



पंजाब नैशनल बैंक



punjab national bank



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

REF: HO/BD/SD/2020-21

Date: 19.06.2020

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

Dear Sir(s),

**Reg.: Outcome of the Board Meeting - Approval of Financial Results**

The Exchange is hereby informed that the Board of Directors of the Bank, in its meeting held today i.e. 19.06.2020, considered and approved Audited Financial Results (Standalone & Consolidated) of the Bank for the quarter/year ended 31<sup>st</sup> March, 2020.

The Board Meeting commenced at 04:50 p.m. and concluded at 10:15 p.m.

The copy of the Standalone and Consolidated Audited Financial Results in the prescribed formats is enclosed. The Annual Financial Results shall also be placed on Bank's website ([www.pnbindia.in](http://www.pnbindia.in)).

We request you to please take note of the results in terms of Regulation 33 of the SEBI (LODR) Regulations 2015.

Further disclosure of statement of deviation(s) or variation(s) under regulation 32(1) of SEBI (LODR) Regulations, 2015 is not applicable.

Thanking you,

Yours faithfully,

(Ekta Pasricha)  
Company Secretary



Encl: as above.



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New Delhi-110075 Tel No: 011-28044866 E-mail: [hosd@pnb.co.in](mailto:hosd@pnb.co.in)

Ref: HO/BD/SD/FR/Yearly/FY19-20

19.06.2020

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The Asstt. Vice President National Stock Exchange of India Limited "Exchange Plaza", Bandra - Kurla Complex, Bandra (E), <b>Mumbai - 400 051</b>	The Dy. General Manager Bombay Stock Exchange Limited 1 <sup>st</sup> Floor, PhirozeJeejeebhoy Towers Dalal Street, <b>Mumbai - 400 001</b>

Dear Sir(s),

**Declaration under Regulation 33 of SEBI (LODR) Regulations, 2015**

Pursuant to Regulation 33 of SEBI (LODR) Regulations 2015, we hereby confirm and declare that the statutory auditors of the Bank M/s HDSG & Associates, M/s G.S. Mathur & Co., M/s MKPS & Associates, M/s M.K. Aggarwal & Co. and M/s A John Moris & Co., have issued audit report on the Standalone and Consolidated financial results of the Bank for year ended 31<sup>st</sup> March, 2020 with unmodified opinion.

You are requested to please take the above on record.

Thanking you,

Yours faithfully,

  
CGM & CFO

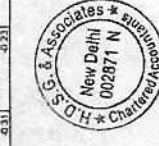
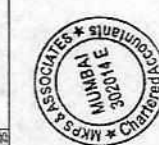




**PUNJAB NATIONAL BANK**  
ANNUAL FINANCIAL RESULTS FOR THE PERIOD ENDED 31st MARCH 2022

in lacs

S.No.	Particulars	Standalone				Consolidated			
		Quarter Ended		Year Ended		Quarter Ended		Year Ended	
		31.03.2019 AUDITED	31.03.2019 REVIEWED	31.03.2020 AUDITED	31.03.2021 AUDITED	31.03.2019 AUDITED	31.03.2020 AUDITED	31.03.2021 AUDITED	31.03.2021 AUDITED
1	Interest Earned (a-b-c-d)	121818	123372	131053	131053	121818	123372	131053	131053
	(a) Interest on advances	82999	86362	89114	90052	82999	86362	89114	90052
	(b) Interest on investments	28356	40275	35425	141097	28356	40275	35425	141097
	(c) Interest on balances with RBI and other inter bank funds	67187	69964	38716	189739	67187	69964	38716	189739
	(d) Others	3270	8455	14225	22668	3270	8455	14225	22668
2	Other Income	252934	245460	198941	927415	252934	245460	198941	927415
A	TOTAL INCOME (1+2)	1618432	1881748	1472513	5887416	1618432	1881748	1472513	5887416
3	Interest Expended	916144	920764	662543	3630274	916144	920764	662543	3630274
4	Operating Expenses (a+b)	327446	295882	1197237	1153448	327446	295882	1197237	1153448
	(a) Employees Cost	165376	175147	198298	695168	165376	175147	198298	695168
	(b) Other operating expenses (All items exceeding 10% of the total expenditure including interest expenditure may be shown separately)	142064	124548	123864	507169	142064	124548	123864	507169
B	TOTAL EXPENDITURE (3+4)	1245690	1220646	1186386	4633561	1245690	1220646	1186386	4633561
C	Operating Profit (A-B)	382328	374280	269118	1473855	382328	374280	269118	1473855
D	Provision for Provisions & Contingencies (Profit before Provisions & Contingencies)	480131	414604	1007111	1392956	480131	414604	1007111	1392956
E	Provision for Non Performing Assets (of which provision for Non Performing Assets, Expenditure on)	461927	446536	916355	1446408	461927	446536	916355	1446408
F	Provision for Tax (Tax Expense)	96003	38314	729285	73699	96003	38314	729285	73699
G	Net Profit (F-G) (from ordinary activities after tax (G-D-E-F))	49720	49224	474964	33420	49720	49224	474964	33420
H	Extraordinary items (net of tax expense)	0	0	0	0	0	0	0	0
I	Net Profit (H-G) for the period (G-H)	49720	49224	474964	33420	49720	49224	474964	33420
J	Share in Profit of associates	0	0	0	0	0	0	0	0
K	Share of liability	0	0	0	0	0	0	0	0
L	Net Profit (J+K) after minority interests (J+K)	49720	49224	474964	33420	49720	49224	474964	33420
M	Paid up equity Share Capital (Preference Share)	134751	134751	92081	92081	134751	134751	92081	92081
N	Reserves excluding investment reserves (as per balance sheet of previous accounting year)	0	0	0	0	0	0	0	0
O	Analysed below	0	0	0	0	0	0	0	0
	(a) Share holding of Govt. of India (%)	0	0	0	0	0	0	0	0
	(b) Capital Adequacy Ratio - Basel III (%)	14.04	14.04	9.73	14.14	14.04	14.04	9.73	14.14
	(c) CET 1 Ratio	10.64	10.64	6.21	10.69	10.64	10.64	6.21	10.69
	(d) Additional Tier 1 Ratio	3.21	3.21	3.29	3.21	3.21	3.21	3.29	3.21
	(e) Expense per Share (EPS) not availed in	0	0	0	0	0	0	0	0
	(f) Basic and diluted EPS before extraordinary items	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03
	(g) Basic and diluted EPS after extraordinary items	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03
	(h) NPFA Ratio	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80
	(i) Amount of gross non-performing assets	2721859	2721859	3003766	3003766	2721859	2721859	3003766	3003766
	(j) Amount of net non-performing assets	14.21	16.30	15.50	14.21	14.21	16.30	15.50	14.21
	(k) % of gross NPFA	5.78	7.18	6.56	5.78	5.78	7.18	6.56	5.78
	(l) % of net NPFA	0.31	0.23	0.23	0.31	0.31	0.23	0.23	0.31
	(m) Return on Assets (Annualized %)	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80



