

**S. R. Batliboi & Co. LLP
Chartered Accountants**

The Ruby, 12th Floor,
29, Senapati Bapat Marg,
Dadar (West), Mumbai - 400028,
Maharashtra.

**Haribhakti & Co. LLP,
Chartered Accountants**

705 Leela Business Park,
Andheri Kurla Road,
Andheri (East), Mumbai - 400 059,
Maharashtra.

To

Dated: 04 March 2020

**The Board of Directors,
Punjab National Bank**

First Floor, East Wing,
Plot No-4, Sec-10,
Dwarka, New Delhi.

**The Board of Directors,
United Bank of India**

United Tower 11,
Hemanta Basu Sarani,
Kolkata - 700 001,
West Bengal.

Sub: Recommendation of the fair equity share exchange ratio for the proposed amalgamation of United Bank of India into Punjab National Bank.

Dear Madam / Sir,

We refer to the Service Level Agreement / appointment letter (together referred to as "Engagement Letter") whereby,

- Punjab National Bank ("PNB") has appointed S. R. Batliboi & Co. LLP (hereinafter referred to as "SRBC") vide the appointment letter dated 26 November 2019 (Ref: HO/FD/M&A/3/2019) and Service Level Agreement dated 23 December 2019; and
- United Bank of India ("UBI") has appointed Haribhakti & Co. LLP (hereinafter referred to as "H&Co.") vide the appointment letter dated 29 November 2019 (Ref: Accts/RFP/Valuer/190/2019-20) and Service Level Agreement dated 11 December 2019.

for recommendation of the fair equity share exchange ratio for the proposed amalgamation of UBI into PNB (hereinafter jointly referred to as the "Banks") on a going concern basis with effect from such date as approved by the Banks and Government of India / other relevant authorities.

The Fair Equity Share Exchange Ratio for this report refers to number of equity shares of face value of INR 2/- each of PNB, which would be issued to the equity shareholders of UBI in lieu of their equity shareholding in UBI pursuant to the proposed amalgamation (hereinafter referred to as "Fair Equity Share Exchange Ratio").

SRBC and H&Co. are hereinafter jointly referred to as "Valuers" or "we" or "us" and individually referred to as "Valuer" in this joint Fair Equity Share Exchange Ratio report ("Share Exchange Ratio Report" or the "Report").



SCOPE AND PURPOSE OF THIS REPORT

Punjab National Bank was founded in 1894. It is a nationalized bank with Government of India holding 83.19% stake and balance stake is held by institutional and public shareholders as at the Report date. It had reported consolidated total revenue and profit / (loss) after tax of INR 595,145 million and INR (95,701) million respectively, for the year ended 31 March 2019. As at 30 September 2019, PNB had 7,040 branches in India. In addition to the banking operations, some of the key non-banking businesses wherein PNB has investments are in companies operating in, life insurance, housing finance and mutual fund asset management businesses.

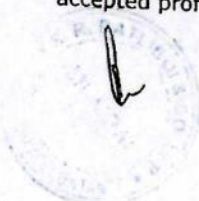
United Bank of India was founded in 1918. It is a nationalized bank with Government of India holding 97.41% stake and balance stake is held by institutional and public shareholders as at the Report Date. It had reported a total revenue and profit / (loss) after tax of INR 109,445 million and INR (23,159) million respectively, for the year ended 31 March 2019. As at 31 March 2019, UBI had 2,055 branches in India.

The equity shares of PNB and UBI are listed on the National Stock Exchange of India Limited and BSE Limited. Both the Banks offer commercial, transactional and electronic banking products and services.

On 30 August 2019, the Government of India proposed an amalgamation of UBI into PNB. The said proposal was accorded in principle approval by the Board of Directors of the said banks with effect from such date that will be approved by the Banks and other relevant authorities pursuant to regulations under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 and relevant SEBI regulations, as applicable. The proposal envisages, inter alia, the amalgamation of UBI into PNB, whereby equity shares of PNB will be issued to the shareholders of UBI (hereinafter referred to as "Proposed Amalgamation").

It is in this connection, PNB and UBI have appointed SRBC and H&Co respectively to submit a joint report on the Fair Equity Share Exchange Ratio. This Report will be placed before the Audit Committee and the Board of Directors (the "Boards") of the respective Banks and produced before government, regulatory or judicial authorities, in connection with the Proposed Amalgamation to the extent mandatorily required under applicable laws of India.

The scope of our services is to conduct a relative fair (and not absolute) valuation of the equity shares of the Banks, without considering the effect of Proposed Amalgamation and report on the Fair Equity Share Exchange Ratio for the Proposed Amalgamation in accordance with generally accepted professional standards.



