DRAFT OF MANAGEMENT REPRESENTATION LETTER TO BE OBTAINED FROM THE BRANCH MANAGEMENT

April 10, 2011

M/s Suresh_Smiter & Associates

Chartered Accountants

Kolkata

Dear Sirs,

Sub.: **Audit for the year ended March 31, 2011**

This representation letter is provided in connection with your audit of the financial statements of ______________ branch of ________________ *BANK* for the year ended March 31, 2011 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of ____________ branch of ________________ *BANK* as of March 31, 2011 and of the results of operations for the year then ended. We acknowledge our responsibility for preparation of financial statements in accordance with the requirements of the Reserve Bank of India and recognised accounting policies and practices, including the Accounting and Auditing Standards issued by the Institute of Chartered Accountants of India

We confirm, to the best of our knowledge and belief, the following representations:

1. ACCOUNTING POLICIES

The accounting policies which are material or critical in determining the results of operations for the year or financial position are set out in the financial statements and are consistent with those adopted in the financial statements for the previous year. The financial statements are prepared on accrual basis except as stated otherwise in the financial statements

There are no changes in the accounting policies followed by the branch during the current year

2. ASSETS

The branch has a satisfactory title to all assets and there are no liens or encumbrances on the branch's assets. The branch has not received any legal notices from the landlords asking them to vacate the premises that the branch is currently occupying as a lessee

3. FIXED ASSETS

The Fixed Assets held by Branches have been properly accounted and have been physically verified at the year end. No discrepancies are noticed on such verification. Depreciation on these assets have been adequately provided as per the policy of the Bank.

4. CAPITAL COMMITMENTS

At the balance sheet date, there were no outstanding commitments for capital expenditure

5. OTHER CURRENT ASSETS

In the opinion of the management, other current assets have a value on realization in the ordinary course of the branch's business which is at least equal to the amount at which they are stated in the balance sheet

6. CASH & BANK BALANCES

The Cash balance as on March 31, 2011 is Rs.______________

7. LIABILITIES

The branch has recorded all known liabilities in the financial statements

8. CONTINGENT LIABILITIES

8.1 The branch has disclosed in notes to the financial statements all;

- guarantees that we have given to third parties;
- Letters of Credits (Local/ Import);
- Letters of Comfort (Local/ Import);
- Deferred Payment Credits/ Guarantees (Local/ Import);
- and all other contingent liabilities

8.2 Other than for advances, there are no matters involving the branch in any claims in litigation, arbitration or other disputes in which there may be some financial implications, including for staff claim, branch rentals, municipal taxes, local levies etc except for those which have been appropriately included under contingent liabilities

8.3 Guarantees are disclosed net of margins as at the year–end, and expired guarantee where the claim year has also expired has been correctly removed from the branch return

8.4 Contingent liabilities disclosed in the notes to the financial statements do not include any contingencies, which are likely to result in a loss and which, therefore, require adjustment of assets or liabilities

8.5 No cases/ legal disputes are pending against the branch/ lodged by the branch, for which no liability has accrued/ is likely to accrue in the future

9. PROVISIONS FOR CLAIMS & LOSSES

Provision has been made in the accounts for all known losses and claims of material amounts

10. There have been no events subsequent to the balance sheet date that require adjustment of, or disclosure in, the financial statements or notes there to

11. PROFIT & LOSS ACCOUNT

Except as disclosed in the financial statements, the results for the year were not materially affected by:

1. transactions of a nature not usually undertaken by the branch;
2. Circumstances of an exceptional or non–recurring nature;
3. Charges or credits relating to prior years;
4. Changes in accounting policies

12. We have made available to you **all** the following latest reports on the accounts of our branch, and compliance by the branch on the observations contained therein:

a. Previous year's Branch Audit Report;

b. Internal Inspection Reports;

c. Report on any other Inspection Audit that has been conducted during the course of the year relevant to the financial year 2010-2011

Apart from the above, the branch has not received any notice, show cause, inspection advice, etc from Government of India, Reserve Bank of India or any other monitoring or regulatory authority of India that could have a material effect on the financial statements of the branch during the year

13. BALANCING OF BOOKS

The books of the accounts are computerized and hence the subsidiary records are automatically balanced with the relevant control records

14. OVERDUE/ MATURED TERM DEPOSITS

All Overdue/ Matured Term Deposits are held as Matured Term Deposits

15. ADVANCES

15.1 In respect of all the advances against tangible securities, the branch holds evidence of existence and market value of the relevant securities as at the year–end

15.2 All the borrowers' account have been categorised according to the prevalent RBI norms applicable for the year, into Standard, Sub–standard, Doubtful or Loss assets, with special emphasis on Non–Performing Assets (NPA)

15.3 We have examined the accounts and applied the norms borrower–wise and not account–wise for categorising the accounts

15.4 The classification of advances made as at the end of the previous year has not been changed to a better classification

15.5 No income has been adjusted/ recorded to revenue, contrary to the norms of income recognition notified by the Reserve Bank of India; and particularly where the chances of recovery/ realisability of the income are remote

15.6 No income has been recorded on Non–Performing Accounts other than on actual realisation

16. OUTSTANDING IN SUSPENSE/ SUNDRY ACCOUNT

The year–wise/ entry–wise break up of amounts outstanding in Sundry deposits/ Sundry assets as on March 31, 2009 has already been submitted to you along with explanation of the nature of the amounts in brief and supporting evidences relating to the existence of such amounts in the aforesaid accounts

