

HO:FINANCE DIVISION (SHARE DEPARTMENT), 5,SANSAD MARG, NEW DELHI-110001
Tel Nos : 011-23708257 Fax No : 011-23766079, E-mail : hosd@pnb.co.in

SDFD/SE/61/63

May 18.05.2016

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

Dear Sir,

The Exchange is hereby informed that the Board of Directors of the Bank at its meeting held today i.e. 18.05.2016 considered and approved the Standalone (audited) and Consolidated (audited) financial results of the Bank with the relevant segment reporting for the quarter/financial year ended 31 March 2016.

The Board has not declared any dividend due to non-availability of current year's profit in terms of RBI circular No.RBI/2004-05/451/DBOD.NO.BP.BC.88/21.02.067/2004-05 dated 04.05.2005.

A copy of the Standalone and Consolidated audited financial results in the prescribed formats including Form A is enclosed.

We request you to please take note of the results in terms of Regulation 33 of the SEBI (LODR) Regulations 2015. The Annual Financial Results shall also be placed on Bank's website (www.pnbindia.in).

Thanking you,

Yours faithfully,



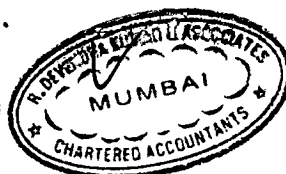
A Gopinathan
Company Secretary



PUNJAB NATIONAL BANK
ANNUAL FINANCIAL RESULTS FOR THE PERIOD ENDED 31st MARCH, 2016

₹ In lacs

| S.No. | Particulars | Quarter Ended (Standalone) | | | Year Ended (Standalone) | | Year Ended (Consolidated) | |
|-------|--|----------------------------|----------------|----------------|-------------------------|----------------|---------------------------|----------------|
| | | 31.03.2016 | 31.12.2015 | 31.03.2015 | 31.03.2016 | 31.03.2015 | 31.03.2016 | 31.03.2015 |
| | | AUDITED | REVIEWED | AUDITED | AUDITED | | AUDITED | |
| 1 | Interest Earned (a+b+c+d) | 1082403 | 1222060 | 1165052 | 4742435 | 4631536 | 5080387 | 4870982 |
| | a) Interest/discount on advances/bills | 759246 | 888143 | 856871 | 3444554 | 3479438 | 3728786 | 3671790 |
| | b) Income on Investments | 298014 | 311916 | 278063 | 1203365 | 1059999 | 1253980 | 1104510 |
| | c) Interest on Balances with RBI and other Interbank Funds | 15883 | 18428 | 19097 | 73050 | 63225 | 74050 | 60533 |
| | d) Others | 9260 | 3573 | 11021 | 21466 | 28874 | 23571 | 34149 |
| 2 | Other Income | 245216 | 167060 | 180513 | 687702 | 589073 | 697660 | 617460 |
| 3 | TOTAL INCOME (1+2) | 1327619 | 1389120 | 1345565 | 5430137 | 5220609 | 5778047 | 5488442 |
