

# Annual Report 2011 - 2012

***SBT***   
**STATE BANK OF TRAVANCORE**

## JOURNEY THROUGH THE DECADES...

(Rs. in crore)

	December 1962	December 1972	December 1982	March 1992	March 2002	March 2012
1. Paid up Capital & Reserves	1.36	1.58	3.34	40.37	610.14	3866.16
2. Deposits	19	76	609	2736	13460	71470
3. Advances	7	54	357	1496	7436	55346
4. Gross Investment	7	21	192	969	6388	22473
5. Priority Sector Lendings	.....	13	130	616	2260	20287
6. Export Finance	.....	4	12	80	396	1506
7. Net Profit	0.09	0.08	0.28	5.09	120.93	510.46
8. No. of Branches	94	253	496	614	674	879
9. Number of Employees	1570	3866	8884	12258	12137	12597

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**STATE BANK OF TRAVANCORE**  
**(Associate of the State Bank of India)**  
**HEAD OFFICE: THIRUVANANTHAPURAM**

**NOTICE**

The Fifty Second Annual General Meeting of the Shareholders of the State Bank of Travancore will be held in the A.K.G. Memorial Hall, Gas House Junction, Palayam, Thiruvananthapuram-695 034, on Saturday, the 26th May, 2012 at 3.30 P.M (Standard Time) to transact the following business:

“To discuss and adopt the Balance Sheet and Profit and Loss Account of the Bank made upto the 31st March 2012, the report of the Board of Directors and the Auditors’ Report on the Balance Sheet and Accounts.”

Thiruvananthapuram  
April 23, 2012.

**P Nanda Kumaran**  
Managing Director  
(Chief Executive Officer)

## BOARD OF DIRECTORS

Chairman under Clause (a) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

**Shri Pratip Chaudhuri**

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Managing Director under Clause (aa) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959. **Shri P Nanda Kumaran**

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Director under Clause (b) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

**Dr J Sadakkadulla**

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Director under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

**Shri Shyamal Acharya**

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Director under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

**Shri A K Deb**

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Director under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

**Shri B Ramesh Babu**

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Director under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

**Shri C N Venugopalan**

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Director under Clause (ca) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

**Shri K Muraledharan Pillai**

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Director under Clause (cb) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

**Shri C Rajkumar**

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Director under Clause (d) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

**Shri Gyan Chand Pipara**

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Director under Clause (d) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

**Shri T Balakrishnan**

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Director under Clause (d) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

**Shri K T Rajagopalan**

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Director under Clause (e) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959

**Shri P Vinayagam**

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## MANAGEMENT COMMITTEE

**Shri P Nanda Kumaran**

Managing Director  
(Chief Executive Officer)

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**Shri M C Jacob**

Chief General Manager  
(Chief Operating Officer)

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**Shri Sanjay K Singh**

General Manager & Group Executive (MSME) &  
Chief Risk Officer

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**Shri Sajeev Krishnan**

General Manager (Operations) &  
Corporate Development Officer

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**Shri V Kannan Kutty**

General Manager (Tech & Business Processes)

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**Shri Ravi Jha**

General Manager (Try) & Chief Financial Officer

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**Shri Santanu Mukherjee**

General Manager & Group Executive (Corporate Bkg)

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**Shri S Harikrishnan**

General Manager & Chief Vigilance Officer

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**Report of the Board of Directors to the  
State Bank of India, the Reserve Bank of  
India and the Central Government in terms  
of Section 43(1) of State Bank of India  
(Subsidiary Banks) Act, 1959**

**Period covered by the Report:  
1st April 2011 to 31st March 2012**

## **1. MANAGEMENT DISCUSSIONS & ANALYSIS**

### **1.1 Global Economy**

The developments over the last year in major economies of the world have not been encouraging though the concerns about a crisis have abated somewhat since dawn of 2012. There is an apprehension that the process of global economic recovery that began after the financial crisis of 2008 is beginning to stall and the sovereign debt crisis in the euro zone area may persist for a while. The US economy has shown some improvement but economic growth remains sluggish, despite extensive use of both fiscal and monetary policy tools. Unemployment situation in advanced economies in general, and the peripheral economies of the euro zone in particular, which had deteriorated in the wake of global crisis has not improved. At this juncture, in the short run, the global economy is being buffeted by multiple shocks emanating from various sources, economic, social and geopolitical. A worsening of the conditions in the Middle-East and North Africa could derail global growth. The lower global growth forecast by IMF for most countries in 2012 perhaps reflects the repeated bouts of uncertainty arising from these diverse sets of factors. However, the global financial crisis is no longer the major force dictating the pace of economic activity in the developing countries. The BRICS nations with China in the lead role are gaining decisive force in the global economic arena. The global growth for 2012 and 2013 is expected to be lower than earlier anticipated since the emerging and developing economies are also showing signs of slowdown in growth.

### **1.2 National Economy**

Growth in India is moderating more than that expected earlier. Though inflation has moderated in recent months it remains sticky and above the tolerance level amidst concerns of fiscal deficit, current account deficits etc. The Indian economy is estimated to grow around seven

per cent in 2011-12 in terms of gross domestic product. This follows a growth of 8.4 per cent in 2010-11. This is mainly due to weakening industrial growth in a milieu of persistent inflationary pressures and deterioration in the global economic situation. The factors leading to the global economic slow down such as the crisis in the euro-zone area and near recessionary conditions prevailing in Europe, slow growth in many industrialized countries, hardening of international prices of crude oil, etc. will have its effect on India too though with lesser impact. Monetary policy tightening to control inflation and inflationary expectations typically operates through a compression in aggregate demand and this resulted in slowing down of investment and growth, particularly in the industrial sector, in the Indian economy. However, relative to many other economies in the world, growth in India is among the highest. There are some signs that the slow down in economic activity has bottomed out and a gradual upswing is expected in 2012-13. The Government proposals to bring down the fiscal deficit and the current account deficit; the financial markets becoming more matured, more diverse, much deeper with the resilience to absorb shocks; the regulatory systems and crisis response mechanism turning more robust and sophisticated may contribute to the expected growth momentum. The global economic and financial conditions were likely to remain under pressure during the year and as a result, the economy was estimated to grow in the range of 7.5 per cent to 8 per cent in 2012-13.

### **1.3 Kerala Economy**

Kerala has become one of the fastest growing state economies in the country with the per capita state income higher than the per capita national income. The prime driver of economy still is the remittances from abroad by lakhs of Non Resident Keralites. Kerala economy is primarily agrarian in nature with a low base in food production. The State faces serious challenges in retaining farming area and improving production and productivity of important crops. Kerala's agricultural economy has been undergoing a structural transformation since the mid-seventies by switching over a large proportion of its traditional crop area devoted to subsistence crop like rice and tapioca to more remunerative cash crops. The area under paddy, tapioca, coconut and cashew cultivation in the State has been declining consistently over the last several years.

Kerala, located on the south western tip of India, enjoys unique geographical features that have made it one of

the most sought-after tourist destinations in the world. Fondly referred to as 'God's Own Country', the State was selected by the National Geographic Traveller as one of the 50 destinations of a lifetime and one of the thirteen paradises in the world. An equitable climate, serene beaches, tranquil stretches of palm fringed backwaters, lush hill stations; exotic wildlife, monuments, art forms and festivals give it a distinctive charm. Kerala has an active tourism industry and is accepted as one among the most suited industry for the State.

It has been a satisfactory year for industry and allied sectors in Kerala. The Micro, Small and Medium Enterprises (MSMEs) sector played a vital role in employment generation at low capital cost, upholding entrepreneurial spirit and innovation in the State. Kerala is quite advanced in terms of Human Development Index and life standard. Kerala, the most literate state in the country, enjoys a unique position in the health map of India. The health indicators in the State are at par with the western world with the lowest infant mortality, maternal mortality rates and the highest life expectancy in the country.

The service sector of Kerala is booming with financial companies, real estate agencies, mortgage companies, consultancy services, insurance companies, information technology and tourism industry. The upcoming Metro Rail Project at Ernakulam and the Mono Rail Projects at Thiruvananthapuram, Kozhikode, the Vizhinjam Sea Port, the proposed 'Fast Track Rail Corridor' Project, the Greenfield airport project - 'Kannur International Airport', the Railway Coach Factory at Kanjikode (Palakkad), the Vallarpadam International Container Transshipment Terminal, the LNG Project and the Smart City Project at Kochi, the Cyber Park at Kozhikode and elsewhere are sure to bring in the much awaited sheen and momentum to the State's economy.

#### **1.4 Banking Environment**

Indian banking sector demonstrated strong resilience during the global financial crisis and was able to maintain profitability, with asset quality remaining relatively unaffected. In India, reforms have continued with a view to building a robust and resilient financial system. More stringent capital and liquidity measures for commercial banks have been implemented and steps have been taken to build buffers in the form of provisions. RBI has initiated the preliminary steps for implementation of the Basel III norms embedded with provisions and guidelines

for higher capital adequacy norms for adoption and implementation by Banks in India. RBI's decision to cut cash reserve ratio twice in the recent past to ease tightness in liquidity demonstrates the timely surveillance exercised by the Regulator in this regard. The key focus areas for Indian Banks include liquidity management; gainful deployment of funds; availability of cheaper technology to serve thinly populated unbanked areas; grooming suitable replacement for large number of the experienced manpower bidding adieu to the banking industry; IT security; advanced risk management approaches; and introduction of innovative products. The Indian Banking sector is continuing to grow with rapid transformation, with almost all the Banks having migrated to Centralised Core Banking Environment, supported by technology enabled products. The revolution in information technology is forcing banks to redefine the existing business practices. The need of the hour is to think to develop technologies beyond core banking.

India has the highest growth in young population who want a great banking service, tailored to their needs and in a timeframe that works. The next generation wants to get banking facility "here, now and at an arm's length" in a manner that is simpler, convenient and easy to access. The next generation banking has to provide customer-centric features, giving users an extremely personalized experience while at the same time providing increased intelligence and automation to help banks sell appropriate products and services to their customers. Banks are gradually moving towards a right mix of assisted and self-serviced channels to provide a rich unified and consistent banking experience. Bright and clean branches, customer friendly business hours and short queues have become the key differentiators. Green Channel Counters are the latest innovations in the series for Banks to serve its customers in an eco friendly atmosphere. Regulatory changes have opened up newer opportunities for Banks in areas such as financial inclusion, mobile banking and rural banking. The penetration of banks in rural areas has increased manifold due to the progress made under Financial Inclusion Plans of banks.

#### **1.5 ASCB Performance**

The overall performance of the Banking system was somewhat similar to the trend of the previous year with Credit growing faster than the Deposits. Aggregate Deposits of All Scheduled Commercial Banks grew by Rs. 9,04,510 crore (17.40%) on Year on Year (YoY) basis

to reach Rs. 61,12,480 crore as at the last Friday of March 2012. The Gross Advances grew by Rs 7,62,710 crore (19.30%) on YoY basis to touch Rs.47,04,790 crore. Food credit increased by 24.12% to Rs. 79,790 crore. Non-Food credit grew by 19.27% and reached the level of Rs. 46,25,000 crore. The investment portfolios of banks moved up by 16.20% (compared to the growth of 8.40% during the previous year) to reach a level of Rs.17,44,960 crore.

### 1.6 Regulatory Measures and Monetary Policy

The year 2011-12 witnessed a series of monetary measures initiated by Reserve Bank of India to contain the rising inflation. Annual Policy Statement of RBI issued on 3rd May 2011 had envisaged a monetary policy trajectory with the avowed objective of containing the inflationary pressures even at the cost of some growth in the short-run since high inflation is considered inimical to sustained growth. The calibrated increase in repo rates in the monetary policy pronouncements thereafter is meant primarily to bring down the inflationary pressures.

RBI has decided that henceforth there will be only one independently varying policy rate - the Repo rate. Reverse Repo rate will be 100 basis points below the Repo rate. A new Marginal Standing Facility (MSF) was introduced with effect from 9th May 2011, up to 1% of NDTL, whose rate is 1% above Repo Rate.

In the Second Quarter Review of the Monetary Policy on 25th October 2011, RBI deregulated the Savings Bank Interest Rate with immediate effect. Further, to encourage capital flows of a more stable nature and to provide greater flexibility to banks in mobilizing non-resident deposits in the prevailing market conditions, RBI deregulated the interest rates on Non-Resident (External) Rupee (NRE) Deposits and Ordinary Non-Resident (NRO) Accounts w.e.f 16th December 2011.

RBI raised the Bank Rate by 350 basis points from 6.00 per cent per annum to 9.50 per cent per annum with effect from the close of business on 13th February 2012. This is one-time technical adjustment to align the Bank Rate with the MSF rate rather than a change in the monetary policy stance.

Domestic scheduled commercial banks (other than RRBs) are permitted to open Branches, Administrative Offices and Central Processing Centres / Service Branches in Tier 2 to Tier 6 centres (with population upto 99,999 as per Census 2001) without the need to take permission

from the Reserve Bank in each case, subject to reporting. Opening of branches/offices by domestic scheduled commercial banks (other than RRBs) in Tier 1 centres (centres with population of 100,000 and above as per Census 2001) will continue to require prior permission of Reserve Bank of India.

The following are the other important regulatory and development initiatives by the Reserve Bank of India during the financial year.

- The Repo rate was raised from 6.75 % to 8.50 % in the Monetary Policy Reviews during the financial year.
- RBI has reduced the Cash Reserve Ratio (CRR) of scheduled banks from 6.0 per cent to 4.75 per cent of their Net Demand and Time Liabilities (NDTL) during the financial year.
- Enhanced Rates of Provisioning for Non-Performing Assets as under:
  - (a) Sub-standard will attract a provision of 15 per cent as against the existing 10 per cent.
  - (b) Unsecured exposures of sub-standard assets will attract an additional provision of 10 per cent [i.e. 25%].
  - (c) DA1, DA2 to have 5%/10% higher provision at 25%/40%.
  - (d) Higher Standard Asset Provision for restructured Accounts.
- Investment in liquid schemes of Debt oriented MFs by banks capped at 10 per cent of their net worth as on 31st March of the previous year.
- The existing scheme of interest subvention of 1 per cent on housing loans is extended to housing loans upto Rs.15 lakh where the cost of the house does not exceed Rs.25 lakh from the present limit of Rs.10 lakh and Rs.20 lakh respectively.
- The limit for Housing Loans sanctioned to individuals for purchase / construction of dwelling unit per family, (excluding loans granted by banks to their own employees), eligible for classification under priority sector, is enhanced from Rs.20 lakh to Rs.25 lakh.
- RBI has stated that the UIDAI can be accepted as an officially valid document for opening bank accounts and banks must satisfy themselves of the current address of the customer by obtaining required proof



of the same as per extant instructions and other KYC guidelines.

- Authorised Dealer banks in India may accept FCNR (B) deposits in any permitted currency. 'Permitted currency' for this purpose would mean a foreign currency which is freely convertible as defined in terms of Regulation 2(v) of FEMA 14/2000-RB dated 3rd May 2000, as amended from time to time.
- AD Category-I banks are permitted to allow exporters to receive advance payment for export of goods which would take more than one year to manufacture and ship and where the 'export agreement' provides for shipment of goods extending beyond the period of one year from the date of receipt of advance payment subject to certain conditions.
- The validity of cheque/drafts has been limited to three months from the date of the instrument.
- RBI has issued the Draft Guidelines of the Basel III Capital Regulations for Implementation in India, for Banks to offer their comments / suggestions on the various proposals enumerated therein.

## **2. The Bank's Operations and Performance**

### **2.1 Total Business**

The gross business of the Bank crossed the milestone of Rupees One Lakh Twenty Five Thousand crore. The total business of the Bank stood at Rs.1,26,816 crore as on 31st March 2012, registering a growth of 21.70% from the level of Rs. 1,04,202 crore as on 31st March 2011.

### **2.2 Working Results and Operating Profit**

Operating profit (after staff provisions) of the Bank for 2011-12 went up by 6.19 % to Rs. 1248.80 crore from Rs. 1,175.97 crore for the previous year. Net Profit for the year stood at Rs.510.46 crore as compared to Rs. 727.73 crore in 2010-11. The Earnings per share (of Rs.10 face value) stood at Rs.102.09 compared to Rs.145.55 at the end of the previous year.

The Net Interest Income increased by 7.92 % from Rs.1,696.03 crore in FY 10-11 to Rs. 1830.37 crore in FY 11-12. Net Interest Margin stood at 2.66%.

### **2.3 Dividend**

The Bank declared a dividend of Rs.18 per share (180%) for the year to the shareholders, entailing a total pay out of Rs. 90 crore. Of this, an interim dividend of Rs.16 per

share (160%) was paid out in April 2012. The Dividend Pay-out Ratio works out to 17.73 % of the Net Profit.

### **2.4 Capital Augmentation & Capital Adequacy**

The Bank's capital funds improved from Rs. 4,881.08 crore as at the end of March 2011 to Rs. 5,867.09 crore as at the end of March 2012. The capital adequacy Ratio under Basel II stood at 13.55% in March 12 as compared to 12.54% in March 11 against a minimum of 9% stipulated by RBI. The Tier-I CRAR on this date is 9.35% as against 9.00% as at the end of the previous year. The Bank's Board of Directors had approved a Rights Issue of shares to the shareholders for an amount of Rs.500 crore. The approvals from the RBI and State Bank of India for the issue have been received. The capital augmentation will serve to improve the Capital adequacy ratio of the Bank in 2012-13.

### **2.5 Deposits**

Aggregate Deposits of the Bank registered a growth of 23%, reaching the level of Rs.70,965 crore as on 31st March 2012 as against Rs. 57,599 crore as on 31st March 2011. Personal Deposits, which contribute the bulk of the resources, grew by Rs.9,281 crore to reach Rs.45,378 crore. NRI Deposits recorded improved performance compared to the previous year, grew by Rs 3,747 crore, surpassed the annual budgeted growth and stood at Rs.15,309 crore as on 31st March 2012. NRI Deposits constituted 22 % of the Aggregate Deposits of the Bank as on 31st March 2012. Total Deposits of the Bank [including Inter Bank Deposits] moved up to Rs. 71,470 crore as on 31st March 2012 from Rs. 58,158 crore as on 31st March 2011.

### **2.6 Advances**

Advances of the Bank registered a growth of 20.20% during the year and reached a level of Rs. 55,346 crore as on 31st March 2012 as against Rs. 46,044 crore as on 31st March 2011. The main contributions came from the C&I segment [growth of Rs.6,266 crore] and Agriculture segment [growth of Rs.3,322 crore]. The Bank's Retail lending stood at Rs.26,353 crore and constituted 47% of Gross Advances as at the end of March 2012. The Credit Deposit Ratio of the Bank stood at 77.44% as on 31st March 2012 as against 79.17% as on 31st March 2011.

### **2.7 Market Share**

Bank's All India market share in Deposits has improved from 1.10% on 25th March 2011 to 1.16% on 30th March

2012. The market share in Advances has improved from 1.16% to 1.18% during the same period. However, the market share in Advance would be 1.22% when including the Rs.2,000 crore of Inter Bank Participation Certificate (IBPC) issued by the Bank during the year. The Bank continued to maintain its position as the premier bank in Kerala with a market share in business of 23.78% as at September 2011 [the latest date up to which data has been released by RBI] with 16.11% of the total branch network in the state.

## **2.8 Priority Sector Lending**

The Bank continued to give special emphasis on lending to the Priority Sector in conformity with the national policies, expectations and fulfilment of social objectives. Bank's gross Advances to the Priority Sector increased from Rs. 17,353 crore as at the end of March 2011 to Rs.20,287 crore as at the end of March 2012, and constituted 43.64% of the Adjusted Net Bank Credit against the benchmark of 40%.

## **2.9 Agricultural and Rural Finance & Self Help Groups**

The Bank's performance under Agriculture segment is remarkable during the year under review. Bank was able to achieve the bench mark of 18%, stipulated. Bank has disbursed an amount of Rs. 9,639 crore under agriculture segment as at the end of March 2012 against the Special Agricultural Credit Plan target of Rs. 5,000 crore. The level of lending to agriculture sector stood at Rs.8,902 crore as on 31st March 2012. Agri segment showed a positive growth of Rs. 3,322 crore as at the end of the financial year 2011-12, compared to a growth of Rs.2,280 crore during the same period last year. The share of Agricultural Advances to Adjusted Net Bank Credit [ANBC] improved to 19.15 % from 14.17% as at the end of previous year.

During the current fiscal 16,197 Kisan Credit Cards (Working capital facility to farmers) and 2,950 Kisan Gold Cards (Investment credit to farmers) were issued with an outlay of funds of Rs.192 crore and Rs.127 crore respectively. A campaign was conducted from 1st September 2011 up to 15th January 2012 for coverage of all eligible farmers under Kisan Credit Card.

The Bank had conducted an intensive agriculture lending campaign called "SBT- Haritotsavam-2011" during the period 20th June to 20th October 2011 with a lending target of Rs.2,000 crore to cover 2,50,000 farmers.

The amount disbursed during the period was Rs.2,780 crore benefiting 3,29,000 farmers. 12 episodes of 'SBT Vayalum Veedum' – (Farm and Home) – was broadcasted through All India Radio as publicity to the campaign. The programme, wholeheartedly received by the general public, was intended to give awareness on Bank's various agricultural schemes and the procedures for availing them.

Bank has sponsored 222 Farmers Club, including the three new Clubs formed during the year. At the Farmers' Club meetings, issues faced by the farmers were brought to the notice of the Bank and other Agencies working in the field and necessary solutions suggested. Farmers' Meets with Agricultural Seminars, 'Karshaka Mela' etc. were conducted at various centres to give wide publicity of schemes available to farmers. A special brochure on agricultural schemes in local languages was printed and supplied to the branches for the benefit of farmers. Advertisements were given in leading newspapers and magazines highlighting our various schemes. Farmers' Day was observed and celebrated throughout the branches in Kerala on 17th August 2011 (1st day of 'Chingam'), associated with Krishi Bhavans, Animal Husbandry Department etc. Best farmers were felicitated and agricultural loans distributed at the function. "Onattukara Sangamam" with agricultural exhibition and seminars were organized by the branches in and around Mavelikara area (previously known as 'Onattukara').

Schemes for food processing and agro based industries (with investment in plant and machinery upto Rs.10 crore) was introduced at special reduced rate of interest, covering a wide variety of activities like manufacturing and processing of food products including rice mills, cotton mills etc. Centrally sponsored subsidy linked scheme for rearing sheep, goats and rabbits were also introduced. Schemes for Dairy Entrepreneurship Development and poultry farming with NABARD subsidy were marketed vigorously.

Micro Credit / Self Help Groups: Bank continued to be active in assisting Self Help Groups (SHGs) and financing them through Micro Financing Institutions (MFIs) and Non-Government Organisations (NGOs). 88,273 SHGs were assisted upto March 2012 with a financial outlay of Rs. 738 crore. The Bank disbursed loans aggregating to Rs. 82 crore to 3,486 SHGs during the year.

## **2.10 Lending to Micro, Small and Medium Enterprises (MSMEs)**

MSMEs play a major role in the country's economic development. The Bank gives due importance for the growth of this vital segment of the economy.

The total lending to MSME sector recorded a growth of 6.59% over previous year to touch Rs.9,047 crore. The lending to Micro & Small Enterprises [MSEs] stood at Rs.5,476 crore which is 8.19% higher over the previous year level.

The growth in this sector was fuelled by an intensive MSME lending campaign conducted from 1st September 2011 to 31st March 2012. Against a target of Rs.750 crore under MSME segment the total loan disbursement during the campaign period was Rs. 727.86 crore covering 5,873 Accounts.

Road Transport Operators (RTO) is an important sub segment under service enterprise. The relaxation in security norms and reduction in interest rate have contributed steady growth under this vital segment. Outstanding under RTO segment as on March 2012 is Rs. 464 crore comprising 7847 accounts.

The Bank is a Member Lending Institution of CGTMSE which provides guarantee cover to collateral free loans. A book on CGTMSE Scheme was published for the benefit of the operating officials. Awareness programmes/workshops / seminars on the scheme were conducted in all Regional Offices of the Bank and other important centres for operating staff. Meetings of entrepreneurs were also conducted to educate them about the scheme. 12,891 loan accounts amounting to Rs. 420.09 crore have been extended under the scheme.

## **2.11 Commercial & Institutional Finance**

The Bank performed well under the segment by tapping the potential in the market and C&I advance of the Bank reached Rs. 29,682 crore as on 31st March 2012 with a growth of 26.76% over March 2011. This segment contributes more than 52.97 % of Bank's total advances, which comprises financing Trade and Services, Industry, Infrastructure, financing corporate customers and other institutions.

Commercial Net-Work (CNW) Branch System was introduced in the Bank for giving focused attention to select branches to achieve substantial growth in large value advances. Commercial branches at Bangalore, Chennai, Ernakulam and New Delhi and Corporate

Finance Branch Mumbai were brought under the system. The 5 CNW branches put together have a business level of Rs.17,000 crore. CNW branches' Credit portfolio is Rs.14,870 crore which is about 25% of the Bank's total advances. They also handle Non Fund Based advances of Rs.2,528 crore.

With the objective of improving the market share in the Corporate segment and enhancing business mix to global standards, Bank has established a separate module called "Commercial Business Group" (CBG), in line with the Commercial Net-Work branches. The CBG concept came into existence with effect from 01st November 2011.

The core idea behind the formation of CBG module is to cater to the banking needs of Corporate customers, Emerging Business Groups and Mid Corporate and also large SME/SSI & Agri clients which will contribute for the bank's asset size to a great extent. To begin with, 11 potential branches across the country were brought under the CBG module: Kolkatta Main Branch, R.K.Puram Branch–New Delhi, Indore Branch, Nagpur Main Branch, Ahmedabad Branch, Bangalore City Branch, Hyderabad Branch, Secunderabad Branch, Mount Road Branch-Chennai, Tirupur Branch and Coimbatore Main Branch. More branches will be brought under the CBG module.

At present, CBG branches contribute about 7% of the banks business as a whole and have much more potential to contribute further with the new concept under the specialized network. The CBG network is expected to achieve the desired objectives in the coming years and will become a flag-ship segment of the Bank in future.

Bank has a Project Finance Unit (PFU) at Head Office. The PFU was formed in the Bank to develop project appraisal skills in-house and to avoid good business proposals go past the Bank for want of Techno Economic Viability (TEV) study. PFU undertake technical and financial appraisal of small and medium sized projects, which have not been vetted by agencies of national/international repute. The Technical Consultancy Cell (TCC) attached to the Micro Small and Medium Enterprises Business Department at Bank's Head Office also got merged with the PFU. Apart from conducting viability studies, PFU is exploring the avenues for preparation of Information Memorandum and Debt Syndication also to supplement Bank's income. PFU conducted TEV study on 23 projects and earned an income of Rs.25 lakh as 'study charge' during 2011-12.

## 2.12 Personal Finance

The Bank continued to be active in extending finance to Personal Segment, mainly by way of Housing Loans, Car Loans and Education Loans. The personal segment advances have gone up to Rs. 15,320 crore (including IBPC of Rs. 2,000 crore) as at March 2012 from Rs. 14,345 crore (including IBPC of Rs.1,000 crore) as at the end of the previous year, recording a growth of 6.80 %. As many as 14,652 Housing Loans aggregating to Rs. 1,750 crore were extended during the year, taking the outstanding Housing Loan level to Rs. 8,022 crore as on 31st March 2012. Similarly, 10,141 Car Loans aggregating to Rs. 392 crore were extended during the same period, taking the outstanding car loan level to Rs.1,271 crore.

As in the previous years, the Bank continued to support the growing generation to pursue higher studies by extending Education Loans under Gyan Jyothi Scheme. During the year under report, Bank sanctioned 11,836 Education Loans amounting to Rs. 342 crore. The total amount outstanding under this head stood at Rs. 2,263 crore.

## 2.13 Treasury Operations

The Gross Investments of the Bank stood at Rs. 22,473 crore as on 31st March 2012 as against Rs 17,956 crore as on 31st March 2011 and the average investments during 2011-12 was Rs. 21,155 crore as against Rs. 18,188 crore during 2010-11. The revenue from investment operations (interest and dividend) for the year was Rs. 1,379 crore as against Rs. 1,147.00 crore for the previous year. The average yield on investments was at 7.06 % during the year as compared to 6.82 % during the year ended 31st March 2011. The Bank earned a profit of Rs. 134 crore from Treasury Operations during the period under report.

## 2.14 International Banking

Bank's total Forex turn-over during the year for merchant transactions was Rs. 26,830 crore compared to Rs. 16,746 crore during the previous year. Inter bank turnover was higher at Rs 8,89,498 crore as against Rs 4,34,520 crore during the previous year. The total profit from Forex operations during the year was Rs. 42.49 crore as against Rs. 40.29 crore as on 31st March 2011. The export finance extended by the Bank stood at Rs.1,506 crore, which was 36.86 % higher over the level at the end of the previous year. Bank is a member in MCX-SX (Multi Commodity Exchange) for trading in Currency Futures and the total

turnover in Currency Futures trading was Rs. 458 crore. During the year Forex Treasury of the Bank migrated to Core Banking platform and integrated its accounting applications with the other accounting packages used at the branches viz B@ncs24, Exim Bills and Finance-1. Bank implemented OFAC (Office of Foreign Asset Control) filter for all the outbound swift messages to United States and Nassau.

The Bank has drawing arrangements with 33 exchange houses in the Gulf at present, of which five arrangements have been concluded during the current financial year. 'Moneytrans E Remit', a state of the art, technologically advanced Speed Remittance Product developed in-house ensures speedy and safe remittance from the Gulf countries. 'Moneytrans E Remit' has been extended to 32 of the 33 Exchange houses with which the bank has drawing arrangements. Remittances through 'Moneytrans E Remit' (including credits through NEFT) numbered 49.22 lakh aggregating to Rs. 25,376 crore during 2011-12 as against 43.50 lakh and Rs 18,882 crore respectively during the previous year. The Bank continues to be the leading Bank in Kerala both in terms of number and volume of remittances. The Bank has launched the instant credit whereby remittances made through 'Money Trans E-Remit' will be credited instantaneously to the account of the beneficiaries with the Bank as and when uploaded by the Exchange Companies. This product has been well received by several exchange houses. Other products like Xpress Remit, an online remittance facility from US and UK and Viswa Yatra Foreign Travellers Card providing an alternative to carrying foreign currency while travelling abroad continue to be much favoured by the public in general. To facilitate remittance in Foreign Currencies, Bank has opened 21 Nostro accounts in 13 major currencies with correspondent banks around the globe.

## 2.15 Cross Selling

The Bank has been constantly endeavouring to meet the requirements of its customers by making available Life, Non life insurance products as well as other non-banking investment products like Mutual Funds.

Bank's Cross Selling products include SBI Life Insurance Company's life Insurance products, United India Insurance Company's Non Life (General Insurance) products, SBIMF's Mutual Fund products and SBI Credit Cards which are being made available to the customers through the branch network. With auto debit facility in



place, SIP mode of investment in Mutual Funds is becoming popular amongst the Bank's customers. The Bank also has tie up arrangements with UTI Mutual Fund, Sundaram Mutual Fund, Franklin Templeton and Tata Mutual fund houses whose products are available to customers through the branch network.

As against Rs.20.57 crore income earned during the year 2010-11, income from the Cross Selling business during the current year is Rs.11.83 crore.

SBI Life Insurance with a share of over 69.40% continues to be the major contributor to Cross Selling Income followed by General Insurance, Mutual Fund and SBI Cards at around 22.23%, 8.20% and 0.17% respectively.

Bank has a tie up with United India Insurance Company Limited for marketing its Non life products through our branch network. "Unisuraksha", a personal accidental Death and Total Permanent Disability cover, "Unihealth", a Health plan (Mediclaime) for resident account holders of the Bank and "NRI Care", a health cum accident plan for NRI customers of the Bank are some of the major non life products that are available for the customers of the Bank.

"Unisuraksha", the Personal Accidental Death and Total Permanent Disability cover has gained wide acceptance. During the year more than 37 families, most of them being poor and needy have benefited from these claims. Claims of Rs.5 lac in each of these cases were paid by the Insurance Company. Bank's Health plan 'Unihealth' a co branded product of the Bank and UIICO too is gaining popularity.

Among the Mutual fund products Systemic Investment Plans [SIPs], Fixed Maturity Plans [FMPs], debt and equity funds of SBIMF launched from time to time are also marketed through our branches. SBI Mutual Fund's Gold Fund too is gaining acceptance amongst the investing public.

SBI credit cards are also being sold to the Bank's customers through its branch network. Platinum Credit Cards for high value customers, Secure Cards, SBI Gift Cards and Vishwa Yatra Cards for overseas travellers are some of SBI Cards products being marketed by us. Auto debit facility for SBI Credit Cards is expected to be in place soon and this will give a boost to Credit Cards sourcing in the coming fiscal.

