To,
The Administrator,
Through the General Manager / Secretary
District Co-Operative Bank Ltd. Chamoli,
Head Office: Gopeshwar,
District: Chamoli- 246 401 (Uttarakhand)

AUDITOR'S CERTIFICATE

We have audited the financial statements of the District Cooperative Bank Ltd- Chamoli for the year ended on 31-03-2026 on the basis of books of accounts and other records relevant for audit produced before us.
Subject to our observations provided in the prescribed manner, they represent full and fair view of the Balance Sheet and the Profit & Loss account as on that date.

For & On behalf of M/s BPP & Company
Chartered Accountants
Firm Registration No. 023361N

CA **DEEPAK BISHT,** ***Partner***
Membership No. 455394
UDINo.: 26455394KNNJXV4544

DATE : June 19, 2026
PLACE : Gopeshwar

INDEPENDENT BANK AUDITOR'S REPORT

To,
The Administrator,
Through the General Manager / Secretary
District Co-Operative Bank Ltd. Chamoli,
Head Office: Gopeshwar,
District: Chamoli- 246 401 (Uttarakhand)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

OPINION

1. We have audited the accompanying financial statements of the District Co-Operative Bank Limited, Chamoli (Uttarakhand) as of 31st March, 2026 which comprises of the Balance Sheet as at March 31st, 2026 and the Profit & Loss Account for the year then ended and other explanatory information in which are included returns & certificates for the year then ended.

2. In our opinion and to the best of our information and according to the explanations given to us read with the Memorandum of Changes (mentioned in Para 07 *as infra*), the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of:

(i) The State of Affairs in case of the Balance Sheet of the Bank as 31st March 2026 and

(ii) The Profit in the case of the Profit & Loss Account of the Bank for the year ended 31st March 2026.

BASIS OF OPINION

3. We conducted our Audit in accordance with the Standards on Auditing (SA's) issued by the Institute of Chartered Accountants of India (*the* ICAI). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our Report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our Audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical requirements in accordance with these requirements and the Code of Ethics. We believe the audit evidence we have obtained is sufficient and appropriate to provide basis of our opinion.

KEY AUDIT MATTERS

4. Key Audit Matters (KAMs) are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

KEY AUDIT MATTER	SIGNIFICANCE OF THE MATTER	PRINCIPAL AUDIT PROCEDURES
Classification of Advances and Provisioning for Non-Performing Assets (NPAs)	• The Bank's advances portfolio constitutes a substantial portion of its total assets. (constituting 32.55% of the Asset Size). • Identification of NPAs and determination of related provisions require significant judgment regarding overdue status, asset classification, security coverage, restructuring, recovery prospects and compliance with RBI prudential norms. • Any misclassification may materially impact the Bank's profitability, capital adequacy and regulatory compliance.	• On sample basis evaluated the design and implementation of controls relating to loan monitoring, NPA identification & consequent classification. • Examined sanction terms, repayment schedules and account conduct. • Verified overdue calculations and ageing reports generated through the CBS. • Assessed valuation reports of securities and collateral available with the Bank. • Recomputed provisions in accordance with RBI guidelines. • Reviewed borrower accounts (including large consortium accounts)
Recognition of Interest Income on Advances	• Interest Income earned on advances is one of the principal revenue streams of the Bank. • Guidelines require that interest on NPAs should not be recognized on accrual basis and should be accounted for only upon actual realization. • Considering the volume of transactions and dependence on automated systems, there exists a risk of inappropriate recognition of income, resulting in material misstatement of profits. • For Borrower accounts upgraded on the Balance Sheet date (i.e., 31/03/2026) the unrealized Interest Income should have been booked & credited to PL Account on that very date.	• Evaluated controls over interest computation and accounting within the newly updated CBS. • Tested interest calculations on selected loan accounts. • Verified reversal of unrealized interest on NPA accounts. • Examined manual journal entries/ process of reviewing the NPA's identified by the CBS. • Tested actual realization of interest income in selected NPA accounts.
Valuation and Classification of Investments	• The Bank maintains investments in Government Securities, FD's with other Banks and other approved securities to meet statutory and operational requirements. • These are mainly in the nature of HTM. • Determination of market value involve regulatory compliance and estimation. • Valuation & return from investments directly affects the Head "Interest from Investment" is therefore considered significant.	• Reviewed investment policy (earlier approved by Board/including the general practice. • Verified classification of investments under disclosures. • Market Valuation in accordance with FIMMDA rates wherever applicable. • Verified amortization of premium on HTM investments. • Relied upon the Investment Certifications of Concurrent Auditor.
Information Technology Environment and Core Banking System (CBS)	• The Bank migrated to FINACLE 10.2.25 from FINACLE 7.0.18 on November 07, 2025. • The Bank's financial reporting process is substantially dependent upon the CBS and supporting IT infrastructure. • Any weakness in logical access controls, change management or system interfaces may result in unauthorized	• On sample basis, evaluated IT general controls over user access, password management and system administration at the Branch Level. • Observed maker-checker controls in critical banking processes. • Own reliance on controls was overall limited. • Relied on Draft IS Audit Report of M/s