| 4 | Interest Expended | 805632 | 810097 | 785894 | 3211257 | 2975979 | 3433059 | 3134305 |
| 5 | Operating Expenses (i+ii) | 199202 | 287235 | 239402 | 997245 | 1049155 | 1034988 | 1080899 |
| | (i) Employees Cost | 100757 | 199118 | 150687 | 642595 | 733691 | 656449 | 746912 |
| | (ii) Other operating expenses | 98445 | 88117 | 88715 | 354650 | 315464 | 378539 | 333987 |
| 6 | TOTAL EXPENDITURE (4+5) (excluding provisions & contingencies) | 1004834 | 1097332 | 1025296 | 4208502 | 4025134 | 4468047 | 4215204 |
| 7 | Operating Profit before Provisions & Contingencies (3-6) | 322785 | 291788 | 320269 | 1221635 | 1195475 | 1310000 | 1273238 |
| 8 | Provisions (other than tax) and contingencies | 1048523 | 377553 | 383419 | 1795423 | 799750 | 1836683 | 832012 |
| 9 | Exceptional items | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 | Profit (+)/Loss (-) from ordinary activities before tax (7-8-9) | -725738 | -85765 | -63150 | -573788 | 395725 | -526683 | 441226 |
| 11 | Tax Expense | -189024 | -90866 | -93806 | -176349 | 89567 | -160356 | 107084 |
| 12 | Less : Minority Interest | NA | NA | NA | NA | NA | 17969 | 12584 |
| 13 | Add : Share of earnings in Associates | NA | NA | NA | NA | NA | 15319 | 18402 |
| 14 | Net Profit (+)/Loss(-) from ordinary activities after tax (10-11-12+13) | -536714 | 5101 | 30656 | -397439 | 306158 | -368977 | 339960 |
| 15 | Extraordinary items (net of tax expense) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16 | Net Profit (+)/Loss(-) for the period (14-15) | -536714 | 5101 | 30656 | -397439 | 306158 | -368977 | 339960 |
| 17 | Paid up equity Share Capital (Face value ₹ 2/-each) | 39272 | 39272 | 37091 | 39272 | 37091 | 39272 | 37091 |
| 18 | Reserves excluding revaluation reserves (as per balance sheet of previous accounting year) | | | | 3732106 | 3412507 | 4027646 | 3771702 |
| 19 | Analytical Ratios | | | | | | | |
| | (i) Percentage of Shares held by Govt. of India (%) | 62.08 | 62.08 | 59.86 | 62.08 | 59.86 | | |
| | (ii) Capital Adequacy Ratio (%) as per Basel-III | 11.28 | 11.25 | 12.21 | 11.28 | 12.21 | 13.15 | 12.89 |
| | (iii) Earnings per Share (EPS) (in ₹) | | | | | | | |
| | (a) Basic and diluted EPS before extraordinary items (net of tax expense) - not annualized | -27.33 | 0.26 | 1.69 | -20.82 | 16.91 | -19.32 | 18.78 |
| | (b) Basic and diluted EPS after extraordinary items (net of tax expense) - not annualized | -27.33 | 0.26 | 1.69 | -20.82 | 16.91 | -19.32 | 18.78 |