Bank as on date have 1054 Certified Insurance facilitators and over 848 AMFI qualified employees who form the

Insurance and Mutual fund sales force of the Organisation. Plans have been drawn out to increase these numbers substantially in 2012-13.

## **2.16 Sale of Gold Coins**

The Bank has launched sale of gold coins through 35 select branches during this year. The bank has entered into an arrangement with State Bank of India for the procurement of Gold Coins in the denomination of 2,4,8,10,20,50 gms. The bank has sold 36 Kg of Gold coins during the year under review.

## **2.17 Opening of Gold Point Branches**

As a strategic initiative, the Bank planned to open exclusive Gold Loan branches branded as "Gold Point" Branches in all the 14 District Head Quarters in the State of Kerala and one at Nagercoil in the State of Tamilnadu. The bank has opened 13 branches in Kerala and one in Nagercoil during last year.

The Gold Point branches are opened to focus on Gold loans. The Unique Selling Proposition (USP) of the branches is disbursement of the loans in "10" minutes. The branches have disbursed Rs.47.21 crore during last year. The Bank has planned to open Gold Kiosks in major branches to boost our market share in the Gold Loan business.

## **2.18 Asset Quality**

The Bank continued to give special focus to improve the quality of Assets and containing NPAs. The Gross NPA level of the Bank as on 31st March 2012 is Rs 1,488.75 crore and its percentage to Gross Advances stood at 2.66 % compared to 1.80% of last year. The Net NPA level of the Bank as on 31st March 2012 stood at Rs 853.57 crore. The percentage of Net NPA is 1.54 % compared to 0.98% as at the end of the previous year.

Asset Tracking Centre (ATC): Asset Tracking Centre is a new initiative inaugurated by the Bank's Chairman on 28th May 2011 at Head Office for follow up of irregular accounts by tele calling the borrowers. Based on the good response, the same has been extended to all RASMECCs, Zonal Offices and Regional Offices. So far 62,792 accounts were tracked and 8,767 accounts were regularized with a recovery of Rs. 27.67 crore.

System based classification of assets: Bank has moved on to system based identification and collation of Non Performing Assets.

Revival of viable sick industrial units through appropriate rehabilitation packages is an important strategy of the Bank. Rehabilitation/Restructuring packages are under implementation in respect of 34 units with a total exposure of Rs.331.13 crore. Of which 12 units are under CDR scheme with an exposure of Rs.213.86 crore and 22 units under BIFR scheme with exposure of Rs.117.27 crore.

## **2.19 Government Business**

The Bank maintains its status as the Principal Banker to Government of Kerala with a market share of 70% of total Kerala State Government transactions. The Bank conducts State Government Business at 118 branches in the State of Kerala and 2 branches in Tamil Nadu. Bank has agreed to link 9 more Non-Banking Treasuries to our branches during the year. Bank has closed 3 unviable currency chests and at present have 115 currency chest branches in Kerala, 1 in Karnataka and 8 in Tamil Nadu. 196 branches of our Bank are authorized by CBDT for collection of direct taxes (136 branches in Kerala and 60 branches outside Kerala) and 148 branches are authorized by CBEC in Kerala for indirect taxes in physical mode. All branches are authorized for e-payment of direct and indirect taxes. The Bank has accounts of 341 Post Offices and the total turnover during the Financial Year is Rs. 4,981 crore. Several Post Offices are coming forward to open their accounts with the Bank as per the Government Policy for linking of Post Offices with the banks.

The E-payment facility launched by the Government of Kerala through our Bank for payment of Commercial Taxes is well received by the business community and the Bank has clocked a Turnover of Rs.7,925 crore for the year. E-payment for remittance of vehicle taxes and related fees has been introduced by the Bank in co-ordination with the Commissioner of Transport on a pilot basis in Kazhakuttom Sub-RTO and Thiruvananthapuram RTO Offices. The Bank also successfully launched online facility for remitting fees for various UPSC examinations.

The Bank has received Rs.64 crore of commission on account of Government business during the year under review as compared to Rs.54 crore during the last financial year.

## **2.20 Electronic Payment Systems**

Electronic Payments of the Bank is managed by the Payment and Settlement Group which functions at Belapur, Navi Mumbai, in the same premises where the

PSGs of other Associate Banks are functioning. All the branches of the Bank are enabled for RTGS/GRPT/NEFT remittances. The total number of outward electronic remittances for the year ended 31st March 2012 was 30,95,326 registering an increase of 35.76% over the previous year. While the number of RTGS outward transactions was at the previous year level, NEFT and GRPT transactions showed considerable improvement with corresponding reduction in the number of Demand Drafts issued by branches. There is also a shift from the RTGS to the Group Payment System (GRPT), in view of higher awareness at branches. NEFT outward transactions for the year was 22,64,650 registering a growth of 46.38% over the the previous year level. The NEFT system moved over to a higher version of SFMS in Windows 2008 platform. RTGS system moved over to high security SHA2 regime during the year. The Business Continuity Plan is in place for both RTGS and NEFT. GRPT outward transactions for the year was 3,18,398 showing an increase of 45.30% over the previous year. A new system of inter bank payments under the name "Inter Bank Mobile Payment System" (IMPS) was tested successfully during the current year and the same will be implemented shortly. Being a very convenient mode of inter bank payment available 24 x 7 through mobile, IMPS will gain popularity.

## **3. Marketing Initiatives and Development of New Products**

**3.1** As in the earlier years, the Bank continued its proven strategy of customer acquisition and retention and broadening the customer base by conducting massive marketing campaign. The following are the marketing initiatives implemented during the year.

**Kerala Govt. Employees' Salary Account:** The efforts to route the salary payment of State Government employees has become a reality with the new Government issuing orders in this regard. More than 50% (2,51,000 accounts) of the employees have already opened salary account with the Bank and many departments started disbursing salary through SBT. Arrangements with remaining departments are in progress. Bank introduced a power packed Salary Savings Bank product for the benefit of State Govt employees.

**Traffic e-challan system - collection arrangement with Police Department:** Kerala Police Department has introduced collection of petty fine from traffic violators through bank accounts for the benefit of public in

Thiruvananthapuram on pilot basis. Bank entered into an agreement with the Department for maintaining the collection account. The arrangement facilitates the payment of traffic fines at all the branches of State Bank of Travancore.

Sainik Welfare Department: Arrangement has been finalized with Sainik Welfare Department for disbursement of pension to war widows, ex-servicemen and their dependents through the Bank accounts of State Bank of Travancore.

E-Payment in PWD: Government of Kerala has decided to introduce e-tender system for PWD works and e-payment system for payment to contractors in PWD, as part of National e-governance initiative. The Bank had tied up with PWD to arrange the e-payment to the contractors through out Kerala.

### 3.2 Other Marketing Initiatives and New Products

The following new customer friendly products were added to the impressive basket of the Bank's products and schemes during the year.

- SBT Gold Savings Scheme: For purchase of gold ornaments/coins from jewellers having tie up with Bank.
- SBT Home Loan PAL (Pre Approved Limit): The loan limit is approved in advance even before the finalisation of property. Hence the loan amount and quick sanction of the loan is assured to the client. The client can also confidently negotiate with the seller/builder.
- SBT Green: Savings Bank account introduced for the commitment in social cause in good spirit and for the cause of Green Banking.
- SBT Suraksha: Product exclusively launched for funding 100% of the SBI Life premium to cover Home loan outstandings through a separate account.
- SBT Swarna Saphallyam: For financing purchase of gold coins. Min: Rs. 25000/- Max: Rs. 10 lacs. Margin: 20% of security value plus VAT. Interest: 3% above Base rate.
- OD in Savings Bank Account: As part of our Financial Inclusion initiatives, a new product has been introduced, extending the benefit of Savings account with Overdraft facility upto Rs. 10,000/- for non farmers, landless labourers in rural areas for meeting their contingencies.

- SBT Defence Salary Account: The product is exclusively designed for Defence Service Personnel and has four variants viz., Silver, Gold, Diamond and Platinum, suiting to the personnel in different ranks in Defence Service.
- SBT Construction Equipment Loan: Finance for purchase of construction equipments like Cranes, Tippers, Excavators, Proclaimers, JCBs, Concrete Batch Mixing etc.
- RTO Loans - Tie up arrangement with Tata Motors: To improve business under RTO segment, a tie up arrangement was made with Tata Motors Ltd. for financing purchasers of their commercial vehicles.
- SBT Solar Special: Scheme for financing off-grid and decentralized solar home lighting system and water heating system under Jawaharlal Nehru National Solar Mission (JNNSM).
- SBT Jewellery Nirman Special: New scheme for financing jewellery manufactures in Thrissur District.
- Weavers Credit Card: Scheme to provide Term Loan and Working Capital to weavers in the handloom sector through issue of weavers credit card.
- SBT Hotel Special: A new scheme for financing Hotels, Restaurants, Fast Food Chains, Pizza Centres, Caterers etc.
- SBT Auto BIZ: A new current account with Quarterly Average Balance (QAB) of Rs.25,000 formulated to keep the cost of deposits low and to enhance the share of Current Accounts in the total deposits.
- Shakthi Plus: A new modified version of 'Shakthi' current account with pre-uploaded fee collection functionality, which is most suitable for Universities, Colleges, State Electricity Boards, Corporations, Chit funds, etc.
- FlexiMax: A new term deposit product for 15 days to 180 days for Rs.15 lac and above in lieu of the high cost CDs.

### 4. Customer service

4.1 Customer service in the Bank is accorded top priority and every endeavour is made to improve the quality of service to the customers and redress their grievances. All efforts are made to improve the customer satisfaction by offering suitable products.

**4.2** A well defined and full-fledged customer grievances redressal mechanism is put in place in the Bank. Reports on the number of complaints received / disposed / pending in the Bank as a whole are submitted to the Bank's Board and the Apex Level Customer Service Committee at Head Office. The Standing Committee on Customer Service constituted pursuant to Tarapore Committee recommendations also reviews the quality of customer service extended in the Bank at regular intervals.

**4.3** An official of the rank of Assistant General Manager is placed as head of the Customer Service Department to give greater focus on complaints received from Customers and speedy redressal of the complaints. The Department acts as a coordinator between the branch and the complainant and ensures quick disposal of complaints.

**4.4** As a proactive measure, apart from acknowledging each complaint immediately on receipt, senior officials at Customer Service Department endeavour to call the complainant personally wherever contact numbers are available. Many of the complaints get resolved on the same day itself. The average time taken for disposal of complaints at Head Office/Zonal Office level has been reduced substantially. This has created a very positive effect with our customers and various letters of appreciation are received.

**4.5** Bank has provided a facility (SMS SBT CARE) to the customers whereby they can send their grievances from anywhere by SMS to 9847198471 and to 56363 from their mobile. The customer is contacted by the officials of the Bank and the complaints are taken up for redressal on priority.

**4.6** Bank has also established a Call Centre with Toll Free No:1800 425 5566 which enables the customers and general public to seek clarification on Bank's products, service, etc. Adequate publicity through print and visual media is ensured during the year.

**4.7** Branches were encouraged to conduct Customer Relations Programmes. Customer Meets were conducted at several centres to ascertain customer responses and suggestions. The suggestions received were recorded and action taken. Bank celebrated "Customer Contact Week" from 12th December 2011 to 18th December, 2011. Various Town Hall meetings and Customer Meets were conducted during this period.

**4.8** With the intention to tune staff members/officers for rendering better customer service and drive home the importance of customer service/customer grievance management, Bank had organized Seminars which were addressed by the Banking Ombudsman for Kerala at select centres.

## **5. NRI Services**

SBT, the pioneer and the most preferred Bank of NRIs is the market leader of NRI business in Kerala. The products and services offered to NRIs are continuously being reviewed and improved to suit their requirements. The representative office at Dubai, Two exchange companies managed by us in Dubai and Oman and the relationship managers posted in the GCC countries have helped substantially for this achievement.

NRI PLATINUM account, our specialized NRE product is well accepted by High Net-Worth NRIs because of its special features. The rise in NRE fixed deposit rates consequent to the deregulation of interest rates on Non-Resident External Rupee (NRE) Deposits and Ordinary Non-Resident (NRO) Accounts by RBI as well as the favourable exchange rates has resulted in the increased remittances from abroad. Instant credit facility, an improved version of 'Money Trans-E remit' has been introduced during the year for immediate direct online credit to the beneficiary's account and acknowledgement by SMS/E mail

A premium NRI branch has been opened during the year in Thiruvananthapuram increasing the number of NRI Specialized Branches to five. Three more branches will be opened shortly.

## **6. Lead Bank Scheme**

**6.1** The Bank is shouldering Lead Bank responsibilities in three districts of Kerala State viz. Alappuzha, Kottayam and Pathanamthitta. The District Credit Plans for the year 2012-13 was launched in the lead districts during March 2012. The total outlay by all financial institutions in the three Lead Districts for 2011-12 was Rs.15, 830.10 crore of which the Bank's share was Rs.3,373.30 crore (21.31%).

**6.2** The Lead Banks coordinated several activities like out-reach programme in unbanked areas, where Banking Ombudsman of RBI, Executive Director / Regional Director attended. Counselling for students seeking educational loans, seminars on Financial Literacy and



Entrepreneur Development Programme for different target groups were also arranged in the lead districts. Service Area Approach for education loans was implemented and redressal forum for education loans was formed with LDMs as convenor. A Special Campaign was conducted on Priority Sector Advances particularly for extending Kisan Credit Cards. A campaign for opening of Savings Bank accounts was conducted by our Lead Bank Offices in the Lead Districts for widening the coverage of banking services.

### **6.3 Rural Self-Employment Training Institutes (RSETIs)**

RSETIs have been started by the Bank in Wayanad, Pathanamthitta, Alappuzha, and Kottayam for providing training in skill upgradation to the rural youth with focus on BPL category. These 4 institutes had trained 13,022 persons and 92% of the people are women beneficiaries. Majority of the trainees are reported to be successful in starting self-employment ventures. The courses for which training is imparted includes beautician, ornaments manufacturing, Computer Tally, Mobile Phone Servicing & Repairing, aluminium fabrication, tailoring, textile ornamentation, kitchen gardening, mushroom cultivation with vegetable growing, dairying & vermi compost and off-site programmes like rubber tapping, driving etc. RSETIs also imparted training to beneficiaries selected under Kerala State Self Entrepreneur Development Mission (KSS EDM).

### **6.4 Financial Literacy and Credit Counselling Centre (FLCCs)**

Bank has started FLCC along with RSETIs in the Lead Districts of Alappuzha, Kottayam and Pathanamthitta, for providing financial literacy & credit counselling. The main initiatives implemented are imparting financial literacy, information about product and credit availabilities and arranging seminars for counselling students aspiring for higher education.

## **7. Financial Inclusion**

**7.1** Financial Inclusion (FI) is delivery of banking services at an affordable cost to the vast sections of the disadvantaged and low-income groups. The Bank has opened over One Million “No-frills” accounts (Janapriya accounts). Bank has opened around 13.20 lacs “No-frills”

accounts, out of which 70% are in the State of Kerala. Joint Liability Group (JLG) schemes, Biometric Smart Card Project, General Credit Cards to the Janapriya Account Holders etc. are other initiatives in this direction.

**7.2** In conformity with the directions of Reserve Bank of India, the Bank has formulated a Financial Inclusion Plan, which has been rolled out during 2010-11 and all FI villages allotted to the Bank have been covered. The Financial Inclusion will be an integral part of the business plan of the Bank.

**7.3** The following activities have been undertaken by the Bank as part of fulfilling the Bank's commitment to Financial Inclusion.

- SLBC Kerala has allotted 29 villages in the population category of above 2000 to the Bank for providing basic banking services through Banking Facilitator (BF) / Banking Correspondent (BC) route or by opening branches.
- Bank has provided basic banking in these villages through the BF/BC route, except in Perumanna Village in Kozhikode District where a new branch was opened on 30th March 2011.
- Bank has engaged “Kudumbashree” as Banking Correspondent in the State of Kerala.
- M/s Batronics India Ltd., Hyderabad is the Technical Service Provider for Smart Cards and Financial Inclusion Project of the Bank.
- The Bank has been allotted 6 villages in Tamilnadu for providing basic banking services, which has been covered through the BF/BC route for which the Bank has engaged Individual BCs.
- All the BCs / Customer Service Providers (CSPs) and Link Branch Managers have been imparted training.
- The FI Project of the Bank has been christened as “SBT-SAHAYA HASTHAM”.
- Bank has appointed 6 Channel Managers for the FI Project.
- The Bank has enrolled nearly 13,000 customers under “SAHAYA HASTHAM” in the 34 FI Villages and added 1,954 “No-Frills” Accounts through the new branch at Perumanna Village during the year.

#### **7.4 UID Project:**

- Unique Identification Authority of India (UIDAI) has appointed the Bank as Registrar for the UID Project of the Government of India.
- M/s Tera Software Ltd., Hyderabad has been selected as the Enrolment Agency for the Bank's Unique Identification Project in Kerala.
- The Bank has enrolled 21,763 residents under the UID Project.

#### **8. Support to disadvantaged segments**

##### **8.1 Assistance to Scheduled Caste / Scheduled Tribes [SC/ST]**

The Bank continues to give due importance in extending financial assistance to meet the credit requirements of the SC/ST borrowers. Bank has adopted 4 villages in Kerala and one village in Tamil Nadu where SC/ST concentration is more, for extending credit for their development. The advances to SC and ST borrowers under Priority sector stood at Rs 2,604.04 crore (12.84%). The percentage of NPAs in respect of SC/ST borrowers under Priority Sector is 1.01 % of the outstanding.

##### **8.2 Assistance to Minority Communities [MCs]**

The Bank continues to give due importance in extending financial assistance to meet the credit requirements of the Minority Communities. The advances to MCs under Priority Sector stood at Rs. 6,968.25 crore. This works out to 34.34% of the Bank's Priority Sector advances, compared to 34.05% as at the end of the previous year.

#### **9. Information Technology - Technology Upgradation & IT Initiatives**

**9.1** The Core Banking System (CBS) has provided the Bank with the state-of-the-art software that has greatly enhanced the efficiency of customer services, speeded up data processing capabilities, strengthened MIS, enabled efficient Asset Liability Management, reduced transaction cost and offered alternative channels to customers for transacting their business. The CBS is a product-based system whereby new schemes of the bank can be introduced easily with global parameter setting at CDC level. The capacity of the servers and other equipments, and other performance parameters are periodically reviewed and upgradation / addition of new equipment is arranged as and when felt necessary.

#### **9.2 Alternative Delivery Channels**

The CBS has facilitated effective implementation of Alternative Channels viz. Automated Teller Machines [ATMs], Internet Banking and Mobile Banking. The ATM network was beefed up by adding more ATMs. The Internet Banking facility is recognized to be the best among its class. Mobile Banking Service, which was rolled out in July 2009, is getting steady acceptance from customers.

##### **9.3 ATMs**

The Bank has a network of 929 ATMs, including 273 offsite ATMs. The network of 764 ATMs in Kerala is the largest in the State. All ATMs are part of the State Bank Group ATMs, having around 27,000 ATMs. Ninety six new ATMs were installed during the year. The Bank's ATM-cum-Debit cards are accepted in all outlets having Master Card/Visa logo. Several facilities such as Visa Money Transfer (VMT), Money Send, SBI Credit Card payment, SBI Life Premium payment, Mobile recharge, Donations, Fee payments, JMET / GATE Application Fee payment, Mobile Banking registration, Cheque Book order etc. have also been enabled in our ATMs. The Bank has a card base of 54.25 lacs as on 31st March 2012, which translates into an increase of 22.03% over the card base as at the end of the previous year.

##### **9.4 Internet Banking**

The Bank offers a convenient and efficient Internet Banking (INB) facility through 256 bit EVSSL (Extended Validation Secured Socket Layer) encryption. This provides more security to Internet Banking customers against phishing / hacking threats. The Bank has added 90,434 new INB registrations during this year, ie. an increase of 24.86% over the registrations as at the end of previous year. The total number of INB registrations as on 31st March 2012 is 4,54,131.

Major initiatives in Internet Banking during the year are as follows:

- a) Site to site integration has been done with:
- Kerala State Motor Vehicles Department for making online payment for any of the 20 services provided by the department.
  - UPSC for fees payment.
  - CBEC for making payment of Excise and Customs Duty.

- M/s Atom Technologies, M/s E-Billing solutions and M/s Tech Process Solutions, thus enabling customers to make payment for online purchases in around 2,500 online merchant sites.
- NSDL for viewing Form 26 AS and payment for application for PAN.

b) Other initiatives:

- ATM Cards enabled for making payments for merchant transactions and Direct taxes (OLTAS) through Internet Banking.
- Simplified, single user Corporate Internet Banking facility with transaction rights (SARAL) launched.
- Facility for opening and closure of e-TDR/ e-RD introduced.
- Internet Banking facility to Visually challenged persons rolled out.
- i-Collect, the generic e-payment and e-collection module suitable for Retail/ Corporate Internet Banking Customers has been introduced.
- E-payment of Maharashtra State Professional Taxes has been enabled through SBT ONLINE.
- SBT Insta pay, an electronic Bill payment facility has been enabled, which does not require prior registration with Billers. Online recharge of Mobile phones and DTH TVs are also enabled in this module.
- Customised Corporate Internet Banking provided to Kerala State Housing Board and M/s Sarathy Motors for their centralised funds management and monitoring.
- Anti phishing measures: Several anti-phishing steps have been taken to protect the interest of our customers such as:
  - Website Authentication to customers: Extended validation SSL certificate has been implemented for the site which makes the address bar green when the customer visits the site.
- Customers are educated periodically through security alert messages to their registered mobile number.
- One Time Password over SMS, for online transfer of amounts more than Rs. 10,000/- (per day limit) for online transfer of funds to third parties and for all merchant transactions irrespective of the amount,

excluding few merchant sites like IRCTC, LIC & Govt. sites. This is in addition to One Time password over SMS required for adding the beneficiary's account.

- For every transaction, post transaction SMS alert is sent to the customer's registered mobile number.

### 9.5 Mobile Banking Service (MBS)

Mobile Banking provides the customers with another safe, secure, fast and convenient channel for banking transactions. The services provided includes enquiry services, funds transfer, demat account services, bills payment, mobile top up, DTH recharge, m-commerce etc. The daily limit for MBS transaction is Rs. 50,000/- for funds transfer & transactions involving purchase of goods & services, within an overall calendar month limit of Rs.2,50,000/-.

49,363 new Mobile Banking registrations were activated during the year ie. an increase of 144.77 % over the registrations as at the end of previous year. The total number of MBS registrations as on 31st March 2012 is 83,461.

The customers also have an option of using Mobile Banking Service over any of the following four channels viz., (a) Application based (b) WAP based (c) USSD based and (d) SMS based.

**9.6** A standing committee has been formed for conducting Gap analysis on Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds as per RBI Guidelines.

### 10. Business Process Re-Engineering (BPR) Initiatives

**10.1** With the objective of improving performance and enhancing customer service to global standards, the Bank has embarked on implementation of various BPR initiatives by leveraging on its core competencies, state of the art technology and redesigned operating architecture.

**10.2** Retail Assets & Small and Medium Enterprises City Credit Centres (RASMECCCs) for appraisal, sanction, disbursement and maintenance of loans in Retail, Small & Medium Enterprises segments have been set up at 8 major centres. This has enabled the Bank to reduce the response time in sanction and disbursal of loans at these centres, thereby improving the level of customer satisfaction. It has also enabled standardization of internal processes leading to improved quality of assets.

**10.3** A Rural Central Processing Centre (RCPC), set up at Palakkad covering all the branches in the District, has improved the quality and pace of lending under Agriculture, MSME and Personal Segments.

**10.4** Multi Product Sales Teams have been established at 7 of the RASMECCCs to target specific markets, for effectively canvassing new business.

**10.5** Stressed Assets Resolution Centres (SARCs) have been rolled out at 8 centres for more focused attention on recovery, thereby releasing funds blocked in non-performing assets which can then be utilised for more productive purposes.

**10.6** A Liability Central Processing Centre (LCPC) has been established in Thiruvananthapuram to provide back office support to branches, in opening and servicing of liability accounts such as Savings Bank and Current Deposit Accounts. The Centre provides pre-generated Welcome Kits consisting of ATM cards and cheque books to all the branches. This facilitates the customers to operate the accounts immediately after opening the account. Issue of Personalised Cheque Books to the customers of all the branches is also centralized at LCPC.

**10.7** Pension processing has been centralized at Centralised Pension Processing Centre (CPPC) set up at Thiruvananthapuram. This Centre covers all pensioners drawing pension from all branches. The Centre ensures accuracy in pension calculations, timely disbursement of pension and quick settlement of transactions.

**10.8** A Centralised Clearing Processing Centre (CCPC) is established at Thiruvananthapuram with a view to move back office non customer facing activities related to clearing and collections away from branches to enable branches to focus more on customer service. The initiative also helped the Bank to afford credit to the accounts in respect of local clearing instruments on the day following the day of deposit of the cheque.

**10.9** Trade Finance Central Processing Centres (TFCPCs), aimed at ensuring efficient and uniform handling of transactions related to inland and foreign trade and Bank Guarantees have been rolled out at Ernakulam and Chennai.

**10.10** Drop Boxes have been provided at the branches for hassle free and safe handling of instruments deposited. Drop Boxes have been provided at two on-site ATMs on a pilot basis.

**10.11** 'Grahak Mitras' have been positioned at select branches to proactively guide the customers in conducting transactions.

**10.12** Relationship Managers have been posted at select branches to extend personalized services to the customers.

## **11. Internal Control Systems & Supervision**

### **11.1 Integrated Risk Management**

The Bank's risk management philosophy is based on a clear and timely identification of various types of risks, accurate risk assessment and measurement procedures and continuous monitoring. The risk management architecture of the Bank consists of the Board of Directors at the top having overall responsibility to implement Risk Management System in the Bank. In order to have focused attention on various risks, Credit Risk Management Committee (CRMC), Market Risk Management Committee (MRMC) and Operational Risk Management Committee (ORMC) are in place to manage Credit Risk, Market Risk and Operational Risk respectively at the granular level. The General Manager (P&D) is designated as the Chief Risk Officer (CRO). The Integrated Risk Management Department headed by Deputy General Manager is responsible for the overall daily management of risks at micro level.

Management of all the risks is governed by various policies such as Credit Risk Management Policy, Loan Policy, Market Risk Management Policy, Investment Policy, Operational Risk Management Policy, Loss data Policy, Business Continuity Planning Policy, Outsourcing Policy, etc. As part of credit risk management, the Bank has a structured and standardised credit approval process which includes comprehensive credit rating of proposals. Other risk prone operational areas of the Bank's business are monitored and proactive actions for improvement are initiated in consultation with other departments like Inspection, Systems & Procedure, Fraud Prevention, Monitoring and Recovery Department etc.

The year witnessed great volatility in both domestic and forex markets. However, the Bank could tide over the situation as sound market risk management practices were in place. The market risk is largely managed through adherence to various position limits, stop loss limits, Value at Risk (VaR), Management Action Triggers (MAT), Cut Loss Triggers (CLT) etc. The Bank is in the process



of upgrading the present software so as to compute market risk capital charge on a daily basis as per RBI guidelines.

The Bank is closely monitoring the roadmap for migration to advanced approaches of Basel II and Basel III norms by striving to create sufficient and accurate database, ensuring involvement and awareness among all the staff members of the Bank and planning for build up of a capital base of the desired quantity and quality.

During the financial year 2011-12, the following major risk management initiatives were taken:

- Credit Rating models for trading and manufacturing sectors modified and introduced in IT platform capable of retaining historic data.
- New Credit Rating models introduced for NBFs and infrastructure projects were launched in IT platform capable of retaining historic data.
- Purchase of Loan Origination Software for retail loans was finalised and expected to be introduced to facilitate retention of data for migration to advanced approaches.
- The bank started computing Value at Risk for all investments in trading book as part of risk management.
- As part of spreading awareness and risk management culture all over the Bank and as part of capital conservation measure, officials from risk management department conducted day-long workshops for all the branches.
- External consultants have been appointed for guiding the bank through the process of migration to advanced approaches for Credit Risk, Market Risk and Operational Risk.

### **11.2 Asset Liability Management**

The Asset Liability Management System implemented effective from 1st April 1999 is functioning as per the guidelines prescribed by Reserve Bank of India. The Asset Liability Management Committee (ALCO) headed by Managing Director meets regularly.

The Bank's ALM Policy based on RBI guidelines lays down broad benchmark levels in managing liquidity and market related risks. Liquidity and interest rate risks are identified, measured and monitored by the ALCO through the prescribed statements, viz. Statements of Structural Liquidity and Interest Rate Sensitivity, Short Term

Dynamic Liquidity, Duration Gap Analysis, Stress Testing on Liquidity and Interest Rate Risks etc. ALCO discusses these statements in detail and takes corrective actions whenever necessary. As per the Bank's ALM Policy a contingency funding plan is reviewed on a quarterly basis. Revisions of interest rates on deposits and advances, including the Benchmark Prime Lending Rate (BPLR) and Base Rate (BR) are discussed and decided by the ALCO. The ALCO also discusses the economic developments and monitors the changes in the market on an ongoing basis.

### **11.3 Inspection and Supervision**

Internal audit/inspection is an independent appraisal of operations of various Systems of Controls within an organization to determine whether acceptable policies and procedures, designed to add value and improve an organisation's objectives, are followed and resources are used efficiently and economically. Inspection and Audit Department at Head Office monitors various risk parameters by conducting regular Internal Inspection, IS Audit, Compliance Audit, Surprise Inspection of Branches and System Audit of various Head Office Departments and Modules.

Apart from the above, Bank has put in place an effective institutional mechanism for Risk Based Supervision through RBS Cell in the Inspection Department. As envisaged by the Regulator, the Bank introduced Risk Focused Internal Audit (RFIA) under RBS w.e.f. 1st April 2003. With effect from 1st April 2010, score for Business Parameters has been taken out of the purview of the RFIA. Subsequent to migration to Core Banking, corresponding changes have been brought in, especially in the area of Audit Rating, Audit Report Formats, grouping of branches, sampling norms and periodicity of inspection. The Bank has introduced separate systems for verification of Gold, Cash and securities and for regular RFIA. Various user friendly formats have been introduced for Cash and Gold verification, FEMA Audits, Tax Audits, IS Audits etc. The Department is also involved in the area of monitoring Concurrent Audit of designated branches and movement of audit rating of these branches.

In order to instill knowledge and to improve the quality of various reports, the department is imparting training for the existing and newly joined inspecting officials in the area of RFIA, IS Audits and Concurrent Audit. In order to improve the efficiency of Internal Audit, during

the year 2011-12, the Bank started awarding Certificates to Branches who have secured highest rating in two successive audits.

#### **11.4 Credit Audit**

The audit of high value credit accounts with the aim of improving the asset quality of the Bank is undertaken by the Credit Audit Department. Accounts with total exposure of Rs.2 crore and above are covered under Credit Audit. The Department conducted audit of 1060 accounts during the year, covering the pre-sanction and post sanction aspects. The Department had also conducted credit audit of 26 accounts with exposure below Rs.2 crores and above Rs.1 crore on a random basis during the year.

#### **11.5 Inter-Office Reconciliation**

As per RBI guidelines, all high value debit entries of Rs.1 lakh and above and 99.99% debit amount need to be reconciled within a period of six months from the date of their origin. The Bank has completed reconciliation of Inter Branch accounts upto 30th September 2011, achieving 100% reconciliation of debit entries.

#### **11.6 Compliance**

The Bank ensures timely compliance of various statutory and regulatory returns and also prompt reply to references received from Government of India / Reserve Bank of India and other institutions viz., State Bank of India, Indian Banks Association etc. The Chief Compliance Officer monitors the Compliance function effectively and submits periodical reports to the Audit Committee of the Board for information.

#### **11.7 KYC norms & AML/CFT measures**

The Bank has put in place a Board approved revised policy on Know Your Customer (KYC)/ Anti Money Laundering (AML)/ Combating of Financial Terrorism (CFT) measures as per RBI policy. A dedicated KYC-AML Cell is functioning in the Head Office to oversee the compliance of KYC/AML/CFT measures. Dy. General Manager (Compliance) is the designated Principal Officer for KYC/AML in our Bank.

As per the policy, the branches are required to obtain photograph, identity proof and address proof while opening new accounts. Customer acceptance and Customer identification are the most important prerequisites in the opening of new accounts. Branches

also have been advised to update the identity proof and address proof of the existing customers at regular intervals. Controllers during their visits to the branches as also the Auditors and Concurrent Auditors verify compliance of KYC norms while opening accounts.

Monitoring of transactions is done with a view to submit the required reports to the Financial Intelligence Unit-India (FIU – IND) mandated by Prevention of Money Laundering Act 2002. With a view to implementing and supporting the monitoring of transactions, the Bank has acquired appropriate software which is processing all transactions handled by all the branches of the Bank on a day to day basis. Monthly Cash Transaction Reports (CTRs) and NPO Transaction Reports (NTRs) are being generated by the system for submission to FIU-IND. Suspicious Transaction alerts are generated daily, for analysis by the KYC-AML Cell. After due analysis, suspicious transactions are reported to FIU-IND through Suspicious Transaction Report (STRs), wherever felt necessary. Counterfeit Currency Reports (CCRs) are also being submitted to FIU-IND as and when detected.