SEGMENT REPORTING FOR THE QUARTER/YEAR ENDED 31st MARCH 2020

PART A - BUSINESS SEGMENTS

In lacs

Sr. No.	Particulars	Standalone					Consolidated				
		Quarter Ended		Year Ended			Quarter Ended		Year Ended		
		31.03.2020 Audited	31.12.2019 Reviewed	31.03.2019 Audited	31.03.2020 Audited	31.03.2019 Audited	31.03.2020 Audited	31.12.2019 Reviewed	31.03.2019 Unreviewed	31.03.2020 Audited	31.03.2019 Audited
1	<b>Segment Revenue</b>										
	(a) Treasury Operations	510831	491247	418457	1957845	1702649	542874	508242	434480	2043579	1753308
	(b) Corporate/Wholesale Banking	918961	558603	525198	2352526	2109529	625692	563527	532664	2380409	2137594
	(c) Retail Banking	479201	522636	481951	1874632	1905349	482347	523933	483934	1883366	1913131
	(d) Other Banking Operations	31939	26263	46907	122413	151239	31507	27422	45194	123259	147418
	<b>Total Revenue</b>	<b>1638832</b>	<b>1596748</b>	<b>1472513</b>	<b>6307416</b>	<b>5868766</b>	<b>1682420</b>	<b>1621124</b>	<b>1496272</b>	<b>6430613</b>	<b>5951452</b>
2	<b>Segment Results</b>										
	(a) Treasury Operations	182647	129375	113979	612323	375808	208883	121341	115688	641022	375695
	(b) Corporate/Wholesale Banking	-274156	-198510	-805893	-502722	-1939293	-278075	-190750	-800944	-615578	-1946196
	(c) Retail Banking	30528	93724	844	278088	187942	31034	94960	-20	283716	195891
	(d) Other Banking Operations	8359	8050	9238	32203	34605	6240	7115	8633	27655	31972
	<b>Total</b>	<b>-52632</b>	<b>32639</b>	<b>-681832</b>	<b>319889</b>	<b>-1340938</b>	<b>-31918</b>	<b>32566</b>	<b>-676643</b>	<b>336815</b>	<b>-1342638</b>
	Unallocated Expenditure	44271	70953	39161	245990	193639	52393	70953	39358	254113	193838
	Profit before Tax	-96903	-38314	-720993	73899	-1534577	-84311	-38387	-705800	82702	-1490846
	Provision for Tax	-27183	10914	-246029	40279	-537028	-24612	11806	-244465	46368	-533835
	Extraordinary Items	-	-	-	-	-	-	-	-	-	-
	Share of Earning in Associates (Net)	-	-	-	-	-	-19762	12464	10920	12159	47639
	Minority Interest	-	-	-	-	-	2588	767	719	4648	2009
	<b>Net profit</b>	<b>-69720</b>	<b>-49228</b>	<b>-474964</b>	<b>33620</b>	<b>-997549</b>	<b>-82049</b>	<b>-38496</b>	<b>-461340</b>	<b>43845</b>	<b>-957011</b>
3	<b>Segment Assets</b>										
	(a) Treasury Operations	26515086	28970579	21817359	26515086	21817299	27999512	30186536	22844520	27999512	22844520
	(b) Corporate/Wholesale Banking	36383417	31851480	35077593	36383417	35077593	36791980	32072754	35407242	36791980	35407242
	(c) Retail Banking	15708035	16587844	15658800	15708035	15658800	15812252	16689129	15741698	15812252	15741698
	(d) Other Banking Operations	1534004	2051274	2297481	1534004	2297481	1615932	2126095	2374541	1615932	2374541
	Unallocated	2926049	2806941	2643973	2926049	2643973	2926049	2606840	2643973	2926049	2643973
	<b>Total</b>	<b>83066591</b>	<b>82077998</b>	<b>77494946</b>	<b>83066591</b>	<b>77494946</b>	<b>85145725</b>	<b>83881454</b>	<b>79011974</b>	<b>85145725</b>	<b>79011974</b>
4	<b>Segment Liabilities</b>										
	(a) Treasury Operations	25419867	27665480	21282319	25419867	21282319	26834887	28670110	21970800	26634887	21970800
	(b) Corporate/Wholesale Banking	34890610	30235139	34217459	34890610	34217459	35143750	30513733	34438009	35143750	34438009
	(c) Retail Banking	15059219	15840576	15274637	15059219	15274637	15469040	16250086	15692118	15469040	15692118
	(d) Other Banking Operations	1470643	1958856	2241144	1470643	2241144	1471367	1863086	2270817	1471367	2270817
	Unallocated	484	484	674	484	674	39045	38918	35084	39045	35084
	<b>Total</b>	<b>76830843</b>	<b>75700545</b>	<b>73016233</b>	<b>76830843</b>	<b>73016233</b>	<b>78758089</b>	<b>77435933</b>	<b>74406828</b>	<b>78758089</b>	<b>74406828</b>
5	<b>Capital Employed</b>										
	(a) Treasury Operations	1095199	1305099	534980	1095199	534980	1354625	1516526	873720	1354625	873720
	(b) Corporate/Wholesale Banking	1502804	1426321	860134	1502804	860134	1648230	1559021	969233	1648230	969233
	(c) Retail Banking	648816	747288	383963	648816	383963	343212	439043	49580	343212	49580
	(d) Other Banking Operations	63361	92408	56337	63361	56337	144565	163009	103724	144565	103724
	Unallocated	2925566	2806357	2643299	2925566	2643299	2887004	2767922	2608889	2887004	2608889
	<b>Total Capital Employed</b>	<b>6235748</b>	<b>6377453</b>	<b>4478713</b>	<b>6235748</b>	<b>4478713</b>	<b>6387636</b>	<b>6445521</b>	<b>4605146</b>	<b>6387636</b>	<b>4605146</b>