| S.No. | Particulars | Quarter Ended (Standalone) | | | Year Ended (Standalone) | | Year Ended (Consolidated) | |
|---|-------------|----------------------------|------------|------------|-------------------------|------------|---------------------------|----------------|
| | | 31.03.2016 | 31.12.2015 | 31.03.2015 | 31.03.2016 | 31.03.2015 | 31.03.2016 | 31.03.2015 |
| | | AUDITED | REVIEWED | AUDITED | AUDITED | | AUDITED | |
| (iv) NPA Ratios: | | | | | | | | Not Applicable |
| (a) Amount of gross non-performing assets | 5581833 | 3433822 | 2569486 | 5581833 | 2569486 | | | |
| (b) Amount of net non-performing assets | 3542257 | 2298340 | 1539650 | 3542257 | 1539650 | | | |
| (c) % of gross NPAs | 12.90 | 8.47 | 6.55 | 12.90 | 6.55 | | | |
| (d) % of net NPAs | 8.61 | 5.86 | 4.06 | 8.61 | 4.06 | | | |
| (v) Return on Assets (Annualised) % | -3.18 | 0.03 | 0.20 | -0.61 | 0.53 | | | |

SUMMARISED BALANCE SHEET

(₹ in Crore)

| Particulars | Standalone As at Mar 2016 (Audited) | Standalone As at Mar 2015 (Audited) |
|--|-------------------------------------|-------------------------------------|
| CAPITAL & LIABILITIES | | |
| Capital | 392.72 | 370.91 |
| Reserves & Surplus | 37917.42 | 38708.61 |
| Deposits | 553051.13 | 501378.64 |
| Borrowings | 59755.24 | 45670.55 |
| Other Liabilities and Provisions | 16273.94 | 17204.89 |
| TOTAL | 667390.45 | 603333.60 |
| ASSETS | | |
| Cash & Balances with Reserve Bank of India | 26479.07 | 24224.94 |
| Balances with Banks & Money at Call & Short Notice | 47144.02 | 31709.23 |
| Investments | 157845.89 | 149876.96 |
| Advances | 412325.80 | 380534.41 |
| Fixed Assets | 5222.73 | 3551.48 |
| Other Assets | 18372.94 | 13436.58 |
| TOTAL | 667390.45 | 603333.60 |




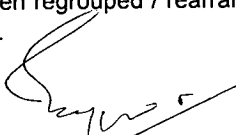
NOTES


- 1 The above financial results have been reviewed by the Audit Committee of Board in the meeting held on 17.05.2016 and approved by the Board of Directors in the meeting held on 18.05.2016. 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.
- 2 There is no material change in the Accounting Policies adopted during the year ended March 31, 2016 as compared to those followed in the annual financial statements for the year ended March 31, 2015.
- 3 During the year, as a part of asset quality review, RBI has advised the Bank to revise asset classification/provisions in respect of certain advance accounts over the two quarters ending 31.12.2015 and 31.03.2016. The Bank has accordingly, implemented the advice of the RBI.
- 4 The financial results of the bank have been arrived at after considering provisions for non-performing assets, standard assets, restructured advances, standard derivative exposures and investment depreciation on the basis of extant guidelines issued by Reserve Bank of India.
- 5 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.
- 6 During the year, the Bank has changed the basis of valuation of plan assets from book value to fair value in accordance with AS-15 issued by the ICAI. As a result of this change, the value of Plan assets has increased by Rs. 388.07 crore in respect of Pension Fund and by ₹ 53.08 crore in respect of Gratuity Fund.
- 7 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 subjected to Audit.
- 8 In accordance with RBI circular No. DBR.No.BP.BC.83/21.06.201/2015-16 dated March 1, 2016 Bank has taken the impact of Revaluation Reserve, Deferred Tax Asset and Foreign Currency Translation Reserve/Exchange Fluctuation Reserve as per extant RBI guidelines, in calculation of capital adequacy ratio for the Financial year ended March 31, 2016.
- 9 In compliance of RBI letter no. DBR.NO.BP.13018/21.04.048/2015-16 dated 12.04.2016, Bank has provided a sum of ₹ 166.36 crore being 7.5 % of the existing outstanding of ₹ 2218.08 crore as on 31.03.2016 under food credit availed by State Government of Punjab. As per RBI's directives, said provision is required to be made in two quarters i.e. 7.5% in March, 2016 and 7.5% in June, 2016.
- 10 The Bank has subscribed to Non SLR SDL Bonds of Government of Rajasthan (GoR) and Government of UP (GoUP) amounting to Rs 1786.01 crore and Rs 1857.98 crore respectively and discom bonds of Rs 367.31 crores for Rajasthan discoms. In compliance of the RBI letter No. DBR.BP.NO11657/21.04.132/2015-16 dated 17th March 2016 and DBR.BP.BC.No 14186 / 21.04.132 / 2015-16, dated 11th May 2016 Bank has made the provision as under -
 - a) ₹ 243.07 crore in respect of segment not envisaged to be converted into SDL in FY 2016-17 @ 15 % on ₹ 1620.50 crore and classified as Sub Standard.
 - b) ₹ 142.38 crore for diminution in the fair value of loan / Discom bonds.




