment in the Bank's Equity Shares. Specifically, if there is a change in relative value of the Rupee to a foreign currency, each of the following values will also be affected:

- the foreign currency equivalent of the Rupee trading price of the Bank's Equity Shares in India;
- the foreign currency equivalent of the proceeds that you would receive upon the sale in India of any of the Bank's Equity Shares; and
- the foreign currency equivalent of cash dividends, if any, on the Bank's Equity Shares, which will be paid only in Rupees.

You may be unable to convert Rupee proceeds into a foreign currency of your choice, or the rate at which any such conversion could occur could fluctuate. In addition, the Bank's market valuation could be seriously harmed by a devaluation of the Rupee if investors in jurisdictions outside India analyze its value based on the relevant foreign currency equivalent of the Bank's financial condition and results of operations.

95. Any trading closures at BSE and NSE may adversely affect the trading price of our Bank's Equity Shares

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. A closure of, or trading stoppage on, either of the BSE and the NSE could adversely affect the trading price of the Equity Shares.

96. Your ability to acquire and sell Equity Shares offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Placement Document.

No actions have been taken to permit a public offering of the Equity Shares offered in the Issue in any jurisdiction. As such, your ability to acquire Equity Shares offered in the Issue is restricted by the distribution and solicitation restrictions set forth in this Placement Document. For further information, see "Selling Restrictions" on page 273. Furthermore, the Equity Shares offered in the Issue are subject to restrictions on transferability and resale. For further information, see "Transfer Restrictions" on page 281. You are required to inform yourself about and observe these restrictions. Our representatives, our agents and us will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares offered in the Issue made other than in compliance with applicable law.

97. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws, capital gains arising from the sale of equity shares in an Indian company is generally taxable in India. A securities transaction tax (“STT”) is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of listed equity shares held for more than 12 months may be subject to long term capital gains tax in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the stock exchanges, the quantum of gains and any available treaty exemptions. Accordingly, you may be subject to payment of long term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by an Indian stock exchange on which the Equity Shares are sold.

Further, any gain realized on the sale of our Equity Shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of Equity Shares.

98. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller and may be more volatile than securities markets in more developed economies. The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the U.S. and Europe. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities.

Indian stock exchanges have, in the past, experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. Following the outbreak of Covid-19 pandemic in early 2020, the benchmark S&P BSE Sensex declined sharply during the three months ended March 31, 2020 by 28.6%, from 41,254 level at December 31, 2019 to 29,468 at March 31, 2020. During this period, several listed securities were impacted, including us. The index has subsequently recovered. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and increased margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected. A closure of, or trading stoppage on, either the BSE or the NSE could adversely affect the trading price of the Equity Shares.

99. Investors to the Issue are not allowed to withdraw or revise their Bids downwards after the Bid/ Issue Closing Date.

In terms of the SEBI ICDR Regulations, investors in the Issue are not allowed to withdraw their Bids or revise their Bids downwards after the Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the investor’s demat account with the depository participant could take approximately seven days and up to 10 days from the Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in the business, results of operation or financial condition of the Bank, or other events affecting the investor’s decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Issue Closing Date could also adversely impact the market price of the Equity Shares. The investors shall not have the right to withdraw their Bids or revise their Bids downwards in the event of any such occurrence. The Bank may complete the Allotment of the Equity Shares even if such events may limit the investors’ ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

100. An investor will not be able to sell any of the Equity Shares subscribed in this Issue other than across a recognized Indian stock exchange for a period of 12 months from the date of the issue of the Equity Shares.

Pursuant to the SEBI ICDR Regulations, for a period of 12 months from the date of the issue of the Equity Shares in this Issue, Eligible QIBs subscribing to the Equity Shares may only sell their Equity Shares on the NSE or the BSE and may not enter into any off-market trading in respect of these Equity Shares. The Bank cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. Further, allotments made to certain

categories of Eligible QIBs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock - in requirements. This may affect the liquidity of the Equity Shares purchased by such investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares purchased by investors.

101. After this Issue, the price of the Equity Shares may be volatile.

The Issue Price will be determined by our Bank in consultation with the BRLMs, based on the Bids received in compliance with Chapter VI of the SEBI ICDR Regulations, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete. The price of the Equity Shares on NSE and BSE may fluctuate after this Issue as a result of several factors, including:

- volatility in the Indian and the global securities market or prospects for our business and the sectors in which we compete;
- the valuation of publicly traded companies that are engaged in business activities similar to us;
- volatility in the Rupee's value relative to the U.S. dollar, the Euro and other foreign currencies;
- our Bank's profitability and performance;
- perceptions about our Bank's future performance or the performance of Indian banks in general;
- the performance of our Bank's competitors and the perception in the market about investments in the banking sector;
- adverse media reports about our Bank or the Indian banking sector;
- a comparatively less active or illiquid market for the Equity Shares;
- changes in the estimates of our Bank's performance or recommendations by financial analysts;
- significant developments in India's economic liberalization and deregulation policies;
- regulatory changes in the Indian banking sector;
- inclusion or exclusion of our Bank in indices;
- significant developments in India's fiscal and environmental regulations;
- any other political or economic factors;
- performance of the Subsidiaries; and
- COVID-19 related measures undertaken by the Government of India (for further information on the impact of COVID-19 on our Bank, please refer to " – We may not be able to predict the impact of the COVID-19 pandemic on our Bank's business, cash flows, results of the operations and financial condition." on page 48).

102. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, the Equity Shares at a particular point in time.

The price of the Equity Shares will be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India, which does not allow transactions beyond a certain level of volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by the SEBI on Indian stock exchanges. The percentage limit on the Bank's circuit breaker is set by the stock exchanges based, amongst others, on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to, and do not, inform us of the percentage limit of the circuit breaker from time to time, and may change it without the Bank's knowledge. This circuit breaker effectively limits upward and downward movements in the price of the Equity Shares. As a result, shareholders' ability to sell the Equity Shares, or the price at which they can sell the Equity Shares, may be adversely affected at a particular point in time.

103. Investors will be subject to market risks until the Equity Shares credited to the investors' demat account are listed and permitted to trade.

Investors can start trading the Equity Shares Allotted to them only after they have been credited to an investors' demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when Equity Shares Allotted are listed and permitted to trade. Further, there can be no assurance that the Equity Shares Allotted to an investor will be credited to the investor's demat account in a timely manner or that trading in the Equity Shares will commence in a timely manner

MARKET PRICE INFORMATION

As of the date of the Preliminary Placement Document, 9,410,629,315 Equity Shares of our Bank are issued, subscribed and fully paid up.

On December 14, 2020, the closing price of Equity Shares on BSE and NSE was ₹ 41.25 and ₹ 41.25 per Equity Share, respectively. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for BSE and NSE has been given separately.

- (i) The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on BSE and NSE on the dates on which such high and low prices were recorded for Fiscal 2018, 2019 and 2020:

BSE

Financial Year ended	High (₹)	Date of high ⁽¹⁾	Number of Equity Shares traded on the date of high	Total turnover of Equity shares traded on the date of high (₹ million)	Low (₹)	Date of low ⁽¹⁾	Number of Equity Shares traded on the date of low	Total turnover of Equity Shares traded on the date of low (₹ million)	Average price for the year (₹) ⁽²⁾
2018	231.60	26-Oct-17	1,28,72,156	2,745.09	91.30	12-Mar-18	36,68,501	343.52	152.76
2019	106.80	10-Apr-18	19,78,179	208.59	58.65	28-Sep-18	49,63,624	301.37	79.85
2020	99.90	01-Apr-19	32,72,247	321.69	28.75	13-Mar-20	39,50,366	136.15	66.32

(Source: www.bseindia.com)

Notes:

- (1) High and low prices in the above tables are of the daily closing prices. In case of two days with the same high or low price, the date with the higher volume has been chosen.
- (2) Average price for the year represents the average of daily closing prices on each day of each year.

NSE

Financial Year ended	High (₹)	Date of high ⁽¹⁾	Number of Equity Shares traded on the date of high	Total turnover of Equity shares traded on the date of high (₹ million)	Low (₹)	Date of low ⁽¹⁾	Number of Equity Shares traded on the date of low	Total turnover of Equity Shares traded on the date of low (₹ million)	Average price for the year (₹) ⁽²⁾
2018	231.45	12-Mar-18	12,46,69,249	26,580.97	91.25	12-Mar-18	4,50,21,305	4,212.99	152.79
2019	106.75	10-Apr-18	2,94,70,636	3,107.38	58.45	28-Sep-18	6,82,64,539	4,145.59	79.85
2020	99.90	01-Apr-19	5,16,90,683	5,080.35	28.05	13-Mar-20	4,62,83,334	1,596.48	66.32

(Source: www.nseindia.com)

Notes:

- (1) High and low prices in the above tables are of the daily closing prices. In case of two days with the same high or low price, the date with the higher volume has been chosen.
- (2) Average price for the year represents the average of daily closing prices on each day of each year.

- (ii) The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on BSE and NSE on the dates on which such high and low prices were recorded during each of the last six months:

BSE

Month ended	High (₹)	Date of high ⁽¹⁾	Number of Equity Shares traded on the date of high	Total turnover of Equity shares traded on the date of high (₹ million)	Low (₹)	Date of low ⁽¹⁾	Number of Equity Shares traded on the date of low	Total turnover of Equity shares traded on the date of low (₹ million)	Average price for the month (₹) ⁽¹⁾
June 2020	38.40	24-Jun-20	71,47,099	267.35	29.20	01-Jun-20	33,72,189	96.86	33.61
July 2020	38.75	08-Jul-20	29,24,733	111.20	31.30	31-Jul-20	10,11,759	32.11	34.44
August 2020	38.60	31-Aug-20	49,72,338	181.63	31.90	03-Aug-20	26,71,818	87.54	33.90
September 2020	35.75	01-Sep-20	11,14,269	38.54	27.65	25-Sep-20	23,08,920	65.47	32.11
October 2020	29.75	12-Oct-20	22,72,957	65.93	26.30	29-Oct-20	9,79,026	26.02	27.69
November 2020	34.15	27-Nov-20	47,51,431	157.58	26.75	02-Nov-20	38,00,977	105.39	29.59

(Source: www.bseindia.com)

Notes:

- (1) High and low prices in the above tables are of the daily closing prices. In case of two days with the same high or low price, the date with the higher volume has been chosen.
- (2) Average price for the month represents the average of daily closing prices on each day of each month.

NSE

Month ended	High (₹)	Date of high ⁽¹⁾	Number of Equity Shares traded on the date of high	Total turnover of Equity shares traded on the date of high (₹ million)	Low (₹)	Date of low ⁽¹⁾	Number of Equity Shares traded on the date of low	Total turnover of Equity shares traded on the date of low (₹ million)	Average price for the month (₹) ⁽¹⁾
June 2020	38.40	24-Jun-20	7,06,21,046	2,645.44	29.20	01-Jun-20	7,28,25,432	2,082.39	33.61
July 2020	38.75	08-Jul-20	8,15,36,986	3,100.56	31.25	31-Jul-20	3,07,16,405	973.61	34.44
August 2020	38.60	31-Aug-20	7,59,96,925	2,772.71	31.85	03-Aug-20	3,64,62,844	1,195.85	33.89
September 2020	35.75	01-Sep-20	4,22,07,372	1,461.07	27.65	25-Sep-20	3,17,40,097	898.08	32.12
October 2020	29.75	12-Oct-20	3,33,96,304	964.02	26.30	29-Oct-20	3,39,96,051	902.67	27.70
November 2020	34.15	27-Nov-20	7,19,51,138	2,383.53	26.75	02-Nov-20	5,36,42,960	1,490.04	29.61

(Source: www.nseindia.com)

Notes:

- (1) High and low prices in the above tables are of the daily closing prices. In case of two days with the same high or low price, the date with the higher volume has been chosen.
- (2) Average price for the month represents the average of daily closing prices on each day of each month.

- (i) The following table set forth the details of the number of Equity Shares traded and the turnover during the financial years ended March 31, 2020, March 31, 2019 and March 31, 2018 on the Stock Exchanges:

Period	Number of Equity Shares Traded		Turnover (In ₹ million)	
	BSE	NSE	BSE	NSE
Year ended March 31, 2018	46,54,62,513	5,21,32,06,506	69,323.29	7,58,209.21
Year ended March 31, 2019	53,43,89,124	6,77,59,71,441	42,699.40	5,44,203.82
Year ended March 31, 2020	39,10,74,882	6,16,35,10,192	26,758.01	4,17,495.92

(Source: www.bseindia.com and www.nseindia.com)

- (ii) The following table set forth the details of the number of Equity Shares traded and the turnover during the six immediately preceding months:

Period	Number of Equity Shares Traded		Turnover (In ₹ million)	
	BSE	NSE	BSE	NSE
June 2020	7,99,35,997	1,46,47,36,485	2,714.10	49,024.94
July 2020	4,16,46,105	72,79,73,437	1,449.78	25,476.15
August 2020	4,47,39,159	77,47,12,310	1,551.60	26,828.20
September 2020	2,79,47,880	51,21,31,593	881.61	16,282.23
October 2020	3,19,09,104	60,22,17,513	891.97	16,772.34
November 2020	5,34,37,891	90,77,26,674	1,601.48	27,000.62

(Source: www.bseindia.com and www.nseindia.com)

- (iii) The following table sets forth the market price on BSE and NSE on July 10, 2020, i.e., the first working day following the approval of the Board of Directors for the Issue:

Stock Exchange	Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares traded	Turnover (₹ million)
BSE	35.85	36.00	34.60	35.05	32,20,226	113.34
NSE	35.85	36.10	34.60	35.05	10,17,90,235	3,581.41

(Source: www.bseindia.com and www.nseindia.com)

USE OF PROCEEDS

The gross proceeds from the Issue aggregate to approximately ₹ 3,788.04 crore. Subject to compliance with applicable laws and regulations, the net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue from the aggregate proceeds of the Issue, is approximately ₹ 3,776.46 crore ("**Net Proceeds**").

Subject to compliance with applicable laws, our Bank intends to utilize the Net Proceeds towards (i) augmenting our Bank's Tier I Capital to meet the Basel III and to support growth plans and to enhance the business of our Bank; and/ or, (ii) general corporate requirements or any other purposes, as may be permissible under the applicable law and approved by our Board or its duly constituted committee.

The Net Proceeds are proposed to be deployed towards the purpose set out above and are not proposed to be utilized towards any specific project. Accordingly, the requirement to disclose (i) the break-up of cost of the project (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project, is not applicable.

None of our Directors are making any contribution either as part of the Issue or separately in furtherance of the objects of the Issue.

CAPITALISATION STATEMENT

The following table sets forth our Bank's capitalization (on a consolidated basis) on an actual basis as at September 30, 2020, which has been extracted from our Reviewed Financial Results, and as adjusted to give effect to the receipt of the gross proceeds of the Issue. This table should be read in conjunction with the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" beginning on pages 101 and 323, respectively.

(In ₹ crore)

Particulars	Pre-Issue September 30, 2020	(as at Post-Issue adjusted (1)
Borrowings:		
Short Term Borrowings	28,886.30	28,886.30
Long Term Borrowings	30,728.21	30,728.21
Total Borrowings (a)	59,614.51	59,614.51
Shareholders' funds:		
Share capital	1,882.13	2,095.54
Securities premium	40,788.23	44,351.28
Reserves and surplus (excluding securities premium)	45,679.12	45,679.12
Shareholders' funds (excluding borrowings) (b)	88,349.48	92,125.94
Total capitalization (a + b)	1,47,963.98	1,51,740.45
Short Term Borrowings / Shareholders Funds	0.32	0.31
Long Term Borrowings / Shareholders Funds	0.35	0.33
Total Borrowings / Shareholders Funds	0.67	0.65

DIVIDEND POLICY

The RBI has laid down certain guidelines on the declaration of dividends by banks pursuant to circular RBI Circular (RBI/2004-05/451DBOD.NO.BP.BC.88/21.02.067/2004-05) dated May 4, 2005 on declaration of dividends by banks ("**RBI Dividend Circular**"). Our Bank follows the Banking Regulation Act, the RBI Dividend Circular and Regulation 43A of the SEBI Listing Regulations in this regard.

For eligibility criteria for declaration of dividend in terms of the RBI Dividend Circular, see "*Regulations and Policies*" and "*Description of the Equity Shares - Declaration of Dividend*" on pages 246 and 290, respectively. For a summary of certain Indian tax consequences of dividend distributions to shareholders, see "*Taxation*" on page 292.

Our Bank has not declared any dividends on Equity Shares for Fiscals 2018 and 2019. In addition, vide a circular DOR.BP.BC.No.64/21.02.067/2019-20 dated April 17, 2020 read with circular DOR.BP.BC.No.29/21.02.067/2020-21 dated December 4, 2020, the Reserve Bank of India has directed that banks shall not make any dividend payment on equity shares from the profits pertaining to the financial year ended March 31, 2020 in order to conserve capital to retain their capacity to support the economy and absorb losses in an environment of heightened uncertainty caused by COVID-19. Accordingly, our Bank has not declared any dividend for Fiscal 2020. Our Bank has not declared any dividends on Equity Shares during the eight months period ended November 30, 2020. Further, our Bank has not declared any dividend from December 1, 2020 till the date of this Placement Document.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 17, for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Risk Factors" and "- Principal Factors affecting our Results of Operations and Financial Condition" on pages 48 and 105, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal year are to the twelve months ended March 31 of that year. Unless otherwise specified or unless the context otherwise requires, financial information herein for Fiscals 2018, 2019 and 2020 is derived from our Audited Standalone Financial Statements, and the financial information included herein for the six months ended September 30, 2020 (including the comparative financial information with respect to the six months ended September 30, 2019) is based on the standalone Unaudited Reviewed Financial Results, included in this Placement Document. Pursuant to the Gazette Notification no. CG-DL-E04032020-216535 dated March 4, 2020 issued by the Government of India, the scheme of amalgamation between Oriental Bank of Commerce ("OBC"), United Bank of India ("UBI"), and our Bank was approved and OBC and UBI were amalgamated with our Bank with effect from April 1, 2020. Accordingly, our Bank's historical financial statements and/or financial results prior to this amalgamation are not comparable to those subsequent to such amalgamation. For further information, see "- Presentation of Financial Information – Amalgamation of erstwhile Oriental Bank of Commerce and United Bank of India" and "- Principal Factors Affecting our Results of Operations and Financial Condition – Effect of Amalgamation of erstwhile Oriental Bank of Commerce and United Bank of India" and "Financial Statements" on pages 101, 105 and 323, respectively. The degree to which the financial information prepared in accordance with Indian GAAP will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, and includes extracts from publicly available documents from various sources, including officially prepared materials from the Government of India (the "GoI") and its various ministries, the Reserve Bank of India and Ministry of Statistics and Programme Implementation, and has not been prepared or independently verified by our Bank, the Book Running Lead Managers or any of their affiliates or advisers.

Unless otherwise stated, references to "the Bank" or "our Bank", are to Punjab National Bank on a standalone basis and references to "we", "us", "our", are to Punjab National Bank on a consolidated basis.

OVERVIEW

The Bank commenced operations on April 12, 1895 and is the second largest public sector bank in terms of total business and deposits as at September 30, 2020 (*Source: Based on the reviewed/ unaudited financial results for the half year ended September 30, 2020 of the scheduled public and private sector banks in India submitted to the Stock Exchanges*).

Our principal business operations are broadly categorized into four segments: corporate/wholesale banking segment comprises commercial banking products and transactional services, which are provided to our corporate and institutional clients; retail banking comprises financial products provided to our retail customers; treasury operations comprising primarily of statutory reserves management, liquidity management and other such services and other banking operations comprising primarily of rural business and agri-business.

The range of products and services offered by the Bank includes loans and advances, deposits, foreign exchange products, retail lending and deposits and fee and commission based products and services. Our principal banking operations include:

- **Retail banking:** Our retail banking products include loans and deposit products targeted primarily at individuals (salaried, self-employed professionals and other self-employed individuals) to meet their personal financial requirements, such as housing, vehicle, education and other personal requirements.

- **Corporate banking:** Our corporate banking operations cater to the business needs of various companies, institutions and other enterprises in the public and private sector. Our corporate banking loans include fund based and non-fund based products, of which the fund based products consist of term loans as well as working capital facilities. We also offer trade loans, bridge financing and foreign currency loans. We also provide finance to corporates through syndication of loans.
- **MSME banking:** Our micro, small and medium enterprises (“**MSME**”) banking products include loans to entrepreneurs engaged in manufacturing and service activities as well as working capital.
- **Agricultural banking:** Our agricultural banking operations cater to farmers and agriculture based entrepreneurs through various short, medium and/or long term loan products.

The Bank is also present, through its Subsidiaries, Joint Venture and Associates, in diverse segments of the Indian financial sector, including housing finance, life insurance, corporate advisory, merchant banking and trustee services. The Bank contributed 97.56% of our total consolidated assets as at March 31, 2020.

The Bank has a presence throughout India with a total of 10,930 branches, of which 61.15% are located within rural and semi-urban areas in India, 13,878 ATMs, 12,756 banking correspondents, as at September 30, 2020. The Bank also has overseas presence in Hong Kong, Dubai, Bhutan, United Kingdom, Nepal, Bangladesh and Myanmar through its branches, representative offices, Subsidiaries, Joint Venture and Associates outside India. The Government of India (“**GoI**”) owned 85.59% of the Bank’s share capital as at September 30, 2020.

The Bank’s branch network is further complemented by its online and mobile banking solutions that enables it to provide its customers with access to on-demand banking services. We are focused on continuing investment in our technology platforms and systems. Our direct banking platforms enable us to connect with our customers through alternate channels by improving customer retention and supporting the increase in volume of customer transactions.

As at September 30, 2020, the Bank had gross deposits, gross advances and a total asset base of ₹ 1,069,747.07 crore, ₹716,924.28 crore and ₹1,227,125.70 crore, respectively. As at September 30, 2020, the Bank’s market share of aggregate domestic deposits was 7.05%, and its market share of aggregate domestic non-food credit was 6.52%. (*Source: RBI data.*) In addition, the Bank’s retail term deposits (up to ₹ 2 crore) accounted for 46.40% of the Bank’s total deposits.

The Bank also has a large stable percentage of relatively low-cost CASA deposits within its deposit mix. As at March 31, 2018, 2019 and 2020 and as at September 30, 2020, the Bank’s CASA was ₹263,247.31 crores, ₹285,040.47 crores, ₹302,474.57 crores and ₹459,477.20 crores, respectively. As at March 31, 2018, 2019 and 2020 and as at September 30, 2020, the Bank’s domestic CASA was ₹ 262,996.26 crore, ₹ 284,815.10 crore, ₹ 302,374.57 crore and ₹ 459,393.12 crore, respectively, while the Bank’s ratio of domestic CASA deposits to its total domestic deposits as at March 31, 2018, 2019, 2020 and as at September 30, 2020 was 43.80%, 43.51%, 44.05% and 44.10%, respectively.

Under the Priority Sector Guidelines, under the applicable the RBI circular for priority sector lending targets and classification (the “**Priority Sector Circular**”), which sets out that 40% of the adjusted net bank credit (“**ANBC**”) should be provided to the priority sector (“**Priority Sector Credit**”), with 18% and 10% of such Priority Sector Credit provided to the agriculture sector and the weaker sections (as identified in the Priority Sector Circular), respectively. Further, RBI’s Master Directions dated September 4, 2020 on ‘Priority Sector Lending – Targets and Classification’ provides that the target for domestic commercial banks for advances to weaker sections will be revised upwards in a phased manner from 10% for Fiscal 2021 to 11% for Fiscal 2022, 11.5% for Fiscal 2023 and 12% for Fiscal 2024. We have, achieved the goals set for priority sector lending for Fiscal 2018 and Fiscal 2019 but missed achieving in Fiscal 2020 marginally. We have achieved the goal for the six months ended September 30, 2020.

For further information, see “*Regulations and Policies—Priority sector lending*” on page 252.

The table below sets forth summaries of certain of the Bank’s key operating and financial performance parameters, as at and for the periods indicated below.

	As at and for the years ended March 31,			As at and for the six months ended September 30,	
	2018	2019	2020	2019	2020*
	(₹crore)				
Average interest-earning assets ⁽¹⁾	691,648.40	710,651.20	756,524.34	739,594.84	1,170,304.17
Net interest income	14,922.40	17,156.31	17,437.79	8,405.20	15,141.63
Average total assets ⁽¹⁾	767,061.87	796,177.63	856,438.58	829,141.61	1,324,278.34
Average yield ⁽¹⁾	6.94%	7.22%	7.11%	7.13%	7.10%
Average cost of funds ⁽²⁾	4.31%	4.29%	4.25%	4.34%	3.99%
Spread ⁽³⁾	1.95%	2.15%	2.04%	2.03%	2.29%
Net interest margin ⁽⁴⁾	2.16%	2.41%	2.30%	2.27%	2.85%
Return on average equity ⁽⁵⁾	(43.86)%	(43.54)%	1.15%	9.93%	3.72%
Return on average assets ⁽⁶⁾	(1.60)%	(1.25)%	0.04%	0.37%	0.14%
Tier I capital adequacy ratio	7.12%	7.49%	11.90%	12.18%	10.33%
Tier II capital adequacy ratio	2.08%	2.24%	2.24%	1.89%	2.51%
Total capital adequacy ratio	9.20%	9.73%	14.14%	14.07%	12.84%
Net NPAs ⁽⁷⁾	48,684.29	30,037.66	27,218.90	32,658.68	30,919.84
Net NPAs ratio ⁽⁸⁾	11.24%	6.56%	5.78%	7.65%	4.75%
Credit to deposit ratio ⁽⁹⁾	73.38%	74.88%	73.44%	68.14%	67.02%
Cost to income ratio ⁽¹⁰⁾	56.75%	47.03%	44.82%	44.74%	48.62%
Interest coverage ratio ⁽¹¹⁾	64.61%	72.48%	102.60%	110.22%	105.48%
Provisioning coverage ratio (including technical write-off) ⁽¹²⁾	58.42%	74.50%	77.79%	73.58%	83.00%
CASA ratio ⁽¹³⁾	43.80%	43.51%	44.05%	43.51%	44.10%
Gross total advances	471,296.60	506,194.30	516,928.83	474,085.26	716,924.28
Gross Deposits	642,226.19	676,030.14	703,846.32	695,782.08	1069,747.07

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Notes:

- (1) Average balances are daily averages for deposits/ advances/investments and all others are based on monthly averages as reported to the RBI.
- (2) Cost of funds is interest expense divided by total monthly average assets.
- (3) Spread is net interest income divided by monthly average assets
- (4) Net interest margin is the difference of interest earned and interest expended divided by the total average interest-earning assets, where advances, investment and money at call and short notice are based on daily averages and others are based on monthly averages.
- (5) Return on average equity is the ratio of the net profit after tax to the quarterly average tangible net worth (capital plus reserves excluding revaluation reserves, DTA and other deduction).
- (6) Return on average assets is the ratio of the net profit after tax to the monthly average assets
- (7) Net NPAs reflect the Bank's gross NPAs less provisions for NPAs.
- (8) Net NPAs ratio is the ratio of net NPAs divided by net advances.
- (9) Credit to deposit ratio is calculated as a ratio of total gross advances to total deposits.
- (10) Cost to income ratio is calculated as a ratio of operating expenses divided by total operating income (total of net interest income and non-interest income).
- (11) Interest coverage ratio is calculated as net profit and depreciation on the Bank's property, divided by interest expended.
- (12) PCR (including technical write-off) comprises provisions plus technical write off as percentage to Gross NPA plus technical write off.
- (13) Ratio of domestic current account deposits and savings account deposits to domestic deposits (including inter-bank deposits).

PRESENTATION OF FINANCIAL INFORMATION

In this Placement Document we have included the following financial statements prepared under Indian GAAP: (i) audited standalone and consolidated financial statements as of and for the year ended March 31, 2018 read along with the notes thereto (the “**Fiscal 2018 Audited Financial Statements**”); (ii) audited standalone and consolidated financial statements as of and for the year ended March 31, 2019 read along with the notes thereto (the “**Fiscal 2019 Audited Financial Statements**”); (iii) audited standalone and consolidated financial statements as of and for the year ended March 31, 2020 read along with the notes thereto (the “**Fiscal 2020 Audited Financial Statements**” and collectively with Fiscal 2018 Audited Financial Statements and Fiscal 2019 Audited Financial Statements, the “**Audited Financial Statements**”); and (iv) pursuant to the meeting of our Board of Directors on

November 2, 2020, we have adopted and filed with the Stock Exchanges on November 2, 2020, the Indian GAAP unaudited standalone and consolidated financial results (reviewed) for the quarter and half year ended September 30, 2020 (including the comparative financial information with respect to the quarter and half year ended September 30, 2019 and other financial information with respect to historical fiscal year/ periods as required under applicable law) read along with the notes thereto (the “**Reviewed Financial Results**”). However, potential investors are cautioned that the presentation of our Audited Financial Statements may not be strictly comparable to our Reviewed Financial Results.

In this section, we have included (i) a comparison of our Bank’s standalone Fiscal 2020 Audited Financial Statements with our Bank’s standalone Fiscal 2019 Audited Financial Statements, and (ii) a comparison of our Bank’s standalone Fiscal 2019 Audited Financial Statements with our Bank’s standalone Fiscal 2018 Audited Financial Statements. In addition, we have also included herein management’s discussion and analysis on our Bank’s standalone Reviewed Financial Results.

Amalgamation of erstwhile Oriental Bank of Commerce and United Bank of India into Our Bank

The Department of Financial Services, Ministry of Finance, Government of India issued a Gazette Notification no. CG-DL-E04032020-216535 dated March 4, 2020, approving the scheme of amalgamation of erstwhile Oriental Bank of Commerce and United Bank of India into our Bank (“**Amalgamation**”) in exercise of the powers conferred by Section 9 of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1980 (40 of 1980) and Section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970). The Amalgamation came into effect from April 1, 2020. Accordingly, the historical financial and other information of our Bank prior to the Amalgamation, including the Audited Financial Statements and the unaudited standalone and consolidated financial results (reviewed) for the quarter and half year ended September 30, 2019 included in the Reviewed Financial Results, are not comparable to those subsequent to the Amalgamation.

Since the Amalgamation had a significant impact on the standalone financial statements of our Bank, we have included in this Placement Document following additional financial information with respect to the Amalgamation:

- Proforma financial statements as of and for the three months ended June 30, 2019;
- Proforma financial statements as of and for the three and six months ended September 30, 2019;
- Proforma financial statements as of and for the three and nine months ended December 31, 2019; and
- Proforma financial statements as of and for the three months and year ended March 31, 2020.

(collectively, the “**Proforma Financial Statements**”)

We have also included in this Placement Document, the historical audited financial statements of the erstwhile Oriental Bank of Commerce and United Bank of India for the financial years ended March 31, 2019 and 2020. For further information on these historical financial statements, see “*Oriental Bank of Commerce Financial Statements*” and “*United Bank of India Financial Statements*” on pages 324 and 325, respectively.

The Proforma Financial Statements seeks to present the impact of the Amalgamation on the Bank’s financial performance, and assumes that the Amalgamation had taken place with effect from April 1, 2019. The proforma impact of the Amalgamation is therefore reflected in the Proforma Financial Statements for Fiscal 2020, three months ended June 30, 2019, the three and six months ended September 30, 2019, the three and nine months ended December 31, 2019, and the three months and year ended March 31, 2020. Pursuant to the meeting of the Capital Raising Committee (a sub-committee of our Board) on November 19, 2020, our Bank approved and filed the Proforma Financial Statements with the Stock Exchanges on November 19, 2020.

The Proforma Financial Statements are based on: (i) the limited reviewed standalone statement of profit and loss of our Bank for the three months ended June 30, 2019, and the standalone balance sheet of our Bank as of June 30, 2019; (ii) the limited reviewed standalone statement of profit and loss of our Bank for the three and six months ended September 30, 2019, and the standalone balance sheet of our Bank as of September 30, 2019; (iii) the limited reviewed standalone statement of profit and loss of our Bank for the three and nine months ended December 31, 2019, and the standalone balance sheet of our Bank as of December 31, 2019; (iv) the audited standalone statement of profit and loss of our Bank for the three months and year ended March 31, 2020, and the standalone balance sheet of our Bank as of March 31, 2020, together with notes thereon; (v) the limited reviewed standalone statement of profit and loss of the erstwhile OBC for the three months ended June 30, 2019, and the standalone balance sheet of erstwhile OBC as of June 30, 2019; (vi) the limited reviewed standalone statement of

profit and loss of the erstwhile OBC for the three and six months ended September 30, 2019, and the standalone balance sheet of erstwhile OBC as of September 30, 2019; (vii) the limited reviewed standalone statement of profit and loss of the erstwhile OBC for the three and nine months ended December 31, 2019, and the standalone balance sheet of erstwhile OBC as of December 31, 2019; (viii) the audited standalone statement of profit and loss of the erstwhile OBC for the three months and year ended March 31, 2020, and the standalone balance sheet of erstwhile OBC as of March 31, 2020, together with notes thereon; (ix) the limited reviewed standalone statement of profit and loss of the erstwhile UBI for the three months ended June 30, 2019, and the standalone balance sheet of erstwhile UBI as of June 30, 2019; (x) the limited reviewed standalone statement of profit and loss of the erstwhile UBI for the three and six months ended September 30, 2019, and the standalone balance sheet of erstwhile UBI as of September 30, 2019; (xi) the limited reviewed standalone statement of profit and loss of the erstwhile UBI for the three and nine months ended December 31, 2019, and the standalone balance sheet of erstwhile UBI as of December 31, 2019; and (xii) the audited standalone statement of profit and loss of the erstwhile UBI for the three months and year ended March 31, 2020, and the standalone balance sheet of erstwhile UBI as of March 31, 2020, together with notes thereon.

The Proforma Financial Statements involve various assumptions as stated therein, including that the carrying book values of assets and liabilities as per the audited financials as of March 31, 2020, and as per the reviewed financial results as of December 31, 2019, September 30, 2019, and June 30, 2019, of erstwhile OBC and erstwhile UBI have been incorporated with the carrying book value of assets and liabilities based on the audited financial statements as of March 31, 2020, and based on the reviewed financial results as of December 31, 2019, September 30, 2019, and June 30, 2019, of the Bank, respectively, in accordance with the “Guide to reporting on Proforma Financial Statements” issued by The Institute of Chartered Accountants of India. Further, the Proforma Financial Statements have been prepared by aggregation of audited numbers of balance sheet, profit and 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. These adjustments are set out in the notes to the Proforma Financial Statements. For further information, see “*Proforma Financial Statements*” on page 326.

Solely to illustrate the impact of the Amalgamation on a proforma basis, in the section “*Additional Proforma Combined Information*”, the financial and other information prior to the Amalgamation, (i.e. as of and for the six months ended September 30, 2019 and as of and for the year ended March 31, 2020) have been presented on a proforma combined basis, assuming that the Amalgamation had taken place with effect from April 1, 2019 and consequently presented as an aggregation of the respective financial and other information for our Bank and the erstwhile Oriental Bank of Commerce and erstwhile United Bank of India, in the respective financial periods (“**Proforma Combined Information**”). There can be no assurance that the manner in which such financial and other information was calculated for erstwhile Oriental Bank of Commerce and erstwhile United Bank of India prior to the Amalgamation would have been identical to the manner in which such information was calculated for Punjab National Bank. For further information, see “*Proforma Financial Statements*” and “*Additional Proforma Combined Information*” on pages 326 and 327, respectively.

The Proforma Financial Statements and Proforma Combined Information address a hypothetical situation and, therefore, do not represent our Bank’s actual financial position or results. The Proforma Financial Statements and Proforma Combined Information only purport to indicate the results of operations that would have resulted had the Amalgamation been completed at the beginning of the period presented and the financial position had the Amalgamation been completed as at the year/period end. The Proforma Financial Statements and Proforma Combined Information have been prepared for illustrative purposes only based on various assumptions stated therein, do not purport to predict our Bank’s future financial condition, results of operations or cash flows, and potential investors are cautioned against relying on such information in connection with any investment decision.

PRINCIPAL FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our results of operations and financial condition:

Macroeconomic environment and the impact of COVID-19

The COVID-19 pandemic has fundamentally altered the setting and conduct of monetary policy across the world. The International Monetary Fund projects global public debt in 2020 at over 100% of gross domestic product (“GDP”). (Source: Reserve Bank of India, *Monetary Policy Report – October 2020*) The global growth is projected at –4.4% in 2020, and at 5.2% in 2021. Following the contraction in 2020 and recovery in 2021, the

level of global GDP in 2021 is expected to be a modest 0.6% above that of 2019. The growth projections imply wide negative output gaps and elevated unemployment rates in 2020 and 2021 across both advanced and emerging market economies. (Source: *International Monetary Fund, World Economic Outlook – A Long and Difficult Ascent, October 2020*)

India's inflation dynamics were favourable over the last three years. The consumer price index ("CPI") inflation fell from 3.6% in Fiscal 2018 to 3.4% in Fiscal 2019 and subsequently increased to 4.8% in Fiscal 2020. (Source: *RBI Annual Report 2019-20*) The CPI (general) (combined) for the month of October 2020 was 7.61% according to the Ministry of Statistics and Programme Implementation (Source: *Press Release on Consumer Price Index Numbers on Base 2012=100 for Rural, Urban and Combined for the month of October 2020, National Statistical Office, Ministry of Statistics and Programme Implementation, Government of India dated November 12, 2020*). RBI in its Survey of Professional Forecasters has assigned the highest probability to CPI inflation in the range of 6.5% to 6.9% for the second quarter of Fiscal 2021; further moderating to 4.5% to 4.9% for the third quarter of Fiscal 2021, 4.0% to 4.4% for the fourth quarter of Fiscal 2021 and 3.5% to 4.4% in the first quarter of Fiscal 2022 (Source: *RBI, Survey of Professional Forecasters on Macroeconomic Indicators– Results of the 66th Round, October 9, 2020*).

In India, with the second highest caseload in the world, the highest daily infections, the severest lockdown in the world during April-May, and re-clamping of containment measures and localized lockdowns thereafter as infections surged into the interior, real GDP fell by a record 23.9% year-on-year in the first quarter of Fiscal 2021 (April-June 2020) (Source: *Reserve Bank of India, Monetary Policy Report – October 2020*). GDP at constant (2011-12) prices in the second quarter of Fiscal 2021 (July-September 2020) is estimated at ₹ 33.14 lakh crore, as against ₹ 35.84 lakh crore in the corresponding period in the previous year, showing a contraction of 7.5% as compared to 4.4% growth in the corresponding period in the previous year (Source: *Ministry of Statistics and Programme Implementation ("MOSPI"), Press note 27th November 2020*). Also see, "Industry Overview" on page 180.

The extent to which the COVID-19 pandemic impacts our business, cash flows, results of operations and financial condition will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by our Bank. There is currently substantial medical uncertainty regarding the COVID-19 pandemic. A rapid increase in severe cases and deaths where measures taken by governments fail or are lifted prematurely, may cause unprecedented economic disruption in India and the rest of the world. Further, our Statutory Auditors have drawn attention to certain matters in their limited review report on our Bank's unaudited standalone and consolidated financial results for the six months ended September 30, 2020, and included an emphasis of matters in their audit reports on our Bank's standalone and consolidated financial statements for Fiscal 2020, noting that in view of the uncertainties due to the outbreak of COVID-19 pandemic, the impact on our Bank's standalone and consolidated financial statements is significantly dependent on future developments. See, "Business – Impact of COVID-19" on page 198, for a discussion of the significant areas where our Bank has seen an impact of the COVID-19 pandemic on its business and our Bank's approach on these areas going forward and "Risk Factor – We may not be able to predict the impact of the COVID-19 pandemic on our Bank's business, cash flows, results of the operations and financial condition." on page 48 for risks of the COVID-19 pandemic on our operations and financial condition.

Effect of Amalgamation of erstwhile Oriental Bank of Commerce and erstwhile United Bank of India

The erstwhile Oriental Bank of Commerce and erstwhile United Bank of India amalgamated into our Bank with effect from April 1, 2020. As a result, the standalone balance sheet of the Bank, i.e. the Amalgamated Entity for April 1, 2020 and September 30, 2020 subsequent to the Amalgamation are therefore not comparable to the audited standalone balance sheet of the Bank as of March 31, 2018, 2019 and 2020 included in this section and elsewhere in this Placement Document. In preparing the audited opening balance sheet of the Bank as of April 1, 2020, the Amalgamation has been accounted under the "pooling of interest" method as prescribed in AS-14 on 'Accounting for Amalgamation' to record the amalgamation of the erstwhile OBC and erstwhile UBI with the Bank with effect from April 1, 2020. Accordingly, the difference of ₹ 9,268.29 crore (net of adjustments) between the net assets of erstwhile OBC and erstwhile UBI and the amount of shares (and any fractional entitlement) issued to shareholders of erstwhile OBC and erstwhile UBI has been recognized as 'Amalgamation Adjustment Reserve'. Our Bank has considered this amount under CET I for the purpose of calculation of CRAR and Leverage Ratio. This amount has also been considered as part of Net Worth. For further information, see "Financial Statements" on page 323.

The Amalgamation has resulted in expanding our direct operational network in a number of additional geographic regions in India, which will potentially enable us to strengthen customer relationships and grow our customer base in these regions. For instance, our number of branches and ATMs increased from 6,563 and 9,168, respectively, as of March 31, 2020 to 10,930 and 13,878, respectively, as of September 30, 2020. The Amalgamation is also expected to result in increased operational efficiencies, enabling us to leverage significant cost synergies, and strengthen our financial performance. Further, the Amalgamation is also expected to result in an increase of our Bank's deposit base, an increase in market share and enable us to leverage efficiencies of scale in our operations. As of March 31, 2020, deposits were ₹ 703,846.32 crore, while post Amalgamation, deposits amounted to ₹ 1,069,747.07 crore as of September 30, 2020. In addition, integration of the additional employees employed at the erstwhile OBC and erstwhile UBI into our business operations is expected to substantially increase our employee benefit expenses, mainly accruing out of liabilities with respect to provision of additional superannuation benefits. Employees cost amounted to ₹ 3,356.45 crore in the six months ended September 30, 2019. In the six months ended September 30, 2020, employees cost amounted to ₹ 6,548.42 crore.

As part of our ongoing rationalization process following the Amalgamation, we will be required to take strategic decisions for rationalization of branches and ATMs, discontinuing corresponding and/ or overlapping operating divisions and to ensure redeployment of affected employees. Following the Amalgamation, we will continue to focus on efficient management of high-value credit exposures through centralized credit monitoring, asset classification and effective liquidity management. We also intend to develop an efficient, centralized data management system in order to ensure seamless operations for a uniform customer base obtained from the erstwhile OBC and erstwhile UBI following the Amalgamation. For further information on such ongoing integration and consolidation measures following the Amalgamation, see “*Our Business - Recent Development - Amalgamation of erstwhile OBC and UBI*” on page 198. We also expect limited impact on our credit metrics, including asset quality and capitalization level. The successful implementation of rationalization measures identified in such integration process may also result in significant increase in earnings on completion of consolidation and integration processes. We believe that an increase in our consolidated net worth as a result of the Amalgamation will enable us to maintain strong credit ratings and lower our cost of funds.

Also, see “- *Presentation of Financial Information – Amalgamation of erstwhile OBC and erstwhile UBI*” on page 101.

Increasing NPA levels and provisioning

Indian banks are required to comply with RBI guidelines on income recognition and provisioning for NPAs. Provisions are created by a charge to expense, and represent our Bank's estimate for loan losses and risks inherent in the credit portfolio. At a minimum, our Bank makes provisions in accordance with RBI guidelines, though it may provide in excess of RBI requirements to reflect its internal estimates of actual losses. For example, in order to address the impact of the evolving COVID-19 situation, our Bank made a provision of ₹ 995.31 crore for COVID-19 pandemic as of September 30, 2020, which included an additional provision as a matter of prudence for asset classification benefit due to COVID moratorium of ₹ 400.00 crore.

The Supreme Court through its interim order dated September 3, 2020 directed that the accounts which were not declared as NPA until August 31, 2020 shall not be declared as NPA till further orders. Accordingly, our Bank has not classified any account as NPA, which was not NPA as on August 31, 2020. As a matter of prudence, our Bank has made a contingent provision of ₹ 180.00 crore in the six months ended September 30, 2020 in respect of such accounts that were not classified as NPA which includes provision for interest income aggregating to ₹ 85.00 crore reckoned in operating profit.

In accordance with the RBI guidelines and clarifications relating to COVID-19 Regulatory Package, the Bank granted moratorium on the payment of instalments and/or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to eligible borrowers classified as standard, even if overdue, as on February 29, 2020. In accordance with the additional Regulatory Package guidelines, the Bank granted a second moratorium on instalments or interest, as applicable, due between June 1, 2020 and August 31, 2020. The moratorium period, wherever granted, is excluded from the number of days past-due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms. The following table provides certain information on the asset classification and provisioning requirements as mandated by the RBI guidelines, for the six months ended September 30, 2020:

Particulars	Amount
Respective SMA2 amounts where asset classification benefit extended	₹ 5,953.11 crore

Particulars	Amount
Total provision at 10% made for the fourth quarter of Fiscal 2020 and first quarter of Fiscal 2021 in terms of paragraph 5 of the RBI circular dated April 17, 2020 – 627.16 crore	
Provision required for the fourth quarter of Fiscal 2020 and first quarter of Fiscal 2021 in terms of paragraph 5 of the RBI circular dated April 17, 2020 – 595.31 crore	
Provision to be released as of September 30, 2020	₹ 31.85 crore
Total provision held as on September 30, 2020	₹ 595.31 crore
Additional provision made as a matter of prudence for asset classification benefit due to COVID moratorium	₹ 400.00 crore
Grand total of COVID provision	₹ 995.31 crore
Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of the RBI circular dated April 17, 2020	₹ 31.85 crore

As the COVID-19 situation evolves, there may be a significant increase in our NPA levels due to possible deterioration in the credit quality of our borrowers. There can be no assurance that our borrowers will be able to make timely and full repayments now that the moratorium has been lifted. As a result, we may experience higher NPAs than anticipated due to our borrower's reduced ability to make repayments. However, the full impact of the pandemic on our asset quality may be realized only once the relevant asset classification periods have lapsed. As a result, we may be required to recognise higher loan loss provisions in future periods, on account of the uncertainty in the external environment due to COVID-19, which may adversely impact our asset quality and profitability in future periods.

In addition, our loan portfolio includes loans to a wide range of businesses and industries. Financial difficulties experienced by our customers or by particular sectors of the Indian economy, to which we have historically had and continue to have significant exposure, could significantly increase our NPA levels. In Fiscals 2018, 2019 and 2020, and the six months ended September 30, 2020, our Bank's gross NPAs as a percentage of our Bank's gross advances were 18.38%, 15.50%, 14.21% and 13.43%, respectively, and our Bank's net NPAs as a percentage of our Bank's net advances were 11.24%, 6.56%, 5.78% and 4.75%, respectively.

Our Bank makes provisions for restructured borrowal accounts in accordance with RBI guidelines. RBI had issued guidelines for 'Resolution of Stressed Assets' on February 12, 2018 and had withdrawn all earlier resolution schemes *i.e.* Framework for Revitalizing Distressed Assets, Corporate Debt Restructuring Scheme, Flexible Structuring of Existing Long Term Project Loans, Strategic Debt Restructuring Scheme (SDR), Change in Ownership outside SDR, and Scheme for Sustainable Structuring of Stressed Assets (S4A). The Supreme Court held the RBI circular dated February 12, 2018 to be ultra-vires, and the RBI issued a revised prudential framework for resolution of stressed assets by banks on June 7, 2019. In accordance with this circular dated June 7, 2019, our Bank has made an additional provision of ₹ 826.92 crore in 8 accounts (NPA category) and ₹ 43.08 crore in one account (standard category) as of September 30, 2020.

Our profits are affected by the amounts provided against advances, investments and the related recovery and litigation costs. If there is any deterioration in the quality of our security or further ageing of assets after being classified as non-performing, we may be required to increase our provisions. Moreover, our ability to manage NPA levels will depend on our ability to recover NPAs in a manner consistent with past abilities and further improve our internal controls and processes. Our ability to reduce or contain the level of our NPAs is also dependent on a number of factors beyond our control, such as increased competition, economic conditions with respect to specific industries, fluctuations in interest and exchange rates or changes in laws and regulations.

To the extent, our Bank is able to recover any loans that have been written-off, such amount is credited to our Bank's income statement. Recoveries in written-off accounts amounted to ₹ 980.73 crore, ₹ 1,807.99 crore, ₹ 3,095.40 crore and ₹ 1,012.56 crore for Fiscals 2018, 2019 and 2020, and the six months ended September 30, 2020, respectively.

Capital adequacy, liquidity requirements and reserve ratios

The RBI imposes several compulsory deposit and capital adequacy requirements on financial institutions as a mechanism to control the liquidity and stability of the Indian financial system.

Capital adequacy. Since April 1, 2013, capital adequacy ratios prescribed by the RBI Basel III Capital Regulations have been implemented in phases. Under the RBI Basel III Capital Regulations, banks are required to improve the quantity, quality and transparency of their Tier I capital, enhance risk coverage and supplement the risk-based requirements with a leverage ratio. The Basel III Capital Regulations were expected to be fully

implemented by March 31, 2019. However, the RBI had deferred the implementation of the last tranche of 0.625% of capital conservation buffer from March 31, 2020 to September 30, 2020, which has further been deferred until April 1, 2021.

Reserve ratios. Commercial banks in India are subject to Cash Reserve Ratio (“CRR”) requirement as prescribed under RBI regulations. CRR is our balance held in a current account with the RBI and is calculated as a specified percentage of our net demand and time liabilities, excluding interbank deposits. Under the CRR requirements, as of September 30, 2020, we are required to maintain a minimum of 3.00% (i.e., a reduction from 4.00% and such reduction effective until March 26, 2021), of our eligible demand and time liabilities in a current account with the RBI on an average fortnightly basis and on a particular day, the minimum daily maintenance of CRR should be 90% of prescribed CRR. Our Bank’s CRR for the fortnight ended September 30, 2020, was 3.01% of our net demand and time liabilities. The RBI has the authority to prescribe CRR without any ceiling limits and is not obliged to pay interest payments on CRR balances. In addition, all banks operating in India are also required to maintain a Statutory Liquidity Ratio (“SLR”), which is a specified percentage of a bank’s net demand and time liabilities by way of liquid assets such as cash, gold or approved unencumbered securities. SLR is intended to be a measure to maintain the bank’s liquidity, however, it has adverse implications on our ability to expand credit. Changes in interest rates also impact the valuation of our SLR portfolio and thereby affecting our profitability. Under the SLR requirement, as of September 30, 2020, we are required to maintain 18.00% of our demand and time liabilities in approved securities such as GoI and state government securities and other approved securities as compared to 18.25% as of March 31, 2020. For the fortnight ended September 30, 2020, SLR securities comprised 29.64% of our Bank’s demand and time liabilities, as compared to 26.04% for the fortnight ended March 31, 2020.

Liquidity requirements. The liquidity coverage ratio (“LCR”) stipulated by the Basel Committee became effective from January 1, 2015. RBI, as part of Basel III Framework of Liquidity Standards, has issued and will continue to issue guidelines on liquidity management applicable to banks. LCR is being implemented in a phased manner, starting with a minimum requirement of 60% from January 1, 2015 to reach 100% by January 1, 2019. However, in order to accommodate challenges faced by the banks on account of the COVID-19 pandemic, the RBI has permitted banks to maintain a LCR of 80.00% from April 17, 2020 to September 30, 2020, 90.00% from October 1, 2020 to March 31, 2021, and 100.00% from April 1, 2021 onwards. The current requirement is to maintain incremental liquidity buffer of high quality liquid assets. While LCR provides higher safety, it results in higher liquidity cost and hence lower profitability. LCR of our Bank was 194.14% as of September 30, 2020 compared to the minimum requisite LCR of 80.00%.

The Basel III guidelines are more stringent than the requirements prescribed by the earlier RBI guidelines and compliance with such requirements will have an impact on our financial results, including certain key indicators of financial performance, such as the return on equity. Further, more stringent compulsory deposit requirements and capital adequacy requirements tend to negatively impact banks’ capital position, thus requiring banks to commit additional capital in order to meet such increased requirements. Since 2013, the RBI has gradually established more stringent compulsory deposit requirements and capital adequacy requirements, and not paid interest on CRR balances. Any increases in the compulsory deposit requirements or capital adequacy requirements that are applicable to our Bank (on account of regulatory changes or otherwise) could impact our profitability by limiting the amount of our Bank’s capital that is available for commercial credit transactions or for investment in higher-yielding securities, thus restricting our Bank’s ability to grow its business. We may also be compelled to dispose of certain of our assets and/or take other measures in order to meet more stringent requirements, which may adversely affect our results of operations and financial condition.

Interest income

Our results of operations depend largely on our net interest income. Our net interest income is determined by the amount of interest-earning assets and interest-bearing liabilities, and on our spread, which is the difference between the average rate earned on our interest-earning assets and the average rate payable on our interest-bearing liabilities. Our net interest income is affected by a number of factors including interest rates, our ability to allocate funds to assets that provide high interest rates, and cost of funding. In Fiscals 2018, 2019 and 2020, and the six months ended September 30, 2020, our Bank’s net interest income, i.e. interest earned less interest expended, as a percentage of total income (net of interest expended), in such periods, was 62.69%, 69.93%, 65.28% and 71.01%, respectively.

Interest rates

Changes in interest rates affect the interest rates we charge on our interest-earning assets and that we pay on our interest-bearing liabilities. Movements in short-term and long-term interest rates affect our interest income and interest expense as well as the level of gains and losses on our securities portfolio. Indian banks including us follow the direction of interest rates set by the RBI and adjust both deposit rates and lending rates upwards or downwards accordingly. Decreases in the RBI policy rates would prompt Indian banks to re-examine their lending rates. Adverse changes in prevailing interest rates may result in a decline in net interest income due to increase in our costs of funds or deposits without a corresponding increase in our yield on assets. Interest rates are highly sensitive to many external factors beyond our control, including growth rates in the economy, inflation, money supply, RBI's monetary policies, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors.

Further, the RBI issued a circular on September 4, 2019 making it mandatory for banks to link all floating rate personal or retail loans and floating rate loans to micro and small enterprise borrowers to an external benchmark with effect from October 1, 2019. With a view to further strengthening monetary policy transmission, RBI issued a circular on February 26, 2020, to further link all new floating rate loans to the medium enterprises extended by banks to the external benchmarks with effect from April 1, 2020. The banks are free to choose one of the several benchmarks indicated in the circular. The banks are also free to choose their spread over the benchmark rate, subject to the condition that the credit risk premium may undergo change only when borrower's credit assessment undergoes a substantial change, as agreed upon in the loan contract.

Allocation of funds

In recent years, there has been increased demand for funding across many sectors of the Indian economy. The growth of the Indian economy has enabled us to allocate our funds from Government securities to advances, which offer us higher returns subject to maintaining minimum statutory requirements. Further, we diversify our net interest income portfolio by lending to retail customers, large corporates and small and medium enterprises across various industry segments. If the volume of our loans decreases due to a general slowdown in the economy, increased competition or other factors, our net interest income will decrease as well. In addition, we seek to allocate our funds in an optimum manner at any point of time depending on our liquidity and prevailing interest rates.

Sources of funding

Our primary interest-bearing liability is our deposit base. Adverse economic conditions may also limit or negatively affect our ability to attract deposits, replace maturing liabilities in a timely manner and at commercially acceptable rates, satisfy statutory liquidity requirements and access funding. To continue to source low-cost funding through customer deposits, we must, among other measures, further develop our rapidly expanding branch network, increase brand recall and develop products and services to distinguish ourselves in an increasingly competitive industry. However, increasing customer sophistication, competition for funding, any sharp increase in prevailing interest rates and changes to the RBI's liquidity and reserve requirements may increase the rates that we pay on our deposits. As of March 31, 2018, 2019 and 2020 and September 30, 2020, we had total deposits of ₹ 642,226.19 crore, ₹ 676,030.14 crore, ₹ 703,846.32 crore and ₹ 1,069,747.07 crore, respectively, and an advance-to-deposit ratio (calculated as advances divided by deposits) of 73.38%, 74.88%, 73.44% and 67.02%, respectively. As of September 30, 2020, our Bank's domestic CASA deposits were ₹ 459,393.12 crore. Our domestic CASA ratio increased from 43.80% as in Fiscal 2018 to 44.05% in Fiscal 2020 and was 44.10% in the six months ended September 30, 2020.

Our ability to meet demand for new loans and lower our cost of funding will depend on our ability to continue to broad base our deposit profile, our ability to attract and retain new customers, and our continued access to term deposits from the retail, corporate and inter-bank market. Our debt service costs and cost of funds depend on many external factors, including developments in the Indian credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the inter-bank markets. Internal factors that will impact our cost of funds include changes in our credit ratings, available credit limits and our ability to mobilize low-cost deposits, particularly through our retail banking branches.

Regulatory measures and reforms

The banking industry in India is subject to extensive regulations issued by Governmental organizations and regulatory bodies including the RBI, SEBI and the Insurance Regulatory and Development Authority, and self-regulatory organisations. These regulations cover various aspects such as loans and advances, investments,

deposits, risk management, foreign investment, corporate governance and market conduct, customer protection, foreign exchange management, capital adequacy, margin requirements, know-your customer and anti-money laundering, and provisioning for NPAs. The RBI also prescribes required levels of lending to “priority sectors” such as agriculture, which may expose us to higher levels of risk than we may otherwise face.

Since 2013, the GoI has introduced various economic reforms intended to provide increased control and transparency in the banking and financial services industry. In order to strengthen banks’ ability to effectively resolve stressed assets and enhance transparency, the RBI has issued guidelines on the sale of stressed assets by banks and introduced measures to deal with stressed assets. These guidelines require banks to identify the specific financial assets identified for sale to other institutions, including securitisation companies/ reconstruction companies.

Basel III reforms are the response of Basel Committee on Banking Supervision (“BCBS”) to improve the banking sector’s ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy. Basel III reforms strengthen the bank-level i.e. micro prudential regulation, with the intention to raise the resilience of individual banking institutions in periods of stress. Besides, the reforms have a macro prudential focus also, addressing system wide risks, which can build up across the banking sector, as well as the pro cyclical amplification of these risks over time.

Monetary policy is heavily influenced by the condition of the Indian economy, and changes in the monetary policy affect the interest rates of our advances and deposits. The RBI responds to fluctuating levels of economic growth, liquidity concerns and inflationary pressures in the economy by adjusting its monetary policy. A monetary policy designed to combat inflation typically results in an increase in RBI lending rates. Further, in addition to having gradually established more stringent capital adequacy requirements, the RBI has also instituted several prudential measures including an increase in risk weights for capital adequacy computation and general provisioning for certain types of asset classes.

For further information, see “*Regulations and Policies*” on page 246. Other similar measures and regulatory developments relating to the Indian banking and financial services industry may have a significant impact on our operations and financial performance.

SIGNIFICANT ACCOUNTING POLICIES

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 RBI, circulars and guidelines issued by the RBI from time to time, Banking Regulation Act 1949, Accounting Standards and pronouncements issued by the 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.

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 recognized prospectively in the current and future periods unless otherwise stated.

Revenue Recognition

Income and expenditure are generally accounted for on accrual basis, except as stated below.

Income from NPAs, comprising of advances and investments, is recognized upon realization, as per the prudential norms prescribed by the RBI/ respective country regulators in the case of foreign offices. 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. The sale of NPA is accounted as per guidelines prescribed by RBI and as disclosed below.

During the quarter and half year ended September 30, 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. For further information, see “ – *Changes in Significant Accounting Policies*” on page 118.

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.

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.

Income from interest on refund of income tax is accounted for in the year the order is passed by the concerned authority.

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.

Provision for Reward Points on Credit cards is made based on the accumulated outstanding points in each category.

Interest on unpaid and unclaimed matured term deposits is accounted for at savings bank rate.

Dividend (excluding Interim Dividend) is accounted for as and when the right to receive the dividend is established.

Investments

The transactions in Securities are recorded on “Settlement Date”.

Investments are classified into six categories as stipulated in form A of the third schedule to the Banking Regulation Act, 1949.

Investments have been categorized into "Held to Maturity" "Available for Sale" and "Held for Trading" in terms of RBI guidelines as follows:(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".

Investments in subsidiaries, joint ventures and associates are classified as HTM.

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.

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.

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 amortization 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 Government 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 Government 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.

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.

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".

Securities repurchased/resold under buy back arrangement are accounted for at original cost.

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.

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.

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.

Loans / Advances and Provisions Thereon

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.

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.

Financial Assets sold are recognized as follows. (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 account 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 account.

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 ₹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 ₹500 crore and above shall require two ratings, those below ₹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.

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.

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).

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 recognized in the profit and loss account.

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".

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.

Property, Plant & Equipment

Property, Plant & Equipment are stated at historical cost less accumulated depreciation/amortization, 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.

Software is capitalized and clubbed under Intangible assets.

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 capitalized only when it increases the future benefits from such assets or their functioning capability.

Depreciation

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.

Depreciation on assets has been provided at the rates specified 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 ₹ 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

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 of during the year, up to the date in which it is sold/ disposed of i.e. daily basis.

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. In respect of leasehold premises, the lease premium, if any, is amortized over the period of lease and the lease rent is charged in the respective year(s).

The revalued assets are depreciated over the balance useful life of the asset as assessed at the time of revaluation.

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.

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 account.

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 April 1, 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 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.

Translation of Foreign Currency Transactions and Balances

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

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.

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

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 amortized as interest expense or income over the life of the contract.

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 recognized 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 recognized in the Profit and Loss Account.

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.

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 recognized 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 recognized in the profit and loss account. Deferred tax assets are recognized and re-assessed at each reporting date, based upon management's judgment as to whether their realization is considered as reasonably/virtually certain.

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.

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 recognizes 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 recognized in the financial statements.

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.

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.

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'.

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Six months ended September 30, 2020

There was a change in the following accounting policies in the six months ended September 30, 2020:

- During the quarter and half year ended September 30, 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 ₹ 271.46 crore and corresponding increase in Net Advances by the even amount.

Fiscal 2020

There was no change in accounting policy in Fiscal 2020, however, the rate of depreciation/ amortization on computer application software (other than computer application software up to ₹ 25,000) was increased from 20.00% to 33.33%.

Fiscal 2019

There was a change in the following accounting policies in Fiscal 2019:

- During Fiscal 2019, our Bank changed its accounting policy for provisions on non-performing investments in preference shares, debentures and bonds, from the earlier policy of provisioning on sub-standard and doubtful assets in accordance with the NPA provisioning norms, to the new policy of valuing these investments based on the yield-to-maturity method in accordance with RBI guidelines on calculation of bonds.

Fiscal 2018

There was no change in accounting policy in Fiscal 2018.

Adoption of Ind AS

The Financial Statements and other financial information included or incorporated by reference in this Placement Document are based on our Bank's standalone and consolidated financial statements prepared in accordance with Indian GAAP. The Institute of Chartered Accountants of India has issued Ind AS, a revised set of accounting standards, which largely converges the Indian accounting standards with International Financial Reporting Standards. The Ministry of Corporate Affairs ("MCA"), which is the law making authority for adoption of accounting standards in India, has notified these Ind AS for adoption. Further, the MCA has also issued a roadmap for transition to Ind AS by Indian companies in a phased manner starting from April 1, 2016. For banking companies and non-banking finance companies, the implementation of Ind AS, which was earlier to begin from April 1, 2018, has been deferred until further notice as recommended legislative amendments were still under consideration by the Government. The RBI does not permit banks to adopt Ind AS earlier than the official implementation timelines. However, our Bank is in the process of taking necessary steps for implementation of Ind AS which includes updation of systems and other processes.

Ind AS 109 – Financial Instruments (converged form of International Financial Reporting Standard 9) would have a significant impact on the way financial assets and liabilities are classified and measured, resulting in volatility in profit or loss and equity. Ind AS will change, among other things, our Bank's methodology for estimating allowances for probable loan losses and for classifying and valuing its investment portfolio and its revenue recognition policy. For further information, see "*Key Regulations and Policies in India—Laws, rules and regulations governing the Bank—Indian Accounting Standards*" and "*Risk Factors –The effects of the adoption of Indian Accounting Standards ("Ind AS") are uncertain and any failure to successfully adopt Ind AS could adversely affect our business, financial conditions and results of operations.*" on pages 246 and 64, respectively.

COMPONENTS OF INCOME AND EXPENDITURE

Income

Interest Earned

Interest earned consists of interest/ discount on advances and bills, income on investments, interest on balances with Reserve Bank of India and other inter-bank funds and other interest earned. Income from investments consists of interest on investments in India and outside India. Our securities portfolio consists primarily of Government securities, debentures and bonds and equity shares. We also have investments in our subsidiaries, joint ventures, and associates. On the balances that we maintain with RBI to meet our cash reserve requirements, we do not

receive any interest.

Other Income

Our non-interest income consists of (i) commission, exchange and brokerage, (ii) profit on the sale of investments, (iii) profit/loss on revaluation of investments, (iv) profit/ loss on the sale of land, buildings and other assets (v) profit on exchange transactions, (vi) income earned by way of dividend etc. from subsidiaries/ companies and/or joint ventures abroad/in India, and (vii) miscellaneous income, which primarily includes recoveries in assets written off.

Expenditure

Interest Expended

Our interest expended includes interest on deposits, interest on RBI and inter-bank borrowings and other interest, such as, Tier I and Tier II bond interest.

Operating Expenses

Our operating expenses include, among others, (i) payments to and provision for employees, (ii) rent, taxes and lighting, (iii) printing and stationery, (iv) advertisement and publicity, (v) depreciation/ amortization on our Bank's property, (vi) directors' fees, allowances and expenses (vii) auditors' fee and expenses, (viii) law charges, (ix) postage, telegrams, telephones, etc., (x) repairs and maintenance, (xi) insurance and (xii) other expenditure.

Provisions and Contingencies

Our provisions and contingencies consist of (i) provision made towards income tax, (ii) provision towards NPAs (net), (iii) provision for depreciation in the value of investments (net), (iv) provision towards standard assets, and (v) other provisions which includes provisions and contingencies towards restructured advances.

RESULTS OF OPERATIONS

SIX MONTHS ENDED SEPTEMBER 30, 2020 COMPARED TO SEPTEMBER 30, 2019

Pursuant to the Gazette Notification no. CG-DL-E04032020-216535 dated March 4, 2020 issued by the Government of India, the scheme of amalgamation between Oriental Bank of Commerce and United Bank of India and our Bank was approved and Oriental Bank of Commerce and United Bank of India were amalgamated with our Bank with effect from April 1, 2020. The financial results for the six months ended September 30, 2020 includes operations of erstwhile Oriental Bank of Commerce and United Bank of India. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial results for the six months ended September 30, 2019. For further information, see “– *Presentation of Financial Information – Amalgamation of Oriental Bank of Commerce and United Bank of India*” and “– *Principal Factors Affecting our Results of Operations and Financial Condition – Effect of Amalgamation of Oriental Bank of Commerce and United Bank of India*” and “*Financial Statements*” on pages 101, 105 and 323, respectively.

The following table sets forth certain information with respect to our Bank's results of operations on a standalone basis for the six months ended September 30, 2020 and September 30, 2019:

	Six months ended September 30,	
	2019	2020*
	(Unaudited)	
	(₹ crore)	
Income		
Interest earned	26,378.36	41,550.75
Other income	4,339.99	6,180.61
Total Income	30,718.35	47,731.36
Expenditure		
Interest expended	17,973.16	26,409.12
Operating expenses	5,701.82	10,367.28
Provisions and contingencies	5,517.69	10,025.70
Total expenses (excluding provisions and contingencies)	29,192.67	46,802.10

	Six months ended September 30,	
	2019	2020*
	(Unaudited)	
	(₹ crore)	
Net profit/ (loss) for the period	1,525.68	929.26

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 include operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Income

Interest Earned

Interest earned amounted to ₹ 26,378.36 crore in the six months ended September 30, 2019 primarily comprising interest/ discount on advances/ bills of ₹ 17,756.72 crore, interest on investments of ₹ 7,375.39 crore and interest on balances with RBI and other interbank funds of ₹ 1,169.41 crore. In the six months ended September 30, 2020, interest earned amounted to ₹ 41,550.75 crore primarily comprising interest/ discount on advances/ bills of ₹ 27,930.01 crore, income on investments of ₹ 12,318.67 crore and interest on balances with RBI and other interbank funds of ₹ 1,005.77 crore.

Other Income

Other income amounted to ₹ 4,339.99 crore in the six months ended September 30, 2019. In the six months ended September 30, 2020, other income amounted to ₹ 6,180.61 crore.

Expenditure

Interest Expended

Interest expended amounted to ₹ 17,973.16 crore in the six months ended September 30, 2019. In the six months ended September 30, 2020, interest expended amounted to ₹ 26,409.12 crore.

Global net interest margin was 2.85% as of September 30, 2020. As of September 30, 2019, global net interest margin was 2.27%.

Operating Expenses

Operating expenses amounted to ₹ 5,701.82 crore in the six months ended September 30, 2019 comprising employees cost of ₹ 3,356.45 crore and other operating expenses of ₹ 2,345.37 crore. In the six months ended September 30, 2020, operating expenses amounted to ₹ 10,367.28 crore comprising employees cost of ₹ 6,548.42 crore and other operating expenses of ₹ 3,818.86 crore.

Provisions and Contingencies

Provisions (other than tax) and contingencies amounted to ₹ 4,952.21 crore in the six months ended September 30, 2019. In the six months ended September 30, 2020, provisions (other than tax) and contingencies amounted to ₹ 9,382.04 crore.

Net Profit/ (Loss) from ordinary activities after tax for the period

Our Bank recorded net profit from ordinary activities after tax of ₹ 1,525.68 crore in the six months ended September 30, 2019. In the six months ended September 30, 2020, our Bank recorded a net profit from ordinary activities after tax of ₹ 929.26 crore.

FISCAL 2020 COMPARED TO FISCAL 2019

The following table sets forth certain information with respect to our Bank's results of operations on a standalone basis for Fiscals 2019 and 2020:

	Fiscal	
	2019	2020
	(Audited)	
	(₹ crore)	
Income		
Interest earned	51,310.25	53,800.03
Other income	7,377.41	9,274.13
Total Income	58,687.66	63,074.16
Expenditure		
Interest expended	34,153.94	36,362.24
Operating expenses	11,538.48	11,973.37
Provisions and contingencies	22,970.73	14,402.36
Total expenses	68,663.15	62,737.97
Net profit/ (loss) for the period	(9,975.49)	336.19

Income

Interest Earned

Total interest earned increased by 4.85% from ₹ 51,310.25 crore in Fiscal 2019 to ₹ 53,800.03 crore in Fiscal 2020. This increase was primarily attributable due to an increase in (i) interest/ discount on advances/ bills by 2.08% from ₹ 35,086.21 crore in Fiscal 2019 to ₹ 35,814.96 crore in Fiscal 2020 primarily due to increase in average advances from ₹ 454,370.91 crore as of March 31, 2019 to ₹ 457,992.91 crore as of March 31, 2020; (ii) income on investments by 8.70% from ₹ 14,105.97 crore in Fiscal 2019 to ₹ 15,332.60 crore in Fiscal 2020 on account of increase in average investments by 12.98% from ₹ 190,257.27 crore as of March 31, 2019 to ₹ 214,956.51 crore as of March 31, 2020; and (iii) interest on balances with Reserve Bank of India and other bank funds by 32.72% from ₹ 1,891.39 crore in Fiscal 2019 to ₹ 2,510.22 crore in Fiscal 2020 mainly due to increase in interest income on liquidity adjustment facility, i.e. on loans made to the RBI through reverse repo agreements. This increase was partially offset by a decrease in interest earned on others by 37.25% from ₹ 226.68 crore in Fiscal 2019 to ₹ 142.25 crore in Fiscal 2020 primarily due to decline in interest received in RIDF and decline in interest received on income tax refund.

Other Income

Other income increased by 25.71% from ₹ 7,377.41 crore in Fiscal 2019 to ₹ 9,274.13 crore in Fiscal 2020. This was primarily due to an increase in (i) commission, exchange and brokerage by 0.40% from ₹ 2,805.74 crore in Fiscal 2019 to ₹ 2,817.00 crore in Fiscal 2020; (ii) profit on sale of investments by 49.32% from ₹ 1,092.68 crore in Fiscal 2019 to ₹ 1,631.63 crore in Fiscal 2020 on account of increase in trading profit due to management of investment portfolio aided by favourable market conditions; (iii) profit on sale of land, buildings and other assets from ₹ 18.37 crore in Fiscal 2019 to ₹ 41.67 crore in Fiscal 2020 on account of sale of a portion of the erstwhile head office of the Bank in Delhi; (iv) income earned by way of dividends etc. from subsidiaries/ companies and/ or joint ventures in India and abroad, by 3.57% from ₹ 148.80 crore in Fiscal 2019 to ₹ 154.11 crore in Fiscal 2020; and (v) miscellaneous income by 49.52% from ₹ 2,802.52 crore in Fiscal 2019 to ₹ 4,190.38 crore in Fiscal 2020 on account of higher recovery in written-off accounts through implementation of resolution plans as well as normal recoveries i.e. one-time settlements, sale of immoveable properties, under SARFAESI proceedings and other recoveries.

This was partially offset by a decrease in profit on exchange transaction (net) by 13.74% from ₹ 509.31 crore in Fiscal 2019 to ₹ 439.34 crore in Fiscal 2020 on account of decrease in merchant foreign exchange turnover of the Bank.

Expenditure

Interest Expended

Total interest expended increased by 6.47% from ₹ 34,153.94 crore in Fiscal 2019 to ₹ 36,362.24 crore in Fiscal 2020. This increase was primarily attributable due to an increase in interest on deposits by 6.70% from ₹ 32,217.78 crore in Fiscal 2019 to ₹ 34,374.80 crore in Fiscal 2020 due to increase in average deposits by 6.23% from ₹ 627,143.81 crore as of March 31, 2019 to ₹ 666,206.09 crore as of March 31, 2020, and increase in interest on Reserve Bank of India/ interbank borrowings by 18.38% from ₹ 552.43 crore in Fiscal 2019 to ₹ 653.95 crore in

Fiscal 2020 on account of borrowings made under long-term repo operations, i.e. option given to banks for long-term borrowings from the RBI at the repo rate. This increase was offset by a decrease in interest expended on others by 3.63% from ₹ 1,383.73 crore in Fiscal 2019 to ₹ 1,333.49 crore in Fiscal 2020.

As a result, global net interest margin was 2.30% as of March 31, 2020 compared to 2.41% as of March 31, 2019, a decline of 11 bps.

Operating Expenses

Operating expenses increased by 3.77% from ₹ 11,538.48 crore in Fiscal 2019 to ₹ 11,973.37 crore in Fiscal 2020. This increase was primarily attributable to (i) rent, taxes and lighting, which increased by 4.77% from ₹ 764.54 crore in Fiscal 2019 to ₹ 800.98 crore in Fiscal 2020; (ii) advertisement and publicity, which increased by 69.06% from ₹ 46.38 crore in Fiscal 2019 to ₹ 78.41 crore in Fiscal 2020 due to increase in outdoor advertising expenses incurred on account of increased focus on branding activities; (iii) insurance, which increased by 11.88% from ₹ 681.20 crore in Fiscal 2019 to ₹ 762.12 crore in Fiscal 2020, as a result of increase in premium payable under the Deposit Insurance and Credit Guarantee Scheme of the RBI, due to increase in deposits; (iv) directors' fees, allowances and expenses by 37.25% from ₹ 1.40 crore in Fiscal 2019 to ₹ 1.92 crore in Fiscal 2020; (v) repairs and maintenance expenses by 15.28% from ₹ 280.61 crore in Fiscal 2019 to ₹ 323.50 crore in Fiscal 2020; and (vi) other expenditure, which increased by 13.23% from ₹ 1,744.34 crore in Fiscal 2019 to ₹ 1,975.17 crore in Fiscal 2020 due to increase in charges incurred towards ATMs/ kiosk, fees payable to concurrent auditors, and expenses on credit card rewards.

This increase was offset by a decrease in (i) law charges by 15.16% from ₹ 119.87 crore in Fiscal 2019 to ₹ 101.71 crore in Fiscal 2020; (ii) postage, telegrams, telephones, etc., by 3.55% from ₹ 207.62 crore in Fiscal 2019 to ₹ 200.24 crore in Fiscal 2020.

Provisions and Contingencies

Provisions and contingencies decreased by 37.30% from ₹ 22,970.73 crore in Fiscal 2019 to ₹ 14,402.36 crore in Fiscal 2020. These provisions mainly include provision towards NPAs, provision towards standard assets, provision on restructured assets, provision for depreciation on investment, provisions made towards income tax and other provisions and contingencies. The decrease in provision and contingencies was primarily due to the decrease in provisions towards NPAs, which decreased by 40.80% from ₹ 24,434.59 crore in Fiscal 2019 to ₹ 14,464.08 crore in Fiscal 2020. This decrease was due to a one-time provisioning requirement in Fiscal 2018 and Fiscal 2019 of ₹ 7,178.42 crore each (and no corresponding such requirement in Fiscal 2020), as a result of the fraud detected in the quarter ended March 31, 2018, at our Brady House, Mumbai branch involving certain accounts under gems and jewelry sector. For further information, see "Financial Statements" and "Management's Discussions and Analysis on Financial Condition and Results of Operations – Auditor Observations and Matters of Emphasis" on pages 323 and 101, respectively.

Net Profit/ (Loss) for the Period

As a result of the reasons discussed above, we recorded net profit of ₹ 336.19 crore in Fiscal 2020 compared to net loss of ₹ 9,975.49 crore in Fiscal 2019.

FISCAL 2019 COMPARED TO FISCAL 2018

The following table sets forth certain information with respect to our Bank's results of operations on a standalone basis for Fiscals 2018 and 2019:

	Fiscal	
	2018	2019
	(Audited)	
	(₹ crore)	
Income		
Interest earned	47,995.77	51,310.25
Other income	8,880.87	7,377.41
Total Income	56,876.64	58,687.66
Expenditure		
Interest expended	33,073.37	34,153.94
Operating expenses	13,509.07	11,538.48

	Fiscal	
	2018	2019
	(Audited)	
	(₹ crore)	
Provisions and contingencies	22,577.02	22,970.73
Total expenses	69,159.46	68,663.15
Net profit/ (loss) for the period	(12,282.82)	(9,975.49)

Income

Interest Earned

Total interest earned increased by 6.91% from ₹ 47,995.77 crore in Fiscal 2018 to ₹ 51,310.25 crore in Fiscal 2019. This increase was primarily attributable due to an increase in (i) interest/ discount on advances/ bills by 10.22% from ₹ 31,833.08 crore in Fiscal 2018 to ₹ 35,086.21 crore in Fiscal 2019 primarily due to increase in average advances by 6.90% from ₹ 425,061.47 crore as of March 31, 2018 to ₹ 454,370.91 crore as of March 31, 2019; (ii) income on investments by 1.14% from ₹ 13,946.98 crore in Fiscal 2018 to ₹ 14,105.97 crore in Fiscal 2019 on account of increase in the total investment book size; and (iii) interest earned on others by 5.79% from ₹ 214.28 crore in Fiscal 2018 to ₹ 226.68 crore in Fiscal 2019 primarily due to increase in interest received from investments in the rural infrastructure development fund.

This increase was offset by a decrease in interest on balances with Reserve Bank of India and other bank funds by 5.50% from ₹ 2,001.42 crore in Fiscal 2018 to ₹ 1,891.39 crore in Fiscal 2019 on account of reduced balances with the RBI through reverse repo operations.

Other Income

Other income decreased by 16.93% from ₹ 8,880.87 crore in Fiscal 2018 to ₹ 7,377.41 crore in Fiscal 2019. This was primarily due to a decrease in (i) profit on sale of investments significantly from ₹ 3,256.61 crore in Fiscal 2018 to ₹ 1,092.68 crore in Fiscal 2019 as the Bank recorded a onetime profit of ₹ 1,231.59 crore from sale of a portion of the equity shares held in our Associate, PNB-Housing Finance Limited (PNBHFL) during Fiscal 2018; (ii) profit on exchange transaction net by 36.82% from ₹ 806.14 crore in Fiscal 2018 to ₹ 509.31 crore in Fiscal 2019 on account of lower foreign exchange turnover.

This decrease was significantly offset by an increase in (i) commission, exchange and brokerage by 0.50% from ₹ 2,791.91 crore in Fiscal 2018 to ₹ 2,805.74 crore in Fiscal 2019; (ii) profit on sale of land, buildings and other assets from ₹ 2.59 crore in Fiscal 2018 to ₹ 18.37 crore in Fiscal 2019, primarily due to sale of a portion of our erstwhile head office and few other properties; and (iii) miscellaneous income by 48.74% from ₹ 1,884.14 crore in Fiscal 2018 to ₹ 2,802.52 crore in Fiscal 2019 on account of increase in realisation of written off accounts through implementation of resolution plans as well as normal recoveries i.e. one-time settlements, sale of immoveable properties under, SARFAESI proceedings and other recoveries.

Expenditure

Interest Expended

Total interest expended increased by 3.27% from ₹ 33,073.37 crore in Fiscal 2018 to ₹ 34,153.94 crore in Fiscal 2019. This increase was primarily attributable due to an increase in interest on deposits by 5.79% from ₹ 30,455.53 crore in Fiscal 2018 to ₹ 32,217.78 crore in Fiscal 2019 primarily due to increase in average deposits by 2.15% from ₹ 613,928.88 crore as of March 31, 2018, to ₹ 627,143.81 crore as of March 31, 2019, coupled with elevated interest rates. This increase was offset by a decrease in other interests by 32.98% from ₹ 2,064.69 crore in Fiscal 2018 to ₹ 1,383.73 crore in Fiscal 2019 primarily due to lower expenditure under interest paid on bonds.

As a result, global net interest margin was 2.41% as of March 31, 2019 compared to 2.16% as of March 31, 2018, an increase of 25 bps, primarily on account of the increase in the net interest income by 14.97%.

Operating Expenses

Operating expenses decreased by 14.59% from ₹ 13,509.07 crore in Fiscal 2018 to ₹ 11,538.48 crore in Fiscal 2019. This decrease was primarily attributable to a decrease in (i) payments to and provision for employees by

24.06% from ₹ 9,168.79 crore in Fiscal 2018 to ₹ 6,963.16 crore on account of lower provisioning requirements under AS-15 in Fiscal 2019 based on revised assessments by the Bank; (ii) printing and stationery by 7.28% from ₹ 90.99 crore in Fiscal 2018 to ₹ 84.37 crore in Fiscal 2019; (iii) directors' fees, allowances and expenses by 11.39% from ₹ 1.58 crore in Fiscal 2018 to ₹ 1.40 crore in Fiscal 2019; and (iv) auditors' fees and expenses by 9.81% from ₹ 74.24 crore in Fiscal 2018 to ₹ 66.96 crore in Fiscal 2019.

This decrease was offset by an increase in (i) rent, taxes and lighting by 3.48% from ₹ 738.86 crore in Fiscal 2018 to ₹ 764.54 crore in Fiscal 2019; (ii) law charges by 63.42% from ₹ 73.35 crore in Fiscal 2018 to ₹ 119.87 crore in Fiscal 2019; (iii) insurance expenses by 6.13% from ₹ 641.87 crore in Fiscal 2018 to ₹ 681.20 crore in Fiscal 2019; (iv) repairs and maintenance expenses by 6.94% from ₹ 262.40 crore in Fiscal 2018 to ₹ 280.61 crore in Fiscal 2019; and (v) other expenditure by 4.82% from ₹ 1,664.09 crore in Fiscal 2018 to ₹ 1,744.34 crore in Fiscal 2019 due to increase in expenses incurred for outsourcing of financial services.

Provisions and Contingencies

Provisions and contingencies increased by 1.74% from ₹ 22,577.02 crore in Fiscal 2018 to ₹ 22,970.73 crore in Fiscal 2019. These provisions mainly include provision towards NPAs, provision towards standard assets, provision on restructured assets, provision for depreciation on investment, provisions made towards income tax and other provisions and contingencies. The increase in provision and contingencies was primarily due to an increase in provisions towards standard assets.

Net Profit/ (Loss) for the Period

As a result of the reasons discussed above, we recorded net loss of ₹ 9,975.49 crore in Fiscal 2019 compared to net loss of ₹ 12,282.82 crore in Fiscal 2018.

FINANCIAL CONDITION

Assets

The table below sets out the principal components of our Bank's assets as of the dates indicated:

	As of March 31,			As of September 30,
	2018	2019	2020	2020*
	(Audited)			(Unaudited)
	(₹ crore)			
Cash and balances with the RBI	28,789.03	32,129.13	38,397.85	68,592.81
Balance with banks and money at call and short notice	66,672.97	43,158.91	37,595.18	35,204.57
Investments	200,305.98	202,128.22	240,465.64	391,754.24
Advances (net)	433,734.72	458,249.20	471,827.72	652,662.69
Fixed assets	6,349.33	6,224.85	7,239.07	10,852.85
Other assets	29,978.07	33,059.14	35,140.45	68,058.54
Total assets	765,830.10	774,949.46	830,665.91	1,227,125.70

* The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

As of September 30, 2020, total assets were ₹ 1,227,125.70 crore primarily comprising advances of ₹ 652,662.69 crore and investments of ₹ 391,754.24 crore.

Total assets increased by 7.19% from ₹ 774,949.46 crore as of March 31, 2019 to ₹ 830,665.91 crore as of March 31, 2020. This increase was primarily due to (i) an increase in investments by 18.97% from ₹ 202,128.22 crore as of March 31, 2019 to ₹ 240,465.64 crore as of March 31, 2020; (ii) an increase in advances by 2.96% from ₹ 458,249.20 crore as of March 31, 2019 to ₹ 471,827.72 crore as of March 31, 2020; and (iii) an increase in cash and balances with the RBI by 19.51% from ₹ 32,129.13 crore as of March 31, 2019 to ₹ 38,397.85 crore as of March 31, 2020. This increase was marginally offset by a decrease in balance with banks and money at call and short notice by 12.89% from ₹ 43,158.91 crore as of March 31, 2019 to ₹ 37,595.18 crore as of March 31, 2020.

Total assets increased by 1.19% from ₹ 765,830.10 crore as of March 31, 2018 to ₹ 774,949.46 crore as of March 31, 2019. This increase was primarily due to (i) an increase in cash and balances with the RBI by 11.60% from ₹ 28,789.03 crore as of March 31, 2018 to ₹ 32,129.13 crore as of March 31, 2019; (ii) an increase in advances by

5.65% from ₹ 433,734.72 crore as of March 31, 2018 to ₹ 458,249.20 crore as of March 31, 2019; (iii).an increase in investments by 0.91% from ₹ 200,305.98 crore as of March 31, 2018 to ₹ 202,128.22 crore as of March 31, 2019; and (iv) an increase in other assets by 10.28% from ₹ 29,978.07 crore as of March 31, 2018 to ₹ 33,059.14 crore as of March 31, 2019. This increase was marginally offset by a decrease in balance with banks and money at call and short notice by 35.27% from ₹ 66,672.97 crore as of March 31, 2018 to ₹ 43,158.91 crore as of March 31, 2019.

Advances

The following table sets forth a breakdown of our Bank's gross advances as of the dates indicated:

	As of March 31,					
	2018		2019		2020	
	(Audited)					
	(₹ crores)	% of total	(₹ crores)	% of total	(₹ crores)	% of total
MSME loans	81,502.08	17.29%	79,037.58	15.61%	70,284.15	13.60%
Agriculture loans	90,008.71	19.10%	100,120.99	19.78%	86,121.70	16.66%
Retail loans	62,335.71	13.23%	78,655.67	15.54%	83,479.42	16.15%
Corporate and others	194,618.92	41.29%	231,998.16	45.83%	256,274.42	49.58%
Total Gross domestic advances	428,465.42	90.91%	489,812.40	96.76%	496,159.69	95.98%
International loans	42,831.18	9.09%	16,381.90	3.24%	20,769.14	4.02%
Total Gross advances	471,296.60	100.00%	506,194.30	100.00%	516,928.83	100.00%

	As of September 30,			
	2019		2020*	
	(Unaudited)			
	(₹ crores)	% of total	(₹ crores)	% of total
MSME loans	74,055.91	15.62%	122,002.74	17.02%
Agriculture loans	80,407.94	16.96%	124,350.01	17.34%
Retail loans	78,629.06	16.59%	130,155.45	18.15%
Corporate and others	222,037.54	46.83%	320,833.86	44.75%
Total Gross domestic advances	455,130.45	96.00%	697,342.06	97.27%
International loans	18,954.81	4.00%	19,582.22	2.73%
Total Gross advances	474,085.26	100.00%	716,924.28	100.00%

* The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Gross advances consists of bills purchased and discounted, cash credit, overdrafts and loans repayable on demand, and term loans.

As of September 30, 2020, total gross advances were ₹ 716,924.28 crore primarily comprising corporate and other loans of ₹ 320,833.86 crore and retail, agriculture, and MSME loans of ₹ 376,508.20 crore.

As of September 30, 2020, net advances were ₹ 652,662.69 crore primarily comprising of term loan of ₹ 292,853.76 crore and cash credit, overdraft and loans repayable on demand of ₹ 359,175.94 crore.

Our Bank's gross advances increased by 2.12% from ₹ 506,194.30 crore as of March 31, 2019 to ₹ 516,928.83 crore as at March 31, 2020. The increase was primarily due to increase in gross retail credit which increased by 6.13% from ₹ 78,655.67 crore as of March 31, 2019 to ₹ 83,479.42 crore as of March 31, 2020. Within retail credit, gross advances under housing loans increased from March 31, 2019 to March 31, 2020. Our Bank's portfolio of international loans also increased by 33.58% from ₹ 16,381.90 crore as of March 31, 2019 to ₹ 20,769.14 crore as of March 31, 2020.

Our Bank's net advances increased by 2.96% from ₹ 458,249.20 crore as of March 31, 2019 to ₹ 471,827.72 crore as of March 31, 2020 primarily due to an increase in cash credits, overdrafts and loans repayable on demand, by 8.44% from ₹ 287,332.98 crore as of March 31, 2019 to ₹ 311,580.68 crore as of March 31, 2020. This increase was offset by a decrease in term loans by 5.37% from ₹ 168,874.30 crore as of March 31, 2019 to ₹ 159,800.98 crore as of March 31, 2020. Advances outside India increased by 26.95% from ₹ 15,219.54 crore as of March 31, 2019 to ₹ 19,321.17 crore as of March 31, 2020, as a result of an increase in other advances outside India from ₹

4,684.36 crore as of March 31, 2019 to ₹ 10,803.16 crore as of March 31, 2020 on account of fresh advances availed in certain specific accounts. Advances in India increased by 2.14% from ₹ 443,029.66 crore as of March 31, 2019 to ₹ 452,506.55 crore as of March 31, 2020, primarily due to an increase in advances to the public sector, which increased by 73.71% from ₹ 51,769.76 crore as of March 31, 2019 to ₹ 89,930.01 crore as of March 31, 2020 on account of increased focus on lending to the public sector, state government and central government undertakings.

Our Bank's gross advances increased by 7.40% from ₹ 471,296.60 crore as of March 31, 2018 to ₹ 506,194.30 crore as at March 31, 2019. The increase was primarily due to an increase in gross agricultural loans by 11.12% from ₹ 90,008.71 crore as of March 31, 2018 to ₹ 100,120.99 crore as of March 31, 2019, and increase in gross retail loans by 26.18% from ₹ 62,335.71 crore as of March 31, 2018 to ₹ 78,655.67 crore as of March 31, 2019, particularly housing loans.

Our Bank's net advances increased by 5.65% from ₹ 433,734.72 crore as of March 31, 2018 to ₹ 458,249.20 crore as of March 31, 2019 primarily due to an increase in term loans by 25.73% from ₹ 134,314.87 crore as of March 31, 2018 to ₹ 168,874.30 crore as of March 31, 2019. There was an increase in cash credits, overdrafts and loans repayable on demand by 3.06% from ₹ 278,796.47 crore as of March 31, 2018 to ₹ 287,332.98 crore as of March 31, 2019. Advances outside India decreased significantly by 62.88% from ₹ 41,002.70 crore as of March 31, 2018 to ₹ 15,219.54 crore as of March 31, 2019, as a result of a decrease in other loans by 46.57% from ₹ 8,766.67 crore as of March 31, 2018 to ₹ 4,684.36 crore as of March 31, 2019 on account of a decrease in loans availed by oil marketing companies. Advances due from banks also decreased by 73.36% from ₹ 27,027.91 crore as of March 31, 2018 to ₹ 7,200.64 crore as of March 31, 2019 on account of unavailability of buyers' credit facility, and bills purchased and discounted decreased by 81.17% from ₹ 496.83 crore as of March 31, 2018 to ₹ 93.54 crore as of March 31, 2019 on account of a slowdown in trade turnover globally. Advances in India increased by 12.81% from ₹ 392,732.02 crore as of March 31, 2018 to ₹ 443,029.66 crore as of March 31, 2019, primarily due to an increase in advances to the public sector, which increased by 32.78% from ₹ 38,987.68 crore as of March 31, 2018 to ₹ 51,769.76 crore as of March 31, 2019 on account of increased focus on lending to the public sector, state government and central government undertakings.

Investments

Our Bank's investments primarily represent investments in government securities and other approved securities, investments in debt instruments such as debentures and bonds of highly rated public sector undertakings and corporates, investments in equity shares, security receipts, short term money market instruments such as commercial paper, certificates of deposits and investments in Subsidiaries, Associates.

As of September 30, 2020, total investments were ₹ 391,754.24 crore primarily comprising Government securities of ₹ 337,595.68 crore and debentures and bonds of ₹ 34,175.92 crore. Investments increased by 18.97% from ₹ 202,128.22 crore as of March 31, 2019 to ₹ 240,465.64 crore as of March 31, 2020, primarily due to an increase in net investments in India, largely comprising government securities that increased by 26.25% from ₹ 161,236.60 crore as of March 31, 2019 to ₹ 203,559.38 crore as of March 31, 2020. The increase of government securities in our investment portfolio was driven by increase in deposits and surplus liquidity conditions. We also recorded an increase in net investments in others- mutual funds, CP, etc. which increased from ₹ 2,086.35 crore as of March 31, 2019 to ₹ 5,216.47 crore as of March 31, 2020. This increase was partially offset by a decrease in net investments in shares by 21.02% from ₹ 3,699.25 crore as of March 31, 2019 to ₹ 2,921.62 crore as of March 31, 2020, and a decrease in net investments in debentures and bonds by 24.85% from ₹ 27,694.40 crore as of March 31, 2019 to ₹ 20,812.21 crore as of March 31, 2020 on account of prudent asset liability management strategy. Net investments outside India increased by 8.48% from ₹ 6,673.55 crore as of March 31, 2019 to ₹ 7,239.69 crore as of March 31, 2020.

Investments increased by 0.91% from ₹ 200,305.98 crore as of March 31, 2018 to ₹ 202,128.22 crore as of March 31, 2019, primarily due to an increase in net investments in India, largely comprising government securities that increased by 6.04% from ₹ 152,046.35 crore as of March 31, 2018 to ₹ 161,236.60 crore as of March 31, 2019. The increase of government securities in our investment portfolio was primarily driven by increase in deposits and also movement of investment from short term liquid instruments to dated government securities. This increase was offset by a decrease in net investments in shares by 15.60% from ₹ 4,383.03 crore as of March 31, 2018 to ₹ 3,699.25 crore as of March 31, 2019, decrease in net investments in debentures and bonds, which decreased by 9.53% from ₹ 30,610.88 crore as of March 31, 2018 to ₹ 27,694.40 crore as of March 31, 2019, and decrease in net investments in others- mutual funds, CP, etc. by 57.59% from ₹ 4,919.51 crore as of March 31, 2018 to ₹ 2,086.35 crore as of March 31, 2019 on account of movement of funds to dated government securities for

improved yields. Net investments outside India decreased by 11.34% from ₹ 7,527.16 crore as of March 31, 2018 to ₹ 6,673.55 crore as of March 31, 2019 on account of a decrease in net investments in government securities including local authorities by 58.74% from ₹ 1,902.06 crore as of March 31, 2018 to ₹ 784.73 crore as of March 31, 2019 on account of liquidation of Investments which were earlier required to be maintained as per the local regulatory laws of foreign branches.

Balances with Banks and Money at Call and Short Notice

As of September 30, 2020, balances with banks and money at call and short notice amounted to ₹ 35,204.57 crore. Balances with Banks and Money at Call and Short Notice was ₹ 37,595.18 crore as of March 31, 2020 compared to ₹ 43,158.91 crore as of March 31, 2019 and ₹ 66,672.97 crore as of March 31, 2018. The decrease in Fiscal 2020 was primarily driven by a decrease in (i) balances with banks in India which significantly decreased from ₹ 19,039.07 crore as of March 31, 2019 to ₹ 8,289.84 crore as of March 31, 2020 on account of increased deployment of funds in money at call and short notice due to higher yields, driven by closing of the financial year; and (ii) other deposit accounts outside India which decreased from ₹ 10,688.35 crore as of March 31, 2019 to ₹ 7,590.19 crore as of March 31, 2020. The decrease in Fiscal 2020 was offset by an increase in money at call and short notice in India, which increased from ₹ 12,200.00 crore as of March 31, 2019 to ₹ 20,000.00 crore as of March 31, 2020.

The decrease in overnight liquidity of the Bank in Fiscal 2019 was primarily attributable to a significant decrease in (i) money at call and short notice with other institutions in India, which decreased from ₹ 29,054.06 crore as of March 31, 2018 to ₹ 12,200.00 crore as of March 31, 2019; (ii) balances in current accounts in India, which decreased from ₹ 578.40 crore as of March 31, 2018 to ₹ 97.97 crore as of March 31, 2019; and (iii) other deposit accounts outside India, which decreased from ₹ 25,673.54 crore as of March 31, 2018 to ₹ 10,688.35 crore as of March 31, 2019. This decrease was partially offset by an increase in balances in other deposit accounts in India, which increased from ₹ 10,002.68 crore as of March 31, 2018 to ₹ 18,941.10 crore as of March 31, 2019, as a result of the Bank's preference to deploy excess overnight liquidity with the RBI through reverse repo in exchange for favorable returns.

Other Assets

Other assets primarily include interest accrued, tax paid in advance/ tax deducted at source (net), non-banking assets acquired in satisfaction of claims, others and deferred tax assets (net). Other assets was ₹ 68,058.54 crore as of September 30, 2020.

Other assets amounted to ₹ 35,140.45 crore as of March 31, 2020 compared to ₹ 33,059.14 crore as of March 31, 2019 and ₹ 29,978.07 crore as of March 31, 2018. The increase in Fiscal 2020 was due to an increase in (i) interest accrued by 1.52% from ₹ 5,030.86 crore as of March 31, 2019 to ₹ 5,107.23 crore as of March 31, 2020, (ii) tax paid in advance/ tax deducted at source (net) by 10.92% from ₹ 3,102.75 crore as of March 31, 2019 to ₹ 3,441.49 crore as of March 31, 2020; and (iii) deferred tax asset (net) by 7.44% from ₹ 18,580.10 crore as of March 31, 2019 to ₹ 19,961.90 crore as of March 31, 2020. This increase in Fiscal 2020 was offset by a decrease in non-banking assets acquired in satisfaction of claims by 49.65% from ₹ 107.41 crore as of March 31, 2019 to ₹ 54.08 crore as of March 31, 2020 on account of sale of properties worth ₹ 52.82 crore in Fiscal 2020.

The increase during Fiscal 2019 was primarily driven by a significant increase in deferred tax asset (net) by 40.60% from ₹ 13,214.75 crore as of March 31, 2018 to ₹ 18,580.10 crore as of March 31, 2019 and tax paid in advance/ tax deducted at source by 15.55% from ₹ 2,685.13 crore as of March 31, 2018 to ₹ 3,102.75 crore as of March 31, 2019. This increase was offset by a decrease in others by 29.99% from ₹ 8,898.21 crore as of March 31, 2018 to ₹ 6,229.70 crore as of March 31, 2019.

Liabilities

The table below sets out the principal components of our Bank's shareholders' funds and liabilities as of the dates indicated:

	As of March 31,			As of September
	2018	2019	2020	30, 2020*
	(Audited)			(Unaudited)
	(₹ crore)			
Capital	552.11	920.81	1,347.51	1,882.13

	As of March 31,			As of September 30, 2020*
	2018	2019	2020	
	(Audited)			(Unaudited)
	(₹ crore)			
Reserves and surplus	40,522.19	43,866.31	61,009.97	85,074.96
Deposits	642,226.19	676,030.14	703,846.32	1,069,747.07
Borrowings	60,850.75	39,325.92	50,225.43	45,731.17
Other liabilities and provisions	21,678.86	14,806.29	14,236.68	24,690.37
Total Liabilities	765,830.10	774,949.46	830,665.91	1,227,125.70

* The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 include operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

As of September 30, 2020, total liabilities amounted to ₹ 1,227,125.70 crore. Total liabilities amounted to ₹ 830,665.91 crore as of March 31, 2020 compared to ₹ 774,949.46 crore as of March 31, 2019 and ₹ 765,830.10 crore as of March 31, 2018. The increase in 2020, 2019 and 2018 was primarily on account of growth in our Bank's deposits.

Deposits

The following table sets forth a breakdown of our Bank's deposits, as well as the percentage of total deposits that each item contributes, as of the dates indicated:

	As of March 31,						As of September 30, 2020*	
	2018		2019		2020			
	Amount (₹ crore)	Percentage of total deposits (%)	Amount (₹ crore)	Percentage of total deposits (%)	Amount (₹ crore)	Percentage of total deposits (%)	Amount (₹ crore)	Percentage of total deposits (%)
	(Audited)						(Unaudited)	
Demand deposits	40,374.20	6.29%	44,375.08	6.56%	45,714.45	6.49%	66,592.82	6.23%
Savings bank deposits	222,873.11	34.70%	240,665.39	35.60%	256,760.12	36.48%	392,884.38	36.73%
Term deposits	378,978.88	59.01%	390,989.67	57.84%	401,371.75	57.03%	610,269.87	57.05%
Total deposits	642,226.19	100.00%	676,030.14	100.00%	703,846.32	100.00%	1,069,747.07	100.00%

* The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 include operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Deposits mainly comprise demand deposits, savings bank deposits and term deposits.

Deposits amounted to ₹ 1,069,747.07 crore as of September 30, 2020 primarily comprising term deposits of ₹ 610,269.87 crore and savings bank deposits of ₹ 392,884.38 crore.

Deposits increased by 4.11% from ₹ 676,030.14 crore as of March 31, 2019 to ₹ 703,846.32 crore as of March 31, 2020 primarily due to an increase in savings bank deposits by 6.69% from ₹ 240,665.39 crore as of March 31, 2019 to ₹ 256,760.12 crore as of March 31, 2020. There was also an increase in term deposits by 2.66% from ₹ 390,989.67 crore as of March 31, 2019 to ₹ 401,371.75 crore as of March 31, 2020.

Deposits increased by 5.26% from ₹ 642,226.19 crore as of March 31, 2018 to ₹ 676,030.14 crore as of March 31, 2019 primarily due to an increase in savings bank deposits by 7.98% from ₹ 222,873.11 crore as of March 31, 2018 to ₹ 240,665.39 crore as of March 31, 2019. There was also an increase in term deposits by 3.17% from ₹ 378,978.88 crore as of March 31, 2018 to ₹ 390,989.67 crore as of March 31, 2019.

Borrowings

Borrowings mainly comprise borrowings from the RBI, banks, institutions, agencies and unsecured redeemable debt.

Our Bank's borrowings amounted to ₹ 45,731.17 crore as of September 30, 2020 primarily comprising unsecured redeemable debt of ₹ 21,559.00 crore and borrowings from institution and agencies of ₹ 9,988.03 crore.

Our Bank's borrowings increased by 27.72% from ₹ 39,325.92 crore as of March 31, 2019 to ₹ 50,225.43 crore as of March 31, 2020, primarily attributable to an increase in (i) borrowings from the RBI in India from ₹ 3,000.24 crore as of March 31, 2019 to ₹ 18,825.00 crore as of March 31, 2020 on account of short-term borrowing of ₹ 15,000 crore from the RBI at the end of Fiscal 2020, to prevent the temporary liquidity mismatch that may have arisen due to the Amalgamation, and, (ii) borrowings from other banks in India from ₹ 2,714.83 crore as of March 31, 2019 to ₹ 5,849.85 crore as of March 31, 2020 on account of some reciprocal deposits. This increase was partially offset by a decrease in (i) borrowings from other institutions and agencies in India by 65.04% from ₹ 8,598.57 crore as of March 31, 2019 to ₹ 3,006.09 crore as of March 31, 2020 on account of maturity of certain high cost borrowings; (ii) tier I bonds (perpetual debt instruments) by 11.76% from ₹ 5,950.00 crore as of March 31, 2019 to ₹ 5,250.00 crore as of March 31, 2020; (iii) tier II bonds by 6.67% from ₹ 7,500.00 crore as of March 31, 2019 to ₹ 7,000.00 crore as of March 31, 2020; and (iv) borrowings outside India by 14.47% from ₹ 8,762.28 crore as of March 31, 2019 to ₹ 7,494.48 crore as of March 31, 2020 on account of maturity of some of our Tier II bonds and non-issuance of fresh debt securities by the Bank.

Our Bank's borrowings decreased by 35.37% from ₹ 60,850.75 crore as of March 31, 2018 to ₹ 39,325.92 crore as of March 31, 2019, primarily attributable to a decrease in (i) borrowings from the RBI in India by 81.93% from ₹ 16,606.00 crore as of March 31, 2018 to ₹ 3,000.24 crore as of March 31, 2019 on account of reduced requirements for overnight funds that are typically required to address temporary liquidity mismatches on the financial year closing date; (ii) borrowings from other banks in India by 37.14% from ₹ 4,318.79 crore as of March 31, 2018 to ₹ 2,714.83 crore as of March 31, 2019 on account of maturity of some high cost borrowings; (iii) tier II bonds by 21.05% from ₹ 9,500.00 crore as of March 31, 2018 to ₹ 7,500.00 crore as of March 31, 2019 on account of maturity of some of our high coupon Tier II bonds; and (iv) borrowings outside India by 50.24% from ₹ 17,608.12 crore as of March 31, 2018 to ₹ 8,762.28 crore as of March 31, 2019 on account of maturity of our borrowings. This decrease was partially offset by an increase in borrowings from other institutions and agencies in India from ₹ 3,847.34 crore as of March 31, 2018 to ₹ 8,598.57 crore as of March 31, 2019 on account of refinancing of certain loans at favorable rates from government agencies/ institutions.

Other Liabilities and Provisions

Other liabilities and provisions represent bills payable, interest payable, deferred tax liability and other provisions.

Other liabilities and provisions amounted to ₹ 24,690.37 crore as of September 30, 2020, primarily comprising Others (including provisions) of ₹ 18,950.19 crore.

Other liabilities and provisions decreased by 3.85% from ₹ 14,806.29 crore as of March 31, 2019 to ₹ 14,236.68 crore as of March 31, 2020, primarily due to a decrease in (i) bills payable from ₹ 2,028.73 crore as of March 31, 2019 to ₹ 1,811.91 crore as of March 31, 2020; (ii) interest accrued by 6.64% from ₹ 1,663.99 crore as of March 31, 2019 to ₹ 1,553.48 crore as of March 31, 2020; and (iii) others (including provisions) by 2.17% from ₹ 11,111.39 crore as of March 31, 2019 to ₹ 10,869.75 crore as of March 31, 2020.

Other liabilities and provisions decreased by 31.70% from ₹ 21,678.86 crore as of March 31, 2018 to ₹ 14,806.29 crore as of March 31, 2019, primarily due to a decrease in (i) bills payable by 15.42% from ₹ 2,398.53 crore as of March 31, 2018 to ₹ 2,028.73 crore as of March 31, 2019; (ii) interest accrued by 4.57% from ₹ 1,743.71 crore as of March 31, 2018 to ₹ 1,663.99 crore as of March 31, 2019; and (iii) others (including provisions) by 36.63% from ₹ 17,534.04 crore as of March 31, 2018 to ₹ 11,111.39 crore as of March 31, 2019 on account of payment of liability recognized in Fiscal 2018 and paid in Fiscal 2019, in relation to the documentary credits with respect to the fraudulent transactions involving an account engaged in the gems and jewellery sector. For further information, see "Financial Statements" and "Risk Factors – Weakness or failures of our internal control system may cause significant operational errors, which may in turn materially and adversely affect our business" on page 323 and 51, respectively.

Divergence in Asset Classification and Provisioning

The RBI assesses the compliance by banks with the extant prudential norms on income recognition, asset classification and provisioning ("IRACP") as part of its supervisory processes. The RBI, in its circular dated April 1, 2019, requires banks to make suitable disclosures, wherever either (i) the additional divergence in assets

classification and provisioning for NPAs assessed by RBI exceeds 10% of the reported profit before provisions and contingencies for the reference period; and/ or (ii) additional gross NPAs identified by RBI exceed 15% of the published incremental Gross NPAs for the reference period.

As part of its supervisory process for the years ended March 31, 2018 and 2019, the RBI had pointed out certain divergences in respect of our asset classification of accounts as of March 31, 2018 and 2019, as set out below and in “Financial Statements”:

Particulars (2019)	Amount (₹ crore)	Particulars (2018)	Amount (₹ crore)
Gross NPAs as of March 31, 2019, as reported by the Bank	78,472.70	Gross NPAs as of March 31, 2018, as reported by the Bank	86,620.05
Gross NPAs as of March 31, 2019, as assessed by the RBI	81,089.70	Gross NPAs as of March 31, 2018, as assessed by the RBI	87,515.75
Divergence in Gross NPAs	2,617.00	Divergence in Gross NPAs	895.70
Net NPAs as of March 31, 2019, as reported by the Bank	30,037.66	Net NPAs as of March 31, 2018, as reported by the Bank	48,684.29
Net NPAs as of March 31, 2019, as assessed by the RBI	32,654.66	Net NPAs as of March 31, 2018, as assessed by the RBI	45,813.19
Divergence in Net NPAs	2,617.00	Divergence in Net NPAs	(2,871.10)
Provisions for NPAs as of March 31, 2019, as reported by the Bank*	48,151.15	Provisions for NPAs as of March 31, 2018, as reported by the Bank	37,611.82
Provisions for NPAs as of March 31, 2019, as assessed by the RBI*	50,242.15	Provisions for NPAs as of March 31, 2018, as assessed by the RBI	41,378.62
Divergence in provisioning*	2,091.00	Divergence in provisioning	3,766.80
Reported net profit after tax for the year ended March 31, 2019	(9,975.49)	Reported net profit after tax for the year ended March 31, 2018	(12,282.82)
Adjusted (notional) net profit after tax for the year ended March 31, 2019, after taking into account the divergence in provisioning	(11,335.90)	Adjusted (notional) net profit after tax for the year ended March 31, 2018, after taking into account the divergence in provisioning	(16,049.62)

*Provision for NPA is excluding of DICGC/ECGC claims received of ₹ 283.89 crore.

LIQUIDITY AND CAPITAL RESOURCES

Our Bank regularly monitors its funding levels to ensure that it is able to satisfy requirements of loan disbursements and those that would arise upon maturity of liabilities. Our Bank maintains diverse sources of funding and liquid assets to facilitate flexibility in meeting its liquidity requirements.

CASH FLOWS

The following table sets forth our Bank’s statement of cash flows for the periods indicated:

Particulars	Fiscal 2018	Fiscal 2019	Fiscal 2020	Six months ended September 30, 2019	Six months ended September 30, 2020*
	(Audited)			(Unaudited)	
	(₹ crore)				
Net cash from/ (used in) operating activities	1,011.69	(31,344.38)	(11,336.23)	7,437.49	(723.88)
Net cash from/ (used in) investing activities	(1,288.01)	(260.37)	(1,515.85)	(34.85)	(342.04)
Net cash from/ (used in) financing activities	7,406.67	11,430.79	13,557.07	13,405.75	(840.54)
Net change in cash and cash equivalents	7,130.36	(20,173.96)	704.99	20,808.39	27,804.36 [#]

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

[#] Includes cash and cash equivalents received on account of Amalgamation

Operating Activities

Net cash used in operating activities was ₹ 723.88 crore in six months ended September 30, 2020. Net profit before tax in six months ended September 30, 2020 amounted to ₹ 1,572.92 crore with the primary adjustments consisting of provision for NPAs of ₹ 8,647.57 crore and interest on bonds of ₹ 949.02 crore in six months ended September 30, 2020. The main working capital adjustments in the six months ended September 30, 2020 included increase in investments of ₹ 19,743.59 crore, decrease in borrowings of ₹ 20,889.60 crore, increase in other assets of ₹ 3,068.87 crore and decrease in other liabilities and provisions of ₹ 4,365.94 crore. This was partially offset by decrease in advances of ₹ 36,304.68 crore. Cash used in operations amounted to ₹ 1,214.41 crore in the six months ended September 30, 2020, and decrease in tax assets amounted to ₹ 490.52 crore in the six months ended September 30, 2020.

Net cash from operating activities was ₹ 7,437.49 crore in six months ended September 30, 2019. Net profit before tax in six months ended September 30, 2019 amounted to ₹ 2,091.16 crore with the primary adjustments consisting of provision for NPAs of ₹ 5,400.45 crore, and interest paid on bonds of ₹ 527.53 crore. The main working capital adjustments in the six months ended September 30, 2019 included decrease in advances of ₹ 24,945.87 crore in six months ended September 30, 2019, and increase in deposits of ₹ 19,751.94 crore in six months ended September 30, 2019. This was partially offset by an increase in investments of ₹ 37,125.88 crore. Cash generated from operations amounted to ₹ 8,348.57 crore in the six months ended September 30, 2019, and direct taxes paid (net of refund) amounted to ₹ 911.08 crore in the six months ended September 30, 2019.

Net cash used in operating activities was ₹ 11,336.23 crore in Fiscal 2020. Profit before tax in Fiscal 2020 amounted to ₹ 738.98 crore with the primary adjustments consisting of provision for NPAs of ₹ 14,464.08 crore, and interest on bonds of ₹ 1,176.20 crore in Fiscal 2020. The main working capital adjustments in Fiscal 2020 included increase in investments of ₹ 37,771.22 crore, increase in advances of ₹ 27,276.32 crore, and decrease in other liabilities and provisions of ₹ 3,878.31 crore. This was partially offset by an increase in deposits of ₹ 27,816.18 crore. Cash used in operations amounted to ₹ 9,212.90 crore in Fiscal 2020, and taxes paid (net of refund) amounted to ₹ 2,123.33 crore in Fiscal 2020.

Net cash used in operating activities was ₹ 31,344.38 crore in Fiscal 2019. Loss before tax in Fiscal 2019 amounted to ₹ 15,345.76 crore with the primary adjustments consisting of provision for NPAs of ₹ 24,434.58 crore, and other provisions of ₹ 3,831.88 crore in Fiscal 2019. The main working capital adjustments in Fiscal 2019 included increase in advances of ₹ 49,611.36 crore, and decrease in borrowings of ₹ 19,304.33 crore. This was partially offset by an increase in deposits of ₹ 33,803.94 crore. Cash used in operations amounted to ₹ 30,931.69 crore in Fiscal 2019, and taxes paid (net of refund) amounted to ₹ 412.68 crore in Fiscal 2019.

Net cash from operating activities was ₹ 1,011.69 crore in Fiscal 2018. Loss before tax in Fiscal 2018 amounted to ₹ 19,575.07 crore with the primary adjustments consisting of provision for NPAs of ₹ 24,452.73 crore, and interest on bonds of ₹ 1,807.10 crore in Fiscal 2018. The main working capital adjustments in Fiscal 2018 included increase in borrowings of ₹ 21,297.41 crore, and increase in deposits of ₹ 20,522.18 crore. This was partially offset by an increase in advances of ₹ 37,860.65 crore. Cash from operations amounted to ₹ 2,764.31 crore in Fiscal 2018, and taxes paid (net of refund) amounted to ₹ 1,752.62 crore in Fiscal 2018.

Investing Activities

Net cash used in investing activities was ₹ 342.04 crore in the six months ended September 30, 2020, primarily due to purchase of fixed assets (net of sales) of ₹ 269.28 crore, and investment in subsidiary/ others of ₹ 129.36 crore. This was partially offset by dividend received from subsidiary/ others amounting to ₹ 56.59 crore in the six months ended September 30, 2020.

Net cash used in investing activities was ₹ 34.85 crore in the six months ended September 30, 2019, primarily due to purchase of fixed assets (net of sales) of ₹ 147.66 crore, and investment in subsidiary/ others of ₹ 1.00 crore. This was partially offset by dividend received from subsidiary/ others amounting to ₹ 113.81 crore in the six months ended September 30, 2019.

Net cash used in investing activities was ₹ 1,515.85 crore in Fiscal 2020, primarily due to purchase of fixed assets (net of sales) of ₹ 1,615.22 crore, and investment in subsidiary/ others of ₹ 54.74 crore. This was partially offset by dividend received from subsidiary/ others amounting to ₹ 154.11 crore in Fiscal 2020.

Net cash used in investing activities was ₹ 260.37 crore in Fiscal 2019, primarily due to purchase of fixed assets (net of sales) of ₹ 434.63 crore. This was partially offset by dividend received from subsidiary/ others amounting to ₹ 148.80 crore in Fiscal 2019 and decrease in investment in subsidiary/ others of ₹ 25.45 crore in Fiscal 2019.

Net cash used in investing activities was ₹ 1,288.01 crore in Fiscal 2018, primarily due to purchase of fixed assets (net of sales) of ₹ 649.65 crore, and investment in subsidiary/ others of ₹ 716.75 crore. This was partially offset by dividend received from subsidiary/ others amounting to ₹ 78.39 crore in Fiscal 2018.

Financing Activities

Net cash used in financing activities was ₹ 840.54 crore in the six months ended September 30, 2020, primarily due to interest paid on bonds amounting to ₹ 949.02 crore, which was partially offset by issue of bonds of ₹ 108.94 crore.

Net cash from financing activities was ₹ 13,405.75 crore in the six months ended September 30, 2019, primarily on account of share capital/ share application money/ share premium of ₹ 16,091.00 crore. This was offset by redemption of bonds of ₹ 2,000.00 crore and interest paid on bonds amounting to ₹ 527.53 crore in the six months ended September 30, 2019.

Net cash from financing activities was ₹ 13,557.07 crore in Fiscal 2020, primarily on account of issue of share capital (including premium) amounting to ₹ 16,091.00 crore, which was offset by redemption of bonds (tier I and tier II) amounting to ₹ 1,200.00 crore, and interest paid on bonds amounting to ₹ 1,176.20 crore in Fiscal 2020.

Net cash from financing activities was ₹ 11,430.79 crore in Fiscal 2019, primarily on account of issue of share capital (including premium) amounting to ₹ 14,803.68 crore, which was offset by redemption of bonds (tier I and tier II) amounting to ₹ 2,220.50 crore, and interest paid on bonds amounting to ₹ 1,152.39 crore in Fiscal 2019.

Net cash from financing activities was ₹ 7,406.67 crore in Fiscal 2018, primarily on account of issue of share capital (including premium) amounting to ₹ 10,423.78 crore, which was offset by redemption of bonds (tier I and tier II) amounting to ₹ 1,210.00 crore, and interest paid on bonds amounting to ₹ 1,807.10 crore in Fiscal 2018.

Capital

We calculate our Capital to Risk Weighted Assets Ratio under Basel III guidelines. Our Bank's CRAR under Basel III was 14.14% and 12.84% (on a standalone basis) as of March 31, 2020 and September 30, 2020, respectively.

We are registered with and subject to supervision by the RBI, including the RBI's detailed guidelines for implementation of Basel III capital regulations that were issued in May 2012. Basel III Capital Regulations are being implemented in India with effect from April 1, 2013 in a phased manner, which our Bank has complied with. Also see " – *Principal Factors Affecting Our Results of Operations and Financial Condition – Capital Adequacy, liquidity requirements and reserve ratios*" on page 105.

Our Bank's regulatory capital and capital adequacy ratios calculated under Basel III as of the dates indicated, are as follows:

		As of March 31, 2020 (Audited)	As of September 30, 2020* (Unaudited)
	Regulatory Capital	(₹ crore)	
	Tier I capital	49,107.96	64,107.53
	Tier II capital	9,225.61	15,624.69
	Total Capital	58,333.57	79,732.22
	Regulatory Capital	As % of Risk Weighted Assets	
(i)	Common Equity Tier I Ratio	8.81	7.65
(ii)	Capital Conservation Buffer (comprising Common Equity)	1.88	1.88
(iii)	Common Equity Tier I Ratio plus Capital Conservation Buffer (i)+(ii)	10.69	9.53
(iv)	Additional Tier I capital	1.21	0.80

		As of March 31, 2020	As of September 30, 2020*
		(Audited)	(Unaudited)
(v)	Tier I capital adequacy ratio (i) +(iv)	10.02	8.45
(vi)	Tier II capital	2.24	2.51
(vii)	Total Capital Ratio (MTC) (v)+(vi)	12.26	10.96
(viii)	Total Capital Ratio plus Capital Conservation Buffer (vii)+(ii)	14.14	12.84

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Capital Expenditure

Our capital expenditure consists principally of expenditure relating to branch network expansion as well as investment in technology and communication infrastructure, in each case principally in India. During Fiscals 2018, 2019 and 2020, our Bank incurred ₹ 664.91 crore, ₹ 563.26 crore and ₹ 451.09 crore respectively, as capital expenditure. In the six months ended September 30, 2020, we incurred ₹ 679.94 crore as capital expenditure.

Our planned future capital expenditure relates primarily to maintenance and investment in technology and communication infrastructure. We do not consider our current capital expenditure plans to be material in amount, given the size, scope and nature of our business. However, our actual expenditure may be higher or lower than our current expectations, and could be material in amount. Moreover, we may incur capital expenditure for purposes other than above, depending on, among other factors, the business environment prevailing at the time and any change in our business plans.

Contingent Liabilities

Our contingent liabilities primarily relate to claims against us not acknowledged as debts which represent claims filed against us in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities and disputed by us. Contingent liabilities also include liabilities on account of outstanding forward exchange contracts that we enter into on our own account and on behalf of our customers. Guarantees given on behalf of entities, acceptances, endorsements and other obligations also form part of our contingent liabilities.

The table below sets forth, as of the dates indicated, the principal components of our contingent liabilities as of the dates indicated:

Contingent Liabilities	As of March 31,		
	2018	2019	2020
	(₹ crore)		
Claims against our Bank not acknowledged as debts	312.27	594.37	300.81
Disputed income tax and interest tax demands under appeals, references etc.	1,260.92	267.52	1,131.50
Liability for partly paid investments	13.13	33.99	428.47
Liability on account on outstanding forward exchange contracts	223,670.12	243,058.63	154,146.29
Guarantees given on behalf of constituents:			
(a) In India	39,913.99	39,465.68	37,913.14
(b) Outside India	9,912.87	2,341.33	1,398.56
Acceptances, endorsements and other obligations	27,408.15	17,672.89	13,131.45
Other items for which the Bank is contingently liable	1,636.24	1,965.71	2,350.51
TOTAL	304,127.69	305,400.12	210,800.73

Off Balance Sheet Arrangements

Except as disclosed in the Financial Statements or elsewhere in this Placement Document, there are no off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates, other unconsolidated entities or financial partnerships that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

Auditor Observations and Matters of Emphasis

There are no reservations, qualifications or adverse remarks highlighted by the Statutory Auditors in their reports to our financial statements/ results for Fiscals 2018, 2019 and 2020, and the six months ended September 30, 2020.

The Statutory Auditors have, in their limited review report to the standalone and consolidated financial results for the six months ended September 30, 2020, drawn attention to the following matters:

- The Statutory Auditors draw attention to the following note accompanying the financial results regarding change in policy of appropriation of recovery in NPA accounts:

“During the quarter and half year ended September 30, 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/ derecognised interest income, to the new policy of appropriation of recovery first against the charges recorded, followed by Recorded Interest/Derecognised Interest and balance against the principal. This change in Accounting Policy has resulted in increase in Profit before Tax by ₹ 271.46 crore and corresponding increase in Net Advances by the even amount.”

- The Statutory Auditors draw attention to the following note accompanying the financial results regarding impact of the Honorable Supreme Court order on provisioning and classification of loans and advances as per prudential norms:

“In the interim order dated September 03, 2020, Hon'ble Supreme Court of India in writ petition Gajendra Sharma Vs. Union of India & Others, has directed that accounts which were not declared as NPA till 31st August, 2020 shall not be declared as NPA till further orders. Based on the same, the Bank has not classified any account as NPA which was not NPA as on August 31, 2020. As a matter of prudence, the Bank has made a contingent provision of ₹ 180.00 Crore in respect of such accounts that were not classified as NPA which includes provision for interest income aggregating to ₹ 85.00 Crore reckoned in operating profit.”

- The Statutory Auditors draw attention to the following note accompanying the financial results which describes uncertainties due to outbreak of COVID-19:

“COVID-19 pandemic continues to spread across several countries including India resulting in a significant volatility in global and Indian financial markets and a significant decline in global and local economic activities. The Govt. of India had announced a series of lock down measures from March 24, 2020 onwards which are yet to be completely withdrawn. Govt. of India has directed a calibrated and gradual withdrawal of lock down and partial resumption of economic activities. The situation continues to be uncertain and the Bank is evaluating the situation on ongoing basis. The major identified challenges for the bank would arise from eroding cash flows and extended working capital cycles. The Bank is gearing itself on all the fronts to meet these challenges.”

- The Statutory Auditors draw attention to the note accompanying the financial results relating to deferment of provision related to fraud reported during the quarter ended September 30, 2020;

“During the quarter bank has availed dispensation for deferment of provision in respect of frauds amounting to ₹ 1558.58 crore in terms of option available as per RBI Circular No.DBR No.BP.BC.92/21.04.048/2015-16 dated April 18, 2016. Accordingly, an amount of ₹ 389.64 crore has been charged to profit and loss account and ₹ 1168.94 crore has been deferred to subsequent quarters. Further, out of un-amortized amount of ₹ 1329.97 crore up to quarter ended June 30, 2020, an amount of ₹ 483.13 crore has been charged to P&L and remaining ₹ 846.84 crore has been carried forward to subsequent quarters.”

- The Statutory Auditors draw attention to the following note accompanying the financial results relating to provision in one of the associates of the Bank:

“The Bank had made investment of ₹ 341.59 Crores in JSC Tengri Bank (formerly known as Bank of Kazakhstan), which is an associate of the Bank. The licence of JSC Tengri Bank has been revoked by Agency of Republic of Kazakhstan for Regulation and Development of Financial Market with effect from 18th September 2020. In the absence of any further development and as a matter of prudence the Bank has made a provision of ₹ 341.59 Crores during the quarter and half-year ended September 30, 2020.”

The Statutory Auditors have included the following emphasis of matter in their audit reports to the standalone and consolidated financial statements for Fiscal 2020:

Emphasis of Matter

- The Statutory Auditors draw attention to the note accompanying standalone and consolidated financial statements, which describes the uncertainties due to outbreak of COVID-19 pandemic and the management's assessment of its impact on the business operations of our Bank.
- The Statutory Auditors draw attention to the note accompanying standalone and consolidated financial statements, relating to deferment of provision of ₹ 766.28 crore pertaining to certain fraud accounts identified during the year ended March 31, 2020, and to be charged to the profit and loss accounts in the three quarters of Fiscal 2021, in terms of the relevant RBI circular dated April 18, 2016.
- The Statutory Auditors draw attention to the note accompanying standalone and consolidated financial statements, wherein as per the opinion of the Bank, there is no requirement to make provisions for diminution in value of investments.

The Statutory Auditors have included the following emphasis of matter in their audit reports to the standalone and consolidated financial statements for Fiscal 2018:

Emphasis of Matter

- The Statutory Auditors draw attention to the note accompanying standalone and consolidated financial statements, regarding provision at the rate of 50% amounting to ₹ 7,178.42 crore as against the total amount of ₹ 14,356.84 crore in respect of fraud involving certain accounts under gems and jewelry sector as per the dispensation given by the Reserve Bank of India vide their letter No.8720/21.04.132/2017-18 dated March 28, 2018.

For further information, including on key audit matters, see “*Financial Statements*” on page 323.

Related Party Transactions

Our Bank enters into various transactions with related parties in the ordinary course of business. These transactions principally include remuneration paid to KMP and others, and interest received/ paid on deposits and IBPC borrowing/ lending involving Associates. For further information relating to our related party transactions, see “*Financial Statements*” on page 323.

Qualitative Disclosure about Risks and Risk Management

We are exposed to various risks that are an inherent part of any banking business, with the major risks being credit risk, market risk, liquidity risk and operational risk. We have various policies and procedures in place to measure, manage and monitor these risks systematically across all its portfolios.

For further information about the types of risks and our risk management policies, see “*Our Business – Risk Management*” on page 217.

Total Turnover of each Major Industry Segment in which the Bank Operated

We have one primary business segment, namely banking industry. For further information, see “*Industry Overview*” and “*Financial Statements*” on pages 180 and 323, respectively.

New Products or Business Segments

Other than as disclosed in the section titled “*Our Business*” on page 198, our Bank has not publicly announced any new products or business segments nor have there been any material increases in our revenues due to increased disbursements and introduction of new products.

Unusual or Infrequent Events or Transactions

Except as described in this Placement Document, there have been no other events or transactions that, to our knowledge, may be described as “unusual” or “infrequent”.

Significant Economic Changes that materially affect or are likely to affect Income from Continuing Operations

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect income from our operations identified above in “- *Principal Factors Affecting our Results of Operations and Financial Condition*” and the uncertainties described in the section “*Risk Factors*” on pages 105 and 48, respectively.

Known Trends or Uncertainties

Other than as described in this Placement Document, particularly in this section and “*Risk Factors*” section on page 48, to our knowledge, there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.

Future Relationship between Cost and Income

Other than as described elsewhere in this section and the sections “*Risk Factors*” and “*Our Business*” on pages 48 and 198, respectively, to our knowledge there are no known factors that will have a material adverse impact on our operations and finances.

Competitive Conditions

We operate in a competitive environment. See sections, “*Our Business*”, “*Industry Overview*”, “*Risk Factors*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations and Financial Condition – Competition*” on pages 198, 180, 48 and 101, respectively.

Significant Developments after September 30, 2020 that may affect our Future Results of Operations

Except as discussed above and as otherwise stated in this Placement Document, to our knowledge, no circumstances have arisen since September 30, 2020 which may materially and adversely affect or is likely to affect, our profitability, or the value of our assets or our ability to pay our liabilities

SELECTED STATISTICAL INFORMATION

Our fiscal year ends on March 31 of each year, and references to a particular fiscal year are to the twelve months ended March 31 of that year. Unless otherwise specified or unless the context otherwise requires, financial information herein for Fiscals 2018, 2019 and 2020 is derived from our Audited Standalone Financial Statements, and the financial information included herein for the six months ended September 30, 2020 (including the comparative financial information with respect to the six months ended September 30, 2019) is based on the standalone Unaudited Reviewed Standalone Financial Results, included in this Placement Document.

Pursuant to the Gazette Notification no. CG-DL-E04032020-216535 dated March 4, 2020 issued by the Government of India, the scheme of amalgamation Oriental Bank of Commerce and United Bank of India into our Bank was approved and Oriental Bank of Commerce and United Bank of India were amalgamated into our Bank with effect from April 1, 2020. Accordingly, our Bank's historical financial statements and/ or financial results prior to this amalgamation are not comparable to those subsequent to such amalgamation. For further information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Presentation of Financial Information – Amalgamation of Oriental Bank of Commerce and United Bank of India" and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Principal Factors Affecting our Results of Operations and Financial Condition – Effect of Amalgamation of Oriental Bank of Commerce and United Bank of India" and "Financial Statements" on pages 101, 105 and 323, respectively.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Placement Document. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. However, note that these non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks in India or elsewhere.

Average Balance Sheet of the Bank

The tables below set forth the Bank's average balances for interest-earning assets and interest-bearing liabilities together with the related interest income and expense amounts, resulting in the presentation of the average yield and average cost of average interest bearing liabilities, for the periods indicated.

Average Balance: The average balance in respect of advances, investments, deposits, average yields and average costs are based on daily averages. All other averages are based on monthly averages, as reported to the RBI.

Average Yield on Average Interest-Earning Assets: The average yield on average interest-earning assets is the ratio of interest income to average interest-earning assets, where advances, investment and money at call and short notice are based on daily average and all other averages are based on monthly averages.

Average Cost of Average Interest-Bearing Liabilities: The average cost of average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities.

The average balances in the table below include gross NPAs. We have not recalculated income that is subject to tax benefits on a tax-equivalent basis.

	Year ended March 31,								
	2018			2019			2020		
	Average Balance ⁽¹⁾	Interest Income/Expense ⁽³⁾	Average Yield/ Cost (%)	Average Balance ⁽¹⁾	Interest Income/Expense ⁽³⁾	Average Yield/ Cost (%)	Average Balance ⁽¹⁾	Interest Income/Expense ⁽³⁾	Average Yield/ Cost (%)
(₹ crores, except percentages)									
Interest-earning assets:									
Advances	425,061.47	31,833.08	7.49	454,370.91	35,086.21	7.72	457,992.91	35,814.96	7.82
Investments	189,875.87	13,946.98	7.35	190,257.27	14,105.97	7.41	214,956.51	15,332.60	7.13
Others ⁽²⁾	76,711.07	2,215.70	2.89	66,023.02	2,118.07	3.21	83,574.92	2,652.47	3.17
Total interest-earning assets	691,648.40	47,995.77	6.94	710,651.20	51,310.25	7.22	756,524.34	53,800.03	7.11

	Year ended March 31,								
	2018			2019			2020		
	Average Balance ⁽¹⁾	Interest Income/Expense ⁽³⁾	Average Yield/ Cost (%)	Average Balance ⁽¹⁾	Interest Income/Expense ⁽³⁾	Average Yield/ Cost (%)	Average Balance ⁽¹⁾	Interest Income/Expense ⁽³⁾	Average Yield/ Cost (%)
	(₹ crores, except percentages)								
Non-interest earning assets:									
Fixed assets	6,398.73	-	-	6,281.05	-	-	7,007.76	-	-
Other assets	69,014.74	-	-	79,245.38	-	-	92,906.48	-	-
Total non-interest earning assets	75,413.47	-	-	85,526.43	-	-	99,914.25	-	-
Total Assets	767,061.87	-	-	796,177.63	-	-	856,438.58	-	-
Liabilities:									
Total deposits	613,928.88	30,455.53	4.96	627,143.81	32,217.78	5.14	666,206.09	34,374.80	5.16
- Demand deposits ⁽⁴⁾	28,953.49	0.00	0.00	27,891.03	0.00	0.00	28,586.01	0.00	0.00
- Savings deposits	212,605.81	7,907.66	3.72	223,419.49	7,975.74	3.57	239,515.98	8,329.06	3.48
- Term deposits	372,369.58	22,547.87	6.06	375,833.29	24,242.04	6.45	398,104.10	26,045.75	6.54
Borrowings	49,108.10	2,617.84	5.33	42,743.46	1,936.16	4.53	36,339.29	1,987.44	5.47
- Unsecured subordinated bonds	17,206.61	1,573.94	9.15	15,122.89	1,371.29	9.07	12,126.37	1,099.40	9.07
- Other borrowings	31,901.49	1,043.90	3.27	27,620.57	564.87	2.05	24,212.92	888.04	3.67
Total interest-bearing liabilities	663,036.98	33,073.36	4.99	669,887.27	34,153.94	5.10	702,545.37	36,362.24	5.18
Non-interest bearing liabilities:									
Capital and reserves	44,154.05	-	-	43,344.63	-	-	59,064.21	-	-
Other liabilities	59,870.84	-	-	82,945.73	-	-	94,829.01	-	-
Total non-interest bearing liabilities	104,024.89	-	-	126,290.36	-	-	153,893.21	-	-
Total liabilities	767,061.87	-	-	796,177.63	-	-	856,438.58	-	-

Notes:

- (1) Average balances are daily averages for deposits/ advances/investments and all others are based on monthly averages as reported to the RBI.
- (2) Other interest-earning assets comprises monthly average of overseas earning assets excluding advances, money at call and short notice and contribution to the Rural Infrastructure Development Fund ("RIDF").
- (3) Interest earned on advances includes Balances with Reserve Bank of India in other accounts, Balances with banks in other deposit accounts, money at call and short notice
- (4) Demand deposits do not bear interest.

	Six Months ended September 30,					
	2019			2020*		
	Average Balance ⁽¹⁾	Interest Income/ Expense ⁽³⁾	Average Yield/ Cost (%)	Average Balance ⁽¹⁾	Interest Income/ Expense ⁽³⁾	Average Yield/ Cost (%)
	(₹ crores, except percentages)					
Interest-earning assets:						
Advances	460,323.93	17,756.73	7.71	710,517.73	27,930.01	7.86
Investments	201,936.21	7,375.39	7.30	377,545.12	12,318.67	6.53
Others ⁽²⁾	77,334.70	1,246.25	3.22	82,241.32	1,302.07	3.17
Total interest-earning assets	739,594.84	26,378.36	7.13	1,170,304.17	41,550.75	7.10
Non-interest earning assets:						
Fixed assets	6,758.86	-	-	10,919.97	-	-
Other assets	82,787.91	-	-	143,054.20	-	-
Total non-interest earning assets	89,546.77	-	-	153,974.17	-	-
Total Assets	829,141.61	-	-	1,324,278.34	-	-
Interest-bearing liabilities:						
Total deposits	656,244.81	17,164.84	5.23	1,055,218.63	24,797.09	4.70
- Demand deposits ⁽⁴⁾	28,279.99	0.00	0.00	53,769.03	0.00	0.00

	Six Months ended September 30,					
	2019			2020*		
	Average Balance ⁽¹⁾	Interest Income/Expense ⁽³⁾	Average Yield/ Cost (%)	Average Balance ⁽¹⁾	Interest Income/Expense ⁽³⁾	Average Yield/ Cost (%)
	(₹ crores, except percentages)					
- Savings deposits	234,306.98	4,155.41	3.55	382,852.71	6,320.42	3.30
- Term deposits	393,657.84	13,009.43	6.61	618,596.89	18,476.67	5.97
Borrowings	30,490.87	808.32	5.30	45,100.90	1,612.04	7.15
- Unsecured subordinated bonds	13,450.00	569.11	8.46	18,257.44	820.37	8.99
- Other borrowings	17,040.87	239.21	2.81	26,843.46	791.67	5.90
Total interest-bearing liabilities	686,735.68	17,973.16	5.23	1,100,319.53	26,409.12	4.80
Non-interest bearing liabilities:						
Capital and reserves	55,062.40	-	-	86,623.36	-	-
Other liabilities	87,343.52	-	-	137,335.45	-	-
Total non-interest bearing liabilities	142,405.93	-	-	223,958.81	-	-
Total liabilities	829,141.61	-	-	1,324,278.34	-	-

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Notes:

- (1) Average balances are daily averages for deposits/ advances/investments and all others are based on monthly averages as reported to the RBI.
- (2) Other interest-earning assets comprises monthly average of overseas earning assets excluding advances, money at call and short notice and contribution to the Rural Infrastructure Development Fund ("RIDF").
- (3) Interest earned on advances includes Balances with Reserve Bank of India in other accounts, Balances with banks in other deposit accounts, money at call and short notice
- (4) Demand deposits do not bear interest.

Analysis of Changes in Interest Revenue and Interest Expense by Volume and Rate

The following tables set forth, for the periods indicated, the allocation of the changes in the Bank's interest revenue (including, with respect to equity investments, dividend income) and interest expense between average volume and changes in average rates.

	Fiscal 2018 vs. Fiscal 2019			Fiscal 2019 vs. Fiscal 2020		
	Increase (Decrease) Due to			Increase (Decrease) Due to		
	Net Change	Change in Average Volume	Change in Average Rate	Net Change	Change in Average Volume	Change in Average Rate
	(₹ crores)					
Interest revenue						
Advances	3,253.12	2,263.25	989.87	728.75	283.24	445.52
Investments	158.99	28.28	130.71	1,226.63	1,761.77	(535.14)
Others ⁽¹⁾	(97.63)	(342.88)	245.25	534.40	557.06	(22.65)
Total interest-earning assets	3,314.48	1,948.65	1,365.83	2,489.79	2,602.06	(112.28)
Total deposits ⁽²⁾	1,762.25	678.88	1,083.37	2,157.03	2,015.53	141.50
Subordinated loan	(202.65)	(188.94)	(13.71)	(271.89)	(271.67)	(0.22)
Borrowings ⁽³⁾	(479.03)	(87.55)	(391.48)	323.17	(124.98)	448.15
Total interest-bearing liabilities.	1,080.57	402.39	678.19	2,208.31	1,618.88	589.43
Net interest revenue	2,233.91	1,546.27	687.64	281.48	983.18	(701.70)

Notes:

- (1) Other interest-earning assets comprises monthly average of overseas earning assets excluding advances, money at call and short notice and contribution to the Rural Infrastructure Development Fund ("RIDF").
- (2) Total deposits comprises savings deposits, demand deposits and term deposits. Demand deposits do not bear interest.
- (3) Borrowings comprises unsecured subordinated bonds and other borrowings.

	Six Months Ended September 30, 2019 vs. Six Months Ended September 30, 2020*		
	Increase (Decrease) ⁽¹⁾ Due to		
	Net Change	Change in Average Volume	Change in Average Rate
	(₹ crores)		
Interest revenue			
Advances	10,173.29	9,834.96	338.32
Investments	4,943.28	5,729.83	(786.54)
Others ⁽¹⁾	55.82	77.68	(21.86)
Total interest-earning assets	15,172.39	15,642.47	(470.09)
Total deposits ⁽²⁾	7,632.24	9,375.68	(1,743.43)
Subordinated loan	251.26	216.01	35.25
Borrowings ⁽³⁾	552.46	289.10	263.36
Total interest-bearing liabilities.	8,435.96	9,880.79	(1,444.83)
Net interest revenue	6,736.43	5,761.68	974.75

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Notes:

- (1) Other interest-earning assets comprises monthly average of overseas earning assets excluding advances, money at call and short notice and contribution to the Rural Infrastructure Development Fund ("RIDF").
- (2) Total deposits comprises savings deposits, demand deposits and term deposits. Demand deposits do not bear interest.
- (3) Borrowings comprises unsecured subordinated bonds and other borrowings.

Yields, Spreads and Margins

The following table sets forth, for the periods indicated, the yields, spreads and interest margins on the Bank's interest-earning assets.

Year ended March 31,			
	2018	2019	2020
(₹ crores, except percentages)			
Interest income on interest-earning assets (advances)	31,833.08	35,086.21	35,814.96
Interest expense on interest-bearing liabilities	33,073.36	34,153.94	36,362.24
Average interest-earning assets (advances) ⁽¹⁾	425,061.47	454,370.91	457,992.91
Average interest-bearing liabilities ⁽¹⁾	663,036.98	669,887.27	702,545.37
Average total assets ⁽¹⁾	767,061.87	796,177.63	856,438.58
Pre-provisioning operating profit ⁽²⁾	10,294.20	12,995.24	14,738.55
Profit after tax	(12,282.82)	(9,975.49)	336.19
Net interest income	14,922.40	17,156.31	17,437.79
Average interest-earning assets as a percentage of average total assets ⁽¹⁾	90.17%	89.26%	88.33%
Average interest-bearing liabilities as a percentage of average total assets ⁽¹⁾	86.44%	84.14%	82.03%
Average interest-earning assets as a percentage of average interest-bearing liabilities ⁽¹⁾	104.32%	106.09%	107.68%
Yield ⁽³⁾	6.94%	7.22%	7.11%
Yield on advances ⁽⁴⁾	7.49%	7.72%	7.82%
Yield on funds ⁽⁵⁾	6.26%	6.44%	6.28%
Yield on investments ⁽⁶⁾	7.35%	7.41%	7.13%
Cost of funds ⁽⁷⁾	4.31%	4.29%	4.25%
Spread ⁽⁸⁾	1.95%	2.15%	2.04%
Net interest margin ⁽⁹⁾	2.16%	2.41%	2.30%
Credit to deposit ratio ⁽¹⁰⁾	73.38%	74.88%	73.44%
Cost to Income ratio ⁽¹¹⁾	56.75%	47.03%	44.82%
Other Income to Operating Income ratio ⁽¹²⁾	37.31%	30.07%	34.72%

Notes:

- (1) Average balances are daily averages for deposits/ advances/ investments and all others are based on monthly averages as reported to the RBI.
- (2) Pre-provisioning operating profit is calculated as interest earned plus other income less interest expended and operating expenses.
- (3) Yield is interest income divided by total quarterly average interest-earning assets.
- (4) Yield on advances is interest on advances divided by daily average balance of advances
- (5) Yield on funds is interest income earned on monthly average assets
- (6) Yield on investments is income earned on investments divided by daily average investment
- (7) Cost of funds is interest expense divided by total monthly average assets.
- (8) Spread is net interest income divided by monthly average assets
- (9) Net interest margin is the difference of interest earned and interest expended divided by the total average interest-earning assets, where advances, investment and money at call and short notice are based on daily averages and others are based on monthly averages.
- (10) Credit to deposit ratio is calculated as a ratio of total gross advances to total deposits.
- (11) Cost to income ratio is calculated as a ratio of operating expenses divided by total operating income (total of net interest income and non-interest income).
- (12) Other income to operating income ratio is calculated as a ratio of other income divided by total operating income (total of net interest income and non-interest income).

Six Months ended September 30,		
	2019	2020*
(₹ crores, except percentages)		
Interest income on interest-earning assets (advances)	17,756.73	27,930.01
Interest expense on interest-bearing liabilities	17,973.16	26,409.12
Average interest-earning assets (advances) ⁽¹⁾	460,323.93	710,517.73
Average interest-bearing liabilities ⁽¹⁾	686,735.68	1,100,319.53
Average total assets ⁽¹⁾	829,141.61	1,324,278.34
Pre-provisioning operating profit ⁽²⁾	7,043.37	10,954.96
Profit after tax	1,525.68	929.26
Net interest income	8,405.20	15,141.63
Average interest-earning assets as a percentage of average total assets ⁽¹⁾	89.20%	88.37%
Average interest-bearing liabilities as a percentage of average total assets ⁽¹⁾	82.82%	83.09%
Average interest-earning assets as a percentage of average interest-bearing liabilities ⁽¹⁾	107.70%	106.36%
Yield ⁽³⁾	7.13%	7.10%
Yield on advances ⁽⁴⁾	7.71%	7.86%
Yield on funds ⁽⁵⁾	6.36%	6.28%
Yield on investments ⁽⁶⁾	7.30%	6.53%
Cost of funds ⁽⁷⁾	4.34%	3.99%
Spread ⁽⁸⁾	2.03%	2.29%
Net interest margin ⁽⁹⁾	2.27%	2.85%
Credit to deposit ratio ⁽¹⁰⁾	68.14%	67.02%
Cost to Income ratio ⁽¹¹⁾	44.74%	48.62%
Other Income to Operating Income ratio ⁽¹²⁾	34.05%	28.99%

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Notes:

- (1) Average balances are daily averages for deposits/ advances/investments and all others are based on monthly averages as reported to the RBI.
- (2) Pre-provisioning operating profit is calculated as interest earned plus other income less interest expended and operating expenses.
- (3) Yield is interest income divided by total quarterly average interest-earning assets.
- (4) Yield on advances is interest on advances divided by daily average balance of advances.
- (5) Yield on funds is interest income earned on monthly average assets.
- (6) Yield on investments is income earned on investments divided by daily average investment.
- (7) Cost of funds is interest expense divided by total monthly average assets.
- (8) Spread is net interest income divided by monthly average assets.
- (9) Net interest margin is the difference of interest earned and interest expended divided by the total average interest-earning assets, where advances, investment and money at call and short notice are based on daily averages and others are based on monthly averages.
- (10) Credit to deposit ratio is calculated as a ratio of total gross advances to total deposits.
- (11) Cost to income ratio is calculated as a ratio of operating expenses divided by total operating income (total of net interest income and non-interest income).

(12) Other income to operating income ratio is calculated as a ratio of other income divided by total operating income (total of net interest income and non-interest income).

	As of and for the Three Months ended,			
	September 30, 2019	March 31, 2020	June 30, 2020*	September 30, 2020*
	(₹ crores, except percentages)			
Interest income on interest-earning assets (advances)	8,876.32	9,219.95	13,918.78	14,011.23
Interest expense on interest-bearing liabilities	9,028.09	9,181.44	13,856.48	12,552.64
Average interest-earning assets (advances) ⁽¹⁾	454,194.00	461,909.11	728,461.40	692,769.00
Average interest-bearing liabilities ⁽¹⁾	703,012.49	739,044.34	1,120,660.57	1,087,761.89
Average total assets ⁽¹⁾	836,990.18	905,375.27	1,327,317.61	1,321,239.06
Pre-provisioning operating profit ⁽²⁾	3,561.95	3,932.28	5,280.05	5,674.91
Profit after tax	507.05	(697.20)	308.45	620.81
Net interest income	4,263.84	4,677.54	6,748.43	8,393.20
Average interest-earning assets as a percentage of average total assets	88.90%	86.23%	89.38%	87.37%
Average interest-bearing liabilities as a percentage of average total assets	83.99%	81.63%	84.43%	82.33%
Average interest-earning assets as a percentage of average interest-bearing liabilities	105.84%	105.64%	105.86%	106.12%
Yield ⁽³⁾	7.15%	7.10%	6.95%	7.64%
Yield on advances ⁽⁴⁾	7.82%	7.98%	7.64%	8.09%
Yield on funds ⁽⁵⁾	6.35%	6.12%	6.21%	6.34%
Yield on investments ⁽⁶⁾	7.26%	6.94%	6.50%	6.55%
Cost of funds ⁽⁷⁾	4.31%	4.06%	4.18%	3.80%
Spread ⁽⁸⁾	2.04%	2.07%	2.03%	2.54%
Net interest margin ⁽⁹⁾	2.29%	2.40%	2.50%	3.21%
Credit to deposit ratio ⁽¹⁰⁾	68.14%	73.44%	67.14%	67.02%
Cost to Income ratio ⁽¹¹⁾	45.44%	45.44%	49.41%	47.87%
Other Income to Operating Income ratio ⁽¹²⁾	34.69%	35.10%	35.34%	22.90%
Total Deposits (₹ crore)	695,782.08	703,846.32	1,074,917.10	1,069,747.07
Domestic Deposits (₹ crore)	673,077.58	686,493.01	1,044,289.83	1,041,681.45
Overseas Deposits (₹ crore)	22,704.50	17,353.31	30,627.27	28,065.62
SA Deposits (₹ crore)	247,124.53	256,760.12	387,245.06	392,884.38
CA Deposits (₹ crore)	45,815.14	45,714.45	66,570.71	66,592.82
Retail Term Deposits (₹ crore) ⁽²⁾	267,545.41	277,126.83	464,062.85	483,315.76
Global Gross Advances (₹ crore)	474,085.26	516,928.83	721,695.15	716,924.28
Domestic Gross Advances (₹ crore)	455,130.45	496,159.69	702,128.96	697,342.06
Overseas Gross Advances (₹ crore)	18,954.81	20,769.14	19,566.19	19,582.22
Global Cost of Deposits ⁽¹³⁾	5.25%	5.02%	4.92%	4.48%

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the three months ended June 30, 2020, and six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the three months ended June 30, 2020, and the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Notes:

- (1) Average balances are daily averages for deposits/ advances/investments and all others are based on monthly averages as reported to the RBI.
- (2) Pre-provisioning operating profit is calculated as interest earned plus other income less interest expended and operating expenses.
- (3) Yield is interest income divided by total quarterly average interest-earning assets.
- (4) Yield on advances is interest on advances divided by daily average balance of advances.
- (5) Yield on funds is interest income earned on monthly average assets.
- (6) Yield on investments is income earned on investments divided by daily average investment.
- (7) Cost of funds is interest expense divided by total monthly average assets.
- (8) Spread is net interest income divided by monthly average assets.
- (9) Net interest margin is the difference of interest earned and interest expended divided by the total average interest-earning assets, where advances, investment and money at call and short notice are based on daily averages and others are based on monthly averages.
- (10) Credit to deposit ratio is calculated as a ratio of total gross advances to total deposits.

- (11) *Cost to income ratio is calculated as a ratio of operating expenses divided by total operating income (total of net interest income and non-interest income).*
- (12) *Other income to operating income ratio is calculated as a ratio of other income divided by total operating income (total of net interest income and non-interest income).*
- (13) *Global cost of deposits is interest paid on deposits divided by daily average deposits.*

Financial Ratios of the Bank

The following tables set forth certain key financial indicators as of and for the dates and periods indicated for the Bank.

	As of and for the year ended March 31,		
	2018	2019	2020
	(percentage)		
Return on average equity ⁽¹⁾	(43.86)%	(43.54)%	1.15%
Return on average assets ⁽²⁾	(1.60)%	(1.25)%	0.04%
Dividend payout ratio ⁽³⁾	0	0	0
Cost to average assets ⁽⁴⁾	1.76%	1.45%	1.40%
Net non-performing assets ratio ⁽⁵⁾	11.24%	6.56%	5.78%
Allowance as percentage of gross non-performing assets ⁽⁶⁾	43.80%	61.72%	62.96%
Average net worth to total average assets ⁽⁷⁾	3.65%	2.88%	3.41%

Notes:

- (1) Return on average equity is the ratio of the net profit after tax to the quarterly average tangible net worth (capital plus reserves excluding revaluation reserves, DTA and other deduction).
- (2) Return on average assets is the ratio of the net profit after tax to the monthly average assets.
- (3) Dividend payout ratio is the ratio of dividend to adjusted net profit (after dividend tax).
- (4) Cost to average assets is the ratio of the operating expenses, excluding lease depreciation, to the monthly average assets.
- (5) Net non-performing assets ratio is the ratio of net non-performing assets divided by net advances.
- (6) Allowance as a percentage of gross non-performing assets is the ratio of non-performing asset provisions made to the gross non-performing assets i.e., (Gross NPA-Net NPA)/Gross NPA.
- (7) Average net worth to total average assets is the ratio of quarterly average capital and reserves capital plus reserves excluding revaluation reserves, DTA and other deduction) divided by total monthly average assets.

	As of and for the six months ended September 30,	
	2019	2020*
	(percentage)	
Return on average equity ⁽¹⁾	9.93%	3.72%
Return on average assets ⁽²⁾	0.37%	0.14%
Dividend payout ratio ⁽³⁾	0	0
Cost to average assets ⁽⁴⁾	1.38%	1.57%
Net non-performing assets ratio ⁽⁵⁾	7.65%	4.75%
Allowance as percentage of gross non-performing assets ⁽⁶⁾	58.90%	67.90%
Average net worth to total average assets ⁽⁷⁾	3.71%	3.77%

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Notes:

- (1) Return on average equity is the ratio of the net profit after tax to the quarterly average tangible net worth (capital plus reserves excluding revaluation reserves, DTA and other deduction).
- (2) Return on average assets is the ratio of the net profit after tax to the monthly average assets.
- (3) Dividend payout ratio is the ratio of dividend to adjusted net profit (after dividend tax).
- (4) Cost to average assets is the ratio of the operating expenses, excluding lease depreciation, to the monthly average assets.
- (5) Net non-performing assets ratio is the ratio of net non-performing assets divided by net advances.
- (6) Allowance as a percentage of gross non-performing assets is the ratio of non-performing asset provisions made to the gross non-performing assets i.e., (Gross NPA-Net NPA)/Gross NPA.
- (7) Average net worth to total average assets is the ratio of quarterly average capital and reserves capital plus reserves excluding revaluation reserves, DTA and other deduction) divided by total monthly average assets.

Return on Equity and Assets

The following table presents selected financial ratios for the Bank for the periods indicated:

	Fiscal		
	2018	2019	2020
	(₹ crores, except percentages)		
Net profit	(12,282.82)	(9,975.49)	336.19
Average total assets ⁽¹⁾	767,061.87	796,177.63	856,438.58
Average shareholders' equity ⁽¹⁾	28,004.08	22,913.66	29,206.06
Net profit as a percentage of average total assets	(1.60)%	(1.25)%	0.04%

	Fiscal		
	2018	2019	2020
	(₹ crores, except percentages)		
Net profit as a percentage of average shareholders' equity	(43.86)%	(43.54)%	1.15%
Average shareholders' equity as a percentage of average total assets	3.65%	2.88%	3.41%

	Six Months ended September 30,	
	2019	2020*
	(₹ crores, except percentages)	
Net profit	1,525.68	929.26
Average total assets ⁽¹⁾	829,141.61	1,324,278.34
Average shareholders' equity ⁽¹⁾	30,739.08	49,938.40
Net profit as a percentage of average total assets	0.37%	0.14%
Net profit as a percentage of average shareholders' equity	9.93%	3.72%
Average shareholders' equity as a percentage of average total assets	3.71%	3.77%

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Notes:

(1) The average balance in respect of total assets, average shareholders' equity, is the quarterly average of balances outstanding, as reported to the RBI

Investment Portfolio

As of March 31, 2018, 2019 and 2020 and as of September 30, 2019 and 2020 the Bank's investments comprised 25.77%, 25.89%, 28.49%, 29.30% and 31.88%, respectively, of its total assets, while total advances were 56.64%, 59.13%, 56.80%, 53.07% and 53.19% respectively, of the Bank's total assets. The Bank carries out its investment activities according to various investment and trading policies. These policies set forth delegation of powers, types of instruments, maximum limits on investments in different types of securities, position limits, stop loss limits, duration limits and minimum acceptable credit spreads.

The Bank is required to maintain a minimum holding of 18.00% of its demand and time liabilities in SLR securities, as of September 30, 2020. In addition, the surplus funds of the Bank's deposits and advances are invested by the domestic treasury. These investments are in conformity with the Bank's policy on investments and the risk limits set by the Bank's board.

Total Domestic Investment Portfolio

The following tables sets forth, as of the dates indicated, information relating to the Bank's total domestic investment portfolio. Domestic investments constituted 97.01%, 97.33%, 97.09%, 97.20% and 98.25% of the Bank's investment portfolio as of March 31, 2018, 2019 and 2020 and as of September 30, 2019 and 2020, respectively.

	As of March 31, 2018				As of March 31, 2019				As of March 31, 2020			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss
	(₹ crores)											
Government securities	152,740.58	149,688.37	579.61	3,631.82	161,346.68	159,747.63	432.75	2,031.80	203,643.60	207,780.34	4,374.16	237.41
Other debt securities ⁽¹⁾	29,949.38	29,059.67	352.79	1,242.50	27,545.44	26,557.14	247.96	1,236.26	18,931.95	18,897.41	603.04	637.59
Total debt securities	182,689.96	178,748.04	932.41	4,874.32	188,892.12	186,304.77	680.71	3,268.06	222,575.55	226,677.75	4,977.20	875.00
Non-debt securities ⁽²⁾	8,551.88	7,108.47	1,941.21	3,385.15	8,276.05	5,412.08	1,111.81	3,975.78	7,302.90	4,435.91	1,429.73	4,296.72
Subsidiaries and associates — at cost	3,021.89	11,857.62	9,628.80	793.07	2,996.43	10,835.78	8,296.22	456.88	3,051.17	4,080.45	1,965.46	936.18
Others ⁽³⁾	3,064.67	3,064.67	-	-	467.68	467.68	-	-	3,740.49	3,749.91	9.41	-
Total	197,328.40	200,778.80	12,502.42	9,052.53	200,632.28	203,020.30	10,088.75	7,700.72	236,670.11	238,944.01	8,381.80	6,107.90

Notes:

- (1) non-SLR other than equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.
- (2) non-SLR equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.
- (3) Includes investments in certificates of deposits, commercial paper, units of mutual funds, pass through certificates, security receipts and deposits with NABARD, SIDBI and NHB under the priority/weaker section lending schemes

	As of September 30, 2019				As of September 30, 2020*			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss
	(₹ crores)							
Government securities	199,049.72	200,997.04	2,403.99	456.67	337,595.83	345,868.30	8,739.96	467.49
Other debt securities ⁽¹⁾	24,203.06	23,650.35	428.70	981.42	32,483.82	32,046.64	1,358.84	1,767.08
Total debt securities	223,252.78	224,647.39	2,832.69	1,438.09	370,079.66	377,914.94	10,098.80	2,234.58
Non-debt securities ⁽²⁾	7,904.75	4,964.88	1,175.61	4,115.47	11,834.53	7,629.56	2,919.80	7,153.70
Subsidiaries and associates — at cost	2,997.43	11,875.85	9,335.29	456.88	3,944.51	7,363.69	4,824.32	1,405.15
Others ⁽³⁾	2,103.47	2,103.47	-	-	5,349.08	4,597.54	36.81	788.36
Total	236,258.43	243,591.59	13,343.59	6,010.43	391,207.78	397,505.73	17,879.73	11,581.78

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Notes:

- (1) non-SLR other than equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.
- (2) non-SLR equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.
- (3) Includes investments in certificates of deposits, commercial paper, units of mutual funds, pass through certificates, security receipts and deposits with NABARD, SIDBI and NHB under the priority/weaker section lending schemes

Available for Sale Investments

The following tables sets forth, as of the dates indicated, information related to the Bank's domestic investments available for sale.

	As of March 31, 2018				As of March 31, 2019				As of March 31, 2020			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss
	(₹ crores)											
Government securities	40,069.08	38,817.29	25.31	1,277.10	32,885.56	32,929.50	171.65	127.71	48,051.61	48,108.74	245.28	188.16
Other debt securities ⁽¹⁾	26,343.16	25,436.58	236.17	1,142.75	23,939.52	22,921.11	134.38	1,152.79	15,471.33	15,113.75	280.01	637.59
Total debt securities	66,412.24	64,253.87	261.48	2,419.85	56,825.08	55,850.61	306.03	1,280.50	63,522.94	63,222.49	525.29	825.74
Non-debt securities ⁽²⁾	8,411.85	6,903.11	1,871.58	3,380.32	8,236.82	5,338.64	1,074.72	3,972.90	7,278.09	4,394.93	1,407.53	4,290.70
Subsidiaries and associates — at cost	0.26	1.03	0.77	-	0.26	0.99	0.73	-	0.26	0.99	0.73	-
Others ⁽³⁾	3,064.67	3,014.91	-	-	217.84	217.84	-	-	3,740.49	3,749.91	9.41	-
Total	77,889.02	74,172.92	2,133.83	5,800.17	65,280.00	61,408.07	1,381.48	5,253.40	74,541.78	71,368.31	1,942.97	5,116.44

Notes:

- (1) non-SLR other than equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.
- (2) non-SLR equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.
- (3) Includes investments in certificates of deposits, commercial paper, units of mutual funds, pass through certificates, security receipts and deposits with NABARD, SIDBI and NHB under the priority/weaker section lending schemes

	As of September 30, 2019				As of September 30, 2020*			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss
	(₹ crores)							
Government securities	45,770.49	45,610.33	204.16	364.32	81,347.90	82,046.22	850.40	152.07
Other debt securities ⁽¹⁾	20,712.29	19,979.08	229.86	963.06	22,802.20	21,816.38	777.84	1,763.66
Total debt securities	66,482.78	65,589.41	434.01	1,327.38	104,150.09	103,862.60	1,628.24	1,915.73
Non-debt securities ⁽²⁾	7,889.24	4,926.07	1,149.49	4,112.65	11,788.24	7,537.73	2,892.59	7,143.09
Subsidiaries and associates — at cost	0.26	0.99	0.73	-	51.38	44.24	0.73	7.87
Others ⁽³⁾	2,103.47	2,103.47	-	-	4,565.31	4,597.54	36.81	4.58
Total	76,475.74	72,619.95	1,584.23	5,440.03	120,555.02	116,042.12	4,558.37	9,071.27

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Notes:

- (1) non-SLR other than equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.
- (2) non-SLR equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.
- (3) Includes investments in certificates of deposits, commercial paper, units of mutual funds, pass through certificates, security receipts and deposits with NABARD, SIDBI and NHB under the priority/weaker section lending schemes

Held to Maturity Investments

The following tables set forth, as of the dates indicated, information related to the Bank's domestic investments held to maturity.

	As of March 31, 2018				As of March 31, 2019				As of March 31, 2020			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss
	(₹ crores)											
Government securities	112,671.50	110,871.08	554.30	2,354.73	128,461.12	126,818.14	261.11	1,904.09	155,591.99	159,671.60	4,128.87	49.26
Other debt securities ⁽¹⁾	3,606.22	3,623.09	116.62	99.75	3,605.92	3,636.03	113.57	83.46	3,460.62	3,783.65	323.03	-
Total debt securities	116,277.72	114,494.17	670.93	2,454.48	132,067.04	130,454.17	374.68	1,987.56	159,052.61	163,455.26	4,451.91	49.26
Non-debt securities ⁽²⁾	140.03	204.84	69.63	4.82	38.72	72.93	37.09	2.88	19.77	36.86	22.20	5.11
Subsidiaries and associates — at cost	3,021.63	11,856.59	9,628.03	793.07	2,996.17	10,834.79	8,295.49	456.88	3,050.92	4,079.46	1,964.72	936.18
Others ⁽³⁾	-	-	-	-	-	-	-	-	-	-	-	-
Total	119,439.38	126,555.60	10,368.59	3,252.36	135,101.94	141,361.89	8,707.26	2,447.31	162,123.29	167,571.58	6,438.83	990.55

Notes:

- (1) non-SLR other than equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.
- (2) non-SLR equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.
- (3) Includes investments in certificates of deposits, commercial paper, units of mutual funds, pass through certificates, security receipts and deposits with NABARD, SIDBI and NHB under the priority/weaker section lending schemes

	As of September 30, 2019				As of September 30, 2020*			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss
	(₹ crores)							
Government securities	152,814.70	154,921.93	2,199.51	92.27	256,032.28	263,606.06	7,889.20	315.42
Other debt securities ⁽¹⁾	3,490.77	3,671.26	198.85	18.36	9,652.68	10,230.26	581.00	3.42
Total debt securities	156,305.47	158,593.20	2,398.36	110.63	265,684.96	273,836.32	8,470.20	318.84
Non-debt securities ⁽²⁾	15.51	38.81	26.12	2.82	46.28	64.10	26.67	8.86
Subsidiaries and associates — at cost	2,997.18	11,874.86	9,334.56	456.88	3,893.14	7,319.45	4,823.59	1,397.28
Others ⁽³⁾	-	-	-	-	783.78	-	-	783.78
Total	159,318.15	170,506.87	11,759.04	570.33	270,408.16	281,219.86	13,320.46	2,508.75

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Notes:

- (1) non-SLR other than equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.
- (2) non-SLR equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.
- (3) Includes investments in certificates of deposits, commercial paper, units of mutual funds, pass through certificates, security receipts and deposits with NABARD, SIDBI and NHB under the priority/weaker section lending schemes

Held for Trading Investments

The following tables sets forth, as of the dates indicated, information related to the Bank's domestic investments held for trading.

	As of March 31, 2018				As of March 31, 2019				As of March 31, 2020			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss
	(₹ crores)											
Government securities	-	-	-	-	-	-	-	-	-	-	-	-
Other debt securities ⁽¹⁾	-	-	-	-	-	-	-	-	-	-	-	-
Total debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Non-debt securities ⁽²⁾	0.52	0.52	-	0.01	0.51	0.51	0.00	-	5.03	4.12	-	0.91
Subsidiaries and associates — at cost	-	-	-	-	-	-	-	-	-	-	-	-
Others ⁽³⁾	49.76	49.76	-	-	249.84	249.84	-	-	-	-	-	-
Total	50.28	50.28	-	0.01	250.35	250.35	0.00	-	5.03	4.12	-	0.91

Notes:

- (1) non-SLR other than equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.
(2) non-SLR equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.
(3) Includes investments in certificates of deposits, commercial paper, units of mutual funds, pass through certificates, security receipts and deposits with NABARD, SIDBI and NHB under the priority/weaker section lending schemes

	As of September 30, 2019				As of September 30, 2020*			
	Book Value	Market Value	Unrealized Gain	Unrealized Loss	Book Value	Market Value	Unrealized Gain	Unrealized Loss
	(₹ crores)							
Government securities	464.53	464.78	0.32	0.08	215.66	216.02	0.36	-
Other debt securities ⁽¹⁾	-	-	-	-	-	-	-	-
Total debt securities	464.53	464.78	0.32	0.08	215.66	216.02	0.36	-
Non-debt securities ⁽²⁾	-	-	-	-	28.94	27.73	0.55	1.76
Subsidiaries and associates — at cost	-	-	-	-	-	-	-	-
Others ⁽³⁾	-	-	-	-	-	-	-	-
Total	464.53	464.78	0.32	0.08	244.60	243.75	0.91	1.76

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Notes:

- (1) non-SLR other than equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.
(2) non-SLR equity, equity linked mutual funds, units of asset reconstruction companies and venture capital funds.
(3) Includes investments in certificates of deposits, commercial paper, units of mutual funds, pass through certificates, security receipts and deposits with NABARD, SIDBI and NHB under the priority/weaker section lending schemes

Residual Maturity Profile

Available for sale

The following table sets forth, as of the date indicated, an analysis of the residual maturity profile of the Bank's domestic investments in government and corporate debt securities classified as available for sale and their weighted average market yields.

	As of March 31, 2020							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	16,953.25	5.27	5,981.87	7.81	19,178.53	6.87	5,937.96	7.05
Other debt securities	4,518.11	7.24	5,215.70	7.61	4,312.42	7.54	1,425.06	4.89
Gross book value	21,471.36	5.68	11,197.57	7.72	23,490.95	7.00	7,363.02	6.63
Total debt securities market value	21,433.46	5.68	11,278.96	7.72	23,503.67	7.00	7,006.40	6.63

	As of March 31, 2019							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	6,640.31	6.88	10,336.57	7.57	12,777.47	7.53	3,131.21	7.71
Other debt securities	5,966.53	7.40	11,778.23	7.52	4,620.77	7.64	1,573.98	5.29
Gross book value	12,606.84	7.13	22,114.80	7.55	17,398.23	7.56	4,705.19	6.90
Total debt securities market value	12,590.41	7.13	21,972.59	7.55	17,186.85	7.56	4,100.75	6.90

	As of March 31, 2018							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	5,506.83	6.19	7,094.52	7.59	19,479.34	7.19	7,988.39	6.89
Other debt securities	2,098.90	7.44	18,187.78	7.42	4,213.07	7.58	1,843.40	6.09
Gross book value	7,605.74	6.54	25,282.30	7.47	23,692.41	7.26	9,831.79	6.74
Total debt securities market value	7,562.30	6.54	24,959.10	7.47	22,807.14	7.26	8,925.33	6.74

	As of September 30, 2020*							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	47,156.81	3.51	10,641.91	7.33	16,337.47	6.67	7,211.72	6.99
Other debt securities	1,073.44	8.48	12,180.36	7.38	6,795.99	7.35	2,752.45	5.19
Gross book value	48,230.25	3.62	22,822.26	7.36	23,133.45	6.87	9,964.17	6.49
Total debt securities market value	48,258.01	3.62	22,918.21	7.36	23,262.23	6.87	9,424.15	6.49

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

	As of September 30, 2019							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	16,886.90	6.27	7,575.49	7.68	16,042.24	7.26	5,265.87	7.14
Other debt securities	8,890.82	7.20	5,733.12	7.81	4,595.73	7.61	1,492.61	5.06
Gross book value	25,777.72	6.59	13,308.60	7.73	20,637.97	7.33	6,758.49	6.68
Total debt securities market value	25,788.78	6.59	13,278.50	7.73	20,441.36	7.33	6,080.77	6.68

Held to maturity

The following table sets forth, as of the date indicated, an analysis of the residual maturity profile of the Bank's domestic investments in government and corporate debt securities classified as held to maturity and their weighted average market yields.

	As of March 31, 2020							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	7,552.61	6.49	6,575.18	7.53	90,086.72	7.22	51,377.48	7.24
Other debt securities	-	-	50.00	7.52	1,580.10	7.48	1,830.52	9.61
Gross book value	7,552.61	6.49	6,625.18	7.53	91,666.82	7.23	53,208.00	7.32
Total debt securities market value	7,525.97	6.49	6,862.79	7.53	94,501.88	7.23	54,564.62	7.32

	As of March 31, 2019			
	Up to One Year	One to Five Year	Five to Ten Years	More than Ten Years

	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	44.15	7.44	6,193.81	7.33	68,770.45	7.35	53,452.72	7.46
Other debt securities	-	-	-	-	1,775.12	7.50	1,830.80	9.60
Gross book value	44.15	7.44	6,193.81	7.33	70,545.57	7.36	55,283.52	7.53
Total debt securities market value	44.56	7.44	6,256.04	7.33	69,629.56	7.36	54,524.01	7.53

	As of March 31, 2018							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	4,365.48	6.49	25,920.95	7.87	47,142.31	7.43	35,242.77	7.38
Other debt securities	-	-	-		1,775.14	7.50	1,831.08	9.60
Gross book value	4,365.48	6.49	25,920.95	7.87	48,917.45	7.43	37,073.84	7.49
Total debt securities market value	4,416.19	6.49	26,268.98	7.87	47,685.57	7.43	36,123.42	7.49

	As of September 30, 2020*							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	14,752.73	5.91	20,187.20	7.46	156,168.68	7.18	64,923.67	7.13
Other debt securities	261.09	7.81	4,697.20	7.82	2,438.36	7.47	2,256.03	9.57
Gross book value	15,013.82	5.94	24,884.40	7.53	158,607.04	7.18	67,179.70	7.22
Total debt securities market value	14,922.16	5.94	25,734.43	7.53	164,823.69	7.18	68,356.03	7.22

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

	As of September 30, 2019							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	6,849.44	7.29	7,637.81	7.54	70,447.81	7.28	67,879.63	7.25
Other debt securities	-	-	50.00	7.52	1,610.11	7.49	1,830.66	9.60
Gross book value	6,849.44	7.29	7,687.81	7.54	72,057.93	7.29	69,710.29	7.31
Total debt securities market value	6,920.80	7.29	7,836.19	7.54	73,191.59	7.29	70,644.62	7.31

Held for trading

The following table sets forth, as of the date indicated, an analysis of the residual maturity profile of the Bank's domestic investments in government and corporate debt securities classified as held for trading and their weighted average market yields.

	As of March 31, 2020							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	-	-	-	-	-	-	-	-
Other debt securities	-	-	-	-	-	-	-	-
Gross book value	-	-	-	-	-	-	-	-
Total debt securities market value	-	-	-	-	-	-	-	-

	As of March 31, 2019							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	-	-	-	-	-	-	-	-
Other debt securities	-	-	-	-	-	-	-	-
Gross book value	-	-	-	-	-	-	-	-
Total debt securities market value	-	-	-	-	-	-	-	-

	As of March 31, 2018							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	-	-	-	-	-	-	-	-
Other debt securities	-	-	-	-	-	-	-	-
Gross book value	-	-	-	-	-	-	-	-
Total debt securities market value	-	-	-	-	-	-	-	-

	As of September 30, 2020*							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	-	-	-	-	137.24	5.89	78.41	6.32
Other debt securities	-	-	-	-	-	-	-	-
Gross book value	-	-	-	-	137.24	5.89	78.41	6.32
Total debt securities market value	-	-	-	-	137.47	5.89	78.55	6.32

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

	As of September 30, 2019							
	Up to One Year		One to Five Year		Five to Ten Years		More than Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(₹ crores, except percentages)							
Government securities	-	-	-	-	145.17	7.01	319.36	7.22
Other debt securities	-	-	-	-	-	-	-	-
Gross book value	-	-	-	-	145.17	7.01	319.36	7.22
Total debt securities market value	-	-	-	-	145.27	7.01	319.51	7.22

Funding

The Bank's funding operations are designed to ensure stability, low cost of funding and effective liquidity management. The Bank's principal sources of funds are deposits from retail and corporate customers, borrowings from the RBI and other financial institutions, foreign currency borrowings, profits from the purchase and sale of investments, and the public issuance of bonds. Retail term deposits (less than ₹ 2 crore) raised were ₹ 230,153.46 crores, ₹ 254,918.04 crores, ₹ 277,126.83 crores, ₹ 267,545.41 crores and ₹ 483,315.76 crores and accounted for 38.33%, 38.95%, 40.37%, 39.75% and 46.40% of total domestic deposits as of March 31, 2018, 2019 and 2020 and as of September 30, 2019 and 2020*, respectively. Of the Bank's domestic deposits as of September 30, 2020*, 6.39% were current deposits and 37.72% were savings bank deposits, while 46.40% were retail term deposits.

As of March 31, 2018, 2019 and 2020 and as of September 30, 2019 and 2020* and as of June 30, 2020*, the Bank's domestic CASA ratio was 43.80%, 43.51%, 44.05%, 43.51%, 44.10% and 43.45%, respectively.

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the three months ended June 30, 2020, and six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the three months ended June 30, 2020, and the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Total Deposits

As of March 31, 2018, 2019 and 2020 and as of September 30, 2019 and 2020, the average cost (interest expense divided by the daily average of balance for the relevant period) of savings deposits was 3.72%, 3.57%, 3.48%, 3.55% and 3.30%, respectively, and the daily average cost of time deposits was 6.05%, 6.45%, 6.54%, 6.61% and 5.97%, respectively.

The average deposits (domestic) on a quarterly average basis for the periods set forth are as follows:

	Year ended March 31,					
	2018		2019		2020	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(₹ crores, except percentages)					
Current deposits	40,579.54	6.94%	40,172.22	6.41%	45,335.59	6.72%
Savings deposits	218,997.16	37.44%	230,187.51	36.71%	248,404.72	36.82%
CASA deposits	259,576.70	44.38%	270,359.73	43.12%	293,740.31	43.54%
Time deposits	325,280.34	55.62%	356,659.02	56.88%	380,878.13	56.46%
Total	584,857.04	100%	627,018.74	100%	674,618.44	100%

	Six Months ended September 30,			
	2019		2020*	
	Amount	% of Total	Amount	% of Total
	(₹ crores, except percentages)			
Current deposits	43,313.46	6.55%	66,505.34	6.38%
Savings deposits	242,158.74	36.63%	390,055.11	37.40%
CASA deposits	285,472.20	43.18%	456,560.45	43.77%
Time deposits	375,671.37	56.82%	586,425.18	56.23%
Total	661,143.57	100%	1,042,985.63	100%

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

The following table sets forth, as at the dates indicated, the regional exposure of the Bank's domestic deposits (based on RBI classification).

	Year ended March 31,					
	2018		2019		2020	
	(₹ crores, except percentages)					
	Balance Outstanding	Percentage of Total	Balance Outstanding	Percentage of Total	Balance Outstanding	Percentage of Total
Northern	250,741.72	41.76	257,889.24	39.40	277,339.48	40.40
North Eastern	4,949.54	0.82	5,970.28	0.91	5,788.30	0.84
Eastern	80,980.28	13.49	86,944.42	13.28	92,033.91	13.41
Central	169,284.06	28.20	182,137.66	27.83	197,222.95	28.73
Western	62,002.81	10.33	89,587.42	13.69	74,886.77	10.91
Southern	32,428.43	5.40	32,006.84	4.89	39,221.60	5.71
Total	600,386.84	100.00	654,535.86	100.00	686,493.01	100.00

	Six Months ended September 30,			
	2019		2020*	
	(₹ crores, except percentages)			
	Balance Outstanding	Percentage of Total	Balance Outstanding	Percentage of Total
Northern	273,003.77	40.56	386,280.62	37.08
North Eastern	5,687.02	0.84	28,223.42	2.71
Eastern	89,565.67	13.31	21,1389.32	20.29
Central	190,735.87	28.34	247,373.42	23.75
Western	77,728.96	11.55	113,394.84	10.89
Southern	36,356.29	5.40	55,019.83	5.28
Total	673,077.58	100.00	1,041,681.45	100.00

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six

months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Total Borrowings

The following tables set forth, for the periods indicated, the Bank's daily average outstanding borrowings from debt securities with and without Tier 2 bonds.

	Year ended March 31,								
	2018			2019			2020		
	Average Balance	Interest expense	Average Cost	Average Balance	Interest expense	Average Cost	Average Balance	Interest expense	Average Cost
	(₹ crores, except percentages)								
Borrowings excluding Tier 2 bonds	9,093.24	807.15	8.88%	8,927.00	787.38	8.82%	8,370.36	738.39	8.82%
Tier 2 bonds	10,913.67	999.39	9.16%	8,995.89	816.51	9.08%	6,556.01	593.61	9.05%
Total Borrowings	20,006.91	1,806.54	9.03%	17,922.89	1,603.89	8.95%	14,926.37	1,332.00	8.92%

	Six Months ended September 30,					
	2019			2020*		
	Average Balance	Interest expense	Average Cost	Average Balance	Interest expense	Average Cost
	(₹ crores, except percentages)					
Borrowings excluding Tier 2 bonds	8,657.10	382.61	8.82%	8,350.00	368.85	8.81%
Tier 2 bonds	6,669.40	303.12	9.06%	12,707.44	568.13	8.92%
Total Borrowings	15,326.50	685.72	8.92%	21,057.44	936.98	8.87%

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Short-term Borrowings

The following table sets forth, for the periods indicated, information related to the Bank's short-term Rupee borrowings, which are comprised primarily of money-market borrowings (call borrowing and CBLO borrowing). Short-term Rupee borrowings exclude deposits and securities sold under repurchase agreements.

	Year ended March 31,		
	2018	2019	2020
	(₹ crores, except percentages)		
Period end balance	16,606.00	8,329.12	15,406.00
Average balance during the period not captured ⁽¹⁾	2,647.35	1,812.99	857.04
Average interest rate during the period ⁽²⁾	6.02	6.32	5.25
Interest at period end ⁽³⁾	159.27	114.57	45.16

Notes:

(1) Average daily balances outstanding.

(2) Represents the ratio of interest expense on short-term borrowings to the average of balances of short-term borrowings.

(3) Represents the total interest paid on account of short term borrowings during the period.

	Six Months ended September 30,	
	2019	2020*
	(₹ crores, except percentages)	
Period end balance	NIL	4,999.55
Average balance during the period not captured ⁽¹⁾	678.73	6296.02
Average interest rate during the period ⁽²⁾	5.84	5.01
Interest at period end ⁽³⁾	19.89	158.10

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Notes:

(1) Average daily balances outstanding.

(2) Represents the ratio of interest expense on short-term borrowings to the average of balances of short-term borrowings.

(3) Represents the total interest paid on account of short term borrowings during the period.

Subordinated Debt

We also obtain funds from the issuance of unsecured non-convertible subordinated debt securities, which qualify as Tier 2 risk based capital under the RBI's guidelines for assessing capital adequacy. Subordinated debt Lower Tier 2 capital and Upper Tier 2 capital instruments outstanding as at September 30, 2020 were ₹ 1,225.00 crore and nil respectively.

The following table sets forth, as of September 30, 2020, the details of **Innovative Perpetual Debt Instruments ("IPDI")**, **Upper Tier II & Lower Tier II** issued by the Bank.

Type	Date of Issue	Maturity Date	Interest Rate	Year of Call	Step-up Rate	Face Value
Lower Tier II						
Lower Tier II (Series-VII) Basel-II	December 28, 2011	December 28, 2021	9.20% p.a.	NA	NA	₹ 200 crore
Unsecured Redeemable Non-convertible Subordinated Lower Tier-II Bonds	November 30, 2012	November 30, 2022	8.93% p.a.	NA	NA	₹ 1,025 crore
Upper Tier II						
NIL						
IPDI						
IPDI-Tier I (Series I) Basel II	December 5, 2012	Perpetual	9.27% p.a.	10th year and onwards from the deemed date of allotment	NA	₹ 300 crore

Cash Flow Mismatch Analysis

The following table sets forth the Bank's structural liquidity gap position for its standalone operations as of March 31, 2020:

	As of March 31, 2020 ⁽¹⁾⁽²⁾⁽³⁾				
	Up to 3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	Total
	(₹ Crores, except percentages)				
Cash and bank balances	18,043.97	7,233.77	19,376.17	11,339.12	55,993.03
Advances	77,049.86	63,157.26	261,610.28	70,010.32	471,827.72
Investments	52,513.38	26,170.47	74,615.44	87,166.35	240,465.64
Fixed assets	0.00	0.00	0.00	7,239.07	7,239.07
Other assets	93,613.90	51,320.60	304.11	50,711.18	195,949.79
Total inflows	241,221.11	147,882.10	355,906.00	226,466.04	971,475.25
Capital and Reserves	0.00	0.00	0.00	62,357.49	62,357.49
Deposits	91,667.65	104,287.22	292,827.19	215,064.26	703,846.32
Borrowings	23,235.25	5,181.43	20,308.75	1,500.00	50,225.43
Other liabilities	62,890.32	55,009.58	79,100.16	3,684.02	200,684.08
Total outflows	177,793.22	164,478.23	392,236.10	282,605.77	1,017,113.32
Liquidity gap	63,427.89	(16,596.13)	(36,330.10)	(56,139.73)	(45,638.07)
Cumulative liquidity gap	63,427.89	46,831.76	10,501.66	(45,638.07)	-
Cumulative liabilities	177,793.22	342,271.45	734,507.55	1,017,113.32	-
Cumulative liquidity gap as a % of cumulative liabilities	35.68%	13.68%	1.43%	(4.49)%	-

Notes:

(8) Classification methodologies are based on the Asset Liability Management Guidelines issued by the RBI.

(9) Assets and liabilities are classified into categories as per residual maturity.

(10) Assets and liabilities that do not mature or have ambiguous maturities are classified as per historical behavioral analysis or management judgment.

The following table sets forth the Bank's structural liquidity gap position for its standalone operations as of September 30, 2020:

	As of September 30, 2020 ^{(1)(2)(3)*}				
	Up to 3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	Total
	(₹ crores, except percentages)				
Cash and bank balances	39,607.26	16,975.42	27,876.61	19,338.09	103,797.38
Advances	90,737.53	84,188.32	352,729.64	125,007.20	652,662.69
Investments	138,919.40	31,226.71	103,134.33	118,473.80	391,754.24
Fixed assets	0.00	0.00	0.00	10,852.85	10,852.85
Other assets	76,023.15	47,179.15	778.01	49,598.46	173,578.77
Total inflows	345,287.34	179,569.60	484,518.59	323,270.40	1,332,645.93
Capital and Reserves	0.00	0.00	0.00	86,957.09	86,957.09
Deposits	136,614.98	196,960.12	529,282.00	206,889.97	1,069,747.07
Borrowings	3,959.55	13,274.90	24,496.72	4,000.00	45,731.17
Other liabilities	65,382.13	44,681.31	89,992.10	90,167.79	290,223.33
Total outflows	205,956.66	254,916.33	643,770.82	388,014.85	1,492,658.66
Liquidity gap	139,330.68	(75,346.73)	(159,252.23)	(64,744.45)	(160,012.73)
Cumulative liquidity gap	139,330.68	63,983.95	(95,268.28)	(160,012.73)	-
Cumulative liabilities	205,956.66	460,872.99	1,104,643.81	1,492,658.66	-
Cumulative liquidity gap as a % of cumulative liabilities	67.65%	13.88%	(8.62)%	(10.72)%	-

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Notes:

- (1) Classification methodologies are based on the Asset Liability Management Guidelines issued by the RBI.
- (2) Assets and liabilities are classified into categories as per residual maturity.
- (3) Assets and liabilities that do not mature or have ambiguous maturities are classified as per historical behavioral analysis or management judgment.

Loan Portfolio

As of September 30, 2020, the Bank's gross loan portfolio was ₹ 716,924.28 crores. As of September 30, 2020, the Bank's gross non-fund based outstanding was ₹ 70,812.73 crores. The majority of the Bank's gross loans and credit substitutes are to borrowers in India.

The Bank makes loans to a wide range of customers in the public and private sectors, including commercial and industrial customers, agricultural customers and individual customers, in each case within the guidelines issued by the RBI. Working capital facilities consist of revolving cash credit facilities and short-term loans. Revolving cash credit facilities, based on a traditional overdraft system of lending, have been the most common form of working capital financing in India. Pursuant to RBI guidelines, only a specified percentage of a working capital facility can be accessed as cash credit, with the balance being short-term loans having a minimum maturity of one year.

The following tables set forth, for the periods indicated, the Bank's retail loan portfolio.

Particulars	As of March 31,		
	2018	2019	2020
	(₹ crore)		
MSME loans	81,502.08	79,037.58	70,284.15
Agriculture loans	90,008.71	100,120.99	86,121.70
Retail loans	62,335.71	78,655.67	83,479.42
Corporate and others	194,618.92	231,998.16	256,274.42
Total Gross domestic advances	428,465.42	489,812.40	496,159.69
International loans	42,831.18	16,381.90	20,769.14
Total Gross advances	471,296.60	506,194.30	516,928.83

Particulars	As of June 30,	As of September 30,	
	2020*	2019	2020*

	(₹ crore)		
MSME loans	117,461.03	74,055.91	122,002.74
Agriculture loans	126,219.12	80,407.94	124,350.01
Retail loans	131,687.99	78,629.06	130,155.45
Corporate and others	326,760.82	222,037.54	320,833.86
Total Gross domestic advances	702,128.96	455,130.45	697,342.06
International loans	19,566.19	18,954.81	19,582.22
Total Gross advances	721,695.15	474,085.26	716,924.28

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the three months ended June 30, 2020, and six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the three months ended June 30, 2020, and the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

As of March 31, 2018, 2019 and 2020 and as of September 30, 2019 and 2020 and as of June 30, 2020, the Bank's RAM (as a percentage of domestic advances) was 54.58%, 52.64%, 48.35%, 51.21%, 53.99% and 53.46% respectively.

The following table sets forth the rating-wise distribution of the Bank's standard domestic advances as of March 31, 2018, 2019 and 2020:

Rating	As of March 31,					
	2018		2019		2020	
	(₹ crores)	% of total	(₹ crores)	% of total	(₹ crores)	% of total
AAA and above	40,676.45	24.99%	65,838.69	31.47%	79,873.01	38.26%
AA	18,596.02	11.42%	36,885.81	17.63%	39,117.61	18.74%
A	18,512.46	11.37%	22,393.06	10.70%	23,666.18	11.33%
BBB	27,872.13	17.12%	24,596.90	11.76%	21,743.13	10.41%
Total BBB and above	105,657.06	64.91%	149,714.46	71.56%	164,399.93	78.74%
BB	19,221.00	11.81%	12,713.44	6.08%	14,827.88	7.10%
B	8,880.36	5.46%	4,403.00	2.10%	7,770.34	3.72%
C	239.68	0.15%	198.25	0.09%	110.74	0.05%
D	10,296.10	6.33%	6,017.62	2.88%	4,247.02	2.03%
Total BB and below	38,637.15	23.74%	23,332.31	11.15%	26,955.98	12.91%
Unrated	18,475.04	11.35%	36,176.02	17.29%	17,434.09	8.35%
Total	162,769.25	100.00%	209,222.79	100.00%	208,790.00	100.00%

The following table sets forth the rating-wise distribution of the Bank's standard domestic advances as of September 30, 2019 and 2020:

Rating	As of June 30, 2020*		As of September 30,			
			2019		2020*	
	(₹ crores)	% of total	(₹ crores)	% of total	(₹ crores)	% of total
AAA and above	70,049.43	25.42%	50,911.88	28.41%	68,236.09	26.33%
AA	56,605.88	20.54%	33,254.00	18.56%	46,962.67	18.12%
A	32,152.12	11.67%	26,004.48	14.51%	30,691.71	11.84%
BBB	37,828.81	13.73%	21,801.06	12.17%	38,386.72	14.81%
Total BBB and above	196,636.24	71.35%	131,971.42	73.65%	184,277.19	71.11%
BB	22,206.79	8.06%	15,367.75	8.58%	21,396.87	8.26%
B	10,467.41	3.80%	4,703.15	2.62%	8,487.51	3.28%
C	174.52	0.06%	571.38	0.32%	1,021.15	0.39%
D	7,486.20	2.72%	7,114.15	3.97%	6,228.90	2.40%
Total BB and below	40,334.92	14.64%	27,756.43	15.49%	37,134.43	14.33%
Unrated	38,607.77	14.01%	19,447.77	10.85%	37,718.98	14.56%
Total	275,578.93	100.00%	179,175.62	100.00%	259,130.60	100.00%

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the three months ended June 30, 2020, and six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the three months ended June 30, 2020, and the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Advances (gross) to public sector undertakings/ enterprises was ₹ 28,013.97 crores, ₹ 34,977.69 crores, ₹ 44,393.36 crores, ₹ 21,341.76 crores and ₹ 50,689.65 crores and accounted for 6.54%, 7.14%, 8.97%, 4.69% and 7.27% of total advances as of March 31, 2018, 2019 and 2020 and as of September 30, 2019 and 2020, respectively.

Guarantees to public sector undertakings/ enterprises was ₹ 537.20 crores, ₹ 566.40 crores, ₹ 2,715.02 crores, ₹ 644.69 crores and ₹ 2,875.04 crores as of March 31, 2018, 2019 and 2020 and as of September 30, 2019 and 2020, respectively.

The following table sets forth the Bank's total advances based on the lending rate as of March 31, 2018, 2019 and 2020:

Rating	As of March 31,					
	2018		2019		2020	
	(₹ crores)	% of total	(₹ crores)	% of total	(₹ crores)	% of total
Base Rate	124,719.86	28.21%	102,770.09	20.43%	75,470.00	13.89%
MCLR	219,512.90	49.65%	296,399.40	58.91%	319,762.29	58.87%
BPLR	15,344.23	3.47%	15,988.21	3.18%	15,614.83	2.87%
RLLR	0.00	0.00%	0.00	0.00%	18,115.33	3.34%
Others	82,503.71	18.66%	87,995.37	17.49%	114,191.46	21.02%

The following table sets forth the Bank's total advances based on the lending rate as of September 30, 2020:

Rating	As of September 30,			
	2019		2020*	
	(₹ crores)	% of total	(₹ crores)	% of total
Base Rate	94,770.50	19.76%	97,365.86	12.49%
MCLR	294,862.90	61.49%	429,446.66	55.08%
BPLR	15,732.69	3.28%	16,967.19	2.18%
RLLR	708.36	0.15%	77,188.07	9.90%
Others	73,467.46	15.32%	158,725.53	20.36%

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

The table below shows the amount of the Bank's net advances which are secured or covered by guarantees, as at the dates indicated.

Rating	As of March 31,					
	2018		2019		2020	
	(₹ crores)	% of Advances	(₹ crores)	% of Advances	(₹ crores)	% of Advances
Secured by tangible assets (including advances against book debts)	356,825.54	82.27%	373,866.62	81.59%	363,665.27	77.08%
Covered by bank or Government guarantees	13,025.88	3.00%	2,152.66	0.47%	3,576.96	0.76%
Unsecured	63,883.30	14.73%	82,229.92	17.94%	104,585.49	22.16%
Total	433,734.72	100.00%	458,249.20	100.00%	471,827.72	100.00%

Rating	As of September 30,			
	2019		2020*	
	(₹ crores)	% of Advances	(₹ crores)	% of Advances
Secured by tangible assets (including advances against book debts)	354,103.86	82.75%	417,218.32	63.93%
Covered by bank or Government guarantees	2,259.18	0.53%	4,315.62	0.66%
Unsecured	71,539.85	16.72%	231,128.75	35.41%
Total	427,902.89	100.00%	652,662.69	100.00%

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Interest Rate Sensitivity Analysis

The following table sets forth the interest rate sensitivity analysis of the Bank's assets and liabilities for the Bank's Indian operations as of March 31, 2020:

	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-Sensitive	Total
(₹ crores)						
Assets						
Cash and Balances with RBI	-	-	-	-	38,397.85	38,397.85
Balances with other banks	20,000	-	-	-	17,595.18	37,595.18
Advances	235,309.64	186,564.98	49,949.63	3.47	-	471,827.72
Investments	15,439.81	33,463.07	56,734.9	127,997.13	6,830.73	240,465.64
Fixed Assets	-	-	-	-	7,239.07	7,239.07
Other Assets	-	-	-	-	35,140.45	35,140.45
Forex Swaps	-	-	-	-	-	0.00
Total Assets	270,749.45	220,028.05	106,684.53	128,000.60	105,203.28	830,665.91
OBS Items	-	-	-	-	-	0.00
Total RSA/Assets	270,749.45	220,028.05	106,684.53	128,000.60	105,203.28	830,665.91
Liabilities						
Capital and Reserve	-	-	-	-	62,357.49	62,357.49
Deposits	133,118.24	23,4232.5	332,521.08	3,974.5	-	703,846.32
Borrowings	10,556.53	6,338.71	11,005.18	3,500	-	31,400.42
Other Liabilities	-	-	-	-	14,236.68	14,236.68
Repos	18,825	-	-	-	-	18,825.00
Forex Swaps	-	-	-	-	-	0.00
Total Liabilities	162,499.77	240,571.21	343,526.26	7,474.5	76,594.17	830,665.91
OBS Items	7,869.73	9,031.05	-	-	-	16,900.78
Total RSL/Liabilities	170,369.50	249,602.26	343,526.26	7,474.50	76,594.17	847,566.69

The following table sets forth the interest rate sensitivity analysis of the Bank's assets and liabilities for the Bank's Indian operations as of September 30, 2020:

	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-Sensitive	Total
(₹ crores)						
Assets						
Cash and Balances with RBI	-	-	-	-	68,592.82	68,592.82
Balances with other banks	18,037.99	9,149.69	-	-	8,016.88	35,204.56
Advances	280,751.90	281,093.12	60,505.08	30,312.59	-	652,662.69
Investments	8,601.93	54,236.50	52,895.59	267,340.47	8,679.75	391,754.24
Fixed Assets	-	-	-	-	10,852.85	10,852.85
Other Assets	-	-	-	-	68,058.54	68,058.54
Forex Swaps	-	-	-	-	-	0.00
Total Assets	307,391.82	344,479.31	113,400.67	297,653.06	164,200.84	1,227,125.70
OBS Items	-	-	-	-	-	0.00
Total RSA/Assets	307,391.82	344,479.31	113,400.67	297,653.07	164,200.84	1,227,125.70
Liabilities						
Capital and Reserve	-	-	-	-	86,957.09	86,957.09
Deposits	169,686.07	331,425.92	561,276.75	7,358.33	-	1,069,747.07
Borrowings	11,841.85	4,265.62	20,311.33	5,593.37	-	42,012.17
Other Liabilities	-	-	-	-	24,690.37	24,690.37
Repos	-	-	3,719	-	-	3,719.00
Forex Swaps	-	-	0	-	-	0
Total Liabilities	181,527.92	335,691.54	585,307.08	12,951.70	111,647.46	1,227,125.70
OBS Items	10,183.81	6,663.89	-	-	-	16,847.70
Total RSL/Liabilities	191,711.73	342,355.43	585,307.08	12,951.70	111,647.46	1,243,973.40

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six

months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

The following table sets forth the Bank's classification of interest rate of loans by maturity as of March 31, 2018, 2019 and 2020:

Particulars	As of March 31,								
	2018			2019			2020		
	Due in one year or less	Due in one to five years	Due after five years	Due in one year or less	Due in one to five years	Due after five years	Due in one year or less	Due in one to five years	Due after five years
Interest Rate Classification of Loans by Maturity									
Fixed Rate	7,320.82	8,011.73	49,881.72	11,256.41	9,022.83	56,986.68	23,671.68	11,835.84	63,124.67
Variable Rate	151,762.86	54,783.25	170,320.31	154,444.19	93,087.28	178,355.68	177,315.09	64,289.08	202,917.54
Gross loans	159,083.68	62,794.98	220,202.03	165,700.60	102,110.11	235,342.36	200,986.77	76,124.92	266,042.21

The following table sets forth the Bank's classification of interest rate of loans by maturity as of September 30, 2019 and 2020:

Particulars	As of September 30,					
	2019			2020*		
	Due in one year or less	Due in one to five years	Due after five years	Due in one year or less	Due in one to five years	Due after five years
Interest Rate Classification of Loans by Maturity						
Fixed Rate	18,944.39	6,375.88	34,981.79	57,111.47	17,133.44	62,822.62
Variable Rate	167,741.75	70,262.22	181,235.88	253,668.07	109,922.83	279,034.88
Gross loans	186,686.14	76,638.10	216,217.67	310,779.54	127,056.27	341,857.50

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Concentration of Loans and Credit Substitutes

The Bank follows a policy of portfolio diversification and evaluates its total financing exposure in a particular industry in the light of the Bank's growth and profitability forecasts for that industry. The Bank's Risk Department monitors all major sectors of the economy and specifically follows industries in which the Bank has credit exposure. The Bank actively manages its loan portfolio by responding to economic weaknesses in an industry segment by restricting new credits to that industry segment and by increasing new credits to growing industry segments. In order to avoid concentration, the Bank has set internal ceilings on portfolio exposures to different industry sectors.

The following tables sets forth, at the dates indicated, the Bank's gross fund-based loans outstanding categorized by borrower industry or economic activity.

	As at					
	March 31, 2018		March 31, 2019		March 31, 2020	
	Amount of loans (₹ crores)	%	Amount of loans (₹ crores)	%	Amount of loans (₹ crores)	%
A. Mining and Quarrying (A.1 + A.2)	1,434.30	0.99%	1,454.94	1.04%	2,098.74	1.10%
A.1 Coal	472.57	0.33%	473.85	0.34%	461.81	0.24%
A.2 Others	961.74	0.66%	981.09	0.70%	1,636.92	0.85%
B. Food Processing (B.1 to B.5)	10,761.31	7.43%	10,120.40	7.24%	10,298.50	5.37%
B.1 Sugar	4,725.81	3.26%	5,035.08	3.60%	5,130.72	2.68%
B.2 Edible Oils and Vanaspati	781.83	0.54%	1,132.95	0.81%	1,543.35	0.81%
B.3 Tea	2.28	0.00%	7.20	0.01%	4.85	0.00%
B.4 Coffee	1.19	0.00%	11.18	0.01%	2.19	0.00%

	As at					
	March 31, 2018		March 31, 2019		March 31, 2020	
	Amount of loans (₹ crores)	%	Amount of loans (₹ crores)	%	Amount of loans (₹ crores)	%
B.5 Others	5,250.19	3.63%	3,933.99	2.82%	3,617.39	1.89%
C. Beverages (excluding Tea & Coffee) and Tobacco	639.62	0.44%	490.65	0.35%	375.00	0.20%
C.1 Tobacco & tobacco Products	27.37	0.02%	16.25	0.01%	20.98	0.01%
C.2 Others	612.25	0.42%	474.40	0.34%	354.02	0.18%
D. Textiles (a to d)	10,258.42	7.09%	9,289.22	6.65%	7,867.66	4.11%
a. Cotton	3,508.14	2.42%	3,201.91	2.29%	2,883.81	1.50%
b. Jute	119.25	0.08%	144.71	0.10%	149.67	0.08%
c. Man Made	1,221.04	0.84%	927.98	0.66%	739.21	0.39%
d. Others	5,409.99	3.74%	5,014.62	3.59%	4,094.97	2.14%
E. Leather and Leather products	961.35	0.66%	889.96	0.64%	663.63	0.35%
F. Wood and Wood Products	411.11	0.28%	458.19	0.33%	484.07	0.25%
G. Paper and Paper Products	1,252.49	0.87%	1,084.29	0.78%	931.24	0.49%
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	8,369.66	5.78%	7,218.99	5.17%	10,661.89	5.56%
I. Chemicals and Chemical Products (Dyes, Paints, etc.) (I.1 to I.4)	6,354.68	4.39%	4,802.66	3.44%	18,204.01	9.50%
I.1 Fertilizers	2,053.82	1.42%	502.97	0.36%	11,798.38	6.16%
I.2 Drugs and Pharmaceuticals	1,754.95	1.21%	1,868.02	1.34%	2,316.75	1.21%
I.3 Petro-chemicals (excluding under Infrastructure)	394.71	0.27%	861.28	0.62%	2,432.69	1.27%
I.4 Others	2,151.20	1.49%	1,570.40	1.12%	1,656.19	0.86%
J. Rubber, Plastic and their Products	1,464.75	1.01%	1,167.13	0.84%	1,183.35	0.62%
K. Glass & Glassware	138.60	0.10%	128.08	0.09%	112.17	0.06%
L. Cement and Cement Products	1,508.04	1.04%	1,650.63	1.18%	995.30	0.52%
M. Basic Metal and Metal Products (M.1 + M.2)	26,603.98	18.38%	22,240.46	15.92%	26,143.82	13.64%
M.1 Iron and Steel	24,392.20	16.85%	20,233.53	14.48%	24,175.37	12.61%
M.2 Other Metal and Metal Products	2,211.79	1.53%	2,006.93	1.44%	1,968.46	1.03%
N. All Engineering (N.1 + N.2)	4,886.74	3.38%	4,362.56	3.12%	4,010.59	2.09%
N.1 Electronics	1,132.94	0.78%	971.27	0.70%	883.72	0.46%
N.2 Others	3,753.80	2.59%	3,391.29	2.43%	3,126.87	1.63%
O. Vehicles, Vehicle Parts and Transport Equipment	661.63	0.46%	1,052.88	0.75%	757.89	0.40%
P. Gems and Jewellery	1,847.51	1.28%	2,562.38	1.83%	2,209.98	1.15%
Q. Construction	3,818.38	2.64%	2,578.98	1.85%	1,330.46	0.69%
R. Infrastructure (a to d)	46,070.57	31.82%	51,121.53	36.60%	72,117.46	37.63%
a. Energy	28,072.13	19.39%	30,689.47	21.97%	32,205.70	16.81%
b. Transport	7,973.41	5.51%	7,269.70	5.20%	21,747.09	11.35%
c. Communication	3,893.58	2.69%	7,390.45	5.29%	13,231.03	6.90%
d. Others	6,131.44	4.24%	5,771.90	4.13%	4,933.64	2.57%
S. Other Industries	17,332.06	11.97%	17,014.79	12.18%	31,195.06	16.28%
T. All Industries (A to S)	144,775.20		139,688.71		191,640.82	

	As at September 30,			
	2019		2020	
	Amount of loans (₹ crores)	%	Amount of loans (₹ crores)	%
A. Mining and Quarrying (A.1 + A.2)	1,455.86	1.08%	3,996.97	1.56%
A.1 Coal	458.33	0.34%	663.93	0.26%
A.2 Others	997.53	0.74%	3,333.04	1.30%
B. Food Processing (B.1 to B.5)	9,075.66	6.74%	10,120.31	3.94%

	As at September 30,			
	2019		2020	
	Amount of loans (₹ crores)	%	Amount of loans (₹ crores)	%
B.1 Sugar	5,242.59	3.90%	4,041.61	1.57%
B.2 Edible Oils and Vanaspati	1,098.68	0.82%	1,553.51	0.60%
B.3 Tea	6.83	0.01%	12.20	0.00%
B.4 Coffee	2.39	0.00%	254.20	0.10%
B.5 Others	2,725.17	2.03%	4,258.79	1.66%
C. Beverages (excluding Tea & Coffee) and Tobacco	441.31	0.33%	648.31	0.25%
C.1 Tobacco & tobacco Products	16.19	0.01%	23.41	0.01%
C.2 Others	425.12	0.32%	624.89	0.24%
D. Textiles (a to d)	8,316.39	6.18%	12,739.07	4.96%
a. Cotton	2,621.72	1.95%	4,546.46	1.77%
b. Jute	156.33	0.12%	225.18	0.09%
c. Man Made	761.04	0.57%	3,291.82	1.28%
d. Others	4,777.31	3.55%	4,675.61	1.82%
E. Leather and Leather products	901.03	0.67%	1,219.49	0.47%
F. Wood and Wood Products	505.79	0.38%	1,283.02	0.50%
G. Paper and Paper Products	1,113.25	0.83%	1,829.60	0.71%
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	2,120.66	1.58%	6,760.40	2.63%
I. Chemicals and Chemical Products (Dyes, Paints, etc.) (I.1 to I.4)	6,596.08	4.90%	10,383.01	4.04%
I.1 Fertilizers	938.98	0.70%	2,177.03	0.85%
I.2 Drugs and Pharmaceuticals	1,900.24	1.41%	2,521.69	0.98%
I.3 Petro-chemicals (excluding under Infrastructure)	2,130.57	1.58%	3,193.05	1.24%
I.4 Others	1,626.30	1.21%	2,491.25	0.97%
J. Rubber, Plastic and their Products	1,396.74	1.04%	1,673.33	0.65%
K. Glass & Glassware	133.57	0.10%	346.83	0.14%
L. Cement and Cement Products	917.19	0.68%	1,645.19	0.64%
M. Basic Metal and Metal Products (M.1 + M.2)	25,147.27	18.69%	33,025.24	12.86%
M.1 Iron and Steel	23,195.41	17.24%	30,192.98	11.76%
M.2 Other Metal and Metal Products	1,951.86	1.45%	2,832.26	1.10%
N. All Engineering (N.1 + N.2)	3,889.64	2.89%	7,500.16	2.92%
N.1 Electronics	735.42	0.55%	902.50	0.35%
N.2 Others	3,154.22	2.34%	6,597.65	2.57%
O. Vehicles, Vehicle Parts and Transport Equipment	1,092.34	0.81%	1,556.91	0.61%
P. Gems and Jewellery	2,389.12	1.78%	10,215.75	3.98%
Q. Construction	1,761.64	1.31%	2,646.75	1.03%
R. Infrastructure (a to d)	53,443.01	39.72%	97,069.44	37.80%
a. Energy	31,069.61	23.09%	44,849.40	17.46%
b. Transport	7,974.86	5.93%	28,348.10	11.04%
c. Communication	7,309.60	5.43%	16,752.38	6.52%
d. Others	7,088.94	5.27%	7,119.56	2.77%
S. Other Industries	13,859.63	10.30%	52,167.26	20.31%
T. All Industries (A to S)	134,556.19		256,827.03	

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

The tables below sets forth the details of the Bank's aggregate exposure to key sectors:

Particulars	As of March 31,		
	2018	2019	2020
	(₹ crore)		
Capital Market	6,033.37	4,849.07	3,965.63
Commercial Real Estate	18,415.01	14,480.12	10,343.09
NBFCs	27,296.80	40,771.08	54,205.36
Out of which			
- HFCs	13,582.79	14,954.87	22,303.87
Aviation	7,708.33	7,022.58	5,336.18

Particulars	As of June 30, 2020*	As of September 30,	
		2019	2020*
	(₹ crore)		
Capital Market	4,069.35	3,699.77	4,667.84
Commercial Real Estate	23,859.27	19,317.50	22,477.23
NBFCs	85,730.41	44,457.13	90,531.74
Out of which			
- HFCs	33,690.64	14,376.94	31,870.78
Aviation	5,792.90	6,703.08	5,560.65

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the three months ended June 30, 2020, and six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the three months ended June 30, 2020 and six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

As of September 30, 2020, the aggregate exposure of the Bank's ten largest group borrowers (fund-based) amounted to ₹ 94,591.71 crores representing 118.64% of the Bank's total capital, which comprises ₹ 64,107.53 crores Tier I and ₹ 15,624.69 crores Tier II capital. The Bank's exposure to the single largest group borrower (fund-based) on such date was ₹ 11,148.90 crores representing 13.98% of the Bank's capital.

The Bank's exposure (fund based) to its ten largest individual borrowers as of September 30, 2020 was ₹ 75,368.64 crores.

The Bank's fund based outstanding advances to the tourism, hotel and restaurant sector (LRF basis) amounted to ₹ 941.26 crore and ₹ 969.15 crore as of June 30, 2020 and September 30, 2020, respectively.

Priority Sector Lending

As stipulated by the RBI guidelines, commercial banks in India are required to lend, through advances or investment, 40.00% of their adjusted net bank credit ("ANBC") or credit equivalent amount of off-balance sheet exposures, whichever is higher, to certain specified "priority sectors", subject to certain exemptions permitted by the RBI from time to time. We actively extend financial support and finance to such sectors. Our "priority sector" advances include loans to the agriculture, small-scale industries and services, loans to certain sectors targeted as requiring special assistance, such as education, food and agriculture based processing sectors, and loans to the housing sector. Although the GoI and the RBI have identified the "priority sectors" and provided lending guidelines, we have complete discretion in determining the commercial terms and conditions in extending financing to borrowers in such sectors.

In the case of non-achievement of priority sector lending targets, including sub-targets, we are required to invest in the Rural Infrastructure Development Fund established with NABARD and other government directed funds as decided by the RBI from time to time. The amount to be deposited, interest rates on such deposits and periods of deposits, and other terms, are determined by the RBI from time to time. We report priority sector loans to the RBI on a quarterly basis. Pursuant to the RBI guidelines, at least 18.00% and 7.50% of the net bank credit is also required to be provided to the agriculture sector and micro enterprises sector, respectively, within priority sector lending requirements. Our Bank's advances to the agriculture sector and micro enterprises sector as a percentage of our ANBC was 17.85% and 7.27%, as of March 31, 2020 and 18.15% and 8.31%, respectively, as of September 30, 2020.

As of March 31, 2018, 2019 and 2020, and September 30, 2020, our outstanding priority sector lending, as a percentage of our ANBC were 40.94%, 41.89%, 39.47%, and 41.33%, respectively. The following table presents certain information on our outstanding priority sector lending, as a percentage of our ANBC as of the dates indicated:

Particulars	As of March 31,					
	2018		2019		2020	
	Amount	% of ANBC	Amount	% of ANBC	Amount	% of ANBC
	(₹ crores, except percentage)					
Agriculture credit	67,341.38	18.49	75,482.29	18.40	78,709.75	17.85
MSMEs	65,656.33	NA	80,886.07	NA	66,895.75	NA
Other Priority Sectors credit	16,132.98	NA	15,487.32	NA	28,445.12	NA
Priority Sectors credit total	149,130.70	40.94	171,855.69	41.89	174,050.62	39.47
Adjusted net bank credit	364,236.52	NA	410,269.31	NA	440,960.15	NA

Note: All figures and % to ANBC for March 2018, 2019, 2020 is on quarterly average basis.

Particulars	As of September 30,			
	2019		2020*	
	Amount	% of ANBC	Amount	% of ANBC
	(₹ crores, except percentage)			
Agriculture credit	80,103.62	18.61	121,435.84	18.15
MSMEs	66,016.46	NA	118,090.40	NA
Other Priority Sectors credit	24,968.12	NA	37,107.10	NA
Priority Sectors credit total	171,088.20	39.74	276,633.34	41.33
Adjusted net bank credit	430,504.51	NA	669,192.96	NA

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Note: All figures and % to ANBC for September 2019, 2020 is on absolute basis.

The RBI also requires commercial banks to advance at least 10.00% of adjusted net bank credit to weaker sections identified by the RBI. Our Bank actively participates in various Government sponsored schemes, such as, Prime Minister's Employment Generation Programme, National Rural Livelihood Mission, National Urban Livelihood Mission, Differential Rate of Interest Scheme, Stand-Up India and Pradhan Mantri Mudra Yojana (PMMY). Our Bank's performance under such Government schemes as of September 30, 2020 is as under:

Scheme	Outstanding as of September 30, 2020* (₹ crores)
Stand-Up India	2,341.97
Mudra	2,938.38
NRLM	1,889.03
NULM	210.64
PMEGP	826.80

Scheme	Sanction during Six months Ended September 30, 2020* (₹ crores)
PMEGP	234.57

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

In particular, under the differential rate of interest scheme, we extend loans to the lower-income sections of the community that are engaged in productive ventures at an interest rate of 4.00% per annum to meet their credit requirements.

Regional Concentration

The Bank's widespread branch network enables the Bank to diversify its lending risks geographically. The following table presents an analysis of the Bank's domestic advances by region (based on RBI classification) as of the dates indicated:

Region	States	As of March 31,		
		2018	2019	2020
		(₹ crores)		
Northern Region	Chandigarh	11,877.70	14,342.04	13,933.77
	National Capital Territory of Delhi	70,789.38	100,360.88	97,848.94
	Haryana	24,439.69	24,408.01	27,215.39
	Himachal Pradesh	7,012.00	7,867.53	7,902.32
	Jammu and Kashmir	1,129.02	1,261.31	1,325.98
	Ladakh	20.15	24.67	31.09
	Punjab	33,790.20	32,761.41	30,958.22
	Rajasthan	21,535.12	24,197.76	25,996.64
	Total	170,593.26	205,223.61	205,212.35
North Eastern Region	Arunachal Pradesh	86.65	114.48	102.36
	Assam	2,256.78	2,236.48	2,385.29
	Manipur	96.37	110.44	101.47
	Meghalaya	113.38	122.65	112.28
	Mizoram	50.05	55.61	51.19
	Nagaland	55.91	54.80	55.65
	Tripura	30.79	32.88	34.92
	Total	2,689.93	2,727.34	2,843.16
Eastern Region	Andaman and Nicobar Islands	44.78	49.20	58.97
	Bihar	10,751.55	11,649.40	12,270.59
	Jharkhand	2,452.66	2,181.36	2,119.10
	Odisha	4,238.90	3,974.51	6,246.17
	Sikkim	44.19	59.89	66.37
	West Bengal	15,124.56	15,777.26	17,680.23
	Total	32,656.64	33,691.62	38,441.43
Central Region	Chhattisgarh	3,867.11	5,231.27	4,679.50
	Madhya Pradesh	16,991.41	18,314.12	17,726.33
	Uttar Pradesh	48,487.46	51,703.01	53,738.79
	Uttarakhand	9,017.59	10,589.85	11,357.25
	Total	78,363.57	85,838.25	87,501.87
Western Region	Dadra and Nagar Haveli	31.82	36.47	43.86
	Daman and Diu	41.56	38.82	52.57
	Goa	354.91	404.83	410.26
	Gujarat	11,501.57	10,993.25	10,995.13
	Maharashtra	75,827.22	93,129.47	90,760.62
	Total	87,757.08	104,602.84	102,262.44
Southern Region	Andhra Pradesh	4,814.22	5,077.30	5,972.06
	Karnataka	9,368.78	7,753.71	6,976.35
	Kerala	6,738.69	7,312.67	8,897.52
	Puducherry	107.61	117.35	123.40
	Tamil Nadu	18,934.48	20,142.44	20,280.92
	Telangana	16,441.16	17,325.27	17,648.19
	Total	56,404.94	57,728.74	59,898.44
Total Domestic Advances		428,465.42	489,812.40	496,159.69

Region	States	As of September 30,	
		2019	2020*
		(₹ crores)	
Northern Region	Chandigarh	13,948.83	16,405.01
	National Capital Territory of Delhi	76,840.59	131,459.21
	Haryana	24,500.39	30,921.36
	Himachal Pradesh	8,361.93	8,652.95
	Jammu and Kashmir	1,305.19	1,620.78
	Ladakh	28.70	43.13
	Punjab	31,572.21	42,824.58
	Rajasthan	24,025.78	37,450.16
	Total	180,583.62	269,377.18
North Eastern Region	Arunachal Pradesh	104.52	175.60
	Assam	2,227.15	7,540.73
	Manipur	110.55	878.16
	Meghalaya	129.87	381.72

Region	States	As of September 30,	
		2019	2020*
			(₹ crores)
	Mizoram	58.78	148.40
	Nagaland	59.67	113.12
	Tripura	33.33	1,212.71
	Total	2,723.87	10,450.45
Eastern Region	Andaman and Nicobar Islands	57.71	65.88
	Bihar	11,555.54	16,480.65
	Jharkhand	2,177.13	4,379.75
	Odisha	4,256.10	10,797.61
	Sikkim	66.19	178.03
	West Bengal	16,559.64	46,777.45
	Total	34,672.30	78,679.36
Central Region	Chhattisgarh	4,334.43	6,610.89
	Madhya Pradesh	17,881.60	20,332.95
	Uttar Pradesh	52,492.25	67,226.74
	Uttarakhand	10,584.59	13,467.96
	Total	85,292.88	107,638.54
Western Region	Dadra and Nagar Haveli	40.29	84.90
	Daman and Diu	44.17	75.69
	Goa	394.63	978.72
	Gujarat	10,924.67	20,437.06
	Maharashtra	80,525.03	126,823.98
	Total	91,928.79	148,400.35
Southern Region	Andhra Pradesh	5,171.64	8,235.91
	Karnataka	7,224.83	11,000.77
	Kerala	7,962.69	9,338.49
	Puducherry	119.61	231.95
	Tamil Nadu	21,793.58	30,762.03
	Telangana	17,656.63	23,227.03
	Total	59,928.99	82,796.18
Total Domestic Advances		455,130.45	697,342.06

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Non-Performing Assets

The Bank has in the past suffered losses through impairment of loans as some borrowers were impacted by negative trends in the global market place, recessionary conditions in the domestic economy, increased competition and volatility in industrial growth and commodity prices. The Bank has adopted several measures to refine its credit selection processes and appraisal capabilities.