PART B - GEOGRAPHICAL SEGMENTS

Sr. No.	Particulars	Standalone					Consolidated				
		Quarter Ended		Year Ended			Quarter Ended		Year Ended		
		31.03.2020 Audited	31.12.2019 Reviewed	31.03.2019 Audited	31.03.2020 Audited	31.03.2019 Audited	31.03.2020 Audited	31.12.2019 Reviewed	31.03.2019 Unreviewed	31.03.2020 Audited	31.03.2019 Audited
1	<b>Revenue</b>										
	(a) Domestic	1605856	1868442	1442277	6176425	5703478	1634921	1573181	1454798	6254651	5743397
	(b) International	31976	28307	30236	130991	185288	47499	47943	41474	175962	208055
	<b>Total</b>	<b>1637832</b>	<b>1896749</b>	<b>1472513</b>	<b>6307416</b>	<b>5868766</b>	<b>1682420</b>	<b>1621124</b>	<b>1496272</b>	<b>6430613</b>	<b>5951452</b>
2	<b>Assets</b>										
	(a) Domestic	79329523	78532704	73290416	79329523	73290416	80555154	79476408	73959854	80555154	73959854
	(b) International	3737068	3545294	4204530	3737068	4204530	4590571	4405046	5052120	4590571	5052120
	<b>Total</b>	<b>83066591</b>	<b>82077998</b>	<b>77494946</b>	<b>83066591</b>	<b>77494946</b>	<b>85145725</b>	<b>83881454</b>	<b>79011974</b>	<b>85145725</b>	<b>79011974</b>

Notes :

- 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.





**PUNJAB NATIONAL BANK**

**SUMMARISED STATEMENT OF ASSETS AND LIABILITIES**

(Amt. in lakh)

Particulars	Standalone			Consolidated		
	As at Mar 2020 (Audited)	As at Dec 2019 (Reviewed)	As at Mar 2019 (Audited)	As at Mar 2020 (Audited)	As at Dec 2019 (Reviewed)	As at Mar 2019 (Audited)
<b>CAPITAL &amp; LIABILITIES</b>						
Capital	134751	134751	92081	134751	134751	92081
Reserves & Surplus	6100997	6242702	4386632	6310770	6310770	4427670
Minority Interest				36111	36111	32062
Deposits	70384632	70854435	67603013	71512597	71512597	68187418
Borrowings	5022543	3414997	3932591	4434750	4434750	4682797
Other Liabilities and Provisions	1423668	1431113	1480629	1452475	1452475	1504551
<b>TOTAL</b>	<b>83066591</b>	<b>82077998</b>	<b>77494946</b>	<b>83881454</b>	<b>83881454</b>	<b>78926579</b>
<b>ASSETS</b>						
Cash & Balances with Reserve Bank of India	3839785	3226229	3212913	3246164	3246164	3233832
Balances with Banks & Money at Call & Short Notice	3759518	8064436	4315891	8205726	8205726	4495765
Investments	24046564	23730822	20212822	24813956	24813956	20972300
Advances	47182772	42550449	45824920	43053826	43053826	46241623
Fixed Assets	723907	727427	622485	729910	729910	624758
Other Assets	3514045	3778635	3305915	3831872	3831872	3358301
<b>TOTAL</b>	<b>83066591</b>	<b>82077998</b>	<b>77494946</b>	<b>83881454</b>	<b>83881454</b>	<b>78926579</b>