- 11 During the year bank has allotted 10,90,40,543 equity shares to Govt. of India of face value of ₹ 2/- each at a premium of ₹156.84 per share determined in accordance with Regulation 76 (1) of SEBI ICDR Regulations on preferential basis. Consequently the Government share holding as on 31.03.2016 is 62.08% as compared to 59.86% before preferential allotment.
- 12 During the 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 ₹ 1477.86 crore is credited to revaluation reserve.
- 13 The Provisioning Coverage Ratio as at 31st March 2016 works out to 51.06%.
- 14 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 upto the third quarter of the respective financial year.
- 15 Figures of the previous periods have been regrouped / rearranged / re-classified wherever necessary to conform to current period's classification.



(T K Balamukundan)
Asstt. General Manager


(S K Jain)
Asstt. General Manager






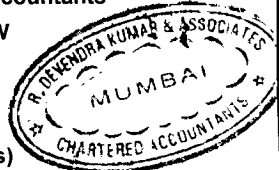




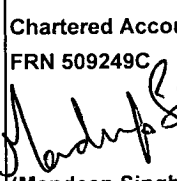


(P K Mohapatra)
General Manager


(Dr. Ram S. Sangapure)
Executive Director


(Usha Ananthasubramanian)
Managing Director & C.E.O.


(K Veera Brahmaji Rao)
Executive Director



| | | |
|--|---|---|
| <p>For Shah Gupta & Co. Chartered Accountants FRN 109574W</p> <p> (Heneel K. Patel) Partner (M No. 114103)</p> <p></p> | <p>For Chhajer & Doshi Chartered Accountants FRN 101794W</p> <p> (Kiran K Daftary) Partner (M No. 010279)</p> <p></p> | <p>For R. Devendra Kumar & Associates Chartered Accountants FRN 114207W</p> <p> (Neeraj Golas) Partner (M No. 074392)</p> <p></p> |
| <p>For Hem Sandeep & Co. Chartered Accountants FRN 009907N</p> <p> (Sandeep Jain) Partner (M No. 087977)</p> <p></p> | <p>For Suri & Co. Chartered Accountants FRN 004283S</p> <p> (R. Mahesh) Partner (M No. 024775)</p> <p></p> | <p>For SPMG & Co. Chartered Accountants FRN 509249C</p> <p> (Mandeep Singh Arora) Partner (M No. 091243)</p> <p></p> |

Place.: New Delhi
Date : 18.05.2016

SEGMENT REPORTING FOR THE QUARTER/YEAR ENDED 31st MARCH 2016

PART A – BUSINESS SEGMENTS

₹ In lacs

| Sr. No. | Particulars | Quarter Ended | | | Year Ended | | Year Ended | |
|----------|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------|
| | | Standalone | | | Standalone | | Consolidated | |
| | | 31.03.2016 | 31.12.2015 | 31.03.2015 | 31.03.2016 | 31.03.2015 | 31.03.2016 | 31.03.2015 |
| | | Audited | Reviewed | Audited | Audited | Audited | Audited | Audited |
| 1 | Segment Revenue | | | | | | | |
| | (a) Treasury Operations | 351360 | 390023 | 366337 | 1463544 | 1287749 | 1515055 | |
| | (b) Corporate/Wholesale Banking | 635674 | 630088 | 502994 | 2343543 | 2327330 | 2606137 | |
| | (c) Retail Banking | 304331 | 347093 | 464456 | 1535575 | 1558965 | 1566951 | |
| | (d) Other Banking Operations | 36254 | 21916 | 11778 | 87475 | 46565 | 89905 | |
| | Income from Operations | 1327619 | 1389120 | 1345565 | 5430137 | 5220609 | 5778048 | |
| 2 | Segment Results | | | | | | | |
| | (a) Treasury Operations | 98523 | 85692 | 61880 | 336886 | 115605 | 355843 | |
| | (b) Corporate/Wholesale Banking | 177008 | 158299 | 157831 | 625145 | 735052 | 684832 | |
| | (c) Retail Banking | 86544 | 85307 | 146072 | 409617 | 492376 | 422536 | |
| | (d) Other Banking Operations | 9894 | 5559 | 3700 | 23334 | 14707 | 22355 | |
| | Total | 371969 | 334857 | 369483 | 1394982 | 1357740 | 1485566 | |
| | Less Other Un-allocable Expenditure | 1097707 | 420622 | 432632 | 1968770 | 962015 | 2012249 | |
| | Total Profit before Tax | -725738 | -85765 | -63150 | -573788 | 395725 | -529333 | |
| 3 | Capital Employed | | | | | | | |
| | (a) Treasury Operations | 705170 | 951914 | 891810 | 705170 | 891810 | 1042973 | |
| | (b) Corporate/Wholesale Banking | 1446251 | 1753437 | 1720856 | 1446251 | 1720856 | 2632518 | |
| | (c) Retail Banking | 578699 | 737010 | 795041 | 578699 | 795041 | -693605 | |
| | (d) Other Banking Operations | 111321 | 157771 | 66121 | 111321 | 66121 | 208966 | |
| | (e) Unallocated | 989572 | 619796 | 434124 | 989572 | 434124 | 989573 | |
| | Total | 3831013 | 4219928 | 3907952 | 3831013 | 3907952 | 4180425 | |