KYC/AML Cell is publishing a quarterly news letter and maintains a web site to provide relevant and up-to-date information for Branches/ Administrative Offices.

Training on KYC/AML is being imparted on an ongoing basis in the Bank. Staff awareness programmes are conducted regularly through seminars at Zonal/ Regional Office levels, Learning Centres and during branch visits.

#### **11.8 International Financial Reporting Standards**

As per the Road Map laid down by Ministry of Finance, Government of India, all Scheduled Commercial Banks are to convert their opening Balance Sheet as on 1st April 2013 in compliance with the Converged IFRS (IND-AS). The Ministry of Corporate Affairs have notified the Converged Indian Accounting Standards (Ind-AS) and is yet to announce the date of implementation of these standards.

The Bank being a member of State Bank Group will be taking a common group approach on convergence to IFRSs. The Bank had formed an IFRS Cell at its Head Office for the preparatory works. The cell is engaged in collection, compilation and submission of data as required by State Bank of India for preparation of Consolidated Financials by them under Converged IFRSs.

## 12. Security arrangements

There was no significant loss due to security breach in the Bank, during the Year. Risk assessment of all bank branches was done and accordingly security guards have been deployed in vulnerable branches. Manning of currency chests by five security guards is being ensured by timely recruitment. Formal security audit of all currency chests has been carried out this year and corrective measures initiated wherever required. Security at Head Office has been strengthened by installation of CCTVs system with comprehensive coverage. Chief Security Officer, Fire officer and Zone/Region Security Officers are reviewing security arrangements at branches constantly through branch visits and corrective measures taken wherever required.

## 13. Information security

The Information Systems Security Cell functioning at the Head Office is in charge of creating, maintaining and disseminating information security strategy, plans and policies. The Cell co-ordinates the Information Systems security activities. The formulation and periodic reviews of IS Security policies, vetting of software etc. are some of the major functions of the IS Security cell.

The cell also undertakes spreading the Information Security awareness among the staff and customers of the Bank. More than 400 staff members have been trained in the Information Security activities during the year under review. Bank has initiated campaigns to spread awareness about various threats faced by the customers like PHISHING, Skimming etc. Awareness campaigns have been conducted through emails, pamphlets, news letter etc. The cell also keeps the staff members conscious of the security threats,.

## 14. Vigilance Machinery and Frauds Monitoring

The vigilance climate of the Bank during the period under review was generally normal. The integrity level of staff/officers in the Bank is of a high order and instances of criminal misconduct by the staff/officers were minimal. Only two fraud cases with staff involvement have been reported in the year. Regular Department Action (RDA) has been initiated against the erring officials.

The periodic internal review mechanism by the Vigilance Department has focused on the delay at various stages and addressed this issue with close coordination with the Disciplinary Proceedings Department. There has been increased emphasis on preventive vigilance with

futuristic approach to ensure compliance with various guidelines/instructions.

During the current year 40 fraud cases have been reported, compared to 17 cases in 2010-11. There has been a recovery of Rs.1,322.65 lakh in the current year consisting of cash recovery of Rs.308.86 lakh, settlement of insurance claims of Rs.36.79 lakh and ECGC claims of Rs.977 lakh. 29 cases involving amounts upto Rs.25 lakh have been closed as per the revised guidelines of RBI. Various measures have been implemented for prevention of frauds. Alertness Awards were distributed to three staff members in recognition of their contribution in the detection/prevention of frauds. 'Whistle Blower' scheme also has been put in place in the Bank for prevention of frauds.

Preventive Vigilance Committees were initially set up in major branches and such Committees are functioning in 184 branches. In order to enhance the effectiveness of vigilance administration in the branches, Preventive Vigilance Committees have been constituted in 330 more branches during the year. As part of green initiative, the minutes of the committee meetings at branches are received through e-mail. The minutes are perused by Vigilance Department and branches are given direction for focusing on preventive vigilance measures.

Surprise inspections from vigilance angle are also conducted at select branches. The reports are scrutinized by CVO who suggests compliance/ corrective action at the branches. The compliance is closely monitored through the controllers. The CVO has also made surprise visits to 15 branches during the year to ensure compliances from vigilance angle.

CVO heads the Dedicated Unit on Frauds Review and Monitoring to review the progress of action taken on frauds involving an amount of Rs.10 lakhs and above but less than Rupees One Crore. The frauds involving an amount of Rupees One Crore and above are reviewed by the Committee of Directors once in a quarter. CVO closely monitors action taken on the complaints received from CVC/CBI. In addition, all the complaints received from the customers/ others are also monitored and those having vigilance angle are subjected to appropriate action through vigilance mechanism.

Vigilance Awareness Week was observed from 31st October 2011 to 5th November 2011 in terms of CVC's directions. The activities carried out during the week include

- Administration of pledge across all branches/ Head Office/ other offices.
- Quiz competition/ essay competition for staff.
- Quiz competition for college students, giving away of honesty awards to select students giving away Alertness Awards to employees who prevented frauds at the branches.

On the concluding day, Shri. Jacob Punnose, IPS, DGP and State Police Chief of Kerala addressed the employees on vigilance administration.

- In terms of CVC guidelines, technology is being used in various areas of operation to ensure transparency and the progress is being intimated to the Chief Technical Examiner, CVC. As a result of the increased use of technology, loan applications from Personal, MSME, and Agri. Segments can now be registered online. Application Tracking System has been introduced. Vendors' payments are made on electronic mode. The introduction of system of e-procurement and e-tendering is in progress.

## 15. Right to Information Act

The Right to Information Act, 2005, has been implemented in the Bank since 2005-2006. In terms of the Act, Central Public Information Officers, Asst. Central Public Information Officers and Appellate Authorities were nominated and a system was put in place to receive the applications / queries from the public seeking information about the Bank and related matters and to furnish reply promptly within the stipulated time limit. The applications/queries received under the Act during the year were replied promptly. During the year, Bank received 828 applications under the Act and all the applications were disposed of promptly and within the time-frame.

## 16. Human Resources Development & Industrial Relations

**16.1 Staff Resources & Recruitments:** The Bank had on its rolls 12, 597 members of staff, comprising 4,460 Officers, 5,969 Clerical and Cash department staff and 2,168 Subordinate staff inclusive of 447 Part-Time Employees. The number of women employees and ex-services personnel constituting 4,759 and 1,292 respectively of the total work force. Out of the women employees, 1,220 are officers, 2,948 non-subordinate staff

and 591 subordinate staff. The Bank has also 197 Persons With Disability (PWD) on its rolls as employees.

**16.2** During the year, 1,021 staff were recruited; 17 in the officers' cadre (Specialist), 843 in non – subordinate and 161 in the subordinate cadre.

**16.3** During the year 100 employees were promoted from subordinate to non-subordinate cadre, 134 employees were promoted from clerical cadre to the Officers cadre and 570 promotions within Officers' cadre were completed before 30th November 2011.

**16.4 Staff Productivity:** Business per employee improved from Rs.8.88 crore as at the end of March 2011 to Rs.10.66 crore as at March 2012. Net Profit per employee has decreased from Rs.6.20 lac to Rs.4.20 lac during the same period.

## 16.5 Training Programmes

Training programmes are conducted at our training centres with a view to updating knowledge, awareness and improvement of skills of the staff on an ongoing basis with particular reference to areas of corporate goals/ concern areas.

During the year under review 209 training programmes were conducted imparting training to 2059 Officers, 1898 non-subordinate staff and 176 subordinate staff. In addition to in-house training programmes, 623 officers were deputed to other institutions in India like the State Bank Staff College, State Bank Academy, State Bank Institute of Rural Development, State Bank Institute of Information and Communication Management, Bankers' Training College and National Institute of Bank Management.

**Overseas Training:** During the last financial year 12 officials of our Bank were sent for various conferences and Training Programmes held at Milan, Berlin, Paris (Europe), Illinois (U.S.A), Kuala Lumpur and Singapore.

Orientation programme for newly recruited clerical staff: Orientation programme was conducted for 824 newly recruited clerical staff and 134 officers promoted from the clerical cadre. Intermediate Programme was conducted for 164 Probationary officers.

**New initiatives:** A specialized training programme on customer service for officers and non subordinate staff members was conducted on a pilot basis by M/s Frankinn Corpexcel at Frankinn Centre Trivandrum.



## 16.6 Reward & Recognition

Thirty one branches were selected for membership of MD's Club/CGM's Club/GM's Club for the year 2010-11 and they were felicitated at a function where the Top Management and spouses of the awardees were present.

## 16.7 Human Resources Management Solutions (HRMS)

The State Bank Group decided to leverage technology to centralize and automate HR processes in the State Bank Group. For this purpose, the HRMS (Human Resource Management Solution) Department of SBI Corporate Centre configured the SAP-ERP software as per the Service Rules, extant HR policies and practices. Automation of HR will not only bring efficiency, transparency and convenience in all the operations but will also bring uniformity in HR implementation. SBI has implemented the project HRMS across the Bank and SBT has also decided to rollout the project HRMS in the bank along with SBI and other Associate Banks. To start with the Bank has decided to centralize the processing of payment of salary of all employees of the Bank through the SBI HRMS. Once fully operational all employee requests (leave, travel, reimbursements etc), approvals, data updation (promotion, retirement actions) and financial settlements (salary, pension, travel, medical, reimbursements, commutation etc) will be handled through HRMS on real time basis.

## 16.8 Staff – SC/ST Cell

The Bank has designated an Officer of General Manager rank as Chief Liaison Officer for SC/ST. The Bank also has a separate SC/ST Cell headed by a Manager at Head Office and assisted by Liaison Officers at the five Zonal Offices and two Regional Offices (Mumbai and New Delhi) to protect the interests of SC/ST employees. The Cell at Head Office arranges periodic meetings of the representatives of the SBT SCs/STs Staff Welfare Association with the Top Management to address their grievances. The Bank has already provided a well-furnished office with telephone and computer to the Association. Check-off facility for payment of subscription by the members to the Association also has been provided. The Cell is also conducting meetings of Liaison officers of all the Zones/ Regional Offices at quarterly intervals. Such meetings are presided over by the Chief Liaison Officer to discuss issues, if any,

pertaining to their respective area. The action points emerged in the meetings are meticulously followed up and redressed.

The other tasks undertaken by the Cell are:

- Ensuring compliance by the Bank with orders and instructions pertaining to the reservation in favour of SCs/STs in the matter of recruitment/ promotions and other service benefits such as relaxations/ concessions admissible to them.
- Ensuring placing of Annual Review Report on the progress of implementation of reservation policy for SC/ST to the Board of Directors.
- Ensuring that while making reference to the Ministry of Finance (Banking Division) regarding de-reservation of reserved vacancies, the de-reservation proposal has been made with the full knowledge and concurrence of the Chief Liaison Officer.
- Ensuring that the Bank takes appropriate steps to provide all help and co-operation to the National Commission for SC/ST.
- Ensuring that GOI's directions are followed in respect of DPCs/ Selection Committees pertaining to SC/ST/ MC members.
- Ensuring proper implementation of the reservation orders by conducting annual inspection of the rosters maintained in the organization.
- Acting as Liaison Office between Bank and the Ministry of Finance, Govt. of India and National Commission for SCs, STs, OBCs and Minority Communities for supply of information, answering questions and queries and clearing doubts in regard to matters covered by the reservation orders.

Cases of suspicious caste certificate are referred to a three member Scrutiny Committee constituted by the respective State Governments and followed up closely. In verified cases, actions as recommended by the Scrutiny Committee are taken.

Reservation policy has been introduced in the Bank for Scheduled Castes and Scheduled Tribes from 1972 in direct recruitment and from 1978 in promotions.

Reservation at 15% for SCs and 7.5% for STs are provided in direct recruitment for Officers cadre. In direct recruitment to Clerical and Subordinate Staff cadres,

the reservation percentages as applicable in the respective States for SCs and STs is followed. In promotion from Clerical cadre to Officers cadre 15% and 7.5% of the vacancies are reserved for SCs and STs respectively.

The category-wise staff data as on 31.03.2012 is as under:

Category	Total	SC	%	ST	%	OBC	%
Officers	4,460	600	13.45	143	3.21	290	6.50
Clerical	5,969	776	13.00	177	2.97	942	15.78
Subordinate	2,168	567	26.15	82	3.78	282	13.00
Total	12,597	1,943	15.42	402	3.19	1,514	12.02

Post based roster which shows a clear picture of implementation of reservation rules is maintained in our Bank, in accordance with the Government of India guidelines. Such rosters are being verified by the Liaison Officer for SCs and STs annually.

Whenever backlog of reserved vacancies for SCs and STs occur, such vacancies are filled through special recruitment. Last such special recruitment was conducted during 2009-2010 and as on date there are 55 backlogs of vacancies under recruitment channel to Officer Cadre. There are 81 backlog vacancies (19 for SC and 62 for ST respectively) under promotion channel to Officer Cadre. Backlog of ST vacancies is due to non-availability of candidates in the feeder cadre.

Relaxation upto 5% and 10% of the required qualifying marks in written test and interview respectively is allowed in direct recruitment to subordinate and clerical cadres and in promotion from clerical cadre to Junior Management Grade Scale-I under Group –A and Group – B channels.

5 years relaxation in upper age limit is allowed to candidates belonging to SCs and STs in recruitment to subordinate, clerical and Officer Cadres and in promotion from Clerical cadre to Officer Cadre under Group-B channel.

The total number of vacancies and number of vacancies available for SCs and STs are advertised extensively in newspapers, for recruitment.

Pre-examination trainings were conducted for SC & ST candidates at Thiruvananthapuram and Ernakulam Centres, who applied for the post of Probationary Officers in Associate Banks of State Bank of India. Around 463 candidates attended the training. Similarly pre-promotion training to SC/ST employees were also conducted for promotion from clerical to Officers and from subordinate to clerical cadre.

### 16.9 Minority Communities [MCs]/ Other Backward Communities [OBCs]/ Persons With Disability [PWD] / Ex Servicemen [EX-SER] Cell

The Bank has designated an Officer of General Manager rank as Chief Liaison Officer for OBC Cell and PWD/Ex-Servicemen Cell. The Bank has also designated an Officer of Deputy General Manager rank as Chief Liaison Officer for Minority Community Cell assisted by Liaison Officers at Head Office, 5 Zonal Offices and 2 Regional Offices at Delhi and Mumbai to protect the interests of the employees belonging to the respective sections.

#### The Cell ensures:

- Compliance by the Bank with orders and instructions pertaining to the reservation of vacancies in favour of Ex-Servicemen and Physically handicapped in the matter of recruitment/ promotions and other service benefits.
- Compliance by the Bank with orders and instructions pertaining to the reservation of vacancies in favour of MC/OBC in the matter of recruitment and other service benefits.
- The Bank takes appropriate steps to provide all help and co-operation to the Backward Classes Development Corporation.

### 16.10 Industrial Relations

- The time tested mechanism of bilateral negotiations at various levels of the organisation with the Employees' Union and the Officers' Association through periodical structured meetings and redressal of the issues ensured harmonious and cordial industrial relations in the Bank throughout the year. At the industry level, there were one day strikes on 05th August 2011 and on 28th February 2012.

Bipartite meetings were held with Employees' Union and Officers' Association at Bank level. Bank attended the Central Bipartite meeting held with ABOA on 23rd November 2011 at Bangalore. Staff Welfare Committee and Sub committee meetings of Staff Welfare Fund (SFW) were held 6 times during the year. 22 holiday homes of the Bank are now functioning at various centres. Super Suraksha Insurance Scheme for employees was renewed with the life cover of Rs.5.00 lakh per employee. 26 claims were settled under this scheme during this financial year.

- Bank Fest was conducted at Thiruvananthapuram from 23rd January 2012 to 25th January 2012. More

than 500 staff members competed for various events in the Bank Fest, from all the zones.

## **17. Legal Services**

The Law Department of an institution generally have an advisory role; but the Bank's Law Department, during the course of time, has developed into an operational unit by involving itself in various areas relating to operations of the Bank, especially legal actions by and against the Bank. There are law officers placed at various centres. The Department performs multifarious duties such as preparation of general and case-specific documents, vetting and scrutiny of loan documents, giving advice on legal issues etc. It plays an important role in the matter of recovery. Suits and DRT applications for recovery against the defaulters are initiated and followed up by the Law Officers. They also assist the branches and other operational functionaries in the matter of actions initiated for enforcement of security under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Various cases, petitions and claims against the Bank filed in various High Courts, Tribunals, Civil Courts, Consumer Forums, Ombudsman, Labour Courts and other authorities are defended under the advice and guidance of the Law Department. The Law Officers advise the Central Public Information Officers and the Appellate Authorities on the applications and appeals filed under the Right to Information Act, 2005. The Law Department is also involved in the training of the staff on topics involving law and practice of banking.

## **18 Public Relations and Publicity**

**18.1** In the areas of Public relations and publicity the bank has been very active during the year under review and maintained very close liaison with Government departments, Media, Commercial, Social organizations and the General Public.

**18.2** Extensive coverage was given through the newspapers, hoardings, Internet, radio and TV channels to popularize new products. The strategy of supplementing the marketing efforts at the branches by an intensive advertisement campaign all through the year at the corporate level yielded impressive results.

**18.3** The Bank was one of the main sponsors of Tourism Week Celebrations of Government of Kerala, Flower show 2011, All Kerala Agri-Horticulture Industrial exhibition, Nehru Trophy Boat race, M G University International Book Fair, NORKA Global Meet, Hay festival etc.

**18.4** Bank won the first place in the pageantry competition under Public Sector Undertakings conducted by the Tourism Department, Govt of Kerala in connection with Tourism week celebrations during the Onam festival 2011.

**18.5** Apart from advertisement on Hoardings, Bank has advertised through innovative methods such as direction boards at Sabarimala Route, Rota sign board at Kozhikode, Kannur, Trichur, Palghat Railway stations and advertisement on Luggage trollies at Thiruvananthapuram airport, Uni-poles at Thiruvananthapuram railway station.

**18.6** As a responsible corporate citizen, Bank has sponsored and maintains the Poojappura Traffic Island Park.

**18.7** The Bank's Calendar for 2012 with "Kerala on the cusp of growth" theme and Diaries for the year were widely acclaimed by the public and the Media. Bank's internal house magazine "Maithri" still retains its eminence among other such publications.

**18.8** The Bank opened pilgrim service centres at Pampa and Sannidhanam to cater to specific banking requirements of the pilgrims at Sabarimala, which generated tremendous publicity and goodwill for the Bank.

## **19. Progressive use of Hindi**

The Bank complied with the provisions relating to the Official Languages Act, Rules and instructions and directives of Govt of India and Reserve Bank of India. As per the guidelines of the Reserve Bank of India, the Bank has introduced SBT Rajabhasha Shield for Zonal / Regional Offices situated at Linguistic Regions A, B and C. During the year, various competitions were held for School level students in Hindi. Hindi Fortnight/Hindi Day was also celebrated in Head Office, Zonal Offices and Regional Offices. Hindi Workshops were conducted at our Zonal Offices. Annual publication 'Swathi', the Bank's Hindi Magazine and 'Rajabhasha Sahayika' and "Phrases of official noting" were also published. Our Zonal Offices Kozhikode, Ernakulam and Thiruvananthapuram, published Hindi Magazines during the year. Hindi Workshops and Functional Hindi Programme were conducted for the benefit of staff members to increase the knowledge of functional Hindi. Letters received in Hindi were also replied in Hindi.

The Bank has sponsored "SBT P.G. Vasudev Puraskar" for the Hindi Writers in the State of Kerala and the Award was distributed to the Noted Hindi Writer Dr. N. Chandrasekharan Nair of Kerala in a function held at

Thiruvananthapuram. “SBT Hindi Sahitya Puraskar” was also distributed to Hindi Writers Dr. Manu and Dr. K. Manikantan Nair of Kerala at Thiruvananthapuram.

The Bank participated in the State Level Official Language Exhibition instituted by Kerala Hindi Prachar Sabha and won First Prize for implementation of Official Language Policy. Our Bank secured First Prize instituted by the Town Official Language Implementation Committee, Thiruvananthapuram in the implementation of Official Language Policy in Public Sector Banks situated in Thiruvananthapuram. The Zonal Office, Thiruvananthapuram, Ernakulam and Kozhikode secured shield from their respective Town Official Language Implementation Committee for the implementation of official Language Policy.

## **20. Malayala Sammelanam**

The SBT Malayala-Sammelanam was conducted under the auspices of the Bank and Malayalam Sahitya Awards for the best works in Malayalam Poetry, Short Story, Human Interest Story, Children's Literature and Literary Criticism were distributed in a glittering function at Thiruvananthapuram. Prof. Vishnu Narayanan Nampoothiri, noted Malayalam writer was honoured with SBT “Suvarna Mudra” Puraskaram.

## **21. Branch Network**

The Bank has added 87 new branches to its network during this financial year. The total number of branches of the Bank had risen to 879 with 13 Extension Counters, marking its presence in 13 States and 3 Union Territories. The Bank has 10 Service Branches, 1 International Service Branch, 5 Commercial Net-Work Branches, 11 Commercial Business Group branches, 5 Specialised SME Branches, 5 NRI branches, 3 Treasury branches, 18 Specialised Personal Segment Branches, 14 'Gold Point' branches, 3 Asset Recovery Management Branches, 10 Specialised Agricultural Development Branches, 1 Micro Credit branch, 1 Specialised branch for women entrepreneurs, 1 MICR branch and 1 branch for State Government Transactions. The Bank has Central Processing Centres under BPR initiatives, including 8 RASMECCCs, 1 RCPC, 1 CPPC, 6 SARC, 2 TFCPCs, 1 LCPC and 13 CACs. In addition to the above, the Bank is having 2 Exchange bureaus, one at Kozhikode and another at Cochin.

During the year, Bank has upgraded 5 Extension Counters into full fledged branches. The Thrissur Regional Office was upgraded as a Zonal Office. Overseas Branch Ernakulam was converted as a General Banking branch.

Similarly, Treasury Branch Kottayam was made a General Banking branch during this year. Shifting to new premises was done in 19 branches/Offices. Air conditioning and renovation of branches/offices were carried out extensively during the year. The Bank holds authorization for opening 55 Branches (including 24 centres under General Permission).

## **22. Premises**

The construction work of Bank's own building for the Staff Learning Centre, Ernakulam is progressing. Contract has been awarded for construction of 57 flats at Panampally Nagar, Ernakulam for senior executives and officers of the Bank. Construction of Branch premises and quarters at Idukki and also the Branch premises at Adoor have been initiated.

## **23. Green Banking and Corporate Social Responsibility**

**23.1** The Bank has put in place a 'Green Banking and Sustainable Development Policy' to play a pro-active role in environmental and social aspects and underscore the Bank's Corporate Social Responsibility. As per this policy, Bank is taking effective steps to reduce its own carbon footprints by adopting environment friendly practices. Bank has opened 3 Green Channel Counters during this year and more such counters will be opened in the coming years.

## **23.2 Community Services Banking (CSB)**

The concept of “Social Circle” is unique to State Bank of Travancore. Staff Members working in Branches and Administrative Offices of the Bank form Social Circles and undertake variety of social service activities, which are outside the purview of banking services, purely on voluntary basis. Social Circles plan and implement programmes that are relevant in their area of operation. CSB facilitates success of the programmes through funding the programmes over and above the contributions from the Social Circle members. Bank is having 591 social circles functioning at various branches and administrative offices, spread all over India.

Major portion of CSB fund is utilised for the welfare of student community. The activities include,

- Distribution of uniforms, books, bags, umbrellas, stationery items.
- Felicitating academic toppers.
- Quiz, painting, cultural, sports competitions.
- Improving infrastructure facilities like installation of pump sets, to set up library, computer rooms, providing furniture.



- Adopting school children for their education.

Social Circles undertakes programmes of Health Care activities like Blood donation camps, medical camps, providing equipments, cots, water purifier, washing machines, wheel chairs, medicines to hospitals and primary health centres, bed sheets and food packets to patients. Financial support to pain & palliative clinics to improve the home care treatment provided to terminally ill & bed ridden patients, taking care of HIV affected children, cleaning the premises of Government hospital with the support of local people are some other health related programmes undertaken. Other welfare measures include support to physically, mentally and visually disabled persons by supplying Braille machines, wheel chairs, walkers etc. The Social Circle had also arranged air flight for one hour for differently abled children in association with CIAL, Nedumbassery, which gave a thrilling experience to them. Many Social Circles had provided beds, blankets, dress materials, bed sheets, pillow covers, washing machines, emergency lamps, grinders, other essential items / equipments to the inmates of poor homes, orphanages & geriatric centres.

Socially relevant programmes like observance of Independence Day, Republic Day, No-Tobacco Day, World Environment Day, World AIDS Day, National Blood Donation Day, World Palliative Care Day, World Disabled Day, World Alzheimer's Day, National Youth Day, National Day of Girl Child, International Women's Day, World Health Day, Kerala Piravi Day, Farmer's Day etc. are observed by the Social Circles all around. Many of the Social Circles associated with temple / regional festivals and distribute buttermilk, tea, coffee, drinking water, caps etc. to the pilgrims.

To list a few, the following are the activities, out of many, undertaken during the year:

- Ambulance to Regional Cancer Centre, Thiruvananthapuram.
- TATA Winger Van was donated to Mar Gregorious Rehabilitation Centre Thiruvananthapuram – Rehabilitation Centre for physically and mentally challenged people.
- Donation to 'Snehatheeram' charitable society Kottarakara, home for mentally challenged destitute women to lay floor tiles.
- TATA Winger Platinum van was donated to Amar Seva Sangham Ayikudi, Tirunelveli for mobile physiotherapy clinic.
- Donation to Edamalakudy Tribal Village Munnar to provide infrastructure facilities to anganwadis.
- Funds donated to Rotary Club of Trivandrum Central for artificial limb distribution.
- Wheel chairs and wheel barrows to community medicines department of Government Medical College Hospital Vandanam, Alappuzha.
- Maruti Omni Ambulance was donated to Shalom Public Charitable Trust Aranoottimangalam, Mavelikara.
- Wheel chairs and waiting chairs to Government Medical College Hospital Kottayam.
- Sponsored cultural programmes and Onam celebrations at prisons.
- Medical equipments donated to Pain & Palliative Care Society, Thrissur.
- Donation to Friends of Tribal Society towards working fund for managing 10 tribal schools for empowering poor tribal people.
- Donated Rs.12,80,967/- to Hindu Mahila Mandiram Orphanage to purchase a school bus and to install bio-waste treatment plant.

## 24. Sports and Games

**24.1** During the period under review, Bank's Football and Cricket teams won many matches/tournaments they played, and brought laurels/glory to the Bank. The team brought wide media coverage for the Bank throughout the country.

**24.2** Bank's Cricket team played various All India/All Kerala tournaments. Out of the 12 tournaments played, the team won 6 and turned runner up in 3 tournaments. All Kerala Coromandal Cement Trophy 2012, All Kerala G.V. Raja Cricket Tournament, Celestial Trophy 2011, Mani Memorial Trophy, Oxford Cup, All India BPCL Cup runner up trophy in Mackey Memorial, Dr. M.S. Nair Memorial Trophy, and Kharbary Anna Memorial Twenty held at Bharamati, Pune are to the Teams credit this year.

**24.3** Bank's Senior Football Team won the Trivandrum District Super Division League matches. Out of the 4 tournaments participated, the team won in 1, reached semi finals in 1, and reached quarter final in other 2. The team was the runners up in the Kerala State Club Championship. Four players are selected to the Kerala

State Team for the Santhosh Trophy Tournament. Bank's Junior Football Team, consisting of school/college going children won the Trivandrum District "C" division league matches and qualified for the "B" division matches during 2012. Seven members of the junior football team represented Kerala University in the South Zone Inter University Football tournament and won it.

**24.4** During the year, Bank had recruited 6 players for the Football and 5 players for the Cricket teams.

## **25. Changes in the Board of Directors**

During the course of the financial year 2011-12, the following changes have occurred in the Board of Directors of the Bank.

- (i) Shri R Sridharan, Chairman appointed under Clause (a) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959 with effect from 1st April 2011 in place of Shri O P Bhatt, Chairman Retired on Superannuation, as at the close of business on 31st March 2011.
- (ii) Shri Pratip Chaudhuri, Chairman appointed under Clause (a) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959 with effect from 7th April 2011 in place of Shri R Sridharan, Chairman.
- (iii) Shri P Nanda Kumaran, Managing Director appointed under Clause (aa) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959 with effect from 22nd August 2011 in place of Shri P Pradeep Kumar, Managing Director transferred to SBI, as at the close of business on 6th August 2011.
- (iv) Shri A K Deb, Director appointed under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959 with effect from 5th September 2011 in place of Shri B S Gopalakrishna, Director.
- (v) Shri Shyamal Acharya, Director appointed under Clause (c) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act 1959 with effect from 1st July 2011.

The Board welcomes Shri Pratip Chaudhuri, Shri P Nanda Kumaran, Shri Shyamal Acharya, and Shri A K Deb as Directors of the Bank.

The Board of Directors places on record their appreciation and thanks for the valuable services rendered by Shri O P Bhatt, Shri R Sridharan, Shri P Pradeep Kumar and Shri B S Gopalakrishna during their tenure as Directors of the Bank.

## **26. STATUTORY AUDIT**

M/s B.V.Rao & Co, Visakhapatnam, M/s Sridhar & Co, Thiruvananthapuram, M/s Jagdish Chand & Co, New Delhi, M/s Abraham & Jose, Thrissur, M/s R.G.N Price & Co., Chennai and M/s G.K.Rao & Co., Hyderabad were appointed as Statutory Auditors of the Bank for the year 2011-12 by State Bank of India, with the approval of the Reserve Bank of India. The Board of Directors sincerely appreciate the valuable suggestions offered and the excellent support and cooperation extended by the Statutory Auditors for the completion of the audit well in time.

## **27. ACKNOWLEDGEMENTS**

The Board of Directors gratefully acknowledge the valuable advice and support extended by the Ministry of Finance, Government of India, Reserve Bank of India, Indian Banks' Association, State Bank of India and the cooperation and support extended by the Securities and Exchange Board of India, Financial Institutions, Stock exchanges and Correspondents. The Board also wishes to place on record its sincere appreciation for the excellent support, goodwill and patronage received from the esteemed customers and shareholders, the support and cooperation extended and contributions made by the members of staff - award and supervising. The Board also places on record its appreciation for the contribution made by the Employees' Union and Officers' Association.

By Order of the Board,

**P NANDA KUMARAN**

Managing Director.

