

The Manager
The Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street MUMBAI – 400 001
Fax: 022-22722037/39/2041/2061/
3121/1557/1278/3354/3577

The Manager
Listing Department
National Stock Exchange of India Ltd
EXCHANGE PLAZA
Bandra-Kurla Complex
Bandra [E] MUMBAI 400051 Fax : 022 -
26598237 / 238 /26598347 / 348

प्रिय महोदय/ Dear Sir,

विषय/ Subject: Board Meeting - Announcement of Results - 31.03.2016

Ref : Regulation 33 of SEBI (LODR) Regulations, 2015

The Audited Financial Results of the Bank for the Quarter and Year ended 31.03.2016 were approved by the Board of Directors at its meeting held on 27.05.2016. A copy of the same is enclosed along with the Report of the Auditors.

The Board has not recommended payment of Dividend for the year ended 31.03.2016.

Book-Closure dates for the purpose of the Annual General Meeting (AGM) of the Bank and the other relevant dates would be announced later.

The meeting of the Board of Directors commenced at 1.20 p.m. and concluded at 2.40 p.m.

धन्यवाद / Thanking you,

भवदीय/ Yours faithfully,


बी नगेशबाबू / B NAGESH BABU
कंपनी सचिव/ COMPANY SECRETARY

सचिवालय विभाग
प्रबंध निदेशक व मुख्य कार्यकारी अधिकारी सचिवालय
प्रधान कार्यालय
112, जे सी रोड बेंगलूर - 560002

Secretarial Department
MD & CEO's Secretariat
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AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31st MARCH 2016

(₹ in Crore)

Sl. No.	PARTICULARS	QUARTER ENDED (STANDALONE)			YEAR ENDED (STANDALONE)		YEAR ENDED (CONSOLIDATED)	
		(AUDITED)	(REVIEWED)	(AUDITED)	(AUDITED)		(AUDITED)	
		31.03.2016	31.12.2015	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
1	INTEREST EARNED (a)+(b)+(c)+(d)	10732.91	10882.07	11103.40	44022.13	43750.04	44039.49	43813.37
	(a) Interest/discount on advances/bills	7521.40	7629.14	8093.19	31377.25	32066.12	31334.74	32066.49
	(b) Income on Investments	2841.32	2863.91	2758.45	11407.79	10649.69	11458.61	10696.14
	(c) Interest on balances with Reserve Bank of India & Other Inter-Bank Funds	163.16	328.90	183.94	879.50	759.79	884.38	764.78
	(d) Others	207.03	60.12	67.82	357.59	274.44	361.76	285.96
2	Other Income	1383.23	1168.56	1325.81	4875.23	4550.25	5131.26	4733.45
3	TOTAL INCOME (1+2)	12116.14	12050.63	12429.21	48897.36	48300.29	49170.75	48546.82
4	Interest Expended	8359.15	8655.47	8617.26	34258.77	34086.37	34262.99	34133.12
5	Operating Expenses (i)+(ii)	2110.44	1842.72	2079.42	7491.93	7263.55	7591.94	7266.03
	(i) Employees Cost	1239.54	1039.75	1162.51	4445.88	4274.25	4489.52	4313.30