PART B - GEOGRAPHICAL SEGMENTS

| Sr. No. | Particulars | Quarter Ended | | | Year Ended | | Year Ended | |
|----------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------|
| | | 31.03.2016 | 31.12.2015 | 31.03.2015 | 31.03.2016 | 31.03.2015 | 31.03.2016 | 31.03.2015 |
| | | Audited | Reviewed | Audited | Audited | Audited | Audited | Audited |
| 1 | Revenue | | | | | | | |
| | (a) Domestic | 1289538 | 1353302 | 1314269 | 5288906 | 5086534 | 5580483 | |
| | (b) International | 38081 | 35818 | 31296 | 141231 | 134075 | 197565 | |
| | Total | 1327619 | 1389120 | 1345565 | 5430137 | 5220609 | 5778048 | |
| 2 | Assets | | | | | | | |
| | (a) Domestic | 57232861 | 55366631 | 52344759 | 57232861 | 52344759 | 60367422 | |
| | (b) International | 9506184 | 9488748 | 7988601 | 9506184 | 7988601 | 10911874 | |
| | Total | 66739045 | 64855379 | 60333360 | 66739045 | 60333360 | 71279296 | |

Notes :

1. Segment Liabilities are distributed in the ratio of their respective Segment Assets.
2. Figures of the previous period have been re-grouped/re-classified wherever necessary.



SHAH GUPTA & CO.
Chartered Accountants
HEM SANDEEP & CO.
Chartered Accountants

CHHAJED & DOSHI
Chartered Accountants
SURI & CO.
Chartered Accountants

R. DEVENDRA KUMAR & ASSOCIATES
Chartered Accountants
SPMG & CO.
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To
The Board of Directors
Punjab National Bank


1. We have audited the standalone financial results for the year ended March 31, 2016, included in the accompanying Statement of Standalone Financial Results of Punjab National Bank (the 'Bank') for the year ended March 31, 2016 (the 'Statement'), being submitted by the Bank pursuant to the requirement of Regulation 33 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement, which is the responsibility of the Bank's management and approved by the Board of Directors, has been prepared on the basis of the related financial statements for the year ended March 31, 2016 prepared in accordance with the Banking Regulation Act, 1949, accounting principles generally accepted in India alongwith recognition and measurement principles laid down in the Accounting Standards issued by the Institute of Chartered Accountants of India so far as they are applicable to the Bank and Reserve Bank of India guidelines from time to time. Our responsibility is to express an opinion on the presentation of the Statement and the financial results for the year ended March 31, 2016.
2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Results are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Bank's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
3. Incorporated in these financial statements are the returns of 20 branches, Treasury Division and 36 other offices audited by us, 3378 branches audited by Statutory Branch Auditors (including 1 off-shore banking unit and 26 other offices/centers) and 3 foreign branches audited by local auditors in respective countries. Also incorporated in the Balance Sheet and the Profit and Loss Account are the returns from 3459 branches, 109 other offices of the Bank, which have not been subjected to audit.
4. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
 - (i) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and



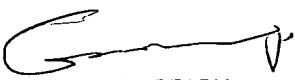
(ii) the financial results give a true and fair view in conformity with the aforesaid Accounting Standards and other accounting principles generally accepted in India of the net loss and other financial information for the year ended March 31, 2016.