	transactions or inaccurate financial reporting.	Avasure Technologies Pvt. Ltd., dated: 06/04/2026. • Draft Migration Audit Report of M/s Rawat Nakoti & Co., dated: 01/03/2026 was additionally relied upon.
Contingent Liabilities, Legal Cases/Litigation against the Bank	• The Bank is involved in legal cum regulatory proceedings, pertaining to past years. • Determination of whether a matter requires provision or disclosure as a contingent liability involves significant management judgment and interpretation of legal advice. • The potential financial impact in future/near future may be material.	• Majorly relied upon Managements Representation (oral) and assessment pertaining to details of pending litigation and claims. • Legal opinions (on alternative recourses) were absent and online correspondence (available on Income Tax Portal) was examined. • Discussed status of impending cases with management and accounts staff. Examined subsequent developments up to the audit report date. • Evaluated entries recorded in the CBS and contingent liability disclosures. Found them to be inadequate as only amounts pertaining to DEAF stood reflected.

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

5. The Bank's Management is responsible with respect to the preparation of these financial statements that give true and fair view of the financial position and financial performance of the Bank in accordance with the accounting principles generally accepted in India, including the applicable Accounting Standards issued by the ICAI and provisions of Section 29 of the Banking Regulation Act, 1949 ('Act') and circulars and guidelines issued by the Reserve Bank of India (the 'RBI') & the NABARD from time to time.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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.

Financial Statements are prepared to additionally assist the District Cooperative Bank Limited, Chamoli (Uttarakhand) to meet the reporting requirements as per Rule-4 of the Uttarakhand State Cooperatives Act, 2003.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

6. Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SA's, we exercise due professional judgment and maintain skepticism throughout the audit.

Additionally, we also:

a) Identify and assess the risks of material misstatement of the financial statements, 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) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

c) Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

d) Conclude on the appropriateness of the 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 and conditions that may cast significant doubt on the Banks ability to continue as a going concern.

e) 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 that we identify during our audit.

f) 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.

OTHER MATTERS

7. The following the Summary of Memorandum of Changes submitted by us to the Bank's Management:

Memorandum of Changes (Summary)				
	Increase		Decrease	
	(No. of items)	(₹)	(No. of items)	(₹)
In Respect of:				
a. Income	-	-	-	-
b. Expenditure	-	-	-	-
c. Assets	-	-	-	-
d. Liabilities	-	-	-	-
e. Gross NPAs [1]	54	24,26,658.50	-	-
f. Provision on NPAs	-	242,665.00	-	-
g. Classification of Advances [2]	-	-	-	-
h. Risk Weighted Assets	-	-	-	-
i. Other items (if any)	-	-	-	-

NOTE [1]:
A total of 54 Borrower Accounts amounting to ₹ 24.27 lacs liable to be downgraded were submitted to the Bank.

REPORT ON OTHER LEGAL AND REQUIREMENTS

8. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 Banking Regulations Act, 1949.

9. As required by the sub-section (3) of Section 30 of the Banking Regulation Act, 1949, we report that:

(i) We have obtained all information and explanations, which to best of our knowledge and belief were necessary for the purpose of our audit.
(ii) In our opinion, proper books of account as required by law have been kept by the Bank so far, as appears form our examination of those books.
(iii) The Balance Sheet AND Profit & Loss Account dealt with by this report are in agreement with the books of account.
(iv) In our opinion, the Balance Sheet and the Profit & Loss Account comply with the applicable Accounting Standards to the extent they are not inconsistent with the accounting policies prescribed by the RBI

(v) The detailed observations/qualifications are covered in LFAR-Long Form Audit Reports [Head Office & 34 Branches] form part of this Audit Report.

For & On behalf of M/s BPP & Company
Chartered Accountants
Firm Registration No. 023361N

CA DEEPAK BISHT, ***Partner***
Membership No. 455394
UDINo.: 26455394KNNJXV4544

DATE : June 19, 2026
PLACE : Gopeshwar