

Ref.: SD: 1370/1371/11/12::2020

29.07.2020

The Vice President BSE Ltd. Phiroze Jeejeebhoy Towers Dalal Street MUMBAI – 400 001	The Vice President Listing Department National Stock Exchange of India Ltd EXCHANGE PLAZA Bandra-Kurla Complex, Bandra [E] MUMBAI – 400051
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Dear Sir/Madam,

Sub : **Outcome of Board Meeting**

Ref : **1. Prior intimation vide letter SD: 1359/1360/11/12:2020 dated 23.07.2020
2. Regulation 30 of SEBI (LODR) Regulations, 2015.**

Further to our intimation dated 23.07.2020, the Exchange is hereby informed that the Board of Directors of the Bank at its meeting held today, on 29.07.2020 (Wednesday), has considered and approved the Opening Balance Sheet of the Amalgamated Bank as at 1st April 2020, i.e., post amalgamation of Syndicate Bank into Canara Bank. A copy of the same is enclosed.

The meeting of Board of Directors commenced at 12.30 p.m. and concluded at 03.35 p.m.

This is for your information and records.

Yours faithfully,
कृते केनरा बैंक

For CANARA BANK

Vinay Mohan

सहायक महा प्रबंधक और कर्पनि सचिव
Assistant Company Secretary

VINAY MOHAN
COMPANY SECRETARY



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प्रधान कार्यालय
112, जे सी रोड बेंगलूर - 560002
E-Mail - hosecretarial@canarabank.com

Secretarial Department
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BALANCE SHEET AS AT 1ST APRIL 2020

	Schedule	As at 01.04.2020 (Rs. '000)
CAPITAL AND LIABILITIES		
CAPITAL	1	1453 50 16
RESERVES AND SURPLUS	2	49999 82 57
DEPOSITS	3	905523 85 40
BORROWINGS	4	63040 62 94
OTHER LIABILITIES AND PROVISIONS	5	29453 27 10
TOTAL		1049471 08 17
ASSETS		
CASH & BALANCES WITH RESERVE BANK OF INDIA	6	37940 68 70
BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	7	82316 06 50
INVESTMENTS	8	251203 49 95
ADVANCES	9	616573 98 25
FIXED ASSETS	10	10804 45 81
OTHER ASSETS	11	50632 38 96
TOTAL		1049471 08 17
CONTINGENT LIABILITIES	12	469788 10 03
BILLS FOR COLLECTION		42841 42 64

 R MAHENDRAN DIVISIONAL MANAGER	 ARVIND KUMAR ASST. GENERAL MANAGER	 P SANDEEP RAO DEPUTY GENERAL MANAGER	 V. SRINANDHRA CHIEF GENERAL MANAGER
 A. MANIMEKHALAI EXECUTIVE DIRECTOR	 DEBASHISH MUKHERJEE EXECUTIVE DIRECTOR	 KRISHNAN S EXECUTIVE DIRECTOR	 M. V. RAO EXECUTIVE DIRECTOR
 L.V. PRABHAKAR MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER		 T.N. MANOHARAN CHAIRMAN	
SUCHINDRA MISRA DIRECTOR	R KESAVAN DIRECTOR	VENKATACHALAM RAMAKRISHNA IYER DIRECTOR	BIMAL P SHARMA DIRECTOR

AS PER OUR REPORT OF EVEN DATE

For DAGLIYA & CO.
Chartered Accountants
FRN : 000671S



(P Manohara Gupta)
Partner
Membership No. 016444



PLACE BENGALURU
DATE : 29th July, 2020

For KOMANDOOR & CO. LLP
Chartered Accountants
FRN : 001420S / S200034

(K Mohan Acharya)
Partner
Membership No. 029082



For D. K. CHHAJER & CO.
Chartered Accountants
FRN : 304138E

(Jagannath Prasad Mohapatro)
Partner
Membership No. 217012



For S N K & CO.
Chartered Accountants
FRN : 109176W

(Ankit D. Danawala)
Partner
Membership No. 119972



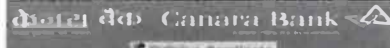
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 01.04.2020

As at
01.04.2020
(Rs. '000)

SCHEDULE 1 - CAPITAL

I. Authorised Capital (300,00,00,000 Equity Shares of Rs.10/- each)	3000 00 00
II. Issued, Subscribed and Paid up:	
i) 1,03,02,33,351 Equity Shares of Rs.10/- each including 80,89,33,351 Equity share of Rs. 10/- each held by Central Government	1030 23 34
ADD: Face Value of Shares being issued on Amalgamation 42,32,68,155 Equity Share issued out of which 332776327 Equity Shares issued to Central Government	423 26 82
	1453 50 16





Head Office, Bengaluru

CANARA BANK, HO, BENGALURU

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 01.04.2020

	As at 01.04.2020 (Rs. '000)
SCHEDULE 2 - RESERVES AND SURPLUS	
I. STATUTORY RESERVE (Reserve Fund in terms of Section 17 of the Banking Regulation Act, 1949)	11082 18 34
II. AMALGAMATION RESERVE	2240 69 47
III. CAPITAL RESERVE	
a. REVALUATION RESERVE	7977 98 73
b. FOREIGN CURRENCY TRANSLATION RESERVE	217 30 14
c. OTHERS	3021 79 19
IV SHARE PREMIUM	28293 53 01
V GENERAL RESERVE	581 16 40
VI REVENUE AND OTHER RESERVES	
a. REVENUE RESERVE	11466 93 54
b. SPECIAL RESERVE {In terms of Section 36 (1)(viii) of the Income Tax Act, 1961}	5536 46 93
c. INVESTMENT RESERVE ACCOUNT	565 80 00
d. OTHER RESERVE ACCOUNT	(2515 98 81)
e. INVESTMENT FLUCTUATION RESERVE	27 25 51
f. UNALLOCATED SURPLUS/BALANCE IN PROFIT & LOSS ACCOUNT	(18495 29 88)
TOTAL	49999 82 57