	(ii) Other Operating Expenses	870.90	802.97	916.91	3046.05	2989.30	3102.42	2952.73
6	TOTAL EXPENSES ((4+5) excluding Provisions & Contingencies)	10469.59	10498.19	10696.68	41750.70	41349.92	41854.93	41399.15
7	Operating Profit before Provisions and Contingencies (3-6)	1646.55	1552.44	1732.53	7146.66	6950.37	7315.82	7147.67
8	Provisions (Other than Tax) and Contingencies	6331.54	1428.85	1009.57	10332.43	3452.74	10364.63	3464.39
9	Exceptional Items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Profit (+) / Loss (-) from Ordinary Activities before tax (7-8-9)	(4684.99)	123.59	722.96	(3185.77)	3497.63	(3048.81)	3683.28
11	Tax expense	(779.50)	38.62	110.00	(372.95)	795.00	(378.52)	825.26
12	Add: Share of earnings from Associate						135.17	73.03
13	Less: Minority Interest						71.89	66.39
14	Net Profit (+) / Loss (-) from Ordinary Activities after tax (10+11+12-13)	(3905.49)	84.97	612.96	(2812.82)	2702.63	(2607.01)	2864.66
15	Extraordinary items (net of tax expense)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16	Net Profit (+) / Loss (-) for the period (14-15)	(3905.49)	84.97	612.96	(2812.82)	2702.63	(2607.01)	2864.66
17	Paid up Equity Share Capital (Face Value of each share-Rs.10/-)	542.99	542.99	475.20	542.99	475.20	542.99	475.20
18	Reserves excluding Revaluation Reserves				25615.55	25978.18	26422.02	26610.66
19	Analytical Ratios							
	(i) Percentage of shares held by Government of India	66.30%	66.30%	69.91%	66.30%	69.91%	66.30%	69.91%
	(ii) Capital Adequacy Ratio - Basel III	11.08%	11.54%	10.56%	11.08%	10.56%	11.17%	10.65%
	(iv) Earnings per Share (EPS) (Not Annualised)							
	a) Basic and diluted EPS before Extraordinary items (net of tax expense) for the period, for the year to date and for the previous year	(71.92)	1.56	13.29	(53.61)	58.59	(49.69)	62.10
	b) Basic and diluted EPS after Extraordinary items for the period, for the year to date and for the previous year	(71.92)	1.56	13.29	(53.61)	58.59	(49.69)	62.10
	(v) NPA Ratios							
	(a) Amount of Gross Non Performing Assets	31637.83	19813.44	13039.96	31637.83	13039.96	31852.34	13173.61
	(b) Amount of Net Non Performing Assets	20832.91	12940.10	8740.09	20832.91	8740.09	20967.21	9462.00
	(c) Percentage of Gross Non Performing Assets	9.40%	5.84%	3.89%	9.40%	3.89%	9.44%	3.92%
	(d) Percentage of Net Non Performing Assets	6.42%	3.90%	2.65%	6.42%	2.65%	6.44%	2.86%
	(vi) Return on Assets (Annualised) (%)	(2.88)	0.06	0.50	(0.52)	0.55	(0.47)	0.57

