

प्रधान कार्यालय :  
डा.पे.सं. 88,  
मंगलादेवी मंदिर मार्ग,  
पांडेश्वर,  
मंगलूर - 575 001.  
कर्नाटक राज्य



## कार्पोरेशन बैंक Corporation Bank

Head Office :  
P.B. No. 88,  
Mangaladevi Temple Road,  
Pandeshwar,  
MANGALORE - 575 001.  
Karnataka State

सार्वजनिक क्षेत्र का अग्रणी बैंक A Premier Public Sector Bank  
**INVESTOR SERVICES DEPARTMENT**

Ref.No.ISD/ 239 /2014-15

15<sup>th</sup> July 2014

To,

The Bombay Stock Exchange Ltd,  
Corporate Relationship Department  
1st Floor, New Trading Ring  
Rotunda Building, P J Towers  
Dalal Street, Fort  
**MUMBAI - 400 001**

Fax No. 022-22722037 / 22723121  
Ref: Code No.532179

Dear Sir,

### Financial Results of the Bank for the Quarter/Year ended 31<sup>st</sup> March, 2014-Discrepancies

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This has reference to your email dated 9<sup>th</sup> July 2014 on the subject.

The clarifications on the points raised therein and the rectifications being carried out with full set of the financial results under clause 41 of the Listing Agreement for Equity, is enclosed.

Kindly acknowledge the receipt of the same.

Yours faithfully,

[S.K.Dash]

COMPANY SECRETARY

Encl: as above

Sub: Discrepancies in the Financial Results for the Quarter /Year ended March 2014 of our Bank.

This has reference to your email dated 09<sup>th</sup> July, 2014 on the subject. We would like to clarify as under:

**Query 1:** Mismatch – Confirm % of Public Shareholding in consolidated Balance Sheet:

36.67% is the correct public share-holding of the Bank as at 31.03.2014 as shown in the Stand alone results. The error is typographical and we regret for the same. As a result, figures in consolidated Balance Sheet are as under:

Sl. No.	Particulars	Published value		Revised Value	
		31.03.2014 (Audited) Consolidated	31.03.2013 (Audited) Consolidated	31.03.2014 (Audited) Consolidated	31.03.2013 (Audited) Consolidated
18	Public Shareholding				
	Number of Shares (in lakhs)	614.37	614.37	614.37	614.37
	Percentage of Share Holding	40.18%	40.18%	36.67%	40.18%

**Query2:** Not Tallying – Profit before Tax in segment result

Under consolidated segment reporting, the Income Tax provision of the subsidiary was not considered which resulted in mismatch in Profit before Tax. However, the Net profit shown in the Consolidated Balance Sheet is correct and remains unchanged. As a result, figures in consolidated Segment reporting are as under:

Sl. No.	Particulars	Published value		Revised Value	
		31.03.2014 (Audited) Consolidated	31.03.2013 (Audited) Consolidated	31.03.2014 (Audited) Consolidated	31.03.2013 (Audited) Consolidated
d	Operating Profit	248.46	1694.18	251.65	1698.98
	Income Tax	-320.03	250.93	-316.84	255.74
	Net Profit	568.49	1443.24	568.49	1443.24

The corrected sheet with the rectification of above figures is enclosed.



**Corporation Bank**  
**HEAD OFFICE, MANGALADEVI TEMPLE ROAD, MANGALORE**  
**AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2014**

[Rs in lakhs]