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 01.04.2020

	As at 01.04.2020 (Rs. '000)
SCHEDULE 3 - DEPOSITS	
A. I. DEMAND DEPOSITS	
i. FROM BANKS	1447 85 35
ii. FROM OTHERS	38868 40 31
Total	40316 25 66
II. SAVINGS BANK DEPOSITS	250046 89 93
Total	250046 89 93
III. TERM DEPOSITS	
i. FROM BANKS	34681 37 68
ii. FROM OTHERS	580479 32 13
Total	615160 69 81
TOTAL	905523 85 40
B. DEPOSITS OF BRANCHES	
i. IN INDIA	869863 94 33
ii. OUTSIDE INDIA	35659 91 07
TOTAL	905523 85 40



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 01.04.2020

	As at 01.04.2020 (Rs. '000)
SCHEDULE 4 - BORROWINGS	
I. BORROWINGS IN INDIA	
i. RESERVE BANK OF INDIA	5520 00 00
ii. OTHER BANKS	6452 88 30
iii. OTHER INSTITUTIONS AND AGENCIES	15110 26 82
iv. UNSECURED REDEEMABLE BONDS (IPDI AND SUB-ORDINATED DEBT)	22799 30 00
Total	49882 45 12
II. BORROWINGS OUTSIDE INDIA	
i. OTHER BANKS	13158 17 82
ii. UNSECURED REDEEMABLE BONDS (SUB-ORDINATED DEBT)	
Total	13158 17 82
TOTAL	63040 62 94

SCHEDULE 5 - OTHER LIABILITIES & PROVISIONS

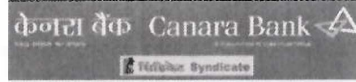
I. BILLS PAYABLE	6515 16 52
II. INTER OFFICE ADJUSTMENT (NET)	(1863 75 77)
III. INTEREST ACCRUED	3162 78 22
IV. OTHERS (INCLUDING PROVISIONS)	21639 08 13
TOTAL	29453 27 10



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 01.04.2020

	As at 01.04.2020 (Rs. '000)
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SCHEDULE 6-CASH AND BALANCES WITH RESERVE BANK OF INDIA	
I. CASH IN HAND (Including Foreign Currency Notes)	5947 11 49
II. BALANCES WITH RESERVE BANK OF INDIA IN CURRENT ACCOUNT IN OTHER ACCOUNTS	31993 57 21 -
Total	31993 57 21
TOTAL	37940 68 70
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SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	
I. IN INDIA	
i. BALANCE WITH BANKS	
a. IN CURRENT ACCOUNTS	324 17 85
b. IN OTHER DEPOSIT ACCOUNTS	2495 48 96
Total	2819 66 81
ii. MONEY AT CALL AND SHORT NOTICE	
a. WITH BANKS	22840 32 13
b. WITH OTHER INSTITUTIONS	13714 54 05
Total	36554 86 18
Total	39374 52 99
II. OUTSIDE INDIA	
i. IN CURRENT ACCOUNTS	6165 91 32
ii. IN OTHER DEPOSIT ACCOUNTS	10195 16 09
iii. MONEY AT CALL AND SHORT NOTICE	26580 46 10
Total	42941 53 51
TOTAL	82316 06 50





Head Office, Bengaluru

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 01.04.2020

	As at 01.04.2020 (Rs. '000)
SCHEDULE 8 - INVESTMENTS	
I. INVESTMENTS IN INDIA : GROSS:	251055 07 05
LESS: PROVISION FOR DEPRECIATION & NPI	3666 97 70
NET INVESTMENT IN INDIA	247388 09 35
i. GOVERNMENT SECURITIES	227408 24 58
ii. OTHER APPROVED SECURITIES	2 40 37
iii. SHARES	2196 10 91
iv. DEBENTURES AND BONDS	10577 29 61
v. SUBSIDIARIES AND/OR JOINT VENTURES	788 56 65
vi. OTHERS - MUTUAL FUNDS ,C P, CD ETC	6415 47 23
Total	247388 09 35
II. INVESTMENTS OUTSIDE INDIA - GROSS	3892 01 87
LESS : PROVISION FOR DEPRECIATION	76 61 27
NET INVESTMENTS OUTSIDE INDIA	3815 40 60
i. GOVERNMENT SECURITIES (INCLUDING LOCAL AUTHORITIES)	399 24 90
ii. SUBSIDIARIES AND/OR JOINT VENTURES	1880 96 92
iii. OTHER INVESTMENTS	1535 18 78
Total	3815 40 60
TOTAL	251203 49 95



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 01.04.2020

	As at 01.04.2020 (Rs. '000)
SCHEDULE 9 - ADVANCES	
A. i. BILLS PURCHASED & DISCOUNTED	16243 09 87
ii. CASH CREDITS, OVERDRAFTS AND LOANS REPAYABLE ON DEMAND	189437 47 70
iii. TERM LOANS	410893 40 68
Total	616573 98 25
B. i. SECURED BY TANGIBLE ASSETS (INCLUDING BOOK DEBTS)	500271 34 52
ii. COVERED BY BANK / GOVT. GUARANTEES	22198 34 11
iii. UNSECURED	94104 29 62
Total	616573 98 25
C. I. ADVANCES IN INDIA	
i. PRIORITY SECTOR	258014 09 91
ii. PUBLIC SECTOR	32549 30 09
iii. BANKS	3262 61 01
iv. OTHERS	292752 23 84
TOTAL	586578 24 85
II. ADVANCES OUTSIDE INDIA (DUE FROM OTHER THAN BANKS)	
i. BILLS PURCHASED AND DISCOUNTED	12256 33 87
ii. TERM / SYNDICATED LOANS	13814 67 44
iii. OTHERS	3924 72 09
Total	29995 73 40
TOTAL	616573 98 25





Head Office, Bengaluru

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 01.04.2020

		As at 01.04.2020 (Rs. '000)
SCHEDULE 10 - FIXED ASSETS		
I. PREMISES		
AT COST / VALUATION	10200 09 15	
DEPRECIATION TO DATE	1134 27 10	
		<u>9065 82 05</u>
II. OTHER FIXED ASSETS (INCLUDING FURNITURE & FIXTURES)		
AT COST	6347 96 76	
DEPRECIATION TO DATE	4618 14 65	
		<u>1729 82 11</u>
III. LEASED ASSETS		
AT COST	71 78 70	
DEPRECIATION TO DATE	69 59 70	
		<u>2 19 00</u>
IV. CAPITAL WORK IN PROGRESS		<u>6 62 65</u>
TOTAL		<u>10804 45 81</u>