**STATE BANK OF TRAVANCORE**  
**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2012**

(Rs. in thousands)

<b>1. CAPITAL &amp; LIABILITIES</b>	<b>Schedule</b>	<b>As at 31-Mar-2012</b>	<b>As at 31-Mar-2011</b>
1. Capital	1	50 00 00	50 00 00
2. Reserves & Surplus	2	38161588	34135489
3. Deposits	3	714698281	581579207
4. Borrowings	4	76073151	57265034
5. Other Liabilities and Provisions	5	30060363	36287804
<b>Total</b>		<b>859493383</b>	<b>709767534</b>
<b>II. ASSETS</b>			
1. Cash and Balance with Reserve Bank of India	6	47766463	47095719
2. Balances with Banks and Money at Call & Short Notice	7	10400171	1429734
3. Investments	8	224375839	179269871
4. Advances	9	553459524	460442265
5. Fixed Assets	10	2432739	2213697
6. Other Assets	11	21058647	19316248
<b>Total</b>		<b>859493383</b>	<b>709767534</b>
Contingent Liabilities	12	225706484	187335493
Bills for Collection		35514475	22832858
Principal Accounting Policies	17		
Notes to Accounts	18		

A.K.Saha  
Deputy General Manager  
(Finance and Accounts)

Ravi Jha  
General Manager  
(Treasury)

M.C. Jacob  
Chief General Manager

P Nanda Kumaran  
Managing Director

Pratip Chaudhuri  
Chairman

**DIRECTORS**

J.Sadakkadulla

Shyamal Acharya

A.K.Deb

B.Ramesh Babu

Gyan Chand Pipara

T Balakrishnan

K.T Rajagopalan

C Raj Kumar

K. Muraleedharan Pillai

P. Vinayagam

C.N. Venugopalan

As per our report of even date

**AUDITORS**

**For Sridhar & Co**

Chartered Accountants  
R.Srinivasan  
Partner

Membership No. 200969  
FRN: 003978S

**For Abraham & Jose**

Chartered Accountants  
Paulson Thengumpallil  
Partner

Membership No. 208694  
FRN: 000010 S

**For Jagdish Chand & Co**

Chartered Accountants  
J.C.Gupta  
Partner

Membership No. 006107  
FRN: 000129N

**For G K Rao & Co.**

Chartered Accountants  
Suryanarayana Reddy.B  
Partner

Membership No. 021071  
FRN: 003124S

**For B.V. Rao & Co**

Chartered Accountants  
B.A.S.P. Ranga  
Partner

Membership No. 022649  
FRN: 003118S

**For RGN Price & Co.**

Chartered Accountants  
P.M.Veeramani  
Partner

Membership No. 023933  
FRN: 002785S

Mumbai, 27<sup>th</sup> April 2012

**STATE BANK OF TRAVANCORE**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

(Rs. in thousands)

I. INCOME	Schedule	For the year ended 31 <sup>st</sup> March 2012	For the year ended 31 <sup>st</sup> March 2011
1. Interest Earned	13	68287624	52287610
2. Other Income	14	6482863	5812443
<b>Total</b>		<b>74770487</b>	<b>58100053</b>
II. EXPENDITURE			
1. Interest Expended	15	49983897	35327295
2. Operating Expenses	16	12298622	11013057
3. Provisions and Contingencies		7383405	4482448
<b>Total</b>		<b>69665924</b>	<b>50822800</b>
III. PROFIT/LOSS			
1. Net Profit for the Year		5104563	7277253
2. Profit brought forward		34068	16956
<b>Total</b>		<b>5138631</b>	<b>7294209</b>
APPROPRIATIONS			
1. Transfer to Statutory Reserves		1276141	1819313
2. Transfer to Capital Reserves (net of tax adjustments)		27930	23280
3. Transfer to Revenue & Other Reserves			
a) Reserve under Sec 36(1)(viii) of IT Act		620000	470000
b) General Reserves		2100000	3900000
4. Proposed Dividend		100000	500000
5. Tax on Dividend		16222	81113
6. Interim Dividend Paid		800000	400000
7. Tax on Interim Dividend		129780	66435
8. Balance carried over to Balance Sheet		68558	34068
<b>Total</b>		<b>5138631</b>	<b>7294209</b>
Principal Accounting Policies	17		
Notes to Accounts	18		
Basic & diluted Earnings per Share (in Rupees)		102.09	145.55

A.K.Saha  
Deputy General Manager  
(Finance and Accounts)

Ravi Jha  
General Manager  
(Treasury)

M.C. Jacob  
Chief General Manager

P. Nanda Kumaran  
Managing Director

Pratip Chaudhuri  
Chairman

**DIRECTORS**

J Sadakkadulla

Shyamal Acharya

A.K.Deb

B.Ramesh Babu

Gyan Chand Pipara

T Balakrishnan

K.T Rajagopalan

C Raj Kumar

K. Muraleedharan Pillai

P. Vinayagam

C.N. Venugopalan

As per our report of even date **AUDITORS**

**For Sridhar & Co**

Chartered Accountants

R.Srinivasan

Partner

Membership No. 200969

FRN: 003978S

**For Abraham & Jose**

Chartered Accountants

Paulson Thengumpallil

Partner

Membership No. 208694

FRN: 000010 S

**For Jagdish Chand & Co**

Chartered Accountants

J.C.Gupta

Partner

Membership No. 006107

FRN: 000129N

**For G K Rao & Co.**

Chartered Accountants

Suryanarayana Reddy.B

Partner

Membership No. 021071

FRN: 003124S

**For B.V. Rao & Co**

Chartered Accountants

B.A.S.P. Ranga

Partner

Membership No. 022649

FRN: 003118S

**For RGN Price & Co.**

Chartered Accountants

P.M.Veeramani

Partner

Membership No. 023933

FRN: 002785S

Mumbai, 27th April 2012



**STATE BANK OF TRAVANCORE**  
**SCHEDULES TO ACCOUNTS**

(Rs. in thousands)

<b>Schedule - 1 CAPITAL</b>	<b>As at 31-Mar-2012</b>	<b>As at 31-Mar-2011</b>
A) Authorised Capital (50,00,00,000 shares of Rs 10 each)	5000000	5000000
B) Issued, Subscribed & Paid up Capital (5000 00 00 shares of Rs 10 each)	<b>500000</b>	<b>500000</b>
<b>Schedule - 2 RESERVES &amp; SURPLUS</b>		
<b>I. Statutory Reserves</b>		
Opening Balance	12101259	10281946
Additions during the year	1276141	1819313
Deductions during the year	Nil 13377400	Nil 12101259
<b>II. Capital Reserves</b>		
Opening Balance	787444	764164
Additions during the year	27929	2 32 80
Deductions during the year	Nil 815373	Nil 787444
<b>III. Share Premium</b>		
Opening Balance	1425000	1425000
Additions during the year	Nil	Nil
Deductions during the year	Nil 1425000	Nil 1425000
<b>IV. Revenue and Other Reserves</b>		
<b>(a) Special Reserve Account-Interest Rate derivatives</b>		
Opening Balance	5 91 95	5 91 95
Additions during the year	Nil	Nil
Deductions during the year	32461 26734	Nil 59195
<b>(b) Reserves under Sec 36 (I)(viii) of IT Act</b>		
Opening Balance	1070000	600000
Additions during the year	620000	470000
Deductions during the year	Nil 1690000	Nil 1070000
<b>(c) General Reserves</b>		
Opening Balance	18557183	14657183
Additions during the year	2100000	3900000
Deductions during the year	Nil 20657183	Nil 18557183
<b>d) Investment Reserve Account</b>		
Opening Balance	101340	101340
Additions during the year	Nil	Nil
Deductions during the year	Nil 101340	Nil 101340
<b>V. Balance in Profit &amp; Loss account</b>	<b>68558</b>	<b>34068</b>
<b>Total</b>	<b>38161588</b>	<b>34135489</b>

(Rs. in thousands)

<b>Schedule-3 DEPOSITS</b>	<b>As at 31-Mar-2012</b>		<b>As at 31-Mar-2011</b>	
<b>A. I. Demand Deposits</b>				
From Banks	3105735		3181271	
From Others	23810869	26916604	26130720	29311991
<b>II. Savings Bank Deposits</b>	168450394		147017487	
<b>III. Term Deposits</b>				
From Banks	1940843		2411198	
From Others	517390440	519331283	402838531	405249729
<b>Total</b>	<b>714698281</b>		<b>581579207</b>	
<b>B. I. Deposits of Branches in India</b>	714698281		581579207	
<b>II. Deposits of Branches outside India</b>	Nil		Nil	
<b>Total</b>	<b>714698281</b>		<b>581579207</b>	
<b>Schedule - 4 BORROWINGS</b>				
<b>I. Borrowings in India</b>				
i) Reserve Bank of India	Nil		Nil	
ii) Other Banks	Nil		Nil	
iii) Other Institutions and Agencies	38019970		36707408	
Capital Instruments	21200000	59219970	16200000	52907408
<b>II. Borrowings outside India</b>	16853181		4357626	
<b>Total</b>	<b>76073151</b>		<b>57265034</b>	
<b>III. Secured Borrowings included in above</b>	Nil		Nil	
<b>Schedule - 5 OTHER LIABILITIES &amp; PROVISIONS</b>				
<b>I. Bills Payable</b>	10414374		8206870	
<b>II. Inter Office Adjustments (net)</b>	Nil		12329861	
<b>III. Interest Accrued</b>	8620316		6701966	
<b>IV. Others (including provisions)#</b>	11025673		9049107	
<b>Total</b>	<b>30060363</b>		<b>36287804</b>	
# Includes				
Provision against Standard Assets	2551700		2009000	
<b>Schedule - 6 CASH AND BALANCE WITH RBI</b>				
<b>I. Cash in hand (including foreign currency notes)</b>	3887424		3434169	
<b>II. Balances with Reserve Bank of India</b>				
i) In Current Account	43879039		43661550	
ii) in Other Accounts	Nil	43879039	Nil	43661550
<b>Total</b>	<b>47766463</b>		<b>47095719</b>	

(Rs. in thousands)

<b>Schedule - 7 BALANCES WITH BANKS &amp; MONEY AT CALL &amp; SHORT NOTICE</b>	<b>As at 31-Mar-2012</b>		<b>As at 31-Mar-2011</b>	
<b>I. In India</b>				
i) Balances with Banks				
a) in Current Accounts	126037		73012	
b) in Other Deposit Accounts	1000000	1126037	91	73103
ii) Money at Call and Short Notice				
a) with Banks	9274134		Nil	
b) with other institutions	Nil	9274134	Nil	Nil
<b>II. Outside India</b>				
i) in Current Accounts	Nil		Nil	
ii) in Other Deposit Accounts	Nil		1356631	
iii) Money at Call and Short Notice	Nil	Nil	Nil	1356631
<b>Total</b>		<b>10400171</b>		<b>1429734</b>
<b>Schedule - 8 INVESTMENTS</b>				
<b>A I. In India:</b>				
i) Government Securities	181895605		143611991	
ii) Other Approved Securities	Nil		130300	
iii) Shares	1284798		1054776	
iv) Debentures and Bonds	3886807		21209534	
v) Subsidiaries and/or Joint Ventures	Nil		Nil	
vi) Others	37308629	224375839	13263270	179269871
<b>A II. Outside India</b>		Nil		Nil
<b>Total</b>		<b>224375839</b>		<b>179269871</b>
<b>B I. Investments in India</b>				
i) Gross value of investments	224728126		179557365	
ii) Aggregate provision for Depreciation	352287		287494	
iii) Net Value of Investments		224375839		179269871
<b>B II. Investments outside India</b>		Nil		Nil
<b>Total</b>		<b>224375839</b>		<b>179269871</b>

(Rs. in thousands)

<b>Schedule - 9 ADVANCES</b>		<b>As at 31-Mar-2012</b>		<b>As at 31-Mar-2011</b>	
<b>A. i)</b>	<b>Bills Purchased and Discounted</b>	43127968		29853836	
<b>ii)</b>	<b>Cash Credits, Overdrafts &amp; Loans repayable on demand</b>	245237268		181474684	
<b>iii)</b>	<b>Term Loans</b>	265094288		249038066	
<b>iv)</b>	<b>Amount receivable from GOI under ADWS 2008</b>	Nil		75679	
	<b>Total</b>	<b>553459524</b>		<b>460442265</b>	
<b>B. i)</b>	<b>Secured by Tangible Assets (includes advances against Book Debts)</b>	452537262		365717697	
<b>ii)</b>	<b>Covered by Bank/Government Guarantees</b>	10238266		9679794	
<b>iii)</b>	<b>Unsecured</b>	90683996		85044774	
	<b>Total</b>	<b>553459524</b>		<b>460442265</b>	
<b>C. I. Advances in India</b>					
<b>i)</b>	<b>Priority Sector</b>	200423558		172540960	
<b>ii)</b>	<b>Public Sector</b>	24933728		25848361	
<b>iii)</b>	<b>Banks</b>	Nil		Nil	
<b>iv)</b>	<b>Others</b>	328102238		262052944	
	<b>Sub-Total</b>	<b>553459524</b>		<b>460442265</b>	
<b>C. II. Advances outside India</b>					
<b>i)</b>	<b>Due from banks</b>	Nil		Nil	
<b>ii)</b>	<b>Due from others</b>	Nil		Nil	
<b>a)</b>	<b>Bills Purchased and Discounted</b>	Nil		Nil	
<b>b)</b>	<b>Syndicated loans</b>	Nil		Nil	
<b>c)</b>	<b>Others</b>	Nil		Nil	
	<b>Sub-Total</b>	<b>Nil</b>		<b>Nil</b>	
	<b>Total</b>	<b>553459524</b>		<b>460442265</b>	
<b>Schedule - 10 FIXED ASSETS</b>					
<b>I. Premises</b>					
<b>i)</b>	<b>At cost as on 31st March of the preceding year</b>	806220		786135	
<b>ii)</b>	<b>Additions during the year</b>	83451		20602	
<b>iii)</b>	<b>Deductions during the year</b>	Nil		517	
<b>iv)</b>	<b>Depreciation to date</b>	338655	551016	307184	499036
<b>II. Other Fixed Assets (including Furniture and Fixtures)</b>					
<b>i)</b>	<b>At cost as on 31<sup>st</sup> March of the preceding year</b>	5394051		4867584	
<b>ii)</b>	<b>Additions during the year</b>	825812		797933	
<b>iii)</b>	<b>Deductions during the year</b>	303969		271466	
<b>iv)</b>	<b>Depreciation to date</b>	4034171	1881723	3679390	1714661
<b>III. Leased Assets</b>					
<b>i.</b>	<b>At cost as on 31<sup>st</sup> March of the preceding year</b>	46738		46738	
<b>ii.</b>	<b>Additions during the year</b>	Nil		Nil	
<b>iii.</b>	<b>Deductions during the year</b>	Nil		Nil	
<b>iv.</b>	<b>Depreciation to date</b>	46738	Nil	4 67 38	Nil
	<b>Total</b>	<b>2432739</b>		<b>2213697</b>	

(Rs. in thousands)

<b>Schedule - 11 OTHER ASSETS</b>	<b>As at 31-Mar-2012</b>	<b>As at 31-Mar-2011</b>
<b>I. Inter Office Adjustments (Net)</b>	1003512	Nil
<b>II. Interest accrued</b>	7100081	5018131
<b>III. Tax paid in advance/tax deducted at source (net of provisions)</b>	2727607	616882
<b>IV. Stationery and Stamps</b>	41002	33452
<b>V. Non banking assets acquired in satisfaction of claims</b>	940	2064
<b>VI. Others#</b>	10185505	13645719
<b>Total</b>	<b>21058647</b>	<b>19316248</b>
# Includes: Deferred Expenditure		
Pension 2nd Option & Gratuity	4031478	5375304 Nil
Deferred Tax Assets (Net)	497400	2089100
<b>Schedule - 12 CONTINGENT LIABILITIES</b>		
<b>I. Claims against the Bank not acknowledged as debts</b>	59308	52536
<b>II. Liability for partly paid investments</b>	Nil	Nil
<b>III. Liability on account of outstanding forward exchange contracts</b>	124826046	106847704
<b>IV. Liability on account of outstanding interest rate swap contracts</b>	11778500	10345760
<b>V. Guarantees given on behalf of constituents</b>		
i) In India	36037474	31796845
ii) Outside India	185902	36223376 94299 31891144
<b>VI. Acceptances, endorsements &amp; other obligations</b>	49072469	36412649
<b>VII. Disputed Income Tax liability</b>	3535722	1775220
<b>VIII. Other items for which the Bank is contingently liable</b>	Nil	Nil
Capital commitments on account of unexecuted contracts	211063	10480
<b>Total</b>	<b>225706484</b>	<b>187335493</b>
<b>Bills for collection</b>	<b>35514475</b>	<b>22832858</b>

(Rs. in thousands)

<b>Schedule - 13 INTEREST EARNED</b>	<b>For the year ended 31<sup>st</sup> March 2012</b>		<b>For the year ended 31<sup>st</sup> March 2011</b>	
I Interest / Discount on Advances / Bills	52971677		40278591	
II Income on Investments	13789005		11486844	
III Interest on balances with Reserve Bank of India and other inter-bank funds	183839		57753	
IV Others	1343103		464422	
<b>Total</b>	<b>68287624</b>		<b>52287610</b>	
<b>Schedule-14 OTHER INCOME</b>				
I Commission, Exchange & Brokerage	3999095		3691511	
II Profit on sale of investments	1635919		3577148	
Less: Loss on sale of Investments	294238	1341681	2593992	983156
III Profit on revaluation of investments	Nil		Nil	
Less : Loss on revaluation of Investments	Nil		Nil Nil	
IV Profit on sale of land, buildings & other assets	1364		1918	
Less : Loss on sale of land, buildings & other assets	9871	-8507	5604	-3686
V Profit (net of loss) on exchange transactions	424864		402869	
VI Income earned by way of dividends, etc. from subsidiaries/ companies and/or joint ventures abroad/in India	Nil		Nil	
VII Miscellaneous Income	725730		738593	
<b>Total</b>	<b>6482863</b>		<b>5812443</b>	
<b>Schedule - 15 INTEREST EXPENDED</b>				
I Interest on Deposits	43674302		31229940	
II Interest on RBI/ Inter-Bank Borrowings	670123		616727	
III Others	5639472		3480628	
<b>Total</b>	<b>49983897</b>		<b>35327295</b>	
<b>Schedule -16 OPERATING EXPENSES</b>				
I Payments to and Provisions for Employees	7878216		7003880	
II Rent, Taxes & Lighting	962064		861375	
III Printing & Stationery	99426		88377	
IV Advertisement and Publicity	72135		78751	
V Depreciation on Bank's Property	501970		469442	
VI Directors' Fees, Allowances and Expenses	4282		4255	
VII Auditors' Fees & Expenses	130283		120135	
VIII Law charges	72197		69075	
IX Postage, Telegrams, Telephones, etc.	59492		71148	
X Repairs and Maintenance	145455		136954	
XI Insurance	619149		516671	
XII Other Expenditure	1753953		1592994	
<b>Total</b>	<b>12298622</b>		<b>11013057</b>	

## **SCHEDULE 17 - PRINCIPAL ACCOUNTING POLICY 2011-12**

### **1. GENERAL**

- 1.1 The accompanying financial statements have been prepared under the historical cost convention and they conform to Generally Accepted Accounting Principles (GAAP) in India, which comprise the statutory provisions, guidelines of regulatory authorities and Reserve Bank of India (RBI), Accounting Standards and guidance notes issued by the Institute of Chartered Accountants of India (ICAI) and the practices prevalent in the banking industry in India.
- 1.2 The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from estimates.

### **2. TRANSACTIONS INVOLVING FOREIGN EXCHANGE**

- 2.1 Foreign Currency transactions are recorded at the exchange rates prevailing on the date of the respective transactions.
- 2.2 Monetary assets and liabilities denominated in Foreign Currencies are translated at the Foreign Exchange Dealers Association of India (FEDAI) closing spot rates prevailing on the Balance Sheet date.
- 2.3 Guarantees / Standby Letters of Credit, Letters of Credit, Forward Rate Agreements, Foreign Currency Options and Forward Exchange Contracts are translated at FEDAI closing spot rates as on the Balance Sheet date.
- 2.4 All outstanding forward exchange contracts in each currency are revalued on the Balance Sheet date at the corresponding forward rates for the respective maturity of the contract. The difference between revalued amount and the contracted amount is recognized as profit or loss, as the case may be.

- 2.5 Premium received / paid on outstanding currency options are accounted for as per FEDAI guidelines.
- 2.6 Gains/Losses on account of change in exchange rates of open position in currency futures trades are settled with the exchange clearing house on daily basis and such gains/losses are recognized in profit and loss account

### **3. INVESTMENTS - Domestic**

Investments are accounted for in accordance with the extant regulatory guidelines

#### **3.1 Classification**

Investments are classified into three categories namely: Held to Maturity, Available for Sale and Held for Trading. Investments are further classified into the following six groups in the balance sheet:

- (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Subsidiaries/ Joint Ventures and (vi) Others (CPs, Mutual Funds, Units, etc.)

#### **3.2 Basis of Classification**

Investments that the Bank intends to hold till maturity are classified as Held to Maturity.

Investments that are held principally for resale within 90 days from the date of purchase are classified as Held for Trading.

Investments that are not classified in the above two categories are classified as Available for Sale.

An investment is classified as 'Held to Maturity', 'Available for Sale' or 'Held for Trading' at the time of its purchase and subsequent shift amongst categories is done in conformity with Regulatory Guidelines..

#### **3.3 Valuations and Accounting**

- (i) In determining the cost of an investment:
  - (a) Brokerage / commission received on subscription is reduced from the cost..
  - (b) Brokerage / commission etc., paid in connection with the acquisition of investments is charged to revenue and not included in cost.
  - (c) Broken period interest paid / received on debt instruments is treated as interest expended / income and is not included in cost / sale consideration.
  - (d) Cost is determined on the weighted average cost method.

- (e) The transfer of a security amongst the above three categories is accounted for at the least of the acquisition cost / book value / market value on the date of transfer and the depreciation, if any, on such transfer is fully provided for.
- (ii) Held to Maturity categories:
- Each security is carried at acquisition cost or at amortized cost, if acquired at a premium over the face value. Any premium on acquisition is amortized over the remaining maturity period of the security on constant yield basis. Such amortization of premium is adjusted against income under the head "Interest on investments"..
- (iii) Available for Sale and Held for Trading categories:
- (a) The value of investments held under the Available For Sale category is determined as per Reserve bank of India guidelines as under:
- Central Government Securities: Marked to market on the basis of prices declared for the purpose of valuation jointly by Fixed Income Money Market and Derivatives Association of India (FIMMDA) and Primary Dealers Association of India (PDAI).
  - State Government Securities and Other Trustee Securities: Marked to market on the basis of prices derived out of the yield for respective maturities declared for the purpose of valuation jointly by FIMMDA and PDAI.
  - Shares: Wherever Stock Exchange quotations are available valuation is done as per lower of the quotations in Bombay Stock Exchange or National Stock Exchange. Wherever current quotations are not available and in respect of unquoted shares (i) Valuation is as per Book Value (without considering Revaluation Reserves, if any) ascertained from the latest Balance Sheet of the Company (which is not more than one year prior to the date of valuation) (ii) In case the latest Balance Sheet is not available, the shares are valued at Re.1.00 per Company.
  - Bonds & Debentures: Valued on the YTM method for the respective maturity and rating put out by FIMMDA and PDAI.
  - Mutual Fund Units: Quoted Mutual Fund Units are valued as per Net Asset Value as declared by the Mutual Fund.
- Treasury Bills, Certificates of Deposits and Commercial Papers are valued at carrying cost.
  - Preference Shares are valued at lower of market value determined on YTM basis and its redemption value.
- (b) Each security in the above two categories is revalued at the market price or fair value determined as per Regulatory Guidelines and only the net depreciation of each group for each category is provided for and net appreciation is ignored. On provision for depreciation, the book value of the individual securities remains unchanged after marking to market.
- (iv) Security receipts issued by an Asset Reconstruction Company (ARC) are valued in accordance with the guidelines applicable for Non-SLR investments.
- (v) Investments are classified as performing and non-performing based on the following guidelines issued by the RBI.
- (a) Interest / Instalment (including maturity proceeds) is due and remains unpaid for more than 90 days.
  - (b) In the case of equity shares, in the event of the investment in the share of any company is valued at Re.1.00 per company on account of the non-availability of the latest balance sheet, those equity shares would be reckoned as NPI.
  - (c) If any credit facility availed by the issuer is NPA in the books of the Bank, investment in any of the securities issued by the same issuer would also be treated as NPI and vice versa.
  - (d) The above would apply mutatis mutandis to preference shares where the fixed dividend is not paid.
  - (e) The investments in debentures / bonds, which are deemed to be in the nature of advance, are also subjected to NPI norms as applicable to investments.
- (vi) The Bank has adopted the Uniform Accounting Procedure prescribed by the RBI for accounting of Repo and Reverse Repo transactions.

### 3.4 Non-Performing Investments

All such securities where repayment of principal or interest not serviced within 90 days from the due date are classified as Non-performing Investments, except



securities guaranteed by the Central Government, which is, treated as performing investments notwithstanding arrears of principal / interest payments. In respect of investments classified as Non-performing, appropriate provisions are made for the depreciation in the value. The depreciation requirement in respect of these securities is not set off against appreciation in respect of other performing securities.

#### 4. Derivatives

- 4.1 The Bank enters into derivative contracts, such as foreign currency options, interest rate swaps, currency swaps, and cross currency interest rate swaps and forward rate agreements in order to hedge on-balance sheet/off-balance sheet assets and liabilities or for trading purposes. The swap contracts entered to hedge on-balance sheet assets and liabilities are structured in such a way that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments is correlated with the movement of the underlying assets and accounted in accordance with the principles of hedge accounting.
- 4.2 Derivative contracts classified as hedge are recorded on accrual basis. Hedge contracts are not marked to market unless the underlying Assets / Liabilities are also marked to market.
- 4.3 Except as mentioned above, all other derivative contracts are marked to market as per the generally accepted practices prevalent in the industry. In respect of derivative contracts that are marked to market, changes in the market value are recognized in the profit and loss account in the period of change. Any receivable under derivatives contracts, which remain overdue for more than 90 days, are reversed through profit and loss account.
- 4.4 Option premium paid or received is recorded in profit and loss account at the expiry of the option. The Balance in the premium received on options sold and premium paid on options bought have been considered to arrive at Mark to Market value for forex Over the Counter options.
- 4.5 Exchange Traded Derivatives entered into for trading purposes are valued at prevailing market rates based on rates given by the Exchange and the resultant

gains and losses are recognized in the Profit and Loss Account.

- 4.6 Interest Rate Swaps and Forward Rate Agreements.
  - (a) When a hedge becomes naked in part or full owing to shrinking portfolio, and if allowed to continue till maturity, it is marked to market at regular intervals.
  - (b) The periodical net cash flows arising out of Interest Rate Swaps in domestic currency are booked as income/expenditure.
  - (c) The periodical net cash flows arising out of Interest Rate Swaps in foreign currency are booked as income / expenditure and form part of the exchange position in Forex transactions.
  - (d) Gain / Loss arising out of swap transactions in respect of Tier I / II bonds, is computed separately. Losses, if any, are fully provided for. Gains on reset or sale is recognized as Income and appropriated to Special Reserve net of taxes and mandatory transfer to statutory reserve.

#### 5. ADVANCES

- 5.1 All advances have been classified under four categories i.e., (i) Standard Assets (ii) Sub-Standard Assets (iii) Doubtful Assets and (iv) Loss Assets as per RBI directives / guidelines.
- 5.2 Advances shown in the Balance Sheet are net of:
  - (a) Provision made on Non-Performing Assets (NPA)
  - (b) Uncollected Interest Income in respect of NPA
  - (c) Bills rediscounted with IDBI / SIDBI
  - (d) Claims received
  - (e) Diminution in fair value of Restructured Assets
  - (f) Technical write-off
  - (g) Inter-Bank Participations with Risk sharing
- 5.3 Provision on advances have been made in accordance with RBI guidelines/directives as under:
  - (a) For Standard Assets:
    - (i) 0.25% on direct advance to agriculture and SME sectors
    - (ii) 1.00% on advances to commercial real estate.
    - (iii) 2.00% on Teaser Home Loans
    - (iv) 2.00% on Restructured Accounts classified as standard advances for the first two years from the

date of restructuring. In cases of moratorium on payment of interest/ principal after restructuring, the period covered will be moratorium period plus two years.

- (v) 2.00% on Restructured Accounts classified as Non-Performing Assets, when upgraded to Standard category for the first year from the date of upgradation.
- (vi) 0.40% on all other advances
- (b) For all Non-Performing Assets (NPA):
  - (i) Sub-standard Assets:
    - (a) A general provision of 15%
    - (b) Additional provision of 10% for exposures, which are unsecured ab-initio (where realizable value of security is not more than 10% ab-initio)
  - (ii) Doubtful assets at 25%, 40% or 100% of the secured portion based on the number of years the account remained as "Doubtful Asset" and at 100% of the unsecured portion of the outstanding after netting retainable amount of the guarantee cover under the scheme of Export Credit and Guarantee Corporation (ECGC) / Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), wherever applicable and
  - (iii) Loss Assets at 100%.

5.4 Restructuring of Advances: In respect of restructured accounts, where the outstanding is Rs.1.00 crore and above, the erosion in the fair value of the advance is computed as the difference between the fair value of the loan before and after restructuring.

Fair value of the loan before restructuring is computed as the present value of cash flows representing the interest at the existing rate charged on the advance before restructuring and the principal, discounted at a rate equal to the Bank's BPLR as on the date of restructuring plus the appropriate term premium and credit risk premium for the borrower category on the date of restructuring. Fair value of the loan after restructuring is computed as the present value of cash flows representing the interest at the rate charged on the advance on restructuring and the principal, discounted at a rate equal to the Bank's BPLR as on the date of restructuring plus the

appropriate term premium and credit risk premium for the borrower category on the date of restructuring.

In respect of restructured accounts, where the outstanding is less than Rs.1.00 crore, the amount of diminution in the Fair value has been computed at 5% of the outstanding.

- 5.5 In the case of suit filed accounts, legal expenses are charged to Profit & Loss account and credited to revenue expenditure, when recovered.
- 5.6 Financial assets sold to Asset Reconstruction Company (ARC) / Securitisation Company (SC) are recognized as under:
  - (a) In case the sale is at a price lower than the Net Book Value (NBV), the difference is charged to the Profit & Loss account.
  - (b) In the case the sale is at a price higher than the NBV, the surplus provision is not reversed but held separately for meeting the loss if any on future sale of financial assets.

## 6. DEPOSITS

Interest on deposits, with provision for re-investment of interest, is capitalized for every completed quarter and shown as principal.

## 7. FIXED ASSETS & DEPRECIATION

- 7.1 Premises and other fixed assets have been accounted for at historical cost. Pending registration, the land and buildings acquired by the Bank are capitalized, based on letters of allotment / agreement and the physical possession.
- 7.2
  - (a) Cost of mobile sets/phones upto Rs.5000/-,
  - (b) Cost of furnishing items like curtains (including stitching charges) / carpets / mattresses and pillows irrespective of cost,
  - (c) Cost of replacement of Batteries for UPS / Inverters irrespective of cost and
  - (d) Other individual items costing Rs.1000 or less are charged to profit and loss account in the year of purchase.
- 7.3 Depreciation on premises and other fixed assets including system software is provided for on written down value method in the manner and at rates as per Income Tax Act / Rules except as under:

No.	Description of fixed assets	Method of charging depreciation	Depreciation/ amortisation rate
1.	Computers including ATMs	Straight Line Method	33.33% every year
2.	Computer Software forming an integral part of hardware	Written Down Value Method	60%
3.	Computer Software which does not form an integral part of hardware	Straight Line Method	100% in the year of acquisition

7.4 In respect of assets acquired during the year, depreciation is charged for half year in respect of assets used for 182 days or less and for the full year in respect of assets used for more than 182 days, except depreciation on computers and software, which is charged for the full year irrespective of the period for which the asset was put to use. No depreciation is provided in the year of sale / disposal of an asset.

7.5 In respect of Leasehold Properties, the lease premium is amortized over the period of the lease.

## 8. EMPLOYEE BENEFITS

### 8.1 Short Term Employee benefits:

Amount of short-term employee benefits, such as casual leave and medical benefits, expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service.

### 8.2 Post Employment benefits:

#### (i) Defined Contribution Plan

The Bank operates a Provident Fund scheme, which is a defined contribution plan. All eligible employees are entitled to receive benefits under the Bank's Provident Fund scheme. The Bank contributes monthly at a determined rate (currently 10% of employee's basic pay plus eligible allowance). These contributions are made to a fund set up by the Bank and administered by a Board of Trustees. The Bank has no liability for future provident fund benefits other than its annual contribution, and

recognizes such contributions as an expense in the year to which they relate.

#### (ii) Defined Benefit Plan

(a) The Bank operates gratuity, pension and resettlement schemes, which are defined benefit plans.

(b) The Bank provides for gratuity to all eligible employees. The benefit is in the form of lump sum payments to vested employees on superannuation, on death while in employment or on termination of employment. The rate of gratuity payable to an employee is 15 days based on the rate of wages / salary last drawn by the employee as per the Payment of Gratuity Act, 1972 for every completed year of service. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for a period of not less than 5 years (on retirement, resignation, except death & disablement). To be eligible under SBT (Payment of Gratuity to Employees) Regulations, 1972 minimum service required is 10 years. The Bank makes annual contribution to the Fund administered by the Board of Trustees based on independent actuarial valuation carried out annually. The maximum amount payable as per the Payment of Gratuity Act, 1972 is Rs.10.00 lakhs. The amount payable to the employees will be higher of the amount calculated as per SBT (Payment of Gratuity to Employees) Regulations or Payment of Gratuity Act, 1972, subject to deduction of Income Tax on amount in excess of Rs.10.00 lakhs.

(c) The Bank provides for pension to all eligible employees who have opted for pension and joined the services of the Bank on or before 31st March 2010. The benefit is in the form of monthly payments as per rules and regular payments to vested employees on retirement, on death while in employment, or on termination of employment. Vesting occurs at different stages as per rules. The Bank makes annual contributions to fund administered by Board of Trustees based on an independent external actuarial valuation carried out annually.

(d) The cost of providing defined benefits is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date. Actuarial gains / losses are

immediately recognized in the statement of profit and loss and are not deferred.

- (e) The bank has exercised the option of recognizing the transitional liability on adoption of Accounting Standard 15 (2005) for its defined benefit schemes against revenue and other reserves.
- (f) Defined Contributory Pension Scheme: Employees, joining services of the Bank on or after 1st April 2010 are eligible for Defined Contributory Pension Scheme in line with the New Pension Scheme introduced for employees of Central Government.
- (g) The additional liability on account of reopening of pension option for serving employees who had not opted for pension earlier as well as the enhancement in gratuity limits is being amortized over a period of five years beginning with the financial year ending March 31, 2011 as per the RBI notification.
- (h) The additional liability on account of reopening of pension option for retired employees who had not opted for pension earlier as well as the enhancement in gratuity limit is being charged to the profit and loss account.
- (iii) Other Long Term Employee benefits:
  - (a) All eligible employees of the bank are eligible to encash certain portion of their earned leave while in employment or on retirement, on death or on termination of employment, subject to a maximum amount. This is paid by the Bank as and when the liability arises.
  - (b) The cost of providing other long-term benefits is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date. Past service cost is immediately recognized in the statement of profit and loss and is not deferred.