Sl. No.	Particulars	Quarter Ended			Year ended		Year ended	
		31.03.2014 (Audited)	31.12.2013 (Unaudited)	31.03.2013 (Audited)	31.03.2014 (Audited)	31.03.2013 (Audited)	31.03.2014 (Audited) Consolidated	31.03.2013 (Audited) Consolidated
1	Interest earned (a)+(b)+(c)+(d)	464435.36	460874.96	406809.75	1795856.91	1533408.27	1795856.91	1533408.27
	(a) Interest / Discount on Advances / Bills	341464.55	337523.08	305904.53	1321597.25	1144892.79	1321597.25	1144892.79
	(b) Income on Investments	109681.13	109632.13	90735.95	424219.53	343174.76	424219.53	343174.76
	(c) Interest on balances with Reserve Bank of India and other injer bank funds	659.10	201.72	1004.43	1573.39	4157.63	1573.39	4157.63
	(d) Others	12630.58	13518.03	9164.84	48466.74	41183.09	48466.74	41183.09
2	Other Income	38826.30	33859.15	56739.81	164771.79	160793.83	165718.96	161993.40
3	<b>TOTAL INCOME (1+2)</b>	<b>503261.65</b>	<b>494734.11</b>	<b>463549.56</b>	<b>1960628.70</b>	<b>1694202.10</b>	<b>1961575.87</b>	<b>1695401.67</b>
4	Interest Expended	373687.65	360714.17	313731.90	1417488.21	1190823.44	1417407.54	1190643.50
5	Operating Expenses (i) + (ii)	65918.75	59665.68	57571.22	239200.76	199678.12	239232.49	199720.68
	(i) Employees cost	32893.31	29632.28	28431.73	119023.77	99030.65	119041.46	99054.08
	(ii) Other Operating Expenses	33025.44	30033.40	29139.49	120176.99	100647.47	120191.03	100666.60
	(All items exceeding 10% of the total expenditure excluding interest expenditure may be shown separately)							
6	<b>TOTAL EXPENDITURE (4+5) Excluding Provisions and contingencies</b>	<b>439606.40</b>	<b>420379.85</b>	<b>371303.12</b>	<b>1656688.97</b>	<b>1390501.56</b>	<b>1656640.03</b>	<b>1390364.19</b>
7	Operating Profit before Provisions and Contingencies (3-6)	63655.25	74354.26	92246.44	303939.73	303700.54	304935.84	305037.49
8	Provisions (other than tax) and Contingencies	82452.81	82633.46	45992.56	279770.88	135140.20	279770.87	135140.20
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)	-18797.54	-8279.20	46253.88	24168.86	168560.34	25164.97	169897.29
11	Tax Expense	-22954.58	-20948.42	10700.78	-32003.00	25092.86	-31683.62	25573.06
12	Net Profit (+)/Loss (-) from ordinary Activities after tax (10-11)	4157.04	12669.22	35553.10	56171.86	143467.48	56848.59	144324.23
13	Extraordinary items (net of tax expense)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	Net Profit (+)/Loss (-) for the period (12-13)	4157.04	12669.22	35553.10	56171.86	143467.48	56848.59	144324.23
15	Paid-up equity share capital (Face value of the Share is Rs. 10)	16754.19	16754.19	15291.44	16754.19	15291.44	16754.19	15291.44
16	Reserves excluding revaluation reserves (as per balance sheet of previous accounting year)	991756.37	941278.28	941278.28	991756.37	941278.28	995237.41	944960.05
17	Analytical Ratios							
	(i) Percentage of shares held by Government of India	63.33%	63.33%	59.82%	63.33%	59.82%	63.33%	59.82%
	(ii) Capital Adequacy Ratio							
	Basel II							
	Tier I	12.21%	12.56%	12.33%	12.21%	12.33%	12.28%	11.47%
	Tier II	8.37%	8.45%	8.33%	8.37%	8.33%	8.42%	7.75%
	Tier III	3.84%	4.11%	4.00%	3.84%	4.00%	3.86%	3.72%
	Basel III							
	Tier I	11.64%	11.89%	NA	11.64%	NA	11.68%	NA
	Tier II	8.14%	8.17%	NA	8.14%	NA	8.17%	NA
	Tier III	3.50%	3.72%	NA	3.50%	NA	3.51%	NA
	(iii) Earning Per Share (EPS) (in Rs.)							
	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 (Not annualised)	2.48	8.16	23.92	35.75	96.74	36.18	97.32
	b) Basic and diluted EPS after Extraordinary items for the period, for the year to date and for the previous year (not annualised)	2.48	8.16	23.92	35.75	96.74	36.18	97.32
	(iv) NPA Ratios							
	(a) Gross NPA	473679.31	384420.21	204822.98	473679.31	204822.98	473679.31	204822.98
	(b) Net NPA	318055.96	265362.93	141087.89	318055.96	141087.89	318055.96	141087.89
	(c) % of Gross NPA	3.42%	3.08%	1.72%	3.42%	1.72%	3.42%	1.72%
	(d) % of Net NPA	2.32%	2.15%	1.19%	2.32%	1.19%	2.32%	1.19%
	(v) Return on Assets	0.08%	0.26%	0.81%	0.29%	0.88%	0.29%	0.89%
18	Public Shareholding							
	Number of Shares (in lakhs)	614.37	614.37	614.37	614.37	614.37	614.37	614.37
	Percentage of Share Holding	36.67%	36.67%	40.18%	36.67%	40.18%	36.67%	40.18%
19	Promoters and Promoter Group Shareholding							
	(a) Pledged/ Encumbered							
	Number of Shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Percentage of Shares (as a % of the total share capital of the Company)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(b) Non-encumbered							
	Number of Shares (in lakhs)	1061.05	1061.05	914.77	1061.05	914.77	1061.05	914.77
	Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	100%	100%	100%	100%	100%	100%	100%
	Percentage of Shares (as a % of the total share capital of the Company)	63.33%	63.33%	59.82%	63.33%	59.82%	63.33%	59.82%