STATEMENT OF ASSETS AND LIABILITIES (Standalone)

(₹ in Crore)

	As on 31.03.2016 (AUDITED)	As on 31.03.2015 (AUDITED)
CAPITAL AND LIABILITIES		
CAPITAL	542.99	475.20
RESERVES AND SURPLUS	31060.21	31384.03
DEPOSITS	479791.56	473840.10
BORROWINGS	26873.32	25671.57
OTHER LIABILITIES AND PROVISIONS	14692.70	16629.66
TOTAL	552960.78	548000.56
ASSETS		
CASH & BALANCES WITH RESERVE BANK OF INDIA	20664.05	21971.95
BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE	36069.61	26669.14
INVESTMENTS	142309.30	142061.42
ADVANCES	324714.83	330035.51
FIXED ASSETS	7198.10	6949.45
OTHER ASSETS	22004.89	20313.09
TOTAL	552960.78	548000.56

Notes:

- The above Financial Results were reviewed by the Audit Committee of the Board and approved by the Board of Directors in the meeting held on 27th May 2016. The same have been audited by the Statutory Central Auditors of the Bank.
- There has been no change in the accounting policies followed during the quarter/year ended 31st March 2016 as compared to those followed in the preceding financial year ended 31st March 2015 except the following:
 - The useful lives of various Fixed Assets (except lease hold buildings and computers) have been assessed by the Bank on the basis prescribed for various assets under Schedule II of the Companies Act, 2013. The useful lives of Server Hardware, Network Equipment and Automated Teller Machines (ATMs) have been assessed to be five years (as against three years determined earlier). In respect of Other Assets forming part of Computers, RBI guidelines have been followed for depreciating them over a period of three years.
 - The Bank has also adopted a policy of charging depreciation during the initial year at 100% of the normal rate for assets ready for use for 180 days or more and at 50% of the normal rate for assets ready for use for less than 180 days during the year. The earlier policy of the Bank was to charge depreciation at 100% of the normal rate during the initial year irrespective of the number of days the asset was ready to use.
 - Depreciation in respect of all Fixed Assets including Building is now provided on Straight Line Method (SLM) as against the Written Down Value (WDV) method adopted in earlier years. This is done to make more appropriate presentation of the financial statements.
 - Consequent to the change, depreciation of prior period amounting to Rs.171.39 Crores has been found to be in excess and the depreciation charged for the year is higher by Rs 72.46 Crores. As a result, the fixed assets and profit before tax are higher by Rs 243.85 Crores.
- The Financial results for the quarter ended 31st March 2016 have been arrived at after considering provision for Loan Losses in accordance with the extant guidelines and directions of RBI on Prudential Norms for 'Income Recognition, Asset Classification and Provisioning' and Provision for Income Tax and Deferred Tax, Depreciation on Investments and Fixed Assets, provision for exposure to entities with unhedged foreign currency and other necessary provisions. As per the Board approved policy and in compliance to RBI regulations, the Bank has made additional provision of Rs.1486 Crore being 5% on the liability of the Sub-standard Advances and 10% on the liability of Doubtful II category.
- During the year, as a part of Asset Quality Review, RBI has advised the Bank to revise Classification/ provisions in respect of certain advance accounts over the two quarters ending 31.12.2015 and 31.03.2016 which the Bank has implemented accordingly.
- In terms of RBI Circular DBR.BP.BC.1/21.06.201/2015-16 dated 01.07.2015 Banks are required to make Pillar 3 disclosures under Basel III Capital Regulations. These details are being made available on our website "www.canarabank.com". These disclosures have not been subjected to Audit.
- In compliance to the RBI letter DBR.BNP.NO.11643/21.04.132/2015-16 dated 17.03.2016 on Ujwal Discom Assurance Yojna (UDAY) scheme, the Bank has made a provision of Rs.399.36 Crore in respect of segment not envisaged to be converted into SDL in F.Y 2016-17 and Rs.131.01 Crore for diminution in the fair value of loan / Discom Bonds.
- In accordance with the RBI letter dated 12.04.2016, the Bank has provided a sum of Rs.335.08 Crore being 15% of the outstanding amount of Rs.2233.86 Crore as on 31.03.2016 under food credit availed by State Government of Punjab. As per the RBI direction, said provision was required to be made in two quarters i.e., 7.5% in March, 2016 and 7.5% in June, 2016. However, bank has decided to make full required provision in March 2016 quarter.
- The bank has allotted 4,00,00,000 equity shares of face value of Rs.10/- each at a premium of Rs.370.08 per equity share to Life Insurance Corporation of India on preferential basis on 12.05.2015 for a total consideration of Rs.1,520.32 crores and 2,77,94,083 equity shares of face value of Rs.10/- each at a premium of Rs.330.72 per equity share to Government of India on preferential basis on 30.09.2015 for a total consideration of Rs.947.00 crores.
- In accordance with RBI circular DBR.BP.BC.No.31/21.04.018/2015-16 dated 16.07.2015, the Bank has classified deposits placed with NABARD/SIDBI/NHB during the period commencing from April 1, 2015 for meeting shortfall in Priority Sector Lending under the income from such deposits has been classified under the head 'Interest Income-Others', which was hitherto included under 'Interest Income-Investments'.



SEGMENT REPORTING FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2016

(₹ in Crore)