CANARA BANK, HO, BENGALURU

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 01.04.2020

SCHEDULE 11 - OTHER ASSETS		
I. INTEREST ACCRUED		6891 06 46
II. TAX PAID IN ADVANCE/TAX DEDUCTED AT SOURCE (NET)		16722 18 82
III. STATIONERY AND STAMPS		47 70 93
IV. NON BANKING ASSETS ACQUIRED IN SATISFACTION OF CLAIMS		109 33 27
V. OTHERS		19620 50 93
VI. DEFERED TAX ASSETS (NET)		7241 58 55
TOTAL		<u>50632 38 96</u>



CANARA BANK, HO, BENGALURU

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 01.04.2020

	As at 01.04.2020 (Rs. '000)
SCHEDULE 12 - CONTINGENT LIABILITIES	
I. CLAIMS AGAINST THE BANK NOT ACKNOWLEDGED AS DEBTS	9930 63 88
II. LIABILITY FOR PARTLY PAID INVESTMENTS	26 75 29
III. LIABILITY ON ACCOUNT OF OUTSTANDING FORWARD EXCHANGE CONTRACTS	369199 31 72
IV. GUARANTEES GIVEN ON BEHALF OF CONSTITUENTS	
a. IN INDIA	48136 87 87
b. OUTSIDE INDIA	<u>231 95 97</u>
	48368 83 84
V. ACCEPTANCES, ENDORSEMENTS AND OTHER OBLIGATIONS	30990 38 97
VI. OTHER ITEMS FOR WHICH THE BANK IS CONTINGENTLY LIABLE	
a. BILLS OF EXCHANGE REDISCOUNTED	2 57 31
b. OTHERS	<u>11269 59 02</u>
	11272 16 33
TOTAL	<u>469788 10 03</u>





[Head Office: Bangalore]

SCHEDULE – 13: SIGNIFICANT ACCOUNTING POLICIES

[1](a) Basis of Preparation:

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting on going concern basis, unless otherwise stated. They conform to Generally Accepted Accounting Principles (GAAP) in India, which comprises statutory provisions, regulatory norms / guidelines prescribed by Reserve Bank of India (RBI), Banking Regulation Act – 1949, Accounting Standards/ guidance notes issued by the Institute of Chartered Accountants of India (ICAI) and the practices prevalent in the banking industry in India. In respect of foreign offices, statutory provisions and practices prevailing in respective foreign countries are complied with.

(b) Use of Estimates:

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, expenses, income and disclosure of contingent liabilities as at the date of the financial statements. Management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods unless otherwise stated.

[2] Foreign Currency Translation / Conversion of Foreign Currencies

- 2.1 Foreign currency monetary items are initially recorded at a notional rate. Foreign currency monetary items are restated at the rate published by Foreign Exchange Dealers' Association of India (FEDAI) at the end of each quarter. Exchange difference arising on restatement of such items at the quarterly rates is recognised in Profit and Loss Account.
- 2.2 Transactions and balances of foreign branches are classified as non-integral foreign operations. Such transactions and balances are consolidated by the bank on a quarterly basis.

Assets and Liabilities (both monetary and non-monetary as well as contingent liabilities) are translated at the closing spot rate of exchange announced by Foreign Exchange Dealers' Association of India (FEDAI) as at the end of each quarter. Income and Expenditure items of the foreign branches are translated at the quarterly average rate published by FEDAI in accordance with Accounting Standard (AS) 11- "The effect of Changes in Foreign Exchange rates" issued by the Institute of Chartered Accountants of India (ICAI) and as per the guidelines of Reserve Bank of India (RBI) regarding the compliance of the said standard.

The resultant exchange gain/loss is credited / debited to Foreign Currency Translation Reserve.



2.3 Forward Exchange Contracts

Premium or discount arising at the inception of all forward exchange contracts are amortized as expense or income over the life of the contract. Profit/Losses arising on cancellation of forward exchange contracts, together with unamortized premium or discount, if any, is recognized on the date of termination. Exchange differences on such contracts are recognized in the Profit & Loss account in the reporting period in which the exchange rates change.

2.4 Contingent liability in respect of outstanding forward exchange contracts, guarantees, acceptances, endorsements and other obligations are stated in the balance sheet at the closing rates published by FEDAI.

[3] Investments

3.1. Classification of investments is made as per the guidelines of the RBI. The entire investment portfolio of the bank is classified under three categories viz. 'Held to Maturity' (HTM), 'Available for Sale' (AFS) and 'Held for Trading' (HFT). Such classification is decided at the time of acquisition of securities.

Investments are disclosed in the Balance Sheet under six classifications viz: (a) Government securities (b) Other approved securities (c) Shares (d) Debentures & Bonds (e) Subsidiaries and Joint Ventures & Associates and (f) Others.

3.2. In determining the acquisition cost of investment:-

- (a) Cost such as brokerage, commission etc., relating to securities at the time of purchase are charged to Profit & Loss Account.
- (b) Broken period interest on debt instruments up to the date of acquisition / disposal is treated as revenue.

3.3 The valuation of Investments is done in accordance with the guidelines issued by the RBI as under:

a) HELD TO MATURITY

Investments under Held to Maturity category are carried at acquisition cost, net of amortisation, if any. The excess of acquisition cost, if any, over the face value is amortized over the remaining period of maturity.

Investments in Subsidiaries and Joint Ventures & Associates are valued at carrying cost. Any diminution in the value other than temporary in nature is fully provided for.

Investment in sponsored Regional Rural Banks (RRB) and other Trustee Shares are valued at carrying cost.