The management of NPAs has been one of the focus areas of the Bank with the objective to achieve global benchmarks. Towards this goal, the Bank has focused on:

- identification and monitoring of Special Mention Accounts as per RBI guidelines in order to check the movement of Standard Assets into the NPA category, conducting regular reviews and taking quick corrective action;
- restructuring impaired standard accounts as well as viable NPAs, both under the Corporate Debt Restructuring (“CDR”) scheme developed by the RBI as well as under the Bank’s own scheme for limiting NPAs;
- upgrading the Bank’s assets; and
- high-value accounts and cases referred to the BIFR.

The Bank’s gross NPA ratio decreased from 18.38% as of March 31, 2018 to 15.50% as of March 31, 2019 and 14.21% as of March 31, 2020 and were 13.43% as of September 30, 2020. The Bank’s net NPA ratio decreased from 11.24% as of March 31, 2018 to 6.56% as of March 31, 2019 and 5.78% as of March 31, 2020 and were 4.75% as of September 30, 2020.

See “Risk Factors — Risks Relating to the Bank’s Business — An increase in our Bank’s portfolio of NPAs or provisioning requirements required under applicable RBI regulations could adversely affect our business, financial condition and results of operations.”.

The following table sets forth, for the periods indicated, information about the Bank’s NPA portfolio.

	As of March 31,		
	2018	2019	2020
	(₹ crores, except percentages)		
Non-Performing Assets			
Gross NPAs	86,620.05	78,472.70	73,478.76
Specific provisions	37,251.57	47,759.56	45,483.22
Floating provisions	360.25	360.25	360.25
NPA net of provisions	48,684.29	30,037.66	27,218.90
Gross customer assets	471,296.60	506,194.30	516,928.83
Net customer assets	433,050.53	457,573.73	470,632.93
Gross NPAs/gross customer assets (%)	18.38%	15.50%	14.21%
Net NPAs/net customer assets (%)	11.24%	6.56%	5.78%
Specific provision as a percentage of gross NPAs	43.01%	60.86%	61.90%
Total provisions as a percentage of gross NPAs	43.42%	61.32%	62.39%
Provision cover (including technical write-offs)	58.42%	74.50%	77.79%

	As of June 30,	As of September 30,	
	2020*	2019	2020*
	(₹ crores, except percentages)		
Non-Performing Assets			
Gross NPAs	101,849.34	79,458.09	96,313.94
Specific provisions	64,212.01	46,048.62	64,212.01
Floating provisions	384.37	360.25	384.37
NPA net of provisions	35,303.02	32,658.68	30,919.84
Gross customer assets	721,695.15	474,085.26	716,924.28
Net customer assets	655,094.06	427,152.10	651,480.64
Gross NPAs/gross customer assets (%)	14.11%	16.76%	13.43%
Net NPAs/net customer assets (%)	5.39%	7.65%	4.75%
Specific provision as a percentage of gross NPAs	63.04%	57.95%	66.67%
Total provisions as a percentage of gross NPAs	63.42%	58.41%	67.07%
Provision cover (including technical write-offs)	80.75%	73.58%	83.00%

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the three months ended June 30, 2020, and six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the three months ended June 30, 2020, and the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

The Bank’s provision coverage ratio (including technical write-off) as of March 31, 2018, 2019 and 2020 and as of September 30, 2019 and 2020, and as of June 30, 2020, computed as per RBI guidelines, was 58.42%, 74.50%, 77.79%, 73.58%, 83.00% and 80.75%, respectively.

Details of the Bank’s NCLT accounts as of September 30, 2020 are as below.

Parameters	Accounts	Balance (₹ crores)	Provision (₹ crores)	Provision Coverage Ratio (%)
RBI List 1	5	10,633.74	10,633.74	100.00%
RBI List 2	12	5,869.75	5,869.75	100.00%
Filed by the Bank	134	10,556.75	10,191.40	96.54%
Filed by other lenders	356	50,897.49	45,926.62	90.25%
Total	507	77,957.73	72,621.51	93.17%

Provisions for NPAs

The following table sets forth, for the periods indicated, movements in the Bank’s provisions against NPAs.

	For Fiscal		
	2018	2019	2020
	(₹ crores)		
Specific provisions:			
Specific provisions at the beginning of the period	21,683.24	37,251.57	47,759.56
Additions during the period	31,459.08	30,976.49	17,820.94
Reductions during the period on account of recovery and write-offs	15,890.75	20,468.50	20,097.27
Specific provisions at the end of the period	37,251.57	47,759.56	45,483.23
Floating provisions:			
Floating provisions at the beginning of the period	360.25	360.25	360.25
Additions during the period	0.00	0.00	0.00
Utilizations during the period	0.00	0.00	0.00
Floating provisions at the end of the period	360.25	360.25	360.25
Total specific and floating provisions at the end of the period	37,611.82	48,119.81	45,843.48

	For the Three Months ended March 31, 2020	For the Three Months ended June 30, 2020*	For the Three Months ended September 30, 2020*	For the Six Months Ended September 30,	
				2019	2020*
		(₹ crores)			
Specific provisions:					
Specific provisions at the beginning of the period	45,781.48	66,301.48	65,277.46	47,759.56	66,301.48
Additions during the period	5,213.10	4,296.40	7,295.93	10,444.50	10,648.87
Reductions during the period on account of recovery and write-offs	5,511.35	5,320.42	8,361.38	12,155.43	12,738.34
Specific provisions at the end of the period	45,483.23	65,277.46	64,212.01	46,048.63	64,212.01
Floating provisions:					
Floating provisions at the beginning of the period	360.25	384.37	384.37	360.25	384.37
Additions during the period	0.00	0.00	0.00	0.00	0.00
Utilizations during the period	0.00	0.00	0.00	0.00	0.00
Floating provisions at the end of the period	360.25	384.37	384.37	360.25	384.37
Total specific and floating provisions at the end of the period	45,843.48	65,661.83	64,596.38	46,408.88	64,596.38

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the three months ended June 30, 2020, and three and six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the three months ended June 30, 2020, and three and six months ended September 30, 2020 are not comparable with our financial statements/financial results for periods prior to the Amalgamation.

The following tables set forth the details of the movement in NPAs for the periods indicated:

	Fiscal 2018	Fiscal 2019	Fiscal 2020
	(₹ crores, except percentages)		
Cash Recovery	4,443.29	12,164.91	10,781.69
Up gradation	1,174.25	3,633.29	1,598.41
Write Off	7,407.19	12,253.27	13,365.09
Gross Reduction	13,024.73	28,051.46	25,745.19
Fresh Slippages	44,274.34	19,904.11	20,751.25
Net Increase/ (Decrease)	31,249.61	(8,147.35)	(4,993.94)
Gross NPA%	18.38%	15.50%	14.21%

	As of June 30, 2020*	Six Months Ended September 30,	
		2019	2020*
		(₹ crores, except percentages)	
Cash Recovery	1,069.36	4,696.02	3,218.13
Up gradation	602.76	1,553.42	1,342.33
Write Off	4,119.67	5,654.43	8,674.84
Gross Reduction	5,791.79	11,903.86	13,235.30
Fresh Slippages	2,475.99	12,889.25	4,384.10
Net Increase/ (Decrease)	(3,315.80)	985.39	(8,851.20)
Gross NPA%	14.11%	16.76%	13.43%

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the three months ended June 30, 2020, and six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the three months ended June 30, 2020, and the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

The following table sets forth the classification of gross loan assets of the Bank at the dates indicated.

	As of March 31,		
	2018	2019	2020
	(₹ crores)		
Standard	384,676.55	427,721.59	443,450.07
Non-performing assets	86,620.05	78,472.71	73,478.76
Sub-standard assets	22,289.11	14,052.59	12,532.05
Doubtful assets	51,707.90	51,656.85	50,291.11
Loss assets	12,623.04	12,763.27	10,655.60
Total	471,296.60	506,194.30	516,928.83

	As of September 30,	
	2019	2020*
	(₹ crores)	
Standard	394,627.17	620,610.34
Non-performing assets	79,458.09	96,313.94
Sub-standard assets	16,151.95	9,067.05
Doubtful assets	52,202.09	67,518.23
Loss assets	11,104.05	19,728.66
Total	474,085.26	716,924.28

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

The following tables set forth the details of the Bank's credit cost and slippage ratio as at the dates indicated:

	As of March 31,		
	2018	2019	2020
Credit Cost (NPA provisions)	5.54%	5.18%	2.86%
Slippage Ratio	11.46%	5.17%	4.85%

	As of June 30, 2020*	As of September 30,	
		2019	2020*
Credit Cost (NPA provisions)	2.54%	2.13%	2.26%
Slippage Ratio	1.51%	6.03%	0.72%

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the three months ended June 30, 2020, and six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the three months ended June 30, 2020, and the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

The following table sets forth the Bank's NPAs for its ten largest industry NPA accounts, as of September 30, 2020.

Industry	Gross Principal Outstanding
	(₹ crores)
Infrastructure	13,907.50
Basic Metal and Metal Products	9,784.81

Industry	Gross Principal Outstanding
	(₹ crores)
Gems and Jewellery	9,216.54
Textiles	2,835.52
Other Industries	2,831.80
All Engineering	2,708.52
Food Processing	2,576.57
Chemicals and Chemical Products (Dyes, Paints, etc.)	1,171.31
Construction	1,123.63
Mining and Quarrying	399.31
Total	46,555.51

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

The following table sets forth details of the Bank's Special Mention Accounts (SMAs) as of the dates indicated.

	As at March 31,								
	2018			2019			2020		
	No. of Accounts	Amount Outstanding (₹ crores)	%	No. of Accounts	Amount Outstanding (₹ crores)	%	No. of Accounts	Amount Outstanding (₹ crores)	%
SMA 2	425,428	30,878.11	7.21%	245,606	14,119.94	2.88%	113,729	9,607.95	1.94%
SMA 2 as a percentage of domestic advances									
- Retail	125,701	4,519.06	1.05%	110,253	4,069.32	0.83%	17,559	1,627.55	0.33%
- MSME	81,953	9,932.74	2.32%	47,326	5,922.16	1.21%	20,203	1,658.24	0.33%
- Agriculture	194,354	3,909.79	0.91%	78,946	1,875.27	0.38%	72,476	1,482.62	0.30%
- Corporate and Others	23,420	12,516.52	2.92%	9,081	2,253.19	0.46%	3,491	4,839.54	0.98%
SMA 1	311,462	31,578.27	7.37	283,430	25,416.47	5.19	69,547	10,439.19	2.11
Total SMA 1 and SMA 2	736,890	62,456.38	14.58	529,036	39,536.41	8.07	183,276	20,047.14	4.05
SMA 0	550,068	43,475.31	10.15	346,481	10,092.51	2.06	901,358	33,813.52	6.83
Total	1,286,958	105,931.69	24.72	875,517	49,628.92	10.13	10,84634	53,860.66	10.88

	As of June 30, 2020*			As of September 30,					
				2019			2020*		
	No. of Accounts	Amount Outstanding (₹ crores)	%	No. of Accounts	Amount Outstanding (₹ crores)	%	No. of Accounts	Amount Outstanding (₹ crores)	%
SMA 2	467,008	10,641.34	1.52	116,699	21,164.78	4.65%	479,545	19,137.06	2.74%
SMA 2 as a percentage of domestic advances									
- Retail	12,673	993.09	0.14	41,653	2,631.09	0.58%	34,132	3,370.96	0.48%
- MSME	68,857	3,129.85	0.45	61,599	7,387.22	1.62%	40,224	6,668.34	0.96%
- Agriculture	379,737	4,595.50	0.65	9,139	1,273.36	0.28%	398,651	6,010.02	0.86%
- Corporate and Others	5,741	1,922.90	0.27	4,308	9,873.11	2.17%	6,538	3,087.75	0.44%
SMA 1	86,158	9,129.24	1.30	30,282	5,429.03	1.19%	131,464	13,147.01	1.89%
Total SMA 1 and SMA 2	553,166	19,770.58	2.82	146,981	26,593.81	5.84%	611,009	32,284.07	4.63%
SMA 0	759,005	49,077.35	6.99	1,429,114	54,097.34	11.89%	1,175,384	61,238.31	8.78%
Total	1,312,171	68,847.93	9.81	1,576,095	80,691.15	17.73%	1,786,393	93,522.38	13.41%

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the three months ended June 30, 2020, and the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the three months ended June 30, 2020 and the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Recognition of NPAs and Provisioning

RBI Classification and Provisioning Requirements

The Bank classifies its assets in accordance with the RBI guidelines. The guidelines require Indian banks to classify their NPAs into three categories, as described below, based on the period for which the asset has remained non-performing and the estimated realization of amounts due in relation to such asset. Further, the NPA classification is at the borrower level, rather than at the facility level and, accordingly, if one of the advances granted to a borrower becomes non-performing, such borrower is classified as non-performing and all advances due from it are so classified.

A non-performing asset is a loan or an advance where: (i) interest and/or installment of principal remains overdue for a period of more than 90 days in respect of a term loan; (ii) the account remains “out of order” in respect of an overdraft or cash credit; (iii) the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted; (iv) the installment of principal or interest thereon remains overdue for two crop seasons for short duration crops; (v) the installment of principal or interest thereon remains overdue for one crop season for long duration crops; (vi) the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of guidelines on a securitization dated February 1, 2006; or (vii) in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment. According to guidelines specified by RBI in July 2013, an account should be classified as an NPA on the basis of the record of recovery and not merely on deficiencies which are temporary in nature, such as non-renewal of limits on the due date or non-submission of stock statements.

Further, RBI requires the banks to classify an account as a non-performing asset only if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter.

Standard asset	Performing assets are Standard assets which do not disclose any problem and which do not carry more than the normal risk attached to the business. The performing asset is one which generates income for the bank.
Sub-standard asset	With effect from March 31, 2005, a Sub-standard Asset would be one which has remained a NPA for a period less than or equal to 12 months.
Doubtful asset	With effect from March 31, 2005, and in accordance with RBI guidelines, a doubtful asset is an asset that has remained in the substandard category for a period of 12 months. Further, these doubtful assets are to be classified into the following three categories, depending on the period for which such assets have been classified as doubtful: <ul style="list-style-type: none"> • assets which have remained in the doubtful category for a period of up to one year; • assets which have remained in the doubtful category for a period of more than one year but less than three years; and • assets which have remained in the doubtful category for a period of more than three years.
Loss asset	In accordance with RBI guidelines, a loss asset is an asset where loss has been identified by the bank or internal or external auditors or RBI at the time of inspection, but the amount has not been written off wholly. In cases of serious credit impairment, an asset is required to be immediately classified as doubtful or as a loss asset, as appropriate. Further, erosion in the value of the security provided may also be considered significant when the realizable value of the security is less than 50.00% of the value as assessed by the bank or as accepted by RBI at the time of the last inspection of the security, as the case may be. In such a case, the assets secured by such impaired security may immediately be classified as doubtful, and provisioning should be made as applicable to doubtful assets. If the realizable value of the security, as assessed by the bank or approved valuation agents or by RBI, is less than 10.00% of the outstanding amount in the borrower's accounts, the existence of security should be ignored and the asset should be immediately classified as a loss asset and it may be either written off or fully provided for by the bank.

In accordance with the RBI guidelines relating to COVID-19 regulatory package, our Bank had initially offered a moratorium of three months on the payment of all installments falling due between March 1, 2020 and May 31, 2020, in respect of term loans and working capital facilities sanctioned in the form of cash credit/ overdraft to various eligible borrowers. This was further extended by the RBI until August 31, 2020 upon announcement of the second regulatory package by the RBI on May 23, 2020. However, in all such cases where such a temporary enhancement in drawing power is considered, the margins must be restored to the original levels by March 31, 2021, and/ or, working capital sanctioned limits must be reviewed up to March 31, 2021, based on a reassessment of the working capital cycle. In respect of such working capital facilities, lenders were also permitted, at their discretion, to convert the accumulated interest for the deferment period up to August 31, 2020, into a funded interest term loan which shall be repayable not later than March 31, 2021. The RBI also clarified that the accounts

which benefit from the moratorium period, will get the benefit of an ageing standstill and hence would not be classified as NPAs if the accounts have any instalments or interest are overdue for more than 90 days during the moratorium period. However, lenders are required to make general provisions of 10% to be phased over two quarters in respect of accounts which were in default on February 29, 2020 where moratorium is granted and asset classification benefit is availed. The utilization and/or release of the provision, are subject to the applicable RBI directions that may be amended from time to time.

Our Bank may be required to recognize higher loan loss provisions in future periods, on account of the uncertainty in the external environment due to the COVID-19 pandemic, either by regulations or as required by the statutory auditors or based on management judgment, which may adversely impact its asset quality and profitability in future periods.

The following table provides a summary of the Bank's gross loan assets as of the periods indicated, in accordance with RBI classifications.

Asset Category	As of March 31,		
	2018	2019	2020
	(₹ crores)		
Standard assets	384,676.55	427,721.59	443,450.07
Sub-standard assets	22,289.11	14,052.59	12,532.05
Doubtful assets	51,707.90	51,656.85	50,291.11
Loss assets	12,623.04	12,763.27	10,655.60
Total	471,296.60	506,194.30	516,928.83

Asset Category	As of September 30,	
	2019	2020*
	(₹ crores)	
Standard assets	394,627.17	620,610.34
Sub-standard assets	16,151.95	9,067.05
Doubtful assets	52,202.09	67,518.23
Loss assets	11,104.05	19,728.66
Total	474,085.26	716,924.28

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

The following table sets forth the Bank's provisions for possible credit losses at the dates indicated.

Asset Category	As of March 31,		
	2018	2019	2020
	(₹ crores)		
Provision held	37,611.82	48,119.81	45,843.48
Provision held as percentage of gross advances	7.98%	9.51%	8.87%
Provision held as percentage of gross NPAs	43.42%	61.32%	62.39%

Asset Category	As of September 30,	
	2019	2020*
	(₹ crores)	
Provision held	46,408.88	64,596.38
Provision held as percentage of gross advances	9.79%	9.01%
Provision held as percentage of gross NPAs	58.41%	67.07%

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Non-Accrual Policy

When an asset is classified as non-performing, interest accrual is stopped and the unrealized interest is reversed by debit to the profit and loss account. In accordance with the RBI guidelines, interest realized on NPAs may be added to the income account provided the credits in the accounts towards interest are not out of additional credit facilities sanctioned to the borrower. The RBI has also stipulated that in the absence of a clear agreement between the Bank and the borrower for the purpose of appropriating recoveries in NPAs (i.e. towards principal or interest

due), banks should adopt an accounting principle and exercise the right of appropriation of recoveries in a uniform and consistent manner.

With effect from April 1, 2020, the Bank has approved an amendment in accounting for appropriation of recovery. For further information, see “*Management’s Discussions and Analysis on Financial Condition and Results of Operations – Changes in Accounting Policy*” on page 101.

Interest foregone

Interest foregone is the interest due on non-performing loans that has not been accrued in the Bank’s books of accounts. The following table sets forth the outstanding amount of interest foregone on existing non-performing loans as at the respective dates.

As of March 31,	Interest Foregone
	(₹ crores)
2018	28,378.76
2019	37,971.23
2020	50,631.89

As of September 30,	Interest Foregone
	(₹ crores)
2019	43,284.39
2020*	104,036.94

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/financial results for periods prior to the Amalgamation.

Analysis of Non-Performing Loans by Industry Sector

The following tables set forth, for the periods indicated, the Bank’s domestic NPAs, by borrowers’ industry or economic activity and as a percentage of its loans in the respective industry or economic activities sector. These figures do not include credit substitutes.

Name of the Industry	March 31, 2018			March 31, 2019			March 31, 2020		
	Gross Loans	NPA	% of NPA in Industry	Gross Loans	NPA	% of NPA in Industry	Gross Loans	NPA	% of NPA in Industry
(₹ crores, except percentages)									
Mining and Quarrying	1,434.30	619.39	43.18%	1,454.94	431.54	29.66%	1,531.25	343.34	22.42%
Food Processing	10,761.31	2,377.86	22.10%	10,120.40	2,041.04	20.17%	10,292.55	1,945.04	18.90%
Beverages (excluding Tea and Coffee) and Tobacco	639.62	189.02	29.55%	490.65	193.35	39.41%	375.00	124.15	33.11%
Textiles	10,258.42	1,786.98	17.42%	9,289.22	1,761.55	18.96%	7,800.84	1,843.80	23.64%
Leather and Leather Products	961.35	27.03	2.81%	889.96	31.62	3.55%	663.63	32.16	4.85%
Wood and Wood Products	411.11	126.44	30.76%	458.19	131.05	28.60%	484.07	139.94	28.91%
Paper and Paper Products	1,252.49	317.62	25.36%	1,084.29	169.09	15.59%	931.24	101.96	10.95%
Petroleum (Non-infra), Coal Products (Non-mining) and Nuclear Fuels	8,369.66	21.85	0.26%	7,218.99	353.54	4.90%	4,546.34	351.15	7.72%
Chemicals and Chemical Products (Dyes, Paints, etc.)	6,354.68	958.56	15.08%	4,802.66	883.30	18.39%	17,522.07	538.88	3.08%
Rubber, Plastic and their Products	1,464.75	415.57	28.37%	1,167.13	150.73	12.91%	1,183.35	288.19	24.35%
Glass and Glassware	138.60	37.61	27.14%	128.08	36.38	28.40%	112.17	1.51	1.34%
Cement and Cement Products	1,508.04	822.44	54.54%	1,650.63	895.51	54.25%	995.30	107.60	10.81%
Basic Metal and Metal Products	26,603.98	16,341.05	61.42%	22,240.46	10,737.79	48.28%	25,649.55	6,744.70	26.30%
All Engineering	4,886.74	2,064.25	42.24%	4,362.56	1,899.68	43.55%	3,940.04	1,802.19	45.74%
Vehicle, Vehicle Parts and Transport Equipments	661.63	98.10	14.83%	1,052.88	421.42	40.03%	757.89	100.55	13.27%
Gems and Jewellery	7,985.51	7,408.93	92.78%	8,991.38	8,043.10	89.45%	2,209.98	1,462.08	66.16%
Construction	3,818.38	1,076.79	28.20%	2,578.98	677.91	26.29%	1,330.46	419.24	31.51%
Infrastructure	46,070.57	15,206.55	33.01%	51,121.52	12,994.32	25.42%	48,679.83	10,175.10	20.90%

Name of the Industry	March 31, 2018			March 31, 2019			March 31, 2020		
	Gross Loans	NPA	% of NPA in Industry	Gross Loans	NPA	% of NPA in Industry	Gross Loans	NPA	% of NPA in Industry
	(₹ crores, except percentages)								
Other Industries	17,332.06	5,287.09	30.50%	17,014.79	3,841.82	22.58%	17,468.47	1,454.88	8.33%
Grand Total	150,913.20	55,183.14	36.57%	146,117.71	45,694.73	31.27%	146,474.03	27,976.46	19.10%

Name of the Industry	September 30,					
	2019			2020*		
	Gross Loans	NPA	% of NPA in Industry	Gross Loans	NPA	% of NPA in Industry
	(₹ crores, except percentages)					
Mining and Quarrying	1,455.86	339.02	23.29%	3,453.41	399.31	11.56%
Food Processing	9,075.66	1,741.55	19.19%	10,115.26	2,576.57	25.47%
Beverages (excluding Tea and Coffee) and Tobacco	441.31	190.05	43.06%	648.31	130.49	20.13%
Textiles	8,316.39	2,355.79	28.33%	12,739.07	2,835.52	22.26%
Leather and Leather Products	901.03	31.87	3.54%	1,219.49	114.07	9.35%
Wood and Wood Products	505.79	141.20	27.92%	1,283.02	350.39	27.31%
Paper and Paper Products	1,113.25	148.65	13.35%	1,829.60	130.99	7.16%
Petroleum (Non-infra), Coal Products (Non-mining) and Nuclear Fuels	2,120.66	342.32	16.14%	2,797.76	368.96	13.19%
Chemicals and Chemical Products (Dyes, Paints, etc.)	6,596.08	609.40	9.24%	9,917.61	1,171.31	11.81%
Rubber, Plastic and their Products	1,396.74	181.55	13.00%	1,673.33	345.97	20.68%
Glass and Glassware	133.57	32.12	24.05%	346.83	22.87	6.59%
Cement and Cement Products	917.19	898.20	97.93%	1,645.19	108.61	6.60%
Basic Metal and Metal Products	25,147.27	9,674.51	38.47%	32,543.34	9,784.81	30.07%
All Engineering	3,889.64	1,894.71	48.71%	7,431.37	2,708.52	36.45%
Vehicle, Vehicle Parts and Transport Equipments	1,092.34	428.08	39.19%	1,556.91	306.32	19.67%
Gems and Jewellery	8,818.13	7,841.59	88.93%	10,215.75	9,216.54	90.22%
Construction	1,761.64	587.54	33.35%	2,646.75	1,123.63	42.45%
Infrastructure	53,443.01	11,816.68	22.11%	68,848.67	13,907.50	20.20%
Other Industries	13,859.63	3,219.53	23.23%	38,311.33	2,831.80	7.39%
Grand Total	140,985.20	42,474.37	30.13%	209,223.00	48,434.20	23.15%

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Business segment analysis of the Bank's domestic NPA portfolio as of the dates indicated.

Business segment	As of March 31,					
	2018		2019		2020	
	(₹ crores except percentages)					
	GNPA	GNPA (%)	GNPA	GNPA (%)	GNPA	GNPA (%)
Retail Loans	2,901.60	4.64%	3,076.81	3.90%	3,479.00	4.16%
- Housing	1,404.20	3.90%	1,488.84	3.32%	1,794.82	3.50%
- Car/ Vehicle	341.07	5.77%	342.83	6.00%	365.48	6.70%
- Education	715.15	13.75%	686.15	12.30%	767.33	13.14%
- Others	441.18	2.87%	558.99	2.46%	551.36	2.61%
Agriculture and allied	9,890.00	10.99%	11,928.13	11.89%	13,464.41	15.63%
MSME	12,450.08	16.08%	14,376.63	19.17%	14,595.00	21.76%
Corporate and others	58,655.18	29.55%	47,342.80	20.09%	40,262.15	15.53%
Total - Domestic	83,896.85	19.58%	76,724.36	15.66%	71,800.56	14.47%
Total – Overseas	2,723.20	6.36%	1,748.34	10.67%	1,678.20	8.08%
Global Gross Advances	86,620.05	18.38%	78,472.70	15.50%	73,478.76	14.21%

Business segment	As of September 30,			
	2019		2020*	
	(₹ crores except percentages)			
	GNPA	GNPA (%)	GNPA	GNPA (%)
Retail Loans	3,718.62	4.73%	4,407.09	3.39%
- Housing	1,938.39	4.47%	2,278.49	2.71%
- Car/ Vehicle	423.16	7.83%	475.07	5.34%
- Education	788.4	13.59%	852.97	10.93%
- Others	568.67	2.37%	800.56	2.71%
Agriculture and allied	12,054.87	14.67%	17,410.11	14.00%
MSME	13,913.76	18.82%	19,445.09	15.90%
Corporate and others	48,169.78	21.74%	52,616.03	16.40%
Total - Domestic	77,857.03	17.11%	93,878.32	13.09%
Total – Overseas	1,601.06	8.45%	2,435.62	12.44%
Global Gross Advances	79,458.09	16.76%	96,313.94	13.43%

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Business segment analysis of the Bank's domestic NPA portfolio as of September 30, 2020:

Business segment	As of September 30, 2020*
	(₹ crores)
Corporate	52,616.03
Small and Medium Enterprises	19,445.09
Retail	4,407.09
Other banking operations	0.00
Agriculture	17,410.11
Total - Domestic	93,878.32

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Top Ten Non-Performing Corporate Loans

The following table sets forth, for the period indicated information regarding its ten largest NPAs, classified by industry sector, as well as the value of the collateral securing the loan, as of September 30, 2020. However, the net realizable value of such collateral may be substantially less, if anything. See "Risk Factors — Risks Relating to the Bank's Business - The value of the collateral provided by borrowers against advances may decrease or we may experience delays in enforcing our collateral if borrowers default on their obligations."

Name	Industry	Type Of Banking Arrangement	Total Balance	Provisions	Principal Outstanding Net Of Provisions For Credit Losses	Security
Borrower 1	Power	Consortium	5,918.07	5,918.07	0	14,085.34
Borrower 2	Gems & Jewelry	Consortium	5,064.85	5,064.85	0	258.39
Borrower 3	NBFC	Multiple Banking	2,866.80	2,866.80	0	12,782.34
Borrower 4	Power	Consortium	2,060.07	515.02	1,545.06	3,978.06
Borrower 5	Telecom	Consortium	1,866.79	1,737.26	129.53	215.89
Borrower 6	Energy Infrastructure	Consortium	1,820.44	1,820.44	0	1,153.51
Borrower 7	Power	Consortium	1,719.83	1,719.83	0	2,431.77
Borrower 8	Oil & Natural Gas	Multiple Banking	1,506.91	1,506.91	0	0
Borrower 9	Gems & Jewelry	Multiple Banking	1,446.69	1,446.69	0	184.94
Borrower 10	Engineering	Consortium	1,436.69	1,436.69	0	996.04

Restructuring of Debts

The Bank's NPAs are restructured on a case-by-case basis after it is determined that restructuring is the best means of maximizing realization of the loan. These loans continue to be on a non-accrual basis and are reclassified as performing loans only after sustained performance under the loan's renegotiated terms for a period of at least one year.

The tables below set forth details of the Bank's standard restructured assets by segment as of the dates indicated:

Segment	As of March 31,		
	2018	2019	2020
	(₹ crores)		
Retail	-	-	-
Agriculture and allied	1,373.86	1,363.98	1,377.55
MSME	277.23	104.46	137.07
Corporate and others	3,583.73	1,115.36	357.71

Segment	As of June 30, 2020*	As of September 30,	
		2019	2020*
	(₹ crores)		
Retail	-	-	-
Agriculture and allied	1,368.05	1,345.43	1,357.65
MSME	177.11	151.34	179.36
Corporate and others	752.82	725.82	802.85

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the three months ended June 30, 2020, and the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the three months ended June 30, 2020, and six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Management of Stressed Assets

An integrated approach to review and management of stressed assets including rehabilitation and restructuring has been put in place. The primary intent in the approach is to ensure that a Separately Managed Account ("SMA") (account showing sign of trouble) does not slip into an NPA. Identification, determination of the cause of the problem and initiation of remedial measures on a proactive basis with a thrust on restructuring of accounts that are intrinsically viable, are the hallmarks of this approach.

A review of stressed assets is provided to the appropriate reviewing authority at specified intervals, who would then give necessary directions on the recommended action plan. Based on a detailed viability study, if the unit is found viable, it is put on a rehabilitation package.

NPA Management

The Bank is committed to efficiently managing and reducing its NPAs and has implemented the following measures to manage and reduce its NPA ratio:

- Initiating recovery action on slippage of accounts, including taking non-legal recovery actions or initiating legal action.
- Conducting recovery meetings at regional and Circle levels to arrive at settlements which are both cost effective and mutually beneficial. Recovery meetings involve inviting defaulting borrowers to the Bank in order to negotiate and reach mutually agreeable settlement proposals.
- Compromise settlements through Lok Adalats, ("people's courts"), established by the Government to facilitate the efficient settlement of disputes by way of mutual agreement. While only claims not exceeding ₹ 10 crores can be brought to a permanent Lok Adalat and any amount to Lokadalat of DRT given that the Lok Adalats do not charge any fees and their decisions are binding on the parties, it is often quicker to resolve disputes through a Lok Adalat than through regular courts. In light of this, the Bank strives to recover NPAs through the Lok Adalats as much as practicable.
- Reporting of wilful defaulters with overdue amounts equal to ₹ 0.25 crores and above to the RBI. The RBI then consolidates the data of such wilful defaulters and disseminates this information amongst banks for their use. While the Bank does not rehabilitate or restructure NPAs of a wilful defaulter, it enters into an acceptable mutual settlement with such a borrower.

- e) Close monitoring of “compromise settled accounts” for recovery in accordance with the terms of settlement. By maintaining open dialogue with borrowers of the compromise settled accounts, the Bank seeks to recover its NPAs within specified periods and with minimum costs.
- f) Aggressively pursuing and achieving substantial progress in respect of measures allowed to be implemented by the Bank under the SARFAESI Act (as further explained below).
- g) Monitoring the recovery of overdue amounts under any account by law officers subject to a court ruling. The role of such law officers is to liaise with the advocate, branch and debtor and the Debt Recovery Tribunal (DRT) during the relevant debt recovery action, and to take timely action.
- h) Strict adherence to rehabilitation packages under the CDR (for both normal and SME accounts) and monitoring the accounts closely for early recovery.

See “Risk Factors — Risks Relating to our Business — An increase in our portfolio of NPAs or provisioning requirements required under applicable RBI regulations could adversely affect our business, financial condition and results of operations.”

Interest Coverage Ratio

The following table sets forth information with respect to the Bank’s interest coverage ratio for the periods indicated. This ratio, however, is typically used to measure the debt-servicing ability of a corporate and is not relevant to a banking company.

Particulars	As at March 31,		
	2018	2019	2020
	(₹ crores, except percentages)		
(i) Net profit	(12,282.82)	(9,975.49)	336.19
(ii) Depreciation on the Bank’s property	576.17	578.02	607.68
(iii) Interest expended	33,073.36	34,153.94	36,362.24
(iv) Total (i) + (ii) + (iii)	21,366.71	24,756.47	37,306.12
Interest coverage ratio (iv) / (iii)	64.61%	72.48%	102.60%

Particulars	As at September 30,	
	2019	2020*
	(₹ crores, except percentages)	
(i) Net profit	1,525.68	929.26
(ii) Depreciation on the Bank’s property	310.99	517.94
(iii) Interest expended	17,973.16	26,409.12
(iv) Total (i) + (ii) + (iii)	19,809.83	27,856.33
Interest coverage ratio (iv) / (iii)	110.22%	105.48%

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Capital Adequacy

The following table sets forth, for the periods indicated, the Bank’s capital adequacy ratios computed as per applicable RBI guidelines.

Particulars	As at March 31,		
	2018	2019	2020
	(₹ crores, except percentages)		
Common Equity Tier -1 (CET-1)	26,970.99	25,106.71	44,115.75
Additional tier I capital	5,296.12	5,202.20	4,992.21
Tier I capital	32,267.11	30,308.91	49,107.96
Tier II capital	9,413.34	9,056.75	9,225.61
Total capital	41,680.45	39,365.66	58,333.57

Particulars	As at March 31,		
	2018	2019	2020
	(₹ crores, except percentages)		
Risk weighted assets	453,069.61	404,621.56	412,627.86
CET I ratio (%)	5.95	6.20	10.69
Tier I capital ratio	7.12	7.49	11.90
Tier II capital ratio	2.08	2.24	2.24
Total capital adequacy ratio	9.20	9.73	14.14

Notes:

Capital Adequacy ratios have been calculated in accordance with RBI Guidelines (Basel-III Capital Regulations, generally referred to as Basel-III). See the section "Regulation and Policies" on page 246.

Particulars	As of June 30, 2020*	As at September 30,	
		2019	2020*
	(₹ crores, except percentages)		
Common Equity Tier -1 (CET-1)	58,696.80	44,649.58	59,166.44
Additional tier I capital	5,048.21	5,052.20	4,941.09
Tier I capital	63,745.01	49,701.78	64,107.53
Tier II capital	14,780.82	7,723.57	15,624.69
Total capital	78,525.83	57,425.35	79,732.22
Risk weighted assets	621,981.09	408,064.51	620,754.35
CET I ratio (%)	9.44	10.94	9.53
Tier I capital ratio	10.25	12.18	10.33
Tier II capital ratio	2.38	1.89	2.51
Total capital adequacy ratio	12.63	14.07	12.84

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the three months ended June 30, 2020, and six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the three months ended June 30, 2020, and the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Notes:

Capital Adequacy ratios have been calculated in accordance with RBI Guidelines (Basel-III Capital Regulations, generally referred to as Basel-III). See the section "Regulation and Policies" on page 246.

The following table sets forth, for the periods indicated, our risk weighted assets (RWA) pertaining to credit risk, market risk and operational risk computed as per applicable the RBI guidelines:

Particulars	As at March 31,		
	2018	2019	2020
	(₹ crores, except percentages)		
Credit risk RWA	369,936.74	331,928.78	334,834.88
Market risk RWA	44,340.81	34,382.42	37,771.03
Operational risk RWA	38,792.06	38,310.36	40,021.95
Total risk weighted assets	453,069.61	404,621.56	412,627.86

Particulars	As at September 30,	
	2019	2020*
	(₹ crores, except percentages)	
Credit risk RWA	329,747.01	499,013.51
Market risk RWA	38,295.55	56,187.72
Operational risk RWA	40,021.95	65,553.12
Total risk weighted assets	408,064.51	620,754.35

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Productivity Ratios

	Three Months ended			
	September 30, 2019	March 31, 2020	June 30, 2020*	September 30, 2020*
	(₹ crores)			
Business [#] per employee	17.45	18.93	18.31	18.55
Business [#] per branch	160.44	168.98	160.68	160.03

Business comprises advances and deposits (excluding inter-bank deposits)

**The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the three months ended June 30, 2020, and six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the three months ended June 30, 2020, and the six months ended September 30, 2020 are not comparable with our financial statements/financial results for periods prior to the Amalgamation.*

INDUSTRY OVERVIEW

The information in this section includes extracts from publicly available documents from various sources, including officially prepared materials from the Government of India (the “GoI”) and its various ministries, the Reserve Bank of India and Ministry of Statistics and Programme Implementation, and has not been prepared or independently verified by our Bank, the Book Running Lead Manager or any of their affiliates or advisers. The data may have been re-classified by us for the purposes of presentation. Wherever we have relied on figures published by the RBI, unless stated otherwise, we have relied on, amongst others, the RBI’s Annual Reports, Monetary Policy Report of RBI, Survey of Professional Forecasters on Macroeconomic Indicators of RBI, Macroeconomic Report of RBI and Department of Economic Affairs, RBI’s Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks, RBI’s Financial Stability Reports, and various press releases and notifications published by the RBI. The accuracy and completeness of the industry sources and publications referred to by us, and the underlying assumptions on which such sources and publications are based, are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Further, statements in this section that are not statements of historical fact constitute “forward-looking statements”. Such forward-looking statements are subject to various risks, assumptions and uncertainties and certain factors could cause actual results or outcomes to materially differ. Accordingly, investors should not place undue reliance on or base their investment decision on this information.

Macroeconomic Outlook

The COVID-19 pandemic has fundamentally altered the setting and conduct of monetary policy across the world. The global economy plunged into its deepest contraction in living memory in April-June 2020 as COVID-19 took its toll. Downside risks from a delayed vaccine, persistence of supply bottlenecks, volatile international financial markets and high food inflation acquiring a structural character are clear and present dangers to the macroeconomic outlook. Global public debt is projected by the International Monetary Fund at over 100% of gross domestic product (“GDP”) in 2020. (Source: Reserve Bank of India, Monetary Policy Report – October 2020)

The global growth is projected at –4.4% in 2020, having grown from an estimated 2.9% in 2019. This projection has been revised from the June 2020 World Economic Outlook Update of the International Monetary Fund. The revision reflects better than anticipated second quarter GDP outturns, mostly in advanced economies, where activity began to improve sooner than expected after lockdowns were scaled back in May and June, as well as indicators of a stronger recovery in the third quarter. Global growth is projected at 5.2% in 2021, a little lower than in the June 2020 World Economic Outlook Update of the International Monetary Fund, reflecting the more moderate downturn projected for 2020 and consistent with expectations of persistent social distancing. Following the contraction in 2020 and recovery in 2021, the level of global GDP in 2021 is expected to be a modest 0.6% above that of 2019. The growth projections imply wide negative output gaps and elevated unemployment rates this year and in 2021 across both advanced and emerging market economies. (Source: International Monetary Fund, World Economic Outlook – A Long and Difficult Ascent, October 2020)

Indian Economy

The Indian economy is one of the leading economies in the world with a gross domestic product (“GDP”) at current prices estimated to attain ₹ 203.40 trillion for Fiscal 2020, (Source: Ministry of Statistics and Programme Implementation (“MOSPI”), Press note May 29, 2020), and ₹ 38.08 trillion for the first quarter of Fiscal 2021 (Source: Ministry of Statistics and Programme Implementation (“MOSPI”), Press note August 31, 2020). India became the fifth largest economy in the world, surpassing the UK and France. (Source: Worldbank GDP Ranking 2019).

Prior to the onset of COVID-19, according to the RBI, reviving consumption demand and private investment had assumed the highest priority heading into Fiscal 2020. This involved strengthening the banking and non-banking sectors, a significant push for spending on infrastructure and implementation of much needed structural reforms in the areas of labour laws, taxation, and other legal reforms, to also enhance ease of doing business. (Source: RBI, Monetary Policy Report, April 2020.) India’s inflation dynamics were favourable over the last three years. The consumer price index (“CPI”) inflation fell from 3.6% in Fiscal 2018 to 3.4% in Fiscal 2019, and increased to 4.8% in Fiscal 2020. (Source: RBI, Handbook of Statistics on the Indian Economy, 2019-2020) The increase in Fiscal 2020 was largely driven by movement in food inflation. The MOSPI published CPI (general) for the month

of September 2020 which stood at 7.27% (rural and urban combined) (Source: RBI, *Handbook of Statistics on the Indian Economy, 2019-20, Ministry of Statistics and Programme Implementation ("MOSPI")*, Press Release on Consumer Price Index 12th November 2020). RBI in its Survey of Professional Forecasters have assigned the highest probability to CPI inflation in the range of 6.5% to 6.9% for the second quarter of Fiscal 2021; further moderating to 4.5% to 4.9% for the third quarter of Fiscal 2021, 4.0% to 4.4% for the fourth quarter of Fiscal 2021, and 3.5% to 4.4% for the first quarter of Fiscal 2022 (Source: RBI, *Survey of Professional Forecasters on Macroeconomic Indicators– Results of the 66th Round, October 9, 2020*).

GDP at constant (2011-12) prices in the first quarter of Fiscal 2021 is estimated at ₹26.90 lakh crore, as against ₹35.35 lakh crore in the first quarter of Fiscal 2020, showing a contraction of 23.9% as compared to 5.2% growth in the first quarter of Fiscal 2020. Quarterly GVA at basic price at constant (2011-12) prices for the first quarter of Fiscal 2021 is estimated at ₹25.53 lakh crore, as against ₹33.08 lakh crore in the first quarter of Fiscal 2020, showing a contraction of 22.8%. GDP at current prices in the first quarter of Fiscal 2021 is estimated at ₹ 38.08 lakh crore, as against ₹ 49.18 lakh crore in the first quarter of Fiscal 2020, showing a contraction of 22.6% as compared to 8.1% growth in the first quarter of Fiscal 2020. GVA at basic price at current prices in the first quarter of Fiscal 2021, is estimated at ₹35.66 lakh crore, as against ₹44.89 lakh crore in the first quarter of Fiscal 2020, showing a contraction of 20.6%. (Source: *Press Note on Estimates of Gross Domestic Product for the First Quarter (April – June) of 2020-21, National Statistical Office, Ministry of Statistics & Programme Implementation, Government of India dated August 31, 2020*) The Quick Estimates of Index of Industrial Production with base 2011-12 for the month of September 2020 was at 123.2, as compared to 116.1 and 117.6 for August 2020 and July 2020, respectively. (Source: *Quick Estimates of Index of Industrial Production and Use-Based Index for the Month of September, 2020, National Statistical Office, Ministry of Statistics & Programme Implementation, Government of India dated November 12, 2020*) Fiscal deficit was ₹ 649,418 crore (actuals) in Fiscal 2019, and based on revised estimates was ₹ 766,846 crore in Fiscal 2020. Based on budget estimates, fiscal deficit is expected to be ₹ 796,337 crore in Fiscal 2021. Divestment receipts amounted to ₹ 94,727 crore (actuals) in Fiscal 2019, and based on revised estimates was ₹ 65,000 crore in Fiscal 2020. Based on budget estimates, divestment receipts is expected to be ₹ 210,000 crore in Fiscal 2021. (Source: *Union Budget 2020-21, Budget at a Glance*).

In India, with the second highest caseload in the world, the highest daily infections, the severest lockdown in the world during April-May, and re-clamping of containment measures and localized lockdowns thereafter as infections surged into the interior, real GDP fell by a record 23.9% year-on-year in the first quarter of Fiscal 2021 (April-June 2020). Private consumption and investment slumped precipitously, only partly supported by government spending. On the supply side, industry as well as services sectors recorded deep contractions, and only agriculture exhibited resilience. Meanwhile, supply bottlenecks exacerbated by social distancing and higher taxes pushed up inflation sharply, with pressures evident in prices of both food and non-food items. At 6.7% in August, consumer price index inflation was ruling above the upper tolerance band of the inflation target, posing testing challenges for the conduct of monetary policy, going forward. (Source: *Reserve Bank of India, Monetary Policy Report – October 2020*)

The agricultural sector remains an optimistic spot, supported by a normal monsoon, robust kharif sowing and adequate reservoir levels. The Pradhan Mantri Garib Kalyan Rojgar Yojana and increased wages under the Mahatma Gandhi National Rural Employment Guarantee Act ("MGNREGA") are also supporting rural demand. On the other hand, urban demand remains weak. Indicators relating to industry and services present a mixed picture. (Source: *Reserve Bank of India, Monetary Policy Report – October 2020*)

Assessment

Domestic financial conditions have eased substantially, with systemic liquidity remaining in large surplus. Reserve money increased by 13.5% on a year-on-year basis, driven by an increase in currency demand (21.5%). Growth in money supply, however, was contained at 12.2% as on September 25, 2020. Banks' non-food credit growth remains subdued. India's foreign exchange reserves stood at US\$ 545.6 billion on October 2, 2020. (Source: *Minutes of the Monetary Policy Committee Meeting October 7 to 9, 2020, RBI press release dated October 23, 2020*)

Growth Outlook

In relation to the growth outlook, the recovery in the rural economy is expected to strengthen further, while the turnaround in urban demand is likely to be lagged in view of social distancing norms and the elevated number of COVID-19 infections. While the contact-intensive services sector will take time to regain pre-COVID levels,

manufacturing firms expect capacity utilization to recover in the third quarter of Fiscal 2021 and activity to gain some traction from fourth quarter of Fiscal 2021. Both private investment and exports are likely to be subdued, especially as external demand is still anemic. Taking into consideration the above factors and the uncertain COVID-19 trajectory, real GDP growth in 2020-21 is expected to be at -9.5%, with risks tilted to the downside: -9.8% in the second quarter of Fiscal 2021; -5.6% in the third quarter of Fiscal 2021; and 0.5% in the fourth quarter of Fiscal 2021. Real GDP growth for quarter of Fiscal 2022 is placed at 20.6%. (*Source: Minutes of the Monetary Policy Committee Meeting October 7 to 9, 2020, RBI press release dated October 23, 2020*)

Impact of COVID-19

The number of confirmed cases of COVID-19 globally exceeds 4.6 crore with more than 12 lakh deaths. (*Source: Monthly Economic Review, October 2020, Economic Division, Department of Economic Affairs, Government of India*). The months of October 2020 and November 2020 have been of economic uncertainty with global composite PMI and goods trade activity showing a tepid increase. Energy and metal prices around the world have moved in different directions further adding to the uncertainty. In general, global inflation has softened in advanced economies while increasing further in emerging market economies reflecting a relatively larger impact of supply-side disruptions on economically more challenged countries in the world. High optimism among investors however continues unabated as seen in equity markets the world over. With further weakening of the US dollar in November, prospects of growth in rest of the world have become stronger. (*Source: Monthly Economic Review, November 2020, Economic Division, Department of Economic Affairs, Government of India*)

Overall increase in rabi coverage with adequately filled irrigation reservoirs is expected to enable growth of agricultural output in Fiscal 2021. The sustained demand for labour arising from increase in rabi sowing has also contributed to growth in rural wages additionally aided by increase in wages and employment generation under MGNREGS. The additional allocation of ₹ 10,000 crore in the latest package for Pradhan Mantri Garib Kalyan Rozgar Yojana is likely to further improve job creation in the rural sector and supplement rural incomes. Increase in minimum support prices for both kharif and rabi crops in Fiscal 2021 and progress in rice procurement, have already been supplementing rural income in the country. Higher incomes, among others have led to increase in sales of passenger vehicles, two and three wheelers and tractors by a good year-on-year margin in October 2020. (*Source: Monthly Economic Review, November 2020, Economic Division, Department of Economic Affairs, Government of India*).

The index of eight core industries contracted slightly more in October 2020 than in the previous month due to a large contraction in production of petroleum refinery products. This has also led to a contraction of petroleum exports. Manufacturing PMI moderated to 56.3 in November 2020 against the decade high level of 58.9 in October 2020. With PMI Services index also ending the seven-month sequence of contraction to rise to 54.1 in October 2020, growth of output in the second half of Fiscal 2021 is expected to replicate the performance of the second quarter. Foreign Direct Investment (FDI) continues to endorse India's status as a preferred investment destination among global investors as FDI inflow has risen to more than 10% year-on-year to amount to US\$ 40 billion in the first six months of Fiscal 2021. FPI inflows also reflect the same sentiment reaching a historic high of US\$ 8.5 billion in November 2020. Consequently, and on the back of continued contraction in imports, forex reserves continue to grow to reach US\$ 575 billion on November 20, 2020, extending import coverage to now more than 16 months. The accumulation of reserves has strengthened the rupee in the range of 73.8-74.7 INR/US\$ in November 2020 with the RBI guiding it to its market-determined level. The investment of reserves continues to be guided by concerns of safety, liquidity and returns in that order, as per the Reserve Management Policy of RBI. (*Source: Monthly Economic Review, November 2020, Economic Division, Department of Economic Affairs, Government of India*).

As on November 20, 2020, the Central Government gross market borrowing for Fiscal 2021 has reached ₹ 9.05 lakh crore, while State Governments have raised ₹ 4.73 crore. While centre's borrowings is 68% higher than the amount raised in the corresponding period of the previous year, state governments have seen a step up of 50%. During almost nine months of pandemic depressed growth and revenues, a significant scale up of borrowings is an indication of the government's commitment to provide sustained fiscal stimulus through maintaining high public expenditure levels in the economy. The downside risk, however, remains the spread of a second wave of COVID-19. However, the steep decline experienced in April 2020 – June 2020 may not resurface with significant progress in vaccines and contact intensive sectors increasingly adapting to a virtual normal. (*Source: Monthly Economic Review, November 2020, Economic Division, Department of Economic Affairs, Government of India*).

On March 27, 2020, the RBI permitted all commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all India financial institutions, and NBFCs (including housing finance

companies and microfinance institutions) (referred to hereafter as “lending institutions”) to allow a moratorium of three months on payment of instalments in respect of all term loans outstanding as on March 1, 2020. In view of the extension of the lockdown and continuing disruptions on account of COVID-19, it was decided to permit lending institutions to extend the moratorium on term loan instalments by another three months, i.e., from June 1, 2020 to August 31, 2020. Accordingly, the repayment schedule and all subsequent due dates, as also the tenor for such loans, was shifted across the board by another three months. (Source: RBI Press Release dated May 22, 2020)

RBI in its Survey of Professional Forecasters have estimated the real gross domestic product is likely to contract by 9.1% in 2020-21, however, it is expected to recover next year, when it is expected to grow by 8.2%. RBI acknowledges that there are downside risks to this assessment, which are contingent upon the containment of the pandemic and quick phasing out of social distancing/ lockdown. (Source: RBI, Survey of Professional Forecasters on Macroeconomic Indicators– Results of the 66th Round, October 9, 2020).

Government of India executed a strategy wherein it imposed lock-down to allow states to ramp-up their health and testing infrastructure while implementing “Pradhan Mantri Garib Kalyan Yojana” to provide immediate cash support to the needy. More than 420 million poor people have so far received financial assistance of ₹654.54 billion under the scheme. Procurement of wheat increased touching an all-time record figure of 388.3 Lakh Metric Tonnes (LMT) on June 29, 2020. Minimum Support Price (MSP) of ₹735 billion was paid, benefiting 4.2 million farmers. The focus has been to support the economy in the pandemic situation. Accordingly, in May, 2020, the Government adding to its past measures and that of RBI, announced a consolidated stimulus package of ₹ 20 trillion. The stimulus package was pivoted on “Atma Nirbhar Bharat”, wherein MSMEs received a huge financial package in terms of collateral free debt, guarantee for subordinate debt through Funds-of-Funds and interest subvention scheme. In addition, “Pradhan Mantri Garib Kalyan Rojgar Abhiyaan”, a rural infrastructure and employment generation scheme was launched for the benefit of returnee migrants. The stimulus package is a set of reforms providing continuity to the initiative that commenced in 2014. It has accelerated the reforms at a time when the pandemic has constrained the fiscal envelope of the government and dampened the inclination of the people to spend, in view of economic uncertainty. (Source: Macroeconomic Report, June 2020, Economic Division, Department of Economic Affairs, Government of India)

India’s fiscal space in the pandemic period has been characterized by additional spending directed towards ensuring basic means of sustenance and livelihoods for the vulnerable people, relief measures for MSME sector, accommodating additional health infrastructure and services to fight COVID-19 and measures to boost consumption demand. The fiscal space is also characterized by recent measures announced to lend to states for increasing capital expenditure, providing them assistance under State Disaster Response Fund (“SDRF”) and borrowing on their behalf to meet GST revenue shortfall. It is further characterized by a pandemic induced shortfall in revenue collection in the first half of the current year following interruption in economic activity. The consequent constriction of fiscal space is neither unique to India nor does it make the country’s public finances any more vulnerable than other nations. Given that there are indications of India’s GDP growth in the current year being higher than currently projected by various agencies, fiscal space is set to widen to accommodate other priorities of the government. This is evident in the GST collections crossing ₹ 1 lakh crore in October – first time since February. India stands poised to recover at a fast pace and reach pre-COVID levels by the end of the year - barring the incidence of a second wave that may be triggered by the fatigue with social distancing. The continuous improvement in forward looking RBI indices of consumption and business sentiment for the next year augurs hope of a strong economic rebound. This is also corroborated by IMF’s October 2020 projection of 8.8% real GDP growth of India in Fiscal 2021-22, highest globally. (Source: Monthly Economic Review, October 2020, Economic Division, Department of Economic Affairs, Government of India).

Indian Banking Authority

The Reserve Bank of India was established on April 1, 1935 in accordance with the provisions of the Reserve Bank of India Act, 1934. The Central Office of the Reserve Bank was initially established in Calcutta but was permanently moved to Mumbai in 1937. The Central Office is where the Governor sits and where policies are formulated, though originally privately owned, since nationalization in 1949, the Reserve Bank is fully owned by the Government of India. The Reserve Bank of India performs this function under the guidance of the Board for Financial Supervision (“BFS”). The Board was constituted in November 1994 as a committee of the Central Board of Directors of the Reserve Bank of India.

Impact of Liberalization on the Indian Financial Sector

Until 1991, the financial sector in India was heavily controlled and commercial banks and long-term lending institutions had mutually exclusive roles and objectives and operated in a largely stable environment, with little or no competition. Long-term lending institutions were focused on the achievement of the Government's various socioeconomic objectives, including balanced industrial growth and employment creation, especially in areas requiring development. Long-term lending institutions were extended access to long-term funds at subsidized rates through loans and equity from the Government and from funds guaranteed by the Government originating from commercial banks in India and foreign currency resources originating from multilateral and bilateral agencies. The focus of the commercial banks was primarily to mobilize household savings through demand and time deposits and to use these deposits to meet the short-term financial needs of borrowers in industry, trade and agriculture. In addition, the commercial banks provided a range of banking services to individuals and business entities.

However, since 1991, there have been comprehensive changes in the Indian financial system. Various financial sector reforms have transformed the operating environment of the banks and long-term lending institutions. In particular, the deregulation of interest rates, emergence of a liberalized domestic capital market, and entry of new private sector banks, along with the broadening of long-term lending institutions' product portfolios, have progressively intensified the competition between banks and long-term lending institutions. The RBI has permitted the transformation of long-term lending institutions into banks subject to compliance with the prudential standards applicable to banks (*Source: RBI Circular on Approach to Universal Banking dated April 28, 2001* <http://www.rbi.org.in/scripts/NotificationUser.aspx?Mode=0&Id=368#anx1>).

Introduction to Indian financial sector

The RBI, the central banking and monetary authority of India, is the central regulatory and supervisory authority for the Indian financial system. A variety of financial intermediaries in the public and private sectors participate in India's financial sector, including (i) commercial banks, comprising: private sector banks, regional rural banks, public sector banks, foreign banks, co-operative banks, small finance banks and payment banks; (ii) long-term lending institutions; (iii) non-banking financial companies, including housing finance companies; (iv) other specialized financial institutions, and state-level financial institutions; (v) insurance companies; (vi) micro-finance companies; and (vii) mutual funds.

Set forth below are the details of financial intermediaries in the public and private sectors participate in India's financial sector:

Commercial Banks

Commercial banks in India have traditionally focused on meeting the short-term financial needs of industry, trade and agriculture. In recent years the commercial banks have also focused on increasing long-term financing to sectors like infrastructure. Department of Banking Supervision ("DBS") supervises all SCBs (excluding RRBs), local area banks (LABs), payment banks, small finance banks and AIFIs within the existing legal and regulatory framework, based on supervisory inputs received through off – site monitoring and on – site inspections. During 2016-17, all SCBs operating in India (excluding RRBs and LABs) were brought under risk based supervision – Supervisory Programme for Assessment of Risk and Capital ("SPARC"). The Reserve Bank also started the process of developing a suitable framework for supervising payment Banks and Small Finance Banks. The inter-regulatory forum for monitoring financial conglomerates (IRF – FC) identified a revised set of 11 FCs in the Indian financial sector including five bank led FCs, four insurance company led FCs and two securities company led FCs, based on their significant presence in two or more segments of the financial sector (*Source: RBI data at* <https://www.rbi.org.in/Scripts/PublicationsView.aspx?id=18059>) As of September 2020, there were 132 scheduled commercial banks in India with a network of 150,152 reporting offices (*Source: RBI's Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks (June 30, 2017 to September 30, 2020, dated November 25, 2020)*

Public Sector Banks

Public sector banks ("PSBs") are scheduled commercial banks with a significant government shareholding and constitute the largest category in the Indian banking system. These include the 12 nationalised banks, as of April 2020, taking into account the amalgamation of certain PSBs in March 2020 (*Source: RBI, List of SCBs, April 13, 2020*). As of September 2020, the aggregate deposits for all public sector banks had registered an annual growth rate of 10.3% while the bank credit for all public sector banks had registered an annual growth rate of 5.7%. (*Source: RBI's Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks (June 30, 2017 to*

September 30, 2020, dated November 25, 2020)).

In 2017, the State Bank of India announced a merger with five of its erstwhile associate banks, and an erstwhile government owned non-affiliate bank, which was effective from April 1, 2017. In September 2018, the Government announced the amalgamation of three public sector banks, Bank of Baroda, Vijaya Bank and Dena Bank. The merger was effective from April 1, 2019. In addition, in Fiscal 2019, the ownership of a public sector bank, IDBI Bank, was acquired by LIC, following which IDBI Bank was reclassified as a private sector bank by the RBI. In Fiscal 2020, the Government announced several additional mergers of public banks: Canara Bank's merger with Syndicate Bank; United Bank of India's merger with Oriental Bank of Commerce and Punjab National Bank; Andhra Bank's merger with Corporation Bank and Union Bank of India; and Allahabad Bank's merger with Indian Bank which have now completed. Following these mergers, the number of public sector banks is 12, down from 27 in Fiscal 2017.

Private Sector Banks

Most large banks in India were nationalized in 1969, resulting in public sector banks making up the largest portion of Indian banking. The Government's focus on public sector banks was maintained throughout the 1970s and 1980s. In addition, existing private sector banks that showed signs of an eventual default were merged with state-owned banks. In July 1993, as part of the banking reform process and as a measure to induce competition in the banking sector, the RBI permitted entry of the private sector into the banking system. This resulted in the introduction of private sector banks. As of April, 2020, there were a total of 22 private banks (including IDBI). (Source: RBI, *List of SCBs*, April 13, 2020) As of September 2020, the aggregate deposits for all private sector banks had registered an annual growth rate of 10.6% while the bank credit for all private sector banks had registered an annual growth rate of 6.9%. (Source: RBI's *Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks* (June 30, 2017 to September 30, 2020, dated November 25, 2020)).

Foreign Banks

According to RBI, there were 46 foreign banks operating in India, as of May 31, 2020. (Source: RBI. Available at <https://www.rbi.org.in>) As of September 2020, the aggregate deposits for all foreign banks had registered an annual growth rate of 21.2% while the bank credit for all foreign banks had registered an annual growth rate of (7.1)%. (Source: RBI's *Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks* (June 30, 2017 to September 30, 2020, dated November 25, 2020)). Foreign banks may operate in India by establishing wholly owned subsidiaries, which are allowed to raise rupee resources through issue of non-equity capital instruments. In addition, wholly owned subsidiaries of foreign banks may be allowed to open branches in Tier 1 to Tier 6 centers except at specified locations considered sensitive for national security reasons. Establishment of a subsidiary would require approval of the RBI which would be subject to various factors including economic and political relations with the country of incorporation of the parent bank and reciprocity with the home country of the parent bank. The regulatory framework for a subsidiary of a foreign bank would be substantially similar to that applicable to domestic banks, including with respect to management, directed lending, investments and branch expansion. Wholly-owned subsidiaries of foreign banks may, after further review, be permitted to enter into merger and acquisition transactions with Indian private sector banks, subject to adherence to the foreign ownership limit of 49% under automatic route and 74% under the government approval route that is currently applicable to Indian private sector banks. (Source: RBI- *Scheme for Setting up of Wholly Owned Subsidiaries (WOS) by foreign banks in India and Consolidated FDI Policy notified by the DPIIT under DPIIT File Number 5(2)/2020- FDI Policy dated the October 15, 2020, effective from October 15, 2020*)

Co – operative Banks

The Reserve Bank continues to play a key role in strengthening the cooperative banking sector by fortifying the regulatory and supervisory framework. The primary responsibility of the Department of Cooperative Bank Supervision ("DCBS") is supervising UCBs and ensuring the development of a safe and well-managed cooperative banking sector. The Banking Regulation (Amendment) and Miscellaneous Provisions Act, 2004, which came into effect on September 24, 2004, specifies that all multistate cooperative banks are under the supervision and regulation of the RBI. Accordingly, the RBI is currently responsible for the supervision and regulation of urban cooperative societies, state cooperative banks, and district central cooperative banks. The wide network of cooperative banks, both rural and urban, supplements the commercial banking network for deepening financial intermediation by bringing a large number of depositors/borrowers under the formal banking network

The DCBS is entrusted with the supervisory responsibility of primary (urban) cooperative banks ("UCBs") to

ensure a safe and well managed cooperative banking sector. The department undertakes supervision of these banks on an ongoing basis through periodic on-site inspections and continuous off-site monitoring. In this context, Department of Co-operative Banking Regulation, in charge of prudential regulations of cooperative banks, took the following initiatives:

- UCBs were permitted to undertake eligible transactions for acquisition/sale of non-SLR investment in secondary market with mutual funds, pension/provident funds and insurance companies, in addition to undertaking transactions with commercial banks and primary dealers, subject to adherence to the instructions issued by the
- UCBs having liquidity stress were permitted to sell securities from Held-to-Maturity (HTM) portfolio.
- Guidelines were issued for allowing voluntary transition of UCBs to SFBs provided UCBs satisfy criteria such as – a minimum net worth of ₹50 crore, maintaining 9% CRAR as well as other eligibility conditions.
- Guidelines on spreading of MTM losses and creation of Investment Fluctuation Reserve (IFR) were issued (Source: RBI Annual Report 2018-19)

According to RBI, there are 23 scheduled state co-operative banks, 10 non-scheduled state co-operative banks, 53 scheduled urban co-operative banks and 1,485 non-scheduled urban co-operative banks. (Source: RBI. Available at <https://www.rbi.org.in>)

Non – Banking Financial Companies

NBFCs complement banks in extending credit in the economy and they are a vital cog in the wheel for extending last mile credit needs. There were 9,601 NBFCs registered with the RBI as on March 31, 2020, of which 66 were deposit accepting (NBFCs-D) and 278 were systemically important non-deposit accepting NBFCs (NBFCs-ND-SI). (Source: RBI – Financial Stability Report Issue No. 21, July 2020).

The NBFC sector, non-traditional and digital players are entering this space to deliver financial services by way of innovative methods involving digital platforms. The goal of the Reserve Bank is to strengthen the sector, maintain stability and reduce the scope for regulatory arbitrage. An optimal level of regulation and supervision is sought to be achieved so that the NBFC sector is financially resilient and robust, catering to financial needs of a wide variety of customers and niche sectors, and providing complementarity and competition to banks. The NBFC sector largely depends on market and bank borrowings, thereby creating a web of inter-linkages with banks and financial markets. As Housing Finance Companies (“HFCs”) now fall under the regulatory purview of the Reserve Bank, the process of harmonizing regulations for HFCs with those applicable for NBFCs assumes priority. A robust liquidity risk management framework is in place for NBFCs and should, in time, apply to HFCs as well, with the objective of ensuring proper governance and risk management structures, including functionally independent chief risk officer (CRO) with clearly specified role and responsibilities. Due recognition of the systemic importance of NBFCs/HFCs and their inter-linkages with the financial system and ensuring higher credit flow by appropriately modulating exposure limits, enabling commercial bank lending to NBFCs and co-financing, and fostering active engagement with stakeholders are the hallmarks of the evolving engagement with the sector. (Source: RBI Annual Report 2019-20)

The GNPA ratio if the NBFC sector declined during successive quarters till December 2019, however, increased in the March 2020 quarter. GNPA ratios of NBFCs in the September 2019 quarter, December 2019 quarter and March 2020 quarter, was 5.6%, 5.9% and 6.4%, respectively. The net NPA ratio was marginally lower in March 2020 quarter than the previous year, and was 2.9%, 3.1% and 3.2%, in the September 2019 quarter, December 2019 quarter and March 2020 quarter, respectively. The CRAR of the sector was 19.6% in March 2020, which was lower than the CRAR of 20.1% recorded in March 2019. (Source: RBI – Financial Stability Report Issue No. 21, July 2020)

Housing Finance Companies

The National Housing Bank (“NHB”) was set up on July 9, 1988, under the National Housing Bank Act, 1987, as an apex institution for housing finance. The primary function of NHB is to register, regulate and supervise HFCs. In addition, NHB provides refinance to HFCs, SCBs, RRBs and cooperative credit institutions for housing loans and also undertakes direct lending (project finance) to borrowers in the public and private sectors. Over the years, NHB’s focus has been on providing financial support to housing programmes for unserved and underserved segments of the population. Additionally, NHB manages the Credit Risk Guarantee Fund Trust for Low Income Housing. The entire capital of NHB amounting to ₹14.5 billion was divested by the Reserve Bank on March 19, 2019 to the Government of India. (Source: RBI Annual Report 2018-19)

Regional Rural Banks

Regional Rural Banks (“RRBs”) were formed under the RRB Act, 1976 with a view to developing the rural economy by providing, for the purpose of development of agriculture, trade, commerce, industry and other productive activities in the rural areas, credit and other facilities, particularly to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs, and for matters connected therewith and incidental thereto. In the union budget of 2019-20, ₹235 crores were allocated for recapitalisation of RRBs to enable them to comply with regulatory requirements and to empower them to channelise a larger volume of resources for financial inclusion. Presently the number of RRBs has come down to 43 as at August 30, 2020. (Source: *The Regional Rural Banks Act, 1976* and <https://www.rbi.org.in/scripts/AboutUsDisplay.aspx?pg=RegionalRuralBanks.htm>)

As of September 2020, the aggregate deposits for all RRBs had registered an annual growth rate of 12.1% while the bank credit for all RRBs had registered an annual growth rate of 8.3%. (Source: *RBI’s Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks (June 30, 2017 to September 30, 2020, dated November 25, 2020)*).

Long-Term Lending Institutions

The long-term lending institutions were established to provide medium-term and long-term financial assistance to various industries for setting up new projects and for the expansion and modernization of existing facilities. These institutions provided fund-based and non-fund-based assistance to industry in the form of loans, underwriting and direct subscription to shares, debentures and guarantees.

The long-term lending institutions were expected to play a critical role in Indian industrial growth and, accordingly, had access to concessional government funding. However, in recent years, the operating environment of the long-term lending institutions has changed substantially. Although the initial role of these institutions was largely limited to providing a channel for government funding to industry, the reform process required such institutions to expand the scope of their business activities, including into, fee-based activities like investment banking and advisory services and short-term lending activities including corporate finance and working capital loans.

Pursuant to the recommendations of the Narasimham Committee II and the Khan Working Group in 1998, a working group was created in 1999 to harmonize the role and operations of long-term lending institutions and banks. The RBI, in its mid-term review of monetary and credit policy for fiscal 2000, announced that long-term lending institutions would have the option of transforming themselves into banks subject to compliance with the prudential norms applicable to banks. In April 2001, the RBI issued guidelines on several operational and regulatory issues which were required to be addressed in evolving a path for conversion of a long-term lending institution into a universal bank.

Small Finance Banks

The objective of small finance banks is to further financial inclusion by (a) provision of savings vehicles, and (ii) supply of credit to small business units; small and marginal farmers; micro and small industries; and other unorganized sector entities, through high technology-low cost operations. The RBI granted in-principle approvals to 10 Small Finance Banks in September 2015 pursuant to which all ten Small Finance Banks have started operations. (Source: *RBI- RBI grants “In-principle” Approval to 10 Applicants for Small Finance Banks. Available at <https://www.rbi.org.in>*)

As of September 2020, the aggregate deposits for all small finance banks had registered an annual growth rate of 41.3% while the bank credit for all small finance banks had registered an annual growth rate of 18.8%. (Source: *RBI’s Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks (June 30, 2017 to September 30, 2020, dated November 25, 2020)*).

Payment Banks

The RBI has liberalized the licensing regime for banks in India and intends to issue licenses on an ongoing basis, subject to meeting the criteria laid down by RBI. The RBI is supportive of creating more specialized banks and granting differentiated banking licenses such as for payment banks and small finance banks. The RBI also has plans to create wholesale and long-term finance banks in the near future. In November 2014, the RBI released

guidelines for licensing of payment banks and for licensing of small finance banks in the private sector. On August 19, 2015 the RBI granted in-principle approval to 11 applicants to set up payment banks. (Source: RBI Press Release dated August 19, 2015. Available at <https://www.rbi.org.in>)

Other Financial Institutions

Specialized Financial Institutions

In addition to the long-term lending institutions, there are various specialized financial institutions which cater to the specific needs of different sectors. These include NABARD, Export Import Bank of India, Small Industries Development Bank of India, Risk Capital and Technology Finance Corporation Limited, Tourism Finance Corporation of India Limited, National Housing Bank, Power Finance Corporation Limited, Infrastructure Development Finance Corporation Limited, Industrial Investment Bank of India, North Eastern Development Finance Corporation and India Infrastructure Finance Company.

State Level Financial Institutions

State financial corporations operate at the state level and form an integral part of the institutional financing system. State financial corporations were set up to finance and promote small medium enterprises (“SMEs”). The state financial institutions are expected to achieve balanced regional socio-economic growth by generating employment opportunities and widening the ownership base of industry. At the state level, there are also state industrial development corporations, which provide finance primarily to medium-sized and large enterprises.

Insurance Companies

The General Insurance Corporation of India, a re-insurance company, is in the public sector. The Life Insurance Corporation of India, the General Insurance Corporation of India and public sector general insurance companies also provide long-term financial assistance to the industrial sector.

The insurance sector in India is regulated by Insurance Regulatory Development Authority (“IRDA”). In December 1999, the Indian Parliament passed the IRDA Act, which amended the Insurance Act, 1938 and opened up the Indian insurance sector for foreign and private investors. The Insurance Act, 1938 was further amended by the Insurance Law (Amendment) Act, 2015 which raised permitted foreign equity participation in new insurance companies from 26.00% to 49.00%. Insurance companies are required to be Indian owned and controlled. Control includes the right to appoint majority of directors or control the management or policy decisions by the virtue of shareholding or management rights or shareholders agreements or voting agreements. Therefore, both the ownership and control are required to remain in Indian hands. Further, the amendment has permitted insurers to raise capital through instruments other than equity.

In its monetary and credit policy for fiscal 2001, the RBI issued guidelines governing the entry of banks and financial institutions into the insurance business. The guidelines permit banks and financial institutions to enter the business of insurance underwriting through joint ventures provided they meet stipulated criteria relating to their net worth, capital adequacy ratios, profitability track record, level of non-performing loans and the performance of their existing subsidiary companies.

Mutual Funds

The mutual funds industry was opened up to the private sector in 1993. The industry is regulated by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

In June 2009, SEBI removed the entry load, up-front charges deducted by mutual funds, for all mutual fund schemes and required that the up-front commission to distributors should be paid by the investor to the distributor directly. In November 2009, to enhance the reach and marketability of mutual fund schemes, SEBI permitted the use of stock exchange terminals to facilitate transactions in mutual fund schemes as a result of which mutual fund units can now be traded on recognized stock exchanges. In February 2010, the SEBI introduced guidelines for the valuation of money market and debt securities with a view to ensure that the value of money market and debt securities in the portfolio of mutual fund schemes reflect the current market value. The valuation guidelines were effective from August 1, 2010.

In the quarter ended September 2020, the aggregate average AUM for mutual funds (excluding fund of funds – domestic but including fund of funds – overseas) was ₹ 2,760,371.60 crore, and aggregate average AUM for mutual funds (domestic fund of funds) was ₹ 18,373.98 crore. Total number of schemes as of October 31, 2020

was 1,742. (Source: Association of Mutual Funds in India, AuM Data, available at <https://www.amfiindia.com/research-information/aum-data>)

Key Banking Industry Trends in India

The financial sector regulators have taken initiatives spanning monetary stimulus and regulatory reliefs to offset COVID-19's impact. Significant regulatory actions have been put in place to ease operational constraints due to the lockdown as also for maintaining market integrity and resilience in the face of severe risk aversion by market participants. Going forward, as the focus shifts from pandemic-proofing large sections of society to post-pandemic unwinding of stimulus and support packages in a calibrated manner, the challenge would be to establish normalcy without disrupting markets and the health of financial intermediaries. (Source: RBI – Financial Stability Report, July 2020)

Performance – Assets and Earnings

Credit growth (year-on-year) of SCBs, which had considerably weakened during the first half of Fiscal 2020, further decreased to 5.9% by March 2020 and remained muted up to early June 2020. This moderation was broad-based across all bank groups. Year-on-year deposit growth also moderated during the second half of 2019-20, mainly on account of private sector banks, although an increase has occurred in the early months of 2020-21, reflecting COVID-19 related precautionary savings behaviour. Commercial banks' earnings before provisions and taxes were supported by increases in other operating income and some moderation in the growth of operating expenses. Net interest income slowed down marginally, taking down net interest margins to the September 2019 level. Profitability ratios, viz., return on assets and return on equity declined in the second half of Fiscal 2019-20 across all bank groups. (Source: RBI – Financial Stability Report, July 2020)

Asset Quality and Capital Adequacy

The gross and net non-performing asset (“GNPA” and “NNPA”) ratios of all SCBs which had reached 9.3% and 3.7% in September 2019 have come down to 8.5% and 3.0% in March 2020. This is evident from the receding quarterly slippage ratios (calculated as new accretion to NPAs in the quarter as a ratio to the standard advances at the beginning of the quarter) across all bank groups. As a result, the PCR of SCBs improved to 65.4% in March 2020 from 61.6% in September 2019. NPA provisions have been decelerating for PSBs and foreign banks since March 2019. (Source: RBI – Financial Stability Report, July 2020)

The capital to risk-weighted assets ratio (“CRAR”) of SCBs declined down to 14.8% in March 2020, mainly due to reduction of CRARs of the PSBs. Their RoA continued to be negative as a group, notwithstanding tepid credit growth and moderate slippages. Among bank groups, private sector banks recorded a marginal rise in CRAR whereas the ratio weakened for PSBs and foreign banks. Tier I leverage ratio contracted in March 2020 for all bank groups. (Source: RBI – Financial Stability Report, July 2020)

Sectoral Asset Quality

Sectorally, the quality of bank loans to services sector deteriorated in March 2020. The GNPA ratio of the retail loan sector also increased. Among major sub-sectors within industry, GNPA ratios in respect of construction and gems and jewellery sectors increased up in March 2020. On the other hand, the infrastructure sector (with a share of 36.2% in bank credit to the industrial sector), basic metals (11.3%) and electricity (17.5%) have shown a traceable decline in GNPA ratios. This has implications for aggregate asset quality of the banking sector. (Source: RBI – Financial Stability Report, July 2020)

Resilience – Macro Stress Tests

Macro stress tests for credit risk indicate that the GNPA ratio of all SCBs may increase from 8.5% in March 2020 to 12.5% by March 2021 under the baseline scenario. If the macroeconomic environment deteriorates further, the ratio may escalate to 14.7% under very severe stress. Among the bank groups, PSBs' GNPA ratio of 11.3% in March 2020 may increase to 15.2% by March 2021 under the baseline scenario; the GNPA ratio of private sector banks and foreign banks may increase from 4.2% and 2.3% to 7.3% and 3.9%, respectively, over the same period. (Source: RBI – Financial Stability Report, July 2020)

Shift towards a Digital and Cashless Economy

The Government is taking steps to promote a cashless economy such as its flagship ‘Digital India’ program, which has a vision of transforming India into a digitally empowered society and knowledge economy. As part of promoting cashless transactions, various modes of digital payment are available, including debit cards, credit cards, mobile banking, point of sale, unified payment interface; and forex cards. For instance, volume of IMPS, NEFT and UPI transfers were 257.92 crore, 274.45 crore, and 1,251.86 crore, respectively, in Fiscal 2020, up from 175.29 crore, 231.89 crore and 539.15 crore, respectively, in Fiscal 2019. Value of IMPS, NEFT and UPI transfers were ₹ 23,375.41 crore, ₹ 229,455.80 crore and ₹ 21,317.30 crore, respectively, in Fiscal 2020, compared to ₹ 15,902.57 crore, ₹ 227,936.08 crore and ₹ 8,769.71 crore, respectively, in Fiscal 2019. (*Source: RBI Annual Report – 2019-20*)

Mergers and Consolidations

With the entry of foreign banks, competition in the Indian banking sector has intensified. Banks have increasingly looked to consolidations in an effort to derive greater benefits such as enhanced synergy, cost take-outs from economies of scale, organizational efficiency and diversification of risks. In one of the largest consolidations in the Indian banking industry, the SBI merged with its five associate banks and the Bharatiya Mahila Bank. The merger became effective from April 1, 2017. Further, in September 2018, the Government announced the amalgamation of three public sector banks, Bank of Baroda, Vijaya Bank and Dena Bank. The merger was effective from April 1, 2019. In addition, in Fiscal 2019, the ownership of a public sector bank, IDBI Bank, was acquired by LIC, following which IDBI Bank was reclassified as a private sector bank by the RBI.

In Fiscal 2020, the Government announced several additional mergers of public banks: Canara Bank’s merger with Syndicate Bank; United Bank of India’s merger with Oriental Bank of Commerce and Punjab National Bank; Andhra Bank’s merger with Corporation Bank and Union Bank of India; and Allahabad Bank’s merger with Indian Bank which have now completed. Following these mergers, the number of public sector banks is 12, down from 27 in fiscal 2017.

Certain Key Banking Business Sector

MSME Sector

The MSME sector has the potential to become the engine of growth, but it has been underperforming for too long owing to various structural reasons. This sector has been constrained by high cost of credit due to lack of adequate information, lack of modern technology, no research and innovations, insufficient training and skill development, and complex labour laws. Key reforms relating to MSMEs, include removal of definitional difference between manufacturing and service-based MSMEs, increased threshold limit to define an enterprise as an MSME, and adding turnover as another criteria to define MSMEs, besides investment scale, could turn out to be harbingers of far reaching changes that can transform manufacturing in India. (*Source: RBI Annual Report 2019-20*)

On November 2, 2018, the Government of India had announced a 2% interest subvention for MSMEs on fresh or incremental loans up to ₹100 lakh extended by the banks during 2018-19 (*viz.*, November 2, 2018 to March 31, 2019) and 2019-20. Accordingly, the Reserve Bank had issued guidelines to SCBs in February 2019, under which, all MSMEs having valid Udyog Aadhaar Number (“UAN”) and GST Number are eligible under the scheme. The Government of India has relaxed the guidelines for availing interest subvention, *viz.*, permitting trading activities without UAN, acceptance of claims in multiple lots, submission of statutory auditor certificate by June 30, 2020, settling claims based on internal/concurrent auditor certificate, dispensing requirement of UAN for units eligible for GST. The revised guidelines in this regard were issued by the Reserve Bank of India on February 5, 2020. (*Source: RBI Annual Report 2019-20*)

MSMEs which are badly hit by the pandemic are expected to benefit from various policies of the government such as collateral free loan of ₹3 lakh crore, subordinate debt provision of ₹20,000 crore and equity infusion via motherfund-daughter fund model. Further, the change in definition of classification of MSMEs by including turnover as basis of definition will allow MSMEs to expand without losing benefits and also improve ease of doing business by aligning them with GST. The structural reforms introduced as part of fourth tranche of stimulus is expected to bring in private investments across eight critical sectors. The proposed change in public sector enterprise policy, where all sectors will be opened to private sectors, and public-sector enterprises will operate only in notified strategic sectors, will bring in far-reaching changes in India’s industrial sector. The Atmanirbhar Bharat Abhiyan Package aims to provide immediate relief to sections of the economy most impacted by the pandemic and to revive economic activity along with creating new opportunities for employment and growth. In the manufacturing sector, 100% FDI in contract manufacturing and commercial coal mining through the automatic

route is expected to bring in more private investments. (Source: RBI Annual Report 2019-20)

Priority Sector

The performance of scheduled commercial banks in achievement of priority sector lending targets shows that though a growth was observed in credit in absolute terms, the lending to priority sector as a percentage of adjusted net bank credit (“ANBC”) or credit equivalent of off-balance sheet exposures declined across bank groups vis-à-vis last year. Priority Sector Lending Certificates (“PSLCs”) and the platform to enable trading in these certificates on the core banking solution (“CBS”) portal (e-Kuber), indicates an active participation from all the eligible entities during 2019-20. Total trading volume recorded a robust growth of 43.1% and stood at ₹4.68 lakh crore, on top of the growth of 77.6% in the previous year. Among the four PSLC categories, the highest trading was observed in the case of PSLC-general and PSLC-small and marginal farmer with the transaction volumes being ₹1.70 lakh crore and ₹1.46 lakh crore, respectively, during the year. (Source: RBI Annual Report 2019-20)

Performance in Achievement of Priority Sector Lending Targets			
End-March	Public Sector Banks	Private Sector Banks	Foreign Banks
	(₹ Crore)		
2018-19	23,05,978 (42.55)	10,18,994 (42.49)	1,54,337 (43.41)
2019-20*	23,14,242 (41.05)	12,72,745 (40.35)	1,67,108 (40.81)

*: Provisional

Note: Figure in parentheses are percentage to ANBC or CEOBE, whichever is higher.

(Source: RBI Annual Report 2019-20)

Developments and Reforms in the Banking Sector

Implementation of the Basel III capital regulations

The RBI has issued guidelines based on the Basel III reforms on capital regulation to the extent applicable to banks operating in India. These guidelines require, among other things, higher levels of Tier I capital and common equity, capital conservation buffers, maintenance of a minimum prescribed leverage ratio on a quarterly basis, higher deductions from common equity and Tier I capital for investments in subsidiaries and changes in the structure of non-equity instruments eligible for inclusion in Tier I and Tier II capital.

In December 2010, the Basel Committee on Banking Supervision issued a comprehensive reform package of capital regulations, Basel III. The objective of the reform package is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, thus reducing the risk of spill over from the financial sector to the real economy. (Source: RBI Circular DBOD.No.BP.BC.81/21.06.201/2013-14 dated December 31, 2013 and RBI Circular DBOD.No.BP.BC.102/21.06.201/2013-14 dated March 27, 2014.)

The RBI Basel III Capital Regulations have been implemented in India in phases since April 1, 2013, and are more stringent than the requirements prescribed by earlier RBI guidelines. The Basel III Capital Regulations were expected to be fully implemented by March 31, 2019. However, the RBI had deferred the final phase in of the capital conservation buffer of the Basel III Capital Regulations to March 31, 2020, which is further extended until September 30, 2020. Accordingly, in light of the COVID-19 pandemic, the RBI by way of its notification dated September 29, 2020, deferred the implementation of the last tranche of 0.625% of the capital conservation buffer from March 31, 2020 to April 1, 2021.

In addition, the Basel III liquidity framework also envisaged the NSFR, which measures the ratio between available stable funding (greater than one year) and the required stable funding (greater than one year) to support long-term lending and other long term assets. For banks in India, the RBI had released the final guidelines and prescribed NSFR of at least 100% from April 1, 2020. However, in view of the exceptional conditions due to COVID-19, the RBI by way of its notifications dated March 27, 2020 and September 29, 2020, deferred the NSFR implementation to April 1, 2021.

The minimum capital conservation ratios prescribed under the Master Circular - Basel III Capital Regulations dated July 1, 2015, as applicable to Indian banks from March 31, 2018, will also apply for a further period of six months from March 31, 2020 until the capital conservation buffer attains the level of 2.5% on April 1, 2021. The pre-specified trigger for loss absorption through conversion / write-down of Additional Tier 1 instruments

(Perpetual Non-Convertible Preference Shares and Perpetual Debt Instruments), shall remain at 5.5 per cent of risk weighted assets (RWAs) and will rise to 6.125 % of RWAs from April 1, 2021.

Leverage Ratio Framework

In June 2019, as a part of the 'Leverage Ratio Framework', the RBI announced that the minimum Leverage Ratio would be 4% for Domestic Systemically Important Banks and 3.5% for other banks. Both the capital measure and the exposure measure along with Leverage Ratio are to be disclosed on a quarter-end basis. However, banks must meet the minimum Leverage Ratio requirement at all times. These guidelines were effective from the quarter commencing October 1, 2019. (Source: RBI Notification - Basel III Capital Regulations - Implementation of leverage ratio, June 28, 2019)

Domestic Systemically Important Banks

In August 2015, the RBI designated the SBI, ICICI Bank and later in September 2017, the HDFC Bank as domestic systemically important banks ("D-SIB"). Based on the methodology provided in the D-SIB framework and data collected from banks as of March 31, 2018, the RBI in its release dated March 14, 2019, required SBI, ICICI Bank and HDFC Bank to provide Additional Common Equity Tier 1 ("CET1") requirements as a percentage of risk weighted assets of 0.6%, 0.2% and 0.2%, respectively. In accordance with the RBI press release, these CET1 requirements were applicable to D-SIBs from April 1, 2016 in a phased manner and became fully effective from April 1, 2019 onwards. The additional CET1 requirements were in addition to the CCB.

The Insolvency and Bankruptcy Code (Amendment) Act, 2018

The Insolvency and Bankruptcy Code (Amendment) Act 2018 bars wilful defaulters, defaulters whose dues have been classified as NPAs for more than one year, and all connected persons of these firms ('connected persons' means only persons who are connected with the business activity of the resolution applicant) from submitting resolution plans and purchasing the assets of corporate debtors in liquidation. There is an enabling provision to allow a cure for ineligibility conditions and meet corporate insolvency resolution process timeline. It also empowers the insolvency professional to lay down qualifying criteria for resolution applicants familiar with the complexity and scale of operations of the corporate debtor. However, Insolvency and Bankruptcy Code (Second Amendment) Act, 2018 act under the IBC has provided relief to MSME from this disqualification and the promoter of an MSME can submit a plan to revive the company.

Amendments to the Banking Regulation Act

The Banking Regulation (Amendment) Act, 2017 was enacted with a view to give extensive powers to RBI to issue directions to banks for resolution of stressed assets. The amendment introduced two new sections to the Banking Regulation Act, Section 35AA which enables RBI, with the authorization of the Central Government, to direct banks to commence the insolvency resolution process against the defaulting company under the Insolvency and Bankruptcy Code.

Recent Policy Measures undertaken by RBI

Liquidity Measures to Revive Activity

With a view to increase focus of liquidity measures on revival of activity in specific sectors that have both backward and forward linkages and having multiplier effects on growth, the RBI had announced the targeted long-term repo operations ("TLTRO") on Tap Scheme on October 9, 2020 which will be available up to March 31, 2021. Accordingly, it was decided to conduct on tap TLTRO with tenors of up to three years for a total amount of up to ₹1,00,000 crore at a floating rate linked to the policy repo rate with flexibility to enhance the amount and period after a review of the response to the scheme. As part of Atma Nirbhar Bharat Package 3.0 announced on November 12, 2020, the Central Government launched Emergency Credit Line Guarantee Scheme 2.0 (ECLGS 2.0) under which the corpus of ₹3.0 lakh crore of existing ECLGS 1.0 was extended to provide 100% guaranteed collateral free additional credit to entities in 26 stressed sectors identified by the Kamath Committee of RBI plus health care sector with credit outstanding of above ₹50 crore and up to ₹500 crore as on February 29, 2020. Accordingly, in addition to the five sectors announced under the scheme on October 21, 2020, it is now proposed to bring the 26 stressed sectors identified by the Kamath Committee within the ambit of sectors eligible under on tap TLTRO. Banks are encouraged to synergise the two schemes by availing funds from RBI under on tap TLTRO and seek guarantee under ECLGS 2.0 to provide credit support to stressed sectors. Liquidity availed by banks under the scheme should be deployed in corporate bonds, commercial papers, and non-convertible debentures

issued by the entities in specific sectors over and above the outstanding level of their investments in such instruments as on September 30, 2020. The liquidity availed under the scheme can also be used to extend bank loans and advances to these sectors. Investments made by banks under this facility will be classified as held to maturity (HTM) even above the 25% of total investment permitted to be included in the HTM portfolio. All exposures under this facility will also be exempted from reckoning under the large exposure framework (LEF). (Source: RBI, *Statement on Developmental and Regulatory Policies*, December 4, 2020)

Cash Reserve Ratio:

- i. CRR requirement of banks was reduced by 100 bps from 4.0% of NDTL to 3.0% effective fortnight beginning March 28, 2020, which would augment primary liquidity in the banking system by about ₹137,000 crore. This dispensation will be available for a period of one year ending March 26, 2021.
- ii. The minimum daily CRR balance requirement was reduced from 90% to 80% effective from the first day of the fortnight beginning March 28, 2020. This dispensation will be available up to September 25, 2020. (Source: RBI, *Monetary Policy Report*, October 2020)

Marginal Standing Facility:

In view of the exceptionally high volatility in domestic financial markets and to provide comfort to the banking system, banks' limit for borrowing overnight under the MSF by dipping into their Statutory Liquidity Ratio (SLR) was raised to 3% of NDTL from 2%, effective up to March 31, 2021. This measure will allow the banking system to avail an additional liquidity under the liquidity adjustment facility (LAF) window at the reduced MSF rate. (Source: RBI, *Monetary Policy Report*, October 2020)

Statutory Liquidity Ratio ("SLR"):

RBI increased the limits under HTM category from 19.5% to 22% of NDTL, in respect of SLR securities acquired on or after September 1, 2020 up to March 31, 2021. Further, RBI extended the dispensation of enhanced HTM limits of 22% for these securities up to March 31, 2022. The HTM limits would be restored from 22% to 19.5% in a phased manner starting from the quarter ending June 30, 2022. (Source: RBI, *Monetary Policy Report*, October 2020)

Additional measures undertaken by the RBI

With effect from April 17, 2020 the RBI cut the reverse repo rate to 3.75%, thereby further widening the policy rate corridor to 90 bps (Source: RBI – *Money Market Operations as of April 17, 2020*, in press release dated April 20, 2020).

Announcements made by the RBI and the Governor of the RBI on April 17, 2020 also included a reduction in a liquidity cover ratio ("LCR") from 100% to 80%, a special ₹ 50,000 crore refinancing facility at the repo rate for All India Financial Institutions (NABARD, SIDBI, NHB) and another TLTRO ("TLTRO 2.0"), targeted at NBFCs with 50% of the liquidity availed reserved for small and mid-sized NBFCs and MFIs. TLTRO 2.0, of ₹500 billion, with focus, inter-alia, on NBFCs by reserving 50% of the said amount for NBFCs with asset sizes between ₹5 billion and ₹50 billion, NBFCs less than ₹ 50,000 crore and Micro Finance Institutions ("MFI") (Source: RBI Press Release on Reserve Bank Announces Targeted Long-Term Repo Operations 2.0 (TLTRO 2.0) dated April 17, 2020)

- **Loan restructuring:** The RBI constituted a committee, which identified 26 sectors for restructuring which included aspects related to leverage, liquidity and debt serviceability to be factored by the lending institutions while finalizing resolution plan for a borrower. However, only those borrowers' accounts would be eligible for resolution which were classified as standard, but not in default for more than 30 days with any lending institution as on March 1, 2020. (Source: RBI Notification on Resolution Framework for COVID-19-related Stress dated August 6, 2020 and RBI Press Release on Report of the Expert Committee on Resolution Framework for Covid-19 related Stress dated September 7, 2020)
- **Credit growth:** The RBI decided to postpone the implementation of net stable funding ratio ("NSFR") to April 1, 2021 in order to encourage banks to lend in these challenging times. Deferring the last tranche of capital conservation buffer ("CCB") to April 1, 2021 was also a step in the same direction. The RBI Governor in a statement dated April 17, 2020, also announced an aggregate ₹ 50,000 crore refinancing facility for NABARD (₹ 25,000 crore), SIDBI (₹ 15,000 crore) and NHB (₹ 10,000 crore) in order to increase credit

availability to MSMEs and housing sector. (Source: *RBI Notification on Basel III Framework on Liquidity Standards – Net Stable Funding Ratio (NSFR)*, September 29, 2020, *RBI Notification on Basel III Capital Regulations - Review of transitional arrangements*, September 29, 2020, and *RBI, Monetary Policy Report*, April 2020)

- *Addressing rupee volatility:* Banks in India, which operate International Financial Services Centre Banking Units, have been allowed to participate in the non-deliverable forward market with effect from June 1, 2020. (Source: *RBI, Risk Management and Inter-bank Dealings – Participation of Banks in Offshore Non-deliverable Rupee Derivative Markets*, March 27, 2020)
- *Regulatory changes:* With regards to the moratorium provided on loans, the RBI clarified in its statements dated March 27, 2020 on the COVID-19 Regulatory Package, that these measures would not result in asset quality downgrade, nor would it affect the credit history of borrower.
- *Digital Payment Security Controls:* In the RBI's "Statement on Developmental and Regulatory Policies" dated December 4, 2020, the RBI focused on security measures around digital payment systems in India. It is proposed to issue Reserve Bank of India (Digital Payment Security Controls) Directions, 2020 for regulated entities to set up a robust governance structure for such systems and implement common minimum standards of security controls for channels like internet, mobile banking, card payments, among others. While the guidelines will be technology and platform agnostic, it will create an enhanced and enabling environment for customers to use digital payment products in more safe and secure manner. Necessary guidelines will be issued separately.

COVID-19 related developments

Rescheduling of Payments – Term Loans and Working Capital Facilities

In view of the extension of lockdown and continuing disruption on account of COVID-19, all commercial banks (including RRBs, small finance banks and local area banks), co-operative banks, All-India Financial Institutions, and Non-banking Financial Companies (including housing finance companies) ("lending institutions") were permitted to extend the moratorium by another three months i.e. from June 1, 2020 to August 31, 2020 on payment of all instalments in respect of term loans (including agricultural term loans, retail and crop loans). Accordingly, the repayment schedule for such loans as also the residual tenor, shifted across the board. Interest continued to accrue on the outstanding portion of the term loans during the moratorium period. (Source: *RBI Notification no. RBI/2019-20/244 dated May 23, 2020*)

In respect of working capital facilities sanctioned in the form of cash credit/overdraft ("CC/OD"), lending institutions were permitted to allow a deferment of another three months, from June 1, 2020 to August 31, 2020, on recovery of interest applied in respect of all such facilities. Lending institutions were permitted, at their discretion, to convert the accumulated interest for the deferment period up to August 31, 2020, into a funded interest term loan (FITL), repayable not later than March 31, 2021. (Source: *RBI Notification no. RBI/2019-20/244 dated May 23, 2020*)

Banks operating in International Financial Services Centre (March 2020)

In the notification on March 27, 2020, the RBI permitted Banks in India operating International Financial Services Centre Banking Units ("IBUs"), to participate in the offshore non-deliverable forward market with effect from June 1, 2020. Banks were permitted to participate through their branches in India, their foreign branches or through their IBUs. Intended to improve depth and price discovery in the foreign exchange market segments by reducing arbitrage between onshore and offshore markets, RBI's move was also in light of the increased volatility of the rupee caused by the impact of COVID-19 on currency markets. (Source: *RBI Press Release dated March 27, 2020: "Statement on Developmental and Regulatory Policies"*)

Declaration of dividends by banks (April 2020)

In an environment of heightened uncertainty caused by COVID-19, it is important that banks conserve capital to retain their capacity to support the economy and absorb losses. Accordingly, it has been decided that all banks shall not make any further dividend payouts from the profits pertaining to the financial year ended March 31, 2020. (Source: *RBI Notification dated December 4, 2020: "Declaration of dividends by banks"*)

Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets (April 2020)

In terms of paragraph 11 of the Prudential Framework on Resolution of Stressed Assets, lenders are required to implement a resolution plan in respect of entities in default within 180 days from the end of Review Period of 30 days. (Source: RBI Notification dated April 17, 2020: “COVID19 Regulatory Package – Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets”)

On a review, it was decided that in respect of accounts which were within the Review Period as on March 1, 2020, the period from March 1, 2020 to May 31, 2020 (later extended to August 31, 2020) shall be excluded from the calculation of the 30-day timeline for the Review Period. In respect of all such accounts, the residual Review Period was expected to resume from June 1, 2020, (later extended to September 1, 2020) upon expiry of which the lenders shall have the usual 180 days for resolution. (Source: RBI Notification dated April 17, 2020: “COVID19 Regulatory Package – Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets”)

In respect of accounts where the Review Period was over, but the 180-day resolution period had not expired as on March 1, 2020, the timeline for resolution was extended by 90 days from the date on which the 180-day period was originally set to expire. (Source: RBI Notification dated April 17, 2020: “COVID19 Regulatory Package – Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets”)

Consequently, the requirement of making additional provisions specified in paragraph 17 of the Prudential Framework shall be triggered as and when the extended resolution period, as stated above, expires. (Source: RBI Notification dated April 17, 2020: “COVID19 Regulatory Package – Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets”)

In respect of all other accounts, the provisions of the Prudential Framework have been in force without any modifications. (Source: RBI Notification dated April 17, 2020: “COVID19 Regulatory Package – Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets”)

The lending institutions shall make relevant disclosures in respect of accounts where the resolution period was extended in the ‘Notes to Accounts’ while preparing their financial statements for the half year ending September 30, 2020 as well as the financial years 2020 and 2021. (Source: RBI Notification dated April 17, 2020: “COVID19 Regulatory Package – Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets”)

COVID19 Regulatory Package - Asset Classification and Provisioning (April 2020)

Asset Classification under the Prudential norms on Income Recognition, Asset Classification (“IRAC”)

In terms of the circular DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 (“**Regulatory Package**”), the lending institutions were permitted to grant a moratorium of three months on payment of all term loan instalments falling due between March 1, 2020 and May 31, 2020 (later extended to August 31, 2020) (“**Moratorium Period**”). As such, in line with the clarification provided by the Basel Committee on Banking Supervision, in respect of all accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted, has been excluded by the lending institutions from the number of days past due for the purpose of asset classification under the IRAC norms. (RBI Notification dated April 17, 2020: “COVID19 Regulatory Package – Asset Classification and Provisioning and RBI Notification dated May 23, 2020: “COVID19 Regulatory Package”)

Similarly, in respect of working capital facilities sanctioned in the form of cash credit/overdraft, the Regulatory Package permitted the recovery of interest applied during the period from March 1, 2020 up to May 31, 2020 (later extended to August 31, 2020) to be deferred. Such deferment period, wherever granted in respect of all facilities classified as standard, including SMA, as on February 29, 2020, were excluded for the determination of out of order status. (RBI Notification dated April 17, 2020: “COVID19 Regulatory Package – Asset Classification and Provisioning and RBI Notification dated May 23, 2020: “COVID19 Regulatory Package”)

NBFCs which were required to comply with Ind-AS shall, as hitherto, continue to be guided by the guidelines duly approved by their Boards and as per ICAI Advisories for recognition of the impairments. (RBI Notification dated April 17, 2020: “COVID19 Regulatory Package – Asset Classification and Provisioning”)

Provisioning

In respect of accounts in default but standard where above provisions are applicable, and asset classification benefit is extended, lending institutions shall make general provisions of not less than 10% of the total outstanding of such accounts, to be phased over two quarters as under:

1. quarter ended March 31, 2020 – not less than 5%; or
2. quarter ending June 30, 2020 – not less than 5%.

The above provisions may be adjusted against the actual provisioning requirements for slippages from the accounts reckoned for such provisions. The residual provisions at the end of the financial year can be written back or adjusted against the provisions required for all other accounts. (*RBI Notification dated April 17, 2020: “COVID19 Regulatory Package – Asset Classification and Provisioning”*)

The above provisions shall not be reckoned for arriving at net NPAs till they are adjusted against the actual provisioning requirements as under paragraph 6 above. Further, till such adjustments, these provisions shall not be netted from gross advances but shown separately in the balance sheet as appropriate. (*RBI Notification dated April 17, 2020: “COVID19 Regulatory Package – Asset Classification and Provisioning”*)

All other provisions required to be maintained by lending institutions, including the provisions for accounts already classified as NPA as on February 29, 2020 as well as subsequent ageing in these accounts, shall continue to be made in the usual manner. (*RBI Notification dated April 17, 2020: “COVID19 Regulatory Package – Asset Classification and Provisioning”*)

Other Conditions

The exclusions permitted above shall be duly reckoned by the lending institutions in their supervisory reporting as well as reporting to credit information companies (“**CICs**”); i.e., the days past due and SMA status, where applicable, as on March 1, 2020 will remain unchanged till May 31, 2020

The lending institutions shall suitably disclose the following in the ‘Notes to Accounts’ while preparing their financial statements for the half year ending September 30, 2020 as well as the financial years 2019-20 and 2020-2021:

1. respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3;
2. respective amount where asset classification benefits is extended;
3. provisions made during the fourth quarter of financial year 2020 and the first quarter of financial year 2021 in terms of paragraph 5; and
4. provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6. (*RBI Notification dated April 17, 2020: “COVID19 Regulatory Package – Asset Classification and Provisioning”*)

Continued Fiscal Support to State Governments

The Central Government has continued to persistently support the State Governments towards a faster economic recovery. As on November 22, 2020, the State Governments had raised ₹ 4.73 lakh crore as gross market borrowings during the current fiscal, which is 50.00% higher than the states’ gross borrowings during the corresponding period in Fiscal 2020 (*Source: Monthly Economic Review, November 2020, Economic Division, Department of Economic Affairs, Government of India*). In order to compensate the states for the loss of GST revenue during Fiscal 2021, Central Government had given the states an option to either borrow the shortfall arising out of GST implementation through issue of debt under a special window coordinated by the Ministry of Finance (Option 1), or raise the entire shortfall through the issue of market debt (Option 2). (*Source: Monthly Economic Review, October 2020, Economic Division, Department of Economic Affairs, Government of India*)

As on November 2020, 26 States and three UTs have opted for Option 1 which involves back-to-back borrowing

coordinated by the Ministry of Finance, and would ensure steady flow of resources similar to the flow under GST compensation on a bi-monthly basis. The Government has borrowed an amount of ₹ 24,000 crore on behalf of the States in four instalments and passed it on to the States and UTs. (Source: *Monthly Economic Review, November 2020, Economic Division, Department of Economic Affairs, Government of India*)

The GDP contraction in India by 23.9% in the first quarter of Fiscal 2021 can be attributed to the stringent lockdown - in alignment with the predictions of global growth in the event of an exogenous unprecedented shock. There were no fundamental or structural factors responsible for the contraction. A V-shaped recovery in the second quarter of Fiscal 2021 was, therefore, expected once the lockdowns were gradually lifted. The sustained improvement in high frequency indicators in October 2020 and November 2020 indicate an improved performance in the third quarter in Fiscal 2021. The timely announcement of the third tranche of the Atma Nirbhar Bharat package with a multi-sector focus across the labour market, stressed sectors, social welfare, manufacturing, housing, infrastructure, exports and agriculture, is also a significant step towards faster revival of the economy, restoration of lost jobs and creation of new ones. (Source: *Monthly Economic Review, November 2020, Economic Division, Department of Economic Affairs, Government of India*)

The downside risk, however, remains the spread of a second wave of COVID-19. However, there is a growing cautious optimism that the decline experienced in April 2020 to June 2020 may not resurface with significant progress in vaccines and contact intensive sectors increasingly adapting to a virtual normal. (Source: *Monthly Economic Review, November 2020, Economic Division, Department of Economic Affairs, Government of India*)

OUR BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read “Forward Looking Statements” on page 17 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read sections “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, on pages 48 and 101, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal year are to the twelve months ended March 31 of that year. Unless otherwise specified or unless the context otherwise requires, financial information herein for Fiscals 2018, 2019 and 2020 is derived from our Audited Standalone Financial Statements, and the financial information included herein for the six months ended September 30, 2020 (including the comparative financial information with respect to the six months ended September 30, 2019) is based on the standalone Unaudited Reviewed Financial Results, included in this Placement Document.

Pursuant to the Gazette Notification no. CG-DL-E04032020-216535 dated March 4, 2020 issued by the Government of India, the scheme of amalgamation between Oriental Bank of Commerce, United Bank of India, and our Bank was approved, and Oriental Bank of Commerce and United Bank of India were amalgamated with our Bank with effect from April 1, 2020. Accordingly, our Bank’s historical financial statements and/ or financial results prior to this Amalgamation are not comparable to those subsequent to such Amalgamation. For further information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Presentation of Financial Information – Amalgamation of the erstwhile Oriental Bank of Commerce and erstwhile United Bank of India”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Principal Factors Affecting our Results of Operations and Financial Condition – Effect of Amalgamation of erstwhile Oriental Bank of Commerce and erstwhile United Bank of India into our Bank” and “Financial Statements” on pages 101, 105 and 323, respectively. The degree to which the financial information prepared in accordance with Indian GAAP will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, and includes extracts from publicly available documents from various sources, including officially prepared materials from the Government of India (the “GoI”) and its various ministries, the Reserve Bank of India and Ministry of Statistics and Programme Implementation, and has not been prepared or independently verified by our Bank, the Book Running Lead Managers or any of their affiliates or advisers.

Unless otherwise stated, references to “the Bank” or “our Bank”, are to Punjab National Bank on a standalone basis and references to “we”, “us”, “our”, are to Punjab National Bank on a consolidated basis.

Overview

The Bank commenced operations on April 12, 1895 and is the second largest public sector bank in terms of total business and deposits as at September 30, 2020 (Source: Based on the reviewed/ unaudited financial results for the half year ended September 30, 2020 of the scheduled public and private sector banks in India submitted to the Stock Exchanges).

Our principal business operations are broadly categorized into four segments: corporate/wholesale banking segment comprises commercial banking products and transactional services, which are provided to our corporate and institutional clients; retail banking comprises financial products provided to our retail customers; treasury operations comprising primarily of statutory reserves management, liquidity management and other such services and other banking operations comprising primarily of rural business and agri-business.

The range of products and services offered by the Bank includes loans and advances, deposits, foreign exchange products, retail lending and deposits and fee and commission based products and services. Our principal banking operations include:

- **Retail banking:** Our retail banking products include loans and deposit products targeted primarily at individuals (salaried, self-employed professionals and other self-employed individuals) to meet their personal financial requirements, such as housing, vehicle, education and other personal requirements.
- **Corporate banking:** Our corporate banking operations cater to the business needs of various companies, institutions and other enterprises in the public and private sector. Our corporate banking loans include fund based and non-fund based products, of which the fund based products consist of term loans as well as working capital facilities. We also offer trade loans, bridge financing and foreign currency loans. We also provide finance to corporates through syndication of loans.
- **MSME banking:** Our micro, small and medium enterprises (“**MSME**”) banking products include loans to entrepreneurs engaged in manufacturing and service activities as well as working capital.
- **Agricultural banking:** Our agricultural banking operations cater to farmers and agriculture based entrepreneurs through various short, medium and/or long term loan products.

The Bank is also present, through its Subsidiaries, Joint Venture and Associates, in diverse segments of the Indian financial sector, including housing finance, life insurance, corporate advisory, merchant banking and trustee services. The Bank contributed 97.56% of our total consolidated assets as at March 31, 2020.

The Bank has a presence throughout India with a total of 10,930 branches, of which 61.15% are located within rural and semi-urban areas in India, 13,878 ATMs, 12,756 banking correspondents, as at September 30, 2020. The Bank also has overseas presence in Hong Kong, Dubai, Bhutan, United Kingdom, Nepal, Bangladesh and Myanmar through its branches, representative offices, Subsidiaries, Joint Venture and Associates outside India. The Government of India (“**GoI**”) owned 85.59% of the Bank’s share capital as at September 30, 2020.

The Bank’s branch network is further complemented by its online and mobile banking solutions that enables it to provide its customers with access to on-demand banking services. We are focused on continuing investment in our technology platforms and systems. Our direct banking platforms enable us to connect with our customers through alternate channels by improving customer retention and supporting the increase in volume of customer transactions.

As at September 30, 2020, the Bank had gross deposits, gross advances and a total asset base of ₹ 1,069,747.07 crore, ₹716,924.28 crore and ₹1,227,125.70 crore, respectively. As at September 30, 2020, the Bank’s market share of aggregate domestic deposits was 7.05%, and its market share of aggregate domestic non-food credit was 6.52%. (*Source: RBI data.*) In addition, the Bank’s retail term deposits (up to ₹ 2 crore) accounted for 46.40% of the Bank’s total deposits.

The Bank also has a large stable percentage of relatively low-cost CASA deposits within its deposit mix. As at March 31, 2018, 2019 and 2020 and as at September 30, 2020, the Bank’s CASA was ₹263,247.31 crores, ₹285,040.47 crores, ₹302,474.57 crores and ₹459,477.20 crores, respectively, As at March 31, 2018, 2019 and 2020 and as at September 30, 2020, the Banks domestic CASA was ₹262,996.26 crore, ₹284,815.10 crore, ₹ 302,374.57 crore and ₹459,393.12 crore, respectively, while the Bank’s ratio of domestic CASA deposits to its total domestic deposits as at March 31, 2018, 2019, 2020 and as at September 30, 2020 was 43.80%, 43.51%, 44.05%and 44.10%, respectively.

Under the Priority Sector Guidelines, under the applicable RBI circular for priority sector lending targets and classification (the “**Priority Sector Circular**”), which sets out that 40% of the adjusted net bank credit (“**ANBC**”) should be provided to the priority sector (“**Priority Sector Credit**”), with 18% and 10% of such Priority Sector Credit provided to the agriculture sector and the weaker sections (as identified in the Priority Sector Circular), respectively. Further, RBI’s Master Directions dated September 4, 2020 on ‘Priority Sector Lending – Targets and Classification’ provides that the target for domestic commercial banks for advances to weaker sections will be revised upwards in a phased manner from 10% for Fiscal 2021 to 11% for Fiscal 2022, 11.5% for Fiscal 2023 and 12% for Fiscal 2024. We have, achieved the goals set for priority sector lending for Fiscal 2018 and Fiscal 2019 but missed achieving in Fiscal 2020 marginally. We have achieved the goal for the six months ended September 30, 2020.

For further information, see “*Regulations and Policies—Priority sector lending*” on page 252.

The table below sets forth summaries of certain of the Bank's key operating and financial performance parameters, as at and for the periods indicated below.

	As at and for the years ended March 31,			As at and for the six months ended September 30,	
	2018	2019	2020	2019	2020*
	(₹crore)				
Average interest-earning assets ⁽¹⁾	691,648.40	710,651.20	756,524.34	739,594.84	1,170,304.17
Net interest income	14,922.40	17,156.31	17,437.79	8,405.20	15,141.63
Average total assets ⁽¹⁾	767,061.87	796,177.63	856,438.58	829,141.61	1,324,278.34
Average yield ⁽¹⁾	6.94%	7.22%	7.11%	7.13%	7.10%
Average cost of funds ⁽²⁾	4.31%	4.29%	4.25%	4.34%	3.99%
Spread ⁽³⁾	1.95%	2.15%	2.04%	2.03%	2.29%
Net interest margin ⁽⁴⁾	2.16%	2.41%	2.30%	2.27%	2.85%
Return on average equity ⁽⁵⁾	(43.86)%	(43.54)%	1.15%	9.93%	3.72%
Return on average assets ⁽⁶⁾	(1.60)%	(1.25)%	0.04%	0.37%	0.14%
Tier I capital adequacy ratio	7.12%	7.49%	11.90%	12.18%	10.33%
Tier II capital adequacy ratio	2.08%	2.24%	2.24%	1.89%	2.51%
Total capital adequacy ratio	9.20%	9.73%	14.14%	14.07%	12.84%
Net NPAs ⁽⁷⁾	48,684.29	30,037.66	27,218.90	32,658.68	30,919.84
Net NPAs ratio ⁽⁸⁾	11.24%	6.56%	5.78%	7.65%	4.75%
Credit to deposit ratio ⁽⁹⁾	73.38%	74.88%	73.44%	68.14%	67.02%
Cost to income ratio ⁽¹⁰⁾	56.75%	47.03%	44.82%	44.74%	48.62%
Interest coverage ratio ⁽¹¹⁾	64.61%	72.48%	102.60%	110.22%	105.48%
Provisioning coverage ratio (including technical write-off) ⁽¹²⁾	58.42%	74.50%	77.79%	73.58%	83.00%
CASA ratio ⁽¹³⁾	43.80%	43.51%	44.05%	43.51%	44.10%
Gross total advances	471,296.60	506,194.30	516,928.83	474,085.26	716,924.28
Gross Deposits	642,226.19	676,030.14	703,846.32	695,782.08	1069,747.07

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Notes:

- (1) Average balances are daily averages for deposits/ advances/investments and all others are based on monthly averages as reported to the RBI.
- (2) Cost of funds is interest expense divided by total monthly average assets.
- (3) Spread is net interest income divided by monthly average assets
- (4) Net interest margin is the difference of interest earned and interest expended divided by the total average interest-earning assets, where advances, investment and money at call and short notice are based on daily averages and others are based on monthly averages.
- (5) Return on average equity is the ratio of the net profit after tax to the quarterly average tangible net worth (capital plus reserves excluding revaluation reserves, DTA and other deduction).
- (6) Return on average assets is the ratio of the net profit after tax to the monthly average assets
- (7) Net NPAs reflect the Bank's gross NPAs less provisions for NPAs.
- (8) Net NPAs ratio is the ratio of net NPAs divided by net advances.
- (9) Credit to deposit ratio is calculated as a ratio of total gross advances to total deposits.
- (10) Cost to income ratio is calculated as a ratio of operating expenses divided by total operating income (total of net interest income and non-interest income).
- (11) Interest coverage ratio is calculated as net profit and depreciation on the Bank's property, divided by interest expended.
- (12) PCR (including technical write-off) comprises provisions plus technical write off as percentage to Gross NPA plus technical write off.
- (13) Ratio of domestic current account deposits and savings account deposits to domestic deposits (including inter-bank deposits).

Recent Developments

Amalgamation of erstwhile Oriental Bank of Commerce and United Bank of India

The Department of Financial Services, Ministry of Finance, Government of India issued a Gazette Notification no. CG-DL-E04032020-216535 dated March 4, 2020, approving the scheme of amalgamation of erstwhile Oriental Bank of Commerce and United Bank of India into our Bank (“**Amalgamation**”) in exercise of the powers conferred by Section 9 of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1980 (40 of 1980) and Section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970). The Amalgamation came into effect from April 1, 2020.

The Amalgamation has resulted in expansion of our Bank’s distribution network in a number of additional geographic regions in India and in particular, in eastern and south India, which has enabled our Bank to strengthen customer relationships and grow its customer base in these regions. In order to realize the synergy benefits of the Amalgamation, we have completed the transfer and promotion of all employees, aligned all departments with the head office, and amalgamated the circle offices.

As part of the integration process, the Bank has formed committees for the smooth implementation of amalgamation and joint decision making. From a customer orientation perspective, change in interest rates and service charges as approved by all three banks were communicated before the effective date of the amalgamation. A ‘Bank-Sathi’ has been nominated for each branch, circle and zone to provide real-time assistance to customers. In addition, customer care was made operational with modified IVR to provide quick resolution of queries and to provide clarifications. The Central Grievance Redressal Management System was upgraded to handle complaints. The Bank has also implemented a number of initiatives internally that involved the reorganization or forming of new administrative offices and creation of new verticals to streamline processes and bring specialization to ensure focus on identified growth levers. Town hall meetings have been conducted across India and led by senior officials from all three banks to address concerns of employees and customers.

On the technology front, the websites and mobile applications of all three banks were harmonized with a common landing page. The Bank implemented Finacle Mobile Teller to undertake transactions across all three banks. A number of interoperable services were operationalized. These intend to act as a bridge until the integration of core banking solution is completed. The Bank has also initiated harmonization of NEFT/RTGS/IMPS and UPI cooling off period.

Common NPA identification and requisite provisions for additional NPA accounts on account of the Amalgamation has been done. The treasury of all three banks has been integrated including the migration of the software application of domestic treasury and the entire processes has been harmonized.

Key synergies include divestiture of premises – identification of immovable properties to be sold, cost savings from rationalization of branches, ATMs, trade finance centers, revenue from fee based income expected to be enhanced and savings on account of vendor cost optimization.

Competitive Strengths

Strong Industry Presence

With over 125 years of banking services, we believe that we are one of the well-recognized public sector bank brands in India. Through our expansive operations across India, we have over the years provided a banking platform that has aided in the growth of financial and commercial activity across India, enabling us to strengthen our brand, reputation and goodwill.

We have capitalized on our strong brand by establishing an extensive branch network throughout India serving a broad range of customers in rural, urban and semi-urban regions. As at September 30, 2020, the Bank had 10,930 domestic branches, 13,878 ATMs and over 18 crore customers. Of our 10,930 branches as at September 30, 2020, approximately 61.15% were located in rural and semi-urban areas. The Bank’s branch network is further complemented by its digital strategy, including online and mobile banking solutions, to provide its customers with access to on-demand banking services, which we believe allows us to develop strong and loyal relationships with our customers.

As a result of our brand recognition and widespread presence across India, we believe that we rank favorably among public sector banks in India. We have an established market presence in several business segments in which we operate. We provide agricultural, MSME and retail loans in India. The Bank's gross deposits aggregated to ₹642,226.19 crore, ₹676,030.14 crore and ₹703,846.32 crore as at March 31, 2018, 2019 and 2020, respectively, growing at a CAGR of 4.69% from March 31, 2018 to March 31, 2020 and was ₹1,069,747.07 crore as at September 30, 2020. The Bank's gross total advances aggregated to ₹471,296.60 crore, ₹506,194.30 crore and ₹516,928.83 crore as at March 31, 2018, 2019 and 2020, respectively, growing at a CAGR of 4.73% from March 31, 2018 to March 31, 2020 and was ₹716,924.28 crore as at September 30, 2020.

Additionally, we have also adopted alternate channels to increase our presence across India in a cost-effective manner, by engaging banking correspondents in rural and semi-urban areas. As at March 31, 2018, the Bank had engaged an aggregate of 8,161 banking correspondents, which increased to 12,756 business correspondents as at September 30, 2020. As at September 30, 2020, out of an aggregate of 12,756 banking correspondents engaged, 11,375 business correspondents were located in rural and semi-urban areas.

We believe that our operational performance reflects our industry position. The Bank's domestic NIM was 2.42%, 2.59%, 2.40% and 2.96% in Fiscal 2018, 2019 and 2020, and during the six months ended September 30, 2020, respectively. During Fiscal 2018, 2019 and 2020, and the six months ended September 30, 2020, the Bank's return on average equity (tangible net worth) was (43.86)%, (43.54)%, 1.15% and 3.72%, respectively, the return on average assets was (1.60)%, (1.25)%, 0.04% and 0.14%, respectively, and the cost to income ratio was 56.75%, 47.03%, 44.82% and 48.62%, respectively.

In addition, our Promoter and majority shareholder, the GoI, held 85.59% of our paid-up and issued share capital as at September 30, 2020. We believe that our relationship with the GoI enhances our brand value and goodwill.

Strength of portfolio, with a focus on balance, quality and profit

Well balanced offerings

Our expansive network enables us to provide banking services to a large, diverse and growing customer base, including large industries, corporates and state-owned enterprises, as well as commercial, agricultural, industrial and retail customers. We offer a range of banking products and services and we are also a participant bank for direct benefit transfer ("DBT") transactions, a GoI program to effect direct transfers of subsidies targeted at women, children and social welfare. Our comprehensive product and service offering includes short-term and long-term deposits, secured and unsecured loans, internet banking, mobile banking, agricultural and micro-finance banking products as well as project finance loans. We are also present through our Subsidiaries, Joint Venture and Associates in diverse segments of the Indian financial sector, including asset and funds management, housing finance, life and medi-claim insurance, corporate advisory, merchant banking and trustee services. The Bank has increased its focus on branch activation, new business premium and renewal persistency for insurance and mutual fund business. The Bank also offers customized medi-claim policies of three general insurance companies (Oriental Insurance Company Ltd., Bajaj Allianz General Insurance Company Ltd, and Cholamandalam MS General Insurance Company Ltd.) and two standalone health insurance companies (Care Health Insurance Company Ltd. and Star Health & Allied Insurance Company Ltd.), each of which offers a customized health insurance policy exclusively for our account holders and employees, which are sold through our branches across India, with premiums which we consider comparable with other health insurance providers. We believe we are able to address the entire range of our customers' banking and financial product and service requirements through our diverse product and service portfolio.

Our diversified product and service offerings enable us to have a diverse customer base. For instance, as at September 30, 2020, approximately 97.27% of the Bank's gross advances, aggregating to ₹697,342.06 crore were provided domestically. Out of the Bank's total loan portfolio of gross domestic advances, as at September 30, 2020, approximately 46.01%, aggregating to ₹320,833.86 crore were to corporate and others, 17.49% aggregating to ₹122,002.74 crore were to MSMEs, 18.67% aggregating to ₹130,155.45 crore were to retail and 17.83% aggregating to ₹124,350.01 crore were to the agriculture and allied services.

Portfolio Quality

We also believe that our diversified portfolio of loans limits our exposure to NPAs. As at September 30, 2020, the infrastructure sector accounted for approximately 9.60% of the Bank's gross advances and 14.44% of the Bank's gross NPAs, the metal sector accounted for approximately 4.54% of the Bank's gross advances and

10.16% of the Bank's gross NPAs, textiles accounted for 1.78% of the Bank's global advances and 2.94% of the Bank's gross NPAs, food processing accounted for 1.41% of the Bank's global advances and 2.68% of the Bank's gross NPAs, chemicals accounted for 1.38% of the Bank's global advances and 1.22% of the Bank's gross NPAs. As at September 30, 2020, the Bank's provision coverage ratio (including technical written-off accounts) stood at 86.42%, 75.33%, 89.33%, 88.83% and 87.13% for the metal, infrastructure, food processing, textile and chemical sectors, respectively, and as at that date, the Bank's overall provision coverage ratio was 83.00%.

Our gross NPAs were 18.38% of total advances as at March 31, 2018, 15.50% as at March 31, 2019, 14.21% as at March 31, 2020, and 13.43% as at September 30, 2020, and our net NPA was 11.24%, 6.56%, 5.78% as at March 31, 2018, 2019 and 2020, and 4.75% as at September 30, 2020. We believe that our NPAs have reduced since Fiscal 2018 as a result of the steps taken by us to diversify and improve the quality of our loan portfolio. We have also implemented certain initiatives to control slippages, as a result of which our fresh slippages have decreased to ₹4,384.10 crore during the six month period ended September 30, 2020 from ₹12,889.25 crore during the six month period ended September 30, 2019.

Also see “Selected Statistical Information—NPAs”, “Risk Factors—We are exposed to various categories of borrowers, depositors and industry sectors, and a default by any large borrower, premature withdrawal of deposits or a deterioration in the performance of any of these industry sectors in which we have significant exposure would adversely affect our results of operations, the quality of our portfolio and financial condition” and “Risk Factors—If we are not able to control or reduce the level of non-performing assets in our portfolio or any increase in our NPA portfolio, RBI mandated provisioning requirements could adversely affect our business, financial conditions and results of operations”, on pages 166, 55 and 52, respectively.

Investments in Subsidiaries and Associates

As at March 31, 2020, we had five Subsidiaries, one Joint Venture and eight Associates (including five Regional Rural Banks), which in the aggregate contributed ₹102.26 crore to our consolidated profit/(loss) during Fiscal 2020, representing 23.32% of our consolidated profit/(loss) during that period. While the Bank made a profit of ₹336.19 crore on a standalone basis, which resulted in our profit of ₹438.45 crore on a consolidated basis. Of our foreign subsidiaries, Punjab National Bank (International) Limited provides banking solutions in the United Kingdom through seven branches and as at September 30, 2020, had assets aggregating ₹6,637.24 crores. Druk PNB Bank Limited was the first bank in Bhutan with foreign direct investment and conducts its banking operations through eight branches and 30 ATMs in Bhutan.

PNBHFL, one of our Associates, is a housing finance company with operations across India. As at September 30, 2020, PNBHFL had total assets of ₹77,084.80 crores and our share of its profits during the six month period ended September 30, 2020 were ₹164.55 crores. PNB Metlife Insurance Company Limited is a provider of domestic life insurance and as of September 30, 2020 has insured over 0.71 crore persons and has a presence in over 109 locations across India. Our share of its profits during the six-month period ended September 30, 2020 was ₹8.49 crores. PNB Gilts Limited is a primary dealer in the primary and secondary market for government securities. As at September 30, 2020, it had total assets of ₹15,411.89 crores and our share of its profits during the six month period ended September 30, 2020 was ₹234.29 crores.

Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited, a joint venture between Canara Bank (51%), HSBC Insurance (Asia Pacific) Holdings Limited (26%) and the Bank (23%) also offers various products across individual and group space comprising various kinds of life insurance policies and retirement solutions, among others. As at September 30, 2020, Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited had insured over 0.51 crore persons and has a presence in over 50 locations across India.

Strong retail presence, with a focus on financial inclusion

Retail credit has been a principal focus area for the Bank. The Bank's retail advances, which comprise housing loans, vehicle loans, education loans, personal loans, mortgages and gold loans (“**Retail Advances**”) increased by 55.92% from ₹83,479.42 crore as at March 31, 2020 to ₹130,155.45 crore as at September 30, 2020. As at September 30, 2020, our Retail Advances segment comprised primarily of secured loans with housing loans, vehicle loans, education loans and other loans contributing to the 64.48%, 6.84%, 5.99% and 22.68% of the Retail Advances portfolio, respectively. Within the Bank's Retail Advances segment, the Bank's housing, vehicle and education loans experienced a growth of 63.70%, 62.50% and 33.52% respectively, from March 31, 2020 to September 30, 2020.

Further, we have also launched a scheme, PNB Pride, to provide housing and vehicle loans to government employees at a concessional interest rate and we have entered into a memorandum of understanding with a state government for providing retail loans to its employees. Key initiatives undertaken by the Bank to diversify asset portfolio include revival of cluster-based approach for lending, credit offered based on data analytics undertaken, enter into strategic partnerships for channel financing, OEMs for commercial vehicle and construction equipment loans and fintech companies for micro loan financing using their end-to-end digital solutions. We believe this will also help us establish our presence in underpenetrated areas. The Bank is also co-originating loans with NBFCs. In September 2020, the Bank launched PNB Festival Bonanza Offer 2020 to accelerate growth of retail loans and offer full waiver of upfront or processing fee and documentation charges under housing car and property loans. The Bank has also launched dedicated campaigns including 'Each One Lead One' and 'Car Login Day' to increase retail loan growth.

We have large customer deposits. The Bank's customer gross deposits aggregated to ₹642,226.19 crore, ₹676,030.14 crore, ₹703,846.32 crore, and ₹1,069,747.07 crore as at March 31, 2018, 2019, 2020 and as at September 30, 2020, respectively. As at September 25, 2020, the Bank's market share of aggregate domestic deposits was 7.05%, and its market share of aggregate domestic non-food credit was 6.52%. (Source: RBI data.) We also have a large, stable percentage of relatively low-cost CASA deposits within our deposit mix. The Bank's ratio of domestic CASA deposits to its total domestic deposits was 43.80%, 43.51%, 44.05% and 44.10%, as at March 31, 2018, 2019, 2020 and as at September 30, 2020, respectively. Our savings deposits have also been growing over the years and grew from ₹222,873.11 crore as at March 31, 2018 to ₹256,760.12 crore as at March 31, 2020 and were ₹392,884.38 crore as at September 30, 2020. Our funding requirements are met through deposits and borrowings and a substantial share is derived from the low-cost demand and savings deposits from customers. Deposits constituted 84.73% of our total liabilities as at March 31, 2020 and contributed 94.53% to our average cost of funds during Fiscal 2020.

Initiatives undertaken by us to grow our deposit base include online opening of savings account and account opening at door step of customers through tablet banking and the Bank is in the process of launching online opening of savings account through video KYC. The Bank is in the process of launching new savings and current account products of different variants for different customer segments. Through the use of data analytics, the Bank has segmented customer profiles for cross selling different products such as mutual fund, life insurance and health insurance products. The Bank has also begun opening demat account online through digital modes. To focus HNI and NRI customers, dedicated officials have been deployed at all Customer Acquisition Centres ("CACs") for cross-selling and up selling the bouquet of financial products offered by the Bank. As at September 30, 2020. The Bank has functionalized 57 CACs and 21 government business verticals to specifically targeting bulk business from institutions, corporates and government bodies.

We have also undertaken certain steps towards meeting our financial inclusion goals. During Fiscal 2020, we deployed RuPay Card enabled micro ATMs, which are hand-held devices, in order to make ATMs viable at rural or semi-urban centres at certain of the locations where the Bank is located.

Under the Priority Sector Guidelines, 40.00% of the ANBC should be provided to the priority sector, with 18% and 10% of such priority sector credit provided to the agriculture sector and weaker sections (as identified in the Priority Sector Guidelines), respectively and 5% of ANBC should be given to women beneficiaries women beneficiaries, among other. We have, achieved the goals set for priority sector lending for Fiscal 2018 and Fiscal 2019 but missed achieving in Fiscal 2020 marginally. We have achieved the goal for the six months ended September 30, 2020.

Set out below are details of our financial inclusion targets.

Parameter	National Goals (based on Priority Sector Circular)	Achieved	Outstanding Balance as at September 30, 2020* (₹ crore)
Priority Sector			
Priority Sector (% of ANBC)	40	41.33	276,633.34
Total agriculture advances (% of ANBC)	18	18.15	121,435.84
Small and marginal farmers (% of ANBC)	8	8.58	57,420.00
Other national goals			
Micro enterprises accounts (year on year growth) (%)	NA	NA	NA
Credit to micro enterprises (% of ANBC)	7.50	8.31	55,612.06

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results

for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

As at March 31, 2018, 2019 and 2020, we had achieved the targets set out for us by the RBI for lending to the priority sector, amounting to 40.94%, 41.89% and 39.47% of our ANBC, respectively. The GoI launched the Pradhan Mantri Jan-Dhan Yojana (“**PMJDY**”) in Fiscal 2015 to ensure access to financial services to a large segment of the country with a view to promote financial inclusion. Pursuant to the scheme, as at September 30, 2020, the Bank had approximately 390.24 crore PMJDY accounts with an average balance of approximately ₹3,706.13 per account.

Experienced leadership team

Our leadership team, including our Board of Directors, consists of professionals with experience in the banking and finance industries. Our executive directors and senior management have served in national banks and in the financial services sector at various levels. Our Board is supported by a team of senior management professionals. The experience and expertise of our Board and senior management team across a variety of disciplines and industries assists us in understanding the preferences of our customers and adapt our business and operations accordingly.

We believe that our leadership team’s comprehensive industry experience and expertise has contributed to the development of our brand over the years. We believe that having a management team with such breadth and depth of experience is well suited to leverage the competitive strengths that we have developed across our large, diverse and growing network and that our management team has created a clear, strategic direction for us which will allow us to expand and maintain its position as a leading public sector bank in India.

Strategies

Continued focus on improving operating performance

We continue to enhance our productivity by creating an organizational culture of cost control and operational efficiencies. In order to achieve this, we aim to optimize our allocation and utilization of resources, and effectively balance human resources, processes and technology. We also intend to continue to focus on improving efficiency levels of the Bank measured through its cost-to-income ratio, which was 56.75%, 47.03%, 44.82% and 48.62%, in Fiscal 2018, 2019, 2020 and in the six months ended September 30, 2020, respectively.

We believe we have optimized the utilization of resources by adopting alternate channels to increase our presence across India, in a cost-effective manner, by engaging banking correspondents. As at March 31, 2018, we had engaged an aggregate of 8,161 banking correspondents, which increased to 12,756 as at September 30, 2020. By engaging banking correspondents, we have decreased costs on human resources and capital expenditure on establishing brick and mortar branches.

Further, we focus on increased operational efficiencies by further optimizing our operating platform through technology enhancement and process streamlining, in order to achieve a more efficient operating model and to support new business models and distribution channels. We also have established single service window mechanisms through our retail asset processing centres, which provide for faster turn-around time, thereby increasing our operational efficiencies. Additionally, we continue to focus on increasing customer usage of the Bank’s internet banking platform in order to effect a significant reduction in its transaction costs.

For further details on the digital initiatives undertaken by us, see “—*Focus on digitization and technology*” on page 37. Also see “*Risk Factors— Significant security breaches of our computer systems and network infrastructure could adversely impact our business.*” on page 82.

In order to achieve increased customer usage, we conduct technology learning programs to engage with our customers and to encourage increased usage of the Bank’s internet banking services, ATMs, cash deposit machines, mobile banking applications and debit cards, in addition to providing guidance on secure usage of these channels.

Further, we assimilate and intend to continue assimilating relevant customer information at our branches and ATMs in order to assess the suitability of the branch or ATM location and accordingly monitor our cost

efficiencies. For instance, we are in the process of merging or closing certain of our branches and ATMs which are not presently being utilized at optimal capacity, in order to decrease our operating costs. We also have undertaken certain initiatives to centralize our operations. For instance, we are in the process of centralizing and digitizing our filings for tax deducted at source from depositors, vendors, employees and pensioners, which we believe will decrease our operating costs.

Focus on portfolio quality

Though a reduction in impaired assets and an improvement of the quality of our assets through recovery and due diligence measures have been our key focus area in the recent past, we intend to continue to focus on reducing our impaired assets with the objective of reducing our NPA levels, while improving the quality of our assets. The Bank's gross NPAs, as a percentage of gross advances, were 14.21% and 13.43% as at March 31, 2020 and September 30, 2020, respectively, compared with 15.50% and 16.76% as at March 31, 2019 and September 30, 2019, respectively. As at September 30, 2020, large industry, MSME and retail comprised 46.01%, 17.49% and 18.67% of the Bank's gross domestic advances, respectively

The Bank's average ticket size of advances to retail, agriculture, MSME and corporate and other loans was ₹ ₹694,453.68, ₹246,902.53, ₹628,902.16 and ₹31,164,046.62, respectively. We have diversified our gross domestic advances, such that as at September 30, 2020, the Bank's advances to corporate and others, MSME and retail were ₹320,833.86 crore, ₹122,002.74 crore and ₹130,155.45 crore as compared to ₹256,274.42 crore, ₹70,284.15 crore and ₹83,479.42 crore, respectively, as at September 30, 2019, demonstrating a yearly growth of 25.19%, 73.58% and 65.53% respectively.

The Bank has initiated a comprehensive transformational exercise "Mission Parivartan" on June 1, 2017. Each alphabet of the word 'Parivartan' is a guidepost to reorient the Bank towards more profitability, productivity and efficiency. Various initiatives are being initiated under Mission Parivartan to redefine/ revisit the processes and products of the Bank.

Focus on digitization and technology

We believe that the increased usage of internet by consumers and access to data networks in India has led to the need for a comprehensive digital strategy by banks and financial institutions to proactively develop new methods of reaching customers. We intend to leverage our digital channels to source business, and in particular, grow our CASA and advances. We will also leverage our advanced technology infrastructure to further improve client and transaction management and achieve enhanced efficiency and productivity levels. We currently provide a range of options for customers to access their accounts, including internet banking and mobile banking, which as at September 30, 2020, facilitated 3.34 crore and 5.89 crore transactions, respectively, at the Bank. Our customers can also access their bank accounts through mobile applications based on a Unified Payment Interface ("UPI") developed by the National Payments Corporation of India called "Bharat Interface for Money" ("BHIM"). As at September 30, 2020, we had approximately 1.37 crore of our accounts registered with BHIM and had installed 199,165 Bharat/BHIM QR Code.

We intend to focus on harnessing the power of data to drive decision making and operational excellence while providing personalized experience to each customer. The endeavour will be to migrate customers to digital channels and move transactions away from branches to contactless banking modes. The Bank has a large database and is using advanced enterprise data warehouse technology to enable data mining. A 'Centre of Excellence' has been set up to focus on emerging technologies like machine learning and artificial intelligence and is working across the Bank to identify and realize new cross-sell opportunities. The Bank was awarded the 'Runner Up' at the IBA Awards for "Best Use of Data Analytics for Business Outcome" in Large Bank Category for Fiscal 2020.

The Bank has launched the 'Digital Apnayan' campaign to encourage customers to increasingly use its digital assets. Since its launch on August 15, 2020, more than 0.19 crore customers have been onboarded by the Bank on its digital platforms. The Bank has also launched a digital customer assistant, 'PIHU'.

We believe additional investment in our technology infrastructure and in-house analytics to further develop our digital strategy will allow us to cross-sell a wider range of products available on our digital platform in response to our customers' needs and thereby expand our relationships across a range of customer segments. As our customers can interact with us more frequently than previously and easily access their accounts wherever and whenever they desire, we believe that a comprehensive digital strategy will provide opportunities for development of long-term customer relationships.

We plan to focus on operational and cost efficiencies, expansion of service delivery models and increasing penetration among existing and new customer segments. We have migrated branches to our core banking application platform and expanded our ATM and internet banking networks, providing a comprehensive suite of mobile banking, debit and prepaid card services, and payment systems. We have undertaken certain initiatives during Fiscal 2018 such as the introduction of a pilot scheme PNB E-Rupaya pursuant to which we introduced pre-paid cards which may be used for digital transactions in rural areas with limited internet connectivity. Based on the success of the pilot scheme, we have identified villages in two districts for testing under RBI Sandbox Testing. We continue to focus on increased operational efficiencies by further optimizing our operating platform through technology enhancement and process streamlining, in order to achieve a more efficient operating model and to support new business models and distribution channels.

Also see “Risk Factors— Our failure to adapt to technological advancements that can potentially disrupt the banking industry could affect the performance and features of our products and services and reduce our attractiveness to customers.” and “Risk Factors—Significant security breaches of our computer systems and network infrastructure could adversely impact our business.” on pages 73 and 82, respectively.

Focus on capital optimization and explore sale of non-core assets

We have implemented a risk management architecture with focus on maximizing our business operations that, we believe, will in turn maximize our profits or return on average equity. In order to enable a more efficient, equitable and prudent allocation of resources, we endeavour to benchmark our operations on globally accepted risk management systems and conform to the Basel III framework, particularly in relation to capital adequacy. The Bank’s capital adequacy ratio as at March 31, 2018, 2019, 2020 and as at September 30, 2020, in accordance with Basel III norms, was at 9.20%, 9.73%, 14.14% and 12.84%, respectively.

To counter the impact of the NPAs on our financial position, we are following a multi-pronged approach including creation of a robust follow-up and recovery mechanism that is monitored from our head office and creation of specialized NPA recovery branches to take control over high value NPAs from our other branches.

Further, we aim to reduce our dependence on high cost deposits and have already managed to reduce this to 3.02% of our total deposits during Fiscal 2020 from 3.81% during Fiscal 2018. This, we believe, will help in reducing our cost of funds. This dependence was further reduced to 1.11% during the six months ended September 30, 2020. Additionally, we are also in the process of rationalizing our branch structure and reallocating resources to increase efficiencies and further aim to improve productivity by creating a culture of cost control and operational efficiency internally by striking an effective balance between people, processes and technology through the optimal allocation and utilization of resources.

We will focus on improving our capital adequacy ratios and focus on capital optimization. In order to enhance our capital base, in addition to this Issue, we intend to undertake the sale of non-core assets and investments as well as our shareholding in certain of our Subsidiaries and Associates. We have undertaken and are in the process of monetizing certain of our non-core assets through sale of our stake in various entities.

See “Risk Factors— We are subject to capital adequacy norms and are required to maintain a CRAR at the minimum level required by RBI for domestic banks. Any inability to maintain adequate capital due to change in regulations or lack of access to capital or otherwise could materially and adversely affect our results of operations and financial condition” on page 65.

Focus on profitable growth in the priority segment

We believe that our priority sectors, such as agriculture and MSME industries, offer large and potentially profitable growth opportunities. As at September 30, 2020, 61.15% of the Bank’s branches were located in rural and semi-urban centers. We intend to maintain and enhance our position in agricultural lending and further strengthen our ties with the agricultural community and related agri-based industry participants.

We have a nationwide presence in, and extend finance to, the MSME industry. The Bank intends to further expand its MSME sector banking activities, which is in the process of getting further integrated into the formal Indian economic and banking system after the recent implementation of the GST regime.

As part of the Bank's strategy to focus its priority sector banking business, the Bank has undertaken the following initiatives, among others:

- Under the PNB Gram Uday Scheme, loans of up to ₹1,00,000 are provided for reclamation of soil, soil conservation measures, conditioning of land, purchase of seeds, bio-fertilizers, manure, compost and other materials for organic farming, to farmers who hold a soil health card;
- Under a scheme for financing landless agriculture labourers on unregistered leased land, loans of up to ₹100,000 are provided to undertake agricultural activity for financing unregistered leased land; and
- Under a scheme for women joint liability groups, we provide collateral free term loans or working capital facilities up to ₹1,00,000.

We also endeavor to improve certain schemes for the priority sector which we have set up in the past. For instance, during Fiscal 2020, we enhanced the limit for working capital to MSEs that are exempted from GST registration.

Impact of COVID-19

The World Health Organization declared the 2019 novel coronavirus (“**COVID-19**”) outbreak a Public Health Emergency of International Concern on January 30, 2020, and a pandemic on March 11, 2020. Further, on March 14, 2020, India declared COVID-19 as a “notified disaster” and imposed a nationwide lockdown announced on March 24, 2020. Subsequently, progressive relaxations have been granted for movement of goods and people and cautious re-opening of businesses and offices. However, banking services were determined to be an essential industry, which allowed us to continue our operations at majority of our branches and ATMs during the nationwide lockdown with limited workforce and other safety measures.

Further, the COVID-19 pandemic has caused substantial disruption to the global economy and supply chains, created significant volatility and disruption in financial markets, including with respect to India. In order to address the financial implications of the COVID-19 pandemic, central banks around the world, including India, have taken monetary, fiscal and administrative measures. For instance, the RBI issued guidelines as part of a COVID-19 Regulatory Package on March 27, 2020, April 17, 2020 and May 23, 2020. In terms of these guidelines, we have granted a moratorium of up to six months on the payment of all instalments and/ or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers, in accordance with the schemes approved by the Board. For further information on the moratorium benefit that has been extended in accordance with the COVID-19 Regulatory Package issued by the RBI, see “*Financial Statements*” on page 323. Further, the RBI cut the reverse repo rate to 3.35% and the LCR was reduced from 100% to 80%. For further details on regulatory measures taken by the RBI in order to address the impact of the COVID-19 pandemic, see “*Industry Overview*” and “*Regulations and Policies in India*” on pages 180 and 246, respectively. However, the extent of economic disruption on account of the extended lockdown currently remains unknown and may have significant impact on our Bank's ability to achieve its strategies.

Our Bank proactively implemented significant measures to reduce the impact of the COVID-19 pandemic related lockdown on its operations, including the following:

- Created awareness among borrowers on the relief measures being provided by our Bank, through mobile banking channels and call centres;
- Moratorium on loan repayment was permitted to all eligible borrowers without formal requests or applications;
- On expiry of the moratorium period, all eligible term loan accounts were rescheduled;
- The accumulated interest in CC/OD accounts was converted into separate FITL accounts;
- One-time restructuring (OTR) exercise has been undertaken to restructure all eligible accounts which are under stress due to COVID-19 pandemic;
- Launched new products including Arogya Sanjeevani, Corona Kavach, and Corona Rakshak.

Our Bank has a disaster recovery site which is capable of handling the CBS and other functions of our Bank, In case of closure of data centre, our Bank will function from the disaster recovery site ensuring continued operations without any significant disruptions. We consider that our swift response and proactive steps have helped us mitigate the impact of COVID-19 pandemic on our business, operations and personnel to a certain extent. However, the COVID-19 pandemic had and continues to have a material impact on the global and Indian economy, the financial services sector and our Bank's business. The significant areas of our Bank's business

which have been impacted by the COVID-19 pandemic, and our Bank's approach on these areas going forward are set out below.

Moratorium

In accordance with the RBI guidelines relating to COVID-19 regulatory package, our Bank had initially offered a moratorium of three months on the payment of all installments falling due between March 1, 2020 and May 31, 2020, in respect of term loans and working capital facilities sanctioned in the form of cash credit/ overdraft to various eligible borrowers. This was further extended by the RBI until August 31, 2020 upon announcement of the second regulatory package by the RBI on May 23, 2020. The RBI also clarified that the accounts which benefit from the moratorium period, will get the benefit of an ageing standstill and hence would not be classified as NPAs if the accounts have any instalments or interest are overdue for more than 90 days during the moratorium period. However, lenders are required to make general provisions of 10% in respect of accounts which were in default on February 29, 2020 where moratorium is granted and asset classification benefit is availed. The utilization and/or release of the provision, are subject to the applicable RBI directions that may be amended from time to time.

Set forth below is certain information on the moratorium availed by borrowers of the Bank as at September 30, 2020:

Parameters	Number of Accounts			Outstanding Amount		
	Total Number of Accounts	Moratorium Availed Accounts	% of availed accounts to total accounts	Total outstanding amount	Availed Amount	% of availed amount to total amount
				(₹ crore)		
Agriculture	1,738,419	884,440	50.88	125,748.17	74,251.37	59.05
Retail	4,039,330	312,066	7.73	106,875.56	25,436.93	23.8
MSME	1,544,057	665,228	43.08	102,558.22	64,338.21	62.73
Corporate and Others	454,044	15,907	3.5	278,980.73	75,005.36	26.89
Total	7,775,850	1,877,641	24.15	614,162.68	239,031.87	38.92

**The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.*

Collections

The nationwide lockdown and social distancing measures restrained the ability of our Bank to carry out collections, which have impacted recovery of our Bank's dues. However, our Bank is focused on providing alternate ways to ensure customer convenience and accordingly, set up additional digital channels for payments and payment links for customers to make it convenient for them to make the required payment. We also continue to make 'awareness calls' to our customers to inform them of the terms of the moratorium.

Capital and Liquidity position

Our Bank's average liquidity coverage ratio for the financial year ended March 31, 2020, and the six months ended September 30, 2020, was, 182.02% and 194.14%, respectively, which was well above the regulatory requirement.

As at September 30, 2020, our Bank's SLR was 29.64%. As of September 30, 2020, our Bank had excess SLR of ₹115,973.42 crore, which was well above the regulatory requirement. Our Bank's capital adequacy ratio and CET-1 ratio were 14.14% and 10.69%, respectively as on March 31, 2020.

We believe that during periods of uncertainty, people generally tend to avoid higher risk assets and shift to safer assets, such as, bank deposits, with larger banks that are considered safer, better capitalized and better able to withstand economic pressure. However, any failures at smaller private sector banks or large non-banking financial institutions could lead to risk aversion among depositors and creditors, creating funding and liquidity challenges for smaller private banks with weaker franchises, which may also adversely affect the customer and creditor confidence in larger banks. Further, short term surpluses resulting from higher liquidity, may need to be invested in poor yielding securities, in an environment where riskier advances may be less attractive.

Provisions

As at September 30, 2020, our Bank had a provision coverage ratio (excluding technical write-offs) of 67.90% on NPAs. To mitigate the impact of the COVID-19 pandemic, our Bank adopted a prudent and conservative approach towards provisioning. As at March 31, 2020, our Bank had made a general provision of ₹415.41 crore towards loans under moratorium where asset classification benefit was extended, as per the RBI guidelines on the COVID-19 regulatory package. This was further increased by ₹579.90 crore, to ₹995.31 crore during the six months ended September 30, 2020.

We believe that our conservative and prudent provisioning will enable us to strengthen our balance sheet in these times. However, given that the COVID-19 situation is continuously evolving, it is difficult to ascertain with certainty the exact impact on our Bank's portfolio due to COVID-19 related lockdown. We will continue to assess our portfolio on an ongoing basis.

Set forth below is certain information on the provisions arising out of COVID-19 as at September 30, 2020, i.e. with respect to accounts where asset classification benefit has been granted as at March 31, 2020:

S. No.	Particulars	Number of Accounts	Outstanding as at March 31, 2020	Outstanding as at September 30, 2020*
			(₹ crore)	
1.	Accounts where COVID-19 benefit was given as at March 31, 2020	184,183	7,559.38	-
2.	Less			
	Accounts closed as at September 30, 2020	4,844	116.01	-
	Accounts in credit/ zero balance as at September 30, 2020	3,318	31.52	-
	Accounts which are NPA as at September 30, 2020	2,713	429.37	-
3.	Net accounts where COVID-19 benefit given as at September 30, 2020	173,308	6,982.48	6,921.26
4.	Less: Accounts which are SMA2 or Better out of 3, as at September 30, 2020	35,126	-	968.15
5.	Net accounts on which provision to be made	138,182	-	5,953.11
6.	10% provision on 5 above	-	-	595.31
7.	Additional Provision as a matter of prudence	-	-	400.00
Total Provision as at September 30, 2020		-	-	995.31

*The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.

Stress testing

Our Bank has carried out specific stress testing to assess the impact of the COVID-19 pandemic in various stress scenarios, including a highly severe scenario of the pandemic prolonging beyond six months. Our Bank enhanced its stress testing frameworks and also used the analytical stress framework of the Basel Committee to stress test internal probabilities of default. We are actively monitoring economic developments by performing sensitivity analysis on our loan portfolio, including identification of borrower segments and sectors which may face additional stress due to the COVID-19 pandemic and vulnerable portfolios and we will take/ are taking precautionary actions accordingly.

For further information, see "Risk Factors – "We may not be able to predict the impact of the COVID-19 pandemic on our Bank's business, cash flows, results of the operations and financial condition." on page 48. Also, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Recent Developments – Impact of COVID-19" on page 101.

Our Principal Business Activities

Our business operations are broadly categorized into four segments: corporate/wholesale banking, retail banking, treasury and other banking operations. The table below sets forth the profit before tax attributable to our consolidated reportable segments during Fiscals 2018, 2019 and 2020, and the profit before tax attributable to the Bank's standalone reportable segments during the six-month period ended September 30, 2020:

Particulars	Fiscal			Six months Ended September 30, 2020
	2018	2019	2020	
	(₹ crore)			
Corporate/ Wholesale	(22337.09)	(19392.93)	(6027.22)	(3812.84)
Retail	249.20	1879.42	2780.88	2233.57
Treasury	4474.83	3758.08	6123.23	4701.66
Other Banking Operations*	237.98	346.05	322.00	359.06

* Other banking operations comprise foreign exchange operations.

As at September 30, 2020, the Bank's advances to corporate and others, MSME and retail were ₹320,833.86 crore, ₹122,002.74 crore and ₹130,155.45 crore, respectively.

Corporate/ Wholesale

We provide our corporate and institutional clients a wide array of commercial banking products and transactional services.

Our principal commercial banking products include a range of financing products, documentary credits (primarily letters of credit) and bank guarantees, foreign exchange, and corporate deposit products. Our financing products primarily include loans, overdrafts and bill discounting.

For our commercial banking products, our customers include companies that are part of public sector enterprises, private sector business houses, and multinational corporations, as well as small and mid-sized businesses. Our customers also include suppliers and distributors of corporations to whom we provide credit facilities and with whom we thereby establish relationships as part of a supply chain initiative for both our commercial banking products and transactional services. We aim to provide our corporate customers with high quality customized service.

Our principal corporate loans comprise the following:

Working Capital Financing

The Bank provides working capital to meet short-term fund requirements for managing day-to-day operations of businesses. Loans are provided by way of both fund and non-fund-based facilities to various kinds of entities including corporates. Funded facilities include cash credit, demand loan and bill discounting. Non-fund-based instruments primarily comprise letters of credit and bank guarantees.

Export Finance

The Bank provides export finance at pre-shipment and post shipment stage to exporters by way of various types of fund based and non-fund based credit facility. Besides, the Bank also provides trade finance facility to importers at competitive rates.

Project Finance and Infrastructure Finance

The Bank provides project finance and infrastructure finance by providing fund and non-fund based credit facilities for new projects as well as expansion, diversification and modernization of existing projects in several sectors, including the power sector, road sector, oil and gas sector, telecommunication, housing finance, aviation sector, heavy industries, mining, chemicals and fertilizers, cement, steel, agriculture, FMCG, food processing, textile sector, manufacturing units, amongst others.

Rooftop PV Solar Power Project Funding

By 2022, India aims to achieve 40 gigawatts of grid connected rooftop solar photovoltaic power projects. (Source: Ministry of New and Renewable Energy) To promote the vision of the GoI, the Asian Development Bank has sanctioned a line of credit of USD 50 crore to the Bank for financing rooftop photovoltaic solar power projects and accordingly, we have formulated a customized scheme in this respect.

Loan against Future Lease Rentals/Cash Flow Discounting

The Bank has introduced a scheme for discounting of rentals of owners of property within metros, urban, semi-urban and rural centres, and who have leased their properties to public sector undertakings, reputed schools or colleges, reputed private hospitals or nursing homes or franchisees, dealers, distributors of reputed corporates. Scheme also covers receivables from Future Toll collection/Annuity Receivables in case of BOT road projects.

Bill Financing

The Bank provides advances against Inland Bills in the form of limit for purchase of bills, discount of bills or advance against bills sent for collection to borrowers for their genuine trade transactions. Bills facilities are also allowed to the borrowers against bills accompanied by railway receipts, motor transport receipts, government supply bills, third party demand drafts and cheques. We provide our corporate and institutional clients a wide array of commercial banking products and transactional services.

Other Services

We provide various services to exporters and importers, including pre-shipment finance, handling export bills, outward or inward remittance and establishment of import letters of credit covering import into India and handling of bills under letters of credit and foreign exchange services.

We provide correspondent banking services to foreign banks through vostro accounts, including funds transfers, to foreign banks. We maintain vostro accounts of certain foreign banks and maintain our nostro accounts with certain foreign banks. We provide funds transfers and services, such as letters of credit, outward remittances, inward remittances, foreign letters of guarantee and foreign exchange transactions. We earn revenue on a fee-for-service basis and benefit from the cash floats in Vostro accounts, which reduces our overall cost of funds.

We are well positioned to offer this service to co-operative banks and foreign banks in light of our existing position within the structure of the Indian banking industry. Co-operative banks are generally restricted to a particular state and foreign banks have limited branch networks. The customers of these banks frequently need services in other parts of India which their own banks cannot provide. Because of our technology platforms, our geographical reach and the electronic connectivity of our branch network, we can provide these banks with the ability to provide such services to their customers.

We also provide certain insurance products at our branches. We provide life insurance through our Associate, PNB Metlife Insurance Company Limited and we have also entered into a bancassurance tie-up with a large insurance company, which would enable our customers to have access to the insurance company's products across our branches. Additionally, we are a corporate agent of a public sector company which offers a variety of insurance products, including health insurance products, among others. Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited, a joint venture between Canara Bank (51%), HSBC Insurance (Asia Pacific) Holdings Limited (26%) and the Bank (23%) also offers various products across individual and group space comprising various kinds of life insurance policies and retirement solutions, among others.

Retail Banking

We provide a comprehensive range of financial products including deposit products, loans, credit cards, debit cards, insurance products and other services. As at September 30, 2020, the Bank had ₹287.27 crore credit cards outstanding, respectively.

The Bank's retail banking loan products include housing loans, vehicle loans, education loans and personal loans, which together accounted for 84.29% of its total retail banking loans as at September 30, 2020. The Bank focuses on growing small ticket advances which it believes helps in capital conservation and risk diversification. Set forth below is bifurcation of the Bank's advances by ticket size.

Segment	As of March 31,			September 30, 2020*
	2018	2019	2020	
		(₹ crore)		
₹5 crore and below	58,475.23	64,600.01	70,450.98	10,8151.59
₹5 crore to ₹10 crore	668.60	779.81	730.86	986.05

₹10 crore to ₹50 crore	1,163.10	1,801.74	1,802.92	3,511.38
₹50 crore to ₹250 crore	677.76	1,095.86	2,392.09	7,028.82
₹250 crore and above	1,351.01	10,378.25	8,102.58	10,477.61
Total	62,335.71	78,655.67	83,479.42	130,155.45

**The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/financial results for periods prior to the Amalgamation.*

We actively market our services through our branches and alternate sales channels, as well as through our relationships with automobile dealers. We seek to establish a relationship with a retail customer and then expand it by offering more products. As at September 30, 2020, the Bank had 10,930 branches and 13,878 ATMs across India. The Bank also provides internet and mobile banking to its customers. As at September 30, 2020, the Bank had 2.36 crore and 0.87 crore internet banking and mobile banking users, respectively. The Bank's internet banking transaction have grown from 2.56 crores as at September 30, 2019 to 3.34 crores as at September 30, 2020 while mobile banking transaction have grown from 1.40 crores as at September 30, 2019 to 5.89 crores as at September 30, 2020. As at September 30, 2020, the Bank had 85,379 PoS across India.

The Bank's gross retail loan portfolio aggregated to ₹130,155.45 crore as at September 30, 2020. As at March 31, 2020, our gross retail loans aggregated to ₹83,479.42 crore. Loans are classified as retail based on the criteria of orientation, the nature of the product, level of the exposure and quantum thereof as per our reporting system to the RBI.

Apart from our branches, we use our ATM network and the internet to promote our loan products and we employ additional sales methods depending on the type of product. We perform our own credit analyses of the borrowers and the value of the collateral, if the loan is secured.

In addition to taking collateral in many cases, we generally obtain ECS/RECS/NACH mandates covering all payments at the time a retail loan is made. Dishonor of ECS/RECS/NACH mandate due to insufficient fund is a criminal offence in India. We also sometimes obtain instructions to debit the customer's account directly for making of payments. Our unsecured personal loans, which are not supported by any collateral, are a higher credit risk for us than our secured loan portfolio. We may be unable to collect the whole or a portion of an unsecured personal loan in the event of non-payment by the borrower. Accordingly, personal loans are granted at a higher loan yield. Also see "Risk Factors— We offer unsecured loan to customers and are not supported by any collateral. In the event of non-payment by a borrower of one of these loans, we may be unable to collect the unpaid balance" on page 74.

Housing Loans

We provide housing loans with the Bank having a market share of 6.17%, in terms of amount outstanding as a provider of home loans in India, as at September 30, 2020, among all scheduled commercial banks. (Source: RBI data.) We provide home loans for the construction, purchase, alteration and repair of houses. For the construction, addition or purchase of houses, the loans typically provided are need based loans, depending on the project cost and repayment capacity. For purchase of land, the maximum quantum of loan available is ₹5.00 crores for metro cities (only in cases where land/ plots are allotted by State Development authorities or State Housing Boards.) and ₹3.00 crores for other centers. We also have a scheme PNB Pride Housing Loan for Government Employees, pursuant to which housing loans are provided to permanent employees of the central or state government, defence and paramilitary forces personnel for which we provide loan at concessional rates of zero processing and documentation charges.

Additionally, we provide housing loans for purchase or construction or addition to existing units to individuals from economically weaker section and low income group category under the Pradhan Mantri Awas Yojana scheme. Under this scheme, the GoI provides a credit linked subsidy at a rate of 6.5% for a loan amount of up to ₹600,000 over a tenure of 20 years, or during the tenure of the loan, whichever is lower. This subsidy is available only for loan amounts up to ₹600,000 and any additional amount will be at a non-subsidized interest rate. The Bank's housing loans have grown by 48.32% between September 30, 2019 and September 30, 2020.

Vehicle Loans

The Bank had a market share of 4.02%, in terms of amount outstanding as a provider of vehicle loans in India, as at September 30, 2020, among all scheduled commercial banks. (*Source: RBI data.*) We offer loans at floating interest rates for financing purchase of new and used vehicles. We offer a number of automobile loan products to meet the requirements of our diverse segment of customers. Certain products offered by us include the 'PNB Pride Car Loan for Government Employees' and the 'PNB Power Ride - Scheme for financing two-wheelers to Women'. In addition to our general marketing efforts for retail loans, we market this product through our relationships with car dealers and joint promotion programs with automobile manufacturers and car dealers.

Education Loans

As at September 30, 2020, the Bank had a market share of 11.98%, in terms of amount outstanding as a provider of education loans to Indian national for study in India and abroad, among all scheduled commercial banks. (*Source: RBI data.*) We offer student loans to provide financial assistance to Indian nationals to pursue higher studies within and outside India. The maximum education loan amounts under our education loan schemes is need based. Other schemes include targeted products such as PNB Pratibha, which provide loans to students securing admissions in certain premier or reputed educational institutions of India and the PNB Saraswati scheme, which provides financial aid to students pursuing higher education in India. We also provide education loans to Indian nationals for pursuing higher education abroad through the PNB Udaan scheme.

Personal Loans

The Bank had a market share of 1.22%, in terms of amount outstanding as a provider of personal loans in India, as at September 30, 2020, among all scheduled commercial banks. (*Source: RBI data.*) We offer secured and unsecured personal loans at floating rates to all customer segments, to meet personal requirements. We also provide pension loans to all types of pensioners to meet personal requirements, including medical expenses and we also provide loans against gold or jewellery for purposes such as agricultural or other allied activities as well as for meeting medical, educational, marriage and other expenses.

Miscellaneous Loans

Additionally, we provide loan against mortgage of immovable property to individuals for business and personal requirements.

Further, we also provide deposit products to our customers, including savings, term deposits and hybrid accounts that combine features of savings and term deposit accounts. The Bank's gross deposits aggregated to ₹642,226.19 crore, ₹676,030.14 crore, ₹703,846.32 crore and ₹1,069,747.07 crore as at March 31, 2018, 2019, 2020 and September 30, 2020, respectively. As at September 30, 2020, 98.12% of the Bank's total domestic deposits were retail deposits and 1.88% were bulk deposits from corporates (at differential rate).

Treasury

Our treasury operations are our interface with the financial markets. Our treasury operations consist primarily of statutory reserves management, liquidity management, investment and trading activities, money market and foreign exchange activities. Our treasury department endeavours to provide standardized and structured client solutions including liquidity management and bond placement. The treasury department is responsible for balancing and managing our daily cash flow and liquidity of funds.

Our treasury department manages our treasury operations on a day-to-day basis and is subject to oversight by our Board. Through our treasury operations, we manage our funds, invest in debt and equity products and maintain the required regulatory reserves. We operate a proprietary trading book in debt, equity and foreign exchange within the framework of our treasury policy.

The main functions of our integrated treasury department include:

Reserve management and investment: Ensuring that we meet our CRR and SLR obligations and have an appropriate mix within our portfolio to optimize yield, duration and profitability.

Liquidity and funds management: Analysis of major cash flows arising out of asset liability transactions, providing a well-developed and diversified liability base to fund various assets and providing policy inputs on funding mix.

Asset liability management: Determining the optimal size and growth rate of the balance sheet and pricing the asset liability in accordance with prescribed guidelines.

Risk management: Managing market risks associated with our liabilities and assets.

Foreign exchange treasury operations: Our treasury department also undertakes foreign currency borrowings and deployment activities. It also caters to the foreign exchange needs of our corporate clients and trading in currencies, among others.

The structure of our treasury department is provided below.

Front office: The front office consists of dealers and traders, who are the first point of interface with other market participants, including brokers and customers. Each of our traders and dealers report to department heads.

Mid-office: The mid-office is independent of the treasury department and is responsible for risk monitoring and measurement analysis. It provides risk assessments to our asset liability committee and is responsible for the daily tracking of risk exposures. The mid-office reports directly to our senior management.

Back-office: The back office primarily undertakes accounting, settlement and reconciliation operations but is also responsible for reporting requirements of the bank including that of internal and statutory compliances

Audit group: The audit group inspects the daily operations of the treasury department to ensure adherence to internal and regulatory systems and procedures.

The Bank's interest income from investments and treasury operations was ₹15,767.30 crore, ₹16,041.58 crore, ₹18,222.65 crore, and ₹13,722.04 crore during Fiscal 2018, 2019 and 2020, and in the six months ended September 30, 2020, respectively. The Bank's non-interest income from its treasury operations, consisting of profit and loss from the sale of investments and foreign exchange transactions was ₹4,211.68 crore, ₹3,767.65 crore, ₹2,271.66 crore, and ₹2,517.48 crore during Fiscal 2018, 2019 and 2020, and in the six months ended September 30, 2020, respectively.

For details of the allocation of our net investment portfolio, see "*Selected Statistical Information*" beginning on page 138.

Rural Business

The Bank continues to focus on rural banking as a key driver of future growth. It has been involved in extending banking facilities to rural areas in India even before such requirements became mandatory for banks. It is also an active participant in the GoI's and the RBI's financial inclusion programs.

The Bank has expanded its network in rural and semi-urban areas in India by setting up a large number of branches. As at September 30, 2020, the Bank had 10,930 branches in India, out of which 3,930 branches were in rural areas and 2,753 branches were in semi-urban areas.

Rural banking requires an innovative approach in respect of delivery of services in remote areas to a population with low literacy rates, and involves a large volume of small-value transactions. In order to cater to rural customers' needs, the Bank has developed alternative delivery channels for banking services and products through the business correspondent model. On September 30, 2020, the Bank has introduced a low premium health insurance product specifically for rural customers. As at September 30, 2020, the Bank had engaged over 9,458 customer service points with third party business correspondents in rural areas.

Pursuant to the PMJDY scheme launched by the GoI on August 15, 2014, to ensure access to basic finance services to the weaker sections and low income groups, the Bank had opened 390.24 crore accounts and issued 284.22 crore RuPay debit cards to eligible customers, as at September 30, 2020.

The value of transactions handled through our banking correspondents increased by 3.28% to ₹8,088.92 crore during Fiscal 2020 from ₹7,832.05 crore during Fiscal 2019, and ₹3,528.00 crore during Fiscal 2018. The Bank's

continued focus on the development of innovative, technology enabled channels for delivering banking services to the rural population in India has resulted in the launch of a number of new initiatives such as Aadhaar enabled Payment Systems, automated e-KYC, Micro ATM rollout and savings bank-overdraft facility under PMJDY.

Agri-Business

We believe that we continue to play an important role to support farmers and other persons engaged in the agriculture industry in India.

The Bank has also developed IT-driven products for PNB RuPay Kisan Cards (“**KC**”) to allow continuous interaction with customers in the agricultural and allied industries. Initiatives aimed at strengthening ties with the farming community include attending farmers’ meetings and events, as well as a village adoption program, to support integrated development of the village.

The Bank has taken various steps to contain NPA levels, and lending by individual branches under certain loan programs may be linked to NPA levels. In addition, the Bank increasingly uses recovery agents for debt collection, generally by enforcing the underlying collateral securing the loans. NPAs are also controlled through programs designed specifically for farmers and to improve loan initiation and monitoring, such as increased training for the Bank’s representatives, use of regular audio and video conferencing, in-person visits and recruitment of specialists such as marketing, agriculture officers and recovery officers, organization of special recovery and counselling camps in all agri-business intensive branches, wide publicity of additional incentives from the Government on a timely basis. Lok Adalats are used to resolve agri-loan related disputes. The Lok Adalat is a forum organized under Chapter VI of the Legal Services Authorities Act, 1987, as amended (“**LSA Act, 1987**”) where the disputes pending in a court of law or at pre-litigation stage are settled amicably. Under the LSA Act, 1987, the award made by the Lok Adalat is deemed to be the decree of a civil court and is final and binding on all parties with no right of appeal.

Distribution Channels

Branches

As at September 30, 2020, the Bank had an aggregate of 10,930 branches across India.

All of the Bank’s branches are electronically linked so that its customers can access their accounts from any branch regardless of the location of their account in India.

Almost all of the Bank’s branches focus exclusively on providing retail services and products, though a few also provide wholesale banking services. The range of products and services available at each branch depends in part on the size and location of the branch.

	As at March 31			As at September 30	
	2018	2019	2020	2019	2020
Number of Branches in India	6,561	6,566	6,564	6,567	10,930

As part of its branch licensing conditions, the RBI requires that at least 25% of the total number of branches opened during the year must be located in unbanked rural centers.

A rural area is defined as a center with a population of less than 10,000 (based on the 2001 census conducted by the GoI) and a rural unbanked center is a center which does not have a core-banking solution enabled “banking outlet” of a scheduled commercial bank, small finance bank, a payment bank or a regional rural bank nor a branch of local area bank or licensed co-operative bank for carrying out customer based banking transactions. Further, the RBI also prescribes that the total number of branches opened in a Tier 1 center, during a fiscal cannot exceed the total number of branches in Tier 2 to Tier 6 centers and all centers in north-eastern states in India.

As at September 30, 2020, 506 of the Bank’s branches operated in unbanked rural centers. Additionally, as at September 30, 2020, of the Bank’s total branches, 35.96% were located in rural areas, 25.19% were located at semi-urban areas, 20.83% were located at urban areas, and 18.02% were located at metros.

We offer various banking services to our customers through our arrangements with correspondent banks and exchange houses in overseas locations. We have representative offices in countries outside India, i.e., in Bangladesh and Myanmar. Through these representative offices, we provide services to Indian corporates and their affiliates to cater to their international banking requirements, as well as to retail customers.

ATMs

As at September 30, 2020, the Bank had a total of 13,878 ATMs, including ATMs located at residential and commercial developments, or on major roads in metropolitan areas. Customers can use our ATMs for a variety of functions, including withdrawing cash, monitoring bank balances, depositing cash fund transfers, making new cheque book request and green pin generation. Customers can access their accounts from any of the PNB ATMs or non-PNB ATMs. ATM cards issued by other banks can be used at our ATMs and we receive a fee for each transaction.

	As at March 31			As at September 30	
	2018	2019	2020	2019	2020
Number of ATMs	14,440	13,957	13,797	13,627	13,878

Our debit cards can be used on ATMs of other banks' ATM networks.

Telephone and Mobile Banking

We provide telephone banking services to our customers. Customers can access their accounts over the phone through our 24-hour automated voice response system and can order cheque books, conduct balance inquiries and order stop payments on cheques. In select cities, customers can also engage in financial transactions such as cash transfers, opening deposits and ordering demand drafts.

Our mobile banking platform, "PNB One", offers "anytime, anywhere" banking services to our customers through handheld devices, such as smartphones and basic feature phones. Using our mobile banking platform, customers can perform enquiry based non-financial transactions such as balance enquiries, requests for account statements and requests for mini-statements of their transactions etc. Customers can carry out financial transactions, such as transferring funds within and outside the Bank and mobile commerce besides value added services using their PNB account by downloading this application on their mobile phones. Mobile banking is available across several mobile operating systems, including Android and iOS. 'PNB One' is available in multiple languages and serves as a unified mobile application to manage all key banking activities. Key functionalities include creation of fixed deposits and recurring deposits electronically, availing overdraft facility against fixed deposits, viewing interest certificate of loans and deposits, RTGS, fund transfer to contacts, payments to Sukanya Samriddhi Account. The application has the ability to activate and deactivate debit cards.

The Bank has also introduced another mobile application, 'PNB Verify' that serves as an alternate mode to OTP or authentication of banking transactions.

Internet Banking

Through our net banking channel, customers can perform various transactions, such as access account information, track transactions, order cheque books, request stop cheque payments, transfer funds between accounts and to third parties who maintain accounts with us, open fixed deposits, transfer funds to other bank accounts using NEFT, RTGS, IMPS & UPI, pay utility bills request for demand draft, personalization of debit cards besides other value added services. We encourage customer to use of our internet banking service by offering some key services for free or at a lower cost.

Risk Management

Managing risk is fundamental to the financial services industry, and key to sustained profitability and stability. While risks are assumed after appropriate consideration, some risks may arise due to unintended consequences of internal actions or external events. We are exposed to various risks that are an inherent part of any banking business, which include, amongst others, credit risk, market risk, liquidity risk and operational risk.

Our risk philosophy is to ensure a sustainable and diversified growth of business with net returns that are healthy and commensurate with the risk taken. We have various policies and procedures in place to measure, manage and monitor these risks systematically across all its portfolios, and adopt the following approaches in dealing with risk:

- supporting growth by the efficient deployment of funds within an acceptable risk-return framework;
- avoiding the concentration of risk in any individual, group borrowers, industry, country or geographic area;
- taking leadership in products and segments well understood by us, with pre-determined risk standards of moderate to low risk;
- being watchful of products and segments that have substantial future potential at moderate to low risk, until such time that we are able to approach such products and segments with the appropriate level of risk standards;
- remaining innovative by taking a limited exposure in emerging areas that may be perceived to have high risk;
- having an independent and dynamic risk management set up, with clearly laid procedures and well established links between various business units to manage risk; and
- building our business by attracting quality assets, careful monitoring of borrower financial health, while ensuring a healthy conservation of capital.

Risk Management Framework

Our risk management framework is supervised by the Risk Management Committee, which is supported by the following functional committees:

- Group Risk Management Committee;
- Credit Risk Management Committee;
- Asset and Liability Management Committee;
- Operations Risk Management Committee; and
- Steering Committee on Information Security.

The risk management organizational structure of the Bank is provided below.

Group Risk Management

Group level risk management refers to an overall evaluation of the risks of a group to which the Bank belongs. Accordingly, the purpose of the group risk management is to manage the risks of the Bank as part of the group and to assess the potential impact of other group entities on the overall risk profile of the parent Bank. While group entities are generally a source of strength by enabling a diversification of revenue and income streams, if not properly managed, they instead prove to be a source of weakness affecting the financial condition, reputation and health of the Bank.

The objectives of group risk management are, amongst other things, to:

- ensure a unified group-wide risk management framework that enables the Group to calculate risk adjusted return on capital;
- ensure that the individual risk of a group entity does not have any contagion effect on the Bank;
- create an environment where all group employees assume responsibility for managing risk and identifying potential risks in their respective areas of control;
- maintain the highest integrity in services provided; and
- to safeguard group assets: financial and reputational.

Accordingly, the group risk management policy focuses on understanding the material risks faced by each Group entity and the potential impact thereof, and subsequently devising methods of mitigating those risks effectively. The policy entails formulating a risk governance structure, fixing the risk appetite of the Group, employing best practices and fixing internal exposure limits.

Risk Appetite Principles

We abide by the following risk appetite principles:

- a) Capital: As a group, we have no risk appetite for regulatory non-compliance and will protect ourselves from any capital-related regulatory breaches at all times. As such, our risk appetite is linked to both the Internal Capital Adequacy Assessment Process and other stress testing framework. We have also decided to adopt caution in undertaking credit risk, and as such have a lower risk appetite than previous years.
- b) Liquidity: As a group, we have no risk appetite for failing to deliver on payment obligations. As such, we make sure to hold a sufficient buffer at group levels to survive a liquidity crisis.
- c) Leverage: As a group, we have no risk appetite for building excessive leverage, or causing any breach in leverage ratio regulatory requirements.

Group Risk Management Committee

The Group Risk Management Committee is responsible for management of group risk in the Bank. To ensure that individual risk of different group entities does not have a contagion effect, it is essential to monitor group risk on an ongoing basis. The structure and scope of the committee is defined in our Group Risk Management Philosophy and Policy, which is reviewed at least annually, or more frequently, if the need arises. The Group Risk Management Committee consists of our Managing Director and Chief Executive Officer, all the Executive Directors, the Group Chief Risk Officer, and certain other general managers.

Credit Risk Management

Credit risk is the possibility of loss associated with changes in the credit quality of the borrowers or counterparties, often stemming from an outright default due to an inability or unwillingness to honor commitments in relation to lending, settlement or other financial transactions. These borrowers or counterparties may include an individual, a small or medium enterprise, corporation, bank, financial institution, or even a sovereign.

Credit risk management aims at building up sound asset quality and the long-term profitability of the institution. This would entail reducing exposure in high risk areas, emphasizing industries that show promise and/or productive sectors or segments of the economy, and optimizing return by striking a fine balance between the risk and return on assets while striving towards improving our market share. Accordingly, credit risk management, for us, involves activities such as risk identification, risk measurement, risk mitigation and risk-based pricing. For this purpose, the Bank has a policy on credit risk management, credit risk mitigation and collateral management. We identify and manage this risk through (a) our target defined markets, (b) our decision on risk acceptance, (c) our quantitative exposure ceilings; and (d) our remedial management procedures.

Credit Risk Policy and Strategy

In order to provide robust risk management, our credit risk management policy deals with various areas of credit risk, sets goals to be achieved, evaluates current practices and formulates future strategies. With the aim of improving our ability to absorb shocks arising from financial or economic stress, we have successfully implemented the Basel III guidelines, which remain part of our credit risk strategy.

Under the guidelines by the Reserve Bank of India for the maintaining capital requirements for credit risk, there are three approaches: the standardized approach, the foundation internal rating based approach and the advanced internal rating based approach. We have been awarded approval by the RBI to apply the foundation internal rating based approach.

Model Risk Policy

One of the requirements to adopt the foundation internal rating based approach is that a bank should have a “sound model risk policy with detailed documentation of the model and related system development, validation and control process”. Model risk represents the risk that a financial institution may experience adverse consequences based on a decision reached by using a model. This may arise due to fundamental model errors, or due to incorrect application of a model, e.g. poor assumptions, input, calibration, implementation, etc. Consequently, we have developed our Model Risk Policy, which was approved by our Board of Directors on March 28, 2014. As model risk increases with greater model complexity, higher uncertainties arise in the validity of inputs and assumptions. Accordingly, our model risk policy aims to identify the sources of risk and assess the magnitude of loss caused by error by, amongst other things, establishing limits on model use, monitoring model performance, adjusting or revising models over time, and supplementing model results with other analysis and information.

Retail Credit Risk Policy

We offer a range of retail products, such as vehicle loans, personal loans, business banking, two-wheeler loans and loans against securities, among others. Our retail approval processes are designed for the fact that we have high volumes of relatively homogeneous, small value transactions in retail loans. There are product programs for each of these products, which define the target markets, credit philosophy and process, detailed underwriting criteria for evaluating individual credits, exception reporting systems and individual loan exposure caps.

For individual customers to be eligible for a loan, minimum credit parameters, so defined, are to be met for each product. Any deviations to such parameters need to be approved at the designated levels. The product parameters have been selected based on the perceived risk characteristics specific to the product. The quantitative parameters considered include income, residence stability, the nature of the employment/business, while the qualitative parameters include accessibility and profile. Our credit policies/product programs are based on a statistical analysis of our own experience and industry data, in combination with the judgment of our officers.

We mine information on our borrower account behavior as well as static information regularly to monitor the portfolio performance of each product segment regularly, and use these as inputs in revising our product programs, target market definitions and credit assessment criteria to meet our twin objectives of combining volume growth and maintenance of asset quality.

Our retail loans are generally secured by a charge on the asset financed (vehicle loans, property loans and loans against gold). Retail business banking loans are secured with current assets as well as immovable property and fixed assets in some cases. However, collateral securing each individual loan may not be adequate in relation to the value of the loan. If the customer fails to pay, we would, as applicable, liquidate collateral and/or set off accounts. In most cases we obtain direct debit instructions or ECS/NACH from the customer.

Wholesale Credit Risk Policy

We have a credit risk department, which is primarily responsible for implementing the credit risk strategy approved by our Board, developing procedures and systems for managing credit risk and carrying out an independent assessment of credit risk. In addition to the credit approval process, there is also an independent framework for the review and approval of credit ratings.

For our wholesale banking products, we target leading private businesses and public sector enterprises in the country, subsidiaries of multinational corporations and leaders in the Micro, Small and Medium Enterprises (MSME) segment.

We consider the credit risk of counter-parties comprehensively, and thus, our credit policies and procedures apply to not only credit exposures but also credit substitutes and contingent exposures.

Our credit risks policies are central in controlling credit risk in various activities and products.

Based on what we believe is an adequately comprehensive risk assessment, credit exposure limits are set on individual counterparties. These limits take into account the overall potential exposure on the counterparty, be it on balance sheet or off balance sheet, across the banking book and the trading book, including foreign exchange and derivatives exposures. These are reviewed in detail at annual or more frequent intervals.

Based on rich data collected over a number of years, we have developed an internal rating system which assesses and grades borrowers, producing helpful metrics such as, among other things, a borrower's probability of default, or the estimated loss, given a default.

Our credit approval process is based on an approval system that combines credit approval authorities and discretionary powers. The level for approval of a credit varies depending upon the amount of the loan, nature of credit, conditions of the transaction, the grading of the borrower, the quantum of facilities required and whether it is a repeat customer. Accordingly, each credit approval committee is vested with the power to grant credit up to designated thresholds. The loan appraising authority recommends prospective loans to the relevant credit approval committee. Thereafter, credit exposure on each loan is monitored on an ongoing basis.

To ensure adequate diversification of risk, concentration limits have been set up in terms of:

- a) **Borrower/business group:** Exposure to a borrower/business group is subject to the general ceilings established by the Reserve Bank of India from time to time, or specific approval by Reserve Bank of India. The exposure-ceiling limit for a single borrower is 20% of Bank's Tier I capital. The exposure-ceiling limit in the case of a borrower group is 25% of Bank's Tier I capital (30% till June 30, 2021). In addition to the above exposure limit, a bank may, in exceptional circumstances, with the approval of its board, consider increasing its exposure to a borrower up to an additional 5% of its capital funds. Further, we may, while keeping in line with regulatory limits, specify lower limits for certain borrowers, depending on the specific borrower's credit risk rating.
- b) **Industry:** We have developed a model for determining industry-based exposure-ceiling limits based on certain factors such as asset impairment benchmarks, portfolio quality and industry risk ratings provided by external rating agencies. Retail advances are exempt from such ceiling. In addition, investment exposure to any one industry does not exceed 15% of our total non-SLR portfolio.

While we primarily make our credit decisions on a cash flow basis, we also obtain security for a significant portion of credit facilities extended by us as a second potential remedy. This can take the form of a floating charge on the movable assets of the borrower or a (first or residual) charge on the fixed assets and properties owned by the borrower. We may also require guarantees and letters of support from the flagship companies of the group in cases where facilities are granted based on our comfort level or relationship with the parent company.

We have a process for regular monitoring of all accounts at several levels. These include periodic calls on the customer, visits, credit reviews and monitoring of secondary information. These measures are designed to detect any early warning signals of deterioration in credit quality so that we can take timely corrective action. In addition, we have developed an in-house platform called the preventive monitoring system, which we use for monitoring large value accounts. The preventive monitoring system allows us to track account conduct, compliance with our terms and conditions, and various other metrics that assist us in decision making.

Credit Risk Management Committee

The Credit Risk Management Committee is entrusted with the work of taking all policy decisions related to credit risk. It is a top executive level committee headed by our Managing Director and Chief Executive Officer. The Credit Risk Management Committee is responsible for the implementation of credit risk policy and strategy, which is approved by the Risk Management Committee or our Board of Directors. The structure and scope of the committee is defined in our Credit Management and Risk Policy, which is reviewed at least annually, or more frequently, if the need arises.

Asset Liability Risk Management

In an increasingly deregulated market, banks face various risks, including liquidity risk and market risk. Liquidity risk is the potential inability of a bank to meet its liabilities as they become due. Market risk is the risk to a bank's earnings and capital due to changes in the market. Market risk can be further categorized into interest rate risk, foreign exchange risk and equity/commodity price risk. Accordingly, our asset liability management framework aims to identify, measure, monitor and manage these risks, and operates in the following manner:

Board of Directors

The Board has the overall responsibility for management of liquidity and interest rate risk. The Board decides the strategy, policies and procedures of the Bank to manage liquidity and interest rate risk, including setting the risk tolerance/limits and reviewing the results of stress tests. It is also responsible for evaluating the overall risks faced by the Bank, including liquidity risk and interest rate risk. It also addresses the potential interaction of liquidity risk and interest rate risk with other risks faced by the Bank.

Asset Liability Management Committee

The Asset Liability Management Committee is the decision-making unit responsible for ensuring adherence to the risk tolerance/limits set by the Board of Directors, as well as implementing the Bank's liquidity and interest rate risk management strategy in line with the Bank's risk management objectives and risk tolerance. The Asset Liability Management Committee is also responsible for balance sheet planning from a risk-return perspective,

including strategic management of interest rate and liquidity risks. The role of the asset liability management committee includes the following:

- product pricing for deposits and advances;
- deciding the desired maturity profile and mix of incremental assets and liabilities;
- articulating the Bank's interest rate view and deciding on its future business strategy;
- reviewing and articulating funding strategy;
- ensuring adherence to the limits set by the Board of Directors;
- determining the structure, responsibilities and controls for managing liquidity and interest rate risk;
- reviewing stress test results; and
- deciding on the transfer pricing policy of the Bank.

The structure and scope of the committee is defined in our Asset Liability Management Policy, which is reviewed at least annually, or more frequently, if the need arises.

The Asset Liabilities Management Committee is supported by certain internal operational groups, which includes the Asset Liabilities Management Committee Secretariat, the Mid Office, which is responsible for independent market risk monitoring, measurement and analysis, and the Technical Advisory Group, which assists the Asset Liabilities Management Committee in analyzing interest rate movement.

Risk Measurement Systems and Reporting

Liquidity risk is measured using the flow approach and the stock approach. The flow approach involves comprehensive tracking of cash flow mismatches whereas the stock approach involves the measurement of critical ratios in respect of liquidity risk. Analysis of liquidity risk also involves examining how funding requirements are likely to be affected under crisis scenarios.

In each approach, we adopt more precise metrics for monitoring liquidity risk than the standards set by the Reserve Bank of India. For example, in the flow approach, we have prescribed further Board-approved cumulative gap limits other than the four cumulative gap limits of -5%, -10%, -15% and -20% set by the Reserve Bank of India. The same enhanced levels precision track is applied to the stock approach, in which we prescribe 25 ratios, rather than just the seven set by the Reserve Bank of India. These additional metrics allow us to perform monitor liquidity risk at a more granular level. The impact on NII and intrinsic value of the Bank is evaluated through traditional gap analysis and duration gap analysis, respectively.

Operational Risk Management

Operational risk is risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputational risk and it seeks to identify the cause of a loss. Legal risk includes, but is not limited to, exposure to fines, penalties, punitive damages resulting from supervisory actions, as well as private settlements. Operational risk has four principal causes: people, process, systems and external factors. The way operational risk is managed has the potential to positively or negatively impact the Bank's customers, financial performance and reputation.

Our operational risk management policy establishes a risk framework that guides us in the management of operational risk and allocation of capital for potential losses. This requires that all our functional areas, departments and business units identify, assess, measure, mitigate, monitor, control and report on their significant operational risks in a consistent manner. Our operational risk management policy is supplemented by operational systems, procedures and guidelines, which we periodically updated.

The objectives of our operational risk management policy are to minimize operational risk, strengthen internal controls and adopt best practices which seek to achieve the following:

- identify operational loss events and analyze the corresponding causal factors;
- build robust databases of operational loss;
- estimate losses and allocate capital efficiently for operational results;
- set prudent limits;
- control or otherwise mitigate factors leading to expected losses;
- prepare against unexpected losses;

- make audit system independent of operations;
- minimize and eventually eliminate losses and customer dissatisfaction due to operational failures; and
- identify flaws in the design of products, processes and activities that may expose us to loss.

Operational Controls and Risk Management Methodology

We formulate our operational risk management policy based on internal data collected on operational loss events that we encounter, as well thorough internal surveys called risk and control self-assessments (“**RCSA**”). To date, we have over 15 years of data which has been carefully collected and mapped against the seven operational risk event types defined by the Basel Committee on Banking Supervision. This data is automatically collected, and is judiciously and continuously analyzed in order for us to identify operational risks in existing and new products, processes, activities and systems. In addition, operational 'heat maps' are created based on RCSA survey results, and action thereafter taken against the risks identified.

Based on our data, we develop “Key Risk Indicators” which act as early warning signals for monitoring of operational risk. Thresholds for Key Risk Indicators are defined; if a Key Risk Indicator breaches the thresholds, the matter is escalated to the next level of management for monitoring and the initiation of corrective measures.

In situations where we do not have sufficient loss data to rely on to formulate a risk management policy, we periodically engage in a process which we call, “Scenario Analysis”, in which we perform a forecast of operational losses, and of the events that cause them, based on knowledge input from business experts. Through scenario analysis, we are able to assess the impact of rare and potentially large events without having actually experienced such events, stress test our readiness, and accordingly formulate our plan for risk management.

Reserve Bank of India Approvals relating to Operational Risk Management

Under the guidelines by the Reserve Bank of India for the maintaining capital requirements for operational risk, there are three approaches: the ‘Basic Indicator Approach’, the ‘Standardized Approach’, and ‘Advanced Measurement Approach’. The Bank is calculating and maintaining operational risk regulatory capital based on Basic Indicator Approach, but our continuous efforts in improving on operational risk management over the years has resulted in us being granted approval by the Reserve Bank of India for parallel run of the ‘Standardized Approach’ and for ‘Advanced Measurement Approach’.

Operational Risk Management Committee

The Operational Risk Management Committee is headed by our Managing Director and Chief Executive Officer and is entrusted with the work of implementing policies and strategies for operational risk management and monitoring the compliance of various such policies. The structure and scope of the committee is reviewed at least annually, or more frequently, if the need arises.

Information Security Risk Management

Steering Committee on Information Security

The Steering Committee on Information Security is entrusted with, amongst other things, the development and facilitation of the implementation of information security policies, standards and procedures to ensure that all identified risks are managed within the Bank’s risk appetite, approving and monitoring major information security projects and the status of information security plans and budgets, establishing priorities, supporting the development and implementation of a bank-wide information security management program, Reviewing the position of security incidents and various information security assessments and monitoring activities across the Bank, reviewing the status of security awareness program, assessing new developments or issues relating to information security and reporting to the Board of Directors on information security activities. It is a top executive level committee headed by our Managing Director and Chief Executive Officer.

Mission Parivartan

To carry forward the Bank’s transformation process in a structured manner and to achieve transformational goals set under the mission, a new division at the head office has been constituted. With the amalgamation of Oriental Bank of Commerce and United Bank of India into the Bank, the division has also been assigned to work as Integration Management Office for the Amalgamation which includes but not limited to interacting and

communicating with consultants appointed for the implementation of the Amalgamation, placing status note on Amalgamation progress to the Board, time to time update to the management and regulatory updates about the progress, issuing relevant circulars, its monitoring, liaisoning with all the divisions and monitoring the status to ensure the smooth implementation of Amalgamation as approved by the authorities.

For better administrative support, control and to ensure transparency, an exercise of re-organization / forming of new administrative offices/ verticals/ specialised branches has been carried out under “Mission Parivartan”. The revamped organization structure comprises a four tier structure involving Branch – Circle – Zone and Head Office. The branches are being controlled by circle offices which further report to zones who directly reports to head office. Branches have been mapped with the newly formed verticals. Specialized verticals have been created to undertake identified activities in a focused approach. The verticals are as under:

- **Large Corporate Branches (LCB)/ Extra Large Corporate Branches (ELCB):**

These deal with pre sanction appraisal and post sanction monitoring of loans as below and directly reports to the head office:

LCB	Above ₹50 crores
E- LCB	Above ₹500 crores

- **Mid Corporate Centre (MCC):**The MCC deals with pre sanction appraisal and post sanction monitoring of Loans having exposure above ₹1 crore to ₹50 crore and it directly reports to the zonal office.
- **PNB Loan Point (PLP):**PLP deals with pre sanction appraisal and sanction of loans and directly reports to the zonal office:

Retail	Above ₹10 lakhs
MSME	Above ₹10 lakhs and up to ₹1 crore
Agriculture	Above ₹3 lakhs and up to ₹1 crore

- **Centralized Back Office for Opening of Savings and Current Account (COSCA):** COSCA deals with opening of saving and current accounts and directly reports to the zonal office.
- **Zonal Audit Office (ZAO):** Zone level audit office have been formed to cater to all kind of audit requirement and ensure the compliance of systems and procedures and directly report to the head office.
- **Zonal Risk Management Cells (ZRMC):** The ZRMC, an independent risk vertical, has been created to segregate and strengthen risk assessment processes. It deals with credit risk rating of exposure above Above ₹1 crore and identification of operational risk and report directly to the head office.
- **Trade Finance Centre** is in place to cater to foreign trade finance transactions and outward remittances and reports directly to the head office.
- **Customer Acquisition Centre (CAC) and Government Business Vertical (GBV):** Customer Acquisition Centre and Government Business Verticals have been introduced as specialized offices for marketing and generating bulk business. CACs focus on liabilities business from corporates, institutions, HNIs, and NRIs. The Government Business Vertical is made operational to target business opportunities arising from government institutions, PSUs and defence establishments. CACs and GBVs verticals report directly to the head office.
- **Stressed Assets Targeted Resolution Action (SASTRA):** SASTRA has been implemented in the Bank to improve efficiency and reduce turnaround time in recovery actions. It provides scope for focused monitoring of NPA accounts. The vertical is under stabilization and equipped with specialized teams to handle NCLT and DRT cases and to quicken the recovery processes. Circle recovery vertical directly reports to the zonal recovery vertical which reports to the head office. Circle and zonal recovery verticals deal with recovery and resolution of NPA as below:

Circle Office Recovery	Above ₹1 lakh
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Zonal Office Recovery	Above ₹10 crore
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- **iTEC and Ambience Excellence Centre (AEC):** The iTEC and AEC vertical structure will focus on improving ambience standard of customer centric branches and linked ATMs/SSA/ Banking@ease outlets etc. through a three tier structure equipped with staff to facilitate the branches in meeting customer expectations. Circle iTEC and AECs report to the zonal iTEC and AEC which reports directly to the head office.

Recovery of NPAs

We have devised a strategic policy for the recovery of NPAs by identifying such risky assets at an early stage with the daily recognition of NPAs. The various measures recommended for recovery include one-time settlements, out-of-court settlements, filing of suits before the Debt Recovery Tribunals and courts, actions under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 and Lok Adalats, which is a system for out-of-court settlements of impaired loans through mutual consent in accordance with the LSA Act, 1987.

Additionally, NPA accounts of ₹1.00 crore and above are reviewed periodically by our senior management and appropriate measures are taken for their early recovery or upgrading. Non-performing loans which are not capable of upgrading or recovery are also considered for write-off on a case by case basis, although recovery efforts continue to be undertaken on accounts that have been written off.

We have assembled special teams for monitoring our high value NPAs and technically written-off accounts with a specific focus on the resolution of such NPAs and to recover the sums in the technically written-off accounts. We also have a team for the slippage prevention and recovery of NPA portfolios through the collection and recovery or resolution agents. The above measures are coupled with our resolution strategies to prevent the migration of assets to a lower asset class. We believe that the healthy level of recoveries from NPAs and in unrealized interest were primarily due to the collateral that has been provided to secure the impaired loans, which encourages borrowers to repay loans and interest rather than forfeit their property.

The Bank's strategy for the resolution of stressed assets involves referring these cases for resolution under the Insolvency and Bankruptcy Code with the National Company Law Tribunal. The Insolvency and Bankruptcy Code, 2016, enacted in May 2016, provides for a time-bound revival and rehabilitation mechanism to resolve stressed assets. The Bank has referred certain non-performing borrowers for resolution under the Insolvency and Bankruptcy Code, 2016, with the National Company Law Tribunal. Further, the filing for resolution by various stakeholders, including financial creditors and any other participants as may be eligible, could impact the Bank's provisioning and credit loss. In addition, the requirement to complete the resolution process within the stipulated timeline to avoid liquidation of the borrower may impact recoveries from these stressed accounts. In the event borrowers go into liquidation, the additional credit losses may be significant. Due to outbreak of Covid-19 pandemic and subsequent lock-down implemented by the Government of India, the initiation of fresh insolvency proceedings has been suspended for any default arising on or after March 25, 2020, for a period of six months, or for a further period not exceeding one year depending upon pandemic situation.

Subsidiaries, Joint Venture and Associates

As of March 31, 2020, the Bank has five Subsidiaries, one Joint Venture and eight Associates (including five Regional Rural Banks). The Bank currently provides financial services through its non-banking Subsidiaries and Associates, including housing finance, merchant banking, assets and fund management and insurance. In the Bank's financial statements, investment in subsidiaries and joint ventures (both in India and outside India) are valued at historical cost and a provision is made for diminutions, other than temporary.

Our Subsidiaries collectively accounted for ₹13,164.81 crores, ₹14,316.33 crores and ₹20,791.34 crores in total assets as at March 31, 2018, 2019 and 2020, respectively. During Fiscal 2018, 2019 and 2020, our Subsidiaries contributed ₹731.56 crores, ₹826.86 crores and ₹1,231.97 crores, respectively, of our total consolidated income and our Subsidiaries, Joint Venture and Associates collectively contributed ₹152.76 crores, ₹405.38 crores and ₹102.26 crores, respectively, of our total consolidated profit after tax, during the same period.

The following table sets forth information relating to the Bank's Subsidiaries, Joint Venture and Associates as at September 30, 2020.

Subsidiary/ Joint Venture/ Associates	Business	Bank's Ownership Percentage (%)	Net Income (during Fiscal 2020) (₹ crore) [@]
Subsidiaries			
PNB Gilts Limited	Primary dealer in government securities	74.07%	144.36
PNB Investment Securities Limited	Corporate advisory, merchant banking and trustee services	100.00%	0.57
PNB (International) Limited [#]	Banking services	100.00%	(136.00)
PNB Insurance Broking P Limited	Not functional at present	81.00%	(0.03)
Druk PNB Bank Limited [#] (Fiscal year: January 1 to December 31)	Banking services	51.00%	18.49
Associates*			
PNB MetLife India Insurance Company Limited	Life insurance company	30.00%	27.83
PNB Housing Finance Limited	Housing finance company	32.65%	204.59
Canara HSBC OBC Life Insurance Company Limited (CHOICE) ^{\$}	Insurance	23.00%	-
India SME Asset Reconstruction Company Limited (ISARC) ^{\$}	Acquire, manage and recover illiquid or NPA from Banks/FIs	20.90%	-
JSC Tengri Bank ^{#**} (Fiscal year: January 1 to December 31)	Banking services	41.64%	(42.10)
Joint Venture			
Everest Bank Limited [#] (Fiscal year: July 16 to July 15)	Banking services	20.03%	40.43

*Excluding RRBs. For details of RRBs, see “- Regional Rural Banks”.

[#]These entities are incorporated outside India.

^{**}Regulatory authorities in the Republic of Kazakhstan revoked the license of JSC Tengri Bank, with effect from September 18, 2020 for failing to comply with certain prudential standards and other mandatory norms and regulatory limits, thereby prohibiting it from conducting banking operations and other activities in the securities market, and appointing a temporary administrator for the entity. For details, see “Risk Factors – Our international operations are subject to legal and regulatory risks. If we do not effectively manage our foreign operations or any further international expansion, our operations may incur losses or otherwise adversely affect our business and results of operations” on page 70.

[@] In respect of Subsidiaries, the amount stated represents Total Profit earned by the entities as considered in Consolidated Financial statements for Fiscal 2020; in respect of Associates and Joint Venture, the amount stated represents our Bank's share in the Profit as considered in Consolidated Financial statements for Fiscal 2020.

^{\$} CHOICE and ISARC have been classified as Associate of PNB w.e.f April 1, 2020.

Regional Rural Banks

Regional Rural Banks (“RRBs”) were established under the Regional Rural Banks Act, 1976. They are sponsored jointly by the GoI, a sponsor bank and state governments. RRBs provide credit primarily to small farmers, artisans, small entrepreneurs and agricultural labourers. They have predominant presence in rural and semi-urban areas. Sponsor banks are responsible for managing the RRBs. The GoI has undertaken consolidation of RRBs in two phases to optimize their efficiency. The Bank was, as at September 30, 2020 sponsoring nine RRBs, which were operating in Bihar, Haryana, West Bengal, Assam, Tripura, Manipur, Himachal Pradesh, Punjab and Uttar Pradesh and covered 165 districts with a network of 4,588 branches. Given below are details of the RRBs sponsored by the Bank along with the proportion of its ownership, as at September 30, 2020.

S. No.	Name of RRB	Proportion of Ownership (%)
1.	Dakshin Bihar Gramin Bank, Patna	35%
2.	Sarva Haryana Gramin Bank, Rohtak	35%
3.	Himachal Pradesh Gramin Bank, Mandi	35%
4.	Punjab Gramin Bank, Kapurthala	35%
5.	Prathama Uttar Pradesh Gramin Bank, Moradabad	35%
6.	Tripura Gramin Bank	35%
7.	Manipur Rural Bank	35%

8.	Assam Gramin Vikash Bank	35%
9.	Bangiya Gramin Vikash Bank	35%

Awards and Certifications

Year	Certification/ Award	Awarding Organization or Authority
2020	Fourth Place under EASE 2.0 among all PSU banks in different themes as below: Responsible Banking – 2nd runner up Governance and HR – 2nd runner up Deepening FI and Digitalization – 2nd runner up	IBA
2020	IBA Banking Technology Awards 2020 (category – most innovative project using technology for PNBOne)	IBA
2020	Best Bank for Corporate Social Responsibility	Asiamoney Banking Awards 2020
2020	IBA Banking Technology Awards 2020 - Runner Up – Best Use of Data Analytics for Business Outcome in Large Bank category	IBA
2019	Bank of the Year 2019 5 th Business Leadership Awards - Indo-American Chamber of Commerce	Indo-American Chamber of Commerce
2019	Best State Nodal Bank Award, Madhya Pradesh, 2018 – 2019	Ministry of Rural Development
2019	BFSI Digital Innovation Award – Robotic Process Automation	Express Computer

Competition

The Indian banking industry is highly competitive, and we face competition in all our principal areas of business. Private sector banks, foreign banks and other public sector banks are our main competitors, followed closely by finance companies, insurance companies, asset and wealth management companies, development financial institutions, mutual funds and investment banks.

We may also face increased competition from foreign banks if the Indian retail market is further liberalized or if regulations and restrictions upon branch network growth by foreign banks are simplified or reduced, foreign banks may operate in India by establishing wholly owned subsidiaries which are allowed to raise Rupee resources through issue of non-equity capital instruments. Further, under the foreign exchange regulations, an aggregate foreign investment of up to 49.00% under the automatic route, and 74.00% under the government approval route, in Indian private sector banks is allowed, subject to government approval. For public sector banks, subject to the Banking Companies (Acquisition and Transfer of Undertakings) Act, foreign direct investment of up to 20% under the government approval route is permitted.

An increase in operations of existing competitors or entry of additional banks offering a similar or a wider range of products and services could increase competition. In addition, the moderation of growth in the Indian banking sector is expected to lead to greater competition for business opportunities. The GoI is also actively encouraging banks and other financial institutions to significantly increase their lending to the agricultural sector, which will make this segment more competitive. We seek to gain a competitive advantage by its innovative products and services, maximizing the functions of its extensive branch network, in particular in rural and semi-urban areas, investing in technology and building on relationships with our key customers.

Corporate Banking

Corporate banking faces competition from foreign banks, private banks and other public sector banks in such areas as pricing, Rupee loans, foreign currency loans, foreign exchange transactions, trade finance services and cash management services. The lower risk rating of corporate clients, as well as the higher income generating capacity due to the volume and diversity of their business, attracts foreign and private banks to this sector. Foreign banks also have the advantage of their home country connections, with much larger and cost-effective resource raising abilities. In addition, traditional corporate banking faces competition from the disintermediation of financial products. Customers increasingly have multiple financing sources available to them beyond those generally provided by traditional banks, which in turn is putting pressure on margins. We believe that we have been able to manage this competition through our policy of financing corporate customers with high ratings, as well as through efficient and focused delivery of products and services in areas such as foreign currency loans, foreign exchange transactions, trade finance services and cash management services. We also provide access to salary accounts for employees of our corporate customers, and cross-sell our products and services.

Retail Banking

In the retail banking sector, we face competition primarily from foreign and Indian commercial banks and housing finance companies. Foreign banks typically focus on limited customer segments, such as high net worth individuals and affluent locations due to limitations of their smaller branch networks relative to Indian commercial banks. Indian commercial banks generally have wider distribution networks than foreign banks, but relatively weaker technology and marketing capability. We seek to compete in this sector by offering a wide product portfolio through our extensive branch network and by leveraging our client relationships in diverse market and geographic segments.

We also seek to leverage the Bank's extensive and diverse corporate relationships to gain individual customer accounts through payroll management products. Furthermore, we intend to continue to pursue a multi-channel distribution strategy using physical branches, ATMs, call centers and the internet to reach customers.

International Banking

Our international strategy is focused on India-linked opportunities, and we also intend to expand banking operations to serve non-resident Indians as well as local clients in these jurisdictions. In our international operations, we face competition from other Indian banks with international operations, as well as foreign banks with products and services targeted at non-resident Indians and Indian businesses and other service providers.

Insurance

Our standard insurance policies cover for losses of or damage to property including premises, furniture, fixtures, computer hardware, ATMs and vehicles. Cash-in-transit, cash, securities and precious metals and other valuables are covered against theft, forgery, burglary, house breaking and robbery, and natural calamities. We also have an all risk policy, standard fire and special perils policy and terrorism insurance. Our insurance policies include a banker's indemnity insurance policy, which is a comprehensive insurance policy that offers coverage for various forms of risk such as packaged policy covering cash and valuables, money in transit, forgery and alteration, dishonesty of staff, hypothecated goods, registered post parcel and appraisers. We believe that we carry insurance coverage commensurate with our level of operations and risk perception, including for business interruption.

Employees

The Bank had an aggregate of 100,511 employees as at September 30, 2020. Most of our employees are located in India. We continue to focus on a collaborative culture and consultative process at various levels of administration within the Bank to ensure amicable relations with our employees.

The information technology infrastructure introduced in our branches and network and other IT initiatives have resulted in decreased employee responsibilities and enabled the Bank to effectively limit and minimize additional recruitment activities over the last several years despite the significant growth in its business, network and operations.

The following table sets forth the average business per employee and average business per branch of the Bank during Fiscal 2018, Fiscal 2019 and Fiscal 2020, and the six month period ended September 30, 2020 and the average business per employee and average business per branch on a consolidated basis during:

Particulars	Fiscal			Six Months ended September 30, 2020
	2018	2019	2020	
Net profit per employee (in ₹ lakhs)**	(17.71)	(15.32)	0.53	1.97
Net profit per branch-lakhs (in ₹ lakhs)	(187.20)	(151.90)	5.1	17.00

**The erstwhile OBC and UBI were amalgamated into our Bank with effect from April 1, 2020. As a result, the financial results for the six months ended September 30, 2020 includes operations of erstwhile OBC and UBI. Accordingly, the financial results for the six months ended September 30, 2020 are not comparable with our financial statements/ financial results for periods prior to the Amalgamation.*

***Net profit per employee are excluding part time sweepers.*

Our compensation structure is fixed as per the Indian Banks' Association guidelines. In addition to basic compensation, employees are eligible to participate in our provident fund and other employee benefit plans. In addition, the Bank contributes specified amounts to a gratuity fund set up pursuant to Indian statutory requirements and amount is contributed to the fund as per actuary valuations.

Learning and knowledge enhancement system is aligned with business priorities partnering with other corporate business verticals for realization the Bank's vision. The training vertical comprises the Learning & Knowledge Management Centre ("LKMC") for handling various aspects of learning and training including training policy, training strategy and methodology, nominations, standardization of training content, courses and infrastructure.

The LKMC handles the Bank's training requirements through planning and monitoring, research and development, e-learning and training colleges. Dedicated teams for planning and monitoring as well as research and development take care of the identification of overall training needs identification. E-learning takes care of digital inroads in training with platform maintenance of the Knowledge Centre, PNB Univ, Ask A Question Utility, preparing and conducting quizzes, maintenance and updating DIGIHELP booklet and knowledge repository.

Learning through e-platform and online training is increased to supplement classroom training. The e-learning department of LKMC regularly updates and adds useful information. The Bank has set up of 15 staff training centres at various cities across India.

Training is an area of continuing focus for the Bank to ensure that its employees are equipped to provide quality customer service and are also aware of the latest developments in their respective fields. The 'Learning & Knowledge Management' system of the Bank addresses the task of skilling & up-skilling of employees in the following areas: (i) functional skills; (ii) management skills; and (iii) behavioral skills.

Training is an area of continuing focus for the Bank to ensure that its employees are equipped to provide quality customer service and are also aware of the latest developments in their respective fields. The Bank's training strategy has been aligned to develop competencies in specialized domains. Management and executive trainees of the Bank also undergo training modules covering various aspect of banking. We have also set up "PNB Univ", an e-learning platform which is accessible to all employees.

Properties

The Bank's corporate office, located in New Delhi is owned by the Bank. The Bank's network consisted of 10,930 branches and 13,878 ATMs (including cash deposit machines and self-service kiosks) as at September 30, 2020, in India. In addition, we have administrative offices in most of the metros and some other major cities in India.

Of the properties used by the Bank, certain properties are held by the Bank on a freehold basis and certain properties are held on a leasehold basis.

BOARD OF DIRECTORS AND SENIOR MANAGERIAL PERSONNEL

Our Bank has been constituted as a body corporate under the Banking Companies Act. In terms of the provisions of the Banking Companies Act, the general superintendence and direction of the affairs and business of our Bank is entrusted to the Board constituted as per the provisions of the Banking Companies Act, the Nationalised Banks Scheme and the Punjab National Bank Regulations.

As per sub-section 3 of section 9 of the Banking Companies Act, every board of directors of a corresponding new bank, constituted under any scheme made under sub-section 1 of section 9 of the Banking Companies Act is required to include:

- not more than five whole-time directors to be appointed by the Central Government after consultation with RBI;
- one director who is an official of the Central Government to be nominated by the Central Government; provided that no such director shall be a director of any other corresponding new bank;
- one director, possessing necessary expertise and experience in matters relating to regulation or supervision of commercial banks, to be nominated by the Central Government on the recommendation of RBI;
- one director, from among such of the employees who are workmen (as defined under clause (s) of section 2 of the Industrial Disputes Act, 1947) to be nominated by the Central Government;
- one director, from among the employees who are not workmen (as defined under clause (s) of section 2 of the Industrial Disputes Act, 1947) to be nominated by the Central Government after consultation with RBI;
- one director who has been a chartered accountant for not less than 15 years to be nominated by the Central Government after consultation with RBI;
- subject to directors elected by shareholders as provided under clause (i) of sub-section 3 of section 9 of the Banking Companies Act, not more than six directors to be nominated by the Central Government;
- directors elected by shareholders of the bank (other than the Central Government) from amongst themselves where the capital raised by public issue or rights issue or by issue of bonus shares or preferential allotment or private placement, of equity shares or preference shares is:
 1. not more than 16.00% of the total paid-up capital, one director;
 2. more than 16.00% but not more than 32.00% of the total paid-up capital, two directors; and
 3. more than 32.00% of the total paid-up capital, three directors

As on the date of this Placement Document, we have seven (7) directors on our Board. Our Board has four (4) Whole-Time Directors, out of which, one (1) is designated as the Managing Director and Chief Executive Officer, while three (3) directors are designated as the Executive Directors. Further, we have one (1) Government of India Nominee Director, one (1) RBI Nominee Director and one (1) Shareholder Director on our Board. All Directors are appointed/nominated/elected pursuant to the Banking Companies Act, the Nationalized Banks Scheme and the Punjab National Bank Regulations.

As on the date of this Placement Document, the Board does not have the prescribed strength in terms of the Banking Companies Act, as the following positions are vacant:

- (i) one (1) position of an executive director under section 9(3)(a) the Banking Companies Act to be appointed by the Central Government as prescribed by the GoI vide its circular F.No. 16/20/2019-BO.I dated August 30, 2019;
- (ii) one (1) position each under sections 9(3)(e) and 9(3)(f) of the Banking Companies Act to be nominated by the Central Government;
- (iii) one (1) position under section 9(3)(g) the Banking Companies Act, to be nominated by the Central Government in consultation with RBI; and
- (iv) five (5) positions under section 9(3)(h) the Banking Companies Act, to be nominated by the Central Government of our Bank.

Given that our Bank is a public sector undertaking, matters pertaining to, among others, appointment of our Directors are determined by the Government of India, Ministry of Finance except appointment of Shareholders' Directors under section 9(3)(i) of the Banking Companies Act. For further details please see "*Risk Factors - As*

on date of this Placement Document, our Board does not have prescribed strength in terms of the Banking Companies Act and the SEBI Listing Regulations.” beginning on page 73.

The following table sets forth details regarding our Board as on the date of this Placement Document:

Name, Occupation, Term, Nationality	Clause (as per Section 9(3) of the Banking Companies Act) under which appointed / nominated / elected	Age (years)	Designation
CH S S Mallikarjuna Rao	Clause (a)	58	Managing Director and Chief Executive Officer
Occupation: Service			
Term: with effect from October 1, 2019 till September 18, 2021 or until further orders, whichever is earlier			
Nationality: Indian			
Sanjay Kumar	Clause (a)	58	Executive Director
Occupation: Service			
Term: with effect from April 1, 2020 till September 19, 2021, or until further orders, whichever is earlier.			
Nationality: Indian			
Vijay Dube	Clause (a)	57	Executive Director
Occupation: Service			
Term: with effect from April 1, 2020 till October 31, 2021, or until further orders, whichever is earlier.			
Nationality: Indian			
Agyey Kumar Azad	Clause (a)	59	Executive Director
Occupation: Service			
Term: with effect from January 22, 2019 and up to the date of attaining the age of superannuation i.e. April 30, 2021, or until further orders, whichever is earlier.			
Nationality: Indian			
Pankaj Jain	Clause (b)	54	Government of India Nominee Director
Occupation: Additional Secretary, Government of India, Ministry of Finance, Department of Financial Services.			
Term: with effect from August 8, 2019 and until further orders			

Name, Occupation, Term, Nationality	Clause (as per Section 9(3) of the Banking Companies Act) under which appointed / nominated / elected	Age (years)	Designation
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Nationality: Indian

Vivek Aggarwal	Clause (c)	57	RBI Nominee Director
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Occupation: Regional Director, Reserve Bank of India

Term: with effect from July 24, 2019 and until further orders.

Nationality: Indian

Dr. Asha Bhandarker	Clause (i)	61	Shareholder Director
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Occupation: Service

Term: with effect from September 12, 2018 for a period of three years up to September 11, 2021.

Nationality: Indian

Brief Profiles of our Directors

CH S S Mallikarjuna Rao is the Managing Director and Chief Executive Officer of our Bank. Prior to joining our Bank, he was Managing Director and Chief Executive officer of Allahabad Bank. He has been on our Board since October 1, 2019.

Sanjay Kumar is the Executive Director of our Bank. Prior to joining our Bank, he was an Executive Director of erstwhile United Bank of India. He has been on our Board since April 1, 2020.

Vijay Dube is the Executive Director of our Bank. Prior to joining our Bank, he was an Executive Director of erstwhile Oriental bank of Commerce. He has been on our Board since April 1, 2020.

Agyey Kumar Azad is the Executive Director of our Bank. Prior to joining our Bank, he was a General Manager in Bank of India. He has been on our Board since January 22, 2019.

Pankaj Jain is the Government of India Nominee Director of our Bank. He is working as Additional Secretary, Department of Financial Services, Government of India. He has been on our Board since August 8, 2019.

Vivek Aggarwal is the RBI Nominee Director of our Bank. He is working as Regional Director of Reserve Bank of India. He has been on our Board since July 24, 2019.

Dr. Asha Bhandarker is the Shareholder Director of our Bank. She has been on our Board since September 12, 2018.

Relationship between our Directors

None of our Directors are related to each other as on the date of this Placement Document.

Remuneration details of our Directors

(i) *Remuneration details of our Whole-time Directors*

The details of the remuneration paid by our Bank to our present Whole-time Directors including all allowances, provident fund contribution for the period ended September 30, 2020 and for the Fiscals 2020, 2019 and 2018, respectively are set forth below:

(₹ in crores)

Name of the Director	Remuneration			
	For the period April 1, 2020 up to September 30, 2020	For Fiscal 2020	For Fiscal 2019	For Fiscal 2018
CH S S Mallikarjuna Rao*	0.16	0.17	Not Applicable	Not Applicable
Sanjay Kumar#	0.14	Not Applicable	Not Applicable	Not Applicable
Vijay Dube@	0.19	Not Applicable	Not Applicable	Not Applicable
Agyey Kumar Azad\$	0.42	0.33	0.05	Not Applicable

* CH S S Mallikarjuna Rao was appointed as Managing Director and Chief Executive Officer with effect from October 1, 2019;

Sanjay Kumar was appointed as Executive Director with effect from April 1, 2020;

@ Vijay Dube was appointed as Executive Director with effect from April 1, 2020;

\$ Agyey Kumar Azad was appointed as Executive Director with effect from January 22, 2019.

Remuneration details of our Non-Executive Directors

As per Government of India's directive F.No.15/1/2011-BO.I dated August 30, 2019, non-executive chairman and part-time non-official directors nominated under clause (e), (f) (g), (h) and (i) of sub-section (3) of section 9 of the Banking Companies Act, are to be paid a sitting fees for attending meeting of the Board and meeting of the committees of the Board, additional fees for chairing the meeting of the Board and for chairing the meeting of committees of the Board, as decided by the Board of Directors subject to overall ceiling of ₹ 25 lakhs. With effect from April 1, 2020, the Board of Directors in its meeting held on March 19, 2020 approved ₹70,000 to be paid as sitting fees for attending per meeting of the Board and ₹ 35,000 to be paid for attending per meeting of the committees of the Board, additional fees of ₹ 20,000 to be paid for chairing per meeting of the Board and ₹ 10,000 to be paid for chairing per meeting of committees of the Board

Accordingly, the details of the sitting fees paid by our Bank to our present Non-Executive Directors for the period ended September 30, 2020 and for the Fiscals 2020, 2019 and 2018, respectively are set forth below:

(₹ in crores)

Name of the Director	Sitting fees paid*			
	For the period April 1, 2020 up to September 30, 2020	For Fiscal 2020	For Fiscal 2019	For Fiscal 2018
Pankaj Jain	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Vivek Aggarwal	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Dr. Asha Bhandarker#	0.17	0.19	0.05	Not Applicable

Dr. Asha Bhandarker was appointed as a Shareholder Director with effect from September 12, 2018.