## 9. PROVISION FOR TAXATION

- (a) Income tax expense is the aggregate amount of current tax, deferred tax and wealth tax. Current year taxes are determined in accordance with the prevailing tax rates and tax laws. Deferred tax adjustments comprise of changes in the deferred tax assets or liabilities during the year.
- (b) Deferred tax assets and liabilities are recognized on a prudent basis for the future tax consequences of

timing differences arising between the carrying values of assets and liabilities and their respective tax basis and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted prior to the balance sheet date. The impact of changes in the deferred tax assets and liabilities is recognized in the profit and loss account.

- (c) Deferred tax assets are recognized and reassessed at each reporting date, in accordance with Accounting Standard 22 and based upon Management's judgment as to whether realization is considered certain. Deferred tax assets are recognized only if there is virtual certainty that such deferred tax assets can be realized against future taxable income.

## 10. REVENUE RECOGNITION

10.1 Income: Interest and other income are recognized on accrual basis except for the following, which are recognized on cash basis:

- (a) Income from Non performing assets (NPAs), projects under implementation with time over run and government guaranteed accounts where interest is not received regularly, is recognized upon realization as per RBI prudential norms.
- (b) Dividend on investment in shares and income distributed on units of Mutual Funds;
- (c) Locker Rent;
- (d) Exchange on demand bills purchased / commission on bills sent for collection;
- (e) Interest on Overdue bills on realization basis;
- (f) Income on cross selling products and management fee;
- (g) Interest on application money for Investments
- (h) Insurance claims.
- (i) Funded interest on restructured accounts represented by FITL.
- (j) Profit on sale / redemption of securities is recognized as income and appropriated to Capital Reserve net of taxes and mandatory transfer to statutory reserves.

- (k) Income (other than interest) on investments in “Held to Maturity” category acquired at a discount to the face value, is recognized as follows:
  - (i) On interest bearing securities, it is recognized only at the time of sale/redemption
  - (ii) On zero-coupon securities, it is accounted for over the balance tenor of the security on a constant yield basis.
- 10.2 Adjustment in respect of recoveries made in NPA accounts – the recoveries made are appropriated in the order of Charges, Interest and then to Principal in live NPA and in respect of protested bills accounts, the recoveries made are appropriated in the order of Principal, Charges and then to unrealized Interest.
- 10.3 Income from interest on refund of income tax is accounted for in the year the assessment order is passed by the concerned authority.
- 10.4 Expenditure: Revenue expenditure is accounted for on accrual basis except Property Taxes and Bank's liabilities in respect of disputes pertaining to additional rent / lease rent, which are accounted for on cash basis.

## 11. NET PROFIT

The net profit disclosed in the Profit and Loss account is arrived at, after making provisions for the following:

- (a) Provision for taxes on Income including Deferred Tax and Wealth Tax,
- (b) Provision for Non-performing Advances and / or Investments,
- (c) Provision on Standard Assets,
- (d) Interest sacrifice on restructured accounts,
- (e) Depreciation on Investments,
- (f) Transfers to contingencies and
- (g) Other usual and necessary provisions.

## 12. IMPAIRMENT OF ASSETS

Impairment loss, if any, on Fixed Assets is recognized in accordance with the Accounting Standard 28 issued in this regard by the Institute of Chartered Accountants of India.

## 13. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

13.1 In conformity with Accounting Standard 29, “Provisions, Contingent Liabilities and Contingent Assets”, the Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligations, and when a reliable estimate of the amount of the obligation can be made.

13.2 No provision is recognised for

- i. 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; or
- ii. any present obligation that arises from past events but is not recognised because
  - a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - b. 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 an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

13.3 Contingent Assets are not recognised in the financial Statements.



## SCHEDULE 18 – NOTES TO ACCOUNTS

### 1. CAPITAL

#### Capital Adequacy Ratio

The Capital to Risk-weighted Assets Ratio (CRAR) as assessed by the Bank on the basis of the financial statements and guidelines issued by the Reserve Bank of India (RBI) has been computed as below:

#### a. As per BASEL - I (Amount Rs. in crore)

Particulars	31.03.2012	31.03.2011
i) Capital to Risk-Weighted Assets Ratio (CRAR)	11.18%	10.82%
ii) Capital to Risk-Weighted Assets Ratio (Tier I)	7.72%	7.77%
iii) Capital to Risk Weighted Assets Ratio (Tier II)	3.46%	3.05%
iv) Percentage of share holding of the Government of India	Nil	Nil
v) Amount of subordinated debt raised as Tier-II capital	1820.00	1320.00
vi) Amount raised during the year by issue of IPDI	Nil	Nil
vii) Amount raised during the year by issue of Upper Tier II instruments	500.00	Nil

#### b. As per BASEL - II

As per the extant guidelines of RBI, Bank has migrated to New Capital Adequacy framework with effect from 31.03.2008. Bank has adopted Standardized Approach for Credit Risk, Standardized Duration Approach for Market Risk and Basic Indicator Approach for Operational Risk towards compounding the minimum Capital under BASEL - II.

#### Prudential Floor as on 31.03.2012

While migrating to BASEL - II framework, RBI has set out a Prudential Floor on minimum capital for the smooth transition from BASEL - I framework to BASEL - II framework. The Prudential Floor is higher of “minimum capital is required to be maintained as per BASEL - II framework or as a percentage (prescribed as 80% for the financial year ending 31st March 2012) of minimum capital requirement computed as per BASEL - I framework” for credit and market risks.

#### Prudential Floor Capital computation as on 31.03.2012 is given below: (Amount Rs. in crore)

S. No.	Particulars		31.03.2012	31.03.2011
1	Total Risk Weighted Assets as per BASEL - II (A)		43299.45	38932.39
2	Minimum Capital to be maintained as per BASEL – II (A * 9%) (B)		3896.95	3503.92
3	Total Risk Weighted Assets as per BASEL - I (C)		52478.48	45097.57
4	Minimum Capital to be maintained as per BASEL - I (C * 9%) (D)		4723.06	4058.78
5	80% of minimum capital requirement as per BASEL - I (D * 80%) (E)		3778.45	3247.03
6	Actual Capital Funds maintained (F)		5867.09	4881.08
7	Prudential Floor (Higher of B or E) (G)		3896.95	3503.92
8	Excess capital maintained above the Prudential Floor (F minus G) (H)		1970.14	1377.16

The Bank has complied with the Prudential Floor stipulated by RBI as on 31.03.2012.

Particulars	31.03.2012	31.03.2011
i) Capital to Risk Weighted Assets Ratio (CRAR)	13.55%	12.54%
ii) Capital to Risk Weighted Assets Ratio (Tier I)	9.35%	9.00%
iii) Capital to Risk Weighted Assets Ratio (Tier II)	4.20%	3.54%

(As compiled by the Management and relied upon by the Auditors)

**c. Subordinate debts and Hybrid instruments raised as part of Tier I / Tier II Capital**

(Amount Rs. in crore)

Details	Year of issue	Tenor	Interest Rate %	Amount 31.03.2012	Amount 31.03.2011
<b>Subordinated Debt</b>					
Series VI	2004-2005	111 months	7.05	195.00	195.00
Series VII	2005-2006	115 months	7.45	235.00	235.00
Series VIII	2005-2006	111 months	7.80	140.00	140.00
Series IX	2007-2008	120 months	9.20	125.00	125.00
Series X	2007-2008	120 months	9.18	125.00	125.00
Upper Tier II Bond	2006-2007	180 months	9.65	200.00	200.00
Upper Tier II Bond	2007-2008	180 months	10.25	300.00	300.00
Upper Tier II Bonds	2011-2012	180 months	9.25	500.00	---
<b>Innovative Perpetual Debt Instrument (IPDI) - Tier I Capital</b>					
Series I	2006-2007	Perpetual	9.34	200.00	200.00
Series II	2007-2008	Perpetual	9.95	100.00	100.00
<b>Total</b>				<b>2120.00</b>	<b>1620.00</b>

**2. INVESTMENTS**

(Amount Rs. in crore)

Particulars	31.03.2012	31.03.2011
<b>Value of Investments</b>		
Gross value of Investments	22472.81	17955.74
a) In India	22472.81	17955.74
b) Outside India	Nil	Nil
Less: Provisions for Depreciation	35.23	28.75
a) In India	35.23	28.75
b) Outside India		Nil
Net value of Investments	22437.58	17926.99
a) In India	22437.58	17926.99
b) Outside India	Nil	Nil
<b>Movement of Provisions held towards Depreciation on Investments</b>		
Opening Balance (as on 1st April)	28.75	36.36
Add: Provisions made during the year	15.65	6.62
Less: Depreciation on account of shifting of securities	9.17	14.23*
Closing Balance(as on 31st March)	35.23	28.75

\* Includes write off ARCIL Core Health Care Rs.0.20 Crore

2.1 In accordance with the RBI guidelines, the Bank's domestic gross investment portfolio has been classified into three categories. The classification as on 31.03.2012 is given hereunder:

(Amount Rs. in crore)

Classification	31.03.2012		31.03.2011	
	Amount	%	Amount	%
Held to Maturity - HTM	19195.79	85.41	15449.01	86.04
Available for Sale - AFS	3276.79	14.58	2017.52	11.24
Held for Trading - HFT	0.23	0.01	489.21	2.72
Total	22472.81	100.00	17955.74	100.00

Domestic HTM securities (SLR) as a percentage of Net Demand and Time Liabilities works out to 23.62% as against a stipulated maximum level of 25%

## 2.2 Repo transactions during the year 2011-12

(Amount Rs. in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on 31/03/2012
<b>Securities sold under Repo</b>				
Government Securities *	95.00 (55.00)	1300.00 (1950.00)	206.00 (423.00)	825.00 (1000.00)
Corporate Debt Securities	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
<b>Securities purchased under reverse Repo</b>				
Government Securities *	10.00 (25.00)	1050.00 (805)	3.45 (36.04)	Nil (Nil)
Corporate Debt Securities	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

\* Amount represents LAF. (Note: Figures in brackets relate to the previous year)

## 2.3 Non-SLR Investment Portfolio

i) Issuer composition of Non-SLR Investments as on 31.03.2012

(Amount Rs. in crore)

Sl No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Un-rated' Securities	Extent of 'Unlisted' Securities
(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	PSUs	239.84(91.77)	15.20(5.20)	1.50(1.50)	1.50(1.50)	3.30(5.20)
2	Financial Institutions	2739.66(2537.05)	37.52(12.52)	Nil (Nil)	Nil (Nil)	Nil (12.52)
3	Banks	590.00(590.60)	53.55(52.55)	Nil (Nil)	Nil (Nil)	Nil (Nil)
4	Private Corporate	690.84(341.56)	40.03(40.03)	2.54(2.54)	12.69(12.69)	6.48(50.84)
5	Subsidiaries & JVs	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
6	Others	9.45(6.90)	9.45(6.90)	Nil (Nil)	Nil (Nil)	Nil (Nil)
7	Provision held towards Depreciation	21.77(15.12)	Nil (Nil)	1.50 (Nil)	Nil (Nil)	Nil (Nil)
	Total *	4248.02(3552.76)	155.75(117.20)	5.54(4.04)	14.19(14.19)	9.78(68.56)

\* Total figure arrived net of depreciation. (Note: Figures in brackets relate to the previous year)

## ii. Non Performing Non-SLR Investments

(Amount Rs. in crore)

Particulars	31.03.2012	31.03.2011
Opening balance	4.09	1.51
Additions during the year since 01.04.2011	0.00	2.98
Reductions during the above period	0.72	0.40
Closing balance	3.37	4.09
Total Provisions held	3.37	4.09

## 2.4 Sale and transfers to/from HTM Category

(Amount Rs.in crore)

S1 No	Particulars of Transfer	Classification	Value of security	Total
1	Shifting from AFS to HTM	G.Sec & SDL	304.59	304.59
2	Sale from HTM	G.Sec & SDL	535.70	535.70

The value of sales and transfers of securities to/from HTM category does not exceed 5% of the book value of investments held in HTM category at the beginning of the year.

Note: The 5 per cent threshold referred to above will exclude the one time transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the accounting year and sales to the Reserve Bank of India under pre announced OMO auctions.

## 3. DERIVATIVES

### 3.1. Interest Rate Swap / Forward Rate Agreement

Coupon only swap in Japanese Yen (Amount Rs. in crore)

Particulars	31.03.2012	31.03.2011
i. The notional Principal of Swap agreements - Interest Rate Swap - Coupon only Swap	Nil 140.00	Nil 140.00
ii. Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	14.00	14.00
iii. Collateral required by the Bank upon entering into swaps	Nil	Nil
iv. Concentration of credit risk arising from the swaps	Nil	Nil
v. The fair value of the swap book	(3.28)*	(9.41)

\* Net of provision and special Reserve referred in para 3.1(e) below.

## Interest Rate Swap in USD

(Amount Rs. in crore)

Particulars	31.03.2012	31.03.2011
i. The notional Principal of Swap agreements - Interest Rate Swap - Coupon only Swap	1037.85 Nil	894.58 Nil
ii. Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	7.60	7.55
- Collateral required by the Bank upon entering into swaps	Nil	Nil
iii. Concentration of credit risk arising from the swaps	Nil	Nil
iv. The fair value of the swap book	(0.54)	(0.26)

- The Bank has entered into (1) Interest Rate Swap (Coupon only swaps) for hedging the interest rate risks of Tier II Bonds and (2) Interest Rate Swap for hedging the interest rate risks of FCNR (B) deposits. No swap transaction was undertaken for trading purpose during the year.
- All the Interest Rate Swaps are within the counter party exposure limits.
- The value and maturity of the hedge have not exceeded the underlying liabilities and no stand-alone transactions are initiated / outstanding.
- The Coupon only swaps are done in Japanese Yen and Indian Rupees receiving Fixed Rate interest in Indian Rupee and paying Japanese Yen LIBOR for one year (plus a spread) with a cap of 1%.
- There is an exchange risk in respect of interest payout for coupon only swap transaction as the same is marked to market and provision of Rs.3.44 crores (net of specific reserve of Rs.3.25 crores) is made
- Forex based Interest Rate Swaps are done in US Dollars receiving fixed and paying six month LIBOR – linked floating rate interest.
- Carrying value of the Notional Principal amount of the outstanding swaps is same as the Notional Principal amount and outstanding Interest Rate Swaps arrived at FEDAI revaluation rate as on balance sheet dates
- The Bank has not offered any collateral for undertaking the swaps.

- (i) There is no concentration of credit risks arising from Interest Rate Swaps undertaken during the year.
- (j) No Forward Rate Agreement transaction was undertaken during the year.
- (k) Disclosure is made on the information/valuations provided by the counterparty banks, viz; State Bank of India and ICICI Bank Limited.

### 3.2 Exchange Traded Interest Rate Derivatives (Rupee & Forex)

(Amount Rs. in crore)

S.No.	Particulars	Amount
i)	Notional Principal amount of exchange traded interest rate derivatives undertaken during the year.	Nil
ii)	Notional Principal amount of exchange traded interest rate derivatives outstanding as on 31.03.2012.	Nil
iii)	Notional Principal amount of exchange traded interest rate derivatives and not "highly effective".	Nil
iv)	Marked-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective".	Nil

### 3.3 Options

- (a) Options offered to customers have been covered back to back in the market.
- (b) The carrying value of the Notional Principal Amount of the outstanding options arrived at FEDAI rates and the fair value as on 31.03.2012 are:  
(Amount Rs. in crore)

Particulars	Carrying Value		Fair Value	
	31.03.2012	31.03.11	31.03.12	31.03.11
Option Contracts	Nil	Nil	Nil	Nil

### 3.4 Disclosures on risk exposure in derivatives

- a) Qualitative Disclosure
- (i) Bank has started trading in currency futures through MCX Exchange with IL&FS as Clearing agent as per Board approved policy.
- (ii) As risk measurement and monitoring, the hedge instrument is marked to the market at periodical intervals to ensure its effectiveness.
- (iii) Identifying an underlying, employing a derivative to hedge the Rate Sensitive Gap and reviewing the effectiveness based on interest rate view are some of the processes in risk mitigation.
- (iv) Hedge transactions are accounted on accrual basis and no marking to market is done. However, fair value and likely loss in the event of counter party default is disclosed. Credit Risk is mitigated through counter party exposure norms set internally.

### b) Quantitative Disclosure

#### Coupon only swap in Japanese Yen

(Amount Rs. in crore)

S. No.	Particulars	Currency Derivatives		Interest Rate Derivatives	
		31.03.2012	31.03.2011	31.03.2012	31.03.2011
1	Derivatives (Notional Principal Amount)				
	a) For Hedging	Nil	Nil	140.00	140.00
	b) For Trading	Nil	Nil	Nil	Nil
2	Marked to Market Positions				
	a) Asset (+)	Nil	Nil	Nil	Nil
	b) Liability (-)	Nil	Nil	(3.28)*	(9.41)
3	Credit Exposure	Nil	Nil	14.00	14.00
4	Likely impact of one percentage change in interest Rate (100*PV01)				
	a) On Hedging derivatives	Nil	Nil	6.74	0.12
	b) On Trading derivatives	Nil	Nil	Nil	Nil
5	Maximum and Minimum of 100*PV01 observed during the year				
	a) On Hedging	Nil	Nil	6.74 / 8.85	0.12 / 0.01
	b) On Trading	Nil	Nil	Nil	Nil

\*Net of provision and Special Reserve referred in para No.3.1(e)



**Interest Rate Swap in USD**

(Amount Rs. in crore)

S. No.	Particulars	Currency Derivatives		Interest Rate Derivatives	
		31.03.2012	31.03.2011	31.03.2012	31.03.2011
1	Derivatives (Notional Principal Amount)				
	a) For Hedging	Nil	Nil	1037.85	894.58
	b) For Trading	Nil	Nil	Nil	Nil
2	Marked to Market Positions				
	a) Asset (+)	Nil	Nil	Nil	Nil
	b) Liability (-)	Nil	Nil	(.54)	(0.26)
3	Credit Exposure	Nil	Nil	7.6	7.55
4	Likely impact of one percentage change in interest Rate (100*PV01)				
	a) On Hedging derivatives	Nil	Nil	0.13	Nil
	b) On Trading derivatives	Nil	Nil	Nil	Nil
5	Maximum and Minimum of 100*PV01 observed during the year				
	a) On Hedging	Nil	Nil	0.17/0.13	Nil
	b) On Trading	Nil	Nil	Nil	Nil

(Disclosure is made based on the intimation received by the Management from the Counter party banks viz. State Bank of India, ICICI Bank Ltd.)

**4. ASSET QUALITY****4.1 Non-Performing Asset**

(Amount Rs. in crore)

Particulars	31.03.2012	31.03.2011
i) Net NPAs to Net Advances (%)	1.54%	0.98%
ii) Movement of NPAs (Gross)		
(a) Opening balance	835.23	641.98
(b) Additions during the year	2740.51	745.06
(c) Reductions during the year	2086.99	551.81
(d) Closing balance	1488.75	835.23
iii) Movement of Net NPAs		
(a) Opening Balance	450.99	350.40
(b) Additions during the year	2319.63	499.93
(c) Reductions during the year	1917.05	399.34
(d) Closing balance	853.57	450.99
iv) Movement of Provisions for NPAs (Excluding provision on Standard Assets)		
(a) Opening balance @	383.95	290.81
(b) Provisions made during the year	420.86	245.50
(c) Write-off of excess provision (Utilized for write-off)	181.69	152.47
(d) Write back of excess provisions / reversal	0.00	0.11*
(e) Closing balance @	623.12	383.95

\* Includes Rs.0.95 crores written back in respect of interest sacrifice in restructured NPA accounts and Rs.1.06 crores relating to technical write off

1. Closing Balance of Gross & Net NPA is net of Interest Not Collected (INCA) and Uncollected Interest Previous Year (UIPY).
2. For the purpose of arriving at Net NPA, claims received from ECGC are deducted from the Gross NPA.
3. @ Includes Floating Provision of Rs. 100 Cr .

#### 4.2 Details of Loan Assets subjected to Restructuring during the year (Amount Rs. in crore)

Particulars of Accounts Restructured	CDR Mechanism		SME Debt Restructuring		Others	
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
<b>Standard advances restructured</b>						
Number of Borrowers	5	2	0.00	7	42	32
Amount outstanding	90.03	49.18	0.00	16.50	222.32	164.06
Sacrifice (Diminution in the fair value)	13.27	0.60	0.00	0.10	5.01	1.01
<b>Sub-Standard advances restructured</b>						
Number of Borrowers	0.00	0.00	0.00	1	0.00	0.00
Amount outstanding	0.00	0.00	0.00	0.06	0.00	0.00
Sacrifice (Diminution in the fair value)	0.00	0.00	0.00	0.00	0.00	0.00
<b>Doubtful advances restructured</b>						
Number of Borrowers	0.00	0.00	0.00	0.00	0.00	0.00
Amount outstanding	0.00	0.00	0.00	0.00	0.00	0.00
Sacrifice (Diminution in the fair value)	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>						
Number of Borrowers	5	2	0.00	8	42	32
Amount outstanding	90.03	49.18	0.00	16.56	222.32	164.06
Sacrifice (Diminution in the fair value)	13.27	0.60	0.00	0.10	5.01	1.01

#### 4.3 Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction (Amount Rs. in crore)

Particulars	31.03.2012	31.03.2011
1. Number of accounts	Nil	Nil
2. Aggregate value (net of provisions) of accounts sold to SC / RC	Nil	Nil
3. Aggregate consideration	Nil	Nil
4. Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
5. Aggregate gain / loss over net book value	Nil	Nil

#### 4.4 Details of Non-performing financial assets purchased / sold

##### A. Details of Non-performing financial assets purchased (Amount Rs. in crore)

Particulars	31.03.2012	31.03.2011
1. (a) Number of accounts purchased during the year	Nil	Nil
(b) Aggregate Outstanding	Nil	Nil
2. (a) Of these, number of accounts restructured during the year	Nil	Nil
(b) Aggregate Outstanding	Nil	Nil

##### B. Details of Non-performing financial assets sold (Amount Rs. in crore)

Particulars	31.03.2012	31.03.2011
1. Number of accounts sold	Nil	1
2. Aggregate outstanding	Nil	1.58
3. Aggregate consideration received	Nil	0.48

**4.5 Provision on Standard Assets**

(Amount Rs. in crore)

Particulars	31.03.2012	31.03.2011
Provision made during the year towards Standard Assets	54.27	52.62
Cumulative Provision held for Standard Assets (Included under 'Other Liabilities & Provisions' in Schedule 5 to the Balance Sheet)	255.17	200.90

**4.6 Sector-wise NPAs**

(Amount Rs. in crore)

S. No	Sector	Percentage of NPAs to Total Advances in that Sector	
		31.03.2012	31.03.2011
1	Agriculture & Allied Activities	0.73	0.83
2	Industry (Micro & Small, Medium and Large)	8.79	2.06
3	Services	1.06	1.65
4	Personal Loans	1.74	1.31

**4.7 Movement of NPA**

(Amount Rs. in crore)

Particulars	2011-12	2010-11
Gross NPA as on 1st April of particular year (Opening balance)	835.23	641.98
Additions (fresh NPA) during the year	2740.51	745.06
Sub - Total (A)	3575.75	1387.04
Less:		
i) Up gradations	1576.97	176.50
ii) Recoveries (excluding recoveries made from upgraded accounts)	328.33	222.84
iii) Write-offs	181.69	152.47
Sub - Total (B)	2086.99	551.81
Gross NPA as on 31st March of following year (Closing balance) (A-B)	1488.75	835.23

**4.8 Overseas Assets, NPAs and Revenue**

(Amount Rs. in crore)

Particulars	2011-12
Total Assets	Nil
Total NPAs	Nil
Total Revenue	0.13

**4.9 Provision Coverage Ratio (PCR)**

Particulars	2011-12	2010-11
Provisioning to Gross Non-Performing Assets of the Bank	61.73%	69.01%

## 5. BUSINESS RATIOS

Particulars	31.03.2012	31.03.2011
i) Interest Income as a percentage of Working Funds	8.70	8.20
ii) Non-Interest income as a percentage of Working Funds	0.83	0.91
iii) Operating profit as a percentage to Working Funds	1.59	1.84
iv) Return on Assets	0.65	1.12
v) Business (Deposits plus Advances) per Employee (Rs. in crore)	10.66	8.88
vi) Profit per Employee (Rs. in crore)	0.042	0.08

## 6. ASSET LIABILITY MANAGEMENT

Maturity Pattern of Certain items of Assets and Liabilities as at 31.03.2012

(Amount Rs. in crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	103.45 (94.45)	830.83 (1468.85)	1168.26 (1018.27)	965.61 (327.74)	4067.89 (3791.94)	4107.19 (2955.51)	8980.98 (5924.17)	18595.21 (14014.50)	12757.69 (10911.97)	19892.72 (17650.52)	71469.83 (58157.92)
Advances	252.32 (145.17)	452.44 (991.74)	715.14 (328.14)	3297.52 (575.60)	8963.49 (6507.41)	5690.27 (5710.04)	12684.34 (9363.78)	6830.79 (7173.47)	4352.21 (3704.96)	12107.43 (11543.91)	55345.95 (46044.22)
Investments	311.45 (112.29)	39.52 (109.46)	97.41 (Nil)	97.96 (53.89)	875.00 (1226.12)	954.19 (391.13)	757.72 (549.81)	2778.71 (2091.63)	429.73 (4006.66)	16095.89 (9386.00)	22437.58 (17926.99)
Borrowings	378.13 (22.63)	Nil (256.27)	Nil (Nil)	Nil (Nil)	1736.39 (1050.49)	1397.58 (518.98)	362.11 (1209.10)	1525.15 (876.49)	657.39 (378.40)	1550.06 (1425.14)	7607.31 (5726.50)
Foreign Currency Assets	448.74 (107.39)	5.89 (857.57)	3.08 (8.33)	32.10 (66.72)	269.97 (148.69)	648.33 (127.25)	384.90 (308.19)	428.14 (594.6)	281.53 (301.7)	115.83 (166.96)	2618.51 (2687.40)
Foreign Currency Liabilities	104.20 (16.69)	280.03 (270.65)	37.24 (16.96)	73.00 (37.05)	963.00 (132.54)	1057.53 (386.6)	738.20 (1116.06)	302.00 (494.76)	63.00 (132.43)	Nil (83.66)	3618.20 (2687.40)

\* (Figures in brackets relate to the previous year)

Note: In compiling the above data certain assumptions as per RBI guidelines and estimates have been made by the Management and relied upon by the Auditors.

## 7. EXPOSURES

### 7.1 Exposure to Real Estate Sector

(Amount Rs. in crore)

	Particulars	31.03.2012	31.03.2011
a.	Direct Exposure		
	i) Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (individual housing loans eligible for inclusion in priority sector advances may be shown separately)	8792.91 (PSA 6445.32)	7435.51 (PSA 4540.70)
	ii) Commercial Real Estate Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.) Exposure would also include non-fund based (NFB) limits;	778.32	759.43
	iii) Investments in Mortgage Based Securities (MBS) and other securitised exposures - Residential - Commercial Real Estate	0.00 0.00	0.00 0.00
b.	Indirect Exposure Fund and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	1278.89	1340.30
	<b>Total Exposure to Real Estate Sector</b>	<b>10850.12</b>	<b>9535.24</b>

(As compiled by the Management and relied upon by the Auditors)

### 7.2 Exposure to Capital Market

(Amount Rs. in crore)

	Particulars	31.03.2012	31.03.2011
i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds, the corpus of which is not exclusively invested in corporate debt	172.37	175.49
ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	0.02	0.02
iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	Nil	Nil
iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	Nil	Nil



v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	39.88	70.01
vi) Loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	Nil	Nil
vii) Bridge loans to companies against expected equity flows / issues	Nil	Nil
viii) Underwriting commitments taken up by the Banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Nil	Nil
ix) Financing to stockbrokers for margin trading	Nil	Nil
x) All exposures to Venture Capital Funds (both registered and unregistered)	9.45	6.90
<b>Total Exposure to Capital Market</b>	<b>221.72</b>	<b>252.42</b>

(As compiled by the Management and relied upon by the Auditors)

### 7.3 Risk Category-wise Country Exposure

(Amount Rs. in crore)

Risk Category	Based on Bank's Country Risk Management Policy			
	Exposure (net) as at 31.03.2012	Provision Held as at 31.03.2012	Exposure (net) as at 31.03.2011	Provision Held as at 31.03.2011
Insignificant	6.60	Nil	1.43	Nil
Low	615.64	Nil	535.62	Nil
Moderate	75.49	Nil	45.52	Nil
High	8.13	Nil	1.09	Nil
Very High	17.73	Nil	25.44	Nil
Off Credit/Restricted	0.00	Nil	0.00	Nil
<b>Total</b>	<b>723.59</b>	<b>Nil</b>	<b>609.10</b>	<b>Nil</b>

For compiling the country-wise risk exposure, the Bank has used the Country Risk Management Policy last reviewed and approved by the Board at its meeting held on 22.02.2012. Since the Bank does not have net funded exposure of more than 1% of its total assets as on 31.03.2012 to any of the Countries, provision for Country risk is not necessary.

### 7.4 Details of Single Borrower (SGL) / Group Borrower (GBL) Limit exceeded by the Bank

In terms of the Loan Policy, the exposure to a single borrower should not exceed 15% of Bank's capital funds. In exceptional circumstances with the approval of the Executive Committee of Bank's Board, additional exposure to a borrower up to a maximum of 5% of capital funds may be considered subject to the borrower consenting to the Bank to make appropriate disclosures in its Annual Report. The Bank during the year has sanctioned exposure beyond 15% of capital funds with the approval of the Executive Committee of Bank's Board in the case of the following accounts:

a. Individual accounts(Ceiling level 15% of Capital Funds-Rs.732.13 crore) (Amount Rs. in crore)

Name of the Borrowers	Credit Exposure limit	Amount outstanding
Housing Development Finance Co.	725.00	742.70

b. Group Borrowers (Ceiling level of 40% of Capital Funds: Rs.1952.35 crores)

Bank has not exceeded the exposure ceiling in any group of borrowers

### 7.5 Unsecured Advances

(Amount Rs. in crore)

Particulars	31.03.12	31.03.11
Unsecured Advances against intangible securities such as charge over the rights, licenses, authority, etc. #	180.38	714.32
Other Unsecured Advances	8888.02	7790.16

# The estimated value of rights, licenses, authorities etc. charged on the total amount of advances are as follows: (Amount Rs. in crore)

31.03.2012	31.03.2011
225.00	760.15

## 8. MISCELLANEOUS

### 8.1 Amount of Provisions made for Taxes during the year:

(Amount Rs. in crore)

Particulars	31.03.2012	31.03.2011
Income Tax (including Deferred tax)	236.79*	153.80
Wealth Tax	0.50	0.50
Dividend Distribution Tax	14.16	14.75

### 8.2. Disclosures of Penalties imposed by Reserve Bank of India

During the year RBI has not imposed any penalty on the Bank.

## 9. DISCLOSURE AS PER ACCOUNTING STANDARDS (AS)

### 9.1 Accounting Standard 5: Net Profit or Loss for the period, prior period items and changes in Accounting Policies

There are no material prior period income / expenditure items requiring disclosure under

Accounting Standard 5.

### 9.2 Accounting Standard 6: Depreciation Accounting

Break up of total depreciation for the year for each class of assets is as under:

(Amount Rs. in crore)

Class of Assets	31.03.2012	31.03.2011
Premises	3.15	2.87
Other Fixed Assets	47.05	44.08
Leased Assets	Nil	Nil

### 9.3 Accounting Standard 9: Revenue Recognition

Certain items of income are recognized on realization basis as per Accounting Policy number 10.1. These are considered not material in terms of RBI guidelines, and hence do not require disclosure.

### 9.4 Accounting Standard 15 (Revised): Employee Benefits

9.4.1 During Financial Year 2010-11, the Bank reopened the pension option for such of its employees who had not opted for the pension scheme earlier. As a result of this exercise, the Bank incurred a liability of Rs.558.35 crore. Further the limit of gratuity payable to the employees of the Bank was also enhanced pursuant to the amendment to the Payment of Gratuity Act, 1972. As a result the gratuity liability of the Bank increased by Rs.113.56 crore.