17. INTEREST PROVISIONS

17.1 Interest provision has been made on deposits, etc in accordance with the extant instructions of the Head Office

17.2 Any amount recorded as income upto the year–end, which remains unrecovered or not realisable, has been reversed from the respective income heads or has been debited to corresponding expenditure head during the year

17.3 The accounting treatment as regards reversal, if any of interest/ other income recorded upto the previous year end; and the amount reversed during the year under audit i.e. income of earlier years de–recognised during the year has been made in accordance with the prevalent RBI norms of Income Recognition

17.4 The interest provision for Head Office Interest shall be made at the Head Office

18. STATIONERY

Stock of unused stationery like security papers, cheque books, demand draft book, etc have been produced for your physical verification and are in order

19. LONG FORM AUDIT REPORT–BRANCH RESPONSE TO THE QUESTIONNAIRE

In connection with the Long Form Audit Report, complete information as regards each item in the questionnaire has been made available to you in order to enable you to verify the same for the purpose of your audit

20. OTHER CERTIFICATION

Duly authenticated, information as regards other matters which, as per the bank's letter of appointment, require certification have been made available to you

21. GENERAL

There is no enquiry going on or concluded during the year by Central Bureau of Investigation (CBI) or any other Vigilance or Investigating Agency on the branch or on its employees and no cases of Frauds or of Misappropriation of Assets of the branch have come to the notice of the Management during the year other than for amounts for which provisions have already been made in the books of accounts

22. The provision for non–performing assets, depreciation, provision for income tax, provision for bonus, gratuity, etc is made at the Head Office. Therefore the same has not been provided in the branch accounts

23. There have been no irregularities involving management or employees who have a significant role in the system of internal control that could have a material effect on the financial statements

24. At the end of the year, the branch has translated its holdings of Foreign Deposit Accounts at a notional rate of Rs.38 to 1 USD. The difference between the notional rate of Rs.38 and the actual rate as at the year end will be accounted for at the Head Office

25. The financial statements are free of material mis–statements, including omissions

26. The branch has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non–compliance. There has been no non–compliance with requirements of regulating authorities that could have a material effect on the financial statements in the event of non–compliance

27. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements

28. The other particulars required have already been given to you and particulars and other representations made to you from time to time are true and correct in all respects

29. TAX AUDIT FOR THE YEAR ENDED March 31, 2011

TAX AUDIT IN TERMS OF SECTION 44AB OF THE INCOME–TAX ACT, 1961

The information required for the tax audit under section 44AB of the Income–tax Act, 1961 has been made available to you in order to enable you to verify the same for the purpose of your report thereon. In respect of the Tax Audit under section 44 AB of Income Tax Act, 1961 of ______________ branch of ________________ *BANK* for the year ended March 31, 2011, we certify the following:

PART – A

29.1 Our Permanent Account No. is _______________

29.2 The address as per the jurisdiction of the assessee falls under section 124 of the Income Tax Act, 1961 is ________________________

29.3 The status as defined under the Income Tax Act, 1961 is Company

PART – B

29.4 There is no change in nature of business in current year as compared to preceding previous year

29.5 The books of accounts maintained by us have been correctly disclosed in clause 9(b) of Form 3CD

29.6 Our Profit & Loss account does not include profits and gains assessable on presumptive basis under section 44AD, 44AE, 44AF, 44B, 44BB, 44BBA, 44BBB, 172 of the Income–Tax Act, 1961

29.7 The method of accounting followed is as per clause 11(a) which has been consistently followed in the immediately preceding previous year. There was no change in the method of accounting employed vis–à–vis the method employed in the immediately preceding previous year

29.8 Sum received from employee towards contributions to any provident fund or super annuation fund or any other fund mentioned in section 2(24)(x) which is paid/ not paid within due dates to concerned authorities under section 36(1)(va) are mentioned in Clause 16 (b) of our Form 3CD and the same are correct

29.8 In Clause 17 of Form 3CD, there are no other amounts of such items debited to Profit & Loss Account

29.9 No payments are made to persons specified under section 40A(2)(b)

29.10 There is no amount of profit chargeable to tax u/s. 41 as disclosed under clause 20 of Form 3CD

29.11 Except for the items shown under clause 21 (ii) (B), no tax, duty or other sum as referred to u/s. 43B has been provided as at the year end

29.12 No expenditure/ income of an earlier year has been debited/ credited to the Profit & Loss Account except to the extent disclosed under clause 22 (b) of Form 3CD

29.13 No loans or deposits of Rs.20,000 or more have been repaid in cash other than those specified in the statement of particulars as given in the respective clause of Form 3CD. The details of loans or deposits of Rs.20,000 or more given in the said statement of particulars is true and correct

29.14 **Section–wise details of deduction admissible under chapter VI–A**

No other deductions other than those mentioned in clause 26 of Form 3CD is available to the branch

29.15 Details of delay in payment of tax deducted at source to the credit of the Central Government are given in the statement of particulars. Apart from that, there are no other delay in payment of Tax Deducted at Source

29.16 The other particulars required have already been given to you and particulars and other representations made to you from time to time are true and correct in all respects

Thanking you

Yours faithfully

For & on behalf of ___________ branch of _______________ *BANK*

Authorised Signatory