*The sitting fees mentioned above is after deducting applicable taxes.

Performance Linked Incentive or Bonus or profit-sharing plan for our Directors

Government of India, Ministry of Finance, Department of Financial Services vide notification number F.No.12/1/2014 – BOA dated 18.08.2015 has set out broad parameters for payment of performance linked incentives to whole time directors on the boards of public sector banks. Such performance linked incentives are given in accordance with scores obtained as per the performance evaluation matrix prescribed in the notification. The performance evaluation matrix consists of qualitative and quantitative parameters. Further, in accordance with the action point 16 of banking reforms set out in the Reforms Agenda for Responsive and Responsible PSBs ("PSB Reforms Agenda"), the board of directors of a public sector bank shall evaluate the performance of the bank's whole time directors in terms of its implementation of the six-point action plan stated in the PSB Reforms Agenda.

Shareholding details of our Directors in our Bank

The directors elected under section 9(3)(i) of the Banking Companies Act by the shareholders (other than the Government), are required to hold a minimum of 100 Equity Shares of our Bank in terms of Regulation 65 of the Punjab National Bank Regulations.

The following table sets forth details of shareholding of our Directors in our Bank, as on the date of this Placement Document:

Name of the Director	No. of Equity Shares (pre-Issue)	Percentage shareholding (%)
CH S S Mallikarjuna Rao	115	Negligible
Sanjay Kumar	1,229	Negligible
Vijay Dube	8,568	Negligible
Agyey Kumar Azad	505	Negligible
Dr. Asha Bhandarker	100	Negligible

Interest of our Directors

Our Whole-Time Directors may be deemed to be interested to the extent of salary and remuneration paid to them for services rendered as Directors of our Bank, perquisites and reimbursement of expenses, if any, payable to them, as allowed in the ordinary course of business in terms of Central Government guidelines and RBI guidelines, as may be applicable.

Further, our Non-Executive Directors other than the Government's Nominee Director and RBI's Nominee Director, are entitled to receive sitting fees for attending each meeting of our Board and its sub-Committee thereof and are also entitled to reimbursement of expenses to attend such meeting as may be applicable.

Our Directors may also be regarded as interested to the extent of Equity Shares held by them in our Bank and dividend payable to them, if any. For details of Equity Shares held by our Directors in our Bank, see "*Shareholding details of our Directors in our Bank*" above.

Except as disclosed in this Placement Document, and except to the extent of shareholding in our Bank, our Directors do not have any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interests of other persons.

Except as otherwise stated in this Placement Document, we have not entered into any contract, agreement or arrangement during the preceding two years from the date of this Placement Document in which any of the Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them.

Except as stated in "*Related Party Transactions*" in "*Financial Statements*" on page 323, our Directors do not have any other interest in the business of our Bank.

Other Confirmations

Our Directors have not been identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by RBI.

Neither our Bank nor any of our Directors have been debarred from accessing capital markets under any order or direction made by SEBI.

Corporate Governance

The Board presently consists of seven (7) Directors on our Board. Our Board has one (1) Managing Director and Chief Executive Officer, three (3) Executive Directors, one (1) Government of India Nominee Director, one (1) RBI Nominee Director and one (1) Shareholder Director on our Board.

Our Bank is currently not in compliance with the requirements of the SEBI Listing Regulations to appoint independent directors on our Board. Pursuant to the SEBI Listing Regulations (i) where the chairperson of the board of directors of a listed entity is non-executive, not less than one-third of the board of directors is required to comprise of independent directors and (ii) where the chairperson of the board of directors of the listed entity

does not have a regular non-executive chairperson, at least half of the board of directors of the listed entity is required to comprise of independent directors. Further, the SEBI Listing Regulations requires 2/3rd of the Audit Committee to comprise independent directors. As on date of this Placement Document, the Audit Committee includes one Independent Director. In addition, the post of Non-executive Chartered Accountant director in the Audit Committee is also vacant. Furthermore, due to the vacancy in the Board, only one Director has been appointed to the Nomination & Remuneration Committee of our Board. Accordingly, as on the date of this Placement Document, the Nomination & Remuneration Committee of our Board is non-functional and the quorum requirements for this committee are not being met presently. For further details please see “*Risk Factors - As on date of this Placement Document, our Board does not have prescribed strength in terms of the Banking Companies Act and the SEBI Listing Regulations.*” beginning on page 73.

Committees of our Board

Our Board has constituted the following key Committees, as may be applicable on our Bank:

1. Management Committee
2. Audit Committee;
3. Stakeholders’ Relationship Committee;
4. Risk Management Committee;
5. Nomination & Remuneration Committee;
6. Capital Raising Committee of Board;
7. Customer Service Committee;
8. IT Strategy Committee;
9. Performance Evaluation committee;
10. Business Review Committee;
11. Director’s Promotion Committee;
12. Appellate Authority and Reviewing Authority;
13. Special Committee of the Board to monitor the progress of recovery
14. Special Committee of the Board to monitor and follow up fraud cases involving ` 1.00 crore and above;
15. Committee of Directors to Review Vigilance and Non Vigilance/ Disciplinary actions cases;
16. Head Office Credit Approval Committee - Level III;
17. Election of Shareholder Directors- Voting by Public Sector Banks;
18. Committee for Review of Identification of Wilful Defaulters & Non Cooperative Borrowers Classification; and;
19. Steering Committee of the Board on HR.

Details of each of these key Committees are as follows:

1. Management Committee

The Management Committee of the Board has been constituted in pursuance of Clause 13 of Nationalized Banks Scheme read with the directives of the MoF, Government of India. The composition of Management Committee of the Board has been advised by Department of Financial Services, Ministry of Finance, Government of India vide communication F. No. 13/1/2006-BO.1/80061042 dated August 24, 2015, as may be amended by further communications. Our Management Committee comprises the following member:

Name of Director	Designation	Nature of Directorship
CH S.S. Mallikarjuna Rao	Chairperson	Managing Director and Chief Executive Officer
Sanjay Kumar	Member	Executive Director
Vijay Dube	Member	Executive Director
Agyey Kumar Azad	Member	Executive Director
Vivek Aggarwal	Member	RBI Nominee Director

2. Audit Committee

Our Audit Committee has been constituted in terms of RBI circular bearing No. DOS.NO.BC.14/Admn./919/16.13.100/95 dated September 26, 1995 and RBI circular bearing No. DOS No. BC/3/08.91.020/97 dated January 20, 1997 and such other circulars issued by RBI. Our Audit Committee comprises the following members:

Name of Director	Designation	Nature of Directorship
Dr. Asha Bhandarker	Chairperson	Shareholder Director
Sanjay Kumar	Member	Executive Director
Pankaj Jain	Member	Government of India Nominee Director
Vivek Aggarwal	Member	RBI Nominee Director
Vijay Dube	Invitee	Executive Director
Agyey Kumar Azad	Invitee	Executive Director

Post of the non-executive chartered accountant director (to be appointed in terms of Section 9(3)(g) of the Banking Companies Act) in the Audit Committee is vacant as on the date of this Placement Document as such director has not been nominated to our Board.

Further, the SEBI Listing Regulations require two-third of the Audit Committee to comprise independent directors. As on the date of this Placement Document, the Audit Committee includes one independent director, that is, Dr. Asha Bhandarker, who is our Shareholder Director, appointed pursuant to Section 9(3)(i) of the Banking Companies Act.

3. Stakeholders' Relationship Committee

Our Stakeholders' Relationship Committee has been constituted pursuant to Regulation 20 read with Clause B of Part D of Schedule II of the SEBI Listing Regulations as amended and Punjab National Bank Regulations, with the objective of specifically looking into the redressal mechanism of grievances of shareholders, debenture holders and other security holders and to consider and resolve the grievances of the security holders including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends etc. Our Stakeholders' Relationship Committee comprises the following members:

Name of Director	Designation	Nature of Directorship
Dr. Asha Bhandarker	Chairperson	Shareholder Director
CH S.S. Mallikarjuna Rao	Member	Managing Director and Chief Executive Officer
Agyey Kumar Azad	Member	Executive Director

4. Risk Management Committee

Our Risk Management Committee has been constituted in accordance with the RBI note DBOD No. BP-520/21.04.103/2002-03 dated October 12, 2002, as may be amended by further notifications on risk management and Regulation 21 of the SEBI Listing Regulations, as may be amended. It has been formed for successful implementation of proper risk management systems in our Bank and devises the policies and strategies for integrated risk management containing various risk exposures of our Bank. Our Risk Management Committee comprises the following members:

Name of Director	Designation	Nature of Directorship
CH S.S. Mallikarjuna Rao	Chairperson	Managing Director and Chief Executive Officer
Sanjay Kumar	Member	Executive Director
Vijay Dube	Member	Executive Director
Agyey Kumar Azad	Member	Executive Director
Dr. Asha Bhandarker	Member	Shareholder Director

5. Nomination & Remuneration Committee*

Our Nomination & Remuneration Committee was constituted in terms of the Master RBI (Fit and Proper Criteria for Elected Directors on the Boards of PSBs) Directions, 2019 dated August 2, 2019, as may be amended, to undertake the process of due diligence to determine the 'fit and proper' status of the persons to be elected as directors clause (i) of sub-section (3) of Section 9 of the Banking Companies Act. Further, the Government of India vide its notification dated August 30, 2019 directed the Bank to constitute a single Nomination and Remuneration Committee for carrying out the functions of both the Nomination Committee and the Remuneration

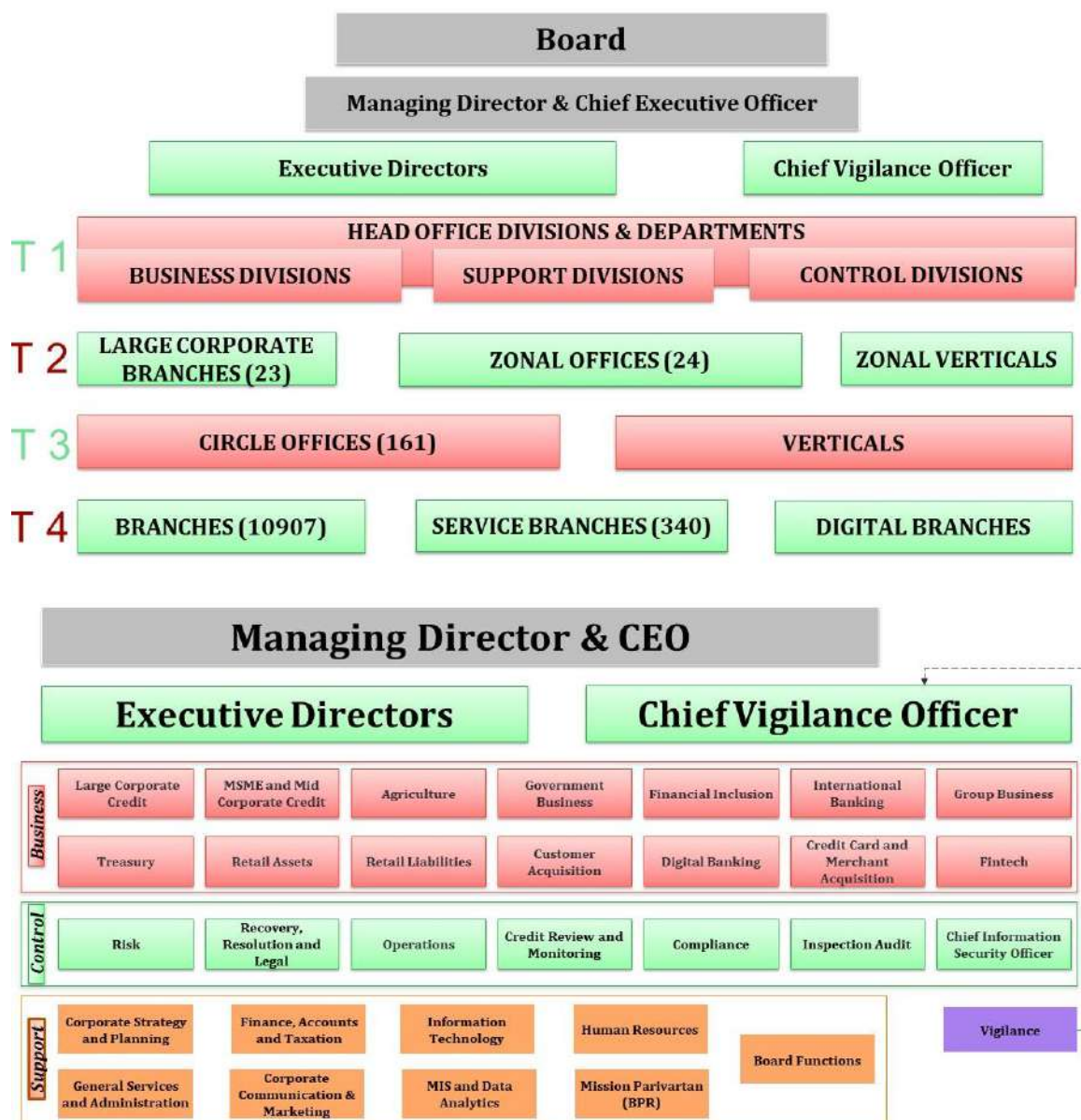
Committee. Our Nomination & Remuneration Committee comprises the following members:

Name of Director	Designation	Nature of Directorship
Asha Bhandarker	Chairperson	Shareholder Director

* Due to the vacancy in the Board, only one director has been appointed to this committee. This committee is non-functional as only one director is eligible to be inducted as member of this committee as per applicable guidelines. Accordingly, the quorum requirement for this committee is not being met presently.

Management Organization Structure

Set forth is the organization structure of our Bank:



Our Senior Managerial Personnel

The details of the Senior Managerial Personnel of our Bank are as follows:

Vivek Jha, is the Chief General Manager (Customer Acquisition and Marketing) of our Bank. He has been associated with our Bank since November 14, 1983.

Debadatta Chand, is the Chief General Manager (Mumbai Zone) of our Bank. He has been associated with our Bank since September 24, 2005

Rajeev Puri, is the Chief General Manager (Other Credit) of our Bank. He has been associated with our Bank since August 9, 1984

Ram Kumar, is the Chief General Manager (Delhi Zone) of our Bank. He has been associated with our Bank since August 26, 1985.

Sunil Soni, is the Chief General Manager (Information Technology) of our Bank. He has been associated with our Bank since August 25, 1986.

Rajesh Verma, is the Chief General Manager (Human Resource) of our Bank. He has been associated with our Bank since September 19, 1988.

Gauri Prosad Sarma, is the Chief General Manager (Digital Banking) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, he was associated with erstwhile UBI since December 17, 1985.

Vimlesh Kumar, is the Chief General Manager (Mission Parivartan) of our Bank. He has been associated with our Bank since May 27, 1985.

Swarup Kumar Saha, is the Chief General Manager (Lucknow Zone) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, he was associated with erstwhile OBC since June 18, 1990.

Vishesh Kumar Srivastava, is the Chief General Manager (Integrated Risk Management) of our Bank. He has been associated with our Bank since November 20, 1989.

Brij Mohan Sharma, is the Chief General Manager (Inspection and Audit) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, he was associated with erstwhile OBC since August 11, 1983.

Rajneesh Karnatak, is the Chief General Manager (Credit Review and Monitoring) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, he was associated with erstwhile OBC since March 15, 1994.

Ashwini Kumar Jha, is the Chief General Manager (Kolkata Zone) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, he was associated with erstwhile UBI since April 10, 1985.

Chander Khurana, is the Chief General Manager (Corporate Credit) of our Bank. He has been associated with our Bank since March 10, 1981.

Bikker Singh Mann, is the Chief General Manager (General Services Administrative) of our Bank. He has been associated with our Bank since August 26, 1983.

Arti Mattoo, is the Chief General Manager (Strategic Management and Economic Advisor) of our Bank. She has been associated with our Bank since October 9, 1987.

Surendra Kumar Dixit, is the Chief General Manager (Operations) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, he was associated with erstwhile OBC since June 6, 1986.

Nabin Kumar Dash, is the Chief General Manager (Coordination (Amalgamation)) of our Bank. He has been associated with our Bank since April 1, 2020. Prior to amalgamation, he was associated with erstwhile UBI since May 2, 1992.

Nasim Ahmed, is the Chief General Manager (Recovery and Law) of our Bank. He has been associated with our Bank since May 4, 1982.

Dilip Kumar Jain, is the Chief Financial Officer of our Bank with effect from October 1, 2020. He has been associated with our Bank since March 25, 1996.

Ekta Pasricha, is the Company Secretary and Compliance Officer of our Bank with effect from May 29, 2020. She has been associated with our Bank since April 1, 2020. Prior to amalgamation, she was associated with erstwhile OBC since November 18, 2013.

All our above mentioned Senior Managerial Personnel are permanent employees of our Bank.

Relationships between Senior Managerial Personnel and with Directors

None of our Senior Managerial Personnel are related to each other or with our Directors.

Bonus or a profit-sharing plan to our Senior Managerial Personnel

Our Bank does not have a performance linked bonus or a profit-sharing plan for the Senior Managerial Personnel.

Shareholding of our Senior Managerial Personnel

The following table sets forth details of shareholding of our Senior Managerial Personnel's in our Bank, as on the date of this Placement Document:

Name of the Senior Managerial Personnel	No. of Equity Shares (pre-Issue)	Percentage shareholding (%)
Vivek Jha	7,800	Negligible
Nabin Kumar Dash	1,210	Negligible
Debadatta Chand	8,000	Negligible
Rajeev Puri	7,250	Negligible
Ram Kumar	7,820	Negligible
Sunil Soni	7,000	Negligible
Rajesh Verma	7,000	Negligible
Gauri Prosad Sarma	1,270	Negligible
Nasim Ahmed	7,000	Negligible
Vimlesh Kumar	7,375	Negligible
Swarup Kumar Saha	6,494	Negligible
Vishesh Kumar Srivastava	7,000	Negligible
Brij Mohan Sharma	8,583	Negligible
Rajneesh Karnatak	5,984	Negligible
Ashwini Kumar Jha	1,199	Negligible
Chander Khurana	6,700	Negligible
Bikker Singh Mann	3,500	Negligible
Arti Mattoo	9,345	Negligible
Surendra Kumar Dixit	6,502	Negligible
Dilip Kumar Jain	7,285	Negligible
Ekta Pasricha	3,611	Negligible

Interests of our Senior Managerial Personnel

None of our Senior Managerial Personnel have any interest in our Bank except to the extent of their, remuneration, benefits and reimbursement of expenses incurred by them in the ordinary course of business, which they receive from our Bank, and loans availed from our Bank, if any.

Our Senior Managerial Personnel may also be deemed to be interested to the extent of Equity Shares held by them in our Bank and any dividend or other distributions payable to them in respect of the said Equity Shares (if any). For details of Equity Shares held by our Senior Managerial Personnel in our Bank, see “*Shareholding details of our Senior Managerial Personnel*” above.

None of our Senior Managerial Personnel have any financial or other material interest in the Issue and there is no effect of an interest by virtue of having shareholding in our Bank, so far as it is different from the interests of other persons.

Other than as disclosed in this Placement Document, there were no outstanding transactions other than in the ordinary course of business undertaken by our Bank in which the Senior Managerial Personnel were the interested parties.

Policy on disclosures and internal procedure for prevention of insider trading

Regulation 8(1) and 9(1) of the SEBI Prohibition of Insider Trading Regulations, 2015 as amended applies to the Bank and its employees and requires our Bank to implement a code of practices and procedures for fair disclosure of unpublished price sensitive information and to regulate, monitor and report trading by its employees and other connected persons towards achieving compliance with. Our Bank has implemented a code of conduct for prevention of insider trading in accordance with the SEBI Prohibition of Insider Trading Regulations, 2015, as amended.

Employee Stock Option Scheme/Employee Stock Purchase Scheme

As on the date of this Placement Document, our Bank does not have any Employee Stock Option Scheme/Employee Stock Purchase Scheme.

PRINCIPAL SHAREHOLDERS AND OTHER INFORMATION

The following table presents information regarding the ownership of Equity Shares by the Shareholders as of September 30, 2020:

Summary statement holding of Equity Shares

Category of Shareholder	No. of Shareholders	No. of fully paid up equity shares held	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting Right	No. of Locked in shares		No. of equity shares held in dematerialized form
							No. (a)	As a % of total Shares held (b)	
(A) Promoter & Promoter Group	1	8,054,125,685	8,054,125,685	85.59	8,054,125,685	85.59	5,556,958,480	69.00	8,054,125,685
(B) Public	1,092,886	1,356,503,630	1,356,503,630	14.41	1,356,503,630	14.41		0.00	1,347,253,972
(C1) Shares underlying DRs				0.00		0.00		0.00	
(C2) Shares held by Employee Trust				0.00		0.00		0.00	
(C) Non Promoter-Non Public				0.00		0.00		0.00	
Grand Total	1,092,887	9,410,629,315	9,410,629,315	100.00	9,410,629,315	100.00	5,556,958,480	59.05	9,401,379,657

Shareholding Pattern of Promoters and Promoter Group of our Bank as on September 30, 2020

Category of Shareholder	No. of Shareholders	No. of fully paid up equity shares held	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	No. of Locked in shares		No. of equity shares held in dematerialized form
					No. (a)	As a % of total Shares held (b)	
A1) Indian				0.00		0.00	
Central Government/ State Government(s)	1	8,054,125,685	8,054,125,685	85.59	5,556,958,480	69.00	8,054,125,685
President of India	1	8,054,125,685	8,054,125,685	85.59	5,556,958,480	69.00	8,054,125,685
Sub Total A1	1	8,054,125,685	8,054,125,685	85.59	5,556,958,480	69.00	8,054,125,685
A2) Foreign				0.00		0.00	
A=A1+A2	1	8,054,125,685	8,054,125,685	85.59	5,556,958,480	69.00	8,054,125,685

Shareholding Pattern of Public Shareholders as on September 30, 2020

Category of Shareholder	No. of Shareholders	No. of fully paid up equity shares held	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting Right	No. of Locked in shares		No. of equity shares held in dematerialized form
							No. (a)	As a % of total Shares held (b)	
B1) Institutions	0	0		0.00		0.00		0.00	
Mutual Funds/	25	132,082,147	132,082,147	1.40	132,082,147	1.40		0.00	132,074,557
Alternate Investment Funds	1	1,302,756	1,302,756	0.01	1,302,756	0.01		0.00	1,302,756
Foreign Portfolio Investors	131	83,841,453	83,841,453	0.89	83,841,453	0.89		0.00	83,825,353
Financial Institutions/ Banks	18	4,299,295	4,299,295	0.05	4,299,295	0.05		0.00	4,296,305
Insurance Companies	12	433,981,344	433,981,344	4.61	433,981,344	4.61		0.00	433,981,229
Life Insurance Corporation of India	1	394,534,747	394,534,747	4.19	394,534,747	4.19		0.00	394,534,747
Any Other (specify)	1	115	115	0.00	115	0.00		0.00	115
Foreign Financial Institution / Bank	1	115	115	0.00	115	0.00		0.00	115
Sub Total B1	188	655,507,110	655,507,110	6.97	655,507,110	6.97		0.00	655,480,315
B2) Central Government/ State Government(s)/ President of India	0	0		0.00		0.00		0.00	
Central Government/ State Government(s)/ President of India	2	311,788	311,788	0.00	311,788	0.00		0.00	311,788

Category of Shareholder	No. of Shareholders	No. of fully paid up equity shares held	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting Right	No. of Locked in shares		No. of equity shares held in dematerialized form
							No. (a)	As a % of total Shares held (b)	
Sub Total B2	2	311,788	311,788	0.00	311,788	0.00		0.00	311,788
B3) Non-Institutions	0	0		0.00		0.00		0.00	
Individual share capital upto Rs. 2 Lacs	1,065,034	587,848,448	587,848,448	6.25	587,848,448	6.25		0.00	578,924,034
Individual share capital in excess of Rs. 2 Lacs	121	28,086,079	28,086,079	0.30	28,086,079	0.30		0.00	28,086,079
Any Other (specify)	27,541	84,750,205	84,750,205	0.90	84,750,205	0.90		0.00	84,451,756
Bodies Corporate	2,619	44,477,023	44,477,023	0.47	44,477,023	0.47		0.00	44,259,713
Trusts	44	151,545	151,545	0.00	151,545	0.00		0.00	136,855
Overseas Corporate Bodies	1	4,715	4,715	0.00	4,715	0.00		0.00	4,715
Clearing Members	254	8,842,595	8,842,595	0.09	8,842,595	0.09		0.00	8,842,595
Non-Resident Indian (NRI)	7,038	11,977,295	11,977,295	0.13	11,977,295	0.13		0.00	11,973,846
HUF	17,584	15,879,790	15,879,790	0.17	15,879,790	0.17		0.00	15,816,790
QIB	1	3,417,242	3,417,242	0.04	3,417,242	0.04		0.00	3,417,242
Sub Total B3	1,092,696	700,684,732	700,684,732	7.45	700,684,732	7.45		0.00	691,461,869
B=B1+B2+B3	1,092,886	1,356,503,630	1,356,503,630	14.41	1,356,503,630	14.41		0.00	1,347,253,972

Shareholding Pattern of the Non Promoter – Non Public shareholder as on September 30, 2020

Category & Name of Shareholder (I)	No. of Shareholders (III)	No. of fully paid up equity shares held (IV)	Total no. of shares held (VII = IV + V + VI)	Shareholding as a % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	No. of Locked in shares		No. of equity shares held in dematerialized form (XIV) (Not Applicable)
					No.	As a % of total Shares held	
C1) Custodian/ DR Holder	0	0		0.00		0.00	
C2) Employee Benefit Trust	0	0		0.00		0.00	

Details of disclosure made by the Trading Members holding 1% or more of the Total Number of shares of our Bank as on September 30, 2020.

S. No.	Name of the Trading Member	Name of the Beneficial Owner	No. of shares held	% of total no. of shares	Date of reporting by the Trading Member
-	NIL	NIL	NIL	NIL	NIL

REGULATIONS AND POLICIES

The following description is a summary of some of the relevant regulations and policies as prescribed by the central, state and regulatory bodies in India that are applicable to our Bank and its Subsidiaries. The following description is not meant to be exhaustive, and is only intended to provide general information to the investors on some of the key regulations and policies applicable to us.

The primary legislation governing banking companies in India is the Banking Regulation Act which applies to public sector banks such as our Bank, only to a limited extent. Sections 34A, 36AD and section 51 of the Banking Regulation Act are applicable to corresponding new banks constituted under the Banking Companies Act. In turn, section 51 of the Banking Regulation Act makes some of its sections applicable to corresponding new banks. Our Bank, as a corresponding new bank, is governed primarily by the provisions of the Banking Companies Act. The Nationalised Banks Scheme and the Banking Regulation Act also govern our operations. Other important laws governing banking companies including the RBI Act, the Negotiable Instruments Act, 1881, the SARFAESI Act, the Recovery of Debts and Bankruptcy Act, 1993, and Foreign Exchange Management Act. Additionally, the RBI, from time to time, issues guidelines, regulations, policies, notifications, press releases, circulars, etc. to be followed by us and supervises our compliance with these guidelines. Our Bank is listed on a Stock Exchanges in India and therefore, our Bank will be governed by various regulations of SEBI.

Reserve Bank of India Act, 1934

RBI may, subject to certain conditions, direct the inclusion or exclusion of any bank from the second schedule of the RBI Act. Scheduled banks are required to maintain cash reserves with RBI. In this regard, RBI may stipulate an average daily balance requirement to be complied with, by such banks and may direct that such banks regard a transaction or class of transactions as a liability. RBI has the power to impose penalties against any person for inter-alia failure to produce any book, account or other document or furnish any statement, information or particulars which such person is duty-bound to produce or furnish under the RBI Act, or any order, regulation or direction thereunder.

Banking Regulation Act, 1949

Commercial banks in India are required to obtain a license from RBI to carry on banking business in India as per Section 22 of the Banking Regulation Act. Such license is granted to a bank subject to compliance with certain conditions including (i) that the bank has the ability to pay its present and future depositors in full as their claims accrue; (ii) that the affairs of the bank will not be or are not likely to be conducted in a manner detrimental to the interests of present or future depositors; (iii) bank has adequate capital structure and earnings prospects; (iv) that public interest will be served if such license is granted to the bank; (v) that having regard to the banking facilities available in the proposed principal area of operations of the company, the potential scope for expansion of banks already in existence in the area and other relevant factors the grant of the license would not be prejudicial to the operation and consolidation of the banking system consistent with monetary stability and economic growth; (vi) that the general character of the proposed management of the company will not be prejudicial to the public interest or the interest of its depositors; and (vii) any other condition, the fulfilment of which would, in the opinion of RBI, be necessary to ensure that the carrying on of banking business in India by the company will not be prejudicial to the public interest or the interest of its depositors. RBI may cancel the license if the bank fails to meet the qualifications/ conditions imposed on it or if the bank ceases to carry on banking operations in India. Additionally, RBI has issued various reporting and record-keeping requirements for commercial banks. Further, the appointing, re-appointing or removing of auditor or auditors of the bank requires prior approval of RBI.

The Banking Regulation Act confers power on RBI (in consultation with the central government) in the public interest, interest of banking policy and to secure the interest of the depositors of the bank and the banking company, to pass orders to supersede the board of directors of a banking company for a period of up to six months, which period shall not exceed up to 12 months.

When a bank fails to or omits to comply with the provisions of the Banking Regulation Act, RBI may impose fine within prescribed limits on banks and its officers or punish with imprisonment for the term provided in the law, on the basis of the nature of the violation.

The Banking Regulation (Amendment) Act, 2017 had been enacted by the Parliament with a view to give extensive powers to RBI to issue directions to banks for resolution of stressed assets. The amendment introduced two new sections to the Banking Regulation Act, Section 35AA and Section 35AB which enables RBI to direct

banks to commence the insolvency resolution process against the defaulting company under the Insolvency and Bankruptcy Code, 2016 (“IBC”). RBI has also been granted the discretion to set up one or more advisory committees to advise banks on resolution of stressed assets.

Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 (“Nationalised Banks Scheme”)

In terms of the powers conferred under the Banking Companies Act, the Central Government, in consultation with the RBI framed the Nationalised Banks Scheme which governs the management of corresponding new banks incorporated under the Banking Companies Act, defined as the nationalised banks under the Nationalised Banks Scheme. The Nationalised Banks Scheme confers power on the Central Government to constitute the board of directors and designate the chairman and managing director of the board, in consultation with the RBI from a panel of names recommended by the bureau. Further, the Central Government has the right to decide the term and remuneration of the directors of the nationalised banks. The Nationalised Banks Scheme confers terms of office and remuneration of a whole-time directors including managing director, term of office for other directors, disqualification of directors, vacation of office of directors and removal from office of an elected director etc. The scheme also provides for constitution of different committees of the board including, inter alia, the management committee of the board, credit approval committee and advisory committees.

Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (“Banking Companies Act”)

Our Bank was constituted as a corresponding new bank pursuant to the provisions of the Banking Companies Act which provides the operational framework for the Bank to operate and conduct its business. The Banking Companies Act, provides for, amongst others, operational and management framework; mode and number of directors to be appointed along with the grounds of qualification, manner for preparation and closure of accounts, holding meetings and other procedural aspects. The Banking Companies Act provides that a corresponding new bank shall be governed by the directions provided by the Central Government in consultation with the RBI. Further, the board of directors after consultation with the RBI and with prior consultation of the Central Government may make regulations for, amongst others, (a) power, functions and duties of committees of the board; (b) nature and manner in which the shares maybe held, transferred and all other activities in relation to the rights and duties of the shareholders; (c) procedure and manner in which meetings are to be held; and (d) other procedural aspects as maybe required for the operations of a bank.

The entire paid-up capital of a corresponding new bank, except the paid-up capital raised from public by public issue or preferential allotment or private placement should stand vested in and allotted to the Central Government. No shareholder of the corresponding new bank, other than the Central Government is entitled to exercise voting rights in respect of any shares held by him in excess of 10% of the total voting rights of all the shareholders of the corresponding new bank. However, the shareholder holding any preference share capital in the corresponding new bank will have, in respect of such capital, a right to vote only on resolutions placed before such corresponding new bank, which directly affects the rights attached to his preference shares and no preference shareholder is entitled to exercise voting rights in respect of preference shares held by him in excess of 10% of the total voting rights of all the shareholders holding preference share capital only.

The Banking Companies Act requires the shareholding of GoI in all corresponding new banks, including the Bank, at all times be a minimum of 51%. Further, not more than 20% of the shareholding of all corresponding new banks, including the Bank, can be held by foreign entities. Raising of further capital is permitted under the Banking Companies Act subject to prior consultation with the RBI and obtaining the prior approval of the GoI.

Punjab National Bank (Shares & Meetings) Regulations, 2000 (“Punjab National Bank Regulations”)

Our Bank is governed by Punjab National Bank Regulations which regulates matters including, inter alia, the transfer of shares, issuance of share certificates, voting rights and manner of voting of the shareholders of the Bank. Every shareholder registered on the register of shareholders prior to a general meeting has one vote on show of hand and in case of a poll has one vote for every share held by him. Further, the Punjab National Bank Regulations also govern the manner of elections of the Directors on the Board of the Bank. Every shareholder on the register of shareholders, except the Central Government, has the right to elect the Directors from amongst themselves.

Master Direction - Reserve Bank of India (‘Fit and Proper’ Criteria for Elected Directors on the Boards of PSBs) Directions, 2019 (“Master Direction RBI Fit and Proper”)

RBI is empowered under Banking Companies Act to notify and specify the manner, procedure and criteria for determining the 'fit and proper' status of a person to be eligible to be elected as a director on the board of Public Sector Banks, and issues the directions hereinafter specified. Pursuant to the Master Direction RBI Fit and Proper, the banks are required to constitute a nomination and remuneration committee consisting of a minimum of three non-executive directors from amongst the board of directors, out of which not less than one-half shall be independent directors and should include at least one member from risk management committee of the board of director, for undertaking a process of due diligence to determine the 'fit and proper' status of the persons to be elected as directors under clause (i) of sub-section (3) of Section 9 of the Banking Companies Act. The Government of India nominee director and the director nominated under section 9(3)(c) of the Banking Companies Act shall not be part of the nomination and remuneration committee. The Master Direction RBI Fit and Proper also confers power on composition, manner and procedure, quorum, disqualification tenor of member of nomination and remuneration committee.

Regulatory reporting and examination procedures

RBI is empowered under the Banking Regulation Act to call for certain information from a bank as well as to inspect a bank. RBI monitors prudential parameters at periodic basis. RBI has introduced a system of off-site monitoring and surveillance, with the primary objective of monitoring the financial condition of banks in between two on-site examinations. To this end and to enable off-site monitoring and surveillance by RBI, banks are required to report to RBI on various aspects of their business. This system of off-site monitoring and surveillance has been migrated to a secured Online Returns Filing System (“**ORFS**”) in which data collection and consolidation has been streamlined. RBI also conducts on-site supervision of selected branches with respect of their general operations and foreign exchange related transactions.

RBI also conducts periodical on-site inspections on matters relating to the bank's portfolio, risk management systems, internal controls, credit allocation and regulatory compliance, at intervals ranging from one to three years.

Maintenance of records

The “Reserve Bank of India (Know Your Customer (KYC) Directions, 2016 issued by RBI dated February 25, 2016 as updated from time to time, provide for certain records to be maintained for a minimum period of five years from the date on which the transaction/ business relationships have ended.

Storage of payment system data

RBI on April 6, 2018 issued a notification on storage of information relating to the payment ecosystem as not all system providers store the payments data in India. In accordance with the notification, all system providers shall ensure that data relating to payment systems operated by them are stored in a system only in India. Data should include the full end-to-end transaction details, information collected, carried, processed as part of the message or payment instruction. For the foreign leg of the transaction, if any, the data can also be stored in the foreign country, if required.

Capital adequacy requirements

RBI has issued guidelines based on the Basel III reforms on capital regulation on May 2, 2012, to the extent applicable to banks operating in India. The Basel III capital regulation has been implemented from April 1, 2013 in India in a phased manner and was scheduled to be fully implemented by March 31, 2019. Banks have to comply with the regulatory limits and minima as prescribed under Basel III capital regulations on an ongoing basis. The table below summarizes the capital requirements under Basel III guidelines for banks in India:

Sr. No.	Regulatory Capital	As % of Risk Weighted Assets
1.	Minimum Common Equity Tier I Ratio	5.50%
2.	Capital Conservation Buffer (comprised of Common Equity)	2.50%
3.	Minimum Common Equity Tier I Ratio plus Capital Conservation Buffer (1)+(2)	8.00%
4.	Additional Tier I Capital	1.50%
5.	Minimum Tier I Capital Ratio (1) +(4)	7.00%
6.	Tier II Capital	2.00%

Sr. No.	Regulatory Capital	As % of Risk Weighted Assets
7.	Minimum Total Capital Ratio (MTC) (5)+(6)	9.00%
8.	Minimum Total Capital Ratio plus Capital Conservation Buffer (7)+(2)	11.50%

To ensure smooth transition to Basel III, appropriate transitional arrangements have been provided for meeting the minimum Basel III capital ratios, full regulatory adjustments to the components of capital etc. Consequently, in accordance with the master circular on “Basel III Capital Regulations” dated July 1, 2015, capital ratios and deductions from common equity will be fully phased-in and implemented as on March 31, 2019. In view of the gradual phase-in of regulatory adjustments to the common equity component of Tier I Capital under Basel III, certain specific prescriptions of Basel II capital adequacy framework (e.g. rules relating to deductions from regulatory capital, risk weighting of investments in other financial entities etc.) continued to apply to the remainder of regulatory adjustments not treated in terms of Basel III rules, till March 31, 2017.

However, RBI, *vide* its notification dated January 10, 2019, has deferred the implementation of the last tranche of 0.625% of Capital Conservation Buffer (“CCB”) from March 31, 2019 to March 31, 2020. Accordingly, minimum capital conservation ratios as applicable from March 31, 2018 (1.875%) will also apply from March 31, 2019 till the CCB attains the level of 2.50% on March 31, 2020. Further, RBI, *vide* its notification dated March 27, 2020, had further deferred the implementation of the last tranche of 0.625% of the CCB from March 31, 2020 to September 30, 2020. RBI, *vide* its notification dated September 29, 2020, has again deferred the implementation of the last tranche of 0.625% of the CCB from September 30, 2020 to April 1, 2021. Further, the pre-specified trigger for loss absorption through conversion/write-down of Additional Tier 1 instruments (PNCPS and PDI) shall remain at 5.5% of RWAs and will rise to 6.12% of RWAs from April 1, 2021.

RBI has thereafter issued revisions to the Master Circular - Basel III Capital Regulations dated July 1, 2015 *vide* its notifications, namely, (i) Master Circular – Basel III Capital Regulations – Clarification dated January 14, 2016 (bearing number RBI/2015-16/285 DBR.No.BP.BC.71/21.06.201/2015-16) in relation to payment of coupons under criteria for inclusion of perpetual debt instruments in additional tier 1 capital; (ii) Master Circular – Basel III Capital Regulations – Revision dated March 1, 2016 (bearing number RBI/2015-16/331 DBR.No.BP.BC.83/21.06.201/2015-16) in relation to treatment of revaluation reserves, treatment of foreign currency translation reserves, treatment of deferred tax assets, etc.; (iii) Basel III Capital Regulations - Additional Tier 1 Capital dated February 2, 2017 (bearing number RBI/2016-17/222 DBR.BP.BC.No.50/21.06.201/2016-17) in relation to coupon discretion under the criteria for inclusion of perpetual debt instruments in additional tier 1 capital and (iv) Basel III Capital Regulations – Implementation of Leverage Ratio dated June 28, 2019 (bearing number RBI/2018-19/225 DBR.BP.BC.No.49/21.06.201/2018-19) in relation to minimum leverage ratio requirements; and (v) Basel III Capital Regulations – Treatment of Debt Mutual Funds/ETFs dated August 6, 2020 (bearing number RBI/2020-21/18 DOR.No.BP.BC/5/21.04.201/2020-21) in relation to capital charge for market risk for banks investing in debt mutual funds or exchange traded funds.

Liquidity coverage ratio

On June 9, 2014, RBI issued guidelines in relation to Liquidity Coverage Ratio (“LCR”), liquidity risk monitoring tools and LCR disclosure standards pursuant to the publication of the ‘Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools’ on January 7, 2013 and the ‘Liquidity Coverage Ratio Disclosure Standards’ on January 12, 2014 by the Basel Committee which provided enhanced guidance on liquidity, risk governance, measurement, monitoring and reporting to RBI on liquidity positions. The guidelines stipulate that banks were to ensure an LCR of 60% for the calendar year 2015 with effect from January 1, 2015 and were expected to make a transition to an LCR of 100% on January 1, 2019. In order to accommodate the burden on banks’ cash flows on account of the Covid-19 pandemic, RBI *vide* notification dated April 17, 2020, permitted banks to maintain LCR as under:

From date of circular to September 30, 2020	80%
October 1, 2020 to March 31, 2021	90%
April 1, 2021 onwards-	100%

The LCR measures a bank’s ability to manage and survive for 30 days under a significant stress scenario that combines idiosyncratic as well as market-wide shock situations that would result in accelerated withdrawal of deposits from retail as well as wholesale depositors, partial loss of secured funding, increase in collateral requirements and unscheduled drawdown of unused credit lines. At least 60% of the net cash outflows in the next 30 days, computed with these assumptions of a stressed scenario, are required to be supported by High Quality

Liquid Assets (“**HQLA**”). Banks were required to maintain LCR of minimum 90% with effect from January 1, 2018, and the same was increased to 100% with effect from January 1, 2019.

Further, banks shall prepare LCR restoration plans upon breach of the aforesaid prescribed LCR requirement, for scrutiny by the RBI’s Department of Supervision.

Further, the Basel Committee on Banking Supervision issued the final rules on ‘Net Stable Funding Ratio’ on October 31, 2014 and RBI issued the guidelines on NFSR on May 17, 2018 with the objective to ensure that banks maintain a stable funding profile in relation to the composition of their assets and off- balance sheet activities. RBI has vide circular dated November 29, 2018 notified that the NSFR guidelines shall come into effect from April 1, 2020. RBI had vide circular dated March 27, 2020, deferred the implementation of NSFR guidelines by six months i.e. till October 1, 2020 and *vide* notification dated September 29, 2020, has decided to defer the implementation of NSFR guidelines by a further period of six months i.e till April 1, 2021.

Prudential framework for resolution of stressed assets

RBI has, pursuant to its circular dated June 7, 2019 established a new regulatory framework for resolution of stressed assets (“**Revised Framework**”). Pursuant to the Revised Framework, existing guidelines and schemes for debt resolution such as revitalising distressed assets, corporate debt restructuring scheme, flexible structuring of existing long term project loans, strategic debt restructuring (“**SDR**”), change in ownership outside SDR, and scheme for sustainable structuring of stressed assets have been withdrawn. In addition, the guidelines /framework for joint lenders’ forum have also been discontinued. According to the Revised Framework, the lenders must identify incipient stress in loan accounts immediately on default by classifying stressed assets as special mention account.

Under the Revised Framework, RBI has introduced a revised framework for resolution of stressed assets, where banks are required to put in place a board approved policy for resolution of stressed assets. Upon the occurrence of a default, banks are required to, within a period of 30 days from the date of such default (“**Review Period**”), review the account of the borrower and determine a strategy for implementing a resolution plan or choose to initiate legal proceedings or recovery. If a resolution plan route is chosen by the lenders during the Review Period, the lenders are required to enter into an inter-creditor agreement to provide rules for finalisation and implementation of the resolution plan and also provide in such inter-creditor agreement that decisions by lenders representing 75% of outstanding facilities and 60% by number shall bind all lenders to the inter-creditor agreement. The resolution plan is to be implemented within 180 days from the end of the Review Period. Depending on the aggregate exposure (including fund based and non-fund based) of the borrower towards the lender, the Review Period is required to commence by a specified date, as set out below:

1. ₹2,000 crore and above– June 7, 2019;
2. ₹1,500 crore and above but less than ₹2,000 crore– January 1, 2020; and
3. Less than ₹1,500 crore– To be announced.

The Revised Framework further clarifies that in the event a viable resolution plan in respect of the borrower is not implemented within the aforementioned timelines, all lenders (whether party to the inter-creditor agreement or not) are required to make additional provisions as set out below:

Timeline for implementation of viable resolution plan	Additional provisions to be made as a percentage of total outstanding, if resolution plan not implemented within the timeline
180 days from the end of Review Period	20%
365 days from the commencement of Review Period	15% (i.e. total additional provisioning of 35%)

The Insolvency and Bankruptcy Code, 2016

The IBC was enacted and notified in the Gazette of India on May 28, 2016. The IBC covers individuals, companies, limited liability partnerships, partnership firms, proprietorship firms and other legal entities. The IBC has established an Insolvency and Bankruptcy Board of India to function as the regulator for all matters pertaining to insolvency and bankruptcy. The IBC prescribes a time limit of 180 days (extendable by up to a maximum of 90 days) for the insolvency resolution process to be completed (“**Moratorium Period**”) during which period the entity shall be revived. The Insolvency and Bankruptcy (Amendment) Act, 2019 has provided a relief to the

creditors wherein it has been stipulated that the corporate insolvency resolution process has to be mandatorily completed within 330 days from the insolvency commencement date, including the time taken in legal proceedings in relation to such resolution process. During the Moratorium Period, (i) the management of the debtor vests in favour of the resolution professional appointed by National Company Law Tribunal (“NCLT”); (ii) no assets of the debtor can be transferred, encumbered; (iii) there can no enforcement of security interest; (iv) no fresh proceedings can be initiated against the debtor and the continuation of pending proceedings are prohibited. The resolution professional shall invite and verify claims of all creditors of the debtor and constitute a committee of creditors comprising of all creditors whose claims are verified and accepted. Thereafter, a resolution plan is prepared for the revival of the entity which shall be approved by majority of the committee of creditors which is then approved by the NCLT. In the event no resolution plan is approved by committee of creditor or the NCLT rejects the resolution plan for non-compliance, the NCLT directs the liquidation of the debtor. The Central Government vide notification dated November 15, 2019 has notified the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Regulations, 2019 relating to insolvency proceedings for personal guarantors to corporate debtors, under the IBC. This will enable initiation of insolvency proceedings against the corporate debtor and the personal guarantor simultaneously thus resulting in better recovery for creditors from insolvency proceedings.

Further, pursuant to the notification dated March 24, 2020 the threshold of ₹ 1 lakh has been increased to one crore rupees as minimum amount of default to initiate any matter under IBC. Pursuant to Notification dated September 24, 2020, suspension of initiation of corporate insolvency resolution process was extended further by period of three months from September 25, 2020.

The Recovery of Debts and Bankruptcy Act, 1993 as amended by the Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 (“RDB Act”)

The RDB Act was enacted for adjudication of disputes pertaining to debts due to banks and financial institutions exceeding ₹20 lakhs or such other amount exceeding ₹ 1 lakh, as may be specified by the Central Government. The Ministry of Finance on September 6, 2018, revised the pecuniary limit of ₹ 10 lakhs to ₹ 20 lakhs. The RDB Act provides for the constitution of debt recovery tribunals, before which banks and financial institutions may file applications for recovery of debts. Further, no court or other authority, except the Supreme Court of India or a high court exercising jurisdiction under Articles 226 and 227 of the Constitution of India, shall have, or is entitled to exercise, any jurisdiction, powers or authority in relation to the aforementioned matter. The tribunals may pass orders for directions including, *inter alia*, recovery of such dues by the bank as may be deemed fit along with a recovery certificate to such effect from the presiding officer of the respective tribunal; attachment of the secured properties towards the dues to the bank; appointment of receivers and/or commissioners with respect to such secured properties and distribution of proceeds from sale of such secured properties towards dues. Pursuant to the recovery certificate being issued, the recovery officer of the respective debt recovery tribunal shall effectuate the final orders of the debt recovery tribunal in the application. Unless such final orders of the debt recovery tribunal have been passed with the consent of the parties to an application, an appeal may be filed against such final orders of the debt recovery tribunal before the debt recovery appellate tribunal, which is the appellate authority constituted under the RDB Act.

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 as amended by the Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 (“SARFAESI Act”)

The SARFAESI Act provides for the enforcement of security interest without the intervention of the courts. Under the provisions of the SARFAESI Act, a secured creditor can recover dues from its borrowers by taking any of the measures as provided therein. Rights, with respect to the enforcement of security interest, under the SARFAESI Act cannot be enforced unless the account of the borrower has been classified as an NPA in the books of account of the secured creditor in accordance with the directions or guidelines issued by RBI or any other applicable regulatory authority. The secured creditors must serve a 60-days’ notice on the borrower demanding repayment of the amount due and specifying the borrower’s assets over which the bank proposes to exercise remedies. If the borrower still fails to pay, the secured creditors, on expiry of the 60-days’ notice period, can: (i) take possession of the secured assets; (ii) take over the management of the secured assets along with the right to transfer by way of lease, assignment or sale of the secured assets; (iii) appoint any person to manage the secured assets; and (iv) require any person who has acquired any of the secured assets from the borrower to pay amounts necessary to satisfy the debt. The security interests covered by the SARFAESI Act are security interests over immovable and movable property, existing or future receivables, certain intangible assets (such as know-how, patents, copyrights, trademarks, licenses, franchises) and any debt or any right to receive payment of money, or any receivable, present

or future, and in which security interest has been created. Security interests over ships and aircraft, any statutory lien, a pledge of movables, any conditional sale, hire purchase or lease or any other contract in which no security interest is created, rights of unpaid sellers, any property not liable to attachment, security interest for securing repayment of less than ₹100,000, agricultural land and any case where the amount due is less than 20% of the principal amount and interest are not enforceable under the SARFAESI Act. In the event that the secured creditor is unable to recover the entire sum due by exercise of the remedies under the SARFAESI Act in relation to the assets secured, such secured creditor may approach a debt recovery tribunal or the relevant court for the recovery of the balance amounts. A secured creditor may also simultaneously pursue its remedies under the SARFAESI Act as well as a debt recovery tribunal.

The SARFAESI Act provides for sale of financial assets by banks and financial institutions to asset reconstruction companies. The SARFAESI Act provides for measures in relation to enforcement of security interests and rights of the secured creditor in case of default. The Prudential Norms issued by RBI describe the process to be followed for sales of financial assets to asset reconstruction companies. The banks may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realisation. However, banks may sell specific financial assets with an agreement to share in any surplus realised by the asset reconstruction company in the future. Consideration for the sale may be in the form of cash, bonds or debentures or security receipts or pass through certificates issued by the asset reconstruction company or trusts set up by it to acquire the financial assets.

The Banking Ombudsman Scheme, 2006

The Banking Ombudsman Scheme, 2006 provides the extent and scope of the authority and functions of the Banking Ombudsman for redressal of grievances against deficiency in banking services, concerning loans and advances and other specified matters. On February 3, 2009, the said scheme was amended to provide for revised procedures for redressal of grievances by a complainant under the scheme. The Banking Ombudsman receives and considers complaints relating to the deficiencies in banking or other services filed on the grounds mentioned in the scheme and facilitates their satisfaction or settlement by agreement or through conciliation and mediation between the bank concerned and the aggrieved parties or by passing an award in accordance with the Scheme.

Classification and Reporting of Fraud Cases

The RBI issued guidelines on the classification and reporting of fraud cases. The fraud cases have been classified into misappropriation and criminal breach of trust, fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property, unauthorised credit facilities extended for reward or for illegal gratification, negligence and cash shortages, cheating and forgery, irregularities in foreign exchange and any other type of fraud not coming under the specific heads as above. The banks are required to submit fraud related data to the RBI through various returns/ reports.

Priority sector lending

The Reserve Bank of India (Priority Sector Lending – Targets and Classification) Directions, 2020 (“**Master Direction**”) dated September 4, 2020 sets out the broad policy in relation to priority sector lending. In accordance with this circular, the priority sectors for all scheduled banks include (i) agriculture; (ii) micro, small and medium enterprises; (iii) export credit; (iv) education; (v) housing; (vi) social infrastructure; (vii) renewable energy (viii) others and (ix) weaker sections. Further, it also prescribes the details of eligible activities under the aforesaid categories. Under the Master Direction, the priority sector lending targets are linked to adjusted net bank credit (“**ANBC**”) or credit equivalent amount of off-balance sheet exposure, whichever is higher, as on the corresponding date of the preceding year. Currently, the total priority sector lending target for domestic scheduled commercial banks is 40% of ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher. It also prescribed sub-targets for small and marginal farmers, micro-enterprises and weaker sections.

Exposure norms

As a prudent measure aimed at better risk management and avoidance of concentration of credit risk, RBI advised the banks to fix limits on their exposure to specific industry or sectors and has prescribed credit exposure limits for banks in respect of their lending to individual borrowers and to all borrowers belonging to a single group. In addition, banks are also required to observe certain statutory and regulatory exposure limits in respect of advances against / investments in shares, convertible debentures /bonds, units of equity-oriented mutual funds and all exposures to venture capital funds (“**VCFs**”).

RBI pursuant to Master Circular on Exposure Norms dated July 1, 2015 has prescribed exposure ceiling for a single borrower as 15% of capital funds and group exposure limit as 40% of capital funds comprising of Tier I and Tier II capital. Relaxations are permitted in exceptional circumstances, with the approval of their boards or lending to infrastructure sector or lending to oil companies who have been issued oil bonds by Government of India. The total exposure (both lending and investment, including off-balance sheet exposures) to a single NBFC, NBFC-AFC (Asset Financing Companies) and infrastructure finance companies should not exceed 10%, 15% and 15%, respectively, of the bank's capital funds as per its last audited balance sheet. The limit may be increased by another 5% provided that the excess exposure is on account of funds on-lent to the infrastructure sector.

Section 19(2) of the Banking Regulation Act, 1949, restricts a banking company from holding shares in any company, whether as pledgee, mortgagee or absolute owner, of an amount exceeding 30% of the paid-up share capital of that company or 30% of its own paid-up share capital and reserves, whichever is less, except as provided in sub-section (1) of Section 19 of the Act.

The aggregate exposure of a bank to the capital markets in all forms (both fund based and non-fund based) should not exceed 40% of its net worth, on both standalone and consolidated basis as on March 31 of the previous year. Within this overall ceiling, the bank's direct investment in shares, convertible bonds/debentures, units of equity oriented mutual funds and all exposures to VCFs (both registered and unregistered) should not exceed 20% of its net worth on both standalone and consolidated basis.

On August 25, 2016, RBI released guidelines on 'Enhancing Credit Supply for Large Borrowers through Market Mechanism' with the objective of mitigating the risk posed to the banking system on account of large aggregate lending to a single corporate. As per the framework, exposure to corporate with large borrowing from banking system beyond the prescribed limit would attract additional provisions and higher risk weights.

On December 1, 2016, RBI released guidelines on Large Exposures Framework to align the exposure norms for Indian banks with the Basel Committee on Banking Supervision standards. From April 1, 2019, the sum of all the exposure values of a bank to single counterparties and a group of connected counterparties, will be 20% and 25% of our eligible capital base at all times, as against the previous norm of 15% and 40% of the Total Capital funds Limits. Eligible capital base represents the Bank's Tier I capital as per the last audited balance sheet. Banks may, in exceptional circumstances, with the approval of their boards, consider enhancement of the exposure to a single counterparty further by 5.0% (i.e., 25.0% of the Tier I capital fund). The limit is applicable to total exposure, including off-balance sheet exposures. Off-balance sheet items are required to be converted into credit exposure equivalents through the use of credit conversion factors as per the standardized approach for credit risk for risk based capital requirements, with a floor of 10%. On June 3, 2019, the RBI released the Guidelines on Large Exposure Framework applicable to all scheduled commercial banks (other than regional rural banks) with a view to capture exposures and concentration risks more accurately and to align the previous guidelines and instructions on Large Exposures Framework with international norms, which superseded the previous circulars on large exposure framework. As per the framework, the sum of all exposure values of a bank to a counterparty or a group of connected counterparties is defined as a 'Large Exposure (LE)', if it is equal to or above 10% of the bank's eligible capital base (i.e., Tier I capital) and the bank is required to report their LE to the RBI and Department of Banking Supervision, Central Office, (DBS, CO). Further, exposure limits to single and group borrowers will be 20% and 25% of our Tier I Capital funds, respectively. Exposure limits to single and group NBFC's will be 15% and 25% of our Tier I Capital funds, respectively. However, by way of a circular dated September 12, 2019, RBI mandated that banks' exposure to a single NBFC (excluding gold loan companies) will be restricted to 20% of that banks' eligible capital base. Banks' finance to NBFCs predominantly engaged in lending against gold will continue to be governed by limits prescribed in circular dated May 18, 2012. On account of Covid-19 pandemic, RBI *vide* its notification dated May 23, 2020, as a one-time measure, increased bank's exposure to a group of connected counterparties from 25% to 30% of the eligible capital base of the bank. This notification will be applicable till June 30, 2021.

Prevention of Money Laundering Act, 2002 ("PMLA")

In order to prevent money laundering activities, the Government enacted the PMLA which seeks to prevent money laundering and to provide for confiscation of property derived from, or involved in money laundering, and for incidental matters connected therewith. Section 12 of the PMLA casts certain obligations on, inter alia, banking companies in regard to preservation and reporting of customer account information.

RBI has advised all banks to go through the provisions of the PMLA and the rules notified thereunder and to take

all steps considered necessary to ensure compliance with the requirements of Section 12 of the PMLA.

Regulations relating to Know Your Customer (“KYC”) and anti-money laundering

RBI issued the Reserve Bank of India (Know Your Customer (KYC) Directions, 2016 on February 25, 2016 (“**Master Direction on KYC**”), which was updated on August 9, 2019, prescribing the guidelines for KYC and anti-money laundering procedures. Banks are required to formulate a KYC policy which shall include (i) customer acceptance policy, (ii) customer identification procedures, (iii) monitoring of transactions and (iv) risk management. In relation to each of the above, the master direction also specifies minimum procedures required to be followed by banks. Banks are not permitted to make payment of cheques/drafts/pay orders/banker’s cheques, if they are presented beyond the period of three months from the date of such instrument. Banks have been advised to ensure that systems and procedures are in place to control financial frauds, identify money laundering and suspicious activities and monitor high value cash transactions. Such monitoring includes cross border transactions. Further, banks have also been advised to ensure that adequate policies are formulated and adopted in relation to KYC and Anti Money Laundering. The Master Direction on KYC was further updated by RBI *vide* its notification dated January 9, 2020 due to amendments to Prevention of Money Laundering (Maintenance of Records) Rules, 2005.

On April 20, 2020, the RBI amended the Master Direction on KYC, requiring banks and financial institutions regulated by the RBI to periodically carry out money laundering and terrorist financing risk assessments to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk for clients, countries or geographic areas, products, services, transactions or delivery channels. The banks and financial institutions shall apply a risk-based approach for mitigation and management of the identified risk and should have board approved policies, controls and procedures which take into consideration sector-specific vulnerabilities which are shared by the regulators.

Regulations relating to maintenance of statutory reserves

A bank is required to maintain, on a daily basis, Cash Reserve Ratio (“**CRR**”), which is a specified percentage of its Net Demand and Time Liabilities (“**NDTL**”), excluding interbank deposits, by way of a balance in a current account with RBI. At present the required CRR is 3%. RBI does not pay any interest on CRR balances. The CRR has to be maintained on an average basis for a fortnightly period and the minimum daily maintenance of the CRR should be 90% effective from the fortnight beginning April 16, 2016. RBI may impose penal interest at the rate of 3% above the bank rate on the amount by which the reserve falls short of the CRR required to be maintained on a particular day and if the shortfall continues further, the penal interest charged shall be increased to a rate of 5% above the bank rate in respect of each subsequent day, during which the default continues. In light of the COVID 19 pandemic, the RBI has *vide* circular issued on May 22, 2020 to all scheduled and non-scheduled banks, revised the bank rate downwards by 40 basis points from 4.65% to 4.25% with effect from May 22, 2020. In case of default in the maintenance of CRR, on average basis during the fortnight, penal interest will be recovered as envisaged under Section 42(3) of the RBI Act.

In light of the recent COVID-19 pandemic, the RBI *vide* its circular dated March 27, 2020 has reduced the CRR of all banks by 100 basis points from 4.00% to 3.00% of their NDTL with effect from the reporting fortnight beginning March 28, 2020 for a period of one year, ending on March 26, 2021.

In addition to the CRR, a bank is required to maintain Statutory Liquidity Ratio (“**SLR**”), a specified percentage of its NDTL, by way of liquid assets like cash, gold or approved unencumbered securities. The percentage of this liquidity ratio is fixed by RBI from time to time, pursuant to Section 24 of the Banking Regulation Act. At present, the required SLR is 18%.

Further, on December 21, 2011, RBI had permitted banks to avail funds from RBI on an overnight basis, under the Marginal Standing Facility, against their excess SLR holdings. Additionally, they can also avail themselves of funds, on an overnight basis below the stipulated SLR, up to 1% of their respective NDTL outstanding at the end of the second preceding fortnight.

Further, Section 17(1) of the Banking Regulation Act and RBI circular dated September 20, 2006 requires every banking company to create a reserve fund to which it must transfer not less than 20% of the profits of each year before declaring dividends. If there is an appropriation from this account, the bank is required to report the same to RBI within 21 days, explaining the circumstances leading to such appropriation.

Marginal Cost of Funds based Lending Rate (MCLR)

Pursuant to the notification issued by RBI dated December 17, 2015, all rupee loans sanctioned and credit limits renewed with effect from April 1, 2016 are to be priced with reference to the MCLR which is the internal benchmark for such purposes. MCLR comprise of: (a) marginal cost of funds; (b) negative carry on account of CRR; (c) operating costs and; (d) tenor premium.

In terms of the notification, the board of directors of the banks is required to adopt a policy delineating the components of spread charged to a customer. Actual lending rates are to be determined by adding the components of spread to the MCLR. Further, no lending below the MCLR of a particular maturity for all loans linked to that benchmark is permitted. The aforementioned notification provides exemption to certain loans from being linked to MCLR as the benchmark for determining interest rate. Further, the aforementioned notification also provides for review of MCLR, reset of interest rates, treatment of interest rates linked to base rate charged to existing borrowers and mandates all the banks to move to the MCLR based pricing from April 1, 2016.

External benchmark based lending

The RBI *vide* circular dated September 04, 2019 (as amended from time to time) mandated that all new floating rate personal or retail loans (housing, auto, etc.) and floating rate loans extended by banks to Micro and Small Enterprises from October 01, 2019 and floating rate loans to Medium Enterprises from April 01, 2020 extended by banks shall be linked to external benchmarks. Banks are free to offer such external benchmark linked loans to other types of borrowers as well.

In furtherance of the same, the said new floating rate shall be benchmarked to one of the following: (1) RBI's policy repo rate; (2) Government of India 3-Months Treasury Bill yield published by the Financial Benchmarks India Private Ltd ("**FBIL**"); (3) Government of India 6-Months Treasury Bill yield published by the FBIL; and (4) Any other benchmark market interest rate published by the FBIL. The adoption of multiple benchmarks by the same bank is not allowed within a loan category. Banks are free to decide the spread over the external benchmark, subject to the conditions specified in the aforesaid circular. The interest rate under external benchmark shall be reset at least once in three months.

Central Repository of Information on Large Credits

The RBI has vide its circular dated May 22, 2014, set up the Central Repository of Information on Large Credits ("**CRILC**") to collect, store and disseminate data on all borrowers' credit exposures including 'special mention accounts' (SMA 0, 1 & 2) having aggregate fund-based and non-fund based exposure of ₹ 5 crores and above. The CRILC is designed entirely for supervisory purposes and its focus is on the reporting entities' exposure to the borrower (as individual and/or as a group) under various heads, such as bank's exposure to a large borrower; the borrower's current account balance; bank's written-off accounts; and identification of non-co-operative borrowers, among others. Further, the CRILC system started with information on SMA2 (default for 61-90 days) to be submitted on as and when basis i.e., whenever repayment for a large borrower's account becomes overdue for 61 days it is to be reported by the bank immediately.

Further, in terms of RBI circular dated June 7, 2019, all banks are required to report to CRILC, on a monthly basis, exposures of individuals and entities having exposure (both fund and non-fund based) of more than ₹ 5 crores. Banks are also required to report to CRILC, on a weekly basis for all borrower entities in default, having aggregate exposure of more than ₹ 5 crores. In addition, banks are required to report to CRILC the classification of an account to 'special mention account' in respect of borrower entities having aggregate exposure of more than ₹ 5 crores. Any non-submission of or incorrect reporting in these returns attracts penalties as specified in the Banking Regulation Act.

Master Regulations and Guidelines of the SEBI

SEBI was established in 1992 in accordance with the provisions of the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") to protect the interests of public investors in securities and to promote the development of, and to regulate, the Indian securities market including all related matters. The SEBI Act also provides for the registration and regulation of the function of various market intermediaries including stock brokers, depository participants, merchant bankers, portfolio managers, investment advisers, and research analysts. Pursuant to the SEBI Act, SEBI has formulated various rules and regulations to govern the functions and working of these intermediaries. SEBI also issues various circulars, notifications and guidelines from time to time in accordance

with the powers vested with it under the SEBI Act. SEBI has the power to impose (i) monetary penalty under the SEBI Act and the regulations made thereunder, and (ii) penalties prescribed under the SEBI Intermediaries Regulations including suspending or cancelling the certificate of registration of an intermediary and to initiate prosecution under the SEBI Act. Further, SEBI has the power to conduct inspection of all intermediaries in the securities market, including, stock brokers, sub brokers, investment advisers, merchant bankers, underwriters, research analysts, to ensure, amongst others, that the books of account are maintained in the manner required in accordance with applicable law.

We are subject to regulations prescribed by SEBI in respect of capital issuances as well as some of our activities, including acting as agent for collecting subscriptions to public offerings of securities made by other Indian companies, underwriting, custodial, depository participant, and investment banking and because our Equity Shares are listed on Indian stock exchanges. These regulations provide for registering with SEBI the functions, responsibilities and the code of conduct applicable for each of these activities.

Regulatory measures on account of COVID-19

The RBI has issued circulars, the Statement of Developmental and Regulatory Policies dated May 22, 2020 and Monetary Policy Statement, 2020-2021: Resolution of Monetary Policy Committee dated May 22, 2020 announcing certain additional regulatory measures with an aim to revive growth and mitigate the impact of COVID-19 on business and financial institutions in India, including:

- i. restriction from declaring any further dividend payouts from the profits pertaining to the Financial Year ended March 31, 2020 until further instructions;
- ii. deferring the implementation of the NSFR guidelines by six months from October 1, 2020. The NSFR guidelines will be effective from April 1, 2021;
- iii. modifying the Prudential Framework to provide that all accounts which were within the review period as on March 1, 2020, the period from March 1, 2020 to August 31, 2020 is to be excluded from the calculation of the 30-day timeline for the review period and accordingly, for all such accounts, the residual review period shall resume from September 1, 2020, upon the expiry of which, the lenders shall have the usual 180 days for resolution. The accounts for which the 180 days resolution period has not expired as on March 31, 2020, the timeline for resolution shall get extended by 180 days from the date on which the 180-day period was originally set to expire.
- iv. Pursuant to notification dated August 6, 2020, RBI permitted, *inter alia*, the resolution of personal loans sanctioned to individual borrowers by lending institutions to become eligible for resolution under the Revised Framework. However, only those borrower accounts shall be eligible for resolution under Prudential Framework which were classified as standard, but not in default for more than 30 days with the lending institution as on March 1, 2020 and resolution under this framework may be invoked not later than December 31, 2020 and must be implemented within 90 days from the date of invocation. However, the lending institutions should strive for early invocation;
- v. permitting banks to grant a moratorium of six months on all term loan instalments and working capital facilities sanctioned in the form of cash credit/overdraft (“CC/OD”), falling due between March 1, 2020 and August 31, 2020, subject to the fulfilment of certain conditions;
- vi. permitting the recalculation of ‘drawing power’ of working capital facilities sanctioned in the form of cash/ credit overdraft facilities by reducing the margins till the extended period, being August 31, 2020, and permitting lending institutions to restore the margins to the original levels by March 31, 2021;
- vii. permitting the increase in the bank’s exposures to a group of connected counterparties from 25% to 30% of the eligible capital base of the bank, up to June 30, 2021;
- viii. deferring the recovery of the interest applied in respect of all working capital facilities sanctioned in the form of cash/credit overdraft facilities during the period from March 1, 2020 to August 31, 2020;
- ix. permitting lending institutions to convert the accumulated interest on working capital facilities up to the deferment period (up to August 31, 2020) into a funded interest term loan which shall be repayable not

later than the end of the current financial year (being, March 31, 2021);

- x. permitting the lending institutions to exclude the moratorium period wherever granted in respect of term loans as stated in (iv) above, from the number of days past-due for the purpose of asset classification under the IRAC norms, in respect of accounts classified as standard as on February 29, 2020, even if overdue;
- xi. permitting the lending institutions to exclude deferment period on recovery of the interest applied, wherever granted as stated in (vii) above, for the determination of out of order status, in respect of working capital facilities sanctioned in the form of CC/OD where the account is classified as standard, including SMA, as on February 29, 2020; and
- xii. requiring lending institutions to make general provisions of not less than 10% of the total outstanding of accounts in default but standard as on February 29, 2020 and asset classification benefit is availed, to be phased over two quarters as provided: (i) not less than 5% for the quarter ended March 31, 2020; and (ii) not less than 5% for the quarter ended June 30, 2020, subject to certain adjustments.

ISSUE PROCEDURE

Below is a summary, intended to provide a general outline of the procedures for the Bidding, payment of Bid amount, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below, and prospective Bidders are presumed to have apprised themselves of the same from our Bank or the Book Running Lead Managers.

Our Bank, the Book Running Lead Managers and their respective directors, officers, agents, affiliates, shareholders, employees, counsel and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Bidders are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Bidders are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the Takeover Regulations, the Insider Trading Regulations, and other applicable laws.

Bidders are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Bidders that apply in the Issue will be required to confirm and will be deemed to have represented to our Bank, the Book Running Lead Managers and their respective directors, officers, agents, affiliates, shareholders, employees, counsel and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Bank, the Book Running Lead Managers and their respective directors, officers, agents, affiliates, shareholders, employees, counsel and representatives accept no responsibility or liability for advising any Bidder on whether such Bidder is eligible to acquire the Equity Shares. For details, see the sections titled, "Selling Restrictions" and "Transfer Restrictions" beginning on pages 273 and 281.

Qualified institutions placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBS ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

The Preliminary Placement Document and this Placement Document have not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations through the mechanism of a qualified institutions placement ("QIP"). Under Chapter VI of the SEBI ICDR Regulations, our Bank, being a listed entity in India may issue Equity Shares to Eligible QIBs, provided that:

- a special resolution approving the qualified institutions placement has been passed by its shareholders. Such special resolution must *inter alia* specify (a) that the allotment of Equity Shares is proposed to be made pursuant to the QIP and (b) the Relevant Date;
- approval from the Ministry of Finance, GoI has been obtained on the basis of the recommendation from RBI specifying that the allotment of Equity Shares is proposed to be made pursuant to the QIP;
- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of our Bank, which are proposed to be allotted through the Issue, are listed on the recognized Stock Exchanges that has nation-wide trading terminals, for a period of at least one year prior to the date of issuance of notice to our Shareholders for convening the meeting to adopt the above-mentioned special resolution;
- invitation to apply in the Issue must be made through a private placement offer-cum-application (i.e., this Placement Document) and an application form serially numbered and addressed specifically to the Eligible QIBs to whom the Issue is made;
- our Bank shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue; and
- the Directors are not fugitive economic offenders.

At least 10% of the equity shares issued to Eligible QIBs must be available for Allocation to Mutual Funds, provided that, if this portion or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

The above approval is subject to the following conditions as provided in the approval letter dated October 28, 2020 from the Ministry of Finance, GoI ("**GoI Approval Letter**"):

- i. FDI Policy conditionalities (including, inter alia, paragraph 5.2(a) of the Policy, which provides that the FDI allowed is subject to applicable laws/ regulations) and other Sectoral Regulations/ Guidelines.
- ii. Claim of any tax relief under the Income-Tax Act, 1961 or the relevant Double Taxation Avoidance Agreement (DTAA) will be examined independently by the tax authorities to determine the eligibility and extent of such relief and the approval of the Department of Financial Services by itself will not amount to any recognition of eligibility for giving such relief.
- iii. Department of Financial Services approval by itself does not provide any immunity from tax investigations to determine whether specific or general anti-avoidance rules apply.
- iv. The fair market value of various payments, services, assets, shares etc., determined in accordance with extent guidelines shall be examined by the tax authorities under the tax laws and rules in force and may be varied accordingly for tax purposes; and
- v. The taxation of dividend, future capital gains on alienation of shares by the foreign investor, interest income and income of any other nature shall be examined by the field formation in accordance with the provision of Income-Tax Act, 1961 and DTAA applicable to the facts of the case.

Bidders are not allowed to withdraw or revise downwards their Bids after the Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares issued pursuant to this Issue shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares of the same class quoted on the stock exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. However, a discount of not more than 5% of the Floor Price may be offered by our Bank in accordance with the provisions of the SEBI ICDR Regulations. Accordingly, pursuant to a resolution of the Shareholders passed in the AGM held on August 4, 2020, our Bank has offered a discount of 4.95% that is ₹1.85 per Equity Share on the Floor Price.

The "Relevant Date" referred to above means the date of the meeting in which the Board or the Capital Raising Committee decides to open the Issue and "stock exchange" means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date.

The Equity Shares will be Allotted within 365 days from the date of the shareholders' resolution approving the Issue, being August 4, 2020 and within 60 days from the date of receipt of Bid Amount from the Successful Bidders. For details of refund of Bid Amount, see "*Pricing and Allocation – Designated Date and Allotment of Equity Shares*" on page 269.

Subscription to the Equity Shares offered pursuant to the Issue must be made by Eligible QIBs on the basis of this Placement Document and the Placement Document that shall contain all material information required under applicable law including the information specified in Schedule VII of SEBI ICDR Regulations. This Placement Document and the Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Bank with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of this Placement Document or the Placement Document addressed to you, you may not rely on this Placement Document or the Placement Document uploaded on the website of the Stock Exchanges or our Bank for making an application to subscribe to Equity Shares pursuant to the Issue.

This Issue was authorized and approved by the Board on July 9, 2020 and approved by the Shareholders in the

AGM held on August 4, 2020. The minimum number of Allottees with respect to a QIP shall at least be:

- a. two, where the issue size is less than or equal to ₹250 crore; and
- b. five, where the issue size is greater than ₹250 crore.

No single Allottee shall be Allotted more than 50% of the Issue Size. Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes “same group” or “common control”, see “—*Bid Process—Application Form*” on page 264.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on a recognised stock exchange.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue. AIFs and VCFs whose sponsor and manager are not Indian owned and controlled in terms of the FEMA Rules are not permitted to participate in the Issue.

We have applied for and received the in-principle approvals of from both BSE and NSE on December 15, 2020, respectively, under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares on the Stock Exchanges. We have filed a copy of the Preliminary Placement Document and a copy of this Placement Document with the Stock Exchanges.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or registered, listed or otherwise qualified in any other jurisdiction outside India and unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons who are qualified institutional buyers (as defined in Rule 144A) pursuant to Section 4(a)(2) or another available exemption from registration under the U.S. Securities Act, and (b) outside the United States in offshore transactions in reliance upon Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. The Equity Shares are transferable only in accordance with the restrictions described under the sections “*Selling Restrictions*” and “*Transfer Restrictions*” on pages 273 and 281, respectively.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue procedure

1. On the Bid / Issue Opening Date, our Bank in consultation with the Book Running Lead Managers shall circulate serially numbered copies of this Placement Document and the serially numbered Application Form, either in electronic or physical form, to identified Eligible QIBs and the Application Form will be specifically addressed to each such Eligible QIB. Our Bank shall maintain records of the Eligible QIBs to whom this Placement Document and the serially numbered Application Form have been dispatched.
2. The list of Eligible QIBs to whom this Placement Document and Application Form were delivered have been determined by our Bank in consultation with the Book Running Lead Managers, at their sole discretion. **Unless a serially numbered Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Bid Amount was deposited, were addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid and shall be rejected. The Application Form was required to be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB could submit an unsigned copy of the Application Form, as long as the Bid Amount was paid along with submission of the Application Form within the Bid/Issue Period. Once a duly filled Application Form was submitted by an Eligible QIB, whether signed or not, and the Bid Amount has

been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and could not be withdrawn or revised downwards after the Bid/Issue Closing Date. In case Bids were made on behalf of the Eligible QIB and the Application Form was unsigned, it was assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB was authorised to do so.

3. Eligible QIBs are required to submit a duly completed Application Form, including any revisions thereof along with the Bid Amount (which is to be transferred to the Escrow Account specified in the Application Form) and a copy of the PAN card or PAN allotment letter and/or any other documents mentioned in the Application Form, during the Issue Period to the Book Running Lead Managers and their Bid Amount shall be deposited into the Escrow Account.
4. Bidders were required to indicate the following in the Application Form:
 - full official name of the Eligible QIB to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details, phone number and bank account details;
 - number of Equity Shares Bid for;
 - price at which they are agreeable to subscribe for the Equity Shares and the aggregate Bid Amount for the number of Equity Shares Bid for;
 - details of the beneficiary account maintained with the Depository Participant to which the Equity Shares should be credited;
 - Equity Shares held by the Eligible QIBs in our Bank prior to the Issue;
 - that it had agreed to certain other representations set forth in the Application Form; and
 - a representation that it is either (i) outside the United States acquiring the Equity Shares in an offshore transaction under Regulation S, or (ii) a “qualified institutional buyer” as defined in Rule 144A, and it has agreed to certain other representations set forth in the “*Representations by Investors*” on page 4 and “*Transfer Restrictions*” on page 281 and certain other representations made in the Application Form.

Note: Eligible FPIs were required to indicate the SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds were required to specifically state the names of the concerned schemes for which the Bids were made. In case of a Mutual Fund, a separate Bid could be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund were not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid had been made. Application by various schemes or funds of a Mutual Fund were treated as one application from the Mutual Fund. Bidders were advised to ensure that any single Bid from them did not exceed the investment limits or maximum number of Equity Shares that could be held by them under applicable laws.

5. Eligible QIBs were required to make the entire payment of the Bid Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account opened in the name of “**PNB QIP Escrow account**” with the Escrow Agent, within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Bid Amount for the Equity Shares should have been made from the bank accounts of the relevant Bidders and our Bank shall keep a record of the bank account from where such payment has been received. Bid Amount payable on Equity Shares to be held by joint holders should have been paid from the bank account of the person whose name appears first in the Application Form. Until Allotment, and receipt of final listing and trading approvals from the Stock Exchanges, Bid Amount received for subscription of the Equity Shares shall be kept by the Bank in a separate bank account with a scheduled bank. Notwithstanding the above, in the event (a) any Bidder is not allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, (c) the Bid Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but prior to the Bid Closing Date, the excess Bid Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in “– *Refunds*” on page 269.

6. Once a duly completed Application Form was submitted by a Bidder and the Bid Amount was transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and the Bid could not be withdrawn or revised downwards after the Issue Closing Date. In case of an upward revision before the Issue Closing Date, an additional amount was required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. The Issue Closing Date was notified to the Stock Exchanges and the Eligible QIBs were deemed to have been given notice of such date after receipt of the Application Form.
7. Upon receipt of the duly completed Application Form and the Bid Amount in the Escrow Account, on or after the Issue Closing Date, our Bank, in consultation with the Book Running Lead Managers, has determined the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation of Equity Shares to be issued pursuant to the Issue. The Book Running Lead Managers will send the serially numbered CAN s, along with serially numbered Placement Document, in electronic form only, to the successful Bidders who have been Allocated the Equity Shares. The dispatch of a CAN, and the Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. **Please note that the Allocation will be at the absolute discretion of our Bank and will be in consultation with the Book Running Lead Managers.**
8. Upon dispatch of the serially numbered Placement Document and CAN, our Bank shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. Our Bank will inform the Stock Exchanges of the details of the Allotment.
9. After passing the resolution for Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the Depository Participant, as specified in the records of the depositories or as indicated in their respective Application Form, our Bank shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.
10. After receipt of the listing approvals of the Stock Exchanges, our Bank shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.
11. Our Bank will then apply for the final trading approvals from the Stock Exchanges.
12. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Eligible QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.
13. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Bank may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Bank and the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Bank.

Eligible Qualified Institutional Buyers

Only QIBs as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations, and not otherwise restricted from participating in the Issue under the applicable laws, including the SEBI Regulations and are residents of India or are Eligible FPI participating through Schedule II of the FEMA rules are eligible to invest in the Issue, provided that with respect to FPIs, only Eligible FPIs applying under Schedule II of the FEMA Rules will be considered as Eligible QIBs and are eligible to invest in this Issue, in accordance with the GoI Approval Letter. AIFs or VCFs whose sponsor and manager are not Indian owned and controlled in terms of the FEMA Rules or FVCIs, multilateral or bilateral development financial institutions are not permitted to participate in this Issue.

Currently, the definition of a QIB as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations includes:

- Mutual funds, venture capital funds and alternate investment funds (except AIFs and VCFs whose sponsor and manager are not Indian owned and controlled in terms of the FEMA Rules) registered with SEBI;
- Eligible FPIs other than individuals, corporate bodies and family offices;
- Public financial institutions;
- Scheduled commercial banks;
- State industrial development corporations;
- Insurance companies registered with IRDAI;
- Provident funds with minimum corpus of ₹25 crore;
- Pension funds with minimum corpus of ₹25 crore;
- National Investment Fund set up by Government of India, set up by resolution no. F. No. 2/3/2005-DDII, dated November 23, 2005 of the Government published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, India; and
- Systemically important non-banking financial companies.

ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF FEMA NON-DEBT RULES IN THIS ISSUE. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THIS ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF THE ELIGIBLE FPIs DOES NOT EXCEED SPECIFIED LIMIT AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THIS ISSUE.

Please note that participation by non-residents in the Issue is restricted to participation by Eligible FPIs through the portfolio investment scheme under Schedule II of the FEMA Rules, subject to the limits prescribed under the SEBI FPI Regulations and the FEMA Rules. Further, AIFs or VCFs whose sponsor and manager are not Indian owned and controlled in terms of the FEMA Rules or FVCIs, multilateral or bilateral development financial institutions are not permitted to participate in this Issue.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10% or more of the post-Issue equity share capital of our Bank, and the total holding of all FPIs, collectively, shall not exceed 20% of the paid-up equity share capital of our Bank. Further, if any FPI holds 10% or more of the Equity Share capital of our Bank, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done, the total investment made by such FPI together with its investor group will be re-classified as FDI as per procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in the company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (i) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable.

In terms of the approval of the GoI Approval Letter, prior approval of the GoI for the issuance of equity shares up to 20% of paid-up capital to FIIs/FPIs in the Issue, subject to provisions of the Banking Companies Act and other provisions of the Consolidated FDI Policy.

Allotments made to Eligible QIBs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. In terms of FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all FPIs shall be included. In accordance with the Consolidated FDI Policy, the total foreign ownership in a public sector bank, subject to Banking Companies Act, cannot exceed 20% of the paid-up capital. In accordance with Section 3(2D) of the Banking Companies Act, shareholding of non-residents in a corresponding new bank cannot exceed 20.00% of its paid up capital and in accordance with Section 3(2E) of the Banking Companies Act, no shareholder, other than the Government shall be entitled to exercise voting rights in excess of 10.00% of the total voting rights of all the shareholders of the corresponding new bank;

As of September 30, 2020, the aggregate FPI shareholding in our Bank is 0.89% of our Bank's paid up Equity Share capital (on a fully diluted basis). For further details, see "*Principal Shareholders and Other Information*"

beginning on page 241.

Restriction on Allotment

Pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being a promoter, or any person related to, the promoter. Eligible QIBs, which have all or any of the following rights, shall be deemed to be persons related to the promoter:

- rights under a shareholders' agreement or voting agreement entered into with the promoter or members of the promoter group;
- veto rights; or
- a right to appoint any nominee director on our Board

Provided, however, that an Eligible QIB which does not hold any equity shares in our Bank and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the promoter.

Our Bank, the Book Running Lead Managers and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors, associates or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the Takeover Regulations, and ensure compliance with applicable laws.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of under subscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: Affiliates or associates of the Book Running Lead Managers who are Eligible QIBs may participate in the Issue in compliance with applicable laws.

Bid process

Application Form

Eligible QIBs were only to use the serially numbered Application Forms (which were specifically addressed to them) supplied by our Bank and the Book Running Lead Managers in electronic form only for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of the Preliminary Placement Document, the Eligible QIB was deemed to have made the following representations, warranties, acknowledgements and undertakings given or made under "Notice to Investors", "Representations by Investors", "Selling Restrictions" and "Transfer Restrictions" on pages 1, 4, 273 and 281, respectively:

1. The Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India and is eligible to participate in this Issue;
2. The Bidder confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoter or promoter group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoter;
3. The Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Issue Closing Date;
4. The Bidder confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India, including the FEMA Rules, as amended, and any notifications, circulars or clarifications issued thereunder and not an FVCI or a multilateral or

bilateral development financial institution. Each Eligible QIB confirms that it is not an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules. Each Eligible QIB confirms that they have not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets;

5. The Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the floor of the Stock Exchanges. Additionally, this will be subject to the Selling and Transfer Restrictions under the applicable laws;
6. The Eligible QIB confirms that the QIB is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. The QIB further confirms that the holding of the QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the QIB;
7. The Eligible QIB confirms that its Bid would not result in triggering an open offer under the Takeover Regulations;
8. The Eligible QIB agrees that although the Bid Amount is required to be paid by it along with the Application Form within the Issue Period, our Bank reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the Book Running Lead Managers. The Eligible QIB further acknowledges and agrees that the payment of Bid Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;
9. The Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:
 - a. QIBs “belonging to the same group” shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and Independent Directors, amongst an Eligible QIB, its subsidiary(ies) or holding company and any other Eligible QIB ; and
 - b. ‘Control’ shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations;
10. The Eligible QIBs acknowledge that no Allotment shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price.
11. The Eligible QIBs confirm that they shall not undertake any trade in the Equity Shares credited to their beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.
12. The Eligible QIB confirms that:
 - a. It is an U.S. QIB who is, or are acquiring the Equity Shares for its own account or for the account of an institutional investor who also meets the definition of an U.S. QIB, for investment purposes only and not with a view to, or for resale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part and are not our affiliate or a person acting on behalf of such an affiliate; or
 - b. It is outside the United States and it is a non-U.S. person (as defined under Regulations S) purchasing the Equity Shares in an offshore transaction in reliance on Regulation S, and is not our affiliate or a person acting on behalf of such an affiliate.

It has read and understood, and by making a Bid for the Equity Shares through the Application Forms and pursuant to the terms of this Placement Document, will be deemed to have made the representations, warranties and agreements made under the sections titled “*Notice to Investors*”, “*Representations by Investors*”, “*Selling Restrictions*” and “*Transfer Restrictions*” beginning on pages 1, 4, 273 and 281, respectively.

ELIGIBLE QIBs WERE REQUIRED TO PROVIDE THEIR NAME, COMPLETE ADDRESS, EMAIL

ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WERE ALSO REQUIRED TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGERS TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, ESCROW AGENT OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSURE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Bid Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Bid Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form and payment of the Bid Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder to pay the entire Issue Price for the Equity Shares and becomes a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Bank (by itself or by the Book Running Lead Managers) in favour of the Successful Bidder.

Submission of Application Form

All Application Forms were required to be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter. The Bid Amount were required to be deposited in the Escrow Account as is specified in the Application Form and the Application Form were required to be submitted to the Book Running Lead Managers through electronic form at either of the following addresses:

Name of BRLM	Address	Contact person	Email	Phone
ICICI Securities Limited	ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020	Anurag Byas/ Shekher Asnani	project.utkarsh@icicisecurities.com	Tel: +91 22 2288 2460
Axis Capital Limited	1 st Floor, House, C-2 Wadia International Centre, P.B. Marg, Worli, Mumbai - 400 025	Sagar Jatakiya	utkarsh@axiscap.in	Tel: +91 22 4325 2183
Edelweiss Financial Services Limited	14th floor, Edelweiss House, Off C.S.T. Road, Kalina, Mumbai, Maharashtra – 400 098, India	Neetu Ranka	Project.Utkarsh2020@edelweissfin.com	Tele: +91 22 4086 3535
IIFL Securities Limited	10th Floor, IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel (West) Mumbai 400 013, India	Keyur Ladhawala/ Pinak R Bhattacharyya	Pnb.qip@iiflcap.com	Tel: +91 22 4646 4600
SBI Capital Markets Limited	202, Maker Tower 'E', Cuffe Parade, Mumbai - 400 005	Sambit Rath	utkarsh2020@sbicaps.com	Tel: +91 22 22178300

Name of BRLM	Address	Contact person	Email	Phone
YES Securities (India) Limited	Unit No. 602 A, 6th Floor, Tower 1 & 2, IFC, Senapati Bapat Marg, Elphinstone Road, Mumbai 400 013	Mukesh Garg	utkarsh@ysil.in	Tel: +91 22 7100 9829
PNB Investment Services Limited*	PNB Pragati Towers, 2nd Floor, C-9, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051	Abhishek Gaur	projectutkarsh@pnbisl.com	Tel: +91 22 2653 2745

**PNB Investment Services Limited, a subsidiary of our Bank, shall be involved only in marketing of the Issue in compliance with Regulation 21A of the SEBI Merchant Bankers Regulations and Regulation 174(2) of the SEBI ICDR Regulations.*

The Book Running Lead Managers were not required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

Bidders Bidding in the Issue were required to pay the entire Bid Amount along with the submission of the Application Form, within the Issue Period.

Payment of Bid Amount

Our Bank has opened the Escrow Account in the name of “**PNB QIP Escrow account**” with the Escrow Agent, in terms of the arrangement among our Bank, the Book Running Lead Managers and the Escrow Agent. Each Bidder was required to deposit the Bid Amount payable for the Equity Shares Bid by it along with the submission of the Application Form and during the Bidding Period. Bidders could make payment of the Bid Amount only through electronic transfer of funds from their own bank account.

Note: Payments were to be made only through electronic fund transfer. Payments made through cash or cheques were liable to be rejected. Further, if the payment was not made favouring the Escrow Account, the Application Form was liable to be rejected.

Pending Allotment, our Bank undertakes to utilise the amount deposited in “**PNB QIP Escrow account**” only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Bid Amount if our Bank is not able to Allot Equity Shares in the Issue. In case of cancellations or default by the Bidders, our Bank and the Book Running Lead Managers have the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws. Notwithstanding the above, in the event a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, the excess Bid Amount will be refunded to the same bank account from which Bid Amount was remitted, in the form and manner set out in “*Issue Procedure – Refunds*” on page 269.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the stock exchange during the two weeks preceding the Relevant Date. For the purpose of determination of the Floor Price, ‘stock exchange’ shall mean any of the recognised stock exchanges in which the Equity Shares are listed and in which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. However, our Bank has offered a discount of 4.95% that is ₹1.85 per Equity Shares on the Floor Price, in terms of Regulation 176(1) of the SEBI ICDR Regulations, in accordance with the approval of our Shareholders pursuant to resolution passed at AGM held on August 4, 2020.

The “Relevant Date” referred to above, for Allotment, will be the date of the meeting in which the Board or the Capital Raising Committee of the Board decided to open the Issue and “stock exchange” means any of the recognized stock exchanges in India on which the Equity Shares of the issuer of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date.

Build-up of the book

The Eligible QIBs shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the Book Running Lead Managers. Such Bids cannot be withdrawn or revised downwards after the Issue Closing Date. The book shall be maintained by the Book Running Lead Managers.

Price discovery and Allocation

Our Bank, in consultation with the Book Running Lead Managers, shall determine the Issue Price, which shall be at or above the Floor Price. However, our Bank has offered a discount of 4.95% that is ₹ 1.85 per Equity Share on the Floor Price, in terms of Regulation 176(1) of the SEBI ICDR Regulations, in accordance with the approval of our Shareholders pursuant to resolution passed at AGM held on August 4, 2020.

After finalisation of the Issue Price, our Bank has updated the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as this Placement Document.

Method of Allocation

Our Bank has determined the Allocation in consultation with the Book Running Lead Managers on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Bids received from the Eligible QIBs at or above the Issue Price were grouped together to determine the total demand. The Allocation to all such Eligible QIBs was made at the Issue Price. Allocation to Mutual Funds for a minimum of 10% of the Issue Size was required to be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF OUR BANK IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBs. BIDDERS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR BANK, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE PRICE. NEITHER OUR BANK NOR THE BOOK RUNNING LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON- ALLOCATION.

CONFIRMATION OF ALLOCATION NOTE OR CAN

Based on receipt of the serially numbered Application Forms and Bid Amount, our Bank, in consultation with the Book Running Lead Managers, in their sole and absolute discretion, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price and the Bid Amount for the Equity Shares Allocated to them shall be notified to such Successful Bidders. Additionally, the CAN will include the probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Successful Bidder ("**Designated Date**").

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in the Bank) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and the Placement Document in the electronic form, to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to subscribe to the Equity Shares Allocated to such Successful Bidders. Subsequently, our Board or the Capital Raising Committee of the Board will approve the Allotment of the Equity Shares to the Allottees in consultation with the Book Running Lead Managers.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in section titled "*Notice to Investors*" on page 1 and further that such Eligible QIB shall

not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Successful Bidders are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

Designated Date and Allotment of Equity Shares

1. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Bank will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.
2. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.
3. Our Bank, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.
4. Following the Allotment of the Equity Shares pursuant to the Issue, our Bank shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, our Bank shall credit the Equity Shares into the beneficiary accounts of the Eligible QIBs.
5. Following the credit of Equity Shares into the Successful Bidders' beneficiary accounts, our Bank will apply for the final listing and trading approvals from the Stock Exchanges.
6. The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Bank.
7. After finalization of the Issue Price, our Bank has updated the Preliminary Placement Document with the Issue details and has filed it with the Stock Exchanges as this Placement Document. Pursuant to a circular SEBI/CFD/DIL/LA/1/2010/05/03 dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, namely, names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Bank along with this Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or the Bidder has deposited the Bid Amount arrived at using a price higher than the Issue Price, or Equity Shares are not Allocated to a Bidder for any reasons, is cancelled prior to Allocation, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted (as set out in the Application Form). The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN.

In the event that our Bank is unable to issue and Allot the Equity Shares offered in the Issue or if the Issue is cancelled from the date of receipt of application monies, our Bank shall repay the application monies. The application monies to be refunded by us shall be refunded to the same bank account from which application monies was remitted by the Bidders, as mentioned in the Application Form.

In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Depositories Act and other applicable laws

We, at our sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Release of Funds to our Bank

The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Bank. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

Other instructions

Permanent account number or PAN

Each Bidder should mention its PAN allotted under the IT Act. A copy of PAN card is required to be submitted with the Application Form. Further, the Application Forms without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR Number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank account details

Each Bidder shall mention the details of the bank account from which the payment of Bid Amount has been made along with confirmation that such payment has been made from such account.

Right to reject applications

Our Bank, in consultation with the Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Bank in consultation with the Book Running Lead Managers in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Bank, the Bid Amount paid by the Bidder shall be refunded to the same bank account from which the Bid Amount was remitted by such Bidder. For details see “*Bid Process*” – “*Refund*”.

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all Eligible QIBs in the demat segment of the respective Stock Exchanges.

Our Bank and the Book Running Lead Managers will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

PLACEMENT

Placement Agreement

The Book Running Lead Managers have entered into a placement agreement with the Bank dated December 15, 2020 (the “**Placement Agreement**”), pursuant to which the Book Running Lead Managers have agreed to manage the Issue and act as placement agents in connection with the proposed Issue and procure subscriptions for the Equity Shares on a reasonable efforts basis pursuant to Chapter VI of SEBI ICDR Regulations.

The Placement Agreement contains customary representations, warranties and indemnities from the Bank and it is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

The Preliminary Placement Document and this Placement Documents have not been, and will not be, filed as a prospectus with RoC and, no Equity Shares issued pursuant to the Issue will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs.

In connection with the Issue, the Book Running Lead Managers (or their affiliates) may, for its own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers may subscribe to Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. See “*Offshore Derivative Instruments*” on page 10.

The Equity Shares have not been registered under the Securities Act or any U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S), except pursuant to an effective registration statement or an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered or sold only (i) outside the United States to non-U.S. persons in offshore transactions in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur and (ii) to certain U.S. “qualified institutional buyers” as defined in Rule 144A of the Securities Act.

The Book Running Lead Managers and their respective affiliates may engage in transactions with and perform services for the Bank and its Subsidiaries or affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with the Bank and Subsidiary or affiliates, for which they have received compensation and may in the future receive compensation.

Lock-up

Under the Placement Agreement, the Bank will not, for a period commencing the date hereof and ending 90 days from the Closing Date, without the prior written consent of the Book Running Lead Managers, directly or indirectly:

- (a) issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention with respect to any of the foregoing;
- (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares;
- (c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe to or purchase Equity Shares or which carry the right to subscribe

to or purchase Equity Shares in depository receipt facilities or enter into any such transactions (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares in any depository receipt facility; or

- (d) announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise,

provided however that the foregoing restrictions shall not apply to: (i) the issuance of any Equity Shares; and (ii) any issue or offer of Equity Shares by the Bank, to the extent such issue or offer is: (a) required to be undertaken pursuant to Applicable Law; or (b) required to be undertaken pursuant to the instructions, orders or guidelines as may be issued by the Government of India or an undertaking of the Government of India or such other authority acting on its behalf, in each case with the requisite authority to issue such instructions, orders or guidelines, as the case may be.

The Equity Shares held by the Promoter shall not be subject to any lock-up under the Placement Agreement.

SELLING RESTRICTIONS

The distribution of this Placement Document and the offer, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Persons who come into possession of this Placement Document are advised to take legal advice with regard to any restrictions that may be applicable to them and to observe such restrictions. This Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorized or permitted.

General

No action has been taken or will be taken in any jurisdiction by our Bank or the Book Running Lead Managers that would permit a public offering of the Equity Shares or the possession, circulation or distribution of the Preliminary Placement Document and this Placement Document or any other material relating to our Bank or the Equity Shares in any jurisdiction where action for such purpose is required.

Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither the Preliminary Placement Document and this Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations. Each purchaser of the Equity Shares offered by the Preliminary Placement Document and this Placement Document will be required to make, or be deemed to have made, as applicable, the representations, acknowledgments and agreements as described under “*Notice to Investors*”, “*Representation by Investors*”, and “*Transfer Restrictions*” on pages 1, 4 and 281 respectively.

India

The Preliminary Placement Document and this Placement Document may not be distributed, directly or indirectly, in India or to residents of India and any Equity Shares may not be offered or sold, directly or indirectly, in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to eligible QIBs and is not an offer to the public. The Preliminary Placement Document and this Placement Document have not been and will not be filed as a prospectus with the RoC, and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Australia

The Preliminary Placement Document and this Placement Document:

- does not constitute a product disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) (the “**Corporations Act**”);
- has not been, and will not be, lodged with the Australian Securities and Investments Commission (“**ASIC**”), as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act;
- does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a “retail client” (as defined in section 761G of the Corporations Act and applicable regulations) in Australia; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors (“**Exempt Investors**”), available under section 708 of the Corporations Act.

The Equity Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the Equity Shares may be issued, and no draft or definitive preliminary Placement Document, advertisement or other offering material relating to any Equity Shares may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Equity Shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of Equity Shares under the Preliminary Placement Document and this Placement Document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for

resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the Equity Shares you undertake to us that you will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Bahrain

All applications for investment should be received, and any allotments should be made, in each case from outside Bahrain. The Preliminary Placement Document and this Placement Document have been prepared for private information purposes of intended investors only who will be high net worth individuals and institutions. Our Bank has not made and will not make any invitation to the public in the Kingdom of Bahrain and the Preliminary Placement Document and this Placement Document will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency (“**BMA**”) has not reviewed, nor has it approved, the Preliminary Placement Document and this Placement Document or the marketing of Equity Shares in the Kingdom of Bahrain. Accordingly, Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

British Virgin Islands

The Equity Shares are not being, and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by or on behalf of the Issuer. The Equity Shares may be offered to companies incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands), (“**BVI Companies**”), but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands.

Cayman Islands

The Preliminary Placement Document and this Placement Document does not constitute an invitation or offer to the public in the Cayman Islands of the Equity Shares, whether by way of sale or subscription. The Equity Shares are not offered or sold, and will not be offered or sold, directly or indirectly, to the public in the Cayman Islands.

People’s Republic of China

The Preliminary Placement Document and this Placement Document does not constitute a public offer of the Equity Shares, whether by way of sale or subscription, in the People’s Republic of China (the “**PRC**”). The Equity Shares are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC. According to legal and regulatory requirements of the PRC, the Equity Shares may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

European Economic Area

In relation to each Member State of the EEA (each a “**Member State**”), an offer to the public of any Equity Shares may not be made in that Member State, except if the Equity Shares are offered to the public in that Member State at any time under the following exemptions under the Prospectus Regulation (EU) 2017/1129 (and any amendment thereto) (the “**Prospectus Regulation**”):

- to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the Book Running Lead Managers for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall result in a requirement for the publication by our Bank or any of the Book Running Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Regulation and each person who initially acquires Equity Shares or to whom any offer is made will be deemed to have represented that they are a “qualified investor” as defined in the Prospectus Regulation.

For the purposes of this section, the expression an “offer of Equity Shares to the public” in relation to any Equity Shares in any Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Member State to qualified investors (as so defined) or in circumstances in which the prior consent of the Book Running Lead Managers has been obtained to each such proposed offer or resale. Our Bank, its directors, the Book Running Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Book Running Lead Managers of such fact in writing may, with the consent of the Book Running Lead Managers, be permitted to subscribe for or purchase Equity Shares in the Issue.

Hong Kong

The Preliminary Placement Document and this Placement Document have not been approved by the Securities and Futures Commission in Hong Kong and, accordingly, (i) the Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under that SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding up and Miscellaneous Provisions) Ordinance (Cap. 32) (the “CWUMPO”) of Hong Kong or which do not constitute an offer to the public within the meaning of the CWUMPO; and (ii) each of the Book Running Lead Managers has not issued or had in its possession for the purposes of the issue of Equity Shares whether in Hong Kong or elsewhere any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the “**FIEA**”) and disclosure under the FIEA has not been and will not be made with respect to the Equity Shares. No Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Law of Japan (“**Japanese Resident**”) or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a “qualified institutional investor” (tekikaku kikan toshika), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (the “**Qualified Institutional Investor**”), the Equity Shares will be offered in Japan by a private placement to small number of investors (shoninzu muke kanyu), as provided under Article 2313, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree falls under the Qualified Institutional Investor, the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (tekikaku kikan toshikamuke kanyu), as provided under Article 2313, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. To subscribe the Equity Shares (the “**QII Equity Shares**”) such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Equity Shares other than to another Qualified Institutional Investor.

Jordan

The Equity Shares have not been and will not be offered, sold or delivered at any time, directly or indirectly, in the Hashemite Kingdom of Jordan in a manner that would constitute a public offering. The Preliminary Placement Document and this Placement Document have not been and will not be reviewed or approved by, or registered with, the Jordan Securities Commission in accordance with its regulations and any other regulations in the Hashemite Kingdom of Jordan. The Equity Shares are not and will not be traded on the Amman Stock Exchange.

Each Book Running Lead Manager has represented and agreed that the Equity Shares have not been and will not be offered, sold or promoted or advertised by it in Jordan other than in compliance with the Securities Law No. (76) of 2002, as amended, the Law Regulating Dealings in Foreign Exchange No. (50) of 2008, and regulations issued pursuant to them governing the issue of offering and sale of securities. Without limiting the foregoing, each Manager has represented and agreed that the Equity Shares have not been and will not, in any manner, be offered, sold, promoted or advertised to more than thirty (30) persons in Jordan, without complying with the required approval and notification requirements set-out under the above-referenced laws and the regulations issued pursuant to them.

Republic of Korea

The Equity Shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the “**FSCMA**”), and the Equity Shares have been and will be offered in Korea as a private placement under the FSCMA. None of the Equity Shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the “**FETL**”). Furthermore, the purchaser of the Equity Shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Equity Shares. By the purchase of the Equity Shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Equity Shares pursuant to the applicable laws and regulations of Korea.

Kuwait

The Equity Shares have not been authorised or licensed for offering, marketing or sale in the State of Kuwait. The distribution of the Preliminary Placement Document and this Placement Document and the offering and sale of the Equity Shares in the State of Kuwait is restricted by law unless a license is obtained from the Kuwaiti Ministry of Commerce and Industry in accordance with Law 31 of 1990.

Luxembourg

The Equity Shares offered in the Preliminary Placement Document and this Placement Document may not be offered, sold or delivered to the public within the Grand Duchy of Luxembourg. This document is only intended for institutional investors. It is personal to each offeree and does not constitute an offer to any other person or to the public generally in Luxembourg to subscribe for or otherwise acquire the Equity Shares. Distribution of the Preliminary Placement Document and this Placement Document to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorised and any disclosure of any of its contents, without prior written consent of our Bank, is prohibited.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares has been or will be registered with the Securities Commission of Malaysia (“**Commission**”) for the Commission’s approval pursuant to the Capital Markets and Services Act 2007. Accordingly, the Preliminary Placement Document and this Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Equity Shares, as principal, if the offer is on terms that the Equity Shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding

RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Equity Shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of the Preliminary Placement Document and this Placement Document are subject to Malaysian laws. The Preliminary Placement Document and this Placement Document does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Mauritius

The Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither the Preliminary Placement Document and this Placement Document nor any offering material or information contained herein relating to the offer of Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. The Preliminary Placement Document and this Placement Document does not constitute an offer to sell Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

New Zealand

The Preliminary Placement Document and this Placement Document are not a prospectus. It has not been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the “**New Zealand Securities Act**”). The Preliminary Placement Document and this Placement Document are being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act (“**Habitual Investors**”). By accepting the Preliminary Placement Document and this Placement Document, each investor represents and warrants that if they receive the Preliminary Placement Document and this Placement Document in New Zealand they are a Habitual Investor and they will not disclose the Preliminary Placement Document and this Placement Document to any person who is not also a Habitual Investor.

Sultanate of Oman

The Preliminary Placement Document and this Placement Document and the Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in Oman without the prior consent of the Capital Market Authority (“**CMA**”) and then only in accordance with any terms and conditions of such consent. In connection with the offering of Equity Shares, no prospectus has been filed with the CMA. The offering and sale of Equity Shares described in the Preliminary Placement Document and this Placement Document will not take place inside Oman. The Preliminary Placement Document and this Placement Document are strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

Qatar (excluding the Qatar Financial Centre)

The Equity Shares have not been offered, sold or delivered, and will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar in a manner that would constitute a public offering. The Preliminary Placement Document and this Placement Document have not been reviewed or registered with Qatari Government Authorities, whether under Law No. 25 (2002) concerning investment funds, Central Bank resolution No. 15 (1997), as amended, or any associated regulations. Therefore, the Preliminary Placement Document and this Placement Document are strictly private and confidential, and are being issued to a limited number of sophisticated investors, and may not be reproduced or used for any other purposes, nor provided to any person other than the recipient thereof.

The Capital Market Authority does not make any representation as to the accuracy or completeness of the Preliminary Placement Document and this Placement Document, and expressly disclaims any liability whatsoever

for any loss arising from, or incurred in reliance upon, any part of the Preliminary Placement Document and this Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of the Preliminary Placement Document and this Placement Document, you should consult an authorized financial adviser.

Qatar Financial Centre

The Preliminary Placement Document and this Placement Document does not, and is not intended to, constitute an invitation or offer of securities from or within the Qatar Financial Center (“**QFC**”), and accordingly should not be construed as such. The Preliminary Placement Document and this Placement Document have not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. The Preliminary Placement Document and this Placement Document are strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Bank has not been approved or licensed by or registered with any licensing authorities within the QFC.

Saudi Arabia

The Preliminary Placement Document and this Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the board of the Saudi Arabian Capital Market Authority (“**CMA**”) pursuant to resolution number 2-11-2004 dated October 4, 2004 as amended by resolution number 1-28-2008, as amended (the “**CMA Regulations**”). The CMA does not make any representation as to the accuracy or completeness of the Preliminary Placement Document and this Placement Document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of the Preliminary Placement Document and this Placement Document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of the Preliminary Placement Document and this Placement Document, you should consult an authorized financial adviser.

Singapore

The Preliminary Placement Document and this Placement Document have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or

- (e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notification under Sections 309B(1)(a) and 309B(1)(c) of the SFA: We have determined, and hereby notify all relevant persons (as defined in Section 309A of the SFA) that the Equity Shares are: (A) prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and (B) Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAAN16: Notice on Recommendations on Investment Products).

South Africa

The Equity Shares may not be offered or sold and will not be offered or sold to the public (as such term is used in Chapter 4 of the Companies Act 71 of 2008 (“**SA Companies Act**”)) in the Republic of South Africa save in the circumstances where it is lawful to do so without a registered prospectus being made available before the offer is made. This document does not constitute a registered prospectus for the purposes of and as defined in chapter 4 of the SA Companies Act, and has not been prepared in accordance with the provisions of the SA Companies Act applicable to the content of a prospectus.

This document is not to be distributed, delivered or passed on to any person resident in the Republic of South Africa, unless it is being made only to, or directed only at any person who does not fall within the definition of the public as contemplated in chapter 4 of the South African Companies Act or any other person to whom an offer of the Equity Shares in South Africa may lawfully be made (all such persons together being referred to as “permitted South African offerees”). This document must not be acted on or relied on by persons who are not permitted South African offerees. If the recipient of this document is in any doubt about the investment to which this document relates, the recipient should obtain independent professional advice.

Switzerland

The Equity Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“**SIX**”) or on any other stock exchange or regulated trading facility in Switzerland. The Preliminary Placement Document and this Placement Document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Equity Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither the Preliminary Placement Document and this Placement Document nor any other offering or marketing material relating to the offering, our Bank, the Equity Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Equity Shares will not be supervised by, the Swiss Financial Market Supervisory Authority and the offer of Equity Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (“**CISA**”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Equity Shares.

Taiwan

The Equity Shares have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Equity Shares in Taiwan.

United Arab Emirates (excluding the Dubai International Financial Centre)

This document does not constitute or contain an offer of securities to the general public in the UAE. No offering, marketing, promotion, advertising or distribution (together, “**Promotion**”) of this document or the Equity Shares may be made to the general public in the United Arab Emirates (the “**UAE**”) unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the “**SCA**”) and is made in accordance with the laws and

regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the **"Promotion and Introduction Regulations"**), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to "Qualified Investors" (excluding **"High Net Worth Individuals"**) (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE. None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this document nor does any such entity accept any liability for the contents of this document.

Dubai International Financial Centre

This Preliminary Placement Document and this Placement Document relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority (**"DFSA"**). The Preliminary Placement Document and this Placement Document are intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for the Preliminary Placement Document and this Placement Document. The securities to which the Preliminary Placement Document and this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of the Preliminary Placement Document and this Placement Document you should consult an authorized financial advisor.

In relation to its use in the DIFC, the Preliminary Placement Document and this Placement Document are strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

United Kingdom

The Preliminary Placement Document and this Placement Document may not be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the **"Order"**); and (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The Preliminary Placement Document and this Placement Document are directed only at relevant persons. Other persons should not act on the Preliminary Placement Document and this Placement Document or any of its contents. The Preliminary Placement Document and this Placement Document are confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any other purpose.

United States

The Equity Shares have not been and will not be registered under the U.S. Securities Act or registered, listed or otherwise qualified in any other jurisdiction outside India and unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons who are qualified institutional buyers (as defined in Rule 144A) pursuant to Section 4(a)(2) or another available exemption from registration under the U.S. Securities Act, and (b) outside the United States in offshore transactions in reliance upon Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For further information, see *"Transfer Restrictions"* on page 281.

TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult their legal counsel prior to purchasing Equity Shares or making any resale, pledge or transfer of the Equity Shares.

Pursuant to Chapter VI of the SEBI ICDR Regulations, any resale of Equity Shares, except on the Stock Exchanges, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult legal counsels prior to making any resale, pledge or transfer of our Equity Shares. In addition to the above, allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see “*Selling Restrictions*” on page 273.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any other applicable state securities laws of the United States and, unless so registered, may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons who are U.S. QIB(s) pursuant to Section 4(a)(2) or another available exemption from registration under the U.S. Securities Act; for avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Placement Document as “QIBs”; and (b) outside the United States, in offshore transactions in reliance upon Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. Each purchaser of the Equity Shares will be deemed to have made the representations, agreements and acknowledgements as described under “*Transfer Restrictions*” on page 281.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 days after the commencement of this Issue, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in this Issue) may violate the registration requirements of the Securities Act.

Equity Shares Offered and Sold within the United States

Each purchaser that is acquiring the Equity Shares offered pursuant to this Issue within the United States, by its acceptance of this Placement Document and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with our Bank and the Book Running Lead Managers that it has received a copy of this Placement Document and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to this Issue in compliance with all applicable laws and regulations;
2. the Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
3. the purchaser (i) is a U.S. QIB, (ii) is aware that the sale to it is being made in a transaction exempt from or not subject to the registration requirements of the Securities Act, and (iii) is acquiring such Equity Shares for its own account or for the account of a qualified institutional buyer with respect to which it exercises sole investment discretion;
4. the purchaser is not an affiliate of our Bank or a person acting on behalf of an affiliate;
5. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A or another exemption from the registration requirements of the Securities Act or (ii) in an offshore

transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the states of the United States. The purchaser understands that the transfer restrictions will remain in effect until our Bank determines, in its sole discretion, to remove them;

6. the Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Equity Shares;
7. the purchaser will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act;
8. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any “directed selling efforts” as defined in Regulation S under the Securities Act in the United States with respect to the Equity Shares;
9. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Bank determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES; and

10. the purchaser acknowledges that our Bank, the Book Running Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Bank, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

All Other Equity Shares Offered and Sold in this Issue

Each purchaser that is acquiring the Equity Shares offered pursuant to this Issue outside the United States, by its acceptance of this Placement Document and of the Equity Shares offered pursuant to this Issue, will be deemed to have acknowledged, represented to and agreed with our Bank and the Book Running Lead Managers that it has received a copy of this Placement Document and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to this Issue in compliance with all applicable laws and regulations;
2. the purchaser acknowledges that the Equity Shares offered pursuant to this Issue have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

3. the purchaser is purchasing the Equity Shares offered pursuant to this Issue in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;
4. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares offered pursuant to this Issue, was located outside the United States at the time (i) the offer was made to it and (ii) when the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;
5. the purchaser is not an affiliate of our Bank or a person acting on behalf of an affiliate;
6. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A or another exemption from the registration requirements of the Securities Act or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the States of the United States. The purchaser understands that the transfer restrictions will remain in effect until our Bank determines, in its sole discretion, to remove them;
7. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any “directed selling efforts” as defined in Regulation S under the Securities Act in the United States with respect to the Equity Shares;
8. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Bank determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

9. our Bank will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and
10. the purchaser acknowledges that our Bank, the Book Running Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Bank, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

In relation to each Member State of the EEA (each a “**Member State**”), an offer to the public of any Equity Shares may not be made in that Member State, except if the Equity Shares are offered to the public in that Member State

at any time under the following exemptions under the Prospectus Regulation (EU) 2017/1129 (and any amendment thereto) (the “**Prospectus Regulation**”):

- to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the Book Running Lead Managers for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall result in a requirement for the publication by our Bank or any of the Book Running Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Regulation and each person who initially acquires Equity Shares or to whom any offer is made will be deemed to have represented that they are a “qualified investor” as defined in the Prospectus Regulation. For the purposes of this section, the expression an “offer of Equity Shares to the public” in relation to any Equity Shares in any Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Offer Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Member State to qualified investors (as so defined) or in circumstances in which the prior consent of the Book Running Lead Managers has been obtained to each such proposed offer or resale. Our Bank, its directors, the Book Running Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Book Running Lead Managers of such fact in writing may, with the consent of the Book Running Lead Managers, be permitted to subscribe for or purchase Equity Shares in the Issue.

Our Bank, the Book Running Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

Bidders were advised to ensure that any Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the websites of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Bank or the Book Running Lead Managers or any of their affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the “**SECC Regulations**”), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SECC Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, protect the interests of investors in securities, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buybacks of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI and the SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of a company’s obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange’s governing body and withdraw recognition of a recognised stock exchange.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges which were significantly modified in 2015. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

Pursuant to an amendment to SCRR in June 2010 and Regulation 38 of SEBI Listing Regulations, all listed companies are required to maintain a minimum public shareholding of 25%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Where the public shareholding in a listed company falls below 25% at any time, such company shall bring the public shareholding to 25% within a maximum period of 12 months from the date of the public shareholding having fallen below the 25% threshold. However, every listed public sector company whose public shareholding falls below 25% at any time on or after the commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2018, shall increase its public shareholding to at least 25%, within a period of two years from the date of such fall, respectively, in the manner specified by

SEBI. Further, pursuant to the budget 2019-2020, SEBI has been authorised to consider increase in minimum public shareholding to 35%.

Disclosures under the SEBI Listing Regulations

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. The Stock Exchanges on a daily basis translate the circuit breaker limits based on previous day's closing level of the index. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of BSE or the CNX NIFTY of NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of up to 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available. The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, BSE is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005, BSE was incorporated as a company under the Companies Act, 1956 in 2005. BSE was listed on NSE with effect from February 3, 2017.

NSE

NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. NSE became the first exchange to grant approval to its members for providing internet based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of NSE.

Trading Hours

Trading on both NSE and BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). BSE and NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, BSE replaced its open outcry system with BSE On-line Trading (or “BOLT”) facility in 1995. This totally automated screen-based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation trading platform BOLT Plus.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading (or “NEAT”), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Takeover Regulations, which provides specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of the company’s shares/voting rights/control. The Takeover Regulations prescribe certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

Insider Trading Regulations

SEBI had earlier notified the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 to prohibit and penalise insider trading in India. The regulations, among other things, prohibited an ‘insider’ from dealing in the securities of a listed company when in possession of unpublished price sensitive information (“UPSI”).

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 were notified on January 15, 2015 and came into effect on May 15, 2015, which repealed the regulations of 1992. The Insider Trading Regulations, *inter alia*, impose certain restrictions on the communication of information by listed companies. Under the Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the Insider Trading Regulations.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the Insider Trading Regulations.

Initial disclosures are required from promoters, key managerial personnel, directors as well as continual disclosures by every promoter, employee or director in case value of trade exceed monetary threshold of 10 lakh rupees over a calendar quarter, within two days of reaching such threshold. The board of directors of all listed companies are required to formulate and publish on the company’s website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the Insider Trading Regulations.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details

and effect transfers in book-entry form. Further, SEBI framed regulations in relation to, among other things, the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term “securities”, as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of SEBI.

DESCRIPTION OF THE EQUITY SHARES

Set forth below are certain provisions relating to our Bank's share capital and the Equity Shares, including brief summaries of certain provisions of the Punjab National Bank (Shares and Meetings) Regulations, 2000, as amended. Our Bank follows the RBI Dividend Circular in relation to declaration of dividends.

General

The authorized share capital of our Bank is ₹ 3,000 crore consisting 1,500 crore equity shares of ₹ 2 each.

As on the date of the Preliminary Placement Document, the issued, subscribed and paid-up share capital of our Bank is ₹18,82.13 crore divided into 9,410,629,315 Equity Shares. The Equity Shares are listed on NSE and BSE.

Capital

The shares of our Bank are movable property, transferable in the manner provided under the Punjab National Bank Regulations. Our Bank is permitted to raise capital by public issue or preferential allotment or private placement of equity shares or preference shares in accordance with provisions of the Banking Companies Act. Our Bank is required to formulate a proposal to raise capital in accordance with the guidelines, rules or regulations of the SEBI, relating to raising of such capital. In accordance with the Punjab National Bank Regulations, our Bank is required to submit the proposal to the RBI and consider the views of the RBI before finalizing the proposal. Further, the final proposal is required to be submitted to the Government for its sanction and the Government may grant sanction subject to such terms and conditions as it may deem fit.

Register of Shareholders

Our Bank is required to keep, maintain and update a share register of its shareholders. The particulars required to be entered in the share register are required to be maintained in the form of books or data stored in magnetic / optical / magneto-optical media by way of diskettes, floppies, cartridges or otherwise in computers to be maintained at the Head Office and back up at such location as may be decided from time to time by the Chairman or Managing Director or any other designated official. Our Bank is required to maintain the register in electronic format subject to safeguards stipulated in the Information Technology Act, 2000, as amended.

Share Certificate

Each share certificate in respect of shares of our Bank is required to bear a distinctive share certificate number; the number of shares in respect of which it is issued and the name of the shareholder to whom it is issued and it should be in such form as may be specified by the Board. Every share certificate should be issued under the common seal of our Bank in pursuance of a resolution of the Board and it should be signed by two Directors and some other officer not below the rank of Scale-II or the company secretary appointed by the Board for the purpose.

No share certificate is valid unless and until it is so signed. Share certificate so signed will be valid and binding notwithstanding that, before the issue thereof, any person whose signature appears thereon may have ceased to be a person authorized to sign the share certificates on behalf of our Bank.

Issue of Share Certificates

Under the provisions of the Punjab National Bank Regulations, a shareholder who has been registered as a shareholder shall be entitled to one certificate for each hundred shares or multiples thereof registered in his name on any one occasion and one additional share certificate for the number of shares in excess thereof but less than hundred. Further, if the number of shares to be registered is less than hundred, one certificate shall be issued for all the shares. In the case of shares held jointly by several persons, delivery of the relative certificate or certificates to one of such joint holders shall be sufficient delivery to all, and a receipt signed by any one of the joint holders shall effectually bind all the joint holders.

Forfeiture of shares

Our Bank can by a resolution of the Board forfeit the shares, if the calls on such shares are unpaid. Any share so forfeited will be deemed to be the property of our Bank and may be sold, re-allocated or otherwise disposed of to any person upon such terms and in such manner as the Board may decide.

Meeting of Shareholders

There are two types of general meetings of shareholders: AGM and extra ordinary general meeting. For convening an AGM, a notice signed by the chairman and the managing director or the executive director or any officer not below the rank of scale VII or the company secretary should be published at least twenty-one clear days before the meeting in not less than two daily newspapers having wide circulation in India.

Every such notice is required to state the time, date and place of such meeting, and also the business that should be transacted at that meeting. An extraordinary general meeting of shareholders can be convened by the chairman and managing director or in their absence by the Executive Director or in their absence by any one of the other Directors, or on a requisition for such a meeting having been received either from the Government or from other shareholders holding an aggregate of shares carrying not less than 10.00% of the total voting rights of all the shareholders. The requisition should state the purpose for which such extraordinary general meeting is required to be convened. The time, date and place of an extraordinary general meeting shall be decided by the Board, provided that a special general meeting convened on requisition by other shareholders will be convened not later than forty five days of the receipt of the requisition.

No business shall be transacted at any meeting of the shareholders unless a quorum of at least five shareholders entitled to vote at such meeting in person are present at the commencement of such business. If within half an hour after the time appointed for the holding of a meeting, a quorum is not present in the case of a meeting called by a requisition of shareholders other than the Government, the meeting shall stand dissolved. In any other case, if within half an hour after the time appointed for the holding of a meeting, a quorum is not present, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and such other time and place as the Chairman may determine.

Voting rights of Shareholders

The Punjab National Bank Regulations read with the Banking Companies Act provide that no shareholder other than the Government shall be entitled to exercise voting rights in respect of any shares held by them in excess of 10.00% of the total voting rights of all the shareholders of our Bank. In addition, Section 3(2D) of the Banking Companies Act mandates that shareholding of non-residents in a corresponding new bank cannot exceed 20.00% of its paid up capital. Each shareholder who has been registered as a shareholder on the date of closure of the register prior to the date of a general meeting shall, at such meeting, have one vote on show of hands and in case of a poll shall have one vote for each share held by him. Shareholders of our Bank entitled to attend and vote at a general meeting shall be entitled to appoint another person (whether a shareholder or not) as their proxy to attend and vote instead of them, but a proxy so appointed shall not have any right to speak at the meeting.

Right to elect Directors

A director, under sub-section (1) of Regulation 63 of the Punjab National Bank Regulations, is to be elected by the shareholders on the register, other than the Government, from amongst themselves in a general meeting of our Bank. Where an election of a director is to be held at any general meeting, the notice thereof should be included in the notice convening the meeting. Every such notice should specify the number of directors to be elected and the particulars of vacancies in respect of which the election is to be held.

Declaration of Dividend

As per the RBI Dividend Circular, our Bank can declare dividends only if our Bank has a (i) CRAR of at least 9.00% for the preceding two completed years and the accounting year for which it proposes to declare a dividend; and (ii) net NPA less than 7.00%. In case our Bank does not meet the said CRAR norm, but has a CRAR of at least 9.00% for the accounting year for which it proposes to declare dividend, it would be eligible to declare dividend provided its net NPA ratio is less than 5.00%.

As per the letter dated April 13, 2010, the MoF has directed all public sector banks, including our Bank, to pay a minimum of 20.00% of their equity or 20.00% of their post-tax profits, whichever is higher for the fiscal year 2010.

Our Bank is required to comply with certain provisions of the Banking Regulation Act including Section 15; Section 10(7) of the Banking Companies Act and the prevailing regulations / guidelines issued by the RBI,

including creating adequate provisions for impairment of assets and staff retirement benefits, transfer of profits to statutory reserves. See, “*Dividend Policy*” on page 100. The proposed dividend should be paid out of the current year’s profit. Also, the RBI should not have placed any explicit restrictions on our Bank for declaration of dividends. The rate of dividend shall be determined by the Board.

TAXATION

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO PUNJAB NATIONAL BANK (“THE BANK”) AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

To
The Board of Directors
Punjab National Bank
Plot No.4, Sector 10
Dwarka
New Delhi 110 075
India

Proposed qualified institutions placement of equity shares of face value ₹ 2 each (the “Equity Shares”) (such placement, the “Issue”) by Punjab National Bank (the “Bank”/ “Issuer”)

1. This report is issued in accordance with the terms of our engagement letter dated 17th November, 2020 with the Bank.
2. The accompanying Statement of Possible Tax Benefits in relation to the Bank and its shareholders (hereinafter referred to as the “**Statement**”) under the Income Tax Act, 1961 (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act, 2020 (hereinafter referred to as the “**Income Tax Regulations**”) has been prepared by the management of the Bank in connection with the Issue, which we have initialed for identification purposes.

Management’s Responsibility

3. The preparation of this Statement as of the date of our report which is to be included in the preliminary placement document and placement document prepared by the Bank in connection with the Issue is the responsibility of the management of the Bank.
4. The management’s responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The management is also responsible for identifying and ensuring that the Bank complies with the laws and regulations applicable to its activities.

Auditor’s Responsibility

5. Our work has been carried out in accordance with Standards on Auditing, the ‘Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)’ and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India.
6. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, in connection with the Issue.

Inherent Limitations

7. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

Several of the benefits mentioned in the accompanying statement are dependent on the Bank or its shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Bank or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled.

The benefits discussed in the accompanying statement are neither exhaustive nor conclusive. The contents given in the annexure are based on the information and explanations obtained from the Bank.

The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

Further, we give no assurance that the revenue authorities/ courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

Opinion

8. In our opinion, the Statement prepared by the Bank presents, in all material respects, the possible tax benefits available as of 14th December, 2020, to the Bank and its shareholders, in accordance with the Income Tax Regulations as at the date of our report.

Considering the matter referred to in paragraph 8 above, we are unable to express any opinion or provide any assurance as to whether:

- i. The Bank or its shareholders will continue to obtain the benefits per the Statement in future; or
- ii. The conditions prescribed for availing the benefits per the Statement have been/ would be met with.

Restriction on Use

9. This report is addressed to and is provided solely to enable the Board to include this report in the preliminary placement document and placement document (the “**Placement Documents**”), prepared in connection with the Issue to be filed by the Bank with the concerned stock exchanges on which the Equity Shares of the Bank are listed (the “**Stock Exchanges**”) and any other authority and such other documents as may be prepared in connection with the Issue.

Yours faithfully,

Pursuant to allocation of work (enclosed herewith) agreed among (i) M/s. HDSG & Associates, Chartered Accountants, Firm Registration Number: 002871N; (ii) M/s. G. S. Mathur & Co., Chartered Accountants, Firm Registration Number: 008744N; (iii) M/s. A. John Moris & Co., Chartered Accountants, Firm Registration Number: 007220S; (iv) M/s. M. K. Aggarwal & Co., Chartered Accountants, Firm Registration Number: 001411N; and (v) M/s MKPS & Associates, Chartered Accountants, Firm Registration Number: 302014E; the statutory central auditors of the Bank, in terms of Standard on Auditing (SA) 299, “Responsibility of Joint Auditors”, M/s. MKPS & Associates, Chartered Accountants, is responsible for furnishing this certificate.

For and on behalf of MKPS & Associates
Chartered Accountants
Firm Registration No.302014E

CA Mahendra K Agrawala
Partner
Membership No.051764

UDIN: 20051764AAAABJ6576
Date: December 14, 2020
Place: New Delhi

THE STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE BANK AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

The information provided below sets out the possible tax benefits available to the shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the Equity Shares, under the current tax laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of any shareholder to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultants and advisors with respect to the tax implications of an investment in the Equity Shares, particularly in view of certain recently enacted legislation which may not have a direct legal precedent or may have a different interpretation on the benefits which can be availed. All the tax benefits mentioned in this document are subject to the specific conditions mentioned in the respective section and / or the related rules or guidelines.

The law stated below is as per the Income tax Act, 1961 as amended by the Finance Act, 2020 (the “Act”).

LIMITATION

Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the Issue relying on the statement. This statement has been prepared solely in connection with the Issue under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

I. INCOME-TAX ACT, 1961

A. TAX BENEFIT TO THE BANK

1. Governments of India, vide Notification dated 4th March, 2020 amalgamated Oriental Bank of Commerce (“OBC”) and United Bank of India (“UNI”) into Punjab National Bank with effect from 1st April, 2020. As per the provisions of Section 72AA of the Act, in case of amalgamation of one or more bank or banks with any other bank under a scheme brought into force by the Central Government under Section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970) or under Section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980) or both, as the case may be, the accumulated loss and the unabsorbed depreciation of such bank or banks shall be deemed to be the loss or, as the case may be, allowance for depreciation of such banking institution or amalgamated corresponding new bank for the previous year in which the scheme of amalgamation was brought into force and other provisions of this Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly.
2. Currently, the Bank is subject to income-tax rate of 30% (plus 12% Surcharge and 4% Health & Education Cess) under the normal provisions of the Act. A new Section 115BAA was introduced in the Act vide the Taxation Laws (Amendment) Act, 2019 which provides for an option to domestic companies to opt for a reduced income-tax rate of 22% (plus 10% Surcharge and 4% Health & Education Cess) subject to the condition that they will not avail specified tax exemptions/ deductions or incentives under the Act. The Bank is eligible to exercise the option for concessional income-tax rate u/s. 115BAA of the Act. However, once the Bank opts for paying income-tax as per Section 115BAA of the Act, such option cannot be subsequently withdrawn for the same or any other year. It may be noted that the provisions relating to Minimum Alternate Tax (MAT) u/s. 115JB of the Act shall not be applicable to the Bank if it decides to exercise the option of paying income-tax as per Section 115BAA of the Act. The Taxation Laws (Amendment) Act, 2019 has reduced the rate of MAT on book profits u/s. 115JB of the Act to 15% w.e.f. FY 2019-20 as against the earlier rate of 18.50%. Accordingly, even if the MAT provisions continue to apply to the Bank on account of not exercising the option provided u/s. 115BAA of the Act, the reduced rate of MAT u/s. 115JB of the Act of 15% will be applicable to the Bank.

The income of the Bank under the head Profit and gain of Business or Profession is computed in accordance with applicable provisions of the Act read with Income Computation and Disclosure Standards (ICDS) notified under Section 145(2) of the Act.

3. Income by way of interest, premium on redemption or other payment on notified securities, bonds, certificates issued by the Central Government is exempt from tax under Section 10(15) of the Act as per conditions specified in the concerned notification.
4. As per Section 94(7) of the Act, losses arising from the sale/ transfer/redemption of units or securities purchased within three months prior to the record date (for entitlement to receive income) and sold the securities within three months or sold the units within a period of nine month from the record date, will be disallowed to the extent such loss does not exceed the amount of income claimed exempt. Under Section 94(8) of the Act, losses arising from sale/ transfer of units of mutual funds, where such units are purchased within three months prior to the record date, additional units are allotted without payment based on holdings on such date and all or any units initially purchased are sold within nine months from the record date while continuing to hold all or any additional units, will be ignored for computing chargeable income. Such loss ignored will be considered as the cost of acquisition of the additional units held on the date of sale/transfer.
5. Under Section 36(1)(vii) of the Act, any bad debt or part thereof written off as irrecoverable in the accounts of the Bank is allowable as a deduction, subject to the provisions of Section 36(2) of the Act. The deduction of bad debts is limited to the amount, by which such bad debts or part thereof, exceeds the credit balance in the provision for bad and doubtful debts account made under Section 36(1) (viia) of the Act. The Bank shall continue to be entitled for this deduction even if it opts for the benefit of lower rate of tax under Section 115BAA of the Act as discussed at para 2 above.

If the amount subsequently recovered on such debt or part thereof, written off is greater than the difference between the debt or the part of debt, so written off and the amount so allowed, the excess shall be deemed to be profit and gain of business or profession and accordingly chargeable to tax in accordance with Section 41(4) of the Act in the year in which it is recovered.

6. Under Section 36(1)(viia) of the Act, a deduction is allowable in respect of any provision made for bad and doubtful debts, by an amount not exceeding 8.5% of total income (computed before making any deduction under this Clause and Chapter VIA) and an amount not exceeding 10% of the aggregate average advances made by rural branches of the Bank computed in the prescribed manner. The Bank shall continue to be entitled for this deduction even if it opts for the benefit of lower rate of tax under Section 115BAA of the Act as discussed at para 2 above.
7. In terms of Section 36(1) (viii) of the Act, the bank is allowed deduction in respect of any special reserve created and maintained by the Bank for an amount not exceeding 20% of the profits (before making any deduction under this clause) derived from the business of long-term finance for industrial or agricultural development or development of infrastructure facility in India or development of housing in India. Further, if the aggregate amount carried to the Special Reserve account from time to time exceeds twice the paid-up capital and general reserves, no deduction shall be allowed on the excess amount under the Section. The amount withdrawn from such a Special Reserve Account would be chargeable to income tax in the year of withdrawal, in accordance with the provisions for Section 41(4A) of the Act. The Bank shall continue to be entitled for this deduction even if it opts for the benefit of lower rate of tax under Section 115BAA of the Act as discussed at para 2 above.
8. Under Section 36(1)(xv) of the Act, securities transaction tax paid by a taxpayer in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the Income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".
9. Interest income on certain categories of bad and doubtful debts, as specified in Rule 6EA of the Income tax Rules, 1962, is chargeable to tax only in the year of receipt or credit to the Profit & Loss Account of the Bank whichever is earlier, in accordance with the provisions of Section 43D of the Act.
10. Under Section 47(xv) of the Act, no capital gain is chargeable on any transfer in a scheme of lending of

any securities under an agreement or arrangement, which the assessee has entered into with the borrower of such securities and which is subjected to the guidelines issued by the Securities and Exchange Board of India or Reserve Bank of India, in this regard.

11. As per provisions of Section 72 of the Act, the Bank is entitled to carry forward business losses that cannot be set off against permitted sources of income in the relevant assessment year, for a period of 8 consecutive assessment years immediately succeeding the assessment year when the losses were first computed, and set off such losses against income chargeable under the head "Profits and gains from business or profession" in such assessment year. The set off is permissible even if the business in which the loss was sustained is not carried on in the year of set off.
12. Under Section 74 of the Act, short-term capital loss suffered during the year is allowed to be carried forward and set-off against short-term as well as long-term capital gains of a subsequent year. Such loss is permitted to be carried forward for up to eight years immediately succeeding the year in which such loss arises, for claiming set-off against subsequent years' short-term as well as long term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for up to eight consecutive assessment years immediately succeeding the assessment year when the losses were first computed for claiming set-off against subsequent years' long-term capital gains.

B. STATEMENT OF GENERAL DIRECT TAX BENEFITS AVAILABLE TO THE RESIDENT SHAREHOLDERS:

1. The gains/losses, arising from sale of shares will assume the character of Capital Gains or Business Income depending on the nature of holding in the hands of the shareholder and various other factors. Taxability of income on regular trading of securities will depend on facts and circumstances of each case.
2. Upto and including FY 2019-20, dividend income earned on shares of a domestic company (which includes the Bank) was exempt in the hands of shareholders under Section 10(34) of the Act. Such dividend income was also to be excluded while computing the MAT liability u/s 115JB of the Act where the recipient is a company.

The following amendments were made vide Finance Act 2020 w.e.f FY 2020-21:

- a) Dividend income from equity shares has been made taxable in the hands of shareholders at the applicable tax rates and the domestic company declaring/ distributing / paying such dividends is no longer required to pay any DDT u/s 115O of the Act
- b) A deduction of expenses u/s 57 of the Act shall be allowed against such dividend income only in respect of interest expense up to a maximum of 20% of such dividend
- c) Section 115BBDA of the Act, providing for taxation of dividend income of more than Rs 10 lakh for specified assessee, has been omitted
- d) The domestic company declaring/ distributing/ paying dividends shall be liable to withhold taxes at 10% on dividend income paid to resident shareholders (TDS at the rate of 7.50% for the period from May 14, 2020 to March 31, 2021 as per CBDT press release dated May 13, 2020). The aggregate threshold of Rs 5,000/- in a financial year applies in case of dividend income payable to a resident individual shareholder.
3. If the resident shareholder is a domestic company and its gross total income in any tax year includes any income by way of dividends from any other domestic company (which includes the Bank) or foreign company or a business trust, it shall be allowed a deduction u/s 80M of the Act in computation of its total income, of an amount equal to so much of the amount of income by way of dividends received from domestic/ foreign companies or business trust as does not exceed the amount of dividend distributed by it up to a date not exceeding one month prior to the due date of filing its return of income.
4. Income arising from transfer of shares held for more than 12 months and subject to Securities Transaction Tax (STT) shall be considered as long-term capital assets. The shares which are not

considered as long-term capital assets shall be considered as short-term capital assets. The characterization of gains/ losses, arising from sale of shares, as Capital Gains or Business Income would depend on the nature of holding in the hands of the shareholder and various other factors. The Central Board of Direct Taxes (CBDT) has clarified in a circular that income arising from transfer of listed shares and securities, which are held for more than 12 months would be taxed as “Capital Gains” unless the shareholder itself treats these as its sock-in-trade and income arising from transfer thereof as its business income.

5. Section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains exceeding Rs 1,00,000 arising on transfer of equity shares, if STT has been paid on both acquisition and transfer in case of equity shares. The requirement of chargeability to STT is not applicable to transaction undertaken on a recognized stock exchange located in International Financial Service Centre where the consideration for such transaction is payable in foreign currency.

As per Section 112A(4) of the Act read with Notification No 60/2018 dated October 1, 2018, the Central Government has specified that following transactions of acquisition of equity shares which shall be exempt from the condition of STT:

- a) Share acquisitions under taken prior to October 1, 2004
- b) Share acquisitions undertaken on or after October 1, 2004, subject to certain specified exceptions.

The benefit of indexation under the second provision to the Section 48 of the Act shall not be applicable for computing long term capital gains taxable u/s 112A of the Act. As per Section 55(2)(ac) of the Act cost of acquisition of equity shares (referred in aforesaid Section 112A of the Act) acquired prior to February 1, 2018, shall be higher of :-

- a) Cost of acquisition; and
- b) Lower of:-
 - i. The fair market value of asset (As defined in Explanation to Section 55(2)(ac) of the Act; and
 - ii. The full value of consideration received or accruing as a result of transfer of the capital assets

For the purpose of this section, in case of listed equity shares, the FMV shall be the highest price quoted on a recognized stock exchange on January 31, 2018.

6. Under Section 112 of the Act, long-term capital gains are subject to tax at a rate of 20% (plus applicable surcharge and cess) after indexation, as provided in the second proviso to section 48 of the Act. However, in case of listed securities (other than units), the amount of such tax could be limited to 10% (plus applicable surcharge and cess), without indexation, at the option of the shareholder in cases where securities transaction tax is not levied.

A base year for indexation purposes is shifted from 1 April 1981 to 1 April 2001, cost of acquisition of shares acquired before 1 April 2001 shall be allowed to be taken as fair market value as on 1 April 2001.

7. In case of an individual or Hindu Undivided Family (HUF), being a resident, where the total taxable income as reduced by long-term capital gains is below the basic exemption limit, such long-term capital gains will be reduced to the extent of the shortfall and only the balance long term capital gains will be subjected to such tax in accordance with the provision to Section 112A(1) of the Act or provision to Section 112(1) of the Act as the case may be.
8. Short-term capital gains arising on transfer of shares will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of Section 111A of the Act if such transaction is chargeable to STT. The requirement of chargeability of STT is not applicable to transaction undertaken on a recognized stock exchange located in International Financial Service Centre and where the consideration for such transactions is payable in foreign currency

In case of an individual or HUF, being a resident, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the provision to Section 111A(1) of the Act.

9. The rate of surcharge on capital gains u/s 111A and u/s 112A of the Act arising on sale of equity shares for all taxpayers will not exceed 15% on the income-tax.
10. In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in Section 54F of the Act, long term capital gains arising on transfer of the shares shall be exempt from capital gains u/s 54F of the Act, if the net sale consideration is utilized within a period of one year before or two years after the date of transfer, for the purchase of a new residential house, or is utilized for construction of a residential house within three years. If the whole of the net sale consideration is not so utilized, the exemption shall be allowed on a pro rata basis.
11. As per Section 70 read with Section 74 of the Act short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any shall be carried forward and set-off against any capital gains (short term capital gains or long-term capital gains) arising during subsequent eight assessment years. As per Section 70 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years. As per Section 71 of the Act short term capital loss or long-term capital loss for the year cannot be set-off against income under any other head for the same year.
12. Where the gains arising on the transfer of shares are included in the business income of an assessee assessable under the head “Profit and Gains from Business or Profession” and on which STT has been charged, such STT shall be a deductible expense from the business income as per the provisions of Section 36(1)(xv) of the Act.
13. Section 56(2)(x)(c) of the Act provides that, subject to exception provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, without consideration or for inadequate consideration, the following shall be treated as ‘Income from other sources’ in the hands of recipient:
 - a) Where the shares are received without consideration, aggregate Fair Market Value (FMV) exceeds Rs 50,000/- the whole FMV
 - b) Where the shares are received for a consideration less than FMV but exceeding Rs 50,000/- the aggregate FMV in excess of the consideration paid

Rule 11UA of the Income tax Rules, 1962 (the “Rules”) provides for the method for determination of FMV of various properties

14. In case of income arising to a shareholder on account of buyback of shares (listed or unlisted) by a Company will be exempt u/s 10(34A) of the Act if the company buying back the shares has paid additional income tax at the rate of 20% (plus applicable surcharge and cess) on distributed income u/s 115QA of the Act.

C. STATEMENT OF GENERAL DIRECT TAX BENEFITS AVAILABLE TO THE NON RESIDENT SHAREHOLDERS INCLUDING FOREIGN PORTFOLIO INVESTORS (“FPI”) / FOREIGN INSTITUTIONAL INVESTORS (“FII”):

1. Under the provisions of Section 90(2) of the Act a non-resident will be governed by the provisions of the Double Taxation Avoidance Agreement (“DTAA”) between India and the country of tax residence of the non-resident [as modified by the Multilateral convention to implement Tax treaty related measures to prevent Base Erosion and Profit Shifting (MLI)] or the provisions of the Act to the extent they are more beneficial to the non-resident.

2. Up to and including FY 2019-20, dividend income earned on shares of a domestic company (which includes the Bank) was exempt in the hands of shareholders u/s. 10(34) of the Act. The following amendments were made vide Finance Act 2020 w.e.f. FY 2020-21:
 - a) Dividend income from equity shares has been made taxable in the hands of shareholders at the applicable tax rates and the domestic company declaring/distributing/paying such dividends is no longer required to pay any DDT u/s. 115-O of the Act.
 - b) A deduction of expenses u/s. 57 of the Act shall be allowed against such dividend income only in respect of interest expense up to a maximum of 20% of such dividend.
 - c) The domestic company declaring/distributing/paying dividends shall be liable to withhold taxes at the rates in force on dividend income paid to non-resident shareholders. Thus, the non-resident shareholders are liable to tax on dividend income received from domestic company u/s. 115A of the Act at 20% of gross dividend income (plus applicable surcharge and cess) subject to the provisions of the relevant DTAA read with the MLI (wherever applicable).
3. Income arising from transfer of shares held for more than 12 months and subject to STT, shall be considered as long-term capital assets. Assets not considered as long-term capital assets shall be considered as short-term capital assets. The characterization of gains/losses, arising from sale of shares, as Capital Gains or Business Income would depend on the nature of holding in the hands of the shareholder and various other factors. The Central Board of Direct Taxes (CBDT) in a circular has clarified that income arising from transfer of listed shares and securities, which are held for more than 12 months would be taxed as "Capital Gains" unless the shareholder itself treats these as its stock-in-trade and income arising from transfer thereof as its business income.
4. Section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs.1,00,000) arising on transfer of equity shares, if STT has been paid on both acquisition and transfer in case of equity shares. The requirement of chargeability to STT is not applicable to transactions undertaken on a recognized stock exchange located in International Financial Services Centre where the consideration for such transactions is payable in foreign currency.

As per Section 112A(4) of the Act read with Notification No 60/2018 dated October 1, 2018, the Central Government has specified that following transactions of acquisition of equity shares which shall be exempt from the condition of payment of STT:

- a) Share acquisitions undertaken prior to October 1, 2004
- b) Share acquisitions undertaken on or after October 1, 2004, subject to certain specified exceptions.

The benefit of indexation under the second proviso to Section 48 of the Act shall not be applicable for computing long term capital gains taxable u/s. 112A of the Act. As per Section 55(2)(ac) of the Act cost of acquisition of equity shares (referred in aforesaid Section 112A of the Act) acquired prior to February 1, 2018, shall be higher of –

- a) Cost of acquisition of asset; and
- b) Lower of –
 - (I) The fair market value of the asset [as defined in Explanation to Section 55(2)(ac)]; and
 - (II) The full value of consideration received or accruing as a result of transfer of the capital asset.

For the purpose of this section, in case of listed equity shares, the FMV shall be the highest price quoted on a recognised stock exchange on January 31, 2018.

5. The long-term capital gains arising to the shareholders from the transfer of equity shares held as investments, not covered under point 4 above shall be taxable as follows:

Where the equity shares are acquired in convertible foreign exchange, the same shall be taxable at the rate of 10% on the amount of capital gains computed as per point 6 below;

Where the equity shares are acquired in INR, the same shall be taxable at the rate of 20% (plus applicable surcharge and cess) on the amount of capital gains computed after considering the indexation benefit provided under second proviso to Section 48 of the Act or at the rate of 10% on the amount of capital gains computed without indexing the cost of acquisition, whichever is lower.

6. In accordance with, and subject to Section 48 of the Act read with Rule 115A of the Rules, capital gains arising on transfer of shares which are acquired in convertible foreign exchange and not covered under point 4 above shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilized in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/ arising from every reinvestment thereafter.
7. Short-term capital gains arising on transfer of the shares will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of Section 111A of the Act if such transaction is chargeable to STT. The requirement of chargeability to STT is not applicable to transactions undertaken on a recognized stock exchange located in International Financial Services Centre where the consideration for such transactions is payable in foreign currency.
8. The rate of surcharge on capital gains u/s. 111A and u/s. 112A of the Act arising on sale of equity shares for all taxpayers and capital gains on securities u/s. 115AD(1)(b) of the Act for FIIs will not exceed 15% on the income tax.
9. As per Section 70 read with Section 74 of the Act short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains (short term capital gains or long-term capital gains) arising during subsequent eight assessment years. As per Section 70 read with Section 74 of the Act long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years. As per Section 71 of the Act short term capital loss or long term capital loss for the year cannot be set-off against income under any other heads for the same year
10. Where the gains arising on the transfer of shares are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which STT has been charged, such STT shall be a deductible expense from business income as per the provisions of Section 36(1)(xv) of the Act.
11. Section 56(2)(x)(c) of the Act provides that, subject to exception provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient:
 - (i) Where the shares are received without consideration, aggregate Fair Market Value ("FMV") exceeds Rs.50, 000/-, the whole FMV;
 - (ii) Where the shares are received for a consideration less than FMV but exceeding Rs. 50,000/-, the aggregate FMV in excess of the consideration paid.

Rule 11UA of the Rules provides for the method for determination of the FMV of various properties.

12. As per Explanation 4 to Section 115JB(2) of the Act, the provisions of Section 115JB of the Act shall not be applicable to a foreign company if the foreign company is a resident of a country having DTAA with India and such foreign company does not have a Permanent Establishment within the definition of the term in the relevant DTAA, or the foreign company is a resident of a country which does not have a DTAA with India and such foreign company is not required to seek registration u/s. 592 of the Companies Act 1956 or u/s. 380 of the Companies Act 2013.
13. In respect of foreign companies which are not exempt from MAT provisions as per point 12 above, capital gains (whether long term or short term) arising on transactions in securities will need to be adjusted / reduced (if such income is credited to Profit and Loss account and tax payable on such capital gains income under normal provisions is less than the MAT rate of 15%) from the book profits while computing MAT u/s. 115JB of the Act. Consequently, corresponding expenses shall also be excluded while computing MAT.
14. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further

subject to any benefits available under the Double Taxation Avoidance Agreement (“DTAA”), if any, between India and the country of residence of the non-resident. As per the provisions of Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the DTAA to the extent they are more beneficial to the non-resident. As per Section 90(4) of the Act, the non-residents shall not be entitled to claim relief under Section 90(2) of the Act, unless a certificate of their being a resident in any country outside India, is obtained by them from the government of that country or any specified territory. As per Section 90(5) of the Act, the non-residents shall be required to provide such other document and information, as has been notified.

D. SPECIFIC PROVISIONS APPLICABLE TO FPIs AND FIIs:

1. As per Section 2(14) of the Act transfer of any shares/securities by FPIs/FIIs being invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be treated as Capital Assets.
2. As per the amended provisions of Section 115AD of the Act:
 - (i) Income by way of short term capital gains arising to a FPI/FII on transfer of shares shall be chargeable at a rate of 30% (plus applicable surcharge and cess) where such transactions are not subjected to STT and at the rate of 15% (plus applicable surcharge and cess) if such transaction of sale is entered on a recognized stock exchange in India and is chargeable to STT;
 - (ii) Income by way of long-term capital gains arising to a FPI/FII from transfer of long term capital asset referred to in Section 112A of the Act shall be liable to tax at the rate of 10% (plus applicable surcharge and cess) on such income exceeding Rs.1,00,000;
 - (iii) Income by way of long term capital gains arising to a FPI/FII from the transfer of shares held in the Company (other than that taxable u/s. 112A of the Act shall be taxable at the rate of 10% (plus applicable surcharge and cess).

The benefits of foreign currency fluctuations and of indexation of cost as per first and second proviso to Section 48 of the Act are not available to FPIs/FIIs.

3. As per Section 196D(2) of the Act no tax is to be deducted from any income, by way of capital gains arising from the transfer of shares, payable to FIIs. Further, TDS on dividend shall be withheld at the rate of 20% u/s. 196D of the Act. There is no provision u/s. 196D of the Act to apply the rates as per DTAA at the time of withholding tax on dividend income payable to FIIs.

E. SPECIFIC PROVISIONS APPLICABLE TO NON RESIDENT SHAREHOLDER BEING NON RESIDENT INDIANS (NRIs):

1. Besides the above benefits available to non-residents, NRIs have the option of being governed by the provisions of Chapter XII-A of the Act which, inter alia, entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange:
 - a. Section 115E of the Act provides that NRIs will be taxed at 10% (plus applicable surcharge and cess) on long-term capital gains arising on sale of shares of the Company which are acquired in convertible foreign exchange.
 - b. Section 115F of the Act provides that, subject to the conditions and to the extent specified therein, long-term capital gains arising to NRIs from transfer of shares of the Company acquired out of convertible foreign exchange shall be exempt from capital gains tax if the net consideration is invested within 6 months of the date of transfer of the asset in any specified asset or in any saving certificates referred to in Section 10(4B) of the Act. In case the whole of the net consideration is not so invested, the exemption shall be allowed on a pro rata basis.
 - c. In accordance with the provisions of Section 115G of the Act, NRIs are not obliged to file a return of income u/s. 139(1) of the Act if their only source of income is income from investments

or long-term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

- d. In accordance with the provisions of Section 115H of the Act when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year u/s. 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to them in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or converted into money.
- e. As per the provisions of Section 115-I of the Act NRIs may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing their return of income for that year u/s. 139 of the Act declaring therein that the provisions of Chapter XII-A shall not apply to them for that assessment year and accordingly, their total income for that assessment year will be computed in accordance with the other provisions of the Act.

F. SPECIFIC PROVISIONS APPLICABLE TO MUTUAL FUNDS:

Section 10(23D) of the Act provides that any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf. As per Section 196 of the Act no tax is to be deducted from any income payable to a Mutual Fund specified u/s. 10(23D) of the Act.

G. SPECIFIC PROVISIONS APPLICABLE TO VENTURE CAPITAL COMPANIES/ FUNDS:

Section 10(23FB) of the Act provides that any income of Venture Capital Company or Venture Capital Fund, to whom the certificate of registration is granted under SEBI (Venture Capital Funds) Regulations, 1996 before May 21, 2012 or has been granted a certificate of registration as Venture Capital Fund as a sub-category I Alternative Investment Fund and is regulated under SEBI (Alternative Investment Funds Regulations) 2012, under the SEBI Act, 1992, from a Venture Capital Undertaking would be exempt from income tax, subject to conditions specified therein. As per Section 115U of the Act any income derived by a person from his investment in Venture Capital Company/Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing or arising to or received by such person had the investments been made directly in the Venture Capital Undertaking.

H. SPECIFIC PROVISIONS APPLICABLE TO INVESTMENT FUNDS:

1. Income of an Investment Fund, being a Trust, Company, Limited Liability Partnership or a body corporate which has been granted a certificate of registration and is regulated under SEBI (Alternative Investment Funds) Regulations, 2012 as Category I or Category II Alternate Investment Fund, other than the income chargeable under the head 'profits and gains of business and profession', shall be exempt from tax u/s. 10(23FBA) of the Act.
2. Section 115UB of the Act provides that the income chargeable under the head 'profits and gains of business and profession' shall be taxed in the hands of the Investment Fund depending on the legal status (i.e. a company, a limited liability partnership, body corporate or a Trust) of the Fund and at the rate or rates as specified in the Finance Act of the relevant year. However income (other than income chargeable under the head "Profits and gains of business or profession) of the unit holder out of the investment made in such investment fund is chargeable to income-tax in the same manner as if it were income accruing or arising to, or received by, such unit holder had the investments, made by the Investment Fund, been made directly by him. Further, the income accruing or arising to or received by the Investment Fund if not paid or credited to a person (who has made investments in an Investment Fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.
3. As regards income of an Investment Fund, being a Trust, Company, Limited Liability Partnership or a body corporate which has been granted a certificate of registration as Category III Alternate Investment Fund, and is regulated under SEBI (Alternative Investment Funds) Regulations, 2012 will be taxed in

India depending on the legal status of the Fund. In case the Fund is set-up as a 'Trust', the principles of trust taxation should apply.

I. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS UNDER THE ACT

No Special Tax benefits are available to the shareholders.

J. REQUIREMENT TO FURNISH PAN UNDER THE ACT:

1. Section 139A(5A) of the Act requires every person receiving any sum or income or amount from which tax is required to be deducted under Chapter XVII-B of the Act to furnish his PAN to the person responsible for deducting such tax.
2. Section 206AA of the Act requires every person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVII-B ("deductee") to furnish his PAN to the deductor, failing which tax shall be deducted at the higher of the following rates:
 - (i) at the rate specified in the relevant provision of the I. T. Act; or
 - (ii) at the rate or rates in force; or
 - (iii) at the rate of 20%

Accordingly, in case the shareholders do not intimate PAN to the company (which includes the Bank) paying dividends, then TDS shall be deducted at 20% on the amount of dividend.

3. As per amended provisions of Rule 37BC, w.e.f. July 24, 2020, the higher rate u/s. 206AA of the Act shall not apply to a non-resident, not being a company, or to a foreign company, in respect, of payment of dividend, if the non-resident deductee furnishes the prescribed details including, inter alia, Tax Residency Certificate (TRC) and Tax Identification Number (TIN) of the deductee in the country of his residence.

Note:

This Statement is prepared on the basis of information available with the management of the Bank and there is no assurance that:

- (i) the Bank or its shareholders or material subsidiaries will continue to obtain these benefits in future;
- (ii) the conditions prescribed for availing the benefits have been/ would be met with; and
- (iii) the revenue authorities/courts will concur with the view expressed herein. Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein.

Our views are based on the existing provisions of the Act and its interpretation, which are subject to change from time to time. This statement does not discuss any tax consequences in the country outside India of an investment in the shares. The shareholders / investors in the country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them. We do not assume responsibility to update the views consequent to such changes. Reliance on this statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on this statement. This statement has been prepared solely in connection with the Issue under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

For Punjab National Bank

(Authorised Signatory)

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general description of certain material United States federal income tax consequences to U.S. Holders and Non-U.S. Holders under present law of an investment in the Equity Shares. This summary applies only to investors that hold the Equity Shares as capital assets (generally, property held for investment). This discussion is based on the tax laws of the United States as in effect on the date of this Placement Document; U.S. Treasury regulations in effect as of the date of this Placement Document; judicial and administrative interpretations thereof available on or before such date; and the Convention Between the Government of the United States of America and the Government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the “US India Treaty”). All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The following discussion does not address alternative minimum tax considerations or state, local, non-United States or other tax laws, or the tax consequences to any particular investor or to persons in special tax situations such as:

- banks;
- certain financial institutions;
- insurance companies;
- dealers in stocks, securities, currencies or notional principal contracts;
- U.S. expatriates and former long-term residents of the United States;
- regulated investment companies and real estate investment trusts;
- tax-exempt entities, including companies classified as foreign governments for U.S. federal income tax purposes;
- U.S. Holders that have a functional currency other than the U.S. dollar;
- persons holding an Equity Share as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of our Bank’s voting stock;
- persons who acquired Equity Shares pursuant to the exercise of any employee share option or otherwise as consideration; or
- persons holding Equity Shares through partnerships or other pass-through entities.

For purposes of this summary, a “**U.S. Holder**” is a beneficial owner of Equity Shares that is for United States federal income tax purposes,

- an individual who is a citizen or resident of the United States;
- a corporation organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to United States federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions of the trust, or (2) has a valid election in effect under the applicable U.S. Treasury regulations to be treated as a U.S. person.

A “**Non-U.S. Holder**” is a beneficial owner of Equity Shares that is not a U.S. Holder.

If you are a partner in a partnership, or other entity taxable as a partnership for United States federal income tax purposes, that holds Equity Shares, your tax treatment generally will depend on your status and the activities of the partnership. Prospective purchasers of Equity Shares that are partnerships should consult their tax advisors.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE APPLICATION OF THE UNITED STATES FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE AND LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF EQUITY SHARES.

U.S. Holders

Taxation of Distributions on the Equity Shares

Subject to the Passive Foreign Investment Company (“PFIC”) rules discussed below, the gross amount of distributions to you with respect to the Equity Shares generally will be included in your gross income in the year received as foreign source ordinary dividend income, but only to the extent that the distribution is paid out of our Bank’s current or accumulated earnings and profits (as determined under United States federal income tax principles). To the extent that the amount of the distribution exceeds our Bank’s current and accumulated earnings and profits, it will be treated first as a tax-free return of your tax basis in your Equity Shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain. However, our Bank does not intend to calculate its earnings and profits under United States federal income tax principles. Therefore, a U.S. Holder should expect that a distribution will generally be treated as a dividend. The dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

Subject to applicable limitations, with respect to non-corporate U.S. Holders (including individual U.S. Holders), dividends may constitute “qualified dividend income” that is taxed at the lower applicable capital gains rate provided that (1) our Bank is not a PFIC (as discussed below) for either the taxable year in which the dividend is paid or the preceding taxable year, (2) such dividend is paid on the Equity Shares that have been held by you for at least 61 days during the 121-day period beginning 60 days before the ex-dividend date, and (3) our Bank is eligible for the benefits of the US India Treaty. Our Bank expects to be eligible to for the benefits of the US India Treaty. Further, our Bank does not believe it was a PFIC for the taxable year ending March 31, 2020 and does not expect to be a PFIC for the current year or any future years. *Non-corporate U.S. Holders are strongly urged to consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to the Equity Shares.*

The amount of any distribution paid by our Bank in a currency other than U.S. dollars (a “foreign currency”) will be equal to the U.S. dollar value of such foreign currency on the date such distribution is received by the U.S. Holder, regardless of whether the payment is in fact converted into U.S. dollars at that time. If the foreign currency so received is converted into U.S. dollars on the date of receipt, a U.S. Holder generally will not recognize foreign currency gain or loss on such conversion. If the foreign currency so received is not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Gain or loss, if any, realized on the subsequent sale or other disposition of such foreign currency will generally be U.S. source ordinary income or loss. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

For foreign tax credit purposes, dividends distributed with respect to the Equity Shares will generally constitute “passive category income”. A U.S. Holder will not be able to claim a U.S. foreign tax credit for Indian taxes for which our Bank is liable and must pay with respect to distributions on the Equity Shares. The rules relating to the determination of the U.S. foreign tax credit are complex and U.S. Holders should consult their tax advisors to determine whether and to what extent a credit would be available in their particular circumstances.

Taxation of a Disposition of Equity Shares

Subject to the PFIC rules discussed below, you generally will recognize capital gain or loss on any sale or other taxable disposition of an Equity Share equal to the difference between the U.S. dollar value of the amount realized for the Equity Share and your tax basis (in U.S. dollars) in the Equity Share. If you are a non-corporate U.S. Holder (including an individual U.S. Holder) who has held the Equity Share for more than one year, capital gain on a disposition of an Equity Share generally will be eligible for reduced U.S. federal income tax rates. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognize generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes.

Because gains on a disposition of an Equity Share generally will be treated as U.S. source, the use of foreign tax credits relating to any Indian income tax imposed upon gains in respect of Equity Shares may be limited. U.S. Holders should consult their tax advisors regarding the application of Indian taxes to a disposition of an Equity Share and their ability to credit an Indian tax against their United States federal income tax liability.

A U.S. Holder that receives foreign currency from the sale or disposition of the Equity Shares generally will realize an amount equal to the U.S. dollar value of such foreign currency on the date of sale or disposition or, if such U.S. Holder is a cash basis or electing accrual basis taxpayer and the Equity Shares are treated as being traded on an “established securities market” for this purpose, the settlement date. If the Equity Shares are so treated and the foreign currency received is converted into U.S. dollars on the settlement date, a cash basis or electing accrual basis U.S. Holder will not recognize foreign currency gain or loss on the conversion. If the

foreign currency received is not converted into U.S. dollars on the settlement date, the U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the settlement date. Gain or loss, if any, realized on the subsequent conversion or other disposition of such foreign currency will generally be U.S. source ordinary income or loss.

Medicare Tax

Certain U.S. Holders who are individuals, estates, or trusts are required to pay a 3.8% Medicare surtax on all or part of that holder's "net investment income" or "undistributed net investment income" in the case of an estate or trust, which includes, among other items, dividends on, and capital gains from the sale or other taxable disposition of, the Equity Shares, subject to certain limitations and exceptions. The 3.8% Medicare surtax is determined in a different manner than the regular U.S. income tax. Prospective investors should consult their own tax advisors regarding the effect, if any, of this surtax on their ownership and disposition of the Equity Shares.

Information with Respect to Foreign Financial Assets

Individuals and certain entities who are U.S. Holders that own "specified foreign financial assets", including stock of a non-U.S. corporation not held through a financial institution, with an aggregate value in excess of certain dollar thresholds may be required to file an information report with respect to such assets on IRS Form 8938 with their United States federal income tax returns. Penalties apply for failure to properly complete and file IRS Form 8938. U.S. Holders are encouraged to consult their tax advisors regarding the application of this reporting requirement to their ownership of the Equity Shares.

Passive Foreign Investment Company

Certain U.S. federal income tax rules generally apply to a U.S. person that owns or disposes of stock in a non-U.S. corporation that is treated as a PFIC. A non-U.S. corporation is considered to be a passive foreign investment company, or a PFIC, for any taxable year if either:

- at least 75% of its gross income is passive income, or
- at least 50% of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income.

Passive income for these purposes generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. Our Bank will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock.

Although not free from doubt, our Bank does not believe it was a PFIC for its taxable year ending March 31, 2020, and does not expect to be a PFIC for the current year or any future years. However, the determination of whether our Bank is a PFIC is a factual determination made annually after the end of each taxable year, and there can be no assurance that our Bank will not be considered a PFIC in the current taxable year or any future taxable year because, among other reasons, (i) the composition of our Bank's income and assets will vary over time, and (ii) the manner of the application of relevant rules is uncertain in several respects. Furthermore, our Bank's PFIC status may depend on the market price of its Equity Shares, which may fluctuate considerably. *Prospective purchasers are urged to consult their tax advisors regarding our Bank's possible status as a PFIC.*

If our Bank is a PFIC for any taxable year during which you are a U.S. Holder of Equity Shares, you will be subject to special tax rules with respect to any "excess distribution" that you receive and any gain you realize from a sale or other disposition (including a pledge) of the Equity Shares, unless you make a "mark-to-market" election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the Equity Shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the Equity Shares,
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which our Bank became a PFIC, will be treated as ordinary income, and

- the amount allocated to each other year will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or “excess distribution” cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the Equity Shares cannot be treated as capital, even if you hold the Equity Shares as capital assets.

If our Bank is a PFIC for any year during which you are a U.S. Holder of Equity Shares, our Bank generally will continue to be treated as a PFIC with respect to you for all succeeding years during which you hold Equity Shares, regardless of whether our Bank in fact continues to meet the income or asset test described above.

In addition, if our Bank is treated as a PFIC, to the extent any of its direct or indirect subsidiaries (if any) are also PFICs, you may be deemed to own shares in such subsidiaries (if any) and you may be subject to the adverse PFIC tax consequences with respect to the shares of such subsidiaries (if any) that you would be deemed to own.

Qualified electing fund election

To mitigate the application of the PFIC rules discussed above, a U.S. Holder may make an election to treat our Bank as a qualified electing fund (“**QEF**”) for U.S. federal income tax purposes. To make a QEF election, our Bank must provide U.S. Holders with information compiled according to U.S. federal income tax principles. Our Bank does not currently intend to prepare or provide the information that would enable you to make a QEF election.

Mark-to-market election

A U.S. Holder of “marketable stock” (as defined below) in a PFIC may make a mark-to-market election with respect to such stock to elect out of the tax treatment discussed above, although it is possible the mark-to-market election may not apply or be available with respect to the shares in our Bank’s subsidiaries (if any) to the extent they are PFICs that you may be deemed to own if our Bank is treated as a PFIC, as discussed above. If you make a valid mark-to-market election for the Equity Shares, you will include in income each year an amount equal to the excess, if any, of the fair market value of the Equity Shares as of the close of your taxable year over your adjusted basis in such Equity Shares. You are allowed a deduction for the excess, if any, of the adjusted basis of the Equity Shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the Equity Shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the Equity Shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the Equity Shares, as well as to any loss realized on the actual sale or disposition of the Equity Shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such Equity Shares. Your basis in the Equity Shares will be adjusted to reflect any such income or loss amounts. If you make such an election, the tax rules that apply to distributions by corporations that are not PFICs generally would apply to distributions by our Bank, except that the lower applicable capital gains rate with respect to qualified dividend income (discussed above) would not apply.

The mark-to-market election is available only for “marketable stock”, which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter on a qualified exchange or other market, as defined in the applicable U.S. Treasury regulations. Under applicable U.S. Treasury regulations, a “qualified exchange” includes a foreign exchange that is regulated by a governmental authority in the jurisdiction in which the exchange is located and in respect of which certain other requirements are met. *U.S. Holders of Equity Shares should consult their own tax advisors as to whether the Equity Shares would qualify for the mark-to-market election.*

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISOR REGARDING THE APPLICATION OF THE PFIC RULES TO THEIR INVESTMENT IN EQUITY SHARES, AND THE AVAILABILITY AND ADVISABILITY OF ANY ELECTIONS.

Non-U.S. Holders

A Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any distributions made on the Equity Shares or gain from the sale, redemption or other disposition of the Equity Shares unless: (i) that distribution and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business in the United States; or (ii) in the case of any gain realized on the sale or exchange of an Equity Share by an individual Non-U.S. Holder, that Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met.

Information Reporting and Backup Withholding

Dividend payments with respect to the Equity Shares and proceeds from the sale, exchange or redemption of Equity Shares may be subject to information reporting to the Internal Revenue Service and possible U.S. backup withholding under certain circumstances.

Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certifications or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on Internal Revenue Service Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules. Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information.

U.S. Holders that hold Equity Shares in any year in which our Bank is a PFIC, will be required to file Internal Revenue Service Form 8621 with respect to their ownership of the Equity Shares. This filing requirement is in addition to a U.S. Holder's obligation to file other Internal Revenue Service forms with respect to our common shares, including Form 8938. In addition, U.S. Holders may be required to file additional information with respect to their ownership of the Equity Shares.

STATUTORY AUDITORS

As on the date of this Placement Document, M/s MKPS & Associates, Chartered Accountants, M/s G. S. Mathur & Co., Chartered Accountants, M/s H D S G & Associates, Chartered Accountants, M/s MK Aggarwal & Co., Chartered Accountants and M/s A. John Moris & Co., Chartered Accountants are the statutory central auditors of our Bank (the “**Statutory Auditors**”). Our Bank’s financial statements are prepared in accordance with Indian GAAP under the guidelines issued by the ICAI, guidelines issued by the RBI from time to time and practices generally prevailing in the banking industry in India. The Bank’s financial statements included in this Placement Document were audited, as the case may be, by a rotation of auditors appointed by RBI.

M/s MKPS & Associates, Chartered Accountants, M/s G. S. Mathur & Co., Chartered Accountants, M/s H D S G & Associates, Chartered Accountants, M/s MK Aggarwal & Co., Chartered Accountants and M/s A. John Moris & Co., Chartered Accountants, have performed limited review of the Reviewed Financial Results as at and for the six months ended September 30, 2020 and have issued review reports thereon which is included in this Placement Document. Our audited consolidated financial statements and standalone financial statements as at and for Fiscals 2020 and 2019, included in this Placement Document were jointly audited by M/s MKPS & Associates, Chartered Accountants, M/s G. S. Mathur & Co., Chartered Accountants, M/s H D S G & Associates, Chartered Accountants, M/s MK Aggarwal & Co., Chartered Accountants and M/s A. John Moris & Co., Chartered Accountants.

Our audited consolidated financial statements and standalone financial statements as at and for Fiscal 2018, included in this Placement Document were jointly audited by M/s MKPS & Associates, Chartered Accountants, M/s G. S. Mathur & Co., Chartered Accountants, M/s H D S G & Associates, Chartered Accountants, M/s Suri & Co., Chartered Accountants and M/s SPMG & Co., Chartered Accountants.

The RBI has instructed that our Statutory Central Auditors appointed for Fiscal 2020 also conduct the review for the six months ended September 30, 2020.

LEGAL PROCEEDINGS

Our Bank, its Subsidiaries and Joint Venture are involved in various legal proceedings from time to time, mostly arising in the ordinary course of business. Our Bank believes that the number of proceedings and disputes in which our Bank or its Subsidiaries or Joint Venture are involved is not unusual for a bank of our size doing business in India and in international markets. These legal proceedings are primarily in the nature of tax proceedings, recovery proceedings, consumer disputes, regulatory and statutory proceedings, criminal complaints and other civil proceedings, pending before various adjudicating forums. Further, certain regulatory and statutory authorities such as the Reserve Bank of India, the banking ombudsman, various tax authorities and other authorities have, in the past, taken action and/or imposed penalties against our Bank and its Subsidiaries and Joint Venture, including those during routine inspections undertaken in the ordinary course of business.

*Except as disclosed in this section, there are no outstanding legal proceedings which have been considered material in accordance with our Bank's periodically published disclosure policies framed in accordance with Regulation 30 of the SEBI Listing Regulations ("**Policy of Materiality**").*

*Additionally, solely for the purpose of the Issue, our Bank has also disclosed in this section, to the extent applicable, (i) all outstanding criminal proceedings involving our Bank, its Directors, its Subsidiaries and Joint Venture; (ii) all outstanding actions by statutory or regulatory authorities (such as SEBI, RBI, Stock Exchanges or such similar authorities) against our Bank, its Directors, its Subsidiaries and Joint Venture and all notices and actions by regulatory authorities against our Bank in the financial years ended March 31, 2018, March 31, 2019, March 31, 2020 and the period till the date of this Placement Document, in each case other than in the ordinary course of business; (iii) any other outstanding civil litigation involving our Bank its Directors, its Subsidiaries and Joint Venture, where the amount involved in such proceeding is exceeding ₹ 736.93 crore (approximately 5% of the consolidated operating profit of our Bank being ₹ 14,738.55 crores for the year ended March 31, 2020) ("**Materiality Threshold**") or above; and (iv) any other outstanding litigation involving our Bank, its Directors, its Subsidiaries, and Joint Venture wherein the amount involved cannot be determined or is below the Materiality Threshold, but an adverse outcome of which could materially and adversely affect the reputation, operations or financial position of our Bank, as on the date of this Placement Document. Further, all outstanding direct and indirect taxes proceedings involving our Bank, its Directors, its Subsidiaries and Joint Venture have been disclosed herein, where the amount involved in such proceedings exceeds the Materiality Threshold. Further, the banking ombudsman has imposed certain penalties on our Bank and the cumulative amounts of the penalties imposed on our Bank during the Financial Years ended March 31, 2018, March 31, 2019 and March 31, 2020, and the six months ended September 30, 2020 have been disclosed.*

It is clarified that for the purposes of the above, pre-litigation notices received by our Bank, its Directors, its Subsidiaries, and Joint Venture from third parties (excluding those notices issued by statutory/regulatory authorities) have not been disclosed in this Placement Document unless the above-mentioned entities have been impleaded as a defendant or respondent in a litigation proceeding before any judicial forum or arbitral tribunal. In the ordinary course of business, especially in relation to recovery of loans, our Bank initiates criminal proceedings under applicable laws, which have not been disclosed in this Placement Document separately unless the amount involved therein is more than the Materiality Threshold. A consolidated disclosure for dishonour of cheques (under Section 138 of the NIA), cases under the Banking Ombudsman Scheme and fraud reporting has been made in this Placement Document. In the ordinary course of business, our Bank is also involved in litigation instituted by its employees, including in relation to retrenchment, gratuity etc. and cases instituted by its customers before the designated banking ombudsman.

All terms defined in a particular litigation disclosure below are for that particular litigation only.

1. Litigation against our Bank

A. Criminal case against the Bank

The Reserve Bank of India ("**RBI**") on November 30, 2018, filed a criminal complaint under section 200 of the Code of Criminal Procedure, 1973 read with section 47 of the Banking Regulation Act, 1949, before the Court of Metropolitan Magistrate, Patiala House Courts, New Delhi ("**Metropolitan Magistrate**"), seeking prosecution against our Bank including our Bank's directors and certain other employees, under section 46 of the Banking Regulation Act, 1949 read with section 120B of the Indian Penal Code, 1860. The complaint made by the RBI is arising out of the inspection conducted by RBI during the period between February 8, 2016 to February 12, 2016, in respect of the system and procedures of information technology aspects ("**IT**") being followed in our Bank

including IT operations, information security, IS/IT audit function and extent of IT risk assessment. The said inspection was carried out pursuant to RBI's order dated January 29, 2016. The allegation made by RBI against our Bank and the other accused persons in the said complaint is that our Bank and other accused persons willfully made false and misleading statements and furnished false information regarding the implementation of core banking software ("CBS") and integration of the Society for Worldwide Interbank Financial Telecommunication ("SWIFT") system with CBS. RBI in its IT examination reports dated June 6, 2016 and progress report dated June 27, 2017 indicated failure of our Bank in integrating SWIFT system with CBS and introducing Straight Through Processing ("STP") interface between SWIFT messages and the CBS. Further, RBI, in the said complaint, alleged that CBS was not integrated with many critical applications and there was no online integration of SWIFT with CBS. RBI has therefore alleged in the complaint that our Bank and the other accused persons have willfully and deliberately made false statements in contravention to their statutory obligation under section 46 of the Banking Regulation Act, 1949. The matter is presently pending before the Metropolitan Magistrate. Thereafter, our Bank has also filed a petition under section 482 of the Code of Criminal Procedure, 1973, before the Delhi High Court, for quashing of the criminal complaint .

B. Civil cases above the materiality threshold against the Bank

As on the date of this Placement Document, there are no civil cases exceeding the Materiality Threshold that have been filed against the Bank.

C. Taxation cases above the materiality threshold against the Bank

- i. Our Bank received a show cause cum demand notice dated April 20, 2018 ("SCN I") from the Directorate General of GST Intelligence, Delhi Zonal Unit ("DGGI") wherein the DGGI observed that our Bank is providing additional services in certain savings bank and current bank accounts having a feature of maintenance of minimum balance or average monthly balance or average quarterly balance ("MAB"), as opposed to basic savings bank deposit accounts of our Bank. Further, the DGGI observed that our Bank's recurrent provision of features, services and benefits to account holders constitutes a 'service' in the nature of "agreeing to the obligation to do an act", in lieu of a recurrent commitment from customers to maintain MAB. This commitment constitutes 'consideration' for the features, services and benefits provided by our Bank. The maintenance of MAB is alleged to be in the nature of an account service fee to our Bank for providing its facilities or features to customers. On the basis of such observations, the DGGI vide SCN I asked our Bank to show cause as to why the maintenance of MAB and the charges levied by our Bank for non-maintenance of MAB should not be liable to service tax. Further, the DGGI demanded our Bank pay service tax on the services rendered in relation to MAB, aggregating to ₹ 970.06 crores for the period starting from July 1, 2012 until March 31, 2017. Similarly, the erstwhile United Bank of India (now amalgamated with our Bank) ("UBI") received a show cause cum demand notice dated July 15, 2019 ("SCN II") from DGGI asking UBI to show cause as to why maintenance of MAB and the charges levied by our Bank for non-maintenance of MAB should not be liable to service tax. Further, the DGGI vide SCN II demanded UBI to pay service tax on the services rendered in relation to MAB, aggregating to ₹ 310.29 crores for the period starting from October 2013 until June 2017. Our Bank along with certain other banks and Indian Banks Association, has filed a civil writ petition under Article 226 of the Constitution of India before the Delhi High Court, challenging the contentions of the DGGI in respect of MAB being liable to service tax. Erstwhile United Bank of India (now amalgamated with our Bank) has also separately filed a civil writ petition under Article 226 of the Constitution of India before the Delhi High Court, challenging the contentions of the DGGI. These writ petitions are pending as on the date of this Placement Document.
- ii. Our Bank had filed its return of income tax under section 139(1) of the Income Tax Act, 1961 ("IT Act") for the assessment year 2015-16 on November 26, 2015 declaring taxable income of ₹ 6,028.92 crores and further revised it on March 23, 2017 declaring taxable income at ₹ 6,009.53 crores, thereby increasing TDS and withholding tax claim by ₹ 1.75 crores. After a scrutiny of the revised return under section 143(2) of the IT Act, the Additional Commissioner of Income Tax, Special Range – 7, ("Assessing Officer") passed an order dated December 20, 2018 under section 143(3) of the IT Act, making certain additions/disallowances as detailed therein. Pursuant to the order, the Assessing Officer assessed the total income at ₹ 9,030.58 crores and arrived at a tax liability of ₹ 1,116.11 crores. Aggrieved with the aforesaid tax liability, our Bank filed an appeal before the Commissioner of Income Tax (Appeals), Delhi – 7.
- iii. Our Bank had filed its return of income tax under section 139(1) of the Income Tax Act, 1961 ("IT Act") for the assessment year 2016-17 on November 28, 2016 declaring taxable income of ₹ 3,799.13 crore and further revised it on March 31, 2018 declaring taxable income of ₹ 3,799.13 crore, thereby increasing TDS and

withholding tax claim by ₹ 1.70 crores. After a scrutiny of the revised return under section 143(2) of the IT Act, the Additional/ Joint Commissioner of Income Tax, Special Range – 7, (“**Assessing Officer**”) passed an order dated December 31, 2019 (“**Order**”) under section 143(3) of the IT Act, making certain additions/disallowances as detailed therein. Pursuant to the Order, the Assessing Officer assessed the total income at ₹ 5,777.51 crores and arrived at a tax liability of ₹ 1,009.09 crores. Aggrieved with the Order, our Bank has filed an appeal before the Commissioner of Income Tax (Appeals) – 7, Delhi.

- iv. Erstwhile Oriental Bank of Commerce (now amalgamated with our Bank) (“**OBC**”) had filed its return of income for the assessment year 2016-17 on October 12, 2016 declaring taxable income at ₹ 199.92 crores and further revised it on June 30, 2017 declaring income at ₹ 200.31 crores under normal provisions and book profit of ₹ 349.27 crores under Minimum Alternate Tax (“**MAT**”). After the scrutiny of the revised return, the Additional Commissioner of Income Tax, Special Range – 7, (“**Assessing Officer**”) completed the assessment under section 143(3) of the Income Tax Act, 1961 (“**IT Act**”) vide order dated November 30, 2018 and made certain additions, and disallowed certain claims made and deduction claimed by OBC, aggregating to a total of ₹ 2,328.02 crores under normal provisions and ₹ 1,914.87 crores under MAT, which was added back to the total income of OBC. The Assessing Officer, assessed the total income at ₹ 2,528.33 crores and arrived at a tax liability of ₹ 896.45 crores and raised demand of ₹ 515.86 crores. Being aggrieved with the demand, OBC filed an appeal before the Commissioner of Income Tax (Appeals), New Delhi, in which the order dated December 31, 2019 had been passed under section 250 of the IT Act. Being further aggrieved with the order, OBC has filed an appeal before the Income Tax Appellate Tribunal, New Delhi.
- v. Erstwhile Oriental Bank of Commerce (now amalgamated with our Bank) (“**OBC**”) had filed its return of income for the assessment year 2017-18 on October 28, 2017 declaring loss of ₹ 390.92 crores, which was subsequently revised on March 29, 2019 declaring a total loss of ₹ 390.79 crores. After the scrutiny of the return, the Additional/Joint Commissioner of Income Tax, Special Range – 7, New Delhi (“**Assessing Officer**”) completed the assessment under section 143(3) of the Income Tax Act, 1961 (“**IT Act**”) on December 30, 2019 and made certain additions and disallowed certain claims made and deductions claimed by OBC, aggregating to a total of ₹ 6,874.17 crores which was added back to the total assessed income of ₹ 6,483.38 crores of OBC. The Assessing Officer, further, applied the provisions of section 115JB of the IT Act to OBC and computed the income under Minimum Alternate Tax provisions. It assessed the total income at ₹ 6,483.38 crores and arrived at a tax liability of ₹ 2,921.47 crores. Being aggrieved by the action of the Assessing Officer, OBC has filed an appeal filed before the Commissioner of Income Tax (Appeals) – 7, Delhi.
- vi. Our Bank filed its return of income for the assessment year 2014-15 on November 27, 2014 declaring an income of ₹ 5,469.46 crores, which was subsequently revised on March 30, 2016 declaring the same taxable income. After the scrutiny of the return, the Assistant Commissioner of Income Tax Circle-20(1), New Delhi (“**Assessing Officer**”) completed the assessment under section 143(3) of the Income Tax Act, 1961 (“**IT Act**”) on December 27, 2017 and made certain additions and disallowed certain claims made and deduction claimed by our Bank, which was added back to the total income of our Bank. The Assessing Officer assessed a total income of ₹ 8,022.75 crores as against the income declared by our Bank and arrived at a tax liability of ₹ 1,420.72 crores. Being aggrieved by the demand raised by the Assessing Officer, our Bank filed an appeal before the Commissioner of Income Tax (Appeals) – 7, Delhi (“**CIT(A)**”) which was partly allowed vide its order dated August 1, 2018. Thereafter, the Additional Commissioner of Income Tax, Special Range 7, filed an appeal before the Income Tax Appellate Tribunal, Delhi Bench, New Delhi against the order of the CIT (A).

D. Outstanding actions by statutory or regulatory authorities (such as SEBI, RBI, Stock Exchanges or such similar authorities) against our Bank and all notices and actions by regulatory authorities against our Bank in the financial years ended March 31, 2018, March 31, 2019, March 31, 2020 and the period till the date of this Placement Document

- i. Financial Intelligence Unit – India (“**FIU-IND**”) had issued a show cause notice dated November 9, 2018 alleging violations of the provisions of the Prevention of Money Laundering Act, 2002 by our Bank. Pursuant to its order dated July 27, 2019, the FIU-IND has imposed a penalty of ₹ 15.63 crores on our Bank. Our Bank has appealed the said order of FIU-IND before the Appellate Tribunal under the said Act on August 19, 2019 and the matter is presently pending.
- ii. The Reserve Bank of India (“**RBI**”) had issued a show cause notice dated May 9, 2018 alleging, *inter alia*, non-compliance of our Bank with various directions issued by the RBI on monitoring of end use of funds,

exchange of information by other banks and on restructuring of accounts. Pursuant to its order dated February 1, 2019, the RBI imposed a penalty of ₹ 1 crore on our Bank.

- iii. The Reserve Bank of India (“**RBI**”) had issued a show cause notice dated August 23, 2018 alleging *inter alia*, non-compliance of our Bank with various directions issued by the RBI in respect of time bound implementation and strengthening of SWIFT system related operational controls. Pursuant to its order dated March 25, 2019, the RBI imposed a penalty of ₹ 2 crores on our Bank.
- iv. The Reserve Bank of India (“**RBI**”) had issued a show cause notice dated December 12, 2018 alleging *inter alia*, non-compliance of our Bank with directions issued by RBI on “Know Your Customer Norms / Anti Money Laundering Standards” and “Opening of Current Accounts” norms. Pursuant to its order dated June 25, 2019, the RBI imposed a penalty of ₹ 50 lakhs on our Bank.
- v. Pursuant to correspondence from NSE and BSE, each dated July 10, 2019, certain non-compliances on part of our Bank was highlighted therein, in respect of the provisions of Regulation 29 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 thereby imposing a penalty of ₹ 10,000 each from NSE and BSE.
- vi. The Reserve Bank of India (“**RBI**”) had issued a show cause notice dated February 28, 2019 alleging delay in fraud reporting by our Bank in the account of Kingfisher Airlines Limited. Pursuant to its order dated July 31, 2019, the RBI imposed a penalty of ₹ 50 lakhs on our Bank.
- vii. The Reserve Bank of India (“**RBI**”) had issued a show cause notice dated June 30, 2020 alleging our Bank entered into a bilateral ATM sharing agreement with Druk PNB Bank Limited, Bhutan without prior approval of the RBI. Pursuant to its order dated November 13, 2020, the RBI imposed a penalty of ₹ 1 crore on our Bank.

E. Banking Ombudsman Complaints

The Banking Ombudsman has imposed fines and penalties on our Bank based on complaints received from our customers alleging, *inter alia*, failure by our Bank to dispense amount from ATMs, fraudulent debit of accounts, failure to provide interest subsidy loan facilities availed of by persons belonging to economically weaker sections and discrepancies in remittances. The cumulative amount of penalties imposed by the banking ombudsman for Fiscals 2018, 2019 and 2020 are ₹ 16 lakhs, ₹ 50 lakhs and ₹ 1.93 crores respectively. Further, the cumulative amount of penalties imposed by the Banking Ombudsman in the six-month period ended September 30, 2020 is ₹ 3.92 crores.

F. Other Material Litigation

An FIR bearing number BSM2018E000I dated January 31, 2018 (“**FIR-1**”) was registered with the Central Bureau of Investigation (“**CBI**”) in Mumbai by Deputy General Manager, Punjab National Bank, Zonal Office Mumbai (“**Complainant**”) in respect of unauthorized and fraudulent issuance of Letters of Undertaking (“**LOUs**”) at the our branch at Brady House, Mumbai (herein after referred as “**Brady House Branch**”). Complainant alleged that partnership firms of Nirav Modi, Neeshal Modi, Ami Nirav Modi and Mehul Chinubhai Choksi namely, (i) M/s Diamond R US, (ii) M/s Solar Exports, and (iii) M/s Stellar Diamonds (collectively referred to as “**Partnership Firms**”) were maintaining current accounts in Brady House Branch, Mumbai and that they were not sanctioned any facility for issuance of LOU for raising buyer's credit by the Partnership Firms from overseas banks. It was alleged that on January 16, 2018, the Partnership Firms approached the Brady House Branch and presented a set of import documents with a request to allow buyers’ credit for making payment to the overseas suppliers. Since there was no sanctioned limit in the name of the Partnership Firms, the branch officials requested the Partnership Firms to furnish at least 100% cash margin for issuing LOU for raising buyer’s credit. On refusal, the Partnership Firms contested that they have been availing such transactions since past several years. After that on scrutiny, it was observed that in connivance with certain employees of the Brady House Branch, the Partnership Firms have got LOU’s issued fraudulently without sanctioned limit and without following Bank’s prescribed procedures of obtaining request applications, documents, approval of the authorities thereto etc. and without making entries in the banking system avoiding detection of the transactions, so made, transmitted SWIFT instructions to the overseas branches of Indian bank under buyer’s credit. Basis the FIR -1 filed with the CBI by the Complainant, the CBI on May 14, 2018 filed its first charge sheet against the Partnership Firm and the matter is ongoing.

Further, an FIR bearing no. RC 02(E)/2018/CBI/BS&FC/Mum (“**FIR-2**”) was filed against Mehul Choksi, Gitanjali Gems Limited, Gili India Limited, Nakshatra Brands Limited and others on February 15, 2018 for the unauthorised issue of LOUs and Foreign Letters of Credit. Basis the FIR-2 filed against Mehul Choksi, Gitanjali Gems Limited and Gili India Limited, Nakshatra Brands Limited and others, the CBI has filed a charge sheet on May 16, 2018. No additional or supplementary charge sheet has been filed by the CBI.

Our Bank has also filed an FIR bearing no. RCBSM2018E0003 (“**FIR-3**”) against Nirav Modi, Firestar Diamonds International Private Limited, officials of Firestar International Limited and others on March 4, 2018 for the criminal conspiracy and fraud pursuant to circular transactions with the Partnership Firms. As on the date of this Placement Document, CBI is yet to file any charge sheet basis the FIR-3 filed by the Bank.

Thereafter, our Bank has filed an FIR bearing number RCBSM2018E0004 (“**FIR-4**”) against Chandri Paper & Allied Products Private Limited and others on March 9, 2018 for committing fraud in the matter of issuance of unauthorised LOUs. Basis the FIR-4 filed by our Bank against Chandri Paper & Allied Products Private Limited, the CBI has filed its charge sheet. As on the date of this Placement Document, no cognizance has been taken of the charge sheet filed by the CBI.

In respect of unauthorized and fraudulent issuance of LOUs and Foreign Letters of Credit (“**FLCs**”) at the Brady House Branch, our Bank has reported to RBI through respective FMR-1 on different dates starting from January 29, 2018 to June 15, 2018 aggregating to ₹ 13,953.99 crore (₹ 6,820.08 crore in Nirav Modi group, ₹ 7,093.96 crore Gitanjali Group and ₹ 39.95 crore in Chandri Paper & Allied Products Private Limited).

Our Bank has lodged a complaint with Enforcement Directorate (“**ED**”) against the Nirav Modi group and Mehul Choksi group, and the ED has initiated necessary action in this regard.

Our Bank also lodged a complaint with the Ministry of Corporate Affairs (“**MCA**”) on February 19, 2018. On February 23, 2018, in relation to a petition filed by the MCA (company petition No.277 of 2018) filed sections, 221, 222, 241, 242 and 246 read with section 339 of the Companies Act, 2013, the National Company Law Tribunal, Mumbai has granted a restraint order as prayed for by the Government of India preventing removal, transfer or disposal of funds, assets and properties of the entities and individuals, who are respondents in the Government's petition.

2. Litigation by our Bank

A. Criminal cases filed by our Bank

i. Cases filed under Section 138 of Negotiable Instruments Act, 1881

A total of 3,829 legal proceedings filed by our Bank are pending as on date of this Placement Document, against accused persons under section 138 of the Negotiable Instruments Act, 1881 and the amount involved in such cases aggregates to a sum of ₹ 356.65 crores.

ii. Fraud Complaints

Our Bank has a Fraud Risk Management Cell (“**FRMC**”) created under Inspection & Audit departments (“**IAD**”) in each circle / zonal office of the Bank. The FRMC head at the circle / zonal offices submits the Fraud Monitoring Returns (“**FMR**”) to the Fraud Risk Management Division, Head Office when requisitioned. The FRMC head ensures compliance with regulatory guidelines on fraud classification and reporting. The authority for deciding any case as fraud in which the amount involved is more than ₹ 1 crore to ₹ 3 crores rests with the executive director of our Bank. Further, the Managing Director and Chief Executive Officer of our Bank possess the authority to decide cases of fraud where the amount involved is more than ₹ 3 crores. Thereafter, in terms of the guidelines issued by the RBI, our Bank files the complaint in fraud cases, with the respective authority assigned as per the following criteria set up:

AMOUNT INVOLVED IN THE FRAUD	AGENCY TO WHOM COMPLAINT SHOULD BE LODGED
Below ₹ 1.00 lac	Local Police Station
₹ 1 lac - ₹ 3.00 crore	State CID / Economic Offences Wing of the State concerned
₹ 3.00 crore and above	Central Bureau of Investigation

Details of aggregate complaints made by our Bank, the erstwhile Oriental Bank of Commerce (now amalgamated with our Bank) and the erstwhile United Bank of India (now amalgamated with our Bank) against its borrowers on account of fraud in the financial years ended March 31, 2018, March 31, 2019, March 31, 2020 and in the six-month period ended September 30, 2020 are tabulated below:

PERIOD	NUMBER OF COMPLAINTS	AMOUNT INVOLVED (₹ IN CRORE)
Financial year ended March 31, 2018	220	3,292.53
Financial year ended March 31, 2019	248	7,331.36
Financial year ended March 31, 2020	322	16,523.36
Six-month period ended September 30, 2020	24	103.64
TOTAL	814	27,250.89

Details of aggregate complaints made by our Bank, the erstwhile Oriental Bank of Commerce (now amalgamated with our Bank) and the erstwhile United Bank of India (now amalgamated with our Bank) against its employees on account of fraud in the financial years ended March 31, 2018, March 31, 2019, March 31, 2020 and in the six-month period ended September 30, 2020 are tabulated below:

PERIOD	NUMBER OF COMPLAINTS	AMOUNT INVOLVED (₹ IN CRORE)
Financial year ended March 31, 2018	211	13,979.07
Financial year ended March 31, 2019	61	6.65
Financial year ended March 31, 2020	54	25.77
Six-month period ended September 30, 2020	7	6.32
TOTAL	333	14,017.81

Details of aggregate complaints made by our Bank, the erstwhile Oriental Bank of Commerce (now amalgamated with our Bank) and the erstwhile United Bank of India (now amalgamated with our Bank) against third parties (other than borrower/employees) on account of fraud in the financial years ended March 31, 2018, March 31, 2019, March 31, 2020 and the six-month period ended September 30, 2020 are tabulated below:

PERIOD	NUMBER OF COMPLAINTS	AMOUNT INVOLVED (₹ IN CRORE)
Financial year ended March 31, 2018	119	167.09
Financial year ended March 31, 2019	272	5.69
Financial year ended March 31, 2020	324	4.77
Six-month period ended September 30, 2020	242	4.62
TOTAL	957	182.17

As on the date of this Placement Document, there are 2,104 cases filed by our Bank in relation to fraud matters and outstanding before various police stations and CBI, in accordance with the RBI circulars and guidelines on fraud classification and reporting. These cases are pending at various stages of adjudication.

B. Civil cases above the Materiality Threshold filed by our Bank

- (i) Our Bank, the erstwhile Oriental Bank of Commerce (“OBC”) and the erstwhile United Bank of India (“UBI”) had advanced certain credit facilities to Bhushan Power and Steel Limited (“Principal Borrower”) as part of a consortium financing with other lenders. The Principal Borrower along with other guarantors had executed various security agreements and deeds of guarantees to secure such credit facilities so availed. Since the Principal Borrower had failed to pay its outstanding dues towards the credit facilities, Corporate Insolvency Resolution Process (“CIRP”) was initiated under the Insolvency and Bankruptcy Code, 2016 (“IBC”) against the Principal Borrower on July 26, 2017 before the National Company Law Tribunal, New Delhi (“NCLT”). The cumulative admitted claim of the Bank, OBC and UBI amounted to ₹ 7,355.94 crores. The committee of creditors in CIRP approved the resolution plan of JSW Steel Limited provided by the resolution professional and agreed on a total sum of ₹ 19,350 crores to be paid to the financial creditors as part of the said resolution plan. The said resolution plan was approved by the NCLT on September 05, 2019 subject to certain modifications. Subsequently, the resolution applicant JSW Steel Limited filed an appeal before the National Company Law Appellate Tribunal (“NCLAT”), New Delhi challenging the modification made by the NCLT in the said resolution plan and for seeking protection of

the assets of the Principal Borrower from possible attachment by the Enforcement Directorate (“ED”). The NCLAT on February 17, 2020 upheld the modification made by the NCLT and held that the judgments passed by the NCLT and the NCLAT would not come in the way of the investigation conducted by the ED. Thereafter, an appeal has been filed before the Supreme Court of India against the order of the NCLAT and the matter is presently pending.

- (ii) Our Bank, the erstwhile Oriental Bank of Commerce (“OBC”) and the erstwhile United Bank of India (“UBI”) had advanced certain credit facilities to Gitanjali Gems Limited (“Borrower”) as part of a consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities, ICICI Bank, the lead bank of the consortium, initiated Corporate Insolvency Resolution Process (“CIRP”) against the Borrower under the Insolvency and Bankruptcy Code, 2016 on October 08, 2018 before the National Company Law Tribunal, Mumbai (“NCLT”). The aggregate amount claimed by our Bank, OBC and UBI amounted to ₹ 6,038.50 crore. The CIRP of the Borrower failed and therefore the committee of creditors on April 05, 2019 decided to refer the Borrower for liquidation and have recommended a liquidator for the same. Our Bank has also filed a recover suit against the Borrower before the Debt Recovery Tribunal, Mumbai which is current pending.
- (iii) Our Bank, the erstwhile Oriental Bank of Commerce (“OBC”) and the erstwhile United Bank of India (“UBI”) had advanced certain credit facilities to Dewan Housing Finance Corporation Limited (“Borrower”) as part of a consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities and had committed fraud, Corporate Insolvency Resolution Process (“CIRP”) was initiated under the Insolvency and Bankruptcy Code, 2016 against the Borrower on December 03, 2019 by the RBI before National Company Law Tribunal, Mumbai. The aggregate of admitted claim of our Bank, OBC and UBI amounts to ₹ 2,938.39 crores. The CIRP is pending as on the date of this Placement Document.
- (iv) Our Bank had advanced certain credit facilities to Dishnet Wireless Limited, Aircel Cellular Limited and Aircel Limited (“Borrowers”). Since the Borrowers had failed to pay its outstanding dues towards the credit facilities, separate Corporate Insolvency Resolution Process(s) (“CIRP”) were initiated under the Insolvency and Bankruptcy Code, 2016 against the Borrowers in March 2018 before the National Company Law Tribunal, Mumbai. The aggregate of admitted claim of all the financial creditors against the Borrowers amounts to ₹ 19,788.77 crores, out of which our Bank’s admitted claim amounts to ₹ 2,986.00 crore. The consolidated resolution plan for Aircel Limited, Aircel Cellular Limited and Dishnet Wireless Limited amount to ₹ 6,630 crores to Financial Creditors has been approved by the respective committee(s) of creditors and thereafter by the respective National Company Law Tribunal. The implementation of the resolution plan is pending and RBI approval of the resolution plan is awaited.
- (v) Our Bank, the erstwhile Oriental Bank of Commerce (“OBC”) and the erstwhile United Bank of India (“UBI”) had advanced certain credit facilities to Lanco Infratech Limited (“Borrower”) as part of consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities, Corporate Insolvency Resolution Process (“CIRP”) was initiated under the Insolvency and Bankruptcy Code, 2016 against the Borrower on August 7, 2017 before the National Company Law Tribunal, Hyderabad (“NCLT”). The CIRP did not succeed and the Borrower was referred for liquidation on August 27, 2018. The admitted claim of our Bank, OBC and UBI amounts to ₹ 6,045.92 crores. The liquidation process is ongoing.
- (vi) Our Bank, the erstwhile Oriental Bank of Commerce (“OBC”) and the erstwhile United Bank of India (“UBI”) had advanced certain credit facilities to KSK Mahanadi Power Company Limited (“Borrower”) as part of consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities, Corporate Insolvency Resolution Process (“CIRP”) was initiated under the Insolvency and Bankruptcy Code, 2016 against the Borrower on October 3, 2019 before the National Company Law Tribunal, Hyderabad (“NCLT”). The admitted claim of our Bank along with the admitted claims of OBC and UBI amounts to ₹ 3,165.39 crores. The CIRP is pending as on the date of this Placement Document.
- (vii) Our Bank, the erstwhile Oriental Bank of Commerce (“OBC”) and the erstwhile United Bank of India (“UBI”) had advanced certain credit facilities to Reliance Naval and Engineering Limited (“Borrower”) as part of consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities, Corporate Insolvency Resolution Process (“CIRP”) was initiated under the Insolvency and Bankruptcy Code, 2016 against the Borrower on January 15, 2020 before the National

Company Law Tribunal, Ahmedabad by one of the consortium lenders. The admitted claim of our Bank, along with the admitted claims of OBC and UBI amounts to ₹ 1,775.35 crores. The CIRP is pending as on the date of this Placement Document.

- (viii) Our Bank and the erstwhile Oriental Bank of Commerce (“**OBC**”) had advanced certain credit facilities to Kudos Chemie Limited (“**Borrower**”) as part of consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities, Corporate Insolvency Resolution Process (“**CIRP**”) was initiated under the Insolvency and Bankruptcy Code, 2016 against the Borrower on July 5, 2019 before the National Company Law Tribunal, Chandigarh (“**NCLT**”). The Bank’s admitted claim, along with the admitted claim of OBC, amounts to ₹ 2,618.22 crores. The CIRP is pending as on the date of this Placement Document.
- (ix) Our Bank, the erstwhile Oriental Bank of Commerce (“**OBC**”) and the erstwhile United Bank of India (“**UBI**”) had advanced certain credit facilities to Reliance Communications Limited Reliance Telecommunications Limited and Reliance Infratel Limited (“**Borrowers**”) as part of consortium financing with other lenders. The Borrowers also acted a corporate guarantor to Reliance Telecommunications Limited. Since the Borrowers had failed to pay its outstanding dues towards the credit facilities, Corporate Insolvency Resolution Process (“**CIRP**”) was initiated under the Insolvency and Bankruptcy Code, 2016 against the Borrowers on May 15, 2018 before the National Company Law Tribunal, Mumbai (“**NCLT**”). The admitted claim of our Bank, OBC and UBI amounts to ₹6,875.94 crores. The CIRP is pending as on the date of this Placement Document.
- (x) Our Bank, the erstwhile Oriental Bank of Commerce (“**OBC**”) and our Subsidiary Punjab National Bank (International) Limited (“**PNBL**”) had advanced certain credit facilities to ABG Shipyard Limited (“**Borrower**”) as part of consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities, Corporate Insolvency Resolution Process (“**CIRP**”) was initiated under the Insolvency and Bankruptcy Code, 2016 against the Borrower before the National Company Law Tribunal, Ahmedabad (“**NCLT**”) on August 1, 2017. The admitted claim of our Bank and OBC to ₹ 1,957.38 crores and of PNBL amounts to ₹97.01 crores. The Borrower is currently under liquidation pursuant to an order dated April 25, 2019 passed by the NCLT.
- (xi) Our Bank, the erstwhile Oriental Bank of Commerce (“**OBC**”) and the erstwhile United Bank of India (“**UBI**”) had advanced certain credit facilities to Videocon Industries Limited (“**Borrower**”) as part of consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities, Corporate Insolvency Resolution Process (“**CIRP**”) was initiated under the Insolvency and Bankruptcy Code, 2016 against the Borrower on June 6, 2018 before the National Company Law Tribunal, Mumbai (“**NCLT**”). Thereafter, the NCLT passed an order dated August 8, 2019 for a consolidated resolution of the Borrower and its group entities. The admitted claim of our Bank OBC and UBI amounts to ₹ 3,102.24 crores. The CIRP is pending as on the date of this Placement Document.
- (xii) Our Bank had advanced certain credit facilities to Nakshatra Brands Limited (“**Borrower**”) as part of consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities, Corporate Insolvency Resolution Process (“**CIRP**”) was initiated under the Insolvency and Bankruptcy Code, 2016 against the Borrower on January 29, 2019 before the National Company Law Tribunal, Mumbai (“**NCLT**”). The resolution plans were not accepted by the Committee of Creditors (“**COC**”) and the Borrower is under liquidation. The claim of our Bank as submitted amounts to ₹ 1,357.94 crores.
- (xiii) Our Bank, the erstwhile Oriental Bank of Commerce (“**OBC**”) and the erstwhile United Bank of India (“**UBI**”) had advanced certain credit facilities to Lanco Vidarbha Thermal Power Limited (“**Borrower**”) as part of consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities, Corporate Insolvency Resolution Process (“**CIRP**”) was initiated by our Bank under the Insolvency and Bankruptcy Code, 2016 against the Borrower on October 3, 2019 before the National Company Law Tribunal, Hyderabad (“**NCLT**”). The claim of our Bank, OBC and UBI as on the date of application for the CIRP stands at ₹ 1,379.64 crores. The CIRP is pending as on the date of this Placement Document.
- (xiv) Our Bank and the Punjab National Bank (Hong Kong) had advanced certain credit facilities to Jet Airways India Limited (“**Borrower**”) as part of consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities, Corporate Insolvency Resolution Process

("CIRP") was initiated by under the Insolvency and Bankruptcy Code, 2016 against the Borrower on June 20, 2019 before the National Company Law Tribunal, Mumbai ("NCLT"). The claim of our Bank amounts to ₹ 747.95 crores and the Punjab National Bank (Hong Kong) amounts to ₹42.98 crores. The resolution plan is yet to be approved by the NCLT.

- (xv) Our Bank and the erstwhile Oriental Bank of Commerce ("OBC") had advanced certain credit facilities to Winsome Diamonds and Jewellery Limited ("**Borrower**") as part of consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities, Corporate Insolvency Resolution Process ("CIRP") was initiated under the Insolvency and Bankruptcy Code, 2016 against the Borrower on February 13, 2018 before the National Company Law Tribunal, Ahmedabad ("NCLT"). The aggregate claim of our Bank and OBC amounts to ₹2,326.60 crores. The Committee of Creditors vide its meeting dated August 7, 2018 referred the Borrower for liquidation and the NCLT approved the application for liquidation on September 1, 2020. The Borrower is under liquidation.
- (xvi) Our Bank and the erstwhile Oriental Bank of Commerce ("OBC") had advanced certain credit facilities to Era Infra Engineering Limited ("**Borrower**") as part of consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities, Corporate Insolvency Resolution Process ("CIRP") was initiated under the Insolvency and Bankruptcy Code, 2016 against the Borrower on May 8, 2018 before the National Company Law Tribunal New Delhi ("NCLT"). The admitted claim of our Bank and OBC amounts to ₹1,850.38 crore. The CIRP is pending as on the date of this Placement Document.
- (xvii) The erstwhile Oriental Bank of Commerce and the erstwhile United Bank of India (now amalgamated with the Bank) had advanced certain credit facilities to Concast Steel and Power Limited ("**Borrower**") as part of consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities, Corporate Insolvency Resolution Process ("CIRP") was initiated under the Insolvency and Bankruptcy Code, 2016 against the Borrower on November 7, 2017 before the National Company Law Tribunal, Kolkata ("NCLT"). The admitted claim of the erstwhile Oriental Bank of Commerce and erstwhile United Bank of India (now amalgamated with the Bank) amounts to ₹ 1,047.75 crores. The NCLT approved the application for liquidation on September 26, 2018 and the Borrower is under liquidation.
- (xviii) Our Bank had advanced certain credit facilities to Forever Precious Jewellery and Diamond Private Limited ("**Borrower**") as part of consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities, Corporate Insolvency Resolution Process ("CIRP") was initiated under the Insolvency and Bankruptcy Code, 2016 against the Borrower on February 13, 2018 before the National Company Law Tribunal, Ahmedabad ("NCLT"). The claim of our Bank amounts to ₹ 1649.52 crores. The resolution plan was not accepted by the committee of creditors and the Borrower was referred for liquidation. The NCLT approved the application for liquidation on September 1, 2020 and the Borrower is under liquidation.
- (xix) Our Bank had advanced certain credit facilities to Vadraj Cement Limited ("**Borrower**") as part of consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities, the Bombay High Court *vide* order dated August 23, 2018 appointed an official liquidator for the Borrower. Thereafter, our Bank through the official liquidator filed an application on December 10, 2019 to initiate Corporate Insolvency Resolution Process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 against the Borrower on December 10, 2019 before the National Company Law Tribunal, Mumbai ("NCLT"). Our Bank has also filed a recovery suit before the Debt Recovery Tribunal, New Delhi ("DRT"). The claim of our Bank amounts to ₹ 1,001.48 crores. Both applications are pending as on the date of this Placement Document.
- (xx) Our Bank had advanced certain credit facilities to Essar Power MP Limited ("**Borrower**") as part of consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities, Corporate Insolvency Resolution Process ("CIRP") was initiated under the Insolvency and Bankruptcy Code, 2016 against the Borrower on October 3, 2020 before the National Company Law Tribunal, New Delhi ("NCLT"). The claim of our Bank amounted to ₹ 1,922.14 crores, out of which ₹814.70 crores has been admitted and the rest is under verification. The CIRP is pending as on the date of this Placement Document.

- (xxi) Our Bank had advanced certain credit facilities to Aban Holdings PTE. Limited (“**Borrower**”) as part of consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities, our Bank has also filed a suit against the guarantor, Reji Abraham for recovery of the outstanding dues of the Borrower towards our Bank on May 2, 2019. The suit has been filed before Debts Recovery Tribunal, Chennai for recovery of ₹ 896.00 crores and the matter is currently pending.
- (xxii) Our Bank had advanced certain credit facilities to Jindal India Thermal Power Limited (“**Borrower**”) as part of consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities, our Bank filed a suit for recovery on October 9, 2018 before the Debt Recovery Tribunal, New Delhi (“**DRT**”). The recovery suit was filed for ₹ 969.19 crores and the matter is currently pending before the DRT.
- (xxiii) Our Bank and the erstwhile Oriental Bank of Commerce had advanced certain credit facilities to Visa Steel Limited (“**Borrower**”) as part of consortium financing with other lenders. Since the Borrower had failed to pay its outstanding dues towards the credit facilities, our Bank and the erstwhile Oriental Bank of Commerce filed a suit for recovery on October 25, 2018 before the Debt Recovery Tribunal, Odisha for the recovery of ₹ 649.39 crores and filed another suit for recovery before the Debt Recovery Tribunal, Kolkata for the recovery of ₹ 614.50 crores (collectively ₹ 1,263.89 crores). Both matters are currently pending.
- (xxiv) Our Bank had advanced certain credit facilities to M/s Stellar Diamonds, M/s Solar Exports, M/s Diamonds R Us and Others (“**Borrowers**”) as part of consortium financing with other lenders. Since the Borrowers had failed to pay its outstanding dues towards the credit facilities, our Bank filed a suit for recovery on July 2, 2018 before the Debt Recovery Tribunal, Mumbai (“**DRT**”). The recovery suit was filed for ₹ 7,029.07 crores. The matter is currently pending before the DRT.
- (xxv) Our Bank and the erstwhile Oriental Bank of Commerce had advanced certain credit facilities to Splendid Metal Products Limited (“**Borrower**”) as part of a consortium financing with other lenders. Since the Borrower failed to pay its outstanding dues towards the credit facilities, our Bank, erstwhile Oriental Bank of Commerce along with other consortium lenders filed a suit for recovery for ₹ 626.05 crores on December 15, 2018 before the Debt Recovery Tribunal, Chennai (“**DRT**”). The matter is currently pending before the DRT.
- (xxvi) Our Bank had advanced certain credit facilities to H. S. Bharana & Others (“**Borrowers**”) as part of consortium financing with other lenders. Since the Borrowers had failed to pay its outstanding dues towards the credit facilities, our Bank filed a suit for recovery of ₹ 851.51 crores on October 10, 2019 before the Debt Recovery Tribunal, New Delhi (“**DRT**”). The matter is currently pending before the DRT.
- (xxvii) Our Bank had advanced certain credit facilities to Bhushan Power & Steels Limited. (“**Borrower**”) as part of consortium financing with other lenders. Since the Borrowers had failed to pay its outstanding dues towards the credit facilities, our Bank filed a suit for recovery of ₹ 5,438.50 crores against the guarantors Sanjay Singhal and Aarti Singhal before the Debt Recovery Tribunal, New Delhi (“**DRT**”). The matter is currently pending before the DRT.
- (xxviii) Our Bank had advanced certain credit facilities to M/s. Alok Industries. (“**Borrower**”) as part of consortium financing with other lenders. Since the Borrowers had failed to pay its outstanding dues towards the credit facilities, our Bank filed a suit for recovery ₹ 1,180.96 crores before the Debt Recovery Tribunal, Ahmedabad (“**DRT**”) on June 13, 2019 against Alok Jiwrajka, Alok Knit Exports Private Limited and Others as guarantors of the Borrower. The matter is currently pending before the DRT.
- (xxix) Our Bank had advanced certain credit facilities to Essar Steel Limited (“**Borrower**”) as part of consortium financing with other lenders. Prashant Ruia acted as Personal Guarantor (“**Guarantor**”) to the facilities. Since the Borrowers had failed to pay its outstanding dues towards the credit facilities, our Bank filed a suit for recovery of ₹2,855.24 crore before the Debt Recovery Tribunal, Ahmedabad (“**DRT**”) against the Guarantor to the credit facilities on February 6, 2019. The matter is currently pending before the DRT.

3. Litigation involving the Subsidiaries and the Joint Venture

A. Criminal case involving the Subsidiaries

- i. A criminal complaint for defamation has been filed against our Subsidiary Punjab National Bank International Limited (“**PNBIL**”) and its management officials by Irfan Furniturewala (“**Complainant**”) before the Metropolitan Magistrate Court, Andheri, Mumbai. The complaint has been filed under section 500 read with section 34 of the Indian Penal Code, 1860 alleging that the solicitor of PNBIL had made defamatory remarks against the Complainant to a company in the United Kingdom. Subsequently, PNBIL has filed a criminal revision application before Session Court, Mumbai challenging the proceedings and the same has been admitted on March 21, 2020 with condonation of delay.
- ii. Criminal proceedings were initiated by Druk PNB Bank Limited in relation to ATM fraud case for embezzlement of cash amounting to Nu. 10.58 million before the Thimphu District Court, Bhutan. The matter is pending before the Thimphu District Court, Bhutan.

B. Civil cases above the materiality threshold involving the Subsidiaries

As on the date of this Placement Document, there are no civil cases exceeding the Materiality Threshold that have been filed against the Subsidiaries.

C. Taxation cases above the materiality threshold against the Subsidiaries

As on the date of this Placement Document, there are no tax matters exceeding the Materiality Threshold that have been filed against the Subsidiaries.

D. Outstanding actions by statutory or regulatory authorities (such as SEBI, RBI, Stock Exchanges or such similar authorities) against the Subsidiaries

Royal Monetary Authority of Bhutan has initiated regulatory action on Druk PNB Bank Limited for the violation of directives on personal and housing loans on January 13, 2020.

E. Criminal cases involving the Joint Venture

As on the date of this Placement Document, there are no criminal cases involving the Joint Venture.

F. Civil cases above the materiality threshold involving the Joint Venture

As on the date of this Placement Document, there are no civil cases exceeding the Materiality Threshold that have been filed against the Joint Venture.

G. Taxation cases above the materiality threshold against the Joint Venture

As on the date of this Placement Document, there are no tax matters exceeding the Materiality Threshold that have been filed against the Joint Venture.

H. Outstanding actions by statutory or regulatory authorities (such as SEBI, RBI, Stock Exchanges or such similar authorities) against the Joint Venture

As on the date of this Placement Document, there are no regulatory action involving the Joint Venture.

4. Litigation Involving our Directors

A. Criminal cases involving our Directors

As on the date of this Placement Document, there are no criminal cases involving any our Directors.

B. Civil cases involving our Directors

As on the date of this Placement Document, there are no civil cases above the Materiality Threshold, involving any our Directors.

C. Material Tax Proceedings involving our Directors

As on the date of this Placement Document, there are no tax proceedings above the Materiality Threshold, involving any of our Directors.

- D. Outstanding actions by statutory or regulatory authorities (such as SEBI, RBI, Stock Exchanges or such similar authorities) against our Directors*

As on the date of this Placement Document, there are no regulatory action against our Directors.

GENERAL INFORMATION

1. Our Bank was incorporated as Punjab National Bank Limited under the Indian Companies Act, 1882 (Act VI of 1882) in 1894. Our Bank was constituted as Punjab National Bank under the Banking Companies Act on July 19, 1969.
2. The corporate office of our Bank is located at Plot No.4, Sector 10, Dwarka, New Delhi 110 075.
3. The Equity Shares are listed on the BSE and NSE.
4. The Issue has been authorised and approved by the Board, through its resolution dated July 9, 2020 and our Shareholders through a special resolution passed at the AGM held on August 4, 2020.
5. Our Bank has received in-principle approvals under Regulation 28(1)(a) of the SEBI Listing Regulations from both BSE and NSE on December 15, 2020, respectively. We will apply for final listing and trading approvals of the Equity Shares on the Stock Exchanges.
6. Our Bank has also obtained the necessary consents, approvals and authorisations required in connection with the Issue, including the recommendation from RBI dated September 25, 2020 and approval from the Ministry of Finance, GoI dated October 28, 2020.
7. As on the date of this Placement Document, M/s MKPS & Associates, Chartered Accountants, M/s G. S. Mathur & Co., Chartered Accountants, M/s H D S G & Associates, Chartered Accountants, M/s MK Aggarwal & Co., Chartered Accountants and M/s A. John Moris & Co., Chartered Accountants are the statutory auditors of our Bank.
8. Except as disclosed in this Placement Document, there are no litigation or arbitration proceedings against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue.
9. The Floor Price for the Equity Shares under the Issue is ₹ 37.35 per Equity Share which has been calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Bank has offered a discount of 4.95% that is ₹ 1.85 per Equity Shares on the Floor Price in terms of Regulation 176(1) of the SEBI ICDR Regulations.
10. Our Bank and the Book Running Lead Managers accept no responsibility for statements made otherwise than in this Placement Document and anyone placing reliance on any other source of information, including our website, would be doing it at his or her own risk.