In accordance with the provisions of the RBI Circular No DBOD.BP.BC.80 / 21.04.018 / 2010-11, the Bank is amortizing Rs.671.91 crore over a period of five years commencing from year ended 31.03.2011. Accordingly, Rs.134.38 crore (representing one-fifth of Rs.671.91 crore) has been charged to the Profit and Loss Account during the year. In terms of the requirements of the aforesaid circular, the balance amount carried forward, ie. Rs.403.15 crore does not include any amount relating to separate/retired employees and shown under 'Other Assets' Schedule 11. Had such a circular not been issued by the RBI, and accounting had been done in terms of the Accounting Standard 15, Employee Benefits, the profit of the Bank for the year would have been more by 134.38 crore and Reserves and Surplus would have been lower by Rs.403.15 crore.

#### 9.4.2. Employee Benefits

##### i) Defined Benefit Pension Plan and Gratuity

The following table sets out the status of the defined benefit Pension Plan and Gratuity Plan as required under Accounting Standard 15: (Rs. in crore)

Particulars	Pension Plan	Gratuity
<b>Change in the present value of the defined benefit obligation</b>		
Opening defined benefit obligation at 01.04.2011	1434.91	277.67
Current Service Cost	48.50	17.57
Interest Cost	162.00	32.08
Actuarial Gains / (Losses)	491.39	86.35
Past Service Cost (Non-Vested Benefit)	Nil	Nil
Past Service Cost (Vested Benefit)	Nil	Nil
Benefits paid	(59.36)	(20.16)
Closing defined benefit obligation at 31.03.2012	2077.44	394.01
<b>Change in Plan Assets</b>		
Opening fair value of Plan Assets at 01.04.2011	1290.26	254.96
Expected Return on Plan Assets	109.67	19.12
Contributions by Employer	28.82	Nil
Benefit paid	(59.36)	(20.16)
Actuarial Gains / (Losses)	650.03	149.25
Closing fair value of Plan Assets at 31.03.2012	2019.42	403.17
<b>Reconciliation of present value of the obligation and fair value of the Plan Assets</b>		
Present Value of Funded obligation at 31.03.2012	2077.44	394.01
Fair Value of the Plan Assets at 31.03.2012	2019.42	403.17
Deficit / (Surplus)	58.02	(9.16)
Experience adjustment on Plan Assets	Nil	Nil
Experience adjustment on Plan Liabilities	Nil	Nil
Unrecognized Past Service Cost	Nil	Nil
Net Liability / (Asset)	58.02	(9.16)
<b>Amount Recognized in the Balance Sheet</b>		
Liabilities	2077.44	394.01
Assets	2019.42	403.17
Net Liability / (Asset) recognized in Balance Sheet as at 31.03.2012	58.02	(9.16)
<b>Net Cost recognized in the profit and loss account</b>		
Current Service Cost	48.50	17.57
Interest Cost	162.00	32.08
Expected return on Plan Assets	(109.67)	(19.13)
Net actuarial losses (Gain) recognized during the quarter	(158.64)	(62.39)
Past Service Cost (Non-Vested Benefit) Recognized	Nil	Nil

Past Service Cost (Vested Benefit) Recognized	Nil	Nil
Total costs of defined benefit plans included in current year P&L under Schedule 16 'Payments to and Provisions for Employees'	(57.81)	(31.87)
<b>Reconciliation of expected return and actual return on Plan Assets</b>		
Expected Return on Plan Assets	109.67	19.12
Actuarial Gain / (Loss) on Plan Assets	650.03	149.25
Actual Return on Plan Assets	759.70	168.37
<b>Reconciliation of opening and closing Net Liability recognized in Balance Sheet</b>		
Opening Net Liability as at 01.04.2011	144.65	22.71
Expenses as recognized in profit and loss account	(57.81)	(31.87)
Employers' contribution	(28.82)	0.00
Net Liability / (Asset) recognized in Balance Sheet as at 31.03.2012	58.02	(9.16)
Expected Contribution in the next Financial Year (2012-13)	55.24	10.00

ii) Investments under Plan Assets of Gratuity Fund & Pension Fund (Other than accrued interest, bank balance and other assets) as on 31.03.2012 are as follows:

(Amount Rs. in crore)

<b>Category of Assets</b>			
<b>Gratuity Fund</b>		<b>Pension Fund</b>	
<b>Amount</b>	<b>% of Plan Assets</b>	<b>Amount</b>	<b>% of Plan Assets</b>
354.13	87.83%	1930.06	95.57%

Out of the above following investment are made in State Bank of India:

(Amount Rs. in crore)

<b>Category of Assets</b>			
<b>Gratuity Fund</b>		<b>Pension Fund</b>	
<b>Amount</b>	<b>% of Plan Assets</b>	<b>Amount</b>	<b>% of Plan Assets</b>
89.00	22.08 %	52.00	2.57%

iii) All the actuarial gains and losses have been fully recognized in the statement of profit and loss.

iv) Brief description of type of plan:

Pension is paid to all eligible pension optees, on superannuation, voluntary retirement, etc. To be eligible for pension, the employee should have put in minimum ten years of service.

Gratuity is payable to all eligible employees on superannuation, voluntary retirement, etc. To be eligible for gratuity, the employee should have put in minimum five years of service.

v) The expected return on plan assets over the accounting period is based on an assumed rate of return. The assumed rate of return is 7.50% per annum.

vi) Principal assumptions considered in the actuarial report:

Particulars	Defined Benefit Pension Plans	Gratuity
Discount Rate as at 01.04.2011	8.50%	8.50%
Expected Rate of return on Plan Asset as at 01.04.2011	7.50%	7.50%
Salary Escalation as at 01.04.2011	6.00%	6.00%
Discount Rate as at 31.03.2012	8.50%	8.50%
Expected Rate of return on Plan Asset as at 31.03.2012	7.50 %	7.50%
Salary Escalation as at 31.03.2012	6.00%	6.00%

vii) The estimates of future salary increase; considered in actuarial valuation, take into account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

#### 9.4.3 Defined Contribution Plan

Amount of Rs.1.97 crore (Previous Year Rs.9.38 crores)is recognized as an expense towards the Provident Fund scheme of the Bank included under the head 'Payments to and provisions for employees' in profit and loss account.

#### 9.4.4. Other Long term Employee Benefits

Amount of Rs.33.86 crore (Previous Year Rs.20.42 crores)is recognized as an expense towards Other Long term Employee Benefits included under the head 'Payments to and Provisions for Employees' in profit and loss account.

### 9.5 Accounting Standard 17: Segment Reporting

#### Part A: Business Segments

Pursuant to RBI guidelines, the Bank has re-classified the business segments in which the Bank operates into:

- a. Corporate / Wholesale Banking
- b. Retail Banking
- c. Treasury and
- d. Other Banking Operations

The classification has been done on the basis of following criteria:

*i)Corporate / Wholesale Banking:* All loan and advance accounts with exposure of above Rs.5 crore are classified under wholesale / corporate Banking.

*ii)Retail:* All loan and advance accounts which are not covered above will be taken as Retail Banking.

*iii)Treasury:* Entire investment portfolios are classified under Treasury segment.

*iv)Other Banking Operations:* The Bank does not have Other Banking Operations segment.

#### Allocation of Income and Expenses and Assets / Liabilities:

- (a) Income and Expenses and Assets / Liabilities directly attributed to particular segment are allocated to the relative segment.
- (b) Items that are not directly attributable to segments are allocated to retail and wholesale segments in proportion to the business managed / ratio of number of employees / ratio of directly attributable income.
- (c) The Bank has certain common assets / liabilities and income / expense that cannot be attributed to any particular segment and hence the same are treated as unallocated.



**Part B: Business segments**

(Amount Rs. in crore)

Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
Revenue	1573.94	1252.77	2467.02	1843.40	3436.09	2713.83	0.00	0.00	7477.05	5810.00
Result	(179.10)	54.27	384.45	334.83	542.40	492.93	0.00	0.00	747.05	882.03
Unallocated expenses									0.00	0.00
Operating profit *									747.75	882.03
Income taxes									237.29	154.30
Extraordinary profit/loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net profit									510.46	727.73
<b>Other Information:</b>										
Segment assets	28577.04	22769.53	25002.16	19966.60	32047.64	27970.02	0.00	0.00	85626.84	70706.15
Unallocated assets									322.50	270.60
Total assets									85949.34	70976.75
Segment liabilities	7759.00	6017.61	31464.63	26275.97	46725.71	38683.17	0.00	0.00	85949.34	70976.75
Unallocated liabilities									0.00	0.00
Total liabilities									85949.34	70976.75

\* Operating profit is arrived at after deduction of provisions & contingencies of Rs.501.05 crore (previous year Rs.293.94 crore)

**Part C: Geographic Segment**

The Bank operates only in the Domestic segment and therefore, no separate disclosure under geographic segment is made.

**9.6 Accounting Standard 18: Related Party Disclosures**

The Key Managerial Personnel of the Bank and their remuneration (including superannuation benefits) during 2011-12 are as below: (Rs. in crore)

Name	Designation	Period	Salary & Allowances	Perquisites
Pradeep Kumar	Managing Director	01.04.2011 to 31.07.2011	0.08	0.01
Balachandran.S	Managing Director	01.08.2011 to 31.08.2011	0.02	0.00
Nanda Kumaran.P	Managing Director	01.09.2011 to 31.03.2012	0.10	0.04

Note: As all the other related parties are State Controlled Enterprises as defined in Accounting Standard 18 issued by the Institute of Chartered Accountants of India, transactions with them are not disclosed.

**9.7 Accounting Standard 19: Leases**

The properties taken on lease / rental basis are renewable / cancelable at the option of the Bank. The Bank's liabilities in respect of disputes pertaining to additional rent / lease rent are recognized on settlement or on renewal.

**9.8 Accounting Standard 20: Earnings Per Share**

Earnings per share has been computed as under:

Particulars	31.03.2012	31.03.2011
Net Profit (Rs. in crore)	510.46	727.73
Weighted Average Number of Equity Shares	5,00,00,000	5,00,00,000
Earnings per share in Rupees - Basic (Face value of share Rs.10)	102.09	145.55
Earnings per share in Rupees - Diluted (Face value of share Rs.10)	102.09	145.55

### 9.9 Accounting Standard 22: Accounting for Taxes and Income

The breakup of the Deferred Tax Assets (DTA) and Deferred Tax Liabilities (DTL) as on 31.03.2012 into major components of the respective balances are as under:

Tax effects of timing differences	Opening balance as on 1.4.2011	Adjustment during the year in P&L	Closing balance as on 31.3.2012
<b>Deferred Tax Assets (DTA)</b>			
Provision on Employee Benefits	63.11	-7.58	55.53
Depreciation & Amortization of Investments	154.30	-25.34	128.96
Total Deferred Tax Assets	217.41	-32.92	184.49
<b>Deferred Tax Liabilities (DTL)</b>			
Amortisation of Pension & Grauity	0	130.80	130.80
SBT Special HL Insurance Premium	3.37	-0.48	2.89
Depreciation on Fixed Assets	5.13	-4.07	1.06
Total Deferred Tax Liabilities	8.50	126.25	134.75
<b>Net Deferred Tax Assets / (Liabilities)</b>	<b>208.91</b>	<b>(159.17)</b>	<b>49.74</b>

### 9.10 Accounting Standard 28: Impairment of Assets

In the opinion of the Management, there is no impairment to the assets to which Accounting Standard 28 on "Impairment of Assets" applies.

### 9.11 Accounting Standard 29: Statement of Provisions, Liabilities and Contingent Liabilities

a) Movement in Provision for Contingent liabilities (Amount Rs. in crore)

Particulars	31.03.2012	31.03.2011
Balance as on 1st April	1.72	1.72
Additions during the year	Nil	Nil
Utilized / Reversed during the year	Nil	Nil
Balance as on 31st March	1.72	1.72

#### b) Contingent liabilities

Liabilities at Item - I, VI and VII of Schedule 12 of the Balance Sheet are dependent upon the outcome of court / arbitration / out of court settlement, disposal of appeals, the amount being called up, terms of contractual obligations, development and raising of demand by concerned parties, respectively.

#### c) Claims against the Bank, not acknowledged as debts

Total claims against the Bank, which is not acknowledged as debt represent tax demands in respect of which the Bank is in appeal of Rs.353.57 crore and the cases sub-judice Rs.5.93 crore.

The Bank is a party to various proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.

#### d. Liability on account of outstanding forward exchange contracts

The bank enters in to foreign exchange contracts, currency options forward rate agreements, currency swaps and interest rate swaps with inter-Bank participants on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded as Contingent Liabilities, are typically amounts used as a benchmark for the calculation of the interest component of the contracts.

e. Guarantees given on behalf of Constituents, acceptance, endorsements and other obligations

As part of its commercial banking activities, the Bank issues Documentary credits and guarantees on behalf of its customers. Documentary credits enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payment in the event of the customer failing to fulfil its financial or performance obligations.

f. Other items for which the bank is contingently liable

The Bank is a party to various taxation matters in respect of which appeals are pending. These are being contested by the Bank and not provided for. Further, the Bank has made commitments to subscribe to shares in the normal course of business.

## 10. FIXED ASSETS

- a) Depreciation on flats has been provided on the actual cost of acquisition, as land value is not separately available
- b) Gross value of Fixed Assets (other than Premises) jointly owned by State Bank of India and other Associate Banks. (Amount Rs. In crore)

	31.03.2012		31.03.2011	
	Total Value	Bank's Share(10%)	Total Value	Bank's Share(10%)
Gross Value	736.28	73.63	699.57	69.96
Accumulated Depreciation	689.05	68.91	625.30	62.53
Written Down Value	47.23	4.72	74.27	7.43

## 11. RECONCILIATION

Inter-Branch transactions, ATM balances, Accounts with State Bank of India and Associate Banks, Government (Central & State) transactions accounts, Draft Payable account, Nostro accounts, System Suspense account, Clearing and other Adjusting accounts are at various stages of reconciliation. In the opinion of the Management there will not be any material impact of such reconciliation on the financial statements.

## 12. OTHER / ADDITIONAL DISCLOSURES

### 12.1 Details of Provisions and Contingencies

(Amount Rs. in crore)

#### Break up of 'Provisions and Contingencies' shown under the head

Expenditure in Profit & Loss account	2011-12	2010-11
Provision for Depreciation on Investment	15.64	6.62
Provision towards NPA	420.87	245.50
Provision towards Standard Asset	54.27	52.62
Provision made towards Income Tax (Including deferred tax)	236.79*	153.80
Other Provision and Contingencies (with details)		
a) Provision for interest sacrifice on restructured NPA accounts	1.49	(0.95)
b) Provision for interest sacrifice on restructured Standard Assets	11.12	(7.45)
c) Provision for other Miscellaneous items	(2.34)	(2.40)
d) Wealth Tax	0.50	0.50
TOTAL	738.34	448.24

\* Net of excess provision written back of Rs.49.83 crore pertaining to previous years.

### 12.2 Floating Provision

(Amount Rs. in crore)

Particulars	2011-12	2010-11
a) Opening Balance in the floating provisions account	100.00	100.00
b) The quantum of floating provisions made in the accounting year	Nil	Nil
c) Amount of draw down made during the accounting year	Nil	Nil
d) Closing balance in the floating provisions account	100.00	100.00

### 12.3 Drawn Down from Reserves

A sum of Rs.3.25 crores(previous year: Nil) is drawn from Special Reserve Account-Interest rate Derivatives.

### 12.4 Disclosure of Complaints

#### A. Customer Complaints

S. No.	Particulars	Nos.
1.	Number of Complaints pending at the beginning of the year	13
2.	Number of Complaints received during the year	1435
3.	Number of Complaints redressed during the year	1427
4.	Number of Complaints pending at the end of the year	21

#### B. Award passed by the Banking Ombudsman

S.No.	Particulars	Nos.
1	Number of Unimplemented Awards at the beginning of the year	Nil
2	Number of Awards passed by the Banking Ombudsmen during the year	Nil
3	Number of Awards implemented during the year	Nil
4	Number of Unimplemented Awards at the end of the year	Nil

### 12.5 Disclosure of Letter of Comforts (LoCs) issued by the Bank

The Bank has not issued any Letter of Comforts (LoCs) during the year.

### 12.6 Fees / Remuneration received in respect of Banc-assurance business undertaken by the Bank

The Bank has received the following fees / remuneration in respect of the Banc-assurance business undertaken by the Bank:

(Amount Rs. in crore)

S.No.	Nature of income	2011-12	2010-11
1	For selling Life Insurance Policy	8.21	17.1
2	For selling Non-Life Insurance Policy	2.63	2.01
3	For selling Mutual Fund products	0.97	1.39
4	Others - SBI Cards etc.	0.02	0.01

### 12.7 Concentration of Deposits, Advances, Exposures and NPAs

#### A. Concentration of Deposits

(Amount Rs. in crore)

Particulars	2011-12	2010-11
Total Deposits of twenty largest Depositors	7027.41	2909.02
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	9.83%	5.00%

#### B. Concentration of Advances

(Amount Rs. in crore)

Particulars	2011-12	2010-11
Total Advances to twenty largest Borrowers	8544.07	7417.64
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	15.24%	16.11%

#### C. Concentration of Exposures

(Amount Rs. in crore)

Particulars	2011-12	2010-11
Total Exposure to twenty largest Borrowers/Customers	9361.70	10104.75
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Bank on borrowers	16.71%	18.93%

#### D. Concentration of NPA

(Amount Rs. in crore)

Particulars	2012-12	2010-11
Total Exposure to Top four NPA accounts	248.92	187.71

### 12.8 Off-Balance Sheet SPVs sponsored

Name of the SPV sponsored	
Domestic	Overseas
Nil	Nil

12.9 Previous year's figures have been regrouped / rearranged wherever necessary.

Signature to Schedules 1 to 18

A.K.Saha  
Deputy General Manager  
(Finance and Accounts)

Ravi Jha  
General Manager  
(Treasury)

M.C. Jacob  
Chief General Manager

P. Nanda Kumaran  
Managing Director

Pratip Chaudhuri  
Chairman

**DIRECTORS**

J Sadakkadulla	Shyamal Acharya	A.K.Deb	B.Ramesh Babu
Gyan Chand Pipara	T Balakrishnan	K.T Rajagopalan	C Raj Kumar
K. Muraleedharan Pillai	P. Vinayagam	C.N. Venugopalan	

As per our report of even date

**AUDITORS**

**For Sridhar & Co**  
Chartered Accountants  
R.Srinivasan  
Partner  
Membership No. 200969  
FRN: 003978S

**For Jagdish Chand & Co**  
Chartered Accountants  
J.C.Gupta  
Partner  
Membership No. 006107  
FRN: 000129N

**For B.V. Rao & Co**  
Chartered Accountants  
B.A.S.P. Ranga  
Partner  
Membership No. 022649  
FRN: 003118S

**For Abraham & Jose**  
Chartered Accountants  
Paulson Thengumpallil  
Partner  
Membership No. 208694  
FRN: 000010 S

**For G K Rao & Co.**  
Chartered Accountants  
Suryanarayana Reddy.B  
Partner  
Membership No. 021071  
FRN: 003124S

**For RGN Price & Co.**  
Chartered Accountants  
P.M.Veeramani  
Partner  
Membership No. 023933  
FRN: 002785S

Mumbai, 27<sup>th</sup> April 2012

**CASH FLOW STATEMENT FOR THE  
YEAR ENDED 31<sup>st</sup> MARCH 2012**

**STATE BANK OF TRAVANCORE**

(Rs. in thousands)

	For the year ended 31-03-2012		For the year ended 31-03-2011	
A. CASH FLOW FROM OPERATING ACTIVITIES		7862333		10334600
B. CASH FLOW FROM INVESTING ACTIVITIES		-721012		-654950
C. CASH FLOW FROM FINANCING ACTIVITIES		2499860		-2485848
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)		9641181		7193803
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		48525453		41331650
E. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+B+C+D)	9641181	58166634	7193803	48525453
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit for the year		5104563		7277252
Add: Provision for Income Taxes		776200		1960000
Provision for other Taxes		5000		5000
Deferred taxes		1591700		-422000
Net Profit before Taxes		7477463		8820252
Adjustment for :				
Depreciation charges		501970		469442
Provision for NPAs		4208664		2454976
Provision on standard assets		542700		526200
Provision on Restructured standard assets		111149		-74502
Provision on Restructured NPA		14926		-9450
Depreciation on Investments		156450		66206
Amortisation of Investments		917404		1102100
Other provisions		-55846		-23981
Deferred Revenue Expenditure written off during the year		1343826		0
Dividend from subsidiaries (investing activity)		0		0
Interest paid on Innovative Perpetual Debt Instruments		286300		286300
Interest paid on Upper Tier II Bonds		516337		500500
Interest paid on SBT Bonds		651500		651500
Less : Direct Taxes		2891925		1896732
SUB-TOTAL		6303455		4052559
Adjustment for :				
Increase / (Decrease) in Deposits	133119074		72745344	
Increase / (Decrease) in Borrowings	13808117		24763570	
(Increase) / Decrease in Investments	-46179822		-21994291	
(Increase) / Decrease in Advances	-97351998		-78200679	
Increase / (Decrease) in Other Liabilities	-6746756		10979651	
(Increase) / Decrease in Other Assets	-2567200		-10831806	
NET CASH PROVIDED BY OPERATING ACTIVITIES		7862333		10334600
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investments in Subsidiaries and/or Joint Ventures		0		0
Income earned on such Investments		0		0
Fixed Assets		-721012		-654950
NET CASH USED IN INVESTING ACTIVITIES		-721012		-654950



(Rs. in thousand)

	For the year ended 31-03-2012	For the year ended 31-03-2011
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share Capital	0	0
Share Premium	0	0
Issue of Innovative Perpetual Debt Instruments	0	0
Issue of Upper Tier II Bonds	5000000	0
Issue of Subordinated Bonds	0	0
Redemption of IPDI Bonds	0	0
Redemption of Upper Tier II Bonds	0	0
Redemption of Subordinated Bonds	0	0
Interest Paid on IPDI Bonds	-286300	-286300
Interest Paid on Upper Tier II Bonds	-516337	-500500
Interest Paid on Subordinate Bonds	-651500	-651500
Dividends Paid	-1046003	-1047548
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>2499860</b>	<b>-2485848</b>
<b>D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		
i) Cash in hand (including foreign currency notes and gold)	3434169	3134718
ii) Balances with Reserve Bank of India	43661550	31545697
iii) Balances with Banks and Money at Call and Short Notice	1429734	6651235
	<b>48525453</b>	<b>41331650</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		
i) Cash in hand (including foreign currency notes and gold)	3887424	3434169
ii) Balance with Reserve Bank of India	43879039	43661550
iii) Balances with Banks and Money at Call and Short Notice	10400171	1429734
	<b>58166634</b>	<b>48525453</b>

A.K.Saha  
Deputy General Manager  
(Finance and Accounts)

Ravi Jha  
General Manager  
(Treasury)

M.C. Jacob  
Chief General Manager

P. Nanda Kumaran  
Managing Director

Pratip Chaudhuri  
Chairman

#### DIRECTORS

J Sadakkadulla

Shyamal Acharya

A.K.Deb

B.Ramesh Babu

Gyan Chand Pipara

T Balakrishnan

K.T Rajagopalan

C Raj Kumar

K. Muraleedharan Pillai

P. Vinayagam

C.N. Venugopalan

As per our report of even date

#### AUDITORS

##### For Sridhar & Co

Chartered Accountants

R.Srinivasan

Partner

Membership No. 200969

FRN: 003978S

##### For Jagdish Chand & Co

Chartered Accountants

J.C.Gupta

Partner

Membership No. 006107

FRN: 000129N

##### For B.V. Rao & Co

Chartered Accountants

B.A.S.P. Ranga

Partner

Membership No. 022649

FRN: 003118S

##### For Abraham & Jose

Chartered Accountants

Paulson Thengumpallil

Partner

Membership No. 208694

FRN: 000010 S

##### For G K Rao & Co.

Chartered Accountants

Suryanarayana Reddy.B

Partner

Membership No. 021071

FRN: 003124S

##### For RGN Price & Co.

Chartered Accountants

P.M.Veeramani

Partner

Membership No. 023933

FRN: 002785S

Mumbai, 27<sup>th</sup> April 2012

## AUDITORS' REPORT TO STATE BANK OF INDIA

We, the undersigned auditors of State Bank of Travancore, appointed under section 41(1) of the State Bank of India (Subsidiary Banks) Act, 1959 do hereby report that:

1. We have audited the accompanying financial statements of State Bank of Travancore as at 31st March 2012, which comprise the Balance Sheet as at March 31, 2012, Profit and Loss Account and the Cash Flow Statement for the year then ended, and the Principal Accounting Policies and other explanatory information. Incorporated in these financial statements are the returns of Zonal Offices, various departments of Head Office and 20 branches audited by us and 727 branches and 9 Central Loan Processing Units 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 130 branches which have not been subjected to audit. These unaudited branches account for 1.27 percent of advances, 2.43 percent of deposits, 0.55 per cent of interest income and 1.07 per cent of interest expenses.
2. Management is responsible for the preparation of these financial statements in accordance with the applicable laws of 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.
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 the 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. 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 our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. Without qualifying our opinion, we draw attention to
  - i) Note 9.4.1 to the financial statements, which describes deferment of pension and gratuity liability of the bank to the extent of Rs. 403.15 crores pursuant to the exemption granted by the Reserve Bank of India to the public sector banks from application of the provisions of Accounting Standard (AS) 15, Employee Benefits vide its circular no. DBOD. BP.BC/80/21.04.018/2010-11 dated Feb 9, 2011 on Re-opening of pension option to employees of Public Sector Banks and enhancement in gratuity limits – Prudential Regulatory Treatment; and
  - ii) Note No.11 regarding status of Reconciliation of various items.
7. In our opinion, as shown by the books of Bank, and to the best of our information and according to the explanations given to us:
  - i) 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 2012 in conformity with accounting principles generally accepted in India;

- ii) 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
- iii) the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.
8. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms “A” and “B” respectively of the Third Schedule to the Banking Regulation Act, 1949.
9. Subject to the limitations of the audit indicated in paragraph 1 to 5 above and as required by the State Bank of India (Subsidiary Banks) Act, 1959, 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.
- 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.

**For Sridhar & Co**  
Chartered Accountants  
R.Srinivasan  
Partner  
Membership No. 200969  
FRN: 003978S

**For Jagdish Chand & Co**  
Chartered Accountants  
J.C.Gupta  
Partner  
Membership No. 006107  
FRN: 000129N

**For B.V. Rao & Co**  
Chartered Accountants  
B.A.S.P. Ranga  
Partner  
Membership No. 022649  
FRN: 003118S

**For Abraham & Jose**  
Chartered Accountants  
Paulson Thengumpallil  
Partner  
Membership No. 208694  
FRN: 000010 S

**For G K Rao & Co.**  
Chartered Accountants  
Suryanarayana Reddy.B  
Partner  
Membership No. 021071  
FRN: 003124S

**For RGN Price & Co.**  
Chartered Accountants  
P.M.Veeramani  
Partner  
Membership No. 023933  
FRN: 002785S

Mumbai, 27<sup>th</sup> April 2012

## REPORT ON CORPORATE GOVERNANCE

### 1. The Bank's philosophy on Corporate Governance

State Bank of Travancore is committed to the best practices in the area of corporate governance, in letter and spirit. The Bank believes that good corporate governance is much more than complying with legal and regulatory requirements. Good governance facilitates effective management and control of business, maintaining a high level of business ethics and optimising the value for all its stakeholders. The objectives can be summarised as;

- To enhance shareholder value.
- To protect the interests of shareholders and other stakeholders including customers, employees and society at large.
- To ensure transparency and integrity in communication and to make available full, accurate and clear information to all concerned.
- To ensure accountability for performance and to achieve excellence at all levels.
- To provide corporate leadership of highest standard for others to emulate.

The Bank is committed to;

- Ensuring that the Bank's Board of Directors meets regularly, provides effective leadership, exercises control over management and monitors executive performance.
- Establishing a framework of strategic control and continuously reviewing its efficacy.
- Establishing clearly documented and transparent management processes for policy development, implementation and review, decision-making, monitoring, control and reporting.

(ii) a) Attendance of each Director at the Board meetings and the last AGM:

Sl. No.	Name of Director	No. of Meetings		
		Held during his/her tenure	Present	AGM
1	Shri Pratip Chaudhuri, Chairman	9	3	P
2	Shri Shyamal Acharya	6	4	NA
3	Shri P. Nanda Kumaran	5	5	NA
4	Shri P Pradeep Kumar	4	4	P
5	Shri A K Deb	5	2	NA
6	Shri B S Gopalakrishna	4	2	P
7	Shri B Ramesh Babu	9	7	NP
8	Dr J Sadakadulla	9	6	P
9	Shri C N Venugopalan	9	9	P
10	Shri P Vinayagam	9	7	P

- Providing free access to the Board to all relevant information, advice and resources as are necessary to enable it to carry out its role effectively.
- Ensuring that the Managing Director has responsibility for all aspects of executive management and is accountable to the Board for the ultimate performance of the Bank and implementation of the policies laid down by the Board. The roles of the Managing Director and the Board of Directors are also guided by the State Bank of India (Subsidiary Banks) Act, 1959, and Subsidiary Banks General Regulations, 1959 with all amendments.
- Ensuring that a Senior Executive is made responsible in respect of compliance issues with all applicable statutes, regulations and other procedures, policies as laid down by the GOI/ RBI and other regulators and the Board, and report deviation, if any.

A report on the implementation of the provisions of Corporate Governance in our Bank is furnished below:

### 2. Board of Directors

(i) The Board of Directors consists of the Chairman, Managing Director, five Directors nominated by SBI, of whom three are Officers of SBI, two elected independent Directors, one nominee each from Reserve Bank of India and Government of India, an Officer Employee Director and a workmen Director as on 31.03.2012.

11	Shri Gyan Chand Pipara	9	8	P
12	Shri C Rajkumar	9	8	P
13	Shri K Muraleedharan Pillai	9	6	NP
14	Shri T Balakrishnan	9	9	P
15	Shri K T Rajagopalan	9	9	P

(P = Present, NP = Not Present, NA = Not Applicable)

(ii) b) Total number of memberships / Chairmanships held by the Directors on the Boards / Board Level Committees of the Bank / other Companies as on 31.03.2012:

Sl No.	Name of Director	Occupation & Address Board since	Appointed to	Number of Companies (including the Bank)
1.	Shri Pratip Chaudhuri	Chairman State Bank of India Corporate Centre Mumbai – 400 021	07.04.2011	Chairman: 20 Director: 3 Member/Member of the Governing Board: 13
2.	Shri Shyamal Acharya	Deputy Managing Director & Group Executive(A&S), State Bank of India Corporate Centre Mumbai – 400 021	01.07.2011	Director: 15
3.	Shri P. Nanda Kumaran	Managing Director State Bank of Travancore, Head Office, Poojapura Thiruvananthapuram	22.08.2011	Director: 1 Chairman of Committee: 4 Member of Committee: 2
4.	Dr. J Sadakkadulla	Principal, Reserve Bank Staff College, Chennai	03.01.2011	Director: 1 Chairman of Committee: Nil Member of Committee: 3
5.	Shri P Vinayagam	The Registrar, DRT, Madurai	27.01.2010	Director: 1 Chairman of Committee: Nil Member of Committee: 3
6.	Shri A.K. Deb	Chief General Manager (A&S) State Bank of India Corporate Centre Mumbai – 400 021	05.09.2011	Director: 5 Chairman of Committee: Nil Member of Committee: 4
7.	Shri B Ramesh Babu	Deputy General Manager (A&S) State Bank of India Corporate Centre Mumbai – 400 021	25.12.2010	Director: 2 Chairman of Committee: Nil Member of Committee: 4
8.	Shri C N Venugopalan	Retd Bank Officer Nandanam, Kesari Junction, North Paravoor, Kerala-683 513	11.01.2011	Director: 1 Chairman of Committee: Nil Member of Committee: 6

9.	Shri Gyan Chand Pipara	Chartered Accountant M/s Pipara & Co.Pipara Corporate House, Near Gruh Finance, Netaji Marg, Law Garden, Ahmedabad – 380 006	15.05.2009	Director: 3 Chairman of Committee: 1 Member of Committee: 2
10	Shri T Balakrishnan	Retd Deputy General Manager, SBT, SBM & SBS, 2/1784, Adrta PO. Civil Station Kozhikode – 673 020.	01.02.2011	Director: 1 Chairman of Committee: Nil Member of Committee: 4
11.	Shri K T Rajagopalan	Retd Bank Executive Sayujyam, E 65, Kattachal Road,Thirumala Thiruvananthapuram- 695 006	01.02.2011	Director: 1 Chairman of Committee: 1 Member of the Committee: 5
12.	Shri C Rajkumar	Chief Manager, State Bank of Travancore President Associate Banks’ Officers’ Association Unit - State Bank of Travancore P B No.290-BNI Building, Statue,Thiruvananthapuram- 695 001	01.10.2010	Director: 1 Chairman of Committee: Nil Member of the Committee: Nill
13.	Shri K Muraleedharan Pillai	General Secretary, SBT Employees Union, TKV Smarakam, PB No.157 Thiruvananthapuram- 695 001	19.07.2010	Director: 1 Chairman of Committee: Nil Member of the Committee: Nil

(ii) c) Attendance of Directors, category-wise, at Board Meetings:

Date of the Meeting	No. of Directors Attended		
	Non-Executive/RBI/ GOI Nominees	Whole-time including Chairman	Total
27.04.2011	8	2	10
28.05.2011	8	2	10
17.06.2011	7	1	8
21.07.2011	8	1	9
20.10.2011	9	1	10
22.12.2011	9	1	10
21.01.2012	10	2	12
22.02.2012	9	1	10
21.03.2012	9	1	10



### (iii) Resume of Directors

1. Shri Pratip Chaudhuri - Chairman of the State Bank Group - Chairman of the Board under clause (a) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959.
2. Shri P. Nanda Kumaran - Managing Director – Director under Clause (aa) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959.
3. Dr J Sadakkadulla – Principal, Reserve Bank Staff College, Chennai - Director under clause (b) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959.
4. Shri Shyamal Acharya – Deputy Managing Director & Group Executive (A&S), State Bank of India, Corporate Centre, Mumbai - Director under clause (c) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959.
5. Shri A K Deb – Chief General Manager (A&S), State Bank of India, Corporate Centre, Mumbai - Director under clause (c) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959.
6. Shri B Ramesh Babu – Deputy General Manager (A&S), State Bank of India, Corporate Centre, Mumbai - Director under clause (c) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959.
7. Shri C N Venugopalan - Independent Director nominated under clause (c) of sub-section (1) of Section 25 of the SBI (Subsidiary Banks) Act, 1959. He is a retired Bank Officer.
8. Shri K Muraleedharan Pillai - Workmen Employee Director nominated under clause (ca) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959, presently working as CTO, State Bank of Travancore, Puthenchanthai Branch.
9. Shri C Rajkumar - Officer Employee Director nominated under clause (cb) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959, presently working as Chief Manager, State

Bank of Travancore, Zonal Office, Thiruvananthapuram.