**Notes forming part of Standalone and Consolidated Financial results for the year ended March 31, 2020:-**

1. The annual financial results for the year ended 31st March, 2020, have been prepared following the same accounting policies and practices, as those followed in the annual financial statements for the year ended 31st March, 2019.
2. The Consolidated Financial Results are prepared in accordance with Accounting Standard 21 on "Accounting for Consolidated Financial Statements" and Accounting Standard 23 on Accounting for "Investment in Associates" and Accounting Standard 27 on "Financial Reporting of Interest in Joint Ventures".
3. The Consolidated Financial Statements of the Group comprise Financial Statements of 5 subsidiaries, 8 Associates & 1 Joint Venture. The consolidated results are prepared in accordance with section 133 of Companies Act, 2013 and regulation 33 of Securities & Exchange Board of India (SEBI) (Listing Obligation and Disclosure requirements, 2015).
4. In accordance with SEBI regulations, for the purpose of consolidated Financial Results of the year ended March 31, 2020 minimum Eighty percent of each of consolidated revenue, assets and profit have been subject to audit/limited review.
5. The above financial results have been reviewed by the Audit Committee of Board and approved by the Board of Directors in the meeting held on 19.06.2020. The same have been subjected to audit by the Statutory Central Auditors of the bank, in line with the guidelines issued by the Reserve Bank of India and as per the requirement of listing agreement with Stock Exchanges.
6. The financial results of the bank have been arrived at after considering provisions for non-performing assets, standard assets, restructured advances, standard derivative exposures, direct taxes including deferred tax, unhedged foreign currency exposure, depreciation on investment etc. on the basis of extant guidelines issued by Reserve Bank of India. Provisions for employee benefits pertaining to pension, gratuity and leave encashment have been made on the basis of actuarial valuation. All other usual and necessary provisions have been made on estimated basis.
7. 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 115BAA of Income



Tax Act and opted to continue to recognise the taxes on Income for the quarter and year ended 31st March, 2020 as per the earlier provisions of Income Tax Act.

8. Based on the review and certainty of availability of future taxable income, the bank has recognised net Deferred Tax Assets of Rs747.71 Crores for the quarter and Rs1381.80 Crores for the year ended 31st March, 2020 in accordance with Accounting Standard-22, 'Accounting for Taxes on Income' issued by The Institute of Chartered Accountants of India.
9. In terms of RBI circular no. DBR.No.BP.BC.1/21.06.201/2015-16 dated 01.07.2015 read together with RBI circular DBR.No.BP.BC 80/21.06.201/2014-15 dated March 31, 2015; banks are required to make Pillar 3 disclosures under BASEL III capital regulations. Accordingly, Pillar 3 disclosures under BASEL III capital regulations are being made available on Bank's website i.e. www.pnbindia.in. These disclosures have not been subject to Audit.
10. As per RBI Letter no. DBR.No.BP.15199/21.04.048/2016-17 dated 23rd June, 2017 and letter no DBR.No.BP.1908/21.04.048/2017-18 dated 28th August, 2017 for the accounts admitted under the provisions of Insolvency and Bankruptcy code (IBC), the bank is holding total provision of Rs 9474.27 Crores (Aggregate provision of RBI List 1 & List 2 Accounts) as on 31st Mar 2020 (98.51% of Gross NPA Advances) including additional provision of Rs. 28.64 Crores in said accounts as on Mar 31, 2020.
11. During the current financial year the Bank has revalued Immovable properties (forming part of Schedule 10) based on the reports obtained from external independent valuers. The revaluation surplus amounting to Rs.1273.27 Crore is credited to Revaluation Reserve.
12. Pursuant to the proposed bipartite agreement on wage revision (due with effect from November 2017), a sum of Rs. 128.36 crore has been provided during the quarter towards wage revision on estimated basis. (Cumulative provision; Rs 911.90 Crores).
13. During the financial year ended March 31, 2020 Government of India infused Rs. 16091 Crore. The bank has allotted 213,35,18,960 number of equity shares of Rs.2/- each fully paid at an issue price of Rs.75.42(including premium of Rs.73.42 per share). Government of India's holding in the bank has increased to 83.19% as on 31st March, 2020
14. 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	Amounts (Rs. in Crores)
37409	1761.74

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:

Sr. No.	Particulars	(Rs in Crores)
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	Provision for NPAs as on March 31, 2019 as assessed by RBI	50242.15
9	Divergence in Provisioning (8-7)*	2091
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

Note: Provision in Column 9 is excluding of DICGC/ECGC claims received by the bank. The impact of such divergence has been duly accounted for in the Quarter Ended Dec 31, 2019.



16. 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 have been extended from time to time upto June 30, 2020. 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 management believes that no adjustments are required in the financial results as it does not significantly impact the current financial year.

Despite these events and conditions, there would not be any significant impact on Bank's results in future and going concern assumptions as at presently made.

In accordance with RBI guidelines relating to 'COVID 19 Regulatory Package' on asset classification and provisioning, dated 27.03.2020 and 17.04.2020, 23.05.2020 and clarification issued by RBI through Indian Bankers Association dated 06.05.2020, Bank has granted a moratorium on payment of instalments and / or interest as applicable, falling due between March 1, 2020 and August 31, 2020 to eligible borrowers classified as standard, even if overdue, as on February 29, 2020 without considering the same as restructuring. The moratorium period, wherever granted, shall be excluded by the Bank from the number of days the account is past due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms. In accordance with RBI's guidelines, the Bank is required to make provision @ 10% of the outstanding advances over two quarters beginning with the quarter ended March 31, 2020 in respect of such borrowal accounts where assets classification benefit has been granted as per RBI Guidelines. Accordingly, Bank has extended the relief in terms of the said circulars as follows:


S.No.	Particulars	Amount (Rs. in Crore)
(i)	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	51773.92
(ii)	Respective amount where asset classification benefits is extended	2851.40
(iii)	Provisions made during the Q4FY2020 (5%)	142.57
(iv)	Provisions adjusted during the respective accounting periods against slippages and the residual provisions	Nil