FINANCIAL STATEMENTS

Financial Statement	Page Number
Reviewed Financial Results	F- 1
Audited Standalone Financial Statements of Punjab National Bank for the year ended March 31, 2020	F- 68
Audited Consolidated Financial Statements of Punjab National Bank for the year ended March 31, 2020	F- 164
Audited Standalone Financial Statements of Punjab National Bank for the year ended March 31, 2019	F- 200
Audited Consolidated Financial Statements of Punjab National Bank for the year ended March 31, 2019	F - 282
Audited Standalone Financial Statements of Punjab National Bank for the year ended March 31, 2018	F – 309
Audited Consolidated Financial Statements of Punjab National Bank for the year ended March 31, 2018	F – 386

GS Mathur & Co.
Chartered Accountants

MKPS & Associates
Chartered Accountants

HDSG & Associates
Chartered Accountants

M K Aggarwal & Co.
Chartered Accountants

A John Moris & Co.
Chartered Accountants

INDEPENDENT AUDITORS' REVIEW REPORT ON THE UNAUDITED STANDALONE FINANCIAL RESULTS
FOR SIX MONTHS ENDED 30th SEPTEMBER 2020

To
The Board of Directors,
Punjab National Bank
New Delhi

1. We have reviewed the accompanying statements of unaudited financial results ("Statements") of Punjab National Bank (the "Bank") for the quarter and half year ended September 30, 2020 attached herewith, being submitted by the Bank pursuant to requirement of regulation 33 of SEBI (Listing Obligation and Disclosure Requirement, 2015 as amended (Listing Regulation). The disclosures relating to "Pillar 3 including Leverage Ratio and Liquidity Ratio under Basel III Capital Regulations" as have been disclosed on the Banks website and in respect of which a link has been provided in the aforesaid Statements have not been reviewed by us. These statements are the responsibility of the Bank's Management and have been approved by the Board of Directors. Our responsibility is to issue a report on these interim financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to making inquiries of the Bank personnel and applying analytical and other review procedures to financial data and thus provides less assurance than an audit. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. These Unaudited Standalone Financial results incorporate the relevant returns of 20 Branches reviewed by us, 2 foreign branch reviewed by local auditors specially appointed for this purpose and un-reviewed returns in respect of 10345 branches and other offices. In the conduct of our review, we have relied upon the review reports in respect of non-performing assets submitted by external concurrent auditors (including retired employees of the Bank) of 1358 branches, in-house concurrent auditors of 244 branches to the Bank Management. These review reports cover 81.90% (of which 54.68% has been covered by us) of the advances portfolio of the bank (excluding the advances of asset recovery branches and outstanding food credit) as at September 30th, 2020. Apart from these review reports, in the conduct of our review, we have also relied upon various information and returns received from un-reviewed branches/other offices of the Bank and generated through centralized database at the Bank's Head Office.
4. Based on our review conducted as above, subject to limitation in scope as mentioned in Para 3 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited interim financial results together with the notes thereon, prepared in accordance with applicable accounting standards and other recognized accounting practices and policies, has not



disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

5. We draw attention to:

- a) Refer **Note No. 1** to the accompanying financial results regarding change in policy of appropriation of recovery in NPA accounts
- b) Refer **Note No. 9** to the accompanying financial results regarding impact of Hon'ble Supreme Court order on provisioning and classification of loans and advances as per prudential norms.
- c) Refer **Note No. 11** to the accompanying financial results which describes the uncertainties due to outbreak of novel corona virus (COVID 19).
- d) Refer **Note No. 13** to the financial results relating to deferment of provision related to fraud reported during the quarter ended 30th September, 2020
- e) Refer **Note No. 18** to the financial results relating to provision in one of the associates of the bank.

Our opinion is not modified in respect of these matters.

For G S Mathur & Co.
Chartered Accountants

CA Rajiv Kumar Wadhawan
Partner

(M.NO. 091007)
FRN 008744N

UDIN:20091007AAAACJ6610
Place: New Delhi



For MKPS & Associates
Chartered Accountants

CA Mahendra K Agrawala
Partner

(M.NO. 051764)
FRN 302014E

UDIN: 20051764AAAABG2275
Place: New Delhi



For HDSG & Associates
Chartered Accountants

CA Dalbir Singh Gulati
Partner

(M.NO. 061024)
FRN 002871N

UDIN: 20081024AAAAHN5136
Place: New Delhi



For M K Aggarwal & Co.
Chartered Accountants

CA Atul Aggarwal
Partner

(M.NO. 099374)
FRN 001411N

UDIN: 20099374AAAACU8533
Place: New Delhi

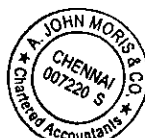


For A John Moris & Co.
Chartered Accountants

CA G Kumar
Partner

(M.NO.023082)
FRN 007220S

UDIN: 20023082AAAAMI6957
Place: Chennai



Date: November 02, 2020

PUNJAB NATIONAL BANK

BALANCE SHEET AS ON 30th SEPTEMBER, 2020

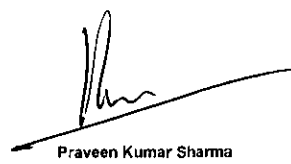
(Rs.000s omitted)

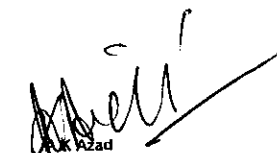
<u>Particulars</u>	<u>Schedule</u>	<u>As on 30.09.2020</u>	<u>As on 30.09.2019</u>
<u>CAPITAL & LIABILITIES</u>			
Capital	1	18821259	9208094
Reserves & Surplus	2	850749623	470600027
Share Application, pending allotment		0	160910000
Deposits	3	10697470696	6957820767
Borrowings	4	457311733	325617101
Other Liabilities and Provisions	5	246903695	138368341
TOTAL		<u>12271257006</u>	<u>8062524330</u>
<u>ASSETS</u>			
Cash & Balances with Reserve Bank of India	6	685926134	376581747
Balances with Banks & Money at call & short notice	7	352045719	582382520
Investments	8	3917542409	2391317403
Advances	9	6526626919	4279028852
Fixed Assets	10	108528443	73527908
Other Assets	11	680585382	357685900
TOTAL		<u>12271257006</u>	<u>8062524330</u>
Contingent Liabilities	12	2202234331	2620552163
Bills for Collection		408393980	274650724
Significant Accounting Policies	17		
Notes on Accounts	18		

The Schedules 1 to 18 form an integral part of the Accounts.


Asst. General Manager


R K Khichi
Deputy General Manager


Praveen Kumar Sharma
General Manager


K K Azad
Executive Director


D K Jain
General Manager & CFO


Vijay Dube
Executive Director


Sanjay Kumar
Executive Director


CH. S.S. Maillikarjuna Rao
Managing Director & CEO

Date : November 02, 2020
Place: New Delhi



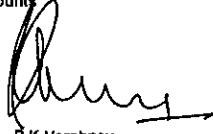
PUNJAB NATIONAL BANK

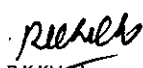
PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED 30th SEPTEMBER, 2020

Particulars	Schedule	(Rs.000s omitted)	
		Period ended 30.09.2020	Period ended 30.09.2019
I. INCOME			
Interest earned	13	415507508	263783633
Other Income	14	61806131	43399935
TOTAL		477313639	307183568
II. EXPENDITURE			
Interest expended	15	264091228	179731648
Operating expenses	16	103672834	57018194
Provisions and Contingencies		100256984	55176885
TOTAL		468021046	291926727
III. PROFIT			
Net Profit for the period		9292593	15256841
IV. APPROPRIATIONS		Nil	Nil
Earnings per Share (Rs.) (Basic/Diluted)		0.99	3.31

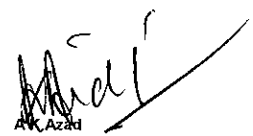
Significant Accounting Policies
Notes on Accounts

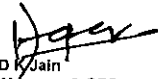
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18



P K Varshney
Asst. General Manager

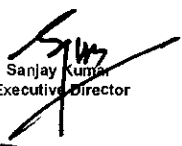

R K Khichi
Deputy General Manager


Praveen Kumar Sharma
General Manager


A K Azad
Executive Director


D K Jain
General Manager & CFO


Vijay Dube
Executive Director


Sanjay Kumar
Executive Director


CH. S.S. Mailkaniya Rao
Managing Director & CEO

Date : November 02, 2020
Place: New Delhi



PUNJAB NATIONAL BANK

(Rs. 000s omitted)

Particulars	As on 30.09.2020	As on 30.09.2019
SCHEDULE 1 - CAPITAL		
Authorised		
15,00,00,00,000 Equity Shares of Rs. 2 each	<u>30000000</u>	<u>30000000</u>
Issued & Subscribed		
941,06,29,315 (Previous year 460,40,47,028) Equity Shares of Rs. 2 each	<u>18821259</u>	<u>9208094</u>
Paid Up		
941,06,29,315 (Previous year 460,40,47,028) Equity Shares of Rs. 2 each	<u>18821259</u>	<u>9208094</u>
(includes equity shares of 805,41,25,685 of Rs. 2 each held by Central Government)		
Total	<u>18821259</u>	<u>9208094</u>



PUNJAB NATIONAL BANK

(Rs. 000s omitted)

Particulars	As on 30.09.2020	As on 30.09.2019
SCHEDULE 2 - RESERVES & SURPLUS		
I. Statutory Reserves		
Opening Balance	94727008	95483772
Addition during the period	43091361	0
Deduction during the year	0	1577250
	137818369	93886522
II. Capital Reserves		
a) Revaluation Reserve		
Opening Balance	47586916	35822289
Addition during the year	22503895	12730967
Deduction during the year	0	0
Transfer to Other Reserves (being depreciation on revalued portion of property)	841515	362209
	69249296	48191047
b) Others		
Opening Balance	32177240	29634188
Addition during the year (including Amalgamation Reserve of Rs. 9268.29 Crore)	116206327	0
	148383567	29634188
III. Share Premium		
Opening Balance	511865794	355242832
Addition during the year	182812274	0
Less: Appropriation of Accumulated Losses	287079182	0
	407618886	355242832
IV. Revenue and other Reserves		
a) Investment Reserve		
Opening Balance	3705193	3705193
Add: Transfer from P&L Appropriation A/c	0	0
Less: Transfer to P&L Appropriation A/c	0	0
	3705193	3705193
b) Investment Fluctuation Reserve		
Opening Balance	485199	0
Addition during the period	101972	0
Add: Transfer from P&L Appropriation A/c	0	0
Less: Transfer to P&L Appropriation A/c	0	0
	587171	0
c) Exchange Fluctuation Reserve		
Opening Balance	4168803	3431300
Add: Addition during the year	0	190218
Less: Deduction during the year (Net)	149921	0
	4018882	3621518
d) Special Reserve under Sec.36(1) (viii) of Income Tax Act, 1961		
Opening Balance	14836600	14836600
Transferred from Other Reserves	0	0
Addition during the year	18050000	0
	32886600	14836600
e) Other Reserve		
Opening Balance	0	0
Addition during the year	36547551	5336100
Less: Withdrawal during the year	0	0
Add: Transfer from Revaluation Reserves	841515	362209
Less: Payment for blocked accounts	0	0
	37389066	5698309
V. Balance in Profit & Loss Account	9292593	-84016182
Total of I, II, III, IV and V	850749623	470600027

*Addition/deduction in Reserves includes balances of transferee banks as at date of amalgamation.



PUNJAB NATIONAL BANK

(Rs. 000s omitted)

Particulars	As on 30.09.2020	As on 30.09.2019
SCHEDULE 3 - DEPOSITS		
I. Demand Deposits		
(i) From Banks	25060122	21029741
(ii) From Others	640868112	437121640
	665928234	458151381
II. Savings Bank Deposits	3928843784	2471245266
III. Term Deposits		
A. (i) From Banks	347058299	378082048
(ii) From Others	5755640379	3650342070
	6102698678	4028424118
Total of I, II & III	10697470696	6957820767
B. (i) Deposits of branches in India	10416814545	6730775738
(ii) Deposits of branches outside India	280656151	227045029
Total of B (i) & (ii)	10697470696	6957820767

SCHEDULE 4 - BORROWINGS

I. Borrowings in India		
(i) Reserve Bank of India	37190000	4795
(ii) Other Banks	17734970	58337836
(iii) Other Institutions and Agencies	99880269	31968043
(iv) Unsecured Redeemable Bonds		
a) Tier-I Bonds (Perpetual Debt Instruments)	55500000	54500000
b) Upper Tier-II Bonds	0	10000000
c) Subordinate debts for Tier II Capital	132090000	50000000
d) Long term infrastructure bonds	28000000	215590000
	28000000	142500000
II. Borrowings outside India	86916494	92806427
Total of I, II	457311733	325617101
Secured Borrowings included in I & II above	89479577	4795

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

I. Bills Payable	23242902	21423400
II. Inter-office adjustments (net)	3266321	17165
III. Interest accrued	30892592	17040824
IV. Deferred Tax Liability (Net)	0	0
V. Others (including provisions)	189501880	99886952
Total of I, II, III, IV, V	246903695	138368341



PUNJAB NATIONAL BANK

(Rs. 000s omitted)

Particulars	As on 30.09.2020	As on 30.09.2019
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SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

I. <u>Cash in hand (Including foreign currency notes)</u>	37374456	20891144
II. <u>Balance with Reserve Bank of India</u>		
In Current Account	648553678	357690603
In other Account	0	0
Total of I, II	<u>685928134</u>	<u>378581747</u>

SCHEDULE 7- BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE

I. In India

(i) Balances with Banks

a) In Current Accounts	1389178	31173922	
b) In Other Deposit Accounts	83101062	84490240	125444542
			<u>156618464</u>

(ii) Money at Call and Short Notice

a) with Banks	0	4000000	
b) with Other Institutions	0	0	240358472
			<u>244358472</u>
Total		<u>84490240</u>	<u>400976936</u>

II. Outside India

(i) Balances with Banks

a) In Current Accounts	45845255	12623713	
b) In Other Deposit Accounts	219423354	265268609	168781871
			<u>181405584</u>

(ii) Money at Call & Short Notice

	2286870	0	
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Total	<u>267555479</u>	<u>181405584</u>	
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Grand Total of I, II	<u>352045719</u>	<u>582382520</u>	
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PUNJAB NATIONAL BANK

(Rs. 000s omitted)

Particulars	As on 30.09.2020	As on 30.09.2019
SCHEDULE 8 - INVESTMENTS		
I. Investments In India : Gross	3916011960	2359597833
Less: Provision for Depreciation	60633142	39210841
Net Investment In India	3855378818	2320386992
(i) Government Securities	3375956846	1988035514
(ii) Other Approved Securities	1500	859911
(iii) Shares	43608527	33011307
(iv) Debentures and Bonds	341759247	255249504
Subsidiaries and/or joint ventures		
(v) (including sponsored institutions)	15253885	6289870
(vi) Others	78798813	36940885
Mutual Funds, Venture Capital Funds, ARCIL, Commercial Papers, Certificate of Deposits etc.		
Total of I	3855378818	2320386992
II. Investments Outside India : Gross	65579467	70930412
Less: Provision for Depreciation	3415876	0
Net Investments outside India	62163591	70930412
(i) Govt. securities including local authorities	10272608	10350797
(ii) Subsidiary and / or Joint ventures abroad	20772800	23621885
(iii) Others	31118183	36897730
Total of II	62163591	70930412
Grand Total of I & II	3917542409	2391317403



PUNJAB NATIONAL BANK

(Rs. 000s omitted)

Particulars	As on 30.09.2020	As on 30.09.2019
<u>SCHEDULE 9 - ADVANCES</u>		
A (i) Bills purchased and discounted	6329936	5940993
(ii) Cash Credits, Overdrafts & Loans repayable on demand	3591759425	2742111325
(iii) Term Loans	2928537558	1530976534
Total	6526626919	4279028852
B (i) Secured by tangible assets (Includes advances against Book Debts)	4172183204	3541038622
(ii) Covered by Bank/Government guarantees	43156172	22591813
(iii) Unsecured	2311287543	715398417
Total	6526626919	4279028852
C (i) <u>Advances In India</u>		
(i) Priority Sector	2305010645	1484092690
(ii) Public Sector	1141489199	397525279
(iii) Banks	54277	34115
(iv) Others	2900588349	2220482037
Total	6347142470	4102134321
C (ii) <u>Advances outside India</u>		
(i) Due from Banks	76847881	72363814
(ii) <u>Due from Others</u>		
(a) Bills Purchased & Discounted	12445	512937
(b) Syndicated Loan	24737235	26154528
(c) Others	77886868	77863252
Total	179484449	176894531
Grand Total (Total of I & II)	6526626919	4279028852



PUNJAB NATIONAL BANK

(Rs. 000s omitted)

Particulars	As on 30.09.2020	As on 30.09.2019
SCHEDULE 10 - FIXED ASSETS		
A TANGIBLE ASSETS		
I. Premises		
At cost / valuation as on 31st March of the preceding year	67964794	55338806
Add: Revaluation during the year	0	12730967
Addition during the period*	35986831	11252
	103951625	68081025
Deduction during the period	454650	0
Less: Adjustment during the period	0	0
	103496975	68081025
Depreciation to date (including on revalued amount)	13923656	7218699
	89573319	60862326
II. Other Fixed Assets (Including Furniture & Fixtures)		
At cost as on 31st March of the preceding year	48612467	47552951
Addition during the period*	39376193	1413616
	87988660	48966567
Deduction during the period	15420559	0
	72568101	46966567
Depreciation to date	55768200	37792846
	16799901	11173721
III. Leased Assets		
At cost as on 31st March of the preceding year	252386	252366
	252386	252366
Addition/adjustment during the period	0	0
Deduction during the period	0	0
	252386	252366
Amortisation / lease adjustment to date	252386	252366
	0	0
Total of I, II, III	106373220	72036047
B INTANGIBLE ASSETS		
Computer Software		
At cost as on 31st March of the preceding year	6218875	5726045
Addition during the period	3621626	233454
	9840501	5959499
Deduction during the period	34010	0
	9806491	6959499
Amortised to date	7651268	4467638
	2155223	1491861
Total	2155223	1491861
Grand Total (A+B)	108528443	73527908

*Addition includes balances of transferee banks as at date of amalgamation.



PUNJAB NATIONAL BANK

(Rs. 000s omitted)

Particulars	As on 30.09.2020	As on 30.09.2019
<u>SCHEDULE 11 - OTHER ASSETS</u>		
I. Interest accrued	91700560	63727771
II. Tax paid in advance / tax deducted at source	91604811	33938882
III. Stationery and stamps	173291	83456
IV. Non-banking assets acquired in satisfaction of claims	644569	540838
V. Deferred tax asset (net)	276527638	186345586
VI. Others	217934313	73049367
Total of I, II, III, IV, V and VI	<u>680585382</u>	<u>357685900</u>

SCHEDULE 12 - CONTINGENT LIABILITIES

I (i) Claims against the Bank not acknowledged as debts	21259422	2877058
Disputed income tax and interest tax demands under appeals, (ii) references, etc.	98260586	459793
II. Liability for partly paid investments	4198615	327315
III. Liability on account of outstanding forward exchange contracts	1328386261	2042550658
IV. Guarantees given on behalf of constituents:		
(a) In India	529262474	385374496
(b) Outside India	22090155	17550767
V. Acceptances, endorsements and other obligations	156774641	149832292
VI. Other items for which the Bank is contingently liable	42002177	21579784
Total of I, II, III, IV, V and VI	<u>2202234331</u>	<u>2628552163</u>



PUNJAB NATIONAL BANK

(Rs. 000s omitted)

Particulars	Period ended 30.09.2020	Period ended 30.09.2019
<u>SCHEDULE 13 - INTEREST EARNED</u>		
I. Interest/discount on advances/bills	279300122	177567266
II. Income on Investments	123186686	73753867
III. Interest on balances with Reserve Bank of India and other Inter-Bank funds	10057737	11694108
IV. Others	2962963	768392
Total of I, II, III, IV	<u>415507508</u>	<u>263783633</u>
<u>SCHEDULE 14 - OTHER INCOME</u>		
I. Commission, Exchange and Brokerage	20048720	15460598
II. Profit on sale of Investments	21807090	10411911
Less: Loss on sale of Investments	726320	202020
	<u>21080770</u>	<u>10209891</u>
III. Profit on revaluation of Investments	0	0
Less: Loss on revaluation of Investments/ Amortization	0	0
	<u>0</u>	<u>0</u>
IV. Profit on sale of land, buildings and other assets	11126	200670
Less: Loss on sale of land, buildings and other assets	2024	18931
	<u>9102</u>	<u>181739</u>
V. Profit on exchange transactions	5548381	3447534
Less: Loss on exchange transactions	2351025	1102717
	<u>3197356</u>	<u>2344817</u>
VI. Income earned by way of dividends etc. from subsidiaries / companies and / or joint ventures in India & abroad	565896	1138081
VII. Miscellaneous Income	16904287	14064809
Total of I, II, III, IV, V, VI & VII	<u>61806131</u>	<u>43399935</u>
<u>SCHEDULE 15 - INTEREST EXPENDED</u>		
I. Interest on Deposits	247970862	171648446
II. Interest on Reserve Bank of India/inter-bank borrowings	5488482	2087897
III. Others	10631884	5995305
Total of I, II, III	<u>264091228</u>	<u>179731648</u>
<u>SCHEDULE 16 - OPERATING EXPENSES</u>		
I. Payments to and Provisions for employees	65484230	33564544
II. Rent, Taxes and Lighting	5864090	3748240
III. Printing and Stationery	488043	432817
IV. Advertisement and Publicity	111002	448437
V. Depreciation/Amortisation on Bank's property	5179442	3109853
VI. Directors' fees, allowances and expenses	2368	9932
VII. Auditors' fees and expenses	174279	429064
VIII. Law Charges	352523	514083
IX. Postage, Telegrams, Telephones, etc.	1244675	923298
X. Repairs and Maintenance	1985166	1470218
XI. Insurance	7438488	3646978
XII. Other expenditure	15348528	8720730
Total of I to XII	<u>103672834</u>	<u>57018194</u>



PUNJAB NATIONAL BANK
SCHEDULE 17: SOLO 30.09.2020
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 recognized 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 recognized upon realization, 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** Mode of appropriation of recovery in order of priority will be as below:



PUNJAB NATIONAL BANK
SCHEDULE 17: SOLO 30.09.2020
SIGNIFICANT ACCOUNTING POLICIES

- (a) Recoveries in NPA accounts (irrespective of the mode / status / stage of recovery actions) shall be appropriated in the following order of priority except for the cases covered under below mentioned points (b) & (c):
- i. Expenditure/Out of Pocket Expenses incurred for Recovery, including under SARFAESI Action (Recorded in Memorandum Dues);
 - ii. Thereafter towards the unrealised/accrued interest.
 - iii. Principal irregularities i.e. NPA outstanding in the account.

Any exceptions to the above may be considered by HOCAC-III (for proposals falling under the powers of various committee's upto HOCAC-III) & Management Committee for proposals under its vested powers.

- (b) However, in case of Compromise and Resolution/Settlement through NCLT, recovery shall be appropriated as per the terms of respective compromise/ resolution settlement.
- (c) In case of suit filed/decreed accounts, recovery shall be appropriated as under:-
- As per the directives of the concerned Court.
 - In the absence of specific directives from the Court, as mentioned at point (a) above.

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, Insurance Business and Mutual Fund Business), exchange, locker rent 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 recognized 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.



PUNJAB NATIONAL BANK
SCHEDULE 17: SOLO 30.09.2020
SIGNIFICANT ACCOUNTING POLICIES

- 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.



PUNJAB NATIONAL BANK
SCHEDULE 17: SOLO 30.09.2020
SIGNIFICANT ACCOUNTING POLICIES

- (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 amortization 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 breakup value of the Shares as per latest Balance Sheet (not more than one year old), otherwise at Re.1 per company

PUNJAB NATIONAL BANK
SCHEDULE 17: SOLO 30.09.2020
SIGNIFICANT ACCOUNTING POLICIES

(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.

In case of securities i.e. bonds, debentures, etc. where the credit facilities are availed by the borrowers, the provision has been made on the basis of YTM or IRAC norms whichever is higher.

- 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"



PUNJAB NATIONAL BANK
SCHEDULE 17: SOLO 30.09.2020
SIGNIFICANT ACCOUNTING POLICIES

- 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.



PUNJAB NATIONAL BANK
SCHEDULE 17: SOLO 30.09.2020
SIGNIFICANT ACCOUNTING POLICIES

- (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.



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SIGNIFICANT ACCOUNTING POLICIES

- (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



PUNJAB NATIONAL BANK
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SIGNIFICANT ACCOUNTING POLICIES

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 recognized 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/ 2015.16/279 DBR. IBD.BC No. 68/ 23.37.001/ 2015-16 dated 31.12.2015).

6. PROPERTY, PLANT & EQUIPMENT:

- 6.1** Property, Plant & Equipment are stated at historical cost less accumulated depreciation/amortization, 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.



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- 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 capitalized 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
PREMISES	
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 whichever 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
FIXED ASSETS EXCEPT PREMISES	
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%

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Motor cars and cycles	15.00%
Computers, ATMs and related items, laptop, i pad etc:- Servers, Network, Equipment & Automated Teller Machines (Including software forming an integral part of computer hardware)	33.33%
Items of office fixed assets (excepts to staff) amount less than Rs. 25000.00 and / or having useful life of less than 12 months from the date of acquisition should be recognized as expense.	
Cost of Application Software / Operating System / Data base amounting upto Rs. 25000.00 are charged to revenue.	

- C. Depreciation on fresh additions to assets other than bank's own premises is provided from the day in which the assets are capitalized 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 amortized 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.



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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.



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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 amortized 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 recognized 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 recognized in the Profit and Loss Account.

- 9.5** Offices outside India / Offshore Banking Units:



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- (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 including Minimum Alternate Tax (MAT), wherever applicable and deferred tax expense incurred by the Bank. The current tax and deferred tax 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.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that there will be payment of normal income tax during the period specified under the income Tax Act, 1961,

Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognized 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 recognized in the profit and loss account. Deferred tax assets are recognized and re-assessed at each reporting date, based upon management's judgment as to whether their realization 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.



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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
SCHEDULE 18: NOTES TO ACCOUNTS (SOLO) – 30.09.2020

1. Capital

Capital Ratio

(Amount in ₹ Crore)

Sl. No	Particulars	30.09.2020	30.09.2019
i.	Common Equity Tier 1 Capital ratio (%)*	9.53	10.94
ii.	Tier 1 Capital ratio (%)*	10.33	12.18
iii.	Tier 2 Capital ratio (%)*	2.51	1.89
iv.	Total Capital ratio (CRAR) (%)*	12.84	14.07
v.	Percentage of the shareholding of the Government of India in the Bank	85.59%	75.41%
vi.	Amount of equity Capital raised	NIL**	NIL
	Share application money, pending allotment	NIL	16091.00
vii.	Amount of Additional Tier 1 Capital raised; of which :	NIL	NIL
	Perpetual Non- Cumulative Preference Shares(PNCPS):	NIL	NIL
	Perpetual Debt Instruments (PDI):	NIL	NIL
viii.	Amount of Tier 2 Capital raised; of which :	994.00	NIL
	Debt Capital instrument:	994.00	NIL
	Preference Share Capital Instruments:[Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non- Cumulative Preference Shares (RNCPS) /Redeemable Cumulative Preference Shares (RCPS)]	NIL	NIL

*Information given in 1 (i to iv) has been given as per Basel III Capital Regulations.

RBI vide circular no. DBR.No.BP.BC.83/21.06.201/2015-16 dated 1st March, 2016 has given discretion to banks to consider Revaluation Reserve, Foreign Currency Translation Reserve and Deferred Tax Asset for purpose of computation of Capital Adequacy as CET-1 capital ratio. The Bank has exercised the option in the above computation.

**No fresh equity capital has been raised by the Bank during the period, but 2673063327 equity shares were allotted to the shareholders of e-OBC and e-UNI pursuant to the scheme of Amalgamation of the two banks into PNB notified by the Govt. of India.



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2. Investments

The detail of Investments and the Movement of provision held towards depreciation on investments of the Bank is given below:-

(Amount in ₹ Crore)

Particulars		30.09.2020	30.09.2019
(1)	Value of Investments		
i	Gross value of Investments	398159.14	243052.82
a	In India	391601.19	235959.78
b	Outside India	6557.95	7093.04
ii	Provisions for Depreciation	6404.90	3921.08
a	In India	6063.31	3921.08
b	Outside India	341.59	0.00
iii	Net value of Investments	391754.24	239131.74
a	In India	385537.88	232038.70
b	Outside India	6216.36	7093.04
(2)	Movement of provisions held towards depreciation on investments.		
i	Opening balance	3288.55	3997.14
ii	Addition on account of amalgamation of eOBC and eUNI	2989.22	-
iii	Add: Provisions made during the Half Year including effect of Harmonization, if any	186.06	24.67
iv	Less: Write-off/ write-back of excess provisions during the Half Year	58.93	100.73
v	Closing balance	6404.90	3921.08

3. Repo/Reverse Repo/LAF Transactions (in face value terms)

The details of securities sold and purchased under Repo and Reverse Repo transactions are as under

(Amount in ₹ Crore)

Face Value	Minimum outstanding during the Half Year ended 30.09.2020	Maximum outstanding during the Half Year ended 30.09.2020	Daily Average outstanding during the Half Year ended 30.09.2020	Outstanding as on 30.09.2020
Securities sold under REPO				
(i) Government Securities	0.00	0.00	0.00	0.00
	(0.00)	(783.91)	(251.84)	(0.00)
(ii) Corporate Debt Securities	0.00	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)	(0.00)

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Securities purchased under REVERSE REPO				
(i) Government Securities	0.00	101.22	73.45	0.00
	(0.00)	(15346.27)	(186.87)	(535.85)
(ii) Corporate Debt Securities	0.00	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)	(0.00)
Securities sold under LAF REPO				
(i) Government Securities	3719.00	21891.00	772.66	3719.00
	(0.00)	(3000.00)	(1257.25)	(0.00)
(ii) Corporate Debt Securities	0.00	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)	(0.00)
Securities purchased under LAF REVERSE REPO				
(i) Government Securities	19000.00	68000.00	26107.75	31495.00
	(0.00)	(30700.00)	(5688.56)	(23500.00)
(ii) Corporate Debt Securities	0.00	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)	(0.00)

4. Non-SLR Investment Portfolio

4a. Issuer composition of Non SLR investments as on 30.09.2020

(Amount in ₹ Crore)

Sr.No	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	12072.36 (12187.21)	5728.29 (168.91)	0.00 (0.00)	0.00 (684.44)	2633.48 (1723.43)
(ii)	FIs	11940.11 (12063.10)	7425.85 (1894.66)	0.00 (550.00)	0.00 (864.37)	0.00 (306.94)
(iii)	Banks	9589.05 (7079.35)	5292.27 (0.00)	2283.40 (1978.47)	0.00 (299.92)	0.00 (0.00)
(iv)	Private Corporates	10502.09 (7544.96)	8108.62 (3493.61)	528.63 (1448.50)	0.00 (4557.68)	0.00 (2487.81)
(v)	Subsidiaries / Joint Ventures	3195.85 (2997.43)	3195.85 (0.00)	341.59 (0.00)	0.00 (0.00)	0.00 (493.44)
(vi)	Others*	69931.57 (38040.21)	9226.08 (0.00)	692.70 (0.00)	0.00 (0.00)	0.00 (35719.73)
(vii)	Provisions held towards depreciation.	-6404.90 (-3760.91)	-3119.14 (-1797.98)	-849.52 (-1255.23)	0.00 (-3045.97)	-16.73 (-922.02)
	Total	110826.13 (76151.35)	35857.82 (3759.20)	2996.80 (2721.74)	0.00 (3360.44)	2616.75 (39809.33)

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*Others include Special Govt. Securities of ₹57694.99Crore (Half Year ended September 30, 2019: ₹36944.23Crore) (Net of depreciation, if any) shown under Govt. Securities in Schedule 8. Amounts reported under columns 4, 5, 6 and 7 above may not be mutually exclusive.

4b. Non-performing Non-SLR investments

The movement in Non-performing Non-SLR Investments is given below:-

(Amount in ₹ Crore)

Particulars	30.09.2020	30.09.2019
Opening balance	2914.85	2084.85
Addition on account of amalgamation of eOBC and eUNI	2717.64	-
Additions during the Half Year including effect of Harmonization, if any	286.17	192.08
Reductions during the Half Year	11.08	203.78
Closing balance	5907.58	2073.15
Total provisions held	5244.98	1874.94

4c. Sale and transfers to / from HTM category

The total value of sales and transfers of securities to / from HTM category during 1st April 2020 to 30th September 2020 has not exceeded 5% of the book value of investments held in HTM category as on 31.03.2020 (Excluding following Transactions).

[The 5 percent threshold referred to above will exclude (a) the one- time transfer of securities to/ from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning quarter of the accounting year (b) sales to the Reserve Bank of India under pre-announced OMO auctions, (c) Repurchase of Government Securities by Government of India from banks, (d) Sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM in addition to the shifting permitted at the beginning quarter of the accounting year].

As such **no disclosure is to be made** in terms of extant RBI guidelines.

5. Derivatives

5a. Forward Rate Agreement/ Interest Rate Swap

(Amount in ₹ Crore)

Particulars	30.09.2020	30.09.2019
i The notional principal of swap agreements	75.00	200.00
ii Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	1.03	2.02
iii Collateral required by the bank upon entering into swaps	NIL	NIL
iv Concentration of credit risk arising from the Swaps ^s	NIL	NIL
v The fair value of the swap book [@]	-4.38	-6.70

[@]All these swap deals are Trading swap and the fair value is its mark to market value.

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"The above Trades are Interest Rate Swap Deal done with Interbank for ₹75.00Crores (Previous year Sept.2019: ₹200.00Crores) and with Financial Institution ₹NIL (Previous year Sept.2019: ₹NIL). There are total 03 deals out of which No deal is Back to Back Deal, 2 Deals where payment is made at Fixed Contract Rate and received at Floating rate and in remaining 1 deal, payment is made at Floating Rate and received at Fixed Contract Rate".

5b. Exchange Traded Interest Rate Derivatives

(Amount in ₹ Crore)

Sl. No.	Particulars	30.09.2020	30.09.2019
(i)	Notional Principal amount of exchange traded interest rate derivatives undertaken during the Half Year (instrument-wise) a) Interest rate futures	NIL	NIL
(ii)	Notional Principal amount of exchange traded interest rate derivatives outstanding as on 30 th Sept. 2020 (instrument-wise) a) Interest Rate Futures	NIL	NIL
(iii)	Notional Principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective' (instrument-wise)	NIL	NIL
(iv)	Mark-to-Market value of exchange traded interest rate derivatives outstanding and not 'highly effective' (instrument-wise)	NIL	NIL

5c. Disclosure on risk exposure in derivatives

I - Qualitative Disclosures

The Bank uses derivatives products for hedging its own balance sheet items as well as for trading purposes. The risk management of derivative operation is headed by a senior executive, who reports to top management, independent of the line functions. Trading positions are marked to market on daily basis.

The derivative policy is framed by Integrated Risk Management Division, which includes measurement of credit risk and market risk.

The hedge transactions are undertaken for balance sheet management. Proper system for reporting and monitoring of risks are in place. Policy for hedging and processes for monitoring the same is in place.

Accounting policy for recording hedge and non-hedge transactions are in place, which includes recognition of income, premiums and discounts.

Valuation of outstanding contracts, provisioning, collateral and credit risk mitigation are being done.

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II - Quantitative Disclosures

(Amount in ₹ Crore)

Sl. No.	Particulars	Currency Derivatives 30.09.2020	Interest Rate Derivatives 30.09.2020	Currency Derivatives 30.09.2019	Interest Rate Derivatives 30.09.2019
1	Derivatives (Notional Principal Amount)				
(a)	For Hedging	0.00	0.00	0.00	0.00
(b)	For trading	0.00	75.00	0.00	200.00
2	Marked to Market Position				
	Hedging				
	a) Asset (+)	0.00	0.00	0.00	0.00
	b) Liability (-)	0.00	0.00	0.00	0.00
	Trading				
	a) Asset (+)	0.00	0.00	0.00	0.00
	b) Liability (-)	0.00	-4.38	0.00	-6.70
3	Credit Exposure(1)	0.00	1.78	0.00	4.02
4	Likely impact of one percentage change in interest rate (100*PV01)				
(a)	On hedging derivatives	0.00	0.00	0.00	0.00
(b)	On trading derivatives	0.00	0.62	0.00	0.45
5	Maximum and Minimum of 100*PV01 observed during the period				
(a)	On hedging Maximum	0.00	0.00	0.00	0.00
	Minimum	0.00	0.00	0.00	0.00
(b)	On trading Maximum	0.00	0.69	0.00	6.53
	Minimum	0.00	0.62	0.00	-0.45

1. Banks adopt the Current Exposure Method on Measurement of Credit Exposure of Derivative Products as per RBI instructions.

6. Asset Quality

6a Non-Performing Assets

The details of movement of Gross Non-performing Assets (NPAs), Net NPAs and provisions are given below:-

(Amount in ₹ Crore)

Particulars	30.09.2020	30.09.2019
i) Net NPAs to Net Advances (%)	4.75%	7.65%
ii) Movement of NPAs (Gross)		
Opening balance	73478.76	78472.70
Addition on account of amalgamation of eOBC and eUNI	31686.38	-
Additions during the Half Year including effect of Harmonization, if any	4384.10	12889.25
Reductions during the Half Year	13235.30	11903.86
Closing balance	96313.94	79458.09

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iii)	Movement of Net NPAs		
	Opening balance	27218.90	30037.66
	Addition on account of amalgamation of eOBC and eUNI	11100.63	-
	Additions during the Half Year including effect of Harmonization, if any	16671.26	12848.16
	Reductions during the Half Year	24070.95	10227.13
	Closing balance	30919.84	32658.69
iv)	Movement of provision for NPAs (excluding provisions on Standard assets)		
	Opening balance	45843.48	48119.81
	Addition on account of amalgamation of eOBC and eUNI	20391.21	-
	Additions during the Half Year including effect of Harmonization, if any	11100.03	10444.50
	Write-off/write back of excess provision	12738.34	12155.43
	Closing balance	64596.38	46408.88

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6b Disclosure of Restructured Accounts as on 30.09.2020 as per revised guidelines

Disclosure of Restructured Accounts (As on 30.06.2020) as per revised guidelines																															
Sl. No.	Type of Restructuring	Under CDR Mechanism										Under state Debt Restructuring Mechanism										Others						Total			
		Standard		Sub-standard		Doubtful		Loss		Total		Standard		Sub-standard		Doubtful		Loss		Total		Interest	Sub-standard	Doubtful	Loss	Total					
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)						(u)			(v)	(w)
1	Restructured Accounts as on April 1, 2020 (opening balance)	913.49	28,500.50	107.01	8,744.90	0.00	0.00	0.00	0.00	2,35,16.62	14,003.31	23,427.85	38,266.83	74,799.51	204,699.30	2,40,062.27	9,381.00	53,981.06	228,658.25	126,798.66	33,981.06	53,981.06	228,658.25	126,798.66	8,57,508.96	45,631.91	655,982.57	45,631.91	655,982.57	45,631.91	655,982.57
2	Fresh restructuring during the year 2020-21 (plus addition in CDR in interest @ 2%)	155.00	485.92	1,711.43	1,711.43	0.00	0.00	0.00	0.00	2,207.25	3,015.06	1,709.02	19,843.83	6,165.88	9,338.85	2,198.54	0.00	17,661.84	72,510.64	9,338.85	17,661.84	72,510.64	9,338.85	17,661.84	22,761.80	27,378.78	71,974.51	27,378.78	71,974.51	27,378.78	71,974.51
3	Updations to restructured accounts during the year FY 2020-21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Restructured standard advances at the beginning of the FY 2020-21, which were restructured during the year FY 2020-21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Restructured standard advances at the beginning of the FY 2020-21, which were restructured during the year FY 2020-21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Downward restructured accounts during the FY 2020-21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	Updations to restructured accounts during the FY 2020-21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	Write-offs of restructured accounts during the FY 2020-21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	Accounts Restructured as on September 30, 2020 (closing figure)	150.00	0.00	1,368.30	1,368.30	0.00	0.00	0.00	0.00	1,498.30	3,442.33	3,442.33	1,118.49	6,230.26	19,378.71	3,702.35	9.09	10,124.24	233,068.21	33,381.57	10,124.24	233,068.21	33,381.57	10,124.24	268,784.43	9.09	565,142.30	9.09	565,142.30	9.09	565,142.30



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Notes to disclosure of restructured accounts as on 30.09.2020

1. In eUNI, the opening number of borrowers as on 01.04.2020 is actually the number of accounts of the borrower. The same has been adjusted into the number of borrowers on the closing date by making necessary adjustments in the serial number 6 "write off structured accounts during the FY 2020-21".
2. The provision figures are other than the provisions required for classification of advances into substandard, doubtful and loss assets.
3. Since DB3 and loss assets carry provision of 100% and the restructuring is normally not undertaken, such assets are taken out of the restructured accounts portfolio in PNB before merger since long. eOBC and eUNI were continuing to show such accounts in the disclosure of restructured account. To have uniformity, all such assets of these two banks have been taken out of the restructured accounts portfolio by removing the balancing figure in the serial number 6 "write off structured accounts during the FY 2020-21".
4. Wherever the number are zero but the amounts are there, there is no change in numbers but change in the outstanding amount / provision of the accounts.

6c. Details of Financial Assets sold to Securitisation / Reconstruction Company (SC/RC)/NBFC for Asset Reconstruction.

A. Details of Sales.

		(Amount in ₹ Crore)	
Particulars		30.09.2020	30.09.2019
1.	No. of Accounts	0.00	1
2.	Aggregate value (Net of DI/SI, ECGC & Provisions)	0.00	0.00
3.	Aggregate consideration	0.00	10.02
4.	Additional consideration realized in respect of accounts transferred in earlier years (Half Year September 2020-During current financial year 2020-21)	74.44	0.00
5.	Aggregate gain/loss over net book value(3-2)	0.00	10.02
5.1	Loss over NBV (where sale is for value below NBV)	0.00	0.00
5.2	Gain over NBV (where sale is for value above NBV)	0.00	10.02

B. Details of Book Value of Investments in Security Receipts.

		(Amount in ₹ Crore)	
Particulars		30.09.2020	30.09.2019
(i)	Backed by NPAs sold by the bank as underlying	2399.23	1555.46
(ii)	Backed by NPAs sold by other banks / financial institution / non banking financial companies as underlying	NIL	NIL
TOTAL		2399.23	1555.46

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C. Investments in Security Receipts:-

(₹ in Crore)

Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i) Book Value of SRs backed by NPAs sold by the bank as underlying	2188.92	210.31	63.15
Provision held against (i)	228.77	22.84	63.15
(ii) Book values of SRs backed by NPAs sold by other banks / financial institution / non banking financial companies as underlying	0.00	0.00	0.00
Provision held against (ii)	0.00	0.00	0.00
Total (i) + (ii)	2188.92	210.31	63.15

6d. Details of Non-performing Financial assets purchased/sold from / to other banks.

A. Details of Non-performing Financial assets purchased:

(Amount in ₹ Crore)

Particulars	30.09.2020	30.09.2019
1 (a) No. of accounts purchased during the Half Year	NIL	NIL
(b) Aggregate outstanding	NIL	NIL
2 (a) Of these, number of accounts restructured during the Half Year	NIL	NIL
(b) Aggregate outstanding	NIL	NIL

B. Details of non-performing financial assets sold:

(Amount in ₹ Crore)

Particulars	30.09.2020	30.09.2019
1 No. of accounts sold during the period/ Half Year	NIL	NIL
2 Aggregate outstanding	NIL	NIL
3 Aggregate consideration received	NIL	NIL

6e. Provisions on Standard Assets

(Amount in ₹ Crore)

Particulars	30.09.2020	30.09.2019
Cumulative Balance (included under "Other Liabilities & Provisions" in Schedule 5 to the balance sheet)	4579.91	2316.02

6f. As per RBI Circular No. DBR.No.BP.BC.18/21.04.048/2018-19 dated 1st January 2019, DOR.No.BP.BC.34/21.04.048/2019-20 dated 11th February 2020 and DOR.No.BP.BC.44/21.04.048/2020-21 dated 06th August 2020 on restructuring of Advances-MSME sector, the details of restructured accounts as on 30.09.2020 are as under:

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(Amount in ₹ Crore)	
No. of Accounts Restructured	Amount
48378	2712.54

6g. Disclosure relating to resolution plans implemented during the Half Year in terms of RBI Circular DBR.No.BP.BC.45/21.04.048/2018-19 dated 07.06.2019

(Amount in ₹ Crore)		
Particulars	Current Half Year 30.09.2020	Current Half Year 30.09.2020
	Total amount of loan assets restructured (as on the dated of restructuring)	Outstanding Balance (as at the end of half year)
Total amount of Loan assets subjected to restructuring etc.	1506.11	397.41*
Total amount of Standard assets subjected to restructuring etc.	123.11	0.00
Total amount of Sub-Standard assets subjected to restructuring etc.	1383.00	397.41

6h. Disclosure for Prudential Framework on Resolution of Stressed Assets

(In terms of RBI Cir. No. DOR.No.62/21.04.048/2019-20 dated April 17, 2020 and DOR.No.BP.BC.72/21.04.048/2019-20 dated May 23, 2020 on COVID 19 regulatory package – Review of resolution timelines under the prudential framework on resolution of stressed assets).

In terms of RBI Cir. No. BP.BC.62/21.04.048/2020-21 dated April 17, 2020, on COVID 19 regulatory package – Review of resolution timelines under the prudential framework on resolution of stressed assets, the number of accounts and the amount involved in those accounts where the resolution period was extended is given below for the half year ended September 30, 2020

No. of Accounts in which Resolution Period extended	8
Amount Involved (₹ in Crores)	1790.06
Regulatory Provision Held (₹ in Crores)	1085.28
Additional Provision Held (₹ in Crores)	0.00

7. Business Ratios (H-1)

Particulars		30.09.2020	30.09.2019
i.	Interest Income as a percentage to Working Funds (Annualized)	6.26%	6.36%
ii.	Non-Interest Income as a percentage to Working Funds (Annualized)	0.93%	1.05%
iii.	Operating profit as a percentage to Working Funds (Annualized)	1.65%	1.70%
iv.	Return on Assets (Annualized)	0.14%	0.37%
v.	Business (Deposits plus advances) per employee (₹ in Crores)	18.46	16.74
vi.	Profit per employee (₹ in Crores) (Annualized)	0.02	0.05

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8. Exposures:

8a. Exposure to Real Estate Sector :

(Amount in ₹ Crore)

Category		30.09.2020	30.09.2019
(A)	Direct Exposure		
i.	Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented Individual housing loans up to ₹20lakh Other lending fully secured by residential Mortgages	33924.32 71341.52	21827.31 49358.21
	SUB-TOTAL	105265.84	71185.52
ii.	Commercial Real Estate – including NFB Limits Lending secured by mortgages on Commercial Real Estates (office buildings, retail space, multi-purpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotel, land acquisition, development and construction etc.) Fund Based Non Fund Based	21650.12 827.11	18737.96 579.54
	SUB-TOTAL	22477.23	19317.50
iii.	Investments in Mortgaged Backed Securities (MBS) and other securitized exposures –		
(a)	- Residential	0.00	0.00
(b)	- Commercial Real Estate	0.00	0.00
(B)	Indirect Exposure		
	FB & NFB Exposure to National Housing Bank (NHB) & Housing Finance Companies (HFCs) Including Foreign Offices Investments made by the Bank in Housing Companies & Corporations.	34109.52 6037.47	15372.26 4558.35
	Sub Total	40146.99	19930.61
	Total Exposure to Real Estate Sector	167890.06	110433.63

8b. Exposure to Capital Market

(Amount in ₹ Crore)

Particulars		30.09.2020	30.09.2019
1.	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	3969.79	3605.08
2.	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs) convertible bonds, convertible debentures, and units of equity oriented mutual funds.	1.98	1.26

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3.	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	132.42	23.57
4.	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances.	202.22	446.25
5.	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers.	181.22	228.69
6.	Loans sanctioned to corporate against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	NIL	NIL
7.	Bridge loans to companies against expected equity flows/issues.	NIL	NIL
8.	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds.	NIL	NIL
9.	Financing to stock brokers for margin trading	NIL	NIL
10.	All exposures to Venture Capital funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposures ceilings (both direct and indirect)	758.29	186.51
11.	Advances to Mutual Funds	4150.00	3000.00
Total Exposure to Capital Market		9395.92	7491.36

8c.Risk Category wise Country Exposure

Total Net Funded Exposure as on 30.09.2020 is ₹62820.50Crores. Total assets of the Bank (PNB2.0) as on 30.06.2020 were ₹1232401.00Crores, 1% of total asset ₹12324.01Crore. Bank did not exceed the exposure in any country beyond ₹12324.01Crores i.e. 1% of Total Assets of the Bank as on 30.06.2020. Hence, no provision is required with respect to country risk exposure as on 30.09.2020.

(Amount in ₹ Crore)

Risk Category	ECGC Rating	Funded Exposure (net) as at Sept. 2020	Provision held as at Sept. 2020	Funded Exposure (net) as at Sept. 2019	Provision held as at Sept. 2019
Insignificant	A1	43791.58	0.00	30530.98	14.43
Low	A2	18607.23	0.00	14344.04	17.07

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Moderately Low	B1	14.60	0.00	9.06	0.00
Moderate	B2	402.64	0.00	64.50	0.00
Moderately High	C1	4.45	0.00	5.03	0.00
High	C2	0.00	0.00	0.00	0.00
Very high	D	0.00	0.00	0.00	0.00
Total		62820.50	0.00	44953.61	31.50

8d. Bank's Disclosure in respect of Credit Exposures where the same had exceeded the Prudential Exposure limits as per Large Exposure (LE) framework prescribed by RBI for Individual/Group Borrowers for the half year ended 30.09.2020.

Details of accounts where Bank has exceeded revised prudential exposure ceilings as per Large Exposure (LE) framework in respect of any Individual and Group Accounts based on Tier – 1 Capital, for the half year ended 30.09.2020 are as below:-

(Amount in ₹ Crore)

S. No.	Name of the Borrower	Prescribed Ceiling	Exposure (as on 30.09.2020)	TE as % of Tier-1 Capital as on 01.04.2020 (₹62467.46Crores)	Outstanding (as on 30.09.2020)	TE as per LE framework as % of Tier – 1 Capital as on 01.04.2020 (₹62467.46Crore)
Individual						
NIL						
Group						
NIL						

The exposure of Individual and Group Accounts for the half year ended 30.09.2020 is within the prescribed regulatory limits, as per LE framework (based on outstanding exposure).

9. A. Disclosure of Penalties imposed by the RBI:

Sl. No.	Particulars	Current Half Year 30.09.2020	Corresponding Previous Year, Half Year 30.09.2019
1.	Penalties imposed by the RBI	NIL	<p>RBI vide letter dated 25.06.2019 has imposed a monetary penalty of ₹5.00million on observance of non-compliance with various directions issued by RBI on "Know Your Customer (KYC) norms / Anti Money laundering (AML) Standards" and Opening of Current Account" by the Bank.</p> <p>RBI vide Penal order dated 31.07.2019 has imposed a monetary penalty of ₹5.00million for non-compliance with</p>

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		certain provisions of "Reserve bank of India (Frauds classification and reporting by commercial banks and select FIs) directions 2016".
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[Penalties imposed by RBI under the provision of Section 47 sub-section A clause 1 sub clause c read with Section 46(4) of the Banking Regulation Act, 1949, for contraventions of any of the provisions of the Act or non-compliance with any other requirements of the Banking Regulation Act, 1949; order, rule or condition specified by Reserve Bank of India under the Act.]

9. B. Disclosure of Bouncing of SGL:

Particulars of Bouncing of SGL securities during the period 01.04.2020 to 30.09.2020 is NIL (Previous year Half Year Sept. 2019: NIL)

Other Disclosures required by Accounting Standards

10. AS -5 Prior Period and Change in Accounting Policy

There were no material prior period income/expenditure items requiring disclosure under AS-5.

11. AS- 10 Properties, Plant and Equipment.

Break-up of total depreciation for the Half Year ended September, 2020 for each class of assets

(Amount in ₹ Crore)		
Class of assets	30.09.2020	30.09.2019
Premises	100.18	44.41
Other fixed assets	346.66	221.22
Leased assets	1.55	0.00
Computer software	69.55	43.43
Total	517.94	309.06

12. AS- 9 Revenue Recognition:

Certain items of income are recognized on realization basis as per Accounting Policy No. 3.5. However, the said income is not considered to be material.

13. AS 11- Changes in foreign exchange rates:

Movement of foreign currency translation reserve

(Amount in ₹ Crore)		
Particulars	30.09.2020	30.09.2019
Opening balance	416.88	343.13
Addition during Half Year ended Sept. 2020 due to change in Profit & Loss account	1.86	20.62

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Deduction during Half Year ended Sept. 2020 due to translation of Assets & Liabilities	16.85	1.60
Closing Balance	401.89	362.15

14. AS 15 (R) – Employees Benefits:

The Bank has adopted Accounting Standard 15(R) - Employee Benefits, issued by the Institute of Chartered Accountants of India (ICAI), with effect from 1st April 2007.

The Bank has provided for employee benefits during the period ended September 2020 on the basis of Actuarial Valuation Report as on 30th September 2020.

Defined Contribution Plans:-

“The Bank has Defined Contribution Plan applicable to all categories of employees joining the Bank on or after 01.04.2010. The scheme is managed by NPS trust under the aegis of the Pension Fund Regulatory and Development Authority. National Securities Depository Limited has been appointed as the Central Record Keeping Agency for the NPS.

The details of contribution is as under:-

During the Half Year Sept. 2020 = ₹335.73Crores (Bank + Employee contribution)

During the Half Year Sept. 2019 = ₹186.09Crores (Bank + Employee contribution)

15. Segment reporting for the Half Year ended 30th September 2020

(Amount in ₹ Crore)

PART A: BUSINESS SEGMENTS					
Sl. No.	Particulars		HALF YEAR ENDED	HALF YEAR ENDED	YEAR ENDED
			30.09.2020 Reviewed	30.09.2019 Reviewed	31.03.2020 Audited
i.	Segment Revenue				
	a)	Treasury	15720.24	9557.67	19578.45
	b)	Corporate/Wholesale Banking	16536.71	11790.62	23525.26
	c)	Retail Banking	14095.74	8727.95	18746.32
	d)	Other Banking Operations	1378.67	642.11	1224.13
	Total		47731.36	30718.35	63074.16
ii.	Segment Results				
	a)	Treasury	4701.66	3003.01	6123.23
	b)	Corporate/Wholesale Banking	-3812.84	-1300.46	-6027.22
	c)	Retail Banking	2233.57	1538.36	2780.88
	d)	Other Banking Operations	359.06	157.91	322.00
	Total		3481.45	3398.82	3198.89
iii.	Unallocated Expenses		1908.53	1307.66	2459.90

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iv.	Operating Profit	10954.96	7043.37	14738.55
v.	Provision for Tax	643.66	565.48	402.79
vi.	Extraordinary Items	0.00	0.00	0.00
vii.	Net Profit	929.26	1525.68	336.20
Other Information:				
viii.	Segment Assets			
	a) Treasury	411020.05	267297.07	265150.86
	b) Corporate/Wholesale Banking	479767.71	327946.14	363834.17
	c) Retail Banking	265675.24	162849.15	157080.35
	d) Other Banking Operations	27629.97	20376.18	15340.04
	Sub Total	1184092.97	778468.54	801405.42
	e) Unallocated Assets	43032.73	27783.89	29260.49
	Total Assets	1227125.70	806252.43	830665.91
ix.	Segment Liabilities			
	a) Treasury	395769.91	254835.48	254198.87
	b) Corporate/Wholesale Banking	461966.81	312657.05	348806.10
	c) Retail Banking	255817.85	155257.01	150592.19
	d) Other Banking Operations	26604.82	19426.23	14706.43
	Sub Total	1140159.39	742175.77	768303.59
	e) Unallocated Liabilities	9.22	4.85	4.84
	Total Liabilities	1140168.61	742180.62	768308.43

Part B – GEOGRAPHICAL SEGMENTS				
Sl. No	Particulars	HALF YEAR ENDED	HALF YEAR ENDED	YEAR ENDED
		30.09.2020 (Reviewed)	30.09.2019 (Reviewed)	31.03.2020 (Audited)
1.	Revenue			
	a) Domestic	47301.71	30011.27	61764.25
	b) International	429.65	707.08	1309.91
	Total	47731.36	30718.35	63074.16
2.	Assets			
	a) Domestic	1180553.99	762807.11	793295.23
	b) International	46571.71	43445.32	37370.68
	Total	1227125.70	806252.43	830665.91

Note:

- Segment Liabilities are distributed in the ratio of their respective Segment Assets.
- Figures of the previous period have been re-grouped /re-classified wherever necessary.

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16. Disclosure of Related Parties as per AS –18 issued by ICAI

Names of the related parties and their relationship with the Bank:

Key Management Personnel (KMP):

- i) Shri CH S S Mallikarjuna Rao, Managing Director & CEO
- ii) Dr. Rajesh Kumar Yaduvanshi, Executive Director, up to 08.10.2020
- iii) Shri Sanjay Kumar, Executive Director
- iv) Shri Vijay Dube, Executive Director
- v) Shri Agyey Kumar Azad, Executive Director

Subsidiaries:

- i) PNB Gilts Limited
- ii) Punjab National Bank (International) Ltd.UK
- iii) PNB Investment Services Ltd.
- iv) Druk PNB Bank Ltd. Bhutan
- v) PNB Insurance Broking Pvt Ltd.*

*PNB Insurance Broking Pvt Ltd is under liquidation and winding up.

Associates:

- i) Dakshin Bihar Gramin Bank, Patna*
- ii) Sarva Haryana Gramin Bank, Rohtak
- iii) Himachal Pradesh Gramin Bank, Mandi
- iv) Punjab Gramin Bank, Kapurthala
- v) Prathama UP Gramin Bank, Moradabad
- vi) Assam Gramin Vikas Bank, Guwahati*
- vii) Bangia Gramin Vikas Bank, Murshidabad*
- viii) Manipur Rural Bank, Imphal
- ix) Tripura Gramin Bank, Agartala
- x) PNB Metlife India Insurance Company Ltd@
- xi) JSC (Tengri Bank), Almaty, Kazakhstan^
- xii) PNB Housing Finance Limited
- xiii) Canara HSBC Oriental Bank of Commerce Life Insurance Co. Ltd.#
- xiv) India SME Asset Reconstruction Co. Ltd.##

*Recapitalization support has been sanctioned by GoI, Ministry of Finance vide DFS letter dated 03.06.2020 to RRBs, viz. – DBGB, AGVB and BGVB. Govt. as well as Sponsor bank's share has been received by all RRBS, however, State Govt's share is yet to be received by these RRBs.

@PNB has acquired 30% stake in PNB Metlife India Insurance Company Ltd at negligible consideration of ₹700.48/- as brand equity.

^Agency of the Republic of Kazakhstan revoked license of JSC Tengri Bank to conduct Banking, other operation and activities in the securities market and appointed temporary administrator w.e.f. 18th September, 2020. The temporary administrator will operate until the appointment of Liquidation Commission.

#After amalgamation Canara HSBC Oriental Bank of Commerce Life Insurance Co. Ltd become an associate of PNB (earlier associate of eOBC) w.e.f. 01.04.2020.

India SME Asset Reconstruction Co. Ltd. has been classified as associate of PNB w.e.f. 01.04.2020.

Joint Venture:

- i) Everest Bank Limited, Kathmandu, Nepal.



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SCHEDULE 18: NOTES TO ACCOUNTS (SOLO) – 30.09.2020

Transactions with Related Parties:

(Amount in ₹ Crores)

Items/ Related Party	Parent** (as per ownership or control)		Subsidiaries **		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Total	
	Half Year 30.09.2020	Maximum amount outstand- ing	Half Year 30.09.2020	Maximum amount outstand- ing	Half Year 30.09.2020	Maximum amount outstand- ing	Half Year 30.09.2020	Maximum amount outstand- ing	Half Year 30.09.2020	Maximum amount outstand- ing	Half Year 30.09.2020	Maximum amount outstand- ing
Remuneration	N.A	N.A	N.A	N.A	-	-	2.37	-	-	-	2.37	-
	N.A	N.A	N.A	N.A	-	-	(1.25)	-	-	-	(1.25)	-
Borrowings	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Deposits	N.A	N.A	N.A	N.A	1040.83	-	-	-	-	-	1040.83	-
	N.A	N.A	N.A	N.A	(4176.89)	-	-	-	-	-	(4176.89)	-
Placement of Deposits	N.A	N.A	N.A	N.A	354.47	-	-	-	-	-	354.47	-
	N.A	N.A	N.A	N.A	(63.79)	-	-	-	-	-	(63.79)	-
Balance with banks and Money at call and short notice	N.A	N.A	N.A	N.A	33.20	33.20	-	-	-	-	33.20	33.20
	N.A	N.A	N.A	N.A	(0.00)	(0.00)	-	-	-	-	(0.00)	(0.00)
Advances (IBPC borrowings)	N.A	N.A	N.A	N.A	7501.00	-	-	-	-	-	7501.00	-
	N.A	N.A	N.A	N.A	(8750.00)	-	-	-	-	-	(8750.00)	-
Advances (IBPC lending)	N.A	N.A	N.A	N.A	7501.00	-	-	-	-	-	7501.00	-
	N.A	N.A	N.A	N.A	(8750.00)	-	-	-	-	-	(8750.00)	-
Advances (Others)	N.A	N.A	N.A	N.A	1954.59	1954.59	-	-	-	-	1954.59	1954.59
	N.A	N.A	N.A	N.A	(1884.75)	(1884.75)	-	-	-	-	(1884.75)	(1884.75)
Investment s	N.A	N.A	N.A	N.A	1389.45	-	-	-	-	-	1389.45	-
	N.A	N.A	N.A	N.A	(890.49)	-	-	-	-	-	(890.49)	-
Investment s in Debenture s	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Non funded Commitme nts	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Leasing/ HP	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-

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arrangements availed												
Leasing/ HP arrangements provided	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Purchase of fixed assets	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Sale of Fixed Assets	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Interest paid on Deposits	N.A	N.A	N.A	N.A	5.09	-	-	-	-	-	5.09	-
	N.A	N.A	N.A	N.A	(13.78)	-	-	-	-	-	(13.78)	-
Interest Paid on IBPC	N.A	N.A	N.A	N.A	206.04	-	-	-	-	-	206.04	-
	N.A	N.A	N.A	N.A	(86.96)	-	-	-	-	-	(86.96)	-
Interest Paid Others	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Interest received on IBPC	N.A	N.A	N.A	N.A	191.33	-	-	-	-	-	191.33	-
	N.A	N.A	N.A	N.A	(80.75)	-	-	-	-	-	(80.75)	-
Interest received Others	N.A	N.A	N.A	N.A	23.42	-	-	-	-	-	23.42	-
	N.A	N.A	N.A	N.A	(25.36)	-	-	-	-	-	(25.36)	-
Receiving of Services	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Rendering of Services	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Management contracts	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Dividend received	N.A	N.A	N.A	N.A	0.00	-	-	-	-	-	0.00	-
	N.A	N.A	N.A	N.A	(49.42)	-	-	-	-	-	(49.42)	-
Bank Charges	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Commission Received	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-

**The transactions with the subsidiaries and certain associates have not been disclosed in view of para-9 of AS-18 'Related Party Disclosure', which exempts state controlled enterprises from making any disclosures pertaining to their transactions with other related parties, which are also state controlled.

Further, in terms of Paragraph 5 of AS 18, transactions in the nature of Banker-Customer relationship have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel.

Note:-

I. Figures of the previous year have been regrouped / rearranged / reclassified wherever necessary.

II. Figures in the bracket wherever given relates to previous year.

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17. AS – 19 Accounting Of Lease

Financial and Operating Lease:

The Bank has not entered into any transaction of Financial Lease.

Operating Lease primarily comprises of office premises, which are renewable at the option of the Bank. Lease payment for assets taken on operating lease is recognized as an expense in the Profit and Loss Account.

18. AS 20 - Earnings Per Share (H-1)

Sl.No.	Particulars	30.09.2020	30.09.2019
A	EPS - Basic / Diluted (in ₹) (Non Annualized)	0.99	3.31
B	Amount used as numerator Profit/ (Loss) after tax (₹ in '000)	9292591	15256841
C	Nominal value of share	₹2.00 each	₹2.00 each
D	Weighted average number of equity shares used as the denominator	9410629315	4604047028

19. (i) AS 22- Accounting for taxes on Income

The Bank has recognized deferred tax assets and liability as per accounting policy no. 10. Major components of which are set out below:

(Amount in ₹ Crore)

Particulars	30.09.2020	30.09.2019
Deferred Tax Assets		
Provision for Leave encashment	1160.71	699.58
Provision for Pension & Gratuity	80.13	69.21
Statutory Liability u/s 43B	0.00	0.00
Provision for bad & doubtful debts	23482.51	18304.39
Taxable loss (carried forward)	4138.30	0.00
Other Contingencies	55.00	0.00
Total	28916.65	19073.18
Deferred Tax Liabilities		
Depreciation on fixed assets	-71.29	-65.87
Deduction u/s 36(1) (viii) of Income Tax Act 1961	1135.37	504.49
Non Borrowal Fraud (not debited in P/L but claimed in ITR)	0.00	0.00
Total	1064.08	438.62
Deferred Tax Assets (Net)	27852.57	18634.56

The deferred tax assets ₹(-)627.62Crore for FY 2020-21 (Previous year Half Year Sept. 2019 ₹54.46Crore) is recognized in Profit and Loss Account.

(ii) Current Tax: During the Half Year the bank has debited to Profit & Loss Account ₹NIL(Previous year Half Year Sept. 2019 ₹628.14Crores) on account of current tax. The current Tax in India has been calculated in accordance with the provisions of

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Income Tax Act 1961 after taking appropriate relief for taxes paid on foreign jurisdiction.

20. AS 23- Accounting for Investments in Associates in Consolidated financial Statements

Since Investments of the bank in its Associates are participative in nature and the Bank having the power to exercise significant influence on their activities, such Investments are recognized in the Consolidated Financial Statements of the Bank.

21. AS 24 - Discontinuing Operations

During the period from 01.04.2020 to 30.09.2020, the bank has not discontinued operations of any of its branches, which resulted in shedding of liability and realization of assets and no decision has been finalized to discontinue an operation in its entirety which have the above effect.

22. AS 28 – Impairment of Assets

A substantial portion of the bank's assets comprises 'financial assets' to which Accounting Standard 28 'Impairment of Assets' is Not Applicable. In the opinion of the bank, there is no impairment of its assets (to which the standard applies) to any material extent as at 30.09.2020 requiring recognition in terms of the said standard.

23. AS-29 Provisions, Contingent Liabilities and Contingent Assets

i) Movement of provisions for liabilities*

(Amount in ₹ Crore)

Particulars	Salary arrears	Legal cases/ contingencies
Opening Balance	911.91	29.35
	(713.72)	(25.01)
Addition on account of amalgamation of eOBC and eUNI	461.75	43.02
	(-)	(-)
Addition / Provided during the Half Year including effect of Harmonization, if any	1003.98	2.98
	(256.75)	(5.50)
Amounts used during the period	0.00	0.23
	(0.00)	(0.00)
Reversed during the period	6.98	0.71
	(0.03)	(1.60)
Balance as at 30.09.2020	2370.66	74.41
	(970.44)	(28.91)
Timing of outflow/uncertainties	On actual Payment	Outflow on settlement / crystallization
	On actual Payment	Outflow on settlement / crystallization

*Excluding provisions for others



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ii) Refer Schedule-12 on contingent liabilities

Such liabilities at S.No.(I), (II), (III), (IV), (V) & (VI) are dependent upon the outcome of Court / arbitration / out of court settlement, disposal of appeals, the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, respectively.

24. Break up of “Provisions and Contingencies” shown under the head Expenditure in Profit and Loss Account is as follows:

(Amount in ₹ Crore)

Particulars	30.09.2020	30.09.2019
Provisions for depreciation on investment (net)	-175.05	144.08
Provision towards NPAs (net)	8647.57	5400.45
Provision towards Standard Assets	646.40	17.23
Provision made towards Income Tax (including Fringe Benefit Tax & Wealth Tax)	643.66	565.48
Other Provision and Contingencies:	263.12	-609.55
Detail:	30.09.2020	30.09.2019
Standard Restructured	98.78	-180.68
Sale to SC/RC	0.00	0.00
Written off & others	148.61	-433.81
Sale to Arcil	0.00	0.00
Restructured CDR-FITL	15.73	4.94
Total	10025.70	5517.69

25. Break-up of Floating Provisions is as follows:

(Amount in ₹ Crore)

Particulars	30.09.2020	30.09.2019
Opening balance	360.25	360.25
Addition on account of amalgamation of eOBC and eUNI	24.12	-
Quantum of floating provisions made during the Half Year including effect of Harmonization, if any	0.00	-
Purpose and amount of draw down made during the Half Year	0.00	0.00
Closing balance	384.37	360.25

26. Draw Down from Reserves:

(Amount in ₹ Crore)

Sr. No.	Reserves	Amount drawn	Purpose
1	Revaluation reserves	84.15 (36.22)	Depreciation on revalued portion of Property.

27. Disclosure of complaints and unimplemented awards of Banking Ombudsman including customer complaints pertaining to ATM.

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a. Customer Complaints:-

	Particulars	30.09.2020	30.09.2019
(a)	No. of complaints pending at the beginning of the Year	2902	31430
(b)	Addition on account of amalgamation of eOBC and eUNI	929	-
(c)	No. of complaints received during the Half Year	240789	787900
(d)	No. of complaints redressed during the Half Year	242230	780667
(e)	No. of complaints pending at the end of Half Year	2390	35663

b. Awards passed by the Banking Ombudsman:-

	Particulars	30.09.2020	30.09.2019
(a)	No. of unimplemented Awards at the beginning of the Year	2	4
(b)	Addition on account of amalgamation of eOBC and eUNI	3	-
(c)	No. of Awards passed by the Banking Ombudsman during the Half Year	12	8
(d)	No. of Awards implemented during the Half Year	10	4
(e)	No. of unimplemented Awards at the end of Half Year	7*	8

*Appeal filed in 7 cases as per details here under:

FY 2018-19: 1 Cases

FY 2019-20: 4 Cases

FY 2020-21: 2 Cases

28. Disclosure of Letter of Comfort (LoC) issued by Bank

The Bank has issued a Letter of Comfort to Prudential Regulation Authority (PRA), the regulator in United Kingdom, committing that the bank shall provide financial support to its subsidiary, Punjab National Bank (International) Ltd., UK so that it meets its financial commitments as and when they fall due.

Apart from the above, the Bank has not issued any Letter of Comfort and therefore, there are no cumulative Financial obligations under Letter of Comfort.

The Prudential Regulatory Authority (PRA), regulator of UK, has vide its letter dated 02.09.2015 put the Bank under 'watch list'. There are no specific restrictions or penalties.

29. (i) Disclosure in respect of Insurance Business undertaken by the bank:
(Amount in ₹ Crore)

Particulars	30.09.2020	30.09.2019
Details of Fees/Brokerage/Remuneration earned in respect of Insurance broking agency and Bancassurance Business including Mutual Fund		

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Business undertaken by the bank during the Half Year ended 30.09.2020/30.09.2019:		
(i) Life Insurance Business:	97.04	80.52
(ii) Non-life Insurance Business:	41.70	27.71
(iii) Mutual Fund Business	1.48	0.95
TOTAL	140.22	109.18

(ii) Disclosure: Fee/Commission/ Incentive received in respect of 3rd party Products:

(Amount in ₹ Crore)

Particulars	30.09.2020	30.09.2019
Prime Minister Jeevan Jyoti Bima Yojana (PMJJBY)	11.08	3.42
Atal Pension Yojna (APY)	6.48	1.29
Income / Commission on UIDAI-Aadhar	3.58	5.22
Prime Minister Suraksha Bima Yojna	0.88	0.91

Amount of ₹11.36Crore (pertaining to eOBC and eUNI) realized has been kept under liability instead of Income.

30. I. Concentration of Deposits, Advances, Exposures and NPAs:

(a) Concentration of Deposits:

(Amount in ₹ Crore)

Particulars	30.09.2020	30.09.2019
Total Deposits of twenty largest depositors	30440.41	24235.08
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	2.95%	3.48%

Note: The above deposit figures not include (Inter Bank) deposit held by Bank.

(b) Concentration of Advances:

(Amount in ₹ Crore)

Particulars	30.09.2020	30.09.2019
Total Advances of twenty largest borrowers	109129.87	93115.91
Percentage of Advances of twenty largest borrowers to Total Advances of the bank	15.22%	19.64%

(c) Concentration of Exposures:

(Amount in ₹ Crore)

Particulars	30.09.2020	30.09.2019
Total Exposures of twenty largest borrowers/customers	144930.33	110064.69
Percentage of Exposures to twenty largest borrowers/customers to Total Exposures of the bank on borrowers/customers	15.38%	19.55%

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(d) Concentration of NPAs:

(Amount in ₹ Crore)

Particulars	30.09.2020	30.09.2019
Total Exposure to top four NPA accounts	15869.94	12121.34

(e) Provisioning Coverage Ratio:

Particulars	30.09.2020	30.09.2019
Provisioning Coverage Ratio	83.00%	73.58%

II. Sector-wise advances:

(Amount in ₹ Crore)

Sl. No	Sector	As on 30.09.2020			As on 30.09.2019		
		Outstandi ng Total Advances	Gross NPAs	Percen tage of Gross NPAs to Total Advan ces in that sector	Outstandi ng Total Advances	Gross NPAs	Percent age of Gross NPAs to Total Advanc es in that sector
A	Priority Sector						
1.	Agriculture and allied activities	95126.38	16586.50	17.44	64518.52	6619.31	10.26
2.	Advances to industries sector eligible as priority sector lending	32777.18	5282.39	16.12	20490.64	3563.33	17.39
3.	Services	74337.98	11410.18	15.35	36474.44	3600.24	9.87
4.	Retails & Others	51032.20	4377.94	8.58	14667.95	1147.63	7.82
	Sub-total (A)	253273.74	37657.01	14.87	136151.55	14930.51	10.97
B	Non Priority Sector						
1.	Agriculture	27975.30	520.14	1.86	7703.50	148.15	1.92



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	re and allied activities						
2.	Industry	171653.56	42000.24	24.47	124127.82	34418.01	27.73
3.	Services	157186.70	13536.83	8.61	164558.25	28509.90	17.33
4.	Retails & Others	106834.98	2599.72	2.43	41544.15	1451.52	3.49
	Sub-total (B)	463650.54	58656.93	12.65	337933.71	64527.58	19.09
	Total (A+B)	716924.28	96313.94	13.43	474085.26	79458.09	16.76

III. Movement of Gross NPAs: (During H-1)

(Amount in ₹ Crore)

Particulars	30.09.2020	30.09.2019
Gross NPAs Opening balance	73478.76	78472.70
Additions on account of amalgamation of eOBC and eUNI	31686.38	-
Additions (Fresh NPAs) during the Half Year including effect of Harmonization, if any	4384.10	12889.25
Sub-total (A)	109549.24	91361.95
Less:		
(i) Up gradations	1342.33	1553.42
(ii) Recoveries (Excluding recoveries made from upgraded accounts)	3218.14	4696.02
(iii) Technical /Prudent Write-offs	7972.57	5654.42
(iv) Write-offs other than TWO	702.26	0.00
Sub-total (B)	13235.30	11903.86
Gross NPAs Closing balance (A-B)	96313.94	79458.09

Detail of Technical write-offs and the recoveries made there on:

(Amount in ₹ Crore)

Particulars	30.09.2020	30.09.2019
Opening balance of Technical / Prudential written-off accounts	49095.75	39302.76
Additions on account of amalgamation of eOBC and eUNI	28501.52	-
Add : Technical / Prudential write-offs during the Half Year including effect of Harmonization, if any	9749.94	6187.52
Sub-total (A)	87347.21	45490.28
Less : Recoveries made from previously technical / prudential written-off accounts during the Half Year (B)	1777.38	1323.83
Closing balance (A-B)	85569.83	44166.45

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IV. Overseas Assets, NPAs and Revenue:

(Amount in ₹ Crore)

Particulars	30.09.2020	30.09.2019
Total Assets	46571.70	43445.32
Total NPAs (Gross)	2435.62	1546.08
Total Revenue	664.85	816.43

V. Off-balance sheet SPVs sponsored by the Bank (which are required to be consolidated as per accounting norms) as on 30.09.2020 are as under:

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

31. Reward Points of Credit Card

PNB Global Credit Card holders are rewarded as and when they make purchases through usage of Credit Card. Reward Points are generated at the time of usage of Credit Card by Cardholder at merchant Establishment. Card holder can redeem the accumulated reward points. The amount payable on account of reward points is charged to Profit and Loss account and credited to Sundry Provision Account on daily basis.

Position of outstanding reward points of Credit Cards and Provision thereon:

Particulars	30.09.2020	30.09.2019
Balance Reward Points outstanding	202131163	340952015
Provision held for these points (₹ in Crore)*	2.53	4.26

*The provision held against Rewards points in respect of Credit Cards has been worked out at ₹0.50 for 1 point. Based on past trend of redemption, provision has been made @25% of accumulated Reward points on estimated basis as in the previous year.

32. Disclosures relating to Securitization

OUTSTANDING AMOUNT OF SECURITISED ASSETS: 30.09.2020

Sl.No	Particulars	No/₹. in crore
1.	No of SPVs sponsored by the bank for securitization transactions*	NIL
2.	Total amount of securitized assets as per books of the SPVs sponsored by the bank	NIL
3.	Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet	NIL
a)	Off-balance sheet exposures	
	First loss	
	Others	
b)	On-balance sheet exposures	
	First loss	
	Others	

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4	Amount of exposures to securitization transactions other than MRR			NIL
	a)	Off-balance sheet exposures		
		i)	Exposure to own securitizations	
			First loss	
			Others	
		ii)	Exposure to third party securitizations	
			First loss	
			Others	
	b)	On-balance sheet exposures		
		i)	Exposure to own securitizations	
First loss				
Others				
ii)		Exposure to third party securitizations		
		First loss		
		Others		

*Only the SPVs relating to outstanding securitization transactions may be reported here

33. Credit Default Swaps

Since the Bank is not using any proprietary pricing model for pricing CDS contracts, and it is over the counter contract (OTC), the price is determined by the market dynamics. As such no disclosure is to be made in terms of extant RBI guidelines.

34. Transfers to Depositor Education and Awareness Fund (DEAF):

(Amount in ₹ Crore)

Particulars	30.09.2020	30.09.2019
Opening balance of amount transferred to DEAF	2323.62	1931.83
Addition on account of amalgamation of eOBC and eUNI	1481.07	-
Add : Amounts transferred to DEAF during the period	392.53	218.62
Less : Amounts reimbursed by DEAF towards claims	47.05	22.06
Closing balance of amounts transferred to DEAF*	4150.17	2128.39

*Reflected as "Contingent Liability - Others, items for which the bank is contingently liable" under Schedule 12 of the financial statements.

35. Unhedged Foreign Currency Exposure (UFCE):

The Bank has framed a policy to manage currency induced credit risk and has been incorporated in current bank's Credit Management & Risk Policy as follows:

"In terms of RBI guidelines, Bank monitors the currency wise Un-hedged Foreign Currency Exposure in the books of borrowers at Half Year ends along-with the Annualized Earnings before Interest & Depreciation (EBID). The incremental provision (ranging from 0 to 80 bps on total credit exposure, over and above the standard asset provisioning) and capital requirement will depend on likely loss (due to foreign currency fluctuation), that borrowers may face due to their un-hedged forex exposure in their books. Bank maintains separate charge and provisioning requirement on account of such exposures which may impact the cost

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to the borrowers. Appropriate disclosures in the financial statements of the bank shall also be made.”

(Amount in ₹ Crore)

Particulars	30.09.2020	30.09.2019
Total Incremental Provision required	125.75	70.71
Incremental capital held	393.19	113.19

36. Intra-Group Exposures

(Amount in ₹ Crore)

	Particulars	30.09.2020	30.09.2019
a)	Total amount of intra-group exposures	7419.91	5010.12
b)	Total amount of top-20 intra group exposures (5 entities)	7419.91	5010.12
c)	Percentage of intra-group exposures to total exposure of the Bank on borrower/customers	0.79%	0.89%
d)	Details of breach of limits on intra-group exposures and regulatory action, if any	NA	NA

37. Liquidity Coverage Ratio (LCR)

QUALITATIVE DISCLOSURE ON LIQUIDITY COVERAGE RATIO

The bank has implemented RBI guidelines on Liquidity Coverage Ratio (LCR) from 1st January 2015.

The LCR standard aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be readily converted into cash at little/no loss of value to meet its liquidity needs for a 30 calendar day time horizon under a liquidity stress scenario.

LCR has two components:

- i. The value of the stock of High Quality Liquid Assets (HQLA)–*The Numerator*.
- ii. Total Net Cash Outflows: Total expected cash outflows minus Total expected cash inflows, in stress scenario, for the subsequent 30 calendar days - *The denominator*.

Definition of LCR:

$$\frac{\text{Stock of high quality liquid assets (HQLAs)}}{\text{Total net cash outflows over the next 30 calendar days}} \geq 80\% \text{ (w.e.f 17.04.2020)}$$

The LCR requirement has become binding on the banks with the following minimum required level as per the time-line given below:

	Jan 1, 2015	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018	Jan 1, 2019
Minimum LCR	60%	70%	80%	90%	100%

(Effective from April 17, 2020, RBI has reduced minimum LCR requirement from 100% to 80% upto September 30, 2020)

PUNJAB NATIONAL BANK
SCHEDULE 18: NOTES TO ACCOUNTS (SOLO) – 30.09.2020

For Q2 FY'2020-21, the daily average LCR was 194.14% (based on simple average of daily observations) at consolidated level, as against the regulatory requirement of 80%.

The main drivers of LCR of the bank are High Quality Liquid Assets (HQLAs) to meet liquidity needs of the bank at all times and basic funding from retail and small business customers. The retail and small business customer's contribute about 73.95% of total deposit portfolio of the bank which attracts low run-off factor of 5/10% as on 30.09.2020.

Composition of High Quality Liquid Assets (HQLA)

HQLAs comprises of Level 1 and Level 2 assets. Level 2 assets are further divided into Level 2A and Level 2B assets, keeping in view their marketability and price volatility.

Level-1 assets are those assets which are highly liquid. For quarter ended Sep 30, 2020, the Level-1 asset of the bank includes Cash in Hand, Excess CRR, Government Securities in excess of minimum SLR, Marketable securities issued or guaranteed by foreign sovereign, MSF and FALLCR totalling to Rs. 321526.17 cr (based on simple average of daily observations).

Level-2A & 2B assets are those assets which are less liquid and their weighted amount comes to Rs. 14989.84 cr (based on simple average of daily observations). Break-up of daily observation Average HQLA during quarter ended Sep 30, 2020 is given hereunder:

High Quality Liquid Assets (HQLAs)	Average %age contribution to HQLA
Level 1 Assets	
Cash in hand	1.11%
Excess CRR balance	0.38%
Government Securities in excess of minimum SLR requirement	37.12%
Government securities within the mandatory SLR requirement, to the extent allowed by RBI under MSF (presently to the extent of 3 per cent of NDTL)	9.36%
Marketable securities issued or guaranteed by foreign sovereigns having 0% risk-weight under Basel II Standardized Approach	0.75%
Facility to avail Liquidity for Liquidity Coverage Ratio – FALLCR (presently to the extent of 15 per cent of NDTL)	46.82%
Total Level 1 Assets	95.54%
Total Level 2A Assets	4.32%
Total Level 2B Assets	0.14%
Total Stock of HQLAs	100.00%

PUNJAB NATIONAL BANK
SCHEDULE 18: NOTES TO ACCOUNTS (SOLO) – 30.09.2020

Concentration of Funding Sources

This metric includes those sources of funding, whose withdrawal could trigger liquidity risks. It aims to address the funding concentration of bank by monitoring its funding requirement from each significant counterparty and each significant product/instrument. As per RBI guidelines, a "significant counterparty/instrument/product" is defined as a single counterparty/instrument/product or group of connected or affiliated counter-parties accounting in aggregate for more than 1% of the bank's total liabilities.

The bank has no significant counterparty (deposits/borrowings) as at 30.09.2020. Top 20 depositors of the bank constitute 2.73% of bank's total liability as at Sep 30, 2020. The significant product/ instrument includes Saving Fund, Current deposit and Core Term Deposit, the funding from which are widely spread and cannot create concentration risk for the bank.

Derivative exposure

The bank has low exposure in derivatives having negligible impact on its liquidity position.

Currency Mismatch

As per RBI guidelines, a currency is considered as "significant" if the aggregate liabilities denominated in that currency amount to 5 per cent or more of the bank's total liabilities. In our case, only USD (5.66% of bank's total liabilities) falls in this criteria whose impact on total outflows in LCR horizon can be managed easily as the impact is not large considering the size of balance sheet of the bank.

Degree of centralization of liquidity management and interaction between group's units

The group entities are managing liquidity on their own. However, the bank has put in place a group-wide contingency funding plan to take care of liquidity requirement of the group as a whole in the stress period.

QUANTITATIVE DISCLOSURE ON LIQUIDITY COVERAGE RATIO
(On consolidated basis (including domestic & foreign subsidiaries))

(Amount in ₹ Crore)					
		30.09.2020		30.06.2020	
		Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
	Based on the simple average of daily observations	66 Data Points		59 Data Points	
High Quality Liquid Assets					

PUNJAB NATIONAL BANK
SCHEDULE 18: NOTES TO ACCOUNTS (SOLO) – 30.09.2020

1	Total High Quality Liquid Assets (HQLA)		336516.01		309844.57
Cash Outflows					
2	Retail deposits and deposits from small business customers of which :	772215.14	72256.94	760733.78	71184.11
(i)	Stable deposits	99291.51	4964.58	97785.44	4889.27
(ii)	Less stable deposits	672923.63	67292.36	662948.33	66294.83
3	Unsecured wholesale funding, of which:	205831.80	105808.01	216949.24	111404.43
(i)	Operational deposits (all counterparties)	700.99	175.25	607.79	151.95
(ii)	Non-operational deposits (all counterparties)	205130.81	105632.77	216341.45	111252.48
(iii)	Unsecured debt	0.00	0.00	0.00	0.00
4	Secured wholesale funding		0.00		0.00
5	Additional requirements, of which	106386.15	11924.00	105889.18	11565.44
(i)	Outflows related to derivative exposures and other collateral requirements	4.31	4.31	102.03	102.03
(ii)	Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00
(iii)	Credit and liquidity facilities	106381.84	11919.70	105787.15	11463.41
6	Other contractual funding obligations	2786.71	2786.71	3970.30	3970.30
7	Other contingent funding obligations	99639.94	3524.63	92698.68	3140.97
8	Total Cash Outflows		196300.29		201265.24
Cash Inflows					
9	Secured lending (e.g. reverse repos)	44080.58	0.00	38445.05	0.00
10	Inflows from fully performing exposures	16540.84	15311.77	18531.53	13722.69
11	Other cash inflows	7651.87	7651.87	7294.02	7294.02
12	Total Cash Inflows	68273.29	22963.64	64270.60	21016.71
Total Adjusted Value					
13	TOTAL HQLA		336516.01		309844.57
14	Total Net Cash Outflows		173336.65		180248.54
15	Liquidity Coverage Ratio (%)		194.14%		171.90%

PUNJAB NATIONAL BANK
SCHEDULE 18: NOTES TO ACCOUNTS (SOLO) – 30.09.2020

* Simple averages of Daily observations over previous quarter

38. Disclosure Leverage Ratio: Capital measure and the Exposure measure along with Leverage Ratio:

(Amount in ₹ Crore)

Particulars	30.09.2020
Capital measure	64108.00
Exposure measure	Total Exposure for the calculation of Leverage ratio=1286638.52
Leverage Ratio (%)	4.98%

39. Other Notes

- a. As per RBI guidelines, the Bank worked out the amount of Inter Branch Credit entries outstanding for more than 5 years to create a Blocked Account. Accordingly, a sum of ₹11.78Crores (net of adjustments since carried out has been included under "Other Liabilities-others" in Schedule-5).
- b. Premises includes:-
 - I. Premises includes properties amounting to ₹7.69Crore (Net of Depreciation) {Cost ₹9.85Crore} are awaiting registration of title deeds.
 - II. Premises includes Capital work in progress of ₹96.54Crore.
- c. Guidelines given in Micro, Small and Medium Enterprises Development Act 2006 have been complied with for purchases made during the Half Year ended Sept., 2020 in FY 2020-21 and payments have been made to the Vendors in time as per Act. Since there had been no delay in payment, so no penal interest has been paid during Half Year ended Sept., 2020 (FY 2020-21).
- d. Information under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in terms of the provisions of Regulation 52(4) for unsecured bonds issued by bank excluding Debt instruments eligible for meeting capital requirement:

Sl.No.	PNB BONDS SERIES	ISIN NO.	DATE OF PAYMENT OF INTEREST	Whether the same has been paid or not	Rating ICRA	Rating CARE	Rating India Rating	Rating CRISIL	Remark
1	Long Term Bonds (Borrowing) series I (8.23 %)	INE 160A 08068	10.02.2020	Paid	NA	AA+	AA+	AA+	Interest was paid on 10.02.2020 with interest of 1 additional day, as 09.02.2020 was bank holiday i.e. Sunday.
2	Long Term Bonds (Borrowing) series II (8.35 %)	INE 160A 08084	24.03.2020	Paid	AA-	AA+	NA	AA+	NIL

- e. In compliance of RBI letter no. BPC.7201/21.04.132/2017-18 dated 08.02.2018, Bank has made a provision of ₹105.75Crore being 5 % of the existing outstanding of ₹2114.92Crore as on 30.09.2020 in respect of Advance to Government of Punjab Long term Loan (LTL).



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- f. Provisioning pertaining to fraud accounts due to amendment in provisioning norms as per RBI Circular no. RBI/2015-16/376 DBR.No.BP.BC.92/21.04.048/2015-16 dated 18.04.2016:

(₹ in Crores)

Category	No. of Cases/accounts reported during the Half Year Sept. 2020 FY 2020-21	Amount involved in fraud reported during the Half Year Sept. 2020 FY 2020-21	Quantum of provision during the Half Year Sept. 2020 FY 2020-21	Quantum of unamortized provision debited from 'other reserve' as at the end of the year
Borrowal	87@	7279.08	1902.68	-
Non-Borrowal Frauds	322#	30.74	28.77	-
Total	409	7309.82	1931.45	-

@Out of 87 accounts, 12 accounts are old fraud cases & ₹618.16Crores have been enhanced & updated to RBI due to harmonization.

Out of 322 accounts, 1 account is old fraud case & ₹18.00Crores have been enhanced & updated to RBI due to harmonisation.

- g. Board Evaluation: As per EASE Agenda, an evaluation of performance of Bank's Whole Time Directors reporting to MD&CEO is done on annual basis. Board evaluates and accords points against 24 APs (Action Points). This evaluation for the year 2019-20 has been done by Board at its meeting held on 25.09.2020.

- h. Details of Priority Sector Lending Certificate (PSLCs)

(₹ in Crores)

Sr. No.	Types of PSLCs	PSLC bought during the Half Year Sept. 2020	PSLC sold during the the Half Year Sept. 2020
1	Agriculture	9998.50	0.00
2	Small and Marginal Farmers	0.00	0.00
3	Micro Enterprises	0.00	0.00
4	General	0.00	0.00
TOTAL		9998.50	0.00

- i. Tax Paid in advance/Tax deducted at source appearing under "Other Assets includes disputed amount adjusted by the department/paid by the Bank in respect tax demands for various assessment years.

No provision is considered necessary in respect of disputed Income Tax demands of ₹9826.06Crore (Previous year Half Year Sept. 2019 ₹45.98Crore) as in the bank's view, duly supported by expert opinion and/or decision in bank's own appeals on same issues, additions / disallowances made are not sustainable.

PUNJAB NATIONAL BANK
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- j. In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated 27th March, 2020 and 17th April, 2020, and clarification issued by RBI through Indian Bankers Association dated 6th May, 2020, the Bank granted moratorium on the payment of instalments and/or interest, as applicable, falling due between March 01, 2020 and May 31, 2020 to eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. In accordance with the additional Regulatory Package guidelines dated May 23, 2020, the Bank granted a second moratorium on instalments or interest, as applicable, due between June 01, 2020 and August 31, 2020. The moratorium period, wherever granted, is excluded from the number of days past-due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms

Disclosure in terms of RBI letter RBI/ 2019-20/220 DOR.No.BP.BC.63/ 21.04.048/ 2020-21 dated 17.04.2020 COVID-19 Regulatory Package-Asset Classification and Provisioning Q2 FY 20-21:

S.No.	Particulars	Amount (Rs. In Crore)
(i)	Respective SMA 2 amounts where asset classification benefit extended	5953.11
(ii)	Total Provision (@10%) already made for Q4FY20 & Q1FY21 in terms of paragraph 5 of above mentioned letter	627.16
	Provision already made during the Q4FY20 & Q1FY21 in term of paragraph 5 of abovementioned letter	595.31
	Provision to be released as on 30.09.2020	31.85
(iii)	Total provision held as on 30.09.2020	595.31
(iv)	Additional provision made as a matter of prudence for asset classification benefit due to Covid moratorium	400.00
(v)	Grand Total of Covid Provision	995.31
(vi)	Provision adjusted during the respective accounting period against slippages and the residual provisions in terms of paragraph 6 of above mentioned letter	31.85

- k. As per RBI letter no. DBR.No. BP.15199/21.04.048/2016-17 dated 23rd June, 2017 (RBI List I) and letter no. DBR.No.BP.1908/21.04.048/2017-18 dated 28th August, 2017 (RBI List II) for the accounts admitted under the provisions of Insolvency and Bankruptcy code (IBC), the bank is holding total provision of Rs. 16503.49Crores (Aggregate provision of RBI List 1 & List 2 Accounts) as on 30th September 2020 (100% of Gross NPA Advances).
- l. COVID-19 pandemic continues to spread across several countries including India resulting in a significant volatility in global and Indian financial markets and a significant decline in global and local economic activities. The Govt. of India had announced a series of lock down measures from March 24, 2020 onwards which are yet to be completely withdrawn. Govt. of India has directed a calibrated and gradual withdrawal of lock down and partial resumption of economic activities. The situation continues to be uncertain and the Bank is evaluating the situation on ongoing basis. The major identified challenges for the bank would arise from eroding cash flows and extended working capital cycles. The Bank is gearing itself on all the fronts to meet these challenges.

PUNJAB NATIONAL BANK
SCHEDULE 18: NOTES TO ACCOUNTS (SOLO) – 30.09.2020

- m. The financial results for the quarter/half-year ended 30th September, 2020 have been prepared in accordance with AS-25 Interim Financial Reporting issued by ICAI, following the same Accounting Policies and practices as those followed in the annual financial statements for the year ended 31st March, 2020, except appropriation of recoveries in NPA accounts.

In order to align with the prevailing practice in the Banking industry, during the quarter and half year ended September 30, 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/derecognised interest income, to the new policy of appropriation of recovery first against the charges recorded, followed by Recorded Interest/Derecognised Interest and balance against the principal. This change in Accounting Policy has resulted in increase in Profit before Tax by Rs.271.46 crore and corresponding increase in Net Advances by the even amount.

- n. The Government of India (GoI), Ministry of Finance, Department of Financial Services has issued Gazette Notification no. CG-DL-E- 04032020-216535 dated 4th March, 2020, approving the scheme of Amalgamation of Oriental Bank of Commerce and United Bank of India into Punjab National Bank in exercise of the powers conferred by Section 9 of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970 and Section 9 of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1980. The amalgamation has come into effect from April 1, 2020. The results for quarter/half year ended September 30, 2020 include operations of erstwhile Oriental Bank of Commerce and United Bank of India. Hence, the quarterly/half yearly results of current financial year are not comparable with corresponding quarter/half-year of previous financial year.

The amalgamation is accounted under the “pooling of interest” method as prescribed in AS-14 on “Accounting for Amalgamations”, to record amalgamation of erstwhile Oriental Bank of Commerce and United Bank of India with the Bank w.e.f. April 01, 2020.

Accordingly, the difference of Rs.9268.29 crores (net-off adjustments) between the net assets of amalgamating banks and the amount of shares issued to shareholders of the amalgamating banks has been recognized as Amalgamation Adjustment Reserve. The Bank has considered this amount under CET-1 for the purpose of calculation of CRAR.

- o. In the interim order dated September 03, 2020, Hon'ble Supreme Court of India in writ petition Gajendra Sharma Vs. Union of India & Others, has directed that accounts which were not declared as NPA till 31st August, 2020 shall not be declared as NPA till further orders. Based on the same, the Bank has not classified any account as NPA which was not NPA as on August 31, 2020. As a matter of prudence, the Bank has made a contingent provision of Rs.180.00 Crore in respect of such accounts that were not classified as NPA which includes provision for interest income aggregating to Rs.85.00 Crore reckoned in operating profit.



PUNJAB NATIONAL BANK
SCHEDULE 18: NOTES TO ACCOUNTS (SOLO) – 30.09.2020

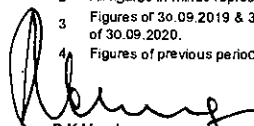
- p. In terms of notification no.CG-DL-E-23032020-218862 dated 23.03.2020 issued by the Ministry of Finance (Department of Financial Services) containing amendment in Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970, after complying with the requirements of Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 and sub - section (2BBA) of section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, the Bank has appropriated accumulated losses of Rs.28,707.92 crore from its share premium account on August 06, 2020. The said appropriation has no impact on Bank's Paid-up capital, Capital Adequacy, Leverage Ratio and Net Worth.
- q. The Government of India has pronounced Section 115BAA of the Income Tax Act, 1961 through Taxation Laws (Amendment) Ordinance, 2019. Bank has evaluated the options available under section 115 BAA of Income Tax Act and opted to continue to recognise the taxes on income for the half-year ended 30.09.2020 as per the earlier provision of Income Tax Act.
40. I. Figures of the previous year have been regrouped / rearranged / reclassified wherever necessary.
- II. Figures in the bracket wherever given relates to previous year.
- III. Previous Half Year/year ended figures are related to Standalone Punjab National Bank financials for pre-amalgamation period, hence not comparable with post amalgamation financials for the Half Year ended 30th September 2020

PUNJAB NATIONAL BANK
Statement of Standalone Cash Flow for the half year ended 30th Sep 2020

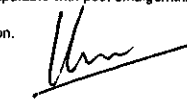
		(Rs in 000)		
		For the half year ended		Year Ended
		30.09.2020	30.09.2019	31.03.2020
A. Cash Flow from Operating Activities				
Net Profit/(Loss) after Tax		9292591	15256841	3361944
Provision for Tax		6436648	5654780	4027884
(i) Net Profit/(Loss) before taxes	(i)	15729239	20911621	7389828
(ii) Adjustments for:				
Depreciation on fixed assets		5179442	3109853	6076793
Depreciation/(Release) on Investments (net)		-1750044	1431439	-3650117
Provisions for non performing assets		86475661	54004450	144840784
Provision on Standard Assets		7609074	-1585004	730724
Other Provision (net)		1486127	-4338145	-1712296
Dividend from Subsidiary / Others		-565896	-1138081	-1541119
Profit / Loss on sale of Fixed Assets (net)		-9102	-181739	-416673
Interest paid on Bonds		9490154	5275299	11762046
Sub Total	(ii)	107915416	56579072	155898122
Operating Profit before Changes in Operating Assets and Liabilities	(i+ii)	123644655	77499693	163279950
(iii) Adjustment for net change in Operating Assets and Liabilities				
Decrease / (Increase) in Investments		-197435918	-371456608	-379176654
Decrease / (Increase) in Advances		363046822	254794839	-281163389
Decrease / (Increase) in Other Assets		-30688706	-34369336	-13791168
Increase / (Decrease) in Deposits		-18155626	197519406	278161645
Increase / (Decrease) in Borrowings		-208895929	-47642050	120995141
Increase / (Decrease) in Other Liabilities & Provisions		-43659353	7149750	6206589
	(iii)	-135789710	5996001	-268767636
Cash generated from Operations	(i+ii+iii)	-12144055	83485694	-105487686
Direct Taxes paid (net off refund)		4905235	-9110753	-21233338
A Net Cash from Operating Activities	(A)	-7238820	74374941	-126721024
B Cash Flow from Investing Activities				
Purchase of Fixed Assets (net off Sales)		-2692771	-1476582	-3300263
Dividend recd from Subsidiary/Others		565896	1138081	1541119
Investment in Subsidiary/Others		-1293566	-10036	-40652
Net Cash from/(used) in Investing Activities	(B)	-3420441	-348537	-1799796
C. Cash flow from Financing Activities				
Share Capital/Share Application Money/Share Premium		0	160910000	160910000
Issue/(Redemption) of Bonds		1089407	-20000000	-12000000
Payments of Dividends (incl tax on Dividend)		0	0	0
Interest paid on Bonds		-9490154	-6852549	-13339296
Cash paid to Shareholder of e-DBC & e-UNI towards fractional entitlement consequent to amalgamation		-4655	0	0
Net Cash from/(used) Financing Activities	(C)	-8485482	134057451	135670784
D. Cash and Cash Equivalents received on account of amalgamation	(D)	297108220	0	0
E. Net Change in Cash and Cash Equivalents	(A+B+C+D)	278043557	209083954	7049884
Cash and Cash Equivalents at the beginning of the year				
Cash and Balances with Reserve Bank of India		383978504	321291338	321291338
Balances with Banks & Money at Call & Short Notice		375951792	431589074	431589074
		759930296	752890412	752890412
Cash and Cash Equivalents at the end of the quarter				
Cash and Balances with Reserve Bank of India		685928134	378581747	383978504
Balances with Banks & Money at Call & Short Notice		352045719	582382520	375951792
		1037973853	960964267	759930296

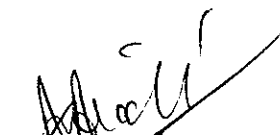
Notes :-


- Direct taxes paid (net off refund) are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- All figures in minus represents "Cash Out Flow"
- Figures of 30.09.2019 & 31.03.2020 are related to standalone pre amalgamated Punjab National Bank, hence not comparable with post amalgamation financials of 30.09.2020.
- Figures of previous period have been regrouped wherever considered necessary to conform current period classification.


P K Varshney
Asstt. General Manager


R K Khichi
Dy. General Manager


Praveen Kumar Sharma
General Manager


A K Azad
Executive Director


D K Jain
General Manager & CFO


Vijay Dubey
Executive Director


Sanjay Kumar
Executive Director


CH. S.S. Malikarjuna Rao
Managing Director & CEO

Date : 02-11-2020
Place: New Delhi



G.S.Mathur & Co.
Chartered Accountants
M K Aggarwal & Co.
Chartered Accountants

MKPS & Associates
Chartered Accountants
A John Moris & Co.
Chartered Accountants

HDSG & Associates
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of Punjab National Bank

Report on Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of the Punjab National Bank which comprise the Balance Sheet as at 31st March, 2020, and the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended and notes to financial statements including a summary of significant accounting policies and other explanatory information, in which are included returns for year ended on that date of 20 branches audited by us and 2244 branches audited by statutory branch auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also included in the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flows are the returns from 4852 branches and 116 other offices of the bank which have not been subjected to audit. These unaudited branches account for 9.51 percent of advances, 39% per cent of deposits, 12 per cent of interest income and 39 percent of interest expenses.

Based on above:

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 (the 'Act') in the manner so required for bank and are in conformity with accounting principles generally accepted in India and :
 - a. the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at 31st March, 2020;
 - b. the Profit and Loss Account, read with the notes thereon shows a true balance of profit and
 - c. the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those



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Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Bank in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements in India, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our matter was addressed in the audit
<p><u>Advances – classification and provisioning</u> (Refer Schedule 9 to the financial statements, read with the Accounting Policy No.5)</p> <p>The advances are classified as performing and non-performing advances (NPA) and provisioning thereon is made in accordance with the prudential norms as prescribed by the Reserve Bank of India (RBI). The asset classification, income recognition and provisioning is done by Core Banking Solution(CBS). The extent of provisioning of NPA under the prudential norms are mainly based on its ageing and recoverability of the underlined security.</p> <p>In the event of any improper application of the prudential norms or consideration of the incorrect value of the security, as the valuation of the security involves high degree of estimation and judgement, the carrying value of the advances could be materially misstated either individually or collectively, and in view of the significance of the amount of advances in the financial</p>	<p>Our audit approach included an understanding of the Bank's software, circulars, guidelines and directives of the Reserve Bank of India and the Bank's internal instructions and procedures in respect of the assets classification and its provisioning and adopted the following audit procedures:</p> <ul style="list-style-type: none"> • Evaluated and understood the Bank's internal control system in adhering to the Relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances. • Test checked the design and implementation as well as operational effectiveness of relevant controls, including involvement of manual process in relation to income recognition, asset classification and provisioning pertaining to advances



<p>statements the classification of the advances and provisioning thereon has been considered as Key Audit Matter in our audit.</p>	<ul style="list-style-type: none"> Reviewed the documentations, operations / performance and monitoring of the advance accounts, on test check basis of the large and stressed advances, to ascertain any overdue, unsatisfactory conduct or weakness in any advance account, examination of classification as per prudential norms of the RBI, in respect of the branches / relevant divisions audited by us. In respect of the branches audited by the branch statutory auditors, we have placed reliance on their reports. <p>Further we have reviewed on test check basis the reports of the credit audit, inspection audit, risk based internal audit, concurrent audit, regulatory audit to ascertain the advances having any adverse features / comments, and reviewed the reports generated from the bank's system.</p> <p>Our Results:</p> <p>The results of our audit process were observed to be adequate and satisfactory considering the materiality of the transactions.</p>
<p><u>Investments – valuation, and identification and provisioning for Non-Performing Investments</u></p> <p>(Refer Schedule 8 to the financial statements, read with the Accounting Policy No.4)</p> <p>Investment portfolio of the bank comprises of Investments in Government Securities, Bonds, Debentures, Shares, Security Receipts and other Approved Securities which are classified under three categories, Held to Maturity, Available for Sale and Held for Trade.</p>	<p>Our audit approach towards Investments with reference to the RBI circulars / directives included the review and testing of the design, implementation, operating effectiveness of internal controls and audit procedures in relation to valuation, classification, identification of Non-Performing Investments, provisioning / depreciation related to Investments as per RBI guidelines</p> <ul style="list-style-type: none"> We reviewed and evaluated the process adopted for collection of information from various sources for determining fair value of these investments. For selected sample of investments (covering all categories of investments



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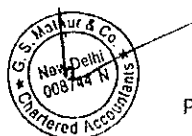
<p>Valuation of Investments, identification of Non-performing Investments (NPI) and the corresponding non-recognition of income and provision thereon, is carried out in accordance with the relevant circulars / guidelines / directions of RBI. The valuation of each category (type) of aforesaid security is to be carried out as per the methodology prescribed in circulars and directives issued by the RBI which involves collection of data/ information from various sources such as FBIL rates, rates quoted on BSE/ NSE, financial statements of unlisted companies, NAV in case of mutual funds & security receipts etc. Certain investments are based on the valuation methodologies that include statistical models with inherent assumptions, assessment of price for valuation based on financial statements etc. Hence, the price discovered for the valuation of these Investments may not be the true representative but only a fair assessment of the Investments as on date. Hence the valuation of Investments requires special attention and further in view of the significance of the amount of Investments in the financial statements the same has been considered as Key Audit Matter in our audit.</p>	<p>based on nature of security) we tested accuracy and compliance with the RBI Master circulars and directions.</p> <ul style="list-style-type: none"> ▪ We assessed and evaluated the process of identification of NPIs, and corresponding reversal of income and creation of provision. <p><u>Our Results:</u></p> <p>The results of our audit process were observed to be adequate and satisfactory considering the materiality.</p>
<p><u>Assessment of Information Technology (IT):</u> IT controls with respect to recording of transactions, generating various reports in compliance with RBI guidelines including IRAC, preparing.</p> <p>Other compliances to regulators etc is an important part of the process. Such reporting is highly dependent on the effective working of Core Banking Software and other allied systems</p> <p>We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong</p>	<p>Our audit approach included:-</p> <ul style="list-style-type: none"> • -Understanding the coding system adopted by the bank for various categories of customers • -Understanding the feeding of the data in the system and going through the extraction of the financial information and statements from the IT system existing in the bank. • -Checking of the user requirements for any changes in the regulations/ policy of the bank.



reporting of data to the management and regulators.	<ul style="list-style-type: none"> • reviewed the reports generated by the system on sample basis. <p><u>Our Result</u> However, the system needs to be strengthened for its efficacy to control persisting deficiencies of input/output data from the system.</p>
<p>Litigation & Contingent Liabilities</p> <p>Assessment of Contingent liabilities in respect of certain litigations including Direct and Indirect Taxes and various other claims filed by other parties upon the bank not acknowledged as debts.</p> <p>The Bank's assessment is supported by the facts of matter, their own judgment, past experience, and advices from legal and independent tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Bank's reported profit and the Balance Sheet.</p> <p>We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of litigations which requires application of judgment in interpretation of law. Accordingly, our audit was focused on analysing the facts of subject matter under consideration and judgments/ interpretation of law involved.</p>	<p>Our audit approach included :-</p> <ul style="list-style-type: none"> • Going through the current status of the tax litigations and contingent liabilities. • Examining the orders and/or communication received from various Tax Authorities/ Judicial forums and follow up action thereon; • Evaluating the merits of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice ; and • Wherever required, reliance is placed on the opinion of legal and tax consultants.

Emphasis of Matter

- a) We draw your attention to Note No. 16 to the accompanying standalone financial results, which describes the uncertainties due to outbreak of novel corona virus (COVID 19) and the management's assessment of its impact on the business operations of the Bank.



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- b) Refer Note No. 17 to the financial results relating to deferment of provision of Rs.766.28 crore pertaining to certain fraud accounts identified during the year ended 31st March 2020 and to be charged to the Profit & Loss Accounts in the three quarters of FY2020-21, in terms of RBI Circular DBR No. BP.BC.92/21.04.048/2015-16 dated April 18, 2016.
- c) Refer Note No. 25 of the accompanying financial statements wherein as per opinion of the Bank, there is no requirement to make any provisions for diminution in value of investments.

Our opinion is not modified in respect of these matters.

Information Other than the Financial Statements and Auditor's Report thereon

5. The Bank's Board of Directors is responsible for the other information. The other information comprises the Corporate Governance Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and Directors' Report, including annexures, if any, thereon, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and Pillar 3 disclosure under Basel III and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

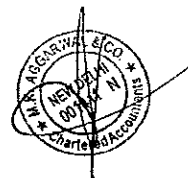
If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Directors' Report, including annexure, if any, thereon, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements



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6. The Bank's Board of Directors is responsible with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

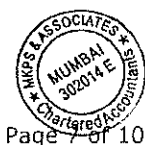
In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

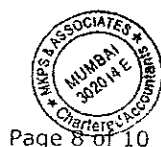
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

8. We did not audit the financial statements / information of 4,852 branches included in the standalone financial statements of the Bank whose financial statements / financial information reflect total assets of 5,53,352 Crores as at 31st March 2020 and total revenue of Rs. 20,625 Crores for the year ended on that date, as considered in the standalone financial statements. The financial statements / information of these branches have been audited by the branch auditors whose reports have been furnished to us, and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.
9. The annual financial results include the results for the quarter ended 31st March 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subjected to limited review by us.



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10. The bank has opted for deferment of Reporting of Internal Financial Controls as required by RBI vide Letter dated 19.05.2020 and hence, no reporting is required for the current year ended 31.03.2020

11. As confirmed by the management none of the directors on the board of the bank have been debarred or disqualified from being appointed or continued as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Our opinion is not modified in respect of these matter.

Report on Other Legal and Regulatory Requirements

12. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949;

13. Subject to the limitations of the audit indicated in paragraphs 5 to 7 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and subject also to the limitations of disclosure required therein, we report that:

- a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;
- b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
- c. The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
- d. We have not observed any financial transaction or matter which has adverse effect on the functioning of the bank.
- e. We do not have any qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith.

14. We further report that:

- a. in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- b. the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
- c. the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report; and



- d. In our opinion, the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows comply with the applicable accounting standards to the extent they are not inconsistent with the accounting policies prescribed by RBI.

FOR HDSG & ASSOCIATES
CHARTERED
ACCOUNTANTS
FRN 002871N



(DALBIR SINGH GULATI)
PARTNER
M.NO. 081024

FOR G S MATHUR & CO.
CHARTERED
ACCOUNTANTS
FRN 008744N



(RAJIV KUMAR
WADHAWAN)
PARTNER
M.NO. 091007

FOR MKPS &
ASSOCIATES.
CHARTERED
ACCOUNTANTS
FRN 302014E



(SANJAYA KUMAR
PARIDA)
PARTNER
M.NO. 504222

FOR M K AGGARWAL &
CO.
CHARTERED
ACCOUNTANTS
FRN 001411N



(ATUL AGGARWAL)
PARTNER
M.NO. 099374

FOR A JOHN MORIS & CO.
CHARTERED
ACCOUNTANTS
FRN 007220S

(G KUMAR)
PARTNER
M.NO. 023082

Place: New Delhi
Date: 19.06.2020

**PUNJAB NATIONAL BANK
BALANCE SHEET AS ON 31st MARCH, 2020**

('000 omitted)

<u>CAPITAL & LIABILITIES</u>	<u>Schedule</u>	<u>As on 31.03.20</u>	<u>As on 31.03.19</u>
Capital	1	13475132	9208094
Reserves & Surplus	2	610099730	438653151
Deposits	3	7038463206	6750301361
Borrowings	4	502254292	393259151
Other Liabilities and Provisions	5	142366757	148062860
TOTAL		8306659117	7749494617
ASSETS			
Cash & Balances with Reserve Bank of India	6	383978504	321291338
Balances with Banks & Money at call & short notice	7	375951792	431589074
Investments	8	2404656414	2021282198
Advances	9	4718277227	4582492041
Fixed Assets	10	72390682	62248473
Other Assets	11	351404498	330591493
TOTAL		8306659117	7749494617
Contingent Liabilities	12	2108007358	3054001291
Bills for Collection		280499136	273358976
Significant Accounting Policies	17		
Notes on Accounts	18		
The Schedules 1 to 18 form an integral part of the Accounts.			

P.K. Varshney
P. K. VARSHNEY
ASSISTANT GENERAL MANAGER

R.K. Khichi
R. K. KHICHI
ASSISTANT GENERAL MANAGER

Mdhanwan
MAHESH DHAWAN
GENERAL MANAGER

A.K. Azad
A. K. AZAD
EXECUTIVE DIRECTOR

P.K. Sharma
P. K. SHARMA
CHIEF GENERAL MANAGER & CFO

Vijay Dube
VIJAY DUBE
EXECUTIVE DIRECTOR

Sanjay Kumar
SANJAY KUMAR
EXECUTIVE DIRECTOR

Dr. R.K. Yadu Vanshi
DR. R. K. YADU VANSHI
EXECUTIVE DIRECTOR

Pankaj Jain
PANKAJ JAIN
DIRECTOR

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

Asha Bhandarker
DR. ASHA BHANDARKER
DIRECTOR

For HD SG & Associates
Chartered Accountants
FRN 002871N



(Dalbir Singh Gulati)
Partner
M No. 001024

As per our Report of even date
For G S Mathur & Co.
Chartered Accountants
FRN 008744N



(Rajiv Kumar Wadhawan)
Partner
M No. 091007

For MKPS & Associates
Chartered Accountants
FRN 302014E



(Sanjaya Kumar Parjapati)
Partner
M No. 504222

For M K Aggarwal & Co.
Chartered Accountants
FRN 001411N



(Atul Aggarwal)
Partner
M No. 99374

For A John Morris & Co.
Chartered Accountants
FRN 007220S



(G. Kumar)
Partner
M No. 023082

Date : 19/06/2020
Place: New Delhi




PUNJAB NATIONAL BANK
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2020

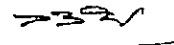
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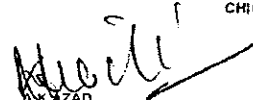
	<u>Schedule</u>	<u>Year Ended</u> <u>31.03.20</u>	<u>Year Ended</u> <u>31.03.19</u>
I. INCOME			
Interest earned	13	538000337	513102483
Other income	14	92741277	73774123
TOTAL		630741614	586876606
II. EXPENDITURE			
Interest expended	15	363622425	341539370
Operating expenses	16	119733704	115384806
Provisions and Contingencies		144023541	229707290
TOTAL		627379670	686631466
III. PROFIT			
Net Profit/(Loss) for the year		3361944	-99754860
Add: Balance in Profit & Loss A/c		0	0
Profit Available for Appropriation		3361944	-99754860
IV. APPROPRIATIONS			
Transfer to :			
Statutory Reserves		840485	0
Capital Reserves		2036260	861255
Revenue & Other Reserves			-1343092
Proposed Dividend		0	0
Interim Dividend		0	0
Tax on Dividend proposed for the year 2017-18		0	0
Balance Transferred from provision for tax on dividend/dividend		0	0
Special reserve as per Income Tax Act		0	0
Investment Reserve		0	0
Investment Fluctuation reserve		485199	0
Balance in Profit & Loss Account		0	-99273023
TOTAL		3361944	-99754860
Earning per Share (*) (Basic/Diluted)		0.62	-30.94
(Nominal Value: 2 per share)			
Significant Accounting Policies	17		
Notes on Accounts	18		



P K VARSHNEY
ASSISTANT GENERAL MANAGER


R K KHICHI
ASSISTANT GENERAL MANAGER

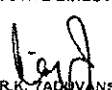

MAHESH DHAWAN
GENERAL MANAGER


P K SHARMA
CHIEF GENERAL MANAGER & CFO


AK AZAD
EXECUTIVE DIRECTOR


VIJAY OUBE
EXECUTIVE DIRECTOR


SANJAY KUMAR
EXECUTIVE DIRECTOR


DR. R.K. YADUVANSHI
EXECUTIVE DIRECTOR


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


PANKAJ JAIN
DIRECTOR


VIVEK AGGARWAL
DIRECTOR


DR. ASHA BHANDARKER
DIRECTOR

For HDSG & Associates
Chartered Accountants
FRN 002871N

(Dalbir Singh Gulati)
Partner
M No. 081024

For M K Aggarwal & Co.
Chartered Accountants
FRN 004411N

(Anil Aggarwal)
Partner
M No. 99374

Date : 19/06/2020
Place: New Delhi

As per our Report of even date

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

(Rajiv Kumar Wadhwa)
Partner
M No. 091007

For A John Morris & Co.
Chartered Accountants
FRN 007220S

(G. Kumar)
Partner
M No. 023082

For MKPS & Associates
Chartered Accountants
FRN 302014E

(Sanjaya Kumar Parida)
Partner
M No. 504222

SCHEDULE 1 - CAPITAL
PUNJAB NATIONAL BANK

('000 omitted)

	As on 31.03.20	As on 31.03.19
Authorised 15,00,00,00,000 Equity Shares of ₹ 2 each	30000000	30000000
Issued & Subscribed 673,75,65,988 (Previous year 460,40,47,028) Equity Shares of ₹ 2 each	13475132	9208094
Paid Up 673,75,65,988 (Previous year 460,40,47,028) Equity Shares of ₹ 2 each	13475132	9208094
(includes equity shares of 560,52,11,223 ₹ 2 each held by Central Government)		
TOTAL	13475132	9208094

SCHEDULE 2 - RESERVES & SURPLUS
I. Statutory Reserves

Opening Balance	95463772	99982512
Addition during the year	840486	
Deduction during the year	1577250	4518740
	94727008	95463772

II. Capital Reserves
a) Revaluation Reserve

Opening Balance	35822289	36838197
Addition during the year	12732750	0
Deduction during the year	230684	1015908
Transfer to Other Reserves	737439	0
	47586916	35822289

b) Others

Opening Balance	29634188	28772933
Addition during the year	2543052	861255
	32177240	29634188

III. Share Premium

Opening Balance	355242632	210893008
Addition during the year	156642962	144349824
Deduction during the year	0	0
	511885794	355242832

IV. Revenue and other Reserves
a) Investment Reserve

Opening Balance	3705193	3705193
Add: Transfer from P&L Appropriation A/c	0	0
Less: Transfer to P&L Appropriation A/c	0	0
	3705193	3705193

b) Investment Fluctuation Reserve

Opening Balance	0	0
Add: Transfer from P&L Appropriation A/c	485199	0
Less: Transfer to P&L Appropriation A/c	0	0
	485199	0

c) Exchange Fluctuation Reserve

Opening Balance	3431300	3448648
Add: Addition during the year	813353	0
Less: Deduction during the year (Net)	75850	17348
	4168803	3431300

d) Special Reserve under Sec.36(1) (viii) of Income Tax Act, 1961

Opening Balance	14636600	14636600
Transferred from Other Reserves	0	0
Addition during the year	0	0
	14636600	14636600

e) Other Reserve

Opening Balance	0	6944824
Addition during the year	6925312	0
Less: Withdrawal during the year	7662751	7960732
Add: Transfer from Revaluation Reserves	737439	1015908
Less: Payment for blocked accounts	0	0
	0	0

V. Balance in Profit & Loss Account

	-99273023	-99273023
Total of I, II, III, IV, V	610099730	438663151
	6100997	



SCHEDULE 3 - DEPOSITS

('000 omitted)

	<u>As on 31.03.20</u>	<u>As on 31.03.19</u>
I. Demand Deposits		
(i) From Banks	18431176	17562578
(ii) From Others	438713302	426188180
	457144478	443750758
II. Savings Bank Deposits	2567601188	2406653907
III. Term Deposits		
A. (i) From Banks	286390024	384374511
(ii) From Others	3725327516	3525822185
	4013717540	3909636696
Total I, II & III	7038463206	6760301361
B. (i) Deposits of branches in India	6864930077	6545356600
(ii) Deposits of branches outside India	173533129	214942761
TOTAL B (i) & (ii)	7038463206	6760301361

SCHEDULE 4 - BORROWINGS

I. Borrowings in India		
(i) Reserve Bank of India	166250000	30002386
(ii) Other Banks	56498524	27146282
(iii) Other Institutions and Agencies	30080934	85965693
(iv) Unsecured Redeemable Bonds		
a) Tier-I Bonds (Perpetual Debt Instruments)	52500000	59500000
b) Upper Tier-II Bonds	8000000	25000000
c) Subordinate debts for Tier II Capital	65000000	50000000
d) Long term infrastructure bonds	28000000	150500000
II. Borrowings outside India	74944634	87622780
Total of I, II	502254292	393259151
Secured Borrowings Included in I & II above	188250000	33291261



PUNJAB NATIONAL BANK

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

('000 omitted)

	<u>As on 31.03.20</u>	<u>As on 31.03.19</u>
I. Bills Payable	18119064	20287266
II. Inter-Office adjustments (net)	15441	21803
III. Interest accrued	15534796	16639875
IV. Deferred Tax Liability (Net)	0	0
V. Others (including Provisions)	108897456	111113917
Total of I, II, III, IV, V	142366757	148062860

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

I. <u>Cash in hand (including foreign currency notes)</u>	27461724	18539298
II. <u>Balance with Reserve Bank of India</u>		
In Current Account	356516780	302752040
In other Account	0	0
Total of I, II	383978504	321291338



PUNJAB NATIONAL BANK

SCHEDULE 7- BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE

(000 omitted)

As on 31.03.20

As on 31.03.19

I. In India

(i) Balances with Banks

a) In Current Accounts	1761661	879877	
b) In Other Deposit Accounts	81138778	189410994	
	<u>82898439</u>	<u>190390671</u>	

(ii) Money at Call and Short Notice

a) with Banks	0	0	
b) with Other Institutions	200000000	122000000	122000000
	<u>200000000</u>	<u>122000000</u>	<u>122000000</u>
TOTAL	282898439	312390671	

II. Outside India

(i) Balances with Banks

a) In Current Accounts	17151419	12314906	
b) In Other Deposit Accounts	75901934	106883497	

(ii) Money at Call & Short Notice	0	0	
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TOTAL	93063353	119198403	
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GRAND TOTAL of I, II	375951792	431589074	
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PUNJAB NATIONAL BANK

SCHEDULE 8 - INVESTMENTS

(000 omitted)

	<u>As on 31.03.20</u>	<u>As on 31.03.19</u>
I. Investments in India : Gross	2365054225	1994518070
Less: Provision for Depreciation	32794688	39971382
Net Investment in India	2332259537	1954546688
(i) Government Securities	2035593755	1612385907
(ii) Other Approved Securities	842231	1100850
(iii) Shares	29216181	36992493
(iv) Debentures and Bonds	208122135	276944027
(v) Subsidiaries and/or joint ventures (including sponsored institutions)	6320487	6279834
(vi) Others Various Mutual Funds & Commercial Papers etc.	52164748	20863511
TOTAL of I	2332259537	1954546688
II. Investments Outside India : Gross	72487675	66735510
Less: Provision for depreciation	90796	0
Net investments outside India	72396877	66735510
Govt. securities including local authorities	18136138	7847306
(ii) Subsidiary and / or Joint ventures abroad	24188677	23881885
(i) Others	30072062	35206319
TOTAL of II	72396877	66735510
GRAND TOTAL of I, II	2404656414	2021282198



PUNJAB NATIONAL BANK

SCHEDULE 9 - ADVANCES

('000 omitted)

	<u>As on 31.03.20</u>	<u>As on 31.03.19</u>
A (i) Bills purchased and discounted	4460651	20419273
(ii) Cash Credits, Overdrafts & Loans repayable on demand	3115806803	2873329813
(iii) Term Loans	1598009773	1688742955
Total	4718277227	4582492041
B (i) Secured by tangible assets (Includes advances against Book Debts)	3636652675	3738665218
(ii) Covered by Bank/Government guarantees	35769607	21526593
(iii) Unsecured	1045854944	822299231
Total	4718277227	4582492041
C (I) Advances in India		
(i) Priority Sector	1539924301	1628887412
(ii) Public Sector	899300129	517697567
(iii) Banks	45927	26079
(iv) Others	2085795143	2283685574
Total	4525065501	4430296632
C (II) Advances outside India		
(i) Due from Banks	86894807	72005414
(ii) Due from Others		
(a) Bills Purchased & Discounted	13116	935398
(b) Syndicated Loans	18272238	32409975
(c) Others	108031565	46843522
Total	193211726	152195408
GRAND TOTAL (Total of I & II)	4718277227	4582492041



SCHEDULE 10 - FIXED ASSETS
PUNJAB NATIONAL BANK

('000 omitted)

As on 31.03.20

As on 31.03.19

A. TANGIBLE ASSETS
i. Premises

At cost / valuation as on 31st March of the preceding year	55338806	55605659	
Addition/(Deduction) during the period	-106762	0	
Add: Revaluation during the year	12732750	0	
	67964794	55605659	
Deduction during the year	0	266853	
Adjustment During the Period			
	67964794	55338806	
Depreciation to date (Including on revalued amount)	7710517	6755295	48583511
	60254277		

ii. Other Fixed Assets (Including Furniture & Fixtures)

At cost as on 31st March of the preceding year	47552951	45973188	
Addition during the year	4018135	4326576	
	51571086	50299764	
Deduction during the year	2958619	2746813	
	48612467	47552951	
Depreciation to date	37783419	35580670	11972281
	10829048		

iii. Leased Assets

At cost as on 31st March of the preceding year	252386	252386	
	252386	252386	
Addition/adjustment during the year	0	0	
Deduction during the year	0	0	
	252386	252386	
Amortisation / lease adjustment to date	252386	252388	0
	0		

Total of i, ii, iii

71083325

60555792

B. INTANGIBLE ASSETS
Computer Software

At cost as on 31st March of the preceding year	5726045	4419996	
Addition during the period	492830	1306049	
	6218875	5726045	
Deduction during the year	0	0	
	6218875	5726045	
Amortised to date	4911518	4033364	

Total

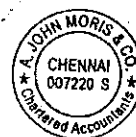
1307357

1692681

GRAND TOTAL (A+B)

72390682

62248473



PUNJAB NATIONAL BANK

SCHEDULE 11 - OTHER ASSETS

(000 omitted)

	<u>As on 31.03.20</u>	<u>As on 31.03.19</u>
I. Interest accrued	51072317	50308649
II. Tax paid in advance / tax deducted at source	34414930	31027471
III. Stationery and stamps	91164	83290
IV. Non-banking assets acquired in satisfaction of claims	540838	1074116
V. Deferred tax asset (net)	139818999	185801004
VI. Others	65668250	62296963
Total of I, II, III, IV, V, VI	351404498	330591493

SCHEDULE 12 - CONTINGENT LIABILITIES

I (i) Claims against the Bank not acknowledged as debts	3008084	5943738
(ii) Disputed income tax and interest tax demands under appeals, references etc.	11315017	2675249
II. Liability for partly paid investments	4284715	339915
III. Liability on account of outstanding forward exchange contracts	1541462882	2430586392
IV. Guarantees given on behalf of constituents:		
(a) In India	379131369	394656762
(b) Outside India	13985642	23413323
V. Acceptances, endorsements and other obligations	131314538	176728957
VI. Other items for which the Bank is contingently liable	23505111	19657045
Total of I, II, III, IV, V, VI	2108007358	3054001291



PUNJAB NATIONAL BANK

SCHEDULE 13 - INTEREST EARNED

('000 omitted)

	<u>Year Ended</u> <u>31.03.20</u>	<u>Year Ended</u> <u>31.03.19</u>
I. Interest/discount on advances/bills	358149621	350862073
II. Income on Investments	153326015	141059742
III. Interest on balances with Reserve Bank of India and other Inter-Bank funds	25102217	18913918
IV Others	1422484	2266750
Total of I, II, III, IV	538000337	513102483

SCHEDULE 14 - OTHER INCOME

	<u>Year Ended</u> <u>31.03.20</u>	<u>Year Ended</u> <u>31.03.19</u>
I. Commission, Exchange and Brokerage	28170031	28057382
II. Profit on sale of Investments	17282013	11451140
Less: Loss on sale of Investments	965685	524367
	16316328	10926773
III. Profit on revaluation of Investments	0	0
Less: Loss on revaluation of Investments/ Amortisation	0	0
	0	0
IV Profit on sale of land, buildings and other assets	439449	187255
Less: Loss on sale of land, buildings and other assets	22776	3535
	416673	183720
V Profit on exchange transactions	6716414	9447482
Less: Loss on exchange transactions	2323056	4354406
	4393358	5093076
VI Income earned by way of dividends etc. from subsidiaries / companies and / or joint ventures in India & abroad.	1541119	1488016
VII Miscellaneous Income	41903768	28025156
Total of I, II, III, IV, V, VI & VII	92741277	73774123



PUNJAB NATIONAL BANK

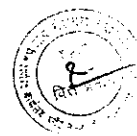
SCHEDULE 15 - INTEREST EXPENDED

('000 omitted)

	<u>Year Ended</u> <u>31.03.20</u>	<u>Year Ended</u> <u>31.03.19</u>
I. Interest on Deposits	343748037	322177771
II. Interest on Reserve Bank of India/ inter-bank borrowings	6539538	5524284
III. Others	13334850	13837315
Total of I, II, III	<u>363622425</u>	<u>341539370</u>

SCHEDULE 16 - OPERATING EXPENSES

	<u>Year Ended</u> <u>31.03.20</u>	<u>Year Ended</u> <u>31.03.19</u>
I. Payments to and Provisions for employees	69616787	69631622
II. Rent, Taxes and Lighting	8009799	7645403
III. Printing and Stationery	892030	843725
IV. Advertisement and Publicity	784076	463850
V. Depreciation/Amortisation on Bank's property	6076793	5780240
VI. Directors' fees, allowances and expenses	19208	13995
VII. Auditors' fees and expenses	707656	669567
VIII. Law Charges	1017080	1198720
IX. Postage, Telegrams, Telephones, etc.	2002366	2076204
X. Repairs and Maintenance	3234056	2806124
XI. Insurance	7621231	6811977
XII. Other expenditure	19751722	17443379
Total of I to XII	<u>119733704</u>	<u>115384806</u>



PUNJAB NATIONAL BANK

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31st MARCH 2020

Particulars	2019-20	(INR ' 000) 2018-19
A. Cash Flow from Operating Activities		
(i) Net Profit/(Loss) after Tax	33,61,944	(9,97,54,860)
Add Provision for Tax (net of deferred tax)	40,27,884	(5,37,02,756)
Profit/(Loss) before tax (i)	<u>73,89,828</u>	<u>(15,34,57,616)</u>
(ii) Adjustment for :		
Depreciation on Fixed Assets	60,76,793	57,80,240
Provisions for non performing assets	14,46,40,764	24,43,45,783
Provision on Standard Assets	6,81,895	23,98,648
Depreciation/ (Release), Write off, Provision on Investments (net)	(36,63,534)	1,64,09,460
Other Provisions (net)	3,00,28,039	3,83,18,775
Dividend from Subsidiary / Others (Investing Activity)	(15,41,119)	(14,88,016)
Interest on Bonds (Financing Activity)	1,17,62,046	1,15,23,864
Profit / Loss on sale of Fixed Assets (net)	(4,16,673)	(1,83,720)
Increase / (Decrease) in Reserves	49,58,515	(66,23,070)
(ii)	<u>19,26,26,726</u>	<u>31,04,81,963</u>
Operating Profit before Changes in Operating Assets and Liabilities (i+ii)	<u>19,99,16,654</u>	<u>15,70,24,347</u>
(iii) Adjustment for net change in Operating Assets and Liabilities		
Decrease / (Increase) in Investments	(37,77,12,152)	(3,46,66,855)
Decrease / (Increase) in Advances	(27,27,03,199)	(46,94,90,611)
Decrease / (Increase) in Other Assets	(19,44,083)	73,08,699
Increase / (Decrease) in Deposits	27,81,61,845	33,80,39,442
Increase / (Decrease) in Borrowings	12,09,95,141	(18,30,43,329)
Increase / (Decrease) in Other Liabilities & Provisions	(3,87,83,087)	(8,99,69,906)
(iii)	<u>(29,20,46,635)</u>	<u>(46,18,22,559)</u>
Cash generated from Operations (i+ii+iii)	<u>(9,21,28,981)</u>	<u>(30,47,98,212)</u>
Tax Paid (net of refund)	<u>(2,12,33,338)</u>	<u>(41,26,884)</u>
Net Cash used in Operating Activities (A)	<u>(11,33,62,319)</u>	<u>(30,89,25,097)</u>
B. Cash flow from (used in) Investing Activities		
Purchase of Fixed Assets (net of Sales)	(1,61,52,176)	(43,46,290)
Dividend recd from Subsidiaries / JV / RRBs	15,41,119	14,88,016
Investment in Subsidiaries / JV / RRBs	(5,47,445)	2,54,580
Net Cash used in investing Activities (B)	<u>(1,51,58,501.32)</u>	<u>(26,03,694)</u>
C. Cash flow from (used in) Financing Activities		
Issue of Share Capital (incl. Premium)	16,09,10,000	14,80,36,772
Issued/(Redemption) of Bonds (Tier I & Tier II)	(1,20,00,000)	(2,22,05,000)
Interest paid on Bonds (Tier I & Tier II)	(1,17,62,046)	(1,15,23,864)
Payments of Dividends (incl. tax on Dividend)		
Increase / (Decrease) in Reserves	(15,77,250)	(45,18,740)
Net Cash from Financing Activities (C)	<u>13,55,70,704</u>	<u>10,97,89,168</u>
D Net Change in Cash and Cash Equivalents (A+B+C)	70,49,884	(20,17,39,623)



PUNJAB NATIONAL BANK

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31st MARCH 2020

Particulars	2019-20	(INR '000) 2018-19
Cash and Cash Equivalents at the beginning of the year		
Cash and Balances with Reserve Bank of India	321,291,330	287,890,324
Balances with Banks & Money at Call & Short Notice	431,589,074	666,729,711
	752,880,412	964,620,035
Cash and Cash Equivalents at the end of the year		
Cash and Balances with Reserve Bank of India	383,978,504	321,291,338
Balances with Banks & Money at Call & Short Notice	375,951,792	131,589,074
	7,049,884	(762,880,412)

Notes -

- 1 Direct taxes paid (net of refund) are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- 2 All figures in minus represents "Cash Out Flow"


P K VARSHNEY
ASSISTANT GENERAL MANAGER


R K KHICHI
ASSISTANT GENERAL MANAGER


MAHESH CHAWAN
GENERAL MANAGER



A K AZAD
EXECUTIVE DIRECTOR


P K SHARMA
CHIEF GENERAL MANAGER & CFO


VIJAY DUBE
EXECUTIVE DIRECTOR

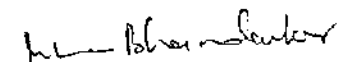

SANJAY KUMAR
EXECUTIVE DIRECTOR


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


DR. R.K. TANDON
EXECUTIVE DIRECTOR


PANKAJ JAIN
DIRECTOR

VIVEK AGGARWAL
DIRECTOR


DR. ASHA BHANDARKAR
DIRECTOR

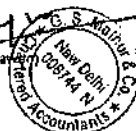
For HOSG & Associates
Chartered Accountants
FRN 002871N

(Dalbir Singh Gualti)
Partner
M No. 081024



As per our Report of even date
For G S Mathur & Co.
Chartered Accountants
FRN 00744N

(Rajiv Kumar Wadgaonkar)
Partner
M No. 091007



For MKPS & Associates
Chartered Accountants
FRN 302614E

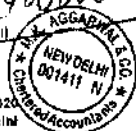
(Sanjaya Kumar)
Partner
M No. 504222



For M K Aggarwal & Co.
Chartered Accountants
FRN 001411N

(Atul Aggarwal)
Partner
M No. 99374

Date : 19/04/2020
Place: New Delhi



For A John Morris & Co.
Chartered Accountants
FRN 007220S

(G. Kumar)
Partner
M No. 023082



PUNJAB NATIONAL BANK

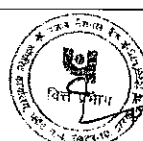
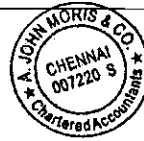
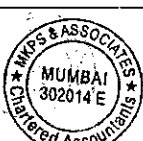
SCHEDULE 17 (SOLO) – 31.03.2020

SIGNIFICANT ACCOUNTING POLICIES

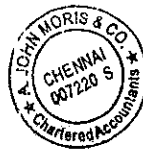
1.	<p>BASIS OF PREPARATION:</p> <p>The financial statements have been prepared on historical cost basis and conform, in all material aspects, to Generally Accepted Accounting Principles (GAAP) in India unless otherwise stated encompassing applicable statutory provisions, regulatory norms prescribed by 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.</p> <p>In respect of foreign offices, statutory provisions and practices prevailing in respective foreign countries are complied with except as specified elsewhere.</p> <p>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.</p>
2.	<p>USE OF ESTIMATES:</p> <p>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.</p> <p>Future results could differ from these estimates.</p> <p>Difference between the actual results and estimates is recognized in the period in which the results are known / materialized.</p> <p>Any revision to the accounting estimates is recognised prospectively in the current and future periods unless otherwise stated.</p>
3.	<p>REVENUE RECOGNITION:</p>
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".



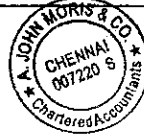
4.2	Investments are classified into six categories as stipulated in form A of the third schedule to the Banking Regulation Act, 1949.
4.3	Investments have been categorized into "Held to Maturity", "Available for Sale" and "Held for Trading" in terms of RBI guidelines as under:
(a)	Securities acquired 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	<p>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.</p> <p>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.</p> <p>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.</p>
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
	<p>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.</p>		
4.8	<p>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.</p> <p>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.</p>		
4.9	<p>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".</p>		
4.10	<p>Securities repurchased/resold under buy back arrangement are accounted for at original cost.</p>		
4.11	<p>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.</p>		
4.12	<p>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:-</p>		
	<p>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.</p>		



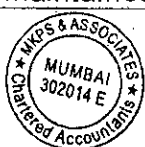
	Gain or losses on the termination of swaps are recognized over the shorter of the remaining contractual life of the swap or the remaining life of the asset/liabilities.
	<p>Trading Swaps Trading swap transactions are marked to market with changes recorded in the financial statements.</p> <p>Exchange 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.</p>
4.13	<p>Foreign Currency Options:</p> <p>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.</p> <p>Premium received is held as a liability and transferred to the Profit and Loss Account on maturity/cancellation.</p>
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	<p>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.</p> <p>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.</p>
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	<p>Restructured Assets:</p> <p>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.</p> <p>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.</p> <p>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'.</p>



	<p>'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.</p> <p>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.</p> <p>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.</p>
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	<p>Provision for Country Exposure:</p> <p>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</p>

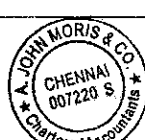


	reflected in Schedule 5 of the Balance Sheet under the "Other liabilities & Provisions – Others".										
5.9	An additional provision of 2% (in addition to country risk provision that is applicable to all overseas exposures) against standard assets representing all exposures to step down subsidiaries 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/ 2015.16/279 DBR. IBD.BC No. 68/ 23.37.001/ 2015-16 dated 31.12.2015).										
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:- <table border="1"> <thead> <tr> <th>Particulars</th><th>Rate of Depreciation</th></tr> </thead> <tbody> <tr> <td>Freehold Properties</td><td></td></tr> <tr> <td>Land</td><td>NIL</td></tr> <tr> <td>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.</td><td>2.5% (40 years Straight Line Method or remaining life which ever is lower)</td></tr> <tr> <td>Land acquired on perpetual lease where no lease period is mentioned</td><td>NIL</td></tr> </tbody> </table>	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
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

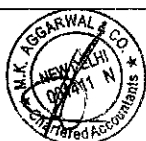
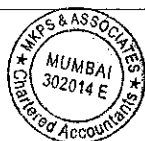
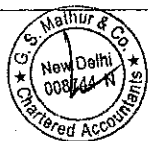
- C.** Depreciation on fresh additions to assets other than bank's own premises is provided from the day in which the assets are put to use and in the case of assets sold/disposed off during the year, up to the date in which it is sold/ disposed off i.e daily basis.
- D.** The depreciation on bank's 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.	<p>IMPAIRMENT OF ASSETS:</p> <p>The carrying costs of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors.</p> <p>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.</p> <p>After impairment, if any, depreciation is provided on the revised carrying cost of the asset over its remaining useful life.</p> <p>A previously recognized impairment loss is increased or reversed depending on changes in circumstances.</p> <p>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.</p>
8.	<p>EMPLOYMENT BENEFITS:</p> <p>PROVIDENT FUND:</p> <p>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.</p>
	<p>GRATUITY:</p> <p>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.</p>
	<p>PENSION:</p> <p>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.</p> <p>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</p>



	receipt of the Permanent Retirement Account Number (PRAN), the consolidated contribution amounts are transferred to the NPS Trust.
	<p>COMPENSATED ABSENCES:</p> <p>Accumulating compensated absences such as Privilege Leave (PL) and Sick Leave (including unavailed casual leave) are provided for based on actuarial valuation.</p>
	<p>OTHER EMPLOYEE BENEFITS:</p> <p>Other Employee Benefits such as Leave Fare Concession (LFC), Silver Jubilee Award, etc. are provided for based on actuarial valuation.</p> <p>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.</p>
9.	<p>TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS & BALANCES:</p> <p>Transactions involving foreign exchange are accounted for in accordance with AS 11, "The Effect of Changes in Foreign Exchange Rates".</p>
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	<p>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.</p> <p>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.</p>
9.4	Income and expenditure items are accounted for at the exchange rate prevailing on the date of transaction.



	<p>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.</p> <p>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.</p>
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.	<p>TAXES ON INCOME:</p> <p>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.</p> <p>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.</p>
11.	<p>Earnings per Share:</p> <p>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.</p>



12.	<p>Provisions, Contingent Liabilities and Contingent Assets:</p> <p>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.</p> <p>Contingent Assets are not recognised in the financial statements.</p>
13.	<p>Bullion Transactions:</p> <p>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.</p>
14.	<p>Segment Reporting:</p> <p>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.</p>
15.	<p>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'.</p>



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PUNJAB NATIONAL BANK

SCHEDULE 18 (SOLO)

NOTES TO ACCOUNTS - 31.03.2020

1. Capital

Capital Ratio

(Amount in Rs Crore)

Sl. No	Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
i.	Common equity Tier 1 Capital ratio (%)*	10.69	6.20
ii.	Tier 1 Capital ratio (%)*	11.91	7.49
iii.	Tier 2 Capital ratio (%)*	2.24	2.24
iv.	Total Capital ratio (CRAR) (%)*	14.14	9.73
v.	Percentage of the shareholding of the Government of India in the Bank	83.19%	75.41%
vi.	Amount of equity Capital raised**	16091.00	14804.00
vii.	Amount of Additional Tier 1 Capital raised, of which:	NIL	NIL
	Perpetual Non- Cumulative Preference Shares (PNCPS):	NIL	NIL
	Perpetual Debt Instruments (PDI):		NIL
viii.	Amount of Tier 2 Capital raised; of which:	1500	NIL
	Debt Capital instrument:	1500	NIL
	Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non- Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	NIL	NIL

* Information given in 1 (i to iv) has been given as per Basel III Capital Regulations

**Figures includes 426.70 Crores (Rs 368.69Crore) as Equity Capital and 15664.30 (Rs 14435.31Crore) as Share Premium

RBI vide circular no. DBR.No.BP.BC.83/21.06.201/2015-16 dated 1st March, 2016 has given discretion to banks to consider Revaluation Reserve, Foreign Currency Translation Reserve and Deferred Tax Asset for purpose of computation of Capital Adequacy as CET-1 capital ratio. The Bank has exercised the option in the above computation.



Amalgamation of Oriental Bank of Commerce and United Bank of India with Punjab National Bank

The Government of India through a gazette notification CG-DL-E-04032020-216535 dated March 04, 2020 approved the scheme of amalgamation between Punjab National Bank, Oriental Bank of Commerce and United Bank of India. This notification was issued in consultation with Reserve Bank of India.

In exercise of power conferred by section 9 of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970 (5 of 1970) and section 9 of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1980 (40 of 1980), after consultation with the Reserve Bank of India, The Government of India has notified the scheme of amalgamation of Oriental Bank of Commerce and United Bank of India (hereinafter collectively referred to as Transferor Banks) with Punjab National Bank (hereinafter referred to as Transferee Bank) 4th March 2020. This scheme shall come into force on the 01st April, 2020.

On the commencement of this scheme, the undertakings of the Transferor Banks shall be transferred to and shall vest in the Transferee Bank from April 1, 2020 (here after referred to as effective date). Undertakings of the transferor banks shall be deemed to include all business, assets (including tangible and intangible, movable and immovable), liabilities, Reserve & Surplus present or contingent and all other rights and interests arising out of such property of the transferor Banks in relation to the undertakings as were immediately before the commencement of scheme, in the ownership, possession, power or control of the Transferor Banks within or Outside India.

After taking into consideration the recommendation of the respective Audit Committees, Joint Valuation Report and the fairness opinion issued to the respective banks, the Board of the respective banks has approved the Share Exchange Ratio (ranking paripassu in all respects and shall have the same rights attached to them as the then existing equity shares of the Transferee Bank, including, in respect of dividends, if any, that may be declared by the Transferee Bank, on or after the commencement of this scheme) as under:-

1. 1150 Equity Shares of Rs. 2 each of Punjab National Bank for every 1000 equity shares of Rs. 10 each of Oriental Bank of Commerce.
2. 121 Equity shares of Rs. 2 each of Punjab National Bank for every 1000 equity shares of Rs. 10 each of United Bank of India.

In respect of entitlements to fraction of equity shares, the consideration shall be paid in cash. Necessary accounting adjustments in regard of amalgamation will be made on the effective date.

On March 4, 2020 the Board of Directors of the Bank and the Board of Directors of Oriental Bank of Commerce and United Bank of India at their respective meetings, approved amalgamation of Oriental Bank of Commerce and United Bank of India with the Bank with effective date as April 1, 2020.



2. Investments

The detail of Investments and the Movement of provision held towards depreciation on investments of the Bank are given below:

(Amount in Rs Crore)

Particulars		Current Year 31.03.2020	Previous Year 31.03.2019
(1)	Value of Investments		
i	Gross value of Investments	243754.19	206125.36
a	In India	236505.42	199451.80
b	Outside India	7248.77	6673.56
ii	Provisions for Depreciation	3288.55	3997.14
a	In India	3279.47	3997.14
b	Outside India	9.08	0.00
iii	Net value of Investments	240465.64	202128.22
a	In India	233225.95	195454.66
b	Outside India	7239.68	6673.56
(2)	Movement of provisions held towards depreciation on investments.		
i	Opening balance	3997.14	3104.11
ii	Add: Provisions made during the year	35.26	1400.44
iii	Less Write-off/ write-back of excess provisions during the year	743.85	507.41
iv	Closing balance	3288.55	3997.14

3. Repo Transactions (in face value terms)

The details of securities sold and purchased under Repo and Reverse Repo including LAF transactions are as under:

(Amount in Rs Crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31.03.2020
Securities sold under REPO				
(i) Government Securities	0.00 (0.00)	783.91 (6390.05)	212.96 (344.47)	0.00 (0.00)
(ii) Corporate Debt Securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Securities purchased under REVERSE REPO				
(i) Government Securities	0.00 (0.00)	15346.27 (9053.78)	183.87 (132.96)	0.00 (0.00)



(ii) Corporate Debt Securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Securities sold under LAF REPO				
(i) Government Securities	0.00 (0.00)	18825.00 (16606.00)	1256.81 (808.01)	18825.00 (3000.00)
(ii) Corporate Debt Securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Securities purchased under LAF REVERSE REPO				
(i) Government Securities	0.00 (0.00)	48528.00 (26000.00)	6650.33 (2649.63)	20000.00 (12200.00)
(ii) Corporate Debt Securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)

4. Non-SLR Investment Portfolio

4a. Issuer composition of Non SLR investments:

(Amount in Rs Crore)

Sr.N o.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	11520.07 (12148.79)	2510.17 (32.21)	NIL (NIL)	NIL (729.53)	1720.52 (1723.57)
(ii)	FIs	5624.53 (15792.83)	2086.33 (1088.59)	NIL (50.00)	NIL (864.37)	NIL (306.94)
(iii)	Banks	8303.33 (4781.50)	678.60 (NIL)	1450.00 (148.56)	NIL (312.18)	NIL (NIL)
(iv)	Private Corporates	6897.48 (7845.43)	5003.23 (3693.44)	1260.71 (978.95)	NIL (4412.00)	NIL (2629.19)
(v)	Subsidiaries / Joint Ventures	3051.17 (2996.43)	3051.17 (NIL)	NIL (NIL)	NIL (NIL)	NIL (493.44)
(vi)	Others*	41644.97 (21384.48)	1247.34 (NIL)	550.00 (NIL)	NIL (NIL)	NIL (NIL)
(vii)	Provisions held towards depreciation.	3288.55 (3997.14)	1468.83 (2144.24)	820.82 (805.47)	NIL (2615.09)	NIL (1186.30)
	Total	73753.00 (60952.32)	13108.01 (2670.00)	2439.89 (372.04)	NIL (3702.99)	1720.52 (3966.84)

*Others include Special Govt. Securities of ₹36931.00 Crore (₹20955.52Crore) shown under Govt. Securities in Schedule 8. Amounts reported under columns 4, 5, 6 and 7 above may not be mutually exclusive.

Others also includes US Treasury, US Securities/Bonds HKMA and China Govt



4b. Non-performing Non-SLR investments

The movement in Non-performing Non-SLR Investments is given below:

(Amount in Rs Crore)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
Opening balance	2084.85	2278.31
Additions during the year since 1 st April	1237.37	315.50
Reductions during the above period	407.37	508.96
Closing balance	2914.85	2084.85
Total provisions held	2156.48	1918.04

4c. Sale and transfers to / from HTM category

The total value of sales and transfers of securities to / from HTM category during 1st April 2019 to 31st March, 2020 has not exceeded 5% of the book value of investments held in HTM category as on 31.03.2019 (Excluding following Transactions).

{The 5 percent threshold referred to above will exclude (a) the one- time transfer of securities to/ from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning quarter of the accounting year (b) sales to the Reserve Bank of India under pre-announced OMO auctions, (c) Repurchase of Government Securities by Government of India from banks, (d) Sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM at the beginning of April, July, October 2019 and January 2020. In addition to the shifting permitted at the beginning quarter of the accounting year i.e. 1st April 2019}

5. Derivatives

5a. Forward Rate Agreement/ Interest Rate Swap

(Amount in Rs Crore)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
i The notional principal of swap agreements	75.00	250.00
ii Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	0.77	0.86
iii Collateral required by the bank upon entering into swaps	NIL	NIL
iv Concentration of credit risk arising from the Swaps ^{\$}	NIL	NIL
v The fair value of the swap book [@]	-4.5263	-5.7628

^{\$} All these swap deals are with Banks and FI

[@] All these swap deal are Treading swap and the fair value is its mark to market value



The above Trades are Interest Rate Swap Deal done with Interbank for Rs 75.00 Crores (Previous year Rs 250.00Crores) and with Financial Institution Rs 0.00 Crores (Previous year Rs 0.00 Crores). Credit Risk (Credit Exposure) for Current Year is Rs 1.52 Crore and for previous year it was Rs 3.36Crore. There are total 3 deals out of which 0 deals are Back to Back Deals, 2 Deals where payment is made at Fixed Contract Rate and received at Floating rate and in remaining 1 deal, payment is made at Floating Rate and received at Fixed Contract Rate

5b. Exchange Traded Interest Rate Derivatives

(Amount in Rs Crore)

Sl. No.	Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
(i)	Notional Principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)		
	a) Interest rate futures	NIL	NIL
(ii)	Notional Principal amount of exchange traded interest rate derivatives outstanding as on 31 st March, 2020 (instrument-wise)	NIL	NIL
(iii)	Notional Principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective' (instrument-wise)	NIL	NIL
(iv)	Mark-to-Market value of exchange traded interest rate derivatives outstanding and not 'highly effective' (instrument-wise)	NIL	NIL

5c. Disclosure on Risk Exposure in Derivatives

I - Qualitative Disclosure

The Bank uses derivatives products for hedging its own balance sheet items as well as for trading purposes. The risk management of derivative operation is headed by a senior executive, who reports to top management, independent of the line functions. Trading positions are marked to market on daily basis.

The derivative policy is framed by Integrated Risk Management Division, which includes measurement of credit risk and market risk.

The hedge transactions are undertaken for balance sheet management. Proper system for reporting and monitoring of risks are in place. Policy for hedging and processes for monitoring the same is in place.

Accounting policy for recording hedge and non-hedge transactions are in place, which includes recognition of income, premiums and discounts.

Valuation of outstanding contracts, provisioning, collateral and credit risk mitigation are being done.



II - Quantitative Disclosure

(Amount in Rs Crore)

Sl. No.	Particulars	Current Year 31.03.2020		Previous Year 31.03.2019	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
1	Derivatives (Notional Principal Amount)				
(a)	For Hedging	0.00	0.00	0.00	0.00
(b)	For trading	0.00	75.00	0.00	250.00
2	Marked to Market Position				
	Hedging				
a)	Asset (+)	0.00	0.00	0.00	0.00
b)	Liability (-)	0.00	0.00	0.00	0.00
	Trading				
a)	Asset (+)	0.00	0.00	0.00	0.00
b)	Liability (-)	0.00	-4.5263	0.00	-5.7628
3	Credit Exposure ^[1]	0.00	1.5226	0.00	3.3604
4	Likely impact of one percentage change in interest rate (100*PV01)				
(a)	On hedging derivatives	0.00	0.00	0.00	0.00
(b)	On trading derivatives	0.00	0.74	0.00	4.46
5	Maximum and Minimum of 100*PV01 observed during the period				
(a)	On hedging Maximum	0.00	0.00	0.00	0.00
	Minimum	0.00	0.00	0.00	0.00
(b)	On trading Maximum	0.00	1.4176	0.00	0.0551
	Minimum	0.00	0.7533	0.00	-0.0235

[1] Bank adopts the Current Exposure Method on Measurement of Credit Exposure of Derivative Products as per RBI instructions.

6. Asset Quality

6a Non-Performing Assets

(Amount in Rs Crore)

Particulars		Current Year 31.03.2020	Previous Year 31.03.2019
i)	Net NPAs to Net Advances (%)	5.78	6.56 %
ii)	Movement of NPAs (Gross)		
	Opening balance	78472.70	86620.05
	Additions during the year	20751.25	19904.11
	Reductions during the year	25745.19	28051.46
	Closing balance	73478.76	78472.70



iii)	Movement of Net NPAs		
	Opening balance	30037.66	48684.29
	Additions during the year	15386.25	15186.20
	Reductions during the year	18205.01	33832.82
	Closing balance	27218.90	30037.66
iv)	Movement of provision for NPAs (excluding provisions on Standard assets)		
	Opening balance	48119.81	37611.82
	Provisions made during the year (Gross)	17820.94	30976.49
	Write-off/write back of excess provision	20097.27	20468.50
	Closing balance	45843.48	48119.81

6b Particulars of Accounts Restructured

Excel Sheet attached

6c (i). Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A), as on 31.03.2020

(Amount in Rs Crore)

	No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding In Part A	Amount outstanding In Part B	Provision Held
Classified as Standard	2	919.85	326.19	593.66	407.41
Classified as NPA	6	1358.02	834.05	523.97	598.50
TOTAL	8	2277.87	1160.24	1117.63	1005.91

6c (ii). Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period) as on 31.03.2020

(Amount in Rs Crore)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
NIL	NIL	NIL	NIL	NIL	NIL	NIL



6b

(Rs in lakhs)

Disclosure of Restructured Accounts (As on 31.03.2020) as per revised guidelines																	
Sl. No.	Type of Restructuring ->	Under CDR Mechanism					Under SNE Debt Restructuring Mechanism					Others				Total	
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
Details																	
1	Restructured Accounts as on April 1 2019 (opening figure)	1	2	4	0	7	149	27	3	0	179	1,569	6	4	0	35	1,785
	No. of borrowers																
	Amount	5,840.89	7,444.49	36,744.35	0.00	50,029.72	10,446.72	31,665.76	5,063.63	0.00	46,606.14	242,092.75	16,667.55	195,837.00	0.00	55,497.82	471,543.18
	Outstanding	1,363.29	270.01	453.56	0.00	2,507.75	2,199.06	2,019.87	1,164.20	0.00	6,771.19	12,123.13	464.93	6.77	0.00	2,734.70	21,622.76
	Provision thereon	0	0	0	0	0	0	0	0	0	0	2,061	0	0	0	2,061	2,061
2	Fresh restructurings during the year 2019-20, plus addition in CDR existing acc.																
	No. of borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Amount	0.00	4,612.63	0.00	0.00	4,612.63	0.00	0.00	0.00	0.00	0.00	8,877.66	0.00	0.00	0.00	2,072.83	10,880.49
	Outstanding	0.00	39.72	122.34	0.00	169.07	145.17	0.00	0.00	0.00	145.17	670.57	0.00	0.00	0.00	33.72	126.35
	Provision thereon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Upgradations to restructured standard category during the FY 2019-20																
	No. of borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Amount	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Provision thereon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Restructured standard advances at the beginning of the FY 2019-20 which cease to attract higher provisioning and/or additional risk weight at the end of the FY 2019-20 and hence need not be shown as restructured standard																
	No. of borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Amount	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Provision thereon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Downgradation of restructured accounts during the FY 2019-20																
	No. of borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Amount	5,840.89	0.00	0.00	0.00	5,840.89	1,907.66	0.00	0.00	0.00	1,907.66	42,617.90	0.00	0.00	0.00	0.00	50,380.48
	Outstanding	1,363.29	0.00	0.00	0.00	1,363.29	363.11	0.00	0.00	0.00	363.11	2,293.42	0.00	0.00	0.00	0.00	3,659.81
	Provision thereon	0	0	0	0	0	0	0	0	0	0	409	0.00	0	0	412	412
6	Downgradation of restructured accounts during the FY 2019-20																
	No. of borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Amount	0.00	46,565.93	6,079.93	6,079.93	65,735.04	627.65	1,424.82	6.00	0.00	586.97	31,206.73	60,641.43	40,128.00	0.00	79,393.43	146,145.71
	Outstanding	0.00	206.79	1,975.93	181.96	2,214.98	159.28	159.28	0.00	0.00	0.00	1,560.14	7,610.95	357.36	0.00	7,976.56	9,663.01
	Provision thereon	0	0	0	0	0	0	0	0	0	0	0	407	0	0	407	407
7	White girls restructured accounts during the FY 2019-20																
	No. of borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Amount	0.00	0.00	47,105.22	6,076.30	53,181.52	594.26	2,997.83	36.50	0.00	2,987.59	1,525.46	5,416.47	88,216.71	0.00	8,314.30	122,417.57
	Outstanding	0.00	0.00	1,532.31	181.86	2,016.17	0.00	327.39	1.86	0.00	328.68	1,129.28	1,967.26	179.62	0.00	2,284.64	2,615.52
	Provision thereon	0	0	5.88	0.00	5.00	147	28	2	8	178	3,220	6	11	0	37	3,367
8	Accounts Restructured as of March, 2020 (closing figures)	8	108	46,275.06	0.00	74,815.56	13,707.71	22,593.50	4,988.81	0.60	41,387.74	173,576.39	72,312.51	50,745.27	0.00	123,593.51	277,977.36
	No. of borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Amount	0.00	460.32	1,071.43	0.00	1,532.35	3,015.95	1,458.68	1,162.66	0.00	5,834.27	7,818.65	5,138.66	823.53	8.00	8,255.18	21,939.46



CDR

CDR

Note: Total CDH Aides 71 Eligible for Disclosure: 65 Aides. Not Eligible for disclosure: 16 Aides

Notes 1 to 41 CDR A/c 31	Eligible for Disclosure 05 A/c	Not Eligible for disclosure: 16 A/c
<p>Figures under SI no 2 (065 Sub- Sid) includes Rs. 4812.83 Lakh which is increase in P&I handling of existing Sub-Sid accounts</p> <p>Figures under SI no 2 (Provision Sub- Sid) includes Rs. 33.72 Lakh which is increase in provision of existing Sub-Sid accounts</p> <p>Figures under SI no 5 (Sub-Sid) one account stripped from ineligible standard category to Sub-Sid category with Total dis of Rs 24577.97 Lakh and provision of Rs. 427.82 Lakhs</p> <p>Figures under SI no 2 (Provision Doubtful accounts) includes Rs. 725.35 Lakh which is increase in provision of existing Doubtful accounts</p> <p>Figures under SI no 6 (065 In Doubtful Accounts) includes Rs. 542.33 lakh, reduction in balance outstanding in existing 05 accounts</p>		

MISME

Notice

1. In Standard (Column no. 1) Decrease in O/S of eligible standard accounts for Rs. 287.07 Lakh is an account of netting of recovery and additional facility/ debit for existing accounts and one standard eligible account (i.e. HBL Kank has been closed on 19.12.2019).
 2. Nil account has been reported/restructured for the FY 19 20 (up to 31.12.2019).
 3. In Standard (Column No. 3) Three accounts has been upgrated during the current FY of Rs. 7000.77 Lakh.
 4. Increase in additional provision of standard eligible assets of Rs.19.27 lacs is account of netting of increase & decrease in additional provision, P/F & P/L of existing accounts.
 5. Two account has been degraded to Sub Standard category with O/S of Rs.245.77 Lac and provision of Rs. 22.06 Lakh during this FY.
- In standard (Column No. 4) - One account of Rs.1907.68 lakh has been cease to start act higher provisioning and is moved to ineligible standard account.

NSM-CH

[illegible]

6c (iii). Disclosures on Change in ownership outside Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period) as on 31.03.2020

(Amount in Rs Crore)

No. of accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date i.e 31.03.2020		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has been taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters' equity	
	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

6c (iv). Disclosures on application of Flexible Structuring of Existing Loans as on 31.03.2020

(Amount in Rs Crore)

Period	No. of borrowers taken up for flexibly structuring	Amount of loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
Previous Financial Year	0	0	0	0	0
Current Financial Year	0	0	0	0	0

6c (v). Disclosures on Change in Ownership of Projects under Implementation (accounts which are currently under the stand-still period) as on 31.03.2020

(Amount in Rs Crore)

No. of projects loan account where bank has decided to effect change in ownership	Amount outstanding as on 31.03.2020		
	Classified as Standard	Classified as Standard restructured	Classified as NPA
NIL	NIL	NIL	NIL



6c (vi) 15. As per RBI Circular No.DBR.BPBC No.32/21.04.018/2018-19 dated April 1,2019, in case the additional Divergence in Assets classification and Provisioning for NPAs assessed by RBI exceeds 10% of the reported profit before provisions and contingencies and /or additional gross NPAs identified by RBI exceeds 15% of the published incremental gross NPAs for the reference period, then the banks are required to disclose divergence from prudential norms on income recognition, assets classification and provisioning, in compliance to Risk Assessment Report (RAR) of RBI for the year 2018-19, details of divergence reported by the bank on 14.12.2019 are as under:

(Amount in Rs Crore)

Sr.	Particulars	Amount
1.	Gross NPAs as on March 31, 2019 as reported by the Bank	78472.70
2.	Gross NPAs as on March 31, 2019 as assessed by RBI	81089.70
3.	Divergence in Gross NPAs (2-1)	2617.00
4.	Net NPAs as on March 31, 2019 as reported by the Bank	30037.66
5.	Net NPAs as on March 31, 2019 as assessed by RBI	32654.66
6.	Divergence in Net NPAs (5-4)	2617.00
7.	Provisions for NPAs as on March 31, 2019 as reported by the Bank	48151.15
8.	Provisions for NPAs as on March 31, 2019 as assessed by RBI	50242.15
9.	Divergence in Provisioning (8-7)	2091.00
10.	Reported Net Profit after Tax (PAT) for the year ended March 31, 2019	-9975.49
11.	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2019 after taking into account the divergence in provisioning	-11335.90

Provision in column 7 and 8 is excluding of DICGC/ECGC Claims received Rs. 283.89 Crores

6d. Details of financial assets sold to Securitisation / Reconstruction Company (SC/RC)/NBFC for Asset Reconstruction.

A. Details of Sales.

(Amount in Rs Crore)

Particulars		Current Year 31.03.2020	Previous Year 31.03.2019
1.	No. of Accounts	3	8
2.	Aggregate value (net of provisions) of accounts sold to SC/RC	3.69	662.74
3.	Aggregate consideration	19.48	949.76
4.	Additional consideration realized in respect of accounts transferred in earlier years (During current financial year 2019-20)	0.00	44.35
5.	Aggregate gain/loss over net book value(3-2)	15.79	287.02
5.1	Loss over NBV (where sale is for value below NBV)	NIL	6.30
5.2	Gain over NBV (where sale is for value above NBV)	15.79	293.32



B. Details of Book Value of Investments in Security Receipts
(Amount in Rs Crore)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
(i) Backed by NPAs sold by the bank as underlying	1509.11	1582.66
(ii) Backed by NPAs sold by other banks / financial institution / non banking financial companies as underlying	NIL	NIL
TOTAL	1509.11	1582.66

C. Disclosure of Investments in Security Receipts
(Amount in Rs Crore)

Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i) Book Value of SRs backed by NPAs sold by the bank as underlying	1404.82	53.77	50.51
Provision held against (i)	144.40	NIL	50.51
(ii) Book values of SRs backed by NPAs sold by other banks / financial institutions / non banking financial companies as underlying	NIL	NIL	NIL
Provision held against (ii)	NIL	NIL	NIL
Total (i) + (ii)	1404.82	53.77	50.51

6e. Details of Non-Performing Financial Assets Purchased/Sold from / to other Banks.

A. Details of Non-Performing Financial Assets purchased:
(Amount in Rs Crore)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
1 (a) No. of accounts purchased during the year	NIL	NIL
(b) Aggregate outstanding	NIL	NIL
2 (a) Of these, number of accounts restructured during the year	NIL	NIL
(b) Aggregate outstanding	NIL	NIL



B. Details of Non-Performing Financial Assets sold:

(Amount in Rs Crore)

	Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
1	No. of accounts sold	NIL	NIL
2	Aggregate outstanding	NIL	NIL
3	Aggregate consideration received	NIL	NIL

6f. Provisions on Standard Assets

(Amount in Rs Crore)

	Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
	Cumulative Balance (included under "Other Liabilities & Provisions" in Schedule 5 to the balance sheet)	2782.43	2240.05

6g. Disclosure relating to Resolution Plans implemented during the year in terms of RBI Circular DBR.No.BP.BC.45/21.04.048/2018-19 dated June 7, 2019:

(Amount in Rs Crore)

Particulars	Current Year 31.03.2020
Total amount of Loan assets subjected to restructuring etc.	956.73
The amount of standard assets subjected to restructuring etc.	NIL
The amount of Sub-standard assets subjected to restructuring etc.	956.73

6h. The novel Coronavirus (COVID-19) has cast a long shadow over a much anticipated recovery in the Indian economy in fiscal 2020, with the World Health Organization (WHO) declaring it a pandemic. In the current scenario, a serious downside to the growth forecast is mainly due to huge uncertainty because of COVID-19 leading to lockdown in most of the geographies and its impact on consumption, investment and production.

The situation continues to be uncertain and the bank is keeping vigil over the evolving economic scenario with the gradual easing of the current lockdown situation. Despite the prevailing challenges, there would not be significant impact on the business and going concern assumption of the bank.

RBI vide its Circular no. DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 & RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17.04.2020 has announced COVID-19 Regulatory Package to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic.



and to ensure the continuity of viable businesses. Accordingly Bank has extended the relief in terms of the said circulars as follows:

(Amount in Rs Crore)

Sl. No.	Particulars	Current Year 31.03.2020
(i)	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of above referred letter	51773.92
(ii)	Respective amount where asset classification benefits is extended	2851.40
(iii)	Provisions made during the Q4FY2020 in terms of paragraph 5 of above mentioned letter.	142.57
(iv)	Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of above mentioned letter.	NIL

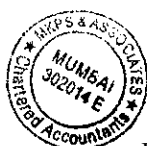
6i. As per RBI Circular No DBR.No.BP.BC.18/21.04.048/2018-19 dated 1st January 2019 & DOR.No.BP.BC.34/21.04.048/2019-20 dated 11th February 2019 on restructuring of Advances – MSME sector, the details of restructured accounts as on 31.03.2020 are as under:

No. of Accounts Restructured	Amount
37409	1761.74

7. Business Ratios

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
i. Interest Income as a percentage to Working Funds	6.21	6.44%
ii. Non-Interest Income as a percentage to Working Funds	1.07	0.93%
iii. Operating profit as a percentage to Working Funds	1.70	1.63%
iv. Return on Assets	0.04	-1.25%
v. Business (Deposits plus advances) per employee (Rs in Crores)	18.14	16.80
vi. Profit per employee (Rs in Crores)	0.53	-0.15

Note: Working Funds are based on Monthly Average of total assets (excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X under section 27 of the Banking Regulation Act, 1949.



8. Asset Liability Management

Maturity Pattern of certain item of Assets and Liabilities

(Amount in Rs Crore)

Maturity Pattern	Deposits	Advances	Investments (gross)	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	9454.09	3441.29	113.50	5344.38	1718.42	162.33
	(15581.42)	(5522.96)	(0.00)	(1620.41)	(1877.75)	(337.25)
2 to 7 days	14005.96	7510.29	0.00	5020.20	698.02	216.93
	(27254.65)	(4389.73)	(199.94)	(5712.86)	(1830.98)	(1915.32)
8 to 14 days	7848.41	3607.59	183.03	10048.99	1540.63	786.71
	(19277.53)	(1818.32)	(49.90)	(3228.37)	(1094.98)	(626.87)
15 to 30 days	11771.74	16401.24	69.55	1687.33	1260.33	3195.55
	(34291.99)	(14050.62)	(159.75)	(3549.54)	(6453.23)	(3708.88)
31 days to 2 months	21650.54	21619.88	2274.40	1166.58	3846.43	3337.57
	(62444.16)	(8668.91)	(1535.79)	(2687.69)	(2508.72)	(5832.44)
Over 2 to 3 months	19573.91	17782.34	4728.59	1822.46	1261.14	3767.70
	(41374.17)	(6042.03)	(1277.16)	(1906.39)	(3000.66)	(5035.75)
Over 3 Months to 6 months	48408.74	16858.80	11665.74	274.91	2353.81	1833.39
	(44521.01)	(15309.47)	(4061.04)	(414.30)	(3343.97)	(8346.82)
Over 6 Months to 1 year	56289.22	34021.41	7625.80	3028.70	8544.74	11768.05
	(35847.97)	(22610.19)	(6193.80)	(755.63)	(7794.66)	(5083.94)
Over 1 Year to 3 Years	134762.95	203772.03	16265.19	6745.14	9072.36	6114.38
	(102881.25)	(236703.77)	(19143.70)	(1990.43)	(5347.21)	(4096.57)
Over 3 Years to 5 Years	173326.75	46838.74	9390.25	6305.32	5126.81	3886.85
	(159324.86)	(54993.80)	(15234.47)	(2534.37)	(6834.52)	(5428.26)
Over 5 Years	206954.00	99974.07	191438.10	8781.44	1947.98	2301.22
	(133231.13)	(88139.40)	(158269.81)	(14925.93)	(1958.62)	(1633.20)
Total	703846.32	471827.72	243754.16	50225.43	37370.68	37370.68
	(676030.14)	(458249.20)	(206125.36)	(39325.92)	(42045.30)	(42045.30)



9. Exposures:

9a. Exposure to Real Estate Sector

(Amount in Rs Crore)

Category		Current Year 31.03.2020	Previous Year 31.03.2019
(A)	Direct Exposure		
i.	Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented Individual housing loans up to Rs 20lakh Individual housing loans above Rs 20lakh	22115.13 51319.45	22035.71 45536.29\$
	SUB-TOTAL	73434.62	67572.00
ii.	Commercial Real Estate – including NFB Limits Lending secured by mortgages on Commercial Real Estates (office buildings, retail space, multi-purpose commercial premises, multi family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels land acquisition, development and construction etc.) Fund Based Non Fund Based	17874.48# 540.53	13898.21 581.91
	SUB-TOTAL	18415.01	14480.12
iii.	Investments in Mortgaged Backed Securities (MBS) and other securitized exposures –		
(a)	- Residential	NIL	0.00
(b)	- Commercial Real Estate	NIL	0.00
(B)	Indirect Exposure		
	FB & NFB Exposure to National Housing Bank (NHB) & Housing Finance Companies (HFCs) Including foreign offices: Investments made by the Bank in Housing Companies & Corporations:	22825.65 3227.33	17708.55 5087.16
	Sub Total	26052.98	22795.71
	Total Exposure to Real Estate Sector	117902.61	104847.83

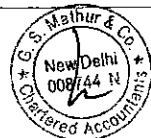
Includes Rs 279 Crore in respect of exposure (including investment) in One borrower which is also considered as Infrastructure in line with paragraph 3 of RBI circular DBOD.BP.BC.No.42/08.12.015/2009-10 dated September 9, 2009.

\$ For Disclosure of March 2019, figures under Direct exposure (i) Resident Mortgages and (ii) Investment under mortgages based securities (MBS) and other securitized exposure is clubbed for this year disclosure.



9b. Exposure to Capital Market
(Amount in Rs Crore)

Particulars		Current Year 31.03.2020	Previous Year 31.03.2019
1.	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	3471.62	3803.49
2.	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs) convertible bonds, convertible debentures, and units of equity oriented mutual funds.	1.67	1.71
3.	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	0.00	25.30
4.	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances.	806.33	587.43
5.	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers.	157.63	231.50
6.	Loans sanctioned to corporate against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	NIL	NIL
7.	Bridge loans to companies against expected equity flows/issues.	NIL	NIL
8.	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds.	NIL	NIL
9.	Financing to stock brokers for margin trading	NIL	NIL
10.	All exposures to Venture Capital funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposures ceilings (both direct and indirect)	580.04	197.52
11.	Advances to Mutual Funds	3000.00	4003.13
Total Exposure to Capital Market		8017.29	8850.08



9c. Risk Category wise Country Exposure

Total Net Funded exposure as on 31.03.2020 is Rs 49280.03. Total assets of the Bank as on 31.12.2019 were Rs 820779.98 Crore, 1% of the total asset is Rs 8207.79 Crores. Total net funded exposure of Hongkong and UAE is amounting to Rs 9127.99 Crores and Rs 11538.32 is more than 1% of the Total Assets of the Bank as on 31.12.2019. In case total net funded exposure of the bank on Hongkong and UAE happens to be more than 1% of the total assets as on 31.03.2020, provision of Rs 19.18 Crore for HK and Rs 21.98 Crore for UAE would be required as per RBI Guidelines. As per Export Credit Guarantee Corp. of India (ECGC) classification, HK is in the "Insignificant Risk Category" i.e 'A1' and UAE is in the "Low Risk Category" i.e 'A2'.

(Amount in Rs Crore)

Risk Category	Funded Exposure (net) as at March 2020 (Current Year)	Provision held as at March 2020 (Current Year)	Funded Exposure (net) as at March 2019 (Previous Year)	Provision held as at March 2019 (Previous Year)
Insignificant	33500.95	19.18	29239.60	14.09
Low	15598.90	21.98	14159.50	16.31
Moderately Low	5.04	0	4.26	0.00
Moderate	156.27	0	3.97	0.00
Moderately High	18.55	0	4.88	0.00
High	0.31	0	0.00	0.00
Very high	0	0	0.00	0.00
Total	49280.03	41.15	43412.21	30.40



9d. Bank's Disclosure in respect of Credit Exposures where the same had exceeded the Prudential Exposure limits as per Large Exposure (LE) Framework prescribed by RBI for Individual/Group Borrowers as on 31.03.2020

Details of accounts where Bank has exceeded prudential exposure ceilings as per Large Exposure (LE) Framework in respect of any Individual and Group Accounts based on Tier-1 Capital, as on 31.03.2020 are as below:-

S. No.	Name of the Borrower	Prescribed Ceiling	Exposure (as on 31.03.2020)	TE as % of Tier-1 Capital as on 30.09.2019 (Rs 46400 Crores)	Outstanding (as on 31.03.2020)	TE as per LE Framework as % of Tier 1 Capital as on 30.09.2019 (Rs 46400 Crores)
Individual						
NIL						
Group						
NIL						

The exposure of Individual and group accounts as on 31.03.2020 is within the prescribed regulatory limits, as per LE framework (based on outstanding exposure).

9e. Unsecured Advances

(Amount in Rs Crore)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
Unsecured Advances	104585.49	82229.92
1. Total amount of advances for which intangible securities such as charge over the rights, licenses, authority etc. has been included in Sch.9 under 'Unsecured Advances'	12224.19	3460.11
2. The Estimated value of Intangible Securities as stated at 1 above.	14044.03	4369.18

10. A. Disclosure of Penalties imposed by RBI

1. RBI vide letter dated 25.06.2019 has imposed a monetary penalty of Rs 5 million (Rupees five million) on observance of non-compliance with various directions issued by RBI on "Know Your Customer (KYC) norms/Anti Money Laundering (AML) Standards" and "Opening of Current Account" by the Bank.
2. RBI vide Penalty Order dated 31.07.2019 has imposed a monetary penalty of Rs 5 million (Rupees five million) for non-compliance with certain provisions of "Reserve Bank of India (Frauds classification and reporting by commercial Banks and Select FIs) Directions 2016".



No Penalties imposed by Reserve Bank under the provision of Section 47 sub-section A clause 1 sub clause c read with Section 46(4) of the Banking Regulation Act 1949. For contraventions of any of the provisions of the Act or non-Compliance with any other requirements of the Banking Regulation, Act 1949: order rule or condition specified by Reserve Bank under the Act.

10. B. Disclosure of Bouncing of SGL:

Particulars of Bouncing of SGL securities during the period 01.04.2019 to 31.03.2020 is NIL (NIL)

Other Disclosures required by Accounting Standards

11. Accounting Standard 5 - Prior Period and Change in Accounting Policies

During the financial year 2019-20, rate of depreciation on Computer Application Software – Intangible Assets has been increased from 20% to 33.33%. Due to such change an additional amount of Rs. 33.32 crores has been debited to depreciation

12. Accounting Standard 9 - Revenue Recognition

Certain items of income are recognized on realization basis as per Accounting Policy No. 3(5). However, the said income is not considered to be material.

13. Accounting Standard 10 - Properties, Plant and Equipment.

Break-up of total depreciation for the year for each class of assets

(Amount in Rs Crore)

Class of assets	Current Year 31.03.2020	Previous Year 31.03.2019
Premises	95.52	84.86
Other fixed assets	424.34	441.53
Leased assets	0.00	0.00
Computer software	87.82	51.63
Total	607.68	578.02

14. Accounting Standard 11- Changes in Foreign Exchange rates Movement of Foreign Currency Translation Reserve

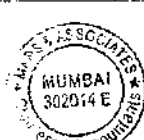
(Amount in Rs Crore)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
Opening balance	343.13	344.87
Addition during the Period due to translation of Assets & Liabilities	81.34	155.40
Deduction during the Period due to change in Profit & Loss account	7.59	157.14
Closing Balance	416.88	343.13



15. Accounting Standard 15 - Employees Benefits:

DISCLOSURE IN ACCORDANCE WITH AS-15(R):							
In line with the accounting policy and as per the Accounting Standard – 15(R), the summarized position of employment benefits is as under:							
A. Defined benefit Plans							
TABLE I - Principal Actuarial Assumptions and the basis of these assumptions							
Actuarial Assumptions	PENSION		GRATUITY		LEAVE ENCASHMENT		
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019	
Discount Rate	6.90%	7.80%	6.45%	7.05%	6.45%	7.05%	
Expected Return on Plan Assets	6.90%	7.80%	6.45%	7.05%	NA	NA	
Rate of Escalation In salary	-	-	5.99%	6.00%	5.99%	6.00%	
Dearness Relief Escalation Rate	5.80%	6.00%	-	-	-	-	
Attrition Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	
TABLE II - Changes in Present value of the obligation							
(ALL AMOUNTS IN CRORES)							
	PENSION		GRATUITY		LEAVE ENCASHMENT		
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019	
Present value of Obligation at the beginning of period	27,743.93	26,124.78	3,282.54	3,302.92	1,844.42	1,887.38	
Ad d: Interest Cost	2,111.94	2,061.25	200.56	263.24	130.03	150.42	
Ad d: Current Service Cost	286.78	245.20	162.25	141.58	125.12	95.84	
Ad d: Past Service Cost	-	-	-	-	-	-	



Le ss:	Benefits paid	(1,743.64)	(1,592.10)	(561.16)	(558.23)	(352.35)	(308.37)
(A)	Actuarial loss / (gain) on obligations (Balancing Figure)	644.13	904.81	144.89	133.03	197.07	19.16
	Present value of Obligation as at the end of the period	29,043.14	27,743.93	3229.08	3,282.5 4	1944.29	1,844.42

TABLE III - Changes in the FV of the Plan Assets

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	FAIR value of Plan Assets, at the beginning of period	27,472.2 1	25,212.04	3,085.7 0	3,012.96	-	-
Ad d:	Expected return on Plan assets	2,090.75	1,989.23	192.41	240.13	-	-
Ad d:	Contributi ons by Bank	856.96	1,526.48	339.24	367.81	352.35	308.37
Le ss:	Benefits Paid	(1,743.64)	(1,592.10)	(561.16)	(558.23)	(352.35)	(308.37)
(B)	Actuarial (loss) / gain on Plan Assets (Balancing Figure)	335.67	336.56	62.44	23.03	-	-
	FAIR value of Plan Assets as at the end of the period	29,011.9 5	27,472.21	3118.63	3,085.70	-	-



TABLE IV - Actual Return on Plan Assets							
		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2019	31.03.2018
	Expected return on Plan Assets	2,090.75	1,989.23	192.41	240.13	-	-
Ad d:	Actuarial (loss) / gain on Plan Assets	335.67	336.56	62.44	23.02	-	-
	Actual Return on Plan Assets	2426.42	2,325.79	254.85	263.15	-	-

TABLE V - Net Actuarial (Gain) / loss Recognized							
		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Actuarial gain / (loss) for the period - Obligations	(644.13)	(904.81)	(144.89)	(133.03)	(197.07)	(19.16)
	Actuarial gain / (loss) for the period - Plan Assets	335.67	336.56	62.44	23.03	0	0
	Total (Gain) / Loss for the period	308.46	568.25	82.45	110.00	197.07	19.16
	Actuarial (gain) or loss recognised in the period	308.46	568.25	82.45	110.00	197.07	19.16
	Unrecognised Actuarial (gain) / loss at the	0.00	0.00	0.00	0.00	0.00	0.00



	end of the year						
TABLE VI - Amount recognised in Balance Sheet							
		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Present value of Obligation	29,043.14	27,743.93	3,229.08	3,282.54	1,944.30	1,844.42
Less	FAIR value of Plan Assets,	29,011.95	27,472.21	3,118.63	3,085.70		
	Difference	31.19	271.72	110.45	196.84	1,944.30	1,844.42
	Unrecognised Transitional Liability	-	-	-	-		
Less	Unrecognised Past Service cost - vested benefits - Carried Forward	-	-	-	-		
	Liability Recognised in the Balance Sheet	31.19	271.72	110.45	196.84	1,944.30	1,844.42
	Negative amount determined under Paragraph 55 of AS-15 (R)	-	-	-	-		
	Present value of available refunds and reductions in future contributions	-	-	-	-		
	Resulting asset as per Paragraph	-	-	-	-		



	59 (b) of AS-15 (R)						
TABLE VII - Expense to be recognised in Profit and loss statement							
		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Current Service Cost	286.78	245.20	162.25	141.58	125.12	95.84
Ad d:	Interest cost	2,111.94	2,061.25	200.56	263.24	130.03	150.42
Le ss:	Expected return on Plan assets	(2,090.75)	(1,989.23)	(192.41)	(240.13)		
Ad d:	Net Actuarial (gain) / loss recognised in year	308.46	568.25	82.45	110.00	197.07	19.16
Ad d:	Past Service Cost-Recognise d				190.00		
	Expenses recognised in the statement of profit and loss	616.44	885.46	252.85	464.69	452.22	265.42

TABLE VIII- Movement in Net Liability to be recognized in Balance Sheet							
		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	Opening Net Liability	271.72	912.74	196.84	99.96	1,844.42	1,887.38
Ad d:	EXPENSE	616.44	885.46	252.85	464.69	452.22	265.42
Le ss:	CONTRIBUTIONS PAID	(856.96)	(1,526.48)	(339.24)	(367.81)	(352.35)	(308.37)



Closing Net Liability (Liability recognised in B/S in current period)	31.19	271.72	110.45	196.84	1,944.30	1,844.42

TABLE IX - Amount for the current Period

	PENSION		GRATUITY		LEAVE ENCASHMENT	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Present value of Obligation	29,043.14	27,743.93	3,229.08	3,282.54	1,944.30	1,844.42
FAIR value of Plan Assets	29,011.95	27,472.21	3,118.63	3,085.70		
Surplus / (Deficit) before unrecognised past service cost	(31.19)	(271.72)	(110.45)	(196.84)	(1,944.30)	(1,844.42)
Experience Adjustments in Plan Liabilities - (loss) / Gain	3,982.16	2,060.78	37.11	(9.91)	161.94	(24.86)
Experience Adjustments in Plan Assets (loss) / gain	(335.67)	(336.56)	(62.44)	(23.03)		

TABLE X -Major Categories of Plan Assets (as percentage of Total Plan Assets)

			(In Percentage)	
	PENSION		GRATUITY	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	0		0	9
Government Of India Securities	6.23%	6.74%	11.00%	11.00%
State Govt Securities	23.24%	26.59%	21.00%	26.00%
High Quality Corporate Bonds	6.84%	8.37%	3.00%	4.00%
Equity Shares of listed companies	0.25%	0.26%	0.00%	0.00%



Property	0.00%	0.00%	0.00%	0.00%
Special deposit scheme	8.19%	8.80%	10.00%	11.00%
Funds managed by Insurer	39.50%	35.89%	38.00%	31.00%
Other- Bank Deposits and CDs	15.76%	13.35%	17.00%	17.00%
TOTAL	100.00%	100.00%	100.00%	100.00%

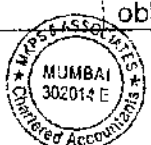
TABLE XI -ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR

	Pension (Funded)		Gratuity (Funded)	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Bank's best estimate of Contribution during next year	860.00	620.00	190.00	190.00

TABLE XII- Other Long Term employee benefits (Unfunded)

Particulars	Sick Leave & Un availed Casual leave (Unfunded)		Leave Fare concession (unfunded)		Silver Jubilee Bonus (unfunded)	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Present Value of Obligation	75.33	73.92	213.74	211.59	9.15	8.06
Opening Balance of Transitiona l Liability	-	-	-	-	-	-
Transitiona l Liability recogized in the year	-	-	-	-	-	-
Closing Balance Of Transitiona l Liability	-	-	-	-	-	-
Liability Recognize d in balance Sheet	75.33	73.92	213.74	211.59	9.15	8.06

Particulars	Basis of assumption
Discount Rate	Discount Rate has been determined by reference to market yields at the balance Sheet date on Government bonds (published by FBIL) of term consistent with currency and estimated term of the obligations



Expected Rate of Return on Plan Assets	It is assumed that return on the plan assets pertaining to the pension and gratuity fund will be 6.90% and 6.45% pa respectively
Salary Escalation Rate (SER)	Based on the broad guidance provided by IBA, SER for the bank has been taken at 5.99% (Basic Pay increase of 2.8% and DA increase of 5.8% pa approx with overall salary escalation of 5.99% approx.)
Attrition Rate	Attrition rate is assumed at 1% taken with reference to past experience and expected future experience related to voluntary withdrawals.

Defined Contribution Plans:-

"The Bank has Defined Contribution Plan applicable to all categories of employees joining the Bank on or after 01.04.2010. The scheme is managed by NPS trust under the aegis of the pension Fund Regulatory and Development Authority. National Securities Depository Limited has been appointed as the Central Record Keeping Agency for the NPS.

The details of contribution are as under:-

During the FY 2019-20 = ₹391.68Crores (Bank + Employee contribution)

During the FY 2018-19 = ₹327.10Crores (Bank + Employee contribution)

16. Accounting Standard 17 - Segment Reporting

(Amount in Rs Crore)

PART A: BUSINESS SEGMENTS				
Sl. No.	Particulars		Current Year 31.03.2020 (Audited)	Previous Year 31.03.2019 (Audited)
i.	Segment Revenue			*PNB Insurance broking Pvt Ltd is under liquidation.
	a)	Treasury	19578.45	17026.49
	b)	Corporate/Wholesale Banking	23525.26	21095.29
	c)	Retail Banking	18746.32	19053.49
	d)	Other Banking Operations	1224.13	1512.39
	Total		63074.16	58687.66
ii.	Segment Results			
	a)	Treasury	6123.23	3758.08
	b)	Corporate/Wholesale Banking	-6027.22	-19392.93
	c)	Retail Banking	2780.88	1879.42
	d)	Other Banking Operations	322.00	346.05
	Total		3198.89	-13409.38



iii.	Unallocated Expenses	2459.90	1936.39
iv.	Operating Profit	14738.55	12995.24
v.	Provision for Tax	402.79	-5370.28
vi.	Extraordinary Items	0.00	0.00
vii.	Net Profit	336.20	-9975.49
Other Information:			
viii.	Segment Assets		
	a) Treasury	265150.86	218172.99
	b) Corporate/Wholesale Banking	363834.17	350775.93
	c) Retail Banking	157080.35	156586.00
	d) Other Banking Operations	15340.04	22974.81
	Sub Total	801405.42	748509.73
	e) Unallocated Assets	29260.49	26439.73
	Total Assets	830665.91	774949.46
ix.	Segment Liabilities		
	a) Treasury	254198.87	212823.19
	b) Corporate/Wholesale Banking	348806.10	342174.59
	c) Retail Banking	150592.19	152746.37
	d) Other Banking Operations	14706.43	22411.44
	Sub Total	768303.59	730155.59
	e) Unallocated Liabilities	4.84	6.74
	Total Liabilities	768308.43	730162.33

Part B – GEOGRAPHICAL SEGMENTS

Sl. No	Particulars	Current Year	Previous Year
		31.03.2020 (Audited)	31.03.2019 (Audited)
1.	Revenue		
	a) Domestic	61764.25	57034.78
	b) International	1309.91	1652.88
	Total	63074.16	58687.66
2.	Assets		
	a) Domestic	793295.23	732904.16
	b) International	37370.68	42045.30
	Total	830665.91	774949.46

Note:

1. Segment Liabilities are distributed in the ratio of their respective Segment Assets.
2. Figures of the previous period have been re-grouped /re-classified wherever necessary to make them comparable.



17. Accounting Standard 18 - Related Party Disclosures

Names of the related parties and their relationship with the Bank:

Key Management Personnel:

i)	Shri CH S S Mallikarjuna Rao, MD & CEO, w.e.f. 01.10.2019
ii)	Shri Sunil Mehta, Managing Director & CEO, upto 30.09.2019
iii)	Dr. Rajesh Kumar Yaduvanshi, Executive Director, w.e.f. 15.04.2019
iv)	Shri Agyey Kumar Azad, Executive Director
v)	Shri Lingam Venkata Prabhakar, Executive Director, upto 31.01.2020

Subsidiaries:

i)	PNB Gilts Ltd.
ii)	PNB Investment Services Ltd.
iii)	PNB Insurance Broking Pvt Ltd**
iv)	Punjab National Bank (International) Ltd., UK.
v)	Druk PNB Bank Ltd, Bhutan.

*PNB Insurance broking Pvt Ltd is under liquidation.

Associates:

i)	PNB Housing Finance Ltd.
ii)	PNB Metlife India Insurance Company Ltd.*
iii)	JSC (Tengri Bank) Almaty, Kazakhstan
iv)	Dakshin Bihar Gramin Bank, Patna
v)	Himachal Pradesh Gramin Bank, Mandi
vi)	Punjab Gramin Bank, Kapurthala
vii)	Sarva Haryana Gramin Bank, Rohtak.
viii)	Prathama UP Gramin Bank, Moradabad ^s

*PNB has acquired 30% stake in PNB Metlife at negotiable consideration i.e Rs 700/- as brand equity.

**PNB insurance broking is under liquidation.

\$ After amalgamation of Prathama Bank with Sarva UP Gramin Bank vide GOI notification no. 853 dated 22.02.2019, Prathama UP Gramin Bank came into existence w.e.f 01.04.2019

Sarva UP Gramin Bank, Meerut remained in existence till 31.03.2019

Joint Venture:

Everest Bank Limited, Kathmandu, Nepal



Transactions with Related Parties

(Amount in Rs Lacs)

Items/ Related Party	Parent** (as per ownership or control)		Subsidiari es**		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Managemen t Personnel		Total	
	2019-20	Maximum amount outstand ing	201-20	Maxi mum amo unt outst andi ng	2019-20	Ma xi mu m am ou nt out sta ndi ng	2019-20	Maxi mum amou nt outst andin g	2019-20	Maxi mum amou nt outst andin g	2019-20	Maxim um amoun t outsta nding
Remuneration	NA	NA	NA	NA	-	-	189.03	NA	NA	NA	189.02	NA
	NA	NA	NA	NA	-	-	(155.18)	NA	NA	NA	(155.16)	NA
Borrowings	NA	NA	NA	NA	0.00	-	121.39	35.4E	0.00	0.00	121.39	135.46
	NA	NA	NA	NA	(0.00)	-	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Deposits	NA	NA	NA	NA	266554.49	-	NA	NA	NA	NA	266554.49	NA
	NA	NA	NA	NA	(374394.90)	-	(NA)	(NA)	(NA)	(NA)	(374394.90)	(NA)
Placement of Deposits	NA	NA	NA	NA	-	-	NA	NA	NA	NA	NA	NA
	NA	NA	NA	NA	-	-	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Advances	NA	NA	NA	NA	0.00	-	NA	NA	NA	NA	NA	NA
	NA	NA	NA	NA	(0.00)	-	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Investments/Inv estment in Shares	NA	NA	NA	NA	52532.03	-	0.11	-	0.69	0.00	52532.83	-
	NA	NA	NA	NA	(88974.34)	-	(0.06)	-	(0.30)	(0.00)	(88974.7)	-
Equity Shares Issued Under Employee Share Purchase Scheme	NA	NA	NA	NA	NA	NA	NIL	NIL	0.00	-	0.00	-
	NA	NA	NA	NA	NA	NA	(11.25)	(0.00)	00.00	(0.00)	(11.25)	(0.00)
Investments in debentures	NA	NA	NA	NA	-	-	-	-	-	-	-	-
	NA	NA	NA	NA	-	-	-	-	-	-	-	-
Non funded Commitments	NA	NA	NA	NA	-	-	-	-	-	-	-	-
Leasing/ HP arrangements availed	-	-	-	-	-	-	-	-	-	-	-	-
Leasing/ HP arrangements provided	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-



Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
Leasing/ HP arrangements availed	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid	NA	NA	NA	NA	1683.11	-	-	-	-	-	1683.11	-
	NA	NA	NA	NA	(5666.75)	-	-	-	-	-	(5666.75)	-
Interest received	NA	NA	NA	NA	-	-	-	-	-	-	-	-
	NA	NA	NA	NA	-	-	-	-	-	-	-	-
Receiving of Services	NA	NA	NA	NA	-	-	-	-	-	-	-	-
	NA	NA	NA	NA	-	-	-	-	-	-	-	-
Rendering of Services	NA	NA	NA	NA	-	-	-	-	-	-	-	-
	NA	NA	NA	NA	-	-	-	-	-	-	-	-
Management contracts	NA	NA	NA	NA	-	-	-	-	-	-	-	-
	NA	NA	NA	NA	-	-	-	-	-	-	-	-
Dividend received	NA	NA	NA	NA	6563.65	-	-	-	-	-	6563.65	-
	NA	NA	NA	NA	(7405.23)	-	-	-	-	-	(7405.23)	-
Bank Charges	-	-	-	-	-	-	-	-	-	-	-	-
Commission Received	-	-	-	-	-	-	-	-	-	-	-	-

**The transactions with the subsidiaries and certain associates have not been disclosed in view of para-9 of AS-18 'Related Party Disclosure', which exempts state controlled enterprises from making any disclosures pertaining to their transactions with other related parties, which are also state controlled

Further, in terms of Paragraph 5 of AS 18, transactions in the nature of Banker-Customer relationship have not been disclosed including those with Key Management Personnel and relatives of Key Management Personnel

18. Accounting Standard 19 - Accounting Of Lease

Financial and Operating Lease:

The Bank has not entered into any transaction of Financial Lease.

Operating Lease primarily comprises of office premises, which are renewal at the option of the Bank. Lease payment for assets taken on operating lease is recognized as an expense in the Profit and Loss Account

19. Accounting Standard 20 - Earnings Per Share (EPS)

Sl.No.	Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
A	EPS - Basic / Diluted (in Rs)	0.62	-30.94
B	Amount used as numerator Profit/ (Loss) after tax (Rs in 000)	3361944	-99754860
C	Nominal value of share	Rs 2.00 each	Rs 2.00 each
D	Weighted average number of equity shares used as the denominator	5460952184	3223964730



20. (i) Accounting Standard 22 - Accounting for Taxes on Income

The Bank has recognized deferred tax assets and liability as per accounting policy no. 10. Major components of which are set out below:

(Amount in Rs Crore)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
Deferred Tax Assets		
Provision for Leave encashment	754.99	718.47
Provision for Pension & Gratuity	0.00	163.71
Statutory Liability u/s 43B	0.00	0.00
Provision for bad & doubtful debts	19596.11	17852.67
Taxable loss (carried forward)	0.00	283.87
Total	20351.10	19018.72
Deferred Tax Liabilities		
Depreciation on fixed assets	-115.29	-65.87
Deduction u/s 36(1) (viii) of Income Tax Act 1961	266.51	504.49
Non Borrowal Fraud (not debited in P/L but claimed in ITR)	0.00	0.00
Total	389.20	438.62
Deferred Tax Assets (Net)	19961.90	18580.10

DTA on Statutory Liability under section 43B is not recognized.

The deferred tax assets amounting to Rs 1381.80 (Rs 5365.35 Crores) has been credited to Profit and Loss account.

(ii) **Current Tax:** During the year the bank has debited to Profit & Loss Account ₹ 1784.58 Crores (Previous Year ₹17.15Crores) on account of current tax. The current Tax in India has been calculated in accordance with the provisions of Income Tax Act 1961 after taking appropriate relief for taxes paid on foreign jurisdiction.

21. Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements

Since Investments of the bank in its Associates are participative in nature and the Bank having the power to exercise significant influence on their activities, such Investments are recognized in the Consolidated Financial Statements of the Bank.

22. Accounting Standard 24 - Discontinuing Operations

During the period from 01.04.2019 to 31.03.2020, the bank has not discontinued operations of any of its branches, which resulted in shedding of liability and realization of the assets and no decision has been finalized to discontinue an operation in its entirety which will have the above effect.

23. Accounting Standard 28 - Impairment of Assets

A substantial portion of the bank's assets comprises 'financial assets' to which Accounting Standard 28 'Impairment of Assets' is Not Applicable. In the opinion of the bank, there is no impairment of its assets (to which the standard applies) to any material extent as at 31.03.2020 requiring recognition in terms of the said standard.



24. Accounting Standard 29- Provisions, Contingent Liabilities and Contingent Assets

i) Movement of provisions for liabilities*

(Amount in Rs Crore)

Particulars	Salary arrears	Legal cases/ Contingencies
Balance as at 1 st April 2019	713.72	25.01
	(362.59)	(25.70)
Addition/Provided during the year	515.96	6.17
	(370.24)	(1.89)
Amounts used during the year	317.76	0.00
	(0.00)	(0.00)
Reversed during the year	0.00	1.83
	(19.11)	(2.58)
Balance as at 31.03.2020	911.91	29.35
	(713.72)	(25.01)
Timing of outflow/uncertainties	On actual Payment	Outflow on settlement / crystallization
	On actual Payment	Outflow on settlement / crystallization

*Excluding provisions for others

ii) Refer Schedule-12 on Contingent Liabilities

Such liabilities at S.No.(I), (II), (III), (IV), (V) & (VI) are dependent upon the outcome of Court / arbitration / out of court settlement, disposal of appeals, the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, respectively.

Additional Disclosures

25. Break up of "Provisions and Contingencies" shown under the head Expenditure in Profit and Loss Account is as follows:

(Amount in Rs Crore)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
Provisions for depreciation on investment (net)	-366.35	1640.95
Provision towards NPAs (net)	14464.08	24434.59
Provision towards Standard Assets	494.90	436.26
Provision made towards Income Tax (including Fringe Benefit Tax & Wealth Tax)	402.79	-5370.28



Other Provision and Contingencies:			-593.06	1829.21
Detail:	31.03.2020	31.03.2019		
Standard Restructured	-426.72	-196.40		
Sale to SC/RC	0.00	0.00		
Written off & others	-171.23	2003.09		
Sale to Arcil	0.00	54.60		
Restructured CDR-FITL	4.88	-32.08		
Total			14402.35	22970.73

26. Floating Provisions

(Amount in Rs Crore)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
Opening balance	360.25	360.25
Quantum of floating provisions made during the year	NIL	NIL
Purpose and amount of draw down made during the year	NIL	NIL
Closing balance	360.25	360.25

27. Draw Down from Reserves

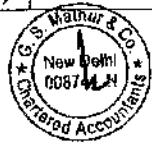
(Amount in Rs Crore)

Sr. No.	Reserves	Amount drawn	Purpose
1	Other Reserves (Blocked Account)	0.0003420 (0.00)	Claim has been received during the period ended 31 st March 2020 (01.04.2019 to 31.03.2020) against Inter Branch Credit entries.
2	Revaluation reserves	73.74 (101.59)	Revaluation surplus of Assets disposed off and Depreciation on revalued portion transferred to Revenue Reserve.
3	Statutory Reserve	157.73 (451.87)	Coupon Payment for Additional AT1 Bonds

28. Disclosure of Complaints and unimplemented awards of Banking Ombudsman including customer complaints pertaining to ATM

a. Customer Complaints

	Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
(a)	No. of complaints pending at the beginning of the year	31430	84099
(b)	No. of complaints received during the year	1328290	1993427
(c)	No. of complaints redressed during the year	1356818	2046096
(d)	No. of complaints pending at the end of the year	2902	31430



b. Awards passed by the Banking Ombudsman

	Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
(a)	No. of unimplemented Awards at the beginning of the year	4	2
(b)	No. of Awards passed by the Banking Ombudsman during the year	14	7
(c)	No. of Awards implemented during the year	16	4
(d)	No. of unimplemented Awards at the end of the year	2*	4

*Appeal filed in 2 cases as per details hereunder :-

FY 2018-19= 1 case

FY 2019-20= 1 case

29. Disclosure of Letter of Comfort (LoC) issued by Bank

The Bank has issued a Letter of Comfort to Prudential Regulation Authority (PRA), the regulator in United Kingdom, committing that the bank shall provide financial support to its subsidiary, Punjab National Bank (International) Ltd., UK so that it meets its financial commitments as and when they fall due.

Apart from the above, the Bank has not issued any Letter of Comfort and therefore there are no cumulative financial obligations under Letter of Comfort.

The Prudential Regulatory Authority (PRA), regulator of UK, has vide its letter dated 02.09.2015 put the Bank under 'watch list'. There are no specific restrictions or penalties.

30. (i) Disclosure in respect of Insurance Business undertaken by the bank

(Amount in Rs Crore)		
Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
Details of fees/remuneration received in respect of Bancassurance Business undertaken by the bank during the year ended 31.03.2020/31.03.2019:		
(i) Life Insurance Business:	181.26	177.60
(ii) Non-life Insurance Business:	59.69	51.44
(iii) Mutual Fund Business	2.22	3.43
TOTAL	243.17	232.47



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(ii) Disclosure in respect of Commission/Incentive earned on 3rd party Products
(Amount in Rs Crore)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
Atal Pension Yojna	2.15	1.84
Prime Minister Suraksha Bima Yojana	0.96	0.80
Prime Minister Jeevan Jyoti Bima Yojana	3.55	3.48
Income/commission on Aadhar	6.56	4.66

31. I. Concentration of Deposits, Advances, Exposures and NPAs:

(a) Concentration of Deposits

(Amount in Rs Crore)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
Total Deposits of twenty largest depositors	25972.00	21810.32
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	3.69%	3.23%

Note: The above deposit figures not include (Inter Bank) deposit held by Bank.

(b) Concentration of Advances

(Amount in Rs Crore)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
Total Advances of twenty largest borrowers	91982.19	83649.35
Percentage of Advances of twenty largest borrowers to Total Advances of the bank	19.49%	16.52%

(c) Concentration of Exposures

(Amount in Rs Crore)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
Total Exposures of twenty largest borrowers/customers	115190.45	119894.72
Percentage of Exposures to twenty largest borrowers/customers to Total Exposures of the bank on borrowers/customers	19.29%	19.89%

(d) Concentration of NPAs

(Amount in Rs Crore)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
Total Exposure to top four NPA accounts	11524.84	11820.57



(e) Provisioning Coverage Ratio (PCR)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
Provisioning Coverage Ratio	77.79%	74.50%

II. Sector-wise advances:

(Amount in Rs Crore)

Sl. No	Sector	Current Year 31.03.2020			Previous Year 31.03.2019		
		Outstanding Total Advances	Gross NPAs	Percent age of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percent age of Gross NPAs to Total Advances in that sector
A	Priority Sector						
1.	Agriculture and allied activities	69961.26	12995.37	18.58	79827.14	11504.11	14.41
2.	Advances to industries sector eligible as priority sector lending	17807.02	4065.17	22.83	19508.31	4247.54	21.77
3.	Services	52626.67	8671.95	16.48	59726.08	7657.92	12.82
4.	Personal loans	18723.30	1246.83	6.66	16815.90	1140.99	6.79
	Sub-total (A)	159118.25	26979.33	16.96	175877.43	24550.56	13.96
B	Non Priority Sector						
1.	Agriculture and allied activities	16168.22	469.03	2.90	20481.81	424.02	2.07
2.	Industry	128667.00	23911.27	18.58	122180.86	33100.20	27.09
3.	Services	148316.17	19996.82	13.48	125908.76	18600.22	14.77
4.	Personal loans	64658.65	2122.31	3.28	61745.44	1797.70	2.91
	Sub-total (B)	357810.05	46499.44	13.00	330316.87	53922.14	16.32
	Total (A+B)	516928.29	73478.76	14.21	506194.30	78472.70	15.50



III. Movement of NPAs

(Amount in Rs Crore)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
Gross NPAs Opening balance	78472.70	86620.05
Additions (Fresh NPAs) during the year	20751.25	19904.11
Sub-total (A)		106524.16
Less:		
(i) Up gradations	1598.41	3633.29
(ii) Recoveries (excluding recoveries made from upgraded accounts)	10781.69	12164.91
(iii) Technical /Prudent Write-offs	13365.09	12253.26
(iv) Write-offs other than those under (iii) above	0.00	0.00
Sub-total (B)	25745.19	28051.46
Gross NPAs Closing balance (A-B)	73478.76	78472.70

Detail of Technical write-offs and the recoveries made there on

(Amount in Rs Crore)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
Opening balance of Technical / Prudential written-off accounts	39302.76	30466.44
Add : Technical / Prudential write-offs during the year	13574.55	11557.57
Sub-total (A)	52877.31	42024.01
Less : Recoveries made from previously technical / prudential written-off accounts during the year (B)	3781.56	2721.25
Closing balance (A-B)	49095.75	39302.76

IV. Overseas Assets, NPAs and Revenue

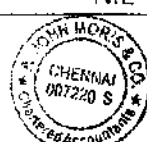
(Amount in Rs Crore)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
Total Assets	37370.68	42045.30
Total NPAs (Gross)	1734.18	1883.36
Total Revenue	1539.82	2070.60

V. Off-balance sheet SPVs sponsored by the Bank

(which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL



32. Reward Points of Credit Card

i) PNB Global Credit Cardholders are rewarded as and when they make purchases through usage of Credit Card. Reward Points are generated at the time of usage of Credit Card by Cardholder at merchant Establishment. Card holder can redeem the accumulated reward points. The amount payable on account of reward points is charged to Profit and Loss account and credited to Sundry Provision Account on daily basis.

Position of outstanding reward points of Credit Cards and provision thereon:

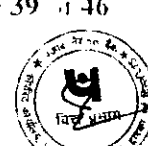
Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
Balance Reward Points outstanding	309185884	287133554
Provision held for these points (Rs in crore)*	3.86	3.59

*The provision held against Rewards points in respect of Credit Cards has been worked out at Rs 0.50 for 1 point. Based on past trend of redemption, provision has been made @25% of accumulated Reward points on estimated basis as in the previous year.

33. Disclosures relating to Securitization

OUTSTANDING AMOUNT OF SECURITISED ASSETS:

Sl.No	Particulars	No/Rs. in crore
1.	No of SPVs sponsored by the bank for securitization transactions*	NIL
2.	Total amount of securitized assets as per books of the SPVs sponsored by the bank	NIL
3.	Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet	NIL
	a) Off-balance sheet exposures	
	First loss	
	Others	
	b) On-balance sheet exposures	
	First loss	
	Others	
4	Amount of exposures to securitization transactions other than MRR	NIL
	a) Off-balance sheet exposures	
	i) Exposure to own securitizations	
	First loss	
	Others	
	ii) Exposure to third party securitizations	
	First loss	
	Others	
	b) On-balance sheet exposures	NIL
	i) Exposure to own securitizations	



		First loss	
		Others	
	ii)	Exposure to third party securitizations	
		First loss	
		Others	

*Only the SPVs relating to outstanding securitization transactions may be reported here

34. Credit Default Swaps

Sr. no	Position of PNB	Counterparty	Notional Principal Amount in Rs Thousands	Deal Date	Value Date	Maturity Date
NIL						

35. Transfers to Depositor Education and Awareness Fund (DEAF)

(Amount in Rs Crore)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
Opening balance of amount transferred to DEAF	1931.83	1567.29
Add : Amounts transferred to DEAF during the Year	446.56	411.94
Less : Amounts reimbursed by DEAF towards claims	54.77	47.40
Closing balance of amounts transferred to DEAF*	2323.62	1931.83

The amount will be reflected as Contingent Liabilities-Others, Items for which the Bank is contingently liable as on 31.03.2020

36. Unhedged Foreign Currency Exposure (UFCE)

The Bank has framed a policy to manage currency induced credit risk and has been incorporated in Bank's Credit Management & Risk Policy 2019-20 as follows:

"In terms of RBI guidelines, the Bank monitors the currency wise Un-hedged Foreign Currency Exposure in the books of borrowers at quarter ends along-with the Annualized Earnings before Interest & Depreciation (EBID). The incremental provision (ranging from 0 to 80 bps on total credit exposure, over and above the standard asset provisioning) and capital requirement will depend on likely loss (due to foreign currency fluctuation), that borrowers may face due to their un-hedged forex exposure in their books. Bank maintains separate charge and provisioning requirement on account of such exposures which may impact the cost to the borrowers. Appropriate disclosures in the financial statements of the bank shall also be made."



(Amount in Rs Crore)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
Total Incremental Provision required as on 31.03.2020	47.87	575.01
Incremental capital held	147.73	997.82

37. Intra-Group Exposures

(Amount in Rs Crore)

	Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
a)	Total amount of intra-group exposures	6124.69	5810.28
b)	Total amount of top-20 intra group exposures (14 entities)	6124.69	5810.28
c)	Percentage of intra-group exposures to total exposure of the Bank on borrower/customers	1.03%	0.96%
d)	Details of breach of limits on intra-group exposures and regulatory action, if any	NIL	NIL

38. Liquidity Coverage Ratio (LCR)**QUALITATIVE DISCLOSURE ON LIQUIDITY COVERAGE RATIO**

The bank has implemented RBI guidelines on Liquidity Coverage Ratio (LCR) from 1st January 2015.

The LCR standard aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be readily converted into cash at little/no loss of value to meet its liquidity needs for a 30 calendar day time horizon under a liquidity stress scenario.

LCR has two components:

- The value of the stock of High Quality Liquid Assets (HQLA) – *The Numerator.*
- Total Net Cash Outflows: Total expected cash outflows minus Total expected cash inflows, in stress scenario, for the subsequent 30 calendar days - *The denominator.*

Definition of LCR:

$$\frac{\text{Stock of high quality liquid assets (HQLAs)}}{\text{Total net cash outflows over the next 30 calendar days}} \geq 100\%$$

The LCR requirement has become binding on the banks with the following minimum required level as per the time-line given below:

	Jan 1, 2015	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018	Jan 1, 2019
Minimum LCR	60%	70%	80%	90%	100%



For Q4 FY'2019-20, the daily average LCR was 182.02% (based on simple average of daily observations) at consolidated level, as against the regulatory requirement of 100%.

The main drivers of LCR of the bank are High Quality Liquid Assets (HQLAs) to meet liquidity needs of the bank at all times and basic funding from retail and small business customers. The retail and small business customer's contribute about 71.98% of total deposit portfolio of the bank which attracts low run-off factor of 5/10% as on 31.03.2020.

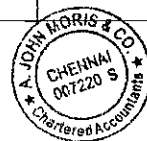
Composition of High Quality Liquid Assets (HQLA)

HQLAs comprises of Level 1 and Level 2 assets. Level 2 assets are further divided into Level 2A and Level 2B assets, keeping in view their marketability and price volatility.

Level-1 assets are those assets which are highly liquid. For quarter ended March 31, 2020, the Level-1 asset of the bank includes Cash in Hand, Excess CRR, Government Securities in excess of minimum SLR, Marketable securities issued or guaranteed by foreign sovereign, MSF and FALLCR totalling to Rs. 194758.14 cr (based on simple average of daily observations).

Level-2A & 2B assets are those assets which are less liquid and their weighted amount comes to Rs. 6688.00 cr (based on simple average of daily observations). Break-up of daily observation Average HQLA during quarter ended March 31, 2020 is given hereunder:

High Quality Liquid Assets (HQLAs)	Average %age contribution to HQLA
Level 1 Assets	
Cash in hand	0.90%
Excess CRR balance	0.70%
Government Securities in excess of minimum SLR requirement	38.21%
Government securities within the mandatory SLR requirement, to the extent allowed by RBI under MSF (presently to the extent of 2 per cent of NDTL)	7.18%
Marketable securities issued or guaranteed by foreign sovereigns having 0% risk-weight under Basel II Standardized Approach	1.25%
Facility to avail Liquidity for Liquidity Coverage Ratio -- FALLCR (presently to the extent of 13 per cent of NDTL)	48.44%
Total Level 1 Assets	96.68%
Total Level 2A Assets	3.14%
Total Level 2B Assets	0.18%
Total Stock of HQLAs	100.00%



Concentration of Funding Sources

This metric includes those sources of funding, whose withdrawal could trigger liquidity risks. It aims to address the funding concentration of bank by monitoring its funding requirement from each significant counterparty and each significant product/instrument. As per RBI guidelines, a "significant counterparty/Instrument/product" is defined as a single counterparty/Instrument/product or group of connected or affiliated counter-parties accounting in aggregate for more than 1% of the bank's total liabilities.

The Bank has no significant counterparty (Deposits/Borrowings) as at 31.03.2020. Top 20 depositors of the bank constitute 3.53% of bank's total liability as at March 31, 2020. The significant product/ instrument includes Saving Fund, Current deposit, Core Term Deposit, and Inter-bank term deposit, the funding from which are widely spread and cannot create concentration risk for the bank.

Derivative exposure

The bank has low exposure in derivatives having negligible impact on its liquidity position.

Currency Mismatch

As per RBI guidelines, a currency is considered as "significant" if the aggregate liabilities denominated in that currency amount to 5 per cent or more of the bank's total liabilities. In our case, only USD (8.82% of bank's total liabilities) falls in this criteria whose impact on total outflows in LCR horizon can be managed easily as the impact is not large considering the size of balance sheet of the bank.

Degree of centralization of liquidity management and interaction between group's units

The group entities are managing liquidity on their own. However, the bank has put in place a group-wide contingency funding plan to take care of liquidity requirement of the group as a whole in the stress period.

QUANTITATIVE DISCLOSURE ON LIQUIDITY COVERAGE RATIO (Excel Sheet attached)

39. Disclosure Leverage Ratio: Capital measure and the Exposure measure along with Leverage Ratio are to be disclosed.

(Amount in Rs Crore)

Particulars	Current Year 31.03.2020
Capital measure	49107.96
Exposure measure	Total Exposure for the calculation of Leverage ratio= 860226.05
Leverage Ratio (%)	5.71%



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40. Other Notes

a.	I. As per RBI guidelines, the Bank has worked out the amount of inter Branch Credit entries outstanding for more than Five years to be transferred to Blocked Account. Accordingly, a sum of ₹ 1.08 Crores (net of adjustments since carried out) has been included under "Other Liabilities-others" in Schedule-5.									
	II. Claim of ₹3420 has been received during the period ended 31 st March 2020 (01.04.2019 to 31.03.2020) against Inter Branch Credit entries, Blocked and transferred to General Reserve.									
b.	Premises includes:-									
	I.	Premises includes properties amounting to ₹ 1.49 Crore (Net of Depreciation) {Cost ₹ 3.29 Crore} are awaiting registration of title deeds.								
	II.	During the current financial year of the bank has revalued immovable properties based on the reports obtained from external independent valuer. The revaluation surplus amounting to Rs 1273.27 Crore is Credited to the Revaluation Reserve.								
c.	Depreciation on Revalued Portion: ₹16.14 Crore depreciation charged for Q-4 FY 2019-20 and Total depreciation charged during FY 2019-20 is ₹73.74 Crore.									
d.	Tax Paid in advance/Tax deducted at source appearing under "Other Assets" includes disputed amount adjusted by the department/paid by the Bank in respect tax demands for various assessment years. No provision is considered necessary in respect of disputed Income Tax demands of ₹1131.50 Crore (previous year ₹267.52Crore) as in the bank's view, duly supported by expert opinion and/or decision in bank's own appeals on same issues, additions / disallowances made are not sustainable.									
e.	Information under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in terms of the provisions of Regulation 52(4) for unsecured bonds issued by bank excluding Debt instruments eligible for meeting capital requirement:									
	Sl.No.	PNB BONDS SERIES	ISIN NO.	DATE OF PAYMENT OF INTEREST	Whether the same has been paid or not	Rating ICRA	Rating CARE	Rating India Rating	Rating CRISIL	Remark
	1	Long Term Bonds (Borrowing) series I (8.23 %)	INE 160A 08068	10.02.2020	Paid	NA	AA	AA+	AA+	NIL
	2	Long Term Bonds (Borrowing) series II (8.35 %)	INE 160A 08084	24.03.2020	Paid	AA-	AA	NA	AA+	NIL
f.	In compliance of RBI letter no. DBR.NO.BP.13018/21.04.048/2015-16 dated 12.04.2016 and BPC.7201/21.04.132/2017-18 dated 08.02.2018, Bank has made a provision of Rs 63.40 Crore being 5 % of the existing outstanding of Rs 1267.95 Crore as on 31.03.2020 in respect of restructured Food Credit advance availed by State Government of Punjab.									