Investment in units of Venture Capital Funds (VCFs) made after 23.08.2006 are classified under HTM category for initial period of three years and valued



at cost. After period of three years from date of disbursement, it will be shifted to AFS and marked-to-market as per RBI guidelines

b) AVAILABLE FOR SALE

Investments classified under this category are mark to market on quarterly basis and valued as per Reserve Bank of India guidelines at the market rates available on the last day of each quarter (Balance Sheet date) from trades/quotes on the stock exchanges, prices/yields declared by the Fixed Income Money Market and Derivatives Association of India (FIMMDA). Unquoted securities are also valued as per the Reserve Bank of India guidelines.

The net depreciation under each category/classification is fully provided for whereas the net appreciation, if any, is ignored. The book value of the individual securities does not undergo any change after these are valued at mark to market basis.

Units of Venture Capital Funds (VCF) transferred from HTM category after a period of three years (Refer paragraph 3.3(a)) are valued at NAV as per the audited financial statements of Venture Capital Funds. In case such audited financial statements are not available continuously for 18 months as on the date of valuation, units are valued at Re. 1 per VCF.

c) HELD FOR TRADING

Investments classified under this category are valued at rates based on market quotations, price/yields declared by FIMMDA on a weekly basis.

The net depreciation under each security held is fully provided for whereas the net appreciation, if any, is ignored. The book value of the individual securities does not undergo any change after marked to market.

3.4. Transfer of scrips from one category to another is carried on the following basis:

- (a) HTM to AFS/HFT category at acquisition price/book value. In case the investments under HTM category are placed at premium originally the transfer is made at amortised cost.
- (b) AFS/HFT to HTM category at lower of the book value or market value.
- (c) AFS to HFT category or vice versa, at the carrying value. The accumulated depreciation, if any, to be transferred to the provision for depreciation against HFT securities and vice versa.

3.5. Non performing Investments Security Receipts issued by Securitisation / Reconstruction Company (SC/RC) in respect of financial assets sold by the Bank to the SC/RC are valued at the lower of the redemption value of the Security Receipt and the Net Book Value of the financial asset. The Investment is carried in the books at the price determined as above until its



sale or realisation and on such sale or realisation, loss or gain is dealt with as below:

- (a) If sale is at a price below Net Book Value (NBV), the shortfall is recognised as per Reserve Bank of India guidelines.
- (b) If the sale is for a value higher than NBV, the excess provision is not reversed but utilized to meet shortfall/loss on account of sale of other financial assets to SC/RC.

3.6. Securities included in any of three categories where interest/principal is in arrears for a specified period, are classified as Non performing Investment. Interest Income on such securities is not reckoned and appropriate depreciation/provision in value of Investments is made. Depreciation in respect of such Non Performing Investments is not set off against appreciation in other performing securities.

3.7. Profit on sale of Investments

Profit on sale of Investments in respect of “Available for Sale” and “Held for Trading” categories is recognized in Profit & Loss Account.

Profit on sale of Investments in respect of “Held to Maturity” category is first taken to the Profit & Loss Account and an equivalent amount of Profit is appropriated to the Capital Reserve (net of taxes and amount required to be transferred to Statutory Reserve).

Loss on sale of Investments in all the three categories is recognized in Profit & Loss Account.

3.8. Accounting for Repo/Reverse Repo and Liquidity Adjustment Facility (LAF)

Securities sold/purchased with an agreement to repurchase/resale on the agreed terms under Repo/Reverse Repo including LAF with RBI are recognized as Borrowing/Lending.

Securities sold under Repo are continued to be shown under investments and Securities purchased under Reverse Repo are not included in investments. Costs and revenues are accounted for as interest expenditure / income, as the case may be.

[4] Derivative contracts

The Bank deals in Interest Rate Swaps and Currency Derivatives. The Interest Rate Derivatives dealt by the Bank are Rupee Interest Rate Swaps, Cross Currency Interest Rate Swaps and Forward Rate Agreements. Currency Derivatives dealt by the Bank are Options and Currency Swaps.

Such derivative contracts are valued as under:



- a. Derivative contracts dealt for trading are valued on mark to market basis, net depreciation is recognized while net appreciation is ignored.
- b. Derivative contracts undertaken for hedging are:
 - i. Derivative contracts designated as hedges are not marked to market unless their underlying asset is marked to market.
 - ii. Income / Expenditure is recognized on accrual basis for Hedging swaps.

[5] ADVANCES

- 5.1 Advances are classified as performing and non-performing assets in accordance with the prudential norms issued by RBI.
- 5.2 Advances are classified into Standard, Sub Standard, Doubtful and Loss assets borrower wise.
- 5.3 Provisions for domestic advances are made for performing/non -performing advances in accordance with the RBI Guidelines.
- 5.4 Provisions for performing/ non-performing advances with foreign branches are made as per regulations of host country or according to the norms prescribed by RBI, whichever is more stringent.
- 5.5 Advances stated in the Balance Sheet are net of provisions made for Non Performing Assets, claims received from Credit Guarantee Institutions and rediscount.
- 5.6 Partial recoveries in Non Performing Advances are apportioned first towards charges and interest, thereafter towards principal with the exception of non performing advances involving compromise settlements/ "Loan Past Due" advances where the recoveries are first adjusted towards principal.
- 5.7 In case of financial assets sold to SC/ RC, the valuation, income recognition etc are done as per RBI guidelines.
- 5.8 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines.

[6] Fixed Assets

- 6.1. The premises of the Bank include freehold and leasehold properties. All the Fixed Assets are capitalized based on the date of put to use.
- 6.2. Land and Premises are stated at revalued cost and other fixed assets are stated at historical cost. The appreciation on revaluation, if any, is credited to the 'Revaluation Reserve' Account. Depreciation / Amortization attributable to the enhanced value have been debited to the Profit & Loss account. Equivalent amount has been transferred from Revaluation Reserve to Revenue Reserve.



[7] Depreciation

- 7.1 Depreciation method is on Straight Line Method, for all Assets based on life span of the assets.
- 7.2 The life span of the assets is defined as per Part C Schedule II of the Companies Act, 2013.
- 7.3 Estimated life span of the assets adopted by the bank for different class of assets is as under:

Sl No	Type of asset	Estimated life span
i	Free hold Buildings	60 Years
ii	Lease hold land & Buildings (Up to 25 years lease)	Lower of lease period or 60 Years.
iii	Furniture & Fixtures	10 Years
iv	Electric & Electronic Equipment	5 - 10 Years
v	Computers and Servers	3 Years
vi	Motor Vehicles	5 years

The change in rates(based on life span) of depreciation is applied effective from 01-04-2020 and It is not practicable to quantify the impact on account of the change in depreciation rates.