<b>SUMMARISED BALANCE SHEET</b>		
<b>CAPITAL AND LIABILITIES</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	<b>(Audited)</b>	<b>(Audited)</b>
Capital	167.54	152.91
Reserves and Surplus	9917.56	9412.78
Deposits	193393.01	166005.45
Borrowings	13021.45	12898.85
Other liabilities and Provisions	5548.91	4972.34
<b>Total</b>	<b>222048.47</b>	<b>193442.33</b>
<b>ASSETS</b>		
Cash/Gold and Balances with Reserve Bank of India	13740.21	8847.84
Balances with Banks and Money at Call and Short notice	498.81	3835.48
Investments	66191.21	58164.49
Advances	137086.30	118716.65
Fixed Assets	465.27	443.20
Other Assets	4066.67	3434.67
<b>Total</b>	<b>222048.47</b>	<b>193442.33</b>



Segment Wise Revenue Results and Capital employed for the Quarter /Year Ended 31.03.2014

Part A : Business Segment

(Rs in Crore)

Sl. No	Particulars	Quarter Ended 31-03-2014 (Audited)	Quarter Ended 31-12-2013 (Reviewed)	Quarter Ended 31-03-2013 (Audited)	Year ended 31-03-2014 (Audited) Solo	Year ended 31-03-2013 (Audited) Solo	Year Ended 31-03-2014 (Audited) Consolidated	Year Ended 31-03-2013 (Audited) Consolidated
a)	<b>Segment Revenue</b>							
	i) Treasury Operations	1172.99	1125.86	1098.70	4716.53	3890.90	4716.53	3890.90
	ii) Wholesale Banking	2545.61	2571.28	2476.49	10032.85	9131.79	10032.85	9131.79
	iii) Retail Banking	1111.38	1090.78	916.35	4215.40	3407.58	4215.40	3407.58
	iv) Other Banking Operations	202.64	159.42	143.96	641.51	511.75	650.98	523.75
	<b>Total</b>	<b>5032.61</b>	<b>4947.34</b>	<b>4635.50</b>	<b>19606.29</b>	<b>16942.02</b>	<b>19615.76</b>	<b>16954.02</b>
b)	<b>Segment Results</b>							
	Profit (+) Loss (-) before tax and after interest from each segment							
	i) Treasury Operations	357.85	.65.54	258.39	421.64	709.09	421.64	709.09
	ii) Wholesale Banking	(355.51)	122.10	288.50	493.04	1343.99	493.04	1343.99
	iii) Retail Banking	200.84	133.88	269.54	618.06	717.86	618.06	717.86
	iv) Other Banking Operations	(391.16)	(404.31)	(353.89)	(1291.05)	(1085.34)	(1281.09)	(1071.96)
	<b>Total</b>	<b>(187.98)</b>	<b>(82.79)</b>	<b>462.54</b>	<b>241.69</b>	<b>1685.60</b>	<b>251.65</b>	<b>1698.98</b>
c)	<b>Unallocated Expenses</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d)	<b>Operating Profit</b>	(187.98)	(82.79)	462.54	241.69	1685.60	251.65	1698.98
e)	<b>Income Tax</b>	(229.55)	(209.48)	107.01	(320.03)	250.93	(316.84)	255.74
f)	<b>Extraordinary Profit/Loss</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
g)	<b>Net Profit</b>	41.57	126.69	355.53	561.72	1434.67	568.49	1443.24
h)	<b>Other Information</b>							
i)	<b>Segment Assets</b>							