- g. Provisioning pertaining to fraud accounts due to amendment in provisioning norms as per RBI Circular no. RBI/2015-16/376 DBR.No.BP.BC.92/21.04.048/2015-16 dated 18.04.2016:

(Rs in Crores)

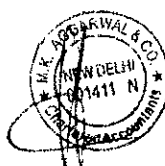
Category	No. of Cases/accounts reported during the FY 2019-20	Amount involved in fraud reported during the FY 2019-20	Quantum of provision during the FY 2019-20	Quantum of unamortized provision debited from 'other reserve' as at the end of the year
Borrowal	352	14606.85	14606.85	766.28
Non-Borrowal Frauds	157	26.42	18.06	0.00
Total	509	14633.27	14624.91	766.28

- h. Details of Priority Sector Lending Certificate (PSLCs)

(Rs in Crores)

Sr. No.	Types of PSLCs	PSLC bought during the year	PSLC sold during the year
1	Agriculture	2145.00	NIL
2	Small and Marginal Farmers	NIL	NIL
3	Micro Enterprises	NIL	NIL
4	General	3630.00	NIL
TOTAL		5775.00	NIL

- i. IND AS roadmap for scheduled commercial banks (excluding regional rural banks), insurers/insurance companies and non-banking financial companies (NBFCs) was issued by Union Ministry of Corporate Affairs (MCA) through press release dated 18 January 2016. IND AS was applicable to the Bank in accordance with the MCA press release from financial year 2018-19 which was deferred to financial year 2019-20 vide RBI's Press Release (2017-18/2642) dated 5 April 2018. RBI has further deferred implementation of IND AS till further notice vide its Circular no DBR.BP.BC.No. 29/21.07.001/2018-19 dated 22.03.2019. However, the Bank had commenced the process of IND AS (Indian Accounting Standards) implementation since financial year 2016-17. The Bank has a wellplanned strategy for Ind AS implementation and has made substantial progress in this exercise. The Bank has completed a diagnostic study to identify the differences between the current accounting framework and IND AS. Based on this diagnostic study, the Bank has quantified the impact and filed the pro-forma financial statements for the half year ended September 2016 and quarter ended June 2017 with the Reserve Bank of India. From the quarter ended June 2018, Bank is compiling the proforma Ind AS Financial Statements every quarter and submitting to RBI as per their requirement. Bank is now assessing the IT related requirements and has already initiated

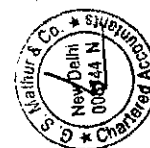


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	formulation of Expected Credit Loss Models. Hence, the Bank will implement Ind AS once the transition date is conveyed by RBI.								
j.	During the year, the bank has made preferential allotment of following equity shares in accordance with the provisions of SEBI (Issue of Capital and Disclosure Requirements Regulations, 2009), for which details are as under:- <table><tr><th>Name of the Shareholder</th><th>No. of equity shares- Face Value of ₹2 each</th><th>Issue Price per share (Amt in ₹)</th><th>Amount (₹. in Crore)</th></tr><tr><td>Govt. of India</td><td>2133518960</td><td>75.42</td><td>16091.00</td></tr></table>	Name of the Shareholder	No. of equity shares- Face Value of ₹2 each	Issue Price per share (Amt in ₹)	Amount (₹. in Crore)	Govt. of India	2133518960	75.42	16091.00
Name of the Shareholder	No. of equity shares- Face Value of ₹2 each	Issue Price per share (Amt in ₹)	Amount (₹. in Crore)						
Govt. of India	2133518960	75.42	16091.00						
	Any other as per SCAs:								
k.	Guidelines given in Micro , Small and Medium enterprises development act 2006 have been complied with for purchases made during FY ended March, 2020 in FY 2019-20 and payments have been made to the Vendors in time as per Act. Since there had been no delay in payment. So no penal interest had been paid during the FY ended March 2020.								
l.	During the financial year 2019-20, rate of depreciation on Computer Application Software – Intangible Assets has been increased from 20% to 33.33%. Due to such change an additional amount of Rs. 33.32 crores has been debited to depreciation								
m.	As per scheme of amalgamation approved by board of directors, the bank has carried out the process of harmonisation of NPA amounts of Rs. 5 Crore and above as per IRAC norms. Accordingly an amount of Rs 366.33 crore has been provided for in 13 NPA accounts.								
n.	As per RBI Circular DBR No. BP.BC 45/21.04.048/2018-19 dated June 17 ,2020 on prudential framework for Resolution for stressed asset the bank has made additional provision aggregating Rs.383.19 Crores in 9 accounts.								
40.	1. Figures of the previous year have been regrouped / rearranged / reclassified wherever necessary. 2. Figures in the bracket wherever given (except Item no. 15: Accounting Standard 15 - Employees Benefits) relates to previous year. 2. Figures given in the bracket in Item No. 15: Accounting Standard 15 - Employees Benefits are in negative.								



38	Quantitative Disclosure	(Rs. in Crore)									
		Quarter ended Mar'20		Quarter ended Dec'19		Quarter ended Sep'19		Quarter ended June'19		Quarter ended Mar'19	
		Total Unweighted Value (average)*	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	Based on the simple average of daily observations	64 Data Points		62 Data Points		62 data Points		65 Data Points		65 Data Points	
	High Quality Liquid Assets										
1	Total High Quality Liquid Assets (HQLA)	201447.06		196339.73		172864.30		144724.79		122531.48	
	Cash Outflows										
2	Retail deposits and deposits from small business	477726.43	44514.28	468031.49	43683.29	453145.61	42734.02	453774.14	42352.57	451098.07	42106.57
(i)	Stable deposits	65167.36	3258.37	62397.24	3119.86	61457.02	3192.47	60496.91	3024.85	60664.71	3003.24
(ii)	Less stable deposits	41269.08	41255.91	40563.426	40563.43	391688.58	39541.56	393277.23	39327.72	391033.36	39103.34
3	Unsecured wholesale funding, of which:	143999.06	75293.40	134192.23	71700.33	130275.27	69695.72	129432.22	70486.57	132227.46	73011.88
(i)	Operational deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii)	Non-operational deposits (all counterparties)	143999.06	75293.40	134192.23	71700.33	130275.27	69695.72	129432.22	70486.57	132227.46	73011.88
(iii)	Unsecured debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Secured wholesale funding										
5	Additional requirements, of which	75779.03	7753.16	76560.29	6723.34	75453.89	5907.48	82589.05	5797.97	79937.34	6095.16
(i)	Outflows related to derivative exposures and other	1170.15	1170.15	14.33	14.33	5.22	5.22	4.84	4.84	80.81	80.81
(ii)	Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii)	Credit and liquidity facilities	74608.88	6583.01	76945.96	6709.01	75448.67	5902.27	82584.21	5793.13	79856.53	6014.35
6	Other contractual funding obligations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	Other contingent funding obligations	57380.46	1822.03	56558.73	1730.31	55272.27	1685.28	57337.32	1726.50	60590.00	1817.71
8	Total Cash Outflows	129382.86		123837.26		120022.51		120363.71		123031.32	
	Cash Inflows										
9	Secured lending (e.g. reverse repos)	29720.81	0.00	31610.55	0.00	21814.77	0.00	12931.59	0.00	3561.61	0.00
10	Inflows from fully performing exposures	16853.12	13362.88	19642.58	15955.48	19644.37	16083.58	21958.63	18486.05	18689.32	15458.22
11	Other cash inflows	5348.29	5348.29	4146.52	4146.52	7238.62	7238.62	8728.78	8728.78	6531.49	6531.49
12	Total Cash Inflows	51922.21	18710.97	56399.65	20102.00	48697.76	23322.20	43618.99	27214.83	28782.43	21989.71
13	TOTAL HQLA	201447.06		196339.73		172864.30		144724.79		122531.48	
14	Total Net Cash Outflows	110671.90		103735.26		96700.31		93148.88		101041.61	
15	Liquidity Coverage Ratio (%)	182.02		189.27		178.76		155.37		121.27	



HDSG & Associates
Chartered Accountants

GS Mathur & Co.
Chartered Accountants

MKPS & Associates
Chartered Accountants

M K Aggarwal & Co.
Chartered Accountants

A John Moris & Co.
Chartered Accountants

Independent Auditor's Report on the Annual Consolidated Financial Results under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (for Banks)

INDEPENDENT AUDITOR'S REPORT

To,
THE BOARD OF DIRECTORS OF
Punjab National Bank

Report on the Audit of the Consolidated Financial Results

Opinion

We have audited the accompanying Statement of Consolidated Financial Results of Punjab National Bank ("the Bank") and its subsidiaries (the parent and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities, for the year ended March 31, 2020 ("the Statement"), being submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") except for the disclosures relating to consolidated Pillar 3 disclosure as at March 31, 2020 including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Financial Results and have not been audited by us.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate audited financial statements/financial results/financial information of, subsidiaries, associates and jointly controlled entities, the aforesaid Financial Results:

- a. include the financial results of the following entities:

Parent: Punjab National Bank

Subsidiaries:

- i) PNB Gilts Ltd.
- ii) PNB Investment Services Ltd.
- iii) PNB Insurance Broking Pvt Ltd*.
- iv) Punjab National Bank (International) Ltd., UK.
- v) Druk PNB Bank Ltd, Bhutan.

*Steps are being taken for winding up of the company as the license has already been surrendered



on 14.02.2011.

Associates:

- i) PNB MetLife India Insurance Company Ltd
- ii) JSC (Tengri Bank) Almaty, Kazakhstan
- iii) Dakshin Bihar Gramin Bank, Patna
- iv) Sarva Haryana Gramin Bank, Rohtak
- v) Himachal Pradesh Gramin Bank, Mandi
- vi) Punjab Gramin Bank, Kapurthala
- vii) Prathama UP Gramin Bank, Moradabad
- viii) PNB Housing Finance Limited

Joint Venture:

- i) Everest Bank Limited, Kathmandu, Nepal

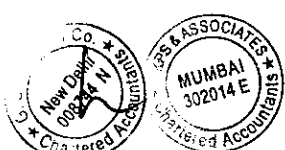
- b. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations except for the disclosures relating to consolidated Pillar 3 disclosure as at March 31 2020 including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Financial Results and have not been audited by us; and
- c give a true and fair view, in conformity with the applicable accounting standards, RBI guidelines and other accounting principles generally accepted in India, of the consolidated net profit and other financial information of the Group for the year ended March 31, 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Results* section of our report. We are independent of the Group, its associates and jointly controlled entities in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated Financial Results, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter Paragraph

- a) *We draw your attention to Note No. 16 to the accompanying standalone financial results, which describes the uncertainties due to outbreak of novel corona virus (COVID 19) and the management's assessment of its impact on the business operations of the Bank.*
- b) *Refer Note No. 17 to the financial results relating to deferment of provision of Rs. 766.28 Crores pertaining to certain fraud accounts identified in the quarter ended 31st March 2020 and to be charged to the Profit & Loss Accounts in the three quarters of FY2020-21, in terms of RBI Circular DBR No. BP.BC.92/21.04.048/2015-16 dated April 18, 2016.*
- c) *Refer Note No. 25 of the accompanying financial statements wherein as per*



opinion of the Bank, there is no requirement to make any provisions for diminution in value of investments.

Our opinion is not modified in respect of these matters.

Board of Directors' Responsibility for the Consolidated Financial Results

These Consolidated Financial Results have been compiled from the consolidated Annual audited financial statements.

The bank's Board of Directors are responsible for the preparation and presentation of these consolidated Financial Results that give a true and fair view of the consolidated net profit and other financial information of the Group including its associates and jointly controlled entities in accordance with the Accounting Standards/ Indian Accounting Standards 21 " Consolidated Financial Statements" Accounting Standard 23 – "Accounting for Investment in Associates in Consolidated Financial Statements" Accounting Standard 27- "Financial Reporting of Interest in Joint Venture" / issued by the Institute of Chartered Accountants of India, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the entities included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act/Banking Regulations Act, 1949 for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial results by the Directors of the Bank, as aforesaid.

In preparing the consolidated Financial Results, the respective Board of Directors of the entities included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the consolidated Financial Results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Financial Results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain



professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Financial Results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Financial Results, including the disclosures, and whether the consolidated Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated Financial Results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Financial Results that, individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work, and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Results.

We communicate with those charged with governance of the Bank and such other entities included in the consolidated Financial Results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.





Other Matters

The consolidated Financial Results include the audited Financial Results of 03 subsidiaries, and 03 associates whose Financial Statements/Financial Results/ financial information reflect Group's share of total assets of Rs. 15019.94 crores as at 31.03.2020, Group's share of total revenue of Rs. 315.94 crores and Rs. 970.09 crores and Group's share of total net profit/(loss) after tax of Rs. (68.88) crores and Rs. 318.76 crores for the quarter and year ended March 31, 2020 respectively, as considered in the consolidated Financial Results, which have been audited by their respective independent Auditors. The independent auditors' reports on financial statements/financial results/financial information of these entities have been furnished to us and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

The consolidated Financial Results include the unaudited Financial Results of 02 subsidiaries, 06 associates and 01 jointly controlled entities, whose Financial Statements/Financial Results/ financial information reflect Group's share of total assets of Rs. 6836.50 as at 31.03.2020, Group's share of total revenue of Rs. 122.12 crores and Rs. 324.81 crores and Group's share of total net profit after tax of Rs. 16.97 and Rs. (1.61) Crore for the quarter and year ended March 31, 2020 respectively, as considered in the consolidated Financial Results. These unaudited Financial Statements/Financial Results/ financial information have been furnished to us by the Board of Directors and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and jointly controlled entities is based solely on such unaudited Financial Statements/Financial Results/financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, these Financial Statements/Financial Results / financial information are not material to the Group.

Our opinion on the consolidated Financial Results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Financial Results/financial information certified by the Board of Directors.


The Consolidated Financial Results include the results for the quarter ended March 31, 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

<p>FOR HDSG & ASSOCIATES CHARTERED ACCOUNTANTS FRN 002871N</p> <p>(DALBIR SINGH GULATI) PARTNER M.NO. 081024</p> 	<p>FOR G S MATHUR & CO. CHARTERED ACCOUNTANTS FRN 008744N</p> <p>(RAJIV KUMAR WADHAWAN) PARTNER M.NO. 091007</p> 	<p>FOR MKPS & ASSOCIATES. CHARTERED ACCOUNTANTS FRN 302014E</p> <p>(SANJAYA KUMAR PARIKH) PARTNER M.NO. 504222</p> 
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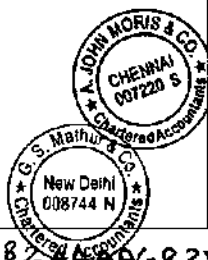
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FOR M K AGGARWAL & CO.
CHARTERED ACCOUNTANTS
FRN 00141 IN

FOR A JOHN MORIS & CO.
CHARTERED
ACCOUNTANTS
FRN 007220S

Atul Aggarwal

ATUL AGGARWAL)
PARTNER
M.NO. 0 099374

(G KUMAR)
PARTNER
M.NO. 023082



UDIN - 20093374AAA AAV6141 UDIN: 20023082 AAAAG83516

Place: New Delhi

Date: June 19th, 2020




Other Matters

The consolidated Financial Results include the audited Financial Results of 03 subsidiaries, and 03 associates whose Financial Statements/Financial Results/financial information reflect Group's share of total assets of Rs.15019.94 crores as at 31.03.2020, Group's share of total revenue of Rs. 315.94 crores and Rs. 970.09 crores and Group's share of total net profit/(loss) after tax of Rs. (68.88) crores and Rs. 318.76 crores for the quarter and year ended March 31,2020 respectively, as considered in the consolidated Financial Results, which have been audited by their respective independent Auditors. The independent auditors' reports on financial statements/financial results/financial information of these entities have been furnished to us and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

The consolidated Financial Results include the unaudited Financial Results of 02 subsidiaries, 06 associates and 01 jointly controlled entities, whose Financial Statements/Financial Results/ financial information reflect Group's share of total assets of Rs.6836.50 as at 31.03.2020. Group's share of total revenue of Rs.122.12 crores and Rs. 324.81 crores and Group's share of total net profit after tax of Rs. 16.97 and Rs. (1.61) Crore for the quarter and year ended March 31, 2020 respectively, as considered in the consolidated Financial Results. These unaudited Financial Statements/Financial Results/ financial information have been furnished to us by the Board of Directors and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and jointly controlled entities is based solely on such unaudited Financial Statements/Financial Results/financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, these Financial Statements/Financial Results / financial information are not material to the Group.

Our opinion on the consolidated Financial Results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Financial Results/financial information certified by the Board of Directors.

The Consolidated Financial Results include the results for the quarter ended March 31, 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

<p>FOR HDSG & ASSOCIATES CHARTERED ACCOUNTANTS FRN 002871N</p> <p>(DALBIR SINGH GUPTA) PARTNER M.NO. 081024</p> 	<p>FOR G S MATHUR & CO. CHARTERED ACCOUNTANTS FRN 008744N</p> <p>(RAJIV KUMAR WADHAWAN) PARTNER M.NO. 091007</p> 	<p>FOR MKPS & ASSOCIATES. CHARTERED ACCOUNTANTS FRN 302014E</p> <p>(SANJAYA KUMAR PARIKH) PARTNER M.NO. 504222</p> 
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UDIN: 20081024AAAACK3415

FOR M K AGGARWAL & CO.
CHARTERED ACCOUNTANTS
FRN 001411N

Atul Aggarwal



ATUL AGGARWAL)
PARTNER
M.NO. C 099374

FOR A JOHN MORIS & CO.
CHARTERED
ACCOUNTANTS
FRN 007220S

G Kumar



(G KUMAR)
PARTNER
M.NO. 023082



Place: New Delhi

Date: June 19th, 2020







Other Matters

The consolidated Financial Results of 03 subsidiaries, and 03 associates whose audited Financial Statements/Financial Results/ financial information reflect Group's share of total assets of Rs. 15019.94 crores as at 31.03.2020, Group's share of total revenue of Rs. 315.94 crores and Rs. 870.09 crores and Group's share of total net profit/(loss) after tax of Rs. (68.88) crores and Rs. 318.76 crores for the quarter and year ended March, 31, 2020 respectively, as considered in the consolidated Financial Results, which have been audited by their respective independent Auditors. The independent auditors' reports on financial statements/financial results/financial information of these entities have been furnished to us and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

The consolidated Financial Results include the unaudited Financial Results of 02 subsidiaries, 06 associates and 01 jointly controlled entities, whose Financial Statements/Financial Results/ financial information reflect Group's share of total assets of Rs. 6836.50 as at 31.03.2020, Group's share of total revenue of Rs. 122.12 crores and Rs. 324.81 crores and Group's share of total net profit after tax of Rs. 16.97 and Rs. (1.61) Crore for the quarter and year ended March 31, 2020 respectively, as considered in the consolidated Financial Results. These unaudited Financial Statements/Financial Results/ financial information have been furnished to us by the Board of Directors and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and jointly controlled entities is based solely on such unaudited Financial Statements/Financial Results/financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, these Financial Statements/Financial Results / financial information are not material to the Group.

Our opinion on the consolidated Financial Results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Financial Results/financial information certified by the Board of Directors.

The Consolidated Financial Results include the results for the quarter ended March 31, 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

<p>FOR HDSG & ASSOCIATES CHARTERED ACCOUNTANTS FRN 002871N</p> <p></p> <p>(DALBIR SINGH GULATI) PARTNER M.NO. 081024</p> <p></p>	<p>FOR G S MATHUR & CO. CHARTERED ACCOUNTANTS FRN 008744N</p> <p></p> <p>(RAJIV KUMAR WADHAWAN) PARTNER M.NO. 091007</p> <p></p>	<p>FOR MKPS & ASSOCIATES. CHARTERED ACCOUNTANTS FRN 302014E</p> <p></p> <p>(SANJAYA KUMAR PARIDA) PARTNER M.NO. 504222</p> <p></p>
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HDSG & Associates
Chartered Accountants
M K Aggarwal & Co.
Chartered Accountants

G.S.Mathur & Co.
Chartered Accountants
A John Moris & Co.
Chartered Accountants

MKPS & Associates
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of Punjab National Bank

Report on Audit of the Consolidated Financial Statements

Opinion

1. We have audited the attached Consolidated Balance Sheet of Punjab National Bank, its subsidiaries, associates and Joint Venture (collectively known as PNB Group) as at 31st March 2020, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information annexed thereto, in which the following are incorporated:

i) Audited accounts of Punjab National Bank (The Bank), audited by us, vide our audit report dated June 19, 2020,

ii) Audited accounts of 03 Subsidiaries and 03 associates, audited by other auditors and

iii) Unaudited accounts of 02 Subsidiaries, 05 Associates and 01 Joint Venture.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 (the 'Act') in the manner so required for bank and are in conformity with accounting principles generally accepted in India and :

- the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at 31st March, 2020;
- the Profit and Loss Account, read with the notes thereon shows a true balance of profit and
- the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Bank in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements in India, and we have fulfilled our other ethical responsibilities in accordance



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with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our matter was addressed in the audit
<p><u>Advances – classification and provisioning</u> (Refer Schedule 9 to the financial statements, read with the Accounting Policy No.5)</p> <p>The advances are classified as performing and non-performing advances (NPA) and provisioning thereon is made in accordance with the prudential norms as prescribed by the Reserve Bank of India (RBI). The asset classification, income recognition and provisioning is done by Core Banking Solution (CBS). The extent of provisioning of NPA under the prudential norms are mainly based on its ageing and recoverability of the underlined security.</p> <p>In the event of any improper application of the prudential norms or consideration of the incorrect value of the security, as the valuation of the security involves high degree of estimation and judgement, the carrying value of the advances could be materially misstated either individually or collectively, and in view of the significance of the amount of advances in the financial statements the classification of the advances and provisioning thereon has been considered as Key Audit Matter in our audit.</p>	<p>Our audit approach included an understanding of the Bank's software, circulars, guidelines and directives of the Reserve Bank of India and the Bank's internal instructions and procedures in respect of the assets classification and its provisioning and adopted the following audit procedures:</p> <ul style="list-style-type: none"> • Evaluated and understood the Bank's internal control system in adhering to the Relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances. • Test checked the design and implementation as well as operational effectiveness of relevant controls, including involvement of manual process in relation to income recognition, asset classification and provisioning pertaining to advances • Reviewed the documentations, operations / performance and monitoring of the advance accounts, on test check basis of the large and stressed advances, to ascertain any overdue, unsatisfactory conduct or weakness in any advance account, examination of classification as per prudential norms of the RBI, in respect of the branches / relevant divisions audited by us. In respect of the branches audited by the branch statutory auditors, we have placed reliance on their reports. <p>Further we have reviewed on test check basis the</p>



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	<p>reports of the credit audit, inspection audit, risk based internal audit, concurrent audit, regulatory audit to ascertain the advances having any adverse features / comments, and reviewed the reports generated from the bank's system.</p> <p>Our Results:</p> <p>The results of our audit process were observed to be adequate and satisfactory considering the materiality of the transactions</p>
<p><u>Investments – valuation, and identification and provisioning for Non-Performing Investments</u></p> <p>(Refer Schedule 8 to the financial statements, read with the Accounting Policy No.4)</p> <p>Investment portfolio of the bank comprises of Investments in Government Securities, Bonds, Debentures, Shares, Security Receipts and other Approved Securities which are classified under three categories, Held to Maturity, Available for Sale and Held for Trade.</p> <p>Valuation of Investments, identification of Non-performing Investments (NPI) and the corresponding non-recognition of income and provision thereon, is carried out in accordance with the relevant circulars / guidelines / directions of RBI. The valuation of each category (type) of aforesaid security is to be carried out as per the methodology prescribed in circulars and directives issued by the RBI which involves collection of data/ information from various sources such as FBIL rates, rates quoted on BSE/ NSE, financial statements of unlisted companies, NAV in case of mutual funds & security receipts etc. Certain investments are based on the valuation methodologies that include statistical models with inherent assumptions, assessment of price for valuation based on financial statements etc. Hence, the price discovered for the valuation of these Investments may not be the true representative but only a fair assessment of the Investments as on date. Hence the valuation of Investments requires special attention and further in view of the significance of the amount of Investments in the financial statements the same has been considered as Key Audit Matter in our audit</p>	<p>Our audit approach towards Investments with reference to the RBI circulars / directives included the review and testing of the design, implementation, operating effectiveness of internal controls and audit procedures in relation to valuation, classification, identification of Non-Performing Investments, provisioning / depreciation related to Investments as per RBI guidelines</p> <ul style="list-style-type: none"> ▪ We reviewed and evaluated the process adopted for collection of information from various sources for determining fair value of these investments. ▪ For selected sample of investments (covering all categories of investments based on nature of security) we tested accuracy and compliance with the RBI Master Circulars and directions. ▪ We assessed and evaluated the process of identification of NPIs, and corresponding reversal of income and creation of provision. <p>Our Results:</p> <p>The results of our audit process were observed to be adequate and satisfactory considering the materiality.</p>



<p><u>Assessment of Information Technology (IT):</u> IT controls with respect to recording of transactions, generating various reports in compliance with RBI guidelines including IRAC norms. Other compliances to regulators etc is an important part of the process. Such reporting is highly dependent on the effective working of Core Banking Software and other allied systems</p> <p>We have considered this as key audit matter as any control lapses, validation failures, incorrect input data and wrong extraction of data may result in wrong reporting of data to the management and regulators.</p>	<p>Our audit approach included:-</p> <ul style="list-style-type: none"> -Understanding the coding system adopted by the bank for various categories of customers -Understanding the feeding of the data in the system and going through the extraction of the financial information and statements from the IT system existing in the bank. -Checking of the user requirements for any changes in the regulations/ policy of the bank. -reviewed the reports generated by the system on sample basis. <p><u>Our Result</u> However, the system needs to be strengthened for its efficacy to control persisting deficiencies of input/output data from the system</p>
<p>Litigation & Contingent Liabilities</p> <p>Assessment of Contingent liabilities in respect of certain litigations including Direct and Indirect Taxes and various other claims filed by other parties upon the bank not acknowledged as debts.</p> <p>The Bank's assessment is supported by the facts of matter, their own judgment, past experience, and advices from legal and independent tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Bank's reported profit and the Balance Sheet.</p> <p>We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of litigations which requires application of judgment in interpretation of law. Accordingly, our audit was focused on analysing</p>	<p>Our audit approach included :-</p> <ul style="list-style-type: none"> • Going through the current status of the tax litigations and contingent liabilities. • Examining the orders and/or communication received from various Tax Authorities/ Judicial forums and follow up action thereon; • Evaluating the merits of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice ; and <p>Wherever required, reliance is placed on the opinion of legal and tax consultants.</p>



the facts of subject matter under consideration and judgments/ interpretation of law involved.

5. Emphasis of Matter

- a) We draw your attention to Note No. 16 to the accompanying standalone financial results, which describes the uncertainties due to outbreak of novel corona virus (COVID 19) and the management's assessment of its impact on the business operations of the Bank.
- b) Refer Note No. 17 to the financial results relating to deferment of provision of Rs.766.28 Crores pertaining to certain fraud accounts identified in the quarter ended 31st March 2020 and to be charged to the Profit & Loss Accounts in the three quarters of FY2020-21, in terms of RBI Circular DBR No. BP.BC.92/21.04.048/2015-16 dated April 18, 2016.
- c) Refer Note No.25 of the accompanying financial statements wherein as per opinion of the Bank, there is no requirement to make any provisions for diminution in value of investments.

Our opinion is not modified in respect of these matters.

Information Other than the Financial Statements and Auditor's Report thereon

6. The Bank's Board of Directors is responsible for the other information. The other information comprises the Corporate Governance Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and Directors' Report, including annexures, if any, thereon, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and Pillar 3 disclosure under Basel III and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Directors' Report, including annexure, if any, thereon, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The Bank's Board of Directors is responsible with respect to the preparation of these Consolidated financial statements that give a true and fair view of the financial position, financial



performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

9. We did not audit the financial statements of subsidiaries viz. (i) PNB Gilts Limited (ii) PNB Insurance Broking Pvt. Ltd. (iii) Punjab National Bank (International) Ltd. (iv) PNB Investment Services Limited & (v) Druk PNB Bank Ltd. whose financial statements / financial information reflect total assets of Rs.21856.45 crore as at 31st March, 2020 and, total revenues of Rs. 1294.90 crore, for the year ended on that date. These financial statements information excluding PNB Insurance Broking Pvt. Ltd. and PNB (International) Limited, London have been audited by their respective auditors whose reports have been furnished to us our opinion is based solely on the reports of the said auditors.
10. The annual financial results include the results for the quarter ended 31st March 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subjected to limited review by us.
11. The bank has opted for deferment of Reporting of Internal Financial Controls as required by RBI vide Letter dated 19.05.2020 and hence, no reporting is required for the current year ended 31.03.2020
12. As confirmed by the management none of the directors on the board of the bank have been debarred or disqualified from being appointed or continued as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Our opinion on the Statement is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

13. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949;



14. Subject to the limitations of the audit indicated in paragraphs 5 to 7 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and subject also to the limitations of disclosure required therein, we report that:




- a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;
- b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
- c. The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
- d. We have not observed any financial transaction or matter which has adverse effect on the functioning of the bank.
- e. We do not have any qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith.

15. We further report that:

- a. in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- b. the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
- c. the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report; and
- d. In our opinion, the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

<p>FOR HDSG & ASSOCIATES CHARTERED ACCOUNTANTS FRN 002871N</p>  <p>(DALBIR SINGH GULATI) PARTNER M.NO. 081024</p>	<p>FOR G S MATHUR & CO. CHARTERED ACCOUNTANTS FRN 008744N</p>  <p>(RAJIV KUMAR WADHAWAN) PARTNER M.NO. 091007</p>	<p>FOR MKPS & ASSOCIATES. CHARTERED ACCOUNTANTS FRN 302014E</p>  <p>(SANJAYA KUMAR PARIDA) PARTNER M.NO. 504222</p>
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FOR M K AGGARWAL & CO. CHARTERED ACCOUNTANTS FRN 001411N	FOR A JOHN MORIS & CO. CHARTERED ACCOUNTANTS FRN 007220S	
 		
(ATUL AGGARWAL) PARTNER M.NO. 099374	(G KUMAR) PARTNER M.NO. 023082	

UDIN 320099374AAAAAT3032 UDIN: 25023082 AAAAGD 7436

Place: New Delhi



Date: 19th June 2020

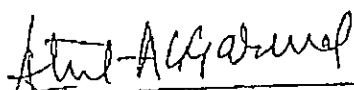

14. Subject to the limitations of the audit indicated in paragraphs 5 to 7 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and subject also to the limitations of disclosure required therein, we report that:

- a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;
- b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
- c. The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
- d. We have not observed any financial transaction or matter which has adverse effect on the functioning of the bank.
- e. We do not have any qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith.

15. We further report that:

- a. in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- b. the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
- c. the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report; and
- d. In our opinion, the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

FOR HD SG & ASSOCIATES CHARTERED ACCOUNTANTS FRN 002871N (DALBIR SINGH GULATI) PARTNER M.NO. 081024	FOR G S MATHUR & CO. CHARTERED ACCOUNTANTS FRN 008744N  (RAJIV KUMAR WADHAWAN) PARTNER M.NO. 091007	FOR MKPS & ASSOCIATES. CHARTERED ACCOUNTANTS FRN 302014E  (SANJAYA KUMAR PARIDA) PARTNER M.NO. 504222
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FOR M K AGGARWAL & CO. CHARTERED ACCOUNTANTS FRN 001411N	FOR A JOHN MORIS & CO. CHARTERED ACCOUNTANTS FRN 007220S	
 (ATUL AGGARWAL) PARTNER M.NO. 099374	 (G KUMAR) PARTNER M.NO. 023082	

Place: New Delhi


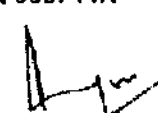

Date: 19th June 2020

14. Subject to the limitations of the audit indicated in paragraphs 5 to 7 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and subject also to the limitations of disclosure required therein, we report that:

- a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory.
- b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
- c. The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit
- d. We have not observed any financial transaction or matter which has adverse effect on the functioning of the bank.
- e. We do not have any qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith.

15. We further report that:

- a. in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- b. the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
- c. the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report; and
- d. In our opinion, the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

FDR HD SG & ASSOCIATES CHARTERED ACCOUNTANTS FRN 002871N  (DALBIR SINGH GULATI) PARTNER M.NO. 081024	FDR G S MATHUR & CO. CHARTERED ACCOUNTANTS FRN 008744N  (RAJIV KUMAR WADHAWAN) PARTNER M.NO. 091007	FOR MKPS & ASSOCIATES. CHARTERED ACCOUNTANTS FRN 302014E  (SANJAYA KUMAR PARIDA) PARTNER M.NO. 504222
---	--	--

**CONSOLIDATED BALANCE SHEET OF
PUNJAB NATIONAL BANK AS ON 31ST MARCH '2020**

(' in Crore)

CAPITAL & LIABILITIES

	Schedule	As on 31.03.2020	As on 31.03.2019
Capital	1	1347.51	920.81
Reserves & Surplus	2	62528.85	45163.56
Minority Interest	2A	360.69	287.70
Deposits	3	710254.37	681874.18
Borrowings	4	62512.41	46827.97
Other Liabilities and Provisions	5	14453.42	15045.52

TOTAL		851457.25	790119.74
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ASSETS

Cash and Balances with Reserve Bank of India	6	38603.79	32338.32
Balances with Banks & Money at call & short notice	7	39151.96	44957.65
Investments	8	253782.47	210578.31
Loans & Advances	9	476853.34	462416.23
Fixed Assets	10	7261.98	6246.22
Other Assets	11	35803.71	33583.01

TOTAL		851457.25	790119.74
--------------	--	------------------	------------------

Contingent Liabilities	12	213299.34	307995.89
Bills for Collection		280412.60	27866.28

Significant Accounting Policy & Notes on Accounts

18

The Schedules 1 to 18 form an integral part of the Accounts.

P K VARSHNEY

ASSISTANT GENERAL MANAGER

R K KHICHI

ASSISTANT GENERAL MANAGER

MAHESH DHAWAN

GENERAL MANAGER

P K SHARMA

CHIEF GENERAL MANAGER

A K AZAD

EXECUTIVE DIRECTOR

SANJAY KUMAR

EXECUTIVE DIRECTOR

PANKAJ JAIN

DIRECTOR

CH. S.S. MALLIKARJUNA RAO

MANAGING DIRECTOR & CEO

VIVEK AGGARWAL

DIRECTOR

VINAY DUBE

EXECUTIVE DIRECTOR

DR. R.K. YADU VANSI

EXECUTIVE DIRECTOR



DR. ASHA BHANDARKER

DIRECTOR

For HDSG & Associates

Chartered Accountants

FRN 002871N



(Dalbir Singh Gulati)

Partner

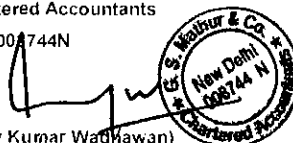
M No.081924

As per our Report of even date

For G S Mathur & Co.

Chartered Accountants

FRN 001744N



(Rajiv Kumar Wadhawan)

Partner

M No. 091007

For MKPS & Associates

Chartered Accountants

FRN 302014E



(Sanjaya Kumar Patil)

Partner

M No. 504222

For M K Aggarwal & Co.
Chartered Accountants

FRN 00111N

(Atul Aggarwal)
Partner

M No. 98374



Date : 19.06.2020

Place: New Delhi

For A John Moris & Co.
Chartered Accountants

FRN 007220S

(G. Kumar)
Partner

M No. 023082



**CONSOLIDATED BALANCE SHEET OF
PUNJAB NATIONAL BANK AS ON 31ST MARCH '2020**

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PANKAJ JAIN

DIRECTOR

VIVEK AGGARWAL

DIRECTOR

DR. ASHA BHANDARKER

DIRECTOR

For HDSG & Associates

Chartered Accountants

FRN 002871N



(Dalbir Singh Gulati)

Partner

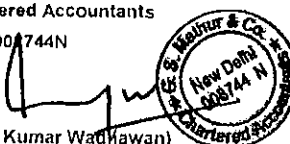
M No.081924

As per our Report of even date

For G S Mathur & Co.

Chartered Accountants

FRN 002744N



(Rajiv Kumar Wadhawan)

Partner

M No. 091007

For MKPS & Associates

Chartered Accountants

FRN 302014E



(Sanjaya Kumar Patil)

Partner

M No. 504222

**CONSOLIDATED BALANCE SHEET OF
PUNJAB NATIONAL BANK AS ON 31ST MARCH '2020**

(' In Crore)

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As per our Report of even date

For HDSG & Associates
Chartered Accountants
FRN 002871N

For G S Mathur & Co.
Chartered Accountants
FRN 001744N

For MKPS & Associates
Chartered Accountants
FRN 302014E

(Dalbir Singh Gulati)

Partner
M No. 981024

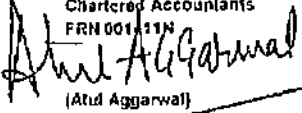
(Rajiv Kumar Wadhawan)

Partner
M No. 091007

(Sanjay Kumar Parida)


Partner
M No. 504222

For M K Aggarwal & Co.
Chartered Accountants
FRN 001111N


(Atul Aggarwal)
Partner
M No. 99374

Date : 19.06.2020
Place: New Delhi

For A John Morris & Co.
Chartered Accountants
FRN 007220S


(G. Kumar)
Partner
M No. 023082

**CONSOLIDATED BALANCE SHEET OF
PUNJAB NATIONAL BANK AS ON 31ST MARCH 2020**

(In Crore)

CAPITAL & LIABILITIES

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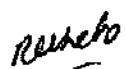
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ASSISTANT GENERAL MANAGER



MAHESH CHAWAN
GENERAL MANAGER



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CHIEF GENERAL MANAGER


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EXECUTIVE DIRECTOR


VINAY DURE
EXECUTIVE DIRECTOR


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MANAGING DIRECTOR & CEO

PANKAJ JAIN
DIRECTOR

VIVEK AGGARWAL
DIRECTOR


DR. ASHA BHANDARKER
DIRECTOR

For HDSG & Associates
Chartered Accountants
FRN 002871N

(Dalbir Singh Gulati)
Partner
M No. 081028

As per our Report of even date
For G S Mathur & Co.
Chartered Accountants
FRN 001744N

(Rajiv Kumar Wadhawan)
Partner
M No. 091007

For MKPS & Associates
Chartered Accountants
FRN 302014E

(Sanjaya Kumar Parkhi)
Partner
M No. 504222

**CONSOLIDATED PROFIT & LOSS ACCOUNT OF
PUNJAB NATIONAL BANK FOR THE PERIOD ENDED 31ST MARCH '2020**

(' in Crore)

		Period Ended As on 31.03.2020	Period Ended As on 31.03.2019
I. INCOME	Schedule		
Interest earned	13	54918.47	52147.14
Other Income	14	9387.66	7367.38
TOTAL		64306.13	59514.52
II. EXPENDITURE			
Interest expended	15	36997.47	34655.66
Operating expenses	16	12150.50	11689.26
Provisions and Contingencies		14794.83	23196.01
TOTAL		63942.79	69540.93
Consolidated Net Profit for the year of the parent & subsidiaries before Minority Interest		363.34	(10,026.41)
Less : Minority Interest		46.48	20.09
Consolidated Net Profit for the year of the parent & subsidiaries after Minority Interest		316.86	(10,046.50)
Share of earnings in Associates (net)	17	121.59	476.39
Consolidated Net Profit for the year attributable to the group		438.45	(9,570.11)
Add : Brought forward consolidated profit attributable to the group		-8488.92	1092.86
Add: Transferred from Capital Reserve		0.00	0.00
Profit available for Appropriation		-8050.47	(8,477.25)
APPROPRIATIONS			
Transfer to Reserves (Net) :			
Statutory Reserve		139.74	29.49
Capital Reserve - Others		203.63	86.13
Investment Fluctuation Reserve		48.52	0.35
Revenue & Other Reserve		-105.34	(134.31)
Special Reserve as per Income Tax		0.00	0.00
Dividend Including Dividend Tax			
Proposed Dividend for 2019-2020		32.07	30.01
Interim Dividend		0.00	0
Corporate Social Responsibility		0.00	0.00
Balance transfer from provision for tax on Dividend		0.00	-
Balance carried over to consolidated Balance Sheet		-8369.08	-8488.92
		-8050.47	(8,477.25)
Earnings per Share (in Rs.) (Basic/ Diluted)		0.80	(29.68)

Significant Accounting Policy & Notes on
Accounts


18


P K VARSHNEY
ASSISTANT GENERAL MANAGER


R K KHICHI
ASSISTANT GENERAL MANAGER


MAHESH DHAWAN
GENERAL MANAGER

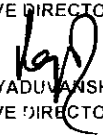

A K RAZAD
EXECUTIVE DIRECTOR


P K SHARMA
CHIEF GENERAL MANAGER


VIJAY DUBE
EXECUTIVE DIRECTOR


SANJAY KUMAR
EXECUTIVE DIRECTOR


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


DR. R.K. YADUVANSHI
EXECUTIVE DIRECTOR




PANKAJ JAIN
DIRECTOR

For HDSG & Associates
Chartered Accountants
FRN 002871N

(Dalbir Singh Gulati)
Partner
M No.081024



For M K Aggarwal & Co.
Chartered Accountants
FRN 001411N

(Atul Aggarwal)
Partner
M No. 99374



Date : 19.06.2020
Place: New Delhi

VIVEK AGGARWAL
DIRECTOR

As per our Report of even date

For G S Mathur & Co.
Chartered Accountants
FRN 001744N

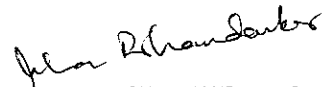
(Rajiv Kumar Wadhawan)
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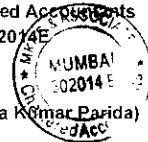
(G. Kumar)
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M No. 023082




DR. ASHA BHANDARKER
DIRECTOR

For MKPS & Associates
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FRN 302014E

(Sanjaya Kumar Parida)
Partner
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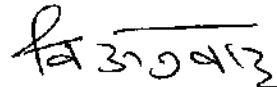


For M K Aggarwal & Co.
Chartered Accountants
FRN 001411N

(Atul Aggarwal)
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For A John Moris
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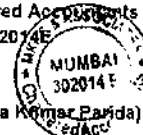
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(Anil Aggarwal)
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John Bhandarker
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(Sanjaya Kumar Parida)
Partner
M No. 004222

SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

SCHEDULE 1 - CAPITAL

(` in Crore)

	As on 31.03.2020	As on 31.03.2019
Authorised Capital (1500.00.00.000 Equity shares of ` 2 each)	3000.00	3000.00
Issued & Subscribed {673,75,65,988 (Previous year 460,40,47,028) Equity Shares of Rs. 2 each}	1347.51	920.81
Paid up (673,75,65,988 (Previous year 460,40,47,028) Equity Shares of Rs. 2 each} (Includes equity shares of 560,52,11,223 ` 2 each held by Central Government)	1347.51	920.81
TOTAL	1347.51	920.81

SCHEDULE 2 - RESERVES & SURPLUS

I. Statutory Reserve

Opening Balance	9778.12	10212.49
Addition during the year	139.74	29.52
Add/(Less) : Adjustment during the year	-176.39	-463.89
	9741.46	9778.12

II. Capital Reserve

a). Revaluation Reserve		
Opening Balance	3582.23	3683.82
Addition during the year	1273.28	0.00
Deduction during the year	23.07	101.59
Add/(Less) : Adjustment during the year (being Depreciation on revalued portion of Property)	-73.74	0.00
	4758.69	3582.23
b. Others		
Opening Balance	3010.23	2924.11
Addition during the year	203.63	86.13
	3213.86	3010.23
IIA. Capital Reserve on consolidation (Net)	66.53	66.53



SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

(in Crore)

	As on 31.03.2020	As on 31.03.2019
III. Revenue and Other Reserve		
a. Investment Reserve		
Opening Balance	417.18	417.18
Addition during the year	0.00	0.00
Less: Trf to P & L Account	0.00	0.00
	417.18	417.18
b. Investment Fluctuation Reserve		
Opening Balance	0	0
Add: Transfer from P&L Appropriation A/c	48.5199	0
Less: Transfer to P&L Appropriation A/c	0	0
	48.52	0.00
c. Other Reserve		
Opening Balance	-881.67	-189.92
Addition during the year	588.31	2.73
Add: Transfer from Revaluation Reserve	73.74	101.59
Less: Withdrawal during the year	766.28	796.07
Less: Transitory Liability (AS-15)	0.00	0.00
Less: Payment for Interblocked accounts	0.00	0.00
Add/(Less) : Adjustment during the year	-17.88	(0.00)
	-1003.78	-881.67
d. Exchange Fluctuation Reserve		
Opening Balance	665.57	614.63
Add: Addition during the year (Net)	235.59	0.35
Add/(Less) : Adjustment during the year	75.72	50.59
	976.89	665.57
IV. Share Premium		
Opening Balance	35550.62	21109.26
Addition during the year	15664.30	14447.48
Add/(Less) : Adjustment during the year	0.00	-6.13
	51214.92	35550.62
V. Special Reserve		
Opening Balance	1463.66	1463.66
Addition during the year	0.00	0.00
Transfer from other reserve	0.00	0.00
Add/(Less) : Adjustment during the year	0.00	0.00
	1463.66	1463.66
VI. Foreign Currency Translation Reserve		
Opening Balance	0.00	0.00
Addition during the year	0.00	0.00
Deduction during the year	0.00	0.00
	0.00	0.00
VII. Balance in Profit & Loss Account	-8369.08	-8488.92
Total I,II,III,IV,V,VI, VII	62528.85	45163.56



SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

(' in Crore)

	As on 31.03.2020	As on 31.03.2019
<u>Schedule 2A - Minority Interest</u>		
Minority Interest at the date on which the parent subsidiary relationship came into existence	149.25	149.25
Subsequent increase	211.43	138.45
Minority Interest at the date of balance sheet	360.69	287.70

SCHEDULE 3 - DEPOSITS

A. I DEMAND DEPOSITS

(i) From Banks	1792.24	1706.12
(ii) From Others	44764.22	43719.41
	46556.46	45425.53

II SAVINGS BANK DEPOSITS	257893.53	241978.40
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III TERM DEPOSITS

(i) From Banks	29101.63	38501.35
(ii) From Others	376702.75	355968.90
	405804.38	394470.25

TOTAL of I, II, III	710254.37	681874.18
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B. (i) Deposits of branches In India	682231.75	654245.46
(ii) Deposits of branches outside India	28022.61	27628.72

TOTAL of i, ii	710254.37	681874.18
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SCHEDULE 4 - BORROWINGS

I. Borrowings in India

(i) Reserve Bank of India	20542.72	4460.24
(ii) Other Banks	8708.42	4394.19
(iii) Other Institutions and Agencies	10704.72	13192.10
(iv) Bonds (including Tier-I, Tier-II, Subordinated Debts)	12378.50	13568.73
(v) Long Term Infrastructure Bonds	2800.00	2800.00

II. Borrowings Outside India	7378.05	8412.71
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TOTAL of I, II	62512.41	46827.97
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Secured Borrowings included in I & II above	20542.72	8329.13
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SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

(' in Crore)

As on 31.03.2020

As on 31.03.2019

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

I. Bills payable	1824.04	2046.49
II. Inter-office adjustments (net)	3.29	5.32
III. Interest accrued	1653.81	1763.73
IV. Others (including Provisions)	10972.28	11229.97
TOTAL OF I, II, III, IV	14453.42	15045.51

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

I. Cash in hand (including Foreign Currency Notes)	2762.18	1866.58
II. Balance with Reserve Bank of India		
(i) in Current account	35841.61	30471.74
(ii) in Other Accounts	0.00	0.00
	35841.61	30471.74
TOTAL OF I, II	38603.79	32338.32

SCHEDULE 7 - BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE

I. In India

(i) Balance with Banks:

(a) In Current accounts	142.57	86.37
(b) In Other Deposit accounts	8118.56	19045.98
	8261.13	19132.35

(ii) Money at Call and Short Notice:

(a) with Banks	500.41	1410.76
(b) with Other Institutions	20000.00	12200.00
	20500.41	13610.76

TOTAL (i & ii)

28761.53 **32743.11**

II. Outside India

(i) In Current accounts	2706.64	1588.87
(ii) In Other Deposit accounts	7590.19	10625.67
(iii) Money at Call & Short Notice	93.59	0.00

TOTAL

10390.43 **12214.54**

GRAND TOTAL (I & II)

39151.96 **44957.65**



SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

(' in Crore)

SCHEDULE 8 - INVESTMENTS

As on 31.03.2020

As on 31.03.2019

I. Investments in India in

(i) Government Securities	214913.55	167812.87
(ii) Other approved securities	84.22	110.09
(iii) Shares	2898.54	3678.84
(iv) Debentures and Bonds	22763.32	29769.13
(v) Investment in Associates (on equity method)	1743.19	1615.86
(vi) Others (Initial Capital in UTI and its units- 64 : (Various Mutual Funds & Commercial Paper etc.)	5311.52	2535.30

TOTAL of I

247714.34

205522.08

II. Investments outside India

(i) Government Securities	2440.39	1345.20
(ii) Investment in Associates (on equity method)	603.66	1056.69
(iii) Other investments	3024.08	2654.34

TOTAL of II

6068.13

5056.23

III. Investments in India

i) Gross value of Investments	251006.02	209519.24
ii) Less: Aggregate of Provisions for Depreciation	3291.67	3997.16
iii) Net Investment	247714.34	205522.08

IV. Investments outside India

i) Gross value of Investments	6096.42	5074.57
ii) Less: Aggregate of Provisions for Depreciation	28.30	18.34
iii) Net Investments	6068.13	5056.23

GRAND TOTAL of (I), (II)

253782.47

210578.31



SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

(' in Crore)

	As on 31.03.2020	As on 31.03.2019
SCHEDULE 9 - ADVANCES		
A. i) Bills Purchased and discounted	549.63	2138.99
ii) Cash Credits, overdrafts and loans repayable on demand	312448.21	287464.85
iii) Term Loans	163855.50	172812.39
Total	476853.34	462416.23
B. i) Secured by Tangible Assets (including advances against book debts)	368354.00	378483.59
ii) Covered by Bank/Govt. Guarantees	3677.58	2249.72
iii) Unsecured	104821.76	81682.92
Total	476853.34	462416.23
C. (I) Advances in India		
i) Priority Sector	153992.43	162888.74
ii) Public Sector	89930.01	51769.76
iii) Banks	224.76	421.31
iv) Others	208880.95	227903.85
Total	453028.15	442983.66
C. (II) Advances outside India		
i) Due from banks	6573.05	7200.64
ii) Due from others		
(a) Bills purchased & discounted	1.31	93.54
(b) Term Loans	5577.21	6441.38
(c) Others	11673.61	5697.01
Total	23825.19	19432.57
GRAND TOTAL of C (I) & C (II)	476853.34	462416.23



SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

(' in Crore)

SCHEDULE 10 - FIXED ASSETS

	As on 31.03.2020	As on 31.03.2019
I. Premises (including Land)		
-At cost as on 1st April of the year	5539.78	5566.46
Add: Revaluation during the year	1273.28	0.00
Less :Deductions during the year	10.68	26.69
Add -Revaluation	0.00	0.00
Less :Depreciation to date	774.75	679.18
	6027.63	4860.59
II. Other Fixed Assets (including furniture & fixtures)		
-At cost as on 1st April of the year	4821.46	4658.22
- Revaluation due to exchange rate fluctuat	0.00	0.00
-Additions during the year	407.26	438.14
Less: Deductions during the year	295.88	274.90
Less:Depreciation to date	3834.84	3609.04
	1098.01	1212.42
III. Computer Software		
-At cost as on 1st April of the year	588.64	457.18
-Revaluation due to exchange rate fluctuation	0.00	0.00
- Additions during the year	53.01	131.51
- Deductions during the year	0.00	0.06
Less: Amortised to date	505.38	415.52
	136.27	173.12
IV. Leased Assets		
-At cost as on 1st April of the year	25.78	29.31
-Additions during the year	0.00	0.09
-Deductions during the year	0.00	3.62
Less:Depreciation to date	25.70	25.69
	0.08	0.09
TOTAL OF I, II, III, IV	7261.98	6246.22



(' in Crore)

	As on 31.03.2020	As on 31.03.2019
<u>SCHEDULE 11 - DOTHER ASSETS</u>		
I. Interest accrued	5400.30	5263.43
II. Tax paid in advance/tax deducted at source (net of provisions)	3532.69	3230.72
III. Stationery and Stamps	9.43	8.65
IV. Non Banking assets acquired in satisfaction of claims	54.08	107.41
V. Deferred Tax asset (net)	20063.74	18631.29
VI. Others	6743.47	6341.53
TOTAL of I, II, III, IV, V, VI	35803.71	33583.02

SCHEDULE 12 - CONTINGENT LIABILITIES

I.(i) Claims against the Bank(Group) not acknowledged as debts	311.96	603.77
I (ii). Disputed income tax and interest tax demands under appeal, references, etc.	1131.50	267.52
II. Liability for partly paid investments	428.47	33.99
III. Liability on account of outstanding forward exchange contracts	156338.60	244955.98
IV. Guarantees given on behalf of constituents		
(a) In India	37981.35	39532.20
(b) Outside India	1605.68	2602.31
V. Acceptance, Endorsements and Other obligations	13151.26	17398.98
VI. Other items for which the Bank (Group) is contingently liable	2350.51	2501.14
TOTAL of I, II, III, IV, V, VI	213299.34	307895.89



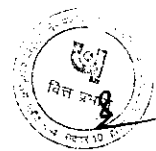
SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

(in Crore)

	As on 31.03.2020	As on 31.03.2019
<u>SCHEDULE 13 - INTEREST AND DIVIDENDS EARNED</u>		
I. Interest/discount on Advances/Bills	36156.25	35416.49
II. Income on Investments	16093.74	14621.85
III. Intt on balances with Reserve Bank of India & other inter-bank funds	2530.73	1937.19
IV. Others	137.75	171.60
TOTAL of I, II, III, IV	54918.47	52147.14

SCHEDULE 14 - OTHER INCOME

I. Commission, Exchange & Brokerage		2838.26	2823.31
II. Profit on sale of land, buildings and other assets	43.94	18.73	
Less: Loss on sale of land, buildings and other assets	2.28	0.35	
		41.67	18.37
III. Dividend Income from Share		0.00	0.00
IV. Profit on Exchange Transaction	672.46	922.86	
Less: Loss on Exchange Transaction	232.31	435.44	
		440.16	487.42
V. Profit on sale of Investments	1818.43	1128.66	
Less: Loss on sale of investments	103.98	57.73	
		1714.44	1070.93
VI. Miscellaneous Income		4353.13	2967.36
TOTAL of I, II, III, IV, V, VI		9387.66	7367.38



SCHEDULES TO THE CONSOLIDATED ACCOUNTS(PUNJAB NATIONAL BANK)

(' in Crore)

SCHEDULE 15 - INTEREST EXPENDED

	As on 31.03.2020	As on 31.03.2019
I. Interest on Deposits	34486.94	32320.78
II. Interest on Reserve Bank of India/ inter-bank borrowings	671.01	535.04
III. Others	1839.52	1799.84
TOTAL of I, II, III	36997.47	34655.66

SCHEDULE 16 - OPERATING EXPENSES

I. Payment to and provisions for employees	7060.02	7047.54
II. Rent, Taxes and Lighting	814.39	777.37
III. Printing & Stationery	90.76	86.22
IV. Advertisement & Publicity	79.50	47.19
V. Depreciation on bank's property	614.44	584.01
Less: Adjusted with Revaluation Reserve	0.00	0.00
	614.44	584.01
VI. Directors' Fees, allowances and expenses	2.33	1.69
VII. Auditors' fees and expenses (including statutory auditor of subsidiaries, branch auditors' fees & expenses)	73.87	70.25
VIII. Law charges	115.93	130.11
IX. Postage, Telegrams, Telephones, etc.	204.75	211.50
X. Repairs & Maintenance	331.67	286.61
XI. Insurance	762.91	682.15
XII. Other expenditure	1999.91	5090.47
TOTAL of I to XII	12150.50	11689.26

SCHEDULE 17 - SHARE OF EARNINGS/LOSS IN ASSOCIATES

(a) Share of Earnings in Associates in India	123.27	425.29
(b) Share of Earnings in Associates outside India	-1.67	51.10
TOTAL of (a & b)	121.59	476.39



PUNJAB NATIONAL BANK
CDNSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31st MARCH 2020

		31.03.2020		(Figures Rs. in Crore)	
				31.03.2019	
Particulars					
A. Cash Flow from/(used in) Operating Activities					
(i)	Net Profit after Tax		316.86		(10,026.41)
	Add: Share of earning in Associates		121.59		476.39
	Net Profit before Minority Interest		438.45		(9,550.02)
	Add: Provision for Tax (Net of deferred tax)		463.68		(5,338.35)
	Profit before Taxes	(i)	902.13		(14,888.37)
(ii)	Adjustment for :				
	Depreciation on fixed assets		614.44		584.01
	Provision for Non-performing assets		14,715.78		24,630.38
	Provision on Standard Assets		73.46		205.74
	Share of earning in Associates		(121.59)		(476.39)
	Provision on Investments (net)		(368.07)		1,640.33
	Other Provisions (net)		(90.31)		3,865.91
	Dividend from Subsidiary / Others (Investing Activity)		(154.14)		(148.82)
	Interest on Bonds (Financing Activity)		1,176.20		(1,152.39)
	Profit / (Loss) on sale of Fixed Assets (net)		(41.67)		(18.37)
	Increase/ (Decrease) in Reserves		565.40		(662.31)
		(ii)	16,369.79		28,468.09
	Operating Profit before Changes in Operating Assets and Liabilities	(i+ii)	17,271.92		13,579.72
(iii)	Adjustment for net change in Operating Assets and Liabilities				
	Decrease / (Increase) in Investments		(43,161.79)		(6,985.92)
	Decrease / (Increase) in Advances		(28,919.53)		(48,883.12)
	Decrease / (Increase) in Other Assets		(396.26)		635.36
	Increase / (Decrease) in Deposits		28,380.18		33,435.17
	Increase / (Decrease) in Borrowings		16,874.67		(16,287.16)
	Increase / (Decrease) in Other Liabilities & Provisions		(594.62)		(8,996.21)
		(iii)	(27,817.34)		(47,081.88)
	Cash generated from Operations	(i+ii+iii)	(10,545.43)		-33502.16
	Tax Paid (net of refund)		(2,198.11)		(2,180)
	Net Cash used in Operating Activities	(A)	(12,743.53)		(33,531.96)
B. Cash Flow from/(used in) Investing Activities					
	Purchase of Fixed Assets (net of Sales)		(1,588.53)		(440.33)
	Dividend recd from Subsidiaries / JV / RRBs		154.14		148.82
	Investment (Disinvestment) in Subsidiaries / JV / RRBs		447.29		(337.66)
	Other Investments		-		-
	Net Cash used in investing Activities	(B)	(987.10)		(629.17)
C. Cash Flow from/(used in)Financing Activities					
	Issue of share capital (incl Share Premium)		16,891.00		14,810.06
	Increase/ (Decrease) in Reserves		495.86		227.94
	Issue/(Redemption) of Bonds (Tier I & Tier II)		(1,190.24)		(2,214.53)
	Interest paid on Bonds(Tier I,II)		(1,176.20)		1,152.39
	Payments of Dividends (incl tax on Dividend)		(30.01)		(6.91)
	Net Cash used in Financing Activities	(C)	14,190.41		13,968.95
D	Net Change in Cash and Cash Equivalents	(A+B+C)	459.78		(20,192.18)
Particulars					
	Cash and Balances with Reserve Bank of India	32,338.32	29,028.91	29,028.91	
	Balances with Banks & Money at Call & Short Notice	44,957.65	77,295.97	68,459.24	97,488.15
Cash and Cash Equivalents at the end of the year					
	Cash and Balances with Reserve Bank of India	38,663.79	32,338.32	32,338.32	
	Balances with Banks & Money at Call & Short Notice	39,151.96	77,755.75	44,957.65	77,295.97
			459.78		(20,192.18)

Notes :-

- 1 Direct taxes paid (net of refund) are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- 2 All figures in minus represents "Cash Out Flow"

P. K. VASISNEY
ASSISTANT GENERAL MANAGER

R. K. KHICHI
ASSISTANT GENERAL MANAGER

P. K. SHARMA
CHIEF GENERAL MANAGER

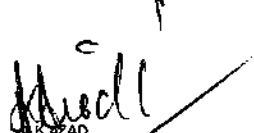
M. Dhawan
MAHESH DHAWAN
GENERAL MANAGER



PUNJAB NATIONAL BANK
CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31st MARCH 2020


31.03.2020

(Figures Rs. in Crore)
31.03.2019



R. K. YADAV
EXECUTIVE DIRECTOR


VILAS DUBE
EXECUTIVE DIRECTOR



SANJAY KUMAR
EXECUTIVE DIRECTOR


DR. R.K. YADAV
EXECUTIVE DIRECTOR


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


PANKAJ JAIN
DIRECTOR


VIVEK AGGARWAL
DIRECTOR


DR. SHA BHANDARKER
DIRECTOR

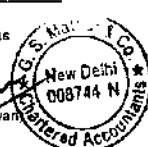
For HDSG & Associates
Chartered Accountants
FRN 002871N

(Dalbir Singh Gulati)
Partner
M No. 081024



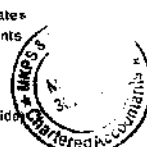
As per our Report of even date
For G S Mathur & Co.
Chartered Accountants
FRN 008744N

(Rajiv Kumar Wadhawan)
Partner
M No. 091007



For MKPS & Associates
Chartered Accountants
FRN 302014E

(Sanjaya Kumar Parida)
Partner
M No. 504222



For M K Aggarwal & Co.
Chartered Accountants
FRN 001411N

(Anil Aggarwal)
Partner
M No. 99374



For A John Morris & Co.
Chartered Accountants
FRN 007220S

(G. Kumar)
Partner
M No. 023082



Date: 19.06.2028
Place: New Delhi

G.S.Mathur & Co.
Chartered Accountants
M K Aggarwal & Co.
Chartered Accountants

MKPS & Associates
Chartered Accountants
A John Moris & Co.
Chartered Accountants

HDSG & Associates
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of Punjab National Bank

Report on Audit of the Standalone Financial Statements

Opinion

1. We have audited the financial statements of the Punjab National Bank which comprise the Balance Sheet as at 31st March, 2019, and the Profit and Loss Account and the Cash Flow Statement for the year then ended and notes to financial statements including a summary of significant accounting policies and other explanatory information, in which are included returns for year ended on that date of 20 branches audited by us and 3861 branches audited by statutory branch auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also included in the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement are the returns from 3109 branches and 116 other offices of the bank which have not been subjected to audit. These unaudited branches account for 5.38 percent of advances, 23.65 per cent of deposits, 6.98 per cent of interest income and 22.48 percent of interest expenses. Based on above :
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 (the 'Act') in the manner so required for bank and are in conformity with accounting principles generally accepted in India and give:
 - a) true and fair view in case of the Balance sheet, of the state of affairs of the Bank as at 31st March, 2019;
 - b) true balance of loss in case of Profit and Loss Account for the year ended on that date; and
 - c) true and fair view in case of Cash Flow Statement for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Bank in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements in India, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our matter was addressed in the audit
<p><u>Advances – classification and provisioning</u></p> <p>(Refer Schedule 9 to the financial statements, read with the Accounting Policy No.5)</p> <p>The advances are classified as performing and non-performing advances (NPA) and provisioning thereon is made in accordance with the prudential norms as prescribed by the Reserve Bank of India (RBI). The classification and provisioning is done by the Bank's IT software Ladder which imports all the required data from Core Banking Solution (CBS). The extent of provisioning of NPA under the prudential norms are mainly based on its ageing and recoverability of the underlined security.</p> <p>In the event of any improper application of the prudential norms or consideration of the incorrect value of the security, as the valuation of the security involves high degree of estimation and judgement, the carrying value of the advances could be materially misstated either individually or collectively, and in view of the significance of the amount of advances in the financial statements i.e.59.13 % of total assets, the classification of the advances and provisioning thereon has been considered as Key Audit Matter in our audit.</p>	<p>Our audit approach included an understanding of the Bank's software, circulars, guidelines and directives of the Reserve Bank of India and the Bank's internal instructions and procedures in respect of the assets classification and its provisioning and adopted the following audit procedures:</p> <ul style="list-style-type: none"> • Evaluated and understood the Bank's internal control system in adhering to the Relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances. • Test checked the design and implementation as well as operational effectiveness of relevant controls, including involvement of manual process in relation to income recognition, asset classification and provisioning pertaining to advances • Reviewed the documentations, operations / performance and monitoring of the advance accounts, on test check basis of the large and stressed advances, to ascertain any overdue, unsatisfactory conduct or weakness in any advance account, examination of classification as per prudential norms of the RBI, in respect of the branches / relevant divisions audited by us. In respect of the branches audited by the branch statutory auditors, we have placed reliance on their reports. <p>Further we have reviewed on test check basis the reports of the credit audit, inspection audit, risk based internal audit, concurrent audit, regulatory audit to ascertain the advances having any</p>



Page 2 of



	<p>adverse features / comments, and reviewed the reports generated from CBS/Ladder.</p> <p>Our Results:</p> <p>The results of our audit process were observed to be adequate and satisfactory considering the materiality of the transactions.</p>
<p><u>Investments – valuation, and identification and provisioning for Non-Performing Investments</u></p> <p>(Refer Schedule 8 to the financial statements, read with the Accounting Policy No.4)</p> <p>Investment portfolio of the bank comprises of Investments in Government Securities, Bonds, Debentures, Shares, Security Receipts and other Approved Securities which are classified under three categories, Held to Maturity, Available for Sale and Held for Trade.</p> <p>Valuation of Investments, identification of Non-performing Investments (NPI) and the corresponding non-recognition of income and provision thereon, is carried out in accordance with the relevant circulars / guidelines / directions of RBI. The valuation of each category (type) of aforesaid security is to be carried out as per the methodology prescribed in circulars and directives issued by the RBI which involves collection of data/ information from various sources such as FBIL rates, rates quoted on BSE/ NSE, financial statements of unlisted companies, NAV in case of mutual funds & security receipts etc. Certain investments are based on the valuation methodologies that include statistical models with inherent assumptions, assessment of price for valuation based on financial statements etc. Hence, the price discovered for the valuation of these Investments may not be the true representative but only a fair assessment of the Investments as on date. Hence the valuation of Investments requires special attention and further in view of the significance of the amount of Investments in the financial statements i.e. 26.08% of total assets), the same has been considered as Key Audit Matter in our audit.</p>	<p>Our audit approach towards Investments with reference to the RBI circulars / directives included the review and testing of the design, implementation, operating effectiveness of internal controls and audit procedures in relation to valuation, classification, identification of Non-Performing Investments, provisioning / depreciation related to Investments as per RBI guidelines</p> <ul style="list-style-type: none"> - We reviewed and evaluated the process adopted for collection of information from various sources for determining fair value of these investments. - For selected sample of investments (covering all categories of investments based on nature of security) we tested accuracy and compliance with the RBI Master circulars and directions. - We assessed and evaluated the process of identification of NPIs, and corresponding reversal of income and creation of provision. <p>Our Results:</p> <p>The results of our audit process were observed to be adequate and satisfactory considering the materiality.</p>



Information Other than the Financial Statements and Auditor's Report thereon

5. The Bank's Board of Directors is responsible for the other information. The other information comprises the Corporate Governance Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and Directors' Report, including annexures, if any, thereon, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and Pillar 3 disclosure under Basel III and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Directors' Report, including annexure, if any, thereon, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

6. The Bank's Board of Directors is responsible with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Other Matter

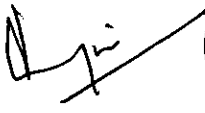

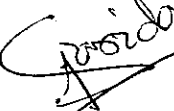







8. We did not audit the financial statements / information of 3861 branches included in the standalone financial statements of the Bank whose financial statements / financial information reflect total assets of Rs. 379370.38 crores as at 31st March 2019 and total revenue of Rs. 21751.57 for the year ended on that date, as considered in the standalone financial statements. The financial statements / information of these branches have been audited by the branch auditors whose reports have been furnished to us, and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

9. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949;
10. Subject to the limitations of the audit indicated in paragraphs 5 to 7 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and subject also to the limitations of disclosure required therein, we report that:
- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;
 - The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
 - The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
11. We further report that:
- in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
 - the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
 - the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report; and
 - In our opinion, the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.



<p>FOR G S MATHUR & CO. CHARTERED ACCOUNTANTS FRN 008744N</p>   <p>(RAJIV KUMAR WADHAWAN) PARTNER M.NO. 091007</p>	<p>FOR MKPS & ASSOCIATES. CHARTERED ACCOUNTANTS FRN 302014E</p>   <p>(SANJAYA KUMAR PARIDA) PARTNER M.NO. 504222</p>	<p>FOR HDSG & ASSOCIATES CHARTERED ACCOUNTANTS FRN 002871N</p>   <p>(DALBIR SINGH GULATI) PARTNER M.NO. 081024</p>
<p>FOR M K AGGARWAL & CO. CHARTERED ACCOUNTANTS FRN 001411N</p>   <p>(M K AGGARWAL) PARTNER M.NO. 14956</p>	<p>FOR A JOHN MORIS & CO. CHARTERED ACCOUNTANTS FRN 007220S</p>   <p>(G KUMAR) PARTNER M.NO. 023082</p>	

Place: New Delhi
Date: May 28, 2019

**PUNJAB NATIONAL BANK
BALANCE SHEET AS ON 31st MARCH, 2019**

(₹000 omitted)

<u>CAPITAL & LIABILITIES</u>	<u>Schedule</u>	<u>As on 31.03.19</u>	<u>As on 31.03.18</u>
Capital	1	9208094	5521146
Reserves & Surplus	2	438663151	405221915
Deposits	3	6760301361	6422261919
Borrowings	4	393259151	608507480
Other Liabilities and Provisions	5	148062860	216788585
TOTAL		7749494617	7658301045
ASSETS			
Cash & Balances with Reserve Bank of India	6	321291338	287890324
Balances with Banks & Money at call & short notice	7	431589074	666729711
Investments	8	2021282198	2003059816
Advances	9	4582492041	4337347213
Fixed Assets	10	62248473	63493272
Other Assets	11	330591493	299780709
TOTAL		7749494617	7658301045
Contingent Liabilities	12	3054001291	3041276977
Bills for Collection		273358976	278586121
Significant Accounting Policies	17		
Notes on Accounts	18		
The Schedules 1 to 18 form an integral part of the Accounts.			

[Signature]
P K VARSHNEY
CHIEF MANAGER

[Signature]
S K JAIN
DY. GENERAL MANAGER

[Signature]
P K SHARMA
GENERAL MANAGER

[Signature]
A K AZAD
EXECUTIVE DIRECTOR

[Signature]
L V PRABHAKAR
EXECUTIVE DIRECTOR

[Signature]
DR R K YADU VANSI
EXECUTIVE DIRECTOR

[Signature]
SUNIL MEHTA
MANAGING DIRECTOR & CEO

[Signature]
SUNIL MEHTA
CHAIRMAN

[Signature]
RAVI MITAL
DIRECTOR

[Signature]
DR. RABI N. MISHRA
DIRECTOR

[Signature]
MAHESH BASOO GUPTA
DIRECTOR

[Signature]
SANJAY VERMA
DIRECTOR

[Signature]
Dr. ASHA BHANDARKAR
DIRECTOR

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

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

As per our Report of even date
For MKPS & Associates
Chartered Accountants
FRN 302014E

[Signature]
(Sanjaya Kumar Parida)
Partner
M No. 504222

For HOSG & Associates
Chartered Accountants
FRN 008744N

[Signature]
(Dalbir Singh Gulati)
Partner
M No. 081024

For M K Aggarwal & Co.
Chartered Accountants
FRN 001411N

[Signature]
(M K Aggarwal)
Partner
M No. 14956

For A John Moris & Co.
Chartered Accountants
FRN 007220S

[Signature]
(G. Kumar)
Partner
M No. 023082

Date : 28/05/2019
Place: New Delhi

PUNJAB NATIONAL BANK
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2019

(₹000 omitted)

	<u>Schedule</u>	<u>Year Ended</u> <u>31.03.19</u>	<u>Year Ended</u> <u>31.03.18</u>
I. INCOME			
Interest earned	13	513102483	479957663
Other Income	14	73774123	88808690
TOTAL		586876606	568766353
II. EXPENDITURE			
Interest expended	15	341539370	330733643
Operating expenses	16	115384806	135090730
Provisions and Contingencies		229707290	225770182
TOTAL		686631466	691594555
III. PROFIT			
Net Profit/(Loss) for the year		-99754860	-122828202
Add: Balance in Profit & Loss A/c		0	0
Profit Available for Appropriation		-99754860	-122828202
IV. APPROPRIATIONS			
Transfer to :			
Statutory Reserves		0	0
Capital Reserves		861255	10249314
Revenue & Other Reserves		-1343092	-133077516
Proposed Dividend		0	0
Interim Dividend		0	0
Tax on Dividend proposed for the year 2017-18		0	0
Balance Transferred from provision for tax on dividend/dividend		0	0
Special reserve as per Income Tax Act		0	0
Investment Reserve		0	0
Balance in Profit & Loss Account		-99273023	0
TOTAL		-99754860	-122828202
Earning per Share (₹) (Basic/Diluted)		-30.94	-55.39
(Nominal Value ₹ 2 per share)			
Significant Accounting Policies	17		
Notes on Accounts	18		

P K VARSHNEY
CHIEF MANAGER

S K JAIN
DY. GENERAL MANAGER

P K SHARMA
GENERAL MANAGER

EXECUTIVE DIRECTOR

L V PRABHAKAR
EXECUTIVE DIRECTOR

DR R K YADUWANSHI
EXECUTIVE DIRECTOR

SUNIL MEHTA
MANAGING DIRECTOR & CEO

SUNIL MEHTA
CHAIRMAN

RAVI MITAL
DIRECTOR

DR. RABI N. MISHRA
DIRECTOR

MAHESH BABOD GUPTA
DIRECTOR

SANJAY VERMA
DIRECTOR

Dr. ASHA BHANDARKAR
DIRECTOR

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

(Rajiv Kumar Mathur)
Partner
M No. 091007

For M K Aggarwal & Co.
Chartered Accountants
FRN 001411N

(M K Aggarwal)
Partner
M No. 14956

As per our Report of even date
For MKPS & Associates
Chartered Accountants
FRN 302014E

(Sanjaya Kumar Parida)
Partner
M No. 504222

For A John Morris & Co.
Chartered Accountants
FRN 007220S

(G. Kumari)
Partner
M No. 023082

For HDSG & Associates
Chartered Accountants
FRN 008581N

(Dahar Singh Gulati)
Partner
M No. 082024

Date : 28/05/2019
Place : New Delhi

PUNJAB NATIONAL BANK		
SCHEDULE 1 - CAPITAL	As on 31.03.19	(₹000 omitted) As on 31.03.18
Authorised 15,00,00,00,000 Equity Shares of ₹ 2 each	30000000	30000000
Issued & Subscribed 460,40,47,028 (Previous year 276,05,73,227) Equity Shares of ₹2 each	9208094	5521146
Paid Up 460,40,47,028 (Previous year 276,05,73,227) Equity Shares of ₹2 each	9208094	5521146
(includes equity shares of 347,16,92,263 ₹2 each held by Central Government)		
TOTAL	9208094	5521146

SCHEDULE 2 - RESERVES & SURPLUS

I. Statutory Reserves

Opening Balance	99982512	99982512
Deduction during the year	4518740	0
	95463772	99982512

II. Capital Reserves

a) Revaluation Reserve

Opening Balance	36838197	37505311
Addition during the year	0	0
Deduction during the year	1015908	667114
(being depreciation on revalued portion of property)		
Transfer to Other Reserves	0	0
	35822289	36838197

b) Others

Opening Balance	28772933	18523619
Addition during the year	861255	10249314
	29634188	28772933

III. Share Premium

Opening Balance	210893008	107920431
Addition during the year	144349824	102972577
Deduction during the year	0	0
	355242832	210893008

IV. Revenue and other Reserves

a) Investment Reserve

Opening Balance	3705193	3705193
Add : Transfer from P&L Appropriation A/c	0	0
Less: Transfer to P&L Appropriation A/c	0	0
	3705193	3705193

b) Exchange Fluctuation Reserve

Opening Balance	3448648	3426421
Add : Addition during the year	0	22227
Less: Deduction during the year (Net)	17348	0
	3431300	3448648

c) Special Reserve under Sec.36(1) (viii) of Income Tax Act, 1961

Opening Balance	14636600	14636600
Transferred from Other Reserves	0	0
Addition during the year	0	0
	14636600	14636600

d) Other Reserve

Opening Balance	6944824	131018624
Addition during the year	0	8336602
Less: Withdrawal during the year	7960732	133077516
Add: Transfer from Revaluation Reserves	1015908	687114
Less: Payment for blocked accounts	0	0
	0	6944824

V. Balance in Profit & Loss Account

	-99273023	0
Total of I, II, III, IV, V	438663151	405221915



SCHEDULE 3 - DEPOSITS

(₹000 omitted)

	As on 31.03.19	As on 31.03.18
I. Demand Deposits		
(i) From Banks	17562578	16633422
(ii) From Others	426188180	387108559
	443750758	403741981
II. Savings Bank Deposits	2406653907	2228731120
III. Term Deposits		
A. (i) From Banks	384374511	526342211
(ii) From Others	3525522185	3263446607
	3909896696	3789788818
Total I, II & III	6760301361	6422261919
B. (i) Deposits of branches in India	6545358600	6003868409
(ii) Deposits of branches outside India	214942761	418393510
TOTAL B (i) & (ii)	6760301361	6422261919

SCHEDULE 4 - BORROWINGS

I. Borrowings in India		
(i) Reserve Bank of India	30002386	166060000
(ii) Other Banks	27148282	43187672
(iii) Other Institutions and Agencies	85985693	38473411
(iv) Unsecured Redeemable Bonds		
a) Tier-I Bonds (Perpetual Debt Instruments)	59500000	61705000
b) Upper Tier-II Bonds	25000000	45000000
c) Subordinate debts for Tier II Capital	50000000	50000000
d) Long term infrastructure bonds	28000000	162500000
	162500000	28000000
II. Borrowings outside India	87622790	176081197
Total of I, II	393259151	608507480
Secured Borrowings included in I & II above	166060000	166060000



PUNJAB NATIONAL BANK

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹000 omitted)

	<u>As on 31.03.19</u>	<u>As on 31.03.18</u>
I. Bills Payable	20287265	23985287
II. Inter-Office adjustments(net)	21803	25822
III. Interest accrued	16839875	17437107
IV. Deferred Tax Liability (Net)	0	0
V. Others (including Provisions)	111113917	175340369
Total of I, II, III, IV, V	148062860	216788585

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

I. <u>Cash in hand (including foreign currency notes)</u>	18539298	21051761
II. <u>Balance with Reserve Bank of India</u>		
In Current Account	302752040	266838563
In other Account	0	0
Total of I, II	321291338	287890324



PUNJAB NATIONAL BANK

SCHEDULE 7- BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE

(₹000 omitted)

As on 31.03.19

As on 31.03.18

I. In India

(i) Balances with Banks

a) In Current Accounts	979677	5783974	
b) In Other Deposit Accounts	189410994	100026842	
	<u>190390671</u>	<u>105810816</u>	

(ii) Money at Call and Short Notice

a) with Banks	0	0	
b) with Other Institutions	122000000	290540596	
	<u>122000000</u>	<u>290540596</u>	

TOTAL

312390671

396351412

II. Outside India

(i) Balances with Banks

a) In Current Accounts	12314906	13642894	
b) In Other Deposit Accounts	106883497	256735405	

(ii) Money at Call & Short Notice

0

0

TOTAL

119198403

270378299

GRAND TDIAL of I, II

431589074

666729711



PUNJAB NATIONAL BANK

SCHEDULE 8 - INVESTMENTS

(₹000 omitted)

	<u>As on 31.03.19</u>	<u>As on 31.03.18</u>
I. Investments in India : Gross	1994518070	1958821605
Less: Provision for Depreciation	39971382	31033369
Net Investment in India	1954546688	1927788236
(i) Government Securities	1612365967	1520463523
(ii) Other Approved Securities	1100856	1464769
(iii) Shares	36992493	43830320
(iv) Debentures and Bonds	276944027	306108848
(v) Subsidiaries and/or joint ventures (including sponsored institutions)	6279834	6725664
(vi) Others Various Mutual Funds & Commercial Papers etc.	20863511	49195112
TOTAL of I	1954546688	1927788236
II. Investments Outside India : Gross	66735510	75279271
Less: Provision for depreciation	0	7891
Net Investments outside India	66735510	75271580
(i) Govt. securities including local authorities	7847306	19020552
(ii) Subsidiary and / or Joint ventures abroad	23681885	23490635
(iii) Others	35206319	32760393
TOTAL of II	66735510	75271580
GRAND TOTAL of I, II	2021282198	2003059816



PUNJAB NATIONAL BANK

SCHEDULE 9 - ADVANCES

(₹000 omitted)

	<u>As on 31.03.19</u>	<u>As on 31.03.18</u>
A (i) Bills purchased and discounted	20419273	206233772
(ii) Cash Credits, Overdrafts & Loans repayable on demand	2873329813	2787964720
(iii) Term Loans	1688742955	1343148721
Total	4582492041	4337347213
B (i) Secured by tangible assets (Includes advances against Book Debts)	3738666218	3568255401
(ii) Covered by Bank/Government guarantees	21526593	130258775
(iii) Unsecured	822299231	638833037
Total	4582492041	4337347213
C (I) <u>Advances in India</u>		
(i) Priority Sector	1628887412	1562851180
(ii) Public Sector	517697567	389876840
(iii) Banks	26079	12258
(iv) Others	2283685574	1974579904
Total	4430296632	3927320182
C (II) <u>Advances outside India</u>		
(i) Due from Banks	72006414	270279083
(ii) <u>Due from Others</u>		
(a) Bills Purchased & Discounted	935398	4968283
(b) Syndicated Loans	32409975	47112983
(c) Others	46843622	87666682
Total	152195409	410027031
GRAND TOTAL (Total of I & II)	4582492041	4337347213



SCHEDULE 10 - FIXED ASSETS		PUNJAB NATIONAL BANK		(₹000 omitted)
		As on 31.03.19	As on 31.03.18	
A TANGIBLE ASSETS				
I. Premises				
At cost / valuation as on 31st March of the preceding year	55605659	55392803		
Addition during the period	0	212856		
Add: Revaluation during the year	0	0		
	55605659	55605659		
Deduction during the year	266853	0		
Adjustment During the Period				
	55338806	55605659		
Depreciation to date (including on revalued amount)	6755295	5906340		
	48583511		49699319	
II. Other Fixed Assets (Including Furniture & Fixtures)				
At cost as on 31st March of the preceding year	45973188	40822916		
Addition during the year	4326576	5822527		
	50299764	46645443		
Deduction during the year	2746813	672255		
	47552951	45973188		
Depreciation to date	35580670	33082186		
	11972281		12891002	
III Leased Assets				
At cost as on 31st March of the preceding year	252386	252386		
	252386	252386		
Addition/adjustment during the year	0	0		
Deduction during the year	0	0		
	252386	252386		
Amortisation / lease adjustment to date	252386	252386		
	0		0	
Total of I, II, III	60555792		62590321	
B INTANGIBLE ASSETS				
Computer Software				
At cost as on 31st March of the preceding year	4419996	3806408		
Addition during the period	1306049	613690		
	5726045	4420098		
Deduction during the year	0	102		
	5726045	4419996		
Amortised to date	4033364	3517045		
Total	1692681		902951	
GRAND TOTAL (A+B)	62248473		63493272	



PUNJAB NATIONAL BANK

SCHEDULE 11 - OTHER ASSETS

(₹000 omitted)

	<u>As on 31.03.19</u>	<u>As on 31.03.18</u>
I. Interest accrued	50308649	50572007
II. Tax paid in advance / tax deducted at source	31027471	26851315
III. Stationery and stamps	83290	105337
IV. Non-banking assets acquired in satisfaction of claims	1074116	1122443
V. Deferred tax asset (net)	185801004	132147520
VI. Others	62296963	88982087
Total of I, II, III, IV, V, VI	330591493 =====	299780709 =====

SCHEDULE 12 - CONTINGENT LIABILITIES

I (i). Claims against the Bank not acknowledged as debts	5943738	3122726
(ii). Disputed income tax and interest tax demands under appeals, references etc.	2675249	12609217
II. Liability for partly paid investments	339915	131315
III. Liability on account of outstanding forward exchange contracts	2430586302	2236701227
IV. Guarantees given on behalf of constituents:		
(a) In India	394656762	399139850
(b) Outside India	23413323	99128686
V. Acceptances, endorsements and other obligations	176728957	274081522
VI. Other items for which the Bank is contingently liable	19657045	16362434
Total of I, II, III, IV, V, VI	3054001291 =====	3041276977 =====



PUNJAB NATIONAL BANK

SCHEDULE 13 - INTEREST EARNED

(₹000 omitted)

	<u>Year Ended</u> <u>31.03.19</u>	<u>Year Ended</u> <u>31.03.18</u>
I. Interest/discount on advances/bills	350862073	318330835
II. Income on Investments	141059742	139469819
III. Interest on balances with Reserve Bank of India and other Inter-Bank funds	18913918	20014204
IV. Others	2266750	2142805
Total of I, II, III, IV	513102483	479957663

SCHEDULE 14 - OTHER INCOME

	<u>Year Ended</u> <u>31.03.19</u>	<u>Year Ended</u> <u>31.03.18</u>
I. Commission, Exchange and Brokerage	28057382	27919100
II. Profit on sale of Investments	11451140	33403264
Less: Loss on sale of Investments	524367	837132
	10926773	32566132
III. Profit on revaluation of Investments	0	0
Less: Loss on revaluation of Investments/ Amortisation	0	0
	0	0
IV. Profit on sale of land, buildings and other assets	187255	28472
Less: Loss on sale of land, buildings and other assets	3535	2538
	183720	25934
V. Profit on exchange transactions	9447482	13391751
Less: Loss on exchange transactions	4354406	5330336
	5093076	8061415
VI. Income earned by way of dividends etc. from subsidiaries / companies and / or joint ventures in India & abroad.	1488016	1394709
VII. Miscellaneous Income	28025156	16841400
Total of I, II, III, IV, V, VI & VII	73774123	88808690



PUNJAB NATIONAL BANK

SCHEDULE 15 - INTEREST EXPENDED

(₹000 omitted)

	<u>Year Ended</u> <u>31.03.19</u>	<u>Year Ended</u> <u>31.03.18</u>
I. Interest on Deposits	322177771	304555279
II. Interest on Reserve Bank of India/ inter-bank borrowings	5524284	5531499
III. Others	13837315	20646865
Total of I, II, III	341539370 =====	330733643 =====

SCHEDULE 16 - OPERATING EXPENSES

	<u>Year Ended</u> <u>31.03.19</u>	<u>Year Ended</u> <u>31.03.18</u>
I. Payments to and Provisions for employees	69631622	91687951
II. Rent, Taxes and Lighting	7645403	7388599
III. Printing and Stationery	643725	909944
IV. Advertisement and Publicity	463850	471497
V. Depreciation/Amortisation on Bank's property	5780240	5761673
VI. Directors' fees, allowances and expenses	13995	15754
VII. Auditors' fees and expenses	669567	742420
VIII. Law Charges	1198720	733506
IX. Postage, Telegrams, Telephones, etc.	2076204	1695746
X. Repairs and Maintenance	2806124	2624006
XI. Insurance	6811977	6418660
XII. Other expenditure	17443379	16640974
Total of I to XII	115384806 =====	135090730 =====



PUNJAB NATIONAL BANK

SCHEDULE 17 (SOLO) – 31.03.2019

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 (earlier recorded in memorandum dues);
- b) Principal irregularities i.e. NPA outstanding in the account.
- c) 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), interest on overdue bills, 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.

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.

5.1 (a) Advances are classified: Standard, Sub Standard, Doubtful and Loss assets borrower wise.

5.1(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 countercyclical / 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.

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/2015.16/279 DBR.IBD.BC No. 68/23.37.001/2015-16 dated 31.12.2015).



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	20.00%
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"



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- 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

SCHEDULE 18 (SOLO)

NOTES TO ACCOUNTS - 31.03.2019

1. Capital

Capital Ratio

(₹ in Crore)

Sl. No	Particulars	31.03.2019	31.03.2018
i.	Common equity Tier 1 Capital ratio (%)*	6.20	5.95
ii.	Tier 1 Capital ratio (%)*	7.49	7.12
iii.	Tier 2 Capital ratio (%)*	2.24	2.08
iv.	Total Capital ratio (CRAR) (%)*	9.73	9.20
v.	Percentage of the shareholding of the Government of India in the Bank	75.41%	62.25%
vi.	Amount of equity Capital raised**	14804.00	10473.00
vii.	Amount of Additional Tier 1 Capital raised; of which :	NIL	1500.00
	Perpetual Non- Cumulative Preference Shares(PNCPS):	NIL	NIL
	Perpetual Debt Instruments (PDI):	NIL	1500.00
viii.	Amount of Tier 2 Capital raised; of which :	NIL	NIL
	Debt Capital instrument:	NIL	NIL
	Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non- Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	NA	NA

* Information given in 1 (i to iv) has been given as per Basel III Capital Regulations.

** Figures includes ₹368.69Crore (₹126.52Crore) as Equity Capital and ₹14435.31Crore (₹10346.48Crore) as Share Premium.

RBI vide circular no. DBR.No.BP.BC.83/21.06.201/2015-16 dated 1st March, 2016 has given discretion to banks to consider Revaluation Reserve, Foreign Currency Translation Reserve and Deferred Tax Asset for purpose of computation of Capital Adequacy as CET-1 capital ratio. The Bank has exercised the option in the above computation.

2. Investments

The detail of Investments and the Movement of provision held towards depreciation on investments of the Bank is given below:-



(₹ in Crore)

Particulars		31.03.2019	31.03.2018
(1)	Value of Investments		
i	Gross value of Investments	206125.36	203410.09
a	In India	199451.80	195882.16
b	Outside India	6673.56	7527.93
ii	Provisions for Depreciation	3997.14	3104.11
a	In India	3997.14	3103.34
b	Outside India	0.00	0.77
iii	Net value of Investments	202128.22	200305.98
a	In India	195454.66	192778.82
b	Outside India	6673.56	7527.16
(2)	Movement of provisions held towards depreciation on investments.		
i	Opening balance	3104.11	1412.61
ii	Add: Provisions made during the year	1400.44	1784.17
iii	Less: Write-off/ write-back of excess provisions during the year	507.41	92.67
iv	Closing balance	3997.14	3104.11

3. Repo Transactions (in face value terms)

The details of securities sold and purchased under repo and reverse repo transactions are as under

(₹ in Crore)

Face Value	Minimum outstanding during the year ended 31.03.2019	Maximum outstanding during the year ended 31.03.2019	Daily Average outstanding during the year ended 31.03.2019	Outstanding as on 31.03.2019
A. Securities sold under repo				
(i) Government Securities	0.00 (0.00)	6390.05 (3438.57)	344.47 (48.34)	0.00 (0.00)
(ii) Corporate Debt Securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
B. Securities purchased under reverse repo				
(i) Government Securities	0.00 (0.00)	9053.78 (5633.09)	132.96 (992.99)	0.00 (2554.65)
(ii) Corporate Debt Securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)



4. Non-SLR Investment Portfolio

4a. Issuer composition of Non SLR investments as on 31.03.2019

(₹ in Crore)

Sr.No	Issuer	Amount	Extent of Private Placemen t	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	12148.79 (13505.07)	32.21 (270.91)	0.00 (11.45)	729.53 (665.48)	1723.57 (1901.99)
(ii)	FIs	15792.83 (18767.12)	1088.59 (810.76)	50.00 (9.26)	864.37 (890.32)	306.94 (358.73)
(iii)	Banks	4781.50 (5106.64)	NIL (NIL)	148.56 (57.51)	312.18 (360.59)	NIL (NIL)
(iv)	Private Corporat es	7845.43 (8047.48)	3693.44 (3873.23)	978.95 (1067.96)	4412.00 (349.06)	2629.19 (1022.12)
(v)	Subsidiar ies / Joint Ventures	2996.43 (3021.89)	NIL (NIL)	NIL (NIL)	NIL (NIL)	493.44 (451.37)
(vi)	Others*	21384.48 (7788.28)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
(vii)	Provision s held towards depreciat ion.	-3997.14 (-2561.96)	-2144.24 (NIL)	-805.47 (NIL)	-2615.09 (NIL)	-1186.30 (NIL)
	Total	60952.32 (53674.52)	2670.00 (4954.90)	372.04 (1146.16)	3702.99 (2265.45)	3966.84 (3734.21)

*Others include Special Govt. Securities of ₹20955.52Crore (₹7463.42Crore) (Net of depreciation, if any) shown under Govt. Securities in Schedule 8. Amounts reported under columns 4, 5, 6 and 7 above may not be mutually exclusive.

4b. Non-performing Non-SLR investments

The movement in Non-performing Non-SLR Investments is given below:-

(₹ in Crore)

Particulars	31.03.2019	31.03.2018
Opening balance	2278.31	727.90
Additions during the year	315.50	1569.06
Reductions during the year	508.96	18.65
Closing balance	2084.85	2278.31
Total provisions held	1918.04	1934.33



4c. Sale and transfers to / from HTM category

The total value of sales and transfers of securities to / from HTM category during 1st April 2018 to 31st March, 2019 has not exceeded 5% of the book value of investments held in HTM category as on 31.03.2018 (Excluding following Transactions).

{The 5 percent threshold referred to above will exclude (a) the one- time transfer of securities to/ from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning quarter of the accounting year (b) sales to the Reserve Bank of India under pre-announced OMO auctions, (c) Repurchase of Government Securities by Government of India from banks, (d) Sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM at the beginning of April, July, October 2018 and January 2019. In addition to the shifting permitted at the beginning quarter of the accounting year i.e. 1st April 2018}

As such **no disclosure is to be made** in terms of extant RBI guidelines.

5. Derivatives

5a. Forward Rate Agreement/ Interest Rate Swap

(₹ in Crore)

Particulars		31.03.2019	31.03.2018
i	The notional principal of swap agreements	250.00	339.67
ii	Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	0.86	6.11
iii	Collateral required by the bank upon entering into swaps	NIL	NIL
iv	Concentration of credit risk arising from the Swaps	NIL	NIL
v	The fair value of the swap book	-5.7628	- 2.5728

The above Trades are Interest Rate Swap Deal done with Interbank for ₹250.00Crores (Previous year ₹319.83Crores) and Financial Institution ₹0.00Crores (Previous year ₹19.83Crores). Credit Risk (Credit Exposure) for Current Year is ₹3.36Crore and for previous year it was ₹9.77Crore. There are total 10 deals out of which 0 deals are Back to Back Deals, 8 Deals where payment is made at Fixed Contract Rate and received at Floating rate and in remaining 2 deals, payment is made at Floating Rate and received at Fixed Contract Rate.

5b. Exchange Traded Interest Rate Derivatives

(₹ in Crore)

Sl. No.	Particulars	31.03.2019	31.03.2018
(i)	Notional Principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise) a) Interest rate futures	NIL	248.60
(ii)	Notional Principal amount of exchange traded interest rate derivatives outstanding as on 31 st March, 2019 (instrument-wise)	NIL	NIL



(iii)	Notional Principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective' (instrument-wise)	NIL	NIL
(iv)	Mark-to-Market value of exchange traded interest rate derivatives outstanding and not 'highly effective' (instrument-wise)	NIL	NIL

5c.Disclosure on risk exposure in derivatives

I - Qualitative Disclosure

The Bank uses derivatives products for hedging its own balance sheet items as well as for trading purposes. The risk management of derivative operation is headed by a senior executive, who reports to top management, independent of the line functions. Trading positions are marked to market on daily basis.

The derivative policy is framed by Integrated Risk Management Division, which includes measurement of credit risk and market risk.

The hedge transactions are undertaken for balance sheet management. Proper system for reporting and monitoring of risks are in place. Policy for hedging and processes for monitoring the same is in place.

Accounting policy for recording hedge and non-hedge transactions are in place, which includes recognition of income, premiums and discounts.

Valuation of outstanding contracts, provisioning, collateral and credit risk mitigation are being done.

II - Quantitative Disclosure

(₹ in Crore)

Sl. No.	Particulars	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
		31.03.2019	31.03.2019	31.03.2018	31.03.2018
1	Derivatives (Notional Principal Amount)				
(a)	For Hedging	0.00	0.00	0.00	0.00
(b)	For trading	0.00	250.00	299.61	339.67
2	Marked to Market Position				
	Hedging				
	a) Asset (+)	0.00	0.00	0.00	0.00
	b) Liability (-)	0.00	0.00	0.00	0.00
	Trading				
	a) Asset (+)	0.00	0.00	1.05	0.00
	b) Liability (-)	0.00	-5.7628	0.00	- 2.5728
3	Credit Exposure	0.00	3.3604	0.00	9.7748
4	Likely impact of one percentage change in interest rate (100*PV01)				
(a)	On hedging derivatives	0.00	0.00	0.00	0.00
(b)	On trading derivatives	0.00	-0.0446	0.046	- 0.0622



5	Maximum and Minimum of 100*PV01 observed during the period				
(a)	On hedging Maximum	0.00	0.00	0.00	0.00
	Minimum	0.00	0.00	0.00	0.00
(b)	On trading Maximum	0.00	0.0551	0.00	- 0.0949
	Minimum	0.00	-0.0235	0.00	- 0.0344

6. Asset Quality

6a Non-Performing Assets

The details of movement of Gross Non-performing Assets (NPAs), Net NPAs and provisions are given below:-

		(₹ in Crore)	
	Particulars	31.03.2019	31.03.2018
i)	Net NPAs to Net Advances (%)	6.56 %	11.24 %
ii)	Movement of NPAs (Gross)		
	Opening balance	86620.05	55370.45
	Additions during the year	19904.11	44274.33
	Reductions during the year	28051.46	13024.73
	Closing balance	78472.70	86620.05
iii)	Movement of Net NPAs		
	Opening balance	48684.29	32702.10
	Additions during the year	15186.20	30052.87
	Reductions during the year	33832.83	14070.68
	Closing balance	30037.66	48684.29
iv)	Movement of provision for NPAs (excluding provisions on Standard assets)		
	Opening balance	37611.82	22043.49
	Provisions made during the year (Gross)	30976.49	31459.08
	Write-off/write back of excess provision	20468.50	15890.75
	Closing balance	48119.81	37611.82

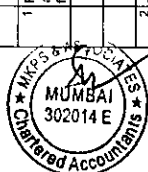
6b Disclosure of Restructured Accounts as on 31.03.2019 as per revised guidelines

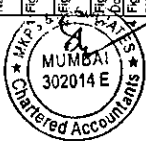


PUNJAB NATIONAL BANK
INDUSTRIAL REHABILITATION DEPARTMENT-CREDIT DIVISION-HO. NEW DELHI

(Rs in lakhs)

Type of Restructuring ->		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
Asset Classification ->		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Details		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(a)	(b)	(c)	(d)	(e)
1	Restructured Accounts as on April 1 2018 (opening figures)																				
	No. of borrowers	79,918.55	45,168.18	317,871.83	5,379.63	448,338.19	27,723.39	5,429.50	10,666.73	0.00	43,618.62	415,781.01	212,004.34	89,911.66	40,718.50	759,415.51	523,482.95	282,802.02	415,449.22	46,098.13	1,250,632.32
	Amount outstanding	9,767.72	2,582.01	27,096.85	0.00	39,446.58	4,701.00	236.72	2,477.58	0.00	7,418.30	38,969.22	2,314.89	0.00	0.00	39,284.12	51,437.94	5,136.62	29,574.44	0.00	86,149.00
	Provision thereon	0	0	8	0	0	139	4	0	0	142	991	0	0	0	991	1,129	4	0	0	1,133
2	Fresh restructuring during the year 2018-19 (plus addition in Ols in existing a/c)																				
	No. of borrowers	0.00	735.27	8,074.86	0.00	8,810.13	780.25	9,293.28	0.00	0.00	10,873.53	4,163.67	0.00	0.88	0.00	4,163.67	4,943.92	10,028.55	8,074.86	0.00	23,047.33
	Amount outstanding	0.00	0.00	0.00	0.00	0.00	161.03	711.68	0.00	0.00	872.71	405.96	0.00	0.00	0.00	405.96	566.98	711.68	8.00	0.00	1,278.66
	Provision thereon	1	-1	0	0	0.08	7	-5	-2	0	0	0	0	0	0	0	8	-6	-2	0	0
3	Upgradations to restructured standard category during the FY 2018-19																				
	No. of borrowers	7,555.53	-7,555.53	0.00	0.00	0.00	3,204.82	-453.45	-2,751.37	0.00	8.00	0.00	0.00	0.00	0.00	0.00	18,760.35	-8,008.98	-2,751.37	0.08	0.00
	Amount outstanding	1,392.54	-1,392.54	0.00	0.00	0.00	1,329.51	-1,907	-1,310.44	0.00	8.00	0.00	0.00	0.00	0.00	0.00	2,722.05	-1,411.61	-1,310.44	0.08	0.00
	Provision thereon	-13	0	0	0	-13.00	-8	0	0	0	-8	-14	0	0	0	-14	-35	0	8	0	-35
4	Restructured standard advances at the beginning of the FY 2018-19, which cease to attract higher provisioning and/or additional risk brought at the end of the FY 2018-19 and hence need not be shown as restructured standard advances at the beginning of the next FY																				
	Amount outstanding	-66,271.81	0.00	0.00	0.00	-66,271.81	-28,525.78	0.00	0.00	0.00	-20,525.78	-118,763.14	0.00	0.00	0.00	-118,763.14	-205,580.73	0.00	0.00	0.00	-205,580.73
	Provision thereon	-7,062.04	8.88	0.00	0.00	-7,053.16	-2,571.47	0.00	0.00	0.00	-2,571.47	-15,393.11	0.00	0.00	0.00	-15,393.11	-25,026.62	0.00	0.08	0.00	-25,026.62
5	Downgradations of restructured accounts during the FY 2018-19																				
	No. of borrowers	-1	0	4	0	3.00	-2	16	0	0	13	-274	274	4	8	4	-277	289	8	0	20
	Amount outstanding	-13,706.74	-22,134.38	52,883.82	0.00	16,241.90	-404.91	19,342.95	0.00	0.00	18,938.07	-48,780.38	-47,782.24	106,356.30	0.08	9,793.68	-62,892.03	50,573.64	158,439.32	0.00	44,973.65
	Provision thereon	-2,705.68	-918.20	4,700.43	0.00	1,076.55	-21.56	1,478.05	0.00	0.00	1,456.50	-6,904.34	7,328.99	2.34	0.00	424.99	-9,631.57	7,886.85	4,702.77	0.00	2,958.04
6	Write-offs of restructured accounts during the FY 2018-19 (Ext)																				
	No. of borrowers	0	-1	-24	-1	-26.00	-1	-2	-3	0.00	-6	-1	-288	-3	-2	-294	-2	-281	-30	-3	-326
	Amount outstanding	-1,714.66	-8,769.05	-331,285.36	-5,379.63	-347,148.69	-331.04	-2,446.53	-2,830.73	0.00	-5,608.30	-18,288.41	-147,334.55	-90,430.94	-40,718.50	-288,772.48	-12,334.11	-158,550.13	-424,547.03	-46,098.13	-841,529.39
	Provision thereon	-39.26	-50.37	-30,843.72	0.00	-30,933.35	-410.48	-391.51	-2.87	0.00	-804.84	-2,954.01	-9,146.96	3.43	0.00	-12,098.14	-3,404.33	-9,588.84	-38,843.16	0.00	-43,836.33
7	Reversals of restructured accounts during the FY 2018-19																				
	No. of borrowers	1.80	2.00	4.00	0.08	7.88	149	27	3	0	179	1,569	6	4	0	1,579	1,719	35	11	6	1,765
	Amount outstanding	5,840.88	7,444.49	46,744.35	8.08	60,038.72	10,446.73	31,166.78	5,883.63	0.00	46,896.14	242,092.75	16,887.55	105,837.82	8.00	364,817.32	258,380.36	55,497.82	157,665.00	0.00	471,543.18
	Provision thereon	1,353.28	220.98	953.56	0.08	2,527.74	3,188.06	2,018.87	1,164.27	0.00	6,371.19	12,123.13	494.92	5.77	8.88	12,623.82	16,564.46	2,734.69	2,123.60	0.00	21,522.76





NOTES:

CDR	Note: Total CDR A/c 27. Eligible for Disclosure 37 A/c, Not Eligible for disclosure 20 A/c
Figures under S/no 2, (a/s in Sub-Std) includes Rs 73522 lacs, increase in outstanding in existing Sub-Std accounts.	
Figures under S/no 2, (a/s in Doubtful) includes Rs 8074.86 lacs, increase in outstanding in existing Doubtful accounts.	
Figures under S/no 5 (D/s) - One STD account with D/s of Rs 13706.7d lacs slipped to Doubtful category Three STD Ineligible account slipped to NPA. Two accounts in Sub-Std Category with O/s of Rs 9532.68 lacs. Two accounts with O/s of Rs 28843.60 lacs slipped from Sub-Std to Doubtful category.	
Figures under S/no 5 (Prov) - One STD account with Prov of Rs 2795.68 lacs slipped to Doubtful category Three STD Ineligible account slipped to NPA. Two accounts in Sub-Std Category with Prov of Rs 262.56 lacs and the other to Doubtful category with Prov of Rs 813.99 lacs. Two A/c's slipped from Sub-Std to Doubtful category where total prov was Rs 1180.76 lacs.	
Figures under S/no 6, (O/s in Std) includes Rs 1714.86 lacs, reduction in outstanding in existing std accounts.	
Figures under S/no 6, (Prov in Std) includes Rs 39.26 lacs, reduction/ release in existing std accounts.	
Figures under S/no 6, (Prov in Sub-Std) includes Rs 41.29 lacs, reduction/ release in provision in existing Sub-Std accounts plus increase/decrease in provision of A/c's which slipped to Sub-Std after 31.3.18	
Figures under S/no 6, (Prov in Doubtful) includes Rs 1041.46 lacs, reduction/ release in provision in existing Doubtful accounts plus increase/decrease in provision of A/c's which slipped to Doubtful after 31.3.18	
Note-column No. 6 includes:	
1. Decrease in o/s of eligible standard accounts for Rs 312.80 lacs is an account of netting of recovery and additional facility / debit for existing accounts;	
2. Decrease in provision of standard eligible assets of Rs. 421.33 lac is on account of netting of increase & decrease in additional provision, DFV & FITL of existing accounts;	
3. Rs. 2446.33 lac decrease in o/s of sub-standard advances is an account of netting of recovery and additional debit/ facility for existing accounts.	
4. Decrease in provision of sub-standard assets of Rs. 391.31 lac is on account of netting of increase & decrease in DFV & FITL of existing accounts;	
5. Decrease in o/s of doubtful assets for Rs. 134.02 lac is on account of netting of recovery and additional facility/debit for existing doubtful accounts	
6. Decrease in provision of doubtful assets of Rs. 225 lac is an account of netting of increase & decrease in DFV & FITL of existing accounts;	
7. Increase in provision of standard eligible assets of Rs. 12.65 lac is an account of netting of increase & decrease in DFV & FITL of 5 upgraded accounts;	
8. Rs. 129.65 lac increase in provision is due to 5 upgraded accounts for which additional provision was considered in o/s eligible standard accounts.	
CDR	
standard accounts, in point no. 5, three accounts downgraded during the year from standard eligible. In point no.6, one a/c Gayatri project has been closed and remaining amount is difference in the outstanding at 2018 and 2019.	
In Sub-standard accounts, in point no. 6, one account is adjusted and 15 accounts have failed from sub-standard. This also includes the difference in the outstanding in 2018 and 2019.	

MANAGER

ASST. GENERAL MANAGER

CENTRAL STATUTORY AUDITOR

6c (i). Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A), as on 31.03.2019

(₹ in Crore)

	No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision Held
			In Part A	In Part B	
Classified as Standard	5	1616.09	731.73	884.36	818.28
Classified as NPA	3	654.07	409.64	244.43	458.70
TOTAL	8	2270.16	1141.37	1128.79	1276.98

6c (ii) . Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

(₹ in Crore)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has been taken place	
	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
NIL	NIL	NIL	NIL	NIL	NIL	NIL

6c (iii). Disclosures on Change in ownership outside Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

(₹ in Crore)

No. of accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters' equity	
	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL



6c (iv). Disclosures on application of Flexible Structuring to Existing Loans as on 31.03.2019.

(₹ in Crore)

Period	No. of borrowers taken up for flexibly structuring	Amount of loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
Previous Financial Year	2	1440.24	0.00	7.07	16.88
Current Financial Year	0	0	0	0	0

6c (v). Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period)

(₹ in Crore)

No. of project loan accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		
	Classified as Standard	Classified as Standard restructured	Classified as NPA
NIL	NIL	NIL	NIL

6 c (vi) Divergence in Asset Classification and Provisioning for NPAs (As per RBI/2018-19/157:-

(₹ in Crore)

Sr.	Particulars	Amount
1.	Gross NPAs as on March 31, 2018 as reported by the Bank	86620.05
2.	Gross NPAs as on March 31, 2018 as assessed by RBI	87515.75
3.	Divergence in Gross NPAs (2-1)	895.70
4.	Net NPAs as on March 31, 2018 as reported by the Bank	48684.29
5.	Net NPAs as on March 31, 2018 as assessed by RBI	45813.19
6.	Divergence in Net NPAs (5-4)	-2871.10
7.	Provisions for NPAs as on March 31, 2018 as reported by the Bank	37611.82
8.	Provisions for NPAs as on March 31, 2018 as assessed by RBI	41378.62
9.	Divergence in Provisioning (8-7)	3766.80
10.	Reported Net Profit after Tax (PAT) for the year ended March 31, 2018	-12282.82
11.	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2018 after taking into account the divergence in provisioning	-16049.62



6d. Details of financial assets sold to Securitisation / Reconstruction Company (SC/RC) for Asset Reconstruction.

A. Details of Sales.

(₹ in Crore)

Particulars		31.03.2019	31.03.2018
1.	No. of Accounts	8	3
2.	Aggregate value (net of provisions) of accounts sold to SC/RC	662.74	152.84
3.	Aggregate consideration	949.76	399.15
4.	Additional consideration realized in respect of accounts transferred in earlier years (During current financial year 2018-19)	44.35	0.08
5.	Aggregate gain/loss over net book value(3-2)	287.02	246.31
5.1	Loss over NBV (where sale is for value below NBV)	6.30	-4.10
5.2	Gain over NBV (where sale is for value above NBV)	293.32	250.41

B. Details of Book Value of Investments in Security Receipts.

(₹ in Crore)

Particulars		31.03.2019	31.03.2018
(i)	Backed by NPAs sold by the bank as underlying	1582.66	1729.35
(ii)	Backed by NPAs sold by other banks / financial institution / non banking financial companies as underlying	NIL	NIL
TOTAL		1582.66	1729.35

C. Investments in Security Receipts:-

(₹ in Crore)

Particulars		SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i)	Book Value of SRs backed by NPAs sold by the bank as underlying	1525.62	0.00	57.04
	Provision held against (i)	124.29	0.00	57.04
(ii)	Book values of SRs backed by NPAs sold by other banks / financial institution / non banking financial companies as underlying	0.00	0.00	0.00
	Provision held against (ii)	0.00	0.00	0.00
Total (i) + (ii)		124.29	0.00	57.04



6e. Details of non-performing financial assets purchased/sold from / to other banks.

A. Details of non-performing financial assets purchased:

(₹ in Crore)

Particulars		31.03.2019	31.03.2018
1	(a) No. of accounts purchased during the period	NIL	NIL
	(b) Aggregate outstanding	NIL	NIL
2	(a) Of these, number of accounts restructured during the period i.e. 01.04.2018 to 31.03.2019	NIL	NIL
	(b) Aggregate outstanding	NIL	NIL

B. Details of non-performing financial assets sold:

(₹ in Crore)

Particulars		31.03.2019	31.03.2018
1	No. of accounts sold during the period	NIL	NIL
2	Aggregate outstanding	NIL	NIL
3	Aggregate consideration received	NIL	NIL

6f. Provisions on Standard Assets

(₹ in Crore)

Particulars	31.03.2019	31.03.2018
Cumulative Balance (included under "Other Liabilities & Provisions" in Schedule 5 to the balance sheet)	2240.05	1849.04

6g. Disclosure relating to Resolution Plans implemented during the year in terms of RBI Circular DBR.No.BP.BC.101/21.04.048/2017-18 dated February 12, 2018:

(₹ in Crore)

Total amount of Loan assets subjected to restructuring	227.47
The amount of standard assets subjected to restructuring	0.00
The amount of Sub-standard assets subjected to restructuring	227.47

6h. In accordance with RBI Circular DBR.No.BP.BC.108/21.04.048/2017-18 dated 06.06.2018, the bank has retained advances of ₹1718.41Crore as standard asset on 31st March 2019. In accordance with the provisions of the circular, the bank has not recognized interest on these accounts and is maintaining a standard provision of ₹85.92Crore in respect of such borrowers.

As per RBI Circular No. DBR.No.BP.18/21.04.048/2018-19 dated 1st January 2019 on restructuring of Advances-MSME sector, the details of restructured accounts as on 31.03.2019 are as under:

(₹ in Crore)



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No. of Accounts Restructured	Amount
13682	621.92

7. Business Ratios

Particulars		31.03.2019	31.03.2018
i.	Interest Income as a percentage to Working Funds	6.44%	6.26 %
ii.	Non-Interest Income as a percentage to Working Funds	0.93%	1.16 %
iii.	Operating profit as a percentage to Working Funds	1.63%	1.34 %
iv.	Return on Assets	-1.25%	-1.60 %
v.	Business (Deposits plus advances) per employee (₹ in Crores)	16.80	14.74
vi.	Profit per employee (₹ in Crores)	-0.15	-0.17

Note: Working Funds are based on Monthly Average of total assets (excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X under section 27 of the Banking Regulation Act, 1949.

8. Asset Liability Management

Maturity Pattern of certain item of Assets and Liabilities

(₹ in Crore)

Maturity Pattern	Deposits	Advances	Investments (gross)	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	15581.42	5522.96	0.00	1620.41	1877.75	337.25
	(14207.46)	(9619.30)	(0.00)	(2316.81)	(3431.72)	(3061.41)
2 days-7days	27254.65	4389.73	199.94	5712.86	1830.98	1915.32
	(19163.92)	(10154.16)	(231.65)	(10362.70)	(4263.89)	(1450.91)
8-14 days	19277.53	1818.32	49.90	3228.37	1094.98	626.87
	(17149.67)	(4275.03)	(670.79)	(6930.39)	(1993.59)	(2957.41)
15-30 days	34291.99	14050.62	159.75	3549.54	6453.23	3708.88
	(35559.87)	(20234.87)	(1906.76)	(1304.66)	(7845.40)	(8293.40)
31 days to 2 months	62444.16	8668.91	1535.79	2687.69	2508.72	5832.44
	(57258.55)	(9050.87)	(1323.04)	(5486.21)	(7341.91)	(11452.35)
Over 2 to 3 months	41374.17	6042.03	1277.16	1906.39	3000.66	5035.75
	(33803.33)	(20676.52)	(2682.28)	(4406.70)	(7741.63)	(10907.08)
Over 3 Months to 6 months	44521.01	15309.47	4061.04	414.30	3343.97	8346.82
	(48177.58)	(12592.39)	(3816.03)	(6071.39)	(19158.68)	(25555.34)
Over 6 Months to 1 year	35847.97	22610.19	6193.80	755.63	7794.66	5083.94
	(53347.30)	(24390.51)	(6595.63)	(642.86)	(12729.48)	(5191.60)
Over 1 Year to 3 Years	102881.25	236703.77	19143.70	1990.43	5347.21	4096.57
	(102147.91)	(189915.58)	(27603.42)	(3372.72)	(5457.09)	(2317.92)
Over 3 Years to 5 Years	159324.86	54993.80	15234.47	2534.37	6834.52	5428.26
	(150145.81)	(43548.51)	(29102.42)	(1322.23)	(6209.62)	(4118.26)



Over 5 Years	133231.13 (111264.79)	88139.40 (89276.98)	158269.81 (129478.07)	14925.93 (18634.08)	1958.62 (2284.06)	1633.20 (3151.39)
Total	676030.14 (642226.19)	458249.20 (433734.72)	206125.36 (203410.09)	39325.92 (60850.75)	42045.30 (78457.07)	42045.30 (78457.07)

9. Exposures:

9a. Exposure to Real Estate Sector :

(₹ in Crore)

Category		31.03.2019	31.03.2018
(A)	Direct Exposure		
i.	Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented Individual housing loans up to ₹20lakh Individual housing loans above ₹20lakh	22035.71 40459.48	19558.77 34871.95
	SUB-TOTAL	62495.19	54430.72
ii.	Commercial Real Estate – including NFB Limits Lending secured by mortgages on Commercial Real Estates (office buildings, retail space, multi-purpose commercial premises, industrial or warehouse space, land acquisition, development and construction etc.) Fund Based Non Fund Based	13898.21# 581.91	9765.10 577.99
	SUB-TOTAL	14480.12	10343.09
iii.	Investments in Mortgaged Backed Securities (MBS) and other securitized exposures –		
(a)	- Residential	5076.81	0.00
(b)	- Commercial Real Estate	0.00	0.00
(B)	Indirect Exposure		
	FB & NFB Exposure to National Housing Bank (NHB) & Housing Finance Companies (HFCs) Investments made by the Bank in Housing Companies & Corporations.	17708.55 5087.16	16941.31 5525.88
	Sub Total	22795.71	22467.19
	Total Exposure to Real Estate Sector	104847.83	87241.00

#Includes ₹420.66Crore in respect of exposure (including investment) in One borrower which is also considered as Infrastructure in line with paragraph 3 of RBI circular DBOD.BP.BC.No.42/08.12.015/2009-10 dated September 9, 2009.

9b. Exposure to Capital Market

(₹ in Crore)

Particulars		31.03.2019	31.03.2018
1.	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not	3803.49	3864.75

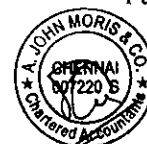
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	exclusively invested in corporate debt.		
2.	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs) convertible bonds, convertible debentures, and units of equity oriented mutual funds.	1.71	2.64
3.	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	25.30	25.19
4.	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances.	587.43	596.86
5.	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers.	231.50	258.68
6.	Loans sanctioned to corporate against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	NIL	NIL
7.	Bridge loans to companies against expected equity flows/issues.	NIL	NIL
8.	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds.	NIL	NIL
9.	Financing to stock brokers for margin trading	NIL	NIL
10.	All exposures to Venture Capital funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposures ceilings (both direct and indirect)	197.52	216.50
11.	Advances to Mutual Funds	4003.13	5150.00
Total Exposure to Capital Market		8850.08	10114.62

9c.Risk Category wise Country Exposure

Total Net Funded Exposure as on 31.03.2019 is ₹43412.20Crores. Total assets of the bank as on 31.12.2018 were ₹747806.10Crores, 1% of which comes to ₹7478.06Crore. Total net funded exposure of two countries namely Hongkong and UAE amounting to ₹8857.37Crore & ₹9495.27Crore respectively, is more than 1% of the total assets of the Bank as on 31.12.2018. In case, total net funded exposure of the bank on HongKong & UAE happens to be more than 1% of total assets as on 31.03.2019, provision of ₹14.09Crore for Hongkong and ₹16.31Crore for UAE has been made in terms of RBI guidelines. As per Export Credit Guarantee



(₹ in Crore)

Risk Category	Exposure (net) as at March 2019 (Current Year)	Provision held as at March 2019 (Current Year)	Exposure (net) as at March 2018 (Previous Year)	Provision held as at March 2018 (Previous Year)
Insignificant	29239.60	14.09	27583.73	13.07
Low	14159.50	16.31	21270.95	21.67
Moderately Low	4.26	0.00	4.46	0.00
Moderate	3.97	0.00	132.80	0.00
Moderately High	4.88	0.00	0.76	0.00
High	0.00	0.00	0.34	0.00
Very high	0.00	0.00	0.00	0.00
Total	43412.21	30.40	48993.04	34.74

9d. Bank's Disclosure in respect of Credit Exposures where the same had exceeded the Prudential Exposure limits prescribed by RBI for Individual/Group Borrowers as on 31.03.2019

Details of accounts where Bank has exceeded prudential exposure ceilings in respect of any Group Accounts and Individuals Borrowers during the period 01.04.2018 to 31.03.2019 as below:-

1. Food Corporation of India, 2. HDFC Ltd, 3. Reliance Industries Ltd, 4. Reliance Jio Infocomm Ltd, 5. Air India Ltd, 6. JSW Steel Ltd, 7. SIDBI.

However there are 3 accounts where exposure is exceeding the prudential ceiling i.e. 15 % of capital funds as on 31.03.2019, details of the same are as under:-

(₹ in Crore)

S. No.	Name of the Borrower	Prescribed Ceiling	Exposure (as on 31.03.2019)	TE as % of Capital Fund as on 31.03.2018 (₹41680Crore)
1.	Food Corporation of India	15%	8310.33	19.93%
2.	SIDBI	15%	7840.85	18.81%
3.	JSW Steel Ltd	15%	6658.77	15.98%

9e. Unsecured Advances:

(₹ in Crore)

Particulars	31.03.2019	31.03.2018
Unsecured Advance	82229.92	63883.30

1. Total amount of advances for which intangible securities such as charge over the rights, licenses, authority etc. has been included in Sch.9 under 'Unsecured Advances'	3460.11	8247.72
2. Estimated value of intangible collaterals	4369.18	9621.89

10. A. Disclosure of penalties imposed by the RBI:

1. RBI vide order dated 01.02.2019 has imposed a monetary penalty of ₹10.00million (NIL) on observance of non-compliance with various directions issued by RBI on monitoring of end use of funds, exchange of information with other banks and on restructuring of accounts.
2. RBI vide order dated 25.02.2019 has imposed a monetary penalty of ₹20.00million (NIL) on observance of non-compliances with directions related to implementation of SWIFT related operational controls.

[Penalties imposed by RBI under the provision of Section 46(4) of the Banking Regulation Act, 1949, for contraventions of any of the provisions of the Act or non-compliance with any other requirements of the Banking Regulation Act, 1949; order, rule or condition specified by Reserve Bank of India under the Act.]

10. B. Disclosure of Bouncing of SGL:

Particulars of Bouncing of SGL securities during the period 01.04.2018 to 31.03.2019 is NIL (NIL)

Other Disclosures required by Accounting Standards

11. AS -5 Prior Period and Change in Accounting Policy

There were no material prior period income/expenditure items requiring disclosure under AS-5.

12. AS- 10 Properties, Plant and Equipment.

Break-up of total depreciation for the year ended March, 2019 for each class of assets

Class of assets	(₹ in Crore)	
	31.03.2019	31.03.2018
Premises	84.86	83.44
Other fixed assets	441.53	450.35
Leased assets	0.00	0.00
Computer software	51.63	42.38
Total	578.02	576.17

13. AS- 9 Revenue Recognition:

Certain items of income are recognized on realization basis as per Accounting Policy No. 3(5). However, the said income is not considered to be material.



14. AS 11- Changes in foreign exchange rates:

Movement of foreign currency translation reserve

(₹ in Crore)

Particulars	Amount (2018-19)	Amount (2017-18)
Opening balance	344.87	342.64
Credited during the year 01.04.2018 to 31.03.2019	155.40	47.89
Withdrawn during the year 01.04.2018 to 31.03.2019	157.14	45.66
Closing Balance	343.13	344.87

15. AS 15 – Employees Benefits:

DISCLOSURE IN ACCORDANCE WITH AS-15(R):

In line with the accounting policy and as per the Accounting Standard – 15(R), the summarized position of employment benefits is as under:

A. Defined benefit Plans

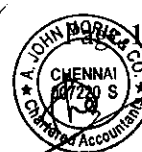
TABLE I - Principal Actuarial Assumptions and the basis of these assumptions

Actuarial Assumptions	PENSION		GRATUITY		LEAVE ENCASHMENT	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Discount Rate	7.80%	7.89%	7.05%	7.97%	7.05%	7.97%
Expected Return on Plan Assets	7.80%	8.61%	7.05%	8.61%	-	-
Rate of Escalation In salary	-	-	6.00%	6.00%	6.00%	6.00%
Dearness Relief Escalation Rate	6.00%	6.50%	-	-	-	-
Attrition Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

TABLE II - Changes in Present value of the obligation

(ALL AMOUNTS IN CRORES)

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018



	Present value of Obligation at the beginning of period	26,124.78	22,859.81	3,302.92	2,930.07	1,887.38	1,477.52
Ad d:	Interest Cost	2,061.25	1,785.88	263.24	203.08	150.42	98.52
Ad d:	Current Service Cost	245.20	556.50	141.58	236.22	95.84	59.90
Ad d:	Past Service Cost		-	-	253.45		-
Les s:	Benefits paid	(1,592.10)	(1,349.99)	(558.23)	(349.09)	(308.37)	(281.61)
(A)	Actuarial loss / (gain) on obligations (Balancing Figure)	904.81	2,272.58	133.03	29.19	19.16	533.06
	Present value of Obligation as at the end of the period	27,743.93	26,124.78	3,282.54	3,302.92	1,844.42	1,887.38

TABLE III - Changes in the FV of the Plan Assets

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	FAIR value of Plan Assets, at the beginning of period	25,212.04	24,660.65	3,012.96	3,155.83	-	-
Ad d:	Expected return on Plan assets	1,989.23	2,072.16	240.13	256.69	-	-
Ad d:	Contributions by Bank	1,526.48	162.60	367.81	-	308.37	281.61
Les s:	Benefits Paid	(1,592.10)	(1,349.99)	(558.23)	(349.09)	(308.37)	(281.61)
(B)	Actuarial (loss) / gain on	336.56	(333.38)	23.03	(50.47)	-	-



	Plan Assets (Balancing Figure)						
	FAIR value of Plan Assets as at the end of the period	27,472.21	25,212.04	3,085.70	3,012.96	-	-

TABLE IV - Actual Return on Plan Assets

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	Expected return on Plan Assets	1,989.23	2,072.16	240.13	256.69	-	-
Ad d:	Actuarial (loss) / gain on Plan Assets	336.56	(333.38)	23.02	(50.47)	-	-
	Actual Return on Plan Assets	2,325.79	1,738.78	263.15	206.22	-	-

TABLE V - Net Actuarial (Gain) / loss Recognized

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	Actuarial gain / (loss) for the period - Obligations	(904.81)	(2272.58)	(133.03)	(29.19)	(19.16)	(533.06)
	Actuarial gain / (loss) for the period - Plan Assets	336.56	(333.38)	23.03	(50.47)	0	0
	Total (Gain) / Loss for he period	568.25	2605.96	110.00	79.66	19.16	533.06



Actuarial (gain) or loss recognised in the period	568.25	2605.96	110.00	79.66	19.16	533.06
Unrecognised Actuarial (gain) / loss at the end of the year	0.00	0.00	0.00	0.00	0.00	0.00

TABLE VI - Amount recognised in Balance Sheet

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	Present value of Obligation	27,743.93	26,124.78	3,282.54	3,302.92	1,844.42	1,887.38
Les s	FAIR value of Plan Assets,	27,472.21	(25,212.04)	3,085.70	3,012.96		-
	Difference	271.72	912.74	196.84	289.96	1,844.42	1,887.38
	Unrecognised Transitiona l Liability	-	-	-	-	-	-
Les s	Unrecognis ed Past Service cost - vested benefits - Carried Forward	-	-	-	190.00*	-	-
	Liability Recognise d in the Balance Sheet	271.72	912.74	196.84	99.96*	1,844.42	1,887.38
	Negative amount determine d under Paragraph 55 of AS-	-	-	-	-	-	-



15 (R)						
Present value of available refunds and reductions in future contributions	-	-	-	-	-	-
Resulting asset as per Paragraph 59 (b) of A5-15 (R)	-	-	-	-	-	-

TABLE VII - Expense to be recognised in Profit and loss statement

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	Current Service Cost	245.20	556.50	141.58	236.22	95.84	59.90
Add:	Interest cost	2,061.25	1,785.88	263.24	203.08	150.42	98.52
Less:	Expected return on Plan assets	(1,989.23)	(2,072.16)	(240.13)	(256.69)		-
Add:	Net Actuarial (gain) / loss recognised in year	568.25	2,605.96	110.00	79.66	19.16	533.06
Add:	Past Service Cost-Recognised	-	-	190.00	63.45*		-
	Expenses recognised in the statement of profit and loss	885.46	2,876.18	464.69	325.72*	265.42	691.47



TABLE VIII- Movement in Net Liability to be recognised in Balance Sheet

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	Opening Net Liability	912.74	(1,800.84)	99.96	(225.76)	1,887.38	1,477.52
Ad	EXPENSE	885.46	2,876.18	464.69	325.72*	265.42	691.47
Les	CONTRIBUTIONS PAID	(1,526.48)	(162.60)	(367.81)	-	(308.37)	(281.61)
	Closing Net Liability (Liability recognised in B/S in current period)	271.72	912.74	196.84	99.96*	1,844.42	1,887.38

TABLE IX -Amount for the current Period

		PENSION		GRATUITY		LEAVE ENCASHMENT	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	Present value of Obligation	27,743.93	26,124.78	3,282.54	3,302.92	1,844.42	1,887.38
	FAIR value of Plan Assets	27,472.21	25,212.04	3,085.70	3,012.96	-	-
	Surplus / (Deficit) before unrecognised past service cost	(271.72)	(912.74)	(196.84)	(289.96)	(1,844.42)	(1,887.38)
	Experience Adjustments in Plan Liabilities - (loss) / Gain	2,060.78	(122.81)	(9.91)	(145.02)	(24.86)	(616.21)
	Experience Adjustmen	(336.56)	(333.38)	(23.03)	(50.47)	-	-



ts in Plan Assets (loss) / gain						
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TABLE X -Major Categories of Plan Assets (as percentage of Total Plan Assets)

			(In Percentage)	
	PENSION		GRATUITY	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Government Of India Securites	6.74%	8.66%	11.00%	14.05%
State Govt Securites	26.59%	30.68%	26.00%	32.50%
High Quality Corporate Bonds	8.37%	10.58%	4.00%	8.25%
Equity Shares of listed companies	0.26%	0.00%	0.00%	0.00%
Property	0.00%	0.00%	0.00%	0.00%
Special deposit scheme	8.80%	0.00%	11.00%	0.00%
Funds managed by Insurer	35.89%	37.62%	31.00%	30.05%
Other- Bank Deposits and CDs	13.35%	12.46%	17.00%	15.15%
TOTAL	100.00%	100.00%	100.00%	100.00%

TABLE XI -ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR

	Pension (Funded)		Gratuity (Funded)	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Bank's best estimate of Contribution during next year	620.00	1600.00	190.00	300.00

TABLE XII- Other Long Term employee benefits (Unfunded)

Particulars	Sick Leave & Un availed Casual leave (Unfunded)		Leave Fare concession (unfunded)		Silver Jubilee Bonus (unfunded)	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Present Value of Obligation	73.92	63.39	211.59	201.41	8.06	13.52
Opening Balance of Transitiona l Liability	-	-	-	-	-	-
Transitiona l Liability recogized in the year	-	-	-	-	-	-
Closing Balance Of Transitiona l Liability	-	-	-	-	-	-



Liability Recognized in balance Sheet	73.92	63.39	211.59	201.41	8.06	13.52
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Particulars	Basis of assumption
Discount Rate	Discount Rate has been determined by reference to market yields at the balance Sheet date on Government bonds (published by FBIL) of term consistent with currency and estimated term of the obligations.
Expected Rate of Return on Plan Assets	It is assumed that return on the plan assets pertaining to the pension and gratuity fund will be 7.80% and 7.05% pa respectively.
Salary Escalation Rate (SER)	Based on the broad guidance provided by IBA, SER for the bank has been taken at 6 % (Basic Pay increase of 2.8% and DA increase of 6% pa approx with overall salary escalation of 6% approx.)
Attrition Rate	Attrition rate is assumed at 1% taken with reference to past experience and expected future experience related to voluntary withdrawals.

* RBI vide its communication DBR.No.BP.BC.9730/21.04.18/2017-18 dated April 27, 2018 has given the option to Banks to spread additional liability on account of enhancement in gratuity limits from ₹ 10.00 lakhs to ₹ 20.00 lakhs from 29.03.2018 under the Payment of Gratuity Act 1972, over four quarters beginning with the quarter ended March 31, 2018. The bank exercised the option and charged ₹ 63.45 crores during the quarter March 31, 2018 and deferred ₹ 190.00 crores to the ensuing financial year. The said amount of Rs 190.00 crores has been recognized in the current financial year. Accordingly, the comparative numbers for Gratuity has been adjusted to the extent permitted by RBI in Table VI, VII & VIII.

Defined Contribution Plans:-

"The Bank has Defined Contribution Plan applicable to all categories of employees joining the Bank on or after 01.04.2010. The scheme is managed by NPS trust under the aegis of the pension Fund Regulatory and Development Authority. National Securities Depository Limited has been appointed as the Central Record Keeping Agency for the NPS.

The details of contribution is as under:-

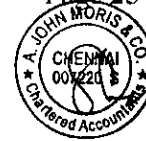
During the FY 2018-19 = ₹327.10Crores (Bank + Employee contribution)

During the FY 2017-18 = ₹285.45Crores (Bank + Employee contribution)

16. Segment reporting for the period ended 31st March 2019

(₹ in crore)

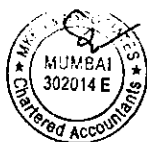
PART A: BUSINESS SEGMENTS



Sl. No.	Particulars	YEAR ENDED	YEAR ENDED
		31.03.2019 (Audited)	31.03.2018 (Audited)
i.	Segment Revenue		
	a) Treasury	17026.49	19101.90
	b) Corporate/Wholesale Banking	21095.29	17196.42
	c) Retail Banking	19053.49	19078.07
	d) Other Banking Operations	1512.39	1500.24
	Total	58687.66	56876.63
ii.	Segment Results		
	a) Treasury	3758.08	4474.83
	b) Corporate/Wholesale Banking	-19392.93	-22337.09
	c) Retail Banking	1879.42	249.20
	d) Other Banking Operations	346.05	237.98
	Total	-13409.38	-17375.08
iii.	Unallocated Expenses	1936.39	2200.00
iv.	Operating Profit	12995.24	10294.20
v.	Provision for Tax	-5370.28	-7292.26
vi.	Extraordinary Items	0.00	0.00
vii.	Net Profit	-9975.49	-12282.82
Other Information:			
viii.	Segment Assets		
	a) Treasury	218172.99	232493.98
	b) Corporate/Wholesale Banking	350775.93	336408.00
	c) Retail Banking	156586.00	153683.72
	d) Other Banking Operations	22974.81	22529.20
	Sub Total	748509.73	745114.90
	e) Unallocated Assets	26439.73	20715.20
	Total Assets	774949.46	765830.10
ix.	Segment Liabilities		
	a) Treasury	212823.19	226138.86
	b) Corporate/Wholesale Banking	342174.59	327212.45
	c) Retail Banking	152746.37	149482.85
	d) Other Banking Operations	22411.44	21913.38
	Sub Total	730155.59	724747.54
	e) Unallocated Liabilities	6.74	8.26
	Total Liabilities	730162.33	724755.80

Part B – GEOGRAPHICAL SEGMENTS

Sl. No	Particulars	YEAR ENDED	YEAR ENDED
		31.03.2019	31.03.2018



		(Audited)	(Audited)
1.	Revenue		
	a) Domestic	57034.78	54875.61
	b) International	1652.88	2001.02
	Total	58687.66	56876.63
2.	Assets		
	a) Domestic	732904.16	687440.09
	b) International	42045.30	78390.01
	Total	774949.46	765830.10

Note:

1. Segment Liabilities are distributed in the ratio of their respective Segment Assets.
2. Figures of the previous period have been re-grouped /re-classified wherever necessary to make them comparable.

17. Disclosure of Related Parties as per AS –18 issued by ICAI

Names of the related parties and their relationship with the Bank:

Key Management Personnel:

- i) Shri Sunil Mehta, Managing Director & CEO
- ii) Shri K. Veera Brahmaji Rao, Executive Director, Remained upto 18.01.2019 (ceased to be Director)
- iii) Shri Sanjiv Saran, Executive Director, Remained upto 18.01.2019 (ceased to be Director)
- iv) Shri Lingam Venkata Prabhakar, Executive Director,
- v) Shri Agyey Kumar Azad, Executive Director, w.e.f. 22.01.2019

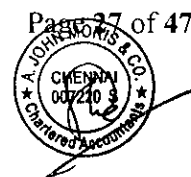
Subsidiaries:

- i) PNB Gilts Ltd.
- ii) PNB Investment Services Ltd.
- iii) PNB Insurance Broking Pvt Ltd*.
- iv) Punjab National Bank (International) Ltd., UK.
- v) Druk PNB Bank Ltd, Bhutan.

*Steps are being taken for winding up of the company as the license has already been surrendered on 14.02.2011.

Associates:

- i) Principal PNB Asset Management Company Pvt. Ltd (Stake sold on 24.08.2018)
- ii) Principal Trustee Company Private Limited (Stake sold on 24.08.2018)
- iii) PNB Housing Finance Ltd.
- iv) PNB Metlife India Insurance Company Ltd.
- v) JSC (Tengri Bank) Almaty, Kazakhstan .
- vi) Madhya Bihar Gramin Bank, Patna* up to 31.12.2018
- vii) Dakshin Bihar Gramin Bank, Patna** w.e.f. 01.01.2019
- viii) Sarva Haryana Gramin Bank, Rohtak.
- ix) Himachal Pradesh Gramin Bank, Mandi.
- x) Punjab Gramin Bank, Kapurthala***.
- xi) Sarva UP Gramin Bank, Meerut.



*Madhya Bihar Gramin bank remained in existence till 31.12.2018.

**After amalgamation of Bihar Gramin Bank with Madhya Bihar Gramin Bank vide Notification no. 5014 dated 21.12.2018, Dakshin Bihar Gramin Bank came into existence w.e.f. 01.01.2019.

***Similarly, In state of Punjab, Malwa Gramin Bank and Sutlej Gramin Bank got amalgamated with Punjab Gramin Bank, Kapurthala w.e.f. 01.01.2019 vide GOI notification no. 5015 dated 21.12.2018

Joint Venture:

- i) Everest Bank Limited, Kathmandu, Nepal.

Transactions with Related Parties

₹ in Lacs

Items/ Related Party	Parent** (as per ownership or control)		Subsidiaries**		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Total	
	2018-19	Maxi mum amou nt outsta nding	2018-19	Maximu m amount outstan ding	2018-19	Maxi mu m amo unt- outs tandin g	2018-19	Maxim um amou nt outsta nding	2018-19	Maxi mum amou nt outsta ndin g	2018-19	Maxim um amoun t outsta nding
Remunerati on	N.A	N.A	N.A	N.A	-	-	155.16	NA	NA	NA	155.16	NA
	N.A	N.A	N.A	N.A	-	-	(149.15)	NA	NA	NA	(149.15)	NA
Borrowing s	N.A	N.A	N.A	N.A	0	-	0	0	0	0	0	0
	N.A	N.A	N.A	N.A	(0)	-	(0)	(0)	(0)	(0)	(0)	(0)
Deposits	N.A	N.A	N.A	N.A	374394.90	-	28.59	41.25	0.05	0.05	374423.54	41.30
	N.A	N.A	N.A	N.A	(186536.12)	-	(54.13)	(81.50)	(0.05)	(0.73)	(186590.30)	(82.23)
Placement of Deposits	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Advances	N.A	N.A	N.A	N.A	0	-	0	0	0	0	0	0
	N.A	N.A	N.A	N.A	(0)	-	(0)	(0)	(0)	(0)	(0)	(0)
Investment s in share capital	N.A	N.A	N.A	N.A	86974.34	-	11.31	-	0.30	-	88985.95	-
	N.A	N.A	N.A	N.A	(93407.02)	-	(0.00)	-	(0.00)	-	(93407.02)	-
Investment s in debenture s	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Non funded Commitme nts	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Leasing/	-	-	-	-	-	-	-	-	-	-	-	-



HP arrangements availed												
Leasing/ HP arrangements provided	--	--	--	--	--	--	--	--	--	--	--	--
Purchase of fixed assets	--	--	--	--	--	--	--	--	--	--	--	--
Sale of Fixed Assets	--	--	--	--	--	--	--	--	--	--	--	--
Leasing/ HP arrangements availed	--	--	--	--	--	--	--	--	--	--	--	--
Interest paid	N.A	N.A	N.A	N.A	5668.75	-	-	-	-	-	5668.75	-
	N.A	N.A	N.A	N.A	(4730.37)	--	--	--	--	--	(4730.37)	--
Interest received	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	--	--	--	--	--	--	--	--
Receiving of Services	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	--	--	--	--	--	--	--	--
Rendering of Services	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	--	--	--	--	--	--	--	--
Managem ent contracts	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	--	--	--	--	--	--	--	--
Dividend received	N.A	N.A	N.A	N.A	7405.23	-	-	-	-	-	7405.23	--
	N.A	N.A	N.A	N.A	--	--	--	--	--	--	--	--
Bank Charges					--	--	--	--	--	--	--	--
Commissi on Received					-	-	-	-	-	-	-	-

**The transactions with the subsidiaries and certain associates have not been disclosed in view of para-9 of AS-18 'Related Party Disclosure', which exempts state controlled enterprises from making any disclosures pertaining to their transactions with other related parties, which are also state controlled.

18. AS – 19 Accounting Of Lease

Financial and Operating Lease:

The Bank has not entered into any transaction of Financial Lease. Operating Lease primarily comprises of officer premises, which are renewal at the option of the Bank. Lease payment for assets taken on operating lease is recognized as an expense in the Profit and Loss Account.



19. AS 20 - Earnings Per Share

Sl.N	Particulars	31.03.2019	31.03.2018
A	EPS - Basic / Diluted (in ₹) (Non Annualized)	-30.94	- 55.39
B	Amount used as numerator Profit/ (Loss) after tax (₹ in '000)	-99754860	- 122828202
C	Nominal value of share	₹2.00 each	₹2.00 each
D	Weighted average number of equity shares used as the denominator	3223964730	2217358150

20. (i) AS 22- Accounting for taxes on Income

The Bank has recognized deferred tax assets and liability as per accounting policy no. 10. Major components of which are set out below:

(₹ in Crores)

Particulars	As on 31.03.2019	As on 31.03.2018
Deferred Tax Assets		
Provision for Leave encashment	718.47	721.27
Provision for Pension & Gratuity	163.71	350.50
Statutory Liability u/s 43B	0.00	0.00
Provision for bad & doubtful debts	17852.67	11788.71
Taxable loss (carried forward)	283.87	1364.31
Total	19018.72	14224.79
Deferred Tax Liabilities		
Depreciation on fixed assets	-65.87	-6.85
Deduction u/s 36(1) (viii) of Income Tax Act 1961	504.49	499.73
Non Borrowal Fraud (not debited in P/L but claimed in ITR)	0.00	517.16
Total	438.62	1010.04
Deferred Tax Assets (Net)	18580.10	13214.75

The deferred tax assets ₹5365.35Crore for FY 2018-19 (₹7113.72Crore) is credited to Profit and Loss Account.

(ii) Current Tax: During the year the bank has debited to Profit & Loss Account ₹17.15Crores (Previous Year ₹-71.15Crores) on account of current tax. The current Tax in India has been calculated in accordance with the provisions of Income Tax Act 1961 after taking appropriate relief for taxes paid on foreign jurisdiction.

21. AS 23- Accounting for Investments in Associates in Consolidated financial Statements

Since Investments of the bank in its Associates are participative in nature and the Bank having the power to exercise significant influence on their activities, such Investments are recognized in the Consolidated Financial Statements of the Bank.



22. AS 24 - Discontinuing Operations

During the period from 01.04.2018 to 31.03.2019, the bank has not discontinued operations of any of its branches, which resulted in shedding of liability and realization of the assets and no decision has been finalized to discontinue an operation in its entirety which will have the above effect.

23. AS 28 – Impairment of Assets

A substantial portion of the bank's assets comprises 'financial assets' to which Accounting Standard 28 'Impairment of Assets' is Not Applicable. In the opinion of the bank, there is no impairment of its assets (to which the standard applies) to any material extent as at 31.03.2019 requiring recognition in terms of the said standard.

24. AS-29 Provisions, Contingent Liabilities and Contingent Assets

i) Movement of provisions for liabilities*

(₹ in Crore)

Particulars	Salary arrears	Legal cases/ contingencies
Balance as at 1 st April 2018	362.59	25.70
	(7.10)	(24.36)
Provided during the period	370.24	1.89
	(355.55)	(3.20)
Amounts used during the period	0.00	0.00
	(0.06)	(0.28)
Reversed during the period	19.11	2.58
	(0.00)	(1.58)
Balance as at 31.03.2019	713.72	25.01
	(362.59)	(25.70)
Timing of outflow/uncertainties	On actual Payment	Outflow on settlement / crystallization
	On actual Payment	Outflow on settlement / crystallization

*Excluding provisions for others

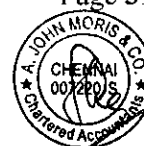
ii) Refer Schedule-12 on contingent liabilities

Such liabilities at S.No.(I), (II), (III), (IV), (V) & (VI) are dependent upon the outcome of Court / arbitration / out of court settlement, disposal of appeals, the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, respectively.

25. Break up of "Provisions and Contingencies" shown under the head Expenditure in Profit and Loss Account is as follows:

(₹ in Crore)

Particulars	31.03.2019	31.03.2018
-------------	------------	------------



Provisions for depreciation on investment (net)	1640.95	2027.15
Provision towards NPAs (net)	24434.59	24452.73
Provision towards Standard Assets	436.26	-1506.96
Provision made towards Income Tax (including Fringe Benefit Tax & Wealth Tax)	-5370.28	-7292.26
Other Provision and Contingencies:	1829.21	4896.36
Detail:	31.03.2019	31.03.2018
Standard Restructured	-196.40	-641.21
Sale to SC/RC	0.00	203.89
Written off & others	2003.09	5382.68
Sale to Arcil	54.60	0.00
Restructured CDR-FITL	-32.08	-49.00
Total	22970.73	22577.02

26. Break-up of Floating Provisions is as follows:

(₹ in Crore)

Particulars	31.03.2019	31.03.2018
Opening balance	360.25	360.25
Quantum of floating provisions made during the year	NIL	NIL
Purpose and amount of draw down made during the year	NIL	NIL
Closing balance	360.25	360.25

27. Draw Down from Reserves:

(₹ in crore)

Sr. No.	Reserves	Amount drawn	Purpose
1	Other Reserves (Blocked Account)	NIL (NIL)	No claim has been received during the period ended March 2019 (01.04.2018 to 31.03.2019) against Inter Branch Credit entries, Blocked and transferred to General Reserve.
2	Revaluation reserves	101.59 (66.71)	Revaluation surplus of Assets disposed off and Depreciation on revalued portion transferred to Revenue Reserve.
3.	Statutory Reserve	451.87 (0.00)	Coupon Payment for Additional AT1 Bonds

28. Disclosure of complaints and unimplemented awards of Banking Ombudsman including customer complaints pertaining to ATM.

a. Customer Complaints:-

	Particulars	31.03.2019	31.03.2018
(a)	No. of complaints pending at the beginning of the year	84099	15564
(b)	No. of complaints received during the year	1993427	1355483
(c)	No. of complaints redressed during the year	2046096	1286948
(d)	No. of complaints pending at the end of year	31430	84099



b. Awards passed by the Banking Ombudsman:-

	Particulars	31.03.2019	31.03.2018
(a)	No. of unimplemented Awards at the beginning of the year	2	NIL
(b)	No. of Awards passed by the Banking Ombudsman during the year	7	3
(c)	No. of Awards implemented during the year	4	1
(d)	No. of unimplemented Awards at the end of year**	4*	2

*In case of 1 award acceptance of award not given by complainant. As per clause 12(8) of BO, scheme 2006, the award shall lapse and be of no effect unless the complainant furnishes to the bank within 30 days from the date of receipt of copy of the award, a letter of acceptance of the award in full and final settlement of the claim.

**In 2 cases in which appeals were filed in the earlier years, appeals are still pending as on 31.03.2019 and in 2 other cases appeals have been filed during the current year.

29. The Bank has issued a Letter of Comfort to Prudential Regulation Authority (PRA), the regulator in United Kingdom, committing that the bank shall provide financial support to its subsidiary, Punjab National Bank (International) Ltd., UK so that it meets its financial commitments as and when they fall due.

Apart from the above, the Bank has not issued any Letter of Comfort and therefore there are no cumulative Financial obligations under Letter of Comfort.

The Prudential Regulatory Authority (PRA), regulator of UK, has vide its letter dated 02.09.2015 put the Bank under 'watch list'. There are no specific restrictions or penalties. PNB infused fresh capital of USD 20 million on 2nd June 2017 to help it to meet the minimum regulatory capital requirements.

30. (i) Disclosure in respect of Insurance Business undertaken by the bank:

(₹ in Crore)

Particulars	31.03.2019	31.03.2018
Details of fees/remuneration received in respect of Bancassurance Business undertaken by the bank during the year ended 31.03.2019/31.03.2018:		
(i) Life Insurance Business:	177.60	143.91
(ii) Non-life Insurance Business:	51.44	35.71
(iii) Mutual Fund Business	3.43	6.44
TOTAL	232.47	186.06



(ii) Disclosure in respect of Commission/Incentive earned on 3rd party Products:

(₹ in Crore)

Particulars	31.03.2019	31.03.2018
Atal Pension Yojna	1.84	0.43
Prime Minister Suraksha Bima Yojana	0.80	0.98
Prime Minister Jeevan Jyoti Bima Yojana	3.48	3.92
UIDAI-Aadhar	4.66	3.68

31. I. Concentration of Deposits, Advances, Exposures and NPAs:

(a) Concentration of Deposits:

(₹ in Crore)

Particulars	31.03.2019	31.03.2018
Total Deposits of twenty largest depositors	21810.32	31503.88
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	3.23%	4.91%

Note: The above deposit figures not include (Inter Bank) deposit held by Bank.

(b) Concentration of Advances:

(₹ in Crore)

Particulars	31.03.2019	31.03.2018
Total Advances of twenty largest borrowers	83649.35	93019.87
Percentage of Advances of twenty largest borrowers to Total Advances of the bank	16.52%	19.73%

(c) Concentration of Exposures:

(₹ in Crore)

Particulars	31.03.2019	31.03.2018
Total Exposures of twenty largest borrowers/customers	119894.72	103992.52
Percentage of Exposures to twenty largest borrowers/customers to Total Exposures of the bank on borrowers/customers	19.89%	17.56%

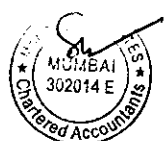
(d) Concentration of NPAs:

(₹ in Crore)

Particulars	31.03.2019	31.03.2018
Total Exposure to top four NPA accounts	11820.57	14262.24

(e) Provisioning Coverage Ratio:

Particulars	31.03.2019	31.03.2018
Provisioning Coverage Ratio	74.50%	58.42%



II. Sector-wise advances:

(₹ in Crore)

Sl. N o.	Sector	As on 31.03.2019			As on 31.03.2018		
		Outstandi ng Total Advances	Gross NPAs	Percent age of Gross NPAs to Total Advan ces in that sector	Outstandi ng Total Advances	Gross NPAs	Percent age of Gross NPAs to Total Advanc es in that sector
A	Priority Sector						
1.	Agricultu re and allied activities	79827.14	11504.11	14.41	67838.47	8876.97	13.09
2.	Advance s to industrie s sector eligible as priority sector lending	19508.31	4247.54	21.77	68373.13	10951.11	16.02
3.	Services	59726.08	7657.92	12.82	13249.34	21.41	0.16
4.	Persona l loans	16815.90	1140.99	6.79	15754.23	1142.63	7.25
	Sub-total (A)	175877.43	24550.56	13.96	165215.17	20992.12	12.71
B	Non Priority Sector						
1.	Agricultu re and allied activities	20481.81	424.02	2.07	22170.24	1013.03	4.57
2.	Industry	122180.86	33100.20	27.09	76408.29	38094.03	49.86
3.	Services	125908.76	18600.22	14.77	160936.60	24794.42	15.41
4.	Persona l loans	61745.44	1797.70	2.91	46566.30	1726.46	3.71
	Sub-total (B)	330316.87	53922.14	16.32	306081.43	65627.94	21.44
	Total (A+B)	506194.30	78472.70	15.50	471296.60	86620.05	18.38



III. Movement of NPAs:

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Gross NPAs Opening balance	86620.05	55370.45
Additions (Fresh NPAs) during the year	19904.11	44274.33
Sub-total (A)	106524.16	99644.78
Less:		
(i) Up gradations	3633.29	1174.25
(ii) Recoveries (excluding recoveries made from upgraded accounts)	12164.91	4443.29
(iii) Technical /Prudent Write-offs	12253.26	7407.19
(iv) Write-offs other than those under (iii) above		
Sub-total (B)	28051.46	13024.73
Gross NPAs Closing balance (A-B)	78472.70	86620.05

Detail of Technical write-offs and the recoveries made there on:

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Opening balance of Technical / Prudential written-off accounts	30466.44	23559.30
Add : Technical / Prudential write-offs during the year	11557.57	7947.52
Sub-total (A)	42024.01	31506.82
Less : Recoveries made from previously technical / prudential written-off accounts during the year (B)	2721.25	1040.38
Closing balance (A-B)	39302.76	30466.44

IV. Overseas Assets, NPAs and Revenue:

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Total Assets	42045.30	78390.01
Total NPAs (Gross)	1883.36	2772.06
Total Revenue	2070.60	2699.23

V. Off-balance sheet SPVs sponsored by the Bank (which are required to be consolidated as per accounting norms) as on 31.03.2019 are as under:

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL



32. Reward Points of Credit Card & Debit Card

i) PNB Global Credit Cardholders are rewarded as and when they make purchases through usage of Credit Card. Reward Points are generated at the time of usage of Credit Card by Cardholder at merchant Establishment. Card holder can redeem the accumulated reward points. The amount payable on account of reward points is charged to Profit and Loss account and credited to Sundry Provision Account on daily basis.

Position of outstanding reward points and provision regarding Credit Cards is as under:

Particulars	As on 31.03.2019	As on 31.03.2018
Balance Reward Points outstanding	287133554	216860962
Provision held for these points (₹ in crore)*	3.59	2.71

*The provision held against Rewards points in respect of Credit Cards has been worked out at ₹0.50 for 1 point. Based on past trend of redemption, provision has been made @25% of accumulated Reward points on estimated basis as in the previous year.

ii) **Position of outstanding reward points and provision thereon regarding Loyalty Reward Points- Debit Cards is as under:**

Particulars	As on 31.03.2019	As on 31.03.2018
Balance of loyalty reward points	0	3089151271
Provision held against reward points (₹ in Crore)	6.92**	11.69

The provision held against Loyalty Reward Points has been worked at ₹0.25 for 1 point. Which has further been valued at 15% on estimated basis as in previous year

The accrual under Loyalty Program has ceased with effect from 01.08.2018 and all reward points have been deemed expired after 30.09.2018.

** The provision amount held, pertains to payment that has been put on hold on account of certain data extraction activities pending as a part of the Exit Management with the Vendor. The same will be cleared once all the relevant activities have been completed.

33. Disclosures relating to Securitization

OUTSTANDING AMOUNT OF SECURITISED ASSETS:

Sl.No	Particulars	No/₹. in crore
1.	No of SPVs sponsored by the bank for securitization transactions*	NIL
2.	Total amount of securitized assets as per books of the	NIL



	SPVs sponsored by the bank		
3.	Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet		NIL
	a)	Off-balance sheet exposures	
		First loss	
		Others	
	b)	On-balance sheet exposures	
		First loss	
		Others	
4	Amount of exposures to securitization transactions other than MRR		NIL
	a)	Off-balance sheet exposures	
	i)	Exposure to own securitizations	
		First loss	
		Others	
	ii)	Exposure to third party securitizations	
		First loss	
		Others	
	b)	On-balance sheet exposures	NIL
	i)	Exposure to own securitizations	
		First loss	
		Others	
	ii)	Exposure to third party securitizations	
		First loss	
		Others	

*Only the SPVs relating to outstanding securitization transactions may be reported here

34. Credit Default Swaps

Since the Bank is not using any proprietary pricing model for pricing CDS contracts, and it is over the counter contract (OTC), the price is determined by the market dynamics. As such no disclosure is to be made in terms of extant RBI guidelines.

35. Transfers to Depositor Education and Awareness Fund (DEAF):

(₹ in Crore)

Particulars	As on 31.03.2019	As on 31.03.2018
Opening balance of amount transferred to DEAF	1567.29	1196.33
Add : Amounts transferred to DEAF during the period	411.94	414.84
Less : Amounts reimbursed by DEAF towards claims	47.40	43.88
Closing balance of amounts transferred to DEAF*	1931.83	1567.29

*Reflected as "Contingent Liability - Others, items for which the bank is contingently liable" under Schedule 12 of the financial statements.



36. Unhedged Foreign Currency Exposure (UFCE):

The Bank has framed a policy to manage currency induced credit risk and has been incorporated in current bank's Credit Management & Risk Policy as follows:

"In terms of RBI guidelines, the Bank monitors the currency wise Un-hedged Foreign Currency Exposure in the books of borrowers at quarter ends along-with the Annualized Earnings before Interest & Depreciation (EBID). The incremental provision (ranging from 0 to 80 bps on total credit exposure, over and above the standard asset provisioning) and capital requirement will depend on likely loss (due to foreign currency fluctuation), that borrowers may face due to their un-hedged forex exposure in their books. Bank maintains separate charge and provisioning requirement on account of such exposures which may impact the cost to the borrowers. Appropriate disclosures in the financial statements of the bank shall also be made."

(₹ in Crore)		
Particulars	31.03.2019	31.03.2018
Total Incremental Provision required as on 31.03.2019	575.01	83.01
Incremental capital held	997.82	283.34

37. Intra-Group Exposures

(₹ in Crore)			
	Particulars	31.03.2019	31.03.2018
a)	Total amount of intra-group exposures	5810.28	3112.10
b)	Total amount of top-20 intra group exposures (14 entities)	5810.28	3112.10
c)	Percentage of intra-group exposures to total exposure of the Bank on borrower/customers	0.96%	0.53%
d)	Details of breach of limits on intra-group exposures and regulatory action, if any	NIL	NIL

38. Liquidity Coverage Ratio (LCR)

QUALITATIVE DISCLOSURE ON LIQUIDITY COVERAGE RATIO

The bank has implemented RBI guidelines on Liquidity Coverage Ratio (LCR) from 1st January 2015.

The LCR standard aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be readily converted into cash at little/no loss of value to meet its liquidity needs for a 30 calendar day time horizon under a liquidity stress scenario.

LCR has two components:

- The value of the stock of High Quality Liquid Assets (HQLA)–The Numerator.



- ii. Total Net Cash Outflows: Total expected cash outflows minus Total expected cash inflows, in stress scenario, for the subsequent 30 calendar days - *The denominator.*

Definition of LCR:

$$\frac{\text{Stock of high quality liquid assets (HQLAs)}}{\text{Total net cash outflows over the next 30 calendar days}} \geq 100\%$$

The LCR requirement has become binding on the banks with the following minimum required level as per the time-line given below:

	Jan 1, 2015	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018	Jan 1, 2019
Minimum LCR	60%	70%	80%	90%	100%

For Q4 FY'2018-19, the daily average LCR was 121.27% (based on simple average of daily observations) at consolidated level, as against the regulatory requirement of 100%.

The main drivers of LCR of the bank are High Quality Liquid Assets (HQLAs) to meet liquidity needs of the bank at all times and basic funding from retail and small business customers. The retail and small business customer's contribute about 67.51% of total deposit portfolio of the bank which attracts low run-off factor of 5/10% as on 31.03.2019.

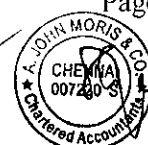
Composition of High Quality Liquid Assets (HQLA)

HQLAs comprises of Level 1 and Level 2 assets. Level 2 assets are further divided into Level 2A and Level 2B assets, keeping in view their marketability and price volatility.

Level-1 assets are those assets which are highly liquid. For quarter ended March 31, 2019, the Level-1 asset of the bank includes Cash in Hand, Excess CRR, Government Securities in excess of minimum SLR, Marketable securities issued or guaranteed by foreign sovereign, MSF and FALLCR totalling to Rs. 115635.14 cr (based on simple average of daily observations).

Level-2A & 2B assets are those assets which are less liquid and their weighted amount comes to Rs. 6896.33 cr (based on simple average of daily observations). Break-up of daily observation Average HQLA during quarter ended March 31, 2019 is given hereunder:

High Quality Liquid Assets (HQLAs)	Average %age contribution to HQLA
Level 1 Assets	
Cash in hand	1.35%
Excess CRR balance	0.94%
Government Securities in excess of minimum SLR requirement	12.88%



Government securities within the mandatory SLR requirement, to the extent allowed by RBI under MSF (presently to the extent of 2 per cent of NDTL)	10.39%
Marketable securities issued or guaranteed by foreign sovereigns having 0% risk-weight under Basel II Standardized Approach	1.27%
Facility to avail Liquidity for Liquidity Coverage Ratio – FALLCR (presently to the extent of 13 per cent of NDTL)	67.54%
Total Level 1 Assets	94.37%
Total Level 2A Assets	5.09%
Total Level 2B Assets	0.54%
Total Stock of HQLAs	100.00%

Concentration of Funding Sources

This metric includes those sources of funding, whose withdrawal could trigger liquidity risks. It aims to address the funding concentration of bank by monitoring its funding requirement from each significant counterparty and each significant product/ instrument. As per RBI guidelines, a "significant counterparty/instrument/product" is defined as a single counterparty/instrument/product or group of connected or affiliated counter-parties accounting in aggregate for more than 1% of the bank's total liabilities.

Total deposits mobilized from significant counterparty(s) were 0.47% of total liabilities of the Bank as at March 31, 2019. Top 20 depositors of the bank constitute 3.02% of bank's total liability as at March 31, 2019. The significant product/ instrument includes Saving Fund, Current deposit, Core Term Deposit, and Inter-bank term deposit, the funding from which are widely spread and cannot create concentration risk for the bank.

Derivative exposure

The bank has low exposure in derivatives having negligible impact on its liquidity position.

Currency Mismatch

As per RBI guidelines, a currency is considered as "significant" if the aggregate liabilities denominated in that currency amount to 5 per cent or more of the bank's total liabilities. In our case, only USD (8.27% of bank's total liabilities) falls in this criteria whose impact on total outflows in LCR horizon can be managed easily as the impact is not large considering the size of balance sheet of the bank.

Degree of centralization of liquidity management and interaction between group's units

The group entities are managing liquidity on their own. However, the bank has put in place a group-wide contingency funding plan to take care of liquidity requirement of the group as a whole in the stress period.

QUANTITATIVE DISCLOSURE ON LIQUIDITY COVERAGE RATIO



(Rs. in Crore)												
Quarter ended Mar'19			Quarter ended Dec'18			Quarter ended Sep'18			Quarter ended June'18			
Total Unweighted Value (average)*	Total Weighted Value (average)	65 Data Points	Total Unweighted Value (average)	Total Weighted Value (average)	60 Data Points	Total Unweighted Value (average)	Total Weighted Value (average)	63 Data Points	Total Unweighted Value (average)	Total Weighted Value (average)	65 Data Points	
Based on the simple average of daily observations												
High Quality Liquid Assets												
Total High Quality Liquid Assets (HQLA)												
Cash Outflows												
1	Total High Quality Liquid Assets (HQLA)		122531.48		124466.47		120704.02		109208.02		106677.96	
2	Retail deposits and deposits from small business		451098.07		441454.04		41197.00		436055.94		40670.30	
(i)	Stable deposits		50064.71		58968.15		2948.41		58705.91		2935.30	
(ii)	Less stable deposits		391033.36		382485.89		38248.59		377350.03		37735.00	
3	Unsecured wholesale funding, of which:		132227.46		123799.98		64405.01		129230.56		67777.66	
(i)	Operational deposits (all counterparties)				0.00		0.00		0.00		0.00	
(ii)	Non-operational deposits (all counterparties)		132227.46		123799.98		64405.01		129230.56		67777.66	
(iii)	Unsecured debt				0.00		0.00		0.00		0.00	
4	Secured wholesale funding											
5	Additional requirements, of which		79937.34		6183.91		739.31		14209.01		12304.31	
(i)	Outflows related to derivative exposures and other		80.81		148.36		148.36		12057.48		18364.25	
(ii)	Outflows related to loss of funding on debt products		0.00		0.00		0.00		0.00		0.00	
(iii)	Credit and liquidity facilities		79856.53		6014.35		590.95		2151.53		246.83	
6	Other contractual funding obligations		0.00		0.00		0.00		0.00		0.00	
7	Other contingent funding obligations		60590.00		1817.71		5672.01		149356.70		6073.30	
8	Total Cash Outflows		123031.32		112013.33		128325.57		136610.07		145890.47	
Cash Inflows												
9	Secured lending (e.o. reverse repos)		3551.61		0.00		4837.59		8613.58049		0	
10	Inflows from fully performing exposures		18689.32		15458.22		22268.57		25835.67		22525.92	
11	Other cash inflows		6531.49		6531.49		3469.59		22410.17		25242.85	
12	Total Cash Inflows		28782.43		21989.71		30575.75		56559.42		44936.09	
13	TOTAL HQLA		122531.48		124466.47		120704.02		109208.02		106677.96	
14	Total Net Cash Outflows		101041.61		90102.53		81888.48		92774.43		95907.57	
15	Liquidity Coverage Ratio (%)		121.27		138.14		147.40		117.71		111.23	

As compiled and certified by the Management and relied upon by the Auditors.



39. Other Notes

- a. I. As per RBI guidelines, the Bank has worked out the amount of inter Branch Credit entries outstanding for more than Five years to be transferred to Blocked Account. Accordingly, a sum of ₹2.72crores (net of adjustments since carried out) has been included under "Other Liabilities-others" in Schedule-5.
- II. No claim has been received during the period ended March 2019 (01.04.2018 to 31.03.2019) against Inter Branch Credit entries, Blocked and transferred to General Reserve.
- b. Premises includes:-
- I. Premises includes properties amounting to ₹2.52Crore (Net of Depreciation) {Cost ₹8.15Crore} are awaiting registration of title deeds.
- II. Premises includes Capital work in progress of ₹40.93Crore.
- III. A conversion fee of ₹5.29Crore deposited with Delhi Development Authority for a leasehold property is capitalized and ₹22.85Crores deposited with DDA against conversion fee, E-stamping of ₹73.26Lacs for execution of conveyance deed, free hold deed is pending for execution at DDA.
- IV. An extension fee of ₹1.95Crore paid to Haryana Urban Development Authority (HUDA) for a property is capitalized as per policy, construction on the plot is yet to be started.
- c. Depreciation on Revalued Portion: ₹16.18Crore depreciation charged for Q-4 FY 2018-19 and Total depreciation charged during FY 2018-19 is ₹64.73Crore.
- d. Tax Paid in advance/Tax deducted at source appearing under "Other Assets" includes disputed amount adjusted by the department/paid by the Bank in respect of tax demands for various assessment years.
- No provision is considered necessary in respect of disputed Income Tax demands of ₹267.52Crore (previous year ₹1260.92Crore) as in the bank's view, duly supported by expert opinion and/or decision in bank's own appeals on same issues, additions / disallowances made are not sustainable.
- e. Bank has not revalued Immovable properties (forming part of Schedule 10) during the current Financial Year. As such there is no impact on Balance sheet for current FY 2018-19.
- f. The guidelines given in Micro, Small and Medium Enterprises Development Act 2006 have been complied with for purchases made during the Financial Year 2018- 2019 and payments have been made to the Vendors in time as per Act. Since there had been no delay in payment, so no penal interest has been paid in FY 2018-19.



- g. Information under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in terms of the provisions of Regulation 52(4) for unsecured bonds issued by bank excluding Debt instruments eligible for meeting capital requirement: (Year ended March 2019)

Sl.No.	PNB BONDS SERIES	ISIN NO.	DATE OF PAYMENT OF INTEREST	Whether the same has been paid or not	Rating ICRA	Rating CARE	Rating India Rating	Rating CRISIL	Remark
1	Long Term Bonds (Borrowing) series i (8.23 %)	INE 160A 08068	11.02.2019	Paid	NA	AA	AA+	AA+	NIL
2	Long Term Bonds (Borrowing) series ii (8.35 %)	INE 160A 08084	25.03.2019	Paid	AA-	AA	NA	AA+	NIL

- h. In compliance of RBI letter no. DBR.NO.BP.13018/21.04.048/2015-16 dated 12.04.2016 and BPC.7201/21.04.132/2017-18 dated 08.02.2018, Bank has made a provision of ₹65.53Crore being 5 % of the existing outstanding of ₹1310.55Crore as on 31.03.2019 in respect of restructured Food Credit advance availed by State Government of Punjab.

- i. Provisioning pertaining to fraud accounts due to amendment in provisioning norms as per RBI Circular no. RBI/2015-16/376 DBR.No.BP.BC.92/21.04.048/2015-16 dated 18.04.2016:

(₹ in Crores)

Category	No. of Cases/accounts reported during the FY 2018-19	Amount involved in fraud reported during the FY 2018-19	Quantum of provision during the FY 2018-19	Quantum of unamortized provision debited from 'other reserve' as at the end of the year
Borrowal	118*	5896.82	5787.08	662.31
Non-Borrowal Frauds	98	6.37	1533.11	0.00
Total	216	5903.19	7320.19	662.31

*Total number of accounts are 453

- J. Details of Priority Sector Lending Certificate (PSLCs)

(₹ in Crores)

Sr. No.	Types of PSLCs	PSLC bought during the year	PSLC sold during the year
1	Agriculture	0.00	0.00
2	Small and Marginal Farmers	0.00	0.00
3	Micro Enterprises	0.00	0.00
4	General	0.00	5465.00
TOTAL		0.00	5465.00

- k. "IND AS roadmap for scheduled commercial banks (excluding regional rural banks), insurers/insurance companies and non-banking financial companies (NBFCs) was issued by Union Ministry of Corporate Affairs (MCA) through press



release dated 18 January 2016. IND AS was applicable to the Bank in accordance with the MCA press release from financial year 2018-19 which was deferred to financial year 2019-20 vide RBI's Press Release (2017-18/2642) dated 5 April 2018. RBI has further deferred implementation of IND AS till further notice vide its Circular no DBR.BP.BC.No. 29/21.07.001/2018-19 dated 22.03.2019. However, the Bank had commenced the process of IND AS (Indian Accounting Standards) implementation since financial year 2016-17.

A steering committee headed by the Executive Director and comprising of General Managers from various cross functional areas of the Bank to monitor the progress of the implementation is formed. The Bank has a well-planned strategy for Ind AS implementation and has made substantial progress in this exercise. The Bank has completed a diagnostic study to identify the differences between the current accounting framework and IND AS. Based on this diagnostic study, the Bank has quantified the impact and filed the pro-forma financial statements for the half year ended September 2016 and quarter ended June 2017 with the Reserve Bank of India. From the quarter ended June 2018, Bank is compiling the proforma Ind AS Financial Statements every quarter and submitting to RBI as per their requirement. Bank is now assessing the changes, wherever required in the core banking system and has already initiated formulation of Expected Credit Loss Models. Hence, the Bank will implement Ind AS once the transition date is conveyed by RBI."

- l. During the year, the bank has made preferential allotment of following equity shares in accordance with the provisions of SEBI (Issue of Capital and Disclosure Requirements Regulations, 2009), for which details are as under:-

Name of the Shareholder	No. of equity shares- Face Value of ₹2 each	Issue Price per share (Amt in ₹)	Amount (₹. in Crore)
Govt. of India	312993219	89.97	2,816.00
Govt. of India	638190364	85.10	5431.00
Govt. of India	802063535	73.66	5908.00

- m. During the Financial Year 2018-19 the bank has allotted 90226683 equity shares of ₹2.00 each to the Employees of the Bank under PNB-ESPS at a premium of ₹69.93 per share (including discount of ₹17.98 per share) as approved by the



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Board and the shareholders in terms of the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time. The total amount received by the bank on this account is ₹649.00 crores which includes ₹18.04Crores as equity capital and ₹630.96Crores as premium.

- n. RBI vide its circular dated April 2, 2018 and June 15, 2018 has permitted banks an option to spread Mark to Market (MTM) loss on AFS and HFT investment for the quarters stated therein equally over four quarters commencing with the quarter in which the loss is incurred. Accordingly, the bank has availed the option and charged ₹1208.71Crores to the Profit & Loss account during the year and there is no unamortised balance as on 31st March 2019.
- o. Changes in accounting policy:
 - 1.The Impact due to change in Significant Accounting Policies in valuation of NPI Debentures and Preference shares would result in a higher depreciation of ₹60.00Crore.
 - 2.There is no material impact due to change in accounting policy on Depreciation on fresh additions to assets and assets sold/disposed off.
- p. As per RBI Letter no. DBR.No.BP.15199/21.04.048/2016-17 dated 23rd June, 2017and letter no DBR.No.BP.1908/21.04.048/2017-18 dated 28th August, 2017 for the accounts covered under the provisions of Insolvency and Bankruptcy code (IBC), the bank is holding total provision of ₹11940.15Crores as on 31st March 2019 (84.63% of total outstanding) including additional provision of ₹433.93 crores in said accounts made during the year ended on March 31, 2019.
- q. During the year Bank has made remaining provision of ₹7167.31Crores (including exchange fluctuation) in respect of Fraud detected at Brady House Branch Mumbai in certain accounts of Gems & Jewellery Sector during 2017-18.
- r. The Bank has availed dispensation for deferment of provision in respect of frauds reported during the year of ₹2647.85Crores requiring additional provision of ₹1052.78Crores in terms of option available as per RBI circular no DBR No.BP.BC.92/21.04.048/2015-16 dated 18.04.2016.Accordingly an amount of ₹390.38Crores has been charged to profit and loss account and an amount of ₹662.40Crores have been charged to reserves & deferred for adjustment in subsequent quarters.
- s. Pursuant to the proposed bipartite agreement on wage revision (due with effect from November 2017), a sum of Rs 123.21 crore has been provided during the quarter towards wage revision on estimated basis. (Cumulative provision; ₹713.71Crores).
- t. In terms of RBI Circular No.DBR.BP.BC.No.50/21.06.201/2016-17 dated 2nd February, 2017 the Bank has made payment of Interest on Additional Tier -1 Bonds of ₹451.87Crore by debiting Statutory Reserves.
- u. Based on the review and certainty of availability of future taxable income,the bank has recognised net Deferred Tax Assets of ₹2440.90Crores for the quarter and



40. 1. Figures of the previous year have been regrouped / rearranged / reclassified wherever necessary.

2. Figures in the bracket wherever given (except Item no. 15: AS 15 – Employees Benefits) relates to previous year.

3. Figures given in the bracket in Item No. 15: AS 15 – Employees Benefits are in negative.



PUNJAB NATIONAL BANK

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31st MARCH 2019

Particulars	2018-19	(INR '000) 2017-18
A. Cash Flow from Operating Activities		
(i) Net Loss after Tax	(9,97,54,860)	(12,28,28,203)
Add Provision for Tax (net of deferred tax)	(5,37,02,756)	(7,29,22,570)
Loss before tax (i)	<u>(15,34,57,616)</u>	<u>(19,57,50,773)</u>
(ii) Adjustment for :		
Depreciation on Fixed Assets	57,80,240	57,61,673
Less : Amount drawn from Reserve	(45,18,740)	-
Provisions for non performing assets	24,43,45,783	24,45,27,342
Provision on Standard Assets	23,98,648	(2,14,81,783)
Depreciation/ (Release), Write off, Provision on Investments (net)	1,64,09,460	2,02,71,464
Other Provisions (net)	3,83,18,775	5,53,97,956
Dividend from Subsidiary / Others (Investing Activity)	(14,88,016)	(7,83,929)
Interest on Bonds (Financing Activity)	1,15,23,864	1,80,71,046
Profit / Loss on sale of Fixed Assets (net)	(1,83,720)	(25,934)
(ii)	<u>31,25,86,292</u>	<u>32,17,37,835</u>
Operating Profit before Changes in Operating Assets and Liabilities (i+ii)	<u>15,91,28,677</u>	<u>12,59,87,062</u>
(iii) Adjustment for net change in Operating Assets and Liabilities		
Decrease / (Increase) in Investments	(3,46,66,855)	(14,89,09,395)
Decrease / (Increase) in Advances	(49,61,13,680)	(37,86,06,459)
Decrease / (Increase) in Other Assets	73,08,699	(6,75,98,088)
Increase / (Decrease) in Deposits	33,80,39,442	20,52,21,755
Increase / (Decrease) in Borrowings	(19,30,43,329)	21,29,74,126
Increase / (Decrease) in Other Liabilities & Provisions	(8,99,69,906)	7,85,74,121
(iii)	<u>(46,84,45,629)</u>	<u>(9,83,43,940)</u>
Cash generated from Operations (i+ii+iii)	(30,93,16,952)	2,76,43,122
Tax Paid (net of refund)	(41,26,884)	(1,75,26,209)
Net Cash used in Operating Activities (A)	<u>(31,34,43,837)</u>	<u>1,01,16,913</u>
B. Cash flow from (used in) Investing Activities		
Purchase of Fixed Assets (net of Sales)	(43,46,290)	(64,96,527)
Dividend recd from Subsidiaries / JV / RRBs	14,88,016	7,83,929
Investment in Subsidiaries / JV / RRBs	2,54,580	(71,67,490)
Net Cash used in investing Activities (B)	<u>(26,03,694.00)</u>	<u>(1,28,80,088)</u>
C. Cash flow from (used in) Financing Activities		
Issue of Share Capital (incl. Premium)	14,80,36,772	10,42,37,786
Issued(Redemption) of Bonds (Tier I & Tier II)	(2,22,05,000)	(1,21,00,000)
Interest paid on Bonds (Tier I & Tier II)	(1,15,23,864)	(1,80,71,046)
Payments of Dividends (incl. tax on Dividend)	-	-
Net Cash from Financing Activities (C)	<u>11,43,07,908</u>	<u>7,40,66,740</u>
D Net Change in Cash and Cash Equivalents (A+B+C)	(20,17,39,623)	7,13,03,565



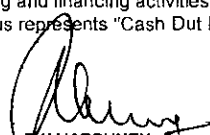
PUNJAB NATIONAL BANK

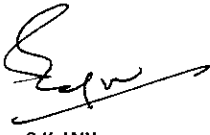
CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31st MARCH 2019

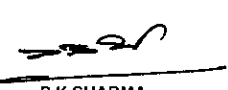
Particulars	2018-19	(INR ' 000)	2017-18
Cash and Cash Equivalents at the beginning of the year			
Cash and Balances with Reserve Bank of India	28,78,90,324	25,20,99,957	
Balances with Banks & Money at Call & Short Notice	66,67,29,711	63,12,16,513	88,33,16,470
Cash and Cash Equivalents at the end of the year			
Cash and Balances with Reserve Bank of India	32,12,91,338	28,78,90,324	
Balances with Banks & Money at Call & Short Notice	43,15,89,074	66,67,29,711	95,46,20,035
	<u>(20,17,39,623)</u>	<u>7,13,03,565</u>	


Notes :-

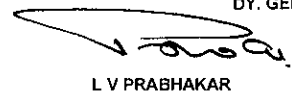
- 1 Direct taxes paid (net of refund) are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- 2 All figures in minus represents "Cash Out Flow"



P K VARSHNEY
 CHIEF MANAGER



S K JAIN
 DY. GENERAL MANAGER

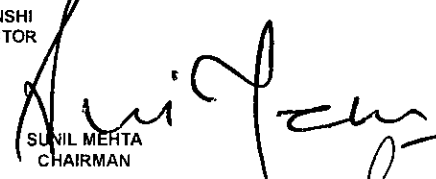

P K SHARMA
 GENERAL MANAGER



A K AZAD
 EXECUTIVE DIRECTOR



L V PRABHAKAR
 EXECUTIVE DIRECTOR



DR R K YADUVANSHI
 EXECUTIVE DIRECTOR



SUNIL MEHTA
 MANAGING DIRECTOR & CEO

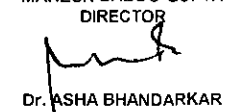

SUNIL MEHTA
 CHAIRMAN


RAVI MITAL
 DIRECTOR


DR. RABI N. MISHRA
 DIRECTOR


MAHESH BABOO GUPTA
 DIRECTOR


SANJAY VERMA
 DIRECTOR


DR. ASHA BHANDARKAR
 DIRECTOR

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

(Rajiv Kumar Wadhawan)
Partner
M No. 091007

For M K Aggarwal & Co.
Chartered Accountants
FRN 001411N

(M K Aggarwal)
Partner
M No. 14956

Date : 28/05/2019
Place: New Delhi

As per our Report of even date
For MKPS & Associates
Chartered Accountants
FRN 302014E

(Sanjaya Kumar Parida)
Partner
M No. 504222

For A John Morris & Co.
Chartered Accountants
FRN 007220S

(G. Kumar)
Partner
M No. 023082

For HDSG & Associates
Chartered Accountants
FRN 02871N

(Dalbir Singh Gulati)
Partner
M No. 081024



G.S.Mathur & Co.
Chartered Accountants
M K Aggarwal & Co.
Chartered Accountants

MKPS & Associates
Chartered Accountants
A John Moris & Co.
Chartered Accountants

HDSG & Associates
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of Punjab National Bank

Report on Audit of the Consolidated Financial Statements

Opinion

1. We have audited the attached Consolidated Balance Sheet of Punjab National Bank, its subsidiaries, associates and Joint Venture (collectively known as PNB Group) as at 31st March 2019, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information annexed thereto, in which the following are incorporated:
 - i) Audited accounts of Punjab National Bank (The Bank), audited by us, vide our audit report dated May 28, 2019,
 - ii) Audited accounts of 2 Subsidiaries and 2 associates, audited by other auditors and
 - iii) Unaudited accounts of 3 Subsidiaries, 6 Associates and 1 Joint Venture.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 (the 'Act') in the manner so required for bank and are in conformity with accounting principles generally accepted in India and give:
 - a) true and fair view in case of the Balance sheet, of the state of affairs of the Bank as at 31st March, 2019;
 - b) true balance of loss in Profit and Loss Account for the year ended on that date; and
 - c) true and fair view in case of Cash Flow Statement for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Bank in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements in India, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



Key Audit Matters	How our matter was addressed in the audit
<p><u>Advances – classification and provisioning</u></p> <p>(Refer Schedule 9 to the financial statements, read with the Accounting Policy No.5)</p> <p>The advances are classified as performing and non-performing advances (NPA) and provisioning thereon is made in accordance with the prudential norms as prescribed by the Reserve Bank of India (RBI). The classification and provisioning is done by the Bank's IT software Ladder which imports all the required data from Core Banking Solution (CBS). The extent of provisioning of NPA under the prudential norms are mainly based on its ageing and recoverability of the underlined security.</p> <p>In the event of any improper application of the prudential norms or consideration of the incorrect value of the security, as the valuation of the security involves high degree of estimation and judgement, the carrying value of the advances could be materially misstated either individually or collectively, and in view of the significance of the amount of advances in the financial statements i.e. 59.13 % of total assets, the classification of the advances and provisioning thereon has been considered as Key Audit Matter in our audit.</p>	<p>Our audit approach included an understanding of the Bank's software, circulars, guidelines and directives of the Reserve Bank of India and the Bank's internal instructions and procedures in respect of the assets classification and its provisioning and adopted the following audit procedures:</p> <ul style="list-style-type: none"> Evaluated and understood the Bank's internal control system in adhering to the Relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances. Test checked the design and implementation as well as operational effectiveness of relevant controls, including involvement of manual process in relation to income recognition, asset classification and provisioning pertaining to advances Reviewed the documentations, operations / performance and monitoring of the advance accounts, on test check basis of the large and stressed advances, to ascertain any overdue, unsatisfactory conduct or weakness in any advance account, examination of classification as per prudential norms of the RBI, in respect of the branches / relevant divisions audited by us. In respect of the branches audited by the branch statutory auditors, we have placed reliance on their reports. <p>Further we have reviewed on test check basis the reports of the credit audit, inspection audit, risk based internal audit, concurrent audit, regulatory audit to ascertain the advances having any adverse features / comments, and reviewed the reports generated from CBS/Ladder.</p> <p>Our Results:</p> <p>The results of our audit process were observed to be adequate and satisfactory considering the materiality of the transactions.</p>
<p><u>Investments – valuation, and identification and provisioning for Non-Performing Investments</u></p> <p>(Refer Schedule 8 to the financial statements, read with the Accounting Policy No.4)</p> <p>Investment portfolio of the bank comprises of Investments in Government Securities, Bonds, Debentures, Shares, Security Receipts and other</p>	<p>Our audit approach towards Investments with reference to the RBI circulars / directives included the review and testing of the design, implementation, operating effectiveness of internal controls and audit procedures in relation to valuation, classification, identification of Non-Performing Investments, provisioning / depreciation related to Investments as per RBI guidelines</p>



Approved Securities which are classified under three categories, Held to Maturity, Available for Sale and Held for Trade.

Valuation of Investments, identification of Non-performing Investments (NPI) and the corresponding non-recognition of income and provision thereon, is carried out in accordance with the relevant circulars / guidelines / directions of RBI. The valuation of each category (type) of aforesaid security is to be carried out as per the methodology prescribed in circulars and directives issued by the RBI which involves collection of data/ information from various sources such as FBIL rates, rates quoted on BSE/ NSE, financial statements of unlisted companies, NAV in case of mutual funds & security receipts etc. Certain investments are based on the valuation methodologies that include statistical models with inherent assumptions, assessment of price for valuation based on financial statements etc. Hence, the price discovered for the valuation of these Investments may not be the true representative but only a fair assessment of the Investments as on date. Hence the valuation of Investments requires special attention and further in view of the significance of the amount of Investments in the financial statements i.e. 26.08% of total assets), the same has been considered as Key Audit Matter in our audit.

- We reviewed and evaluated the process adopted for collection of information from various sources for determining fair value of these investments.
- For selected sample of investments (covering all categories of investments based on nature of security) we tested accuracy and compliance with the RBI Master circulars and directions.
- We assessed and evaluated the process of identification of NPIs, and corresponding reversal of income and creation of provision.

Our Results:

The results of our audit process were observed to be adequate and satisfactory considering the materiality.

Information Other than the Financial Statements and Auditor's Report thereon

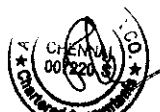
5. The Bank's Board of Directors is responsible for the other information. The other information comprises the Corporate Governance Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and Directors' Report, including annexures, if any, thereon, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and Pillar 3 disclosure under Basel III and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Directors' Report, including annexure, if any, thereon, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

6. The Bank's Board of Directors is responsible with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

8. We did not audit the financial statements of subsidiaries viz. (i) PNB Gilts Limited (ii) PNB Insurance Broking Pvt Ltd. (iii) Punjab National Bank (International) Limited (iv) PNB Investment Services Limited & (v) Druk PNB Bank Ltd. whose financial statements reflect total assets of Rs.17813.66 crore as at 31st March 2019 and total revenues of Rs.898.80 crore, for the year then ended. These financial statements and other financial information excluding PNB Insurance Broking Pvt Ltd, PNB Gilts Ltd and PNB (International) Limited, London have been audited by their respective auditors whose reports have been furnished to us and our opinion is based solely on the reports of the said auditors.

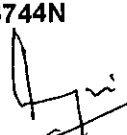

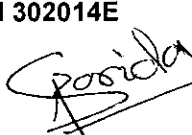



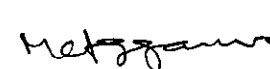

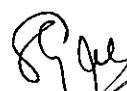

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

9. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949;
10. Subject to the limitations of the audit indicated in paragraphs 5 to 7 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and subject also to the limitations of disclosure required therein, we report that:
- a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;
 - b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
 - c. The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
11. We further report that:
- a. in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
 - b. the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;



- c. the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report; and
- d. In our opinion, the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

<p>FOR G S MATHUR & CO. CHARTERED ACCOUNTANTS FRN 008744N</p>   <p>(RAJIV KUMAR WADHAWAN) PARTNER M.NO. 091007</p>	<p>FOR MKPS & ASSOCIATES. CHARTERED ACCOUNTANTS FRN 302014E</p>   <p>(SANJAYA KUMAR PARIDA) PARTNER M.NO. 504222</p>	<p>FOR HD SG & ASSOCIATES CHARTERED ACCOUNTANTS FRN 002871N</p>   <p>(DALBIR SINGH GOLAT) PARTNER M.NO. 081024</p>
<p>FOR M K AGGARWAL & CO. CHARTERED ACCOUNTANTS FRN 001411N</p>   <p>(M K AGGARWAL) PARTNER M.NO. 14956</p>	<p>FOR A JOHN MORIS & CO. CHARTERED ACCOUNTANTS FRN 007220S</p>   <p>(G KUMAR) PARTNER M.NO. 023082</p>	

Place: New Delhi
Date: May 28, 2019

G.S.Mathur& Co.
Chartered Accountants
M K Aggarwal& Co.
Chartered Accountants

MKPS & Associates
Chartered Accountants
A John Moris&Co.
Chartered Accountants

HDSG & Associates
Chartered Accountants

Auditors' Report On the audit of the annual financial results of the group with the last quarter financial results being balancing figures Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO THE BOARD OF DIRECTORS OF PUNJAB NATIONAL BANK

1. We have audited the accompanying Statement of Consolidated Financial Results of Punjab National Bank ("the Parent"/"the Bank") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), its jointly controlled entities and its share of the net profit/(loss) after tax of its associates for the year ended 31st March 2019 ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, except for the disclosures relating to consolidated Pillar 3 disclosure as at 31st March 2019, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement and have not been reviewed/audited by us.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Board of Directors, has been compiled from the related consolidated financial statements which has been prepared in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, AS-21-Consolidated financial statement, 23-Accounting for investment in associates in Consolidated financial statement and AS 27- Financial reporting of interest in Joint Ventures issued by Institute of Chartered Accountant of India and other relevant provisions of Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such consolidated financial statements.
3. We conducted our audit in accordance with the Standards on Auditing generally accepted in India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Parent's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the Parent's internal financial control with reference to the Statement. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditors and other auditors in terms of their reports referred to in paragraph 6 below, is sufficient and appropriate to provide a basis for our audit opinion.



G.S.Mathur& Co.
Chartered Accountants
M K Aggarwal& Co.
Chartered Accountants

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HDSG & Associates
Chartered Accountants

4. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements and the other financial information of branches of the Group, subsidiaries, jointly controlled entities and associates referred to in paragraph 6 below, the Statement:

- a. includes the results of the entities mentioned below:

Name of the Subsidi/Associate/Joint Venture		Proportion of ownership percentage as at 31st March, 2019
PNB Gilts Limited	Subsidiary	74.07
PNB Investments Services Ltd.	Subsidiary	100.00
PNB (International) Ltd., London	Subsidiary	100.00
PNB Insurance Broking Co. Pvt. Ltd	Subsidiary	81.00
Druk PNB Bank Ltd. Bhutan	Subsidiary	51.00
Dakshin Bihar Gramin Bank, Patna	Associate	35.00
Sarva Haryana Gramin Bank, Rohtak	Associate	35.00
Himachal Pradesh Gramin Bank, Mandi.	Associate	35.00
Punjab Gramin Bank, Kapurthala	Associate	35.00
Sarva UP Gramin Bank, Meerut.	Associate	35.00
PNB Metlife India Insurance Company Ltd	Associate	30.00
JSC (Tengri Bank), Almaty, Kazakhstan	Associate	41.64
PNB Housing Finance Limited	Associate	32.79
Everest Bank Ltd.	Joint Venture	20.03

- b. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, except for the disclosures relating to consolidated Pillar 3 disclosure as at 31st March 2019, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement and have not been reviewed/audited by us; and
- c. gives a true and fair view in conformity with the recognition and measurement principles laid down in the aforesaid Accounting Standards, RBI Guidelines and other accounting principles generally accepted in India of the consolidated net loss of Rs.9570.11 crore and other financial information of the Group for the year ended 31st March 2019.
5. We did not audit the financial statements / financial information of five subsidiaries and one jointly controlled entities included in the consolidated financial results, whose financial statements / financial information reflect total assets of Rs.17813.66 crore as at 31st March, 2019, total revenues of Rs.898.80 crore, total net loss after tax of Rs.51.06 crore and cash flows of Rs.708.67 Cr. for the year ended on that date, as considered in the consolidated financial results. The consolidated financial results also include the Group's share of net loss of Rs.9570.11 crore for the year ended 31st March, 2019, as considered in the consolidated financial results, in respect of nine associates, whose financial statements have not been audited by us. These financial statements information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial results, in so far



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Chartered Accountants

as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our opinion on the Statement is not modified in respect of the above matters.

6. The consolidated financial results includes the unaudited financial statements of three subsidiaries and one jointly controlled entities, whose financial statements reflect total assets of Rs.16261.77 crore as at 31st March, 2019, total revenue of Rs.782.44 crore, total net loss after tax of Rs.80.34 crore and cash flows(net) of Rs.708.66 for the year ended on that date, as considered in the consolidated financial results. The consolidated financial results also includes the Group's share of net profit after tax of Rs.430.87 crore for the year ended 31st March, 2019, as considered in the consolidated financial results, in respect of nine associates, whose financial statements have not been audited by us. Out of nine, seven financial statements/ financial information are unaudited and have been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the Statement is not modified in respect of the above matter.

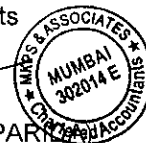
7. The Statement includes the results for the quarter ended 31st March 2019 being the balancing figure between audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

FOR G S MATHUR & CO.
Chartered Accountants
FRN 008744N



(RAJIV KUMAR WADHAWAN)
PARTNER
M.NO. 091007

FOR MKPS & ASSOCIATES.
Chartered Accountants
FRN 302014E



(SANJAYA KUMAR PARIKH)
PARTNER
M.NO. 504222

FOR HDSG & ASSOCIATES
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FRN.002871N



(DALIP SINGH GUPTA)
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FOR M K AGGARWAL & CO.
Chartered Accountants
FRN 001411N



(M K AGGARWAL)
PARTNER
M.NO. 14956

FOR A JOHN MORIS & CO.
Chartered Accountants
FRN 007220S



(G KUMAR)
PARTNER
M.NO. 023082

**CONSOLIDATED BALANCE SHEET OF
PUNJAB NATIONAL BANK AS ON 31ST MARCH '2019**

(₹ in Crore)

CAPITAL & LIABILITIES	Schedule	As on 31.03.2019	As on 31.03.2018
Capital	1	920.81	552.11
Reserves & Surplus	2	44276.70	40965.19
Minority Interest	2A	320.62	308.53
Deposits	3	681874.18	648439.01
Borrowings	4	46827.97	65329.66
Other Liabilities and Provisions	5	15045.51	21933.57
TOTAL		789265.79	777528.07
ASSETS			
Cash and Balances with Reserve Bank of India	6	32338.32	29028.91
Balances with Banks & Money at call & short notice	7	44957.65	68459.24
Investments	8	209723.00	204418.68
Loans & Advances	9	462416.23	438825.78
Fixed Assets	10	6247.58	6370.99
Other Assets	11	33583.01	30424.47
TOTAL		789265.79	777528.07
Contingent Liabilities	12	307895.89	308790.20
Bills for Collection		27866.28	27898.25

P K VARSHNEY
CHIEF MANAGER

(A K AZAD)
EXECUTIVE DIRECTOR

SUNIL MEHTA
MANAGING DIRECTOR & CEO

RAVI MITTAL
DIRECTOR

SANJAY VERMA
DIRECTOR

S K JAIN
DY. GENERAL MANAGER

(L V PRABHAKAR)
EXECUTIVE DIRECTOR

DR. RABI N. MISHRA
DIRECTOR

P K SHARMA
GENERAL MANAGER

(DR. R K YADUVANSHI)
EXECUTIVE DIRECTOR

SUNIL MEHTA
CHAIRMAN

MAHESH BABOO GUPTA
DIRECTOR

DR. ASHA BHANDARKAR
DIRECTOR

AS PER REPORT OF EVEN DATE

For GS Mathur & Co.
Chartered Accountants
FRN 008744N

(Rajiv Kumar Wadhawan)
Partner
M No. 091007

For MKPS & Associates
Chartered Accountants
FRN302014E

(Sanjaya Kumar Pande)
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For HDSG & Associates
Chartered Accountants
FRN 002871N

(Dalbir Singh Gulati)
Partner
M No. 081024

For M K Aggarwal & Co.
Chartered Accountants
FRN 001411N

(M K Aggarwal)
Partner
M No. 14956

For A John Moris & Co.
Chartered Accountants
FRN 007220S

(S. Kumar)
Partner
M No. 023082

Date : 28/05/2019

Place: New Delhi

**CONSOLIDATED PROFIT & LOSS ACCOUNT OF
PUNJAB NATIONAL BANK FOR THE PERIOD ENDED 31ST MARCH '2019**

(₹ in Crore)

		As on 31.03.2019	As on 31.03.2018
I. INCOME	Schedule		
Interest earned	13	52147.14	48724.85
Other Income	14	7367.38	8883.34
TOTAL		59514.53	57608.19
II. EXPENDITURE			
Interest expended	15	34655.66	33530.39
Operating expenses	16	11689.26	13642.59
Provisions and Contingencies		23196.01	23019.55
TOTAL		69540.93	70192.53
Consolidated Net Profit for the year of the parent & subsidiaries before Minority Interest		-10026.41	(12,584.34)
Less : Minority Interest		20.09	2.10
Consolidated Net Profit for the year of the parent & subsidiaries after Minority Interest		-10046.49	(12,586.44)
Share of earnings in Associates (net)	17	476.39	473.07
Consolidated Net Profit for the year attributable to the group		-9570.11	(12,113.37)
Add : Brought forward consolidated profit attributable to the group		206.00	219.84
Add: Transferred from Capital Reserve		0.00	0.00
Profit available for Appropriation		-9364.11	(11,893.53)
APPROPRIATIONS			
Transfer to Reserves (Net) :			
Statutory Reserve		29.49	20.64
Capital Reserve - Others		86.13	1028.24
Exchange Fluctuation Reserve		0.35	0.00
Revenue & Other Reserve		-134.31	(13,307.75)
Special Reserve as per Income Tax		0.00	0.27
Dividend Including Dividend Tax			
Proposed Dividend for 2018-19		30.01	61.97
Interim Dividend		0.00	0
Corporate Social Responsibility		0.00	0.00
Balance transfer from provision for tax on Dividend		0.00	-
Balance carried over to consolidated Balance Sheet		-9375.78	303.10
		-9364.11	(11,893.53)
Earnings per Share (In Rs.) Annualised			
Accounting Policy & Notes on Accounts	17	(29.68)	(54.63)

R.K. VARSHNEY
CHIEF MANAGER

(AKKAZAD)
EXECUTIVE DIRECTOR

SUNIL MEHTA
MANAGING DIRECTOR & CEO

RAVI MITTAL
DIRECTOR

SANJAY VERMA
DIRECTOR

S.K. JAIN
DY. GENERAL MANAGER

(L V PRABHAKAR)
EXECUTIVE DIRECTOR

DR. RABI N. MISHRA
DIRECTOR

P K SHARMA
GENERAL MANAGER

(DR. R K YADUVANSHI)
EXECUTIVE DIRECTOR

SUNIL MEHTA
CHAIRMAN
MAHESH BABOO GUPTA
DIRECTOR

DR. ASHA BHANDARKAR
DIRECTOR



AS PER REPORT OF EVEN DATE

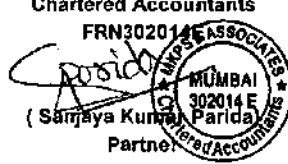
For GS Mathur & Co.
Chartered Accountants
FRN 008744N

(Rajiv Kumar Wadhawan)
Partner
M No. 091007



For MKPS & Associates
Chartered Accountants
FRN302014E

(Sanjaya Kumar Parida)
Partner
M No. 504222



For HDSG & Associates
Chartered Accountants
FRN 002871N

(Daibir Singh Gulati)
Partner
M No. 081024



For M K Aggarwal & Co.
Chartered Accountants
FRN 001411N

(M K Aggarwal)
Partner
M No. 14956



For A John Moris & Co.
Chartered Accountants
FRN 007220S

(G. Kumar)
Partner
M No. 023082



Date : 28/05/2019
Place: New Delhi

SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)**SCHEDULE 1 - CAPITAL**

(₹ in Crore)

	As on 31.03.2019	As on 31.03.2018
Authorised Capital	3000.00	3000.00
(1500,00,00,000 Equity shares of ₹ 2 each)		
Issued & Subscribed		
{460,40,47,028 {Previous year 276,05,73,227}	920.81	552.11
Equity Shares of Rs. 2 each}		
Equity Shares of ₹ 2 each}		
Paid up		
{460,40,47,028 (Previous year 276,05,73,227)	920.81	552.11
Equity Shares of ` 2 each)		
(Includes equity shares of 3471692263		
₹ 2 each held by Central Government)		
TOTAL	920.81	552.11

SCHEDULE 2 - RESERVES & SURPLUS

I. Statutory Reserve

Opening Balance	10212.49	10288.68
Addition during the year	29.52	20.64
Add/(Less) : Adjustment during the year	-463.89	-96.83
	9778.12	10212.49

II. Capital Reserve

a). Revaluation Reserve

Opening Balance	3683.82	3750.53
Addition during the year	0.00	0.00
Deduction during the year	101.59	66.71
Add/(Less) : Adjustment during the year	0.00	0.00
(being Depreciation on revalued portion of Property)		
	3582.23	3683.82

b. Others

Opening Balance	2924.11	1982.27
Addition during the year	86.13	941.84
	3010.23	2924.11

IIA. Capital Reserve on consolidation (Net)

III. Revenue and Other Reserve

a. Investment Fluctuation Reserve

Opening Balance	417.18	433.52
Addition during the year	0.00	-16.34
Less: Trf to P & L Account	0.00	0.00
	<u>417.18</u>	<u>417.18</u>

b. Other Reserve

Opening Balance	-189.92	12554.81
Addition during the year	2.73	833.16
Less: Transferred to Special Reserve	-101.59	0.00
Less: Adjustment related to Prior years	796.07	13307.75
Less: Transitory Liability (AS-15)	0.00	0.00
Less: Payment for Interblocked accounts	0.00	0.00
Add/(Less) : Adjustment during the year	0.00	90.18

-881.67

170.39



SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

(₹ in Crore)

	As on 31.03.2019	As on 31.03.2018
c. Exchange Fluctuation Reserve		
Opening Balance	614.63	606.22
Add: Addition during the year (Net)	0.35	2.49
Add/(Less) : Adjustment during the year	50.59	5.92
	665.57	614.63
IV. Share Premium		
Opening Balance	21109.26	10749.86
Addition during the year	14447.48	10297.26
Add/(Less) : Adjustment during the year	-6.13	62.15
	35550.62	21109.26
V. Special Reserve		
Opening Balance	1463.66	1463.66
Addition during the year	0.00	0.00
Transfer from other reserve	0.00	0.00
Add/(Less) : Adjustment during the year	0.00	0.00
	1463.66	1463.66
VI. Foreign Currency Translation Reserve		
Opening Balance	0.00	0.00
Addition during the year	0.00	0.00
Deduction during the year	0.00	0.00
	0.00	0.00
VII. Balance in Profit & Loss Account	-9375.78	303.10
Total I,II,III,IV,V,VI, VII	44276.70	40965.18

Schedule 2A - Minority Interest

Minority Interest at the date on which the parent subsidiary relationship came into existence	149.25	149.25
Subsequent increase	171.36	159.28
Minority Interest at the date of balance sheet	320.62	308.53

SCHEDULE 3 - DEPOSITS

A. I DEMAND DEPOSITS

(i) From Banks	1706.12	1593.92
(ii) From Others	43719.41	39826.02
	45425.53	41419.93

II SAVINGS BANK DEPOSITS

241978.40 **224272.14**

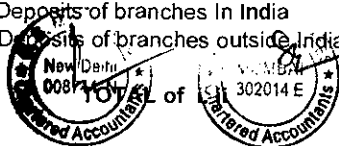
III TERM DEPOSITS

(i) From Banks	38501.35	52362.06
(ii) From Others	355968.90	330384.88
	394470.25	382746.94

TOTAL of I, II, III

681874.18 **648439.01**

- B. (i) Deposits of branches in India
(ii) Deposits of branches outside India



SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

(₹ in Crore)

As on 31.03.2019

As on 31.03.2018

SCHEDULE 4 - BORROWINGS

I. Borrowings in India

(i) Reserve Bank of India	4460.24	18379.31
(ii) Other Banks	4394.19	5370.29
(iii) Other Institutions and Agencies	13192.10	5388.69
(iv) Bonds (including Tier-I, Tier-II, Subordinated Debts)	13568.73	15783.26
(v) Long Term Infrastructure Bonds	2800.00	2800.00

II. Borrowings Outside India

8412.71 17608.12

TOTAL of I, II

46827.97 65329.66

Secured Borrowings included in I & II above

16606.00 16606.00

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

I. Bills payable	2046.49	2433.07
II. Inter-office adjustments (net)	5.32	2.70
III. Interest accrued	1763.73	1876.13
IV. Others (including Provisions)	11229.97	17621.66

TOTAL OF I, II, III, IV

15045.51 21933.56

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

I. Cash in hand (including Foreign Currency Notes)	1866.58	2120.25
--	----------------	----------------

II. Balance with Reserve Bank of India

(i) in Current account	30471.74	26908.65
(ii) in Other Accounts	0.00	0.00

30471.74 26908.65

TOTAL OF I, II

32338.32 29028.91



SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

(₹ in Crore)

As on 31.03.2019

As on 31.03.2018

SCHEDULE 7- BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE

I. In India

(i) Balance with Banks:

(a) In Current accounts	86.37	629.27
(b) In Other Deposit accounts	19045.98	9780.01

19132.35

10409.28

(ii) Money at Call and Short Notice:

(a) with Banks	1410.76	584.24
(b) with Other Institutions	12200.00	29054.06

13610.76

29638.30

TOTAL (i & ii)

32743.11

40047.58

II. Outside India

(i) In Current accounts	1588.87	2175.66
(ii) In Other Deposit accounts	10625.67	25673.54
(iii) Money at Call & Short Notice	0.00	562.45

TOTAL

12214.54

28411.66

GRAND TOTAL (I & II)

44957.65

68459.24



SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

(₹ in Crore)

SCHEDULE 8 - INVESTMENTS

As on 31.03.2019

As on 31.03.2018

I. Investments in India in

(i) Government Securities	167812.87	156026.49
(ii) Other approved securities	110.09	146.48
(iii) Shares	3678.84	4361.20
(iv) Debentures and Bonds	29769.13	31937.33
(v) Investment in Associates (on equity method)	946.54	992.33
(vi) Others (Initial Capital in UTI and its units- 64 : (Various Mutual Funds & Commercial Paper etc.)	2535.30	4626.79

TOTAL of I

204852.76

198090.62

II. Investments outside India

(i) Government Securities	1345.20	2475.37
(ii) Investment in Associates (on equity method)	870.70	866.18
(iii) Other investments	2654.34	2986.51

TOTAL of II

4870.24

6328.06

III. Investments in India

i) Gross value of Investments	208849.92	201214.42
ii) Less: Aggregate of Provisions for Depreciation	3997.16	3123.81
iii) Net Investment	204852.76	198090.62

IV. Investments outside India

i) Gross value of Investments	4888.58	6346.69
ii) Less: Aggregate of Provisions for Depreciation	18.34	18.62
iii) Net Investments	4870.24	6328.06

GRAND TOTAL of (I), (II)

209723.00

204418.68



SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

(₹ in Crore)

	<u>As on 31.03.2019</u>	<u>As on 31.03.2018</u>
<u>SCHEDULE 9 - ADVANCES</u>		
A. i) Bills Purchased and discounted	2138.99	20623.38
ii) Cash Credits, overdrafts and loans repayable on demand	287464.85	279815.80
iii) Term Loans	172812.39	138386.61
Total	462416.23	438825.78
	=====	=====
B. i) Secured by Tangible Assets (including advances against book debts)	378483.59	360744.74
ii) Covered by Bank/Govt. Guarantees	2249.72	13025.88
iii) Unsecured	81682.92	65055.16
Total	462416.23	438825.78
	=====	=====
C. (I) Advances in India		
i) Priority Sector	162888.74	156285.12
ii) Public Sector	51769.76	38987.68
iii) Banks	421.31	1024.24
iv) Others	227903.85	198056.93
Total	442983.66	394353.97
	=====	=====
C. (II). Advances outside India		
i) Due from banks	7200.64	27027.96
ii) Due from others		
(a) Bills purchased & discounted	93.54	496.83
(b) Term Loans	6441.38	7161.09
(c) Others	5697.01	9785.93
Total	19432.57	44471.81
	=====	=====
GRAND TOTAL of C (I) & C (II)	462416.23	438825.78
	=====	=====



SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

(₹ in Crore)

SCHEDULE 10 - FIXED ASSETS

	As on 31.03.2019	As on 31.03.2018
I. Premises (including Land)		
-At cost as on 1st April of the year	5566.98	5545.69
-Additions during the year	0.00	21.29
Less :Deductions during the year	27.20	0.52
-Revaluation	0.00	0.00
Less :Depreciation to date	678.17	593.27
	4861.61	4973.19
II. Other Fixed Assets (including furniture & fixtures)		
-At cost as on 1st April of the year	4658.84	4113.07
- Revaluation due to exchange rate fluctuation	0.00	0.00
-Additions during the year	438.14	586.30
Less: Deductions during the year	275.52	68.11
Less:Depreciation to date	3608.69	3327.99
	1212.77	1303.26
III. Computer Software		
-At cost as on 1st April of the year	456.69	384.34
-Revaluation due to exchange rate fluctuation	0.00	0.00
- Additions during the year	132.00	63.22
- Deductions during the year	0.06	0.01
Less: Amortised to date	415.52	353.01
	173.12	94.54
IV. Leased Assets		
-At cost as on 1st April of the year	29.31	29.31
-Additions during the year	0.09	0.00
-Deductions during the year	3.62	3.62
Less:Depreciation to date	25.69	25.68
	0.09	0.00
TOTAL OF I, II, III, IV	6247.58	6370.99

(₹ in Crore)

SCHEDULE 11 - OTHER ASSETS

	As on 31.03.2019	As on 31.03.2018
I. Interest accrued	5263.43	5232.54
II. Tax paid in advance/tax deducted at source (net of provisions)	3230.72	2851.65
III. Stationery and Stamps	8.65	10.82
IV. Non Banking assets acquired in satisfaction of claims	107.41	112.24
V. Deferred Tax asset (net)	18631.29	13213.14
VI. Others	6341.53	9004.08
TOTAL of I, II, III, IV, V, VI	33583.02	30424.47



SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

(₹ in Crore)

As on 31.03.2019

As on 31.03.2018

SCHEDULE 12 - CONTINGENT LIABILITIES

I.(i) Claims against the Bank(Group) not acknowledged as debts	603.77 ✓	321.17
I (ii). Disputed income tax and interest tax demands under appeal, references, etc.	267.52 ✓	1260.92
II. Liability for partly paid investments	33.99 ✓	13.13
III. Liability on account of outstanding forward exchange contracts	244955.98 ✓	226576.41
IV. Guarantees given on behalf of constituents		
(a) In India	39532.20 ✓	39998.62
(b) Outside India	2602.31 ✓	10011.98
V. Acceptance, Endorsements and Other obligations	17398.98 ✓	27055.94
VI. Other items for which the Bank (Group) is contingently liable	2501.14 ✓	3552.02
TOTAL of I, II, III, IV, V, VI	307895.89 ✓	308790.19

SCHEDULE 13 - INTEREST AND DIVIDENDS EARNED

I. Interest/discount on Advances/Bills	35416.49	32549.21
II. Income on Investments	14621.85	13978.71
III. Intt on balances with Reserve Bank of India & other inter-bank funds	1937.19	2013.40
IV. Others	171.60	183.54
TOTAL of I, II, III, IV	52147.14	48724.85

SCHEDULE 14 - OTHER INCOME

I. Commission, Exchange & Brokerage	2823.31 ✓	2810.27
II. Profit on sale of land, buildings and other assets	18.73	2.86
Less: Loss on sale of land, buildings and other assets	0.35	0.25
	18.37 ✓	2.60
III. Profit on Exchange Transaction	922.86	1318.75
Less: Loss on Exchange Transaction	435.44	533.03
	487.42 ✓	785.72
IV. Profit on sale of Investments	1128.66	3340.61
Less: Loss on sale of investments	57.73	87.66
	1070.93 ✓	3252.95
V. Miscellaneous Income		2031.80
		8883.34



SCHEDULES TO THE CONSOLIDATED ACCOUNTS(PUNJAB NATIONAL BANK)

(₹ in Crore)

SCHEDULE 15 - INTEREST EXPENDED

	As on 31.03.2019	As on 31.03.2018
I. Interest on Deposits	32320.78 ✓	30583.84
II. Interest on Reserve Bank of India/ inter-bank borrowings	535.04 ✓	588.25
III. Others	1799.84 ✓	2358.29
TOTAL of I, II, III	34655.66 ✓	33530.39

SCHEDULE 16 - OPERATING EXPENSES

I. Payment to and provisions for employees	7047.54 ✓	9242.37
II. Rent, Taxes and Lighting	777.37 ✓	748.33
III. Printing & Stationery	86.22 ✓	92.47
IV. Advertisement & Publicity	47.19 ✓	48.01
V. Depreciation on bank's property	584.01 ✓	581.03
Less: Adjusted with Revaluation Reserve	0.00	0.00
	584.01 ✓	581.03
VI. Directors' Fees, allowances and expenses	1.69 ✓	1.79
VII. Auditors' fees and expenses (including statutory auditor of subsidiaries, branch auditors' fees & expenses)	70.25 ✓	78.15
VIII. Law charges	130.11 ✓	86.61
IX. Postage, Telegrams, Telephones, etc.	211.50 ✓	173.42
X. Repairs & Maintenance	286.61 ✓	266.38
XI. Insurance	682.15 ✓	642.91
XII. Other expenditure	1764.62 ✓	1681.11
TOTAL of I to XII	11689.26 ✓	13642.59

SCHEDULE 17 - SHARE OF EARNINGS/LOSS IN ASSOCIATES

(a) Share of Earnings in Associates in India	425.29	426.49
(b) Share of Earnings in Associates outside India	51.10	46.58
TOTAL of (a & b)	476.39	473.07



Abridged Consolidated Balance Sheet of Punjab National Bank
As on March 31, 2019

(All amounts in ₹ lac)
As on March 31, 2018

CAPITAL & LIABILITIES		As on March 31, 2019	As on March 31, 2018
Capital		92081	55211
Reserves & Surplus			
Statutory Reserves		977812	1021249
Capital Reserves(including minority interest)		697961	698299
Share Premium		3555062	2110926
Revenue and other Reserves		166475	266587
Balance in Profit & Loss Account		-937578	30310
Deposits			
Demand Deposits		4542553	4141993
Savings Bank Deposits		24197840	22427214
Term Deposits		39447025	38274694
Borrowings			
Borrowings in India			
(a) from Reserve Bank of India		446024	1837931
(b) from other Banks		2076293	2395355
(c) from other Institutions and Agencies		1319210	538869
Borrowings outside India		841271	1760812
Other liabilities and provisions			
Bills Payable		204649	243307
Inter-Office adjustments (net)		532	270
Interest accrued		176373	187613
Provisions towards standard assets		69755	69755
Deferred Tax Liability (Net)		0	0
Others		1053242	1692411
Total Capital and Liabilities		78926579	77752807

ASSETS

Cash and balances with Reserve Bank of India	3233832	2902891
Balances with Banks & Money at Call & Short Notice		
Balances with Banks in India	1913235	1040928
Money at Call and Short Notice in India	1361076	2963830
Balances outside India	1221454	2841166
Investments		
In India		
(a) Government Securities	16781287	15602649
(b) Other Approved Securities	11009	14648
(c) Shares	367884	436120
(d) Debentures and Bonds	2976913	3193733
(e) Subsidiaries and/or joint ventures	94654	99233
(f) Others	253530	462679
Outside India	487024	632806
Advances		
In India		
(a) Bills purchased and discounted	204545	2012655
(b) Cash Credits, Overdrafts & Loans repayable on demand	27456720	24300191
(c) Term Loans	16637101	13122551
Outside India	1943257	4447181
Fixed Assets	624758	637099
Other Assets		
Inter-Office adjustments(net)	0	0
Interest accrued	526343	523254
Tax paid in advance / deducted at source	323072	285165
Deferred tax asset (net)	1863129	1321314
Non-banking assets acquired in satisfaction of claims	10741	11224
Others	635018	901490

Total Assets

78926579

77752807



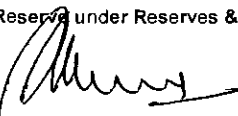
PUNJAB NATIONAL BANK

(All amounts in ₹ lac)
As on March 31, 2018


As on March 31, 2019

Contingent Liabilities

Claims against the Bank not acknowledged as debts	87129	158209
Liability on account of outstanding forward exchange contracts	24495598	22657641
Guarantees given on behalf of constituents	4213451	5001059
Acceptances, endorsements and other obligations	1739898	2705594
Other items for which the Bank is contingently liable	253513	356515
Bills for collection	2786628	2789825
Amount of Revaluation Reserve under Reserves & Surplus	358223	368382



P K VARSHNEY
CHIEF MANAGER


SK JAIN
ASSTT. GENERAL MANAGER


P K SHARMA
GENERAL MANAGER

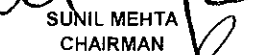


(AK AZAD)
EXECUTIVE DIRECTOR


L V PRABHAKAR
EXECUTIVE DIRECTOR


(DR. R K YADAV ANSHI)
EXECUTIVE DIRECTOR


SUNIL MEHTA
MANAGING DIRECTOR & CEO


DR. RABI N. MISHRA
DIRECTOR


SUNIL MEHTA
CHAIRMAN

MAHESH BABOO GUPTA
DIRECTOR

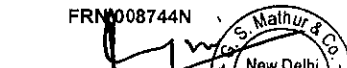
RAVI MITTAL
DIRECTOR


SANJAY VERMA
DIRECTOR

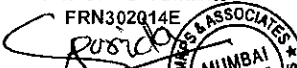

DR. ASHA BHANDARKAR
DIRECTOR

AS PER REPORT OF EVEN DATE

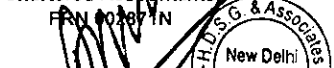
For GS Mathur & Co.
Chartered Accountants
FRN 008744N


(Rajiv Kumar Wadhawan)
Partner
M No. 091007

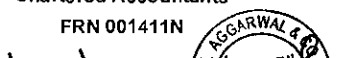
For MKPS & Associates
Chartered Accountants
FRN 302014E


(Sanjaya Kumar)
Partner
M No. 504222

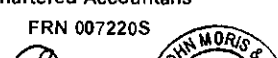
For HDSG & Associates
Chartered Accountants
FRN 002871N


(Dalbir Singh Gulathi)
Partner
M No. 081024

For M K Aggarwal & Co.
Chartered Accountants
FRN 001411N


(M K Aggarwal)
Partner
M No. 14956

For A John Moris & Co.
Chartered Accountants
FRN 007220S


(G. Kumar)
Partner
M No. 023082

Date: 28/05/2019
New Delhi

Abridged Consolidated Profit and Loss Account of Punjab National Bank
for the year ended March 31, 2019

(All amounts in ₹ lac)

	<u>For the year ended</u> <u>March 31, 2019</u>	<u>For the year ended</u> <u>March 31, 2018</u>
Income		
Interest Earned		
On advances/bills	3541649	3254921
On Investments	1462185	1397871
On balances with RBI and other inter-bank funds	193719	201340
Others	17160	18354
Other Income		
Commission, Exchange and Brokerage	282331	281027
Net Profit on sale of Investments	107093	325295
Net Profit on sale of land, buildings and other assets	1837	260
Net Profit on exchange transactions	48742	78572
Income by way of Dividends etc. from subsidiaries companies and / or joint ventures abroad/in India	0	0
Miscellaneous Income	296736	203180
Total Income	5951453	5760819
Expenditure		
Interest Expended		
On Deposits	3232078	3058384
On RBI/ Inter - bank borrowings	53504	58825
Others	179984	235829
Operating Expenses		
Payments to and Provisions for employees	704754	924237
Rent, Taxes and Lighting	77737	74833
Printing and Stationery	8622	9247
Advertisement and Publicity	4719	4801
Depreciation on Bank's property	58401	58103
Directors' fees, allowances and expenses	169	179
Auditors' fees and expenses (including branch auditors)	7025	7815
Law Charges	13011	8661
Postage, Telegrams, Telephones, etc.	21150	17342
Repairs and Maintenance	28661	26638
Insurance	68215	64291
Others	176462	168111



PUNJAB NATIONAL BANK

(All amounts in ₹ lac)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Provisions and contingencies		
Provisions for depreciation on Investment	164033	169506
Provision towards non performing assets	2463038	2485154
Provision towards standard assets	20574	(218745)
Others (excluding income taxes)	205791	592223
Total expenses and provisions	7487928	7745435
Profit/(loss) before tax	(1536475)	(1984616)
Current tax	7980	(16903)
Deferred tax	(541815)	(709278)
Profit/(loss) after tax	(1002641)	(1258434)
Minority interest/share in earning in associates(net)	45630	47097
Profit/Loss brought forward	20600	21984
Total	(936411)	(1189353)

Appropriations

Transfer to Statutory Reserve	2949	2064
Transfer to Other Reserves	(13431)	(1330775)
Transfer to Government / proposed dividend	3001	6197
Balance carried forward to balance sheet	(937578)	30310
Others	8648	102851



P K VARSHNEY
CHIEF MANAGER

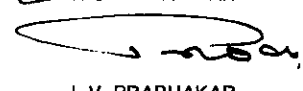

(A K AZAD)
EXECUTIVE DIRECTOR



SUNIL MEHTA
MANAGING DIRECTOR & CEO


RAVI MITTAL
DIRECTOR



SANJAY VERMA
DIRECTOR



SK JAIN
ASSTT. GENERAL MANAGER



L V PRABHAKAR
EXECUTIVE DIRECTOR


DR. RABI N. MISHRA
DIRECTOR


P K SHARMA
GENERAL MANAGER

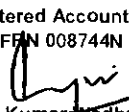

(DR. R K YADU VANSHI)
EXECUTIVE DIRECTOR

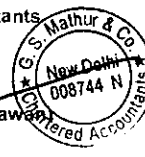

SUNIL MEHTA
CHAIRMAN

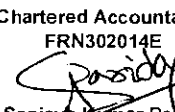

MAHESH BABOO GUPTA
DIRECTOR

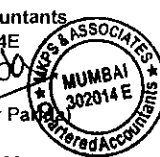

DR. ASHA BHANDARKAR
DIRECTOR

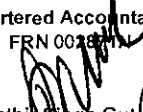
AS PER REPORT OF EVEN DATE

For GS Mathur & Co.
Chartered Accountants
FRN 008744N

(Rajiv Kumar) Partner
M No. 091007




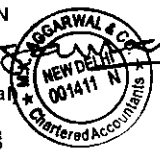
For MKPS & Associates
Chartered Accountants
FRN302014E

(Sanjay Kumar) Partner
M No. 504222

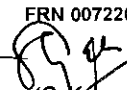


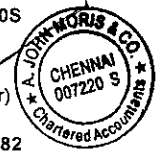
For HDSG & Associates
Chartered Accountants
FRN 002871N

(Dalbir Singh Gulati) Partner
M No. 081024



For M K Aggarwal & Co.
Chartered Accountants
FRN 001411N

(M K Aggarwal) Partner
M No. 14956



For A John Moris & Co.
Chartered Accountants
FRN 007220S

(G. Kumar) Partner
M No. 023082



Date: 28/05/2019
New Delhi

PUNJAB NATIONAL BANK
CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE CONSOLIDATED BALANCE SHEET FOR THE YEAR
ENDED 31st MARCH 2019

(Figures ₹ in Crore)

Particulars	2018-19	2017-18
A. Cash Flow from/(used in) Operating Activities		
(i) Net Loss after Tax	(10,026.41)	(12,584.34)
Add: Share of earning in Associates	476.39	473.07
Net Profit before Minority Interest	<u>(9,550.02)</u>	<u>(12,111.27)</u>
Add: Provision for Tax (Net of deferred tax)	(5,338.35)	(7,261.81)
Profit before Taxes (i)	<u>(14,888.37)</u>	<u>(19,373.08)</u>
(ii) Adjustment for :		
Depreciation on fixed assets	584.01	581.03
Less : Amount drawn from Revaluation Reserve	-	-
Provision for Non-performing assets	24,630.38	24,851.54
Transfer from reserve	(434.37)	-
Provision on Standard Assets	205.74	(2,187.45)
Share of earning in Associates	(476.39)	(473.07)
Provision on Investments (net)	1,640.33	2,030.71
Other Provisions (net)	3,865.91	1,210.43
Dividend from Subsidiary / Others (Investing Activity)	(148.82)	(139.53)
Interest on Bonds (Financing Activity)	(1,152.39)	1,807.10
Profit / (Loss) on sale of Fixed Assets (net)	(18.37)	(2.60)
(ii)	<u>28,696.03</u>	<u>27,678.15</u>
Operating Profit before Changes in Operating Assets and Liabilities (i+ii)	<u>13,807.66</u>	<u>8,305.06</u>
(iii) Adjustment for net change in Operating Assets and Liabilities		
Decrease / (Increase) in Investments	(6,985.92)	(15,352.94)
Decrease / (Increase) in Advances	(48,883.12)	(39,446.83)
Decrease / (Increase) in Other Assets	158.97	(1,732.40)
Increase / (Decrease) in Deposits	33,435.17	18,788.15
Increase / (Decrease) in Borrowings	(16,287.16)	23,206.04
Increase / (Decrease) in Other Liabilities & Provisions	(8,963.29)	6,272.76
(iii)	<u>(47,525.35)</u>	<u>(8,265.22)</u>
Cash generated from Operations (i+ii+iii)	<u>(33,717.69)</u>	<u>39.84</u>
Tax Paid (net of refund)	(440.28)	(1,781.98)
Net Cash used in Operating Activities (A)	<u>(34,157.97)</u>	<u>(1,742.14)</u>
B. Cash Flow from/(used in) Investing Activities		
Purchase of Fixed Assets (net of Sales)	(441.69)	(651.66)
Dividend recd from Subsidiaries / JV / RRBs	148.82	139.53
Investment (Disinvestment) in Subsidiaries / JV / RRBs	517.65	903.78
Other Investments	-	-
Net Cash used in investing Activities (B)	<u>224.79</u>	<u>391.66</u>
C. Cash Flow from/(used in) Financing Activities		
Issue of share capital (incl Share Premium)	14,810.06	10,485.93
Issue/(Redemption) of Bonds (Tier I & Tier II)	(2,214.53)	(1,212.38)
Interest paid on Bonds (Tier I, II)	1,152.39	(1,807.10)
Payments of Dividends (incl tax on Dividend)	(6.91)	(6.91)
Net Cash used in Financing Activities (C)	<u>13,741.01</u>	<u>7,459.54</u>
D Net Change in Cash and Cash Equivalents (A+B+C)	(20,192.18)	6,109.05

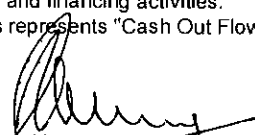



PUNJAB NATIONAL BANK
CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE CONSOLIDATED BALANCE SHEET FOR THE YEAR
ENDED 31st MARCH 2019


Particulars	2018-19		(Figures ₹ in Crore)	
			2017-18	
			(Figures ₹ in Crore)	
	2018-19		2017-18	
Cash and Balances with Reserve Bank of India	29,028.91	25410.3606		
Balances with Banks & Money at Call & Short Notice	68,459.24	97,488.15	65968.7318	91,379.09
Cash and Cash Equivalents at the end of the year				
Cash and Balances with Reserve Bank of India	32,338.32	29,028.91		
Balances with Banks & Money at Call & Short Notice	44,957.65	77,295.97	68,459.24	97,488.15
	<u>(20,192.18)</u>		<u>6,109.05</u>	

Notes :-


- 1 Direct taxes paid (net of refund) are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- 2 All figures in minus represents "Cash Out Flow"



R K VARSHNEY
 CHIEF MANAGER

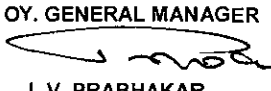

(A K AZAD)
 EXECUTIVE DIRECTOR

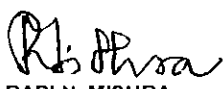

SUNIL MEHTA
 MANAGING DIRECTOR & CEO

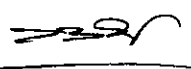
RAVI MITTAL
 DIRECTOR



SANJAY VERMA
 DIRECTOR



S K JAIN
 OY. GENERAL MANAGER

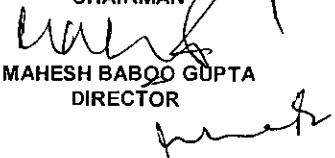

L V PRABHAKAR
 EXECUTIVE DIRECTOR



DR. RABI N. MISHRA
 DIRECTOR


P K SHARMA
 GENERAL MANAGER



(DR. R K YADU VANSHI)
 EXECUTIVE DIRECTOR



SUNIL MEHTA
 CHAIRMAN

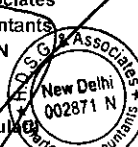

MAHESH BABOO GUPTA
 DIRECTOR



DR. ASHA BHANDARKAR
 DIRECTOR


AS PER REPORT OF EVEN DATE

For GS Mathur & Co.
 Chartered Accountants
 FRN 008744N

 (Rajiv Kumar Wadhawan)
 Partner
 M No. 091007

For MKPS & Associates
 Chartered Accountants
 FRN 302014E

 (Sanjaya Kumar Panda)
 Partner
 M No. 504222

For HDSG & Associates
 Chartered Accountants
 FRN 002871N

 (Dalbir Singh Bhatia)
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 M No. 081024

For M K Aggarwal & Co.
 Chartered Accountants
 FRN 001411N

 (M K Aggarwal)
 Partner
 M No. 14956

For A John Moris & Co.
 Chartered Accountants
 FRN 007220S

 (G. Kumar)
 Partner
 M No. 023082

Date: 28/05/2019
 New Delhi



INDEPENDENT AUDITORS' REPORT

To
The Board of Directors
Punjab National Bank
New Delhi

1. We have audited the standalone financial results for the year ended March 31, 2018, included in the accompanying Statement of Standalone Financial Results of Punjab National Bank (the 'Bank') for the year ended March 31, 2018 (the 'Statement'), being submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement, which is the responsibility of the Bank's management and approved by the Board of Directors, has been prepared on the basis of the related financial statements for the year ended March 31, 2018 prepared in accordance with the Banking Regulation Act, 1949, accounting principles generally accepted in India along with recognition and measurement principles laid down in the Accounting Standards issued by the Institute of Chartered Accountants of India so far as they are applicable to the Bank and Reserve Bank of India guidelines from time to time. Our responsibility is to express an opinion on the presentation of the Statement and the financial results for the year ended March 31, 2018.
2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Results are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Bank's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
3. The Financial results incorporate the relevant returns of 21 branches, Treasury Division and 35 other offices audited by us, 3587 branches audited by Statutory Branch Auditors (including 1 off-shore banking unit and 3 foreign branches audited by local auditors in respective countries), unaudited returns of 3378 branches and 116 other offices of the Bank, which have not been subjected to audit.
4. In our opinion and to the best of our information and according to the explanations given to us,
 - (i) The Statement is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
 - (ii) the financial results give a true and fair view in conformity with the aforesaid Accounting Standards and other accounting principles generally accepted in India of the net loss and other financial information for the year ended March 31, 2018.