- 7.4 Software/Intangible Assets are amortized over 5 years.
- 7.5 If the item is put to use for 180 days and above in the year of acquisition, 100% depreciation will be charged for the concerned financial year. If the asset is put to use for less than 180 days in the year of acquisition, 50% depreciation is be charged for the concerned financial year.
- 7.6 5% of the Original cost price will be residual value in case of the assets having useful life 8 years and above. Rs.5/- of the Original cost price is residual value for other assets.
- 7.7 Premium paid on leasehold properties is charged off over the lease period or life span of relevant asset whichever is earlier. Cost of leasehold land and leasehold improvements are amortised over the period of lease or life span of relevant assets which ever is lower.
- 7.8 In respect of fixed assets held at foreign offices, depreciation is provided as per the regulations / norms of the respective countries
- 7.9 Lease payments including cost escalation for assets taken on operating lease are recognised in the Profit and Loss Account over the lease term in accordance with the AS 19 (Leases) issued by ICAI.

[8] Impairment of Assets

An assessment is made at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, an estimate of the recoverable amount is made and impairment loss, if any, is provided for and charged off to Profit and Loss Account.



[9] Revenue Recognition

9.1. Income and expenditure are generally accounted on accrual basis, except the following:

- a) Interest on Non-Performing advances and non performing investments is recognized on receipt basis as per norms laid down by Reserve Bank of India.
- b) Interest on overdue bills, Exchange, Brokerage and rent on lockers are accounted on realization.
- c) Dividend Income is recognized when the right to receive the same is established.
- d) In case of suit filed accounts, related legal and other expenses incurred are charged to Profit & Loss Account and on recovery the same are accounted as Income.

[10] Employee Benefits

10.1 Defined Contribution Plans

Defined Contribution to Plans such as Provident / Pension fund are recognized as an expense and charged to Profit & Loss account.

The Bank operates a New Pension Scheme (NPS) for all officers/ employees joining the Bank on or after 01-08-2010, which is a defined contribution plan, such new joinees not being entitled to become members of the existing Pension Scheme. As per the scheme, the covered employees contribute 10% of their basic pay plus dearness allowance to the scheme together with a matching contribution from the Bank. The Bank recognizes such annual contributions as an expense in the year to which they relate.

10.2 Defined Benefit Plans

- a. **Gratuity:** The employee Gratuity Fund Scheme is funded by the Bank and managed by a separate trust who in turn manages their funds as per guidelines. The present value of the Banks obligation under Gratuity is recognized on actuarial basis as at the year end and the fair value of the Plan assets is reduced from the gross obligation to recognize the obligation on a net basis.
- b. **Pension:** The employee Pension Fund Scheme is funded by the Bank and managed by a separate trust. The present value of the Banks obligations under Pension is recognized on the basis of actuary's report as at the year end and the fair value of the Plan assets is reduced from the gross obligation to recognize the obligation on a net basis.

10.3 The privilege leave is considered as a long term benefit and is recognized based on independent actuarial valuation



10.4 The cost of providing long term benefits under defined benefit Plans is determined using the projected unit credit method with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains/ losses are immediately recognised in the Profit and Loss Account and are not deferred.

[11] Provision for Taxation

- a) Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 – “Accounting for Taxes on Income” respectively after taking into account taxes paid at the foreign offices, which are based on the tax laws of respective jurisdictions.
- b) Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred Tax assets and liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognized using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account.
- c) Deferred tax assets are recognised and re-assessed at each reporting date, based upon management’s judgment as to whether their realisation is considered as reasonably certain or Virtual certain as the case may be.
- d) Deferred Tax Assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future profits. Deferred tax assets on the items other than above are recognized on the basis of reasonable certainty.

[12] Provisions, Contingent Liabilities and Contingent Assets

- I. In conformity with AS 29, “Provisions, Contingent Liabilities & Contingent Assets” issued by the Institute of Chartered Accountants Of India, the bank recognizes provision only when :
 - a. It has a present obligation as a result of past event.
 - b. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and
 - c. A reliable estimate of the amount of the obligation can be made.

No provision is recognized:

- a. For any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the bank.
- b. Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or



c. When a reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed at regular intervals and only that part of the obligation for which the outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

II. Contingent Assets are not recognized in the financial Statements.



R MAHENDRAN
DIVISIONAL MANAGER



ARVIND KUMAR
ASST. GENERAL MANAGER



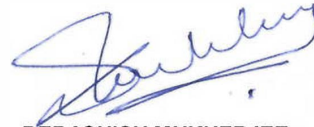
P SANDEEP RAO
DY. GENERAL MANAGER



V RAMCHANDRA
CHIEF GENERAL MANAGER



A. MANIMEKHALAI
EXECUTIVE DIRECTOR



DEBASHISH MUKHERJEE
EXECUTIVE DIRECTOR



KRISHNAN S
EXECUTIVE DIRECTOR



M. V. RAO
EXECUTIVE DIRECTOR



L.V. PRABHAKAR
MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

T.N. MANOHARAN
CHAIRMAN

SUCHINDRA MISRA
DIRECTOR

R KESAVAN
DIRECTOR

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DIRECTOR

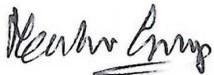
BIMAL P SHARMA
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(Ankit D. Danawala)
Partner
Membership No. 119972



Place: Bengaluru
Date: 29.07.2020





[Head Office: Bangalore]

Schedule 14: Notes to account

1. Basis for preparation of Opening Balance Sheet (consequent to the amalgamation) as at the beginning of April 01, 2020

Consequent to the amalgamation of erstwhile Syndicate Bank (eSB) with Canara Bank (CB) effective from April 01, 2020 (as explained in Note “2” below), the Opening Balance Sheet (hereinafter referred to as “OBS”) along with accounting policies and selective notes to account of the amalgamated entity as at the beginning of April 01, 2020 is prepared by the management and adopted by the Audit Committee of Board (hereinafter referred to as “ACB”) and approved by the Board of Directors (hereinafter referred to as “BoD”) in its meeting held on 29.07.2020.