10. Shri Gyan Chand Pipara - Independent Director nominated under clause (d) of sub-section (1) of Section 25 of the SBI (Subsidiary Banks) Act, 1959. He is a practicing Chartered Accountant based in Ahmedabad.
11. Shri T Balakrishnan - Director elected by shareholders under clause (d) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959. He is a retired Deputy General Manager of State Bank of Travancore. Rendered his services as Deputy General Manager of State Bank of Mysore and State Bank of Saurashtra also.
12. Shri K T Rajagopalan - Director elected by shareholders under clause (d) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959. He is a retired General Manager of State Bank of Travancore.
13. Shri. P Vinayagam - Government of India nominee and Deputy Secretary, Department of Financial Services, Government of India presently posted as Registrar, Debts Recovery Tribunal, Madurai - Director under clause (e) of sub-section (1) of section 25 of the SBI (Subsidiary Banks) Act, 1959.

(iv) Board meets at least six times in a year and at least once in a quarter. During the year, nine meetings of the Board of Directors were held, on the following dates:

27.04.2011	21.07.2011	21.01.2012
28.05.2011	20.10.2011	22.02.2012
17.06.2011	22.12.2011	21.03.2012

The quorum for the Board Meeting is four Directors of whom one shall be the Chairman or an Officer of State Bank being a Director nominated by the State Bank of India under clause (c) of sub-section (1) of Section 25 of the SBI (Subsidiary Banks) Act, 1959.

(v) The details of the remuneration paid to the Directors

(i) Remuneration paid to the Managing Director for the financial year 2011-12:

Salary and Allowance paid to the Managing Director for the financial year	Rs.17,09,965.00
Perquisites(inclusive of Incentive, PL encashment & Perquisites)	Rs. 8,42,379.00

(ii) Sitting fee paid to other Directors.

Directors are paid sitting fee, as shown below:

For attending meeting of the Board of Directors:  
Rs. 5000

For attending meetings of various Board Level Committees: Rs. 2500

Sitting fee paid to the Directors have been revised as per extant guidelines from SBI/RBI/GOI with effect from 18th October 2011, which was approved by the Board at its meeting dated 21st March 2012 as shown below :

For attending meeting of the Board of Directors:  
Rs. 10,000

For attending meetings of various Board Level Committees: Rs. 5,000

Sitting fee is not paid to the Managing Director, SBI Official Directors, Government of India Nominee Director and Reserve Bank of India Nominee Director.

(iii) All the Non-Executive Directors have declared that they do not have any pecuniary relationship vis-à-vis the Bank and that they have not entered into any other transaction with the Bank, except those in the usual course of employment, wherever applicable.

### 3. Executive Committee of the Board of Directors

In terms of section 35 (1) of the State Bank of India (Subsidiaries Bank) Act 1959, an Executive Committee of the Board of Directors has been constituted to consider various business matters viz. sanctioning of credit proposals, approval of capital and revenue expenditure, investments, donation, administrative matters etc., falling beyond the powers of the Managing Director.

The Committee comprises of the Managing Director, three Directors nominated by SBI, of whom two are SBI Officials, and one elected Director. The Committee meets at least once in a month; during the year 2011-12 the Committee met 15 times.

### 4. Audit Committee of the Board

Audit Committee has been constituted to provide direction as also to oversee the operation of the total audit and compliance functions in the Bank. It reviews the inspection reports of specialized and extra large branches and all branches with unsatisfactory ratings. It also specially focuses on the operations of the total audit function in the Bank viz. organisation, operationalisation, and quality control of internal audit and inspection and follow-up of the statutory/external audit of the Bank and inspection by RBI.

The Committee interacts with the Statutory Central Auditors before the finalization of the annual / half-yearly / quarterly financial accounts and reports and also follows up the inspection reports of RBI. The Committee also reviews compliance report in respect of Long Form Audit.

The committee comprises of SBI nominee Director, RBI nominee Director, one Shareholder Director elected under Section 25 (1) (d) of the State Bank of India (Subsidiary Banks) Act, 1959 and a Non-Official Director, who is a Chartered Accountant and heads the Committee. The Committee meets at least once in a quarter; during the financial year 2011-12 it met 7 times.

Attendance of each Director at the meetings of the Audit Committee of the Board:

Sl. No.	Name of Director	No. of Meetings Held during his tenure	Present
1.	Shri Gyan Chand Pipara	7	7
2.	Shri B S Gopalakrishna/ Shri A K Deb/ Shri B Ramesh Babu (Any of one the SBI Official directors)	7	7
3.	Shri K T Rajagopalan	7	7
4.	Dr J Sadakkadulla	7	2

### **5. Special Committee of the Board for Monitoring Large Value Frauds**

The Special Committee of the Directors for Monitoring Large Value Frauds has been constituted as per the instruction from the Reserve Bank of India to monitor and review each fraud of Rs.1 crore or more, so as to identify systemic lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same, and also to identify the reasons for delay in detection, if any, in reporting to the Top Management of the Bank and RBI. The committee monitors the progress of CBI / Police investigation, and recovery position and also ensures that staff accountability is examined at all levels in all the cases of fraud, and staff-side action, if required, is completed quickly, without loss of time.

The committee comprises of the Managing Director, two Non-Official Directors and two Shareholder Directors. The Committee met 4 times during the financial year 2011-12.

### **6. Risk Management Committee of the Board**

Risk Management Committee of the Board has been constituted in accordance with the Reserve Bank of India guidelines to oversee the policy and strategy for integrated risk management relative to various risk exposures of the Bank, including Credit Risk, Market Risk and Operational Risk. The committee comprises of the Managing Director, SBI nominee Director, a Non-Official Director and two Shareholder Directors. The Committee meets at quarterly intervals and it met 7 times during the financial year 2011-12.

### **7. Shareholders' / Investors' Grievances Committee**

As per the provisions of Clause 49 VI (C) of the Listing Agreement with the Stock Exchanges regarding Corporate Governance, a Board Committee has been constituted to look into the redressal of shareholder and investor complaints relating to delay, if any, in transfer of shares, non-receipt of Balance

Sheet, non-receipt of declared dividends etc. The Committee comprises of the Managing Director, one Shareholder Director elected under Section 25 (1) (d) of the State Bank of India (Subsidiary Banks) Act, 1959 and a Non-Official Director. The Committee meets at least once in a quarter, and during the year 2011-12, it met 4 times.

### **8. Customer Service Committee of the Board**

The main function of the Committee is to oversee the functioning of the Apex Level Customer Service Committee and enhance the quality of customer service and improve the level of customer satisfaction for all categories of clientele.

The Committee comprises of the Managing Director, a Non-Official Director and one Shareholder Director elected under Section 25 (1) (d) of the State Bank of India (Subsidiary Banks) Act 1959. The Committee meets at least once in a quarter and it met 4 times during the financial year 2011-12.

### **9. Remuneration Committee of the Board**

The committee was constituted as per the Govt. of India guidelines regarding payment of Performance Linked Incentive Scheme to the Whole Time Directors of PSU Banks. The scheme has since been extended to Chief General Managers also from the financial year 2010-11. The Committee evaluates the performance of the Managing Director and the Chief General Manager based on the broad quantitative parameters and the eligible incentive is paid. The committee comprises of the Govt. of India nominee Director, RBI nominee Director, and two Share holder Directors. The Committee met once during the financial year 2011-12.

### **10. Nomination Committee of the Board**

Nomination Committee was constituted as per the RBI guidelines for determining the 'Fit and Proper' criteria for elected Directors on the Boards of Associate Banks of State Bank of India and also persons to be elected as a Director under Clause (d) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959. The committee comprises of the SBI nominee Director, Govt. of

India nominee Director and two Non-Official Directors nominated under Clause (c) or Clause (d) of sub-section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959. No sitting of the committee was convened during the financial year 2011-12.

### 11. General Body Meetings

i. Location and time of the last three Annual General Meetings:

Year	AGM No.	Date & Time	Location
2008-09	49th	27.05.2009 4.00 P.M	Thiruvananthapuram
2009-10	50th	29.05.2010 11.30 A.M.	Thiruvananthapuram
2010-11	51st	28.05.2011 12.00 Noon	Thiruvananthapuram

### 12. Disclosures

The Bank has not entered into any materially significant related party transactions with its promoters, Directors, or Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Bank at large.

The Bank has complied with applicable rules and regulations prescribed by Stock Exchanges, SEBI, RBI or any other statutory authority relating to the capital markets during the last three years. They have imposed no penalties or strictures on the Bank. The bank has complied in all respects with the requirements of Clause 49 of the listing Agreement with the Stock Exchanges, to the extent that the requirements of the clause do not violate the provisions of the State Bank of India (Subsidiary Banks) Act, 1959, the rules and regulations made there under, and guidelines or directives issued by the Reserve Bank of India. Mandatory requirements of clause 49 as to the compositions of the Board of Directors, composition and quorum of the Audit Committee, Non-executive directors' compensation, the appointment, reappointment of the Statutory Auditors and fixation of their fees are not binding on the Bank, as separate provisions in the State Bank of India (Subsidiary Banks) Act, 1959, the Subsidiary

Banks General Regulations, 1959 or the Reserve Bank of India guidelines deal with the same.

The Bank has complied with all applicable non-mandatory requirements of Clause 49, except for sending half yearly declaration of financial performance and summary of significant events to the households of shareholders, since detailed information on the same is posted on the website of the Bank.

### 13. Means of Communication

The Bank wants all its shareholders to have complete access to information on its activities, performance and products. The annual, half yearly and quarterly results of the Bank were published in all the leading newspapers of the country and also displayed on the Bank's website [www.statebankoftravancore.com](http://www.statebankoftravancore.com). The Annual Report is sent to all the shareholders of the Bank. The Bank's website displays, inter alia, the various products and services offered, service charges, FEDAI Rates, other disclosures, the Bank's Annual Report etc. Every year, after the annual results are declared, a Press Meet is held, in which a presentation is made and the queries of the media are answered. After declaring the quarterly results, press notifications are issued.

### 14. General Shareholder Information

Annual General Meeting:

Date : 26<sup>th</sup> May 2012  
 Time : 3.30 PM (Standard Time)  
 Venue : AKG Memorial Hall  
 Gas House Junction,  
 Thiruvananthapuram- 695 034

Financial

Calendar : 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012

Date of Book Closure : 10<sup>th</sup> & 11<sup>th</sup> May 2012

Dividend Payment Date : 15<sup>th</sup> May 2012

Listing of Stock Exchange:

Listed on National, Mumbai, Chennai & Kochi Stock Exchanges

Stock Exchange (BSE): 532191

Stock Exchange (NSE): SBT

ISIN No. INE654A01024 (NSDL)

Market Price Date: High, Low (in Rupees) during each month of last financial year.

<b>2011-12</b>		<b>National Stock Exchange (NSE)</b>		
Month & Year	High	Date	Low	Date
April 2011	815.00	26/04/2011	740.00	01/04/2011
May 2011	814.00	12/05/2011	710.00	23/05/2011
June 2011	765.00	01/06/2011	685.00	23/06/2011
July 2011	749.00	19/07/2011	694.95	28/07/2011
August 2011	724.90	16/08/2011	572.20	23/08/2011
September 2011	685.00	23/09/2011	594.05	30/09/2011
October 2011	618.00	13/10/2011	577.00	20/10/2011
November 2011	619.90	04/11/2011	517.00	30/11/2011
December 2011	531.00	09/12/2011	453.00	30/12/2011
January 2012	570.00	12/01/2012	450.00	02/01/2012
February 2012	672.00	17/02/2012	532.00	01/02/2012
March 2012	632.00	12/03/2012	572.00	29/03/2012
<b>2011-12</b>		<b>Mumbai Stock Exchange (BSE)</b>		
Month & Year	High	Date	Low	Date
April 2011	816.00	26/04/2011	742.20	01/04/2011
May 2011	815.00	12/05/2011	710.00	23/05/2011
June 2011	765.00	01/06/2011	686.10	23/06/2011
July 2011	791.10	25/07/2011	690.00	29/07/2011
August 2011	718.50	30/08/2011	590.00	22/08/2011
September 2011	684.85	02/09/2011	592.00	30/09/2011
October 2011	617.00	13/10/2011	577.10	20/10/2011
November 2011	618.00	04/11/2011	516.00	25/11/2011
December 2011	531.40	07/12/2011	454.00	20/12/2011
January 2012	570.00	12/01/2012	451.00	02/01/2012
February 2012	671.35	17/02/2012	535.25	01/02/2012
March 2012	606.95	02/03/2012	565.00	06/03/2012

There were no transactions in Chennai and Kochi during the period.

- i) Performance in comparison to broad based indices such as BSE, SENSEX, CRISIL Index etc.

A comparison is not attempted in view of the limited movement of the shares.

- ii) Registrar & Transfer Agents:

M/s Integrated Enterprises (India) Ltd.,  
2nd Floor, "Kences Towers", No. 1,  
Ramakrishna Street, North Usman Road,  
T. Nagar, Chennai – 600 017.  
Telephone No. (044) 28140801, (044) 28140803.  
Fax : (044) 28142479  
Email : corpseiv@integratedindia.in

- iii) Share Transfer System:

Processing by Share Transfer Agent and approval by the Share Transfer Committee at fortnightly intervals / Executive Committee of the Board of Directors.

- iv) Dematerialisation of shares and liquidity: As per the State Bank of India (Subsidiary Banks) Act 1959, as amended by the State Bank of India (Subsidiary Banks Laws) amendment Act, 2006, restriction on maximum holding of the Bank's shares have been lifted and the Bank has dematerialized the equity shares from 22nd April 2008. The ISIN No. allotted by NSDL is INE654A01024.

The information and split option letter for sub division of shares are available in our website [www.statebankoftravancore.com](http://www.statebankoftravancore.com) under the head "Investor".

- v) Reserve Bank of India and State Bank of India has given permission for augmenting the Capital by Rights Issue of Rs. 500 crore. SBI has also agreed to take their share of Rs. 375 crore and any unsubscribed portion of the issue.
- vi) The Draft Letter of Offer approved by SEBI for the Rights issue is available in our website : [www.statebankoftravancore.com](http://www.statebankoftravancore.com) for perusal, by the shareholders.
- vii) Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity: NIL
- viii) Plant locations: Not Applicable.
- ix) Address for correspondence:  
The Chief Manager (Shares & Bonds),  
State Bank of Travancore, Head Office,  
Poojappura PO, Thiruvananthapuram – 695 012  
Tel No. (0471) 2359975; (0471) 2351244  
Extn. 2201, 2202  
Fax No. (0471) 2351861 E mail: [cmsb@sbt.co.in](mailto:cmsb@sbt.co.in)



## 15. Shareholding Pattern

### (I) (a) STATEMENT SHOWING SHAREHOLDING PATTERN

Name of the Company: State Bank of Travancore

Scrip Code: BSE532191, Name of the Scrip: State Bank of Travancore, Class of Security: Equity Shares

As on : 31.03.2012

Partly Paid-up Shares	No. of Partly paid-up Shares	As a % of total No. of partly paid up Shares	As a % of total No. of Shares of the Company
	Nil	Nil	Nil
	Nil	Nil	Nil
	Nil	Nil	Nil
Outstanding Convertible Securities	No. of Outstanding securities	As a % of total No. of Outstanding Convertible Securities	As a % of total No. of the Company, assuming full conversion of the convertible securities
	Nil	Nil	Nil
	Nil	Nil	Nil
	Nil	Nil	Nil
Warrants	No. of Warrants	As a % of total No. of Warrants	As a % of total No. of the Company, assuming full conversion of Warrants
Held by promoter/promoter group	Nil	Nil	Nil
	Nil	Nil	Nil
	Nil	Nil	Nil
Total paid-up capital of the Company, assuming full conversion of warrants and convertible securities		5,00,00,000	



**(I)(a) STATEMENT SHOWING SHAREHOLDING PATTERN**

Category Code	Category of shareholder	No. of Share holders	Total No. of shares	No. of shares held in demat form	Total No. of shareholding as a percentage of Total No. of shares		Shares Pledged or otherwise encumbered	
					As % of (A)+(B)	As % of (A)+(B)+(C)	No. of shares	As a %age of (IX) =VIII/IV
					(VI)	(VII)	(VIII)	
(1)	(II)	(III)	(IV)	(V)				
A	<u>SHAREHOLDING OF PROMOTER &amp; PROMOTER GROUP</u>							
(1)	Indian							
a	Individual/Hindu Undivided Family							
b	Central Government/State Governments							
c	Bodies Corporate							
d	Financial Institutions / Banks	1	37500780	37500780	75.00	75.00	Nil	Nil
e	Any other (Specify)				-	-	-	-
	Sub Total A(1)	1	37500780	37500780	75.00	75.00	Nil	Nil
(2)	Foreign							
a	Individual (Non resident Individuals/Foreign individuals)							
b	Bodies Corporate							
c	Institutions							
d	Any other (Specify)							
	Sub Total A(2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	1	37500780	37500780	75.00	75.00	Nil	Nil
B	<u>Public Shareholding</u>							
(1)	Institutions							
a	Mutual Funds/ UTI	3	327918	327918	0.66	0.66	Nil	Nil
b	Financial Institutions / Banks	20	158465	141265	0.32	0.32	Nil	Nil
c	Central Government/ State Governments	1	525000	525000	1.05	1.05	Nil	Nil
d	Venture capital Funds				-	-	-	-
e	Insurance Companies	3	450670	450670	0.90	0.90	Nil	Nil
f	Foreign Institutional Investors	22	1656989	1656839	3.31	3.31	Nil	Nil
g	Foreign Venture Capital Investors				-	-	-	-
h	Any other (Foreign Banks)				-	-	-	-
	Sub Total B(1)	49	3119042	3101692	6.24	6.24	Nil	Nil
(2)	Non-Institutions							
a	Bodies Corporate (Indian/Foreign/Overseas)	601	1298715	1172175	2.60	2.60	Nil	Nil
b	Individuals (Resident/NRI/Foreign National)							
(i)	Individual Shareholders holding Nominal Share Capital upto Rs.1 Lakh	60187	7758629	3343816	15.52	15.52	Nil	Nil
(ii)	Individual Shareholders holding Nominal Share Capital in excess of Rs.1 Lakh	10	265796	265796	0.53	0.53	Nil	Nil
c	Any other							
	- Clearing Members	129	56559	56559	0.11	0.11	Nil	Nil
	- Limited Liability Partnership	1	15	15	0.00	0.00	Nil	Nil
	- Trusts	2	464	464	0.00	0.00	Nil	Nil
	Sub Total B(2)	60930	9380178	4838825	18.76	18.76	Nil	Nil
	Total Public Shareholding (B)=(B)(1)+(B)(2)	60979	12499220	7940517	25.00	25.00	Nil	Nil
	TOTAL (A) + (B)	60980	50000000	45441297	100.00	100.00	Nil	Nil
C	<u>Shares held by Custodians and against which Depository Receipts have been issued</u>							
1	Promoter and Promoter Group							
2	Public							
	Grand Total (A) + (B) + (C)	60980	50000000	45441297	100.00	100.00	Nil	Nil

**(1) (b) Statement showing holding of securities(including shares, warrants, convertible securities) of persons belonging to the category “Promoter and Promoter Group”**

Sl. No.	Name of the Shareholder	Details of Shares held		Encumbered Shares(*)			Details of Warrants		Details of Convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of Shares held	As a % grand total(a+b+c)	No.	As a %	As a % of grand total (a+b+c) of sub-clause (i)(a)	Number of Warrants held	As a % total number of Warrants of the same class	Number of convertible securities held	As a % number of convertible securities of the same class	
(i)	(ii)	(iii)	(iv)	(v)	(vi) - (v)/(iii)*100	(vii)	(viii)	(ix)	(x)	(xi)	(xii)
	State Bank of India	37500780	75.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.00
	<b>Total</b>	37500780	75.00	0	0	0	0	0	0	0.00	0.00

**(1) (c)(i) Statement showing holding of securities(including shares, warrants, convertible securities) of Persons belonging to the Category “Public” and holding more than 1% of the total number of shares**

Sl. No.	Name of the Shareholder	No of Shares held	Shares as a percentage of total number of shares (i.e. Grand total (a)+(b)+(c) indicated in Statement at para (i) (a) above	Details of Warrants		Details of Convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital)
				Number of Warrants held	As a % total number of Warrants of the same class	Number of Convertible securities held	% w.r.t total number of convertible securities of the same class	
1	India Capital Fund Limited	1000000	2.00	Nil	Nil	Nil	Nil	0.00
2	Governor of Kerala	525000	1.05	Nil	Nil	Nil	Nil	0.00
	<b>Total</b>	1525000	3.05	0	0	0	0	0.00

**(1) (c)(ii) Statement showing holding of securities(including shares, warrants, convertible securities) of Persons (together with PAC) belonging to the Category “Public” and holding more than 5% of the total number of shares**

Sl. No.	Name(s) of the Shareholder(s) and the Persons Acting in Concert(PAC) with them	Number of Shares	Shares as a percentage of total number of shares (i.e. Grand total (a)+(b)+(c) indicated in Statement at para (i) (a) above	Details of Warrants		Details of Convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital)
				Number of Warrants	As a % total number of Warrants of the same class	Number of Convertible securities held	% w.r.t total number of convertible securities of the same class	
1	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total</b>	0	0	0	0	0	0	0

**(1) (d) Statement showing details of Locked-in shares**

Sr.No.	Name of the shareholder	Category of shareholder	Number of Locked-in Shares	Locked in Shares as a percentage of Total No. of shares {i.e. Grand Total (A)+(B)+(C) indicated in statement at para I(a) above}
	Nil			
	Total		0	0.00 - -

**(II) (a) Statement showing details of Depository Receipts (DRs)**

Sr.No.	Type of Outstanding DR (ADRs/GDRs/SDRs etc.)	No. of Outstanding DRs	Number of shares underlying Outstanding DRs	Shares underlying outstanding DRs as a percentage of Total No. of shares {i.e. Grand Total (A)+(B)+(C) indicated in statement at para I(a) above}
	Nil			0
	Total	0	0	0

**(II) (b) Statement showing Holding of Depository Receipts(DRs), where underlying shares held by 'promoter/promoter group' are in excess of 1% of the total number of shares**

Sr.No.	Name of DR Holder	Type of Outstanding DR(ADRs, GDRs, SDRs, etc.)	Number of shares underlying Outstanding DRs	Shares underlying outstanding DRs as a percentage of Total No. of shares {I.e. Grand Total (A)+(B)+(C) indicated in statement at para I(a) above}
		Nil		0
	Total	0	0	0

**Compliance with Bank's Code of Conduct**

The Directors on the Bank's Board and Senior Management have affirmed compliance with the Bank's Code of Conduct for the Financial Year 2011-12. Declaration to this effect signed by the Managing Director is placed below. The Code is posted on the Bank's website.

**Declaration - Affirmation of Compliance with the Bank's Code of Conduct**

I declare that all Board Members and Senior Management have affirmed compliance with the Bank's Code of Conduct for the Financial Year 2011-12.

**P.Nanda Kumaran**  
**Managing Director**

Dated: 27<sup>th</sup> April 2012

## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the shareholders of State Bank of Travancore

We have examined the compliance of conditions of corporate governance by State Bank of Travancore, for the year ended on 31st March 2012, as stipulated in clause 49 of the listing Agreement of the State Bank of Travancore with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the State Bank of Travancore for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the State Bank of Travancore.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the State Bank of Travancore has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month as per the records maintained by the Shareholders / Investor Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the State Bank of Travancore nor the efficiency or effectiveness with which the Management has conducted the affairs of State Bank of Travancore.

**For Sridhar & Co**  
Chartered Accountants  
R.Srinivasan  
Partner  
Membership No. 200969  
FRN: 003978S

**For Jagdish Chand & Co**  
Chartered Accountants  
J.C.Gupta  
Partner  
Membership No. 006107  
FRN: 000129N

**For B.V. Rao & Co**  
Chartered Accountants  
B.A.S.P. Ranga  
Partner  
Membership No. 022649  
FRN: 003118S

**For Abraham & Jose**  
Chartered Accountants  
Paulson Thengumpallil  
Partner  
Membership No. 208694  
FRN: 000010 S

**For G K Rao & Co.**  
Chartered Accountants  
Suryanarayana Reddy.B  
Partner  
Membership No. 021071  
FRN: 003124S

**For RGN Price & Co.**  
Chartered Accountants  
P.M.Veeramani  
Partner  
Membership No. 023933  
FRN: 002785S

Mumbai, 27<sup>th</sup> April 2012

# DISCLOSURES UNDER PILLAR III OF BASEL II FRAMEWORK FOR THE YEAR ENDED 31ST MARCH 2012

**TABLE DF - 1**

## SCOPE OF APPLICATIONS

<b>CAPITAL OF SUBSIDIARIES NOT CONSOLIDATED</b>	
a) Qualitative Disclosures:	The Bank has no subsidiaries
b) Quantitative Disclosures:	The Bank has no subsidiaries

**TABLE DF - 2**

## CAPITAL STRUCTURE

### Qualitative Disclosures

(a) Summary:

Type of Capital	Features	
Equity (Tier-I)	Shares issued to:	Holding(%)
	Shares issued to:	Holding (%)
	1. State Bank of India	75.0016
	2. Individuals	16.0489
	3. Foreign Institutional Investors	3.3139
	4. Body Corporate	2.5974
	5. Central/State Governments	1.0500
	6. Insurance Companies	0.9013
	7. Financial Institutions/Banks	0.3169
	8. Mutual Funds/UTI	0.6558
	9. Others	0.1142
	Total	100.0000

### Innovative Instruments (Tier-I)

The Bank has raised Innovative Perpetual Debt Instruments (IPDI) for Rs.200 crore during FY 2006-07 and Rs.100 crore during 2007-08. The entire IPDI amount of Rs.300 crore is shown as Tier-I Capital.

### Tier-II Capital Instruments

#### 1) Subordinated Debt Instruments - Unsecured, Redeemable, Non-convertible Bonds

(i) Period range: Ranges from 63 months to 120 months

(ii) Unconditional Put/Call Option embedded: No

#### 2) Upper Tier-II Bonds (Unsecured, Redeemable, Non-convertible Bonds)

(i) Period range: 180 months

(ii) Unconditional Put/Call Option embedded: Yes

Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of innovative, complex or hybrid capital instruments are as under:

Type of capital	Main features				
Equity	Paid up capital: Rs.50.00 crore				
Innovative Perpetual Debt Instruments (IPDI)	Date of issue	Amount (in crore)	Tenure	Coupon	Rating
	31/10/2006	200.00	Perpetual	9.34%	AAA stable
	27/03/2008	100.00	Perpetual	9.95%	AAA stable

## Upper Tier-II Bonds

**Type of instrument:** Unsecured, Redeemable Non-convertible Upper Tier-II Bonds in the nature of Promissory Notes.

Special features:

- No Put Option by the investors
- Call Option by the Bank after 10 years
- Step up option after 10 years, if Call Option is not exercised by the Bank.
- Bank is not be liable to pay either interest on principal or even principal at maturity, if CRAR of the Bank is below the minimum regulatory CRAR prescribed by RBI.
- The claims of the investors in Innovative instruments are (1) superior to the claims of investors in equity shares and (2) subordinated to the claims of all other creditors.
- The instruments are fully paid-up, unsecured and free of any restrictive clauses.

Date of issue	Amount (in crore)	Tenure	Coupon	Rating
01/03/07	200.00	15 years	9.65%	AAA stable
18/05/07	300.00	15 years	10.25%	AAA stable
26/03/12	500.00	15 years	9.25%	AAA stable

## Lower Tier-II Subordinated Debt

Type of Instrument: Unsecured, Redeemable Non-convertible Subordinated Bonds in the nature of Promissory Note.

Special features: Plain vanilla bond with no special features like Put or Call option.

Date of issue	Amount (in crore)	Tenure	Coupon	Rating
19/01/2005	195	111 months	7.05%	LAAA
06/10/2005	235	114 months	7.45%	LAAA
12/02/2006	140	111 months	7.80%	AAA Stable
31/07/2007	125	120 months	9.20%	AAA Stable
08/01/2008	125	120 months	9.18%	AAA Stable

## Quantitative Disclosures

(Rupees in crore)

b)	Tier-I Capital *	4048.79
	Paid up Share Capital	50.00
	Reserves/Retained Profit	3748.53
	Innovative Instruments	300.00
	Other Capital Instruments	0.00
	Amount deducted from Tier-I Capital	49.74
c)	Total Eligible Tier-2 Capital (Net of deduction) ** (Refer (d) and (e) below)	1818.30
ci)	Total Tier-3 Capital (if any)	0.00
d)	Debt Instruments eligible for inclusion in Upper Tier-2 Capital	
	Total amount outstanding	1000.00
	Of which raised during Current Year	500.00
	Amount eligible to be reckoned as Capital	1000.00
e)	Subordinated Debt Instruments eligible for inclusion in Lower Tier-2 Capital	
	Total amount outstanding	820.00
	Of which raised during Current Year	0.00
	Amount eligible to be reckoned as Capital	553.00
f)	Other Deductions from Capital, if any.	0.00
g)	Total Eligible Capital (net of deductions from Tier-1 & Tier-2 capital) (Should equal total of (b),(c) and (ci) minus (f) if any)	5867.09



\* Details of Tier-I Capital are given below: (Rupees in Crores)

1	Paid up Capital	50.00
2	Reserves and Surplus	
	a) Statutory Reserves	1337.74
	b) Share Premium	142.50
	c) Capital Reserve	81.54
	d) Other Reserves and Surplus	
	1) General Reserves	2065.72
	2) Reserve under Sec 36 of IT Act	114.17
	3) Balance of Profit	6.86
	e) Innovative Perpetual Debt Instrument	300.00
	Total	4098.53
	Less: Deferred Tax Assets	49.74
	<b>TOTAL TIER I CAPITAL FUNDS</b>	<b>4048.79</b>

\*\* Details of Tier-II Capital are given below: (Rupees in Crores)

1	a) Provision for Standard Assets	255.17
	b) Interest Sacrifice on restructured Standard Asset	0.00
	c) Investment Reserve Account	10.13
2	IPDI eligible to be included in Tier-2	0.00
3	Subordinated Debt - Bonds(Max: 50% of Tier I)	553.00
4	Upper Tier-2 Bonds	1000.00
	Total Tier-II Capital	1818.30
	<b>TOTAL CAPITAL FUNDS (Tier-I +Tier-II)</b>	<b>5867.09</b>

### TABLE DF-3 CAPITAL ADEQUACY

#### Qualitative Disclosures

##### (a) Summary

##### Indicate

- ICAAP Policy has been put in place YES
- Capital requirement for current business levels and estimated future business levels has been made: YES
- CAR has been worked out based on Basel-I & Basel-II guidelines and CAR is estimated to be above the Regulatory Minimum level of 9%. YES

## Quantitative Disclosures

(Rupees in crore)

(b) Capital requirements for Credit Risk: Portfolios subject to Standardised Approach Securitisation Exposure	3492.22 0.00
(c) Capital requirements for Market Risk Standardised Duration Approach	106.71
(d) Capital requirements for Operational Risk Basic Indicator Approach	298.02
Total Capital requirement at Regulatory Minimum of 9%	3896.95
(e) Total and Tier-1 Capital Adequacy Ratio	
▪ Total CAR	13.55%
▪ Tier-1 CAR	9.35%

**TABLE DF-4****CREDIT RISK: GENERAL DISCLOSURES (INCLUDING EQUITIES)**

## Qualitative Disclosures

## (a) General Qualitative Disclosures

Definitions of “Past Due” and “Impaired Assets” (whether the extant RBI instructions for definitions of these categories for accounting purposes is being followed or not) Yes

The definition used are given in Annexure-I

## Discussion of Bank’s Credit Risk Management Policy

Bank has a proper Credit Risk Management Policy Yes

Bank has a Loan/Credit Policy which is periodically reviewed Yes

The above policies take into account the need for better Credit Risk Management and avoidance of Risk Concentration Yes

Exposure limits for Single Borrower, Group Entities, Categories of Borrowers, Specific Industry/Sector etc have been stipulated Yes

Specific norms and policy for appraising, sanctioning, documentation, inspections & monitoring, renewals, maintenance, Rehabilitation and Management of Assets have been stipulated, with sufficient room for innovation, deviations, flexibility with proper authority. Yes

## Quantitative Disclosures

Total Gross Credit Exposures (Fund Based and Non-Fund Based separately), without taking into account the effect of Credit Risk Mitigation techniques, e.g Collaterals and Netting.