S. R. Batliboi & Co. LLP

Chartered Accountants

Haribhakti & Co. LLP

Chartered Accountants

The Valuers have been appointed severally and not jointly and have worked independently in their analysis. The Valuers have received information and clarifications from their respective Banks. The Valuers have independently arrived at different values per share of the Banks. However, to arrive at the consensus on the Fair Equity Share Exchange Ratio for the Proposed Amalgamation, appropriate minor adjustments / rounding off has been done in the values arrived at by the Valuers.

The Valuers have considered financial information as considered appropriate by them. We have taken into consideration market parameters preceding the date of the announcement of the merger i.e., 30 August 2019 and the current market parameters, in our analysis and made adjustments for information made known to us by the managements of the Banks ("Managements") till the date of this Report which will have a bearing on the valuation analysis. The Managements have informed us since the last quarterly results were declared till the Report date there are no unusual / abnormal events / events not in the normal course of business in case of the Banks materially impacting their operating / financial information or financial performance. Further, the Managements have informed us that all material information impacting the Banks has been disclosed to us.

We have relied on the above while arriving at the Fair Equity Share Exchange Ratio for the Proposed Amalgamation.

This Report is our deliverable in respect of our recommendation of the Fair Equity Share Exchange Ratio for the Proposed Amalgamation.

This Report and the information contained in it is absolutely confidential and intended only for the sole use and information of the respective Boards of the Banks and only in connection with the Proposed Amalgamation including for the purpose of obtaining regulatory approvals, as required under applicable laws of India, for the Proposed Amalgamation. Without limiting the foregoing, we understand that the Banks may be required to share this Report with government, regulatory or judicial authorities, their professional advisors including merchant bankers providing fairness opinion on the Fair Equity Share Exchange Ratio, in connection with the Proposed Amalgamation (together, "Permitted Recipients"). We hereby give consent to such disclosure of this Report, on the basis that the Valuers owe responsibility to the respective Banks that have engaged us, under the terms of their respective engagement, and no other person; and that, to the fullest extent permitted by law, the Valuers accept no responsibility or liability to any other party, in connection with this Report. It is clarified that reference to this Report in any document and / or filing with Permitted Recipients, in connection with the Proposed Amalgamation, shall not be deemed to be an acceptance by the Valuers of any responsibility or liability to any person / party other than the respective Banks who have appointed us.

Our report can be used by the Banks only for the purpose, as indicated in this report, for which we have been appointed. The results of our valuation analysis and our report cannot be used or relied by the Banks for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person / party for any decision of such person / party based on this report.



Any person / party intending to provide finance / invest in the shares / business of the Banks / their holding companies / subsidiaries / associates / investee companies / other group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person / party (other than the Banks) chooses to place reliance upon any matters included in the report, they shall do so at their own risk and without recourse to the Valuers. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this report or any part thereof, except for the purpose as set out earlier in this report, without our prior written consent, is not permitted, unless there is a statutory or a regulatory requirement to do so.

This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

SOURCES OF INFORMATION

In connection with this exercise, we have used the following information:

- Annual reports for the year ended 31 March 2019 and earlier periods for the Banks;
- Unaudited reviewed results for the half-year ended 30 September 2019 and quarter ended 31 December 2019 for the Banks;
- Adjusted Net worth of the Banks as at 30 September 2019, provided by the Banks, taking into consideration the financial and tax due diligence adjustments as agreed between the Banks.
- Annual reports up to 31 March 2019 and summarized financial information up to 30 September 2019 / 31 December 2019 as applicable of the subsidiaries / joint ventures / associates / other equity investments of the respective Banks
- Other relevant information and documents for the purpose of this engagement.

We have also obtained the explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise from the Managements of the Banks. The Banks have been provided with the opportunity to review the draft report (excluding the recommended Fair Equity Share Exchange Ratio) for this engagement to make sure that factual inaccuracies / omissions are avoided in our final report.

The Banks have informed us that IDBI Capital Markets & Securities Limited and Sumedha Fiscal Services Limited have been appointed by PNB and UBI respectively to provide fairness opinion on the Fair Equity Share Exchange Ratio for the purpose of the Proposed Amalgamation. Further, at the request of the Banks, we have had discussions with the respective fairness opinion providers mentioned above on the valuation approach adopted and valuation assumptions made by us.



**SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND
DISCLAIMERS**

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

The recommendation contained herein is not intended to represent value at any time other than date of this Report. We have no obligation to update this report.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our Engagement Letter; (ii) the date of this Report and (iii) are based on the audited financial statements of the Banks as at 31 March 2019 and unaudited reviewed financial results for the subsequent quarters. The Management has represented that the business activities of the Banks have been carried out in the normal and ordinary course between 31 March 2019 and the Report date and that no material change has occurred in their respective operations between 31 March 2019 and the Report date, other than that informed by the Management and mentioned in this Report.

Valuation analysis and results are specific to the purpose of valuation and as per the agreed terms of the respective engagements. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

A valuation of this nature involves consideration of various factors including those impacted by prevailing stock market trends, financial, economic and other conditions in general and industry trends in particular. This Report is issued on the understanding that the Managements of the Banks have drawn our attention to all the matters, which they are aware of concerning the financial position of the Banks and any other matter, which may have an impact on our opinion, on the Fair Equity Share Exchange Ratio for the Proposed Amalgamation. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data. In accordance with the terms of our respective engagements, we have carried out relevant analyses and evaluations through discussions, calculations and such other means, as may be applicable and available, we have assumed and relied upon, without independently verifying (i) the accuracy of the information that was publicly available, sourced from subscribed databases and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by the Banks. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information. Our valuation does not constitute as an audit or review in



accordance with the auditing standards applicable in India, accounting / financial / commercial / legal / tax / environmental due diligence or forensic / investigation services and does not include verification or validation work. In accordance with the terms of our engagement / appointment letters and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed, certified, carried out a due diligence, or otherwise investigated the historical financials / financial information or individual assets or liabilities, provided to us regarding the Banks / subsidiary / associates / joint ventures / investee companies. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in such historical financials / financial statements. Also, with respect to explanations and information sought from the Banks, we have been given to understand by the Banks that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the assumptions and information given by / on behalf of the Banks. The respective Managements of the Banks have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis / results.

The Report assumes that the Banks comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Banks will be managed in a competent and responsible manner. This Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed in the audited / unaudited balance sheets of the Banks / subsidiary / associates / joint ventures / investee companies, if any. No investigation of PNB's and UBI's (or their investee companies) claim to title of assets has been made for the purpose of this Report and PNB's and UBI's (or their investee companies) claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts.

Our Report is not, nor should it be construed as our opining or certifying the compliance of the Proposed Amalgamation with the provisions of any law / standards including banking, foreign exchange regulatory, accounting and taxation (including transfer pricing) laws / standards or as regards any economic rationale legal, accounting or taxation implications or issues arising from such Proposed Amalgamation.

Our Report is not, nor should it be construed as our recommending the Proposed Amalgamation or anything consequential thereto / resulting therefrom. This Report does not address the relative merits of the Proposed Amalgamation as compared with any other alternatives or whether or not such alternatives could be achieved or are available. Any decision by the Banks / their shareholders / creditors regarding whether or not to proceed with the Proposed Amalgamation shall rest solely with them. This Report does not in any manner address, opine on or recommend the prices at which the securities of the Banks could or should transact at following the announcement / consummation of the Proposed Amalgamation and we express no opinion or recommendation as to how the shareholders of either Banks should vote at any shareholders' meeting(s) to be held in connection



S. R. Batliboi & Co. LLP
Chartered Accountants

Haribhakti & Co. LLP
Chartered Accountants

with the Proposed Amalgamation. The recommendation(s) rendered in this Report only represent our recommendation(s) based upon information furnished by the Banks (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, our recommendation will however not be used for advising anybody to take buy or sell decision or as providing management services or carrying out management functions, for which specific opinion needs to be taken from expert advisors.

Except in respect of certain equity investments of the Banks, we have not conducted or provided an analysis for any individual assets / liabilities and have wholly relied on information provided by the Banks in that regard.

The fee for our valuation analysis and the Report is not contingent upon the results reported.

SRBC owes responsibility to only the Boards of Directors of PNB and H&Co. owes responsibility to only the Board of Directors of UBI that have respectively appointed us under the terms of our respective Engagement Letter and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken by, omissions of or advice given by any other to the Banks. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Banks, their directors, employees or agents. In no circumstances shall the liability of a Valuer, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this Report will exceed the amount paid to such Valuer in respect of the fees charged by it for these services.

We do not accept any liability to any third party in relation to the issue of this Report. It is understood that this analysis does not represent a fairness opinion. This Report is not a substitute for the third party's own due diligence / appraisal / enquiries / independent advice that the third party should undertake for his purpose.

This Report is subject to the laws of India.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the Proposed Amalgamation, without our prior written consent.

Any discrepancies in any table / annexure between the total and the sums of the amounts listed are due to rounding-off.