BUSINESS SEGMENT	QUARTER ENDED (STANDALONE)			YEAR ENDED (STANDALONE)		YEAR ENDED (CONSOLIDATED)	
	AUDITED	REVIEWED	AUDITED	AUDITED		AUDITED	
	31.03.2016	31.12.2015	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
(1) Segment Revenue							
a Treasury Operations	3208.46	3167.90	3401.22	12811.13	12201.37	12811.13	12201.37
b Retail Banking Operations	4530.66	3613.01	3419.25	15459.48	12582.47	15459.48	12582.47
c Wholesale Banking Operations	4201.46	5249.20	5454.88	20382.09	22818.09	20382.09	22818.09
d Other Banking Operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e Unallocated	175.56	20.52	153.86	244.66	698.36	518.05	944.89
Total	12116.14	12050.63	12429.21	48897.36	48300.29	49170.75	48546.82
(2) Segment Results							
a Treasury Operations	649.83	480.14	866.70	2156.28	1569.12	2156.28	1569.12
b Retail Banking Operations	792.69	491.01	236.84	2372.04	1221.35	2372.04	1221.35
c Wholesale Banking Operations	28.47	560.76	496.58	2373.68	3548.66	2373.68	3548.66
d Other Banking Operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	1470.99	1531.91	1600.12	6902.00	6339.13	6902.00	6339.13
(3) Unallocated Income/Expenses	175.56	20.53	132.41	244.66	611.24	413.82	808.54
(4) Operating Profit	1646.55	1552.44	1732.53	7146.66	6950.37	7315.82	7147.67
(5) Provisions and Contingencies	6331.54	1428.85	1009.57	10332.43	3452.74	10364.63	3464.39
(6) Tax Expense	(779.50)	38.62	110.00	(372.95)	795.00	(378.52)	825.26
(7) Add: Share of earnings in Associates						135.17	73.03
(8) Less: Minority Interest						71.89	66.39
(9) Net Profit	(3905.49)	84.97	612.96	(2812.82)	2702.63	(2607.01)	2864.66
(10) Segment Assets*							
a Treasury Operations	197569.24	204355.44	192632.54	197569.24	192632.54	197569.24	192632.54
b Retail Banking Operations	135406.46	129024.89	117466.87	135406.46	117466.87	135406.46	117466.87
c Wholesale Banking Operations	195351.59	207316.33	217195.46	195351.59	217195.46	195351.59	217195.46
d Other Banking Operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e Unallocated Assets	19188.83	20524.44	15299.84	19188.83	15299.84	29952.97	25856.83
Total Assets	547516.12	561221.10	542594.71	547516.12	542594.71	558280.26	553151.70
(11) Segment Liabilities							
a Treasury Operations	34649.32	29183.84	50848.56	34649.32	50848.56	34649.32	50848.56
b Retail Banking Operations	293171.08	287727.55	251281.63	293171.08	251281.63	293171.08	251281.63
c Wholesale Banking Operations	163892.51	184709.09	183254.51	163892.51	183254.51	163892.51	183254.51
d Other Banking Operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e Unallocated Liabilities	29644.67	29533.28	30756.63	29644.67	30756.63	39602.34	40681.14
f Capital and Reserves *	26158.54	30067.34	26453.38	26158.54	26453.38	26965.01	27085.86
Total Liabilities	547516.12	561221.10	542594.71	547516.12	542594.71	558280.26	553151.70

(* Excluding Revaluation Reserve)

(₹ In Crore)

GEOGRAPHICAL SEGMENT	QUARTER ENDED (STANDALONE)			YEAR ENDED (STANDALONE)		YEAR ENDED (CONSOLIDATED)	
	AUDITED	REVIEWED	AUDITED	AUDITED		AUDITED	
	31.03.2016	31.12.2015	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
(1) Domestic Operations							
a Revenue	11792.39	11755.08	12147.17	47634.87	47101.13	47908.25	47330.27
b Assets	493141.86	509589.08	494678.72	493141.86	494678.72	503906.00	505063.47
(2) International Operations							
a Revenue	323.76	295.55	282.04	1262.50	1199.16	1262.50	1216.55
b Assets	54374.26	51632.02	47915.99	54374.26	47915.99	54374.26	48088.23
Total							
a Revenue	12116.15	12050.63	12429.21	48897.37	48300.29	49170.75	48546.82
b Assets	547516.12	561221.10	542594.71	547516.12	542594.71	558280.26	553151.70

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10 Provision Coverage Ratio as on 31st March 2016 is 50.11% (Previous year as at 31.03.2015 - 57.29%)

11 Number of Investors Complaints received and disposed off during the quarter ended 31.03.2016.

- i) Pending at the beginning of the quarter - Nil
- ii) Received during the quarter - 205
- iii) Disposed off during the quarter - 205
- iv) Lying unresolved at the end of the quarter - Nil

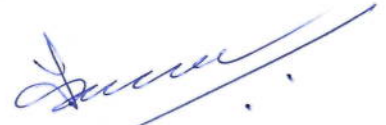
12 Figures of the corresponding previous period have been regrouped/restated wherever considered necessary.



DINA BANDHU MOHAPATRA
EXECUTIVE DIRECTOR



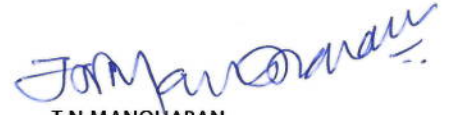
HARIDEESH KUMAR B
EXECUTIVE DIRECTOR



P S RAWAT
EXECUTIVE DIRECTOR



RAKESH SHARMA
MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER



T N MANOHARAN
CHAIRMAN

M

PLACE : BENGALURU
DATE: 27.05.2016

S C Vasudeva & Co. Chartered Accountants FRN:000235N	Vinay Kumar & Co. Chartered Accountants FRN:000719C	Ram Raj & Co. Chartered Accountants FRN:002839S
V K Niranjana & Co. Chartered Accountants FRN:002468S	J L Sengupta & Co. Chartered Accountants FRN:307092E	J Singh & Associates Chartered Accountants FRN:110266W