5. Without qualifying our opinion, we draw attention to Note No.11 regarding provision @ 50% amounting to Rs. 7,178.42 crores as against the total amount of Rs. 14,356.84 crores in respect of fraud involving certain accounts under Gems & Jewellery Sector as per the dispensation given by the Reserve Bank of India vide their letter No. 8720/21.04.132/2017-18 dt. 28.03.2018.
6. The "Pillar 3 disclosures under the Basel III Capital Regulation" as set out in Note 5 of the Statement have not been subjected to our audit.
7. The Statement includes the financial results for the quarter ended March 31, 2018 being the balancing figure between audited figures in respect of the full financial year and the published year to date unaudited figures up to the third quarter of the current financial year which were subject to limited review by us.

FOR SURI & CO.
CHARTERED ACCOUNTANTS
FRN 004283 S

(P VENUGOPAL)
PARTNER
M.NO. 035034



FOR SPMG & CO.
CHARTERED ACCOUNTANTS
FRN 509249C

(AVADESH GUPTA)
PARTNER
M.NO. 516769



FOR MKPS & ASSOCIATES.
CHARTERED ACCOUNTANTS
FRN 302014E

(PRADIP KUMAR LATHI)
PARTNER
M.NO. 054130



FOR G S MATHUR & CO.
CHARTERED ACCOUNTANTS
FRN 008744N

(RAJIV KUMAR WADHAWAN)
PARTNER
M.NO. 091007



FOR HDSG & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN 002871N

(DALBIR SINGH GULATI)
PARTNER
M.NO. 081024



Place: New Delhi
Date: May 15, 2018

SURI & CO.
Chartered Accountants
G.S. Mathur & Co.
Chartered Accountants

SPMG & CO.
Chartered Accountants
HDSG & Associates
Chartered Accountants

MKPS & Associates
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of Punjab National Bank

Report on the Financial Statements

1. We have audited the accompanying Standalone financial statements of **Punjab National Bank** (the 'Bank') as at March 31, 2018, which comprise the Balance Sheet as at March 31, 2018, and Profit and Loss Account and the Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of 21 branches, Treasury Division and 35 other offices audited by us, 3587 branches audited by Statutory Branch Auditors (including 1 off-shore banking unit and 3 foreign branches audited by local auditors in respective countries). The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also incorporated in the Balance Sheet and the Profit and Loss Account are the returns from 3378 branches, 116 other offices of the Bank, which have not been subjected to audit. These unaudited branches and offices account for 6.14% of advances, 24.71% of deposits, 7.78% of interest income and 26.20% of interest expenses.

Management's Responsibility for the Standalone Financial Statements

2. Management is responsible for the preparation of these financial statements in accordance with the Banking Regulation Act, 1949, accounting principles generally accepted in India along with recognition and measurement principles laid down in the Accounting Standards issued by the Institute of Chartered Accountants of India so far as they are applicable to the Bank and Reserve Bank of India guidelines from time to time. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, as shown by books of bank, and to the best of our information and according to the explanations given to us:
 - (i) the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Bank as at March 31, 2018 in conformity with accounting principles generally accepted in India;
 - (ii) the Profit and Loss Account, read with the notes thereon shows a true balance of loss, in conformity with accounting principles generally accepted in India, for the year covered by the account; and
 - (iii) the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

Emphasis of Matter

7. Without qualifying our opinion, we draw attention to Note No.39 (j) regarding provision @ 50% amounting to Rs. 7,178.42 crores as against the total amount of Rs. 14,356.84 crores in respect of fraud involving certain accounts under Gems & Jewellery Sector as per the dispensation given by the Reserve Bank of India vide their letter No. 8720/21.04.132/2017-18 dt. 28.03.2018.

Report on Other Legal and Regulatory Requirements

8. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949.
9. Subject to the limitations of the audit indicated in paragraph 1 to 5 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and subject also to the limitations of disclosure required therein, we report that:



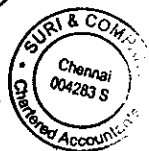
- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;
- (b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
- (c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

10. We further report that:

- (a) the Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account and returns;
- (b) the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report;
- (c) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the applicable accounting standards.

FOR SURI & CO.
CHARTERED ACCOUNTANTS
FRN 004283 S

(P VENUGOPAL)
PARTNER
M.NO.035034



FOR SPMG & CO.
CHARTERED ACCOUNTANTS
FRN 509249 C

(AVADESH GURTA)
PARTNER
M.NO. 516769



FOR MKPS & ASSOCIATES.
CHARTERED ACCOUNTANTS
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(PRADIP KUMAR LATHI)
PARTNER
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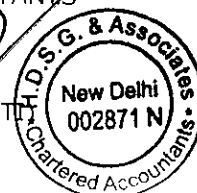
FOR G S MATHUR & CO.
CHARTERED ACCOUNTANTS
FRN 008744 N

(RAJIV KUMAR WADHAWAN)
PARTNER
M.NO. 091007



FOR HDSG & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN 002871 N

(DALBIR SINGH GULATI)
PARTNER
M.NO. 08102



Place: New Delhi
Date: May 15, 2018

**PUNJAB NATIONAL BANK
BALANCE SHEET AS ON 31st MARCH, 2018**

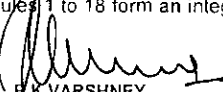
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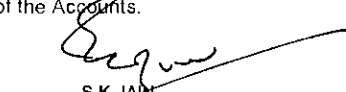
CAPITAL & LIABILITIES	Schedule	As on 31.03.18	As on 31.03.17
Capital	1	5521146	4255937
Reserves & Surplus	2	405221915	416718711
Deposits	3	6422261919	6217040164
Borrowings	4	608507480	407633354
Other Liabilities and Provisions	5	216788585	157657318
TOTAL		7658301045	7203305484
=====			
ASSETS			
Cash & Balances with Reserve Bank of India	6	287890324	252099957
Balances with Banks & Money at call & short notice	7	666729711	631216513
Investments	8	2003059816	1867254395
Advances	9	4337347213	4194931496
Fixed Assets	10	63493272	62732484
Other Assets	11	299780709	195070639
TOTAL		7658301045	7203305484
=====			
Contingent Liabilities	12	3041276977	3328313334
Bills for Collection		278586121	257791254

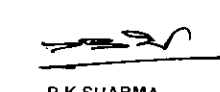
Significant Accounting Policies

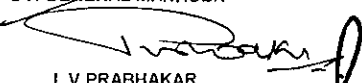
Notes on Accounts

The Schedules 1 to 18 form an integral part of the Accounts.


P K VARSHNEY
CHIEF MANAGER


S K JAIN
DY. GENERAL MANAGER


P K SHARMA
GENERAL MANAGER

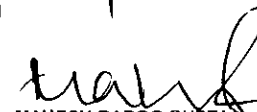

L V PRABHAKAR
EXECUTIVE DIRECTOR

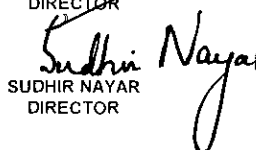

SUNIL MEHTA
MANAGING DIRECTOR & CEO

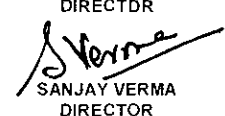

SUNIL MEHTA
CHAIRMAN


RAVI MITAL
DIRECTOR


DR. RABIN MISHRA
DIRECTOR

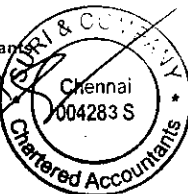

MAHESH BABOO GUPTA
DIRECTOR


SUDHIR NAYAR
DIRECTOR


SANJAY VERMA
DIRECTOR

For Suri & Co.
Chartered Accountants
FRN 004283S

(P Venugopal)
Partner
M No. 025034



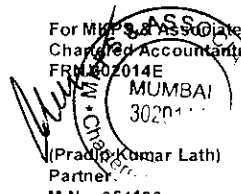
As per our Report of even date
For SPMG & Co.
Chartered Accountants
FRN 509249C

(Avadesh Gupta)
Partner
M No. 516769



For M.P.S. & Associates
Chartered Accountants
FRN 002014E

(Pradip Kumar Lath)
Partner
M No. 054130



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

(Rajiv Kumar Wadhawan)
Partner
M No. 091007



For HD SG & Associates
Chartered Accountants
FRN 002871N

(Dalip Singh Gulati)
Partner
M No. 081024



Date : 15/05/2018
Place: New Delhi



PUNJAB NATIONAL BANK
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2018

(₹000 omitted)

	<u>Schedule</u>	<u>Year Ended</u> <u>31.03.18</u>	<u>Year Ended</u> <u>31.03.17</u>
I. INCOME			
Interest earned	13	479957663	472759924
Other income	14	88808690	89513723
TOTAL		568766353	562273647
II. EXPENDITURE			
Interest expended	15	330733643	322828208
Operating expenses	16	135090730	93793837
Provisions and Contingencies		225770182	132403584
TOTAL		691594555	549025629
III. PROFIT			
Net Profit/(Loss) for the year		-122828202	13248018
Add: Balance in Profit & Loss A/c		0	0
Profit Available for Appropriation		-122828202	13248018
IV. APPROPRIATIONS			
Transfer to :			
Statutory Reserves		0	3312004
Capital Reserves		10249314	5137039
Revenue & Other Reserves		-133077516	2098975
Proposed Dividend		0	0
Interim Dividend		0	0
Tax on Dividend proposed for the year 2015-16		0	0
Balance Transferred from provision for tax on dividend/dividend		0	0
Special reserve as per Income Tax Act		0	2700000
Investment Reserve		0	0
Balance in Profit & Loss Account		0	0
TOTAL		-122828202	13248018
Earning per Share (₹) (Basic/Diluted)		NA	6.45
(Nominal Value ₹ 2 per share)			
Significant Accounting Policies	17		
Notes on Accounts	18		

P K VARSHNEY
CHIEF MANAGER

S K JAIN
DY. GENERAL MANAGER

P K SHARMA
GENERAL MANAGER

SUNIL MEHTA
MANAGING DIRECTOR & CEO

SUNIL MEHTA
CHAIRMAN

RAVIMITAL
DIRECTOR

DR. RABIN, MISHRA
DIRECTOR

MAHESH BABOO GUPTA
DIRECTOR

SUDHIR NAYAR
DIRECTOR

SANJAY VERMA
DIRECTOR

For Suri & Co.
Chartered Accountants
FRN 004283S

(P Venugopal)
Partner
M No. 035034

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

(Rajiv Kumar Wadhawan)
Partner
M No. 091007

Date : 15/05/2018
Place: New Delhi

As per our Report of even date

For SPMG & Co.
Chartered Accountants
FRN 509249C

(Avadesh Gupta)
Partner
M No. 516769

For HDSG & Associates
Chartered Accountants
FRN 002871N

(Dalbir Singh Gulati)
Partner
M No. 081029

For MKPS & Associates
Chartered Accountants
FRN 202014E

(Pradip Kumar Lath)
Partner
M No. 054130

PUNJAB NATIONAL BANK

SCHEDULE 1 - CAPITAL

(₹000 omitted)

	<u>As on 31.03.18</u>	<u>As on 31.03.17</u>
Authorised 15,00,00,00,000 Equity Shares of ₹ 2 each	30000000 =====	30000000 =====
Issued & Subscribed 276,05,73,227 (Previous year 212,79,68,258) Equity Shares of ₹2 each	5521146 =====	4255937 =====
Paid Up 276,05,73,227 (Previous year 212,79,68,258) Equity Shares of ₹2 each	5521146 =====	4255937 =====
(includes equity shares of 171,84,45,145 ₹2 each held by Central Government)		
TOTAL	5521146 =====	4255937 =====

SCHEDULE 2 - RESERVES & SURPLUS

I. Statutory Reserves

Opening Balance	99982512	96670507
Addition during the year	0	3312005
	99982512	99982512

II. Capital Reserves

a) Revaluation Reserve

Opening Balance	37505311	28447781
Addition during the year	0	9642471
Deduction during the year	667114	584941
(being depreciation on revalued portion of property)		
Transfer to Other Reserves	0	0
	36838197	37505311

b) Others

Opening Balance	18523619	13386581
Addition during the year	10249314	5137038
	28772933	18523619

III. Share Premium

Opening Balance	107920431	87129172
Addition during the year	102972577	20791259
Deduction during the year	0	0
	210893008	107920431

IV. Revenue and other Reserves

a) Investment Reserve

Opening Balance	3705193	3705193
Add Transfer from P&L Appropriation A/c	0	0
Less Transfer to P&L Appropriation A/c	0	0
	3705193	3705193

b) Exchange Fluctuation Reserve

Opening Balance	3426421	3606056
Add : Addition during the year	22227	
Less: Deduction during the year (Net)	0	179635
	3448648	3426421

c) Special Reserve under Sec.36(1) (viii) of Income Tax Act, 1961

Opening Balance	14636600	11936600
Transferred from Other Reserves		0
Addition during the year	0	2700000
	14636600	14636600

d) Other Reserve

Opening Balance	131018624	137256249
Addition during the year	8336602	2098975
Less: Withdrawal during the year	133077516	8336600
Add: Transfer from Revaluation Reserves	667114	0
Less: Payment for blocked accounts	0	0
	6944824	131018624

V. Balance in Profit & Loss Account

	0	0
Total of I, II, III, IV,V	405221915 =====	416718711 =====



(₹000 omitted)

SCHEDULE 3 - DEPOSITS

	As on 31.03.18	As on 31.03.17
I. Demand Deposits		
(i) From Banks	16633422	17349781
(ii) From Others	387108559	441183294
	403741981	458533075
II. Savings Bank Deposits	2228731120	2141625493
III. Term Deposits		
A. (i) From Banks	526342211	643551247
(ii) From Others	3263446607	2973330349
	3789788818	3616881596
Total I, II & III	6422261919	6217040164
	=====	=====
B. (i) Deposits of branches in India	6003868409	5655727079
(ii) Deposits of branches outside India	418393510	561313085
TOTAL B (i) & (ii)	6422261919	6217040164
	=====	=====

SCHEDULE 4 - BORROWINGS

I. Borrowings in India		
(i) Reserve Bank of India	166060000	0
(ii) Other Banks	43187872	3849185
(iii) Other Institutions and Agencies	38473411	17539645
(iv) Unsecured Redeemable Bonds		
a) Tier-I Bonds (Perpetual Debt Instruments)	61705000	57705000
b) Upper Tier-II Bonds	45000000	61100000
c) Subordinate debts for Tier II Capital	50000000	50000000
d) Long term infrastructure bonds	28000000	184705000
	184705000	196805000
II. Borrowings outside India	176081197	189439524
Total of I, II	608507480	407633354
	=====	=====
Secured Borrowings included in I & II above	166060000	0



PUNJAB NATIONAL BANK

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹000 omitted)

	<u>As on 31.03.18</u>	<u>As on 31.03.17</u>
I. Bills Payable	23985287	25540463
II. Inter-Office adjustments (net)	25822	27863
III. Interest accrued	17437107	17286010
IV. Deferred Tax Liability (Net)	0	0
V. Others (including Provisions)	175340369	114802982
Total of I, II, III, IV, V	216788585 =====	157657318 =====

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

I. <u>Cash in hand (including foreign currency notes)</u>	21051761	20984803
II. <u>Balance with Reserve Bank of India</u>		
In Current Account	266838563	231115154
In other Account	0	0
Total of I, II	287890324 =====	252099957 =====



PUNJAB NATIONAL BANK

SCHEDULE 7- BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE

(₹000 omitted)

As on 31.03.18

As on 31.03.17

I. In India

(i) Balances with Banks

a) In Current Accounts	5783974	6499917	
b) In Other Deposit Accounts	100026842	97120140	
	105810816	103620057	

(ii) Money at Call and Short Notice

a) with Banks	0	0	
b) with Other Institutions	290540596	220000000	220000000
TOTAL	396351412	323620057	

II. Outside India

(i) Balances with Banks

a) In Current Accounts	13642894	11955070	
b) In Other Deposit Accounts	256735405	295641386	

(ii) Money at Call & Short Notice	0	0	
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TOTAL	270378299	307596456	
GRAND TOTAL of I, II	666729711	631216513	



PUNJAB NATIONAL BANK

SCHEDULE 8 - INVESTMENTS

(₹000 omitted)

	<u>As on 31.03.18</u>	<u>As on 31.03.17</u>
I. Investments in India : Gross	1958821605	1825913632
Less: Provision for Depreciation	31033369	14126142
Net Investment in India	1927788236	1811787490
(i) Government Securities	1520463523	1461827636
(ii) Other Approved Securities	1464769	1883020
(iii) Shares	43830320	53578677
(iv) Debentures and Bonds	306108848	247195844
(v) Subsidiaries and/or joint ventures (including sponsored institutions)	6725664	7532699
(vi) Others Various Mutual Funds & Commercial Papers etc.	49195112	39769614
TOTAL of I	1927788236	1811787490
II. Investments Outside India : Gross	75279271	55466905
Less: Provision for depreciation	7691	0
Net Investments outside India	75271580	55466905
(i) Govt. securities including local authorities	19020552	14973914
(ii) Subsidiary and / or Joint ventures abroad	23490635	15516110
(iii) Others	32760393	24976881
TOTAL of II	75271580	55466905
GRAND TOTAL of I, II	2003059816	1867254395



PUNJAB NATIONAL BANK

SCHEDULE 9 - ADVANCES

(₹000 omitted)

	<u>As on 31.03.18</u>	<u>As on 31.03.17</u>
A (i) Bills purchased and discounted	206233772	295556725
(ii) Cash Credits, Overdrafts & Loans repayable on demand	2787964720	2493598870
(iii) Term Loans	1343148721	1405775901
Total	4337347213	4194931496
B (i) Secured by tangible assets (Includes advances against Book Debts)	3568255401	3607407220
(ii) Covered by Bank/Government guarantees	130258775	108915173
(iii) Unsecured	638833037	478609103
Total	4337347213	4194931496
C (I) Advances in India		
(i) Priority Sector	1562851180	1331280529
(ii) Public Sector	389876840	199391059
(iii) Banks	12258	16965
(iv) Others	1974579904	2164233273
Total	3927320182	3694921826
C (II) Advances outside India		
(i) Due from Banks	270279083	281380953
(ii) Due from Others		
(a) Bills Purchased & Discounted	4968283	5319639
(b) Syndicated Loans	47112983	24266223
(c) Others	87666682	189042855
Total	410027031	500009670
GRAND TOTAL (Total of I & II)	4337347213	4194931496



SCHEDULE 10 - FIXED ASSETS

PUNJAB NATIONAL BANK

(₹000 omitted)

As on 31.03.17

As on 31.03.18

A TANGIBLE ASSETS

I. Premises

At cost / valuation as on 31st March of the preceding year	55392803	45097669
Addition during the period	212856	1216189
Add: Revaluation during the year	0	9642471

55605659 55956329

Deduction during the year	0	0
Adjustment During the Period		563526

55605659 55392803

Depreciation to date (Including on revalued amount)	5906340	5071965
--	---------	---------

49699319 50320838

II. Other Fixed Assets (Including Furniture & Fixtures)

At cost as on 31st March of the preceding year	40822916	36915068
--	----------	----------

Addition during the year	5822527	5025505
--------------------------	---------	---------

46645443 41940573

Deduction during the year	672255	1117657
---------------------------	--------	---------

45973188 40822916

Depreciation to date	33082186	29138093
----------------------	----------	----------

12891002 11684823

III Leased Assets

At cost as on 31st March of the preceding year	252386	252386
--	--------	--------

252386 252386

Addition/adjustment during the year	0	0
-------------------------------------	---	---

Deduction during the year	0	0
---------------------------	---	---

252386 252386

Amortisation / lease adjustment to date	252386	252386
---	--------	--------

0 0

Total of I, II, III

62590321 62005661

B INTANGIBLE ASSETS

Computer Software

At cost as on 31st March of the preceding year	3806408	3663449
--	---------	---------

Addition during the period	613690	142959
----------------------------	--------	--------

4420098 3806408

Deduction during the year	102	0
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4419996 3806408

Amortised to date	3517045	3079585
-------------------	---------	---------

Total

902951 726823

GRAND TOTAL (A+B)

63493272 62732484



PUNJAB NATIONAL BANK

SCHEDULE 11 - OTHER ASSETS

(₹000 omitted)

	<u>As on 31.03.18</u>	<u>As on 31.03.17</u>
I. Interest accrued	50572007	44662889
II. Tax paid in advance / tax deducted at source	26851315	7539712
III. Stationery and stamps	105337	99365
IV. Non-banking assets acquired in satisfaction of claims	1122443	1120259
V. Deferred tax asset (net)	132147520	61010344
VI. Others	88982087	80638070
Total of I, II, III, IV, V, VI	299780709 =====	195070639 =====

SCHEDULE 12 - CONTINGENT LIABILITIES

I (i) Claims against the Bank not acknowledged as debts	3122726	2406801
(ii) Disputed income tax and interest tax demands under appeals, references etc.	12609217	0
II. Liability for partly paid investments	131315	115
III. Liability on account of outstanding forward exchange contracts	2236701227	2494863829
IV. Guarantees given on behalf of constituents:		
(a) In India	399139850	381888703
(b) Outside India	99128686	139205925
V. Acceptances, endorsements and other obligations	274081522	296648106
VI. Other items for which the Bank is contingently liable	16362434	13299855
Total of I, II, III, IV, V, VI	3041276977 =====	3328313334 =====



PUNJAB NATIONAL BANK

SCHEDULE 13 - INTEREST EARNED

(₹000 omitted)

	<u>Year Ended</u> <u>31.03.18</u>	<u>Year Ended</u> <u>31.03.17</u>
I. Interest/discount on advances/bills	318330835	329588223
II. Income on Investments	139469819	125771706
III. Interest on balances with Reserve Bank of India and other Inter-Bank funds	20014204	13542009
IV. Others	2142805	3857986
Total of I, II, III, IV	479957663 =====	472759924 =====

SCHEDULE 14 - OTHER INCOME

	<u>Year Ended</u> <u>31.03.18</u>	<u>Year Ended</u> <u>31.03.17</u>
I. Commission, Exchange and Brokerage	27919100	27272084
II. Profit on sale of Investments	33403264	28506091
Less: Loss on sale of Investments	837132	1962860
	32566132	26543231
III. Profit on revaluation of Investments	0	0
Less: Loss on revaluation of Investments/ Amortisation	0	0
	0	0
IV. Profit on sale of land, buildings and other assets	28472	55086
Less: Loss on sale of land, buildings and other assets	2538	1328
	25934	53758
V. Profit on exchange transactions	13391751	14646947
Less: Loss on exchange transactions	5330336	8818828
	8061415	5828119
VI. Income earned by way of dividends etc. from subsidiaries / companies and / or joint ventures in India & abroad.	1394709	958509
VII. Miscellaneous Income	18841400	28858022
Total of I, II, III, IV, V, VI & VII	88808690 =====	89513723 =====



PUNJAB NATIONAL BANK

SCHEDULE 15 - INTEREST EXPENDED

(₹000 omitted)

	<u>Year Ended</u> <u>31.03.18</u>	<u>Year Ended</u> <u>31.03.17</u>
I. Interest on Deposits	304555279	299336656
II. Interest on Reserve Bank of India/ inter-bank borrowings	5531499	2415350
III. Others	20646865	21076202
Total of I, II, III	330733643	322828208
	=====	=====

SCHEDULE 16 - OPERATING EXPENSES

	<u>Year Ended</u> <u>31.03.18</u>	<u>Year Ended</u> <u>31.03.17</u>
I. Payments to and Provisions for employees	91687951	54207188
II. Rent, Taxes and Lighting	7388599	6922235
III. Printing and Stationery	909944	958918
IV. Advertisement and Publicity	471497	553613
V. Depreciation/Amortisation on Bank's property	5761673	4250367
VI. Directors' fees, allowances and expenses	15754	14633
VII. Auditors' fees and expenses	742420	673015
VIII. Law Charges	733506	643284
IX. Postage, Telegrams, Telephones, etc.	1695746	1754023
X. Repairs and Maintenance	2624006	2340978
XI. Insurance	6418660	5685672
XII. Other expenditure	16640974	15789911
Total of I to XII	135090730	93793837
	=====	=====



PUNJAB NATIONAL BANK

SCHEDULE 17 (SOLO) – 31.03.2018

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 (earlier recorded in memorandum dues);
- b) Principal irregularities i.e. NPA outstanding in the account.
- c) 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), interest on overdue bills, 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.

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 Debit/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 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.

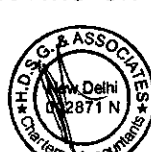
c. Cost is determined on the weighted average cost method for all categories of investments.

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.

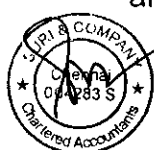


- ii) Investments in subsidiaries/joint ventures/associates are valued at carrying cost less diminution, other than temporary in nature for each investment individually.
- iii) Investments in sponsored regional rural banks are valued at carrying cost.
- iv) Investment in Venture Capital is valued at 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)
	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. For NPI in preference share, debentures and bonds, provision is made on Sub-standard and Doubtful assets as per NPA provisioning norms.

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 which 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.

5.1 (a) Advances are classified: Standard, Sub Standard, Doubtful and Loss assets borrower wise.

5.1(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 countercyclical / 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 NPAs.

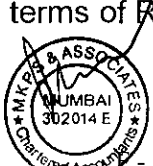
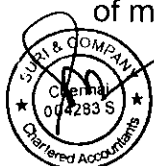
5.4 Restructured Assets

For restructured/rescheduled advances, provisions are made in accordance with guidelines issued by RBI. 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.



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/2015.16/279 DBR.IBD.BC No. 68/23.37.001/2015-16 dated 31.12.2015).

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
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 New Bank of India & 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	20.00%

C. Depreciation on fresh additions to assets other than bank's own premises is provided from the month in which the assets are put to use and in the case of assets sold/disposed off during the year, up to the month preceding the month in which it is sold/ disposed off.



- 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).

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:**

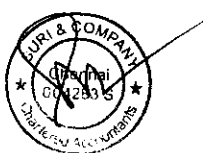
Other Employee Benefits such as Leave Fare Concession (LFC), Silver Jubilee Award, etc. are provided for based on actuarial valuation.

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.





PUNJAB NATIONAL BANK

SCHEDULE 18 (SOLO)

NOTES TO ACCOUNTS - 31.03.2018

1. Capital

Capital Ratio

(₹ in Crore)

Sl. No	Particulars	31.03.2018	31.03.2017
i.	Common equity Tier 1 Capital ratio (%)*	5.95	7.87
ii.	Tier 1 Capital ratio (%)*	7.12	8.91
iii.	Tier 2 Capital ratio (%)*	2.08	2.75
iv.	Total Capital ratio (CRAR) (%)*	9.20	11.66
v.	Percentage of the shareholding of the Government of India in the Bank	62.25 %	65.01%
vi.	Amount of equity Capital raised	10473.00**	2112.00
vii.	Amount of Additional Tier 1 Capital raised; of which :	1500.00	2250.00
	Perpetual Non- Cumulative Preference Shares(PNCPS):	NIL	NIL
	Perpetual Debt Instruments (PDI):	1500.00	2250.00
viii.	Amount of Tier 2 Capital raised; of which :	NIL	NIL
	Debt Capital instrument:	NIL	NIL
	Preference Share Capital Instruments:[Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non- Cumulative Preference Shares (RNCPS) /Redeemable Cumulative Preference Shares (RCPS)]	NA	NA

* Information given in 1 (i to iv) has been given as per Basel III Capital Regulations.

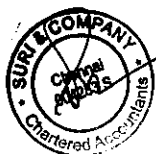
** Figures includes Rs. 126.52 crore (32.87crore) as Equity Capital and Rs. 10346.48 crore (Rs. 2079.13 crore) as Share Premium.

2. Investments

The detail of Investments and the Movement of provision held towards depreciation on investments of the Bank is given below:-

(₹ in Crore)

	Particulars	31.03.2018	31.03.2017
(1)	Value of Investments		
i	Gross value of Investments	203410.09	188138.05
a	In India	195882.16	182591.36



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b	Outside India	7527.93	5546.69
ii	Provisions for Depreciation	3104.11	1412.61
a	In India	3103.34	1412.61
b	Outside India	0.77	0.00
iii	Net value of Investments	200305.98	186725.44
a	In India	192778.82	181178.75
b	Outside India	7527.16	5546.69
(2)	Movement of provisions held towards depreciation on investments.		
i	Opening balance	1412.61	960.64
ii	Add: Provisions made during the year	1784.17	704.68
iii	Less: Write-off/ write-back of excess provisions during the year (Net).	92.67	252.71
iv	Closing balance	3104.11	1412.61

3. Repo Transactions (in face value terms)

The details of securities sold and purchased under repo and reverse repo transactions are as under

(₹. in Crore)

Face Value	Minimum outstanding during the year ended 31.03.2018	Maximum outstanding during the year ended 31.03.2018	Daily Average outstanding during the year ended 31.03.2018	Outstanding as on 31.03.2018
A. Securities sold under repo				
(i) Government Securities	0.00 (0.00)	3438.57 (16175.00)	48.34 (353.67)	0.00 (0.00)
(ii) Corporate Debt Securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
B. Securities purchased under reverse repo				
(i) Government Securities	0.00 (0.00)	5633.09 (39084.00)	992.99 (13386.33)	2554.65 (22000.00)
(ii) Corporate Debt Securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)

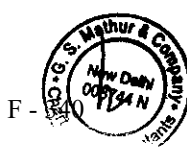
(Figures in brackets relate to previous year)

4. Non-SLR Investment Portfolio

4a. Issuer composition of Non SLR investments as on 31.03.2018

(₹ in Crore)

Sr.No	Issuer	Amount	Extent of	Extent of	Extent of	Extent of
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			Private Placemen t	'Below Investmen t Grade' Securities	'Unrated' Securities	'Unlisted ' Securitie s
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	13505.07 (10618.03)	270.91 (NIL)	11.45 (NIL)	665.48 (1329.06)	1901.99 (NIL)
(ii)	FIs	18767.12 (13612.88)	810.76 (27.00)	9.26 (NIL)	890.32 (NIL)	358.73 (NIL)
(iii)	Banks	5106.64 (4578.34)	NIL (NIL)	57.51 (NIL)	360.59 (NIL)	NIL (NIL)
(iv)	Private Corporat es	8047.48 (7617.31)	3873.23 (50.00)	1067.96 (NIL)	349.06 (39.25)	1022.12 (39.25)
(v)	Subsidiar ies / Joint Ventures	3021.89 (2305.14)	NIL (NIL)	NIL (NIL)	NIL (NIL)	451.37 (321.45)
(vi)	Others*	7788.28 (3491.80)	NIL (NIL)	NIL (NIL)	NIL (0.00)	NIL (0.00)
(vii)	Provision s held towards depreciat ion.	-2561.96 (-1053.56)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
	Total	53674.52 (41169.94)	4954.90 (77.00)	1146.16 (NIL)	2265.45 (1368.31)	3734.21 (360.70)

*Others include Special Govt. Securities of ₹ 7463.42 Crore (Rs. 2312.96 crore) (Net of depreciation, if any) shown under Govt. Securities in Schedule 8. Amounts reported under columns 4, 5, 6 and 7 above may not be mutually exclusive.

4b. Non-performing Non-SLR investments

The movement in Non-performing Non-SLR Investments is given below:-
(₹ in Crore)

Particulars	31.03.2018	31.03.2017
Opening balance	727.90	516.41
Additions during the year	1569.06	276.01
Reductions during the year	18.65	64.52
Closing balance	2278.31	727.90
Total provisions held	1934.33	591.23

4c. Sale and transfers to / from HTM category

The total value of sales and transfers of securities to / from HTM category during 1st April 2017 to 31st March, 2018 has exceeded 5% of the book value of investments held in HTM category as on 31.03.2017 (Excluding following Transactions).



{The 5 percent threshold referred to above will exclude (a) the one- time transfer of securities to/ from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the accounting year (b) sales to the Reserve Bank of India under pre-announced OMO auctions, (c) Repurchase of Government Securities by Government of India from banks, (d) Sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM at the beginning of April, July, October 2017 and January 2018 in addition to the shifting permitted at the beginning of the accounting year, i.e. April, 2017}

Disclosure in terms of extant RBI guidelines (excess of book value over market value for which provision is not made) is as follows:

(Amount in Rupees Crores)

Particulars	Book Value	Market Value	Excess of Book Value over Market Value
1. Government Securities	112532.29	110730.63	1801.66
2. Other Approved Securities	139.21	140.45	0.00
3. Shares	56.88	79.71	0.00
4. Debenture & Bonds	3606.22	3623.09	0.00
5. Subsidiaries, Joint Ventures, Associates & RRBs	672.57	9515.61	0.00
6. Others	83.15	125.13	0.00
7. Investments outside India	2349.06	2340.98	8.08
Total	119439.38	126555.60	1809.74

5. Derivatives

5a. Forward Rate Agreement/ Interest Rate Swap

(₹ in Crore)

Particulars	31.03.2018	31.03.2017
i The notional principal of swap agreements	339.67	372.44
ii Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	6.11	4.00
iii Collateral required by the bank upon entering into swaps	NIL	Nil
iv Concentration of credit risk arising from the Swaps	NIL	Nil
v The fair value of the swap book	- 2.5728	- 1.0878

The above Trades are Interest Rate Swap Deal done with Interbank for ₹319.83 Crores (Previous year ₹348.72crores) and Financial Institution ₹19.83Crores (Previous year ₹23.72Crores). Credit Risk (Credit Exposure) for Current Year is ₹9.77Crore and for previous year it was ₹12.25Crore. There are total 14 deals out of which 02 deals are Back to Back Deals, 02Deals where payment is made at Fixed



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Contract Rate and received at Floating rate and in remaining 10 deals, payment is made at Floating Rate and received at Fixed Contract Rate.

5b. Exchange Traded Interest Rate Derivatives

(₹ in Crore)

Sl. No.	Particulars	31.03.2018	31.03.2017
(i)	Notional Principal amount of exchange traded interest rate derivatives undertaken during the period April, 2017 to March, 2018 (instrument-wise) a) Interest rate futures	248.60	811.60
(ii)	Notional Principal amount of exchange traded interest rate derivatives outstanding as on 31 st March, 2018 (instrument-wise)	NIL	NIL
(iii)	Notional Principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective' (instrument-wise)	NIL	NIL
(iv)	Mark-to-Market value of exchange traded interest rate derivatives outstanding and not 'highly effective' (instrument-wise)	NIL	NIL

5c. Disclosure on risk exposure in derivatives

I - Qualitative Disclosure

The Bank uses derivatives products for hedging its own balance sheet items as well as for trading purposes. The risk management of derivative operation is headed by a senior executive, who reports to top management, independent of the line functions. Trading positions are marked to market on daily basis.

The derivative policy is framed by Integrated Risk Management Division, which includes measurement of credit risk and market risk.

The hedge transactions are undertaken for balance sheet management. Proper system for reporting and monitoring of risks are in place. Policy for hedging and processes for monitoring the same is in place.

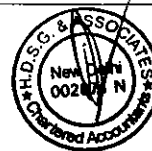
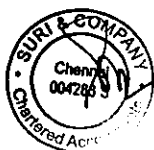
Accounting policy for recording hedge and non-hedge transactions are in place, which includes recognition of income, premiums and discounts.

Valuation of outstanding contracts, provisioning, collateral and credit risk mitigation are being done.

II - Quantitative Disclosure

(Amt. ₹ in Crore)

Sl. No.	Particulars	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
		31.03.2018	31.03.2018	31.03.2017	31.03.2017
1	Derivatives (Notional Principal Amount)				
(a)	For Hedging	0.00	0.00	0.00	0.00
(b)	For trading	299.61	339.67	0.00	372.44
2	Marked to Market Position				



	Hedging				
	a) Asset (+)	0.00	0.00	0.00	0.00
	b) Liability (-)	0.00	0.00	0.00	0.00
	Trading				
	a) Asset (+)	1.05	0.00	0.00	0.00
	b) Liability (-)	0.00	- 2.5728	0.00	- 1.0878
3	Credit Exposure	0.00	9.7748	0.00	12.2459
4	Likely impact of one percentage change in interest rate (100*PV01)				
(a)	On hedging derivatives	0.00	0.00	0.00	0.00
(b)	On trading derivatives	0.046	- 0.0622	0.00	- 0.0543
5	Maximum and Minimum of 100*PV01 observed during the period				
(a)	On hedging Maximum	0.00	0.00	0.00	0.00
	Minimum	0.00	0.00	0.00	0.00
(b)	On trading Maximum	0.00	- 0.0949	0.00	- 0.01
	Minimum	0.00	- 0.0344	0.00	- 0.00004

6. Asset Quality

6a Non-Performing Assets

The details of movement of Gross Non-performing Assets (NPAs), Net NPAs and provisions are given below:-

(₹. in Crore)

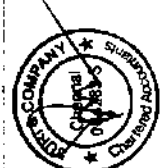
Particulars		31.03.2018	31.03.2017
i)	Net NPAs to Net Advances (%)	11.24 %	7.81 %
ii)	Movement of NPAs (Gross)		
	Opening balance	55370.45	55818.33
	Additions during the year	44274.33	22414.58
	Reductions during the year	13024.73	22862.46
	Closing balance	86620.05	55370.45
iii)	Movement of Net NPAs		
	Opening balance	32702.10	35422.56
	Additions during the year	30052.87	16106.37
	Reductions during the year	14070.68	18826.83
	Closing balance	48684.29	32702.10
iv)	Movement of provision for NPAs (excluding provisions on Standard assets)		
	Opening balance	22043.49	19854.43
	Provisions made during the year (Gross)	31459.08	15881.23
	Write-off/write back of excess provision	15890.75	13692.17
	Closing balance	37611.82	22043.49

6b Disclosure of Restructured Accounts as on 31.03.2018 as per revised guidelines



11/01/2019 as per revised guidelines

Sl No	Type of Restructuring	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total			
		Standard	Sub-Standard	Outright	Loss	Total	Standard	Sub-Standard	Outright	Loss	Total	Standard	Sub-Standard	Outright	Loss	Total	
1	Restructured Accounts as on April 1 of the FY 2017-18 (Opening figures)	No. of borrowers Amount outstanding Provision thereon	24.00 283771.57 52432.85	0 54908.80 15532.68	0 531511.28 0	0 920192.66 121514.21	58 60767.83 8409.51	0 5688.75 1219.53	0 4821.69 943.64	0 71445.27 10572.68	63 83862.84 89252.11	48 13591.04 1235.06	16 67080.09 3742.82	5 0 0	0 918343.97 94320.02	0 603383.07 59235.14	0 1910581.90 265316.81
2	Fresh restructuring during the year (plus addition in old existing arcs)	No. of borrowers Amount outstanding Provision thereon	0.00 0.00 0.00	0 2149.56 0	0 0.00 0.00	0 2149.56 0	0 2712.13 0	4 537.25 0	0 2205.17 0	0 5485.55 0	12 29216.46 1505.79	0 13833.09 0.00	0 80705.00 0.00	1 0 0	0 12912.47 1505.79	0 5357.93 0.00	0 13677.58 4278.44
3	Upgrades to restructured standard category during the FY 18	No. of borrowers Amount outstanding Provision thereon	0 0.00 0.00	0 0.00 0.00	0 0.00 0.00	0 0.00 0.00	0 1076.69 0	4 1076.69 0	0 0.00 0.00	0 0.00 0.00	0 0.00 0.00	5 14556.22 1505.79	3 8941.19 0.00	2 5825.03 0.00	0 0.00 0.00	0 5825.03 0.00	0 0.00 0.00
4	Restructured standard Advances which ceased to attract higher provisioning weight at the end of the FY 17-18 and hence moved to be shown restructured standard advances at the beginning of the next FY	No. of borrowers Amount outstanding Provision thereon	0 0.00 0.00	0 0.00 0.00	0 0.00 0.00	0 0.00 0.00	0 30.00 0	0 0.00 0	0 0.00 0	0 0.00 0	0 0.00 0	0 0.00 0	0 0.00 0	0 0.00 0	0 0.00 0	0 0.00 0.00	0 0.00 0.00
5	Downgradations of restructured accounts during the FY 17-18	No. of borrowers Amount outstanding Provision thereon	0.00 120088.38 15759.56	0 19030.87 2382.05	0 106571.09 13772.2	0 9015.66 527.42	0 4636.16 380.38	0 280232.22 32816.09	0 832.00 2218.04	0 4636.16 380.38	0 -4276.30 239.66	0 -103773.01 31554.26	0 0.00 0.00	0 0.00 0.00	0 -76014.25 18654.43	0 0.00 1133.36	0 -103773.01 1147.36
6	Write-offs (closure/recovery) of restructured accounts during the FY 17-18	No. of borrowers Amount outstanding Provision thereon	0 93709.64 28925.57	0 -67821.85 -15332.72	0 -320240.55 40224.03	0 -481959.68 -52695.06	0 -2571.70 826.70	0 2945.77 609.72	0 -4694.13 -1682.80	0 0.00 0	0 -366272.38 -52414.64	0 -196875.36 -47428.12	0 -13154.19 -4187.87	0 0 -1020.83	0 -366272.38 -52414.64	0 -145151.37 -43491.53	0 -798394.15 -46254.50
7	Restructured Accounts as on 31.03.2018 (Closing figures)	No. of borrowers Amount outstanding Provision thereon	24.00 79976.55 9787.72	0 45158.19 2592.01	0 317871.63 27096.85	0 448358.19 35446.58	63 27723.39 4701.01	15 5429.50 239.73	3 10685.73 2477.56	0 43578.82 0.00	63 415781.01 36865.23	48 212004.34 2314.88	16 99911.66 0.01	5 40718.50 0.00	0 768415.51 39294.13	0 418448.22 5138.63	0 1250632.32 86148.03



Figures Under Sl. No 5, shows slippage (O/S) from STD to Substandard of Rs 37738.65 lacs in 3 A/c's and plus slippage of Rs 82344.73 from Std to Doubtful category in 4 a/c's. One a/c with outstanding of Rs 5279.97 slipped from Std ineligible to Sub-Std and two A/c with O/S of Rs 2735.58 lacs slipped from Std ineligible to Doubtful category. It also shows Slippage from Sub-standard to Doubtful category of Rs 26987.95 lacs in 6 a/c's. one account slipped from doubtful to loss category with O/S of Rs 5497.17 lacs.

Figures Under Sl. No 5, (Prov) shows slippage from STD to Substandard of Rs 4544.22 lacs in 3 a/c's and reduction in provision of Rs 11195.34 due to slippage four accounts from Std to Doubtful. It also shows Slippage of prov from Sub-standard to Doubtful category of Rs 2564.98 lacs in 6 A/c's. Provision of Rs 402.81 was added to Sub-std due to slippage of one a/c from Std ineligible to Sub Std & Provision of Rs 124.61 was added to doubtful due to slippage of two a/c's from Std ineligible to Doubtful and Prov of Rs 112.73 lacs slipped from Doubtful to Loss category due to slippage of one A/c.

Figures under Sl no 6, (o/s in Std) includes Rs 34427.06 lacs; reduction in outstanding in existing std accounts.

Figures under Sl no 6, (Prov in Std) includes Rs 8586.20 lacs; reduction/ release in provision in existing std accounts

Figures under Sl no 6, (Prov in Sub-Std) includes Rs 2365.02 lacs; reduction/ release in provision in existing Sub Std accounts plus increase/decrease in provision of A/c's which slipped to Sub-Std after 31.3.18

Figures under Sl no 6, (o/s in Doubtful) includes Rs 18313.90 lacs; reduction in outstanding in existing doubtful accounts plus increase/decrease in outstanding of A/c's which slipped to Doubtful after 31.3.18

Figures under Sl no 6, (Prov in Doubtful) includes Rs 13861.37 lacs; reduction/ release in provision in existing Doubtful accounts plus increase/decrease in provision of A/c's which slipped to Doubtful after 31.3.18

One ineligible Standard account i.e. M/s Chennai Network infra ltd got merged with M/s GTL Infrastructure Ltd, a doubtful account

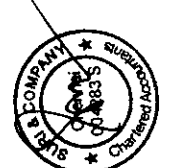
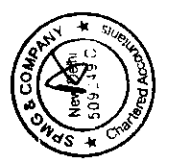
MSME

Note-column No. 6 includes:

1. Rs. 211.16 lac decrease in o/s of sub-Standard advances is on account of netting of recovery and additional debit/ facility for 4 downgraded account which is continued as restructured account.
 2. Decrease in provision of sub-standard assets of Rs. 405.93 lac is on account of netting of increase & decrease in additional provision, DFV & FITL of downgraded account which is continued as restructured account;
 3. Decrease in o/s of doubtful assets for Rs. 300.01 lac is on account of netting of recovery and additional facility/debit for existing doubtful accounts;
 4. Decrease in o/s of doubtful assets of Rs. 835.79 lac is on account of netting of recovery and additional debit/facility for 6 accounts downgraded from Std / sub-std to doubtful category;
 5. Decrease in provision of doubtful assets of Rs. 918.98 lac is on account of netting of increase & decrease in additional provision, DFV & FITL of 6 downgraded account which is continued as restructured account;
 6. Rs. 245.37 lac decrease in o/s of eligible Standard advances is on account of netting of recovery and additional debit/ facility;
 7. Decrease in provision of standard assets of Rs. 650.95 lac is on account of netting of increase & decrease in DFV & FITL of existing std accounts
- Column no. 2 includes :
8. Rs. 3.67 lac increase in o/s of sub-Standard advances on account of netting of recovery and additional debit/ facility;
 9. Increase in provision of sub-standard assets of Rs. 8.34 lac on account of netting of increase & decrease in DFV & FITL of existing sub-std accounts

NON CDR

1. Figure under Serial No. 2 (Fresh Restructuring during the period), in Sub Standard column, the amount given is on account of increase of Rs.13833.08 Lakh in balance outstanding in existing sub standard accounts. Likewise, amount of Rs 5357.93 lakh is on account of increase in balance outstanding in Loss Asset account.
2. Figures under Serial No. 6 (write off of restructured accounts), includes decrease of Rs.65570.51 lakh and Rs.16780.73 lakh in outstanding and provision, in eligible standard accounts, during the period. Figures under Serial No.6 (Write off of restructured accounts), in Sub Standard Accounts, is decrease in balance against Provision, includes Rs.14087.97 lakh in existing sub standard accounts. Likewise, in doubtful accounts category, outstanding includes decrease of Rs.63.97 lakh (outstanding) in existing doubtful accounts and Rs.70042.16 lakh of fresh slipped (DB) accounts from Standard Category. In loss accounts category, Rs.1020.63 Lakh is the decrease in the provision of 1-account.
3. Figures under serial no. 5 (down-gradation of restructured accounts), in Sub Standard Column, the amount outstanding includes Rs.70228.02 lakh and provision includes Rs.239.66 lakh, in 9-accounts, which are slippage from ineligible standard accounts to sub standard. Likewise, in Doubtful Account, outstanding includes Rs.7070.28 lakh in outstanding in 1-account, which has slipped from ineligible standard accounts to DB category. In Loss Category Accounts, one account slipped from ineligible standard category to Loss category, with amount outstanding of Rs.14948.00 lakh



6c (i). Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A), as on 31.03.2018

(Amount in INR Crore)

	No. of accounts where S4A has been applied	Amount outstanding		Provision Held
		In Part A	In Part B	
Classified as Standard	08	1169.53	1158.76	481.92
Classified as NPA	01	78.69	61.08	34.94
TOTAL	09	1248.22	1219.84	516.86

6c (ii) . Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

(Amount in INR Crore)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has been taken place	
	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
NIL	NIL	NIL	NIL	NIL	NIL	NIL

6c (iii). Disclosures on Change in ownership outside Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

(Amount in INR Crore)

No. of accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters' equity	
	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
02	117.89	NIL	NIL	NIL	NIL	NIL	117.89	NIL



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6c (iv). Disclosures on application of Flexible Structuring to Existing Loans as on 31.03.2018.

(Amount in INR Crore)

Period	No. of borrowers taken up for flexibly structuring	Amount of loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
Previous Financial Year	13	2430.01	854.36	9.82	18.51
Current Financial Year	01	1405.00	0.00	9.25	20.00

6c (v). Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period)

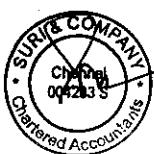
(Amount in INR Crore)

No. of project loan accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		
	Classified as Standard	Classified as Standard restructured	Classified as NPA
NIL	NIL	NIL	NIL

6 c (vi) Divergence in Asset Classification and Provisioning for NPAs in compliance to Risk assessment report (RAR) of RBI for the year 2016-17 are reported as under:-

(Rs. in Crores)

Sr.	Particulars	Amount
1.	Gross NPAs as on March 31, 2017 as reported by the Bank	55370.45
2.	Gross NPAs as on March 31, 2017 as assessed by RBI	57577.55
3.	Divergence in Gross NPAs (2-1)	2207.10
4.	Net NPAs as on March 31, 2017 as reported by the Bank	32702.10
5.	Net NPAs as on March 31, 2017 as assessed by RBI	34117.00
6.	Divergence in Net NPAs (5-4)	1414.90
7.	Provisions for NPAs as on March 31, 2017 as reported by the Bank	22043.49*
8.	Provisions for NPAs as on March 31, 2017 as assessed by RBI	22835.69
9.	Divergence in Provisioning (8-7)	792.20
10.	Reported Net Profit after Tax (PAT) for the year ended March 31, 2017	1324.80
11.	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2017 after taking into account the divergence	532.60



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	in provisioning	
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*The Bank has duly recorded the impact of the above in its working results for the year ended 31 March 2018.

6d. Details of financial assets sold to Securitisation / Reconstruction Company (SC/RC) for Asset Reconstruction.

A. Details of Sales.

		(₹.in Crore)	
Particulars		31.03.2018	31.03.2017
1.	No. of Accounts	3	23
2.	Aggregate value (net of provisions) of accounts sold to SC/RC	152.84	631.03
3.	Aggregate consideration	399.15	1336.21
4.	Additional consideration realized in respect of accounts transferred in earlier years (During current financial year 2017-18)	0.08	1.24
5.	Aggregate gain/loss over net book value(3-2)	246.31	705.17
5.1	Loss over NBV (where sale is for value below NBV)	-4.10	-52.31
5.2	Gain over NBV (where sale is for value above NBV)	250.41	757.48

B. Details of Book Value of Investments in Security Receipts.

		(₹.in Crore)	
Particulars		31.03.2018	31.03.2017
(i)	Backed by NPAs sold by the bank as underlying	1729.35	1829.99
(ii)	Backed by NPAs sold by other banks / financial institution / non banking financial companies as underlying	NIL	NIL
TOTAL		1729.35	1829.99

6e. Details of non-performing financial assets purchased/sold from / to other banks.

A. Details of non-performing financial assets purchased:

		(₹ in Crore)	
Particulars		31.03.2018	31.03.2017
1	(a) No. of accounts purchased during the period	NIL	NIL
	(b) Aggregate outstanding	NIL	NIL
2	(a) Of these, number of accounts restructured during the period i.e. 01.04.2017 to 31.03.2018	NIL	NIL
	(b) Aggregate outstanding	NIL	NIL

B. Details of non-performing financial assets sold:

		(₹ in Crore)	
Particulars		31.03.2018	31.03.2017
1	No. of accounts sold during the period	3	NIL



2	Aggregate outstanding	386.66	NIL
3	Aggregate consideration received	399.14	NIL

6f. Provisions on Standard Assets

(₹ in Crore)

Particulars	31.03.2018	31.03.2017
Cumulative Balance (included under "Other Liabilities & Provisions" in Schedule 5 to the balance sheet)	1849.04	3354.88

7. Business Ratios

Particulars	31.03.2018	31.03.2017
i. Interest Income as a percentage to Working Funds	6.26%	6.74 %
ii. Non-Interest Income as a percentage to Working Funds	1.16%	1.28 %
iii. Operating profit as a percentage to Working Funds	1.34%	2.08 %
iv. Return on Assets	-1.60	0.19 %
v. Business (Deposits plus advances) per employee (₹ in Crores)	14.74	14.17
vi. Profit per employee ((₹ in Crores)	-17.72	0.02

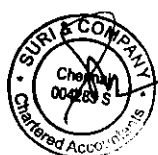
Note: Working Funds are based on Monthly Average.

8. Asset Liability Management

Maturity Pattern of certain item of Assets and Liabilities

(₹ in Crore)

Maturity Pattern	Deposits	Advances	Investments (gross)	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	14207.46 (8195.41)	9619.30 (10899.88)	0.00 (0.00)	2316.81 (334.30)	3431.72 (2048.11)	3061.41 (993.36)
2 days-7days	19163.92 (12842.71)	10154.16 (9035.95)	231.65 (0.00)	10362.70 (2.31)	4263.89 (2365.13)	1450.91 (3633.04)
8-14 days	17149.67 (8397.84)	4275.03 (5928.24)	670.79 (99.99)	6930.39 (0.18)	1993.59 (1811.49)	2957.41 (543.95)
15-30 days	35559.87 (12164.72)	20234.87 (15988.52)	1906.76 (746.60)	1304.66 (1751.70)	7845.40 (6774.67)	8293.40 (6610.50)
31 days to 2 months	57258.55 (27378.67)	9050.87 (6562.41)	1323.04 (879.32)	5486.21 (4417.89)	7341.91 (13169.13)	11452.35 (18702.33)
Over 2 to 3 months	33803.33 (16254.47)	20676.52 (11618.37)	2682.28 (4021.48)	4406.70 (4530.92)	7741.63 (11571.29)	10907.08 (10471.17)
Over 3 Months to 6 months	48177.58 (44697.90)	12592.39 (8651.13)	3816.03 (4108.48)	6071.39 (6206.96)	19158.68 (19942.88)	25555.34 (24272.67)
Over 6 Months to 1 year	53347.30 (53686.66)	24390.51 (32215.26)	6595.63 (4332.76)	642.86 (1664.03)	12729.48 (18117.09)	5191.60 (11395.93)



Over 1 Year to 3 Years	102147.91 (254178.25)	189915.58 (210659.85)	27603.42 (26255.47)	3372.72 (1843.60)	5457.09 (3785.31)	2317.92 (4038.83)
Over 3 Years to 5 Years	150145.81 (7531.90)	43548.51 (38439.68)	29102.42 (21742.06)	1322.23 (330.18)	6209.62 (4045.58)	4118.26 (2552.80)
Over 5 Years	111264.79 (176375.49)	89276.98 (69493.86)	129478.07 (125951.89)	18634.08 (19681.26)	2284.06 (1662.32)	3151.39 (2078.42)
Total	642226.19 (621704.02)	433734.72 (419493.15)	203410.09 (188138.05)	60850.75 (40763.33)	78457.07 (85293.00)	78457.07 (85293.00)

(Figures in brackets relate to previous year).

9. Exposures:

9a. Exposure to Real Estate Sector

(₹ in Crore)

Category		31.03.2018	31.03.2017
(A)	Direct Exposure		
i.	Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented Individual housing loans up to ₹20lakh Individual housing loans above ₹20lakh	19558.77 34871.95	17171.30 29768.47
	SUB-TOTAL	54430.72	46939.77
ii.	Commercial Real Estate – including NFB Limits Lending secured by mortgages on Commercial Real Estates (office buildings, retail space, multi-purpose commercial premises, industrial or warehouse space, land acquisition, development and construction etc.) Fund Based Non Fund Based	9765.10 577.99	11038.58 765.43
	SUB-TOTAL	10343.09	11804.01
iii.	Investments in Mortgaged Backed Securities (MBS) and other securitized exposures –		
(a)	- Residential	0.00	0.00
(b)	- Commercial Real Estate	0.00	0.00
(B)	Indirect Exposure		
	FB & NFB Exposure to National Housing Bank (NHB) & Housing Finance Companies (HFCs)	16941.31	9245.41
	Investments made by the Bank in Housing Companies & Corporations.	5525.88	5046.27
	Sub Total	22467.19	14291.6/8
	Total Exposure to Real Estate Sector	87241.00	73035.46

9b. Exposure to Capital Market

(₹ in Crore)



Particulars		31.03.2018	31.03.2017
1.	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	3864.75	3972.11
2.	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs) convertible bonds, convertible debentures, and units of equity oriented mutual funds.	2.64	2.40
3.	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	25.19	369.01
4.	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances.	596.86	450.19
5.	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers.	258.68	355.95
6.	Loans sanctioned to corporate against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	NIL	NIL
7.	Bridge loans to companies against expected equity flows/issues.	NIL	NIL
8.	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds.	NIL	NIL
9.	Financing to stock brokers for margin trading	NIL	NIL
10.	All exposures to Venture Capital funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposures ceilings (both direct and indirect)	216.50	263.91
11.	Advances to Mutual Funds	5150.00	4250.66
Total Exposure to Capital Market		10114.62	9664.23

9c.Risk Category wise Country Exposure

Total Net Funded Exposure as on 31.03.2018 is ₹. 48993.04 Crores. Total assets of the bank as on 31.12.2017 were ₹771277.72Crores, 1% of which comes to ₹7712.78 Crore. Total net funded exposure of two countries namely Hongkong and UAE are ₹9868.70 Crore & ₹16946.50Crore respectively, is more than 1% of the



total assets of the Bank as on 31.12.2017 i.e. ₹7712.78crore. In case total net funded exposure of the bank on Hong Kong & UAE happens to be more than 1% of total assets as on 31.03.2018, provision of ₹13.07 Crore for Hongkong and ₹ 21.67 Crore for UAE has been made in terms of RBI guidelines. As per Export Credit Guarantee Corporation of India(ECGC) classification, Hong Kong country is in the Insignificant Risk Category i.e. A1 and UAE is in the Low Risk Category i.e. A2.

(₹ in Crore)

Risk Category	Exposure (net) as at March 2018 (Current Year)	Provision held as at March 2018 (Current Year)	Exposure (net) as at March 2017 (Previous Year)	Provision held as at March 2017 (Previous Year)
Insignificant	27583.73	13.07	24762.17	12.15
Low	21270.95	21.67	20781.74	13.23
Moderately Low	4.46		287.42	0
Moderate	132.80		99.29	0
Moderately High	0.76		0	0
High	0.34		0.42	0
Very high	0.00		0	0
Total	48993.04	34.74	45931.04	25.38

9d. Bank's Disclosure in respect of Credit Exposures where the same had exceeded the Prudential Exposure limits prescribed by RBI for Individual/Group Borrowers during 01.04.2017 to 31.03.2018.

"The Bank has not exceeded prudential exposure ceilings in respect of any Group Accounts and Individual Borrowers during the period 01.04.2017 to 31.03.2018 except M/S HDFC Ltd".

The prudential exposure ceiling in respect of individual Accounts, i.e. 15 % of Capital Funds has been breached during the FY in respect of M/S HDFC Ltd. The details are as under:-

(₹ in Crore)

Name of the Borrower	Exposure Including Investment & Derivative	Prescribed Ceiling	% of Capital Fund
M/S HDFC Ltd	8503.61	15 % of Capital Fund	16.01

9e. Unsecured Advances:

(₹ in Crore)

Particulars	31.03.2018	31.03.2017
Unsecured Advance	63883.30	47860.91
1. Total amount of advances for which intangible securities such as charge over the rights, licenses,	8247.72	7599.50



authority etc. has been included in Sch.9 under 'Unsecured Advances'		
2. Estimated value of intangible collaterals	9621.89	8425.15

10. Disclosure of penalties imposed by the RBI:

A.	During the period 01.04.2017 to 31.03.2018 NIL (₹3.00crore) penalty has been imposed by RBI on the bank under the provision of Section 47 sub-section A clause 1 sub clause c read with 46(4) of the Banking Regulation Act, for contraventions of any of the provisions of the Act or non-compliance with any other requirements of the banking Regulation Act, 1949; order, rule or condition specified by Reserve Bank of India under the said Act. (Above figure are certified by the management).
B.	Particulars of Bouncing of SGL securities during the period 01.04.2017 to 31.03.2018 is NIL (₹365.00crore)

Other Disclosures required by Accounting Standards

11. AS -5 Prior Period and Change in Accounting Policy

There were no material prior period income/expenditure items requiring disclosure under AS-5.

12. AS- 10 Properties, Plant and Equipment.

Break-up of total depreciation for the year ended March, 2018 for each class of assets

Class of assets	(₹ in Crore)	
	31.03.2018	31.03.2017
Premises	83.44	10.89
Other fixed assets	450.35	378.63
Leased assets	0.00	0.00
Computer software	42.38	35.51
Total	576.17	425.03

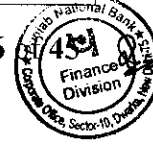
13. AS- 9 Revenue Recognition:

Certain items of income are recognized on realization basis as per Accounting Policy No. 3(5). However, the said income is not considered to be material.

14. AS 11- Changes in foreign exchange rates:

Movement of foreign currency translation reserve

Particulars	(₹ in Crore)	
	Amount (2017-18)	Amount (2016-17)
Opening balance	342.64	360.60
Credited during the year 01.04.2017 to 31.03.2018	47.89	0.00
Withdrawn during the year	45.66	17.96



01.04.2017 to 31.03.2018		
Closing Balance	344.87	342.64

15. AS 15 – Employees Benefits:

DISCLOSURE IN ACCORDANCE WITH AS – 15 R

TYPE OF PLAN: PENSION

Amounts are in Crore of Rupees

I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]	31 03 2018	31 03 2017
Discount Rate	7.89%	8.05%
Steady State Basic Pay escalation rate	2.80%	2.80%
Dearness Relief Escalation Rate	6.50%	6.50%
Attrition rate	1.00%	1.00%
Expected rate of return on Plan Assets	8.61%	8.61%
II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
PVO as at the beginning of the period	22859.81	20179.68
Interest Cost	1785.88	1598.26
Current service cost	556.50	540.15
Past service cost -Unrecognised		
Past service cost - Recognised		
Past service cost -Not amortizable		
Benefits paid	-1349.99	-1234.20
Actuarial loss/(gain) on obligation (balancing figure)	2272.58	1775.92
PVO as at the end of the period	26124.78	22859.81
III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
FAIR VALUE OF PLAN ASSETS AS AT THE BEGINNING OF THE PERIOD	24660.65	20841.72
Expected return on plan assets	2072.16	1799.35
Contributions	162.60	1347.46
Benefits paid	-1349.99	-1234.20
Actuarial gain/(loss) on plan assets [balancing figure]	-333.38	1906.32
Fair value of plan assets as at the end of the period	25212.04	24660.65



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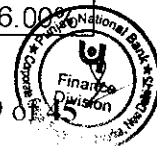
IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	2072.16	1799.35
Actuarial gain (loss) on plan assets	-333.38	1906.32
Actual return on plan assets including unrealised capital gains /capital (losses) on the interest rate sensitive securities held in the fund and interest accrued on FDRs]	1738.78	3705.67
V. ACTUARIAL GAIN / LOSS RECOGNIZED		
Actuarial gain / (loss) for the period - Obligation	-2272.58	-1775.92
Actuarial gain / (loss) for the period- Plan Assets	-333.38	1906.32
Total (gain) / loss for the period	2605.96	-130.40
Actuarial (gain) / loss recognized in the period	2605.96	-130.40
Unrecognized actuarial (gain) / loss at the end of the year	0	0
VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSIS		
Present value of the obligation	26124.78	22859.81
Fair value of plan assets	25212.04	24660.65
Difference	912.74	-1800.84
Unrecognised transitional liability	0	0
Unrecognised past service cost - vested benefits	0	0
Liability Recognised in the Balance Sheet	912.74	0
Negative Amount determined under paragraph 55	0	-1800.84
Present value of available refunds and reductions in future contributions	0	1800.84
Resulting asset as per paragraph 59(b)	0	1800.84
VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	556.50	540.15
Interest Cost	1785.88	1598.26
Expected return on plan assets	-2072.16	-1799.35
Net actuarial (gain)/loss recognised in the year	2605.96	-130.40
Transitional Liability recognised in the year	0	0
Past service cost - not amortizable	0	0



Past service cost - recognised	0	0
Effect of the Limit in paragraph 59(b)	0	0
Expenses recognized in the statement of profit and loss	2876.18	208.67
VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET		
Opening net liability	-1800.84	-662.04
Expense as above	2876.18	208.67
Contribution paid	-162.60	-1347.46
Closing net liability	912.74	-1800.84
IX. AMOUNT FOR THE CURRENT PERIOD		
Present Value of obligation	26124.78	22859.81
Plan Assets	25212.04	24660.65
Surplus (Deficit) before unrecognised past service cost	-912.74	1800.84
Experience adjustments on plan liabilities -(loss)/gain	-122.81	313.46
Experience adjustments on plan assets -(loss)/gain	-333.38	1906.32
X. MAJOR CATEGORIES OF PLAN ASSETS (BOOK VALUE PROPORTIONS)		
Government of India Securities	8.66%	8.85%
State Government Securities	30.68%	31.90%
High Quality Corporate Bonds	10.58%	13.82%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Special Deposit Scheme	0.00%	0.00%
Funds managed by Insurer	37.62%	32.68%
Others -Including Bank Deposits and FDRs	12.46%	13.00%
Total	100.00%	100.00%
XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR		
	1600.00	1300.00

TYPE OF PLAN: GRATUITY

I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]	31 03 2018	31 03 2017
Discount Rate	7.97%	7.37%
Salary escalation rate	6.00%	6.00%



Attrition rate	1.00%	1.00%
Expected rate of return on Plan Assets	8.61%	8.61%
II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
PVO as at the beginning of the period	2930.07	2615.94
Interest Cost	203.08	198.79
Current service cost	236.22	209.55
Past service cost	253.45	0
Benefits paid	-349.09	-365.60
Actuarial loss/(gain) on obligation (balancing figure)	29.19	271.39
PVO as at the end of the period	3302.92	2930.07
III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
Fair value of plan assets as at the beginning of the period	3155.83	2666.75
Expected return on plan assets	256.69	227.48
Contributions	0	316.21
Benefits paid	-349.09	-365.60
Actuarial gain/(loss) on plan assets [balancing figure]	-50.47	310.99
Fair value of plan assets as at the end of the period	3012.96	3155.83
IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	256.69	227.48
Actuarial gain (loss) on plan assets	-50.47	310.99
Actual return on plan assets including unrealised capital gains / (losses) on the interest rate sensitive securities held in the fund and interest accrued on FDRs]	206.22	538.47
V. ACTUARIAL GAIN / LOSS RECOGNIZED		
Actuarial gain / (loss) for the period - Obligation	-29.19	-271.39
Actuarial gain / (loss) for the period- Plan Assets	-50.47	310.99
Total (gain) / loss for the period	79.66	-39.60
Actuarial (gain) / loss recognized in the period	79.66	-39.60
Unrecognized actuarial (gain) / loss at the end of the year	0	0
VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES		
Present value of the obligation	3302.92	2930.07



Fair value of plan assets	3012.96	3155.83
Difference	289.96	-225.76
Unrecognised transitional liability	0	0
Unrecognised past service cost	0	0
Liability Recognised in the Balance Sheet	289.96	0
Negative Amount determined under paragraph 55	0	-225.76
Present value of available refunds and reductions in future contributions	0	225.76
Resulting asset as per paragraph 59(b)	0	225.76
VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	236.22	209.55
Interest Cost	203.08	198.79
Expected return on plan assets	-256.69	-227.48
Net actuarial (gain)/loss recognised in the year	79.66	-39.60
Transitional Liability recognised in the year	0	0
Past service cost-recognised	253.45	0
Effect of the limit under paragraph 59(b)	0	0
Expenses recognized in the statement of profit and loss	515.73	141.26
VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET		
Opening net liability	-225.76	-50.81
Expense as above	515.73	141.26
Contribution paid	0	-316.21
Closing net liability	289.96	-225.76
IX. AMOUNT FOR THE CURRENT PERIOD		
Present Value of obligation	3302.92	2930.07
Plan Assets	3012.96	3155.83
Surplus (Deficit)	-289.96	225.76
Experience adjustments on plan liabilities -(loss)/gain	-145.02	-92.29
Experience adjustments on plan assets -(loss)/gain	-50.47	310.99
X. MAJOR CATEGORIES OF PLAN ASSETS (BOOK VALUE PROPORTIONS)		
Government of India Securities	14.05%	13.54%



State Government Securities	32.50%	32.13%
High Quality Corporate Bonds	8.25%	14.05%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Special Deposit Scheme	0.00%	0.00%
Funds managed by Insurer	30.05%	14.86%
Others [including bank deposits and CDs]	15.15%	25.42%
Total	100.00%	100.00%
XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR	300.00	200.00

TYPE OF PLAN: PRIVILEGE LEAVE ENCASHMENT

I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]	31 03 2018	31 03 2017
Discount Rate	7.97%	7.37%
Salary escalation rate	6.00%	6.00%
Attrition rate	1.00%	1.00%
Expected rate of return on Plan Assets	0.00%	0.00%
II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:		
PVO as at the beginning of the period	1477.52	1401.53
Interest Cost	98.52	103.15
Current service cost	59.90	46.89
Past service cost - (non vested benefits)	0	0
Past service cost - (vested benefits)	0	0
Benefits paid	-281.61	-278.00
Actuarial loss/(gain) on obligation (balancing figure)	533.06	203.95
PVO as at the end of the period	1887.38	1477.52
III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:		



Fair value of plan assets as at the beginning of the period	0	0
Expected return on plan assets	0	0
Contributions	281.61	278.00
Benefits paid	-281.61	-278.00
Actuarial gain/(loss) on plan assets [balancing figure]	0	0
Fair value of plan assets as at the end of the period	0	0
IV. ACTUAL RETURN ON PLAN ASSETS		
Expected return on plan assets	0	0
Actuarial gain (loss) on plan assets	0	0
Actual return on plan assets	0	0
V. ACTUARIAL GAIN / LOSS RECOGNIZED		
Actuarial gain / (loss) for the period - Obligation	-533.06	-203.95
Actuarial gain / (loss) for the period- Plan Assets	0	0
Total (gain) / loss for the period	533.06	203.95
Actuarial (gain) / loss recognized in the period	533.06	203.95
Unrecognized actuarial (gain) / loss at the end of the year	0	0
VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES		
Present value of the obligation	1887.38	1477.52
Fair value of plan assets	0	0
Difference	1887.38	1477.52
Unrecognised transitional liability	0	0
Unrecognised past service cost - non vested benefits	0	0
Liability recognized in the balance sheet	1887.38	1477.52
VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	59.90	46.89
Interest Cost	98.52	103.15
Expected return on plan assets	0	0
Net actuarial (gain)/loss recognised in the year	533.06	203.95
Transitional Liability recognised in the year	0	0



Past service cost - non-vested benefits	0	0
Past service cost - vested benefits	0	0
Expenses recognized in the statement of profit and loss	691.47	353.99
VIII. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET		
Opening net liability	1477.52	1401.53
Expense as above	691.47	353.99
Contribution paid	-281.61	-278.00
Closing net liability	1887.38	1477.52
IX. AMOUNT FOR THE CURRENT PERIOD		
Present Value of obligation	1887.38	1477.52
Plan Assets	0	0
Surplus (Deficit)	-1887.38	-1477.52
Experience adjustments on plan liabilities -(loss)/gain	-616.21	-105.98
Experience adjustments on plan assets -(loss)/gain	0	0
X. MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)		
Government of India Securities	0.00%	0.00%
State Government Securities	0.00%	0.00%
High Quality Corporate Bonds	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Special Deposit Scheme	0.00%	0.00%
Funds managed by Insurer	0.00%	0.00%
Others (to specify)	0.00%	0.00%
Total	0.00%	0.00%
XI. ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR	0	0

TABLE XII – OTHER LONG TERM EMPLOYEE BENEFITS (UNFUNDED)						
Amounts are in crore of Rupees						
Description	Sick leave & Un-availed casual leave		Leave fare concession		Silver Jubilee Benefits	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Present value	63.39	64.65	201.41	138.55	13.52	12.83



of obligation						
Opening balance of transitional liability	0	0	0	0	0	0
Transitional liability recognized during the year	0	0	0	0	0	0
Closing balance of the transitional liability	0	0	0	0	0	0
Liability recognized in the balance sheet	63.39	64.65	201.41	138.55	13.52	12.83

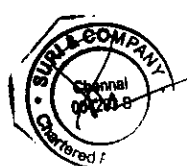
Following broad assumptions have been taken in the Actuarial Valuation reports for 31.03.2018, based ON THE Board approved AS 15 policy of the bank

a.	Discount Rate	Discount Rate has been determined by reference to market yields on 28.03.2018 (29.03.2018, 30.03.2018 & 31.03.2018 being holiday for Treasury operations) on Government bonds (published by FBIL) of term consistent with estimated term of the obligations as per para 78 of AS-15 R
b.	Salary Escalation Rate (SER)	Based on the broad guidance provided by IBA, SER for the bank has been taken at 6% (Basic Pay increase of 2.8% and DA increase of 6.5% approx with overall salary escalation of 6 % approx.)
c.	Attrition Rate	Attrition rate is assumed at 1% taken with reference to past experience and expected future experience related to voluntary withdrawals.
d.	Sick Leave / UCL	Based on data trend, it has been assumed that 95% of the carried forward sick leave and unveiled casual leave will lapse at the time of separation.
e.	Expected ROR.	It is assumed that return on the plan assets pertaining to the pension and gratuity fund will be 8.61% pa on basis of actual return and unrealized gains on the interest rate sensitive securities held in the fund.

16. Segment reporting for the period ended 31st March 2018

(₹ in crore)

PART A: BUSINESS SEGMENTS			
Sl. No.	Particulars	YEAR ENDED	YEAR ENDED



		31.03.2018 (Audited)	31.03.2017 (Audited)
i.	Segment Revenue		
	a) Treasury	19101.90	16945.93
	b) Corporate/Wholesale Banking	17196.42	23043.07
	c) Retail Banking	19078.07	15116.75
	d) Other Banking Operations	1500.24	1121.61
	Total	56876.63	56227.36
ii.	Segment Results		
	a) Treasury	4474.83	4690.76
	b) Corporate/Wholesale Banking	-22337.09	-5197.04
	c) Retail Banking	249.20	3577.33
	d) Other Banking Operations	237.98	305.77
	Total	-17375.08	3376.82
iii.	Unallocated Expenses	2200.00	1365.28
iv.	Operating Profit	10294.20	14565.16
v.	Provision for Tax	-7292.26	686.74
vi.	Extraordinary Items	0.00	0.00
vii.	Net Profit	-12282.82	1324.80
Other Information:			
viii.	Segment Assets		
	a) Treasury	232493.98	212728.94
	b) Corporate/Wholesale Banking	336408.00	324316.92
	c) Retail Banking	153683.72	152349.94
	d) Other Banking Operations	22529.20	19336.64
	Sub Total	745114.90	708732.44
	e) Unallocated Assets	20715.20	11598.11
	Total Assets	765830.10	720330.55
ix.	Segment Liabilities		
	a) Treasury	226138.86	203571.64
	b) Corporate/Wholesale Banking	327212.45	310356.11
	c) Retail Banking	149482.85	145791.77
	d) Other Banking Operations	21913.38	18504.26
	Sub Total	724747.54	678223.78
	e) Unallocated Liabilities	8.26	9.31
	Total Liabilities	724755.80	678233.09

Part B – GEOGRAPHICAL SEGMENTS

Sl. No	Particulars	YEAR ENDED	YEAR ENDED
		31.03.2018 (Audited)	31.03.2017 (Audited)
1.	Revenue		



	a)	Domestic	54875.61	54644.87
	b)	International	2001.02	1582.49
	Total		56876.63	56227.36
2.	Assets			
	a)	Domestic	687440.09	635037.55
	b)	International	78390.01	85293.00
	Total		765830.10	720330.55

Note:

1. Segment Liabilities are distributed in the ratio of their respective Segment Assets.
2. Figures of the previous period have been re-grouped /re-classified wherever necessary to make them comparable.

17. Disclosure of Related Parties as per AS –18 issued by ICAI

Names of the related parties and their relationship with the Bank:

Key Management Personnel:

i)	Mrs. Usha Ananthasubramanian, Managing Director & CEO, Remained upto 05.05.2017.
ii)	Shri Sunil Mehta, Managing Director & CEO, w.e.f. 05.05.2017.
iii)	Shri K.V.Brahmaji Rao, Executive Director
iv)	Dr. Ram S.Sangapure, Executive Director, Remained upto 28.02.2018.
v)	Shri Sanjiv Sharan, Executive Director.
vi)	Shri L. V. Prabhakar, Executive Director, w.e.f. 01.03.2018.

Subsidiaries:

i)	PNB Gilts Ltd.
ii)	Punjab National Bank (International) Ltd., UK.
iii)	PNB Investment Services Ltd.
iv)	Druk PNB Bank Ltd, Bhutan.
v)	PNB Insurance Broking Pvt Ltd*.

*Steps are being taken for winding up of the company as the license has already been surrendered on 14.02.2011.

Associates:

i)	Principal PNB Asset Management Company Pvt. Ltd.
ii)	Principal Trustee Company Private Limited.
iii)	PNB Metlife India Insurance Company Ltd.
iv)	PNB Housing Finance Ltd.
v)	JSC (Tengri Bank) Almaty, Kazakhstan .
vi)	Madhya Bihar Gramin Bank, Patna.
vii)	Sarva Haryana Gramin Bank, Rohtak.
viii)	Himachal Pradesh Gramin Bank, Mandi.
ix)	Punjab Gramin Bank, Kapurthala.
x)	Sarva UP Gramin Bank, Meerut.

Joint Venture:

i)	Everest Bank Limited, Kathmandu, Nepal.
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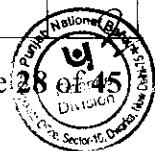
Transactions with Related Parties

₹ in Lacs



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Items/ Related Party	Parent** (as per ownership or control)		Subsidiaries**		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Total	
	2017-18	Maximum amount outstanding	2017-18	Maximum amount outstanding	2017-18	Maximum amount outstanding	2017-18	Maximum amount outstanding	2017-18	Maximum amount outstanding	2017-18	Maximum amount outstanding
Remuneration	N.A.	N.A.	N.A.	N.A.	-	-	149.15	NA	NA	NA	149.15	NA
	N.A.	N.A.	N.A.	N.A.	--	--	(115.42)	NA	NA	NA	(115.42)	NA
Borrowings	N.A.	N.A.	N.A.	N.A.	--	--	-	-	-	-	-	-
Deposits	N.A.	N.A.	N.A.	N.A.	186536.12	-	54.13	81.50	0.05	0.73	186590.30	82.23
	N.A.	N.A.	N.A.	N.A.	(117304.25)	-	(43.11)	(154.23)	(0.42)	(0.42)	(117347.78)	(154.65)
Placement of Deposits	N.A.	N.A.	N.A.	N.A.	-	-	-	-	-	-	-	-
	N.A.	N.A.	N.A.	N.A.	-	-	-	-	-	-	-	-
Advances	N.A.	N.A.	N.A.	N.A.	-	-	0	0	0	0	0	0
	N.A.	N.A.	N.A.	N.A.	(0)	-	(116.41)	(117.21)	(0)	(0)	(116.41)	(117.21)
Investments in share capital	N.A.	N.A.	N.A.	N.A.	93407.02	-	-	-	-	-	93407.02	-
	N.A.	N.A.	N.A.	N.A.	(99613.74)	-	-	-	-	-	(99613.74)	-
Investments in debentures	N.A.	N.A.	N.A.	N.A.	-	-	-	-	-	-	-	-
	N.A.	N.A.	N.A.	N.A.	-	-	-	-	-	-	-	-
Non funded Commitments	N.A.	N.A.	N.A.	N.A.	-	-	-	-	-	-	-	-
Leasing/ HP arrangements availed	--	--	--	--	--	--	--	--	--	--	--	--
Leasing/ HP arrangements provided	--	--	--	--	--	--	--	--	--	--	--	--
Purchase of fixed assets	--	--	--	--	--	--	--	--	--	--	--	--
Sale of	--	--	--	--	--	--	--	--	--	--	--	--



Fixed Assets												
Leasing/ HP arrangements availed	--	--	--	--	--	--	--	--	--	--	--	--
Interest paid	N.A	N.A	N.A	N.A	4730.37	-	-	-	-	-	4730.37	-
	N.A	N.A	N.A	N.A	(19471.63)	-	-	-	-	-	(19471.63)	-
Interest received	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Receiving of Services	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Rendering of Services	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Management contracts	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Dividend received	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
	N.A	N.A	N.A	N.A	-	-	-	-	-	-	-	-
Bank Charges					-	-	-	-	-	-	-	-
Commission Received					-	-	-	-	-	-	-	-

(Figures in brackets relate to previous year)

**The transactions with the subsidiaries and certain associates have not been disclosed in view of para-9 of AS-18 'Related Party Disclosure', which exempts state controlled enterprises from making any disclosures pertaining to their transactions with other related parties, which are also state controlled.

18. AS 20 - Earnings Per Share

Sl.No	Particulars	31.03.2018	31.03.2017
A	EPS - Basic / Diluted (in ₹) (Non Annualized)	- 55.39	6.45
B	Amount used as numerator Profit/ (Loss) after tax (₹ in '000)	- 122828202	13248018
C	Nominal value of share	₹ 2.00 each	₹ 2.00 each
D	Weighted average number of equity shares used as the denominator	2217358150	2053213333.38

19. AS 22- Accounting for taxes on Income

The Bank has recognized deferred tax assets and liability as per accounting policy no. 7. Major components of which are set out below:

(₹ in Crores)

Particulars	As on 31.03.2018	As on 31.03.2017
Deferred Tax Assets		



Provision for Leave encashment	721.27	557.86
Provision for Pension & Gratuity	350.50	0.00
Statutory Liability u/s 43B	0.00	0.00
Provision for bad & doubtful debts	11788.71	6035.66
Taxable loss (carried forward)	1364.31	0.00
Total	14224.79	6593.52
Deferred Tax Liabilities		
Depreciation on fixed assets	-6.85	-7.24
Deduction u/s 36(1)(viii) of Income Tax Act 1961	499.73	499.73
Non Borrowal Fraud (not debited in P/L but claimed in ITR)	517.16	
Total	1010.04	492.49
Deferred Tax Assets (Net)	13214.75	6101.03

The deferred tax assets ₹7113.72 crore for FY 2017-18 (₹1483.56 crore) is credited to Profit and Loss Account.

20. AS 23- Accounting for Investments in Associates in Consolidated financial Statements

Since Investments of the bank in its Associates are participative in nature and the Bank having the power to exercise significant influence on their activities, such Investments are recognized in the Consolidated Financial Statements of the Bank.

21. AS 24 - Discontinuing Operations

During the period from 01.04.2017 to 31.03.2018, the bank has not discontinued operations of any of its branches, which resulted in shedding of liability and realization of the assets and no decision has been finalized to discontinue an operation in its entirety which will have the above effect.

22. AS 28 – Impairment of Assets

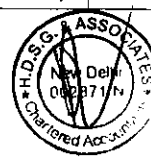
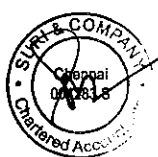
A substantial portion of the bank's assets comprises 'financial assets' to which Accounting Standard 28 'Impairment of Assets' is Not Applicable. In the opinion of the bank, there is no impairment of its assets (to which the standard applies) to any material extent as at 31.03.2018 requiring recognition in terms of the said standard.

23. AS-29 Provisions, Contingent Liabilities and Contingent Assets

i) Movement of provisions for liabilities*

(₹ in Crore)

Particulars	Salary arrears	Legal cases/ contingencies
Balance as at 1 st April 2017	7.10	24.36
	(8.34)	(19.89)
Provided during the period	355.55	3.20
	(0.00)	(5.52)
Amounts used during the period	0.06	0.28
	(1.24)	(0.00)



Page



Reversed during the period	0.00	1.58
	(0.00)	(1.05)
Balance as at 31.03.2018	362.59	25.70
	(7.10)	(24.36)
Timing of outflow/uncertainties	On actual Payment	Outflow on settlement / crystallization
	On actual Payment	Outflow on settlement / crystallization

*Excluding provisions for others

Figures in brackets relate to previous year.

ii) Refer Schedule-12 on contingent liabilities

Such liabilities at S.No.(I), (II), (III), (IV), (V) & (VI) are dependent upon the outcome of Court / arbitration / out of court settlement, disposal of appeals, the amount being called up, terms of contractual obligations, devolvment and raising of demand by concerned parties, respectively.

24. Break up of "Provisions and Contingencies" shown under the head Expenditure in Profit and Loss Account is as follows:

(₹ in Crore)		
Particulars	31.03.2018	31.03.2017
Provisions for depreciation on investment (net)	2027.15	486.65
Provision towards NPAs (net)	24452.73	12703.72
Provision towards Standard Assets	-1506.96	441.60
Provision made towards Income Tax (including Fringe Benefit Tax & Wealth Tax)	-7292.26	686.74
Other Provision and Contingencies:	4896.36	-1078.35
Detail:	31.03.2018	31.03.2017
Standard Restructured	-641.21	-1683.38
Sale to SC/RC	203.89	0.00
Written off & others	5382.68	-44.49
Sale to Arcil		611.00
Restructured CDR-FITL	-49.00	38.52
Total	22577.02	13240.36

25. Break-up of Floating Provisions is as follows:

(₹ in Crore)		
Particulars	31.03.2018	31.03.2017
Opening balance	360.25	360.25
Quantum of floating provisions made during the year	NIL	NIL
Purpose and amount of draw down made during the	NIL	NIL



year		
Closing balance	360.25	360.25

26. Draw Down from Reserves:

(₹ in crore)

Sr. No.	Reserves	Amount drawn	Purpose
1	Other Reserves (Blocked Account)	NIL (NIL)	No claim has been received during the period ended March 2018 (01.04.2017 to 31.03.2018) against Inter Branch Credit entries, Blocked and transferred to General Reserve.
2	Revaluation reserves	66.71 (58.49)	Depreciation on revalued portion of property.

27. Disclosure of complaints and unimplemented awards of Banking Ombudsman including customer complaints pertaining to ATM.

a. Customer Complaints

	Particulars	31.03.2018	31.03.2017
(a)	No. of complaints pending at the beginning of the year	15564	10239
(b)	No. of complaints received during the year	1355483	628158
(c)	No. of complaints redressed during the year	1286948	622833
(d)	No. of complaints pending at the end of year	84099	15564

b. Awards passed by the Banking Ombudsman

	Particulars	31.03.2018	31.03.2017
(a)	No. of unimplemented Awards at the beginning of the year	NIL **	0
(b)	No. of Awards passed by the Banking Ombudsman during the year	3	2
(c)	No. of Awards implemented during the year	1	0
(d)	No. of unimplemented Awards at the end of year	2*	2

** 02 cases were pending as on 01.04.2017 for which the appeal was made and the same was upheld.

*Appeal pending with RBI in both the cases.

The Bank is in the process of implementing centralized controls to ensure that data of complaints and awards is generated automatically for reporting.

28. The Bank has issued a Letter of Comfort to Prudential Regulation Authority (PRA), the regulator in United Kingdom, committing that the bank shall provide financial support to its subsidiary, Punjab National Bank (International) Ltd., UK so that it meets its financial commitments as and when they fall due.

Apart from the above, the Bank has not issued any Letter of Comfort and therefore there are no cumulative Financial obligations under Letter of Comfort.



The Prudential Regulatory Authority (PRA), regulator of UK, has vide its letter dated 02.09.2015 put the Bank under 'watch list'. There are no specific restrictions or penalties. PNB infused fresh capital of USD 20 million on 2nd June 2017 to help it to meet the minimum regulatory capital requirements.

29. Disclosure in respect of Insurance Business undertaken by the bank:

(₹ in Crore)

Particulars	31.03.2018	31.03.2017
Details of fees/brokerage/remuneration earned in respect of Insurance, Broking, Agency and Business including Mutual Fund Business undertaken by the bank during the year.		
(i) Life Insurance Business:	143.91	110.19
(ii) Non-life Insurance Business:	35.71	28.23
(iii) Mutual Fund Business	6.44	3.59
TOTAL	186.06	142.01

30. I. Concentration of Deposits, Advances, Exposures and NPAs:

(a) Concentration of Deposits:

(₹ in Crore)

Particulars	31.03.2018	31.03.2017
Total Deposits of twenty largest depositors	31503.88	20483.38
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	4.91%	3.29 %

(b) Concentration of Advances:

(₹ in Crore)

Particulars	31.03.2018	31.03.2017
Total Advances of twenty largest borrowers	93019.87	73798.66
Percentage of Advances of twenty largest borrowers to Total Advances of the bank	19.73%	16.71 %

(c) Concentration of Exposures:

(₹ in Crore)

Particulars	31.03.2018	31.03.2017
Total Exposures of twenty largest borrowers/customers	103992.52	82128.48
Percentage of Exposures to twenty largest borrowers/customers to Total Exposures of the bank on borrowers/customers	17.56%	14.75 %

(d) Concentration of NPAs:

(₹ in Crore)

Particulars	31.03.2018	31.03.2017
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Total Exposure to top four NPA accounts	14262.24	9520.21
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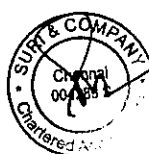
(e) Provisioning Coverage Ratio:

Particulars	31.03.2018	31.03.2017
Provisioning Coverage Ratio	58.42%	58.57%

II. Sector-wise advances:

(₹ in Crore)

Sl. N o.	Sector	As on 31.03.2018			As on 31.03.2017		
		Outstandi ng Total Advances	Gross NPAs	Percen tage of Gross NPAs to Total Advan ces in that sector	Outstandi ng Total Advances	Gross NPAs	Percen tage of Gross NPAs to Total Advan ces in that sector
A	Priority Sector						
1.	Agricultu re and allied activities	67838.47	8876.97	13.09	65629.56	6353.16	9.68
2.	Advance s to industrie s sector eligible as priority sector lending	68373.13	10951.11	16.02	20841.75	3482.64	16.71
3.	Services	13249.34	21.41	0.16	37726.50	2998.24	7.95
4.	Persona l loans	15754.23	1142.63	7.25	13915.67	804.79	5.78
	Sub-total (A)	165215.17	20992.12	12.71	138113.48	13638.83	9.88
B	Non Priority Sector						
1.	Agricultu re and allied activities	22170.24	1012.03	4.57	12081.95	272.78	2.26



2.	Industry	76408.29	38094.03	49.86	126011.79	33021.60	26.21
3.	Services	160936.60	24794.42	15.41	125350.53	7397.39	5.90
4.	Personal loans	46566.30	1726.46	3.71	40193.61	1039.85	2.59
	Sub-total (B)	306081.43	65627.94	21.44	303637.88	41731.62	13.74
	Total (A+B)	471296.60	86620.05	18.38	441751.36	55370.45	12.53

III. Movement of NPAs:

(₹ in Crores)

Particulars	31.03.2018	31.03.2017
Gross NPAs Opening balance	55370.45	55818.33
Additions (Fresh NPAs) during the year	44274.33	22414.58
Sub-total (A)	99644.78	78232.91
Less:		
(i) Up gradations	1174.25	2980.69
(ii) Recoveries (excluding recoveries made from upgraded accounts)	4443.29	10676.65
(iii) Technical /Prudent Write-offs	7407.19	9205.12
(iv) Write-offs other than those under (iii) above		
Sub-total (B)	13024.73	22862.46
Gross NPAs Closing balance (A-B)	86620.05	55370.45

Detail of Technical write-offs and the recoveries made there on:

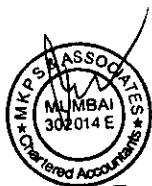
(₹ in Crores)

Particulars	31.03.2018	31.03.2017
Opening balance of Technical / Prudential written-off accounts	23559.30	16558.14
Add : Technical / Prudential write-offs during the year	7947.52	11485.94
Sub-total (A)	31506.82	28044.08
Less : Recoveries made from previously technical / prudential written-off accounts during the year (B)	1040.38	4484.79
Closing balance (A-B)	30466.44	23559.29

IV. Overseas Assets, NPAs and Revenue:

(₹ in Crores)

Particulars	31.03.2018	31.03.2017
Total Assets	78390.01	85293.00
Total NPAs (Gross)	2772.06	2298.58
Total Revenue	2699.23	2463.39



V. Off-balance sheet SPVs sponsored by the Bank (which are required to be consolidated as per accounting norms) as on 31.03.2018 are as under:

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

31. Reward Points of Credit Card & Debit Card

i) PNB Global Credit & Debit Cardholders are rewarded as and when they make purchases through usage of Credit & Debit Card. Reward Points are generated at the time of usage of Credit & Debit Card by Cardholder at merchant Establishment. Card holder can redeem the accumulated reward points. The amount payable on account of reward points is charged to Profit and Loss account and credited to Sundry Provision Account on daily basis.

Position of outstanding reward points and provision regarding Credit Cards is as under:

Particulars	As on 31.03.2018	As on 31.03.2017
Balance Reward Points outstanding	216860962	169893570
Provision held for these points (₹ in crore)*	2.71	2.14

*The provision held against Rewards points in respect of Credit Cards has been worked out at ₹ 0.50 for 1 point. Based on past trend of redemption, provision has been made @ 25% of accumulated Reward points on estimated basis as in the previous year.

ii) Position of outstanding reward points and provision thereon regarding Loyalty Reward Points- Debit Cards is as under:

Particulars	As on 31.03.2018	As on 31.03.2017
Balance of loyalty reward points	3089151271	2208155387
Provision held against reward points (₹ in crore)*	11.69	8.28

*The provision held against Loyalty Reward points has been worked at ₹.0.25 for 1 point, which has further been valued at 15% on estimated basis as in the previous year.

32. Disclosures relating to Securitization

OUTSTANDING AMOUNT OF SECURITISED ASSETS:

Sl.No	Particulars	No/₹. in crore
1.	No of SPVs sponsored by the bank for securitization	NIL



	transactions*	
2.	Total amount of securitized assets as per books of the SPVs sponsored by the bank	NIL
3.	Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet	NIL
	a) Off-balance sheet exposures	
	First loss	
	Others	
	b) On-balance sheet exposures	
	First loss	
	Others	
4	Amount of exposures to securitization transactions other than MRR	NIL
	a) Off-balance sheet exposures	
	i) Exposure to own securitizations	
	First loss	
	Others	
	ii) Exposure to third party securitizations	
	First loss	
	Others	
	b) On-balance sheet exposures	NIL
	i) Exposure to own securitizations	
	First loss	
	Others	
	ii) Exposure to third party securitizations	
	First loss	
	Others	

33. Credit Default Swaps

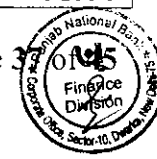
Since the Bank is not using any proprietary pricing model for pricing CDS contracts, and it is over the counter contract (OTC), the price is determined by the market dynamics. As such no disclosure is to be made in terms of extant RBI guidelines.

34. Transfers to Depositor Education and Awareness Fund (DEAF):

In compliance to RBI Circular No. DBOD.NO. DEAF.CELL. BC.114/30.01. 002/2013-14 dated 27.05.2014, the Bank has transferred the following amount to RBI, as per Depositor Education and Awareness Scheme, 2014.

(₹ in Crore)

Particulars	As on 31.03.2018	As on 31.03.2017
Opening balance of amounts transferred to DEAF	1196.33	676.58
Add : Amounts transferred to DEAF during the period	414.84	537.54
Less : Amounts reimbursed by DEAF towards claims	43.88	17.79
Closing balance of amounts	1567.29	1196.33



transferred to DEAF as at
31.03.2018*

*Reflected as "Contingent Liability - Others, items for which the bank is contingently liable" under Schedule 12 of the financial statements.

35. Unhedged Foreign Currency Exposure (UFCE):

The Bank has framed a policy to manage currency induced credit risk and has been incorporated in current bank's Credit Management & Risk Policy as follows:

"In terms of RBI guidelines Bank monitors the currency wise Un-hedged Foreign Currency Exposure in the books of borrowers at quarter ends along-with the Annualized Earnings before Interest & Depreciation (EBID). The incremental provision (ranging from 0 to 80 bps on total credit exposure, over and above the standard asset provisioning) and capital requirement will depend on likely loss (due to foreign currency fluctuation), that borrowers may face due to their un-hedged forex exposure in their books. Bank maintains separate charge and provisioning requirement on account of such exposures which may impact the cost to the borrowers. Appropriate disclosures in the financial statements of the bank shall also be made."

(₹ in Crore)		
Particulars	31.03.2018	31.03.2017
Incremental Provision	83.01	18.02
Incremental capital held	283.34	58.46

36. Intra-Group Exposures

(₹ in Crore)			
	Particulars	31.03.2018	31.03.2017
a)	Total amount of intra-group exposures	3112.10	2614.08
b)	Total amount of top-20 intra group exposures.*(5 entities)	3112.10	2614.08
c)	Percentage of intra-group exposures to total exposure of the Bank on borrower/customers (As on 31.03.2018).	0.53%	0.47 %
d)	Details of breach of limits on intra-group exposures and regulatory action, if any.	NIL	NIL

*1. PNB Housing Finance Ltd. 2. PNB Gilts Ltd. 3. Principal PNB Asset Management Co. Pvt. Ltd. 4. PNBIL LTD. 5. DRUK PNB BANK LTD

37. Liquidity Coverage Ratio (LCR)

QUALITATIVE DISCLOSURE ON LIQUIDITY COVERAGE RATIO

The bank has implemented RBI guidelines on Liquidity Coverage Ratio (LCR) from 1st January 2015.

The LCR standard aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be readily converted into cash at little/no loss of value to meet its liquidity needs for a 30 calendar day time horizon under a liquidity stress scenario.

LCR has two components:



- i. The value of the stock of High Quality Liquid Assets (HQLA) – *The Numerator.*
- ii. Total Net Cash Outflows: Total expected cash outflows minus Total expected cash inflows, in stress scenario, for the subsequent 30 calendar days – *The denominator.*

Definition of LCR:

Stock of high quality liquid assets (HQLAs) $\geq 100\%$

Total net cash outflows over the next 30 calendar days

The LCR requirement has become binding on the banks with the following minimum required level as per the time-line given below:

	Jan 1, 2015	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018	Jan 1, 2019
Minimum LCR	60%	70%	80%	90%	100%

For Q4 FY'2017-18, the daily average LCR was 111.23% (based on simple average of daily observations) at consolidated level, as against the regulatory requirement of 90%.

The main drivers of LCR of the bank are High Quality Liquid Assets (HQLAs) to meet liquidity needs of the bank at all times and basic funding from retail and small business customers. The retail and small business customers contribute about 69.01% of total deposit portfolio of the bank which attracts low run-off factor of 5/10%.

Composition of High Quality Liquid Assets (HQLA)

HQLAs comprises Level 1 and Level 2 assets. Level 2 assets are further divided into Level 2A and Level 2B assets, keeping in view their marketability.

Level - 1 asset are those assets which are highly liquid. For quarter ended March 31, 2018, the Level-1 asset of the bank includes Cash in Hand, Excess CRR, Government Securities in excess of minimum SLR, Marketable securities issued or guaranteed by foreign sovereign, MSF and FALLCR totalling to Rs. 98548.64 cr (based on simple average of daily observations).

Level - 2A & 2B assets are those assets which are less liquid and their weighted amount comes to Rs. 8129.32 cr (based on simple average of daily observations). Break-up of daily observation Average HQLA during quarter ended March 31, 2018 is given here under:

High Quality Liquid Assets (HQLAs)	Average %age contribution to HQLA
Level 1 Assets	
Cash in hand	1.39%
Excess CRR balance	1.50%
Government Securities in excess of minimum SLR requirement	26.37%



Government securities within the mandatory SLR requirement, to the extent allowed by RBI under MSF (presently to the extent of 2 per cent of NDTL)	11.14%
Marketable securities issued or guaranteed by foreign sovereigns having 0% risk-weight under Basel II Standardized Approach	1.85%
Facility to avail Liquidity for Liquidity Coverage Ratio – FALLCR (presently to the extent of 9 per cent of NDTL)	50.13%
Total Level 1 Assets	92.38%
Total Level 2A Assets	7.13%
Total Level 2B Assets	0.49%
Total Stock of HQLAs	100.00%

Concentration of Funding Sources

This metric includes those sources of funding; whose withdrawal could trigger liquidity risks. It aims to address the funding concentration of bank by monitoring its funding requirement from each significant counterparty and each significant product / instrument. As per RBI guidelines, a "significant counterparty/Instrument/product" is defined as a single counterparty/Instrument/product or group of connected or affiliated counter-parties accounting in aggregate for more than 1% of the bank's total liabilities.

Total deposits mobilized from significant counterparty(s) was 1.42% (March 31, 2017: Nil) of total liabilities of the Bank as at March 31, 2018. Top 20 depositors of the bank constitute 4.48% of bank's total liabilities as at March 31, 2018. The significant product/ instrument includes Saving Fund, Current deposit, Core Term Deposit, and Inter-bank term deposit, the funding from which are widely spread and cannot create concentration risk for the bank.

Derivative exposure

The bank has low exposure in derivatives having negligible impact on its liquidity position.

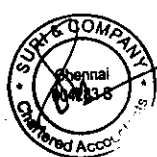
Currency Mismatch

As per RBI guidelines, a currency is considered as "significant" if the aggregate liabilities denominated in that currency amount to 5 per cent or more of the bank's total liabilities. In our case, only USD (9.09% of bank's total liabilities) falls in this criteria whose impact on total outflows in LCR horizon can be managed easily as the impact is minuscule considering the size of balance sheet of the bank.

Degree of centralization of liquidity management and interaction between group's units

The group entities are managing liquidity on their own. However, the bank has put in place a group-wide contingency funding plan to take care of liquidity requirement of the group as a whole in the stress period.

QUANTITATIVE DISCLOSURE ON LIQUIDITY COVERAGE RATIO **(On Consolidated Basis)**



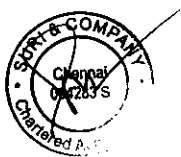
QUALITATIVE DISCLOSURE ON LIQUIDITY COVERAGE RATIO (ON CONSOLIDATED BASIS)

(Rs. in Crore)											
	Quarter ended Mar'18		Quarter ended Dec'17		Quarter ended Sep'17		Quarter ended June'17		Quarter ended Mar'17		
	Total Unweighted Value (average)*	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	
Based on the simple average of daily observations	62 Data Points		63 Data Points		65 data Points		64 Data Points		63 Data Points		
High Quality Liquid Assets											
1	106677.96		116781.66		125569.33		117874.09		145252.92		
Cash Outflows											
2	434951.58		40934.72		431857.56		425908.46		429605.68		33699.45
(i)	59207.24		2990.01		59655.47		62414.97		185222.34		9261.12
(ii)	375744.34		379447.02		372202.09		363493.49		244383.34		24438.33
3	138572.48		90844.59		155061.65		148717.50		148409.01		87620.37
(i)			0.00		0.00		0.00		0.00		0.00
(ii)	138572.48		154080.14		155061.65		148717.50		148409.01		87620.37
(iii)			0.00		0.00		0.00		0.00		0.00
4											0.00
5	31051.64		20154.16		21740.25		23022.91		19111.44		15562.70
(i)	24653.56		19749.03		17419.18		18712.02		18712.02		15451.51
(ii)	0.00		0.00		0.00		0.00		0.00		0.00
(iii)	6408.08		405.13		4321.07		4310.89		399.42		111.19
6	0.00		0.00		0.00		0.00		0.00		0.00
7	147388.47		149386.11		144837.88		141411.53		142285.00		5676.02
8	145890.47		157702.03		155323.33		152274.14		142558.54		
Cash Inflows											
10	18530.27		18571.41		21717.27		25556.48		22894.95		20110.58
11	33742.32		33809.34		27782.17		28618.60		20982.63		20984.84
12	52272.60		52380.75		49499.44		54175.08		43877.58		41095.42
13			106677.96		116781.66		125569.33		117874.09		145252.92
14			95907.57		107692.67		108494.62		100651.31		101463.12
15			111.23		108.44		115.74		117.11		143.16
Liquidity Coverage Ratio (%)											



38. Other Notes

a.	As per RBI guidelines, the Bank has worked out the amount of inter Branch Credit entries outstanding for more than Five years to be transferred to Blocked Account. Accordingly, a sum of ₹ 12.93 crores (net of adjustments since carried out) has been included under "Other Liabilities-others" in Schedule-5. No claim has been received during the period ended March 2018 (01.04.2017 to 31.03.2018) against Inter Branch Credit entries, Blocked and transferred to General Reserve.
b.	Premises includes:- I. Eight properties amounting to ₹ 2.60 crore (Net of Depreciation) {Cost ₹ 8.05 crore} having net Revalued amount of ₹ 111.74 crore (after Depreciation upto March 18) are awaiting registration of title deeds. II. Capital work in progress of ₹ 21.15 crore. III. A conversion fee of ₹ 5.29 crore deposited with Delhi Development Authority for a leasehold property is capitalized, free hold deed is pending for execution at DDA. IV. An extension fee of ₹ 1.95 Crore paid to HUDA for a property is capitalized as per policy, construction on the plot is yet to be started.
c.	Pursuant to the Accounting Standard – 10 (Revised 2016) on Property, Plant & Equipment, applicable from 1 st April 2017, depreciation of ₹66.71Crores for the year on revalued portion of Fixed Assets has been transferred during the year from the Revaluation Reserve to Revenue Reserve instead of Crediting to Profit & Loss Account.
d.	Tax Paid in advance/Tax deducted at source appearing under "Other Assets includes disputed amount adjusted by the department/paid by the Bank in respect tax demands for various assessment years. No provision is considered necessary in respect of disputed Income Tax demands of ₹1260.92Crore (previous year ₹ 674.50 Crore) as in the bank's view, duly supported by expert opinion and/or decision in bank's own appeals on same issues, additions / disallowances made are not sustainable.
e.	1. During the Financial year 2017-18 the Bank has issued 29,76,19,047 equity shares having Face Value of ₹ 2.00 each for cash, pursuant to a Qualified Institutional Placement (QIP) in accordance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 at a Premium of ₹ 166.00 per share aggregating ₹ 5000 crore. 2. During the Financial Year 2017-18 the bank has allotted 334985922 equity shares of ₹ 2.00 each to Government of India at a premium of ₹ 161.38 per share as determined by the Board in terms of the Chapter VII of the SEBI (ICDR) Regulations, 2009, as amended from time to time on preferential basis. The total amount received by the bank on this account is ₹ 5473.00 crores which includes ₹ 67.00 crores as equity capital and ₹ 5406.00 crores as premium.
f.	The guidelines given in Micro, Small and Medium Enterprises Development Act 2006 have been complied with for purchases made during the Financial Year 2017- 2018 and payments have been made to the Vendors in time as per Act. Since there had been no delay in payment, so no penal interest has been paid in FY 2017-18.



g. Information under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in terms of the provisions of Regulation 52(4) for unsecured bonds issued by bank excluding Debt instruments eligible for meeting capital requirement.

Sl.No.	PNB BDND SERIES	ISIN NO.	DATE OF PAYMENT OF INTEREST	Whether the same has been paid or not	Rating ICRA	Rating CARE	Rating India Rating	Rating CRISIL	Remark
1	Long Term Bonds (Borrowing) series I (8.23 %)	INE 160A 08068	09.02.2018	Paid	NA	AA+@@**	AAA@***	AAA@@*****	***Rating outlook has been changed from stable to under watch negative as per rating dated 17.02.2018. **** Rating outlook has been changed from stable to under watch negative as per rating dated 16.02.2018.
2	Long Term Bonds (Borrowing) series II (8.35 %)	INE 160A 08084	26.03.2018	Paid	AA+@*	AA+@@**	NA	AAA@@*****	*Rating outlook has been changed from stable to under watch as per rating dated 19.02.2018. **Rating outlook has been changed from stable to under watch as per rating dated 20.02.2018.

@ Under rating watch with negative implications

@@ (Under rating watch with Developing Implications)

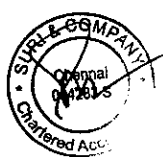
h. In compliance of RBI letter no. DBR.NO.BP.13018/21.04.048/2015-16 dated 12.04.2016 and BPC.7201/21.04.132/2017-18 dated 08.02.2018, Bank has made a provision of ₹67.76crore being 5 % of the existing outstanding of ₹1355.19crore as on 31.03.2018 in respect of restructured Food Credit advance availed by State Government of Punjab.

i. Provisioning pertaining to fraud accounts due to amendment in provisioning norms as per RBI Circular no. RBI/2015-16/376 DBR.No.BP.BC.92/21.04.048/2015-16 dated 18.04.2016:

(₹ in Crores)

Category	No. of Fraud cases reported during the FY 2017-18	Amount involved in fraud reported during the FY 2017-18	Quantum of provision during the FY 2017-18	Un-amortized provisions
Borrowal	81	8980.44	3924.49	5684.16
Non-Borrowal Frauds	132	6521.21	5299.83	1494.26
Total	213	15501.65	9224.32	7178.42

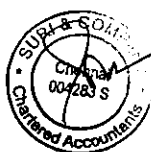
J. During the quarter ended 31st March 2018, a fraud was detected at our Brady House, Mumbai branch involving certain accounts under Gems & Jewellery Sector where through apparent connivance between these entities and few employees of the Bank,



	<p>some Letters of Undertaking (LOUs)/Foreign Letter of Credit (FLCs) were issued fraudulently and in unauthorised manner to certain overseas branches of Indian Banks through the misuse of SWIFT system of the Bank which was then not integrated with CBS. The fraud is under investigation by various central investigating agencies.</p> <p>The liabilities on account of LOUs/ FLCs which became due upto 31.03.18 amounting to Rs 6586.11 crore have been paid by the Bank on the undertaking of concerned banks that they will reimburse the amount to the Bank if the court of competent jurisdiction or an investigation agency under Indian laws finds such LOCs/FLC, to have been issued pursuant to the knowledge of the alleged fraud or collusion in the alleged fraud by any existing or past officials/ employees of the concerned banks. Further, as a prudent measure, Bank has created liability in the books in respect of LOUs/FLCs which are becoming due after 31.03.18 amounting to Rs. 6959.79 crores. Bank will make payments to the concerned banks on the due dates of LOUs/FLCs. After including outstanding amounts under other credit facilities to the above entities, the amount involved now works out to Rs 14356.84 crore.</p> <p>RBI vide their letter no. 8720/21.04.132/2017-18 dtd 28.03.2018 has permitted the Bank to make provisions against this fraud @25% without debiting "Other Reserves" and provide remaining amount during first three quarters of the ensuing financial year. However, Bank has made higher than required provisions @50% amounting to Rs 7178.42 crore and remaining provision of Rs 7178.42 crores will be made in the ensuing financial year in terms of RBI's dispensation.</p>
k.	<p>The Strategy for IND AS Implementation</p> <p>"IND AS roadmap for scheduled commercial banks (excluding regional rural banks), insurers/insurance companies and non-banking financial companies (NBFCs) was issued by Union Ministry of Corporate Affairs (MCA) through press release dated 18 January 2016. IND AS was applicable to the Bank in accordance with the MCA press release from financial year 2018-19. In pursuance to this Reserve Bank of India (RBI) had issued notification (RBI/2015-16/315DBR.BP.BC.No.76/21.07.001/2015-16) dated 11 February 2016 for implementation of IND AS from financial year 2018-19 but vide Press Release (2017-18/2642) dated 5 April 2018, RBI has deferred implementation of IND AS to financial year 2019-20. The Bank has commenced the process of IND AS (Indian Accounting Standards) implementation from financial year 2016-17.</p> <p>A steering committee headed by the Executive Director and comprising of General Managers from various cross functional areas of the Bank to monitor the progress of the implementation is formed. The Bank has a well-planned strategy for its implementation and has made substantial progress in this exercise. The Bank has completed a diagnostic study to identify the differences between the current accounting framework and IND AS. Based on this diagnostic study the Bank has quantified the impact and filed the pro-forma financial statements for the half year ended September 2016 and quarter ended June 2017 with the Reserve Bank of India. Bank is now assessing the changes, wherever required in the core banking system and has already initiated formulation of Expected Credit Loss Models. Once the annual financial statements under the current accounting framework are finalized, the Bank will prepare the Opening Balance Sheet as at 01.04.2018 for the IND AS transition."</p>
l.	<p>Bank has sold 33358 units under Priority Sector Lending Certificate amounting to the tune of Rs.8339.50 Crore and out of which Rs.4315 Crore (17260 units) was in the</p>



	category of PSCL-Small & Marginal Farmer category and Rs.4024.50 Crore (16098 units) is in the category of PSCL-General PS. Bank has earned an income amounting to Rs.14.44 Crore through this sale.
m.	RBI vide its Circular DBR. No. BP.BC.101/21.04.048/2017-18 dated April 2, 2018 has permitted banks an option to spread mark to market loss on AFS & HFT investment for quarters ended December 31, 2017 and March 31, 2018, equally over the four quarters commencing with the quarter in which the loss is incurred. Accordingly, the Bank has charged depreciation of ₹ 741.42 Crores related to quarters ended December 31, 2017 and March 31, 2018 and spread MTM losses to tune of ₹ 1088.28 Crore to the subsequent quarters of the ensuring financial year.
n.	During the Financial year 2017-18, Bank has sold 9815860 shares in its Associate concern PNB Housing Finance Ltd amounting to ₹ 1311.40crore including profit of ₹ 1231.59crore.
o.	As per RBI directions for initiating Insolvency Process – Provisioning Norms vide letter No. DBR.No.BO.15199/21.04.048/2016-17 dated June 23, 2017 in respect of 09 borrowal accounts covered under the provisions of Insolvency and bankruptcy Code (IBC), the Bank was required to make additional provision. Similarly, as per RBI direction vide letter No. DR.No.BP.1906/21.04.049/2017-18 dated August 28, 2017 in respect of 20 borrowal accounts covered under the process of Insolvency and Bankruptcy Code (IBC), the Bank was required to make additional provision. Further, as per RBI communication DBR.BP.8756/21.04/2017-18 dated April 2, 2018 with respect to spreading the provisions covered in 1 st and 2 nd list covered under the provisions of Insolvency & Bankruptcy Code (IBC), the Bank has availed the option of dispensation available and as a result the provision of ₹1684.14Crore has been reduced in such accounts.
p.	RBI vide its communication DBR.No.BP.BC.9730/21.04.18/2017-18 dated April 27, 2018 has given the option to Banks to spread additional liability on account of enhancement in gratuity limits from ₹ 10.00 lakhs to ₹ 20.00 lakhs from 29.03.2018 under the Payment of Gratuity Act 1972, over four quarters beginning with the quarter ended March 31, 2018. The bank has exercised the option and has charged ₹ 63.45 crores during the quarter March 31, 2018 and deferred ₹ 190.00 crores to subsequent three quarter of the ensuing financial year.
q.	RBI vide its Circular DBR.No. BP.BC.101/21.04.048/2017-18 dated February 12, 2018, issued a revised framework for resolution of stressed assets, which supersedes the existing guidelines of SDR, change in ownership outside SDR (except projects under implementation) and S4A with immediate effect. Under the revised framework, the benefits for accounts where any of these schemes had been invoked but not yet fully implemented were revoked and accordingly these accounts have been classified as per the extant RBI norms on income recognition and asset classification.
39.	1. Figures of the previous year have been regrouped / rearranged / reclassified wherever necessary. 2. Figures in the bracket wherever given relates to previous year.



PUNJAB NATIONAL BANK

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31st MARCH 2018

Particulars	2017-18	(INR ' 000) 2016-17
A. Cash Flow from Operating Activities		
(i) Net Profit after Tax	(12,28,28,203)	1,32,48,018
Add Provision for Tax (net of deferred tax)	(7,29,22,570)	68,67,419
Profit before tax	(19,57,50,773)	2,01,15,437
(ii) Adjustment for :		
Depreciation on Fixed Assets	57,61,673	48,35,308
Less : Amount drawn from Revaluation Reserve	-	(5,84,941)
Provisions for non performing assets	24,45,27,342	13,53,73,804
Less : Amount drawn from Other Reserve	-	-83,36,600
Provision on Standard Assets	(2,14,81,783)	(1,24,17,836)
Depreciation/ (Release), Write off, Provision on Investments (net)	2,02,71,464	48,66,488
Other Provisions (net)	5,53,97,956	63,29,786
Dividend from Subsidiary / Others (Investing Activity)	(7,83,929)	(3,72,429)
Interest on Bonds (Financing Activity)	1,80,71,046	1,62,35,113
Profit / Loss on sale of Fixed Assets (net)	(25,934)	(53,758)
(ii)	32,17,37,835	14,58,74,936
Operating Profit before Changes in Operating Assets and Liabilities	12,59,87,062	16,59,90,373
(iii) Adjustment for net change in Operating Assets and Liabilities		
Decrease / (Increase) in Investments	(14,89,09,395)	(29,36,61,958)
Decrease / (Increase) in Advances	(37,86,06,459)	(20,70,47,300)
Decrease / (Increase) in Other Assets	(6,75,98,088)	(2,42,68,829)
Increase / (Decrease) in Deposits	20,52,21,755	68,65,28,883
Increase / (Decrease) in Borrowings	21,29,74,126	(19,24,21,080)
Increase / (Decrease) in Other Liabilities & Provisions	7,85,74,121	37,30,566
(iii)	(9,83,43,940)	(2,71,39,719)
Cash generated from Operations	2,76,43,122	13,88,50,654
Tax Paid (net of refund)	(1,75,26,209)	(1,38,80,126)
Net Cash used in Operating Activities	1,01,16,913	12,49,70,528
B. Cash flow from (used in) Investing Activities		
Purchase of Fixed Assets (net of Sales)	(64,96,527)	(56,44,275)
Dividend recd from Subsidiaries / JV / RRBs	7,83,929	3,72,429
Investment in Subsidiaries / JV / RRBs	(71,67,490)	-
Net Cash used in investing Activities	(1,28,80,088.00)	(52,71,846)
C. Cash flow from (used in) Financing Activities		
Issue of Share Capital (incl. Premium)	10,42,37,786	2,11,20,001
Issued(Redemption) of Bonds (Tier I & Tier II)	(1,21,00,000)	25,02,000
Interest paid on Bonds (Tier I & Tier II)	(1,80,71,046)	(1,62,35,113)
Payments of Dividends (incl.tax on Dividend)	-	-
Net Cash from Financing Activities	7,40,66,740	73,86,888
D Net Change in Cash and Cash Equivalents	7,13,03,565	12,70,85,570



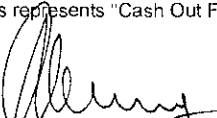
PUNJAB NATIONAL BANK


CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31st MARCH 2018

Particulars	2017-18	(INR ' 000) 2016-17
Cash and Cash Equivalents at the beginning of the year		
Cash and Balances with Reserve Bank of India	25,20,99,957	26,47,90,678
Balances with Banks & Money at Call & Short Notice	63,12,16,513	49,14,40,222
	88,33,16,470	75,62,30,900
Cash and Cash Equivalents at the end of the year		
Cash and Balances with Reserve Bank of India	28,78,90,324	25,20,99,957
Balances with Banks & Money at Call & Short Notice	66,67,29,711	63,12,16,513
	95,46,20,035	88,33,16,470
	7,13,03,565	12,70,85,570

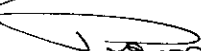
Notes :-

- 1 Direct taxes paid (net of refund) are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- 2 All figures in minus represents "Cash Out Flow"


P K VARSHNEY
CHIEF MANAGER

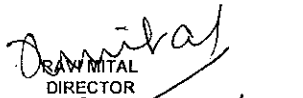

S K JAIN
DY. GENERAL MANAGER



P K SHARMA
GENERAL MANAGER


L V PRABHAKAR
EXECUTIVE DIRECTOR


SUNIL MEHTA
MANAGING DIRECTOR & CEO


SUNIL MEHTA
CHAIRMAN


RAVI MITAL
DIRECTOR


SUDHIR NAYAR
DIRECTOR

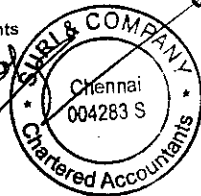

DR. RABIN MISHRA
DIRECTOR


MAHESH BABOO GUPTA
DIRECTOR


SANJAY VERMA
DIRECTOR

For Suri & Co.
Chartered Accountants
FRN 004283S

(P Venugopal)
Partner
M No. 035034



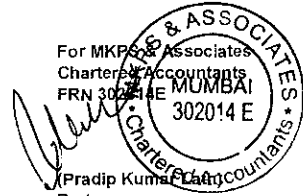
As per our Report of even date
For SPMG & Co.
Chartered Accountants
FRN 509249C

(Avadesh Gupta)
Partner
M No. 516769



For MKPS & Associates
Chartered Accountants
FRN 302014E MUMBAI

(Pradip Kumar)
Partner
M No. 054130



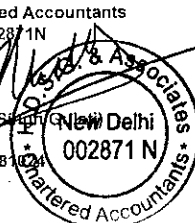
For G S Mathur & Co.
Chartered Accountants
FRN 008744N

(Rajiv Kumar Wadhwa)
Partner
M No. 091007



For HDSG & Associates
Chartered Accountants
FRN 002871N

(Dalbir Singh)
Partner
M No. 081024



Date : 15/05/2018
Place: New Delhi



**INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS
OF PUNJAB NATIONAL BANK GROUP**

To
The Members of Punjab National Bank,

1. We have audited the attached Consolidated Balance Sheet of Punjab National Bank, its subsidiaries, associates and Joint Venture (collectively known as PNB Group) as at 31st March 2018, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information annexed thereto, in which the following are incorporated:
 - i) Audited accounts of Punjab National Bank (The Bank), audited by us, vide our audit report dated May 15, 2018,
 - ii) Audited accounts of 2 Subsidiaries and 3 associates, audited by other auditors and
 - iii) Unaudited accounts of 3 Subsidiaries, 7 Associates and 1 Joint Venture.
2. We did not audit the financial statements of subsidiaries viz. (i) PNB Gilts Limited (ii) PNB Principal Insurance Broking Pvt Ltd. (iii) Punjab National Bank (International) Limited (iv) PNB Investment Services Limited & (v) Druk PNB Bank Ltd. whose financial statements reflect total assets of Rs.14406.09 Crores as at 31st March 2018 and total revenues of Rs.788.75 Crores for the year then ended. These financial statements and other financial information excluding Principal PNB Insurance Broking Pvt Ltd, PNB Gilts Ltd and PNB (International) Limited, London have been audited by their respective auditors whose reports have been furnished to us and our opinion is based solely on the reports of the said auditors.
3. a). The Financial Statements of 3 Subsidiaries, 7 Associates and 1 Joint Venture which have not been audited contribute Rs. 172.46 Crore loss to PNB group for the year ended 31.03.2018.
b). Our opinion is based on the Un-audited financial statements of 3 Subsidiaries, 7 Associates and 1 Joint Venture stated in schedule 17 & 18 Para-2 to notes to accounts as well as two audited subsidiaries and three associates of PNB group.
c). Regional Rural Banks (associates) have not followed Accounting Standard -15 (Revised), Issued by the Institute of Chartered Accountants of India, for certain employees' benefits but have accounted for the same on adhoc/pay as you go basis.
4. Subject to our observations in paragraph 2 to 3 above, we report that the Consolidated Financial Statements have been prepared by the management of PNB Group in accordance with the requirements of Accounting Standard - 21(Consolidated Financial Statements) and Accounting Standard-23 Accounting for Investments in Associates in Consolidated Financial Statements) issued by the Institute of Chartered Accountants of India and the requirements of the Reserve Bank of India.



Page 1 of 3



Management's Responsibility for the Financial Statements:

5. These Consolidated Financial Statements are the responsibility of the Bank's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components, in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and to discuss the information as may be necessary to conform to Form 'A & B' respectively of the Third Schedule to the Banking Regulation Act, 1949. These financial statements comply with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

6. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
7. An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend upon the auditor's judgment including the assessment of the risks of material misstatement of the financial misstatements whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

9. Based on our audit and on consideration of reports of other auditors on separate financial statements and other financial information of the Subsidiaries, and Associates as referred in Para 2 above, and to the best of our information and according to the explanations given to us, we are of the opinion that:

a) The Consolidated Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the PNB Group as at 31st March, 2018 in conformity with accounting principles generally accepted in India;



- b) The Consolidated Profit and Loss Account, read with the notes thereon shows a true balance of Profit in the PNB Group, in conformity with accounting principles generally accepted in India, for the year ended on that date; and
- c) The Consolidated Cash Flow Statement gives a true and fair view of the cash flows of the PNB Group for the year ended on that date.

Emphasis of Matter

10. Without qualifying our opinion, we draw attention to Note no.38(j) regarding provision @ 50% amounting to Rs 7,178.42 crores as against the total amount of Rs 14356.84 crores in respect of fraud involving certain accounts under Gems & Jewellery Sector as per the dispensation given by the Reserve Bank of India vide their letter no.8720/21.04.132/2017-18 dt. 28.03.2018.

Report on Other Legal and Regulatory Requirements:

11. The Balance Sheet and the Profit and Loss Account have been drawn up in Form 'A' and 'B' respectively of the Third Schedule to the Banking Regulation Act, 1949.
12. In our opinion, the Consolidated Balance Sheet, Profit and Loss Account and the Cash Flow Statement of the PNB Group comply with the applicable Accounting Standards.

FOR Suri & Co
CHARTERED ACCOUNTANTS
FRN 004283S

(CA P Venugopal)
PARTNER (M.NO.054054)

FOR SPMG & Co.
CHARTERED ACCOUNTANTS
FRN 509249C

(CA Avadesh)
PARTNER (M.NO.516769)

FOR MKPS & Associates
CHARTERED ACCOUNTANTS
FRN.302014E

(CA Pradip Kumar Lath)
PARTNER (M.NO.054130)

FOR GS Mathur & Co.
CHARTERED ACCOUNTANTS
FRN 008744N

(CA Rajiv Kumar Wadhawan)
PARTNER (M.NO.091007)

FOR HDSG & Associates
CHARTERED ACCOUNTANTS
FRN 002871N

(CA Dalbir Singh Gulati)
PARTNER (M.NO.081024)

Place: New Delhi
Date: May 15, 2018

**CONSOLIDATED BALANCE SHEET OF
PUNJAB NATIONAL BANK AS ON 31ST MARCH '2018**

(₹ in Crore)

<u>CAPITAL & LIABILITIES</u>	Schedule	As on 31.03.2018	As on 31.03.2017
Capital	1	552.11	425.59
Reserves & Surplus	2	41933.03	42989.75
Minority Interest	2A	799.42	780.63
Deposits	3	648439.01	629650.86
Borrowings	4	65329.66	43336.01
Other Liabilities and Provisions	5	21941.67	16128.07
TOTAL		778994.91	733310.91
<u>ASSETS</u>			
Cash and Balances with Reserve Bank of India	6	29028.91	25410.36
Balances with Banks & Money at call & short notice	7	68459.24	65968.73
Investments	8	205910.18	191527.16
Loans & Advances	9	438798.00	424230.49
Fixed Assets	10	6374.31	6297.76
Other Assets	11	30424.28	19876.41
TOTAL		778994.91	733310.91
Contingent Liabilities		308790.19	338851.04
Bills for Collection		27898.25	25805.94

P K Varshney
P K VARSHNEY
CHIEF MANAGER

S K Jain
S K JAIN
DY. GENERAL MANAGER

P K Sharma
P K SHARMA
GENERAL MANAGER

L V Prabhakar
L V PRABHAKAR
EXECUTIVE DIRECTOR

Sunil Mehta
SUNIL MEHTA
MANAGING DIRECTOR & CED

Sunil Mehta
SUNIL MEHTA
CHAIRMAN

Rajiv Mehta
RAJIV MEHTA
DIRECTOR

Dr. Rabin Mishra
DR. RABIN MISHRA
DIRECTOR

Mahesh Baboo Gupta
MAHESH BABOO GUPTA
DIRECTOR

Sudhir Nayar
SUDHIR NAYAR
DIRECTOR

Sanjay Verma
SANJAY VERMA
DIRECTOR

AS PER REPORT OF EVEN DATE

For Suri & Co.
Chartered Accountants
FRN 004283S
P. Venugopal
(CA P. Venugopal)
Partner
M No. 035034

For SPMG & Co.
Chartered Accountants
FRN 509249C
Avadesh Gupta
(CA Avadesh Gupta)
Partner
M No. 516769

For MKPS & Associates
Chartered Accountants
FRN 302014E
Pradip Kumar Lath
(CA Pradip Kumar Lath)
Partner
M No. 054130

For GS Mathur & Co.
Chartered Accountants
FRN 008744N
Rajiv Kumar Wadhawan
(CA Rajiv Kumar Wadhawan)
Partner
M No. 091007

For HDSG & Associates
Chartered Accountants
FRN 002871N
Dalbir Singh Gulati
(CA Dalbir Singh Gulati)
Partner
M No. 081024

Date : 15/05/2018

Place: New Delhi

**CONSOLIDATED PROFIT & LOSS ACCOUNT OF
PUNJAB NATIONAL BANK FOR THE PERIOD ENDED 31ST MARCH '2018**

(₹ in Crore)

		As on 31.03.2018	As on 31.03.2017
I. INCOME	Schedule		
Interest earned	13	48724.85	48058.08
Other Income	14	8883.34	9167.58
TOTAL		57608.19	57225.66
II. EXPENDITURE			
Interest expended	15	33530.39	32722.31
Operating expenses	16	13642.59	9523.55
Provisions and Contingencies		23019.55	14078.67
TOTAL		70192.53	56324.53
Consolidated Net Profit for the year of the parent & subsidiaries before Minority Interest		-12584.34	901.13
Less: Minority Interest		18.79	51.98
Consolidated Net Profit for the year of the parent & subsidiaries after Minority Interest		-12603.13	849.15
Share of earnings in Associates (net)	17	473.07	338.09
Consolidated Net Profit for the year attributable		-12130.06	1,187.24
Add: Brought forward consolidated profit attributable to the group		1093.65	694.54
Add: Transferred from Capital Reserve		0.00	0.00
Profit available for Appropriation		-11036.41	1,881.78
APPROPRIATIONS			
Transfer to Reserves (Net)			
Statutory Reserve		20.64	377.49
Capital Reserve - Others		1028.24	536.00
Investment Fluctuation Reserve		0.00	0.00
Revenue & Other Reserve		-13307.75	(402.57)
Special Reserve as per Income Tax		0.27	270.26
Dividend Including Dividend Tax			
Proposed Dividend for 2017-18		61.97	6.91
Interim Dividend		0.00	0.00
Corporate Social Responsibility		0.00	0.00
Balance transfer from provision for tax on Dividend		0.00	-
Balance carried over to consolidated Balance Sheet		1160.23	1093.69
		-11036.40	1,881.78
Earnings per Share (In Rs.) Non-Annualised		-54.71	5.78
Accounting Policy & Notes on Accounts	18		

P. K. VARSHNEY
CHIEF MANAGER

S. K. JAIN
DY. GENERAL MANAGER

P. K. SHARMA
GENERAL MANAGER

L. V. PRABHAKAR
EXECUTIVE DIRECTOR

SUNIL MEHTA
MANAGING DIRECTOR & CEO

SUNIL MEHTA
CHAIRMAN

RAVINDRA
DIRECTOR

DR. RABIN MISHRA
DIRECTOR

MAHESH BABOO GUPTA
DIRECTOR

SUDHIR NAYAR
DIRECTOR

GANJAY VERMA
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Chartered Accountants

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(CA P. Jendgopal)
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Chartered Accountants

FRN 002871N

(CA Dalbir Singh Gulati)
Partner
M No. 081024



Date : 15/05/2018

Place: New Delhi



SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

SCHEDULE 1 - CAPITAL

(₹ in Crore)

	As on 31.03.2018	As on 31.03.2017
Authorised Capital (1500.00,00,000 Equity shares of ₹ 2 each)	3000.00	3000.00
Issued & Subscribed (2760573277 (Previous year 2127968258) Equity Shares of ₹ 2 each)	552.11	425.59
Paid up (2760573277 (Previous year 2127968258) Equity Shares of ₹ 2 each) (Includes equity shares of 1718445145 ₹ 2 each held by Central Government)	552.11	425.59
TOTAL	552.11	425.59

SCHEDULE 2 - RESERVES & SURPLUS

I. Statutory Reserve

Opening Balance	10288.68	9867.28
Addition during the year	20.64	364.64
Add/(Less) Adjustment during the year	0.00	0.00
	10309.32	10231.92

II. Capital Reserve

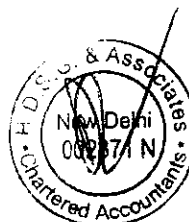
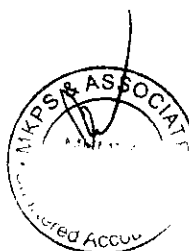
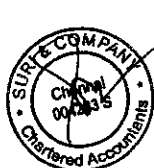
a). Revaluation Reserve

Opening Balance	3750.53	2888.69
Addition during the year	0.00	977.10
Deduction during the year	66.71	58.49
Add/(Less) Adjustment during the year	0.00	0.00
(being Depreciation on revalued portion of Property)		
	3683.82	3807.30

b. Others

Opening Balance	1982.27	1446.27
Addition during the year	1028.24	536.00
	3010.51	1982.27

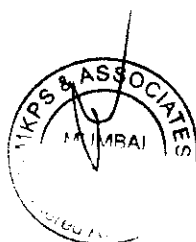
IIA. Capital Reserve on consolidation (Net)	66.53	66.53
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SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

(₹ in Crore)

	As on 31.03.2018	As on 31.03.2017
III. Revenue and Other Reserve		
a. Investment Fluctuation Reserve		
Opening Balance	433.52	433.52
Addition during the year	0.00	0.00
Less: Trf to P & L Account	0.00	0.00
	433.52	433.52
b. Other Reserve		
Opening Balance	12554.81	13791.02
Addition during the year	833.16	(402.57)
Less: Transferred to Special Reserve	0.00	0.00
Less: Adjustment related to Prior years	13307.75	833.66
Less: Transitory Liability (AS-15)	0.00	0.00
Less: Payment for Interblocked accounts	0.00	0.00
Add/(Less) : Adjustment during the year	66.71	-
	146.93	12554.79
c. Exchange Fluctuation Reserve		
Opening Balance	606.22	333.47
Add: Addition during the year (Net)	2.49	28.21
Add/(Less) : Adjustment during the year	2.69	-5.94
	611.41	606.22
IV. Share Premium		
Opening Balance	10749.86	8670.73
Addition during the year	10297.26	2079.13
Add/(Less) : Adjustment during the year	0.00	0.00
	21047.11	10749.86
V. Special Reserve		
Opening Balance	1463.66	1193.66
Addition during the year	0.00	270.00
Transfer from other reserve	0.00	0.00
Add/(Less) : Adjustment during the year	0.00	0.00
	1463.66	1463.66
VI. Foreign Currency Translation Reserve		
Opening Balance	0.00	0.00
Addition during the year	0.00	0.00
Deduction during the year	0.00	0.00
	0.00	0.00
VII. Balance in Profit & Loss Account	1160.23	1093.69
Total I,II,III,IV,V,VI, VII	41933.03	42989.75



SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

(₹ in Crore)

	As on 31.03.2018	As on 31.03.2017
<u>Schedule 2A - Minority Interest</u>		
Minority Interest at the date on which the parent subsidiary relationship came into existence	149.25	149.25
Subsequent increase	650.17	631.38
Minority Interest at the date of balance sheet	799.42	780.63

SCHEDULE 3 - DEPOSITS

A. I DEMAND DEPOSITS

(i) From Banks	1593.92	1693.23
(ii) From Others	39826.02	45220.69
	41419.93	46913.92

II SAVINGS BANK DEPOSITS	224272.14	215405.64
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III TERM DEPOSITS

(i) From Banks	52362.06	64417.81
(ii) From Others	330384.88	302913.49
	382746.94	367331.30

TOTAL of I, II, III	648439.01	629650.86
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B. (i) Deposits of branches in India	599960.66	565477.68
(ii) Deposits of branches outside India	48478.35	64173.18

TOTAL of i, ii	648439.01	629650.86
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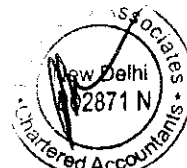
SCHEDULE 4 - BORROWINGS

I. Borrowings in India

(i) Reserve Bank of India	18379.31	400.00
(ii) Other Banks	5370.29	1746.53
(iii) Other Institutions and Agencies	5388.69	2906.16
(iv) Bonds (including Tier-I, Tier-II, Subordinated Debts)	15783.26	16995.65
(v) Long Term Infrastructure Bonds	2800.00	2800.00
II. Borrowings Outside India	17608.12	18487.67

TOTAL of I, II	65329.66	43336.01
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Secured Borrowings included in I & II above	16606.00	0.00
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SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

(₹ in Crore)

As on 31.03.2018

As on 31.03.2017

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

I Bills payable	2433.07	2570.08
II Inter-office adjustments (net)	2.70	2.92
III Interest accrued	1876.13	1971.07
IV Others (including Provisions)	17629.76	11584.00
TOTAL OF I, II, III, IV	21941.67	16128.07

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

I Cash in hand (including Foreign Currency Notes)	2120.25	2108.69
II Balance with Reserve Bank of India		
(i) in Current account	26908.65	23111.69
(ii) in Other Accounts	0.00	189.98
	26908.65	23301.67
TOTAL OF I, II	29028.91	25410.36

SCHEDULE 7- BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE

I. In India		
(i) Balance with Banks		
(a) In Current accounts	629.27	718.59
(b) In Other Deposit accounts	9780.01	9713.15
	10409.28	10431.74
(ii) Money at Call and Short Notice		
(a) with Banks	584.24	149.97
(b) with Other institutions	29054.06	22000.00
	29638.30	22149.97
TOTAL (i & ii)	40047.58	32581.71
II. Outside India		
(i) In Current accounts	2175.66	4214.31
(ii) In Other Deposit accounts	25673.54	29107.86
(iii) Money at Call & Short Notice	562.45	64.85
TOTAL	28411.66	33387.02
GRAND TOTAL (I & II)	68459.24	65968.73



SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

(₹ in Crore)

SCHEDULE 8 - INVESTMENTS

As on 31.03.2018

As on 31.03.2017

I. Investments in India in

(i) Government Securities	156026.49	149409.91
(ii) Other approved securities	146.48	188.30
(iii) Shares	4361.20	5336.86
(iv) Debentures and Bonds	31937.33	25872.21
(v) Investment in Associates (on equity method)	1643.94	1298.15
(vi) Others	4626.79	4244.59
(Initial Capital in UTI and its units- 64 : (Various Mutual Funds & Commercial Paper etc.)		

TOTAL of I

198742.22

186350.02

II. Investments outside India

(i) Government Securities	2475.37	2180.95
(ii) Investment in Associates (on equity method)	1706.08	991.07
(iii) Other investments	2986.51	2005.12

TOTAL of II

7167.96

5177.14

III. Investments in India

i) Gross value of Investments	201866.03	187762.66
ii) Less: Aggregate of Provisions for Depreciation	3123.81	1412.64
iii) Net Investment	198742.22	186350.02

IV. Investments outside India

i) Gross value of Investments	7186.58	5191.31
ii) Less: Aggregate of Provisions for Depreciation	18.62	14.17
iii) Net Investments	7167.96	5177.14

GRAND TOTAL of (I), (II)

205910.18

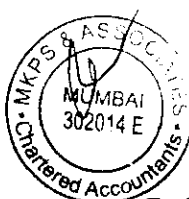
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SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

(₹ in Crore)

	As on 31.03.2018	As on 31.03.2017
SCHEDULE 9 - ADVANCES		
A		
i) Bills Purchased and discounted	20623.38	29560.81
ii) Cash Credits, overdrafts and loans repayable on demand	279815.80	249431.82
iii) Term Loans	138358.82	145237.86
Total	438798.00	424230.49
B		
i) Secured by Tangible Assets (including advances against book debts)	360714.77	365038.60
ii) Covered by Bank/Govt. Guarantees	13025.88	9837.66
iii) Unsecured	65057.35	49354.24
Total	438798.00	424230.49
C (I) Advances in India		
i) Priority Sector	156285.12	133128.05
ii) Public Sector	38987.68	19939.11
iii) Banks	1024.24	1261.08
iv) Others	198029.15	216243.07
Total	394326.19	370571.31
C (II) Advances outside India		
i) Due from banks	27027.96	28138.10
ii) Due from others		
(a) Bills purchased & discounted	496.83	531.96
(b) Term Loans	7161.09	4953.91
(c) Others	9785.93	20035.21
Total	44471.81	53659.18
GRAND TOTAL of C (I) & C (II)	438798.01	424230.49



SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

(₹ in Crore)

SCHEDULE 10 - FIXED ASSETS

	As on 31.03.2018	As on 31.03.2017
I. Premises (including Land)		
-At cost as on 1st April of the year	5545.69	4509.82
-Additions during the year	21.29	121.62
Less: Deductions during the year	0.00	56.35
-Revaluation	0.00	964.25
Less: Depreciation to date	594.02	504.22
	4972.96	5035.12
II. Other Fixed Assets (including furniture & fixtures)		
-At cost as on 1st April of the year	4113.07	3728.79
- Revaluation due to exchange rate fluctuation	0.00	0.00
-Additions during the year	586.30	506.13
Less: Deductions during the year	67.49	112.54
Less Depreciation to date	3328.53	2939.74
	1303.34	1182.64
III. Computer Software		
-At cost as on 1st April of the year	384.34	366.98
-Revaluation due to exchange rate fluctuation	0.00	0.00
- Additions during the year	62.73	18.08
- Deductions during the year	0.01	0.00
Less: Amortised to date	352.67	308.68
	94.38	76.38
IV. Leased Assets		
-At cost as on 1st April of the year	29.31	25.68
-Additions during the year	0.00	0.00
-Deductions during the year	0.00	0.00
Less Depreciation to date	25.68	22.06
	3.62	3.62
TOTAL OF I, II, III, IV	6374.31	6297.76



SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

(₹ in Crore)

	As on 31.03.2018	As on 31.03.2017
<u>SCHEDULE 11 - OTHER ASSETS</u>		
I Interest accrued	5232.54	4604.90
II Tax paid in advance/tax deducted at source (net of provisions)	2851.65	900.63
III Stationery and Stamps	10.82	10.14
IV Non Banking assets acquired in satisfaction of claims	112.24	112.03
V Deferred Tax asset (net)	13213.14	6120.36
VI Others	9003.89	8128.35
TOTAL of I, II, III, IV, V, VI	30424.28	19876.41

SCHEDULE 12 - CONTINGENT LIABILITIES

I (i) Claims against the Bank(Group) not acknowledged as debts	321.17	249.58
I (ii) Disputed income tax and interest tax demands under appeal, references, etc	1260.92	0.00
II Liability for partly paid investments	13.13	0.01
III Liability on account of outstanding forward exchange contracts	226576.41	253032.27
IV Guarantees given on behalf of constituents		
(a) In India	39998.62	38240.86
(b) Outside India	10011.98	14039.35
V Acceptance, Endorsements and Other obligations	27055.94	29368.51
VI Other items for which the Bank (Group) is contingently liable	3552.02	3920.46
TOTAL of I, II, III, IV, V, VI	308790.19	338851.04



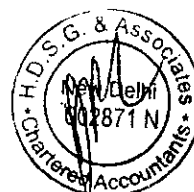
SCHEDULES TO THE CONSOLIDATED ACCOUNTS (PUNJAB NATIONAL BANK)

(₹ in Crore)

	As on 31.03.2018	As on 31.03.2017
<u>SCHEDULE 13 - INTEREST AND DIVIDENDS EARNED</u>		
I Interest/discount on Advances/Bills	32549.21	33701.40
II Income on Investments	13978.71	12605.32
III Intt on balances with Reserve Bank of India & other inter-bank funds	2013.40	1365.67
IV Others	183.54	385.69
TOTAL of I, II, III, IV	48724.85	48058.08

SCHEDULE 14 - OTHER INCOME

I Commission, Exchange & Brokerage	2810.27	2741.94
II Profit on sale of land, buildings and other assets	2.86	5.58
Less Loss on sale of land, buildings and other assets	0.25	0.13
	2.60	5.45
III Profit on Exchange Transaction	1318.75	1487.32
Less Loss on Exchange Transaction	533.03	881.75
	785.72	605.57
IV Profit on sale of Investments	3340.61	3025.68
Less Loss on sale of investments	87.66	206.28
	3252.95	2819.40
V Miscellaneous Income	2031.80	2995.22
TOTAL of I, II, III, IV, V, VI	8883.34	9167.58



SCHEDULES TO THE CONSOLIDATED ACCOUNTS(PUNJAB NATIONAL BANK)

(₹ in Crore)

SCHEDULE 15 - INTEREST EXPENDED

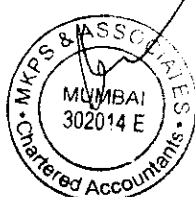
	As on 31.03.2018	As on 31.03.2017
I Interest on Deposits	30583.84	30138.50
II Interest on Reserve Bank of India/ inter-bank borrowings	588.25	290.75
III Others	2358.29	2293.06
TOTAL of I, II, III	33530.39	32722.31

SCHEDULE 16 - OPERATING EXPENSES

I Payment to and provisions for employees	9242.37	5482.33
II Rent, Taxes and Lighting	748.33	702.25
III Printing & Stationery	92.47	97.54
IV Advertisement & Publicity	48.01	55.93
V Depreciation on bank's property	581.03	488.93
Less: Adjusted with Revaluation Reserve	0.00	58.49
	581.03	430.44
VI Directors' Fees, allowances and expenses	1.79	1.75
VII Auditors' fees and expenses (including statutory auditor of subsidiaries, branch auditors' fees & expenses)	78.15	71.12
VIII Law charges	86.61	91.01
IX Postage, Telegrams, Telephones, etc.	173.42	179.88
X Repairs & Maintenance	266.38	236.76
XI Insurance	642.91	569.25
XII Other expenditure	1681.11	1605.29
TOTAL of I to XII	13642.59	9523.55

SCHEDULE 17 - SHARE OF EARNINGS/LOSS IN ASSOCIATES

(a) Share of Earnings in Associates in India	426.49	312.77
(b) Share of Earnings in Associates outside India	46.58	25.32
TOTAL of (a & b)	473.07	338.09



PUNJAB NATIONAL BANK

**CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE CONSOLIDATED BALANCE SHEET FOR THE YEAR
ENDED 31st MARCH 2018**

(Figures ₹ in Crore)

Particulars	2017-18	2016-17
A. Cash Flow from/(used in) Operating Activities		
(i) Net Profit after Tax	(12,584.34)	901.13
Add: Share of earning in Associates	473.07	338.09
Net Profit before Minority Interest	(12,111.27)	1,239.22
Add: Provision for Tax (Net of deferred tax)	(7,261.81)	638.96
Profit before Taxes (i)	(19,373.08)	1,878.18
(ii) Adjustment for :		
Depreciation on fixed assets	581.03	488.93
Less : Amount drawn from Revaluation Reserve	-	(58.49)
Provision for Non-performing assets	24,851.54	13,601.85
Provision on Standard Assets	(2187.45)	(1,213.67)
Provision on Investments (net)	2,030.71	485.01
Other Provisions (net)	1,056.57	566.51
Dividend from Subsidiary / Others (Investing Activity)	(139.53)	(95.90)
Interest on Bonds (Financing Activity)	1,807.10	1,623.51
Profit / (Loss) on sale of Fixed Assets (net)	(2.60)	(5.45)
(ii)	27,997.36	15,392.31
Operating Profit before Changes in Operating Assets and Liabilities (i+ii)	8,624.27	17,270.49
(iii) Adjustment for net change in Operating Assets and Liabilities		
Decrease / (Increase) in Investments	(15,826.02)	(27,444.56)
Decrease / (Increase) in Advances	(38,586.04)	7,438.46
Decrease / (Increase) in Other Assets	(1,463.34)	(1,761.06)
Increase / (Decrease) in Deposits	18,788.15	59,268.22
Increase / (Decrease) in Borrowings	23,206.04	(29,202.94)
Increase / (Decrease) in Other Liabilities & Provisions	6,898.71	(2,213.24)
(iii)	(6,982.50)	6,084.88
Cash generated from Operations (i+ii+iii)	1,641.77	23,355.37
Tax Paid (net of refund)	(1,781.98)	(1,417.34)
Net Cash used in Operating Activities (A)	(140.21)	21,938.03
B. Cash Flow from/(used in) Investing Activities		
Purchase of Fixed Assets (net of Sales)	(654.98)	(496.02)
Dividend recd from Subsidiaries / JV / RRBs	139.53	95.90
Investment (Disinvestment) in Subsidiaries / JV / RRBs	(587.72)	558.87
Net Cash used in investing Activities (B)	(1,103.17)	158.75
C. Cash Flow from/(used in) Financing Activities		
Issue of share capital (incl Share Premium)	10,423.78	1,066.14
Issue/(Redemption) of Bonds (Tier I & Tier II)	(1,212.38)	(9,134.79)
Interest paid on Bonds(Tier I,II)	(1,807.10)	(1,623.51)
Payments of Dividends (incl tax on Dividend)	(51.86)	(74.91)
Net Cash used in Financing Activities (C)	7,352.43	(9,767.07)
D. Net Change in Cash and Cash Equivalents (A+B+C)	6,109.05	12,329.71



PUNJAB NATIONAL BANK
CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE CONSOLIDATED BALANCE SHEET FOR THE YEAR
ENDED 31st MARCH 2018

(Figures ₹ in Crore)

2017-18

2016-17

(Figures ₹ in Crore)

2017-18

2016-17

Particulars


Cash and Balances with Reserve Bank of India	25,410.36		26492.19	
Balances with Banks & Money at Call & Short Notice	65,968.73	91,379.09	52557.19	79,049.38
Cash and Cash Equivalents at the end of the year				
Cash and Balances with Reserve Bank of India	29,028.91		25,410.36	
Balances with Banks & Money at Call & Short Notice	68,459.24	97,488.15	65,968.73	91,379.09
		<u>6,109.05</u>		<u>12,329.71</u>

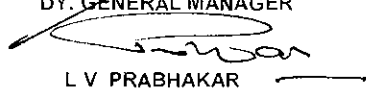
Notes :-

1 Direct taxes paid (net of refund) are treated as arising from operating activities and are not bifurcated between investing and financing activities.

2 All figures in minus represents "Cash Out Flow"


P K VARSHNEY
 CHIEF MANAGER

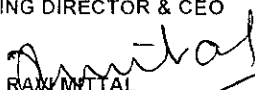

S K JAIN
 DY. GENERAL MANAGER

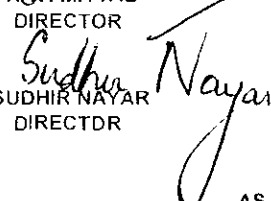

L V PRABHAKAR
 EXECUTIVE DIRECTOR


P K SHARMA
 GENERAL MANAGER


SUNIL MEHTA
 MANAGING DIRECTOR & CEO

SUNIL MEHTA
 CHAIRMAN


RAVI MITTAL
 DIRECTOR

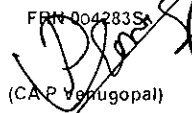

SUDHIR NAYAR
 DIRECTOR


DR. RABI N. MISHRA
 DIRECTOR

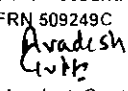
MAHESH BABOO GUPTA
 DIRECTOR


SANJAY VERMA
 DIRECTOR

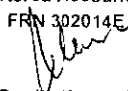
AS PER REPORT OF EVEN DATE


For Suri & Co.
 Chartered Accountants
 FRN 004283 S

 (CA P Venugopal)
 Partner
 M No. 0035034

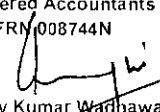



For SPMG & Co.
 Chartered Accountants
 FRN 509249 C

 (CA Avadesh Gupta)
 Partner
 M No. 516769

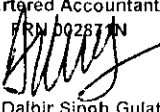


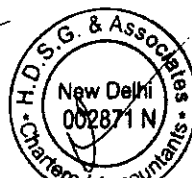
For MKPS & Associates
 Chartered Accountants
 FRN 302014 E

 (CA Pradip Kumar Lath)
 Partner
 M No. 054130



For GS Mathur & Co.
 Chartered Accountants
 FRN 008744 N

 (CA Rajiv Kumar Wadhawan)
 Partner
 M No. 091007



For HDSG & Associates
 Chartered Accountants
 FRN 002871 N

 (CA Dalbir Singh Gulati)
 Partner
 M No. 081024



Date: 15/05/2018
 New Delhi



ORIENTAL BANK OF COMMERCE FINANCIAL STATEMENTS

Financial Statement	Page Number
Audited Financial Statements of Oriental Bank of Commerce for the year ended March 31, 2020	F – 404
Audited Financial Statements of Oriental Bank of Commerce for the year ended March 31, 2019	F - 479

B. C. JAIN & CO.

Chartered Accountants
16/77A, Civil Lines
KANPUR- 208001

S. N. Dhawan & Co. LLP

Chartered Accountants,
D-74, Malcha Marg,
Diplomatic Enclave,
New Delhi-110021

S. P. Chopra & Co.

Chartered Accountants,
31-F, Radial Road No.7,
Connaught Place, New Delhi - 110001

Batra Deepak & Associates

Chartered Accountants,
S-517, 2nd Floor, Shakarpur,
Vikas Marg, New Delhi -110092

Independent Auditor's Report

To

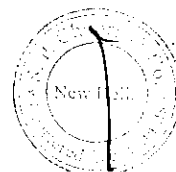
The President of India/Punjab National Bank

Opinion

1. We have audited the financial statements of erstwhile Oriental Bank of Commerce, (amalgamated with Punjab National Bank w.e.f. 1st April, 2020), (the 'Bank'), which comprise the Balance Sheet as at 31st March, 2020, and the Profit and Loss Account and the Cash Flow Statement for the year then ended and notes to financial statements including a summary of significant accounting policies and other explanatory information, in which are included returns for year ended on that date of 20 branches audited by us and 1451 branches audited by statutory branch auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also included in the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement are the returns from 899 branches which have not been subjected to audit. These unaudited branches account for 6.25 percent of advances, 18.23 per cent of deposits, 4.49 per cent of interest income and 16.33 per cent of interest expenses.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 (the 'Act') in the manner so required for bank and are in conformity with accounting principles generally accepted in India and give:
 - a) true and fair view in case of the Balance sheet, of the state of affairs of the Bank as at 31st March, 2020;
 - b) true balance of Loss in case of Profit and Loss Account for the year ended on that date; and
 - c) true and fair view in case of Cash Flow Statement for the year ended on that date.



Page 1 of 6



Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Bank in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements in India, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Consequent to the Ministry of Finance (Department of Financial Services), Government of India's notification no. G.S.R. 153(E) dated 4th March, 2020 notifying the Scheme of Amalgamation of Bank with Punjab National Bank (PNB) w.e.f. 1st April, 2020, the Bank has been delisted on 23rd March, 2020, and therefore the Standard on Auditing 701 - Key Audit Matters, is not applicable.

Emphasis of Matters

5. We draw attention to the following notes to the financial statements:
- Note No. 18.1.3, regarding amalgamation of the Bank with Punjab National Bank, w.e.f. 1st April, 2020, the effective date, in terms of notification issued by the Government of India, and preparation of these financial statements as a going concern.
 - Note No. 18.7.5, regarding changes in certain accounting policies / assumptions and reclassification of certain advance accounts and provisioning thereof in excess of the Prudential norms on IRAC, resulting in increase in loss for the year by Rs. 1546.95 crores.
 - Note No. 18.8.30, regarding uncertainty of the impact, of COVID-19 pandemic, and evaluation of the situation on an ongoing basis with respect to the challenges faced.

Our opinion is not modified in respect of these matters.

Information Other than the Financial Statements and Auditor's Report thereon

6. The Bank's Board of Directors is responsible for the other information. The other information comprises the Corporate Governance Report and Directors' Report, including annexures, if any, thereon (but does not include the financial statements and our auditor's report thereon). This information is expected to be made available to us after the date of this auditor's report.



Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Corporate Governance Report and Directors' Report, including annexures, if any, thereon, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

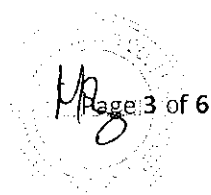
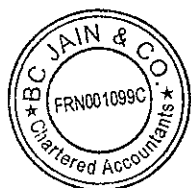
Responsibilities of the Management and Those Charged with Governance for the Financial Statements

7. The Bank's Board of Directors is responsible with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

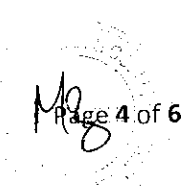
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

9. We did not audit the financial statements / information of 1451 branches included in the financial statements of the Bank whose financial statements / information reflect total assets of Rs. 75293 crores as at 31st March, 2020 and total revenue of Rs. 6616 crores for the year ended on that date, as considered in these financial statements. The financial statements / information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

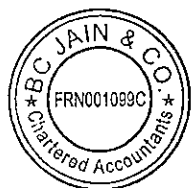


10. Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the Central Government and State Governments / local administration during the period of our audit, we could not travel to some of the Branches / Circle offices and Corporate Offices / Divisions and carry out the audit processes physically at the respective locations. Wherever physical access was not possible, necessary records / reports / documents / certificates were made available to us by the Bank through digital medium, emails and remote access and other relevant application software. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current year.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

11. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949;
12. Subject to the limitations of the audit indicated in paragraphs 6 to 8 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and subject also to the limitations of disclosure required therein, we report that:
- a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;
 - b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
 - c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
13. We further report that:
- a) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
 - b) the Balance Sheet, the Profit and Loss Account and the Cash Flows Statement dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
 - c) the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report; and



Page 5 of 6

1



- d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flows Statement comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.
14. As required by letter No. DOS.ARG.No.6270/08.91.001/2019-20 dated March 17, 2020 on "Appointment of Statutory Central Auditors (SCAs) in Public Sector Banks – Reporting obligations for SCAs from FY 2019-2020", read with subsequent communication dated May 19, 2020 issued by the RBI, we further report on the matters specified in paragraph 2 of the letter as under:
- a) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards issued by ICAI, to the extent they are not inconsistent with the accounting policies prescribed by the RBI.
- b) There are no observations or comments on financial transactions or matters which have any adverse effect on the functioning of the bank.
- c) Consequent to amalgamation of the Bank with Punjab National Bank w.e.f. 1st April, 2020, the provisions of sub-section (2) of Section 164 of the Companies Act, 2013 are not applicable to the Bank.
- d) There is no qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith.
15. As the Bank has not opted to implement "Internal Financial Controls with reference to the Financial Statements" in the current financial year 2019-20 as permitted by RBI on May 19, 2020, we do not provide any comment in this regard.

For B. C. Jain & Co.
Chartered Accountants
FRN:001099C

(Ranjeet Singh)
Partner
M. No. 073488
UDIN: _____



For S. N. Dhawan & Co. LLP
Chartered Accountants
FRN: 000050N/N500045

(Mukesh Bansal)
Partner
M. No. 505269

UDIN 20505269AAAAAV8659

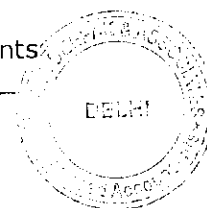
For S. P. Chopra & Co.
Chartered Accountants
FRN: 000346N

(Pawan K. Gupta)
Partner
M. No. 092529
UDIN: 20092529AAAA BQ8144



For Batra Deepak & Associates
Chartered Accountants
FRN: 005408C

(Ashish Mittal)
Partner
M. No. 511442
UDIN: 20511442AAAA BC1485



Place : New Delhi

Dated: June 19, 2020

- d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flows Statement comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

14. As required by letter No. DOS.ARG.No.6270/08.91.001/2019-20 dated March 17, 2020 on "Appointment of Statutory Central Auditors (SCAs) in Public Sector Banks - Reporting obligations for SCAs from FY 2019-2020", read with subsequent communication dated May 19, 2020 issued by the RBI, we further report on the matters specified in paragraph 2 of the letter as under:

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- d) There is no qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith.
15. As the Bank has not opted to implement "Internal Financial Controls with reference to the Financial Statements" in the current financial year 2019-20 as permitted by RBI on May 19, 2020, we do not provide any comment in this regard.

For B. C. Jain & Co.
Chartered Accountants
FRN: 001099C

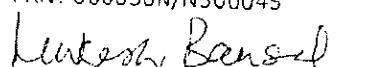

(Ranjeet Singh)
Partner

M. No. 073488

UDIN: 20073488PAAAAIS957




For S. N. Dhawan & Co. LLP
Chartered Accountants
FRN: 000050N/N500045


(Mukesh Bansal)
Partner

M. No. 505269

UDIN: 20505269AAAAAV8659

For S. P. Chopra & Co.
Chartered Accountants
FRN: 000346N



(Pawan K. Gupta)
Partner

M. No. 092529

UDIN: 20092529AAAA808144

For Batra Deepak & Associates

Chartered Accountants
FRN: 005408C


(Ashish Mittal)
Partner

M. No. 511442

UDIN: 20511442AAAA

Place : New Delhi

Dated: June 19, 2020

ORIENTAL BANK OF COMMERCE

BALANCE SHEET AS ON 31st March, 2020

(₹ 000s omitted)

	Schedule No.	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
CAPITAL & LIABILITIES			
Capital	1	1370,20,93	1370,20,93
Reserves & Surplus	2	15168,87,72	17531,03,42
Deposits	3	230108,22,80	232645,37,76
Borrowings	4	14121,39,18	14119,36,71
Other Liabilities and Provisions	5	7675,18,09	6531,87,81
Total		268443,88,72	272197,86,63
ASSETS			
Cash & Balances with Reserve Bank of India	6	10432,37,15	11193,88,20
Balances with Banks and Money at Call & Short Notice	7	5709,99,57	5282,20,48
Investments	8	72871,30,33	78914,82,59
Advances	9	157958,66,66	159429,08,28
Fixed Assets	10	2443,04,73	2589,27,22
Other Assets	11	19028,50,28	14788,59,86
Total		268443,88,72	272197,86,63
Contingent Liabilities	12	36422,63,64	34856,50,24
Bills for Collection		11527,83,60	11484,86,05

Schedules referred to above form an integral part of the Balance Sheet.



(Praveen Kumar Sharma)
General Manager

Ashwani Kumar
General Manager (Accounts)

A.R. Azad
Executive Director

Vijay Dube
Executive Director

Pankaj Jain
Director

Vivek Aggarwal
Director

As per our report of even date attached.

For B. C. Jain & Co.
Chartered Accountants
FRN 001099C

(Ranjeet Singh)
Partner
M.No. 073488



For S. N. Dhawan & Co. LLP
Chartered Accountants
FRN 000050N/N500046

(Mukesh Bansal)
Partner
M.No. 505269



Place : New Delhi
Dated : 19th June, 2020

ORIENTAL BANK OF COMMERCE

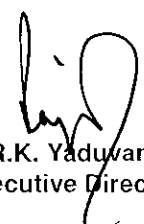
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2020


(₹ 000s omitted)

	Schedule No.	Year ended 31.03.2020	Year ended 31.03.2019
I. INCOME			
Interest Earned	13	19193,07,26	17867,68,79
Other Income	14	3204,93,28	2669,08,42
Total		22398,00,54	20536,77,21
II. EXPENDITURE			
Interest Expended	15	13577,35,04	12369,57,05
Operating Expenses	16	5836,01,50	4614,43,55
Provisions and Contingencies		5236,45,28	3497,77,23
Total		24649,81,82	20481,77,83
III. NET PROFIT/ (LOSS) FOR THE YEAR		(2251,81,28)	5,49,938
Add: Brought Forward Profit/(Loss)		(5871,74,37)	(5871,74,37)
Total		(8123,55,65)	(5816,74,99)
IV. APPROPRIATIONS			
Transfer to Statutory Reserves		0	137485
Transfer to Revenue & Other Reserves		0	0
Transfer to Investment Reserve Account		0	0
Transfer to Investment Fluctuation Reserve Account		0	101972
Transfer to Special Reserves		0	0
Transfer to Capital Reserves		0	310481
Proposed Dividend		0	0
Tax on Dividend		0	0
Balance Carried over to Balance Sheet		(8123,55,65)	(5871,74,37)
Total		(8123,55,65)	(5816,74,99)
Earnings Per Share			
Basic & Diluted (In ₹)		-16.43	0.77

Schedules referred to above form an integral part of Profit & Loss Account

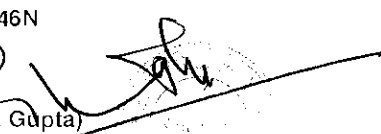

Anjay Kumar
Executive Director


Dr. R.K. Yaduwanshi
Executive Director

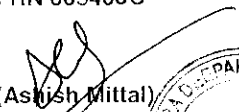

CH. S. S. Mallikarjuna Rao
Managing Director & CEO

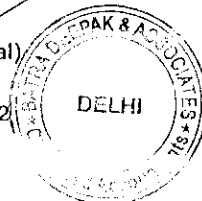

Dr. Asha Bhandarker
Director

For S.P. Chopra & Co.
Chartered Accountants
FRN 000346N


(Pawan K. Gupta)
Partner
M.No. 092529

For Batra Deepak & Associates
Chartered Accountants
FRN 005408C


(Ashish Mittal)
Partner
M.No. 511442



ORIENTAL BANK OF COMMERCE

(₹ 000s omitted)

Particulars	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
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SCHEDULE 1:

CAPITAL

AUTHORISED CAPITAL

300,00,00,000 equity shares of ₹10 each
(Previous Year 300,00,00,000 equity shares of ₹10 each)

3000,00,00

3000,00,00

ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

137,02,09,321 (Previous Year 137,02,09,321) equity shares of ₹10/- each [Includes 1,19,99,89,370 (Previous Year 1,19,99,89,370 held by the Central Govt)].

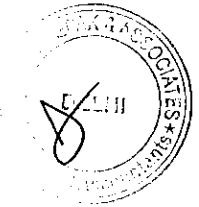
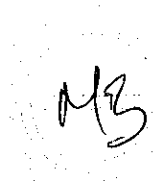
1370,20,93

1370,20,93

Total

1370,20,93

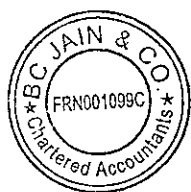
1370,20,93



ORIENTAL BANK OF COMMERCE

(₹ 000s omitted)

Particulars	As on 31.03.2020 (Current Year)	As on 31.03.2019 (previous Year)
SCHEDULE 2:		
RESERVES & SURPLUS		
I. STATUTORY RESERVES		
Opening Balance	3476,74,85	3463,00,00
Additions during the year	0	13,74,85
Deductions during the year	0	0
	3476,74,85	3476,74,85
II. CAPITAL RESERVES		
a) Revaluation Reserve		
Opening Balance	1501,31,36	1404,62,34
Additions during the year	720	128,94,22
Deductions during the year (being depreciation on revalued portion of property & reversals on account of sale of revalued assets)	153,32,48	32,25,20
	1348,06,08	1501,31,36
b) Others		
Opening Balance	621,49,56	590,44,75
Additions during the year	0	31,04,81
Deductions during the year	0	0
	621,49,56	621,49,56
Total(a+b)	1969,55,64	2122,80,92
III. SHARE PREMIUM		
Opening Balance	13470,43,10	7271,87,28
Additions during the year	0	6198,55,82
Deductions during the year	0	0
	13470,43,10	13470,43,10
IV. REVENUE & OTHER RESERVES		
a) Revenue & Other Reserves		
Opening Balance	2737,59,20	2710,78,94
Additions during the year	42,98,06	26,80,26
Deductions during the year	720	0
	2780,50,06	2737,59,20
b) Investment Reserve Account		
Opening Balance	0	0
Additions during the year	0	0
Deductions during the year	0	0
	0	0
c) Special Reserve u/s 36(1)(viii) of I-T Act		
Opening Balance	1585,00,00	1585,00,00
Additions during the year	0	0
Deductions during the year	0	0
	1585,00,00	1585,00,00
d) Investment Fluctuation Reserve		
Opening Balance	1,01,972	0
Additions during the year	0	101972
Deductions during the year	0	0
	10,19,72	1,01,972
Total (a+b+c+d)	4375,69,78	4332,78,92
V. BALANCE IN PROFIT & LOSS ACCOUNT	(8123,55,65)	(5871,74,37)
TOTAL (I, II, III, IV & V)	15168,87,72	17531,03,42



ORIENTAL BANK OF COMMERCE

(₹ 000s omitted)

Particulars	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
SCHEDULE 3:		
DEPOSITS		
A I. Demand Deposits		
i) From Banks	16,39,62	23,70,76
ii) From Others	14243,77,06	14237,37,74
	14260,16,68	14261,08,50
II. Saving Banks Deposits	56168,41,08	54125,88,80
III. Term Deposits		
i) From Banks	47,72,81	65,50,65
ii) From Others	159631,92,23	164192,89,81
	159679,65,04	164258,40,46
Total (I, II & III)	230108,22,80	232645,37,76
B i) Deposits of Branches in India	230108,22,80	232645,37,76
ii) Deposits of Branches outside India	0	0
Total	230108,22,80	232645,37,76

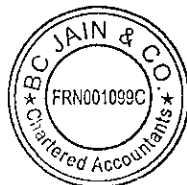
SCHEDULE 4: BORROWINGS

I. Borrowings in India		
i) Reserve Bank of India	8040,00,00	7550,00,00
ii) Other Banks	260,07,18	375,20,00
iii) Other Institutions and Agencies *	5821,32,00	6194,16,71
Total	14121,39,18	14119,36,71
II. Borrowings Outside India	0	0
Total (I & II)	14121,39,18	14119,36,71
Secured Borrowings (Included in I and II)	8040,00,00	7550,00,00

*Perpetual Debt Instruments (Tier I Bonds) Rs. 300.00 crore (Previous year Rs. 600.00 crore) and Debt Capital Instruments (Tier II Bonds) amounting to Rs. 4225.00 crore (Previous year Rs. 4225.00 crore) are classified under Borrowings as per RBI Guidelines.

*During the year, the Bank redeemed Perpetual Tier I Bonds aggregating to Rs. 300.00 crore on exercise of Call Option with the prior approval of RBI.

* The Debt capital instrument (Tier II Bonds) includes Rs. 3000.00 crore issued as Basel III Compliant Tier II Bonds.



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ORIENTAL BANK OF COMMERCE

(₹ 000s omitted)

Particulars	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
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SCHEDULE 5:

OTHER LIABILITIES AND PROVISIONS

I. Bills Payable	423,34,81	542,02,55
II. Inter Office Adjustments (Net)	210,23,01	311,78,63
III. Interest Accrued	1118,81,96	1050,73,40
IV. Deferred Tax Liability (Net)	0	0
V. Others (Including Provisions)	5922,78,31	4627,33,23
Total	7675,18,09	6531,87,81

SCHEDULE 6:

CASH AND BALANCES WITH RESERVE BANK OF INDIA

I. Cash in Hand (Including Foreign Currency Notes)	970,56,17	1041,61,94
II. Balance with Reserve Bank of India		
i) In Current Account	9461,80,98	10152,26,26
ii) In Other Accounts	0	0
Total (I & II)	10432,37,15	11193,88,20



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ORIENTAL BANK OF COMMERCE

(₹ 000s omitted)

Particulars	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
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SCHEDULE 7:

BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE

I. IN INDIA

i) Balances with Banks		
a) In Current Accounts	126,22,63	31,73,25
b) In Other Deposit Accounts	0	0
ii) Money at Call & Short Notice		
a) With Banks	0	968,17,00
b) With Other Institutions	4700,00,00	3000,00,00
Total (I)	4826,22,63	3999,90,25

II. OUTSIDE INDIA

i) In Current Accounts	883,76,94	1282,30,23
ii) In Other Deposit Accounts	0	0
iii) Money at Call and Short Notice	0	0
Total (II)	883,76,94	1282,30,23
Grand Total (I & II)	5709,99,57	5282,20,48



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ORIENTAL BANK OF COMMERCE

(₹ 000s omitted)

Particulars	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
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SCHEDULE 8:

INVESTMENTS

A. I. Investment in India in

i) Government Securities	52358,28,04	58327,43,98
ii) Other Approved Securities	15,00	15,00
iii) Shares	770,15,02	936,08,99
iv) Debentures and Bonds	16270,29,54	16412,20,28
v) Subsidiaries and/ or Joint Ventures	218,50,00	218,50,00
vi) Others (Commercial paper, Indira Vikas Patras, Units of Mutual Funds etc.)	3253,92,73	3020,44,34

Total	72871,30,33	78914,82,59
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II. Investments Outside India	0	0
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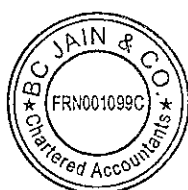
Grand Total (I & II)	72871,30,33	78914,82,59
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B. a) Gross Investments in India	74613,72,87	80505,59,68
Less : Aggregate of Provisions/ Depreciation	1742,42,54	1590,77,09

Net Investments	72871,30,33	78914,82,59
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b) Investments outside India	0	0
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Grand Total (a & b)	72871,30,33	78914,82,59
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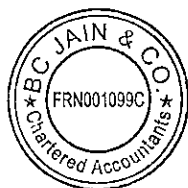
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ORIENTAL BANK OF COMMERCE

(₹ 000s omitted)

Particulars	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
SCHEDULE 9:		
ADVANCES		
A) i) Bills Purchased and Discounted	589,69,74	3157,06,20
ii) Cash Credits, Overdrafts and Loans repayable on demand	67877,80,17	75831,53,43
iii) Term Loans	89491,16,75	80440,48,65
Total (A)	157958,66,66	159429,08,28
B) i) Secured by Tangible Assets(includes advances against book debts)	144244,09,08	149038,79,68
ii) Covered by Banks/Govt. Guarantees	996,14,13	634,83,08
iii) Unsecured	12718,43,45	9755,45,52
Total (B)	157958,66,66	159429,08,28
C) I. Advances in India		
i) Priority Sector	59209,58,42	59176,39,65
ii) Public Sector	14947,33,00	11142,57,07
iii) Banks	6531,46,66	10528,00,51
iv) Others	77270,28,58	78582,11,05
Total	157958,66,66	159429,08,28
II. Advances Outside India	0	0
Total C (I & II)	157958,66,66	159429,08,28



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ORIENTAL BANK OF COMMERCE

(₹ 000s omitted)

Particulars	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
SCHEDULE 10:		
FIXED ASSETS		
A. TANGIBLE ASSETS		
I. Premises		
At cost as on 31st March of the preceding year	2198,83,95	2074,61,31
Additions during the year	296,59	140,59,09
Less: Deductions/Adjustments during the year	24,90,76	1,63,645
Sub total	2176,89,78	2198,83,95
Less: Depreciation to date	414,83,82	222,65,59
Total	1762,05,96	1976,18,36
II. Construction work in Progress	44,21,27	34,17,31
III. Other Fixed Assets (Including Furnitures & Fixtures)		
At cost as on 31st March of the preceding year	2161,73,53	2032,95,94
Additions during the year	177,32,78	149,49,86
Less: Deductions during the year	22,13,13	20,72,27
Sub total	2316,93,18	2161,73,53
Less: Depreciation to date	1740,03,38	1618,76,24
Total	576,89,80	542,97,29
Total of A (I , II & III)	2383,17,03	2553,32,96
B. INTANGIBLE ASSETS		
At cost as on 31st March of the preceding year	60,14,69	14,56,61
Additions during the year	54,37,36	45,58,08
Less: Deductions during the year	0	0
Sub total	114,52,05	60,14,69
Less: Depreciation to date	54,64,35	24,20,43
Total of B	59,87,70	35,94,26
Total (A & B)	2443,04,73	2589,27,22



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ORIENTAL BANK OF COMMERCE

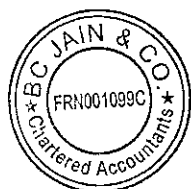
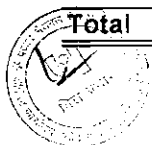
(₹ 000s omitted)

Particulars	As on 31.03.2020 (Current Year)	As on 31.03.2019 (Previous Year)
SCHEDULE 11:		
OTHER ASSETS		
i) Inter-Office adjustment (Net)	0	0
ii) Interest Accrued	1471,59,47	1719,96,98
iii) Tax paid in Advance/ Tax deducted at source	5251,80,92	3523,01,63
iv) Deferred Tax Asset (Net)	4203,00,00	3581,00,00
v) Stationery and Stamps	96,43	1,51,09
vi) Non-banking Assets acquired in satisfaction of claims	11,13,91	11,13,91
vii) Others *	8089,99,55	5951,96,25
Total	19028,50,28	14788,59,86
* Includes non-interest bearing loans and advances to staff	4,93	7,82

SCHEDULE 12:

CONTINGENT LIABILITIES

I. Claims against the bank not acknowledged as debts (Including disputed Income tax and Interest tax liability under Appeal, Reference etc.)	8030,23,81	4426,51,74
II. Liabilities for partly paid investments	0	0
III. Liability on account of outstanding forward exchange contracts	7067,19,48	7401,87,18
IV. Guarantees given on behalf of constituents		
a) In India	15276,52,99	15682,77,54
b) Outside India	925,64,06	961,65,41
V. Acceptances, endorsements and other obligations	4297,54,56	5646,05,14
VI. Other items for which the bank is contingently liable	825,48,74	737,63,23
Total	36422,63,64	34856,50,24



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ORIENTAL BANK OF COMMERCE

(₹ 000s omitted)

Particulars	Year ended 31.03.2020 (Current Year)	Year ended 31.03.2019 (Previous Year)
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SCHEDULE 13:

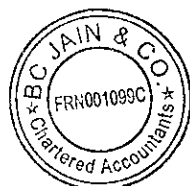
INTEREST EARNED

i) Interest/Discount on Advances/Bills	13383,48,08	12081,42,84
ii) Income on Investments	5441,67,60	5349,73,10
iii) Interest on balances with Reserve Bank of India and other Inter-Bank funds	88,62,18	48,53,90
iv) Others	279,29,40	387,98,95
Total	19193,07,26	17867,68,79

SCHEDULE 14:

OTHER INCOME

I. Commission, Exchange and Brokerages	1325,73,07	1200,33,05
II. Profit on Sale of Investments	1083,34,43	336,18,25
Less: Loss on Sale of Investments	11,22,82	14,79,93
	1072,11,61	321,38,32
III. Profit on revaluation of Investments	0	0
Less: Loss on revaluation of Investments	0	0
IV. Profit on Sale of Land, Buildings and Other Assets	6,06,30	215,83
Less: Loss on Sale of Land, Buildings and Other Assets	84,31	148,20
	5,21,99	67,63
V. Profit on Exchange Transactions [Including Rs. 8891.69 Lakh (Previous year Rs. 7091.71 Lakh) on account of profit on valuation of Foreign Currency Assets & Liabilities]	89,49,15	71,95,55
Less: Loss on Exchange Transactions	0	0
	89,49,15	71,95,55
VI. Income earned by way of dividends etc. from subsidiaries/companies and/or joint ventures abroad/ in India	7,83,86	7,54,27
VII. Miscellaneous Income	704,53,60	1067,19,60
Total	3204,93,28	2669,08,42



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ORIENTAL BANK OF COMMERCE

(₹ 000s omitted)

Particulars	Year ended 31.03.2020 (Current Year)	Year ended 31.03.2019 (Previous Year)
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SCHEDULE 15:

INTEREST EXPENDED

i) Interest on Deposits	12953,38,88	11551,08,07
ii) Interest on Reserve Bank of India and Inter-bank borrowings	65,80,40	177,15,05
iii) Others	558,15,76	641,33,93
Total	13577,35,04	12369,57,05

SCHEDULE 16:

OPERATING EXPENSES

I. Payments to and Provision for employees	3669,94,05	2595,65,16
II. Rent, Taxes & Lighting	367,78,63	354,80,18
III. Printing & Stationery	21,17,31	23,08,15
IV. Advertisement & Publicity	25,04,75	22,43,77
V. Depreciation/Amortisation on Bank's Property	365,22,28	280,34,17
VI. Directors' fees, allowances and expenses	76,49	61,07
VII. Auditors' fees and expenses (including for Branch Auditors)	24,37,76	20,74,59
VIII. Law Charges	54,12,58	43,88,83
IX. Postage, Telegram, Telephones etc.	69,23,77	62,44,57
X. Repairs & Maintenance	93,90,25	65,84,24
XI. Insurance	245,90,97	226,09,36
XII. Other Expenditure	898,52,66	918,49,46
Total	5836,01,50	4614,43,55



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ORIENTAL BANK OF COMMERCE
SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2020

SCHEDULE - 17

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION

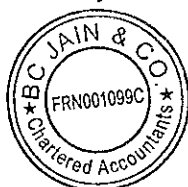
The financial statements have been prepared under the historical cost convention, on accrual basis of accounting as a going concern, and conform, in all material aspects, to Generally Accepted Accounting Principles (GAAP) in India, unless otherwise stated, encompassing applicable statutory provisions,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

2. USE OF ESTIMATES

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amount 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. Actual results could differ from these estimates. Any revision to the estimates or difference between the actual result and estimates is recognized in the period in which the results are known / materialized unless otherwise stated.

3. REVENUE RECOGNITION

- 3.1 Income and expenses (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 recognized upon realisation in terms of the prudential norms prescribed by RBI.
- 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.
 - (b) Principal irregularities i.e. NPA outstanding in the account.
 - (c) 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 5.4.
- 3.5 Commission (excluding on Government Business), interest on overdue bills, exchange, locker rent, income from merchant banking transactions and Income on Rupee Derivatives designated as "Trading" have been accounted for on realization and insurance claims are accounted for on settlement.
- 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.



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ORIENTAL BANK OF COMMERCE
SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2020

- 3.8 Interest on overdue deposits is provided for at the Saving Bank Deposit Rate and the balance is accounted for at the time of renewal.
- 3.9 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.

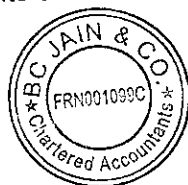
However, transfer of securities from HTM category to AFS category is carried out on book value. After transfer, these securities are immediately revalued and resultant depreciation, if any, is provided.

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:



ORIENTAL BANK OF COMMERCE
SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2020

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 amortization 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



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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.



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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. ADVANCES / PROVISIONS / RECOVERIES:

5.1 Advances are classified as performing / non-performing assets and provisions are made in accordance with prudential norms prescribed by RBI.

5.2 Advances are stated net of provisions, technical write-offs made for Non-Performing Assets (NPAs) and provision for diminution in fair value of restructured advances.

5.3 Provision for performing assets is shown under the head "Other Liabilities and Provisions" in terms of RBI guidelines.

5.4 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 is debited to the Profit & Loss account of that year. Bank also uses countercyclical / 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 reverses the excess provision on sale of NPAs to its profit and loss account in the year, the amounts are received. However, Bank reverses 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 is 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.

6. FIXED ASSETS, DEPRECIATION AND AMORTISATION

6.1 Fixed Assets are stated at historical cost (except revalued premises which are stated at revalued amount) less accumulated depreciation/amortisation. The appreciation on revaluation is credited to Revaluation Reserve and the incremental depreciation attributable to the revalued amount is debited to the



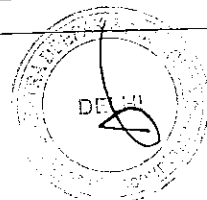
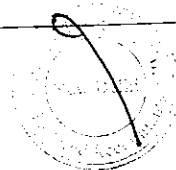
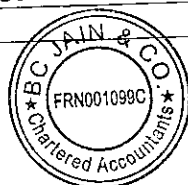
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Profit & Loss account and the equal amount is transferred from Revaluation Reserve to Revenue & Other Reserve. Cost of fixed assets includes cost of purchase and relevant expenditure incurred thereon till the time it is put to use.

- 6.2 The Revalued assets is depreciated over the balance useful life of the asset as assessed at the time of revaluation.
- 6.3. Premises include cost of land and building.
- 6.4. Software is capitalized and clubbed under Intangible Assets.
- 6.5. Depreciation on Fixed Assets is charged on Straight Line Method (SLM) basis as per useful life of asset as given here under:

Particulars	Rate of Depreciation
<u>Freehold Properties</u>	
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 whichever is lower)
<u>Land</u>	
Land acquired on perpetual lease where no lease period is mentioned	Nil
Land acquired on lease where lease period is mentioned	Over lease period
<u>Building</u>	
• 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
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%



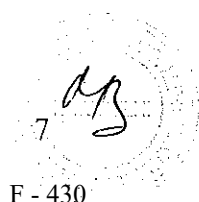
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Motor cars and cycles	15.00%
Computers, ATMs and related items, Laptop, I Pad	33.33%
Computer Application Software – Intangible Assets	
- Up to Rs. 25,000, and / or having useful life of less than 12 months (from the date of acquisition)	Charged to Revenue
- Others	33.33%

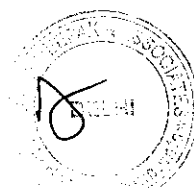
- 6.6. Depreciation on fresh additions to fixed assets other than Bank's own premises is provided from the day in which the assets are put to use and in case of assets sold/ disposed off during the year, upto the date in which it is sold / disposed off i.e. daily basis.
- 6.7. Depreciation on Bank's 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 the building.
- 6.8. In respect of the leasehold premises / land, the lease premium, if any, is amortised over the period of lease, and the lease rent is charged in the respective year/s.
- 6.9. Residual value of Re.1 (Rupee one) is taken for the purpose of calculating depreciation on all types of fixed assets.

7. FOREIGN EXCHANGE TRANSACTIONS

- 7.1. 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.
- 7.2. Non-monetary items other than fixed assets which are carried at historical cost are translated at exchange rate prevailing on the date of transaction.
- 7.3. Forward exchange contracts and bills are translated at the exchange rates prevailing on the date of commitment. Outstanding foreign exchange contracts and bills are revalued as per FEDAI rates and the resultant gain / loss is taken to revenue.
- 7.4. Income and expenditure items are accounted for at the exchange rates prevailing on the date of transaction.
- 7.5. In case of Hedge swap to cover the foreign currency borrowing to raise Rupee fund as per eligibility under 100% of Un-impaired Tier-I capital, the premium paid to cover the foreign currency swap is amortised on monthly basis.



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Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognized 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 recognized in the Profit and Loss Account.

8. EMPLOYEE BENEFITS

- 8.1. Provident Fund and New Pension Scheme (which is applicable to employees who have joined Bank on or after 01.04.2010) are defined contribution schemes, as the Bank pays fixed contribution at predetermined rates. The obligation of the bank is limited to such fixed contribution. The contributions are charged to the Profit and Loss Account.
- 8.2. Gratuity and Pension liabilities are defined benefit obligations and are provided for on the basis of actuarial valuation made at the end of the financial year. The schemes are funded by the Bank and are managed by separate trusts.
- 8.3. Other Employee benefits such as Leave Encashment, Leave Fare Concessions and Silver Jubilee Award etc. are provided for based on actuarial valuation.
- 8.4. Short term employee benefits are recognized as an expense in the Profit and Loss account of the year in which the related services are rendered.

9. LEASES

Lease payments for assets taken on operating lease are recognized as an expense in the Profit and Loss Account over the lease term.

10. TAXES ON INCOME

- 10.1. Income tax expense is the aggregate amount of current tax, including Minimum Alternate Tax (MAT), wherever applicable and deferred tax.
- 10.2. Current tax is determined as the amount of tax payable for the year and accordingly provision for tax is made.
- 10.3. Deferred Tax Assets and Liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognized using the tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only if there is virtual certainty of realisation of such assets in future.
- 10.4. MAT credit is recognized as an asset only when and to the extent there is convincing evidence that there will be payment of normal income tax during the period specified under the Income Tax Act, 1961.

11. IMPAIRMENT OF ASSETS

An assessment is made at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, an estimate of the recoverable amount is made and impairment loss, if any, is provided for.



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12. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

12.1. In conformity with Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India, the Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an 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.

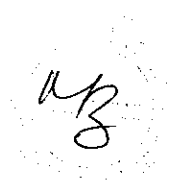
12.2. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

13. EARNINGS PER SHARE

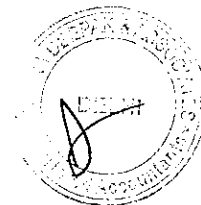
The Bank reports basic and diluted earnings per equity share in accordance with the Accounting Standard 20 "Earnings Per Share" issued by the Institute of Chartered Accountants of India. Basic earnings per equity share has been computed by dividing net income by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

14. SEGMENT REPORTING

The Bank recognizes the Business segment as the Primary reporting segment. Bank doesn't have any overseas branch.



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SCHEDULE 18 - NOTES TO ACCOUNTS

18.1 Capital

18.1.1 Capital Ratio (Capital adequacy under Basel III)

(Amount in ₹ Crore, unless otherwise stated)

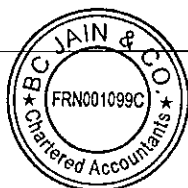
S. No.	Particulars	As on 31st March, 2020	As on 31st March, 2019
i)	Common Equity Tier 1 capital ratio (%)	8.87%	9.86%
ii)	Tier 1 capital ratio (%)	8.91%	9.98%
iii)	Tier 2 capital ratio (%)	2.64%	2.75%
iv)	Total Capital Ratio (CRAR) (%)	11.55%	12.73%
v)	Percentage of the shareholding of the Government of India in the Bank	87.58%	87.58%
vi)	Amount of equity capital raised	NIL	GOI : 6686 ESPS : 250
vii)	Amount of Additional Tier 1 capital raised; of which Perpetual Non-Cumulative Preference Shares (PNCPS): Nil Perpetual Debt Instruments (PDI) : Nil	NIL	NIL
viii)	Amount of Tier 2 capital raised; of which Debt capital instruments: Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	NIL	NIL

18.1.2 Share Capital

During the financial year 2019-2020, the Bank neither received any amount from Government of India nor raised money from the Market towards contribution to Share Capital. Further the details of previous financial year are as follows-

- The Bank allotted 2,61,31,493 equity shares of face value of ₹10.00 each to its eligible employees under "Oriental Bank of Commerce - Employee Share Purchase Scheme" [OBC-ESPS] at an issue price of ₹71.76 per share on 16th February, 2019. The Issue price was fixed by the Remuneration Committee of the Board (designated as Compensation Committee for ESPS) at a discount of 25% on the floor price of ₹ 95.67 per share. The Bank received ₹187.52 Crore as subscription money under the ESPS scheme.

Pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014 and as per the Guidance Note issued by the Institute of Chartered Accountants of India, the element of the discount allowed per share amounting to ₹23.91 aggregating to ₹62.48 Crore was debited to "Payment to and Provision for employee".



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2. The Bank received capital infusion from the Government of India in two tranches viz. ₹5500 Crore on 31st December 2018 and ₹1186 Crore on 31st January 2019. Accordingly, upon receipt of all requisite approvals, the following shares were allotted to the Government of India on Preferential basis:

- (i) 57,23,20,499 equity shares at an Issue price of ₹96.10 (including premium of ₹86.10) per share aggregating to ₹5500 Crore
- (ii) 13,89,89,804 equity shares at an Issue price of ₹85.33 (including premium of ₹75.33) per share aggregating to ₹1186 Crore

Subsequent to the aforesaid allotments, the shareholding of Government of India increased from 77.23% as at 31st March 2018 to 87.58% as at 31st March 2019. The shareholding of Government of India as on 31st March, 2020 stood at 87.58%.

18.1.3 Note on Amalgamation

The Ministry of Finance (Department of Financial Services), Government of India, vide its letter no. F.No.7/93/2019-BOA.I dated 30th August, 2019, communicated its decision to amalgamate the Oriental Bank of Commerce (the 'OBC') and United Bank of India (the 'UNI') with Punjab National Bank (the 'PNB') w.e.f. 1st April, 2020. Accordingly the Board of Directors (the 'Board') of OBC, in their meeting held on 18th September, 2019 accorded in-principle approval for the amalgamation of the Bank with Punjab National Bank. Consequently, Ministry of Finance (Department of Financial Services), Government of India vide notification no. G.S.R. 153(E) dated 4th March, 2020, under Section 9 of the Banking Companies (Acquisition and Transfer of undertakings) Act, 1970 (5 of 1970) and Section 9 of the Banking Companies (Acquisition and Transfer of undertakings) Act, 1980 (40 of 1980), notified the 'Amalgamation of Oriental Bank of Commerce and United Bank of India with Punjab National Bank Scheme, 2020' (the 'Scheme of Amalgamation'), under which the entire undertaking of OBC will stand transferred to PNB w.e.f. 1st April, 2020, the effective date. In terms of the said Scheme of Amalgamation, the Board of OBC in their meeting held on 5th March, 2020, approved the Share Exchange Ratio of issue of 1150 equity shares of face value of Rs. 2/- each of PNB, for every 1000 equity shares of face value of Rs. 10/- each held in OBC. Currently the bank stands merged with PNB, and considering that OBC stands merged with PNB as going concern, the financial statements of the Bank for the year under audit have been prepared as a going concern.

18.1.4 Tier I Bonds

Tier I Bonds raised by the Bank during various years:

Year of Issue	Type of Bonds	Coupon Rate (%)	Amount (₹ in Crore)
2009-10	Perpetual Tier I Bonds (Basel II): Unsecured Non-convertible, Non-redeemable, Perpetual Bonds with Call Option after 10 years (17.12.2019)	9.10	300.00*
2010-11	Perpetual Tier I Bonds (Basel II): Unsecured Non-convertible, Non-redeemable, Perpetual Bonds with Call Option after 10 years (17.09.2020)	9.05	300.00

*During the year, the Bank redeemed 9.10% Perpetual Tier I Bond aggregating to ₹300.00 Crore on 17.12.2019 on exercise of Call Option with the prior approval of RBI.



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18.1.5 Tier II Bonds

Tier II Bonds raised by the Bank during various years:

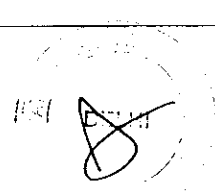
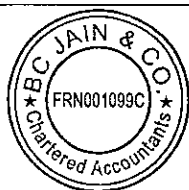
Year of Issue	Type of Bonds	Coupon Rate (%)	Amount (₹ in Crore)
2010-11	Upper Tier-II Bonds (Basel II): Unsecured, redeemable, non-convertible (with Call Option after 10 years - 20.09.2020) Maturity: 20.09.2025	8.68	200.00
2012-13	Lower Tier-II Bonds (Basel II): Unsecured, redeemable, non-convertible. Maturity: 30.11.2022	8.93	1025.00
2014-15	Basel III Compliant Tier-II Bonds: Unsecured, redeemable, non-convertible. Maturity : 27.10.2024	9.20	1000.00
2015-16	Basel III Compliant Tier-II Bonds: Unsecured, redeemable, non-convertible. Maturity : 26.10.2025	8.34	1000.00
2016-17	Basel III Compliant Tier-II Bonds: Unsecured, redeemable, non-convertible (with Call Option after 5 years - 24.06.2021) Maturity: 24.06.2026	9.05	1000.00

18.2 Investments

18.2.1 The detail of investments and the Movement of Provisions held towards Depreciation on Investments of the bank are given below:

(Amount in ₹ Crore)

	Particulars	Current Year 31-03-2020	Previous Year 31-03-2019
(1)	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	74613.73	80505.60
	(b) Outside India	-	-
	(ii) Provisions for Depreciation		
	(a) In India	1324.24	1590.77
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India	73289.49	79267.83
	(b) Outside India	-	-
(2)	Movement of provisions held towards depreciation on investments		



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(i)	Opening balance	1237.77	1307.69
(ii)	Add: Provisions made during the year	86.47	283.08
(iii)	Less: Write-off/ write-back of excess provisions during the year	-	-
(iv)	Closing balance	1324.24	1590.77

18.2.2 Repo Transactions (in Face Value terms)

(Amount in ₹ Crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on March 31, 2020
Securities Sold Under Repo*				
i. Government securities	0.00 (0.00)	8040.00 (3200.80)	1080.64 (259.11)	8040.00 (7763.29)
ii. Corporate debt securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Securities Purchased under Reverse Repo				
i. Government securities	0.00 (0.00)	7550.00 (3831.34)	1154.11 (268.63)	4700.00 (2719.99)
ii. Corporate debt securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)

(Figures in brackets are for the previous year)

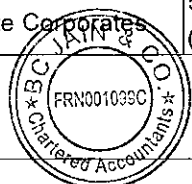
* Includes Repo under Liquidity Adjustment Facility (LAF), Marginal Standing Facility (MSF) and Term Repo of RBI.

18.2.3. Non-SLR Investment Portfolio

i) Issuer composition of Non SLR investments

(Amount in ₹ Crore)

No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i)	PSUs	1620.63 (1937.46)	385.73 (428.48)	0.00 (0.00)	644.92 (650.10)	998.29 (1240.92)
ii)	FIs	2776.34 (2189.04)	311.35 (320.05)	0.00 (0.00)	119.55 (114.35)	505.09 (308.43)
iii)	Banks	1744.06 (1609.22)	816.47 (1244.24)	0.00 (0.00)	35.80 (19.27)	1693.27 (1530.74)
iv)	Private Corporates	5032.68 (5160.40)	2934.75 (2861.54)	57.26 (7.26)	2554.43 (2509.99)	2003.31 (1669.07)



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v)	Subsidiaries/ Joint Ventures	218.50 (218.50)	218.50 (218.50)	0.00 (0.00)	218.50 (218.50)	218.50 (218.50)
vi)	Others*	10863.09 (10907.58)	10863.09 (10907.58)	0.00 (0.00)	10417.57 (10434.63)	10804.61 (10830.30)
vii)	Total (i to vi)	22255.30 (22022.20)	15529.89 (15980.39)	57.26 (7.26)	13990.77** (13942.84)	16223.07** (15797.96)
viii)	Less: Provision held towards depreciation	1324.24 (1081.97)	-	-	-	-
	Total (vii-viii)	20931.06 (20940.23)	15529.89 (15980.39)	57.26 (7.26)	13990.77** (13942.84)	16223.07* (15797.96)

(Figures in brackets are for the previous year)

Note: -

- * Others include Investment in Mutual Funds, Venture Funds, Security Receipts, State Govt. Special Bonds and Re-capitalization Bonds.
- ** Out of total investment of ₹ 13990.77 Crore in Unrated securities, ₹ 13366.76 Crore is in exempted investment consisting of equity shares ₹ 1733.14 Crore, venture fund ₹ 152.80 Crore, JV-INS ₹ 218.50 Crore, NCDs ₹ 544.55 Crore, Preference Shares ₹ 455.63 Crore and Special Government Bonds ₹ 10262.14 Crore.

Hence, unrated un-exempted investment is ₹ 624.01 Crore (₹ 8.82 Crore Preference Share, ₹ 612.57 Crore in Bonds & Debenture and ₹ 2.62 Crore in Security Receipts)

- *** Out of total investment in unlisted securities ₹ 16223.07 Crore, ₹ 15601.69 Crore is in exempted investments consisting of CD ₹ 2025.69 Crore, CP ₹ 645.50 Crore, NCDs ₹ 664.84 Crore, PSU Bonds ₹ 398.93 Crore, JV ₹ 218.50 Crore, VCF ₹ 152.80 Crore, Mutual Fund ₹ 35.00 Crore, SR ₹ 359.80 Crore, Special Bond ₹ 10257.00 Crore and Shares ₹ 843.63 Crore (₹ 387.99 Crore in Equity shares and ₹ 455.64 Crore in Pref. Shares)

Hence, investment in unlisted securities is ₹ 621.38 Crore (₹ 8.82 Crore Preference Share & ₹ 612.57 Crore in Bonds & Debenture)

ii) Non performing Non SLR Investments

(Amount in ₹ Crore)

Particulars	Amount as at 31st March, 2020	Amount as at 31st March, 2019
Opening Balance	1121.51	1251.97
Additions during the year since 1st April	272.26	400.89
Reductions during the above year	1.08	531.35
Transferred to other assets (Sch. 11)	123.00	0.00
Closing Balance	1269.69	1121.51
Total Provision Held	418.19	353.00

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18.2.4 Sale and Transfers to/from HTM category:

The value of sales and transfers of securities to /from HTM category during period from 1st April 2019 to 31st March 2020 has exceeded 5 % of book value of investments held in HTM category at the beginning of the year.

Disclosure in terms of extant RBI guidelines to the extent the provision equivalent to excess of book value over market value is not made is as under:

(Amount in ₹ Crore)

S.No.	Particulars	Book Value of Securities held in HTM Category	Market Value of Securities held in HTM Category	Excess of Book Value over Market Value of Securities
1.	Government Securities	41905.30	42909.98	-
2.	Other Approved Securities	-	-	-
3.	Share	-	-	-
4.	Debenture and Bond	10262.14	10262.32	-
5.	Subsidiaries, JV , Associates	218.50	244.85	-
6.	Other	23.57	20.85	2.72
	Total	52409.51	53438.00	2.72

The 5 per cent threshold referred to above excludes the following:

- One time transfer of securities to / from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the accounting year.
- Sales to the Reserve Bank of India under pre announced OMO auctions.
- Repurchase of Government Securities by Government of India from banks
- Sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM, in addition to the shifting permitted at the beginning of the accounting year.

18.2.5 Details of Book Value of Investments in Security Receipts

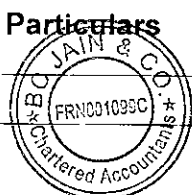
(Amount in ₹ Crore)

Particulars	Current year	Previous Year
(i) Backed by NPAs sold by the bank as underlying	359.80	374.06
(ii) Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	0.00	0.00
Total	359.80	374.06

18.2.6 Disclosures of Investments in Security Receipts:

(Amount in ₹ Crore)

Particulars	SRs issued within past	SRs issued more than 5 years ago but within past 8	SRs issued more than 8 years ago
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		5 years	years	
(i)	Book value of SRs backed by NPAs sold by the bank as underlying	257.53	99.65	2.62
	Provision held against (i)	9.82	NIL	3.83
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	NIL	NIL	NIL
	Provision held against (ii)	NIL	NIL	NIL
	Total (i) + (ii)	257.53	99.65	2.62

18.3 Derivatives

18.3.1 Forward Rate Agreement/Interest Rate Swap

(Amount in ₹ Crore)

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
i. The notional principal of swap agreements	NIL	NIL
ii. Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	NIL	NIL
iii. Collateral required by the bank upon entering into swaps	NIL	NIL
iv. Concentration of credit risk arising from the swaps	NIL	NIL
v. The fair value of the swap book	NIL	NIL

18.3.2 Exchange Traded Interest rate derivatives

(Amount in ₹ Crore)

S.no.	Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
1.	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	NIL	NIL
2.	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 st March, 2020. (instrument-wise)	NIL	NIL
3.	Notional principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective'. (instrument-wise)	NIL	NIL
4.	Mark-to-Market value of exchange traded interest rate derivatives outstanding and not 'highly effective'. (instrument-wise)	NIL	NIL

18.3.3 Disclosure on Risk Exposure in Derivatives

i) Qualitative Disclosure:

- (a) Operations in the Treasury Department are segregated into three functional areas, i.e. Front Office, Mid Office and Back Office equipped with necessary infrastructure and trained Officers, whose responsibilities are well defined.



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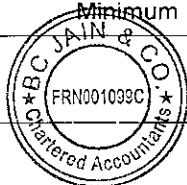
SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

- (b) The Treasury Policy of the Bank lays down the types of financial derivative instruments, scope of usage, approval process. Derivative transactions contain interest rate risk, counterparty risk, market risk, currency risk, settlement risk, open position risk and operational risk. Treasury Policy specifies the internal control limits like open position limits, deal size limits, stop-loss limits, deal initiating authority for trading/hedging in approved instruments to contain the risk and maximize return on the derivative transactions.
- (c) The mid office monitors the transactions in the trading books and also measures the financial risks for the transactions in the trading book on a daily basis by way of calculating Mark to market (MTM) of positions. The Mid Office is monitored and controlled by Risk Management Department.
- (d) The Bank also has a policy for hedging its balance sheet exposures. The treasury policy of the Bank spells out the approval process for hedging the exposures.
- (e) The hedging/trading transactions are recorded separately. The hedge transactions are accounted for on accrual basis. All trading contracts are marked to market and resultant gross loss is accounted for ignoring the gain on a prudence basis.
- (f) The Bank is Trading Member of National Stock Exchange (NSE). The Bank has set up the necessary infrastructure for Front, Mid and Back Office operations, daily mark to market (MTM) and margin obligations, wherever required, are settled with the exchanges as per guidelines issued by the regulators.
- Treasury Policy has been drawn up in accordance with RBI guidelines.

ii) Quantitative Disclosure-

(Amount in ₹ Crore)

Particulars	Current Year		Previous Year	
	Currency Derivatives	Interest rate Derivatives	Currency Derivatives	Interest rate Derivatives
i) Derivatives (Notional Principal Amount)				
a) For hedging	NIL	NIL	NIL	NIL
b) For trading	NIL	NIL	NIL	NIL
ii) Marked to market Positions				
a) Assets (+)	NIL	NIL	NIL	NIL
b) Liabilities (-)	NIL	NIL	NIL	NIL
iii) Credit Exposure	NIL	NIL	NIL	NIL
iv) Likely impact of one percentage change in interest rate (100*PV01)				
a) On hedging derivatives	NIL	NIL	NIL	NIL
b) On trading derivatives	NIL	NIL	NIL	NIL
v) Maximum and Minimum of 100*PV01 observed during the year				
a) On hedging	NIL	NIL	NIL	NIL
b) On trading	NIL	NIL	NIL	NIL
	Maximum			
	Minimum			
	NIL	NIL	NIL	NIL



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18.4 Exposures

Risk Category wise Country Exposure:

(Amount in ₹ Crore)

Risk Category	Exposure (net) as at March 31, 2020 (Current Year)	Provision held as at March 31, 2020 (Current Year)	Exposure (net) as at March 31, 2019 (Previous Year)	Provision held as at March 31, 2019 (Previous Year)
Insignificant	689.08	0.00	851.64	0.00
Low	274.29	0.00	304.75	0.00
Moderately Low	4.33	0.00	7.88	0.00
Moderate	16.10	0.00	21.03	0.00
Moderately High	1.73	0.00	3.01	0.00
High	5.65	0.00	0.00	0.00
Very High	0.00	0.00	0.00	0.00
Total	991.19	0.00	1188.31	0.00

Bank's net funded exposure for risk category-wise country exposures for each country is less than 1% of bank's total assets as on 31.03.2020 and as such no provision is required in terms of RBI guidelines.