- 5. Without qualifying our opinion, we draw attention to Note no. 6 regarding change in valuation of Plan Assets of long-term benefits from Book Value to Fair Value, resulting in increase in the value of Plan Assets by ₹388.07 crores in respect of Pension Fund and by ₹53.08 crores in respect of Gratuity Fund.
- 6. The "Pillar 3 disclosures under the Basel III Capital Regulation" as set out in Note 7 of the Statement have not been subjected to our audit
- 7. The Statement includes the financial results for the quarter ended March 31, 2016 being the balancing figure between audited figures in respect of the full financial year and the published year to date unaudited figures up to the third quarter of the current financial year which were subject to limited review by us.


FOR SHAH GUPTA & CO.
CHARTERED ACCOUNTANTS
FIRM REGN.NO.109574W


HENEEL K PATEL
PARTNER (M.NO.114103)


FOR CHHAJED & DOSHI
CHARTERED ACCOUNTANTS
FIRM REGN.NO. 101794W


KIRAN K DAFTARY
PARTNER (M.NO.010279)

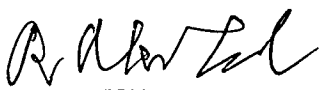
FOR R. DEVENDRA KUMAR & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGN.NO. 114207W


NEERAJ GOLAS
PARTNER (M.NO.074392)

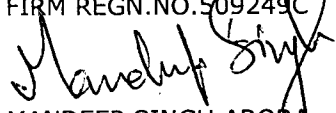
FOR HEM SANDEEP & CO.
CHARTERED ACCOUNTANTS
FIRM REGN.NO.009907N


SANDEEP JAIN
PARTNER (M.NO.087977)

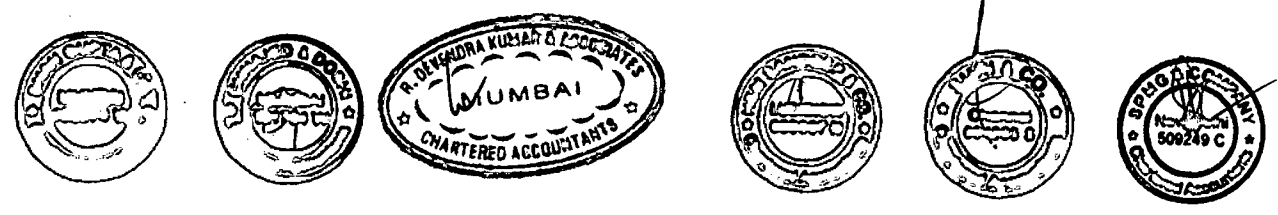
FOR SURI & CO.
CHARTERED ACCOUNTANTS
FIRM REGN.NO.004283S


R. MAHESH
PARTNER (M.NO.024775)

FOR SPMG & CO.
CHARTERED ACCOUNTANTS
FIRM REGN.NO.509249C


MANDEEP SINGH ARORA
PARTNER (M.NO.091243)

Place: New Delhi
Date: May 18, 2016



SHAH GUPTA & CO.
Chartered Accountants
HEM SANDEEP & CO.
Chartered Accountants

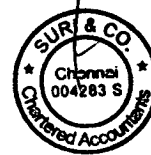
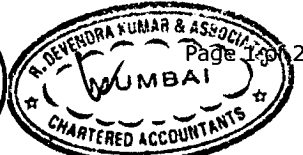
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INDEPENDENT AUDITORS' REPORT