For the purpose of preparing the OBS, the carrying book values of assets and liabilities as per the audited financials as on March 31, 2020 of eSB has been incorporated with the carrying book value of assets and liabilities based on the audited financial statements of CB as on March 31, 2020 in accordance with the principles prescribed in Accounting Standard 14 (AS-14) “Accounting for Amalgamations” issued by The Institute of Chartered Accountants of India. The OBS has been prepared based on the accounting policies adopted by CB as on March 31, 2020 and changes have been considered in eSB only to the extent required to bring uniformity in the accounting policies as required by AS-14. The adjustments made to the assets and liabilities consequent to amalgamation have been explained in Note 2(iii) below.

2. Scheme of Amalgamation:

In exercise of powers conferred by Section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Acts of 1970 (5 of 1970), after consultation with the Reserve Bank of India, The Government of India (GOI) has notified the Scheme of Amalgamation (referred to as “the scheme”) of Syndicate Bank (referred to as the “Transferor Bank”) with Canara Bank (referred to as the “Transferee Bank”) on March 04, 2020. As per the GOI gazette notification dated March 04, 2020, the scheme has come into force effective from April 01, 2020 (effective date). Upon the commencement of the scheme, the undertakings of the Transferor Bank (including all rights, claims on entire assets & receivables and all obligations and liabilities & payables) shall vest or be deemed to vest or be taken over by the Transferee Bank without requiring any act, deed, consent or instrument for transfer of the same. The salient features are as under:





- i) In consideration of the transfer of and vesting of the undertakings of the Transferor Bank, equity shares of face value of Rs. 10 each fully paid-up (rank pari passu in all respect and have the same rights attached to them as the then existing equity shares of Transferee Bank, including, in respect of dividends, if any, that may be declared by the Transferee Bank, on or after the commencement of this scheme) in the Transferee Bank was issued to shareholders of the Transferor Bank whose names were recorded in the register of members of the Transferor Bank as on the record date i.e. 23.03.2020 determined by the Transferee Bank for this purpose. Details are as below:

Share Ratio	Exchange	
		158 Equity shares of face value of Rs.10 each of Canara Bank for every 1000 equity shares of Syndicate bank of face value of Rs. 10 each fully paid up

Further transferee Bank has paid cash in respect of entitlements to fraction of equity shares wherever so determined.

- ii) The amalgamation is accounted under the 'pooling of interest' method as prescribed in AS-14 "Accounting for amalgamation". All assets and liabilities (including contingent liabilities), duties and obligations of transferor Banks are proposed to be recorded in the books of account of transferee Bank at their existing carrying amounts and in the same form as on April 01, 2020 except for adjustments to bring uniformity of accounting policies as required under AS-14. Any further changes in liabilities / assets (including those consequent to changes in Accounting Standards) that may arise after the date on which the scheme has come into force will be made subsequently in the books of account of the Transferee Bank.
- iii) The amount of Share capital issued by Transferee Bank amounting to Rs. 423.27 crores (423268155 equity shares of face value Rs.10 each issued at par) together with cash paid in lieu of fractional entitlement of shares Rs. 4.30 crores as consideration pursuant to the scheme has been adjusted against the corresponding share capital of the Transferor Banks and the difference has been adjusted to Amalgamation Reserve in the OBS.
- iv) Summarized values of assets and liabilities of eSyndicate Bank transferred in accordance with the terms of the Scheme is as detailed below:





Particulars	(Amount in Rs. crores)
Assets Taken Over	
Cash and Balances with RBI	15,370.55
Balances with Banks and Money at Call and Short Notice	37,711.88
Investments	74,964.26
Advances	1,84,398.78
Fixed Assets	2,567.68
Other Assets	11,716.37
Total Assets (A)	3,26,729.52
Liabilities Taken Over	
Reserves and Surplus	9,802.34
Deposits	2,81,269.82
Borrowings	20,278.86
Other Liabilities and Provisions	12,694.78
Total Liabilities (B)	3,24,045.80
Net Assets C =(A-B)	2,683.72
CAPITAL	2,683.72
Less:	
Shares of face value Rs.10/- each issued by CB as consideration (D)	423.27
Cash in lieu of fractional shares	4.30
Canara Bank holding in Syndicate Bank (Cancelled)	15.46
Amalgamation Reserve	2,240.69

3. The CB has finalized integration plan. The process of integration has been initiated from the effective date of amalgamation. The integration process is to be completed in phase manner. In this process, change in organizational structure, harmonization of product & policies, mutation of properties, IT integration etc. are in progress.
4. Pursuant to the amalgamation of Canara Bank with eSyndicate Bank, the following adjustments have not been made in the opening financials as on April 01, 2020:
 - i) The shareholding of Canara Bank (amalgamated entity) has exceeded 10% in 2 companies and 4 venture capital funds. The RBI has accorded approval to hold these investments. Hence no impact has been considered in opening financial statements.
 - ii) In view of the management, in following cases due to the nature of the change, it is not practicable to calculate the impact and give the effect of changes. Accordingly no adjustment is made in the financial statements





as on April 01, 2020. The bank has decided to apply the uniform policy prospectively.

- a) In CB Depreciation is calculated on additions as per the Income Tax Act, 1961 (i.e. based on more than 180 days and less than 180 days) whereas in e-SB depreciation on all assets are calculated from the date of addition (i.e. on pro rata basis). Also some changes in the rate of depreciation are also observed between the two banks.
- b) CB amortizes the software expenses over a period of 5 years from the date of capitalisation whereas eSB expenses off the software costs in the P&L every year.
- c) As per the accounting policy of CB the recoveries in case of NPA Accounts marked for recovery are appropriated in the order of principal, interest and charges and in case of other NPA Accounts the recoveries are adjusted in the order of cost, interest arrears and Principal arrears. In case of e-SB the recoveries in all NPA Accounts are appropriated in the order of charges, principal and interest.