17. The Bank has availed dispensation for deferment of provision in respect of frauds reported for the year of Rs 7715.34 crores requiring additional provision of Rs 3449.58 crores 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 Rs. 2715.38 crores has been charged to profit and loss account and an amount of Rs. 766.28 crores have been charged to reserves & deferred for adjustment in subsequent quarters.
18. As per RBI Circular DBR No. BP.BC 45/21.04.048/2018-19 dated June 7, 2019 on Prudential Framework for Resolution of stressed Assets bank has made total provision of Rs. 383.19 crores in 9 accounts.
19. The Reserve Bank of India, vide its circular dated April 17, 2020, has decided that banks shall not make any dividend pay-outs from profits pertaining to the financial instructions accordingly, the Board of Directors of the Bank, at their meeting held on 19.06.2020 has not proposed any dividend for the year ended March 31, 2020.
20. The Provisioning Coverage Ratio as at 31st March 2020 works out to 77.79%.
21. Pursuant to the Accounting Standard – 10 (Revised 2016) on Property, Plant & Equipment, applicable from 1st April 2017, depreciation of Rs 73.74 Crores 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.
22. The Government of India (GoI), Ministry of Finance, Deptt 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 (5 of 1970) and section 9 of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1980 (40 of 1980). On 05.03.2020 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. The Boards of respective banks have also approved the swap ratio of 1150 equity shares of Face Value Rs 2/- each of Punjab National Bank for every 1000 equity shares of Face Value Rs 10/- each of Oriental Bank of Commerce and the swap ratio of 121 equity



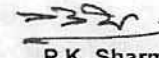
shares of Face Value Rs 2/- each of Punjab National Bank for every 1000 shares of Face Value Rs 10/- each of United Bank of India. The amalgamation has come into effect from April 1,2020.

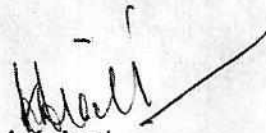
23. As per scheme of amalgamation approved by board of directors, the bank has carried out the process of harmonisation of NPA amounts of Rs. 5 Crore and above as per IRAC norms. Accordingly an amount of Rs 366.33 crore has been provided for in 13 NPA accounts. Further bank has kept Rs. 34.00 crore as additional provision with regards to harmonisation of NPA accounts of below Rs. 5.00 Crore.
24. 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.
25. The bank has made investment in JSC Tengri Bank (previously known as Bank of Kazakhstan) of Rs.300 crores which is an associate of our bank Consequent to the study conducted by the independent agency, Whereby the associate Bank has to create certain provisions towards NPA's because of which the networth of the bank has diminished as on 31.03.2020. In the opinion of the management, the subsequent recoveries are made whereby there will be no need to make any provisions by the said associate and hence in the opinion of the management no diminution in the value of the investment is required to be provided.
26. Details of Investor's complaints for the quarter ended March 31, 2020: Pending at Beginning: Nil; Received: 01; Disposed off: 01; Closing: Nil.
27. The figures of last quarter of the year are the balancing figures between audited figures in respect of the financial year and the published year to date figures up to the third quarter of the respective financial year.
28. No material adjustment pertaining to the prior quarters has been made in the current quarter. Figures of the previous periods have been regrouped / rearranged / re-classified wherever necessary to conform to current period's classification.


  
P.K. Varshney  
Assistant General Manager

  
R.K. Khichi  
Assistant General Manager

  
Mahesh Dhawan  
General Manager

  
P.K. Sharma  
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







For HDSG & Associates  
CHARTERED ACCOUNTANTS  
FRN 002871N

CA Dalbir Singh Gumber  
PARTNER  
(M.No. 081024)



For GS Mathur & Co.  
CHARTERED ACCOUNTANTS  
FRN 008744N

CA Rajiv Kumar Wadhwa  
PARTNER  
(M.No.091007)



For MKPS & Associates  
CHARTERED ACCOUNTANTS  
FRN 302014E

CA Sanjay Kumar Parida  
PARTNER  
(M.No. 504222)



For M K Aggarwal & Co.  
CHARTERED ACCOUNTANTS  
FRN 001411N

CA Atul Aggarwal  
PARTNER  
(M.No. 099374)



For A John Moris & Co.  
CHARTERED ACCOUNTANTS  
FRN 007220S

CA G Kumar  
PARTNER  
(M.No.023082)