To
The Board of Directors
Punjab National Bank

1. We have audited the consolidated financial results for the year ended March 31, 2016, included in the accompanying Statement of Consolidated Financial Results of Punjab National Bank (the 'Bank') for the year ended March 31, 2016 (the 'Statement'), being submitted by the Bank pursuant to the requirement of Regulation 33 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement, which is the responsibility of the Bank's management and approved by the Board of Directors, has been prepared on the basis of the related financial statements for the year ended March 31, 2016 prepared in accordance with the Banking Regulation Act, 1949, accounting principles generally accepted in India alongwith recognition and measurement principles laid down in the Accounting Standards issued by the Institute of Chartered Accountants of India so far as they are applicable to the Bank and Reserve Bank of India guidelines from time to time. Our responsibility is to express an opinion on the presentation of the Statement and the financial results for the year ended March 31, 2016.
2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Results are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Group's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
3. Incorporated in these financial statements are the returns of 20 branches, Treasury Division and 36 other offices audited by us, 3378 branches audited by Statutory Branch Auditors (including 1 off-shore banking unit and 76 other offices/centers) and 3 foreign branches audited by local auditors in respective countries. Also incorporated in the Balance Sheet and the Profit and Loss Account are the returns from 3459 branches, 109 other offices of the Bank, which have not been subjected to audit.
4. We have not audited the following financial statements incorporated in the consolidated financial statements:
 - a. i. Four domestic subsidiaries, whose financial statements reflect total assets (net) of Rs.35488.78 crores as at March 31, 2016, total revenues of Rs.365.38 crores on that date and net cash inflows amounting to Rs.792.87 crores for the year then ended; and
 - ii. Two associates whose financial statements reflect total assets (net) of Rs. 15866.30 crores as at March 31, 2016, total revenues of Rs.66.02 crores on that date and net cash inflows amounting to Rs.1663.74 crores for the year then ended; and
 - iii. Two international subsidiaries, whose financial statements reflect total assets of Rs.14057.08 crores as on March 31, 2016 and total revenue of (Rs.44.09 crores) and cash outflows amounting to Rs.1841.73 crores for the year then ended. The financial statements and other financial information of said subsidiary has been audited by other auditors as per the requirement of respective local Generally Accepted Accounting Principles (GAAP). These financial statements have been converted as per the requirements of Indian GAAP by the management.These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.
- (b). The Financial Statements of seven Associates (including 5 RRBs) and one Joint Venture which have not been audited reflect total assets (net) of Rs.87335.39 crores as at March 31, 2016, total revenues of Rs.415.32 crores on that date and net cash inflows amounting to Rs.5858.32 crores for the year then ended. Our opinion is based on the Un-audited financial statements of 7 associates (including 5 Regional Rural Banks) and one joint venture.



5. 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/unaudited information as referred to in paragraph 4 above, the Statement:

(i) includes the results of the following entities:

i. Subsidiaries

- a. PNB Housing Finance Limited
- b. PNB Investment Services Limited
- c. PNB Insurance Broking Pvt. Ltd (Under liquidation)
- d. PNB Gilts Limited
- e. PNB International Limited
- f. Druk PNB Bank Limited, Bhutan

ii. Associates

- a. JSC Tengri Bank, Kazakhstan
- b. Principal PNB Asset Management Company Pvt. Ltd.
- c. Principal Trustee Company Pvt. Ltd.
- d. PNB Metlife India Insurance Co. Ltd
- e. Madhya Bihar Gramin Bank, Patna
- f. Sarva Haryana Gramin Bank, Rohtak
- g. Himachal Pradesh Gramin Bank, Mandi
- h. Punjab Gramin Bank, Kapurthala
- i. Sarva UP Gramin Bank, Meerut