	i) Treasury Operations	57677.04	58228.51	51154.32	57677.04	51154.32	57677.04	51154.32
	ii) Wholesale Banking	96721.58	86578.81	87047.08	96721.58	87047.08	96721.58	87047.08
	iii) Retail Banking	40952.72	37854.08	32223.98	40952.72	32223.98	40952.72	32223.98
	iv) Other Banking Operations	24329.81	21124.07	21006.80	24329.80	21006.80	24335.86	21035.47
	v) Unallocated Assets	2367.32	2137.50	2010.15	2367.33	2010.15	2367.32	2010.15
	<b>Total Assets</b>	<b>222048.47</b>	<b>205922.97</b>	<b>193442.33</b>	<b>222048.47</b>	<b>193442.33</b>	<b>222054.52</b>	<b>193471.00</b>
j)	<b>Segment Liabilities</b>							
	i) Treasury Operations	54010.13	54115.47	47616.59	54010.13	47616.59	54010.13	47616.59
	ii) Wholesale Banking	92631.05	82467.13	82607.17	92631.05	82607.17	92631.05	82607.17
	iii) Retail Banking	39043.00	35888.85	30670.63	39043.00	30670.63	39043.00	30670.63
	iv) Other Banking Operations	22781.60	19646.53	19572.05	22781.60	19572.05	22787.65	19600.72
	v) Unallocated Liabilities	3497.59	3633.60	3410.19	3497.59	3410.19	3497.59	3410.19
	vi) Capital and Reserves	10085.10	10171.39	9565.70	10085.10	9565.70	10085.10	9565.70
	<b>Total Liabilities</b>	<b>222048.47</b>	<b>205922.97</b>	<b>193442.33</b>	<b>222048.47</b>	<b>193442.33</b>	<b>222054.52</b>	<b>193471.00</b>

Part- B- Geographic Segment

The Geographic segment consists of only domestic segment as the Bank does not have any foreign branch



**NOTES -**

1. The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 09.05.2014. The same have been subjected to audit by the Statutory Central Auditors of the Bank.
2. There has been no change in the accounting policies and practices followed during the quarter / year ended 31<sup>st</sup> March 2014 as compared to those followed in the preceding financial year ended 31<sup>st</sup> March 2013 except on computation of Deferred Tax Liability/ Deferred Tax Asset as contained in Note 4(a).
3. The working results for the quarter / year ended 31.03.2014 have been arrived at after considering Provision for Loan losses, Standard Assets, Depreciation on Investments, fixed assets, other usual and necessary provision.
4. (a) Bank has considered the difference between accounting income and taxable income on valuation of securities as permanent difference which were hitherto considered as timing difference. Accordingly, creation of Deferred Tax Liability of Rs.869.00 Crore has not been considered necessary. Further, Deferred Tax Liability of Rs.191.10Crore created up to the previous year has been reversed during the current quarter.  
  