(Amount in Rs. Crore)

Quantitative Disclosures		Fund Based	Non Fund Based	Total
(b)	Total Gross Credit Exposures@	64200.12	30626.44	94826.56
(c)	Geographic Distribution of Credit Risk Exposure : FB/NFB			
	Overseas	0.00	0.00	0.00
	Domestic	64200.12	30626.44	94826.56
(d)	Industry Type Distribution of exposure Fund based/Non fund based separately	Please refer to Table A		
(e)	Residential Constructural Maturity Beakdown of Assets	Please refer to Table B		

(f)	Amount of Gross NPA	1488.75
	Substandard	985.13
	Doubtful - 1	195.88
	Doubtful - 2	156.58
	Doubtful - 3	82.41
	Loss	68.75
(g)	Net NPA (Net of DICGC Claims received)	853.57
(h)	NPA Ratios	
	Gross NPA to Gross Advance	2.66%
	Net NPA to Net Advance	1.54%
(i)	Movement of NPA (Gross)	
	Opening Gross NPA @	835.23
	Additions to Gross NPA	2740.51
	Reductions to Gross NPA	2086.99
	Closing Balance of Gross NPA	1488.75
(j)	Movement of NPA Provision	
	Opening balance of NPA provisions held	383.95
	Provisions made during the period	420.86
	Write-offs during the period	181.69
	Write-back of excess provisions during the period	0.00
	Closing Balance of NPA Provisions	623.12
	@ Opening Gross NPA has been re-cast based on RBI guidelines by netting INCA.	
(k)	Amount in Non Performing Investments (Gross)	3.85
(l)	Amount of Provisions held NP Investments	3.85
(m)	Movement of Provisions for Depreciation on Investments	
	Opening balance of provisions for Depreciation	28.75
	Provisions made during the period	15.64
	Write-offs during the period	9.16
	Write-back of excess provisions during the period	0.00
	Closing Balance of Provisions for Depreciation	35.23

@ break-up of total credit exposure as below

<b>Fund Based</b>	(Rs. Crore)
Loans and Advances	56034.33
Cash & Balance with RBI	4776.65
ORDP + Staff Festival Loans	26.29
Balance in Current A/c with other Banks	1040.02
Other Assets & Fixed assets	2322.83
<b>Total</b>	<b>64200.12</b>

<b>Non Fund Based</b>	(Rs. Crore)
Letter of Credit	4907.24
Bank Guarantees	3622.34
Un-utilised limits	8076.90
Contracts & Derivatives	13660.46
Others*	359.50
<b>Total</b>	<b>30626.44</b>

\* Disputed Tax liability and Claims against the bank not acknowledged as debt

TABLE A  
Industry-type distribution - Fund Based & Non Fund Based Exposures

Rs. Crores

Code	Industry	Fund Based Outstandings			Non Fund
		Standard Asset	NPA	Total	Based Outstandings
1	Coal	149.71	0	149.71	7.24
2	Mining	57.87	2.42	60.29	0.02
3	Iron & Steel	2993.88	196.01	3189.89	915.83
4	Metal Products	478.67	1.03	479.70	97.56
5	All Engineering	1401.97	43.59	1445.57	1384.59
5.1	<b>Of which</b> Electronics	305.76	0.21	305.97	162.60
6	Electricity	524.27	0.00	524.27	194.72
7	Cotton Textiles	1282.25	10.17	1292.41	149.65
8	Jute Textiles	0.39	0.04	0.43	0.00
9	Other Textiles	1288.68	31.20	1319.88	230.04
10	Sugar	119.57	0.09	119.66	1.35
11	Tea	9.80	0.05	9.85	8.36
12	Food Processing	517.88	7.98	525.86	79.42
13	Vegetable Oils & Vanaspati	164.33	57.33	221.66	653.67
14	Tobacco / Tobacco Products	3.09	0.00	3.09	0.00
15	Paper / Paper Products	298.40	3.46	301.87	30.53
16	Rubber / Rubber Products	172.84	1.69	174.53	45.10
17	Chemicals / Dyes / Paints etc.	1242.96	3.22	1246.18	271.19
17.1	<b>Of which</b> Fertilizers	243.12	0.06	243.19	75.99
17.2	<b>Of which</b> Petrochemicals	86.36	0.09	86.45	47.71
17.3	<b>Of which</b> Drugs & Pharmaceuticals	384.71	2.10	386.81	39.57
18	Cement	219.12	0.11	219.23	67.24
19	Leather & Leather Products	82.06	0.30	82.35	26.31
20	Gems & Jewellery	1175.04	2.09	1177.13	98.53
21	Construction	911.05	46.41	957.46	878.56
22	Petroleum	1081.77	15.16	1096.93	74.08
23	Automobiles & Trucks	44.53	0.00	44.53	61.61
24	Computer Software	79.15	2.47	81.62	13.74
25	Infrastructure	5028.21	42.53	5070.74	1435.73
25.1	<b>Of which</b> Power	2545.90	7.56	2553.46	997.60
25.2	<b>Of which</b> Telecommunication	383.87	0.00	383.87	143.71
25.3	<b>Of which</b> Roads & Ports	1147.39	0.00	1147.39	122.92
26	Other Industries	2342.55	135.96	2478.51	819.18
27	NBFCs & Trading*	10823.87	394.31	11218.18	902.64
28	Res. Adv to bal. Gross Adv	22051.67	491.13	22542.80	59.98
	<b>TOTAL</b>	<b>54545.58</b>	<b>1488.75</b>	<b>56034.33</b>	<b>8529.58</b>

	* of which NBFC	6246.68	18.98	6265.65	137.54
	* of which Trading	4577.19	375.33	4952.53	765.10

TABLE B

Residual Contractual Maturity Break Down of Assets									Rs. Crores
Days	1-14 Days	15-28 & upto	29 days months & 3 months	Over 3 months & upto 6 months	Over 6 year & upto 1 year	Over 1 years & upto 3 years	Over 3 years upto 5 years	Over 5	Total
1. Cash	388.74								388.74
2. Balance with RBI	925.74	99.87	45.87	193.22	195.09	426.60	883.27	1618.24	4387.90
3. Balance with other Banks	1040.02								1040.02
4. Investments	448.38	97.96	875.00	954.19	757.72	2778.71	429.73	16095.89	22437.58
5. Advances*	1381.55	3189.95	8801.67	5511.02	12271.88	6648.50	4243.15	13298.23	55345.95
6. Fixed Assets								243.27	243.27
7. Other Assets	1455.41	363.93	0.75				24.15	261.62	2105.86
Total	5639.84	3751.71	9723.29	6658.43	13224.69	9853.81	5580.30	31517.25	85949.32

\*Net Advances (Gross Advances less IDBI bills re-discount-SIDBI bills re-discounted-Advances Written off-Provision for bad and doubtful debts-ECGC claims-Floating provisions)

TABLE DF - 5

### CREDIT RISK : DISCLOSURES FOR PORTFOLIOS SUBJECT TO STANDARDISED APPROACH

#### Qualitative Disclosures

**State whether External Credit Rating Agencies have been approved for the purposes and if so the names of the ECRAs:**

External Credit Rating Agencies have been approved for the purpose of credit risk rating of borrowal account for the purpose of computing risk weight under Standardised Approach. The following are the approved ECRAs:

1. Credit Analysis and Research Limited (CARE)
2. CRISIL
3. Fitch India
4. ICRA Limited

**If not yet approved, reasons therefore and proposed action to be indicated briefly :**

Not Applicable

(a) For portfolios under Standardised Approach:

Names of ECRAs used:

1. Credit Analysis and Research Limited (CARE)
2. CRISIL
3. Fitch India
4. ICRA Limited

Reasons for changes

No changes

Types of exposures for which each agency has been used:

Both, Fund Based and Non Fund Based credit exposures.

Brief descriptions of the process used / proposed to be used for converting Public Issue ratings into comparable Assets in the Banking Book.

(Additional qualitative disclosures are given in Annexure-II)

#### Quantitative Disclosures

For exposure amounts ( as defined for Disclosure in item (b) of Table-DF4), after Risk Mitigation subject to Standardised Approach, amount of outstanding (rated and unrated together) in the following three risk buckets as well as those that are deducted, if any: (Rupees in crore)

Below 100% Risk Weight	60219.10
Risk Weight at 100%	21432.42
More than 100% Risk weight	13175.03
Amount deducted, if any. (On account of IBPC)	2000.00

## TABLE DF-6

### CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACH

#### Qualitative Disclosures

(a) Policies and Processes for Collateral Valuation and Management

Has Credit Risk Mitigation and Collateral Management Policy been put in place Yes

Whether the policy provides for policies and procedures for Collaterals that can be accepted, method and frequency of their valuation and management Yes

[Note : Other salient features of policies and procedures for Collateral Valuation and Management are given in Appendix-III]

(i) List of main types of Collaterals taken by the Bank:

#### Financial Collaterals

- Cash, Bank Deposits, CDs etc
- Gold, including bullion and Jewellery
- Government Securities
- NSCs, IVPs etc
- LIC Policies restricted to their surrender value.
- Debt securities rated by an approved Rating Agency
- Un-rated Debt Securities issued by banks, listed in stock exchange
- Equity and Convertible Bonds those are listed.

#### Guarantor & Counter Parties

- Individuals of adequate worth
- Corporates- Public Sector & Private Sector
- Governments/Sovereign
- Other third parties of acceptable worth

#### Other Non-Financial Collateral

- Book Debts/Receivables
- Mortgage of Landed Residential & Commercial Properties

(ii) Information about (credit or market) concentration within the mitigation taken:

Financial Risk Mitigants	Outstanding amount of Risk (Rs. in Crore)	Risk Concentration %
Cash & Bank Deposit	1108.24	12.44
Gold	7233.19	81.21
LIC	0.01	0.00
NSCs, KVP, IVP	3.20	0.04
Shares and Debentures	0.01	0.00
Margin Money from LC / BG	561.62	6.31
Guarantors & Counter Parties	0.00	0.00
Government Securities Excluding NSC	0.00	0.00
Mutual Funds	0.00	0.00
Others	0.00	0.00
<b>TOTAL#</b>	<b>8906.27</b>	<b>100.00</b>

# This has to agree with item (b) under quantitative disclosures below.

Note : (i) Loans & advances to staff members may be excluded, if needed

(ii) If more than one mitigant is taken for one exposure, the outstanding may be divided equally amongst the mitigants.



## Quantitative Disclosures

For the disclosed Credit Risk portfolio under the Standardised Approach, the total exposure that is covered by :

(Rupees in crore)

(b)	For each separately disclosed credit risk portfolio the total exposure (after, where applicable, on- or off balance sheet netting ) that is covered eligible financial collateral after the application of haircuts.	8906.27
(c)	For each separately disclosed portfolio the total exposure (after, where applicable, on- or off- balance sheet netting) that is covered by guarantees/credit (whenever specifically permitted by RBI)	0.00

[Note: This should show the total credit portfolio covered by Financial Mitigants and should agree with Total in the preceding Table under qualitative disclosure marked (#)]

## TABLE DF-7

### SECURITISATION: DISCLOSURE FOR STANDARDISED APPROACH

#### Qualitative Disclosures

(a)	The general qualitative disclosure requirement with respect to securitisation including a discussion of:	The Bank does not have securitisation exposure
	<ul style="list-style-type: none"> <li>the bank's objectives in relation to securitisation activity, including the extent to which these activities transfer credit risk of the underlying securitised exposures away from the bank to other entities.</li> </ul>	
	<ul style="list-style-type: none"> <li>the nature of other risks (e.g. liquidity risk) inherent in securitised assets;</li> </ul>	
	<ul style="list-style-type: none"> <li>the various roles played by the bank in the securitisation process (For example: originator, investor, servicer, provider of credit enhancement, liquidity provider, swap provider<sup>@</sup>, protection provider<sup>#</sup>) and an indication of the extent of the bank's involvement in each of them;</li> </ul> <p><sup>@</sup> A bank may have provided support to a securitisation structure in the form of an interest rate swap or currency swap to mitigate the interest rate/currency risk of the underlying assets, if permitted as per regulatory rules.</p> <p><sup>#</sup> A bank may provide credit protection to a securitisation transaction through guarantees, credit derivatives or any other similar product, if permitted as per regulatory rules.</p>	
	<ul style="list-style-type: none"> <li>a description of the processes in place to monitor changes in the credit and market risk of securitisation exposures (for example, how the behaviour of the underlying assets impacts securitisation exposures as defined in para 5.16.1 of the Master Circular on NCAF dated July 1, 2010).</li> </ul>	
	<ul style="list-style-type: none"> <li>a description of the bank's policy governing the use of credit risk mitigation to mitigate the risks retained through securitisation exposures;</li> </ul>	
(b)	Summary of the bank's accounting policies for securitisation activities, including: <ul style="list-style-type: none"> <li>whether the transactions are treated as sales or financings;</li> <li>methods and key assumptions (including inputs) applied in valuing positions retained or purchased</li> <li>changes in methods and key assumptions from the previous period and impact of the changes;</li> <li>policies for recognising liabilities on the balance sheet for arrangements that could require the bank to provide financial support for securitised assets.</li> </ul>	The Bank does not have securitisation exposure
(c)	In the banking book, the names of ECAs used for securitisations and the types of securitisation exposure for which each agency is used.	The Bank does not have securitisation exposure

<b>Qualitative Disclosures: Banking Book</b>		
(d)	The total amount of exposures securitised by the bank.	The Bank does not have securitisation exposure
(e)	For exposures securitised losses recognised by the bank during the current period broken by the exposure type (e.g. Credit cards, housing loans, auto loans etc. detailed by underlying security)	
(f)	Amount of assets intended to be securitised within a year	
(g)	Of (f), amount of assets originated within a year before securitisation.	
(h)	The total amount of exposures securitised (by exposure type) and unrecognised gain or losses on sale by exposure type.	
(i)	Aggregate amount of: <ul style="list-style-type: none"> <li>• on-balance sheet securitisation exposures retained or purchased broken down by exposure type &amp;</li> <li>• off-balance sheet securitisation exposures broken down by exposure type</li> </ul>	
(j)	<ul style="list-style-type: none"> <li>• Aggregate amount of securitisation exposures retained or purchased and the associated capital charges, broken down between exposures and further broken down into different risk weight bands for each regulatory capital approach</li> <li>• Exposures that have been deducted entirely from Tier 1 capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital (by exposure type).</li> </ul>	
<b>Qualitative Disclosures: Trading Book</b>		
(k)	Aggregate amount of exposures securitised by the bank for which the bank has retained some exposures and which is subject to the market risk approach, by exposure type.	The Bank does securitisation exposure
(l)	Aggregate amount of: <ul style="list-style-type: none"> <li>• on-balance sheet securitisation exposures retained or purchased broken down by exposure type; &amp;</li> <li>• off-balance sheet securitisation exposures broken down by exposure type.</li> </ul>	
(m)	Aggregate amount of securitisation exposures retained or purchased separately for: <ul style="list-style-type: none"> <li>• securitisation exposures retained or purchased subject to Comprehensive Risk Measure for specific risk; and</li> <li>• securitisation exposures subject to the securitisation framework for specific risk broken down into different risk weight bands.</li> </ul>	
(n)	Aggregate amount of: <ul style="list-style-type: none"> <li>• the capital requirements for the securitisation exposures, subject to the securitisation framework broken down into different risk weight bands.</li> <li>• securitisation exposures that are deducted entirely from Tier 1 capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital (by exposure type).</li> </ul>	

#### Quantitative Disclosures

The Bank does not have any securitisation exposure.

### **TABLE DF-8 MARKET RISK IN TRADING BOOK**

#### Qualitative Disclosures

(i)	Market Risk Management Policy has been framed and put in place	Yes
(ii)	Trading Policy with risk monitoring & mitigation measures in place	Yes
(iii)	MRMC has been constituted	Yes
(iv)	Standardised Duration Approach is applied for calculation of Market Risk for:	
	Securities under HFT category	Yes
	Securities under AFS category	Yes
	Derivatives entered into for AFS securities	No
	Derivatives entered into for Trading	No
(v)	Risk Management and reporting is based on parameters such as Modified Duration, PV01, Exposure and Gap Limits, VaR etc in line with the global best practices	Yes
(vi)	Risk profiles are analysed and mitigating strategies/ hedging process are suggested by the Mid-Office. Their effectiveness is monitored on an ongoing basis.	Yes
(vii)	Forex Open Position limits (Daylight/Overnight), deal-wise cut-loss limits, stop-loss limit, Profit/Loss in respect of Cross Currency trading are properly monitored and exception reporting is regularly carried out.	Yes

## Quantitative Disclosures

(Rs in crore)

The Capital requirement for:	
Interest Rate Risk	50.84
Equity Position Risk	51.37
Forex Risk	4.50
<b>Total</b>	<b>106.71</b>

**TABLE DF-9  
OPERATIONAL RISK**

## Qualitative Disclosures

Operational Risk Policy is in place	Yes
RCSA has been/is being rolled out to Zones/Branches/Other relevant offices.	Yes
ORMC has been constituted	Yes
Disaster Recovery Policy & Business Continuity Plan have been put in place	Yes
Risk reporting Design and Framework for Operational Risk has been finalized	No
Operational Risk Capital Assessment has been worked out on the basis of:	Basic Indicator Approach

Brief write up on steps taken for migration to Advanced Approach:

The Operational Risk Management Policy of the Bank is in place, which is intended to establish a risk framework that will guide the Bank in the management of Operational Risk and allocation of capital for potential losses. The Policy envisages to establish explicit and consistent Operational Risk Management framework in the Bank that would result in the systematic and proactive identification, assessment, measurement, monitoring, mitigation and reporting of the Operational Risks. The Bank has drawn up a Roadmap, which enunciates time bound action points for migration to Advanced Approach.

## Quantitative Disclosures

(Rupees in crore)

Capital charge on Operational Risk	298.02
------------------------------------	--------

**TABLE DF-10  
INTEREST RATE RISK IN BANKING BOOK (IRRBB)**

## Qualitative Disclosures

Change in Bank's Net Interest Income (NII):

- Indicate whether NII is measured as per ALM guidelines of RBI using Traditional Gap Analysis method or not.  
Bank is calculating NII using Traditional Gap Analysis method.
- Indicate whether Earnings at Risk (EaR) is arrived at under the above analysis or not.  
Yes.
- Change in Bank's Market Value of Equity (MVE):  
(Indicate whether the impact of change in Interest Rates on MVE is measured using Duration Gap Analysis method as per RBI guidelines)  
Duration Gap Analysis Method being used as per RBI guidelines.

## Quantitative Disclosures

(i) Change in NII:

Indicate the likely increase/decrease in NII, in rupees crore, at the present level of Assets and Liabilities, for a 1% (assuming parallel change on both Assets and Liabilities) movement in Interest Rate.

NII is likely to increase/ decrease by Rs.85.27 crore, in case of 1% movement in Interest Rate.

(ii) Change in MVE:

Indicate the likely change in MVE, in rupees crore, for a 1% change in Interest Rate.

MVE is likely to change by Rs.5.53 Crore for a 1% change in Interest Rate.

Table DF - 4

ANNEXURE - I

Credit Risk : General Disclosures		
4(I)	Qualitative Disclosures	Remarks
	Definition of past due impaired	<p>2.1 Non Performing Assets</p> <p>2.1.1 An asset including a leased asset, becomes non performing when it ceases to generate income for the bank.</p> <p>2.1.2 A non performing asset (NPA) is a loan or an advance where ; (i) interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a term loan, (ii) the account remains 'out of order' as indicated at paragraph 2.2 below, in respect of an Overdraft / Cash Credit (OD/CC), (iii) the bill remains overdue for a period of more than 90 days in case of bills purchased and discounted, (iv) the installment of principal or interest thereon remains overdue for two crop seasons for short duration crops, (v) the installment of principal or interest thereon remains overdue for one crop season for long duration crops.</p> <p>2.1.3 Banks should, classify an account as NPA only if the interest charged during any quarter is not serviced fully within 90 days from the end of the quarter.</p> <p>2.2 'Out of Order' status</p> <p>An account should be treated as 'Out of Order' if the outstanding balance remains continuously in excess of the sanctioned limit/ drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit / drawing power, but there are no credits continuously for 90 days as in the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts should be treated as out of order.</p> <p>2.3 'Overdue'</p> <p>Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.</p>
II.	Definition of Credit Risk	<p>(i) inability or the unwillingness of the counter party to pay interest, repay principal or otherwise to fulfill their contractual obligations under loan agreements or other credit facilities</p> <p>(ii) Downgrading of counter parties whose credit instruments the Bank may be holding, causing the value of those assets to fall.</p> <p>(iii) Settlement risk (possibility that the Bank may pay a counter party and fail to receive the corresponding settlement in return)</p>
(i)	Risk Governance Structure is in place	Yes
(ii)	Principal Committees that review credit risk management	Credit Risk Management Committee (CRMC) is in place.
(iii)	Changes in the credit risk management structure since prior period disclosure.	No
	Approved policies with regard to credit	Yes
(i)	Credit Risk Management Policy/risk	Yes
(ii)	Credit Risk Mitigation and Collateral Management Policy	Yes
(iii)	Stress Testing Policy	Yes
	List any other relevant policies	Nil

**Table DF - 5**

Credit Risk : Disclosure for portfolios subject to Standardised Approach		
5	Qualitative Disclosures	Remarks:
(i)	Names of credit rating agencies used	Domestic Credit Rating Agencies: CRISIL Ltd., ICRA Ltd., CARE and FITCH India.
(ii)	Changes if any, since prior period disclosure in the identified rating agencies and reasons for the same . Remarks:	No Change
(iii)	Types of exposure for which each agency is used Remarks:	All the above identified Rating Agency ratings are used for various types of exposures as follows :
		(i) For Exposure with a contractual maturity of less than or equal to one year (except Cash Credit , Overdraft and other Revolving Credits) , Short -Term Rating given by ECAsI s will be applicable.
		(ii) For Domestic Cash Credit , Overdrafts and other Revolving Credits ( irrespective of the period ) and ( or Term Loan exposures of over one year, Long Term Rating will be applicable.
		(iii) For Overseas exposures, irrespective of the contractual maturity, Long Term Rating given by IRAs will be applicable.
		(iv) Rating assigned to one particular entity within a corporate group cannot be used to risk weight other entities within the same group.
		Long –term Issue Specific (our own exposures or other issuance of debt by the same borrower-constituent/counter-party) Ratings or Issuer(borrower-constituent/counter-party) Ratings can be applied to other unrated exposures of the same borrower-constituent/counter-party in the following cases :
(iv)	Description of the process used to transfer public issue rating on to comparable assets in the banking book.	(i) If the Issue Specific Rating or Issuer Rating maps to Risk Weight equal to or higher than the unrated exposures , any other unrated exposure on the same counter-party will be assigned the same Risk Weight , if the exposure ranks paripassu or junior to the rated exposure in all aspects.
		(ii) In cases where the borrower-constituent/counter-party has issued a debt (which is not a borrowing from our Bank), the rating given to that debt may be applied to Bank’s unrated exposures if the Bank’s exposure ranks pari-passu or senior to the specific rated debt in all respects and the maturity of unrated Bank’s exposure is not later than maturity of rated debt.

Table DF - 6

ANNEXURE- III

## Credit Risk Mitigation : Disclosures for Standardised Approach

6(a)	Qualitative Disclosures	Remarks:
(i)	Policy for collateral valuation and management is in place	Yes
(ii)	<b>Main types of credit risk management techniques:</b>	
	Eligible financial collaterals	<p>(i) Cash (as well as certificates of deposit or comparable instruments, including fixed deposit receipts, issued by the lending bank) on deposit with the bank which is incurring the counterparty exposure.</p> <p>(ii) Gold : Gold would include both bullion and jewellery. However, the value of the collateralized jewellery should be arrived at after notionally converting these to 99.99% purity.</p> <p>(iii) Securities issued by the Central and State Governments</p> <p>(iv) Kisan Vikas Patra and National Savings Certificates provided no lock-in period is operational and if they can be encashed within the holding period.</p> <p>(v) Life Insurance policies with a decalred surrender value of an insurance company which is regulated by an insurance sector regulator.</p> <p>(vi) Debt securities rated by a chosen Credit Rating Agency in respect of which the banks should be sufficiently confident about the market liquidity where these are either:</p> <p>a) Attracting 100% or lesser risk weight i.e. rated at least BBB(-) when issued by Public sector entities and other entities ( including banks and Primary Dealers) ; or</p> <p>b) Attracting 100% or lesser risk weight i.e. rated at least PR3/ P3/ F3/ A3 for short-term debt instruments.</p> <p>(vii) Debt securities not rated by a chosen Credit Rating Agency in respect of which the banks should be sufficiently confident about the market liquidity where these are:</p> <p>a) Issued by the bank; and</p> <p>b) listed on a recognized exchange; and</p> <p>c) Classified as senior debt; and</p> <p>d) All rated issues of the same seniority by the issuing Bank are rated at least BBB(-) or PR3/P3/F3/A3 by a chosen Credit Rating Agency; and</p> <p>e) the bank holding the securities as collateral has no information to suggest that the issue justifies a rating below BBB(-) or PR3/ P3/ F3/ A3 (as applicable); and</p> <p>f) Banks should be sufficiently confident about the market liquidity of the security.</p> <p>(viii) Units of Mutual Funds regulated by the securities regulator of the jurisdiction of the Bank's operation mutual funds where :</p> <p>a price for the units is publicly quoted daily i.e. , where the daily NAV is available in public domain; and</p> <p>mutual fund is limited to investing in the instruments listed in this paragraph .</p>
6(b)	Qualitative Disclosures	Remarks
(i)	On-balance sheet netting	Where the Bank has a well founded legal basis for conducting that the netting or offsetting agreement is enforceable in each relevant jurisdiction regardless of whether the counter-party is insolvent or bankrupt is able at any time to determine the loans/advances and deposits with the same counter-party that are subject to the netting agreement, and Monitors and controls the relevant exposures on a net basis.
(ii)	Gurantees	Bank will take gurantees for Credit Risk Mitigation purpose in calculating capital requirement, where gurantee are direct, explicit, irrevocable and unconditional.
(iii)	Main types of guarantor counter party and their creditworthiness	<p>Range of recognised Guarantors (Counter-Guarantors)</p> <p>Sovereigns, sovereign entities (including BIS, IMF, European Central Bank and European Community, ECGC and CGTSI), banks and primary dealers with a lower risk weight than the counter-party.</p> <p>Other entities rated AA(-) or better. This would include gurantee cover provided by paren, subsidiary and affiliate companies when they have lower risk weight than the obligor. The rating of the gurantor should be an entity rating which has factored in all the liabilities and commitments (including gurantees) of the entity.</p>

"This Report has been printed separately in 3 languages, viz. Hindi, Malayalam and English. The copy now in your hands is in English. If you require the report in any of the other 2 languages, kindly write to Chief Manager [Public Relations], State Bank of Travancore, Head Office, Poojappura P.O., Thiruvananthapuram – 695 012, by post or e-mail to [cmpr@sbt.co.in](mailto:cmpr@sbt.co.in), quoting your name and Folio Number / Demat Account Number. Arrangements will be made to mail the copy of the report to your recorded address. The soft copy of the Report will also be available in our website, [www.statebankoftravancore.com](http://www.statebankoftravancore.com), in all 3 languages, separately."





STATE BANK OF TRAVANCORE  
 (Associate of the State Bank of India)  
 HEAD OFFICE :: THIRUVANANTHAPURAM  
 KERALA. PIN 695 012

**ATTENDANCE SLIP**

(Please complete this attendance slip and hand over at the entrance of the Meeting Hall)

I hereby record my presence at the FIFTY SECOND ANNUAL GENERAL MEETING held at 3.30 P.M on the 26th of May 2012, in the A.K.G Memorial Hall, Gas House Junction, Palayam, Thiruvananthapuram – 695 034.

SIGNATURE OF THE SHAREHOLDER / PROXY :  
 FULL NAME AND REGISTERED ADDRESS OF THE SHAREHOLDER :  
 CLIENT ID / FOLIO NO. : NO OF SHARES :  
 NAME OF THE PROXY :  
 CLIENT ID / FOLIO NO. :

Please Note:

1. In case a shareholder is attending the Meeting by proxy, he is requested to hand over the slip duly filled in, to the proxy.
2. Members are requested to bring their copies of the Annual report to the meeting.
3. Registration of members will be closed at 3.45 P.M.
4. Entry of members into the Meeting Hall will be stopped at 4.00 P.M.

STATE BANK OF TRAVANCORE  
 (Associate of the State Bank of India)  
 HEAD OFFICE :: THIRUVANANTHAPURAM  
 KERALA. PIN 695 012

**PROXY FORM**

I / We \_\_\_\_\_ of \_\_\_\_\_ (place) being shareholder (s) of the State Bank of Travancore holding \_\_\_\_\_ number of shares on the share register do hereby appoint

(a) Shri \_\_\_\_\_ (Folio No/ ID \_\_\_\_\_) of \_\_\_\_\_ or failing him

(b) Shri \_\_\_\_\_ (Folio No/ ID \_\_\_\_\_) of \_\_\_\_\_

as my / our proxy to attend and vote for me /us on my / our behalf at the 52nd Annual General Meeting of the shareholders of State Bank of Travancore to be held in the A.K.G Memorial Hall, Gas House Junction, Palayam, Thiruvananthapuram – 695 034 on Saturday the 26th May, 2012 and at any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Client ID / Folio No.

Affix  
15 ps. Rev.  
Stamp

Signature

Note:

1. Revenue stamp of 15 ps. to be affixed on this form, which should then be signed by the shareholder. The form thus completed should be deposited at the Head Office of the State Bank of Travancore not less than four clear days before the date fixed for the Annual General Meeting (i.e. on or before 21st May 2012, 5 P.M.)
2. Only another shareholder of the Bank, who is not an employee of the Bank, can be appointed as a proxy, by shareholders other than company.
3. A company being a shareholder should execute the proxy under its common seal and such proxy need not be a shareholder of the Bank.



## THE LAST THREE YEARS...

(Rs. in crore)

	March 2010	March 2011	March 2012
1. Paid up Capital & Reserves	2,841	3,463	3,866
2. Deposits	50,883	58,158	71,470
3. Advances	38,461	46,044	55,346
4. NRI Deposits	10,848	11,562	15,309
5. Export Finance	956	1,101	1,506
6. Priority Sector Lendings	14,504	17,353	20,287
7. Gross Investment	16,060	17,956	22,473
8. Total Income	4,906	5,810	7,477
9. Total Expenses	3,850	4,634	6,228
10. Operating Profit	972.27	1,175.97	1,248.80
11. Net Profit	684.27	727.73	510.46
12. Business Per Employee	7.58	8.88	10.66
13. Credit Deposit Ratio (%)	75.59	79.17	77.44
14. Number of Employees (Actuals)	12,192	12,072	12,597

**Statutory Disclosure:** State Bank of Travancore (Bank) proposes to undertake a rights issue of its equity shares and has filed the Draft Letter of Offer (DLoF) with the Securities and Exchange Board of India (SEBI). The DLoF is available on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in), the website of Lead Managers at [www.bobcaps.in](http://www.bobcaps.in) and [www.sbicaps.com](http://www.sbicaps.com) and the website of the Bank at [www.statebankoftravancore.com](http://www.statebankoftravancore.com). Investors are advised to refer to the “Risk Factors” stated in the DLoF, prior to making an investment decision. This shall not constitute an offer or solicitation of securities for sale in the United States of America or any other jurisdiction where it is unlawful to do so.



**STATE BANK OF TRAVANCORE**

(Associate of the State Bank of India)

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