Place: New Delhi  
Date: 19.06.2020



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
<b>A. Cash Flow from Operating Activities</b>		
(i) Net Loss after Tax	3,361,944	(99,754,860)
Add Provision for Tax (net of deferred tax)	4,027,884	(53,702,756)
Loss before tax	( i ) <u>7,389,828</u>	<u>(153,457,616)</u>
<b>(ii) Adjustment for :</b>		
Depreciation on Fixed Assets	6,076,793	5,780,240
Provisions for non performing assets	144,640,764	244,345,783
Provision on Standard Assets	681,895	2,398,648
Depreciation/ (Release), Write off, Provision on Investments (net)	(3,863,534)	16,409,460
Other Provisions (net)	30,028,039	38,318,775
Dividend from Subsidiary / Others (Investing Activity)	(1,541,119)	(1,488,016)
Interest on Bonds (Financing Activity)	11,762,046	11,523,864
Profit / Loss on sale of Fixed Assets ( net )	(416,673)	(183,720)
Increase / (Decrease) in Reserves	4,958,515	(6,623,070)
	( ii ) <u>192,526,726</u>	<u>310,481,963</u>
Operating Profit before Changes in Operating Assets and Liabilities	( i+ii ) <u>199,916,554</u>	<u>157,024,347</u>
<b>(iii) Adjustment for net change in Operating Assets and Liabilities</b>		
Decrease / (Increase) in Investments	(377,712,152)	(34,666,855)
Decrease / (Increase) in Advances	(272,763,199)	(489,490,611)
Decrease / (Increase) in Other Assets	(1,944,083)	7,308,699
Increase / (Decrease) in Deposits	278,161,845	338,039,442
Increase / (Decrease) in Borrowings	120,995,141	(193,043,329)
Increase / (Decrease) in Other Liabilities & Provisions	(38,783,087)	(89,969,906)
	( iii ) <u>(292,045,535)</u>	<u>(461,822,559)</u>
Cash generated from Operations	( i+ii+iii ) (92,128,981)	(304,798,212)
Tax Paid (net of refund )	(21,233,338)	(4,126,884)
Net Cash used in Operating Activities	( A ) <u>(113,362,319)</u>	<u>(308,925,097)</u>
<b>B. Cash flow from (used in) Investing Activities</b>		
Purchase of Fixed Assets (net of Sales)	(16,152,176)	(4,346,290)
Dividend recd from Subsidiaries / JV / RRBs	1,541,119	1,488,016
Investment in Subsidiaries / JV / RRBs	(547,445)	254,580
Net Cash used in investing Activities	( B ) <u>(15,158,501.32)</u>	<u>(2,603,694)</u>
<b>C. Cash flow from (used in) Financing Activities</b>		
Issue of Share Capital (incl. Premium)	160,910,000	148,036,772
Issued (Redemption) of Bonds (Tier I & Tier II)	(12,000,000)	(22,205,000)
Interest paid on Bonds (Tier I & Tier II)	(11,762,046)	(11,523,864)
Payments of Dividends (incl. tax on Dividend)		
Increase / (Decrease) in Reserves	(1,577,250)	(4,518,740)
Net Cash from Financing Activities	( C ) <u>135,570,704</u>	<u>109,789,168</u>
<b>D Net Change in Cash and Cash Equivalents</b>	( A+B+C ) <u>7,049,884</u>	<u>(201,739,623)</u>

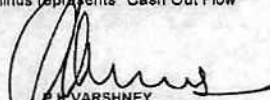


PUNJAB NATIONAL BANK

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31st MARCH 2020

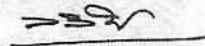
Particulars	2019-20		(INR ' 000)	
			2018-19	
<b>Cash and Cash Equivalents at the beginning of the year</b>				
Cash and Balances with Reserve Bank of India	321,291,338		287,890,324	
Balances with Banks & Money at Call & Short Notice	431,589,074	752,880,412	666,729,711	954,620,035
<b>Cash and Cash Equivalents at the end of the year</b>				
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	759,930,296	431,589,074	752,880,412
		<u>7,049,884</u>		<u>(201,739,623)</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. V. VARSHNEY  
ASSISTANT GENERAL MANAGER

  
R. K. KHICHI  
ASSISTANT GENERAL MANAGER

  
MAHESH DHAWAN  
GENERAL MANAGER


  
P. K. SHARMA  
CHIEF GENERAL MANAGER & CFO

  
ANAND  
EXECUTIVE DIRECTOR

  
MAY DUBE  
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



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 Parid)  
Partner  
M No. 504222



For M K Aggarwal & Co.  
Chartered Accountants  
FRN 001411N

(Atul Aggarwal)  
Partner  
M No. 99374



For A John Moris & Co.  
Chartered Accountants  
FRN 007220S

(G. Kumar)  
Partner  
M No. 023082



Date : 19/06/2020  
Place: New Delhi



HDSG & Associates      GS Mathur & Co.      MKPS & Associates  
Chartered Accountants      Chartered Accountants      Chartered Accountants

M K Aggarwal & Co.      A John Moris & Co.  
Chartered Accountants      Chartered Accountants

**Independent Auditor's Report on Audited standalone Quarterly Financial Results and Year to Date Results of Punjab National Bank Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To  
**THE BOARD OF DIRECTORS OF  
Punjab National Bank, New Delhi**

**Opinion**

1. We have audited the accompanying standalone quarterly financial results of Punjab National Bank ("the Bank") for the quarter ended March 31, 2020 and year to date standalone financial results for the period from April 1, 2019 to March 31, 2020 attached herewith, 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 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 aforesaid Financial Results (Note No) and have not been audited by us.

The Standalone financial Statement included returns for the year ended on that date of :

- i. 20 branches, Treasury division and 35 other office audited by us.
- ii. 2244 branches Indian Branches audited by statutory Branch auditors;
- iii. 2 foreign branches audited by Local 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 incorporated in the Balance sheet, the Profit and Loss Account and Cash Flow statements are the returns from 4852 Indian branches (Including other accounting Units ) which have not been subjected to audit. These Unaudited Branches account for 9.51 percent of advances, 39% percent of deposits, 12% of interest income and 39% percent of interest expenses.



In our opinion and to the best of our information and according to the explanations given to us, these aforesaid standalone Financial Results:

- i. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard except for the disclosures relating to Pillar 3 disclosures 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 aforesaid Standalone Financial Results and have not been reviewed or audited by us; and
- ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards, the relevant provision of the Banking Regulation Act, 1949, RBI guidelines and other accounting principles generally accepted in India of the net profit/loss and other financial information for the quarter ended March 31, 2020 and net profit/loss and other financial information for the year ended March 31, 2020.