iii. Joint Venture

- a. Everest Bank, Nepal

6. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
7. the financial results give a true and fair view in conformity with the aforesaid Accounting Standards and other accounting principles generally accepted in India of the consolidated net loss and other financial information for the year ended March 31, 2016.
8. Without qualifying our opinion, we draw attention to note 6 regarding change in valuation of Plan Assets of long-term benefits from Book Value to Fair Value, resulting in increase in the value of Plan Assets by ₹388.07 crores in respect of Pension Fund and by ₹53.08 crores in respect of Gratuity Fund in terms of Accounting Standard - 15 "Employee Benefits"
9. The "Pillar 3 disclosures under the Basel III Capital Regulation" as set out in Note 7 of the Statement have not been subjected to our audit

FOR SHAH GUPTA & CO.
CHARTERED ACCOUNTANTS
FIRM REGN.NO.109574W

HENEEL K PATEL
PARTNER (M.NO.114103)

FOR CHHAJED & DOSHI
CHARTERED ACCOUNTANTS
FIRM REGN.NO. 101794W

KIRAN K DAFTARY
PARTNER (M.NO.010279)

FOR R. DEVENDRA KUMAR & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGN.NO. 114207W

NEERAJ GOLAL
PARTNER (M.NO.074392)

FOR HEM SANDEEP & CO.
CHARTERED ACCOUNTANTS
FIRM REGN.NO.009907N

SANDEEP JAIN
PARTNER (M.NO.087977)

Place: New Delhi
Date: May 18, 2016

FOR SURI & CO.
CHARTERED ACCOUNTANTS
FIRM REGN.NO.004283S

R. MAHESH
PARTNER (M.NO.024775)

FOR SPMG & CO.
CHARTERED ACCOUNTANTS
FIRM REGN.NO.509249C

MANDEEP SINGH ARORA
PARTNER (M.NO.091243)



HO:FINANCE DIVISION 5,SANSAD MARG, NEW DELHI-110001
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FORM A

**COVERING LETTER OF ANNUAL AUDIT REPORT TO BE FILED WITH STOCK EXCHANGES
(CONSOLIDATED)**

| | |
|--|---|
| NAME OF THE COMPANY | PUNJAB NATIONAL BANK |
| ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED | 31 MARCH 2016 |
| TYPE OF AUDIT OBSERVATION | MATTER OF EMPHASIS |
| FREQUENCY OF OBSERVATION | - |
| COMMENTS OF THE MANAGEMENT ON THE MATTER OF EMPHASIS | THE CHANGE FROM BOOK VALUE BASIS TO FAIR VALUE BASIS FOR VALUATION OF PLAN ASSETS IS IN ACCORDANCE WITH AS 15(R). |

P K Mohapatra
(P K Mohapatra)
General Manager & CFO



RMSJ
(Rajinder Mohan Singh)
Chairman-Audit Committee of Board

Usha Ananthasubramanian
(Usha Ananthasubramanian)
Managing Director & CEO

For and on behalf of

Shah Gupta & Co
M/s Shah Gupta & Co.
Chartered Accountants
(FRN 109574W)

Heneel K Patel
(Heneel K Patel)
Partner-MN No. 14103



M/s Chhajed & Doshi
Chartered Accountants
(FRN 101794W)

Kiran K Doshi
(Kiran K Doshi)
Partner-MN No. 074392



M/s R Devendra Kumar & Associates
Chartered Accountants
(FRN 114207W)

Neeraj Golas
Neeraj Golas
Partner-MN No. 074392



M/s Hem Sandeep & Co.
Chartered Accountants
(FRN 009907N)

Sandeep Jain
Sandeep Jain
Partner- MN No. 087977



M/s Suri & Co.)
Chartered Accountants
(FRN 004283S)

R Mahesh
R Mahesh
Partner- MN No. 026775



M/s SPMG & Co
Chartered Accountants
(FRN 509249C)

Mandeep Singh Arora
Mandeep Singh Arora
Partner - MN No. 091243



Place: New Delhi
Date: 18 May 2016