18.5 Asset Quality

18.5.1 Sector-wise Advances

(Amount in ₹ Crore)

Sl.No.	Sector	For the Year ended 31st March, 2020			For the Year ended 31st March, 2019		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	Priority Sector						
1	Agriculture and allied activities	19314.93	2760.39	14.29%	20450.04	2943.12	14.39%
2	Advances to industries sector eligible as priority sector lending	11006.76	1571.42	14.28%	12126.68	1651.97	13.62%
3	Services	22079.37	1811.98	8.21%	18957.48	1539.51	8.12%



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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

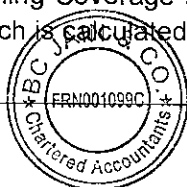
4	Personal loans	9856.48	232.15	2.36%	10089.36	206.65	2.05%
	Sub-total (A)	62257.54	6375.94	10.24%	61623.56	6341.25	10.29%
B	Non Priority Sector						
1	Agriculture and allied activities	1935.12	701.73	36.26%	2542.82	812.41	31.95%
2	Industry	28572.85	10332.72	36.16%	28945.05	11133.74	38.47%
3	Services	52472.46	3929.87	7.49%	50374.94	3145.63	6.24%
4	Personal loans	26388.40	410.61	1.56%	28063.08	284.03	1.01%
	Sub-total (B)	109368.83	15374.93	14.06%	109925.89	15375.83	13.99%
	Total (A+B)	171626.37	21750.87	12.67%	171549.45	21717.08	12.66%

18.5.2 (i) Non-Performing Assets

(Amount in ₹ Crore)

Particulars	Current Year 2019-2020	Previous Year 2018-19
(i) Net NPAs to Net Advances (%)	5.01%	5.93%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	21717.07	26133.64
(b) Additions during the year	6120.14	7066.15
(c) Reductions during the year	6086.06	11482.72
(d) Closing balance	21751.15	21717.07
(iii) Movement of NPAs (Net)		
(a) Opening balance	9439.62	14282.88
(b) Additions during the year	1170.36	114.13
(c) Reductions during the year	2700.57	4957.39
(d) Closing balance	7909.41	9439.62
(iv) Movement of Provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	12120.38	11753.58
(b) Provisions made during the year	4949.78	6952.02
(c) Write-off/ write-back of excess provisions	3402.54	6585.22
(d) Closing balance	13667.62	12120.38

(ii) The Provisioning Coverage Ratio (PCR) for the Bank as on 31.03.2020 is 80.50% (previous year 75.84%), which is calculated taking into account the total technical write offs.



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18.5.3 Divergence in assets Classification and provisioning for NPAs.

As per RBI Circular no. RBI/2018-19/157 DBR.BP.BC.No.32/21.04.018/2018-19 dated 01.04.2019 disclosures in the "Notes to Accounts" to the financial statements - Divergence in assets Classification and provisioning should be disclosed, if either or both of the following conditions are satisfied:

- The additional provisioning for NPAs assessed by RBI exceeds 10% of the reported profit before provisions and contingencies for the reference period, and
- The additional gross NPAs identified by RBI exceeds 15% of the published incremental gross NPAs for the reference period.

In case of our bank, the divergence in the assets classification and provision pointed out by RBI is as under:

(Amounts in 000s)			
S. No.	Particulars	Outstanding	Provisions
1.	Reclassification of standard assets (Fresh NPAs)	2620000	1870000
2.	Short provision on NPAs (existing NPA)	-	3100000
	Total	2620000	4970000

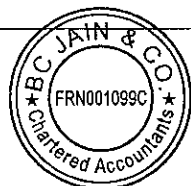
Position of Bank as per circular

(Amounts in 000s)					
Particulars	Bank position as on 31.03.2019	Divergence by RBI	% as per RBI circular	Annual Divergence %	Remarks whether breach or not
Profit before provisions and contingencies as on 31.03.2019	37537661*	4970000	>10%	13.24%	Breach
Incremental gross NPAs	70661548	2620000	>15%	3.71%	Not Breach

*Data taken as per SEBI disclosure by the Bank

Divergence in Asset classification and Provisioning for NPAs

(Amount in 000s)		
S. No.	Particulars	Amount
1.	Gross NPAs as on 31.03.2019 as reported by the Bank	217170745
2.	Gross NPAs as on 31.03.2019 as assessed by RBI	219790745
3.	Divergence in Gross NPAs (2-1)	2620000
4.	Net NPAs as on 31.03.2019 as reported by the Bank	94396201
5.	Net NPAs as on 31.03.2019 as assessed by RBI	92046201
6.	Divergence in Net NPAs (5-4)	(2350000)



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7.	Provision for NPAs as on 31.03.2019 as reported by the Bank	121203795
8.	Provision for NPAs as on 31.03.2019 as assessed by RBI	126173795
9.	Divergence in Provisioning (8-7)	4970000
10.	Reported Net profit after Tax (PAT) / (LOSS) for the year ended March 31, 2019	549938
11.	Adjusted (notional) Net profit after Tax (PAT) / (LOSS) for the year ended March 31, 2019 after taking into account the divergence in provisioning	(3685208)

18.5.4 Sector-wise NPAs

S.No.	Sector	Percentage of NPAs to Total Advances in that Sector	
		As on 31st March, 2020	As on 31st March, 2019
1	Agriculture & Allied activities	16.29%	16.33%
2	Industry (Micro & Small, Medium and Large)	30.08%	31.13%
3	Services	7.70%	6.76%
4	Personal Loans	1.77%	1.29%

18.5.5 Movement of NPAs:

(Amount in ₹ Crore)		
Particulars	As on 31st March, 2020	As on 31st March, 2019
Gross NPAs* as on 1st April of particular year (Opening Balance)	21717.07	26133.64
Additions (Fresh NPAs) during the year	6120.14	7066.15
Sub-total (A)	27837.21	33199.79
Less:-		
(i) Up-gradations	264.68	763.61
(ii) Recoveries	2470.54	4262.08
(iii) Technical/Prudential Write-offs **	2342.40	5223.24
iv) Write-offs other than those under (iii) above	1008.44	1233.79
Sub-total (B)	6086.06	11482.72
Gross NPAs as on 31st March (closing balance) (A-B)	21751.15	21717.07

* Gross NPAs as per item 2 of Annex to DBOD Circular DBOD.BP.BC.No.46/21.04.048/2009-10 dated September 24, 2009 which specified a uniform method to compute Gross Advances, Net Advances, Gross NPAs and Net NPAs.

** Technical or prudential write off is the amount of non-performing loans which are outstanding in the books of the respective branches, but have been written off (fully or partially) at Head office level. (DBOD No. BP.BC.6421-04 048/2009-10 dated 1st December 2009 on Provisioning coverage for advances)




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18.5.5.6 Particulars of Accounts Restructured

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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

18.5.7 Movement of Technical Write-offs and the Recoveries

(Amount in ₹ Crore)

Particulars	As on 31st March, 2020	As on 31st March, 2019
Opening Balance of Technical/ Prudential written-off accounts as at 1 st April of particular year	17352.13	13613.00
Add: Technical/ Prudential written-offs during the year	2342.40	5223.24
Sub Total (A)	19684.80	18836.24
Less: Recoveries made from previously technical/ prudential written-off accounts during the year (B)	875.40	1484.11
Closing Balance as on 31st March (A-B)	18809.40	17352.13

18.5.8 Details of financial assets sold to Securitization / Reconstruction Company for Asset Reconstruction / NBFC

(Amount in ₹ Crore)

Particulars	As on 31st March, 2020	As on 31st March, 2019
(i) No. of accounts	1	11
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	36.60	209.59
(iii) Aggregate Net consideration	65.00	447.47
(iv) Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL
(v) Aggregate gain/loss over net book value/TWO	28.40	237.88

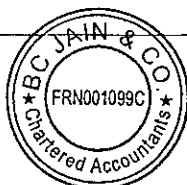
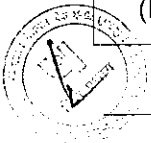
18.5.9 Details of non-performing financial assets purchased / sold

Banks which purchase non-performing financial assets from other banks shall be required to make the following disclosures in the Notes to Accounts to their Balance sheet:

a) Details of non-performing financial assets purchased:

(Amount in ₹ Crore)

Particulars	As on 31st March, 2020	As on 31st March, 2019
1. (a) No. of accounts purchased during the year	NIL	NIL
(b) Aggregate outstanding	NIL	NIL
2. (a) Of these, number of accounts restructured during the year	NIL	NIL
(b) Aggregate outstanding	NIL	NIL



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b) Details of non-performing financial assets sold:

(Amount in ₹. Crore)

Particulars	As on 31st March, 2020	As on 31st March, 2019
1. No. of accounts sold	NIL	NIL
2. Aggregate outstanding	NIL	NIL
3. Aggregate consideration received	NIL	NIL

18.5.10 Provisions on Standard Assets:

(Amount in ₹ Crore)

Particulars	As on 31st March, 2020	As on 31st March, 2019
Provisions towards Standard Assets/(decreased)	99.32	93.50

The cumulative provision towards Standard Assets held by the Bank as at the year-end amounting to ₹ 741.78 Crore (previous year ₹ 642.46 Crore) is included under the head Other Liabilities and Provisions in Schedule 5 to the Balance Sheet.

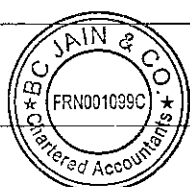
18.5.11 Business Ratios

(Amount in ₹ Crore)

S. No	Particulars	As on 31st March, 2020	As on 31st March, 2019
i)	Interest Income as a percentage to Working Funds	7.04%	7.11%
ii)	Non-interest income as a percentage to Working Funds	1.18%	1.06%
iii)	Operating Profit as a percentage to Working Funds	1.10%	1.41%
iv)	Return on Assets	(0.83%)	0.02%
v)	Business (Deposits plus advances) per employee (₹ in Lakh)	1910.84	1860.16
vi)	Profit / (Loss) per employee (₹ in Lakh)	(10.71)	0.25

18.5.12 Securitisation (Corporate Credit)

Sr. No.	Particulars	As on 31st March, 2020	As on 31st March, 2019
1.	No of SPVs sponsored by the Bank for securitisation transactions		
2.	Total amount of securitised assets as per books of the SPVs		



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SCHEDULES FORM PART OF THE ACCOUNTS FOR THE YEAR 2017-18				
3.	Total amount of exposures retained by the Bank to comply with			
	a)	Off balance sheet exposures		
		First loss		
		Others		
	b)	On-balance sheet exposures		
		First loss		
		Others		
4.	Amount of exposures to securitisation transactions other than MRR			
	a)	Off balance sheet exposures		
		1)	Exposure to own securitizations	
			First loss	
			Loss	
		2)	Exposure to third party securitisations	
			First loss	
			Others	
	b)	On balance sheet exposures		
		1)	Exposure to own securitisations	
			First loss	
			Others	
		2)	Exposure to third party securitisations	
			First loss	
Others				

NIL

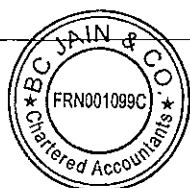
18.5.13 The Scheme for Sustainable Structuring of Stressed Assets (S4A), as on 31st March 2020 (Amount in ₹ Crore)

Particulars	No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision Held
			In Part A	In Part B	
Classified as Standard		NIL			
Classified as NPA					

18.5.14 Flexible Structuring of Existing Loans in the F.Y. 2019-2020

(Amount in ₹ Crore)

Period	No. of borrowers taken up for flexible structuring	Amount of loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
Previous Financial Year - 2018-19	NIL	NIL	NIL	NIL	NIL
Current Financial Year - 2019-2020	NIL	NIL	NIL	NIL	NIL



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18.5.15 Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period) on 31.03.2020

(Amount in ₹ Crore)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
NIL						

18.5.16 Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period) as on 31.03.2020

(Amount in ₹ Crore)

No. of accounts where Bank has decided to effect change in ownership	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
NIL								

18.5.17 Change in ownership of Projects under Implementation (accounts which are currently under the stand-still period) on 31.03.2020

(Amount in ₹ Crore)

No. of project loan accounts where Bank has decided to effect change in ownership	Classified as standard	Classified as standard restructured	Classified as NPA
NIL			

18.5.18 Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(Amount in ₹ Crore)

Maturity Pattern	Day 1	2 Days to 7 Days	8 days to 14 days	15 days to 30 days	31 days to 3 Months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year up to 3 Years	Over 3 Years & up to 5 Years	Over 5 years	Total
Deposits	4,238.64	4,797.68	3,827.49	6,485.14	24,941.99	23,784.27	33,050.88	69,060.64	2,383.73	57,537.77	2,30,108.22

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Advances	5,528.21	5,812.58	6,553.25	2,497.85	1,781.00	5,139.45	10,262.19	45,181.83	17,782.54	71,087.40	1,71,626.29
Investments		-	81.88	80.33	3,436.55	825.17	2,159.45	12,073.17	4,779.96	51,177.21	74,613.72
Borrowings	7.87	-	5,506.57	-	13.14	329.21	1,560.72	3,503.88	-	3,200.00	14,121.39
Foreign Currency assets	1,021.03	182.60	50.71	383.04	1,278.49	1,297.67	967.92	15.08	24.29	82.92	5,303.75
Foreign Currency liabilities	734.86	412.19	48.01	572.53	1,119.57	1,163.66	1,046.82	169.36	59.60	-	5,326.60

18.6 Exposures

18.6.1 Exposure to Real Estate Sector:

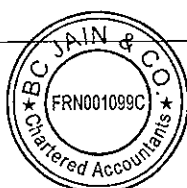
(Amount in ₹ Crore)

Category	As on 31st March, 2020	As on 31st March, 2019
a) Direct Exposure		
i) Residential Mortgages: Landings fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	15988.09	13837.28
ii.) Commercial Real Estate: Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.), including non-fund based (NFB) limits.	5557.57	7197.66
iii.) Investments in Mortgage Backed Securities (MBS) and other Securitised Exposures:	0	0
a) Residential		
b) Commercial Real Estate		
b) Indirect Exposure		
Fund Based and Non-fund Based Exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	8783.32	11269.48
Total Exposure to Real Estate Sector	30328.98	32304.42

18.6.2 Exposure to Capital Market

(Amount in ₹ Crore)

	Particulars	As on 31st March, 2020	As on 31st March, 2019
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus	1031.12	1015.19



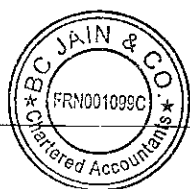
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	of which is not exclusively invested in corporate debt;		
(ii)	Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	0	0.16
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	0	0
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	41.29	17.88
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	3.44	18.23
(vi)	Loans sanctioned to Corporates against the security of shares / bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	0	0
(vii)	Bridge loans to companies against expected equity flows/issues	0	0
(viii)	Underwriting commitments taken up by the Banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	0	0
(ix)	Financing to stockbrokers for margin trading;	0	0
(x)	All exposure to Venture Capital Funds(both registered & unregistered)	154.51	167.08
Total Exposure to Capital Market		1230.36	1218.54

18.6.3 Strategic Debt Restructuring (SDR) Scheme

During the year, Bank has invoked **Strategic Debt Restructuring (SDR)** as per RBI guidelines in the following companies and acquired shares pursuant to invocation of SDR. The details of shares acquired are as under:-



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S.N.	Name of the Company	Exposure Converted in Equity
-----NIL-----		

18.6.4 Details of Single Borrower Limit (SBL), exceeded by the Bank:

(Amount in ` Crore)

Sl. No.	Name of the Borrower	Exposure Ceiling	Limit Sanctioned	Outstanding as on 31st March, 2020
NIL				

18.6.5 Details of Group Borrower Limit (GBL), exceeded by the Bank:

(Amount in ` Crore)

Sl. No.	Name of the Borrower	Exposure Ceiling	Limit Sanctioned	Outstanding as on 31st March, 2020
NIL				

18.6.6 Intra-Group Exposure

(Amount in ` Crore)

Particulars	As on 31st March, 2020	As on 31st March, 2019
Total Amount of Intra Group Exposure	218.50	218.50
Total Amount of Top-20 intra group exposure	218.50	218.50
Percentage of intra group exposure to total exposure of the Bank on borrowers/customers	0.08%	0.08%
Detail of breach of limits on intra- group exposures and regulatory action thereon, if any	NA	NA

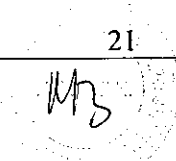
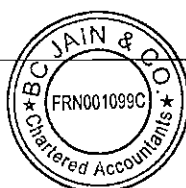
18.6.7 Unhedged Foreign Currency Exposure

Bank has laid down Board approved policy for managing and monitoring Un-hedged Foreign Currency Exposure of corporate including SMEs. Based on the available data and financial statements and the declaration from borrowers, the Bank has estimated the liability of Rs. 19.64 Crore (Previous Year Rs. 25.18 Crore) as on 31st March, 2020 on unhedged Foreign Currency Exposure to their constituents in terms of RBI circular DBOD. NO. BP.BC.85/21.06.200/2013-14 dated 15th January 2014 and subsequent clarification vide circular no. DBOD.No. BP.BC.116/21.06.200/2013-14 dated 3rd June 2014. The outstanding provision on Unhedged Exposure as on 31.03.2019 is Rs. 19.64 Crore (Previous Year Rs. 25.18 Crore).

18.6.8 Unsecured Advances:

(Amount in ` Crore)

Particulars	As on 31 st March, 2020	As on 31 st March, 2019
Total Unsecured Advances	12718.43	9755.46



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Out of which	0.00	0.00
i) Amount of advances outstanding against charging over intangible securities such as rights, licenses, authorizations etc. charged to the Bank as collateral		
ii) The estimated value of such intangible securities (as in (i) above)	0.00	0.00

18.7 Miscellaneous Disclosures

18.7.1 Penalties imposed by RBI under Banking Regulation Act, 1949:

- i) Reserve Bank of India has imposed penalty of Rs. 1.00 Crore (Rs. One Crore only) on the Bank during the year ending 31st March 2020, under the provision of Section 47(A) (1) (c) read with section 46 (4) (i) of the Banking Regulation Act 1949 on account of M/s Rotomac Global Pvt Ltd.
- ii) Reserve Bank of India has imposed penalty of Rs. 1.50 Crore (Rs. One Crore Fifty Lac only) on the Bank during the year ending 31st March 2020, under the provision of Section 47(A) (1) (c) read with section 46 (4) (i) of the Banking Regulation Act 1949 on account of M/s Kingfisher Airlines Limited.

18.7.2 In compliance of RBI letter no.DBR.No.BP.13018/21.04.048/2015-16 dated 12.04.2016 and further in compliance with RBI letter No.3992/21.04.048/2016-17 and further to RBI letter No.DBR.BP.7201/21.04.132/2017-18 dated 08.02.2018, Bank has retained provision of Rs. 28.44 Crore being 5% of the existing outstanding of Rs. 568.86 Crore as on 31st March, 2020 under food credit availed by State Government of Punjab.

18.7.3 In respect of one premise costing ` 0.25 Crore (Previous year 1 premises `0.25 Crore), registration of title deeds in favour of the Bank are pending.

18.7.4 Disclosure in terms of Accounting Standards issued by the Institute of Chartered Accountants of India

18.7.5 Accounting Standard AS-5 – Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies:

As per the Scheme of Amalgamation, the financial statements of OBC will stand merged with the financial statements of PNB w.e.f. 1st April, 2020. Further, the Bank as advised and based on the information provided by PNB has made the following changes in its accounting polices / assumptions, and has also made excess provisions consequent to further downgrading of certain advance accounts to the asset classification which is lower than minimum prescribed under Prudential Norms on Income Recognition and Assets Classification (IRAC). The net impact of Rs. 1546.95 crores (increase in loss) due to the above, has been considered in these financial statements.

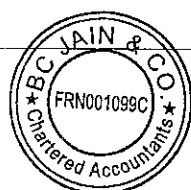


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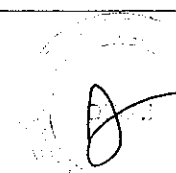
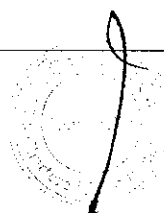
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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

Sl. No.	Present Accounting Policy / Assumption	Changed Accounting Policy / Assumption	Impact on Profit for the year, Increase (+) / Decrease (-) (Rs. in Crores)
A.	Changes in the Accounting Policies / Assumptions:		
i.	Revenue Recognition		
i.a	Recoveries in NPAs are appropriated first towards principal and thereafter towards interest and then expenditure / out of pocket expenses incurred for recovery.	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. (b) Principal irregularities i.e. NPA outstanding in the account. (c) Towards the interest irregularities / accrued interest.	9.25
i.b	Locker Rent is recognized on yearly accrual basis.	Locker Rent is accounted for on realization basis.	4.04
i.c	The commission on Government business is booked on cash basis i.e. on actual receipt of commission.	The commission on Government business is booked on accrual basis.	1.63
i.d	SMS charges from customers are accounted for on realization / cash basis.	SMS charges from customers are accounted for on accrual basis.	8.49
i.e	Commission (Income) received from Nostro Correspondents, on account of customer initiated transactions, is accounted for on accrual basis.	Commission (Income) received from Nostro Correspondents, on account of customer initiated transactions, is accounted for on realization basis.	(0.29)
i.f	Income from Interest on tax refunds is accounted for on realization basis.	Income from interest on refund of income tax is accounted for in the year the order is passed by the concerned authority.	41.01
ii.	Investments		
ii.a	Provisions towards Non Performing Investments is	Non Performing Investments are valued at Yield to Maturity (YTM)	126.23



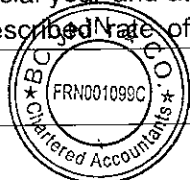
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	made on the basis of IRAC norms.	basis.	
iii.	Advances / Provisions / Recoveries		
iii.a	The Bank provides for additional provision on Infra - Telecom at 0.40% and Infra - Power at 0.30%	Additional provision on stressed assets is made as under: Construction: 0.20% All Engineering: 0.10% Gems & Jewellery: 0.10% Rubber & Plastic Products: 0.10% Infra - Telecom: 0.10% Textiles: 0.10% Infra - Transport: 0.10% The above are applicable to accounts with external rating BB & below and internal rating B2 & below (i.e. OBC's IMaCS 6 & below)	5.24
iv.	Fixed Assets, Depreciation and Amortization		
iv.a	Revision in the estimated useful life and reclassification with in the block / group of certain fixed assets, resulting in change of rate of depreciation of these assets as compared to the earlier year/s.		
iv.b	Intangible Assets – Computer Software are amortised systematically over a period of useful life or three years whichever is lower.	Intangible Assets – Computer Software other than those costing up to Rs. 25,000/- and / or having useful life of less than 12 months (from the date of acquisition) are depreciated on SLM @ 33.33% p.a..	(124.42)
iv.c	No depreciation is provided in the year of sale/disposal. Depreciation on additions to Fixed Assets (including the Intangible Assets) during the financial year is provided at 100% of the prescribed rate of depreciation, if asset is put to use for 180 days or more during the financial year and at 50% of the prescribed rate of	Depreciation on fresh additions to fixed assets is provided from the day in which the assets are put to use and in case of assets sold / disposed off during the year, up to the date in which it is sold / disposed off i.e. daily basis.	



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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

	depreciation, if the asset is put to use for less than 180 days during the year.		
v.	Employees Benefits		
v.a	Earlier following components were considered for AS-15: 1) Gratuity, 2) Pension, 3) Privilege Leave, 4) Sick Leave, 5) Relocation Exp., 6) Medical Exp. (CMD/ED), 7) LFC Salary Escalation Rate was taken @ 5.50%	Now following components were considered for AS-15: 1) Gratuity, 2) Pension, 3) Privilege Leave, 4) Sick Leave including UCL, 5) LFC, 6) Silver Jubilee Salary Escalation Rate was taken @ 5.99%	(1027.13)
B	Higher provisions in advance accounts		
i.	Downgrading of certain advance accounts to the lower assets classification then minimum prescribed under IRAC, resulting in excess provisions to that extent.		(591)
Net Impact (Increase in Loss)			(1546.95)

18.7.6 Accounting Standard AS- 10 – Property Plant and Equipment/Fixed Assets

Subsequent to the revised Accounting Standards- 10 applicable from April 1, 2018, depreciation of ₹ 136.76 Crore for the year on the revalued portion of the fixed assets has been transferred from the Revaluation Reserve to Revenue and Other reserve.

18.7.7 Accounting Standard AS-12 Accounting for Government Grants

During the year 2019-2020 the Bank has received a sum of Rs. 0.41 Crore as Grant Assistance under the Scheme "Support for setting up of Aadhaar Enrolment and update Centers (AECs)", Rs. 0.24 Crore as "Incentive for installation of Biometric devices" and Rs. 0.38 Crore as "Incentive for installation of POS Machines / Devices". The Bank has treated the grant as deferred income which is recognised in the profit and loss statement on a systematic and rational basis over the useful life of the asset. Accordingly, the Bank has booked a sum of Rs. 1.04 Crore as income in the Profit & Loss account during the year 2019-2020.

18.7.8 Accounting Standard AS-15 – Employee Benefits:

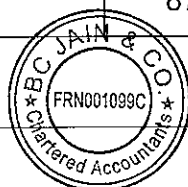
	Items	(Amount in ₹Crore)					
		FUNDED				UNFUNDED	
		Gratuity		Pension		Leave Encashment	
		2019-2020	2018-19	2019-2020	2018-19	2019-2020	2018-19
a)	Changes in the Defined Benefit Obligation:						
	Opening defined benefit	904.78	875.50	6544.02	5946.28	570.78	543.45



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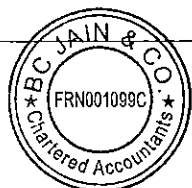
	obligation						
	(Add) Difference paid on account of Wage revision	-	-	-	-	-	-
	Acquisition Adjustment	-	-	-	-	-	-
	Current Service Cost	45.87	46.00	142.73	137.37	45.75	36.85
	Interest Cost	70.57	67.85	509.97	460.84	44.52	42.12
	Past Service Cost	-	-	-	-	-	-
	Actuarial loss/(gain)	98.39	36.70	1202.48	281.14	103.28	42.19
	Benefits paid	(124.25)	(121.27)	(328.76)	(281.61)	(56.16)	(93.83)
	Closing defined benefit obligation	995.36	904.78	8070.44	6544.02	708.17	570.78
b)	Changes in Fair value of Plan Assets:						
	Opening fair value of Assets	898.61	806.14	6204.06	6189.58		
	Expected return on plan assets	70.09	64.49	483.45	497.24		
	Actuarial gain/(loss)	17.75	(0.11)	266.27	(5.08)		
	Contributions by employer	86.18	149.36	454.75	77.11		
	Benefits paid	(124.25)	(121.27)	(328.76)	(281.61)		
	Amount amortized/NPI	-	-	-	-		
	Provision for Excess of Fund	-	-	-	(273.18)		
	Closing Fair Value of Asset	948.38	898.61	7079.77	6204.06		
c)	Amount recognised in the Balance Sheet:						
	Present Value of Obligation - as at the year-end - (i)	995.36	904.78	8070.44	6544.02	708.17	570.78
	Fair value of the Assets - as at the year-end- (ii)	948.38	898.61	7079.77	6204.06	-	-
	Difference (ii) - (i)	(46.98)	(6.17)	(990.67)	(339.96)	(708.17)	(570.78)
	Net asset / (liability) recognised in the Balance Sheet	(46.98)	(6.17)	(990.67)	(339.96)	(708.17)	(570.78)
d)	Actual Return on Plan Assets	GRATUITY		PENSION		LEAVE ENCASHMENT	
	Expected return on Plan Assets	70.09	64.49	483.45	497.23		
	Add: Actuarial (loss)/gain on plan assets	17.75	(0.11)	266.27	(5.08)		
	Actual Return on Plan Assets	87.84	64.38	749.72	492.15		



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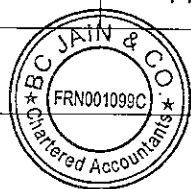
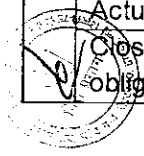
	Net Actuarial (Gain)/ Loss Recognized	GRATUITY		PENSION		LEAVE ENCASHMENT	
	Actuarial Gain/ (loss) for the period- Obligations	(98.39)	(36.70)	(1202.48)	(281.14)	(103.28)	(42.19)
	Actuarial Gain/ (loss) for the period- Plan Assets	17.75	(0.11)	266.27	(5.08)	-	-
e)	Total (Gain)/ Loss for the period	80.64	36.81	936.21	286.22	103.28	42.19
	Actuarial (gain) or loss recognized in the period	80.64	36.81	936.21	286.22	103.28	42.19
	Unrecognized Actuarial (gain)/ loss at the end of the year	-	-	-	-	-	-
f)	Expenses recognised in the Profit and Loss account::						
	Current Service cost	45.87	46.00	142.73	137.37	45.75	36.85
	Past service cost/ recognised	-	-	-	-	-	-
	Interest on defined benefit obligation	70.57	67.85	509.97	460.84	44.52	42.12
	Expected return on plan assets	(70.09)	(64.49)	(483.45)	(497.23)	-	-
	Net actuarial loss/(gain) recognised in the current year	80.64	36.81	936.21	286.22	103.28	42.19
	Expenses recognised in the P&L a/c	126.99	86.17	1105.46	387.20	193.55	121.16
g)	Movements in the Liability recognised in the Balance Sheet						
	Opening Net Liability	6.17	69.36	339.96	(243.30)	570.78	543.45
	(add) difference paid on account of wage revision	-	-	-	-	-	-
	Expense as above	126.99	86.17	1105.46	387.20	193.55	121.16
	Contribution by Employer	(86.18)	(149.36)	(454.75)	(77.11)	(56.16)	(93.83)
	Acquisition Adjustment	-	-	-	-	-	-
	Closing Net liability/(asset)	46.98	6.17	990.67	66.79	708.17	570.78
h)	Details of Plan Assets (Investments): In Percentage						
	Government of India Securities	0.00	7.00%	0.00%	0.00%		
	State Government	6.00%	0.00%	6.74%	7.59%		



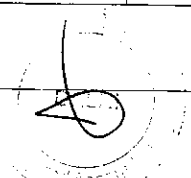
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	Securities						
	High Quality Corporate Bonds	9.00%	10.00%	12.71%	18.07%		
	Equity Shares of Listed Companies	2.00%	0.00%	2.93%	0.00%		
	Funds managed by Insurer	74.00%	80.00%	70.93%	70.98%		
	Other Investments	9.00%	3.00%	6.69%	3.36%		
	Total	100%	100%	100%	100%		
	Of the above, investment in OBC Bond/deposits	-	-	-	-		
		Gratuity		Pension			
		31.03.2020	31.03.2019	31.03.2020	31.03.2019		
i)	Enterprise's Best Estimate of Contribution during next year (In Crore)	60.00	-	390.00	-		
j)	Principal actuarial assumptions used:						
	Method used	Projected Unit Credit		Projected Unit Credit			
	Discount rate (p.a.)	6.55%	7.80%	6.90%	7.80%	6.55%	7.80%
	Expected rate of return on plan assets (p.a.)	6.55%	8.00%	6.90%	7.80%	-	-
	Future Salary increase	5.99%	5.50%	5.99%	5.50%	5.99%	5.50%
	Attrition Rate	1%	3% at younger ages reducing to 1% at older ages	1%	3% at younger ages reducing to 1% at older ages	1%	3% at younger ages reducing to 1% at older ages
k)	Other Long Term Employee Benefits – unfunded	LFC				Sick Leave & UCL	
	Opening defined benefit obligation	46.97	45.19			83.10	78.61
	Current Service Cost	11.24	-			0.97	5.73
	Interest Cost	3.66	-			6.48	6.09
	Benefits paid	(17.45)	-			-	-
	Actuarial loss/gain	0.52	-			(53.80)	(7.33)
	Closing defined benefit obligation	44.94	46.97			36.75	83.10



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Principal actuarial assumptions used:						
Discount rate (p.a.)	6.55%	7.80%			6.55%	7.80%
Future Salary increase	5.99%	5.50%			5.99%	5.50%
Attrition Rate	1%	3% at younger ages reducing to 1% at older ages			1%	3% at younger ages reducing to 1% at older ages

i) Other Long Term Employee Benefits – unfunded	Silver Jubilee		
Opening defined benefit obligation	NA		
Current Service Cost	-		
Interest Cost	-		
Benefits paid	-		
Actuarial loss/gain	-		
Closing defined benefit obligation	5.59	NA	
Principal actuarial assumptions used:			
Discount rate (p.a.)	6.55%		
Future Salary increase	5.99%		
Attrition Rate	1%		

Particulars	Basis of Assumption
Discount Rate	Discount rate has been determined by reference to market yields at the balance sheet date on Government bonds (published by FBIL) of term consistent with currency and estimated term of the obligations.
Expected Rate of Return on Plan Assets	It is assumed that return on the plan assets pertaining to the pension and gratuity fund will be 6.90% and 6.55% pa respectively.
Salary Escalation Rate (SER)	Based on the broad guidance provided by IBA, SER for the bank has been taken at 5.99% (Basic Pay increase of 2.80% and DA increase at 5.80% pa approx with overall salary by 5.99% approx.)
Attrition Rate	Attrition rate is assumed at 1% taken with reference to past experience and expected future experience related to voluntary withdrawals.

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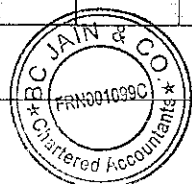
SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

18.7.9 Accounting Standard AS-17 – Segment Reporting:

- a) The Business Segments, which is the Primary Segment include:
- Treasury Operations
 - Corporate / Wholesale Banking
 - Retail Banking
 - Other Banking Business Operations
- b) The Geographical segments are recognized as the Secondary Segment. As the Bank is not carrying on any foreign operations, the only reportable geographical segment is of Domestic operations.
- **Treasury Operations:** Treasury operations consist of dealing in securities and Money Market Operations
 - **Corporate / Wholesale Banking:** Includes all advances to trusts, partnership firms, companies and statutory bodies which are not included under "Retail Banking"
 - **Retail Banking:** The exposure up to ₹ 5.00 Crore to individual, HUF, Partnership firm, Trust, Private Ltd. Companies, Public Ltd. Companies, Co-operative societies etc. or to a small business is covered under retail Banking. Small business is one where average of last three years' annual turnover (Actual for existing & projected for new entities) is less than ₹ 50 Crore.
 - **Other Banking business operations:** Includes all other Banking operations not covered under Treasury, Wholesale Banking and Retail Banking Segments. Other Banking business is the residual category.
- c) The segment revenue is shown after interest on average inter-segment funds used in Treasury Operations. The interest on inter segment funds has been charged at the rate based on the movements in Cost of Funds i.e. percentage of total interest expended to average working funds for the year.

Allocation of Expenses, Assets and Liabilities: Expenses incurred at Head office/ Controlling Office directly attributable either to Corporate / Wholesale and Retail Banking Operations or to Treasury Operations segment, are allocated accordingly. Expenses not directly attributable are allocated on the basis of the ratio of outstanding advances in each segment except the provision for sacrifice interest (bifurcated on the basis of outstanding restructured advances) and provision for FITL & Standard restructured standard advances (bifurcated on the basis of outstanding standard restructured advances). The Bank has certain common assets and liabilities, which cannot be attributed to any segment, and the same are treated as unallocated.

Business Segment										(Amount in ₹ Crore)
Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations		TOTAL	
Particulars	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue	6703.80	5797.93	9715.05	8826.35	9479.68	8724.59	674.38	610.42	26572.91	23959.29
Un-allocable income									47.22	163.96
Total Revenue									26620.13	24123.25
Less: Intersegment Revenue									4222.14	3586.48



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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

Revenue from Operations									22397.99	20536.77
Result (Profit/ (-) Loss)	2013.30	1563.93	-5678.59	-6845.45	1087.38	1266.20	332.05	223.47	-2245.86	-3791.85
Un-allocable Expenditure net off un-allocable income									-46.46	-161.08
Net Profit before Tax & Extraordinary items									-2199.40	-3630.77
Income Taxes									52.41	-3685.76
Extraordinary Profit/ Loss	-	-	-	-	-	-	-	-	-	-
Net Profit									-2251.81	54.99
Other Information:	-	-	-	-	-	-	-	-	-	-
Segment Assets	79262.28	85156.06	101652.42	102649.06	74334.23	75060.87	3738.29	1981.70	258987.22	264847.69
Unallocated Assets									9456.67	7061.88
Total Assets									268443.89	271909.57
Segment Liabilities	79262.28	85156.06	101652.42	102649.06	74334.23	75060.87	3738.29	1981.70	258987.22	264847.69
Unallocated Liabilities									9456.67	7061.88
Total Liabilities									268443.89	271909.57

18.7.10 Accounting Standard AS-18 – Related Party:

Details pertaining to Related Party Transactions in respect of key managerial personnel of the Bank are as follows:-

(Amount in ₹ Lakh)

S. No.	Name	Relationship	Nature of Transaction	2019-2020	2018-19
1	Sh. Mukesh Kumar Jain	Managing Director & CEO	Remuneration	30.05	27.66
2	Sh. Vijay Dube	Executive Director (from 01.11.2018)	Remuneration	33.79	13.33
3	Sh. Balakrishna Alse S.	Executive Director (from 26.12.2018)	Remuneration	25.11	6.31
4	Sh. Himanshu Joshi	Executive Director (upto 31.10.2018)	Remuneration	Nil	14.13

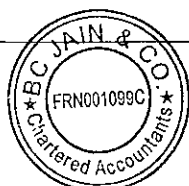
*Remuneration excludes retirement benefits.

Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited – Joint Venture. The transactions with joint venture have not been disclosed in view of para 9 of the AS -18 Related Party Disclosures issued by ICAI, which exempts state controlled enterprises from making any disclosure pertaining to transactions with other related state controlled enterprises.

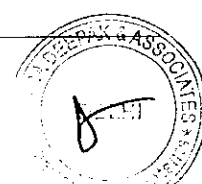
Further, in terms of Paragraph 5 of AS 18, transactions in the nature of Banker-Customer relationship have not been disclosed including those with Key Management Personnel.

18.7.11 Accounting Standard AS-19 – Leases:

The Bank has not entered into any transaction of Financial Lease. Operating lease primarily comprises of office premises, which are renewable at the option of the Bank. Lease payments for assets taken on operating lease are recognized as an expense in the Profit and Loss Account.



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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

18.7.12 Accounting Standard AS-20 - Earnings per Share (EPS):

S. No.	Particulars	As on 31 st March, 2020	As on 31 st March, 2019
i)	Basic/Diluted EPS (₹)	(16.43)	0.77
ii)	Calculation of Basic/Diluted EPS.		
a)	Net Profit /(Loss) after Extraordinary Items and after Tax (₹ Crore)	(2251.81)	54.99
b)	Weighted Average No. of Equity Shares	1370209321	710330450
c)	Basic/Diluted Earnings per Share (a/b) (₹)	(16.43)	0.77
d)	Nominal value per Share (₹)	10.00	10.00

18.7.13 Accounting Standard 22 – Accounting for Taxes on Income:

i. Current Tax

- a. In view of taxable losses, the Bank is not required to make any provision for income tax for current year.
- b. The disputed tax demands of ₹ 6,229.76 Crore outstanding as on 31st March, 2020 (previous year ₹ 3,300.77 Crore) have been shown in Schedule No 12 – Contingent Liabilities under the head "Claims against the Bank not acknowledged as debt".
- c. Other assets {Schedule 11 (iii)} include ₹ 4348.60 Crore (previous year ₹ 3,210.94 Crore) towards disputed Income Tax paid by the Bank / adjusted by the authorities and also include MAT Credit Entitlement of ₹ 142.10 Crore (previous year ₹ 136.89 Crore) against which the Bank is holding a total provision of ₹ 723.40 Crore, of which a provision of ₹ 700.63 Crore has been made during the year against the disputed demands.

ii. Deferred Tax

The Bank has recognized deferred tax assets and liabilities. The breakup of deferred tax assets and liabilities into major items is given below:

(Amount in ₹ Crore)

Particulars	As on 31st March, 2020	As on 31st March, 2019
A. Deferred Tax Assets:		
Provision for Leave Encashment/LFC etc.	269.00	241.00
Provision for Interest Capitalized (Funded Interest)	16.00	67.00
Regulatory provision for performing loan assets	261.00	247.00
Other Provisions for contingencies	56.00	56.00
On Carry forward Business loss & unabsorbed	2,583.00	2532.00



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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

Depreciation		
Regulatory provision for non-performing loan assets	1,616.00	1060.00
Total of A	4,801.00	4,203.00
B. Deferred Tax Liabilities:		
Special Reserve under section 36(1)(viii)	(554.00)	(554.00)
Difference in WDV of Fixed Assets.	(44.00)	(68.00)
Total of B	(598.00)	(622.00)
Net Deferred Tax Asset/(Liability)	4,203.00	3,581.00

For the financial year 2019-20, the Bank has not yet opted for the new tax regime notified under section 115BAA of the Income Tax Act, 1961.

18.7.14 Accounting Standard – 28 - Impairment of Assets:

The Bank's assets substantially comprise of financial assets, which are not covered by AS-28 'Impairment of Assets'. In the opinion of Bank's management there is no impairment in the value of its non-financial assets in terms of said Accounting Standard.

18.7.15 Accounting Standard – 29 - Provisions, Contingent Liabilities and Contingent Assets:

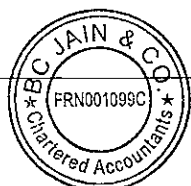
The Contingent Liabilities as stated in schedule 12 [clause (I) and (VI)] to the accounts mentioned above are dependent upon the outcome of Court/ arbitration/out of Court settlements, disposal of appeals, and the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, as the case may be. No liability is expected in respect of clause (I) and (VI) of the said schedule.

18.8 Additional Disclosures

18.8.1 Fee/Commission earned in respect of insurance and other third party products :-

(Amount in ₹ Crore)

S. No.	Particulars	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
1.	Life Insurance	83.40	65.12
2.	General Insurance & Mediclaim	20.04	19.83
3.	Social Security Schemes – PMJJBY & PMSBY	2.45	2.31
4.	Mutual Funds	0.73	0.41
5.	Credit Cards	0.89	1.18
6.	UID – Aadhar	2.03	1.47
7.	Depository Services	3.02	3.32
	Total	112.56	93.64



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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

18.8.2 Floating provisions

(Amount in ₹ Crore)

S.No.	Particulars	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
a.	Opening balance in the floating provision a/c	24.12	24.12
b.	The quantum of floating provisions made in the accounting year	-	-
c.	Amount of draw down made during the accounting year	-	-
d.	Closing balance in the floating provisions a/c	24.12	24.12

18.8.3 Complaints

a) Customer Complaints

S. No.	Particulars	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
(a)	No. of complaints pending at the beginning of the year	58	137
(b)	No. of complaints received during the year	14759	16467
(c)	No. of complaints redressed during the year	14767	16546
(d)	No. of complaints pending at the end of the year	50	58

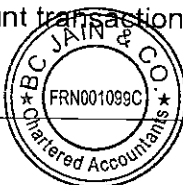
b) Awards passed by the Banking Ombudsman

S. No.	Particulars	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
(a)	No. of unimplemented Awards at the beginning of the year	0	NIL
(b)	No. of Awards passed by the Banking Ombudsmen during the year	2	NIL
(c)	No. of Awards implemented during the year	0	NIL
(d)	No. of unimplemented Awards at the end of the year	2*	NIL

* Appeal filed in both cases with Dy. Governor, RBI, Mumbai

18.8.4 Letter of Comforts

The Bank issues Letter of Comforts (LOCs) on behalf of its various constituents against the credit limits sanctioned to them. RBI vide its circular A.P. (DIR Series) Circular No. 20 dated 13.03.2018, has discontinued the issuance of Letter of Comfort for raising buyer's credit. Bank has complied with the circular and has discontinued the issuance of Letter of Comfort. 1 LOC for Rs. 8 Crore are outstanding as on 31st March 2020, since it pertains to Capital Account transactions, which has since been paid on the due date on 03.06.2020.



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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

Brief details of LOCs are as under:-

(Amount in ₹ Crore)

S. No.	Particulars	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
1	Letter of comforts outstanding as at the beginning of the year	9	1314
2	Letter of comforts issued during the year	0	0
3	Letter of comforts matured/cancelled during the year	1	1305
4	Letter of comforts outstanding as at the end of the year	8	9

18.8.5 Concentration of Deposits

(Amount in ₹ Crore)

Particulars	As on 31st March, 2020	As on 31st March, 2019
Total Deposits of twenty largest depositors	22352.86	29355.55
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	9.71%	12.62%

18.8.6 Concentration of Advances

(Amount in ₹ Crore)

Particulars	As on 31st March, 2020	As on 31st March, 2019
Total Advances to twenty largest borrowers	26003.99	24112.40
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	15.15%	14.05%

18.8.7 Concentration of Exposures

(Amount in ₹ Crore)

Particulars	As on 31st March, 2020	As on 31st March, 2019
Total Exposure to twenty largest borrowers/Customers	41842.07	30223.62
Percentage of Exposure to twenty largest borrowers to Total Exposure of the bank on borrowers/customers	15.26%	11.62%

18.8.8 Concentration of NPAs

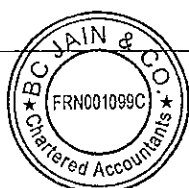
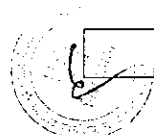
(Amount in ₹ Crore)

Particulars	As on 31st March, 2020	As on 31st March, 2019
Total Funded Exposure to top four NPA accounts	3664.39	3000.13

18.8.9 Overseas Assets, NPAs and Revenue

(Amount in ₹ Crore)

Particulars	As on 31st	As on 31st
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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

	March, 2020	March, 2019
Total Assets	NIL	0.22
Total NPAs	NIL	NIL
Total Revenue	NA	NA

18.8.10 Off Balance Sheet SPVs sponsored (domestic & overseas) – NIL

18.8.11 Credit Default Swaps (CDS): Bank has policy in place for Credit default Swaps. However, no CDS transaction has been under taken by the Bank during the F.Y. 2019-2020.

18.8.12 Transfer to Depositor Education and Awareness Fund (DEAF)

(Amount in ₹ Crore)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Opening Balance of amount transferred to DEAF	691.71	609.81
Add: Amount transferred to DEAF during the year	142.65	109.13
Less: Amount reimbursed by DEAF towards claim	29.50	27.23
Closing balance of amount transferred to DEAF	804.86	691.71

18.8.13 Liquidity Coverage Ratio

(Amount in ₹ Crore)

Particulars		As on 31st March, 2020		As on 31st March, 2019	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)		49813.33		44594.54
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	123805.51	8497.05	115864.72	7706.69
(i)	Stable deposits	77669.84	3883.49	77595.60	3879.78
(ii)	Less stable deposits	46135.66	4613.56	38269.12	3826.91



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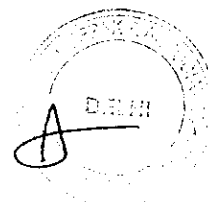
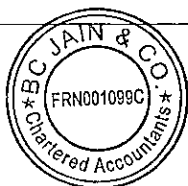
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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

3	Unsecured wholesale funding, of which:	82752.43	32812.62	76421.90	28862.37
(i)	Operational deposits (all counterparties)	0	0	0	0
(ii)	Non-operational deposits (all counterparties)	82752.43	32812.62	76421.90	28862.37
(iii)	Unsecured debt	0.0	0.0	0.0	0.0
4	Secured wholesale funding		54.64		55.54
5	Additional requirements, of which	818.13	818.13	1098.48	1098.48
(i)	Outflows related to derivative exposures and other collateral requirements	818.13	818.13	1098.48	1098.48
(ii)	Outflows related to loss of funding on debt products	0	0	0	0
(iii)	Credit and liquidity facilities	0	0	0	0
6	Other contractual funding obligations	24421.18	2460.92	23616.96	2481.53
7	Other contingent funding obligations	22065.94	665.78	22821.96	670.54
8	Total Cash Outflows		45309.15		40875.17
Cash Inflows					
9	Secured lending (e.g. reverse repos)	0.0	0.0	0.0	0.0
10	Inflows from fully performing exposures	6323.98	6323.98	4179.74	2306.20
11	Other cash inflows	2253.83	2253.83	432.66	432.66
12	Total Cash Inflows	8577.81	5415.82	5316.74	3443.20
			Total Adjusted Value		Total Adjusted Value
13	Total HQLA		49813.33		44594.54
14	Total Net Cash Outflows		39893.32		37431.97
15	Liquidity Coverage Ratio (%)		124.87%		119.31%

Qualitative Disclosure around LCR

Liquidity Coverage Ratio (LCR) standard has been introduced with the objective that a Bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario. The stock of liquid assets should enable the Bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken. Minimum LCR has to be maintained at 100% with effect from January 01, 2019. LCR has been defined as Stock of high quality liquid assets (HQLAs) over Total net cash outflows over the next 30 calendar days. Liquid assets



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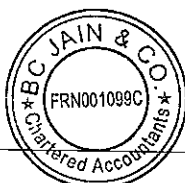
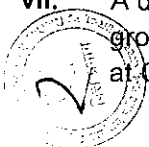
SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

comprise of high quality assets that can be readily sold or used as collateral to obtain funds in a range of stress scenarios. There are two categories of assets included in the stock of HQLAs, viz. Level 1 and Level 2 assets. Level 1 assets are with 0% haircut while Level 2A assets are with a minimum 15% haircut and Level 2B Assets, with a minimum 50% haircut.

The total net cash outflows is the total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. Total expected cash inflows and outflows are calculated by multiplying the outstanding balances of various categories of contractual receivables and types of liabilities and off-balance sheet commitments by the rates at which they are expected to flow in or drawn down.

The main drivers of LCR results and the evolution of the contribution of inputs to the LCR calculation over time:

- i. The main drivers of LCR results are High Quality liquid assets (HQLA) in the form of excess SLR over mandatory SLR requirement, MSF eligible SLR securities (presently upto 3% of NDTL) and providing additional 2.00% liquidity facility in the form of Facility to Avail Liquidity for LCR (FALLCR) up to 15.00 % of NDTL (Currently 14.50%). RBI vide circular dated April 4, 2019 has increased the FALLCR to 15% of NDTL from 13% earlier..
- ii. Intra-period changes as well as changes over time; The LCR for the 1st quarter of FY 2019-2020 stood at 124.87. The same increased to 125.05 for the 2nd Quarter of FY 2019-2020 due to decrease in Outflow. The LCR for the 3rd Quarter further increased to 131.97 and the same decreased to 122.25 for the 4th quarter of FY 2019-2020 due to increase in Outflow. The average LCR for the FY 2019-2020 stood at 124.87.
- iii. The composition of HQLA : HQLA Mainly consists of Cash including excess CRR, excess SLR, Govt. securities up to 3% of NDTL within the mandatory SLR requirement (MSF), Govt. Securities up to 14.50 of NDTL within the mandatory SLR requirement (FALLCR), Marketable securities representing claims on or claims guaranteed by sovereigns, Public Sector Entities (PSEs) or multilateral development Banks that are assigned a 20% risk weight, Corporate bonds not issued by a Bank/financial institution/NBFC or any of its affiliated entities, which have been rated AA- or above by an Eligible Credit Rating Agency, Commercial Papers not issued by a Bank/ PD/financial institution or any of its Affiliated entities etc.
- iv. Concentration of funding sources; The Bank has well diversified deposit base, 1 depositor had aggregate deposits in excess of 1% of the total liabilities of the Bank as on 31st March, 2020. The deposit by the largest depositor contributed 1.10% of the total liabilities and 1.29% of the total deposits as on 31st March, 2020.
- v. Derivative exposures and potential collateral calls; - NIL
- vi. Currency mismatch in the LCR; - NA
- vii. A description of the degree of centralization of liquidity management and interaction between the group's units: - The Bank is not having any subsidiary. The Liquidity Management is undertaken at Corporate Office by Treasury Department.



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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

- viii. A description of the degree of centralization of liquidity management and interaction between the group's units: - The Bank is not having any subsidiary. The Liquidity Management is undertaken at Corporate Office by Treasury Department.

18.8.14 Break up of provisions and contingencies shown under the head expenditure in profit and loss account

(Amount in ₹ Crore)

Particulars	As on 31 st March, 2020	As on 31 st March, 2019
(i) Provisions for depreciation on Investment	172.37	308.41
(ii) Provision towards NPA	4949.78	6952.02
(iii) Provision made towards Income Tax (including Deferred Tax)	52.39	(3685.76)
(iv) Other Provisions and Contingencies (with details)		
(a) Non Performing Investments	134.01	13.52
(b) Provisions towards Standard Assets	99.32	93.50
(c) Provision for FITL	(133.85)	(37.64)
(d) Provision for sacrifice interest	(59.88)	(11.77)
(e) Others	22.31	66.49
TOTAL	5236.45	3698.77

18.8.15 During the year 2019-2020, no draw drawn from reserves has been made.

18.8.16 Fraud reported and provision made during the year 2019-2020

During the year 329 cases of fraud amounting to Rs. 5463.21 Crore were reported and provision of Rs. 5321.29 Crore (excluding recovery made and amount written off) has been made.

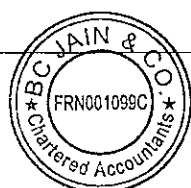
(Amount in Crore)

No. of fraud cases reported during the year	329
Amount Involved	5463.21*
Provision made at the time of reporting of frauds	4509.06
Provision made after reporting of frauds	812.23
Total provision as on 31.03.2020	5321.29

*it includes NFB exposure of Rs. 52.13 Cr. which has not yet been crystallized.

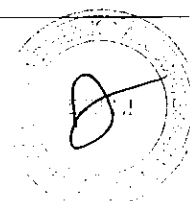
18.8.17 Inter Office Accounts

Inter Office Accounts between branches, controlling offices and head office are being reconciled on an ongoing basis and no material effect is expected on the profit and loss account of the current year.



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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

18.8.18 Payment to Micro, Small & Medium Enterprises under the Micro, Small & Medium Enterprises Development Act, 2006

As on date the categorization of MSME vendor is being done manually and not captured in the system. Further the Bank has not received any claim from any MSME vendor for interest on account of delayed payment and / or for the principal during Financial Year 2019-2020.

18.8.19 Priority Sector Lending Certificate (PSLC)

The Bank purchased PSLCs amounting to ₹0.00/- Crore (Previous Year 2018-19: Rs. 9000 Crore) during the year ended March 31, 2020 under following categories:

Sr. No.	Category	Amount in ₹ Crore
1	Agriculture	NIL
2	Small and Marginal Farmer	NIL
3	Priority Sector General	NIL
Total		NIL

The Bank did not sell any PSLC during the year ended March 31, 2020 (Previous Year: 0.00)

18.8.20 Previous year figures have been regrouped/ reclassified, wherever necessary, to confirm to current year classification. In cases where disclosures have been made for the first time in terms of RBI guidelines / Accounting Standards, previous year's figures have not been mentioned.

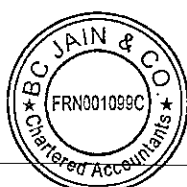
18.8.21 Contingent liabilities

Movement of provisions against contingent liabilities as on 31st March, 2020

Particulars	(Amount in Lakhs)	
	2019-2020	2018-19
Opening Balance	3546.66	3492.18
Additions during the year	671.41	54.48
Amount utilized during the year	-	-
Unused amount reversed during the year	-	-
Closing balance	4218.07	3546.66

18.8.22 Movement of Rewards Points as on 31.03.2020

Particulars	Reward points on Debit Card	Reward points on Credit Card	Reward points on I-bank	Reward points on M-bank	Reward points on UPI	Total
Opening Balance	328,636,765		6,754,997	5,178,114	265,943	340,835,819



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ORIENTAL BANK OF COMMERCE

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

Add: Reward points accrued during the Year by Customers	299,975,242		5,737,186	6,716,205	467,241	312,895,874
Less: Reward Points availed by Customers	101,055,598		2,002,639	1,835,444	109,192	105,002,874
Less: Reward Points Expired	41,560,574*		-	-	-	41,560,574
Closing balance	485,995,835		10,489,544	10,058,875	623,992	507,168,245

*** Note**

Reward Point Expiry

As per program construct, no eligible points have been expired. The point expiry for the Bank issued points was set as 36 months.

Only the excess/non-eligible points, as mentioned below were expired basis clarification provided by Bank to vendor in the month of June-2019 & December-2019. Below details:

Event - June- 2019: 60 Points expired

Reason – Bank approval to remove scheme code PP236 From loyalty program

Activity Remark: Points posted against this scheme code were discarded / expired as non-eligible points.

Event - December- 2019: 41560514 Points expired

Reason – Certain Current accounts were wrongly included

Activity Remark: Points posted against current account scheme codes and points were discarded / expired as non-eligible points.

Additional Activity Remark: Later on 4th January'2020 scheme codes: SB201 & SB215 were re-shared by Bank with instruction to make the points against these scheme IDs as eligible. (Point expiry in Dec'19 MIS, published in 3rd week of January'2020 is reflecting this change after adjustment).

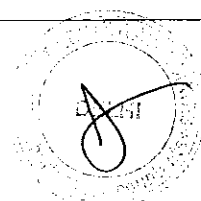
18.8.23 As per RBI circular no DBR.NO.BP.BC.18/21.04.048/2018-19 dated 01.01.2019 regarding one-time restructuring of existing loans to MSMEs classified as standard the details of MSME Borrower accounts restructured during quarter ended 31.03.2020 is as under.

No. of borrowers restructured upto 31.03.2020 and which are standard as on 31.03.2020	Restructured Amount (₹ in Crore) (fund based balance o/s as on 31.03.2020)
3633 borrowers	552.84
Total	552.84



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ORIENTAL BANK OF COMMERCE

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

18.8.24 Categorization of Investments

In accordance with Reserve Bank of India guidelines and as stated in Accounting Policy No. 4, investment portfolio has been categorized as under:

(Amount in ₹ Crore)

Security	Position as on March 31, 2020				Position as on March 31, 2019			
	HTM	HFT	AFS	Total	HTM	HFT	AFS	Total
Govt. Securities	41905.30	-	10452.98	52358.28	39801.78	-	18681.47	58483.25
Other Approved Securities	-	-	0.15	0.15	-	-	0.15	0.15
Shares	-	-	2197.59	2197.59	-	1.93	2069.60	2071.53
Debentures /Bonds	10262.14	-	6304.93	16567.07	10264.28	-	6429.49	16693.77
Others-Commercial Paper, Certificate of Deposits, SR, VCF and Units of Mutual Funds etc	23.57	-	3248.57	3272.14	44.27	-	2994.13	3038.40
Others (Jt. Venture – Insurance)	218.50	-	-	218.50	218.50	-	-	218.50
Total	52409.51	-	22204.22	74613.73	50328.83	1.93	30174.84	80505.60

HTM – Held to Maturity; HFT – Held for Trading; AFS – Available for Sale

18.8.25 In respect of investments under Held to Maturity category, the premium amount amortized during the year is ₹ 194.45 Crore (previous year ₹ 106.35 Crore) and the same has been accounted for in Schedule No.13 under the head 'Interest Earned' as deduction from 'Income on Investments'.

18.8.26 The Bank has transferred Securities amounting to ₹ 9157.47 Crore (Previous year ₹ 6022.38 Crore), from 'Held to Maturity' category to 'Available for Sale' category and ₹ 9416.30 Crore (Previous year ₹ 4703.23 Crore) from 'Available for Sale' to 'Held to Maturity' category, during the year which is in accordance with RBI guidelines. The total Mark to Market depreciation on shifting of above mentioned securities was ₹ 90.24 Crore (previous year ₹ 86.05 Crore), and the same has been charged to Profit and Loss Account.

18.8.27 Investment towards capital contribution in Joint Venture Company for Life Insurance Business with Canara Bank and HSBC under the name and style of "Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited" as on 31.03.2020 is ₹ 218.50 Crore, which amounts to 23% capital contribution by the bank. Further there is no investment in the current year as well as in previous year. The said investment has been classified under 'Held to Maturity' category under the head investment in joint ventures, as the intention is to hold as joint venture investment although the holding is less than 25% as required under RBI norms. The Bank has obtained permission of RBI to classify the same under HTM category. In the opinion of the management the impact in the value of the said investment on account of initial losses is not permanent in nature and hence no provision is considered necessary.

18.8.28 Considering the amalgamation of the Bank with the Punjab National Bank and as advised by the Punjab National Bank we have transferred investment amounting to Rs.123 Cr. from Investment Assets to Other Assets as on 31.03.2020. These investments consisting of



ORIENTAL BANK OF COMMERCE

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

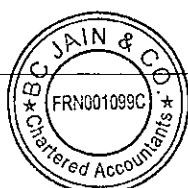
Preference Shares, Debentures and National Saving Certificate which remained unredeemed on their respective maturity dates as classified as Non-performing investments (NPI). These investments have been fully provided for and a provision amounting to Rs 123 Cr. has been transferred from head Provision for NPA investment to Provision for Contingencies (Other). The necessary changes therefore have been made in Schedule 8 and Schedule 11.

18.8.29 List of accounts as on 31.03.2020 where additional provision is required in terms of RBI Circular dated 07.06.2019

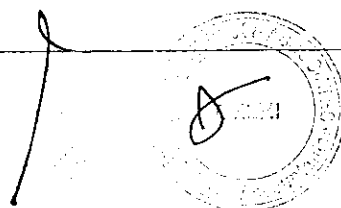
(Amount in ₹ Crore)								
S.No	Customer id	Borrower name	Assets Class	Outstanding as on 31.03.2020	Accrued interest on CC for march 2020	Total balance as on 31.03.2020	Provision held	Additional Provision for non-implementation of RP @ 20%
1	40139377	Jain Irrigation Systems Ltd.	Standard	93.88	0.54	94.42	-	18.88
2	20284880	Shriram EPC Ltd	Standard	17.93	0.08	18.01	-	3.60
3	26100616	RELIGARE FINVEST LIMITED	DB-I	152.32	-	152.32	38.08	30.46
4	28951589	SUZLON ENERGY LTD.	DB-I	184.99	-	184.99	53.76	37.00
5	10000166	GANNON DUNKERLEY AND CO.LTD	Sub-Standard	53.73	-	53.73	8.06	10.75
6	40083649	GAMMON ENGINEERS AND CONTRACTORS PRIVATE LIMITED	Sub-Standard	83.28	-	83.28	12.49	16.66
7	10202990	SIMPLEX INFRASTRUCTURES LTD.,	Sub-Standard	46.29	-	46.29	6.94	9.26
8	20192896	SPML INFRA LIMITED	Sub-Standard	14.64	0.06	14.70	3.01	2.93

18.8.30 In terms of RBI Circular No. RBI/2019-20/186DOR.No.BP.BC.47/21.04.048/2019-20 dt. 27.03.2020 and Circular No. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dt. 17.04.2020, interest & principal moratorium was extended by the Banks in the eligible accounts, details of which is as under:

No. of accounts where moratorium extended	O/s exposure as on 31.03.2020	Additional Provision @ 5%
25683	Rs. 1973.61 Cr	Rs. 98.68 Cr



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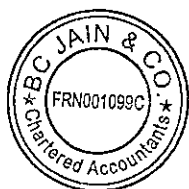
ORIENTAL BANK OF COMMERCE

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

18.8.31 Note on Covid-19

The SARS-CoV-2 virus responsible for COVID-19, which has been declared a Global pandemic by the World Health Organization, continues to spread across the globe, and has contributed to a significant decrease in global and local economic activities, and most of the governments including the Indian Government, had announced the strict lockdowns across their respective countries as one of the strongest measures to contain the spread of the virus. As at the date of approval of these financial statements, it is estimated that the impact of Covid-19 on the financial statements is not significant. Extent to which the COVID-19 pandemic will impact the Bank's future activities and financial results will depend on future developments which are highly uncertain, therefore the impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank has granted a moratorium on the payment of all installments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).



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ORIENTAL BANK OF COMMERCE

CASH-FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(₹ 000s omitted)

	31.03.2020	31.03.2019
Cash flow from operating activities		
I Net Profit/ (Net Loss) after Tax	(2251,81,28)	5,49,938.0
Provision for Tax (Net of deferred Tax)	5,23,906	(3685,76,20)
I. Net Profit/ (Net Loss) before Tax	(2199,42,22)	(3630,76,82)
II. Adjustment for		
Transfer to General Reserve	42,90,86	26,80,27
Depreciation/ Amortization on Fixed Assets	365,22,28	280,34,17
Provision against Standard Assets	99,32,00	9,35,000.0
Provision for NPA advances	4949,77,74	6952,02,36
Other Provision	134,96,48	138,01,07
Interest on subordinate Debts	421,94,49	467,23,91
Amortisation of Expenses	0	0
(Profit)/Loss on Sale of Fixed Assets	(521,99)	(67,63)
Total (II)	6008,91,86	7957,24,15
Operating Profit before changes in Operating Assets & Liabilities Total (I)+(II)	3809,49,64	4326,47,33
III. Changes in Operating Assets & Liabilities		
Decrease/(Increase) in Investments	5737,13,40	(9569,93,00)
Decrease/(Increase) in Advances	(3479,36,12)	(29928,67,75)
Decrease/(Increase) in Other Assets	-1889,11,13	549,43,86
(Decrease)/Increase in Deposits	-2537,14,96	25299,31,32
(Decrease)/Increase in Borrowings	302,02,47	4925,31,06
(Decrease)/Increase in Other Liabilities & Provisions	1215,40,66	1894,24,20
Total (III)	(651,05,68)	(6830,30,31)
Cash generated from Operations		
Tax Paid	(2403,18,35)	(447,65,60)
Net Cash from Operating Activities Total (A)	75,52,561	(2951,48,58)
Cash flow from Investing Activities		
Purchase of Fixed Assets (Net of Sales)	(367,03,08)	(222,61,99)
Total (B)	(367,03,08)	(222,61,99)
Cash Flow from Financing Activities		
Issue of Share Capital	0	737,44,18
Share Premium	0	6198,55,82
Share application money pending allotment	0	0
Subordinate Bonds issued/(Redemption) -Net	(300,00,00)	(500,00,00)
Interest paid on Subordinate Bonds	(421,94,49)	(467,23,91)

Payment of Dividend/interim Dividend/Corporate Tax

Total (C)

Net Changes in Cash & Cash Equivalents (A+B+C)

Cash & Cash Equivalents at the beginning of the year

Cash & Cash Equivalents at the end of the year (as per Schedules 6 & 7 to the financial statements)

0

-721,94,49

-333,71,96

16476,08,68

16142,36,72

0

5,96,87,609.0

2,79,46,552.0

13681,43,16

16476,08,68

Note:

- 1 Cash Flow Statement has been prepared under 'Indirect method' in accordance with the Accounting Standard-3, issued by the Institute of Chartered Accountants of India.
- 2 All figures in bracket() represents "Cash out-flow", except profit on sale of fixed assets and Provision against Standard Advances, considered to arrive at operating profit before changes in operating assets and liabilities.
- 3 Direct taxes paid are treated as arising from Operating activities and are not bifurcated between investing and financing activities.

Praveen Kumar Sharma

General Manager

Ashwani Kumar

General Manager (Accounts)

A.K. Azad

Executive Director

Vijay Dube

Executive Director

Sanjay Kumar

Executive Director

Dr. R.K. Yaduvanshi

Executive Director

CH. S. S. Mallikarjuna Rao

Managing Director & CEO

In terms of our Report of even date attached.

For B. C. Jain & Co.
Chartered Accountants
FRN 001099C

(Ranjeet Singh)

Partner

M.No. 073488

For S. N. Dhawan & Co. LLP
Chartered Accountants
FRN 000050N/N500045

(Mukesh Bansal)

Partner

M.No. 505269

For S.P. Chopra & Co.
Chartered Accountants
FRN 000346N

(Pawan K. Gupta)

Partner

M.No. 092529

For Batra Deepak & Associates
Chartered Accountants
FRN 005408C

(Ashish Mittal)

Partner

M.No. 511442

B.C.JAIN & CO.

Chartered Accountants
16/77A, Civil Lines
KANPUR- 208001

S. N. Dhawan & Co. LLP

Chartered Accountants,
D-74, Malcha Marg,
Diplomatic Enclave,
New Delhi-110021

S. P. Chopra & Co.

Chartered Accountants,
31-F, Radial Road No.7,
Connaught Place, New Delhi - 110001

Batra Deepak & Associates

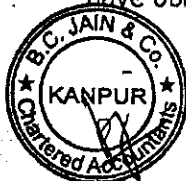
Chartered Accountants,
S-517, 2nd Floor, Shakarpur,
Vikas Marg, New Delhi -110092

Independent Auditor's Report to the Members of Oriental Bank of Commerce**Opinion**

1. We have audited the financial statements of Oriental Bank of Commerce (the 'Bank') which comprise the Balance Sheet as at 31st March, 2019, and the Profit and Loss Account and the Cash Flow Statement for the year then ended and notes to financial statements including a summary of significant accounting policies and other explanatory information, in which are included returns for year ended on that date of 20 branches audited by us and 1388 branches audited by statutory branch auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also included in the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement are the returns from 982 branches which have not been subjected to audit. These unaudited branches account for 6.04 percent of advances, 17.74 per cent of deposits, 4.34 per cent of interest income and 16.83 per cent of interest expenses.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 (the 'Act') in the manner so required for bank and are in conformity with accounting principles generally accepted in India and give:
 - a) true and fair view in case of the Balance sheet, of the state of affairs of the Bank as at 31st March, 2019;
 - b) true balance of profit in case of Profit and Loss Account for the year ended on that date; and
 - c) true and fair view in case of Cash Flow Statement for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Bank in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements in India, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



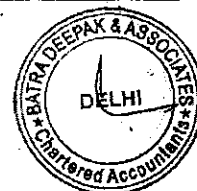
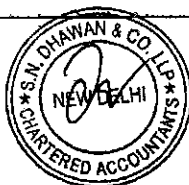
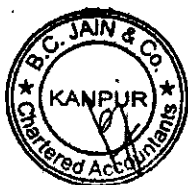
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Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our matter was addressed in the audit
<p><u>Advances - classification and provisioning</u></p> <p>(Refer Schedule 9 to the financial statements, read with the Accounting Policy No. 17.5)</p> <p>The advances are classified as performing and non-performing advances (NPA) and provisioning thereon is made in accordance with the prudential norms as prescribed by the Reserve Bank of India (RBI). The classification and provisioning is done by the Bank's IT software integrated with its Core Banking Solution (CBS). The extent of provisioning of NPA under the prudential norms are mainly based on its ageing and recoverability of the underlined security.</p> <p>In the event of any improper application of the prudential norms or consideration of the incorrect value of the security, as the valuation of the security involves high degree of estimation and judgement, the carrying value of the advances could be materially misstated either individually or collectively, and in view of the significance of the amount of advances in the financial statements i.e. 58.58% of total assets, the classification of the advances and provisioning thereon has been considered as Key Audit Matter in our audit.</p>	<p><u>Our Audit Procedure:</u></p> <p>We obtained an understanding of the Bank's software, circulars, guidelines and directives of the RBI and the Bank's internal instructions and procedures in respect of the assets classification and its provisioning and adopted the following audit procedures:</p> <ul style="list-style-type: none"> - Evaluation and testing of the effectiveness of the IT Software controls and other key internal control mechanisms with respect to the advances monitoring, identification / classification, assessment of the loan impairment including testing of relevant data quality, and review of the real data entered / existing in the software. - Verification / review of the documentations, operations / performance and monitoring of the advance accounts, on test check basis of the large and stressed advances, to ascertain any overdue, unsatisfactory conduct or weakness in any advance account, to ensure that its classification is in accordance with the prudential norms of RBI, in respect of the branches / verticals audited by us. In respect of the branches audited by the branch statutory auditors, we have placed reliance on their reports. - Review of the reports of the credit audit, inspection audit, internal audit, concurrent audit, regulatory audit and any other audit / inspection mechanisms to



	<p>ascertain the advances having any adverse indication / comments, and review of the control mechanisms of the bank to ensure the proper classification of such advances and provisioning thereof.</p> <p><u>Our Results:</u></p> <p>The results of our audit process were observed to be adequate and satisfactory considering the materiality of the transactions.</p>
<p><u>Investments - valuation, and identification and provisioning for Non-Performing Investments</u></p> <p>(Refer Schedule 8 to the financial statements, read with the Accounting Policy No. 4)</p> <p>Investment portfolio of the bank comprises of Investments in Government Securities, Bonds, Debentures, Shares, Security Receipts and other Approved Securities which are classified under three categories, Held to Maturity, Available for Sale and Held for Trade.</p> <p>Valuation of Investments, identification of Non-performing Investments (NPI) and the corresponding non-recognition of income and provision thereon, is carried out in accordance with the relevant circulars / guidelines / directions of RBI. The valuation of each category (type) of aforesaid security is to be carried out as per the methodology prescribed in circulars and directives issued by the RBI which involves collection of data/ information from various sources such as FBIL rates, rates quoted on BSE/ NSE, financial statements of unlisted companies, NAV in case of security receipts etc. As per the RBI directions, there are certain investments that are valued at market price however certain investments are based on the valuation methodologies that include statistical models with inherent assumptions, assessment of price for valuation based on financial statements etc. Hence, the price discovered for the valuation of these</p>	<p><u>Our Audit Procedure:</u></p> <p>Our audit approach towards Investments with reference to the RBI circulars / directives included the review and testing of the design, operating effectiveness of internal controls and substantive audit procedures in relation to valuation, classification, identification of Non Performing Investments, provisioning / depreciation related to Investments. In particular,</p> <ul style="list-style-type: none"> - We evaluated and understood the system and internal control as laid down by the Bank to comply with relevant RBI guidelines regarding valuation, classification, identification of Non Performing Investments, Provisioning/ depreciation related to Investments. - We assessed and evaluated the process adopted for collection of information from various sources for determining fair value of these investments. - For selected sample of Investments (covering all categories of investments based on nature of security) we tested accuracy and compliance with the RBI Master circulars and directions by re-performing valuation for each category of security in accordance with the RBI Master Circular/ directions. - We assessed and evaluated the process of identification of NPIS, and corresponding reversal of



Investments may not be the true representative but only a fair assessment of the Investments as on date. Hence the valuation of Investments requires special attention and further in view of the significance of the amount of Investments in the financial statements i.e. 29.15% of total assets), the same has been considered as Key Audit Matter in our audit.	<p>income and creation of provision.</p> <p>- We carried out substantive audit procedures to re-compute independently the provision to be created.</p> <p><u>Our Results:</u> The results of our audit process were observed to be adequate and satisfactory considering the materiality of the transactions.</p>
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Information Other than the Financial Statements and Auditor's Report thereon

5. The Bank's Board of Directors is responsible for the other information. The other information comprises the Corporate Governance Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and Directors' Report, including annexures, if any, thereon, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and Pillar 3 disclosure under Basel III and we do not and will not express any form of assurance conclusion thereon.

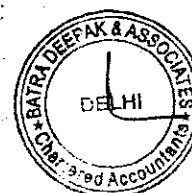
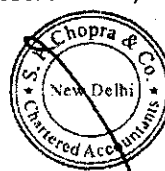
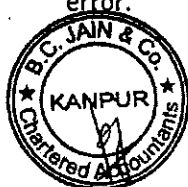
In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Directors' Report, including annexures, if any, thereon, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

6. The Bank's Board of Directors is responsible with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

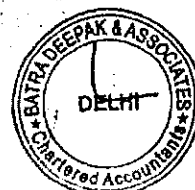
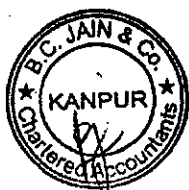
7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

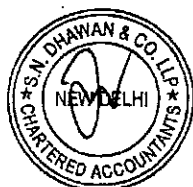
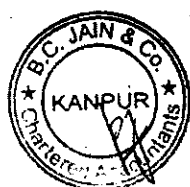
Other Matter

8. We did not audit the financial statements/ information of 1388 branches included in the financial statements of the Bank whose financial statements/ information reflect total assets of Rs. 75543 crores as at 31st March, 2019 and total revenue of Rs. 6241 crores for the year ended on that date, as considered in these financial statements. The financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

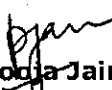
Report on Other Legal and Regulatory Requirements

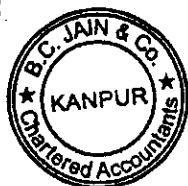
9. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949;
10. Subject to the limitations of the audit indicated in paragraphs 5 to 7 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and subject also to the limitations of disclosure required therein, we report that:
- a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;
 - b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
 - c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
11. We further report that:
- a) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
 - b) the Balance Sheet, the Profit and Loss Account and the Cash Flows Statement dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;




- c) the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report; and
- d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flows Statement comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

For B. C. Jain & Co.
Chartered Accountants
FRN:001099C


(Pooja Jain)
Partner
M. No. 406783

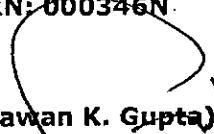


For S. N. Dhawan & Co. LLP
Chartered Accountants
FRN: 000050N/N500045


(S. K. Khattar)
Partner
M. No. 084993




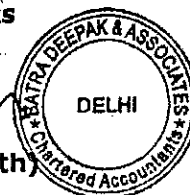
For S. P. Chopra & Co.
Chartered Accountants
FRN: 000346N


(Pawan K. Gupta)
Partner
M. No. 092529



For Batra Deepak & Associates
Chartered Accountants
FRN: 005408C


(Kapil Kumar Bhagirath)
Partner
M. No. 095639



Place: Gurugram

Dated: May 13, 2019

ORIENTAL BANK OF COMMERCE

BALANCE SHEET AS ON 31st MARCH, 2019

(₹ 000s omitted)
Schedule No. As on 31.03.2019 (Current Year) As on 31.03.2018 (Previous Year)

CAPITAL & LIABILITIES

Capital	1	1370.20.93	632.76.75
Reserves & Surplus	2	17531.03.42	11153.98.94
Deposits	3	232645.37.76	207346.06.44
Borrowings	4	14119.36.71	9694.05.65
Other Liabilities and Provisions	5	6243.57.79	4517.16.58
Total		271909.56.61	233344.04.36

ASSETS

Cash & Balances with Reserve Bank of India	6	11193.88.20	12254.84.01
Balances with Banks and Money at Call & Short Notice	7	5282.20.48	1426.59.15
Investments	8	79267.82.19	69902.27.40
Advances	9	159284.81.35	136367.87.29
Fixed Assets	10	2589.27.22	2549.62.76
Other Assets	11	14291.57.17	10842.83.75
Total		271909.56.61	233344.04.36
Contingent Liabilities	12	34856.50.24	37845.04.48
Bills for Collection	13	11484.86.05	12114.11.18
Significant Accounting Policies	17		
Notes to Accounts	18		

Schedules referred to above form an integral part of the Balance Sheet.

Praveen Kumar Sharma
By: General Manager (Accounts)

Mathesh Dhanwan
General Manager (Accounts) & CFO

DIRECTORS

(Prashant Goyal)

(S. M. Marasimha Swamy)

(Sanjay Kapoor)

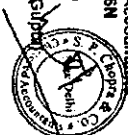
As per our report of even date attached.

For B. C. Jain & Co.
Chartered Accountants
FRN 001099C

For S. N. Dhanwan & Co. LLP
Chartered Accountants
FRN 000050N/MS/08/005050

For S. P. Chopra & Co.
Chartered Accountants
FRN 000246N

For Batra Deepak & Associates
Chartered Accountants
FRN 005408C



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2019

(₹ 000s omitted)
Schedule No. Year ended 31.03.2019 Year ended 31.03.2018

I. INCOME

Interest Earned	13	17867.68.79	17388.88.91
Other Income	14	2669.08.42	2792.36.18
Total		20536.77.21	20181.25.09

II. EXPENDITURE

Interest Expended	15	12369.57.05	12888.13.05
Operating Expenses	16	4413.43.55	3689.94.67
Provisions and Contingencies		3698.77.23	9574.51.74
Total		20481.77.83	26052.59.46

III. NET PROFIT/(LOSS) FOR THE YEAR

Add: Brought Forward Profit/(Loss)		54.99.38	(5871.74.37)
Total		(5816.74.99)	(5871.74.37)

IV. APPROPRIATIONS

Transfer to Statutory Reserves		13.74.85	0
Transfer to Revenue & Other Reserves		0	0
Transfer to Investment Reserve Account		0	0
Transfer to Investment Fluctuation Reserve Account		10.19.72	0
Transfer to Special Reserves		0	0
Transfer to Capital Reserves		31.04.81	0
Proposed Dividend		0	0
Tax on Dividend		0	0
Balance Carried over to Balance Sheet		(5871.74.37)	(5871.74.37)
Total		(5816.74.99)	(5871.74.37)

Earnings Per Share

Basic & Diluted (in ₹)	17	0.77	(168.09)
Significant Accounting Policies	18		
Notes to Accounts			

Schedules referred to above form an integral part of Profit & Loss Account

Balakrishna Aise S.
Executive Director

Mukesh Kumar Jain
Managing Director & Chief Executive Officer

(Deesh Deepak Khatri)

(Jashok Kumar Sharma)

(M. M. L. Verma)

ORIENTAL BANK OF COMMERCE

(₹ 000s omitted)

Particulars	As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
SCHEDULE 1:		
CAPITAL		
AUTHORISED CAPITAL		
300,00,00,000 equity shares of ₹10 each		
(Previous Year 300,00,00,000 equity shares of ₹10 each)		
	<u>3000,00,00</u>	<u>3000,00,00</u>
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
137,02,09,321 (Previous Year 63,27,67,525) equity shares of ₹10/- each [Includes 1,19,99,89,370 (Previous year 48,88,79,067) held by the Central Govt].	1370,20,93	632,76,75
Total	<u>1370,20,93</u>	<u>632,76,75</u>

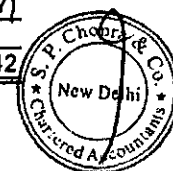
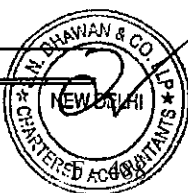


ORIENTAL BANK OF COMMERCE

(₹ 000s omitted)

Particulars	As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
SCHEDULE 2:		
RESERVES & SURPLUS		
I. STATUTORY RESERVES		
Opening Balance	3463,00,00	3463,00,00
Additions during the year	13,74,85	0
Deductions during the year	0	0
	<u>3476,74,85</u>	<u>3463,00,00</u>
II. CAPITAL RESERVES		
a) Revaluation Reserve		
Opening Balance	1404,82,34	1448,42,59
Additions during the year	126,94,22	0
Deductions during the year (being depreciation on revalued portion of property & reversals on account of sale of revalued assets)	32,25,20	43,80,25
	<u>1501,31,36</u>	<u>1404,62,34</u>
b) Others		
Opening Balance	590,44,75	590,44,75
Additions during the year	31,04,81	0
Deductions during the year	0	0
	<u>621,49,56</u>	<u>590,44,75</u>
Total(a+b)	<u>2122,80,92</u>	<u>1995,07,09</u>
III. SHARE PREMIUM		
Opening Balance	7271,87,28	3987,46,99
Additions during the year *	6198,55,82	3284,40,29
Deductions during the year	0	0
	<u>13470,43,10</u>	<u>7271,87,28</u>
IV. REVENUE & OTHER RESERVES		
a) Revenue & Other Reserves		
Opening Balance	2710,78,94	2700,85,12
Additions during the year	26,80,26	9,93,82
Deductions during the year	0	0
	<u>2737,59,20</u>	<u>2710,78,94</u>
b) Investment Reserve Account		
Opening Balance	0	0
Additions during the year	0	0
Deductions during the year	0	0
	<u>0</u>	<u>0</u>
c) Special Reserve u/s 36(1)(viii) of I-T Act		
Opening Balance	1585,00,00	1585,00,00
Additions during the year	0	0
Deductions during the year	0	0
	<u>1585,00,00</u>	<u>1585,00,00</u>
d) Government Fluctuation Reserve		
Opening Balance	0	0
Additions during the year	10,19,72	0
Deductions during the year	0	0
	<u>10,19,72</u>	<u>0</u>
Total(a+b+c+d)	<u>4332,78,92</u>	<u>4295,78,94</u>
V. BALANCE IN PROFIT & LOSS ACCOUNT		
	<u>(5871,74,37)</u>	<u>(5871,74,37)</u>
TOTAL (I, II, III, IV & V)	<u>17531,03,42</u>	<u>11153,98,94</u>

*(Refer Note no. 12 of Schedule 18)



ORIENTAL BANK OF COMMERCE

(₹ 000s omitted)

Particulars	As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
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SCHEDULE 3:

DEPOSITS

A I. Demand Deposits

i) From Banks

ii) From Others

23,70,76

14237,37,74

14261,08,50

18,33,73

13791,56,26

13809,89,99

II. Saving Banks Deposits

54125,88,80

51887,26,18

III. Term Deposits

i) From Banks

ii) From Others

65,50,65

164192,89,81

164258,40,46

54,48,26

141594,42,01

141648,90,27

Total (I, II & III)

232645,37,76

207346,06,44

B i) Deposits of Branches in India

232645,37,76

207346,06,44

ii) Deposits of Branches outside India

0

0

Total

232645,37,76

207346,06,44

SCHEDULE 4:

BORROWINGS

I. Borrowings in India

i) Reserve Bank of India

ii) Other Banks

iii) Other Institutions and Agencies *

Total

7550,00,00

375,20,00

6194,16,71

14119,36,71

2919,00,00

533,73,73

5948,03,17

9400,76,90

II. Borrowings Outside India

0

293,28,75

Total (I & II)

14119,36,71

9694,05,65

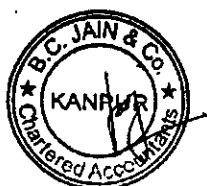
Secured Borrowings (Included in I and II)

7550,00,00

2919,00,00

*Perpetual Debt Instruments (Tier I Bonds) ₹ 600.00 crore (Previous year ₹ 600.00 crore) and Debt Capital Instruments** (Tier II Bonds) amounting to ₹ 4225.00 crore (Previous year ₹ 4725.00 crore) are classified under Borrowings as per RBI Guidelines.

** The Debt capital instrument (Tier II Bonds) includes ₹ 3000.00 crore issued as Basel III Compliant Tier II Bonds.



ORIENTAL BANK OF COMMERCE

(₹ 000s omitted)

Particulars	As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
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SCHEDULE 5:

OTHER LIABILITIES AND PROVISIONS

I. Bills Payable	48,95,78	49,34,70
II. Inter Office Adjustments (Net)	804,85,40	660,28,80
III. Interest Accrued	831,23,66	494,64,31
IV. Deferred Tax Liability (Net)	0	0
V. Others (Including Provisions)	4558,52,95	3312,88,77
Total	6243,57,79	4517,16,58

SCHEDULE 6:

CASH AND BALANCES WITH RESERVE BANK OF INDIA

I. Cash in Hand (Including Foreign Currency Notes)	1041,61,94	934,43,76
II. Balance with Reserve Bank of India		
i) In Current Account	10152,26,26	11320,40,25
ii) In Other Accounts	0	0
Total (I & II)	11193,88,20	12254,84,01



ORIENTAL BANK OF COMMERCE

(₹ 000s omitted)

Particulars	As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
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SCHEDULE 7:

BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE

I. IN INDIA

i) Balances with Banks

a) In Current Accounts

31,73,25

63,43,38

b) In Other Deposit Accounts

0

0

ii) Money at Call & Short Notice

a) With Banks

968,17,00

0

b) With Other Institutions

3000,00,00

1249,36,04

Total (I)

3999,90,25

1312,79,42

II. OUTSIDE INDIA

i) In Current Accounts

1282,30,23

113,79,73

ii) In Other Deposit Accounts

0

0

iii) Money at Call and Short Notice

0

0

Total (II)

1282,30,23

113,79,73

Grand Total (I & II)

5282,20,48

1426,59,15



ORIENTAL BANK OF COMMERCE

(₹ 000s omitted)

Particulars	As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
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SCHEDULE 8:

INVESTMENTS

A. I. Investment in India in

i) Government Securities	58327,43,98	56388,89,77
ii) Other Approved Securities	15,00	15,00
iii) Shares	1126,02,21	1158,70,29
iv) Debentures and Bonds	16575,26,66	10463,81,90
v) Subsidiaries and/ or Joint Ventures	218,50,00	218,50,00
vi) Others (Commercial paper, Indira Vikas Patras, Units of Mutual Funds etc.)	3020,44,34	1672,20,44

Total	79267,82,19	69902,27,40
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II. Investments Outside India *	0	0
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Grand Total (I & II)	79267,82,19	69902,27,40
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B. a) Gross Investments in India

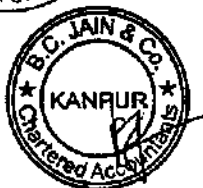
Less : Aggregate of Provisions/ Depreciation	1237,77,49	954,68,73
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Net Investments	79267,82,19	69902,27,40
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b) Investments outside India	0	0
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Grand Total (a & b)	79267,82,19	69902,27,40
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* Refer note 18.2.1 of Schedule 18



ORIENTAL BANK OF COMMERCE

(₹ 000s omitted)

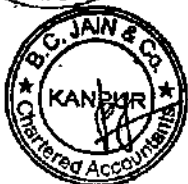
Particulars	As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
SCHEDULE 9:		
ADVANCES		
A) i) Bills Purchased and Discounted	3157,06,20	861,27,57
ii) Cash Credits, Overdrafts and Loans repayable on demand	75693,32,70	61146,72,80
iii) Term Loans	80434,42,45	74359,86,92
Total (A)	159284,81,35	136367,87,29
B) i) Secured by Tangible Assets (includes advances against book debts)	149032,73,48	127427,19,08
ii) Covered by Banks/Govt. Guarantees	496,62,36	516,01,07
iii) Unsecured	9755,45,51	8424,67,14
Total (B)	159284,81,35	136367,87,29
C) I. Advances in India		
i) Priority Sector	59165,08,22	54593,48,09
ii) Public Sector	11142,57,08	5359,18,43
iii) Banks	10528,00,51	1,36,71
iv) Others	78449,15,54	76413,84,06
Total	159284,81,35	136367,87,29
II. Advances Outside India	0	0
Total C (I & II)	159284,81,35	136367,87,29



ORIENTAL BANK OF COMMERCE

(₹ 000s omitted)

Particulars	As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
SCHEDULE 10:		
FIXED ASSETS		
A. TANGIBLE ASSETS		
I. Premises		
At cost as on 31st March of the preceding year	2074,61,31	2017,13,68
Additions during the year	140,59,09	90,82,40
Less: Deductions/Adjustments during the year	1,63,645	33,34,77
Sub total	<u>2198,83,95</u>	<u>2074,61,31</u>
Less: Depreciation to date	<u>222,65,59</u>	<u>189,09,49</u>
Total	<u>1976,18,36</u>	<u>1885,51,82</u>
II. Construction work in Progress	<u>34,17,31</u>	<u>32,01,41</u>
III. Other Fixed Assets (Including Furnitures & Fixtures)		
At cost as on 31st March of the preceding year	2032,95,94	1725,16,50
Additions during the year	149,49,86	344,11,26
Less: Deductions during the year	20,72,27	36,31,82
Sub total	<u>2161,73,53</u>	<u>2032,95,94</u>
Less: Depreciation to date	<u>1618,76,24</u>	<u>1409,64,62</u>
Total	<u>542,97,29</u>	<u>623,31,32</u>
Total of A (I, II & III)	<u>2553,32,96</u>	<u>2540,84,55</u>
B. INTANGIBLE ASSETS		
At cost as on 31st March of the preceding year	14,56,61	0
Additions during the year	45,58,08	14,56,61
Less: Deductions during the year	0	0
Sub total	<u>60,14,69</u>	<u>14,56,61</u>
Less: Depreciation to date	<u>24,20,43</u>	<u>5,78,40</u>
Total of B	<u>35,94,26</u>	<u>8,78,21</u>
Total (A & B)	<u>2589,27,22</u>	<u>2549,62,76</u>



ORIENTAL BANK OF COMMERCE

(₹ 000s omitted)

Particulars	As on 31.03.2019 (Current Year)	As on 31.03.2018 (Previous Year)
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SCHEDULE 11:

OTHER ASSETS

i) Inter-Office adjustment (Net)	0	0
ii) Interest Accrued	1719,96,98	1684,92,45
iii) Tax paid in Advance/ Tax deducted at source	3479,22,11	2803,11,43
iv) Deferred Tax Asset (Net)	3581,00,00	8,00,00
v) Stationery and Stamps	1,51,09	1,16,75
vi) Non-banking Assets acquired in satisfaction of claims	11,13,91	11,13,91
vii) Others *	5498,73,08	6334,49,21
Total	14291,57,17	10842,83,75
* (a) Includes non-interest bearing loans and advances to staff	7,82	6,28
(b) Includes securities pledged against borrowing under CBLO	0	0

SCHEDULE 12:

CONTINGENT LIABILITIES

I. Claims against the bank not acknowledged as debts (Including disputed Income tax and Interest tax liability under Appeal, Reference etc.) *	4426,51,74	2329,21,76
II. Liabilities for partly paid investments	0	0
III. Liability on account of outstanding forward exchange contracts	7401,87,18	10182,51,58
IV. Guarantees given on behalf of constituents		
a) In India	15682,77,54	15553,92,95
b) Outside India	961,65,41	1623,10,41
V. Acceptances, endorsements and other obligations	5646,05,14	7486,13,23
VI. Other items for which the bank is contingently liable *	737,63,23	670,14,55
Total	34856,50,24	37845,04,48

* [Refer Note 18.8.11 of Schedule 18]



ORIENTAL BANK OF COMMERCE

(₹ 000s omitted)

Particulars	Year ended 31.03.2019 (Current Year)	Year ended 31.03.2018 (Previous Year)
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SCHEDULE 13:

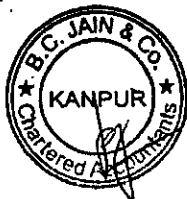
INTEREST EARNED

i) Interest/Discount on Advances/Bills	12081,42,84	12128,26,92
ii) Income on Investments	5349,73,10	4807,00,44
iii) Interest on balances with Reserve Bank of India and other Inter-Bank funds	48,53,90	215,11,73
iv) Others	387,98,95	238,49,82
Total	17867,68,79	17388,88,91

SCHEDULE 14:

OTHER INCOME

I. Commission, Exchange and Brokerages	1146,70,07	1122,29,92
II. Profit on Sale of Investments	336,18,25	1458,10,35
Less: Loss on Sale of Investments	14,79,93	237,42,75
	321,38,32	1220,67,60
III. Profit on revaluation of Investments	0	0
Less: Loss on revaluation of Investments	0	0
IV. Profit on Sale of Land, Buildings and Other Assets	2,15,83	3,02,47
Less: Loss on Sale of Land, Buildings and Other Assets	1,48,20	75,45
	67,63	227,02
V. Profit on Exchange Transactions		
[Including ₹ 7091.71 Lakh (Previous year ₹ 10591.19 Lakh) on account of profit on valuation of Foreign Currency Assets & Liabilities]	71,95,55	106,46,09
Less : Loss on Exchange Transactions	0	0
	71,95,55	106,46,09
VI. Income earned by way of dividends etc. from subsidiaries/companies and/or joint ventures abroad/ in India	7,54,27	10,00,02
VII. Miscellaneous Income	1120,82,58	330,65,53
Total	2669,08,42	2792,36,18



ORIENTAL BANK OF COMMERCE

(₹ 000s omitted)

Particulars	Year ended 31.03.2019 (Current Year)	Year ended 31.03.2018 (Previous Year)
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SCHEDULE 15:

INTEREST EXPENDED

I) Interest on Deposits	11551,08,07	12048,67,03
II) Interest on Reserve Bank of India and Inter-bank borrowings	177,18,00	23,40,36
III) Others	641,30,98	816,05,66
Total	12369,57,05	12888,13,05

SCHEDULE 16:

OPERATING EXPENSES

I. Payments to and Provision for employees	2397,62,47	1756,62,55
II. Rent, Taxes & Lighting	354,80,18	336,20,73
III. Printing & Stationery	23,08,15	26,01,23
IV. Advertisement & Publicity	22,43,77	23,67,95
V. Depreciation/Amortisation on Bank's Property	280,34,17	217,86,21
VI. Directors' fees, allowances and expenses	61,07	37,44
VII. Auditors' fees and expenses (including for Branch Auditors)	20,74,59	21,75,31
VIII. Law Charges	43,88,83	26,61,58
IX. Postage, Telegram, Telephones etc.	62,44,57	58,67,85
X. Repairs & Maintenance	65,84,24	72,20,62
XI. Insurance	226,09,36	230,89,28
XII. Other Expenditure	915,52,15	819,03,92
Total	4413,43,55	3589,94,67



ORIENTAL BANK OF COMMERCE
SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2019

SCHEDULE- 17

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention, on accrual basis of accounting on going concern basis, unless otherwise stated and in conformity with statutory provisions and generally accepted accounting principles. They conform to Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, regulatory/ Reserve Bank of India (RBI) guidelines, Banking Regulation Act, 1949, Accounting Standards/ Guidance Notes issued by the Institute of Chartered Accountants of India (ICAI) and the practices prevalent in the banking industry in India.

2. USE OF ESTIMATES

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amount 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. Actual results could differ from these estimates. Any revision to the estimates or difference between the actual result and estimates is recognized in the period in which the results are known/ materialized.

3. REVENUE RECOGNITION

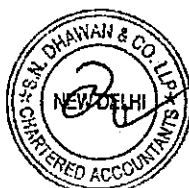
- 3.1 Income and expenses are accounted for on accrual basis except commission received / paid, legal expenses for suit filed accounts and recoveries there against, interest on overdue bills, insurance premium paid on Housing Loans and interest on tax refunds are accounted for on realisation/payment basis. Dividend is accounted when the right to receive the same is established.
- 3.2 In view of uncertainty of collection of income in cases of Non-performing Assets/Investments, such income is accounted for only on realisation in terms of the RBI guidelines.
- 3.3 Interest on overdue deposits is provided for at the Saving Bank Deposit Rate and the balance is accounted for at the time of renewal.

4. INVESTMENTS

- 4.1 In accordance with RBI guidelines, investments are classified into three categories.

- i) Held to Maturity (*Investments intended to be held till maturity*)
- ii) Held for Trading (*Investments held for sale within 90 days from the date of acquisition*)
- iii) Available for Sale (*Investments not classified in (i) and (ii) above*)

However, for disclosure in the Balance Sheet, Investments are classified under the six heads. (a) Government Securities (b) Other Approved Securities (c) Shares (d) Debentures and Bonds (e) Subsidiaries / Joint Ventures and (f) Others.



ORIENTAL BANK OF COMMERCE
SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2019

4.2 Valuation:

i) Held to Maturity: -

- (a) Investments under "Held to Maturity" category are carried at acquisition cost or amortized cost if acquired at a premium over face value. Wherever the book value is higher than the face value / redemption value, the premium is amortized over the remaining period of maturity.
- (b) Investments in joint venture are valued at carrying cost less diminution, in value, if any, other than temporary in nature.
- (c) Investment in venture capital is valued at carrying cost

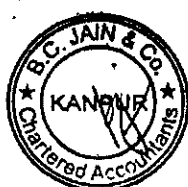
ii) Available for Sale and Held for Trading

1.	Government of India Securities	At market prices as published by Fixed Income Money Market and Derivatives Association (FIMMDA) /Financial Benchmark India Pvt. Ltd. (FBIL)
2.	State Development Loans /Other Approved Securities	At appropriate yield to maturity basis as per FIMMDA/FBIL guidelines
3.	Treasury Bills, Commercial Papers and Certificate of Deposits	At carrying cost
4.	Equity Shares	(i) Quoted: At market price (ii) Unquoted: At break-up value (means Equity Capital & Reserves as reduced by Intangible Assets and Revaluation Reserves divided by number of equity shares), where latest balance sheet is available (Not more than one year old), otherwise at Re. 1/- per company
5.	Preference Shares	(i) Quoted: At market price (ii) Unquoted: At appropriate yield to maturity as per FIMMDA guidelines
6.	Debentures / Bonds	(i) Quoted: At market price (ii) Unquoted: At appropriate yield to maturity based on rating assigned by Rating Agencies as per FIMMDA guidelines
7.	Units of Mutual Funds	(i) Quoted: At market price (ii) Unquoted: At repurchase price/ Net Asset Value.
8.	Security receipts of Asset Reconstruction Company (ARC/SR)	In case of investment in SR, at NAV declared by ARC.

The above valuation in category of Available for Sale and Held for Trading are done scrip wise and depreciation / appreciation is aggregated for each classification. Net depreciation for each classification, if any, is provided for while net appreciation is ignored.

4.3

Transfer of securities from one category to another is done in conformity with the RBI guidelines. Such transfers are accounted at the lower of the acquisition cost / book value / market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for.



ORIENTAL BANK OF COMMERCE

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2019

4.4 Repo and reverse repo transactions in government securities and corporate debt securities (including transactions conducted under LAF and Marginal Standby Facility ('MSF') with RBI) are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions are accounted for as interest expense and revenue on reverse repo transactions are accounted for as interest income.

4.5 Others:

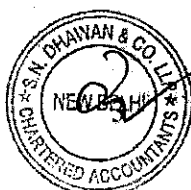
- i) Brokerage/commission received on subscription is booked in Profit and Loss Account.
- ii) Brokerage, Commission, Securities Transaction Tax (STT)/ Goods and Service Tax (GST) etc. paid in connection with acquisition of investments are expensed upfront and excluded from cost.
- iii) Broken period interest paid / received on purchase /sale of securities is recognised as interest expense / income.
- iv) Prudential norms of RBI for non performing investment Classification are applied to Investments and appropriate provisions are made in respect of non performing securities.
- v) Profit/Loss on sale of any Investment in any category is taken to Profit and Loss Account. However, in case of profit on sale of Investments under 'Held to Maturity' category, the residual amount after taxes and amount transferred to statutory reserve is appropriated to Capital Reserve Account.
- vi) Valuation of HFT and AFS portfolio is done on daily basis and depreciation if any is provided on monthly and quarterly basis respectively.
- vii) In line with RBI Master Circular on "Prudential norms for classification, Valuation and Operation of Investment Portfolio by Banks", bank has followed "Settlement date" accounting for recording purchase and sale of transactions in Investment book.
- viii) In case of investment in Non-SLR securities, till the allotment of security in the Demat account, the amount of investment is shown under "Suspense Investment".

4.6 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:

- i) Hedge swaps: Interest rate swaps which hedges interest bearing asset or liability is accounted for on accrual basis except the swap designated with an asset or liability that is 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/liability.

- ii) Trading swaps: Trading swap transactions are marked to market with changes recorded in the financial statements.



ORIENTAL BANK OF COMMERCE
SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2019

5. ADVANCES / PROVISIONS / RECOVERIES

- 5.1** Advances are classified as performing / non-performing assets and provisions are made in accordance with prudential norms prescribed by the RBI.
- 5.2** Advances are net of provisions and technical write-offs made for Non-Performing Assets (NPAs).
- 5.3** Provision for performing assets is shown under the head "Other Liabilities and Provisions" in terms of RBI guidelines.
- 5.4** Recoveries in NPAs are appropriated first towards principal and thereafter towards interest.

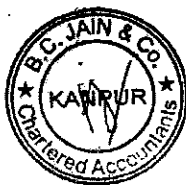
6. FIXED ASSETS DEPRECIATION AND AMORTISATION

- 6.1** Fixed Assets are stated at historical cost (except revalued premises which are stated at revalued amount) less accumulated depreciation/amortisation. The appreciation on revaluation is credited to Revaluation Reserve and the incremental depreciation attributable to the revalued amount is debited to the Profit & Loss account and the equal amount is transferred from Revaluation Reserve to Revenue & Other Reserve. Cost of fixed assets includes cost of purchase and relevant expenditure incurred thereon till the time it is put to use.
- 6.2** Premises include cost of land and building.
- 6.3** Depreciation on Fixed Asset is charged on Straight Line Method (SLM) basis as per useful life of asset as given here under:-

S. No.	Particulars	Useful life	Depreciation /amortisation rate
A	Premises	60 years	1.67%
B	Furniture & Fixtures (including Safe Deposit Lockers) other than Computers & ATMs	10 years	10%
C	Vehicles	5 years	20%
D	Computers and ATMs		20%
	a. Servers, Network Equipments & Automated Teller Machines (including software forming an integral part of computer hardware)	5 years	
	b. Computers other than mentioned at D(a) above (including software forming an integral part of computer hardware)	3 years	33.33%
E	Temporary Erections	1 year	100%

NOTE:-

- (a) In case where leasehold Premises is purchased or Building constructed on leasehold land having lease period less than 60 years, the period of lease is taken as useful life and is amortised as per Note 6.5 below.
- (b) In case of Premises where the value of land is not separable, the depreciation is being charged or amortisation is made on the composite value as per the useful life of Premises.



ORIENTAL BANK OF COMMERCE
SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2019

- 6.4 No depreciation is provided in the year of sale/disposal. Depreciation on additions to Fixed Assets during the financial year is provided at 100% of the prescribed rate of depreciation, if asset is put to use for 180 days or more during the financial year and at 50% of the prescribed rate of depreciation, if the asset is put to use for less than 180 days during the year.
- 6.5 Premium paid on leasehold land (other than those referred in para 9 given below) is amortised on SLM basis over the period of lease.
- 6.6 Residual value of Re.1 (Rupee one) is taken for the purpose of calculating depreciation on all types of fixed assets.
- 6.7 Computer software not forming an integral part of computer hardware is amortised systematically over a period of useful life or three years whichever is lower.

7. FOREIGN EXCHANGE TRANSACTIONS

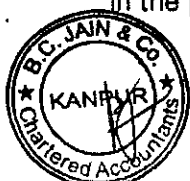
- 7.1 Monetary assets and liabilities are revalued at exchange rates advised by Foreign Exchange Dealers Association of India (FEDAI) at the close of the financial year and the resultant gain/loss is taken to revenue.
- 7.2 Income and expenditure items are accounted for at the exchange rates prevailing on the date of the transaction.
- 7.3 Forward exchange contracts and bills are translated at the exchange rates prevailing on the date of commitment. Outstanding foreign exchange contracts and bills are revalued as per FEDAI rates and the resultant gain/loss is taken to revenue.
- 7.4 Foreign currency guarantees, acceptances, endorsements and other obligations are stated at FEDAI rates at the close of the financial year for the purpose of balance sheet exposure.
- 7.5 In case of Hedge swap to cover the foreign currency borrowing to raise Rupee fund as per eligibility under 100% of Un-impaired Tier-I capital, the premium paid to cover the foreign currency swap is amortised on monthly basis.

8. EMPLOYEE BENEFITS

- 8.1 Provident Fund and New Pension Scheme (which is applicable to employees who have joined bank on or after 01.04.2010) are defined contribution schemes, as the bank pays fixed contribution at predetermined rates. The obligation of the bank is limited to such fixed contribution. The contributions are charged to the Profit and Loss Account.
- 8.2 Gratuity and Pension liabilities are defined benefit obligations and are provided for on the basis of actuarial valuation made at the end of the financial year. The schemes are funded by the Bank and are managed by separate trusts.
- 8.3 Other Employee benefits such as leave encashment, leave fare concessions are provided for based on actuarial valuation.
- 8.4 Short term employee benefits are recognized as an expense in the profit and loss account of the year in which the related services are rendered.

LEASES

Lease payments for assets taken on operating lease are recognized as an expense in the profit and loss account over the lease term.



ORIENTAL BANK OF COMMERCE
SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2019

10. TAXES ON INCOME

- 10.1** Income tax expense is the aggregate amount of current tax (including Minimum Alternate Tax (MAT), wherever applicable and deferred tax.
- 10.2** Current tax is determined as the amount of tax payable for the year and accordingly provision for tax is made.
- 10.3** Deferred Tax Assets and Liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognized using the tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only if there is virtual certainty of realisation of such assets in future.
- 10.4** MAT credit is recognized as an asset only when and to the extent there is convincing evidence that there will be payment of normal income tax during the period specified under the Income Tax Act, 1961.

11. IMPAIRMENT OF ASSETS

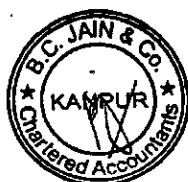
An assessment is made at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, an estimate of the recoverable amount is made and impairment loss, if any, is provided for.

12. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS-

- 12.1** In conformity with Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India, the Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an 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.
- 12.2** Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

13. EARNINGS PER SHARE

The Bank reports basic and diluted earnings per equity share in accordance with the Accounting Standard 20 "Earnings Per Share" issued by the Institute of Chartered Accountants of India. Basic earnings per equity share has been computed by dividing net income by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.



ORIENTAL BANK OF COMMERCE

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

SCHEDULE 18 - Notes to Accounts

18.1 Capital

18.1.1 Capital Ratio (Capital adequacy under Basel III)

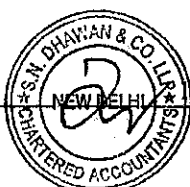
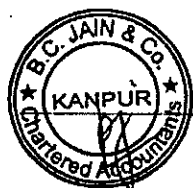
(Amount in ₹ Crore, unless otherwise stated)

S. No.	Particulars	As on 31st March, 2019	As on 31st March, 2018
i)	Common Equity Tier 1 capital ratio (%)	9.86%	7.46%
ii)	Tier 1 capital ratio (%)	9.98%	7.61%
iii)	Tier 2 capital ratio (%)	2.75%	2.89%
iv)	Total Capital Ratio (CRAR) (%)	12.73%	10.50%
v)	Percentage of the shareholding of the Government of India in the Bank	87.58%	77.23%
vi)	Amount of equity capital raised	6936	3571
vii)	Amount of Additional Tier 1 capital raised; of which Perpetual Non-Cumulative Preference Shares (PNCPS): Nil Perpetual Debt Instruments (PDI) : (in previous year ₹1000 Crore @ 10.25 %) issued in the nature of debenture	NIL	1000
viii)	Amount of Tier 2 capital raised; of which Debt capital instruments: Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	NIL	NIL

18.1.2 Share Capital

- The Bank, has allotted 2,61,31,493 equity shares of face value of ₹ 10.00 each to its eligible employees under "Oriental Bank of Commerce - Employee Share Purchase Scheme" [OBC-ESPS] at an issue price of ₹ 71.76 per share on 16th February, 2019. The Issue price was fixed by the Remuneration Committee of the Board (designated as Compensation Committee for ESPS) at a discount of 25% on the floor price of ₹ 95.67 per share. The Bank has received Rs. 187.52 crores under the ESPS scheme.

As per the Guidance Note issued by the Institute of Chartered Accountants of India, the element of the discount allowed on the share amounting to ₹23.91 aggregating to ₹62.48 crore has been debited to "Payment to and provision for employee."



ORIENTAL BANK OF COMMERCE

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

2. The Bank has received capital infusion from the Government of India in two tranches viz. ₹5500 crore on 31st December 2018 and ₹1186 crore on 31st January 2019. Accordingly, upon receipt of all requisite approvals, the following shares were allotted to the Government of India on Preferential basis:

- (i) 57,23,20,499 equity shares at an Issue price of ₹96.10 (including premium of ₹86.10) per share aggregating to ₹5500 crore
- (ii) 13,89,89,804 equity shares at an Issue price of ₹85.33 (including premium of ₹75.33) per share aggregating to ₹1186 crore

Subsequent to the aforesaid allotments, the shareholding of Government of India has increased from 77.23% as at 31st March 2018 to 87.58% as at 31st March 2019.

[In the previous year, the Bank had allotted 28,65,97,110 equity shares to Government of India on preferential basis at an Issue price of ₹124.60 (including premium of ₹114.60) per share aggregating to ₹3571 crore]

18.1.3 Tier I Bonds

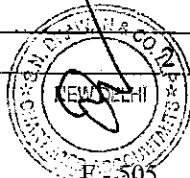
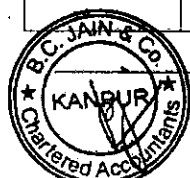
Tier I Bonds raised by the Bank during various years:

Year of Issue	Type of Bonds	Coupon Rate (%)	Amount (₹ in Crore)
2009-10	Perpetual Tier I Bonds (Basel II): Unsecured Non-convertible, Non-redeemable, Perpetual Bonds with Call Option after 10 years (17.12.2019)	9.10	300.00
2010-11	Perpetual Tier I Bonds (Basel II): Unsecured Non-convertible, Non-redeemable, Perpetual Bonds with Call Option after 10 years (17.09.2020)	9.05	300.00

18.1.4 Tier II Bonds

Tier II Bonds raised by the Bank during various years:

Year of Issue	Type of Bonds	Coupon Rate (%)	Amount (₹ in Crore)
2008-09	Upper Tier-II Bonds (Basel II): Unsecured, redeemable, non-convertible (with Call Option after 10 years - 12.02.2019) Maturity: 12.02.2024	8.75	500.00*
2010-11	Upper Tier-II Bonds (Basel II): Unsecured, redeemable, non-convertible (with Call Option after 10 years - 20.09.2020) Maturity: 20.09.2025	8.68	200.00
2012-13	Lower Tier-II Bonds (Basel II): Unsecured, redeemable, non-convertible. Maturity: 30.11.2022	8.93	1025.00



ORIENTAL BANK OF COMMERCE

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

2014-15	Basel III Compliant Tier-II Bonds: Unsecured, redeemable, non-convertible. Maturity : 27.10.2024	9.20	1000.00
2015-16	Basel III Compliant Tier-II Bonds: Unsecured, redeemable, non-convertible. Maturity : 26.10.2025	8.34	1000.00
2016-17	Basel III Compliant Tier-II Bonds: Unsecured, redeemable, non-convertible (with Call Option after 5 years - 24.06.2021) Maturity: 24.06.2026	9.05	1000.00

*During the year, the Bank redeemed 8.75% Upper Tier II Bonds aggregating to ₹500.00 Crore on exercise of Call Option with the prior approval of RBI.

18.2 Investments

18.2.1 The detail of investments and the Movement of Provisions held towards Depreciation on investments of the bank are given below:

(Amount in ₹ Crore)				
		Particulars	Current Year 31-03-2019	Previous Year 31-03-2018
(1)		Value of Investments		
	(i)	Gross Value of Investments		
		(a) In India	80505.60	70856.96
		(b) Outside India	-	-
	(ii)	Provisions for Depreciation		
		(a) In India	1237.77	954.69
		(b) Outside India	-	-
	(iii)	Net Value of Investments		
		(a) In India	79,267.83	69,902.27
		(b) Outside India	-	-
(2)		Movement of provisions held towards depreciation on investments		
	(i)	Opening balance	954.69	251.35
	(ii)	Add: Provisions made during the year	283.08	703.34
	(iii)	Less: Write-off/ write-back of excess provisions during the year	-	-
	(iv)	Closing balance	1237.77	954.69



ORIENTAL BANK OF COMMERCE

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

18.2.2 Repo Transactions (in Face Value terms)

(Amount in ₹ Crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on March 31, 2019
Securities Sold Under Repo*				
i. Government securities	0.00 (0.00)	3200.80 (5552.00)	259.11 (271.39)	7763.29 (2919.00)
ii. Corporate debt securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Securities Purchased under Reverse Repo				
i. Government securities	0.00 (0.00)	3831.34 (12541.00)	268.63 (2793.21)	2719.99 (0.00)
ii. Corporate debt securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)

(Figures in brackets are for the previous year)

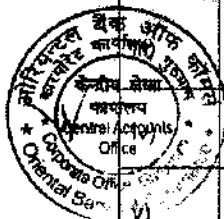
* Includes Repo under Liquidity Adjustment Facility (LAF), Marginal Standing Facility (MSF) and Term Repo of RBI.

18.2.3. Non-SLR Investment Portfolio

i) Issuer composition of Non SLR investments

(Amount in ₹ Crore)

No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i)	PSUs	1937.46 (2366.85)	428.48 (977.24)	0.00 (190.40)	650.10 (660.08)	1240.92 (1584.80)
ii)	FIs	2189.04 (2811.45)	320.05 (413.71)	0.00 (0.00)	114.35 (124.97)	308.43 (600.52)
	Banks	1609.22 (146.02)	1244.24 (120.40)	0.00 (0.00)	19.27 (21.42)	1530.74 (0.00)
	Private Corporates	5160.40 (4428.59)	2861.54 (2377.07)	7.26 (14.68)	2505.99 (2266.35)	1669.07 (1113.93)
	Subsidiaries/ Joint Ventures	218.50 (218.50)	218.50 (218.50)	0.00 (0.00)	218.50 (218.50)	218.50 (218.50)



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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

vi)	Others*	10907.58 (4301.76)	10907.58 (4301.76)	0.00 (0.00)	10434.63 (3829.97)	10830.30 (4196.76)
vii)	Total (I to vi)	22022.20 (14273.17)	15980.39 (8408.68)	7.26 (205.08)	13942.84** (7121.29)	15797.96*** (7714.51)
viii)	Less: Provision held towards depreciation	1081.97 (759.94)	-	-	-	-
	Total (vii-viii)	20940.23 (13513.23)	15980.39 (8408.68)	7.26 (205.08)	13942.84** (7121.29)	15797.96*** (7714.51)

(Figures in brackets are for the previous year)

Note: -

1) * Others include Investment in Mutual Funds, Venture Funds, Security Receipts, State Govt. Special Bonds and Recapitalisation Bonds.

2) ** Out of total investment of ₹ 13942.84 Crore in Unrated securities, ₹ 13245.35 Crore is in exempted investment consisting of equity shares ₹ 1721.91 Crore, venture fund ₹ 164.24 Crore, JV-INS ₹ 218.50 Crore, NCDs ₹ 545.62 Crore, Preference Shares ₹ 330.80 Crore and Special Government Bonds ₹ 10264.28 Crore.

Hence, unrated un-exempted investment is ₹ 697.49 Crore (₹ 18.82 Crore Preference Share, ₹ 672.56 Crore in Bonds & Debenture and ₹ 6.11 Crore in Security Receipts)

3) *** Out of total investment in unlisted securities ₹ 15797.96 Crore, ₹ 15166.58 Crore is in exempted investments consisting of CD ₹ 1777.95 Crore, CP ₹ 617.15 Crore, NCDs ₹ 549.25 Crore, PSU Bonds ₹ 427.48 Crore, JV ₹ 218.50 Crore, VCF ₹ 164.24 Crore, Mutual Fund ₹ 35.00 Crore, SR ₹ 374.06 Crore, Special Bond ₹ 10257.00 Crore and Shares ₹ 745.95 Crore (₹ 415.15 Crore in Equity shares and ₹ 330.80 Crore in Pref. Shares)

Hence, investment in unlisted securities is ₹ 631.38 Crore (₹ 8.82 Crore Preference Share & ₹ 622.56 Crore in Bonds & Debenture)

ii) Non performing Non SLR Investments

(Amount in ₹ Crore)

Particulars	Amount as at 31st March, 2019	Amount as at 31st March, 2018
Opening Balance	1251.97	1026.07
Additions during the year since 1st April	400.89	1066.28*
Reductions during the above period	531.35	840.38
Closing Balance	1121.51	1251.97
Total Provision Held	353.00	235.45



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18.2.4 Sale and Transfers to/from HTM category:

The value of sales and transfers of securities to /from HTM category during period from 1st April 2018 to 31st March 2019 has exceeded 5 % of book value of investments held in HTM category at the beginning of the year.

Disclosure in terms of extant RBI guidelines to the extent the provision equivalent to excess of book value over market value is not made is as under:

(Amount in ₹ Crore)

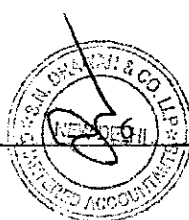
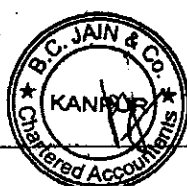
S.No.	Particulars	Book Value of Securities held in HTM Category	Market Value of Securities held in HTM Category	Excess of Book Value over Market Value of Securities
1.	Government Securities	39,801.78	39,470.63	331.15
2.	Other Approved Securities	-	-	-
3.	Share	-	-	-
4.	Debenture and Bond	10,264.28	10,264.44	-
5.	Subsidiaries, JV , Associates	218.50	210.04	8.46
6.	Other	44.27	53.40	-
	Total	50,328.83	49,998.51	339.61

The 5 per cent threshold referred to above excludes the following:

- One time transfer of securities to / from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the accounting year.
- Sales to the Reserve Bank of India under pre announced OMO auctions.
- Repurchase of Government Securities by Government of India from banks
- Sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM, in addition to the shifting permitted at the beginning of the accounting year.

18.2.5 Details of Book Value of Investments in Security Receipts

(Amount in ₹ Crore)		
Particulars	Current year	Previous Year
(i) Backed by NPAs sold by the bank as underlying	374.06	429.73
(ii) Backed by NPAs sold by other banks / financial institutions / non banking financial companies as underlying	0.00	0.00
	374.06	429.73



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18.2.6 Disclosures of Investments in Security Receipts:

(Amount in ₹ Crore)

Particulars		SRs Issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i)	Book value of SRs backed by NPAs sold by the bank as underlying	318.87	51.89	3.30
	Provision held against (i)	9.82	2.80	3.83
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	NIL	NIL	NIL
	Provision held against (ii)	NIL	NIL	NIL
Total (i) + (ii)		318.87	51.89	3.30

18.3 Derivatives

18.3.1 Forward Rate Agreement/Interest Rate Swap

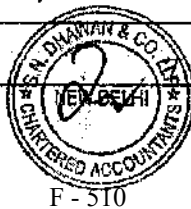
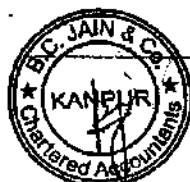
(Amount in ₹ Crore)

Particulars	For the year ended 31 st March 2019	For the year ended 31 st March 2018
i. The notional principal of swap agreements	NIL	NIL
ii. Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	NIL	NIL
iii. Collateral required by the bank upon entering into swaps	NIL	NIL
iv. Concentration of credit risk arising from the swaps	NIL	NIL
v. The fair value of the swap book	NIL	NIL

18.3.2 Exchange Traded Interest rate derivatives

(Amount in ₹ Crore)

S.no.	Particulars	For the year ended 31 st March 2019	For the year ended 31 st March 2018
1.	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	NIL	NIL
2.	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 st March, 2019. (instrument-wise)	NIL	NIL
	Notional principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective'. (Instrument-wise)	NIL	NIL
	Mark-to-Market value of exchange traded interest rate derivatives outstanding and not 'highly effective'. (instrument-wise)	NIL	NIL



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18.3.3 Disclosure on Risk Exposure in Derivatives

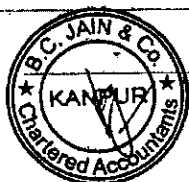
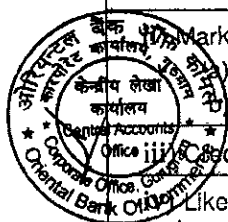
i) Qualitative Disclosure:

- (a) Operations in the Treasury Department are segregated into three functional areas, i.e. Front Office, Mid Office and Back Office equipped with necessary infrastructure and trained Officers, whose responsibilities are well defined.
- (b) The Treasury Policy of the Bank lays down the types of financial derivative instruments, scope of usage, approval process. Derivative transactions contain interest rate risk, counterparty risk, market risk, currency risk, settlement risk, open position risk and operational risk. Treasury Policy specifies the internal control limits like open position limits, deal size limits, stop-loss limits, deal initiating authority for trading/hedging in approved instruments to contain the risk and maximize return on the derivative transactions.
- (c) The mid office monitors the transactions in the trading books and also measures the financial risks for the transactions in the trading book on a daily basis by way of calculating Mark to market (MTM) of positions. The Mid Office is monitored and controlled by Risk Management Department.
- (d) The Bank also has a policy for hedging its balance sheet exposures. The treasury policy of the Bank spells out the approval process for hedging the exposures.
- (e) The hedging/trading transactions are recorded separately. The hedge transactions are accounted for on accrual basis. All trading contracts are marked to market and resultant gross loss is accounted for ignoring the gain on a prudence basis.
- (f) The Bank is Trading Member of National Stock Exchange (NSE). The Bank has set up the necessary infrastructure for Front, Mid and Back Office operations, daily mark to market (MTM) and margin obligations, wherever required, are settled with the exchanges as per guidelines issued by the regulators.
Treasury Policy has been drawn up in accordance with RBI guidelines.

ii) Quantitative Disclosure-

(Amount in ₹ Crore)

Particulars	Current Year		Previous Year	
	Currency Derivatives	Interest rate Derivatives	Currency Derivatives	Interest rate Derivatives
i) Derivatives (Notional Principal Amount)				
a) For hedging	NIL	NIL	NIL	NIL
b) For trading	NIL	NIL	NIL	NIL
Marked to market Positions				
a) Assets (+)	NIL	NIL	NIL	NIL
Liabilities (-)	NIL	NIL	NIL	NIL
Credit Exposure	NIL	NIL	NIL	NIL
Likely impact of one percentage change in interest rate (100*PV01)				



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a) On hedging derivatives	NIL	NIL	NIL	NIL
b) On trading derivatives	NIL	NIL	NIL	NIL
v) Maximum and Minimum of 100*PV01 observed during the year				
a) On hedging	NIL	NIL	NIL	NIL
b) On trading	NIL	NIL	NIL	NIL
Maximum	NIL	NIL	NIL	NIL
Minimum	NIL	NIL	NIL	NIL

18.4 Exposures

Risk Category wise Country Exposure:

(Amount in ₹ Crore)

Risk Category	Exposure (net) as at March 31, 2019 (Current Year)	Provision held as at March 31, 2019 (Current Year)	Exposure (net) as at March 31, 2018 (Previous Year)	Provision held as at March 31, 2018 (Previous Year)
Insignificant	851.64	0.00	675.23	0.00
Low	304.75	0.00	420.18	0.00
Moderately Low	7.88	0.00	27.07	0.00
Moderate	21.03	0.00	16.84	0.00
Moderately High	3.01	0.00	1.66	0.00
High	0.00	0.00	0.00	0.00
Very High	0.00	0.00	0.00	0.00
Total	1188.31	0.00	1140.98	0.00

Bank's net funded exposure for risk category-wise country exposures for each country is less than 1% of bank's total assets as on 31.03.2019 and as such no provision is required in terms of RBI guidelines.

18.5 Asset Quality

18.5.1 Sector-wise Advances

(Amount in ₹ Crore)

Sl.No.	Sector	For the Year ended 31st March, 2019			For the Year ended 31st March, 2018		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
Priority Sector							
1	Agriculture and allied activities	20450.04	2943.12	14.39%	21348.94	2818.53	13.20%



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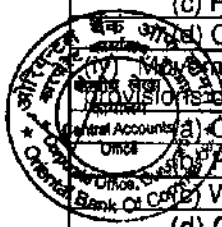
SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

2	Advances to industries sector eligible as priority sector lending	12126.68	1651.97	13.62%	10526.71	1534.82	14.58%
3	Services	18957.48	1539.51	8.12%	17495.38	1670.56	9.55%
4	Personal loans	10089.36	206.65	2.05%	7501.64	272.42	3.63%
	Sub-total (A)	61623.57	6341.26	10.29%	56872.67	6296.33	11.07%
B Non Priority Sector							
1	Agriculture and allied activities	2542.82	812.41	31.95%	3179.66	443.62	13.95%
2	Industry	28945.05	11133.74	38.47%	29444.32	14776.32	50.18%
3	Services	50374.94	3145.63	6.24%	12132.87	1181.77	9.74%
4	Personal loans	28063.08	284.03	1.01%	46576.49	3435.62	7.38%
	Sub-total (B)	109925.89	15375.82	13.99%	91333.34	19837.31	21.72%
	Total (A+B)	171549.46	21717.08	12.66%	148206.01	26133.64	17.63%

18.5.2 (i) Non-Performing Assets

(Amount in ₹ Crore)

Particulars	Current Year 2018-19	Previous Year 2017-18
(i) Net NPAs to Net Advances (%)	5.93%	10.48%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	26133.64	22859.27
(b) Additions during the year	7066.15	12429.34
(c) Reductions during the year	11482.72	9154.97
(d) Closing balance	21717.07	26133.64
(iii) Movement of NPAs (Net)		
(a) Opening balance	14282.88	14117.83
(b) Additions during the year	114.13	2931.26
(c) Reductions during the year	4957.39	2766.21
(d) Closing balance	9439.62	14282.88
(iv) Movement of Provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	11753.58	8735.77
(b) Provisions made during the year	6952.02	9498.08
(c) Write-off/ write-back of excess provisions	6585.22	6480.27
(d) Closing balance	12120.38	11753.58



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- (ii) The Provisioning Coverage Ratio (PCR) for the Bank as on 31.03.2019 is 75.84% (previous year 64.07%), which is calculated taking into account the total technical write offs.

18.5.3 Divergence in assets Classification and provisioning for NPAs.

As part of Risk Based Supervision (RBS) exercise for the year ended 31st March, 2018, the Reserve Bank of India had pointed out divergence in respect of Bank's assets classification and provisioning in certain accounts. However, as the divergence pointed out was below the threshold limits specified by RBI, the same is not required to be disclosed. The Bank has duly accounted for the impact of the above in its financial statements for the year ended 31st March, 2019.

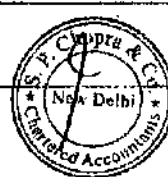
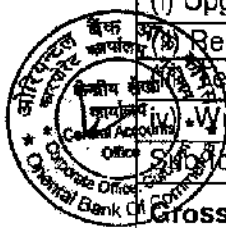
18.5.4 Sector-wise NPAs

S.No.	Sector	Percentage of NPAs to Total Advances in that Sector	
		As on 31st March, 2019	As on 31st March, 2018
1	Agriculture & Allied activities	16.33%	13.30%
2	Industry (Micro & Small, Medium and Large)	31.13%	40.81%
3	Services	6.76%	9.63%
4	Personal Loans	1.29%	6.86%

18.5.5 Movement of NPAs:

(Amount in ₹ Crore)

Particulars	As on 31st March, 2019	As on 31st March, 2018
Gross NPAs* as on 1 st April of particular year (Opening Balance)	26133.64	22859.27
Additions (Fresh NPAs) during the year	7066.15	12429.34
Sub-total (A)	33199.79	35288.61
Less:-		
(i) Upgradations	763.61	563.27
(ii) Recoveries	4262.08	2234.78
(iii) Technical/Prudential Write-offs **	5223.24	6306.46
(iv) Write-offs other than those under (iii) above	1233.79	50.46
Sub-total (B)	11482.72	9154.97
Gross NPAs as on 31 st March (closing balance) (A-B)	21717.07	26133.64



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* Gross NPAs as per item 2 of Annex to DBOD Circular DBOD.BP.BC.No.46/21.04.048/2009-10 dated September 24, 2009 which specified a uniform method to compute Gross Advances, Net Advances, Gross NPAs and Net NPAs.

** Technical or prudential write off is the amount of non-performing loans which are outstanding in the books of the respective branches, but have been written off (fully or partially) at Head office level. (DBOD No. BP.BC.6421.04.048/2009-10 dated 1st December 2009 on Provisioning coverage for advances)

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18.5.6 Particulars of Accounts Restructured

DISCLOSURE OF RESTRUCTURED ACCOUNTS AS ON MARCH 31, 2019																								
Types of Restructuring		Under CDR Mechanism						Under SME Debt restructuring						Others						Total			Amount in Rs. crore	
		Standard	Sub-standard	Doubtful	Loss	TOTAL	Standard	Sub-standard	Doubtful	Loss	TOTAL	Standard	Sub-standard	Doubtful	Loss	TOTAL	Standard	Sub-standard	Doubtful	Loss	TOTAL			
1	Restructured accounts as on April 1 of the FY 2018-19.	133.20	234.0	2,984.41	-	3351.61	24.59	41.46	559.67	-	625.1	594.9	1,094.59	3,963.05	-	5612.57	752.72	1,330.05	7,506.53	-	9,389.30			
	Provision thereon	6.14	-	-	-	6.14	1.18	-	-	-	1.18	23.34	-	-	-	23.34	30.66	-	-	-	30.66			
2	Fresh restructuring during the FY 2018-19	-	-	-	-	-	3.471	-	-	-	3.471	766	4	16	-	786	4.239	4	16	-	4,257			
	Amount outstanding	-	-	-	-	-	232.93	-	-	-	232.9	125.2	0.62	281.39	-	497.25	358.17	0.62	281.39	-	640.18			
	Provision thereon	-	-	-	-	-	11.60	-	-	-	11.60	6.26	-	-	-	6.26	17.86	-	-	-	17.86			
3	Upgradation from NPA to restructured standard category during the FY 2018-19	-	-	-	-	-	3	(3)	-	-	-	5	(2)	(3)	-	-	8	(5)	(3)	-	-			
	Amount outstanding	-	-	-	-	-	0.25	(0.61)	-	-	(0.36)	0.10	(0.08)	(0.04)	-	(0.02)	0.35	(0.09)	(0.04)	-	(0.38)			
	Provision thereon	-	-	-	-	-	0.01	-	-	-	0.01	-	-	-	-	-	0.01	-	-	-	0.01			
4	Restructured standard advances which came to attract higher provisioning and/or additional risk weight at the end of March 2019 and hence need not be shown as restructured standard advances at the beginning of the next FY 2019-20.	75.23	-	-	-	75.23	23.42	-	-	-	23.42	418.7	-	-	-	418.71	517.36	-	-	-	517.36			
	Provision thereon	3.24	-	-	-	3.24	1.12	-	-	-	1.12	14.53	-	-	-	14.53	18.89	-	-	-	18.89			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	Recovery / Off set / Net Addition in accounts during the FY 2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	</		

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019



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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

18.5.7 Movement of Technical Write-offs and the Recoveries

(Amount in ₹ Crore)

Particulars	As on 31st March, 2019	As on 31st March, 2018
Opening Balance of Technical/ Prudential written-off accounts as at 1 st April of particular year	13613.00	7576.23
Add: Technical/ Prudential written-offs during the year	5223.24	6306.46
Sub Total (A)	18836.24	13882.69
Less: Recoveries made from previously technical/ prudential written-off accounts during the year (B)	1484.11	269.69
Closing Balance as on 31 st March (A-B)	17352.13	13613.00

18.5.8 Details of financial assets sold to Securitization / Reconstruction Company for Asset Reconstruction / NBFC

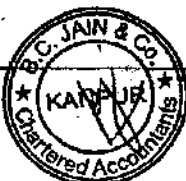
(Amount in ₹ Crore)

Particulars	As on 31st March, 2019	As on 31st March, 2018
(i) No. of accounts	11	1
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	209.59	82.16
(iii) Aggregate Net consideration	447.47	68.12
(iv) Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL
(v) Aggregate gain/loss over net book value/TWO	237.88	(14.04)

18.5.9 Details of Book Value of Investments in Security Receipts

(Amount in ₹ Crore)

Particulars	As on 31st March, 2019	As on 31st March, 2018
(i) Backed by NPAs sold by the Bank as underlying	374.06	429.73
(ii) Backed by NPAs sold by other Banks / financial Institutions	0.00	0.00
(iii) Backed by non-Banking financial companies as underlying	374.06	429.73



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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

18.5.10 Investments in security receipts:

(Amount in ₹ Crore)

Particulars	SRs Issued within past 5 years	SRs Issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i) Book value of SRs backed by NPAs sold by the Bank as underlying	318.87	51.89	3.30
Provision held against (i)	9.82	2.80	3.83
(ii) Book value of SRs backed by NPAs sold by other Banks / financial institutions / non-Banking financial companies as underlying	NIL	NIL	NIL
Provision held against (ii)	NIL	NIL	NIL
Total (I) + (II)	318.87	51.89	3.30

18.5.11 Details of non-performing financial assets purchased / sold

Banks which purchase non-performing financial assets from other banks shall be required to make the following disclosures in the Notes to Accounts to their Balance sheet:

a) Details of non-performing financial assets purchased:

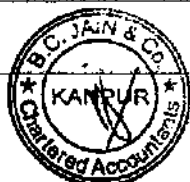
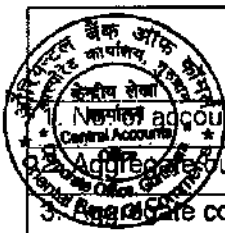
(Amount in ₹ Crore)

Particulars	As on 31st March, 2019	As on 31st March, 2018
1. (a) No. of accounts purchased during the year	NIL	NIL
(b) Aggregate outstanding	NIL	NIL
2. (a) Of these, number of accounts restructured during the year	NIL	NIL
(b) Aggregate outstanding	NIL	NIL

b) Details of non-performing financial assets sold:

(Amount in ₹. Crore)

Particulars	As on 31st March, 2019	As on 31st March, 2018
1. Non-performing accounts sold	NIL	NIL
2. Aggregate outstanding	NIL	NIL
3. Aggregate consideration received	NIL	NIL



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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

18.5.12 Provisions on Standard Assets:

(Amount in ₹ Crore)

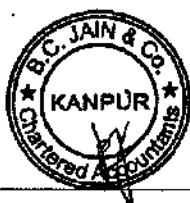
Particulars	As on 31st March, 2019	As on 31st March, 2018
Provisions towards Standard Assets/(decreased)	93.50	(387.00)

The cumulative provision towards Standard Assets held by the Bank as at the year-end amounting to ₹ 642.46 Crore (previous year ₹ 548.96 Crore) is included under the head Other Liabilities and Provisions in Schedule 5 to the Balance Sheet.

18.5.13 Business Ratios

(Amount in ₹ Crore)

S. No	Particulars	As on 31st March, 2019	As on 31st March, 2018
i)	Interest Income as a percentage to Working Funds	7.11%	6.84%
ii)	Non-interest income as a percentage to Working Funds	1.06%	1.10%
iii)	Operating Profit as a percentage to Working Funds	1.49%	1.46%
iv)	Return on Assets	0.02%	(2.31%)
v)	Business (Deposits plus advances) per employee (₹ in Lakh)	1860.16	1618.13
vi)	Profit / (Loss) per employee (₹ in Lakh)	0.25	(26.72)



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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

18.5.14 Securitisation (Corporate Credit)

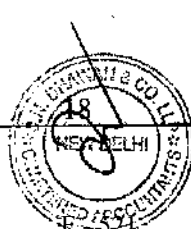
(Amount in ₹ Crore)

Sr. No.	Particulars	As on 31st March, 2019	As on 31st March, 2018
1.	No of SPVs sponsored by the Bank for securitisation transactions	NIL	NIL
2.	Total amount of securitised assets as per books of the SPVs sponsored by the Bank		
3.	Total amount of exposures retained by the Bank to comply with MRR as on the date of balance sheet		
a)	Off balance sheet exposures		
	First loss		
	Others		
b)	On-balance sheet exposures		
	First loss		
	Others		
4.	Amount of exposures to securitisation transactions other than MRR		
a)	Off balance sheet exposures		
	1) Exposure to own securitizations		
	First loss		
	Loss		
	2) Exposure to third party securitisations		
	First loss		
	Others		
b)	On balance sheet exposures		
	1) Exposure to own securitisations		
	First loss		
	Others		
	2) Exposure to third party securitisations		
	First loss		
	Others		

18.5.15 The Scheme for Sustainable Structuring of Stressed Assets (S4A), as on 31st March 2019

(Amount in ₹ Crore)

Particulars	No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision Held
			In Part A	In Part B	
Classified as NPA			NIL		



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18.5.16 Flexible Structuring of Existing Loans in the F.Y. 2018-19

(Amount in ₹ Crore)

Period	No. of borrowers taken up for flexible structuring	Amount of loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
Previous Financial Year - 2017-18	6	703.47	140.63	119.65 Months	227.06 Months
Current Financial Year - 2018-19	Nil	Nil	Nil	Nil	Nil

18.5.17 Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

(Amount in ₹ Crore)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
NIL						

18.5.18 Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period) as on 31.03.2019

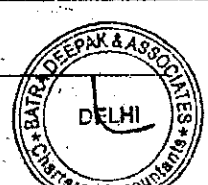
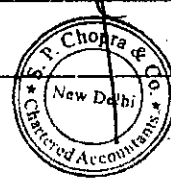
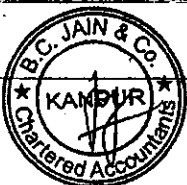
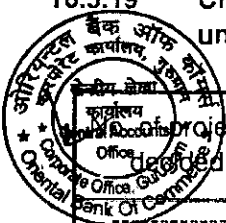
(Amount in ₹ Crore)

No. of accounts where Bank has decided to effect change in ownership	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
NIL								

18.5.19 Change in ownership of Projects under Implementation (accounts which are currently under the stand-still period)

(Amount in ₹ Crore)

Project loan accounts where Bank has decided to effect change in ownership	Classified as standard	Classified as standard restructured	Classified as NPA
NIL			



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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

18.5.20 Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(Amount in ₹ Crore)

Maturity Pattern	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 Month	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	4445.85	8554.02	5868.35	9516.31	36679.51	33728.62	51737.11	35120.33	8797.51	38187.76	232645.38
Advances	1947.05	7180.92	748.06	3348.89	9004.34	17271.90	7592.34	20654.06	29458.21	61869.33	159284.61
Investments	-	199.88	124.79	58.58	1802.23	1881.74	2721.97	10350.80	11096.28	52118.52	80152.59
Borrowings	1652.31	-	4500.00	-	2506.70	6.75	909.40	519.20	1025.00	3000.00	14119.36
Foreign Currency assets	5057.22	1303.65	53.88	538.13	1032.08	970.20	427.52	65.23	0.09	-	9446.10
Foreign Currency liabilities	4355.30	1890.47	31.27	574.50	963.51	896.00	543.31	132.09	48.30	-	9435.75

18.6 Exposures

18.6.1 Exposure to Real Estate Sector:

(Amount in ₹ Crore)

Category	As on 31st March, 2019	As on 31st March, 2018
a) Direct Exposure		
i) Residential Mortgages: Landings fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	13837.28	12608.38
ii.) Commercial Real Estate: Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.), including non-fund based (NFB) limits.	7197.66	8863.31
iii.) Investments in Mortgage Backed Securities (MBS) and other Securitised Exposures: a) Residential b) Commercial Real Estate	0	0
b) Indirect Exposure		
Fund Based and Non-fund Based Exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	11269.48	5864.57
Total Exposure to Real Estate Sector	32304.42	27336.26



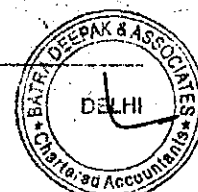
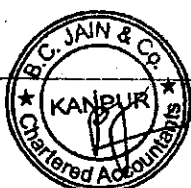
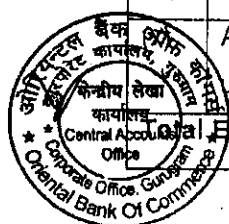
ORIENTAL BANK OF COMMERCE

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

18.6.2 Exposure to Capital Market

(Amount in ₹ Crore)

	Particulars	As on 31st March, 2019	As on 31st March, 2018
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	1015.19	992.43
(ii)	Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	0.16	0.05
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	0.00	0.00
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	17.88	86.51
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	18.23	54.61
(vi)	Loans sanctioned to Corporates against the security of shares / bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	0.00	0.00
(vii)	Bridge loans to companies against expected equity flows/issues	0.00	0.00
(viii)	Underwriting commitments taken up by the Banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	0.00	0.00
(ix)	Financing to stockbrokers for margin trading;	0.00	0.00
	All exposure to Venture Capital Funds(both registered & unregistered)	167.08	198.75
	Exposure to Capital Market	1218.54	1332.35



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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

18.6.3 Strategic Debt Restructuring (SDR) Scheme

During the year, Bank has invoked **Strategic Debt Restructuring (SDR)** as per RBI guidelines in the following companies and acquired shares pursuant to invocation of SDR. The details of shares acquired are as under:-

(Amount in ₹ Crore)

S.N.	Name of the Company	Exposure Converted in Equity
NIL		

18.6.4 Risk Category wise Country Exposure:

(Amount in ₹ Crore)

Risk Category	Exposure (net) as on 31st March, 2019	Provision held as on 31st March, 2019	Exposure (net) as on 31st March, 2018	Provision held as on 31st March, 2018
Insignificant	851.64	0.00	675.23	0.00
Low	304.75	0.00	420.18	0.00
Moderately Low	7.88	0.00	27.07	0.00
Moderate	21.03	0.00	16.84	0.00
Moderately High	3.01	0.00	1.66	0.00
High	0	0.00	0.00	0.00
Very High	0	0.00	0.00	0.00
Total	1188.31	0.00	1140.98	0.00

Bank's net funded exposure for risk category-wise country exposures for each country is less than 1% of Bank's total assets and as such no provision is required in terms of RBI guidelines.

18.6.5 Details of Single Borrower Limit (SBL), exceeded by the Bank:

(Amount in ₹ Crore)

Sl. No.	Name of the Borrower	Exposure Ceiling	Limit Sanctioned	Outstanding as on 31st March, 2019
NIL				

18.6.6 Details of Group Borrower Limit (GBL), exceeded by the Bank:

(Amount in ₹ Crore)

Sl. No.	Name of the Borrower	Exposure Ceiling	Limit Sanctioned	Outstanding as on 31st March, 2019
Nil				



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18.6.7 Intra-Group Exposure

(Amount in ₹ Crore)

Particulars	As on 31st March, 2019	As on 31st March, 2018
Total Amount of Intra Group Exposure	218.50	218.50
Total Amount of Top-20 intra group exposure	218.50	218.50
Percentage of intra group exposure to total exposure of the Bank on borrowers/customers	0.08%	0.09%
Detail of breach of limits on intra- group exposures and regulatory action thereon, if any.	NA	NA

18.6.8 (i) Unhedged Foreign Currency Exposure

Bank has laid down Board approved policy for managing and monitoring Un-hedged Foreign Currency Exposure of corporate including SMEs. Based on the available data and financial statements and the declaration from borrowers, the Bank has estimated the liability of Rs. 25.18 Crore (Previous Year Rs. 22.64 Crore) as on 31st March, 2019 on unhedged Foreign Currency Exposure to their constituents in terms of RBI circular DBOD. NO. BP.BC.85/21.06.200/2013-14 dated 15th January 2014 and subsequent clarification vide circular no. DBOD.No. BP.BC.116/21.06.200/2013-14 dated 3rd June 2014. The outstanding provision on Unhedged Exposure as on 31.03.2019 is Rs. 25.18 Crore (Previous Year Rs. 22.64 Crore).

(ii) Spreading of MTM Losses

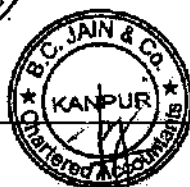
Reserve Bank of India circular DBR No. BP.BC.113/21.04.048/2017-18 dated June 15, 2018 grants banks an option to spread provisioning for mark to market (MTM) losses on investments held in AFS and HFT categories for the quarter ended June 30, 2018 equally over up to four quarters, commencing with the quarter ending June 30, 2018. Accordingly, ₹ 577.36 Crore have been charged to the profit and loss account during the financial year ended March 31, 2019 towards such MTM losses and the balance unamortized amount is NIL as on March 31, 2019.

18.6.9 Unsecured Advances:

(Amount in ₹ Crore)

Particulars	As on 31 st March, 2019	As on 31 st March, 2018
Total Unsecured Advances	9755.46	8424.67
Out of which	97.84	Nil
1) Amount of advances outstanding against charging over intangible securities such as rights, licenses, authorisations etc charged to the Bank as collateral		
The estimated value of such intangible securities (as in (i) above)	Nil	Nil

As compiled and certified by the management and relied upon by the Auditors).



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18.7 Miscellaneous Disclosures

18.7.1 Penalties imposed by RBI under Banking Regulation Act, 1949:

Reserve Bank of India has imposed penalty of Rs. 3.50 crore (Rs. Three crore fifty lakh only) on the Bank during the year ending 31st March 2019, under the provision of Section 47(A) (1) (c) read with section 46 (4) (i) of the Banking Regulation Act 1949.

18.7.2 In compliance of RBI letter no.DBR.No.BP.13018/21.04.048/2015-16 dated 12.04.2016 and further in compliance with RBI letter No.3992/21.04.048/2016-17 and further to RBI letter No.DBR.BP.7201/21.04.132/2017-18 dated 08.02.2018, Bank has retained provision of Rs.29.29 Crore being 5% of the existing outstanding of Rs.585.88 Crore as on 31st March, 2019 under food credit availed by State Government of Punjab.

18.7.3 In respect of one premises costing ₹ 0.25 Crore (Previous year ₹0.25 Crore), registration/sale/title deeds in favour of the Bank are pending.

18.8 Disclosure in terms of Accounting Standards issued by the Institute of Chartered Accountants of India.

18.8.1 Accounting Standard AS-5 – Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies:

There are no material prior period items. There is no change in the Accounting Policy as compared to the previous year.

18.8.2 Accounting Standard AS- 10 – Property Plant and Equipment/Fixed Assets

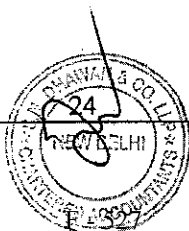
Subsequent to the revised Accounting Standards- 10 applicable from April 1, 2018, depreciation of ₹ 17.73 Crore for the year on the revalued portion of the fixed assets has been transferred from the Revaluation Reserve to Revenue and Other reserve.

18.8.3 Accounting Standard AS-12 Accounting for Government Grants

During the year 2018-19 the Bank has received a sum of Rs.1.64 crore as Grant Assistance under the Scheme "Support for setting up of Aadhaar Enrolment and update Centers (AECs)" and Rs.0.43 crore as "Incentive for installation of BHIM Aadhaar Pay devices". The Bank has treated the grant as deferred income which is recognised in the profit and loss statement on a systematic and rational basis over the useful life of the asset. Accordingly, the Bank has booked a sum of Rs.0.69 crore as income in the Profit & Loss account during the year 2018-19.

Accounting Standard AS-15 – Employee Benefits:

The Bank follows following AS-15 (revised 2005) 'Employee Benefits'. The defined employee contribution/benefit schemes are as under:-



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a. Provident Fund

The Bank pays fixed contribution to Provident Fund at predetermined rates to a separate Trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to the profit & loss account. The obligation of the Bank is limited to such fixed contribution.

b. Gratuity

The officers who had joined the service or became officer before 1st January, 1983 are entitled for Gratuity under Rules subject to Maximum 20 months.

The Officers who had joined the service on or after 1st January, 1983 are entitled for Gratuity under The Payment of Gratuity Act or Officer's Service Regulation, whichever is higher.

The workmen are entitled for gratuity under The Payment of Gratuity Act or Bipartite Settlement, whichever is higher.

The Officers / Workmen who had rendered continuous services of five years or more are eligible for gratuity on superannuation, resignation and termination. Further, in case of death, the minimum service required is one year. The gratuity fund is managed by separate trust and is funded by the Bank. The liability of the same is recognized on the basis of actuarial valuation.

c. Pension

The Bank has a defined benefit pension scheme. The scheme applies to existing employees of the Bank as on 29.09.1995 who have opted for the pension scheme and to all the employees joining, thereafter but before 01.04.2010. The scheme is managed by a separate Trust and the liability for the same is recognized on the basis of actuarial valuation.

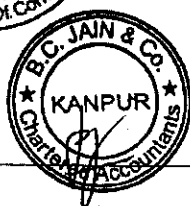
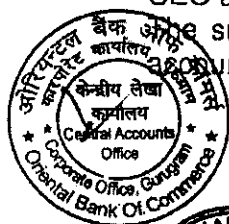
d. Sick leave

In compliance to RBI observations, the Bank has provided for ₹ 4.49 Crore towards sick leaves during the year ended 31st March, 2019 (₹ 11.87 Crore during the previous year).

e. Other Defined Retirement Benefits (ODRB)

Other Defined Retirement Benefits (ODRB) include leave encashment, settlement at home town for employees and dependents and post-retirement medical benefit for MD, CEO and ED. These are unfunded and are recognized on the basis of actuarial valuation.

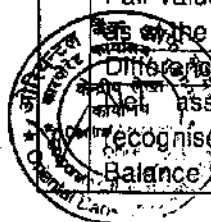
The summarized position of various defined benefits recognized in the profit and loss account and balance sheet along with the funded status are as under:



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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

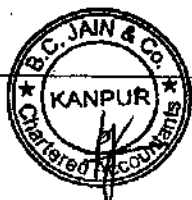
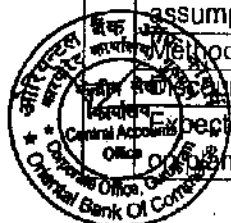
	Items	(Amount in ₹Crore)					
		FUNDED				UNFUNDED	
		Gratuity		Pension		Leave Encashment	
		2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
a)	Changes in the Defined Benefit Obligation:						
	Opening defined benefit obligation	875.50	773.62	5946.28	5598.76	543.45	440.76
	(Add) Difference paid on account of Wage revision	-	-	-	-	-	-
	Acquisition Adjustment	-	-	-	-	-	-
	Current Service Cost	46.00	44.09	137.37	135.37	36.85	33.68
	Interest Cost	67.85	58.02	460.84	419.91	42.12	33.06
	Past Service Cost	-	79.93	-	-	-	-
	Actuarial loss/(gain)	36.70	(7.62)	281.13	11.82	42.19	138.20
	Benefits paid	(121.27)	(72.54)	(281.60)	(219.58)	(93.83)	(102.25)
	Closing defined benefit obligation	904.78	875.50	6544.02	5946.28	570.78	543.45
b)	Changes in Fair value of Plan Assets:						
	Opening fair value of Assets	806.14	778.12	6189.58	5597.76	N.A.	
	Expected return on plan assets	64.49	66.14	526.11	475.81		
	Actuarial (gain)/loss	(0.10)	8.74	(33.96)	209.41		
	Contributions by employer	149.36	25.67	77.11	126.18		
	Benefits paid	(121.27)	(72.53)	(281.60)	(219.58)		
	Amount amortized/NPI	(0.01)	-	-	-		
	Provision for Excess of Fund	-	-	(273.18)	-		
	Closing Fair Value of Asset	898.61	806.14	6204.06	6189.58		
c)	Amount recognised in the Balance Sheet:						
	Present Value of Obligation - as at the year-end - (i)	904.78	875.50	6544.02	5946.28	570.78	543.45
	Fair value of the Assets - as at the year-end- (ii)	898.61	806.14	6204.06	6189.58	-	-
	Difference (ii) - (i)	(6.17)	(69.36)	(339.96)	243.30	(570.78)	(543.45)
	Recognised in the Balance Sheet	(6.17)	(69.36)	(339.96)	243.30	(570.78)	(543.45)



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d)	Expenses recognised in the Profit and Loss account::						
	Current Service cost	46.00	44.09	137.37	135.37	36.85	33.68
	Past service cost/ recognised	-	79.93	-	-	-	-
	Interest on defined benefit obligation	67.85	58.02	460.84	419.91	42.12	33.06
	Expected return on plan assets	(64.49)	(66.14)	(526.11)	(475.81)	-	-
	Net actuarial loss/(gain) recognised in the current year	36.80	(16.37)	315.08	(197.59)	42.19	138.20
	Expenses recognised in the P&L a/c	86.16	99.53	387.18	(118.12)	121.16	204.94
e)	Movements in the Liability recognised in the Balance Sheet						
	Opening Net Liability	875.50	773.62	5946.28	5598.76	543.45	440.76
	(add) difference paid on account of wage revision	-	-	-	-	-	-
	Expense as above	86.16	99.53	387.18	(118.12)	121.16	204.94
	Benefit paid	(121.27)	(72.53)	(281.60)	(219.58)	(93.83)	(102.25)
	Actual return on Plan asset	64.39	74.88	492.16	685.22	-	-
	Acquisition Adjustment	-	-	-	-	-	-
	Closing Net liability/(asset)	904.78	875.50	6544.02	5946.28	570.78	543.45
f)	Details of Plan Assets (Investments):						
	Government Securities	60.66	22.39	457.14	137.20	N.A.	
	Corporate Bonds/debentures	82.00	81.94	1088.00	1187.93		
	Deposit in Banks	0.03	0.02	-	-		
	Funds managed by Insurance Co.	662.02	634.72	4272.76	4363.22		
	Others	19.64	7.46	202.50	134.70		
	Total	824.35	746.53	6020.40	5823.05		
	Of the above, investment in OBC Bond/deposits	-	35.00	-	-		
g)	Principal actuarial assumptions used:						
	Method used	Projected Unit Credit		Projected Unit Credit			
	Discount rate (p.a.)	7.80%	7.75%	7.80%	7.75%	7.80%	7.75%
	Expected rate of return	8.00%	8.00%	8.50%	8.50%	-	-
	On plan assets (p.a.)						



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	Future Salary increase	5.50%	5.50%	5.50%	5.00%	5.50%	5.50%
h)	Other Long Term Employee Benefits – unfunded	Medical Aid		N.A.		Sick Leave	
	Opening defined benefit obligation	3.27	2.91			78.61	66.75
	Current Service Cost	0.24	0.05			5.73	5.24
	Interest Cost	0.25	0.22			6.09	5.01
	Benefits paid	(0.64)	(0.17)			-	-
	Actuarial loss/gain	1.96	0.26			(7.34)	1.61
	Closing defined benefit obligation	5.10	3.27			83.10	78.61
i)	Principal actuarial assumptions used:						
	Discount rate (p.a.)	7.80%	7.75%	N.A.		7.80%	7.75%
	Future Salary increase	5.50%	5.50%			5.50%	5.50%

Note:

- The estimates of future salary increases considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- The provision for LFC is at ₹ 46.96 Crore (previous year ₹ 45.19 Crore) and Staff settlement expenses at ₹ 4.47 Crore (previous year ₹ 4.27 Crore) which are as per Actuarial Certificate.

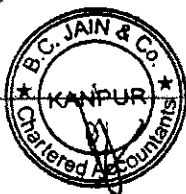
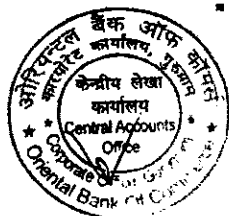
18.8.5 Accounting Standard AS-17 – Segment Reporting:

a) The Business Segments, which is the Primary Segment include:

- Treasury Operations
- Corporate / Wholesale Banking
- Retail Banking
- Other Banking Business Operations

b) The Geographical segments are recognized as the Secondary Segment. As the Bank is not carrying on any foreign operations, the only reportable geographical segment is of Domestic operations.

- **Treasury Operations:** Treasury operations consist of dealing in securities and Money Market Operations
- **Corporate / Wholesale Banking:** Includes all advances to trusts, partnership firms, companies and statutory bodies which are not included under "Retail Banking"
- **Retail Banking:** The exposure up to ₹ 5.00 Crore to individual, HUF, Partnership firm, Trust, Private Ltd. Companies, Public Ltd. Companies, Co-operative societies etc. or to a small business is covered under retail Banking. Small business is one where average of last three years' annual turnover (Actual for existing & projected for new entities) is less than ₹ 50 Crore.



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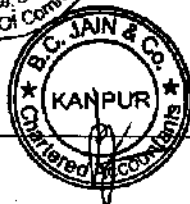
SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

- **Other Banking business operations:** Includes all other Banking operations not covered under Treasury, Wholesale Banking and Retail Banking Segments. Other Banking business is the residual category.

- c) The segment revenue is shown after interest on average inter-segment funds used in Treasury Operations. The interest on inter segment funds has been charged at the rate based on the movements in Cost of Funds i.e. percentage of total interest expended to average working funds for the year.

Allocation of Expenses, Assets and Liabilities: Expenses incurred at Head office/ Controlling Office directly attributable either to Corporate / Wholesale and Retail Banking Operations or to Treasury Operations segment, are allocated accordingly. Expenses not directly attributable are allocated on the basis of the ratio of outstanding advances in each segment except the provision for sacrifice interest (bifurcated on the basis of outstanding restructured advances) and provision for FITL & Standard restructured standard advances (bifurcated on the basis of outstanding standard restructured advances). The Bank has certain common assets and liabilities, which cannot be attributed to any segment, and the same are treated as unallocated.

Business Segment										(Amount in ₹ Crore)
Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations		TOTAL	
Particulars	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue	5797.93	6192.78	8828.35	9726.96	8724.59	7727.80	610.42	443.14	23958.29	24090.68
Un-allocable Income									193.96	3.92
Total Revenue									24123.25	24094.60
Less: Intersegment Revenue									3586.48	3913.35
Revenue from Operations									20536.77	20181.25
Result (Profit/ (-) Loss)	1563.93	1627.77	-8845.45	-8171.83	1268.20	293.38	223.47	153.03	-3791.85	-6087.85
Un-allocable Expenditure not off un-allocable income									-161.08	-3.23
Net Profit before Tax & Extraordinary Items									-3630.77	-6094.42
Income Taxes									-3665.76	-222.68
Extraordinary Profit/ Loss										
Net Profit									54.99	-5971.74
Other Information:										
Segment Assets	85156.06	72675.87	102949.08	92371.18	75080.87	62888.34	1881.70	2396.39	284847.89	230532.78
Unallocated Assets									7081.98	2811.26
Total Assets									271909.57	233344.04
Segment Liabilities	85156.06	72675.87	102649.08	92371.19	75080.87	62888.34	1961.70	2396.39	284847.89	230532.78
Unallocated Liabilities									7081.88	2811.26
Total Liabilities									271909.57	233344.04



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18.8.6 Accounting Standard AS-18 – Related Party:

Details pertaining to Related Party Transactions in respect of key managerial personnel of the Bank are as follows:-

(Amount in ₹ Lakh)

S. No.	Name	Relationship	Nature of Transaction	2018-19	2017-18
1	Sh. Mukesh Kumar Jain	Managing Director & CEO (from 15.07.2017)	Remuneration	27.66	18.45
2	Sh. Animesh Chauhan	Managing Director & CEO (upto 30.06.2017)	Remuneration	Nil	6.73
3	Sh. Vijay Dube	Executive Director (from 01.11.2018)	Remuneration	13.33	Nil
4	Sh. Balakrishna Alse S.	Executive Director (from 26.12.2018)	Remuneration	6.31	Nil
5	Sh. Rajkiran Rai G.	Executive Director (upto 30.06.2017)	Remuneration	Nil	5.79
6	Sh. Himanshu Joshi	Executive Director (upto 31.10.2018)	Remuneration	14.13	22.83

*Remuneration excludes retirement benefits.

Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited – Joint Venture. The transactions with joint venture have not been disclosed in view of para 9 of the AS -18 Related Party Disclosures issued by ICAI, which exempts state controlled enterprises from making any disclosure pertaining to transactions with other related state controlled enterprises.

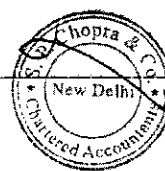
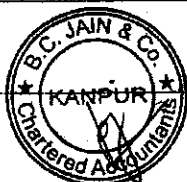
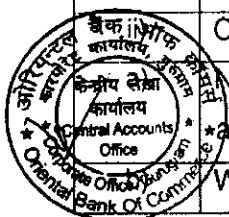
Further, in terms of Paragraph 5 of AS 18, transactions in the nature of Banker-Customer relationship have not been disclosed including those with Key Management Personnel.

18.8.7 Accounting Standard AS-19 – Leases:

The Bank has not entered into any transaction of Financial Lease. Operating lease primarily comprises of office premises, which are renewable at the option of the Bank. Lease payment for assets taken on operating lease are recognized as an expense in the Profit and Loss Account.

18.8.8 Accounting Standard AS-20 - Earnings per Share (EPS):

S. No.	Particulars	As on 31st March, 2019	As on 31st March, 2018
i)	Basic/Diluted EPS (₹)	0.77	(168.09)
	Calculation of Basic/Diluted EPS.		
	Net Profit /(Loss) after Extraordinary Items and after Tax (₹ Crore)	54.99	(5871.74)
	Weighted Average No. of Equity Shares	710330450	349311205



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c)	Basic/Diluted Earnings per Share (a/b) (₹)	0.77	(168.09)
d)	Nominal value per Share (₹)	10.00	10.00

18.8.9 Accounting Standard 22 – Accounting for Taxes on Income:

I. Current Tax

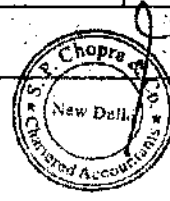
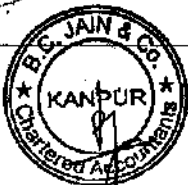
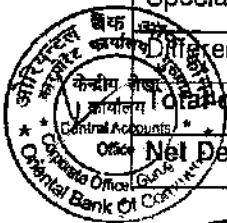
- a. In view of taxable losses, the Bank is not required to make any provision for income tax.
- b. The disputed tax demands of ₹ 3,300.77 Crore outstanding as on 31st March, 2019 (previous year ₹ 1,297.82 Crore) have been shown in Schedule No 12 – Contingent Liabilities under the head "Claims against the Bank not acknowledged as debt".
- c. Other assets {Schedule 11 (ii)} include ₹ 3,210.94 Crore (previous year ₹ 2,656.86 Crore) towards disputed Income Tax paid by the Bank / adjusted by the authorities and also include MAT Credit Entitlement of ₹ 136.89 Crore (previous year ₹ 136.89). Provision is not considered necessary in respect of aforesaid disputed demands based on several judicial pronouncements / counsels opinions.

II. Deferred Tax

The Bank has recognized deferred tax assets and liabilities. The breakup of deferred tax assets and liabilities into major items is given below:

(Amount in ₹ Crore)

Particulars	As on 31st March, 2019	As on 31st March, 2018
A. Deferred Tax Assets:		
Provision for Leave Encashment/LFC etc.	241.00	227.00
Provision for Interest Capitalized (Funded Interest)	67.00	85.00
Regulatory provision for performing loan assets	247.00	262.00
Other Provisions for contingencies	56.00	69.00
On Carry forward Business loss & unabsorbed Depreciation.*	2,917.00	0.00
Regulatory provision for non performing loan assets*	675.00	0.00
Total of A	4,203.00	643.00
B. Deferred Tax Liabilities:		
Special Reserve under section 36(1)(viii)	(554.00)	(554.00)
Difference in WDV of Fixed Assets.	(68.00)	(81.00)
Total of B	(622.00)	(635.00)
Net Deferred Tax Asset/(Liability)	3,581.00	8.00



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* Based on the review and certainty of availability of future taxable income, the Bank has recognized Deferred Tax Assets during the current year of Rs.2,917 Crores, on account of unabsorbed depreciation and carry forward losses, and an amount of Rs.675 Crores on account of regulatory provisions for non performing loan assets (NPA).

18.8.10 Accounting Standard – 28 - Impairment of Assets:

The Bank's assets substantially comprise of financial assets, which are not covered by AS-28 'Impairment of Assets'. In the opinion of Bank's management there is no impairment in the value of its non-financial assets in terms of said Accounting Standard.

18.8.11 Accounting Standard – 29 - Provisions, Contingent Liabilities and Contingent Assets:

The Contingent Liabilities as stated in schedule 12 [clause (I) and (VI)] to the accounts mentioned above are dependent upon the outcome of Court/ arbitration/out of Court settlements, disposal of appeals, and the amount being called up, terms of contractual obligations, devolvement and raising of demand by concerned parties, as the case may be. No liability is expected in respect of clause (I) and (VI) of the said schedule.

18.9 Additional Disclosures

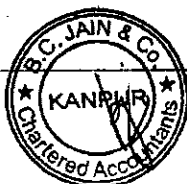
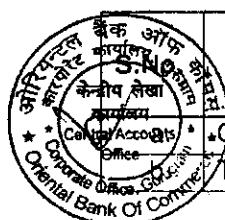
18.9.1 Fee/Commission earned in respect of insurance and other third party products :- (Amount in ₹ Crore)

S. No.	Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
1.	Life Insurance	65.12	32.31
2.	General Insurance & Mediciam	19.83	9.99
3.	Social Security Schemes – PMJJBY & PMSBY	2.31	2.42
4.	Mutual Funds	0.41	0.37
5.	Credit Cards	1.18	1.27
6.	UID – Aadhar	1.47	0.04
	Total	90.32	46.40

18.9.2 Floating provisions

(Amount in ₹ Crore)

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
• Opening balance in the floating provision a/c	24.12	24.12
• The quantum of floating provisions made in the	0.00	0.00



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	accounting year		
c.	Amount of draw down made during the accounting year	0.00	0.00
d.	Closing balance in the floating provisions a/c	24.12	24.12

18.9.3 Complaints

a) Customer Complaints

S. No.	Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
(a)	No. of complaints pending at the beginning of the year	137	1136
(b)	No. of complaints received during the year	16467	24510
(c)	No. of complaints redressed during the year	16546	25509
(d)	No. of complaints pending at the end of the year	58	137

b) Awards passed by the Banking Ombudsman

S. No.	Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
(a)	No. of unimplemented Awards at the beginning of the year	Nil	Nil
(b)	No. of Awards passed by the Banking Ombudsmen during the year	Nil	Nil
(c)	No. of Awards implemented during the year	Nil	Nil
(d)	No. of unimplemented Awards at the end of the year	Nil	Nil

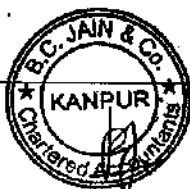
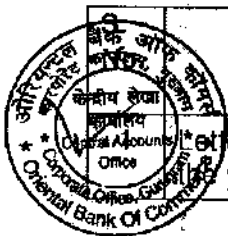
18.9.4 Letter of Comforts

The Bank issues Letter of Comforts (LOCs) on behalf of its various constituents against the credit limits sanctioned to them. RBI vide its circular A.P. (DIR Series) Circular No. 20 dated 13.03.2018, has discontinued the issuance of Letter of Comfort for raising buyer's credit. Bank has complied with the circular and has discontinued the issuance of Letter of Comfort. 4 LOCs for Rs.9.00 Crore are outstanding as on 31st March 2019, since these pertain to Capital Account transactions, which have not fallen due as on 31.03.2019.

Brief details of LOCs are as under:-

(Amount in ₹ Crore)

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
Letter of comforts outstanding as at the beginning of year	1314	1954



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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

2	Letter of comforts issued during the year	0	4675
3	Letter of comforts matured/cancelled during the year	1305	5315
4	Letter of comforts outstanding as at the end of the year	9	1314

18.9.5 Concentration of Deposits

(Amount in ₹ Crore)

Particulars	As on 31st March, 2019	As on 31st March, 2018
Total Deposits of twenty largest depositors	29355.55	27364.26
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	12.62%	13.20%

18.9.6 Concentration of Advances

(Amount in ₹ Crore)

Particulars	As on 31st March, 2019	As on 31st March, 2018
Total Advances to twenty largest borrowers	24112.40	17431.88
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	14.05%	11.76%

18.9.7 Concentration of Exposures

(Amount in ₹ Crore)

Particulars	As on 31st March, 2019	As on 31st March, 2018
Total Exposure to twenty largest borrowers/customers	30223.62	24742.11
Percentage of Exposures to twenty largest borrowers to Total Exposure of the Bank on borrowers/customers	11.62%	10.77%

18.9.8 Concentration of NPAs

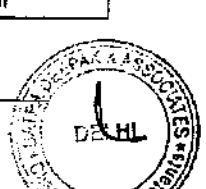
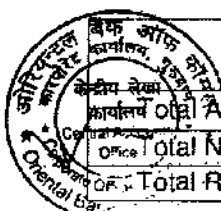
(Amount in ₹ Crore)

Particulars	As on 31st March, 2019	As on 31st March, 2018
Total Funded Exposure to top four NPA accounts	3000.13	3913.71

18.9.9 Overseas Assets, NPAs and Revenue

(Amount in ₹ Crore)

Particulars	As on 31st March, 2019	As on 31st March, 2018
Total Assets	0.22	0.24
Total NPAs	Nil	Nil
Total Revenue	Nil	Nil



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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

18.9.10 Off Balance Sheet SPVs sponsored (domestic & overseas) – Nil

18.9.11 Credit Default Swaps (CDS): Bank has policy in place for Credit default Swaps. However, no CDS transaction has been under taken by the Bank during the F.Y. 2018-19.

18.9.12 Transfer to Depositor Education and Awareness Fund (DEAF)

(Amount in ₹ Crore)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Opening Balance of amount transferred to DEAF	609.81	504.05
Add: Amount transferred to DEAF during the year	109.13	118.68
Less: Amount reimbursed by DEAF towards claim	27.23	12.92
Closing balance of amount transferred to DEAF	691.71	609.81

18.9.13 Liquidity Coverage Ratio

(Amount in ₹ Crore)

Particulars	As on 31st March, 2019		As on 31st March, 2018	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets				
1 Total High Quality Liquid Assets (HQLA)		44594.54		40615.05
Cash Outflows				
2 Retail deposits and deposits from small business customers, of which:	115864.72	7706.69	112331.25	7812.53
(i) Stable deposits	77595.60	3879.78	68411.82	3420.59
Less stable deposits	38269.12	3826.91	43919.43	4391.94
Unsecured wholesale funding, of which:	76421.90	28862.37	87145.67	33485.25
Operational deposits (all counterparties)	0.00	0.00	0.00	0.00



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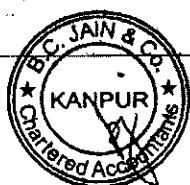
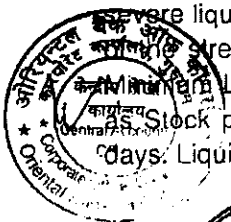
SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

(ii)	Non-operational deposits (all counterparties)	76421.90	28862.37	87145.67	33485.25
(iii)	Unsecured debt	0.00	0.00	0.00	0.00
4	Secured wholesale funding		55.54		16.29
5	Additional requirements, of which	1098.48	1098.49	1916.48	1916.48
(i)	Outflows related to derivative exposures and other collateral requirements	1098.48	1098.49	1916.48	1916.48
(ii)	Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00
(iii)	Credit and liquidity facilities	0.00	0.00	0.00	0.00
6	Other contractual funding obligations	23616.96	2481.53	25691.58	2675.50
7	Other contingent funding obligations	22821.96	670.55	24898.56	1244.92
8	Total Cash Outflows		40875.17		47150.99
Cash Inflows					
9	Secured lending (e.g. reverse repos)	0.00	0.00	0.00	0.00
10	Inflows from fully performing exposures	4179.74	2306.20	9020.63	5197.55
11	Other cash inflows	432.66	432.66	1374.44	1374.44
12	Total Cash Inflows	5316.74	3443.20	10395.07	6571.99
			Total Adjusted Value		Total Adjusted Value
13	Total HQLA		44594.54		40615.81
14	Total Net Cash Outflows		37431.97		40578.99
15	Liquidity Coverage Ratio (%)		119.13%		100.09%

As complied and certified by the management and replied upon the auditors.

Qualitative Disclosure around LCR

Liquidity Coverage Ratio (LCR) standard has been introduced with the objective that a Bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario. The stock of liquid assets should enable the Bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken. Minimum LCR has to be maintained at 100% with effect from January 01, 2019. LCR has been defined as Stock of high quality liquid assets (HQLAs) over Total net cash outflows over the next 30 calendar days. Liquid assets comprise of high quality assets that can be readily sold or used as collateral to obtain



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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

funds in a range of stress scenarios. There are two categories of assets included in the stock of HQLAs, viz. Level 1 and Level 2 assets. Level 1 assets are with 0% haircut while Level 2A assets are with a minimum 15% haircut and Level 2B Assets, with a minimum 50% haircut.

The total net cash outflows is the total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. Total expected cash inflows and outflows are calculated by multiplying the outstanding balances of various categories of contractual receivables and types of liabilities and off-balance sheet commitments by the rates at which they are expected to flow in or drawn down.

The main drivers of LCR results and the evolution of the contribution of inputs to the LCR calculation over time:

i. The main drivers of LCR results are High Quality liquid assets (HQLA) in the form of excess SLR over mandatory SLR requirement, MSF eligible SLR securities (presently upto 2% of NDTL) and providing additional liquidity facility in the form of Facility to Avail Liquidity for LCR (FALLCR) upto 13 % of NDTL. RBI vide circular dated September 27, 2018 has increased the FALLCR to 13% of NDTL from 11% earlier.

ii. Intra-period changes as well as changes over time; The LCR for the 1st quarter of FY 2018-19 stood at 100.03%. The same increased to 122.14% for the 2nd Quarter of FY 2018-19 due to increase in HQLA. The LCR for the 3rd Quarter further increased to 126.43% and the same decreased to 116.45% for the 4th quarter of FY 2018-19 due to increase in Outflow. The average LCR for the FY 2018-19 stood at 119.13%.

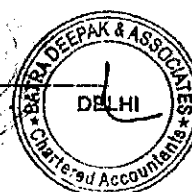
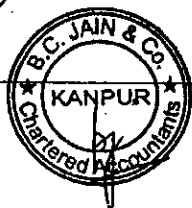
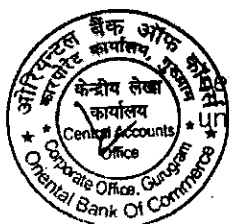
iii. **The composition of HQLA :** HQLA Mainly consists of Cash including excess CRR, excess SLR, Govt. securities upto 2% of NDTL within the mandatory SLR requirement (MSF), Govt. Securities upto 13% of NDTL within the mandatory SLR requirement (FALLCR), Marketable securities representing claims on or claims guaranteed by sovereigns, Public Sector Entities (PSEs) or multilateral development Banks that are assigned a 20% risk weight, Corporate bonds not issued by a Bank/financial institution/NBFC or any of its affiliated entities, which have been rated AA- or above by an Eligible Credit Rating Agency, Commercial Papers not issued by a Bank/ PD/financial institution or any of its Affiliated entities etc.

iv. **Concentration of funding sources;** The Bank has well diversified deposit base, three depositors had aggregate deposits in excess of 1% of the total liabilities of the Bank as on 31st March, 2019. The deposit by the largest depositor contributed 1.82% of the total liabilities and 2.12% of the total deposits as on 31st March, 2019.

v. Derivative exposures and potential collateral calls; - NIL

vi. Currency mismatch in the LCR; - NIL

vii. A description of the degree of centralization of liquidity management and interaction between the group's units: - The Bank is not having any subsidiary. The Liquidity Management is undertaken at Corporate Office by Treasury Department.



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viii. Other inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considers to be relevant for its liquidity profile.—NIL

18.9.14 Break up of provisions and contingencies shown under the head expenditure in profit and loss account

(Amount in ₹ Crore)

Particulars	As on 31 st March, 2019	As on 31 st March, 2018
(i) Provisions for depreciation on Investment	308.41	708.83
(ii) Provision towards NPA	6952.02	9498.08
(iii) Provision made towards Income Tax (including Deferred Tax)	(3685.76)	(222.68)
(iv) Other Provisions and Contingencies (with details)		
(a) Non Performing Investments	13.52	(160.13)
(b) Provisions towards Standard Assets	93.50	(387.00)
(c) Provision for FITL	(37.64)	(134.50)
(d) Provision for sacrifice interest	(11.77)	(83.69)
(e) Others	66.49	356.01
TOTAL	3698.77	9574.92

18.9.15 During the year 2018-19, no draw drawn from reserves has been made.

18.9.16 Fraud reported and provision made during the year 2018-19

During the year, 319 cases of fraud amounting to Rs 2410.89 Crore were reported and provision of Rs. 2288.24 Crore (excluding recovery made & amount Written off) has been made.

18.9.17 Inter Office Accounts

Inter Office Accounts between branches, controlling offices and head office are being reconciled on an ongoing basis and no material effect is expected on the profit and loss account of the current year.

18.9.18 Payment to Micro, Small & Medium Enterprises under the Micro, Small & Medium Enterprises Development Act, 2006

On the date the categorization of MSME vendor is being done manually and not captured in the system. The Bank has not received any claim from any MSME vendor for interest on account of delayed payment and/or for the principal during Financial Year 2018-19..



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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

18.9.19 Priority Sector Lending Certificate (PSLC)

The Bank purchased PSLCs amounting to ₹9000/- Crore (Previous Year: Rs.11484.50Crore) during the year ended March 31, 2019 under following categories:

Sr. No.	Category	Amount in ₹ Crore
1	Agriculture	2300.00
2	Small and Marginal Farmer	2700.00
3	Priority Sector General	4000.00
Total		9000.00

The Bank did not sell any PSLC during the year ended March 31, 2019 (Previous Year: Nil)

18.9.20 Previous year figures have been regrouped/ reclassified, wherever necessary, to conform to current year classification. In cases where disclosures have been made for the first time in terms of RBI guidelines / Accounting Standards, previous year's figures have not been mentioned.

18.9.21 Contingent liabilities

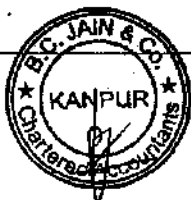
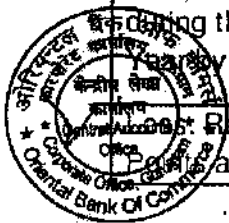
Movement of provisions against contingent liabilities as on 31st March, 2019.

(Amount in Crores)

Particulars	2018-19	2017-18
Opening Balance	34.92	35.59
Additions during the year	0.55	-
Amount utilised during the year	-	-
Unused amount reversed during the year	-	0.67
Closing balance	35.47	34.92

18.9.22 Movement of Rewards Points

Particulars	Reward points on Debit Card	Reward points on Credit Card	Reward points on I-bank	Reward points on M-bank	Reward points on UPI	Total
Opening Balance	0		0	0	0	0
Add: Reward points accrued during the year by Customers	330687726		6797036	5210046	267582	351775490
Less: Reward points availed by						2245291



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SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

customers						
Less: Reward Points Expired	0	N.A.	0	0	0	0
Closing balance						349530199

Note: Data shown here is as on 25 March'19 as the MIS was closed earlier due to FY-18-19 closing activities.

18.9.23 As per RBI circular no DBR.NO.BP.BC.18/21.04.048/2018-19 dated 01.01.2019 the details of MSME Borrower accounts restructured during quarter ended 31.03.2019 is as under.

Particulars	No. of accounts restructured	Amount (₹ in Crore)
Fresh Restructured	3466	231.29
Total	3466	231.29

18.9.24 As per RBI Circular no RBI/2017-18/186 DBR No. BP.BC.108/21.04.048/2017-18 dated 06.06.2018, MSME borrower get benefitted in assets classification as on 31.03.2019 is as under.

(Amount in ₹ Crore)

No of Borrowers	Fund Based Exposure	Non Fund Based Exposure	Total; Exposure	Amount parked in Init. Accrued account.
26 (36 accounts)	31.02	0.84	31.86	0.69

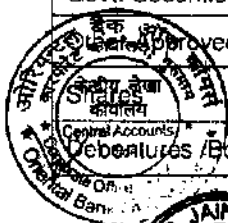
18.9.25 During the year, the Bank has revalued the premises forming part of its fixed assets schedule. These premises are revalued based on the reports of external independent valuers as per premises policy of the Bank approved by the Board. The surplus arising from the revaluation amounting to Rs 127.99 crores is shown as "Revaluation Reserves" under "Reserves and Surplus".

18.9.26 Categorization of Investments

In accordance with Reserve Bank of India guidelines and as stated in Accounting Policy No. 4, investment portfolio has been categorized as under:

(Amount in ₹ Crore)

Security	Position as on March 31, 2019				Position as on March 31, 2018			
	HTM	HFT	AFS	Total	HTM	HFT	AFS	Total
Govt. Securities	39801.78	-	18681.47	58483.25	37544.29	5.13	19034.22	56583.64
Other Approved Securities	-	-	0.15	0.15	-	-	0.15	0.15
Shares	-	1.93	2069.60	2071.53	10.00	1.66	1,868.56	1,880.22
Debtures/Bonds	10264.28	-	6429.49	16693.77	3588.28	-	6900.31	10488.59



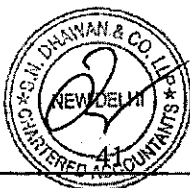
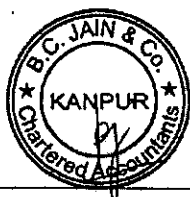
ORIENTAL BANK OF COMMERCE

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

Others-Commercial Paper, Certificate of Deposits, SR, VCF and Units of Mutual Funds etc	44.27	-	2994.13	3038.40	66.72	48.83	1,570.31	1,685.86
Others (Jt. Venture – Insurance)	218.50	-	-	218.50	218.50	-	-	218.50
Total	50328.83	1.93	30174.84	80505.60	41427.79	55.62	29373.55	70856.96

HTM – Held to Maturity; HFT – Held for Trading; AFS – Available for Sale

- 18.9.27** In respect of investments under Held to Maturity category, the premium amount amortized during the year is ₹ 106.35 Crore (previous year ₹ 135.36 Crore) and the same has been accounted for in Schedule No.13 under the head 'Interest Earned' as deduction from 'Income on Investments'.
- 18.9.28** The Bank has transferred Securities amounting to ₹ 6022.38 Crore (Previous year ₹ 23582.96 Crore), from 'Held to Maturity' category to 'Available for Sale' category and ₹ 4703.23 Crore (Previous year ₹ 3202.99 Crore) from 'Available for Sale' to 'Held to Maturity' category, during the year which is in accordance with RBI guidelines. The total Mark to Market depreciation on shifting of above mentioned securities was ₹ 86.05 Crore (previous year ₹ 35.65 Crore), and the same has been charged to Profit and Loss Account.
- 18.9.29** Investment towards capital contribution in Joint Venture Company for Life Insurance Business with Canara Bank and HSBC under the name and style of "Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited" as on 31.03.2019 is ₹ 218.50 Crore, which amounts to 23% capital contribution by the bank. Further there is no investment in the current year as well as in previous year. The said investment has been classified under 'Held to Maturity' category under the head investment in joint ventures, as the intention is to hold as joint venture investment although the holding is less than 25% as required under RBI norms. The Bank has obtained permission of RBI to classify the same under HTM category. In the opinion of the management the impact in the value of the said investment on account of initial losses is not permanent in nature and hence no provision is considered necessary.



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CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

	31.03.2019	31.03.2018
(₹ 000s omitted)		
A.		
Cash flow from operating activities		
Net Profit (Net Loss) before Tax	(3630,76.82)	(6094,42.52)
B.		
Adjustment for		
Transfer to General Reserve	26,90.27	9,93.82
Depreciation/Amortization on Fixed Assets	280,34.17	217,86.21
Provision against Standard Assets	93,50.00	(387,00.00)
Provision for NPA advances	6952,02.38	9488,07.97
Other Provision	339,01.07	688,51.91
Interest on subordinate Debts	487,23.91	726,32.17
Amortisation of Expenses	0	0
(Profit)/Loss on Sale of Fixed Assets	(67.83)	(2,27.02)
Total (B)	8153,24.15	10749,45.05
Operating Profit before changes in Operating Assets & Liabilities	4527,47.33	4655,02.54
III.		
Changes in Operating Assets & Liabilities		
Decrease/(Increase) in Investments	(957,3,95.64)	(11381,84.29)
Decrease/(Increase) in Advances	(29689,96.42)	11840,04.98
Decrease/(Increase) in Other Assets	800,37.26	5353,93.26
(Decrease)/Increase in Deposits	25299,31.32	(11983,32.26)
(Decrease)/Increase in Borrowings	4925,31.06	(2398,12.90)
(Decrease)/Increase in Other Liabilities & Provisions	1902,30.98	128,69.26
Total (III)	(8915,61.43)	(8450,61.97)
Cash generated from Operations		
Tax Paid (Net of Refund)	(563,34.45)	198,67.78
Net Cash from Operating Activities	(2951,48.56)	(3638,91.66)
C.		
Cash flow from Investing Activities		
Purchase of Fixed Assets (Net of Sales)	(222,61.99)	(450,56.57)
Total (C)	(222,61.99)	(450,56.57)
D.		
Cash Flow from Financing Activities		
Issue of Share Capital	737,44.18	288,59.71
Share Premium	8198,55.92	3284,40.29
Share application money pending allotment	0	0
Subordinate Bonds issued/(Redemption) - Net	(500,00.00)	(2500,00.00)
Interest paid on Subordinate Bonds	(467,23.91)	(726,32.17)
Payment of Dividend/Interim Dividend/Corporate Tax	0	0
Total (D)	5968,76.09	344,67.83
Net Changes in Cash & Cash Equivalents (A+B+C)	2794,65.82	(3744,80.39)
Cash & Cash Equivalents at the beginning of the year	13631,43.16	17426,23.55
Cash & Cash Equivalents at the end of the year (as per Schedules 6 & 7 to the financial statements)	16476,08.98	13681,43.16

Note:

- 1 Cash Flow Statement has been prepared under 'indirect method' in accordance with the Accounting Standard-3, issued by the Institute of Chartered Accountants of India.
- 2 All figures in brackets represent "Cash out-flow", except profit on sale of fixed assets and Provision against Standard Advances, considered to arrive at operating profit before changes in operating assets and liabilities.
- 3 Direct taxes paid are treated as arising from Operating activities and are not bifurcated between investing and financing activities.

Praveen Kumar Sharma
Dy. General Manager (Accounts)

Belakrishna Aise S.
Executive Director

Mahesh Diwan
General Manager (Accounts) & CFO

Mukesh Kumar Jain
Managing Director & Chief Executive Officer

In terms of our Report of even date attached,

For B. C. Jain & Co.
Chartered Accountants
Firm No. 408783
(Praveen Kumar Sharma)
Partner
M.No. 408783

For S. N. Diwan & Co. LLP
Chartered Accountants
Firm No. 804593
(S. N. Diwan)
Partner
M.No. 804593

For S. P. Chopra & Co.
Chartered Accountants
Firm No. 403348
(S. P. Chopra)
Partner
M.No. 403348

For Satya Deepak & Associates
Chartered Accountants
Firm No. 0064890
(Kapil Kumar Bhargava)
Partner
M.No. 085039

UNITED BANK OF INDIA FINANCIAL STATEMENTS

Financial Statement	Page Number
Audited Financial Statements of United Bank of India for the year ended March 31, 2020	F - 546
Audited Financial Statements of United Bank of India for the year ended March 31, 2019	F - 607

M/s S B A Associates Chartered Accountants, Kolkata	M/s Dinesh Jain & Associates Chartered Accountants, New Delhi	M/S. Gupta Gupta & Associates LLP Chartered Accountants, Jammu	M/s. Mitra Roy & Datta Chartered Accountants, Kolkata
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To

The President of India / Members of United Bank of India

Report on Audit of the Financial Statements

Opinion

1. We have audited the financial statements of United Bank of India ('the Bank'), which comprise the Balance Sheet as at 31st March 2020, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and notes to financial statements including a summary of significant accounting policies and other explanatory information in which are included returns for the year ended on that date of 20 branches and treasury operation audited by us, 1072 branches/ retail hubs which includes 1 Central Payment Hub, 1 Central Pension Processing Centre and 1 Inward Clearing Processing Centre audited by Statutory Branch Auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also included in the Balance Sheet, the Profit and Loss Account and Cash Flow Statement are the returns from 36 Regional Offices, 944 branches, 3 Staff Training Colleges and 1 Data Centre at Head Office which have not been subjected to audit. These unaudited branches account for 9.23% of gross advances, 26.27% of deposits, 14.76% of interest income and 28.91% of interest expenses.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 in the manner so required for bank and are in conformity with accounting principles generally accepted in India and:
 - a. the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at 31st March, 2020;
 - b. the Profit and Loss Account, read with the notes thereon shows a true balance of loss for the year ended on that date; and
 - c. the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.



Page 1 of 5



M/s S B A Associates Chartered Accountants, Kolkata	M/s Dinesh Jain & Associates Chartered Accountants, New Delhi	M/S Gupta Gupta & Associates LLP Chartered Accountants, Jammu	M/s. Mitro Roy & Gupta Chartered Accountants, Kolkata
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Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter Paragraphs in the Auditor's Report:

4. a) We draw attention to Note no. 14 of Schedule 18 of accompanying financial statements which have been prepared with going concern basis giving the effects of changes in certain accounting policies, methods, measurements, estimations for the harmonisation with those of Punjab National Bank in the process of amalgamation of the bank alongwith Oriental Bank of Commerce with Punjab National Bank with effect from 1st April 2020 as per Gazette Notification of No. G.S.R. 153(E) dated March 4, 2020 of Ministry of Finance, Government of India and Reserve Bank of India press release no. 2019-20/2138 dated March 28, 2020. However, the total CRAR of the Bank as at 31st March 2020 is 5.56% and has breached the laid down benchmark of 10.875%.
- b) We draw attention to Note no. 15 of Schedule 18 of the accompanying financial statements regarding impact of COVID-19 Pandemic. The situation continues to be uncertain and the Bank is evaluating the situation on an ongoing basis with respect to the challenges faced.
- c) We draw attention to Note no. 18 of Schedule 18 of the accompanying financial statements regarding change in accounting policies/ procedures in the process of Amalgamation of Bank along with Oriental Bank of Commerce with Punjab National Bank with effect from 1st April 2020. Due to harmonisation of policies and procedures, the bank has to book a Net loss of Rs. 3425.47 Crores over and above the usual loss incurred by it. The change in policies are not Board approved but implemented due to scheme of amalgamation.

Our opinion is not modified in respect of these matters.



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M/s S B A Associates Chartered Accountants, Kolkata	M/s Dinesh Jain & Associates Chartered Accountants, New Delhi	M/s Gupta Gupta & Associates LLP Chartered Accountants, Jammu	M/s. Mitra Roy & Datta Chartered Accountants, Kolkata
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Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Auditors Response
Assets Classification and Provisioning in respect of Advances (Refer Schedule 9 to the financial statements)	
Advances comprise a substantial portion of the Bank's assets and since the management exercises significant judgement in the asset classification and provision, this has been considered by us as a key audit matter.	In order to ensure the effectiveness of the operation of the key controls and compliance to the directions of the RBI in this regard, we have verified whether both CBS system and the management have: - (a)timely recognised the depletion in the value of both primary and collateral security;
Banks are governed by the prudential norms issued by the Reserve Bank of India on Income recognition, Asset Classification and provisioning pertaining to Advances.	(b)made adequate provisioning based on such time to time monitoring and identification of asset classification.
Identification of non-performing advances is carried out in the Bank based on system identification, by the Core Banking Solution (CBS) software in operation i.e. Finacle based on the various controls and logic embedded therein. The management also exercises significant judgement in adherence to the IRAC norms and adequate provisioning in required cases.	We have also placed reliance on and performed the following procedures: (a) reviewed and placed reliance upon the Independent Auditors Report of the Statutory Branch Auditors as well as all MOC passed by us both at branches as well as H.O. (b) ensured that changes suggested by the Statutory Branch Auditors with respect to income recognition, asset classification and provisioning have been appropriately dealt.



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Investments - valuation, and identification and provisioning for Non-Performing Investments (Refer Schedule 8 to the financial statements)

Investment portfolio of the bank comprises of Investments in Government Securities, Bonds, Debentures, Shares, Security Receipts and other Approved Securities which are classified under three categories, Held to Maturity, Available for Sale and Held for Trade.

Valuation of Investments, identification of Non-performing Investments (NPI) and the corresponding non-recognition of income and provision thereon, is carried out in accordance with the relevant circulars / guidelines / directions of RBI. The valuation of each category (type) of aforesaid security is to be carried out as per the methodology prescribed in circulars and directives issued by the RBI which involves collection of data/ information from various sources such as FBIL rates, rates quoted on BSE/ NSE, financial statements of unlisted companies, NAV in case of mutual funds & security receipts etc. Certain investments are based on the valuation methodologies that include statistical models with inherent assumptions, assessment of price for valuation based on financial statements etc. Hence, the price discovered for the valuation of these investments may not be the true representative but only a fair assessment of the investments as on date.

Hence the valuation of Investments requires special attention and further in view of the significance of the amount of Investments in the financial statements i.e. 38.33% of total assets, the same has been considered as Key Audit Matter in our audit.

Our audit approach towards Investments with reference to the RBI Circulars/ directives included the review and testing of the design, implementation, operating effectiveness of internal controls and substantive audit procedures in relation to valuation, classification, identification of Non-Performing Investments, Provisioning / depreciation related to Investments. In particular,

- We evaluated and understood the Bank's internal control system to comply with relevant RBI guidelines regarding valuation, classification, identification of Non-Performing Investments, Provisioning/depreciation related to investments;
- We assessed and evaluated the process adopted for collection of information from various sources for determining fair value of these investments;
- For the selected sample of investments in hand, we tested accuracy and compliance with the RBI Master Circulars and directions by re-performing valuation for each category of the security. Samples were selected after ensuring that all the categories of investments (based on nature of security) were covered in the sample;
- We assessed and evaluated the process of identification of NPIs, and corresponding reversal of income and creation of provision;
- We carried out substantive audit procedures to recompute independently the provision to be maintained and depreciation to be provided in accordance with the circulars and directives of the RBI. Accordingly, we selected samples from the investments of each category and tested for NPIs as per the RBI guidelines and recomputed the provision to be maintained.



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COVID-19 pandemic induced restrictions

Due to the COVID-19 pandemic induced restrictions imposed by Central Government and various State/UT Governments on physical movement, most of the Statutory Auditors were not able to visit all the branches/offices for undertaking the required audit procedures as prescribed under ICAI issued Standards on Auditing. The review of physical documents wherever required was carried out through scanned documents provided by the branches. There are inherent limitations to scanned documents especially w.r.t. availability of original documents with the branch including authenticity of the scanned documents provided for audit. Moreover, uploading of all scanned documents required for thorough verification had an inherent limitation due to system of filing at branch level.

The Bank's management has issued SOP for Off-site audit by providing remote access at the nearest branch/ offices and the auditors were provided with the desired information through electronic means. Our audit procedures were mostly based on review of scanned documents. Further enquiries and review based on such scanned documents, independent verification wherever possible, with the information filed with Regulators, obtaining confirmation w.r.t. authenticity of documents and availability of original documents in the custody of branch/head office had been kept in view for audit consideration and if possible addressed and suitably adjusted, wherever justified, in case of remote audit at branch and head office level.

Information Other than the Financial Statements and Auditors' Report Thereon

- The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the financial statements does not cover the other information and Pillar-3 disclosure under BASEL-III and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged



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M/s S.B.A Associates Chartered Accountants Kolkata	M/s Dinesh Jain & Associates Chartered Accountants New Delhi	M/s Gupta Gupta & Associates LLP Chartered Accountants Jamnagar	M/s. Mrida Roy & Datta Chartered Accountants Kolkata
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with governance and report it to Reserve Bank of India and Securities and Exchange Board of India (SEBI).

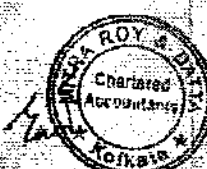
Responsibilities of Management and Those Charged with Governance for the Financial Statements

7. The Bank's Board of Directors is responsible with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing (SAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work, and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings.



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M/s. S. B. A. Associates Chartered Accountants Kolkata	M/s. Dinesh Jain & Associates Chartered Accountants New Delhi	M/S. Gupta Gupta & Associates LLP Chartered Accountants, Jammu	M/s. Mira Roy & Datta Chartered Accountants, Kolkata
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including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

9. We did not audit the financial statements/ information of 985 branches/ offices included in the financial statements of the Bank whose financial statements / financial information reflect total assets (gross) of Rs.81491.20 crore as at 31st March 2020 and total revenue of Rs.731.50 crore for the year ended on that date, as considered in the financial statements. The financial statements/ information of these branches have been audited by the branch auditors whose reports have been furnished to us, and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949.
11. Subject to the limitations of the audit indicated in paragraphs 4 to 9 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and subject also to the limitations of disclosure required therein, we report that:-



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- a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory.
- b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
- c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

12. We further report that:

- a) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- b) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
- c) the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report; and
- d) in our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

For S B A Associates
Chartered
Accountants
FRN: 308130E

CA. Nilanjana Sen
Partner
Mem No: 061768

For Dinesh Jain &
Associates
Chartered Accountants

FRN: 004885N
CA. Neha Jain
Partner
Mem. No: 514726
UDIN: 20514725AA
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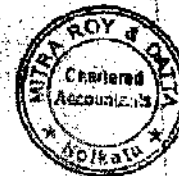
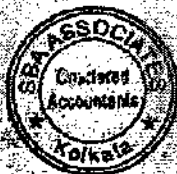
For Gupta Gupta &
Associates LLP
Chartered Accountants
FRN: 001728N/N-600321

CA. Samit Gupta
Partner
Mem. No: 083783

For Mitra Roy &
Datta
Chartered
Accountants
FRN: 322477E

CA. Sumanta Ghatak
Partner
Mem No: 051688

IN: 20061768A/AA BT2463
Date: 19th June 2020
Place:



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**UNITED BANK OF INDIA
KOLKATA**

Balance Sheet as on 31st March 2020

(Rs In thousand)

CAPITAL & LIABILITIES	Schedule	As on 31.03.2020	As on 31.03.2019
		(Audited)	(Audited)
Capital	1	9069,29,90	7427,91,97
Share Application Money Pending Allotment	1A	,0	,0
Reserves & Surplus	2	2180,69,81	4070,95,80
Deposits	3	137614,63,91	134983,31,51
Borrowings	4	2279,94,52	2203,71,75
Other Liabilities and Provisions	5	6189,65,05	2844,01,75
Total :		152992,83,57	151529,92,78
ASSETS	Schedule	As on 31.03.2020	As on 31.03.2019
		(Audited)	(Audited)
Cash and balances with Reserve Bank of India	6	4852,96,18	6188,88,37
Balances with Banks and			
Money at Call and Short Notice	7	8722,04,85	3494,61,02
Investments	8	58638,92,27	60976,03,43
Advances	9	67523,32,77	66955,09,74
Fixed Assets	10	1418,48,55	1240,05,50
Other Assets	11	11839,08,95	12695,24,72
Total :		152992,83,57	151529,92,78
Contingent Liabilities	12	12387,21,89	8091,52,54
Bills for collection		2865,34,75	2592,13,10

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SCHEDULE 1 - CAPITAL			(Rs. In thousand)
	As on 31.03.2020 (Audited)	As on 31.03.2019 (Audited)	
AUTHORISED CAPITAL	12000 ,00 ,00	8500 ,00 ,00	
Equity Share Capital	-	-	
Perpetual Non Cumulative Preference Shares(PNCPS)	-	-	
ISSUED, SUBSCRIBED AND PAID- UP CAPITAL			
9089288994(Previous Year 7427919684) Equity			
Shares of Rs. 10/- each [(Including 8834104853			
(Previous Year 7192725543) held by GOI]	9089 ,29 ,90	7427 ,91 ,97	
Total :	9089 ,29 ,90	7427 ,91 ,97	
SCHEDULE 1A - SHARE APPLICATION MONEY PENDING ALLOTMENT			
	As on 31.03.2020 (Audited)	As on 31.03.2019 (Audited)	
Share Application Money Pending Allotment	- ,0	- ,0	
Total :	,,0	,,0	



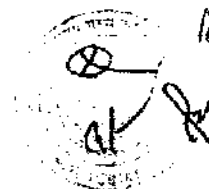
SCHEDULE 2 - RESERVES & SURPLUS			
		As on 31.03.2020	(Rs. in thousand)
		(Audited)	As on 31.03.2019
			(Audited)
I. Statutory Reserves			
Opening Balance		832,38,77	832,38,77
Add: Transfer from Profit & Loss Account		,0	,0
SUB-TOTAL :		832,38,77	832,38,77
II. Capital Reserves			
a) Revaluation Reserve			
Opening Balance		923,78,13	946,84,20
Addition during the year		,0	-
Add/(Less): Adjustment during the year		-	-
Less : Transfer to Profit & Loss Account		(21,45,26)	(23,06,07)
		902,32,87	923,78,13
b) Others			
Opening Balance		1857,89,11	1857,89,11
Add: Transfer from Profit & Loss Account		72,86,73	
Add/(Less): Adjustment during the year			
		1730,84,84	1667,99,11
SUB-TOTAL [(a) + (b)]		2633,17,71	2581,77,24
III. Share Premium			
Opening Balance		4788,17,58	4170,06,73
Addition during the year		24,62,07	616,10,85
SUB TOTAL		4810,79,65	4786,17,58
IV. Revenue and Other Reserves			
a). Special Reserve I.T.			
Opening Balance		220,00,00	220,00,00
Less: Draw down		-	-
Add: Transfer from Profit & Loss Account		-	-
SUB TOTAL (a)		220,00,00	220,00,00
b). Revenue Reserve			
Opening Balance		-4349,37,79	-2165,69,47
Add: Transfer from revaluation reserve		21,45,26	23,06,07
Add/Less: Draw down for adjustment for Assets		139,03,08	109,18,14
Add: Transfer from Profit & Loss Account		-8468,16,49	-2315,92,53
SUB TOTAL (b)		-10657,05,94	-4349,37,79
SUB-TOTAL [(a) + (b)]		-10437,05,94	-4129,37,79
V. Balance in Profit & Loss Account			
TOTAL (I + II + III+IV+V)		-2160,69,81	4070,96,80

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SCHEDULE 3 - DEPOSITS				
				(Rs. In thousand)
			As on 31.03.2020	As on 31.03.2019
			(Audited)	(Audited)
A	I.	Demand Deposits		
	i)	From Banks	1407,09,66	1400,28,10
	ii)	From Others	8913,86,49	9776,09,56
	II.	Savings Bank Deposits	59747,30,26	58271,83,61
	III.	Term Deposits		
	i)	From Banks	151,98,82	147,73,28
	ii)	From Others	67394,40,68	65387,36,96
		TOTAL :	137614,63,91	134983,31,51
B	i)	Deposits of branches in India	137614,63,91	134983,31,51
	ii)	Deposits of branches outside India	-	-
			137614,63,91	134983,31,51
SCHEDULE 4 - BORROWINGS				
				(Rs. In thousand)
			As on 31.03.2020	As on 31.03.2019
			(Audited)	(Audited)
I.		Borrowings in India		
	i)	Reserve Bank of India	27,50,000	20,00,000
	ii)	Other Banks	85,95	118,84
	iii)	Other Institutions & Agencies #	2004,28,57	2002,52,91
II		Borrowings outside India	-	-
		TOTAL :	2279,94,52	2203,71,75
		Secured borrowings included in I&II above	-	-
		# Including Subordinated Debts for Tier II Capital.	1690,00,00	1690,00,00
		# Including IPDI for Tier I Capital.	300,00,00	300,00,00

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SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

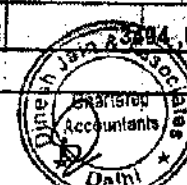
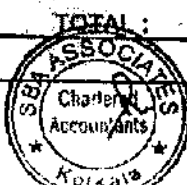
			(Rs. in thousand)
		As on 31.03.2020	As on 31.03.2019
		(Audited)	(Audited)
I.	Bills Payable	313,84,10	349,68,93
II.	Inter-Office Adjustments (net)	7,45,88	155,03,30
III.	Interest accrued	505,25,26	502,49,37
IV.	Contingent Provisions against Standard Assets	452,71,00	347,27,00
V.	Deferred Tax Liability (net)	-	-
VI.	Proposed Dividend (Including Dividend Tax)	-	-
VII.	Others (including provisions)	4910,38,81	1489,53,15
	TOTAL :	6189,65,05	2844,01,75

SCHEDULE 6 - CASH & BALANCES WITH RESERVE BANK OF INDIA

			(Rs. in thousand)
		As on 31.03.2020	As on 31.03.2019
		(Audited)	(Audited)
I.	Cash in hand (including foreign currency notes)	812,02,51	669,27,98
II.	Balances with Reserve Bank of India		
	(i) In Current Account	4040,93,67	5499,60,39
	(ii) In Other Accounts		
	TOTAL :	4852,96,18	6168,88,37

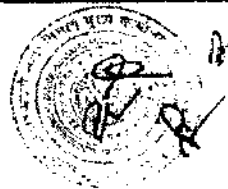
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

			(Rs. in thousand)
		As on 31.03.2020	As on 31.03.2019
		(Audited)	(Audited)
I.	In India -		
	(i) Balances with Banks		
	a) In Current Accounts	27,26,67	19,74,27
	b) In Other Deposit Accounts	-	-
	(ii) Money at Call and Short Notice		
	a) With Banks	8600,00,00	1430,00,00
	b) With other institutions	-	-
	SUB-TOTAL :	8827,26,67	1449,74,27
II.	Outside India -		
	(i) Balances with Banks		
	a) In Current Accounts	94,78,18	938,38,75
	b) In Other Deposit Accounts	-	1106,48,00
	(ii) Money at Call and Short Notice	-	-
	SUB-TOTAL :	94,78,18	2044,86,75
	TOTAL :	9922,04,85	3494,61,02



SCHEDULE B - INVESTMENTS					(Rs. in thousand)	
					As on 31.03.2020	As on 31.03.2019
					(Audited)	(Audited)
i.	Investments in India (Gross)				59883,72,19	62263,02,37
	Less : Provision for NPI, depreciation / amortisation				(1246,79,92)	(1286,98,94)
	NET				58636,92,27	60976,03,43
	Break-up					
	i) Government Securities				43512,36,97	38429,63,02
	ii) Other Approved Securities				-	-
	iii) Shares				702,79,28	638,49,42
	iv) Debentures and Bonds				5463,78,84	7494,04,22
	v) Subsidiaries and/or Joint Ventures				-	-
	vi) Others (Mutual Fund, CP,CD, etc.)##				8957,97,18	14413,86,77
	SUB-TOTAL :				58636,92,27	60976,03,43
ii.	Investments outside India (Gross)				-	-
	Less : Provision for depreciation				-	-
	NET				-	-
	Break-up					
	i) Government Securities				-	-
	(Including local authorities)				-	-
	ii) Subsidiaries and/or Joint Ventures abroad				-	-
	iii) Other investments				-	-
	SUB-TOTAL :				-	-
	TOTAL (I & II)				58636,92,27	60976,03,43

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SCHEDULE 9 - ADVANCES				
				(Rs. In thousand)
			As on 31.03.2020	As on 31.03.2019
			(Audited)	(Audited)
A.	i)	Bills Purchased and Discounted	233,79,06	262,03,00
	ii)	Cash Credits, Overdrafts and Loans repayable		
		on demand	22141,89,02	22949,84,10
	iii)	Term Loans	45147,64,70	43743,22,64
		TOTAL :	67523,32,77	66955,09,74
B.	i)	Secured by tangible assets	61172,97,07	61088,44,56
		(includes advances against Book Debt)		
	ii)	Covered by Bank / Government Guarantees	1081,93,92	1732,58,96
	iii)	Unsecured	5268,41,78	4134,06,22
		TOTAL :	67523,32,77	66955,09,74
C. I.		Advances in India		
	i)	Priority Sector	30922,76,77	29823,22,23
	ii)	Public Sector	4590,29,00	7148,39,39
	iii)	Banks	8,33,00	8,93,00
	iv)	Others	32001,94,09	29974,55,12
		SUB-TOTAL :	67523,32,77	66955,09,74
II.		Advances outside India		
	i)	Due from Banks	-	-
	ii)	Due from Others	-	-
	a)	Bills Purchased and Discounted	-	-
	b)	Syndicated Loans	-	-
	c)	Others	-	-
		SUB-TOTAL :	-	-
		TOTAL (I & II)	67523,32,77	66955,09,74

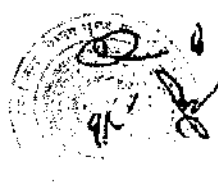
P/7



SCHEDULE 10 - FIXED ASSETS

		(Rs. in thousand)	
		As on 31.03.2020	As on 31.03.2019
		(Audited)	(Audited)
I.	Premises (Including Leasehold)		
	At cost/ Revalued as on 31st March of preceding year	1309,57,75	1308,45,26
	Revaluation during the year		
	Additions during the year	3,38,95	1,13,48
		1312,97,70	1309,68,73
	Less: Deductions during the year		(,98)
	Depreciation to date	(79,97,15)	(291,18,93)
	SUB-TOTAL :	1233,00,55	1018,38,82
II.	Capital Work-in-Progress	2,74,88	5,98,80
III.	Other Fixed Assets (including Furniture & Fixture)		
	At cost as on 31st March of preceding year	1066,11,45	1039,26,76
	Additions during the year	38,76,60	58,58,27
		1104,88,05	1097,85,03
	Less: Deductions during the year	(47,63,93)	(31,73,58)
	Depreciation to date	(890,48,58)	(869,20,57)
	SUB-TOTAL :	166,75,54	196,90,88
IV.	Intangible Assets		
	Software		
	At cost as on 31st March of preceding year	127,38,94	110,77,22
	Additions during the year	6,90,20	16,61,72
		134,29,14	127,38,94
	Less: Deductions/Adjustment during the year	(3,18,11)	
	Amortisation to date	(115,15,45)	(108,61,94)
	SUB-TOTAL :	15,97,58	18,77,00
	TOTAL : (I+II+III+IV)	1418,48,55	1240,06,50

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SCHEDULE 11 - OTHER ASSETS

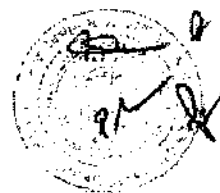
			(Rs. in thousand)	
			As on 31.03.2020	As on 31.03.2019
			(Audited)	(Audited)
I.	Inter-Office Adjustments (net)		-	-
II.	Interest accrued		921,71,66	1170,45,88
III.	Tax Paid in advance/Tax deducted at source		973,95,11	921,14,82
IV.	Stationery and Stamps		4,59,27	6,89,17
V.	Non-banking assets acquired in satisfaction of claims		-	-
VI.	Deferred Tax Assets (net)		4027,88,00	5479,97,00
VII.	Others ##		5910,84,91	6116,77,75
			11839,08,95	12695,24,72

As per RBI circular no.DBR BP.BC.No.31/21.04.018/2015-16 dated July 16,2015, deposits placed with NABARD/SIDBI/NHB for meeting shortfall in Priority sector Lending by should be included under Schedule 11-"Other Assets" under the sub head 'others' of the Balance sheet.

SCHEDULE 12 - CONTINGENT LIABILITIES

			(Rs. in thousand)	
			As on 31.03.2020	As on 31.03.2019
			(Audited)	(Audited)
I.	Claims against the bank not acknowledged as debts		8,02,07	8,21,38
II.	Liability for partly paid investments		3,22,01	3,22,01
III.	Liability on account of outstanding forward exchange contracts		6875,34,86	3079,20,07
IV.	Guarantees given on behalf of constituents (net of cash margin) :			
	a) In India		2943,68,57	3208,28,62
	b) Outside India		31,07,85	110,62,53
	c) BG invoked but not paid (In India)		14,84,48	14,84,48
V.	Acceptances, endorsements and other obligations (net of cash margin)		973,79,83	880,38,13
VI.	Other items for which the Bank is contingently liable		1437,22,20	786,77,32
TOTAL :			12387,21,89	8091,52,54

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UNITED BANK OF INDIA

KOLKATA

Profit & Loss Account for the year ended 31st March, 2020

				(Rs in thousand)
	Schedule	Year Ended 31.03.2020	Year Ended 31.03.2019	
I. INCOME				
Interest Earned	13	9655,54,47	8559,87,64	
Other Income	14	2589,04,14	2384,58,40	
TOTAL :		12244,58,61	10944,46,04	
II. EXPENDITURE				
Interest Expended	15	6669,87,76	6586,27,10	
Operating Expenses	16	5403,99,50	2947,60,08	
Provisions and Contingencies		6566,02,11	3727,51,39	
TOTAL :		18639,89,37	13260,38,57	
III. PROFIT				
Net Profit for the period/year		-6395,30,76	-2316,92,53	
TOTAL :		-6395,30,76	-2316,92,53	
IV. APPROPRIATIONS :				
Transfer to Statutory Reserve		-	-	
Transfer to Capital Reserve		72,85,73	-	
Proposed Dividend :				
Equity		-	-	
PNCPs		-	-	
Tax on Dividend		-	-	
Transfer to Revenue Reserve		-6468,16,49	-2316,92,53	
Balance carried forward to Balance Sheet				
TOTAL :		-6395,30,76	-2316,92,53	
Basic & Diluted Earning per Share (Rs.)		-7.96	-7.04	



SCHEDULE 13 - INTEREST EARNED

			(Rs. in thousand)
		Year Ended 31.03.2020	Year Ended 31.03.2019
I.	Interest / Discount on Advances/Bills	5794 ,07 ,02	5060 ,57 ,16
II.	Income on Investments	3485 ,01 ,89	3076 ,90 ,56
III.	Interest on balances with Reserve Bank of India and other Inter-Bank Funds	168 ,90 ,80	245 ,93 ,90
IV.	Others	207 ,54 ,76	178 ,46 ,02
	TOTAL :	9655 ,54 ,47	8559 ,87 ,64

SCHEDULE 14 - OTHER INCOME

			(Rs. in thousand)
		Year Ended 31.03.2020	Year Ended 31.03.2019
I.	Commission, Exchange and Brokerage	230 ,98 ,96	193 ,99 ,78
II.	Profit on sale of Investments	1227 ,60 ,25	1301 ,61 ,24
	Less : Loss on sale of Investments	(2 96 ,85)	(28 33 ,55)
III.	Profit on revaluation of Investments	-	-
	Less : Loss on revaluation of Investments	-	-
IV.	Profit on sale of land, buildings and other assets	,26 ,33	59 ,44
	Less : Loss on sale of land, buildings and other assets	(3 ,99)	(6 ,05)
V.	Profit on exchange transactions	166 ,60 ,61	146 ,94 ,42
	Less : Loss on exchange transactions	-	-
VI.	Income earned by way of dividend etc., from subsidiaries, companies and/or joint ventures abroad/ in India	-	-
VII.	Miscellaneous Income	966 ,58 ,83	769 ,83 ,22
	TOTAL :	2589 ,04 ,14	2384 ,58 ,40



SCHEDULE 15 - INTEREST EXPENDED

			(Rs. in thousand)
		Year Ended 31.03.2020	Year Ended 31.03.2019
I.	Interest on Deposits	6419,15,69	6324,60,35
II.	Interest on Reserve Bank of India/inter-Bank borrowings	67,11,64	49,36,33
III.	Others	183,60,43	211,30,42
	TOTAL :	6669,87,76	6585,27,10

SCHEDULE 16 - OPERATING EXPENSES

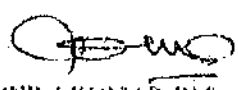
			(Rs. in thousand)
		Year Ended 31.03.2020	Year Ended 31.03.2019
I.	Payments to and Provisions for Employees	4535,66,56	1954,49,38
II.	Rent, Taxes and Lighting	165,22,00	159,80,55
III.	Printing and Stationery	22,24,68	21,35,82
IV.	Advertisement and Publicity	3,57,74	2,41,12
V.	Depreciation on Bank's property	-134,81,34	125,73,00
	Less : Transfer from Revaluation Reserve	-	-
		-134,81,34	125,73,00
VI.	Directors' fees, allowances and expenses	,95,63	1,25,36
VII.	Auditors' fees and expenses (including branch auditors' fees and expenses)	25,63,73	21,02,49
VIII.	Law Charges	14,79,09	9,93,50
IX.	Postage, Telegrams, Telephones etc.	47,29,48	38,04,75
X.	Repairs and Maintenance	20,27,02	20,37,40
XI.	Insurance	182,96,74	157,31,60
XII.	Other Expenditure	520,18,17	435,85,11
	TOTAL :	5403,99,50	2947,60,08

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This is a part of Balance Sheet as on 31.03.2020.



BISWANTI BANDYOPADHYAY
DEPUTY GENERAL MANAGER



ASHWINI KUMAR JHA
CHIEF GENERAL MANAGER & CFO

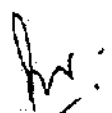
A K AZAD
EXECUTIVE DIRECTOR

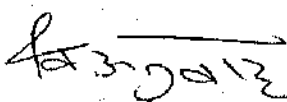

VIJAY DUBE
EXECUTIVE DIRECTOR


SANJAY KUMAR
EXECUTIVE DIRECTOR


DR. R.K. YADUVANSHI
EXECUTIVE DIRECTOR


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


RAMESH JAIN
DIRECTOR


VIVEK AGARWAL
DIRECTOR

DR. ASHA BHANDARKER
DIRECTOR

As per our separate report of over date attached.

S B A Associates

Dinesh Jain &
Associates

Gupta Gupta & Associates
LLP

Mitra Roy & Dutta

Chartered
Accountants

Chartered Accountants

Chartered Accountants


Chartered
Accountants


FRN : 108136E


FRN : 004885N

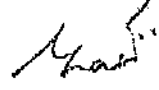
FRN : 001728N/N-390321

FRN : 322477I


CA. Niharjuna Sen
Partner
Mem. No : 061768


CA. Meha Jain
Partner
Mem. No : 514735



CA. Samit Gupta
Partner
Mem. No : 091783



CA. Sumanta Chitrak
Partner
Mem. No : 051086



This is a part of Profit & Loss Account as on 31.03.2020.