(b) Pursuant to RBI's Circular No. DBOD.No.BP.BC.77/21.04.018/2013-14 dated 20th December 2013 the Bank has created Deferred Tax Liability on the Special Reserve under section 36(1)(viii) of the Income-tax Act, 1961. As required by the said RBI Circular, the expenditure, amounting to Rs.364.46Crore due to the creation of DTL on Special Reserve as at March 31, 2014, not previously charged to the Profit and Loss Account, has now been adjusted directly from the General Reserves. Had this amount been charged to the Profit & Loss Account in accordance with the generally accepted accounting principles in India, the amount of Profit for year would be lower by such amount."
5. In terms of RBI circular no:DBOD.BP.BC.80/21.04.018/2010-11 dated 9<sup>th</sup> February 2011, after reckoning the available pension fund balance of Rs.338.67 Crore, the net incremental liability of Rs.552.53 Crore is being amortized over a period of five years starting from 2010-11. Accordingly a sum of Rs.110.51 Crore (representing one-fifth of Rs. 552.53 Crore) has been charged to the Profit and Loss Account for the year ended 31<sup>st</sup> March 2014. The net liability relating to serving employees being carried forward in terms of the requirements of the aforesaid circular amounts to Rs.110.49 Crore.



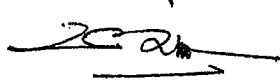
6. In case of restructured loans - Standard Assets, classification of advances, income recognition and provisioning thereon have been done, based on substantial compliance of major conditions contained in restructuring undertaken under CDR / RBI guidelines.
7. The Board has recommended final dividend of 22.50% (Rs.2.25 per share) for the year ended 31<sup>st</sup> March 2014. With the interim dividend declared of 45% i.e. Rs.4.50 per share, the total dividend for the year works out to 67.50% i.e. Rs.6.75 per share.
8. During the year the Bank has issued and allotted 1,46,27,486 equity shares to Government of India on preferential basis at a price of Rs.307.64 per Equity share (i.e Rs.10/- face value and Rs. 297.64 towards premium per share) on 20<sup>th</sup> December 2013.
9. Pending settlement of the proposed wage revision of employees effective from 01<sup>st</sup> November 2012, an ad-hoc provision of Rs.75.00 Crore has been made during the current year. The total provision held on this account as at 31<sup>st</sup> March 2014 is Rs.118.00 Crore.
10. The bank has considered the employee benefits like sick leave, casual leave, leave travel concession and long term awards as non-terminal benefits which hitherto were considered terminal benefits. Accordingly, the provision amounting to Rs.63.62 Crore made in earlier years has been reversed during the quarter.
11. Provisioning coverage ratio of the Bank as at 31<sup>st</sup> March 2014 is 52.90% as against 62.06% as at 31<sup>st</sup> March 2013.
12. As per RBI circular DBOD.No.BP.BC.88/21.06.201/2012-13 dated 28.03.2013, Banks have been advised to disclose capital adequacy ratio computed under BASEL III regulations from the quarter ended 30.06.2013. Accordingly corresponding details for the previous period (i.e. for quarter /year ended March 2013) are not furnished.
13. In accordance with RBI circular No. DBOD.NO.BP.BC.2/21.06.201 /2013-14 dated 01.07.2013, Banks are required to make half yearly Pillar III disclosures under Basel III Capital requirements w.e.f. 30.09.2013. The disclosures are being made available on Bank's Website "[www.corpbank.com](http://www.corpbank.com)". The disclosures have not been subjected to Audit by the Statutory Central Auditors.
14. The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year and published year to date figure upto the third quarter of the preceding financial year.



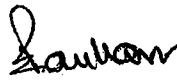
15. Status of investor Complaints is as follows:

	No. of complaints
a. Pending as on 31 <sup>st</sup> December 2013	Nil
b. Received during the Quarter	119
c. Disposed off during the Quarter	119
d. Pending as on 31 <sup>st</sup> March 2014	Nil