#### Basis for Opinion

2. 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 Standalone Financial Results* section no four 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 the ethical requirements that are relevant to our audit of the standalone 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

- i. 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.
- ii. 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 31<sup>st</sup> 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.
- iii. 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 Standalone Financial Results

These standalone Financial Results have been prepared from the related audited Annual Standalone Financial Statements. The Bank's Board of Directors are responsible for the preparation and presentation of these standalone Financial Results that give a true and fair view of the financial positions, financial performance and cash flows of the bank in accordance with the accounting principle generally accepted in India including Accounting Standards 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 in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Banking Regulations Act, 1949 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 standalone Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Financial Results, the Board of Directors are 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 the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Results

5. Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial results 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 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 standalone 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Financial Results, including the disclosures, and whether the standalone Financial Results present 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 Matter

6. We report that the figures for the quarter ended March 31, 2020 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2020 and the published unaudited year to date figures up to the December 31, 2019 being the date of the end of the third quarter of the current



financial year, which were subjected to a limited review by us, as required under regulation 33 of the SEBI (Listing obligations and Disclosure Requirements) Regulations,2015.

7. We did not audit the financial statement / information of 4,852 branches included in the standalone financial results of the Bank whose financial statement/financial information reflects total assets of Rs.5,53,964 crore at March 31, 2020 and total revenue of Rs 20,674.00 crore for the year ended on that date, as considered in the Standalone Financial Results. The financial statement /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 amount 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 above matters.

For HDSG & Associates  
CHARTERED  
ACCOUNTANTS  
FRN 002871N

CA Dalbir Singh Gulati  
PARTNER  
(M.NO. 081024)  
UDIN:



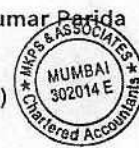
For GS Mathur & Co.  
CHARTERED  
ACCOUNTANTS  
FRN 008744N

CA Rajiv Kumar Mathur  
PARTNER  
(M.NO. 091007)  
UDIN: 20091007A AAAAB  
1874



For MKPS & Associates  
CHARTERED  
ACCOUNTANTS  
FRN 302014E

CA Sanjaya Kumar Perida  
PARTNER  
(M.NO. 504222)  
UDIN:



For M K Aggarwal & Co.  
CHARTERED  
ACCOUNTANTS  
FRN 001411N

CA Atul Aggarwal  
PARTNER  
(M.NO. 099374)  
UDIN: 20099374A AAAAAS2678



For A John Moris & Co.  
CHARTERED  
ACCOUNTANTS  
FRN 007220S

CA G Kumar  
PARTNER  
(M.NO.023082)  
UDIN:



Place: New Delhi

Date:19/06/202



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



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"> <li>• 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.</li> <li>• 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</li> </ul>



<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"> <li>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.</li> </ul> <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"> <li>We reviewed and evaluated the process adopted for collection of information from various sources for determining fair value of these investments.</li> <li>For selected sample of investments (covering all categories of investments</li> </ul>



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.

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.

Assessment of Information Technology (IT):  
IT controls with respect to recording of transactions, generating various reports in compliance with RBI guidelines including IRAC, preparing.  
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

Our audit approach included:-

- -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.

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>reporting of data to the management and regulators.</p>	<ul style="list-style-type: none"> <li>-reviewed the reports generated by the system on sample basis.</li> </ul> <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><b>Litigation &amp; Contingent Liabilities</b></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"> <li>• Going through the current status of the tax litigations and contingent liabilities.</li> <li>• Examining the orders and/or communication received from various Tax Authorities/ Judicial forums and follow up action thereon;</li> <li>• Evaluating the merits of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice ; and</li> <li>• Wherever required, reliance is placed on the opinion of legal and tax consultants.</li> </ul>

**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 crore pertaining to certain fraud accounts identified during the year ended 31<sup>st</sup> 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



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 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 31<sup>st</sup> 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 31<sup>st</sup> 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.





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  
UDIN - 20091007AABA  
1874



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*  
(ATUL AGGARWAL)  
PARTNER  
M.NO. 099374  
UDIN 20099374AABA  
2678



FOR A JOHN MORIS & CO.  
CHARTERED  
ACCOUNTANTS  
FRN 007220S

(G KUMAR)  
PARTNER  
M.NO. 023082



Place: New Delhi  
Date: 19.06.2020

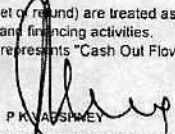
PUNJAB NATIONAL BANK  
CONSOLIDATED CASH FLOW STATEMENT ANNEXED TO THE CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31st MARCH 2020

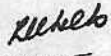
(Figures Rs. in Crores)  
31.03.2019

Particulars	31.03.2020	31.03.2019		
<b>A. Cash Flow from/(used in) Operating Activities</b>				
(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	<u>438.45</u>	<u>(9,550.02)</u>		
Add: Provision for Tax (Net of deferred tax)	463.68	(5,338.35)		
Profit before Taxes ( I )	<u>902.13</u>	<u>(14,888.37)</u>		
(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)	(476.38)		
Provision on Investments (net)	(368.07)	1,640.33		
Other Provisions (net)	(90.01)	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 )	<u>16,369.79</u>	<u>28,468.09</u>		
Operating Profit before Changes in Operating Assets and Liabilities ( i+ii)	<u>17,271.92</u>	<u>13,579.72</u>		
(iii) Adjustment for net change in Operating Assets and Liabilities				
Decrease / (Increase) in Investments	(43,161.79)	(5,985.92)		
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)	<u>(27,817.34)</u>	<u>(47,081.88)</u>		
Cash generated from Operations ( i+ii+iii)	<u>(10,545.43)</u>	<u>-33502.16</u>		
Tax Paid (net of refund )	(2,198.11)	(29.80)		
Net Cash used in Operating Activities ( A )	<u>(12,743.53)</u>	<u>(33,531.96)</u>		
<b>B. Cash Flow from/(used in) Investing Activities</b>				
Purchase of Fixed Assets (net of Sales)	(1,568.53)	(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 )	<u>(987.10)</u>	<u>(629.17)</u>		
<b>C. Cash Flow from / (used in) Financing Activities</b>				
Issue of share capital (incl Share Premium)	16,091.00	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 )	<u>14,190.41</u>	<u>13,968.95</u>		
<b>D Net Change in Cash and Cash Equivalents ( A+B+C )</b>	<b>459.78</b>	<b>(20,192.18)</b>		
<b>Particulars</b>				
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	38,603.79	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
	<u>459.78</u>	<u>459.78</u>	<u>44,957.65</u>	<u>(20,192.18)</u>