Specific Notes to Accounts

5. Equity Capital

5.1.1. Shareholding Pattern post issuing shares under amalgamation is as under:

Particulars	Equity Shares	
	Nos	%age
Promoter Holding (GOI)*	1,14,17,09,678	78.55
Mutual Funds	4,72,14,743	3.25
All Others	26,45,77,085	18.20
Total	1,45,35,01,506	100.00

5.1.2. Capital Ratio - As per Basel III

S.No.	Items	As on the beginning of April 01, 2020
1	Common Equity Tier 1 Capital Ratio (%)	8.40
2	Tier 1 Capital Ratio (%)	9.56
3	Tier 2 Capital Ratio (%)	3.40
4	Total Capital Ratio (%)	12.96





The Bank has adopted Pooling of Interest method prescribed under the Accounting Standard 14 on Accounting for Amalgamations to record amalgamation of eSyndicate Bank (the amalgamating bank) with the Bank with effect from April 1, 2020. Accordingly, the difference of Rs. 2240.69 crores between the net assets of the amalgamating banks and the amount of shares issued to the shareholders of the amalgamating banks has been recognized as Amalgamation Reserve. The Bank has considered this amount under CET1 for the purpose of calculation of CRAR.

Gross income of the last three years for the eSyndicate Bank along with Canara Bank have been considered for computation of RWA pertaining to Operational Risk on conservative basis for Opening balance Sheet as at the beginning of 1st April 2020.

6. Investments

6.1.1. Break-up of Investments

Particulars	(Amount in Rs. Crores)	
	As on the Beginning of April 01, 2020	
(i) Gross Value of Investments	2,54,947	
(a) In India	2,51,055	
(b) Outside India	3,892	
(ii) Provisions for Depreciation	3,744	
(a) In India	3,667	
(b) Outside India	77	
(iii) Net Value of Investments	2,51,203	
(a) In India	2,47,388	
(b) Outside India	3,815	

6.1.2. Non Performing Non-SLR Investments

Items	(Amount in Rs. Crores)	
	As on the Beginning of April 01, 2020	
Balance of Non-SLR Investments	3,697	
Balance of Provisions held	3,201	





7. Advances

7.1.1. Non- Performing Assets

(Amount in Rs. Crores)

Items	As on the Beginning of April 01, 2020
Net NPAs to Net Advances (%)	4.34%
Gross NPA	61,128
Net NPA	26,756
Provisions for NPA	29,491

7.1.2. Provisions on Standard Assets

(Amount in Rs. Crores)

Particulars	As on the Beginning of April 01, 2020
Provisions towards Standard Assets as per RBI norms	3,236

7.1.3. Amount of Unsecured Advances

(Amount in Rs. Crores)

Particulars	As on the Beginning of April 01, 2020
Unsecured Loan backed by intangible assets, such as charge over the rights, licenses, authority etc. taken as collateral security.	22,198
Unsecured Loans - other	94,104

7.1.4. Disclosure on 'Restructuring of Advances - Micro, Small and Medium Enterprises (MSME) Sector' (One Time Restructuring) as at the beginning of April 01, 2020

(Amount in Rs. Crores)

No. of Accounts Restructured	Amount (in Rs. Crores)
1,39,454	3,911





8. Risk Category wise Country Exposure

(Amount in Rs. Crores)

Category	Exposure (net)	Provision held
Insignificant	14219.02	-
Low	18151.90	10.25
Moderate	2258.81	-
High	151.33	-
Very High	75.12	-
Restricted	0.22	-
Off-credit	0.00	-
Total	34856.40	10.25

Only in respect of the Country where a Bank's net funded exposure is 1% or more of its total assets, the Bank is required to make provision for Country Risk. As on 01.04.2020, the Net funded exposure to none of the countries exceeded 1% of the total assets of the Bank (1% of the total assets as on 01.04.2020 – Rs. 10,494.71 Crore).

Hence no provision is required to be made on Country Exposure.

9. Provision Coverage Ratio (PCR)

Particulars	As on the Beginning of April 01, 2020
Provisions Coverage Ratio (PCR)	76.95%

10. Accounting for Taxes on Income









(Amount in Rs. Crores)

Particulars	As on the Beginning of April 01, 2020
Deferred Tax Assets (DTA)	
Difference between book depreciation and Depreciation under Income Tax Act on fixed assets	14.91
Foreign Currency Translation Reserve	75.94
Provision for Leave encashment	674.32
Provision for doubtful debts and advances	10,328.75
Others	39.95
Total DTA	11,133.87
Deferred Tax Liabilities (DTL)	
Deduction under section 36(1)(viii) of the Income Tax Act, 1961	1,934.66
Depreciation on HTM Securities	1,957.62
Total DTL	3,892.28
Net Deferred Tax Assets (A)	7,241.59



11. Harmonization on Common Borrower Exposure:

In pursuance of amalgamation approved by the Board of Directors and further directives by Reserve Bank of India, the bank has carried out the process of harmonisation with regard to impact of Divergence in Asset Classification across Canara bank and Syndicate bank as per extant IRAC norms as on 31.03.2020. Accordingly, an amount of Rs 496.93 Crs stands provided in this opening Balance Sheet as on 01st April, 2020 (Rs.340 Crore relating Canara Bank and Rs. 156.93 Crores relating to eSyndicate Bank).