16. Figures for the corresponding period have been regrouped /reclassified, wherever necessary.



[B.K. Srivastav]  
Executive Director



[Amar Lal Daultani]  
Executive Director



[S.R. Bansal]  
Chairman & Managing Director

Place: Mangalore

Date: May 09, 2014





## INDEPENDENT AUDITORS' REPORT

To

**The President of India**

### **Report on the Financial Statements**

1. We have audited the accompanying financial statements of CORPORATION BANK (hereinafter referred to as "Bank") as at 31<sup>st</sup> March, 2014, which comprise the Balance Sheet as at 31<sup>st</sup> March 2014, and Profit and Loss Account and the Cash Flow Statement (hereinafter referred to as Financial Statements) 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 and treasury operations audited by us and 906 branches / retail hub / processing centers audited by branch auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also incorporated in the Balance Sheet and the Profit and Loss Account are the returns from 1095 branches which have not been subjected to audit, for which we have not exercised any audit process. These unaudited branches account for 5.07 per cent of advances, 10.46 per cent of deposits, 3.95 per cent of interest income and 10.41 per cent of interest expenses.

### **Management's Responsibility for the Financial Statements**

2. Management is responsible for the preparation of these financial statements in accordance with the Banking Regulation Act, 1949 and other applicable laws in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 the 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 books of bank, and to the best of our information and according to the explanations given to us:
- the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Bank as at 31st March 2014 in conformity with accounting principles generally accepted in India;
  - the Profit and Loss Account, read with the notes thereon shows a true balance of profit, in conformity with accounting principles generally accepted in India, for the year covered by the account; and
  - the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

## Emphasis of Matter

7. Without qualifying our opinion, we draw attention to the following notes on accounts forming integral part of accounts -
- Note No. 4.3, schedule 18A to the financial statements, regarding classification, income recognition and provisioning of restructured advances.
  - Note No. 2.2, schedule 18B to the financial statements regarding considering the employee benefits, namely, Sick Leave, Casual Leave, Leave Travel Concession and Long Term Awards as non-terminal benefits which hitherto was considered terminal benefits. Accordingly, the provision amounting to Rs.63.62 Crore made in earlier years has been reversed during the year.
  - Note No. 2.3, schedule 18B of the financial statements regarding deferment of pension liability to the extent of Rs.110.51crore pursuant to the exemption granted by the Reserve Bank of India to the public sector banks from application of the provisions of Accounting Standards (AS-15), Employee Benefits vide circular no. DBOD.BP.BC/80/21.04.018/2010-11 dated 09.02.2011 on Re-opening of Pension Option to Employees of Public Sector Banks and Enhancement in Gratuity Limits-Prudential Regulatory Treatment.
  - Note No. 6(a), Schedule 18B to the financial statements, which describes the accounting treatment of the expenditure on creation of Deferred Tax Liability on Special Reserve under section 36(1) (viii) of the Income Tax Act 1961 as at 31<sup>st</sup> March 2013 pursuant to RBI's Circular No. DBOD. No.BP.BC.77/21.04.018/2013-14 dated 20th December 2013.
  - Note No. 6(b), schedule 18B to the financial statements regarding non creation of Deferred Tax Liability of Rs.869 Crores and reversal of Deferred Tax Liability of Rs.191.10 Crores created previously for the reason that the difference in valuation of securities has been considered as permanent difference which was hitherto considered as timing difference.



## 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 and is in accordance with the provisions of section 29 of the Banking Regulation Act, 1949.
9. Subject to the limitations of the audit indicated in paragraph 3 to 7 above and emphasis of matter paragraph and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and subject also to the limitations of disclosure required therein, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;
  - b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
  - c. The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
10. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the applicable accounting standards referred to in sub-section 3C of section 211 of the Companies Act 1956.

for Suresh Chandra & Associates

Chartered Accountants

FRN-001359N

[CA S.C.Gupta]

M.No.016534

PARTNER

for B.K. Ramadhyani & Co.

Chartered Accountants

FRN-002878S

[CA C.R. Deepak]

M.No.215398

PARTNER

for Nripendra & Co.

Chartered Accountants

FRN-000379C

[CA Rahul Gupta]

M.No.077811

PARTNER

for G.M.J. & Co.

Chartered Accountants

FRN-103429W

[CA Atul Jain]

M.No.037097

PARTNER

for Manohar Chowdhry & Associates

Chartered Accountants

FRN-001997S

[CA Murali Mohan]

M.No.203592

PARTNER

Place: Mangalore

Date: May 9, 2014