SHARE CAPITAL DETAILS OF THE BANKS

Punjab National Bank

As at 30 September 2019, the paid up equity share capital of Punjab National Bank was ~INR 9,208 million consisting of 4,604,047,028 equity shares of face value of INR 2/- each fully paid up. In November 2019, the Government of India infused additional capital into PNB and accordingly 2,133,518,960 shares were allotted. Subsequently, the paid up equity share capital of PNB is ~INR 13,475 million consisting of 6,737,565,988 equity shares of face value of INR 2/- each fully paid up, which we have considered for the purpose of the present valuation analysis. The Management of PNB has informed us that (i) there would not be any capital variation in the Bank from the Report date till the Proposed Amalgamation becomes effective without approval of the shareholders and other relevant authorities and (ii) they would not declare any dividend which is materially different than those declared in the past few years.

United Bank of India

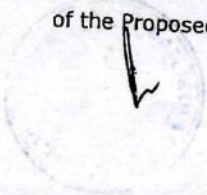
As at 30 September 2019, the paid-up equity share capital of UBI was ~INR 74,279 million consisting of 7,427,919,684 equity shares of face value of INR 10/- each fully paid up. In September 2019, the Government of India infused additional capital into UBI and accordingly 1,641,379,310 shares were allotted in November 2019. Subsequently, the paid-up equity share capital of UBI is ~INR 9,069 million consisting of 9,069,298,994 equity shares of face value of INR 10/- each fully paid up, which we have considered for the purpose of the present valuation analysis. The Management of UBI has informed us that (i) there would not be any capital variation in the Bank from the Report date till the Proposed Amalgamation becomes effective without approval of the shareholders and other relevant authorities and (ii) they would not declare any dividend which is materially different than those declared in the past few years.

APPROACH – BASIS OF AMALGAMATION

The Proposed Amalgamation envisages amalgamation of UBI into PNB whereby equity shares of PNB will be issued to the equity shareholders of UBI.

Arriving at the Fair Equity Share Exchange Ratio for the purposes of amalgamation such as the Proposed Amalgamation, would require determining the relative fair values of each bank involved and of their equity shares. These values are to be determined independently but on a relative basis, and without considering the effect of the amalgamation.

The three main valuation approaches are the market approach, income approach and asset approach. There are several commonly used and accepted methods, within the market approach, income approach and asset approach, for determining the relative fair value of equity shares, which can be considered in the present case, to the extent relevant and applicable, and subject to the availability of detailed information, to arrive at the Fair Equity Share Exchange Ratio for the purpose of the Proposed Amalgamation, such as:



1. Asset Approach - Net Asset Value (NAV) Method
2. Income Approach
 - a) Discounted Cash Flow (DCF) Method
 - b) Earnings Capitalization Value (ECV) Method
3. Market Approach
 - a) Market Price Method
 - b) Comparable Companies Multiple (CCM) Method

It should be understood that the valuation of any entity or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Banks. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Banks, and other factors which generally influence the valuation of the Banks and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of method of valuation has been arrived at using usual and conventional methods adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Asset Approach - Net Asset Value Method: Under this approach, the net asset value method is considered, which is based on the underlying net assets and liabilities of the company, taking into account operating assets and liabilities on a book value basis and adjustments as considered appropriate by respective Valuers.

Income Approach: Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalized) amount. The value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

- **Discounted Cash Flow (DCF) Method:** Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Such DCF analysis involves determining the following:



Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to the providers of the company's capital – both debt and equity.

Appropriate discount rate to be applied to cash flows i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

- **Earnings Capitalization Value (ECV) Method:** This method involves determination of the maintainable earnings level of the company from their operations, based on past and / or projected working results. These earnings are then capitalized at a rate, which in the opinion of the valuer combines an adequate expectation of reward from the enterprise risk, to arrive at the value of the company.

Market Approach: Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

- **Market Price Method:** Under this method, the value of shares of a company is determined by taking the average of the market capitalization of the equity shares of such companies as quoted on a recognized stock exchange over reasonable periods of time where such quotations are arising from the shares being regularly and freely traded in an active market, subject to the element of speculative support that may be inbuilt in the market price. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share, especially where the market values are fluctuating in a volatile capital market. Further, in the case of an amalgamation, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.
- **Comparable Companies' Multiples (CCM) Method:** Under this method, one attempts to measure the value of the shares / business of a company by applying the derived market multiple based on market quotations of comparable public / listed companies, in an active market, possessing attributes similar to the business of such company - to the relevant financial parameter of the company / business (based on past and / or projected working results). This valuation is based on the principle that such market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.