INDEPENDENT AUDITORS' REPORT

To,

The President of India

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Canara Bank** as on 31st March, 2016, which comprise the Balance Sheet as at 31st March, 2016, Profit and Loss Account, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of 20 branches audited by us, 3218 branches audited by statutory branch auditors and 6 foreign branches audited by local auditors in respective countries. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also incorporated in the Balance Sheet and the Profit and Loss Account are the returns from 2604 branches (including one overseas branch) which have not been subjected to audit. These unaudited branches account for 4.65 per cent of advances, 13.60 per cent of deposits, 3.89 per cent of interest income and 11.62 per cent of interest expenses.

Management's Responsibility for the Financial Statements

2. The bank's management is responsible for the preparation of these financial statements in accordance with the Banking Regulation Act 1949, Reserve Bank of India guidelines from time and time and Accounting Standards generally accepted in India. This responsibility of the Management includes design, implementation and maintenance of internal control relevant to the preparation of the Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, as shown by the books of the Bank, and to the best of our information and according to the explanations given to us:
- I. the Balance sheet, read with the significant accounting policies and the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Bank as at 31st March, 2016 in conformity with accounting principles generally accepted in India;
 - II. the Profit and Loss Account, read with the significant accounting policies and the notes thereon shows a true balance of loss, in conformity with accounting principles generally accepted in India, for the year covered by the account; and
 - III. the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

Emphasis of Matter

7. We draw attention to the Schedule 18: 'Notes to Accounts' regarding:
- I. Note No.5.1.2 to the financial statement regarding the change in the accounting policy w.r.t. change in the method of charging depreciation, change in the useful of life of certain fixed assets and the consequential effect on financial statements.

Our opinion is not qualified in respect of the above stated matters.

Report on Other Legal and Regulatory Requirements

8. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms "A" and "B" respectively of the Third Schedule to the Banking Regulation Act, 1949.
9. Subject to the limitations of the audit indicated in paragraph 1 to 5 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 / 1980 and also subject 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;
 - c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit;
10. We further report that:
- a) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account and returns;



- b) The report on the accounts of the Branch/Offices audited by the branch auditors of the Bank under Section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report;
- c) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the applicable Accounting Standards.

For S C Vasudeva & Co.
Chartered Accountants
FRN:000235N


Sanjay Vasudeva
Partner
Membership No. 090989



For Vinay Kumar & Co.
Chartered Accountants
FRN:000719C


Vinay Kumar Agrawal
Partner
MEMBERSHIP NO.013795





For Ram Raj & Co.
Chartered Accountants
FRN:002839S


P Karunakara Naidu
Partner
MEMBERSHIP NO.210603



For V K Niranjana & Co.
Chartered Accountants
FRN:002468S


Niranjana V K
Partner
Membership No.021432



For J L Sengupta & Co.
Chartered Accountants
FRN:307092E


P Parthasarathy
Partner
Membership No. 019410



For J Singh & Associates
Chartered Accountants
FRN:110266W


J Singh
Partner
Membership No.042023



Place: Bangalore

Dated: May 27, 2016

S C Vasudeva & Co. Chartered Accountants FRN:000235N	Vinay Kumar & Co. Chartered Accountants FRN:000719C	Ram Raj & Co. Chartered Accountants FRN:002839S
V K Niranjana & Co. Chartered Accountants FRN:002468S	J L Sengupta & Co. Chartered Accountants FRN:307092E	J Singh & Associates Chartered Accountants FRN:110266W

**INDEPENDENT AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS**

To

The Board of Directors
Canara Bank

Report on the Financial Statements

1. We have audited the accompanying consolidated financial statements of Canara Bank (hereinafter referred to as "the Bank"), in which are incorporated the financial statements of its subsidiaries, associates, and jointly controlled entity (together referred to as "the Group"). The consolidated financial statements comprise of the Consolidated Balance Sheet as at 31st March 2016, the Consolidated Profit & Loss Account, the Consolidated Cash Flow Statement for the Year ended on that date annexed thereto, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements"). In the Consolidated Financial Statements referred to herein above are incorporated:
 - i) Audited financial statements of Canara Bank audited by us.
 - ii) Audited financial statements of Seven (7) Subsidiaries, and One (1) Associate audited by other auditors.
 - iii) Unaudited accounts of Two (2) associates and One (1) Jointly Controlled Entity.