BISWAJIT BANDYOPADHYAY
DEPUTY GENERAL MANAGER

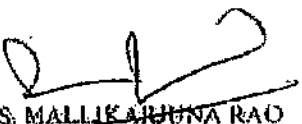

ASHWINI KUMAR JHA
CHIEF GENERAL MANAGER & CFO


A.K. AZAD
EXECUTIVE DIRECTOR


V.K. DUBI
EXECUTIVE DIRECTOR

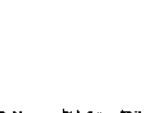

SANJAY KUMAR
EXECUTIVE DIRECTOR


DR. R.K. YASHWANTH
EXECUTIVE DIRECTOR


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


RAMESH JAIN
DIRECTOR


VIVEK AGGARWAL
DIRECTOR

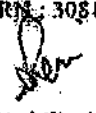

DR. ASHA BHANDARKER
DIRECTOR

As per our separate report of even date attached.

S B A Associates

Chartered
Accountants

FRN : 308136E

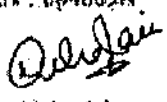

CA. Nilanjana Sen
Partner
Mem. No : 061768



Dhresh Jain &
Associates

Chartered Accountants

FRN : 004885N



CA. Neha Jain
Partner
Mem. No : 514725



Gupta Gupta & Associates
LLP

Chartered Accountants

FRN : 001728N/N-500321

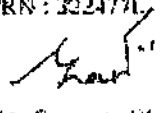

CA. Samit Gupta
Partner
Mem. No : 093783



Mitra Roy & Datta

Chartered
Accountants

FRN : 322477L


CA. Sumanta Ghatak
Partner
Mem. No : 051880



Schedule -17

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31st MARCH, 2020

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The accompanying financial statements are prepared on historical cost basis, except as otherwise stated, following the "Going Concern" concept and are in conformity to the Generally Accepted Accounting Principles (GAAP) in India, applicable statutory provisions, regulatory norms prescribed by the Reserve Bank of India (RBI), applicable mandatory Accounting Standards (AS)/ Guidance Notes/ pronouncements issued by the Institute of Chartered Accountants of India (ICAI) and practices prevailing in the banking industry in India.

2. USE OF ESTIMATES

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

3. RECOGNITION OF INCOME AND EXPENDITURE

- 3.1 Revenues and Expenses are accounted for on accrual basis unless otherwise stated.
- 3.2 Income from Performing Assets is recognized on accrual basis. In the absence of a clear agreement between the bank and the borrower for appropriation of recoveries in NPAs, the appropriation of Recoveries in NPA accounts (irrespective of the mode / status / stage of recovery actions) shall be regulated in the following order of priority:
- i) Expenditure/Out of Pocket Expenses incurred for Recovery (earlier recorded in Memorandum Dues);
 - ii) Principal irregularities i.e. NPA outstanding in the account gets updated / adjusted, whichever is earlier; For Sub-standard assets, this policy has changed from 01.01.2020. Prior to it, in Sub-standard assets, interest irregularity used to be appropriated first.
 - iii) Thereafter towards the interest irregularities/accrued interest.
- 3.3 Unrealized income on advances, classified as NPA, is reversed.
- 3.4 Income from Commission (except on Government Transactions and Bancassurance), exchange, brokerage, claims, locker rent and dividend on shares are accounted for on cash basis.
- 3.5 Performance linked incentive to whole time directors is accounted for on cash basis.

4. TRANSACTIONS INVOLVING FOREIGN EXCHANGE

- 4.1 Monetary Assets and Liabilities, excluding outstanding Forward Exchange Contracts in each currency, are revalued at the Balance Sheet date at closing spot rates announced by the Foreign Exchange Dealers Association of India (FEDAI). Outstanding forward exchange contracts are revalued at the forward rates announced by FEDAI. The difference between the revalued amount and the contracted amount is recognized as profit or loss, as the case may be.
- 4.2 Income and expenditure items are recorded at the exchange rates prevailing on the dates of respective transactions.



- 4.3. Acceptances, endorsements and other obligations including guarantees are carried at the closing spot rates announced by FEDAI.
- 4.4. Representative Offices of the Bank are classified as 'Integral Foreign Operation' in accordance with AS-11 on "The Effects of Changes in Foreign Exchange Rates".
- 4.5. Foreign currency transactions relating to 'Integral Foreign Operation' are recorded on initial recognition in the reporting currency by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency on the date of transaction.
- 4.6. Foreign currency non-monetary items that are carried in terms of historical costs are reported using the exchange rates on the dates of transactions.

5. INVESTMENTS

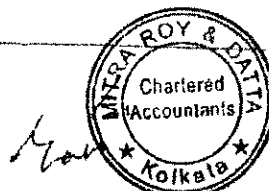
- 5.1 For the purpose of disclosure in the Financial Statements, the investments are classified into six categories as stipulated in Form A of the third schedule to the Banking Regulation Act, 1949 as under:
 - a) Government Securities
 - b) Other approved securities
 - c) Shares
 - d) Debentures and Bonds
 - e) Subsidiaries/Joint Ventures
 - f) Others
- 5.2 The Investment portfolio of the Bank is categorized, in accordance with the RBI guidelines, into:
 - a) "Held to Maturity" comprising Investments acquired with an intention to hold till maturity;
 - b) "Held for Trading" comprising Investments acquired with an intention to trade;
 - c) "Available for Sale" comprising Investments not covered by (a) and (b) above.

Classification of an investment is done at the time of acquisition.

- 5.3 In determining acquisition cost of an investment:
 - a) Brokerage, Commission and Incentives received on subscription to securities, are deducted from the cost of securities;
 - b) Brokerage, Commission etc. paid in connection with acquisition of securities are treated as revenue expenses;
 - c) Interest accrued upto 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 for as interest accrued.
- 5.4. The Bank follows "Settlement Date" for accounting of investment transactions. Investments are valued as per RBI/ Fixed Income Money Market & Derivatives Association (FIMMDA) guidelines, on the following basis:
 - a) "Held to Maturity" (HTM)
 - i) Investments under "HTM" 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.
 - ii) Investments in Rural Infrastructure Development Fund, Short Term Co-operative Rural Credit Refinance Fund, Medium Small Micro Enterprise Refinance Fund – Small Industries Development Bank of India Limited, Medium Small Micro Enterprise Risk Capital Fund – Small Industries Development Bank of India Limited, Rural Housing Development Fund-National Housing Bank Limited, Micro Finance Development and Equity Fund -



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National Agricultural and Rural Development Bank Limited (classified as shares) are valued at carrying cost.

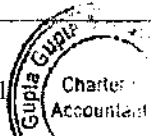
iii) Investments in sponsored Regional Rural Banks are valued at carrying cost.

iv) Investment in venture capital is valued at carrying cost.

b) "Held for Trading" and "Available for Sale"

a)	Govt. Securities 1. Central Govt. Securities 2. State Govt. Securities	At prices published by FBIL At prices published by FBIL
b)	Discounted Instruments (Treasury Bills, Commercial Paper and Certificate of Deposits)	At carrying cost
c)	Bonds and Debentures	On YTM basis by adding appropriate credit spread on the Base Yield curve as per FIMMDA/FBIL/ RBI Guidelines.
d)	Equity i) Quoted ii) Un-quoted	At market price At break-up value as per latest Balance Sheet (not more than one year old), otherwise at ₹ 1/- per company.
e)	Preference Shares	At market prices if quoted or YTM basis by adding appropriate credit spread on the Base Yield curve as per FIMMDA/FBIL/ RBI Guidelines.
f)	Security Receipt/Venture Capital Fund	At Net Asset Value (NAV) as per RBI guidelines.
g)	Mutual Funds	At Market Price, if quoted and at re-purchase price/ NAV if unquoted.

- 5.5. Shifting of securities from and to "HFT" category is done in accordance with RBI guidelines with the approval of Board of Directors.
- 5.6. The individual scrip in the "HFT" and "AFS" category are marked to market at monthly or at more frequent intervals, if required. Under each category, net depreciation, if any, is provided for while net appreciation, if any, is ignored.
- 5.7. Income from Zero Coupon Bonds, being the difference between cost and face value, is recognized on a time proportion basis.
- 5.8. Profit or Loss on sale of investments in any category is taken to Profit and Loss Account. In case of profit on sale of Investments in "HTM" category, an equivalent amount is appropriated to "Capital Reserve Account" at the end of the year. For calculating the surplus/ deficit on sale of securities, weighted average method is adopted.
- 5.9. For the purpose of calculating holding period in case of "HFT" category, First in First out (FIFO) method is applied.
- 5.10. Investments are subject to appropriate provisioning/ de-recognition of income, in line with the prudential norms of RBI for "Non Performing Investment" (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 in accordance with RBI guidelines.
- 5.11. The derivatives transactions are undertaken for trading or hedging purposes and valuation has been done in accordance with RBI guidelines.



- 5.12. The Bank has adopted the Accounting Procedure prescribed by the RBI for accounting of Repo and Reverse Repo transactions.
- 5.13. Matured investment has been classified under Schedule 11- other assets and does not form part of investment portfolio.
- 5.14. Discounted instruments have been shown in the books at carrying cost, i.e., acquisition cost plus discount accrued at the rate (yield) prevailing at the time of acquisition.

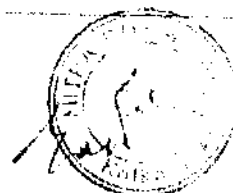
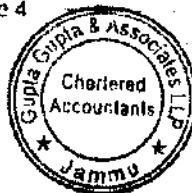
6. **FINANCIAL ASSETS SOLD TO ASSETS RECONSTRUCTION COMPANY (ARC)/ SECURITIZATION COMPANY (SC)**

- 6.1
 - a) When the bank sells its financial assets to Securitization Company/ Reconstruction Company, on transfer the same will be removed from its books.
 - b) 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 is debited to the Profit & Loss account of that year. Banks can also use countercyclical / floating provisions for meeting the shortfall on sale of NPAs i.e when the sale is at a price below the NBV.
 - c) If the sale is for a value higher than the NBV, the excess provision is written back, to its profit and loss account in the year the amounts are received. However, Bank can reverse excess provision 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 asset
- 6.2 The sale of financial assets to ARC/ SC is recognized in the books of the Bank at lower of either redemption value of the Security Receipts issued by the Trust created by the ARC/ SC for such sale or the net book value of such financial assets.
- 6.3 The Security Receipts are classified as Non-SLR Investment in the books of the Bank and accordingly the valuation, classification and other norms prescribed by RBI in respect of Non-SLR Securities are applicable.
- 6.4 In case of written off Assets sold to ARC/ SC, the cash proceeds are recognized as income.

7. **ADVANCES**

- 7.1. Advances are classified as Performing/ Non-Performing Assets and provisions thereon are made in conformity with the prudential norms prescribed by RBI.
- 7.2. Non-performing assets are stated net of provisions and claims received from credit guarantee institutions.
- 7.3 Provision held for performing assets is shown under the head "Other Liabilities and Provisions".
- 7.4. Restructuring of Advances and provisioning thereof have been made as per RBI guidelines.

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8. FIXED ASSETS AND DEPRECIATION

8.1 Property, Plant and Equipment

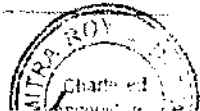
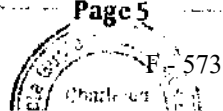
- a) Property, Plant and Equipment are stated at historical cost. Advances paid towards construction/ acquiring/ purchasing of fixed asset have been disclosed in CWIP. In case of revaluation, the same are stated at the revalued amount and the appreciation is credited to "Revaluation Reserve".
- b) Software has been capitalized in the same financial year in which they are put to use.
- c) The cost of fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Subsequent expenditures related to an item of fixed asset have been added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

8.2 Depreciation

- a) Depreciation on assets is provided on straight- line method based on estimated life of the asset.
- b) Depreciation on assets has been provided at the rates furnished below.

Sl. No.	Particulars	Depreciation (%)
Fixed Assets except Premises		
1	Furniture & fixture – Steel Articles including Lockers	5
2	Furniture and fixtures - Wooden Articles, false ceiling etc.	10
3	Mattresses, carpet etc.	20
4	Mobile Phone Instruments	33.33
5	Machinery, electrical and miscellaneous articles	15
6	Motor cars and cycles	15
7	Computers, ATMs and related items, laptop, I-pad etc :- Servers, Network Equipments & Automated Teller Machines (including software forming an integral part of computer hardware)	33.33
Premises		
1	Freehold Properties: Land	Nil
2	Freehold Properties: Building	2.50
3	Land acquired on perpetual lease where no lease period is mentioned	nil
4	Land acquired on lease:- where lease period is mentioned	Over lease period
5	Land acquired on lease:- Building Constructed on leased land, where lease period is above 40 years	2.50
6	Land acquired on lease:- Building Constructed on leased land, where lease period is below 40 years .	Over lease period

- c) Depreciation has been 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.
- d) 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.
- e) The depreciation on bank's own premises existing throughout the year is charged for full year. The construction cost is depreciated only when the building is complete in all respects.



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f) Cost of Application Software/ Operating System/ Database amounting to Rs.25000 and less are to be charged to revenue expenditure directly. Software marked as obsolete has been written off from the Books of Accounts.

g) Rs.1/- has been kept for the depreciated asset which has completed its life in books but it is still in use.

8.3 Impairment of Assets

Impairment losses, if any, on Fixed Assets (including revalued assets) are recognized in accordance with AS-28 on "Impairment of Assets".

9. ACCOUNTING FOR GOVERNMENT GRANTS

In accordance with AS-12, Capital Grants/ subsidies, received from Government are recognised as deductions from the Gross Values of the assets created/acquired out of the said grants.

10. EMPLOYEE BENEFITS

10.1 Employee Benefits are recognized in accordance with AS-15 on "Employee Benefits".

10.2 Short term employee benefits namely Leave Fare Concession and Medical Aid are measured at cost.

10.3 Long term employee benefits and post-retirement benefits namely gratuity, pension, sick leave and leave encashment are measured on a discounted basis under the Projected Unit Credit Method on the basis of annual third party actuarial valuations.

10.4 In respect of employees who have opted for Provident Fund Scheme, matching contribution is made to a recognized Trust. For others who have opted for Pension Scheme, contribution to Pension Fund is based on actuarial valuation.

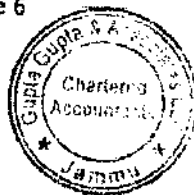
10.5 Long Term employee benefits recognized in the Balance Sheet represent the present value of the obligation as adjusted for unrecognized past service cost, if any, and as reduced by the fair value of plan assets, wherever applicable and actuarial gain/ loss to the extent recognized in Profit and Loss Account.

10.6 The transitional liability in respect of long term employee benefits, including pension benefits, is recognized as an expense on straight line basis over a period of five years.

10.7 In terms of RBI circular, expenditure on "Re-opening of Pension option to employees of Public Sector Banks and enhancement of Gratuity limits-Prudential Regulatory Treatment" is being amortized over a period of five years.

11. TAXATION

Tax expense is the aggregate amount of current tax and deferred tax 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.



12. **PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

In accordance with AS-29 on "Provisions, Contingent Liabilities and Contingent Assets," the Bank recognizes:

- a) Provisions only when it has a present obligation as a result of a past event and it is probable that an 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.
- b) Contingent Liability is recognized/ disclosed when a possible obligation from a past event, the existence of which is confirmed by the occurrence/ non-occurrence of one or more uncertain future events not wholly within the control of Bank. Contingent Liability is also recognized/ disclosed when there is a present obligation from past events but is not recognized because of a remote possibility of outflow of resources embodying the economic benefits to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.
- c) Contingent Assets are not recognized in the Financial Statements.

13. **NET PROFIT/ (LOSS)**

The Net Profit/(Loss) is arrived at after accounting for the following:

- a) Provision for Taxation
- b) Provision on Standard Assets
- c) Provision for NPAs and Depreciation on investments as per prudential norms of RBI
- d) Provision for Employees Retirement Benefits in accordance with AS-15.
- e) Other usual and necessary provisions.



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Schedule – 18:**Notes Forming Part of the Financial Statement
for the Year Ended 31st March 2020**

1. Confirmation/ reconciliation of balances with foreign branches, SBI and other Banks, NOSTRO Accounts, Drafts Payable, Clearing Difference, Inter office adjustments, etc. are in progress on an on-going basis. Pending final clearance/ adjustment of the above, the overall impact, if any, on the Financial Statements, in the opinion of the management, is not likely to be significant.

2.1 Capital

(Rs. in Crore)

Sl	Particulars	Basel-III	
		Year ended	
		31.03.2020	31.03.2019
1	Common Equity Tier I Ratio (%)	3.56	10.14
2	Tier I Capital Ratio (%)	3.56	10.14
3	Tier 2 Capital Ratio (%)	2.00	2.86
4	Total Capital Ratio (CRAR) (%)	5.56	13.00
5	Percentage of the shareholding of the Government of India in the Bank's equity capital	97.41%	96.83%
6	Amount of equity capital raised	1666.00	5028.81
7	Amount of Additional Tier I Capital raised; of which	NIL	NIL
7.1	PNCPS	NIL	NIL
7.2	PDI	NIL	NIL
8	Amount of Tier 2 capital raised; of which:	NIL	NIL
8.1	Debt capital instrument	NIL	NIL
8.2	Preference Share Capital Instruments	NIL	NIL

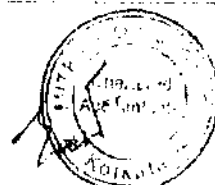
Capital Planning:

Bank had received an amount of Rs.1666 Crore from Govt. of India on 27.09.2019 towards Capital infusion under the PSBs recapitalization plan. On 07.11.2019, Bank had allotted 1641379310 equity shares of face value of Rs.10/- each at Rs.10.15 per share including premium of Rs.0.15 per share aggregating to Rs.1666 Crore to the President of India acting on behalf of the Government of India on preferential basis. Government of India's holding in the Bank has increased to 97.41% as on 31st March 2020.

2.2 Investments

(Rs. in Crore)

Particulars	Year ended	
	31.03.2020	31.03.2019
(i) Value of Investments		
(i) Gross Value of Investments	59883.72*	62263.02
(a) In India	59883.72	62263.02
(b) Outside India	0.00	0.00
(ii) Provision for MTM Loss & NPI	1246.80	1286.99
(a) In India	1246.80	1286.99
(b) Outside India	0.00	0.00
(iii) Net Value of Investments	58636.92	60976.03
(a) In India	58636.92	60976.03
(b) Outside India	0.00	0.00



(2) Movement of provision held towards MTM Loss & NPI in investments		
(i) Opening balance	1286.99	798.87
(ii) Add: Provisions made during the Year	210.40	496.81
(iii) Less: Write-off/Write-back of excess provision during the Year	250.59	8.69
(iv) Closing balance	1246.80	1286.99

* Matured Investments amounting to Rs.118.13 crore have been shown under "Other assets" Schedule-11.

2.2. Repo transactions (in face value terms)

(Rs. in Crore)

Particulars	Minimum outstanding during the Year	Maximum outstanding during the Year	Daily Average outstanding during the Year	Outstanding as on 31.03.2020
Securities sold under Repo				
i) Government securities	100.00 (0.00)	1031.00 (0.00)	27.89 (0.00)	275.00 (0.00)
ii) Corporate Debt Securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Securities purchased under Reverse Repo				
i) Government securities	40.00 (25.95)	8600.00 (4112.73)	366.49 (350.74)	8600.00 (0.00)
ii) Corporate Debt Securities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)

Figures in brackets represent Previous Year's figures.

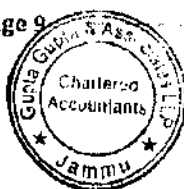
2.2.2 Non-SLR Investment Portfolio

(i) Issuer composition of Non-SLR investments

(Rs in Crore)

Sl. No.	Issuer	Amount	Extent of Private Placement	Extent of Below Investment Grade Securities	Extent of Unrated Securities	Extent of Unlisted Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	2323.09 (4792.42)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	6.75 (1.82)
2	FIs	3525.80 (2315.87)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	9.60 (9.60)
3	Banks	6301.16 (11676.90)	0.00 (0.00)	0.00 (0.00)	51.12 (51.12)	473.46 (368.52)
4	Private Corporate	3671.30 (4351.22)	0.00 (718.95)	0.00 (0.00)	246.55 (248.46)	676.21 (490.74)
5	Subsidiaries / Joint Ventures	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
6	Others (MF/CP/CD)	10,142.71 (8557.30)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
7	Provision held towards Depreciation / NPI	-1246.80 (1286.99)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
	Total (1 to 6) - (7)	24,717.26 (30406.72)	0.00 (718.95)	0.00 (0.00)	297.67 (299.58)	1,166.02 (870.68)

Figures in brackets represent Previous Year's figures.



(ii) Non-performing Non-SLR Investments

(Rs. in Crore)

Particulars	Year ended	
	31.03.2020	31.03.2019
Opening balance	915.98	830.48
Addition during the Year	537.46	97.91
Reduction during the Year	250.60	12.41
Closing balance	1,202.83	915.98
Total provision held	1,100.13	856.93

2.2.3 Sale and Transfers to/from Held to Maturity (HTM) Category

1. Central Government Securities having Face Value of Rs.1370.00 crore (Book Value of Rs.1373.47 crore) was transferred from HTM to AFS category on 03.06.2019.
2. State Development Loan securities having Face Value of Rs.564.16 crore (Book value of Rs.564.42 crore) was transferred from AFS to HTM category and State Development Loan having Face value of Rs.2482.58 crore (Book value Rs.2546.45 crore) was transferred from HTM to AFS category on 03.06.2019.
3. In the Financial year 2019-20, Venture Capital securities aggregating to Rs.6.81 crore were transferred from HTM to AFS category.

2.2.4 Transactions Involving Foreign Exchange

Monetary Assets and Liabilities, excluding outstanding Forward Exchange Contracts in each currency, except currency of Bangladesh (BDT 64910.16 equivalent INR 54199.98) which is valued at notional value due to non availability of spot rates, are revalued at the balance Sheet date at closing spot rates announced by the Foreign Exchange Dealers Association of India (FEDAI).

2.3 Derivatives

2.3.1 Forward Rate Agreement/Interest Rate Swap

(Rs in Crore)

Sl. No.	Particulars	Year ended	
		31.03.2020	31.03.2019
i)	The notional principal of swap agreements	NIL	NIL
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	NIL	NIL
iii)	Collateral required by the Bank upon entering into swaps	NIL	NIL
iv)	Concentration of credit risk arising from the swaps	NIL	NIL
v)	The fair value of the swap book	NIL	NIL

2.3.2 Exchange Traded Interest Rate Derivatives

(Rs in Crore)

Sl. No.	Particulars	Year ended	
		31.03.2020	31.03.2019
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the Year (instrument-wise)	NIL	NIL
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as at 31 st March (instrument-wise)	NIL	NIL
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	NIL	NIL
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	NIL	NIL



2.3.3 Disclosures on risk exposure in derivatives

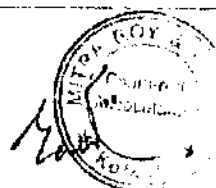
A) Qualitative Disclosures

- a) The Bank has undertaken derivative transactions in currency futures for trading (arbitrage) & hedging purposes.
- b) Risk management of derivative transactions has been segregated into three functional areas namely,
 - i) Front-Office for undertaking transaction;
 - ii) Mid-Office for risk management and reporting; and
 - iii) Back-Office for settlement, reconciliation and accounting.
- c) The risk measurement, reporting and monitoring function is undertaken by the mid-office. The Board of Directors is the apex body to oversee the overall risk measurement, monitoring and reporting functions of the Bank including derivative transactions through Risk Management Committee of the Board (RMCBOD). The bank also internally monitors risk management through in-house Risk Management Committee, Asset Liability Committee (ALCO), Operational Risk Management Committee (ORMC) and Internal Committee on Investment (ICI).
- d) Identification of underlying hedge items for hedging / mitigating credit risk, operational risk and market risk arising out of derivative transactions is done in accordance with the Board approved Integrated Treasury Policy. The customer related derivative transactions are covered with counter party banks, on back to back basis for identical amounts and tenure and the bank does not carry market risk for such transactions.
- e) The Integrated Treasury Policy prescribes accounting for hedge and non-hedge transactions, income recognition and valuation procedure for outstanding contracts. The income recognition is done as per AS-11 on "The Effects of changes in Foreign exchange Rates" and the guidelines issued by RBI / FEDAI from time to time. The integrated Treasury Policy also prescribes various limits such as Client Level Limits, Trading Member Level Limits, Net Open Position Limits for credit risk mitigation.

B) Quantitative Disclosures

(Rs in Crore)

Sl. No.	Particulars	Year ended 31.03.2020		Year ended 31.03.2019	
		Currency Derivatives	Interest rate derivatives	Currency Derivatives	Interest rate derivatives
(i)	Derivatives (Notional Principal Amount)	NIL	NIL	NIL	NIL
	a) For hedging	NIL	NIL	NIL	NIL
	b) For trading	NIL	NIL	NIL	NIL
(ii)	Marked to Market Positions (1)	NIL	NIL	NIL	NIL
	a) Asset (+)	NIL	NIL	NIL	NIL
	b) Liability (-)	NIL	NIL	NIL	NIL
(iii)	Credit Exposure (2)	NIL	NIL	NIL	NIL
(iv)	Likely impact of one percentage change in interest rate (100*PV01)	NIL	NIL	NIL	NIL
	a) on hedging derivatives	NIL	NIL	NIL	NIL
	b) on trading derivatives	NIL	NIL	NIL	NIL
(v)	Maximum and Minimum of 100*PV01 observed during the Year	NIL	NIL	NIL	NIL
	a) on hedging	NIL	NIL	NIL	NIL
	b) on trading	NIL	NIL	NIL	NIL



2.4 Asset Quality

2.4.1 Non-Performing Assets

(Rs in Crore)

Particulars		Year ended	
		31.03.2020	31.03.2019
i)	Net NPAs to Net Advances (%)	4.73	8.67
ii)	Movement of NPAs (Gross)		
a)	Opening Balance	12053.38	16552.11
b)	Addition during the Year	4053.08	2870.52
c)	Reduction during the Year	6171.23	7369.25
d)	Closing Balance	9935.23	12053.38
iii)	Movement of Net NPAs		
a)	Opening Balance	5785.61	10316.30
b)	Addition during the Year	-711.76	-2942.19
c)	Reduction during the Year	1882.63	1588.50
d)	Closing Balance	3191.22	5785.61
iv)	Movement of Provisions for NPAs (excluding provisions on standard assets)		
a)	Opening Balance	6168.31	6201.57
b)	Addition during the Year	4763.28	5523.30
c)	Reduction during the Year	4288.60	5556.56
d)	Closing Balance	6642.99	6168.31

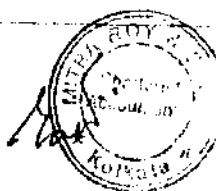
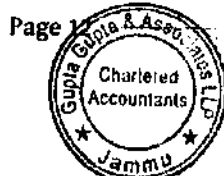
- 2.4.2 In terms of RBI Circular DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1, 2019, following disclosure of Divergence is mandated in case additional provisioning for NPAs assessed by RBI in ISE 2019 exceeds 10% of the reported profit before provisions and contingencies for the year ending 31-03-2019 and the additional Gross NPAs identified by RBI exceed 15% of the published incremental Gross NPAs:

(Rupees in crore)

Sl. No.	Particulars	Amount
1.	Gross NPAs as on March 31, 2019 as reported by the bank	12053.38
2.	Gross NPAs as on March 31, 2019 as assessed by RBI	13765.38
3.	Divergence in Gross NPAs (2-1)	1712.00
4.	Net NPAs as on March 31, 2019 as reported by the bank	5785.61
5.	Net NPAs as on March 31, 2019 as assessed by RBI	5880.61
6.	Divergence in Net NPAs (5-4)	95.00
7.	Provisions for NPAs as on March 31, 2019 as reported by the bank	6168.31
8.	Provisions for NPAs as on March 31, 2019 as assessed by RBI	7785.31
9.	Divergence in provisioning (8-7)	1617.00
10.	Reported Net (loss) after Tax for the year ended March 31, 2019	(2315.93)
11.	Adjusted (notional) Net (loss) after Tax for the year ended March 31, 2019 after taking into account the divergence in provisioning	(3367.93)

Further, Reserve Bank of India vide its letter No DoS/(Kol)/90/02.02.009/2019-20 dated January 24, 2020 has permitted that the Bank may spread the provisions to be made in respect of divergence in asset classification observed during ISE-2019 equally over Q3 and Q4 of the current Financial Year. The divergence in provision, after reviewing correct classification in KCC accounts as done by Audit and Inspection Department of Bank and other two accounts not being NPAs, worked out to Rs.1563 crore (as against Rs.1617 crore stated in ISE 2019).

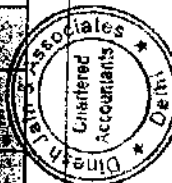
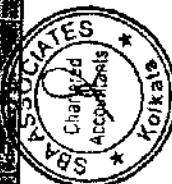
The Bank has made a provision of Rs.782 crore in December '2019 quarter and the balance amount of Rs.781 crore has been provided for in March 2020 quarter.





2.4.3 Particulars of Accounts Restructured

Particulars		Financial Year												Total						
		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31					
13	4	0	0	0	17	2415	75	1741	0	4231	1256	48	3934	0	5218	3664	127	5875	0	4466
204.76	481.52	0	0	0	1290.26	182.92	3.81	106.92	0	297.65	1703.47	206.7	1332.32	0	3472.69	2653.15	684.03	1639.44	0	4986.62
1.73	0	0	0	0	8.16	21.64	1.77	3.09	0	26.3	97.01	0.24	6.63	0.03	103.92	126.41	1.81	32.15	0.01	138.36
0	0	0	0	0	0	4472	463	7	0	4932	203	56	2	0	261	4695	319	4	0	5203
0	0	0	0	0	0	248.53	18.7	0.45	0	267.98	11.92	2.86	117.58	0	132.36	260.75	21.56	118.00	0	460.14
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	155	-150	-5	0	0	28	-13	-15	0	0	181	-163	-20	0	0
0	0	0	0	0	0	24.49	-24.24	-0.45	0	0.00	100.8	-100.28	-0.32	0	0	125.49	-124.52	-0.97	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



2.4.4 Details of financial assets sold to Securitization / Reconstruction Company for Asset Reconstruction

Detail of Sales:

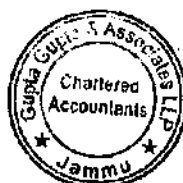
Sl. No.	Particulars	(Rs. in Crore)	
		Year ended	
		31.03.2020	31.03.2019
(i)	No. of accounts	2	7
(ii)	Aggregate value (net of provisions) of accounts sold to SC/RC	0.00	217.11
(iii)	Aggregate consideration	22.09	308.49
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	0.00	143.66
(v)	Aggregate gain/(loss) over net book value	(+)11.05	(+) 235.04

2.4.5 Details of Book Value of Investments in Security Receipts

Particulars	(Rs in Crore)					
	Backed by NPAs sold by the bank as underlying		Backed by NPAs sold by other banks/ financial institutions/ non-banking financial companies as underlying		Total	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Book value of investment in Security Receipts	635.27	662.98	Nil	Nil	635.27	662.98
Book value of investments in security receipts made during the year	11.05	21.28	Nil	Nil	11.05	21.28

2.4.6 Disclosure of investment in SRs as on 31/03/2020

Particulars		(Rs in Crore)		
		SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i)	Book value of SRs backed by NPAs sold by the bank as underlying.	621.47	1.17	12.63
	Provision held against (i)	124.87	0.00	12.63
(ii)	Book value of SRs backed by NPAs sold by other banks/ financial institutions / non- banking financial companies as underlying.	0.00	0.00	0.00
	Provision held against (ii)	0.00	0.00	0.00
Total (i) + (ii)		621.47	1.17	12.63



2.4.7 Details of Non-performing financial assets purchased / sold

A) Details of Non-performing financial assets purchased

(Rs. in Crore)

Sl No.	Particulars	Year ended	
		31.03.2020	31.03.2019
1.	(a) No. of accounts purchased during the Year	NIL	NIL
	(b) Aggregate Outstanding	NIL	NIL
2.	(a) Of these, number of accounts restructured during the Year	NIL	NIL
	(b) Aggregate Outstanding	NIL	NIL

B) Details of Non-performing financial assets sold

(Rs. in Crore)

Sl. No.	Particulars	Year ended	
		31.03.2020	31.03.2019
1.	No. of accounts sold	2	7
2.	Aggregate Outstanding	59.45	696.76
3.	Aggregate consideration received	22.09	308.49

2.4.8 Provision on Standard Assets

(Rs. in Crore)

Particulars	Year ended	
	31.03.2020	31.03.2019
Provision towards Standard Assets	452.71	347.27

2.4.9 Bank has maintained a provision of Rs.15.48 crore towards exposure on Food Credit availed by State Government of Punjab having outstanding amount of Rs.309.49 crore as on 31.03.2020 i.e. 5% on outstanding balance as on 31.03.2020.

2.5 Business Ratios

	Particulars	Year ended	
		31.03.2020	31.03.2019
(i)	Interest Income as a percentage to Working Funds	6.10%	5.91%
(ii)	Non-interest income as a percentage to Working Funds	1.64%	1.65%
(iii)	Operating Profit as a percentage to Working Funds	0.11%	0.97%
(iv)	Return on Assets	-4.17%	-1.60%
(v)	Business (Deposits plus advances) per employee (Rs. in Crore)	16.16	14.96
(vi)	Gross Profit/(Loss) per employee (Rs. in Lacs)	1.31	10.23

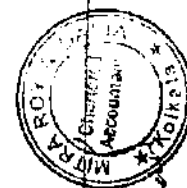


2.6 Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities

Assets/ Liabilities	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 Year	Over 1 Year and up to 3 Years	Over 3 Years and up to 5 Years	Over 5 Years	Total
Deposits	2027.82 (2071.83)	5360.57 (5070.71)	4922.24 (4660.71)	5579.90 (4504.74)	11764.73 (12038.46)	7575.27 (7211.54)	12241.23 (119416.15)	36403.75 (28024.99)	12830.38 (13555.38)	38408.79 (38338.81)	137614.64 (134983.32)
Advances	518.78 (184.54)	381.05 (367.84)	476.35 (737.17)	3126.56 (3806.84)	6729.75 (7470.38)	5649.10 (4782.31)	9280.72 (8048.55)	12492.59 (9718.89)	10399.66 (8204.60)	18468.76 (23633.99)	67523.33 (66955.11)
Investments	9357.85 (5114.46)	278.61 (1936.93)	213.94 (725.12)	404.67 (1521.30)	2714.58 (8116.42)	4969.16 (1918.85)	2889.46 (2341.30)	2735.89 (3305.02)	1991.02 (4053.52)	33081.73 (31943.10)	58636.92 (60976.02)
Borrowings	0.66 (1.19)	0.00 (200.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	3.42 (4.27)	1.42 (3.42)	1774.45 (204.84)	500.00 (1790.00)	0.00 (0.00)	2279.94 (2203.72)
Foreign Currency Assets	145.04 (964.09)	15.03 (913.97)	12.29 (27.04)	33.84 (79.67)	1455.74 (708.20)	888.78 (803.80)	1206.60 (1814.28)	259.43 (0.00)	0.00 (237.62)	40.52 (0.35)	4057.27 (5549.02)
Foreign Currency Liabilities	322.42 (267.13)	86.70 (1751.75)	11.50 (5.89)	9.84 (3.98)	1481.46 (830.22)	722.86 (700.27)	1412.93 (11966.86)	8.55 (20.30)	2.07 (2.17)	0.00 (0.00)	4058.33 (5548.57)

Figures in bracket represent Previous Year's figures.



2.7 Exposures

2.7.1 Exposure to Real Estate Sector

(Rs. in Crore)

Category	Year ended	
	31.03.2020	31.03.2019
a) Direct Exposure		
i) Residential Mortgages –		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	12946.00	11670.00
-of which, individual housing loans eligible for inclusion in priority sector advances	7803.74	6699.00
ii) Commercial Real Estate –		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc., including non-fund based (NFB) limits)	160.81	108.80
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
a. Residential	Nil	Nil
b. Commercial Real Estate.	1.00	Nil
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	4934.49	3814.06
Total Exposure to Real Estate Sector	18042.30	15592.86

2.7.2 Exposure to Capital Market

(Rs. in Crore)

Particulars	Year ended	
	31.03.2020	31.03.2019
(i) Direct Investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debts	106.55	101.66
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investments in shares (including IPOs / ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	Nil	Nil
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	40.33	43.20
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/ convertible debentures/units of equity-oriented mutual funds does not fully cover the advances	Nil	Nil



(v)	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers	Nil	Nil
(vi)	Loans sanctioned to corporate against the security of shares/bonds/ debentures or other securities or on clean basis for meeting promoters' contribution to the equity of new companies in anticipation of raising resources	Nil	Nil
(vii)	Bridge loans to companies against expected equity flows / issues	Nil	Nil
(viii)	Underwriting commitments taken up by the Bank in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Nil	Nil
(ix)	Financing to stock brokers for margin trading	Nil	Nil
(x)	All exposures to venture capital funds (both registered and un registered)	35.97	37.13
	Total Exposure to Capital Market	182.85	181.99

2.7.3 Risk Category-wise Country Exposure

The Bank has analyzed its risk exposure to various countries as on 31st March, 2020 and such exposure is less than the threshold limit of 1% of the total assets of the Bank. In terms of RBI guidelines, no provision is required for this exposure.

The position of risk category-wise country exposure is given below:

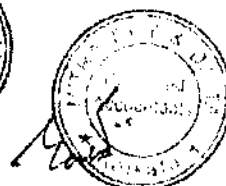
(Rs. in Crore)				
Risk Category	Exposure (net) as at 31.03.2020	Provision held as at 31.03.2020	Exposure (net) as at 31.03.2019	Provision held as at 31.03.2019
Insignificant	139.61	0.00	1076.51	0.00
Low	106.94	0.00	79.17	0.00
Moderate	13.48	0.00	1.40	0.00
High	0	0.00	0.00	0.00
Very High	0	0.00	0.00	0.00
Restricted	0	0.00	0.00	0.00
Off Credit	0	0.00	0.00	0.00
Total	260.03	0.00	1157.08	0.00

2.7.4 Details of Single Borrower Limit (SBL)/ Group Borrower Limits (GBL) exceeded by the Bank

(Rs. in Crore)							
Sr. No	Name of the Borrower	Exposure Ceiling		Limit Sanctioned		Outstanding as on	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
A.	Single Borrower						
		Nil	Nil	Nil	Nil	Nil	Nil
B.	Group Borrower						
		Nil	Nil	Nil	Nil	Nil	Nil

2.7.5 Unsecured Advances

(Rs. in Crore)		
Particulars	2019-20	2018-19
Total amount of advances outstanding against charge over intangible securities such as rights, licenses, authority, etc.	192.83	293.77
Estimated value of such intangible collateral securities	234.38	347.30



2.7.6. Disclosures on Flexible Structuring of Existing Loans

(Rs. in Crore)

Period	No. of borrowers taken up for flexible structuring	Amount of loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
2018-19 (Previous Financial Year)	Nil	Nil	Nil	Nil	Nil
Current Financial Year (From April '19 to March '20)	Nil	Nil	Nil	Nil	Nil

2.7.7 Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

(Rs. in Crore)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
Nil	Nil	Nil	Nil	Nil	Nil	Nil

2.7.8. Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period)

(Rs. in Crore)

No. of accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters' equity	
	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

2.7.9. Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period)

(Rs. In Crore)

No. of project loan accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		
	Classified as standard	Classified as standard restructured	Classified as NPA
Nil	Nil		



2.7.10. Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A), as on 31.03.2020.

(Rs. In Crore)

No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision Held
		In Part A	In Part B	
Classified as				
Standard				
1	18.75	9.13	9.62	0.03
Classified as NPA				
1	366.80	266.53	140.27	85.10

2.8 Penalty Imposed by RBI

During the financial year 2019-20, RBI imposed a penalty of Rs.1.00 crore on United Bank of India under Section 47A(1) (c) read with Section 46(4)(i) of the Banking Regulation Act 1949.

3. Disclosures as per Accounting Standards (AS) in terms of RBI guidelines:

3.1. AS 5 - Net Profit or Loss for the period, prior period items and changes in the Accounting Policies –

3.1.1. The impact of prior period items is immaterial in the opinion of the management.

3.1.2. Change in accounting policy relating to recognition of income from sub-standard assets (refer Para 3.2 of Schedule-17) has a reverse effect of Rs.10.57 crore for the quarter ended March 2020.

3.1.3. Change in method of provision for depreciation on Fixed Assets (refer Para 8.2 of Schedule-17) from written down value method to straight line basis has resulted in appreciation in value of Fixed Assets by Rs.256.70 crore

3.2 AS 9 - Revenue Recognition

Revenue is recognized as per the Accounting Policies disclosed in Schedule 17.

3.3 AS 10 - Property Plant and Equipment

Accounting for Property Plant and Equipment is done as per the Accounting Policies disclosed in Schedule 17.

3.4 AS - 12 Government Grants

During the year Rs.NIL (previous year Rs.NIL) has been received in the form of subsidies/grants/incentives from RBI and State Governments.

3.5 AS - 15 Employee Benefits

Disclosure on accounting of employee benefits [as per AS-15 (revised)]

(Rs. in Crore)

Sl.	Particulars	Pension	Gratuity	Other Benefits *
a)	Change in the present value of the obligations			
	Present value of obligation as at the beginning of the Year	5822.33	524.00	127.40
	Interest cost	428.52	40.09	7.20
	Past Service cost	0.00	0.00	0.00
	Current Service cost	56.53	30.48	26.97
	Benefits Paid	586.65	143.26	1.25
	Actuarial Loss/(Gain) on Obligation	2813.84	154.73	274.12
	Present value of Obligations at the end of the Year	8534.57	606.03	434.44
b)	Change in Fair Value of Plan Asset			
	Fair Value of Plan assets at the beginning of the Year	5773.34	543.00	126.29
	Expected Return on Plan Asset	424.92	41.54	9.66
	Employer's contribution	566.02	22.27	6.45
	Benefits Paid	586.65	143.26	1.25
	Actuarial Gain/(Loss) on Plan Asset	39.52	-2.82	0.74



Sl.	Particulars	Pension	Gratuity	Other Benefits *
	Fair Value of Plan asset at the end of the Year	6217.15	460.72	141.89
c)	Estimated Present value of Obligations as at the end of the Previous Year			
	Fair Value of Plan Assets at the end of the Year	6217.15	460.72	141.89
	Unfunded Net Liability recognized in Balance Sheet	2317.42	145.31	292.55
d)	Expenses Recognized in Profit and Loss			
	Current Service Cost	56.53	30.48	26.97
	Past Service Cost	0.00	0.00	0.00
	Interest Cost	428.52	40.09	7.20
	Expected return on Plan Asset	424.92	41.54	9.66
	Net Actuarial Loss/(Gain) recognized in the Year	2774.32	157.55	273.38
	Total Expenses recognized in Profit and Loss Account	2834.45	186.58	297.89
e)	Principal actuarial assumptions at the Balance Sheet Date (expressed as weighted average)			
	Discount Rate	6.85%	6.60%	6.60%
	Expected rate of return on Plan Assets	6.85%	6.60%	6.60%
	Method Used	Projected Unit Credit Method		

*Other Benefits include Privilege Leave, Casual leave, Sick Leave and LFC/LTC.

Note: The above statement is based on the report of the Actuary.

3.6 AS 17 - Segment Reporting

The Banks operations are classified into two primary business segments viz. "Treasury Operations" and "Banking Operations". The relevant information is given hereunder in the prescribed format:

Part A: Business Segments

Business Segments	Treasury Operations		Banking Operations						(Rs. in Crore)	
			Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	Year ended 31.03.20	Year ended 31.03.19	Year ended 31.03.20	Year ended 31.03.19	Year ended 31.03.20	Year ended 31.03.19	Year ended 31.03.20	Year ended 31.03.19	Year ended 31.03.20	Year ended 31.03.19
Revenue	5045	4741	3073	2579	3884	3412	242	210	12245	10944
Result	2026	1922	756	271	1826	1623	(4438)	(2405)	170.05	1411
Unallocated expenses									(5113)	(5992)
Operating Profit									(4943)	(4581)
Income Taxes									1452	(2265)
Extraordinary profit/ loss									0	0
Net Profit/(Loss)									(6395)	(2316)
Other Information										
Segment Assets	67237	62406	35748	37730	31776	29225	0	0	134761	129361
Unallocated Assets									18232	22169



Business Segments	Treasury Operations		Banking Operations						Total	
			Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations			
Particulars	Year ended 31.03.20	Year ended 31.03.19	Year ended 31.03.20	Year ended 31.03.19	Year ended 31.03.20	Year ended 31.03.19	Year ended 31.03.20	Year ended 31.03.19	Year ended 31.03.20	Year ended 31.03.19
Total Assets									152993	151530
Segment Liabilities	65942	59835	35060	36170	31160	28020	0	0	132162	124025
Unallocated Liabilities									13937	16006
Capital Employed									6894	11499
Total Liabilities									152993	151530

Part B: Geographical Segment – Since the Bank does not have any overseas branch, reporting under geographical segment is not applicable.

3.7 AS-18 Related Party Disclosures

3.7.1 Names of the related parties and their relationship with the Bank:

Associates:

Sl. No	Name	
1.	Assam Gramin Vikash Bank	Regional Rural Bank
2.	Bangiya Gramin Vikash Bank	Regional Rural Bank
3.	Manipur Rural Bank	Regional Rural Bank
4.	Tripura Gramin Bank	Regional Rural Bank

Key Management Personnel:

Sl. No	Name	Designation
1	Mr. Ashok Kumar Pradhan	Managing Director & CEO
2	Mr. Sanjay Kumar	Executive Director
3	Mr. Ajit Kumar Das	Executive Director



3.7.2 Related Party Disclosures

(Rs. in Crore)

Items/ Related Party	Associates		Key Management Personnel		Relatives of Key Management Personnel		Total	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Borrowings	1708.00	1309.00	NIL	NIL	NIL	NIL	1708.00	1309.00
Deposit	3238.73	1664.28	NIL	NIL	NIL	NIL	3238.73	1664.28
Placement of deposits	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Advances	1458.00	1059.00	NIL	NIL	NIL	NIL	1458.00	1059.00
Investments :								
Equity Shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Shares of RRB	473.46	368.53	NIL	NIL	NIL	NIL	473.46	368.53
RRB Bonds	51.12	51.12	NIL	NIL	NIL	NIL	51.12	51.12
Non-funded commitments	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Leasing/IIP arrangements availed	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Leasing/IIP arrangements provided	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Purchase of fixed assets	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sale of fixed assets	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Interest paid	192.81	164.52	NIL	NIL	NIL	NIL	192.81	164.52
Interest received	115.16	95.96	NIL	NIL	NIL	NIL	115.16	95.96
Rendering of services	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Receiving of services#	NIL	NIL	0.79	1.09	NIL	NIL	0.79	1.09
Management contracts	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

#Remuneration Paid to Key Management Personnel:

(Amount in Rs.)

Sl. No.	Name	Designation	Remuneration for the year ended 31.03.2020	Remuneration for the year ended 31.03.2019
1.	Mr. Ashok Kumar Pradhan	Managing Director & CEO	2918292	2587865
2.	Mr. Pawan Bajaj	Ex. Managing Director & CEO (upto 30.09.2018)	-	5797458
3.	Mr. Sanjay Kumar	Executive Director	2511561	1259135
4.	Mr. Ajit Kumar Das	Executive Director	2511561	1186073

In terms of paragraph 5 of AS 18, transactions in the nature of Banker-Customer relationship including those with Key Management Personnel and relatives of Key Management Personnel have not been disclosed.

Note: (a) No amount has been written off/written back in respect of dues from/to related parties.
(b) No provision is required in respect of dues from related parties.

3.8 AS-19 Leases

- Lease rent paid for operating leases are recognized as an expense in the Profit & Loss Account in the year to which it relates.
- Future Lease Rent Payable for operating lease:



(Rs. in Crore)

Sl. No.	Particulars	As At	
		31.03.2020	31.03.2019
a.	Not later than 1 year	102.63	76.57
b.	Later than 1 year but not later than 5 years	269.08	252.48
c.	Later than 5 years	184.87	172.55
	Total	556.58	501.60
	Amount charged to Profit & Loss Account	99.37	98.47

- i) Future lease rents and escalation in the rent are determined on the basis of agreed terms.
 ii) At the expiry of the initial lease term, generally the bank has an option to extend the lease for a further pre-determined period.

3.9 AS 20 - Earnings per Share

Particulars	Year ended	
	31.03.2020	31.03.2019
Net Profit/(Loss) after tax available for Equity Share Holders (Rs. in Crore)	(6395.31)	(2315.93)
Weighted Average number of Equity Shares	803,33,46,478.67	328,77,13,370.88
Basic and Diluted Earnings per Share (Rs)	(7.96)	(7.04)
Nominal Value per Share (Rs)		10.00

3.10 AS 21 - Consolidated Financial Statements/AS-23-Accounting for Investments in Associates in Consolidated Financial Statements

The Bank does not have any subsidiary and as such, AS-21 and AS-23 are not applicable.

3.11 AS 22 - Accounting for Taxes on Income

(a) Provision for Tax during the year is given below:

(Rs. in Crore)

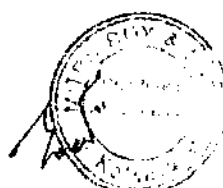
Particulars	Year ended	
	31.03.2020	31.03.2019
Provision for Tax	1452.09	(2264.98)

(b) The major components of Deferred Tax Assets/Liabilities are as follows:

(Rs. in Crore)

Particulars	Year ended	
	31.03.2020	31.03.2019
Deferred Tax Assets	4104.76	5556.85
Carry Forward Loss	3550.83	3388.32
Provisions for Stressed assets	28.44	53.36
Employees benefits	0.00	0.00
Other items	44.68	76.60
Provision on NPA	480.81	2038.57
Deferred Tax Liabilities	76.88	76.88
Depreciation on fixed assets	Nil	Nil
Special Reserve u/s.36(1)(viii) of the Income Tax Act, 1961	76.88	76.88
Loss on Sale of Assets to ARC	Nil	Nil

(c) The Bank has reversed net Deferred Tax Assets of Rs.1452.09 crore during the year 2019-20 on account of timing differences in accordance with Accounting Standard- 22 on "Taxes on Income" issued by the Institute of Chartered Accountants of India and the guidelines issued by the Reserve Bank of India.



3.12 AS 28 - Impairment of Assets

There is no indication of any material impairment of fixed assets and consequently no provision is required.

3.13 AS 29 - Provisions, Contingent Liabilities and Contingent Assets

Movements in significant Provisions and Contingent Liabilities have been disclosed at the appropriate places in the Notes forming part of the accounts.

3.14. Strategy for Ind AS implementation and its progress

The strategy adopted by the Bank for Ind AS implementation vis-a-vis the progress made by the Bank is given below:

As per RBI guidelines, the Bank is in the process of implementing the Indian Accounting Standards (IND AS). A steering committee has already been formed to take the required steps on a continuous basis for smooth convergence. The Bank has appointed M/s Deloitte Haskins & Sells LLP as the consultant for assisting the Bank in smooth implementation of Indian Accounting Standards. The proforma financial statement for the quarter ended 31.12.2019 has been submitted to RBI within the prescribed due date. In order to facilitate smooth transition to IND AS, after receipt of final guidelines from RBI, the Bank shall identify the changes required to be made in the IT system and other policies to comply with IND AS. Bank is also in the process of developing Expected Credit Loss Model in line with the requirements of IND AS 109.

4. Additional Disclosures

4.1 Provisions and Contingencies

The break-up of 'Provisions and Contingencies' shown under the head "Expenditures in Profit and Loss Account is as under:

(Rs. in Crore)

Particulars	Year ended	
	31.03.2020	31.03.2019
Provisions for depreciation on Investment	(283.40)	339.91
Provision towards NPA (Loans and Advances)	4762.82	5523.30
Provision towards Standard Assets including Restructured Standard Asset	105.44	108.80
Provision made towards Income Tax (including Deferred Tax)	1452.09	(2264.98)
Other Provisions and Contingencies		
- Provision for Non-Performing Investments	477.63	350.86
- Floating Provision	0.00	0.00
- Provision for Others	51.44	330.38
Total	6566.02	3727.51

4.2 Floating Provisions (Countercyclical provisioning buffer)

(Rs. in Crore)

Particulars	Year ended	
	31.03.2020	31.03.2019
a) Opening Balance in the floating provisions account	0.00	0.00
b) The quantum of floating provisions made during the year	0.00	0.00
c) Accounting for draw down made during the year	0.00	0.00
d) Closing balance in the floating provisions account	0.00	0.00

4.3 Draw down from reserves

There is no draw down from Reserves during this year.



4.4 Disclosure of complaints

a) Customer Complaints including Investors' Complaints

Sl. No.	Particulars	Nos
(a)	Complaints pending at the beginning of the Year	1274
(b)	Complaints received during the Year	86703
(c)	Complaints redressed during the Year	87098
(d)	Complaints pending at the end of the Year	879

b) Awards passed by the Banking Ombudsman

Sl. No.	Particulars	Nos
(a)	Unimplemented Awards at the beginning of the Year	1
(b)	Awards passed by the Banking Ombudsman during the Year	6
(c)	Awards implemented during the Year	6
(d)	Unimplemented Awards at the end of the Year	1

4.5 Disclosure of Letters of Comfort (LoCs) issued by the Bank

- a) During the current financial year ended 31.03.2020, the Bank has issued 13 (previous year NIL) Letters of Comfort/Letters of Undertaking amounting to Rs.5.80 crore (previous year Rs.NIL).
- b) There are 13 nos (previous year 9) of outstanding Letters of Comfort as on 31.03.2020 amounting to Rs.5.95 crore (previous year Rs.75.25 crore).

4.6 Provision Coverage Ratio (PCR)

The provision coverage ratio (PCR) for the Bank as on 31st March 2020 is 86.07%.

4.7 Bancassurance Business

Particulars	(Rs. in Crore)	
	31.03.2020	31.03.2019
Life Insurance Business	7.52	6.94
Non-Life Insurance Business	8.63	8.34
Mutual Funds	0.03	0.02
Others	0.25	0.01

4.8 Concentration of Deposits, Advances, Exposures and NPAs

4.8.1 Concentration of Deposits

Particulars	(Rs. in Crore)	
	31.03.2020	31.03.2019
Total Deposits of twenty largest depositors	6422.91	6110.98
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	4.66%	4.53%

4.8.2 Concentration of Advances

Particulars	(Rs. in Crore)	
	31.03.2020	31.03.2019
Total Advances to twenty largest borrowers	13839.10	13039.21
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	18.60%	17.83%



4.8.3 Concentration of Exposures

(Rs. in Crore)

Particulars	Year ended	
	31.03.2020	31.03.2019
Total Exposure to twenty largest borrowers/ Customers	15345.97	14343.52
Percentage of Exposure to twenty largest borrowers/ customers to Total Exposure of the Bank on borrowers/ customers	18.95%	16.76%

4.8.4 Concentration of NPAs

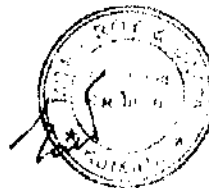
(Rs. in Crore)

Particulars	Year ended	
	31.03.2020	31.03.2019
Total Exposure to top four NPA accounts	1853.88	1980.60

4.9 Sector - wise Advances

(Rs. in Crore)

Sl. No.	Sector	31.03.2020			31.03.2019		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A.	Priority Sector						
1.	Agriculture and Allied activities	8934.80	1184.72	13.26	10651.66	840.58	7.89
2.	Advances to Industries sector eligible as priority sector lending	4479.14	731.65	16.33	3923.87	597.66	15.23
3.	Services	9355.34	1026.15	10.97	8079.00	813.03	10.06
	- Retail Trade	4133.31	449.65	10.88	3695.10	389.22	10.53
	- Others	5222.03	576.50	11.04	4383.90	423.81	9.67
4.	Personal Loans	8075.41	205.39	2.54	7755.15	192.12	2.48
	Sub-Total(A)	30844.69	3147.91	10.21	30409.68	2443.39	8.03
B.	Non-Priority Sector						
1.	Agriculture and Allied activities	958.90	85.47	8.91	274.70	76.14	27.72
2.	Industry	17864.60	4910.12	27.49	20204.16	8241.04	40.79
	- Iron & Steel	1293.40	363.94	28.14	2051.88	401.09	19.55
	- Power	6990.14	1797.92	25.72	9277.42	4281.02	46.14
	- Others	9581.06	2748.26	28.68	8874.86	3558.93	40.10
3.	Services	16739.79	1625.83	9.71	15698.86	1231.57	7.84
	- NBFC	13304.38	1142.29	8.59	8065.02	100.09	1.24
	- Banking & Finance Other than NBFC	8.33	--	--	3822.99	--	--
	- Others	3427.08	483.54	14.11	3810.85	1131.48	2.97
4.	Personal Loans	7071.92	165.90	2.35	4962.00	61.24	1.23
	Sub-Total(B)	42635.21	6787.32	15.92	41139.72	9609.99	23.36
C.	Food Credit(FCI)	686.42	--	--	1574.01	--	--
	Sub-Total(C)	686.42	--	--	1574.01	--	--
	Total (A+B+C)	74166.32	9935.23	13.40	73123.41	12053.38	16.48



4.10 Movement of NPAs

(Rs. in Crore)

Particulars	Year ended	
	31.03.2020	31.03.2019
Gross NPAs as on 1 st April, 2019/2018	12053.38	16552.11
Additions (Fresh NPAs) during the Year	4053.08	2870.52
Sub-total (A)	16106.46	19422.63
Less:		
(i) Up gradations	846.12	323.70
(ii) Recoveries (excluding recoveries made from upgraded a/cs)	1036.51	1264.80
(iii) Technical/Prudential Write-offs	3920.73	4726.41
(iv) Write-offs other than those under (iii) above	367.87	638.88
(v) Sale of Assets upto 31 st March 2020/2019	0.00	415.46
Sub-total (B)	6171.23	7369.25
Gross NPAs as on 31 st March, 2020/2019 (A-B)	9935.23	12053.38

4.11. Stock of technical write-offs and recoveries made thereon

(Rs. in Crore)

Particulars	Year ended	
	31.03.2020	31.03.2019
Opening balance of Technical/Prudential written-off accounts as at April 1, 2019/2018	9742.92	5645.54
Add: Technical/Prudential write-offs during the year	3920.73	4726.41
Sub-total (A)	13663.65	10371.95
Less: Recoveries made from previously technical/prudential written-off accounts during the year (B)	690.62	629.03
Closing balance as at March 31, 2020/2019	12973.03	9742.92

4.12 Overseas Assets, NPAs and Revenue

(Rs. in Crore)

Particulars	Year ended	
	31.03.2020	31.03.2019
Total Assets (Nostro balance)	112.87	963.68
Total NPAs	NIL	NIL
Total Revenue	108.96	75.61

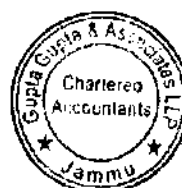
4.13 Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Year Ended 31.03.2020		Year Ended 31.03.2019	
Name of the SPV sponsored		Name of the SPV sponsored	
Domestic	Overseas	Domestic	Overseas
NIL	NIL	NIL	NIL

4.14 Unamortized Pension and Gratuity Liabilities

The bank does not have any Unamortized Pension and Gratuity Liabilities (Previous year unamortized Gratuity liability was Rs.NIL).

(Signature)



4.15. Disclosures relating to Securitization

Sl. No.	Particulars	31.03.2020	31.03.2019
1	No of SPVs sponsored by the bank for securitization transactions		
2	Total amount of securitized assets as per books of the SPVs sponsored by the bank		
3	Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet		
	a) Off balance sheet exposures		
	First loss		
	Others		
	b) On-balance sheet exposures		
	First loss		
	Others		
4	Amount of exposures to securitization transactions other than MRR		
	a) Off Balance Sheet Exposures		
	i) Exposure to own securitizations		
	First loss		
	Loss		
	ii) Exposure to third party securitizations		
	First loss		
	Others		
	b) On Balance Sheet Exposures		
	i) Exposure to own securitizations		
	First loss		
	Others		
	ii) Exposure to third party securitizations		
	First Loss		
	Others		

4.16 Credit Default Swaps

The Bank has not undertaken any Credit Default Swaps in the year 2019-20 as well as in the year 2018-19.

4.17 Intra-Group Exposures

		(Rs. in Crore)	
Sl. No.	Particulars of Intra Group Exposures	As on	
		31.03.2020	31.03.2019
1	Total amount of intra-group exposures	Nil	Nil
2	Total amount of top-20 intra-group exposures	Nil	Nil
3	Percentage of intra-group exposures to total exposure of the bank on borrowers / customers	Nil	Nil
4	Details of breach of limits on intra-group exposures and regulatory action thereon, if any	Nil	Nil

4.18 Transfer to Depositor Education and Awareness Fund (DEAF)

		(Rs. in Crore)	
		As at	
	Particulars	31.03.2020	31.03.2019
	Opening balance of amounts transferred to DEAF	518.62	256.16
	Add : Amounts transferred to DEAF during the year	167.91	262.46
	Less : Amounts reimbursed by DEAF towards claims	10.32	-
	Closing balance of amounts transferred to DEAF	676.21	518.62



4.19. Unhedged Foreign Currency Exposure

The incremental provision/Capital requirement is arrived at by considering likely loss & EBD of the borrowers as per RBI guidelines. The unhedged Foreign Currency Exposures, Incremental provisions and capital requirements that are provided by the bank as on 31st March 2020 are given below:

(Rs. in Crore)

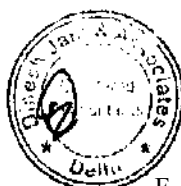
Incremental Provisioning (over and above extant standard asset provisioning)	Incremental Capital requirement for Unhedged foreign currency exposures of borrowers
Nil	Nil

4.20. Liquidity Coverage Ratio (LCR)

4.20.1 Disclosure

(Rs. in Crore)

	31.03.2020		31.03.2019	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets				
1. Total High Quality Liquid Assets (HQLA)		33635.30		28355.23
2. Retail deposits and deposits from small business customers, of which:	113248.77	10920.87	102828.49	6655.70
(i) Stable deposits	8080.12	404.01	72542.85	3627.14
(ii) Less stable deposits	105168.64	10516.86	30285.64	3028.56
3. Unsecured wholesale funding, of which:	16762.53	7036.05	14970.02	6103.67
(i) Operational deposits (all counterparties)	338.94	84.73	274.74	68.68
(ii) Non-operational deposits (all counterparties)	15787.13	6314.85	14433.82	5773.53
(iii) Unsecured debt	636.47	636.47	261.46	261.46
4. Secured wholesale funding		0.00		0.00
5. Additional requirements, of which:	24919.97	10756.71	15868.03	8488.03
(i) Outflows related to derivative exposures and other collateral requirements	0.00	0.00	0.00	0.00
(ii) Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00
(iii) Undrawn Credit and liquidity facilities	9320.51	2622.31	4683.02	1915.81
6. Other contractual funding obligations	7759.98	294.91	4755.46	142.66
7. Any other outflow	7839.49	7839.49	6429.55	6429.55
8. Total Cash Outflows		28713.63		21247.41
Cash Inflows				
9. Secured lending (e.g. reverse repos)	999.19	0.00	263.83	0.00
10. Inflows from fully performing exposures	4850.45	3794.25	7437.21	6788.88
11. Other cash inflows	3269.65	3269.65	2540.54	2540.54
12. Total Cash Inflows		7063.89		9329.42
21. TOTAL HQLA		33635.30		28355.23
22. Total Net Cash Outflows		21649.74		11917.99
23. Liquidity Coverage Ratio (%)		155.36		237.92



LCR as on last four quarters of the FY: 2019-20	
Quarter Ended on	LCR (%)
June, 2019	198.56
September, 2019	149.35
December, 2019	151.38
March, 2020	155.36

4.20.2 Qualitative Disclosure around LCR

The Liquidity Coverage Ratio (LCR) standard aims to ensure that a Bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario specified by supervisor. Bank has implemented and is computing LCR since 1st January, 2015.

LCR is calculated as a ratio of HQLA to net cash outflow under stress scenario over the next 30 calendar days.

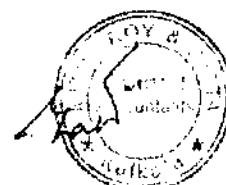
As per RBI guideline, Bank is required to maintain minimum 100% LCR as on 31.03.2020.

LCR of the Bank is assessed at 155.36 % for the quarter ended on 31.03.2020 which is well above the minimum requirement as prescribed by Reserve Bank of India.

5. a) Registration formalities are pending in case of one property having gross book value of Rs.1.65 Crore, WDV as on 31.03.2020: Rs.0.88 Crore (Previous Year Rs.0.96 Crore).
- b) Premises include leased properties amounting to Rs.131.06 Crore (net of amortization) as at 31st March 2020 (Previous Year Rs.136.10 Crore).
6. Based on information available with the bank, there are few suppliers/services who are registered as Micro Small or Medium Enterprise under the Micro Small and Medium Enterprise development act 2006 (MSMED ACT, 2006) information in respect of micro and small enterprises as required by MSMED.

Sr. No.	Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
1	Principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year: Principal : Interest :	NIL NIL	NIL NIL
2	The amount of interest paid by the buyer in terms of section 16 of MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	NIL	NIL
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	NIL	NIL
4	The amount of interest accrued and remaining unpaid at the end of each accounting year.	NIL	NIL
5	The amount of further interest remaining due and payable even in the succeeding years, until such date, when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as deductible expenditure under section 23 of the MSMED Act 2006.	NIL	NIL

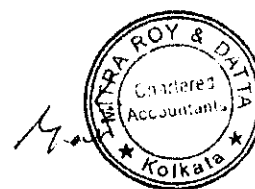
7. Pending settlement of the Bipartite agreement on wage revision (due from November, 2017), an adhoc amount of Rs.108.00 crore has been provided during the year towards wage revision and cumulative provision held as on March 31, 2020 for wage revision is Rs.261 crore.



8. During the Financial year 2019-20, the Bank has reported 88 numbers of fraud cases involving total amount of Rs.2680.15 crore against which Bank has existing provision of Rs.2473.82 crore in 62 accounts and Rs.0.52 crore was recovered in 7 accounts. A further provision of Rs.205.81 crore has been made during the year, out of which Rs.0.73 crore is for non advance related frauds and Rs.205.08 crore is for advance related frauds. No amount is required against unamortized provision during the year.
9. In terms of RBI communication DBR NO. BP. BC. 1924/21.04.048/2017-18 dated August 28, 2017, Rs.17.99 crore has been additionally provided in respect of eligible NCLT (List 1 & List 2) accounts as on 31st March, 2020. Total provision made as on 31st March 2020 for NCLT (List 1 & List 2) accounts is Rs.3495.32 crore against Rs.3477.32 crore required as per IRAC norms.
10. In accordance with RBI Circular DBR No. BP. BC. 18 21.04.048/2018-19 dated January 01, 2019, the details of MSME restructured accounts from 01.01.2019 to 31.03.2020 are as under:

No. of accounts restructured	Amount (Rs. in Crore)
7133	408.24

11. Based on the available financial statements and declarations from borrowers, the Bank has estimated the liability towards Unhedged Foreign Currency Exposure to their constituents in terms of RBI Circular DBOD No.BP.BC.85 21.06.200 2013-14 dated January 15, 2014 and holds a provision of Rs.0.13 crore as on 31st March, 2020.
12. During the year, no Priority Sector Lending Certificates (PSLC) has been purchased by the Bank.
13. In line with RBI guidelines, Bank in this quarter has netted depreciation amounting to Rs.322.99 crore in Security Receipts, held in others category under the classification "Available for Sale", with an appreciation of Rs.185.48 crore in Security Receipts held in same category. This practice of netting depreciation with appreciation in Security Receipts has not been followed in earlier years.
14. Pursuant to Government of India's letter dated 30th August 2019 on "Amalgamation of PSBs", the Bank as a going concern has amalgamated with Punjab National Bank alongwith Oriental Bank of Commerce as on 01.04.2020. The Equity shares of the Bank stands delisted in Stock Exchanges of India and suspended from trading on the Bourses from 20.03.2020. The total CRAR of the Bank as at 31.03.2020 is 5.56% and has breached the laid down Benchmark of 10.875% which may have an impact on going concern status of the Bank, however considering that United Bank of India stands merged with Punjab National Bank as going concern, the financial statements of the Bank for the year under audit have been prepared as a going concern.
15. The SARS-CoV2 virus responsible for the Covid-19 pandemic continues to spread across the globe and in India. This has resulted in a significant decline and volatility in global and Indian markets and economic activities. Implementation of lockdown and extensions has resulted in disruptions of business and common life. With the situation still unfolding, it is difficult to predict time horizons to gauge the impact. The major identified challenges for the Bank borrowers across various industry sectors is expected to arise from eroding cash flows and elongated working capital cycles. The Bank is gearing itself on all fronts to meet these challenges. Despite these events and conditions, the Bank's results in future are not expected to be materially adverse nor would have any significant impact on the going concern assumption.
16. In accordance with the RBI's Circular on COVID-19 Regulatory Package- Review of Resolution timelines under the Prudential Framework on Resolution of Stressed Assets dated April 17, 2020 and subsequent circular dated 23rd May 2020, the bank has in respect of accounts which were within the Review period as on March 1, 2020 excluded the period from March 1, 2020 to March 31, 2020 from the calculation of the 30 day timeline for the Review period. The total number of such accounts is TWO involving Rs.431.43 Crore. Further, in respect of TWO number of accounts involving Rs.1250.03 Crore where the 180 days resolution period has not expired as on March 1, 2020, the time period for resolution has been extended by further 180 days from the date on which the 180 days period was originally set to expire.
17. In accordance with the COVID-19 regulatory package announced by the Reserve Bank of India on March 27, 2020, the Bank has extended the option of payment moratorium for all amounts falling due between March 1, 2020 and May 31, 2020 to its borrowers. In line with the RBI guidelines issued on April 17, 2020, in respect of all



accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded from the number of days past-due for the purpose of asset classification. The details are as under:

S.no.	Particulars	No. of accounts	Amount (In Crores)
1.	Respective amounts in SMA overdue categories, where the moratorium deferment was extended, in terms of paragraph 2 & 3 of the Circular	1274227	61934.79
2.	Respective amount where asset classification benefit is extended	61088	1741.57
3.	Provision made during the Q4FY2020 in terms of paragraph 5 of the Circular	61088	174.16
4.	Provision adjusted during the respective accounting periods against slippages & the residual provisions in terms of paragraph 6	NA	Nil

The bank has provided Rs.174.16 crore being 10% of the outstanding balance as on 31st March 2020 of assets classified as standard as on February 29, 2020, even if overdue, in terms of directives of the Reserve Bank of India on COVID-19 Regulatory Package- Asset Classification and Provisioning.

18. A. Disclosure for change in Accounting Policies/ Procedures in process of Amalgamation of Bank along with Oriental Bank of Commerce with Punjab National Bank w.e.f. 01.04.2020

- The Bank has been appropriating recovery made in Sub-standard assets first towards interest. However, from 01.01.2020, the bank has changed its policy and have appropriated recovery in all NPA accounts including Sub-standard assets towards Principal irregularity. Accordingly, Bank has reversed interest recovered from Sub-standard assets amounting to Rs. 10.57 Crores and appropriated to Principal irregularity. (Accounting Policy 3.2(iii)).
- The Bank was crediting charging Broken period interest to Profit and Loss account but now it is accounted for as interest accrued (Accounting Policy 5.3(c)).
- The Bank was not reversing the excess provision on sale of financial assets to ARC/SC and was utilizing it for meeting shortfall on account of sale of other financial assets to ARC/SC. The Bank has changed the policy and if the sale is for a value higher than the NBV then it is credited straightway to Profit and loss account when the amounts are received. (Accounting Policy 6.1(cc)).
- Depreciation on assets other than Computers and ATMs was provided for under written down value method in the manner and as per the rates prescribed under Schedule-41 to the Companies Act, 2013 after retaining 5% residual value. For the assets in use as on 01.04.2014, the Bank is now using Straight line method for charging depreciation and has discontinued retaining 5% residual value. Depreciation has been charged at rates more specifically prescribed in Para 8.2 in Schedule 17 on Significant Accounting Policies (Accounting Policy 8).

B. Change of computation of Deferred Tax as per AS-22 and computation of Employee Benefits as per AS-15.

- The Bank due to Harmonisation of policies and procedures with Punjab National Bank has discontinued to consider the excess provision held by it on account of bad and doubtful debts read with Section 36(Divide) of the Income Tax Act, 1961 for computing DTA that there is no virtual certainty in considering so.
- The Bank's Actuarial has changed certain assumptions for employee benefits viz. discounting rates, rate of return, mortality rate and salary growth to align with Punjab National Bank.

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C. Summarised information of Impact of Harmonisation as above:

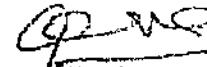
Sl. No.	Particulars	Impact in Rs. crore	
		Increase in Profit	Decrease in Profit
1.	Provision due to down gradation of advances by Rs.0.75 crore	-	0.20
2.	Reversal of interest on down gradation (as per Sl. No. 1)	-	0.01
3.	Depreciation on Fixed Assets due to change in method from WDV to SLM	256.70	-
4.	Increase in income from SMS Charges for transactions	1.75	-
5.	Employee Benefits - AS-15 (on Change in factors of calculation)	-	2229.06
6.	Reversal in Deferred Tax Assets	-	1444.08
7.	Change in Recognition of income from sub-standard assets	-	10.57

19. Previous Year's figures have been regrouped/rearranged wherever considered necessary to make them comparable with those of the current year.




This is a part of Schedule 17 and 18 as on 31.03.2020.

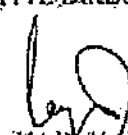

BISWAJIT BANDYOPADHYAY
DEPUTY GENERAL MANAGER


KSHWINI KUMAR JHA
CHIEF GENERAL MANAGER & CFO


A K AZAD
EXECUTIVE DIRECTOR


VIJAY DUBE
EXECUTIVE DIRECTOR


SANJAY KUMAR
EXECUTIVE DIRECTOR


DR. R.K. YALAV. ANSHI
EXECUTIVE DIRECTOR


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


PANKAJ JAIN
DIRECTOR


VIVEK AGGARWAL
DIRECTOR


DR. ASHA BHANDARKER
DIRECTOR

As per our separate report of even date attached.

S B A Associates

Chartered

Accountants

FRN : 308136E

Dinesh Jain &
Associates

Chartered Accountants

FRN : 004885N

Gupta, Gupta & Associates: Mitra Roy & Datta
LLP


Chartered Accountants

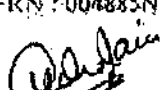
FRN : 001728NAN-500321


Chartered

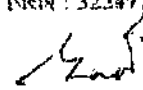
Accountants

FRN : 323477E


CA. Nilanjana Sen
Partner
Mem. No. : 061768


CA. Neha Jain
Partner
Mem. No. : 514725


CA. Samir Gupta
Partner
Mem. No. : 093783


CA. Sumanta Ghatak
Partner
Mem. No. : 054080



UNITED BANK OF INDIA
Kolkata

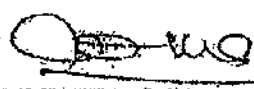
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020


				(' In '000)
		31st March 2020	31st March 2019	
A	CASH FLOW FROM OPERATING ACTIVITIES			
	Net Profit after Tax	(6,39,53,076)	(2,31,59,253)	
	Add: Income Tax	-	-	
	Less: MAT Recoverable	-	-	
	Add: Deferred Tax Assets	1,45,20,900	(2,23,37,000)	
	Profit before Tax	(4,94,32,176)	(4,54,96,253)	
	Adjustment for			
	Depreciation on Fixed Assets	(13,48,134)	12,57,300	
	Less: Amount drawn from Revaluation Reserve	(2,14,526)	(2,30,607)	
	Profit/Loss on Sale of Fixed Assets (Net)	2,234	5,339	
	Depreciation/Provision for Investments (Net)	19,42,337	69,07,842	
	Provision for Standard Assets	10,54,400	10,86,000	
	Provision for NPA Advances	4,76,28,200	5,52,33,000	
	Other Provisions (Net)	1,59,35,274	(2,59,53,503)	
	Interest on Bonds	18,27,133	20,42,841	
	Operating Profit before changes in Operating Assets and Liabilities	1,64,94,742	(51,46,241)	
	Adjustment for net change in Operating Assets and Liabilities			
	Decrease/(Increase) in Investment	2,14,46,779	(11,26,49,944)	
	Decrease/(Increase) in Advances	(5,33,10,503)	(9,98,81,976)	
	Increase/(Decrease) in Deposits	2,68,13,240	5,65,69,371	
	Increase/(Decrease) in Borrowings	7,82,277	(85,23,400)	
	Decrease/(Increase) in Other Assets	(84,69,323)	(17,23,075)	
	Increase/(Decrease) in Other Liabilities & Provisions	1,73,66,856	1,88,95,834	
	Increase/(Decrease) in Revenue Reserve	18,04,834	13,22,421	
	Increase/(Decrease) in Revaluation & Other Reserve	-	-	
		2,42,20,702	(15,11,37,010)	
	Cash Generated from Operating Activities			
	Tax (Paid)/ Refund	5,00,000	4,00,000	
	Net Cash from Operating Activities (A)	2,47,20,702	(15,07,37,010)	
B	CASH FLOW FROM INVESTING ACTIVITIES			
	Fixed Assets (Net)	(4,38,405)	(7,32,304)	
	Net Cash from Investing Activities (B)	(4,38,405)	(7,32,304)	
C	CASH FLOW FROM FINANCING ACTIVITIES			
	Issue of Share Capital	1,64,13,793	4,41,42,772	
	Share Premium	2,46,207	61,81,085	
	Subordinated Bonds Issued	-	(25,00,000)	
	Interest on Bonds	(18,27,133)	(20,42,841)	
	Net Cash from Financing Activities (C)	1,48,32,867	4,67,81,016	
D	Net Increase in Cash and Cash equivalents (A+B+C)	3,91,15,164	(10,67,08,298)	
	Cash and Cash equivalents at the beginning of the year			
	Cash in hand	66,92,798	60,80,330	
	Balances with Reserve Bank of India	5,49,06,039	5,60,41,068	
	Balances with Banks and Money at Call and Short Notice	3,49,46,102	14,02,21,839	20,23,43,237
	Cash and Cash equivalents at the end of the year			
	Cash in hand	61,20,251	66,92,798	
	Balances with Reserve Bank of India	4,04,09,367	5,49,96,039	
	Balances with Banks and Money at Call and Short Notice	8,72,20,485	13,57,50,103	9,66,34,939

Note : The above cash flow statement has been prepared on the basis of indirect method.

This is a part of Cash Flow Statement as on 31.03.2020.

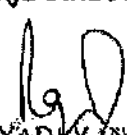

BISWAJIT BANDOPADHYAY
DEPUTY GENERAL MANAGER



ASHWINI KUMAR JHA
CHIEF GENERAL MANAGER & CFO



A.K. AZAD
EXECUTIVE DIRECTOR


VIJA DUBE
EXECUTIVE DIRECTOR


SANJAY KUMAR
EXECUTIVE DIRECTOR


DR. R.K. YADAV ANSHI
EXECUTIVE DIRECTOR


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


BANKAJ JAIN
DIRECTOR


VIVEK AGGARWAL
DIRECTOR


DR. ASHA BHANDARKAR
DIRECTOR

As per our separate report of even date attached.

S B A Associates

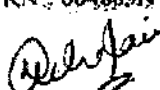
Chartered
Accountants
PRN : 308136E


CA. Nilanjana Sen
Partner
Mem. No : 061768



Dingesh Jain &
Associates


Chartered Accountants
PRN : 004835N


CA. Neha Jain
Partner
Mem. No : 514735



Gupta Gupta & Associates
LLP

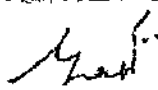
Chartered Accountants
PRN : 001728NN-500331


CA. Samir Gupta
Partner
Mem. No : 093783



Mitra Roy & Datta

Chartered
Accountants
PRN : 322477E


CA. Sumantra Ghatak
Partner
Mem. No : 051686



Arun K. Agarwal & Associates Chartered Accountants 105, First Floor, South Ex. Plaza-1, 389, Masjid Moth, South Extn. Part-II New Delhi-110049	Mookherjee Biswas & Pathak Chartered Accountants, 5 & 6, Fancy Lane, Kolkata-700001	SBA Associates Chartered Accountants 27, Mirza Ghalib Street, 5th Floor Kolkata-700016	Dinesh Jain & Associates Chartered Accountants, A-115, Vikas Marg, 2nd Floor, Shakarpur, Delhi-110092
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Independent Auditors' Report

To
The President of India / Members of United Bank of India

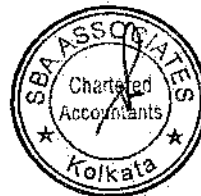
Report on Audit of the Financial Statements

Opinion

1. We have audited the financial statements of United Bank of India ('the Bank'), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and notes to financial statements including a summary of significant accounting policies and other explanatory information in which are included returns for the year ended on that date of 20 branches and treasury operation audited by us and 942 branches/ retail hubs which includes 1 Central Payment Hub, 1 Central Pension Processing Centre and 1 Inward Clearing Processing Centre audited by statutory branch auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also included in the Balance Sheet, the Statement of Profit and Loss and Statement of Cash Flows are the returns from 36 Regional Offices, 1087 branches, 3 Staff Training Colleges, 1 CMS and 1 Data Centre at Head Office which have not been subjected to audit. These unaudited branches account for 9.97% of gross advances, 29.81% of deposits, 5.69% of interest income and 30.26% of interest expenses.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 in the manner so required for bank and are in conformity with accounting principles generally accepted in India and give:
 - a. true and fair view in case of the Balance sheet, of the state of affairs of the Bank as at 31st March, 2019;
 - b. true balance of loss in case of Profit and Loss account for the year ended on that date; and
 - c. true and fair view in case of statement of cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Arun K. Agarwal & Associates Chartered Accountants 105, First Floor, South Ex. Plaza-1, 389, Masjid Moth, south Extn. Part-II New Delhi-110049	Mookherjee Biswas & Pathak Chartered Accountants, 5 & 6, Fancy Lane, Kolkata-700001	SBA Associates Chartered Accountants 27, Mirza Ghalib Street, 5th Floor Kolkata-700016	Dinesh Jain & Associates Chartered Accountants, A-115, Vikas Marg, 2nd Floor, Shakarpur, Delhi-110092
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Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Auditors Response
<p>Assets Classification and Provisioning in respect of Advances</p> <p>Advances comprise, a substantial portion of the Bank's assets and since the management exercises significant judgement in the asset classification and provision, this has been considered by us as a key audit matter</p> <p>Banks are governed by the prudential norms issued by the Reserve Bank of India on Income recognition, Asset Classification and provisioning pertaining to Advances.</p> <p>Identification of such non-performing advances is carried out in the Bank based on system identification, by the Core Banking Solution (CBS) software in operation i.e. Finacle based on the various controls and logic embedded therein. The management also exercises significant judgement in adherence to the IRAC norms and adequate provisioning in required cases.</p>	<p>In order to ensure the effectiveness of the operation of the key controls and compliance to the directions of the RBI in this regards, we have verified whether both CBS system and the management have ,</p> <p>(a) timely recognised the depletion in the value of both primary and collateral security;</p> <p>(b) made adequate provisioning based on such time to time monitoring and identification of asset classification.</p> <p>We have also placed reliance on and performed the following procedures:</p> <p>(a) reviewed and placed reliance upon the Independent Auditors Report of the Statutory Branch Auditors as well as all MOC passed by us both at branches as well as H.O.</p> <p>(b) ensured that changes suggested by the Statutory Branch Auditors with respect to income recognition, asset classification and provisioning have been appropriately dealt.</p>



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Information Other than the Financial Statements and Auditors' Report Thereon

5. The Banks Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and report it to Reserve Bank of India and Securities and Exchange Board of India (SEBI).

Responsibilities of Management and Those Charged with Governance for the Financial Statements

6. The Bank's Board of Directors is responsible with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.



Arun K. Agarwal & Associates Chartered Accountants 105, First Floor, South Ex. Plaza-1, 389, Masjid Moth, south Extn. Part-II New Delhi-110049	Mookherjee Biswas & Pathak Chartered Accountants, 5 & 6, Fancy Lane, Kolkata-700001	SBA Associates Chartered Accountants 27, Mirza Ghalib Street, 5th Floor Kolkata-700016	Dinesh Jain & Associates Chartered Accountants, A-115, Vikas Marg, 2nd Floor, Shakarpur, Delhi-110092
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Auditor's Responsibilities for the Audit of the Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.



Arun K. Agarwal & Associates Chartered Accountants 105, First Floor, South Ex. Plaza-1, 389, Masjid Moth, South Extn. Part-II New Delhi-110049	Mookherjee Biswas & Pathak Chartered Accountants, 5 & 6, Fancy Lane, Kolkata-700001	SBA Associates Chartered Accountants 27, Mirza Ghalib Street, 5th Floor Kolkata-700016	Dinesh Jain & Associates Chartered Accountants, A-115, Vikas Marg, 2nd Floor, Shakarpur, Delhi-110092
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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

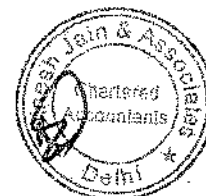
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

8. We did not audit the financial statements/ information of 942 branches/ offices included in the financial statements of the Bank whose financial statements/ financial information reflect total assets (gross) of Rs.23,975.18 Crores as at 31st March 2019 and total revenue of Rs.1,365.57 Crores for the year ended on that date, as considered in the financial statements. The financial statements/ information of these branches have been audited by the branch auditors whose reports have been furnished to us. And in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

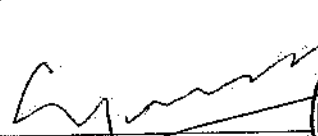
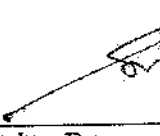

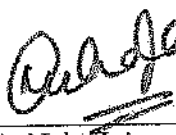
9. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949;
10. Subject to the limitations of the audit indicated in paragraphs 5 to 7 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and subject also to the limitations of disclosure required therein, we report that:
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;
 - b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
 - c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.



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11. We further report that:

- in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
- the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report; and
- in our opinion, the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

Arun K. Agarwal & Associates Chartered Accountants FRN: 003917N	Mookherjee Biswas & Pathak Chartered Accountants ERN : 301138E
 CA. Arun Kumar Agarwal Partner Mem. No : 082899	 CA. Sankar Prasanna Mukherjee Partner Mem. No : 010807
S B A Associates Chartered Accountants FRN : 308136E	Dinesh Jain & Associates Chartered Accountants FRN : 004885N
 CA. Nilanjana Sen Partner Mem. No : 061768	 CA. Neha Jain Partner Mem. No : 514725
Place: Kolkata Date: 13 th May 2019	

**UNITED BANK OF INDIA
KOLKATA**

Balance Sheet as on 31st March 2019

(Rs in thousand)

CAPITAL & LIABILITIES	Schedule	As on 31.03.2019	As on 31.03.2018
		(Audited)	(Audited)
Capital	1	7427,91,97	3000,00,00
Share Application Money Pending Allotment	1A	,,0	13,64,25
Reserves & Surplus	2	4070,95,80	5661,59,34
Deposits	3	134983,31,51	129326,37,80
Borrowings	4	2203,71,75	3306,05,75
Other Liabilities and Provisions	5	2844,01,75	3440,98,44
Total :		151529,92,78	144748,65,58
ASSETS	Schedule	As on 31.03.2019	As on 31.03.2018
		(Audited)	(Audited)
Cash and balances with Reserve Bank of India	6	6168,88,37	6212,13,98
Balances with Banks and			
Money at Call and Short Notice	7	3494,61,02	14022,18,39
Investments	8	60976,03,43	50401,80,41
Advances	9	66955,09,74	62490,19,98
Fixed Assets	10	1240,05,50	1293,08,85
Other Assets	11	12695,24,72	10329,23,97
Total :		151529,92,78	144748,65,58
Contingent Liabilities	12	8091,52,54	7845,02,68
Bills for collection		2592,13,10	3691,03,79

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SCHEDULE 1 - CAPITAL

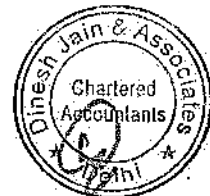
(Rs. in thousand)

	As on 31.03.2019 (Audited)	As on 31.03.2018 (Audited)
AUTHORISED CAPITAL	8500,00,00	3000,00,00
Equity Share Capital	-	-
Perpetual Non Cumulative Preference Shares(PNCPS)	-	-
ISSUED, SUBSCRIBED AND PAID- UP CAPITAL		
7427919684(Previous Year 2999999999) Equity		
Shares of Rs. 10/- each [(including 7192725543		
(Previous Year 2794008447) held by GOI]	7427,91,97	3000,00,00
Total :	7427,91,97	3000,00,00

SCHEDULE 1A - SHARE APPLICATION MONEY PENDING ALLOTMENT

	As on 31.03.2019 (Audited)	As on 31.03.2018 (Audited)
Share Application Money Pending Allotment	,,0	13,64,25
Total :	,,0	13,64,25

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SCHEDULE 2 - RESERVES & SURPLUS				
			(Rs.in thousand)	
		As on 31.03.2019	As on 31.03.2018	
		(Audited)	(Audited)	
I. Statutory Reserves				
Opening Balance		832,38,77		832,38,77
Add: Transfer from Profit & Loss Account		,,0		,,0
SUB-TOTAL :		832,38,77		832,38,77
II. Capital Reserves				
a) Revaluation Reserve				
Opening Balance		946,84,20		901,03,36
Addition during the year		,,0		68,86,24
Add/(Less): Adjustment during the year		-		-
Less : Transfer to Profit & Loss Account		(23,06,07)		(23,05,40)
		923,78,13		946,84,20
b) Others				
Opening Balance		1657,99,11		1626,85,69
Add: Transfer from Profit & Loss Account				99,91,36
Add/(Less): Adjustment during the year				(68,77,94)
		1657,99,11		1657,99,11
SUB-TOTAL [(a) + (b)]		2581,77,24		2604,83,31
III. Share Premium				
Opening Balance		4170,06,73		2737,35,42
Addition during the year		616,10,85		1432,71,31
SUB TOTAL		4786,17,58		4170,06,73
IV. Revenue and Other Reserves				
a). Special Reserve I.T.				
Opening Balance		220,00,00		220,00,00
Less: Draw down		-		-
Add: Transfer from Profit & Loss Account				
SUB-TOTAL (a)		220,00,00		220,00,00
b). Revenue Reserve				
Opening Balance		-2165,69,47		-386,17,67
Add: Transfer from revaluation reserve		23,06,07		23,05,40
Add/Less: Draw down for adjustment for Assets		109,18,14		-248,21,22
Add: Transfer from Profit & Loss Account		-2315,92,53		-1554,35,98
SUB TOTAL (b)		-4349,37,79		-2165,69,47
SUB-TOTAL [(a) + (b)]		-4129,37,79		-1945,69,47
V. Balance in Profit & Loss Account				-
TOTAL (I + II + III+IV+V)		4070,95,80		5661,59,34

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SCHEDULE 3 - DEPOSITS

					(Rs. in thousand)
				As on 31.03.2019	As on 31.03.2018
				(Audited)	(Audited)
A	I.	Demand Deposits			
		i) From Banks		1400 ,28 ,10	1330 ,27 ,30
		ii) From Others		9776 ,09 ,56	8573 ,15 ,71
	II.	Savings Bank Deposits		58271 ,83 ,61	52744 ,30 ,40
	III.	Term Deposits			
		i) From Banks		147 ,73 ,28	474 ,57 ,62
		ii) From Others		65387 ,36 ,96	66204 ,06 ,77
		TOTAL :		134983 ,31 ,51	129326 ,37 ,80
B	i)	Deposits of branches in India		134983 ,31 ,51	129326 ,37 ,80
	ii)	Deposits of branches outside India		-	-
				134983 ,31 ,51	129326 ,37 ,80

SCHEDULE 4 - BORROWINGS

					(Rs. in thousand)
				As on 31.03.2019	As on 31.03.2018
				(Audited)	(Audited)
I.	Borrowings in India				
	i)	Reserve Bank of India		20,00,000.00	-
	ii)	Other Banks		1 ,18 ,84	159 ,54
	iii)	Other Institutions & Agencies #		2002 ,52 ,91	3304 ,46 ,21
II.	Borrowings outside India			-	-
	TOTAL :			2203 ,71 ,75	3306 ,05 ,75
	Secured borrowings included in I&II above			-	-
	# Including Subordinated Debts for Tier II Capital.			1690 ,00 ,00	1940 ,00 ,00
	# Including IPDI for Tier I Capital.			300 ,00 ,00	1240 ,00 ,00

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SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

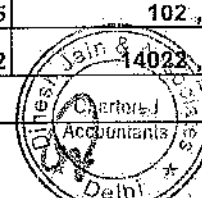
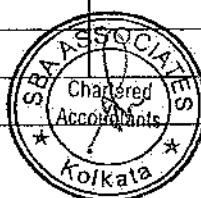
				(Rs. in thousand)
			As on 31.03.2019	As on 31.03.2018
			(Audited)	(Audited)
I.	Bills Payable		349,68,93	343,07,13
II.	Inter-Office Adjustments (net)		155,03,30	201,53,59
III.	Interest accrued		502,49,37	521,18,40
IV.	Contingent Provisions against Standard Assets		347,27,00	238,47,00
V.	Deferred Tax Liability (net)		-	-
VI.	Proposed Dividend (including Dividend Tax)		-	-
VII.	Others (including provisions)		1489,53,15	2136,72,32
	TOTAL :		2844,01,75	3440,98,44

SCHEDULE 6 - CASH & BALANCES WITH RESERVE BANK OF INDIA

				(Rs. in thousand)
			As on 31.03.2019	As on 31.03.2018
			(Audited)	(Audited)
I.	Cash in hand (including foreign currency notes)		669,27,98	608,03,30
II.	Balances with Reserve Bank of India			
	i) In Current Account		5499,60,39	5604,10,68
	ii) In Other Accounts			
	TOTAL :		6168,88,37	6212,13,98

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

				(Rs. in thousand)
			As on 31.03.2019	As on 31.03.2018
			(Audited)	(Audited)
I.	In India -			
	i) Balances with Banks			
	a) In Current Accounts		19,74,27	40,13,10
	b) In Other Deposit Accounts		-	-
	ii) Money at Call and Short Notice			
	a) With Banks		1430,00,00	13879,82,37
	b) With other Institutions		-	-
	SUB-TOTAL :		1449,74,27	13919,95,47
II.	Outside India -			
	i) Balances with Banks			
	a) in Current Accounts		938,38,75	102,22,92
	b) in Other Deposit Accounts		1106,48,00	-
	ii) Money at Call and Short Notice		-	-
	SUB-TOTAL :		2044,86,75	102,22,92
	TOTAL :		3494,61,02	14022,18,39



SCHEDULE 8 - INVESTMENTS

				(Rs. in thousand)
			As on 31.03.2019	As on 31.03.2018
			(Audited)	(Audited)
I.	Investments in India (Gross)		62263 ,02 ,37	51200 ,67 ,40
	Less : Provision for NPI, depreciation / amortisation		(1286 ,98 ,94)	(798 ,86 ,99)
	NET		60976 ,03 ,43	50401 ,80 ,41
	Break-up			
	i) Government Securities		38429 ,63 ,02	36645 ,92 ,90
	ii) Other Approved Securities		-	-
	iii) Shares		638 ,49 ,42	925 ,53 ,22
	iv) Debentures and Bonds		7494 ,04 ,22	6067 ,55 ,47
	v) Subsidiaries and/or Joint Ventures		-	-
	vi) Others (Mutual Fund, CP, CD, etc.)##		14413 ,86 ,77	6762 ,78 ,82
	SUB-TOTAL :		60976 ,03 ,43	50401 ,80 ,41
II.	Investments outside India (Gross)		-	-
	Less : Provision for depreciation		-	-
	NET		-	-
	Break-up			
	i) Government Securities		-	-
	(including local authorities)		-	-
	ii) Subsidiaries and/or Joint Ventures abroad		-	-
	iii) Other investments		-	-
	SUB-TOTAL :		-	-
	TOTAL (I & II)		60976 ,03 ,43	50401 ,80 ,41

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SCHEDULE 9 - ADVANCES

				(Rs. in thousand)
			As on 31.03.2019	As on 31.03.2018
			(Audited)	(Audited)
A.	i)	Bills Purchased and Discounted	262,03,00	382,93,11
	ii)	Cash Credits, Overdrafts and Loans repayable on demand	22949,84,10	21478,60,00
	iii)	Term Loans	43743,22,64	40628,66,87
		TOTAL :	66955,09,74	62490,19,98
B.	i)	Secured by tangible assets (includes advances against Book Debt)	61088,44,56	56855,99,98
	ii)	Covered by Bank / Government Guarantees	1732,58,96	1715,31,00
	iii)	Unsecured	4134,06,22	3918,89,00
		TOTAL :	66955,09,74	62490,19,98
C. I.		Advances in India		
	i)	Priority Sector	29823,22,23	28542,11,48
	ii)	Public Sector	7148,39,39	3521,27,50
	iii)	Banks	8,93,00	43,24,00
	iv)	Others	29974,55,12	30383,57,00
		SUB-TOTAL :	66955,09,74	62490,19,98
II.		Advances outside India		
	i)	Due from Banks	-	-
	ii)	Due from Others	-	-
	a)	Bills Purchased and Discounted	-	-
	b)	Syndicated Loans	-	-
	c)	Others	-	-
		SUB-TOTAL :	-	-
		TOTAL (I & II)	66955,09,74	62490,19,98

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SCHEDULE 10 - FIXED ASSETS

			(Rs. in thousand)	
			As on 31.03.2019	As on 31.03.2018
			(Audited)	(Audited)
I.	Premises (Including Leasehold)			
	At cost/ Revalued as on 31st March of preceding year		1308 ,45 ,25	1223 ,09 ,83
	Revaluation during the year			84 ,72 ,14
	Additions during the year		1 ,13 ,48	,63 ,28
			1309 ,58 ,73	1308 ,45 ,25
	Less:Deductions during the year		(,98)	-
	Depreciation to date		(291 ,18 ,93)	(263 ,40 ,02)
	SUB-TOTAL :		1018 ,38 ,82	1045 ,05 ,23
II.	Capital Work-in-Progress		5 ,98 ,80	6 ,59 ,01
III.	Other Fixed Assets (including Furniture & Fixture)			
	At cost as on 31st March of preceding year		1039 ,26 ,76	944 ,88 ,75
	Additions during the year		58 ,58 ,27	146 ,42 ,65
			1097 ,85 ,03	1091 ,31 ,40
	Less:Deductions during the year		(31 ,73 ,58)	(52 ,04 ,64)
	Depreciation to date		(869 ,20 ,57)	(806 ,28 ,20)
	SUB-TOTAL :		196 ,90 ,88	232 ,98 ,56
IV.	Intangible Assets			
	Software			
	At cost as on 31st March of preceding year		110 ,77 ,22	104 ,88 ,30
	Additions during the year		16 ,61 ,72	5 ,88 ,92
			127 ,38 ,94	110 ,77 ,22
	Less:Deductions/Adjustment during the year		-	-
	Amortisation to date		(108 ,61 ,94)	(102 ,31 ,17)
	SUB-TOTAL :		18 ,77 ,00	8 ,46 ,05
	TOTAL : (I+II+III+IV)		1240 ,05 ,50	1293 ,08 ,85

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SCHEDULE 11 - OTHER ASSETS

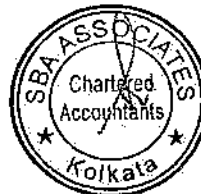
				(Rs. in thousand)
			As on 31.03.2019	As on 31.03.2018
			(Audited)	(Audited)
I.	Inter-Office Adjustments (net)		-	-
II.	Interest accrued		1170,45,98	1086,71,04
III.	Tax Paid in advance/Tax deducted at source		921,14,82	791,48,96
IV.	Stationery and Stamps		6,89,17	5,71,61
V.	Non-banking assets acquired in satisfaction of claims		-	-
VI.	Deferred Tax Assets (net)		5479,97,00	3246,27,00
VII.	Others ##		5116,77,75	5199,05,36
			12695,24,72	10329,23,97

As per RBI circular no.DBR.BP.BC.No.31/21.04.018/2015-16 dated July 16,2015, deposits placed with NABARD/SIDBI/NHB for meeting shortfall in Priority sector Lending by should be included under Schedule 11-"Other Assets" under the sub head 'others' of the Balance sheet.

SCHEDULE 12 - CONTINGENT LIABILITIES

				(Rs. in thousand)
			As on 31.03.2019	As on 31.03.2018
			(Audited)	(Audited)
I.	Claims against the bank not acknowledged as debts		8,21,38	12,66,75
II.	Liability for partly paid investments		3,22,01	4,92,36
III.	Liability on account of outstanding forward exchange contracts		3079,20,07	1769,65,73
IV.	Guarantees given on behalf of constituents (net of cash margin) :			
	a) In India		3208,28,62	3523,31,91
	b) Outside India		110,62,53	525,02,83
	c) BG invoked but not paid (In India)		14,84,48	14,63,83
V.	Acceptances, endorsements and other obligations (net of cash margin)		880,36,13	1205,93,64
VI.	Other items for which the Bank is contingently liable		786,77,32	788,85,63
	TOTAL :		8091,52,54	7845,02,68

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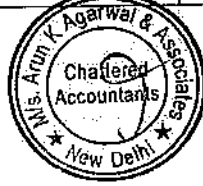


UNITED BANK OF INDIA

KOLKATA

Profit & Loss Account for the year ended 31st March, 2019

				(Rs in thousand)
		Schedule	Year Ended 31.03.2019	Year Ended 31.03.2018
I.	INCOME			
	Interest Earned	13	8559,87,64	8341,62,93
	Other Income	14	2384,58,40	2214,56,69
	TOTAL :		10944,46,04	10556,19,62
II.	EXPENDITURE			
	Interest Expended	15	6585,27,10	6848,75,79
	Operating Expenses	16	2947,60,08	2683,37,82
	Provisions and Contingencies		3727,51,39	2478,50,63
	TOTAL :		13260,38,57	12010,64,24
III.	PROFIT			
	Net Profit for the period/year		-2315,92,53	-1454,44,62
	TOTAL :		-2315,92,53	-1454,44,62
IV.	APPROPRIATIONS :			
	Transfer to Statutory Reserve		-	-
	Transfer to Capital Reserve		,,0	99,91,36
	Proposed Dividend :			
	Equity		-	-
	PNCPs		-	-
	Tax on Dividend		-	-
	Transfer to Revenue Reserve		-2315,92,53	-1554,35,98
	Balance carried forward to Balance Sheet			,,0
	TOTAL :		-2315,92,53	-1454,44,62
	Basic & Diluted Earning per Share (Rs.)		-7.04	9.65

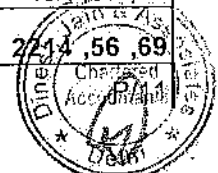
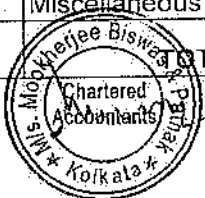


SCHEDULE 13 - INTEREST EARNED

			(Rs. in thousand)
		Year Ended 31.03.2019	Year Ended 31.03.2018
I.	Interest / Discount on Advances/Bills	5060 ,57 ,16	5060 ,19 ,13
II.	Income on Investments	3076 ,90 ,56	2639 ,39 ,16
III.	Interest on balances with Reserve Bank of India and other Inter-Bank Funds	245 ,93 ,90	304 ,09 ,39
IV.	Others	176 ,46 ,02	337 ,95 ,25
	TOTAL :	8559 ,87 ,64	8341 ,62 ,93

SCHEDULE 14 - OTHER INCOME

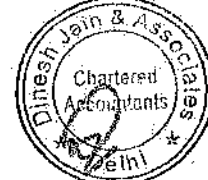
			(Rs. in thousand)
		Year Ended 31.03.2019	Year Ended 31.03.2018
I.	Commission, Exchange and Brokerage	193 ,99 ,78	179 ,37 ,84
II.	Profit on sale of Investments	1301 ,61 ,24	1522 ,30 ,11
	Less : Loss on sale of Investments	(28 33 ,65)	(78 17 ,06)
III.	Profit on revaluation of Investments	-	-
	Less : Loss on revaluation of Investments	-	-
IV.	Profit on sale of land, buildings and other assets	,59 ,44	309 ,83
	Less : Loss on sale of land, buildings and other assets	(6 ,05)	(,23)
V.	Profit on exchange transactions	146 ,94 ,42	135 ,58 ,27
	Less : Loss on exchange transactions	-	-
VI.	Income earned by way of dividend etc., from subsidiaries, companies and/or joint ventures abroad/ in India	-	-
VII.	Miscellaneous Income	769 ,83 ,22	452 ,37 ,93
	TOTAL :	2384 ,58 ,40	2214 ,56 ,69



SCHEDULE 15 - INTEREST EXPENDED			
			(Rs. in thousand)
		Year Ended 31.03.2019	Year Ended 31.03.2018
I.	Interest on Deposits	6324 ,60 ,35	6593 ,91 ,58
II.	Interest on Reserve Bank of India/inter-Bank borrowings	49 ,36 ,33	61 ,12 ,50
III.	Others	211 ,30 ,42	193 ,71 ,71
	TOTAL :	6585 ,27 ,10	6848 ,75 ,79

SCHEDULE 16 - OPERATING EXPENSES			
			(Rs. in thousand)
		Year Ended 31.03.2019	Year Ended 31.03.2018
I.	Payments to and Provisions for Employees	1954 ,49 ,38	1712 ,59 ,20
II.	Rent, Taxes and Lighting	159 ,80 ,55	160 ,52 ,63
III.	Printing and Stationery	21 ,35 ,82	22 ,81 ,60
IV.	Advertisement and Publicity	2 ,41 ,12	4 ,32 ,52
V.	Depreciation on Bank's property	125 ,73 ,00	120 ,14 ,16
	Less : Transfer from Revaluation Reserve	-	-
		125 ,73 ,00	120 ,14 ,16
VI.	Directors' fees, allowances and expenses	1 ,25 ,36	,87 ,50
VII.	Auditors' fees and expenses	21 ,02 ,49	15 ,17 ,68
	(including branch auditors' fees and expenses)		
VIII.	Law Charges	9 ,93 ,50	10 ,41 ,95
IX.	Postage, Telegrams, Telephones etc.	38 ,04 ,75	33 ,60 ,15
X.	Repairs and Maintenance	20 ,37 ,40	28 ,07 ,31
XI.	Insurance	157 ,31 ,60	159 ,03 ,82
XII.	Other Expenditure	435 ,85 ,11	415 ,79 ,30
	TOTAL :	2947 ,60 ,08	2683 ,37 ,82

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UNITED BANK OF INDIA

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

		For the year ended		(₹ in '000)
		31st March 2019	31st March 2018	
A	CASH FLOW FROM OPERATING ACTIVITIES			
	Net Profit after Tax	(231,59,253)	(145,44,462)	
	Add: Income Tax	-	-	
	Less: MAT Recoverable	-	-	
	Add: Deferred Tax Assets	(223,37,000)	(149,22,400)	
	Profit before Tax	(454,96,253)	(294,66,862)	
	Adjustment for			
	Depreciation on Fixed Assets	12,57,300	12,01,416	
	Less: Amount drawn from Revaluation Reserve	(2,30,607)	(2,30,540)	
	Profit/Loss on Sale of Fixed Assets (Net)	5,339	30,960	
	Depreciation/Provision for Investments (Net)	69,07,642	19,45,048	
	Provision for Standard Assets	10,88,000	(55,07,000)	
	Provision for NPA Advances	552,33,000	390,61,600	
	Other Provisions (Net)	(259,53,503)	(107,14,585)	
	Interest on Bonds	20,42,841	15,48,315	
	Operating Profit before changes in Operating Assets and Liabilities	(51,46,241)	(21,31,648)	
	Adjustment for net change in Operating Assets and Liabilities			
	Decrease/(Increase) in Investment	(1126,49,944)	243,91,817	
	Decrease/(Increase) in Advances	(998,81,976)	(25,70,547)	
	Increase/(Decrease) in Deposits	565,68,371	238,71,270	
	Increase/(Decrease) in Borrowings	(85,23,400)	43,93,035	
	Decrease/(Increase) in Other Assets	(17,23,075)	(121,52,336)	
	Increase/(Decrease) in Other Liabilities & Provisions	188,95,834	124,48,468	
	Increase/(Decrease) in Revenue Reserve	13,22,421	(22,51,582)	
	Increase/(Decrease) in Revaluation & Other Reserve	-	830	
		(1511,37,010)	459,99,207	
	Cash Generated from Operating Activities			
	Tax (Paid)/ Refund	4,00,000	5,88,500	
	Net Cash from Operating Activities (A)	(1507,37,010)	465,87,707	
B	CASH FLOW FROM INVESTING ACTIVITIES			
	Fixed Assets (Net)	(7,32,304)	(23,46,627)	
	Net Cash from Investing Activities (B)	(7,32,304)	(23,46,627)	
C	CASH FLOW FROM FINANCING ACTIVITIES			
	Issue of Share Capital	441,42,772	120,12,869	
	Share Premium	61,61,085	143,27,131	
	Subordinated Bonds Issued	(25,00,000)	31,50,000	
	Interest on Bonds	(20,42,841)	(15,48,315)	
	Dividend and tax thereon paid			
	Net Cash from Financing Activities (C)	457,61,016	279,41,685	
D	Net increase in Cash and Cash equivalents (A+B+C)	(1057,08,298)	721,82,765	
	Cash and Cash equivalents at the beginning of the year			
	Cash in hand	60,80,330	48,98,814	
	Balances with Reserve Bank of India	560,41,068	614,45,777	
	Balances with Banks and Money at Call and Short Notice	1402,21,839	638,15,881	1301,60,472
	Cash and Cash equivalents at the end of the year			
	Cash in hand	66,92,798	60,80,330	
	Balances with Reserve Bank of India	549,96,039	560,41,068	
	Balances with Banks and Money at Call and Short Notice	349,46,102	966,34,939	1402,21,839

Note : The above cash flow statement has been prepared on the basis of indirect method.



Schedule -17

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31st MARCH, 2019

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The accompanying financial statements are prepared on historical cost basis, except as otherwise stated, following the "Going Concern" concept and are in conformity to the Generally Accepted Accounting Principles (GAAP) in India, applicable statutory provisions, regulatory norms prescribed by the Reserve Bank of India (RBI), applicable mandatory Accounting Standards (AS)/ Guidance Notes/ pronouncements issued by the Institute of Chartered Accountants of India (ICAI) and practices prevailing in the banking industry in India.

2. USE OF ESTIMATES

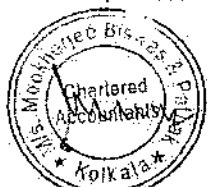
The preparation of financial statements requires the management to make estimates and assumptions for considering the reported assets and liabilities (including contingent liabilities) as on the date of financial statements and the income and expenses for the reporting period. Management believes that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

3. RECOGNITION OF INCOME AND EXPENDITURE

- 3.1 The Revenues and Expenses are accounted for on accrual basis unless otherwise stated.
- 3.2 Income from Performing Assets is recognized on accrual basis and income from Non-Performing Assets (NPAs) is recognized on realisation. The amount realised/ recovered during the year is appropriated first to income on Sub-standard Assets. Amounts realized/ recovered in Doubtful and Loss Assets and Suit Filed and Decreed Accounts are first appropriated against outstanding balances.
- 3.3 Unrealized income on advances, classified as NPA, is reversed.
- 3.4 Income from Commission (except on Government Transactions and Bancassurance), exchange, brokerage, claims, locker rent and dividend on shares are accounted for on cash basis.
- 3.5 Performance linked incentive to whole time directors is accounted for on cash basis.

4. TRANSACTIONS INVOLVING FOREIGN EXCHANGE

- 4.1 Monetary Assets and Liabilities, excluding outstanding Forward Exchange Contracts in each currency, are revalued at the Balance Sheet date at closing spot rates announced by the Foreign Exchange Dealers Association of India (FEDAI). Outstanding forward exchange contracts are revalued at the forward rates announced by FEDAI. The difference between the revalued amount and the contracted amount is recognized as profit or loss, as the case may be.
- 4.2 Income and expenditure items are recorded at the exchange rates prevailing on the date of transaction.
- 4.3 Acceptances, endorsements and other obligations including guarantees are carried at the closing spot rates announced by FEDAI.
- 4.4 Representative Office of the Bank has been classified as 'Integral Foreign Operation' in accordance with AS-11 on "The Effects of Changes in Foreign Exchange Rates".
- 4.5 Foreign currency transactions relating to 'Integral Foreign Operation' are recorded on initial recognition in the reporting currency by applying to the foreign currency amount, the exchange rate between the



reporting currency and the foreign currency on the date of transaction.

- 4.6. Foreign currency non-monetary items that are carried in terms of historical costs are reported using the exchange rates on the dates of transactions.

5. INVESTMENTS

- 5.1 For the purpose of disclosure in the Financial Statements, the investments are classified into six categories as stipulated in Form A of the third schedule to the Banking Regulation Act, 1949 as under:

- a) Government Securities
- b) Other approved securities
- c) Shares
- d) Debentures and Bonds
- e) Subsidiaries/Joint Ventures
- f) Others

- 5.2 The Investment portfolio of the Bank is categorized, in accordance with the RBI guidelines, into:

- a) "Held to Maturity" comprising Investments acquired with an intention to hold till maturity;
- b) "Held for Trading" comprising Investments acquired with an intention to trade;
- c) "Available for Sale" comprising Investments not covered by (a) and (b) above.

Classification of an investment is done at the time of acquisition.

- 5.3 In determining acquisition cost of an investment:

- a) Brokerage, Commission and Incentives received on subscription to securities, are deducted from the cost of securities;
- b) Brokerage, Commission etc. paid in connection with acquisition of securities are treated as revenue expenses;
- c) Interest accrued upto the date of acquisition/ sale of securities i.e., broken period interest is credited/ charged to Profit and Loss Account.

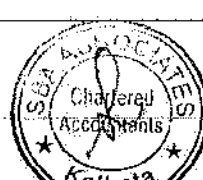
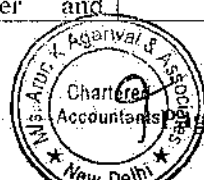
- 5.4. The Bank follows "Settlement Date" for accounting of investment transactions. Investments are valued as per RBI/ Fixed Income Money Market & Derivatives Association (FIMMDA) guidelines, on the following basis:

- a) "Held to Maturity" (HTM)

- i) Investments under "HTM" 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.
- ii) Investments in Rural Infrastructure Development Fund, Short Term Co-operative Rural Credit Refinance Fund, Medium Small Micro Enterprise Refinance Fund – Small Industries Development Bank of India Limited, Medium Small Micro Enterprise Risk Capital Fund – Small Industries Development Bank of India Limited, Rural Housing Development Fund-National Housing Bank Limited, Micro Finance Development and Equity Fund - National Agricultural and Rural Development Bank Limited (classified as shares) are valued at carrying cost.
- iii) Investments in sponsored Regional Rural Banks are valued at carrying cost.
- iv) Investment in venture capital is valued at carrying cost.

- b) "Held for Trading" and "Available for Sale"

a)	Govt. Securities 1. Central Govt. Securities 2. State Govt. Securities	At prices published by FIMMDA On Yield to Maturity (YTM) basis by adding appropriate mark-up on the Base Yield Curve as per FIMMDA/RBI guidelines.
b)	Discounted Instruments (Treasury Bills, Commercial Paper and	At carrying cost



	Certificate of Deposits)	
c)	Bonds and Debentures	On YTM basis by adding appropriate Credit Spread on the Base Yield curve as per FIMMDA/RBI guidelines.
d)	Equity i) Quoted ii) Un-quoted	At market price At break-up value as per latest Balance Sheet (not more than one year old), otherwise at ₹ 1/- per company.
e)	Preference Shares	At market price, if quoted or YTM basis by adding appropriate mark-up on the base yield curve as per FIMMDA/ RBI guidelines.
f)	Security Receipt/Venture Capital Fund	At Net Asset Value (NAV) as per FIMMDA/ RBI guidelines.
g)	Mutual Funds	At Market Price, if quoted and at re-purchase price/ NAV if unquoted.

- 5.5. Shifting of securities from and to "HFT" category is done in accordance with RBI guidelines with the approval of Board of Directors.
- 5.6. The individual scrip in the "HFT" and "AFS" category are marked to market at monthly or at more frequent intervals, if required. Under each category, net depreciation, if any, is provided for while net appreciation, if any, is ignored.
- 5.7. Income from Zero Coupon Bonds, being the difference between cost and face value, is recognized on a time proportion basis.
- 5.8. Profit or Loss on sale of investments in any category is taken to Profit and Loss Account. In case of profit on sale of Investments in "HTM" category, an equivalent amount is appropriated to "Capital Reserve Account" at the end of the year. For calculating the surplus/ deficit on sale of securities, weighted average method is adopted.
- 5.9. For the purpose of calculating holding period in case of "HFT" category, First in First out (FIFO) method is applied.
- 5.10. Investments are subject to appropriate provisioning/ de-recognition of income, in line with the prudential norms of RBI for "Non Performing Investment" (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 in accordance with RBI guidelines.
- 5.11. The derivatives transactions are undertaken for trading or hedging purposes and valuation has been done in accordance with RBI guidelines.
- 5.12. The Bank has adopted the Accounting Procedure prescribed by the RBI for accounting of Repo and Reverse Repo transactions.

6. FINANCIAL ASSETS SOLD TO ASSETS RECONSTRUCTION COMPANY (ARC)/ SECURITIZATION COMPANY (SC)

- 6.1 In the case of financial assets sold to ARC/ SC, if the sale is for a value higher than the Net Book Value (NBV), the excess provision is not reversed but utilized for meeting any shortfall on account of sale of other financial assets to ARC/ SC. If the sale is at a price below the NBV the shortfall after adjusting the available surplus if any, is debited to the Profit and Loss Account.



- 6.2 The sale of financial assets to ARC/ SC is recognized in the books of the Bank at lower of either redemption value of the Security Receipts issued by the Trust created by the ARC/ SC for such sale or the net book value of such financial assets.
- 6.3 The Security Receipts are classified as Non-SLR Investment in the books of the Bank and accordingly the valuation, classification and other norms prescribed by RBI in respect of Non-SLR Securities are applicable.
- 6.4 In case of written off Assets sold to ARC/ SC, the cash proceeds are recognized as income.

7. ADVANCES

- 7.1. Advances are classified as Performing/ Non-Performing Assets and provisions thereon are made in conformity with the prudential norms prescribed by RBI.
- 7.2. Non-performing assets are stated net of provisions and claims received from credit guarantee institutions.
- 7.3. Provision held for performing assets is shown under the head "Other Liabilities and Provisions".
- 7.4. Restructuring of Advances and provisioning thereof have been made as per RBI guidelines.

8. FIXED ASSETS AND DEPRECIATION

- 8.1. Premises (including leasehold), other fixed assets and Capital work in progress are stated at historical cost or amount substituted for historical cost. In case of revaluation, the same are stated at the revalued amount and the appreciation is credited to "Revaluation Reserve".
- 8.2. Leasehold assets are amortized over the period of lease.
- 8.3. Depreciation on assets other than Computers and Automated Teller Machines (ATMs) is provided for under written down value method, in the manner and as per the rates prescribed under Schedule II to the Companies Act, 2013 after retaining 5% residual value. However for the assets already in use as on 01.04.2014, Bank use straight-line method for charging depreciation after retaining 5% residual value.

Equivalent amount of depreciation on the revalued portion of the asset is transferred to General Reserves from Revaluation Reserve each year.

- 8.4. Depreciation on computers, ATMs and amortization of software are accounted for on straight-line method @33.33% on pro rata basis from the date of acquisition as per RBI guidelines.
- 8.5. Impairment Losses, if any, on Fixed Assets (including revalued assets) are recognized in accordance with AS-28 on "Impairment of Assets".

9. ACCOUNTING FOR GOVERNMENT GRANTS

In accordance with AS-12 Government Grants/ subsidies received is presented in the Balance Sheet by showing the Grant/ Subsidy as a deduction from the Gross Value of the assets concerned in arriving at the book value. The grant/ subsidy is recognized in the Profit & Loss Account over the useful life of the depreciable assets by way of reduced depreciation charged.

Government Grant/ subsidies received, of revenue nature, is recognized in the Profit & Loss Account by reducing the related cost if received during the same financial year otherwise, the same is shown under "Other Income" if received after the close of the relevant financial year.



10. EMPLOYEE BENEFITS

- 10.1 Employee Benefits are recognized in accordance with AS-15 on "Employee Benefits".
- 10.2 Short term employee benefits namely Leave Fare Concession and Medical Aid are measured at cost.
- 10.3 Long term employee benefits and post-retirement benefits namely gratuity, pension and leave encashment are measured on a discounted basis under the Projected Unit Credit Method on the basis of annual third party actuarial valuations.
- 10.4 In respect of employees who have opted for Provident Fund Scheme, matching contribution is made to a recognized Trust. For others who have opted for Pension Scheme, contribution to Pension Fund is based on actuarial valuation.
- 10.5 Long Term employee benefits recognized in the Balance Sheet represent the present value of the obligation as adjusted for unrecognized past service cost, if any, and as reduced by the fair value of plan assets, wherever applicable and actuarial gain/ loss to the extent recognized in Profit and Loss Account.
- 10.6 The transitional liability in respect of long term employee benefits, including pension benefits, is recognized as an expense on straight line basis over a period of five years.
- 10.7 In terms of RBI circular, expenditure on "Re-opening of Pension option to employees of Public Sector Banks and enhancement of Gratuity limits-Prudential Regulatory Treatment" is being amortized over a period of five years.

11. TAXATION

Provision for tax is made for both current and deferred taxes in accordance with AS-22 on "Accounting for Taxes on Income".

12. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In accordance with AS-29 on "Provisions, Contingent Liabilities and Contingent Assets," the Bank recognizes:

- a) Provisions only when it has a present obligation as a result of a past event and it is probable that an 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.
- b) Contingent Liability is recognized/ disclosed when a possible obligation from a past event, the existence of which is confirmed by the occurrence/ non-occurrence of one or more uncertain future events not wholly within the control of Bank. Contingent Liability is also recognized/ disclosed when there is a present obligation from past events but is not recognized because of a remote possibility of outflow of resources embodying the economic benefits to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.
- c) Contingent Assets are not recognized in the Financial Statements.

13. NET PROFIT

The Net Profit is arrived at after accounting for the following:

- a) Provision for Taxation
- b) Provision on Standard Assets
- c) Provision for NPAs and Depreciation on investments as per prudential norms of RBI
- d) Other usual and necessary provisions.



Schedule – 18:

Notes Forming Part of the Financial Statement for the Year Ended 31st March 2019

1. Confirmation/ reconciliation of balances with foreign branches, SBI and other Banks, NOSTRO Accounts, Drafts Payable, Clearing Difference, Inter office adjustments, etc. are in progress on an on-going basis. Pending final clearance/ adjustment of the above, the overall impact, if any, on the Financial Statements, in the opinion of the management, is not likely to be significant.

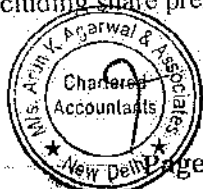
2.1 Capital

(Rs. in Crores)

Sl	Particulars	Basel-III	
		Year ended	
		31.03.2019	31.03.2018
1	Common Equity Tier1 Ratio (%)	10.14	8.39
2	Tier 1 Capital Ratio (%)	10.14	9.87
3	Tier 2 Capital Ratio (%)	2.86	2.75
4	Total Capital Ratio (CRAR) (%)	13.00	12.62
5	Percentage of the shareholding of the Government of India in the Bank's equity capital	96.83%	93.13%
6	Amount of equity capital raised	5028.81	2620.36
7	Amount of Additional Tier I Capital raised; of which	NIL	590
7.1	PNCPS	NIL	NIL
7.2	PDI	NIL	590
8	Amount of Tier 2 capital raised; of which;	NIL	990
8.1	Debt capital instrument	NIL	990
8.2	Preference Share Capital Instruments	NIL	NIL

As a Capital planning measure, during FY 2018-19, the Bank has raised the following Capital:

- a) During Q2 of the current FY, Bank had issued and allotted 2,92,02,589 new Equity Shares of Face Value of Rs.10/- each at an issue price of Rs.10.55/- per share to the eligible employees of the Bank under United Bank of India - Employee Share Purchase Scheme, 2018, thereby raising Equity Capital of Rs.30.81 crore including share premium of Rs.1.61 crores.
- b) During Q3 and Q4 of the FY 2019, Bank had received an amount of Rs.4998 crore from Government of India in two tranches towards capital infusion.
 - a. Bank had received Rs.2159 crore on 31.12.2018 towards contribution of the Central Government in the preferential allotment of equity shares of the Bank, as Government's investment. On 11.02.2019, Bank had allotted 1,81,73,40,067 equity shares of Rs.10/- each at a price of Rs.11.88/- per share to the President of India on behalf of Central Government including share premium of Rs.341.66 crores.
 - b. Bank had received Rs.2839 crore on 26.02.2019 to issue equity shares by way of preferential allotment to Government of India. On 29.03.2019, Bank had allotted 2,57,38,89,392 equity shares of Rs.10/- each at a price of Rs.11.03/- per share to the President of India acting on behalf of Central Government including share premium of Rs.265.11 crores.



2.2 Investments

(Rs. in Crores)

Particulars	Year ended	
	31.03.2019	31.03.2018
(1) Value of Investments		
(i) Gross Value of Investments	62263.02	51200.67
(a) In India	62263.02	51200.67
(b) Outside India	0.00	0.00
(ii) Provision for MTM Loss & NPI	1286.99	798.87
(a) In India	1286.99	798.87
(b) Outside India	0.00	0.00
(iii) Net Value of Investments	60976.03	50401.80
(a) In India	60976.03	50401.80
(b) Outside India	0.00	0.00
(2) Movement of provision held towards MTM Loss & NPI in investments		
(i) Opening balance	798.87	319.88
(ii) Add: Provisions made during the Year	496.81	480.46
(iii) Less: Write-off/ Write-back of excess provision during the Year	8.69	1.47
(iv) Closing balance	1286.99	798.87

RBI vide its circular DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018 and DBR.No. BP.BC.113/21.04.048/2017-18 dated June 15, 2018 has permitted Banks to spread provisioning for Mark to Market (MTM) losses on investment held in AFS & HFT for the quarter ended December 31, 2017, March 31, 2018 and June 30, 2018. The loss can be spread over four quarters commencing from the quarter in which loss has been incurred. The staggered provision as on September 30, 2018 amounting to Rs.159.67 crores (Rs.90.59 crores & Rs.69.08 crores for the quarter ending December 31, 2018 & March 31, 2019 respectively) has been fully provided during the quarter ended 31st December, 2018 and there is no further staggered provision.

2.2.1 Repo transactions (in face value terms)

(Rs. in Crores)

Particulars	Minimum outstanding during the Year	Maximum outstanding during the Year	Daily Average outstanding during the Year	Outstanding as on 31.03.2019
Securities sold under Repo				
i) Government securities	0.00	0.00	0.00	0.00
	(300.00)	(300.00)	(2.47)	(0.00)
ii) Corporate Debt Securities	0.00	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)	(0.00)
Securities purchased under Reverse Repo				
i) Government securities	25.95	4112.73	350.74	0.00
	(20.33)	(1021.73)	(72.91)	(71.41)
ii) Corporate Debt Securities	0.00	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)	(0.00)

Figures in brackets represent Previous Year's figures.



2.2.2 Non-SLR Investment Portfolio

(i) Issuer composition of Non-SLR Investments

(Rs in Crores)

Sl. No.	Issuer	Amount	Extent of 'Private Placement'	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	4792.42	0.00	0.00	0.00	1.82
		(3104.92)	(0.00)	(0.00)	(0.00)	(2.82)
2	FIs	2315.87	0.00	0.00	0.00	9.60
		(1382.98)	(0.00)	(0.00)	(0.00)	(9.60)
3	Banks	11676.90	0.00	0.00	51.12	368.52
		(5762.89)	(0.00)	(0.00)	(51.12)	(368.52)
4	Private Corporate	4351.22	718.95	0.00	248.46	490.74
		(3312.92)	(905.33)	(0.00)	(251.11)	(494.90)
5	Subsidiaries / Joint Ventures	0.00	0.00	0.00	0.00	0.00
		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
6	Others (MF/CP/CD)	8557.30	0.00	0.00	0.00	0.00
		(3742.66)	(0.00)	(0.00)	(0.00)	(0.00)
7	Provision held towards Depreciation / NPI	1286.99	0.00	0.00	0.00	0.00
		(657.16)	(0.00)	(0.00)	(0.00)	(0.00)
	Total (1 to 6) -	30406.72	718.95	0.00	299.58	870.68
	(7)	(16649.11)	(905.33)	(0.00)	(302.23)	(875.84)

Figures in brackets represent Previous Year's figures.

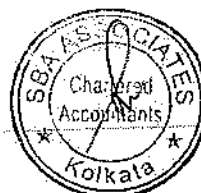
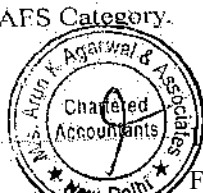
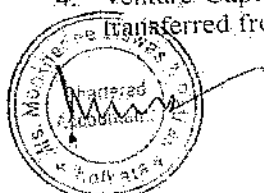
(ii) Non-performing Non-SLR Investments

(Rs. in Crores)

Particulars	Year ended	
	31.03.2019	31.03.2018
Opening balance	830.48	166.08
Addition during the Year	97.91	665.87
Reduction during the Year	12.41	1.47
Closing balance	915.98	830.48
Total provision held	856.93	505.44

2.2.3 Sale and Transfers to/from Held to Maturity (HTM) Category

1. Sale of Central Government Security & State Development Loan from HTM category during the FY 2018-19 was NIL.
2. Central Government Securities having face value of Rs.1299.14 crores (Book value Rs.1316.23 crores) was transferred from AFS to HTM on 06.04.2018.
3. State Development Loan Securities having Face Value of Rs.3458.65 crores (Book Value Rs.3492.92 crores) was transferred from AFS to HTM Category and State Development Loan having Face Value of Rs.4966.30 crores (Book Value Rs.4993.26 crores) was transferred from HTM to AFS category on 06.04.2018.
4. Venture Capital Securities having Face Value of Rs.0.03 crores (Book Value Rs.5.23 crores) were transferred from HTM to AFS Category.



2.2.4 Transactions involving Foreign Exchange

Monetary Assets and liabilities, excluding outstanding Forward Exchange Contracts in each currency, except currency of Bangladesh (BDT 23,00,131.26 equivalent INR 18.40 lacs) which is valued at notional value due to non availability of spot rates, are revalued at the balance Sheet date at closing spot rates announced by the Foreign Exchange Dealers Association of India (FEDAI).

2.3 Derivatives

2.3.1 Forward Rate Agreement/Interest Rate Swap

(Rs in Crores)

SI. No.	Particulars	Year ended	
		31.03.2019	31.03.2018
i)	The notional principal of swap agreements	NIL	NIL
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	NIL	NIL
iii)	Collateral required by the Bank upon entering into swaps	NIL	NIL
iv)	Concentration of credit risk arising from the swaps	NIL	NIL
v)	The fair value of the swap book	NIL	NIL

2.3.2 Exchange Traded Interest Rate Derivatives

(Rs in Crores)

SI. No.	Particulars	Year ended	
		31.03.2019	31.03.2018
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the Year (instrument-wise)	NIL	NIL
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as at 31 st March (instrument-wise)	NIL	NIL
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	NIL	NIL
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	NIL	NIL

2.3.3 Disclosures on risk exposure in derivatives

A) Qualitative Disclosures

- The Bank has not undertaken derivative transactions in currency futures for trading (arbitrage) & hedging purposes.
- Risk management of derivative transactions has been segregated into three functional areas namely,
 - Front-Office for undertaking transaction;
 - Mid-Office for risk management and reporting; and
 - Back-Office for settlement, reconciliation and accounting.
- The risk measurement, reporting and monitoring function is undertaken by the mid-office. The Board of Directors is the apex body to oversee the overall risk measurement, monitoring and reporting functions of the Bank including derivative transactions through Risk Management Committee of the Board (RMCBOD). The bank also internally monitors risk management through in-house Risk Management Committee, Asset Liability Committee (ALCO), Operational Risk Management Committee (ORMC) and Internal Committee on Investment (ICI).
- Identification of underlying hedge items for hedging / mitigating credit risk, operational risk and market risk arising out of derivative transactions is done in accordance with the Board approved Integrated Treasury Policy. The customer related derivative transactions are covered with counter party banks, on back to back basis for identical amounts and tenure and the bank does not carry market risk for such transactions.



- c) The Integrated Treasury Policy prescribes accounting for hedge and non-hedge transactions, income recognition and valuation procedure for outstanding contracts. The income recognition is done as per AS-11 on "The Effects of changes in Foreign exchange Rates" and the guidelines issued by RBI / FEDAI from time to time. The Integrated Treasury Policy also prescribes various limits such as Client Level Limits, Trading Member Level Limits, Net Open Position Limits for credit risk mitigation.

B) Quantitative Disclosures

(Rs in Crores)

Sl. No.	Particulars	Year ended 31.03.2019		Year ended 31.03.2018	
		Currency Derivatives	Interest rate derivatives	Currency Derivatives	Interest rate derivatives
(i)	Derivatives (Notional Principal Amount)	NIL	NIL	NIL	NIL
	a) For hedging	NIL	NIL	NIL	NIL
	b) For trading	NIL	NIL	NIL	NIL
(ii)	Marked to Market Positions (1)	NIL	NIL	NIL	NIL
	a) Asset (+)	NIL	NIL	NIL	NIL
	b) Liability (-)	NIL	NIL	NIL	NIL
(iii)	Credit Exposure (2)	NIL	NIL	NIL	NIL
(iv)	Likely impact of one percentage change in interest rate (100*PV01)	NIL	NIL	NIL	NIL
	a) on hedging derivatives	NIL	NIL	NIL	NIL
	b) on trading derivatives	NIL	NIL	NIL	NIL
(v)	Maximum and Minimum of 100*PV01 observed during the Year	NIL	NIL	NIL	NIL
	a) on hedging	NIL	NIL	NIL	NIL
	b) on trading	NIL	NIL	NIL	NIL

2.4 Asset Quality

2.4.1 Non-Performing Assets

(Rs in Crores)

Particulars		Year ended	
		31.03.2019	31.03.2018
i)	Net NPAs to Net Advances (%)	8.67	16.49
ii)	Movement of NPAs (Gross)		
	a) Opening Balance	16552.11	10951.99
	b) Addition during the Year	2870.52	8606.26
	c) Reduction during the Year	7369.25	3006.14
	d) Closing Balance	12053.38	16552.11
iii)	Movement of Net NPAs		
	a) Opening Balance	10316.30	6591.85
	b) Addition during the Year	-2942.19	4422.85
	c) Reduction during the Year	1588.50	698.40
	d) Closing Balance	5785.61	10316.30
iv)	Movement of Provisions for NPAs (excluding provisions on standard assets)		
	a) Opening Balance	6201.57	4321.40
	b) Addition during the Year	5523.30	3945.97
	c) Reduction during the Year	5556.56	2065.80
	d) Closing Balance	6168.31	6201.57

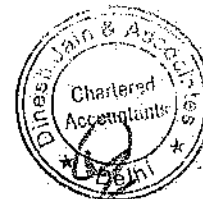
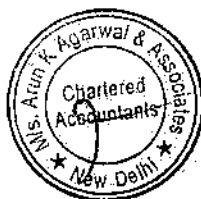


2.4.2 Divergence in Asset Classification and Provisioning for NPAs in compliance to Risk assessment Report (RAR) of RBI for the year 2017-18 are reported as under:
(ref. RBI Circulars DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 & DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1, 2019)

(Rs. in Thousands)

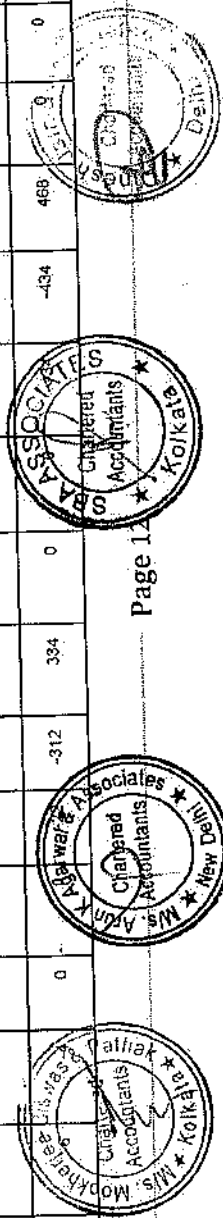
Sl. No.	Particulars	Amount
1.	Gross NPAs as on March 31, 2018 as reported by the bank	165521100
2.	Gross NPAs as on March 31, 2018 as assessed by RBI	165791100
3.	Divergence in Gross NPAs (2-1)	270000
4.	Net NPAs as on March 31, 2018 as reported by the bank	103163000
5.	Net NPAs as on March 31, 2018 as assessed by RBI	97133000
6.	Divergence in Net NPAs (5-4)	(6030000)
7.	Provisions for NPAs as on March 31, 2018 as reported by the bank	62015700
8.	Provisions for NPAs as on March 31, 2018 as assessed by RBI	68315700
9.	Divergence in provisioning (8-7)	6300000
10.	Reported Net Profit after Tax (PAT) for the year ended March 31, 2018	(14544400)
11.	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2018 after taking into account the divergence in provisioning etc.	(21255400*)

* including divergence in provision of Rs.399 mn in NPI.



2.4.3 Particulars of Accounts Restructured

Disclosure of Restructured Accounts (As on 31.03.2019)																	(Rs. in crore)	
Sl No	Type of Restructuring -> Asset Classification ->	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total		
1	Restructured Accounts as on April of the FY (Opening figures)	No. of borrows	Amount outstanding	Provision thereon	No. of borrows	Amount outstanding	Provision thereon	No. of borrows	Amount outstanding	Provision thereon	No. of borrows	Amount outstanding	Provision thereon	No. of borrows	Amount outstanding	Provision thereon		
2	Fresh restructuring during the year	No. of borrows	Amount outstanding	Provision thereon	No. of borrows	Amount outstanding	Provision thereon	No. of borrows	Amount outstanding	Provision thereon	No. of borrows	Amount outstanding	Provision thereon	No. of borrows	Amount outstanding	Provision thereon		
3	Upgradations to restructured standard category during the FY	No. of borrows	Amount outstanding	Provision thereon	No. of borrows	Amount outstanding	Provision thereon	No. of borrows	Amount outstanding	Provision thereon	No. of borrows	Amount outstanding	Provision thereon	No. of borrows	Amount outstanding	Provision thereon		
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrows	Amount outstanding	Provision thereon	No. of borrows	Amount outstanding	Provision thereon	No. of borrows	Amount outstanding	Provision thereon	No. of borrows	Amount outstanding	Provision thereon	No. of borrows	Amount outstanding	Provision thereon		
5	Downgradations of restructured accounts during	No. of borrows	Amount outstanding	Provision thereon	No. of borrows	Amount outstanding	Provision thereon	No. of borrows	Amount outstanding	Provision thereon	No. of borrows	Amount outstanding	Provision thereon	No. of borrows	Amount outstanding	Provision thereon		

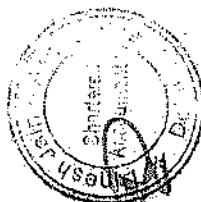


*Excluding the figures of standard restructured advances which do not attract higher provisioning on risk weightage.

1. The above disclosures, including sacrifice are as compiled and certified by the Bank's Management.
2. The quantum of economic sacrifice during the year on the restructured assets has been calculated by the NPV method as on 31.03.2019 for standard and NPA assets of Rs.1 crore and above. For the remaining assets, economic sacrifice has been provided @ 5% of outstanding balance.
3. The increase in balance of restructured accounts as on 31.03.2019 has been included under up gradation and the decrease in balance of restructured accounts as on 31.03.2019 has been included under down gradation.

Standard restructured advances which do not attract higher provisioning or risk weight (as applicable)

1. The above disclosures, including sacrifice are as compiled and certified by the Bank's Management.
2. The quantum of economic sacrifice during the year on the restructured assets has been calculated by the NPV method as on 31.03.2019 for standard and NPA assets of Rs.1 crore and above. For the remaining assets, economic sacrifice has been provided @ 5% of outstanding balance.
3. The increase in balance of restructured accounts as on 31.03.2019 has been included under up gradation and the decrease in balance of restructured accounts as on 31.03.2019 has been included under down gradation.



2.4.4 Details of financial assets sold to Securitization / Reconstruction Company for Asset Reconstruction (Rs. in Crores)

Sl. No.	Particulars	Year ended	
		31.03.2019	31.03.2018
(i)	No. of accounts	7	30
(ii)	Aggregate value (net of provisions) of accounts sold to SC/RC	217.11	240.36
(iii)	Aggregate consideration	308.49	365.59
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	143.66	0.00
(v)	Aggregate gain/(loss) over net book value	(+) 235.04	(+) 125.23

2.4.5 Details of Book Value of Investments in Security Receipts (Rs in Crores)

Particulars	Backed by NPAs sold by the bank as underlying		Backed by NPAs sold by other banks/ financial institutions/ non-banking financial companies as underlying		Total	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Book value of investments in security receipts	21.28	314.24	Nil	Nil	21.28	314.24

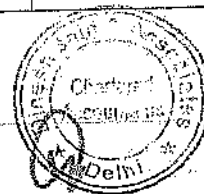
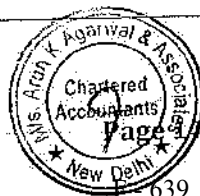
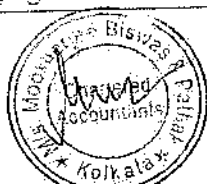
2.4.6 Disclosure of investment in SRs as on 31/03/2019 (Rs in Crores)

Particulars		SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i)	Book value of SRs backed by NPAs sold by the bank as underlying.	649.17	1.17	12.65
	Provision held against (i)	192.43	0.14	12.65
(ii)	Book value of SRs backed by NPAs sold by other banks/ financial institutions / non- banking financial companies as underlying.	Nil	Nil	Nil
	Provision held against (ii)	Nil	Nil	Nil
Total (i) + (ii)		649.17	1.17	12.65

2.4.7 Details of Non-performing financial assets purchased / sold

A) Details of Non-performing financial assets purchased (Rs. in Crores)

SI No.	Particulars	Year ended	
		31.03.2019	31.03.2018
1.	(a) No. of accounts purchased during the Year	NIL	NIL
	(b) Aggregate Outstanding	NIL	NIL
2.	(a) Of these, number of accounts restructured during the Year	NIL	NIL
	(b) Aggregate Outstanding	NIL	NIL



B) Details of Non-performing financial assets sold

(Rs. in Crores)

Sl. No.	Particulars	Year ended	
		31.03.2019	31.03.2018
1.	No. of accounts sold	7	30
2.	Aggregate Outstanding	696.76	641.18
3.	Aggregate consideration received	308.49	365.59

2.4.8 Provision on Standard Assets

(Rs. in Crores)

Particulars	Year ended	
	31.03.2019	31.03.2018
Provision towards Standard Assets	347.27	238.47

2.4.9 In compliance with RBI directives on the Assets Quality Review (AQR) for their classification over the six quarters ending March 31, 2017, the Bank had made the classification of Advances and provisioning as per directives of RBI and IRAC norms as on 31.03.2017. The effect of AQR has fully provided till 31.03.2017.

2.4.10 Bank has maintained a provision of Rs.16.03 crores towards exposure on Food Credit availed by State Government of Punjab having outstanding amount of Rs.320.50 crores as on 31.03.2019 i.e. 5% on outstanding balance as on 31.03.2019.

2.5 Business Ratios

Particulars		Year ended	
		31.03.2019	31.03.2018
(i)	Interest Income as a percentage to Working Funds	5.91%	5.95%
(ii)	Non-interest income as a percentage to Working Funds	1.65%	1.58%
(iii)	Operating Profit as a percentage to Working Funds	0.97%	0.73%
(iv)	Return on Assets	-1.60%	-1.04%
(v)	Business (Deposits plus advances) per employee (Rs. in Crores)	14.96	13.22
(vi)	Gross Profit/(Loss) per employee (Rs. in Lacs)	10.23	6.91



2.6 Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities*

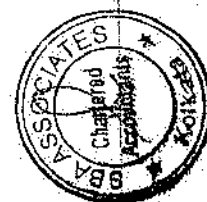
(Rs. in Crores)

	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 Year	Over 1 Year and up to 3 Years	Over 3 Years and up to 5 Years	Over 5 Years	Total
Deposits	2071.83	5070.71	4660.71	4594.74	12038.46	7211.54	19416.15	28024.99	13555.38	38338.81	134983.32
	(2160.79)	(5042.71)	(4844.72)	(2331.22)	(6500.91)	(4471.53)	(16685.07)	(23507.30)	(10970.08)	(52812.05)	(129326.38)
Advances	184.54	367.84	737.17	3806.84	7470.38	4782.31	8048.55	9718.89	8204.60	23633.99	66955.10
	(184.96)	(335.85)	(392.20)	(636.46)	(1180.88)	(1577.09)	(3829.43)	(12103.00)	(8249.89)	(34000.44)	(62490.20)
Investments	5114.46	1936.93	725.12	1521.30	8116.42	1918.85	2341.30	3305.02	4053.52	31943.10	60976.03
	(9087.04)	(1022.18)	(919.58)	(865.91)	(3028.58)	(1993.69)	(1530.46)	(2841.68)	(2825.56)	(26287.12)	(50401.80)
Borrowings	1.19	200.00	0.00	0.00	0.00	4.27	3.42	204.84	1790.00	0.00	2203.72
	(1.60)	(0.00)	(0.00)	(0.00)	(0.00)	(55.97)	(305.97)	(162.52)	(2280.00)	(500.00)	(3306.06)
Foreign Currency Assets	964.09	913.97	27.04	79.67	708.20	803.80	1814.28	0.00	237.62	0.35	5549.02
	(294.19)	(403.06)	(19.26)	(162.36)	(476.90)	(283.05)	(489.82)	(0.00)	(18.38)	(0.33)	(2147.35)
Foreign Currency Liabilities	267.13	1751.75	5.89	3.98	830.22	700.27	1966.86	20.30	2.17	0.00	5548.57
	(367.23)	(410.93)	(53.80)	(334.95)	(339.07)	(196.10)	(412.11)	(29.54)	(4.16)	(0.00)	(2147.91)

Maturity pattern of certain items of Assets and Liabilities*

*The above disclosures are as compiled and certified by the Bank's Management.

Figures in bracket represent Previous Year's figures.



2.7 Exposures

2.7.1 Exposure to Real Estate Sector*

(Rs. in Crores)

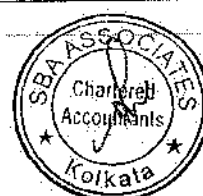
Category	Year ended	
	31.03.2019	31.03.2018
a) Direct Exposure		
i) Residential Mortgages –		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	11670.00	10918.00
-of which, individual housing loans eligible for inclusion in priority sector advances	6699.00	6190.00
ii) Commercial Real Estate –		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc., including non-fund based (NFB) limits)	108.80	180.16
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures –		
a. Residential	Nil	Nil
b. Commercial Real Estate.	Nil	Nil
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	3814.06	2398.31
Total Exposure to Real Estate Sector	15592.86	13496.47

(*The above disclosures are as compiled and certified by the Bank's Management.)

2.7.2 Exposure to Capital Market*

(Rs. in Crores)

	Particulars	Year ended	
		31.03.2019	31.03.2018
(i)	Direct Investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debts	101.66	102.06
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investments in shares (including IPOs /ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	Nil	Nil
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	43.20	34.85
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/ convertible debentures/units of equity-oriented mutual funds does not fully cover the advances	Nil	Nil



(v)	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers	Nil	Nil
(vi)	Loans sanctioned to corporate against the security of shares/bonds/ debentures or other securities or on clean basis for meeting promoters' contribution to the equity of new companies in anticipation of raising resources	Nil	Nil
(vii)	Bridge loans to companies against expected equity flows / issues	Nil	Nil
(viii)	Underwriting commitments taken up by the Bank in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Nil	Nil
(ix)	Financing to stock brokers for margin trading	Nil	Nil
(x)	All exposures to venture capital funds (both registered and un registered)	37.13	45.94
	Total Exposure to Capital Market	181.99	182.85

(*The above disclosures are as compiled and certified by the Bank's Management.)

2.7.3 Risk Category-wise Country Exposure

The Bank has analyzed its risk exposure to various countries as on 31st March, 2019 and such exposure is less than the threshold limit of 1% of the total assets of the Bank. In terms of RBI guidelines, no provision is required for this exposure.

The position of risk category-wise country exposure is given below:

(Rs. in Crores)

Risk Category	Exposure (net) as at 31.03.2019	Provision held as at 31.03.2019	Exposure (net) as at 31.03.2018	Provision held as at 31.03.2018
Insignificant	1076.51	0.00	259.34	0.00
Low	79.17	0.00	84.03	0.00
Moderate	1.40	0.00	21.04	0.00
High	0.00	0.00	0.00	0.00
Very High	0.00	0.00	0.00	0.00
Restricted	0.00	0.00	0.00	0.00
Off Credit	0.00	0.00	0.00	0.00
Total	1157.08	0.00	364.41	0.00

2.7.4 Details of Single Borrower Limit (SBL)/ Group Borrower Limits (GBL) exceeded by the Bank

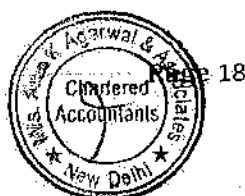
(Rs. in Crores)

Sr. No	Name of the Borrower	Exposure Ceiling		Limit Sanctioned		Outstanding as on	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
A.	Single Borrower	Nil	Nil	Nil	Nil	Nil	Nil
B.	Group Borrower	Nil	Nil	Nil	Nil	Nil	Nil

2.7.5 Unsecured Advances

(Rs. in Crores)

Particulars	2018-19	2017-18
Total amount of advances outstanding against charge over intangible securities such as the rights, licenses, authority, etc.	293.77	340.74
Estimated value of such intangible collateral securities	347.30	126.69



2.7.6. Disclosures on Flexible Structuring of Existing Loans

(Rs. in Crores)

Period	No. of borrowers taken up for flexibly structuring	Amount of loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
2017-18 (Previous Financial Year)	3 Nos	658.18	0.00	42 Qtr	85 Qtr
Current Financial Year (From April '18 to March '19)	Nil	Nil	Nil	Nil	Nil

2.7.7 Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

(Rs. in Crores)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
Nil	Nil	Nil	Nil	Nil	Nil	Nil

2.7.8. Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period)

(Rs. in Crores)

No. of accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
-	-	-	-	-	-	-	-	-

2.7.9. Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period)

(Rs. In Crores)

No. of project loan accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		
	Classified as standard	Classified as standard restructured	Classified as NPA
-	-	-	-



2.7.10. Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A), as on 31.03.2019.
(Rs. In Crores)

No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision Held
		In Part A	In Part B	
Classified as Standard				
2	254.47	102.67	151.80	107.07
Classified as NPA				
1	109.60	62.27	46.93	103.25

2.8 Penalty Imposed by RBI

During the financial year 2018-19, RBI imposed penalty of Rs.3.00 crores on United Bank of India under Section 46(4) of Banking Regulation Act 1949.

3. Disclosures as per Accounting Standards (AS) in terms of RBI guidelines:

3.1. AS 5 - Net Profit or Loss for the period, prior period items and changes in the Accounting Policies -
There is no change in accounting policy during the year. The impact of prior period items is immaterial in the opinion of the management.

3.2 AS 9 - Revenue Recognition

Revenue is recognized as per the Accounting Policies disclosed in Schedule 17.

3.3 AS 10 - Accounting for Fixed Assets

3.3.1 Accounting for Fixed Assets is done as per the Accounting Policies disclosed in Schedule 17.

3.4 AS - 12 Government Grants

During the year Rs.NIL crores has been received in the form of subsidies/grants/incentives from RBI and State Government as below:

(Rs. in Crores)

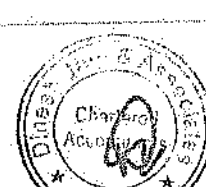
Sn.	Particulars	2018-19		2017-18	
		Revenue	Capital	Revenue	Capital
1.	Government Grants/Subsidy	0.00	0.00	0.00	0.00

3.5 AS - 15 Employee Benefits

Disclosure on accounting of employee benefits [as per AS-15 (revised)]

(Rs. in Crores)

a)	Change in the present value of the obligations	Pension	Gratuity	Other Benefits *
	Present value of obligation as at the beginning of the Year	5391.78	561.28	94.10
	Interest cost	376.27	38.07	5.75
	Past Service cost	0.00	0.00	0.00
	Current Service cost	245.29	23.70	12.80
	Benefits Paid	558.71	127.33	38.02
	Actuarial Gain/Loss on Obligation	367.69	28.28	52.77
	Present value of Obligations at the end of the Year	5822.32	524.00	127.40
b)	Change in Fair Value of Plan Asset			
	Fair Value of Plan assets at the beginning of the Year	5233.89	412.77	132.13
	Expected Return on Plan Asset	433.37	34.18	10.94
	Employer's contribution	650.35	217.55	22.98
	Benefits Paid	558.71	127.33	38.02
	Actuarial Gain/Loss on Plan Asset	14.44	5.83	-1.74
	Fair Value of Plan asset at the end of the Year	5773.34	543.00	126.29



c)	Estimated Present value of Obligations as at the end of the Previous Year			
	Fair Value of Plan Assets at the end of the Year	5773.34	543.00	126.29
	Unfunded Net Liability recognized in Balance Sheet	-48.99	19.00	-1.11
d)	Expenses Recognized in Profit and Loss			
	Current Service Cost	245.29	23.70	12.80
	Past Service Cost	0.00	0.00	0.00
	Interest Cost	376.28	38.07	5.75
	Expected return on Plan Asset	433.37	34.18	10.94
	Net Actuarial Gain/Loss recognized in the Year	353.24	22.45	54.51
	Total Expenses recognized in Profit and Loss Account	541.44	50.04	62.12
e)	Principal actuarial assumptions at the Balance Sheet Date (expressed as weighted average)			
	Discount Rate	7.36%	7.65%	7.65%
	Expected rate of return on Plan Assets	7.36%	7.65%	7.65%
	Method Used	Projected Unit Credit Method		

*Other Benefits include Privilege Leave, Casual leave, Sick Leave and LFC/LTC.

Note: The above statement is based on the report of the Actuary.

3.6 AS 17 - Segment Reporting

The Banks operations are classified into two primary business segments viz. "Treasury Operations" and "Banking Operations". The relevant information is given hereunder in the prescribed format:

Part A: Business Segments

(Rs.in Crores)

Business Segments	Treasury Operations		Banking Operations						Total	
			Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations			
Particulars	Year ended 31.03.19	Year ended 31.03.18	Year ended 31.03.19	Year ended 31.03.18	Year ended 31.03.19	Year ended 31.03.18	Year ended 31.03.19	Year ended 31.03.18	Year ended 31.03.19	Year ended 31.03.18
Revenue	4743	4523	2579	2858	3412	2806	210	369	10944	10556
Result	1922	1402	271	519	1623	1009	(2405)	(1906)	1411	1024
Unallocated expenses									(5992)	(3971)
Operating Profit									(4581)	(2946)
Income Taxes									(2265)	(1492)
Extraordinary profit/ loss									0	0
Net Profit/(Loss)									(2316)	(1454)
Other Information									-	-
Segment Assets	62406	64282	37730	35353	29225	27137	0	0	129361	126772
Unallocated Assets									22169	17977
Total Assets									151530	144749
Segment Liabilities	59835	61818	36170	33991	28020	26099	0	0	124025	121908



Business Segments	Treasury Operations		Banking Operations						Total	
			Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations			
Particulars	Year ended 31.03.19	Year ended 31.03.18	Year ended 31.03.19	Year ended 31.03.18	Year ended 31.03.19	Year ended 31.03.18	Year ended 31.03.19	Year ended 31.03.18	Year ended 31.03.19	Year ended 31.03.18
Unallocated Liabilities									16006	14165
Capital Employed									11499	8676
Total Liabilities									151530	144749

Part B: Geographical Segment – Since the Bank does not have any overseas branch, reporting under geographical segment is not applicable.

3.7 Related Party Disclosures (AS-18) (As Compiled by the management)

3.7.1 Names of the related parties and their relationship with the Bank:

Associates:

Sl. No	Name	
1.	Assam Gramin Vikash Bank	Regional Rural Bank
2.	Bangiya Gramin Vikash Bank	Regional Rural Bank
3.	Manipur Rural Bank	Regional Rural Bank
4.	Tripura Gramin Bank	Regional Rural Bank

Key Management Personnel:

Sl. No	Name	Designation
1	Mr. Ashok Kumar Pradhan	Managing Director & Chief Executive Officer (w.e.f. 01.10.2018), Ex. Executive Director upto 30.09.2018.
2	Mr. Pawan Kumar Bajaj	Managing Director & Chief Executive Officer (upto 30.09.2018)
3	Mr. Sanjay Kumar	Executive Director (w.e.f. 20.09.2018)
4	Mr. Ajit Kumar Das	Executive Director (w.e.f. 01.10.2018)
5	Mr. Sameer Kumar Khare	Director
6	Mr. Denesh Singh	Director
7	Mr. Sidhartha Pradhan	Director
8	Mr. S. Suryanarayana	Director

Relatives of Key Management Personnel:

Sl. No	Name	Relative of:
1	Smt. Sangeeta Kumar (Wife)	Sanjay Kumar
2	Snigdha (Daughter)	Sanjay Kumar
3	Ashok Kumar Sinha (Brother)	Sanjay Kumar
4	Himansu Gupta (Son-in-law)	Sanjay Kumar



3.7.2 Related Party Disclosures

(Rs. in Crores)

Items/ Related Party	Associates		Key Management Personnel		Relatives of Key Management Personnel		Total	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Borrowings	1309.00	4670.00	0.00	0.00	0.00	NIL	1309.00	4670.00
Deposit	1664.28	473.82	0.32	0.04	0.19	NIL	1664.79	473.86
Placement of deposits	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Advances	1059.00	3297.00	0.07	NIL	0.40	NIL	1059.47	3297.00
Investments : Equity Shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Shares of RRB	368.53	368.53	NIL	NIL	NIL	NIL	368.53	368.53
RRB Bonds	51.12	51.12	NIL	NIL	NIL	NIL	51.12	51.12
Non-funded commitments	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Leasing/HP arrangements availed	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Leasing/HP arrangements provided	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Purchase of fixed assets	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sale of fixed assets	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Interest paid	164.52	193.80	0.01	0.012	0.01	NIL	164.54	193.81
Interest received	95.96	137.50	0.01	0.015	0.04	NIL	96.01	137.51
Rendering of services	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Receiving of services :								
- Remuneration#	NIL	NIL	1.09	0.69	NIL	NIL	1.09	0.69
- Sitting Fees	NIL	NIL	0.15	0.07	NIL	NIL	0.15	0.07
Management contracts	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

#Remuneration Paid to Key Management Personnel:

Sl. No	Name	Designation	Item #	Year ended 31.03.2019 (Rs. in crores)	Year ended 31.03.2018 (Rs. in crores)
1.	Mr. Ashok Kumar Pradhan	Managing Director & Chief Executive Officer (w.e.f. 01.10.2018), Ex. Executive Director upto 30.09.2018	Salary and emoluments	0.26	0.23
2.	Mr. Pawan Bajaj	Ex. Managing Director & Chief Executive Officer (upto 30.09.2018)	Salary and emoluments	0.58	0.27
3.	Mr. Sanjay Kumar	Executive Director (w.e.f. 20.09.2018)	Salary and emoluments	0.13	0.00
4.	Mr. Ajit Kumar Das	Executive Director (w.e.f. 01.10.2018)	Salary and emoluments	0.12	0.00
5.	Mr. K. V. Ramamoorthy	Ex. Executive Director (upto 30.08.2017)	Salary and emoluments	0.00	0.19

Including performance linked incentive on cash basis.

Note: (a) No amount has been written off/written back in respect of dues from/to related parties.
(b) No provision is required in respect of dues to related parties.



3.8 Leases (AS-19) (As compiled by the Management)

- a) Lease rent paid for operating leases are recognized as an expense in the Profit & Loss Account in the year to which it relates.
b) Future Lease Rent Payable for operating lease: (As compiled and certified by Management)

(Rs. in Crores)

Sl. No.	Particulars	As At	
		31.03.2019	31.03.2018
a.	Not later than 1 year	76.57	70.88
b.	Later than 1 year but not later than 5 years	252.48	237.04
c.	Later than 5 years	172.55	182.60
	Total	501.60	490.52
	Amount charged to Profit & Loss Account	98.47	86.61

- i) Future lease rents and escalation in the rent are determined on the basis of agreed terms.
ii) At the expiry of the initial lease term, generally the bank has an option to extend the lease for a further pre-determined period.

3.9 AS 20 - Earnings per Share

Particulars	Year ended	
	31.03.2019	31.03.2018
Net Profit/(Loss) after tax available for Equity Share Holders (Rs. in Crores)	(2315.93)	(1454.45)
Weighted Average number of Equity Shares	328,77,13,370.88	150,79,52,887.22
Basic and Diluted Earnings per Share (Rs)	(7.04)	(9.65)
Nominal Value per Share (Rs)	10.00	10.00

3.10 AS 21 - Consolidated Financial Statements/AS-23-Accounting for Investments in Associates in Consolidated Financial Statements

The Bank does not have any subsidiary and as such, AS-21 and AS-23 are not applicable.

3.11 AS 22 - Accounting for Taxes on Income

- (a) Provision for Tax during the year is given below:

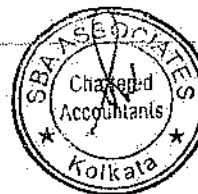
(Rs. in Crores)

Particulars	Year ended	
	31.03.2019	31.03.2018
Provision for Tax	NIL	NIL

- (b) The major components of Deferred Tax Assets/Liabilities are as follows:

(Rs. in Crores)

Particulars	Year ended	
	31.03.2019	31.03.2018
Deferred Tax Assets	5556.85	3322.41
Carry Forward Loss	3388.32	1419.81
Provisions for Stressed assets	53.36	48.42
Employees benefits	0.00	0.00
Other items	76.60	194.30
Depreciation on Fixed Assets	0.00	36.34



Particulars	Year ended	
	31.03.2019	31.03.2018
Provision on NPA	2038.57	1623.54
Deferred Tax Liabilities	76.88	76.14
Depreciation on fixed assets	Nil	Nil
Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	76.88	76.14
Loss on Sale of Assets to ARC	Nil	Nil

(c) The Bank has recognised net Deferred Tax Assets of Rs.2233.70 crores during the year 2018-19 on account of timing differences in accordance with Accounting Standard- 22 on "Taxes on Income" issued by the Institute of Chartered Accountants of India and the guidelines issued by the Reserve Bank of India.

3.12 AS 28 - Impairment of Assets

In the opinion of the Bank, there is no indication of any material impairment of fixed assets and consequently no provision is required.

3.13 AS 29 - Provisions, Contingent Liabilities and Contingent Assets

Movements in significant Provisions and Contingent Liabilities have been disclosed at the appropriate places in the Notes forming part of the accounts.

3.14. Strategy for Ind AS implementation and its progress

The strategy adopted by Bank for Ind AS implementation vis-a-vis the progress made by the Bank is given below:

As per the RBI guideline, the Bank is in the process of implementing the Indian Accounting Standards (Ind AS). A Steering Committee has been formed to take the required steps on a continuous basis for smooth convergence. The Bank has appointed M/s. Deloitte Haskins & Sells, LLP as the consultant for assisting the bank in smooth implementation of Indian Accounting Standards. The pro-forma financial statement for the quarter ended 31.12.2018 has been submitted to RBI within the prescribed due date. In order to facilitate smooth transition to Ind AS, after receipt of final guidelines from RBI, Bank shall identify the changes required to be made in the IT system and other policies to comply with Ind AS. Bank is also in the process of developing Expected Credit Loss (ECL) Model in line with the requirements of IND AS 109.

4. Additional Disclosures

4.1 Provisions and Contingencies

The break-up of 'Provisions and Contingencies' shown under the head "Expenditures in Profit and Loss Account is as under:

(Rs. in Crores)

Particulars	Year ended	
	31.03.2019	31.03.2018
Provisions for depreciation on Investment	339.91	194.50
Provision towards NPA (Loans and Advances)	5523.30	3906.16
Provision towards Standard Assets including Restructured Standard Asset	108.80	(550.70)
Provision made towards Income Tax (Including Deferred Tax)	(2264.98)	(1492.24)
Other Provisions and Contingencies		
- Provision for Non-Performing Investments	350.86	370.89
- Floating Provision	0.00	0.00
- Provision for Others	330.38	49.90
Total	3727.51	2478.51



4.2 Floating Provisions (Countercyclical provisioning buffer)

(Rs. in Crores)

Particulars	Year ended	
	31.03.2019	31.03.2018
a) Opening Balance in the floating provisions account	0.00	0.00
b) The quantum of floating provisions made during year	0.00	0.00
c) Accounting for draw down made during the year	0.00	0.00
d) Closing balance in the floating provisions account	0.00	0.00

4.3 Disclosure of complaints

a) Customer Complaints including Investors Complaints

Sl. No.	Particulars	Nos
(a)	Complaints pending at the beginning of the Year	721
(b)	Complaints received during the Year	169711
(c)	Complaints redressed during the Year	169158
(d)	Complaints pending at the end of the Year	1274

b) Awards passed by the Banking Ombudsman

Sl. No.	Particulars	Nos
(a)	Unimplemented Awards at the beginning of the Year	Nil
(b)	Awards passed by the Banking Ombudsman during the Year	1
(c)	Awards implemented during the Year	0
(d)	Unimplemented Awards at the end of the Year	1

4.4 Disclosure of Letter of Comforts (LoCs) issued by the Bank

- a) During the current financial year ended 31.03.2019, the Bank has issued NIL (previous year 451) Letter of Comforts/Letter of Undertakings amounting to Rs.NIL (previous year Rs.1540.86 crores).
- b) There are 9 nos (previous year 186) of outstanding Letter of Comforts as on 31.03.2019 amounting to Rs.75.25 crores (previous year Rs.487.37 crores).

4.5. Provision Coverage Ratio (PCR)

The provision coverage ratio (PCR) for the Bank as on 31st March 2019 is 72.94%.

4.6 Bancassurance Business

(Rs. in Crores)

Particulars	Year ended	
	31.03.2019	31.03.2018
Life Insurance Business	6.94	4.61
Non-Life Insurance Business	8.34	6.35
Mutual Funds	0.02	0.02
Others	0.01	0.03



4.7 Concentration of deposits, Advances, Exposures and NPAs

4.7.1 Concentration of Deposits

(Rs. in Crores)

Particulars	Year ended	
	31.03.2019	31.03.2018
Total Deposits of twenty largest depositors	6110.98	5543.45
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	4.53%	4.28%

4.7.2 Concentration of Advances

(Rs. in Crores)

Particulars	Year ended	
	31.03.2019	31.03.2018
Total Advances to twenty largest borrowers	13039.21	12359.12
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	17.83%	17.99%

4.7.3 Concentration of Exposures

(Rs. in Crores)

Particulars	Year ended	
	31.03.2019	31.03.2018
Total Exposure to twenty largest borrowers/ Customers	14343.52	10724.76
Percentage of Exposure to twenty largest borrowers/ customers to Total Exposure of the Bank on borrowers/ customers	16.76%	10.09%

4.7.4 Concentration of NPAs

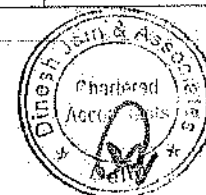
(Rs. in Crores)

Particulars	Year ended	
	31.03.2019	31.03.2018
Total Exposure to top four NPA accounts	1980.60	2853.79

4.8 Sector - wise NPAs

(Rs. in Crores)

Sl. No.	Sector	31.03.2019			31.03.2018		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advance in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advance in that sector
A.	Priority Sector						
1.	Agriculture and Allied activities	10651.66	840.58	7.89	10324.25	978.13	9.47
2.	Advances to industries sector eligible as priority	3923.87	597.66	15.23	4076.91	639.01	15.67



Sl. No.	Sector	31.03.2019			31.03.2018		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advance in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advance in that sector
	sector lending						
3.	Services	8079.00	813.03	10.06	7004.73	1169.15	16.69
	- Retail Trade	3695.10	389.22	10.53	2654.28	379.77	18.08
	- Others	4383.90	423.81	9.67	5350.45	789.38	14.75
4.	Personal Loans	7755.15	192.12	2.48	7930.50	208.03	2.73
	Sub-Total(A)	30409.68	2443.39	8.03	29336.39	2994.32	10.21
B.	Non-Priority Sector						
1.	Agriculture and Allied activities	274.70	76.14	27.72	246.17	20.21	8.21
2.	Industry	20204.16	8241.04	40.79	22136.06	12312.82	55.62
	- Iron & Steel	2051.88	401.09	19.55	4056.63	3362.90	82.90
	- Power	9277.42	4281.02	46.14	8542.07	3982.81	46.63
	- Others	8874.86	3558.93	40.10	9537.36	4967.11	52.08
3.	Services	15698.86	1231.57	7.84	8838.10	1006.08	11.38
	- NBFC	8065.02	100.09	1.24	4931.62	--	--
	- Banking & Finance Other than NBFC	3822.99	--	--	2441.55	--	--
	- Others	3810.85	1131.48	2.97	1464.93	1006.08	68.68
4.	Personal Loans	4962.00	61.24	1.23	7553.67	218.68	2.78
	Sub-Total(B)	41139.72	9609.99	23.36	38774.00	13557.79	34.97
C.	Food Credit(FCI)	1574.01	--	--	581.38	--	--
	Sub-Total(C)	1574.01	--	--	581.38	--	--
	Total (A+B+C)	73123.41	12053.38	16.48	68691.77	16552.11	24.10

4.9 Movement of NPAs

(Rs. in Crores)

Particulars	Year ended	
	31.03.2019	31.03.2018
Gross NPAs as on 1 st April, 2018/2017	16552.11	10951.99
Additions (Fresh NPAs) during the Year	2870.52	8606.26
Sub-total (A)	19422.63	19558.25
Less:		
(i) Up gradations	323.70	197.05
(ii) Recoveries (excluding recoveries made from upgraded a/cs)	1264.80	501.35
(iii) Technical/Prudential Write-offs	4726.41	1760.14
(iv) Write-offs other than those under (iii) above	638.88	106.77
(v) Sale of Assets upto 31 st March 2019/2018	415.46	440.83
Sub-total (B)	7369.25	3006.14
Gross NPAs as on 31 st March, 2019/2018 (A-B)	12053.38	16552.11



4.10. Stock of technical write-offs and recoveries made thereon

(Rs. in Crores)

Particulars	Year ended	
	31.03.2019	31.03.2018
Opening balance of Technical/Prudential written-off accounts as at April 1, 2018/2017	5645.54	4203.17
Add: Technical/Prudential write-offs during the year	4726.41	1760.14
Sub-total (A)	10371.95	5963.31
Less: Recoveries made from previously technical/prudential written-off accounts during the year (B)	629.03	317.77
Closing balance as at March 31, 2019/2018	9742.92	5645.54

4.11 Overseas Assets, NPAs and Revenue

(Rs. in Crores)

Particulars	Year ended	
	31.03.2019	31.03.2018
Total Assets (Nostro balance)	963.68	136.85
Total NPAs	NIL	NIL
Total Revenue	75.61	39.89

4.12 Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Year Ended 31.03.2019		Year Ended 31.03.2018	
Name of the SPV sponsored		Name of the SPV sponsored	
Domestic	Overseas	Domestic	Overseas
NIL	NIL	NIL	NIL

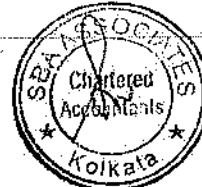
4.13 Unamortized Pension and Gratuity Liabilities

RBI vide its communication DBR No. BP/BC.9730/21.04.018/2017-18 dated April 27, 2018 has given the option to Banks to spread additional liability on account of the enhancement in gratuity limits from Rs.10 lakhs to Rs.20 lakhs from March 29, 2018 under Payment of Gratuity Act, 1972, over four quarters beginning with the quarter ended March 31, 2018. The Bank has exercised the option and has fully provided Rs.140.36 crores by 31st December, 2018.

The bank does not have any Unamortized Pension and Gratuity Liabilities (Previous year unamortized Gratuity liability was Rs.105.25 crores).

4.14. Securitization

Sl. No.	Particulars	31.03.2019	31.03.2018
1	No of SPVs sponsored by the bank for securitization transactions		
2	Total amount of securitized assets as per books of the SPVs sponsored by the bank		
3	Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet		
	a) Off balance sheet exposures		
	First loss		
	Others		
	b) On-balance sheet exposures		
	First loss		
	Others		
4	Amount of exposures to securitization transactions other than MRR		



Sl. No.	Particulars	31.03.2019	31.03.2018
a)	Off Balance Sheet Exposures		
	Exposure to own securitizations		
i)	First loss		
	Loss		
	Exposure to third party securitizations		
ii)	First loss		
	Others		
b)	On Balance Sheet Exposures		
	Exposure to own securitizations		
i)	First loss		
	Others		
	Exposure to third party securitizations		
ii)	First Loss		
	Others		

4.15 Credit Default Swaps

The Bank has not undertaken any Credit Default Swaps in the year 2018-19 as well as in the year 2017-18.

4.16 Intra-Group Exposures

		(Rs. in Crores)	
Sl No.	Particulars of Intra Group Exposures	As on	
		31.03.2019	31.03.2018
1	Total amount of intra-group exposures	Nil	Nil
2	Total amount of top-20 intra-group exposures	Nil	Nil
3	Percentage of intra-group exposures to total exposure of the bank on borrowers / customers	Nil	Nil
4	Details of breach of limits on intra-group exposures and regulatory action thereon, if any	Nil	Nil

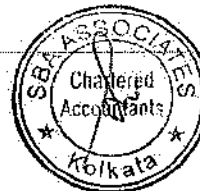
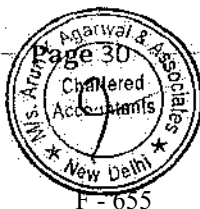
4.17 Transfer of Depositor Education and Awareness Fund (DEAF)

		(Rs. in Crores)	
Particulars		As at	
		31.03.2019	31.03.2018
Opening balance of amounts transferred to DEAF		256.16	85.61
Add : Amounts transferred to DEAF during the year		262.46	170.55
Less : Amounts reimbursed by DEAF towards claims		-	-
Closing balance of amounts transferred to DEAF		518.62	256.16

4.18 Unhedged Foreign Currency Exposure

The incremental provision/Capital requirement is arrived by considering likely loss & EBID of the borrowers as per RBI guidelines. The unhedged Foreign Currency Exposures, Incremental provisions and capital requirements that are provided by the bank as on 31st March 2019 are given below:

		(Rs. in Crores)	
Incremental Provisioning (over and above extant standard asset provisioning)	Incremental Capital requirement for Unhedged foreign currency exposures of borrowers		
NIL	NIL		



4.19 Liquidity Coverage Ratio*

4.19.1 Disclosure

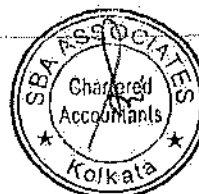
(Rs. in Crores)

		31.03.2019		31.03.2018	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)		28355.23		29383.35
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:	102828.49	6655.70	99637.77	5473.91
(i)	Stable deposits	72542.85	3627.14	89797.35	4489.87
(ii)	Less stable deposits	30285.64	3028.56	9840.42	984.04
3	Unsecured wholesale funding, of which:	14970.02	6103.67	14774.65	5877.58
(i)	Operational deposits (all counterparties)	274.74	68.68	215.19	53.80
(ii)	Non-operational deposits (all counterparties)	14433.82	5773.53	14559.46	5823.78
(iii)	Unsecured debt	261.46	261.46	0.00	0.00
4.	Secured wholesale funding	553.30	0.00	87.48	0.00
5.	Additional requirements, of which	15868.03	8488.03	22533.75	10014.77
(i)	Outflows related to derivative exposures and other collateral requirements	0.00	0.00	0.00	0.00
(ii)	Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00
(iii)	Undrawn Credit and liquidity facilities	4683.02	1915.81	10050.40	3464.33
6.	Other contractual funding obligations	4755.46	142.66	6116.40	183.49
7.	Any other outflow	6429.55	6429.55	6366.95	6366.95
8.	Total Cash Outflows		21247.41		21366.27
Cash Inflows					
9.	Secured lending (e.g. reverse repos)	263.83	0.00	4055.89	0.00
10.	Inflows from fully performing exposures	7437.21	6788.88	5164.13	4927.75
11.	Other cash inflows	2540.54	2540.54	2144.93	2144.93
12.	Total Cash Inflows		9329.42		7072.68
21.	TOTAL HQLA		28355.23		29383.35
22.	Total Net Cash Outflows		11917.99		14293.59
23.	Liquidity Coverage Ratio (%)		237.92		205.57

LCR as on last four quarters of the FY: 2018-19

Quarter Ended on	LCR (%)
June, 2018	216.86
September, 2018	262.75
December, 2018	272.81
March, 2019	237.92

* The above disclosures are as compiled and certified by the Bank's Management.



4.19.2 Qualitative Disclosure around LCR

The Liquidity Coverage Ratio (LCR) standard aims to ensure that a Bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario specified by supervisor. Bank has implemented and is computing LCR since 1st January, 2015.

LCR is calculated as a ratio of HQLA to net cash outflow under stress scenario over the next 30 calendar days.

As per RBI guideline, Bank is required to maintain minimum 100% LCR as on 31.03.2019.

LCR of the Bank is assessed at 237.92 % for the quarter ended on 31.03.2019 which is well above the minimum requirement as prescribed by Reserve Bank of India.

4.20 a) Registration formalities are pending in case of one property consisting of Rs.1.65 Crores, WDV as on 31.03.2019: Rs.0.96 Crores (Previous Year Rs.1.39 Crores).

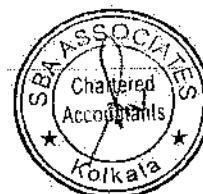
b) Premises include leased properties amounting to Rs.136.10 Crores (net of amortization) as at 31st March 2019 (Previous Year Rs.167.71 Crores).

5. Based on information available with the bank, there are few suppliers/services who are registered as Micro Small or Medium Enterprise under the Micro Small and Medium Enterprise development act 2006 (MSMED ACT, 2006) information in respect of micro and small enterprises as required by MSMED.

Sr. No.	Particulars	Current Year 31.03.2019	Previous Year 31.03.2018
1	Principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year: Principal : Interest :	NIL NIL	NIL NIL
2	The amount of interest paid by the buyer in terms of section 16 of MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	NIL	NIL
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	NIL	NIL
4	The amount of interest accrued and remaining unpaid at the end of each accounting year.	NIL	NIL
5	The amount of further interest remaining due and payable even in the succeeding years, until such date, when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as deductible expenditure under section 23 of the MSMED Act 2006.	NIL	NIL

6. Pending settlement of the Bipartite agreement on wage revision (due from November, 2017), an adhoc amount of Rs.52 crores has been provided during the current quarter towards wage revision and cumulative provision held as on March 31, 2019 for wage revision is Rs.153 crores.

7. During the year Bank has reported 81 numbers of fraud cases involving total amount of Rs.427.95 crores against which Bank has some existing provision. A further provision of Rs.253.50 crores has been made during the year, out of which Rs.1.90 crores is for non advance related frauds and Rs.251.60 crores is for advance related frauds. No amount is required against unamortised provision except under noted account.



Further, in view of fraud reported by certain banks in respect of Frost International Limited, the Bank has declared the account as fraud involving a total funded exposure of Rs.185.06 crores, out of which Rs.46.26 crore has been provided on 31.03.2019 being 25% of funded exposure. The quantum of unamortised provision of Rs.138.80 crores being 75% of the funded exposure has been debited from Revenue & Other Reserve and will be provided in next three quarters.

8. In terms of RBI communication DBR NO. BP. BC. 1924/21.04.048/2017-18 dated August 28, 2017, Rs.423.90 crores has been additionally provided in respect of eligible NCLT (List 1 & List 2) accounts as on 31st March, 2019. Total actual provision made as on 31st March 2019 for NCLT (List 1 & List 2) accounts is Rs.3205.40 crores instead of Rs.2781.50 crores as per IRAC norms.
9. RBI vide circular no. DBR.No.BP.BC.108/21.04/018/2017-18 dated June 6, 2018 permitted Banks to continue the exposures to MSME borrowers to be classified as standard assets where the dues between September 1, 2017 and December 31, 2018 are paid not later than 180 days from their respective original due dates. Accordingly, the Bank has retained MSME exposure of Rs.195.11 crores as standard asset as on March 31, 2019. In accordance with the provisions of the circular, the Bank has not recognised interest income of Rs.2.49 crores and is maintaining a standard asset provision of Rs.9.76 crores as on March 31, 2019 in respect of such borrowers. In addition to above, subsequent to RBI Circular DBR No. BP. BC. 18/21.04.048/2018-19 dated January 01, 2019, the Bank has restructured without downgrading the following accounts as per extant instruction:

No. of accounts	Outstanding as on 31.03.2019 (Rs. in mn)
2184	1374.10

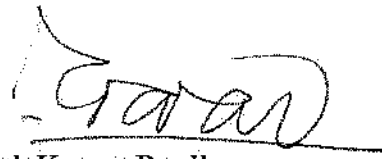
10. The Bank has exercised call option on Additional Tier-1 Bonds on 11.04.2018 and accordingly redeemed Additional Tier-1 Bonds at par aggregating Rs.940 crores.
11. Based on the available financial statements and the declaration from borrowers, the Bank has estimated the liability towards Unhedged Foreign Currency Exposure to their constituents in terms of RBI Circular DBOD No.BP.BC.85/21.06.200/2013-14 dated January 15, 2014 and holds a provision of Rs.0.05 crores as on 31st March, 2019.
12. During the year, Bank had purchased Priority Sector Lending Certificates (PSLC) amounting to Rs.216.00 crores. The category wise PSLC purchased are as under:

Category	Amount (in crores)
PSLCA- PSLC Agriculture	116.00
PSLCSM- PSLC Small & Marginal Farmers	100.00
Total	216.00

13. Previous Year's figures have been regrouped/rearranged wherever considered necessary to make them comparable with those of the current year.



This is a part of Schedule 17 and 18 as on 31.03.2019.




Ashok Kumar Pradhan
Managing Director & Chief Executive Officer




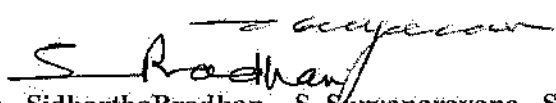
Sanjay Kumar
Executive Director

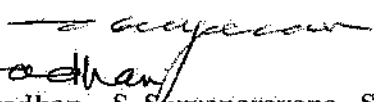


Ajit Kumar Das
Executive Director


Attended through VC 
Sameer Kumar Khare
Director


Denesh Singh
Director


Sidhartha Pradhan
Director


S. Suryanarayana
Director


Sadhana Varma
Director




Ashwini Kumar Jha
General Manager & CFO

As per our separate report of even date attached.

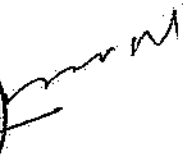
M/s Mookherjee, Biswas
& Pathak
Chartered Accountants
FRN: 301138E




CA. Sankar Prasanna Mukherjee
Partner
M.No 010807


M/s. Arun K. Agarwal
& Associates
Chartered Accountants
FRN: 003917N




CA. Arun Kumar Agarwal
Partner
M.No 082899

M/s Dinesh Jain &
Associates
Chartered Accountants
FRN: 004885N





CA. Neha Jain
Partner
M.No. 514725

M/s SBA Associates
Chartered Accountants
FRN: 308136E





CA. Manoj Kumar Sen
Partner
M.No 061768


This is a part of Balance Sheet as at 31.03.2019.



Ashok Kumar Pradhan
Managing Director & Chief Executive Officer




Sanjay Kumar
Executive Director



Ajit Kumar Das
Executive Director

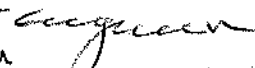
Attended through VC
Sameer Kumar Khare
Director



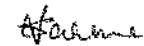
Denesh Singh
Director




Sidhartha Pradhan
Director



S. Suryanarayana
Director



Sadhana Varma
Director



Ashwini Kumar Jha
General Manager & CFO

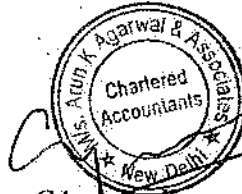
As per our separate report of even date attached.

M/s Mookherjee, Biswas
& Pathak
Chartered Accountants
FRN: 301138E



CA. Sankar Prasanna Mukherjee
Partner
M.No 010807

M/s Arun K. Agarwal
& Associates
Chartered Accountants
FRN: 003917N



CA. Arun Kumar Agarwal
Partner
M.No 082899

M/s. Dinesh Jain &
Associates
Chartered Accountants
FRN: 004885N



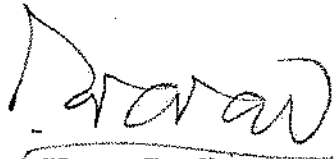
CA. Nchan Jain
Partner
M.No. 514725

M/s SBA Associates
Chartered Accountants
FRN: 308136E




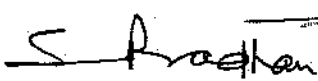
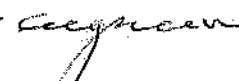
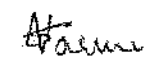
CA. Kailash Sen
Partner
M.No 061768

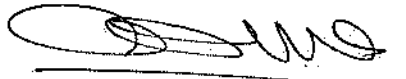
This is a part of Profit & Loss Account as on 31.03.2019.



Ashok Kumar Pradhan
Managing Director & Chief Executive Officer


Sanjay Kumar
Executive Director
Ajit Kumar Das
Executive Director

Attended through VC    
Sameer Kumar Khare **Denesh Singh** **Sidhartha Pradhan** **S. Suryanarayana** **Sadhana Varma**
Director Director Director Director Director


Ashwini Kumar Jha
General Manager & CFO

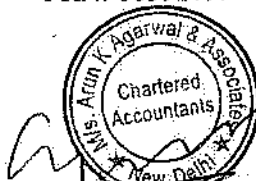
As per our separate report of even date attached.

M/s Mookherjee, Biswas
& Pathak
Chartered Accountants
FRN: 301138E



CA. Sankar Prasanna Mukherjee
Partner
M.No 010807

M/s Arun K. Agarwal
& Associates
Chartered Accountants
FRN: 003917N



CA. Arun Kumar Agarwal
Partner
M.No 082899

M/s Dinesh Jain &
Associates
Chartered Accountants
FRN: 004885N



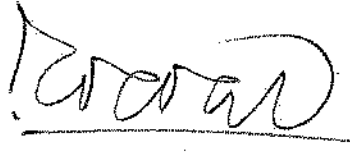
CA. Neha Jain
Partner
M.No. 514725

M/s SBA Associates
Chartered Accountants
FRN: 308136E




CA. Nilanjana Sen
Partner
M.No 061768


This is a part of Cash Flow Statement as on 31.03.2019.



Ashok Kumar Pradhan
Managing Director & Chief Executive Officer




Sanjay Kumar
Executive Director

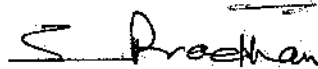


Ajit Kumar Das
Executive Director


Attended through VC
Sameer Kumar Khare
Director



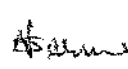
Denesh Singh
Director



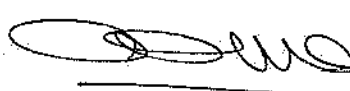
Sidhartha Pradhan
Director



S. Suryanarayana
Director



Sadhana Varma
Director



Ashwini Kumar Jha
General Manager & CFO

As per our separate report of even date attached.

M/s Mookherjee, Biswas
& Pathak
Chartered Accountants
FRN: 301138E



CA. Sankar Prasanna Mukherjee
Partner
M.No 010807

M/s Arun K. Agarwal
& Associates
Chartered Accountants
FRN: 003917N



CA. Arun Kumar Agarwal
Partner
M.No 082899

M/s Dinesh Jain &
Associates
Chartered Accountants
FRN: 004885N



CA. Dinesh Jain
Partner
M.No. 514725

M/s SBA Associates
Chartered Accountants
FRN: 308136E



CA. Nilanjana Sen
Partner
M.No 061768

PROFORMA FINANCIAL STATEMENTS

Financial Statement	Page Number
Proforma Financial Statements	F - 663

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 Proforma 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	eOBC	eUNI	Proforma Adjustments			Proforma Amalgamated as on 31.03.2020 G=A+B+C+F
					GAAP Adjustments	Acquisition Adjustments	Adjustment	
		A	B	C	D	E	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	666267662
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

Praveen Kumar Sharma
PRAVEEN KUMAR SHARMA
 GENERAL MANAGER

Md Hawan
MAHESH DHAWAN
 GENERAL MANAGER

D K Jain
D K JAIN
 GENERAL MANAGER & CFO

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 Mathawan
(Rajiv Kumar Mathawan)
 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
Other Income	14	92741277	32049328	25890414	0	0	0	150681019
TOTAL		<u>630741614</u>	<u>223980054</u>	<u>122445861</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>977167529</u>
II. EXPENDITURE								
Interest expended	15	363622425	135773504	66698776	0	0	0	566094705
Operating expenses	16	119733704	58360150	54039950	0	0	0	232133804
Provisions and Contingencies		144023541	52364528	65660211	0	0	0	262048260
TOTAL		<u>627379670</u>	<u>246498182</u>	<u>186398937</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1060276789</u>
III. PROFIT								
Net Profit/(Loss) for the year		3361944	-22518128	-63953076	0	0	0	-83109260
Earnings per Share								-10.22

R K Khichi
R K KHICHI
 DEPUTY GENERAL MANAGER

Praveen Kumar Sharma
PRAVEEN KUMAR SHARMA
 GENERAL MANAGER

Mdhaswan
MAHESH DHAWAN
 GENERAL MANAGER

D K Jain
D K JAIN
 GENERAL MANAGER & CFO

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Vijay Dube
VIJAY DUBE
 EXECUTIVE DIRECTOR

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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)

			Proforma Adjustments			Proforma Amalgamated for year ended 31.03.2020
			GAAP Adjustments	Acquisition Adjustments	Adjustment	G=A+B+C+F
	PNB A	eOBC B	D	E	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	13475132			5346127	5346127	18821259
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)						
SCHEDULE 2 - RESERVES & SURPLUS						
I Statutory Reserves	94727008	34767485	8323877	0	0	137818370
II Capital Reserves						
a) Revaluation Reserve	47586916	13480608	9023287	0	0	70090811
b) Others	32177240	6214956	17308484	0	99043944	154744624
III Share Premium	511885794	134704310	48107965	0	0	694698069
IV Revenue and other Reserves						
a) Investment Reserve	3705193	0	0	0	0	3705193
b) Investment Fluctuation Reserve	485199	101972	0	0	0	587171
c) Exchange Fluctuation Reserve	4168803	0	0	0	0	4168803
d) Special Reserve under Sec.36(1) (viii) of Income Tax Act	14636600	15850000	2200000	0	0	32686600
e) Other Reserve	0	27805006	-106570594	0	0	-78765588
V Balance in Profit & Loss Account	-99273023	-81235565	0	0	0	-180508588
Total of I, II, III, IV & V	610099730	151688772	-21606981	0	99043944	839225465
SCHEDULE 3 - DEPOSITS						
A. I. Demand Deposits						
(i) From Banks	18431176	163962	14070966	0	0	32666104
(ii) From Others	438713302	142437706	89138649	0	0	670289657
	457144478	142601668	103209615	0	0	702955761
II. Savings Bank Deposits	2567601188	561684108	597473026	0	0	3726758322
III. Term Deposits						
(i) From Banks	288390024	477281	1519682	0	0	290386987
(ii) From Others	3725327516	1596319223	673944068	0	0	5995590807
	4013717540	1596796504	675463750	0	0	6285977794
Total I, II & III	7038463206	2301082280	1376146391	0	0	10715691877
B. (i) Deposits of branches in India	6864930077	2301082280	1376146391	0	0	10542158748
(ii) Deposits of branches outside India	173533129	0	0	0	0	173533129
Total B (i) & (ii)	7038463206	2301082280	1376146391	0	0	10715691877
SCHEDULE 4 - BORROWINGS						
I. Borrowings in India						
i Reserve Bank of India	188250000	80400000	2750000	0	0	271400000
ii Other Banks	58498524	78718	6595	0	0	58583837
iii Other Institutions and Agencies	30060934	15485200	142857	0	0	45688991
iv Unsecured Redeemable Bonds	150500000	45250000	19900000	0	0	215650000
II. Borrowings outside India	74944834	0	0	0	0	74944834
Total of I, II	502254292	141213918	22799452	0	0	666267662
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS						
I. Bills Payable	18119064	4233481	3138410	0	0	25490955
II. Inter-Office adjustments(net)	15441	2102301	74588	0	0	2192330
III. Interest accrued	15534796	11188196	5052526	0	0	31775518
IV. Deferred Tax Liability (Net)	0	0	0	0	0	0
V. Others (including Provisions)	108697456	59227831	53630981	0	5012	221561280
Total of I, II, III, IV, V	142366757	76751809	61896505	0	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	45287592
II. Balance with Reserve Bank of India						
In Current Account	356516780	94618098	40409367	0	0	491544245
In other Account	0	0	0	0	0	0
Total of I, II	383978504	104323715	48529618	0	0	536831837



				Proforma Adjustments			Proforma Amalgamated for year ended 31.03.2020
				GAAP Adjustments D	Acquisition Adjustments E	Adjustment F=D+E	G=A+B+C+F
SCHEDULE 7- BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE							
	PNB A	eOBC B	eUNI C				
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		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		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	62666934
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	30072062	0	0	0	0	0	30072062
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	4525085500	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



				Proforma Adjustments			Proforma Amalgamated for year ended 31.03.2020 G=A+B+C+F
	PNB A	eOBC B	eUNI C	GAAP Adjustments D	Acquisition Adjustments E	Adjustment F=D+E	
SCHEDULE 10 - FIXED ASSETS							
A TANGIBLE ASSETS							
I. Premises	67964794	22211105	13157258	0	0	0	103333157
less : Depreciation/Amortisation to date	7710517	4148382	799715	0	0	0	12658614
	60254277	18062723	12357543	0	0	0	90674543
II. Other Fixed Assets (Including Furniture & Fixtures)	48612467	23169318	10572412	0	0	0	82354197
less : Depreciation/Amortisation to date	37783419	17400338	8904858	0	0	0	64088615
	10829048	5768980	1667554	0	0	0	18265582
III Leased Assets	252386	0	0	0	0	0	252386
less : Depreciation/Amortisation to date	252386	0	0	0	0	0	252386
	0	0	0	0	0	0	0
Total of I, II, III	71083325	23831703	14025097	0	0	0	108940125
B INTANGIBLE ASSETS							
Computer Software	6218875	1145205	1311303	0	0	0	8675383
less : Depreciation/Amortisation to date	4911518	546435	1151545	0	0	0	6609498
	1307357	598770	159758	0	0	0	2065885
GRAND TOTAL (A+B)	72390682	24430473	14184855	0	0	0	111006010
SCHEDULE 11 - OTHER ASSETS							
I. Interest accrued	51072317	14715947	9217166	0	0	0	75005430
II. Tax paid in advance / tax deducted at source	34414930	52518092	9739511	0	0	0	96672533
III. Stationery and stamps	91164	9643	45927	0	0	0	146734
IV. Non-banking assets acquired in satisfaction of claims	540838	111391	0	0	0	0	652229
V. Deferred tax asset (net)	19961899	42030000	40278800	0	0	0	281927799
VI. Others	65666250	80899955	59109491	0	0	0	205675696
Total of I, II, III, IV, V, VI	351404498	190285028	118390895	0	0	0	660080421
SCHEDULE 12 - CONTINGENT LIABILITIES							
I i) Claims against the Bank not acknowledged as debts	3008084	18004773	80207	0	0	0	21093064
ii) Disputed income tax and interest tax demands under appeals, references etc.	11315017	62297608	14130435	0	0	0	87743060
II Liability for partly paid investments	4284715	0	32201	0	0	0	4316916
III Liability on account of outstanding forward exchange contracts	1541462882	70671948	69753488	0	0	0	1681888318
IV Guarantees given on behalf of constituents:							
(a) In India	379131369	152765299	29585305	0	0	0	561481973
(b) Outside India	13985642	9256406	310785	0	0	0	23552833
V Acceptances, endorsements and other obligations	131314538	42975456	9737983	0	0	0	184027977
VI Other items for which the Bank is contingently liable	23505111	8254874	241785	0	0	0	32001770
Total of I, II, III, IV, V, VI	2108007358	364226364	123872189	0	0	0	2596105911
SCHEDULE 13 - INTEREST EARNED							
I. Interest/discount on advances/bills	358149621	133834808	57940702	0	0	0	549925131
II. Income on Investments	153326015	54416760	34850189	0	0	0	242592964
III. Interest on balances with Reserve Bank of India and other Inter-Bank funds	25102217	886218	1689080	0	0	0	27677515
IV. Others	1422484	2792940	2075476	0	0	0	6290900
Total of I, II, III, IV	538000337	191930726	96555447	0	0	0	826486510
SCHEDULE 14 - OTHER INCOME							
I. Commission, Exchange and Brokerage	28170031	13257307	2309896	0	0	0	43737234
II. Profit on sale of Investments	17282013	10833443	12276025	0	0	0	40391481
Less: Loss on sale of Investments	965685	112282	29685	0	0	0	1107652
	16316328	10721161	12246340	0	0	0	39283829
III. Dividend Income from Units of Mutual Fund/ Income on redemption of Units	0	0	0	0	0	0	0
III. Profit on revaluation of Investments	0	0	0	0	0	0	0
Less: Loss on revaluation of Investments/ Amortisation	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
IV. Profit on sale of land, buildings and other assets	439449	60630	2633	0	0	0	502712
Less: Loss on sale of land, buildings and other assets	22776	8431	399	0	0	0	31606
	416673	52199	2234	0	0	0	471106
V Profit on exchange transactions	6716414	894915	1666061	0	0	0	9277390
Less: Loss on exchange transactions	2323056	0	0	0	0	0	2323056
	4393358	894915	1666061	0	0	0	6954334
VI. Income earned by way of dividends etc. from subsidiaries / companies and / or joint ventures in India & abroad.	1541119	78386	0	0	0	0	1619505
VII. Miscellaneous Income	41903768	7045360	9665883	0	0	0	58615011
Total of I, II, III, IV, V, VI & VII	92741277	32049328	25890414	0	0	0	150681019



	Proforma Adjustments						Proforma Amalgamated for year ended 31.03.2020 G=A+B+C+F
	PNB A	eOBC B	eUNI C	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.

2. 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.
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 & 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



- 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

R K Khichi
R K KHICHI
 DEPUTY GENERAL MANAGER

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PRAVEEN KUMAR SHARMA
 GENERAL MANAGER

Md Hawan
MAHESH DHAWAN
 GENERAL MANAGER

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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/PERIOD ENDED 31ST DECEMBER, 2019

Rs.000s Omitted

	PNB	eOBC	eUNI	Proforma Adjustments			Proforma Amalgmated for 9M ended 31.12.2019	Proforma Amalgmated 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

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R K KHICHI
 DEPUTY GENERAL MANAGER

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PRAVEEN KUMAR SHARMA
 GENERAL MANAGER

Mdhawan
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S
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 EXECUTIVE DIRECTOR

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

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



Rajiv
(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	53977669	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

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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 Amalgated for HY ended 30.09.2019 G=A+B+C+F	Proforma Amalgated 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

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 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	eOBC	eUNI	Proforma Adjustments			Proforma Amalgamated as on 30.06.2019 G=A+B+C+F
				GAAP Adjustments D	Acquisition Adjustments E	Adjustment F=D+E	
	A	B	C				
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
A K AZAD
 EXECUTIVE DIRECTOR

Praveen Kumar Sharma
PRAVEEN KUMAR SHARMA
 GENERAL MANAGER

Md Hawan
MAHESH DHAWAN
 GENERAL MANAGER

D K Jain
D K JAIN
 GENERAL MANAGER & CFO

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 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

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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.



ADDITIONAL PROFORMA COMBINED INFORMATION

*Pursuant to the Gazette Notification no. CG-DL-E04032020-216535 dated March 4, 2020 issued by the Government of India, the scheme of amalgamation Oriental Bank of Commerce and United Bank of India into our Bank was approved and Oriental Bank of Commerce and United Bank of India were amalgamated into our Bank with effect from April 1, 2020 (“**Amalgamation**”). For further information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Presentation of Financial Information – Amalgamation of Oriental Bank of Commerce and United Bank of India” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Principal Factors Affecting our Results of Operations and Financial Condition – Effect of Amalgamation of Oriental Bank of Commerce and United Bank of India” and “Financial Statements” on pages 101, 105 and 323, respectively.*

*Solely to illustrate the impact of the Amalgamation on a proforma basis, in this section, the financial and other information prior to the Amalgamation (i.e. as of and for the six months ended September 30, 2019 and as of and for the year ended March 31, 2020) have been presented on a proforma combined basis, assuming that the Amalgamation had taken place with effect from April 1, 2019 and consequently presented as an aggregation of the respective financial and other information for Punjab National Bank and the erstwhile Oriental Bank of Commerce and erstwhile United Bank of India in the respective financial periods (“**Proforma Combined Information**”). The Proforma Combined Information is for illustration purposes only and investors are cautioned against relying on such Proforma Combined Information in connection with any investment decision. There can be no assurance that the manner in which such financial and other information was calculated for Oriental Bank of Commerce and United Bank of India prior to the Amalgamation would have been identical to the manner in which such information was calculated for Punjab National Bank. For further information, see Proforma Financial Statements” on page 326.*

The table below sets forth certain key ratios with respect to the Proforma Combined Information as of September 30, 2019 and March 31, 2020:

	As of September 30, 2019				As of March 31, 2020			
	PNB	OBC	UBI	Proforma Combined Information	PNB	OBC	UBI	Proforma Combined Information
	(₹ crore, except percentages)							
Total Deposits (₹ crore)	695,782.08	225,202.59	134,304.32	1,055,288.98	703,846.32	230,108.23	137,614.64	1,071,569.19
Domestic Deposits (₹ crore)	673,077.58	225,202.59	134,304.32	1,032,584.48	686,493.01	230,108.23	137,614.64	1,054,215.88
Overseas Deposits (₹ crore)	22,704.50	-	-	22,704.50	17,353.31	-	-	17,353.31
CASA Ratio (%) ⁽¹⁾	43.51%	30.22%	50.92%	41.57%	44.05%	30.61%	50.92%	42.01%
SA Deposits (₹ crore)	247,124.53	53,834.43	59,325.27	360,284.23	256,760.12	56,168.41	59,747.30	372,675.83
CA Deposits (₹ crore)	45,815.14	14,211.15	9,062.01	69,088.30	45,714.45	14,260.17	10,320.96	70,295.58
Total Advances (₹ crore)	474,085.26	164,206.53	74,420.84	712,712.63	516,928.83	171,626.29	74,166.32	762,721.44
Domestic Advances (₹ crore)	455,130.45	164,206.53	74,420.84	693,757.82	496,159.69	171,626.29	74,166.32	741,952.3
Global Advances (₹ crore)	18,954.81	0.00	0.00	18,954.81	20,769.14	0.00	0.00	20,769.14
RAM (as % of domestic advances) ⁽²⁾	51.21%	51.87%	50.80%	51.32%	48.35%	49.95%	54.72%	49.36%
GNPA (%) ⁽³⁾	16.76%	12.53%	15.51%	15.66%	14.21%	12.67%	13.40%	13.79%
NNPA (%) ⁽⁴⁾	7.65%	5.94%	7.88%	7.27%	5.78%	5.01%	4.73%	5.51%
PCR (including technical write-off) (%) ⁽⁵⁾	73.58%	77.13%	74.89%	74.11%	77.79%	80.50%	86.07%	79.03%
PCR (excluding technical write-off) (%) ⁽⁶⁾	58.90%	55.91%	52.11%	57.78%	62.96%	63.64%	67.88%	63.57%
Credit Cost (%) ⁽⁷⁾	2.13%	2.23%	2.72%	2.21%	2.86%	2.88%	6.53%	3.22%
Slippage Ratio (%) ⁽⁸⁾	6.03%	3.74%	4.76%	4.70%	4.85	4.08%	6.64%	4.84%

Notes:

(1) CASA Ratio is the ratio of the sum of Domestic Demand Deposits and Savings Bank Deposits to Domestic total deposits.

(2) RAM comprises advances under retail, agriculture, and MSME segment.

(3) Gross NPAs as a percentage of gross advances

(4) Net NPAs as a percentage of net advances

(5) PCR (including technical write-off) comprises provisions plus technical write off as percentage to Gross NPA plus technical write off

(6) PCR (excluding technical write-off) comprises NPA provisions as percentage to Gross NPA.

(7) Credit Cost Ratio for the six months ended September 30, 2019, and year ended March 31, 2020, is Credit Cost (NPA provisions) divided by the opening Gross Advances.

(8) Slippage ratio for the six months ended September 30, 2019, and year ended March 31, 2020, is calculated as fresh slippage to standard advances as of March 31, 2019.

The table below sets forth certain Proforma Combined Information as of and for the three months ended September 30, 2019 and March 31, 2020:

	As of and for the Three Months ended September 30, 2019				As of and for the Three Months ended March 31, 2020			
	PNB	OBC	UBI	Proforma Combined Information	PNB	OBC	UBI	Proforma Combined Information
	(₹ crore, except percentages)							
Net Interest Income (₹ crore) ⁽¹⁾	4,263.84	1,455.56	772.78	6,492.18	4,677.54	1,466.42	665.99	6,809.95
Net Interest Margins (%) ⁽²⁾	2.29%	2.62%	2.91%	2.58%	2.40%	2.64%	2.43%	2.59%
Pre-provisioning operating profit (₹ crore) ⁽³⁾	3,561.95	1,176.20	598.57	5,336.72	3,932.28	(429.72)	(1,747.30)	1,755.26
Profit after tax (₹ crore)	507.05	125.90	123.88	756.83	(697.20)	(2,692.06)	(6,737.75)	(10,127.01)
Cost to Income (%) ⁽⁴⁾	45.44%	48.42%	55.55%	47.45%	45.44%	120.03%	217.12%	83.81%
Yield on Advances (%) ⁽⁵⁾	7.82%	8.58%	8.23%	8.04%	7.98%	8.14%	8.03%	8.03%
Business per Employee (₹ crore) ⁽⁶⁾	18.07	18.10	15.39	17.71	19.34	19.11	16.29	18.88
Business per Branch (₹ crore) ⁽⁶⁾	178.09	164.01	104.57	161.67	185.92	169.51	106.16	167.81
Global Cost of Deposits (%) ⁽⁷⁾	5.25%	5.86%	4.89%	5.34%	5.02%	5.52%	5.10%	5.14%
Global Cost of Funds (%) ⁽⁸⁾	4.31%	4.85%	4.40%	4.49%	4.06%	4.76%	4.45%	4.25%

Notes:

- (1) Net interest income is the difference between interest earned and interest expended.
- (2) Net interest margin is the difference of interest earned and interest expended divided by the total quarterly average interest-earning assets.
- (3) Pre-provisioning operating profit is calculated as interest earned plus other income less interest expended and operating expenses.
- (4) Cost to income is calculated as operating expenditure to operating income.
- (5) Yield is interest income divided by total daily average interest-earning assets.
- (6) Business comprises total deposits and advances including interbank deposits and branches have been reworked as per amalgamated entity classification.
- (7) Cost of deposits is interest expended on deposits as percentage to daily average deposits.
- (8) Cost of funds is interest expense divided by total monthly average assets.

The table below sets forth certain information on the movement of NPAs with respect to the Proforma Combined Information:

	As of and for the Six Months ended September 30, 2019				As of and for the Year Ended March 31, 2020			
	PNB	OBC	UBI	Proforma Combined Information	PNB	OBC	UBI	Proforma Combined Information
	(₹ crore)							
NPA at the beginning of the year/ quarter	78,472.70	21,717.07	12,053.38	112,243.15	78,472.70	21,717.07	12,053.38	112,243.15
Cash Recovery	4,696.02	1,094.81	244.87	6,035.70	10,781.69	2,470.55	1,036.51	14,288.75
Upgradation	1,553.42	148.79	553.67	2,255.88	1,598.41	264.67	846.12	2,709.20
Write-off	5,654.43	2,692.12	1,163.22	9,509.77	13,365.09	3,350.85	4,288.60	21,004.54
Total Reduction	11,903.86	3,935.72	1,961.76	17,801.34	25,745.19	6,086.06	6,171.23	38,002.48
Fresh Addition	12,889.25	2,800.36	1,452.57	17,142.18	20,751.26	6,120.14	4,053.08	30,924.48
Fresh Slippages	10,741.25	2,800.36	1,452.57	14,994.18	18,235.26	6,120.14	4,053.08	28,408.48

	As of and for the Six Months ended September 30, 2019				As of and for the Year Ended March 31, 2020			
	PNB	OBC	UBI	Proforma Combined Information	PNB	OBC	UBI	Proforma Combined Information
	(₹ crore)							
Debits in existing NPA accounts	2,148.00	-	-	2,148.00	2,516.00	-	-	2,516.00
Gross NPAs at the end of the period	79,458.09	20,581.71	11,544.19	111,583.99	73,478.76	21,751.15	9,935.23	105,165.14
Eligible Deductions including Provisions	46,799.41	11,506.33	6,163.26	64,469.00	46,259.87	13,841.74	6,744.01	66,845.62
Net NPAs	32,658.68	9,075.38	5,380.93	47,115.00	27,218.90	7,909.41	3,191.22	38,319.53
Recovery in written-off accounts	896.19	290.66	193.97	1,380.82	3,095.40	702.14	537.12	4,334.66

The table below sets forth certain information on advances, categorized by segment, with respect to the Proforma Combined Information:

RAM	As of September 30, 2019				As of March 31, 2020			
	PNB	OBC	UBI	Proforma Combined Information	PNB	OBC	UBI	Proforma Combined Information
	(₹ crore)							
Retail Loans	78,629.06	33,221.59	13,477.60	125,328.25	83,479.42	33,418.74	15,118.07	132,016.23
Agriculture and Allied	80,407.94	19,047.00	11,186.00	110,640.94	86,121.70	19,315.00	11,401.00	116,837.70
MSME	74,055.91	32,903.90	13,140.93	120,100.74	70,284.15	33,002.02	14,061.87	117,348.04
Corporate and Others	2,22,037.54	79,034.04	36,616.31	3,37,687.89	256,274.42	85,890.53	33,585.38	375,750.33
Domestic Advances (₹ crore)	455,130.45	164,206.53	74,420.84	693,757.82	496,159.69	171,626.29	74,166.32	741,952.3

The table below sets forth certain information on advances under the corporate segment, categorized by industry profile, with respect to the Proforma Combined Information:

Parameter	Outstanding as of September 30, 2019				Outstanding as of March 31, 2020			
	PNB	OBC	UBI	Proforma Combined Information	PNB	OBC	UBI	Proforma Combined Information
	(₹ crore)							
Infrastructure	53,443.01	18,458.13	11,423.98	83,325.12	72,117.46	15,207.15	12,441.39	99,766.00
Energy	31,069.61	7,431.90	8,804.53	47,306.04	32,205.70	5,598.89	6,990.14	44,794.73

Parameter	Outstanding as of September 30, 2019				Outstanding as of March 31, 2020			
	PNB	OBC	UBI	Proforma Combined Information	PNB	OBC	UBI	Proforma Combined Information
	(₹ crore)							
Telecommunication	7,974.86	1,575.32	27.79	9,577.97	21,747.09	1,628.95	2,320.31	25,696.35
Roads & Ports	7,309.60	6,513.21	2,017.99	15,840.80	13,231.03	5,350.44	2,600.16	21,181.63
Other Infrastructure	7,088.94	2,937.70	573.67	10,600.31	4,933.64	2,628.87	530.78	8,093.29
Basic Metal & Metal Products	25,147.27	6,469.71	1,750.25	33,367.23	26,143.82	8,688.65	1,527.50	36,359.97
Iron & Steel	23,195.41	5,887.88	1,518.19	30,601.48	24,175.37	7,923.91	1,293.40	33,392.68
Textiles	8,316.39	5,017.14	1,553.95	14,887.48	7,867.66	6,577.44	836.15	15,281.25
Food Processing	9,075.66	1,761.52	235.47	11,072.65	10,298.50	7,226.71	2,161.82	19,687.03
Chemical & Chemical Products	6,596.08	2,014.04	949.51	9,559.63	18,204.01	2,057.85	886.19	21,148.05
Engineering	3,889.64	2,249.09	1,864.64	8,003.37	4,010.59	2,913.88	642.47	7,566.94
Other Industries	13,859.63	9,988.52	10,192.32	34,040.47	31,195.06	15,133.18	3,848.22	50,176.46
Total	120,327.68	45,958.15	27,970.12	194,255.95	169,837.10	57,804.86	22,343.74	249,985.70

The table below sets forth certain information on NPAs, classified by segment, with respect to the Proforma Combined Information:

NPA Classification – By Segment	As of September 30, 2019								As of March 31, 2020							
	PNB		OBC		UBI		Proforma Combined Information		PNB		OBC		UBI		Proforma Combined Information	
	Amount	GNPA (%)	Amount	GNPA (%)	Amount	GNPA (%)	Amount	GNPA (%)	Amount	GNPA (%)	Amount	GNPA (%)	Amount	GNPA (%)	Amount	GNPA (%)
	(₹ crore)		(₹ crore)		(₹ crore)		(₹ crore)		(₹ crore)		(₹ crore)		(₹ crore)		(₹ crore)	
Retail Loans	3,718.62	4.73%	524.96	1.58%	283.15	2.10%	4,526.73	3.61%	3,479.00	4.16%	633.85	1.90%	366.71	2.43%	4,479.56	3.39%
Agriculture and Allied (PS+NPS)	12,054.87	14.67%	3,586.43	18.83%	931.84	8.33%	16,573.14	14.98%	13,464.41	15.63%	3,462.12	17.92%	1,354.02	11.87%	18,280.55	15.65%
MSME	13,913.76	18.82%	3,160.78	9.61%	1,648.27	12.54%	18,722.81	15.59%	14,595.00	21.76%	3,375.00	10.23%	1,777.65	12.64%	19,747.65	16.83%
Corporate and Others	48,169.78	21.74%	13,309.54	16.84%	8,680.93	23.71%	70,160.25	20.78%	40,262.15	15.53%	14,280.18	16.63%	6,436.85	19.17%	60,979.18	16.23%
Domestic Advances	77,857.03	17.11%	20,581.71	12.53%	11,544.19	15.51%	109,982.93	15.85%	71,800.56	14.47%	21,751.15	12.67%	9,935.23	13.40%	103,486.94	13.95%
Overseas Advances	1,601.06	8.45%	-	-	-	-	1,601.06	8.45%	1,678.20	8.08%	-	-	-	-	1,678.20	8.08%
Global Gross Advances	79,458.09	16.76%	20,581.71	12.53%	11,544.19	15.51%	111,583.99	15.66%	73,478.76	14.21%	21,751.15	12.67%	9,935.23	13.40%	105,165.14	13.79%

The table below sets forth certain information on NPAs, classified for the retail segment, with respect to the Proforma Combined Information:

NPA Classification – Retail	As of September 30, 2019								As of March 31, 2020							
	PNB		OBC		UBI		Proforma Combined Information		PNB		OBC		UBI		Proforma Combined Information	
	Amount	GNPA (%)	Amount	GNPA (%)	Amount	GNPA (%)	Amount	GNPA (%)	Amount	GNPA (%)	Amount	GNPA (%)	Amount	GNPA (%)	Amount	GNPA (%)
	(₹ crore)		(₹ crore)		(₹ crore)		(₹ crore)		(₹ crore)		(₹ crore)		(₹ crore)		(₹ crore)	
Total Retail Credit	3,718.62	4.73%	524.96	1.58%	283.15	2.10%	4,526.73	3.61%	3,479.00	4.16%	633.85	1.90%	366.71	2.43%	4,479.56	3.39%
of which																
Housing	1,938.39	4.47%	318.38	1.39%	186.46	1.82%	2,443.23	3.20	1,794.82	3.50%	311.93	1.49%	228.75	2.00%	2,335.50	2.79%
Car/ Vehicle	423.16	7.83%	41.91	2.14%	35.77	3.69%	500.84	6.01	365.48	6.70%	41.46	1.93%	41.83	4.10%	448.77	5.19%
Education	788.40	13.59%	68.63	4.48%	37.85	10.58%	894.88	11.63	767.33	13.14%	65.23	4.16%	37.34	11.15%	869.90	11.23%
Others	568.67	2.37%	96.04	1.39%	23.09	1.20%	687.80	2.09	551.36	2.61%	215.23	2.44%	58.79	2.53%	825.38	2.58%

The table below sets forth certain information on SMA2 assets, classified by segment, with respect to the Proforma Combined Information:

Position of SMA2	As of September 30, 2019				As of March 31, 2020			
	PNB	OBC	UBI	Proforma Combined Information	PNB	OBC	UBI	Proforma Combined Information
	(₹ crore)							
SMA2	21,164.78	8,318.17	5,997.63	35,480.41	9,607.95	1,527.14	3,942.62	15,077.71
SMA2 as % to domestic advances	4.65%	5.07%	8.06%	5.11%	1.94%	0.89%	5.32%	2.03%
Retail	2,631.09	2,564.77	1,666.31	6,862.51	1,627.55	84.75	1,093.01	2,805.31
MSME	7,387.22	1,788.54	1,285.46	10,460.74	1,658.24	120.59	1,361.32	3,140.15
Agriculture	1,273.36	1,588.20	1,583.12	4,444.47	1,482.62	1,314.38	1,457.72	4,254.72
Corporate and others	9,873.11	2,376.66	1,462.74	13,712.69	4,839.54	7.42	30.57	4,877.53

DECLARATION

Our Bank certifies that all relevant provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our Bank's business have been obtained, are currently valid and have been complied with.

Our Bank further certifies that all the statements in this Placement Document are true and correct.

Signed by:

CH S S Mallikarjunarao
Managing Director and Chief Executive Officer

Dilip Kumar Jain
Chief Financial Officer

Place: New Delhi

Date: December 18, 2020

CORPORATE OFFICE OF OUR BANK

Punjab National Bank

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Centre Pandurang Budhkar Marg, Worli, Mumbai
400 025 Maharashtra, India

Edelweiss Financial Services Limited

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Mumbai, Maharashtra 400 098, India

IIFL Securities Limited

10th Floor, IIFL Centre, Kamala City, Senapati
Bapat Marg, Lower Parel (West) Mumbai 400 013,
India

SBI Capital Markets Limited

202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005

YES Securities (India) Limited

Unit No. 602 A, 6th Floor, Tower 1 & 2, IFC,
Senapati Bapat Marg, Elphinstone Road, Mumbai
400 013

PNB Investment Services Limited*

PNB Pragati Towers, 2nd Floor, C-9, G Block, Bandra Kurla
Complex, Bandra (East), Mumbai 400 051

**PNB Investment Services Limited, a subsidiary of our Bank, shall be involved only in marketing of the Issue in compliance with Regulation 21A of the SEBI Merchant Bankers Regulations and Regulation 174(2) of the SEBI ICDR Regulations.*

*Legal Advisor to the Bank
As to Indian law*

*Legal Advisors to the Book Running Lead Managers
As to Indian law As to U.S. law*

M/s. Crawford Bayley & Co.

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