In the present valuation analysis, it should be borne in mind that there are various macro and other factors which in the past years have resulted in significant volatility and fluctuations in the operations, working results, financial position and profitability of the Banks, which makes an arrival of maintainable profits of the Banks - and a relative comparison of the same - based on their past performance an exercise fraught with considerable uncertainty and subjectivity. Further we have not been provided by the Banks with their projected results. In the circumstances, in the present valuation analysis, the Valuers have considered it appropriate to apply the NAV Method, Market Price Method and CCM Method (using Price/Book multiple), to arrive at the relative fair value of the shares of the Banks for the purpose of the Proposed Amalgamation. The values arrived at under such methods has been tabled in the next section of this Report.

Basis of Fair Equity Share Exchange Ratio

The fair basis of the Proposed Amalgamation would have to be determined after taking into consideration all the factors, approaches and methods considered appropriate by the respective Valuers. Though different values have been arrived at under each of the above approaches / methods, for the purposes of recommending the Fair Equity Share Exchange Ratio it is necessary to arrive at a single value for the shares of the Banks involved in an amalgamation such as the Proposed Amalgamation. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of the respective Banks but at their relative fair values to facilitate the determination of a Fair Equity Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approach / method.

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by us and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. The determination of exchange ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single exchange ratio.

While we have provided our recommendation of the Fair Equity Share Exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Fair Equity Share Exchange Ratio of the equity shares of PNB and UBI. The final responsibility for the determination of the exchange ratio at which the Proposed Amalgamation shall take place will be with the Board of Directors of the respective Banks who should take into account other factors such as their own assessment of the Proposed Amalgamation and input of other advisors.



The Fair Equity Share Exchange Ratio has been arrived at on the basis of a relative fair equity valuation of PNB and UBI based on the various approaches / methods explained herein earlier and various qualitative factors relevant to each Bank and the business dynamics and growth potentials of the businesses of these Banks, having regard to information base, key underlying assumptions and limitations.

Valuers have independently applied methods discussed above, as considered appropriate, and arrived at assessment of the relative value per equity share of PNB and UBI. To arrive at the consensus on the Fair Equity Share Exchange Ratio for the Proposed Amalgamation, suitable minor adjustments / rounding off have been done in the values.

The Computation of Fair Equity Share Exchange Ratio as derived by SRBC, is tabulated below:

Valuation Approach	PNB		UBI	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach - Net Asset Value Method	91.7	10%	10.8	10%
Market Approach – Market Price Method	72.7	45%	10.0	45%
Market Approach – Comparable Companies Multiple Method	84.9	45%	9.1	45%
Income Approach	N/a	N/a	N/a	N/a
Relative Value per Share (INR)	80.1		9.7	
Fair Equity Share Exchange Ratio for Proposed Amalgamation of UBI into PNB (rounded off)	0.121			

The Computation of Fair Equity Share Exchange Ratio as derived by H&Co., is tabulated below:

... derived by M&Co., is tabulated below:

Valuation Approach	PNB		UBI	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach - Net Asset Value Method	101.0	10%	9.5	10%
Market Approach - Market Price Method	72.5	45%	10.1	45%
Market Approach - Comparable Companies Multiple Method	64.8	45%	7.2	45%
Income Approach	N/a	N/a	N/a	N/a
Relative Value per Share (INR)	71.9		8.7	
Fair Equity Share Exchange Ratio for Proposed Amalgamation of UBI into PNB (rounded off)	0.121			



S. R. Batliboi & Co. LLP

Chartered Accountants

Haribhakti & Co. LLP

Chartered Accountants

In the present valuation analysis, it should be borne in mind that there are various macro and other factors which in the past years have resulted in significant volatility and fluctuations in the operations, working results, financial position and profitability of the Banks, which makes an arrival of maintainable profits of the Banks – and a relative comparison of the same – based on their past performance an exercise fraught with considerable uncertainty and subjectivity. Further we have not been provided by the Banks with their projected results. In these circumstances, we have not considered income approach.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following Fair Equity Share Exchange Ratio for the Proposed Amalgamation of UBI into PNB:

121 (One Hundred and Twenty One) equity shares of PNB of INR 2/- each fully paid up for every 1,000 (One Thousand) equity shares of UBI of INR 10/- each fully paid up.

Respectfully submitted,

S. R. Batliboi & Co. LLP Chartered Accountants ICAI Firm Registration Number: 301003E/E300005   Jayesh Gandhi Partner Membership No: 037924 Date: 04 March 2020 UDIN: 20037924AAAABD2113	Haribhakti & Co LLP Chartered Accountants ICAI Firm Registration Number: 103523W/W1000048   S. Sundararaman Partner Membership No: 028423 Date: 04 March 2020 UDIN: 20028423AAAABS8825
---	--