Management's Responsibility for the Consolidated Financial Statements

2. The Consolidated Financial Statements are the responsibility of the Bank's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding Subsidiaries, Associates and Joint Ventures. Our responsibility is to express our opinion on these Consolidated Financial Statements based on our audit.
3. The consolidated financial statements have been prepared by the management of the Bank in accordance with the requirement of the accounting Standard (AS) 21- "Consolidated Financial Statements", Accounting Standard (AS) 23- "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 - "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India and the guidelines issued by the Reserve Bank of India.



Auditors' Responsibility

4. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit of the accounts of the Bank. While conducting the audit we have taken into account the applicable accounting standards and the standards of auditing issued by the Institute of Chartered Accountants of India.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements whether due to fraud or error. In making those risk assessments, the auditors consider internal financial control relevant to the Bank's preparation and presentation of the consolidated financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness on the Bank's internal financial controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Other Matters

6. We did not audit the financial statements of Seven (7) subsidiaries (whose financial statements reflect total assets of Rs.11339.05 Crore as at 31st March 2016, total revenues of Rs. 691.65 Crore and net cash flows of Rs. (100.53) Crore for the year then ended), Three (3) Associates (whose financial statements reflect total assets of Rs.42584.75 Crore as at 31st March 2016, total revenues of Rs.4047.08 Crore and net cash flows of Rs.(660.27) Crore for the year then ended) and One (1) Jointly Controlled Entity (whose financial statements reflect total assets of Rs.631.20 Crore as at 31st March 2016, total revenues of Rs.41.74 Crore and net cash flows of Rs.60.88 Crore for the year then ended). These financial statements and other financial information of seven Subsidiaries and one Associate have been audited by other auditors whose reports have been furnished to us by the Bank's management and unaudited accounts of two Associates and one Jointly controlled entity have been furnished to us. Our opinion on the Consolidated Financial Statements, in so far as it relates to the aforesaid subsidiaries, associates and jointly controlled entity, is based solely on the report of the other auditors and unaudited financial statements respectively.



Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, 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.

Emphasis of Matter

7. We draw attention to Schedule 19: Notes on Accounts of the Consolidated Financial Statements, regarding:

- i) Note No.5.2 to the financial statement regarding the change in the accounting policy with respect to the change in the method of charging depreciation, change in the useful life of certain fixed assets and the consequential effect on financial statements ;

Our opinion is not modified in respect of this matter.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us:

- i) the Consolidated Balance Sheet, read with the accounting policies and notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Group as at 31st March 2016 in conformity with accounting principles generally accepted in India;
- ii) the Consolidated Profit and Loss Account, read with the notes thereon shows a true balance of Profit of the Group, in conformity with accounting principles generally accepted in India, for the year covered by the account; and
- iii) the Consolidated Cash Flow Statement gives a true and fair view of the cash flows of the Group for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. i) The Balance Sheet and the Profit and Loss Account have been drawn up in Form "A" and "B" respectively of the Third Schedule to the Banking Regulation Act, 1949.



- ii) In our opinion, the Consolidated Balance Sheet, Consolidated Profit and Loss Account and Consolidated Cash Flow Statement of the Group comply with the applicable Accounting Standards.

For S C Vasudeva & Co.
Chartered Accountants
FRN:000235N


Sanjay Vasudeva
Partner
Membership No. 090989



For Vinay Kumar & Co.
Chartered Accountants
FRN:000719C


Vinay Kumar Agrawal
Partner
MEMBERSHIP NO.013795



For Ram Raj & Co.
Chartered Accountants
FRN:002839S


P Karunakara Naidu
Partner
MEMBERSHIP NO.210603



For V K Niranjan & Co.
Chartered Accountants
FRN:002468S


Niranjan V K
Partner
Membership No.021432



For J L Sengupta & Co.
Chartered Accountants
FRN:307092E


P Parthasarathy
Partner
Membership No. 019410



For J Singh & Associates
Chartered Accountants
FRN:110266W


J Singh
Partner
Membership No.042023



Place: Bangalore
Date: 27th May, 2016