 R MAHENDRAN DIVISIONAL MANAGER	 ARVIND KUMAR ASST. GENERAL MANAGER	 P SANDEEP RAO DY. GENERAL MANAGER
 V RAMCHANDRA CHIEF GENERAL MANAGER		
 A. MANOJKUMALAI EXECUTIVE DIRECTOR	 DEBASHISH MUKHERJEE EXECUTIVE DIRECTOR	
 KRISHNAN S EXECUTIVE DIRECTOR	 M. V. RAO EXECUTIVE DIRECTOR	
 L.V. PRABHAKAR MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER	T.N. MANOHARAN CHAIRMAN	

SUCHINDRA MISRA
DIRECTOR

R KESAVAN
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BIMAL P SHARMA
DIRECTOR

For DAGLIYA & CO.
Chartered Accountants
FRN : 000671S


For KOMANDOR & CO. LLP
Chartered Accountants
FRN : 001420S / S200034

For D K CHHAJER & CO.
Chartered Accountants
FRN : 304138E

For S N K & CO.
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(P Manohara Gupta)
Partner
Membership No. 016444

(K Mohan Acharya)
Partner
Membership No. 029082


(Jagannath Prasad Mohapatro)
Partner
Membership No. 217012

(Ankit D. Danawala)
Partner
Membership No. 119972



Place: Bengaluru
Date: 29.07.2020

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INDEPENDENT AUDITORS' REPORT

The Board of Directors,
Canara Bank,
Bangalore

Report on the audit of the Balance Sheet as at the beginning of 1st April, 2020

Opinion

1. We have audited the accompanying Balance Sheet of Canara Bank (the "Bank") as at April 01, 2020 and a summary of significant accounting policies and other explanatory information (together "the Balance Sheet"). The Balance Sheet has been prepared by the Management of the Bank to give effect to the Scheme of Amalgamation (the "Scheme") whereby Syndicate Bank (the "Amalgamating Bank") got amalgamated with the Bank with effect from the aforesaid date.
2. In our opinion, the attached Balance Sheet of the Bank as at April 01, 2020 is prepared, in all material respects in accordance with the provisions of the Scheme of Amalgamation, Accounting Standard 14 on "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India ("ICAI") and accounting principles generally accepted in India relevant to the preparation of such Balance Sheet and gives a true and fair view of the state of affairs of the Bank as at April 01, 2020.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (the "SAs"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Balance Sheet section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by ICAI together with the ethical requirements that are relevant to our audit of the Balance Sheet, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to Schedule 14 of the Balance Sheet: 'Notes to Accounts' :
 - a. Note no. 1 regarding the basis for preparation of the Balance Sheet as at April 01, 2020 which is based on the audited Balance Sheets as on March 31, 2020 of the Bank and one domestic bank, hereinabove referred to as Amalgamating



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Bank, alongwith the details of the required adjustments made thereto as stated in the said Note;

- b. Note no. 2 regarding the Scheme of Amalgamation and accounting treatment thereof; and
- c. Note No.3 regarding process of integration;
- d. Note no. 4 regarding non-adjustment in certain cases of accounting policies of the Amalgamating Bank with the accounting policy of the Bank due to practicable reasons explained in the said Note.
- e. Note no. 5.1.2 regarding the consideration of amalgamation reserve amounting to Rs. 2,240.69 crore as a part of CET-1 capital for the purpose of calculation of CRAR in the Balance Sheet as at April 1, 2020.

Our opinion is not modified in respect of these matters.

Other Matters

5. We did not audit the Balance Sheet of the Amalgamating Bank as at March 31, 2020 included in the Balance Sheet of the Canara Bank for the purposes of preparation of the Balance Sheet of the Bank as at April 01, 2020 referred to in this report. These Balance Sheet as on March 31, 2020 have been audited by other auditors whose reports have been furnished to us and we have relied on such reports in framing our opinion on the Balance Sheet of the Bank as at April 1, 2020.

Responsibilities of Management and Those Charged With Governance for the Balance Sheet

6. The Bank's Management is responsible for the preparation and fair presentation of this Balance Sheet in accordance with the requirements of the Accounting Standard 14 issued by ICAI, other accounting principles generally accepted in India, and in particular the Scheme of Amalgamation notified by the Ministry of Finance dated March 4, 2020 and as mandated by the Audit Committee of the Board of Directors of the Bank. As per such mandate, the Management of the Bank is responsible to prepare the said Balance Sheet considering the audited Balance Sheet of the Bank as well as those of the Amalgamating Banks as on March 31, 2020 and incorporating such adjustments as stipulated in the Scheme as well as Accounting Standard 14 issued by ICAI. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of



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the Balance Sheet that is free from material misstatement, whether due to fraud or error.

7. In preparing the Balance Sheet, the Management and the Board of Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. The Board of Directors is also responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the audit of the Balance Sheet

8. Our responsibility is to express an opinion on the Balance Sheet based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by ICAI to the extent applicable. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Balance Sheet is free from material misstatement.
9. Considering the special purpose of the aforesaid Balance Sheet, our responsibility is to verify the accounting treatment given by the Bank so as to ensure uniform accounting policies in cases where the Amalgamating Bank had conflicting accounting policies as compared to the accounting policies of the Bank and also to verify whether the amalgamation is accounted by following the Pooling of Interest method as prescribed under Accounting Standard 14 issued by ICAI.
10. As part of an audit in accordance with the SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - a. Identify and assess the risks of material misstatement of the Balance Sheet, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Bank has in place an adequate internal financial control system over financial reporting and the



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operating effectiveness of such controls with respect to the preparation of the Balance Sheet as at April 1, 2020.

- c. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Balance Sheet or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- d. Evaluate the overall presentation, structure and content of the Balance Sheet, including the disclosures, and whether the Balance Sheet represent the underlying transactions and events in a manner that achieves fair presentation.

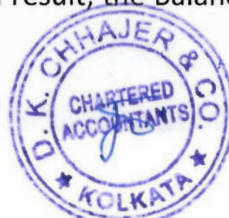
11. Materiality is the magnitude of misstatements in the Balance Sheet that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and quantitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control with respect to the process followed for preparation of the Balance Sheet as at April 01, 2020 that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Restriction on Distribution and Use

14. The Balance Sheet has been prepared to assist the Bank in ascertaining the impact of amalgamation as referred to above. As a result, the Balance Sheet is not suitable for



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any other purpose. This report is issued solely for the internal use of the Canara Bank and is not intended to be used, referred to or distributed for any other purpose without our prior written consent.

For Dagliya & Co.
Chartered Accountants
FRN. 000671S



(P Manohara Gupta)
Partner

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For SNK & Co.
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(Ankit D Danawala)
Partner

Membership Number 119972
UDIN:20119972AAAED1273



Place of Signature: Bengaluru
Date of Report: July 29, 2020