Notes :-

- Direct taxes paid (net of 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"

  
P. K. ASHWARY  
ASSISTANT GENERAL MANAGER

  
R. K. KHICHI  
ASSISTANT GENERAL MANAGER

  
MAHESH DHAWAN  
GENERAL MANAGER

  
P. K. SHARMA  
CHIEF 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

  
K. S. AD  
EXECUTIVE DIRECTOR

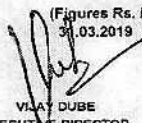
  
SANJAY KUMAR  
EXECUTIVE DIRECTOR

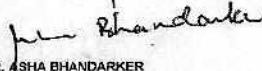
PANKAJ JAIN  
DIRECTOR

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

VIVEK AGGARWAL  
DIRECTOR

  
DR. R. K. YADUVARSHI  
EXECUTIVE DIRECTOR

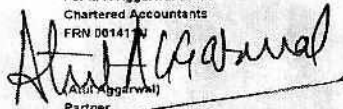
  
VIJAY DUBE  
EXECUTIVE DIRECTOR

  
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 001411N

  
M. K. 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 00744N

(Rajiv Kumar Wadswan)  
Partner  
M No. 091007

For A John Moris & 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

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 31<sup>st</sup> 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 Join 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.






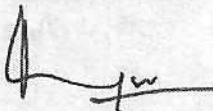


**Other Matters**

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' 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><b>FOR HDSG &amp; ASSOCIATES CHARTERED ACCOUNTANTS FRN 002871N</b></p> <p><b>(DALBIR SINGH GUPTA)</b> PARTNER M.NO. 081024</p> 	<p><b>FOR G S MATHUR &amp; CO. CHARTERED ACCOUNTANTS FRN 008744N</b></p>  <p><b>(RAJIV KUMAR WADHAWAN)</b> PARTNER M.NO. 091007</p> 	<p><b>FOR MKPS &amp; ASSOCIATES. CHARTERED ACCOUNTANTS FRN 302014E</b></p> <p><b>(SANJAYA KUMAR PARIKH)</b> PARTNER M.NO. 504222</p> 
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UDIN: 20081024AAAACK 3415 UDIN → 20091007AAAABC8933

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. C 099374

(G KUMAR)  
PARTNER  
M.NO. 023082



UDIN - 20099374AAA AAV6141

Place: New Delhi

Date: June 19<sup>th</sup>, 2020

**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 31<sup>st</sup> 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 :
  - 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 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 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"> <li>• 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.</li> <li>• 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</li> <li>• 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.</li> </ul> <p>Further we have reviewed on test check basis the</p>

	<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 &amp; 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"> <li>▪ We reviewed and evaluated the process adopted for collection of information from various sources for determining fair value of these investments.</li> <li>▪ 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.</li> <li>▪ We assessed and evaluated the process of identification of NPIs, and corresponding reversal of income and creation of provision.</li> </ul> <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 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"> <li>• -Understanding the coding system adopted by the bank for various categories of customers</li> <li>• -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.</li> <li>• -Checking of the user requirements for any changes in the regulations/ policy of the bank.</li> <li>• -reviewed the reports generated by the system on sample basis.</li> </ul> <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><b>Litigation &amp; Contingent Liabilities</b></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"> <li>• Going through the current status of the tax litigations and contingent liabilities.</li> <li>• Examining the orders and/or communication received from various Tax Authorities/ Judicial forums and follow up action thereon;</li> <li>• Evaluating the merits of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice ; and</li> </ul> <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 31<sup>st</sup> 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.

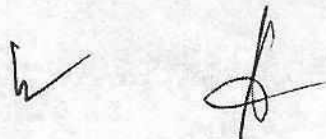
#### **Other Matter**

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;

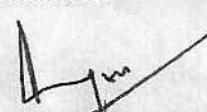


14. Subject to the limitations of the audit indicated in paragraphs 5 to 7 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and subject also to the limitations of disclosure required therein, we report that:

- 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:

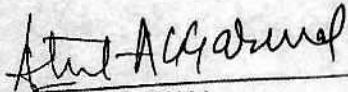
- a. in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- b. the Balance Sheet, the Profit and Loss 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 &amp; ASSOCIATES CHARTERED ACCOUNTANTS FRN 002871N</p>  <p>(DALBIR SINGH GULATI) PARTNER M.NO. 081024</p>	<p>FOR G S MATHUR &amp; CO. CHARTERED ACCOUNTANTS FRN 008744N</p>  <p>(RAJIV KUMAR WADHAWAN) PARTNER M.NO. 091007</p>	<p>FOR MKPS &amp; ASSOCIATES. CHARTERED ACCOUNTANTS FRN 302014E</p>  <p>(SANJAYA KUMAR PARIDA) PARTNER M.NO. 504222</p>
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UDIN-20091007 AAAA BBS400

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

Place: New Delhi

Date: 19<sup>th</sup> June 2020